

Arts Council of Northern Ireland Lottery Distribution Account

For the Year Ended 31 March 2023

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For the Year Ended 31 March 2023

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 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.

We welcomed the return in 2022-23 to more normal circumstances, following the upheaval caused by the Coronavirus pandemic. However, serious long-term challenges remain in relation to dealing with the legacy of the pandemic, and an already difficult situation for the sector was compounded this year by a dramatic escalation in energy and living costs. As the pressure on all sources of available

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funding continues to mount, National Lottery funding plays an ever-more crucial 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 these challenging times.

A handwritten signature in black ink, reading 'Liam Hannaway'. The signature is written in a cursive style with a large, looping 'H'.

Liam Hannaway
Chairman, Arts Council of Northern Ireland

Date: 31 January 2024

Chief Executive's Introduction

A significant rise in energy and living costs in 2022 – 23 added further pressure to an arts sector which had not yet had time to recover fully from the impact of the pandemic. Earning power had not returned to pre-pandemic levels, with box office proving particularly slow to recover. With artists and arts organisations in poor shape to absorb further rising costs, the Arts Council, within its own limited resources, adopted a flexible approach to its support programmes; but the reality in 2022 – 23 was a weakened creative sector, working with reduced income and facing higher costs of delivery.

At the start of the financial year, we announced our Annual Funding Programme for organisations, the most significant annual allocation of funding for the arts in Northern Ireland. The National Lottery contributed £4.5m, supporting the programming costs of 57 key arts organisations. Later in the year, we awarded more than £2m through our National Lottery Project Fund to 66 arts organisations, to support the development of high-quality arts activities across the region. Over the course of the year, the Lottery-funded Small Grants programme awarded £556k to 107 community engagement projects.

Lottery funds continued to provide the main support for the development of individual talent, of 365 awards made through the Support for the Individual Artist Programme 361 were taken up, including £84,000 through the Artist Career Enhancement Scheme to provide mentoring, development and financial support to 12 emerging and mid-career artists. This year's Major Individual Artist Awards, of £15,000 each, made in recognition of an individual's outstanding contribution to the arts, went to opera singer Giselle Allen, composer Greg Caffrey, poet and performer Alice McCullough, dance maker Eileen McClory and visual artist Jennifer Trouton.

Our National Lottery resource enables the Arts Council to support innovation and development, and to make targeted interventions in areas of identified need. We continued the delivery of three such interventions in 2022 – 23, with our Creative Schools Programme, in partnership with Urban Villages Initiative and the Education Authority, introducing creativity to the classroom and improving educational outcomes for students; our Arts and Older People Programme, in partnership with Baring Foundation and the Public Health Agency, invested £209k in 29 community-based arts projects focussing on key issues affecting older citizens. We also welcomed the return, after a three-year hiatus, of our Young People and Wellbeing programme, with £190k contributing to 24 projects delivered by arts organisations working with youth and community organisations to engage with disadvantaged young people.

The Arts Council is aware of the challenges faced by rural communities and the need for further development of the arts in these areas. We supported 73 projects over the course of the year, with just under £500k assigned through our new Rural Engagement Arts Programme to improving the regional and rural reach of arts funding and strengthening arts activity in areas of low engagement.

The Rural Engagement Arts Programme has benefitted from the knowledge and expertise of the Rural Deliberative Forum, established in 2021 alongside the Minority Ethnic Forum, with both for acting as an interface between Arts Council partners, freelancers in the arts sector, wider community, voluntary and statutory sectors. The Arts Council reintroduced in 2022 – 23 the Minority Ethnic Artists Mentoring and

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Residency Programme, refined and developed with input from the Minority Ethnic Forum, incorporating the programme into the suite of support schemes provided through our Support for Individual Artists Programme (SIAP), and awarding 13 artists with grants of up to £5,000 each plus access to specialist training, research, cultural exchange, networking and learning experiences.

Enhancing opportunities for artists to contribute fully to the development of the Creative Industries remains a priority, with the Arts Council operating at the intersection between the funded arts sector and the commercial creative industries sector, transferring knowledge and skills between the two. We introduced several Creative Industries programmes in 2022 – 23 with a focus on digital and immersive technologies and encouraging cross sectoral collaboration. Two rounds of Creative Industries Seed Fund Awards, made in collaboration with Future Screens NI, released almost £200k to assist arts organisations, entrepreneurs and creative businesses to undertake projects that contribute to the growth of the creative industries and unlock future income generation. Two Digital Evolution programmes, one for individual artists and one for organisations working in the area of innovative digital arts, provided support worth £119k to five artists and eight arts organisations in the creation of high-quality arts projects exploring new digital technologies.

The year ended on the most positive of notes, with the local film, 'An Irish goodbye', winning the Oscar for Best Live Action Short Film at the 2023 Academy Awards. The film received support in its development stage through NI Screen's Short Film Development Support, which is funded through the Arts Council's Lottery funds. We were also delighted to provide one of the central actors, James Martin, along with an accessibility support worker, with a Lottery-funded travel grant to enable him to attend the ceremony to receive the award in person.



Róisín McDonough
Chief Executive

Date: 31 January 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.

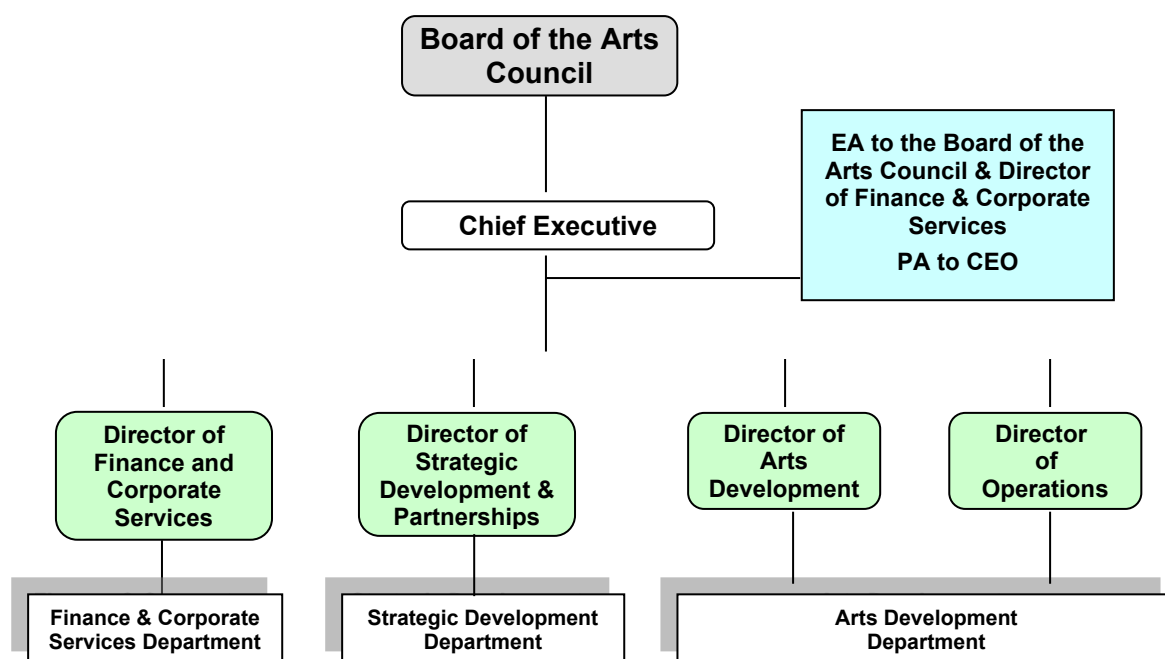
The National Lottery Distribution Fund (NLDF) was established in 1994 to receive and hold monies generated by the National Lottery for good causes. Section 21 of the National Lottery etc. Act 1993 places the NLDF under the control and management of the Secretary of State for Culture, Media and Sport.

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 Camelot (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.

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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.

2022-23 National Lottery Distribution Activities

During 2022-23, 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
- Creative Industries Seed Fund
- Arts & Older People Programme (jointly funded with the Baring Foundation and the Public Health Agency)
- Young People and Well-being Programme

The total amount awarded for each funding programme is listed on page 81.

Further to consultation with local authority community development and arts officers and a Rural Deliberative Forum, ACNI designed and developed a Rural Engagement Arts Programme (REAP) to provide an integrated, cohesive approach to the needs of local rural communities as they emerge from the global Covid pandemic, recognising the specific issues they face as a result. The programme, of which the overarching theme is combatting isolation and loneliness, and promoting social inclusion, was very successfully launched in 2022-23.

Following its extended period of closure over the Covid Emergency period, the Small Grants Programme was fully open throughout 2022-23. The high number of applications to the scheme reflected the post-Covid resurgence of smaller-scale arts projects and community-based activities as groups and communities began to recover from the impacts of Covid.

