

Context for our approach to investment in 2018-22



This document explains the strategic context for our 2018-22 investment process. It draws together data and research and describes goal-by-goal where we are in our 10-year strategy *Great Art and Culture for Everyone*, and how we intend to use our investment to continue delivering that strategy from 2018 onwards.

The objectives described here are predicated upon our most current assessment of the financial outlook, as of October 2016. Changes to Grant in Aid or Lottery Funding are likely to have an impact on our future plans.

1. Background

1.1 Arts Council England is the national development agency for the arts and cultural sector. The Arts Council's first 10-year strategy was published in 2010, and revised in 2013 as *Great Art and Culture for Everyone*. It incorporates the additional responsibilities for museums and libraries that the Arts Council took on in 2011. We also took on responsibility from the Department for Education for the delivery of Music Education Hubs and a small range of cultural education programmes. In March 2016, the Government published the Culture White Paper that includes a range of proposals that have implications for the Arts Council.

1.2 Our 10-year strategy *Great Art and Culture for Everyone* is structured under five goals that can be summarised as: Goal 1: Excellence; Goal 2: Access; Goal 3: Sustainability and Resilience; Goal 4: Workforce and Leadership; Goal 5: Children and Young People.

1.3 The National Portfolio is not the sole investment programme with which we target our mission and goals. However, National Portfolio Organisations (NPOs)¹ are vital to the development of the sector. We take a 'total investment approach', that is, we use all three investment channels – National Portfolio, Strategic Funds, and Grants for the Arts to plan, deliver, and report progress against our goals. In our aspiration to achieve our mission, Goals 1, 2 and 5, are underpinned by Goals 3 and 4, which create the right conditions for growth in the sector.

1.4 We intend that the next National Portfolio, together with our Strategic Funds and Grants for Arts and Culture will deliver strongly against our goals. As part of our planning for the next investment period (2018-22), we undertook analysis of the present portfolio (2015-18) through a review of the data and research; and through SWOT analyses by discipline/art form/area.

¹ There are 633 NPOs for the current 2015-18 investment period

When carrying out these planning exercises we used our five goals as central guiding principles.

1.5 In our assessment of NPO applications for the 2018-22 investment period, we will first evaluate them against the criteria set out in the guidance, including their contribution to our goals. We will then look at the overall balance of the portfolio in terms of: i) diversity, ii) geographic distribution of our investment and iii) spread across art forms/disciplines.

1.6 For the 2018-22 investment round we will 'band' National Portfolio Organisations (NPOs) in terms of size of grant, and there will be one National Portfolio comprising arts organisations, museums and libraries. The three bands within the National Portfolio will have differentiated levels of delivery and reporting requirements - the bigger the grant, the more we will expect the organisation to deliver on our goals. We will also invest in a group of Sector Support Organisations (SSOs) within the National Portfolio. They will provide strategic support for the sector; we will welcome applications to this category from arts, museums, and libraries organisations. Organisations applying to be SSOs will be asked to identify which of our goals they will deliver against. This will depend on their field of expertise and the strategic work that they believe is needed by the sector.

2. Progress towards our Goals and how this informs our investment proposals

2.1 Through this investment approach we will continue to deliver our 10-year strategy. The following sections set out what we know about the contribution our investment strands make to the delivery of our goals, and evidence the extent to which we are addressing them. It also sets out how we intend to invest in National Portfolio Organisations, Grants for the Arts (to be renamed Grants for Arts and Culture) and strategic funds, in order to contribute to our five goals in 2018 - 22.

2.1.1 Goal 1: Excellence is thriving and celebrated in the arts, museums and libraries.

2.1.2 Quality - publicly funded arts organisations in England continue to gain public and critical acclaim, winning awards, securing wider reach for their work and international touring opportunities. There are commercial successes at home and abroad - theatre transfers to Broadway; visual artists achievements at Venice Biennale; and international programming and touring across all art forms. These are some of the ways we know that publicly funded organisations produce quality work and have developed wider success with audiences.

2.1.3 We have had an ongoing conversation with NPOs and MPMs about quality, including the delivery of our artistic and quality assessment programme. While we accept that the definition of quality is necessarily a continuing debate, we do need more and better ways to help us express the

quality of the work we fund, so that we can better make the case for public investment in art and culture.

2.1.4 In 2015/16 we supported 150 NPO/MPMs to trial a quality metrics evaluation framework. The initiative for this came from within the sector. The framework uses self, peer and public assessment to capture the quality of arts and cultural work. It offers arts and cultural organisations greater insights into what people value about their work and it will help us all to talk about quality in a more consistent way.

2.1.5 The trial suggests the framework will provide us with insight into the quality of work produced across the portfolio.

2.1.6 Talent development - we want to support talent pathways for artists across all art forms and areas, because we recognize the challenges for individual artists and creative practitioners in being able to grow their talent and sustain their practice. We also realise that a strong talent development pipeline is crucial for the ongoing health of the sector. Without emerging talent the sector may lack the energy and innovation it needs for growth. We must find ways to nurture talent, and ensure that the talent pool is more diverse and more representative of contemporary England. The role of NPOs in supporting the talent pipeline is crucial.

