

FINANCIAL RESILIENCE OF CULTURAL HERITAGE ORGANISATIONS (Liverpool Article – ROCK Website) PRIVATE FINANCE (CONTRIBUTIONS TO ARTS COUNCIL ENGLAND FUNDED ORGANISATIONS)

In response to changing economic conditions and cuts to public funding, Arts Council England want to encourage and enable more private giving to UK funded Cultural organisations. ACE are also committed to embracing environmental sustainability and reducing carbon footprint, both within the Arts Council and the organisations directly funded. The information below is a summary of the data included in update to National Portfolio Organizations received this month (last week) in June 2019. ACE are also about entering into consultation with NPO's around the future ACE 2030 Strategy.





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KEY DATA TO NPOS UK

Support for arts and culture in England depends upon a successful mixed funding model in which money from individuals and business, trusts and foundations, plays a crucial role alongside earned income and public investment.

In a difficult financial environment for public funding, many organisations have worked wonders in terms of developing their business models and increasing earned income; but the more uncertain the future, the more necessary it is that we diversify funding and widen the base of support for arts and culture.

Private investment is crucial for the financial support it brings, and for the long-term relationship that it helps build between the arts and cultural sector and the wider community (included responses from 889 arts and cultural organisations.)

This survey found that

- 91 percent of arts and culture organisations received some form of private investment in 2017/18.
- The total investment is a considerable £545m and whilst this represents an increase of eight percent between 2015/16 and 2017/18, in the last year of that period there has been limited growth, which is in line with trends across the wider charitable sector.
- These findings will provide organisations with a snapshot of the fundraising landscape and will help shape our policy as we develop our new ten-year strategy, which will run from 2020.
- A mixed funding model will always be the basis of a flourishing arts and cultural sector.
- The survey provides insight into the current state of philanthropy in the arts and culture sector by investigating how private investment from individuals, businesses, and trusts and foundations has developed over the last three years, as well as presenting a detailed picture of the sector in the 2017/18 financial year.

We used survey responses to model funding for the sector as a whole (estimated at 2,094 relevant arts and culture organisations in England that have generated some form of income based on publicly available data sources¹).

¹ See the Appendix for more detail on the method.



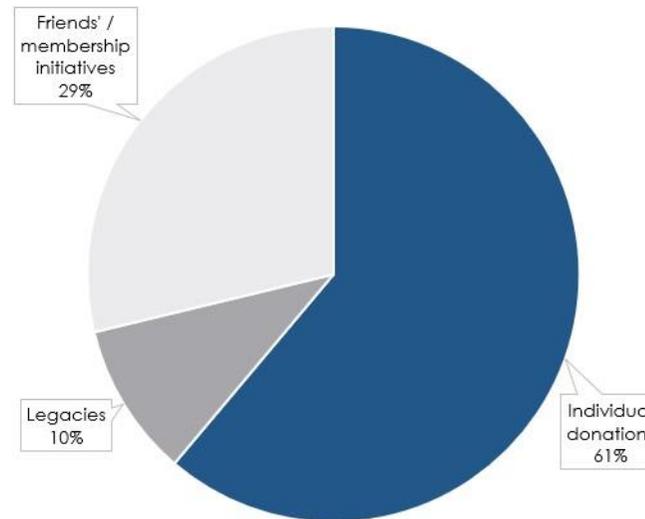
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Overall, the study found that **private investment in arts and culture totalled £545m in 2017/18**. The key findings in this report are:

- **Private investment is very important to arts and culture funding in England:** With public funding gradually declining over the last few years, **private investment, alongside earned income, has become a significant source of income for arts and culture organisations – this is particularly pronounced among smaller organisations.** 91% of arts and culture organisations receive some form of private investment in the 2017/18 financial year, making it the most common source of income in the sector.
- **Individual giving is the largest form of private investment:** individual giving accounts for 43% of private investment in arts and culture in the 2017/18 financial year while grants from trusts and foundations account for 38% and business investment accounts for 18%.
- **All three forms of private investment have grown by 4-11% between the 2015/16 and 2017/18 financial years.** All regions have experienced growth in private investment across the same time period, as have all art forms, bar literature.
- **Private investment is disproportionately skewed towards the 50 organisations that received the greatest amounts of private investment², which receive almost 60% of total private investment:** These top 50 organisations are more reliant on individual giving, while organisations outside the top 50 are more reliant on grants from trusts and foundations.
- **Capital-based arts and culture organisations attract 66% of total private investment, greater than their share of total income³:** London-based organisations are also in greater receipt of individual giving. **(Royal Ballet, English National Opera, etc.)**
- **At the time of the survey, the sector expected further growth in private investment:** Whilst survey respondents recognise that there are important challenges ahead, such as the prospect of a slowing economy, **they still see a bright future for private investment over the next three years, particularly related to the anticipated growth in investment from private individuals and trusts and foundations.**

