

Leading the Crowd: A report on the role of public investment in Crowding In

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1.

Executive Summary

1. Executive Summary

This report provides evidence that public investment in England's arts and cultural sector plays a pivotal role in attracting further income from private and earned sources—a phenomenon commonly referred to as 'Crowding In'. This effect underpins the mixed economy model that sustains most cultural organisations in England, combining public funding, private investment, and earned income.

Using a set of eight case studies, based on interviews with leading cultural institutions, it shows that public investment acts as a catalyst, leveraging additional income by enhancing organisational credibility by acting as a 'kite mark', encouraging innovation, supporting early stage creative R&D, and enabling long-term planning. These funds help organisations attract philanthropic support, sponsorship, and grow their commercial income streams.

This report identifies six different ways that public investment enables Crowding In and how it benefits cultural organisations in:

- Delivering capital projects
- Generating private investment
- Driving additional commercial income
- Encouraging innovation
- Developing new activity
- Building organisational resilience

Baltic Centre for Contemporary Art, Gateshead

Public investment enabled a strategic transformation in fundraising, doubling private income between 2019 and 2024, while total turnover increased by 90%. As of 2023/24 the annual £3m National Portfolio Organisation (NPO) grant is now matched by £3m in private income. Public investment also facilitated the launch of a £10 million endowment fund, supporting long-term resilience.

English National Ballet, Canning Town, East London

£7 million in public funding leveraged £10.6 million in private donations and a £20 million in-kind commercial contribution between 2015 and 2019, enabling the development of the Mulryan Centre for Dance —a demonstration of the catalytic role of public capital.

English National Opera (ENO), London

£335k of Arts Council regular funding underpinned the creation of the *ENO Breathe* health programme in 2020 during the pandemic. It subsequently attracted over £1.1 million in additional funding and contributed to positive public health outcomes for long-COVID patients.

The Lowry, Salford Quays, Manchester – We Invented the Weekend Festival

In 2023, £200k of initial public funding enabled this free festival to attract £100,000 in private funding in its first year. Private funding grew to £250,000 in the festival's second year.. Public funding was instrumental in establishing credibility with private sponsors.

National Theatre, London

A government grant of £26.4 million in 2024 kick-started the Theatre's £125 million fundraising campaign which includes a new Skills Centre. The investment helped generate a 39% increase in private fundraising and secured major corporate support from Bloomberg and Bank of America.

Royal Ballet and Opera, London

Public investment during the pandemic through the Culture Recovery Fund loan scheme in 2020 was key to unlocking private contributions to a £65 million Recovery Campaign. Public backing reassured donors during a period of unprecedented risk.

Royal Shakespeare Company, Stratford-upon-Avon

Sustained public funding of £2.7m from the Arts and Humanities Research Council supported a multi-year innovation project, which started in 2022, to create *Lili*, a Macbeth-inspired video game. This long-term investment attracted commercial investment from iNK Stories, the NYC-based and BAFTA-nominated immersive gaming company, as well as philanthropic support.

Southbank Centre, London

Two public-funded capital projects (completed in 2007 and 2018) secured matched private investment and safeguarded £15 million annually in commercial income. Public investment remains essential to future plans and ongoing financial viability.

These case studies provide robust evidence that public funding acts as a lever for additional investment, driving social, cultural, and economic returns. It underpins a sustainable, diverse cultural ecosystem while enabling access, innovation, and long-term resilience.

As a supporter for Southbank Centre told the organisation: *"As a donor to and advocate for many arts capital campaigns over the last two decades, I know first hand how crucial public funding is to unlock private contributions. Ambitious arts building and renovation projects deliver social and economic dividends for government and contribute to the pre-eminence of the UK's creative industries. Our most generous philanthropists perceive both the benefits to and the responsibilities of governments to invest in our cultural infrastructure. We are motivated by the additionality that our support can realise and adverse to substituting for the public pound."*



2.

Introduction

Crowding In - the concept that public investment can attract additional sources of revenue such as earned income, philanthropic contributions, or corporate sponsorship - is fundamental to the mixed economy model underpinning funding for most cultural organisations. The success of this model in England enables organisations in fulfilling their missions to deliver social, economic and cultural value.

In this report we begin by outlining the components of the mixed economy model in section 3. We then provide a summary of Crowding In theory in section 4, before exploring the concept in practice through case studies in section 5 through in-depth interviews with eight National Portfolio Organisations.

The case studies reveal six different ways that public money can help drive in other sources of income to deliver benefits to cultural institutions. They are:

- Delivering a capital project
- Generating private investment
- Driving additional commercial income
- Encouraging innovation
- Developing new activity
- Building resilience

The chief executives, finance directors, and development directors we spoke to were clear as to how Crowding In operates on the ground. They consider it a crucial mechanism in making their own business models sustainable, as is illustrated in the case studies below.



3.

The Mixed Economy Model

3. The Mixed Economy Model

Since 1945 the majority of cultural organisations in England have operated a mixed economy model,¹ drawing on multiple income streams rather than relying on a single source. Typically, this mix includes public funding, private investment and earned income.

Public Funding: This includes taxpayer-funded support such as grants from Arts Council England, local authority subsidies, National Lottery arts funding, and direct from government schemes of support (e.g. national museums' grant-in-aid from the Department for Culture Media and Sport)).

Private Investment: UK cultural non-profits actively seek private money through donations from individuals, corporate sponsorships, philanthropic foundations, and sometimes crowdfunding or membership programmes. For instance, all major institutions have dedicated development teams to cultivate donors and sponsors. Endowments (invested funds) are less common in the UK than in the US, but some organisations have built them often using match-funding schemes.

Earned Income: This covers all revenue the organisation generates through its activities and services. Ticket sales for performances or exhibitions are usually the largest earned component. Many cultural organisations also run shops, cafés, and venue hires or offer, for example, paid workshops and products, corporate training or writing workshops. A distinction is often made between mission-driven earned income e.g. tickets for performances where the price paid often does not cover total cost, and secondary trading e.g. catering where the ambition is to deliver a surplus to contribute towards core costs.

