



**Arts
& Business**
Northern Ireland

SOCIALLY INVESTING IN THE ARTS

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FOREWORD: BUILDING CHANGE TRUST

In late 2008, the Building Change Trust was established by the Big Lottery Fund with a National Lottery grant of £10 million as an investment for community capacity building and promotion of the voluntary and community sector in Northern Ireland.

This £10 million grant was made following the submission and acceptance of a proposal developed by the Community Foundation for Northern Ireland, Community Evaluation Northern Ireland, Business in the Community, Rural Community Network and the Volunteer Development Agency.

The Trust was established as and is an independent charity, registered with the Charity Commission for Northern Ireland and governed by a corporate Trustee with a Trust Board comprising 9 members.

In 2010 the Trust Board published “Investing in Social Change”, its strategy for 2010 – 2013.

In that we set out both how we would be distinctive through:

- doing more than grant making
- supporting Innovation
- learning and sharing
- a strategic focus on change

and at that early stage in our journey set out some initial programmes of work including a transformative grants programme with our original bid partners, our Exploring Change and Deliver Change awards programmes, a Partnership, Collaboration and Mergers support programme and details of plans for a permanent loan fund for the sector.

We highlighted then that “We recognise that now and in the future the sector will operate in a time of reduced and constrained funding and that innovation and changes in funding and financing arrangements are both inevitable and desirable. The Building Change Trust will invest in researching, exploring and learning from social investment developments in the rest of the UK and elsewhere with a view to informing future developments in Northern Ireland.”

We set aside £2 million of our £10 million for the social finance theme of our work.

In the intervening years since 2010, we have progressed and refined our strategy around social finance and, following on from an initial £1 million capital investment in Charity Bank’s operation locally, have focused on supporting and engaging with others to consider what actions need to be taken in Northern Ireland to support the development and use of social finance to enable its contribution to a strong, vibrant, independent and relevant voluntary, community and social enterprise sector locally that makes a positive impact on people and places. Social finance as a means and not an end in itself.

It has been reported recently that the Office for National Statistics has identified Northern Ireland as the most contented region of the UK. One reason suggested for this is that we have high levels of social capital – the links, shared values and understandings that enable individuals and groups to work together and trust each other.

It's surely the case that it's the voluntary, community and social enterprise sector that makes a key contribution to these higher levels of social capital and the not for profit arts sector plays a key role within that.

Imagine what sort of a society we would have without the dynamic and diverse not for profit arts sector, imagine a society without the raft of small festivals and arts events taking place the length and breadth of Northern Ireland, imagine no small scale and specialist theatre companies, imagine no venues of international stature, imagine no community cinema, film festivals and so forth.

Unimaginable indeed, even more unimaginable when we consider that the arts aren't just about entertainment - the critical role of provocative social comment and challenge, the contribution to regeneration, artistic endeavour for its own sake, the opportunity for us to reflect on who we are, the arts sector does all of those things.

At Building Change Trust we believe that the arts matter to Northern Ireland, that they enrich the lives of all of our people.

However, if that enrichment has a value, it also has a cost; the not for profit arts sector is acutely aware, perhaps more than any other part of the wider VCSE sector, of the challenge of reduced and constrained funding.

Given the centrality of the arts to our lives and the funding challenges emerging, we wished to make a practical contribution to the sector's future development and have been very pleased to partner with Arts and Business Northern Ireland to commission and finance this research looking at social investment in the arts.

Our purpose in commissioning this research was to investigate and uncover the potential of social investment to finance the activity of arts and cultural sector in Northern Ireland.

We were very pleased to appoint such an experienced and knowledgeable team comprising Margaret Bolton, Niamh Goggin and Pat McGinn and thanks are also due to the support staff of the Trust, the staff of Arts and Business and the input of the research advisory group.

The research is a thorough piece of work and it quite properly sets out the potential for social finance to support the sector in the context of the wider ecology of funding for the arts locally.

A financially resilient arts sector has to have a balance between public funding, independent funding and where appropriate and possible income generation by individual organisations.

This is the critical finding of the research and also the critical challenge.

A key and simple idea proposed in the research is that "that every funding/financing programme should leave funded organisations financially stronger, after the intervention."

We believe that this is absolutely the right principle and hope that all those with a stake in the future of the sector will be willing to meet and explore the key recommendations around development of the funding ecology and a resilience strategy including the development of a specific support programme for the arts sector with access to an appropriate ladder of different support and funding interventions.

At Building Change Trust our particular interest is in the potential of social finance to support both the wider VCSE sector and the arts and other sub sectors specifically.

Having made an initial £1 million investment to Charity Bank to develop their offer locally, we have been acutely aware of the need for more action on diversifying the social financing offer and the accompanying need for a focus on investment readiness activity across the sector. We were pleased to be able to bring a specialist investment readiness to Northern Ireland in the form of the Community Shares Ready Programme being delivered by Cooperative Alternatives.

The recently announced Department for Communities pilot investment readiness programme is to be welcomed as are plans for the new Community Finance Fund utilising the Northern Ireland dormant accounts.

At the Trust we have decided to take our own action, in collaboration with others, to support both specific action in the arts sector and the wider needs of the entire sector.

On the foot of this report we will continue to work with Arts and Business and will provide some resources to help turn the recommendations in this report into a development and operational plan for future support.

We are also pleased to announce a new collaboration with the UCIT (Ulster Community Investment Trust) who will from the 1 October 2016 be in a position to offer unsecured loans of up to £25,000 to arts and other VCSE organisations locally following an injection of capital funding from the Trust. Another rung on the ladder of funding and support.

We encourage you to read this report in its entirety, to reflect on its findings and its recommendations and to consider what action you might take to help ensure people and places in Northern Ireland continue to benefit from a not for profit arts sector into the future.

Bill Osborne

Chairperson

Building Change Trust

October 2016

FOREWORD: ARTS & BUSINESS NI

Arts & Business NI (A&B NI) are really delighted to partner with Building Change Trust to commission this research into the potential around social investment in the Arts. We appreciate the Trust's generous support in funding this project as working with the sector on entrepreneurial approaches to income generation is an important aspect of our work. Social finance is never going to be the silver bullet for the Arts in regard to an income source but, in the context of a changing operating environment and a broad funding ecology, we wanted to test the opportunity and the potential it might present. A&B NI has been working for over 30 years in Northern Ireland to help arts organisations prosper and businesses thrive. Our commitment as an organisation has always been to help sustain and strengthen the Arts; that purpose underpins everything that we do.

We passionately believe that the Arts are a fundamental part of how we function as a society. The power of the Arts lies in its ability to help us see things differently, to reflect our society and lives, to help us imagine, develop ideas and to bring people and communities together. The businesses we work with cite the important role of the Arts in defining Northern Ireland as a sophisticated business location and a place where people want to work, live and invest.

There is a real imperative for us all to look at how we work together to secure the future of a strong and culturally rich Northern Ireland. If we want to live in a society where excellent Art is accessible to all, then there will always need to be a mixture of public and private funding for the Arts.

Operating in a diverse and precarious public funding landscape has always presented challenges for the Arts, so constantly looking at diversifying income and being financially astute are necessities to running any cultural organisation. Anticipating and responding to changing environments and markets is critical to the sustainability of any business, cultural or non-cultural.

The artists and arts organisation that we work with every day do what they do with passion and purpose. The Arts are already hard-wired to looking at funding from a variety of sources. There are opportunities for diversification of income to the Arts from commercial and private investment sources, however the context of the environment in which the Arts operates, and indeed how Art is created, needs to be understood and supported if these opportunities are to be fully maximised.

If the Arts are to build long term financial sustainability then they need a secure core infrastructure that will allow them to invest in strategic fundraising. They need to feel confident that funders will support them in seeking to build reserves that will enable them to invest in future plans and have the time, resources and space to take artistic and calculated financial risks needed to explore and test new business models, artistic ideas and new products or services. These are factors that are critical to all areas of income generation and fundraising.

We already have a creative and entrepreneurial arts and cultural sector, but we want to work further with our arts and business partners to develop increased commercial entrepreneurship in the Arts in Northern Ireland. This research paper highlights the need to support the Arts sector to see the commercial and profit potential in their organisations, to develop a more non-profit distributing mentality – i.e. making profit with a charitable angle.

Part of our objective in working with Building Change Trust to commission this research was to help inspire and excite the sector to see how opportunities such as social investment, augmented with other non-grant finance, might support them to create the environment and space to use profit to support artistic experimentation. The ability to raise finance, void of grant restrictions, can help organisations to look forward, to look up and to dream big, in a way that grant finance may currently not allow.

We are also mindful of the emerging creative cultural businesses of the future entering a new funding landscape. A&B NI initiatives such as our Creative Internship programme supports the development of future cultural fundraisers, but how are we future proofing our sector and supporting young creative entrepreneurs to set up companies and grow and develop a sustainable business model. Yes, we will need public investment to support this but opportunities such as social finance, complimented by a suite of income sources,

will be critical in this new norm for these emerging companies.

A&B NI supports the findings and recommendations within this report. We commend Margaret Bolton, Niamh Goggin and their team, for the passion, expertise and insight that they brought to this project. They have clearly captured the essence of the issues within the Arts funding landscape and ecology; this reflects what we hear and observe in our daily work with our Arts partners.

We would like to thank everyone who engaged and contributed to this research. We are also grateful to our steering group for their advice and guidance throughout the process. We look forward to working with Building Change Trust and our Arts and private sector partners to respond to this report, and map out how we can help the Arts to navigate the pathway to increased commercial entrepreneurship, in a way that doesn't jeopardise or compromise artistic integrity, supports artistic practice and sustains growth.

Dr Joanne Stuart OBE

Chairperson

Arts & Business NI

October 2016

EXECUTIVE SUMMARY

Introduction

This report summarises the findings of a research project commissioned by Building Change Trust in partnership with Arts & Business Northern Ireland. The project was delivered by Small Change (N.I.) Ltd.

The research examined the funding and financing of not for profit arts organisations in Northern Ireland and how access to non-grant finance and in particular social investment might help arts and cultural organisations generate more of their own income and become more financially resilient. It included face to face interviews with funding and financing and arts umbrella organisations; an on-line survey of arts organisations which garnered 67 responses; three consultation events attended by 50 organisations and telephone interviews with a representative sample of 22 arts organisations.