The Creative Schools Programme was not open for applications during the year (and thus not listed above) as 2022-23 was year 2 of the awards made in 2021-22, however projects and activity supported by the scheme continued in 2022/23. This is a partnership programme, bringing together the Arts Council of Northern Ireland (ACNI), Education Authority (EA) and Urban Villages (UV) Initiative which seeks to improve outcomes for disadvantaged young people through creative arts participation. Awards support creative activities within 13 post-primary schools and target young people from Urban Village areas, living in communities with a history of deprivation and community tension.

This year saw the re-opening of a number of schemes which had been suspended during the Covid emergency funding period. The Commissioning Programme - which enables organizations 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 – was opened for the first time since 2019. The Young People and Well-being Programme aims to improve the mental health and wellbeing of young people by engagement in high quality arts re-opened after a 3-year hiatus. The SIAP programme was opened with its full complement of schemes for the first time since pre-pandemic, allowing individual artists to apply for support to begin to redevelop projects and fully re-engage with their practice. The programme included: General Arts Awards, Artists Career Enhancement Scheme, Artists' International Development Fund (jointly funded with the British Council), Major Individuals Awards, Young Musicians' Platform Awards, Travel Awards and Womex Bursaries. The University of Atypical was again funded to deliver the D/deaf and Disabled Artists Support Fund. In addition, the Minority Ethnic Mentoring and residency programme, first delivered in 2021-22 as a standalone programme, was mainstreamed into the wider SIAP portfolio of support, as requested by the Minority Ethnic Deliberative Forum. Informed by the Arts Council's Intercultural Arts Strategy and framed within its Five-Year Strategy *Inspire Connect and Lead*, this mentoring and residency scheme's aim is to support individual artists and creative practitioners from minority ethnic backgrounds and migrant backgrounds at every stage of their career. In working to create the conditions for the widest variety of art and creativity for both artists and audiences, the Arts Council seeks to address the numerous and complex barriers to access, progression and representation in the arts encountered by minority ethnic artists in Northern Ireland.

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A small number of awards were also made via the Arts Development Fund which enables the Council to make a swift response to requests for developing ideas, projects and strategic proposals.

Having renewed its delegation agreement with NI Screen to support the development and production of film in 2021-22, 2022-23 reflected the second half of that 2-year agreement. 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

Following the end of Covid restrictions and the full reopening of the arts sector, ACNI hopes to re-engage with Arts Council of Ireland on delivery of a Cross Border Touring programme which would support the touring of work across all artform and arts practice areas for tours during 2024.

With support from the Baring Foundation the Arts Council will develop 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, has been significantly impacted by Covid and the medium and long-term effects of lockdown.

Comment on National Lottery Distribution Fund (NLDF) Balance Policy

As at the 31 March 2023, Arts Council Lottery Account balances at NLDF totalled £7.1m (31 March 2022: £8.2m), a decrease of £1.1m 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 £2.0m, (2021-22 £1.6m). The Arts Council considers that it has sufficient liquid resources within the NLDF and cash balances of £7.8m, (2021-22 £8.8m) 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 2023 of £5.7m. The actual NLDF balance was £7.1m 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

Details on managing the Arts Council's risks can be found in the Governance Statement. The principal risk facing the Arts Council arises from pressures on public funding and the ongoing constrained funding environment for the Arts. It is essential that staffing levels are maintained at a level sufficient to deliver the lottery fund objectives.

This is an acutely anxious time for a diverse Arts sector due to the "cost of living crisis". Organisations and individuals that made it through the pandemic are now contending with increased fuel prices, increased staffing costs, reluctant audiences and logistical problems from the UK's withdrawal from the EU.

Our income is dependent on revenue generated through the National Lottery. The current National Lottery licence is operated by Camelot. On 15 March 2022, Allwyn was announced as the preferred applicant for 4NLC (4th National Lottery Competition) and on 20 September 2022, the Commission announced that it had entered into an enabling agreement with Allwyn, formally confirming Allwyn as the winner of 4NLC and bringing the competition to a close. Challenges to the transition have been averted, removing legal encumbrances from the new operator.

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 08 December 2023 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.

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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 £7.1m as well as forecasted NLDF income to cover the total of the current and non-current liabilities of £2m. The forecasted NLDF income is based on projections received from DCMS.

UK's Withdrawal from the EU

There was no material impact of the EU Exit on the Arts Council's goals, strategic objectives and priority outcomes for 2022-23. The UK's departure from the EU had no material impact on the Arts Council's financial statements in 2022-23. The Arts Council continues to consult with the NI Arts sector to provide evidence to the Department for Communities and DCMS on impacts of UK withdrawal from the EU on the NI Arts and Culture sector.

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

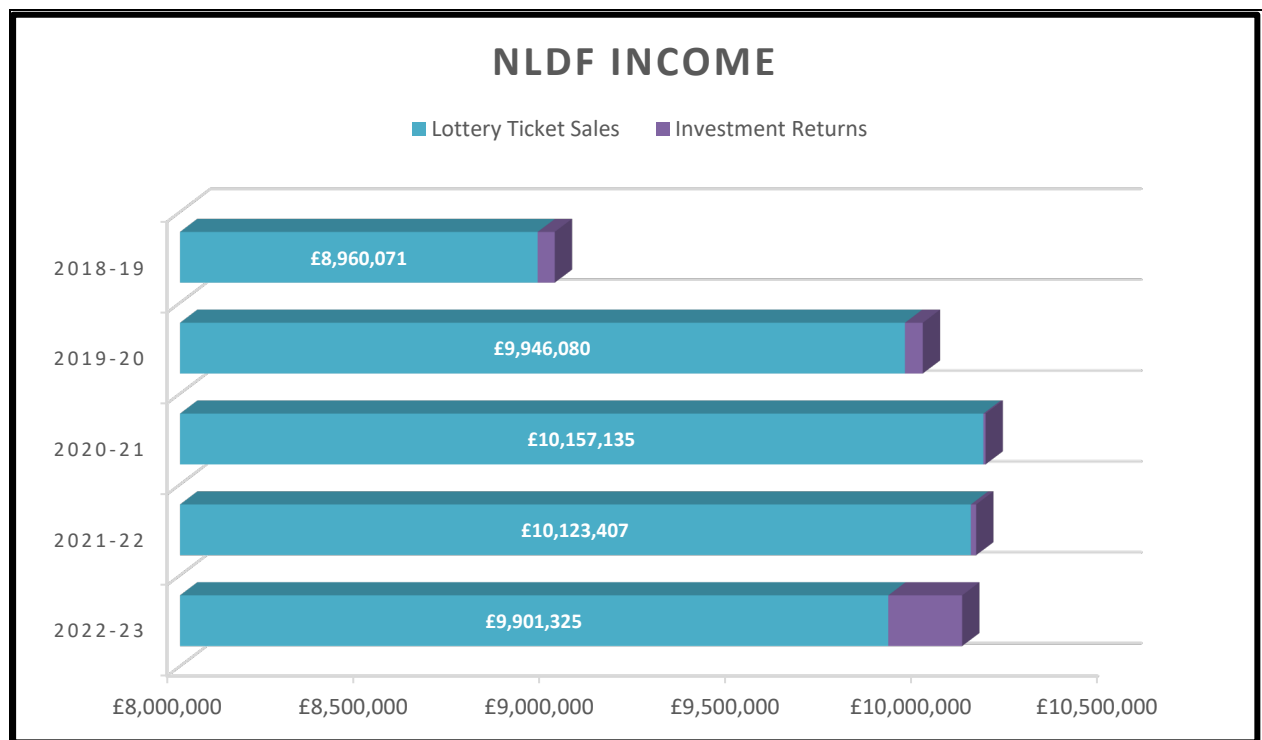
The NLDF Income graph shows the value of ticket sales plus Lottery Investment Returns received into the ACNI NLDF fund each year for the last five years.

The overall trend shows that, income from the NLDF, after dropping to a low of £8,960,071 in 2018-19 increased over the next three years with £10,123,407 received in 2021-22. Then in 2022-23 NLDF income reduced to £9,901,325.

The increase in income received in 2020-21 and 2021-22 facilitated modifications to payment schedules resulting from COVID-19 disruption to the arts sector. This resulted in the Arts Council paying out 50% (rather than the normal 25%) of the Annual Funding Programme (AFP) awards in April / May 2020 and again in April / May 2021.

AFP is the most significant allocation of public funding for the arts in Northern Ireland each year. The market value of the NLDF fund at 31 March 2022 was £8,184,500. This has enabled Lottery to continue paying out 50% of the AFP awards in April / May 2022 and April / May 2023.

