

Arts Council of Northern Ireland

Lottery Distribution Account 2023-24

Arts Council of Northern Ireland Lottery Distribution Account 2023-24

Presented to Parliament pursuant to Section 35(5) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998)

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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. Although it is designed to be a self-standing document, much of the information contained in it is simply a summary of information provided in other documents and is therefore cross-referenced as appropriate. The Performance Report has two sections: an 'Overview' and a 'Performance Analysis'.

Overview

The purpose of the 'Overview' section of the Performance Report is to give the user a brief summary, which provides sufficient information to understand the organisation, its purpose, 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 and the Purpose and Activities of the Arts Council of Northern Ireland.

Chairman's Foreword

The Arts Council is the statutory body, which, since the inception of the National Lottery in 1994, has been responsible for the administration and distribution of Lottery funds to the arts in Northern Ireland. Funding decisions are guided by the directions contained in the National Lottery Act and by the strategic priorities published in the Arts Council's five-year Strategic Framework for the development of the arts, 2019-24, *Inspire, Connect, Lead*. The current 5-year Strategic Framework reaches its conclusion at the end of March 2024, to be replaced by a new 10-year Strategic Plan for the Arts Council of Northern Ireland, covering 2024-2034.

The Grants Committee advises the Board of the Arts Council on Lottery matters. In addition to its role in advising on Exchequer funding programmes and policies, the Committee also advises the Board on policy issues relating to the Arts Council's National Lottery Fund. It also monitors all matters relating to the administration of the Arts Council's National Lottery fund and takes decisions on grant aid within delegated financial limits set by the Board. The Committee presently has full delegated authority to award grants to applicants where the award is within the delegated band of £25,000 - £50,000.

National Lottery funding is integral to the delivery of the Arts Council's strategy for developing the arts, providing a major resource to help us meet our objectives across a wide range of areas. The Arts Council's capacity to support the widest range of creative activity throughout the region is dependent upon a combination of Exchequer and National Lottery resources.

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Following a reduction to the Arts Council's Exchequer budget in 2023-24 and set against a background of increasing energy and living costs, National Lottery funding plays an ever-more important role in supporting the arts.

In addition to wishing to pay tribute to the arts sector and their resilience, I want to acknowledge staff and colleagues at the Arts Council, for their dedication in supporting the arts sector through challenging times.



Liam Hannaway
Chairman, Arts Council of Northern Ireland

Date: 6 December 2024

Chief Executive's Introduction

The Arts Council's latest annual funding survey of our regularly funded arts organisations indicated that, overall, by 2022-23, workforce levels had returned to pre-Covid levels and income from earned sources 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 a decline in income from European funding sources as legacy projects funded beyond the UK's exit from the EU come to an end; and by the ongoing challenges of rising core and programming costs, as a consequence of higher energy and living costs across the UK. A reduction to the Arts Council's Exchequer budget in 2023-24 added to the pressure, and further emphasised the critical importance of National Lottery investment in the arts.

In 2023-24, the Arts Council awarded £9,334,023 National Lottery funds to support the work of arts organisations and artists across the region. At the start of the financial year, we announced Annual Funding Programme awards for 86 key arts organisations. The National Lottery contributed £4.2m to this programme, which, with additional Exchequer investment, represents the most significant annual allocation of funding for the arts in Northern Ireland. Later in the year, we awarded £2.25m through our National Lottery Project programme to 72 arts organisations, to support the development of high-quality arts activities across the region. Over the course of the year, the National Lottery Small Grants programme awarded £217,783 to 58 community engagement projects.

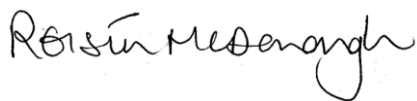
National Lottery funds continued to enable the development of individual talent, with £1.3m supporting 362 awards through the National Lottery Support for the Individual Artist Programme. This programme includes an Artist Career Enhancement Scheme, which in 2023-24 provided mentoring, development and financial support to 12 emerging and mid-career artists. It also includes Major Individual Artist Awards of £15,000 each, made annually in recognition of an individual's outstanding contribution to the arts, and this year awarded to writers Jan Carson and Gail McConnell, poet Stephanie Conn, and visual artist Sharon Kelly.

National Lottery investment enables the Arts Council to make targeted interventions in areas of identified need. We invested £174,994 in 23 awards through our Arts and Older People programme, which contributes to the health and wellbeing of our older citizens. Eighteen awards, totalling £134,941, supported health and wellbeing arts projects through our Young People and Wellbeing Arts Programme. We were able to invest £79,991 in our Creative Schools Programme, run in partnership with Urban Villages Initiative and the Education Authority, and which is helping to improve educational outcomes through the introduction of creativity to the classroom. We supported 63 projects through the Rural Engagement Arts Programme, with £400,326 contributing to the regional and rural reach of arts funding and the strengthening of arts activity in areas of low engagement.

In Northern Ireland the Creative Industries are one of the fastest growing sectors. In 2019 they were worth over £1.3bn to the NI economy, employed 33,000 people, and provided a valuable contribution towards the economy, including their contribution towards tourism. The creative industries are large, relative to the arts sector, and the Arts Council is committed to partnership working to contribute towards its development. We opened several Creative Industries programmes in 2023-24 with a focus on digital

and immersive technologies and encouraging cross-sectoral collaboration. Continuing our partnership with NI Screen, Future Screens NI and Digital Catapult, we supported individuals and organisations engaged in this field with a total investment of £134,684 and 14 awards through our Digital Evolution Programme. A partnership with Arts and Humanities Research Council, Arts Council England, Creative Scotland and Arts Council Wales resulted in the 'XRtists' programme, which gives artists and organisations based in the UK the opportunity to explore the creative potential of virtual, augmented and mixed reality technologies. The Nerve Centre in Derry-Londonderry is the Northern Ireland representative on the UK consortium and is supporting the delivery of the XRtists opportunities in Northern Ireland.

Continuing the theme of partnership working, the two Arts Council's on the island of Ireland extended their long history of collaboration with a call for proposals for the development of a new flagship island-wide dance company with international reach. In March 2024, a team with a wealth of knowledge and expertise in dance, both nationally and internationally, led by Liz Roche Company, with foundational strategic partners Maiden Voyage Dance and the Irish World Academy of Music and Dance, University of Limerick, was appointed to form the new company. The company is expected to contribute significantly to the development of dance across the island, through commissioning, touring and developing pathways for artists to create work of scale and ambition. We look forward to its establishment in the coming year.



Róisín McDonough
Chief Executive

Date: 6 December 2024

Purpose and Activities of the Arts Council of Northern Ireland

Business Model and Environment

The Arts Council of Northern Ireland (Arts Council) 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 Arts 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 (DfC). The affairs of the Arts Council are managed by a Board consisting of the members listed in the Directors Report. The Chief Executive, Róisín 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.

Statutory Background

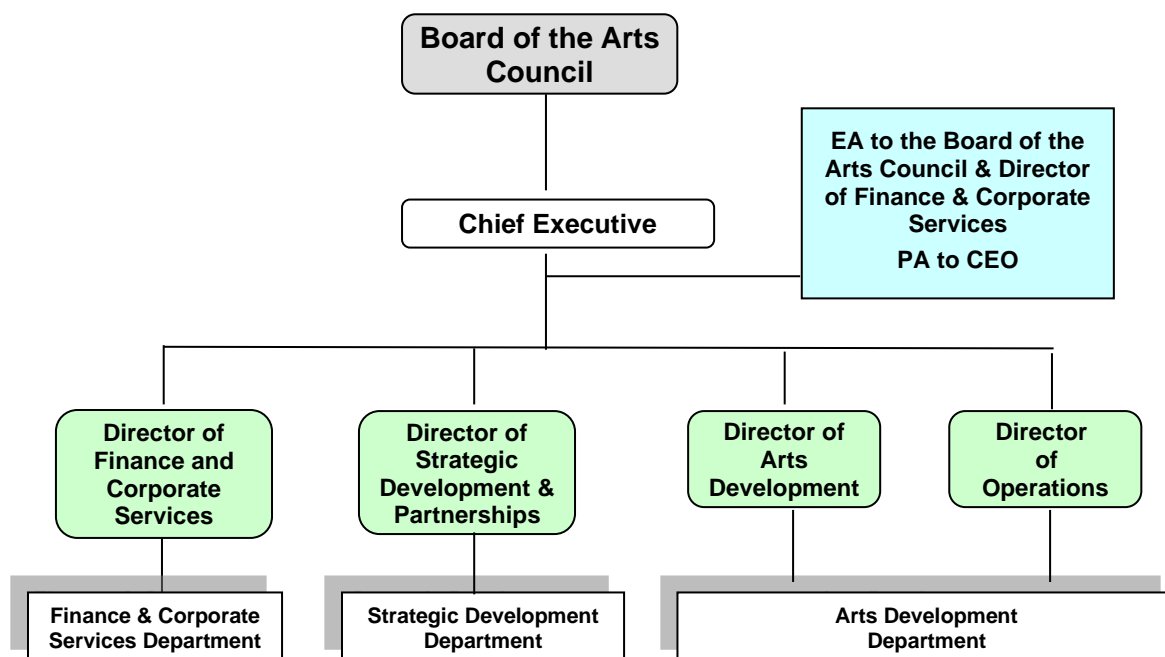
The National Lottery was established by the National Lottery etc. Act 1993, as amended by the 1998 Act, to raise money for 'good causes' through the sale of lottery tickets.

The National Lottery Distribution Fund (NLDF) was established in 1994 to receive and hold monies generated by the National Lottery for good causes. Section 21 of the National Lottery etc. Act 1993 places the NLDF under the control and management of the Secretary of State for Culture, Media and Sport.

The Arts Council of Northern Ireland is charged under the Act with responsibility for distributing Lottery proceeds allocated to the arts in Northern Ireland. Lottery proceeds are also distributed through other distributing bodies to Sport, National Heritage, Charities, and to the Arts in England, Scotland and Wales.

The Department for Culture, Media and Sport (DCMS) manage the flow of funds between Allywn (the operator of the National Lottery) and the distributing bodies. DCMS seeks annual assurances from the Accounting Officer of each lottery distributing body that they have in place adequate systems of internal control and have complied with the current Financial Directions.

Organisational Structure



Principal functions related to National Lottery Distribution Activities

The Arts Council is responsible for the administration and distribution of funds raised by the National Lottery. The Board made its first awards to applicants for Lottery funding in 1995-96. The principal function is to fund applications for a broad range of capital and revenue projects in the Arts, which will make an important and lasting difference to the quality of life of the people in Northern Ireland.

2023-24 National Lottery Distribution Activities

During 2023-24, the Arts Council continued to deliver a range of funding programmes, with the following National Lottery schemes being opened for applications:

- Annual Funding Programme
- Project Funding
- Small Grants Programme
- Commissioning Programme
- Support for Individual Artists
- Rural Arts Engagement Programme
- Individual Artists Digital Evolution Programme
- Organisations Digital Evolution Programme
- Arts & Older People Programme (jointly funded with the Baring Foundation and the Public Health Agency)
- Young People and Well-being Programme

- Creative Schools Programme

The total amount awarded for each funding programme is listed on page 81. All open-call programmes were heavily over-subscribed in relation to the value of requested support – this was particularly the case in relation to AFP and Project Funding applications; these programmes offer awards at a higher level than other schemes.

The Rural Engagement Arts Programme (REAP) continued to offer funding in support of an integrated, cohesive approach to the arts provision needs of local rural communities. Funded projects aim to combat isolation and loneliness and promote social inclusion. Rural communities are characterised by smaller and more dispersed populations, where isolation can be more acute than in towns and urban areas. The impact that loneliness and social isolation can have on the physical, mental and social health is well documented. Coming together as communities to participate in the arts activities provided by the funding can make a vital contribution to improving health and wellbeing, building confidence and integrating communities. Evaluation of this programme has demonstrated very positive outcomes.

