



# Private Investment in Culture Survey 2025

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# Contents

Contents .....	3
Figures .....	5
Tables .....	7
Foreword .....	9
Executive summary .....	11
Summary figures .....	14
Introduction .....	15
Context .....	17
National findings .....	20
Headline contributed and total income .....	20
The super-major organisations .....	20
Contributed income in financial context .....	23
Overall income mix .....	26
Income models .....	27
Contributed income breakdown .....	32
Investing in assets .....	36
Assets & income models .....	39
Factors affecting contributed income .....	40
The difference size makes .....	40
The difference being a National Portfolio Organisation makes .....	49
The difference a public building makes .....	53
How areas differ .....	55
How artforms differ .....	59
State of the sector, strategies and practices .....	70
Introduction .....	70
Public benefits .....	70
Diversity .....	73
Challenges .....	75

Opportunities .....	81
Developing new types of giving.....	81
Data .....	82
Advisory groups .....	83
Digital technology.....	84
Networks and support .....	85
Selling the value of culture .....	85
Appendices .....	86
Appendix 1 – Glossary and definitions.....	86
Appendix 2 – Numerical tables of graphic figures .....	89
Appendix 3 – Methodology .....	111
Appendix 4 – Literature review .....	124
Appendix 5 – Workshop participants .....	136
Bibliography .....	137
Acknowledgements .....	143
About the authors .....	144



# Figures

Figure 1 Contributed and total income over period (large cohort) .....	20
Figure 2 Total income and contributed income of the 15 super-majors .....	21
Figure 3 Income mix over period for super-majors.....	22
Figure 4 Profitability for super-majors in 2023/24.....	22
Figure 5 Contributed income, total income and expenditure growth over the period...	23
Figure 6 Change in profitability over the period .....	25
Figure 7 Change in income mix over the period.....	26
Figure 8 Income mix by income model type in 2023/4 .....	27
Figure 9 Number of organisations, total income and average income by income model type .....	29
Figure 10 Change in income mix by income model over the period.....	31
Figure 11 Change in breakdown of absolute contributed income by source over the period .....	33
Figure 12 Change in breakdown of proportions of contributed income over the period .....	34
Figure 13 Types of assets invested in over period .....	37
Figure 14 Number of organisations by turnover band .....	40
Figure 15 Absolute income, contributed income and expenditure by turnover band over period .....	43
Figure 16 Profitability breakdown by turnover band over the period.....	44
Figure 17 Income mix by turnover band in 2023/24 .....	45
Figure 18 Proportion of organisations in different income models by turnover range .	47
Figure 19 Change in contributed income, total income and expenditure by NPO status over the period.....	50
Figure 20 Income mix over time by NPO status.....	51
Figure 21 Proportions of income model by NPO status.....	52
Figure 22 Absolute income, contributed income and expenditure by area .....	55
Figure 23 Income mix by area .....	56
Figure 24 Number of organisations receiving different types of contributed income by area .....	58
Figure 25 Contributed income in financial context over the period.....	63
Figure 26 Income mix by artform 2023/24 .....	64
Figure 27 Income model by artform.....	66
Figure 28 Contributed income breakdown by artform in 2023/24.....	67
Figure 29 Public benefits used within fundraising case for support.....	71

Figure 30 Barriers to attracting contributed income .....	75
Figure 31 Potential fundraising opportunities to explore .....	81
Figure 32 Income mix (median and lower to upper quartile range) by income models .....	115

# Tables

Table 1 Prevalence of types of contributed income per income model.....	35
Table 2 Types of assets invested in by income model type .....	39
Table 3 Prevalence of contributed income type by turnover band.....	48
Table 4 Prevalence of income models by public building type.....	54
Table 5 Prevalence of types of contributed income by area .....	57
Table 6 Contributed and total income over period (large cohort) .....	89
Table 7 Total income and contributed income of the 15 super-majors .....	90
Table 8 Income mix over period for super-majors .....	90
Table 9 Profitability for super-majors in 2023/24.....	90
Table 10 Contributed income, total income and expenditure growth over the period ..	91
Table 11 Change in profitability over period .....	92
Table 12 Change in income mix over the period.....	92
Table 13 Income mix by income model type in 2023/4.....	93
Table 14 Number of organisations, total income and average income by income model .....	93
Table 15 Change in income mix by income model over the period .....	94
Table 16 Change in breakdown of absolute contributed income by source over the period .....	95
Table 17 Change in breakdown of proportions of contributed income over the period	95
Table 18 Types of assets invested in over period.....	96
Table 19 Number of organisations by turnover band .....	96
Table 20 Absolute income, contributed income and expenditure by turnover band over the period.....	97
Table 21 Profitability breakdown by turnover band over the period .....	98
Table 22 Income mix by turnover band in 2023/24 .....	99
Table 23 Proportion of organisations in different income models by turnover range ...	99
Table 24 Change in contributed income, total income and expenditure by NPO status over the period.....	100
Table 25 Income mix over time by NPO status .....	101
Table 26 Proportions of income model by NPO status .....	101
Table 27 Absolute income, contributed income and expenditure by area .....	102
Table 28 Income mix by area .....	103
Table 29 Number of organisations receiving different types of contributed income by area .....	103
Table 30 Contributed income in financial context over the period .....	105

Table 31 Income mix by artform 2023/24.....	106
Table 32 Income model by artform .....	106
Table 33 Contributed income breakdown by artform in 2023/24.....	107
Table 34 Public benefits used within fundraising case for support.....	108
Table 35 Barriers to attracting contributed income .....	109
Table 36 Potential fundraising opportunities to explore .....	110
Table 37 Financial significance of different cohorts of organisations available for analysis.....	113
Table 38 Trend in median income mix over period relative to 2023/24 median.....	118

# Foreword

The reputation of our nation's creative and cultural sector for excellence is founded on a mixed funding model in which money raised from individuals, trusts and companies form a "golden triangle" with public investment and earned income.

This latest edition of the **Private Investment in Culture Survey** demonstrates how important this model remains for the continued success of our sector. At the same time, it throws a spotlight on the challenges and the opportunities of the moment.

A crucial insight emerging from this research is that public investment remains the catalyst that attracts private money. The evidence is plain for all to see – public funding "crowds in" private investment, creating a multiplier effect that benefits the sector and the wider economy. It is a relationship that other research recently commissioned by Arts Council England has also confirmed. The Centre for Economics and Business Research report found that public money attracts private investment by reducing the risks associated with cultural projects – something this survey also reveals. While the **Leading the Crowd Report**, authored by Martin Prendergast and Francis Runacres, showed that investment from public sources is the essential ingredient that underpins a sustainable, diverse creative sector, encouraging access and innovation to thrive and promoting long-term resilience.

Although private investment has increased over the period covered by the survey, that growth has been outstripped by rising costs. In many cases this investment is now covering basic and essential costs rather than being directed to the innovation and experiment that has often been the incentive for private support.

The survey shows that in the face of this challenge creative and cultural organisations are drawing on their resourcefulness and are developing a more collaborative approach, both to maintain their high-quality output and to attract private investment. I am heartened to learn that there are examples where competition has been set aside and that collaboration is seen as a key to success. Many small and medium-sized organisations face issues around the recruitment and retention of skilled fundraising staff. Sharing resources, knowledge and networks can build capacity for attracting private money.

It is pleasing to see a rise in income from philanthropic trusts and foundations over the period covered by this report. However, there is a concern that giving from companies has remained flat and that the amount that individuals donate has fallen. There are of course other ways in which private individuals and businesses can consider contributing to the creative and cultural life of our nation. These include the Cultural Gifts Scheme, which offers a tax incentive for donating important cultural or heritage

objects to the nation, and the Acceptance in Lieu scheme, which allows families and individuals to pay inheritance tax through the transfer of items of cultural, historical or artistic importance. Both schemes are run by the Arts Council on behalf of government. Many individuals and businesses also support the sector by offering their expertise and time as volunteers or as members of governing boards.

We know that flourishing arts and cultural organisations help to create flourishing communities in which people can live richer, more rewarding lives. I believe that we can ensure both goals are achieved by embracing collaboration, celebrating innovation, and continuing to recognise the important contribution made by our mixed model of funding to the success of our nation's creative and cultural sector.

Sir Nicholas Serota CH,  
Chair,  
Arts Council England

# Executive summary

As the national development agency for creativity and culture, Arts Council England's vision in its Let's Create strategy is "by 2030 for England to be a country in which the creativity of each of us is valued and given the chance to flourish and where everyone has access to a remarkable range of high-quality cultural experiences"<sup>1</sup>. Its distribution of grant-in-aid and National Lottery monies supports the realisation of this vision and recognises that this public funding co-exists with other types of funding or income.

This mixed funding model of the creative and cultural sector in England comprises:

- **public funding**, through central government, Local Authorities, Arts Council England and other public bodies
- **earned income** including ticket sales and other retail offers as well as paid for services to businesses and other organisations
- **contributed income** fundraised from individuals, businesses ('corporates') and trusts and foundations as gifts or in return for benefits.

The latest in a series with previous studies in 2016, 2019 and 2022, this **Private Investment in Culture Survey (PICS)** report, commissioned from The Audience Agency in partnership with MyCake and Etic Lab, aims to better understand the mixed funding models adopted by the cultural sector. It focuses on the role that income contributed to organisations – 'private investment'<sup>2</sup> – plays in those funding models. It goes beyond Arts Council England's National Portfolio of funded organisations, aiming to reflect the diversity of England's creative and cultural sector – across different organisational types, sizes and artforms.

The period under investigation in this report is the three financial years from 2021/22 to 2023/24. At the start of this period funding from a range of sources was directed to the sector as emergency relief in response to the COVID-19 pandemic. The sector has also been proactively accessing a greater range of financing in this period. After a

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<sup>1</sup> <https://www.artscouncil.org.uk/lets-create/strategy-2020-2030/our-vision>

<sup>2</sup> Because it considers only non-profit organisations, commercial 'private investment' by individuals or organisations for a return is not considered. For more detail on the definitions used see [Appendix 1 – Glossary and definitions](#).

period of significant change, the sector faces complexity and challenges in a number of areas.

At the core of the non-profit cultural income model in the UK is a 'golden triangle' of public investment, private investment and earned income. Although income mixes shift, the importance of public investment in 'crowding in' private money and as a key component in mixed income models means that private investment cannot be seen as a substitute for public funding. Because it is the smallest income type for most organisations, even substantial growth in contributed income is unlikely on its own to match rising expenditure.

What this research shows, for the first time, is how this mixed economy splits into five quite distinct income models: where either contributed income, earned income or public funding is the dominant income type; or where no type dominates and contributed income has a greater or lesser role. This affords the opportunity to tailor support and other responses to cohorts of organisations with similar income models.

**For private investment numbers at a glance and summary figures infographic, see pages 13-14.**

The most significant public value arguments made in fundraising cases for support after 'enabling greater access to and participation in culture' are around quality of life, health and wellbeing and greater community cohesion, sense of place and identity. Data is seen as important to evidence impact as well as customer/donor data being an important asset in fundraising, alongside recognition from some that AI may have a role to play. Organisations consulted have as their top priorities increasing income from individuals and trusts and foundations and improved evidence of social/public value. Key barriers to fundraising generally are seen to be lack of resources and skills, lack of economic growth and increased competition for funds.

