

annual  
review  
2004

ARTS COUNCIL  
ENGLAND

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### Cover image

Gomito Productions performs from *Garden of Fools*, 2004. Based in Cambridge, this small company has been writing and performing its own material since 2000, to critical acclaim. In this show, 'umbrellas tell tales and leaves have a mind of their own'.

Through funding from our East office, Gomito and 12 other companies were supported to attend the Edinburgh Festival Fringe. This initiative has lasting benefits for the artists concerned and for the region as a whole, as regional producers and venue managers build on the interest generated to promote local work.

Photo: Douglas Robertson Photography

# welcome

Arts Council England is the national development agency for the arts in England. As an independent, non-political body working at arm's length from government, we distribute public money from government and the National Lottery to artists and arts organisations. Between 2003 and 2006, we are investing £2 billion of public funds in the arts. This is the bedrock of support for the arts in England.

Our vision is to promote the arts at the heart of national life, reflecting England's rich and diverse cultural identity.

We believe that the arts have the power to transform lives and communities, and to create opportunities for people throughout the country.

For 2003 to 2006 our ambitions are:

- supporting the artist
- enabling organisations to thrive, not just survive
- championing cultural diversity
- offering opportunities for young people
- encouraging growth
- living up to our values

This review presents our work in backing the country's artistic talent and winning further support for the arts. If you would like to find out more, visit our website [www.artscouncil.org.uk](http://www.artscouncil.org.uk) or phone us on 0845 300 6200.

## chair's report

Welcome to this annual review, the first since I became Chair of Arts Council England in February 2004. Having watched the Arts Council from a distance over the last few years, I have seen how it has worked hard to put the arts at the heart of national life, and this is where I aim to keep them.

I accepted the role because I believe – and I'm not at all embarrassed to say this – that the arts can make a huge difference to people's lives, and an enormous contribution to civil society: through inspiring young people to believe in themselves, through giving a sense of identity and place – or simply through the emotional impact of wonderful performances, events or artefacts. Whether we are participants or audiences, the arts can tell us about ourselves, and cut through the bland certainties of public discourse. This annual review is full of examples of how the potential of the arts has been harnessed across the country, in large projects and small.

Above all, I believe the arts must be unashamedly outgoing: ever more visible, involving, passionate and vocal. I intend to make this campaigning approach the hallmark of my time as Chair.

I warmly welcome the Secretary of State's call for the arts to counter 'poverty of aspiration', and for a new emphasis on the intrinsic values of culture. The Arts Council must speak alongside artists and arts organisations, making the case for the arts and getting past the tired old debates that pitch contemporary art against heritage. We must question unhelpful divisions between high and popular art, or publicly-subsidised culture and the creative industries. In fact, we should be talking about the power of the arts *and* the value they can bring across the whole realm of public and commercial life. Creativity knows no boundaries, and all these aspects nourish each other.

By 'campaigning', I mean staunchly advocating for public investment – but that's not all. We shall act as an incubator of new ideas and projects, an adviser on policy as it affects the arts,



Sir Christopher Frayling  
Photo: Pete Jones

a partner in developing opportunities for artists and artistic practice, and a matchmaker: between different parts of the public sector, and between public and private.

And we must be outgoing in getting our message across. I believe strongly that public investment must be for the benefit of all, which means reaching out to new people, using a wider range of popular media and other diverse channels to ensure that no communities are left out.

Quite simply, we want to extend world-class quality to more people. One example we are now seeing is in theatre. We've invested an additional £25 million in theatres. £25 million may not sound a lot in the context of the £2.6 billion that theatres are worth to the economy, but what a difference – an unprecedented level of new writing, audiences up, and a sense of revitalisation – of a 'buzz' – in theatres around the country. You can read more about the effects of the Theatre Review within these pages. The press has noticed them again and again, without – of course – acknowledging the role of the Arts Council in making them possible.

If all are to have their share of the rich variety of cultural activity in England, we must be outgoing in working with others. We will build links with sectors like heritage and museums, education and social inclusion, and regional development to make the case for what, in government terms, is the 'small change' of public expenditure – but where a little goes a very long way. Our annual review demonstrates this, with many examples of exciting new work.

I am confident that the Arts Council has the ambition, the energy and the ability to achieve all this, to ensure the arts make an even greater contribution to national life. The best is yet to come.

**Sir Christopher Frayling**  
**Chair**

## chief executive's report

This is a good moment to take stock.

During 2003/04 we welcomed Sir Christopher Frayling as our new Chair. He brings an added determination that we should develop our role as a 'champion' for the arts – speaking alongside artists actively promoting public debate about the role of the arts in public life.

The Secretary of State's pamphlet *Government and the Value of Culture* (May 2004) has a positive message: that we should support the arts and culture for their own sake, and find a vocabulary for celebrating the important contribution they make to our quality of life *in and of themselves*. The Arts Council welcomes this fresh articulation of intrinsic value alongside the unquestionable instrumental power of the arts.

November 2004 sees the 10th birthday of the National Lottery. Lottery funds have quite simply transformed the landscape for the arts, bringing major new arts facilities right across the country. They have supported literally thousands of arts organisations and a wealth of grass roots initiatives.

The international dimension is of ever increasing importance to Arts Council England. We shall increasingly support artists wanting to work overseas, as well as making the most of England's unique place as a crucible for cultural activity from around the world, with artists and diverse communities creating work drawn from a wealth of international cultural traditions, and celebrating them here in this country.

We will continue to take an ever more inclusive approach to our work, recognising the place the arts have in people's lives. Never a marginal pursuit undertaken by the few, the arts are now recognised as a part of the everyday lives of most people in this country.



Peter Hewitt  
Photo: Ralph Hodgson

It is critical that we keep in mind those benefits which go beyond the financial and the instrumental. If we understand the value of culture more fully, we can make more choices and put our money and our energy into those places and people with the greatest potential.

As part of this, we want to work with educationalists and government to develop an entitlement that puts creative and cultural experiences within reach of all young people, taking special care that none are excluded by poverty. Our partners in this will be from across the cultural spectrum – museums, craftspeople and those in the commercial sector.

And across government, we must be able to demonstrate clearly the huge contribution that the arts can make to support inclusion, engagement with communities, regeneration of neighbourhoods and civil renewal. A good example is the Arts Council's Creative Partnerships scheme – creative and cultural activities in some of the most deprived schools in the country which have involved nearly 200,000 kids and 14,000 teachers in projects in its almost two and a half years up until September 2004. Creative Partnerships builds long-term relationships, and it's that sustained involvement that yields some truly inspirational results.

With Sir Christopher as Chair, I am confident we shall become a more visible advocate for the arts, with a more campaigning style. Part of this will be to continue to press the case for public funding – with all of the benefits the arts deliver this is not so much subsidy, as shrewd investment of taxpayers' money.

But there is a bigger message we are determined to get across, to people in all of the diverse communities across the country: which is that the arts make a contribution to our society that cannot be measured in money alone.

**Peter Hewitt**  
**Chief Executive**

## april 2003

### Grants for the arts

Our new Grants for the arts for individuals, organisations and national touring accepted the first applications on 1 April 2003. This replaced over 100 grant schemes from our various offices. Grants for the arts is customer focused. It has a single application pack, which achieved the Plain English Campaign's Crystal Mark; it has no deadlines and decisions are quick. We significantly increased the funding available to individual artists, who now have the same opportunities to apply for grants wherever they live or work.

In its first year, we offered 4,355 awards worth £51.1 million, including 1,687 grants to individual artists.

There are examples throughout this annual review, including the Firebird Trust's gamelan project (page 16), designers and makers from the south west visiting the Chelsea Crafts Fair (page 21), and CircElation (page 32).

### Youth Justice Board partnership

The failure of many young people to gain literacy and numeracy skills not only makes it hard for them to find work but imposes other costs on society as well. In our new partnership with the Youth Justice Board (YJB), we are investing £1 million over three years in their PLUS strategy, which focuses on these concerns. We are providing innovative ways of combining the knowledge and skills of arts practitioners with those of people working on youth justice issues.

In 2003/04, PLUS saw the development of the first drama-based literacy and numeracy programme for young people in the youth justice system. Work also began to make sure that artists benefit from the YJB's national qualifications framework. This will help artists work more effectively in the most challenging areas of youth justice, and contribute to the YJB's goal of helping 80 per cent of youth justice workers gain the professional certificate in effective practice.

CircElation. Photo: Paul Floyd Blake



## ***Wear Me***

*Wear Me* was the UK's biggest ever exhibition of wearable technology. The project was to research, produce and present technology-based artworks and designs that are being developed to wear.

Thousands of people came to see the exhibition at the Magna Science Adventure Centre in Rotherham over the Easter weekend. This followed *Wear Me* events at the Hippodrome Circus Space in Great Yarmouth. We supported the *Wear Me* tour as part of our work on audiences for art and science projects at places like Magna and the Eden Project, Cornwall.

*Wear Me*, Rotherham.

Exhibition design and photo: 6a architects



## Literature

Swedish author Per Olov Enquist and translator Tiina Nunnally won the 2003 **Independent Foreign Fiction Prize** for *The Visit of the Royal Physician*, published by Harvill Press. The prize is for the best work of contemporary fiction translated into English the previous year, and is divided equally between the author and translator.

**Branching Out**, a three-year project that puts readers and reading at the heart of public libraries, started work in April 2003. The aim is to transform the culture of public libraries by offering practising librarians innovative training in literature promotion and reader development. A partnership between the Society of Chief Librarians and ourselves, Branching Out will reach every library authority in the country. The three-year training programme is being provided by Opening the Book, a leading reader development agency.

## National Theatre

The National Theatre in London is committed to making world-class theatre more affordable and accessible to wider audiences than ever before. Nicholas Hytner took over as Director at the beginning of April 2003, announcing a six-month season for which more than two-thirds of the Olivier Theatre's tickets are £10. The opening production in the Travelex £10 Season was *Henry V* – performed at the National for the first time – directed by Hytner with Adrian Lester in the title role.

*A High of 360 degrees*. Installation of desk fans at One NorthEast headquarters by Tanya Axford, 2003. Photo: John Donoghue

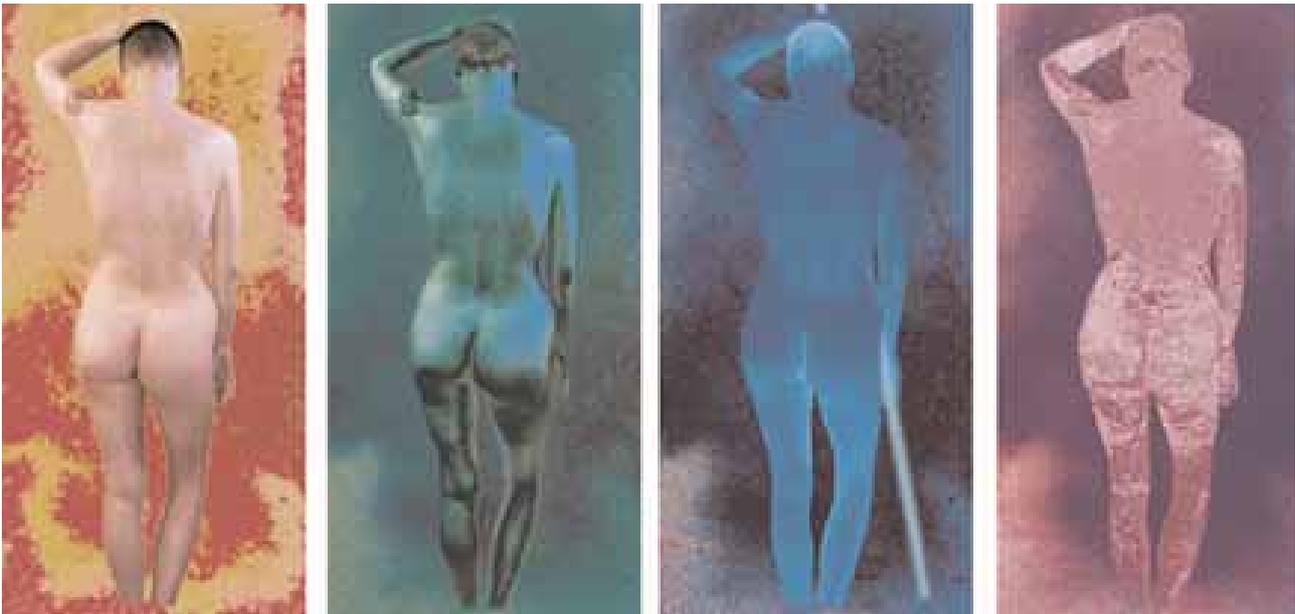
## Commissions North

Commissions North (CN) brokers new commission opportunities for artists, and funds design development. During 2003/04, CN secured over £2 million worth of new commissions for artists in the north east. Many of these involved public and private sector organisations that had not previously commissioned artists' work. These new opportunities included commissions in:

- six new business parks
- seven major brownfield regeneration schemes
- five new NHS hospitals
- six urban design schemes
- three housing developments

[www.commissionsnorth.org](http://www.commissionsnorth.org) was launched in 2004. As well as showcasing projects across the region, it gives practical advice for clients and artists throughout the commissioning process.





*Perception I-IV, after Matisse: Baths I-IV. Film mounted on four 1m x 2m bronze-edged lightboxes by Ju Gosling, 2003*

## may 2003

### New Audiences

Over the five years 1998–2003, we invested £20 million through the New Audiences Programme to help arts organisations reach out to new audiences around the country. The aim was to encourage as many people as possible, from all backgrounds and walks of life, to participate in and benefit from the arts.

There are two case studies in May, highlighted from over 1,000 projects supported by New Audiences. Findings, research reports and information on individual projects are available at [www.artscouncil.org.uk/newaudiences](http://www.artscouncil.org.uk/newaudiences)

### Programming Innovations and New Audiences

This was a showcase of new work by 11 London-based deaf and disabled artists, working in theatre, circus, visual arts, literature and media arts. The works were informed by the artists' individual experiences of disability.

The May 2003 showcase, held for management and programming staff from London venues, was the result of a £70,000, New Audiences funded programme of research and development for disabled artists. The aim was to broaden audiences by showing that work by disabled artists can diversify and challenge existing programmes.

Since the showcase, Aaron Williamson and Katherine Araniello have had their work shown at film festivals, Ju Gosling's work featured in a BBC event inspired by Programming Innovations and Nancy Willis showed her work at Byam Shaw School of Art.

### decibel

decibel was a short-term Arts Council initiative running from May 2003 to March 2004. It had the long-term aim of raising the profile of culturally diverse arts in England, through a programme of activities and development across the country. Examples in this review include the Positive Action Trainee Programme (page 17), the Spotlight awards (page 23), and the conference A Free State (page 33).

## ArtsFest and New Audiences

The UK's largest free arts festival is a direct result of the New Audiences funding that backed the innovative venture in 1998 and 1999. Now in its seventh year, ArtsFest is a collaboration between Birmingham City Council, Audiences Central and 250 arts organisations, venues and artists.

There were over 350 free performances in central Birmingham, including bands, short films, dance groups, orchestras, actors, singers and comedians. There was also a visual arts village and a children's area. Around 125,000 people attended, of whom 25 per cent didn't usually attend arts events or only infrequently. Research six months later found that over 15 per cent of the people who came to ArtsFest then attended another arts event as a direct result.

## Grooverooms

In the north east, the Arts Council-managed Cultural Business Venture (CBV) gave almost £500,000 in direct funding to businesses in the region during 2003/04. The results of this investment were:



- 74 new jobs
- 92 new businesses
- 131 businesses supported
- 110 jobs safeguarded

One of the new businesses was Grooverooms. CBV funding in May 2003 allowed Grooverooms to soundproof new premises in the centre of Newcastle, and buy specialist equipment. Set up by Mark Lowry, Grooverooms offers tailor-made coaching sessions on DJ skills and music production for anyone who is serious about following a career in the north east music industry. Grooverooms is now looking to set up its own record label.

## Samba Encounter

Nearly 300 samba musicians from across the UK and abroad took part in the Brighton Samba Encounter weekend, organised by Carnival Collective as part of the Brighton Festival in May 2003. We supported the weekend to develop the indoor aspect of Carnival Collective's performance.

Highlights included a chance to be in the world's largest hip-hop orchestra, and samba percussion workshops with some of the world's leading practitioners. The 2003 Samba Encounter Set marked a further development in Carnival Collective's sound as they continue to draw inspiration from contemporary British music, combining Brazilian percussion with ska, jungle and roots and dub reggae.

Grooverooms, Newcastle. Photo: Saša Savić

## June 2003

### Architecture Week

Architecture Week is a national public celebration of contemporary architecture, run annually since 1997. It is a joint Arts Council, RIBA (Royal Institute of British Architects) and Architecture Centre Network initiative, exciting debate and interest in better buildings and design of the built environment. 450 events were held over 10 days in June, an increase from 300 in the previous year. Visits to [www.architectureweek.org.uk](http://www.architectureweek.org.uk) doubled in 2003. With all the regions producing their own guides, this is becoming a truly national event.

### Capital of culture

Through our regional offices, we supported all the bids from cities wanting to become European Capital of Culture 2008. We now celebrate Liverpool's success, which will benefit the arts throughout the country.

Liverpool will not only host a magnificent international arts festival but will be placing the arts at the centre of its plans for regeneration. We will be working closely with The Culture Company, artists and arts organisations, and many other partners to develop the capacity needed to sustain the range and quality of cultural provision in Liverpool well beyond 2008.

### Creative Partnerships: Boyz 2 Men

Creative Partnerships is the first joint creative learning programme between ourselves, the Department for Culture, Media and Sport and the Department for Education and Skills. It helps schools identify their needs then create long-term, sustainable partnerships with organisations and individuals in the arts.

In the nearly two and a half years from its beginnings, until September 2004, it has started 2,158 projects in 381 schools.

Boyz 2 Men is a four-term programme by Creative Partnerships Nottingham. It began in June 2003. Designed to support boys at risk of isolating themselves from the school community, it explores creative strategies with boys in the transition from primary to secondary school.

Elms Primary School is working with award-winning young people's playwright and director Peter Rumney and musician and performance artist Dave Higgins. They lead a team of experienced artists, mentors, educationalists, behaviour support workers and theatre design undergraduates.

The project works with boys in years five and six, seeking a way of working with challenging students across Nottingham and beyond.



Rachel Whiteread, *Untitled Six Spaces*, 1994 (detail), resin, six parts. Arts Council Collection, Hayward Gallery, London. Photo: Jonty Wilde

### **Arts Council Collection**

Managed by the Hayward Gallery, London, our collection is the largest national loan collection of modern and contemporary British art.

In June 2003, the sculpture moved to the new Longside Gallery at Yorkshire Sculpture Park (YSP). Tony Fretton Architects' Longside Gallery and Store was shortlisted for the 2003 RIBA Yorkshire's White Rose Awards for design excellence and for the Barnsley Civic Trust Awards. Works are lent to public spaces around the country and shown at Longside in alternating exhibitions by the Hayward and YSP. Our first sculpture show at Longside attracted nearly 8,000 visitors.

### **Artsmark**

Artsmark raises the profile of arts education. It is a national award that recognises and rewards schools that have made a strong commitment to the full range of arts provision – art and design, music, dance and drama. All schools are eligible – primary, middle, secondary, special and pupil referral units.

The award ceremony in June 2003 was the third, and nearly 800 schools received an Artsmark. By the fourth round in 2004, over 2,800 schools had attained an Artsmark.

### **First Time Projects Fund**

As a summer term project, young people at the Burlington Centre – a pupil referral unit in Birmingham – produced posters exploring the theme 'my community'. These were displayed in Birmingham Central Library and the education department. There was also a poetry workshop by Liverpool poet Levi Tarafi and photography workshops with artists from THEpUBLIC.

The project was funded by the First Time Projects Fund, a scheme we support jointly with the Calouste Gulbenkian Foundation and the Esmée Fairbairn Foundation. The fund supports work in pupil referral and learning support units which have not previously worked with professional artists.

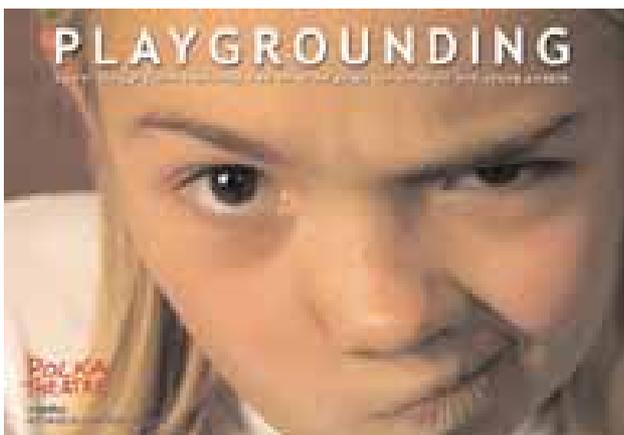
## july 2003

### Playgrounding and Young Europe

Polka Theatre, London, is Britain's first theatre venue dedicated to children. Our regular funding supports work such as **Playgrounding**, a yearlong programme on writing plays for children and young people. This opened with free masterclasses at Soho Theatre before five practitioners spent a year developing their scripts for performance in a weeklong festival.

We also invested £50,000 to develop **Young Europe** – three new European plays for adults and children co-produced by Polka Theatre with company of angels. *Kadouma's Island* from France and *Little Angels* from Italy were translated into English, while *Sweetpeter*, the 200-year journey of a boy born into slavery in West Africa, was especially co-written and directed by John Retallack, with Usifu Jalloh.

The common thread running through Young Europe is the movement of people across continents and cultures and the reasons for migration, displacement and asylum. Young Europe toured in conventional theatres such as Komedia in Brighton and The Oxford Playhouse, and non-theatre spaces such as village halls and colleges.



*Din Shuru* at The Leicester Mela.

Photo: Marcella Haddad © Kinetika

### Kinetika

Kinetika works nationally and internationally on large carnival events. Its main event in 2003 was *Din Shuru*, meaning 'day breaks'. For it, Kinetika brought together artists and dancers from Kolkata in India, Trinidad and the UK to work with schools and community groups across the UK. *Din Shuru* celebrated the journey from Kolkata to Trinidad, to the UK and back again.

Kinetika presented over 1,000 performers in four carnivals around the country in summer 2003, with help from a touring grant. It then took *Din Shuru* to India for the first Kolkata Carnival in December 2003.

Kinetika began receiving regular funding from us in 2004.

Polka Theatre's Playgrounding poster.

Photo: Polka Theatre

### International fellowships and Lone Twin

Live artists Lone Twin (Gregg Whelan and Gary Winters) received a fellowship to Künstlerhaus Mousonturm in Frankfurt, Germany. They used it to make a new touring piece to conclude their serial performance *The Days of the Sledge Hammer Have Gone*.

The new work, *Sledge Hammer Songs*, is a change of direction from site-based work to a piece which is a repeatable, studio performance. Lone Twin say the fellowship

gave them 'space, time and support' to make the change. The premiere of *Sledge Hammer Songs* took place in Mousonturm, before touring Scandinavia in summer 2004 and the USA in autumn 2004.

By March 2004, our International Artists Fellowships Programme had set up 120 residencies in 27 countries, for over 150 artists.

*Sledge Hammer Songs* by Lone Twin. Photo: Team Brown



## How to Leave the World that Worships *should*

By Ros Barber

Let faxes butter-curl on dusty shelves.  
Let junkmail build its castles in the hush  
of other people's halls. Let deadlines burst  
and flash like glorious fireworks somewhere else.  
As hours go softly by, let others curse  
the roads where distant drivers queue like sheep.  
Let e-mails fly like panicked, tiny birds.  
Let phones, unanswered, ring themselves to sleep.

Above, the sky unrolls its telegram,  
immense and wordless, simply understood:  
you've made your mark like birdtracks in the sand –  
now make the air in your lungs your livelihood.  
See how each wave arrives at last to heave  
itself upon the beach and vanish. Breathe.

From the *Seaside Sonnets*, commissioned by Canterbury City Council  
as part of *A Way With Words* literature strategy

### ***A Way With Words***

Through Grants for the arts – organisations, we are supporting Canterbury City Council's three-year literature strategy. We advised as *A Way With Words* was being developed during summer 2003 and announced a grant of £30,800 towards the project's costs in February 2004. The funding is being used to set up writers' residencies and literature events, and for marketing, research and project management.

One of the first *A Way With Words* projects was to appoint a poet-in-residence to write about seafront life in Herne Bay. Ros Barber was commissioned to write a series of eight *Seaside Sonnets* and deliver an evening of live poetry and music. The sonnets are being published and sold as a series of seaside postcards.



Artist Teacher Scheme, power drawing workshop, Bath. Photo: John Steers © NSEAD

## august 2003

### Artist Teacher Scheme

The scheme is an expanding professional development programme for teachers and lecturers in art and design. It works on the premise that teachers' personal development as artists improves their effectiveness as teachers and, as a result, their students' learning and creativity.

Seven centres run summer schemes and other programmes through the year. Major visual arts venues are involved – for example, Arnolfini, BALTIC, FACT, Ikon and the Tate.

We fund the National Society for Education in Art and Design (NSEAD) to coordinate the scheme.

*Escapade*, at the South Bank Centre. Courtesy of Akademi South Asian Dance UK.  
Photo: Ali Zaidi

### Firebird Trust

Firebird Trust took gamelan, a traditional Indonesian instrument, into five prisons. Grants for the arts – organisations funded this pilot. Participants tried short tasters with the option of signing up for longer workshops – and many did so. The aim was to see how effective the workshops were in enhancing prisoners' self-esteem and developing their basic skills.

Firebird Trust is a community arts and music organisation working with individual artists in Derbyshire and Lincolnshire. We support its running costs and artistic programme.

### Akademi

Akademi's *Escapade* transformed the Royal Festival Hall in London for two days in summer. Over 150 dancers performed outside and around the venue to music including remixes of Bollywood, while lighting and visuals were projected onto the buildings.

This London-based agency receives regular funding from us for its work in promoting South Asian dance, and used grants from us to bring this multimedia event together. Regionally, Akademi provides information and resources for artists, educators and the general public, and nationally it is part of the South Asian Dance Alliance.



## **The Positive Action Trainee Programme and decibel**

The Positive Action Trainee Programme was first introduced in the north west in 1996. It succeeded in its aim of increasing the number of administrators and managers of African, Caribbean, Chinese and South Asian descent working in the arts in that region, as most of the trainees continued to work there.

A third Positive Action Trainee Programme was launched in 2003. It gave eight young people the chance to develop their skills in arts administration, supported by their chosen host arts organisation. Through decibel, the programme was able to offer two additional places. Most of the trainees took up their places in August 2003. The two-year programme gives trainees a bursary, training allowance, individually designed professional development programme and a mentor.

## **Rasta Mombasa**

Rasta Mombasa is a visually stunning and technically accomplished group of performers from Kenya. After touring extensively in Europe and the Middle East, it brought its circus skills and acrobatic stunts to the north west, at the 2003 Merseyside International Street Festival.

The street festival is presented by Brouhaha International and Southport Arts Centre, supported by Sefton Council Tourism Department. Brouhaha International is one of our regularly funded organisations.

Rasta Mombasa at the 2003 Merseyside International Street Festival, Brouhaha International.  
Photo: Pierpaulo Camarda



*The Opera Room* by Helen Ottaway, Alastair Goolden and Deborah Thomas of Artmusic.

Photo: Tim Cuff, Apex News Agency

## **The Opera Room**

*The Opera Room* is an audio-visual installation, or sound sculpture, which opened at Cheltenham Festival in July 2003 and toured art galleries and other spaces until May 2004. This new opera experience was developed by composer Helen Ottaway, sound designer Alastair Goolden and artist Deborah Thomas.

As the audience moves around the space where the visual material has been arranged, it sets off random and unexpected patterns of sound, music and imagery. Each person creates a unique opera. Helen Ottaway said: 'One of our aims was to allow the audience to play, and to shape their own and each other's experience.'



Rambert Dance Company  
performs *Elsa Canasta*.  
Photo: Hugo Glendinning



## september 2003

### Rambert Dance Company

Rambert is one of Britain's leading contemporary dance companies, and one of our regularly funded organisations. A strong ambassador for British dance internationally, the company presents work by leading national and international choreographers.

Mark Baldwin joined Rambert as artistic director in November 2002. He creates works that highlight the collaboration between choreographers and composers, producing dance that is physically powerful, emotionally engaging and, above all, entertaining.

During his first season, Baldwin concentrated on commissioning new works for the company. For example, in September 2003, The Lowry in Salford Quays saw the premiere of *Elsa Canasta* by Javier de Frutos. Performed to music and songs by Cole Porter, this was an instant hit with audiences.

### The Writing Squad

The Writing Squad is a unique development programme for young writers with exceptional talent, at Sheffield Hallam University.

Supported through Grants for the arts – organisations, it provides a structured and challenging environment for writers to develop their artistic practice and broaden their professional horizons. Members are already enjoying success in their chosen field, with Rachel Maloney winning the Peterloo Poetry Competition and Joe Shrewsbury shortlisted for a BBC scriptwriting course.

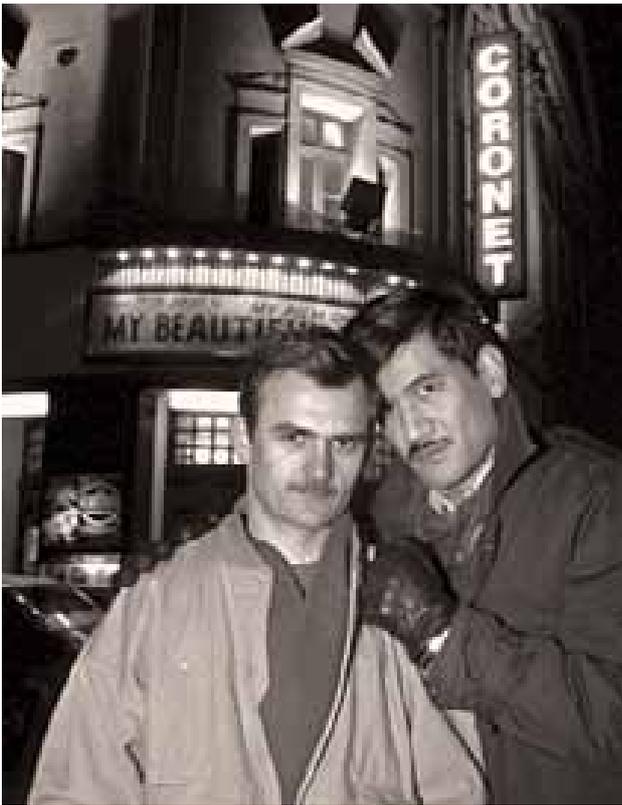
### X-Ray Factory

The *re:location* project at the Commercial X-Ray Factory provided 45 emerging and established artists with a supportive environment in which to make and exhibit their work. The process of transforming a disused industrial space in Smethwick, Sandwell, into a creative community helped the artists build their confidence and learn new skills.

Over 1,100 visitors came to the project's 10-day *Radioactive* exhibition. *re:location* was funded through Grants for the arts – organisations and the local regional development agency, Advantage West Midlands, through THEpUBLIC's Social Inclusion to the Creative Economy programme.

The X-Ray Factory, Smethwick. Founded by artist Dave Pollard with THEpUBLIC. Photo: Julian Bull





'Reflections of the Black experience' photograph from *Pictures From Here*, published by Autograph/Chris Boot.

© Sunil Gupta 2003

### The Hub

When the Hub opened in the newly converted Hubbard seed warehouse in the market town of Sleaford, Lincolnshire, it became the largest centre for contemporary craft and design outside London. The Hub was largely funded through European and local government money.

Our funding supported artist commissions, including the plaque in the entrance by Tracey Rowledge. Tooled in gold leaf on black goatskin, the inscription reads: 'This used to be a seed warehouse. It still is.'

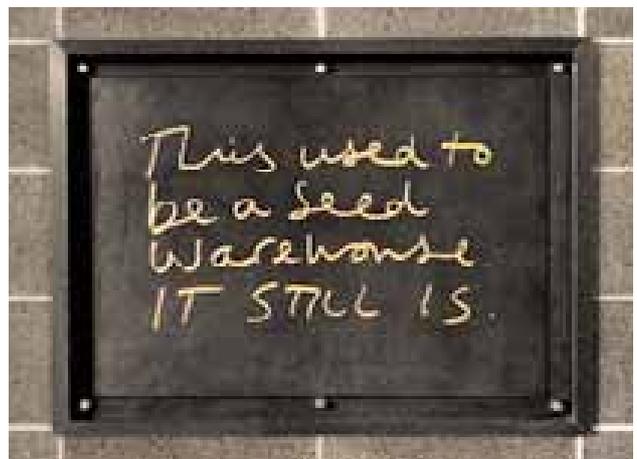
We also support the Hub's educational activities as they aim to make sure that all visitors, whatever their age, explore their creativity, learn and have fun.

## october 2003

### Autograph

Autograph is a photographic agency that promotes the work of Black photographers by commissioning new work and producing publications, exhibitions, events and educational activities. Our regular funding – almost £200,000 in 2003/04 – goes towards its core costs and artistic activities.

In association with Chris Boot, Autograph has launched three new artists' monographs for Sunil Gupta, Joy Gregory and Ingrid Pollard. Each book is composed of pictures and commentary and tells the artist's story in an illuminating and personal way. For example, the autobiographical photographs in *Pictures From Here* by Sunil Gupta address being a gay Indian man in Europe, living between cultures.



Hub entrance plaque by Tracey Rowledge.  
Photo: Richard Jarvis



*Waterloo Sunset* at the Hayward Gallery, by artist Dan Graham with Haworth Tompkins Architects.  
© Richard Haughton, Hayward Gallery

### **Hayward Gallery extension**

The extension to the Hayward Gallery, on London's South Bank, opened this month. The extension includes a new foyer, designed by Haworth Tompkins Architects, and *Waterloo Sunset*, an elliptical interactive space designed by artist Dan Graham. The project was partly funded by a £1.38 million lottery award. The gallery has now been able to improve its education, conference and outreach facilities, and has better access for disabled people.

### **Crafts designers**

The south west has one of the highest concentrations of individual artists and crafts people of any region. Four of them attended the 2003 Chelsea Crafts Fair for the first time, through funding of £750 each from Grants for the arts – individuals, so that they could show their work to a wider public.

Hanne Rysgaard benefitted from sales at Chelsea as well as a number of commissions, including some through the Designers Guild. We helped her raise her profile through press and publicity and she returns to Chelsea in 2004.