For each of the three funding streams there can be material differences between the gross income or turnover normally quoted and the net income after "cost of sales" "that can be used to support a cultural organisation's mission. Further, the cost of sales associated with each funding stream is significantly different. Typically, the cost of sales associated with earned income will be greater than that for public funding or private investment.

¹ There are, particularly in the theatre sector, cultural organisations that do not rely on the mixed economy model i.e. their funding model is exclusively commercial.

Arts Council England's *Private Investment in Culture Survey Report* provides a breakdown of the overall funding mix, based on a survey and extrapolation methodology to arrive at an estimate for all cultural organisations including National Portfolio Organisations, museums, libraries, heritage organisations and organisations that are not part of the National Portfolio. The overall funding mix set out in this report is summarised below.

Private Investment in Culture Surveys			
	2018/19	2019/20	2020/21
Earned	52%	50%	15%
Public	27%	30%	63%
Private	21%	20%	22%
Total	100%	100%	100%

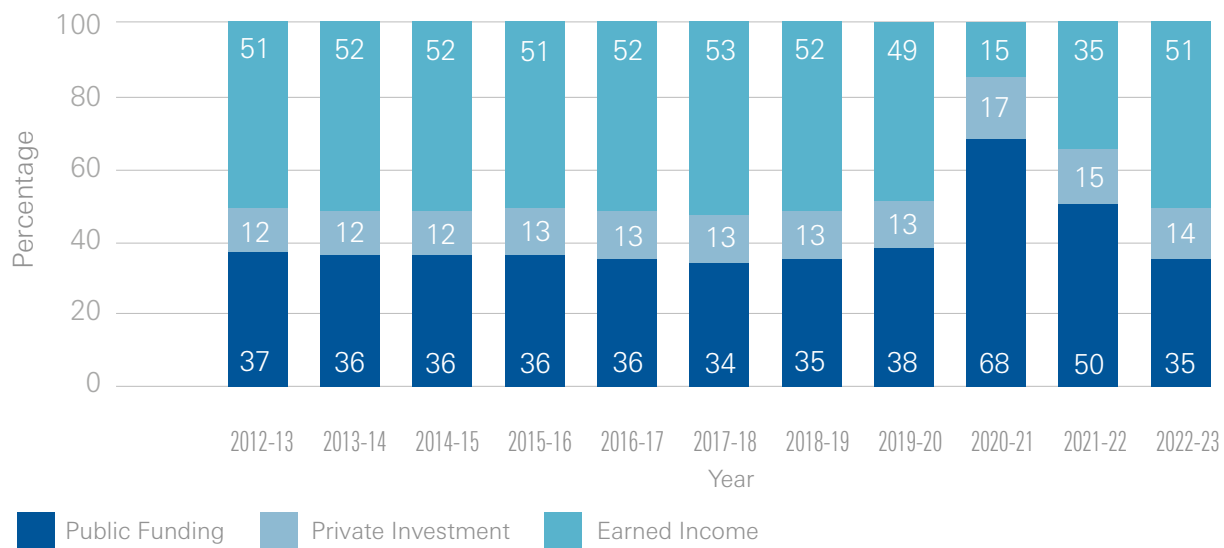
Source: Private Investment in Culture Surveys, Arts Council England
<https://www.artscouncil.org.uk/private-investment-culture-survey-2022>

The data from the *Private Investment in Culture survey Report* shows that for the 2018-19 and 2019-20 years the cultural sector's overall funding mix was in the range 52% to 50% earned, 27% to 30% public and 21% to 20% private.

The Private investment in Culture reports stresses that the overall funding mix masks the fact that the funding proportions can vary quite significantly. This depends on the size of the organisation, the artform it is involved in, and its geographic location.

The Arts Council Annual Survey provides more detail on the funding mix of National Portfolio Organisations (the eight case study organisations are all National Portfolio Organisations). This chart shows the funding mix over a longer period from 2012-13 to 2022-23. While there are differences year on year they are modest except for 2020-21 and 2021-22 which were impacted by the pandemic. The funding mix for National Portfolio Organisations is, excluding the pandemic years, in the range 34% to 38% public, 12% to 14% private and 49% to 53% earned income.

Funding Mix - Arts Council England's National Portfolio Organisations 2012-13 to 2022-23



Source: State of the Arts report, Campaign for the Arts - using Arts Council England data, and additional data supplied by MyCake to produce a constant sample for 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24 (<https://www.campaignforthearts.org/reports/the-state-of-the-arts/>)

Compared to the alternatives of a purely commercial model or a fully publicly funded model the mixed economy model has advantages for cultural organisations:

- Crowding In - public investment can encourage and facilitate other sources of income, specifically commercial or 'earned' income, philanthropy and sponsorship, as shown in the case studies in section 5 of this report.
- Greater financial stability - diversification of income reduces dependence on a single source of funding.
- Public support enables artistic risk-taking – having some public investment allows for experimental or culturally significant work that may not be initially commercially viable but can go on to create commercially successful product once proven.
- Encourages broad access – having some public investment can help keep ticket prices lower and ensure wider access to culture.
- Entrepreneurism – needing to make a surplus from trading activities can encourage cultural organisations to be entrepreneurial and be innovative in exploiting opportunities.

- Independence – organisations are not wholly dependent on one source of investment and the requirements stemming from it.

The main disadvantages/costs to the mixed economy model compared to other funding models are:

- Complexity and administrative burden - managing multiple funding streams requires more time, expertise, and resources, particularly in relation to reporting requirements.
- Conflicting priorities between funders - public funders may prioritise inclusivity or heritage, while private sponsors may focus on brand alignment or commercial appeal, leading to tension.



4.

