

**Arts Council England
National Investment Plans 2015-18**

Hard Facts to Swallow

**GPS Culture
Analysis, Commentary and Evaluation**

Working papers

Working Paper A.

Question 2

What are the benchmarks for assessing the imbalance in public funding for the arts and culture between London and the rest of England?

In the RoCC report, we accepted that data not available to us in relation to the benefit of touring from London to the rest of the country would need to be incorporated into our findings to enable a more accurate picture of the balances of benefit between London and the Regions to be drawn. That information has now been published in Arts Council England's report 'This England'¹ and this, our subsequent research and that of Arts Professional editor Liz Hill² now enables adjustments to be made as follows:

- a 'net' benefit of £4,063,000 from London to the rest of England can now be incorporated in the indicative figures for 2012/13 in respect of the touring activities of National Portfolio organisations in receipt of Arts Lottery funds as part of their core grant settlement for 2012/13 - 14/15.
- a 'net' benefit of £4,080,000 from London to the rest of England can now be incorporated in the indicative figures for 2012/13 in respect of the touring activities of National Portfolio and other organisations in receipt of Strategic Touring funds using an indicative annual average over 2012/13 and 2013/14.

We note that our estimates of the balance of benefit from direct funding between London and the Regions in the core funding of the major Museums and Galleries and British Library by DCMS have not been challenged (they have even been used by ACE in its evidence to the Culture Select Committee). Further information has yet to be made available by the DCMS on the net benefit of the loan of objects and exhibitions between these institutions and their colleagues outside London,

- Having consulted within the profession we estimate that a maximum provision of a 'net' benefit of £4,000,000 from London to the rest of England should now be incorporated in the indicative figures for 2012/13 to cover such touring exhibitions and loans (including management and other charges).

Although the total figure for the Arts Lottery for which Arts Council England has had stewardship responsibility since 1995 has not been challenged (at £3.5m), we have adjusted it to £3.28m by removing film funding for which ACE has not had responsibility. We have also accepted the advice of the Arts Council based on the advice they have received from DCMS and adjusted our illustrative figure for lottery funding to be available to ACE in the future from £350m to £300m pa. In all of these figures we need to remember another fundamental factor in the imbalance:

- 50% plus of the population lives more than a day visit away from the capital. Using Leeds as an illustrative starting point, each visitor pays a premium of £200 and £300 per person per visit in travel and accommodation (discounted rail and budget hotel) before a ticket is purchased.

¹ <http://www.artscouncil.org.uk/what-we-do/research-and-data/england/>

² <http://www.artspromotional.co.uk/blog/its-england-jim-not-you-know-it> and follow link to the excel spreadsheets

The headline conclusions of the RoCC Report can, therefore be adjusted to allow for the additional £12,143,000m of annual net benefit to the rest of the country from touring, loans etc. The resultant revised or confirmed figures follow in purple and italics (with previous figures in brackets). With these - marginal - adjustments made to the data, we reaffirm and confirm the analysis and original conclusions of our report.

- In 2012/13 taxpayers from the whole of England, therefore, provided benefit to London of **£68.43** (£69) *php against £4.75* (£4.60) *php in the rest of the country. A ratio of 14:1* (15:1).
- Last year's figures (2012/13) combining taxpayers' and Lottery players' funds distributed by Arts Council England show benefit to London of **£85.16** (£86) *php against £8.84* (£8) *php in the rest of England – a ratio of 10:1* (11:1).

We point out that even were these adjustments - already generous in our view - to understate the net benefit of touring from London to the rest of England by a factor of 100% - the headline ratio of the benefit to the capital as against the rest of England from taxpayers across the country would still only shift to 13:1 and the ratio including Lottery funds from 10:1 to 9:1.

Headlines adjusted

- 15% of the population of England lives in London. In 2012/13, Arts Council England (ACE) distributed £320m of taxpayers' money to the arts with **£20 per head of population (php) allocated in London against £3.60 php in the rest of England.**
- In the same year the Department of Culture Media and Sport (DCMS) distributed £450m of public funds from the same source directly to major 'national' cultural institutions with benefit of **£48.56** (£49) *php in London against £1.12* (£1) *php in the rest of the country.*
- In 2012/13 taxpayers from the whole of England, therefore, provided benefit to London of **£68.43** (£69) *php against £4.75* (£4.60) *php in the rest of the country. A ratio of 14:1* (15:1).
- For the last 65 years successive governments and Arts Councils have claimed that - only if there were significant new resources - could these 'historic' imbalances be addressed. Since 1995, ACE has had stewardship responsibility for over **£3.28** (£3.5) *billion* of 'new and additional' funds for the arts from the National Lottery. In fact, Arts Council distribution of its £3.28 billion of new National Lottery funding has provided benefit to London of **£142** (£165) *php against £45* (£47) *php in the rest of England over the 18 years of the Lottery to date.*
- In 2012/13, Lottery players contributed in two ways to touring work within England and with 'export from London' being the dominant feature with a 'net' benefit to the rest of England of £8,143,000. Factoring this into the Arts Council's published figures for regional distribution of its funds in 2012/13 produces a benefit to London **of £ 16.41** (£17.41) *php against £4.08* (£3.90) *php in the rest of the country. A ratio of 4:1* (4.4:1).
- Last year's figures (2012/13) combining taxpayers' and Lottery players' funds distributed by Arts Council England show benefit to London of **£85.16** (£86) *php against £8.84* (£8) *php in the rest of England – a ratio of 10:1* (11:1).

Working Paper B.

Question 3.i

Can the Arts Council's claims in its Investment Plan for change in the disposition of its funding be substantiated?

'Funding of the National Portfolio in London has moved from 51% (2007/08) to 47% of the total (2015-18).'

In 2007/08 the Arts Council had no responsibility for Museums and Galleries and those arts organisations receiving three-year funding did so from grant-in-aid only.

During the three years 2012-15 the Arts Council was asked to assume these responsibilities and received specific additional grant-in-aid funding previously provided directly by the DCMS in respect of the 'Renaissance in the Regions' programme.

By 2015/16 that funding was integrated into Arts Council's grant-in-aid budgets but the expectation for its future use for the development of museums principally outside London remains.

The first comparator exercise has therefore been carried out for the arts portfolio (strictly organisations receiving multiple year security of funding) only and for grant-in-aid only. It shows (Reference Appendix 2) London benefit of 52.6% of NPO funding in 2007/08 and of 51.6% (average) for 2015-18.

Allowing for Major Partner Museums (MPMs) to be included in the grant-in-aid comparison (though as we observe, the Arts Council had no discretion in the change), we still see London benefit of 52.6% in 2007/08 but moving to 48.3% in 2015-18 (average)

When the Arts Council's decision to move the revenue funding responsibility for large scale touring opera and ballet companies, most of these based outside London, from tax-borne to Lottery sources is factored into the calculation (again no change driven by the implementation of policy just a shuffling of budgets) there is a shift from 52.6% in 2007/08 to 47.3% (or even to 44.9% including MPMs).

We conclude that - comparing like with like - the Arts Council's claim is not substantiated and that regularly funded arts organisations in London will receive 51.6% of grant-in-aid funding of the portfolio during 2015-18 against 52.6% in 2007/08.

It is only with the adjustments stemming from new responsibilities for museums and the decision to fund major Portfolio organisations outside London from the Lottery that the Arts Council's claim can be justified.

Excluding MPMs Annual average 2015-18									
	TOTAL			GIA			LOTTERY		
	No	Value£	%	No	Value£	%	No	Value£	%
East	33	13,456,194	3.96%	29	12,471,152	4.62%	4	985,042	1.42%
East Midlands	39	11,477,993	3.38%	35	10,339,788	3.83%	4	1,138,205	1.64%
London	245	160,617,167	47.31%	202	139,268,927	51.60%	43	21,348,240	30.67%
North East	40	15,639,652	4.61%	36	14,681,657	5.44%	4	957,996	1.38%
North West	75	24,967,730	7.35%	70	22,998,912	8.52%	5	1,968,818	2.83%
South East	37	17,033,858	5.02%	33	11,864,565	4.40%	4	5,169,293	7.43%
South West	82	19,955,113	5.88%	72	15,335,694	5.68%	10	4,619,419	6.64%
West Midlands	48	46,504,024	13.70%	36	29,336,239	10.87%	12	17,167,785	24.66%
Yorkshire	71	29,880,760	8.80%	58	13,624,900	5.05%	13	16,255,861	23.35%
Grand Total	670	339,532,491	100.00%	571	269,921,833	100.00%	99	69,610,659	100.00%
Including MPMs Annual average 2015-18									
	TOTAL			GIA			LOTTERY		
	No	Value£	%	No	Value£	%	No	Value£	%
East	35	16,114,118	4.45%	31	15,129,076	5.17%	4	985,042	1.42%
East Midlands	40	12,332,059	3.41%	36	11,193,854	3.83%	4	1,138,205	1.64%
London	247	162,663,845	44.92%	204	141,315,605	48.31%	43	21,348,240	30.67%
North East	42	17,904,015	4.94%	38	16,946,020	5.79%	4	957,996	1.38%
North West	77	27,610,554	7.62%	72	25,641,736	8.77%	5	1,968,818	2.83%
South East	39	19,189,303	5.30%	35	14,020,010	4.79%	4	5,169,293	7.43%
South West	85	23,063,153	6.37%	75	18,443,734	6.30%	10	4,619,419	6.64%
West Midlands	51	49,133,756	13.57%	39	31,965,971	10.93%	12	17,167,785	24.66%
Yorkshire	75	34,142,323	9.43%	62	17,886,463	6.11%	13	16,255,861	23.35%
Grand Total	691	362,153,126	100.00%	592	292,542,468	100.00%	99	69,610,659	100.00%

Working Paper C.

