

## Transform Stage one Programme

### Summary of information for applicants

Summary of key information	
<b>What is the focus of the fund?</b>	<p>The Transform Stage one Programme is to provide support for 2022-23 National Portfolio Organisations (NPOs) whose average annual 2023-26 Investment Programme grant is at least 12% less than the grant awarded for 2022/23 AND where the level of readily realisable unrestricted reserves cannot support immediate needs.</p> <p>This funding would act as a 'bridge' to help organisations transition to their lower funding base, while allowing breathing space to consider how they may remodel their business.</p>
<b>Who is this programme for?</b>	<p>Transform Stage one is for 18 2022/23 National Portfolio Organisations that have received a reduced grant offer for the Investment Programme 2023-26 for National Portfolio Organisations and Investment Principles Support Organisations (IPSOs).</p> <p>Organisations will not be eligible to apply if they are deemed to be ailing or be at risk of being insolvent.</p>
<b>What is the funding period?</b>	<p>Transform Stage one is for the period 1 April – 31 July 2023.</p>
<b>How much can be applied for?</b>	<p>Applicants may apply for a <b>maximum of 25% of the annual reduction up to a maximum of £500,000.</b></p> <p>There is no match funding requirement for this programme. Match funding can be cash or in kind.</p>

<b>What can be applied for?</b>	Eligible organisations must demonstrate a clear need for funding.  The funding can be used to contribute to up to four months of operating costs for the organisation.
<b>When does the application portal open?</b>	12pm (midday) on Wednesday 16 November 2022
<b>When is the application deadline?</b>	12pm (midday) on Friday 25 November 2022
<b>How should applications be made?</b>	Applications will need to be submitted through our online grant management system, Grantium. Applicants will be required to submit a plan and budget setting out how the funding applied for would be used and what public benefit would accrue.
<b>When will decisions be made?</b>	We anticipate that applicants will be advised of our decision no later than 5pm, Friday 16 December 2022.

**Changes to this guidance or our programmes**

We reserve the right to make changes to the guidance and/or programme after its launch. We will communicate any changes as quickly and clearly as we can.

## **Access support**

We are committed to being open and accessible to everyone. We realise some people may find that there are barriers to accessing our services. Our [Access Support information sheet](#) explains the ways we can help.

If you experience or expect any barrier with making your application and would like more information, please contact us.

**Email:** [enquiries@artscouncil.org.uk](mailto:enquiries@artscouncil.org.uk)

**Web:** [artscouncil.org.uk](http://artscouncil.org.uk)

**Post:** Arts Council England – NPO The Hive, 49 Lever Street, Manchester, M1 1FN

**Telephone:** 0161 934 4317

You can also **Livechat** with us by visiting our website: [artscouncil.org.uk](http://artscouncil.org.uk)

We will be as flexible as possible and consider and respond to requests on an individual basis.

## **Do you need this information in another format?**

We're producing the following versions of this guidance and will make them available [on our website](#) when they're ready:

- audio
- Easy Read
- large print

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## **Section one – Introduction**

### **The Transform Programme**

Transform is designed to support organisations that are funded in the 2023-26 Investment Programme and have received conditional offers below their 2022/23 National Portfolio grant levels. It will support them to develop a new business model over three years which enables them to operate sustainably at ongoing reduced levels of Arts Council England investment.

Transform has two separate programmes: Stage one and Stage two.

Stage one provides an opportunity for those organisations facing particularly significant reductions in funding from 1 April 2023 to access bridge funding support. Stage two gives all eligible organisations an opportunity to access funding to facilitate structural change to improve long-term resilience and viability.

Please be aware that if a funding agreement for 2023-26 cannot be agreed between your organisation and Arts Council England, any offer of funding made under this programme would be withdrawn. In these circumstances, organisations may consider applying for [Transition funding](#).

#### **Stage one**

Transform Stage one has been designed to provide support for 2022-23 National Portfolio Organisations (NPOs) whose average annual 2023-26 Investment Programme offer is at least 12 per cent less than the grant awarded for 2022/23 AND where the level of readily realisable unrestricted reserves cannot support immediate needs.

The Stage one grant would give organisations time and breathing space to reconsider the structure of their business while managing any immediate risks to their continued financial viability between 1 April – 31 July 2023.