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## **"We're in the business of bringing joy, aren't we?"**

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The sector is working hard to maximise its contributed income, and the generosity of donors continues. Potential enablers to continued growth identified through workshops include fundraising advisory boards, sector fundraising-specific support networks, additional advice and guidance on specific topics and a national campaign for cultural giving. The stories in the PICS 2025 Case Studies supplementary report provide inspiring examples of ways sector professionals have discovered to support innovation.



## Private investment numbers at a glance

For a large cohort of 7,223 creative and cultural, non-profit organisations<sup>3</sup>, total contributed income grew 36% from £699m to £948m over the period while total income increased by 23% from £3,963m to £4,870m. Amongst these, 15 super-major organisations with annual income over £35m grew their contributed income 103% to £365m in 2023/24, from 19% of total income in 2021/22 to 26% in 2023/24.

For a more representative group of 3,548 organisations<sup>4</sup>, the picture is different:

- Overall, contributed income grew by 16% (£64m) over the period – from £399m to £463m – within this, income from trusts and foundations up 25%, corporates 10% and individuals 4% – against inflation of 20.8% over the period<sup>5</sup>.
- Contributed income was stable (16-18%) as a proportion of total income whilst public funding reduced significantly (from 38% to 25%) and earned income recovered (from 45% to 58%)<sup>6</sup>.
- Trusts and foundations make up the majority (£266m, 58%) of contributed income, with individual philanthropy a third (£151m, 33%) and corporate income from individuals the smallest (£43m, 10%)<sup>7</sup>.
- The higher the turnover band, the smaller the proportion that contributed income forms of total income (40% for small sub-£100k organisations, 27% medium up to £1m, 19% large up to £5m, 12% for major over £5m).
- Major and large organisations are much more likely to make use of corporate sponsorship or donations (80% and 60% respectively) than medium or small organisations (35% and 32% respectively).
- Against a national average of just under 17%, the proportion of contributed income of overall income is highest in London (22%) and next highest in the South East (19%); the North (13%) and South West (15%); and the Midlands lowest (11%).
- Organisations with contributed income as the dominant income type are most likely to not have a publicly accessible building. Those with performance venues or visitor attractions are most likely (c. 50%) to have earned income as dominant in their mix.
- Most organisations (57-60%) use their various sources of income to invest into buildings, equipment, furniture and facilities and new creative works. 'Digital' and customer databases are a call on funds for many (42% and 34% respectively).

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<sup>3</sup> Registered organisations within the scope of Arts Council England's remit and for which some topline financial information was available.

<sup>4</sup> Organisations for whom financial information of sufficient quality to analyse was available for the period – and excluding the super-major organisations.

<sup>5</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23> as presented within <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>.

<sup>6</sup> Both presumably due to COVID-19 related funding phasing out and audiences returning.

<sup>7</sup> 2023/24 figures.

# Summary Figures

Constant cohort of 3,548 organisations



Contributed Income

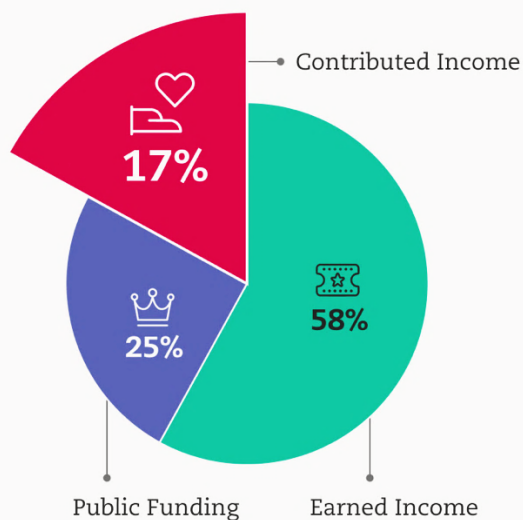


Earned Income

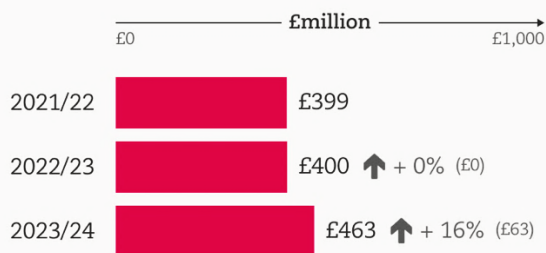


Public Funding

## Income mix 2023/24



## Contributed income by year

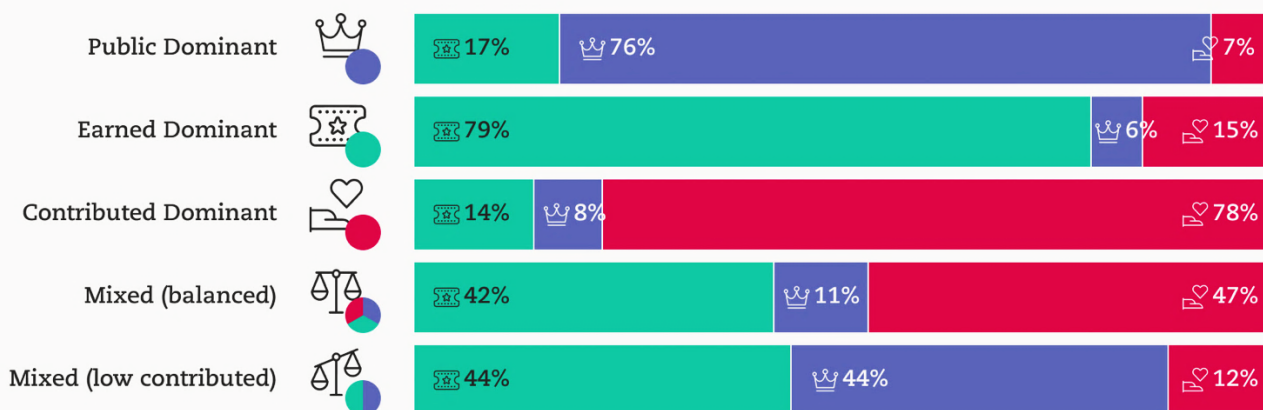


Increase in contributed income over the period (+ 16%)

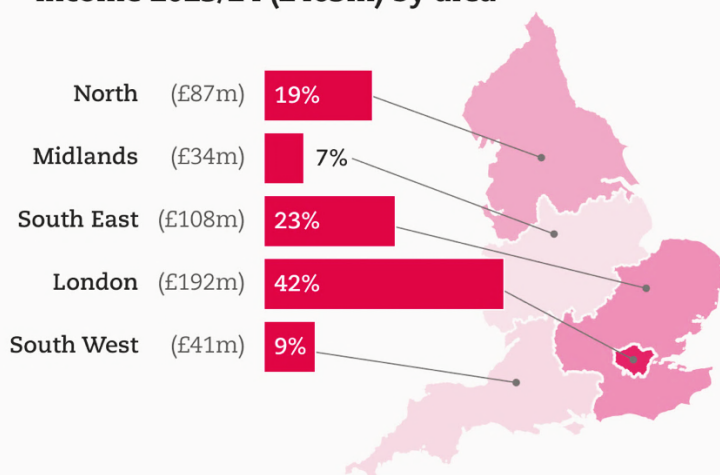


Net increase in expenditure over income over the period

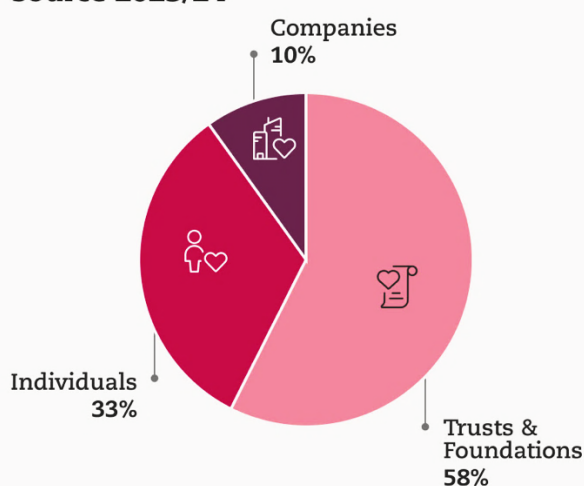
## Income mix 2023/24 by income model



## Proportion of total contributed income 2023/24 (£463m) by area



## Breakdown of contributed income by source 2023/24



# Introduction

This is the latest in a series of Private Investment in Culture Survey (PICS) research reports commissioned by Arts Council England. Its financial analyses cover the financial years 2021/22, 2022/23 and 2023/24. The work was done by The Audience Agency in partnership with MyCake and Etic Lab.

The study was commissioned by Arts Council England in order to better understand the mixed model in the creative and cultural sector in England. It follows similar reports commissioned in 2016, 2019, and 2022.

As well as offering quantitative measurements of the current state of play around private investment in culture, the report includes an investigation of current income development practices. It aims to explore current opportunities and challenges; to better understand the barriers being faced, or perceived, in accessing different kinds of private investment; and to share examples of emerging and changing practice.

An advisory group selected by Arts Council England generously gave its time to review a research plan and a draft of this report. A list of advisory group members can be found in the Acknowledgements at the end of the report.

Although evidence shows a sector that is currently stretched, there is room for optimism based on the continued resilience and resourcefulness of the sector. Despite challenges it continues to innovate and learn. It is to be hoped that this report will add to knowledge and understanding across the sector and funders alike.

See overleaf for brief notes on definitions and conventions in the document.

'Private investment' – or **contributed income** from the point of view of an organisation receiving it – for the purposes of this report includes:

- gifts – individual and corporate
- money in return for benefits – individual and corporate memberships, sponsorship and brand partnerships
- grants from trusts and foundations.

It does not include any kind of private commercial investment or debt finance. Neither bank loans nor most impact investments (usually also structured as debt) appear as income within organisational accounts. As a consequence, there is very little data available about these kinds of investment.

This has been a period of significant inflation, in comparison to the preceding decade. Financial figures are presented without any inflationary adjustment. Throughout the report, all references to 'averages' are means, unless explicitly marked as a 'median'. Money figures are in £ millions (abbreviated to £m). Numbers are rounded so some totals will differ by 1 or 2. References to sections in the report are underlined and should in most PDF readers be a link to that section.

More detail and key definitions are available [Appendix 1 – Glossary and definitions](#) and [Appendix 3 – Methodology](#). The sources of data used include:

1. Publicly available accounts held by the Charity Commission for England and Wales, Companies House and the Mutuels Register<sup>8</sup>
2. Financial reporting to Arts Council England by National Portfolio Organisations (NPOs) as part of the Annual Data Survey<sup>9</sup>
3. A survey of sector organisations<sup>10</sup>
4. Workshops with sector representatives<sup>11</sup>. All quotes within the report are taken from workshop participants.
5. One-to-one interviews with sector representatives to inform case studies (6 organisations). These case studies are available in a separate document.
6. Recent published reports relevant to private investment, informing a literature review.

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<sup>8</sup> A large cohort of 7,223 organisations and constant cohort of 3,548 organisations that could be tracked across the period.

<sup>9</sup> <https://www.artscouncil.org.uk/research-and-data/our-data/our-npos-and-annual-data-survey>. Of 985 organisations, the survey was completed by 970 in 23/24.

<sup>10</sup> 568 full responses.

<sup>11</sup> 68 organisations.