The Small Grants Programme was open on a rolling basis for 6 months of the financial year and continued to receive a high number of applications reflecting the ongoing need for funding provision for smaller-scale arts projects and community-based activities across Northern Ireland. The programme is often the first scheme via which new applicants to the Arts Council can successfully achieve funding and grow their experience in and capacity to deliver arts projects within their communities.

The Creative Schools Programme, a partnership programme, bringing together the Arts Council of Northern Ireland (ACNI), Education Authority (EA) and Urban Villages (UV) Initiative, seeks to improve outcomes for disadvantaged young people through creative arts participation. 2023/24 awards supported creative programmes within 11 post-primary schools, reaching young people from Urban Village areas living in communities with a history of deprivation and community tension.

Following a highly competitive application round - indicating the strong demand for support for new creative work - the Commissioning Programme funded 24 organisations across a spread of art forms to commission new work of high artistic quality which will reach significant audiences through live performance, exhibition, publication, broadcast, recording, and/or other audience channels.

In the 2023/24 round of the scheme, the Young People and Well-being Programme continued to support projects which aim to improve the mental health and wellbeing of young people by engagement in high quality arts with 18 proposals supported.

The SIAP programme was opened with its full complement of schemes allowing individual artists to apply for support to develop and deliver projects, and fully engage with their practice. The programme included: General Arts Awards, Artists Career Enhancement Scheme, Minority Ethnic Mentoring and Residency Awards Artists' International Development Fund (jointly funded with the British Council), Major Individuals Awards, Travel Awards and Womex Bursaries. The University of Atypical was again funded to deliver the D/deaf and Disabled Artists Support Fund.

A small number of strategic allocations were also made, including one to The MAC to support the organisation through a year of organisational development and transition.

The delegation agreement with NI Screen to support the development and production of film was again renewed on a 2-year basis. Since April 2017, Lottery funding to NI Screen has been focussed on script development and short film. As with previous priorities, the importance of the development of new and emerging talent across writing, directing and producing remains.

Future Developments in National Lottery Distribution Activities

Throughout 2024/25 ACNI's work with the Baring Foundation will continue to progress the development of a Mental Health & PTSD scheme which will aim to support artists' well-being which, as widely reported and as with many other sectors of society, was significantly impacted by Covid and the medium and long-term effects of lockdown. The consultation for the programme will be launched in May 2024, with a pilot grant programme to be launched before the end of 2024/25.

As part of the development of its 2024/2034 strategy, ACNI identified the need to undertake a review of its grant programmes, including its National Lottery schemes, with the aim of ensuring alignment with the newly developed 10-year strategy and strengthening how ACNI monitors and evaluates our investment programmes, including designing and implementing an outcomes-based framework for application and assessment. This work will give consideration to how the Arts Council's new strategy is translated to grant-making, as well as how current programmes can be streamlined and potentially merged.

Comment on National Lottery Distribution Fund (NLDF) Balance Policy

As at the 31 March 2024, Arts Council Lottery Account balances at NLDF totalled £5.7m (31 March 2023: £7.1m), a decrease of £1.4m on the prior year.

The NLDF balance is classified as investments in the Statement of Financial Position. This is in line with DCMS accounting policy. NLDF investments are therefore held at amortised cost.

Current contracted grants payable plus trade and other payables total £2.1m, (2022-23 £2.0m). The Arts Council considers that it has sufficient liquid resources within the NLDF and cash balances of £6.2m, (2022-23 £7.8m) as well as forecasted NLDF income to cover all current contracted commitments. The forecasted NLDF income is based on projections received from DCMS.

In 2017, the Arts Council revised its NLDF policy (Appendix B) to improve compliance with the requirements of National Lottery Guidance Note 1/03. The objective of this policy is for the Arts Council to maintain its NLDF balance at a prudent level based on a realistic assessment of its needs and the availability of funding from NLDF. The Arts Council's NLDF balance will be set at a level that will maximise its ability to achieve its strategic objectives, that will ensure that present commitments are not compromised and that will not impair or constrain its ability to enter future commitments.

Although income is not entirely within its control, the Arts Council has arrived at the proposed target NLDF balance, by making realistic assessments of forecasts for levels of income in future years (based on NLDF forecasts), and the Arts Council's assessment of:

- Both the 'upside' and 'downside' risks to those forecasts,
- Its forecasts for expenditure in future years based on commitments made and planned activity,
- Its analysis of any future needs, opportunities, contingencies or risks which are not likely to be able to be met out of income when they arise; and
- The likelihood, on the best evidence available, of each of those needs arising and the potential consequences for the Arts Council of not being able to meet them.

Having carefully considered the above, the Arts Council Board approved a target NLDF balance for 31 March 2024 of £3.1m. The actual NLDF balance was £5.7m and the higher actual balance was due mainly to less expenditure than budgeted, which resulted in a smaller commitments balance at year-end than profiled. This occurred due to several budgeted projects not taking place during the year.

Key Issues and Risks

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 is:

- 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 Lottery Distribution Accounts of the Arts Council are produced on the Going Concern Basis. This was formally considered by the Board on 6 December 2024 and going concern status was approved. The Arts Council is not aware of any reason to adopt a different basis.

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.

The Arts Council considers that the Fund is not exposed to significant liquidity risks; it is satisfied that it has sufficient liquid resources within the NLDF and cash balances of £6.2m as well as forecasted NLDF income to cover the total of the current and non-current liabilities of £2.1m.

The forecasted NLDF income is based on projections received from DCMS.

Performance Summary

The graphs that follow show the trends in Operating Income and Grant Commitments made over the past 5 years.

Total Operating Income comprises both NLDF Income and Other Income. There is a graph for each below. Other Income consists of Bank Interest, and external funding from the Baring Foundation, the Public Health Authority, Future Screens, and British Council.

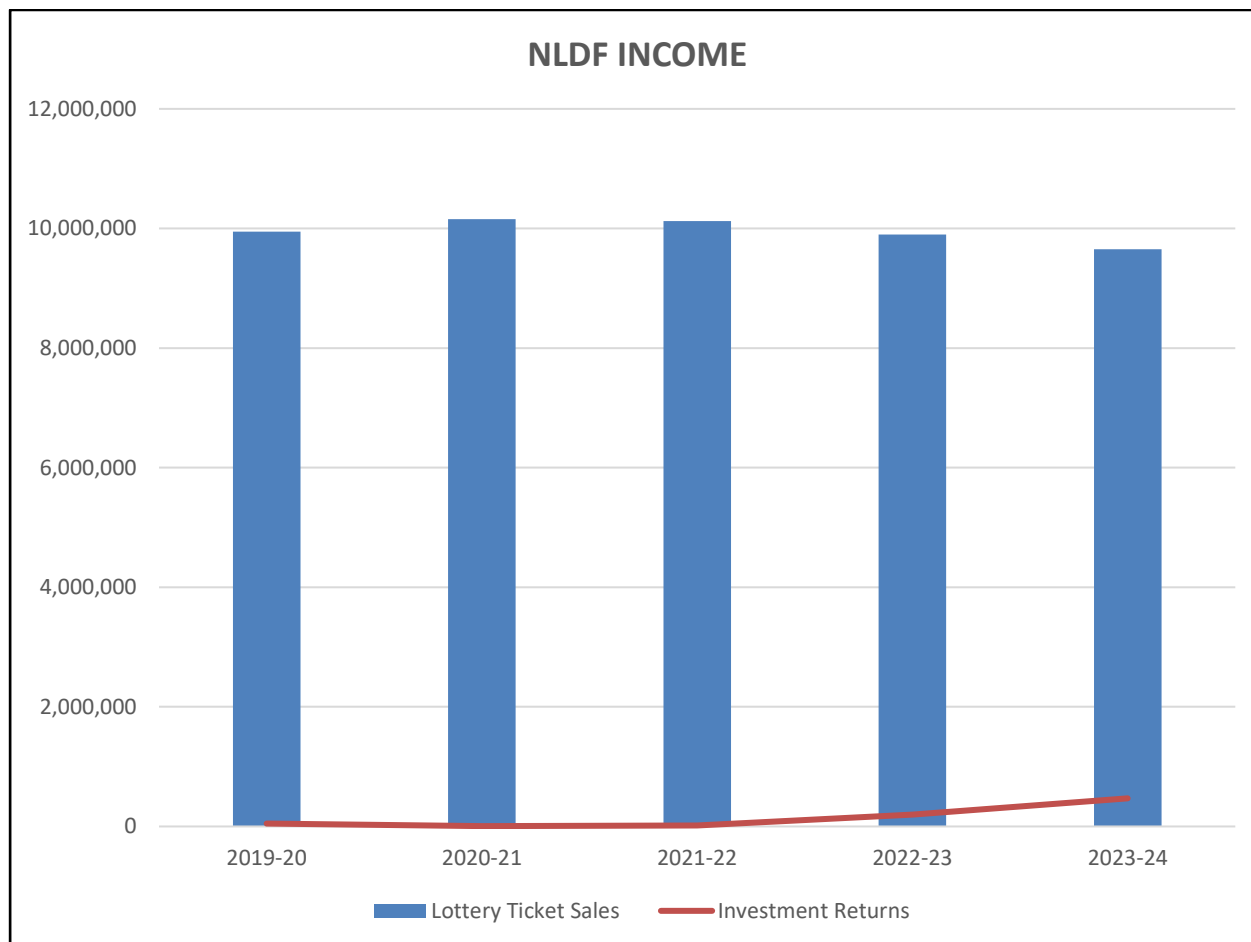
NLDF Income

The NLDF Income graph shows the value of ticket sales plus Lottery Investment Returns received into the ACNI NLDF fund each year for the last five years.

The overall trend shows a decline in Ticket Sales (blue columns in the graph below) accompanied by an increase in Investment Returns (red line in the graph below). This is true particularly in 2022-23 and 2023-24. Ticket Sales reached a high of £10,157,135 in 2020-21 which was a 2% increase on 2019-20. There was then a minor decrease of 0.3% to £10,123,407 in 2021-22. Unfortunately, the decline in Ticket Sales continued at a much more dramatic rate. 2022-23 saw a 2% drop in Ticket Sales to £9,901,325 which was then followed by a further drop of 3% to £9,965,848 in 2023-24.

The overall NLDF Income for both 2022-23 and 2023-24 did exceed £10 million. This was due to the dramatic increase in Investment Returns due to the increase in interest rates. Investment Income was £14,331 in 2021-22 and then increased to £198,690 in 2022-23 and £470,226 in 2023-24.

ACNI sets its NLDF budget each year based on income projections provided by the Gambling Commission and the current Operator of the National Lottery. The Operator changed from Camelot to Allwyn on the 1 February 2024. During both 2022-23 and 2023-24 the NLDF income received by ACNI was under budget. This situation would have been much worse if it had not been for the dramatic increase in Investment Returns.



Other Income

Arts Council Lottery has several sources of external income including match funding agreements with Belfast City Council, Future Screens and the Public Health Authority. Arts Council Lottery has also applied for and obtained additional funding from the Baring Foundation for the Arts and Older People Programme (AOP).

On top of that there has been recoupments received by NI Screen relating to money earned by the film projects ACNI funding has supported through the delegation agreement with NI Screen. The last two years has also seen the ACNI Lottery bank account earn Bank Interest due to the increase in interest rates.

As can be seen from the graph below the both the Baring Foundation (orange) and the Public Health Authority (red) has supported AOP each of the last five years including during the very difficult Covid years of 2020-21 and 2021-22.