Question 3.ii

Can the Arts Councils claims in its Investment Plan for change in the disposition of its funding be substantiated?

'We will build on the current trend of 60% of grant in aid investment outside London'.

Overview

In its investment plans for 2015-18 the Arts Council makes the following claims in relation to the geographic balance of its funding:

"For the next three years we will build on the current trend of 60% of Grant in aid and 70% National Lottery investment outside London³

The analysis that follows asks whether these claims can be substantiated and - were they to be - what impact that would have on the imbalances identified and illustrated in our earlier research and reports.

Methodology

- In order to consider trends (as referred to in the claim) it is important to establish a base line and to ensure that like is being compared with like
- Our analysis is concerned with Arts funding and with funds over which the Arts Council is free to exercise its discretion
- We take our base line as the average of the three years of the current Investment Plan (2012-15).
- We exclude - initially - funding for Museums and Libraries as the funds that the Arts Council received during the three year funding period were - effectively - earmarked for the Renaissance in the Region's programme previously funded directly by DCMS (and essentially required to be spent outside London⁴ - and at that time on the then current recipients).

Grant in aid funding of the National Portfolio Programme

A Freedom of Information request to the Arts Council provided the summary breakdown of income and main programme lines for both 2014/15 and for each year to 2017/18 (**Appendix 1**). We have then conducted further detailed analysis of the NPO programme by Region and by bands of funding (**Appendix 2**)

We conclude that the sums of Grant in Aid allocated to the National Portfolio in our base year is £317m and for each year in the coming period will be £270m. From our detailed analysis the percentages allocated to London are 49.7% in the current period, projected to rise to 51.6% in the three years of the new plan. For the current period the NPO programme accounted for almost all of the Grant in Aid available. The base figure from which we move forward is therefore 49.7%.

³ Statement at the announcement of the investment plans 2015-18 on 1st July 2014.

⁴ There were small grants to two London based Museums included in the DCMS Renaissance in the Regions programme.

Grant aid funding for Strategic arts programmes

For the coming period, Grant in Aid is also providing £40.3m pa of 'Strategic Funds (with Lottery funding of Strategic programmes providing a further £79.8m pa average over the period). These figures are analysed as between London and the rest of the country at Working Papers D and E.

With these additions London's overall proportions of GiA change to:

Table 1

	2012-15 NPO	%	2015-18 GiA to NPOs	%	2015-18 GiA to NPO + Strategic	%
	£,000s		£,000s		£,000s	
London	157,467	49.73%	139,269	51.60%	155,397	50.09%
Rest of England	159,156	50.27%	130,653	48.40%	154,845	49.91%
Totals	316,623	100%	269,922	100%	310,242	100%

This still leaves a very large gap between the Arts Council claim of a 60% : 40% ratio and these totals showing a continuation of the London call on Grant in aid at just under 50%.

The possible inclusion of Grant in aid funding of Museums and Galleries

Could the Arts Council have added their new funding for Museums and Galleries in arriving at their claimed ratio? It would be hard to justify a 'current trend' with the clear implication that it was one achieved through their own funding policies as the funding was effectively designated for regions outside London by DCMS in succession to its own 'Renaissance in the Regions' programme. The budgets for Major Partner Museums and other strategic funding for Museums and Libraries are shown in the Arts Council England schedules (**Appendix 1**). As noted elsewhere, we have excluded funding for Museums in all analysis in this document but, nevertheless, we did examine the impact of these funds being included to see if it achieved the Arts Council's claimed rate.

The consequence of combining MPM and Museums Strategic funds⁵ is shown in **Table 2** below.

⁵ The assumption we have made on Strategic funding for Museums is that a population based ratio of 15% to the capital and 85% beyond it might be achieved with a specific designated grant to Tyne and Wear Museums of £1,853m and £1,766m added to the total beyond London in each of 2013/14 and for each year in the 2015-18 period respectively).

Table 2

	2012-15 gia to MPMs	%	2013/14 Gia Strategic	Total Gia funding 2012-15	%	2015-18 Gia to MPMs	%	2015/18 Gia to Strat.funds	%	2015-18 Gia MPM+Strat	%
	£,000s		£,000s	£,000s		£,000s		£,000s		£,000s	
London	2,314	11%	2,868	5,182	12%	2,047	9.05%	2,764	14%	4,811	11%
Rest of England	18,475	89%	18,102	36,577	88%	20,574	91%	17,428	86%	38,002	89%
Totals	20,789	100%	20,970	41,759	100%	22,621	100%	20,192	100%	42,813	100%

Adding these figures to those for NPOs and Arts Strategic funds (at **Table 1**) gives the following result

Table 3

	2012-15 GiA NPO, & strategic	2012-15 Gia MPM & strategic	2012-15 Average p.a.	%	2015-18 GiA NPO, & strategic	2015/18 Gia MPM & strategic	2015-18 TOTAL	%
	£,000s	£,000s	£,000s		£,000s	£,000s	£,000s	
London	157,467	5,182	162,649	45.38%	155,397	4,811	160,208	45.38%
Rest of England	159,156	36,577	195,733	54.62%	154,845	38,002	192,847	54.62%
Totals	316,623	41,759	358,382	100.00%	310,242	42,813	353,055	100.00%

Conclusion

- A consistent analysis of 'current trends' on grant in aid funded arts programmes shows benefit to London moving up marginally from 49.7% to 50.1% between 2012/15 and 2015/18 against an Arts Council claim of 40%.
- Even if funding for Museums and Libraries is added - and we argue that this could only have marginal if any legitimacy in showing 'trends' - then benefit to London only falls to 45.4% against the same claim.
- We can find no basis for the ratios claimed by the Arts Council whether as a current state or a current trend or a level likely to be achieved by 2018.

Working Paper C. Errata

Table 1

As published						
	2012-15 NPO £,000s	Proportions	2015-18 Gia to NPOs	Proportions	2015-18 Gia to NPO +	Proportions
London	157,467	49.73%	139,269	51.60%	155,397	50.09%
Rest of England	159,156	50.27%	130,653	48.40%	154,845	49.91%
Totals	316,623	100%	269,922	100%	310,242	100%
Corrected						
	2012-15 NPO £,000s	Proportions	2015-18 Gia to NPOs	Proportions	2015-18 Gia to NPO +	Proportions
London	157,467	50.04%	139,268	51.60%	155,397	50.09%
Rest of England	157,212	49.96%	130,632	48.40%	154,845	49.91%
Totals	314,679	100%	269,900	100%	310,242	100%

In November 2014, GPS Culture reviewed this document and has identified a number of corrections to Working Paper C as highlighted here.

This makes the following marginal difference in the main report on page 11:

The consistent analysis of 'current trends' on grant-in-aid funded arts programmes in the Working Paper shows the benefit to London moving up marginally from 50.0% (published as 49.7%) to 51.6% between 2012-15 and 2015-18 against the Arts Council's claim of 40%.

These corrections have no material effect on the numbers, nor the conclusions which we draw from it in the report.

Table 3

As published

	2012-15 GiA NPO, & strategic £,000s	2012/15 GiA MPM & strategic £,000s	2012/15 Totals £,000s	Proportions	2015-18 GiA NPO, & strategic £,000s	2015/18 GiA MPM & strategic £,000s	2015-18 Totals £,000s	Proportions
London	157,467	5,182	162,649	45.38%	155,397	4,811	160,208	45.38%
Rest of England	159,156	36,577	195,733	54.62%	154,845	38,002	192,847	54.62%
Totals	316,623	41,759	358,382	100.00%	310,242	42,813	353,055	100.00%

Corrected

	2012-15 GiA NPO, & strategic £,000s	2012/15 GiA MPM & strategic £,000s	2012/15 Totals £,000s	Proportions	2015-18 GiA NPO, & strategic £,000s	2015/18 GiA MPM & strategic £,000s	2015-18 Totals £,000s	Proportions
London	157,467	5,182	162,649	45.63%	155,397	4,811	160,208	45.38%
Rest of England	157,212	36,577	193,789	54.37%	154,845	38,002	192,847	54.62%
Totals	314,679	41,759	356,438	100.00%	297,600	42,813	353,055	100.00%

Conclusion

- A consistent analysis of 'current trends' on grant in aid funded arts programmes shows benefit to London moving up marginally from 50.0% to 50.1% (published as 49.7% to 50.1%) between 2012/15 and 2015/18 against an Arts Council claim of 40%.

Working Paper D.

Question 3.iii

Can the Arts Councils claims in its Investment Plan for change in the disposition of its funding be substantiated?

'We will build on the current trend of 70% of National Lottery investment outside London'.

We break the question into two parts dealing first with the 'creation' of a new basis of calculation for recording the disposition of Lottery funds in 2012/13 and then addressing the discernible trends in 2012/13 and 2013/14 to assist a judgement on the Arts Council's ability to match this claim between 2015 and 2018.

a) The 2012/13 redistribution of Arts Lottery funds to show a 30% to 70% split

In the RoCC Report we published the table below showing the distribution of Arts Lottery funds between the English Regions in 2012/13. This table was authoritatively sourced from the Arts Council in response to a FoI request.

