

**The ARTS COUNCIL of NORTHERN IRELAND
Annual Report and Accounts
For the year ended 31 MARCH 2024**

*Laid before the Northern Ireland Assembly
Under Article 8 (2) (c) and Article 9 of the
Arts Council (Northern Ireland) Order 1995
by the Department for Communities
on*

13 December 2024

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Any enquiries related to this publication should be sent to us at:

Arts Council of Northern Ireland,
5th Floor,
The MAC
10 Exchange St,
Belfast
BT1 2NJ

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Performance Report

The Performance Report focuses on matters relevant to all users of financial statements. Its purpose is to provide information on the Arts Council of Northern Ireland, its main objectives and strategies and the principal risks it faces. It has two sections: an 'Overview' and a 'Performance Analysis.'

Performance Overview

The purpose of the Overview section of the Performance Report is to give the lay user a brief summary, which provides sufficient information to understand the Arts Council, its purposes, the key risks to the achievement of its objectives and how it has performed during the year. It consists of the Chair's Foreword, Chief Executive's Introduction, the Purpose and Activities of the Arts Council, Key Issues and Risks which could affect the Arts Council in delivering its objectives, an explanation of going concern as it affects the Arts Council and a Performance Summary.

Chair's Foreword

The findings of the Arts Council's latest annual funding survey of our regularly funded arts organisations indicated that, by 2022-23, workforce levels had returned broadly to pre-Covid levels and earned income had grown by 72 percent. These welcome improvements to the health of the arts sector in Northern Ireland are, however, countered by other factors, including the decline in income from European funding sources as legacy projects funded before the UK's exit from the EU come to an end; and by a continuing rise in energy and living costs, and their subsequent impact on the running and programming costs of arts organisations. A five percent reduction to the Arts Council's Exchequer budget in 2023-24 added significantly to the pressure on the sector and the Arts Council as principal funder.

The Arts Council pressed for the reversal of this cut to our budget and, indeed, for a level of government support that would bring investment in the arts in Northern Ireland closer to parity with the rest of the UK and Ireland. While the decline in government investment poses a significant challenge, the Arts Council remains committed to advocating for increased funding and resources. The restoration of devolved government in Northern Ireland in February 2024, following a two-year hiatus, and with it the appointment of a local Minister with responsibility for the arts, provides a fresh opportunity for a change in direction and the start of a process of reinvestment in the arts.

2023-24 marks the final year of the Arts Council's current 5-year Strategic Framework. In preparation for a new Strategy, we embarked on an extensive consultation process, starting in July and running throughout the course of the year. We engaged with upwards of 300 people in sessions held across the region, before putting the draft strategy out to public consultation in January 2024. The new Strategy, which will be our first 10-year Strategic Plan for the development of the arts in Northern Ireland, will be launched in the opening weeks of the 2024-25 financial year.

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Reflecting on the last five-years of the outgoing Strategy, the sector has faced the most significant challenges, including the lack of a functioning Executive and absence of a Programme for Government, the impact of the pandemic, a cost-of-living crisis, reduced government investment, and rising energy costs. Yet, despite these challenges, it has found innovative, flexible, and creative ways of delivering, and has continued to contribute significantly to life in Northern Ireland.

Looking ahead to the coming year and the start of our new Strategy, we eagerly anticipate the release of the Department for Communities' 'Culture Arts and Heritage Strategy' and the prospect of our two strategies combining to strengthen the position of arts and creativity in our society and economy. We congratulate the newly appointed Minister for Communities, Gordon Lyons MLA, and we look forward to working with his department to stabilise and transform the local arts sector.



Liam Hannaway
Chair
Arts Council of Northern Ireland

Date: 6 December 2024

Chief Executive's Introduction

With the Arts Council's opening Grant-In-Aid budget for 2023-24 reduced by five percent on the previous year, Government investment in the arts in Northern Ireland fell to a baseline of £9.7m. Following more than a decade of disinvestment, the Arts Council estimates that we would now require an additional £23.11m from the Exchequer, on top of the £9.7m baseline, to best meet our statutory duties, particularly in relation to increasing public access to and participation in the arts. Years of government disinvestment has left Northern Ireland with a weakened creative sector, working with reduced income and facing higher costs of delivery.

This year the Arts Council awarded total Exchequer funding of £9.8m through our Annual Funding Programme. This programme, which we also fund through our National Lottery funds, represents the most significant annual allocation of funding for the arts in Northern Ireland, supporting the core infrastructure of 86 key arts organisations in 2023-24, albeit largely on standstill funding.

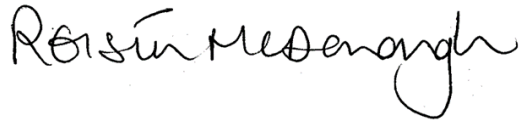
We were able to make 48 awards through our Health and Safety Capital Programme, totalling £810,044; and we awarded £488,350 Capital funding from the Department of Communities with 55 awards through our Musical Instruments programme, which is designed to increase the quality of music-making in Northern Ireland by helping musicians to replace worn-out instruments.

The Arts Council published a number of evaluation reports on our programmes and made submissions to consultations, including responses to the Department for Communities' consultation on its 2023-24 budget allocations and the Department for Economy's draft tourism strategy for Northern Ireland. We also published the findings of the 2022-23 General Population Survey about attendance, participation, and public attitudes to the arts. The key finding of this survey, which builds on previous similar surveys, is very positive, in that it demonstrates the Northern Ireland public's overwhelming support for government investment in the arts.

Despite an increasingly challenging operating climate, our artists and arts organisations nonetheless achieved very notable successes in 2023-24. Following sell-out runs at the Outburst Queer Arts Festival in Belfast and the Abbey Theatre in Dublin, the Belfast Ensemble's multi-award-winning production, 'Abomination: A DUP Opera', made its London premiere at the Southbank Centre. Deepa-Mann-Kler's cutting-edge immersive digital art exhibition, 'The Metaverse and Me', animated paintings with virtual shows that remained hidden until viewed through a mobile phone. The Seamus Heaney HomePlace marked the 10-year anniversary of the great poet's death with a special programme of commemorative events. The 'Spotlight on Theatre and Dance from NI' at the Edinburgh Fringe Festival once again showcased the international quality of our best performers and companies. Rounding off the year, Her Majesty Queen Camilla joined local dignitaries and several of Northern Ireland's most eminent artists at a special poetry performance at Hillsborough Castle, organised by The Queen's Reading Room in partnership with the Arts Council.

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We said goodbye this year to a number of significant personages associated with the arts in Northern Ireland, including the renowned painter and sculptor, Deborah Brown, and radio drama producer, dramatist and author, Maurice Leitch.

A handwritten signature in black ink that reads "Roisin McDonough". The signature is written in a cursive, flowing style.

Roisin McDonough
Chief Executive
Arts Council of Northern Ireland

Date: 6 December 2024

Purpose and Activities of the Arts Council of Northern Ireland

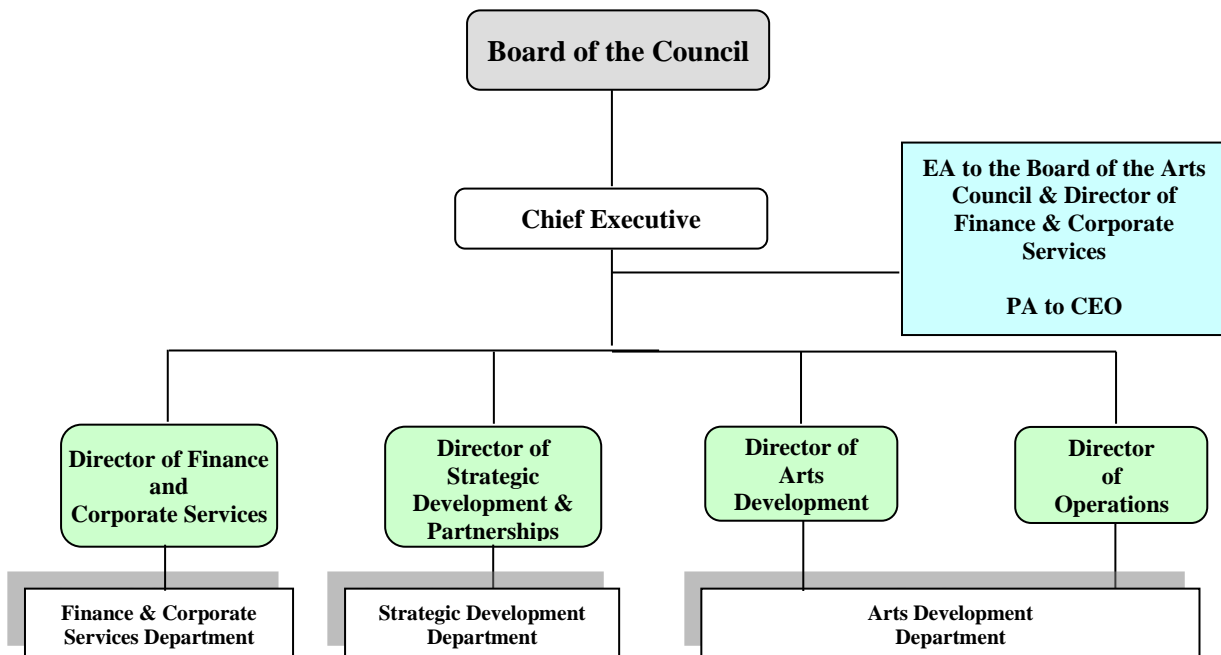
Business model and environment

The Arts Council of Northern Ireland is the statutory body through which public funding for the arts in Northern Ireland is channelled. It was established by the Arts Council (Northern Ireland) Order 1995 and came into existence on 1 September 1995. The Council took over the assets and liabilities of the Arts Council of Northern Ireland Limited which was a company limited by guarantee established in 1994 as an interim body between the previous Arts Council (established in 1943) and the new statutory body.

The origins of the Arts Council date from 1943 when the Council for the Encouragement of Music and the Arts in Northern Ireland was set up. Initially funds were provided by the Pilgrim Trust and matched by the Ministry of Education for Northern Ireland. At the present time, the Arts Council is funded via grant-in-aid by the Department for Communities.

Organisational Structure

The affairs of the Arts Council are managed by a Board consisting of the members listed in the Directors Report. The Arts Council has five executive directors: the Chief Executive, the Director of Finance and Corporate Services, the Director of Strategic Development and Partnerships, the Director of Arts Development, and the Director of Operations. The Chief Executive, Roisin McDonough is the Principal Executive Officer of the Arts Council and is supported by a professional staff responsible for subject and functional areas of the Arts Council's programme.



Principal Functions Related to Grant-in-Aid Activities

The Arts Council is charged with four statutory functions under the Arts Council (Northern Ireland) Order 1995. These objectives are:

- (a) To develop and improve the knowledge, appreciation, and practice of the arts;
- (b) To increase public access to, and participation in, the arts;
- (c) To advise the Department for Communities and other government departments, district councils and other bodies on matters relating to the arts; and
- (d) Such other functions as are conferred on the Arts Council by any other statutory provision.

Review of Grant-in-aid Activities

During the year 2023 - 24, the Arts Council's Expenditure on the Arts totalled £11,662,146 (2022 - 23: £11,683,776). This represents a decrease of £0.022 m. on the previous year (2022 - 23: decrease of £4.235 m). Excluding in-year capital grants to arts organisations of £1.218m there is a decrease of £0.364m (2022 - 23: decrease of £3.605m) on the prior year. Regularly funded organisations were awarded £9.8m (2022 - 23: £10.2m).

Long-term Expenditure Trends

The opening Exchequer resource funding for 2023 - 24 was from £9.716m. a decrease of £0.481m from the previous year.

Closing Expenditure on the Arts in Financial Year 2023 - 24 was higher at £11.662m. than the opening allocation of £9.716m because of increased in year funding for expenditure on the Arts.

Objectives and Strategies

The Arts Council's vision is to 'place the arts at the heart of our social, economic and creative life.'

In 2020, the Arts Council introduced its new five-year framework for the development of the arts, 2019 - 2024. The main themes of the framework, which also informed the Arts Council's Business Plan for 2023 - 24, are:

- Inspire
- Connect and
- Lead.

Key Issues and Risks that could affect the delivery of our Objectives

The Board manages risk by ensuring that the procedures which are in place to verify risk management are regularly reviewed and reported. The Audit and Risk Committee receive and review quarterly risk reports prepared by senior management. These reports are in turn considered at the subsequent Board meeting. Risk management is fully incorporated into organisation and business planning.

The principal risks considered in the risk register are:

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- Exchequer funding 2024/25: Exchequer funding cut in real terms and late notification of budget which resulted in a delay issuing grants to organisations (Annual Funding Programme 2024/25) and budget uncertainty.
- High Court ruling that may apply to the Arts Council, challenging staff decision making for Exchequer funding; and
- Loss of frontline services from structural underfunding of the Arts if future funding secured for arts organisations is inadequate.

The Board considers how these risks are managed, the residual risk and action plans as appropriate.

Going Concern Basis

The financial statements of the Arts Council are produced on the 'Going Concern Basis.' This was formally considered by the Board. The Arts Council is not aware of any reason to adopt a different basis.

The Arts Council has a projected pension surplus of £1.87 m. as of 31 March 2024, however in the accounts this has been reduced to zero, due to the asset ceiling calculation in accordance with IAS 19. The Head of Governance Support Unit at our sponsor Department confirmed in 2010 that in the event of closure of the Arts Council the Department would guarantee the funding for any pension liabilities.

New Decade New Approach Agreement (NDNA) committed the NI Executive to carrying out a review of Arm's Length Bodies (ALBs) with a view to their rationalisation, and consideration as to their efficiency and effectiveness. The Department has advised the trade unions that the Arts Council is one of nine DfC ALBs within the scope of the NDNA review process. However, the review team has not yet contacted the Arts Council.

A Performance Summary 2023 - 24

The performance summary is reviewed under the three themes underpinning the five-year Framework for the development of the arts, 2019 - 24, and accompanying Business Plan for 2023 - 24.

Inspire

‘Great art inspires us, nurtures our understanding of who we are and the world around us, and brings us together.’

The Arts Council’s Annual Funding Programme is the most significant allocation of public funding for the arts in Northern Ireland each year. The aim of the programme is to support Northern Ireland’s arts infrastructure through investing in organisations in all artforms and practices for their core and programming costs to best meet our strategic outcomes. Through the Annual Funding Programme in 2023-24, The Arts Council invested in 86 organisations with awards totalling £14m, comprising £9.8m Exchequer and £4.2m National Lottery funds. It remains a financially challenging time for everyone working in the arts, and though we were able to award largely standstill funding for 2023/24 despite an opening five percent cut in the Arts Council’s opening Exchequer budget, we are left with a weakened creative sector, working with reduced income and facing higher costs of delivery.

In the context of escalating energy and living costs, Arts Council research provided essential insight and intelligence on the state of the arts sector. The evidence gathered through our Annual Funding Survey and elsewhere formed the basis of advocating for greater support from government.

At the beginning of 2022, Arts and Business NI launched a pioneering five-year financial growth programme to support small- and medium-sized arts organisations to develop their workforce’s strategic and financial planning capabilities. We are continuing to support Arts and Business NI over the course of this programme.

The Arts Council also continues to work with Derry City and Strabane District Council following their resilience programme for arts organisations in the North West, to enhance reporting and data capture and understanding of the scope and scale of the sector.

Connect

‘The Arts are without boundaries. They connect communities, help build creative places, define a new sense of identity, help us tell our stories, seek out and engage wider audiences. We want to reach out and reach further.’

The Arts Council has a longstanding commitment to promote equality and has developed specific programmes which respond to the needs of marginalised groups such as older people, young people in deprived communities, as well as minority ethnic artists and their representation in public life.

We continued to implement our Equality Scheme, which is a statement of our commitment to fulfilling our Section 75 duties. The Equality Monitoring Working

Group is chaired by the Chief Executive and ensures that equality and diversity is embedded across the organisation.

We continued to implement our Disability Action Plan, which outlines our commitment to promoting positive attitudes towards people with disabilities and encourages participation in all aspects of the arts. The Disability Action Plan aims to ensure that people with a disability have the same opportunities to avail of investment in the arts, including the employment of persons with a disability in the arts sector. The plan builds on measures already taken by the Arts Council to promote inclusion and access, including funding the core costs of several Arts and Disability organisations, supporting artists through the D/deaf and Disabled Artists Support Fund and ensuring equality of access to the Arts through the Arts & Disability Equality Charter. We continue to work with the four UK arts council and the British Film Institution on the development of 'All In,' a new UK-wide access scheme to ensure that disabled, D/deaf and neurodivergent audiences are able to participate fully in the arts.