Crowding In

4. Crowding In

Public investment that stimulates private investment - Crowding In - exists in both the general economy (typically the for-profit sector) and the cultural economy (typically the not-for-profit sector) but while the concept is the same in both sectors the mechanisms and motivations of the private investors are different.

In the general economy Crowding In tends to work through a number of reinforcing mechanisms:

- *Reducing risk and unlocking capital* - public investment can lower the risk profile of new ventures and technologies, encouraging private investors to join in. Early-stage investment can provide a safety net or proof of concept that then attracts private investment.
- *Signalling and market creation* - public investment can send a signal about future growth opportunities which encourages private firms to invest alongside or downstream of the public investment.
- *Complementary infrastructure and spillovers* - creating public goods such as transport links, digital networks and other infrastructure can make private projects viable where they were previously not, resulting in the crowding in of private investment.
- *Direct co-investment and leverage* - using government funds to leverage private co-investment directly through private-public partnership models, matched funding schemes or public development banks.

Examples of successful Crowding In in the general economy include:

- *Green Investment Bank* - launched in 2012 and capitalised with £3 billion of public funds, it delivered roughly £3 of private investment per £1 of public investment.
- *British Business Bank* - over its first decade (2014-24) the British Business Bank has leveraged more than £4 of private sector investment or lending for every £1 of public money.

The motivations of private Crowding In investors in the general economy are financial and strategic and include return on investment, risk mitigation, gaining access to strategic partnerships plus market expansion and demand creation.

The Crowding In effects tend to be strongest in the general economy when public investment is well targeted, predictable and made in partnership with the private sector. The Institute for Public Policy Research (IPPR) stated in 2023 *“Public investment can “crowd in” private investment if it fosters expectations of areas of future growth and profit for firms. For this reason, public investment should be well directed towards strategic industries (i.e. green sectors) to*

positively influence firms' investment decisions. Public investment will be even more effective if it is planned in the long-term and stable, rather than volatile and unpredictable to businesses as is frequently the case in the UK."

In the cultural sector the Crowding In mechanisms include;

Kite Mark

By acting as a first-in or cornerstone investor, public bodies make cultural projects more viable and attractive to other funders by acting as a 'kite mark' or stamp of credibility and quality.

This was recognised by a major donor in relation to the English National Ballet's City Island capital project, detailed in the case study below: The donor said: *"English National Ballet specifically approached our Foundation for financial support towards the capital cost of the City Island project. It was extremely reassuring to be informed that the project was endorsed and financially supported by the public sector when we considered the scale and associated risks. Without that vital reassurance, we would have been nervous about the ability to complete the project and unlikely to have supported it. However, the public investment gave us great confidence to proceed. For our Foundation, the City Island project is a great example of how a public investment leveraged in very significant amounts of private and commercial investment"*

Incentives and additionality

As a clear illustration of how public investment crowds in additional income, public grants often come with explicit requirements or incentives to tap these sources. Arts Council England, for example, typically asks grant recipients to secure a percentage of project costs from elsewhere. One major Arts Council programme, Creative People and Places, requires at least 25% match funding from non-Arts Council sources. Similarly, the National Lottery Project Grants, which fund cultural projects up to £100k, also encourage applicants to bring in other income. This approach ensures that public money "provides essential leverage for (...) partnerships" and acts as seed funding to unlock other support.

As well as incentivising additional income through 'push' mechanisms such as explicit requirements or incentives, evidence strongly indicates that public investment in arts and culture in England also has a 'pull' effect in that it attracts and amplifies other funding.

We see this additionality across:

- performing arts (where grants enable risk-taking that yields ticket income and sponsorship)
- visual arts infrastructure (where public capital unlocks donations)
- literature organisations (where core funding underwrites growth and sponsor appeal)
- museums (where public subsidy anchors institutions that then fundraise massively for expansions and exhibits)

Stability & Resilience

Public funding, particularly revenue funding, provides baseline stability that allows cultural organisations to plan longer-term which makes them more attractive to potential private investors.

The partnership between public and private funding has helped the cultural sector remain resilient and innovative even in challenging times. For example, during COVID-19, public rescue funds safeguarded the ecosystem that donors and audiences could return to. Post-pandemic, as engagement rebounds, the leverage multiplier is growing again – early data for 2022-23 suggest fundraising and earnings are climbing, while emergency government spending is tapering. This is indeed the story of one of the case studies to be seen below.

This underscores the fact that public funding is not a subsidy but rather an investment which yields returns in the form of vibrant cultural output and attracted capital.

The motivations of private investors in the cultural sector are largely non-financial and include love of culture and a desire to give back, personal satisfaction from giving (altruism) prestige and recognition, and community or personal connection. While not profit-driven, private investors in the cultural sector do respond to indirect financial incentives such as Gift Aid.

There is a body of literature which supports the hypothesis that cultural organisations receiving public funding in the UK will encourage additional private investment:

- Khanna & Sandler (2000)² studied the impact of government grants on giving in the UK in a study of 159 charities. They concluded that government grants encouraged additional private giving rather than displacing it.
- Andreoni, Payne & Smith (2014)³ compared charities that applied for National Lottery grants with some being successful and others not and tracked their revenues over time. The authors concluded that being awarded a grant had a significant positive impact on total income.
- The 2017 BOP Consulting Final Evaluation of the Arts Council England's Catalyst funding programme concluded that organisations in receipt of Catalyst funding had sustained fund raising increases and undergone culture change.
- According to official statistics published by the Department for Culture, Media and Sport in 2023, England's major cultural institutions generated 24.2p of fundraising income for every £1 of government grant in 2021/22. This "leverage ratio" dipped during the pandemic (it was 22.0p per £1 in 2020/21) but remains a significant supplement to public funds. Pre-Covid, the ratio was even higher (about 41.6p in 2018/19)

2 https://www.researchgate.net/publication/222250185_Partners_in_giving_The_crowding-in_effects_of_UK_government_grants

3 <https://econweb.ucsd.edu/~jandreon/WorkingPapers/AndreoniPayneSmith.pdf#:~:text=>

Other literature looks at Crowding In from a US perspective - for example Heutel (2014) Crowding Out and Crowding In of Private Donations and Government Grants⁴ - which found government grants do indeed crowd in donations.