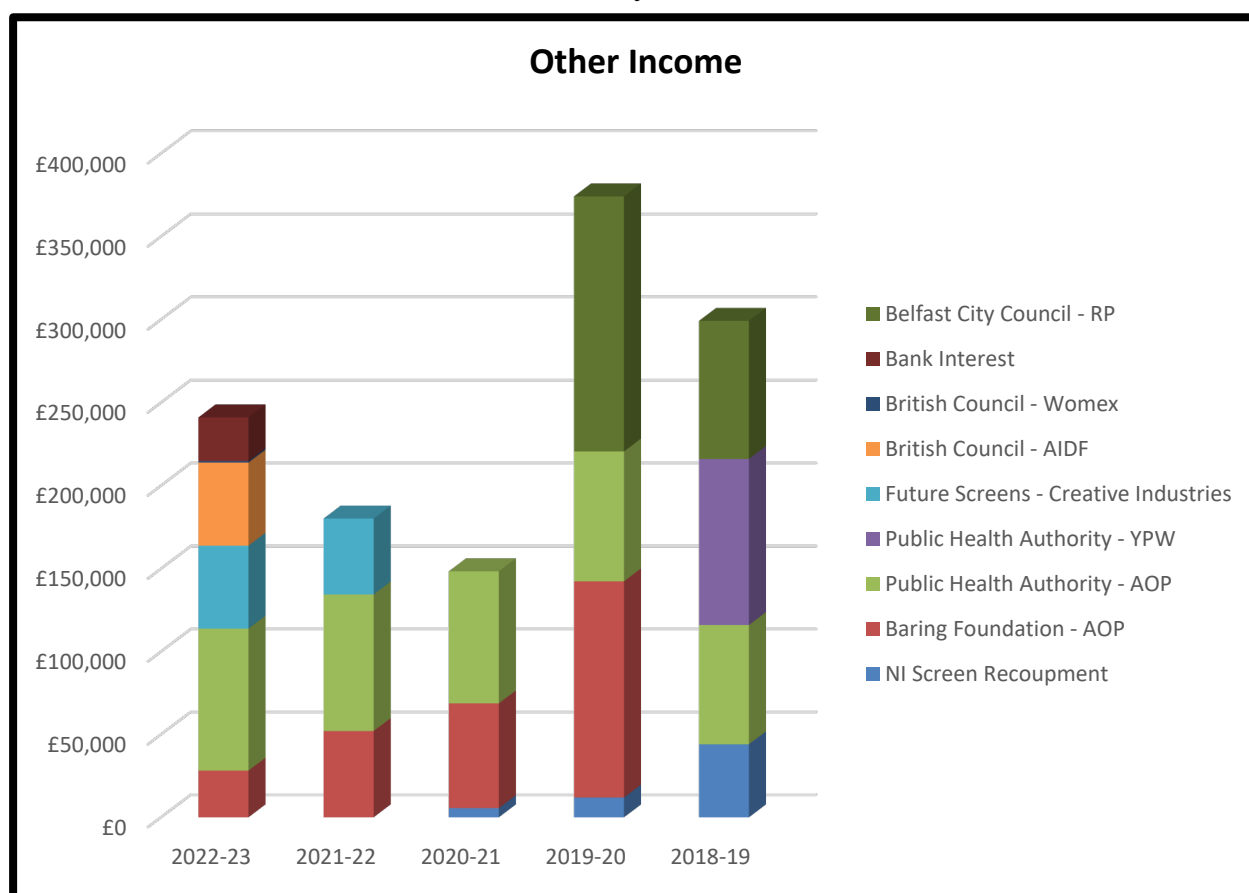
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Other Income

Arts Council Lottery applied for and obtained additional funding from external sources from 2016 - 17 onwards. Due to the COVID-19 restrictions, it was not possible to run the Young People and Wellbeing programme during the years 2020-21 and 2021-22. The Young People and Wellbeing programme recommenced during 2022 - 23.

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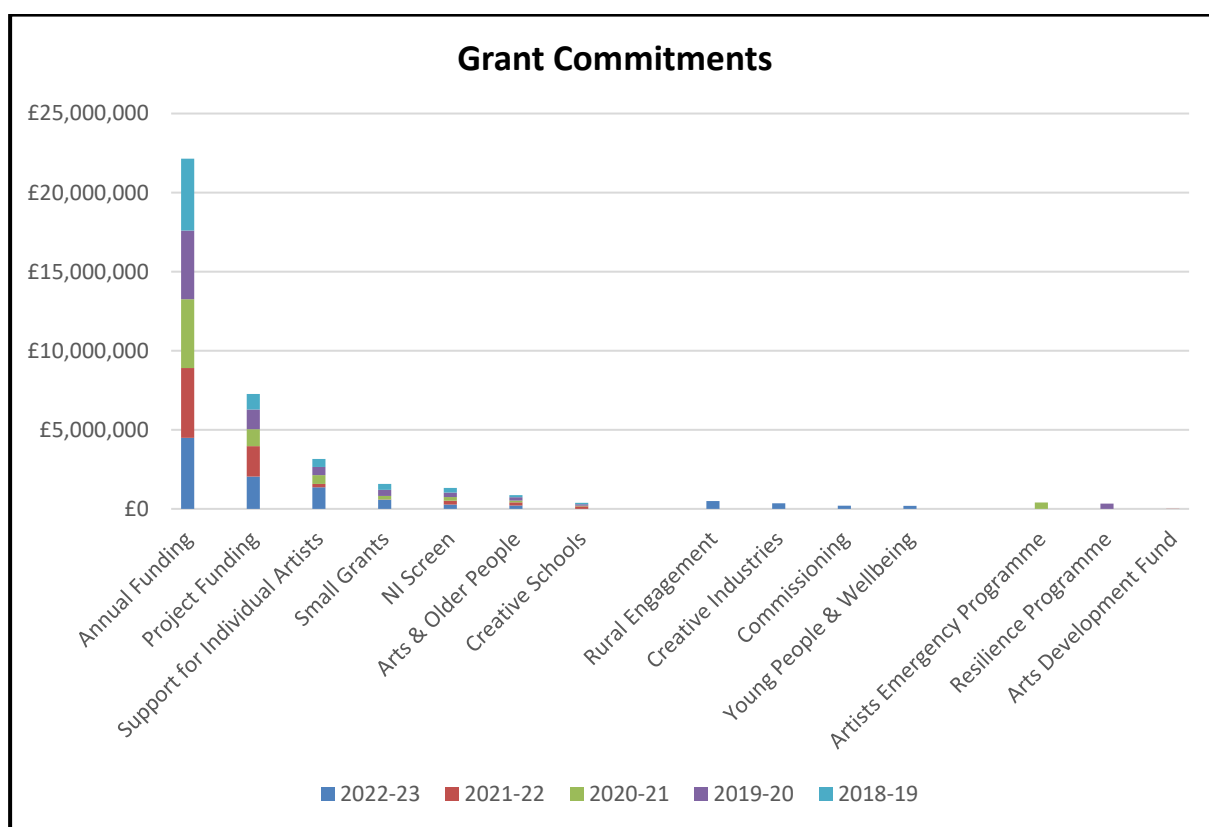
Grant Commitments

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 of funding programmes has decreased over the last five years while maintaining the proportion of funding to the Arts Council's main funding programme, Annual Funding.