Information originally supplied by Arts Council England		Information as presented to the House of Commons Select Committee			
Applicant Home Region	Grant Commitments Made 2012/13	ACE spend ph in each region in 2012/13	Arts Lottery	%	Spend per Head
East	£31 550 446	London	100,289,016	31.6	12.07
East Midlands	£10 518 018	East Midlands	10,518,018	3.3	2.30
London	£142 336 203	West Midlands	16,894,570	5.3	2.99
North East	£11 688 694	North East	11,574,694	3.6	4.45
North West	£20 611 055	North West	19,660,055	6.2	2.78
South East	£33 600 899	Yorkshire	27,466,548	8.7	5.17
South West	£20 570 211	East	15,550,466	4.9	2.63
West Midlands	£16 894 570	South East	33,600,899	10.6	3.85
Yorkshire	£29 457 125	<i>National Projects*</i>	61,102,764	19.3	-
Grand Total	£317 227 221	South West	20,570,211	6.5	3.85
		Totals	317.227.221		5.93

Significant numbers are highlighted in yellow throughout

In the RoCC report we concluded (using rounded numbers from this table) that:

- 45% of the Arts Lottery funding in the year had been awarded in London
- the consequent £php figures were £17.41 php in London compared to £3.90 in the rest of England or 23% of London php levels.

By the time the second chart appeared in the appendix to the ACE evidence to the Select Committee they had changed - although the total had not.

A new 'National' category (£61m) has been created from London (£42m), Eastern (£16m), NW (1m), Yorkshire & Humberside (£2m) and the Arts Council is able to show a proportion for London of 31.6%.

An FoI request during research for this analysis secured the detailed breakdown of the newly expanded 'National' category for 2013/14 as per the table below:

APPLICANT	Oracle	Programme 2
Trinity Guildhall	2,600,000	Arts Award
Opera North	1,990,577	Transforming arts fundraising
National Skills Academy	15,000,000	Creative Employment Programme
Aldeburgh Music	1,000,000	Britten Centenary
Nesta	6,000,000	Digital R & D fund
Sadler's Wells Trust	600,000	Youth Dance
Trinity Guildhall	4,200,000	Artsmark
National Foundation for Youth Music	29,712,187	Youth Music

There is clearly no problem with the allocation of truly National projects (as most if not all of these appear to be) to a National category. However:

- a) the allocation of three year funding (such as those to the National Skills Academy for the Creative Employment Programme to NESTA for Digital R&D) to just the 2013/14 financial year distorts any possibility of year on year analysis and
- b) all such truly national grants can either be re-analysed once eventual recipients are known or redistributed per capita across the country.

In 2011/12 the National category had only included one award of £10m to the National Foundation for Youth Music. It is difficult for the thought not to arise that these reallocations may have been undertaken with a 'target percentage' needed by advocacy for the rebuttal of the RoCC report in mind. The figures for 2013/14 (also provided as a result of our FoI request) show the 'National' category reverting to £8,785,000 in 2013/14.

- Our conclusion is that the immediate shift to 30% to 70% in 2012/13 (from 45% to 55% in 2012/13 as analysed in the RoCC report) was achieved by the leger de main of introducing a very significantly expanded 'national' category of funding to the grant schedule for a single year not by any shift in policy or practice

b) Can the Arts Council claim that 'we will build on the current trend of 70% of National Lottery investment outside London' be substantiated?

Turning to the second part of the question which is - given the new splits - to analyse what 'current trends' might be in the three programmes through which Lottery funds are spent - the National Portfolio, Grants for the Arts and Strategic Funds. Each is addressed in turn.

The Lottery funding of the National Portfolio programme.

As can be seen from analysis in Appendix 2 and below, the split between London and the Rest of England in the NPOs now wholly funded from Lottery is 30.67% to 69.33% for the average year between 2015 and 2018. We are content to accept that this shows the claimed ratio between London being substantively met.

	Excluding MPMs Annual average 2015-18								
	TOTAL			GIA			LOTTERY		
	No	Value£	%	No	Value£	%	No	Value£	%
East	33	13,456,194	3.96%	29	12,471,152	4.62%	4	985,042	1.42%
East Midlands	39	11,477,993	3.38%	35	10,339,788	3.83%	4	1,138,205	1.64%
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South West	82	19,955,113	5.88%	72	15,335,694	5.68%	10	4,619,419	6.64%
West Midlands	48	46,504,024	13.70%	36	29,336,239	10.87%	12	17,167,785	24.66%
Yorkshire	71	29,880,760	8.80%	58	13,624,900	5.05%	13	16,255,861	23.35%
Grand Total	670	339,532,491	100.00%	571	269,921,833	100.00%	99	69,610,659	100.00%

The Lottery funding of the Grants for the Arts Programme.

We have analysed grants made through the Grants for the Arts Programme from the DCMS database for 2010/11 to 2013/14 - below - and conclude that it is a reasonable projection that the Programme will maintain a 30% to 70% ratio as between London and the rest of England for the period 2015-18.

GftA Value of grants

Value	2010/11	2011/12	2012/13	2013/14	Totals
East Midlands	£2 524 582	£4 941 932	£2 733 290	£4 364 206	£14 564 010
Eastern	£3 858 734	£5 833 491	£4 510 456	£4 736 630	£18 939 311
London	£25 547 970	£22 705 895	£13 794 151	£21 105 960	£83 153 976
North East	£2 592 990	£4 237 281	£3 147 011	£3 194 987	£13 172 269
North West	£4 078 304	£7 231 918	£6 171 290	£6 428 708	£23 910 220
South East	£7 626 694	£11 045 169	£7 742 723	£10 792 874	£37 207 460
South West	£4 593 051	£8 504 593	£6 320 109	£8 240 440	£27 658 193
West Midlands	£3 683 652	£6 950 109	£4 792 227	£5 171 453	£20 597 441
Yorks & Humber	£3 687 124	£7 706 266	£5 398 910	£5 969 740	£22 762 040
Other	£368 214	£2 496 729	£954 123	£1 981 478	£5 800 544
Total	£58 561 315	£81 653 383	£55 564 290	£71 986 476	£267 765 464
%	2010/11	2011/12	2012/13	2013/14	2010-14
East Midlands	4%	6%	5%	6%	5%
Eastern	7%	7%	8%	7%	7%
London	44%	28%	25%	29%	31%
North East	4%	5%	6%	4%	5%
North West	7%	9%	11%	9%	9%
South East	13%	14%	14%	15%	14%
South West	8%	10%	11%	11%	10%
West Midlands	6%	9%	9%	7%	8%
Yorks & Humber	6%	9%	10%	8%	9%
Other	1%	3%	2%	3%	2%
Total	100%	100%	100%	100%	100%

Concern at the late growth in the number and proportion of awards made in London

We register a concern at the significantly greater growth (number and proportion) of grants awarded through this programme in London since 2010/11 although we acknowledge that the average grant size in London has dropped to just below the national average in this period.

No of grants	2010/11	2011/12	2012/13	2013/14	2010-14	Increase in No. over 2011/12	% Increase
East Midlands	140	174	148	189	651	49	35%
Eastern	200	184	234	243	861	43	22%
London	436	601	742	1 021	2 800	585	134%
North East	116	168	147	157	588	41	35%
North West	206	341	324	354	1 225	148	71%
South East	276	366	369	465	1 476	189	68%
South West	224	297	292	339	1 152	115	51%
West Midlands	171	216	190	224	801	53	31%
Yorks & Humber	231	310	269	302	1 112	71	31%
Other	18	24	30	47	119	29	161
Total	2 018	2 681	2 745	3 341	10 785	1 323	65%

£Av p grant	2010/11	2011/12	2012/13	2013/14	Totals
East Midlands	£18 033	£28 402	£18 468	£23 091	£22 372
Eastern	£19 294	£31 704	£19 275	£19 492	£21 997
London	£58 596	£37 780	£18 591	£20 672	£29 698
North East	£22 353	£25 222	£21 408	£20 350	£22 402
North West	£19 798	£21 208	£19 047	£18 160	£19 519
South East	£27 633	£30 178	£20 983	£23 210	£25 208
South West	£20 505	£28 635	£21 644	£24 308	£24 009
West Midlands	£21 542	£32 176	£25 222	£23 087	£25 715
Yorks & Humber	£15 962	£24 859	£20 070	£19 767	£20 469
Other	£20 456	£104 030	£31 804	£42 159	£48 744
Average	£29 019	£30 456	£20 242	£21 546	£24 828

Concern at the number of awards made for amounts beyond the indicated maximum

We also register a concern at the number of awards that have been made at significantly higher levels than are indicated in the guidance to applicants and the high proportion of the total budget available that these awards have consumed. The promotion of the programme clearly states that

"We offer awards from £1,000 to £100,000 to support a wide variety of arts-related activities, from dance to visual arts, literature to theatre, music to combined arts"

Later, in the detailed guidance, there is clearance to apply for more 'In special circumstances' but to do so, written permission must be obtained from the Arts Council in advance.

From the table below⁶ it can be seen that In 2013/14, these 'special circumstances' produced awards totalling £9,740,870 to 49 organisations. This total represents 87% of the funds available in total in awards of under £10,000 at (£11,154,238) to 1,516 artists and small organisations across England.

It is reasonable to assume that these large scale applications enjoy a high success rate as they will have been pre-screened by the Arts Council (listed at **Working Paper H** and with the largest award being £950,284).