Crowding In in practice: Eight case studies

As demonstrated above, the research shows that every £1 of public cultural funding delivers more than its face value. It can unlock additional philanthropic gifts (from major trusts to grassroots crowdfunders), encourage businesses to invest in cultural sponsorship, and enable cultural organisations to earn more from the public. As Arts Council England described, public funding provides the “essential leverage” for creative partnerships

However, the best way to understand the value of Crowding In is to look at specific examples from individual organisations. The next section sets out eight case studies of Crowding In in practice.

4 <https://ideas.repec.org/a/sae/pubfin/v42y2014i2p143-175.html#:~:text=type%20of%20funding%20acts%20as,private%20donations%20on%20government%20grants>



5.

Case Studies

5. Case Studies

BALTIC CENTRE FOR CONTEMPORARY ART, GATESHEAD:

Public funding to reshape business model

The Baltic Flour Mill, built in 1950 for Rank Hovis Ltd in Gateshead, operated as a flour processing plant until 1981. After years of disuse, it was transformed into the Baltic Centre for Contemporary Art as part of a major Quayside regeneration project. Opened in 2002, the Baltic has since hosted hundreds of exhibitions featuring artists from around the world and welcomed over 10 million visitors, becoming a major hub for contemporary art in the UK. It is the most visited free attraction in the North East of England with 43% of visitors under 43 and 34% from deprived areas.

The Baltic is an National Portfolio Organisation, receiving an annual grant from the Arts Council. This funding played a crucial role in securing the increase in private support as detailed below. This funding acted as a kite mark of quality and public value.

Over the past several years, the Baltic Centre for Contemporary Art has undertaken a transformative journey to align its fundraising strategies with its social mission and long-term sustainability goals. This dual focus—on growing private income through socially driven partnerships and securing future impact through a significant Endowment Fund—has positioned Baltic as a model for how cultural institutions can balance present needs with future ambition.

From 2019 to 2024, private income at Baltic doubled as a proportion of total turnover, rising from 10% to 20%, even as overall turnover increased by 90%. This remarkable growth was driven by a strategic shift to integrate Social Value principles into fundraising. Rather than pursuing transactional sponsorships, Baltic cultivated partnerships rooted in shared community outcomes. A notable example is its relationship with NorthStandard, a regional maritime insurance company, which evolved from a £1,000 sponsorship into a sustained £15,000 annual commitment to support inclusive educational programming for SEND (Special Educational Needs and Disabilities) schools. These values-led relationships have opened new funding streams while reinforcing Baltic's role as a socially responsible community anchor.

“Our aim to create a positive impact goes beyond our industry to the communities we touch. All the organisations we partner with share a common goal – making a real difference in our shared world. We recognise the value education brings and its ability to empower people and recognise their full potential. That’s why we proudly support educational initiatives such as the Baltic Stars programme at the Baltic Centre for Contemporary Art and the Festival of The Girl, which inspire and equip individuals with knowledge and opportunity.” NorthStandard

Building on this momentum, Baltic has also embarked on an ambitious long-term initiative: the development of a £10 million Endowment Fund. Spearheaded by Chair Kirsty Lang, this strategic fund is designed to secure creativity in perpetuity—supporting bold artistic ambition,

creative learning, community engagement, wellbeing, and the preservation of Baltic's iconic building. The fund's launch was catalysed by a transformational £650,000 gift (plus Gift Aid) from an internationally acclaimed artist with deep ties to the region.

"I'm proud of my roots in the North East which is why I'm supporting the Baltic. In a region where over a third of children are growing up in poverty, I see access to culture as vital. We need to do everything we can to safeguard our public funding through the Arts Council and continue to offer free entry to the public. But we can't just rely on public funding, we also need to drive up philanthropic giving so we can continue to take pride in this region and all it has to offer, now and for the next generation of young people".

Together, these efforts reflect Baltic's comprehensive approach to fundraising—one that blends immediate impact with enduring legacy. Whether through inclusive education initiatives or a long-term financial endowment, Baltic continues to show how arts organisations use public funds to achieve financial resilience while remaining true to its creative and civic mission.

ENGLISH NATIONAL BALLET, CANNING TOWN, EAST LONDON:

Capital project - Mulryan Centre for Dance

Founded in 1950, the English National Ballet is a leading touring ballet company, performing across the UK and internationally, and employing around 67 dancers, with a philharmonic orchestra.

For most of its history, English National Ballet operated from Markova House in South Kensington – a 20,000 sq ft Victorian building with only two studios and limited facilities. As the ballet company's productions grew in scale and ambition, the building proved increasingly inadequate. By 2013, a new Chair, Justin Bickle, prioritised the creation of a purpose-built facility, assembling a trustee board to help realise this goal.

At the time, English National Ballet had a modest net asset value of £4.5m. Its primary asset was an 80-year peppercorn lease on Markova House. Securing a new home required a coalition of funders – public, private and commercial – and a strategic approach to leverage limited resources.

Partnership with Ballymore

Ballymore, one of London's major property developers, had master-planned the London City Island development in Canning Town, featuring 1,700 new homes. Ballymore sought a cultural anchor to enhance the attractiveness and value of its properties, and partnered with English National Ballet in 2015.

The ballet company was given the opportunity to design a bespoke 93,000 sq ft, five-storey facility comprising seven large studios, a production studio replicating the London Coliseum stage (complete with fly-tower), education and outreach spaces, a public foyer, and other specialist facilities.

Ballymore provided the shell-and-core building – with an approximate cost of £20m – on a 199-year lease for a premium of £5m. English National Ballet was responsible for raising the full fit-out cost, estimated at £24m, putting the total funding need at £29m.