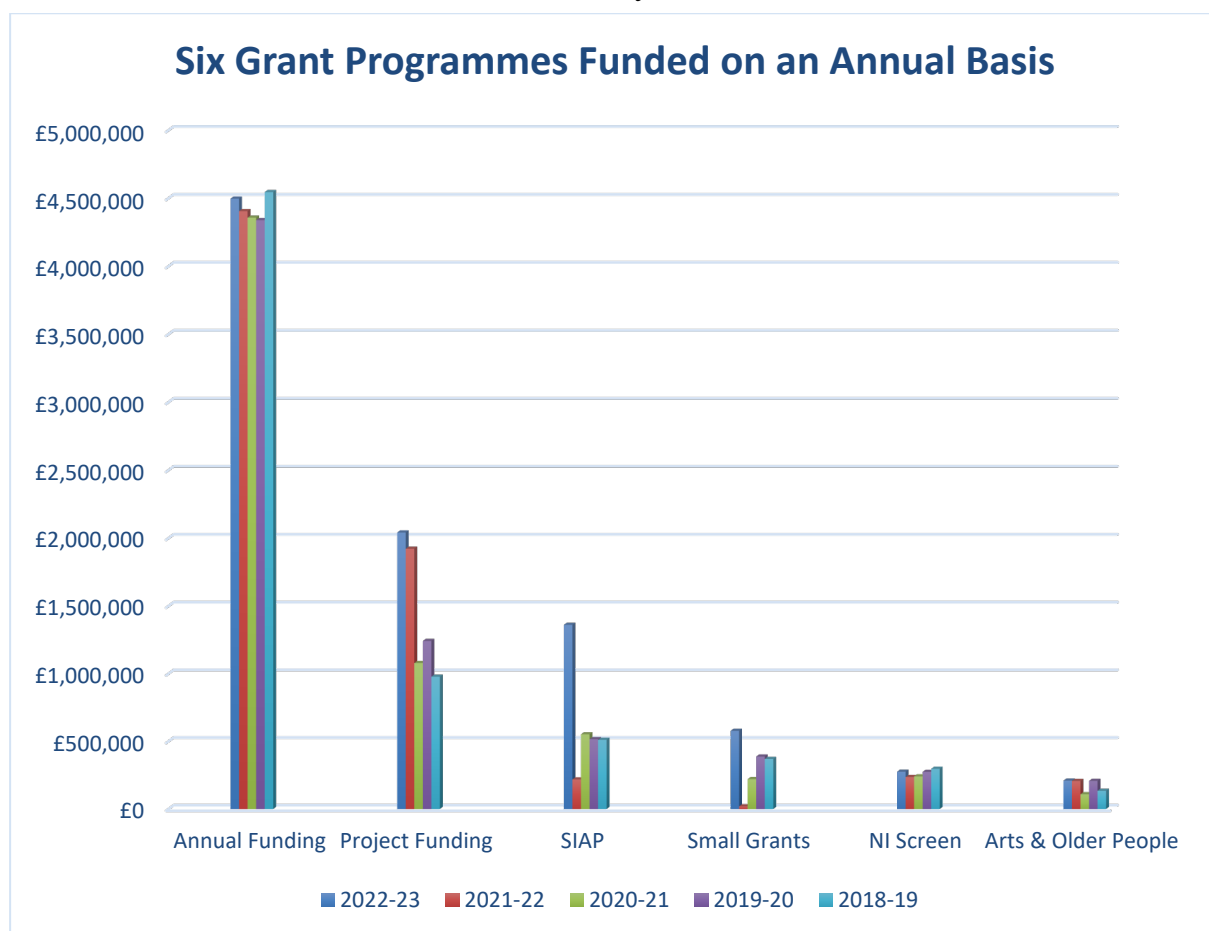
In 2022-23 there were no new Creative Schools Awards. The awards in 2021-22 were issued under a two-year letter of offer. Therefore the Creative Schools programme will reopen during 2023-24.

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.



Six Grant Programmes Funded on an Annual Basis

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. Lottery was able to maintain its 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.



Performance Analysis

Key Performance Indicators

The Quicker Turnaround KPI	100% of decisions to be made within published deadline	Not Achieved (96%)
The Quicker Close Out KPI	90% of grants to be closed out within two months of the project end.	Not Achieved

The Quicker Turnaround KPI

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

- Annual Funding Programme decisions are impacted by the timing of ACNI's notification of its own 2022 - 23 budget, which was not received in April 2022. This budget uncertainty delays Annual Funding Programme decisions at the beginning of the year.

The Quicker Close Out KPI

The close out rate varies between grant programmes

<u>Grant Programme</u>	<u>% of grants closed out within 2 months of the project end</u>
2022 - 23 Project Funding ¹	76.2% (2021-22 83.3%)
2022 - 23 Annual Funding Programme	52.6% (2021-22 19.6%)

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

- The close out of grants is dependent on provision of paperwork by supported clients. Many 21 - 22 projects continued to be operationally impacted due to effects of Covid – particularly in relation to staffing resources, with many organisations in the sector reporting “burn out” of existing staff, long-term sick absences and difficulties with recruiting replacement or additional staff; and
- Letters of offer include deadlines for submission of final reports. In some cases clients have been given extensions. Reports against the KPI are run against original letter of offer dates and do not include these extensions.
- The low close out rate of 22 - 23 AFP awards was specifically caused by the delayed technical implementation of a new Annual Funding Survey *(AFS)

¹ 2022/23 Project Funding awards are not due to complete until 30/06/2023

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managed by ACNI's Strategic Department. Final AFP payments to close out the awards are dependent on awardees submission of the AFS survey.

The long-term repercussions of the Covid pandemic continued to affect funded organisations in 22 - 23 – particularly regarding issues around staffing - and this impacted project delivery timeframes as well as groups ability to supply the necessary documentation allowing closure of their awards. Increased levels of grant decommitments would be detrimental to the sector in this ongoing period as it begins the ongoing process of rebuilding and recovery post-Covid.

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 £9,901,325 (2021-22: £10,123,407). Additional income of £241,121 (2021-22: £180,217) was received for ring fenced projects.

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

	Note	2022-23 £	2021-22 £
New Grants Made in Year	10	10,206,118	7,175,051
Grants De-Committed in Year	10	<u>(119,317)</u>	<u>(269,733)</u>
Net Commitments		<u>10,086,801</u>	<u>6,905,318</u>

A total of £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 £1,406,677 (2021-22: £1,525,281).

Equity at the year end

The Lottery Distribution Account showed net expenditure of £1,296,705 in 2022-23 (2021-22: net income of £1,887,356). At 31 March 2023, the total equity showed a surplus of £5,879,406 (31 March 2022: surplus of £7,176,111).

Review of National Lottery distribution activities

During the 2022-23 year, 2201 (2021-22: 426) applications were received by the Arts Council seeking grants of £21,174,053 (2021-22: £11,814,059) across the main Lottery programmes. The total number of applications received, and the total number of

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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 768 commitments (2021-22: 225) through the main programmes, totalling £9,934,651 (2021-22: £6,939,061).

NI Screen made 52 commitments (2021-22: 48) totalling £271,467 (2021-22: £235,990) under its 2-year delegation agreement with the Arts Council.

Therefore, in aggregate 820 (2021-22: 273) commitments were made in year totalling £10,206,118 (2021-22: £7,175,051).

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 76% of the bills were paid within this standard. The comparative figure for 2021-22 was 88%. A review of payment of bills in 30 days from receipt of goods or services found that 100% (2021-22: 100%) of the bills were paid within 30 days.

Overall, for the year the average number of days taken to pay invoices was 8 days (2021-22: 4 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 £135,867 (2021-22: £142,884).

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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 2023 was £17.336m (31 March 2022: £19.593m) and the present value of the Arts Council's share of the scheme liabilities was £17.057m (31 March 2022: £23.030m). The Arts Council's share of the Scheme recorded net pension liabilities at 31 March 2023 was £0.297m (31 March 2022: £3.437m).

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.
- 2022-23 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 £47,000 (2021-22: £42,500).

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 2022-23 financial year (4 in the 2021-22 financial year).

There were 16 direct complaints received in the 2022-23 financial year (5 in the 2021-22 financial year). This is a significant increase on the number of complaints in the previous year, largely attributable to a single topic which attracted 8 complaints.

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 2022-23, there were no reported incidents of corruption, fraud or bribery 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:

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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: 31 January 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 2023) 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 2023 is shown below:

Board Membership: 1 April 2022 to 31 March 2023

Mr Lám Hannaway (Chair)
Mr William Leathem (Vice-Chair)
Ms Julie Andrews (Resigned 31 July 22)
Mrs Lynne Best
Mr Paul Boyle
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 34.

The members of the Audit and Risk Committee for the year ended 31 March 2023 were:

Ms Julie Andrews (Chair to 31 July 22), (Resigned 31 July 22)
Mr William Leathem (Chair from 01 August 22)
Mr Paul Boyle (interim member from 07 December 22)
Mr Ray Hall and
Dr Gearóid Trimble.

The members of the Grants Committee for the year ended 31 March 2023 were:

Ms Laura McCorry (Chair from 01 August 22)
Mr William Leathem (Chair to 31 July 22)
Mrs Lynne Best
Mr Joe Dougan and
Mr Sean Kelly.

The members of the Finance and Capital Committee for the year ended 31 March 2023 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 as a result 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 16. The Register of Interests is also online on the Arts Council website [Board Members Declaration of Interests 2023/24 \(s3-assets.com\)](https://www.s3-assets.com/Board-Members-Declaration-of-Interests-2023-24) . All the 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 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,
- Observe the current version of the Government Financial Reporting Manual,
- 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; and
- Prepare the financial statements on a going concern basis.
- 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.

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I confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

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 2022-23 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 19 October 2022 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 2022-23 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 19 October 2022. 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 2023 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 reviewed at the Board's annual effectiveness session on 19 October 2022.

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,

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

The annual Board effectiveness session was on 19 & 20 October 2022.

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 87%, which is a testament to the commitment and dedication of the Board.