## november 2003

### Capital openings

We make money available for building projects, including renovations and conversions, and for organisational development. Through the Arts Capital Programme and its replacement in 2003, Grants for the arts – capital, we have allocated £163 million of National Lottery money to capital projects.

In south east London,

#### **The Midi Music Company (MMC)**

completed the renovation of the former Lewisham Academy. A £185,000 capital award also purchased new equipment and technology. MMC is one of our regularly funded organisations and was set up in 1995 to provide young people with accessible professional tuition in music and music production.

A new home for Manchester's

**Chinese Arts Centre** opened this month, supported by a £2.2 million lottery grant.

The new centre includes a gallery, an artist residency studio and apartment, an education suite, resource area, offices, shop and teahouse. The Chinese Arts Centre, set up in 1986, has a strong history as a national agency for developing and promoting Chinese arts and culture in the UK. It aims to develop an infrastructure to allow Chinese arts, especially that of British Chinese artists, to flourish.

### ViVA

*Animal Magic* was a concert for children at Derby's Assembly Rooms. The concert was performed by year three and four children singing as a massed choir, accompanied by the East Midlands' only professional chamber orchestra, ViVA.

ViVA is one of our regularly funded organisations. This concert was part of its ongoing work in community development. It is also developing work and ideas around cultural diversity.

As schools signed up for *Animal Magic*, they received an information and song pack. There was also a choir of year five and six students from eight schools which had workshops and rehearsals before the concert, and performed to the younger children, again accompanied by ViVA. Tickets sold out so quickly that plans were rearranged to fit in two concerts on the same day.



Photo: Rufus Crosby



*Somewhere Out There*,  
graphite pencil and acrylic,  
by Chun-Chao Chiu.  
Photo: Tony Griffiths

### **decibel and the Spotlight awards**

Our North East office gave Spotlight awards to eight artists practising in different media. They each received £5,000 to carry out a specific project, or to take part in a high profile exhibition or production. The awards were part of our decibel initiative to raise the profile of culturally diverse arts in England.

**Tina Gharavi** is an Iranian artist working in new media. Tina used her award to take a contemporary look at the men and women

working in the fishing industry in the north east. The result was a video telling their stories, used for screenings and exhibitions.

**Chun-Chao Chiu** was commissioned to create *Somewhere Out There* for The Alnwick Garden in Northumberland. He developed the work on site, using a 35-metre stretch of hoardings. Layers of pencil were added onto the original, single pencil line. The work combines references to the garden it is in with elements of traditional Chinese philosophy.



## Youth Music

Youth Music welcomed nearly a quarter of a million participants to their programmes in the year ending March 2004. It also trained 1,500 music leaders in that time. We used lottery funding to set this organisation up in 1999, and have invested £50 million overall.

Youth Music sets up Youth Music Action Zones, to bring music-making opportunities to 0–18 year olds in areas of social and economic need. It launched a CD in November celebrating the opening of its 20th. Called *Cre8*, the CD was made by 60 teenagers writing and recording their own tracks.

## The Fetch Theatre Company

The Fetch Theatre Company, based in Ludlow, Shropshire, used Grants for the arts – organisations to do a regional tour of rural market towns with its groundbreaking new show, *The Masque of the Red Death*.

This was a newly commissioned and devised piece of theatre for young people aged 14 plus. It used puppetry, masks and visual theatre to tackle themes of drug and substance misuse. Each performance was followed by a workshop with a professional drugs education advisor. Local councils and specialist agencies gave full support to the project.

Teenagers recording *Cre8*. Photo: Tony Attile, courtesy of Youth Music



## december 2003

### Research – cultural diversity

We published the first research into attendance, participation and attitudes to the arts among England's culturally diverse communities in our report *Focus on cultural diversity*. See [www.artscouncil.org.uk](http://www.artscouncil.org.uk)

Over nine per cent of England's population define themselves as belonging to a Black or minority ethnic group. They attend the arts at the same high levels as their white counterparts – almost four out of five. We also found that taking part in arts activities is extremely popular in the Black and minority ethnic population, and that the arts are highly valued by all ethnic groups.

Attitudes towards the value of arts and culture were very favourable. There is a strong belief that arts practice from different cultures greatly enriches our cultural life, and also strong support for young people's right to participate in an artistic education.



*It's not me, it's a ghost of God* by Jacky Long, art + power. Photo: David Gilliland

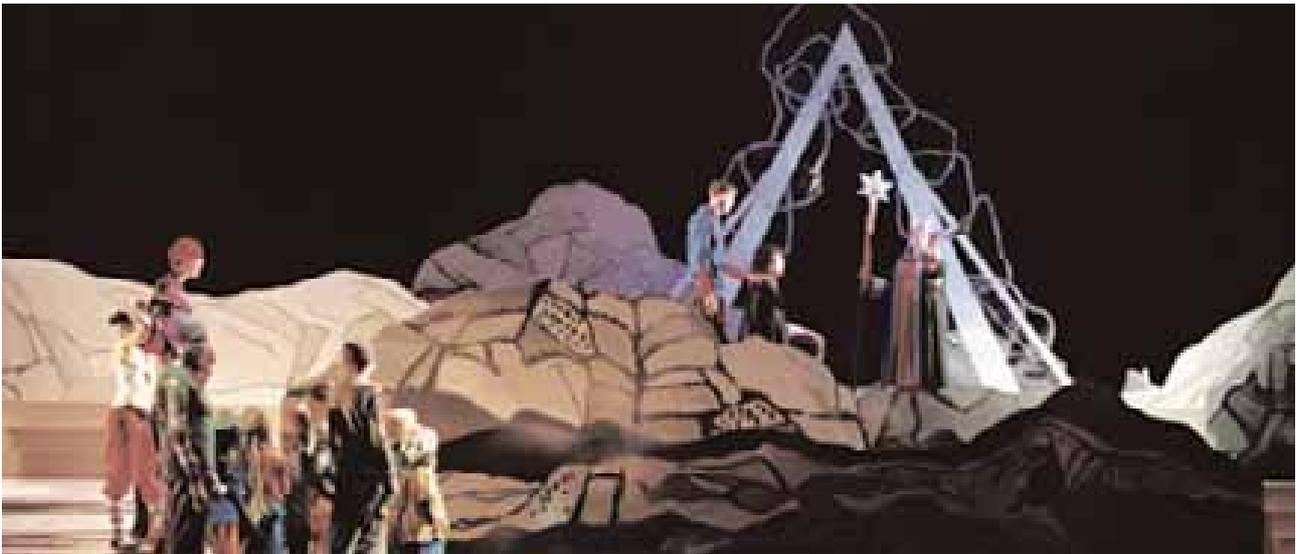
### Disability arts

*Celebrating disability arts* was part of our contribution to the European Year of Disabled People, 2003. The publication celebrates the achievements of the disability arts movement as a whole, illustrated through the contributions of some individuals and organisations. It acknowledges the huge achievements of the disabled people who have struggled over the years to develop and sustain disability arts.

The organisations profiled include a number that we regularly fund, such as Heart 'n Soul, Mind the Gap and Graeae. Individual artists include the visual artist Tanya Raabe, singer and songwriter Johnny Crescendo and Caroline Parker, sign song performer.

**art + power**, one of the organisations featured in *Celebrating disability arts*, used Grants for the arts – organisations funding to support aspects of their work in 2003/04. art + power is a Bristol-based membership organisation, led by artists with learning difficulties, that uses a range of high quality arts to empower disabled people.

Grants for the arts supported the creation of work during the year for an open studios event at Spike Island. Nine works were sold during the event. Artist Jacky Long said: 'People are always overprotective of me. I want to sell my paintings and get my poetry and songs into books. art + power is a different world.'



*Safahr*, at Birmingham Hippodrome. Photo: Geoff Slack

### **Creative Partnerships**

In Birmingham, over 500 young people aged 3–19, from six schools, were involved in a Creative Partnerships project with Birmingham Royal Ballet. The starting point for *Safahr* was the theme of journeys from different communities. The young people worked with dancers, musicians, choreographers, costume and set designers, lighting designers, marketing and publicity staff, and print designers. The final performance took place at Birmingham Hippodrome in March 2004, to great reviews.

Students from Glendene School in Easington, County Durham turned the local legend of the Easington Hare into an animated film with the help of three artists and Creative



Partnerships Durham/Sunderland. Pupils at this special school are aged between 2 and 19. All 144 of them worked on the production with Animha Productions, doing everything from making model figures to singing on the soundtrack. Since completion in late 2003, *Hare Witch* has won an award from the Royal Television Society and been shown around the world at animation festivals.

### **East Life TV**

Our East office worked with Anglia Television to produce a series of five half-hour programmes, *East Life TV*, and promoted it through the winter edition of their cultural magazine, also called *East Life*.

The series was screened on Anglia Television in December, featuring exciting and talented individuals, organisations and projects in the arts across the east of England. It showcased the depth and breadth of talent, from sculpture to animation, bhangra dance to salsa, novel writing to performance poetry, and community theatre to fashion design.

A still from the film *Hare Witch*  
by Animha Productions

## january 2004

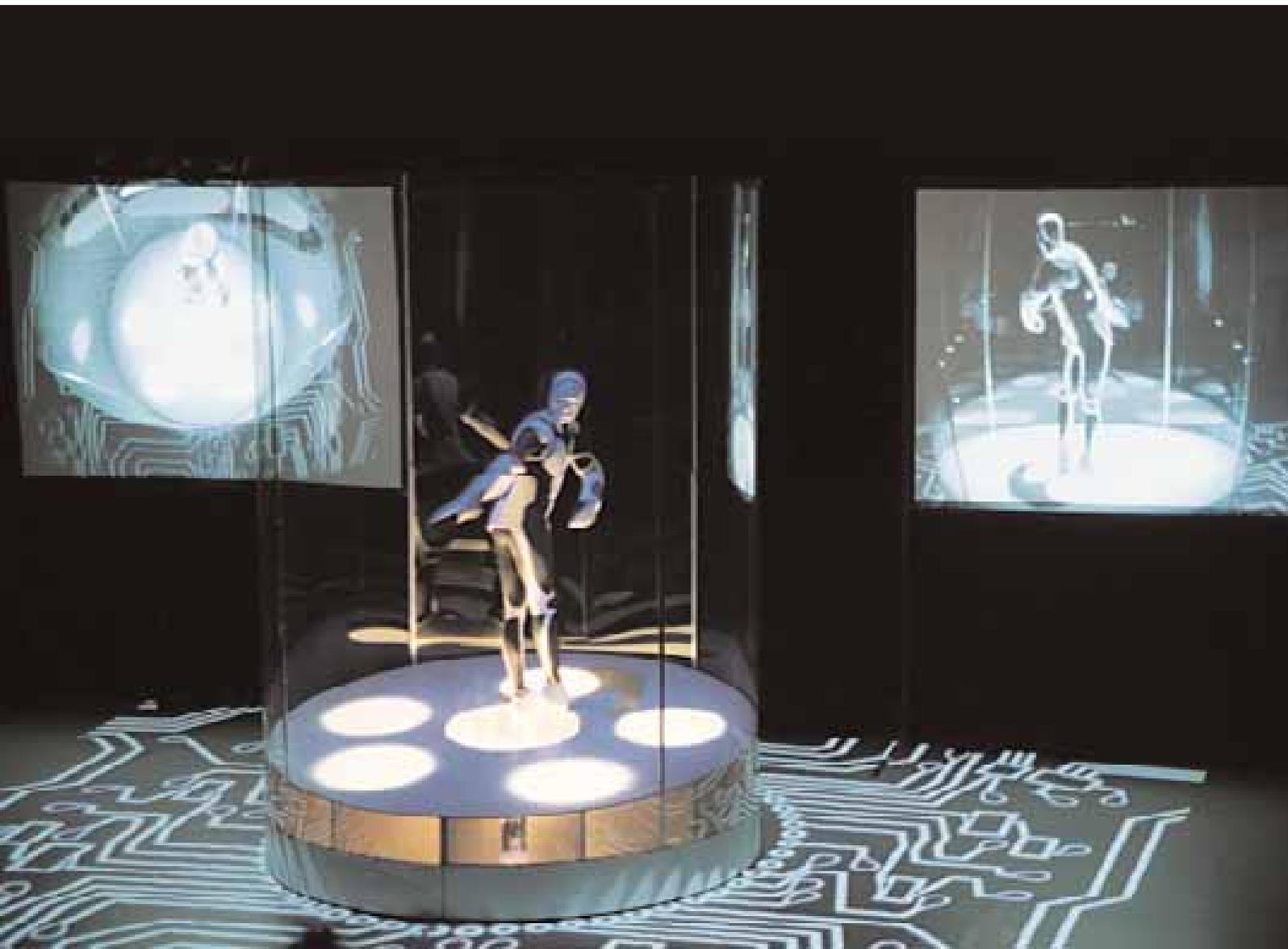
### British Dance Edition 2004

Thirty of Britain's finest dance companies performed across Cambridge at British Dance Edition (BDE) 2004 in January.

All presented new work that is available for touring 2004–5. Companies were selected on artistic excellence. They represented a range of styles and genres, including either mixed bills of short work or full length pieces, for different venue sizes and for screen. For the first time, the event included work suitable for young audiences, international promoters and flexible spaces.

This was Cambridge's first event of this kind, and the largest BDE to be held in recent years. It included performances and workshops in and around Cambridge, a trade fair and a professional development programme for local dancers and BDE artists. It brought a flavour of British dance to the international audience, showing the innovations of artists working in new Black British dance and new South Asian dance.

*Anthropod* by Darren Johnston,  
performed at British Dance Edition 2004.  
Photo: Sam Oster/Silvertrace



## Theatre Review

An additional £25 million a year is going out to theatres around the country from 2003/04 as a result of the Theatre Review that we held in 2000. This is a 72 per cent increase in spending on theatre (excluding the Royal Shakespeare Company and the National Theatre).

Research we commissioned from MORI on the impact of the extra investment in theatre shows that it has revitalised and invigorated the theatre industry, giving organisations a new impetus to develop and succeed. Published in 2004, the research reports that theatres can plan ahead and are more financially secure. The morale and quality of work have significantly improved.

## Kneehigh Theatre

From its base in Cornwall, Kneehigh Theatre tours new, high quality exciting theatre to indoor and outdoor venues across the country. As a result of the Theatre Review, its funding increased by 40 per cent between 2000/01 and 2003/04, rising to £185,000.

Grants for the arts – national touring supported a tour of *The Wooden Frock*, co-produced by Kneehigh and BAC (Battersea Arts Centre) in association with West Yorkshire Playhouse. *The Wooden Frock* was adapted from the Cinderella folk tale by Kneehigh's Emma Rice and Tom Morris, Associate Director at the National Theatre.

*The Wooden Frock* performed by Kneehigh Theatre, co-produced with BAC in association with West Yorkshire Playhouse. Photo: Keith Pattison



## On Blindness

The new play *On Blindness* toured in winter through an innovative partnership between three of our regularly funded theatre companies. Graeae and Paines Plough hosted the Wild Lunch new writing season that discovered Glyn Cannon's play. Graeae had the experience and skills in the subject matter, and Frantic Assembly wanted to experiment with and extend their work in physical theatre, for which they are renowned.

The play shows five characters, one of whom is blind, but who all have differing abilities to 'see'. Witty and unexpected, it also explores different ways of communicating theatrically, including through signing and physical theatre.

Frantic Assembly received Grants for the arts – organisations funding for *On Blindness*. The play's 2004 tour included London, Birmingham and West Yorkshire.



*On Blindness*, co-production with Graeae Theatre Company, Paines Plough and Frantic Assembly. Photo: Patrick Baldwin

## Youth theatre

**Oxford Youth Theatre**, based at Pegasus in Oxford, performed *Discontented Winter: House Remix*, a new play by Briony Lavery, at the Shell Connections festival. The festival is the UK's most prestigious new writing festival for young people and performers. The play, which also toured to Palace Theatre Watford as part of the project, weaves many elements of Shakespeare's classic texts into futuristic settings.

During 2003/04, we invested £165,600 in **Pegasus Theatre**, a regularly funded organisation specialising in youth theatre. The theatre has also been allocated £2.7 million of lottery funding, through Grants for the arts – capital, to replace the present 1970s building with a flexible auditorium, rehearsal and studio spaces, workspace for artists and youth arts, an expanded front of house and cafe bar.



English National Opera performs *The Rhinegold*. Photo: Neil Libbert

## february 2004

### English National Opera

The London Coliseum has been a major landmark since it first opened to the public 100 years ago. A £41 million restoration project has restored what is now home to the English National Opera (ENO) to its former glory. The restoration was funded by us, through the National Lottery, and the Heritage Lottery Fund – alongside substantial private and corporate donations and a public appeal.

Over the last 30 years, the ENO's contribution to opera in this country has been vital, launching the careers of some of the finest singers, directors and conductors. 2003 was a year of difficulty for the ENO, but we provided a further stabilisation award bringing our total to £10 million. Our regular funding helps the ENO provide the highest quality opera to the widest public at the lowest prices.

### Wonderful

*Wonderful: visions of the near future* is a major touring show that came from artists and scientists working together. The exhibition, curated by Clare Cumberlidge, features work by eight artists who present visions of the future as it may be in five, 10 or 30 years.

Wonderful is a Wellcome Trust and NESTA collaboration, with a grant from us for the tour. The tour opened in Bristol in February 2004, and also visits Rotherham and Manchester. We funded the initial development work by some of the artists – for example, Alexa Wright's project, *Alter Ego*, and Jordan Baseman's *Under the Blood*.

## art04

art04, in Manchester, was our North West office's first annual conference, held in partnership with the Northwest Development Agency and in association with the BBC. Over 500 people came, taking part in a market, debate, award ceremony and party. The art04 Award for Outstanding Achievement in the Arts was presented to Contact, Manchester by BBC director Alan Yentob.

The day was a great success and plans are being made for art05 in Liverpool.

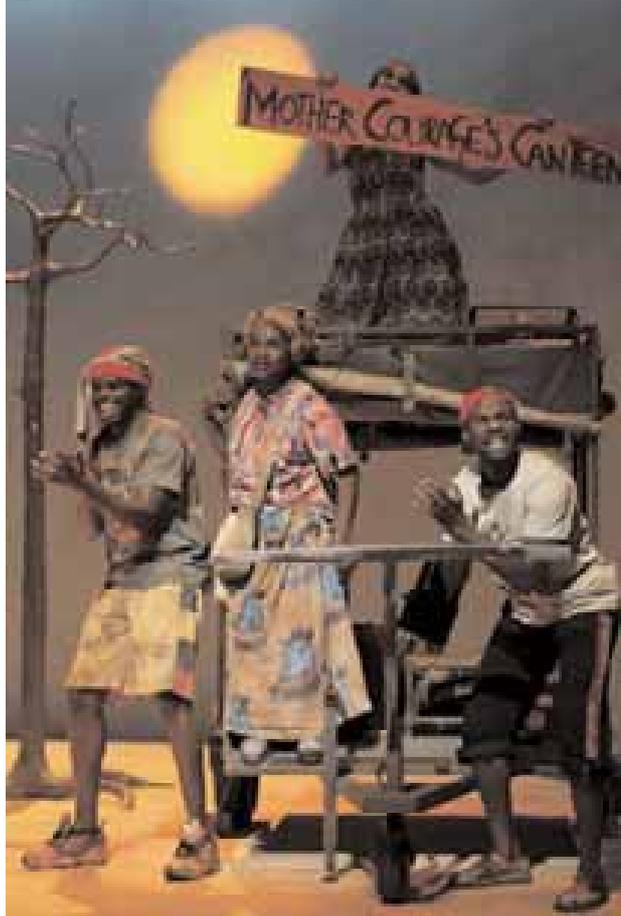
## decibel and dB Xpo

dB Xpo was a festival season to celebrate and raise the profile of culturally diverse arts in the West Midlands. Part of our decibel programme, Xpo ran from February to April 2004 with performances from a range of artforms, from hip-hop theatre to Chinese art, South Asian dance and Latin American film.

More than 500 artists presented over 80 events at venues across the West Midlands, including Mercury Award nominee Soweto Kinch, Union Dance, Eclipse Theatre and Cheek by Jowl. A specially targeted campaign successfully marketed the festival to the diverse communities of Birmingham and the West Midlands.



dB Xpo performance.  
Photo:  
Richard Battye



*Mother Courage and Her Children*, a Nottingham Playhouse and Eclipse Theatre production in association with New Wolsey Ipswich and Birmingham Rep. Photo: Robert Day

## Eclipse Theatre

*Mother Courage and Her Children* opened on 6 February at Nottingham Playhouse. Translated and adapted by Oladipo Agboluaje and directed by Josette Bushell-Mingo, this new adaptation was specially commissioned for Eclipse Theatre. It is set in contemporary Africa. After the Nottingham opening, the production went on a national tour including, among other places, Bristol, Manchester and Northampton.

Eclipse Theatre was founded in 2002 to raise the profile of Black middle-scale regional theatre in the UK, and has a consortium of three regional theatres – Nottingham Playhouse, the New Wolsey Theatre in Ipswich and Birmingham Repertory Theatre. *Mother Courage* is the second Eclipse production.

## march 2004

### Arts education

Our annual conference, **Insights**, helps arts organisations plan their education and participation activities. People from across the arts share ideas and techniques while learning from leading practitioners. Speakers in 2004 included Hassan Mahamdallie from Charlton Athletic Race Equality and Tina Glover from Junction Arts, Derbyshire.

We are also helping develop the **Theatre Education Network**. Theatre was the only artform where the education staff had no network. The new organisation will offer support and opportunities to share practice, to raise the profile and quality of education and participation in English theatre.

### City of Birmingham Symphony Orchestra

The forecast for Birmingham's population is that, within the next 20 years, white people will no longer be the majority. With orchestral audiences traditionally coming from white backgrounds, this demographic shift poses significant challenges to the City of Birmingham Symphony Orchestra (CBSO).

The CBSO Harmony Project meets the challenge by working with Birmingham's different communities to bring many musical styles together. For example, world-famous Bollywood composer AR Rahman joined the CBSO for two nights in March, attracting a 98 per cent Asian audience.

### FUSELeeds04

FUSELeeds04 was the first of what will be a biennial music festival celebrating the new and experimental with an eclectic international mix of jazz, rock, folk and classical music. It built on an audience development programme, where new audiences experienced contemporary music at venues they hadn't previously visited. Partnership with BBC Radio 3 meant that FUSE events reached audiences outside Yorkshire.

FUSELeeds04 was supported through Grants for the arts – organisations, Leeds Council, Leeds College of Music and Leeds Jazz.

### Contemporary Music Network

Contemporary Music Network (CMN) toured a groundbreaking collaboration by the London Sinfonietta and Warp Records, in association with South Bank's Ether Festival.

Over 6,000 people around the country saw the show. It combined 20th century classics by composers such as John Cage, Varese, Antheil and Steve Reich with 21st century music from electronica stars Squarepusher, Jamie Lidell and Aphex Twin, and screenings of rare cult films.

### CircElation

Eighty-five circus artists and directors attended CircElation, a two-week professional development programme supported through Grants for the arts – organisations.

Set up by Chenine Bhatena and Leila Jancovich, CircElation builds on early work first supported by us in 2001. It gave circus artists space to think about their creative direction and the chance to try out new ideas.



Artist John Lyons, by Hafsah Naib, decibel photographer in residence

### **decibel**

Our Yorkshire office commissioned Hafsah Naib as **photographer in residence** between January and March 2004, to document culturally diverse arts activity in the region.

This residency was offered, through decibel, as a development opportunity for a photographer at the beginning of their career. The resulting images are being used to increase the visibility and profile of culturally diverse work in Yorkshire.

Hafsah Naib found the residency worthwhile. 'It's got me thinking in more commercial terms, which is what I need at this stage of my career, and opened up potential work opportunities.'

The national decibel programme came to an end on 31 March 2004. One of the last events was **A Free State**, a conference for visual artists, with 50 international speakers, held at the British Museum in London. Set in a context of work from around the world, the conference explored the possibilities of space and the kind of place that would give Black and Asian artists the freedom to create and present their work.

At the end of the conference, Lord Waheed Alli announced the recipients of the **decibel visual arts awards**. Six artists and three curators shared £260,000 to research, make work and develop exhibitions in national arts institutions.

## reporting against our official requirements

The Arts Council has a funding agreement with our sponsoring department, the Department for Culture, Media and Sport (DCMS). This section reports on our performance towards particular strategic priorities and public service targets (PSA targets) in that agreement for the period April 2003 to March 2004.

### **Creative Partnerships**

DCMS strategic priority: Priority 1 – Enhancing access to a fuller cultural and sporting life for children and young people and giving them the opportunity to develop their talents to the full.

The Arts Council's target in this area was to set up 16 Creative Partnerships, which we have achieved.

### **Arts participation**

PSA target 2: to increase significantly the take up of cultural and sporting opportunities by new users aged 20 and above from priority groups.

Arts participation target: to increase in attendance and participation by under-represented groups in arts events.

Our target in this area was to increase attendance by 3% and participation by 2% by under-represented groups in arts events.

## reporting against our official requirements continued

### PSA target 2 – participation

	Attended at least two events – baseline	PSA target 2006	Achieved March 2004	Participated in at least two activities – baseline	PSA target 2006	Achieved March 2004
Disabled people (limiting longstanding illness)	29%	32%	26% <sup>1</sup>	12%	14%	12%
Socially excluded (social class C2, D, E)	23%	26%	26%	10%	12%	9% <sup>1</sup>
Black and minority ethnic	32%	35%	– <sup>2</sup>	15%	17%	– <sup>2</sup>

1 Please note that the apparent decreases in attendance among disabled people and in participation among socially excluded people are not statistically significant.

2 Data not available until April 2005.

### Regularly funded organisation activity

	2003/04 target	2003/04 achieved
Number of commissions of new work by regularly funded organisations	2,650	– <sup>3</sup>
Attendance at regularly funded organisations (thousands)	25,400	– <sup>3</sup>
Attendance at educational sessions of regularly funded organisations (thousands)	2,210	– <sup>3</sup>

3 Data not available until May 2005.

### Evaluation and customer satisfaction

We issued our first customer satisfaction survey in summer 2004.

# grant-in-aid accounts

# Arts Council England grant-in-aid accounts

1 April 2003–31 March 2004

## Trustees' report and foreword

### Introduction

The Arts Council of England, trading as Arts Council England, is a registered charity, charity registration number 1036733.

Arts Council England was established by Royal Charter on 1 April 1994, taking over those responsibilities in England previously discharged by the Arts Council of Great Britain. The objectives of the Arts Council as stated in the Royal Charter, our governing document, are to develop and improve the knowledge, understanding and practice of the arts and to increase accessibility of the arts to the public. To this end, we make grants to artists and arts organisations and engage in other activities on behalf of the sector.

Arts Council England was granted a Supplemental Charter on 31 May 2002. Its purpose was 'to give effect to new arrangements for regionalisation of its structure and activities'. There were no changes to the objects of the Arts Council and the main changes relate to our powers to establish and to delegate powers and functions to regional councils. The charter sets out the new composition of the Council, which includes the chairs of the regional councils.

The address of our principal office is  
14 Great Peter Street, London SW1P 3NQ.

Arts Council England receives grant-in-aid from the Department for Culture, Media and Sport (DCMS) and is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998).

The Arts Council works at arm's length from Government and has the status of a non-departmental public body. As such, we are regulated in accordance with a Financial Memorandum issued by the Secretary of State. We prepare our accounts for grant-in-aid and lottery separately to comply with accounts directions also issued by the Secretary of State.

Our ambitions, as published in *Ambitions for the arts 2003–2006* in February 2003 and followed up in *Ambitions into action*, May 2004, are:

- supporting the artist
- enabling organisations to thrive, not just survive
- championing cultural diversity
- offering opportunities for young people
- encouraging growth
- living up to our values

## Foreword continued

### Internal structure

Arts Council England has nine regional offices, matching the Government's regional boundaries, and a national office. Each region has a council and the 15-strong national Council (details below) includes the chair of each of the regional councils. The national Council met in formal session five times during the year and monitored the work of the chief executive and staff. In addition, a number of advisory panels, while carrying no executive authority, played an important role by providing advice from the arts constituency.

The Executive Board is made up of the Chief Executive, Peter Hewitt, the nine regional executive directors and the four executive directors at the national office for arts, development, external relations, and finance and operations.

## Foreword continued

### Membership of Council

Our Council members are the trustees of Arts Council England. The national Council consists of 15 members, nine of whom also take on the role of chair of one of the regional councils as detailed in brackets below:

Member	Date of appointment	Date of resignation/retirement
Gerry Robinson (Chairman)	January 1998 Chairman May 1998 Renewed January 2001	January 2004
Sir Christopher Frayling (Chair)	February 2004	
Sir Norman Adsetts OBE (Yorkshire)	May 2002	
Tom Bloxham MBE (North West)	May 2002	
Deborah Bull CBE	May 2002	
Paul Collard (North East)	May 2002	September 2004
Deborah Grubb (South East)	May 2002	
Professor Alan Livingston (South West)	May 2002	
Stephen Lowe (East Midlands)	May 2002	
Joanna MacGregor	May 2002	June 2003
Sir Brian McMaster CBE	May 2002	
Elsie Owusu OBE	May 2002	
William Sieghart	May 2002	
Professor Stuart Timperley (East)	May 2002	
Dorothy Wilson (West Midlands)	May 2002	
Lady Sue Woodford Hollick (London)	May 2002	

Dorothy Wilson is chair of the Audit Committee. Sir Norman Adsetts OBE, Paul Collard and Professor Alan Livingston served as members of the committee throughout the year, together with David Brierley CBE as a co-opted member.

## Foreword continued

### Chief executive, chair and Council member appointments

Gerry Robinson was appointed as Chairman of Arts Council England on 1 May 1998 and retired on 31 January 2004. Sir Christopher Frayling took up post as Chair on 1 February 2004. The Chief Executive, Peter Hewitt, was appointed by the Council on 9 March 1998 with the approval of the Secretary of State for Culture, Media and Sport. His contract expires on 31 January 2008.

Council members are appointed by the Secretary of State for Culture, Media and Sport for up to four years and are eligible for re-appointment for a further term of up to four years.

### Review of the year

DCMS provided grant-in-aid of £326 million for the year. This included £15.5 million for the Creative Partnerships programme. The grants that we awarded during the year totalled £277 million.

During the year the 16 Creative Partnerships established in 2002/03 became fully operational, and work began on setting up nine new partnerships. We also launched Grants for the arts – individuals, an open application programme to support individual artists.

The statement of financial activities funded from grant-in-aid shows a surplus for the year of £4.5 million on unrestricted funds. This surplus is due to timing delays on some projects and the planned build up of reserves to cover future expenditure. The majority of

the deficit in the year on restricted funds of £6 million relates to Creative Partnerships. It is the result of spending in 2003/04 to be covered by 2004/05 income and the use of reserves brought forward from 2002/03.

During the year we introduced a comprehensive race equality scheme to take forward our race equality and diversity objectives. By following this, we will make sure that all Arts Council England policies take race equality into consideration and that we support Black and minority ethnic artists and organisations to enable them to create and develop projects that encourage their professional and artistic development. We will also support our clients to ensure that they have race equality action plans, to make race equality a key issue of good practice within the arts sector.

Following the merger of the Arts Council of England with the 10 Regional Arts Boards in April 2002, a new staff structure was implemented in April 2003 after a consultation process undertaken during 2002/03. This new structure included new shared services for finance and human resources, and delegating responsibility for managing the relationship with most regularly funded organisations from the national office to regional offices.

The reorganisation will deliver significant savings in administration costs, (see note 26). These savings will be delivered in stages, and in 2003/04, £5.6 million of savings had been realised. We anticipate further savings once transitional issues have been worked through, for example, rationalising IT systems and relocating offices.

## Foreword continued

### Research activity

Arts Council England's three-year research strategy for 2003–6 is designed to address our strategic objectives, gather the data needed to demonstrate public accountability, evaluate the outcomes of our funding, develop a sound evidence base which can be used to inform and evaluate policy and planning, and provide research findings to help make the case for the arts.

### Grant-making policy

We award and monitor grants in accordance with regulations set out in our Charter and Financial Memorandum. Grant-making decisions are based on our objectives as stated in the Charter and the current funding agreement between Arts Council England and DCMS.

### Reserves

At 31 March 2004, Arts Council England had unrestricted reserves of £18.1 million. Our policy on reserves is to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements of £4–5 million, to cover planned future expenditure and to repay to DCMS grant-in-aid over-committed in previous years, which at 31 March 2004 was £3.9 million. We review this policy and our reserves position annually.

### Employment and training policies and staff participation

The Arts Council is committed to creating a working environment that treats people with fairness and respect, and is free from discrimination, harassment and bullying.

Policies and procedures are geared towards eliminating direct and indirect discrimination, and supporting employees in reaching their full potential.

The Arts Council's training and development programmes are designed to encourage and support all employees in improving performance. Six regional offices have Investors in People recognition and it is hoped the whole organisation will have achieved the award by early 2006. In recognition of our positive approach to recruiting and managing staff with disabilities, we have been awarded the 'Two Ticks' symbol by The Employment Services. We are currently working in partnership with disabled artists and disability-led organisations to produce a disability strategy to address inequalities in service delivery, development issues and access issues within the arts sector and also to inform creative approaches to employing disabled people across our organisation.

In 2003/04, 15% of staff classified themselves as Black, Asian, Chinese or Dual Heritage, and 2% of staff classified themselves as disabled.

We have arrangements to promote effective consultation and communication with all staff. Executive Board and Council activities are disseminated through a system of team briefing meetings and regularly emailed updates, supplemented from time to time by office and directorate meetings. A staff intranet was launched in February 2003. More formally, during 2002/03 the Arts Council recognised the trade unions Amicus and Unison for consultation and collective

## Foreword continued

### Employment and training policies and staff participation continued

bargaining, and established appropriate consultative arrangements to support this.

The National Joint Consultative and Negotiating Committee (NJCNC) handles all core pay, terms and conditions of employment, and HR policies and procedures across the whole organisation. The NJCNC is supported by Local Joint Consultative and Negotiating Committees based in each of the 10 workplaces.

The Arts Council seeks to ensure that the requirements of health and safety legislation are met in the workplace. Health and safety issues of general concern are discussed with Amicus and Unison.

### Other matters

Our banker, from 1 April 2003, is the Co-operative Bank of 78–80 Corn Hill, London EC3V 3NJ.

