



**Private
Investment in
Culture Survey**



mtm



2019

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1 Foreword

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

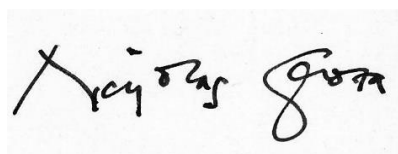
In a difficult financial environment for public funding, many organisations have worked wonders in terms of developing their business models and increasing earned income; but the more uncertain the future, the more necessary it is that we diversify funding and widen the base of support for arts and culture. Private investment is crucial for the financial support it brings, and for the long-term relationship that it helps build between the arts and cultural sector and the wider community.

Arts Council England is therefore delighted to have worked again with MTM on this new survey of Private Investment in Culture. We are grateful to the team at MTM for their considered analysis of the data, which included responses from 889 arts and cultural organisations.

This survey found that 91 percent of arts and culture organisations received some form of private investment in 2017/18. The total investment is a considerable £545m and whilst this represents an increase of eight percent between 2015/16 and 2017/18, in the last year of that period there has been limited growth, which is in line with trends across the wider charitable sector.

The Arts Council is conscious of the trends within these figures – in particular, how size and geographical location continue to influence the success of fundraising efforts. We will maintain our support and resources to help organisations everywhere become more resilient, with strategic investment in fundraising skills and effectiveness. We will work to raise the profile of philanthropic giving and help arts and cultural organisations to build lasting partnerships with donors.

These findings will provide organisations with a snapshot of the fundraising landscape and will help shape our policy as we develop our new ten-year strategy, which will run from 2020. A mixed funding model will always be the basis of a flourishing arts and cultural sector. We are grateful to all individuals and organisations whose donations help underpin the originality and artistic ambition that makes our cultural life so distinctive and precious, and inspires people across England.



Sir Nicholas Serota
Chair
Arts Council England

2 Summary

The 2019 Private Investment in Culture Survey (PICS) picks up where the 2016 survey left off. The survey provides insight into the current state of philanthropy in the arts and culture sector by investigating how private investment from individuals, businesses, and trusts and foundations has developed over the last three years, as well as presenting a detailed picture of the sector in the 2017/18 financial year.

We used survey responses to model funding for the sector as a whole (estimated at 2,094 relevant arts and culture organisations in England that have generated some form of income based on publicly available data sources¹). Overall, the study found that **private investment in arts and culture totalled £545m in 2017/18**. The key findings in this report are:

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

¹ See the Appendix for more detail on the method.

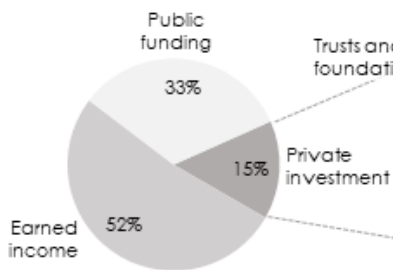
² Hereafter referred to as the '50 greatest recipients of private investment'

³ Total income comprises Private Investment, Earned Income and Public Funding.

Private Investment in Culture in 2017/18

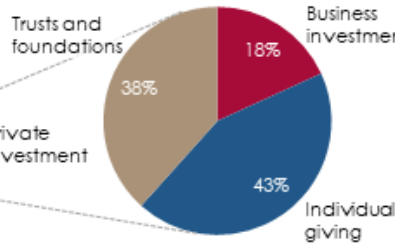
Business investment Individual giving Trusts & foundations

Total income

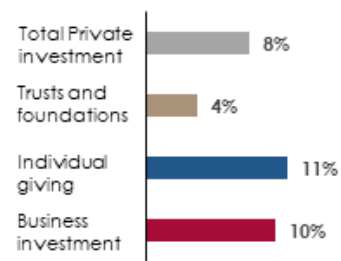


Total private investment

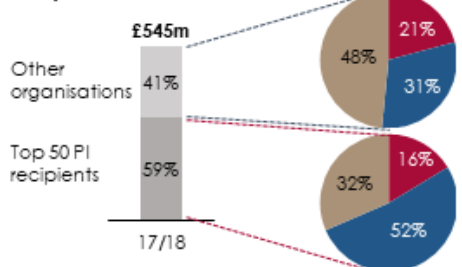
Total: £545m



2015/16 – 2017/18 change

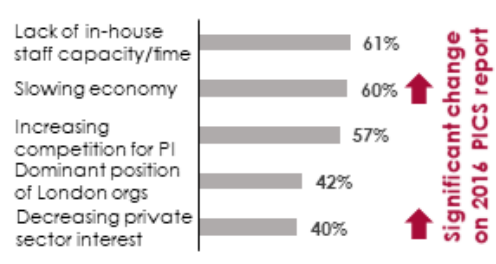


Total private investment

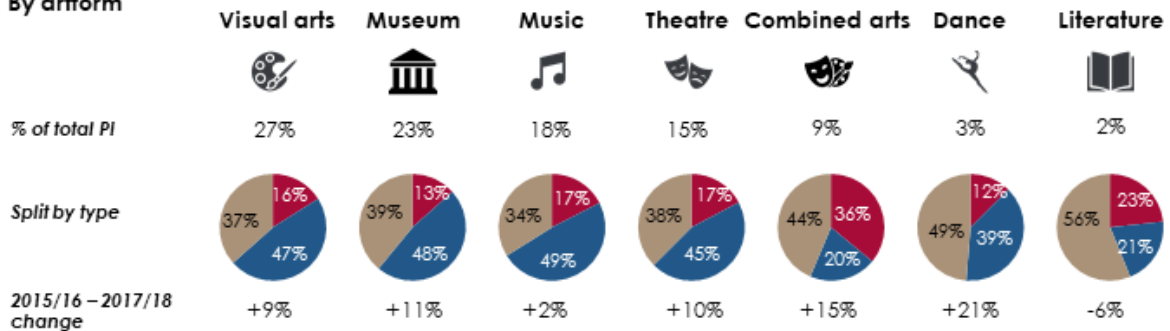


The top 50 PI recipients attract the lion's share of PI and are more reliant on individual giving

Factors limiting sector's fundraising ability

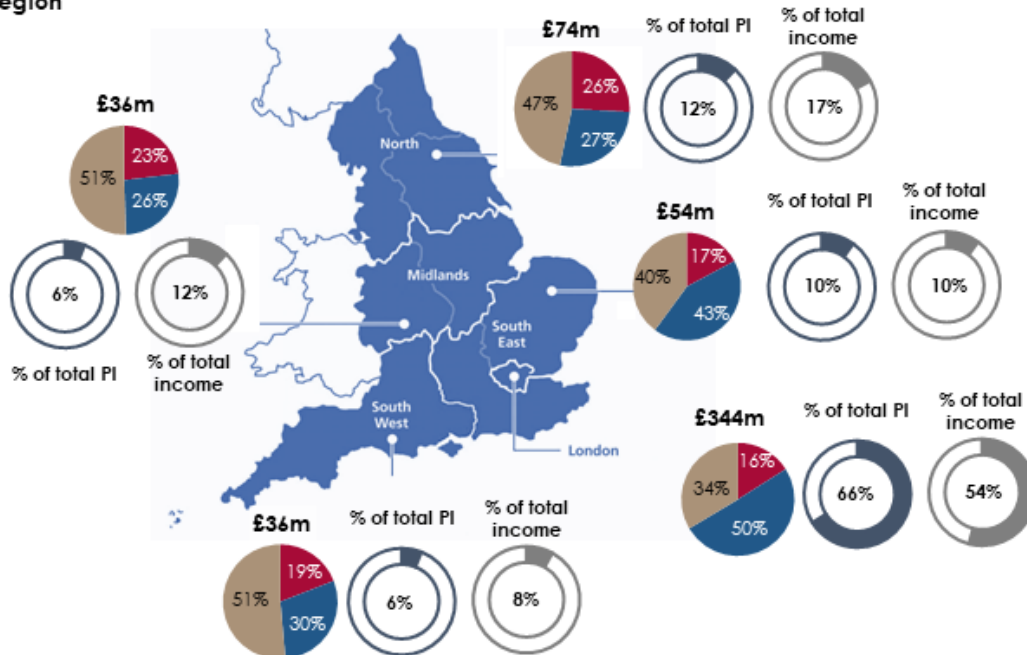


By artform



Note: Totals do not add up to 100% as libraries and organisations that are not artform specific have been excluded due to their relatively small scale

By region



3 Introduction

Arts Council England is committed to supporting the arts and culture sector in becoming more resilient and economically sustainable. Public funding has been under sustained pressure for much of the last decade and private investment, alongside earned income, has become increasingly important. Arts Council England published its first report about private investment in arts and culture in 2016, a successor to the Arts and Business Private Investment in Culture Survey. This report provides an update to the findings outlined in the 2016 study which outlined private investment between 2012/13 and 2014/15. It also provides insight into the current state of play and bridges the gap with the 2016 study, to show how the sector has developed in the intervening years.

Private investment consists of three core parts: business investment, individual giving and grants from trusts and foundations. Taken in aggregate, private investment in arts and culture organisations amounted to £545 million in the 2017/18 financial year, growing at a healthy rate of 8% since 2015/16⁴.

Looking forward, survey respondents expect private investment to continue growing over the next three years: 57% expect growth in grants from trusts and foundations and 54% expect growth in individual giving, while only 37% expect growth in business investment. All this against a backdrop of decreasing public funding (just 10% of respondents expect an increase in local government funding, and only 6% expect growth in central government funding) and a slowing economy – 60% highlighted this as a key factor holding back their fundraising activities.

Overview of the analytical method

The 2019 PICS survey received 887 responses from arts and culture organisations across England. The study used survey responses, financial data submitted to the Department for Digital, Culture, Media and Sport (DCMS) and the Arts Council of England as well as financial filings of arts and culture organisations to the Charity Commission for the 2017/18 financial year to establish the relevant universe of organisations for our analysis, estimated at 2,094 arts and culture organisations that have declared receiving some form of financial income. In order to estimate private investment across this universe, we used survey respondent submissions and extrapolated them for the rest of the sector. It is important to note that the historical figures presented in this report for 2015/16 and 2016/17 are potentially less robust, since fewer arts and culture organisations (596 in total) submitted survey responses for these years. The approach used in this study is the same as the one used in the previous PICS study but differs from the previous reports published by Arts & Business. Most notably, this and the 2016 study cover just England whereas Arts & Business covered the whole UK, and different databases were used to source respondents.