In 2012/13 the overall success rate for Grants for the Arts applications was 48% with an average grant size of £22,200. How many more artists, collaborative projects and community based organisations engaging with the arts - perhaps for the first time - could have been supported across the country if the advertised parameters of this programme had been more closely adhered to?

Lottery Grants for the Arts

	up to £10k		up to £15k		up to £50k		up to £100k		up to £200k		above £200k		Total No of	Total Value- £	
Totals 2013/14															
AREA	No orgs	Value- £	No orgs	Value- £	No orgs	Value- £	No orgs	Value- £	No orgs	Value- £	No orgs	Value- £			
East	122	930,381	77	1,072,037	26	859,424	13	1,047,681	4	577,107	1	250,000	243	4,736,630	6.8%
East Midlands	84	600,561	55	765,250	23	648,769	23	1,786,520	4	563,106			189	4,364,206	6.2%
London	468	3,515,977	328	4,588,918	144	4,515,585	70	5,270,037	7	1,200,184	4	2,015,259	1021	21,105,960	30.1%
North East	68	493,251	47	660,529	24	713,311	17	1,177,896	1	150,000			157	3,194,987	4.6%
North West	189	1,337,224	96	1,302,053	39	1,229,311	28	2,210,152	2	349,968			354	6,428,708	9.2%
South East	201	1,576,656	153	2,118,331	63	2,034,303	35	2,653,622	11	1,700,434	2	709,528	465	10,792,874	15.4%
South West	151	1,051,691	75	1,051,931	69	2,295,055	39	3,072,233	5	769,530			339	8,240,440	11.8%
West Midlands	100	705,878	81	1,126,799	20	630,973	15	1,252,049	6	1,027,214	2	428,540	224	5,171,453	7.4%
Yorkshire	133	942,619	89	1,251,046	54	1,796,029	26	1,980,046					302	5,969,740	8.5%
Grand Total	1516	11,154,238	1001	13,936,894	462	14,722,760	266	20,450,236	40	6,337,543	9	3,403,327	3294	70,004,998	100.0%
	46.0%	15.9%	30.4%	19.9%	14.0%	21.0%	8.1%	29.2%	1.2%	9.1%	0.3%	4.9%			

⁶ excludes grants of £1,981,478 in 2013/14 that could not be attributed to any one Region

Lottery Strategic Funds - the current position

We have reviewed the pattern of Strategic Lottery funding across 2012/13 and 2013/14 from the DCMS website, including an analysis of bands of funding. In these years there was only minimal provision within Grant in aid budgets for Strategic Funds. We therefore feel confident in taking guidance from the patterns of Lottery Strategic funding to inform our analysis of the probable balances of expenditure from both Grant in aid and Lottery Strategic funds between 2015 and 2018. As with our calculations for the National Portfolio and Grants for the Arts, we have sought to use totals or averages as the basis for our judgement (in this case 2012/13 and 2013/14), evening out distortions caused by multi-year funding or exceptions such as a Major Capital funds.

Managed Funds Value of grants (NB excludes Youth Music and NYMOs)⁷

Value	2012/13	2013/14	Totals	Av 2012-14
East Midlands	£7,596,363	£6,607,711	£14,204,074	£7,102,037
Eastern	£7,340,238	£5,588,321	£12,928,559	£6,464,279
London	£81,346,447	£26,826,492	£108,172,938	£54,086,469
North East	£8,252,042	£4,681,448	£12,933,490	£6,466,745
North West	£11,392,112	£19,317,145	£30,709,257	£15,354,629
South East	£20,083,561	£3,791,028	£23,874,589	£11,937,294
South West	£12,516,300	£8,814,167	£21,330,468	£10,665,234
West Midlands	£10,959,235	£7,402,348	£18,361,583	£9,180,792
Yorks & Humber	£21,504,646	£8,491,415	£29,996,061	£14,998,030
Total	£180,990,944	£91,520,075	£272,511,019	£136,255,510
%	2012/13	2013/14	2012-14	Av 2012-14
East Midlands	4.2%	7.2%	5.2%	5.2%
Eastern	4.1%	6.1%	4.7%	4.7%
London	44.9%	29.3%	39.7%	39.7%
North East	4.6%	5.1%	4.7%	4.7%
North West	6.3%	21.1%	11.3%	11.3%
South East	11.1%	4.1%	8.8%	8.8%
South West	6.9%	9.6%	7.8%	7.8%
West Midlands	6.1%	8.1%	6.7%	6.7%
Yorks & Humber	11.9%	9.3%	11.0%	11.0%
Total	100%	100%	100%	100%

⁷ The amounts allocated to 'other' on the DCMS website have been re-distributed per capita

These tables would indicate a 'current position' in the disposition of the Arts Council's strategic funds of 40% in London to 60% in the rest of England as opposed to the Arts Council's claim for a 'current trend' of 70% of national Lottery investment being outside London.

Although the numbers of awards made in London are broadly proportionate (23% over the period), the average grant size in London is significantly higher than elsewhere (largely due to major capital and Catalyst endowment awards).

Other	56	66	122	61
£Av p grant	2012/13	2013/14	2012-14	Av 2012-14
East Midlands	£379,818	£734,190	£489,796	£489,796
Eastern	£407,791	£798,332	£517,142	£517,142
London	£968,410	£705,960	£886,663	£886,663
North East	£434,318	£668,778	£497,442	£497,442
North West	£406,861	£1,207,322	£697,938	£697,938
South East	£873,198	£421,225	£746,081	£746,081
South West	£403,752	£881,417	£520,255	£520,255
West Midlands	£391,401	£740,235	£483,200	£483,200
Yorks & Humber	£672,020	£849,141	£714,192	£714,192
Other	£247,833	£172,267	£206,953	£206,953
Average	£533,897	£502,858	£523,054	£523,054

Totals 2012/14

AREA	A	B	C	D	E	F	G	H	Total No o	Total Value- £									
	No orgs	Value- £	No orgs	Value- £	No orgs	Value- £	No orgs	Value- £	No orgs	Value- £									
East	0	0	4	308,110	8	1,113,034	8	2,587,131	4	3,469,436	1	2,659,975	0	0	0	0	25	10,137,686	4.1%
East Midlands	2	62,166	11	1,555,108	10	2,781,757	1	344,780	5	5,804,720	1	1,500,000	0	0	0	0	30	12,048,531	4.9%
London	3	99,289	14	1,071,598	46	6,824,923	32	9,032,759	10	7,208,758	14	37,490,564	2	25,000,000	1	17,500,000	122	104,227,891	42.2%
North East	0	0	5	379,316	11	1,757,124	5	1,537,050	1	750,000	4	7,286,400	0	0	0	0	26	11,709,890	4.7%
North West	0	0	8	636,580	15	2,024,431	15	4,625,515	1	863,250	3	6,230,000	2	13,000,000	0	0	44	27,379,776	11.1%
South East	0	0	4	298,601	15	2,003,124	9	2,435,245	2	1,540,288	1	1,476,000	1	12,000,000	0	0	32	19,753,258	8.0%
South West	0	0	1	79,784	23	3,202,454	13	3,382,890	1	510,000	3	11,634,722	0	0	0	0	41	18,809,850	7.6%
West Midlands	0	0	3	243,016	17	2,520,338	12	3,578,162	2	1,287,752	4	8,072,431	0	0	0	0	38	15,701,699	6.4%
Yorkshire	0	0	2	141,694	18	2,608,057	13	3,398,296	1	995,000	8	20,351,091	0	0	0	0	42	27,494,138	11.1%
Grand Total	5	161,455	52	4,713,807	163	24,835,242	108	30,921,828	27	22,429,204	39	96,701,183	5	50,000,000	1	17,500,000	400	247,262,719	100.0%
	1.3%	0.1%	13.0%	1.9%	40.8%	10.0%	27.0%	12.5%	6.8%	9.1%	9.8%	39.1%	1.3%	20.2%	0.3%	7.1%			

Other 25,248,300
 CHECK to full datasheet 272,511,019

Estimating the impact of the announced 2015-18 Strategic Funding programmes

The Arts Council has announced its new Strategic Funding programmes totalling £104m per annum derived from £67m of Lottery funds and £27m of Grant in aid without identifying which of its programmes will be funded from which source. In reviewing these amounts we have added to them:

- a) the transitional funding of £7.6m identified for English National Opera over the period (allocated to Lottery in our analysis)
- b) the £20.9m of funding for 'International work and talent development' returned to the Arts Council after the Olympics and allocated over 2015-18 (allocated to lottery in our analysis)
- c) the contingency sum of £20.505m which is split £10,005m to Lottery and £10,500m to Grant in Aid as specified in Council papers provided.
- d) although (for understandable reasons including a still current review of a major project) the total to be allocated to Youth Music was redacted from the information released to us, it was possible to calculate the total sum available for those purposes and we have, therefore, included that sum in our analysis

We have not included Museums Strategic funds.

Conclusions

We constructed the analysis on the following two pages from a study of the new programmes, historic patterns and our knowledge of the arts in the country. We accept that this is a speculative exercise (as the Arts Council's own must be). We show a predicted outcome of 38%:62%

As that estimate broadly mirrors the pattern of analysis of the last two years (40%:60%), we have chosen to project the disposition of Strategic funds as between London and the Regions forward in a ratio of 40% to 60% between 2015 and 2018 as opposed to the Arts Council's claim of a 30% to 70% ratio.