The Arts Council continued to share intelligence with the sector about international opportunities through our participation in Arts Infopoint UK initiative, and we support cultural exchange and touring through our participation in the Four Nations International Fund; the Cultural Bridges programme, which promotes and strengthens artistic and cultural exchange between the UK and Germany; and the joint Franco-UK artists' residency programme, 'Magnetic'.

Lead

'We see our role as enabling and empowering the sector to achieve its ambitions, and to speak out for the arts; but we won't be able to do that alone – we will need to work together with other stakeholders to deliver on this promise.'

The Arts Council is fully committed to being part of the journey to achieve net zero carbon emissions by 2050. We will, through our policies and strategy work promote the highest standards in environmental responsibility. In 2023-24, we published the findings of a Climate Change Survey of the Arts Council's main funded organisations. The survey established current levels of organisation awareness, action, and impact relative to climate change and the environment and identified what further support organisations need. Our work in promoting and supporting positive environmental practices will be greatly enhanced by the Northern Ireland Assembly climate change legislation and targets for emissions cuts. This will provide a clearly defined policy framework in which the Arts Council could operate to mitigate and adapt to climate change through its grant programmes.

The Arts Council's Corporate Communications continued to promote and champion the arts through traditional and social media channels. For a second year, we delivered an integrated promotional campaign in December to raise the profile of the arts and encourage the public to attend NI theatres, galleries, venues, and craft shops. At the end of the year, we introduced a new section to the Arts Council's website dedicated to Advocacy and designed to support the sector in enhancing the recognition of its contribution to Northern Ireland society and economy.

The Arts Council delivers a comprehensive programme of research and evaluation. Our research programme aims to:

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- Build evidence-based knowledge and understanding of the role and impact of the arts on people's lives;
- Identify patterns of engagement and factors affecting engagement in the arts; and
- Help create more diverse, equal, and confident communities by addressing inequalities as they relate to race, disability and gender.

In 2023/24 the Arts Council published the following reports, available on the Arts Council website:

- Response to DfC Consultation on 2023-24 Budget Allocations (June 2023)
- Climate Change Survey (July 2023)
- General Population Survey, 2022-23 (September 2023)
- Annual Funding Survey, 2022-23 (October 2023)
- Creative Schools Partnership Evaluation Report (October 2023)
- Response to consultation on Approach to 10X Technologies and Clusters (December 2023)
- Response to DfE Consultation on Draft Tourism Strategy for NI (January 2024)

The information gathered through our research programme contributed to the Arts Council developing appropriate policy responses as well as to strengthening our ability to advocate for the value of the arts and the need for greater investment from government. In addition to our regular meetings and briefings with government officials, the Chair and Chief Executive of the Arts Council attended a No.10 Downing Street reception celebrating Northern Ireland's arts and culture, taking the opportunity to raise awareness about the positive impact that the arts have on society and the economy. The Arts Council also attended meetings of the All-Party Group on Arts at Stormont, where we highlighted the challenges and opportunities for the arts in Northern Ireland and the investment required to deliver the ambitions of the Arts Council's new 10-year Strategic Plan, to be published in the first weeks of the 2024-25 financial year.

Performance Analysis

The purpose of the 'Performance Analysis' section is to provide a detailed performance summary of how the Arts Council measures its performance and a more detailed integrated performance analysis and long-term income analysis.

Key Performance Indicators, Risk and Uncertainty

The Arts Council has two main financial Key Performance Indicators: Resource out-turn and Capital out-turn. After additional in-year funding, the resource budget allocation increased to £11.804m; the Arts Council spent £11.788m which represents a resource out-turn of 99.9%, which is above the key performance target indicator of 98.0%.

The Arts Council is not allowed to over-spend but equally it is expected to spend its budget allocation. This is managed on a monthly basis by having month-end budget meetings and reporting on our expected year-end outturn to the Department in our monthly Resource Consumption. In this way, we can manage under-spends and over-spends in various budget lines and deliver an acceptable year-end outcome.

The Arts Council closing capital budget was £1.300m; the Arts Council spent £1.277m which represents a capital out-turn of 98.2%, which is above the key performance target indicator of 97.0%.

Governance and Accountability	
Key Performance Indicator (KPI)	Outcome
At least 98.0% of resource programme spend by year-end.	Resource out-turn 99.9%. KPI met
At least 97.0% of capital programme spend by year-end.	Capital out-turn 98.2%. KPI met.

Financial Results

The Arts Council's key financial target is to operate within the allocated budget for the year. At the end of the year, the Arts Council realised total net expenditure of £13,190,102 (2022 - 23: £13,833,064). The taxpayer equity at the year-end has a surplus of £184,879 (2022 - 23: surplus £2,409,069) which includes a pension reserve of nil (2022 - 23: asset £279,000).

Social and community issues

The Arts Council supports generous charitable giving by staff through payroll giving.

Non-Current Assets

The movement on non-current assets is reported upon in Notes 4 and 5 of the accounts. Assets to the value of £90,143 (2022 - 23: £117,293) were added during the year, the 2022 -23 value excludes the capitalisation of leasing office premises on adoption of IFRS 16.

Interest rate and currency risk

The Arts Council has no borrowing, relying primarily on Departmental grants for its cash requirements and is therefore not exposed to liquidity risks. It has also no material deposits. Therefore the Arts Council is not exposed to material interest rate risk and as all significant assets and liabilities are determined in sterling it is not exposed to material currency risk.

Payment of Suppliers

The Arts Council is committed to the prompt payment of bills for goods and services in accordance with the Confederation of British Industry's Prompt Payment Code. The target for payment of bills is 10 days from receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later. A review conducted at the end of the year to measure how promptly the Arts Council paid its bills found that 99% of the bills were paid within this standard. The comparative figure for 2022 - 23 was 94%. A review of payment of bills in 30 days from receipt of goods or services found that 100% of the bills were paid within 30 days (2022 - 23: 100%).

Overall, for the year, the average number of days taken to pay invoices was 5 days (2022 - 23: 4 days).

Pension Fund (Audited Information)

All assets, liabilities and operating costs of the Arts Council's pension scheme are recorded in the accounts of the Arts Council Exchequer entity. The salary charges to Lottery in-year include a recharge of employer pension costs of £161,109 (2022 - 23: £135,867).

The fair value of scheme assets was £18.909 m (31 March 2023: £17.336 m) and the present value of the Arts Council's share of the scheme liabilities was £17.047 m (31 March 2023: £17.057 m). The Arts Council's share of the Scheme's recorded net pension assets at 31 March 2024 was £0.00 m due to the asset ceiling being applied (31 March 2023: asset £0.279 m).

The accounting policy for pensions is disclosed in Note 1.15 in the accounts.

Accounts and Appointment of Auditors

The Accounts of the Arts Council are prepared in a form directed by the Department for Communities with the consent of the Department of Finance in accordance with Article 8 of the Arts Council (Northern Ireland) Order 1995.

The financial statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Arts Council (Northern Ireland) Order 1995. She is Head of the Northern Ireland Audit Office and she and her staff are wholly independent of the Arts Council. She reports her findings to the Northern Ireland Assembly.

The fee for the audit of these financial statements is £34,000 (2022 - 23: £27,000). This cost is included in Note 2(a) Operating Expenditure in the financial statements. The Arts Council did not purchase any non-audit services from its auditor the Northern Ireland Audit Office during the year.

Complaints Handling

The Arts Council has a Service Charter, which outlines the standard of service the public should expect. The Council operates a Service Complaints Procedure to handle general complaints about our service.

Complaints can be made informally by telephone or formally in writing to the Complaints Administrator. There are different procedures depending on whether the complaint is:

- About a direct Arts Council service;
- About a third-party organisation or individual funded by the Arts Council; or
- An anonymous complaint.

Further information on complaints can be found on the Arts Council website at [Governance | Arts Council NI \(artscouncil-ni.org\)](#)

Four reports were provided to the Board on the number of complaints received and the outcome in the 2023 - 24 financial year (4 in the 2022 - 23 financial year).

There were 7 direct complaints received in the 2023 - 24 financial year (16 in the 2022 - 23 financial year).

Respect for Human Rights

It is the policy of the Arts Council that, during the course of their employment, no employee receives less favourable treatment or is discriminated against on the grounds of their sex including gender reassignment, pregnancy or maternity leave, marital or civil partnership status, sexual orientation, race or ethnic origin, religious belief, political opinion, national identity, age, or disability.

Anti-corruption, Anti-fraud, and Anti-bribery Matters

The Arts Council has a number of policies in place, designed to minimise the risk of fraud. These are Anti-Fraud and Anti-Bribery Policy, Conflicts of Interest Policy, Whistleblowing Policy, Gifts and Hospitality Policy and Code of Conduct for Staff. Staff received training on Fraud Awareness, Bribery and Corruption during the course of the year.

During 2023 - 24, there were no incidents of fraud relating to the Arts Council grant recipients (two in the 2022 - 23 financial year).

Sustainability Report

The Arts Council is fully committed to being part of the journey to achieve net zero carbon emissions by 2050, ongoing plans and activities include:

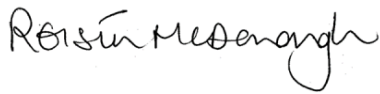
- Identifying alternative office accommodation in line with the principles set out in the Government Estate Strategy (smaller, better, and greener). The evolution of hybrid working provides an opportunity to improve the office efficiency ratio, m²/FTE, and reduce CO₂ emissions resulting from the daily commute,
- Reducing waste and increasing recycling levels,
- Reducing carbon footprint in terms of energy consumption,
- Reducing paper consumption through e-filing of transaction records, duplex printing, and where appropriate n-printing (multiple impressions on A4-size paper),
- Participating in the Government's "Cycle to work" scheme,
- Suppressing the need for business travel through greater use of video/teleconferencing,
- Asking client organisations via ACNI's Stability and Renewal Programme to demonstrate how they align to minimising negative environmental impacts and promoting positive ones,'
- Publishing a survey of the core arts sector establishing how best to promote, support and sustain positive environmental practices. The survey was published on our website in July 2023 and is available at [Climate Change Survey 2022 | Arts Council NI \(artscouncil-ni.org\)](https://www.artscouncil-ni.org/Climate-Change-Survey-2022)

Arts Council is currently implementing a Climate Crisis Plan presented to its Board that sets out steps it proposes to tackle the climate crisis, in summary these are:

1. Strengthening its strategic commitment to addressing climate crisis by mainstreaming actions across three primary areas: waste reduction, travel reduction and energy consumption,

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2. Developing internal ACNI strategy to make environmental responsibility integral to all its policies,
3. Using its place as the leading development and funding Agency of the Arts in Northern Ireland to promote awareness amongst funded organisations of the need for positive environmental change within the sector,
4. Conducting a baseline audit sector wide to develop and improve understanding of environmental impact management and how the Arts could be a vehicle to communicate climate awareness to its audience.



Roisín McDonough
Accounting Officer
Arts Council of Northern Ireland

Date: 6 December 2024

Accountability Report

The Accountability Report has three sections: a Corporate Governance Report; a Remuneration and Staff report and an Assembly Accountability and Audit Report.

Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of the Arts Council's governance structures and how they support the achievement of its objectives. The Corporate Governance Report includes the Directors' Report, the Statement of the Accounting Officer's Responsibilities, and the Governance Statement.

Directors' Report

Board Members of the Arts Council and members of its Audit and Risk, Grants, Acquisitions and Finance and Capital Committees

The Arts Council performed its functions during the year ending on 31 March 2024 by making grants to organisations engaged in the arts either on an annual or a project basis; by granting awards and bursaries to individuals engaged in the arts; by organising tours of performing and creative artists; by organising and participating in the Forum for Local Government and the Arts; and by advising the Department for Communities and various other public and private bodies on a range of issues relating to the arts. The Arts Council is also one of the distributing bodies of National Lottery funding. Lottery distributing activities are reported upon separately under the National Lottery Etc. Act 1993.

Appointments to the Board are made by the Minister for Communities. The Chair and members of the Board have individual and collective responsibility to the Minister as Head of Department.

The Chief Executive of the Arts Council of Northern Ireland is Roisin McDonough.

The Arts Council is vested in and administered by a body corporate known as the Board of the Arts Council, consisting of a Chair, Vice-Chair and eight members (as at 31 March 2024) appointed by the Department for Communities Minister, as set out in the Arts Council (Northern Ireland) Order 1995. The Board of the Arts Council for the year ended 31 March 2024 is shown below:

Board Membership from 1 April 2024 to 31 March 2024

Mr Liam Hannaway (Chair)
Mr William Leathem (Vice-Chair)
Ms Lynne Best
Mr Paul Boyle (resigned 23 August 2024)
Mr Paul Brolly
Mr Joe Dougan
Mr Ray Hall

Mr Sean Kelly
Ms Laura McCorry and
Dr Gearóid Trimble.

Committee Membership

Details of the structure and roles for each committee are given in the Governance Statement starting on page 22.

The members of the Audit and Risk Committee for the year ended 31 March 2024 were:

Mr William Leathem (Chair)
Mr Ray Hall and
Dr Gearóid Trimble
Mr Paul Boyle (interim member)

The members of the Grants Committee for the year ended 31 March 2024 were:

Ms Laura McCorry (Chair)
Ms Lynne Best
Mr Joe Dougan and
Mr Sean Kelly

The members of the Finance and Capital Committee for the year ended 31 March 2024 were:

Mr Paul Boyle (Chair)
Mr Paul Brolly
Mr Sean Kelly and
Ms Laura McCorry.

Several members of the Board of the Arts Council and members of key management staff are also involved with other arts organisations in Northern Ireland either directly or indirectly because of a family relationship, a close friendship or business relationship. All individuals make an annual declaration of their interests and do not take part in discussions and decisions to make grant awards to those organisations with which they have a declared interest. A list of awards made to the organisations concerned and details of who made the declaration of interest is detailed in Note 13. The Register of Interests is also online on the Arts Council website, [Board Members Declaration of Interests 2024/25 \(s3-assets.com\)](#) All transactions relating to the organisations were conducted at arm's length by the Arts Council.

Personal Data

There were no reported personal data related incidents during the year.

Statement of the Accounting Officer's Responsibilities

Under Section 8 of The Arts Council (Northern Ireland) Order 1995 the Arts Council is required to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction determined by the Department for Communities with the approval of the Department of Finance. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Arts Council and of its income and expenditure, Statement of Financial Position, and cash flows for the financial year.

In preparing the annual accounts the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- Observe the Accounts Direction issued by the Department for Communities including the relevant 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 as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Department for Communities has designated the Chief Executive of the Arts Council as Accounting Officer of the Arts Council. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Arts Council's assets are set out in *Managing Public Money Northern Ireland*.

As the Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Arts Council's auditors are aware of that information. As far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Scope of Responsibility

As Accounting Officer, I have responsibility for ensuring the Arts Council's business is conducted in accordance with the law and proper standards, and that public money is properly accounted for, and used economically, efficiently, and effectively. In discharging this overall responsibility, I am responsible for ensuring the existence of a robust framework of governance and accountability designed to instil a sound system of internal control, manage risk and support the achievements of the Arts Council's objectives whilst safeguarding public funds and departmental assets in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland. I am also personally responsible for ensuring compliance with the requirement of the Arts Council's Partnership Agreement.

This responsibility is supported by the functions of the Arts Council; Board; Committees (particularly the Audit and Risk Committee); internal and external audit; the Arts Council's risk register as well as accountability meetings with the Department for Communities.

I also combine my Accounting Officer role with my responsibilities to the Department including any Ministerial directions. There were no Ministerial directions in the 2023 - 24 financial year.

Corporate Governance Code

The Arts Council complies with the principles of good practice detailed in Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013 issued by Department of Finance and Personnel (now Department of Finance (DoF)) under cover of their letter DAO (DFP) 06/13.

The Board reviewed and discussed the six principles of the code at its annual effectiveness meeting on 10 & 11 October 2024 and is content that the Arts Council has adopted the practices set out in the code wherever they were relevant, practical, and consistent with business needs.