² Hereafter referred to as the '50 greatest recipients of private investment' ³ Total income comprises Private Investment, Earned Income and Public Funding.

Individual giving by category, % (2017/18)¹⁶



Based on a smaller sample of survey respondents

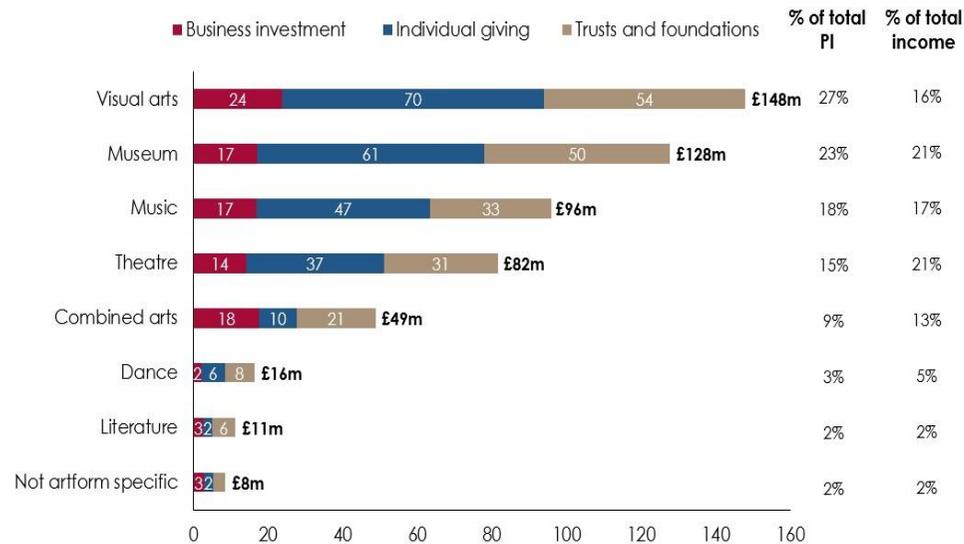
Definitions:

- Individual donations – a cash or in-kind gift (incl. Gift Aid) from an individual to an arts organisation made with no expectation of any return. Individual donations do not include support from charitable trusts and foundations.
- Legacies – a charitable bequest of money or material as stated in an individual's last will and testament.
- Friends' / membership initiatives – the payment of an annual subscription by an individual, often entitling that individual to certain benefits such as priority booking and advance information.
- Gift of shares – gifts of shares are exempt from Capital Gains Tax and donors can claim a tax benefit.
- Payroll giving / Give as you earn – regular donations via a payroll giving scheme established by an employer to allow employees to make regular donations. Any employee or pensioner paid under PAYE can donate to any charitable organisation in the UK.



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Private investment by artform, £m (2017/18)³



- Visual arts organisations are followed by museums and music organisations, accounting for 23% and 18% of total private investment, respectively. These three sectors contain many of the 50 greatest recipients of private investment, particularly some of the major London-based institutions.
- The survey also received a small number of responses from libraries. However, they were not sufficient to perform a meaningful analysis on the library sector as a whole, potentially indicating that the private funding landscape for libraries is in its early stages of development. As the sector continues to develop, future editions of the survey will hopefully receive more responses from libraries allowing for a more detailed analysis.

³ Estimated for the relevant universe of arts and culture organisations in England (n = 2,094); % of total income is indicative as it is estimated based on a smaller sub-sample of respondents that have reported their total income (n = 887). Note that a small number of survey responses were also received from library, but not enough to build a robust overall picture of this part of the sector