Main findings

The not for profit arts and cultural sector in Northern Ireland predominantly comprises smaller and medium sized organisations; 88 per cent of the organisations responding to our survey had an annual income of less than £1m, when surveys of this kind are likely to have a response bias in favour of larger organisations. Many organisations have only one or a couple of full time staff members, often relying on part-time workers, freelancers and sometimes volunteers to deliver their programmes;

Arts and cultural organisations in Northern Ireland are very reliant on public funding at a time when this funding source is under significant threat. 59 per cent of the organisations in our survey reported public subsidy levels of over 75 per cent. Although some arts organisations have lost some or all of their funding over the last three years, standstill Arts Council NI (ACNI) funding has been the reality for the majority over the last five to six years. However, this means a significant real terms reduction.

This picture of stagnant funding needs to be put in context. There is a consensus amongst arts organisations in Northern Ireland that even before the economic downturn, there was a significant funding gap. This is for a number of reasons, not least that the population of Northern Ireland is relatively small and largely dispersed, which limits audience numbers and therefore the extent to which arts organisations can generate their own income. There is also a marked concern that social finance might be regarded as a replacement for public funds rather than as a complement to them, and a feeling that this is unrealistic given the financial fragility of many, if not most, arts organisations in Northern Ireland.

Within a context of stagnant funding and the constant threat of and necessity of planning for cuts, many have found it a struggle to maintain activity and to keep their organisations afloat. A number have responded by being creative and resourceful in their pursuit of alternative forms of support. However, despite the success or likely future success of these efforts, many have been forced to scale back their activities. Some reported employing fewer artists, cutting back on touring or scaling down their participation and engagement programmes.

Many organisations report that they have been “brutal” in cutting costs and are now operating on a shoe-string. Some have dipped into or are proposing to dip into reserves,

which are in any case less than adequate. These organisations recognise that highly creative and skilled staff and volunteers are perhaps their most important asset. However, some of the organisations that we spoke to expressed concern about retention because of very low salary levels and pay freezes that have lasted a number of years.

A key finding from this research is that current funding structures and models do not support organisational stability and impede organisational development and growth. Arts organisations identified a number of specific challenges:

- they struggle to raise adequate core funding;
- annual funding cycles make it difficult to plan and to develop their programmes;
- there is a perception that funders penalise organisations which hold reserves;¹
- very burdensome application and reporting regimes;²
- delays in decision making, and;
- the burden of making provision for proposed ‘in-year’ funding cuts.

Despite these barriers to the development of capacity to generate additional income, we found that arts organisations had an appetite for exploring new funding streams and using their creative skills to generate additional income. Crucially, they also understand that they possess a range of valuable tangible and intangible assets which could be more fully exploited to generate income. However, generally, arts organisations have very little awareness and knowledge of the various forms social finance takes and how they might use it to generate additional income from their assets. It appears that very few organisations have experimented with it in Northern Ireland. We discovered in our research only a small number of examples.

Many of the arts organisations contacted through the research expressed an interest in finding out more about particular forms of non-grant finance notably, community shares, angel investment and crowd-funding. By contrast there was some marked resistance to and scepticism about loan finance. This is understandable. Loan finance is only an option for organisations that can generate adequate and reliable revenue to cover repayments. The arts organisations we interviewed expressed concern about the security of their current funding position and about whether they would be able to generate the extra income needed to service loan repayments. Some emphasised how financially precarious their organisations were. However, those arts organisations that were interested in loan finance saw it a potential means of helping them realise their plans for capital projects, deal with cash flow problems or support their fundraising plans.

A number of the arts organisations who participated in the research are currently examining or engaging in raising funds from trusts and foundations and individuals and corporates. The general view of both arts organisations and the funding experts interviewed for the research is that there remains significant untapped potential in these funding sources but that there is a problem with access to the skills and experience to support such fundraising.

The larger organisations with more capacity tended to have given more time and attention to planning for income generation. A number of the smaller organisations

^{1 2} ACNI clarified in discussion on a consultation draft of this report that its policy is to help arts organisations to build appropriate reserves. It also noted it is undertaking a review aimed at streamlining its procedures, to include recommendations around grant applications and reporting processes.

participating in the research said that they did not have a relevant strategy or plan. They described themselves as completely overwhelmed by the day to day pressure of making funding applications, project delivery and project reporting.

In the consultations, arts organisations described a number of future opportunities for income generation, both some specific to their particular organisations and others which might be a focus for collaborative efforts to lever addition income into the arts and cultural sector. They mentioned: community share issues and 'angel' schemes; changes in local government and in procurement, which will create openings for arts organisations to deliver local services. These opportunities included services which achieve health and well-being outcomes and the potential of digital technologies to improve marketing and build audiences.

The arts organisations consulted recognised that capacity building would be required to support greater entrepreneurialism. They suggested for example, that support on contracting and commissioning, on pricing strategies and on leveraging collaboration with other organisations seeking to achieve similar goals would be very valuable. Our view, based on the research, is that there is also a need to increase strategic financial management capacity amongst arts organisations i.e. the capacity to model the likely income and cost implications of different income generating options. Another issue that merits attention is the development of board and trustee vision and expertise, particularly in relation to risk and investment readiness. Some arts organisations at the consultations referred to boards being resistant to change and committed to maintaining existing operating patterns despite this posing a significant threat to viability

Some of the organisations that we spoke too also described the support they would most welcome in the future. Smaller organisations in particular said that they needed to be able to free up time to dedicate to strategy and planning for income generation and welcomed the idea that small grants might be provided to buy extra administrative support to achieve this. A couple of organisations also referred to the need for seed-corn funding to support business development.

Conclusions and recommendations

1. The main funders of the arts in Northern Ireland should be convened to consider how their funding policy and practice is supporting the financial stability and longer term resilience of the arts and cultural sector. There is a US model of funders, both public sector and independent, collaborating to develop a resilience or capitalisation strategy for the arts organisations in their locality and we believe that this approach could be considered for Northern Ireland.

2. Our contention is that in addition to changes in the ecology of support for arts organisations in Northern Ireland, a specific capacity building and investment scheme is needed.

Our research suggests that a new capacity building scheme should be based on:

- a thorough diagnosis of organisational assets and organisational capacity to exploit them;
- the offer of assistance across the income spectrum
 - for many organisations, investment in fundraising may be a much better option than investment in a new venture;
- an understanding of organisational mission and ethos

- clarity that developing mission-aligned ventures generally takes more time and thought than non-mission-related activities;
- attention to common themes and issues which organisations might more effectively tackle in collaboration with others rather than as sole agents;
- an understanding of the development trajectory of new ventures and that support, generally of different kinds, is needed at each stage;
- one-to-one mentoring and support to provide organisations with consistent encouragement and advice
 - this emerged in the telephone interviews as an important feature of any scheme.

The foundation of the scheme would be awareness raising seminars and financial skills training to support financial modelling. Awareness raising seminars might introduce the training and test the willingness of individual organisations to engage with the approach, while the training itself might be delivered progressively, in three stages. There is some evidence to suggest a link between progressive investment readiness support and the take up of social finance

Another core element should be an ‘incubator’ which supports arts organisations through the progressive stages of development of new commercial ventures from prototyping to launch and which brokers access to the specialist technical support needed at the different stages (which will vary depending on the venture). It is envisaged that only a small number of arts organisations in Northern Ireland would initially be ready for such an approach. However, the financial planning training and the mentoring provided through the process would be designed to prepare organisations for this approach.

Our research suggests that arts organisations developing a robust and viable plan for generating additional income will need financial support to enable them to make it a reality. Our view is that this financial support should take a number of different forms:

- small seed-corn grants to help arts organisations explore the feasibility of and undertake development work on proposed new ventures or to develop plans to generate additional income from existing activities.
- grants, loans and quasi equity investment to support the roll out of new products or services which have been prototyped and tested.

A new fund should therefore be established. This fund should have a number of specific characteristics including: it should be a hybrid with grants provided alongside loans and quasi equity and it should provide financing for projects across the income spectrum. It should not compete with existing social investment providers, but should invest in higher risk and early stage projects which may not be backed by assets to provide security.

In summary, our recommendations are that:

1. The Department for Communities in Northern Ireland should prioritise building the financial resilience of organisations in its new 10 year strategy for the arts and culture. It should also provide corner stone funding, together with the Arts Council Northern Ireland, for a new capacity building scheme aimed at supporting arts and cultural organisations to grow their strategic financial management skills and develop new initiatives to generate additional income. A number of trusts and foundations with a UK remit and an arts focus are interested in supporting such a capacity building

programme provided that the public sector gives some priority to the issue of financial resilience and is prepared to invest.

2. A&B Northern Ireland should convene the Department of Communities, Arts Council Northern Ireland (ACNI), interested trusts and foundations, Big Lottery Fund and other key organisations in order to co-design appropriate capacity building support based on their collective learning from previous work (including early learning from ACNI's new Sustainability Fund) building on the outline provided in this report. A key element of this support, building on previous Arts & Business Northern Ireland initiatives, is likely to be high quality pro bono private sector involvement.

3. Consideration is being given to using unclaimed assets from dormant accounts in Northern Ireland to support a new hybrid grant loan fund for voluntary organisations. We fully support the establishment of this fund and recommend that voluntary organisations whose primary purpose is artistic or cultural should have access (alongside organisations whose purposes are primarily social or environmental).

4. Finally, we recommend that those supporting the capacity building element of the programme and those leading on the grant and loan elements work closely together in order to ensure that the arts organisations they engage with receive high quality, consistent and seamless support enabling them to achieve their ambitions, financial, artistic and social.

INTRODUCTION

This report summarises the findings of a research and consultation project commissioned by Building Change Trust in partnership with Arts & Business Northern Ireland. The project was delivered by Small Change (N.I.) Ltd (Margaret Bolton, Niamh Goggin and Pat McGinn). The research builds on previous work by the Building Change Trust and others on social investment in Northern Ireland and appropriate product development and on Arts and Business Northern Ireland work supporting a range of arts organisations with income generation.

