

annual
review
2005



ARTS COUNCIL
ENGLAND

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Cover image: *Rainbow Cones* by Space Cadets, *Garden of Delights* festival, Manchester, 2004. Run by Manchester International Arts, the festival has received £20,000 of lottery funding each year since 2003. Photo: Paul Herrmann/Profile Photo Agency

welcome

Arts Council England is the national development agency for the arts in England. As an independent body working at arm's length from government, we distribute public money from government and the National Lottery to artists and arts organisations. Between 2005 and 2008, we are investing £1.7 billion of public funds. 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 or phone us on 0845 300 6200.

The Sage Gateshead, which opened in December 2004.
See page 23 for details. Photo: Alex Telfer



chair's report

In 2005, the Arts Council was 60 years old. I had the opportunity to reflect on its many achievements in a lecture I gave in February at the Royal Society of Arts.

I was struck by the vision of the pioneers of the Arts Council and of the successive ministers with whom it worked. Together they created some of the great institutions that remain the bedrock of the arts. The National Theatre, the Royal Shakespeare Company, the South Bank Centre and – right up to date – The Sage Gateshead. These would not exist without the Arts Council and a firm belief in public investment in the arts.

More recently, we have supported new organisations which bring the perspectives of the diverse communities that make Britain such a cultural and creative crucible – Moti Roti and Rich Mix to name just two.

In some respects 2004 was a year when the temperature rose.

We saw passionate debate about freedom of artistic expression, as first *Bezhti* and then *Jerry Springer – The Opera* were subject to protests. The Arts Council is working with the Commission for Racial Equality on this – and also on forthcoming legislation about incitement to religious hatred, which has caused concern among artists and entertainers.

In Wales and Scotland, major changes happened in the relationship between the Arts Councils and government. Lines must be drawn between elected politicians or civil servants and an independent funding body, and we are monitoring developments in Wales and Scotland with some concern. In England, a restructured, strong and independent Arts Council has been able to look strategically and fruitfully at whole sectors of the arts, and work with theatre and dance is highlighted in this review.

Ever since I started as Chair, I have said that the Arts Council ought to be much more than a funding body. This means developing new ideas and working in new ways – and with new partners – to support



Sir Christopher Frayling
Photo: Pete Jones

the arts and artists. A development agency. A campaigning organisation. An Arts Council which is on the front foot.

One example of this is Own Art, an initiative to make buying original work by living artists easier by offering interest-free credit. I'm told the launch generated some of the keenest media interest we have ever had, including international coverage.

Equally important is our advocacy for the arts, making the case to put the arts at the heart of national life. When John Maynard Keynes founded the Arts Council in 1945, he spoke of it in the same breath as health and education, as part of a trinity of opportunities following the horrors of war.

The case for government support for the arts should be based on the impact that they can make in and for themselves. The arts can help young people develop into confident, well-rounded citizens. The arts can help bring about the regeneration of buildings and communities. And the arts can make a contribution to health, the rehabilitation of offenders, and the life chances of people from disadvantaged communities. But the art must be excellent in its own terms, or it will not deliver to society the wider benefits of a rich cultural life. As pioneering theatre director Joan Littlewood used to say, 'anything less than this is patronising'.

It is marvellous that London will host the Olympic Games in 2012, and I am sure its position as **the** cultural hub was a key factor. Before then, we have Liverpool European Capital of Culture in 2008. I look forward to working with our partners in Liverpool, London and elsewhere to get the best out of these opportunities.

Some people talk of 'the golden age' with nostalgia. They shouldn't. It is happening now. Our cultural life has never been richer, our arts organisations never more robust and inventive, and the opportunities to take part never more widely available.

Sir Christopher Frayling, Chair

chief executive's report

During the first four months of 2005, I was fortunate to be able to step outside my day job, and stand back and take stock in a strategic 'time out'.

I met some fascinating people, at home and internationally. Fantastic artists and leading-edge thinkers. People who brought the work of the Arts Council into perspective for me. They pointed out opportunities – and imperatives – to take the arts, and our organisation, in new and exciting directions.

An important part of my time out was to start a dialogue across the public sector and the public realm. To really get to know and understand the priorities of other agencies, institutions and government departments, and to talk to leaders across government about the role the arts can play for them. It is clear we are knocking on open doors and that there are many opportunities for partnership.

The past year has seen an emphasis on the Arts Council working internationally – supporting artists to go abroad, ensuring that artists from overseas come to Britain, and celebrating the contribution of the UK's diverse communities to our cultural life. We will support more international collaboration and new work that draws on different cultures and experiences.

The decibel programme legacy has delivered real progress for Black and minority ethnic artists. In 2004/05 the amount of money going to such individual artists through our Grants for the arts programme increased to 25 per cent. By 2007/08, we will meet our aim that more than 10 per cent of our regularly funded organisations are Black and minority ethnic-led.

Offering opportunities to young people is one of our ambitions. June 2005 saw the accreditation of young people's Arts Awards by QCA, and our Artsmark scheme went from strength to strength – by the same month over 3,000 schools held an Artsmark.



Peter Hewitt
Photo: Pete Jones

Our ground-breaking Creative Partnerships programme extended to 34 areas of England. By July 2005, we were working with almost 4,300 schools, transforming the way that creative practitioners work with teachers and young people.

2004 was the National Lottery's 10th birthday. The arts have received around £2 billion from the lottery, transforming the cultural landscape. The lottery has brought us iconic projects, such as the *Angel of the North*, and regenerated areas through projects like The Lowry at Salford Quays. But it has also supported thousands of local schemes which have brought communities together and enriched lives in countless ways.

Following our restructure as Arts Council England in 2002, I am delighted to report that by March 2005 we had achieved efficiency savings of £6.977 million compared to our target of £6 million. But we're not resting on our laurels. This is the beginning of a process of ongoing improvement.

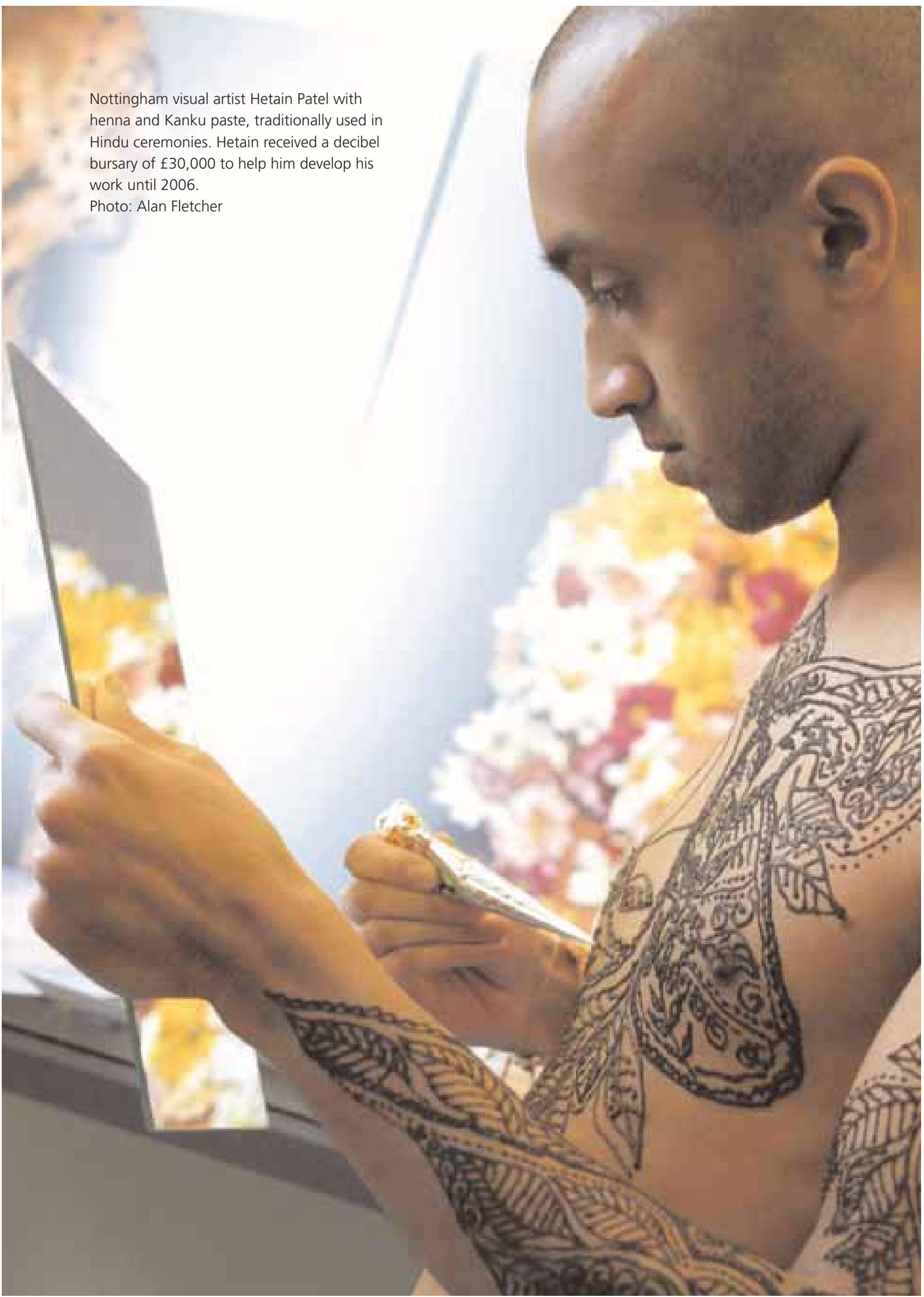
The Government's Comprehensive Spending Review 2004 was a tough one, and arts and culture were no exception. With zero growth in our grant-in-aid between 2005 and 2008, we had to work closely with Government to get the best possible deal for arts organisations.

We were clear that we would continue to invest in excellence and strategic growth in the sector, and would make difficult choices rather than share standstill funding for all. We will support the sector in developing new funding streams and using resources more effectively. I was particularly pleased that, in his 2005 Budget speech, the Chancellor announced £12 million for the Arts Council and partners to promote cultural leadership.

In my time out I was constantly reminded of the power of the arts, how they can transform lives. I want us to lead the debate about how to measure the value of the arts and culture in a new, more sophisticated way – demonstrating the arts' immense contribution to individuals, communities and society as a whole.

Peter Hewitt, Chief Executive

Nottingham visual artist Hetain Patel with henna and Kanku paste, traditionally used in Hindu ceremonies. Hetain received a decibel bursary of £30,000 to help him develop his work until 2006.
Photo: Alan Fletcher



april 2004

decibel legacy

decibel was an Arts Council initiative which ran from May 2003 to March 2004 – with the long-term aim of raising the profile of African, Caribbean and Asian artists in England. There were showcases for new talent, research and publications, and strategic working behind the scenes. The decibel legacy project continues aspects of this work, ensuring that we remain firm in our commitment to put diversity at the heart of our work.

One of the most dynamic projects in 2004/05 was Freeness, a non-commercial music initiative conceived by the artist Chris Ofili to celebrate and profile new music created by people of African, Caribbean and Asian origin. The Freeness tour took place in 10 English cities, seeking new music from grass roots producers and musical innovators – those whose work may be created in bedroom studios and on laptops and sampling sequencers. A CD will be released in 2005, and it will be free.



Young people's Arts Award pilot

We have set up an Arts Award for young people, the first arts development and arts leadership scheme through which young people gain an accredited qualification. 2004/05 was

the second year of a two-year pilot – which was so successful that the award launches nationwide in October 2005. It is run in partnership with Trinity College London.

The Arts Award is for those in their teens and 20s, and can be taken at bronze, silver or gold levels. Young people choose an artform in which to explore and develop skills, using resources in their communities. They also run arts projects with others and look into training and employment options.

The Department for Culture, Media and Sport (DCMS) gave us £200,000 to fund the pilot. Nearly 1,000 young people took part, in 14 locations across England. More than 100 arts organisations, schools and youth projects were also involved.

The Qualifications and Curriculum Authority accredited the award as a qualification at Levels 1, 2 and 3 on the National Qualifications Framework. DCMS has allocated a further £700,000 to launching the award nationally, and we have committed £300,000 each year from 2006 until 2009.

may 2004

Theatre review

May saw the publication of our second piece of research into the impact of our additional investment of £25 million a year in theatre from 2003/04. This money supported implementation of our national policy for theatre in England. The policy was focused on enabling theatres to present a better range of high quality work and attracting more people to the theatre. Not counting the National Theatre and Royal Shakespeare Company, this represented a 72 per cent increase in our funding for theatres up and down the country.

Research from MORI showed that the increased investment has revitalised the theatre industry. The quality of work has improved; more new work is being commissioned; there are more and better employment opportunities; theatres are able to plan ahead and are more secure financially.

We studied the contribution that UK theatre makes to the economy through jobs and tourism. Just £121.3 million of public subsidy goes to theatres each year, but this investment returns an impressive £2.6 billion per year. The economic impact of theatre within London's West End is £1.5 billion, and beyond the West End is £1.1 billion.

The research also identified 16,000 volunteers working in the UK theatre sector.

Implementing the national policy for theatre in England.

Case studies: 1 and Economic impact study of UK theatre are both published by Arts Council England and available from www.artscouncil.org.uk

Brighton Festival

Brighton Festival is the largest annual arts festival in England. It is a contemporary celebration of all that's good in British and international performing arts. Our investment supports the organisers in commissioning, creating and presenting an exceptional programme of national and international work.

The Brighton Festival Society is one of our regularly funded organisations and receives £500,000 a year to produce the festival and manage the Dome arts complex.

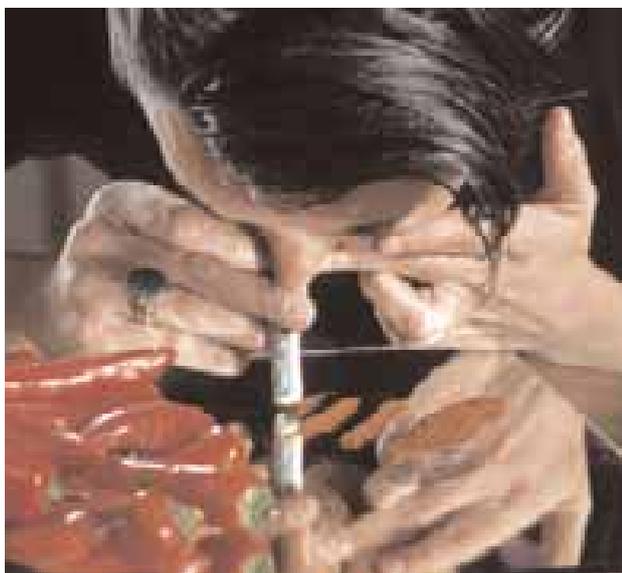
Forced Entertainment is an international touring theatre company based in Sheffield, producing experimental work. Our regular funding, which rises from £250,500 in 2005/06 to £264,470 in 2007/08, supports a core administrative and creative team. Forced Entertainment, formed in 1984, is a group of six artists led by director and writer Tim Etchells. The group's work spans theatre, durational performance and live art, gallery installation, video and digital media. In 2004, Forced Entertainment toured a new production, *Bloody Mess*, across the UK and internationally.
Photo: Hugo Glendinning



On the Scent

On the Scent is a live performance in an ordinary house. Four audience members enter a room at a time, meeting the occupant and the aromas that surround that person. The characters and atmospheres are evoked as strongly by the smells as by anything the actors say.

This piece was created by London-based Curious (Helen Paris and Leslie Hill), who, with support from Brunel University and the Wellcome Trust, collaborated with a top neuroscientist in the field, in Bangalore, India. *On the Scent* toured England in May and November, also visiting Paris in October, and Hong Kong and Australia in January and February.



Leslie Hill in *On the Scent*.
Photo: Hugo Glendinning

Curious used the intimacy of the event to ask each of their audience members to name a smell that makes them think about home or feel homesick. An archive of smell memories and associations, collected as the work toured, was transferred to DVD and a copy sent to each participant. *On the Scent* also formed part of *Essences of London*, a portrait of the artists' home city navigated by the sense of smell.

Curious received £45,263 of lottery funding from our Grants for the arts programme.

june 2004

CIAO!

CIAO!, the Children's International Arts Organisation, ran a five-day children's international arts festival this month, exploring cultural similarities and differences expressed through the arts.

The festival, and accompanying Arts and Minds Conference, were held at South Hill Park Arts Centre in Berkshire. Artists and participants from 18 countries took part in the events, which were designed to expand opportunities for international programming within the south east. From this showcase, one production has since played its first Edinburgh Festival Fringe, and others have toured in England.

CIAO! received £63,000 of lottery funding through the Grants for the arts programme to stage the events and to consolidate itself as an organisation in its second year.

ENO performed Wagner's 'Ride of the Valkyries' at the Glastonbury Festival, Somerset.
Photo: Andy Butterson/PA

English National Opera

English National Opera (ENO) made history when it performed the first ever opera at Glastonbury, Europe's biggest music and performing arts festival. It appeared on the main Pyramid stage, on Sunday 27 June. There was an astonishing turnout for the last lunchtime of the three-day festival – at least 50,000 people.

ENO Music Director Paul Daniel conducted Act 3 of Wagner's *The Valkyrie*. The hour-long excerpt included the thrilling 'Ride of the Valkyries', performed by a 91-strong ENO orchestra and the full cast of 11 principal singers in costume. Wagner's revolutionary work was originally written for festivalgoers, and their counterparts in 2004 received it in the spirit intended, demanding five curtain calls.

English National Opera is one of our regularly funded organisations, internationally known for performing innovative opera in English.





Liverpool, by Roger McGough, commissioned by Fivearts cities. Hung 20 metres by 60 metres, opposite The Liver Building throughout September to stimulate a citywide poetry competition on Radio City.
Photo: Gerry McLoughlin/UNP

New Audiences Programme

The Arts Council ran the New Audiences Programme from 1998 to 2003. With funding of £20 million from DCMS, the programme explored new ways to encourage as many people as possible to participate in and benefit from the arts in England.

The programme was committed to identifying and understanding the most effective ways of reaching new audiences, and disseminating good practice to arts organisations. It published its comprehensive findings in June 2004. The report analysed the various marketing strategies used to engage particular audiences such as young people, families, culturally diverse groups, disabled people, older people and those living in rural areas.

The entire project archive of the programme is presented on www.artscouncil.org.uk/newaudiences in searchable format. Here you can find reports from all participating organisations, and independent evaluations of the areas of the programme.

Broadcast partnerships were a major part of the New Audiences Programme. Some new ideas have since become core projects with broadcast partners, such as the BBC and Arts Council *Roots* project.

One of the last New Audiences projects to come to fruition was Fivearts cities, a major new partnership between Five (formerly Channel 5) and the Arts Council. It launched in April 2004.

It is a year-long course of high profile programmes, events, exhibitions and educational initiatives focused on a single city. The first to be chosen was Liverpool, to support preparations for its time as European Capital of Culture in 2008. (See also our case study on Liverpool Biennial.) The project has worked with funded galleries and community organisations to encourage new visitors to arts events and to enable people to discover and develop their own creativity.



July 2004

Dance select inquiry

When the Culture, Media and Sport committee published its report into dance on 1 July, MPs, Peers and the staff of the Palace of Westminster were able to enjoy a performance by Random Dance to mark the occasion. Random Dance performed *Series*, a specially commissioned piece of contemporary dance choreographed by Artistic Director Wayne McGregor.

The report described dance as a 'rapidly growing sector,' with regular performances appreciated by many people throughout the country. It praises the support given by the Arts Council and calls on the government to set out a clear, overarching policy for dance. The committee said that although the building infrastructure of dance has improved thanks to investment by the Arts Council, often with National Lottery funds, more investment is needed to ensure that the whole population can access dance.

Random Dance performed *Series* at Portcullis House, London.
Photo: Andy Paradise

Opposite: New Perspectives performed *The Butterfly Lion* by Michael Morpurgo, adapted by Daniel Buckroyd, Rolleston Village Hall, Nottinghamshire.
Image copyright: Arts Council England

Rural touring

Our East Midlands office was awarded a 'Rural Charter' for dedication to work in the countryside by the East Midlands Rural Affairs Forum in early 2004. This is the first initiative of its kind, and encourages organisations to make a positive difference to people living in rural areas, offering them similar opportunities to those living in towns and cities.

The rural touring schemes across the East Midlands have continued to go from strength to strength, bringing a wide range of live performances.

In 2004/05, over 300 promoters organised nearly 600 events. Highlights included the first UK tour of international musician Pavlo and local regularly funded company New Perspectives, which has been creating and producing touring theatre in the East Midlands for over 30 years.



Regeneration

Artists and arts organisations play a major role in regeneration, from public art and environmental planning to participatory work helping build sustainable communities.

One example we are involved in is Arts Generate in the East region. This has become the catalyst for arts-led physical, social and economic regeneration in five deprived areas. Operating since 2002, Arts Generate now brings together our East office and all 54 local authorities in the region. Together they are working on projects that place the arts at the heart of communities, making the arts an integral part of regeneration.

In South Bedfordshire, Arts Generate projects have helped residents of Downside, a socially marginalised area, to revitalise their community. Arts-led initiatives have helped tackle the physical regeneration of the environment as well as engaging the residents and motivating them to take pride in their community.

In Thurrock, part of the Thames Gateway growth area, the Arts Generate programme, Visionary Thurrock, is breaking new ground. Informed by international expertise and drawing together all the agencies and organisations involved, Arts Generate is establishing cross-cutting cultural projects and high level investment partnerships. These are helping reshape the landscape and engage the communities of this rapidly expanding area.

Across the country, in Worcestershire, we are helping to fund pro/POSIT architects to work on a project to regenerate Stourport Canal Basins. The project aims to re-establish the economic and cultural role that the basins – the canals and their surrounding area – once played in Stourport. David Patten and Maurice Maguire of pro/POSIT are at the heart of the planning and design, working with British Waterways' architects and other staff, and local people, to place art and artists at the heart of the design process.

august 2004

Capital Age Festival

The 2004 pan-London Capital Age Festival took place on Sunday 8 August at Bernie Spain Gardens on the South Bank. Attended by thousands of older Londoners, families and friends, the free festival featured jive dance sessions led by the London Swing Dance Society and performances by Nostalgia, the oldest steel band in the UK, and the Natural Theatre Company. Many organisations funded by the Arts Council were profiled, including East London Dance, Entelechy Arts and Age Exchange.

The festival was organised by the London Older People's Strategies Group and supported by the Mayor of London, Association of London Government and Help the Aged as well as ourselves.

Fashion at Belsay

We award English Heritage £40,000 regular funding for exhibitions and cultural commissions at its properties in the north east. It invited 13 of Britain's most innovative fashion designers to respond to the magnificent neo-classical mansion Belsay Hall, Northumberland. They filled the hall, 14th century castle and the grade 1 listed gardens with art installations rather than garments.

Designers included Alexander McQueen, Zandra Rhodes, Paul Smith, Agent Provocateur, and Stella McCartney with one of the highlights of the exhibition, the stunning crystal horse *Lucky Spot*.

English Heritage and the Arts Council have also established the Belsay Fellowship, for artists to work in response to the site. Vien Le Wood, a former Graduate Fashion Week award winner, was selected from 12 graduating fashion students from Northumbria University. She created a beautiful, thickly encrusted dress that flows over a sculptured female form. Inspired by Gustav Klimt's paintings of decorative sensuality, *Tallulah – Running Water Dress* rises from a circular plinth, allowing water to run and erode her jewelled fabric.

Tallulah – Running Water Dress by Vien Le Wood.
Photo: Alex Telfer





september 2004

Milton Keynes Gallery

Milton Keynes Gallery celebrated its fifth birthday with an exhibition by Michael Craig-Martin, his largest in a British public gallery for more than 10 years. The exhibition included an exterior commission, transforming the gallery into painted artwork, and paintings.

The gallery was built for Milton Keynes Council with the help of a £20 million grant from the National Lottery. It presents innovative visual arts exhibitions with associated education and outreach work. We support the gallery with regular funding.

Milton Keynes Gallery with Michael Craig-Martin's exterior commission, 2004.
Image courtesy of Milton Keynes Gallery

Arts and health

Queen's Medical Centre (QMC) in Nottingham is leading the way among East Midlands hospitals with its arts and health programme, supported by the QMC NHS Trust.

This two-year project gives an 'arts boost' of monthly musical events, a poet in residence and other arts projects for patients, visitors and staff. For example, there was live music in the waiting area at the adult outpatients' department throughout autumn. The first event, in September, featured The University of Nottingham Music Society's Chamber Choir, and was much welcomed by patients and staff alike.

We awarded the centre £20,000 of lottery funds through our Grants for the arts programme for their scheme to integrate the arts within an acute hospital setting.

october 2004

Shrinking Childhoods

Kids Company, a South London voluntary organisation, works with vulnerable young people to reduce the impact of trauma and neglect and provide a belief in a more positive future. They do this through counselling, support and engaging young people in the arts.

Shrinking Childhoods was a Kids Company project exhibiting art work by young people exploring what it means to be young today. The exhibition was generated through a series of workshops held over summer 2004 at Tate Modern, local schools and at the Kids Company Centre. The workshops involved over 1,000 children and young people aged between four and 21 years.

From October 2004 to March 2005, the work was exhibited outside Tate Modern in a structure designed by David Adjaye. This was funded through the Grants for the arts programme. The exhibition space was created from old portacabins and surplus construction materials.



Liverpool Biennial

Over 350,000 people visited the 2004 Liverpool Biennial from 18 September to 28 November: 125,000 more than expected. This underlines the biennial's place as the UK's first and only international festival for contemporary visual art and culture. Highlights in 2004 included Shanghai-based artist Yang Fudong's new commission at FACT and Peter Johansson working with Michael Nyman and Jasper Morrison to create a sound work over four sites across the city.

Liverpool Biennial is working with the city council on public projects in the run up to the 2008 European Capital of Culture. Arts Council funding is part of our support for Liverpool in its role as Capital of Culture.

Gravity

Young people in West Sussex can experience contemporary club-based youth culture through Gravity. Sessions by experienced professional artists include workshops and performances in DJing, street dance, MCing, breakdance, music production and Bollywood dance.

Gravity is a partnership between West Sussex County Council Arts and Youth Services and five district councils. Our Grants for the arts programme is funding activities until September 2006, for up to 4,000 young people.

Gravity photo: Matt Gough

november 2004

Celebrating 10 years' National Lottery money for the arts

The National Lottery has transformed the cultural landscape in England, injecting almost £2 billion into the arts since it started in 1994. Audiences around the country enjoy new and refurbished arts buildings and an ever-widening range of arts activities.

So when the National Lottery celebrated its 10th birthday on 6 November, we were at the heart of the celebrations. We wanted to remind people how much the lottery has contributed to the arts.

It's now hard to imagine an England without the *Angel of the North*, The Lowry or Tate Modern. We've supported over 100 new arts buildings and around 500 buildings have been refurbished with lottery funds. We've also invested money in local and community projects, and public art projects.

Lottery spending by artform – the first 10 years

Music	£457m
Theatre/drama	£441m
Visual arts	£426m
Combined arts	£259m
Dance	£156m
General*	£102m
Literature	£16m

* this includes funding for training, development and marketing



Space for Sport and the Arts, a joint government and National Lottery initiative, has invested £134 million to improve opportunities for both pupils and communities to participate in arts and sport in deprived areas, by providing new, or modernising existing, primary school facilities. In Saxby, Leicestershire, a former dole office was transformed into the entrance of the new Sparkenhoe Community Theatre for Sparkenhoe Community Primary School.

One of our most important achievements has been to improve access for disabled people to arts buildings. All our lottery-funded new and refurbished buildings have incorporated access for disabled people.

In 2004/05, lottery money funded grants to organisations and national touring from our Grants for the arts programme. Although there are fewer large projects beginning – around three quarters of the lottery awards we make now are for under £100,000 – England is still benefitting from new buildings as current large projects complete.

Our 10th birthday celebrations started on 21 October, with the gala reopening of Watford Palace Theatre, which aims to become a national hothouse for new writing. We awarded the theatre £5.2 million towards its £8.7 million refurbishment.

A week later, Patrick Street Studios in Leeds opened its doors. With the help of a £550,000 capital grant, the building now offers 28 individual artist's studios, six open plan studios for new graduates and central resources for artists.

In the week leading up to the 10th birthday, and on the day itself, numerous arts events took place around the country. These included a series of events at lottery-funded venues such as Buxton Opera House and The Castle, Wellingborough; behind the scenes tours of the Brighton Dome; a Black Voices concert at the Drum, Birmingham; and a *Banned! Network* gig to showcase three local unsigned bands in Cheshire.



The National Lottery funded a £4.5 million refurbishment of the Snape Maltings concert hall in Suffolk, including better disability access, lighting and acoustics. DanceEast commissioned dancers from Richard Alston Dance Company to appear there as part of the 10th birthday celebrations. Photo: Paul Nixon

John Baxter from Broughton Brass Band. Brass bands from across the north east celebrated the National Lottery's 10th birthday under the *Angel of the North*, Gateshead. Photo: Doug Hall/i2i Photography





Own Art

In November, we launched a nationwide scheme – Own Art – that provides interest-free loans to members of the public to buy original, contemporary art and craft.

People are using their loans of up to £2,000 to buy paintings, glass, ceramics, furniture, sculpture, photography, jewellery and textiles – anything by a living artist. It is also possible to commission works of art. By March 2005, £1.6 million of loans had been taken out through 250 galleries.

Own Art builds on earlier schemes run through the regional offices and on findings in the Arts Council report *Taste Buds: how to cultivate the arts market*. This was a major research project involving over 6,000 artists, buyers, dealers and galleries.