Funding Structure

English National Ballet exceeded its fundraising target, allowing for the establishment of a maintenance reserve. Funding sources are summarised below:

Capital Fit-out & Lease Premium – Sources of Funds (£m)	
Own Resources	
Sale of Markova House lease (2015)	14.3
Public Investment	
Arts Council England (ACE)	6.0
Mayor of London Good Growth Fund (2019)	1.0
Total Public Investment	7.0
Private Investment	
Board member pledges	1.1
Trusts, foundations & private individuals	9.5
Total Private Investment	10.6
Total Raised	31.9

Source: English National Ballet

The sale of the Markova House lease to the Royal College of Music in 2015 for £14.3m was pivotal, contributing nearly half the required capital and signalling critical early commitment for later funders.

English National Ballet received two Arts Council grants of £3m (2018 and 2021) and a £1m pledge from the Greater London Authority (in 2019, supporting local engagement and placemaking in Newham and Tower Hamlets).

These public contributions were instrumental in unlocking further private support. One of English National Ballet's donors said: *"English National Ballet specifically approached our Foundation for financial support towards the capital cost of the City Island project. It was extremely reassuring to be informed that the project was endorsed and financially supported by the public sector when we considered the scale and associated risks. Without that vital reassurance, we would have been nervous about the ability to complete the project and unlikely to have supported it. However, the public investment gave us great confidence to proceed. For our Foundation, the City Island project is a great example of how a public investment leveraged in very significant amounts of private and commercial investment"*

Conclusion

The Mulryan Centre for Dance exemplifies effective crowding in, where £7m of public funding leveraged £10.6m from private donors and a £15m in-kind commercial contribution from Ballymore. This three-way partnership between public funders, a private developer, and philanthropic supporters made the project viable.

Ballymore's commercial rationale was clear: a cultural anchor would increase the appeal of its development. However, Ballymore also emphasised that:

"Arts Council funding was a key factor in our decision to partner with English National Ballet for the London City Island project."

This project illustrates how strategic public investment can de-risk high-value cultural infrastructure, catalyse private and commercial contributions, and deliver broader urban regeneration benefits.

ENGLISH NATIONAL OPERA, LONDON:

Innovation and mission growth

The English National Opera (ENO) aims to make opera accessible for everyone by creating extraordinary encounters with opera, on stage and beyond – opera for everyone, locally, nationally, in unexpected places, and that pushes boundaries to challenge and expand the possibilities of what opera is and can be for people and communities today. In 2024/25, 97,000 people saw eight operas (51% were first time opera attenders with under 21s coming for free) and over 20,000 more engaged in schools, talent development and creative health programmes.

While currently based in London, English National Opera plans to relocate its main base to Greater Manchester by 2029, while maintaining a substantial season at the London Coliseum.

ENO Breathe

English National Opera's award-winning ENO Breathe programme was developed with Imperial College Healthcare NHS Trust during the pandemic. Since its inception it has assisted over 4,000 long Covid patients through the delivery of free online breath retraining for those suffering from symptoms of breathlessness and associated anxiety, by sharing the techniques that opera singers use to control their breathing. The programme is provided free to participants through over 90 NHS Trusts.

Launched in 2020, ENO Breathe sought to leverage the company's world-class expertise to create extraordinary encounters with opera and improve well-being across communities. In collaboration with clinicians at Imperial College Healthcare NHS Trust, ENO Breathe developed an online programme to support, alleviate and improve self-management of long Covid. This

initial programme was supported by English National Opera's core funding from Arts Council England.

ENO Breathe's success has enabled the opera company to secure additional financial support from individual philanthropists, companies and foundations to further support and expand the programme. Rigorous evaluation has shown:

- 79% of participants state the programme had a 'strong positive' or 'positive' impact on anxiety
- 97% of participants would recommend ENO Breathe to others experiencing long Covid

In its first two years English National Opera used £335,000 of its core funding to directly support the creation and piloting of ENO Breathe, alongside the reallocation of roles within the team.

Over the past five years English National Opera has secured additional investment of £470,994:

Year	Individuals	Grants & companies	Total
20/21	£21,377	£10,000	£31,377
21/22	£59,970	£13,540	£73,510
22/23	£39,945	£96,875	£136,820
23/24	£2,874	£74,070	£76,944
24/25	£25,683	£126,660	£152,343
Total received			£470,994

Source: English National Opera

The programme has proved beneficial to patients and the positive results of a randomised control trial were published in The Lancet Respiratory Journal in 2022.

While continuing to offer its core ENO Breathe long-COVID programme, English National Opera is developing and testing the efficacy of the model with other breathing conditions through a series of Plan, Do, Study, Act (PDSA) cycles working with patients with chronic obstructive pulmonary disease and asthma. This work is supported by Greater Manchester's Creative Health Place Partnership led by NHS Greater Manchester and Greater Manchester Combined Authority, working with University of Manchester.

A further £690,000 has been secured from philanthropists, companies and foundations including £450,000 from the Peter Sowerby Foundation to support the next 18 months of this development.

The ambition is to test, learn and develop a programme with rigour and evidence to create an NHS commissioned programme by 2027 – further demonstrating the power of public funds to

give seed money to develop and pilot interventions, and the impact of philanthropy to invest and support developments.

In total, public investment has helped leverage £1.1m philanthropic income since 2020, which will have supported over 6,000 people experiencing breathlessness by the end of 2026.

“I am a great believer in the mixed economy for the arts. Both public and private support are vital to supplement commercial revenues if we are to nurture thriving arts provision and participation. Moreover, if we are to grow the direct impact of the arts in creative health and education, which is most needed, we need both more state and private support. Foundational state support can fund the initial R&D and encourage private support. ENO Breathe is a great example.