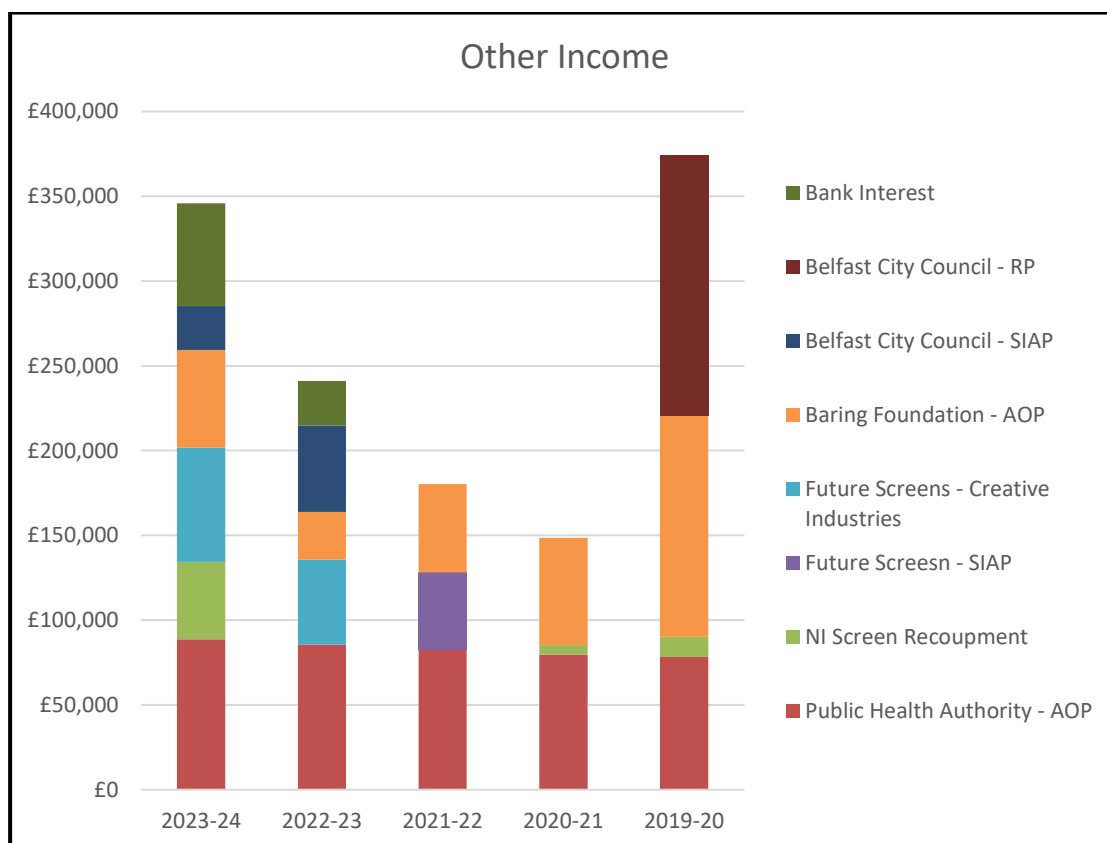
Future Screens (purple) match funded a SIAP programme £45,688 in 2021-22. Then in both 2022-23 and 2023-24, Future Screens (light blue) match funded Creative

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Industries Digital Evolution programmes for both individuals and organisations. £49,982 in 2022-23 and £67,342 in 2023-24.

NI Screen recoupments (light green) cannot be predicted as it depends on how the film projects funded are received. The recoupment income was £12k in 2019-20. Then in 2020-21 it was just £6k. The next year to receive recoupments was 2023-24 with £45,613 credited to the Lottery account held by NI Screen.

ACNI Lottery received bank interest (dark green) of £26,235 in 2022-23 and £60,510 in 2023-24.



Grant Commitments

Grant Commitments is the total figure for Commitments for each year funded by both NLDF and External Funders. Over the past five years, ACNI Lottery has been involved in delegation agreements with NI Screen to support the development and production of film. The grant commitments made by NI Screen on ACNI Lottery's behalf are therefore also included.

The Grant Commitments graph shows how the number and range of grant programmes has changed over the last five years. Six grant programmes are funded on an annual basis. These are the first six shown on the graph below from Annual Funding to Arts & Older People.

Lottery was able to maintain these six programmes, which are funded on an annual basis, albeit with some reductions to the annual budgets particularly for Small Grants and SIAP as shown in the graph below called Six Grant Programmes Funded on an Annual Basis.

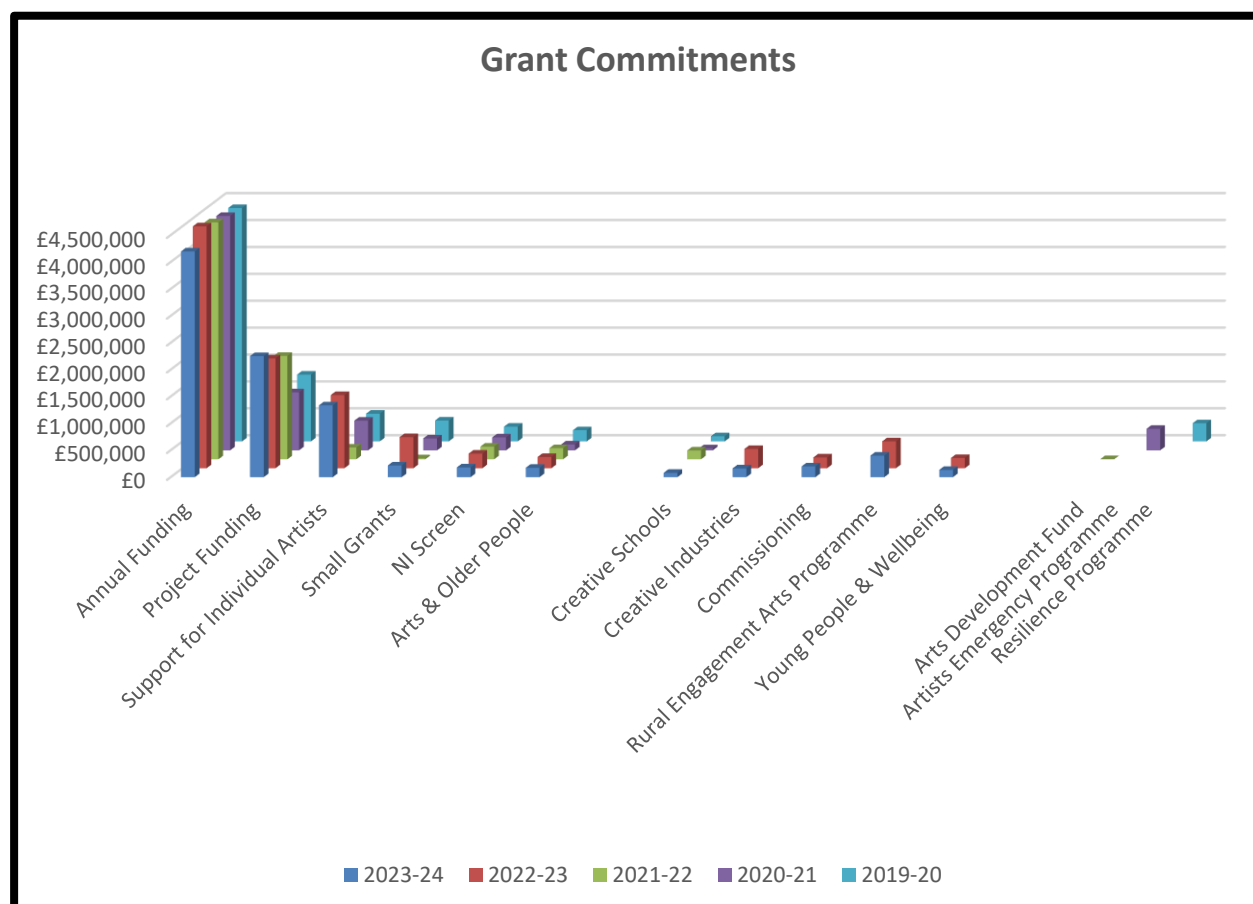
2019-20 was the final year for the Resilience Programme which was a three year programme match funded with Belfast City Council.

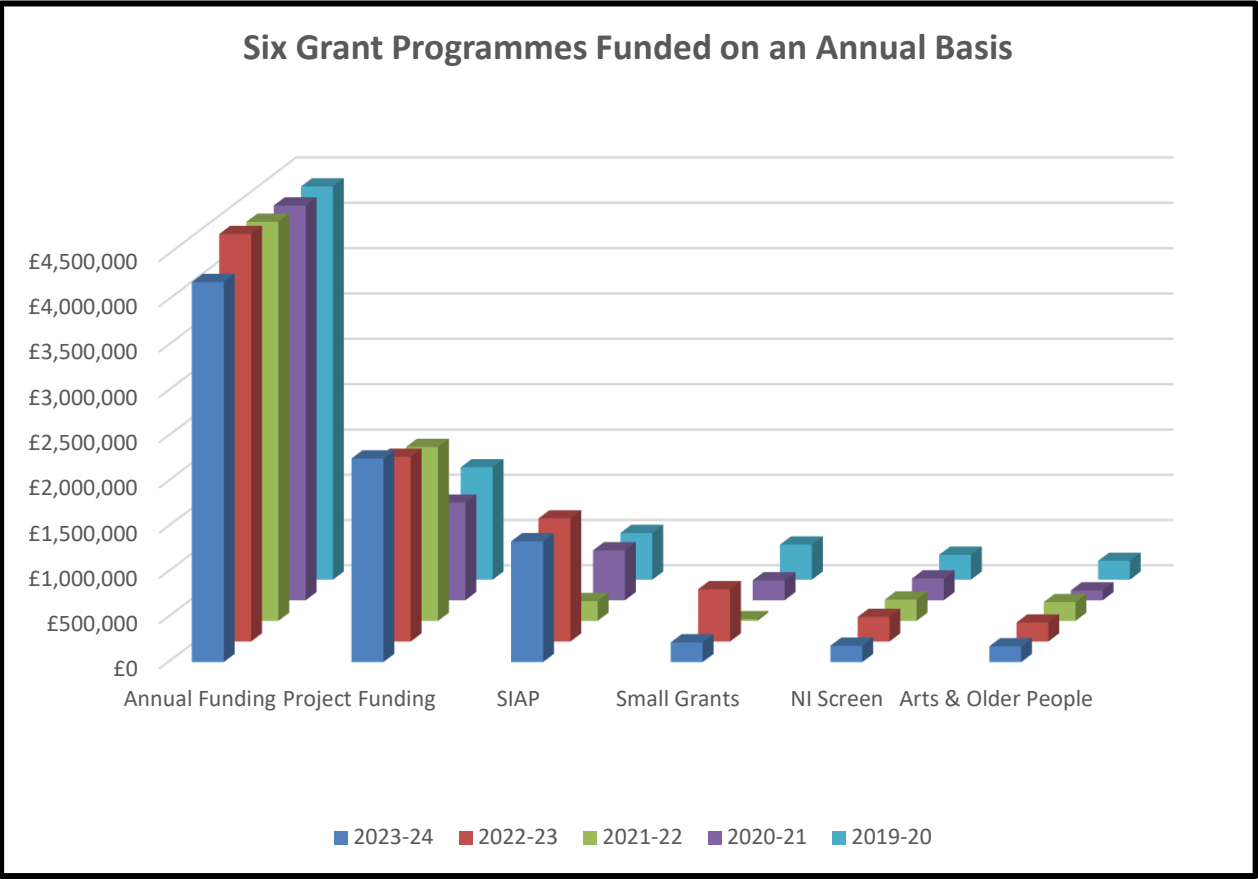
COVID-19 had a substantial impact on the funding profile for 2020-21 and 2021-22 Programmes such as Young People & Wellbeing and a new Commissioning programme did not run in either year due to the COVID-19 restrictions. Instead, the funds were prioritised for the Artists Emergency Programme in 20-21 and Project Funding and new SIAP projects in 2021-22 to help artists and performers who needed financial support as they emerge from the pandemic.