Arts & Business Northern Ireland

Arts & Business Northern Ireland's arts remit covers the performing arts, literature, visual arts and crafts, museums, libraries, heritage and film. They have almost 30 years' experience in driving dynamic collaborations between both the arts and business sectors in Northern Ireland. They work with private sector businesses to help them find arts based solutions to business challenges and help strengthen the arts by connecting them with business and facilitating improved business skills through their mentoring and board matching programmes. Via their training, advice and support they build confidence and skill within the arts in the area of fundraising and income generation. At the heart of their work is the belief that the arts have the power to transform and change lives on both an individual and corporate level.

Building Change Trust

The Building Change Trust was established by the Big Lottery Fund in 2008 with a National Lottery grant of £10 million as an investment for community capacity building and promotion of the voluntary and community sector in Northern Ireland. The Trust supports the community and voluntary sector in Northern Ireland through the development, delivery of, and learning from a range of programmes including commissioned work, awards programmes and other interventions. Their resources are used to support the community and voluntary sector to achieve more and better collaboration, increased sustainability and to be a learning sector which identifies, shares and acts on lessons of others' actions. This work is carried out across 5 overarching thematic areas: Collaboration, Social Finance, Social Innovation, Inspiring Impact, and Creating Space for Civic Thinking.

Small Change (NI) Ltd

Small Change was established in 2005 and is a social investment, social enterprise and local economy consultancy based in Northern Ireland. It has provided research, analysis, evaluation services and advice to a wide range of clients including Local Trust, Lankelly Chase Foundation, the Institute for Voluntary Action Research, the Charity Commission for England and Wales, Barclays and Deutsche Bank.

Small Change would like to thank Arts & Business NI, Building Change Trust, members of the Steering Group (listed at Annex 1), participants at our consultation events, respondents to the online and telephone surveys, those we interviewed and the Arts Council for Northern Ireland for making data available.

The research examined:

the financial position of not for profit arts organisations in Northern Ireland;
the current issues and challenges in the funding environment for arts and cultural organisations;
the appetite of arts organisations for non-grant finance and in particular, the potential that exists for social investment and its use in building more financially resilient organisations (see the box below for definitions of key terms);
how investment ready the arts and cultural sector is and what support organisations would need to take such finance.

This report summarises the findings from the research.

Definitions

Social investment/social finance is repayable finance used to achieve a social as well as a financial return. It comes in different forms including loans, quasi equity (here the financial return is based on the success of the project or venture) and community shares.

Non-grant finance - covers social investment, corporate sponsorship and raising money from individuals including through crowd funding.

Financially resilient organisations - organisations that are able to weather financial storms such as the loss of a funding stream and to take advantage of opportunities that emerge to develop their work. This requires diversified income sources, adequate reserves, financial capability and strategic financial planning.

The research comprised a literature review, 14 face to face interviews with funding and financing and arts umbrella organisations; 6 interviews with arts organisations with potential or actual social investment projects, an on-line survey of arts organisations which garnered 67 responses; three consultation events attended by 50 organisations and telephone interviews with a representative sample of 22 arts organisations. We also benefitted from the wise advice of a steering group comprising representatives from sector support organisations and funding bodies. (Annex 1 provides further details of the research and consultation that has informed this report).

One of the main findings from our research is that current funding structures and models do not support organisational stability and impede organisational development and growth. Arts organisations therefore report frustration and inability to achieve their artistic and social ambitions and therefore to maximise their full potential. This report, consistent with the brief, examines how social finance, in its various guises, together with capacity building support, might be used as a tool to help arts organisations generate more of their own income and thus become more financially resilient and better able to achieve their ambitions. (See the box below which describes our vision for the project).

Our vision for our project – socially investing in the arts in Northern Ireland

Our vision is of a system which seeks to build financial resilience in arts organisations, which encourages them to be entrepreneurial, to generate non-grant income and to build reserves. These are needed both for the purposes of contingency and for research and development to support their artistic practice and income generation. This will support the sustainability of our heritage, cultural and artistic resources, ensuring a lasting legacy for future generations, through a civically engaged, international, vibrant, progressive arts and cultural ecology which contributes to a more cohesive society.

Our vision, more specifically, is of a system in which public funding of the arts can be balanced by other investments from independent organisations, collaborating to support the development of financial resilience in the arts sector augmented, where appropriate and possible, by the generation of additional income.

This report majors on the funding structures, investment models and capacity building support that arts organisations need to achieve financial resilience but we recognise that the work proposed in these areas needs to be in lock-step with work on collaboration, quality and impact practice. Collaboration is necessary to build a vibrant arts and cultural ecology. Quality and impact practice require arts organisations to be able to report robustly and on the basis of evidence, on the outcomes and the impact they achieve. The capacity building and investment solutions we propose in this report also need to build on and develop existing strong work in the sector on capacity building for income generation.

BACKGROUND AND CONTEXT

Public funding in its various forms provides a significant proportion of the funding, especially the core funding, available to arts organisations in Northern Ireland. Particularly important is government funding distributed through the Arts Council Northern Ireland (ACNI).

In recent years the amount of government funding available for the arts in Northern Ireland has declined significantly. However, stringent efforts have been made to insulate grants budgets from the cuts. In 2014/15 the ACNI had its budget cut in-year by 4.4 per cent. For 2015/16 its budget was reduced by 11 per cent and additional in-year cuts of 8 per cent were threatened. However, in both years ACNI trimmed its own costs and used lottery funds to ensure that the majority of organisations received standstill funding. For 2016/2017, although another cut was predicted, the grants budget is again likely to remain stable taking into account lottery funding.

Although some arts organisations have lost some or all of their funding over the last three years, standstill ACNI funding has been the reality for the majority of arts organisations in Northern Ireland over the last five to six years. This means a significant real terms reduction.

This picture of stagnant funding needs to be put in context. There is a consensus amongst arts organisations in Northern Ireland that even before the economic downturn there was a significant funding gap. This is for a number of reasons, not least that the population of Northern Ireland is relatively small and largely dispersed, which limits audience numbers and therefore the extent to which arts organisations can generate their own income. It is also the case that audiences for some arts forms,

(theatre was mentioned), are significantly lower than in the rest of the UK. (Northern Ireland has by far the lowest level of theatre attendance per head of population, averaging 15.9 attendances per 1,000 compared to 31.4 for the UK as a whole).

Concern has also been expressed about a lack of equity in public funding levels across the UK. Northern Ireland lags behind the rest as regards central government funding for the arts. A comparison with Arts Council England³ shows that it spends more than twice the amount per capita as is spent in NI. The level of public funding for the arts in the Republic of Ireland, despite quite significant cuts over recent years, is also much higher per capita than in Northern Ireland.

A number of the organisations that we spoke to in our research pointed to either historic underfunding or a marked core funding gap and the need for continued support from the public sector to at least the same level. There was some anxiety that social finance might be regarded as a replacement for public funds rather than as a complement to them, and a feeling that this was unrealistic given the financial fragility of many, if not most, arts organisations in Northern Ireland.

Another issue that needs to be taken into account is the composition of the not for profit arts sector in Northern Ireland. There are relatively few large arts organisations in Northern Ireland. For example, there are only nine organisations in the ACNI portfolio with an annual income of over £1m. Further, while comprehensive research or analysis is not available, it is believed that the sector comprises a very large number of small and community based organisations. 26 per cent of the organisations who responded to our survey had an income of between £20k and £100k; 88 per cent had an income of less than £1m.

A significant proportion of the organisations we spoke to for the research, including those with turnovers of up to £400k, had only volunteer or one or two members of staff; often one full timer was supported by a few part-timers, freelancers or staff members on a rolling redundancy notice. In these instances, the large majority of expenditure was on production rather than core costs with the latter pared to a bare minimum.

These sector characteristics will obviously need to define the approach taken to helping arts organisations in Northern Ireland become more financially resilient. For example, smaller organisations are a vital part of the arts ecology and need to have access to a range of skills and expertise, including fundraising, marketing, administration, financial management and governance.

³ Arts Council England: National Portfolio Organisations and Major Partner Museums: Topline Tables 2014/15

PART 1 WHAT DOES THE RESEARCH TELL US?

What is the financial position of the not for profit arts and cultural organisations in Northern Ireland?

“The whole cultural sector is running on fumes”.

A mid-sized arts organisation interviewed for the research

Generally, arts organisations in Northern Ireland are financially fragile. This is due to a number of factors, most notably that they are heavily dependent on public funding. The organisations completing our on-line survey received on average around 58 per cent of their total income from the public sector. 59 per cent of organisations responding (20 out of 33) were in receipt of a level of subsidy equivalent to more than 75 per cent of their total income.

Many are also failing to break-even or generate much of a surplus. 42 per cent of organisations (14 out of 33) responding were in deficit or breakeven in their last reported financial year. 82 per cent generated a surplus of less than £20k or were in deficit. This helps to explain why many do not hold adequate reserves.

In our follow-on telephone interviews, we asked arts organisations about their reserves. Most of the 22 organisations we spoke to said that they did not have reserves totalling three months' expenditure (normally regarded as the minimum required for an orderly closure). A few said that they had had to raid their reserves over recent years and were now considering how they might rebuild them.

A small number of organisations referred specifically to the need to build reserves to cover the future cost of maintenance and repair of buildings, which have been neglected, and to support research and development for their creative programme and income generating activities.

Of the 29 organisations who responded to a question about the value of their assets, 15 or 51 per cent had assets valuing less than £50k, while only 2 (7 per cent) held assets, in the value of a building, worth more than £1m.

A comparison with ACNI data

Analysis of the ACNI financial data for their portfolio of 110 funded organisations for 2014/2015, indicates that 54 per cent of income was received from the public sector, compared to 39% earned income and 7% contributed.

The data also shows that on average small organisations (those with an annual income of under £100k) in 2014/2015 were in deficit at the end of the year by around £3k. Medium sized organisations (£100k to £1m) were on average in surplus by just over £7k, while large organisations (over £1m) were on average in deficit by £4,566. The average overall for 110 organisations was a surplus of nearly £4k.