Our auditor is the Comptroller and Auditor General of 157–197 Buckingham Palace Road, Victoria, London SW1W 9SP.

Hewitt Bacon & Woodrow of 6 More London Place, London SE1 2DA, are the administrators, actuaries, pension and investment consultants to the Arts Council Retirement Plan.

Arts Council England maintains a register of interests of its members, which is available for public inspection by appointment at our Great Peter Street address.

The Arts Council attempts to abide by the Better Payment Practice Code, and in particular to pay bills in accordance with contract. Invoices are normally settled within our suppliers' standard terms, usually 30 days. In 2003/04, 83% of undisputed invoices were paid within 30 days (2002/03: 82%).

### Fixed assets

The additions to fixed assets of £3 million during 2003/04 relate to the refurbishment of our London office, completing the fit out of premises within the Yorkshire Sculpture Park, which houses Arts Council England's sculpture collection, and various IT projects including the installation of a single telephone system replacing the individual systems previously maintained by each office.

### Forward funding

In July 2002, DCMS announced that our funding would be £365.5 million in 2004/05 and £410.5 million in 2005/06.

### Consolidated activities

We prepare separate accounts for our grant-in-aid and lottery activities as required by the Secretary of State. We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following summary results for the two accounts combined for the 2003/04 and 2002/03 financial years.

## Foreword continued

### Consolidated activities – summary

	2003/04 £000s	2002/03 £000s
<b>Income</b>		
Grant-in-aid income	324,955	289,405
Share of proceeds from the National Lottery Distribution Fund	153,913	163,147
Investment returns on the Distribution Fund	7,211	14,623
Other income	10,031	9,121
<b>Total income</b>	<b>496,110</b>	<b>476,296</b>
<b>Expenditure</b>		
Net grant-in-aid grant commitments	276,336	260,679
Other grant-in-aid arts expenditure	32,207	15,168
Net lottery grant commitments	159,466	138,881
Operating costs	46,793	47,396
<b>Total expenditure</b>	<b>514,802</b>	<b>462,124</b>
<b>Exceptional items</b>		
Cost of fundamental reorganisation	90	5,226
<b>Net (outgoing)/incoming resources</b>	<b>(18,782)</b>	<b>8,946</b>
<b>Consolidated reserves brought forward</b>	<b>28,879</b>	<b>19,933</b>
<b>Consolidated reserves carried forward</b>	<b>10,097</b>	<b>28,879</b>

The above figures for net lottery grant commitments include an accounting policy adjustment to reflect grant-in-aid accounting policies (note 1). This has the effect of reducing net grant commitments compared with the figures in the lottery distribution accounts by £7,777,000 in 2003/04 (2002/03: an increase of £21,559,000).

### Statement of trustees' and chief executive's responsibilities

Under the Royal Charter, the Arts Council is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. The accounts are to be prepared on an accruals basis and to show a true and fair view of the Arts Council's state of affairs at the year end and of our incoming resources, resources expended and cash flows for the financial year.

We are required to:

- observe the Accounts Direction\* issued by the Secretary of State, which sets out accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that Arts Council England will continue in operation

The accounting officer for the Department for Culture, Media and Sport has designated the chief executive as accounting officer for the Arts Council. The responsibilities of the accounting officer, which include the responsibility for the propriety and regularity of the finances for which the chief executive is answerable, and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by HM Treasury.

**Peter Hewitt**  
**Chief Executive**  
18 October 2004

**Sir Christopher Frayling**  
**Chair**  
18 October 2004

\*A copy of the Accounts Direction is available from the Accounting Officer, Arts Council England, 14 Great Peter Street, London SW1P 3NQ.

# Statement on internal control

## 1 Scope of responsibility

As accounting officer and representative of the trustees, we have joint responsibility for maintaining a sound system of internal control that supports the achievement of Arts Council England's policies, aims and objectives, while safeguarding the public funds and assets for which we are responsible, in accordance with the responsibilities assigned to us in Government Accounting, together with ensuring compliance with the requirements of Arts Council England's Management Statement and Financial Memorandum.

## 2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Arts Council England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. During 2003/04, we put in place the procedures necessary to implement HM Treasury guidance on risk management.

The Arts Council's policy on risk can be summarised as follows. We will at all times ensure that we meet our statutory reporting and regulatory obligations. We are accountable to the public and will maintain

systems to make sure that we protect our resources. Against this background, risk-taking is acceptable where it has the potential to improve service delivery.

It is our intention that risk-taking is not avoided; it is managed. The key to this approach is understanding the risks we face, their causes and how to control them, and then focusing attention on key risks.

## 3 Capacity to handle risk

We undergo a six-monthly review of our central risk-register. The register captures risks identified by staff across the organisation and categorises them as strategic, operational, financial, external, reputational, human resources or compliance risks. Their impact and likelihood of occurrence are evaluated by senior staff, and a decision taken on whether to tolerate, transfer, terminate or treat the risk. Steps to mitigate against each risk are identified and recorded in the register and assigned to a member of our Executive Board to manage. A summary of the high-level risks is presented to our Audit Committee every six months.

Risk management forms part of our ongoing activity and is addressed as standard practice in our corporate project plans. In autumn 2004 our internal auditors will finish a review of our risk management arrangements, which will include an assessment of our arrangements against HM Treasury's Risk Management Assessment Framework. The auditor's recommendations will inform our approach to further embedding risk management procedures within the

## Statement on internal control continued

### 3 Capacity to handle risk continued

organisation. Risk management continues to be a key element of how we monitor our corporate policies and initiatives. Each corporate project is monitored against milestones and is supported by a risk management plan.

During 2004/05, we will review how effectively the revised risk management policy has become part of management arrangements across all offices. This will be supplemented by a review of training requirements. We have also shared our risk management policy with other lottery distributors and the review will be in the context of this cross-distributor discussion.

The terms of reference of the Audit Committee have been amended to reflect its role in relation to risk management outlined below.

### 4 The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. Arts Council England has established the following processes:

- a) A national Council, made up of the trustees of Arts Council England, which has defined responsibilities and a code of practice which include:
  - strategic planning and control, including approval each year of a corporate plan and approval of the overall budget allocation on a three-year basis
  - delegating responsibility for specific matters to the regional councils
  - being accountable for public funds, ensuring that Arts Council England conducts our operations economically, efficiently and effectively
  - approving the annual report and accounts
  - ensuring that Arts Council England fulfils our obligations as an employer and complies with all relevant legislation
- b) An Audit Committee with agreed terms of reference which include:
  - reviewing the Arts Council's internal and external financial statements to ensure they reflect best practice
  - considering internal and external audit reports and reviewing the Arts Council's relationship with our internal and external auditors
  - reviewing the effectiveness of the Arts Council's internal control system, including the review of our risk management policy and risk-register
  - reporting to the national Council on the above duties
- c) An Executive Board and Management Committee sub group with defined terms of reference which include:
  - establishing the corporate policy on high level issues and overseeing the implementation of nationally agreed policies and plans
  - receiving and monitoring financial information relevant to the Arts Council's overall management responsibilities
  - taking decisions within delegated powers and approving further delegation as appropriate

## Statement on internal control continued

### 4 The risk and control framework continued

d) An internal audit function that operates to standards defined in the Government Internal Audit Standards and whose programme of work is agreed and monitored by the Audit Committee. Internal auditors base their annual internal audit plans on an analysis of the risk to which the Arts Council is exposed. This analysis of risk plans is endorsed by the Arts Council's Audit Committee and approved by us. At least annually, the head of internal audit reports on internal audit activity in the Arts Council. The report includes the head of internal audit's independent opinion on the adequacy and effectiveness of the Arts Council's system of internal control

During 2003/04, following the introduction of the new organisational structure, Arts Council England put in place procedures and policies necessary to establish a sound system of internal control. These included procedures relating to risk management, a revised monitoring policy for regularly funded organisations, procedures in relation to the new open application grant programmes and shared finance and human resource functions with centralised payroll and personnel systems, a single ledger system and centralised payment function. These procedures were all in place by March 2004.

**Peter Hewitt**  
**Chief Executive**  
18 October 2004

### 5 Review of effectiveness

As accounting officer and representative of the trustees, we have responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Board, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by Executive Board and the Audit Committee and plan to address weaknesses and ensure continuous improvement of the system in place.

**Sir Christopher Frayling**  
**Chair**  
18 October 2004

# The certificate and report of the comptroller and auditor general to the trustees of Arts Council England

I have audited the financial statements on pages 50 to 73 under the Charities Act 1993. These financial statements have been prepared in the form directed by the Secretary of State and approved by HM Treasury; they have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 54 to 56.

## **Respective responsibilities of the trustees, the chief executive and the auditor**

As described on page 44, the trustees and the chief executive as accounting officer are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions funded via Parliament. The trustees and chief executive are also responsible for the preparation of the foreword and the contents of the annual review. I have been appointed as auditor under Section 43 of the Charities Act 1993, and report in accordance with regulations made under Section 44 of the Charities Act 1993. In discharging my responsibilities, as independent auditor, I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993 and the directions made by the Secretary of State, and whether in all material respects the expenditure, income

and resources funded via Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the foreword and other contents of the annual review are not consistent with the financial statements, if the Arts Council has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the annual review and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 45 to 47 reflects Arts Council England's compliance with HM Treasury's guidance on the statement on internal control. I report if it does not meet the requirements specified by HM Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the accounting officer's statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of Arts Council England's corporate governance procedures or its risk and control procedures.

# The certificate and report of the comptroller and auditor general to the trustees of Arts Council England

continued

## Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees and chief executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to Arts Council England's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error or by fraud or by other irregularity and that, in all material respects, the expenditure, income and resources funded via Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Arts Council England as at 31 March 2004 and of the incoming resources, application of resources and cash flows for the year then ended and have been properly prepared in accordance with the Charities Act 1993 and the directions made by the Secretary of State; and
- in all material respects the expenditure, income and resources funded via Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**John Bourn**

**Comptroller and Auditor General**

25 October 2004

National Audit Office  
157–197 Buckingham Palace Road  
Victoria, London SW1W 9SP

The maintenance and integrity of Arts Council England's website is the responsibility of the Accounting Officer. My work does not involve consideration of these matters and accordingly I accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

# Statement of financial activities

## For the year ended 31 March 2004

	Note	Unrestricted funds £000s	Restricted funds £000s	Total 2003/04 £000s	Total 2002/03 £000s
<b>Incoming resources</b>					
Grant-in-aid income	2	309,455	15,500	324,955	289,405
Investment income		663	0	663	848
Other incoming resources	3	3,698	5,082	8,780	7,712
<b>Total incoming resources</b>		<b>313,816</b>	<b>20,582</b>	<b>334,398</b>	<b>297,965</b>
<b>Resources expended</b>					
<b>Charitable expenditure</b>					
Grant commitments made in the year	4	275,074	1,965	277,039	261,330
Less: lapsed and revoked commitments		(655)	(48)	(703)	(651)
Net grant commitments		274,419	1,917	276,336	260,679
Other arts expenditure	5	12,102	20,105	32,207	15,168
Support costs	6	19,781	4,521	24,302	21,356
Management and administration	6	17,820	0	17,820	19,197
<b>Resources expended before costs apportioned to lottery</b>		<b>324,122</b>	<b>26,543</b>	<b>350,665</b>	<b>316,400</b>
Costs apportioned to Arts Council lottery accounts	13	(14,907)	0	(14,907)	(18,058)
<b>Total resources expended</b>		<b>309,215</b>	<b>26,543</b>	<b>335,758</b>	<b>298,342</b>
<b>Net incoming/(outgoing) resources before exceptional items</b>		<b>4,601</b>	<b>(5,961)</b>	<b>(1,360)</b>	<b>(377)</b>
<b>Exceptional items</b>					
Cost of fundamental reorganisation	29	(71)	0	(71)	(3,019)
<b>Net incoming/(outgoing) resources after exceptional items</b>		<b>4,530</b>	<b>(5,961)</b>	<b>(1,431)</b>	<b>(3,396)</b>
<b>Notional costs</b>					
Cost of capital	10	(589)	0	(589)	(1,196)
<b>Net incoming/(outgoing) resources after notional costs</b>		<b>3,941</b>	<b>(5,961)</b>	<b>(2,020)</b>	<b>(4,592)</b>
Reversal of notional costs		589	0	589	1,196
<b>Net incoming/(outgoing) resources for the year</b>	11	<b>4,530</b>	<b>(5,961)</b>	<b>(1,431)</b>	<b>(3,396)</b>
(Loss) on sale of tangible fixed assets	12	(9)	0	(9)	0
Profit on sale of tangible fixed assets	12	2	0	2	0
<b>Net movement in funds</b>		<b>4,523</b>	<b>(5,961)</b>	<b>(1,438)</b>	<b>(3,396)</b>
Balance brought forward at 1 April		13,605	4,638	18,243	21,639
<b>Balance carried forward at 31 March</b>		<b>18,128</b>	<b>(1,323)</b>	<b>16,805</b>	<b>18,243</b>

## Summary income and expenditure account

For the year ended 31 March 2004

	2003/04 £000s	2002/03 £000s
Gross income of continuing operations	334,398	297,965
(Loss) on sale of fixed assets	(9)	0
Gain on sale of fixed assets	2	0
Total income of continuing operations	<u>334,391</u>	<u>297,965</u>
Total expenditure of continuing operations	335,829	301,361
Net income/(expenditure) before investment asset and revaluation gains	<u>(1,438)</u>	<u>(3,396)</u>

The notes on pages 54 to 73 form part of these accounts.

# Balance sheet

As at 31 March 2004

	Note	Unrestricted funds £000s	Restricted funds £000s	Endowment funds £000s	Total 31 March 2004 £000s	Total 31 March 2003 £000s
<b>Fixed assets</b>						
Tangible assets	12	<u>9,283</u>	<u>0</u>	<u>851</u>	<u>10,134</u>	<u>8,214</u>
		9,283	0	851	10,134	8,214
<b>Current assets</b>						
Stocks	14	13	0	0	13	13
Debtors	15	6,276	211	0	6,487	4,385
Grant-in-aid receivable	2	1,000	0	0	1,000	1,000
Due from Arts Council lottery accounts		7,146	0	0	7,146	7,284
Grants paid in advance		12,247	0	0	12,247	8,779
Cash at bank and in hand		<u>2,249</u>	<u>884</u>	<u>38</u>	<u>3,171</u>	<u>12,521</u>
		28,931	1,095	38	30,064	33,982
<b>Creditors: amounts falling due within one year</b>						
Grants outstanding		17,685	0	0	17,685	18,925
Creditors	16	<u>5,275</u>	<u>3,307</u>	<u>0</u>	<u>8,582</u>	<u>8,902</u>
		22,960	3,307	0	26,267	27,827
Net current assets		<u>5,971</u>	<u>(2,212)</u>	<u>38</u>	<u>3,797</u>	<u>6,155</u>
Grant-in-aid receivable in over one year	2	2,874	0	0	2,874	3,874
Total assets less current liabilities		<u>18,128</u>	<u>(2,212)</u>	<u>889</u>	<u>16,805</u>	<u>18,243</u>
<b>Represented by income funds</b> 22						
Unrestricted fund		14,670	0	0	14,670	10,309
Restricted fund		0	(2,212)	0	(2,212)	4,078
<b>Represented by capital funds</b> 22						
Endowment fund		0	0	38	38	38
Designated fund		3,458	0	0	3,458	3,296
Donated asset reserve		<u>0</u>	<u>0</u>	<u>851</u>	<u>851</u>	<u>522</u>
		18,128	(2,212)	889	16,805	18,243

The notes on pages 54 to 73 form part of these accounts.

Peter Hewitt, Chief Executive

Sir Christopher Frayling, Chair

18 October 2004

## Cash flow statement

For the year ended 31 March 2004

	Note	2003/04 £000s	2002/03 £000s
<b>Operating activities</b>			
Grant-in-aid received		325,955	290,405
Other cash receipts		6,504	8,372
Grants paid to arts organisations and other bodies		(281,044)	(259,153)
Cash paid to and on behalf of employees		(24,565)	(22,841)
Net cash movements relating to the Arts Council lottery accounts		138	(4,014)
Cash payment relating to fundamental reorganisation		(71)	(3,019)
Other cash payments (net)		(34,275)	(10,654)
<b>Net cash (outflow)/inflow from operating activities</b>	23	<u>(7,358)</u>	<u>(904)</u>
<b>Returns on investments and servicing of finance</b>			
Interest received on short-term cash deposits		663	848
<b>Net cash inflow from returns on investments</b>		<u>663</u>	<u>848</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(2,655)	(2,095)
<b>Net cash outflow from capital expenditure</b>		<u>(2,655)</u>	<u>(2,095)</u>
<b>(Decrease)/increase in cash</b>	24	<u>(9,350)</u>	<u>(2,151)</u>

The notes on pages 54 to 73 form part of these accounts.

# Notes to the grant-in-aid accounts

## 1 Accounting policies

### a) Basis of accounts

We have prepared these accounts in accordance with the revised Accounts Direction issued by the Secretary of State for Culture, Media and Sport in May 2002. They meet the requirements of the Companies Acts, and of the Statements of Standard Accounting Practice/Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as those requirements are appropriate. The accounts are presented in accordance with the Statement of Recommended Practice (SORP) issued by the Charity Commission in October 2000.

The accounts are prepared on a historic cost basis. The Accounts Direction requires the inclusion of fixed assets at their value to the business by reference to current costs. However, for 2003/04, the values of fixed assets expressed in current cost terms, with the exception of the works of the art collection and freehold land and buildings, are not materially different to historic costs. Therefore these fixed assets are shown at historic cost on the balance sheet. Freehold land and buildings are revalued periodically to current market value and are included at this valuation on the balance sheet.

Separate accounts have been prepared for the Arts Council's lottery activities, in accordance with the directions issued by the Secretary of State, which follow different accounting policies. Grant commitments are recognised in the lottery accounts once grant offers are accepted. Grant commitments in the grant-in-aid accounts are recognised when the offer is issued. Consequently, in the opinion of the trustees, it is not possible to prepare full consolidated accounts covering both grant-in-aid and lottery activities as it would

not provide a fair view of the application of the Arts Council's resources. In this respect, we have not been able to comply with paragraph 82 of the SORP issued by the Charity Commission in October 2000. However, we have included a summary of the consolidated figures for our combined activities and an estimate of the impact of the change in accounting policy on the lottery accounts in the foreword to the accounts, on page 42.

### b) Incoming resources

All income is accounted for on a receivable basis. Grant-in-aid from the Department for Culture, Media and Sport allocated to general purposes is taken to the statement of financial activities in the year in which it is received.

### c) Expenditure

Grant expenditure is charged to the statement of financial activities in the year in which funded activities take place. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors. Grant commitments made in the year relating to future years' activity as disclosed in note 17 of the accounts are not charged to the statement of financial activities, as we cannot register grant-in-aid to match against these commitments before we have received it. The trustees do not believe this would provide a true and fair view of the Arts Council's resources. In this respect, we have not been able to comply with paragraph 119 of the SORP issued by the Charity Commission in October 2000. Any advance payments to funded organisations in anticipation of grants to be charged in the following financial year are shown as assets in the balance sheet.

Other arts expenditure relates to expenditure directly supporting the arts other than grants.

## Notes to the grant-in-aid accounts *continued*

### 1 Accounting policies *continued*

This includes the cost of delivering major arts policies and projects.

Support costs comprise operational expenditure, including staff costs, directly attributable to charitable activities.

Management and administration costs are those incurred in connection with managing our assets, corporate support services, and compliance with constitutional and statutory requirements.

#### d) Depreciation and fixed assets

Depreciation is provided on all tangible fixed assets (excluding freehold land and works of art) at rates calculated to write off the cost less estimated residual value of each asset systematically over its expected useful life as follows:

- freehold buildings: 50 years
- leasehold buildings: life of the lease
- equipment, fixtures and fittings: four years
- motor vehicles: four years

A full year's depreciation is provided in the year of an asset's acquisition, and none in the year of its disposal. Software costs are written off in full in the year of acquisition. Donated fixed assets are capitalised and included as income at market value in the year in which they are received. All individual assets valued greater than £2,000 are capitalised, except our freehold interests in the South Bank Centre and the National Theatre as described in notes 20 and 21 of these accounts.

#### e) Stocks

Stocks are stated at the lower of cost and net realisable value, which is based on anticipated future sales.

#### f) Leases

Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the life of the lease.

#### g) Taxation

Arts Council England is a registered charity (No 1036733) and is eligible under the Income and Corporation Taxes Act 1988 to seek from the Inland Revenue exemption from taxes on income arising from its charitable objectives. The Inland Revenue has granted this exemption. Accordingly, no taxation has been provided for in these accounts.

#### h) Pensions

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund. However, as these are multi-employer schemes, we cannot identify our share of the underlying assets and liabilities. We have therefore accounted for the schemes as if they were defined contribution schemes, in accordance with FRS 17 *Retirement Benefits*, with the costs of the schemes charged to the statement of financial activities.

#### i) Apportioned costs

Arts Council England incurs indirect costs which are shared between activities funded from grant-in-aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas on a full cost basis in accordance with good accounting practice.

The notes to the statement of financial activities are shown before costs apportioned to the Arts Council lottery distribution accounts.

## Notes to the grant-in-aid accounts *continued*

### 1 Accounting policies *continued*

#### j) Notional costs

In accordance with HM Treasury guidance, the notional cost of capital is charged in the statement of financial activities in arriving at a net incoming/(outgoing) resources figure. This is then added back in the statement of financial activities, and so no provision is included on the balance sheet.

### 2 Grant-in-aid income

	Unrestricted funds £000s	Restricted funds £000s	Total 2003/04 £000s	Total 2002/03 £000s
Cash grant-in-aid voted by Parliament and paid in full	310,455	0	310,455	280,655
Creative Partnerships	0	15,500	15,500	9,750
	<u>310,455</u>	<u>15,500</u>	<u>325,955</u>	<u>290,405</u>
Less: grant-in-aid receivable at 31 March 2003	4,874	0	4,874	5,874
	<u>305,581</u>	<u>15,500</u>	<u>321,081</u>	<u>284,531</u>
Plus: grant-in-aid receivable outstanding as at 31 March 2004	3,874	0	3,874	4,874
Grant-in-aid as shown in the statement of financial activities	<u>309,455</u>	<u>15,500</u>	<u>324,955</u>	<u>289,405</u>

### 3 Other income

	Unrestricted funds £000s	Restricted funds £000s	Total 2003/04 £000s	Total 2002/03 £000s
Grants, sponsorship and donations received	6	4,467	4,473	3,589
Donated assets: works of art*	0	329	329	0
Conference fees	24	16	40	37
Local authority subscriptions	3,250	0	3,250	3,724
Publications and royalties	5	0	5	18
Profit/(loss) on sale of fixed assets	0	0	0	1
Film production income	0	25	25	77
Sundry	413	245	658	266
	<u>3,698</u>	<u>5,082</u>	<u>8,780</u>	<u>7,712</u>

\*The donated asset income was a donation from Charles Saatchi to the Arts Council Collection.

## Notes to the grant-in-aid accounts *continued*

### 3 Other income *continued*

	Unrestricted funds £000s	Restricted funds £000s	Total 2003/04 £000s	Total 2002/03 £000s
Grants, sponsorship and donations are analysed as follows:				
Arts Council of Northern Ireland	0	200	200	0
Channel 4	0	80	80	0
Commission for Architecture and the Built Environment	0	68	68	0
Department for Culture, Media and Sport	0	0	0	200
Department for Education and Skills	0	618	618	100
East Midlands Development Agency	0	143	143	0
Economic Initiatives Group	0	75	75	0
European Regional Development Fund	0	806	806	69
European Social Fund	0	1,211	1,211	403
Henry Moore Foundation	0	0	0	158
Manchester Council	0	160	160	256
National College for School Leadership	0	52	52	50
North West Development Agency	0	226	226	113
One NorthEast	0	400	400	370
Resource	0	0	0	60
Scottish Arts Council	0	170	170	0
UK Film Council	0	0	0	81
Wellcome Trust	0	0	0	75
Youth Justice Board England and Wales	0	0	0	1,163
Other	6	258	264	491
	<u>6</u>	<u>4,467</u>	<u>4,473</u>	<u>3,589</u>

### 4 Grants

	Unrestricted funds £000s	Restricted funds £000s	Total 2003/04 £000s	Total 2002/03 £000s
Grants by office:				
East	7,718	0	7,718	7,199
East Midlands	8,885	0	8,885	7,106
London	133,780	0	133,780	34,221
North East	11,132	1,040	12,172	9,976
North West	19,158	449	19,607	17,604
South East	12,063	14	12,077	12,813
South West	12,130	25	12,155	7,392
West Midlands	32,534	2	32,536	10,645
Yorkshire	21,305	0	21,305	10,719
National*	16,369	435	16,804	143,655
	<u>275,074</u>	<u>1,965</u>	<u>277,039</u>	<u>261,330</u>

\* With effect from 1 April 2003, we transferred most national office clients to our regional offices.

## Notes to the grant-in-aid accounts *continued*

### 5 Other arts expenditure by office

	Unrestricted funds £000s	Restricted funds £000s	Total 2003/04 £000s	Total 2002/03 £000s
East	175	0	175	1,205
East Midlands	755	270	1,025	641
London	641	0	641	156
North East	431	178	609	195
North West	548	202	750	458
South East	354	1	355	312
South West	657	26	683	595
West Midlands	710	27	737	773
Yorkshire	249	45	294	305
National	7,582	145	7,727	6,786
Creative Partnerships	0	19,211	19,211	3,742
	<u>12,102</u>	<u>20,105</u>	<u>32,207</u>	<u>15,168</u>

Other expenditure that directly supports the arts is distinguished separately from our operational costs. In line with the requirements of the Statement of Recommended Practice issued by the Charity Commission, operational costs are then split between support costs, and management and administration (note 6).

### 6 Support costs, and management and administration

	Support costs unrestricted £000s	Support costs restricted £000s	Management & administration £000s	Total 2003/04 £000s	Total 2002/03 £000s
Staff costs	14,329	2,705	6,663	23,697	22,841
Depreciation	598	31	220	849	644
Travelling, subsistence and entertainment	672	263	1,142	2,077	1,662
Rent and rates	3,232	228	1,197	4,657	4,198
Agency staff costs	443	240	2,039	2,722	2,285
Professional fees	211	109	980	1,300	2,295
Office and sundry	193	794	4,008	4,995	4,718
Irrecoverable Value Added Tax	103	151	1,571	1,825	1,910
	<u>19,781</u>	<u>4,521</u>	<u>17,820</u>	<u>42,122</u>	<u>40,553</u>

## Notes to the grant-in-aid accounts *continued*

### 7 Staff costs

	2003/04 £000s	2002/03 £000s
Salaries and wages	20,391	18,851
Employer's National Insurance	1,814	1,470
Employer's pension contributions	2,360	2,158
Payment to former Regional Arts Board pension providers	0	588
	<u>24,565</u>	<u>23,067</u>

Staff costs include £nil (2002/03: £226,000) for the team working on the reorganisation, which has been included as an exceptional item in the accounts, and £868,000 (2002/03: £nil) for staff involved in direct delivery of programmes included in other arts expenditure in note 5 above.

The payments to former Regional Arts Board pension providers relates to sums due to make good the deficits relating to ex-Regional Arts Board staff.

It is part of Council members' duties to assess artistic work. The cost of their tickets for attendance at performances and events is met by the Arts Council. In 2003/04, the total cost of tickets purchased for this purpose was £9,000 (2002/03: £9,000).

The average number of employees during the year was made up as follows:

	2003/04	2002/03
Direct delivery of programmes	22	0
Creative Partnerships	65	19
Support	425	475
Management and administration	164	163
	<u>676</u>	<u>657</u>

The number of employees whose remuneration exceeded £50,000 for the year are detailed below. These figures do not include executive directors who are listed in note 8 below.

	2003/04	2002/03
Emoluments for the year:		
£50,000–£59,999	19	17
£60,000–£69,999	2	2
£70,000–£79,999	2	1

## Notes to the grant-in-aid accounts *continued*

### 8 Council members' and executive directors' remuneration

#### 8a) Council members' remuneration

We paid nine members of Council who are also chairs of regional councils remuneration of £6,000 each during 2003/04 (2002/03: £5,000). The Chair and remaining members of Council received no remuneration during 2003/04 (2002/03: £nil).

#### 8b) Executive directors' remuneration

The remuneration of our executive directors for the year ended 31 March 2004 was:

	Salary	Pension	Benefits in kind	Bonus	Total remuneration 2003/04	Total remuneration 2002/03
	£000s	£000s	£000s	£000s	£000s	£000s
Peter Hewitt (Chief Executive)	127	15	0	10	152	146
Wendy Andrews (External Relations)	2	0	0	0	2	83
Nick Capaldi (South West)	62	9	0	2	73	56
Andy Carver (Yorkshire)	62	9	0	2	73	63
Clive Caseley (External Relations)	69	10	0	1	80	n/a
Andrew Dixon (North East)	72	11	0	6	89	80
Laura Dyer (East Midlands)	60	9	0	1	70	67
Michael Eakin (North West)	77	11	0	4	92	87
Kim Evans (Arts)	125	13	0	10	148	145
Helen Flach (East Midlands)	16	2	0	0	18	n/a
Keith Harrison (Finance & Operations)	75	11	0	5	91	87
Felicity Harvest (South East)	62	9	0	2	73	78
Sally Luton (West Midlands)	68	10	0	4	82	67
Andrea Stark (East)	74	11	0	6	91	88
Pauline Tambling (Development)	76	12	0	4	92	91
Sarah Weir (London)	76	12	0	5	93	n/a

Peter Hewitt is on a fixed contract which expires in January 2008. All other executive directors are on permanent contracts. Clive Caseley took up post on 22 April 2003, and Sarah Weir on 28 April 2003. Wendy Andrews left the organisation on 30 April 2003 and received a redundancy payment of £55,000 plus £18,000 pay in lieu of notice. Laura Dyer started maternity leave on 11 January 2004 and Helen Flach took up the post of acting Executive Director, East Midlands on 5 January 2004.

## Notes to the grant-in-aid accounts *continued*

### 8 Council members' and executive directors' remuneration *continued*

Details of the pension entitlements for our executive directors for the year ended 31 March 2004 were:

	Accrued pension at 31 March 2004 £000s	Pension increase in the year (net of inflation) 2003/04 £000s	Cash equivalent transfer value at 31 March 2004 £000s	Increase in cash equivalent transfer value (net of inflation) £000s	Cash equivalent transfer value at 31 March 2003 £000s
Peter Hewitt (Chief Executive)	96	5	260	43	213
Nick Capaldi (South West)	48	10	144	34	108
Andy Carver (Yorkshire)	34	6	115	23	90
Clive Caseley (External Relations)	3	3	5	5	0
Andrew Dixon (North East)	72	10	228	36	189
Laura Dyer (East Midlands)	6	3	15	8	7
Michael Eakin (North West)	8	4	20	10	10
Kim Evans (Arts)	22	5	64	20	43
Helen Flach (East Midlands)	61	10	246	48	195
Keith Harrison (Finance & Operations)	17	5	32	11	21
Felicity Harvest (South East)	7	4	23	14	9
Sally Luton (West Midlands)	7	4	23	14	9
Andrea Stark (East)	8	4	20	11	9
Pauline Tambling (Development)	58	5	143	27	114
Sarah Weir (London)	4	4	8	8	0

### 9 Pensions

We are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund, and also contribute to a group personal pension arrangement.

#### Arts Council Retirement Plan (1994)

The scheme is a defined benefit scheme. However, because it is a multi-employer scheme, we are unable to identify our share of the underlying assets and liabilities. So, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with FRS 17 *Retirement Benefits*.

## Notes to the grant-in-aid accounts *continued*

### 9 Pensions *continued*

The scheme is financed by payments by Arts Council England and employees into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by a leading fund management company. The net market value of the scheme's assets at 31 March 2004 was £27,055,000.

An actuarial valuation of the pension fund takes place every three years. At the last valuation on 1 April 2002, the actuarial value of the assets using the projected unit method was sufficient to cover 87% of the value accrued to members, a deficit of £4,200,000. As a result, and on the advice of the actuary, we increased our employer's contribution to 15.2% with effect from 1 April 2003 and then to 19.2% with effect from 1 April 2004.

The main long-term assumptions used for the actuarial valuation were:

Price inflation rate	2.8%
Rate of pay increases	4.3%
Rate of pension increases	2.8%

Amounts due to the fund at 31 March 2004 were £nil (31 March 2003: £nil).

#### **West Yorkshire Pension Fund**

We are an admitted member of the West Yorkshire Pension Fund. The scheme is a defined benefit scheme. However, because it is a multi-employer scheme, we are unable to identify our share of the underlying assets and liabilities. So, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with FRS 17 *Retirement Benefits*.

The net market value of total scheme assets at 31 March 2004 was £4,578,623,000.

An actuarial valuation of the pension fund takes place every three years. At the last valuation on 31 March 2001, the actuarial value of the assets using the projected unit method was sufficient to cover 107% of the value accrued to members. From 1 April 2003, employer contributions were set at 15%.

## Notes to the grant-in-aid accounts *continued*

### 9 Pensions *continued*

The main long-term assumptions used for the actuarial valuation were:

Rate of interest	6.5%
Rate of pay increases	4.0%
Rate of pension increases	2.5%

Amounts due to the fund at 31 March 2004 were £nil (31 March 2003: £nil).

#### **Axa Sun Life**

Arts Council England contributes to a group personal pension arrangement in respect of some London office employees. All contributions are charged to the income and expenditure account as they arise. At 31 March 2004, amounts due to the fund were £nil.

#### **Legacy Regional Arts Board pension schemes**

All active Regional Arts Board pension members, except those from London Arts, transferred to the West Yorkshire Pension Fund on 1 April 2002. However, their past service remained with the legacy pension provider as detailed below:

East England Arts	Cambridgeshire Council
East Midlands Arts	Nottingham Council
Northern Arts	Tyne & Wear Pension Fund
North West Arts	Greater Manchester Pension Fund
Southern Arts	Hampshire Pensions Trust
South East Arts	Surrey Council
South West Arts	Devon Council
West Midlands Arts	Staffordshire Council
Yorkshire Arts	Remained in West Yorkshire Pension Fund

Arts Council England is responsible for meeting any further liabilities relating to Regional Arts Board employees which arise in respect of these funds. Liabilities in relation to two schemes were settled in previous financial years. Negotiations are under way with another regarding potential liabilities. The remaining schemes have not indicated that any liability exists. No provision has been made in these accounts for potential sums payable, because of the uncertain nature of these liabilities.