# Context

Any review of private investment in culture must begin by acknowledging the major challenges faced by the UK arts and culture sector. This report comes at a time when creative and cultural organisations are harder-pressed than ever, having to adapt to shifts in politics, the economy, society and technology, all at a time when funding for culture – and all charities – continues to be under pressure. It’s no surprise that NCVO has dubbed 2025 “the year of the big squeeze.”<sup>12</sup>

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“We always thought it was difficult, and now it seems to have just got really, really bad. It's like one door opens and three more close.” – Workshop participant

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Looking only at the past five years, the volatility of the political, economic and social context is clear: the ongoing impact of COVID-19 and Brexit; to Black Lives Matter protests in 2020 and race riots in 2024; and the impact of both war and political shifts overseas. Economic shocks impacted the financial bottom line of arts and cultural organisations: the cost-of-living crisis began in late 2021, driven in large part by energy and fuel prices and global supply chain disruptions. Inflation was at historically high levels through 2022 and 2023,<sup>13</sup> impacting the expenditure of arts and cultural organisations, as well as hitting the economic confidence and disposable income of potential donors and audience members.

Government funding for culture has been on a long-term downward trend for at least the past fifteen years – with creative tax credits as a significant exception to this decline. Additional government support in the form of grants from the Cultural Recovery Fund also had a major role in helping cultural organisations to weather the height of the COVID-19 pandemic. Overall, it is clear that public funding is an essential part of the mix for UK arts and cultural organisations, not only to support core operating costs but also to stimulate private investment<sup>14</sup>.

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<sup>12</sup> NCVO. (2025). *The Road Ahead 2025*. p. 9.

<sup>13</sup> Harari, D., Francis-Devine, B., Bolton, P. and Keep, M. (2024) *Rising cost of living in the UK*. House of Commons Library.

<sup>14</sup> Prendergast, M. and Runacres, F. (2025) *Leading the Crowd: A report on the role of public investment in Crowding In*. Arts Council England.

Private investment presents a mixed picture. Numbers of individuals donating to charities are at a record low according to Charities Aid Foundation, although "those who do give, are giving more."<sup>15</sup> Less than 1% of donations from the general public go to the arts, culture and heritage<sup>16</sup>, although further research<sup>17</sup> indicates high-net-worth donors have a propensity to give to the arts.

Although trusts and foundations stepped up their giving during the height of the COVID-19 pandemic, there has since then been a retrenchment by many grant-giving bodies, and grants appear to have become more competitive. There is also evidence that corporate giving has declined significantly over the past decade.

Organisations are not competing for private investment on an even playing field. Research shows that diverse-led organisations face additional barriers to attracting private investment, due to the challenges of applying for funding and the fact that traditional donors and funders may not have insight into the needs of diverse-led organisations and the communities they serve<sup>18</sup>. In recent years there has been increasing focus on understanding and addressing these barriers.<sup>19</sup>

For almost all UK cultural non-profits, private investment is part of a mixed income model that includes both earned income and public investment, meaning that trends in private investment cannot be considered in isolation. A long-term decrease in public investment has put pressure on organisations to generate income from other sources – public investment can be one of the best ways to “crowd in” private money.

Despite the growth in private investment across this period, organisational expenditure has increased as well – often outstripping the growth in income. Private investment in creative and cultural organisations is not having the same impact as previously due to increased expenditure, meaning that many organisations are still struggling to make a surplus. Although this may be tolerable over the short term, it raises questions about the future stability and resilience of the sector.

Cultural organisations are resourceful and agile in responding to change, but many organisations and their staff are now sounding the warning about the challenges they

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<sup>15</sup> Charities Aid Foundation. (2025). *UK Giving Report 2025*, p. 4.

<sup>16</sup> Charities Aid Foundation. (2024). *UK Giving Report 2023*, p. 19.

<sup>17</sup> Charities Aid Foundation. (2025). *High Value Giving. How the UK's Wealthy Give*, p. 10.

<sup>18</sup> Barnard, H. and Williams, M. (2022). *Making it Count: Overcoming the Barriers to Better Grant-Making*. The Law Family Commission on Civil Society, pp. 9-10.

<sup>19</sup> Clearview Research. (2024). *Bridging diversity in British giving: Engaging donors from diverse giving communities - The Beacon Collaborative*, p. 7.

face. As a 2018 report for Arts Council England on resilience in the sector underlines, “in many ways the arts and culture sector is already resilient – creative, diverse and ingenious – and it is important to recognise what the sector is already doing well.”<sup>20</sup> Yet it also highlights that “drawing on ecological theory, resilience is best viewed as a property of systems rather than solely of organisations.”<sup>21</sup> This points towards the need for consideration of challenges – and opportunities – on an ecosystem level, as opposed to viewing these solely as the responsibility of individual organisations.

A more detailed literature review, with full citations, can be found in Appendix 4 – Literature review.

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<sup>20</sup> Woodley, S., Towell, P., Turpin, R. Thelwall, S. and Schneider, P. (2018). *What is Resilience Anyway?*. Arts Council England. p. 6.

<sup>21</sup> *Ibid.*, p.5.



# National findings

## Headline contributed and total income

Total contributed income grew 36%, from £699m to £948m over the period while total income increased by 23%, from £3,963m to £4,870m. The proportion contributed income forms of total income remained relatively stable (17-19%).

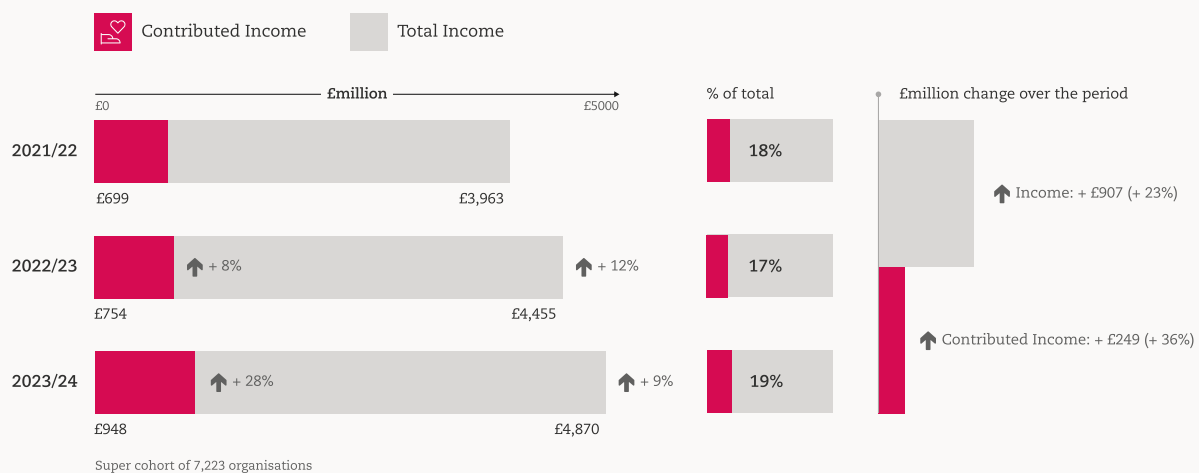


Figure 1 Contributed and total income over period (large cohort)

The numbers underlying Figure 1 above are in Table 6 in Appendix 2 – Numerical tables of graphic figures

## The super-major organisations

The combined income of the fifteen super-majors – organisations with income greater than £35m per annum – is £1.4bn in 2023/24. Their combined **contributed income** is £365m in 2023/4. Over the period, their total income has grown 52%. Their **contributed income** has grown 103%, raising the proportion of their **contributed income** from 19% to 26% of total income.





Figure 2 Total income and contributed income of the 15 super-majors

The numbers underlying Figure 2 are in Table 7 in Appendix 2 – Numerical tables of graphic figures.

Over the period, **public funding** for the super-majors more or less tracked the sector average as a proportion of total income but settled back post-pandemic to 22% (as compared to an average of 25% for the sector). **Earned income** grew as a proportion, too, but less rapidly than for the sector as a whole.

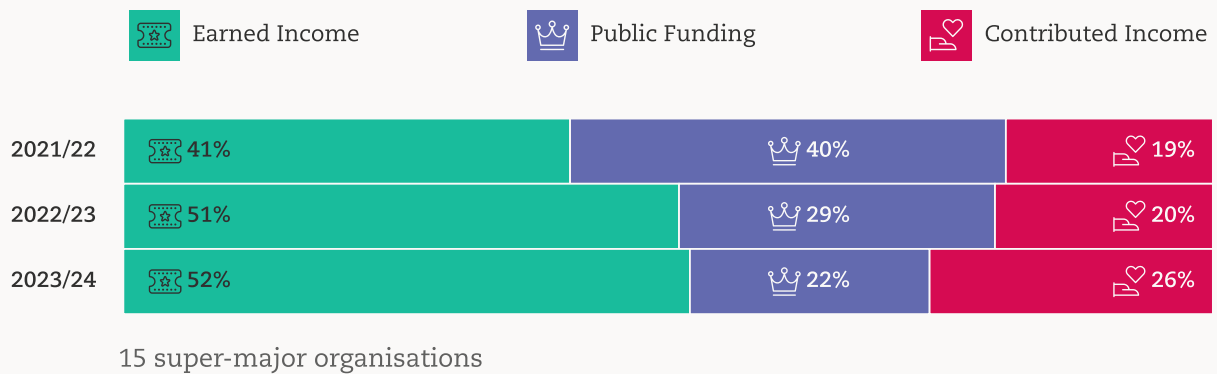


Figure 3 Income mix over period for super-majors

The numbers underlying Figure 3 above are Table 8 in Appendix 2 – Numerical tables of graphic figures.

With 67% of the super-majors in surplus in 2023/24 compared to 45% on average for the sector they appear to be in a better financial position, for that year at least<sup>22</sup>. It would seem likely that their success in growing contributed income so substantially over the period has contributed to their profitability.



Figure 4 Profitability for super-majors in 2023/24

The numbers underlying Figure 4 above are in Table in Appendix 2 – Numerical tables of graphic figures.

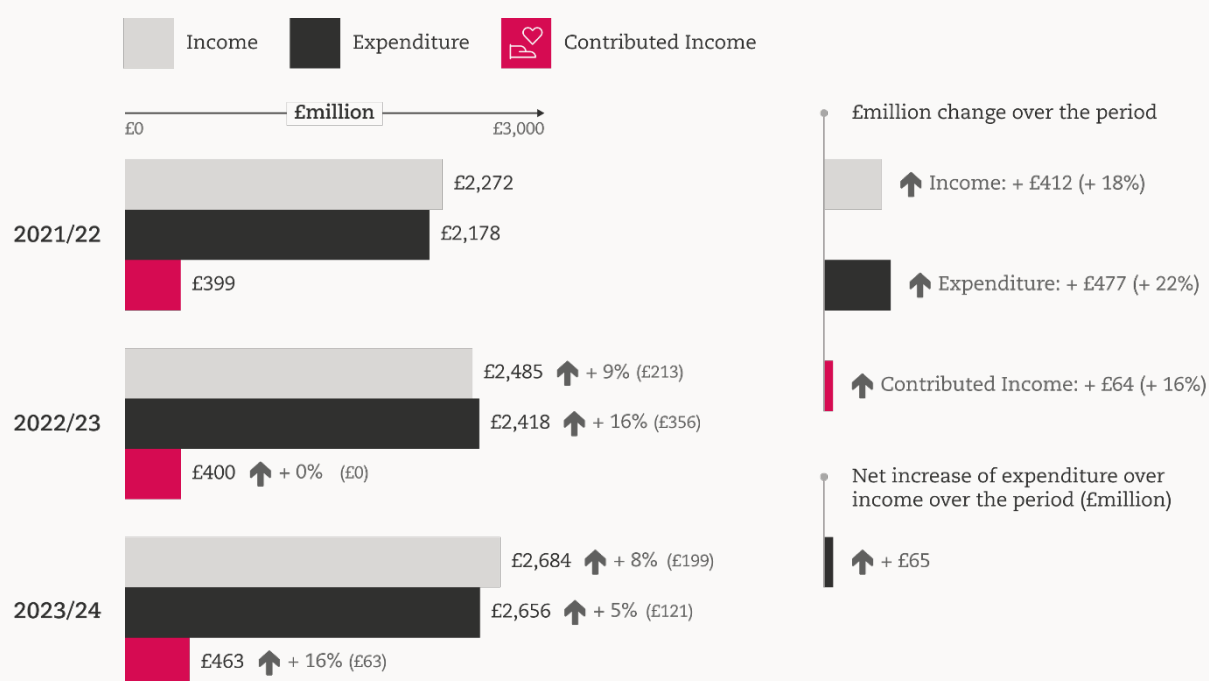
The super-major organisations are anchor organisations for the sector and for their specific artforms and sub-sectors. They play an important advocacy role for the value of arts and culture generally and have high profile public reputations.