Several new arts programmes began in 2022-23. Rural Engagement, Commissioning and Creative Industries.

2022-23 also saw Young People and Wellbeing reopen after an extended period of being closed due to Covid.

In 2022-23 there were no new Creative Schools Awards. The awards in 2021-22 were issued under a two-year letter of offer. Therefore the Creative Schools programme reopened during 2023-24.





Performance Analysis

Key Performance Indicators

The Quicker Turnaround KPI	100% of decisions to be made within published deadline	Achieved
The Quicker Close Out KPI	90% of grants to be closed out within two months of the project end.	Achieved

The Quicker Turnaround KPI

To provide context in relation to the programmes outlined on page 81:

- All decisions made and issued to applicants within stated timeframes.

The Quicker Close Out KPI

Close-out rates as based on the Nation Lottery Project Funding Programme and the Annual Funding Programme (partly funded by the National Lottery):

<u>Grant Programme</u>	<u>% of grants closed out within 2 months of the project end</u>
2023 - 24 Project Funding	96.9% (2022-23 76.2%)
2023 - 24 Annual Funding Programme	90.9% (2022-23 52.6%)

There are two contributing factors impacting on the Quicker Close Out KPI:

- Close-out of NLPF awards in 23/24¹ is substantially improved on the previous year. Project delivery times were being impacted by the reduced capacity of funded organisation following Covid – particularly with regard to staffing; those impacts are diminishing over time.
- The low close out rate of 22-23 AFP awards were specifically caused by the delayed technical implementation of a new Annual Funding Survey (AFS) managed by ACNI's Strategic Department. Clients were more familiar with the system by the following year, and this contributed to the substantial improvement in timely close-out of awards.

¹ Close-outs are in relation to 22/23 awards made in the previous year. The scheduling of the NLPF programme determines that awards are not due to complete until the following year.

Financial Results

The Arts Council of Northern Ireland's Lottery Distribution results are set out in the Statement of Comprehensive Net Expenditure.

Total income received from the National Lottery totalled £9,650,848 (2022-23: £9,901,325). Additional income of £345,789 (2022-23: £241,121) was received for ring fenced projects.

During the year, the Arts Council made net commitments to applicants.

	Note	2022-23 £	2022-23 £
New Grants Made in Year	10	9,334,023	10,206,118
Grants De-Committed in Year	10	<u>(202,638)</u>	<u>(119,317)</u>
Net Commitments		<u>9,131,385</u>	<u>10,086,801</u>

A total of £308,801 (2022-23: £144,363) has also been spent in respect of Grant Funding which involves contributing to grant projects run by other organisations.

The total administrative costs to the Arts Council of its distribution activities, including staff costs, were £1,973,200 (2022-23: £1,411,177).

Equity at the year end

The Lottery Distribution Account showed net expenditure of £946,523 in 2023-24 (2022-23: net expenditure of £1,301,205). At 31 March 2024, the total equity showed a surplus of £4,928,383 (31 March 2023: surplus of £5,874,906).

Review of National Lottery distribution activities

During the 2023-24 year, 1615 (2022-23: 2201) applications were received by the Arts Council seeking grants of £19,274,744 (2022-23: £21,174,053) across the main Lottery programmes. The total number of applications received, and the total number of awards are not directly related as, due to year-end and timing of award programmes, applications can be received in one financial year and decided in another.

By the end of the year the Arts Council had made 693 commitments (2022-23: 768) through the main programmes, totalling £9,153,373 (2022-23: £9,934,651).

NI Screen made 29 commitments (2022-23: 52) totalling £180,650 (2022-23: £271,467) under its 2-year delegation agreement with the Arts Council.

Therefore, in aggregate 722 (2022-23: 820) commitments were made in year totalling £9,334,023 (2022-23: £10,206,118).

Interest Rate and Currency Risk

The Arts Council Lottery Distribution Account has no borrowing, relying primarily on Lottery funding 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.

Political and Charitable Donations

The Arts Council of Northern Ireland made no political or charitable donations during the year.

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% (2022-23: 100%) of the bills were paid within 30 days.

Overall, for the year the average number of days taken to pay invoices was 5 days (2022-23: 8 days).

Pension Fund

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

The market value of the Arts Council's share of the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension scheme's assets (excluding Additional Voluntary Contributions) at 31 March 2024 was £18.909m (31 March 2023: £17.336m) and the present value of the Arts Council's share of the scheme liabilities was £17.047m (31 March 2023: £17.057m). The Arts Council's share of the Scheme's recorded net pension assets at 31 March 2024 was £0.00m due to the asset ceiling being applied (31 March 2023: asset £0.279m).

All assets, liabilities and operating costs of the Arts Council's pension scheme are recorded in the accounts of the Exchequer entity, all scheme members are employees

of ACNI which is the sole employer for the scheme. Details of this pension scheme are available within the Arts Council's Exchequer accounts.

Social and Community Issues

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

Accounts and Appointment of Auditors

The Arts Council of Northern Ireland is required to prepare a statement of accounts for each financial year in accordance with sections 35(2) and 35(3) of the National Lottery etc. Act 1993.

The financial statements are also prepared in accordance with:

- The Lottery Accounts Direction given by the Department for Communities (formerly Department of Culture, Arts and Leisure) with the consent of the Secretary of State for the Department for Culture, Media and Sport and the approval of HM Treasury, in accordance with Section 35(2) – (3) of the National Lottery etc. Act 1993.
- 2023-24 Government Financial Reporting Manual issued by HM Treasury.

DfC also issued, on behalf of DCMS, revised Lottery Policy Directions to the Arts Council on 16 April 2008, a copy of which is attached to the end of these financial statements in Appendix A.

Under the National Lottery etc. Act 1993, Section 35(5), the Comptroller and Auditor General examines, certifies and reports on the financial statements of each of the National Lottery distributing bodies and lays copies of the statements and his report before Parliament.

The fee for the audit of these financial statements was £48,000 (2022-23: £47,000).

This cost is included within Expenditure Note 2 in the financial statements. The Arts Council did not purchase any non-audit services from its external auditor.

Complaints Handling

The Arts Council has a Service Charter, which outlines the standard of service the public should expect. The Arts 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 <https://artscouncil-ni.org/contact/make-a-complaint>

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).

Additionality

The Arts Council of Northern Ireland recognises and respects the additionality principles of Lottery funding. Lottery funding enables us to extend the reach and increase the impact of the activity that we could undertake if Exchequer funds alone were available.

Together with the other Lottery distributors, we have agreed to share the following common definition of additionality:

“Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies, and funding.”

We have regard to the principles of additionality and this policy when we set the strategic objectives of our Lottery-funded programmes and when we decide how each programme will operate. We have, and will continue to use, Lottery funding to fund specific, time-limited activity that would not take place without the support of Lottery.

Respect for Human Rights

It is the policy of the Arts Council that, during 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 several 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 year.

During 2023-24, there were no reported incidents of corruption, fraud bribery or whistleblowing relating to Arts Council Lottery Distribution operations.

Sustainability Report

The Arts Council is committed to ensuring that sustainable development becomes an integral part of our business. We are committed to ensure that future generations enjoy the opportunity to visit arts venues in well-designed buildings.

Our sustainable actions include:

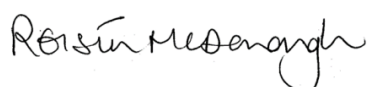
- Reducing our waste and increasing recycling levels,
- Reducing our contribution to climate change in terms of energy consumption and related CO₂ emissions,
- Reducing paper by use of tablet computers and encouraging duplex printing and printing two pages on A4 paper,
- Participating in the Governments "Cycle to work" scheme,
- Reducing business travel, where possible, through greater use of video/teleconferencing; and
- Encouraging all tendered Arts Council suppliers to devise and implement Social Clauses/Corporate Social Responsibility (CSR) policies.

Arts Council is currently drafting an Environmental policy. That policy makes the following commitments:

1. ACNI will undertake to make environmental responsibility integral to all our policies, in our method of working and our places of working to ensure that we not only meet our legal environmental requirements but to be an example to the cultural sector.
2. We will use our place as the leading development and funding Agency of the Arts in Northern Ireland to advocate for positive environmental change with those who work within the Arts Sector
3. We will develop and improve understanding of our own environmental impacts and performance and do more to better communicate this, internally and externally.

A baseline study of our headquarters activity was conducted in early 2023 to include but not restricted to:

1. Air Pollution: CO₂ emission from travel (commuting and to meetings); energy production (heating and lighting)
2. Soil / Water Pollution: indirectly via landfill waste and particulate generated via diesel fumes.
3. Waste Production: use of paper/printer cartridges and other stationery.
4. Noise pollution: within Linen Hill House.



Róisín McDonough
Accounting Officer

Date: 6 December 2024

Accountability Report

The purpose of the Accountability Report is to meet key accountability requirements to Parliament. The report consists of three sections:

- a Corporate Governance Report,
- a Remuneration and Staff report and
- a Parliamentary 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 Accounting Officer's responsibilities and the Governance Statement.

Directors' Report

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

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 the 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: 1 April 2023 to 31 March 2024

Mr Lám Hannaway (Chair)
Mr William Leathem (Vice-Chair)
Mrs 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 30.

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)
Mrs 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.

Compliance with Government Functional Standards

Government functional standards are a suite of 15 management standards that set expectations for functional work across all Government departments, including Arm's Length Bodies, and provide a stable basis for assurance, risk management and capability improvement. Formulated by the Cabinet Office, these standards are intended to form a framework to support the efficient and effective delivery of public services.

These standards have been formally issued by HM Treasury under DAO 05/21. Practice in Northern Ireland is that HMT DAO letters are issued as Department of Finance DAO letters. However, the functional standards have not been issued in Northern Ireland.

We have undertaken a high-level review of the standards as they apply outside Northern Ireland. We understand, as part of this review, we are outside the scope of Functional Standard 3: HR as it only applies to "arm's length bodies where civil servants are employed" and there are no civil servants at the Arts Council of Northern Ireland.

We are also liaising with our sponsor Department DFC to understand how these functional standards apply to Northern Ireland.

Statement of Arts Council's and Accounting Officer's Responsibilities

The Arts Council of Northern Ireland is required to prepare a statement of accounts for each financial year in the form directed by the Secretary of State for Culture, Media and Sport with the consent of the Department for Communities in Northern Ireland and the approval of HM Treasury in accordance with Section 35(2) – (3) of the National Lottery etc. Act 1993.

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 of Northern Ireland's lottery distribution activities at the year-end and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the 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 (formerly Department of Culture, Arts and Leisure) on behalf of the Secretary of State for the Department for Culture, Media and Sport, 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 judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer for the Department for Communities has designated the Chief Executive of the Arts Council of Northern Ireland as the Accounting Officer for 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 of Northern Ireland's assets, are set out in 'Managing Public Money Northern Ireland' issued by the Department of Finance and in the Financial Directions issued by the Department for Communities on behalf of the Secretary of State for the Department for Culture, Media and Sport under s26(3) of the National Lottery etc. Act 1993.

As the Accounting Officer, I have taken all the 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. So 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 Management Statement, Financial Memorandum and Statement of Financial Requirements.