A comparison of ACNI core funded organisations over the five years between 2011/12 and 2015/16 indicates that average income for the entire portfolio has fallen from £491,328 to £488,766. Corresponding expenditure has increased over the same period by 4%. Average surpluses in 2011/12 were nearly £28k, contracting to just over £8k in 2015/16.

Average grant income levels (excluding ACNI subsidy) have increased over the five year period by a quarter from £80K to £100K, although the last two years have seen a reduction from a high of £132K in 2013/14. Grant dependency has remained high with, on average, 42% of income being sourced from the Arts Council each year.

The ACNI survey does not collect data on the value of assets or the level of reserves.

Within a context of stagnant funding and the constant threat of and necessity of planning for cuts, many have found it a struggle to maintain activity and to keep their organisations afloat. A number have responded by **striving to be even more** creative and resourceful in their pursuit of alternative forms of support. However, despite the success or likely future success of these efforts, many, have been forced to scale back their activities. Some reported employing fewer artists, cutting back on touring or scaling down their participation and engagement programmes.

Our research gives the impression of a sector that has been and is continuing to be 'hollowed out'. A proportion of arts organisations have, with regret, laid off staff and volunteers, while others have sought to increase the involvement of volunteers. Some report that they have been forced to reduce marketing budgets and are concerned about the likely impact on audiences. Others indicated that they had been forced to reduce the time spent on fundraising. Others said that they had reduced spending on building maintenance, in this way simply deferring expenditure that needed to be made.

Many organisations report that they have been "brutal" in cutting costs and are now operating on a shoe-string. Some have dipped into or are proposing to dip into reserves, which are/were in any case less than adequate.

Arts organisations in Northern Ireland recognise that highly creative and skilled staff and volunteers are perhaps their most important asset. However, some of the organisations that we spoke to expressed concern about retention because of very low salary levels and pay freezes that have lasted a number of years. A few referred to being unable or finding it very difficult to contribute towards pensions. One mentioned that a staff member paid for part time hours but who works full time and another referred to a need to work evenings and weekends to keep the organisation afloat. One commented that the organisation had cut its fees to artists. It seems clear that both staff and artists are subsidising organisations and masking the real cost of arts provision.

Some of the larger organisations that we spoke also referred to working very hard to maximise income from ticket sales/audiences more generally. However, reference was made to the fact that given a relatively small population, self-generated income of this kind has limits.

What are the current issues and challenges in the funding environment?

The strong impression gained from the research was that over the last three years, since cuts in public funding have been mooted, arts and cultural organisations in Northern Ireland have sought to further diversify their income. However, they identify a number of issues or challenges in the funding environment which make it difficult for them to develop the capacity to generate additional income and become more financially resilient:

Core and project funding

Arts organisations in Northern Ireland report that they often find it a struggle to raise adequate core funding to support their work. Many are seeking to include a proportion of core costs in project budgets as a means of covering rent, utilities and the salaries of admin and other core staff. A general lack of support for core costs makes it difficult for organisations to invest in developing their capacity to generate additional income.

Short funding cycles

Some organisations referred to the problems caused by annual funding cycles and the need for multi-annual funding (which is provided by some funders including Belfast City Council). Annual funding makes it difficult to plan and limits the ability of organisations to generate income. They are unable for example, to commit to and promote work on touring circuits before they are certain that they will be able to generate all the funding needed to mount a production.

Funder attitudes to reserves

The perception is that arts organisations that held reserves were penalised by more severe cuts in their public funding. (However, see comment in the box below). This has discouraged many from seeking to make surpluses and build reserves over time to cover the costs of an orderly wind-down, the necessary repair and maintenance of buildings and equipment and to support research and development for new artistic product and income generation.

Funder attitudes to income generation

Some organisations reported that they are required to spend all the surplus income that they generate through projects supported by public funds within the same year. Their understanding is that they will otherwise suffer an equivalent reduction in their grant for the following year. Again, the message being received is that surpluses are a bad thing and that organisations should match their expenditure to their income.

Bureaucracy - applications

There is clearly a view that the application processes for public funding are burdensome. Reference was made to having to fill in long and complex application forms for very small amounts of funding. One organisation reported that they spend a month every year filling in their ACNI application. (However, see comment in the box below).

Delays in decisions and changes of mind

Arts organisations report that they often have not heard the outcome of public sector funding decisions until after the start of the relevant financial year. They also report that proposed 'in year' funding cuts, announced but fortunately not implemented, caused them, for example, to make staff redundant, measures which, it was too late to reverse when the reprieve came.

Bureaucracy – monitoring and reporting

Some public sector monitoring and reporting requirements also place a heavy burden on arts organisations. They suggest that the rules have become more burdensome, and require them to account for the money spent to a much greater level of detail for example, through submission of itemised telephone bills.

ACNI is undertaking a review with the aim of streamlining its procedures. The review will make recommendations aimed, amongst other things, at cutting down bureaucracy and speeding up grant decisions.

ACNI also clarified in discussion on a consultation draft of this report that its policy is to help arts organisations to build appropriate reserves.

As well as specific challenges in the way in which public funding is structured and organised, the arts organisations raised the following issues relevant to funding, which were exercising them, as they sought to explore how they might generate additional income.

Mission drift

Some of the arts organisations participating in the research expressed concern about mission drift. One explained that work on engagement and participation has, as a result of the mooted cuts and a re-orientation in public funding, now become central to its strategy. While this might be regarded positively, the concern, echoed by a number of those we spoke to, is that engagement and participation activity should have at its root excellence in artistic practice. If funding for the latter disappears, the former will wither.

Collaboration and competition

One organisation raised the issue of collaboration and competition. They had been pondering how their income generating activities might impact on other arts organisations working to promote the same art form in the locality. For example, if they developed studio space for rent for classes, rehearsals etc., this would be likely to reduce the income of one of their partner organisations who already provided rentals. The implication being that policy and practice development needs to be based on a recognition that arts organisations are operating within a very fragile eco-system.

Lack of skilled fundraisers

Having given some consideration to their options, a proportion of organisations have identified trusts and foundations as an important potential source of support for them in the future. Some have already had success in raising both core and project funding from trusts and foundations. However, many report that there is dearth of personnel in Northern Ireland with skill and expertise in raising funds from trusts and foundations. While other capacity issues were identified through the research (these are discussed below), this issue appears to be an immediate concern for a number of arts organisations.

What's the appetite for non-grant finance?

Our research indicates that there is amongst arts organisations:

- an awareness that change is necessary, 'business as usual' is not an option and that they need to develop their capacity to generate additional income;
- an appetite for exploring new funding streams and using their creative skills to generate **more** additional income; and
- an understanding that they possess a range of valuable tangible and intangible assets which could be more fully exploited to generate income.

However, it also suggests that the picture as regards attitudes to non-grant finance is quite complicated. Generally, arts organisations in Northern Ireland have very little

awareness and knowledge of non-grant finance, the various forms it takes and how they might use it to their benefit. It appears that very few organisations have experimented with it in Northern Ireland. We discovered in our research only a small number of examples (see the box below which provides two of these).

Examples of arts organisations in Northern Ireland accessing non-grant finance

Strand Arts Centre had been struggling with 35mm projectors, which cannot show modern films. It was essential to upgrade, for better choice of films and to maintain and grow footfall. They needed to buy new projectors but as a new social enterprise without assets, they needed a supportive lender. Ulster Community Investment Trust provided a £40,000 loan over a seven-year term. The loan is secured on the projectors. They decided to work with UCIT as they felt their approach was flexible in response to business conditions. In the last six months, cinema attendances and shop sales are both up substantially and work has begun on refurbishing the foyer and bringing other parts of the building back into use.

Sticky Fingers Arts Centre identified a need within the Newry area to provide a space for children to have access to arts and creative play experiences as Newry is a recognised cold spot for arts development. The ethos of the art house is based on every child having a right to access arts and cultural experience and the right to play. In order to contribute to running costs, support projects and attract in parents and children, they wanted to fit out a coffee shop and space for play and activities, but couldn't raise grant funding to pay for it. Ulster Community Investment Trust provided a £25,000 loan for pay for furniture, fittings and stock over a five-year term.

Without UCIT's funding, the Art House could not have opened. Once it was up and running for six months, BBC Children in Need came forward to fund the facility. Profit from the coffee house helps to pay for projects.

Annex 2 provides more detailed case studies.

The majority of respondents to the on-line survey had never sought investment (14 out of 21). Only 4 said that they had already benefitted from social investment, 1 from angel investment and 2 had taken out a commercial loan. The majority (57%) of organisations responding to the survey say that they don't understand social or non-grant finance. (See the box below for more on attitudes to non-grant finance).

Attitudes to non-grant finance including social investment

21 out of 29 organisations responding to the on-line survey said that they would be happy to consider non-grant finance. This increased to 26 out of 28 if the investment supported mission. While, 18 out of 29 responding wondered if they were too risky a prospect for this form of investment and 18 out of 29 had concerns about their ability to repay.

In answer to a different question, arts organisations identified a number of specific barriers to use of non-grant or social finance: concern about whether they would be able to generate extra income (8), anxiety about the security of current funding (7), board caution (6), a lack of assets for security (3), lack of confidence about repayment (3). 6 said that other reasons would deter them, while the largest number 12 said simply that they had never considered such finance.

Many of the arts organisations contacted through the research expressed an interest in finding out more about particular forms of non-grant finance notably, community shares, angel investment and crowd funding. A number were familiar with, and a couple had experimented with, crowd funding based on an Arts & Business Northern Ireland crowd funding project. These forms of non-grant finance were regarded as

attractive perhaps because they are analogous to small donation fundraising and therefore constituted ‘familiar territory’,

By contrast there was some marked resistance to and scepticism about loan finance. This is understandable. Loan finance is only an option for organisations that can generate adequate and reliable revenue to cover repayments. The arts organisations that we spoke to expressed concern about the security of their current funding position and about whether they would be able to generate the extra income needed to service loan repayments. Some emphasised how financially precarious they were. As one organisation put it ‘when you have no money in the bank, you’re not able to take any risks. You don’t have a financial cushion to fall back on’. However, those organisations that were interested in loan finance saw it a potential means of helping them realise their plans for capital projects, deal with cash flow problems or support their fundraising plans.