## Notes to the grant-in-aid accounts *continued*

### 10 Notional costs

Notional cost of capital is calculated as 3.5% (2002/03: 6%) of the average net assets employed by the Arts Council in the year.

### 11 Net outgoing resources for the year

	2003/04 £000s	2002/03 £000s
Net outgoing resources are stated after charging:		
(a) auditors' remuneration	56	51
(b) operating leases	4,009	2,548
(c) Council members' travel, subsistence and hospitality	0	45
(d) insurance: trustees' and senior officers' indemnity	0	14

### 12 Tangible fixed assets

	Land and buildings £000s	Equipment and fixtures and fittings £000s	Vehicles £000s	Works of art £000s	Total £000s
Costs at 1 April 2003	5,275	2,238	14	3,509	11,036
Additions	1,627	867	0	491	2,985
Less: disposals	(133)	(1,270)	(14)	0	(1,417)
<b>Cost at 31 March 2004</b>	<b>6,769</b>	<b>1,835</b>	<b>0</b>	<b>4,000</b>	<b>12,604</b>
Depreciation at 1 April 2003	1,367	1,444	11	0	2,822
Less: depreciation on disposals	(20)	(1,230)	(11)	0	(1,261)
Provided for 2003/04	393	516	0	0	909
<b>Depreciation at 31 March 2004</b>	<b>1,740</b>	<b>730</b>	<b>0</b>	<b>0</b>	<b>2,470</b>
<b>Net book value at 31 March 2004</b>	<b>5,029</b>	<b>1,105</b>	<b>0</b>	<b>4,000</b>	<b>10,134</b>
Net book value at 31 March 2003	3,908	794	3	3,509	8,214

The net book value of land and buildings comprises:

	31 March 2004 £000s	31 March 2003 £000s
Freehold	998	1,203
Short leasehold improvements	4,031	2,705
	<b>5,029</b>	<b>3,908</b>

## Notes to the grant-in-aid accounts *continued*

### 12 Tangible fixed assets *continued*

#### Art collection

The Arts Council Collection has been valued by the curator at £40,404,000 at 31 March 2004 (31 March 2003: £38,253,000).

The purpose of the collection is to increase the understanding and appreciation of contemporary art and to widen the audience for contemporary art through loans to other galleries, public institutions and exhibitions. It is not held for investment or resale, and is shown in the balance sheet at cost.

### 13 Costs apportioned to Arts Council lottery distribution accounts

Directions issued by the Secretary of State require that costs incurred which relate to both grant-in-aid and lottery activities should be apportioned between the two in accordance with good accounting practice. So, we have apportioned them accordingly, based on an assessment of time spent on each activity. Costs associated with Creative Partnerships are excluded from this assessment.

### 14 Stock

	31 March 2004 £000s	31 March 2003 £000s
Publications	<u>13</u>	<u>13</u>
	<u>13</u>	<u>13</u>

### 15 Debtors

	31 March 2004 £000s	31 March 2003 £000s
Trade debtors	1,789	918
Other debtors	2,723	1,979
Prepayments and accrued income	<u>1,975</u>	<u>1,488</u>
	<u>6,487</u>	<u>4,385</u>

## Notes to the grant-in-aid accounts *continued*

### 16 Creditors: amounts falling due within one year

	31 March 2004 £000s	31 March 2003 £000s
Trade creditors	1,722	1,074
Other creditors including taxes and social security	151	293
Accruals and deferred income	6,709	7,535
	<u>8,582</u>	<u>8,902</u>

### 17 Grant offers

	31 March 2004 £000s	31 March 2003 £000s
Forward funding:		
2003/04	n/a	255,331
2004/05	232,085	280,082
2005/06	245,798	300,797
	<u>477,883</u>	<u>836,210</u>

Forward funding at 31 March 2004 mainly represents allocations for regularly funded organisations for the three-year funding cycle 2003/04 to 2005/06 that were confirmed before the year end.

### 18 Leases

At 31 March 2004 the Arts Council had annual commitments under non-cancellable operating leases as set out below.

	Land & buildings 31 March 2004 £000s	Land & buildings 31 March 2003 £000s
Operating leases which expire:		
within one year	131	606
within two and five years inclusive	784	720
over five years	2,539	2,392
	<u>3,454</u>	<u>3,718</u>

### 19 Capital commitments

There were contracted capital commitments at 31 March 2004 of £nil (31 March 2003: £702,000).

## Notes to the grant-in-aid accounts *continued*

### 20 South Bank Centre lease

The Arts Council owns the freeholds of the National Film Theatre, the Museum of the Moving Image, the Hayward Gallery, the Queen Elizabeth Hall, the Purcell Room and the Royal Festival Hall, which are leased to the South Bank Centre. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

### 21 National Theatre lease

The Arts Council owns the freehold of the National Theatre, which is leased to and occupied by the Royal National Theatre Board Limited. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

### 22 Reconciliation of movements in funds

	At 1 April 2003 £000s	Income £000s	Expenditure £000s	Transfers £000s	At 31 March 2004 £000s
<b>Income funds</b>					
Unrestricted fund	10,104	313,816	(309,293)	(162)	14,465
Revaluation reserve	205	0	0	0	205
<b>Restricted funds</b>					
Creative Partnerships	3,550	16,110	(23,731)	0	(4,071)
Other restricted funds	528	4,143	(2,812)	0	1,859
<b>Capital funds</b>					
Designated fund	3,296	0	0	162	3,458
Donated asset reserve	522	329	0	0	851
Endowment fund	38	0	0	0	38
	<u>18,243</u>	<u>334,398</u>	<u>(335,836)</u>	<u>0</u>	<u>16,805</u>

### Description of funds

#### Income funds

##### a) Unrestricted fund

Grant-in-aid is received from the Department for Culture, Media and Sport. This is the Arts Council's main source of income, and is supplemented by other income. This fund is applied to grants expenditure and the running costs of the Arts Council.

## Notes to the grant-in-aid accounts *continued*

### 22 Reconciliation of movements in funds *continued*

#### b) Revaluation reserve

This relates to the unrealised surplus on revalued freehold properties.  
See note 12.

#### c) Restricted funds

The Arts Council receives grants, sponsorship and donations from various sources for specific activities. Any such income and associated expenditure is identified separately. The balance is represented as follows:

	31 March 2004 £000s	31 March 2003 £000s
Department for Culture, Media and Sport (Creative Partnerships)	(4,071)	3,550
Department for Culture, Media and Sport (other)	200	200
Department for Education and Skills	0	100
European Regional Development Fund	785	169
European Social Fund	738	0
Other	136	59
	<u>(2,212)</u>	<u>4,078</u>

### Capital funds

#### a) Designated fund

This fund relates to capital expenditure on works of art allocated from the unrestricted fund.

#### b) Donated asset reserve

This fund relates to donations received by the Arts Council for obtaining works of art for our collection.

#### c) Endowment fund

This fund relates to a bequest. Under the terms of the bequest, income is applied to provide prizes or scholarships for artists and sculptors.

## Notes to the grant-in-aid accounts *continued*

### 23 Cash flow reconciliation

	2003/04 £000s	2002/03 £000s
Reconciliation of operating (deficit)/surplus to net cash inflow from operating activities		
Operating deficit	(1,435)	(3,396)
Interest receivable	(663)	(848)
Depreciation charges	909	644
Loss on disposal of fixed assets	7	0
(Increase)/decrease in stocks	0	(3)
Donated assets	(329)	0
Fixed assets written off in year	155	0
(Increase)/decrease in debtors and prepayments	(974)	(2,351)
Decrease/(increase) in grants paid in advance	(3,468)	780
Increase/(decrease) in grants outstanding	(1,240)	967
Increase/(decrease) in creditors	(320)	3,303
Net cash (outflow)/inflow from operating activities	<u>(7,358)</u>	<u>(904)</u>

### 24 Reconciliation of net cash flow to movement in funds

	2003/04 £000s	2002/03 £000s
(Decrease)/increase in cash in the year	(9,350)	(2,151)
Funds at 1 April	12,521	14,672
Funds at 31 March	<u>3,171</u>	<u>12,521</u>

### 25 Analysis of net cash

	1 April 2003 £000s	Cash flow £000s	31 March 2004 £000s
Cash	12,521	(9,350)	3,171

### 26 Efficiency target performance

Arts Council England has agreed with the Department for Culture, Media and Sport a target for recurrent administrative cost savings as a result of the merger of the former Arts Council of England with the 10 Regional Arts Boards in April 2002. The target is to achieve savings by comparison with the administration costs of the 11 previous organisations prior to the merger. This measure excludes the one-off costs of change and the cost of new developments, the most material of which is the Creative Partnership programme. All calculations are adjusted to remove the impact of inflation. The target and actual savings for 2003/04 are disclosed below:

	2003/04 £000s	2002/03 £000s
Target	5,000	n/a
Actual	5,614	n/a

## Notes to the grant-in-aid accounts *continued*

### 27 Related parties

We maintain publicly available registers in which Council members declare their interests, including any direct interests in grant applications made to and commercial relationships with the Arts Council. These are the interests in grant recipients declared for the year ended 31 March 2004:

Grant for the year ended 31/3/04 £000s	Balance unpaid at 31/3/04 £000s	Organisation	Council member	Relationship
1,269	0	Sheffield Theatres Trust	Sir Norman Adsetts OBE	Chairman
6,076	128	Arts & Business	Deborah Bull CBE	Honorary vice president
141	7	Foundation for Community Dance		Patron
184	0	Random Dance Company*		Board member
21,754	20	Royal Opera House		Employee
2,287	7	Music Centre Gateshead (North Music Trust)	Paul Collard	Family member is employee
134	0	Newcastle Gateshead Initiative		Employee
70	2	Royal College of Art	Sir Christopher Frayling	Rector
364	163	Gardner Arts Centre	Deborah Grubb	Chair
124	0	National Opera Studio	Sir Brian McMaster CBE	Chairman
22	6	Yaa Asantewaa Arts and Community Centre	Elsie Owusu OBE	Adviser
6,076	128	Arts & Business	William Sieghart	Honorary vice president
39	66	Birmingham Arts Marketing	Dorothy Wilson	Board member
667	20	mac (Midlands Arts Centre)		Employee
62	0	Motionhouse Dance		Board member
815	0	New Victoria Theatre, N Staffs		Chair
240	5	Nitro*	Lady Sue Woodford Hollick	Family member is artistic director
16,757	35	South Bank Centre		Husband is chairman
256	2	Tamasha Theatre Company		Family member is employee

## Notes to the grant-in-aid accounts *continued*

### 27 Related parties *continued*

\*In addition to the data in the previous table, in the year ended 31 March 2004, advance payments on grants are included in the balance sheet for the following:

	Balance unpaid at 31/3/04 £000s
Nitro	50
Random Dance Company	175

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to and commercial relationships with the Arts Council. These are the interests in grant recipients declared for the year ended 31 March 2004:

Grant for the year ended 31/3/04 £000s	Balance unpaid at 31/3/04 £000s	Organisation	Executive director/ senior manager	Relationship
14,835	12	National Theatre	Elizabeth Adlington	Partner is employee
125	10	Theatrical Management Association		Member
25	25	Goldsmiths College	Marjorie Allthorpe-Guyton	Board member
70	2	Royal College of Art		Honorary fellow
415	21	Artangel Trust	Kim Evans	Patron
121	0	Arts Catalyst	Bronac Ferran	Partner is board member
95	2	Public Art Forum	Caroline Foxhall	Partner is board member
5	20	Hastings Council	Felicity Harvest	Family member is member
160	94	Kent Council		Partner is employee
265	21	BALTIC	Peter Hewitt	Family member is employee
194	21	SAMPAD	Sally Luton	Partner is board member
108	0	Survivors' Poetry	Andrew Pinnock	Unpaid adviser
10	0	Project North East	Jane Robinson	Board member

## Notes to the grant-in-aid accounts *continued*

### 27 Related parties *continued*

The Department for Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. During the year we had material transactions with other government departments and other lottery distributors, including the UK Film Council.

### 28 Financial instruments

FRS 13, *Derivatives and other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the entity faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months of the balance sheet date have been omitted from this note.

#### a) Liquidity risk

All the Arts Council's liabilities are covered by current assets. As a result, we are not exposed to significant liquidity risks.

#### b) Interest rate risk

The cash balance of £3,171,000 at 31 March 2004 was held in instant access variable rate bank accounts which carried an average interest rate of 0.25% below base rate.

#### c) Foreign currency risk

Our exposure to foreign currency risk is not significant.

### 29 Merger of the Arts Council of England and the 10 Regional Arts Boards

On 1 April 2002, the assets and liabilities of the 10 Regional Arts Boards transferred to Arts Council England. Costs relating to the merger as detailed below have been disclosed separately in the income and expenditure account as an exceptional item in 2002/03.

	2003/04 £000s	2002/03 £000s
Professional fees	0	958
Redundancy costs	71	1,301
Other	0	760
	<u>71</u>	<u>3,019</u>

## Notes to the grant-in-aid accounts *continued*

### 30 Subsidiary undertaking

Arts Council England owns the entire share capital of Artco Trading Limited through which we operate our art purchase schemes. We have consolidated the following figures into our accounts for this subsidiary.

	2003/04 £000s	2002/03 £000s
Cash at bank and in hand	205	225
Other debtors	633	538
Current assets	838	763
Other creditors	33	83
Amounts due to Arts Council England	766	650
Current liabilities	799	733
Net assets	39	30
Reserves	39	30

## Grants awarded 2003/04

### Schedule 1 to the grant-in-aid accounts for the period to 31 March 2004

Multiple grants to the same organisation are combined and the total amount is shown.

Only organisations receiving £25,000 and above are listed individually.

	£		£
Grants under £25,000	16,941,460	Charlie Arnold	39,617
<b>A</b>		Arnolfini	715,000
Acme Studios	131,230	Art Asia	45,000
Acta Community Theatre	38,000	Art House, The	65,000
Action Factory	91,636	Art Services Grants	109,187
Action Space London Events	36,803	Art Shape	41,000
Action Transport Theatre Company	128,407	Artangel Trust	415,000
Actors Touring Company (London)	170,000	Artlink Exchange	30,900
Adapt	43,000	Artlink West Yorkshire	30,900
Adfed	40,000	Artpoint	101,700
Adzido Pan African Dance	1,011,155	Arts & Business	5,939,119
Africa Oye	35,063	Arts & Business West Midlands	42,436
African and Caribbean Music Circuit	396,550	Arts & Business Yorkshire	63,800
Ahum	129,400	Arts & Humanities Research Board	110,000
Akademi	156,593	Arts & Media Training	95,377
Aldeburgh Poetry Trust	46,206	Arts About Manchester	67,544
Aldeburgh Productions	448,290	Arts Administration	259,527
All Ways Learning	90,000	Arts Alive	58,109
Almeida Theatre	847,561	Arts Catalyst	121,400
Alternative Arts	60,000	Arts Culture Harrow	30,000
Alternative Theatre Company	442,433	Arts Depot Trust	78,000
AN: The Artists Information Company	153,178	Arts Inform	58,000
Angel Row Library	132,855	Arts Marketing	54,700
Anglia Television	50,000	Arts Theatre	80,947
Ann Sutton Foundation	55,000	Arts Training Central	76,385
Anvil Press Poetry	78,800	ArtsFest	63,037
Anvil, The	40,500	Artsites Birmingham	40,815
Apna Arts	29,318	Artsline	50,000
Apples & Snakes	176,269	Artsreach	34,000
Arc	370,250	Artsway Trust	65,000
Architecture Centre Network	50,000	Artswork	90,000
Architecture Foundation	120,000	Arvon Foundation	169,770
Arcola Theatre	30,750	Ashton Group Contemporary Theatre	30,000
Arena Theatre	26,391	Asian Music Circuit	396,550

## Grants awarded 2003/04 *continued*

	£		£
Aspex Visual Arts	60,000	Blackie, The	60,000
Association of British Calypsonians	40,000	Blackpool Grand	50,000
Attik Dance	50,000	Blaize	31,500
Audiences London	123,500	Blast Theory	55,000
Audiences Yorkshire	349,043	Bloodaxe Books	86,341
Autograph	193,837	Blue Eyed Soul Dance	40,431
<b>B</b>		Bluecoat Arts Centre	201,122
B3 Media	100,000	Bolton Business Ventures	217,700
BAC (Battersea Arts Centre)	425,064	Bolton Octagon	515,000
Badejo Arts	180,165	Book Trust	87,606
BALTIC Centre for Contemporary Art	265,225	Book Works	145,151
Barbican Theatre	92,848	Bournemouth Symphony Orchestra	2,075,500
Barking and Dagenham Council	50,000	Bowes Museum	36,100
Barnet Council	30,000	Bradford Council	30,000
Barnsley Council	37,400	Brazilian Contemporary Arts	42,936
Barrow Council	37,450	Brent Council	30,000
Bath Festivals Trust	117,000	Brewery Arts Centre, Kendal	129,055
Beaconsfield Gallery	76,672	Brewery Arts, Cirencester	55,000
Beaford Arts	78,500	Brewhouse Theatre and Arts Centre, Taunton	58,000
Beavers Arts	30,000	Bridport Arts Centre	32,000
Belgrade Theatre	879,641	Brighton Dome	175,000
Bharatiya Vidya Bhavan	100,000	Brighton Festival Society	240,000
Bhimji, Z	30,000	Brighton, University of	42,000
Big Brum Tie	72,767	Bristol Architecture Centre	40,000
Bigga Fish	40,000	Bristol Old Vic	1,042,190
Bilston Craft Gallery	30,000	British Association of Steelbands	40,000
Birmingham Arts Marketing	38,830	British Centre for Literary Translation	88,700
Birmingham Contemporary Music Group	142,099	British Music Information Centre	122,250
Birmingham Jazz	39,263	British Youth Opera	30,000
Birmingham Opera Company	191,973	Britten Sinfonia	149,695
Birmingham Repertory Theatre	1,641,188	Brouhaha International	54,710
Birmingham Royal Ballet	6,326,312	Bucks Dance	27,100
Black Arts Alliance	43,652	Bury St Edmunds Art Gallery	68,521
Black Country Touring	84,239	Business in the Arts North West	50,725
Black Umbrella	40,000	Buxton Festival	52,341
Blackfriars Arts Centre	41,480		

## Grants awarded 2003/04 *continued*

	£		£
<b>C</b>		Chol International Arts	40,250
Cafe Gallery	220,018	Cholmondeleys and Featherstonehaughs	273,331
Camden Arts Centre	472,305	CIDA (Creative Industries Development Agency)	45,600
CandoCo Dance	207,545	Circus Arts Forum	37,000
Canterbury Festival	41,200	Circus Space	161,000
CAPE UK (Creative Arts Partnership in Education)	96,234	Citadel Arts Centre	70,989
Carcenet Press	102,200	City Arts	26,740
Cardboard Citizens	86,000	City Chameleon	29,604
Carlisle Council	64,482	City Gallery	97,390
Cartwheel Community Arts	34,055	City of Birmingham Symphony Orchestra (CBSO)	1,737,435
Castle Museum and Art Gallery	38,910	City of London Sinfonia	103,000
Castlefield Gallery	73,736	Polly Clark	32,000
Centerprise Trust	74,060	Clean Break Theatre Company	177,594
Central London Arts	222,859	Colchester Arts Centre	120,259
Centre for Arts Development	25,157	Collar & Tie	63,767
Centre for International Street Theatre	30,000	Collins, S	27,500
Centre for Novel Agricultural Products	25,000	Commissions East	187,001
Centre for the Children's Book	160,000	Commissions North	112,500
Channel Theatre	58,000	Common Players, The	84,400
Chard Foundation of Women in Music	30,000	Commonword	79,304
Charnwood Arts	39,290	Community Arts North West	45,720
Cheltenham Arts Festivals	122,500	Community Music	180,000
Cheshire Council	25,000	Community Music East	40,000
Cheshire Dance Workshop	73,217	company of angels	50,000
Cheshire Rural Touring Network	28,000	Compass Theatre	170,000
Chester Gateway	310,000	Contact Theatre	827,350
Chichester Festival Theatre	650,000	Contemporary Art Society	59,830
Children's Discovery Centre	29,767	Contemporary Dance Trust	1,306,589
Chinese Arts Centre	158,649	Continental Drifts	51,500
Chinese Cultural Centre	30,669	Copeland Council	47,741
Chipping Norton Theatre	36,900	Corby Council	54,105
Chisenhale Dance Space	116,238	Cornerhouse	536,233
Chisenhale Gallery	120,916	Corridor Arts	29,300
Chitrleka Dance	31,035	Council for Higher Education in Art and Design	40,000
		Courtyard Arts Centre	155,033

## Grants awarded 2003/04 *continued*

	£		£
Craft Development Agency	93,200	David Glass New Mime Ensemble	186,000
Crafts Council	2,759,307	De La Warr Pavilion	202,403
Craftspace Touring	125,000	Derby Dance Centre	88,877
Craven Council	31,000	Derby Playhouse	661,070
Creative Arts East	120,468	Design Initiative	48,231
Creative Jazz Orchestra	31,500	Developing Audiences in the North (DAN)	120,893
Creative People	85,000	Devon Guild of Craftsmen	40,000
Crescent Arts	25,800	Digital Guild	31,500
Croydon Clocktower	70,715	Diversity Consortium Slough Council	60,000
Crying Out Loud London	40,000	Dodgy Clutch	130,000
CTC Theatre	130,000	Donmar Warehouse	302,247
Cubbit Artists	52,582	doo-cot	155,985
CUBE	32,136	Dorset Dance Forum	40,000
Cultural Co-operation	140,000	Dot to Dot	27,900
Culture	38,000	Drake Music Project	51,500
Cumbria Council	72,609	Drum, The	336,946
Tanya Cusan	27,800	Duckie	60,000
Customs House	87,254	Dukes Playhouse	470,000
<b>D</b>		Durham City Arts	37,179
DADA South	93,900	Durham Council	49,752
Daily Life	30,669	DV8 Physical Theatre	308,880
Dance 4	243,645	<b>E</b>	
Dance and Theatre Cornwall: The Works	30,000	Early Music Network	120,714
Dance City	268,377	Easington Council	25,483
Dance East	267,237	East London Dance	156,766
Dance Initiative Greater Manchester	69,200	East Riding of Yorkshire Council	73,500
Dance North West	111,352	Eastern Angles	196,757
Dance Somerset	36,000	Eastern Orchestral Board	448,049
Dance South West	129,000	Eastside	69,060
Dance UK	170,694	Education Extra	25,000
Dance Umbrella	415,889	Education Through Art	85,000
Danceworks UK	40,000	Emaca	65,425
DanceXchange	224,444	Emergency Exit Arts	33,028
Darlington Arts Centre	119,723	Emmedia	45,180
Dartington International Summer School	35,000	Engage	120,000
darts (Doncaster Community Arts)	55,000	English Heritage	59,000
DASH (Disability Arts in Shropshire)	25,750	English National Ballet	5,325,338
		English National Opera	15,000,000

## Grants awarded 2003/04 *continued*

	£		£
English Stage Company	1,816,398	<b>G</b>	
English Touring Opera	1,055,227	Gala Theatre	30,000
English Touring Theatre	656,000	Gardner Arts Centre	345,000
Enitharmon Press	41,700	Gasworks Gallery	77,250
EOB	165,110	Gate Theatre	257,761
EQUATA	110,000	Gateshead Council	81,677
Essexdance	35,851	Geese Theatre	25,000
Ex Cathedra	42,583	Generator North East	141,123
Exeter Phoenix	35,000	Gig Right UK	41,200
<b>F</b>		Gloucestershire Council	30,000
Fabrica	59,000	Gloucestershire Dance!	40,000
Farnham Maltings	53,000	Gloucestershire Everyman Theatre	337,260
Faulty Optic Theatre	50,000	Glyndebourne Touring and	
Fierce!	72,899	Education	1,080,747
Film and Video Umbrella	149,000	Goldsmiths College	25,000
Film London	244,528	Graeae Theatre Company	364,958
Firebird Trust	48,010	Grand Opera House	185,000
First Movement	73,755	Grand Union Music Theatre	40,000
firstsite	200,000	Greater London Authority	94,500
Fittings Multimedia Arts	35,000	Green Room	265,266
Fizzical Connection	31,550	Greenwich and Docklands Festivals	40,716
Focal Point Gallery	68,495	Greenwich Dance Agency	118,107
Folk Arts England	36,359	Greenwich Theatre	60,000
Folk South West	90,000	Grizedale Arts	98,592
Forced Entertainment	170,000	<b>H</b>	
Forest Forge Theatre	105,300	Hackney Empire	247,127
Forkbeard Fantasy Theatre Company	170,000	Half Moon Young People's Theatre	197,363
Forma Arts and Media	148,979	Hall For Cornwall	60,000
Foundation for Art and Creative	692,604	Hallé Concerts Society	1,718,090
Foundation for Community Dance	126,281	Halton Council	26,000
Foursight Theatre	78,115	Hampshire Dance	28,100
Franko B	36,938	Hampstead Theatre	561,756
Frantic Assembly	60,000	Harborough Council	25,300
Full Circle Arts	87,985	Haringey Council	30,000
FWWCP (The Federation of Worker		Paul Harrison	27,000
Writers and Community Publishers)	36,000	Harrogate Theatre	423,400
		Hartlepool Council	39,020

## Grants awarded 2003/04 *continued*

	£		£
Hat Factory	103,000	<b>J</b>	
Hawth, The	50,000	Jabadao	70,000
Haymarket Theatre	250,000	Jacksons Lane Community Centre	188,408
Healing Arts	30,000	Jazz Action	52,355
Heart 'n Soul	188,035	Jazz Development Trust	41,200
Helix Arts	76,920	Jazz Services	297,500
Hextable School	100,000	John Hansard Gallery	220,000
High Peak Community Arts	34,050	Joyful Noise	40,000
High Peak Theatre Trust	40,000	Junction Arts	54,070
Hoipolloi	101,855	Junction CDC	301,062
Horse and Bamboo (Little World)	93,131	<b>K</b>	
Hoxton Hall	50,000	Kala Sangam	60,000
Huddersfield Contemporary Music Festival	137,000	Kali Theatre Company	132,500
Hull Time Based Arts	208,100	Kaos Theatre UK	120,000
Hull Truck Theatre	397,000	Kazzum Arts Project	60,000
<b>I</b>		Kent Council	80,000
Ikon Gallery	786,877	Kettle's Yard	131,119
Impressions Gallery	116,400	Don Kinch	33,029
Improbable Theatre	130,000	Kings Lynn Arts Centre	42,171
Independance	66,430	Kingston upon Thames Council	30,000
Independent Dance	37,264	Kirklees Council	58,800
Independent Street Arts Network	31,000	Kneehigh Theatre	185,150
Independent Theatre Council	118,000	Knowsley Council	35,000
inIVA (Institute of International Visual Arts)	658,223	Komedia	135,000
Inner City Music	87,340	Kuumba	83,000
Inpress	112,500	<b>L</b>	
Institute of Contemporary Arts	1,086,386	Lakeland Arts Trust	69,628
Institute of Visual Culture	40,000	Lancashire Council	55,000
Interchange Trust	166,641	Lancaster Literature Festival	27,101
International Workshop Festival	84,995	Lapidus	25,000
Interplay Theatre Trust	92,000	Lawnmowers	30,000
IOU Theatre	151,000	Lawrence Batley Theatre	92,000
IRIE! dance theatre	63,000	James Leach	28,000
Isis Arts	70,518	LEAP (London Education Arts Partnership)	37,500
It's Queer Up North	85,298	Leeds Council	35,000
		Leeds Metropolitan University	30,000
		Leeds, University of	64,030

## Grants awarded 2003/04 *continued*

	£		£
Leicester Theatre Trust	1,361,860	Lovebytes	30,900
Lichfield Council	31,500	Lowry Centre	60,000
LIFT (London International Festival of Theatre)	573,408	Ludlow Assembly Rooms	55,236
Lighthouse	170,000	Ludus Dance Agency	188,047
Lighthouse Arts and Training	33,325	Luton Carnival and Arts Development Trust	30,000
LIME	30,171	Lux	185,000
Limpopo Club	40,000	LYAN (London Youth Arts Network)	38,000
Lincoln Council	25,000	Lyric Theatre	771,489
Lincolnshire Council	27,410	<b>M</b>	
Literary Consultancy	35,450	M6 Theatre Company	106,391
Little Angel Theatre	30,000	mac (Midlands Arts Centre)	666,808
Littoral	30,041	mactwo: sound	72,500
Live & Local	72,676	Made in Brighton	325,000
Live Art Development Agency	138,471	Mahogany Community Ventures	44,803
Live Theatre	488,520	Making Music (National Federation of Music Societies)	138,436
Liverpool Biennial of Contemporary Art	35,000	Making Music North East	36,627
Liverpool Everyman and Playhouse	1,350,000	Making Music Yorkshire	51,500
Liverpool Lunchtime Theatre	25,766	Maltings Arts Centre	48,504
Locus +	157,996	Malvern Theatre	50,000
Logarhthym	50,000	Manchester Camerata	102,218
London Bubble Theatre Company	383,122	Manchester Council	50,000
London Development Agency	30,000	Manchester International Arts	53,662
London Disability Arts Forum	88,111	Manchester Poetry Festival	27,101
London Institute	70,000	Mantle Community Arts	25,815
London International Jazz Festival	100,000	Marketing: Arts	51,282
London International Mime Festival	149,468	Matt's Gallery	110,931
London Magazine	29,150	McKenzie Group	50,000
London Mozart Players	37,852	Media Arts Projects	33,411
London Musicians' Collective	40,000	Mercury Theatre, Colchester	594,000
London Philharmonic	1,618,362	Merlin Theatre	35,000
London Print Studio	173,040	Merseyside Dance Initiative	62,481
London Printworks Trust	70,000	Merseyside Young Peoples Theatre	80,768
London Sinfonietta	55,200	Met Arts Centre	65,899
London Symphony Orchestra	1,660,000	Metal Culture	64,250
London, University of	80,000	Metamute	33,789
Louth Playgoers	40,000	Mid Pennine Arts	200,851

## Grants awarded 2003/04 *continued*

	£		£
Middlesbrough Council	106,042	National Theatre	14,810,852
Midi Music	100,000	National Youth Jazz Orchestra	27,053
Milap Festival Trust	40,500	National Youth Theatre of Great Britain	100,000
Milapfest	80,742	Natural Theatre Company	130,000
Milton Keynes	235,000	NAWE (National Association of Writers in Education)	58,500
Milton Keynes City Orchestra	29,800	Network	56,275
Mind the Gap	70,000	New Art Gallery, Walsall	548,495
Miracle Theatre Trust	85,000	New Breed	66,482
Momentum Arts	249,127	New Contemporaries	58,000
Mongrel	28,000	New Peckham Varieties	72,488
Monster Productions	110,000	New Perspectives Theatre	244,950
More Music in Morecambe	34,668	New Theatre Royal (Portsmouth)	30,000
Moti Roti Company	177,555	New Vic Workshop	26,290
Motionhouse Dance	61,673	New Victoria Theatre	814,665
Moving East Centre for Dance	25,000	New Wolsey Theatre	555,433
Multi Asian Arts	35,517	New Work Network	54,100
Museum of Mode	715,000	New Writing North	185,692
Music for Change	25,000	Newark and Sherwood Council	29,830
Music in the Round	29,500	Newcastle Council	90,093
Mute	29,000	Newcastle Gateshead Initiative	133,826
<b>N</b>		Newcastle, University of	117,803
NALD (National Association for Literature Development)	42,900	Newlyn Art Gallery	95,000
Nash Concert Society	40,000	Nitro	220,000
Natalie Steed Productions	41,200	NKDC Arts Team	42,220
National Artists Association	86,500	NMC Recordings	30,900
National Association of Youth Theatres	100,000	Norden Farm	120,000
National Dance Teachers Association	25,000	Norfolk and Norwich Festival	41,523
National Disability Arts Forum	103,244	North Country Theatre	35,000
National Foundation for Youth Music	45,947	North Lincolnshire Council	26,300
National Glass Centre	130,237	North Music Trust	2,286,866
National Museum of Photography, Film and Television	50,000	North Tyneside Council	76,882
National Opera Studio	123,600	North West Disability Arts Forum	84,692
National Society for Education in Art and Design	40,000	North West Playwrights	49,784
National Student Drama Festival	30,000	Northampton Theatres	576,865
		Northcott Theatre	493,360
		Northern Architecture	42,500

## Grants awarded 2003/04 *continued*

	£		£
Northern Ballet Theatre	1,802,800	Oxford Contemporary Music	26,600
Northern Broadsides	170,000	Oxford House	42,936
Northern Cultural Skills Partnership	103,508	Oxford Playhouse	250,600
Northern Disability Arts	80,450	Oxford Stage Company	607,000
Northern Film & Media	47,875	Oxfordshire Touring Theatre Company	169,500
Northern Gallery for Contemporary Arts	92,727	<b>P</b>	
Northern Print	85,377	Pacitti Company	60,000
Northern Stage	1,252,595	Paddington Arts	47,230
Northumbria, University of	49,603	Paines Plough	214,000
Norwich Arts Centre	89,367	Palace Theatre Watford	646,997
Norwich Council	50,000	Pallant House	37,000
Norwich Gallery	119,618	Pavilion	33,850
Norwich Puppet Theatre	52,451	Pegasus Theatre	305,600
Nottingham Theatre	1,368,000	Pentabus Arts	167,343
Nottingham Trent University	116,700	People Show	120,000
Nottinghamshire Council	44,936	Performing Arts Labs	26,000
Now Festival	108,125	Peterloo Poets	40,000
NTC Touring Theatre	281,560	Philharmonia Orchestra	1,618,362
Nuffield Theatre	605,900	Phoenix Arts	49,500
Nuffield Theatre Studio	60,000	Phoenix Dance	390,000
<b>O</b>		Photofusion	118,963
Ocean Music Trust	85,000	Photographers' Gallery	628,278
Oily Cart Company	213,460	Photography Workshop (Edinburgh)	27,000
Oldham Art Gallery	25,000	Photoworks	142,000
Oldham Coliseum	361,950	Picture House Centre for Photography	39,605
Onedotzero	115,000	Picture This	38,867
Open Eye Gallery	128,921	Pilot Theatre	239,300
Open Theatre	51,855	Pippin	25,000
Opera North	7,073,626	Play Train	34,523
Orange Tree Theatre	326,205	Plymouth Arts Centre	80,000
Orchestra of St John's	48,667	Poems on the Underground	26,791
Orchestra of the Age of Enlightenment	46,350	Poetry Book Society	101,800
Out of Joint	470,000	Poetry Can, The	35,000
OVA	25,000	Poetry School	30,984
Oval House Theatre	366,997	Poetry Society	260,800
Overtones	220,000	Polka Theatre for Children	413,650
		Pop-Up Theatre	175,000