Arts Council Strategic Funds totals over the three years 2015-18 with GPS estimates of likely balances between London and the rest of England

Fund title	Three Year Total	GPS Estimate London %	GPS Estimate Rest of England %	GPS Estimate London £,000	GPS Estimate Rest of England £,000	GPS Estimate of % London	GPS estimate of % Rest of England	GPS £php London	GPS £php Rest of England
Goal 1									
Ambition, resilience and diversity	15,000		100%		15,000				
Exceptional Awards	8,230	50%	50%	4,115	4,115				
Outdoor Arts	6,000	25%	75%	1,500	4,500				
Diversity	6,000	50%	50%	3,000	3,000				
Arts Council Collections	3,600	50%	50%	1,800	1,800				
The Space	2,500	75%	25%	1,875	625				
City of Culture	3,000		100%		3,000				
Sub total	44,330			12,290	32,040				
Goal 2									
Strategic Touring	23,000	30%	70%	6,900	16,100				
Cross Border Touring	1,500	25%	75%	375	1,125				
Creative people and Places	20,000	10%	90%	2,000	18,000				
Creative media production, distribution & skills	10,000	75%	25%	7,500	2,500				
Audience focus	4,150	50%	50%	2,075	2,075				
Sub Total	58,650			18,850	39,800				
Goals 3/4									
Capital	88,000	35%	65%	30,800	57,200				
Small Scale capital and digital	32,502	50%	50%	16,251	16,251				
Catalyst and Fundraising	26,000	40%	60%	10,400	15,600				
Access to finance	3,500	30%	70%	1,050	2,450				
Resilience and Leadership	14,400	40%	60%	5,760	8,640				
Workforce development	4,000	40%	60%	1,600	2,400				
Sub Total	168,402			65,861	102,541				
Goal 5									
InHarmony	1,350	25%	75%	337	1,013				
National Youth Music Organisations	19,290 ⁱ	20%	80%	3,858	15,432				
Artsmark and Arts Award	6,900	20%	80%	1,380	5,520				
Cultural Education	3,900	30%	70%	1,170	2,730				
Sub Total	31,440			6,745	24,695				

Fund title	Three Year Total	GPS Estimate London %	GPS Estimate Rest of England %	GPS Estimate London £,000	GPS Estimate Rest of England £,000	GPS Estimate of % London	GPS estimate of % Rest of England	GPS £php London	GPS £php Rest of England
Contribute across all goals									
Research and Evidence	2,800	20%	80%	560	2,240				
Area discretionary budgets	4,500	20%	80%	900	3,600				
Goals discretionary budgets	1,500	20%	80%	300	1,200				
Sub Total	8,800	20%	80%	1,760	7,040				
Additions									
Add International and talent development	20,934	75%	25%	15,701	5,233				
Add ENO Once off Transitional	7,600	100%		7,600					
Add Contingency ⁸	20,505	40%	60%	8,202	12,303				
Sub Total	49,039			31,503	17,536				
Total	360,661			137,009	223,652	38.0%	62.0%	£16.28	£4.92
Lottery	239,701								
Grant in Aid	120,960								

⁸ Total Contingencies of £20.505 million as shown in the budget submitted to the Arts Council on 24th June.

Working Paper E.

Question 4

What effect would the proposed levels of investment in the arts claimed by the Arts Council or analysed here have on the imbalances between London and the rest of England

The authors of this and our earlier reports have always accepted that there should be a significant skew in national funding of the arts towards the nation's capital. We had argued however that the levels of imbalance that have continued to exist even after the injection of £3.3bn of new lottery funds should be considered wholly and totally unacceptable and we argued for urgent change. Arts Council England had the clear opportunity to do so in its Investment Plan for 2015-18 and - in its public statements and private briefings it continues to try to give the impression that it is working hard to achieve change in intractable circumstances. The impression is given of a series of new policies that will achieve modest but real and positive change for the country outside its capital.

Our analysis illustrated in the table overleaf enables us to draw the following conclusions:

Grant in aid

In the three years of the Investment Plan Arts Council investment of taxpayers funding - Grant in Aid:

- will total £931 million
- of this £466 million will be invested in organisations in London at a per capita return to London's population of £55.39p per head of population (php)
- the remaining £465 million will be invested in the rest of England at a per capita return to those citizens of £10.22 php.

Lottery funds

In the three years of the Investment Plan, Arts Council investment of Lottery funds

- will total £658 million
- of this £223 million will be invested in organisations in London at a per capita return to London's population of £26.48 php
- the remaining £435 million will be invested in the rest of England at a per capita return to those citizens of £9.58 php

Taken together

In the three years of the Investment Plan the Arts Council will invest taxpayers and Lottery players funds from the whole of the country that

- will total £1,589 million
- of this £689 million will be invested in organisations in London at a per capita return to London's population of £81.87 php
- the remaining £900 million will be invested in the rest of England at a per capita return to those citizens of £19.80 php

Expressed in another way, in just the three years of this Investment Plan, London based arts organisations (not including Museums and Galleries) will receive

- £120 million more from Arts Lottery funds than their strict 'fair share'⁹
- £321 million more from grant in aid than the same 'fair share'

a total benefit to London of £441 million more than a per capita 'fair share' from taxpayers and lottery players

In summary, by the end of the period, the imbalance in the investment of taxpayers and lottery players funding between London and the rest of England through the Arts Council and per capita would still stand at over 4 : 1 in terms of per capita investment.

a) Consequences of LOTTERY Budget forward projection 2015-18

	GPS Projected ratio London to the Rest of England	Total Budget for the period	GPS Projected allocation to London	GPS Projected allocation to the rest of England	Per capita ¹⁰ allocation to London	Per Capita allocation to the rest of England	Additional benefit to London beyond per capita for 2015-18	Additional benefit per head of population for 2015-18
		£,000	£,000	£,000	£,000	£,000	£,000	
NPO Programme ¹¹	30% :70%	208,832	64,045	144,787	32,578	176,254	31,467	
Grants for the Arts ¹²	30% : 70%	210,000	63,000	147,000	32,760	177,240	30,240	
Strategic Funds ¹³	40% : 60%	239,535	95,814	143,721	37,367	202,168	58,447	
Totals		658,367	222,859	435,508	102,705	555,662	120,154	£14.28

⁹ The strict 'per capita' sum echoing the Mayor of London's call for 'Fair shares for London' in the arts. We have proposed such an approach to Lottery funds though on a wider area basis including the South East and East. We have not proposed a per capita approach to grant-in-aid although the scale of imbalance is still too great.

¹⁰ Calculation using rounded % ex NSO 2013 data

¹¹ Source. ACE budgets 2015-18 as per announcement confirmed by GPS

¹² Source. ACE budget announcement of totals with projections informed by GPS analysis of 2012/13 and 2013/14 in detail for the programme + longer historical overview

¹³ Source. GPS analysis at Working paper D

b) Strategic funds as per GiA

	GPS Projected ratio London to the Rest of England	Total Budget for the period	GPS Projected allocation to London	GPS Projected allocation to the rest of England	Per capita ¹⁴ allocation to London	Per Capita allocation to the rest of England	Additional benefit to London beyond per capita for 2015-18	Additional benefit per head of population for 2015-18
		£,000	£,000	£,000	£,000	£,000	£,000	
Strategic Funds ¹⁵	40% : 60%	120,960	48,384	72,576	18,906	102,054	29,478	£3.50

c) Projecting per capita benefit forward for GiA and Lottery for the three year totals

	Population	NPO gia totals ¹⁶	Strategic Funds gia ¹⁷	GiA totals	GiA totals per capita	Lottery totals	Lottery per capita	Total ACE programme spend	Total ACE programme spend per capita	Illustrative national per capita allocations
		£,000	£,000	£,000		£,000		£,000		£,000
London	8,416,535	417,807	46,400	466,191	£55.39	222,859	£26.48	689,050	£81.87	248,296
Rest of England	45,449,282	391,959	72,576	464,535	£10.22	435,508	£9.58	900,043	£19.80	1,340,797
England	53,865,817	809,766	120,960	930,726	£17.28	658,367	£12.22	1,589,093	£29.50	1,589,093
Illustrative London 'surplus' over 'per capita for the period 2015-18										£440,754

¹⁴ Calculation using rounded % ex NSO 2013 data

¹⁵ Source. GPS analysis at Working paper D

¹⁶ Excluding MPMs and ref Appendix 2 averages for the three years x 3 and rounded to £,000s

¹⁷ Applying the same 40:60 formula as predicted for Lottery Strategic funds

Working Paper F.

Question 7

What is known about the kinds of organisation and the groups in society that benefit most from national arts funding and the Arts Lottery?

The particular case of Large Scale Opera and Ballet

The Arts Councils internal report on Large Scale Opera and Ballet was agreed by Council in October 2013 and used to inform negotiations with the seven organisations reviewed in the run up to and decisions on the 2015-18 announcements of funding.

The Review states

'As much of the financial data we analysed is commercially sensitive (including details of artist fees) it is not possible for us to publish it. Also, as the Arts Council is not the only funder of these organisations, to release it could potentially undermine the confidence of other investors'.