2022 - 23 Meeting Attendance

Board Members									
	Board			Committee			Total		
	Act	Max	%	Act	Max	%	Act	Max	%
Liam Hannaway (Chair)	10	11	91	n/a	n/a	n/a	10	11	91
William Leathem (Vice Chair)	8	11	73	5	5	100	13	16	81
Julie Andrews (to 31 July 22)	1	3	33	1	1	100	2	4	50
Lynne Best	10	11	91	4	6	67	14	17	82
Paul Boyle	10	11	91	5	5	100	15	16	94
Paul Brolly	10	11	91	7	7	100	17	18	94
Joe Dougan	8	11	73	8	9	89	16	20	80
Ray Hall	8	11	73	4	4	100	12	15	80
Sean Kelly	11	11	100	10	10	100	21	21	100
Laura McCorry	10	11	91	8	10	80	18	21	86
Gearóid Trimble	9	11	82	7	7	100	16	18	89

Chief Executive & Directors									
	Board			Committee			Total		
	Act	Max	%	Act	Max	%	Act	Max	%
Chief Executive	11	11	100	11	17	65	22	28	79
Director of Finance & Corporate Services	9	11	82	8	8	100	17	19	89
Director of Arts Development	11	11	100	2	3	67	13	14	93
Director of Strategic Development & Partnerships	9	11	82	n/a	n/a	n/a	9	11	82
Director of Operations	11	11	100	13	14	93	24	25	96

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 27. The Committee met four times during the year. I attended three of the meetings along with the Director of Finance and Corporate Services and the Director of Operations who attended all 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, page 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,

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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 27. This Committee met four times during the year. I attended three out of four meetings. The Director of Finance and Corporate Services attended all four meetings. The Director of Operations attended 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 27. This Committee met six times during the year. I attended four meetings. The Director of Operations attended all six 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 44) 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.

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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	22-23 Performance
KPI 1 - Quicker Turnaround 100% of decisions to be made within published deadline	96% of decisions made within published deadline
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 - 76.2% Annual Funding Programme - 52.6%

Milestones achieved	-	0%
Milestones in progress	-	0%
Milestones not achieved	2	100%

Risk Management

The Department of Finance in Northern Ireland informed Departments and NDPBs of the new edition of 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:

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- 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:

- Lottery Income uncertainty caused by:
 - (i) General economic factors including inflationary and cost of living pressure.

- (ii) 4th Lottery Licence: The 4th Licence is due to begin February 2024. A reduction in income for good causes could arise in the transition period (between decision and 4th licence commencing) or when 4th Licence commences. However, the new Lottery operator, Allwyn announced on 5 February 2023 that it had acquired Camelot which mitigates some of the risk.
- (iii) Forecasting Income: The Lottery operator traditionally provides income forecasts which provides information to allow Lottery distributors (including ACNI) to plan. Allwyn is developing a forecasting methodology and it is understood this work will be complete in the autumn of 2023.
- (iv) Legal costs: it is understood there is residual legal action ongoing (IGT and New Lottery) following the award of the 4th Licence. The full quantum of costs that may be attributed and charged to good causes is currently unknown.

The Audit and Risk Committee also scrutinises management and budgetary information on Arts Organisations flagged at financial risk. In 2022-23 this oversight included the commissioning of four 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.

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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 2022-2023.

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 2023, 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 2023.

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 sessions on 19 October 2022 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

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

Ireland will change during the planning process, and to support the delivery of the five-year framework.

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.

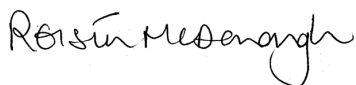
Seven internal audit reviews were issued during the year all with satisfactory assurance ratings. The seven reviews were:

- i) Budgetary management and financial information,
- ii) Review of Grant Funding arrangements,
- iii) Business continuity planning and disaster recovery planning,
- iv) Compliance with DfC Governance arrangements,
- v) Validation of targets,
- vi) Safeguarding,
- vii) High level review of financial stems to include income, payments, bank and cash and fixed assets.

Management has agreed a timescale for implementation of the recommendations arising from the reviews. Of the thirteen new recommendations, two had a priority 2 and the balance of eleven 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 2022-23.



Roisín McDonough
Accounting Officer

Date: 31 January 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 / Committee Chair and Audit & Risk Committee Chair))
Mr Paul Boyle (Finance & Capital Committee Chair) and
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 24 November 2022 Written Ministerial Statement (WMS) on the Budget and the NI (Executive Formation) Act receiving Royal Assent on 6 December 2022, the NI public sector pay policy guidance was published on 8 December 2022.

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 2022/23 has been finalised and was paid in August 2023. The pay award for NICS industrial staff has not been agreed yet and negotiations continue with unions.

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

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

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 based on 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 Remuneration & Staffing Committee 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 Management Statement 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 based on 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 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.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC 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 £10,640 and £3,724 per annum for the Vice-Chair. The actual honoraria paid in 22 - 23 was £14,815 (21 - 22: £14,082). There was £287 (21 - 22: £220) of employer's National Insurance Contributions.

	Chair	Vice- Chair
	£	£
L Hannaway	10,640	
W Leathem		3,724

Of the total cost of honoraria £6,947 (21 - 22: £6,865) 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

No bonuses were paid in 22-23, (21-22, £nil), the Special Bonus Scheme that allowed the Arts Council to reward exceptional performance in particularly demanding tasks or situations was withdrawn in August 2023.

Arts Council of Northern Ireland Lottery Distribution Account 2022-23
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)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
R McDonough*** (Chief Executive)	85-90	105-110	16	30	105-110	110-115
N McKinney**** (Director of Arts Development – Job Share)	35-40 (55-60 FTE)	55-60	7	9	40-45	65-70
G Troughton (Director of Finance and Corporate Services)	55-60	55-60	11	12	65-70	65-70
K Greene (Director of Strategic Development) From 23 November 2020	50-55	50-55	10	15	60-65	65-70
M Lynch (Acting Director of Operations) From 18 January 2022	50-55	10-15 (50-55 FYE)	10	23	60-65	35-40
G McKinney (Director of Arts Development – Job Share) From 04 July 2022	30-35 (55-60 FTE)	-	6	-	35-40	-

* 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 increase excludes increases due to inflation and does not include any increase or decreases due to a transfer of pension rights.

*** Chief Executive took flexible retirement in 2017. Chief Executive increased from 30 to 37 hours on 01 April 2020. Retrospective payment for the additional hours was agreed and made during 2021-22.

****Director of Arts Development took flexible retirement on 04 July 2022.

Fair pay disclosure (Audited Information)

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

The banded Actual remuneration of the highest-paid director in the Arts Council in the financial year 2022-23 was £85,000 - £90,000 (2021-22: £105,000 - £110,000). The banded actual less back pay remuneration of the highest-paid director in the Arts Council in the financial year 2021-22 was £85,000 - £90,000.

An element of accrued back pay due from 01 August 22 is included in 22 – 23 remuneration, in 21 - 22 the actual remuneration includes a retrospective payment of back pay relating to the 1 August 2020 pay scale uplift.

Arts Council of Northern Ireland Lottery Distribution Account 2022 - 23

The decrease in the ratios below reflects the additional pay received by the highest-paid director relating to the increase in hours which continued during 2021-22 and was paid during 2021-22.

The relationship between the mid-point of the actual and FTE bands and the remuneration of the organisation's workforce is disclosed below.

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

2021-22	25th Percentile	Median	75th Percentile
Total Remuneration (£)	29,307	33,459	39,675
Pay Ratio – Actual Remuneration	3.7	3.2	2.7

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 were £29,859, £34,011 and £40,227 respectively.

In 2022-23 no employees (2021-22: none) received remuneration in excess of the highest-paid director.

Remuneration, inclusive of accrued back pay, excluding the Chief Executive, ranged from £25,855 to £59,611 (2021-22: £25,273 to £59,026).

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.

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

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:	2022-23 v 2021-22	2021-22 v 2020-21
Average employee salary and allowances	1.8%	2%
Highest paid director's actual salary and allowances*	-19%	48%
Highest paid director's actual salary and allowances excluding back pay	0%	21%
Average employee performance pay and bonuses	nil	nil
Highest paid director's performance pay and bonuses**	N/a	-100%

* The mid-point of the banded actual remuneration for the highest paid director decreased from £107,500 in 2020-21 to £87,500 in 2022-23. Chief Executive took flexible retirement in 2017. Chief Executive increased from 30 to 37 hours on 01 April 2020. Retrospective payment for the additional hours was agreed and made during 2021-22.

** No performance pay or bonuses were payable to the highest paid director in 2022-23 or 2021-22.

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 10.5% 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 47 (2021-22: 47) employees (not all 47 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

Arts Council of Northern Ireland Lottery Distribution Account 2022 - 23

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 based on regular valuations using the projected unit method. During the year ended 31 March 2023 the Arts Council contributed 19.5% of gross salary (2021-22: 19.5%).