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 and 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 16. 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 Management Statement and Financial Memorandum, Financial Instructions, 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 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,

- 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 most recent 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
Gearóid 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 28. 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 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 28. 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 28. 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 McBride against the Charities Commission for Northern Ireland all Exchequer 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 43) comprises of three members however 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 consider 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 several business areas with two financial key performance indicators. The results for the year are:

KPI Target	23-24 Performance
KPI 1 - Quicker Turnaround 100% of decisions to be made within published deadline	100% All decisions made and issued to applicants within stated timeframes.
KPI 2 - Quicker Close Out 90% of grants to be closed out within two months of the project end	Project closures < two months of end date Project Funding 96.9% Annual Funding Programme 90.9%

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:

- Loss of frontline services if inadequate funding is secured for the arts.
- Lottery Income uncertainty caused by internal and external environmental factors including general economic factors (changes in inflation and cost of living pressure).

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 must 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. There were no data related incidents during the year.

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 IT Assist 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 (NAO) 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. NAO 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 about 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 regarding 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.

Internal Audit

Internal Audit identified several areas where the Arts Council should put procedures in place to strengthen the existing processes and controls in order to fully meet management's control 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.

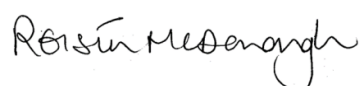
Of the eight new recommendations, four had a priority 2 and the balance of four were designated priority 3.

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

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 based on fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

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 E 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	80-85	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.

*** Pension Benefits and Total figures for 22/23 have been updated from the prior year accounts, these were incorrectly displayed in the previous year.

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.

Arts Council of Northern Ireland Lottery Distribution Account 2023 - 24

The banded Actual remuneration of the highest-paid director in the Arts Council in the financial year 2023-24 was £90,000 - £95,000 (2022-23: £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.

2023-24	25th Percentile	Median	75th Percentile
Total Remuneration (£)	31,352	35,712	41,375
Pay Ratio – Actual Remuneration	3.0	2.6	2.2

2022-23	25th Percentile	Median	75th Percentile
Total Remuneration (£)	29,859	34,011	40,227
Pay Ratio – Actual Remuneration	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 and the cash equivalent transfer value of pensions but includes the accrued uplift amount for awards not yet paid. There is no difference between ACNI's salary and allowances and total pay and benefits for the 25th percentile, median and 75th percentile.

The values for remuneration for the 25th percentile, median and 75th percentile was £31,352 (2022-23 £29,859), £35,712 (2022-23 £34,011), £41,375 (2022-23 £40,227) respectively.

In 2023-24 no employees (2022-23: none) received remuneration in excess of the highest-paid director.

Remuneration, inclusive of accrued back pay, ranged from £27,147 to £92,500 (2022-23: £25,855 to £87,500).

Percentage Change in Remuneration (Audited Information)

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.

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:	2023-24 v 2022-23	2022-23 v 2021-22
Average employee salary and allowances	6.1%	0.9%
Highest paid director's actual 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%).

	2023-24 £	2022-23 £
Employer Pension Contributions	161,109	133,459

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 ² £'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 ³ 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 E McKinney Director	15 - 20 plus lump sum of 10 - 15	0 - 2.5 plus lump sum of (0 - 2.5)	282	257	5

² 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.

³ 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)

Salary Range	23 - 24	22 – 23
£50,000 - £55,000	1	2
£55,000 - £60,000	2	3
£60,000 - £65,000	2	-
£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. It does not include any back dated pay awards received during the year or any adjustments for sick leave or any change in hours during the year. Back pay and changes in hours are reflected in the salary information on page 46 which shows the amount earned by each director for the year.

2 Staff Numbers and Costs

a) Analysis of Staff Costs (Audited Information)

	2023-24 Permanently employed staff	2023-24 Others	2023-24 Total	2022-23 Total
	£	£	£	£
Wages and salaries	878,056	24,523	902,579	702,679
Social security costs	90,924	1,738	92,662	73,538
Other pension costs	158,172	2,937	161,109	135,867
Agency costs	-	238,462	238,462	120,446
	1,127,152	267,660	1,394,812	1,032,530

The above table shows only the staff costs recharged to Lottery. The full staff costs are shown in the Exchequer Accounts.

All 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.

b) 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 (2022-23: £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% (2022-23: 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.

c) Pension Contributions

The NILGOSC Scheme is a defined benefits scheme, 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).

d) Pension Commitments

The Arts Council makes employer contributions to the Northern Ireland Local Government Officers Superannuation Scheme (NILGOSC), which is a funded scheme of the defined benefit type.

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

Details of this pension scheme are available within the Arts Council's Exchequer accounts.

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 across the whole Arts Council was as follows:

Arts Council of Northern Ireland	Permanently Employed Staff	Others	23 - 24 Total	22 - 23 Total
Directly employed	39	-	39	41
Other	-	8	8	7
Total	39	8	47	48

The average number of whole-time equivalent persons employed during the year working on the Lottery Distribution Account was as follows:

Lottery Distribution Account	Permanently Employed Staff	Others	2023-24 Total	2022-23 Total
Directly employed	19	-	19	19
Other	-	3	3	3
Total	19	3	22	22

5 Staff Composition by Gender

The actual composition of staff employed by the Arts Council, as at 31 March, 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	30	45
Board	-	2	-	-	2
Agency	-	4	-	5	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 honorarium.

6 Staff Turnover

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

Contract Type	2024 % Turnover	2023 % Turnover
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 expenditure on consultancy in 2023-24 (2022-23: None).

11 Off Payroll Disclosures

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 that were in place during 2023-24 costing more than £245 per day. 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.

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.

Parliamentary Accountability and Audit Report

The Parliamentary accountability and audit report brings together the key Parliamentary accountability documents within the annual report and accounts. It comprises:

- Parliamentary Accountability Disclosures
- Regularity of Expenditure
- Certificate and Report of the Comptroller and Auditor General

Parliamentary Accountability Disclosure Notes

Losses and special payments (Audited Information)

There were no losses or special payments during the year, which required disclosure in the accounts (31 March 2023: Nil).

Fees and Charges (Audited Information)

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.

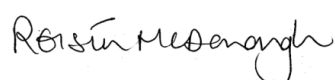
Remote Contingent Liabilities (Audited Information)

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 had no remote contingent liabilities.

Long Term Expenditure Trends

Details of long-term grant expenditure trends are included starting on page 17 of the Performance Report.



Roisín McDonough
Accounting Officer

Date: 6 December 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Arts Council of Northern Ireland Lottery Distribution Account for the year ended 31 March 2024 under the National Lottery etc. Act 1993.

The financial statements comprise the Arts Council of Northern Ireland Lottery Distribution Account's

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council of Northern Ireland Lottery Distribution Account's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament 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 (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Arts Council of Northern Ireland Lottery Distribution Account in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Arts Council of Northern Ireland Lottery Distribution Account'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 Lottery Distribution Account'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.

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

The going concern basis of accounting for the Arts Council of Northern Ireland Lottery Distribution Account is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc. Act 1993.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Arts Council of Northern Ireland Lottery Distribution Account and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports. 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 by the Arts Council of Northern Ireland Lottery Distribution Account or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Arts Council and Accounting Officer for the financial statements

As explained more fully in the Statement of Arts Council's and Accounting Officer's Responsibilities, the Arts Council of Northern Ireland and the Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Arts Council of Northern Ireland Lottery Distribution Account from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the National Lottery etc. Act 1993;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the National Lottery etc. Act 1993; and
- assessing the Arts Council of Northern Ireland Lottery Distribution Account'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 Lottery Distribution Account will not continue to be provided in the future

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993.

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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Arts Council of Northern Ireland Lottery Distribution Account's accounting policies and key performance indicators.
- inquired of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council of Northern Ireland Lottery Distribution's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council of Northern Ireland Lottery Distribution Account's controls relating to the Northern Ireland Lottery Distribution Account's compliance with the Arts Council of Northern Ireland Lottery etc. Act 1993 and Managing Public Money;
- inquired of management, internal audit and those charged with governance whether:

- they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council of Northern Ireland Lottery Distribution Account for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Arts Council of Northern Ireland Lottery Distribution Account's framework of authority and other legal and regulatory frameworks in which the Arts Council of Northern Ireland Lottery Distribution Account operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council of Northern Ireland Lottery Distribution Account. The key laws and regulations I considered in this context included National Lottery etc. Act 1993, Managing Public Money, employment law and tax legislation.

I considered the controls in place at the Arts Council of Northern Ireland Lottery Distribution Account to prevent, detect and correct material irregularity of grant expenditure.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;

I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;

I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I tested a sample of grant expenditure to gain assurance that grants had been spent on the intended purposes.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 18 December 2024

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

Financial Statements

Statement of Comprehensive Net Expenditure

Year Ended 31 March	Note	2024 £	2023 £
Proceeds from Lottery Ticket Sales	4	9,650,848	9,901,325
Lottery investment Returns	4	470,226	198,690
Other Operating Income	4	<u>345,789</u>	<u>241,121</u>
Total Operating Income		10,466,863	10,341,136
 New Grants made in year	10	9,334,023	10,206,118
Grants De-committed in year	10	(202,638)	(119,317)
Grant Funding	3	308,801	144,363
Staff Costs: recharge	2	1,394,812	1,032,530
Other Operating Expenditure: recharge	2	473,429	317,507
Other Operating Expenditure: direct costs	2	<u>104,959</u>	<u>61,140</u>
Total Operating Expenditure		<u>11,413,386</u>	<u>11,642,341</u>
 Comprehensive Net (Expenditure) / Income for the year		<u>(946,523)</u>	<u>(1,301,205)</u>

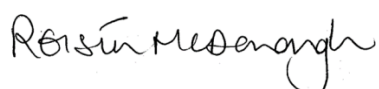
All activities are continuing with no acquisitions or disposals. There are no gains or losses other than those shown above.

The notes on pages 69 to 88 form part of these accounts.

Statement of Financial Position

As at 31 March		2024	2023
	Note	£	£
Current assets			
Investments – balance held in NLDF	6	5,742,577	7,144,639
Trade and Other Receivables	8	775,730	118,425
Cash and Cash Equivalents	7	462,647	612,823
Total Current Assets		6,980,954	7,875,887
Current Liabilities			
Trade and Other Payables	9	412,518	242,242
Grants Payable	10	1,640,053	1,755,786
Total Current Liabilities		2,052,571	1,998,028
Total Assets less Current Liabilities		4,928,383	5,877,859
Non-current Liabilities			
Grants Payable	10	-	2,953
Total Non-current Liabilities		-	2,953
Total Assets less Total Liabilities		4,928,383	5,874,906
Equity			
General reserve		4,928,383	5,874,906
Total Equity		4,928,383	5,874,906

The financial statements on pages 65 to 88 were approved by the Board on the 6 December 2024 and were signed on its behalf by:



Roisín McDonough
Accounting Officer

Date: 6 December 2024

The notes on pages 69 to 88 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March

	Note	2024 £	2023 £
Cash Flows from Operating Activities			
Net Income / (Expenditure)		(946,523)	(1,301,205)
Decrease / (Increase) in Trade and Other Receivables	8	(657,305)	(51,714)
Increase in Payables < 1 year	9	54,543	394,031
Increase / (Decrease) in Payables > 1 year	9	(2,953)	(71,072)
Decrease/(Increase) in balance held at NLDF	6	<u>1,402,062</u>	<u>1,039,861</u>
Net cash Inflow from Operating Activities		(150,176)	9,901
Net increase/(decrease) in Cash and Cash Equivalents in the period			
		(150,176)	9,901
Cash and Cash Equivalents at the beginning of the period	7	<u>612,823</u>	<u>602,922</u>
Cash and Cash Equivalents at the end of the period	7	<u><u>462,647</u></u>	<u><u>612,823</u></u>

The notes on pages 69 to 88 form part of these accounts.