2.1.7 Since 2015 we have invested £13,967,214 in 27 organisations to develop talent and build capacity through the Ambition for Excellence fund. We know we will need to do still more to develop and sustain artistic and cultural talent. All applications to Ambition for Excellence are required to deliver on the Creative Case for Diversity, which is a key focus for Goal 1.

2.1.8 Digital - despite some examples of outstanding innovative practice, the Digital Culture Survey (2015) shows that the percentage of organisations making 'born digital' work has decreased since 2013. Strategic programmes focused on commissioning, such as The Space and Performance Live, have helped build capacity in this area, but lack of funds, skills, willingness, and expertise all inhibit organisations from producing digital work.

2.1.9 International - we have increased our investment in International activities over recent years², including support for individuals, to "go and see", partnerships with the British Council and others, and improving opportunities for cultural exchange and showcasing through Reimagine India and the Artists International Development fund. We have seen an increase in international touring by National Portfolio Organisations, from 314 NPOs touring in 2012-13 up to 361³ NPOs touring in 2014-15. This has helped to drive up earned income (see increased income figures in Goal 3). From a sample of 426 of 663 NPO organisations, we found that 65% of NPOs are internationally active and that total international income amongst the sample is estimated to be £34 million. This increase in international touring is an indicator of the high regard in which English companies are held abroad; the quality of product toured

² Recent research conducted by TBR for ACE shows that two-thirds of NPOs are working internationally, on almost 3,000 international projects in 2014-15

³ 80% of NPOs report that they had more international projects in 2014-15 than during the previous two years.

internationally ensures a high reputation at home⁴. This in turn contributes to the success of the arts in increasing levels of export among the creative industries⁵.

2.1.10 Grants for the Arts - Our current Advice Framework for Grants for the Arts (GftA) aims to provide a guide for staff when talking with organisations applying to the fund. This framework helps us to target advice to groups, geographic areas and those art forms that are less well served by Grants for the Arts.

2.1.11 Grants for the Arts funded projects over the last 5 years were projected to provide audience/participation experiences of nearly 2 billion (based on application data) making a significant contribution to goals 1, 2 and 5. Libraries received £4.7m in GftA funding between 2012/13-14/15 for projects that have extended the reach of the arts at local level. From April 2014-March 2016, GftA awarded a total of £151,300,000 investment to 8,014 applicants. Around 50% of GftA awards made a contribution to extending the reach of the arts into areas of low engagement and other awards made a significant contribution to our progress against goals 1, 2, and 5.

What we will do in 2018-22

2.1.12 Quality – over the last 5 years, the Creative Case for Diversity has demonstrated a major shift in our approach to diversity. All NPOs must demonstrate how their work will contribute to the Creative Case for Diversity and they are rated annually on their performance. Applicants to the National Portfolio 2018-22 will be required to submit business plans including SMART objectives that will contribute to the Creative Case for Diversity (together with an equality action plan). Applicants will be required to show how their programme reflects the diversity of contemporary England. We will monitor their progress and reporting using Creative Case for Diversity ratings. All NPOs will be required to submit agreed objectives for board diversity, to be met by December 2021. NPOs in bands 2 and 3 must have achieved “strong” Creative Case ratings by March 2022.

2.1.13 We will use data and feedback from the trial of the quality metrics to develop a new approach to quality evaluation. We will require all NPOs in bands 2 and 3 to participate in this new approach. This will help organisations to develop consistent measures of quality, have a better understanding of audience and peer perceptions of the quality of their work. We hope that they will then use this data to inform their work and to establish consistency in reporting on the delivery of their funding agreements

2.1.14 Museums will be eligible to apply for NPO funding if they are accredited museums. Applicants to the portfolio will be expected to demonstrate excellence through the way that collections are interpreted and made relevant

⁴ Data from the International Passenger survey (2011) shows that, of those travelling to the UK, 27% of people visited museums or galleries while here, and 9% engaged with the performing arts. Research conducted across five nations (Brazil, China, Germany, India and the US) by Ipsos Mori for the British Council evidenced that ‘cultural and historic attractions’, ‘cities’ and ‘arts’ were the top three characteristics in making the UK attractive to 18-34 year-old across these five countries

⁵ Music, performing & visual arts had the greatest percentage increase between 2012 and 2013 (22.7 percent), taking the value of exports of services from this group from £0.6bn in 2012 to £0.7bn in 2013.

to diverse audiences and participants. We will continue to administer the Designation Scheme, recognising the quality of collections in museums and invest in the development of excellent collections. We will invite applications from Sector Support Organisations that will also foster and share good practice across the museums sector.

2.1.15 Talent development - we will make it a requirement of art form NPOs (in bands 2 and 3) to provide talent development support to artists. We will also require NPOs to promote fair pay by adhering to union and industry guidelines.

2.1.16 We will continue to invest in the Ambition for Excellence Fund.

2.1.17 We will explore the possibility of establishing a new strategic fund that will support individual artists and creatives to develop their creative practice.

2.1.18 Digital– we will require Bands 2 & 3 NPOs applying to the next funding round to have in place a digital policy and for all NPOs to consider ways that they can increase their production of quality digital content that is creative (new work and experiences), captured (existing work, redistributed), and/or cultural learning (digital content to stimulate cultural knowledge and participation).