Two principles were less relevant to the Arts Council:

- (a) Board composition because the Department for Communities Minister makes appointments to the Board. However, the Board has the authority to co-opt to its committees where it deems a skill or experience is required.
- (b) Arm's Length Bodies (ALBs). This principle has negligible relevance as it was directed towards Departments and their governance arrangements with ALB Boards.

There were no departures in the 2023 - 24 financial year from the application of relevant principles.

Conflicts of Interest

The Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013 requires the Board to publish how it identified any conflicts of interest and potential conflicts and how these have been managed. The Arts Council has a conflict of interest policy, which applies to Board and Staff. The policy is reviewed annually, most recently at the Board effectiveness meeting on 10 & 11 October 2024. The Arts Council is not aware of any non-compliance with the management of interests sections of the Code.

Several members of the Board of the Arts Council and members of key management staff are also involved with other arts organisations in Northern Ireland either directly or indirectly as a result of a family relationship, a close friendship or business relationship. All Board members and staff make an annual declaration of their interests and do not take part in discussions and decisions to make grant awards to those organisations with which they have a declared interest.

A list of awards made to the organisations concerned and details of who made the declaration of interest is detailed in Note 13. All the transactions relating to the organisations were conducted at arm's length by the Arts Council.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Arts Council is directed and controlled and the activities through which it accounts to and engages with all stakeholders. It enables the Arts Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and value for money services and facilities.

The system of internal control is a significant part of that framework and 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 on-going process designed to identify and prioritise the risks to the achievement of departmental 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.

The governance framework has been in place in the Arts Council for the year ended 31 March 2024 and up to the date of approval of the annual report and accounts and accords with Department of Finance guidance.

The Governance Framework

The key elements of the systems and processes that comprise the Arts Council's governance arrangements are:

1. Identifying and communicating the Arts Council's vision of its purpose and intended outcomes;
2. Reviewing the Arts Council's vision and its implications for the Arts Council's governance arrangements;
3. Measuring the quality of service, ensuring delivery in accordance with the Arts Council's objectives and ensuring that they represent the best use of resources;
4. Defining and documenting the roles and responsibilities of the Executive, Non-Executive, Scrutiny and Officer functions, with clear delegation arrangements and protocols for effective communication;
5. Developing, communicating, and embedding Codes of Conduct, defining the standards of behaviour for members and staff;
6. Reviewing and updating the Partnership Agreement, Scheme of Delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
7. Undertaking the core functions of an Audit and Risk Management Committee;
8. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
9. Implementing procedures for whistleblowing and for receiving and investigating complaints from internal and external sources;
10. Identifying the development needs of members and senior officers in relation to their strategic roles, supported by training; and
11. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability, and encouraging open consultation;
12. Implementing recommendations arising from Governance Reviews commissioned by the Department for Communities where those recommendations applied to the Arts Council.

The Arts Council has a Board Code of Conduct Policy, which was updated and approved by the Board in June 2019 and is reviewed annually. This was reviewed at the Board's annual effectiveness session on 10 & 11 October 2024.

Board

I am supported by the Board of the Arts Council. The Chair and members of the Board have individual and collective responsibility to the Minister as Head of Department to:

- Provide effective leadership for the Arts Council, in particular in defining and developing its strategic direction and in setting challenging objectives;
- Act in a way that promotes high standards of public finance, including the promotion of regularity, propriety, and value for money;
- Ensure that the Arts Council's activities are conducted in an efficient and effective manner;

Arts Council of Northern Ireland

- Ensure that strategies are developed for meeting the Arts Council's overall objectives in accordance with the policies and priorities established by the Minister;
- Monitor the Arts Council's performance to ensure that it fully meets its aims, objectives, and performance targets;
- Ensure that the Arts Council's control, regulation, and monitoring of its activities as well as those of any other bodies which it may sponsor or support, ensure value for money within a framework of best practice, regularity, and propriety;
- Participate in the corporate planning process; and
- Appoint a Chief Executive.

The Board held fourteen meetings during the year to determine policy for the Arts Council and make decisions in line with that policy. I attended all fourteen Board meetings. The Director of Finance and Corporate Services attended twelve Board meetings. The Director of Strategic Development and Partnerships attended ten Board meetings. The Director of Operations attended thirteen Board meetings, and the Director of Arts Development also attended eleven Board meetings.

The annual Board effectiveness session was on 10 & 11 October 2024.

The Board has a rolling work-plan and achieved its objectives, which were set out during the year. The overall average attendance rate of members was 82%, which is a testament to the commitment and dedication of the Board.

2023 - 24 Meeting Attendance

Board Members									
	Board			Committee			Total		
	Act	Max	%	Act	Max	%	Act	Max	%
Liam Hannaway (Chair)	14	14	100	n/a	n/a	n/a	14	14	100
William Leathem (Vice Chair)	12	14	86	4	5	80	16	19	84
Lynne Best	9	14	64	4	4	100	13	18	72
Paul Boyle	10	14	71	4	8	50	14	22	64
Paul Brolly	10	14	71	4	4	100	14	18	78
Joe Dougan	9	14	64	4	5	80	13	19	68
Ray Hall	12	14	86	5	5	100	17	19	89
Sean Kelly	14	14	100	7	7	100	21	21	100
Laura McCorry	11	14	79	6	7	86	17	21	81
Gearoid Trimble	14	14	100	6	6	100	20	20	100

Chief Executive & Directors									
	Board			Committee			Total		
	Act	Max	%	Act	Max	%	Act	Max	%
Chief Executive	14	14	100	12	13	92	26	27	96
Director of Finance & Corporate Services	12	14	86	8	8	100	20	22	91
Director of Arts Development	11	14	79	1	1	100	12	15	80
Director of Strategic Development & Partnerships	10	14	71	n/a	n/a	n/a	10	14	71
Director of Operations	13	14	93	11	12	92	24	26	92

Members of the Board have delegated some of their tasks to four sub-committees, which oversee the activities of management and provide support:

- Audit and Risk;
- Finance and Capital;
- Remuneration; and
- Grants.

Audit and Risk Committee

The membership of the Audit and Risk Committee during the year is outlined on page 20. The Committee met five times during the year. I attended all five of the meetings along with the Director of Finance and Corporate Services, and the Director of Operations who attended four meetings. The Audit and Risk Committee has a rolling work-plan and measures its performance by the achievement of its objectives.

It is considered good practice that the accounting officer and Board should be supported by an Audit and Risk committee comprising of at least three members (Audit and Risk assurance Handbook (NI) April 2018, Chapter 3 refers). The Audit and Risk Committee had three or more members during the year.

Its terms of reference include supporting the Board and Accounting Officer by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs, and by reviewing the reliability and integrity of these assurances; the activities of the internal and external auditors and overseeing the risk culture of the Arts Council; and also reviewing its own effectiveness, constitution and terms of references and reporting the results of that review to the Board.

The Audit and Risk Assurance Committee Handbook (NI), issued under cover of DAO (DFP) 03/18, sets out five principles to be followed. These principles are:

Principle 1: Membership, independence, objectivity and understanding;

Principle 2: Skills;

Principle 3: The role of the Audit and Risk Assurance Committee;

Principle 4: Scope of work; and

Principle 5: Communication and reporting.

The Board has formally considered these and confirmed it complied with the principles.

The Committee makes regular reports to the Board. Board Members are satisfied that the Committee is providing them with assurance.

Other Committees

The membership of the Finance and Capital Committee during the year is outlined on page 20. This Committee met three times during the year. I attended all three meetings. The Director of Finance and Corporate Services attended all three meetings. The Director of Operations attended all three meetings. Its terms of reference cover the proposal to the Board for the annual budget of the Arts Council; ensuring comprehensive financial advice is provided to the Board; reviewing the detailed information relating to the financial resources including the Statement of Comprehensive Net Expenditure, Statement of Financial Position and Statement of Cash Flow; monitoring financial expenditure against targets set throughout the year; making recommendations as necessary; reviewing the programmes, policies and procedures relating to the payment of capital grants and where appropriate, to propose changes to the above for Board approval; and to advise on policy and the strategic deployment of capital resources.

The membership of the Grants Committee during the year is outlined on page 20. This Committee met four times during the year. I attended three out of four meetings. The Director of Operations attended all four meetings. Its terms of reference include reviewing the programmes, policies and procedures relating to the payment of Exchequer and Lottery grants, and where appropriate, proposing changes to the above for approval by the Board and taking decisions on grant aid within delegated financial limits set by the Board. The Board has delegated its grant-decision-making for grants under £25,000 to staff. However, following a High Court ruling by Madam Justice McBride¹ against the Charities Commission for Northern Ireland all grant decisions are either approved by the Grants Committee acting for the Board or by the Board. All decisions made by the Grants committee are reported to the Board.

The Remuneration & Staffing Committee (page 36) comprises of three members however, with no matters requiring discussion, the committee did not meet during the financial year.

Business Planning

Each year of the five-year strategic plan, amplified as necessary, forms the basis of the business plan for the forthcoming year. The business plan includes key performance indicators, milestones and targets linked to the Programme for Government and Public Service Agreements for the forthcoming year. It also links to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department. The five-year strategy and annual business plan take into account the Minister's priorities and is framed in that context.

The draft business plan is submitted to the Department as early as possible, but no later than 31 January each year. The Arts Council's plans are submitted to the Department for approval and include measures of performance and annual targets in respect of each of those measures and the proposed annual efficiency. Progress against targets is reported quarterly to the Board and bi-annually to the Department's governance and accountability meetings.

A five-year framework plan for the arts in Northern Ireland 2019 – 2024, has been developed by the Board. It elaborates on three key themes:

- Inspire;
- Connect; and
- Lead.

These key themes are discharged by a number of business areas with two financial key performance indicators. The results for the year are:

Milestones achieved	100% (2)
Milestones still progressing	- -
Milestones not achieved	- -

¹ The background to this case is that in May 2019 Madam Justice McBride held, in *McKee & Others v Charity Commission for Northern Ireland and Department for Communities* [2019] NICH 6, that the Commission can only make decisions when the organisation meets as a whole body, and such decisions cannot be discharged by employees.

Target	Outcome
At least 98.0% of resource programme spend by year-end.	Resource out-turn 99.9%. KPI met
At least 97.0% of capital programme spend by year-end.	Capital out-turn 98.2%. KPI met.

Risk Management

The Arts Council applies HM Treasury's Orange Book, Management of Risk – Principles and Concepts (under cover of DAO (DoF) 04/20). The core processes at the heart of the risk management framework are unchanged and involve identifying risks, assessing the risks, designing, and operating risk treatment activities (including controls), monitoring these and reporting on success or otherwise of the risk management. The primary shift was to position risk management as more than a process, but rather as an essential part of good governance, decision-making and performance management at all levels of an organisation.

Comply or Explain: The revised Orange Book required organisations to disclose compliance or to explain their reason for departure to the five main risk principles in the Governance Statement. The Arts Council complies with the five orange book principles, which reflects an increased emphasis on:

- 1) Leadership, culture, values, and behaviours as a part of effective risk management;
- 2) Embedding risk management in decision-making – within planning, policy development, prioritisation, and performance management – not as something separate;
- 3) The need to have an informed view of all risks based on the best information and expertise, including the critical role that functions and professions play in providing expert judgements on risks and their management;
- 4) Structured risk management processes; and
- 5) Learning from experience to continually improve the successful deliver of outcomes.

The identification and impact of risk is incorporated into the corporate planning and decision-making processes of the Arts Council. Consequently, the Arts Council ensures that there are procedures in place for verifying that internal control and aspects of risk management are regularly reviewed and reported on and are supplemented by detailed best practice guidelines on Public Interest Disclosure (whistleblowing) and Fraud Management policies, among others. The Board receives periodic reports concerning internal control and steps are taken to manage risks in significant areas of responsibility and monitor progress on key projects. A system of risk management is maintained to inform the Board's decisions and all reputational risks to the Arts Council are drawn to the attention of the Board and are properly managed. The Risk Register is presented to the Audit and Risk Committee and to the Board on a quarterly basis. Responsibility for risk management has been assigned to

appropriate members of the executive team and officers and is reported on routinely to the Chief Executive and Director of Finance and Corporate Services.

On an annual basis, risks are categorised by considering the likelihood of occurrence should no risk-mitigation activity occur, and the impact should the risk happen. The risks where the potential impact is deemed high are detailed in the Arts Council Risk Register. The Risk Register forms part of the annual business plan of the Board, having been previously endorsed by the Audit and Risk Committee. The Senior Management Team assigns to managers (the 'risk owners') the task of putting procedures in place to monitor and, where possible, mitigate the risk.

The Audit and Risk Committee has lead responsibility for the periodic review of the Risk Register. The Arts Council consider the following to be the most significant areas of risk:

- Exchequer funding 2024/25: Exchequer funding cut in real terms and late notification of budget which resulted in a delay issuing grants to organisations (Annual Funding Programme 2024/25) and budget uncertainty.
- McBride Decision: High Court ruling that may apply to the Arts Council, challenging staff decision making for Exchequer funding; and
- Loss of frontline services if inadequate funding is secured for the arts.

The McBride decision increases the workload of the Board as decisions that would normally be made by staff, are approved by the Board instead. Following the McBride ruling; all exchequer grant decisions are made by the Board.

Reduction in Arts funding has resulted in financial pressure on arts organisations. During the financial year two arts organisations required financial assistance provided by in year bids to the Department.

The Audit and Risk Committee also scrutinises management and budgetary information on arts organisations flagged at financial risk. This oversight included the commissioning of three third-party organisation reviews undertaken by Internal Audit and reported to the Audit & Risk committee. This allows scrutiny and challenge of the organisations' financial capability and provides assurance that public funds are not at risk.

Risk Appetite

The engagement of a broad spectrum of the Council's internal and external stakeholders provides an understanding of the appetite for risk within the organisation. In general, the Council has to be risk averse in its stewardship of public funds and its systems and processes while at the same time encouraging a greater degree of risk in the development and introduction of progressive arts policies and programmes.

Fraud Risk and Information Risk

The Arts Council has a fraud policy that is reviewed on an annual basis. It is given to all new staff at their induction, and staff receive training appropriate to their grade and duties. The Arts Council also has an information risk policy to be followed by all staff, which new staff read as part of their induction. The policy requires all data to be held securely.

The Arts Council maintains a register of related party transactions in order to ensure that opportunities for conflict of interest are avoided. The register is maintained centrally and is updated regularly. It features as a supplementary report in the decision-making process on relevant grants, to ensure the exclusion of parties with a perceived conflict of interest. The NIAO publication “Conflicts of Interest – A Good Practice Guide” March 2015 has been circulated to the Board to assist members recognise actual and perceived conflicts of interest.

All staff have been provided with a copy of the Arts Council Information and IT Security Policy to ensure that they are aware of best practice on how to protect the data and assets held by the organisation. The Council’s computer system is hosted on an ITAssist platform. Additionally, to gain access to the Arts Council’s computer network, staff are required to acknowledge acceptance of IT policies when they log into their workstations.

Governance & Accountability within the Arts Council

The annual internal audit plan is created on a risk basis and is based on information provided from the following sources:

- Discussions with the Arts Council’s senior management;
- Discussions with the Chairman of the Audit and Risk Committee;
- The corporate Risk Register;
- Annual report and financial statements;
- Specific areas requested by the Department for Communities for inclusion;
- Prior internal audit recommendations; and
- Inclusion of core financial areas, which form the basis of the system of internal control.

The Audit and Risk Committee reviewed and approved the internal audit plan. I ensured that there was sufficient flexibility in the plan to allow for changes to be made during the year to reflect any significant changes in the risk environment and the emergence of new risks.

All reports of the internal auditors were discussed by the Audit and Risk Committee with senior members of staff in attendance, including those whose departments were reported upon by the auditors. This gave me and members of the Committee the opportunity to discuss, in detail, the findings, recommendations and proposed management actions. Directors that had failings identified by the internal auditors were required to devise corrective action and set a completion date for that action in consultation with the internal auditors. I receive regular reports from the auditors

notifying me of the progress my directors have achieved in clearing up points raised by both internal and external auditors in previous years.

Sources of Independent Assurance

The Internal Auditors reported that based on the work performed during the year, the Arts Council has established procedures that are adequate to meet management's control objectives in the systems audited. Consequently, the Internal Auditors provided a satisfactory level of assurance over the control environment for 2023 - 2024.