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

	General Reserve £	Total Reserves £
Balance at 31 March 2022	7,176,111	7,176,111
Changes in Equity for 2022-23		
Comprehensive Net Income for the Year	<u>(1,301,205)</u>	<u>(1,301,205)</u>
Balance at 31 March 2023	5,874,906	5,874,906
Changes in Equity for 2023-24		
Comprehensive Net Expenditure for the Year	<u>(946,523)</u>	<u>(946,523)</u>
Balance at 31 March 2024	<u>4,928,383</u>	<u>4,928,383</u>

The notes on pages 69 to 88 form part of these accounts.

NOTES TO THE ACCOUNTS

1 Statement of accounting policies

These financial statements have been prepared in accordance with the Lottery Accounts Direction given by the Department for Communities (formerly Department of Culture, Arts and Leisure) with the consent of the Secretary of State for the Department of Culture, Media and Sport and the approval of the HM Treasury, in accordance with Section 35(3) of the National Lottery etc. Act 1993.

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

Arts Council Northern Ireland continues to adopt the going concern concept in preparation of the Lottery Distribution Account.

(a) Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention.

(b) Property, Plant and Equipment and Intangible Assets

Arts Council Exchequer is responsible for all non-current asset purchase and maintenance. Non-current asset usage on Lottery activities is recharged from the Exchequer to the Lottery account under the Service Level Agreement approved by the Board on 30 June 2023.

(c) Balances held in the National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for the Department for Culture, Media and Sport. However, the share of these balances attributable to the Arts Council of Northern Ireland is as shown in the accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State for the Department for Culture, Media and Sport as being available for distribution by the Arts Council in respect of current and future commitments.

(d) Grants Payable

A grant commitment is deemed to be a liability once the Letter of Offer has been drawn up and sent to the grant client.

The grants liability at 31 March 2024 is disclosed in Note 10 to the accounts and is accounted for as expenditure in the Statement of Comprehensive Net Income / Expenditure and, until paid as liabilities in the Statement of Financial Position if:

- i. they have been formally approved by Council, or under delegated authority; and
- ii. formal written notification has been issued to the intended recipients; and
- iii. the offers are free from any conditions under the Council's control.

Grants which have been formally reviewed by Council / Board, which do not meet the definition of liabilities because ii) and / or iii) has been met are disclosed in Note 11.

(e) Delegation to NI Screen

The Arts Council has a fully operational delegation agreement in place with NI Screen to act as the lead organisation in the delivery of film grant schemes. The statutory grant decision-making function is delegated to NI Screen. The terms of the external delegation are set out in a formal agreement and satisfy the conditions of the Arts Council's Financial Direction. The obligations of the Arts Council's Accounting Officer are unchanged by the delegation.

Annual sums allocated by the Arts Council to NI Screen are recognised as expenditure in the Statement of Comprehensive Net Income/Expenditure. Funds are drawn down by NI Screen to meet grant commitments as they fall due. Undrawn funds at the year-end are included in the Statement of Financial Position as liabilities.

(f) Critical Accounting Estimates and Key Judgements

- Recharge of Staff Costs and Apportionment of Other Operating Costs

Administrative overheads and salaries are incurred by the Arts Council of Northern Ireland Exchequer. 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. A formal Service Level Agreement including the methodology used in calculating the percentage for the year is taken to the Board for approval during the first quarter of the financial year.

The Board approved a Service Level Agreement on Recharging of Salaries and Overheads between Exchequer and Lottery at 55% (2022-23: 46%) on the 30 June 2023 and was applied retrospectively for the full year, from 1 April 2023 to 31 March 2024.

The Lottery Recharge Percentage of 55% was calculated by assessing grants over the previous three-year period up to 31 March 2023. 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 calculated to be in relation to Lottery and 45% to be Exchequer work. Consequently, the recharge percentage used for financial year 2023/24 was 55%.

(g) Pension Costs

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

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

Pension scheme assets are measured using the 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.

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

(h) Operating Income

Distributing activities are funded by allotted proceeds from the National Lottery which are held in the National Lottery Distribution Fund (NLDF). The NLDF is administered by the Department for Culture, Media and Sport. The National Lottery operator calculates the proceeds on an annual basis as set out in the National Lottery Licence. Payments are made to the NLDF each week based on actual sales and prizes. The percentages of proceeds receivable into the NLDF then payable to each lottery distributing body are set out in National Lottery etc. Act 1993 sections 22 and 23 as amended by Statutory Instrument 2010 No. 2863 'The Apportionment of Money in the National Lottery Distribution Fund Order 2010'. The Council receives 0.56% of total annual proceeds receivable into the NLDF and draws down the proceeds when needed.

Other income consists of external funding for specific programmes and film royalties received through NI Screen.

All income received, whether Lottery proceeds or other income, is credited to income in the year in which it is receivable.

(i) Financial Instruments

As the cash requirements of the Arts Council of Northern Ireland Lottery Distribution Fund are met through Lottery funding, financial instruments play a limited role in creating and managing risk than would normally apply to a non-public sector body.

Most financial instruments relate to contracts to buy non-financial items in line with the Arts Council of Northern Ireland's expected purchase and usage requirements and the Arts Council of Northern Ireland is therefore exposed to little credit liquidity or market risk.

(j) Staff Costs

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from leave records.

(k) Leases

In line with the requirements of the FReM, IFRS 16 *Leases* was implemented, by Arts Council Exchequer, as, interpreted and adapted for the public sector, with effect from 01 April 2022.

As per Note 12 the Lottery Fund has no direct lease commitments. The Exchequer account has a capitalised premises lease, a proportion has been recharged. The Arts Council currently occupies accommodation at Linen Hill House, the lease expiry date is 12 August 24.

(l) Impending Application of Newly Issued Accounting Standards not yet effective

The Arts Council provides disclosure that there are no new relevant accounting standards which it has not yet applied. The application of any new or amended IFRS standards is governed by their adoption by the FReM. The Council applies changes to standards when they become effective. There are no known material impacts from IFRS changes that have been issued and are not yet effective on the financial statements in the period of initial application.

Specifically:

- IFRS 17 Insurance Contracts – No known material impacts

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 considers that

IFRS 17 will not have a material impact on the Lottery Fund accounts in the period of initial application.

- IFRS 18 Presentation and Disclosure in Financial Statements – No known material impacts

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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 the Lottery Fund accounts.

(m) Operating Segments

The activities of the Arts Council are considered to provide a single function, maintaining and developing the Arts in Northern Ireland. In terms of IFRS this is considered to be a single operating segment. It is therefore considered that no further analysis is required to meet the requirements of IFRS 8.

(n) Reserves

General Reserve

This is the balance arising from monies attributed to the Arts Council of Northern Ireland as a Distributing Body for the National Lottery Distribution Fund as certified by the Secretary of State for the Department for Culture, Media and Sport and the net income as reported in the Statement of Comprehensive Net Expenditure for the year.

2 Expenditure

All staff costs were incurred by the Arts Council of Northern Ireland and recharged to the Lottery Distribution Account based on activity in terms of the proportion of grant applications and awards that relate to Lottery activity.

A breakdown of the above costs into permanent staff and others can be found in the Staff Report within the Accountability Report.

Year ended 31 March	Direct £	Recharge £	2024 Total £	2023 Total £
Salary Costs				
Wages and salaries	-	902,579	902,579	702,678
Social security costs	-	92,662	92,662	73,539
Other pension costs	-	161,109	161,109	135,867
Agency costs	-	238,462	238,462	120,446
Total Salary Costs	-	1,394,812	1,394,812	1,032,530
Arts Council Administration- Apportionment	-	473,429	473,429	317,507
Arts and Older People Administration	11,320	-	11,320	5,945
Creative Schools Administration	1,461	-	1,461	2,568
NI Screen Administration	1	-	1	64
Strategic Administration	27,939	-	27,939	1,700
University of Atypical SLA	3,752	-	3,752	3,525
Young People and Wellbeing	12,470	-	12,470	338
Audit Fees	48,000	-	48,000	47,000
Bank Fees	16	-	16	
Total Staff & Other Operating Expenditure	104,959	1,868,241	1,973,200	1,411,177

Of the total other operating expenditure of £578,388 (2022-23: £378,647) an amount of £473,429 (2022-23: £317,507) was incurred by the Arts Council of Northern Ireland and recharged to the Lottery Distribution Account at full economic cost. The £473,429 (2022-23: £317,507) administrative overhead apportioned to the Lottery Distribution fund comprised administrative costs and expenses incurred by the Arts Council from which the Lottery benefited indirectly. The apportionment was made at full economic cost and calculated on appropriate bases.

During the year the Arts Council did not purchase any non-audit services from its external auditor.

3 Grant Funding

Year ended 31 March	2024	2023
	£	£
4 Nations International Programme:		
Four Nations International Collaboration Fund	10,000	10,000
Cultural Bridge – German Bilateral	10,000	10,000
Magnetic – France Visual Arts Bilateral	12,000	12,000
Arts InfoPoint	8,000	8,000
Music Programme:		
International Showcase Fund	20,000	20,000
PPL Momentum Music Fund	25,000	25,000
Beyond Borders	20,000	-
SXSW Conference – Output Showcase	10,000	10,000
NI Music Conference – Output Belfast	10,000	-
SIAP Programmes:		
Centre Cultural Irlandais	8,000	8,000
Brussels	3,301	7,454
Edinburgh Fringe	20,000	4,000
Laureate na n-Og	15,000	15,000
Chair of Poetry	12,500	12,500
Womex Stand	2,000	2,000
UK Wide Access	23,000	-
YMPA	-	214
School at Rome	-	195
Cross Border Touring:		
Irish Language Theatre Contribution	20,000	-
Creative Industries:		
Xrtists UK wide Immersive Arts Programme Contribution	80,000	-
Total Grant Funding	308,801	144,363

4 Income

Year ended 31 March	2024 £	2023 £
NLDF Income		
Investment Income	470,226	198,690
Proceeds from Lottery Ticket Sales	9,650,848	9,901,325
Total NLDF Income	10,121,074	10,100,015
Other Income		
Baring Foundation – Arts & Older People	57,588	28,201
Public Health Authority- Arts & Older People	88,736	85,703
Future Screens – Creative Industries	67,342	49,982
British Council – Support of Individual Artists	26,000	51,000
NI Screen - Recoupment	45,613	-
Bank Interest Received	60,510	26,235
Total Other Income	345,789	241,121
Total Income	10,466,863	10,341,136

5 Financial Instruments

IFRS 9 & 7 require disclosure of the role and significance which financial instruments have had during the year in creating or changing the risks the Fund faces in undertaking its role. As the cash requirements of the Arts Council of Northern Ireland Lottery Distribution Fund are met through Lottery Funding, financial instruments play a more limited role in creating and managing risk that would apply to a non-public sector body. Therefore, the Arts Council Lottery is not exposed to the degree of financial risk faced by business entities. Most financial instruments relate to contracts to buy non-financial items in line with the Arts Council's expected purchase and usage requirements and the Arts Council is therefore exposed to little credit, liquidity or market risk.

Liquidity Risks

In 2023 - 24, £9.7m or 92.20% (2022 - 23: £9.9m or 95.75%) of the Arts Council's Lottery Fund's income derived from the National Lottery. The remaining income derived from investment returns from the balance held with the National Lottery Distributions Fund, £470k or 4.49% (2022-23: £199k or 1.92%), and from Sundry Income, £346k or 3.30% (2022-23: £241k or 2.33%). The Arts Council considers that the Fund is not exposed to significant liquidity risks; it is satisfied that it has sufficient liquid resources within the NLDF and cash balances of £6.21m as well as forecasted NLDF income to cover all current contracted commitments plus trade and other payables of £2.05m. The forecasted NLDF income is based on projections received from DCMS.