2.1.19 International - we will invest in international showcasing and cultural exchange. We will continue to support individual artists who wish to work internationally. We will also encourage applicants to the National Portfolio to include their international plans with their applications. We will monitor NPOs in order to understand how our portfolio's international activity has changed over time and what role our investment has played in that change. We will also encourage applicants to Grants for Arts & Culture to share their international plans where relevant.

2.2 Goal 2 – Everyone has the opportunity to experience and be inspired by the arts, museums and libraries.

2.2.1 Since 2005, arts engagement has increased in some areas while in others, levels of engagement have remained the same. Museum visits throughout England have increased but visits to libraries have significantly decreased across the country⁶.

2.2.2 However, we have not seen a significant shift in terms of who is engaging in publicly funded art and culture⁷. Inequalities and a lack of

⁶ Taking part data survey 2014-15 Q4: between April 2014 and March 2015, 77 per cent had attended or participated in the arts at least once in the previous year, a similar rate to 2005/06 and 2013/14 but a statistically significant decrease since 2012/13 (78%). Since 2005/06, there has been a significant increase in arts engagement in the North West (from 72% to 78%). Engagement in all other regions has remained at a similar rate to 2005/06 and to 2013/14. In 2014/15, over half of adults (53%) had visited a museum or gallery in the last year. Though a similar proportion to 2013/14 and 2012/13, this was significantly higher than in any other survey year between 2005/06 and 2011/12. This increase was seen across all English regions

⁷ Taking part survey 2014-15 Q4: 12 months prior to being interviewed women had higher engagement rates than men: Volunteering: 26 per cent had taken part in voluntary work compared to 22 per cent for men: Engagement with the arts: 80 per cent had engaged compared to 73 per cent for men. 12c months prior to being interviewed those with a long standing illness or disability had a significantly lower engagement rate than non-disabled people for engagement in the arts, visiting heritage sites, museums and galleries and libraries and digital participation in cultural sectors. Those in the upper socio-economic group had higher participation and engagement rates for all sectors reported on in

diversity persist. For instance, the likelihood of engaging in arts and culture remains heavily influenced by levels of education, social/economic background, where you live, your age, and your ethnicity. Using our own data we know that the audiences reached, as a result of our investment, do not yet reflect the diversity of England.

2.2.3 The Arts Council-funded Audience Finder data programme, run by the Audience Agency, provides opportunities to build audiences based on evidence, including: post code analysis; average ticket income/yield; motivational and customer satisfaction factors; and enabling cultural organisations to demonstrate impact. Audience Finder has analysed some 400 data sets from cultural organisations, including data from the majority of our NPOs (2015-18 investment period)⁸. The contributing organisations are working with the Audience Agency to use the findings to better understand their audiences; providing a basis for tactical marketing; campaign planning; the fulfillment of reporting requirements to funders; making the case for funding support to new funders; demonstrating ‘mission fulfillment’ as an aid to working with other organisations, and strengthening existing audience insight systems.

2.2.4 Early findings from Audience Finder box office data 2015-16 show that income levels and employment tend to dictate engagement levels in terms of audience trends based on those 400 data sets from box office returns. People in affluent groups with high levels of disposable income and an interest in art and culture, spend more on arts activities more often, than those with an interest but who have less money to spare and are more likely to be unemployed.

2.2.6 Best practice in the collection and sharing of data is not universal across the sector and there remains some scepticism about the benefits of sharing audience data. However, we are beginning to see some positive benefits of data sharing, since we made it a requirement for NPOs/MPMs in 2015. The resultant learning should encourage more to share data for the good of the sector and individual organisations.

2.2.7 Our Creative People and Places (CPP)⁹ programme has produced evidence that shows this work is succeeding in its aim to engage and inspire more people from places of least engagement in the arts. We are currently funding 21 ‘places’ that have collectively achieved more than one million ‘visitor/ audience’ engagements to September 2015. Audience Agency findings¹⁰ show that the majority of participants came from within the places and 90% were from medium to lower engagement groups. Evidence shows that the CCP ‘bottom-up’ approach helps reach into diverse local communities and lower socio-economic groups.

Taking Part. However, since 2005/06, there have been significant increases in engagement for the lower socio economic group in arts management, heritage and museums, and galleries participation

⁸ The total number of NPOs for the 2015-18 investment period is 663 organisations; of which 619 NPOs are currently providing data or preparing to start providing data to Audience Finder; and a small number are exempt. Some of these are touring companies whose data is uploaded via the venues to which they tour.

⁹ Creative People & Places End of Year 2 Report Exec Summary Progress & outcomes, January 2016.

¹⁰ Audience Agency (April 2016) Creative People & Places Profiling & mapping – Year 2 National Report (unpublished)

2.2.8 Touring – activity volume has increased and achieved a wider reach, from 314 NPOs touring to 8,508 locations in 2012-13 to 361 NPOs touring to 10,259 locations in 2014-15. Our Strategic Touring programme has focused our investment on areas and people with low engagement across the country supporting new projects and new partnerships¹¹. Some 55% of project value was targeted at the bottom third of areas in terms of arts engagement, as defined by the Taking Part Survey. Our investment has also reached more children and young people, and more people from diverse groups and people with disabilities¹². It has led to widespread and sustainable changes of practice in the sector and it has provided an opportunity for experimentation and learning.