We received £250,000 from DCMS to launch Own Art with its benefits for the contemporary visual arts market and regional cultural tourism. It is operated by HFC Bank Ltd in partnership with ArtCo Trading Ltd, a wholly owned subsidiary of the Arts Council.

Royal Shakespeare Company

Founded in 1961, the Royal Shakespeare Company is one of the world's best known theatre companies with a reputation for producing world-class classical and modern theatre to audiences across the UK and internationally. It receives regular funding from us for its work in presenting Shakespeare in a vibrant and living context.

Under the leadership of Artistic Director, Michael Boyd and Executive Director, Vikki Heywood, the company had many critical successes in 2004. One example was its first ever co-production with The Little Angel Theatre, to put on a new version of Shakespeare's erotic poem *Venus and Adonis*. Adapted by Associate Director Gregory Doran, and inspired by both Japanese Bunraku Puppets and Jacobean Court Masque, this production told the story with marionettes, rod, shadow and table-top puppets. It was well received by audiences and critics alike.



Venus and Adonis, Royal Shakespeare Company (RSC) and Little Angel Theatre. Photo by Robert Day, © RSC

december 2004

The Sage Gateshead

The Sage Gateshead, the stunning new home for music in the north east, opened in December 2004 and is proving to be a major success. It is a significant centre for music performance, production, education and professional development. Facilities include two performance spaces, rehearsal rooms, music education centre, brasserie, cafe and bars.

Northern Sinfonia, the orchestra of The Sage Gateshead, is central to its extensive classical music programme and Folkworks – the folk development agency for the north of England – is a part of the performance, learning and participation programmes.

Situated on the south bank of the river Tyne, near BALTIC Centre for Contemporary Art, The Sage Gateshead is a major element of the regeneration of Newcastle Gateshead. A lottery-funded capital award of £47 million supported the main construction costs and The Sage Gateshead is now one of our regularly funded organisations.

In its first six months, there were 254 performances, enjoyed by 374,500 music lovers. There have also been 6,750 learning and participation sessions.

Capture West Midlands

Our West Midlands office is running a two-year programme to develop an infrastructure for dance and moving image installations in the region. As part of this, the *Capture 3* touring exhibition was hosted at four West Midlands galleries from December 2004 to January 2005: New Art Gallery, Walsall; Leamington Pump Rooms; Worcester Art Gallery; and Old Market Hall Shrewsbury. *Capture* is our national annual dance commissioning programme.

Galleries were also involved in a programme led by Arts and Media Training that developed opportunities for choreographers, dancers, sound and image makers to work together.

The final selection of work led to four regional dance commissions, produced by Wanjiku Nyachae and funded through the Grants for the arts programme. These installations were presented in the galleries from June 2005.

Arts in England 2003: attendance, participation and attitudes – some key findings

- Four out of five people had attended at least one arts event in the previous 12 months
- The percentage of people agreeing that 'Arts and cultural projects should receive public funding' increased from 74% to 79%
- Almost nine out of 10 people had participated in at least one arts activity in the previous year
- 74% of people thought that arts from different cultures contribute a lot to this country

The full report is a rich source of data for policy-makers, audience development agencies, programmers and venue managers. We are using the data to assess the success of our commitment to widening and diversifying audiences for the arts.

Download the report from www.artscouncil.org.uk

Holton Lee

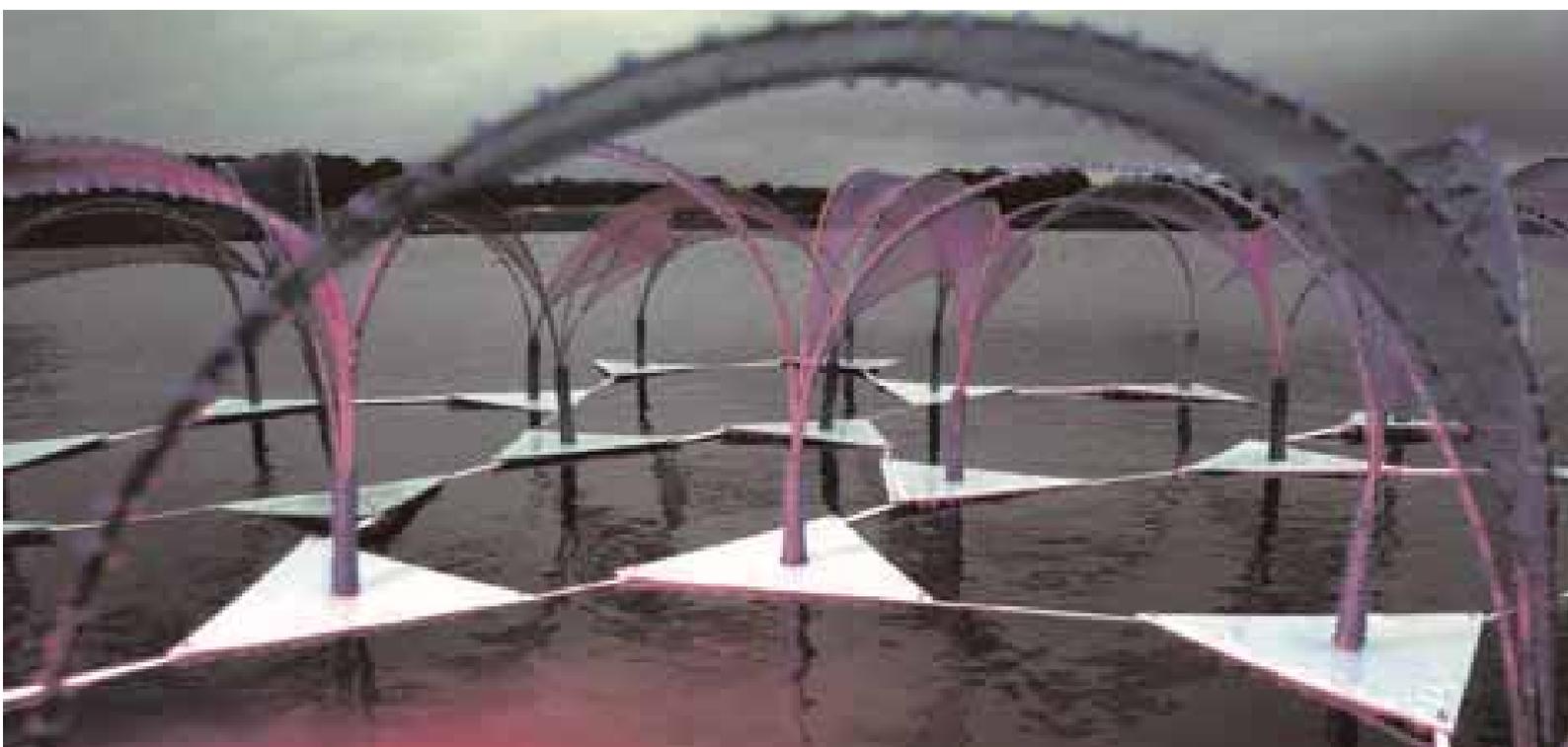
Holton Lee is a centre with a range of facilities set in 350 acres of land overlooking Poole Harbour, in the south west.

It exists to empower disabled people and their carers, and we have been supporting its work in the arts in various ways.

The Stables Studios opened in December, through a total of £147,000 Arts Council funding. The stable block has been converted into four fully accessible artist studios and a common room. These can be hired for residencies or for arts workshops.

The Way Ahead exhibition at Faith House, Holton Lee. Photo: Nick Gregory/Apex





Jewel for the Landscape: water sculpture of knitted and beaded wire, wool, cork and fishing weights by Jan Truman, at *Response to Eden*, 2004. South West Textile Group received Grants for the arts funding to organise the exhibition with Exeter Phoenix and the Eden Project. Photo: Theo Moyer/Apex

January 2005

Our Grants for the arts programme – an evaluation

Grants for the arts is our major open application programme, including grants to organisations and for national touring which are funded by the National Lottery.

We launched the programme in February 2003 and carried out an evaluation of the first year, so we can improve it later in 2005 and beyond.

The evaluation, carried out by independent researchers, described the Grants for the arts programme as a brave and radical initiative

which has transformed our grant giving. Most people thought the application process was simple and had received advice from our staff on making an application. The programme also reaches new people – 59 per cent of applications and 50 per cent of grants related to individuals or organisations not previously funded by us.

There are examples of work funded by the Grants for the arts programme throughout this review – see pages 10, 18 and 27.

Grants for the arts programme in figures

	Year one 2003/04	Year two 2004/05
Number of applications received	7,548	9,559
Number of grants made	4,355	4,682
Total awarded	£51.1 million	£69.7 million



Susan Kiguli on the writer development project *Inscribe*, at the Arvon Centre, Hebden Bridge, West Yorkshire. Photo: Paul Floyd Blake

Encouraging new writing and writers

Inscribe is a writer development project, run by Peepal Tree Press. The press, set up in 1985 and based in Leeds, is one of our regularly funded organisations. Its aim is 'to publish the very best in Caribbean, Black British and South Asian literature'.

Inscribe supports 20 writers from African, Caribbean and Asian backgrounds in applying for grants, identifying mentors and making contact with publishers. The aim is to develop the next generation of Black and Asian writers, and already a strong network of writers is emerging.

New Writing Partnership, another of our regularly funded organisations, aims to highlight, develop and support creative writing. It nurtures and promotes new writing talent.

The partnership involves us working with the higher education sector and local authorities. Based in Norwich, this unique collaboration is supporting the area's reputation as a national and international centre of literary excellence. The public programme of high quality literary events includes workshops, conferences and awards.

Kenny Wheeler

This series of concerts in January celebrated the 75th birthday of the extraordinary composer, trumpeter and flugelhorn player Kenny Wheeler. Originally from Canada but long time resident of the UK, Wheeler's career has seen collaborations with many world-renowned musicians. We supported the tour with £25,000 lottery funding through the Grants for the arts programme.

Music in the Round: the new Ensemble 360.
Photo: Richard Stott

Music in the Round

Music in the Round, a Sheffield-based chamber music promoter, needed to prepare a succession plan for the retirement of its regular resident string quartet, The Lindsays. With £100,000 from our Grants for the arts programme, the promoter is appointing talented young musicians at the start of their careers and helping their development as a new ensemble. This will allow Music in the Round to continue the high quality concert and education work it carries out in communities in South Yorkshire.





february 2005

Africa 05

Africa 05 is the biggest celebration of African culture organised in Britain. It is led by ourselves with South Bank Centre, one of our largest regularly funded organisations, and the British Museum, in association with the BBC. From February till October 2005, a huge range of organisations from national museums to community centres are hosting events celebrating the best African and diasporic arts. We have contributed £272,500 towards *Africa 05*.

Hayward Gallery, part of the South Bank Centre, opened its exhibition *Africa Remix: Contemporary Art of a Continent* in February. It was the largest exhibition of contemporary African art seen in Europe, with more than 60 African artists from 25 countries across the continent, as well as those now living in Europe and North America. A jukebox of current African sounds entertained visitors in the foyer.

Le chef qui a vendu l'Afrique aux colons (The chief who sold Africa to the colonisers), 5 C-print photographs, 1997, at *Africa Remix*, Hayward Gallery. Photographer Samuel Fosso is known for his staged self-portraits. Photo: Samuel Fosso/Courtesy Centre Georges Pompidou

Creative Partnerships, Hull

Creative Partnerships is run by the Arts Council, in association with DCMS and the Department for Education and Skills, to help schools create long-term, sustainable partnerships with artists and arts organisations. It began in May 2002, and three years later 34 Creative Partnership areas were running across the country. Up until July 2005, it had initiated almost 4,300 projects.

A group of Year 10 students from Kingswood High School received recognition when images from their photography project, *A Safe Place To Live*, were discussed on BBC Radio 4, published in *The Times Educational Supplement* and displayed as part of a major school exhibition.

The pupils had been working with humanitarian photographer Rich Wiles. Inspired by his portraits of Palestinian people, they used disposable cameras to take photographs of their own community while discussing issues such as citizenship.

In related activities, they saw John Keane's oil paintings on the Gulf War and other international conflicts at the Ferens Gallery and attended *Hanna and Hannah*, about asylum seekers, by UK Arts International and Company of Angels theatre group at the West Yorkshire Playhouse. The aim was to give them a greater understanding of global conflict and how it links with issues such as homelessness and poor housing in their own community. Many said that the project made them look at their environment in a different way.



Contemporary Music Network

The Contemporary Music Network (CMN) has been at the forefront of new music touring for nearly 35 years.

CMN funds 10–12 projects each year, supporting tours that offer a glimpse into the future of music as well as presenting a dazzling array of world-class artists to audiences across the country.

In February 2005, CMN presented *Maria T*, a stunning collaboration between acclaimed Romanian-born violinist and composer Alexander Balanescu and Austrian multimedia artist Klaus Obermaier. *Maria T* was inspired by the voice and life of Romanian icon Maria Tanase. The tour visited six venues around the country including The Sage Gateshead, Brighton Dome and Queen Elizabeth Hall, London.

Maria T performed by the Balanescu Quartet, video installation by Klaus Obermaier.



Krissi Bohn in *Seeing Without Light*
Photo: Chris Saville/Apex

Seeing Without Light

Cornish actor Krissi Bohn took her first major role in *Seeing Without Light* at Plymouth Theatre Royal. The play is a contemporary drama that questions universal themes of love, life and death during the 21st century scientific revolution.

The production was part of the theatre's Theatre of Science project, supported through Creative Partnerships and the Wellcome Trust. Theatre of Science looks at issues such as eugenics, ageing and the ethics of genetic research.

As well as new productions there are community arts initiatives and an education programme in 18 schools across Plymouth and Cornwall, allowing young people to create their own science drama.

march 2005



Pupils from local schools created *Fifteen Cubed* as part of the launch of Creative Partnerships in Derby. Photo: John Legge, Creative Partnerships, Derby

Creative Partnerships, Derby

The new Creative Partnership in Derby is one of the latest to be set up. Its launch in March 2005 was both an inventive and a practical take on the nature of creativity. Fifteen schools worked with a photographer or visual artist to create artworks about creative spaces in themselves and their school – and about the attributes of a creative person.

On the morning of the event, the 250 pupils were issued with a challenge: to create a structure which was interactive and which asked for a response from the guests. This structure became *Fifteen Cubed*. The pupils' artworks were projected onto and filled seven-foot-square cubes, for the 200 guests and potential future partners to enjoy and respond to.



Strange Cargo is based in Folkestone and produces large-scale multi-artform events and public art in East Kent. Our regular funding, £50,000 in 2005/06, supports production access, training and social inclusion programmes.

Image: Skelly Night is a procession and performance event in Ramsgate based on the Mexican Day of the Dead.

Photo: Brigitte Orasinski, courtesy of Strange Cargo

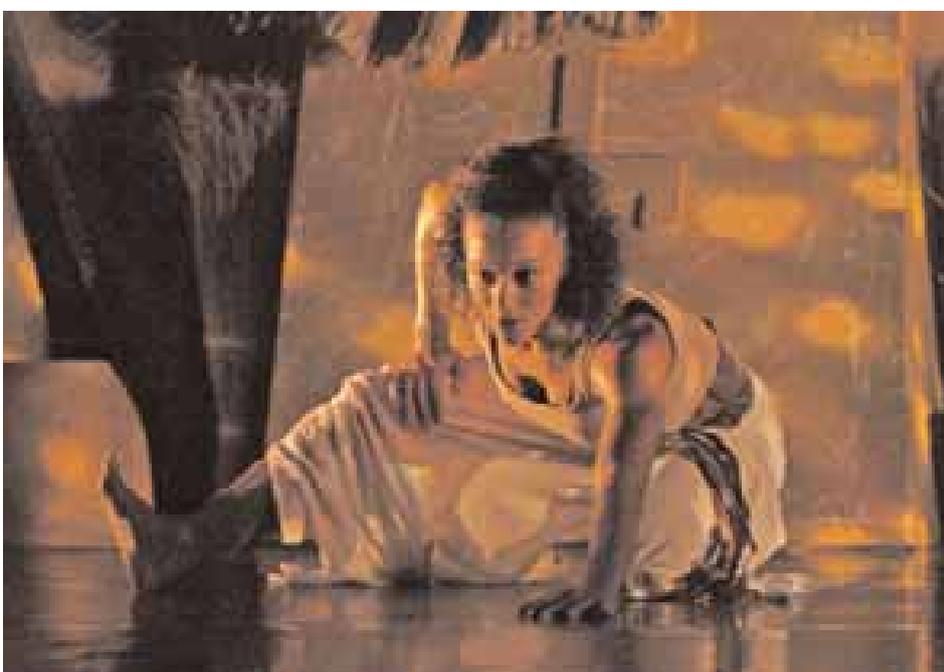


STAGETEXT increases access to the arts for people with hearing loss by using captioning systems to display the text as it is sung or spoken.

Our regular funding, £145,500 in 2005/06, supports core costs.

Image: STAGETEXT captioned *The Wizard of Oz*, The Lowry, Salford Quays.

Photo: Ben Blackall



ACE dance and music is a Birmingham-based dance company combining traditional African and Caribbean dance with contemporary techniques. It also offers performance, outreach and education programmes regionally and nationally.

In 2004/05, ACE dance and music became a regularly funded organisation, receiving £100,000.

Image: *En-Trance*.
Dancer: Dee Ovens.

Photo: Brian Slater

Regular funding for arts organisations

We announced our funding to over 1,100 arts organisations for the three years 2005/06 to 2007/08. Because our grant-in-aid remains at £412 million each year, we developed a financial strategy with four priorities:

- providing financial stability for most arts organisations
- ensuring that organisations with major capital developments have the revenue funding to reach their potential
- developing the infrastructure for Black and minority ethnic artists
- reviewing the range of organisations receiving regular funding and redirecting funding to the above areas

Around 60 per cent of all regularly funded arts organisations receive an annual increase of 2.75 per cent. Around 20 per cent receive larger increases and over 30 organisations receive regular funding for the first time. By 2007/08, we will achieve our aim that more than 10 per cent of regularly funded organisations are either run by Black and minority ethnic artists, or are organisations which take a lead role in supporting such artists.

However, over 120 organisations will no longer receive regular funding and over 50 receive increases of below 2.75 per cent a year.

In spite of our standstill funding we were able to increase the amount going to regularly funded organisations overall from £300,797,000 in 2005/06 to £325,802,000 in 2007/08. We did this by a range of measures including cutting back on our budget to develop new opportunities for the arts and freezing our administration costs.

highlighted information

35	reporting against our official commitments
37	Arts Council reorganisation
39	2004/05 financial results
39	Arts Council Collection

reporting against our official commitments

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 2004 to March 2005.

Creative Partnerships

The Arts Council's target in this area was to set up nine new Creative Partnerships by September 2004, which we have achieved.

By April 2005, 34 of the 36 Creative Partnerships we are committed to establishing by March 2006 were running. The total number of projects started between May 2002 and April 2005 was 3,352; 20,552 teachers had been involved in Creative Partnerships projects.

Grants for the arts

We set ourselves a target relating to the value of Grants for the arts programme awards going to Black and minority ethnic artists/arts organisations by March 2005.

Target: 10% of total value
Achieved: 10% of total value
(25% of total value of grants to individuals, 8% organisations)

Arts participation

Our target in this area is, by 2006, to increase attendance by 3% and participation by 2% by under-represented groups in arts events. The figures show the position in relation to the latest available data which was collected in 2003 or 2004, as indicated.

Attendance and participation figures relate to at least two events.

Evaluation and customer satisfaction

Our first customer satisfaction survey took place in autumn 2004. We found that our customers are satisfied with our levels of commitment to equal opportunity and diversity; with our advocacy for the arts; and that we make funds available quickly. Understanding our customers better and working in partnership with them; improving our explanations when funding applications are rejected; and making it easier to contact people by telephone will improve customer satisfaction levels.

We are identifying what we need to do to improve customer satisfaction and making plans to put this into effect. A further survey will be conducted in autumn 2006 to check progress.

reporting against our official commitments continued

PSA target 2 – attendance and participation

	Attendance – baseline	PSA target 2006	Interim position	Participation – baseline	PSA target 2006	Interim position
Disabled people (limiting longstanding illness)	29% ¹	32%	26% * ³	12% ¹	14%	12% ³
Socially excluded (social class C2, D, E)	23% ¹	26%	26% ³	10% ¹	12%	9% * ³
Black and minority ethnic	32% ²	35%	29% ⁴	15% ²	17%	11% ⁴

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

1 Data collected 2001
2 Data collected 2002
3 Data collected 2003
4 Data collected 2004

Regularly funded organisation activity

Attendance figures for our regularly funded arts organisations are well above target, as is attendance at educational sessions they run.

	Target	Actual
Number of commissions of new work by regularly funded organisations	2,650	4,049
Attendance at regularly funded organisations (thousands)	25,400	31,634
Attendance at educational sessions of regularly funded organisations (thousands)	2,210	3,243

Targets are as set out in our 2004 annual review
Data for 2004/05 is available in April 2006

Arts Council reorganisation – how we have made savings

Three years on from the setting up of Arts Council England, we can summarise some of the financial benefits of the reorganisation.

In March 2001, the Arts Council of England announced plans to form a single development agency for the arts in England by joining together with the 10 independent English regional arts boards. In April 2002, the merger took legal effect. This set up Arts Council England, consisting of a national office and nine regional offices. A new staff structure was introduced in April 2003, and there have been savings from the reorganisation since then.

We initiated this major reorganisation. It came from a desire to streamline the arts funding system and make it more efficient.

Reorganisation efficiency savings

The reorganisation has led to significant savings in administration costs. There are five main areas where we have made savings:

- reduction in staff numbers
- merger of two regions into one in the South East
- reduction in use of central London property
- VAT efficiencies
- procurement savings

In 2003/04, our target was to make savings of £5 million. The actual figure achieved was £5.6 million. In 2004/05, the target was to increase those savings to **£6 million** and we have made savings of just under **£7 million**.

Reduction in staff numbers

The structure introduced in 2003/04 reduced the number of core administration posts. Most of these reductions came at the national office and as a result of the creation of a new South East region.

This reduction in staff numbers was made possible by a number of factors. We have introduced shared services for finance, human resources, property and IT. We have delegated responsibility for managing the relationship with the vast majority of our funded organisations to regional offices, allowing a reduction of staff in the national office. We reduced the number of open application grant programmes from over 100 to five and set up a contact centre which takes all general external calls.

Merger of regions in the South East

A key feature of the reorganisation was merging the former South East and Southern Arts boards to create a single South East regional office aligned with regional government boundaries. This allowed us to rationalise office space: the offices in Winchester and Tunbridge Wells were closed and staff relocated to Brighton. The move was completed in 2003/04.

Arts Council reorganisation – how we have made savings continued

Reduction in use of central London property

Reducing staff numbers at the national office means we need less property in central London. In 2003/04 we were able to relinquish use of over 18,000 square feet of office space. We are investigating options for further property savings by relocating the national office to a new, cheaper site in central London.

VAT efficiencies

The previous arts funding system was inefficient from a VAT point of view because the regional arts boards had to charge the Arts Council VAT on the services they provided. The Arts Council was unable to recover those fees. These charges no longer apply now we are one organisation.

Procurement savings

The new structure has led to a number of procurement savings. These arise through economies of scale, removing duplication and increased purchasing power. We have made savings in insurance, audit fees, stationery, payroll processing, legal services, IT procurement and telephone costs.

Summary

The reorganisation of the arts funding system has led to savings of almost £7 million a year by 2004/05. This has already offset the one-off costs of the reorganisation itself. The money saved is now being put directly into supporting the arts.

2004/05 financial results

The 2004/05 annual accounts, published alongside this review, give full details of our financial results for the year. We are not able to prepare a full set of consolidated accounts for our grant-in-aid and lottery activities due to the different accounting policies we are required to follow. However, a summary of the combined results is provided in the foreword to the grant-in-aid accounts.

This summary shows that operating costs in total rose by nearly £2.6 million compared with 2003/04. That increase was entirely due to the growth in the Creative Partnerships programme and the cost of developing a new single grants and management information IT system. Excluding those costs, our underlying 'core' operating costs fell by nearly £1.4 million.

One important feature in our grant-in-aid accounts is the inclusion of the Arts Council Collection in the balance sheet at full market value. Previously the collection, which includes a large number of donated items, has been shown in our accounts at cost. More information about the collection follows.

Arts Council Collection

The Arts Council Collection is a significant national resource. It is the largest and most important loan collection of modern and contemporary British art in the world with over 7,000 works, including paintings and works on paper, sculptures and photographs. Works are lent to exhibitions in the UK and abroad and are on loan to over 100 public venues in the UK including museums and galleries, hospitals, libraries and universities.

The collection is run by the Hayward Gallery at London's South Bank Centre and forms an integral part of the Hayward's Touring Exhibition Programme. This programme brings around 30 exhibitions to 1.4 million people in 160 venues each year. In addition to donations, up to 30 new works for the collection are purchased each year by a changing panel of artists, critics and curators.

The collection is wide ranging and includes works by major 20th century British artists such as Henry Moore, Francis Bacon, David Hockney, Paula Rego and Bridget Riley; sculptors Richard Deacon, Tony Cragg, Antony Gormley, Anish Kapoor and Rachel Whiteread; and work from a new generation of artists ranging from Damien Hirst and Tracey Emin to Chris Ofili, Steve McQueen and Janin Al-Ani. A new public space for sculpture from the collection was opened at the Longside Gallery at Yorkshire Sculpture Park in 2003.

annually-updated information

170 Council and regional council members

172 attendance at arts events

Council and regional council members

April 2004 to March 2005

Council

Sir Christopher Frayling
(Chair)

Diran Adebayo

Sir Norman Adsetts OBE*

Janet Barnes

Tom Bloxham MBE

Deborah Bull CBE

Paul Collard**

Deborah Grubb

Professor Alan Livingston

Stephen Lowe

Sir Brian McMaster CBE

Elsie Owusu OBE

Dr Tom Shakespeare

William Sieghart

Professor Stuart Timperley

Dorothy Wilson

Lady Sue Woodford Hollick

* Resigned January 2005

** Resigned September 2004

East Regional Arts Council

Professor Stuart Timperley
(Chair)

Gillian Beer

Graham Creelman

Nicholas Daniel

Helen Denniston

Tony Dodd

Andy Graham

Trystan Hawkins*

Anne Lavery

Kari O’Nions

Penny Otton

Rachel Parslew

Yasmin Sharif

Hazel Simmons

Sue Wigglesworth

* Resigned February 2005

East Midlands Regional Arts Council

Stephen Lowe (Chair)

Cllr Colin Bromfield

Phil Cosker

Mimi Errington

Tina Glover MBE

David Johnston

Mir Juma

Cllr Brian Knight

Norma Pearson

Cllr Dr Jill Vincent

Morcea Walker

Cllr William Wells

Cllr Paul West

Cllr Mick Young

London Regional Arts Council

Lady Sue Woodford Hollick
(Chair)

Cllr Lyn Brown

Emmanuel Cooper

Anupam Ganguli

Elizabeth Howlett

Ian Jentle

Cllr Denise Jones

Nicolas Kent

Kate O’Rourke

Cllr Joyce Ryan

Dr Maggie Semple

Graham Sheffield

Cllr Peter Truesdale

North East Regional Arts Council

Dr Tom Shakespeare (Chair)

Victoria Andrew MBE

Cllr David Budd

Cllr Alex Cunningham

Cllr Fiona Davison

Cllr Mick Henry

Cllr Peter Hillman

Sarah Kemp

Farah Khan

Helen Pickering

William Pym

Mark Scrimshaw

Sajjad Shah

Cllr Robert Symonds

Cllr Iain Wright*

* Resigned January 2005

Council and regional council members *continued*

North West Regional Arts Council

Tom Bloxham MBE (Chair)	Cllr Ann Farrell	Cllr Edmund Sheehy
Conrad Atkinson	Ruth Gould	Cllr Andy Shine
Deborah Barnard MBE	Professor Lubaina Himid	Lemn Sissay
Keith Black	Peter Mearns	Cllr Jean Yates
Cllr Warren Bradley	Howard Raynor	

South East Regional Arts Council

Deborah Grubb (Chair)	Euan Henderson	Katie Tearle
Jeremy Birch	Darren Henley	Elaine Thomas
Kentaké Chinyelu-Hope	Sarah Hohler	Stephen Turner
Maureen Christian	Schweta Kapadia	Adrian Vinson
Simon Fanshawe	Penelope Marcus	Leslie Wicks
Judy Panesar Harrison	Kate Mosse	Michael Woodhall
Alan Haydon	Vayu Naidu-Banfield	

South West Regional Arts Council

Professor Alan Livingston (Chair)	Sue Davies	Ralph Hoyte
Cllr Doris Ansari OBE	Ruth Eastwood	Cllr Bernard Hughes
Cllr Robin Bush	Chelima Fade*	Professor Simon Olding
Cllr Robert Chapman	Cllr Stephen Friar	John C Struthers
Cllr John Cole-Morgan	Thrisha Haldar	Pippa Warin
	Moya Harris	* Resigned December 2004

West Midlands Regional Arts Council

Dorothy Wilson (Chair)	Dr Michael Cullen*	Wanjiku Nyachae*
Professor Susan Bassnett	Deirdre Figueiredo	Cllr Sheila Pittaway
Professor George Caird*	Tyrone Huggins	Paul Sutton
Cllr Richard Chattaway	Alan McLean	* Resigned June 2004

Yorkshire Regional Arts Council

Sir Norman Adsetts OBE (Chair)*	Susanna Eastburn	Jonathan Sands
Janet Barnes (Chair)**	Cllr David Gemmell	Dharambir Singh
David Bostwick***	Geraldine Gough	Martin Winter****
Cllr Peter Box	Lynne Green	* Chair until February 2005
Cllr Georgina Boyes	Elaine Hirst	** Chair from February 2005
Margaret Coleman	Susan Latter	*** Resigned November 2004
Geraldine Connor	Elizabeth Minkin****	**** Resigned July 2004
	Cllr James Preston	

attendance at arts events

In 2004/05, the Target Group Index survey asked 20,755 adults in England whether they attend particular artforms 'these days'.