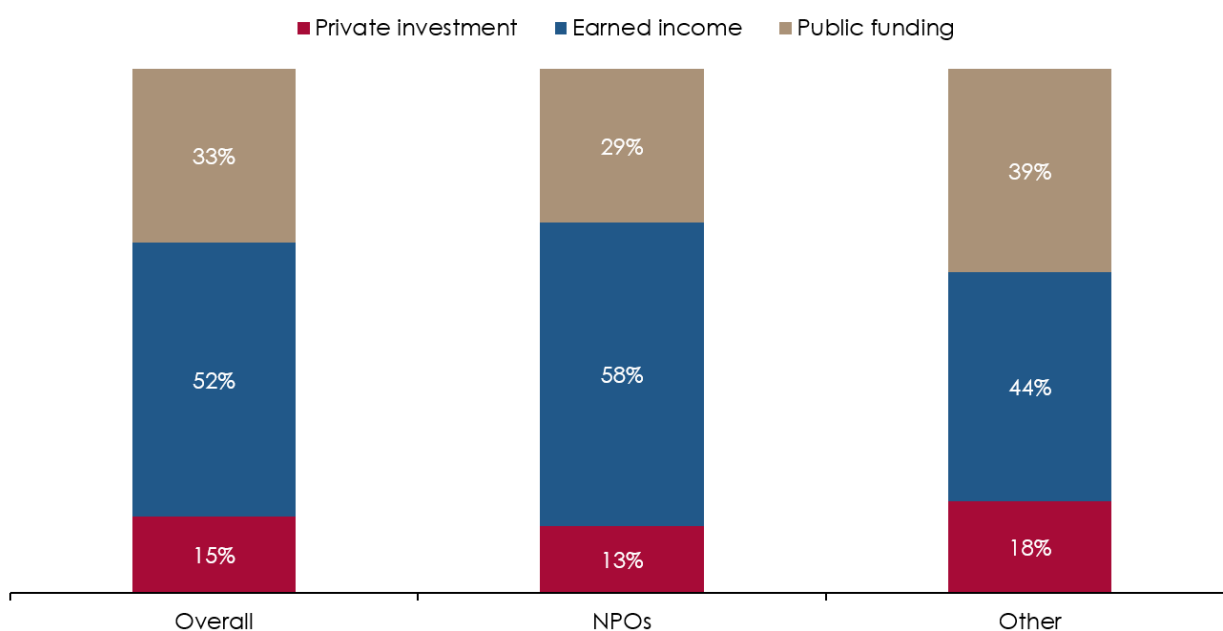
⁴ Estimated for the relevant universe of arts and culture organisations in England (n = 2,094); Estimates for 2015/16 and 2016/17 are based on smaller sample of survey respondents (n = 596)

This report also provides comparisons between the 2016 and 2019 PICS studies. Given the richness of the dataset that combines the two studies, there are multiple ways that the data can be analysed and presented. To ensure simplicity and clarity, the comparisons between the two studies presented in this report consistently focus on the latest financial years covered in the respective studies (i.e. 2014/15 and 2017/18). While this study employs the same approach as the 2016 study, the respondent samples of the 2016 and 2019 surveys are different. As a result, any comparisons of the absolute sector-wide figures and growth rates between the two studies might be misleading and should be treated with caution. However, given the large number of respondents in both the 2016 and 2019 surveys, the analysis can draw meaningful conclusions about changes in the private investment mix received by an average arts and culture organisation and explore changes by organisation size, artform, and region. Please see the Appendix for more detail on the method.

4 Overall funding mix

Arts and culture organisations generate income from three sources: public funding (i.e. Government, Arts Council England, or local authorities), earned income (e.g. through ticket sales or selling merchandise) and private investment (i.e. donations from individuals and businesses, as well as grants from trusts and foundations). At the start of this decade, arts and culture organisations relied heavily on public funding, with around **half of their income generated from public sources**⁵. The 2016 PICS study noted the pressure faced by declining national and regional public spending, which has continued in the intervening years and **public funding now accounts for a third of total income**. The sector is now putting more emphasis on the development of private investment and earned income, with organisations rebalancing their finances to rely less on public funding. As shown in Figure 1, **private investment accounted for about 15% of total funding** for arts and culture organisations in England in the 2017/18 financial year, while **earned income made up over half**. The Arts Council's National Portfolio Organisations⁶ derive a significantly higher proportion of their total income from earned income, while other organisations are more reliant on various types of public funding and private investment.

Figure 1: Total income – breakdown by income type, % (2017/18)⁷



Funding models vary substantially by organisation size (based on total income). Larger organisations tend to generate a higher proportion of earned income, while smaller organisations are significantly more reliant on public funding and private investment (see

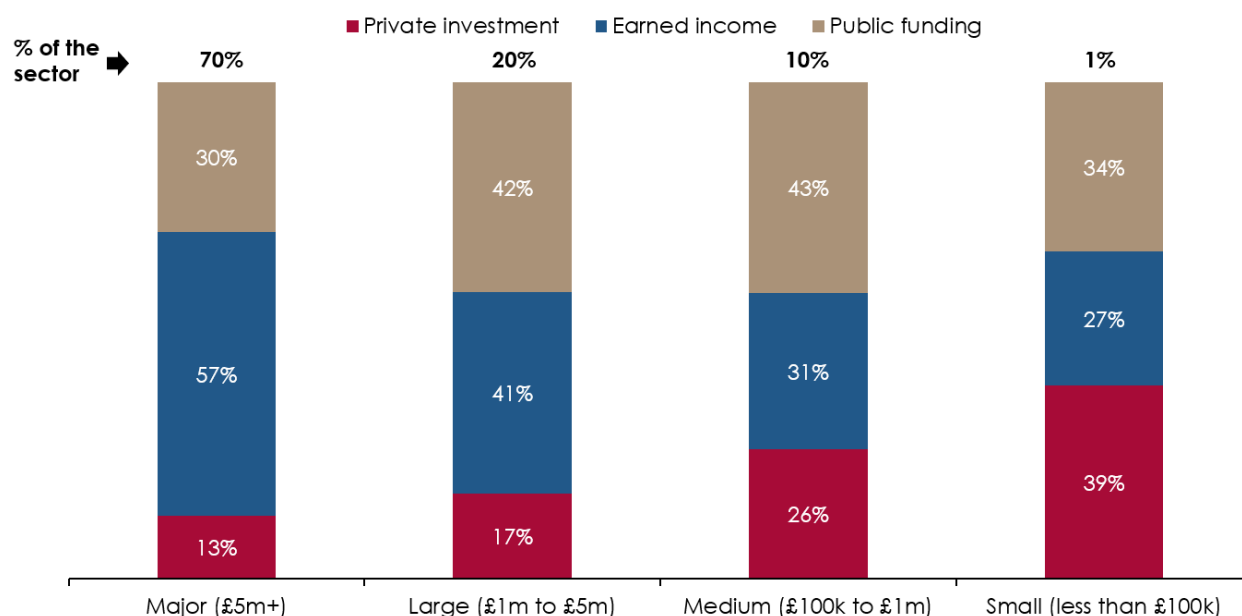
⁵ In the 2010/11 Private Investment in Culture Survey, Arts and Business found that 52% of funding came from public funding. This is the latest figure available as the 2011/12 survey was solely focused on private investment and did not measure income from public funding.

⁶ National Portfolio Organisations (NPO) are organisations that take part in the Arts Council's National Portfolio programme. They are defined as 'leaders in their areas, with a collective responsibility to protect and develop our national arts and cultural ecology'. For further information, see the [Arts Council's NPO relationship framework](#).

⁷ Estimates based on survey responses (n = 887)

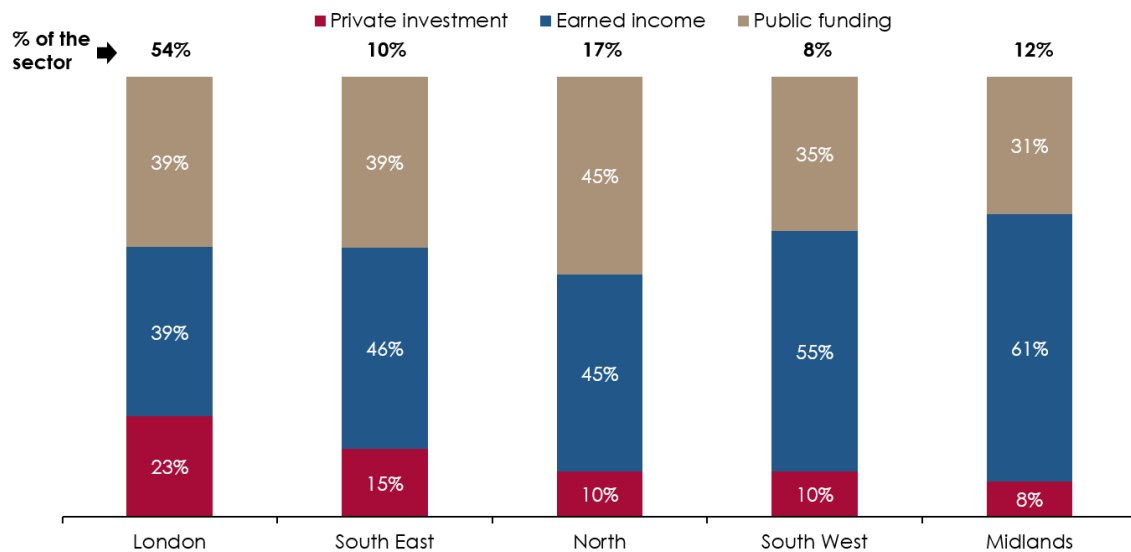
Figure 2). The smallest organisations (less than £100,000 in total income) are two to three times more reliant on private investment compared to major organisations, however they are estimated to constitute only about 1% of overall sector income.

Figure 2: Total income – breakdown by income type and organisation size, % (2017/18)⁸



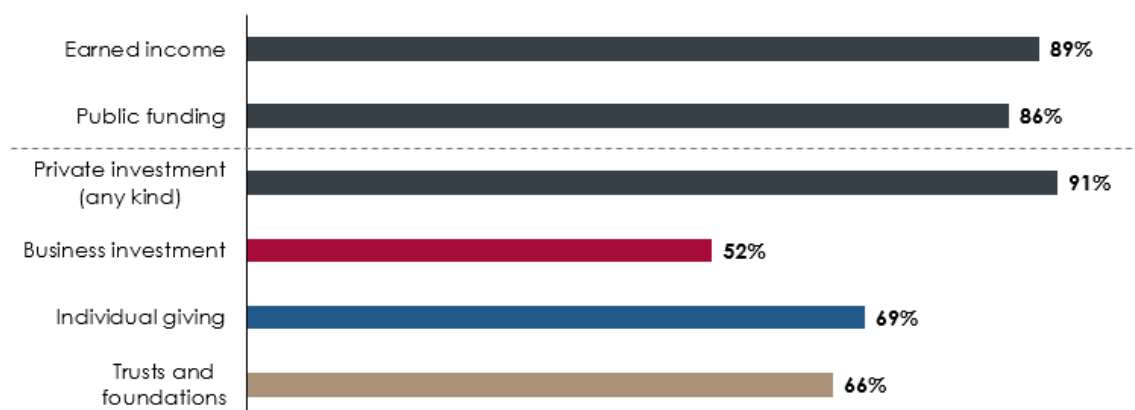
Funding models also vary substantially by region. For example, arts and culture organisations based in London and the South East are significantly more reliant on private investment than organisations in the North, South West and the Midlands (see Figure 3). This is exacerbated by the presence of a small number of major organisations in London that raise large amounts of private investment. However, even after excluding them, London still stands out in terms of its reliance on private investment. These findings are well-established across the arts and culture sector (see the previous [PICS study published in 2016](#)), pointing to an on-going need to encourage and support private investment in arts and culture organisations based outside London. Although approaches to income generation may vary by region, it is important that they are designed to not only address recipients' ability to attract private investment (e.g. ensuring capacity and skills) but also to stimulate donors' interest in and access to the sector.