2.2.9 Libraries - whilst there has been a fall in library visits¹³, there is also a more diverse and broader range of social groups visiting local libraries than visiting venues for arts and museums activities¹⁴.

2.2.10 Digital/creative media – The Digital Culture Survey 2015 tells us that 90% of all arts and culture organisations regard digital as important to their marketing. We know from the survey that 90% of organisations are on Facebook and 82% use Twitter. We have also invested through our Digital R&D Fund, in partnership with NESTA and the Arts and Humanities Research Council (AHRC), to support 52 arts and culture organisations to collaborate with tech companies and researchers, exploring new ways to commercialise products, reach audiences and generate income.

2.2.11 The success of event cinema and the digital work of national companies such as NT Live in London and The Space in Birmingham, demonstrate the potential for digital to reach wider audiences and to make an important contribution to goal 2.

2.2.12 Working in partnership with the BFI, we commissioned research into ‘Understanding the impact of event cinema’¹⁵, on content development and on audiences. The research shows that the UK is a global leader in event cinema, which includes live streaming and encore performances of recorded arts events.

¹¹ Strategic Touring programme: Evaluation report October 2015 by A Jackson Associates Ltd for ACE: there has been funded activity in at least 264 local authority areas, with much more in the pipeline; and 72% of partnerships were described as new rather than existing, which can be taken as an indicator of an expansion to the touring infrastructure

¹² Strategic Touring programme evaluation report October 2015; Our estimate is that 55% of Strategic Touring projects were targeted at children, young people or families. In addition, a high percentage of participative work was targeted at this group. Targeting of diverse groups and disabled people has been weaker. The surveyed grantees said, 25% of Strategic Touring projects had some form of targeting at specific BAME groups, which included working with BAME artists, artforms and /or marketing channels. Only 11% of Strategic Touring projects said they were targeted at disabled groups, but since the evaluation was commissioned, Arts Council England awarded a grant of £2.3 million for a project, Ramps on the Moon, that targets this group.

¹³ Taking part survey 2014-15 Q4: 34 per cent of adults had used a library service in the 21 months prior to being interviewed, a significant decrease from 48 per cent in 2005/06 but of a similar proportion to 2013/14. The decrease in library attendance since 2005/06 has been seen across all English regions. “772,000 visits per day, every day – 282 million visits per year – people visit libraries twice as often as football matches, theatres, A&E and the Church combined”, Society of Chief Librarians

¹⁴ Taking part survey 2014-15 Q4: Respondents from black and minority ethnic (BME) groups had a higher engagement rate for visiting a library in the last 12 months than those from the white group (47 compared to 33%).

¹⁵ ‘Understanding the impact of event cinema’, research study by Arts Council England and BFI, 2016. In 2014 event cinema was worth over £35 million in the UK and Ireland and accounted for over 3% of total box office sales.

2.2.13 Event cinema is a rapidly growing sector that is being accessed largely by existing audiences. The research found that they are more heavily engaged in the arts and more likely to live in cities than those who have not attended event cinema screenings. There is no evidence that event cinema negatively impacts on live audiences. There is an opportunity to increase the volume and broaden the availability of high quality digital screenings to enable more people to engage with arts and culture digitally.

2.2.14 We have commissioned new research, in partnership with UK Theatre, to give us a greater understanding of the impact and opportunities for live to digital work. The report – Live to Digital by AEA Consulting – was published in October 2016.

2.2.15 The 2015 Digital Culture Survey shows that NPOs are more digitally active and derive greater impact from digital technologies than the sector as a whole. There is evidence of increasing audience appetite for arts that are delivered digitally. However, many arts organisations, including the majority of NPOs, say they lack the resources, time and skills to realise their digital ambitions.

What we will do 2018-22

2.2.17 We will integrate investment for arts organisations, museums and libraries across all three channels (National Portfolio, Grants for Arts and Culture, and Strategic Funds) which will give us the opportunity to extend the reach of our investment.

2.2.18 We will continue to invest strategic funds in audience data and analytics to ensure that the sector has suitable data to build and consolidate audience engagement. We will aim to align the collection of audience data with quality evaluation to ensure we take into account the impact of conducting audience surveys on (smaller) organisations. We will continue to make it a requirement for all NPOs to sign up to the Audience Finder programme.

2.2.19 We will require NPOs in bands 2 and 3 to have audience development plans that drive opportunities to engage in arts and culture across England. We will encourage and support all NPOs to identify and share good practice. We will continue to require NPOs to collect and analyse data, and to encourage a data sharing culture in the sector.

2.2.20 We will continue to invest in Creative People & Places, inviting the existing places to apply for funding. We hope to introduce an opportunity for around 10 new places, identified using data from Active Lives Survey, to join the programme from 2018¹⁶.