Percentage and number of adults who attend each of these artforms 'these days'

	%	2004/05 number in millions
Any performance in a theatre	40.5	16.5
Plays	26.0	10.6
Art galleries/art exhibitions	25.5	10.4
Classical music	13.6	5.6
Ballet	8.1	3.3
Opera	7.7	3.1
Jazz	7.5	3.1
Contemporary dance	5.6	2.3

© BMRB International – Target Group Index 2005

The table shows that 40.5% of adults questioned said they attend any performance in a theatre – this category includes musicals and pantomime. This compares with 10.6 million people who said they attend plays and 10.4 million who attend art galleries or art exhibitions. Attendances at the remaining five artforms were also high, ranging from 5.6 million adults attending classical music performances to 2.3 million adults attending contemporary dance.

More detailed information on people attending arts events, including breakdowns by age and socio-economic status, is available in *Arts in England: attendance, participation and attitudes in 2003*. This is available on our website 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.

National Lottery 10th birthday

When the National Lottery celebrated its 10th birthday on 6 November 2004, we were at the heart of the celebrations. The National Lottery injected almost £2 billion into the arts in its first 10 years, and we are one of the major distributors of lottery money to good causes.

Arts organisations around the country took part in the celebrations: pages 20 to 21 give more details about this. One example was this performance of *Blonde*, by C-scape dance company, in a supermarket in Bodmin, Cornwall.

Pages 145 to 168 contain a detailed review of our lottery activity in 2004/05.

Photo: Simon Burt/Apex



This is part one of four of our annual review.
You can download the other parts, in pdf or
text-only versions, at www.artscouncil.org.uk

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Phone: 01235 465500. Email: direct.orders@marston.co.uk

ISBN: 0-7287-1145-1
© Arts Council England, October 2005

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to Ian Day, Director, Information, at the address above

Designed by GDA, Northumberland

annual review 2005

grant-in-aid accounts

This is part two of four of our annual review.
You can download the other parts or text-only
versions at www.artscouncil.org.uk



Arts Council England grant-in-aid accounts

1 April 2004–31 March 2005

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 on page 43) 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
Sir Christopher Frayling (Chair)	February 2004	
Diran Adebayo	October 2004	
Sir Norman Adsetts OBE (Yorkshire)	May 2002	January 2005
Janet Barnes (Yorkshire)	February 2005	
Tom Bloxham MBE (North West)	May 2002	
Deborah Bull CBE	May 2002	June 2005
Paul Collard (North East)	May 2002	September 2004
Deborah Grubb (South East)	May 2002	July 2005
Professor Alan Livingston (South West)	May 2002	
Stephen Lowe (East Midlands)	May 2002	July 2005
Sir Brian McMaster CBE	May 2002	
Elsie Owusu OBE	May 2002	
Dr Tom Shakespeare (North East)	October 2004	
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 during the year, with David Brierley CBE and Gill Laver as co-opted members. Sir Brian McMaster CBE and Professor Stuart Timperley joined the Audit Committee in March 2005 following the resignations of Sir Norman Adsetts OBE and Paul Collard.

Foreword *continued*

Chief executive, chair and Council member appointments

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. From 4 January to 3 May 2005, Peter Hewitt took a strategic time out from his role as Chief Executive to step outside his day job, and stand back and take stock. During that time Kim Evans became acting Chief Executive.

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 £369 million for the year. This included £29 million for the Creative Partnerships programme. The grants that we awarded during the year totalled £316 million. This total comprised grants to our regularly funded arts organisations, and awards made under the Grants to individuals open application programme for individual artists.

The statement of financial activities funded from grant-in-aid shows net outgoing resources for the year of £1 million on unrestricted funds. This deficit is due to the planned use of reserves brought forward from prior years.

Key developments during the year include the expansion of our Creative Partnerships

programme, which has now established phase 2 and 3 partnerships. In addition, we started work on developing a single new IT system for finance, grants and management information to replace the different systems currently used in each office.

In 2004/05, we delivered a combined lottery and grant-in-aid administrative saving of £7 million. This compares to the target of £6 million in our funding agreement (2003/04 saving £6 million; target £5 million); see note 26 to the accounts.

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 2005, Arts Council England had unrestricted reserves of £14 million. Our policy on reserves is to ensure that we hold sufficient funds to maintain liquidity, to cover

Foreword *continued*

Reserves *continued*

unforeseen short-term cash requirements of £1 million to cover planned future expenditure and to repay to DCMS grant-in-aid over-committed in previous years, which at 31 March 2005 was £2.8 million. We review this policy and our reserves position annually. Our use of reserves, however, is restricted by the Government's end of year flexibility regulations which mean that we are not currently allowed to use our reserves brought forward from 2001/02 of £10 million.

Approach to employee development, participation and diversity

Arts Council England's training and development programmes are designed to encourage and support all employees in improving performance and develop their skills and competence. Six regional offices have Investors in People recognition and it is hoped the whole organisation will have achieved the award by early 2006.

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, our intranet and regularly emailed updates, supplemented from time to time by office and directorate meetings. For the first time, we conducted a staff satisfaction survey during early 2005 and will be analysing and acting upon the results during 2005/06.

More formally, Arts Council England recognises the trade unions Amicus and Unison for consultation and collective bargaining, and has 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 in each of the 10 workplaces. Recently the organisation agreed a new recognition agreement with Amicus and Unison, which clarifies the constitution of these bodies and our consultation process under the new information and consultation regulations.

Arts Council England 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.

We are 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.

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 taking positive steps to encourage more Black and minority ethnic, disabled and lesbian and gay people to become employed in the organisation, with support from specialist external advisory organisations.

Foreword continued

Approach to employee development, participation and diversity continued

Following the introduction of our race equality scheme, we have been working on a programme of 36 projects with the aim of changing the organisation and making real and permanent changes within the arts sector. Internally, this includes training staff, reviewing all our HR procedures, and revamping how we deal with complaints and procurement to include the Commission for Racial Equality's best practice. We have set Black and minority ethnic staff targets for recruitment and retention and set up a Black Workers' Group.

14.6% of staff classify themselves as Black, Asian, Chinese or Dual Heritage, and 2.2% of staff classify themselves as disabled.

Other matters

Our banker 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.

Fees paid to the National Audit Office for external audit services during 2004/05 were £51,000 (2003/04: £56,000).

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

The Arts Council 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 2004/05, 86% of undisputed invoices were paid within 30 days (2003/04: 83%).

Fixed assets

The additions to fixed assets of £1 million during the year relate mainly to fit out costs for our new South West office and the refurbishment work in a number of our offices to comply with the Disability Discrimination Act. Following a change in accounting policy we have, for the first time, included our works of art collection at its estimated market value. Previously this collection had been included in the balance sheet at original cost. Due to the significant difference between these two values the prior year figures have also been restated accordingly.

Forward funding

In December 2004, DCMS announced that our funding for the financial years 2005/06, 2006/07 and 2007/08 would be £415.5 million, £415.5 million and £411.5 million respectively. These figures include a capital allocation for the South Bank Centre and the European Capital of Culture 2008 of £5 million in 2005/06 and 2006/07 and an undesignated capital allocation of £1 million in 2007/08.

Foreword continued

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 2004/05 and 2003/04 financial years.

	2004/05 £000s	2003/04 £000s
Income		
Grant-in-aid income	368,859	324,955
Share of proceeds from the National Lottery Distribution Fund	160,739	153,913
Investment returns on the Distribution Fund	8,428	7,211
Other income	10,833	10,031
Total income	548,859	496,110
Expenditure		
Net grant-in-aid grant commitments	314,778	276,336
Other grant-in-aid arts expenditure	30,510	32,207
Net lottery grant commitments	186,345	159,466
Operating costs	49,386	46,793
Total expenditure	581,019	514,802
Exceptional items		
Cost of fundamental reorganisation	(462)	90
Net (outgoing)/incoming resources	(32,622)	(18,782)
Profit on revaluation of fixed assets	4,342	1,660
Net movement in funds	(28,280)	(17,122)
Consolidated reserves brought forward	46,501	63,623
Consolidated reserves carried forward	18,221	46,501

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 increasing net grant commitments compared with the figures in the lottery distribution accounts by £10,228,000 in 2004/05 (2003/04: an increase of £482,000).

Operating costs have increased by £3 million in the year due to the expansion of the Creative Partnerships programme and the costs of the single new IT finance, grants and management information system.

Foreword continued

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 and 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 DCMS 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 2005

Sir Christopher Frayling
Chair

18 October 2005

*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, whilst 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 2004/05 we had effective internal controls in place in all areas of the Arts Council's operations, apart from in procurement where various shortcomings were recognised during the year. Improvements are now being put in place as detailed in section 5.

Arts Council England'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 ensure that we protect our resources. Against this background, risk-taking is acceptable where it helps to deliver our core objectives.

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

Arts Council England undergoes a six-monthly review of its 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 are presented to our Audit Committee on a six-monthly basis.

Risk management forms part of our ongoing activity and is addressed as a matter of standard practice in our corporate project plans. In autumn 2004 our internal auditors concluded a review of our risk management arrangements, which included an assessment of our arrangements against the Treasury's

Statement on internal control continued

3 Capacity to handle risk continued

Risk Management Assessment Framework. The auditor's recommendations inform our approach to further embedding risk management procedures within the 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.

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 a code of practice which includes a policy on declaration and registration of interests. Its defined responsibilities 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 its operations economically, efficiently and effectively
 - approving the annual report and accounts
 - ensuring that Arts Council England fulfils its obligations as an employer and complies with all relevant legislation
- b) An Audit Committee with agreed terms of reference which include:
 - reviewing Arts Council England's internal and external financial statements to ensure they reflect best practice
 - considering internal and external audit reports and reviewing Arts Council England's relationship with its internal and external auditors
 - reviewing the effectiveness of Arts Council England's internal control system, including the review of its 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:
 - developing the corporate policy on high level issues and overseeing the implementation of nationally agreed policies and plans
 - receiving and monitoring financial information relevant to Arts Council England's overall management responsibilities
 - taking decisions within delegated powers and approving further delegation as appropriate
- 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 Arts Council England is exposed. This analysis of risk and plans is endorsed by Arts Council England's Audit Committee

Statement on internal control continued

4 The risk and control framework continued

and approved by us. At least annually, the head of internal audit reports on internal audit activity in Arts Council England. The report includes the head of internal audit's independent opinion on the adequacy and effectiveness of Arts Council England's system of internal control

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.

Since the merger with the 10 Regional Arts Boards in 2002/03 and the subsequent implementation of a new structure we have put in place a number of procedures and policies to improve internal controls. These include:

- the implementation of shared services for finance, human resources and IT
- the launch of our new Grants for the arts open application programmes
- the introduction of risk management policies and procedures

- the implementation of a number of policies to ensure consistency of control. These include a fraud policy, and regularly funded organisation (RFO) monitoring principles and RFO disinvestment principles.

The main area which remains in need of improvement is procurement. During the year a new procurement policy was adopted, supported by training and reinforcement of procurement principles. The development of a procurement module is included in the specification for our new IT grants and management information system (see below), and the need for a central procurement resource is being addressed.

We are also taking steps to improve some aspects of grants management. As a consequence of being a recently formed organisation following the merger with the 10 former Regional Arts Boards, we have in place four different grants management systems across all offices. To facilitate standard controls and processes we are developing a single grants management IT system. We have also recognised the need for improved guidance on monitoring and closer links between monitoring and risk assessments.

Peter Hewitt, Chief Executive
Sir Christopher Frayling, Chair
18 October 2005

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 54 to 78. 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 historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 58 to 60.

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

As described on page 48, the trustees and the chief executive as accounting officer are responsible for the preparation of financial statements and for ensuring the regularity of financial transactions funded by Parliamentary grant ('grant-in-aid'). The trustees and the chief executive are also responsible for the preparation of the other contents of the annual report. 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 have been appointed as auditor by Statute under Section 43 of the Charities Act 1993, and report in accordance with regulations made under Section 44 of the Charities Act 1993.

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 by grant-in-aid 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 report 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 report 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 49 to 51 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 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 other irregularity and that, in all material respects, the expenditure, income and resources funded by grant-in-aid 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 2005 and of the incoming resources and application of resources 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 by grant-in-aid 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

21 October 2005

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; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors 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 2005

	Note	Unrestricted funds £000s	Restricted funds £000s	Total 2004/05 £000s	Restated total 2003/04 £000s
Incoming resources					
Grant-in-aid income	2	339,455	29,404	368,859	324,955
Investment income		956	0	956	663
Other incoming resources	3	370	8,479	8,849	8,780
Total incoming resources		340,781	37,883	378,664	334,398
Resources expended					
Charitable expenditure					
Grant commitments made in the year	4	306,761	9,329	316,090	277,039
Less: lapsed and revoked commitments		(1,263)	(49)	(1,312)	(703)
Net grant commitments		305,498	9,280	314,778	276,336
Other arts expenditure	5	12,810	17,700	30,510	32,207
Support costs	6	20,519	6,771	27,290	24,302
Management and administration	6	17,565	0	17,565	17,820
Resources expended before costs apportioned to lottery		356,392	33,751	390,143	350,665
Costs apportioned to					
Arts Council lottery accounts	13	(14,698)	0	(14,698)	(14,907)
Total resources expended		341,694	33,751	375,445	335,758
Net incoming/(outgoing) resources before exceptional items		(913)	4,132	3,219	(1,360)
Exceptional items					
Cost of fundamental reorganisation	29	(203)	0	(203)	(71)
Net incoming/(outgoing) resources after exceptional items		(1,116)	4,132	3,016	(1,431)
Notional costs					
Cost of capital	10	(436)	0	(436)	(589)
Net incoming/(outgoing) resources after notional costs		(1,552)	4,132	2,580	(2,020)
Reversal of notional costs		436	0	436	589
Net incoming/(outgoing) resources for the year	11	(1,116)	4,132	3,016	(1,431)
(Loss) on sale of tangible fixed assets		(33)	0	(33)	(9)
Profit on sale of tangible fixed assets		0	0	0	2
Profit on revaluation of tangible fixed assets	12	4,342	0	4,342	1,660
Net movement in funds		3,193	4,132	7,325	222
Balance brought forward at 1 April		55,421	(2,212)	53,209	52,987
Balance carried forward at 31 March		58,614	1,920	60,534	53,209

Summary income and expenditure account

For the year ended 31 March 2005

	2004/05 £000s	Restated 2003/04 £000s
Gross income of continuing operations	378,664	334,398
(Loss) on sale of fixed assets	(33)	(9)
Gain on sale of fixed assets	0	2
Profit on revaluation of tangible fixed assets	4,342	1,660
Total income of continuing operations	382,973	336,051
Total expenditure of continuing operations	375,648	335,829
Net movement in funds before investment asset and revaluation gains	7,325	222

The notes on pages 58 to 78 form part of these accounts.

Balance sheet

As at 31 March 2005

	Note	Unrestricted funds £000s	Restricted funds £000s	Endowment funds £000s	Total 31 March 2005 £000s	Restated total 31 March 2004 £000s
Fixed assets						
Tangible assets	12	49,638	0	851	50,489	46,538
		<u>49,638</u>	<u>0</u>	<u>851</u>	<u>50,489</u>	<u>46,538</u>
Current assets						
Stocks	14	0	0	0	0	13
Debtors	15	2,807	3,445	0	6,252	6,487
Grant-in-aid receivable	2	1,000	0	0	1,000	1,000
Due from Arts Council lottery accounts		598	0	0	598	7,146
Grants paid in advance		13,227	34	0	13,261	12,247
Cash at bank and in hand		13,234	3,757	38	17,029	3,171
		<u>30,866</u>	<u>7,236</u>	<u>38</u>	<u>38,140</u>	<u>30,064</u>
Creditors: amounts falling due within one year						
Grants outstanding		19,474	2,454	0	21,928	17,685
Creditors	16	5,179	2,862	0	8,041	8,582
		<u>24,653</u>	<u>5,316</u>	<u>0</u>	<u>29,969</u>	<u>26,267</u>
Net current assets		<u>6,213</u>	<u>1,920</u>	<u>38</u>	<u>8,171</u>	<u>3,797</u>
Grant-in-aid receivable in over one year	2	1,874	0	0	1,874	2,874
Total assets less current liabilities		<u>57,725</u>	<u>1,920</u>	<u>889</u>	<u>60,534</u>	<u>53,209</u>
Represented by income funds 22						
Unrestricted fund		14,091	0	0	14,091	14,670
Restricted fund		0	1,920	0	1,920	(2,212)
Represented by capital funds 22						
Endowment fund		0	0	38	38	38
Designated fund		43,634	0	0	43,634	39,862
Donated asset reserve		0	0	851	851	851
		<u>57,725</u>	<u>1,920</u>	<u>889</u>	<u>60,534</u>	<u>53,209</u>

The notes on pages 58 to 78 form part of these accounts.

Peter Hewitt, Chief Executive

Sir Christopher Frayling, Chair

18 October 2005

Cash flow statement

For the year ended 31 March 2005

	Note	2004/05 £000s	2003/04 £000s
Operating activities			
Grant-in-aid received		369,859	325,955
Other cash receipts		9,276	6,504
Grants paid to arts organisations and other bodies		(311,549)	(281,044)
Cash paid to and on behalf of employees		(29,843)	(24,565)
Net cash movements relating to the Arts Council lottery accounts		6,548	138
Cash payment relating to fundamental reorganisation		(203)	(71)
Other cash payments (net)		(30,498)	(34,275)
Net cash inflow/(outflow) from operating activities	23	<u>13,590</u>	<u>(7,358)</u>
Returns on investments and servicing of finance			
Interest received on short-term cash deposits		956	663
Net cash inflow from returns on investments		<u>956</u>	<u>663</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(847)	(2,655)
Sale of tangible fixed assets		159	0
Net cash outflow from capital expenditure		<u>(688)</u>	<u>(2,655)</u>
Increase/(decrease) in cash	24	<u>13,858</u>	<u>(9,350)</u>

The notes on pages 58 to 78 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 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 2004/05, the values of fixed assets expressed in current cost terms, except the works of 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 and artworks 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 47.

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 recognise grant-in-aid income 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. This includes the cost of delivering major arts policies and projects.

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

1 Accounting policies *continued*

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 National Theatre as described in notes 20 and 21 of these accounts.

During the year we changed our accounting policy in relation to our works of art collection and have now recognised this on the balance sheet at market value. Previously this asset had been included at original cost. Due to the materiality of the change the prior year figures have also been restated to market value.

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 our 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 FRS17 *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.

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

1 Accounting policies *continued*

i) Apportioned costs *continued*

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

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 2004/05 £000s	Total 2003/04 £000s
Cash grant-in-aid voted by Parliament and paid in full	340,455	0	340,455	310,455
Creative Partnerships	0	29,404	29,404	15,500
	<u>340,455</u>	<u>29,404</u>	<u>369,859</u>	<u>325,955</u>
Less: grant-in-aid receivable at 31 March 2004	3,874	0	3,874	4,874
	<u>336,581</u>	<u>29,404</u>	<u>365,985</u>	<u>321,081</u>
Plus: grant-in-aid receivable outstanding as at 31 March 2005	2,874	0	2,874	3,874
Grant-in-aid as shown in the statement of financial activities	<u>339,455</u>	<u>29,404</u>	<u>368,859</u>	<u>324,955</u>

3 Other income

	Unrestricted funds £000s	Restricted funds £000s	Total 2004/05 £000s	Total 2003/04 £000s
Grants, sponsorship and donations received	12	8,292	8,304	4,473
Donated assets: works of art*	0	0	0	329
Local authority subscriptions	89	0	89	3,250
Publications and royalties	26	3	29	5
Film production income	3	25	28	25
Sundry	240	159	399	698
	<u>370</u>	<u>8,479</u>	<u>8,849</u>	<u>8,780</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 2004/05 £000s	Total 2003/04 £000s
Grants, sponsorship and donations are analysed as follows:				
Arts Council of Northern Ireland	0	200	200	200
Association of Greater Manchester Authorities	0	170	170	0
Bolton Metropolitan Borough Council	0	101	101	0
Channel 4	0	0	0	80
Commission for Architecture and the Built Environment	0	258	258	68
Department for Culture, Media and Sport	0	350	350	0
Department for Education and Skills	0	2,591	2,591	618
East Midlands Development Agency	0	0	0	143
Economics Initiative Group	0	0	0	75
European Regional Development Fund	0	83	83	806
European Social Fund	0	1,924	1,924	1,211
Lancashire County Council	0	69	69	0
Manchester City Council	0	170	170	160
National College for School Leadership	0	0	0	52
North West Development Agency	0	362	362	226
One NorthEast	0	250	250	400
Scottish Arts Council	0	120	120	170
South East England Development Agency	0	392	392	0
Other	12	1,252	1,264	264
	<u>12</u>	<u>8,292</u>	<u>8,304</u>	<u>4,473</u>

4 Grants

	Unrestricted funds £000s	Restricted funds £000s	Total 2004/05 £000s	Total 2003/04 £000s
Grants by office:				
East	10,969	0	10,969	7,718
East Midlands	10,484	330	10,814	8,885
London	145,798	0	145,798	133,780
North East	12,456	2,399	14,855	12,172
North West	21,329	1,115	22,444	19,607
South East	14,045	40	14,085	12,077
South West	14,923	111	15,034	12,155
West Midlands	35,202	0	35,202	32,536
Yorkshire	24,095	0	24,095	21,305
National	17,460	570	18,030	16,804
Creative Partnerships	0	4,764	4,764	0
	<u>306,761</u>	<u>9,329</u>	<u>316,090</u>	<u>277,039</u>

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

5 Other arts expenditure by office

	Unrestricted funds £000s	Restricted funds £000s	Total 2004/05 £000s	Total 2003/04 £000s
East	544	0	544	175
East Midlands	658	76	734	1,025
London	994	59	1,053	641
North East	581	214	795	609
North West	553	357	910	750
South East	580	41	621	355
South West	696	339	1,035	683
West Midlands	892	102	994	737
Yorkshire	236	19	255	294
National	7,076	165	7,241	7,727
Creative Partnerships	0	16,328	16,328	19,211
	<u>12,810</u>	<u>17,700</u>	<u>30,510</u>	<u>32,207</u>

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). Spend in this area can fluctuate year on year depending on whether expenditure is distributed via grants (note 4) or direct delivery.

6 Support costs, and management and administration

	Support costs unrestricted £000s	Support costs restricted £000s	Management & administration £000s	Total 2004/05 £000s	Total 2003/04 £000s
Staff costs	14,991	3,416	6,755	25,162	23,697
Agency staff costs	383	318	1,628	2,329	2,722
Depreciation and minor capital	826	177	336	1,339	849
Travelling, subsistence and entertainment	851	328	825	2,004	2,077
Rent and rates	2,905	751	801	4,457	4,657
Professional fees	201	390	896	1,487	1,280
Office and sundry	233	1,099	3,216	4,548	4,995
Single IT system project*	0	0	1,723	1,723	20
Irrecoverable Value Added Tax	129	292	1,385	1,806	1,825
	<u>20,519</u>	<u>6,771</u>	<u>17,565</u>	<u>44,855</u>	<u>42,122</u>

* This reflects costs incurred in the year on the development of a single new system for finance, grants and management information to replace the different IT systems currently in place in each office.

Notes to the grant-in-aid accounts continued

7 Staff costs

	2004/05 £000s	Restated 2003/04 £000s
Salaries and wages	22,625	20,391
Employer's National Insurance	1,932	1,814
Employer's pension contributions	2,957	2,360
Agency staff	2,329	2,722
	<u>29,843</u>	<u>27,287</u>

Staff costs include £2,366,000 (2003/04: £1,071,000) for staff involved in direct delivery of programmes included in other arts expenditure in note 5 above.

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

	2004/05	Restated 2003/04
Direct delivery of programmes	35	25
Creative Partnerships	120	73
Support	431	440
Management and administration	206	202
	<u>792</u>	<u>740</u>

During 2004/05, Creative Partnerships began staffing 20 new offices. The increase in direct delivery of programmes relates to project staff working on diversity initiatives.

In accordance with published HM Treasury guidance, staff numbers now include agency staff. 2003/04 numbers have been restated accordingly.

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.

	2004/05	2003/04
Emoluments for the year:		
£50,000–£59,999	22	19
£60,000–£69,999	5	2
£70,000–£79,999	1	2

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 £5,880 each during 2004/05 (2003/04: £5,880). The Chair and remaining members of Council received no remuneration during 2004/05 (2003/04: £nil). Our supplemental charter issued in May 2002 provides us with the authority to remunerate our Council members.

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 2004/05, the total cost of tickets purchased for this purpose was £3,000 (2003/04: £2,000). All our Council members are able to claim back their travel and subsistence costs. The total amount reimbursed in the year is shown in note 11.

8b) Executive directors' remuneration

The remuneration of our executive directors for the year ended 31 March 2005 was:

	Salary £000s	Pension £000s	Bonus £000s	Total remuneration 2004/05 £000s	Total remuneration 2003/04 £000s
Peter Hewitt (Chief Executive)	134	19	3	156	152
Nick Capaldi (South West)	67	10	0	77	73
Andy Carver (Yorkshire)	67	10	0	77	73
Clive Caseley (External Relations)	76	15	0	91	80
Andrew Dixon (North East)	76	13	3	92	89
Laura Dyer (East Midlands)	34	5	0	39	70
Michael Eakin (North West)	78	12	0	90	92
Kim Evans (Arts)	130	13	5	148	148
Helen Flach (East Midlands)	48	7	0	55	18
Keith Harrison (Finance & Operations)	80	15	0	95	91
Felicity Harvest (South East)	67	13	0	80	73
Sally Luton (West Midlands)	69	10	3	82	82
Andrea Stark (East)	78	15	3	96	91
Pauline Tambling (Development)	78	15	0	93	92
Nicola Thorold (Arts)	18	3	0	21	n/a
Sarah Weir (London)	83	16	3	102	93

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

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

Peter Hewitt is on a fixed contract which expires in March 2008. All other executive directors are on permanent contracts. Laura Dyer was on maternity leave from 11 January 2004 to 31 October 2004 during which time Helen Flach took up the post of Executive Director East Midlands. This appointment ended on 3 December 2004. Kim Evans became acting Chief Executive and Nicola Thorold acting Executive Director, Arts on 4 January 2005 to cover Peter Hewitt's strategic time out.

Details of the pension entitlements for our executive directors for the year ended 31 March 2005 were:

	Accrued pension at 31 March 2005 £000s	Pension increase in the year (net of inflation) 2004/05 £000s	Cash equivalent transfer value at 31 March 2005 £000s	Increase in cash equivalent transfer value (net of inflation)* £000s	Cash equivalent transfer value at 31 March 2004 £000s
Peter Hewitt (Chief Executive)	110	12	331	67	260
Nick Capaldi (South West)	56	7	174	28	144
Andy Carver (Yorkshire)	42	7	145	28	115
Clive Caseley (External Relations)	8	4	13	8	5
Andrew Dixon (North East)	81	7	254	22	228
Laura Dyer (East Midlands)	40	35	111	96	15
Michael Eakin (North West)	99	92	349	329	20
Kim Evans (Arts)	28	5	88	23	64
Keith Harrison (Finance & Operations)	30	12	64	31	32
Felicity Harvest (South East)	37	29	117	94	23
Sally Luton (West Midlands)	90	83	365	342	23
Andrea Stark (East)	12	4	27	7	20
Pauline Tambling (Development)	64	5	172	27	143
Nicola Thorold (Arts)	14	n/a	24	n/a	n/a
Sarah Weir (London)	8	4	18	10	8

*The increase in cash equivalent transfer value includes any transfers into the Arts Council's pension schemes from other schemes.

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

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. Consequently, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with FRS17 *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 2005 was £34,768,000.

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 2005 were £nil (31 March 2004: £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. Consequently, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with FRS17 *Retirement Benefits*.

The net market value of total scheme assets at 31 March 2005 was £4,563,300,000.

An actuarial valuation of the pension fund takes place every three years. At the last valuation on 31 March 2004, the actuarial value of the assets using the projected unit method was sufficient to cover 82% of the value accrued to members. From 1 April 2003, employer contributions were set at 15%.

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

Rate of inflation	2.8%
Rate of pay increases	4.6%
Rate of pension increases	2.8%

Amounts due to the fund at 31 March 2005 were £42,000 (31 March 2004: £nil).

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

9 Pensions *continued*

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 2005, amounts due to the fund were £6,000.

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 County 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. 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.

10 Notional costs

Notional cost of capital is calculated as 3.5% (2003/04: 3.5%) of the average net assets employed by the Arts Council in the year.