During the pandemic, the core support from Arts Council England allowed English National Opera to pivot resources and test and demonstrate the efficacy of this new and powerful approach. This allowed them to develop the programme and secure philanthropic income in excess of £1.1m to support the programme going forward. This was a brilliant achievement.”

Vernon Ellis, Big Give Arts for Impact, Trustee, Figurative.

THE LOWRY, SALFORD QUAYS, GREATER MANCHESTER:

We Invented the Weekend - unlocking private investment through public funding

The Lowry is an arts centre that opened in April 2000. It houses two main theatres, a studio space and gallery spaces. It is a receiving venue as well as a producing house with almost 1 million visitors in 2023-24 and more than 500,000 audiences attending 961 performances. 23,000 children and young people engage in creative workshops and projects.

Overview

We Invented the Weekend is a groundbreaking festival celebrating free time, creativity, and community engagement in Salford. The festival’s journey exemplifies how strategic public funding can act as a catalyst for unlocking significant private investment, helping to establish a sustainable and impactful cultural event.

Public Funding as a Catalyst

In 2023, its inaugural year, *We Invented the Weekend* received £99,500 from Arts Council England and £100,000 from Salford City Council. This initial public funding provided the foundation for the festival’s launch, ensuring high-quality programming, audience development, and community engagement.

Attracting Private Investment

The credibility and stability afforded by public sector investment enabled the festival to secure £100,000 in private funding from Landsec and Peel Holdings. This early private support further validated the festival’s vision and potential for impact.

Scaling Up: Private Sponsorship Growth

With a strong reputation established and audiences built through the support of public

funding, the festival was able to attract £250,000 in private sponsorship in its second year. The initial public investment acted as a 'quality stamp,' reassuring private sponsors of the festival's viability and reach.

*"As a private sector supporter of **We Invented the Weekend**, Landsec is proud to have championed this bold, visionary project from day one – it's a testament to our commitment to place-making and creating lasting impact in the communities we serve. We saw first-hand how early public funding gave the festival crucial credibility, becoming a catalyst that attracted additional private sponsors to join us in bringing this idea to life. This event truly embodies the spirit of partnership – it has transformed Salford's public spaces, energized the local community, and we're confident its legacy will endure for years to come."*

Martyn Evans Hon FRIBA, Creative Director, Landsec

Conclusions

- Public funding de-risks private investment: The backing of Arts Council England and Salford City Council signalled credibility, making the festival a more attractive proposition for corporate sponsors.
- Audience and reputation building: Early investment enabled the festival to establish itself as a key cultural event, creating a strong audience base that private sponsors could tap into.
- Sustainable funding model: By leveraging public support to unlock private sponsorship, the festival created a pathway to long-term financial sustainability and growth.
- The success of *We Invented the Weekend* illustrates how strategic public funding can unlock significant private investment, ensuring the sustainability of cultural initiatives.
- The festival attracted 60,000 visitors, Media City's highest footfall in its 12-year history. 25% of these visitors came from outside Greater Manchester. 40% visited a restaurant or cafe, 27% visited a pub or bar, and 40% visited local shops.
- *We Invented the Weekend* delivered a total impact of £3.2m for the local economy.⁵
- By using public investment as a foundation, the festival not only grew its financial backing but also strengthened its community impact and reputation, securing a bright future in the cultural calendar.

THE NATIONAL THEATRE, LONDON:

Leveraging £26.4m Government capital grant, supporting £125m Stories Start Here campaign

The National Theatre's mission is to make theatre that entertains and inspires, using its creativity, expertise and unique reach. In 2023-24 the National Theatre produced 31 plays and musicals which were staged nationally and internationally, including 18 productions on the South Bank. The National Theatre tours the UK and broadcasts as National Theatre Live to

5 <https://www.mediacityuk.co.uk/newsroom/we-invented-the-weekend-delivers-more-than-3-million-for-local-economy/>

cinemas in 50 countries. Over 12 million people to date have seen National Theatre Live, and 89% of state secondary schools are signed up to the schools streaming service, with a total of 1.3 million UK students accessing National Theatre Collection.

In 2024, the National Theatre received a £26.4 million capital grant from HM Government to support critical infrastructure upgrades across its South Bank estate. This investment played a foundational role in stabilising the National Theatre's facilities and enabled the organisation to pivot towards future-focused capital developments.

In the financial year immediately following the announcement of the grant, the National Theatre increased its annual private fundraising by 39%, reaching £28 million. This uplift included new and increased contributions from both UK and international supporters. The presence of public investment provided clear assurance to philanthropic partners, encouraging further engagement and financial support.

The £26.4m grant enabled the National Theatre to address several long-standing capital requirements, including the replacement of ageing technical equipment and improvements to key areas of the building's infrastructure. As a result, internal staff and technical resources that had been regularly diverted to unplanned maintenance were freed to focus on long-term planning and programme delivery.

This reallocation of internal capacity was instrumental in the development of the National Theatre's new *Skills Centre*, a major element of its broader £125m *Stories Start Here* capital and fundraising campaign. The Skills Centre consolidates and expands the National Theatre's training and workforce development activity, offering a range of workplace-based placements, apprenticeships, and vocational training opportunities in backstage and offstage disciplines. These include set construction, lighting, sound, costume, stage management, and other areas of technical theatre.

The Skills Centre has been designed in response to workforce challenges in the creative industries, including national skills shortages and a lack of access for underrepresented groups. The National Theatre's aim is to offer high-quality technical training at scale, with a particular focus on supporting young people and career changers across the UK. This is a significant expansion of the National Theatre's mission.

As a result of the Government's grant, Bank of America has joined as the Skills Centre's lead partner. With the bank's support, the National Theatre plans to reach approximately 15,000 individuals over the next three years through a combination of in-person training, digital learning, schools engagement, and career development programmes. This partnership reflects the National Theatre's strategic approach to securing corporate and philanthropic investment to support long-term workforce development objectives.