The Comptroller and Auditor General to the Northern Ireland Assembly certifies the accounts and provides a regularity opinion on whether, in all material respects, the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern the Arts Council. The Comptroller and Auditor General also provides an opinion on the truth and fairness of the attached financial statement for the year ended 31 March 2024, and their supporting notes.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and senior management within the Arts Council 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. As a result of their work during the year, the internal auditors have produced an annual certificate of assurance with regard to the adequacy of the systems and the operation of internal controls within the Arts Council. In addition, I have considered the Report to Those Charged with Governance (RTTCWG) prepared by the external auditors following their audit of the accounts for the year ended 31 March 2024. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the internal control system is in place.

The Audit and Risk Committee reviews its effectiveness and questions the activities of risk owners. Furthermore, our internal audit function reviews the risk-management processes as part of its work and can provide the benefit of its experience of other organisations' risk-management activities.

All policy papers put to the Board for decision contain a discussion of the risks associated with taking the possible courses of actions. The Board also regularly discusses the risks on the risk register with the risk owners. The Board has considered the quality of data used by the Board across all business areas and finds the information provided by management suitable for the purposes of making effective decisions.

Quality of Information

The Board of the Arts Council reviewed the quality of the information made available by the executive for effective decision-making. This was reviewed during the Board effectiveness session on 10 & 11 October 2024 and the Board considered the quality of information was satisfactory.

The Board considers that the accuracy, timing and availability of the financial information and the support given to ensure that the Board and its Committees function effectively is satisfactory. The Board values the reports on art forms, organisational performance and the Council's development programmes for their insights into the challenges and opportunities facing the arts in Northern Ireland. The Board notes the challenge with regard to information, analysis and assessment facing the executive in determining the most beneficial distribution of arts funding in the current financial environment. Looking to the future the Board recognises that the pattern and the nature and extent of information provision on the functioning of the arts in Northern Ireland will change during the planning process, and to support the delivery of the five-year framework.

Internal Governance Divergences – Current and New for 2023 - 24

Update on prior year control issues, which have been resolved and are no longer considered to be control issues.

Nineteen prior year issues highlighted in internal audit reports have been resolved and are no longer control issues in 2023 - 24.

Update on prior year control issues, which are still considered to be control issues

None.

Identification of new issues in the current year and anticipated future issues

Internal Audit identified a few areas where the Arts Council should put procedures in place to strengthen the existing processes and controls to fully meet management's control objectives. Internal Audit's observations and recommendations are graded in line with DAO (DoF) 07/16, which was implemented with immediate effect on sight of the guidance:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

Internal Audit also assign an assurance rating to reviews. Three evaluations are used. One evaluation, Satisfactory, is considered to be "above the line" in terms of governance, risk management and control. The remaining two audit opinions (Limited and Unsatisfactory) are considered to be "below the line."

The Satisfactory and Limited assurance ratings as defined, in line with DAO (DoF) 07/16:

Satisfactory: Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives;

Limited: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved; and

Unsatisfactory: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives

Six internal audit reviews were issued during the year all with satisfactory assurance ratings. The six reviews were:

- i) Budgetary management and financial information,
- ii) Review of Grant Funding arrangements,
- iii) Data Protection
- iv) Communications
- v) HR Management
- vi) Corporate Governance

Management has agreed a timescale for implementation of the recommendations arising from the reviews.


Of the eight new recommendations, four had a priority 2 and the balance of four were designated priority 3.

There were no Priority 1 recommendations during the year.

I am pleased to report that overall Internal Audit awarded a satisfactory level of assurance in its assurance statement.

Conclusion

As a result of the above, I believe that the Arts Council's internal control and governance framework provides me with the level of assurance that I require. There is nothing of which I am aware that leads me to believe that our systems for detecting and responding to inefficiency, for preventing conflicts of interest, for preventing and detecting fraud and for minimising losses of grant-in-aid are not adequate. I believe that the Arts Council's governance structure has operated successfully in 2023 - 24.



Roisín McDonough
Accounting Officer
Arts Council of Northern Ireland

Date: 6 December 2024

Remuneration and Staff Report

The Remuneration Report sets out the remuneration policy for directors. More specifically, it details remuneration (including pension and benefits in kind) of staff key to its operation and where relevant, the link between performance and remuneration. There is a presumption that information on named individuals will be given in all circumstances.

The Staff Report element provides additional information including:

- Number of senior civil service staff by band,
- Staff numbers and costs,
- Average number of persons employed,
- Staff composition by gender,
- Sickness absence data,
- Staff Policies applied during the financial year,
- Consultancy expenditure,
- Off Payroll Disclosures, and
- Exit packages.

Remuneration Report

Remuneration Policy

The Arts Council Remuneration & Staffing Committee is a Committee of the Board of the Arts Council. The Committee is authorised by the Board to undertake any activity within its terms of reference. Its membership during the year was as follows:

Mr William Leathem (Board Vice Chair & Chair of Audit & Risk Committee)

Mr Paul Boyle (Finance & Capital Committee Chair)

Mr Liam Hannaway (Board Chair)

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 27 April 2023 Written Ministerial Statement (WMS) on the Budget, the NI Public sector pay policy guidance was published on 31 May 2023 in FD (DoF) 05/23. This was subsequently updated on 12 March 2024 in FD (DoF) 04/24 to reflect the return of Executive Ministers and revised departmental budgets.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS non-industrial staff, including SCS, for 2023 - 24 has been finalised and was paid in July 2024.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on performance.

The Chairman, with the support of the Remuneration & Staffing Committee as appropriate, is responsible for assessing the Chief Executive's performance and

making recommendations on achievement to the Department for Communities. The Chief Executive has a staff appraisal meeting with the Chairman on the basis of objectives set the previous year in consultation with the Department. The appraisal meeting also includes discussion of objectives for the incoming year. These are further discussed by the Chairman with the Department. Subsequent proposed objectives approved by the Chair, who may wish to engage with the Remuneration & Staffing Committee as appropriate are discussed and agreed with the Chief Executive as appropriate for the year.

All other executive directors within the Arts Council are employed at Grade 7. The Arts Council's Partnership Agreement directs that approval of the Department is required to re-grade/create posts at Deputy Principal level and above, unless otherwise advised by the Department. Staff are appointed on Northern Ireland Civil Service pay scales.

All staff costs are incurred by the Arts Council and an appropriate amount is recharged to the Lottery Distribution Account. The apportionment is made at full economic cost and calculated on the basis of the proportion of activity funded by Lottery.

Service Contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made by exception to merit.

Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in consideration of the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners for Northern Ireland can be found at www.nicscommissioners.org.

The Chief Executive (Roisin McDonough) was appointed on 16th October 2000. This position is permanent within the definition above as are the executive director positions.

Salary

'Salary' includes gross salary and any other allowance, to the extent that they are subject to UK taxation. This report is based on accrued payments made by the Arts Council before any recharge of costs is made to the Lottery fund.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were paid to any employee noted below.

Board Members' Honoraria (Audited Information)

No emoluments were paid to members of the Board of the Arts Council except for Honoraria to the Chair and Vice-Chair.

The annual rate of honorarium for the Chair is £10,761 and £3,784 per annum for the Vice-Chair. The actual honoraria paid in 23 - 24 was £14,952 (22 - 23: £14,815). There was £270 (22 - 23: £287) of employer's National Insurance Contributions.

	Chair £	Vice-Chair £
L Hannaway	10,761	
W Leathem		3,784

Of the total cost of honoraria, £8,391 (22 - 23: £6,947) was apportioned to the Lottery Distribution Account. No emoluments were paid to other Board members in respect of Lottery activities. The Arts Council does not pay any pension contributions on behalf of the Chairman and Vice-Chairman; therefore, they are not included in the following pension note. All Board members are recompensed for their vouched expenses incurred in carrying out their duties.

Bonuses

During the 23 - 24 year no performance bonus was distributed (22 - 23: £0). The Special Bonus Scheme has been withdrawn and there is no mechanism to allow bonus payments.

Remuneration and Pension Entitlements - Senior Staff (Audited Information)

Single total figure of remuneration

Directors	Salary & Allowances* (£'000)		Pension Benefits** (to nearest £1,000)		Total (£'000)	
	23-24	22-23	23-24	22-23	23-24	22-23
R McDonough (Chief Executive)	90-95	85-90	34	17	125-130	105-110
N McKinney (Director of Arts Development - Job Share)	30-35 (60 -65 FTE)	35-40 (55 - 60 FTE)	10	(46)	40-45	(5)-(10)
G McKinney (Director of Arts Development – Job Share)	35-40 (60-65 FTE)	30-35 (55-60 FTE)	5	113	40-45	145-150
G Troughton (Director of Finance and Corporate Services)	55-60	55-60	13	(13)	70-75	45-50
K Greene (Director of Strategic Development)	55-60	50-55	23	9	75-80	60-65
M Lynch (Director of Operations)	50-55	50-55	19	4	70-75	55-60

* Salary includes gross salary and allowances, to the extent that they are subject to UK taxation. This report is based on payments made by the Arts Council before any recharge of costs is made to the Lottery fund.

** The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

Fair pay disclosure (Audited Information)

Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Arts Council in the financial year 23 - 24 was £90,000 - £95,000 (22 - 23: £85,000 - £90,000). The relationship between the mid-point of the actual and FTE bands and the remuneration of the organisation's workforce is disclosed below.

23 - 24	25th Percentile	Median	75th Percentile
Total Remuneration (£)	31,352	35,712	41,375
Pay Ratio	3.0	2.6	2.2

22 - 23	25th Percentile	Median	75th Percentile
Total Remuneration (£)	29,859	34,011	40,277
Pay Ratio	2.9	2.6	2.2

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions, the cash equivalent transfer value of pensions but includes the accrued uplift amount for awards not yet paid.

The values for the salary component of remuneration for the 25th percentile, median and 75th percentile was £31,352 (2022-23 £29,859), £35,712 (2022-23 £34,011), and £41,375 (2022-23 £40,277) respectively.

In 23 - 24 no employees (22 - 23: none) received remuneration in excess of the highest-paid director.

Remuneration, inclusive of accrued backpay, ranged from £27,147 to £92,500 (22 - 23: £25,855 to £87,500).

Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- a) Salary and allowances, and
- b) Performance pay and bonuses of the highest paid director and of their employees as a whole.

The percentage changes in respect of the Arts Council are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

Percentage change for	23 - 24 vs 22 - 23	22 - 23 vs 21 - 22
Average employee salary and allowances (22-22 vs 21-22 figures have been restated)	6.1%	0.9%
Highest paid director's banded salary and allowances	5.71%	0%

No performance pay or bonuses were payable in these years.

Arts Council Pensions

The pension benefits of all staff are provided through the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme which provides benefits on a "final salary" basis at a normal retirement age of 65. Prior to April 2015, benefits accrue at the rate of 1/60th of pensionable salary for each year of service (1/80th before 1 April 2009). For membership of the Scheme from April 2015 member's pension will be based on member's average earnings while a member of the Scheme. Each year, if members are in the main section of the Scheme 1/49th of pensionable pay is added to the members pension account plus a revaluation amount so that members pension keeps up with the cost of living. In addition, a tax-free lump sum may be payable on retirement. Members pay contributions of between 5.5% and 8.5% of pensionable earnings. Pensions increase in payment in line with the Consumer Price Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of three times pensionable pay and provides a service enhancement on computing the spouse's pension. Medical retirement is possible in the event of serious ill-health. In this case pensions are brought into payment early.

During the year, the Arts Council made contributions for 46 (22 - 23: 46) employees (not all 46 were employed throughout the year). The NILGOSC scheme is a "multi-employer," defined benefit scheme, which provides members of participating employers with the benefits related to pay and services at rates which are defined under statutory regulations. To finance these benefits, assets are accumulated in the scheme and are held separately from the assets of the employers. The scheme is funded by employers participating in the NILGOSC scheme who pay contributions at rates determined by an independent professionally qualified actuary on the basis of regular valuations using the projected unit method. During the year ended 31 March 2024 the Arts Council contributed 19.0% of gross salary (22 - 23: 19.5%).

	23 - 24	22 - 23
	£	£
Other Pension Costs	325,256	761,363
Employer Pension Contributions	286,435	291,964

Pension Benefits - Directors (Audited Information)

	Accrued pension at pension age as at 31/03/2024 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/2024 £'000	CETV at 31/03/2023 ¹ £'000	Real movement in CETV £'000
Ms Roisin McDonough Chief Executive	10 – 15 plus lump sum of 0 – 5	0 - 2.5 plus lump sum of 0 - 2.5	168	136	16
Ms Noirin McKinney ² Director	0 - 5 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of (0 – 2.5)	18	7	9
Mr Geoffrey Troughton Director	20 – 25 plus lump sum of 0 – 5	0 - 2.5 plus lump sum of (0 - 2.5)	385	342	16
Ms Karly Greene Director	5 – 10 plus lump sum of 0 – 5	0 - 2.5 plus lump sum of 0 - 2.5	102	80	12
Ms Maria Lynch Director	10 – 15 plus lump sum of 0 – 5	0 - 2.5 plus lump sum of 0 - 2.5	162	134	15
Ms G McKinney Director	15 - 20 plus lump sum of 10 - 15	0 - 2.5 plus lump sum of (0 - 2.5)	282	257	5

¹ Due to changes to the non-club transfer factors, provided by the Government Actuary's Department during the year the CETV calculations for the 2022-23 year have been re-run and provided as the starting input CETV value for the start of the 2023-24 year.

² Ms N M McKinney flexibly retired in July 2022. This information relates to her active pension only.

Cash Equivalent Transfer Values (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their current appointment as a director to which disclosure applies. The CETV figures, and from 2003 - 04 the other pension details, include the value of any pension benefit in another scheme or arrangement, which the individual has transferred to the NILGOSC pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken. The Lifetime Allowance will end in 2024 and will be replaced by the Lump Sum Allowance and The Lump Sum and Death Benefit Allowance.

HM Treasury provides the assumptions for discount rates for calculating CETVs payable from the public service pension schemes. On 27 April 2023, HM Treasury published guidance on the basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes. In their guidance of 27 April 2023, HM Treasury advised that, with immediate effect, the discount rate adopted for calculating CETVs should be in line with the new SCAPE discount rate of 1.7% above CPI inflation, superseding the previous SCAPE discount rate of 2.4% above inflation. All else being the same, a lower SCAPE discount rate leads to higher CETVs. The HM Treasury Guidance of 27 April 2023 can be found at <https://www.gov.uk/government/publications/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes>

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increases in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period (which therefore disregards the effect of any changes in factors).

McCloud Remedy

Discrimination identified by the courts in the way the 2015 UK public sector pension reforms were legislated for has resulted in changes being made to the Scheme by Department for Communities. Members who fulfil the statutory eligibility criteria and

who have relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. This is known as the 'McCloud Remedy' and will impact many aspects of the Local Government Pension Scheme. At this stage allowance has not yet been made within CETVs for this remedy as NILGOSC has not received Government Actuary guidance in time for it to do so. It is expected that this will be included in the disclosures for the 2024-25 year. More information on the McCloud remedy can be found on the NILGOSC website.

Staff Report

1) Analysis of Directors Salaries (Audited Information)

Director's Salary	23 - 24	22 - 23
£50,000 - £55,000	1	2
£55,000 - £60,000	2	3
£60,000 - £65,000	2	-
£65,000 - £70,000	-	-
£85,000 - £90,000	-	1
£90,000- £95,000	1	
Total Number of Directors	6	6

The Directors' salaries shown above are on a full-time equivalent basis which includes pension allowance.

2) Staff Numbers and Costs

2a) Analysis of Staff Costs (Audited Information)

	Permanently employed staff £	23 - 24 Others £	23 - 24 Total £	22 - 23 £
Wages and salaries	1,584,408	44,304	1,628,712	1,530,339
Social security costs	163,641	3,134	166,775	160,250
Agency costs	-	435,723	435,723	339,156
Other pension costs	318,856	6,400	325,256	761,363
Total gross costs	2,066,905	489,561	2,556,466	2,791,108
Expenditure on the Arts Recovery	-	-	-	(23,877)
Total net costs	2,066,905	489,561	2,556,466	2,767,231
Of which				
	Charged to Administration	Charged to Programme	Total	
Core employees	-	2,120,743	2,120,743	
Agency staff	-	435,723	435,723	
Total Net Costs	-	2,556,466	2,556,466	

All of the staff costs were incurred by the Arts Council of Northern Ireland and recharged to the Lottery Distribution Account on the basis of average Lottery caseload from the Arts Development Department and on other appropriate bases from the rest of the Arts Council. Agency costs are incurred as temporary cover for existing vacancies and sickness and where necessary, to provide additional resource to meet demand due to workload.