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

11 Net outgoing resources for the year

	2004/05 £000s	2003/04 £000s
Net outgoing resources are stated after charging:		
(a) auditors' remuneration	51	56
(b) operating leases	3,422	4,009
(c) Council members' travel, subsistence and hospitality	25	28
(d) insurance: trustees' and senior officers' indemnity	15	14

12 Tangible fixed assets

	Land and buildings £000s	Equipment fixtures and fittings £000s	Vehicles £000s	Restated works of art £000s	Restated total £000s
Costs at 1 April 2004	6,769	1,835	0	40,404	49,008
Additions	587	148	0	112	847
Revaluations	402	0	0	3,660	4,062
Less: disposals	(193)	(3)	0	0	(196)
Cost at 31 March 2005	7,565	1,980	0	44,176	53,721
Depreciation at 1 April 2004	1,740	730	0	0	2,470
Less: depreciation on disposals	(2)	(2)	0	0	(4)
Revaluations	(280)	0	0	0	(280)
Provided for 2004/05	566	480	0	0	1,046
Depreciation at 31 March 2005	2,024	1,208	0	0	3,232
Net book value at 31 March 2005	5,541	772	0	44,176	50,489
Net book value at 31 March 2004	5,029	1,105	0	40,404	46,538

The net book value of land and buildings comprises:

	31 March 2005 £000s	31 March 2004 £000s
Freehold	1,746	998
Short leasehold improvements	3,795	4,031
	5,541	5,029

Our freehold property in Dewsbury was professionally revalued at 31 March 2005 by Drivers Jonas to an open market value of £600,000. On a historic cost basis the net book value at 31 March 2005 would have been £415,000. Our freehold property in Loughborough was sold after the year end and has therefore been revalued in these accounts to the value of the sale

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

12 Tangible fixed assets *continued*

proceeds of £642,000. On a historic cost basis the net book value at 31 March 2005 would have been £424,000. Our freehold property in London was professionally valued by George Trollope Chartered Surveyors as at 31 March 2001 at an open market value of £435,000. On a historic cost basis the net book value at 31 March 2005 would have been £250,000.

Works of art and poetry collection

The Arts Council Collection has been valued by the curator at £44,176,000 at 31 March 2005 (31 March 2004: £40,404,000). 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 therefore classified as a designated fund. Following a change in accounting policy we have, for the first time, included our works of art collection at its estimated market value on the balance sheet. Previously, this collection had been included in the balance sheet at original cost. This has been treated as a prior year adjustment and so the opening balances on fixed assets have been adjusted upwards by £36,404,000. Arts Council England also owns a library of 20th century poetry that is managed by the Hayward Gallery. Due to the difficulty in obtaining an accurate valuation for this asset, it has not been included on the balance sheet.

13 Costs apportioned to the 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. Consequently, 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 2005 £000s	31 March 2004 £000s
Publications	0	13
	<u>0</u>	<u>13</u>

15 Debtors

	31 March 2005 £000s	31 March 2004 £000s
Trade debtors	2,298	1,789
Other debtors	562	2,723
Prepayments and accrued income	3,392	1,975
	<u>6,252</u>	<u>6,487</u>

Notes to the grant-in-aid accounts continued

16 Creditors: amounts falling due within one year

	31 March 2005 £000s	31 March 2004 £000s
Trade creditors	2,055	1,722
Other creditors including taxes and social security	164	151
Accruals and deferred income	<u>5,822</u>	<u>6,709</u>
	<u>8,041</u>	<u>8,582</u>

17 Grant offers

	31 March 2005 £000s	31 March 2004 £000s
Forward funding:		
2004/05	n/a	232,085
2005/06	295,144	245,798
2006/07	309,331	0
2007/08	<u>320,267</u>	<u>0</u>
	<u>924,742</u>	<u>477,883</u>

Forward funding at 31 March 2005 mainly represents the allocations for regularly funded organisations for the three-year funding cycle 2005/06 to 2007/08 that were announced before the year end.

18 Leases

At 31 March 2005, the Arts Council had annual commitments under non-cancellable operating leases as set out below.

	Land & buildings 31 March 2005 £000s	Land & buildings 31 March 2004 £000s
Operating leases which expire:		
within one year	130	131
within two and five years inclusive	1,019	784
over five years	<u>2,455</u>	<u>2,539</u>
	<u>3,604</u>	<u>3,454</u>

19 Capital commitments

There were contracted capital commitments at 31 March 2005 of £nil (31 March 2004: £nil).

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 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

	Restated at 1 April 2004 £000s	Income £000s	Expenditure £000s	Transfers £000s	At 31 March 2005 £000s
Income funds					
Unrestricted funds	14,465	340,781	(341,930)	(112)	13,204
Revaluation reserve	205	682	0	0	887
Restricted funds					
Creative Partnerships	(4,071)	29,404	(25,258)	0	75
Other restricted funds	1,859	8,479	(8,493)	0	1,845
Capital funds					
Designated funds	3,458	0	0	112	3,570
Donated asset reserve	851	0	0	0	851
Endowment funds	38	0	0	0	38
Revaluation reserve	36,404	3,660	0	0	40,064
	<u>53,209</u>	<u>383,006</u>	<u>(375,681)</u>	<u>0</u>	<u>60,534</u>

Description of funds

Income funds

a) Unrestricted funds

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.

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 2005 £000s	31 March 2004 £000s
Department for Culture, Media and Sport (Creative Partnerships)	75	(4,071)
Department for Culture, Media and Sport (other)	200	200
European Regional Development Fund	241	785
European Social Fund	638	738
North West Development Agency	113	0
South East England Development Agency	211	0
Other	442	136
	<u>1,920</u>	<u>(2,212)</u>

Capital funds

a) Designated funds

This fund relates to capital expenditure on works of art allocated from the unrestricted fund. The transfer figure of £112,000 relates to additions to the collection purchased during the year from unrestricted funds.

b) Donated asset reserve

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

c) Endowment funds

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

d) Revaluation reserve

Due to improvements in our system for valuing works of art we are now able to show our collection at full market value on the Balance Sheet. The difference between the cost and market value of the collection is included in this fund.

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

23 Cash flow reconciliation

	2004/05 £000s	Restated 2003/04 £000s
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	7,325	222
Interest receivable	(956)	(663)
Depreciation charges	1,046	909
Loss on disposal of fixed assets	33	7
Decrease in stocks	13	0
Donated assets	0	(329)
Fixed assets written off in year	33	155
Revaluation of fixed assets	(4,342)	(1,660)
Decrease/(increase) in debtors and prepayments	7,750	(974)
(Increase) in grants paid in advance	(1,014)	(3,468)
(Decrease)/increase in grants outstanding	4,243	(1,237)
(Decrease) in creditors	(541)	(320)
Net cash (outflow) from operating activities	<u>13,590</u>	<u>(7,358)</u>

24 Reconciliation of net cash flow to movement in funds

	2004/05 £000s	2003/04 £000s
Increase/(decrease) in cash in the year	13,858	(9,350)
Funds at 1 April	3,171	12,521
Funds at 31 March	<u>17,029</u>	<u>3,171</u>

25 Analysis of net cash

	1 April 2004 £000s	Cash flow £000s	31 March 2005 £000s
Cash	3,171	13,858	17,029

26 Efficiency target performance

Arts Council England has agreed with the Department for Culture, Media and Sport a target for recurrent administrative cost savings for our grant-in-aid and lottery activities combined 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 2004/05, taking grant-in-aid and lottery activities together, are disclosed below:

	2004/05 £000s	2003/04 £000s
Target	6,000	5,000
Actual	6,977	5,614

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

27 Related parties

27a) Council members

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 2005:

Grant for the year ended 31 March 2005 £000s	Balance unpaid at 31 March 2005 £000s	Organisation	Council member	Relationship
182	5	Book Trust	Diran Adebayo	Other
121	2	Cardboard Citizens		Family member is employee
5	0	The Xpress		Family member is employee
1,298	0	Sheffield Theatres	Sir Norman Adsetts OBE	Chairman
100	60	York Museums	Janet Barnes	Chief executive
0	5	Urban Splash	Tom Bloxham MBE	Board member
6,268	0	Arts & Business	Deborah Bull CBE	Honorary vice president
168	3	Foundation for Community Dance		Patron
23,111	0	Royal Opera House		Employee
25	6	Freeform Arts Trust	Sir Christopher Frayling	Family member is employee
90	1	Royal College of Art		Rector
15	2	Victoria and Albert Museum		Trustee
15	3	Brighton Festival	Deborah Grubb	Partner is employee
150	17	Gardner Arts Centre		Chair
127	0	National Opera Studio	Sir Brian McMaster CBE	Chairman
30	0	Young Concerts Artists Trust		Trustee
150	26	Royal Society of Arts	Elsie Owusu OBE	Practice
30	0	Yaa Asantewaa Arts and Community Centre		Adviser

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

27 Related parties *continued*

Grant for the year ended 31 March 2005 £000s	Balance unpaid at 31 March 2005 £000s	Organisation	Council member	Relationship
41	63	Centre for Arts and Humanities in Health and Medicine	Dr Tom Shakespeare	Collaborator
599	20	Culture Lab, University of Newcastle		Participator/ collaborator
361	61	DanceCity		Freelance session leader
372	2	Graeae Theatre *		Advisor/ consultant
15	3	Hatton Gallery		Collaborator
653	0	Live Theatre		Writer/ performer
253	0	Ludus Dance		Advisor/ consultant
62	0	Monster Productions		Board member
80	16	Northern Disability Arts Forum		Partner is employee
92	0	aliss	Dorothy Wilson	Co-director
280	47	Birmingham Arts Marketing		Board member
677	7	mac (Midlands Arts Centre) *		Employee
180	7	Motionhouse Dance Theatre *		Board member
245	17	Nitro	Lady Sue Woodford Hollick	Family member is artistic director
17,401	15	South Bank Centre *		Husband is chairman

*In addition to the above in the year ended 31 March 2005 advance payments on grants are included in the balance sheet for the following:

	Debtor balance at 31 March 2005 £000s
Graeae Theatre	50
mac (Midlands Arts Centre)	173
Motionhouse Dance Theatre	46
South Bank Centre	5,160

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

27 Related parties *continued*

27b) Directors and senior managers

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 2005:

Grant for the year ended 31 March 2005 £000s	Balance unpaid at 31 March 2005 £000s	Organisation	Executive director/ senior manager	Relationship
34	0	Theatrical Management Association	Elizabeth Adlington	Member
0	3	Goldsmith College	Marjorie Allthorpe-Guyton	Board member
90	1	Royal College of Art		Honorary fellow
0	19	Royal Institute of British Architects		Honorary fellow
20	0	Association of British Orchestras	Norraine Betjeman	Observer on advisory committee
115	0	Manchester Camerata	Hilary Boulding	Mentor to chief executive
81	20	British Cultural Development Partnership	Nick Capaldi	Board member
48	0	Kirklees Metropolitan Borough Council	Andy Carver	Partner is employee
2,657	25	The Sage Gateshead (North Music Trust)	Paul Collard	Family member is employee
75	36	Newcastle Gateshead Initiative	Andrew Dixon	Observer on board
0	1	Northern Sights		Board member
2,135	0	Royal Exchange Theatre	Michael Eakin	Partner is volunteer
625	20	Artangel	Kim Evans	Patron

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

27 Related parties *continued*

Grant for the year ended 31 March 2005 £000s	Balance unpaid at 31 March 2005 £000s	Organisation	Executive director/ senior manager	Relationship
9	7	Hastings Borough Council	Felicity Harvest	Family member is member
12	67	Kent County Council		Partner is employee
16,390	105	National Theatre	Isobel Hawson	Partner is employee
465	0	BALTIC	Peter Hewitt	Family member is employee
0	3	National Dance Teachers Association	Peter Knott	Partner is treasurer
150	0	Orchestra of the Age of Enlightenment	Andrew Pinnock	Partner is freelance musician
56	21	British Museum	Sarah Wason	Partner is employee

27c) Other government bodies

The Department for Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. At the year end, the Arts Council had the following balances outstanding with other government bodies:

	Creditor 31 March 2005 £000s	Debtor 31 March 2005 £000s
Balances with other central government bodies	324	469
Balances with local authorities	4,345	1,051
Balances with NHS Trusts	54	0
Balances with public corporations and trading funds	492	69

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.

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

28 Financial instruments *continued*

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 £17,029,000 at 31 March 2005 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

The exceptional item in 2004/05 of £203,000 (2003/04: £71,000) relates to redundancy costs associated with the staffing reorganisation which followed the merger of the 10 Regional Arts Boards and The Arts Council of England in April 2002.

30 Subsidiary undertaking

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

	2004/05 £000s	2003/04 £000s
Cash at bank and in hand	61	205
Other debtors	7	633
Current assets	<u>68</u>	<u>838</u>
Other creditors	42	58
Amounts due to Arts Council England	3	766
Current liabilities	<u>45</u>	<u>824</u>
Net assets	<u>23</u>	<u>14</u>
Reserves	<u>23</u>	<u>14</u>

Grants awarded 2004/05

Schedule 1 to the grant-in-aid accounts for the period to 31 March 2005

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

	£		£
Grants under £25,000	16,091,362	Anvil, The	42,000
A		Anvil Press	80,800
27a Access Artspace	27,218	Apna Arts	45,551
Acme Studios	186,230	Apples & Snakes	239,419
Acta Community Theatre	54,000	Arc	241,527
Action Factory	96,355	Arc Dance	49,041
Action Space London Events	37,723	Arcadia Books	30,000
Action Transport Theatre	132,120	Janet Archer	29,977
Actiontrack Performance	40,750	Architecture Centre Network	80,000
Activate	77,000	Architecture Foundation	95,000
Actors Centre – North East	30,028	Arcola Theatre	32,500
Actors Touring Company	180,000	Arena Theatre	27,051
Ada Inc	33,425	Arnolfini	853,000
Adfed	41,000	Art Asia	50,000
Adzido Pan African Dance Ensemble	849,429	Art House	78,375
Africa Oye	64,763	Art Monthly	28,965
African & Caribbean Music Circuit	406,464	Art Services Grants	98,669
AIR in G	25,000	Artangel	200,000
Akademi	175,900	Artangel	425,375
Akram Khan Company	60,000	Artichoke Productions	120,000
Alchemy Anew	37,000	Artlandish	35,000
Aldeburgh Productions	790,852	Artlink Exchange	35,000
Naaz Syed Alia	30,000	Artlink West Yorkshire	31,700
aliss (Artist & learning Information & Support Service)	91,589	Artpoint	106,333
All Ways Learning	92,250	ArtReach Consultants	36,400
Allerdale Borough Council	41,408	Arts & Business	6,075,797
Almeida Theatre	893,814	Arts & Business	191,798
Alnwick Playhouse Trust	34,133	Arts & Humanities Research Board	320,000
Alternative Theatre	473,494	Arts & Media Training	92,261
Amber Valley Borough Council	29,000	Arts & Technology Partnerships	37,776
amino	50,000	Arts About Manchester	134,236
AN: The Artists Information Company	198,433	Arts Alive in Shropshire and Herefordshire	53,822
Angel Row Gallery	181,100	Arts Catalyst	188,000
Ann Sutton Foundation	55,000	Arts Culture Harrow	32,500
		Arts Depot	91,500

Grants awarded 2004/05 *continued*

	£		£
Arts Inform	88,897	Barnsley Metropolitan	
Arts Marketing Hampshire	114,118	Borough Council	27,400
Arts Training Central	113,930	Debbie Barr	29,810
Artsadmin	335,000	Barrow-in-Furness Borough Council	51,430
Art Shape	44,075	Bath Festivals	267,750
Artsites Birmingham	122,022	BBC	178,500
Artsline	100,000	Beaconsfield	85,000
Artsreach	47,000	Beaford Arts	84,388
Artsway	102,990	Bedford Borough Council	71,442
Artswork	138,058	Belgrade Theatre	926,632
Artworks (Hastings)	25,000	Belgrave Baheno Peepul Centre	46,700
Arvon Foundation	200,000	Bharatiya Vidya Bhavan	105,000
Ashton Group Contemporary		Big Brum theatre in education	74,587
Theatre	30,752	Bigga Fish	102,500
Asian Music Circuit	438,446	Bilston Craft Gallery	50,226
Aspex	65,000	Birkbeck, University of London	80,000
Association for Contemporary		Birmingham Contemporary	
Jewellery	25,000	Music Group	250,000
Association of British Calypsonians	41,000	Birmingham Museum & Art Gallery	50,000
Attik Dance	52,500	Birmingham Opera Company	300,000
Audiences Central	280,375	Birmingham Repertory Theatre	1,814,018
Audiences London	162,100	Birmingham Royal Ballet	7,070,012
Audiences North East	120,000	Black Arts Alliance	71,040
Audiences Yorkshire	493,300	Black Arts Development Project	47,500
Audio Arts	33,000	Black Country Touring	77,190
Autograph	193,837	Black Swan Arts	35,000
Avison Ensemble	30,000	Black Umbrella	70,000
Axis	315,400	Black Voices	40,000
B		Blackburn with Darwen	
B Arts	40,000	Borough Council	42,694
B3 Media	125,000	Blackfriars Arts Centre	54,817
BAC (Battersea Arts Centre)	450,000	Blackie, The	78,876
Badejo Arts	180,165	Blackpool Borough Council	32,249
Allister Bain	29,486	Blaize	32,400
balletLORENT	40,000	Blast Theory	90,000
BALTIC Centre for Contemporary Art	465,225	Bloodaxe Books	84,149
Barbican Theatre	104,000	Blue Eyed Soul Dance	71,442

Grants awarded 2004/05 *continued*

	£		£
Bluecoat Arts Centre	316,100	Bury St Edmunds Art Gallery	137,234
Julie Boden	30,000	Bury St Edmunds Theatre	
Bolton Metropolitan		Management	80,000
Borough Council	195,106	Business in the Arts North West	62,444
Book Communications	28,132	Business Link –	
Book Trust	182,000	Creative Industries Support Service	50,000
Book Works	131,230	Buxton Festival	53,650
Border Dance	30,000	C	
Bournemouth Symphony Orchestra	2,256,681	C Media Productions	72,355
Box Clever	44,500	Cafe Gallery	97,393
City of Bradford Metropolitan		Cambridge Arts Theatre	162,695
District Council	90,000	Cambridgeshire County Council	89,583
Brazilian Contemporary Arts	55,000	Camden Arts Centre	640,000
Brewery Arts, Cirencester	65,000	Camden People's Theatre	32,500
Brewery Arts Centre, Kendal	302,284	CandoCo Dance	267,545
Brewhouse, Taunton	59,500	Canterbury City Council	50,000
Bridewell Theatre	62,500	Canterbury Festival	42,230
Bridport Arts Centre	50,000	CAPE UK	109,123
Brighton & Hove City Council	63,300	Carcanet Press	104,750
Brighton as a producing centre	150,000	Cardboard Citizens	120,500
Brighton Festival	515,000	Carlisle City Council Arts Unit	89,472
Brindley Arts Centre	26,652	Carn to Cove	25,000
Bristol Architecture Centre	45,000	Cartwheel Community Arts	42,305
Bristol City Council	83,967	Castle Museum & Art Gallery	39,883
Bristol Cultural Development		Castle, The	51,560
Partnership	80,875	Castlefield Gallery	93,273
Bristol Old Vic	1,068,245	Centerprise Trust	80,000
British Association of Steelbands	61,000	Central London Arts	234,002
British Centre for Literary Translation	100,000	Centre for Arts and Humanities	
British Film Institute	99,500	in Health and Medicine (Cahhm)	31,000
British Museum	50,000	Centre for International Street Theatre	60,000
British Music Information Centre	79,181	Channel Theatre	59,450
British Youth Opera	35,000	Charity Bank	100,000
Britten Sinfonia	282,437	Charnwood Arts	111,080
Broadstairs Folk Week	28,000	Cheltenham Arts Festivals	158,000
Brouhaha International	68,680	Cheshire County Council	61,820
Sandy Brown	26,000	Cheshire Dance Workshop	75,048
Bucks Dance	30,000	Cheshire LEA	30,000

Grants awarded 2004/05 *continued*

	£		£
Cheshire Rural Touring Network	32,719	Commonword	81,288
Chester Festivals	30,397	Community Arts North West	51,583
Chester Gateway	317,752	Community Focus	43,000
Chichester Festival Theatre	1,100,000	Community Music	185,000
Chichester Festival Theatre Tracy Low	27,000	Community Music East	28,401
Chicken Shed Theatre	27,500	company of angels	70,000
Billy Childish	26,400	Compass Theatre	183,631
Children's Discovery Centre	60,000	Concert Clinic	25,728
Chinese Arts Association	26,666	CONNECT – Guildhall School of Music & Drama	40,000
Chinese Arts Centre	148,449	Contact Theatre	811,913
Chinese Cultural Centre	38,000	Contemporary Art Society	86,000
Chisenhale Dance Space	106,950	Contemporary Dance Trust	1,488,049
Chisenhale Gallery	127,439	Contemporary Glass Society	25,000
Chitraloka Dance	51,810	Continental Drifts	52,787
Chol International Arts	45,000	Copeland Borough Council	29,600
Cholmondeleys and Featherstonehaughs	286,331	Corby Borough Council	88,460
Chrysalis Arts	28,800	Cornerhouse, The (Greater Manchester Arts Centre)	649,733
CIDA (Creative Industries Development Agency)	27,570	Cornwall Arts	30,000
Cinderford Artspace	40,000	Cornwall County Council	25,259
Circomedia	113,000	Corridor Arts	118,513
Circus Space	223,000	Courtyard Arts Centre	158,909
Citadel Arts Centre	72,764	Crafts Council	2,793,322
City Arts	36,800	Crafts Development Agency	95,530
City Gallery	99,825	Craftspace Touring	201,215
City of Birmingham Symphony Orchestra (CBSO)	1,856,681	Creative and Cultural Industries	100,000
City of London Sinfonia	150,000	Creative Arts East	158,480
Clean Break Theatre Company	182,034	CreativeCapital	56,327
Clore Leadership Programme	175,000	Creative Fruits	25,000
Colchester Arts Centre	176,490	Creative Kernow	40,000
Collar & Tie	65,361	Creative People	98,000
COMA (Contemporary Music-making for Amateurs)	50,000	Crescent Arts	26,400
Commissions East	236,676	Croydon Clocktower	91,500
Common Players, The	86,510	Crying Out Loud London	44,000
		CTC Theatre	133,250
		CUBE	32,940
		Cubitt Artists	53,897

Grants awarded 2004/05 *continued*

	£		£
Cultural. Community. Partnerships.	94,337	Development of the Arts in Northwich	25,056
Cultural Co-operation	145,000	Devon Guild of Craftsmen	155,000
Culture	36,000	Digital Guild	34,500
Culture East Midlands	44,500	Discover	30,000
Cumbria Arts in Education	129,267	Diversity Consortium	120,000
Cumbria County Council	121,990	Gerald Dixon	40,850
Customs House	462,390	Dodgy Clutch	133,250
D		Julia Donat	29,948
DA2	35,000	Donmar Warehouse	350,000
DADA South	93,900	doo-cot	159,886
Daily Life	31,436	Dorset County Council	37,823
Tom Dale	39,082	Dot to Dot	28,598
Eileen Daly	27,300	Drake Music Project	75,000
Dance 4	229,170	Drum, The	
Dance East	342,996	(Newtown Cultural Project)	445,370
Dance Initiative Greater Manchester	70,932	Duckie	61,500
Dance North West	114,136	Dudley Metropolitan	
Dance South West	145,225	Borough Council	116,000
Dance UK	222,794	Dukes Playhouse	481,752
Dance Umbrella	461,456	Durham City Arts	55,512
DanceCity	360,777	Durham City Council	39,752
DanceFEST	30,000	DV8 Physical Theatre	318,880
Danceworks UK	60,000	E	
DanceXchange	259,444	Early Music Network	123,731
Nicholas Daniel	72,588	Easington District Council	27,983
Darlington Arts Centre	109,723	East Anglia, University of	30,950
Dartington Plus	410,000	East Hertfordshire District Council	36,272
darts (Doncaster Community Arts)	91,395	East London Dance	122,900
DASH (Disability Arts in Shropshire)	44,099	East Riding of Yorkshire Council	67,500
David Glass New Mime Ensemble	190,650	East Street Arts	25,000
Deansfield High School	47,946	Eastern Angles	201,676
De La Warr Pavilion	255,000	Eastern Orchestral Board	445,613
Derby City Council	33,615	Eastside	80,000
Derby Dance Centre	120,000	East-Side Educational Trust	78,400
Derby Playhouse	677,597	Eden Arts Trust	39,806
Derbyshire County Council	195,228	Education Through Art	92,500
Derwentside District Council	41,218	Emaca	67,061
		Emergency Exit Arts	64,773

Grants awarded 2004/05 *continued*

	£		£
EMMLAC (East Midlands Museums, Libraries & Archives Council)	25,000	First Movement	75,599
EmmNet	57,682	firstsite	300,000
engage	296,500	Fittings Multimedia Arts	70,876
Engine Room	50,000	Five	200,000
English Heritage	69,000	Focal Point Gallery	70,207
English National Ballet	5,715,338	Folk Arts England	100,000
English National Opera	16,078,500	Folk South West	70,500
English Stage Company	1,907,218	folly	41,275
English Touring Opera	1,174,100	Forced Entertainment	190,250
English Touring Theatre	700,000	Forest Forge Theatre	115,933
Enitharmon Press	42,750	Forge, The	47,385
Equata	108,750	Forkbeard Fantasy Theatre	200,000
Essex County Council	192,939	Forma Arts and Media (David Metcalf Associates)	220,931
Essexdance	122,629	Forum Trust	39,400
Ex Cathedra	43,650	Foundation for Community Dance	168,043
Exeter Phoenix	40,250	Foursight Theatre	149,317
Exposure, Hereford Photography Festival	49,401	Frantic Assembly	124,000
F		Full Circle Arts	96,604
Fabrica	75,000	Bettina Furnée	40,923
FACT (Foundation for Art and Creative Technology)	821,610	FWWCP (The Federation of Worker Writers & Community Publishers)	53,000
Jo Fairfax	26,820	G	
Faisal Abdu'Allah	30,000	Gala Theatre	30,000
Farnham Maltings	60,000	Gardner Arts Centre	150,000
Farnham Maltings Rajni Shah	27,000	Gasworks Gallery	79,181
Faulty Optic Theatre	70,000	Gate Theatre	261,130
Elaine Feinstein	30,000	Gateshead Metropolitan Borough Council	92,837
Richard Edward Fenwick	30,000	Gateshead Visible Ethnic Minorities Group	26,666
Festival at the Edge	40,000	Geese Theatre	25,625
Fierce!	83,938	General Assembly	40,000
Fierce! Festival	50,000	Generator	140,189
Film and Video Umbrella	355,000	Gig Right UK	42,230
Film London	313,038	Gloucestershire County Council	61,688
Firebird Trust	49,210	Gloucestershire Dance!	52,000
First Enterprise Business Agency	44,000	Gloucestershire Everyman Theatre	345,692

Grants awarded 2004/05 *continued*

	£		£
Glyndebourne Productions	160,151	High Peak Community Arts	39,100
Glyndebourne Touring and Education	1,281,607	High Peak Theatre Trust	56,785
Goldman-Jacobs Associates Ltd t/a P.Art.nerships	27,000	Highlights Rural Touring Scheme	25,000
Graeae Theatre	372,457	Hoipolloi	105,401
Grand Theatre, Blackpool	51,252	Horse & Bamboo (Little World)	106,331
Grand Union Music Theatre	41,000	Hoxton Hall	62,500
Greater London Authority	160,000	Hub, The	42,535
Green Room	271,900	Huddersfield Contemporary Music Festival	169,000
Greenwich & Docklands Festivals	73,500	Hull Time Based Arts	216,600
Greenwich & Docklands Festivals	44,000	Hull Truck Theatre	380,000
Greenwich Dance Agency	151,100	I	
Greenwich Theatre	65,000	Icebox Productions	70,000
Grizedale Arts	108,030	Ikon Gallery	887,670
H		Impressions Gallery	119,250
Hackney Building Exploratory	40,000	Improbable Theatre	140,000
Hackney Empire	253,305	Independance	77,100
Half Moon Young People's Theatre	180,000	Independent Dance	66,000
Hall for Cornwall	77,000	Independent Northern Publishers	27,140
Hallé Concerts Society	1,841,681	Independent Publishers Guild	25,000
Halton Borough Council	33,400	Independent Street Arts Network	43,000
David Hamilton	32,470	Independent Theatre Council	96,000
Hampshire County Council – Ship Arts Partnership	35,000	inIVA (Institute of International Visual Arts)	722,062
Hampshire Dance	47,000	Inner City Music	89,524
Hampstead Theatre	589,844	Inpress	115,300
Hands Up!	32,560	Institute of Contemporary Arts	1,131,500
Harrogate Theatre	417,700	Interchange Trust	161,419
Hartlepool Borough Council	54,019	International 3	26,356
Hat Factory	119,075	International Workshop Festival	90,000
Hawth, The	51,250	Interplay Theatre Trust	94,300
Haymarket Theatre Basingstoke	256,250	IOU Theatre	154,775
Healing Arts	30,750	Ipswich Borough Council	34,000
Heart 'n Soul	214,948	Isis Arts	132,136
Helix Arts	85,843	It's Queer Up North	87,432
Henri Oguike Dance Company	160,000	J	
Andrew Hewitt and Melanie Jordan	32,600	Jabadao	85,000
		Jacksons Lane Community Centre	145,668