	2022-23	2021-22
	£	£
Employer Pension Contributions	133,459	142,884

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

Pension Benefits - Directors (Audited Information)

	ACCRUED PENSION AT PENSION AGE AT 31/03/23 AND RELATED LUMP SUM £'000	REAL INCREASE / (DECREASE) IN PENSION AND RELATED LUMP SUM AT PENSION AGE £'000	CETV AT 31/03/2023 £'000	CETV AT 31/03/2022 £'000	REAL INCREASE IN CETV £'000
Ms Roisin McDonough Chief Executive	5 - 10 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 2.5	132	108	6
Ms Noirin McKinney*	30 - 35 plus lump sum of 45 - 50	0 - 2.5 plus lump sum of (2.5 – 5.0)	7	594	(648)
Mr Geoffrey Troughton Director	15 - 20 plus lump sum of 0 - 5	(0 - 2.5) plus lump sum of (0 - 2.5)	315	287	(5)
Ms Karly Greene Director	5 - 10 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 2.5	61	50	2
Ms Maria Lynch Director	5 - 10 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 2.5	115	98	3
Mrs Gillian McKinney** Director – Job Share	15 - 20 plus lump sum of 10 - 15	5.0 – 7.5 plus lump sum of 5.0 - 7.5	219	123	86

* Mrs N McKinney flexi-retired on 04 July 2022. CETV at 31 March 2023 is for sums accrued but not taken generating a significant decrease compared to the previous year.

** Mrs G McKinney became eligible as a director from 04 July 2022. Pro-rata is applied to the real increases for pension, lump sum and CETV.

Taking account of inflation, the CETV funded by the employer has decreased in real terms.

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 because 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 NICS 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) (Amendment) Regulations 2015 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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Exit Packages (Audited Information)

No executive directors of the Arts Council received any compensation for loss of office during the year.

Staff Report

1 Analysis of Directors Salaries (Audited Information)

Salary Range	22 - 23	21 - 22
£50,000 - £55,000	2	2
£55,000 - £60,000	3	3
£85,000 - £90,000	1	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 47 which shows the amount earned by each director for the year.

2 Staff Numbers and Costs

a) Analysis of Staff Costs (Audited Information)

	2022-23 Permanently employed staff	2022-23 Others	2022-23 Total	2021-22 Total
	£	£	£	£
Wages and salaries	683,618	19,061	702,679	746,332
Social security costs	72,268	1,270	73,538	77,590
Other pension costs	133,459	2,408	135,867	142,884
Agency costs	-	120,446	120,446	96,480
	889,345	143,185	1,032,530	1,063,286

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 £87,500 (2021-22: £107,500). The Chief Executive is an ordinary member of the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension scheme. A total of £53,915 (2021-22: £67,123) 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 2022-23 the contribution rates were 19.5% employer's contribution and ranging between 2.9% and 8.5% for employees (2021-22: 19.7% employer's contribution and ranging between 5.5% and 10.5% 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 £135,867 (2021-22: £142,884).

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

3 Staff Engagement

In 2021 an all-staff survey was carried out to assess staff views on a potential safe return to the workplace following the pandemic.

A follow-up survey, also including staff wellbeing generally, is scheduled to be carried out in January 2024.

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

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

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	22 - 23 Total	21 - 22 Total
Directly employed	41	-	41	42
Other	-	7	7	10
Total	41	7	48	52

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	2022-23 Total	2021-22 Total
Directly employed	19	-	19	20
Other	-	3	3	5
Total	19	3	22	25

5 Staff Composition by Gender

The actual composition of staff employed by the Arts Council, as at 31 March 2023, is as follows:

	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
	Male Directors	Male Employees	Female Directors	Female Employees	Total Employees
2021-22					
Payroll	2	10	4	31	47
Board	-	2	-	-	2
Agency	-	7	-	13	20
Total	2	19	4	44	69

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	2023 % Turnover	2022 % Turnover
Permanent	4.49%	2.27%

7 Sickness Absence Data

The number of sick days reported in 2022-23 was 344 days FTE (2021-22: 858). This equates to an average lost working days per employee of 8.34 days (2021-22: 19.5 days). This figure includes long-term sickness, short-term sickness and covid19-related sickness absence.

8 Staff Policies pertaining to disabled persons

The Arts Council is committed to working towards creating a truly inclusive workplace where all colleagues feel valued.

It is the Arts Council intention to ensure 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, training or promotion.

In setting out Policy Guidelines for the distribution of Lottery funds, the Secretary of State for the Department for Culture, Media and Sport has asked the Arts Council to ensure that there is suitable access for people with disabilities to any assets, new or improved facilities which receive Lottery funding. The Arts Council requires all applicants for Lottery funding to demonstrate that they have addressed the issue of access for people who have a disability, and other people for whom physical access is a difficulty, to both facilities and the services within them about the project proposed. Applicants are asked to indicate, under a range of headings, the facilities they intend to provide. In considering the needs of people who have a disability, applicants are reminded not only about the needs of people with mobility difficulties, but also the needs of people with visual and hearing impairments. A checklist of topics to be considered in this area is included as part of the pack which each applicant receives.

9 Other Employee Matters

Employee Consultation

On matters of policy and procedure, which affect the employees of the Arts Council, the Arts Council normally consults with the recognised trade union of which many staff are members. This trade union is also a member of the Whitley Council, which negotiates on the terms and conditions of members with the Northern Ireland Department of Finance.

Learning & Development

The Arts Council recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Equal Opportunity Policy

The Arts Council is committed to equality of opportunity between persons of different religious belief, political opinion, gender, marital status, disability, ethnic origin, age, dependants, sexual orientation or Trade Union membership. The Arts Council has implemented equality legislation and codes of practice to ensure that procedures and policies are fair and lawful. The Arts Council actively encourages this within its client/partner network.

Health and Safety

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, holds regular committee meetings and delivers relevant training.

Trade Union Relationships

The Arts Council liaises with local trade union representatives on an ongoing basis and regularly holds formal JNCC (Joint Negotiating and Consultative Committee) meetings. The Arts Council and the trade union (NIPSA Northern Ireland Public Service Alliance) have a Recognition and Procedural Agreement in place.

Human Capital Management

The Arts Council is committed to creating a diverse workforce as we recognise the value this brings to the organisation. We value and develop our staff through a broad range of training programmes.

10 Expenditure on Consultancy

There was no expenditure on consultancy in 2022-23 (2021-22: 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 2022-23 costing more than £245 per day. The Arts Council had no off-payroll engagements commencing, ending or operating during 2022-23 or 2021-22.

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 2022: 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)

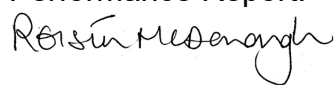
All expenditure incurred by the Arts Council is regular; it is in accordance with the expressed wishes of the sponsoring department and has been approved by the senior management team.

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 16 of the Performance Report.



Roisín McDonough
Accounting Officer

Date: 31 January 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 2023 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 2023;
- 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 2023 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 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.

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

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

Other Information

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

Arts Council of Northern Ireland Lottery Distribution Account 2022 - 23

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 statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made 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.

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

- inquired of management, the Arts Council of Northern Ireland Lottery Distribution Account's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council of Northern Ireland Lottery Distribution Account'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's controls relating to Arts Council of Northern Ireland Lottery Distribution Account's compliance with the National Lottery etc. Act 1993 and Managing Public Money;
- inquired of management, the Arts Council of Northern Ireland's head of 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 regarding 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: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates, grant expenditure and the recharge of staff and other operating expenditure from the Arts Council of Northern Ireland's Exchequer Account to the Lottery Distribution Account. In common with all audits under ISAs (UK), I am also 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 the National Lottery etc. Act 1993, Managing Public Money, employment law and tax legislation.

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;

in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business;

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

I reviewed the appropriateness of the methodology, the integrity of the model, and the accuracy of the data inputs used to calculate the recharge of staff and other operating expenditure from the Arts Council of Northern Ireland's Exchequer Account to the Lottery Distribution Account.

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

Arts Council of Northern Ireland Lottery Distribution Account 2022 - 23

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 evidence sufficient 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 06 February 2024

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

Statement of Comprehensive Net Expenditure

Year Ended 31 March		2023	2022
	Note	£	£
Proceeds from Lottery Ticket Sales	4	9,901,325	10,123,407
Lottery investment Returns	4	198,690	14,331
Other Operating Income	4	<u>241,121</u>	<u>180,217</u>
Total Operating Income		10,341,136	10,317,955
 New Grants made in year	10	10,206,118	7,175,051
Grants De-committed in year	10	(119,317)	(269,733)
Grant Funding	3	144,363	-
Staff Costs: recharge	2	1,032,530	1,063,286
Other Operating Expenditure: recharge	2	317,507	325,620
Other Operating Expenditure: direct costs	2	<u>61,140</u>	<u>136,375</u>
Total Operating Expenditure		<u>11,642,341</u>	<u>8,430,599</u>
 Comprehensive Net (Expenditure) / Income for the year		<u>(1,301,205)</u>	<u>1,887,356</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 68 to 84 form part of these accounts.