2b) Pension Costs and Commitments

The Arts Council makes employer contributions to the NILGOSC Scheme, which is a defined benefit funded scheme. Benefits earned up to 31 March 2015 are linked to Final Salary and benefits from 01 April 2015 onwards are based on a Career Average Revalued Earnings Scheme. Past and present employees are covered by the provisions of the NILGOSC Scheme. The funded nature of the Local Government Pension Scheme (Northern Ireland) (the LGPS) requires the Arts Council and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

The defined benefit obligation is linked to yields on the AA-rated corporate bonds, while a significant proportion of the assets of the scheme are invested in equities. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension plan and thus to volatility in the net pension liability on the Arts Council's Statement of Financial Position and Other Comprehensive Expenditure. It will also lead to volatility in the IAS 19 pension expense in the Arts Council Statement of Comprehensive Net Expenditure.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term to the liability.

The increase in the present value of the liabilities of the Arts Council's defined benefit pension scheme arising from employee service in the period is charged to the Statement of Comprehensive Net Expenditure to recognise the cost of pensions over the employees' working lives.

The figures in the accounts have been calculated under the revised IAS 19. The Arts Council is no longer required to recognise an expected return on assets item in the Statement of Comprehensive Net Expenditure (SoCNE). This is now replaced with a net financing charge which is based on the discount rate assumption.

Actuarial gains and losses are recognised in Other Comprehensive Net Expenditure.

The fund is invested in suitable investments, managed by the Committee. For 2023 - 24 the contribution rates were 19.0% employer's contribution and ranging between 2.9% and 8.5% for employees (2022 - 23: 19.5% employer's contribution and ranging between 2.9% and 8.5% for employees).

The total employer pension cost under the Scheme was a debit of £325,256 (2022 - 23 £761,363). It is now possible to define the Arts Council's share of the funds,

assets/liabilities and as a result, the following disclosures are provided in line with IAS 19.

The latest actuarial valuation of the Arts Council's liabilities took place as at 31 March 2024. The calculation of the defined benefit obligation involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the Statement of Financial Position and the charge to the Statement of Comprehensive Net Expenditure. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

	31 March 24 Years	31 March 23 Years
Duration of liabilities (years) (1)	16.0	16.3
	% p.a.	% p.a.
Discount rate	4.8%	4.7%
CPI Inflation	2.6%	2.7%
Pension increases (2)	2.6%	2.7%
Pension accounts revaluation rate (3)	2.6%	2.7%
General Salary increase rate (4)	4.1%	4.2%

(i) Key IAS 19 / FRS 102 assumptions

- (1) *The duration of the liabilities is the average period between the calculation date and the date at which benefit payments fall due. Durations will be calculated based on the membership data used for the most recent valuation exercise of the Employer's funded liabilities.*
- (2) *Pension increases on pension in excess of Guaranteed Minimum Pension in payment where appropriate.*
- (3) *The assumption for the revaluation rate of pension accounts is set equal to the assumption for pension increases.*
- (4) *The assumed rate of general salary increases has been set as 1.5% above the CPI inflation assumption which is consistent with the assumptions used at the 2022 Valuation. A promotional salary scale is assumed to apply in addition to this.*

(ii) Mortality Assumption

Mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below.

Post retirement mortality (retirement in normal health)

	31 March 24	31 March 23
Males		
Pensioner member aged 65 at accounting date	21.7	22.2
Active member aged 45 at accounting date	22.7	23.2
Females		
Pensioner member aged 65 at accounting date	24.6	25.0
Active member aged 45 at accounting date	25.6	26.0

(iii) Asset Allocation

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the Arts Council in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and liquid and as a consequence there will be no significant restriction on realising assets if a large payment is required to be paid (e.g. bulk transfer value payment).

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

			31 March 24	31 March 23
	Quoted	Unquoted	Total	Total
Equities	43.6%	0.1%	43.7%	40.0%
Property	-	9.7%	9.7%	11.2%
Government bonds	17.4%	-	17.4%	20.6%
Corporate bonds	4.2%	-	4.2%	3.0%
Multi Asset Credit	13.3%	-	13.3%	13.3%
Cash	5.6%	-	5.6%	6.5%
Other	0.2%	5.9%	6.1%	5.4%
Total	84.3%	15.7%	100.0%	100.0%

(iv) Reconciliation of funded status to balance sheet

Value at	31 March 24	31 March 23
	£m	£m
Fair value of assets	18.909	17.336
Present value of funded defined benefit obligation	(17.047)	(17.057)
Funded status	1.862	0.279
Impact of minimum funding requirement/asset ceiling	(1.862)	-
Asset/(Liability) recognised on the Statement of Financial Position	-	0.279

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active Members	37%
Deferred Pensioners	17%
Pensioners	46%

(v) Amounts recognised in Profit & Loss and Comprehensive Income

Year Ended	31 March 24	31 March 23
	£m	£m
Operating Cost		
Current service cost *	0.340	0.666
Financing Cost		
Interest on net defined benefit liability/(asset)	(0.020)	0.092
Pension expense recognised in Statement of Comprehensive Net Expenditure (SoCNE)	0.320	0.758
Re-measurements in Other Comprehensive Expenditure		
Return on plan assets (in excess of) / below that recognised in net interest	(0.993)	2.651
Actuarial losses/(gains) due to change in financial assumptions	(0.555)	(8.414)
Actuarial losses/(gains) due to changes in demographic assumptions	(0.265)	0.094
Actuarial (gains)/losses due to liability experience	0.197	1.487
Adjustment loss (gain) due to restriction of surplus	1.862	-
Total amount recognised in Other Comprehensive Expenditure	(0.246)	(4.182)
Total Amount recognised in SoCNE and Other Comprehensive Expenditure	(0.566)	(3.424)

* Allowance for administration expenses included in Current Service Cost £0.008 m.

(vi) Movement in Deficit during the year

Year Ended	31 March 24	31 March 23
	£m	£m
Deficit in scheme at beginning of year	0.279	(3.437)
Movement in the year		
Current service costs	(0.340)	(0.666)
Employer contributions	0.287	0.292
Interest on net defined benefit liability/(asset)	0.020	(0.092)
Actuarial (loss)/gain	<u>(0.246)</u>	<u>4.182</u>
Asset in Scheme at End of Year	<u>-</u>	<u>0.279</u>
Deficit in Scheme at End of Year	<u>-</u>	<u>-</u>

(vii) Changes to the present value of the defined benefit obligation

Year Ended	31 March 24	31 March 23
	£m	£m
Opening defined benefit obligation	17.057	23.030
Current Service cost	0.340	0.666
Interest expense on defined benefit obligation	0.790	0.639
Contribution by participants	0.100	0.100
Actuarial losses/(gains) on liabilities -due to change in financial assumptions	(0.555)	(8.414)
Actuarial gains on liabilities - due to changes in demographic assumptions	(0.265)	(0.094)
Actuarial (gains)/losses on liabilities due to liability experience	0.197	1.487
Net benefits paid out	<u>(0.617)</u>	<u>(0.545)</u>
Closing defined benefit obligation	<u>17.047</u>	<u>17.057</u>

(viii) Changes to the fair value of assets

Year Ended	31 March 24	31 March 23
	£m	£m
Opening fair value	17.336	19.593
Interest income on assets	0.810	0.547
Re-measurement gains/(losses) on assets	0.993	(2.651)
Contributions by the employer	0.287	0.292
Contributions by the participants	0.100	0.100
Net benefits paid out	(0.617)	(0.545)
Closing fair value of assets	18.909	17.336

(ix) Actual return on assets

Year Ended	31 March 24	31 March 23
	£m	£m
Interest income on assets	0.810	0.547
Re-measurement gain/(loss) on assets	0.993	(2.651)
Actual return on assets	1.803	(2.104)

(x) Sensitivity Analysis

The results shown above are sensitive to the assumptions used. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2024 and the projected service cost for the year ending 31 March 2025 is set out below.

In each case, only the assumption mentioned is altered; all other assumptions remain the same and are summarised in the notes above. The sensitivity of unfunded benefits (where applicable) is not included on materiality grounds.

Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£ m)	16.774	17.320
% Change in present value of total obligation	-1.6%	1.6%
Projected service cost (£ m)	0.316	0.339
Approximate % change in projected service cost	-3.5%	3.6%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£ m)	17.081	17.013
% Change in present value of total obligation	0.2%	-0.2%
Projected service cost (£ m)	0.327	0.327
Approximate % change in projected service cost	-	-

Rate of increase to pensions and rate of revaluation of pension accounts

Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£ m)	17.286	16.808
% Change in present value of total obligation	1.4%	-1.4%
Projected service cost (£ m)	0.339	0.316
Approximate % change in projected service cost	3.6%	-3.5%

Post retirement mortality assumption

Adjustment to mortality age rating assumption *	-1 year	+1 year
Present value of total obligation (£ m)	17.490	16.604
% Change in present value of total obligation	2.6%	-2.6%
Projected service cost (£ m)	0.338	0.316
Approximate % change in projected service cost	3.5%	-3.5%

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

(xi) Estimated pension expense in future periods

The figures below are provided based on the assumption as at 31 March 2024 outlined above. The Arts Council's regular contributions to the Fund for the accounting period ended 31 March 2025 are estimated to be £0.320 m.

Arts Council of Northern Ireland

Year Ending	31 March 25
	£ m
Current service cost	0.327
Interest on the net defined benefit liability	<u>(0.007)</u>
Total estimated pension expense	<u>0.320</u>
Allowance for administration expenses included in Current Service Cost	0.008
Estimated pensionable payroll over the period	1.570

The pension cost shown in next year's accounts might be different to that shown above. Reasons why the pension cost may change include:

- A) Actual increase in payroll being different to that used in the calculations. The difference in payroll will particularly affect the current service cost;
- B) Past service costs may not be zero (this cost is that resulting from benefit augmentations or early retirement of individual members before age 60 or on the grounds of efficiency);
- C) Curtailment / settlement events may occur; and
- D) Actual cash-flows over the next year may differ from those assumed.

(xii) Funded benefits

The following data has been used in evaluating the figures noted above.

Funded membership data summary

	Number	Total Pay £m
Active members	46	1.505
		Total Pension £m
Deferred members	57	0.163
Pensioners and dependants	53	0.480

Funded cash-flow data provided

	Months Provided	Amount Provided £ m	Amount Used £ m
Employer – Normal contributions	10	0.239	-
Employer – Additional capital contributions		-	-
Employer – Early retirement strain on fund payments		-	-
Total contributions by the Employer			0.287
Employee – Normal contributions	10	0.083	-
Employee – Added years contributions	10	-	-
Total contributions by participants			0.100
Death in service lump sums *		-	-
Benefits paid (i.e. pension paid)		-	-
Net benefits paid out **			0.617

* Expected death in service lump sums over the year £3k

** The 'Net benefits paid out' figure includes an allowance for expenses of £8k

Annualised pensionable payroll over the accounting period

	Amount £m *
Period ending 31 March 2024	1.508
Period ending 31 March 2023	1.496

* The annualised pensionable payroll has been derived from the contributions paid over the relevant accounting period.

The capital cost of early retirement occurring in the accounting period is £0.

(xiii) Fund Return

The investment return used to roll forward the notional share of assets from the last formal valuation of the fund to the accounting date has been calculated using returns provided by the Fund Administering Authority, where known. Where necessary, index returns appropriate to the mix of assets have been used for any remaining period to obtain an estimate of the total return over the period to the accounting date. To that return, the actuaries have made an allowance for investment management expenses by reducing the provided Fund returns by 0.3% p.a. based on the Fund’s experience.

The overall Fund return over the accounting period has been calculated as 10.5%, This includes an adjustment to reflect the difference between Fund returns and estimated index returns used over the last accounting period, where appropriate.

The actuaries have used known Fund returns for the period ending 31 December 2023 and index returns for the remainder of the accounting period. The index returns between 31 December 2023 and 31 March 2024 have been calculated as 4.1%.

(xiv) Surplus Recognition and Additional Liability

The Arts Council has a net pension asset at the accounting date. The Arts Council shall recognise a surplus in line with accounting guidance, which will result in a calculation of the maximum economic benefit we could recognise in the accounts (referred to as the asset ceiling) in accordance with IFRIC 14. If the Asset Ceiling is below the net pension asset, then the net pension asset is restricted to the net pension asset ceiling.

The Arts council is not paying any deficit contributions therefore there has been no additional liability calculated.

	£m *
Asset Ceiling	0.00
Additional Liability	0.00

The following assumptions have been made:

- 1) The % of pay rate will continue at the % rate shown for the last year. If the % of pay rate includes past service adjustment contributions, these are assumed to cease at the end of the Recovery Period.
- 2) Any contributions certified as £ amounts are assumed to continue at the £ rate shown for the last year, but increasing annually in line with the pay increase assumption used the last valuation of 3.80%p.a. These contributions are assumed to cease at the end of the Recovery Period.

2c) Chief Executive’s Remuneration (Audited Information)

The mid-point of the banded remuneration received by the Chief Executive, including back-dated pay awards during the year was £92,500 (22 - 23: £87,500). The Chief Executive is an ordinary member of the Northern Ireland Local Government Officers’ Superannuation Committee (NILGOSC) pension scheme. A total of 55% (22 - 23: 46%) of the Chief Executive’s employment costs (including employers national insurance contributions and employers pension) have been apportioned to the Lottery Distribution fund to cover time spent on Lottery activities.

3) Staff Engagement

In March 2024, a staff survey was carried out. Responses will be analysed, and results reported on in the 2024 - 25 Accounts.

A weekly e-newsletter “The Loop” is issued to all staff; this includes HR updates where needed and signposts to online wellbeing resources.

4) Average number of persons employed (Audited Information)

The average number of whole-time equivalent persons employed during the year was as follows:

	Permanently Employed Staff	Others	23 - 24	22 – 23
Directly employed	39	-	39	41
Other	-	8	8	7
Total	39	8	47	48

All of the staff were employed by the Arts Council and the proportion in relation to the Lottery Distribution Account is on the basis of average Lottery caseload from the Arts Development Department and on other appropriate bases from the rest of the Arts Council.

5) Staff Composition by Gender (Audited Information)

The actual composition of staff employed by the Arts Council on 31 March 24 is as follows:

	Male Directors	Male Employees	Female Directors	Female Employees	Total Employees
2023-24					
Payroll	1	8	5	32	46
Board	-	2	-	-	2
Agency	-	3	-	6	9
Total	1	13	5	38	57
	Male Directors	Male Employees	Female Directors	Female Employees	Total Employees
2022-23					
Payroll	1	9	5	33	45
Board	-	2	-	-	2
Agency	-	3	-	6	9
Total	1	15	5	35	56

Staff composition shows the number of people employed by the Arts Council. Two of the Board Members are classified as 'employed' (Chairman and Vice Chairman) as they are on the Arts Council payroll to facilitate payment of their honoraria.

6) Staff Turnover

Staff turnover percentage for permanently employed staff in the Arts Council is shown below:

Contract Type	Staff Turnover 2024	Staff Turnover 2023
Permanent	6.90%	6.82%

7) Sickness Absence Data

The number of sick days reported in 2023 - 24 was 719 days FTE (2022 - 23: 344). This equates to an average lost working days per employee of 18.2 days (2022 - 23: 8.34 days). 88% of sickness absence throughout the year was long-term sickness and 12% was due to short-term sickness absence.

8) Staff Policies pertaining to disabled persons

Employment, training and advancement of disabled persons

The Arts Council ensures that people with a disability are given opportunities for suitable employment and that they are not discriminated against on the grounds of disability for recruitment, promotion, or training purposes.

Consideration is given to the needs of disabled applicants throughout recruitment and selection processes and reasonable adjustments as defined under the Disability Discrimination Act 1995 will be provided for prospective disabled candidates.

To retain existing employees with a disability or long-term health condition, or employees who have become disabled during the period of employment, ACNI provides a range of reasonable adjustments to facilitate employees, including training and workstation assessments and adaptations, providing flexible working arrangements, and assessing job criteria and duties.

9) Other Employee Matters

Learning & Development

The Arts Council aims to provide opportunities and resources to enable staff development activities consistent with the achievement of personal, professional, and organisational objectives. In keeping with the Arts Council Equal Opportunities Policy, all staff will be given the opportunity to participate in development activities and training interventions appropriate to their individual development needs. Access to training and development will be equitable and fair, and reasonable adjustments will be made in respect of training events for staff with a disability where needed.

