

**Podcast discussion: transcript**

**National Portfolio decision-making process
as part of Arts Council England’s investment process, 2018-22**

*Recorded in London, 14 February 2017*

**Discussion Chair:**

Richard Russell - Chief Operating Officer, Arts & Culture

**Discussion Panel:**

Eddie De Souza – Director, Investment Operations & Resources

Jane Dawson – Director, Funding Programmes

Sarah Maxfield – Area Director, North

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**RICHARD RUSSELL:** Hello, I am Richard Russell, I am the Chief Operating Officer at the Arts Council and here with me today are my colleagues Eddie de Souza, who is the Director of Investment, Operations and Resources, Jane Dawson, who is the Director for Funding Programmes, Sarah Maxfield, who is the Area Director, North and John Orna-Orstein, who is Director for Museums.

So, today we are talking about the NPO process and what happens after people have submitted their applications but perhaps as a starter, what is the National Portfolio and who has been applying for it? Jane, do you want to answer that?

**JANE DAWSON:** National Portfolio is a core of the Arts Council’s funding programmes. It comprises organisations from all art forms and also museums and libraries that we fund on a four year basis to help us deliver the goals that we have set out in our 10 year strategy, which is great and culture for everyone. And over the next four years we will be spending something like £1.5 billion in that National Portfolio.

**RICHARD RUSSELL:** And the Portfolio is changing from the one that we have currently got. How is it changing?

**JANE DAWSON:** It is changing. For the first time we are integrating museums and libraries into the Portfolio as well as arts organisations. So before, we had a separate Major Partner Museum Programme, but now all organisations are going to be treated the same. We are investing in organisations for four years rather than three, it is the first time we have done that, so that gives increased stability and more opportunities for organisations to develop partnerships and work together.

We are also dividing the Portfolio into different bands, so we have three bands depending on how much investment each organisation receives. And the more investment you get the more you would be expected to deliver. The minimum amount that we give is £40,000 a year and it will go up to several million. And the final difference is that we are also introducing what we are calling Sector Support Organisations, so that is a range of organisations that provide services for the sector rather than delivering arts and cultural activity themselves.

**RICHARD RUSSELL**: And John, bringing museums into the Portfolio, what difference is that going to make to museums?

**JOHN ORNA-ORNSTEIN:** The Arts Council has been funding the development of museums for four or five years now, but in the past we have invested in museums separately, they have been what we call Major Partner Museums, and there has been a relatively small number of them, so 21 Major Partner Museum services at the moment. Going forward, I think integrating museums is a huge step forward for the Arts Council. From the Arts Council’s perspective it gives us the opportunity to invest in new places and potentially to reach new audiences, and, I think, to fund a range of museums. So a range of museums across, hopefully, different types of collections, different places and different types of museums in terms of scale as well.

**RICHARD RUSSELL:** Great, and Sarah, why is it the Arts Council that is making these decisions?

**SARAH MAXFIELD:** The Arts Council is the National Development Agency for arts, museums and libraries, so we are charged, if you like, by government, with making these decisions, with taking forward a national strategy for arts and culture and so the investment that we make into the National Portfolio is one of the key ways in which we will deliver against our 10 year strategy and reaching our five goals.

**RICHARD RUSSELL:** Fantastic, thank you. So let us just roll back a bit and talk about what has happened so far. So Jane, tell us how we have arrived at where we are now.

**JANE DAWSON:** About, it must have been over a year ago now, we started a general consultation process with the arts and culture sector where we talked to organisations that we invest in now and also organisations that we do not invest in and also individual artists to see what it was they wanted from us from a National Portfolio. That took place over several months and then we digested all of that information and then began to design the new National Portfolio, which has all the changes that we talked about earlier. We had an open application process that closed on 1 February and now, having received applications we are in the process of assessing them and that will take eight to ten weeks, or so.

**SARAH MAXFIELD:** And I think it is worth mentioning as well, Jane was talking about the consultation that we did earlier, and that that consultation was not only about the National Portfolio but about the range of our funding programmes, and I think it is important to remember that we have a three lane motorway approach to funding and organisations may well feel, having had a conversation with us, that applying to Grant for the Arts is absolutely right for their organisation and a route that they will continue to go down.

**RICHARD RUSSELL:** Eddie, do you want to tell us about how many applications we received and where they came from?

**EDDIE DE SOUZA:** We had a total of 1,166 applications submitted. We have done some initial calculations and that was within the boundaries of what we could assess internally. Out of that number there was a total of 474 new applicants, so they might have been previously funded through Grants for the Arts or strategic funds but it was good to see around 40 per cent of our total application pull come from a new cohort.

Or course, the amount requested in total is more than we can fund, so we have added in an additional £37 million into the National Portfolio, so our annual budget would be around £409 million. The total requests from those thousand or so applicants is around £475 million, so there is a lot more that we can fund, but as Jane said we are now in the assessment process, so we will start to look at each application individually, how they contribute to our goals and what their financing governance looks like.