We developed for the three consultation events some local and national case studies illustrating how arts organisations might benefit from the use of non-grant finance. These are referenced above and provided in full in Annex 2. The view amongst participants was that these helped to stimulate their thinking about how their organisations might both generate and use such finance. A few of those interviewed also referred to the value of promoting examples of arts organisations accessing non-grant finance to help organisations understand both potential benefits and pitfalls.

In particular, what potential exists for social investment and how could it be used to build more financially resilient organisations?

We tried to gauge the potential for social investment to be used to build more financially resilient organisations in part by asking the organisations who attended the three consultation events held for this project about the assets that they held and how they might use them to generate additional income.

Organisations identified that they had a wide variety of assets both tangible and intangible; tangible assets included buildings, equipment and sets and costume stores and intangible assets included intellectual property, the good will of members, supporters and local communities, a strong reputation and brand, the deep skills and significant experience of staff and partnerships with arts and other expert organisations.

The top priority emerging from these consultation discussions was to leverage arts organisations’ reputation for high quality work and their relationships with local communities to generate additional income through fundraising from trusts and foundations, corporate sponsorship and individuals. The general view of both arts organisations and the funding experts interviewed for the research is that there remains significant untapped potential in these income sources.

Arts organisations, understandably, want to start with what they might regard as the ‘low hanging fruit’ of generating income from philanthropic sources. However, there is an appreciation that there are other income generating opportunities, which span the income spectrum, from quasi philanthropic to commercial, which will need to be explored in the near future notably:

the deployment of models tested and proven elsewhere for raising funds for projects which have significant local community or community of interest support including community share issues and 'angel' schemes.

changes in local government and in procurement, which will create openings for arts organisations to deliver local services for example, services which achieve health and well-being outcomes;

the availability of digital technologies to improve marketing and build audiences.

There is some appetite for examining whether collaborative approaches, in which a group of smaller arts organisations work together to generate funds, might provide a way forward.

What's the current state of investment readiness and what support would organisations need to take such finance?

During the consultations, arts organisations were able to describe how they might use their assets to generate additional commercial and public sector income, but very few had made significant progress with their plans. The interviews echoed this. Some organisations had identified the potential to generate additional income by touring abroad. Others were developing proposals for building projects to enable them to grow successful initiatives, provide opportunities for additional audience spend or to develop their participation and engagement work. However, none as yet had developed proposals.

The larger organisations with more capacity tended to have given more time and attention to planning. A number of the smaller organisations participating in the research said that they did not have a plan or strategy for generating additional income. They described themselves as completely overwhelmed by the day to day pressure of making funding applications, project delivery and project reporting.

The staff of arts organisations in Northern Ireland are extremely creative, resourceful, passionate and committed. However, they are over stretched. They report that they lack the time and resources to explore ideas to generate additional income. Very few of the organisations engaging in the research have dedicated fundraising or development staff. Many are also likely to lack the necessary technical skills for some projects and require specific technical support for example, in digital development. The survey responses noted weak staff skills as a potential barrier to accessing investment.

The arts organisations consulted recognised that capacity building would be required to support greater entrepreneurialism. They suggested that support on contracting and commissioning, on pricing strategies and on leveraging collaboration with other organisations seeking to achieve similar goals would be very valuable.

Respondents to the survey rated their financial management resources very highly. Our hunch is that here they are referring to the resources needed to manage grant aid rather than generating alternative sources of income. There is perhaps a need to increase strategic financial management capacity amongst arts organisations i.e. the capacity to model the likely income and cost implications of different income generating options in order to ensure that scarce time and money are being deployed in the way most likely to secure the organisation's financial and artistic future.

Another issue that merits attention is the development of board and trustee vision and expertise, particularly in relation to risk and investment readiness. Some arts organisations at the consultations referred to boards being resistant to change and

committed to maintaining existing operating patterns despite this posing a significant threat to viability. Other organisations, when they were interviewed referred to the risk tolerance of boards having been exhausted on the basis that the organisation was already experimenting with new income generating plans and/or was seeking for the first time to raise funds from non-arts sources.

In the interviews, arts organisations reflected on the support they had already received with income generation. (The box below summarises these comments).

Support with income generation and capacity building more generally

A number of the arts organisations interviewed for the research had already accessed support with income generation from Arts & Business Northern Ireland and Belfast City Council. Arts & Business Northern Ireland was described as having provided very valuable one to one advice and support on such topics as raising funds from trusts and foundations and corporate sponsorship. Organisations also praised specific Arts & Business Northern Ireland initiatives including its mentoring scheme, events giving arts organisations the opportunity to pitch to corporates and its Investment programme that offers match funding to help ignite and strengthen business partnerships. Arts organisations also referenced the Belfast City Council Strengthening the Sector Programme, delivered by Arts & Business Northern Ireland and how it had helped them to think through income generation.

One organisation also made reference in the interviews to the ACNI's Sustainability Fund, which aims 'to increase the resilience of core arts organisations'. The Fund worth £261k will help 11 organisations in the ACNI portfolio to 'make significant change to their organisations and improve their ability to bring great art to as many people in Northern Ireland as possible'. However, comments were restricted to the applications and decision making process for the scheme as grants had only recently been awarded at the point that we were undertaking our telephone interviews.

Some of the organisations that we spoke too also described the support they would most welcome in the future. Smaller organisations in particular said that they needed to be able to free up time to dedicate to strategy and planning for income generation and welcomed the idea that small grants might be provided to buy extra administrative support to achieve this. One commented on the value of mentoring because it provided the discipline of focus on an issue and a means of encouraging and supporting progression with it. A number referred to the value of increased brokerage of connections with trusts and foundations and corporates. A couple of organisations referred to the need for seed-corn funding to support business development and to enable them to sell services. There was also some interest in finding out more about different forms of non-grant finance and how it might be used to help arts organisations generate additional income.

Arts organisations also commented, given that so many arts organisations in Northern Ireland are small and often rely on one person to keep the organisation afloat, on the value of collaboration and the pooling of resources and expertise. Again, Belfast City Council was praised for taking a developmental role and for exploring with some organisations plans to secure their future. However, generally there is a perception that very little time and resource appears to be dedicated within the Northern Ireland context to supporting the ecology of arts and cultural provision.

PART 2 WHAT IS NEEDED NOW?

This section starts by considering some of the actions that would need to be taken to build a stronger ecology of support for the arts and cultural sector in Northern Ireland. It goes on to consider, within this context, key elements of an appropriate investment and capacity building support scheme. Picking up on a consultation stage with a range of different prospective funders, investors and other supporters (see annex 1 for details), it ends by making recommendations about who might fund and help develop such an initiative.

Developing a stronger ecology of support

Taking an ecological approach

Not for profit arts organisations operate within an ecology of arts and culture in Northern Ireland. Discussions with arts organisations during this process have referred to the need for better connection and interchange within the not for profit sector and between not for profit organisations and the creative industries. For example, financing and support schemes for the creative industries could be more accessible/better promoted to the not for profit sector and that there should be greater skills sharing across the not for profit/commercial divide.

Generally, the message from the consultations was that the promotion of collaboration should be an important element of any new initiative designed to help arts organisations to become more financially resilient. The view was that much might be achieved through collective action, for example on ticketing and on audience development. Collective fundraising initiatives for example, the establishment of an angel scheme may also have promise. The sharing of expert staff, such as fundraisers, finance directors or business development professionals, could also be highly beneficial. Arts organisations recognise that one of their collective assets is a network of highly skilled peers with whom they are able to network and exchange skills.

Smaller organisations could also be supported by encouraging shared premises and services. There is a range of options to be consulted on but as an example, two 'back-office' operations could provide administration, book-keeping and financial management, marketing, grant-writing and fundraising support for a number of arts organisations in Belfast and Derry / Londonderry. This could greatly strengthen capacity in small, specialist fields of the arts while releasing core staff time to concentrate on supporting arts delivery.

A focus on funder practice

Our research indicates that funder practice is not adequately supporting the long term financial health and development of arts organisations in Northern Ireland. Our view is that it would be enormously helpful if funders were brought together to discuss this issue. There is a US model of funders, both public sector and independent, collaborating to develop a resilience or capitalisation strategy for the arts organisations in their locality and we believe that this approach could be considered for Northern Ireland.

One of the main tenets of this strategy would be that every funding/financing programme should leave funded organisations financially stronger, after the intervention. For example, project funding should be based on the principle of full cost recovery, including provision for depreciation and building reserves. This will mean collecting and analysing balance sheet data for each organisation, rather than focusing just on income and expenditure data, appraising their financial strengths and weaknesses and designing financial interventions to deliver strong, confident and well-resourced arts organisations. This will require revised grant application processes and training and ongoing technical support for funders' staff.

Achieving culture change

Achieving the change necessary will require a significant shift in the culture and practice of arts organisations. Culture change takes time and patience including the patience to deal with set-backs. An initiative to support a shift in arts organisations to greater income generation and improved financial resilience should therefore commit to support spanning at least 7 to 10 years. Much excellent work has been done in Northern Ireland to build capacity in arts organisations to generate additional income. As indicated in the last section, there is certainly an awareness that change is necessary and that there are untapped opportunities for new income but short term funding, a lack of investment in core and a focus on survival day to day is inhibiting development. Any new initiative, if it is to support the change needed, must help to address these issues.

Our contention is that in addition to changes in the ecology of support for arts organisations in Northern Ireland, specific capacity building and investment is needed. The paragraphs which follow map out what we regard as the key elements of this support. The diagrams at the end of the section provide i) an over-view of the changes in the ecology of support for arts and cultural organisations which we consider necessary to achieve progress and ii) how the different elements of a capacity building and arts investment fund might support and re-enforce each other.