The figures below are therefore derived only from the small amount of financial information included in the report. Using this minimal data available we can conclude as follows:

- Opera and Ballet are shown to be 'exceptionally' expensive.
- 7 Companies have historically taken 22% of NPO funding. A round figure of £75m pa of core revenue funding only is used for the 2012-15 NPO period.
- The 2015-18 settlement claims that this has now reduced to 21% (but this excludes the 'one-off' sum of £7.6m 'transitional' funding to be made available to ENO over the three years. If this sum is spread over the three years and added back, the % allocated to these companies in 2015-18 rises back to 22%. A total of £73.4m
- In 2011/12 the seven companies presented 951 performances to 1,500,000 people at a subsidy per performance of £78,860 and to an average audience of 1,577 a subsidy per audience member per performance of £50 and a subsidy cost 'per week' (6 shows) of £475,000.
- The 7 companies employ over 2,000 people full time (average 286) of which circa 800 are musicians singers or dancers (average 114).
- In addition to this over 2,500 artists are engaged on a free-lance basis (average 360 pa).

Using these resources of people and funding:

- In 2011/12 the three Ballet Companies presented an average of 178 performances each to an average audience of 1,585 people
- In 2011/12 the four Opera Companies presented an average of 104 performances each to an average audience of 1,566

It is clear from the information made available through the Annual NPO returns that there is a very wide variation indeed from these averages between the seven companies but at the moment there is not sufficient information in the public domain to enable a full analysis to be undertaken.

Working Paper G.

Question 12.ii

Has the Arts Council achieved the savings required on Operating Costs and at what cost?

Operating Costs and the once off 'fundamental costs of reorganisation'

Source Arts Council Annual Reviews 2007/8 - 2013/14

Year	Gia Operating & governance £ 000s	Lottery Admin. Note 4d £ 000s	Lottery direct costs £ 000s	Lottery Operating total £ 000s	Total Operating £ 000s	Once off restructuring £ 000s	'Normal' redundancies £ 000s
2007/8	25,525 [3]	14,705	2,623	17,328	42,853 [3]	1,143	764
2008/9	27,237 [4]	14,150	2,403	16,553	43,790 [4]	4,833	447
2009/10	27,904 [5]	15,309	2,166	17,475	45,379 [5]	2,472 [6]	642
2010/11	26,001	10,387	2,243	12,630	38,631		961
2011/12	23,927	13,716	2,347	16,063	39,990		199
2012/13	21,904	12,103	2,323	14,426	36,330	9,810 [7]	1,578
2013/14	15,452	15,035	2,248	17,283	32,735		227
2014/15 [8]	15,680	12,162	6,757	18,919	34,599 [9]		
Totals						18,258	4,818
Less: released amounts Notes [6] & [7]						3,872	
Revised total						14,386	

[1] There are some very minor - significantly less than 1% in each case - differences between these totals and the totals in the Annual Reviews

[2] 'and redundancy costs which fell due during the year. These costs arose following the closure of programmes and other contractual payments falling due for those leaving the organisation'

[3] Excludes £6.135K in respect of Creative Partnerships

[4] Excludes £5,460K in respect of Creative Partnerships

[5] Excludes £5,918K in respect of Creative Partnerships

[6] Restated for this year in the 2011/12 accounts which show £1,607K

[7] Restated for this year in the 2013/14 accounts which show £6,803K

[8] Source: Information provided 24/8/14 in response to FoI request

[9] Excludes £387K in Restricted cost to paralele treatment in analysis above for earlier years

Note from FOI request answer and schedule provided on

Q1&3: You do not show the allocation between GIA and Lottery operations in each year annual operating costs 2014-18, nor have you included operating costs in “areas of expenditure to which ACE has or is intending to allocate funds”. I’d be most grateful if you could show such an allocation for each year 2014-18

A. We do not allocate operating costs into areas of expenditure to which we have or intend to allocate funds. This information is produced for the financial statements and is a very detailed allocation based on returns from every department as to how much time has been spent on the main activities, which drives note 4 in the GIA accounts. For setting the annual budget, we do allocate support costs across five headings, and this breakdown is provided here.

	GIA Direct costs	Lottery direct costs	restricted costs	GIA admin	Lottery Admin	2014/15
	£000s	£000s	£000s	£000s	£000s	£000s
Staff Costs	627	4,078	387	7,979	7,398	20,468
Depreciation				1,770		1,770
Travel, Subsistence & Entertaining	30	294		603	540	1,467
Rent & Rates	75	772		1,208	1,048	3,104
Office & Sundry	91	566		2,046	2,423	5,126
Professional Fees	49	1,048		1,202	753	3,052
	872	6,758	387	14,808	12,162	34,987
	2%	19%	1%	42%	35%	100%

Operating costs as percentage of total (relevant/unrestricted) income									
GIA excl earmarkings	Op as %	Lott	Op as %	Reductions		Reductions		Reductions	
				12/13 to 13/14	09/10 to 13/14	09/10 to 13/14			
							GIA	TOTAL	
382,046	6.68%	151,459	11.44% z						
394,642	6.90%	144,989	11.42% x						
442,812	6.30%	142,863	12.23% x						
435,563	5.97%	151,544	8.33% y						
381,679	6.27%	181,739	8.84% y						
397,746	5.51%	257,497	5.60% y						
377,905	4.09%	231,883	7.45% z	(19,841)	(64,907)	(12,452)	(12,452)	(12,644)	(12,644)
							-44.62%	-27.86%	
x = contribution to Olympic Lottery Distribution Fund shown as netted-off in income									
y = contribution to OLDF shown as expenditure but here re-stated as netted-off against income for consistency									
z - no contribution to OLDF									

Working Paper H.

Question 12.iii

What does more detailed and historical analysis of the 2015-18 Investment Plan and its structures, programmes and budgets reveal?

Transparency and fairness. Analysis of large Grants for the Arts

Notes

- 1] Strategic Funds are analysed at Working Paper D
- 2] It appears that a number of these larger awards may be applications by third parties that will provide substantial benefit NPOs that are not able to bid into this programme themselves.
- 3] Source is DCMS Lottery grants website

2013/14 12 awards totalling £4,753,611 of £200,000 and over

			£
Without Walls Consortium Limited	Without Walls Street Arts Consortium - 2014-2015	2014/01/28	950284
New Adventures Limited	Edward Scissorhands and The Car Man	2013/12/24	785484
Creative Foundation	Folkestone Triennial 2014	2013/05/16	500000
Regional Theatre Young Directors Scheme	Regional Theatre Young Directors Scheme (RTYDS)	2013/12/16	450000
Hibrow Productions Limited	HiBROW: Immerse Yourself in the Arts Online	2013/12/20	430000
Julies Bicycle	Julie s Bicycle - Two Year Sustainability Project	2013/04/09	349775
Seachange Arts	Centre of Excellence - European leadership	2013/04/08	250000
Birmingham Hippodrome Theatre Trust Ltd	International Dance Festival Birmingham2014 (IDFB)	2013/11/29	220000
Corn Exchange (Newbury) Trust	Newbury Outdoor Arts and Creation Centre programme	2014/02/25	209528
Birmingham City University	Turning Point West Midlands	2014/02/17	208540
Rugby League World Cup 2013	Rugby League World Cup 2013 Dance Programme	2013/08/05	200000
Birmingham Hippodrome Theatre Trust Ltd	4 Squares Weekend (Working Title)	2013/07/09	200000

2013/14 Grants for the Arts of between £100,000 and £200,000

Music Beyond Mainstream	Songwriting Projects	2013/12/02	198700
Whitstable Biennale	Whitstable Biennale 2014 and interim activity	2013/08/19	198000
Black Bird/Red Rose Productions	Dracula	2013/04/23	197990
Circuit Productions Limited	Square Peg Sailing Strong	2013/10/01	197954
Society of Chief Librarians	A War Memorial for the Digital Age(Libraries Fund)	2014/02/10	196110
Shakespeare s Globe	Henry VI	2013/05/28	191393
Artaha	The Great British Carnival Tour	2013/07/10	190807
The National Literacy Trust (NLT) - Reading The Game (RTG)	21st Century Authors	2013/11/07	187907
Bournville College	Longbridge Public Art Engagement Project	2013/10/25	181750
Sisters Grimm	INALA	2013/09/19	180000
The Garage	Inspiring a new generation of audiences	2013/08/01	180000
Capsule Events Ltd	Supersonic Festival 2014 and 2015	2013/11/13	174500
University of Lincoln	Frequency Festival of Digital Culture 2013	2013/05/10	168106
Independent Cinema Office	ICO Artists Moving Image Network	2013/10/03	168000
Aylesbury Vale District Council	Paralympic Heritage Flame Lighting	2014/01/08	155000
The Dartington Hall Trust	Supporting a resilient creative community in the SW	2014/03/05	151540
Theatre Resource	Enhance	2013/04/19	151357
Gravity & Levity	Rites of War production and tour	2013/11/15	151018
East Lindsey District Council	SO Festival 2014	2014/01/14	150000
Plymouth City Council	New Expressions 3 (NE3)	2014/01/02	150000
Durham University	Lumiere 2013	2013/07/24	150000
Bournemouth Borough Council	Bournemouth Arts by the Sea Festival	2013/07/08	150000
Dance Base National Centre for Dance Scotland	British Dance: Edition 2014	2013/06/24	150000
St Helens Council	St Helens Cultural Hubs Project (Libraries Fund)	2013/05/30	149968
BE FESTIVAL	BE FESTIVAL 2014	2014/01/24	149254
The Nightingale Theatre Ltd	Artist Development Project at The Nightingale	2013/08/13	148603
Heritage Orchestra	Live_Transmission (Joy Division Reworked)	2013/06/14	146306
Invisible Dust	Invisible Dust in Museums	2013/09/10	140000

Derwent Valley Mills World Heritage Site	Derwent Pulse	2014/01/17	135000
Greenwich and Lewisham Young People s Theatre	Progression	2013/10/24	134930
Applause Rural Touring Ltd	Touring and Commissioning	2013/06/19	133000
Bishopsland	Development and consolidation	2013/06/17	130000
Oxford City Council	Dancin Oxford 2014-2016	2013/12/02	129000
Aakash Odedra	Murmur and Inked (previously Murmation)	2014/03/13	125600
Essex Cultural Diversity Project	Creative Diversity Hubs	2013/10/09	125000
Creative Arts East	Arts & Wellbeing in Norfolk Strategic Comm Pilot	2013/04/25	120750
Crate Studios and Project Space	Acquisition & works to 39-41 High Street, Margate.	2014/03/31	120000
Torbay Council	WNO - Residency in Torbay	2013/05/10	120000
Primary	Phase two development - PRIMARY	2013/09/16	110000

Working Paper I.