## Grants awarded 2003/04 *continued*

	£		£
Prema Arts Centre	59,500	Roadmender	106,090
Prescap	34,050	Roses Theatre	30,000
Preston Council	25,000	Ross-on-Wye International Festival	60,900
Princes Trust	105,000	Royal College of Art	70,000
Proper Job Theatre Projects	99,900	Royal Exchange Theatre Company	2,083,250
Psappha Contemporary Music Ensemble	34,493	Royal Liverpool Philharmonic Society	1,718,090
Public Art Forum	95,000	Royal Opera House (Covent Garden)	21,754,450
Public Art West Midlands	43,709	Royal Philharmonic Orchestra	412,319
Public Arts	87,000	RSC (Royal Shakespeare Company)	13,270,937
Public, The	310,863	Rural Arts North Yorkshire	45,600
Push	30,000	Rural Touring Initiative – Farnham Maltings	195,000
PVA	50,000		
<b>Q</b>		<b>S</b>	
Q Arts	108,665	SAA-UK (South Asian Arts UK)	25,420
Quay Arts Centre	68,400	Sadler's Wells	1,530,320
Queen's Hall Arts	51,279	Salamanda Tandem	50,320
Queen's Theatre	220,302	Salisbury Arts Centre	95,700
Quicksilver Theatre (Theatre of Thelema)	225,500	Salisbury Festival	152,800
QUONDAM	40,000	Salisbury Playhouse	754,200
<b>R</b>		Same Sky	82,000
Rambert Dance Company	1,656,568	SAMPAD (South Asian Music Performing Arts & Dance)	193,830
Random Dance Company	184,149	Bruce Sansom	29,693
Raw Material Music and Media Education	100,000	Scarlet Theatre	60,000
Reading Agency	96,100	Scottish Ballet	77,000
Reckless Sleepers	44,570	Scottish Opera	190,388
Red Ladder Theatre	224,369	Script	53,889
Red Room	60,000	Seachange	114,239
Red Shift Theatre Company	170,000	Second Wave	38,030
Redcar & Cleveland Council	29,742	seeing the light	58,434
Rejects Revenge	81,425	SEMS	47,500
Ricochet Dance Company	164,800	Serious Events	207,344
Rideout (Creative Arts for Rehabilitation)	25,000	Serious Ltd	31,750
Riverside Studios	152,684	Serpentine Gallery	609,296
RJC Dance Productions	110,000	Shakespeare Schools Festival	100,000

## Grants awarded 2003/04 *continued*

	£		£
Shape London	142,981	Southern Collaborative Arts	
Shared Experience	330,000	Network (SCAN)	40,000
Sheffield Theatres	1,268,700	Southern England Touring Agency	92,000
Shinkansen	41,285	Southwark Playhouse Theatre	
Shisha	146,195	Company	30,000
Shobana Jeyasingh Dance Company	289,476	Spacex Gallery	81,000
Showhow	75,000	Spare Tyre Theatre Company	61,800
Showroom Gallery	89,713	Sphinx Theatre Company	170,000
Shropshire Council	132,891	Spike Island Artspace	60,000
Side Gallery	42,702	Spitalfields Festival	40,000
Sinfonia 21	54,075	Sponsors Club for Arts & Business	30,254
Sinfonietta Productions	465,000	Sport England South East	
Siobhan Davies Dance Company	370,542	(Thames Gateway)	45,000
Site Gallery	100,000	Spot On Lancashire Rural	
Sixth Sense Theatre Company	51,000	Touring Network	28,000
Skippko Arts Team	25,000	Square Chapel Centre for the Arts	36,000
SMART (Marketing the Arts		St Ives International	35,000
around Surrey)	32,000	Stables, The	33,400
SNAP People's Theatre	59,370	Stamford Arts Centre	32,780
Society for the Promotion of		Stan's Café Theatre	45,900
New Music	77,250	Statement	35,000
Society of Chief Librarians	188,000	Station House Opera	55,000
Soft Touch	36,275	Stephen Joseph Theatre	594,500
Soho Theatre Company	581,981	Stockton-on-Tees Council	154,053
Sonic Arts Network	128,750	Stoke-on-Trent Festival	27,319
Sound It Out	70,000	Stour Valley Arts	55,000
Sound Sense	77,250	Strange Cargo	36,000
South Bank Board	16,606,012	Stratford Circus (Salway Arts)	30,000
South Bank Centre	150,500	Stroud Valleys Artspace	30,000
South Connections Carnival		Studio 3 Arts	38,030
Costume Band	32,535	Studio 64	49,320
South East Dance	175,000	Sunderland Council	114,563
South Hill Park	180,100	Sunderland Empire	27,849
South Holland Arts Centre	47,135	Sunderland, University of	35,639
South West Arts Marketing	105,000	Surrey Council	35,000
Southampton Council	50,000	Survivors' Poetry	108,350
Southampton, University of	94,200	Sussex Arts Marketing	40,000
Southend-on-Sea Council	170,000	Swindon Dance	199,000

## Grants awarded 2003/04 *continued*

	£		£
<b>T</b>		Told By An Idiot	60,000
Tabernacle Trust	40,716	Tomorrow's Warriors	60,600
Take Art!	40,000	Total Theatre Network	55,000
Talawa Theatre Company	452,672	Towner Art Gallery	57,100
Talking Birds	45,900	trAce	31,825
Tamasha Theatre Company	246,500	Trading Faces	62,100
TAP (Traditional Arts Projects)	50,900	Travelling Light Theatre Company	115,802
Tara Arts Group	325,000	Trestle Theatre Company	236,371
Team, The	39,689	Triangle Arts Trust	83,000
Tees Dance Initiative	60,000	Tricycle Theatre	633,149
Tees Valley Arts	70,104	Trinity Arts Centre	42,670
Thames Festival	40,716	Trinity Theatre	70,000
Theatre Absolute	51,200	Turner Centre	35,000
Theatre Alibi	150,500	Turner Sims Concert Hall	25,900
Theatre by the Lake	363,000	Tutti Frutti Productions	30,900
Theatre Centre	350,000	Tyne and Wear Museums	45,000
Theatre Company Blah Blah Blah!	69,700	Tynedale Council	34,347
Theatre de Complicite Education	325,000	<b>U</b>	
Theatre Investment Fund	60,000	UK Arts International	26,502
Theatre Mélange	67,500	Unicorn Theatre for Children (Caryl Jenner Productions)	856,194
Theatre Resource	50,522	Union Dance	204,811
Theatre Rites	132,000	Unit for the Arts and Offenders	74,978
Theatre Royal Bury St Edmunds	114,636	Unity Theatre	185,047
Theatre Royal Newcastle upon Tyne	44,558	Unknown Public	30,900
Theatre Royal Plymouth	1,186,920	Urban Development	80,000
Theatre Royal Stratford East (Pioneer Theatres)	749,749	Urban Strawberry Lunch	30,099
Theatre Royal York	475,000	Usher Gallery	45,950
Théâtre Sans Frontières	190,000	<b>V</b>	
Theatre Venture	39,410	Vincent Dance Theatre	25,000
Theatrical Management Association	124,970	Visiting Arts	241,470
Third Angel	30,000	Visual Arts and Galleries Association	75,000
Thurrock Council	125,000	Visual Associations (formerly Axis)	175,000
Tiata Fahodzi	130,000	ViVA: the orchestra of the east midlands	118,405
Tiebreak Touring Theatre	94,339	Vivid	80,903
Timebank	100,000	Vocaleyes	97,850
TIPP (Theatre in Prisons and Probation)	25,000	Voluntary Arts Network	149,000

## Grants awarded 2003/04 *continued*

	£		£
<b>W</b>		<b>X</b>	
Wakefield Theatre Royal and Opera House	45,000	x.trax	40,000
Walford Mill	30,000	<b>Y</b>	
Walk the Plank	51,000	Yellow Earth Theatre	130,000
Wansbeck Council	36,266	Yolande Snaith Theatredance	160,000
Warwick Arts Centre	304,979	York Council	100,000
Watermans Arts Centre	276,760	York Early Music Festival	38,100
Watermill Theatre	125,200	York Museums Trust	50,000
Watershed Media Centre	175,000	Yorkshire Art Circus	59,900
Waterside Artists Co-operative	35,891	Yorkshire Dance	156,500
Welfare State	233,878	Yorkshire Jazz Agency	49,200
Welsh National Opera	5,808,550	Yorkshire Sculpture Park	700,000
West London Literature Development Organisation	125,453	Yorkshire Women Theatre	60,700
West Yorkshire Playhouse (Leeds Theatre Trust)	1,361,625	Yorkshire Youth and Music	25,000
Whitechapel Art Gallery	765,885	Young Vic Company	1,015,777
Whitewood and Fleming	36,100	Youth Dance England	50,000
Wigmore Hall	300,000	Youth Justice Board	260,000
Wilson and Wilson	30,000	Yvonne Arnaud Theatre	300,000
Wiltshire Music Centre	30,000	<b>Z</b>	
Wimbledon Studio Theatre	30,000	Zap Art	77,500
Winchester Theatre Royal	30,000	<b>Total grant-in-aid grants awarded</b>	<b><u>277,038,818</u></b>
Windows Project	53,637		
Wingfield Arts and Music	36,071		
WMDAF (West Midlands Disability Arts Forum)	53,418		
Woking Dance Festival	40,000		
Wolsey Gallery	31,855		
Wolverhampton Art Gallery	33,100		
Wolverhampton Council	26,000		
Works, The	66,520		
Wren Trust	35,000		
Writers in Prison Network	92,000		
Wysing Arts	46,350		

# lottery distribution accounts

# Arts Council England lottery distribution accounts

1 April 2003–31 March 2004

## Foreword

### Introduction

The Arts Council of England, trading as Arts Council England, is a registered charity, charity registration number 1036733. Arts Council England was established by Royal Charter on 1 April 1994, taking over those responsibilities in England previously discharged by the Arts Council of Great Britain. The objectives of the Arts Council as stated in the Royal Charter, our governing document, are to develop and improve the knowledge, understanding and practice of the arts and to increase accessibility of the arts to the public. To this end, we make grants to arts organisations and engage in other activities on behalf of the sector.

Arts Council England was granted a Supplemental Charter on 31 May 2002. Its purpose was 'to give effect to new arrangements for regionalisation of its structure and activities'. There were no changes to the objects of the Arts Council and the main changes relate to our powers to establish and to delegate powers and functions to regional councils. The charter sets out the new composition of the Council, which includes the chairs of the regional councils.

The address of our principal office is  
14 Great Peter Street, London SW1P 3NQ.

Arts Council England receives grant-in-aid from the Department for Culture, Media and Sport (DCMS) and is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998).

The Arts Council works at arm's length from Government and has the status of a non-departmental public body. As such, we are regulated in accordance with a Financial Memorandum issued by the Secretary of State. We prepare our accounts for grant-in-aid and lottery separately to comply with accounts directions also issued by the Secretary of State.

Our ambitions, as published in *Ambitions for the arts 2003–2006* in February 2003 and followed up in *Ambitions into action*, May 2004, are:

- supporting the artist
- enabling organisations to thrive, not just survive
- championing cultural diversity
- offering opportunities for young people
- encouraging growth
- living up to our values

## Foreword continued

### Internal structure

Arts Council England has nine regional offices, matching the Government's regional boundaries, and a national office. Each region has a council and the 15-strong national Council (details below) includes the chair of each of the regional councils. The national Council met in formal session five times during the year and monitored the work of the chief executive and staff. In addition, a number of advisory panels, while carrying no executive authority, played an important role by providing advice from the arts constituency.

The Executive Board is made up of the Chief Executive, Peter Hewitt, the nine regional executive directors and the four executive directors at the national office for arts, development, external relations, and finance and operations.

## Foreword continued

### Membership of Council

Our Council members are the trustees of Arts Council England. The national Council consists of 15 members, nine of whom also take on the role of chair of one of the regional councils as detailed in brackets below:

Member	Date of appointment	Date of resignation/retirement
Gerry Robinson (Chairman)	January 1998 Chairman May 1998 Renewed January 2001	January 2004
Sir Christopher Frayling (Chair)	February 2004	
Sir Norman Adsetts OBE (Yorkshire)	May 2002	
Tom Bloxham MBE (North West)	May 2002	
Deborah Bull CBE	May 2002	
Paul Collard (North East)	May 2002	September 2004
Deborah Grubb (South East)	May 2002	
Professor Alan Livingston (South West)	May 2002	
Stephen Lowe (East Midlands)	May 2002	
Joanna MacGregor	May 2002	June 2003
Sir Brian McMaster CBE	May 2002	
Elsie Owusu OBE	May 2002	
William Sieghart	May 2002	
Professor Stuart Timperley (East)	May 2002	
Dorothy Wilson (West Midlands)	May 2002	
Lady Sue Woodford Hollick (London)	May 2002	

Dorothy Wilson is chair of the Audit Committee. Sir Norman Adsetts OBE, Paul Collard and Professor Alan Livingston served as members of the committee throughout the year, together with David Brierley CBE as a co-opted member.

## Foreword continued

### Chief executive, chair and Council member appointments

Gerry Robinson was appointed as Chairman of the Arts Council on 1 May 1998 and retired on 31 January 2004. Sir Christopher Frayling took up post as Chair on 1 February 2004. The Chief Executive, Peter Hewitt, was appointed by the Council on 9 March 1998 with the approval of the Secretary of State for Culture, Media and Sport. His contract expires on 31 January 2008.

Council members are appointed by the Secretary of State for Culture, Media and Sport for up to four years and are eligible for re-appointment for a further term of up to four years.

### Review of the year

New grant commitments (offers made and accepted) in the year totalled £168.2 million. At year end, a total of £185.2 million accepted grant commitments remained outstanding and awaiting payment together with £43.7 million commitments offered but not accepted. This compares with a balance in the National Lottery Distribution Fund, plus bank balances, of £228.1 million. We monitor levels of lottery income closely, and the level of outstanding grant commitments is considered prudent, based on past and projected income flows. During the year we also approved in principle £61.8 million under the new Grants for the arts – capital, of which only £5.2 million had been offered as grants by the year end. In addition, £30.6 million of the amount agreed in principle for the Arts Capital Programme

and £10 million for the Capital Programme in the previous years had not been offered as grants by the year end.

Throughout the year we awarded grants in support of the arts under a number of separate schemes and programmes. These included the Arts Capital Programme, the Stabilisation programme and Awards for All. Two new simplified open application programmes came into operation in April 2003: Grants for the arts – organisations and Grants for the arts – national touring; both are funded through lottery. In addition, in February 2004 we announced the organisations successful in obtaining funds under Grants for the arts – capital.

During the year we introduced a comprehensive race equality scheme to take forward our race equality and diversity objectives. By following this, we will make sure that all Arts Council policies take race equality into consideration and that we support Black and minority ethnic artists and organisations to enable them to create and develop projects that encourage their professional and artistic development. We will also support our clients to ensure that they have race equality action plans, to make race equality a key issue of good practice within the arts sector.

Following the merger of the Arts Council of England with the 10 Regional Arts Boards in April 2002, a new staff structure was implemented in April 2003 after a consultation

## Foreword continued

### Review of the year continued

process undertaken during 2002/03. This new structure included new shared services for finance and human resources, and delegating responsibility for managing the relationship with most regularly funded organisations from the national office to regional offices. The reorganisation will deliver significant savings in administration costs. These savings will be delivered in stages, and in 2003/04, £5.6 million of savings had been realised. We anticipate further savings once transitional issues have been worked through, for example, rationalising IT systems and relocating offices.

Further details of the activities and policies of the Arts Council are included in the National Lottery Report 2003/04 (see pages 135 to 157).

### Employment and training policies and staff participation

The Arts Council is committed to creating a working environment that treats people with fairness and respect, and is free from discrimination, harassment and bullying. Policies and procedures are geared towards eliminating direct and indirect discrimination, and supporting employees in reaching their full potential.

The Arts Council's training and development programmes are designed to encourage and support all employees in improving performance. Six regional offices have Investors in People recognition and it is hoped the whole organisation will have achieved the

award by early 2006. In recognition of our positive approach to recruiting and managing staff with disabilities, we have been awarded the 'Two Ticks' symbol by The Employment Services. We are working in partnership with disabled artists and disability-led organisations to produce a disability strategy to address inequalities in service delivery, development issues and access issues within the arts sector and also to inform creative approaches to employing disabled people across Arts Council England.

In 2003/04, 15% of staff classified themselves as Black, Asian, Chinese or Dual Heritage, and 2% of staff classified themselves as disabled.

We have arrangements to promote effective consultation and communication with all staff. Executive Board and Council activities are disseminated through a system of team briefing meetings and regularly emailed updates, supplemented from time to time by office and directorate meetings. A staff intranet was launched in February 2003. More formally, during 2002/03 the Arts Council recognised the trade unions Amicus and Unison for consultation and collective bargaining, and established appropriate consultative arrangements to support this.

The National Joint Consultative and Negotiating Committee (NJCNC) handles all core pay, terms and conditions of employment, and HR policies and procedures across the whole organisation. The NJCNC is supported by Local Joint Consultative and Negotiating Committees based in each of the 10 workplaces.

## Foreword continued

### Employment and training policies and staff participation continued

The Arts Council seeks to ensure that the requirements of health and safety legislation are met in the workplace. Health and safety issues of general concern are discussed with Amicus and Unison.

### Other matters

Our banker, from 1 April 2003, is the Co-operative Bank of 78–80 Corn Hill, London EC3V 3NJ.

Our auditor is the Comptroller and Auditor General of 157–197 Buckingham Palace Road, Victoria, London SW1W 9SP.

Hewitt Bacon & Woodrow of 6 More London Place, London SE1 2DA, are the administrators, actuaries, pension and investment consultants to the Arts Council Retirement Plan.

Arts Council England maintains a register of interests of its members, which is available for public inspection by appointment at our Great Peter Street address.

The Arts Council attempts to abide by the Better Payment Practice Code, and in particular to pay bills in accordance with contract. Invoices are normally settled within our suppliers' standard terms, usually 30 days. In 2003/04, 80% of undisputed invoices were paid within 30 days (2002/03: 74%).

### Statement of Council's and chief executive's responsibilities

Under the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Council is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. The accounts are to be prepared on an accruals basis and to show a true and fair view of the Council's state of affairs at the year end and of its income and expenditure and cash flows for the financial year. The Council is required to:

- observe the Accounts Direction\* issued by the Secretary of State, which sets out accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Council will continue in operation

\* A copy of the Accounts Direction is available from the Accounting Officer, Arts Council England, 14 Great Peter Street, London SW1P 3NQ.

## Foreword continued

### Statement of Council's and chief executive's responsibilities continued

The accounting officer for the Department for Culture, Media and Sport has designated the chief executive as accounting officer for the Council. The relevant responsibilities as accounting officer, including the responsibility for the propriety and regularity of the finances for which the chief executive is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by HM Treasury.

**Peter Hewitt**  
Chief Executive  
18 October 2004

**Sir Christopher Frayling**  
Chair  
18 October 2004

# Statement on internal control

## 1 Scope of responsibility

As accounting officer and representative of the trustees, we have joint responsibility for maintaining a sound system of internal control that supports the achievement of Arts Council England's policies, aims and objectives, while safeguarding the public funds and assets for which we are responsible, in accordance with the responsibilities assigned to us in Government Accounting, together with ensuring compliance with the requirements of Arts Council England's Management Statement and Financial Memorandum.

## 2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Arts Council England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. During 2003/04, we put in place the procedures necessary to implement HM Treasury guidance on risk management.

The Arts Council's policy on risk can be summarised as follows. We will at all times ensure that we meet our statutory reporting and regulatory obligations. We are accountable to the public and will maintain

systems to make sure that we protect our resources. Against this background, risk-taking is acceptable where it has the potential to improve service delivery.

It is our intention that risk-taking is not avoided; it is managed. The key to this approach is understanding the risks we face, their causes and how to control them, and then focusing attention on key risks.

## 3 Capacity to handle risk

We undergo a six-monthly review of our central risk-register. The register captures risks identified by staff across the organisation and categorises them as strategic, operational, financial, external, reputational, human resources or compliance risks. Their impact and likelihood of occurrence are evaluated by senior staff, and a decision taken on whether to tolerate, transfer, terminate or treat the risk. Steps to mitigate against each risk are identified and recorded in the register and assigned to a member of our Executive Board to manage. A summary of the high-level risks is presented to our Audit Committee every six months.

Risk management forms part of our ongoing activity and is addressed as standard practice in our corporate project plans. In autumn 2004 our internal auditors will finish a review of our risk management arrangements, which will include an assessment of our arrangements against HM Treasury's Risk Management Assessment Framework. The auditor's recommendations will inform our approach to further embedding risk management procedures within the

## Statement on internal control continued

### 3 Capacity to handle risk continued

organisation. Risk management continues to be a key element of how we monitor our corporate policies and initiatives. Each corporate project is monitored against milestones and is supported by a risk management plan.

During 2004/05, we will review how effectively the revised risk management policy has become part of management arrangements across all offices. This will be supplemented by a review of training requirements. We have also shared our risk management policy with other lottery distributors and the review will be in the context of this cross-distributor discussion.

The terms of reference of the Audit Committee have been amended to reflect its role in relation to risk management outlined below.

### 4 The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. Arts Council England has established the following processes:

- a) A national Council, made up of the trustees of Arts Council England, which has defined responsibilities and a code of practice which include:
- strategic planning and control, including approval each year of a corporate plan and approval of the overall budget allocation on a three-year basis

- delegating responsibility for specific matters to the regional councils
- being accountable for public funds, ensuring that Arts Council England conducts our operations economically, efficiently and effectively
- approving the annual report and accounts
- ensuring that Arts Council England fulfils our obligations as an employer and complies with all relevant legislation

b) An Audit Committee with agreed terms of reference which include:

- reviewing the Arts Council's internal and external financial statements to ensure they reflect best practice
- considering internal and external audit reports and reviewing the Arts Council's relationship with our internal and external auditors
- reviewing the effectiveness of the Arts Council's internal control system, including the review of our risk management policy and risk-register
- reporting to the national Council on the above duties

c) An Executive Board and Management Committee sub group with defined terms of reference which include:

- establishing the corporate policy on high level issues and overseeing the implementation of nationally agreed policies and plans
- receiving and monitoring financial information relevant to the Arts Council's overall management responsibilities
- taking decisions within delegated powers and approving further delegation as appropriate

## Statement on internal control continued

### 4 The risk and control framework continued

d) An internal audit function that operates to standards defined in the Government Internal Audit Standards and whose programme of work is agreed and monitored by the Audit Committee. Internal auditors base their annual internal audit plans on an analysis of the risk to which the Arts Council is exposed. This analysis of risk plans is endorsed by the Arts Council's Audit Committee and approved by us. At least annually, the head of internal audit reports on internal audit activity in the Arts Council. The report includes the head of internal audit's independent opinion on the adequacy and effectiveness of the Arts Council's system of internal control

During 2003/04, following the introduction of the new organisational structure, Arts Council England put in place procedures and policies necessary to establish a sound system of internal control. These included procedures relating to risk management, a revised monitoring policy for regularly funded organisations, procedures in relation to the new open application grant programmes and shared finance and human resource functions with centralised payroll and personnel systems, a single ledger system and centralised payment function. These procedures were all in place by March 2004.

**Peter Hewitt**  
**Chief Executive**  
18 October 2004

### 5 Review of effectiveness

As Accounting Officer and representative of the trustees, we have responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Board, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by Executive Board and the Audit Committee and plan to address weaknesses and ensure continuous improvement of the system in place.

**Sir Christopher Frayling**  
**Chair**  
18 October 2004

# The certificate and report of the comptroller and auditor general to the Houses of Parliament

I certify that I have audited the financial statements on pages 100 to 117 under the National Lottery etc Act 1993 (as amended). These financial statements have been prepared under the historic cost convention and the accounting policies set out on pages 103 to 104.

## **Respective responsibilities of the Council, chief executive and auditor**

As described on page 93, the Council and chief executive are responsible for the preparation of the financial statements in accordance with the National Lottery etc Act 1993 (as amended) and directions made by the Secretary of State thereunder, and for ensuring the regularity of financial transactions. The Council and chief executive are also responsible for the preparation of the foreword and the other contents of the annual review. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the National Lottery etc Act 1993 (as amended) and directions made by the Secretary of State thereunder, and whether in all material respects the expenditure and income have

been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the foreword is not consistent with the financial statements, if Arts Council England has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the annual review and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 95 to 97 reflects Arts Council England's compliance with HM Treasury's guidance on the statement on internal control. I report if it does not meet the requirements specified by HM Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the accounting officer's statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of Arts Council England's corporate governance procedures or its risk and control procedures.

# The certificate and report of the comptroller and auditor general to the Houses of Parliament continued

## **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Arts Council and chief executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to Arts Council England's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Arts Council England at 31 March 2004 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Lottery etc Act 1993 (as amended) and directions made by the Secretary of State thereunder; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

**John Bourn**

**Comptroller and Auditor General**

25 October 2004

National Audit Office  
157–197 Buckingham Palace Road  
Victoria, London SW1W 9SP

The maintenance and integrity of Arts Council England's website is the responsibility of the Accounting Officer. My work does not involve consideration of these matters and accordingly I accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## Income and expenditure account

For the year ended 31 March 2004

	Note	2003/04 £000s	2002/03 £000s
Share of proceeds from the National Lottery Distribution Fund	7	153,913	163,147
Investment returns on the Distribution Fund	7	9,993	15,894
(Loss) on revaluation of the Distribution Fund		(2,782)	(1,271)
Interest received		575	552
Other income		13	9
<b>Total income</b>		<b>161,712</b>	<b>178,331</b>
Grant commitments made in the year	9	168,188	120,455
Less: lapsed and revoked commitments	9	(945)	(3,133)
<b>Net grant commitments</b>		<b>167,243</b>	<b>117,322</b>
General expenditure:			
Staff costs	2a	1,364	1,737
Other operating costs	3	3,300	5,106
Costs apportioned from grant-in-aid accounts		14,907	18,058
Total operating costs		19,571	24,901
<b>Total expenditure</b>		<b>186,814</b>	<b>142,223</b>
<b>Net resources expended before exceptional items and notional costs</b>		<b>(25,102)</b>	<b>36,108</b>
Exceptional items			
Cost of fundamental reorganisation	21	(19)	(2,207)
<b>Net resources expended after exceptional items before notional costs</b>		<b>(25,121)</b>	<b>33,901</b>
Notional costs			
Cost of capital	8	0	0
<b>Net resources expended after notional costs</b>		<b>(25,121)</b>	<b>33,901</b>
Reversal of notional costs		0	0
<b>(Decrease)/increase in lottery funds</b>		<b>(25,121)</b>	<b>33,901</b>
Accumulated funds brought forward		62,082	28,181
<b>Accumulated funds carried forward</b>	17	<b>36,961</b>	<b>62,082</b>

Arts Council England has no recognised gains or losses other than those disclosed in the above income and expenditure account. Consequently, no separate statement of recognised gains and losses has been prepared. There are no discontinued activities.

The notes on pages 103 to 117 form part of these accounts.

## Balance sheet

As at 31 March 2004

	Note	31 March 2004 £000s	31 March 2003 £000s
<b>Fixed assets</b>			
Tangible assets	5	<u>60</u>	<u>126</u>
		60	126
<b>Current assets</b>			
Debtors	6	1,799	1,486
Investments: balance in the National Lottery Distribution Fund	7	224,077	245,584
Cash at bank and in hand		<u>3,999</u>	<u>9,103</u>
		229,875	256,173
<b>Creditors: amounts falling due within one year</b>			
Grant commitments	9	100,127	76,191
Creditors	10	639	521
Due to grant-in-aid accounts		<u>7,146</u>	<u>7,284</u>
		107,912	83,996
<b>Net current assets</b>		<u>121,963</u>	<u>172,177</u>
<b>Total assets less liabilities</b>		122,023	172,303
<b>Creditors: amounts falling due over one year</b>			
Grant commitments	9	<u>85,062</u>	<u>110,221</u>
		36,961	62,082
<b>Represented by</b>			
Reserves	17	<u>36,961</u>	<u>62,082</u>
		36,961	62,082

The notes on pages 103 to 117 form part of these accounts.

Peter Hewitt, Chief Executive

Sir Christopher Frayling, Chair

18 October 2004

## Cash flow statement

For the year ended 31 March 2004

	Note	2003/04 £000s	2002/03 £000s
<b>Operating activities</b>			
Funds received from the National Lottery Distribution Fund	7	182,631	178,533
Other cash receipts		13	9
Grants paid	9	(168,466)	(152,276)
Cash paid to and on behalf of employees		(1,364)	(1,737)
Other cash payments		(18,324)	(18,674)
Net cash movements relating to exceptional items		(19)	(2,207)
<b>Net cash (outflow)/inflow from operating activities</b>	14	<b>(5,529)</b>	<b>3,648</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		575	552
Loans repaid by other bodies	6	800	556
Loans made to other bodies	6	(950)	(931)
Net cash inflow from returns on investments and servicing of finance		<u>425</u>	<u>177</u>
<b>(Decrease)/increase in cash</b>	15	<b><u>(5,104)</u></b>	<b><u>3,825</u></b>

The notes on pages 103 to 117 form part of these accounts.

# Notes to the lottery distribution accounts

## 1 Accounting policies

### a) Basis of accounts

We have prepared these accounts in accordance with the revised Accounts Direction issued by the Secretary of State for Culture, Media and Sport in May 2002. They have been prepared in a form directed by the Secretary of State with the consent of HM Treasury in accordance with Section 35(3) of the National Lottery etc Act 1993. They meet the requirements of the Companies Acts, and of the Statements of Standard Accounting Practice/Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as those requirements are appropriate.

The accounts are prepared on a historic cost basis. The Accounts Direction requires the inclusion of fixed assets at their value to the business by reference to current costs. However, for 2003/04, the values of fixed assets expressed in current cost terms are not materially different to historic costs, and so fixed assets are shown at historic cost on the balance sheet.

Separate accounts have been prepared for the activities funded from the grant-in-aid, in accordance with the directions issued by the Secretary of State. Consolidated accounts have not been prepared.

### b) Recognition of income and expenditure

All income and expenditure are accounted for on a receivable basis.

As required by the Secretary of State, we have made a distinction between lottery grants that are 'hard' and 'soft' commitments. A hard commitment is when the Arts Council has made a firm offer of grant which (together with appropriate conditions) has been accepted by the recipient. A soft commitment is when we have agreed in principle to fund a scheme and made an offer, but the offer and associated conditions have not been accepted.

Hard commitments are recognised as items of expenditure in the income and expenditure account. Details of soft commitments are disclosed in note 9 to the accounts.

Hard commitments payable within one year of the balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as grant commitments over one year.

### c) Depreciation and fixed assets

Depreciation is provided on all tangible fixed assets financed by lottery funds at rates calculated to write off the cost less estimated residual value of each asset systematically over its expected useful life as follows:

- leasehold buildings: the life of the lease
- equipment, fixtures and fittings: four years
- a full year's depreciation is provided in the year of an asset's acquisition, and none in the year of its disposal
- software costs are written off in full in the year of acquisition

Assets used jointly for grant-in-aid activities and lottery activities are accounted for in the

## Notes to the lottery distribution accounts *continued*

### 1 Accounting policies *continued*

grant-in-aid accounts. A capital recharge for the use of these assets by lottery is included in the apportioned costs (see note 1g).

#### d) National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to Arts Council England is as shown in the accounts and, at the balance sheet date, has been notified by the Secretary of State for Culture, Media and Sport as being available for distribution by Arts Council England for current and future commitments.

#### e) Taxation

Arts Council England is a registered charity (No 1036733) and is eligible under the Income and Corporation Taxes Act 1988 to seek from the Inland Revenue exemption from taxes on income arising from its charitable objectives. The Inland Revenue has granted this exemption. Accordingly, no taxation has been provided for in these accounts.

#### f) Pensions

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund. However, as these are multi-employer schemes, we cannot identify our share of the underlying assets and liabilities. We have therefore accounted for the schemes as if

they were defined contribution schemes, in accordance with FRS 17 *Retirement Benefits*, with the costs of the schemes charged to the statement of financial activities.

#### g) Apportioned costs

Arts Council England incurs indirect costs, which are shared between activities funded from grant-in-aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas in accordance with good accounting practice.

#### h) Notional costs

Arts Council England is required to calculate a notional cost of capital, which is disclosed in the income and expenditure account. These accounts cover the lottery distribution activities of Arts Council England, and only funds from the National Lottery are included which bear a cost of capital of 0%.

### 2a) Staff costs

	2003/04	2002/03
	£000s	£000s
Salaries and wages	1,128	1,464
Employer's national insurance	101	123
Employer's pension contributions	135	150
	<u>1,364</u>	<u>1,737</u>

In addition to the cost of staff working directly on lottery activities in the table above, £9,350,000 of the costs apportioned from Arts Council England's grant-in-aid accounts relate to staff costs.

## Notes to the lottery distribution accounts *continued*

### 2a) Staff costs *continued*

The average number of employees engaged directly on lottery activities for the year ended 31 March 2004 was as follows:

	2003/04	2002/03
Management and operational	31	41

### 2b) Council members' remuneration

We paid nine members of Council who are also chairs of regional councils remuneration of £6,000 each during 2003/04 (2002/03: £5,000). The Chair and remaining members of Council received no remuneration during 2003/04 (2002/03: £nil).

### 2c) Pensions

We are a participating employer in the Arts Council Retirement Plan (1994), and the West Yorkshire Pension Fund, and also contribute to a group personal pension arrangement.

#### Arts Council Retirement Plan (1994)

The scheme is a defined benefit scheme. However, because it is a multi-employer scheme, we are unable to identify our share of the underlying assets and liabilities. So, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with FRS 17 *Retirement Benefits*.

The scheme is financed by payments by Arts Council England and employees into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by a leading

fund management company. The net market value of the scheme's assets at 31 March 2004 was £27,055,000.