Statement of Financial Position

As at 31 March		2023	2022
	Note	£	£
Current assets			
Investments – balance held in NLDF	6	7,144,639	8,184,500
Trade and Other Receivables	8	118,425	66,711
Cash and Cash Equivalents	7	612,823	602,922
Total Current Assets		7,875,887	8,854,133
Current Liabilities			
Trade and Other Payables	9	242,242	207,566
Grants Payable	9	1,755,786	1,396,431
Total Current Liabilities		1,998,028	1,603,997
Total Assets less Current Liabilities		5,877,859	7,250,136
Non-current Liabilities			
Grants Payable	9	2,953	74,025
Total Non-current Liabilities		2,953	74,025
Total Assets less Total Liabilities		5,874,906	7,176,111
Equity			
General reserve		5,874,906	7,176,111
Total Equity		5,874,906	7,176,111

The financial statements on pages 64 to 84 were approved by the Board on the 31 January 2024 and were signed on its behalf by:



Roisín McDonough
Accounting Officer

Date: 31 January 2024

The notes on pages 68 to 84 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March

	Note	2023 £	2022 £
Cash Flows from Operating Activities			
Net Income / (Expenditure)		(1,301,205)	1,887,356
Decrease / (Increase) in Trade and Other Receivables	8	(51,714)	3,444
Increase in Payables < 1 year	9	394,031	110,201
Increase / (Decrease) in Payables > 1 year	9	(71,072)	42,468
Decrease/(Increase) in balance held at NLDF	6	<u>1,039,861</u>	<u>(1,804,630)</u>
Net cash Inflow from Operating Activities		9,901	238,839
Net increase in Cash and Cash Equivalents in the period		9,901	238,839
Cash and Cash Equivalents at the beginning of the period	7	<u>602,922</u>	<u>364,083</u>
Cash and Cash Equivalents at the end of the period	7	<u>612,823</u>	<u>602,922</u>

The notes on pages 68 to 84 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

	General Reserve £	Total Reserves £
Balance at 31 March 2021	5,288,755	5,288,755
Changes in Equity for 2021-22		
Comprehensive Net Income for the Year	<u>1,887,356</u>	<u>1,887,356</u>
Balance at 31 March 2022	7,176,111	7,176,111
Changes in Equity for 2022-23		
Comprehensive Net Expenditure for the Year	<u>(1,301,205)</u>	<u>(1,296,705)</u>
Balance at 31 March 2023	<u>5,874,906</u>	<u>5,879,406</u>

The notes on pages 68 to 84 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 2022-23 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.

(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

Property, plant and equipment held by Lottery at 31 March 2011 had no carrying amount and during 2011-12 these assets were transferred to the Arts Council Exchequer accounts at nil value. Arts Council Exchequer is now 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 04 May 2022.

(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 at amortised cost 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 2023 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 46% (2021-22: 48%) on the 12 May 2022 and was applied retrospectively for the full year, from 1 April 2022 to 31 March 2023.

The Lottery Recharge Percentage of 46% was calculated by assessing grants over the previous three-year period up to 31 March 2022. 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

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

successful awards and the amount of work in processing grants awards based on the number and value of awards.

Thus, 46% of the work carried out by the Arts Council over the previous three-year period up to 31 March 2022 was calculated to be in relation to Lottery and 54% to be Exchequer work. Consequently, the recharge percentage used for financial year 2022/23 was 46%.

(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 £135,867 (2021-22: £142,884). 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) 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 16 Leases – No known material impacts.

IFRS 16 *Leases* replaces IAS 17 *Leases* and is effective with EU adoption from 01 January 2019. 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.

The impact of IFRS 16 Leases is detailed within Note 10 of the Exchequer Accounts.

- IFRS 17 Insurance Contracts – No known material impacts

IFRS 17 Insurance Contracts has been issued but will not be effective in the public sector until 1 April 2023. The Arts Council considers that IFRS 17 will not have a material impact on the Lottery Fund accounts in the period of initial application.

(l) 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.

(m) 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 £	2023 Total £	2022 Total £
Salary Costs				
Wages and salaries	-	702,678	702,678	746,332
Social security costs	-	73,539	73,539	77,590
Other pension costs	-	135,867	135,867	142,884
Agency costs	-	120,446	120,446	96,480
Total Salary Costs	-	1,032,530	1,032,530	1,063,286
Arts Council Administration- Apportionment	-	317,507	317,507	325,620
Arts and Older People Administration	5,945	-	5,945	11,262
Creative Schools Administration	2,568	-	2,568	1,093
NI Screen Administration	64	-	64	25,000
Resilience Administration	-	-	-	50,000
Strategic Administration	1,700	-	1,700	2,600
Young People and Wellbeing	338	-	338	-
Audit Fees	47,000	-	47,000	42,500
Promotions	-	-	-	3,920
University of Atypical SLA	3,525	-	3,525	-
Total Staff & Other Operating Expenditure	61,140	1,350,037	1,411,177	1,525,281

Of the total other operating expenditure of £374,147 (2021-22: £461,995) an amount of £317,507 (2021-22: £325,620) was incurred by the Arts Council of Northern Ireland and recharged to the Lottery Distribution Account at full economic cost. The £317,507 (2021-22: £325,620) 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.

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

3 Grant Funding

Year ended 31 March	2023 £	2022 £
Four Nations International Collaboration Fund	10,000	-
Cultural Bridge – German Bilateral	10,000	-
Magnetic – France Visual Arts Bilateral	12,000	-
Arts InfoPoint	8,000	-
International Showcase Fund	20,000	-
PPL Momentum Music Fund	25,000	-
SXSW Conference – Output Showcase	10,000	-
Centre Cultural Irlandais	8,000	-
Brussels	7,454	-
Edinburgh Fringe	4,000	-
Laureate na n-Og	15,000	-
Chair of Poetry	12,500	-
Womex Stand	2,000	-
YMPA	214	-
School at Rome	195	-
Total Grant Funding	144,363	-

4 Income

Year ended 31 March	2023 £	2022 £
NLDF Income		
Investment Income	198,690	14,331
Proceeds from Lottery Ticket Sales	9,901,325	10,123,407
Total NLDF Income	10,100,015	10,123,407
Other Income		
Baring Foundation – Arts & Older People	28,201	52,075
Public Health Authority- Arts & Older People	85,703	82,454
Future Screens – Creative Industries	49,982	-
Future Screens - Support for Individual Artists	-	45,688
British Council – Support of Individual Artists	51,000	-
Bank Interest Received	26,235	-
Total Other Income	241,121	180,217
Total Income	10,341,136	10,317,955

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 2022 - 23, £9.9m or 95.75% (2021 - 22: £10.1m or 98.1%) 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, £199k or 1.92% (2021-22: £14k or 0.14%), and from Sundry Income, £241k or 2.33% (2021-22: £180k or 1.76%). 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 £7.76m as well as forecasted NLDF income to cover all current contracted commitments plus trade and other payables of £1.99m. 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 23 Market Value of investments in the NLDF was £7.1m. In the year the rate of return declared by NLDF was 2.32% (2021-22: 0.19%).

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 1.52% (2021-22: 0%) 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 4.25% by March 2023. Therefore interest, totalling £26,235 has been credited to the account during the 2022-23 financial year.

The cash balance at the year-end was £612,823 (31 March 2022: £602,922). 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 2023 by NLDF under the National Lottery Act 2006 on behalf of the Arts Council of Northern Ireland Lottery Distribution Account was £7,144,639 (31 March 2022: £8,184,500).

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	2023 £	2022 £
Proceeds from Lottery	9,901,325	10,123,407
Investment Income	198,690	14,331
Drawn down in year by Arts Council	<u>(11,139,876)</u>	<u>(8,333,108)</u>
Total Increase / (Decrease) in Funds	(1,039,861)	1,804,630
Balance as at 1 April	<u>8,184,500</u>	<u>6,379,870</u>
Total	<u>7,144,639</u>	<u>8,184,500</u>

7 Cash and Cash Equivalents

At 31 March	2023	2022
	£	£
Balance at 1 April	602,922	364,083
Net change in cash and cash equivalents	<u>9,901</u>	<u>238,839</u>
Total Cash and Cash Equivalents	<u>612,823</u>	<u>602,922</u>

The following balances were held

At 31 March	2023	2022
	£	£
Commercial banks and cash in hand	<u>612,823</u>	<u>602,922</u>
Total Cash Balance	<u>612,823</u>	<u>602,922</u>

8 Trade Receivables, Financial and Other Current Assets

At 31 March	2023	2022
	£	£
Amounts falling due within one year		
Trade Receivables	52,875	-
Prepayments & Accrued Income	<u>65,550</u>	<u>66,711</u>
Total Receivables	<u>118,425</u>	<u>66,711</u>

Trade receivables includes £52,875 (31 March 2021: £Nil) in respect of amounts due to the Lottery Distribution Account from the Arts Council of Northern Ireland.