⁸ Estimates based on survey responses (n = 887): Major (n = 57), Large (n = 114), Medium (n = 326), Small (n = 390); % of sector = proportion of total income accounted for organisations in the category

Figure 3: Total income – breakdown by income type and region, % (2017/18)⁹

Although private investment only accounts for 15% of total income, it is the most common source of income: 91% of arts and culture organisations¹⁰ generate some private investment income (see Figure 4). A large number of organisations, particularly the smaller ones which are less able to generate earned income, rely heavily on private investment.

Arts and culture organisations depend on a blend of different forms of private investment, with funding mix varying significantly across the sector. Individual giving is the most common form of private investment (received by 69% of organisations), closely followed by grants from trusts and foundations (66%). Just over half of arts and culture organisations receive business investment, while only 32% receive all three forms of private investment.

Figure 4: Proportion of arts and culture organisations that receive each form of income (2017/18)¹¹

⁹ Estimates based on survey responses (n = 887); % of sector = proportion of total income accounted for organisations in the category. Where previous reports used more granular regions, this report uses Arts Council England's macro regions to ensure better alignment with Arts Council England's activities

¹⁰ Respondents to the 2019 PICS survey and NPO financial submissions to Arts Council England (n = 1,297)

¹¹ Respondents to the 2019 PICS survey and NPO financial submissions to Arts Council England (n = 1,297)

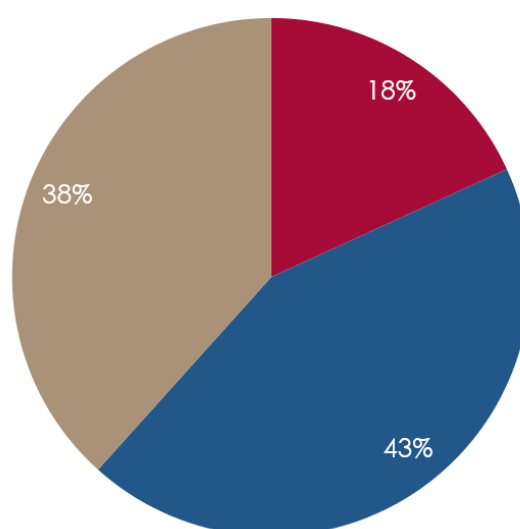
5 Private investment mix

Individuals, businesses and trusts and foundations are estimated to have contributed **£545 million in the 2017/18 financial year** to support arts and culture organisations in England.

Figure 5: Total private investment in arts and culture by category, £m (2017/18)¹²

■ Business investment ■ Individual giving ■ Trusts and foundations

Total: **£545m**



In line with the findings from the previous PICS study, individual giving is the most significant form of private investment in the arts and culture sector, accounting for **£237 million** (or **43% of total private investment** in the 2017/18 financial year). Individual giving is followed by funding from **trusts and foundations at £209 million** (or **38% of total private investment**) and **business investment at £99 million** (or **18% of private investment**).

Although there is no comprehensive data source that covers all forms of private investment across the overall charitable sector, Charities Aid Foundation's UK Giving Report estimates that causes related to the arts attracted about 2% of the £10.1 billion donated by individuals in 2018 across the UK¹³. This is broadly consistent with our estimate of individual giving in the arts and culture sector in England.

Business investment

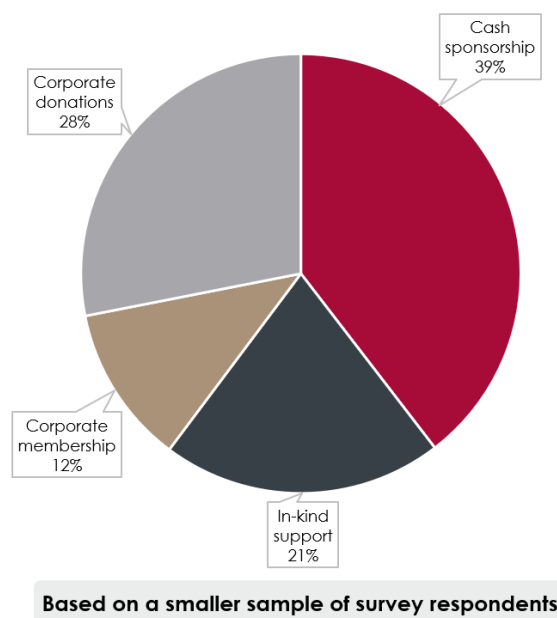
In line with the findings from the previous PICS study, cash sponsorship remains the most important form of partnership between arts and culture organisations and businesses, accounting for 39% of business investment in 2017/18.

¹² Estimated for the relevant universe of arts and culture organisations in England (n = 2,094)

¹³ Charities Aid Foundation, UK Giving (2019)

Corporate donations are the second most important form of business investment, accounting for 28% of business investment, followed by in-kind support (21% in 2017/18) and corporate membership (12% in 2017/18).

Figure 6: Business investment by category, % (2017/18)¹⁴



Definitions:

- Cash sponsorship – the payment to an arts organisation by a business in exchange for agreed benefits such as promotion of the business name, its products or services. Sponsorship is part of a business' general promotional expenditure. It can encompass a sense of corporate or social responsibility but cannot be considered as a pure donation.
- In-kind support – the equivalent cash price of equipment, materials, services or advice in lieu of payment made by a business in exchange for agreed benefits such as promotion of the business name, its products or services. This does not include the value of services provided via employee volunteering programmes.
- Corporate membership – payment of an annual subscription by a business in exchange for a set of standard benefits such as a number of complimentary tickets, the use of hospitality facilities and discount on programme advertising.
- Corporate donation – the payment of money by a business to an organisation with no expectation of any return, commercial or otherwise – includes support from company trusts and foundations.

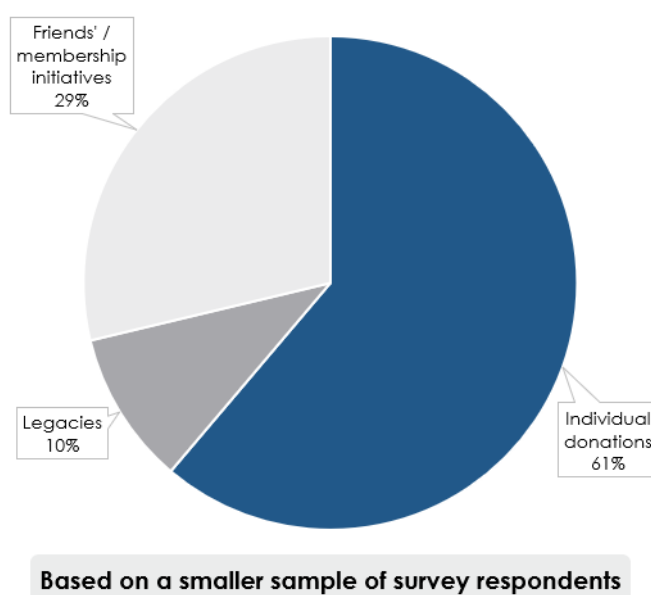
Individual giving

In line with the findings from the previous PICS study, donations remain the most significant form of individual giving in arts and culture, accounting for 61% of the total in 2017/18.

¹⁴ N = 538

'Friends' or membership initiatives account for 28% of all individual giving. This is broadly consistent with the Charities Aid Foundation's UK Giving Report findings, showing that while cash remained the main form of individual giving across the whole charitable sector (53% of individuals donating cash in 2018), memberships and/or subscriptions have grown substantially (14% engaging in this activity in 2018 compared to only 9% in 2015).¹⁵ Legacies are also important, accounting for 10% of the total. Gift of shares and payroll giving are rare, with only a few organisations receiving this type of support.

Figure 7: Individual giving by category, % (2017/18)¹⁶



Definitions:

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

¹⁵ Charities Aid Foundation, UK Giving (2015, 2019)

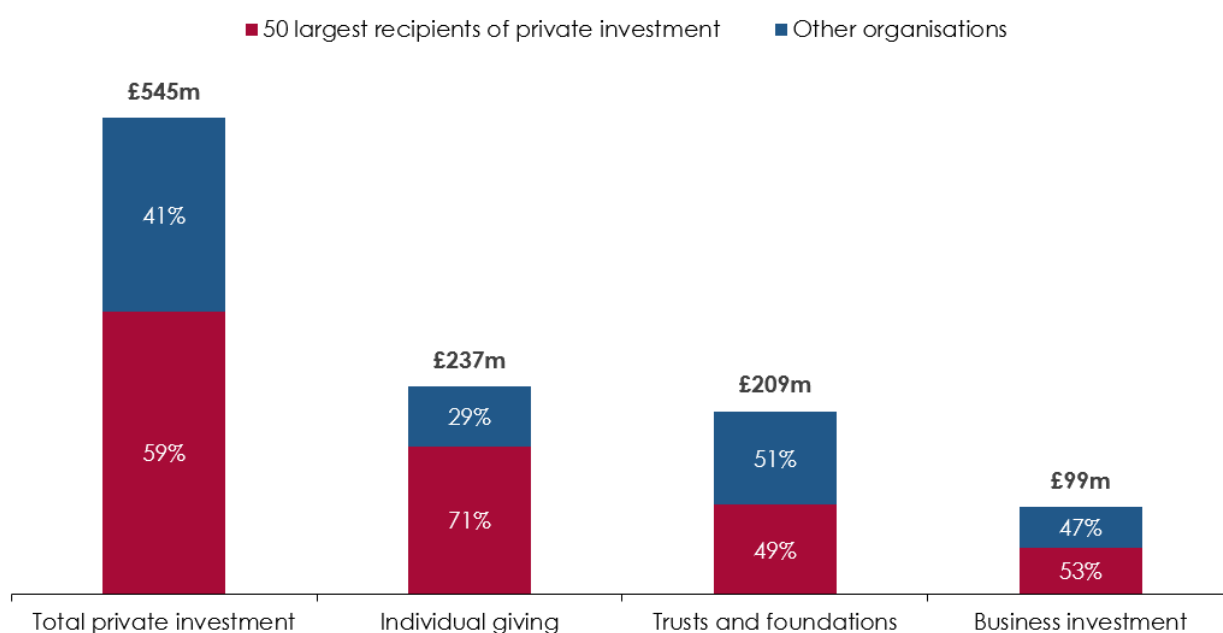
¹⁶ N = 538

The role of the 50 greatest recipients of private investment

The distribution of private investment is unequal, with **59% of all investment flowing to the 50 greatest recipients** (see Figure 8), in line with the findings from the previous PICS study. The greatest recipients of private investment tend to closely overlap with the largest organisations by total income, with most of them belonging to the major or large organisation categories (e.g. DCMS-sponsored museums). Furthermore, the 50 greatest recipients of private investment appear to be disproportionately more effective at attracting private investment as they only account for 42% of total income received by arts and culture organisations in the study sample¹⁷.

There is also a difference between the 50 greatest recipients of private investment and other organisations in terms of their sources of private investment. The majority of individual giving is directed to the 50 greatest recipients of private investment (71% of total value). Investment from trusts and foundations and giving by businesses are more balanced (49% and 53% of their funding allocated to the 50 greatest recipients of private investment, respectively).