So, that £37 million, we hope to increase the number of the organisations, and as John has already said, we will welcome in new museums and libraries, but there will be a small amount for uplifts for current Portfolio organisations where they can demonstrate that there will be increased reach or some reason that they will need some additional money.

**RICHARD RUSSELL:** And how many organisations are likely to get an uplift?

**EDDIE DE SOUZA:** So, we have often said that the new money that we have put in, the £37 million, will mainly be for new organisations. Any uplifts that we do give will be exceptional and once the assessment phase has been completed and we start the balancing process, colleagues from around the organisation will start to look at what are the exceptional reasons, what do we really want to support to make sure that we have a really good new national balanced Portfolio.

**RICHARD RUSSELL:** And a lot of the new organisations that have applied, we have stressed that we are interested in receiving applications from diverse-led organisations. How many of those have come into the application pool?

**EDDIE DE SOUZA:** So, it is really interesting to see that we are now looking at diversity in two ways. Many people will know that we currently look at diversity as a statistic, so we look at how Boards are made up by numbers and we use a 51 per cent rule, so if a Board was 51 per cent or more BME then we would count them as a BME organisation.

For this investment round we have also asked organisations to self-classify themselves, so it could be that the artistic director is BME for example, and therefore they would categorise themselves that way. So at the moment, looking at our current portfolio, we have a portfolio of around 31 per cent self-defined as diverse and 17 per cent if we used the 51 per cent rule. What is really interesting in the new applications, so the 474 new applications, is that around 50 – 60 per cent of them are diverse. So it is great to see these smaller, mostly Band 1 applied organisations, but a lot are female led, disability led, so it will be interesting to see when we come to make decisions that there is a wealth of diversity that we can bring in to the Portfolio and we will use our balancing criteria to make sure that we bring the right people in.

**RICHARD RUSSELL:** And we have also talked about museums entering the Portfolio for the first time in this way. Libraries are a new addition to the Portfolio, in the north, Sarah, what kind of conversations have you been having with libraries who have been looking to apply in the north?

**SARAH MAXFIELD:** In many cases the conversations have been a continuation from a relationship that we have already got. So we have had six library authorities apply in the north, and I would say we have existing relationships with all of them. Some of them have been funded previously through our Grants for the Arts programme, with specifically money to support libraries through The Lottery, and it is really about those library services thinking how they can use the arts to broaden the range of people that they reach to really cement what they do as community hubs and also in providing venues for cultural activity, often where there is very little other infrastructure.

**EDDIE DE SOUZA:** One of the things that we closely look at is how much money is spent in London compared to the rest of England, so one of our principles was that we will achieve a four percentage point movement shift of money spent within the Capital in the NPO round to outside. So the majority, if not all of the money, the £37 million that I have spoken about, will be spent in our other four areas[[1]](#footnote-1). And then our other two priorities in terms of 18 – 22, we are looking at Grants for the Arts and Culture, which will be the successor to Grants for the Arts, and to make sure that we successfully integrate museums and libraries so that arts and cultural activity can be funded, and our Strategic Fund, which is our third lane, to make sure that we keep funding at around the same level so that between the three lanes we are able to support the arts and culture in this country.

**RICHARD RUSSELL:** Great, thanks very much. So let us move on to how and why the decisions are made. Jane, could you talk to us about what criteria are used to make the decisions?

**JANE DAWSON:** Each of the applications that we receive is assessed against a series of what we call prompts, which are reflected in the applicant guidance that everybody will have used when they were putting their applications together. So there is absolutely nothing else that we use, there are no hidden messages in there, we just use the information that we have published to see how applications fit with our goals, how they score against each other and how we can look at them within the context of area and National Portfolios. After the assessment there is quite a long period of consideration and re-examination of assessments and of area priorities, so that we can reach a considered Portfolio, a balanced Portfolio.

**RICHARD RUSSELL:** And this term ‘balancing’, Sarah, what does that mean in your area, how does that work and why is it important?

**SARAH MAXFIELD:** As Jane has said, the assessment focuses on that individual organisation and their application purely on its own merits. It looks at it on a standalone basis. When we come to balancing, that is when an applicant moves from being looked at purely on an individual basis to being looked at as part of a mosaic of potential activity across the north, in this example. And what we are looking to do in balancing is to get a really healthy mix of activity across art form in terms of diversity, in terms of geography, across the north and across the country.

**RICHARD RUSSELL:** So, we will do a balancing exercise at the area level and then we will also look at that across the country as a whole, so we have moved through the assessment process, we have then gone through a balancing process and then we move into decision making. Eddie, can you just tell us a bit about what the different stages of that decision-making process are and who is involved in that?

**EDDIE DE SOUZA:** Decisions are made by two sets of bodies, so one are our five Area Councils. They will make decisions on applications of grants of under £800,000 a year and then they will make recommendations to our National Council of grants of over £800,000.