<sup>22</sup> Note there are only 15 organisations considered here, so the performance of very few of them, which may not reflect the situation of the others, will affect this figure.

## Contributed income in financial context

As is discussed above, much of the growth in contributed income took place within super-major organisations whose circumstances are distinct from the rest of the sector. For the cohort of organisations tracked in this study, the picture is very different with contributed income growing by 16% to £64m across the three years. This growth is however slower than total income which grew by 18% to £412m.

For the constant cohort, total income increased 18% from £2,272m to £2,684m over the period while total expenditure increased 22% from £2,178m to £2,656m. In short, expenditure increased £65m more than income did. There was a particularly dramatic increase in expenditure from 2021/22 to 2022/23 – up by 16% over the previous year, when income grew by only 9%.



Constant cohort of 3,548 organisations

*Figure 5 Contributed income, total income and expenditure growth over the period*

*The numbers underlying Figure 5 are in Table 10 in Appendix 2 – Numerical tables of graphic figures*

This is likely due in part to increased direct energy costs, increases in staffing costs, and inflation in the cost of goods and services purchased by organisations. Organisations undertaking major capital works will have seen substantial increases in project costs.

It is important to view increases in **contributed income** – and income generally – over the period within this wider context of significant increases in expenditure. This backdrop helps to set expectations of what **contributed income** ‘should’ achieve – of what gaps it can, and cannot, fill.

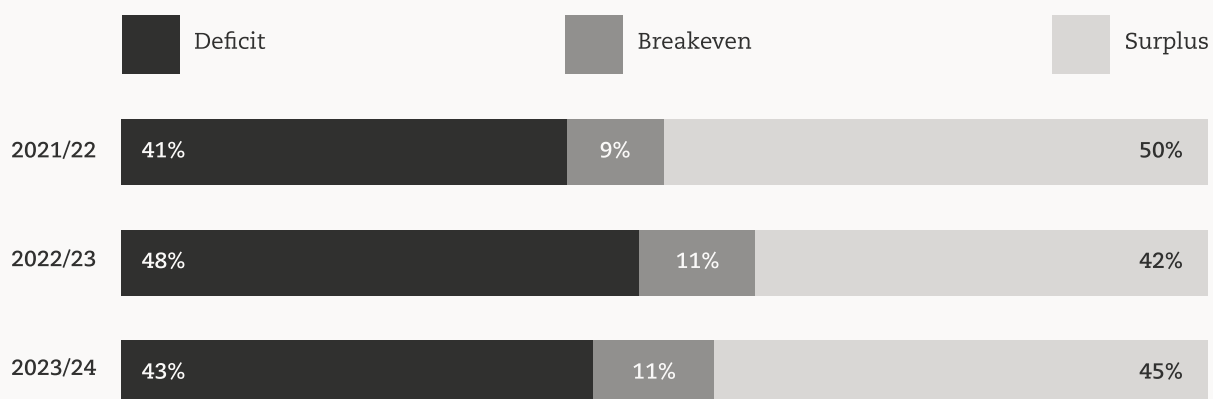
- While contributed income is important to the sector, for most organisations, and for the sector as a whole, it represents the smallest proportion of income (versus **public funding** and **earned income**).
- An organisation’s financial resilience and continued viability depends not just on its ability to increase income, but on its ability to create surpluses rather than deficits. Surpluses enable it to build reserves and therefore reinvest – in assets, innovation, managing change – as well as to weather difficult times.
- Increasing any kind of income requires additional effort. Public funding grants do not increase by default. Public and organisational customers do not necessarily continue buying in the same volume if prices go up to drive up **earned income**. Similarly, for **contributed income**, the individuals, corporates or trusts and foundations are not necessarily willing or able to give more.

Net increases of expenditure over income during the period under consideration have meant an increase in the proportion of organisations making either a loss or breakeven rather than a surplus.<sup>23</sup> In 2023/4, 5% fewer organisations made a surplus than in 2021/2. The low point was in 2022/3 where 42% made a profit and 48% made a loss. How this trend plays out by turnover band is discussed in the section The difference size makes and by artform in the section How artforms differ below.

A further function of profitability, reserve levels and general confidence regarding the financial situation of an organisation is its potential impact on the human and other resources applied to the generation of **contributed income**.

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<sup>23</sup> A surplus is defined as income exceeding expenditure by two or more percent of income. Breakeven is defined as income and expenditure being within two percentage points of each other. A loss is defined as expenditure exceeding income by two or more percent.



Constant cohort of 3,548 organisations

*Figure 6 Change in profitability over the period*

*The numbers underlying Figure 6 above are in Table 11 in Appendix 2 – Numerical tables of graphic figures*

When things are tight and the outlook poor, attention can be focussed on cutting costs without due regard for the net income contribution those resources may be able to generate. The costs of generating contributed income overall – or specific types of contributed income – are rarely accounted for separately within the management accounts of organisations. Without such management information, it is difficult to make evidence-based decisions on where to direct such resources for the maximum net financial return for the organisation.

# Overall income mix

Over this period, **public funding** reduced significantly as a proportion of overall income and **earned income** increased significantly.

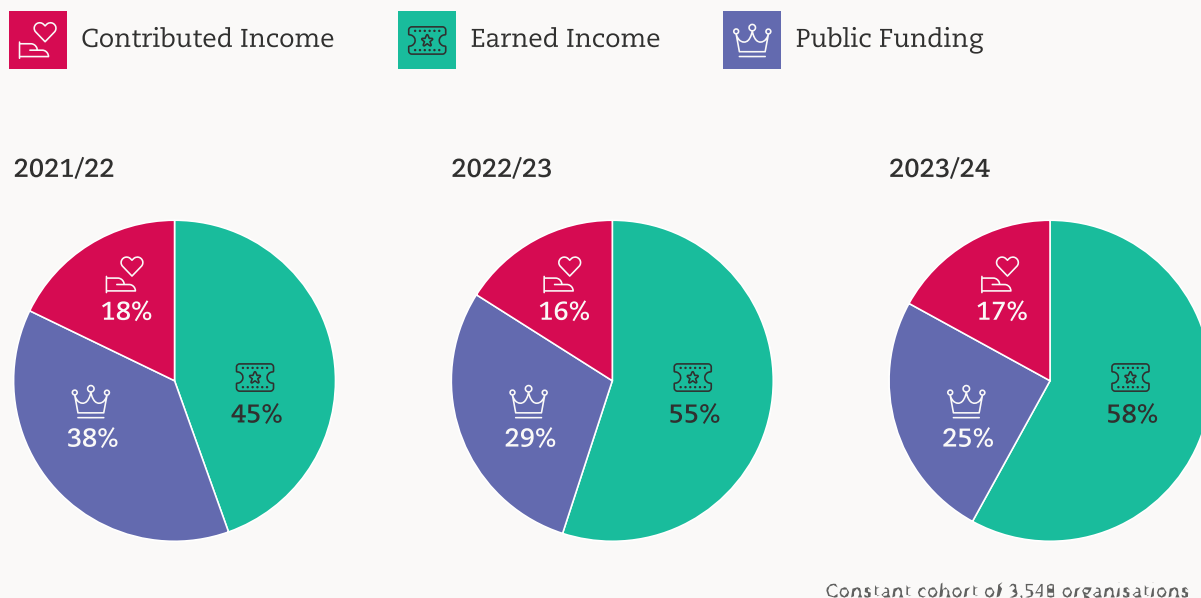


Figure 7 Change in income mix over the period

The numbers underlying Figure 7 above are in Table 12 in Appendix 2 – Numerical tables of graphic figures

COVID-19 is likely to have significantly affected the 2021/22 figures, with the ability to generate earned income dropping and pandemic-specific **grant funding** boosting both **public funding** and **contributed income**.<sup>24</sup>

As with the prior edition in this PICS research series, the three financial years covered here were periods of considerable social and economic turbulence. This has caused correspondingly significant shifts in both public policy and the behaviour – and spend/contribution – of private funders and audiences of all kinds.

In this period, significant changes due to COVID-19, Culture Recovery Fund<sup>25</sup> (CRF) and the cost-of-living crises likely explain some of the marked shifts, although the multitude of different factors at work make it impossible to identify clear causal links or trends

<sup>24</sup> From Trusts & Foundations who provided project continuation and emergency funding

<sup>25</sup> <https://www.gov.uk/government/publications/evaluation-and-data-report-for-the-culture-recovery-fund>

that are likely to continue. Therefore, analyses are presented with the three years split out or use 2023/24 figures only.

## Income models

### The diversity of income models in the sector

Only considering averages across the sector is risky, because organisations have very different income mixes – and very different underlying operating and business models.

This research therefore created and applied a typology of **income models** to all the organisations whose finances were analysed. The five income models are:

- **Public dominant** with **public funding** the dominant income type
- **Earned dominant** with **earned income** the dominant income type
- **Contributed dominant** with **contributed income** the dominant income type
- **Mixed (balanced)** with no one income type dominant or particularly low
- **Mixed (low contributed)** with more equal **earned income** and **public funding** (and therefore neither dominant), and lower **contributed income**

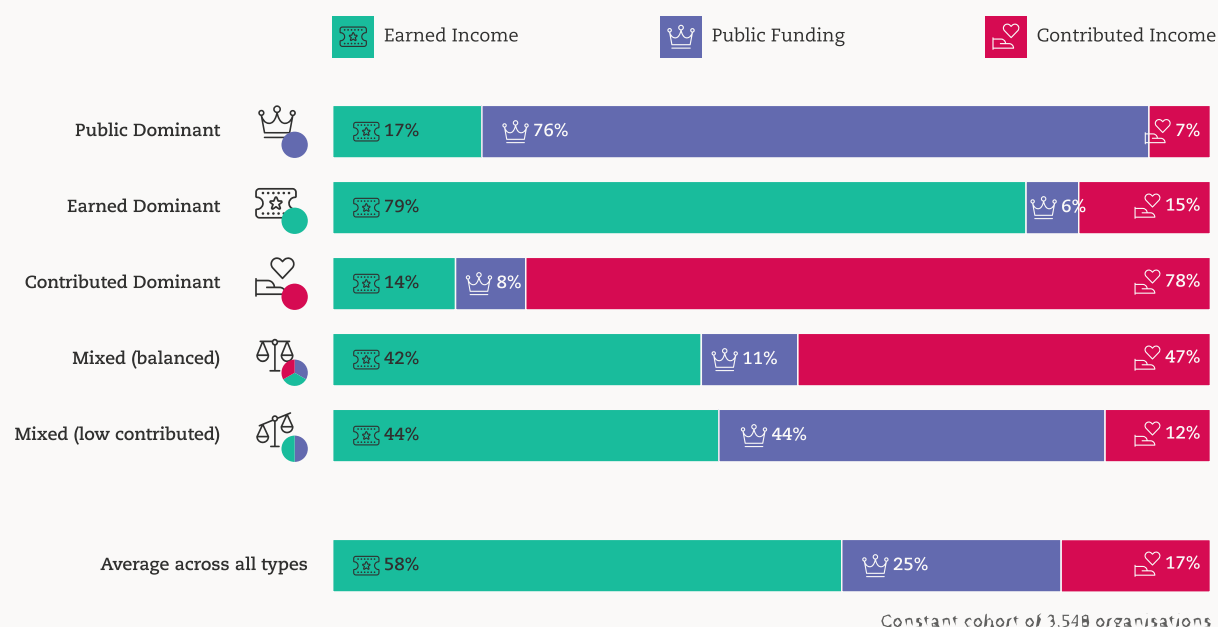


Figure 8 Income mix by income model type in 2023/4

The numbers underlying Figure 8 above can be found in Table 13 in Appendix 2 – Numerical tables of graphic figures.