The wider *Stories Start Here* campaign seeks to raise £125 million to support infrastructure, skills, digital innovation, and nationwide engagement. In addition to the Skills Centre, the campaign is funding projects including:

- Commissioning new playwrights to create world-class work
- Upgrades to digital infrastructure to support both live and streamed performance
- The renewal of stage engineering systems;
- Development of environmentally sustainable production methods;
- Expansion of national touring and education programmes to reach a broader range of audiences and participants.

Conclusions

By combining public capital investment with targeted private fundraising, the National Theatre has been able to progress these initiatives without placing additional operational pressure on core revenue budgets. The campaign is on track to meet its fundraising targets, with over £73m committed to date.

The £26.4m capital grant has therefore delivered significant leverage, enabling the National Theatre to raise additional private investment and undertake a major skills and infrastructure programme. The result is a stronger, more sustainable organisation contributing to the long-term resilience and productivity of the UK's creative sector.

ROYAL BALLET AND OPERA, LONDON:

Culture Recovery Fund kick-starting £65m Recovery Campaign

The Royal Ballet and Opera is one of the world's leading ballet and opera companies. In a typical year it will give well over 400 performances with over 600,000 tickets sold for performances in Covent Garden (1/3 of tickets being priced at £50 or less), not to mention the 633 UK cinemas and 855 globally which relay performances each year, giving access to those who cannot get to London. And it has comprehensive programme of activities for children in communities across the country from Cornwall to Cumbria, focussed on areas of economic and social disadvantage: over 90,000 children in 1,200 schools engaged in its singing, dancing and design programmes last year.

Its 2022/23 full year accounts show turnover of £171 million with £45 million being public investment through grants and theatre tax relief, £88 million (51%) of earned and commercial income and £38 million (22%) of private investment. While this shows that Royal Ballet and Opera has been highly successful in diversifying its sources of income, that success meant it was especially hard hit when it couldn't open its doors to the public because of lockdown.

While it is unquestionable that in normal times, Royal Ballet and Opera has one of the strongest supporter bases in the arts, the severity of the financial crisis meant it was necessary to launch a special fundraising programme: the Recovery Campaign with a target of £65m over two years. This was one strand of a multi, interconnected strand strategy to safely withstand the period of severe financial insecurity with no box office or ancillary income. It was imperative that all strands of the strategy were delivered in order that the organisation might succeed.

The strands were:

- Recovery Campaign - fundraising of voluntary income from individuals, Trusts & Foundations, a public appeal and the de-restriction of funds
- Government loan finance from the Culture Recovery Fund
- 20% cost savings across the house
- Repurposing of Endowment funds
- Held assets sales

The Recovery Campaign (private) and the Culture Recovery Fund (public) strands were inextricably linked by the commitment to raising private funds. This was a condition to unlock the Culture Recovery Fund loan and, simultaneously, the prospect of government support (Culture Recovery Fund and the continued support from the Arts Council) was necessary to give donors the confidence to invest in Royal Ballet and Opera as an organisation with a future.

Conclusions

The Royal Ballet and Opera case study shows that Crowding In happens and works even in a crisis situation. It is agnostic as to the instrument used to provide the public investment (in this case a loan) but it is the confidence it gives to both the organisation, its board and management and the potential donor that it is the most important element.

THE ROYAL SHAKESPEARE COMPANY:**Public funding driving digital innovation, philanthropy and new commercial income and partnerships**

The Royal Shakespeare Company (RSC) is one of the world's best known theatre companies that ensures Shakespeare is for everyone, unlocking the power of his plays and those of other writers in live performance, throughout the UK and across the world. Based in Stratford-upon-Avon the company has three-performance spaces and receives over one million visitors per annum to see shows, exhibitions, and events. The RSC also works in communities across the country and with circa 1,400 schools reaching over 500,000 children and young people. The RSC is currently the only performing arts organisation with Independent Research Organisation status.

The RSC have teamed up with leading New York based immersive games producer iNK Stories to develop their first video game, *Lili*. The game is a playable adaptation of *Macbeth* set in contemporary Iran with Shakespeare's Lady Macbeth at the centre. The gameplay features a blend of live-action cinema within an interactive game format. It is a convergence of theatre, film and gaming and therefore requires an all new approach to how it is developed.

This innovative project is the first video game for the RSC and is part of their drive to constantly find ways of interpreting Shakespeare's work in different ways, on different platforms to engage and attract new audiences.

The relationship with iNK Stories began seven years ago and the development of *Lilli* has taken three years to date. To get to this point support from both public and private funders has been essential.

- Having ACE as a key stakeholder with an understanding that innovation is essential takes time to develop and to bring the work into 'business as usual'. It has supported the Director of Digital Creative Innovation's role and further work on the development of the project. It allows the RSC to seek R&D funding for innovative projects from other sources such as the Arts and Humanities Research Council (AHRC).
- The RSC was successful in bidding for investment of £1,165,000 over four years from AHRC for its Future of Performance Institute Feasibility Study. This includes a large-scale report on the codification of artist led research, including the impact evaluation of its economic value and a new model for an institute that will support this work.
- A Creative Research Capability (CresCa) grant from AHRC for £1.54 million enabled the RSC to invest in equipment, and infrastructure for research. This focused on scaling-up international fellowship work within the Future of Performance Feasibility Study, alongside *Lilli* exploring another prototype which explores AI, and increasing liveness in live performance. The latter demonstrates how the RSC builds a community of international artists based globally and then supports the work built at a scale, which in turn increases impact and has the new infrastructures required to make work. This couldn't be achieved in traditional frameworks.
- This work is also funded by the Rothschild Foundation (£50,000 per year) who specifically fund the artist convening / labs the RSC host in Stratford-upon-Avon and the inaugural Festival of Ideas in 2025.
- The RSC anticipate that *Lilli* will be available for gamers in 2027.