In providing access to training, there is also a requirement for the Arts Council to consider the need to balance effective spending of public funds with equal opportunities for all staff. Training and development activities which entail expenditure will be appropriately funded to meet priority learning and development needs.

Training is delivered using a variety of learning delivery channels, for example in-house training, e-learning events and webinars, external courses, coaching or mentoring, seminars, workshops, conferences, and meeting of professional bodies.

Employee Consultation and Trade Union Relationships

On matters of policy and procedure which affect the employees of the Arts Council, the organisation consults with the recognised trade union of which staff are members (NIPSA) through a Joint Consultative and Negotiating Committee also on an ad hoc basis. This trade union is also a member of the Whitley Council which negotiates the terms and conditions of members with the Northern Ireland Department of Finance.

ACNI operates internal communication and consultation arrangements to exchange information, share ideas and raise any concerns. These comprise regular team meetings and regular staff briefings.

Equality, Diversity, and Inclusion

ACNI values and welcomes diversity and is committed to creating a truly inclusive workplace for all. ACNI has an Equal Opportunities policy and is committed to a policy of equality of opportunity in its employment practices and aims to ensure that no actual or potential job applicant or employee is discriminated against, either directly or indirectly, on the grounds of gender, marital status, disability, race, community background or political persuasion, age, dependants, sexual orientation or trade union membership.

ACNI is an Equal Opportunities Employer and all applications for employment are considered strictly on the basis of merit. Panel members must have completed mandatory recruitment and selection training prior to participating on selection panels. This training includes specific learning on equality and diversity, relevant legislation, and adjustments for disabled candidates.

ACNI continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI). To help ensure that we are meeting our equality of opportunity obligations, ACNI monitors the composition of employees and applicants. This monitoring helps to identify if any of our policies, procedures or activities are operating to the detriment of any individual from any particular grouping within our diverse society.

Health and Safety at Work

The Arts Council is committed to providing staff and customers with a working environment that is as safe as possible and free from risk to health. In accordance with this commitment, the Arts Council complies with relevant health and safety legislation, carries out statutory risk assessments and takes appropriate and timely actions as a result of these, holds regular Committee meetings and delivers relevant training.

10) Expenditure on Consultancy

There was no consultancy expenditure in 2023 - 24 nor in the prior year 2022 - 23.

11) Off Payroll Disclosures (Audited Information)

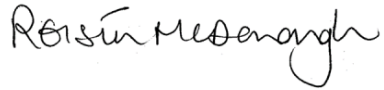
Off-payroll engagements are those where individuals, either self-employed or acting through a personal service company, are paid gross by the employer. In line with HM Treasury requirements, the Department of Finance requires disclosure of such engagements earning more than £245 per day that were in place during 2023 - 24. The Arts Council had no off-payroll engagements commencing, ending, or operating during 2023 - 24 or 2022 - 23.

12) Exit Packages (Audited Information)

There were no exit packages in the current financial year nor in the previous financial year.

Arts Council of Northern Ireland

Redundancy and other departure costs are paid in accordance with the provisions of the Arts Council's Voluntary Exit Scheme. Exit costs are accounted for in full in the year of departure, including recognising liabilities as accruals at the point at which offers were accepted.



Roisín McDonough
Accounting Officer
Arts Council of Northern Ireland

Date: 6 December 2024

Assembly Accountability and Audit Report

The Assembly Parliamentary Accountability and Audit Report brings together the key Assembly accountability documents. It includes:

- Regularity of expenditure,
- Assembly Accountability Disclosure Notes, and
- The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

Assembly Accountability Disclosure Notes (Audited Information)

Losses Statement

A specific bad debt provision of £75,000 was created in 2013 - 14 to provide for the full amount of a loan of £75,000 (which was converted to a charge in the 2013 - 14 year) to a client where there is a high risk of non-repayment. Further details are outlined in Note 11 to the Accounts.

Special Payments

There were no losses or special payments in the year ended 31 March 2024 (22 - 23: £0).

Fees and Charges


Administrative overheads and salaries incurred by Exchequer are apportioned to the Lottery Distribution Fund. The apportionment is made at full economic cost and calculated on appropriate bases.

Regularity of Expenditure (Audited Information)

All expenditure incurred by the Arts Council is regular; it is in accordance with the expressed wishes of the sponsoring department and has been approved by the senior management team.

Remote Contingent Liabilities (Audited)

In addition to liabilities reported within the meaning of IAS37, the Arts Council also reports liabilities for which the likelihood of transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. The Arts Council has no remote contingent liabilities.



Roisín McDonough
Accounting Officer
Arts Council of Northern Ireland

Date: 6 December 2024

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Arts Council of Northern Ireland for the year ended 31 March 2024 under the Arts Council (Northern Ireland) Order 1995. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting Standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Arts Council of Northern Ireland's Exchequer affairs as at 31 March 2024 and of the Arts Council of Northern Ireland's Exchequer net expenditure for the year then ended; and
- have been properly prepared in accordance with the Arts Council (Northern Ireland) Order 1995 and Department of Communities directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of the Arts Council of Northern Ireland in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Arts Council of Northern Ireland's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may

cast significant doubt on the Arts Council of Northern Ireland's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Arts Council of Northern Ireland is adopted in consideration of the requirements set out in the Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the service which they provide will continue in the future.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and report. The Accounting Officer is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Communities directions made under the Arts Council (Northern Ireland) Order 1995; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Arts Council of Northern Ireland and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability

Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls are in place as deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remuneration and Staff Report is prepared in accordance with the applicable financial reporting framework; and
- assessing the Arts Council of Northern Ireland's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Arts Council of Northern Ireland will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine and certify the financial statements in accordance with the Arts Council (Northern Ireland) Order 1995.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

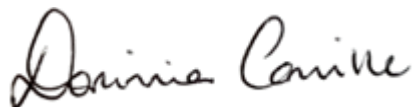
- obtaining an understanding of the legal and regulatory framework applicable to the Arts Council of Northern Ireland through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Arts Council (Northern Ireland) Order 1995 and Department of Communities directions issued thereunder;
- making enquires of management and those charged with governance on the Arts Council of Northern Ireland's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected, and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Arts Council of Northern Ireland's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: grant expenditure and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities, and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;

Arts Council of Northern Ireland

- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

12 December 2024

Financial Statements

Statement of Comprehensive Net Expenditure

Year ended 31 March		2024	2023
	Note	£	£
Other Operating Income	3	<u>1,870,627</u>	<u>1,350,533</u>
Total Operating Income		1,870,627	1,350,533
Staff Costs	2(a)	(2,556,466)	(2,767,231)
Seconded Staff Costs		-	-
Expenditure on the Arts	2(b)	(11,662,146)	(11,683,776)
Depreciation and Impairment Charges	2(a)	(152,251)	(129,579)
Other Operating Expenditure	2(a)	<u>(688,989)</u>	<u>(600,951)</u>
Total Operating Expenditure		(15,059,852)	(15,181,537)
Net Operating Expenditure		(13,189,225)	(13,831,004)
Finance Expense		(877)	(2,060)
Net Expenditure for the year		(13,190,102)	(13,833,064)
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating expenditure		-	-
Net gain / (loss) on revaluation of Property Plant and Equipment	4(a)	(4,077)	10,000
Net gain / (loss) on revaluation of Intangible Assets	5	2,990	-
Actuarial gain / (loss) on Pension Scheme Liabilities		<u>(246,000)</u>	<u>4,182,000</u>
Comprehensive Net Expenditure for the Year		<u>(13,437,189)</u>	<u>(9,641,064)</u>

The notes on pages 74 to 99 form part of these accounts.

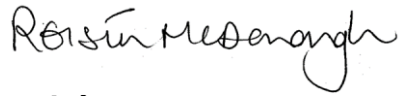
Statement of Financial Position

As at 31 March		2024	2023
	Note	£	£
Non-current Assets			
Property, Plant and Equipment	4(a)	122,721	220,649
Operational Heritage Assets	4(a)	135,000	140,000
Non-operational Heritage Assets	4(a)	1,351,024	1,290,308
Intangible Assets	5	50,247	71,230
Retirement Benefit Obligations	9	-	279,000
Total Non-current Assets		1,658,992	2,001,187
Current Assets			
Trade and Other Receivables	7	238,725	122,232
Cash and Cash Equivalents	6	331,100	1,400,407
Total Current Assets		569,825	1,522,639
Total Assets		2,228,817	3,523,826
Current Liabilities			
Trade and Other Payables	8	(1,978,564)	(954,961)
Lease Liabilities	10	(35,374)	(124,422)
Provisions	11	(30,000)	-
Total Current Liabilities		(2,043,938)	(1,079,383)
Total Assets less Current Liabilities		184,879	2,444,443
Non-current Liabilities			
Lease Liabilities	10	-	(35,374)
Total Non-current Liabilities		-	(35,374)
Total Assets less Total Liabilities		184,879	2,409,069
Taxpayers' Equity and Other Reserves			
General Reserve		(15,347)	1,928,756
Revaluation Reserve		200,226	201,313
Pension Reserve		-	279,000
Total Equity		184,879	2,409,069

The notes on pages 74 to 99 form part of these accounts.

Arts Council of Northern Ireland

The financial statements on pages 69 to 99 were approved by the Board on 6 December 2024 and were signed on its behalf by:



Roisín McDonough
Accounting Officer
Arts Council of Northern Ireland

Date: 6 December 2024

Statement of Cash Flows

For the year ended 31 March	Note	2024 £	2023 £
Cash Flows from Operating Activities			
Net Operating Expenditure		(13,189,225)	(13,831,004)
Adjustment for Non-cash Transactions			
Depreciation	2(a)	152,251	129,579
(Increase) / Decrease in Trade and Other Receivables	7	(116,493)	107,133
Increase / (Decrease) in Trade and Other Payables	8	1,023,603	(565,125)
Increase in Pension Fund Payable Less Actuarial Losses		33,000	466,000
Net Cash Outflow from Operating Activities		<u>(12,096,864)</u>	<u>(13,693,417)</u>
Purchase of Property, Plant & Equipment		-	-
Purchase of Non-operational Heritage Assets		(60,143)	(46,063)
Purchase of Intangible Assets		-	(71,230)
Net Cash Outflow from Investing Activities		<u>(60,143)</u>	<u>(117,293)</u>
Cash Flows from Financing Activities			
Grants from Department for Communities		11,213,000	13,489,000
Repayment of Leasing Liabilities		(125,300)	(129,067)
Net Cash from Financing Activities		<u>11,087,700</u>	<u>13,359,933</u>
Net Increase / (Decrease) in Cash and Cash Equivalents in the Period		(1,069,307)	(450,777)
Cash and Cash Equivalents at the Beginning of the Period	6	<u>1,400,407</u>	<u>1,851,184</u>
Cash and Cash Equivalents at the End of the Period	6	<u>331,100</u>	<u>1,400,407</u>

The notes on pages 74 to 99 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2024

	Pension Reserve £	General Fund £	Revaluation Reserve £	Taxpayers' Equity £
Balance at 31 March 22	(3,437,000)	1,795,858	191,313	(1,449,829)
Opening Balance				
Adjustment		* 10,962		10,962
Grants from Department for Communities	-	13,489,000	-	13,489,000
Comprehensive Net Expenditure for the Year	(466,000)	(13,340,064)	10,000	(13,796,064)
Auditors Remuneration	-	(27,000)	-	(27,000)
Actuarial gains and losses	4,182,000	-	-	4,182,000
Balance at 31 March 23	279,000	1,928,756	201,313	2,409,069
Grants from Department for Communities	-	11,213,000	-	11,213,000
Comprehensive Net Expenditure for the year	(33,000)	(13,123,102)	(1,087)	(13,157,189)
Auditors Remuneration	-	(34,000)	-	(34,000)
Actuarial gains and losses	(246,000)	-	-	(246,000)
Balance at 31 March 24	-	(15,347)	200,226	184,879

* Increased by £10,962 for difference between Right-of-Use asset value and lease liability on IFRS 16 adoption 01 Apr 2022.

The notes on pages 74 to 99 form part of these accounts.

Notes to the Arts Council of Northern Ireland's Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2023 - 24 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Arts Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Arts Council for the distribution of public funding for the arts in Northern Ireland are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

Accounts are prepared under the direction of the Department for communities in accordance with Article 8 and Article 9 of the Arts Council (Northern Ireland) Order 1995.

The Arts Council has a positive Statement of Financial Position at 31 March 2024 of £0.19m, and the Arts Council has adequate funding to meet its liabilities as they fall due. The accounts have been prepared on a going concern basis.

1.1 Accounting Convention

These accounts have been prepared in accordance with the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets, and heritage assets. All values in the financial statements are expressed in GBP and rounded to the nearest pound.

The accounting policies for all material items are outlined below:

1.2 Property, Plant and Equipment

The minimum level for capitalisation as an individual or grouped non-current asset or bulk purchase of small similar assets is £1,000. Items below the threshold of £1,000 are written off to the Statement of Comprehensive Net Expenditure.

Plant & Machinery comprises one musical instrument, which was valued by Steinway in January 2019. Other property, plant and equipment have been re-valued at 31 March 2024 using the latest available indices published in 'Price Index Numbers for Current Cost Accounting' prepared by the Office for National Statistics.

1.3 Heritage Assets

The Arts Council's Art Collection is regarded as a non-operational heritage asset and is capitalised in the Statement of Financial Position.

All non-operational heritage assets are shown at valuation, assets are revalued annually by an experienced internal review panel. Valuations are based on a combination of the panel's knowledge of the NI market, commercial status of the artist and intrinsic worth of the item. Arts Council staff involved in the on-going revaluation are the Director of Arts Development and the Head of Visual Arts, they are qualified to perform valuations through detailed knowledge of the local market and individual artists. Valuation is subject to an established methodology ensuring consistency in recognising developed and emerging talents. Some individual purchased heritage assets may be below the threshold of £1,000 but are capitalised because they are part of the overall addition to the Collection for the year.

The operational heritage asset relates to a violin the Arts Council owns, which was manufactured by Joseph Gagliano between 1780 and 1782. The violin was donated to the Arts Council in 1980. This is classed as an operational heritage asset as it is on loan as an award to an outstanding young violinist from Northern Ireland, through the Ulster Youth Orchestra and is therefore shown in the non-current asset note. The violin was re-valued, on a replacement cost basis, to £135,000 on 19 June 2023, by J & A Beare Ltd, professional valuers in the musical instrument field providing services to the Royal Society of Musicians and the Royal Academy of Music.

Operational and non-operational heritage assets are included with property plant and equipment and are shown at fair value. Operational and non-operational heritage assets are not depreciated as they are considered to have an infinite useful life.

1.4 Intangible Assets

Purchased and internally generated websites and purchased software are capitalised as intangible assets where expenditure of £1,000 or more is incurred. Websites and software have been re-valued at 31 March 2024 using the latest available indices published in 'Price Index Numbers for Current Cost Accounting' prepared by the Office for National Statistics.

1.5 Depreciation

Property, plant and equipment and intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation is calculated on a monthly basis from month of acquisition. No depreciation is charged in the month of disposal.

The rates of depreciation in use are as follows:

Furniture & Fittings	5-25 years
Plant & Machinery	25-30 years
Information Technology	3-5 years
Websites	3-5 years
Software	3-5 years
Right-of-Use Assets	Straight line over lease term
Heritage Assets	N/A

There is one asset in Plant & Machinery, which is a Steinway piano. It was not depreciated in the current financial year because its book value is at the lower range of its estimated market value by Steinway and Sons Ltd on 15 April 2024.

Impairment reviews are performed for all non-current assets if and when indications of impairment are identified.

1.6 Operating Income

Government Grants

Grant-in-Aid received used to finance activities and expenditure which support the statutory and other objectives of the entity are treated as financing, and credited to the General Reserve, because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs.

Lottery Recharges

Administrative overheads and salaries are apportioned to the Lottery Distribution fund and comprise administrative costs and salaries incurred by the Arts Council from which the Lottery benefited indirectly. The apportionment is made at full economic cost and calculated on appropriate bases. Recharges of expenses and salaries are shown in other income.

Other Operating Income

All other operating income received is credited to income in the year to which it is receivable.