Together with turnover band, income model is a significant factor in determining other features of **contributed income**, whereas differences between artforms and areas are comparatively slight.<sup>26</sup> Trends are easier to spot and are likely to be more similar for organisations of the same size and income type. Organisations of similar size and income model face more similarity in their challenges and opportunities compared to others of a different size or income model. Potential barriers and challenges are more easily identified and potential solutions more easily developed for organisations of similar size and the same income model.

This means policymakers and public funders, other funders and sector bodies could benefit from tailoring their responses to parts of the sector in different turnover bands and income models, rather than following more artform based or regional lines.

How the **income models** were created and how they are defined is explained in the section Developing an income model. There is no judgement over which of these income models is 'good' or in some way preferred. It all depends on what is appropriate to an organisation and its activities. The names reflect only the dominance of a particular income type. Throughout, income model type names are **bold underlined**. **Mixed** covers two types: **mixed (low contributed)** and **mixed**

## How different income models feature in the sector

The distribution of different income models across the sector is:

- **Earned dominant** 32% of organisations, 42% of total income – with a median income of £1.5m
- **Public dominant** 15% of organisations, 8% of total income – with a median income of £638k
- **Contributed dominant** 23% of organisations, 3% of total income – with a median income £132k
- **Mixed (low contributed)** 10% of organisations, 24% of total income – with a median income of £2.7m
- **Mixed (balanced)** 20% of organisations, 23% of total income – with a median income £1.2m.

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<sup>26</sup> Other significant factors are having a venue or other building open to the public, admission or ticketing sales and undertaking work with communities.



Figure 9 below shows the relationship between:

- the number of organisations – on the vertical axis, the height of each box
- the average income per organisation – the horizontal axis, the width of each box
- the total income – the area of each box.<sup>27</sup>

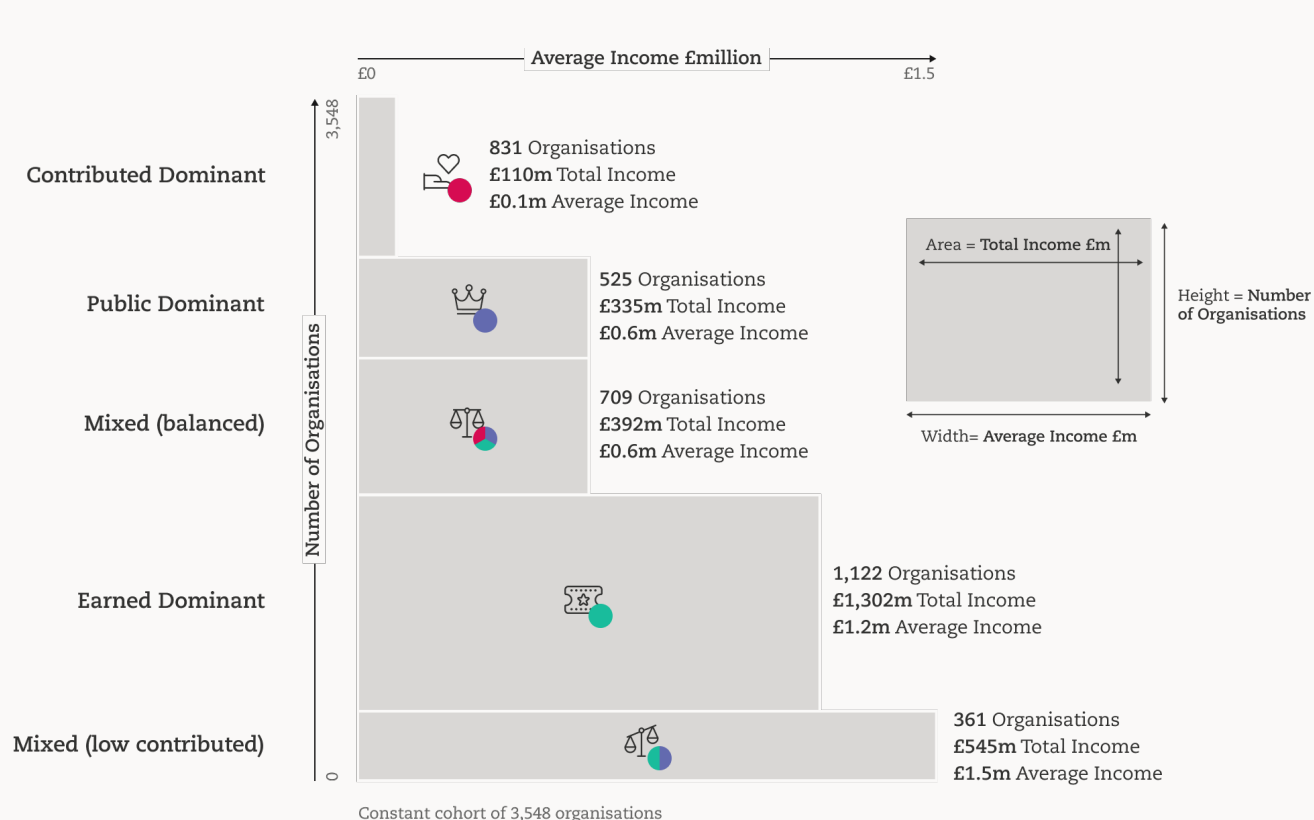


Figure 9 Number of organisations, total income and average income by income model type

The numbers underlying Figure 9 above are in Table 14 in Appendix 2 – Numerical tables of graphic figures

<sup>27</sup> For example, **earned dominant** has the largest box area and therefore largest total income (£1,302m) of any income model. **Mixed (low contributed)** has the highest width and therefore average income (£1.5m) and the lowest height and therefore number of organisations (361). **Contributed dominant** has the lowest width (average income c. £0.1m) and so, despite having the second largest number of organisations (831), has the lowest area (total income £110m).

## Changes in different income models over the period

For organisations with low proportions of **contributed income** – **grant dominant**, **earned dominant** and **mixed (low contributed)** – there was little change in the proportion of **contributed income** across the period.

But in organisations with higher levels of **contributed income** – **contributed dominant**<sup>28</sup> and **mixed (all)** – there was a significant increase in **contributed income** as a proportion of the total income across the period.

**Contributed dominant** and **public dominant** organisations had the smallest changes to their income mix overall across the period.

For those income models with higher **earned income** – **earned dominant** and **mixed** – the proportion of **public funding** in 2021/22 was likely to have been much higher than 'normal' within their income mix, due to COVID-19 specific funding such as CRF. As this funding reduced and income from trading activities returned to the post-pandemic normal, the proportion of **earned income** increased.

One reading of these differences is to see **contributed dominant** and **earned dominant** organisations as having greater stability of income mix over time in the face of external change. Whatever the interpretation, most of the variation in the proportion of **contributed income** is likely mostly due to the changes in the absolute levels of **public funding** and **earned income** described above.

Why then is it meaningful to analyse these changes over the period? Significant shifts in income mix are hard to achieve. They require the application of substantial management and governance (e.g. board) time and effort. Resources have to be moved between income generating activities, where they can be. Costs of resources unable to be deployed to generating other types of income either have to be continued (to maintain the capacity assuming the income they generate will recover) or let go (then potentially restricting future efforts to generate that income).

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<sup>28</sup> Most **contributed dominant** organisations are relatively small in turnover. The heterogeneity of income models is greater in organisations with a turnover of below £100,000 per annum. In addition, a change of only a few thousand pounds in a year creates a substantial shift in the percentages of each type of income.

Stability – allowing for gradual change – is therefore to be preferred, where possible. It is a rational policy aim, reducing the risk of organisational failure during periods of rapid change.

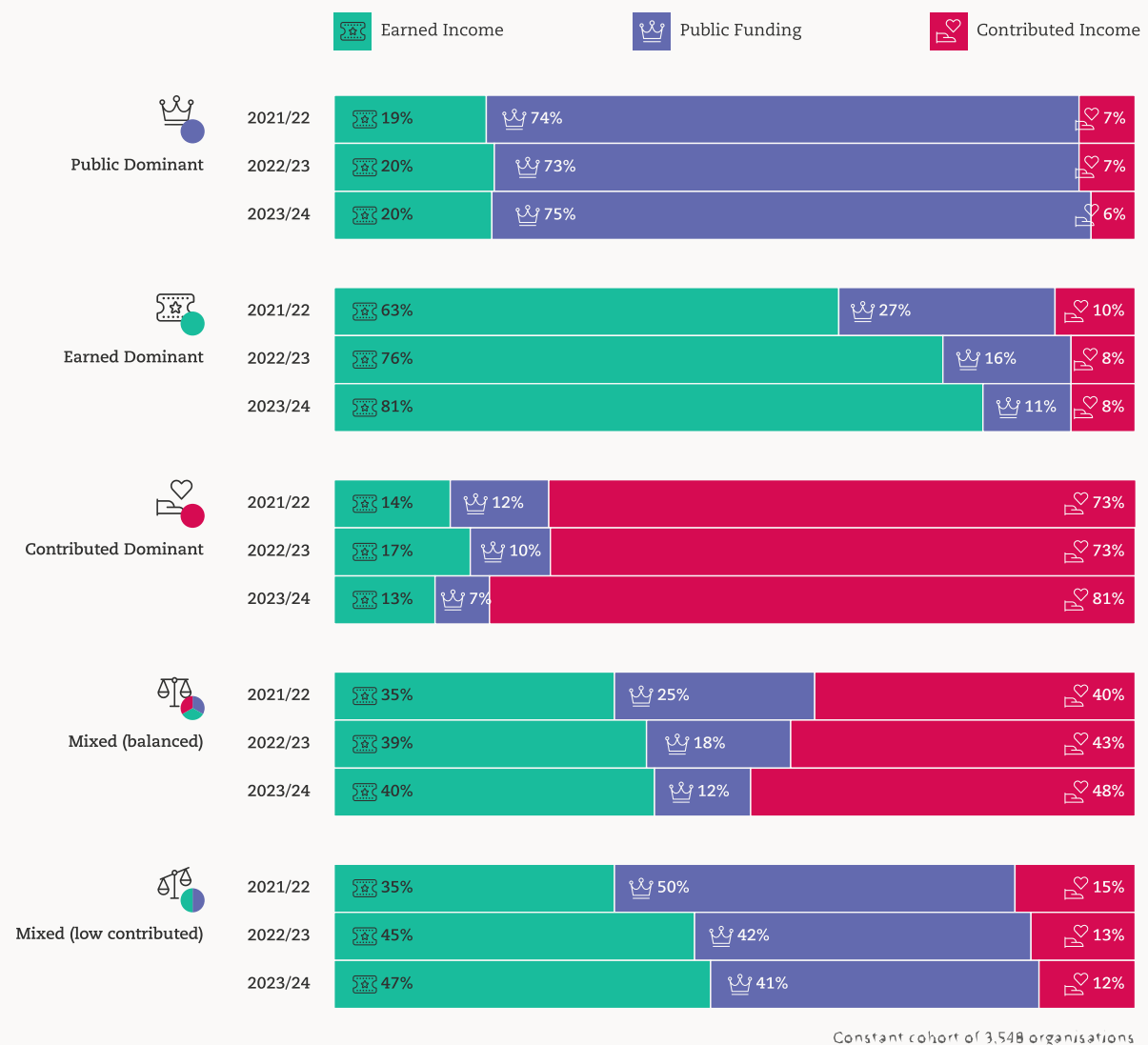


Figure 10 Change in income mix by income model over the period

The numbers underlying Figure 10 are in Table 15 in Appendix 2 – Numerical tables of graphic figures.