2.2.21 In response to the recent government White Paper for Culture, we launched the Great Place Scheme in August, working in partnership with the

¹⁶ To be published early in 2017

Heritage Lottery Fund and Historic England to increase public engagement in art and culture. This is a pilot scheme which aims to drive up the quality and reach of arts and cultural activity in areas of the country where there is established engagement in the arts, and where further work to develop low levels of engagement is needed by embedding culture in the vision and plans for the local area. This investment of National Lottery funding will support projects in 12 places across the country (including a minimum of 4 rural places) to engage partners and other agencies. With advice from our area offices, and in partnership with HLF and Historic England, we will announce the successful applicants in March 2017 and project delivery will start from April 2017, with projects continuing up until March 2020.

2.2.22 Touring – our intention is to maintain a strong cohort of touring organisations in the national portfolio. We will have specific and strengthened references to touring in the guidance for National Portfolio applicants 2018-22. We will negotiate funding agreements with touring NPOs that set minimum touring levels. All organisations that tour will be required to maximise the impact of their work in terms of increasing the number and range of people who have opportunities to engage. Receiving venues will be required to share data with touring companies and we expect venues to provide fair deals to all visiting artists and companies. We will continue to invest in Strategic Touring to achieve further reach, especially for people in places of low engagement, and to support touring organisations in their artistic practice and audience development in the new investment period.

2.2.23 Libraries – we will integrate our investment in libraries with arts and museums across all investment streams, supporting collaboration between cultural organisations, as well as reaching new audiences and places. Libraries can help us to reach lower socio economic groups and diverse communities. We will not support the core delivery of library services, which remain a statutory duty for local authorities. Instead our integrated approach will open up our investment to libraries for arts and sector support activity.

2.2.24 Digital/creative media - we recognise that there are considerable opportunities to build and broaden the digital distribution of arts and culture to meet the growing demands of wider audiences.

2.2.25 Our policy is to increase the quality, volume and reach of digital content and experiences available to audiences. For the next investment round, we will require NPOs in bands 2 and 3 to have a digital policy and plans that show how they will deliver work across creative content (new work and experiences), captured content (existing work, redistributed), and cultural learning (digital content to stimulate cultural knowledge, and participation).

2.2.26 We will invest in a number of broadcast partnerships building on our work with the BBC, Channel 4 and others. We will also invest in creative media projects through the revised Grants for Arts & Culture programme and strategic funds.

2.2.27 We will work with the BFI to ensure that lottery funds are complementary across our two organisations.

2.3 Goal 3: The arts, museums and libraries are resilient and environmentally sustainable.

2.3.1 Despite reductions in funding from local authorities across the sector, the portfolio has increased total earned income from £862m in 2012-13 to £940m in 2014-15 (a 9.0% increase)¹⁷. The portfolio has shown itself to be flexible and skilled in the development of new income strands and in seeking out alternative sources of funding.

2.3.2 In 2012 business investment in the arts in England stood at £113.8m, whilst the overall private investment figure was £660.5m. London accounted for 90% of all individual giving in England and 67.8% of all business investment¹⁸. We recognise that it can be more difficult to access new forms of income, especially from private funding, outside London.

2.3.3 Arts & Business has discontinued the Private Investment in Culture (PIC) survey, resulting in a lack of recent hard data about philanthropic giving in the arts and culture sector. In 16/17, we commissioned a new Private Investment in Culture survey that will update the evidence base for private investment. We expect results and analysis from 2012-15 to be made available later in 2016. These findings will generate valuable insights to help arts and cultural organisations optimise their approach to private fundraising, as well as providing guidance for funders and donors as they look to shape policy and invest in the sector.

2.3.4 Arts organisations including those outside of central London and core cities are making great efforts to increase earned income and private donations¹⁹. We know the climate for fundraising has been difficult in the last few years and fundraising takes time²⁰. Our Catalyst Evolve programme supports organisations with a limited track record in fundraising, helping them attract more private giving. It supports organisations new to fundraising to achieve a step change in their ability to earn philanthropic income. Overall, Catalyst funded organisations collectively raised an estimated £49.5 million, slightly more than the Arts Council's investment in these organisations (£48.5 million). We recognise fundraising and philanthropy is a particular challenge for smaller organisations and, to some degree, those outside the capital although some larger organisations in the North West and the East of England have been particularly successful²¹.

¹⁷ NPO Annual Survey 2014-15

¹⁸ Arts & Business Private Investment in Culture 2011/12: Individual Giving climbs to £372.9m up £22.9m on previous year; Trust and Foundations rise to £173.8m (up £23.7m on previous year): Business investment in English cultural organisations has slightly risen from £113.6m to £113.8m.

¹⁹ Arts Council annual survey data 2013-14: Among the 573 organisations that completed the annual submission in 2011/12, 2012/13 and 2013/14, total income has increased by 12 per cent since 2011/12. The biggest increase was seen in contributed income, with a 23 per cent increase over the three years. The biggest decrease in the three year period was seen in other public subsidy, with a 22 per cent decrease. Arts Council subsidy increased by 9 per cent between 2011/12 and 2013/14, while earned income increased by 18 per cent during the same period.

