

National Assembly for Wales – Public Accounts Committee

Scrutiny of Arts Council of Wales' General Activities Annual Report & Financial Statements for the year ended 31 March 2017

Monday, 6 November 2017

Provision of further information

Budgets and projects specifically targeted for NEETS

During scrutiny of our General Activities Accounts, Committee members noted that we had not repeated our *Momentum* programme in 2016/17. We were asked to provide additional information about other projects and spending that benefited young people who were NEET.

We continue to support engagement with NEETS in three main ways:

1. Structured programmes of support through strategic partnerships (such as *Creative Learning through the Arts*, *Night Out* and *Fusion*)
2. The work of our revenue-funded arts organisations, the Arts Portfolio Wales
3. Projects supported through our open-to-application Lottery funding programmes

Creative Learning through the Arts

Momentum was a programme focused on NEETS, or those at risk of becoming NEET. It was a successful project, although European funding obligations placed management and reporting burdens on us that were proving to be very onerous.

Throughout the delivery of *Momentum* it was becoming increasingly clear that young people were becoming disengaged from education, employment and training whilst in school. The introduction of our *Creative Learning* programme provided us with the opportunity to address this issue, and at an enhanced scale across Wales.

Creative Learning through the Arts is now the principal means through which we reach disadvantaged young people. It's a carefully structured programme using creative practice and techniques to improve attainment across the whole school spectrum. It has engagement and attainment of our lowest achievers at its heart. This is especially the case in the *Lead Creative Schools* strand of the programme.

A key objective of *Lead Creative Schools* is "to find creative approaches to literacy, numeracy and reducing the impact of deprivation on educational attainment between disadvantaged learners and their peers".

Feedback from schools to date is telling us that the scheme is achieving above and beyond our expectations.

The programme is being closely monitored. Case studies in our interim evaluation talk about learners being more engaged and taking ownership of their own learning. Attendance levels are increasing, in many cases to 100%. Pupil attainment levels are also increasing significantly. These outcomes mirror those in the *Momentum* programme, but here we're operating here at significantly greater scale and wider reach.

We have 550 *Lead Creative Schools* in Wales.

414 of these are based in the former Communities First areas – that's 75.27% of all schools on the scheme. It's obviously not possible to identify specifically how many of the young people in these schools are at risk of becoming NEET. However, the focus on significant areas of deprivation increases the likelihood that support is being targeted in the most acute areas of need.

The total budget allocated to these schools is £5,478,000, with £4,653,000 of this is being spent in the former Communities First areas – 84.94% of the budget.

Of course, some pupils do still find themselves in Pupil Referral Units but many of our revenue-funded arts organisations (our Arts Portfolio Wales) are working in these contexts. For example, **National Theatre Wales** collaborated with **Ocean Park Academy**, a centre for alternative learning in Splott, Cardiff, to work with 312 young people helping them to develop life skills through their engagement with creative activity.

Night Out

Night Out promotes over 500 high quality performances in local community settings across Wales each year. An important part of this is promoting activity in areas of deprivation. In 2016/17, 93 events took place in former Community First areas. This was 18% of total. *Night Out* is available to the community as a whole. A more relevant statistic is the 37 *Young Promoter* events in Community First areas. The scheme works directly with the young people themselves to plan, organise and manage professional performances that are open to the public. This helps to develop important life skills. We offer funding in the form of guarantees against loss to the local promoter. Consequently, around £35,000 was spent on these events in 2016/17. *Night Out* is also assisting with the *Fusion* project (see below).

Fusion

We are partners in the Welsh Government's *Fusion* project, specifically targeted at areas of particular deprivation. Eight lead bodies (across Cardiff; Caerphilly and Torfaen; Conwy; Carmarthenshire; Gwynedd; Neath Port Talbot; Newport and Swansea) have received Challenge Grants (totalling £200,000) to deliver cultural engagement activities for those living in some of the most deprived areas of Wales.

The focus of the current phase of work is to deepen and expand partnerships between cultural organisations and disadvantaged communities, using culture, heritage and the arts to support employability, empowerment, early years and family learning and health and well-being. *Fusion* delivers projects that focus on developing the employability skills of young people and adults in our most deprived communities. The arts will be one of the interventions used.

Cultural organisations involved in managing these projects include some of our most successful *Momentum* delivery partners such as **Head 4 Arts** (Caerphilly and Torfaen), an Arts Portfolio Wales organisation. These organisations are applying the learning and approaches developed through the *Momentum* programme.

The Arts Portfolio Wales

Our Arts Portfolio Wales comprises 67 revenue-funded organisations operating across Wales. In 2016/17 we allocated £25.8m to the Portfolio. During 2016/17 the Portfolio organised 37,953 sessions run for children and young people involving 633,729.

Twelve members of the Portfolio deliver all – or the greater part – of their activity in Community First areas. Our spending on these companies in 2016/17 was £2.7m.

It's not possible for us to say with absolute certainty how many of these were NEETs, because most of the organisations don't collect information in this way. However, we feel confident enough to believe that these activities are providing important opportunities for a significant number of young people in disadvantaged areas to attend and take part in the arts.