Grants awarded 2004/05 *continued*

	£		£
Jade Inc	40,300	LEAParts	58,500
Nick James	30,000	LEAParts	40,000
Jazz Action	60,461	Ledbury Poetry Festival	40,000
Jazz Services	263,937	Leeds City Council	60,000
Jazz Services	25,000	Leeds, University of	56,600
Phokela Johannes	30,000	Leicester City Council	32,615
John Hansard Gallery	250,000	Leicester Theatre Trust	1,444,407
Joined Up North	25,773	Leicestershire County Council	169,667
Joyful Noise	41,000	Matilda Leyser	41,335
Junction Arts	85,500	Lichfield District Council	30,750
Junction CDC	551,587	LIFT (London International Festival of Theatre)	602,078
K		Lighthouse	244,158
Kali Theatre	145,884	LIME	30,928
Samson Kambalu	30,000	Lincoln City Council	74,375
Kaos Theatre	170,000	Lincolnshire County Council	85,562
KAPA Productions	45,787	Lincolnshire Dance	30,100
Kazzum Arts Project	61,500	Bettina Linstrum	35,000
Kettle's Yard	134,397	Literary Consultancy	36,350
Kielder Partnership	36,206	Littoral	35,796
Kings Lynn Arts Centre	43,226	Live & Local	74,493
Kirklees Metropolitan Borough Council	47,600	Live Art Development Agency	234,000
Kneehigh Theatre	189,779	Live Music Now!	33,700
Kneehigh Theatre	48,103	Live Theatre	653,463
Knowsley Metropolitan Borough Council	56,960	Liverpool and Manchester Design Initiative	74,440
Komedia	138,375	Liverpool Biennial of Contemporary Art	266,934
Kuumba	95,000	Liverpool Centre for Arts Development (LCAD)	25,888
L		Liverpool City Council	46,000
Lake District Summer Music	28,373	Liverpool Everyman and Playhouse	1,583,752
Lakeland Arts Trust	71,372	Bobby Lloyd	29,589
Lancashire County Council	137,000	LLT (Liverpool's New Writing Theatre)	26,412
Lancaster Literature Festival	30,401	Locus +	168,296
Lapidus	27,000	London 2012	65,000
Lawnmowers	30,750	London Bubble Theatre Company	392,700
Andy Lawrence	41,018	London Disability Arts Forum	100,000
Lawrence Batley Theatre	94,300		

Grants awarded 2004/05 *continued*

	£		£
London Institute	90,000	Manchester City Council	99,614
London International Jazz Festival	105,000	Manchester College of Arts and Technology	25,000
London International Mime Festival	153,205	Manchester International Arts	85,004
London Magazine	30,400	Manchester Jazz Festival (mjf)	26,600
London Mozart Players	75,000	Manchester Poetry Festival	30,401
London Musicians' Collective	125,155	Mantle Community Arts	35,900
London Philharmonic	1,741,681	Masquerade 2000	25,000
London Print Studio	177,366	Matt's Gallery	113,704
London Printworks Trust	80,000	Michael Mayhew	25,195
London School of Samba	35,000	Keith Mcintyre	25,000
London Sinfonietta	61,099	Mercury Theatre, Colchester	752,994
London Symphony Orchestra	1,891,681	Merlin Theatre	35,875
londondance.com	29,700	Merseyside Dance Initiative	64,044
Lou Stein Associates	52,000	Merseyside Young People's Theatre (MYPT)	82,788
Louth Playgoers	41,000	Met Arts Centre	67,548
Lovebytes	35,300	Metal Culture	100,000
Lowry Centre	83,000	Metamute	36,830
Ludlow Assembly Rooms	56,617	Mid Pennine Arts	180,248
Ludus Dance	253,047	Middlesbrough Council	65,136
Luton Carnival Arts Development Trust	200,750	Middlesbrough Museums and Galleries	75,000
LUX	178,750	Midi Music	105,000
LUX	50,000	Mid-West	72,853
LYAN (London Youth Arts Network)	62,500	Milap Festival Trust	57,000
Lyric Theatre	797,463	Carl Miller	26,525
M		Milton Keynes City Orchestra	30,545
M6 Theatre Company	109,052	Milton Keynes Council	119,821
mac (Midlands Arts Centre)	676,783	Milton Keynes Gallery	250,000
Oswaldo Macia	25,000	Mind the Gap	80,000
mactwo: sound	30,462	Miracle Theatre	87,125
MADE	30,000	MJW Productions	117,500
Mahogany Community Ventures	58,750	MLA (Museums, Libraries and Archives Council)	80,000
MAiLOUT	26,170	Modern Art Oxford	750,000
Mainstream	30,000	Modus Consultancy	38,600
Making Music (National Federation of Music Societies)	250,582	Momentum Arts	275,355
Maltings Arts Centre	66,951		
Manchester Camerata	115,418		

Grants awarded 2004/05 *continued*

	£		£
Mongrel	60,100	New Art Exchange	29,750
Monster Productions	61,500	New Art Gallery Walsall	562,208
More Music in Morecambe	44,106	New Contemporaries	103,500
Motionhouse Dance Theatre	180,000	New Peckham Varieties	78,500
motiroti	230,000	New Perspectives Theatre Co	257,749
Moving East	32,500	New Theatre Royal Portsmouth	31,500
Moving Finger	35,400	New Vic Workshop	28,000
Multi A	250,085	New Victoria Theatre	835,031
Multi Asian Arts	36,408	New Wolsey Theatre	60,000
Music for Change	25,625	New Wolsey Theatre	238,416
Music in the Round	158,000	New Work Network	70,000
Music Matrix	63,916	New Writing North	200,856
Mute Publishing	29,000	New Writing Partnership	149,000
N		Newark & Sherwood District Council	30,576
NALD (National Association for Literature Development)	51,000	Newcastle City Council	95,843
Nash Concert Society	41,000	Newcastle Gateshead Initiative	75,000
Natalie Steed Productions	42,230	Newcastle upon Tyne NHS Trust	25,000
National Association of Youth Theatres	120,000	Newcastle upon Tyne, University of	584,309
National Centre for Early Music	29,100	Newlyn Art Gallery	105,000
National Disability Arts Forum	106,342	Nitro	245,000
National Foundation for Youth Music	75,000	NKDC Arts Team	133,376
National Glass Centre	133,493	NMC Recordings	31,672
National Museum of Photography, Film and Television	25,000	no.w.here Studio	30,000
National Network for the Arts in Health	33,800	Noise Festival Limited	48,256
National Opera Studio	126,690	Norden Farm	123,000
National Rural Touring Forum (NRTF)	25,000	Norfolk & Norwich Festival	42,562
National Student Drama Festival	47,000	Norfolk County Council	100,469
National Theatre	16,390,026	North Cornwall Arts	27,000
National Youth Jazz Orchestra	47,865	North Country Theatre	35,900
National Youth Theatre of Great Britain	150,000	North Devon Theatres Trust	40,000
Natural Theatre	133,250	North Kesteven District Council	106,993
NAWE (National Association of Writers in Education)	144,500	North Lincolnshire Council	40,000
		North Music Trust	2,657,339
		North Tyneside Council	92,882
		North West Disability Arts Forum	108,492
		North West Playwrights	51,032
		North Yorkshire County Council	61,000

Grants awarded 2004/05 *continued*

	£		£
Northampton Theatres	600,487	Oldham Coliseum	391,950
Northamptonshire County Council	51,625	Oldham Metropolitan	
Northcott Theatre	511,592	Borough Council	47,504
Northern Architecture	43,563	Onedotzero	150,000
Northern Ballet Theatre	2,140,235	Open Eye Gallery	142,121
Northern Broadsides	244,200	Open Theatre	93,151
Northern Cultural Skills Partnership	172,806	Opera North	8,065,952
Northern Disability Arts Forum (NorDAF)	80,450	Opinion Leader Research	55,000
Northern Film & Media	201,876	Orange Tree Theatre	334,360
Northern Gallery for Contemporary Art	92,727	Orchestra of the Age of Enlightenment	150,000
Northern Print Studio	158,887	Orchestra of the Swan	30,000
Northern Stage	1,309,660	Out of Joint	481,750
Northumbria, University of	139,507	Oval House (Christ Church, Oxford, United Clubs)	245,000
Norwich Arts Centre	111,351	Overtones	205,000
Norwich Gallery	225,621	Oxford Contemporary Music	27,265
Norwich Puppet Theatre	58,582	Oxford House	46,509
Notting Hill Mas Bands Association	60,000	Oxford Inspires	155,000
Nottingham City Council	39,423	Oxford Playhouse	293,365
Nottingham Media Centre	36,045	Oxford Stage Company	622,175
Nottingham Theatre	1,255,513	Oxfordshire Touring Theatre Company	173,738
Nottingham Trent University	119,618	P	
Nottinghamshire County Council	270,641	Pacitti Company	61,500
Nova International	30,000	Paddington Arts	48,500
Now Festival	125,828	Paines Plough	229,000
NSEAD (National Society for Education in Art & Design)	56,000	Pakistan Cultural Society	26,666
NSEAD (National Society for Education in Art & Design)	60,000	Pallant House	40,000
NTC Touring Theatre	291,492	Roxanna Panufnik	27,000
Nuffield Theatre	531,873	Pavilion	40,000
Nuffield Theatre Studio	61,500	Pegasus Theatre	169,740
Nutkhut	25,000	Pentabus Arts	171,527
O		People Express	28,800
Ocean Music Trust	243,000	People Show	123,000
Octagon Theatre, Bolton	540,376	Performing Arts Labs	100,000
Oily Cart Company	215,250	Peshkar Productions	72,500
		Peterloo Poets	50,000

Grants awarded 2004/05 *continued*

	£		£
Philharmonia Orchestra	1,741,681	Psappha Contemporary	
Phoenix Arts	50,738	Music Ensemble	35,356
Phoenix Dance	410,000	Public, The	318,634
Photofusion	136,000	Public Art Forum	100,000
Photographers' Gallery	715,000	Public Art West Midlands	44,802
Photography Workshop (Edinburgh)	27,000	Public Arts	88,700
Photoworks	145,000	Punch Records DJ Workshops	50,220
Picture House Centre for Photography	40,595	Push	94,740
Picture This	45,158	PVA	55,000
Pier Playwrights	66,327	Pyramid Arts Centre	33,013
Pilot Theatre	250,250	Q	
Keith Piper	30,000	Q Arts	158,100
Play House, Birmingham	30,000	Quarantine	40,000
Play House, Birmingham	96,000	Quay Arts Centre	71,820
PLAY.TRAIN	38,966	Queen's Hall Arts	56,279
John Plowman	27,122	Queen's Theatre	240,000
Plymouth Arts Centre	84,000	Quicksilver Theatre	231,138
Poems on the Underground	40,000	Quiet Voice	54,500
Poetry Archive	60,000	QUONDAM	41,000
Poetry Book Society	104,000	R	
Poetry Can	40,075	Rambert Dance	1,813,168
Poetry School	60,000	Random Dance	264,149
Poetry Society	240,895	Rasa Productions	30,000
Poetry Trust, The	47,361	Raw Material Music and Media	105,000
Polka Theatre for Children	34,000	Reading Agency	192,558
Polka Theatre for Children	475,000	Reading Borough Council	158,250
Pop-Up Theatre	179,375	Reckless Sleepers	45,684
Simon Poulter	26,000	Red Ladder Theatre	262,300
Prema Arts Centre	63,250	Red Room	61,500
Prescap	66,250	Red Shift Theatre Company	174,250
Preston City Council	35,144	Redcar & Cleveland Borough Council	29,742
Prince's Trust	85,000	Refugee Action	42,000
Prince's Trust	35,000	Rejects Revenge Theatre	83,464
Prism Arts	29,188	Ricochet Dance Company	187,800
Proboscis	90,000	Rideout (Creative Arts for Rehabilitation)	25,625
Proper Job Theatre	102,400	Sol River	26,500
PRS Foundation for New Music	27,000	Riverside Studios	335,000

Grants awarded 2004/05 *continued*

	£		£
RJC Dance Productions	139,352	Second Wave	45,000
Roadmender	108,742	Zineb Sedira	30,000
Di Robson	30,000	seeing the light	149,895
Rochdale Metropolitan Borough Council	27,639	Serious Events	212,627
Rosehill Theatre	27,676	Serpentine Gallery	660,000
Roses Theatre	45,000	Seven Stories	189,800
Ross-on-Wye International Festival	52,172	Shakespeare Schools Festival	100,000
Rotherham Metropolitan Borough Council	51,867	shape Cambridge	105,092
Roundhouse	60,000	Shape London	304,966
Royal College of Art	90,000	Shared Experience	338,250
Royal Exchange Theatre Company	2,135,332	Sheffield Galleries & Museums Trust	80,000
Royal Liverpool Philharmonic Society	1,841,680	Sheffield Hallam University	25,695
Royal Opera House (Covent Garden)	23,110,841	Sheffield Theatres	1,298,000
Royal Philharmonic Orchestra	662,317	Shindig	41,000
Royal Society of Arts	150,000	Shinkansen	65,000
RSC (Royal Shakespeare Company)	13,604,560	Shisha	230,509
Rural Arts North Yorkshire Niki Russell	46,700 27,767	Shobana Jeyasingh Dance Company	300,000
S		Showhow	45,000
Sadler's Wells Trust	1,734,000	Showroom Gallery	91,956
Salamanda Tandem	52,278	Side Gallery	50,000
Salford City Council	28,971	Sinfonietta Productions	475,000
Salisbury Arts Centre	243,550	Siobhan Davies Dance Company	413,542
Salisbury Festival	158,148	Site Gallery	120,000
Salisbury Playhouse	773,055	Sixth Sense Theatre	66,300
Same Sky	86,100	Skippko Arts Team	25,600
SAMPAD (South Asian Music Performing Arts & Dance)	266,275	Slough Borough Council	70,000
Kala Sangam	90,000	SMART (Marketing the Arts around Surrey)	32,800
SCAN	42,000	Deborah Smith	50,000
Scarlet Theatre	61,500	SNAP People's Theatre	60,854
Scottish Ballet	200,000	Stephen Snoddy	35,000
Script	41,399	Society for the Promotion of New Music	79,181
Seachange	137,788	Society of Chief Librarians	200,000
		Society of London Theatre	45,000
		Soda Creative	30,022
		Soft Touch Community Arts	41,300
		Soho Theatre Company	596,531

Grants awarded 2004/05 *continued*

	£		£
Somerset County Council	32,398	St Ives International	35,875
Sonic Arts Network	136,968	St Pauls Afrikan Caribbean Carnival & Arts Association	25,000
Sound It Out Community Music	75,000	Stables, The	34,235
Sound Sense	87,231	Stage One	25,000
Sounds UK	32,514	STAGETEXT	115,000
South Asian Arts UK (SAA-uk)	27,000	Stan's Cafe	100,048
South Asian Music Senior Ensemble	50,000	Statement	43,750
South Bank Board	17,400,525	Station House Opera	80,000
South Connections Carnival Costume Band	43,360	Stephen Joseph Theatre	609,500
South East Dance	252,000	Linder Sterling	30,000
South East Music Schemes	48,688	Stockport Art Gallery	37,962
South Hill Park Arts Centre	203,603	Stockton-on-Tees Borough Council	139,283
South Holland Arts Centre	48,313	Stour Valley Art Project	56,375
South Kesteven District Council	94,506	Strange Cargo	40,000
South London Gallery	234,740	Stroud Valleys Artspace	40,000
South Tyneside Council	36,000	Studio 3 Arts	45,000
South West Arts Marketing	198,720	Studio 64	67,388
South West Participatory Arts Network	25,000	Sunderland City Council	106,813
Southampton City Council	147,700	Sunderland Empire	27,849
Southend-on-Sea Borough Council	90,000	Sunderland, University of	171,931
Southern England Touring Agency	94,300	Surdhwani	28,699
Spacex Gallery	96,390	Surrey County Council	30,000
Spare Tyre Theatre Company	75,000	Survivors' Poetry	130,850
Spc.org	26,870	Sussex Arts Marketing	46,000
Specialist Schools Trust	127,001	Swindon Dance	250,000
Sphinx Theatre Company	180,000	T	
Spike Island Artspace	72,000	Tabernacle Trust	45,000
Spike Theatre	32,600	Take Art!	124,422
Spitalfields Festival	41,000	Talawa Theatre Company	463,989
Sponsors Club for Arts & Business	32,666	Talking Birds	47,048
Spot On, Lancashire's Rural Touring Network	32,719	Tamasha Theatre Company	255,625
Spread the Word	215,000	Tameside Metropolitan Borough Council	28,638
Square Chapel Centre for the Arts	42,000	TAPS (Traditional Arts Projects)	77,500
St Helens Metropolitan Borough Council	40,255	Tara Arts Group	333,125
		TEAM	108,684
		Tees Valley Arts	75,104

Grants awarded 2004/05 *continued*

	£		£
Tees Valley Dance	55,000	Travelling Light Theatre	118,697
Teesside, University of	282,794	Trestle Theatre	243,280
Thames Festival	44,000	Triangle Arts Trust	125,000
Theatre Absolute	52,480	Tricycle Theatre	648,978
Theatre Alibi	154,263	Trinity Arts Centre	115,487
Theatre Blah Blah Blah!	76,700	Turner Centre	82,000
Theatre by the Lake	366,000	Turner Sims Concert Hall	26,548
Theatre Centre	358,500	Stephen Turner	42,885
Theatre Chipping Norton	37,823	Tutti Frutti Productions	31,700
Theatre de Complicite Education	333,125	U	
Theatre Mélange	69,188	Unicorn Theatre for Children (Caryl Jenner Productions)	877,599
Theatre Resource	51,785	Union Dance	229,543
Theatre Rites	150,000	Unit for the Arts and Offenders	46,158
Theatre Royal Bury St Edmunds	117,502	Unity Theatre	189,676
Theatre Royal Newcastle	44,558	University of the Arts London	32,000
Theatre Royal Plymouth	1,213,393	Unknown Public	31,672
Theatre Royal Stratford East	768,493	Untitled	25,000
Theatre Royal York	481,750	Urban Development	85,000
Théâtre sans Frontières	194,750	Urban Strawberry Lunch	30,852
Theatre Venture	35,270	Usher Gallery	47,099
TheatreWorks	30,000	V	
Theatrical Management Association	33,735	Vane	28,650
Third Angel	45,700	Villages in Action	27,400
Third Space	195,000	Vincent Dance Theatre	28,000
Rachel Thomson	30,000	visions	43,050
Thurrock District Council	140,000	Visiting Arts	357,136
Tiata Fahodzi	135,000	Visual Arts and Galleries Association	139,000
Tiebreak Touring Theatre	96,697	VIVA: the orchestra of the east midlands	121,400
Tindal Street Press	40,000	Vivid	113,450
TIPP (Theatre in Prisons and Probation)	28,000	Vocaleyes	136,000
Told by an Idiot	61,500	Voluntary Arts Network	200,000
Tomorrow's Warriors	106,000	W	
Total Theatre Network	56,250	Wakefield Metropolitan District Council	30,000
Towner Art Gallery	61,000	Wakefield Theatre Royal and Opera House	46,100
trAce	32,621		
Trading Faces	63,653		
Trafford Metropolitan Borough Council	30,305		

Grants awarded 2004/05 *continued*

	£		£
Walford Mill Education Trust	40,000	Wolsey Theatre	538,568
Walk the Plank	52,276	Wolverhampton Art Gallery	60,000
Wansbeck District Council	35,531	Women & Theatre	30,000
Warwick Arts Centre	405,603	Wordsworth Trust	50,227
Warwick Arts Society	25,000	Works, The	116,824
Wasafari	45,000	World Book Day	50,000
Watermans Arts Centre	329,000	Wren Trust	40,250
Watermill Theatre	268,500	Fiona Wright	33,827
Watershed Media Centre	214,000	Writers in Prison Network	138,500
Watford Palace Theatre	663,172	Wysing Arts	72,509
Waygood Gallery	45,673	X	
Wear Valley District Council	40,953	x.trax	170,000
Welfare State (Galactic Smallholding)	266,878	x.trax	41,000
Welsh National Opera	5,658,922	Y	
West Midlands Disability Arts Forum (WMDAF)	84,754	Yaa Asantewaa Arts and Community Centre	30,000
West Sussex Arts Partnership	25,000	Yellow Earth Theatre	131,500
West Yorkshire Playhouse (Leeds Theatre Trust)	1,408,275	York Early Music Festival	39,100
Whalley Range All Stars	37,500	York Museums Trust	100,000
Whitechapel Art Gallery	805,000	Yorkshire Art Circus	59,900
Whitewood and Fleming	37,000	Yorkshire ArtSpace Society	68,736
Wigan Leisure & Culture Trust	100,293	Yorkshire Dance	170,000
Wigmore Hall	310,000	Yorkshire Jazz Agency	50,400
Wildcard Theatre Company	25,500	Yorkshire Sculpture Park	880,000
Wilson and Wilson	31,000	Yorkshire Women Theatre	40,900
Wiltshire Music Centre	41,000	Yorkshire Youth and Music	25,600
Wimbledon Studio Theatre	32,500	Young Concert Artists Trust (YCAT)	30,000
Winchester Gallery	96,555	Young Vic Company	909,971
Winchester Theatre Royal	30,750	Youth Arts Network	31,250
Windows Project	54,980	Youth Justice Board	300,000
Windsor Arts Centre	40,000	Yvonne Arnaud Theatre	350,000
Wingfield Arts and Music	36,972	Z	
Woking Dance Festival	41,000	Zap Art	55,000
Wolsey Art Gallery	49,384	Total grant-in-aid grants awarded	<u>316,089,653</u>

This is part two of four of our annual review.
You can download the other parts, in pdf or
text-only versions, at www.artscouncil.org.uk

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Phone: 01235 465500. Email: direct.orders@marston.co.uk

ISBN: 0-7287-1145-1
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to Ian Day, Director, Information, at the address above

Designed by GDA, Northumberland

annual review 2005

lottery distribution accounts

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Arts Council England lottery distribution accounts

1 April 2004–31 March 2005

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

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 on page 98) 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
Sir Christopher Frayling (Chair)	February 2004	
Diran Adebayo	October 2004	
Sir Norman Adsetts OBE (Yorkshire)	May 2002	January 2005
Janet Barnes (Yorkshire)	February 2005	
Tom Bloxham MBE (North West)	May 2002	
Deborah Bull CBE	May 2002	June 2005
Paul Collard (North East)	May 2002	September 2004
Deborah Grubb (South East)	May 2002	July 2005
Professor Alan Livingston (South West)	May 2002	
Stephen Lowe (East Midlands)	May 2002	July 2005
Sir Brian McMaster CBE	May 2002	
Elsie Owusu OBE	May 2002	
Dr Tom Shakespeare (North East)	October 2004	
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 during the year, with David Brierley CBE and Gill Laver as co-opted members. Sir Brian McMaster CBE and Professor Stuart Timperley joined the Audit Committee in March 2005 following the resignations of Sir Norman Adsetts OBE and Paul Collard.

Foreword *continued*

Chief executive, chair and Council member appointments

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. From 4 January to 3 May 2005, Peter Hewitt took a strategic time out from his role as Chief Executive to step outside his day job, and stand back and take stock. During that time Kim Evans became acting Chief Executive.

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 £190 million. At year end, a total of £188 million accepted grant commitments remained outstanding and awaiting payment together with £43 million commitments offered but not accepted. This compares with a balance in the National Lottery Distribution Fund (NLDF), plus bank balances, of £188 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. At 31 March 2005, our balance in the NLDF account was £173 million. This is less than the target balance agreed with DCMS of £175 million.

The cash balance at the same date stood at £15 million. This figure was higher than anticipated because £6 million of capital payments planned to go out in March were delayed because grant conditions had not been met.

Throughout the year we awarded grants in support of the arts under a number of separate schemes and programmes. These included our current scheme, Grants for the arts, and also the Arts Capital Programme, Stabilisation programme and Awards for All.

Of amounts approved in principle in the previous year, only £23 million had not been offered as grants by the year end under Grants for the arts – capital programme. The equivalent figure for the Arts Capital Programme was £15 million.

In 2004/05, we delivered a combined lottery and grant-in-aid administrative saving of £7 million. This compares to the target of £6 million in our funding agreement (2003/04 saving £6 million; target £5 million). We anticipate further savings once transitional issues have been worked through, for example, rationalising IT systems and restructuring our capital programme delivery.

Further details of the activities and policies of the Arts Council are included in the National Lottery report 2004/05 (see pages 145 to 168).

Foreword continued

Approach to employee development, participation and diversity

Arts Council England's training and development programmes are designed to encourage and support all employees in improving performance and develop their skills and competence. Six regional offices have Investors in People recognition and it is hoped the whole organisation will have achieved the award by early 2006.

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, our intranet and regularly emailed updates, supplemented from time to time by office and directorate meetings. For the first time, we conducted a staff satisfaction survey during early 2005 and will be analysing and acting upon the results during 2005/06.

More formally, Arts Council England recognises the trade unions Amicus and Unison for consultation and collective bargaining, and has 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 in each of the 10 workplaces. Recently the organisation agreed a new recognition agreement with Amicus and Unison, which clarifies the constitution of these

bodies and our consultation process under the new information and consultation regulations.

Arts Council England 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.

We are 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.

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 taking positive steps to encourage more Black and minority ethnic, disabled and lesbian and gay people to become employed in the organisation, with support from specialist external advisory organisations.

Following the introduction of our race equality scheme, we have been working on a programme of 36 projects with the aim of changing the organisation and making real and permanent changes within the arts sector. Internally, this includes training staff, reviewing all our HR procedures, and revamping how we deal with complaints and procurement to

Foreword continued

Approach to employee development, participation and diversity continued

include the Commission for Racial Equality's best practice. We have set Black and minority ethnic staff targets for recruitment and retention and set up a Black Workers' Group.

14.6% of staff classify themselves as Black, Asian, Chinese or Dual Heritage, and 2.2% of staff classify themselves as disabled.

Other matters

Our banker 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. Fees paid to the National Audit Office for external audit services during 2004/05 were £44,000 (2003/04: £42,000).

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

The Arts Council 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 2004/05, 85% of undisputed invoices were paid within 30 days (2003/04: 80%).

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 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 its income and expenditure and cash flows for the financial year. The Arts 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

The accounting officer for the DCMS has designated the chief executive as accounting officer for the Arts 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 2005

Sir Christopher Frayling
Chair
18 October 2005

* 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, whilst 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 2004/05 we had effective internal controls in place in all areas of the Arts Council's operations, apart from in procurement where various shortcomings were recognised during the year. Improvements are now being put in place as detailed in section 5.

Arts Council England'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 ensure that we protect our resources. Against this background, risk-taking is acceptable where it helps to deliver our core objectives.

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

Arts Council England undergoes a six-monthly review of its 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 are presented to our Audit Committee on a six-monthly basis.

Risk management forms part of our ongoing activity and is addressed as a matter of standard practice in our corporate project plans. In autumn 2004 our internal auditors concluded a review of our risk management arrangements, which included an assessment of our arrangements against the Treasury's

Statement on internal control continued

3 Capacity to handle risk continued

Risk Management Assessment Framework. The auditor's recommendations inform our approach to further embedding risk management procedures within the 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.

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 a code of practice which includes a policy on declaration and registration of interests. Its defined responsibilities 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 its operations economically, efficiently and effectively
 - approving the annual report and accounts
 - ensuring that Arts Council England fulfils its obligations as an employer and complies with all relevant legislation
- b) An Audit Committee with agreed terms of reference which include:
 - reviewing Arts Council England's internal and external financial statements to ensure they reflect best practice
 - considering internal and external audit reports and reviewing Arts Council England's relationship with its internal and external auditors
 - reviewing the effectiveness of Arts Council England's internal control system, including the review of its 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:
 - developing the corporate policy on high level issues and overseeing the implementation of nationally agreed policies and plans
 - receiving and monitoring financial information relevant to Arts Council England's overall management responsibilities
 - taking decisions within delegated powers and approving further delegation as appropriate
- 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 Arts Council England is exposed. This analysis of risk and plans is endorsed by Arts Council England's Audit Committee

Statement on internal control continued

4 The risk and control framework continued

and approved by us. At least annually, the head of internal audit reports on internal audit activity in Arts Council England. The report includes the head of internal audit's independent opinion on the adequacy and effectiveness of Arts Council England's system of internal control

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.

Since the merger with the 10 Regional Arts Boards in 2002/03 and the subsequent implementation of a new structure we have put in place a number of procedures and policies to improve internal controls. These include:

- the implementation of shared services for finance, human resources and IT
- the launch of our new Grants for the arts open application programmes
- the introduction of risk management policies and procedures

- the implementation of a number of policies to ensure consistency of control. These include a fraud policy, and regularly funded organisation (RFO) monitoring principles and RFO disinvestment principles.

The main area which remains in need of improvement is procurement. During the year a new procurement policy was adopted, supported by training and reinforcement of procurement principles. The development of a procurement module is included in the specification for our new IT grants and management information system (see below), and the need for a central procurement resource is being addressed.

We are also taking steps to improve some aspects of grants management. As a consequence of being a recently formed organisation following the merger with the 10 former Regional Arts Boards, we have in place four different grants management systems across all offices. To facilitate standard controls and processes we are developing a single grants management IT system. We have also recognised the need for improved guidance on monitoring and closer links between monitoring and risk assessments.

Peter Hewitt, Chief Executive
Sir Christopher Frayling, Chair
18 October 2005

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 108 to 126 under the National Lottery etc Act 1993 (as amended). These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 111 to 112.