Key elements for an appropriate capacity building and investment scheme

Our research suggests that if the arts and cultural sector is to develop new and additional sources of income that a new support initiative should be based on:

- A thorough diagnosis of organisational assets and organisational capacity to exploit them;
- The offer of assistance across the income spectrum – for many organisations investment in fundraising may be a much better option than investment in a new venture;
- An understanding of organisational mission and ethos and that developing mission-aligned ventures generally takes more time and thought than non-mission-related activities;
- Attention to common themes and issues which organisations might more effectively tackle in collaboration with others rather than as sole agents;
- An understanding of the development trajectory of new ventures and that support, generally of different kinds, is needed at each stage;
- One to one mentoring and support to provide organisations with consistent encouragement and advice (this emerged in the telephone interviews as an important feature of any scheme).

Developing financial capacity

Arts organisations have been schooled by the funding system to think about their finances as a flow-model of 'income in' and 'income out'. A key objective of the initiative should be to help arts organisations think more like private sector businesses in which surpluses are created and a proportion is retained for investment in the growth and development of the business. Such investment provides the capacity to adapt and change in response to changes in the external environment. It helps to make organisations more financially resilient.

We consider that a key part of any new initiative would be awareness raising seminars and financial management and analysis training around this more commercial financial modelling. Awareness raising seminars might introduce the training and test the willingness of individual organisations to engage with the approach, while the training itself might be delivered progressively, in three stages. There is some evidence to suggest a link between progressive investment readiness support and the take up of social finance (see the box below).

The link between progressive investment readiness support and the uptake of social finance

“There is some evidence to suggest a link between (progressive) investment readiness support ... and the uptake of social finance.” An analysis drawn from Charity Bank’s loan portfolio shows a marked increase in the volume of loans and their cumulative value for the Yorkshire and Humber region since the introduction of Charity Bank’s Investment Readiness Programme, funded by Yorkshire Forward. The programme provided awareness raising events and workshops for a broad range of organisations, followed by an organisational finance health check and one-to-one support and mentoring. The number and value of loans in Yorkshire and Humber rose from 12 loans totalling £1,088,000 in the period 2002/06 to 19 loans totalling £4,829,500 in the period 2006/2011. Its ranking rose from 7th to 2nd in the UK regions over that period.”

Social Finance in Northern Ireland: Innovative Thinking and Action: Ecorys, Charity Bank and UCIT, supported by Building Change Trust, 2012

The first stage might focus on financial management and analysis skills enabling managers and boards to understand their organisations as requiring tangible and intangible assets, which can generate income and surpluses. The second stage might involve the development of a 3 to 5-year strategic financial plan for each organisation participating including business modelling and building the case for investment. The final stage might focus on sense checking, stress testing and investor challenges to this plan to ensure it is robust. Organisations would only progress from one stage to the next if they demonstrate commitment and capacity at each stage of their participation in the programme.

This work should complement and build on Arts & Business Northern Ireland’s capacity building work which supports the arts and cultural sector to diversify income from private investment sources. This includes programmes to improve governance and strengthen boards through business mentoring and matching business people with arts boards, and through its training and advice on fundraising strategy and on sponsorship, trusts and foundations and individual giving.

Arts & Business Northern Ireland had already identified financial capacity as a key weakness in the sector. Recent programmes for arts organisations and arts managers, such as its Frontiers programme, focused on income generation, new business

development and increasing financial yields. This approach complements the focus proposed here on financial management and analysis skills and on becoming investment ready, by being able to present investible propositions.

Incubating new ideas

One element of a new initiative should be an 'incubator' which supports arts organisations through the progressive stages of development of new commercial ventures from prototyping to launch and which brokers access to the specialist technical support needed at the different stages (which will vary depending on the venture). It is envisaged that only a small number of arts organisations in Northern Ireland would initially be ready for such an approach.

However, the financial planning training and the mentoring provided through the process would be designed to prepare organisations with appropriate projects for the incubator. This element of the initiative would be a demonstration or pilot project designed to test how such support might best be provided to arts organisations in Northern Ireland, to create some organisational 'role models' and to test the value of applying this approach.

Consideration should be given to whether there are existing incubators in Northern Ireland either for the creative industries or social sector that might be equipped to take on this role or whether specialist consultants, with appropriate experience, might be retained.

Financing change

Our research suggests that arts organisations developing a robust and viable plan for generating additional income will need financial support to enable them to make it a reality. Our view is that this financial support should take a number of different forms: small seed-corn grants for development work and grants and loans and quasi equity investment to support income generating projects and ventures.

Small seed-corn grants are needed to help arts organisations explore the feasibility of and undertake development work on proposed new ventures or to develop plans to generate additional income from existing activities. Because the finances of arts organisations in Northern Ireland are generally so precarious, some small grant funding may be needed for backfilling to enable key personnel to carve out time to engage in development work. A grant might for example, be given to enable the Director of a smaller organisation to buy additional administrative support to free up his or her time for strategy and planning. Small grants might also enable access to the specialist or technical advice and skills needed to support development work on projects and ventures for example, digital or fundraising advice and skills.

It is clear that once arts organisations have developed their plans for new products, services or projects these plans will require investment. Arts organisations currently lack reserves which would enable them to invest from their own funds. Private sector organisations, in the same situation either take the cash needed from reserves, (built from accumulated surpluses), seek additional equity investment or take out loans. Generally, there is a lack of affordable capital, both loans and quasi equity, of the kind needed (patient, small scale and relatively high risk). Further arts organisations generally lack the experience and confidence to access non-grant finance.

Our view based on the research is that a new hybrid grant/loan scheme is needed. Our discussions with the Big Lottery Fund indicate that a proposal is being developed to use funds from dormant accounts in Northern Ireland to support the establishment

of such a fund for the voluntary sector, which arts and cultural organisations will be encouraged to access. We welcome the proposal to establish this fund.

The essential characteristics of a new fund

The new fund should have some essential characteristics:

It should be a hybrid with grants provided alongside loans and quasi equity.

Grants will help to smooth the transition for arts organisations to increased self-generated income. They will help to reduce the risks associated with the change and provide an incentive for organisations to seek their first non-grant financing. The fund might itself provide grants or broker access to them.

It should place a strong emphasis on working in partnership with investees.

It is proposed that the fund's staff should have the skills, attributes and time to work with investees to help them to keep their projects on track and to provide or broker specialist advice and support when needed.

It should place a strong emphasis on research and learning.

The fund should be a demonstration fund which generates learning about how grants and loans can support income generation and financial resilience in the wider not for profit sector and specific sub sectors within in, including the arts. *It should make an investment in its capacity to undertake research and analysis.*

It should provide financing for projects across the income spectrum

The fund would provide financing for projects across the income spectrum. For example, it might provide loans:

to enable arts organisations to recruit a fundraiser or development officer based on a feasible plan to generate increased fundraising or membership income, which over time would more than pay the post holder's salary; for the start-up costs (for example, equipment) for arts organisations delivering new services under contract to the public sector; and quasi equity to projects at the commercial end of the spectrum developed through the 'incubator'.

The key factor in each instance being that the project should generate sufficient income both to service repayment of the loan and produce a net profit, over time, for the organisation, thus generating additional 'free' or 'untied' income.

It should provide financing based on the capital needs of arts organisations

The fund should be focused on understanding and meeting the investment needs of not for profit organisations generally and arts and cultural organisations in particular whether for financing for new products, projects or services, for working capital to ease cash flow problems or for building or other capital projects.

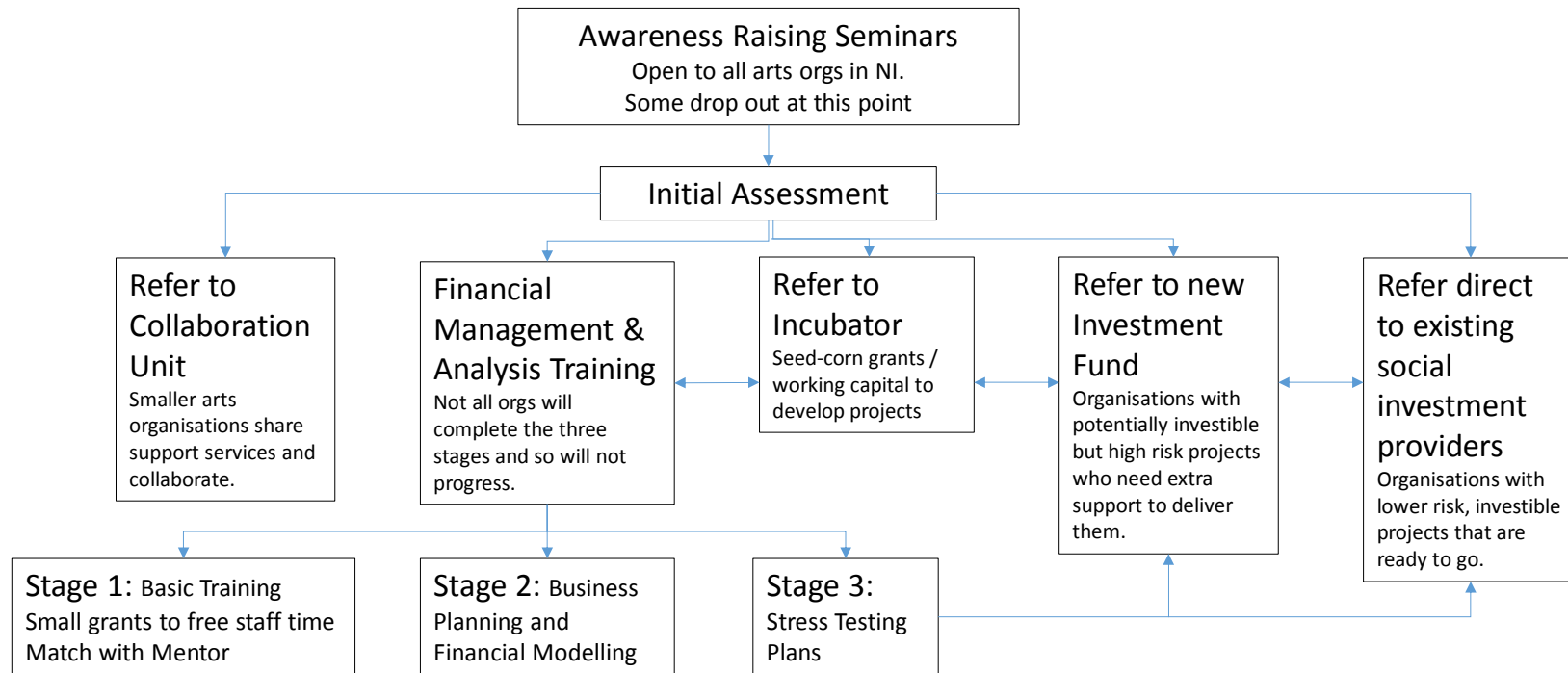
New Arts Funding Ecology for Northern Ireland



Smaller organisations ←

→ Larger, Investment Ready Organisations

THE USER JOURNEY THROUGH A NEW ARTS FUNDING ECOLOGY



Outcomes: stronger financial and business capability; increase in earned income; strengthened balance sheets; support for investible propositions; new ventures and projects; a stronger, more dynamic arts and culture sector in NI

RECOMMENDATIONS

We are convinced that not for profit arts and cultural organisations in Northern Ireland can be moved from financial fragility and over-dependence on grant aid to greater financial resilience through funder collaboration (see ecology diagram p.25) together with investment in capacity building and a new hybrid grant loan fund. It is our view that this would make significant progress towards a system in which public funding of the arts is balanced by other investments from independent organisations, augmented, where appropriate and possible, by the generation of additional income by arts organisations.