An actuarial valuation of the pension fund takes place every three years. At the last valuation on 1 April 2002, the actuarial value of the assets using the projected unit method was sufficient to cover 87% of the value accrued to members, with a deficit of £4,200,000. As a result, and on the advice of the actuary, we increased our employer's contribution to 15.2% with effect from 1 April 2003 and then to 19.2% with effect from 1 April 2004.

The main long-term assumptions used for the actuarial valuation were as follows:

Price inflation rate	2.8%
Rate of pay increases	4.3%
Rate of pension increases	2.8%

Amounts due to the fund at 31 March 2004 were £nil (31 March 2003: £nil).

#### West Yorkshire Pension Fund

Arts Council England is an admitted member of the West Yorkshire Pension Fund. The scheme is a defined benefit scheme. However, because it is a multi-employer scheme, we are unable to identify our share of the underlying assets and liabilities. So, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with FRS 17 *Retirement Benefits*.

## Notes to the lottery distribution accounts *continued*

### 2c) Pensions *continued*

The net market value of total scheme assets at 31 March 2004 was £4,578,623,000.

An actuarial valuation of the pension fund takes place every three years. The last valuation was at 31 March 2001. At this date the actuarial value of the assets using the projected unit method was sufficient to cover 107% of the value accrued to members. From 1 April 2003, employer contributions were set at 15%.

The main long-term assumptions used for the purposes of the actuarial valuation were as follows:

Rate of interest	6.5%
Rate of pay increases	4.0%
Rate of pension increases	2.5%

Amounts due to the fund at 31 March 2004 were £nil (31 March 2003: £nil).

#### Axa Sun Life

Arts Council England contributes to a group personal pension arrangement in respect of some London office employees. All contributions are charged to the income and expenditure account as they arise. At 31 March 2004, amounts due to the fund were £nil.

#### Legacy Regional Arts Board pension schemes

All active Regional Arts Board pension members, except those from London Arts, transferred to the West Yorkshire Pension Fund on 1 April 2002. However, their past service remained with the legacy pension provider as detailed below:

East England Arts	Cambridgeshire Council
East Midlands Arts	Nottingham Council
Northern Arts	Tyne & Wear Pension Fund
North West Arts	Greater Manchester Pension Fund
Southern Arts	Hampshire Pensions Trust
South East Arts	Surrey Council
South West Arts	Devon Council
West Midlands Arts	Staffordshire Council
Yorkshire Arts	Remained in West Yorkshire Pension Fund

Arts Council England is responsible for meeting any further liabilities relating to Regional Arts Board employees which arise in respect of these funds. Liabilities in relation to two schemes were settled in previous financial years. Negotiations are under way with another regarding potential liabilities. The remaining schemes have not indicated that any liability exists. No provision has been made in these accounts for potential sums payable, because of the uncertain nature of these liabilities.

## Notes to the lottery distribution accounts *continued*

### 2d) Executive directors' remuneration

The remuneration of our executive directors for the year ended 31 March 2004 was:

	Salary £000s	Pension £000s	Benefits in kind £000s	Bonus £000s	Total remuneration 2003/04 £000s	Total remuneration 2002/03 £000s
Peter Hewitt (Chief Executive)	127	15	0	10	152	146
Wendy Andrews (External Relations)	2	0	0	0	2	83
Nick Capaldi (South West)	62	9	0	2	73	56
Andy Carver (Yorkshire)	62	9	0	2	73	63
Clive Caseley (External Relations)	69	10	0	1	80	n/a
Andrew Dixon (North East)	72	11	0	6	89	80
Laura Dyer (East Midlands)	60	9	0	1	70	67
Michael Eakin (North West)	77	11	0	4	92	87
Kim Evans (Arts)	125	13	0	10	148	145
Helen Flach (East Midlands)	16	2	0	0	18	n/a
Keith Harrison (Finance & Operations)	75	11	0	5	91	87
Felicity Harvest (South East)	62	9	0	2	73	78
Sally Luton (West Midlands)	68	10	0	4	82	67
Andrea Stark (East)	74	11	0	6	91	88
Pauline Tambling (Development)	76	12	0	4	92	91
Sarah Weir (London)	76	12	0	5	93	n/a

Peter Hewitt is on a fixed contract which expires in January 2008. All other executive directors are on permanent contracts. Clive Caseley took up post on 22 April 2003, and Sarah Weir on 28 April 2003. Wendy Andrews left the organisation on 30 April 2003 and received a redundancy payment of £55,000 plus £18,000 pay in lieu of notice. Laura Dyer started maternity leave on 11 January 2004 and Helen Flach took up the post of acting Executive Director, East Midlands on 5 January 2004.

## Notes to the lottery distribution accounts *continued*

### 2d) Executive directors' remuneration *continued*

Details of the pension entitlements for our executive directors for the year ended 31 March 2004 were:

	Accrued pension at 31 March 2004 £000s	Pension increase in the year (net of inflation) 2003/04 £000s	Cash equivalent transfer value at 31 March 2004 £000s	Increase in cash equivalent transfer value (net of inflation) £000s	Cash equivalent transfer value at 31 March 2003 £000s
Peter Hewitt (Chief Executive)	96	5	260	43	213
Nick Capaldi (South West)	48	10	144	34	108
Andy Carver (Yorkshire)	34	6	115	23	90
Clive Caseley (External Relations)	3	3	5	5	0
Andrew Dixon (North East)	72	10	228	36	189
Laura Dyer (East Midlands)	6	3	15	8	7
Michael Eakin (North West)	8	4	20	10	10
Kim Evans (Arts)	22	5	64	20	43
Helen Flach (East Midlands)	61	10	246	48	195
Keith Harrison (Finance & Operations)	17	5	32	11	21
Felicity Harvest (South East)	7	4	23	14	9
Sally Luton (West Midlands)	7	4	23	14	9
Andrea Stark (East)	8	4	20	11	9
Pauline Tambling (Development)	58	5	143	27	114
Sarah Weir (London)	4	4	8	8	0

### 3 Other operating costs

	2003/04 £000s	2002/03 £000s
Depreciation	66	67
Travelling, subsistence and entertainment	67	84
Agency staff costs	105	116
Professional fees	400	661
Office and sundry	55	189
Irrecoverable VAT	348	378
External assessment costs	2,259	2,249
ARTIS IT information systems project	0	1,362
	<b>3,300</b>	<b>5,106</b>

## Notes to the lottery distribution accounts *continued*

### 4 Increase in lottery funds

	2003/04 £000s	2002/03 £000s
Stated after charging:		
(a) Auditors' remuneration	42	40
(b) Staff travel, subsistence and hospitality	67	69

### 5 Tangible fixed assets

	Short leasehold improvements £000s	Equipment fixtures and fittings £000s	Total £000s
Cost at 1 April 2003	213	181	394
Less: disposals	0	(181)	(181)
<b>Cost at 31 March 2004</b>	<b>213</b>	<b>0</b>	<b>213</b>
Depreciation at 1 April 2003	131	137	268
Less: depreciation on disposals	0	(181)	(181)
Provided for 2003/04	22	44	66
<b>Depreciation at 31 March 2004</b>	<b>153</b>	<b>0</b>	<b>153</b>
<b>Net book value at 31 March 2004</b>	<b>60</b>	<b>0</b>	<b>60</b>
Net book value at 31 March 2003	82	44	126

### 6 Debtors

	31 March 2004 £000s	31 March 2003 £000s
Prepayments and accrued income	53	66
Other debtors	1,746	1,420
	<b>1,799</b>	<b>1,486</b>

Included in 'other debtors' are interest-free loans to the following organisations:

- Almeida Theatre Company, £800,000, included in 2002/03, repaid in full in 2003/04
- Royal Exchange Theatre, £545,000, included in 2002/03 and 2003/04 and repayable in instalments by 31 March 2011, with the first instalment due by 31 March 2005

## Notes to the lottery distribution accounts *continued*

### 6 Debtors *continued*

- Yorkshire Artspace Society, £131,000 advanced in 2002/03 with £56,000 repaid during that year, and the remaining £75,000 repayable in equal monthly instalments by 1 May 2013
- FACT Centre, £250,000 in 2003/04, repayable in amounts equal to 5% of surplus funds after the end of June each year
- Lighthouse Arts and Training Ltd, £100,000 in 2003/04, with a further £50,000 available under this agreement, repayable by 11 September 2005
- English National Opera, £600,000 in 2003/04, with a further £1,400,000 which since has been made available under this agreement. The loan is repayable on the practical completion of the lottery project or 31 October 2004, whichever is earlier

### 7 Investments: balance in the National Lottery Distribution Fund

	2003/04 £000s	2002/03 £000s
Balance at 1 April	245,584	246,347
Share of proceeds from the National Lottery Distribution Fund	153,913	163,147
Investment returns on the Distribution Fund	9,993	15,894
Unrealised losses	(2,782)	(1,271)
Cash drawn down	(182,631)	(178,533)
Balance at 31 March	<u>224,077</u>	<u>245,584</u>

The balance in the National Lottery Distribution Fund at 31 March 2004 was unaudited at the date of signing these accounts.

Arts Council England's ongoing commitments policy can be summarised as follows. Based on forecasts of income and the anticipated timing of cashflows against existing commitments, Arts Council England will set additional commitments at such a level that our National Lottery Distribution Fund balance will move towards and then remain at a balance of £50 million. However, as the end of the current licence period in January 2009 approaches, this ongoing policy will be tempered by the need to ensure that outstanding commitments do not exceed the total amount of lottery cash forecast to be available.

Given our commitments policy, the impact of the January 2009 date and the expectation that lottery licence arrangements beyond that date will not be confirmed until 2006, the fund's balances for the next three years are forecast as follows:

## Notes to the lottery distribution accounts *continued*

### 7 Investments: balance in the National Lottery Distribution Fund *continued*

	£000s
31 March 2005	175,000
31 March 2006	130,000
31 March 2007	80,000

These forecasts reflect Arts Council England's best estimate of the likely timing of future grant payments, and the level of future lottery ticket sales. The latter is informed by forecasts provided by DCMS. The timing of future grant payments, particularly on major capital projects, can be subject to material variation beyond Arts Council England's control, depending on the circumstances of the individual projects themselves.

### 8 Notional costs

The Arts Council is required to calculate a notional cost of capital, which is disclosed in the income and expenditure account. These accounts cover the lottery distribution activities of Arts Council England, and only funds from the National Lottery are included which bear a cost of capital of 0%.

### 9 Soft and hard commitments

	31 March 2004 £000s	31 March 2003 £000s
Soft commitments brought forward	51,446	29,887
Soft commitments transferred to hard commitments	(168,188)	(120,455)
Soft de-commitments	(3,596)	(135)
Soft commitments made	164,007	142,149
Balance of soft commitments outstanding carried forward	<u>43,669</u>	<u>51,446</u>
Hard commitments brought forward	186,412	221,366
Hard commitments met in the last year	(168,466)	(152,276)
Hard de-commitments	(945)	(3,133)
Hard commitments made	168,188	120,455
Balance of hard commitments outstanding carried forward	<u>185,189</u>	<u>186,412</u>
Ageing of hard commitments:		
2003/04	n/a	76,191
2004/05	100,127	62,059
2005/06	43,395	30,596
2006/07	27,426	17,566
2007/08	14,241	0
Total hard commitments	<u>185,189</u>	<u>186,412</u>

## Notes to the lottery distribution accounts *continued*

### 10 Creditors

	31 March 2004 £000s	31 March 2003 £000s
Trade creditors	40	26
Accruals and deferred income	599	495
	<u>639</u>	<u>521</u>

### 11 Leases

There were no commitments under non-cancellable operating leases at 31 March 2004 (31 March 2003: £nil).

### 12 Capital commitments

There were no contracted capital commitments at 31 March 2004 (31 March 2003: £nil).

### 13 Charges on assets

Since November 1997, the standard conditions for grants give Arts Council England an option to take a formal charge on assets for building projects for grants exceeding £250,000.

### 14 Cash flow reconciliation

	2003/04 £000s	2002/03 £000s
Reconciliation of operating (deficit)/surplus to net cash flow from operating activities		
Operating (deficit)/surplus	(25,121)	33,901
Interest receivable	(575)	(552)
Unrealised loss on investment	2,782	1,271
Depreciation charges	66	67
Decrease in debtors and prepayments	18,563	416
(Decrease) in creditors	<u>(1,244)</u>	<u>(31,455)</u>
Net cash (outflow)/inflow from operating cashflows	<u>(5,529)</u>	<u>3,648</u>

### 15 Reconciliation of net cash flow to movement in funds

	2003/04 £000s	2002/03 £000s
(Decrease)/increase in cash in the year	(5,104)	3,825
Funds at 1 April	<u>9,103</u>	<u>5,278</u>
Funds at 31 March	<u>3,999</u>	<u>9,103</u>



## Notes to the lottery distribution accounts *continued*

### 19 Related parties

We maintain publicly available registers in which Council members declare their interests, including any direct interests in grant applications made to and commercial relationships with the Arts Council. The following interests in grant recipients were declared for the year ended 31 March 2004:

Grant for the year ended 31/3/04 £000s	Balance unpaid at 31/3/04 £000s	Organisation	Council member	Relationship
16	0	Sheffield Children's Festival	Sir Norman Adsetts OBE	Chairman
47	40	Arts & Business	Deborah Bull CBE	Honorary vice president
14	1	Foundation for Community Dance		Patron
45	5	Random Dance Company		Board member
0	209	Royal Opera House		Employee
82	8	Gardner Arts Centre	Deborah Grubb	Chair
0	20	National Opera Studio	Sir Brian McMaster CBE	Chairman
5	0	Yaa Asantewaa Arts and Community Centre	Elsie Owusu OBE	Adviser
47	40	Arts & Business	Gerry Robinson	Honorary vice president
47	40	Arts & Business	William Sieghart	Honorary vice president
95	37	Birmingham Arts Marketing	Dorothy Wilson	Board member
250	255	mac (Midlands Arts Centre)		Employee
0	5	Motionhouse Dance		Board member
22	22	Nitro	Lady Sue Woodford Hollick	Family member is artistic director
0	218	South Bank Centre		Husband is chairman
15	2	Tate Modern Advisory Council		Member

## Notes to the lottery distribution accounts *continued*

### 19 Related parties *continued*

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to and commercial relationships with the Arts Council. The following interests in grant recipients were declared for the year ended 31 March 2004.

Grant for the year ended 31/3/04 £000s	Balance unpaid at 31/3/04 £000s	Organisation	Executive director/ senior manager	Relationship
50	37	National Theatre	Elizabeth Adlington	Partner is employee
276	145	Africa Centre	Hilary Carty	Family member is employee
50	37	National Theatre	Moss Cooper	Partner is employee
400	10,968	The Public	Laura Dyer	Partner is employee
34	3	Artangel Trust	Kim Evans	Patron
3	0	Odyssey Consulting Ltd	Bronac Ferran	Partner is employee
96	82	Hastings Council	Felicity Harvest	Family member is member
272	300	Kent Council		Partner is employee
100	14	BALTIC	Peter Hewitt	Family member is employee
110	70	Groundwork Birmingham	Sally Luton	Board member
250	0	mac (Midlands Arts Centre)		Partner is board member
57	12	SAMPAD		Partner is board member
90	23	Green Candle Dance Company	Peter Thornton	Board member

The Department for Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. The National Foundation for Youth Music is similarly regarded as a related party by virtue of its funding relationship with the Arts Council. During the year Arts Council England had material transactions with other government departments and other lottery distributors including the Community Fund, Heritage Lottery Fund, New Opportunities Fund, Sport England and the UK Film Council.

## Notes to the lottery distribution accounts *continued*

### 20 Financial Instruments

FRS 13, *Derivatives and other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks Arts Council England faces in undertaking its activities.

#### Liquidity risk

In 2003/04, 95.2% of Arts Council England's income derived from the National Lottery. The remaining income derived from investment returns from the balance held with the National Lottery Distribution Fund of 4.5%, and from bank interest and other income of 0.3%.

At the balance sheet date, Arts Council England had net assets of £36,961,000.

#### Cash flow projections over the next financial year

We do not believe that we are exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments over the next financial year.

<u>Liquid assets as at 31 March 2004</u>	<u>£000s</u>
Market value of National Lottery Distribution Fund investments	224,077
Cash	3,999

#### Interest rate risk

In accordance with the National Lottery Act 1998, National Lottery income receivable by Arts Council England is passed by the National Lottery Distribution Fund to the Commissioners for the Reduction of National Debt who invest the income in a narrow band of low risk assets such as government bonds and cash. Arts Council England has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date the market value of the Arts Council's shares of the National Lottery Distribution Fund was £224,077,000. In the year the average return on these investments was 3.1%.

Cash balances which are drawn down by Arts Council England from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account, which carried an interest rate of 0.25% below base rate during the year. The cash balance at the year end was £3,999,000. We consider that we are not exposed to significant interest rate risks on our cash balances.

#### Foreign currency risk

Arts Council England is not exposed to any foreign exchange risks.

## Notes to the lottery distribution accounts *continued*

### **21 Merger of the Arts Council of England and the 10 Regional Arts Boards**

On 1 April 2002, the assets and liabilities of the 10 Regional Arts Boards transferred to Arts Council England. Costs relating to the merger as detailed below have been disclosed separately in the income and expenditure account as an exceptional item.

	2003/04 £000s	2002/03 £000s
Professional fees	0	399
Redundancy costs	19	1,590
Other	0	218
	<u>19</u>	<u>2,207</u>

## Lottery hard commitments 2003/04

### Schedule 1 to the lottery distribution accounts

	£	£
Multiple grants to the same organisation, and under a single programme, are combined and the total amount is shown in this schedule.		
	£	£
<b>East</b>		
<b>Capital</b>		
Bedford Council	50,000	
Cinema City	98,420	
Colchester Council	5,000,000	
Norfolk and Norwich Film Theatre	2,559,728	
Wysing Arts	754,625	
		<b>8,462,773</b>
<b>Grants for the arts – national touring</b>		
Grants under £25,000	50,227	
Britten Sinfonia	38,674	
Classworks Theatre	58,114	
		<b>147,015</b>
<b>Grants for the arts – organisations</b>		
Grants under £25,000	475,243	
ADeC	98,900	
Array	92,372	
Ascend	29,782	
Basildon Council	25,926	
Bedford Creative Arts	73,731	
Britten Sinfonia	289,680	
Cambridge Council	29,889	
Colchester Mercury Theatre	110,000	
Commissions East	100,000	
Cresset Leisure Services	38,601	
Dance East	215,000	
Dedalus	41,559	
Essex Arts Officers Group	26,963	
Gyenyame for Performing Arts	58,000	
Hat Factory	150,000	
Junction CDC	165,037	
Key Works International	37,110	
Momentum Arts	90,000	
New Wolsey Theatre	69,365	
Norfolk and Norwich Festival	30,000	
Norfolk Dance	150,000	
North Norfolk Council	152,000	
Omobono	29,860	
Opera 21	25,415	
Palace Theatre Watford	250,000	
Red Rose Chain	60,000	
Sheringham Little Theatre	30,000	
Southend-on-Sea Council	100,000	
Suffolk Artlink	69,950	
Suffolk Council	123,656	
Theatre Royal Norwich	97,630	
Thurrock Council	162,849	
TTA Press – The Third Alternative	41,400	
Wolsey Gallery	42,250	
		<b>3,582,168</b>
<b>Regional Arts Lottery Programme</b>		
Grants under £25,000	50,783	
Academy Trust, The	100,000	
Aldeburgh Poetry Trust	90,000	
Anand Mela	25,470	
Arts in Cambridgeshire on Tour	38,074	
Bedfordshire Local Authority Consortium	30,000	
Bowen West Theatre	188,256	
Dance United	101,409	
English Sinfonia	81,586	
Essex Council	30,000	
idance	25,831	
Leighton Buzzard Theatre	95,637	
Menagerie Theatre Company	29,870	
Norfolk Dance	92,390	

## Lottery hard commitments 2003/04 *continued*

<b>East continued</b>		£	£			£	£
Norwich School of Art and Design Performance II	133,647			Apna Arts		83,012	
Peterborough School of Art	26,670			Bathysphere		56,532	
Sound Sense	30,000			Belgrave Baheno			
South Beds Council	90,000			Peepul Centre		91,680	
Theatre Royal Bury St Edmunds	88,000			Dance 4		42,000	
Tyndall Centre	25,000			Derby Council		115,477	
Woolpit Village Hall	70,000			Derbyshire Council		36,040	
			<b>1,532,623</b>	Emaca		83,191	
<b>Stabilisation and recovery</b>				Groundwork UK – East Midlands		94,750	
Cambridge Arts Theatre	350,000			Leicester Caribbean Carnival		30,000	
Colchester Mercury Theatre	200,000			Loughborough Town Hall		44,000	
			<b>550,000</b>	Mansfield Museum and Art Gallery		38,854	
<b>Total East</b>			<b>14,274,579</b>	Metro Boulot Dodo		29,967	
				Next Stage (Participatory Arts)		94,710	
<b>East Midlands</b>				People Express		68,000	
<b>Capital</b>				Red Earth Theatre		33,125	
Art Exchange	41,300			Roadmender		61,385	
Belgrave	1,200,000			Southwell Artspace		108,413	
Broadway Nottingham							<b>2,093,715</b>
Media Centre	1,800,000			<b>National activity</b>			
Northampton Theatres	527,864			Derby Council		18,000	
			<b>3,569,164</b>	Mailout		46,880	
<b>Grants for the arts – national touring</b>				Nalgao		30,000	
Grants under £25,000	50,315						<b>94,880</b>
Bodies in Flight	26,541			<b>Regional Arts Lottery Programme</b>			
Jeanie Finlay	37,784			Grants under £25,000		294,367	
Foot in Hand	45,048			Blackfriars Arts Centre		28,706	
Reckless Sleepers	74,100			Derbyshire Dales Council		40,473	
			<b>233,788</b>	Firebird Trust		25,000	
<b>Grants for the arts – organisations</b>				LACAF		108,375	
Grants under £25,000	763,691			Lincoln Council		59,550	
27A Access Artspace	35,000			Lincoln Drill Hall		91,976	
Angel Row Gallery	83,888			Northants Dance		59,295	
Anima Dance	100,000			Notts Dance Consortium		49,685	
				Princes Trust		90,000	
							<b>847,427</b>





## Lottery hard commitments 2003/04 *continued*

<b>London continued</b>	£	£		£	£
North Westminster Community School			<b>National activity</b>		
Studio Theatre	27,745		Grants under £25,000	64,153	
On Theatre	40,002		Age Exchange		
Ophaboom	40,413		Theatre Trust	61,050	
Paines Plough	56,698		Arc Dance Company	31,624	
Platform 3 Web	28,645		Arvon Foundation	77,500	
Poetry Book Society	31,339		Dance United	107,000	
Proboscis	52,900		National Literacy Trust	73,000	
Prospect Publishing	35,000		Poetry Book Society	43,100	
Punchdrunk Theatrical Experiences	29,778		Poetry Society	55,750	
Random Dance Company	45,100		Southern African Book Development Education Trust	38,000	
Refugees and the Arts Initiative	40,000		Surrey, University of	74,952	
School of Oriental and African Studies	64,895		Urban Voice (UK)	75,000	
Shoreditch Our Way	90,000		World Book Day	166,750	
Shunt Events	48,000				<b>867,879</b>
Southwark Council	34,250		<b>Regional Arts Lottery Programme</b>		
Southwark Refugee Artists Network	33,544		Grants under £25,000	1,200,506	
Spare Tyre Theatre Company	27,000		4 Corners Film Workshop	30,000	
Streets Alive Theatre Company	30,285		Albany	25,018	
Tam Tam Tales Trust	29,000		Art Start	25,585	
Thames Festival	61,553		Barnet Council	25,000	
Theatre Rites	25,998		Blue Elephant Theatre	25,000	
Theatre Venture	36,800		Bull, The	50,000	
Told By An Idiot	39,390		Carl Rosa Opera	26,065	
Tricycle Theatre	30,000		Carnaval del Pueblo	26,492	
Union Chapel Project	30,000		Circus Space	65,612	
Vivrant	27,730		Comedy School	26,246	
Walker Dance and Park Music	30,000		Commonwealth Arts and Cultural Foundations	30,000	
Women's Playhouse Trust	33,975		Digital Guild	41,127	
WORLD FAMOUS	51,579		Green Candle Dance Company	25,140	
Xosa Management	28,490		Half Moon Young People's Theatre	29,711	
		<b>5,489,542</b>	Harrow Council	29,850	
			Havering Council	39,318	
			Heart 'n Soul	29,683	
			Hillingdon Council	55,000	
			Insight Arts Trust	41,513	

## Lottery hard commitments 2003/04 *continued*

<b>London continued</b>	£	£	£	£
Kinetika Arts Links International	40,537		Shape London	170,000
Lambeth Council	29,725		Stratford Circus (Salway Arts)	350,000
Lynk Reach	25,000		Vocaleyes	95,000
Marisa Carnesky Company	29,870			<b>13,211,910</b>
Mirage Children's Theatre Company	27,500		<b>Total London</b>	<b><u>45,496,830</u></b>
Musiko Musika	28,465			
Nettlefold Festival	33,747		<b>North East</b>	
New Peckham Varieties	39,251		<b>Capital</b>	
National Theatre	50,000		BALTIC Flour Mills	
Overtones	25,000		Visual Arts Trust	100,000
Oxford House in Bethnal Green	83,500		Centre for the Children's Book	465,000
Pandit Ram Sahai Sangit Vidyalyaya	44,994		Middlesbrough Council	4,150,000
Peter Pan Park Action Group	28,530		Newcastle Council	466,000
Push	27,752		Northern Stage	2,615,453
Royal Philharmonic Orchestra	40,000			<b>7,796,453</b>
South London Gallery	60,000		<b>Grants for the arts – national touring</b>	
SPACE Studios	54,000		Grants under £25,000	36,125
Tomorrow's Warriors	35,278		balletLORENT	70,000
Tongues on Fire	29,250		Bright Colours Only	36,076
Triangle Arts Trust	30,000		Mischief La-Bas	55,756
Visiting Arts	55,830		Monster Productions	44,678
Writers in Prison Network	29,944		No Limits Theatre Company	26,000
			Roxy Walsh	26,360
				<b>294,995</b>
		<b>2,695,039</b>	<b>Grants for the arts – organisations</b>	
<b>Stabilisation and recovery</b>			Grants under £25,000	1,074,982
Africa Centre	275,732		AMINO	34,592
Cardboard Citizens	70,000		Avison Ensemble	33,517
Contemporary Dance Trust	204,464		balletLORENT	53,537
English National Ballet	800,000		Bloodaxe Books	32,975
English National Opera	10,000,000		Cobalt Studios	74,941
Hounslow Arts Trust	204,241		Dodgy Clutch	30,980
Hoxton Hall	85,000		Durham Council	36,800
Riverside Trust	957,473		Estrela	26,638
			Forge, The	25,850
			Forma Arts and Media	75,000
			Helix Arts	28,000

## Lottery hard commitments 2003/04 *continued*

<b>North East continued</b>	£	£	£	£
Independent Northern Publishers	29,654		Inner City Music	247,725
Isis Arts	45,620		Liverpool and Merseyside Theatres Trust	247,000
Middlesbrough Council	28,000		Lowry Centre	550,000
Middlesbrough Music	80,922			<b>6,130,731</b>
New Writing North	30,000		<b>Grants for the arts – national touring</b>	
Newcastle Council	36,978		Grants under £25,000	30,300
Nexus	25,000		Barracudas	47,227
Northern Print	71,480		Brouhaha International	38,000
Side Gallery	29,845		Chinese Arts Centre	27,311
Sightline Initiative	29,971		Fittings Multimedia Arts	29,950
Sunderland, University of	30,500		Greater Manchester Arts Centre	29,983
Tees Valley Arts	29,940		Horse and Bamboo (Little World)	69,609
Tufnell and Rubidge Associates	42,713		Lipservice	57,517
Tyne and Wear Metropolitan Fire Brigade	34,500		Psappa	26,545
		<b>2,072,935</b>	Talia Theatre	29,050
<b>National activity</b>			Urban Expansions	44,660
Grants under £25,000	31,250		Walk the Plank	40,000
		<b>31,250</b>		<b>470,152</b>
<b>Regional Arts Lottery Programme</b>			<b>Grants for the arts – organisations</b>	
Grants under £25,000	55,535		Grants under £25,000	1,612,780
ShIPLEY Art Gallery	30,000		Action Transport Theatre Company	42,155
Side Gallery	30,000		Africa Oye	25,750
		<b>115,535</b>	Art Gene	36,106
<b>Stabilisation and recovery</b>			Arts on the Web	50,000
Arc Trust	290,000		Ashton Group	
National Glass Centre	726,000		Contemporary Theatre	25,000
Sage Gateshead, The	600,000		Barracudas	33,950
		<b>1,616,000</b>	Big House Theatre Company	34,617
<b>Total North East</b>		<b>11,927,168</b>	Black Arts	
			Development Project	47,500
<b>North West</b>			Bluecoat Arts Centre	25,000
<b>Capital</b>			Bolton Octagon	28,000
Bluecoat Arts Centre	2,750,000		Bridgewater Canal Trust	30,000
Brewery Arts Centre	106,361		Bridgewater Hall	
Chinese Arts Centre	1,333,645		Community Education	45,000
Great Georges Community Centre	896,000		Brouhaha International	60,000

## Lottery hard commitments 2003/04 *continued*

<b>North West continued</b>	£	£		£	£
Burnley Youth Theatre	26,015		Metal Culture	31,000	
Business in the Arts North West	32,758		Mid Pennine Arts	80,000	
Clonter Farm Music Trust	30,000		Milap Festival	39,540	
Commissions in the Environment	84,694		Mossley Community Arts	34,008	
Community Arts North West	34,590		Multi Asian Arts Centre	31,550	
Cornerhouse	43,440		Naked Subculture	52,000	
D.I.Y. Theatre Company	26,685		National Library for the Blind	100,000	
East Manchester Community Forum	30,000		North West Disability Arts Forum	75,267	
Europride Manchester 2003	27,840		Open Eye Gallery	30,000	
Feelgood Theatre Productions	25,000		Our Lady and St John Catholic	30,000	
Fittings Multimedia Arts	25,000		Performing Arts Network	28,000	
Floating Ip	26,200		Peshkar Productions	77,500	
Flux Magazine	27,200		Quarantine	79,434	
Folkus	55,000		queerupnorth (IQUN)	48,256	
Freedom in Dance	25,000		Rasa Productions	50,860	
Futuresonic (Minimal Data)	25,020		Spike Theatre	42,500	
Fylde Coast YMCA	30,000		Spot On Lancashire	29,500	
Gallery Oldham	25,000		St Helens Council (Seandurney)	30,000	
GMPTE	30,000		St Peters Partnership	28,050	
Hope Street	37,900		Tameside Council	30,000	
Kendal Brewery Arts Centre	30,000		Trafford Arts and Cultural	30,000	
Lancaster International Concert	30,000		Ulverston Printfest	25,700	
Lipservice	49,670		Wardle High School	30,000	
Liverpool Council	30,000		Whalley Range All Stars	37,500	
Liverpool Housing Action Trust	40,000		Wythenshawe Partnership	29,630	
Liverpool School of Art and Design	25,000				4,260,692
Ludus Dance Agency	27,853		<b>Regional Arts Lottery Programme</b>		
Making Music	39,195		Grants under £25,000	473,320	
Manchester Museum	59,055		Arts About Manchester	29,750	
Manchester Pavilion	66,424		Barrow Council	63,000	
			Burnley Youth Theatre	39,283	
			Cartwheel Arts	35,022	
			Citadel Arts Centre	33,725	
			Dance United	67,492	
			Dukes Playhouse	48,091	
			Fulwood High School	65,680	

## Lottery hard commitments 2003/04 *continued*

<b>North West continued</b>	£	£	£	£
Fylde Council	35,682		Carnival Collective	25,970
Generator North East	41,300		De La Warr Pavilion	153,483
Holly Lodge Girls School	60,000		Ensemble Theatre	38,674
Lake District			High Spin Dance	
Summer Music	39,700		Theatre Company	67,456
Lowry Centre	50,000		London Mime Theatre	25,825
Merseyside Acme	48,000		New Vic Workshop	97,252
Milap Festival	51,263		Platform Four Theatre	31,425
Peopleprint Community			Sixteen, The	26,000
Media Work	27,422		Theatre Mélange	50,000
Rasa Productions	26,860		Visions	45,862
Royal Northern			Watermill Theatre	112,686
College of Music	60,000			<b>776,717</b>
Victoria Baths	28,510		<b>Grants for the arts – organisations</b>	
Worldport Festivals	30,000		Grants under £25,000	1,116,195
		<b>1,354,100</b>	Ann Sutton Foundation	56,000
<b>Stabilisation and recovery</b>			Artswork	25,000
Greater Manchester			Art Works	65,000
Arts Centre	100,000		Artworks-MK	29,687
Green Room	226,200		Arun Council	65,500
Liverpool Biennial of			Biserk Dance Company	25,800
Contemporary Art	200,000		Brighton Photo Biennial	
Royal Exchange Theatre	600,000		2003	34,990
Royal Liverpool			Brookside Primary School	29,100
Philharmonic Society	2,501,000		Canterbury Festival	63,544
		<b>3,627,200</b>	Cartoon de Salvo	30,000
<b>Total North West</b>		<b><u>15,842,875</u></b>	Chiltern Sculpture Trust	30,000
			Corn Exchange Newbury	60,333
<b>South East</b>			Creation Theatre	
<b>Capital</b>			Company	29,931
Art Asia	3,500		Dance Movement	38,490
Brighton Festival Society	60,000		Dance Partners SE	80,000
Chichester Festival	510,669		Gardner Arts Centre	62,656
Eastbourne Council	2,000,000		Hastings Council	96,300
Hampshire Council	500,000		Havant Arts Active	27,222
Hextable School	1,983,103		Isle of Wight Council	31,325
Kent Council	250,000		Lewes Live Literature	29,500
		<b>5,307,272</b>	Making It Work	82,500
<b>Grants for the arts – national touring</b>			Margate Theatre Royal	92,300
Grants under £25,000	102,084		Medway Council	30,000