Figure 8: Total private investment in arts and culture – 50 greatest recipients of private investment and other organisations, £m (2017/18)¹⁸



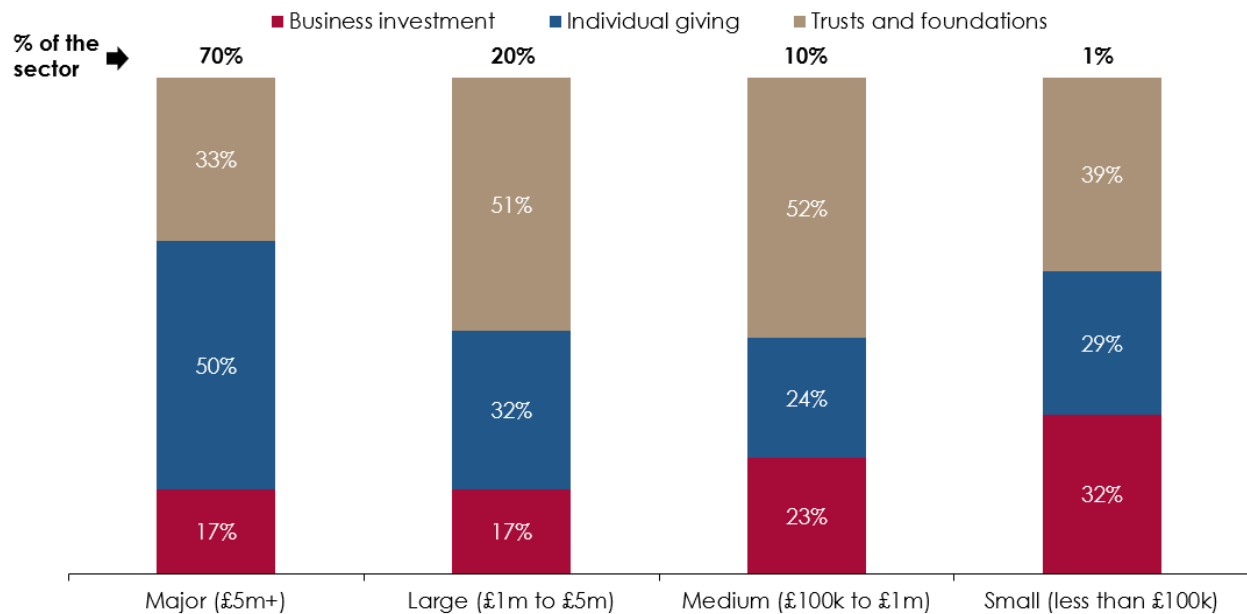
Private investment mix by organisation size

Major organisations are heavily reliant on individual giving (see Figure 9). This could potentially be due to their higher footfall and their greater ability to operate and manage individual giving schemes such as friends' / membership initiatives. Large and medium organisations generate private investment primarily in the form of grants from trusts and

¹⁷ 48 of the 50 greatest recipients provided actual data through the survey, NPO submissions or DCMS filings, financial data for the remaining 2 were modelled

foundations, followed by individual giving. Small organisations are more reliant on business investment, which is likely to come from small, local business, while individual giving is the smallest category of private investment for these organisations, potentially indicating their limited ability to attract this form of funding due to capacity and resource constraints.

Figure 9: Total private investment – breakdown by investment form and organisation size (2017/18)¹⁹

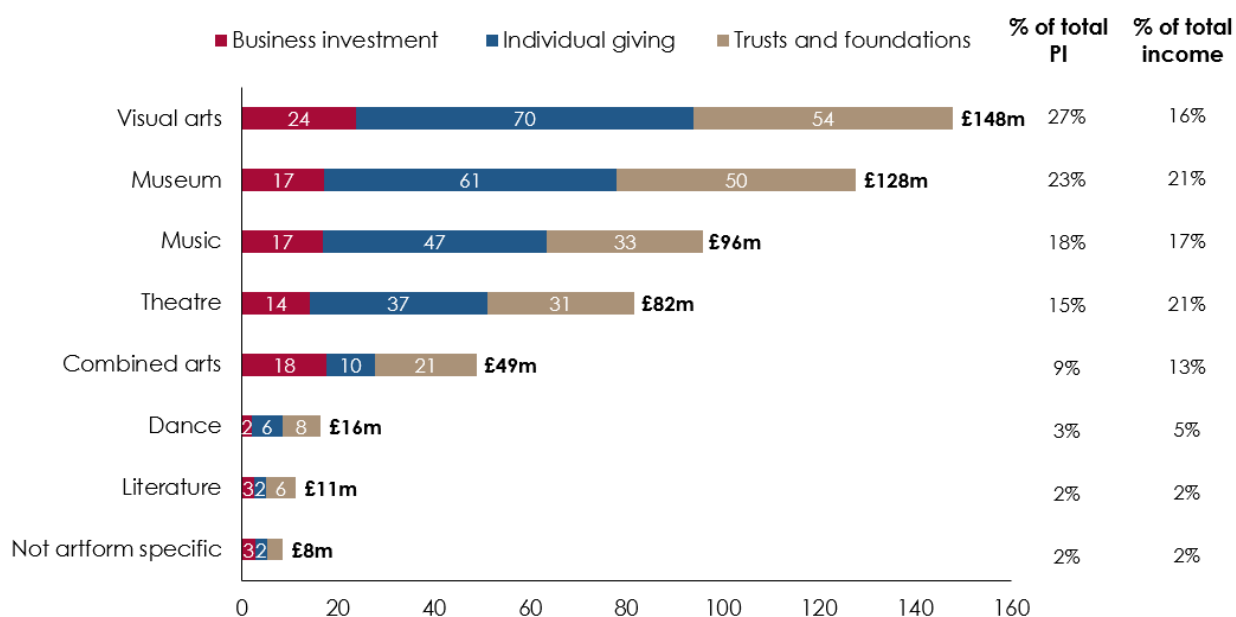


¹⁹ Estimated for the relevant universe of arts and culture organisations in England (2017/18 n = 2,094). Organisation size breakdowns based on survey responses: Major (n = 57), Large (n = 114), Medium (n = 326), Small (n = 390); % of sector = proportion of total income accounted for organisations in the category

6 Variation by artform

In line with the findings from the previous PICS study published in 2016, visual arts organisations continue to dominate private investment – whilst they account for 16% of the sector in terms of total income, they make up over a quarter (27%) of private investment in arts and culture (see Figure 10).

Figure 10: Private investment by artform, £m (2017/18)²⁰



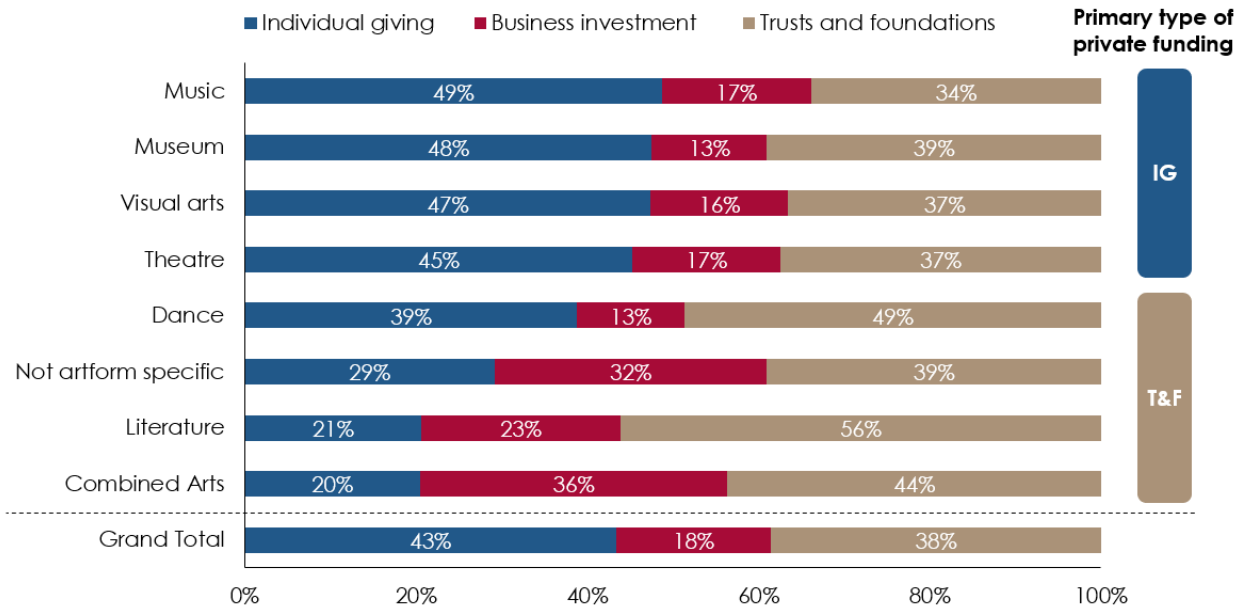
Visual arts organisations are followed by museums and music organisations, accounting for 23% and 18% of total private investment, respectively. These three sectors contain many of the 50 greatest recipients of private investment, particularly some of the major London-based institutions.

The survey also received a small number of responses from libraries. However, they were not sufficient to perform a meaningful analysis on the library sector as a whole, potentially indicating that the private funding landscape for libraries is in its early stages of development. As the sector continues to develop, future editions of the survey will hopefully receive more responses from libraries allowing for a more detailed analysis.

²⁰ Estimated for the relevant universe of arts and culture organisations in England (n = 2,094); % of total income is indicative as it is estimated based on a smaller sub-sample of respondents that have reported their total income (n = 887). Note that a small number of survey responses were also received from library, but not enough to build a robust overall picture of this part of the sector

Private investment mix varies substantially by artform (see Figure 11). Music, museum, visual arts organisations, and theatres tend to receive the highest proportion of private investment from individual giving. Grants from trusts and foundations account for the majority of private investment for dance, literature, combined arts and organisations that are not artform specific. When taken in aggregate, no artform generates the majority of its private investment from businesses.