## Contributed income breakdown

Here **contributed income** is broken down into income from trusts and foundations and 'other' **contributed income**.<sup>29</sup> Where available data supports it, 'other' contributed income is broken down further by whether it is from individuals or corporates.

## Absolute income levels and change

As outlined in Figure 11 below, in absolute terms, the total raised from trusts & foundations and corporates increased year on year, but from individuals income dipped in 2022/23.<sup>30</sup> Across the period, income raised from all three sources increased, with trusts and foundations increasing by 25%, corporates 10% and individuals 4%.

The dip in income from individuals in 2022/23 could be ascribed – amongst other factors – to lower disposable income due to the impact of increased energy costs on the public, as well as reduced consumer confidence in that period.

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<sup>29</sup> Per the definitions in Appendix 1 – Glossary and definitions, philanthropic income from individuals and corporates can be 'gifts'. But 'giving' doesn't encompass other important ways of earning such income, for example, through memberships or other payments for benefits. Income from corporates can also include sponsorship, brand partnerships, etc.

<sup>30</sup> The majority of contributed income that arose from the conversion of tickets sold into donations was seen in 2019/20 or 2020/21 accounts and does not feature substantially in 2021/22.

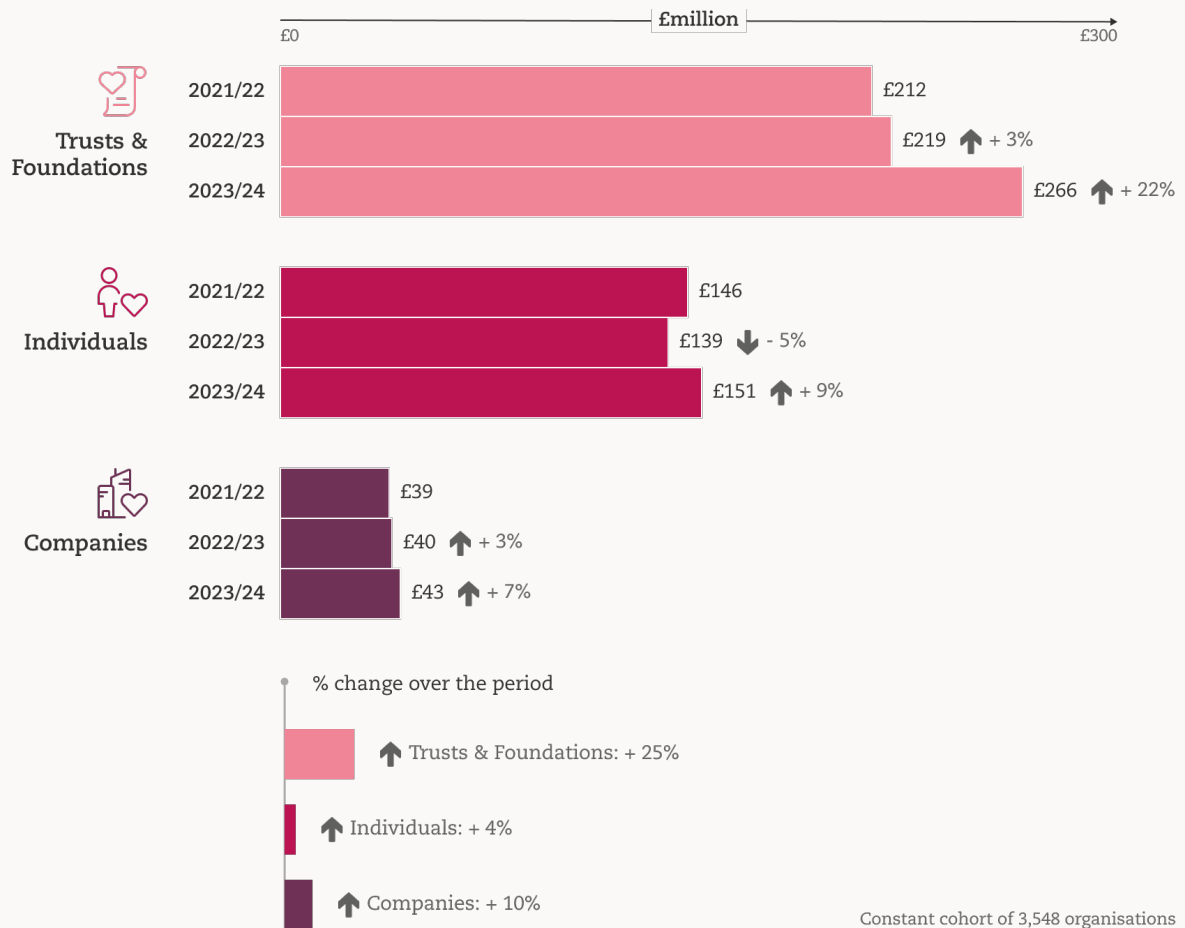
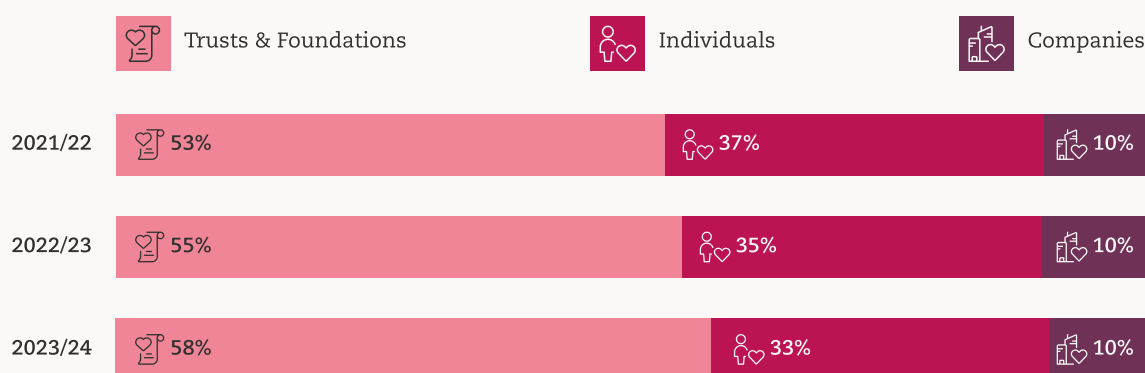


Figure 11 Change in breakdown of absolute contributed income by source over the period

The numbers underlying Figure 11 above are in Table 16 in Appendix 2 – Numerical tables of graphic figures

Proportionally, income from corporates remained stable across the period at 10% of contributed income, but there was a gradual increase in the proportion of income from trusts & foundations and a gradual decrease in income from individuals.



Constant cohort of 3,548 organisations

*Figure 12 Change in breakdown of proportions of contributed income over the period*

*The numbers underlying Figure 12 are in Table 17 in Appendix 2 – numerical tables of graphic figures.*

## Deep dive into contributed income types

Survey responses give a more granular breakdown of different types of contributed income that organisations receive.

The mainstays of contributed income are individual donations, with 90% of organisations benefitting from them without much difference between income models. And corporate sponsorship or donations feature consistently in a large minority (39% or more, overall 43%) of organisations across all income models.

Income from trusts and foundations are another key source of contributed income with 81% overall having received money from them over the period. Whilst 90+% of mixed income model organisations receive such income, significantly less (68%) of **earned dominant** organisations have them as an income source.

Individual memberships are part of the contributed income mix for a majority (55%) of **earned dominant** organisations and used by a significant proportion (39+%) of both types of **mixed** organisations. In contrast, less than a third (30%) of **contributed dominant** organisations use them. And they are very much a minority source for **public dominant** organisations.

Similarly, that 11% of all organisations derive income from corporate memberships masks significant differences between the income models. Whilst almost a quarter

(22%) of **contributed dominant** organisations operated corporate membership schemes during the period, a negligible number (2%) of **public dominant** organisations ran them.

Perhaps not unsurprisingly, more (30%) of those with **contributed dominant** income models use 'other' contributed income sources beyond the most common, whereas those **mixed (low contributed)** are least likely (8%) to branch out to these alternatives.

Crowdfunding is a minority activity with a fairly consistent 8-16% of organisations involved across all income models.

		Earned dominant	Public dominant	Contributed dominant	Mixed (all)	Mixed (low contributed)
<b>Base</b>	216	64	41	23	49	39
<b>Trust/foundation grants/donations</b>	81%	66%	83%	78%	90%	92%
<b>Corporate sponsorship or donations</b>	43%	45%	39%	48%	41%	41%
<b>Individual donations</b>	90%	91%	83%	96%	94%	87%
<b>Corporate membership</b>	11%	14%	2%	22%	10%	8%
<b>Individual membership</b>	40%	55%	15%	30%	39%	49%
<b>Crowdfunding</b>	11%	8%	12%	17%	8%	13%
<b>Other type(s) of contributed income</b>	14%	14%	12%	30%	12%	8%

Table 1 Prevalence of types of contributed income per income model<sup>31</sup>

Corporate sponsorships can come in the form of brand partnerships where there is a strong alignment in values between the cultural organisation and the business involved. Sometimes new partnerships with brands can come about from a refresh in the cultural organisation's mission, vision, values etc. This was the case for North East

<sup>31</sup> Highlighted figures indicate 90% confidence that this is a statistically significant difference based on the sample size. Green are higher figures, orange lower. Contributed income types shown in grey have no significant variation between income models. Responses from survey.

Museums who are featured as a case study in the **PICS 2025 Case Studies** supplementary report.

## Investing in assets

### Assets and capital

The extent to which an organisation generates money to make any investment into its assets – as opposed to financing this through reserves or loans – is a significant factor in its income model.

Assets are – by financial definition – separable, identifiable things which are capable of generating a return across multiple financial periods. This value can be income earned directly by the organisation and/or public value to others, against which value funding can be raised.

The extent to which assets are capitalised in the accounts of non-profits varies considerably. This is more acute a problem in the non-profit sector than for-profit, where there are many commercial, financial and tax incentives to such capitalisation. Non-profits tend to lack this kind of information in both published accounts held by Charity Commission or similar and within internally held management accounts.

This means data evidencing the scale of financing overall or the amounts invested into different types of asset is not publicly available or readily sourced from individual organisations. This research therefore provides insight into the range of assets invested into – rather than pound values – as context findings on contributed income.