Respective responsibilities of the Council, chief executive and auditor

As described on page 102, 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 report. 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 by the National Lottery Act 1998) 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 the 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 report 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 103 to 105 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 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 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's lottery distribution account at 31 March 2005 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

21 October 2005

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; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors 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 2005

	Note	2004/05 £000s	2003/04 £000s
Share of proceeds from the National Lottery Distribution Fund	7	160,739	153,913
Investment returns on the Distribution Fund	7	9,081	9,993
(Loss) on revaluation of the Distribution Fund		(653)	(2,782)
Interest received		929	575
Other income		99	13
Total income		<u>170,195</u>	<u>161,712</u>
Grant commitments made in the year	9	189,891	168,188
Less: lapsed and revoked commitments	9	(3,064)	(945)
Net grant commitments		<u>186,827</u>	<u>167,243</u>
General expenditure:			
Staff costs	2a	1,428	1,364
Other operating costs	3	3,070	3,300
Costs apportioned from grant-in-aid accounts		14,698	14,907
Total operating costs		<u>19,196</u>	<u>19,571</u>
Total expenditure		<u>206,023</u>	<u>186,814</u>
Net resources expended before exceptional items and notional costs		<u>(35,828)</u>	<u>(25,102)</u>
Exceptional items			
Cost of fundamental reorganisation	21	(259)	(19)
Net resources expended after exceptional items before notional costs		<u>(36,087)</u>	<u>(25,121)</u>
Notional costs			
Cost of capital	8	0	0
Net resources expended after notional costs		<u>(36,087)</u>	<u>(25,121)</u>
Reversal of notional costs		0	0
(Decrease) in lottery funds		<u>(36,087)</u>	<u>(25,121)</u>
Accumulated funds brought forward		36,961	62,082
Accumulated funds carried forward	17	<u>874</u>	<u>36,961</u>

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 111 to 126 form part of these accounts.

Balance sheet

As at 31 March 2005

	Note	31 March 2005 £000s	31 March 2004 £000s
Fixed assets			
Tangible assets	5	<u>38</u>	<u>60</u>
		38	60
Current assets			
Debtors	6	2,032	1,799
Investments: balance in the National Lottery Distribution Fund	7	173,260	224,077
Cash at bank and in hand		<u>15,170</u>	<u>3,999</u>
		190,462	229,875
Creditors: amounts falling due within one year			
Grant commitments	9	107,028	100,127
Creditors	10	1,260	639
Due to grant-in-aid accounts		<u>598</u>	<u>7,146</u>
		108,886	107,912
Net current assets		<u>81,576</u>	<u>121,963</u>
Total assets less liabilities		81,614	122,023
Creditors: amounts falling due over one year			
Grant commitments	9	<u>80,740</u>	<u>85,062</u>
		874	36,961
Represented by			
Reserves	17	<u>874</u>	<u>36,961</u>
		874	36,961

The notes on pages 111 to 126 form part of these accounts.

Peter Hewitt, Chief Executive

Sir Christopher Frayling, Chair

18 October 2005

Cash flow statement

For the year ended 31 March 2005

	Note	2004/05 £000s	2003/04 £000s
Operating activities			
Funds received from the National Lottery Distribution Fund	7	219,984	182,631
Other cash receipts		99	13
Grants paid	9	(184,248)	(168,466)
Cash paid to and on behalf of employees		(1,428)	(1,364)
Other cash payments		(23,856)	(18,324)
Net cash movements relating to exceptional items		(259)	(19)
Net cash inflow/(outflow) from operating activities	14	10,292	(5,529)
Returns on investments and servicing of finance			
Interest received		929	575
Loans repaid by other bodies	6	0	800
Loans made to other bodies	6	(50)	(950)
Net cash inflow from returns on investments and servicing of finance		879	425
Increase/(decrease) in cash	15	11,171	(5,104)

The notes on pages 111 to 126 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 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 2004/05, 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 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 (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 FRS17 *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

	2004/05 £000s	2003/04 £000s
Salaries and wages	1,117	1,128
Employer's national insurance	103	101
Employer's pension contributions	165	135
Agency	43	105
	<u>1,428</u>	<u>1,469</u>

In addition to the cost of staff working directly on lottery activities in the table above, £9,486,000 (2003/04: £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 staff engaged directly on lottery activities for the year ended 31 March 2005 was as follows:

	2004/05	Restated 2003/04
Management and operational	<u>33</u>	<u>33</u>

In accordance with published HM Treasury guidance, staff numbers now include agency staff. 2003/04 numbers have been restated accordingly.

2b) Council members' remuneration

We paid nine members of Council who are also chairs of regional councils remuneration of £5,880 each during 2004/05 (2003/04: £5,880). The Chair and remaining members of Council received no remuneration during 2004/05 (2003/04: £nil). Our supplemental charter issued in May 2002 provides us with the authority to remunerate our Council members.

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. Consequently, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with FRS17 *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 2005 was £34,768,000.

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 2005 were £nil (31 March 2004: £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. Consequently, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with FRS17 *Retirement Benefits*.

Notes to the lottery distribution accounts *continued*

2c) Pensions *continued*

The net market value of total scheme assets at 31 March 2005 was £4,563,300,000.

An actuarial valuation of the pension fund takes place every three years. At the last valuation on 31 March 2004, the actuarial value of the assets using the projected unit method was sufficient to cover 82% of the value accrued to members.

From 1 April 2003, employer contributions were set at 15%.

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

Rate of inflation	2.8%
Rate of pay increases	4.6%
Rate of pension increases	2.8%

Amounts due to the fund at 31 March 2005 were £42,000 (31 March 2004: £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 2005, amounts due to the fund were £6,000.

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 County 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. 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 2005 was:

	Salary £000s	Pension £000s	Bonus £000s	Total remuneration 2004/05 £000s	Total remuneration 2003/04 £000s
Peter Hewitt (Chief Executive)	134	19	3	156	152
Nick Capaldi (South West)	67	10	0	77	73
Andy Carver (Yorkshire)	67	10	0	77	73
Clive Caseley (External Relations)	76	15	0	91	80
Andrew Dixon (North East)	76	13	3	92	89
Laura Dyer (East Midlands)	34	5	0	39	70
Michael Eakin (North West)	78	12	0	90	92
Kim Evans (Arts)	130	13	5	148	148
Helen Flach (East Midlands)	48	7	0	55	18
Keith Harrison (Finance & Operations)	80	15	0	95	91
Felicity Harvest (South East)	67	13	0	80	73
Sally Luton (West Midlands)	69	10	3	82	82
Andrea Stark (East)	78	15	3	96	91
Pauline Tambling (Development)	78	15	0	93	92
Nicola Thorold (Arts)	18	3	0	21	n/a
Sarah Weir (London)	83	16	3	102	93

Peter Hewitt is on a fixed contract which expires in March 2008.

All other executive directors are on permanent contracts. Laura Dyer was on maternity leave from 11 January 2004 to 31 October 2004 during which time Helen Flach took up the post of Executive Director East Midlands. This appointment ended on 3 December 2004.

Kim Evans became acting Chief Executive and Nicola Thorold acting Executive Director, Arts on 4 January 2005 to cover Peter Hewitt's strategic time out.

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 2005 were:

	Accrued pension at 31 March 2005 £000s	Pension increase in the year (net of inflation) 2004/05 £000s	Cash equivalent transfer value at 31 March 2005 £000s	Increase in cash equivalent transfer value (net of inflation)* £000s	Cash equivalent transfer value at 31 March 2004 £000s
Peter Hewitt (Chief Executive)	110	12	331	67	260
Nick Capaldi (South West)	56	7	174	28	144
Andy Carver (Yorkshire)	42	7	145	28	115
Clive Caseley (External Relations)	8	4	13	8	5
Andrew Dixon (North East)	81	7	254	22	228
Laura Dyer (East Midlands)	40	35	111	96	15
Michael Eakin (North West)	99	92	349	329	20
Kim Evans (Arts)	28	5	88	23	64
Keith Harrison (Finance & Operations)	30	12	64	31	32
Felicity Harvest (South East)	37	29	117	94	23
Sally Luton (West Midlands)	90	83	365	342	23
Andrea Stark (East)	12	4	27	7	20
Pauline Tambling (Development)	64	5	172	27	143
Nicola Thorold (Arts)	14	n/a	24	n/a	n/a
Sarah Weir (London)	8	4	18	10	8

*The increase in cash equivalent transfer value includes any transfers into the Arts Council's pension schemes from other schemes.

3 Other operating costs

	2004/05 £000s	2003/04 £000s
Depreciation	22	66
Travelling, subsistence and entertainment	71	67
Professional fees	377	400
Office and sundry	20	55
Irrecoverable VAT	329	348
External assessment costs	2,251	2,259
	<u>3,070</u>	<u>3,195</u>

4 Decrease in lottery funds

	2004/05 £000s	2003/04 £000s
Stated after charging:		
(a) Auditors' remuneration	44	42
(b) Staff travel, subsistence and hospitality	71	67

Notes to the lottery distribution accounts *continued*

5 Tangible fixed assets

	Short leasehold improvements £000s	Equipment fixtures and fittings £000s	Total £000s
Cost at 1 April 2004	213	0	213
Less: disposals	0	0	0
Cost at 31 March 2005	213	0	213
Depreciation at 1 April 2004	153	0	153
Less: depreciation on disposals	0	0	0
Provided for 2004/05	22	0	22
Depreciation at 31 March 2005	175	0	175
Net book value at 31 March 2005	38	0	38
Net book value at 31 March 2004	60	0	60

6 Debtors

	31 March 2005 £000s	31 March 2004 £000s
Prepayments and accrued income	404	53
Other debtors	1,628	1,746
	2,032	1,799

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

- Royal Exchange Theatre, £545,000, included in 2003/04 and 2004/05 and repaid in full on 8 July 2005
- Yorkshire Artspace Society, £75,000 included in 2003/04 and 2004/05 and repayable in equal monthly instalments by 1 May 2013
- FACT Centre, £250,000 in 2003/04 and 2004/05, 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, increased by a further £50,000 in 2004/05, repayable by 11 September 2005
- English National Opera, £600,000 in 2003/04, with a further £1,400,000 available under this agreement, repayable on the practical completion of the lottery project or 31 August 2005, whichever is earlier. This loan repayment has been extended from 31 October 2004

Notes to the lottery distribution accounts *continued*

7 Investments: balance in the National Lottery Distribution Fund

	2004/05 £000s	2003/04 £000s
Balance at 1 April	224,077	245,584
Share of proceeds from the National Lottery Distribution Fund	160,739	153,913
Investment returns on the Distribution Fund	9,081	9,993
Unrealised losses	(653)	(2,782)
Cash drawn down	(219,984)	(182,631)
Balance at 31 March	<u>173,260</u>	<u>224,077</u>

The balance in the National Lottery Distribution Fund at 31 March 2005 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:

	Target £000s	Actual £000s
31 March 2005	175,000	173,260
31 March 2006	135,000	n/a
31 March 2007	80,000	n/a
31 March 2008	50,000	n/a

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.

Notes to the lottery distribution accounts *continued*

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 2005 £000s	31 March 2004 £000s
Soft commitments brought forward	43,669	51,446
Soft commitments transferred to hard commitments	(189,891)	(168,188)
Soft de-commitments	0	(3,596)
Soft commitments made	189,409	164,007
Balance of soft commitments outstanding carried forward	<u>43,187</u>	<u>43,669</u>
Hard commitments brought forward	185,189	186,412
Hard commitments met in the last year	(184,248)	(168,466)
Hard de-commitments	(3,064)	(945)
Hard commitments made	189,891	168,188
Balance of hard commitments outstanding carried forward	<u>187,768</u>	<u>185,189</u>
Ageing of hard commitments:		
2004/05	n/a	100,127
2005/06	107,028	43,395
2006/07	33,798	27,426
2007/08	22,532	14,241
2008/09	24,410	0
Total hard commitments	<u>187,768</u>	<u>185,189</u>

During the year we paid out £30 million on grants awarded to the South Bank Centre into an ESCROW account held by the South Bank Centre. At the year end the South Bank Centre had withdrawn £7 million from this account.

10 Creditors

	31 March 2005 £000s	31 March 2004 £000s
Trade creditors	56	40
Accruals and deferred income	1,204	599
	<u>1,260</u>	<u>639</u>

11 Leases

There were no commitments under non-cancellable operating leases at 31 March 2005 (31 March 2004: £nil).

Notes to the lottery distribution accounts *continued*

12 Capital commitments

There were no contracted capital commitments at 31 March 2005 (31 March 2004: £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

	2004/05 £000s	2003/04 £000s
Reconciliation of operating (deficit) to net cash flow from operating activities		
Operating (deficit)	(36,087)	(25,121)
Interest receivable	(929)	(575)
Unrealised loss on investment	653	2,782
Depreciation charges	22	66
Decrease in debtors and prepayments	49,981	18,563
(Decrease) in creditors	(3,348)	(1,244)
Net cash inflow/(outflow) from operating cash flows	<u>10,292</u>	<u>(5,529)</u>

15 Reconciliation of net cash flow to movement in funds

	2004/05 £000s	2003/04 £000s
Increase/(decrease) in cash in the year	11,171	(5,104)
Funds at 1 April	<u>3,999</u>	<u>9,103</u>
Funds at 31 March	<u>15,170</u>	<u>3,999</u>

16 Analysis of net cash

	1 April 2004 £000s	Cash flow £000s	31 March 2005 £000s
Cash	<u>3,999</u>	11,171	<u>15,170</u>
	3,999	<u>11,171</u>	<u>15,170</u>

17 Movement in lottery funds

	2004/05 £000s	2003/04 £000s
Opening lottery reserve at 1 April	36,961	62,082
Transferred from the income and expenditure account	(36,087)	(25,121)
Lottery reserve at 31 March	<u>874</u>	<u>36,961</u>

Notes to the lottery distribution accounts *continued*

18 Reconciliation of transactions with delegate bodies

18 a) National Foundation for Youth Music

The National Foundation for Youth Music (NFYM) is a delegate body of Arts Council England in distributing lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of NFYM as follows:

	2004/05 £000s	Restated 2003/04 £000s
Transactions in Arts Council England accounts:		
Grant commitments in the year	10,000	10,000
NFYM creditor balance as at 31 March	0	0
This reconciles to NFYM's accounts for the year ended 31 March as follows:		
Balance at 1 April	3,070	3,185
Incoming funds: Arts Council England grant	10,000	10,000
other funds	1,726	846
Outgoing funds: grant expenditure	(14,634)	(10,074)
other expenditure	(991)	(887)
Balance at 31 March	<u>(829)</u>	<u>3,070</u>
Arts Council England debtor balance as at 31 March	0	0

18 b) UK Film Council

During the year the UK Film Council was set up as a delegate body of Arts Council England for distributing lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of UK Film Council as follows:

	2004/05 £000s
Transactions in Arts Council England accounts:	
Grant commitments in the year	15,000
UK Film Council creditor balance as at 31 March	15,000
This reconciles to the UK Film Council's accounts for the year ended 31 March as follows:	
Incoming funds: grants received	15,000
Outgoing funds: grant expenditure	(840)
other expenditure	(240)
Balance at 31 March	<u>13,920</u>
Arts Council England debtor balance as at 31 March	15,000

The 2004/05 figures were unaudited at the date of signing these accounts.

Notes to the lottery distribution accounts *continued*

19 Related parties

19a) Council members

Arts Council England maintains publicly available registers in which Council members declare their interests, including any direct interests in grant applications made to and commercial relationships with Arts Council England. The following interests in grant recipients were declared for the year ended 31 March 2005:

Grant for the year ended 31 March 2005 £000s	Balance unpaid at 31 March 2005 £000s	Organisation	Council member	Relationship
109	12	Cardboard Citizens	Diran Adebayo	Family member is employee
5	0	The Xpress		Family member is employee
80	80	Sheffield Children's Festival	Sir Norman Adsetts OBE	Chairman
86	0	Arts & Business	Deborah Bull CBE	Honorary vice president
38	2	Victoria and Albert Museum	Sir Christopher Frayling	Trustee
1,723	121	Brighton Festival	Deborah Grubb	Partner is employee
12	9	Gardner Arts Centre		Chair
4	4	Meeting Ground Theatre Company	Stephen Lowe	Employee
37	0	World in One Country Festival		Chair
228	114	Africa Centre	Elsie Owusu OBE	Practice
15	0	Royal Society of Art		Practice
176	201	Yaa Asantewaa Arts and Community Centre		Adviser
13	4	Culture Lab, University of Newcastle	Dr Tom Shakespeare	Participator/ collaborator
0	1	DanceCity		Freelance session leader
120	120	Graeae Theatre		Advisor/ consultant
4	4	Hatton Gallery		Collaborator
5	15	Live Theatre		Writer/performer
35	0	Monster Productions		Board member
30	3	Northern Disability Arts Forum		Partner is employee

Notes to the lottery distribution accounts *continued*

19 Related parties *continued*

Grant for the year ended 31 March 2005 £000s	Balance unpaid at 31 March 2005 £000s	Organisation	Council member	Relationship
69	35	Belmont Arts Centre	Dorothy Wilson	Board member
31	5	Birmingham Arts Marketing		Board member
291	179	mac (Midlands Arts Centre)		Employee
11	4	Motionhouse Dance Theatre		Board member
100	1	Nitro	Lady Sue Woodford Hollick	Family member is artistic director
30,261	1	South Bank Centre		Husband is Chairman

19b) Directors and senior managers

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 2005.

Grant for the year ended 31 March 2005 £000s	Balance unpaid at 31 March 2005 £000s	Organisation	Executive director/ senior manager	Relationship
5	0	Library Theatre Company	Elizabeth Adlington	Member of management committee
120	120	Borlase Smart – John Wells Trust	Marjorie Allthorpe- Guyton	Trustee
21	0	Royal Institute of British Architects		Honorary fellow
51	34	Manchester Camerata	Hilary Boulding	Mentor to chief executive
25	13	Bristol Cultural Development Partnership	Nick Capaldi	Board member
228	114	Africa Centre	Hilary Carty	Family member is employee
12	0	Kirklees Metropolitan Borough Council	Andy Carver	Partner is employee

Notes to the lottery distribution accounts *continued*

19 Related parties *continued*

Grant for the year ended 31 March 2005 £000s	Balance unpaid at 31 March 2005 £000s	Organisation	Executive director/ senior manager	Relationship
100	65	The Sage Gateshead (North Music Trust)	Paul Collard	Partner is employee
0	177	South Bank Employees Group	Moss Cooper	Partner is chair
0	2	Durham Cathedral Council	Andrew Dixon	Member
700	14	Royal Exchange Theatre *	Michael Eakin	Partner is volunteer
230	188	Artangel	Kim Evans	Patron
80	63	Hastings Borough Council	Felicity Harvest	Family member is member
47	322	Kent County Council		Partner is employee
15	1	Elizabeth Kenny	Andrew Pinnock	Partner
0	4	Orchestra of the Age of Enlightenment		Partner is freelance musician

*In addition to the above in the year ended 31 March 2005 loans are included in the balance sheet for the following:

	Balance outstanding at 31 March 2005 £000s
Royal Exchange Theatre	545

19c) Other government bodies

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. At the year end, Arts Council England had the balances outstanding with other government bodies:

	Creditor 31 March 2005 £000s	Debtor 31 March 2005 £000s
Balances with other central government bodies*	15,008	173,260
Balances with local authorities	64,831	0
Balances with NHS Trusts	316	0
Balances with public corporations and trading funds	117	0

*The debtor relates to our balance in the National Lottery Distribution Fund.

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 2004/05, 94.5% 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 5.0%, and from bank interest and other income of 0.5%.

At the balance sheet date, Arts Council England had net assets of £874,000.

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 2005</u>	<u>£000s</u>
Market value of National Lottery Distribution Fund investments	173,260
Cash	15,170

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 regularly 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 £173,260,000. In the year the average return on these investments was 4.2%.

Notes to the lottery distribution accounts *continued*

20 Financial Instruments *continued*

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 £15,170,000. 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.

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.

	2004/05 £000s	2003/04 £000s
Redundancy costs	259	19
	<u>259</u>	<u>19</u>

22 Losses

Arts Council England provides lottery funds to the Awards for All programme administered by the Community Fund (now part of the Big Lottery Fund). In 2004/05 our contribution was £6,250,000, 16.9% of the total funding. In September 2004, the Community Fund identified that the Awards for All programme may have been subject to fraud from applicants who had made multiple applications for small grants. Early investigations suggest that the current best estimate of the loss attributable to Arts Council England for the year ended 31 March 2005 would be £91,644. Based on the proportion of funds contributed to the Awards for All programme, the current best estimate of the loss attributable to Arts Council England since we began contributing to the programme in March 1999 would be £296,983. A full investigation into the suspected frauds is underway and, on completion of this investigation, the Awards for All partners will consider whether recoveries are possible and appropriate. Any remaining losses will then be formally written off.

Lottery hard commitments 2004/05

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.

	£	£
East		
Capital		
Aldeburgh Productions	80,000	
DanceEast	2,580,000	
Luton Carnival Arts Development Trust	313,188	
Norfolk & Norwich Film Theatre	200,000	
		3,173,188
Grants for the arts – national touring		
Grants under £25,000	85,473	
Academy of Ancient Music	39,465	
Bury St Edmunds Theatre Management	70,257	
Eastern Orchestral Board	205,000	
Hoipolloi	30,000	
Kettle's Yard	153,215	
Live Roots	36,903	
Peterborough Digital Arts	45,000	
Scamp Theatre	27,508	
SNAP People's Theatre	30,000	
		722,821
Grants for the arts – organisations		
Grants under £25,000	463,246	
7K Extreme Theatre	30,501	
Addenbrooke's NHS Trust	32,288	
Aldeburgh Productions	250,000	
Bedford Creative Arts	85,214	
Boreham Millennium Arts Group (BMAG)	29,650	
Bury St Edmunds Art Gallery	141,313	
Cambridgeshire County Council	50,000	
Chakardar	29,255	
Clock House Arts Association	31,971	
Colchester Arts Centre	224,717	
Commissions East	237,250	
Community Music East (CME)	74,348	
Diversity Arts Incubation Programme (DA-IP)	76,550	
East England Anand Mela (EEnAM)	37,386	
East England International Exchange	40,000	
Eastern Angles	31,320	
Essex County Council	27,000	
Firstsite	206,150	
Gomito Productions	37,493	
Harlow Arts	50,000	
hat Factory	90,000	
Hertfordshire County Council	180,000	
Hertfordshire, University of	89,850	
Hoipolloi	93,677	
I can't believe we're not better theatre	25,736	
Junction CDC	235,391	
Kadam	149,984	
Khayaal Theatre	40,000	
King's Lynn Arts Centre	29,200	
Luton Association of Mas Menagerie Theatre Company	100,000	
Mercury Theatre, Colchester	132,604	
Mike Maran Productions	47,836	
Nabokov	45,175	
National Trust	70,000	
New International Encounter (NIE)	61,132	

Lottery hard commitments 2004/05 *continued*

East continued	£	£	£	£
New Wolsey Theatre	53,008		Reactor	39,935
Norfolk Museums Service	60,000		Reckless Sleepers	57,514
Norwich Artists Led Space	30,000			438,064
Nutmeg Puppet Company	35,095		Grants for the arts – organisations	
Plug Fish	30,000		Grants under £25,000	1,140,832
Quay Theatre, Sudbury	28,525		Angel Row Gallery	34,750
Rialto	88,500		Apna Arts	82,500
Sainsbury Centre for Visual Arts	47,000		Art On The Map, Lincolnshire Open Studios	39,240
Scamp Theatre	73,933		Artizani	27,629
Southend-on-Sea Borough Council	35,725		Bamboozle Theatre Company	35,925
Suffolk Open Studios	29,000		Bathysphere	74,519
Theatre Resource	162,267		Castle, The	40,000
Theatre Royal, Bury St Edmunds	80,000		Choreographic Lab, The	61,451
Trestle Theatre Company	30,000		Consortium of Nottinghamshire Arts	
		4,386,200	Development Officers	35,000
Recovery			Cultural Consortium	28,500
Cambridge Arts Theatre Trust	100,000		Cyber Studios 3	95,471
		100,000	Dance 4	25,000
Total East		<u>8,382,209</u>	Derby, Arts, Design and Technology, University of	34,010
			Derby Jazz	50,103
East Midlands			Derbyshire Arts Development Group	57,350
Capital			Derbyshire County Council	72,890
First Movement	80,000		East Midlands Carnival Consortium	42,924
Lincoln, University of	80,000		Fermynwoods Contemporary Art	54,000
New Art Exchange	2,808,700		Firebird Trust	57,456
Northampton Theatres	5,880,523		Gedling Borough Council	46,500
Nottingham City Council	215,000		High Peak Community Arts	62,988
		9,064,223	Hillocks Primary and Nursery School	25,000
Grants for the arts – national touring			Just Services	45,783
Grants under £25,000	69,641		Lakeside Arts Centre	127,368
Dance 4	40,350		Leicester City Council	890,000
Gob Squad	74,715			
Nottingham Theatre Trust	155,909			

Lottery hard commitments 2004/05 *continued*

East Midlands continued	£	£	£	£
Steering Group For The Lincoln Centre (UK) – Lcuk	90,000			
Lincoln Council, City of	73,600			
Lincolnshire County Council	66,548			
Long Journey Home	107,100			
Magdala	78,320			
Mansfield Dance Steering Group	36,239			
Nacro	34,135			
Northampton Borough Council	70,000			
Northampton Theatres	108,540			
Northamptonshire Open Studios	29,150			
Nottingham Asian Arts Council	47,555			
Nottingham Carnival Club	41,045			
Nottingham City Council	100,000			
Now (New Opportunities for Wirksworth)	76,500			
Open Spaces Open Places	26,820			
Pintsize Theatre Company	30,720			
Q Arts	61,385			
Random Line Performance Company	40,340			
Raw Talent	36,184			
Reactor	25,127			
Red Earth Theatre	29,700			
Retina	90,430			
Saffron Arts Forum	28,800			
Spark Children's Arts Festival	45,000			
Surtal Asian Arts	36,409			
Theatre Writing Partnership	50,776			
Trampoline	67,768			
World In 1 County	37,048			
		4,852,428		
			81,215	
			14,435,930	
				65,280,726

Regional Arts Lottery Programme 2

Grants under £25,000 22,215

North Kesteven

District Council 59,000

Total East Midlands

London

Capital

Acme 2,080,000

Bernie Grant Centre 1,400,000

Camden Arts Centre 200,000

Carnival Village 40,000

Chinese Arts Centre 100,000

Circus Space 80,000

Crafts Council 50,000

Film Council 15,000,000

Graeae Theatre 120,000

Hampstead Theatre 1,236,126

Hampstead Theatre
Foundation 250,000

Index On Censorship 75,000

Jazz Services 140,000

Midi Music 100,000

Ocean Music Enterprises 450,000

Oval House 50,000

Photographers' Gallery 3,420,000

Rich Mix Cultural
Foundation 40,000

Roundhouse Trust 1,200,000

Shape London 80,000

South Bank Board 30,250,000

Talawa Theatre
Company 3,739,600

Whitechapel Art Gallery 80,000

Yaa Asantewaa Arts
and Community Centre 100,000

Young Vic Company 5,000,000

Lottery hard commitments 2004/05 *continued*

London continued	£	£	£	£
Grants for the arts – national touring				
Grants under £25,000	524,978		Independance/Hip Hop Collective	62,535
15mm Films	43,000		Ice and Fire Theatre	38,101
Academy of St Martin			Jewish Book Council	32,000
In The Fields	32,000		King's Consort	32,000
Africa Centre	25,000		LUX	40,500
Alternative Theatre Company	52,464		Lyric Theatre	96,620
Angika	57,390		Mahogany Community Ventures	64,594
Apples & Snakes	47,625		Maresa Von Stockert	54,945
Art Circuit Touring Exhibitions	40,000		Marisa Carnesky Company	29,000
Artangel	45,287		Yeu-Lai Mo	29,389
Banipal Publishing	33,413		Mem Morrison	30,000
Basho Music	25,000		New Adventures	205,000
Bedlam Dance	34,980		Not The National Theatre	49,174
Chenine Bhatena	55,939		OVA	25,000
Bill Gee Associates	45,560		Peepolykus	49,570
Blast Theory	39,855		Pimlico Opera	57,500
Border Crossings	30,000		Anna Piva	25,780
British Music Information Centre (bmic)	27,340		Protein Dance	96,907
Cheek By Jowl	208,113		Queer Storytelling Festival	29,218
City of London Festival	200,000		Renaissance One	33,500
Collective Artistes	81,787		Greg Ripley-Duggan	52,838
Concert Clinic	59,000		Robert Hylton Urban Classicism	60,000
Crying Out Loud	47,688		Rosemary Lee Projects	49,220
Curious International	42,208		Sama Arts Network	25,075
Dance Consortium	636,900		Schtanhaus	62,847
Dance Umbrella	150,000		Serpent's Tail	26,793
Dende Collective	31,890		Deborah Smith	64,717
Desperate Optimists	69,000		Sound UK	45,000
Dialogue Productions	26,050		South London Gallery	45,900
Extant	101,000		SRISHTI – Nina Rajarani	
From Here To Maturity Dance Company	28,368		Dance Creations	40,000
Gasworks Gallery	28,000		Stan Won't Dance	43,438
Gogmagogs, The	30,000		Tamasha Theatre Company	35,000
Bruce Haines	26,600		Bawren Tavaziva	43,905
			Tell Tales	38,998