Figure 11: Private investment by artform, % (2017/18)²¹

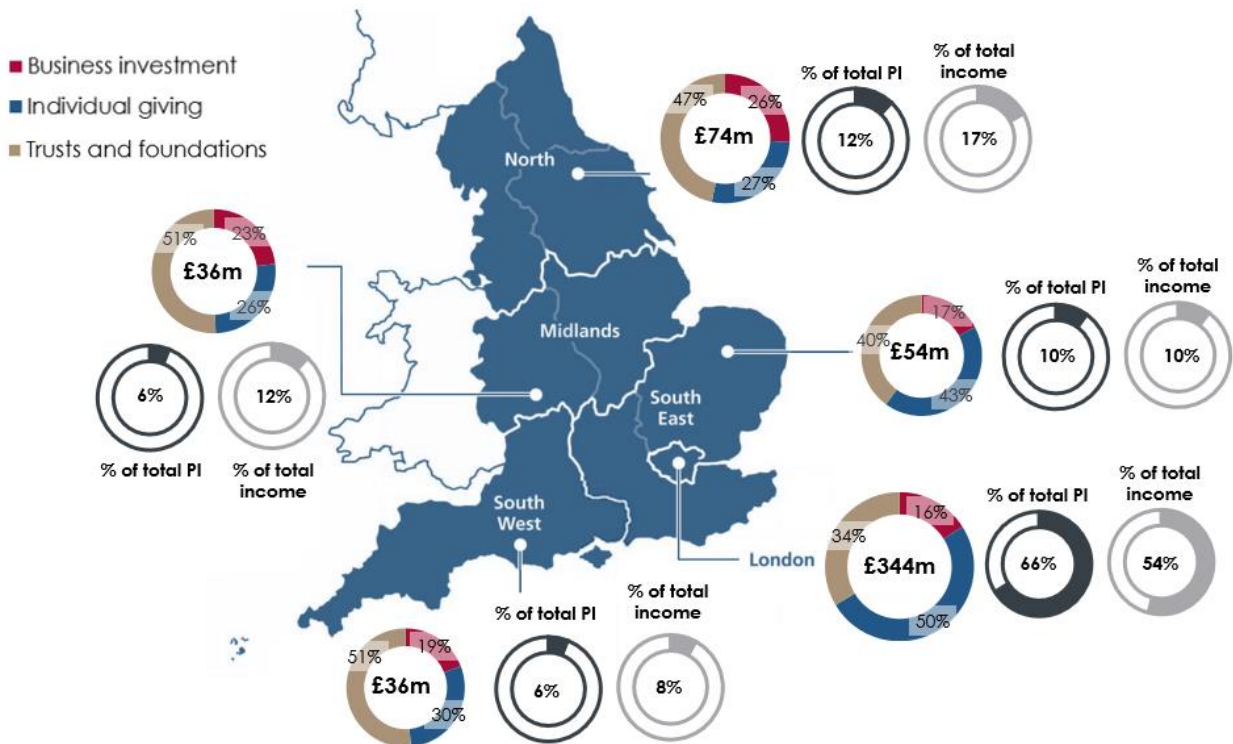


²¹ Estimated for the relevant universe of arts and culture organisations in England (n = 2,094)

7 Variation by region

In line with the findings from the previous PICS study published in 2016, **London-based organisations** continue to attract the majority of private investment, **accounting for 66% of the total in 2017/18**, significantly greater than their share of total income²² (54%) received by arts and culture organisations in England (see Figure 12).

Figure 12: Private investment by region, £m (2017/18)²³



Organisations based in regions other than London tend to attract a smaller share of total private investment compared to their share of total income, though organisations in the South East come close, accounting for 10% of private investment and 10% of total income. The Midlands is the region with the largest difference between the share of total private investment and the share of total income (6% and 12%, respectively).

When considering the form of private investment, organisations based in London and the South East tend to receive a significantly higher proportion of individual giving, whilst organisations based in other regions generate a higher proportion of their incomes from trusts and foundations, potentially helping to balance out the lower levels of individual giving.

A number of factors may explain why a disproportionate amount of private investment flows to London-based arts and culture organisations, such as a large number of major organisations being based in the region and various donors (including high net worth individuals, corporations and major trusts and foundations) either being based in London

²² Total income comprises of private investment, earned income and government funding

²³ Estimated for the relevant universe of arts and culture organisations in England (n = 2,094)

or favouring organisations that are based there. While organisations based outside of London appear to have developed capacity to generate earned income, further effort is needed to improve the balance between private investment received by organisations based in London and those based outside of London.

Further analysis shows that organisations based in London stand out in their ability to attract individual giving (see Figure 13), making up 73% of the total investment from individuals, but receive proportionately less business investment (56%) and grants from trusts and foundations (55%). By contrast, organisations in the North make up a larger proportion of business investment (19%), but less from individual giving, receiving 9% of the total in this category.

Overall, private investment from both businesses and trusts and foundations appears to be more balanced than individual giving and closely in line with the split of total income by region. However, as individual giving is the largest form of private investment, attracting individual donors will be highly important to ensure the long-term sustainability of arts and culture, particularly among the organisations based outside of London.

Figure 13: Private investment and total income by region, % (2017/18)²⁴

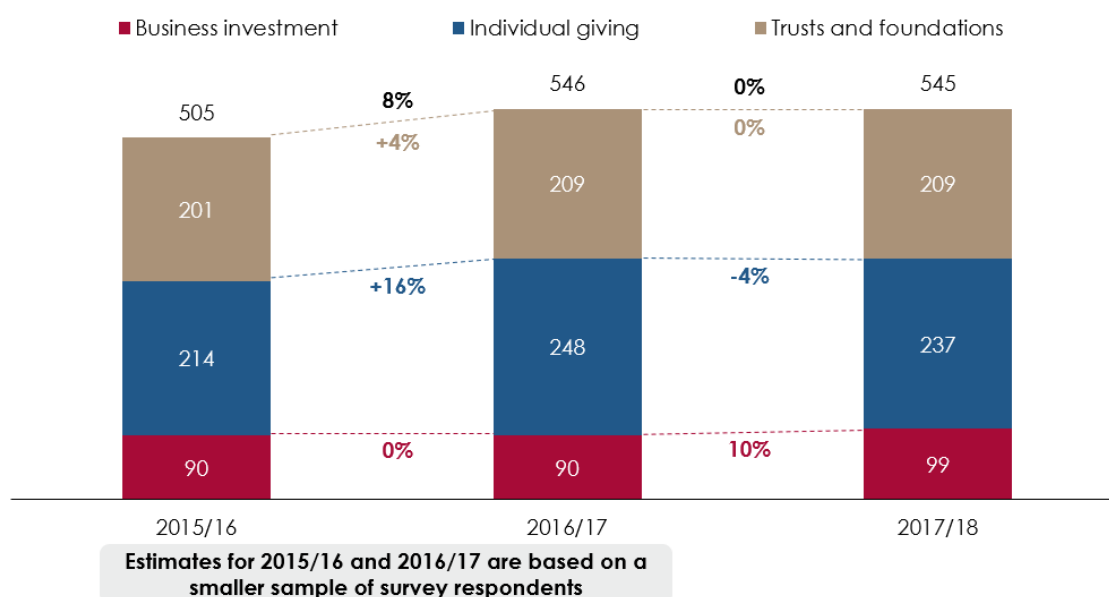
Region	% of business investment	% of individual giving	% of trusts and foundations	% of total private investment	% total income
London	56%	73%	55%	66%	54%
South East	9%	10%	10%	10%	10%
South West	7%	5%	9%	6%	8%
North	19%	9%	17%	12%	17%
Midlands	8%	4%	9%	6%	12%

²⁴ Estimated for the relevant universe of arts and culture organisations in England (n = 2,094)

8 Trends and developments in private investment

A subset of the surveyed organisations also submitted financial data for the 2015/16 and 2016/17 financial years, allowing for trends and developments to be extrapolated and analysed during the years not covered in the previous PICS study. Total private investment grew by 8% between 2015/16 and 2016/17, driven largely by strong growth in individual giving. Total private investment was stable between 2016/17 and 2017/18 (see Figure 14), with growth in business investment making up for a slight decline in individual giving.

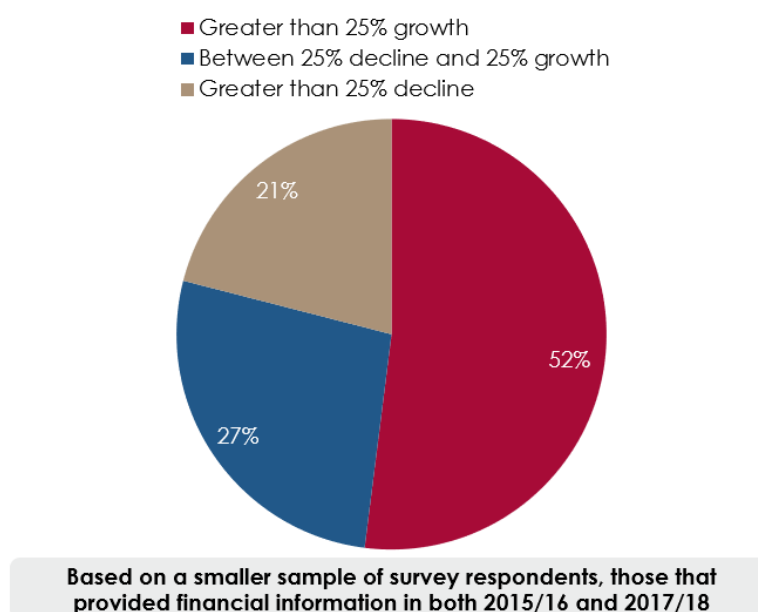
Figure 14: Total private investment in arts and culture by category, £m (2015/16 – 2017/18)²⁵



Importantly, the growth in private investment across the arts and culture sector is not limited to a handful of organisations, but is widespread (see Figure 15), with over half of the organisations that provided private investment data in 2015/16 and 2017/18 reporting over 25% growth in private investment across the period. Private investment to smaller organisations (i.e. those generating less than £1m a year) tends to be more volatile as a larger proportion of them have seen growth or decline in private investment of over 25% over the course of the period. This can be potentially explained by the fact that small organisations tend to have relationships with fewer donors (whether businesses, individuals or trusts and foundations), so changes in any donor's investment may have a significant impact on the overall private investment income.

²⁵ Estimated for the relevant universe of arts and culture organisations in England (n = 2,094); Estimates for 2015/16 and 2016/17 are based on smaller sample of survey respondents (n = 596)

Figure 15: Percentage of arts and culture organisations split by change in private investment between 2015/16 and 2017/18²⁶



Charities Aid Foundation's UK Giving Report estimates that over the 2016-2018 period individual giving to charities across the UK grew by c. 5%²⁷, implying that individual giving to arts and culture organisations has grown at a faster rate than the wider charitable sector.

However, the growth in grants from trusts and foundations to arts and culture organisations appears to have progressed behind the wider charitable sector. A study by the Association of Charitable Foundations estimates that grants made by the top 300 foundations in the UK, representing around 90% of the value of all foundation giving, grew by c. 11% between 2015/16 and 2016/17²⁸.

Arts and culture organisations have seen low double-digit growth in business investment over the last few years. By contrast, the wider charitable sector has seen declines in business investment over a comparable period, with corporate giving by the FTSE 100 companies declining from £2.1 billion in 2014 to £1.9 billion in 2016 (an 11% decline) as reported by the Charities Aid Foundation²⁹. However, this report only includes corporate giving from FTSE 100 companies that choose to report their corporate donations and may not be reflective of trends within the entire corporate sector.