Certain assets may be easier to fundraise against because others recognise and understand them – or the public value they generate. Other assets can play a role in the process of successfully fundraising. Buildings and collections can demand financing ahead of other needs because they are the reason for being of an organisation or represent a resource on which an organisation's continued operation depends. Production finance has very specific requirements, as discussed below.

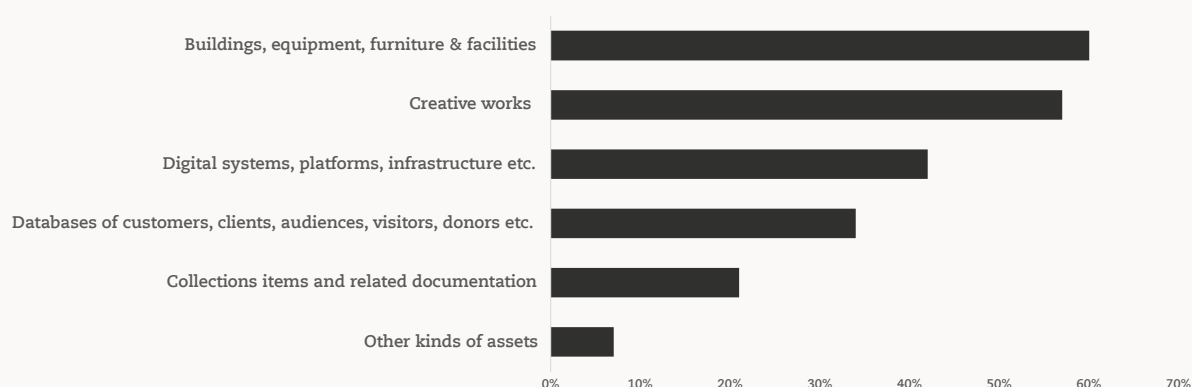


The team at Wiltshire Creative is applying experience from past successes in capital fundraising at the Bristol Beacon. Wiltshire Creative is featured as a case study in the **PICS 2025 Case Studies** supplementary report.

## Sector priorities for investing into assets

Most organisations (60%) invest into buildings, equipment, furniture & facilities and almost as many invest in creative works (57%). Although there are designated ‘capital’ funds from Arts Council England and other funders, they rarely allow the financing of the production of creative works.

A significant minority of organisations invest into ‘digital’ (42%) and customer databases of one kind or another (34%). About a fifth (21%) invest into collections or related documentation, which is obviously a special case for, primarily, museums. Investment into other kinds of assets is rare with only 7% of organisations reporting that they have invested in assets other than the categories listed. Examples of other kinds of assets include musical instruments and vehicles.



*Figure 13 Types of assets invested in over period*

*The numbers underlying Figure 13 are in Table 18 in Appendix 2 – Numerical tables of graphic figures.*

Using contributed income to raise money for investments into creative works is attracting new models. A ‘co-production circle’ of individual and corporate donors for Theatre503 creates a £120k a year fund for investment into new writing. Wiltshire

Creative similarly is launching a 'creative circle' to fund major pieces of work. Both are featured as case studies in the **PICS 2025 Case Studies** supplementary report.

**Creative works as a type of capital:** The costs of producing creative works are often hidden within other revenue 'running' costs. Only occasionally are they recognised and represented in accounts as capital assets. This poses several challenges.

Such works include performing arts productions, writing and publications, visual art and photography, exhibitions and digital content and associated intellectual property rights. Creating a creative work requires an up-front, at-risk investment into the earlier development and subsequent production which requires a kind of 'capital' financing which is very different to investing in tangible assets, such as buildings, for example.

Only once creative works are produced can they be presented to and enjoyed by different audiences and then generate income or public benefit (against which contributed income can be raised). This difference in timing exacerbates cashflow challenges.

Whilst the commercial cultural sector has specific lines of production finance, for non-profits their two potential sources of such production finance – public funding and contributed income – rarely recognise its specific requirements.

## Assets & income models

Earned dominant and mixed organisations are most likely (38%-41%) to have databases of customers, clients, audiences, visitors, donors etc whereas those with **public dominant** income model are least likely (22%).

**Earned dominant** and **contributed dominant** organisations are most likely (22% and 26%, respectively) to have collections. **Public dominant** organisations are least likely (10%).

		Earned dominant	Public dominant	Contributed dominant	Mixed (all)	Mixed (low contributed)
<b>Base</b>	388	133	68	58	80	49
<b>Collections items and related documentation</b>	19%	22%	10%	26%	19%	14%
<b>Databases of customers, clients, audiences, visitors, donors, etc.</b>	35%	38%	22%	33%	40%	41%

Table 2 Types of assets invested in by income model type<sup>32</sup>

This suggests – but doesn’t prove – that customer databases are an important asset underlying mixed and earned dominant business models, which seems likely.

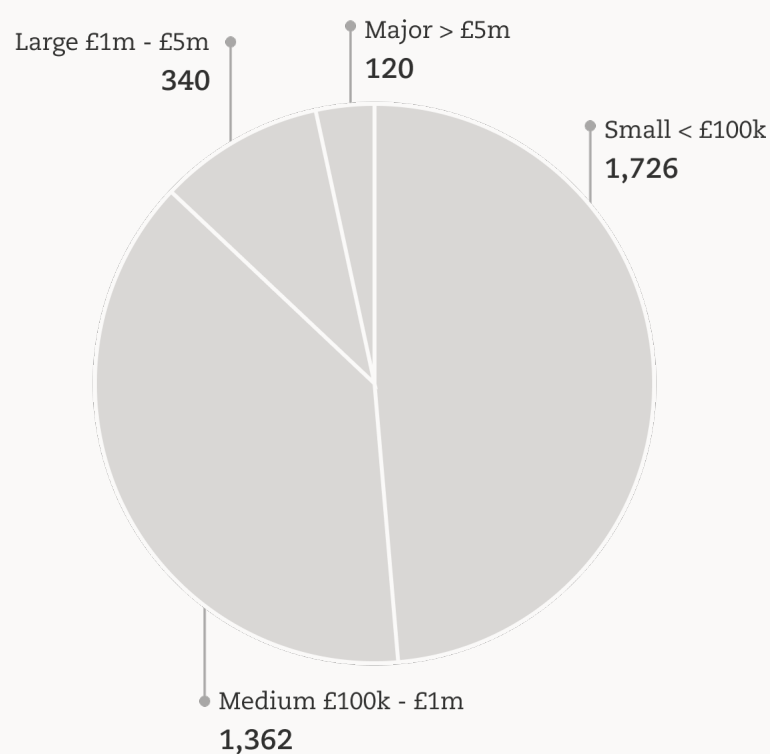
The correlations with income models and holding a collection may largely be because of the dominant income models of museums – often **earned dominant** for larger, and **contributed dominant** for smaller.

<sup>32</sup> Survey respondents selected between: buildings, equipment, furniture & facilities; creative works; collections items and related documentation; digital systems, platforms, infrastructure etc; databases of customers, clients, audiences, visitors, donors etc; and other. Highlighted figures indicate 90% confidence that this is a statistically significant difference based on the sample size. Green are higher figures, orange lower. Asset types omitted have no significant variation between income models. Responses are from survey.

# Factors affecting contributed income

## The difference size makes

The figure below shows how many organisations are in each turnover band in the constant cohort of organisations tracked in this research.



Constant cohort of 3,548 organisations

*Figure 14 Number of organisations by turnover band*

*The numbers underlying Figure 14 above are in Table 19 in Appendix 2 – Numerical tables of graphic figures.*

## Contributed income in financial context

The section Contributed income in financial context sets out that overall expenditure is growing faster than income and that this is leading to fewer organisations making a surplus in 2023/24 versus 2022/23.

However, this average across all turnover bands hides significantly different situations between turnover bands.

### *Small organisations*

**Financial context:** They are the only turnover band where total income drops over the period (by £7.4m in total, 13%). Although their total expenditure rises more slowly (11%) than other turnover bands over the period, they have a net increase of total expenditure over total income of £13m (23% of income).

**Contributed income:** They are the only turnover band where **contributed income** also drops over the period (by £0.7m, 3.3% or 1.2% of total income).

As is frequently the case with other factors, the small organisations are in a more complex place financially and in terms of contributed income to the rest of the sector.

### *Medium organisations*

**Financial context:** Whilst total income rises (9%) over the period, total expenditure rises more (17%) causing a net increase of total expenditure over total income (£31.2m, 7% of total income).

**Contributed income:** Rises (£20.6m, 18.6%, 4.6% of total income).

The medium organisations are the ones where, on average at least, where net increase in expenditure over income significantly exceeds increases in **contributed income**.

### *Large organisations*

**Financial context:** Whilst total income rises (12%) over the period, total expenditure rises more (15%) causing a net increase of total expenditure over total income (£14.9m, 2.2% of total income).

**Contributed income:** Rises (£12.1m, 9%, 1.8% of total income).

Large organisations see their increase in contributed income almost match their increase in net expenditure over income.

### *Major organisations*

**Financial context:** Whilst total income rises (27%) over the period, total expenditure rises more (29%) causing a net increase of total expenditure of (£6.4m, 0.6% of total income).

Contributed income: Rises (£31.6m, 23.5% or 2.9% of total income).

Major organisations see the largest proportional rise of contributed income over the period, have the smallest proportional rise in net expenditure over income. They are the only group where the absolute increase in contributed income more than makes up for the increase in net expenditure.

Figure 15 below shows how these patterns vary between turnover bands.