Lottery hard commitments 2004/05 *continued*

London continued		£	£	£	£
Theatre O	46,900			Brazilian Contemporary Arts	25,206
Told by an Idiot	79,591			Broadway Theatre	40,000
Touring Consortium	145,000			Bromley Mytime	29,900
UK Foundation For Dance	60,000			Burgeon Creative Ideas	28,990
Unicorn Theatre For Children	28,468			Cape Farewell	71,971
Walker Dance Park Music	47,117			Cell Project Space	28,301
Wedding Collective	68,263			Central London Arts	44,850
Whitechapel Art Gallery	35,297			Centre For Creative Communities	44,915
Sian Williams	41,802			Chameleon Arts	25,000
Wrestling School	79,134			Chisenhale Gallery	26,250
Young Vic Company	100,000			City Showcase	25,000
Your Imagination	32,635			Coffee-House Poetry	29,400
			5,405,706	Council for Dance Education & Training (CDET)	31,000
Grants for the arts – organisations				Croydon Council	40,000
Grants under £25,000	2,858,224			Dance United	50,000
Actors Centre	34,992			Deafinitely Theatre	25,592
Addictive Television	30,000			Discover	29,696
Afterall	26,000			Dune Music	32,000
Albany	73,575			Ealing Council	41,999
Albert & Friends				East End Collaborations	57,031
Instant Circus	30,288			Emergency Exit Arts	47,790
All Change Arts	30,000			English Folk Dance and Song Society (EFDSS)	29,370
Alternative Arts	29,000			Entelechy Arts	30,000
AM. Arts	29,701			F-Est	25,230
Anne Bean Arts Initiative	51,188			Festival of Muslim Cultures	25,000
Art & Architecture Journal	27,000			Frieze Foundation	39,000
Art In You, The	40,000			Fuel	43,669
Art Services Grants	76,934			Germination	66,376
Artangel	185,000			Grand Union Music Theatre	27,232
artLAT	45,914			Grassmarket Project	30,000
Arts Depot Trust	89,160			Green Candle Dance Company	44,906
Artsadmin	50,000			Greenwich & Docklands Festivals	60,000
Audiences London	36,934				
Az Theatre	28,300				
Basilisk Communications	49,000				
Beaconsfield	27,365				
Braziers International Artists Workshop	30,000				

Lottery hard commitments 2004/05 *continued*

London continued	£	£		£	£
Greenwich & Lewisham			Nettlefold Festival Trust	159,642	
Young People's Theatre	29,811		O + I (Organisation		
Heart 'n Soul	29,911		and Imagination)	34,180	
Home	28,710		October Gallery	34,770	
Independance/Hip Hop			Oily Cart Company	100,000	
Collective	30,000		Orange	36,000	
Independent Theatre			Oval House Theatre	29,468	
Council	96,100		Photofusion	35,350	
Jacksons Lane			Poetry Book Society	39,856	
Community Centre	37,596		Poetry London	37,802	
Kids Company	30,000		Poetry Society	79,660	
K.P. Productions	26,308		Polish Social & Cultural		
Laban	30,000		Association	26,500	
Library of Unwritten			Prised Open	74,530	
Books	30,000		Prospect Publishing	75,000	
Little Angel Theatre	65,000		Pulp.net	70,000	
Live Music Now!	30,000		Punchdrunk Theatrical		
London Architecture			Experiences	35,300	
Biennale	33,254		Puppet Centre Trust	73,726	
London Chinatown			Push	80,000	
Chinese Association	39,000		Reading Zone	25,259	
London Design Festival	30,000		Riverside Studios	50,000	
London Disability Arts			SALIDAA (South Asian		
Forum	44,569		Diaspora Literature		
London Musicians'			and Arts Archive)	54,855	
Collective	40,000		School of Oriental and		
LYAN (London Youth			African Studies (SOAS)	45,000	
Arts Network)	31,800		Serious	114,362	
Mandinga Arts	97,129		Shinkansen/Future		
Marion Boyars Publishers	26,215		Physical	55,524	
Maya Productions	29,222		Showroom Gallery	95,000	
Merton, London			Signal Project	33,783	
Borough of	60,000		Sketch	30,000	
Metamute	27,060		Snug & Outdoor	35,000	
Modern Masterpieces	74,434		Somerset House Trust	27,106	
Mousetrap Foundation	45,918		Sound Connections	56,553	
Music House For Children	47,875		STAGETEXT	30,000	
National Literacy Trust	54,000		Stan Won't Dance	33,428	
NCDT (National Council			Stitches In Time	29,051	
for Drama Training)	30,000				

Lottery hard commitments 2004/05 *continued*

London continued	£	£	National grants	£	£
Synergy Theatre Project	33,820		Awards For All		
TAP Project	50,000		National Lottery		
Thames Festival	59,372		Charities Board	6,286,000	
Tower Hamlets					6,286,000
Summer University	39,468		Capital		
Two's Company	29,981		Grants under £25,000	11,500	
Up Projects	26,000		Non-grants arts		
Urban Development	40,849		expenditure	362,489	
Victoria and Albert					373,989
Museum	38,160		National Foundation for Youth Music		
Visiting Arts	35,100		NYFM	10,000,000	
Walker Dance Park Music	57,424				10,000,000
Wingedchariot	25,800		Recovery		
Women's Playhouse Trust	36,736		Grants under £25,000	496,268	
Yaa Asantewaa Arts &					496,268
Community Centre	76,000		Stabilisation		
Young Vic Company	80,000		Non-grants arts		
		8,613,576	expenditure	25,806	
Recovery					25,806
Africa Centre	190,000		Total national grants		<u>17,182,063</u>
Cardboard Citizens	109,000				
English National Ballet	1,973,000		North East		
English Touring Theatre	125,000		Capital		
Hampstead Theatre	657,749		Dance North	700,000	
Nitro	100,000		Darlington Arts Centre	380,000	
Shape London	595,000		North East Theatre Trust	80,000	
Theatre Royal			Northern Stage	500,000	
Stratford East	686,000		Waygood Gallery	89,900	
		4,435,749			1,749,900
Stabilisation			National activity		
LIFT (London International			Grants under £25,000	14,700	
Festival of Theatre)	36,567		Generator North East	120,000	
		36,567	Scottish Traditional		
Urban Cultural Programme			Music & Song Trust	30,773	
Leaside Regeneration	750,000		Sunderland, University of	98,100	
Lewisham Council	500,000				263,573
		1,250,000	Grants for the arts – national touring		
Total London		<u>85,022,324</u>	Grants under £25,000	43,775	
			AMINO	38,814	

Lottery hard commitments 2004/05 *continued*

North East <i>continued</i>	£	£	£	£
balletLORENT	27,573		Northern Disability	
Locus +	90,000		Arts Forum (NorDAF)	29,781
Media 19	138,580		Pakistan Cultural Society	29,210
No Limits Theatre			Sakoba Dance Theatre	91,712
Company	60,000		Samling Foundation	38,000
Northern Gallery for			Seven Stories	35,200
Contemporary Art	28,294		Studio 64	45,000
Sakoba Dance Theatre	65,000		Sunderland, University of	37,976
Wee Stories Theatre			Théâtre sans Frontières	53,651
for Children	28,225		Tyne & Wear Museums	74,900
		520,261	Tynedale Council	46,000
Grants for the arts – organisations			Vane	39,313
Grants under £25,000	1,055,534		Ek Zuban	37,310
AMINO	79,489			2,805,236
balletLORENT	78,392		Total North East	<u>5,338,971</u>
Bloodaxe Books	28,328			
Bruvvers Theatre Company	25,000		North West	
Changeling Productions	26,150		Capital	
CIOFF UK	30,000		Art Gene	80,000
Customs House	42,650		FACT (Foundation for Art	
Dodgy Clutch	63,600		& Creative Technology)	680,000
Durham City Arts	49,426		Lancaster City Council	80,000
Durham County Council	57,330		Liverpool and Merseyside	
Flambard Press	40,000		Theatres Trust	1,500,000
Gateshead Council	112,687		Lowry Centre Trust	1,100,000
Gateshead Health			Royal Exchange Theatre	700,000
NHS Trust	30,000		Skylight Circus Arts	500,000
Gateshead Visible				4,640,000
Ethnic Minorities Group	54,050		National activity	
Globe Gallery	72,088		Grants under £25,000	4,951
Kalapremi (UK)	34,090		European Urban	
Locus +	60,000		Theatre Network	58,100
Making Music North East	32,900		Media Arts North	
Middlesbrough Council	35,000		Initiative	118,650
Monster Productions	35,000		Milap Festival Trust	43,200
Neighbourhood Watch				224,901
Stilts International	75,548		Grants for the arts – national touring	
New Writing North	30,000		Grants under £25,000	139,188
North Music Trust	99,922		Barracudas	57,240

Lottery hard commitments 2004/05 *continued*

North West continued		£	£	£	£
Brouhaha International	25,836			Clonter Farm Music	60,000
FACT (Foundation for Art & Creative Technology)	25,565			Collective Encounters	29,950
Fittings Multimedia Arts	29,242			Comma Press	37,000
Grizedale Arts	29,790			Community Arts North West	133,278
Musiculture	27,650			Community Cohesion Agency	30,000
Neoglobal	49,922			Contact Theatre	55,000
Virtual Migrants Association	29,000			Copeland Borough Council	64,055
Walk the Plank	31,750			Consortium for Participatory Arts Learning (C-Pal)	40,000
			445,183	Cumbria County Council	37,470
Grants for the arts – organisations				Cumbria Programmers Network	81,000
Grants under £25,000	2,289,621			Flux Magazine	31,350
Action Factory	26,369			Folkus	75,000
Action Transport Theatre Company	60,500			Folly	47,202
Allerdale Borough Council	30,000			Futuresonic	30,019
Appleby Heritage Centre	29,000			Greenhouse Multicultural Play and Arts Project	34,000
Art Gene	29,357			Grizedale Arts	57,000
Artists in Schools; Bolton, Bury and Rochdale	57,315			Heron Corn Mill and Museum of Papermaking	25,570
Arts & Business North West	28,000			INclude Neighbourhood Regeneration	45,000
Arts About Manchester	87,218			Index: Northwest Publishing Consortium	69,246
Arts Magnet	116,325			International 3, The	35,000
Blackpool Borough Council	66,000			Kendal Torchlight Procession	25,000
Blackpool City Learning Centre	26,750			Knowsley Metropolitan Borough Council	72,838
Bluecoat Display Centre	106,169			Lancaster Litfest	76,423
Bridgewater Hall				LIME	30,000
Community Education	34,500			Liverpool & Manchester Design Initiative	90,753
Brouhaha International	30,000			Liverpool Arabic Arts Festival	60,000
Burnley Youth Theatre	103,841				
Carcanet Press	28,065				
Cartwheel Arts	25,645				
Castlefield Gallery	40,150				
Chaturangan	26,800				
CITE (Commissions in the Environment)	30,727				

Lottery hard commitments 2004/05 *continued*

North West continued		£	£	£	£
Liverpool Comedy	25,000			Root Music	53,898
Liverpool Housing Action	30,000			Royal Exchange Theatre	27,000
LLT (Liverpool's New Writing Theatre)	29,905			Shorelines	55,614
Lowry Centre	55,500			South Lakeland District Council	35,000
M6 Theatre Company	30,000			Southport Arts Centre	28,835
Making Music North West	37,000			St Helens and Knowsley Hospitals NHS Trust	30,000
Manchester Camerata	51,293			St Helens Metropolitan Borough Council	30,000
Manchester International Arts	100,000			Static Gallery & Studios	50,833
Manchester Metropolitan University	57,757			Talia Theatre	38,800
Manchester Pride	30,500			TEAM	96,858
Media Arts North West	71,200			Tufnell & Rubidge	
Merseyside ACME	55,000			Movement Associates	37,000
Merseyside Young People's Theatre (MYPT)	30,000			Tullie House Museum and Art Gallery	28,000
Met Arts Centre	33,090			Unity Theatre	30,000
Metal Culture	40,000			Welfare State International	76,951
Mid Pennine Arts	27,380			Whalley Range All Stars	34,860
Multi Culture Poets	35,360			Windows Project	26,750
National Dance Centre	80,000			Word Market	50,000
Noise Festival Limited	125,000			Yellow House, The	28,000
North West Disability Arts Forum	84,974			Youth Federation for Cheshire	31,536
Northern Chamber Orchestra	30,406			Zapp! Media	28,000
Oldham Coliseum	47,585				6,908,443
Oldham Theatre Workshop	35,000			Regional Arts Lottery Programme 2	
Performing Arts Academy	32,997			Grants under £25,000	42,596
Performing Arts Network & Development Agency (PANDA)	34,998				42,596
Prescap	40,000			Recovery	
Preston City Council	50,000			Folly	30,000
Quarantine	25,062				30,000
queerupnorth (IQUN)	30,000			Stabilisation	
Rais Academy	38,995			Greater Manchester Arts Centre	881,000
Rejects Revenge Theatre	52,000				881,000
				Total North West	<u>13,172,123</u>

Lottery hard commitments 2004/05 *continued*

	£	£		£	£
South East			Amicus	33,600	
Capital			Anvil, The	30,000	
Brighton Festival Society	1,600,000		Architexts	30,450	
Christ Church (Oxford)			Art and Sacred Places	50,000	
United Clubs	350,000		Art Space Portsmouth	29,594	
Creative Foundation	220,000		Artists At Saint Mary's	33,000	
Pegasus Theatre	80,000		Artpoint	50,000	
		2,250,000	Arts Partnership Surrey	61,000	
National activity			ArtSway	275,000	
Grants under £25,000	19,704		Artswork	26,000	
		19,704	Asham Literary Endowment	30,000	
Grants for the arts – national touring			Ashford Borough Council	48,440	
Grants under £25,000	99,451		Aspex Visual Arts Trust	355,192	
40 X 10 Carnival Consortium	102,280		AVITUK	30,000	
Brighton Festival Society	98,000		Big Village	30,970	
Cartoon de Salvo	35,270		Biserk Dance Company	29,870	
Chichester Festival Theatre	178,948		Brighton & Hove City Council	25,000	
Ensemble Limited	49,286		Brighton & Hove Music Service	60,000	
Gravity & Levity	35,000		Brighton Festival Society	25,000	
La Serenissima	26,682		Brighton Photo Biennial	100,000	
New London Chamber Choir	25,000		Canterbury City Council	213,666	
Opera Group, The	50,000		Canterbury Festival	50,000	
Oxford Playhouse	98,957		Carnival Collective	29,712	
Pimlico Opera	59,000		Charleston Trust	29,490	
Platform 4	26,768		Chichester Festivities	46,994	
Shout, The	48,975		CIAO!	153,000	
Shout Choral Events, The	38,000		Claremont Studios	41,000	
The Sixteen	26,000		Company Gavin Robertson	31,194	
		997,617	Company Paradiso	28,530	
Grants for the arts – organisations			Compass Community Arts	39,850	
Grants under £25,000	1,706,061		Cornelius & Jones		
1066 Housing Association	50,120		Original Productions	29,750	
1157 Performance Group	47,141		Crawley Borough Council	30,000	
Adur Festival			Creative Responses	38,770	
Steering Group	36,930				

Lottery hard commitments 2004/05 *continued*

South East continued	£	£		£	£
Cultural Utilities and Enterprises	34,058		Margate Theatre Royal	42,000	
Daze'D	33,265		Medway Council	75,576	
De La Warr Pavilion	120,000		Metropole Arts Centre	45,000	
De La Warr Pavilion Charitable Trust	64,405		Mill Arts Centre	41,360	
dreamthinkspeak	74,300		Modern Art Oxford	120,000	
East Kent Local Authority Arts Partnership	35,000		Music For Change	32,431	
East Oxford Action	54,108		New Greenham Arts	90,000	
East Sussex County Council	38,070		New Kent Opera	80,000	
Gelede Dance	28,140		New Theatre Royal Portsmouth	80,000	
Gravity and Levity	34,234		North West Kent Racial Equality Council	43,054	
Gravity Project (West Sussex County Council)	40,000		Nuffield Theatre	70,000	
Green Wheel Project	25,000		Oxford Contemporary Music	65,784	
Gulbenkian Theatre	49,000		Oxford, University of, Botanic Garden	28,500	
Hampshire County Council	123,000		Oxford Visual Arts Development Agency	50,000	
Hastings Borough Council	79,726		Oxford Youth Arts Partnership	60,000	
Hastings Museum and Art Gallery	27,620		Oxfordshire Visual Arts Development Agency	25,364	
Hat Fair	45,000		Pallant House Gallery	88,852	
Inter-Action MK	48,200		Periplum Tree	34,771	
Intrepid Theatre Company	32,833		Photoworks	128,700	
Isis and Headington Partnership of Schools	34,400		Platform 4	28,080	
ITHACA	66,666		Platform One	49,616	
Jelly Leg'd Chicken	25,000		Plested and Brown	31,810	
Kent Architecture Centre	50,000		Pompey Study Centre	25,880	
Kent County Council	47,155		Produced With OOMF!	34,000	
Kent Institute of Art & Design	54,000		QueenSpark Publishers	65,390	
Komedia	70,000		Reading Borough Council	95,805	
Laboratory, The	70,000		Red Earth	42,900	
Leigh Park Crafts Initiative	56,000		RIFCO	26,600	
Lighthouse Arts and Training	79,480		riverhouse	25,700	
			Roots Around The World	47,495	
			Same Sky	84,000	
			Sankalpam	45,000	

Lottery hard commitments 2004/05 *continued*

South East continued	£	£		£	£
SCAN	29,860		Recovery		
Slough Young People's Centre (SYPC)	54,455		Chichester Festival Theatre	1,175,000	
Society For Chief Librarians, South East	40,000				1,175,000
Solent Centre for Architecture + Design	35,000		Urban Cultural Programme		
Solent Peoples Theatre	39,498		Brighton & Hove City Council	750,000	
Sounds New	27,500		Canterbury City Council	750,000	
South East Dance	48,500		Oxford Inspires	600,000	
South East Setting Up Scheme	49,770				2,100,000
Southampton, University of	80,380		Total South East		<u>15,228,728</u>
StopGAP Dance Company	50,880		South West		
Stour Valley	33,000		Capital		
Stour Valley Arts	48,390		Borlase Smart – John Wells Trust	80,000	
Strange Cargo Arts	32,942		Bristol Old Vic	415,000	
Sunbury Millennium Embroidery	30,000		Holton Lee	80,000	
Sunday Times Oxford Literary Festival	80,991		Newlyn Art Gallery	1,280,000	
Surrey County Arts	38,905		Plymouth Arts Centre	80,000	
Surrey, University of, Department of Dance	43,921		Sherbourne House	80,000	
Swanley Town Council	44,850		Spike Island Artspace	500,000	
Thames Valley Partnership	50,000		St Pauls Area Community Enterprise	2,112,000	
Thanet Contemporary Arts	25,000		Stroud Valleys Artspace	250,000	
Theatre Chipping Norton	30,000				4,877,000
Towner Art Gallery	39,908		Grants for the arts – national touring		
Vayu Naidu Company	90,000		Grants under £25,000	84,755	
West Sussex County Council	50,850		Desperate Men	28,124	
Winchester Hat Fair	78,720		Devon Guild of Craftsmen	34,000	
Woking Galleries	121,875		Green Ginger	29,390	
Works Well Productions	50,000		Kneehigh Theatre	108,768	
Zygo Arts	43,560		Picture This	56,050	
		8,686,407	South West Screen	61,380	
			Spacex Gallery	27,000	
			Theatre Royal Plymouth	105,870	
			Travelling Light Theatre Company	40,908	
			Uninvited Guests	25,102	

Lottery hard commitments 2004/05 *continued*

South West continued	£	£		£	£
West England,			Gloucester City Council	40,500	
University of	33,166		Gloucestershire,		
		634,513	University of	31,500	
Grants for the arts – organisations			Hoodwink	86,360	
Grants under £25,000	1,182,805		Knowle West Media		
Activate	29,220		Centre	33,570	
Agenda	29,246		Holton Lee	45,000	
Arnolfini	98,000		Meridian Dance Theatre	25,000	
Art and Power			Merlin Theatre	35,895	
(Community Arts Project)	145,000		Moredon Junior School	29,320	
Art Shape	27,412		North East Somerset Arts	108,215	
Artichoke Productions	200,000		NSEAD (National		
Artsmatrix	100,000		Society for Education		
Aune Head Arts	54,000		in Art & Design)	35,000	
Blind Ditch	30,000		Pickled Image	60,492	
Borlase Smart –			Plough Arts Centre	38,900	
John Wells Trust	40,000		Plymouth Hospitals		
Bournemouth & Poole			NHS Trust	70,000	
Theatre Strategy Pro	30,000		PuppetCraft	39,800	
Bridgwater Art Centre	28,012		Reach Inclusive Arts	29,728	
Bristol Cultural			Rural Arts Wiltshire	28,500	
Development Partnership	25,000		Scryfa	26,700	
Centre for Contemporary			Show of Strength		
Art and the Natural World	55,000		Theatre Company	33,350	
Circomedia	30,000		Somerset Rural		
Coda Music	88,700		Youth Project	29,624	
Cornwall Arts Centre			Soundstorm at Dorset		
Trust (ACT)	96,140		Music Service	30,030	
Cornwall Crafts			South West Open		
Association	74,759		Studio Forum	46,350	
cre8 studios	40,000		South West Participatory		
Dance South West	29,325		Arts Network	50,000	
Dartington College			South West Screen	57,125	
of Arts	42,715		Spacex Gallery	98,000	
Desperate Men	60,181		St George's Bristol	30,000	
Etruscan Books	29,760		State of Emergency	87,007	
Exeter Phoenix	29,680		Station, The Former		
Folk South West	30,000		Fireboat Station	40,000	
Forkbeard Fantasy	37,862		Study Gallery	69,300	

Lottery hard commitments 2004/05 *continued*

South West continued		£	£			£	£
Swindon Artscape	28,000			Birmingham Repertory Theatre	82,810		
Swindon Festival of Literature	41,046			Craftspace Touring	43,300		
Take Art!	100,000			DanceXchange	138,030		
Take Art!	37,190			Fierce!	34,510		
Theatre Bristol	51,191			Ikon Gallery	53,823		
Theatre Royal Bath	30,000			Mid Wales Opera	67,546		
Theatre Works	30,000			Moby Duck	83,643		
Two Moors Festival	27,400			Music Theatre Wales	183,000		
Unlimited Company	25,585			Nofit State Circus	60,000		
Words By The Water	31,270			Warwick Arts Centre	96,422		
			4,399,765				1,046,264
Recovery				Grants for the arts – organisations			
Bath Festivals Trust	110,000			Grants under £25,000	1,387,410		
Bristol Old Vic	514,114			About Face Theatre	42,850		
			624,114	ACE dance and music	40,300		
Stabilisation				Alma Flamenco	46,362		
Poole Arts	400,000			Anurekha Ghosh & Company	46,440		
			400,000	Arts & Business West Midlands	57,737		
Total South West			<u>10,935,392</u>	artworcs	25,806		
				Audiences Central	31,032		
West Midlands				bayc (Birmingham Association of Youth Clubs)	35,596		
Capital				Beingfrank	25,900		
Afro Caribbean Millennium Centre (ACMC)	845,031			Belmont Arts Centre	69,000		
Junction CDC	300,000			Birmingham Book Festival	63,988		
Kajans Women's Enterprise and Association	500,000			Birmingham City Council	170,502		
mac (Midlands Arts Centre)	275,000			Birmingham Hippodrome	70,093		
Public, The	395,366			Birmingham Jazz	26,360		
RSC (Royal Shakespeare Company)	2,780,640			Birmingham Playcare Network (BPCN)	30,247		
			5,096,037	Black Country Touring	100,304		
Grants for the arts – national touring				Chitraloka Dance	35,000		
Grants under £25,000	163,180			Community Council of Shropshire	49,850		
ACE dance and music	40,000						

Lottery hard commitments 2004/05 *continued*

Yorkshire continued		£	£			£	£
Goole Town Council		80,000		Bawtry Amateur			
Hull Truck Theatre				Dramatic Society		37,000	
Company		250,000		Beverley and East Riding			
Kala Sangam		1,385,000		Early Music Festival		27,000	
Mind the Gap		40,000		Blaize		30,000	
Sheffield Independent				Bradford Metropolitan			
Film		279,862		District Council		35,910	
Sheffield Theatres		80,000		Calderdale Council		36,812	
Wakefield Metropolitan				Castleford Heritage Group		29,520	
District Council, City of		80,000		Chol International Arts		28,000	
			3,247,862	Chrysalis Arts		57,600	
National activity				CircElation		99,794	
CHEAD (Council for				Community Media			
Higher Education in				Association		30,000	
Art & Design)		108,000		Crabs		65,107	
National Student				Culture Company		37,788	
Drama Festival		30,000		Dance In Partnership		28,300	
			138,000	Danceworks UK		55,997	
Grants for the arts – national touring				Doncaster Little Theatre		40,000	
Grants under £25,000		135,894		East Riding of Yorkshire			
Adastra		25,280		Council		86,982	
Ray Brown		36,244		East Street Arts		55,390	
Exponential Theatre		46,130		Ethnic Minority			
Forced Entertainment		47,500		Cultural Initiative		28,400	
imitating the dog		29,752		Eventus		42,500	
Interplay Theatre		51,990		Fabric		32,618	
Jasmin Vardimon Dance		114,983		Faceless		29,631	
Mind the Gap		114,660		Fast Forward Theatre		49,994	
Point Blank Productions		26,525		Full Body and the Voice		30,000	
Red Ladder Theatre		50,926		Georgian Theatre Royal		51,591	
Unlimited Theatre		42,000		Get Sorted			
			721,884	Academy of Music		42,015	
Grants for the arts – organisations				High Rhythm			
Grants under £25,000		1,452,721		Recording Studios		36,136	
Access Space Network		25,641		Huddersfield			
Action Space Mobile		45,954		Contemporary Music			
Annapurna Indian Dance		29,600		Festival		47,335	
Artlink Exchange		100,000		Hull and East Yorkshire			
Arts In Richmondshire		29,314		Ability		60,119	
				Isaacs UK		40,000	

Lottery hard commitments 2004/05 *continued*

Yorkshire continued	£	£	£	£
Jasmin Vardimon Dance	60,000		Vitrine	35,000
Leikin Loppu Theatre	49,055		Wilson + Wilson	30,000
Lumen	44,829		Wrecking Ball Press	26,850
M and Em Dance	29,225		York Council, City of	45,978
Media Centre	50,000		Yorkshire ArtSpace	
Music In The Round	105,000		Society	104,900
National Centre			Yorkshire Craft Centre	73,976
For Early Music	77,500			4,819,428
North Country Theatre	45,614		Recovery	
North Lincolnshire Council	46,083		Site Gallery	213,000
North Yorkshire				213,000
County Council	56,220		Urban Cultural Programme	
Northern Aldborough			Bradford Metropolitan	
Festival	31,000		District Council, City of	400,000
Oriental Arts	26,826			400,000
Pavilion	49,200		Total Yorkshire	9,540,174
Peepal Tree Press	40,190			
Pioneer Projects	65,000		Total grants	189,890,846
Pontefract Liquorice	29,500			
Primary Colours	74,239			
Public Art Group	39,900			
Pyramid of Arts	35,300			
Qdos Dance Theatre	41,340			
Read Write York	29,870			
Red Ladder Theatre	42,914			
Rotherham Metropolitan				
Borough Council	29,140			
Rural Arts North Yorkshire	70,000			
S1 Artspace	30,835			
Selby District Council	29,200			
Sheffield City Council	30,000			
Sheffield Contemporary				
Art Forum	62,862			
Skippko	55,610			
Theatre In The Mill	25,000			
Thomas Carter Projects	30,000			
Todmorden Pride	25,000			
Tonic	43,503			
Vincent Dance Theatre	48,000			

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ISBN: 0-7287-1145-1
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annual review 2005

National Lottery report

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National Lottery report 2004/05

Introduction

In 2004/05, the Arts Council consolidated and built upon the achievements of the previous two years, made possible by the creation of a single development agency for the arts. Our corporate plan sets out how we intend to fulfil our vision of promoting 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 six 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 147 to 152.

In November 2004, we joined with the Department for Culture, Media and Sport (DCMS) and the other lottery distributors to celebrate the National Lottery's 10th birthday. The lottery raised around £2 billion for the arts in England in its first 10 years, providing a host of new opportunities for audiences, artists and arts organisations across the country. We are working closely with DCMS in its review of the current arrangements prior to the renewal of the lottery licence in 2009.

Grants for the arts, our flagship funding programme, entered its second year of

operation. We commissioned an extensive evaluation to assess its performance. The objectives of the evaluation were to:

- explore how well the programme was working from the perspective of applicants and staff
- recommend what we should do differently to improve the programme
- assess the extent to which the programme delivered its aims and our ambitions for the arts

The findings from the evaluation were very positive. Grants for the arts was described as a brave and radical initiative which has transformed our grant giving. The evaluation set out how we could refine and improve Grants for the arts and has provided us with the framework for the improved programme, launched in September 2005.

In July 2004, we announced which areas would receive funding from the Urban Cultural Programme, a joint initiative with the Millennium Commission to provide £15 million for cultural activities in urban areas across the United Kingdom. We provided £6 million of funding for the following areas in England: Norwich; Three Cities (Derby, Leicester and Nottingham); London – Leaside; London – Lewisham and Greenwich; Manchester; Brighton and Hove; Canterbury; Oxford; Birmingham and Bradford (five cities: with Leeds, Sheffield, York and Hull). Future annual reviews will report on the huge range of activities funded by the programme.

During 2004/05, we reviewed our approach to capital investment to ensure that we maximised our effectiveness as a single

Policy Directions

organisation, as well as securing new opportunities for growth and delivering our capital priorities. We have subsequently re-defined the relationship between our national and regional offices, empowering regional offices to manage successfully capital investment as part of their core business while the national office provides technical advice and support. This transfer of responsibility is taking place in 2005/06 and will be complete by the time of the next review. Any future capital investment in large-scale projects will be considered within the context of the Lottery licence review.