Our specific recommendations are that:

1. The Department for Communities in Northern Ireland should prioritise building the financial resilience of organisations in its new 10 year strategy for the arts and culture. It should also provide corner stone funding, together with the Arts Council Northern Ireland, for a new capacity building scheme aimed at supporting arts and cultural organisations to grow their strategic financial management skills and develop new initiatives to generate additional income. A number of trusts and foundations with a UK remit and an arts focus are interested in supporting such a capacity building programme provided that the public sector gives some priority to the issue of financial resilience and is prepared to invest.
2. A&B Northern Ireland should convene the Department of Communities, Arts Council Northern Ireland (ACNI), interested trusts and foundations, Big Lottery Fund and other key organisations in order to co-design appropriate capacity building support based on their collective learning from previous work (including early learning from ACNI's new Sustainability Fund) building on the outline provided in this report. A key element of this support, building on previous Arts & Business Northern Ireland initiatives, is likely to be high quality pro bono private sector involvement.
3. Consideration is being given to using unclaimed assets from dormant accounts in Northern Ireland to support a new hybrid grant loan fund for voluntary organisations. We fully support the establishment of this fund and recommend that voluntary organisations whose primary purpose is artistic or cultural should have access (alongside organisations whose purposes are primarily social or environmental).
4. Finally, we recommend that those supporting the capacity building element of the programme and those leading on the grant and loan elements work closely together in order to ensure that the arts organisations they engage with receive high quality, consistent and seamless support enabling them to achieve their ambitions, financial, artistic and social.

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ANNEX 1 RESEARCH AND CONSULTATION

Research summary

Face to face interviews

Structured face to face interviews and some telephone interviews were conducted with representatives of 14 funding and financing and arts umbrella organisations:

Olga Murtagh, Armagh, Banbridge and Craigavon Council,
Ashleigh Lilley, Arts Council NI
Margaret Henry, Audiences NI,
Eimear Henry, Belfast City Council,
Joanne McDowell, Big Lottery,
Patrick Minne, Charity Bank,
Conor Shields, Community Arts Partnership,
Angela McAllister, Dept for Communities (formerly DCAL),
Caroline Mason, Esmee Fairbairn Foundation
Frankie McCourt, Invest NI,
Sandara Kelso-Robb, Lloyds Foundation for NI
Paddy Gilmore, National Museums NI,
Phelim Sharvin, Ulster Community Investment Trust,
Kevin Murphy, Voluntary Arts Ireland

A further six interviews were carried out with arts organisations, some of which had used social investment and others had potential investment projects;

Martina Bell, Artspace Creative Arts Centre, Eglinton
David Boyd, Beat Carnival
Sophie Rasmussen, Folk Town Market, Belfast
Peter Richards, Golden Thread Gallery
Grainne Powell, Sticky Fingers Arts, Newry
Mimi Turtle, Strand Arts Centre

Social investment case studies were prepared on two Northern Ireland and two external arts organisations that had used social investment:

Strand Arts Centre
Sticky Finger Arts
The Yard Theatre
Golden Lane Housing

Case studies are appended at Annex 2 px below.

On-line survey of arts organisations

An on-line survey was developed using Survey Monkey and promoted through A&B's networks. The survey garnered 67 responses although not all respondents completed all sections or all the questions within each section.

Generally, when compared with the ACNI portfolio and what we know about the composition of the sector in Northern Ireland, we considered that the sample was reasonably representative. There was a broad spread by art form and geographical area covered.

26 per cent of organisations had incomes between £20k and £100k, 63 per cent between £100k and £1m, 5 per cent between £1m and £5m and 7 per cent more than £5m.

51 organisations responding were charitable companies limited by guarantee, 9 were companies limited by guarantee, 1 was a charitable trust, 1 was a community interest company, 1 was an unincorporated association with charitable status, 7 noted their structure/status as 'other'.

Telephone interviews with arts organisations

To recruit for the telephone interviews we contacted the 27 organisations responding to the on-line survey who had provided contact information. We also contacted the 9 largest organisations, by turnover, in the ACNI portfolio and one large organisation not part of this portfolio. Out of 37 organisations contacted, 22 agreed to be interviewed and completed structured telephone interviews.

The Consultation

We held three consultation events, two in Belfast and one in Derry/Londonderry. These were attended by 52 representatives from 50 organisations:

Name	Organisation
	Belfast Print Workshop
Adele Campbell	Prison Arts Foundation
Ailbhe Nic Lochlainn	Book Trust
Alan Kane	Craft NI
Carol Forster	NIEL
Carrie Anne McAlonan McCrudden	Aisling Ghear
Chris Ledger	Arts & Disability Forum
Connor McCrory	Prison Arts Foundation
Edward Ferguson	Seacourt
Eibhlin de Barra	Maiden Voyage Dance
Eleanor McCann	Iris Colour
Fedelma Harkin	Talent Tribe
Gerard McCabe	Pint-sized Productions
Gerry Crossan	Irish FA

Name	Organisation
Jim Donaghy	Talent tribe
Joey O'Gorman	Catalyst Arts
Karen Gallagher	Replay Theatre
Keith Acheson	The Crescent Arts Centre
Linda McBurney	Belfast Print Workshop
Louise O'Neil	DU Dance
Louise Rice	R-Space Gallery
Michael Corr	Place NI
Mitch Conlon	Catalyst Arts
Morag Stuart	NMNI
Murdo Murray	NIEL
Patrick Minne	Charity Bank
Paula McFetridge	Kabosh
Phelim Sharvin	UCIT
Robert Martin	R-Space Gallery
Sarah Jones	Black Box
Sinead Owens	Wheelworks
Una NicEoin	Prime Cut Productions
Kevin Murphy	Voluntary Arts Ireland
Niall McCaughan	The Playhouse
Max Beer	The Playhouse
Cara McCartney	Millennium Forum
Amanda Hamilton	Millennium Forum
John Kerr	The Alley Theatre
John Vanek	Nerve Centre
Iain Barr	Waterside Theatre
Anne McReynolds	The Mac

Name	Organisation
Janine Walker	Arts Care
Aine Dolan	Grand Opera House
Louise O'Neill	DU Dance
Margaret Henry	Audiences NI
Linda McBurney	The Mac
Linzi Rooney	Studio Souk
Marianne Crossle	Cahoots NI
Nigel McKinney	Building Change Trust
Una NicEoin or Con	Prime Cut Productions
Tracy Marshall	Belfast Exposed Photography
Sharyn McMaster	Craft NI (and MA Arts Management student)

The last stage of work on this project involved consultation on a draft of this report with a range of organisations who have an interest in helping to ensure that arts organisations in Northern Ireland are more financially resilient. More specifically, we consulted with the Department for Communities (incorporating DCAL and DSD) in the light of both their Culture White Paper and their work developing a new 10-year strategy for the arts and cultural sector and also the reform of the Regional Infrastructure Support Programme (RISP), administered by the Voluntary and Community Unit. The VCU has identified a number of key drivers for change, including a need;

- to focus more clearly on outcomes;
- to focus more regional support arrangements to better support and develop stability and sustainability in the sector, and;
- to signal leadership in respect of change and transformation in the sector.

Big Lottery Fund given its work examining how the money from dormant accounts/unclaimed assets in banks will be used in Northern Ireland to develop the social investment market. (In England, these funds were used to support Big Society Capital and related initiatives, including the Access Foundation, which is examining how to ensure that smaller loans and appropriate capacity building support are available to the third sector).

Trusts and foundations with an arts focus and a UK remit at meetings in London on 22nd June.

Corporates, and organisations representing corporates, at a meeting in Belfast on 29th June 2016.

Building Change Trust which is developing its plans to support/promote social investment in Northern Ireland and the social lenders in Northern Ireland namely Charity Bank and Ulster Community Investment Trust.

The main public sector funders of the arts in Northern Ireland including the ACNI and the local authorities, particularly in the light of work being developed by Belfast City Council on support for new social and creative enterprises and local authorities generally on community planning and the commissioning of public services from a broader range of providers.

Those arts organisations that engaged with the research project, through a workshop on 29th June 2016.

Steering group

We also benefitted from the wise advice of a steering group comprising representatives from sector support organisations and funding bodies:

Angela McAllister, Dept for Communities
Ashleigh Lilley, Arts Council NI
Brona Whittaker, Arts & Business NI
Eamonn Donaghy, Community Foundation for NI
Eimear Henry, Belfast City Council
Margaret Henry, Audiences NI
Martin Bradley, Arts & Business Board Member
Mary Trainor-Nagele, Arts & Business Chief Executive
Nigel McKinney, Building Change Trust
Sandara Kelso-Robb, Lloyds Foundation for NI / Giving NI

ANNEX 2 CASE STUDIES

STRAND ARTS CENTRE BELFAST:

LOAN SECURED ON PROJECTION EQUIPMENT

THE ORGANISATION

The Strand Cinema was opened in 1935 in East Belfast and the cinema's design was influenced by the nearby shipyard of Harland & Wolff. Strand Arts Centre Ltd was set up to establish and manage an arts centre as a cultural and social amenity and to repair and preserve the cinema as a building of architectural and historical interest.