For Stage one, given the timeframe available, we recognise there is insufficient time to fully develop plans or costed proposals for future restructuring. While we expect a commitment to future change, this programme allows organisations to cover ongoing commitments and any one-off costs to allow them to restructure and/or reduce their operations in an orderly way.

Applicants can apply to Stage one for the following costs:

- all normal operating costs for the delivery of creative and cultural activity for the public
- activity during the grant period for which forward commitments have been made, for example contracts for freelancers
- professional fees, for example accountants
- consultants' fees, for example for business advice including human resources
- redundancies
- ongoing costs related to leased or owned premises
- the orderly winding down of elements of the organisation's activity, should the board or equivalent determine that the activity cannot continue on reduced levels of Arts Council England investment

It is expected that organisations will contribute towards the costs of this work from their own resources, for example from unrestricted reserves, although it would be expected that applicants would maintain reserves in line with their stated reserves policy.

Applicants need to clearly demonstrate their commitment to significant change, and at Stage one will provide evidence that their board is committed to a business remodelling process.

Successful Stage one applicants would be expected to submit a Stage two application, with a fully costed plan to remodel their organisation. The plan would need to clearly demonstrate that it was viable and that risks have been identified and mitigated.

Applicants should not include costs to cover the development of any new creative or cultural activity outside of any existing commitments at the point of application.

## **Stage two**

Stage two is open to all organisations receiving a reduced offer, regardless of the size of the reduction or whether an application was submitted to Stage one.

Stage two will cover the period 1 August 2023 – 31 March 2026.

The aim of this stage is to support organisations to develop and implement innovative changes that restructure their business models and deliver long term financial sustainability on lower levels of Arts Council England investment. Please be aware that the information provided here is subject to change as the detailed applicant guidance is in development.

Applicants will be able to apply to cover costs related to their proposed changes (including consultants' fees, investment in new technology, mergers etc).

Eligible costs would include:

- new shared services models
- governance structure improvements
- development of new products and services
- investment in business process re-engineering/cost reduction
- leveraging value from existing Intellectual Property
- mergers and other forms of organisational restructuring

Additionally, organisations can apply for the same costs eligible at Stage one; however funding will only be provided towards these costs if they are clearly seen to be time limited during the funding period.

Support for these ongoing costs would be tapered across the three-year term of the grant: the first year at a maximum of 75 per cent of the value of the reduction in

grant (less any funding received under Stage one), the second at a maximum of 50 per cent of the value of the reduction in grant, and the final year at a maximum of 25 per cent of the value of the reduction in grant.

A series of milestones would be agreed with successful applicants, with payments (and the continuation of the funding) being linked to their achievement.

Full details on Stage two will be published in January 2023.



## **How much funding is available for Stage one?**

The budget for Stage one is £1.5 million.

Applicants should use an average annual 2023-26 Investment Programme figure to determine if it is at least 12 per cent less than the grant awarded for 2022/23.

Where there is at least a 12 per cent reduction, organisations can apply for **25 per cent of the annual reduction** up to a maximum of £500,000.

## **Advice giving**

The information contained in this guidance document is designed to support you in completing your application to Transform Stage one. We will not be offering any advice or one-to-one support for this programme.

Guidance for Transform Stage two will be published in January 2023. Further advice will be available for this programme, including a webinar for eligible organisations.

## **Section two – How to apply**

If you are eligible to apply for Transform Stage one funding, you will need to complete a simple application form. This application form will ask you for:

### **A narrative plan**

You should attach a narrative plan of no more than **1,500** words that:

- makes the case for funding. Your plan should set out how the funds will act as a 'bridge' to provide your organisation with some additional support in the first four months of 2023-26 and help you manage the transition to a lower funding base. It should also detail what other realisable resources your organisation has to assist you, and how they will be used both in the immediate and longer term
- lists what costs the Transform Stage one grant would cover, and how covering these costs between 1 April – 31 July 2023 would enable you to transition to a lower cost base
- details how you intend to draw down on any readily realisable unrestricted reserves between 1 April – 31 July 2023
- details the options you're considering for future remodelling of the business, including any innovative ideas that you would like to explore that you believe would result in a more resilient, sustainable operation. We do not expect to see any significant costs relating to these proposals at Stage one – organisations should apply to Transform Stage two for this support
- provides evidence that your board or equivalent is committed to a business remodelling process. This could be in the form of a signed statement from your Chair either within, or separate to, your plan

You do not need to set out your mission or vision in your plan – you should focus on making the case for why you need the funding and describe what it will be used for.