²⁰ Catalyst Year 2 Evaluation Report by BOP, October 2016

²¹ Catalyst Year 2 Evaluation Report by BOP, October 2015

2.3.5 Our Capital Fund has, since 1994, supported capital developments with £1.5 billion of Lottery funding. Over the period 2015-18, with a budget of £120.5m (for large and small projects), our capital investment priority is to consolidate and improve the existing arts infrastructure, rather than investing in significant expansion or new buildings. In addition, we are looking for opportunities to invest small capital grants to open up or build upon revenue streams with the potential for longer-term revenue development.

2.3.6 This approach to seeking out investment partnerships and opportunities for growth through investment is further developed through our support for social investment growth. The Arts Impact Fund is a blended £7m fund with £3m from Arts Council England and additional trust/foundation investment from Esme Fairbairn and Nesta and commercial partner Bank of America Merrill Lynch. The Fund provides successful applicants with unsecured loan investments from £150k to £600k. We are expecting the evaluation and learning from the first year of investment later in 2016.

2.3.7 We have also set up the Business Support Programme using our strategic funds to provide business support, to map needs and provision, and to support our thinking on business and investment readiness including approaches to future interventions. Applications for this programme are being assessed and successful applicants will be announced in November 2016.

2.3.8 Local Authorities - reductions in local authority support for arts and culture including libraries - could cause some organisations to become financially unsustainable. The Arts Council cannot fill this funding gap. We work in partnership with local government to deal with these challenges. This includes area offices working directly with local councils to plan strategic support for sustainable local cultural ecologies, and nationally with the Local Government Association to develop leadership capacity among key decision makers. The Arts Council will continue to work with local government to support the development of new, sustainable business models, taking advantages of the opportunities presented by devolution.

What we will do 2018-22

2.3.9 For the next investment period, we will offer 4-year funding agreements for NPOs. This will provide further stability, in terms of having a longer planning period underpinned by our investment. This stability should aid planning and assist NPOs to lever further funds and improve financial sustainability.

2.3.10 We will expect NPOs in band 3 to contribute to all of our Goals. We will require band 3 NPOs to demonstrate clearly their contribution to sustainability and resilience on behalf of the wider sector (not just their own organisation).

2.3.11 We will invest in a new Sector Resilience Fund to support income generation and efficiency strategies. These could include high net worth individual giving; business sponsorship; trusts and charities; traded income via

co-commissioned work utilising health, social or economic agendas; alternatives to local government service management via trust status; arms-length services; contractual use of the Social Value Act; Community Interest Levy (CIL), and Section 106 development agreements; the uptake of tax relief schemes and other financial instruments; cost reduction activities including mergers; and other efficiency activities such as the merger of library services, arts and museums service mergers, or ‘spun out’ services that may ‘trade’ within their usual jurisdiction and beyond their borders. We will encourage and support innovative models that share and extend resources and reach.

2.3.12 Although we have seen considerable growth in fundraising and philanthropy for the sector, there is scope for the further development of fundraising in cultural organisations. This requires appropriate skills and is an area the Arts Council has invested in through the Arts Fundraising and Philanthropy Programme. There are also opportunities for new investment through various new forms of tax relief; through loans, microfinance, crowd funding, blended finance and new business models. Through its expanding network of partnerships the Arts Council will be able to make more of existing resources and help the sector to lever in new funds.

2.3.13 We will support a national network of Sector Support Organisations (SSOs) as part of the National Portfolio to support resilience and sustainability across the arts and culture sector.

2.3.14 We recognise there is still work to be done to increase capacity in the sector for fundraising and the diversification of income strands. Therefore we plan to invest in a further funding round of the Catalyst Evolve programme to encourage private giving.

2.3.15 We will continue to invest in Capital Funds to support large and small-scale projects. We support the sector with capital investment because we aim to improve resilience and environmental sustainability of the existing arts infrastructure. We support organisations to develop resilience by having the right buildings and equipment to deliver their work and become more sustainable and innovative businesses.

2.4 Goal 4: The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled.

2.4.1 Since 2012, NPOs have been required to report on workforce data²². From this we know recruitment and retention of diverse leadership, in both executive and board roles, is not yet representative of contemporary England. We also know that people from lower socio-economic backgrounds, and disabled people are still considerably under-represented in the cultural workforce compared to other sectors.

2.4.2 We have continued to invest in leadership programmes, providing different levels of career support, from intensive year-long placements to day-long training courses. Since 2015, more than 500 people have benefited.

²² NPO Annual Surveys 2012-15; and Annual Data Report Diversity, Equality and the Creative Case. March 2016

2.4.3 Our £10.2m Creative Employment Programme (CEP), delivered nationally by Creative & Cultural Skills, has supported the sector to create new employment and training opportunities for unemployed young people aged between 16yrs and 24yrs. Since its launch in March 2013, CEP has created 4,380 formal apprenticeships, paid internships and traineeships for young people from a range of social and educational backgrounds, and provided guidance, wage subsidy grants and support to 900 participating employers²³.

What we will do 2018-22

2.4.4 We will require all NPO applicants for 2018-22 to demonstrate effective leadership and governance as part of their applications. Band 3 organisations will be required to undertake regular performance reviews of their senior executives and to consult the Arts Council in those reviews. We will also require applicants for Band 3 to contribute to Goal 4 by demonstrating their contribution to supporting diverse workforce development.