THE CHALLENGE

The cinema had been struggling with 35mm projectors, which cannot show modern films. It was essential to upgrade, for better choice of films and to maintain and grow footfall. Strand Arts Centre needed to buy new projectors but as a new social enterprise without assets, (as they don't own the building), they needed a supportive lender.



SOCIAL INVESTMENT: SOCIAL INVESTMENT LOAN SECURED ON AN ASSET

Ulster Community Investment Trust provided a £40,000 loan over a seven year term. The loan is secured on the projectors. They decided to work with UCIT as they felt their approach was flexible in response to business conditions

THE IMPACT

In the last six months, cinema attendances and shop sales are both up substantially and work has begun on refurbishing the foyer and bringing other parts of the building back into use. This means that people can see the impact of the social enterprise's work. There is no doubt but that the cinema could not have survived without new projectors.

By using cinema as a popular first step into the arts, Strand Arts Centre is bringing in local people and helping them to explore and develop their creativity, for example through film, music production and dj-ing. It is also showcasing creative talent from the area, working with artists such as David Holmes, Glen Patterson, Dan Gordon, Ian McElhinney and, of course, Van Morrison.



STICKY FINGERS ARTS: UNSECURED LOAN

THE ORGANISATION

Sticky Fingers Arts started out as a children's art project in Voluntary Services Belfast. The organisation went independent in 2002 as a result of securing core funding from ACNI which supported a move to Newry. Its mission is to provide quality arts and play opportunities for young children in disadvantaged areas across NI. It also works on advocacy and policy development across NI, UK, EU and Canada.



THE CHALLENGE

Sticky Fingers identified a need within the Newry area to provide a space for children to have access to arts and creative play experiences as Newry is a recognised cold spot for arts development. The ethos of the art house is based on every child having a right to access arts and cultural experience and the right to play. The art house provides a welcoming space for all regards of background, disability, ethnic minority or cultural traditions. In order to contribute to running costs, support projects and attract in parents and children, they wanted to fit out a coffee shop and space for play and activities, but couldn't raise grant funding to pay for it.

SOCIAL INVESTMENT: UNSECURED SOCIAL INVESTMENT LOAN

Ulster Community Investment Trust provided a £25,000 loan to pay for furniture, fittings and stock over a five year term. The loan is unsecured.

THE IMPACT

Without UCIT's funding, the Art House could not have opened. Once it was up and running for six months, BBC Children in Need came forward to fund the facility. Profit from the coffee house helps to pay for projects. The organisation is aware that they can return for another loan to invest in other activity, once the current loan is cleared.



THE YARD THEATRE, HACKNEY:

CROWDFUNDING

THE ORGANISATION

The Yard is a multi-award winning theatre venue located just minutes from the Olympic Stadium in London's Hackney Wick. The Yard was conceived by Jay Miller, and designed and built by Practice Architecture in collaboration with Christopher Daniel. They converted a dormant warehouse in Queen's Yard, splitting it into two sections – one housing the theatre, and the other the bar, in which the back 'bowl' of the seating rake is fully visible.



Made with recycled and reclaimed material, the theatre seats 110 in a fully raked amphitheatre. The stage is large, with four performer entrances and exits. There are excellent acoustics. In keeping with the honest aesthetic of the architecture, the dressing room is a semi-transparent light box that sits in the bar, making visible silhouettes preparing for the stage.

THE CHALLENGE

The structure was not winter proof, meaning that The Yard had to close its doors during the colder months. It needed funding to insulate the building so that it could remain open all year round and sustain a constant and accessible programme of theatre shows and community workshops whatever the weather!

SOCIAL INVESTMENT: CROWDFUNDING

The Yard costed its project at £10,481 and listed it on SpaceHive (spacehive.com), a crowdfunding platform. They explained what would be involved, how it would be done and why it was a good idea and illustrated their pitch with photos and a video. They reached their funding target, with donations ranging from £2 to £2,500.

THE IMPACT

The Yard won the 2013 Empty Space Peter Brook/Mobius Award for supporting emerging artists and the 2014 Off West End Theatre Awards Special Panel Award for Outstanding Achievement. It is now open through the winter, with better insulation, lower energy costs and improved soundproofing to keep the neighbours happy.



GOLDEN LANE HOUSING:

RETAIL CHARITY BOND

THE ORGANISATION

Golden Lane Housing is a registered charity and a company limited by guarantee. It provides supported housing for people with learning disabilities. It was established as an independent registered charity by Mencap in 1998 to help tackle the immense challenges that people with a learning disability face in finding a home. They now have over 1,400 tenancies in over 160 areas across England and Wales.



THE CHALLENGE

Housing for people with a learning disability is grossly underprovided and the demand for new homes is growing. In addition, a large proportion of people with a learning disability are currently living with elderly parents or in sub-standard accommodation.

SOCIAL INVESTMENT: 2 SOCIAL INVESTMENT BONDS(2003 AND 2013) AND 1 RETAIL CHARITY BOND (2014).

The first bond issued by Golden Lane Housing in 2003 raised £1.8 million to provide deposits to support commercial borrowing to purchase houses for people with a learning disability. It helped the charity to achieve a step change in its growth and to provide long term, adapted homes in the community. In 2013, Golden Lane Housing issued a second bond raising £10 million from 700 individual investors and a range of institutional investors including charitable trusts and foundations. A third bond, this time listed on the London Stock Exchange as a retail bond, launched through Allia, a specialist charity, raised £11 million in less than 2 weeks.

THE IMPACT

The first bond issue in 2003 helped to purchase 68 houses for 152 people with a learning disability. The second in 2013 funded 27 properties to house 99 people in high quality homes and bungalows. The third, retail bond issue in 2014, will fund 30 high quality homes for over 100 people. In 2003, GLH's net assets were £280,000, when they launched their first social investment bond to fund more homes. They now have a portfolio of 415 properties with net assets of £38.3 million



Trinity Arts Centre, Castlerea, Co. Roscommon:

SECURED LOAN

BRIDGING LOAN

THE ORGANISATION

Castlerea Community Arts Group Ltd was established in 2001 by local people with a tradition of involvement in drama, music, craft works, traditional music and dance. Holy Trinity Church of Ireland Church in the town was vacant and provided an opportunity to accommodate artistic and cultural activities, while also preserving the Church, where Ireland's first president, Douglas Hyde, was baptised. A lease for the building was granted by the Church of Ireland and the long challenge of funding the restoration, adaptation and extension of the facility was begun.

THE CHALLENGE

The building had been empty since 1997 and was not watertight. A three-phase approach to the restoration was necessary, to carry out essential work on the roof immediately, to renovate the existing building and to add an extension with toilets, meeting rooms and a kitchen. The total project cost of €700,000 was a big challenge for a young community arts organisation.



SOCIAL INVESTMENT:

€200,000 BRIDGING LOAN; €70,000 SECURED LOAN.

Phase 3 of the project cost €290,000. Funding of €200,000 was provided by the LEADER programme and the organisation raised €20,000 itself. €70,000 was borrowed from Clann Credo over a seven-year term. However, the LEADER funding was drawn down after spend, so Clann Credo also provided a vital bridging loan of up to €200,000. This meant that the organisation could pay the construction costs and then claim back in arrears from LEADER.

THE IMPACT

The renovated and extended premises were opened in 2014. This historic building has been beautifully restored to a high standard, using best conservation practice to preserve the fabric of the original structure. The total build cost was €700,000 over the three phases and has delivered a beautiful building which was good value for money. Trinity Arts Centre now provides an auditorium seating 250 people, with a large stage and full backstage facilities. The Arts Centre hosts a stage school and the 50-year old drama group. Local schools use it for talent shows and it also facilitates concerts, exhibitions and travelling puppet shows. Servicing the debt is a challenge as is maintaining an old building, however it is worth it to preserve the facility for generations to come.



FABLEVISION:

UNSECURED LOAN

THE ORGANISATION

Fablevision was established as a charity in 1985 to reach out to people with profound disabilities through theatre and workshops. Fablevision Studios was set up in 2009 as a cultural social enterprise, providing branding and promotion, video production and editing services, video training, event management and camera equipment hire. The Fablevision Group works in collaboration with community groups and organisations to inspire vibrant flourishing communities throughout Scotland. They provide a full range of community cultural development services; cultural planning consultancy; project development and delivery; supporting emerging cultural social entrepreneurs and enterprises and training and learning in applying the methodology in local communities.



THE CHALLENGE

Fablevision Studios sells services to public, private and third sector organisations and needs to be able to offer top quality product. It must keep up with the best of the private sector competition in terms of equipment. It then uses the older equipment to train the long-term unemployed, who work on projects for the charity as trainees or interns or as referrals from a range of agencies. The trainees then gain experience and move on to further education, training or employment, or join Fablevision's pool of freelance providers.

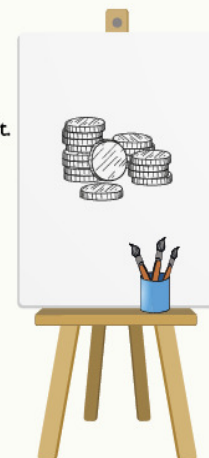
SOCIAL INVESTMENT:

UNSECURED SOCIAL INVESTMENT LOAN

Social Investment Scotland provided a £20,000 loan over three years to fund the purchase of top quality video and audio production equipment. The loan was taken out by Fablevision, the charity, as it has a longer track record. It owns the equipment but leases it to Fablevision Studios, its trading arm. SIS offered an initial repayment holiday, to give the organisation time to build up their client base.

THE IMPACT

Fablevision Studios could not have taken on much of its work without the new equipment. Recent commissions include NHS Scotland – Together We Can Fight Cervical Cancer; the 260th Anniversary Govan Fair 2016; Lingo Flamingo Brand Launch; and Glasgow Social Enterprise Network. Social Investment Scotland has also helped the organisation by networking on their behalf, seeking out potential contacts and clients and promoting Fablevision.





LOTTERY FUNDED



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