### **Balance sheets**

You should attach two balance sheets that allow us to assess your financial position:

- a final, eg audited, or draft balance sheet at 31 March 2022

- a draft balance sheet at 31 March 2023

### **Reserves position**

Within the application form, we will ask you to:

- detail your current unrestricted reserves level and your reserves policy

Please be aware that if your organisation is ailing or at risk of insolvency, any application you make will be made ineligible.

Eligible costs include:

- all normal operating costs for the delivery of creative and cultural activity for the public
- activity during the grant period for which forward commitments have been made, for example contracts for freelancers
- professional fees, for example accountants
- consultants' fees, for example for business advice including human resources
- redundancies
- ongoing costs related to leased or owned premises, where there is an intention to vacate within the next three years
- the orderly winding down of elements of the organisation's activity, should the board or equivalent determine that the activity cannot continue on reduced levels of Arts Council England investment

Your application must be submitted using our online grant management system, Grantium. Your (narrative) plan should not exceed 1,500 words.

The application portal will open at 12pm (midday) on **Wednesday 16 November 2022** and close at 5pm on **Friday 25 November 2022**.

Applicants will receive their decision no later than 5pm, **Friday 16 December 2022**.

### **Section three – How we will make our decision**

As soon as your application is received, it will be assessed to ensure eligibility and that the plan and accompanying budget are appropriate. We will also consider the following criteria:

- **Need**  
How clearly you have demonstrated the need for further public subsidy between 1 April – 31 July 2023. Using your reserves levels, plan and balance sheets we will determine whether further public subsidy is essential to avoiding any concerns around viability
- **Opportunity for change**  
Your board or equivalent's commitment to a process of significant and sustainable business remodelling
- **Value for money**  
We will consider the costs you are including and whether they are an appropriate continued use of public subsidy

We will also take into account:

- other information that we hold, for example your application to the 2023-26 Investment Programme and ongoing risk monitoring
- your revised plans and financial information (budget and cash flow forecast) for 2023/24 submitted to Arts Council England in January 2023, following a period of funding agreement negotiation. If you are successful in a Transform Stage one application, your 2023/24 budget and cash flow should include the full costs covered by the grant awarded
- information available in the public domain, for example on Companies House or other websites including your own

Please note that, once you have submitted your application to the Transform Stage one Programme, you must not approach Arts Council England, or members of our Area and National Councils, to discuss your application. This is to ensure we have a transparent and fair assessment process.

#### **Who will make the final decision on my application?**

Final decisions on Transform Stage one applications will be made by Arts Council England.

Arts Council England reserves the right to refuse funding or make reduced offers if ineligible expenditure is included in the application, if the application does not address the criteria for the programme set out in Section two, or if a case is not made for the need for funding.

### **When will you tell me about your decision?**

We aim to let all applicants know of our decision by **5pm, Friday 16 December 2022.**

### **Successful applicants**

If your application is successful, we will make a conditional grant offer. You should include this grant in the budget and cash flow forecast you submit in January 2023. We will use this information to review your planning for 2023/24. If the information provided demonstrates need and that the grant will be used appropriately, the conditional offer will be confirmed and a funding agreement issued.

For organisations receiving a funding agreement, we will aim to make payments in three instalments:

- i. 35 per cent as a first payment in April 2023 (provided that all other conditions have been met)
- ii. 35 per cent on submission of an interim activity report in mid-May, setting out how the funds have been used to date (provided that any other conditions have been met)
- iii. 30 per cent on submission of a final activity report in August setting out how the funds have been used (provided that any other conditions have been met)

It may be that we decide to structure payments differently, looking at your cash flow forecast and where there is need.

Successful applicants would be expected to submit a Stage two application, with a fully costed plan to remodel their organisation. The plan would need to clearly demonstrate that it was viable and that risks have been identified and mitigated.

### **What happens if we are not successful?**

If we determine you have not sufficiently made the case for funding, or if your application or the costs within it are ineligible, your application will not be successful.