Interest Rate Risks

The financial assets of the Fund are invested in the NLDF, which invests in a narrow band of low-risk assets such as government bonds and cash. The Arts Council has no control over the investment of Funds in the NLDF.

On 31 March 24 Market Value of investments in the NLDF was £5.7m. In the year the rate of return declared by NLDF was 5.16% (2022-23: 2.32%).

Cash balances which are drawn down from the Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account which on average carried a credit interest rate of 4.56% (2022-23: 1.52%) in the year. The Arts Council Lottery fund bank account has an applicable credit interest rate of base less 1%. The Bank of England base rate dropped to 0.5% in March 2009 and had increased to 5.25% by March 2024. Therefore interest, totalling £60,510 has been credited to the account during the 2023-24 financial year.

The cash balance at the year-end was £462,647 (31 March 2023: £612,823). The Arts Council considers that the Fund is not exposed to significant interest rate risks.

Foreign Currency Risk

The Fund is not exposed to any foreign exchange risk.

6 Reconciliation of Movement in National Lottery Distribution Fund

The funds held in the NLDF are invested on its behalf by the Commissioners for the Reduction of the National Debt.

Up to 1996-97 the Arts received 20% of the monies paid into the Fund by Camelot, the Lottery operator, after deduction of expenses incurred by DCMS in administering the Fund, and by the regulator, the Office of the National Lottery. This percentage was reduced to 16.67% by the National Lottery Act 1998 and then returned to 20% by the National Lottery Act 2006. The Arts Council of Northern Ireland receives 2.8% of the sum allocated to the Arts. Interest earned on the sums invested is apportioned to each of the Lottery distributors based on their percentage of the total remaining NLDF funds at the time the interest is received.

The closing market value of investments held at 31 March 2024 by NLDF under the National Lottery Act 2006 on behalf of the Arts Council of Northern Ireland Lottery Distribution Account was £5,742,577 (31 March 2023: £7,144,639).

The NLDF balance is classified as investments in the Statement of Financial Position. This is in line with the DCMS accounting policy. NLDF investments are therefore held at the lower of carrying amount and fair value less costs to sell, with any unrealised profit or loss to be recognised through reserves.

Balances in NLDF

At 31 March	2024	2023
	£	£
Proceeds from Lottery	9,650,848	9,901,325
Investment Income	470,226	198,690
Drawn down in year by Arts Council	<u>(11,523,136)</u>	<u>(11,139,876)</u>
Total Increase / (Decrease) in Funds	(1,402,062)	(1,039,861)
Balance as at 1 April	<u>7,144,639</u>	<u>8,184,500</u>
Total	<u>5,742,577</u>	<u>7,144,639</u>

7 Cash and Cash Equivalents

At 31 March	2024	2023
	£	£
Balance at 1 April	612,823	602,922
Net change in cash and cash equivalents	<u>(150,176)</u>	<u>9,901</u>
Total Cash and Cash Equivalents	<u>462,647</u>	<u>612,823</u>

The following balances were held

At 31 March	2024	2023
	£	£
Commercial banks and cash in hand	<u>462,647</u>	<u>612,823</u>
Total Cash Balance	<u>462,647</u>	<u>612,823</u>

8 Trade Receivables, Financial and Other Current Assets

At 31 March	2024	2023
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Arts Council of Northern Ireland Lottery Distribution Account 2023 - 24

	£	£
Amounts falling due within one year		
Trade Receivables	706,343	52,875
Prepayments & Accrued Income	<u>69,387</u>	<u>65,550</u>
Total Receivables	<u>775,730</u>	<u>118,425</u>

Trade receivables include £571,691 (31 March 2023: £52,875) in respect of amounts due to the Lottery Distribution Account from the Arts Council of Northern Ireland. The low cash reserves balance at year end in Arts Council, due to the timing of drawing down funds from Sponsor Department, resulted in this balance owing at year end.

9 Trade and Other Payables

At 31 March	2024	2023
	£	£
Amounts falling due within one year		
Trade Payables	20,000	-
Accruals and deferred income	392,518	242,242
Grants payable (Note 10)	<u>1,640,053</u>	<u>1,755,786</u>
	<u>2,052,571</u>	<u>1,998,028</u>
Amounts falling due after more than one year		
Grants payable (Note 10)	<u>-</u>	<u>2,953</u>

Accruals include £207,756 (31 March 2023: £93,830) in respect of services and purchases rendered to or made on behalf of the Lottery Distribution Account by the Arts Council of Northern Ireland.

10 Grants Payable

Year ended 31 March	2024	2023
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	£	£
Grants payable at 1 April	1,758,739	1,470,456
Grants paid during the year	(9,250,071)	(9,798,518)
Grant de-commitments	(202,638)	(119,317)
Grants made in the year	<u>9,334,023</u>	<u>10,206,118</u>
Grants payable at 31 March	<u>1,640,053</u>	<u>1,758,739</u>

Profile of Commitments over the next five years

	£	£
Amounts falling due during 2023 – 24	-	1,755,786
Amounts falling due during 2024 – 25	1,640,053	2,953
Amounts falling due during 2025 – 26	-	-
Amounts falling due during 2026 – 27	-	-
Amounts falling due during 2027 – 28	-	-
Amounts falling due during 2028 - 29	-	-
Total	<u>1,640,053</u>	<u>1,758,739</u>

Current contracted commitments total £1.6m. The Arts Council considers that it has sufficient liquid resources within the NLDF and cash balances of £6.2m as well as forecasted NLDF income to cover all current contracted commitments. The forecasted NLDF income is based on projections received from DCMS.

Grants Made in Year by Arts Programme

Year ended 31 March	2024	2023
	£	£
Annual Funding Programme	4,196,306	4,497,183
Arts and Older People	174,994	209,743
Commissioning	200,004	200,000
Creative Schools Programme	79,991	-
Film Awards (NI Screen)	180,650	271,467
Project Funding	2,250,000	2,041,447
Rural Engagement Arts Programme	400,326	499,868
Small Grants Programme	217,783	577,438
Young People and Wellbeing	134,941	190,522
 Creative Industries Programme		
- Creative Industries Initiatives	13,830	19,550
- Creative Industries Seed Fund	-	194,982
- Individual Artists Digital Evolution	75,679	40,000
- Organisations Digital Evolution	59,005	78,647
- Virtual Production Project	15,000	25,000
 Support for Individual Artists Programme		
- Anne O'Donoghue Award	5,000	-
- Artists Career Enhancement	82,559	83,992
- Artists International Development Fund	50,000	63,951
- D/deaf & Disabled Artists Support Fund	25,000	25,000
- General Art Awards	1,047,033	988,782
- International Residency	1,765	-
- Major Individual Awards	60,000	75,000
- Mike Moloney Award	-	5,000
- Minority Ethnic Mentoring & Resilience	49,995	50,000
- Travel Awards	11,562	39,596
- Womex Bursary	2,600	1,950
- Young Musicians' Platform	-	27,000
 Total Grants Made in the Year	9,334,023	10,206,118

11 Grant commitments at year end which do not meet the criteria for being treated as a liability at 31 March 2024.

Grant commitments at year end which do not meet the criteria for being treated as a liability at 31 March 2024 was 58 awards totalling £5,136,255 (31 March 2023: £Nil awards totalling £Nil). This is in relation to Annual Funding Programme awards which were approved on the 26 March 2024. These awards relate to the 2024-25 financial year with the Letters of Offer being issued after 1 April 2024.

12 Leases

While the Lottery Fund has no direct lease commitments, a proportion of the Exchequer account lease commitments are recharged to the Lottery Fund.

The Financial Reporting Manual withdraws the option of applying IFRS 16 retrospectively and mandates the use of the practical expedient in the standard, this had no material impact on amounts recharged to the Lottery Fund.

13 Capital commitments

There were no capital commitments as at 31 March 2024 (31 March 2023: Nil).

14 Other financial commitments

There were no other financial commitments as at 31 March 2024 (31 March 2023: Nil).

15 Contingent assets disclosed under IAS 37

Contingent Asset

The National Lottery Distributors (including the Arts Council of Northern Ireland) are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675m to the funding of the London 2012 Olympic and Paralympic Games.

This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority dated 29th March 2012 which sets out the distribution of funds between the GLA and the lottery distributors (via DCMS). We continue to engage with GLA on forecasts for land sales on the Olympic Park.

16 Related-party Transactions

The Arts Council of Northern Ireland is a Non-Departmental Public Body sponsored by the Department for Communities (DfC). DfC is regarded as a related party and during the year the Arts Council had various material transactions with DfC.

The Lottery Account operations of the Arts Council of Northern Ireland are funded from the National Lottery Distribution Fund through the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party. During the year the Arts Council has had various material transactions with DCMS.

The Arts Council of Northern Ireland Exchequer Account is also regarded as a related party to The Arts Council's National Lottery Distribution 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 Payables, financial and other assets figure of £2,052,571 (2022 - 23: £1,998,028) shown in Note 9 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 Receivables, financial and other assets figure of £706,343 shown in Note 8 above. Therefore, at 31 March 2024 the net amount owed to the National Lottery Distribution account was £363,935.

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. 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. The Chair and Vice Chair also received Board Honoraria during the year, details reported in the Remuneration Report on Page 45.

A list of awards made to the organisations concerned and details of who made the declaration of interest is detailed below. All the transactions relating to the organisations were conducted at arm's length by the Arts Council; the connected board members / staff members were not involved in the grants award process.

LOTTERY STAFF

Name	Nature of Relationship	Organisation Name	Awarded in 23.24* £	Paid in 23.24** £	Balance at 31.3.2024*** £
Lorraine Calderwood	Attended work trip June 2023. Expenses paid by International Fund for Ireland / International Peace School	Waterside Theatre Company	£131,544	£127,964	£17,365
Gilly McKinney	Parent volunteer on an ad-hoc basis	Brassneck Youth part of Brassneck Theatre Company	£39,176	£53,717	£459
Lizzie Devlin	Friend of employee	174 Trust/The Duncairn	£85,000	£85,000	£4,250
Shannon Dougan	Cousin	Adam Cooper	£2,926	£2,633	£293
Olivia Gamble	Friend of applicant	Yasmine Robinson	-	£300	-
	Friend of applicant	Cameron Stewart	-	-	£300
	Friend of applicant	Kathryn Graham	£3,110	£2,799	£311
	Friend of applicant	Carl Eccles	£3,000	£2,700	£300
	Friend of applicant	Sophia Campell	-	£378	-
	Friend of applicant	Gavin Peden	£5,000	£5,264	£500
	Cousin of applicant	Adam Dougal	£1,635	£1,472	£164
	Daughter of applicant	Peter Gamble	£3,000	£2,700	£300
Barbara Growcott	Family Connection	ArtsEkta	£77,690	£76,468	£12,277

Arts Council of Northern Ireland Lottery Distribution Account 2023 - 24

Name	Nature of Relationship	Organisation Name	Awarded in 23.24* £	Paid in 23.24** £	Balance at 31.3.2024*** £
Patricia Lavery	Arts Facilitator	Arts Care	£80,542	£80,542	£4,027
	Friend of Board Member	Sticky Fingers	£3,120	£8,892	£3,904
Suzanne Lyle	Friend of Landlord	Golden Thread Gallery	£27,923	£14,723	£13,962
Clare McComish	Employed as freelance project artist and artist in residence	Arts Care	£80,542	£80,542	£4,027
	Occasional employment as freelance facilitator.	New Belfast Community Arts Initiative T/A Community Arts Partnership	£5,000	£13,548	£250
	Friend of Employee	R-Space Gallery	£47,000	£46,964	£2,350
Alison McCrudden	Facilitator	Brassneck Youth, part of Brassneck Theatre Company	£39,176	£53,717	£459
	Board Member	Tuairiscigh Béal Feirste - Report for Belfast C.I.C.	£5,000	£5,000	-
Noirin McKinney	Married to Editor	Irish Pages	£22,800	£21,660	£1,140
Andrea McKittrick	Daughter is Member	Fusion Theatre Group	-	£332	-
Siobhan Molloy	Member	Comhaltas Ceoltoirí Éireann	£32,300	£17,765	£16,150
	Employed freelance	Greater Shantallow Community Arts	£132,015	£132,015	£11,001