Our stabilisation and recovery programmes continued to provide funds to enable strategically important organisations to develop to meet the challenges of the 21st century.

Using lottery funds delivered through the Arts Council, Youth Music entered its sixth successful year. It has brought music-making activities and experiences to over one million children and young people, many of whom would not otherwise have had the opportunity.

We continued to contribute to the successful delivery of the Space for Sport and Arts Programme in collaboration with Sport England, the New Opportunities Fund (now part of the Big Lottery Fund), DCMS and the Department for Education and Skills.

Awards for All, the joint scheme funded with other distributors, continued to operate successfully, providing small-scale grants to grass root organisations in a quick and efficient manner.

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.

This direction is central to the development of all our funding programmes including those run by our delegates, and is reflected in application packs and assessment criteria for funding.

- 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:
- 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

Policy Directions *continued*

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. The programme is delivered through our nine regional offices, which are best placed to assess the needs of their region and provide support to local artists, arts organisations and communities. Priority is given in our assessment and decision making to activities that address economic and social deprivation or aim to reach communities that have limited access to cultural provision.

A number of capital projects are at the centre of urban regeneration programmes which have clear social and economic benefits as well as arts-related benefits. Examples include The Sage Gateshead and BALTIC on Gateshead Quays; The Lowry in Salford Quays; and Belgrave Baheno Peepul Centre, Leicester.

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

Championing cultural diversity is one of our six overall ambitions and we have developed all our lottery programmes with this at the forefront of our thinking. We have taken great care in the design and distribution of our application packs to ensure that they are accessible to all members of society. Within our assessment and decision making, we give priority to those applicants who have not received lottery funding from us before.

All capital projects are assessed against a criterion of public benefit which covers

access in all its forms – physical, attitudinal and intellectual – and also stipulates that the project specifically address issues of cultural diversity. In addition, the Arts Capital Programme and Grants for the arts – capital specifically sought to prioritise Black, minority ethnic and disability arts organisations. Examples of successful projects include the Creative Art House in Doncaster, Luton Carnival Arts Development Trust, and Holton Lee in Poole.

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 Arts programme as well as, of course, Youth Music.

One of the priorities for our Arts Capital Programme was to develop work with and by children and young people. A number of related projects were subsequently admitted to the portfolio. This included Midi Music in Lewisham, London which was launched in November 2004; and Seven Stories, the Centre for Children's Books, Newcastle upon Tyne, which achieved practical completion in the year under review and is due to open in 2005/06.

The more recent Grants for the arts – capital portfolio includes projects such as the Young Vic theatre, which runs an extensive programme, *Teaching, Participation and Research*, aimed at schools and colleges in the London boroughs of Southwark and Lambeth.

Policy Directions *continued*

E The need to further the objectives of sustainable development.

As the national development agency for the arts in England, we are in a key position to act as an advocate for the benefits of sustainable development to the arts organisations we fund.

Through the National Lottery capital funding stream hundreds of arts organisations have benefitted from new and transformed buildings. The sustainability initiatives and guidance that we have in place for our capital arts projects are both strategic and specific.

At a strategic level we provide guidance notes for arts organisations and their design teams to consider when commissioning and designing a building. We also refer arts organisations to guidance produced by the Commission for Architecture and the Built Environment (CABE), *Sustainable Design Considerations*, on the selection of materials, in particular timber.

Before a funding award is approved for a project, organisations submit a development plan and supporting information for assessment. We expect the organisation to provide information for assessment on the environmental strategy for the proposed building.

We have an architecture unit which assesses applications for funding to ensure the environmental and sustainability elements of the project are in keeping with our sustainable development policy.

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 previously reported, the Film Council continues to act as a delegate body for us, delivering a number of programmes aimed at improving the distribution of film, in particular the funding of digital projection equipment.

The Government continues to review this policy direction with the intention of issuing a new direction that accurately recognises our 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 Grants for the arts. We analyse all awards to make sure that they receive an appropriate share of these grants. In 2004/05, we made 275 grants from Grants for the arts – organisations and national touring to projects with a crafts element, with a total value of £3 million.

Capital projects concerned with crafts include the following:

- Devon Guild of Craftsmen in Bovey Tracey whose official opening was attended by our Chair, Sir Christopher Frayling, in October 2004

Policy Directions *continued*

- Wysing Arts in Cambridge, which had their main award confirmed in 2004/05, and which is now undertaking the first phase of a capital development to create a new two-storey building, upgraded 'open access' studios and education space, and refurbishment of a stable block and landscaping
- Stroud Valleys Artspace, undertaking renovation work on their existing building to provide artists studios and resource/project/exhibition spaces for community applied fine arts

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 2004/05 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
 - 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

The financial viability of the activity, how it will be managed and its future effects are taken into account during the assessment and decision-making process for all of our funding programmes and those of our delegate bodies. Although, whenever possible, we have adopted a lighter-touch approach, we do still require detailed financial and business plans when appropriate.

All organisations within the portfolio of Grants for the arts – capital undertook a health check in the year under review to consider wider artistic, organisational and financial challenges facing the organisation, to identify strengths and weaknesses.

We ask all capital projects to supply a business plan that 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 ensure that the intended benefits are being delivered.

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.

Our stabilisation and recovery programmes continue to provide funds to enable organisations to develop to meet the challenges of the 21st century. Central to these programmes is support to enable strategically important organisations develop viable long-term business plans.

Policy Directions *continued*

We assess financial viability and quality of management for applicants to our capital programmes to ensure that they have the necessary capability to successfully deliver their project and are likely to make best use of the asset created after completion.

As a result of the National Audit Office report *Progress on 15 Major Capital Projects funded by Arts Council England* (May 2003) and the subsequent Public Accounts Committee in September 2003, it was recommended that we encourage and facilitate contact between grant recipients to enable those with valuable experience to share their knowledge with those who are new to capital developments. The mentoring scheme, launched in November 2004 and running until August 2005, comprises eight pairs of mentors and mentees. The central components of the scheme include:

- pooling skills and experience
- enhancing leadership and decision-making skills
- empowering and supporting individuals in leadership positions

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.

Though we requested that Capital Programme One projects provide only 25 per cent partnership funding and did not define a funding ratio for projects in either the Arts Capital Programme or the Grants for the arts – capital programme, we have been pleased by the high level of leverage achieved by projects approved in the year under review. Examples include Northampton Theatres Trust, which raised 50 per cent of the cost of their development from partners, and ACME, a leading national development agency for artists' workspace, which raised 60 per cent partnership funding.

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 close partnership with other government departments, lottery distributors, regional development agencies and local authorities to deliver successful lottery projects and the widest possible public benefit.

Contributions from the Millennium Commission and the London Development Agency have been essential in the

Monitoring and evaluation

development of Rich Mix and the Bernie Grant Centre capital projects in London. Partnership funding for Bluecoat Arts Centre in Liverpool included significant contributions from the Heritage Lottery Fund and the regional development agency, and similarly with Eastbourne Borough Council for the Towner Gallery. The latter is also one of many examples of capital projects led by a local authority – others include Southampton City Council (linked to another Arts Capital Programme project, Art Asia) and Colchester Borough Council for the relocation of the First Site Gallery.

We have worked in partnership with the Millennium Commission to develop and deliver the Urban Cultural Programme that is providing £15 million for cultural activities in urban areas across the country.

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 2004/05, 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.

As stated in last year's review, the launch of Grants for the arts provided an opportunity to reconsider how we seek information from

applicants. The evaluation of the first year of the programme provided positive recommendations on how we could refine this area whilst still adhering to our principle of 'light touch' for applicants.

Our capital and stabilisation programmes, which often involve complex and technical projects, utilise specialist expert advice when appropriate.

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.

During 2004/05 we developed and adopted a single set of principles to determine the appropriate level of monitoring for all of our funding programmes. The level is based on an analysis of risk that takes into consideration:

- the amount of money involved
- the strategic importance of the activity
- any other risk factors

Monitoring and evaluation *continued*

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 annual report briefly considers each programme that was active during the year and reports the results of any associated monitoring and evaluation.

Arts for Everyone (Main scheme)

Launched in 1997/98, Arts for Everyone (main scheme) distributed over £50 million to 425 projects, many of which were scheduled to last several years. 2004/05 saw the closure of the remaining 12 active projects that had been delayed for various understandable reasons. The programme was subject to a detailed evaluation in 2003/04.

Awards for All

Awards for All is a joint-distributor lottery scheme which was funded in 2004/05 by Arts Council England, Big Lottery Fund, Heritage Lottery Fund and Sport England. It makes grants of between £500 and £5,000 to small local groups, mainly in the voluntary and community sector, so that they can set up new activities or expand their work. Awards are designed to support a wide range of different projects – embracing heritage, arts, community, sports, environmental, educational

and health initiatives – aiming to improve the quality of life for communities, extend access and participation, and increase skills and creativity.

In 2004/05, Awards for All made 8,904 awards worth a total of £35,680,394, with the average award being just over £4,000.

Our total contribution to the scheme was just over £6.5 million. This includes a contribution to operating costs of around £560,000 and our total contribution to the grants fund was just under £6 million. This amounts to just under 17 per cent of the grants fund. Awards for All operates as a 'single pot' and so grants are not made by the separate distributors. However, activities funded are analysed for attribution to the various distributors' remits. In 2004/05, awards attributable to arts activities made up around 17 per cent of the total value of awards, and so was broadly in line with our contribution.

Awards for All staff in each region assess applications and award decisions are delegated to senior awards officers in the regions. Monitoring and evaluation of the scheme remain the responsibility of Awards for All.

Following a feasibility study, a micro-grants scheme, for grants under £500, was piloted in three regions during 2004/05. The findings from the evaluation of this pilot will be taken into account in planning for Awards for All from April 2006 onwards. The introduction of a new main scheme with an upper limit of £10,000, originally intended for 2005/06, was delayed and will now be launched in April 2006.

Monitoring and evaluation *continued*

Capital

We reported in previous years on the portfolios of projects admitted to Capital Programme One, the Arts Capital Programme and the Grants for the arts – capital programme. Of these, 17 had their detailed plans and main awards approved during 2004/05. We will work closely with each organisation throughout its project – monitoring, evaluating and assessing each stage of the proposed work, to help them fulfil their plans

In the year under review, we continued to monitor projects whose main awards had previously been approved to ensure that they are completed on time, within budget and to the highest possibly 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.

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. The percentage of projects visited varies according to the size of the grant, so that, for example, we would only visit five per cent of projects under £1 million but will visit all projects over £5 million.

As part of the regional delegation process, we are reviewing the most appropriate procedures for post-completion monitoring. This is likely to result in simplified arrangements for organisations receiving regular funding from us as well as lottery funding, as they are already in regular contact with us. We are unlikely

to arrange a specific evaluation visit in such cases and instead will absorb post-completion work in our regular annual reviews.

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 the evaluation in January 2003. The length of time this work is taking is because projects can be admitted at any stage of development and many of those in the Arts Capital Programme (2001) were admitted at a very early stage. It has taken over four years for detailed information to become available on some projects in this programme which meant that in the first baseline year there was very little evidence to demonstrate how the programme's aims and objectives were being met.

In light of the changing nature of our capital department, a revised and reduced version of the evaluation plan is being developed in autumn 2005. A report on the collection of baseline data against agreed performance indicators obtained so far from the organisations was available in July 2005.

Grants for the arts – organisations and Grants for the arts – national touring
Grants for the arts – individuals, organisations and national touring is our main open application programme. Grants normally range from £200 up to £200,000 and can cover activities lasting up to three years.

Monitoring and evaluation *continued*

2004/05 was the second full year of operation. Grants for individuals are not funded by the lottery.

During 2004/05, we made 2,686 grants to organisations, totalling £48 million. The average grant was £17,877, which was 20 per cent larger than the average in 2003/04. We made 297 grants for national touring, totalling £13.1 million, and the average grant was £43,979. A number of grants span more than one year.

As reported earlier in this review, an independent evaluation of the first year of the programme was undertaken by Annabel Jackson Associates. The results were very positive. Some key findings include:

- Grants for the arts has simplified funding, as well as increasing flexibility and innovation
- the application form was considered to be simple
- 68 per cent of applicants interviewed received advice on filling in their application form from our staff
- we reached new people. 50 per cent of grants went to applicants who had not previously received funding from us
- 84 per cent of applicants said that the programme enabled them to do the project they wanted to do

We continue to monitor grants through conditions linked to payments. For grants over £1,000, an activity report form is completed at the end of the project. During the year, we did an internal review of our approach to monitoring. We identified a

number of changes that will be introduced when we launch the improved programme in October 2005.

National Foundation for Youth Music (Youth Music)

Youth Music has created a range of funding programmes over the last six years to improve music-making opportunities for children and young people. During that time over 1,600 funding awards have been made with a total value exceeding £52 million. Coverage has reached 98 per cent of English local authorities with a particular focus placed on the 100 top areas identified as suffering from deprivation. Each funding programme has been designed and coordinated to address specific areas of need identified by research and wide consultation within stakeholder communities.

These funding programmes are a combination of open application programmes and solicited application programmes where Youth Music solicits applications from a number of partners to fulfil its objectives in a focused, effective and efficient manner.

All projects funded by Youth Music are required to complete a monitoring report every time a payment is requested. Expenditure is closely monitored by the submission of certified invoice summaries and, in the case of substantial purchases, copies of the actual invoices. These reports are used to track the progress of each project and whether it is meeting the objectives set by Youth Music and the project itself. In addition, experienced people are appointed as independent monitors to visit projects.

Monitoring and evaluation *continued*

External evaluators are used to determine the effectiveness and quality of Youth Music's funding programmes. Summaries of the evaluations and, for some programmes, the full evaluation, are at www.youthmusic.org.uk

National Touring Programme

The National Touring Programme (NTP) closed at the end of March 2003, having distributed over £35 million across the main touring art forms of combined arts, dance, literature, music, theatre and visual arts to 497 projects. Some of these projects involved complex preparation and span a number of years. Around 100 projects are still active in 2005/06 but we anticipate they will all be closed by March 2006.

We are maintaining regular contact with the remaining live projects to ensure that they are successfully drawn to a close by October 2005. Where grant recipients are unlikely to deliver the original project, either in full or in part, the grant is reduced accordingly. Final report data on all NTP projects reaching completion is being added to the database to inform future planning of touring distribution.

Regional Arts Lottery Programme

The last awards under the Regional Arts Lottery Programme (RALP) were made in the early months of 2003/04. All 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 into 2005/06.

An evaluation of the programme was published in 2003/04. Its findings were immensely valuable in designing and developing Grants for the arts.

Space for Sport and Arts

Monitoring of the programme has taken place through a number of means. In 2003, monitoring was undertaken to compare the new or upgraded facility to original plans and evaluate the suitability of the physical facility for the proposed activities. 71 projects were monitored. This pre-completion monitoring also identified management structures established and assessed their effectiveness.

Furthermore, in 2003 external consultants were commissioned to undertake a survey of pupils, parents and teachers at a sample of 50 schools. The aim of this research was to collect baseline data and was conducted prior to any of the funded facilities being built. Paper-based, self-completion questionnaires were distributed to pupils, parents and teachers at the 50 schools selected, but the response rate did not meet expectations. Several factors were identified as possibly contributing to the poor response rate, including the absence of a tangible facility to comment on.

As a result, monitoring of the programme is taking place in 2005 through similar means. This aims to evaluate the success of the programme now the facilities are complete. 100 schools have been selected, 50 of which were from the monitoring which took place in 2003.

Monitoring and evaluation *continued*

In the light of the response rates, the monitoring project has been refocused to repeat only the most successful elements. This will allow maximum benefit from the baseline data and the chance to capture more in-depth views through an additional qualitative research element which includes focus groups. Furthermore, each project is required to monitor the activities taking place in the facilities benefitting from the funding. Annual reports are submitted to the operating organisation for evaluation of participation rates amongst target groups in sport and the arts.

Stabilisation and recovery

During 2004/05, five of the 20 organisations admitted for stabilisation support completed the programme. The remaining 15 continue to implement their stabilisation plans. Of the 64 organisations admitted to the recovery programme, nine are currently developing recovery plans, 26 are implementing their plans and 29 have now exited from the programme.

We use the same approach to monitoring for both programmes:

- monitoring continues throughout the implementation of each organisation's plan including regular meetings between us, the organisation, and other stakeholders
- we review a wide range of evidence submitted by each organisation such as board papers, financial and marketing plans, and other documents to assess how well the implementation plan is progressing
- when an organisation is identified as being 'high risk', we adopt a more intensive approach, meeting with the organisation

- on a more frequent basis and reviewing the implementation plan in more detail
- on completion of the implementation plan, each organisation is required to prepare and adopt a three-year business plan. We regularly undertake follow up meetings up to a year after an organisation has left the programme

In 2005/06, we will review a sample of the organisations admitted to the recovery programme. The results will inform the development of a new funding programme to be launched in 2006/07.

Urban Cultural Programme

The Millennium Commission has delegated its responsibility for monitoring the projects under the Urban Cultural Programme (UCP) to the various UK arts councils. This means we are monitoring all UCP projects in England.

We have devised a monitoring approach for UCP based on the risk analysis principles discussed earlier in this report. Given the considerable value of the grants issued under the Urban Cultural Programme, all projects will be carefully monitored.

Before starting work, all grant recipients are required to confirm comprehensive details of the planned project, including:

- the expected programme of activities
- the budget and cash flow for the programme
- the level of partnership funding
- marketing plans
- what research or evaluation they plan to assess the success of their project

Financial Directions

During the lifetime of the project, we will receive regular quarterly reports to monitor progress in comparison to the original plans.

At the end of the project each recipient is required to complete an activity report form to record full details of:

- what was undertaken
- what was achieved
- who benefitted or participated

At the end of the programme we will evaluate the programme as a whole and how each project met its own objectives and the objectives of UCP.

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 2004/05.

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 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 2004/05. 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 2004/05.

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 2004/05 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

Performance against strategic objectives

number of applications can be unpredictable and vary from year to year, but the costs of administration and processing are not subject to the same fluctuations. 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.

Performance measure	2002/03 actual	2003/04 actual	2004/05 target	2004/05 actual
Average cost of processing each application	£7,790	£3,831	£3,500	£3,218
Average time to process each application (work days)	59	44	44	39
For reference: number of applications processed	2,172	5,398	5,500	5,966

Performance against strategic objectives

Our work in 2004/05 continued to be directed towards fulfilling the six ambitions identified in our corporate plan for 2003–2006.

Evaluation exercises, such as one undertaken for Grants for the arts, are providing tangible evidence of the progress that we have achieved in enabling the arts to transform lives and communities and to create opportunities for people throughout England.

Supporting the artist

Although Grants for the arts – individuals, our main programme providing support to artists, is funded from our grant-in-aid, our lottery programmes provide artists with indirect support.

Artist workspaces was a priority for Grants for the arts – capital and the programme's portfolio includes projects such as ACME Studios in Peckham, Stroud Valleys Artspace and the FACT centre in Liverpool, all of which had their main awards confirmed in 2004/05. We also provide support by funding organisations that provide training such as the Bernie Grant Centre in London.

Another example is the Young Vic theatre which provides training, particularly for young practitioners, and aims to support innovative work by championing young directors in the early years of their career.

Enabling organisations to thrive, not just survive

One of the aims of Grants for the arts is to support activities that help to build long-term stability in arts organisations. As part of our evaluation of the first year of the programme we reported on how well we had met this aim. Progress was good; we offered 1,062 grants, representing 13 per cent of the total of all grants made.

Grants for arts – capital helps organisations thrive by funding projects that allow them to move into new, purpose-built premises or renovate existing premises. This makes the facilities more acceptable to audiences, thereby improving the organisations' earned income capacities. Each project admitted to the Arts Capital Programme and Grants for the arts – capital automatically receives funding specifically to build the organisation's capacity to run the capital development once it is complete.

Performance against strategic objectives *continued*

Championing cultural diversity

This is central to all of our work. For Grants for the arts, we set ourselves the ambitious target of spending at least 10 per cent of our annual budget on applications from culturally diverse communities. As part of our evaluation of the first year of the programme, we reported on progress towards meeting this target. We met the target and 11 per cent of all grants to organisations went to Black and minority ethnic-led organisations. This represented a significant investment of £4 million.

As one of Grants for the arts – capital's two stated priorities, a significant number of awards were made to diverse projects during 2004/05 including Mind the Gap, Bernie Grant Centre and Kala Sangam.

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 providing opportunities for young people as participants or audiences, and many have a role in developing lifelong learning opportunities. Examples of such projects which received awards in 2004/05 include the Young Vic theatre, Pegasus Theatre and Midi Music Company.

Encouraging growth

All of our lottery programmes are based on a partnership approach that encourages activities that attract additional resources for the arts.

Every capital application must include support from at least one other source and, in most cases, we wish to be the minority funder.

This promotes growth by encouraging the organisation to develop new, or strengthen existing, relationships with other funders such as regional development agencies and local authorities. It also maximises the 'value for money' achieved by our contribution to the project.

Living up to our values

The evaluation of the first year of Grants for the arts demonstrates some of the ways that we are living up to our values:

- streamlining. People see the programme as having simplified our funding, as well as increasing flexibility and innovation
- openness. 50 per cent of grants in the first year went to applicants that had not previously received funding from us
- customer focus. 84 per cent of those interviewed said the programme had enabled them to do the project they wanted to
- simplicity. Reactions from applicants were highly positive. 91 per cent of applicants said it was easy to get hold of an application pack and 78 per cent said that the application form was easy to complete
- support to applicants. 66 per cent of applicants discussed their application with their regional office before applying

There is still more we can do and we will be making continual improvements to the programme.

Progress report on major lottery awards over £5 million

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 2004 but fully paid during 2004/05 and those with outstanding balances at 31 March 2005. 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 2005
- B projects completed and opened during 2004/05
- C projects completed and opened in previous years but with final payments still outstanding at 1 April 2004

The awards are all for capital projects except for five awards made under the recovery or stabilisation programmes – one of the awards to English National Opera, and the awards to the Royal Liverpool Philharmonic, the Royal Shakespeare Company, the Bournemouth Symphony Orchestra and the Chichester Festival Theatre.

A Projects still to be completed at 31 March 2005

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 the Arnolfini

Gallery with a fully accessible building with new spaces, including education facilities and new galleries.

£7,147,290 paid (91.4% 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).

Chichester Festival Theatre

Award: £6,349,759

Stabilisation award to eliminate accumulated deficit, to cover the costs of making changes to the theatre's operational model and to assist with the purchase of a new box office system.

£6,025,000 paid (94.8% of the total award).

Colchester Borough Council

Award: £5,120,000

Colchester Borough Council is working in partnership with the *firstsite* art gallery towards the development of a new visual arts facility that will showcase established artists and emerging talent and meet 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's Latin American art collection.

£34,625 paid (0.7% of the total award).

Progress report on major lottery awards over £5 million continued

English National Opera

Award: £10,200,000

Stabilisation award to allow the new management team to implement a new business model to place the company on a more stable footing. The award is being used to eliminate the accumulated deficit, enhance the development and marketing capacity, and to meet the costs of restructuring the company.

£4,782,732 paid (46.9% 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.

£29,567,346 paid (93.6% of the total award).

Northampton Theatres Trust

Award: £7,548,725

This project is the refurbishment and reconfiguration of the Northampton Derngate and Royal Theatres. The two organisations merged in 1999 to form the Northampton Theatres Trust. The redevelopment will provide an extended and renovated foyer, improved disabled access, improved air circulation, a new Creativity Centre (a home for the theatres' education and outreach activities), and a new rehearsal space bringing in-house produced shows into the heart of the building.

£1,421,562 paid (18.8% of the total award).

The Public (previously c/PLEX)

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 to The Public Building Limited.

£19,420,909 paid (86.8% of the total award).

Rich Mix

Award: £5,340,000

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 skills development relating to information technology. Two cinemas will be built into the venue, one adaptable as a studio theatre/performance space. Programming will combine mainstream with world cinema/Bollywood. The top floor will be a performance club/bar space.

£3,354,156 paid (62.8% of the total award).

Royal Liverpool Philharmonic Society

Award: £10,835,723

Stabilisation award to eliminate accumulated deficit, to reach agreement with Liverpool City Council on the future funding of Philharmonia 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).

Progress report on major lottery awards over £5 million continued

South Bank Centre

Award: £36,711,307

Development of 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 and improvements to external landscaping on the South Bank.

£36,394,917 paid (99.1% of the total award).

Unicorn Theatre

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 500-seat performance space, a second 100-seat space, an education studio, a workshop studio, a rehearsal studio, open and accessible front-of-house spaces, back-of-house accommodation and a meeting room. The project is currently in construction.

£3,880,774 paid (75.9% of the total award).

Young Vic Company Limited

Award: £6,324,972

The project comprises the rebuilding of the original theatre to provide an upgraded auditorium, new foyer and catering spaces, two studios, and improved backstage and office spaces. There will be full access for disabled people. The new design will extend the area of the original building and use the increased space to improve all facilities.

£1,500,434 paid (23.7% of the total award).

B Projects completed and opened during 2004/05

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 and/or final certificates have been issued.

The Junction CDC

Award: £5,529,608

Amalgamation of The Junction music venue with Cambridge Drama Centre to create a single multi-art form facility including a new 200-seat flexible arts auditorium, second auditorium, entrance foyer, rehearsal and digital studios, box office and administration offices. The Junction CDC opened in March 2005.

£5,445,647 paid (98.5% of the total award).

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 (100% of the total award).

The final payment was made during 2004/05.

Progress report on major lottery awards over £5 million continued

The Sage Gateshead (Gateshead Metropolitan Borough Council)

Award: £47,307,409

A new landmark building on the bank of the River Tyne consisting of: concert and rehearsal facilities; library and archive services; recording, publishing and communication facilities; catering, retail and conference areas. It is also the new base for Northern Sinfonia and Folkworks. Significant sources of partnership funding include Gateshead Metropolitan Borough Council and the Single Regeneration Budget. The Sage Gateshead opened in December 2004.

£47,307,409 paid (100% of the total award).
The final payment was made during 2004/05.

Watford Palace Theatre

Award: £5,272,568

A major refurbishment of the Watford Palace Theatre. 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. The theatre reopened in October 2004.

£5,159,690 paid (97.9% of the total award).

C Projects completed and opened in previous years but with final payments still outstanding at 1 April 2004

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 and/or final certificates have been issued.

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.

£5,483,231 paid (97.8% of the total award).

The 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, the European Regional Development Fund and English Partnerships. The 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 and the company is now operating successfully.

£7,484,432 paid (100% of the total award).
The final payment was made during 2004/05.

Progress report on major lottery awards over £5 million continued

BALTIC Centre for Contemporary Art (Gateshead Metropolitan Borough Council)

Award: £41,485,000

Conversion of the Baltic Flour Mills into a contemporary visual arts centre. The main construction work started in September 1999 and BALTIC opened to the general public in July 2002. Significant partnership funding came from the Single Regeneration Budget and Gateshead Metropolitan Borough Council.

£39,016,252 paid (94% 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 the European Regional Development Fund and Birmingham City Council. Opened in November 2001.

£25,000,000 paid (100% of the total award). The final payment was made during 2004/05.

Brighton Festival Society

Award: £19,559,540

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.

£19,559,540 paid (100% of the total award). The final payment was made during 2004/05.

English National Opera

Award: £20,167,011

Capital award towards the development of the London Coliseum master-plan and towards the costs of the programme of restoration and development works, including closure costs during the construction period 2000–04. The work programme ensured 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.

£19,840,772 paid (98.4% of the total award).

Progress report on major lottery awards over £5 million continued

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.

£8,364,283 paid (95% of the total award).

Hampstead Theatre

Award: £12,730,960

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.

£12,216,559 paid (96% 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.

£14,451,040 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.

£7,300,000 paid (100% of the total award).

The final payment was made during 2004/05.

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, the 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).

Progress report on major lottery awards over £5 million continued

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.

£5,490,641 paid (97.3% of the total award).

Lowry Centre (Salford City Council)

Award: £51,749,719

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 the European Regional Development Fund, Salford City Council and English Partnerships. The centre was opened in May 2000.

£51,749,719 paid (100% of the total award). The final payment was made during 2004/05.

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).

Ocean (Ocean Music Trust Ltd)

Award: £14,943,567

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 the European Regional Development Fund. Opened in March 2001.

Unfortunately, due to adverse trading conditions, in October 2004 the directors placed the company into administration. We are working closely with the administrator and other stakeholders to secure a positive future.

£14,893,567 paid (99.7% of the total award).

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).

Progress report on major lottery awards over £5 million continued

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).

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 reopening of the completed works took place in March 2004.

£20,174,888 paid (99.9% of the total award).

Royal Court Theatre (English Stage Company)

Award: £21,159,031

Redevelopment and upgrading of the Grade II listed 395-seat theatre and 60-seat Theatre Upstairs, with additional foyer, bar/restaurant facilities. The award covered relocation costs incurred during the construction phase. The theatre reopened in January 2000.

Significant partnership funding from Jerwood Foundation and Cadogan Estates Partnerships.

£21,006,915 paid (99.3% of the total award).

Royal Exchange Theatre

Award: £25,684,168

Restoration, refurbishment and expansion of facilities following bomb damage. Reopened in December 1998. Significant partnership funding from the European Regional Development Fund, the insurance claim and private sources.

£25,684,168 paid (100% of the total award).

The final payment was made during 2004/05.

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 Theatre (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.

£47,275,496 paid (100% of the total award).

The final payment was made during 2004/05.

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ISBN: 0-7287-1145-1
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