9 Trade and Other Payables

At 31 March	2023	2022
	£	£
Amounts falling due within one year		
Accruals and deferred income	242,242	207,566
Grants payable (Note 10)	<u>1,755,786</u>	<u>1,396,431</u>
	<u>1,998,028</u>	<u>1,603,997</u>
Amounts falling due after more than one year		
Grants payable (Note 10)	<u>2,953</u>	<u>74,025</u>

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

Accruals includes £93,380 (31 March 2022: £50,850) 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	2023 £	2022 £
Grants payable at 1 April	1,470,456	1,251,204
Grants paid during the year	(9,798,518)	(6,686,066)
Grant de-commitments	(119,317)	(269,733)
Grants made in the year	<u>10,206,118</u>	<u>7,175,051</u>
Grants payable at 31 March	<u>1,758,739</u>	<u>1,470,456</u>

Profile of Commitments over the next five years

	£	£
Amounts falling due during 2022 - 23	-	1,396,431
Amounts falling due during 2023 - 24	1,755,786	74,025
Amounts falling due during 2024 - 25	2,953	-
Amounts falling due during 2025 - 26	-	-
Amounts falling due during 2026 - 27	-	-
Amounts falling due during 2027 - 28	<u>-</u>	<u>-</u>
Total	<u>1,758,739</u>	<u>1,470,456</u>

Current contracted commitments total £1.8m. The Arts Council considers that it has sufficient liquid resources within the NLDF and cash balances of £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.

Grants Made in Year by Arts Programme

Year ended 31 March	2023 £	2022 £
Arts Development Fund	-	3,550
Annual Funding Programme	4,497,183	4,405,070
Arts and Older People	209,743	207,257
Commissioning	200,000	-
Creative Schools Programme	-	163,050
Film Awards (NI Screen)	271,467	235,990
Project Funding	2,041,447	1,922,070
Rural Engagement Arts Programme	499,868	85,688
Small Grants Programme	577,438	19,261
Young People and Wellbeing	190,522	-
Creative Industries Programme		
- Creative Industries Initiatives	19,550	-
- Creative Industries Seed Fund	194,982	-
- Individual Artists Digital Evolution	40,000	-
- Organisations Digital Evolution	78,647	-
- Virtual Production Project	25,000	-
Support for Individual Artists Programme		
- Artists Career Enhancement	83,992	-
- Artists International Development Fund	63,951	-
- D/deaf & Disabled Artists Support Fund	25,000	25,000
- General Art Awards	988,782	-
- Major Individual Awards	75,000	-
- Mike Moloney Award	5,000	-
- Minority Ethnic Mentoring & Resilience	50,000	107,315
- Travel Awards	39,596	-
- Womex Bursary	1,950	800
- Young Musicians' Platform	27,000	-
Total Grants Made in the Year	10,206,118	7,175,051

11 Grant commitments at year end which do not meet the criteria for being treated as a liability at 31 March 2023.

Grant commitments at year end which do not meet the criteria for being treated as a liability at 31 March 2023 was £Nil (31 March 2022: £39,903)

On 31st March 2022 the Arts Council approved 4 awards under the Organisations Digital Evolution (ODE) programme totalling £39,903.

The Letters of Offer were issued on 4 April 2022. As a result the ODE decisions did not qualify as commitments and therefore do not meet the criteria for being treated as a liability until 4 April 2022.

Therefore, these have been included in the calculation of grants payable, in the Statement of Financial Position, as at 31 March 2023.

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 2023 (31 March 2022: Nil).

14 Other financial commitments

There were no other financial commitments as at 31 March 2023 (31 March 2022: Nil).

15 Contingent asset 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). Land sales are likely to take place over a lengthy period, estimated to be from 2018-19 to 2036-37.

The GLA has advised that sales are forecast to return less than £200m with payments to the Lottery Distributors beginning in 2026/27.

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 2023 a net amount of £54,537 (2021-22: £85,114) was owed to the Exchequer Account in respect of salary and other administrative costs incurred.

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.

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.

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

LOTTERY STAFF

Name	Nature of Relationship	Organisation Name	Awarded in 22.23	Paid in 22.23*	Balance at 31.3.23**
			£	£	£
Gillian McKinney	Parent volunteer on an ad-hoc basis	Brassneck Youth part of Brassneck Theatre Company	40,000	25,000	15,000
Lizzie Devlin	Friend of employee	174 Trust/The Duncairn	85,000	85,000	4,250
	Employed on a freelance basis as Visual Arts Facilitator	Verbal Arts Centre	222,588	219,364	13,640
Olivia Gamble	Friend of applicant	Yasmine Robinson	3,000	2,700	300
	Friend of applicant	Cameron Stewart	3,000	2,700	300
	Friend of applicant	Gavin Peden	7,643	6,878	764
Barbara Growcott	Family Connection	Arts Ekta	69,773	65,866	11,054
Patricia Lavery	Arts Facilitator	Arts Care	80,542	96,650	5,026
	Friend of Board Member	Sticky Fingers	122,953	122,119	10,576
Suzanne Lyle	Friend of Landlord	Golden Thread Gallery	7,615	10,933	2,420
Maria McAlister	Child attends Irish medium nursery school at An Droichead	An Droichead	39,205	56,847	1,960
Alison McCrudden	Facilitator	Brassneck Youth, part of Brassneck Theatre Company	40,000	25,000	15,000
Roisin McDonough	Former Trustee	Creative & Cultural Skills	19,550	17,595	1,955
Noirin McKinney	Friends of Founding Members	Panarts	-	1,594	-
Andrea McKittrick	Daughter is Member	Fusion Theatre Group	3,320	2,988	332
Ciaran Scullion	Family Connection to Employee	National Youth Choir of Northern Ireland	60,797	60,797	3,040

Arts Council of Northern Ireland Lottery Distribution Account 2022 - 23

Name	Nature of Relationship	Organisation Name	Awarded in 22.23	Paid in 22.23*	Balance at 31.3.23**
			£	£	£
Siobhan Molloy	Member	Comhaltas Ceoltoirí Éireann	32,300	46,835	1,615
	Employed freelance	Greater Shantallow Community Arts	140,815	135,992	11,000
Hannah Mullan	Family Connection to employee	The Lyric	5,733	2,866	2,866
	Recipient of Funding for LIVE to DIGITAL project	The Lyric	5,733	2,866	2,866
	Friend of employee	Prime Cut Productions	27,176	14,588	13,588
Roisin Murray	Employed by family connection	Stephen Beggs	2,820	2,538	282
	Artist Contributor	Féile An Phobail	116,599	116,599	5,830
Anne Shipton	Friend of employee	174 Trust/The Duncairn	85,000	85,000	4,250
Sonya Whitefield	Daughter in freelance employment	Big Telly Theatre	20,551	14,495	6,055
Jo Wright	Husband is writing tutor	The Crescent Arts Centre	207,752	207,324	10,387
	Representation 18 th – 23 rd October 2022	Danielle Carragher (Dani Larkin)	4,850	4,430	420

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

BOARD MEMBERS

Name	Nature of Relationship	Organisation Name	Awarded in 22.23	Paid in 22.23*	Balance at 31.3.23**
			£	£	£
Liam Hannaway	Secretary & Board Member	Youth Action NI	39,500	38,000	3,325
Lynne Best	Vice Chair	Oh Yeah Music Centre	70,907	67,237	11,493
Paul Brolly	Chair	Golden Thread Gallery	7,615	10,933	2,420
Ray Hall	Chairman of Royal Scottish Pipe Band Association (NI Branch) ceased November 2021	The Royal Scottish Pipe Band Association Northern Ireland Branch	34,995	34,357	2,330
	Employed through secondment	Armagh City, Banbridge and Craigavon Borough Council	20,614	37,618	7,187
Sean Kelly	Co-founder (no current involvement)	The Black Box Trust	24,500	24,500	1,225

*Paid in 2022-23 includes payments relating to awards made in previous years.

**Balance outstanding as at 31 March 2023 includes all awards made in 2022-23 and previous years where an outstanding balance remains.

17 Third-party assets

There are no third-party assets as at 31 March 2023 (31 March 2022: 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.

Arts Council of Northern Ireland Lottery Distribution Account 2022-23

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 2022/2023.

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

Arts Council of Northern Ireland Lottery Distribution Account 2022-23
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	2022-23	£5.7M
CY+1	2023-24	£4.2M
CY+2	2024-25	£2.7M

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.