Name	Nature of Relationship	Organisation Name	Awarded in 23.24* £	Paid in 23.24** £	Balance at 31.3.2024*** £
Hannah Mullan	Family Connection to employee	The Lyric	£3,744	£1,872	£4,739
	Board Member	WheelWorks	£86,278	£85,405	£8,667
	Part of Creative Team	Eileen McCrory	£13,275	£9,448	£5,328
Roisin Murray	Employed by family connection of the Chair	Tinderbox Theatre Company	£12,410	£6,205	£6,205
	Employed by family connection	Stephen Beggs	-	£282	-
	Artist Contributor	Féile An Phobail	-	£5,830	-
Fíona Ní Mhearáin	Partner	Kevin McCullagh	£4,558	£4,102	£456
	Partner is Board Member and fiddle tutor	BelfastTrad	£35,824	£38,049	£1,791
	Musician	Live Music Now	£66,241	£42,941	£30,262
	Whistle Tutor / Former employee (<i>ceased employment 30 November 2023</i>) Board member – <i>March to June 2024</i>	BelfastTrad	£35,824	£38,049	£1,791
	Freelancer	Cultúrlann McAdam Ó Fiaich	-	£8,533	£4,100
	Freelancer	Belfast Summer School of Traditional Music	£50,000	£50,000	£25,000

Arts Council of Northern Ireland Lottery Distribution Account 2023 - 24

Name	Nature of Relationship	Organisation Name	Awarded in 23.24* £	Paid in 23.24** £	Balance at 31.3.2024*** £
Fíona Ní Mhearáin	Freelancer	Cumann Cultúrtha Mhic Reachtain	£43,050	£43,050	£21,525
	Freelancer	174 Trust/The Duncairn	£85,000	£85,000	£4,250
	Freelancer	Féile An Phobail	-	£5,830	-
	Freelanced at one-off event (March 2024)	An Droichead	£39,205	£39,205	£1,960
Ciaran Scullion	Family Member is former employee (ceased 13 October 2023)	National Youth Choir of Northern Ireland	£60,797	£60,798	£3,040
Anne Shipton	Friend of employee	174 Trust/The Duncairn	£85,000	£85,000	£4,250

BOARD MEMBERS

Name	Nature of Relationship	Organisation Name	Awarded in 23.24* £	Paid in 23.24** £	Balance at 31.3.2024*** £
Liam Hannaway	Secretary & Board Member	Youth Action NI	£39,500	£39,350	£3,475
Lynne Best	Vice Chair	Oh Yeah Music Centre	£88,958	£89,959	£10,492
Paul Brolly	Chair	Golden Thread Gallery	£27,923	£14,723	£13,962
	Member, Arts and Cultural Advisory Panel	Antrim and Newtownabbey Borough Council	-	£1,000	-
Ray Hall	Board Member	The Royal Scottish Pipe Band Association NI Branch	£34,995	£19,828	£17,498

Name	Nature of Relationship	Organisation Name	Awarded in 23.24* £	Paid in 23.24** £	Balance at 31.3.2024*** £
Ray Hall	Board Director	Royal Scottish Pipe Band Association (<i>the parent body of the Royal Scottish Pipe Band Association NI Branch</i>)	£34,995	£19,828	£17,498
	Employed by Mid Ulster District Council	Seamus Heaney HomePlace (Mid Ulster District Council)	£8,240	£7,416	£824
	Employed through secondment	Armagh City, Banbridge and Craigavon Borough Council	-	£7,187	-
Sean Kelly	Co-founder (no current involvement)	The Black Box Trust	£24,500	£24,500	£1,125

* 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.

17 Third-party assets

There are no third-party assets as at 31 March 2024 (31 March 2023: None).

18 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 Annual Report and Accounts were authorised for issue on the date of certification by the Comptroller and Auditor General.

APPENDIX A

REVISED LOTTERY POLICY DIRECTIONS TO ARTS COUNCIL OF NORTHERN IRELAND

The Department of Culture, Arts and Leisure, on behalf of the Department for Culture, Media and Sport, in exercise of the powers conferred by section 26(1) of the National Lottery etc. Act 1993 and having consulted the Arts Council of Northern Ireland pursuant to section 26(5) of that Act, hereby gives the following directions:

1. In these Directions, any reference to a section is a reference to a section of the National Lottery etc. Act 1993.
2. In determining the persons to whom, the purposes for which and the conditions subject to which it distributes any money under section 25(1), the Arts Council of Northern Ireland shall take into account the following matters:
 - A. Its assessment of the needs of the arts and its priorities for addressing them (having regard to government strategies/policies in force).
 - B. The need to inspire children and young people, awakening their interest and involvement in the arts.
 - C. The need to foster local community initiatives, which bring people together, enrich the public realm and strengthen community spirit.
 - D. The need to support volunteering and encourage volunteering in the arts.
 - E. The need to encourage new talent, innovation, and excellence and help people to develop new skills.
 - F. The need to involve the public and local communities in making policies and setting priorities.
 - G. The need to consider projects relating to film and the moving image, and in particular the need to foster the development of sustainable structures in the film industry by, among other things, supporting the development, distribution and promotion of films, as well as their production.
 - H. The need to ensure that money is distributed for projects, which promote public good rather than private gain.
 - I. The need to further the objectives of sustainable development.
 - J. The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding.
 - K. The need to require an element of partnership funding, or contributions in kind from other sources to the extent that this is reasonable to achieve for different kinds of applicants.

L. The desirability of:

- a) increasing access and participation for all;
- b) ensuring that all areas have access to funding; and
- c) reducing economic and social deprivation.

M. The desirability of working jointly with other organisations, including other distributors.

N. The need:

- a) to set time limits for which grants are payable;
- b) to ensure that the Arts Council of Northern Ireland has the necessary information and expert advice to make decisions on each application; and
- c) for applicants to demonstrate the financial viability of projects.

O. Where capital funding is sought, the need:

- a) for a clear business plan showing how any running and maintenance costs will be met for a reasonable period; and
- b) to ensure that appraisal and management for major projects match the Office of Government Commerce's Gateway Review standards.

P. The need to ensure that its powers to solicit applications under section 25 (2A) are used in connection with the pursuit of strategic objectives.

Signed on behalf of the Department of Culture, Arts and Leisure

Name: Paul Sweeney

Date: 16 April 2008

APPENDIX B

National Lottery Development Fund (NLDF) Balance – Policy Statement

1 Background

The National Lottery provides funding for good causes to the National Lottery Distribution Fund (NLDF). After allowing for expenses, funds received by the NLDF from National Lottery are disbursed to distributors in Arts, Sports, Heritage and Big Lottery Fund for onward transmission to spending organisations and individuals.

The Lottery Shares Order Act, which was enacted in November 2010, determines the percentage of funds allocated to NLDF for each of the 4 categories above. For the financial years 2012/2013 to 2016/2017 the share of NLDF funds allocated to Arts, Sports, and Heritage is 20% each with the Big Lottery Fund receiving 40%.

Cash Balances held by NLDF are invested on behalf of it by the Commissioners for the Reduction of the National Debt (CRND) and investment income earned by NLDF is apportioned between its distributors on the basis of the funds held by NLDF on behalf of individual distributors at the date of receipt of investment income.

Arts Council of Northern Ireland (ACNI) is the distributor for the Arts in Northern Ireland and is one of the Arts organisations funded by NLDF alongside: Arts Council England; Arts Council of Wales; Creative Scotland and the British Film Institute. ACNI is allocated 0.56% of NLDF's net income per annum until 2023/2024.

Each distributor draws down funds from NLDF against its allocation and after deduction of administration costs, distributes such funds as grants. All distributors operate at arm's length from Government and make their grant decisions independently of Government, in response to applications for funding which they receive directly.

2 ACNI NLDF Policy

2.1 Introduction

The Arts Council's policy in relation to NLDF is based on the guidance of the National Lottery Guidance Note 1/03: Management of National Lottery Distribution Fund balances.

The Arts Council adopts a consistent approach to commitment with well managed risk taking which avoids excessive caution, but which has due regard to the income flows of and the need to safeguard whatever commitments are made by potential recipients. The Arts Council carries out regular reviews of project plans to identify

changes in circumstances (e.g. delays in capital projects) which would enable increases in funding elsewhere.

2.2 NLDF balances

The Arts Council’s NLDF Balance comprises the following:

- (1) Balances held by NLDF not yet drawn down; and adjusted by
- (2) Balances drawn down by the Arts Council from NLDF but not yet distributed (this includes amounts forwarded by the Arts Council to NI Screen and not distributed).

The Arts Council’s policy is to maintain its NLDF balance at a prudent level based on a realistic assessment of its needs and the availability of funding from NLDF. The Arts Council’s NLDF balance will be set at a level that will maximise its ability to achieve its strategic objectives, that will ensure that present commitments are not compromised and that will not impair or constrain its ability to enter into future commitments.

The following statement will be included in the annual report and accounts:

‘Although income is not entirely within its control, the Arts Council has arrived at the proposed target level of balance which has been expressed as a range, by making realistic assessments of forecasts for levels of income in future years (based on NLDF forecasts), and The Arts Council’s assessment of:

- Both the ‘upside’ and ‘downside’ risks to those forecasts;
- Its forecasts for expenditure in future years on the basis of commitments made and planned activity;
- Its analysis of any future needs, opportunities, contingencies or risks which are not likely to be able to be met out of income if and when they arise; and
- The likelihood, on the best evidence available, of each of those needs arising and the potential consequences for the Arts Council of not being able to meet them.

Having carefully considered the above, the Arts Council has agreed that NLDF targets are:

CY	2023-24	£3.1M
CY+1	2024-25	£3.1M
CY+2	2025-26	£3.1M

3 Management of NLDF balances

The Arts Council manages its NLDF balance by using a range of management tools including:

3.1 Management Accounts

The Arts Council manages its NLDF policy target by introducing Lottery Fund Management Accounts to monitor activity and to enable programme expenditure to be increased or decreased as required in line with NLDF balance targets.

Management Accounts compares actual outturns with budget, including actual and budget NLDF balances. Variances against budget are identified and explained.

3.2 Good practice

The Arts Council is committed to best practice and continuous improvement in its management of NLDF funds, subject to compliance with Financial Directions. The Arts Council has adopted and will continue to pursue good practice policies in relation to managing NLDF funds including:

- Committing Lottery Funds further in advance and improving cash management systems;
- Reducing the time between an in-principle commitment and initial drawdown of funds; and
- Reducing the time between award of grant and first drawdown.

3.3 KPIs

The Arts Council uses KPIs appropriate to the policies and targets adopted. These include:

The 'Quicker Turnaround KPI'

100% of decisions to be made within published deadline. This is calculated using reporting from the GIFTs system.

The 'Quicker Close Out KPI'

90% of grants to be closed out within two months of the project end. This is calculated using reporting from the GIFTs system.

3.4 Costs of administering NLDF funding

The Arts Council seeks to recover its reasonable costs for administering NLDF funds. The level of such costs is kept under review and is subject to Board agreement.

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