Developments by artform

Change in private investment between 2015/16 and 2017/18 by artform is broadly consistent with growth seen across the sector (see Figure 16). Dance and combined arts,

²⁶ Respondents to the 2019 PICS survey that provided financial data for the 2015/16 and 2017/18 financial year (n = 596)

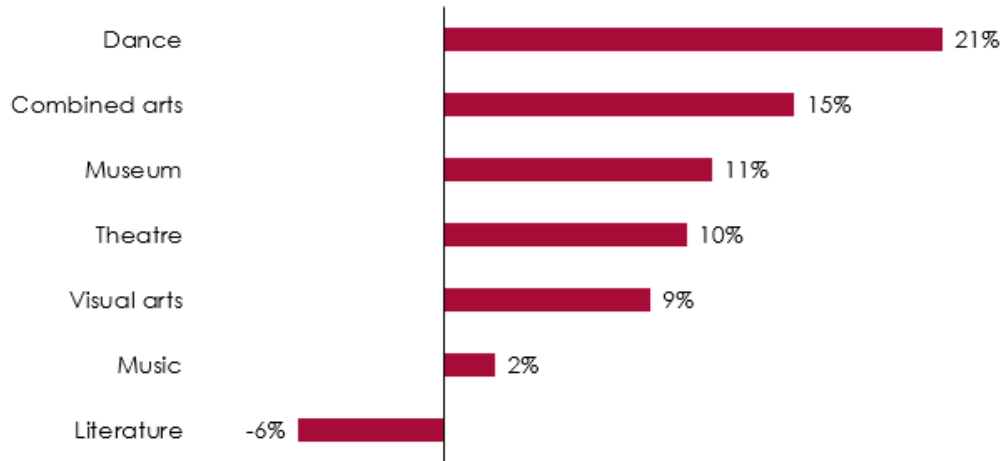
²⁷ Charities Aid Foundation, UK Giving (2019)

²⁸ Association of Charitable Foundations, Foundation Giving Trends (2018)

²⁹ Charities Aid Foundation, Corporate Giving by the FTSE 100 (2018)

the two artforms that have experienced the largest growth, are relatively small recipients of private investment, accounting for 9% and 3% of total private investment respectively.

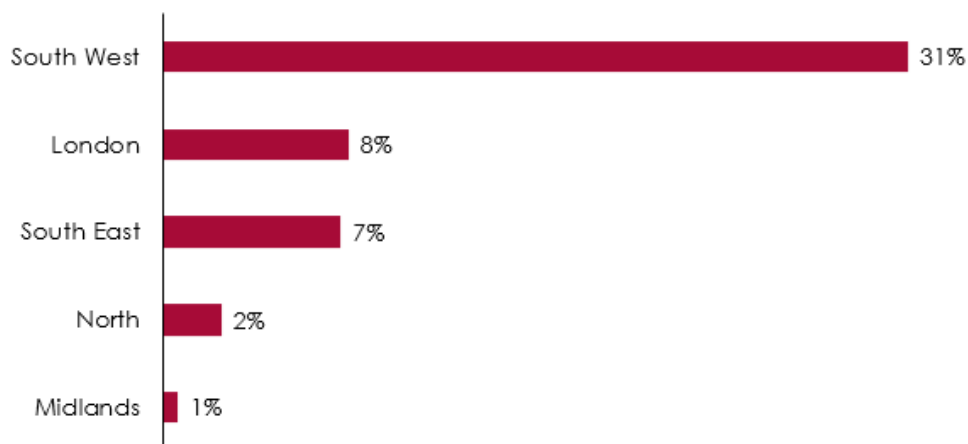
Figure 16: Change in private investment by artform, % (2015/16 – 2017/18)³⁰



Developments by region

Change in private investment between 2015/16 and 2017/18 by region is broadly consistent with growth seen across the sector (see Figure 17). Growth in the South West, the fastest growing region, was primarily driven by a handful of organisations seeing significant increases in private investment, potentially driven by large capital investment projects.

Figure 17: Change in private investment by region, % (2015/16 – 2017/18)³¹



³⁰ Estimated for the relevant universe of arts and culture organisations in England (n = 2,094). Libraries and organisations with no specific artform have not been included in this chart due to their relatively small scale

³¹ Estimated for the relevant universe of arts and culture organisations in England (n = 2,094)

9 Comparison with the 2016 PICS study

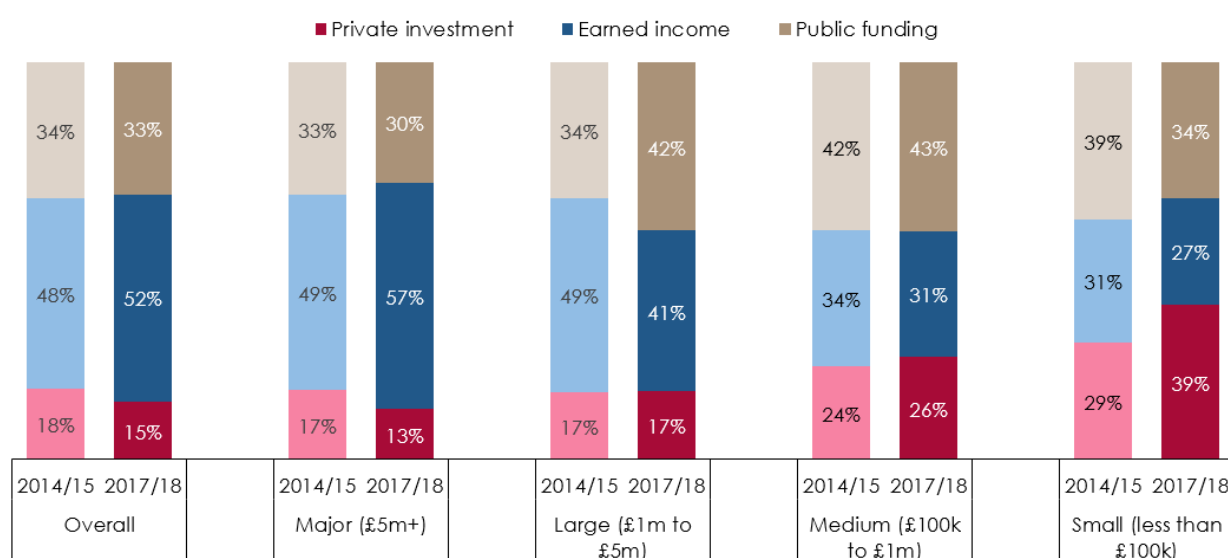
While this study employs the same methodology as the 2016 study, the respondent samples of the 2016 and 2019 surveys are different. As a result, any comparisons of the absolute sector-wide figures and growth rates between the two studies might be misleading and should be treated with caution. However, given the large number of respondents in both the 2016 and 2019 surveys, the analysis can draw meaningful conclusions about changes in the private investment mix received by an average arts and culture organisation and explore changes by organisation size, artform, and region.

This section provides a top-line comparison between the two surveys to demonstrate how the funding mix of an average arts and culture organisation has changed between the 2014/15 and 2017/18 financial years.

Total funding mix

For an average arts and culture organisation, earned income accounts for over half of their total income as public funding has declined relative to other forms of income (see Figure 18). When looking at changes by organisation size, the picture in 2017/18 is broadly similar to the one observed in 2014/15, with the key difference being the share of income generated by major organisations (with total income of more £5m) from earned income growing from 49% in 2014/15 to 57% in 2017/18. This is likely explained by their enhanced ability to establish and maintain sustainable commercial operations that require resources, skills and capabilities that are often less accessible to smaller organisations.

Figure 18: Total income mix of an average arts and culture organisation – breakdown by income type and organisation size, % (2014/15 – 2017/18)³²

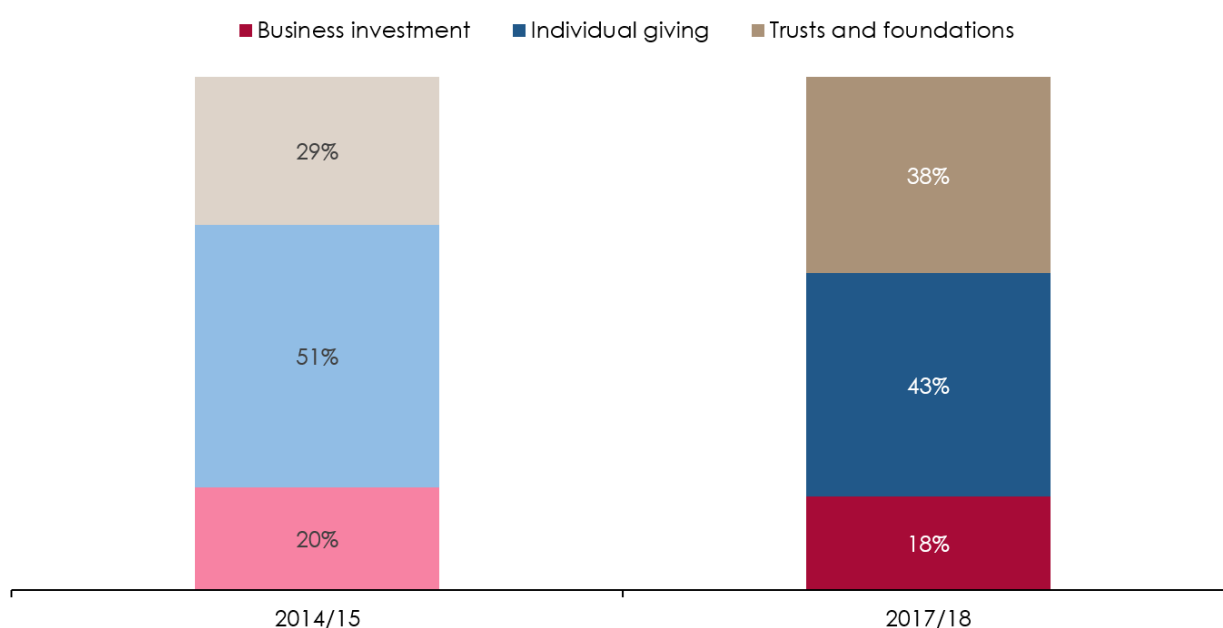


Private investment mix

³² Estimates for 2017/18 based on survey responses (n = 887); Estimates for 2014/15 are based on a larger sample of survey respondents (n = 1,287)

The balance between different forms of private investment has somewhat changed since the last PICS survey was conducted. For an average arts and culture organisation in England, individual giving remains the most significant form of private investment (see Figure 19), but its share in the overall private investment mix has slightly declined (43% of total private investment in 2017/18 compared to 51% in 2014/15). On the other hand, grants from trusts and foundations have grown in relative importance (38% in 2017/18 compared to 29% in 2014/15). This is perhaps unsurprising, because in the 2016 PICS study 55% of survey respondents said they expected to see growth in grants from trusts and foundations, and over half of these respondents expected it to grow by more than 10%. These figures were higher than for the other two forms of private investment: individual giving and business investment, where fewer respondents expected growth and the majority expected growth to be slower (between 2% and 10%). The share of business investment has remained broadly stable during this period, representing 18% of private investment in 2017/18 compared to 20% in 2014/15.