Examples include:

- **Ffilm Cymru Wales** inspiring 30,000 young people each year through film education programmes across
- **Community Music Wales'** "Children in Need" project with young people aged 12 to 18. 800 young people across Wales have taken part in creative activity over the life of the project, with 92% reporting positive outcomes (including achievement of accredited learning, a break in negative behavioural patterns, and an increase in confidence). This extends a project originally funded by the *Momentum* programme
- **Valleys Kids'** ArtWorks programme uses a multi-disciplinary approach encompassing Drama, Theatre, Music, Dance and Film to help disaffected young people aged 8 – 25 years tackle issues and events affecting their lives
- **Valley and Vale Community Arts'** partnership project with The South Wales Police and Crime Commissioner to work with young people to encourage and stimulate positive change in their lives

Lottery-funded activity

A number of organisations have carried on their *Momentum* work with projects funded from other Lottery programmes. For example, the organisation Mess up the Mess is focusing its projects on 11 – 25 year olds, specifically the most disadvantaged and marginalised. They received £30,000 in 2016 for “Broken Generations”. And a more recent project “Mess up the Future” has been awarded £24,240. Again, the project focusses on NEETs and those at risk of becoming NEET.

We have analysed the full range of Lottery funded projects that we supported in 2016/17. We have concentrated on identifying those projects taking place in Communities First areas where the beneficiaries included children and young people.

147 projects were supported in a Communities First area where young people were among the beneficiaries. Total Lottery funding for these projects was £4.8m. 31 of those projects were exclusively targeted at those aged 26 and under. Funding for these projects totalled £1.5m.

A note on the limitations of the data.

We cannot report with complete accuracy on the precise number of NEETs reached, or the exact value of the funding allocated to NEETs projects. We do ask those who we fund to provide extensive information and statistics, but we’re conscious of the need to strike the right balance between the desirability of detailed data and the burden that this places on organisations. For the moment, we’re focusing in particular on people from groups with “protected characteristics”. NEETs is not one of the protected characteristics.

Detailed breakdown of Arts Council of Wales reserves [at 31 March 2017]

As a charity we distinguish between restricted and unrestricted funds. Restricted funds are grants, donations and other sources of income received for a specific purpose or project, or where restrictions are imposed that are narrower than the Council’s overall objectives. Unrestricted funds are used at the discretion of our Council members, as trustees of the Arts Council of Wales, in furtherance of our chartered and charitable objectives.

Most of the Council’s unrestricted funds are committed during the year, in accordance with the conditions of grant-in-aid issued by the Welsh Government. Any surplus funds are carried forward and used in the following year. Our holding of unrestricted cash reserves at the year-end is capped at 2% of our non-Lottery income but, with the agreement of the Welsh Government, we carried forward some funds to 2017/18 to offset the costs associated with our Organisational Review and delayed commitments for some of our planned programmes.

At 31 March 2017 we had restricted reserves of £1,210,000 and unrestricted reserves of £1,414,000.

As a charity we observe Charity Commission guidance by maintaining a prudent level of unrestricted reserves to meet unforeseen circumstances. Year on year Council has considered our permitted 2% cash holding sufficient for this purpose.

At 31 March 2017 that accounted for approximately £614,000 of our reserves. The remaining £800,000 was carried forward – following approval of a business case that we had submitted to the Welsh Government – to meet the following planned commitments:

Wales Millennium Centre (2017/18 capital funding from Welsh Government received in March 2017)	£200,000
Public Art Residencies Programme	£50,000
Wales in China Programme	£40,000
Arts and Health Programme	£40,000
Arts & Business Cymru funding	£70,000
ICT upgrade & development	£170,000
Estimated national insurance contributions associated with HM Revenue & Customs' IR35 legislation	£20,000
Costs associated with our Organisational Review:	
In-year residual staffing costs to August 2017 ¹ (redundancy date)	£128,000
Consultancy, training, etc.	£55,000
Implementation of developments associated with Welsh Language Standards and the Well-being of Future Generations (Wales) Act	£27,000
	<u>£800,000</u>

¹ Redundancy termination payments were accrued in full in 2016/17

Portfolio Organisations identified as 'red' risk

Our Portfolio risk rating is an internal management tool that helps us to decide where we should focus our professional support and monitoring. We don't view risk as a bad thing in and of itself. Ambitious, creative organisations often take planned risks – if they didn't, the sector would lack ambition and innovation. Nevertheless, as stewards of public funding, we take a conservative approach to risk, erring on the side of caution.

A 'red' risk is our way of noting that the organisation's performance, or the circumstances currently affecting it, requires particular vigilance on our part.

There are five principal (but not exhaustive) reasons why we might identify an organisation as 'red' risk:

1. Organisations are automatically rated 'red' risk if they're managing a capital building project, or if they're undergoing some form of strategic review that might fundamentally alter the nature of the organisation's activities
2. There might be external factors beyond the organisation's control (such as the loss, or potential loss, of a major funder)
3. Shortcomings in management or governance problems
4. Risk of insolvency
5. The organisation's performance, output and management are so poor as to potentially call into question our continuing investment

All 'red' risk organisations have a specific action plan and a lead officer working with the organisation to affect change.

At the present time, we have rated 20 (29%) of the 67 Portfolio organisations as 'red'.

Nick Capaldi
Arts Council of Wales
15 November 2017