Conclusions

The *Lilli* project is a good example of how complex Crowding In is, and particularly in relation to innovation projects and the lengthy period over which the public investment delivers its Crowding In benefit.

iNK Stories said of the collaboration: *"We were attracted to Shakespeare because the works are universally known and Lady Macbeth because she is such a strong character who can be interpreted in multiple ways. Notwithstanding the work was written 400 years ago she is a thoroughly modern character. But we are a commercial business and we needed to be sure the RSC was an appropriate organisation to partner with and when we did our due diligence we place great weight on the fact the company was publicly funded."*

SOUTHBANK CENTRE:

Capital project driving long-term resilience

The Southbank Centre is the largest arts centre in the UK operating four major venues and a large amount of public space on an 11-acre site. It offers inspirational life-enhancing encounters with art in democratic, open spaces and has the most vibrant, innovative, welcoming and inclusive arts spaces in the world, renowned for championing the imagination of artists, audiences and communities.

It is one of the top five most visited attractions in the UK with 3.7m visitors in 2024⁶, issuing over 750,000 tickets and putting on over 4,600 events.

Southbank Centre is unusual in the relatively high level of non-mission commercial income in its mixed economy model. The contribution from this commercial income is essential to the success and resilience of Southbank Centre and the majority of this income is site specific i.e. it relies on exploiting the unique opportunities that exist because of the location, the site, and the buildings.

In total the Southbank Centre site produces just under £80 million of commercial turnover annually⁷ from commercial events, brand activations, filming, catering, retail, popups and markets and the various site restaurants. This then delivers a little under £15 million of contribution that Southbank Centre uses to support its overall running costs, mission activity of putting on events at a price that is accessible and making parts of the building free for the public to use for their own activities.

This puts an enormous strain on the buildings, built and operated by the public sector until 1987 when Southbank Centre became an independent charity. If they are not kept in good condition and the technology is not upgraded then this commercial income will be “crowded out”.

Southbank Centre has done two major capital projects over the last 20 years and both projects had material elements that were specifically aimed at protecting and increasing the total commercial income “crowded in”. The funding for the two capital projects following the typical match funding requirement leading to private investment crowding in approach.

The Royal Festival Hall refurbishment 2005-2007 spend totalled £111m, with £55m (49%) was from public funds (distributed by Department for Culture Media and Sport, Arts Council England, Greater London Authority/London Development Agency and Transport for London), leveraging £43m from private sources.

6 <https://www.alva.org.uk/details.cfm?p=619>

7 A significant amount of this site-wide turnover is not represented in Southbank Centre’s own accounts.

The Queen Elizabeth Hall and Hayward Gallery refurbishment 2015-18 spend totalled £44m. £17.6m (40%) was from public funds, Arts Council England and Greater London Authority, leveraging £8.8m from private sources.

Presently neither the Greater London Authority nor Transport for London have the resources to fund capital developments of this kind, and the National Lottery Heritage Fund's guidance is that typically its maximum grant is £10m and dependent on match-funding.

The voice of the donor

Southbank Centre told us that when consulting with prospective major funders for its capital campaign it is regularly asked what public funds have been committed for the capital project. A major private family foundation, which gives away £80m per year often for capital projects by cultural institutions, suggested it would not even consider an application until the public investment in the plans is clear.

A donor and fundraising advocate for Southbank Centre told it: *"As a donor to and advocate for many arts capital campaigns over the last two decades, I know firsthand how crucial public funding is to unlock private contributions. Ambitious arts building and renovation projects deliver social and economic dividends for government and contribute to the pre-eminence of the UK's creative industries. Furthermore, governments (central and local) are often the landlords of our iconic arts venues. Our most generous philanthropists perceive both the benefits to and the responsibilities of governments to invest in our cultural infrastructure. We are motivated by the additionality that our support can realise and adverse to substituting for the public pound. Public capital investment typically unlocks at least as much in private support. Without it, arts organisations struggle to get their campaigns off the blocks."*

Conclusions

The Finance Director of Southbank Centre was clear that the importance of public investment driving the commercial turnover that delivers the essential circa £15m contribution income without which its business model simply would not work, and that that commercial turnover was at risk if the offer at the site was not attractive to commercial operators.

"It's highly competitive out there and there are plenty of other sites in London who would like this business and to keep it we need to make sure the site works for our commercial operators".

As part of a required overall £220m capital development and refurbishment requirement, Southbank Centre currently has plans for £50m of capital investment in the Royal Festival Hall to protect its pre-eminence both artistically and commercially.

Southbank Centre is confident that a commitment of £30m in public funds would enable it to leverage private investment to realise these plans and protect and improve its continuing ability to generate philanthropic and commercial income streams. However, without a commitment of public funds it is finding it extremely difficult to convert philanthropic goodwill to pledged gifts.

Southbank Centre is a good example of how Crowding In happens over a long time scale and

how the impact of the public investment can impact in multiple ways to bring in the other two mixed economy funding streams. Without public funding Southbank Centre would never have managed to raise the matched private investment to deliver its two essential capital projects over the last 20 years and without a unique public building in an appropriate state of repair the level of commercial income and contribution could not be achieved.

Summary in Closing

The principle of **Crowding In** is straightforward: public investment stimulates private investment. However, as the case studies in this report demonstrate, how each organisation creates that opportunity is highly specific, often complex, and requires sustained effort to realise. For these organisations, Crowding In is not a “nice to have” — it is essential to the success of their mixed economy business models. Without the multiplier effect of public investment, the projects featured here would not have happened, or would have been significantly reduced in both scale and impact.

The voices of private investors captured in the case studies are particularly persuasive. Time and again they confirm that a decisive public investment — a “first move” — was critical to their willingness to invest and to the scale of their support.

Every organisation we spoke to saw further potential to Crowd In private investment and amplify the value of the public funds they receive.

This report makes clear: when public investment leads, private investment follows — unlocking greater ambition, reach and impact across the cultural sector.

Leading the Crowd: A report on the role of public investment in Crowding In

Commissioned by Arts Council England

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