2.4.5 We hope to invest in a national network of Sector Support Organisations (SSOs) as part of the National Portfolio to support workforce and leadership across the arts and culture sector.

2.4.6 Leadership and Governance - we recognise the need to develop cultural leaders at all job levels and career stages. We recognise that change happens over generations, not funding cycles, so we will be investing in leadership programmes with a long-term approach to effecting lasting change.

2.4.7 We recognise the importance of strong governance and that the boards of the organisations we fund should be appropriately skilled and diverse. In the current portfolio we are piloting Chairs' networks in the North Area with a view to rolling this out nationally. Initial feedback has been very positive. We are commissioning an updated governance handbook for the sector and providing further governance training for our Relationship Managers to support them in their role as a critical friend to Boards within the portfolio.

2.4.9 For the first time, the Developing Sector Leaders strategic grant delivered by Clore Leadership Foundation in 2016-19 includes a strand on strengthening governance. We will build on this from 2019 onwards.

2.4.10 Entry routes to the sector - the Government has set a target to achieve 3 million paid apprenticeship starts by 2020. Government intends to set apprenticeship targets and a levy for all private and public sector employers across the UK with a pay bill of more than £3million per annum employing more than 250 FTE staff (including Arts Council England).

2.4.11 Given this changing context, we are not proposing to continue investment in the Creative Employment Programme. Instead, we are reviewing our approach to entry routes into the sector. We see this as an

²³ 'Building a Creative Nation: Putting Skills to Work' Report by Creative & Cultural Skills, on the impact of the Creative Employment Programme (CEP); 2015; NB. The full impact report on CEP is expected from CFE Research in 2017.

opportunity to work with Government to nurture diverse talent and bring it into the arts and culture sector. We are planning to work with the sector skills agencies to develop the best ways to support the sector. We will invite proposals for strengthening this work through Sector Support Organisations in the National Portfolio.

2.5 Goal 5: every child and young person has the opportunity to experience the richness of the arts, museums and libraries.

2.5.1 In 2015, we established the Cultural Education Challenge (CEC) through which we have forged partnerships between the culture and education sectors. The CEC asks arts and cultural organisations, educational institutions and local authorities to come together in Cultural Education Partnerships (CEPs) to promote a joined-up arts and cultural offer, and to increase opportunities for children and young people (CYP) to be engaged in arts and cultural activity.

2.5.2 In close collaboration with arts and cultural organisations, we have developed 7 quality principles to raise the standard of work being produced by, with, and for CYP, and we are working with the sector to embed these principles:-

- i) Striving for excellence and innovation
- ii) Being authentic
- iii) Being exciting, inspiring and engaging
- iv) Ensuring a positive and inclusive experience
- v) Actively involving children and young people
- vi) Enabling personal progression
- vii) Developing belonging and ownership.

Quality and the quality principles are at the heart of Cultural Education Partnerships. In 2014, we commissioned a research report from the National Foundation for Educational Research (NFER) and Shared Intelligence, who undertook ‘real-world’ testing of the 7 quality principles. The principles were tested by 51 organisations, working with 800 partner organisations, and involving almost 9,500 CYP. The report shows that cultural organisations working in partnership do have the capacity to deliver quality programmes by, with, and for CYP and that Cultural Education Partnerships add value to those programmes, providing positive benefits to participants. We are now developing the participatory metrics to further assist CEPs to embed good practice and share learning.

2.5.3 From 2012-15, 65% (446) of National Portfolio organisations offered work for, by or with CYP²⁴. During 2015-18 this has increased to 82% of NPOs (567). The Bridge organisations located across the country work to connect schools, children and young people with arts and cultural organisations, providing additional strategic capacity to the sector. There are still barriers to be overcome to ensure that all children and young people have access to a high

²⁴ Arts Council annual survey data 2012-15

quality cultural education, particularly amongst those whose experience of art and culture is most likely to happen in school rather than outside school²⁵.

2.5.4 A broad and balanced education provides pupils with a range of skills and abilities required for further education or employment. We have argued that implementation of the EBacc needs to recognise the value that cultural education can bring in developing these²⁶. The sector has shown concern about the take-up of art and design subjects in schools, and recent data from Ofqual states that there has been a 19,000 drop in students taking up GCSE design and technology subjects and 46,000 fewer entries to GCSE arts subjects, since 2015. A campaign has emerged from the sector, which aims to add the arts to the science, technology, engineering, and maths (STEM) emphasis in the curriculum, turning STEM into STEAM²⁷.

2.5.5 In Harmony - started in 2008 and jointly funded by the Department for Education and Arts Council, is inspired by the Venezuelan programme, El Sistema, and aims to inspire and transform the lives of children in deprived communities, using the power and discipline of community-based orchestral music-making. Children are immersed in music-making several times a week with high quality teaching, and are encouraged to help each other learn and progress. Existing projects have provided an intensive music experience for around 1,000 children in three of the 25% most deprived wards in the country - Lambeth, Liverpool and Norwich - and we are working with them to track and measure their impact against a national evaluation framework and set of outcomes.