Question 12.v

What does more detailed and historical analysis of the 2015-18 Investment Plan and its structures, programmes and budgets reveal?

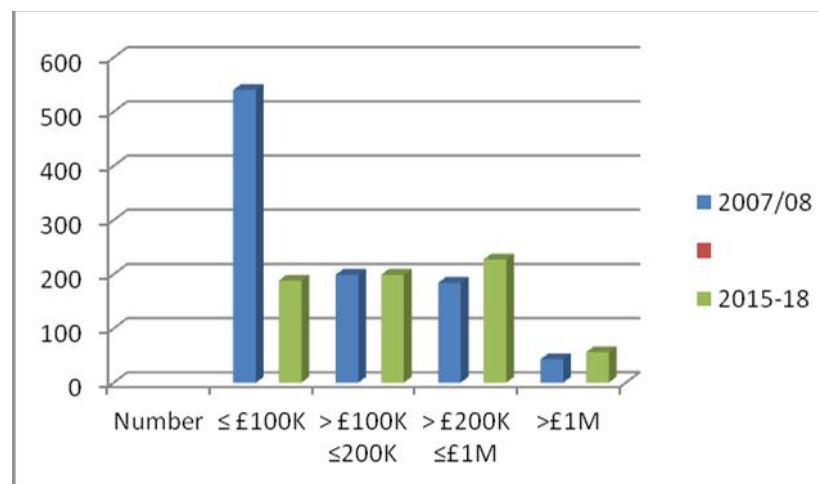
Transparency and fairness - Undeclared policy and small scale companies

Notes

- 1] We have analysed the National Portfolio (strictly those organisations receiving awards of funding over more than one year) for 2007/8, 2012-15 and for 2015-18. We have done so by 'bands of grants awarded' and by region. (Reference Appendix 2)
- 2] The most striking fact about the analysis is the stability of the portfolio in terms of its overall budget (at a time of substantial cuts in Grant in aid and as between bands and regions (we have already commented upon this phenomenon in relation to the balance between London and the rest of England). The creation of new 'middleweight' organisations - in London and in other large cities - that flowed from the major capital projects of the Lottery's first decade, pre-date this period. They are now part of this 'new stability'.
- 3] There is one very major and particular exception.
 - In 2007/8 there were 540 organisations nationally receiving three year security of funding with awards of under £100,000 totalling £26,029,678 (8% of the total budget for the portfolio).
 - By 2015-18 there will be 188 organisations nationally receiving three year security of funding with awards of under £100,000 totalling £13,194,914 (4% of the total budget for the portfolio).
 - A net loss (there have been some entrants and departures) of 352 awards/companies of this scale - a cull of 65% - at a saving of £12.8 million (under 4% of the portfolio budget) while the Portfolio budget itself has increased by £15.2 million despite a cut in grant-in-aid of £65 million over the period.
 - There therefore appears to be no financial reason for the scale and nature of these reductions to a band/category of awards.
- 4] The loss has not been mitigated by any net 'upward' movement to awards of between £100,000 and £200,000. In 2007/8 there were 199 awards of this scale, totalling £28.3 million. In 2015/16 there will be 199 awards of this scale totalling £28.4 million.
- 5] Nor has the loss of this category of award/company been evenly spread across the country. The North East has lost 87% (53) of the 61 awards/companies of this scale it funded in 2007/8. London has lost 49% (59) of its 121 strong cohort and the South West 33% (17) of the 51 it funded in this band in 2007/8.

England	2007/08				2012-15				2015-18				Overall shift 2017 - 2018			
	Number	%	Value £000s	%	Number	%	Value £000s	%	Number	%	Value £000s	%	Number	%	Value £000s	%
Grants up to £100,000	540	55.9%	26,029.7	8.0%	221	30.6%	14,321.5	4.14%	188	28.1%	13,194.9	3.89%	(352)	-65.2%	(12,834.8)	-49.3%
Grants £100,001 to £200,000	199	20.6%	28,302.9	8.7%	199	27.6%	28,302.9	8.19%	199	29.7%	28,362.5	8.34%	0	0.0%	59.7	0.2%

Number of grants by banding 2007/08 and 2015-18



Analysis by Region and by range of funding levels 2007/08 and 2017/18									
2007-08 AREA	Up to £100K		£100k up to £1million		Over £1 million		Total No Orgs	% of total	Total Value- £
	No orgs	Value- £	No orgs	Value- £	No orgs	Value- £			
East	14	770,986	27	7,133,427	1	1,180,346	42	4.35%	9,084,759
East Midlands	42	1,969,654	19	4,967,778	2	3,047,670	63	6.52%	9,985,102
London	121	6,274,471	162	48,057,830	18	116,261,424	301	31.16%	170,593,725
North East	61	2,921,978	19	3,651,562	3	6,428,300	83	8.59%	13,001,840
North West	81	4,147,110	36	10,719,976	4	7,969,900	121	12.53%	22,836,986
South East	39	1,959,363	27	7,104,694	2	2,990,417	68	7.04%	12,054,474
South West	51	2,548,635	36	9,522,092	3	4,861,962	90	9.32%	16,932,689
West Midlands	46	2,364,996	31	10,082,807	5	32,369,461	82	8.49%	44,817,264
Yorkshire	85	3,072,485	26	6,396,480	5	15,581,250	116	12.01%	25,050,215
Grand Total	540	26,029,678	383	107,636,647	43	190,690,731	966	100.00%	324,357,055
% of totals	55.90%	8.03%	39.65%	33.18%	4.45%	58.79%	100%		
London	121	6,274,471	162	48,057,830	18	116,261,424	301	31.16%	170,593,725
Rest of Englanc	419	19,755,207	221	59,578,817	25	74,429,307	665	68.84%	153,763,330
2015-18 average	Up to £100K		£100k up to £1million		Over £1 million		Total No Orgs	% of total	Total Value- £
AREA	No orgs	Value- £	No orgs	Value- £	No orgs	Value- £			
East	1	98,845	31	11,954,330	1	1,403,019	33	4.93%	13,456,194
East Midlands	12	778,123	24	6,425,237	3	4,274,632	39	5.82%	11,477,993
London	62	4,191,358	162	47,598,967	21	108,826,842	245	36.57%	160,617,167
North East	8	600,298	29	6,806,736	3	8,232,618	40	5.97%	15,639,653
North West	29	2,153,253	39	10,878,434	7	11,936,042	75	11.19%	24,967,730
South East	6	436,763	26	9,264,509	5	7,332,587	37	5.52%	17,033,858
South West	34	2,458,757	45	12,527,685	3	4,968,671	82	12.24%	19,955,113
West Midlands	10	680,561	31	10,247,909	7	35,575,554	48	7.16%	46,504,024
Yorkshire	26	1,796,956	39	9,460,467	6	18,623,337	71	10.60%	29,880,760
Grand Total	188	13,194,914	426	125,164,276	56	201,173,302	670	100.00%	339,532,492
% of totals	28.06%	3.89%	63.58%	36.86%	0.08358	59.25%	100.00%		
London	62	4,191,358	162	47,598,967	21	108,826,842	245	36.57%	160,617,167
Rest of Englanc	126	9,003,556	264	77,565,309	35	92,346,460	425	63.43%	178,915,325

Working Paper J.

Question 12.vi

What does more detailed and historical analysis of the 2015-18 Investment Plan and its structures, programmes and budgets reveal?