Figure 19: Private investment of an average arts and culture organisation – breakdown by form, % (2014/15 – 2017/18)³³



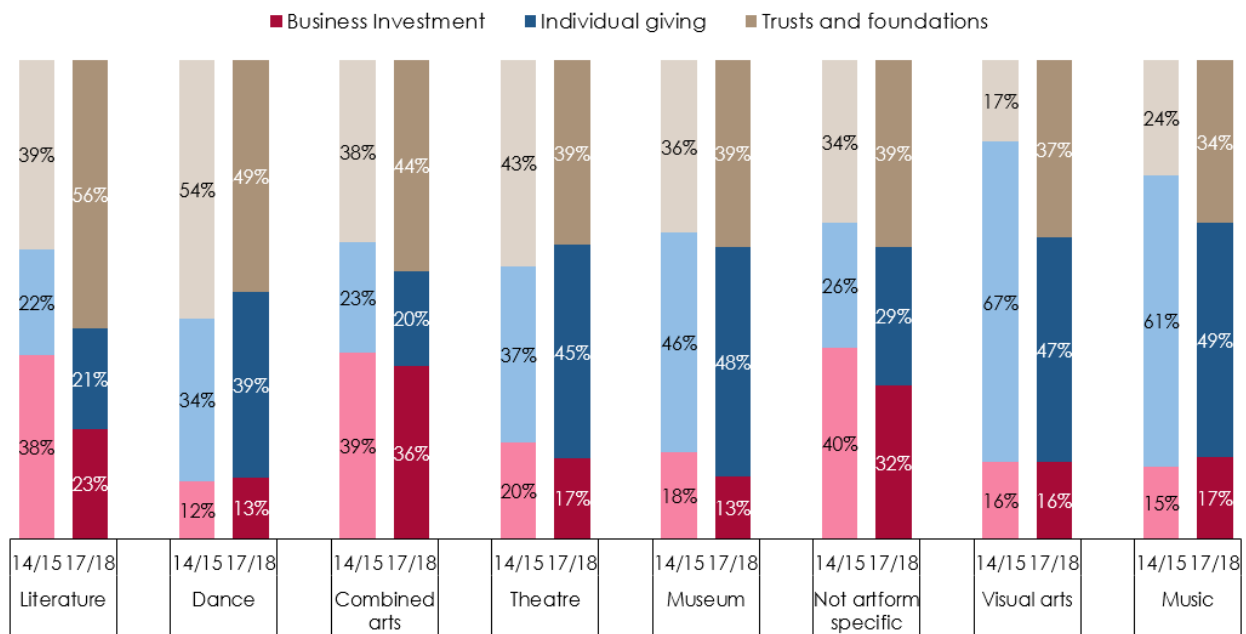
Private investment by artform

The increased reliance on grants from trusts and foundations between the 2014/15 and 2017/18 financial years is consistently observed among organisations in most artforms apart from those involved in theatre and dance (see Figure 20). In most cases, this has come at the expense of income from individual giving, while the share of income from business investment has remained broadly stable across organisations in different artforms.

³³ Estimated for the relevant universe of arts and culture organisations in England (2017/18 n = 2,094, 2014/15 n = 2,874)

Across both the 2016 and 2019 surveys, music, museum and visual arts organisations tend to receive the highest proportion of private investment from individual giving, as do theatres which in the 2014/15 financial year, relied primarily on grants from trusts and foundations. In 2014/15, business investment was the largest form of private investment for combined arts organisations and organisations that were not artform specific, it is no longer the largest form of private investment for any artform.

Figure 20: Private investment mix of an average arts and culture organisation – breakdown by category and artform, % (2014/15 – 2017/18)³⁴

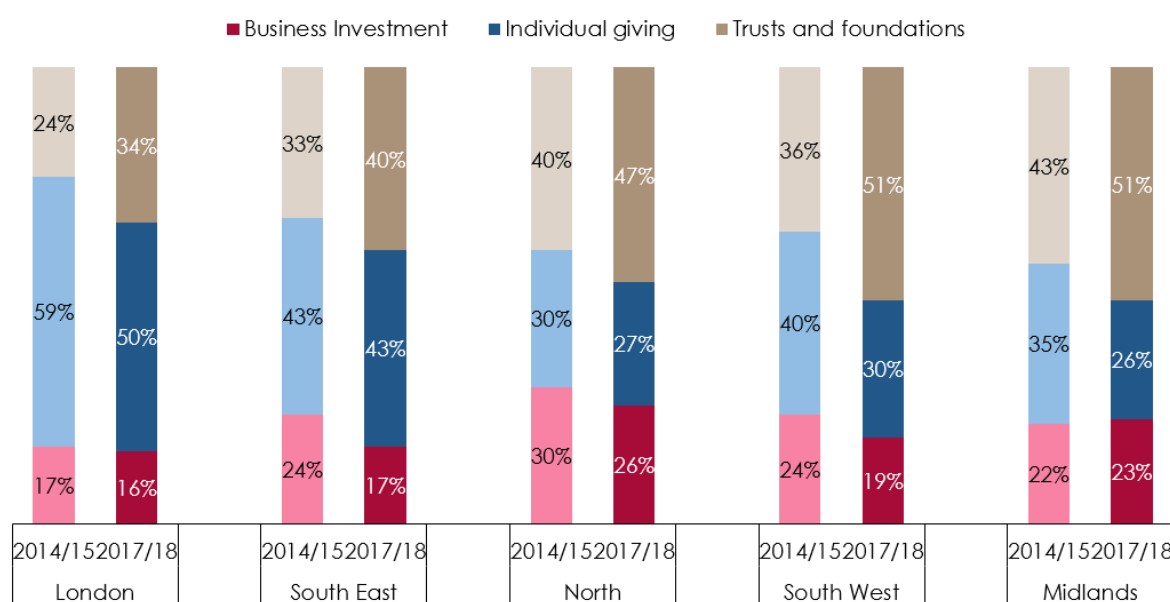


³⁴ Estimated for the relevant universe of arts and culture organisations in England (2017/18 n = 2,094, 2014/15 n = 2,874)

Private investment by region

On average, arts and culture organisations in all regions have seen an increase in the share of their income received from grants from trusts and foundations, while business investment has remained broadly stable in all regions (see Figure 21). Individual giving as a share of total private investment has either declined significantly (in London, South West, and Midlands) or remained stable (in South East and North). Between 2014/15 and 2017/18, an average London-based organisation has maintained its ability to derive a greater share of private investment from individual giving than those based in other regions.

Figure 21: Private investment mix of an average arts and culture organisation – breakdown by category and region, % (2014/15 – 2017/18)³⁵



³⁵ Estimated for the relevant universe of arts and culture organisations in England (2017/18 n = 2,094, 2014/15 n = 2,874)

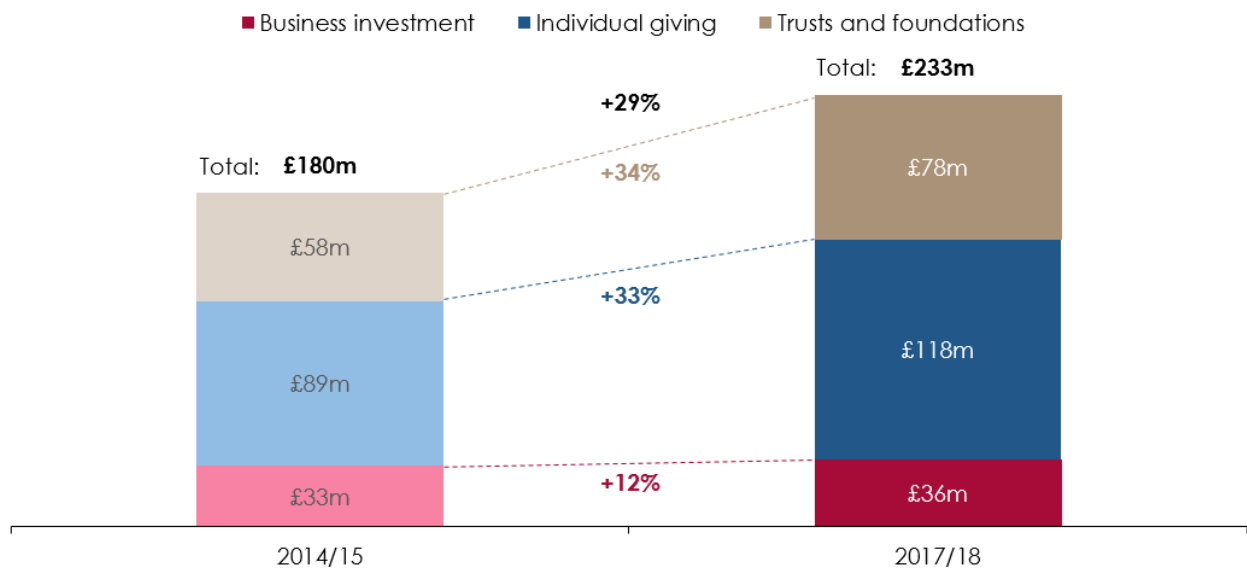
Like-for-like comparison of the 2016 and 2019 PICS survey results

A total of 672 arts and culture organisations responded to both the 2016 and 2019 PICS studies and/or submitted financial data to ACE for the 2014/15 and 2017/18 financial years. This data allows us to analyse the long-term changes in private investment within a consistent set of arts and culture organisations in England.

However, it is important to note that while these organisations account for just under a third of all arts and culture organisations included in this study, they are not representative of the overall sector: they constitute 43% of total private investment in arts and culture in the 2017/18 financial year, they tend to be larger organisations (34% of them are categorised as either major or large organisations, with total income of over £1m per year, compared to 22% of the overall sector), they have a history of sustainable operations over at least the last five years, and many of them receive long-term funding from ACE as a National Portfolio Organisation.

All of these factors are likely to explain why this subset of organisations has grown more rapidly (see Figure 22) than the overall arts and culture sector. However, despite these differences, the key conclusion from this analysis remains the same: private investment in arts and culture has seen sustained growth over the last few years.

Figure 22: Private investment in arts and culture by form, £m (like for like comparison of 2014/15 and 2017/18 survey responses)³⁶



Based on a smaller sample of survey respondents and represents a subset of organisations that have grown more rapidly than the overall sector

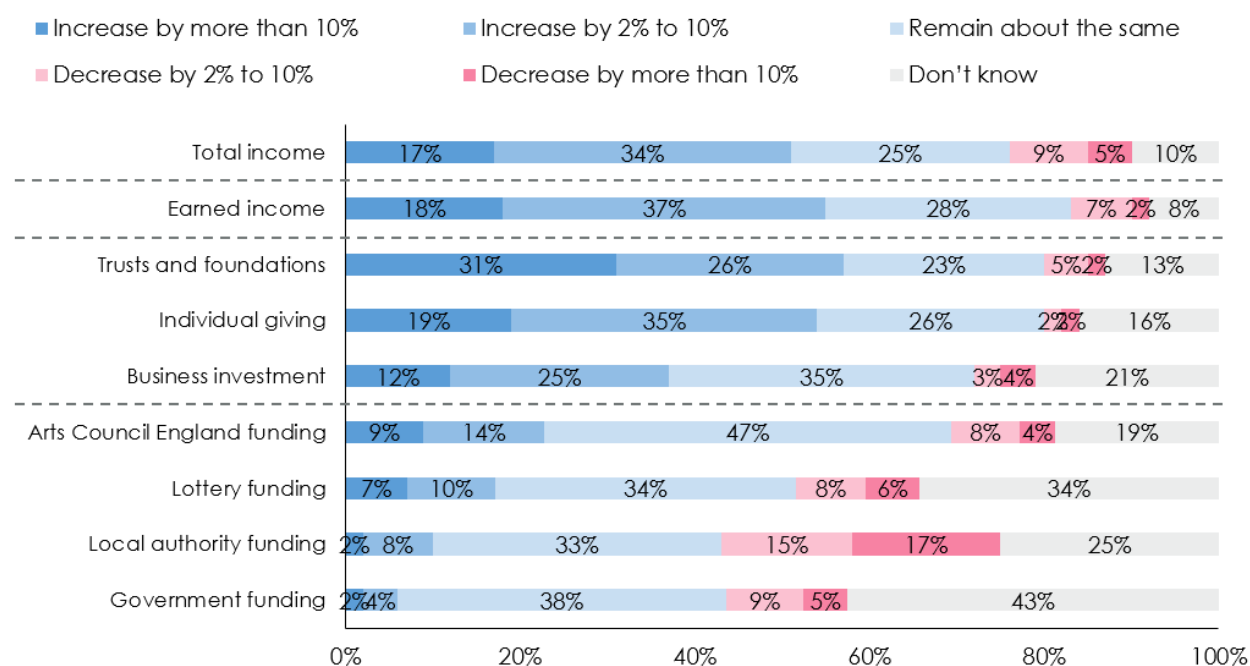
³⁶ Respondents to both the 2016 and 2019 survey and NPO financial submissions to Arts Council England (n = 672)

10 Future outlook

Overall, arts and culture organisations are feeling positive about the future, with **51% of respondents expecting their total income to grow over the next three years** (see Figure 23). This growth is expected to be driven by a range of income sources: most respondents (57%) expect growth in grants from trusts and foundations, followed by earned income (55%) and individual giving (54%), highlighting the increasingly important role that private investment plays in ensuring the long-term sustainability of arts and culture in England.