1.7 Leases

IFRS 16 Leases, as adapted for the public sector was implemented with effect from 01 April 2022, replacing IAS 17 Leases. In line with the FREM mandate, the practical expedient detailed in IFRS 16 (C3) has been applied. On transition a right-of-use asset and corresponding lease liability were recognised on the Statement of Financial Position. The lease liability is measured as the outstanding value of lease payments due, discounted in accordance with HM Treasury published discount rates prevailing on the date of adoption. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately prior to the date of initial application.

The right-of-use asset is depreciated on a straight-line basis over the remaining lease term. The lease liability is reduced for payments made and increased for interest. Previously under IAS 17 lease payments were expensed as rental charges.

Short-term leases and leases of low-value assets are not recognised as right-of-use assets and lease liabilities, payments in relation to these are expensed in the Statement of Comprehensive Net Expenditure as incurred.

On the Statement of Financial Position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been shown separately.

1.8 Financial Instruments

Risk Management

The Arts Council is not exposed to the same degree of financial risk faced by business entities. This is due to the organisation being essentially a non-trading entity and financed as a Non-Departmental Public Body. It has no powers to borrow or invest in surplus funds and has limited year-end flexibility. It is therefore exposed to little liquidity, currency, or market risks. The Arts Council does not hold any complex financial instruments and there is no impact on the financial risk of the organisation.

1.8.1 Financial Assets

Trade and other receivables

Financial Assets within trade and other receivables are recognised and retained at invoiced cost which is considered to equate to fair value as the contractual obligations are short term. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and current balance with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

1.8.2 Financial Liabilities

Trade and Other Payables

Financial liabilities within trade and other payables are recognised and retained at invoiced cost which is considered to equate to fair value as all such liabilities are short term in nature.

The Arts Council pays grants in accordance with the terms and conditions inherent in the respective funding agreement, letter of offer or grant scheme. Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs.

1.9 Payment of Grants

Grants awarded to arts organisations and individuals are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate. Any amounts of unpaid grant at 31st March each year are included as liabilities in the Statement of Financial Position.

1.10 Provisions

The Arts Council provides for legal or constructive obligations as a result of a past event which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. .

1.11 Contingent Liabilities

Contingent Liabilities are disclosed in accordance with IAS 37. In addition to the contingent liabilities disclosed in accordance with IAS 37, the Arts Council discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefits is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.12 Critical Accounting Estimates and Key Judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Arts Council's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

- **Depreciation of Property, Plant and Equipment**

Depreciation is provided in the accounts so as to write down the respective assets to their residual values over their expected residual lives and as such the selection of the estimated useful lives and the expected residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are shown above in Note 1.5.

- **Lottery Overhead Recharge Agreement**

Exchequer has an agreement with the Lottery Distribution Account to recharge it for salary costs and overhead costs incurred in relation to Lottery funded activities. The Lottery recharge agreement for 2024 - 24 was approved by the Board on 30 June 2023 and was applied retrospectively for the full year, from 1 April 2023 to 31 March 2024.

The Lottery recharge percentage for 2023 - 24 was deemed to be 55% of Arts Council Exchequer Staff costs including Agency costs, early retirement costs and pension service cost, 55% of honoraria for the Chair and Vice-Chair and 55% of designated overhead costs in the recharge agreement.

The Lottery Recharge Percentage of 55% was calculated by assessing grants over the previous three-year period up to 31 March 23. It was calculated using the number and value of grant applications in Lottery and Exchequer, the number and value of grant awards, the amount of work in processing unsuccessful applications and successful awards and the amount of work in processing grants awards based on the number and value of awards.

Thus, 55% of the work carried out by the Arts Council over the previous three-year period up to 31 March 2023 was deemed to be in relation to Lottery and 45% was deemed to be Exchequer work. Consequently, the recharge percentage used for financial year 2023 - 24 was 55%.

- **Pension and Other Post Retirement Benefits**

The Arts Council accounts for Pensions and other post-retirement benefits in line with IAS 19. In determining the pension cost and the defined benefit obligation of the pension scheme, a number of assumptions are used by the Actuary. These include the discount rate, salary growth, price inflation, the expected return on the schemes investments and mortality rates. Further details are contained in Note 2(b) of the Staff Report.

- **Bad debt provision**

The Arts Council created a bad debt provision for an outstanding loan which was converted to a charge during the 2013-14 year. The Arts Council assess there is a high risk of not receiving this money. Therefore, the Arts Council has created a provision for the full amount of the charge. Further details are contained in Note 11.

1.13 Value Added Tax

The Arts Council is not registered for Value Added Tax (VAT). All transactions are therefore stated inclusive of VAT.

1.14 Employee Benefits

Under IAS 19 an employing entity should recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for the Service. The Arts Council has recognised annual leave entitlements that have been earned by year end but not yet taken. These are included in current liabilities.

1.15 Pension Costs

Past and present employees are covered by the provisions of the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme.

In accordance with IAS 19 the Scheme Managers / trustees are required to undertake a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analysis, the limitation of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analysis.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the market led approach. The previous full actuarial valuation of the scheme was at 31 March 2022.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term to the liability.

The increase in the present value of the liabilities of the Arts Council's defined benefit pension scheme arising from employee service in the period is charged to the Statement of Comprehensive Net Expenditure to recognise the cost of pensions over the employees' working lives.

A revised version of IAS 19 came into effect for accounting periods commencing on or after 1 January 2013. The figures in the accounts have been calculated under the revised IAS 19. The Arts Council is no longer required to recognise an expected return on assets item in the Statement of Comprehensive Net Expenditure. This is now replaced with a net financing charge which is based on the discount rate assumption.

Actuarial gains and losses are recognised in Other Comprehensive Net Expenditure.

1.16 Early Departure Costs

The Arts Council is required to recognise the actuarial liability for the cost of paying pensions of employees who retire early from the date of their retirement until the pension is no longer due to the individuals or their spouses. Given projected life spans, this liability will be payable over a number of years. The Arts Council makes a provision each year based on the projected liability.

Each year the provision is recalculated and restated, if necessary, with any under or over provision charged or credited to the Statement of Comprehensive Net Expenditure. This is part of the IAS 19 Actuarial valuation, and it is shown in Pensions Costs and Commitments within the Staff Report.

1.17 Reserves

General Reserve

This is the balance arising from recurrent grants provided by the sponsor department (Department for Communities) through grant-in-aid and the net expenditure as reported in the Statement of Comprehensive Net Expenditure for the year.

Revaluation Reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments to assets.

Pension Reserve

This is the estimated funding position of the Arts Council's share of the NILGOSC pension scheme as calculated by the scheme's actuaries.

1.18 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2024

Additional or revised accounting standards and new (or amendments to) interpretations contained within FReM 2023 - 24 have been considered. The adoption of these standards has not had a significant impact on the Arts Council's financial position or results.

1.19 Accounting standards, interpretations and amendments to published standards not yet effective

The Arts Council has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts.

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 01 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted, and adapted for the public sector, with effect from 01 April 2025. The Arts Council does not anticipate that the adoption of this standard will have a material impact on its accounts.

IFRS 18 (Presentation and Disclosure in Financial Statements) was issued in April 2024, replacing IAS 1 (Presentation of Financial Statements), and is effective for accounting periods beginning on or after 1 January 2027. IFRS 18 will be implemented, as interpreted and adapted for the public sector if required, from a future date (not before 2027-28) that will be determined by the UK Financial Reporting Advisory Board in conjunction with HM Treasury following analysis of this new standard. The Arts Council does not anticipate that the adoption of this standard will have a material impact on its accounts.

2 Expenditure

2 (a) Operating Expenditure

Year ended 31 March	2024	2023
	£	£
Staff Costs ¹		
Wages and Salaries	1,628,712	1,512,068
Social Security Costs	166,775	158,203
Other Pension Costs	325,256	757,804
Agency Costs	435,723	339,156
	<hr/>	<hr/>
Total Staff Costs	2,556,466	2,767,231
IT costs and equipment	277,709	235,890
Municipal Rates, Water Rates, SDLT	80,937	91,267
Other Premises Costs	83,608	66,342
Legal and Consultancy Fees	54,094	43,507
Expenses and Hospitality	32,767	29,519
Marketing and Communications	50,898	46,144
Other Core Expenses	28,205	12,653
Auditors Remuneration	34,000	27,000
Telephone and Postage	18,187	18,294
Insurances	11,600	10,588
Stationery	1,718	2,997
Training	8,276	10,518
Advertising	6,990	6,232
Non-cash items		
Depreciation	152,251	129,579
	<hr/>	<hr/>
Total Operating Expenditure	3,397,706	3,497,761

¹ Further analysis of staff costs is in the Staff Report on page 46.

A breakdown of the above staff costs into permanent staff and others can be found in the Staff Report on page 46.

The Arts Council did not purchase any non-audit services from its auditor (the Northern Ireland Audit Office) during the year. The above costs are gross costs to the Exchequer account and £473,429 (2022 - 23: £317,507) of these operating costs and £1,394,812 (2022 - 23: £1,032,530) salary costs have been recharged to the Lottery Distribution account and are shown as Other Operating Income in Note 3 below.

2 (b) Expenditure on the Arts

Year ended 31 March	2024	2023
	£	£
Annual Funding Programme	9,799,905	10,235,011
Capital Programme	1,218,277	875,621
In-Year Project Funding	80,784	96,292
Arts Development Fund Strategy	482,338	432,680
Arts and Older People	80,842	20,294
Young People & Well-Being	-	11,939
	-	11,939
Total Expenditure on the Arts	<u>11,662,146</u>	<u>11,683,776</u>

3 Other Operating Income

Year ended 31 March	2024	2023
	£	£
National Lottery Recharge – Salaries	1,394,812	1,032,529
National Lottery Recharge – Administration	473,429	317,507
Administrative & Miscellaneous	90	292
Grant Refunded	2,296	205
Recharge to NIPF	-	-
Total	<u>1,870,627</u>	<u>1,350,533</u>

4 Non-current Assets

4 (a) Property, Plant and Equipment

2023-24	Property, Plant and Equipment	Operational Heritage Assets	Non- Operational Heritage Assets	Total
Cost or Valuation	£	£	£	£
At 1 April 2023	443,196	140,000	1,290,308	1,873,504
Additions	30,000	-	60,143	90,143
Donations	-	-	-	-
Revaluation & Indexation	1,789	(5,000)	573	(2,638)
At 31 March 2024	474,985	135,000	1,351,024	1,961,009
Depreciation				
At 1 April 2023	222,547	-	-	222,547
Charge in year	128,278	-	-	128,278
Revaluation & Indexation	1,439	-	-	1,439
At 31 March 2024	352,264	-	-	352,264
Carrying Amount At 31 March 2024	122,721	135,000	1,351,024	1,608,745
Carrying Amount At 31 March 2023	220,649	140,000	1,290,308	1,650,957
Asset Financing				
Leased	76,128	-	-	76,128
Owned	46,593	135,000	1,351,024	1,532,617
Carrying Amount At 31 March 2024	122,721	135,000	1,351,024	1,608,745

Included under Property, Plant and Equipment are right-of-use assets for office premises with a carrying amount of £76,128 at 31 March 2024, is included in the Property, Plant and Equipment total. The lease runs for a term of eighteen months from 13 February 2023 to 12 August 2024.

Property, Plant and Equipment also includes one musical instrument, a Steinway Model D Grand Piano which was externally valued on 15 April 2024, by Steinway & Sons Ltd.

Arts Council of Northern Ireland

2022-23	Property, Plant and Equipment	Operational Heritage Assets	Non- Operational Heritage Assets	Total
Cost or Valuation	£	£	£	£
At 1 April 2022	145,431	130,000	1,244,245	1,519,676
Additions	-	-	46,063	46,063
Restated at 1 April 2022	297,765	-	-	297,765
Donations	-	-	-	-
Revaluation & Indexation	-	10,000	-	10,000
At 31 March 2023	443,196	140,000	1,290,308	1,873,504
Depreciation				
At 1 April 2022	94,636	-	-	94,636
Charge in year	127,911	-	-	127,911
Revaluation & Indexation	-	-	-	-
At 31 March 2023	222,547	-	-	222,547
Carrying Amount At 31 March 2023	220,649	140,000	1,290,308	1,650,957
Carrying Amount At 31 March 2022	50,795	130,000	1,244,245	1,425,040
Asset Financing				
Leased	172,119	-	-	172,119
Owned	48,530	140,000	1,290,308	1,478,838
Carrying Amount At 31 March 2023	220,649	140,000	1,290,308	1,650,957

A Right of Use asset for leased premises with a carrying value of £172,119 at 31 March 2023, is included in the Property, Plant and Equipment total. The lease runs for a term of eighteen months from 13 February 2023 to 12 August 2024.

Property, Plant and Equipment also includes one musical instrument, a Steinway Model D Grand Piano which was externally valued on 15 April 2024, by Steinway & Sons Ltd.

4 (b) Heritage Assets

The Arts Council's Art Collection is considered to be a non-operational heritage asset. The Arts Council's contemporary collection dates from 2003 and in 2024 it comprises almost 1000 works in all media. The Arts Council's Acquisitions Policy states that:

The Arts Council recognises the importance of purchasing contemporary work as a means of supporting artists, stimulating the art market, and developing a culture in which visual art is appreciated.

Priority is given to artists whose work is challenging and innovative. We look for the work of emerging as well as established artists.

Works in all media are considered, including painting, sculpture, crafts, print, photography, and newer art forms such as digital and video work.

Works are considered against the criteria of:

- Quality, innovation, and the challenging nature of the piece;
 - Evidence of the artist's achievements;
 - The artist's contribution to the arts in Northern Ireland;
 - The relevance of the purchase to the furtherance of the artist's career;
- and
- The relevance of the purchase to the Arts Council's funding objectives.

The Arts Council will consider accepting gifts to the collection although such work is assessed against the same criteria as works considered for purchase.

The Art Collection Management Handbook deals with the preservation, management, and disposal of artwork, which are referred to as Non-Operational Heritage Assets in the accounts.

Access to the artworks in the collection is through exhibition and loans to galleries, museums, schools, and requests to see works. The records of the individual artworks are maintained on EMu – a collection management system. It is also possible to have online access to EMu, which allows members of the public to see what is in the collection from their own home or school.

With capital funding from the Department for Communities the Arts Council allocated £60,143 for the acquisition of artwork for 2023 - 24 (2022 - 23: £46,063).

There is one operational heritage asset, a Gagliano violin, which is on loan as an award to an outstanding young violinist from Northern Ireland, who is the current leader of the Ulster Youth Orchestra.

Summary of transactions relating to non-operational heritage assets, for the current accounting period and each of the previous four accounting periods

	2023 – 24	2022 - 23	2021 - 22	2020 – 21	2019 - 20
	£	£	£	£	£
B'fwd non-operational heritage assets	1,290,308	1,244,245	1,141,328	1,069,378	1,010,422
Revaluation	573	-	30,989	2,862	-
Gifted	-	-	-	-	-
Impairment	-	-	-	-	-
Donation	-	-	-	8,800	-
Cost of additional assets	60,143	46,063	71,928	60,288	58,956
	<u>1,351,024</u>	<u>1,290,308</u>	<u>1,244,245</u>	<u>1,141,328</u>	<u>1,069,378</u>

Summary of transactions relating to operational heritage assets, for the current accounting period and each of the previous four accounting periods

	2023-24	2022-23	2021-22	2020-21	2019-20
	£	£	£	£	£
B'fwd operational heritage assets	140,000	130,000	130,000	130,000	130,000
Revaluation	-	10,000	-	-	-
Gifted	-	-	-	-	-
Impairment	(5,000)	-	-	-	-
Donation	-	-	-	-	-
Cost of additional assets	-	-	-	-	-
	<u>135,000</u>	<u>140,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>

5 Intangible assets

2023 - 24	Websites	Software	Total
	£	£	£
Cost or Valuation			
At 1 April 2023	71,230	60,533	131,763
Restated at 1 April 2023		*(16,950)	(16,950)
Disposal	-	-	-
Additions	-	-	-
Revaluations	4,140	-	4,140
At 31 March 2024	75,370	43,583	118,953
Amortization			
At 1 April 2023	-	60,533	60,533
Restated at 1 April 2023		*(16,950)	(16,950)
Transfers	-	-	-
Charge in year	23,973	-	23,973
Revaluation	1,150	-	1,150
At 31 March 2024	25,123	43,583	68,706
Carrying Amount			
At 31 March 2024	50,247	-	50,247
Carrying Amount At 31 March 2023	71,230	-	71,230
Asset Financing			
Leased	-	-	-
Owned	50,247	-	50,247
Carrying Amount			
At 31 March 2024	50,247	-	50,247

*Disposal in 22/23 was not shown in the notes.