2.5.6 In response to the 2011 Henley Review of Music Education in England and the publication of the National Plan for Music Education (DfE and DCMS, 2011) we awarded funding to 123 Music Education Hubs (MEHs) to work with primary and secondary schools, professional music organisations and arts organisations, independent music teachers and other providers based in their locality. MEHs provide access, opportunities and excellence in music education for all children and young people. They work in local areas to bring people together to create joined-up music education provision for children and young people.

The MEHs' core roles are to:

- a) ensure that every child aged 5-18 has the opportunity to learn a musical instrument (other than voice) through whole-class ensemble teaching programmes for ideally a year (but for a minimum of a term) of weekly tuition on the same instrument;
- b) provide opportunities to play in ensembles and perform from an early stage;
- c) ensure clear progression routes are available and affordable to all young people;
- d) develop a singing strategy to ensure that every pupil sings regularly and that choirs and other vocal ensembles are available in the area²⁸.

²⁵ Taking part survey 2014-15

²⁶ Arts Council England response to DfE Ebacc consultation January 2015

²⁷ www.steamco.org.uk

²⁸ DfE and DCMS, 2011 National Plan for Music Education, p.26.

Both the number and proportion of schools that the MEHs are working with have increased. In 2013/14 the MEHs were working with 18,157 schools (83.8% of all schools), which increased by 2.2% to 18,811 schools in 2014/15²⁹. This increase in both the number and proportion of schools working with MEHs was a factor in primary, secondary and all other schools.

2.5.7 Artsmark is our flagship school programme, started in 2010, that enables schools to evaluate, strengthen and celebrate their cultural provision. It encourages partnerships between schools and cultural organisations, providing schools with vital evidence required to meet Ofsted's evaluation of overall school effectiveness. It supports schools to deliver the new curriculum effectively. We have recently refreshed the programme, taken the delivery of the programme 'in house' and made new relationships with schools.

What we will do 2018-22

2.5.8 We will maintain strategic relationships with stakeholders in the educational sector, including the Department for Education.

2.5.9 The Cultural Education Challenge (CEC) will build and consolidate partnership working between the cultural sector and schools and education providers. We will also focus on partnerships with local government, work with Early Years and with disadvantaged children and young people. There will be a call to action to gather more partners in the arts, education and voluntary sectors to achieve this vision. By 2020, the Arts Council aims to establish Cultural Education Partnerships across the country in places where there is most socio-economic need and persistent levels of low engagement in arts and culture.

2.5.10 For the 2018-22 investment round applicants for the National Portfolio will be invited to set out how they will offer work for, by or with children and young people. All applicants to the National Portfolio band 3 will be required to contribute to Goal 5 through SMART objectives. These may include: Artsmark, Arts Award, as well as the quality principles, strategic partnerships and work with the Cultural Education Challenge. Applicants to Bands 1 and 2 may also contribute to Goal 5 where appropriate, and would use SMART objectives as the framework. NPOs will be expected to embed the Quality Principles in CYP programmes to ensure quality of the work and of the delivery.

2.5.11 NPOs will also be required to improve data collection relating to CYP, including those with protected characteristics and from lower socio-economic backgrounds, to ensure we understand better the CYP population, their needs and their patterns of cultural engagement. NPOs will work with partners and schools that can help them reach targeted groups of CYP. This targeted work will help us to support social mobility amongst CYP as part of meeting the Creative Case for Diversity; to build new audiences and support talent

²⁹ Music Education Hubs Survey 2015, Arts Council England; it is worth noting that in real terms the number of open state-funded schools increased during 2014/15, meaning that MEHs were expected to work with an additional 645 schools across England.

development for CYP; and to help the sector make the most of financial and partnership opportunities.

2.5.12 We plan to continue to invest in a wide range of programmes and projects, including Youth Music; music-making by children and young people from deprived communities; Artsmark; Arts Award; and various Cultural Education projects.

2.5.13 Artsmark – NPOs will continue to encourage and support schools to achieve Artsmark as a universal scheme to extend participation and build informed audiences amongst students and their teachers. We will continue to invest in this programme and are working towards a target of 50% of all schools with Artsmark by 2020.

2.5.14 We also remain committed to the work of the Bridge organisations, and will invite potential Bridge organisations to apply for funding as SSOs. Their role in the next investment period will be to develop more effective partnerships between arts and cultural organisations, schools and other educational settings.

2.5.15 We will continue to deliver Music Education Hubs and other cultural education programmes on behalf of the DfE as long as investment continues, and hope to provide additional investment to help these Hubs grow and develop through our new Sector Resilience Fund and other strategic funds.

2.5.16 Our continued investment in Youth Music will support high quality music making activities for children and young people; enable Youth Music to collect and evaluate data on this activity; reach the greatest number of children and young people, particularly those who are disadvantaged; contribute directly to an increased level of Arts Award achievement (at all levels); contribute to the local music education offer; and align with NPOs, NYMOs, In Harmony, other professional tuition and provision and music education activity.

Across all 5 Goals:

2.6 During 2018-22, we will continue to invest in our research programme to provide research and evidence across the following themes: cultural, economic, health & wellbeing, society, education, and the environment. The research programme aims to generate robust and credible evidence to improve and increase our understanding about the impact of art and culture on society and the economy. This work and the resulting evidence will continue to underpin our investment decisions, our reporting against the 10-year strategy and our future strategic planning.