## Lottery hard commitments 2003/04 *continued*

<b>South East continued</b>	£	£		£	£
Medway Swale Estuary Partnership	48,857		<b>Regional Arts Lottery Programme</b>		
Milton Keynes Theatre and Gallery	65,000		Grants under £25,000	629,085	
Modern Art Oxford	30,000		Agenda and Editions Charitable Trust	27,000	
Oakbridge Theatre Company	79,220		Applause Rural Touring	37,600	
Oxford Family Friendly Arts Partnership	30,000		Art Space Portsmouth	28,700	
Oxford Playhouse	28,000		Artsway Trust	75,000	
Oxfordshire Council	30,950		Aspex Visual Arts Trust	36,500	
Platform Four Theatre	27,520		Brighton Festival Society	58,363	
Point Dance and Arts Centre	29,801		Brighton Independent Printmaking	33,723	
RIFCO	69,730		Brighton Museum and Art Gallery	40,000	
South East Dance	85,140		Brighton, University of	25,000	
South East Folk Arts Network	27,826		Buckinghamshire Council	37,749	
South Hill Park Arts Centre	79,655		Camberley Theatre	29,880	
Stour Valley Arts	29,865		Channel Theatre Trust	27,735	
Sunday Times Oxford Literary Festival	32,782		Chichester Festivities	55,580	
Surrey Council	88,640		Ciao!	29,000	
Surrey Institute of Art and Design	81,975		Cleves Junior School	122,341	
Sustrans	25,000		Crafts Study Centre	45,000	
Thames Valley Partnership	26,000		Fabrica	55,710	
Tonbridge Community Play	28,000		Forest Forge	26,000	
Trinity	30,000		Fosmic Charitable Trust	37,100	
Unit for Arts and Offenders	38,310		Future Dream Media	28,688	
Watermill Theatre	68,235		Hastings Museum and Art Gallery	30,000	
Wildcard Theatre Company	26,000		Hat Fair	25,000	
Wycombe Swan	90,000		Hove Museum and Art Gallery	35,000	
Zap Art	98,000		Lewes Council	48,921	
Zap Productions	30,000		Look Ahead Housing and Care	44,800	
Zygo Arts	29,259		Loop Dance Company	27,527	
		<b>3,585,138</b>	Maidstone and Tunbridge Wells NHS Trust	40,000	
			Milton Keynes Gallery	25,000	
			MOMC – Leigh Park		
			Crafts Initiative	27,000	
			New Kent Opera	44,600	
			Oxfordshire Council	30,000	

## Lottery hard commitments 2003/04 *continued*

<b>South East continued</b>	£	£	£	£
Performing Arts Labs	76,810		<b>Grants for the arts – organisations</b>	
Pie Factory Music	59,600		Grants under £25,000	1,208,645
Real Time Video	29,750		55+ Positive Lifestyle	29,850
Slough Council	40,000		Acta	28,000
Stables, The	27,225		Actiontrack Performance	
Third Party Productions	25,000		Company	40,000
West End Centre	30,140		Arc Theatre, Trowbridge	32,940
West Sussex Council	52,000		Arrow Programme	34,000
Wildcard Theatre			Art and Power	
Company	25,750		(Community Arts Project)	105,000
Zap Art	71,925		Artcare	28,000
		<b>2,301,802</b>	Artichoke	55,000
<b>Stabilisation and recovery</b>			Arts for Health	
Brighton Festival			Cornwall and Scilly Isles	37,948
Society	1,485,150		Attik Dance	32,145
		<b>1,485,150</b>	Barebones Theatre	28,200
<b>Total South East</b>		<b>13,456,079</b>	Bath and North East	
			Somerset Arts Partnership	30,000
<b>South West</b>			Bath and North East	
<b>Capital</b>			Somerset Council	102,000
Devon Guild	263,000		Black Swan Arts	43,902
Purbeck Film Festival	398,374		Bristol University	30,000
Salisbury Arts Centre	393,820		Circomedia	29,062
Spike Island Artspace	750,000		Cirque Bijou Productions	26,600
Stroud Valleys Arts	141,900		CSV Media South West	29,982
Stroud Valleys Artspace	188,100		Dance in Devon	72,673
Theatre Royal Plymouth	250,000		Devon Guild of	
		<b>2,385,194</b>	Craftsmen	96,000
<b>Grants for the arts – national touring</b>			Dorchester Arts Centre	34,284
Grants under £25,000	85,721		Dorset Arts Promoters	
Bash Street Theatre			Forum	37,290
Company	30,000		Dorset Council	48,100
Gonzo Moose	47,859		Edward Wilmot Blyden	
Kneehigh Theatre	76,702		Project	30,000
Lighthouse	53,432		Exeter, University of	60,363
Picture This Moving Image	54,760		Forest Media	29,724
Opera Circus	55,000		Gloucestershire Dance!	57,746
Salisbury Playhouse	61,223		Half Angel	29,983
		<b>464,697</b>	Hall For Cornwall	27,450
			Holton Lee	49,500
			Multi A	29,340

## Lottery hard commitments 2003/04 *continued*

<b>South West continued</b>	£	£	£	£
North Cornwall Arts	25,000		St Pauls Afrikan Caribbean Arts Association	51,500
North East Somerset Arts	55,946		Text Festivals	29,255
Picture This Moving Image	67,000		Tribe of Doris	30,000
Plymouth Arts Centre	30,000		Wells Cathedral School	30,000
Poole Arts Trust	62,250			<b>451,467</b>
Purbeck Film Festival	32,700		<b>Stabilisation and recovery</b>	
PVA MediaLab	85,000		Barbican Theatre	
Reach Inclusive Arts	29,355		Plymouth	15,241
Roses Theatre	31,000		Bath Festivals Trust	20,000
Salisbury Arts Centre	45,000		Bristol Old Vic	550,000
Salisbury Festival	39,500		Forkbeard Fantasy Theatre Company	218,045
Somerset Film and Video	29,910		Poole Arts Trust	400,000
South West Textile Forum	39,057			<u>1,203,286</u>
Spacex Gallery	30,000		<b>Total South West</b>	<u><b>8,074,862</b></u>
St George's Bristol	26,406			
Stride Publications	30,000		<b>West Midlands</b>	
Study Gallery	38,703		<b>Capital</b>	
Sustrans	80,000		Belgrade Theatre Trust (Coventry)	2,741,000
Thelma Hulbert Gallery	27,701		Birmingham Hippodrome	1,000,000
Tremough Development Vehicle	50,000		Black Voices	849,000
Upstream Healthy Living Centre	30,000		mac (Midlands Arts Centre)	250,000
Watershed Media Centre	59,668			<b>4,840,000</b>
West of England, University of Works, The	30,255		<b>Grants for the arts – national touring</b>	
	42,040		Grants under £25,000	151,477
		<b>3,570,218</b>	ACE Dance and Music Birmingham Contemporary Music Group	55,000
<b>Regional Arts Lottery Programme</b>			Earthfall Dance Company	36,870
Grants under £25,000	46,815		Independent Ballet Wales	64,000
Cheltenham Arts Festivals	47,500		Mead Gallery, Warwick Arts Centre	38,200
Cornwall Theatre Company	36,525		Midland Actors Theatre	54,903
Fanclub Dance	30,000		Mid Wales Opera	58,720
North Devon Theatres Trust	29,000		Punchinello's Puppets	25,000
North Somerset Council	32,500			
Portland Sculpture and Quarry Trust	28,422			
Sherborne House Trust	29,950			
Spike Island Artspace	30,000			

## Lottery hard commitments 2003/04 *continued*

<b>West Midlands continued</b>		£	£	£	£
Topiary Dance	30,482			Puppetlink	47,950
UK Arts International	201,572			Resurrectionists	28,510
Warwick Arts Centre	114,672			Ross Creative	
			<b>875,896</b>	Learning Centre	34,000
<b>Grants for the arts – organisations</b>				Seeing The Light	38,000
Grants under £25,000	848,418			Shrewsbury Summer	
ACE Dance and Music	98,000			Season	26,000
Age Concern	30,000			Telford and Wrekin	
Areley Kings Village Hall	30,000			Council	64,937
Arts & Business	32,369			Three Choirs Festival:	
AVIT UK	27,700			Gloucester 2004	35,000
Birmingham Arts				Topiary Dance	48,520
Marketing	65,000			University College	
Birmingham Jazz	25,180			Worcester	30,000
Birmingham Museum				University Hospital of	
and Art Gallery	30,000			North Staffordshire	
Celebrating Sanctuary				NHS Trust	26,600
Birmingham	25,300			Walsall Council	74,000
Central England,				Wolverhampton,	
University of	30,000			University of	30,000
Chakula	26,050				
Community Buildings					<b>2,473,463</b>
Trial Programme	224,377			<b>Regional Arts Lottery Programme</b>	
Coventry, University of	30,000			Grants under £25,000	392,595
DanceXchange	30,000			Alma	26,570
Fetch, The	42,250			Bilston Craft Gallery	35,590
Full Potential Arts	46,906			Birmingham Arts	
Gazebo Theatre-in-				Marketing	30,000
Education Company	38,830			Birmingham Council	80,000
HEARTS Partnership	43,000			Blue Eyed Soul Dance	27,000
IRIS	31,000			Cannock Chase Council	50,654
Kajans Women's				CDP Developments	70,000
Enterprise and Association	31,437			Chitrleka Dance	30,000
Lichfield Council	30,000			Community Arts	
Ludlow Festival Society	53,653			Workshop	29,787
Music Pool	32,053			Craftspace Touring	62,820
Optima Community				DanceXchange	73,000
Association	30,000			Dudley Group of	
Playbox Theatre	29,950			Hospitals NHS Trust	57,500
Play House (Birmingham)	28,473			Duende Productions	30,000
				East Staffordshire Council	42,000
				English String Orchestra	65,000

## Lottery hard commitments 2003/04 *continued*

<b>West Midlands continued</b>		£	£	£	£
Escape: Community				Leeds Council	2,238,350
Art in Action	30,000			Mind the Gap	12,000
Ex Cathedra	32,000				<b>3,720,350</b>
Fierce!	29,489			<b>Grants for the arts – national touring</b>	
Foursight Theatre	27,933			Grants under £25,000	89,526
Lichfield Festival	36,450			Ascendance	57,130
Lindsworth School	25,000			Jasmin Vadimon Dance	157,985
Moby Duck	25,000			RJC Dance	32,978
Music Pool	30,000			Vincent Dance Theatre	90,000
New Theatre Works	29,881				<b>427,619</b>
Punch Records DJ				<b>Grants for the arts – organisations</b>	
Workshops	26,000			Grants under £25,000	1,243,603
Quinzone Small				Action Space Mobile	41,200
Education Action Zone	29,720			Artlandish	30,000
Ross-on-Wye				Artworks Creative	
International Festival	25,000			Communities	72,400
SAMPAD (South Asian				Barnsley Council	32,130
Music Performing Arts				Beverley and East	
and Dance)	57,000			Riding Folk Festival	40,870
School Development				Bradford Council	71,500
Group 7	31,000			Calderdale Council	95,500
Solihull Council	60,000			Caxton Players	68,000
Tindal Street Press	30,000			CircElation	46,700
University Hospital				Courthouse Project	32,000
Birmingham NHS Trust	117,319			Doncaster Council	42,900
			<b>1,744,308</b>	Full 360	26,178
<b>Stabilisation and recovery</b>				Holme Valley Sharing	
Birmingham Opera				Memories	39,000
Company	150,000			Host – Leeds Media	
Birmingham Repertory	1,000,000			Centre	44,450
Drum, The	1,510,000			Kirklees Council	79,600
Ross-on-Wye				Leeds Council	65,000
International Festival	12,000			Lumen	59,000
			<b>2,672,000</b>	M and Em Dance	25,000
<b>Total West Midlands</b>			<b>12,605,667</b>	Manningham and	
				Girlington Youth	
<b>Yorkshire</b>				Partnership	28,260
<b>Capital</b>				Mossbrook School	48,000
Creative Art House	970,000			National Railway Museum	28,000
East Street Arts	250,000			North East Lincolnshire	
Hull Truck Theatre				Council	61,800
Company	250,000				

## Lottery hard commitments 2003/04 *continued*

<b>Yorkshire continued</b>	£	£	£	£
Pavilion	36,565		<b>Regional Arts Lottery Programme</b>	
Poetry Business, The	33,500		Grants under £25,000	486,300
Princes Trust	88,839		AIR (Richmondshire Arts	
Richmondshire Arts			Development Agency)	33,200
and Crafts Guild	28,300		Arvon Foundation	33,000
Rotherham Arts	49,100		Calderdale Council	30,000
Rural Arts North Yorkshire	30,983		Chinese Crackers	30,000
Satellites Community			Commedia Sheffield	60,000
Celebrations	30,000		Dance United	29,800
Selby Council	33,000		English Heritage	30,000
Small World Cultural			Exponential Aerial Theatre	26,000
Arts Collective	38,750		Full Body and The Voice	25,000
Square Chapel Centre	27,400		Georgian Theatre	
Swamp Circus	30,000		(Richmond) Trust	35,000
Swinton Lock Activity			Hourglass Studio Gallery	45,000
Centre	40,000		Kirklees Council	50,000
Unlimited Theatre	55,698		Leeds City Centre	
Vincent Dance Theatre	51,800		Management Initiative	35,600
Wakefield Council	59,610		Leeds Sculpture Workshop	25,000
Wakefield Theatre Royal			Lost Chord	39,000
and Opera House			Rural Arts North Yorkshire	28,400
(Wakefield Theatre Trust)	27,000		Sculpture Trail at	
Waterside Artists			Hebden Bridge	25,000
Co-operative	99,080		Simunye Intercultural Arts	29,200
Whitby Musicport	26,300		Tutti Frutti Productions	30,000
Whitewood and Fleming	28,928		Wakefield Theatre Royal	
Word Quake	41,800		and Opera House	
Writing Squad	46,800		(Wakefield Theatre Trust)	34,800
York College	54,250		York Early Music	
York Council	40,220		Foundation	45,000
Yorkshire Film Archive	37,788		Yorkshire Craft Centre	30,000
Yorkshire Sculpture Park	90,000		Yorkshire Dales	
Yorkshire Youth Ballet	25,000		Workshops	31,072
		<b>3,471,802</b>		<b>1,266,372</b>
<b>National activity</b>			<b>Stabilisation and recovery</b>	
Audiences Europe			Axis – Visual Arts Exchange	
Network	35,000		and Information Service	163,000
Culture	35,000		Northern Ballet Theatre	427,000
Literature Training	59,800			
Ben Yeger	55,660			<u>590,000</u>
		<b>185,460</b>	<b>Total Yorkshire</b>	<u><b>9,661,603</b></u>

## Lottery hard commitments 2003/04 *continued*

	£	£		£	£
<b>National grants</b>			Elemental	48,306	
<b>Awards for All</b>		<b>5,699,998</b>	Festival City Theatres Trust	44,432	
<b>Capital</b>			Fierce Earth	29,600	
Grants under £25,000	483,968		Fiery Angel	82,141	
A Sense of Place	4,535,450		Flying Dudes Company	70,570	
Adun Society	50,000		Forma Arts and Media	107,564	
Afro Caribbean			Frantic Assembly	69,848	
Resource Centre	300,000		Gogmagogs	57,563	
Marketing: Arts	30,000		Goldberg Ensemble	30,000	
The Public	400,137		Graeae Theatre Company	34,418	
		<b>5,799,555</b>	Hangama Productions	38,321	
<b>National Touring Programme (legacy)</b>			Henry Oguike Dance		
Grants under £25,000	680,380		Company	80,000	
Act Productions	76,652		Robert Hylton	44,000	
Africa Centre	39,500		ijad	29,560	
Akademi	50,000		JazzXchange	54,000	
Almeida Opera	30,879		Kajans Women's		
Asconas Holt	90,000		Enterprise and Association	53,521	
A Word in Edgeways	59,707		Kettle's Yard	25,000	
B-Line Productions			Kneehigh Theatre	72,419	
(Benji Reid)	41,381		Koromanti Arts	86,892	
Joe Banks	25,982		London Fieldworks	33,140	
Bkd Special Projects	60,000		Lost Vagueness	39,495	
Book Communications	37,450		Mid Wales Opera	42,000	
Brighton Dome	38,240		Moby Duck	70,340	
Brighton Photo			Moti Roti Company	116,000	
Biennial 2003	40,000		Music in the Round	120,000	
Campaign for			Music Theatre Wales	142,800	
Glyndebourne Productions	77,651		North Music Trust	31,860	
Sarah Carrington	30,000		Offshore Cultural Projects	96,000	
Caryl Jenner Productions	48,370		Onedotzero	28,655	
C B Projects	45,469		Open Theatre Company	34,625	
Cheek by Jowl	119,169		Pacitti Company	27,430	
Collective Artistes	99,938		Red Room	30,035	
Cultural Industry	91,982		Renaissance One	35,000	
Dance Umbrella	51,980		Retina Dance Company	57,000	
Design Museum	58,220		Sadler's Wells	138,371	
Duende Productions	25,000		Shout, The	49,981	
Early Music Network	27,750		Sinfonia 21	33,892	

## Lottery hard commitments 2003/04 *continued*

<b>National grants continued</b>	£	£
Alan Skidmore	26,149	
Spike Island Artspace	25,150	
Theatre Rites	30,000	
Three Legged Theatre Company	39,290	
Touring Partnership	103,838	
UK Arts International	128,997	
Urban Development	25,000	
Van Walsum Management	36,000	
Vincent Dance Theatre	57,000	
Walk the Plank	31,930	
Yvonne Arnaud Theatre	46,669	
		<b>4,680,502</b>
<b>National Foundation for Youth Music</b>		<b>10,000,000</b>
<b>Space for Sport and the Arts</b>		<b>43,960</b>
<b>Stabilisation and recovery</b>		
Grants under £25,000	789,077	
		<b>789,077</b>
<b>Total national grants</b>		<b><u>27,013,092</u></b>
<b>Total grants</b>		<b><u>168,187,877</u></b>

# National Lottery report

# National Lottery report 2003/04

## Introduction

2003/04 saw the full implementation of a number of changes and developments introduced the year before. Within the Arts Council our new integrated structure became fully operational, we began considering applications under our new simplified Grants for the arts, and we were operating under an all-embracing set of policies and principles, allowing the adoption of a single, coherent corporate plan. Outside the Arts Council, the Department for Culture, Media and Sport (DCMS) published the findings of its Lottery Review, and we have continued to work with DCMS and other lottery distributors to make sure that plans and proposals are implemented as smoothly as possible.

November 2004 sees the 10th birthday of the National Lottery, which we are celebrating with other lottery distributors. The lottery has injected around £2 billion into the arts in England and provided a host of new opportunities for audiences, artists and arts organisations around the country.

Our vision is to promote the arts at the heart of national life, reflecting England's rich and diverse cultural identity. We believe that the arts have the power to transform lives and communities, and to create opportunities for people throughout the country. Our overall ambitions are:

- supporting the artist
- enabling organisations to thrive, not just survive
- championing cultural diversity
- offering opportunities for young people

- encouraging growth
- living up to our values

These ambitions are compatible with our lottery Policy Directions, which are discussed further on pages 137 to 142.

We delivered our plan to establish new and greatly simplified funding programmes across both grant-in-aid and lottery. Grants for the arts – individuals, Grants for the arts – organisations and Grants for the arts – national touring opened for business on 1 April 2003. They replaced over 100 different programmes that operated at both regional and national levels. The Lottery Review provided an important focus for this work and we have incorporated many of its ambitions within the new funding structure. Grants for the arts – organisations and Grants for the arts – national touring brought considerable benefits, including:

- equality of opportunity for all applicants regardless of where they live or work
- no deadlines
- decisions within six weeks for applications for £5,000 and under, and within 12 weeks for applications over £5,000
- one application pack, with a Crystal Mark for plain English
- a single set of assessment criteria and one approach to assessment and monitoring
- flexibility built in to fund all types of arts activities
- greater integration of lottery and grant-in-aid
- streamlined decision making

## Policy Directions

The results of the new Grants for the arts – capital were announced in February 2004. £62 million was allocated to 34 projects. The programme's two priorities were diversity (incorporating cultural diversity and disability) and artists' workspaces.

Awards for All continued to flourish as a joint scheme, with changes bringing improved efficiency including shorter turnaround times for decisions.

We continued our partnership with Sport England, the New Opportunities Fund, DCMS and the Department for Education and Skills working on the Space for Sport and Arts programme.

Stabilisation and recovery programmes continue to provide vital support to strategically important arts organisations.

Youth Music, the charity set up in 1999 with lottery funds delivered through Arts Council England, has been celebrating five years of providing music-making activities in out-of-school hours for children and young people with the least opportunity. Youth Music's investment in communities has contributed to a marked change in the musical landscape. The central focus on working in partnership with others has provided the infrastructure necessary for organisations to commit long-term to youth music-making.

In March 2004, we announced the launch of the Urban cultural programme, run with the Millennium Commission and open to

applications for cultural projects in urban areas. The decisions were announced in July 2004 and will be reported in next year's annual review.

### Policy Directions

Under the National Lottery etc Act 1993, the Secretary of State issued Policy Directions in August 1998, which we must take into account in distributing National Lottery funds. These are set out below, with a short explanation of how the directions have been met.

The references below relate to the National Lottery etc Act 1993 as amended by the National Lottery Act 1998.

**A** The need to ensure that money is distributed under section 25 (1) for projects which promote the public good or charitable purposes and which are not intended primarily for private gain.

Achieving public benefit is at the heart of all of our programmes, and this direction is reflected in the criteria for funding under all programmes. We make sure that any private gain is incidental and subsidiary to the wider public benefit. This report demonstrates that this direction has been taken into account throughout our operations.

**B** The need to ensure that it considers applications which relate to the complete range of activities falling within section 22 (3) (a) and in respect of which it has power to distribute money, taking into account:

## Policy Directions *continued*

- i its assessment of the needs of the arts and its priorities for the time being for addressing them
- ii the need to ensure that all parts of England have access to funding
- iii the scope for reducing economic and social deprivation at the same time as creating benefits for the arts

The aims of Grants for the arts encompass both our ambitions for engaging the public in high quality arts activities alongside the needs of the arts sector and our ambitions for the arts. Creating the same opportunities for access to funding for all parts of England was an important starting point in designing the programmes. Our assessment and decision making gives priority to reducing economic and social deprivation, and aims to reach communities that have limited access to cultural provision.

Grants for the arts – stabilisation & recovery has funded regularly funded organisations in all regions and artforms. In broad terms, this type of funding follows revenue. However, since this is a strategic programme, there has been a planned overemphasis in funding in certain regions (eg south west) and artforms (eg music).

A number of the regularly funded organisations saved from insolvency by Grants for the arts – stabilisation & recovery have been in areas of significant economic and social deprivation where the loss of the facility would have resulted in a loss of jobs, reduced economic activity and a hole in the social infrastructure which would have taken

many years to replace. Examples include Theatre Royal Stratford East, Cardboard Citizens and Hoxton Hall.

- C The need to promote access to the arts for people from all sections of society.

In Grants for the arts – organisations and Grants for the arts – national touring we have placed greater importance on broadening access and increasing opportunities for cultural diversity in the arts. We have put considerable resources into increasing applications from culturally diverse applicants and in reaching those who have not received funding from us before.

Grants for the arts – capital accepted many projects concerned with promoting increased access, for example the Chinese Arts Centre in Manchester, Holton Lee residential centre in Dorset and The Creative Art House in Doncaster.

- D The need to promote knowledge and appreciation of the arts by children and young people.

One of our strategic objectives is concerned with offering opportunities to young people, and this is reflected throughout many of our lottery programmes. It is at the heart of the Space for Sport and Art programme as well as, of course, Youth Music. It is also evident in many of the capital grants including, for example, the Unicorn Theatre for Children in London, the Centre for Children's Books in Newcastle upon Tyne and the Burnley Youth Theatre.

## Policy Directions *continued*

**E** The need to further the objectives of sustainable development.

Organisations receiving capital grants also receive support from CABE (Commission for Architecture and the Built Environment) through its Enabling Programme. This provides technical support to make sure that buildings are well designed, suitable for their intended use, built to last, and are safe and sustainable to build and occupy.

**F** The needs of projects relating to film and the moving image, and in particular the need to foster the development of sustainable structures in the film industry by, among other things, supporting the development, distribution and promotion of films, as well as their production.

As reported in 2002/03, the UK Film Council is acting as a delegate body for a number of programmes concerned with improving exhibition of film. In 2003/04, it launched two new programmes (the Cinema Access Programme and the Digital Fund – Non-Theatrical Equipment), and has recently announced its plans for developing a Digital Screen Network. Further delegated programmes are to be announced later in 2004.

Artists' work in the moving image was supported under Awards for All, Grants for the arts – organisations, and stabilisation and recovery. We have invested in a number of regularly funded organisations involved in distributing film and the moving image, including The Showroom, Watershed and Cornerhouse.

The government has reaffirmed its intention to issue a new policy direction which more accurately recognises responsibilities since the establishment of the UK Film Council. In the meantime, we continue to work according to an interim understanding with DCMS about our responsibilities in relation to film.

**G** The needs of projects relating to crafts.

Craft projects are eligible for funding from all of our programmes, and analysis is carried out to make sure that they receive an appropriate share of these grants.

A number of our Grants for the arts – capital are concerned with crafts, including The Devon Guild of Craftsmen, Wysing Arts in Cambridge and Stroud Valleys Artspace.

We assisted the National Glass Centre through Grants for the arts – stabilisation & recovery, approving their recovery plan and awarding a grant.

**H** The need for money distributed under section 25 (1) to be distributed to projects only where they are for a specific time-limited purpose.

All lottery awards made by us and our delegates in 2003/04 were for specific and time-limited purposes.

**I** The need:

- i** in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant

## Policy Directions *continued*

- ii where capital funding or setting up costs are sought, for a clear business plan beyond the period of the grant incorporating provision for associated running and maintenance costs
- iii in other cases, for consideration to be given to likely availability of other funding to meet any continuing costs for a reasonable period after completion of the period of the lottery award, taking into account the size and nature of the project, and for lottery funding to be used to assist progress towards viability beyond the period of the grant wherever possible

When assessing all the applications, we consider the financial viability of the activity, how it will be managed and its future effects. Although, whenever possible, we have adopted a lighter-touch approach, we do still require detailed financial and business plans when appropriate.

When organisations are first admitted to Grants for the arts – capital, they undertake a healthcheck which reviews any wider artistic, organisational and financial challenges facing the organisation, to identify strengths and weaknesses. Financial viability and quality of management are assessed to ensure that the applicant has a convincing financial and management capability in relation to the capital project, and is likely to make best use of the asset created after completion. We ask all capital projects to supply a business plan which includes five-year income and expenditure projections. The business plan and income and expenditure reports are monitored before the project begins and

beyond its completion to make sure that the intended benefits are being delivered.

All our stabilisation and recovery investments are made on the basis of a business plan, which is thoroughly scrutinised before any funding is offered. A significant amount of time is spent working with an applicant to make sure that the business plan is rigorously prepared and based on sensible assumptions. We must be satisfied that the business plan demonstrates a reasonable prospect of success with a reasonable level of risk.

The Arts Council recognises the risk level involved in stabilisation and recovery funding. Because we are working with ‘distressed’ regularly funded organisations, there is a higher inherent risk of a business plan failing than in the regularly funded organisation’s portfolio as a whole. We accept this higher level of risk because all applicants to the programmes are strategic arts organisations vital to the arts infrastructure.

J The desirability of supporting the development of long-term financial and managerial viability of organisations in the arts. In taking this into account the Arts Council shall have regard to Direction H.

Grants for the arts – stabilisation & recovery aims to help arts organisations achieve artistic, operational and financial stability during the life of the business plan and beyond.

This is also a crucial element of all of our support for capital projects.

## Policy Directions *continued*

One of our aims for Grants for the arts – organisations and Grants for the arts – national touring is to support activities which help build long-term stability in arts organisations.

**K** The need to require an element of partnership funding and/or contributions in kind from other sources, commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support.

To encourage applications from the widest possible range of organisations, we are flexible in how we define partnership support for the projects. We consider each application on its merits and make sure that there is a commitment from the local community and other stakeholders.

We aim to increase resources for the arts, and the requirement for partnership funding is important in helping us to achieving this. However, we also recognise the need to be flexible and responsive in cases when access to other funding is limited.

**L** The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of its strategy.

We work in partnership with other government departments and agencies to deliver capital projects. We have worked with, for example, the regional development agencies to develop successful projects such as Theatre Royal Plymouth in the south west and Unicorn Theatre for Children in London.

We work with other lottery distributors to deliver capital lottery projects and the widest possible public benefit. Successful projects with other distributors include the creation of The Lowry in Salford with the Millennium Commission and the refurbishment of Hackney Empire and the Royal Albert Hall with the Heritage Lottery Fund. We have worked in partnership with the New Opportunities Fund and the Millennium Commission to develop the Belgrave Baheno Peepul Centre in Leicester, which, through joint working, will deliver a wide range of facilities to the community, meeting aims from the three lottery distributors.

Most stabilisation and recovery applicants need to work with other organisations to put together an achievable business plan. Typically these partners will be local authorities, other arts organisations or other funders (including trusts).

**M** The need to ensure that its powers of solicitation under Section 25 (2A) are used in conjunction with the pursuit of strategic objectives.

During 2003/04, we and our delegate bodies only used our powers to solicit applications when pursuing objectives set out in our corporate plan.

**N** Such information as it considers necessary to make decisions on each application, including expert independent advice when required.

Launching our new programmes was an opportunity to reconsider how we seek

## Monitoring and evaluation

information from applicants. This resulted in greatly simplified application and related materials which still give us the information we need to make informed decisions. We took advice in considering applications from external advisers, industry bodies and other partners. We also took advice from relevant advisers, either independent professional advice or through panels and committees.

### Monitoring and evaluation

We monitor our programmes to make sure that they function as we intended. This includes matters such as reaching the expected spread of applicants, achieving the stated or expected processing times, and ensuring that we adhere to policy directions governing the distribution and use of lottery funds.

We monitor those who receive awards to make sure that they apply these to the activities set out in the approved application, and that the activities deliver the promised public benefit and are value for money.

We also monitor after the activity is completed, to make sure that the expected outcomes of the award continue to be available and delivered.

Evaluation of a programme may occur at the conclusion of any pilot phase, or during the course of the operation of a programme and after its conclusion. Such evaluation helps us measure the extent to which we have met our own objectives and targets. It also identifies, encourages and nurtures best practice, and informs the development of future lottery plans.

The scale and scope of each scheme determine the framework we apply to pursue our objectives. This National Lottery report briefly considers each programme that was active during the year and reports the results of any associated monitoring and evaluation.

### Arts for Everyone

Arts for Everyone (A4E) distributed over £50 million in 1997/98 to 425 projects. Of the 49 projects still active at the beginning of 2003/04, 38 ended during that year. All recipients were required to submit final reports and accounts on finishing their project. After scrutinising these submissions, we reduced 13 of the awards.

In autumn 2003, we evaluated the outputs and outcomes of the A4E projects. The results have helped the development of future funding programmes.

### Awards for All

The Arts Council contributed £5.7 million to the Awards for All grants fund, which was 13% of the overall fund. Awards for All operates as a 'single pot', so grants are not made by the separate distributors. However, activities funded are analysed for their contribution to the various distributors' remits. In 2003/04, 14% of the total value of awards was for arts activities, which was broadly in line with our contribution. In 2003/04, Awards for All made 10,992 awards totalling over £42 million, with the average award being £3,850.

Awards for All staff in each region assess the applications. In 2003/04, Joint Regional

## Monitoring and evaluation *continued*

Committees, with representation from each distributor, decided the awards. An independent study into more effective delivery systems for Awards for All reported in August 2003. As a result, changes for 2004/05 include shorter turn-around times for applications and award decisions being delegated to senior awards officers in each region. Monitoring the awards and evaluating the scheme remain the responsibility of Awards for All.

In 2003/04, two significant pieces of research for developing Awards for All examined the feasibility of making 'micro grants' under £500 and extending the upper limit of the main scheme to £10,000. As a result, a micro-grants scheme is to be piloted in three regions during 2004/05, and a new main scheme with an upper limit of £10,000 will be launched for 2005/06.

### Capital

The application round for Grants for the arts – capital closed in October 2003. Its two priorities were diversity (incorporating cultural diversity and disability) and artists' workspaces. We announced the portfolio in February 2004, allocating £62 million to 30 new projects and four Arts Capital Programme enhancements. We will work closely with each organisation throughout its project, monitoring, evaluating and assessing each stage of the planned work, to help them fulfil their plans.

The Committee of Public Accounts reported on our capital funding in December 1999, focusing on 15 of the 28 major projects. In 2003/04, the National Audit Office published a report on what has happened on the projects

since the committee reported. It examined:

- whether the projects were completed on time and within budget
- how the projects were funded
- whether the projects are delivering the intended benefits and are financially stable now that they are operational

The report concluded that the majority of the 15 projects examined are delivering the intended benefits in terms of, for example, the number and type of artistic activities and their audiences, and the quality and fitness for purpose of the completed facilities. Two projects have closed and only five of the remaining 13 had met or exceeded their forecasts for visitor numbers within the original timeframe. However, our own June 2002 evaluation found that nine of these 13 projects were achieving or exceeding all of the envisaged benefits, with the other four delivering in part. In addition, 11 projects had received awards for architectural design or disability access. The National Audit Office report clearly recognises the good progress that Arts Council England has made since 1999 and endorses the measures we have put in place to ensure the success of the Arts Capital Programme and Grant for the arts – capital. These programmes show that we have learned from past experience and have introduced new measures to minimise risks in the future.

We continued to monitor capital projects to ensure that they are completed on time, within budget and to the highest possible quality. There are two aspects to this: monitoring capital projects in progress, and monitoring them post-completion for a specified period after the last payment.

## Monitoring and evaluation *continued*

Projects in post-completion complete an annual report form, which we use as part of our risk analysis of these projects. We also carry out post-completion evaluation visits, depending on the size of the grant, as shown:

Size of grant	% projects to be visited	Visits in 2003/04
under £100,000	2	49
£100,000–£1m	5	16
£1m–£5m	10	83
£5m and above	100	25

An evaluation of the Arts Capital Programme and Grants for the arts – capital is investigating the extent to which the projects receiving funding have contributed to meeting the programmes' aims and priorities. Consultants Matthews Millman Limited began evaluating the Arts Capital Programme in January 2003. The first stage, collecting the baseline data against agreed performance indicators from the organisations, is under way.

### Grants for the arts – organisations and Grants for the arts – national touring

In 2003/04, Grants for the arts – organisations and Grants for the arts – national touring opened for business. (Grants for the arts – individuals is not funded by the National Lottery.) Grants normally range from £200 up to £200,000 and can cover activities lasting up to three years. During their development, we carefully considered the findings from the evaluation of the Regional Arts Lottery Programme and the ambitions within the Lottery Review.