2022 - 23	Websites	Software	Total
	£	£	£
Cost or Valuation			
At 1 April 2022	-	60,533	60,533
Disposal	-	-	-
Additions	71,230	-	71,230
Revaluations	-	-	-
At 31 March 2023	71,230	60,533	131,763
Amortization			
At 1 April 2022	-	58,865	58,865
Transfers	-	-	-
Charge in year	-	1,668	1,668
Revaluation	-	-	-
At 31 March 2023	-	60,533	60,533
Carrying amount			
At 31 March 2023	71,230	-	71,230
Carrying amount			
At 31 March 2022	-	1,668	1,668
Asset Financing			
Leased	-	-	-
Owned	71,230	-	71,230
Carrying amount			
At 31 March 2023	71,230	-	71,230

6 Cash and cash equivalents

	2024	2023
	£	£
Balance at 1 April	1,400,407	1,851,184
Net change in cash and cash equivalent balances	<u>(1,069,307)</u>	<u>(450,777)</u>
Balance at 31 March	<u>331,100</u>	<u>1,400,407</u>
Balances held at 31 March were:		
Commercial banks and cash in hand	<u>331,100</u>	<u>1,400,407</u>
Balance at 31 March	<u>331,100</u>	<u>1,400,407</u>

In line with the Partnership Agreement, cash balances accumulated during the year were kept at the minimum level consistent with the efficient operation of the Arts Council.

In line with the Partnership Agreement, the Department makes available in the current financial year (subject to approval by the Assembly of the relevant estimates provision) any such grant-in-aid required to meet any liabilities at year end, such as accruals.

The balance of cash at 31 March 2024 was £331,100 (2022 - 23: £1,400,407).

The Arts Council has no borrowings and no financing activities, relying primarily on Exchequer funding for its cash requirements.

7 Trade receivables, financial and other assets

At 31 March	2024	2023
	£	£
Amounts falling due within one year		
Trade Receivables	88,045	54,791
Other Prepayments	30,969	28,148
Accrued Income	<u>119,711</u>	<u>39,293</u>
Total	<u>238,725</u>	<u>122,232</u>

8 Trade payables, financial and other liabilities

At 31 March	2024	2023
	£	£
Amounts falling due within one year		
Trade Payables	36,957	35,659
Grant Payables	1,583,374	730,261
Accruals	358,233	189,041
Lease Liabilities	<u>35,374</u>	<u>124,422</u>
Total	<u>2,013,938</u>	<u>1,079,383</u>

8.1 Reconciliation of liabilities arising from financing activities

	2023	Cashflow	Non-Cash Changes		2024
			Lease	Interest	
			Liability	Charges	
Lease Liability £	159,797	(125,300)	34,496	877	35,374

9 Retirement Benefit Obligations

At 31 March	2024	2023
	£	£
Amounts falling due after more than one year		
Pension Surplus/Deficit	<u>-</u>	<u>-</u>
Pension Surplus	-	<u>279,000</u>

Details of the pension scheme are outlined in the Staff Report. The net pension asset has decreased by £279,000 resulting in a nil pension reserve balance. (2022 - 23: surplus £279,000).

The Fund is valued every three years by the Fund's actuary and the last valuation was carried out as at 31 March 2022 and set the employer rates from 1 April 2023. The Arts Council contribution rates are currently 19.0% for the next three years.

Surplus Restriction

The Arts Council had a net pension asset at the accounting date. In accordance with IAS 19, when an entity has a surplus in a defined benefit plan, it shall measure the net defined asset at the lower of: (a) the surplus in the defined benefit plan; and (b) the asset ceiling. The asset ceiling is the future economic benefits available to the entity in the form of a reduction in future contributions or a cash refund. The asset ceiling has been calculated in accordance with IFRIC 14. At 31 March 2024, the

asset ceiling was below the net pension asset, this therefore has resulted in the net pension asset being restricted. ACNI is not currently paying any deficit contributions, therefore there has not been an additional liability calculated. Further information can be found on page 57 in the staff report.

McCloud / Sargeant Judgement – Pension Liability

The 2016 Scheme Valuation required adjustment as a result of the ‘McCloud remedy’. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations, which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the ‘McCloud remedy’, scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the Department of Finance website:

<https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021, provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

The Legality of Government’s decision to include McCloud costs as a member cost within the 2016 HMT process was challenged by a Judicial Review in 2023 brought by the trade unions. The Judicial Review was unsuccessful; however, the unions have been given permission to appeal that decision. If that appeal is successful, this may cause the 2016 HMT process to be re-run and could result in changes in benefits or member contributions backdated to 1 April 2019.

Goodwin judgement – Pension Liability

In June 2020, an Employment Tribunal ruled, that the Teachers’ Pension Regulations 2010 (as amended) directly discriminated on grounds of sexual orientation in relation to the provision of adult survivor pensions and thereby result in a breach of the non-discrimination rule in section 61(1) to the Equality Act 2010. The provisions found that survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation.

Although there is a similar differential treatment under the regulations governing the NILGOSC scheme, it is more limited in scope. The differential applies only where the marriage or civil partnership is entered into after the member has left the scheme (either as a pensioner or becoming a deferred member). Thus any future remedy, regardless of its retrospective scope, is therefore considered

Those changes are yet to be reflected in the data. NILGOSC have carried out a review of the potentially impacted membership and have advised that at a fund level the impact will be immaterial. While the impact will vary depending on the membership profile, it is believed that it is unlikely to be material for any individual employer.

10 Leases

The Arts Council leases office premises, this is reflected on the Statement of Financial Position as right-of-use asset with a corresponding lease liability, this asset is classified with Property, Plant and Equipment, see note 4(a). The Arts Council signed an eighteen-month lease commencing 13 February 2023 and terminating 12 August 2024, there is no option to extend. The Financial Reporting Manual withdraws the option of applying IFRS 16 retrospectively and mandates the use of the practical expedient in the standard. The discount rate used was 0.95%

Additional information on Right-of-Use assets by classification is shown below.

Property, Plant and Equipment	Office Premises
	£
As at 1 April 2023	172,119
Depreciation	(125,991)
Provision for Dilapidations 31 March	<u>30,000</u>
Carrying Amount as at 31 March 2024	<u><u>76,128</u></u>

The undiscounted maturity analysis of lease liabilities at 31 March 2024 is as follows.

Lease Liability Maturity Analysis

At 31 March 24	Within 1 Year £	1 – 2 Years £
Lease Payments	35,411	-
Finance Charges	<u>(37)</u>	<u>-</u>
Total Lease Liabilities	<u><u>35,374</u></u>	<u><u>-</u></u>
At 31 March 23		
Lease Payments	125,300	35,411
Finance Charges	<u>(877)</u>	<u>(37)</u>

Total Lease Liabilities 124,423 35,374

An amount of £348 relating to short-term and low value leased assets was expensed during the financial year. At 31 March 2024, the total commitment to short-term and low-value leased assets was £ nil.

Total cash outflow in respect of leases in the year was £125,300, interest expense for leasing liabilities is shown in note 2(a).

11 Provisions

Provisions for Liabilities and Charges

	2023-24 ROU Asset £	2022-23 ROU Asset £
Balance at 1 April	-	-
Provided in the year	30,000	-
Provisions utilised in the year	-	-
Balance as 31 March	<u>30,000</u>	<u>-</u>

Analysis of expected timing of discounted flows

	2023-24 ROU Asset £	2022-23 ROU Asset £
Less than one year	30,000	-
Greater than one year	-	-
Balance as 31 March	<u>30,000</u>	<u>-</u>

At 31 March an amount has been provided for in the accounts in for dilapidation costs for the exit of the lease in relation to the premises right of use asset. This provision has been capitalised as part of the leased asset in line with accounting standards. The Arts Council anticipates that this will be settled in the next financial year.

12 Other Financial Commitments

The Arts Council gave a loan to a client, An Gaelaras in 2008 - 09, the repayment of which was dependent on the sale of a building belonging to the client. The loan amount of £75,000 has been carried and included in Other Receivables at Note 7 above. In 2013 - 14, the loan was converted to a charge to secure the financial assistance advanced to An Gaelaras by the Arts Council. The charge was to subsist for a term of 10 years and was replaced with a charge dated 26 November 2020. Due to the uncertainty in the property market and the fact that the Arts Council will have only second priority, the Arts Council assessed that there was a high risk of non-repayment, therefore, the full value of the loan has been provided for in 2013 - 14 and is netted off the loan amount in Note 7 above. The amount of this provision will be reassessed annually, and adjustment made, as necessary.

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The payments to which the Arts Council is committed during 2023 - 24 analysed by the period during which the commitment expires are as follows:

At 31 March	2024	2023
	£	£
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-
Total	-	-

13 Contingent Liability disclosed under IAS 37

Public Sector Pensions – Injury to Feeling Claims

The Arts Council is a name Respondent in a class action affecting employers across the public sector and The Department of Finance (DoF) is managing claims on behalf of the Northern Ireland Civil Service (NICS) Departments. This is an extremely complex case and may have significant implications for the NICS and wider public sector. However the cases are at a very early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

14 Related-Party Transactions

The Arts Council is a Non-Departmental Public Body sponsored by the Department for Communities. The Department for Communities is regarded as a related party; during the year, the Arts Council had various material transactions with it as referred to in Note 1.17 above and as shown in the Statement of Changes in Taxpayers Equity.

The Arts Council's National Lottery Distribution Account is also regarded as a related party to the Arts Council Exchequer Account. At 31 March 2024, an amount of £207,756 (2022 - 23: £93,830) was owed by the National Lottery Distribution Account in respect of salary and other administrative costs incurred. These amounts are included in the Trade Receivables, financial and other assets figure of £238,725 (2022 - 23: £122,232) shown in Note 7 above. At 31 March 2024, an amount of £571,691 (2022 – 23: £ 52,875) was owed to the National Lottery Distribution Account in respect of Grants Payable. These amounts are included in the Trade Payables, financial and other assets figure of £2,013,938 shown in Note 8 above. Therefore at 31 March 2024 the net amount owed to the National Lottery Distribution account was £363,935.

Several Board members of the Arts Council and staff members are also involved with other arts organisations in Northern Ireland either directly or indirectly because of a family relationship, a close friendship or business relationship. These individuals make an annual declaration of their interests and do not take part in discussions and decisions to make grant awards to those organisations with which they have a declared interest. A list of awards made to the organisations concerned and details of who made

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the declaration of interest is detailed hereafter. All of the transactions relating to the organisations were conducted at arm's length by the Arts Council.

Board Members

Name	Nature of Relationship	Organisation Name	Awarded in 2023 – 24* £	Paid in 2023 - 24** £	Balance Outstanding as at 31 March 24 *** £
Lynne Best	Vice Chair	Oh Yeah Music Centre	17,799	6,311	11,988
Paul Brolly	Chair	Golden Thread Gallery	206,426	202,861	12,932
Joe Dougan	Board Member	Arts & Business NI	335,456	366,772	27,873
Ray Hall	Board Member	The Royal Scottish Pipe Band Association Northern Ireland Branch	133	27	133
	Board Director	Royal Scottish Pipe Band Association (<i>the parent body of the Royal Scottish Pipe Band Association NI Branch</i>)	133	27	133
	Secretary	Moybrone Pipe Band	7,920	7,920	-
Sean Kelly	Director	Cathedral Quarter Arts Festival	107,252	101,002	11,300
	Co-founder (no current involvement)	The Black Box Trust	9,512	8,899	612

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Staff Members

Name	Nature of Relationship	Organisation Name	Awarded in 2023 – 24* £	Paid in 2023 - 24 ** £	Balance Outstanding as at 31 March 24 *** £
Gilly Campbell	Parent volunteer on an ad-hoc basis	Brassneck Youth (part of Brassneck Theatre Company)	12,958	12,954	-
Lizzie Devlin	Friend of employee	174 Trust/The Duncairn	18,028	750	18,028
	Friend of Director	Poetry Ireland	47,518	45,811	4,224
Barbara Growcott	Family Connection	Arts Ekta	27,715	24,051	3,664
Patricia Lavery	Friend of Board Member	Sticky Fingers	-	-1,316	-
Suzanne Lyle	Friend of Landlord	Golden Thread Gallery	206,425	202,861	12,932
Alison McCrudden	Facilitator	Brassneck Youth (part of Brassneck Theatre Company)	12,958	12,954	-
Noirin McKinney	Husband is Editor	Irish Pages	-	1,140	-
Siobhan Molloy	Member	Comhaltas Ceoltoirí Éireann	-	1,875	-
	Employed freelance	Greater Shantallow Community Arts	18,857	11,336	11,577
Clare McComish	Occasional employment as freelance facilitator	New Belfast Community Arts Initiative T/A Community Arts Partnership	179,001	167,155	11,846
	Friend of Employee	R-Space Gallery	19,311	19,311	-
Ciaran Scullion	Family member was General Manager at the National Youth Choir of Northern Ireland – ceased 13 October 2023	National Youth Choir of Northern Ireland	9,936	-	9,936
Anne Shipton	Friend of employee	174 Trust/The Duncairn	18,028	750	18,028

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Name	Nature of Relationship	Organisation Name	Awarded in 2023 – 24* £	Paid in 2023 - 24 ** £	Balance Outstanding as at 31 March 24 *** £
Hannah Mullan	Recipient of Funding for LIVE to DIGITAL project	The Lyric	1,518,962	1,469,767	106,559
	Husband is Head of Production and Stage				
	Board Member	Wheelworks	34,543	30,975	3,568
Roisin Murray	Employed by family connection	Tinderbox	114,124	109,329	10,755
	Artist Contributor	Féile An Phobail	116,599	110,823	5,830
Fíona Ní Mhearáin	Partner is Board Member and fiddle tutor	BelfastTrad	1,625	-	1,625
	Whistle Tutor / Former employee (ceased employment 30 November 2023) Board member – March to June 2024	BelfastTrad	1,625	-	1,625
	Freelancer	Cultúrlann McAdam Ó Fiaich	184,535	172,272	12,863
	Freelancer	Cumann Cultúrtha Mhic Reachtain	13,550	13,531	-
	Freelancer	174 Trust/The Duncairn	18,028	750	18,028
	Freelancer	Féile An Phobail	116,599	110,823	5,830
	Freelanced at one-off event (March 2024)	An Droichead	3,755	-	3,755
Lorraine Calderwood	Attended work trip June 2023. Expenses paid by International Fund for Ireland / International Peace School	Waterside Theatre Company	4,243	447	4,243

* Awarded in 2023-24 does not include approvals relating to 2024-25 Annual Funding Programme, the decisions to fund these were made in 2023-24, however no Letters of Offer were issued, these will be included 2024 – 25 Related party transactions.

** Paid in 2023-24 includes payments relating to awards made in previous years.

*** Balance as at 31 March 2024 includes all awards made in 2023-24 and previous years where an outstanding balance remains.

15 Third Party Assets

In 2010, the Arts Council received a bequest of £579,000 upon Trust to administer “The Rosy James Bursary” on behalf of the Rosemary James Trust. The Rosemary James Trust is managed by an independent financial advisor. The objective of the Trust is to provide funding assistance to individual artists/designers and makers to pursue their careers by developing a new body of work. The closing balance at 31 March 2024 was £648,041 consisting of listed securities £635,659 (2022 - 23: £594,234) and cash at bank £12,382 (2022 - 23: £6,333). The annual value of the award is up to £15,000.

In 2023 – 24 no new awards were awarded to individual artists (2022 – 23: three awards of £15,000 each).

Rosy James Portfolio Performance summary 2023 - 24

At 31 March	2024	2023
	£	£
Cash at bank	12,382	6,333
Listed securities	635,659	594,234
Total	648,041	600,567
Opening Balance	600,567	683,351
Bursary	-	(45,000)
Realised Gains	6,368	828
Unrealised Gains / (Losses)	35,032	(43,352)
Income	12,440	12,387
Charges and rebates	(6,366)	(7,647)
Closing portfolio value	648,041	600,567

16 Events after the Reporting Period

Events after the balance sheet date are those material events, both favourable and adverse, that occur between the end of the reporting period and the date when the accounts are authorised for issue. There have been no events that require adjustment to the accounts.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on the date of certification by the Comptroller and Auditor General.