In your decision letter, we will tell you why we could not fund your application. It will be one of the following reasons:

- Application does not sufficiently demonstrate that the organisation requires additional resources from Arts Council England to help manage immediate costs
- The costs applied for are not eligible for Transform Stage one funding
- Application demonstrates that the organisation is ailing and/or at risk of insolvency and is therefore ineligible
- Application does not sufficiently demonstrate commitment to change

Organisations who are not successful at Stage one will still be eligible to submit an application to Transform Stage two.

Receiving funding in Stage one does not mean that an application to Stage two will be successful. Each application will be considered on its own merits.

## **Section five – Further information**

### **Making a complaint**

Following decisions for this programme, we will have a process that you will be able to use if you would like to make a complaint about either the service you have received from Arts Council England or the way we have handled your application.

If you believe we made a mistake and you want to make a complaint, you can find out about our Investment Programme [complaints procedure](#) on our website. Please note, however, that Arts Council England doesn't operate an appeals process. We cannot consider concerns through our formal process where we have followed our processes correctly.

Should you want to complain, you can also contact our Complaints Managers for further advice by emailing [complaints@artscouncil.org.uk](mailto:complaints@artscouncil.org.uk)

### **Counter fraud measures**

Arts Council England will undertake appropriate measures to detect and protect against fraud. Arts Council England will ensure that all grant holders use the funding appropriately, in line with grant terms and conditions. All grant holders must retain their financial and other documentation relating to the grant, and Arts Council England reserves the right to request this at any time, within seven years after completion of the grant activity. In addition, Arts Council England will complete checks pre- and post-award against grant applicants for due diligence and counter fraud purposes. Where fraud is identified, Arts Council England will take further action including, but not restricted to; reclaiming grant funds and reporting instances of fraud to the appropriate authorities. You may also be refused access to further Arts Council England funding. For further information please see [artscouncil.org.uk/cookies-and-privacy-policy](https://artscouncil.org.uk/cookies-and-privacy-policy) or you can email Arts Council England's dedicated Counter Fraud Team at [fraud@artscouncil.org.uk](mailto:fraud@artscouncil.org.uk)

### **Subsidy Control**

The subsidy control rules regulate the award of financial assistance from the public sector to organisations engaged in economic activity. In some cases, and in particular depending on the nature of the recipient's activity, money given under the Transform Stage one programme may constitute a subsidy and need to comply

with the subsidy control requirements, including those set out in the Subsidy Control Act 2022.

In this event, there may be further conditions on the funding that can be given out under this programme. You must provide any information we request that will allow us to ensure that the grant funding is compliant with the subsidy control rules.

### **Freedom of Information Act**

We are committed to being as open as possible. We believe that the public has a right to know how we spend public funds and how we make decisions about investment. We are also listed as a public authority under the Freedom of Information Act 2000.

**This means that, by law, we may have to share your application documents and information about our assessment with any member of the public who asks to see them under the Freedom of Information Act 2000.**

We may not release those parts of the documents that are covered by one or more of the exemptions under the Act. Please see the Freedom of Information website at [gov.uk/make-a-freedom-of-information-request](https://www.gov.uk/make-a-freedom-of-information-request) for information about freedom of information generally and the exemptions.

We will not release any information about applications during the assessment period, as this may interfere with our decision-making.

### **Data Protection**

Arts Council England is committed to using any personal information (or personal data) we collect on a lawful, fair and transparent basis, respecting your legal rights as an individual in accordance with the UK General Data Protection Regulation, the UK Data Protection Act 2018 and other applicable laws that regulate the use and privacy of personal data (Data Protection Law).

As part of us meeting this requirement, we have published our General Privacy Notice for you to refer to [here](#). This tells you more about the personal data Arts Council England collects; the different purposes that we use it for and on what



legal basis; who we may share that personal data with; how long we keep it; and your legal rights, including your right to contact us and receive information regarding the personal data about you that we may hold from time to time.

For further information about our obligations and your rights under Data Protection Law, as well as how to report a concern if you believe that your personal data is being collected or used illegally, please also see the Information Commissioner's Office website at [ico.org.uk](https://ico.org.uk)

**Contact us**

**Email:** [enquiries@artscouncil.org.uk](mailto:enquiries@artscouncil.org.uk)

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