Transparency and fairness - Balancing expertise and Interest on the National Arts Council

National Council Members Declarations of Interest July 2014																	
NPO declared interests	SELF	SELF PAST	FAMILY	SELF	SELF	FAMILY	FAMILY	Other	Opera & Ballet	London	SE	E	NE	NW	SW	WM	Y
	Employee	Consultant	Employee	BOARD	BOARD	BOARD	PAST BOARD	interests (Note a)									
Akram Khan Company								X		X							
Artichoke Trust Ltd							X			X							
Ballet Boyz Productions Limited								X		X							
Barbican Centre (The Mayor & Commonality & Citizens of the City of London)	X									X							
Birmingham Opera Company (City Of Birmingham Touring Opera)					X				X							X	
Birmingham Royal Ballet								X	X							X	
British Centre For Literary Translation								X				X					
Candoco Dance Company								X		X							
Cheek By Jowl Theatre Company Ltd								X		X							
Dance Consortium Limited				X												X	
Dance Umbrella Ltd				X						X							
Donmar Warehouse Projects Ltd		X	X		X		X			XX							
Eclipse Theatre Company Ltd		X	X														XX
English National Ballet								X	X	X							
English National Opera Ltd			X		XX			X	XXXX	XXXX							
English Stage Company Ltd			X							X							
Halle Concerts Society				X										X			
Kneehigh Theatre Trust				X											X		
London Symphony Orchestra								X		X							
New Adventures Limited								X			X						
North Music Trust (Sage Gateshead)				X									X				
Northern Ballet					X			X	X								XX
Modern Masterpieces								X		X							
Opera North								XX	XX								XX
Pioneer Theatres Ltd								X		X							
Rambert Dance Company (Ballet Rambert)							X			X							
Rich Mix (Rich Mix Cultural Foundation)		X								X							
Sadler's Wells Trust Ltd	X									X							
Serious Events Ltd								X		X							
The Baltic					X								X				
The Hall for Cornwall Trust				X											X		
The Roundhouse (The Roundhouse Trust)		X								X							
Tomorrow's Warriors Trust				X						X							
Wayne McGregor Random Dance								X		X							
Welsh National Opera Limited					X				X							X	
Writers' Centre Norwich (New Writing Partnership)		X										X					
TOTALS	2	4	3	7	7	2	1	17	7	25	1	2	2	1	2	4	6

Note a - Other interests indicates indirect interests for relationships such as Associate Companies, Resident Artists, Co-producers etc

The detail of declared interests is sourced from the Arts Council website at the beginning of July

Working Paper K.

Question 12.vii

What does more detailed and historical analysis of the 2015-18 Investment Plan and its structures, programmes and budgets reveal?

Could London do more to help itself?

The national capital and the nation's taxpayers

The Money

- In GPS reports to date we have highlighted the sheer scale of benefit that national taxpayers and lottery players provide to the cultural assets of the capital providing approximately £1 billion per annum (and leaving aside such assets as the BBC or 'once off' investments such as the Olympics)
- In 2011/12, 90% of all private giving by individual philanthropists to the arts was to London based organisations, 68% of all Business Sponsorship was in London and 73% of support from Trusts and Foundations was given to London based arts. Of a total of £660.5m of private giving overall in 2011/12, £540.2m (81.8%) went to London based organisations¹⁸.
- Beyond all of this, national taxpayers living beyond a radius that allows a return journey in the evening after a show or the ability to spend a full day in a museum (at least 50% or 27million people) have to pay a premium for each visit which - even using discounted rail-fares and budget hotels, adds between £200 and £300 per person per visit before tickets are purchased.
- London acknowledges the scale of benefit that it derives from cultural tourism claiming that the capital's culture and heritage is responsible for attracting 80 per cent of the 16.8 million international tourists that were forecast to have visited the city in 2013 and anticipating a spend between July and September alone of £3.3 billion by those tourists in the Capital.

¹⁸ We have been surprised to discover that neither the DCMS or Arts Council has seen fit to find the modest resources necessary for Arts and Business to continue its immensely valuable (though admittedly sometimes embarrassing) annual survey of the roles of philanthropy, private sector sponsorship and Trust and Foundation support to the arts and culture in regions throughout the country beyond the year 2012.

Governance

- London is unique in England in continuing to enjoy a tier of regional government with substantial devolved powers, income raising and budgetary capacity and resources for advocacy.
- In addition and in the arts, the Mayor of London is responsible for appointing the Chair of the London Regional Council of the Arts Council and four of its members.

Advocacy for more

- The Mayor of London has argued for increased national funding for the arts in the capital, demanding 'Fair shares for London'¹⁹
- His Deputy with responsibility for tourism has gone further, suggesting that all national tourism promotion budgets should be handled by the Capital²⁰.

The national capital and the National Portfolio

The Arts Council's principal concerns are outside London

- In voicing his concerns at the challenges facing the Arts Council's funding responsibilities for the National Portfolio in the run up to the 2015-18 announcement, its Chairman identified his principal concern as being with Local Authorities outside London

"While the (Arts) Council is already correcting the extent of the historical London imbalance, the real danger is repeated cuts to local authority budgetswhich threaten to halve the income of regional arts²¹."

.....but may be misplaced

- Our analysis suggests that that principal concern was misplaced. The major challenge to the future of the National Portfolio lies with local government and the Mayoralty in the capital itself.

¹⁹ "We also know that by underfunding London, the government is harming people living in the outer boroughs in particular. We will therefore make the case to central government for a fairer share for the capital. We need a funding level that enables us to maintain important national institutions in the centre, but also ensures high quality, local facilities and cultural programmes for the majority of Londoners" Cultural Metropolis – the Mayor's strategy for London 2009-12

²⁰ "Scotland, Wales and Northern Ireland should recognise the reality of London's pre-eminence, help to promote it further and, in return, the UK's capital would educate visitors about the benefits of going for "a few days up to Edinburgh or to Cardiff or to Belfast" Kit Malthouse (Deputy Mayor) 14 September 2013

²¹ Sir Peter Bazalgette quoted in the Observer. 14 June 2014

The major difficulty is with London itself

- Analysis based on further research²² into figures given by the Arts Council in 'This England' shows that the ratio of local authority to Arts Council funds in the support of the National Portfolio stood at an average of 23.3% for the three years to 2012/13 across the whole of England. The regional variation was wide with London local authorities providing the lowest proportion at 15.2% and the rest of the country together averaging 31.6%.

London	15.2
East Midlands	41.3
West Midlands	24.5
North East	35.2
North West	36.8
Yorkshire	24.4
East	18.9
South East	43.2
South West	45.8
Rest of England	31.6

- This London figure, however, disguises the presence in the calculation of the City of London's support for the Barbican Centre. Given the completely atypical nature of the City Corporation this support²³ (£51.5m over the three years or 63% of the London total) and given also that it is 'secured as match' by an NPO award of £1.7m over the three years (3.3%) we believe it can be defensibly set aside in any comparison with the rest of the country.
- Without the City's support of the Barbican, London local authorities' contribution as 'match' for Arts Council funding of London's arts infrastructure over the three years stands at £30.3m or 5.7% of the Arts Council total compared to an average in the rest of the country of 31.6%.

....and with the real risk of consequential damage

- For the friends of the arts - elected members and officers - in local authorities throughout the country struggling to maintain cultural services at local level as well as maintaining contributions to the major arts organisations that are part of the Arts Council's National Portfolio this differential must seem indefensible even before the unique existence of a region-wide authority with a clear cultural competence in and for the capital and its booming economy is added to the mix.

²² Figures provided to Arts Professional and provided by them in a link through from their analysis of statistics in 'This England' (<http://www.artsprofessional.co.uk/blog/its-england-jim-not-you-know-it>)

²³ The 2012/13 Barbican Annual report shows City of London £15,399,000 in 2012/13 and £16,639,000 in 2011/12. The 2011/12 report gives us 2010/11 at £19,484,000.

It is time for London to do more for itself

- In our earlier reports we have focused on the need for the Arts Council to do more for the country outside London.
- England's extreme concentration of nationally-derived public resources for the arts and culture in London is increasingly out of line with modern practice elsewhere in Europe and the Commonwealth. State capitals and important regional cities with high cultural profiles in more polycentric democratic systems now tend to accept a far greater 'local' strategic responsibility, often with programme support from regions and provinces (cf. Rome/Milan, Madrid/Barcelona, Paris/Lyon, Hamburg/Munich, Sydney/Melbourne, Cape Town/Johannesburg and Durban)
- We now additionally argue that the time and circumstances suggest the need for London to do more for itself - something that it has the manifest legal, political and financial competence to do.
- England needs to negotiate a new cultural compact with its Capital and with the national cultural organisations that its taxpayers and lottery players fund there.

Local Government and support for National Portfolio organisations.

The figures below were provided to Arts Professional in response to an FoI request for further information on overall balances of funding within the Portfolio

Income Type	London	East Midlands	West Midlands	North East	North West	Yorkshire	East	South East	South West
Earned Income	949 506 562	59 043 980	160 303 876	49 554 015	147 056 942	96 392 106	38 922 661	88 080 124	149 858 031
Arts Council England	536 792 645	31 978 106	144 502 827	44 716 709	72 922 967	87 527 096	40 412 817	44 646 414	55 655 766
Contributed Income	267 505 859	3 964 457	25 385 629	9 074 037	23 767 716	14 360 884	10 643 243	13 391 503	16 817 313
Public Subsidy: Local Authority Funding	81 865 172	13 207 407	35 397 184	15 744 917	26 858 143	21 334 779	7 658 029	19 285 901	25 491 703
Public Subsidy: Other Public Grants	35 860 013	2 841 992	23 911 477	14 079 485	7 625 920	12 357 824	4 794 258	4 234 782	7 333 543
Total	1 871 530 251	111 035 942	389 500 993	133 169 163	278 231 688	231 972 689	102 431 008	169 638 724	255 156 356
Income Type	London	East Midlands	West Midlands	North East	North West	Yorkshire	East	South East	South West
Earned Income	38%	2%	6%	2%	6%	4%	2%	3%	6%
Arts Council England	34%	2%	9%	3%	5%	6%	3%	3%	4%
Contributed Income	53%	1%	5%	2%	5%	3%	2%	3%	3%
Public Subsidy: Local Authority Funding	20%	3%	9%	4%	7%	5%	2%	5%	6%
Public Subsidy: Other Public Grants	19%	1%	13%	7%	4%	6%	3%	2%	4%