By 31 March 2004, we had awarded 2,432 grants to organisations. These totalled

£36.2 million, with the average size of grant being £14,896. We awarded 217 grants for national touring, totalling £8.3 million, with the average size of grant being £38,250.

While designing these new programmes, we reviewed our approach to monitoring and evaluation. Principles emerged, forming the basis for how we will monitor activities for these Grants for the arts, as follows:

- to only collect information that we will use, minimising the impact of monitoring on applicants
- to capture a common core of data across the programmes with a common set of classifications
- to monitor all grants, doing so as appropriate for the size and type of each grant
- to introduce a standard model of self evaluation for all grants

We monitor grants through conditions that are linked to the payments. For grants over £1,000, an activity report form is completed at the project's end, which includes a financial statement and information on beneficiaries and the results achieved. It also says how the activity was evaluated and asks for comments on how well we managed the application and monitoring of the grant. We request a tour schedule for all grants for touring.

We also commissioned external evaluation of these programmes, which includes:

- a survey of staff across the organisation
- a survey of applicants – both successful and unsuccessful – and umbrella organisations
- analysis of statistical data on the programmes

## Monitoring and evaluation *continued*

- the development of 30 case studies which demonstrate the programmes' delivery against our corporate plan

The results will be published towards the end of 2004, and will influence any future amendments or refinements to these grants programmes.

### **National Foundation for Youth Music (Youth Music)**

By June 2004, Youth Music had delivered 1,413 funding awards to music and youth organisations, totalling £42.9 million and bringing in partnership funding of £22 million. Its funding programmes have directly benefitted nearly one million children and young people, in 96% of England's local authority areas.

In support of this work, Youth Music is championing fresh approaches to learning and skills development to make sure that enough music leaders are available to deliver music-making of the highest quality. Since 1999, Youth Music has created employment for over 5,500 music leaders and trainees.

Funding programmes continue to support music and youth organisations. Four open programmes – First Steps, Singing Challenge, Music Maker and Plug into Music – offer diverse musical opportunities. These are complemented by a range of partnership programmes, where Youth Music solicits organisations who can deliver high quality music-making of strategic significance.

In 2003, Youth Music met its target of establishing 20 Youth Music Action Zones throughout England. These zones are Youth Music's largest financial investment, £15 million, and bring together a consortium of experienced music deliverers working with hard-to-reach young people.

Additionally, a new instrument programme entitled Endangered and Protected Species was launched at the end of 2003 to support local education authority Music Services in encouraging children and young people to play instruments in danger of extinction, namely the oboe, bassoon, trombone, French horn, euphonium or tuba, and double bass. Approximately 2,000 instruments, valued at nearly £2 million, have been made available to 89 Music Services throughout England.

Since the end of the year under review, on 15 June 2004, Youth Music held a celebration performance, The Big Gig, at Symphony Hall in Birmingham. This was a superb reflection of their achievements, representing young people's music-making of the widest breadth of musical styles, genres and cultural traditions.

Youth Music monitors one in 20 awards by visiting workshops and performances. All projects are obliged to report their progress quarterly. Evaluation is overseen by an Evaluation and Research Group reporting to the Board of Trustees. External evaluations of the programmes against Youth Music's four objectives – access, breadth, coverage and quality – and against the criteria for each programme are made public at [www.youthmusic.org.uk](http://www.youthmusic.org.uk)

## Monitoring and evaluation *continued*

The findings from all evaluations are used to refine future programmes and have helped Youth Music develop policies to fill gaps or overcome shortcomings, such as the need for training in music leadership.

Overall, the evaluations show that the programmes have met Youth Music's objectives. For example, the first year of the Plug into Music programme reached almost 10,000 young people, with 87% of participants gaining their first experience of music technology. Additionally, organisations were able to purchase a wide range of equipment for composition, recording and performance that otherwise would not have been available.

### **Touring**

The National Touring Programme (NTP) closed at the end of March 2003, having distributed over £35 million. There were still 497 projects active, of which 185 were completed and closed during 2003/04. NTP was succeeded by Grants for the arts – national touring.

We maintain regular contact with the active awards, to make sure that projects remain on track and to reduce the impact of any changes. If projects are no longer able to deliver their agreed touring provision, the grant is reduced as appropriate. Throughout the year, we have gathered final report data from the closed NTP projects to prepare for a review of the funded touring portfolio and its distribution once all (or most) of the projects have closed.

### **Regional Arts Lottery Programme**

The Regional Arts Lottery Programme (RALP) continued operating for the first few months of 2003/04. RALP awards are monitored through periodic progress reports during each project and final reports and accounts at its end. As RALP awards can run for up to three years, this monitoring process will continue for the next two years or so.

We commissioned an evaluation of the project; although this was published in 2003/04, we included the main findings in last year's report. The findings were immensely valuable in designing and developing Grants for the arts – organisations and Grants for the arts – national touring.

### **Space for Sport and Arts**

Of the 274 projects in the programme, 163 were complete and 34 were on site at the end of 2003/04. A further 37 had passed their expected completion dates, and confirmation of completion was expected from the local education authorities (LEAs) involved. The deadline for completing all building work and receiving the funds remains December 2004, due to time pressure from HM Treasury funds. Development staff and LEA officers are working steadily towards resolving outstanding issues.

As anticipated in 2002/03, a new element of revenue funding has been made available and an interesting mix of proposals was put forward; these typically feature employing a development worker to initiate activity in the Space for Sport and Arts schools. We will report on this element in our next annual review.

## Financial Directions

### Stabilisation and recovery

Twenty organisations have been admitted for stabilisation support, and only one was still developing its strategy at the end of 2003/04. No organisations completed the programme in 2003/04, although a number should do so in 2004/05.

Fifty-nine organisations have been admitted to the programmes, with nine still developing their recovery plans at the end of 2003/04. Eight of the 59 organisations had completed the programme by the year end.

We use the same monitoring methods for stabilisation and recovery, which are as follows:

- each organisation is assigned a case officer to monitor the organisation's progress as it develops and implements its plan
- during the plan development phase, the case officer meets with the organisation regularly, usually monthly, and also offers other communication and support as appropriate
- during the implementation phase, the case officer meets the organisation quarterly to review its progress. If concerned about the progress of implementation, case officers may increase the frequency of these reviews. Between meetings, case officers look over papers submitted by the organisation, including board papers, management accounts and box office returns, and discuss any concerns they have with the organisation
- case officers meet at least once a month to discuss all clients and to decide if the monitoring frequency needs to be increased or reduced

There are two strands to the evaluation policy for our stabilisation and recovery funding: evaluating the success, or otherwise, of each organisation's plans, carried out as they leave the programme; and evaluating the programmes' success overall.

The number of organisations that completed the programmes is still relatively low – eight out of 79. All of these are from recovery, and received relatively small grants. Seven of the eight have gone on to achieve significant progress towards stability. The other organisation has gone into liquidation.

In 2004/05, we will receive an interim evaluation of the overall impact of the programmes. The field work phase has already been completed.

### Financial Directions

Under the National Lottery etc Act 1993, the Secretary of State issued Financial Directions to the Arts Council, as set out below. We confirm that, to the best of our knowledge, we complied fully with these in 2003/04. A copy of the Statement of Financial Requirements is available from us.

- (I) The Arts Council of England ('the Body') shall comply with the requirements contained within the Statement of Financial Requirements attached as an Annex to these directions when carrying out its functions under Section 25 of the National Lottery etc Act 1993 ('the Act') as amended by the National Lottery Act 1998 ('the 1998 Act'). Wherever specified in that Annex, the Arts Council of England must

## Performance against targets for administrative efficiency

obtain the consent of the Secretary of State before carrying out certain activities.

We confirm that, to the best of our knowledge, we complied fully with the financial requirements in 2003/04. We revisited and updated our previous reviews to ensure that we were complying with the requirements.

(II) The Arts Council of England shall devise and abide by a procedure for handling potential conflicts of interest which may arise in the evaluation of applications by the Body or individual members of the Body. This procedure, together with a statement confirming the arrangements that have been applied, should be provided to the Secretary of State for Culture, Media and Sport ('the Secretary of State') before the distribution of any funds under Section 25 of the Act, and thereafter at the beginning of each financial year.

We have written procedures for dealing with conflicts of interest. Note 19 in the lottery distribution accounts gives information on related parties in 2003/04.

Since the end of 2003/04, we have been issued new Financial Directions which are now in effect. Our next report will cover our compliance with these new directions.

### Performance against targets for administrative efficiency

In accordance with the Financial Directions issued by the Secretary of State, we operate a system of performance measures and targets for analysing our administrative efficiency. For 2003/04 there were two such formal measures in operation, relating to the average processing time for applications and the cost of processing applications.

As noted in previous years, a number of recent programmes provide a relatively light-touch approach, with a simplified application procedure and a reduced processing time. The number of applications can be unpredictable and vary from year to year, but the costs of administration and processing are not subject to such variations. For these reasons, year on year comparisons have limitations and must be viewed with caution. Our lottery programmes are responsive to needs and changes in patterns of activity, and therefore our portfolio of activity has changed considerably in recent years.

We still plan to introduce further performance measures relating to lottery funds, to be reflected in our corporate planning.

In 2003/04, the number of applications we received and processed increased, because of the launch of our new programmes. Please see the following table.

## Performance against strategic objectives

Performance measure	2001/02 actual	2002/03 actual	2003/04 target	2003/04 actual
Average cost of processing each application	£6,636	£7,790	£5,000	£3,831
Average time to process each application (work days)	71	59	50	44
For reference: number of applications processed	4,145	2,172	4,500	5,398

### Performance against strategic objectives

*Ambitions for the arts 2003–2006*, published in February 2003 and followed up by *Ambitions into action*, May 2004, is our manifesto for backing England’s creative talent and winning further support for the arts. Our overall vision is to promote the arts at the heart of national life, reflecting England’s rich and diverse cultural identity. We believe that the arts have the power to transform lives and communities, and to create opportunities for people throughout the country.

Six overall ambitions guided our operation during 2003/04, and are starting to transform opportunities for artists and to make real changes for arts organisations and life in communities throughout England. This section explains how our lottery programmes address each ambition.

#### Supporting the artist

Our main direct support for individual artists is through grant-in-aid, but many of our lottery programmes give artists indirect support.

Grants for the arts – capital identified artists’ workspaces as one of its two priorities, and a significant number of awards were made for such buildings.

The assessment of Grants for the arts – organisations and Grants for the arts – national touring considers how much they contribute to our aims. A significant number of these grants provide considerable support for the artist – whether as new commissions, residencies, exhibitions or broader employment opportunities.

#### Enabling organisations to thrive, not just survive

This aim is at the heart of Grants for the arts – stabilisation & recovery, which exists to help arts organisations achieve artistic, operational and financial stability during the life of the business plan and beyond.

It is also, of course, a fundamental objective of Grants for the arts – capital, contributing to a positive future for organisations by enhancing the facilities where arts activities occur.

One of the stated aims for Grants for the arts – organisations and Grants for the arts – national touring is to support activities which help to build long-term stability in arts organisations. This is a longer-term aim than some of the others. The extent to which we have succeeded will be revealed in the various evaluation projects under way, as described earlier.

## Progress report on major lottery awards over £5 million

### Championing cultural diversity

This is a central aim throughout all of our lottery programmes.

It was one of Grants for the arts – capital's two stated priorities, and is reflected in a significant number of the awards made during 2003/04.

We set an ambitious target for Grants for the arts – organisations and Grants for the arts – national touring in relation to diversity. Across the organisation, we agreed that at least 10% of our annual budget should go to applications from culturally diverse communities. The work of decibel ambassadors was crucial in encouraging and supporting applicants from culturally diverse communities. Our upcoming evaluation will report how well we have met this target.

### Offering opportunities for young people

This aim is fundamental to the existence of Youth Music and governs all of its activities.

It is also, of course, the central purpose of the Space for Sport and Arts programme.

Many of the projects receiving capital support are concerned with opportunities for young people as participants or audiences, and many have a role in developing lifelong learning opportunities.

### Encouraging growth

The partnership approach evident in our lottery programmes encourages growth of the organisations concerned and their activities. Throughout Grants for the arts – organisations and Grants for the arts – national touring, we encourage activities that increase resources for the arts.

Our concern with long-term viability also complements this aim, by strengthening organisations so that they are better able to respond to varied opportunities for growth.

### Living up to our values

With Grants for the arts, we have delivered on our values to improve our operational performance and responsiveness. Alongside this, our lighter-touch approach to assessment and monitoring is strengthening relationships and building trust between the Arts Council, the arts community and our partners. Overall our lottery programmes are focused on providing a high quality service to our customers and clients, and we believe we have made significant improvement as a result of being more responsive to our customers and lighter on bureaucracy.

## Progress report on major lottery awards over £5 million

This section reports on projects which have received awards totalling over £5 million, even if involving a number of separate awards. It includes any projects which were active at 1 April 2003 but fully paid during 2003/04 and those with outstanding balances at 31 March 2004. The totals reflect any changes made to awards since the original decisions.

The projects are divided into three sections:

- A projects still to be completed at 31 March 2004
- B projects completed and opened during 2003/04
- C projects completed and opened in previous years but with final payments still outstanding at 1 April 2003

## Progress report on major lottery awards over £5 million continued

The awards are all for capital projects except for four awards made through stabilisation and recovery – one of the awards to English National Opera, and the awards to the Bournemouth Symphony Orchestra, the Royal Liverpool Philharmonic and the Royal Shakespeare Company.

### A Projects still to be completed at 31 March 2004

#### Arnolfini

Award: £7,817,371

Purchase of the freehold of Bush House in Bristol (listed Grade II\*) and refurbishment of an otherwise inaccessible and cramped space. The project will provide Arnolfini with a fully accessible building with new spaces, including education facilities and new galleries.

£6,048,286 paid (77.4% of the total award).

#### Bournemouth Symphony Orchestra

Award: £6,937,000

Stabilisation award to eliminate accumulated deficit and to fund the costs of restructuring the company to reduce operating costs to levels which can be covered by earned income and revenue grants.

£6,021,317 paid (86.8% of the total award).

#### Colchester Council

Award: £5,120,000

Colchester Council is working in partnership with the firstsite art gallery towards developing a new visual arts facility that will showcase established artists and emerging talent, meeting a regional need for a large-scale, contemporary visual arts venue. It is

proposed the spaces will also act as a focus for the University of Essex Collection of Latin American Art.

£19,000 paid (0.4% of the total award).

#### English National Opera

Award: £10,200,000

Stabilisation award to eliminate the accumulated deficit and to meet the costs of restructuring the company.

£4,782,732 paid (46.9% of the total award).

#### The Junction (Junction CDC Ltd)

Award: £5,229,608

Amalgamation of The Junction music venue with Cambridge Drama Centre to create a single multi-artform facility including a new 200-seat flexible arts auditorium, second auditorium, entrance foyer, rehearsal and digital studios, box office and administration offices.

£1,123,677 paid (21.5% of the total award).

#### National Theatre

Award: £31,590,000

Refurbishment and redevelopment of the backstage and public areas, investment in new equipment and information technology, and refurbishment of the car park. Front-of-house work was completed at the end of 1997.

£28,247,536 paid (89.4% of the total award).

# Progress report on major lottery awards over £5 million continued

## Palace Theatre Watford

Award: £5,272,568

A major refurbishment of the Palace Theatre Watford. This includes modifications to the foyers, auditorium, stage and backstage areas to provide better access, including a lift to all floors and a deeper stage house, together with a new flying and lighting system and new seating.

£4,519,567 paid (85.7% of the total award).

## The Public

Award: £22,373,885

Development of a major landmark building to house innovative, community-focused arts practice with an emphasis on digital technologies. Based on the 25-year track record of Jubilee Arts, the building is also seen as the central element of the regeneration strategy for West Bromwich. Since the end of 2002/03 the organisation has changed its name from c/PLEX to The Public Building Limited.

£11,395,068 paid (50.9% of the total award).

## Rich Mix

Award: £5,300,000

Rich Mix will be a venue of international significance for a variety of arts events, including local community work, concerts, conferences, films and touring exhibitions. It will also provide space for educational activity and skill development relating to information technology. The venue in Tower Hamlets will include two cinemas, one adaptable as a studio theatre and performance space. Programming will combine mainstream with world cinema

and Bollywood. The top floor will be a performance club and bar space.

£151,222 paid (2.9% of the total award).

## Royal Liverpool Philharmonic Society

Award: £10,835,723

Stabilisation award to eliminate accumulated deficit, to reach agreement with Liverpool Council on the future funding of Liverpool Philharmonic Hall, to recruit a new chief executive and other senior management posts, and to cover transitional operational costs.

£8,334,723 paid (76.9% of the total award).

## The Sage Gateshead

Award: £47,308,500

A new landmark building on the bank of the River Tyne which will provide concert and rehearsal facilities; library and archive services; recording, publishing and communication facilities; catering, retail and conference areas. It will be the new base for Northern Sinfonia and Folkworks. Significant sources of partnership funding include Gateshead Council and the Single Regeneration Budget.

£36,546,523 paid (77.3% of the total award).

## South Bank Centre

Award: £25,460,733

Developing the Royal Festival Hall through improvement to existing foyers and renovation of auditorium, access improvements, improved natural acoustic and improved box office facilities. Also, extension to frontage of the Hayward Gallery including improved foyer, education, conference and outreach facilities.

£5,945,811 paid (22.5% of the total award).

## Progress report on major lottery awards over £5 million continued

### Unicorn Theatre for Children

Award: £5,110,000

This project will create a theatre for children in Southwark, forming an administrative base for the Unicorn. The building will also receive touring shows. Accommodation includes a 340-seat performance space, a second 120-seat space, open and accessible front-of-house spaces, back-of-house accommodation, a meeting room and three studios – one each for education, workshops and rehearsals. The project is currently in construction.

£561,101 paid (11% of the total award).

### B Projects completed and opened during 2003/04

After a project has been completed and opened, the Arts Council retains a percentage of the award for payment until a full account for the project has been received or final certificates have been issued or both.

### Almeida Theatre Company

Award: £5,607,161

Refurbishment of the Almeida Theatre, London, to repair the fabric of the theatre and foyer to make it safer and more congenial, keep it licensable, and remedy significant features of discomfort and inaccessibility. Part of the award was also for the purchase of the Almeida's rehearsal and office facilities. The theatre reopened in May 2003.

£4,483,231 paid (80% of the total award).

### English National Opera

Award: £20,167,011

Capital award towards developing the London Coliseum master-plan and costs of the programme of restoration and development works, including closure costs during the construction period 2000–4. The work programme ensures that the Coliseum satisfies licensing requirements and meets essential environmental and technical specifications which include fire detection and safety measures, interim ventilation for the auditorium and improvements to public foyers, auditorium stage, backstage facilities and the exterior of the building. The Coliseum successfully reopened in February 2004.

£19,340,772 paid (95.9% of the total award).

### Hackney Empire

Award: £8,801,337

The restoration and upgrade of a Grade II\* listed Matcham theatre and its facilities, and the demolition and rebuild of an adjacent building into the complex. The Hackney Empire reopened in January 2004.

£7,537,478 paid (85.6% of the total award).

### Royal Albert Hall

Award: £20,200,000

Improvements for audience and performers, including access provision. This is a joint award with the Heritage Lottery Fund (£20.18 million). Significant self-generated income has been put towards the project by the Royal Albert Hall. A royal reopening of the completed works took place in March 2004.

£19,599,888 paid (97% of the total award).

## Progress report on major lottery awards over £5 million continued

### Royal Shakespeare Company

Award: £8,608,000

Stabilisation award to eliminate accumulated deficit and to fund the costs of restructuring the company to reduce operating costs to levels which can be covered by earned income and revenue grants.

£8,608,000 paid (100% of the total award).  
The final payment was made during 2003/04.

### BALTIC Centre for Contemporary Art (Gateshead Council)

Award: £41,485,000

Conversion of the Baltic Flour Mills into a contemporary visual arts centre, which opened to the public in July 2002. Significant partnership funding came from the Single Regeneration Budget and Gateshead Council.

£38,724,617 paid (93.3% of the total award).

### C Projects completed and opened in previous years but with final payments outstanding at 1 April 2003

After a project has been completed and opened, the Arts Council retains a percentage of the award for payment until a full account for the project has been received or final certificates have been issued or both.

### Arc (previously Dovecot Arts Centre)

Award: £7,484,432

Creation of a new arts centre in Stockton-on-Tees which opened in January 1999. Significant partnership funding from Stockton City Challenge, European Regional Development Fund and English Partnerships. Arc went into liquidation in November 2001. A new company and registered charity, Stockton Arts Centre Ltd (SAC), was formed in January 2003. SAC entered into a short-term licence to occupy until a full asset transfer is completed. A public relaunch took place in September 2003.

£7,428,630 paid (99.2% of the total award).

### Birmingham Hippodrome

Award: £25,000,000

Refurbishment and expansion of the Birmingham Hippodrome as a major lyric receiving house and base for Birmingham Royal Ballet and DanceXchange. Significant partnership funding from European Regional Development Fund and Birmingham Council. Opened in November 2001.

£24,399,998 paid (97.6% of the total award).

### Brighton Festival Society

Award: £17,959,898

Refurbishment and restoration of the Dome Concert Hall and Corn Exchange performance venue, and the addition of new facilities such as a cafe and foyer area. Work on the Corn Exchange was completed and the first performance took place in May 2000. The Dome Concert Hall opened in March 2002. Significant partnership funding came from the Single Regeneration Budget and Brighton & Hove Council.

£17,701,104 paid (98.6% of the total award).

## Progress report on major lottery awards over £5 million continued

### Hampstead Theatre

Award: £11,292,478

Development of the new theatre with a flexible 300-seat auditorium, education and workshop space, and cafe. This is a key element of the development of the Swiss Cottage site in north London. Opened in February 2003.

£11,179,684 paid (99% of the total award).

### Laban Centre for Movement and Dance

Award: £14,701,538

Development of a landmark building as part of the Creekside area in Deptford, south London. It includes dedicated community facilities, a 300-seat theatre, studios and movement therapy areas, a cafe and information resource centre. The centre opened in February 2003.

£14,404,639 paid (98% of the total award).

### Lighthouse (Poole Arts Centre)

Award: £7,300,000

A major refurbishment and redevelopment scheme, including the concert hall and a new, flexible performance space. The existing cinema and gallery were also upgraded. The scheme had significant practical and financial support from the Borough of Poole. Opened to the public in October 2002.

£7,270,395 paid (99.6% of the total award).

### Liverpool Empire Theatre

(Empire Theatre {Merseyside} Trust Ltd)

Award: £7,630,000

Major refurbishment of auditorium, front-of-house and backstage areas, with development of adjoining building to improve access. The theatre reopened after the completion of Phases I and II at the end of May 2002.

Significant partnership funding from Apollo Leisure, European Regional Development Fund, and the Foundation for Sport and the Arts.

£7,498,101 paid (98.3% of the total award).

### London Borough of Newham Cultural Quarter

Award: £13,828,599

Towards the final phase of the project including the Stratford Circus arts centre and the refurbishment and expansion of the Theatre Royal Stratford East, which was completed in 2001. Significant partnership funding from the borough itself, English Partnerships and City Challenge.

£12,395,648 paid (89.6% of the total award).

### London Symphony Orchestra (LSO)

Award: £5,643,080

Rebuilding and conversion of the 18th century St Luke's Church in the City of London, to provide a long-term base close to LSO's Barbican home venue for its rehearsal needs and 'Discovery' education programme. Significant partnership funding from the Heritage Lottery Fund, Jerwood Foundation and commercial banking group UBS. The building opened in March 2003.

£5,142,137 paid (91.1% of the total award).

## Progress report on major lottery awards over £5 million continued

### **The Lowry (Salford Council)**

**Award: £50,350,000**

To develop a major performing and visual arts centre as part of the regeneration scheme for Salford Quays. A joint award with the Millennium Commission (£15.65 million) and the Heritage Lottery Fund (£7.65 million). Significant partnership funding came from European Regional Development Fund, Salford Council and English Partnerships. The centre was opened in May 2000.

£50,099,719 paid (99.5% of the total award).

### **National Centre for Popular Music (Music Heritage Ltd)**

**Award: £11,354,498**

The National Centre for Popular Music opened in March 1999. Due to operational difficulties, it undertook a period of redevelopment and the ownership was subsequently transferred to Yorkshire Forward (the regional development agency). It is to continue to be used for broadly cultural purposes.

£11,350,689 paid (99.9% of the total award).

### **Norden Farm (Norden Farm Centre Trust Ltd)**

**Award: £7,160,905**

Development of a new arts centre with performance and cinema space, gallery, visual arts workshops, multimedia facilities and bar. Significant partnership funding came from the Royal Borough of Windsor and Maidenhead. Opened in autumn 2000.

£7,160,905 paid (100% of the total award). The final payment was made during 2003/04.

### **Ocean (Ocean Music Trust Ltd)**

**Award: £14,493,567**

Conversion of two landmark buildings in Hackney, London, to house three performance spaces, a music training and resource centre, rehearsal rooms and cafe/bar. Significant partnership funding from the Single Regeneration Budget, the London Borough of Hackney and European Regional Development Fund. Opened in March 2001.

£14,493,567 paid (100% of the total award). The final payment was made during 2003/04.

### **The Place (Contemporary Dance Trust)**

**Award: £5,690,446**

Expansion and refurbishment of the central London building. This included new facilities for the school, new studio spaces and improved access throughout, enabling The Place to develop its work as a choreographic and performance centre. The project was completed in October 2001. Significant partnership funding from the Single Regeneration Budget.

£5,452,040 paid (95.8% of the total award).

### **Royal Academy of Dramatic Art (RADA)**

**Award: £26,146,851**

Renovation and refurbishment of existing facilities, and purchase of adjoining premises to provide a modern, well-equipped teaching and learning facility. The award also included provision for the temporary relocation of RADA during the construction period. The building reopened in November 2000.

£25,144,501 paid (96.2% of the total award).

## Progress report on major lottery awards over £5 million continued

### Royal Court Theatre (English Stage Company)

Award: £21,159,031

Redevelopment and upgrading of the Grade II listed 395-seat theatre and 60-seat Jerwood Theatre Upstairs, with additional foyer, bar and restaurant facilities. The award covered relocation costs incurred during construction phase. The theatre reopened in January 2000. Significant partnership funding from Jerwood Foundation and Cadogan Estates Ltd.

£21,006,915 paid (99.3% of the total award).

### Royal Opera House

Award: £78,500,000

Redevelopment, restoration and refurbishment of Grade I listed building to provide improved facilities for audience and performers, including a base for the Royal Ballet. The award included some funds for relocation costs during the construction period. The development appeal and private funders provided two-thirds of the estimated total costs of £241 million. The Royal Opera House reopened in December 1999.

£78,290,884 paid (99.7% of the total award).

### Sadler's Wells (New Sadler's Wells Ltd)

Award: £47,275,496

Redevelopment of the central London theatre to give first-class facilities for international dance and lyric theatre companies, together with improved studio, rehearsal and educational facilities. Opened in autumn 1998.

£46,944,607 paid (99.3% of the total award).

### Soho Theatre Company

Award: £7,934,713

Towards the purchase of property and design development for a writers' centre, and for converting the central London building to house a 200-seat theatre, three studio or rehearsal spaces, workrooms, script library, offices and a restaurant and bar. The building opened in February 2000.

£7,934,713 paid (100% of the total award). The final payment was made during 2003/04.

### Victoria Hall and Regent Theatre (Stoke-on-Trent Council)

Award: £16,500,000

Refurbishment of two Grade II listed buildings within the Hanley Cultural Quarter. The Victoria Hall reopened for concerts in November 1998 and the Regent Cinema opened as a theatre for lyric and drama tours in September 1999. Significant partnership funding came from the European Regional Development Fund and Stoke-on-Trent Council.

£16,441,940 paid (99.6% of the total award).

## Council and regional council members

April 2003 to March 2004

### Council

Sir Christopher Frayling  
(Chair – from 1 February  
2004)

Sir Gerry Robinson  
(Chairman – retired  
31 January 2004)

Sir Norman Adsetts OBE

Tom Bloxham MBE

Deborah Bull CBE

Paul Collard

Deborah Grubb

Professor Alan Livingston

Stephen Lowe

Joanna MacGregor\*

Sir Brian McMaster CBE

Elsie Owusu OBE

William Sieghart

Professor Stuart Timperley

Dorothy Wilson

Lady Sue Woodford Hollick

\*Resigned June 2003

### East Regional Arts Council

Professor Stuart Timperley  
(Chair)

Dame Gillian Beer

Graham Creelman

Nicholas Daniel

Helen Denniston

Cllr Tony Dodd

Cllr Andy Graham

Trystan Hawkins

Anne Lavery

Kari O’Nions

Cllr Penny Otten

Rachel Parslew

Yasmin Shariff

Cllr Hazel Simmons

Cllr Susan Wigglesworth

### East Midlands

#### Regional Arts Council

Stephen Lowe (Chair)

Cllr Colin Bromfield

Cllr Bryn Chappell

Phil Cosker

Mimi Errington

Tina Glover MBE

Cllr Nigel Holden

Cllr Robert Janes

David Johnston

Mirzaffer Juma

Cllr Neville Marsden

Norma Pearson

Gavin Stride

Morcea Walker

Cllr Ernest White\*

Cllr Mick Young

\*Resigned January 2004

### London

#### Regional Arts Council

Lady Sue Woodford Hollick  
(Chair)

Jennette Arnold

Cllr Lyn Brown

Emmanuel Cooper

Anupam Ganguli

Cllr Denise Jones

Nicolas Kent

Wayne McGregor

Cllr Bob Neill

Kate O’Rourke

Cllr Joyce Ryan

Dr Maggie Semple

Nabil Shaban\*

Graham Sheffield

Cllr Laura Willoughby

\*Resigned March 2004

### North East

#### Regional Arts Council

Paul Collard (Chair)

Victoria Andrew MBE

Jonathan Blackie

Cllr Alex Cunningham

Cllr Fionna Davison

Cllr Neil Griffin\*

Cllr Mick Henry

Cllr Peter Hillman

Sarah Kemp

Farah Khan

Cllr John Lauderdale\*\*

Helen Pickering

William Pym

Mark Scrimshaw

Sajjad Shah

Cllr Robert Symonds

\*Resigned July 2003

\*\* Resigned February 2004

### North West

#### Regional Arts Council

Tom Bloxham MBE (Chair)

Conrad Atkinson

Kenneth Baird

Keith Black

Cllr Warren Bradley

Cllr Peter Byrne

Ruth Gould

David Knight

Howard Raynor

Cllr Kath Robinson

Dr Abdul K Shakoor MBE

Cllr Edmund Sheehy

Cllr Andy Shine

Professor David Vaughan

Cllr Jean Yates

## Council and regional council members *continued*

### **South East Regional Arts Council**

Deborah Grubb (Chair)  
Kentake Chinyelu-Hope  
Cllr Sajidah Chaudhary\*  
Cllr Maureen Christian  
Ruth Eastwood\*\*  
Simon Fanshawe  
Cllr Charles Findlay  
Cllr Christina Freeman  
Judy Panesar Harrison  
Alan Haydon  
Darren Henley  
Penelope Marcus  
Kate Mosse  
Vayu Naidu-Banfield  
Cllr Susan Prochak  
Cllr Rajinder Sandhu  
Katie Tearle  
Elaine Thomas  
Stephen Turner  
Cllr Adrian Vinson  
Cllr John Waddington  
Cllr Leslie Wicks  
\*Resigned June 2003  
\*\*Resigned April 2003

### **South West Regional Arts Council**

Professor Alan Livingston  
(Chair)  
Cllr Doris Ansari OBE  
Cllr Robin Bush  
Cllr Robert Chapman  
Cllr John Cole-Morgan  
Sue Davies  
Cllr Stephen Friar  
Cllr Jacqueline Harris\*  
Moya Harris  
Ralph Hoyte  
Cllr Bernard Hughes  
Dr Simon Olding  
John C Struthers  
Pippa Warin  
\*Resigned June 2003

### **West Midlands Regional Arts Council**

Dorothy Wilson (Chair)  
Professor Susan Bassnett  
Cllr Martin Bennett  
Professor George Caird  
Cllr Richard Chattaway  
Dr Michael Cullen  
Deirdre Figueiredo  
Tyrone Huggins  
Cllr Terry James  
Cllr Ann Lucas\*  
Cllr Theresa Matthews\*\*  
Alan McLean  
Wanjiku Nyachae  
Cllr Sheila Pittway  
Paul Sutton  
Cllr Ian Ward  
\*Resigned June 2003  
\*\*Deceased September 2003

### **Yorkshire Regional Arts Council**

Sir Norman Adsetts OBE  
(Chair)  
Janet Barnes  
Cllr David Bostwick  
Margaret Coleman  
Geraldine Connor  
Susanna Eastburn  
Cllr Geraldine Gough  
Elaine Hirst  
Cllr Susan Latter  
Cllr Liz Minkin  
Cllr James Preston  
Rachel Priestman\*  
Jonathan Sands  
Dharambir Singh Dhadyalla  
Cllr Martin Winter  
\*Resigned January 2004

## attendance at arts events

In 2003/04, the Target Group Index survey asked 20,131 adults in England whether they attend particular artforms 'these days'.

### Percentage and number of adults who attend each of these artforms 'these days'

2003/04	%	number in millions
Any performance in a theatre	39.7	16.0
Plays	25.6	10.4
Art galleries/art exhibitions	24.2	9.8
Classical music	12.9	5.2
Ballet	7.6	3.1
Opera	6.9	2.8
Jazz	6.9	2.8
Contemporary dance	5.6	2.3

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The table shows that 39.7% of adults questioned said they attend any performance in a theatre – this category includes musicals and pantomime. This compares with 10.4 million people who said they attend plays and 9.8 million who attend art galleries or art exhibitions. Attendances at the remaining five artforms were also high, ranging from 5.2 million adults attending classical music performances to 2.3 million adults attending contemporary dance.

More detailed information on people attending arts event, including breakdowns by age and socio-economic status, will be available in *Arts in England: attendance, participation and attitudes in 2003*, published in December 2004 and available on our website [www.artscouncil.org.uk](http://www.artscouncil.org.uk)

This survey is conducted annually by BMRB International. The full survey consists of a representative sample of around 25,000 adults in England, Scotland and Wales.

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Designed by GDA, Northumberland