Following their decision-making process we then get together at national council and National Council will look at the Portfolio as a whole and make those decisions, so we try to make decisions as close to the point of impact as possible but our National Council as our chief governance body within the organisation will make the final sign-off of all our National Portfolio grants.

Just as I have explained the decision making process, both Area and National councils will see all the assessments. So no matter the balance, Portfolio applications recommended for funding or applications recommended not to be funding, both all six of our decision-making bodies will see all the assessments to make a decision on.

**RICHARD RUSSELL:** Thank you.

**JOHN ORNA-ORNSTEIN:** Richard, can I say something quickly about museums? Only because I have been asked a number of times whether the Arts Council is the right organisation and properly equipped to make decisions about museums, and I think it is, actually.

So, every area has specialist museum relationship managers, they will lead on most of the assessments of museum applications and where on occasion that is not the case the relationship manager, if they are not a specialist museum relationship manager, will receive significant support from a specialist museum relationship manager.

**RICHARD RUSSELL:** The deadline for applications was 1 February, what should organisations who have submitted an application expect to happen now?

**JANE DAWSON:** Well, hopefully they are all taking a well-deserved rest! Some organisations will get requests for further information from us where we feel that there is something missing from their application, but that will not happen in many cases. Most organisations will not hear anything at all for the next several months while we go through that assessment, balancing, decision-making process, but by the end of June they will all have received an email through Grantium telling them whether or not their application has been successful and what the anticipated level of funding would be. That will constitute a conditional offer. People will hear from us on 27 June.

**RICHARD RUSSELL:** And how many organisations are we going to fund?

**JANE DAWSON:** We do not know, Richard. We know how many applications we have received, so we know it is not going to be more than that total but we do not know, because we have not been through that assessment and decision-making process yet.

**RICHARD RUSSELL:** Okay, thank you. And what about organisations that do not get funding? We heard earlier on from Eddie that the budget is unlikely to be able to support all the applications that we have received, so what about organisations that are not able to be funded through the NPO portfolio? Sarah, what do you think will happen in your area?

**SARAH MAXFIELD:** I think in many cases those organisations will look to Grants for the Arts and Culture, as it will become. Many of them will have previously been funded through that route and will continue to talk to relationship managers about putting forward project applications to that programme.

**RICHARD RUSSELL:** And John, what about the museums that are not funded through the NPO portfolio?

**JOHN ORNA-ORNSTEIN:** I think the same applies, I mean actually I do not think we should dodge the fact that that will be very difficult for some of those museums, particularly if they have been receiving funding, and we acknowledge that. At the same time many of them are first time applicants and if they are not successful in their funding through the Portfolio then there will be other opportunities through strategic funds but particularly through Grants for Arts and Culture going forwards.

**RICHARD RUSSELL:** So looking ahead, then, to the next four years when we have announced the new Portfolio, what are your hopes for the new Portfolio? Sarah do you want to kick us off on this one?

**SARAH MAXFIELD:** I think three-fold really, first and foremost that that investment helps to create the conditions for organisations and for artists to create art which is excellent, which is inspiring, which is enjoyable and innovative. I think also that the investment helps to reach a broader range of people in new places, to reach new audiences. And then finally that it helps organisations to find new artistic and business models which are sustainable. We are in a rapidly changing external environment in terms of public funding, we have already seen organisations really increase the amount of income that they earn or that they raise and that is something that is likely to need to continue.

**RICHARD RUSSELL:** Thanks. Eddie, what about you?

**EDDIE DE SOUZA:** I think for me it will be interesting to see about integration and how we are bringing museums and libraries in. We have seen through our current Portfolio the partnerships, the consortia the co-productions, the working together, but it will be great for the arts and culture sector now to come together in this Portfolio and that we see collaborations which span arts and culture and libraries and museums and that the cultural offer now increases because we have a more diverse Portfolio, but also to see the smaller organisations. As I mentioned previously, they are a diverse group of organisations and for us to have a Portfolio which reflects the diversity of our country I think will be an even better thing.

**RICHARD RUSSELL:** Great. Thanks very much everyone, so I hope this session has been useful in trying to explain a bit more about how we will be going through an assessment, balancing and decision-making process over the coming months, how we are aiming to make those decisions and communicate those decisions by the end of June and what we are looking forward to in terms of an exciting new Portfolio from 2018.

Thanks to everyone for taking part this afternoon, I hope you found that useful.

1. Edit: 24 February 2017. It has come to our attention that a line in this section of the podcast was misleading, so we have removed it for clarity. The line was in relation to planning figures provided to our current NPOs and MPMs receiving more than £1 million per year. Such figures are only indicative and are intended to give these applicants the opportunity to work on long-term detailed business plans which meet the Arts Council's rigorous strategic, reporting and monitoring demands. No decisions will be made on any application until June 2017. [↑](#footnote-ref-1)