Expectations about the future growth in public sector funding are less optimistic. A large proportion of respondents either unsure about the level of lottery funding, local authority funding and government funding in the next three years or expecting them to remain about the same or even decrease.

Figure 23: Expected changes in overall income over the next three years, % of total³⁷

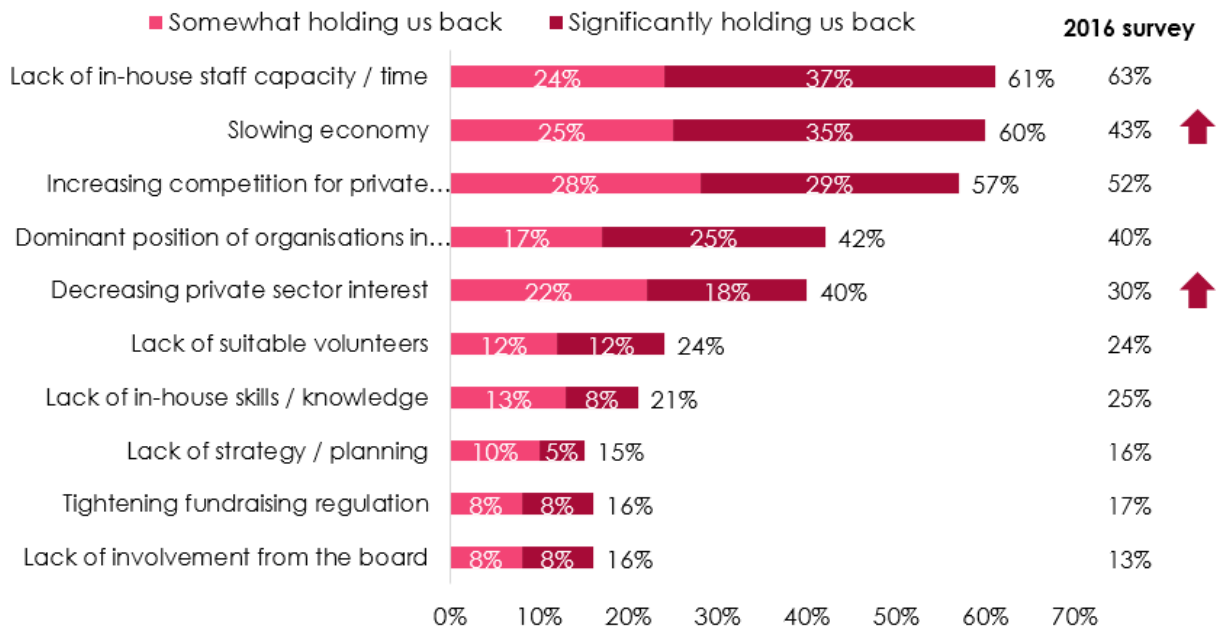


While feeling optimistic about future growth in private investment, arts and culture organisations do acknowledge that some factors may hold them back in their private funding activities (see Figure 24). Three broad themes emerge. Firstly, organisations believe that their staff do not have sufficient capacity or time to engage with private fundraising activities (61% of survey respondents cited this as an important factor). Secondly, a slowing economy and decreasing private sector interest are the third and fifth most significant factors restricting organisations' ability to raise private investment, and the two that are holding back a far greater proportion of survey respondents compared to the 2016 survey. Finally, increasing competition for private investment and

³⁷ Question: Over the next three years, how do you expect the funding received from the following sources will change? (n = 544)

the dominant position of organisations in London and other urban centres are seen as factors holding organisations back by 57% and 42% of respondents, respectively.

Figure 24: Factors holding organisations back in their private fundraising activities, % of total³⁸

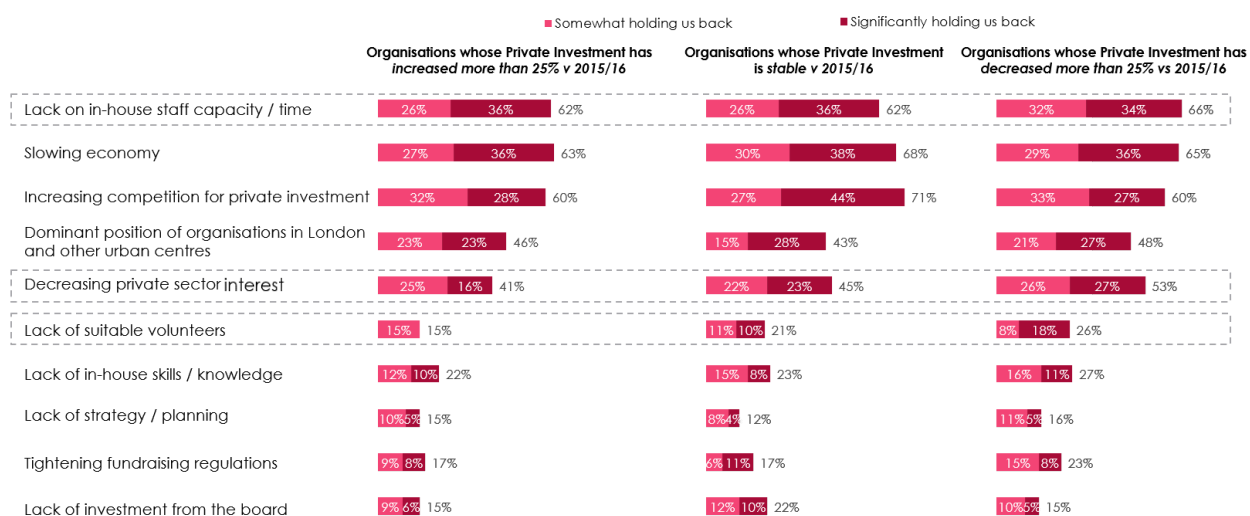


Red arrows indicate factors that have changed significantly on the 2016 PICS report

Organisations that experienced a decrease in their private investment in the last three years are also more likely to claim that they are held back by decreasing private sector interest, possibly reflecting the fact that they also felt less positive about the future of the economy (see Figure 25). Other areas of concern are a lack of in-house staff capacity / time and a lack of suitable volunteers, both of which represent more of a challenge among these organisations.

³⁸ Question: Over the next three years, to what extent do you see each of the following as factors that will hold your organisation back in its private fundraising aspirations? (n = 544)

Figure 25: Factors holding organisations back in their private fundraising activities, split by change in private investment between 2015/16 and 2017/18, %³⁹



Survey respondents were also asked to provide commentary about the concerns and issues they may have in relation to their fundraising activities. While a small proportion of respondents chose to provide comments, their answers have provided additional insight. The most common themes were related to the perceived negative impact on business investment as a result of the UK leaving the European Union, growing competition for funds from organisations based in London and other major organisations that attract high levels of private investment, and increased competition and stricter requirements when applying for grants from trusts and foundations.

Importantly, a recent report from the Charities Aid Foundation concluded that “economic events do not appear to have an impact on charitable giving [by individuals] in the UK”⁴⁰. With high levels of uncertainty about the economic environment over the next few years impacting business investment and potentially grants from trusts and foundations, the analysis by Charities Aid Foundation again underscores the importance for arts and culture organisations to develop capacity and skills to attract individual giving. This is particularly important among smaller organisations that currently receive a significant proportion of their private investment from businesses and trusts and foundations.

³⁹ Question: Over the next three years, to what extent do you see each of the following as factors that will hold your organisation back in its private fundraising aspirations? Organisations with an increase of 25% or more (n = 184), stable organisations (n = 101), organisations with a decrease of 25% or more (n = 73)

⁴⁰ Charities Aid Foundation, UK Giving (2018)

11 Appendix: Method

The sample

The Private Investment in Culture Survey 2019 received 889 responses from arts and culture organisations across England. It is important to note that the sample used is not directly comparable to that used by earlier Arts & Business surveys, for the following reasons:

- The study conducted by Arts and Business covered the whole of the UK, including Scotland, Wales and Northern Ireland, while this study is focused solely on England.
- The database used in this study was developed with the kind help of Nesta, which licensed its Digital Culture database to Arts Council England. The database was further expanded by inviting recent applicants to Arts Council's funding programmes to complete the survey.

The extrapolation method

The study used survey responses, financial data submitted to the Department for Digital, Culture, Media and Sport and the Arts Council of England as well as financial filings of arts and culture organisations to the Charity Commission for the 2017/18 financial year to establish the relevant universe of organisations for our analysis, estimated at 2,094 arts and culture organisations that have declared receiving some form of financial income according to at least one of the data sources used in the study. In order to estimate private investment across this universe of relevant organisations, we used the figures provided by the 889 survey respondents and extrapolated them. The extrapolation method relies on a similar approach to that adopted by Arts and Business in the original survey, and the one used in the 2016 Arts Council study, following a three-step process:

1. Assign all the organisations in the database that have not responded to the survey to a projected private investment band using revenue data from the Charity Commission.
2. For each private investment band, develop a benchmark private investment profile based on the averaged data from completed survey responses, taking into account the organisation's artform and region (based on data available in the database).
3. Use the benchmark private investment profiles to estimate the private investment received by those organisations that have not completed the survey.

The benchmark private investment profiles take into account the private investment band, region and artform of the organisation. Regions and artforms are aggregated to ensure statistically robust sample sizes.

This report also provides comparisons between the 2016 and 2019 PICS studies. Given the richness of the dataset that combines the two studies, there are multiple ways that the data can be analysed and presented. To ensure simplicity and clarity, the comparisons between the two studies presented in this report consistently focus on the latest financial

years covered in the respective studies (i.e. 2014/15 and 2017/18). While this study employs the same approach as the 2016 study, the respondent samples of the 2016 and 2019 surveys are different. As a result, any comparisons of the absolute sector-wide figures and growth rates between the two studies might be misleading and should be treated with caution. However, given the large number of respondents in both the 2016 and 2019 surveys, the analysis can draw meaningful conclusions about changes in the private investment mix received by an average arts and culture organisation and explore changes by organisation size, artform, and region.

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