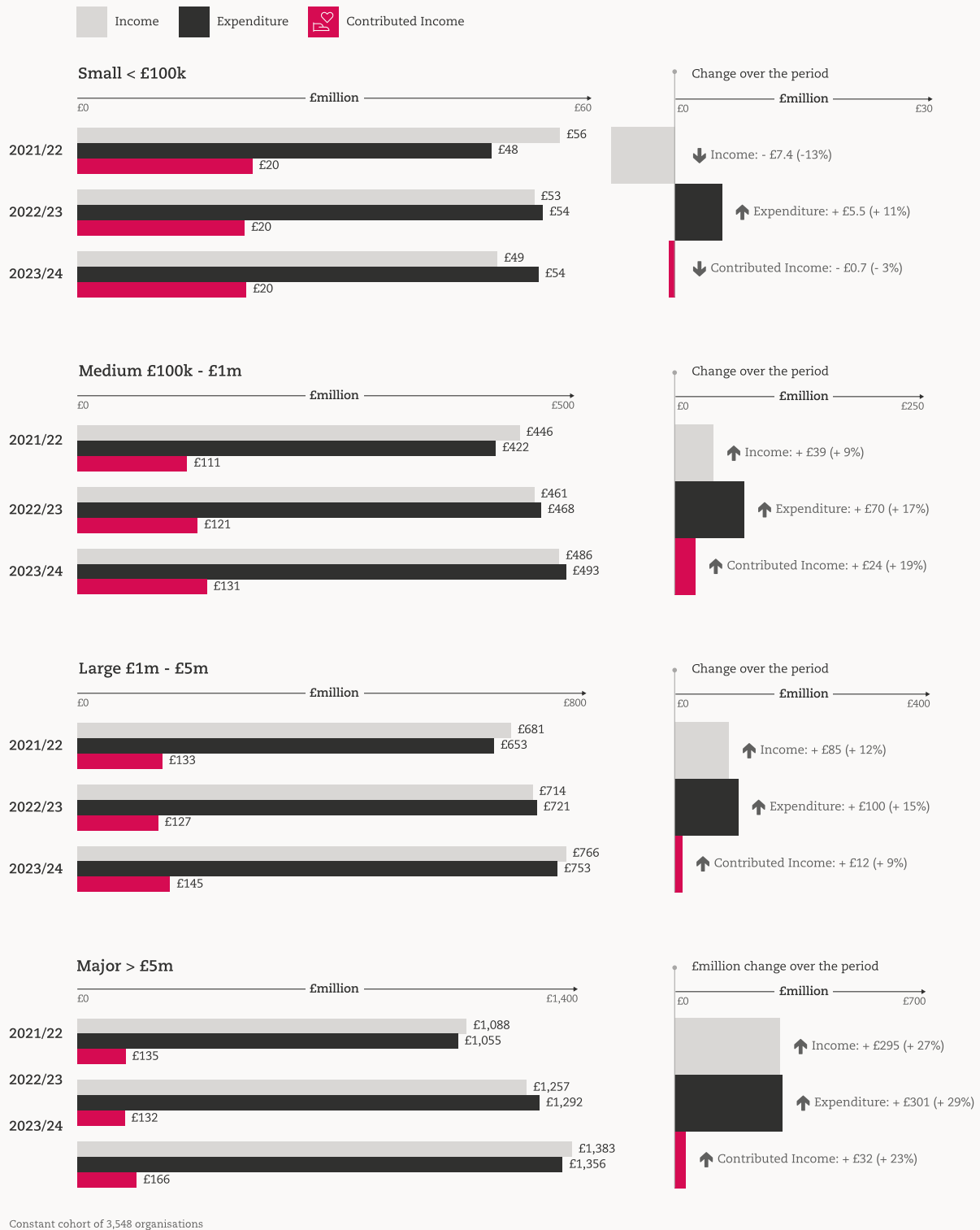


Figure 15 Absolute income, contributed income and expenditure by turnover band over period  
The numbers underlying Figure 15 above are in Table 20 in Appendix 2 – Numerical tables of graphic figures

In all income bands except the smallest (sub-£100k income), there has been a significant (6-13%) decrease in the proportion of organisations reporting a surplus over the period. In terms of profitability, the majors have seen their profitability decrease the most (13% decrease in those in surplus).

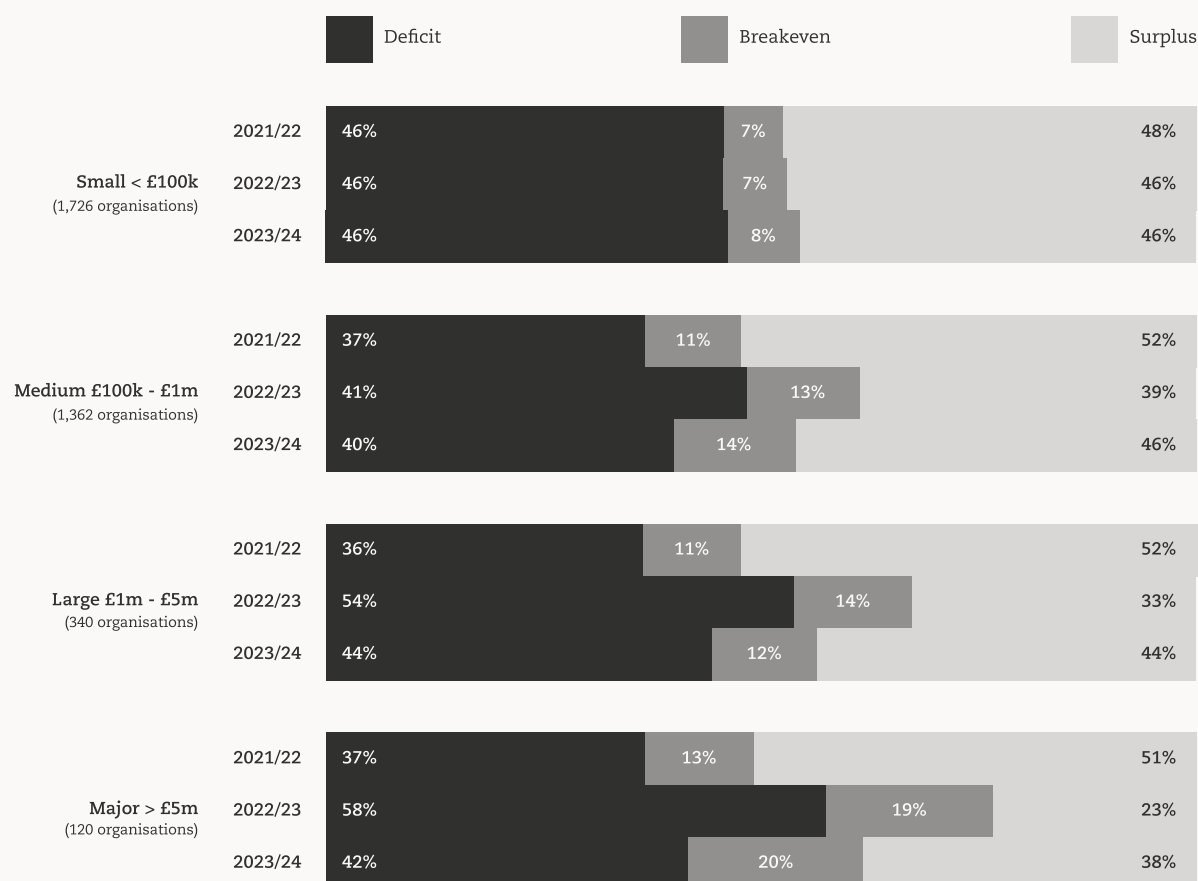


Figure 16 Profitability breakdown by turnover band over the period

The numbers underlying Figure 16 above are in Table 21 in Appendix 2 – Numerical tables of graphic figures.

The differences in profitability between organisations in different turnover bands prompts further questions to consider before designing potential policy or cross-sectoral responses:

- Do smaller organisations respond differently from larger ones to expenditure growing faster than income? For example, do smaller organisations have less flexibility over what expenditure can be cut before becoming operationally or financially unviable?
- Are reduced surpluses in larger organisations having a knock-on effect to smaller organisations that may supply or partner with them? For example, often smaller touring companies taking work to mostly larger venues.



This research cannot give definitive answers to these questions. But this analysis can help develop theories to be tested that could result in targeted and effective interventions. It can also identify in what parts of the sector the financial situation may be most acute.

## Overall income mix

**Contributed income** decreases as a proportion of overall income, as turnover band increases. Above £100k, **earned income** consistently increases as a proportion.

Small (sub-£100k turnover) organisations have fundamentally different splits of income models to organisations of other sizes. Only 15% on average of their combined income comes from **public funding** which is significantly less in proportion (and much less absolutely) than organisations in higher turnover bands.

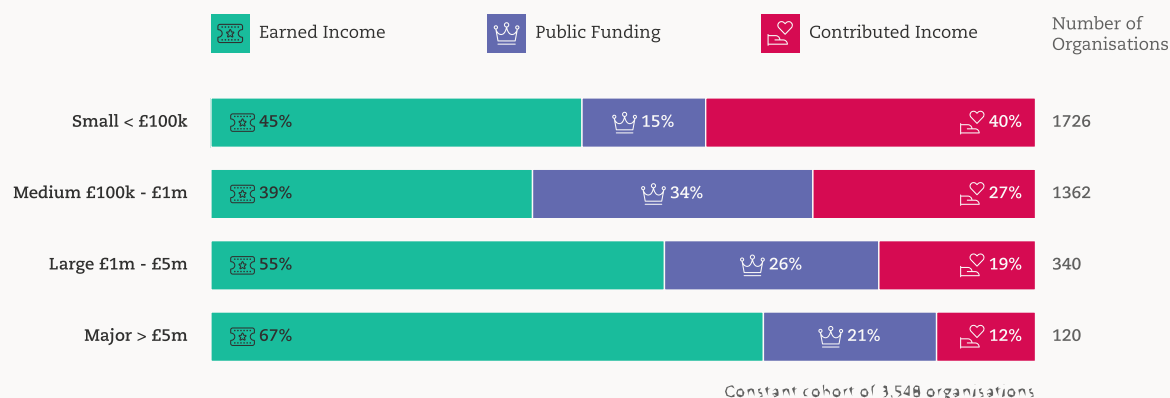


Figure 17 Income mix by turnover band in 2023/24

The numbers underlying Figure 17 above are in Table 22 in Appendix 2 – Numerical tables of graphic figures.

Again, this research cannot alone explain the causes of these differences. But it can consider and suggest some potential causes, which may in turn prompt policy or sectoral responses tailored to organisations of different turnover bands:

- Growth and the ability to maintain a larger turnover would appear perhaps to be driven – or at least enabled – by absolute amounts (as much as proportion) of **earned income**, rather than **contributed income**.
- This may be because it is easier – by applying additional resources appropriately alongside valuable assets – to scale **earned income**.

- Bidding to secure **public funding** and Trust & Foundation income are similar – and may also be scaled – with additional resourcing, demonstrable impact and a case for support that aligns with funder priorities.
- It may be less easy to scale **individual** and **corporate philanthropic income** unless perhaps underpinned by large customer (audience, visitor...) numbers and databases and/or a well-known brand.

## Income models

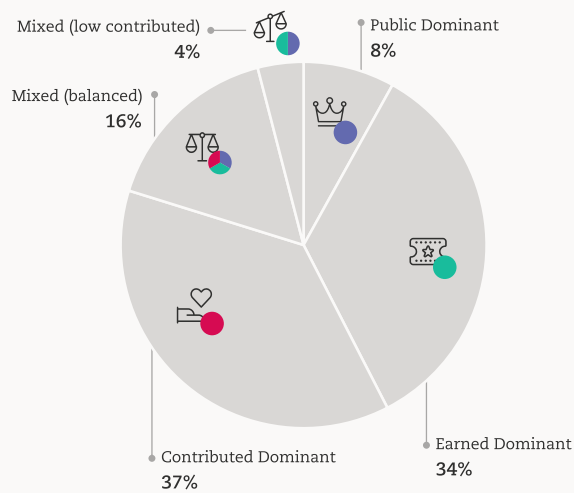
Looking at how income model varies by turnover band shows how small organisations have an entirely different income model to those in other turnover bands

- **Earned dominant** is the most common (39%) income model large organisations and the majority (59%) for major organisations. These larger organisations' income models are driven by their **earned income** – it appears to be the only way to grow to and maintain that size of expenditure.
- An equal proportion (24-25%) of medium-sized organisations are **public dominant**, **earned dominant** and **mixed (all)**.

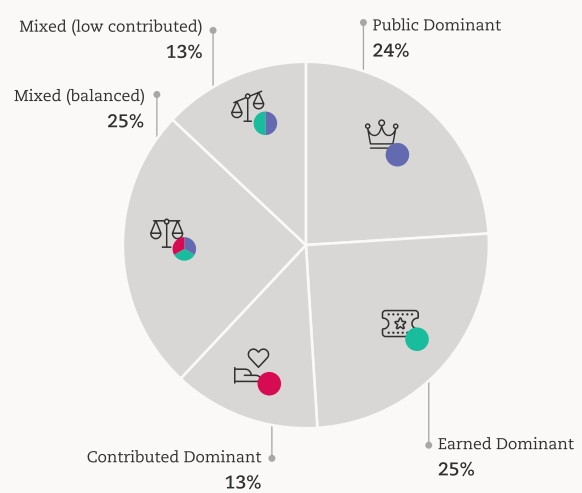
Most (71%) of the smallest (sub £100k turnover) organisations are either **earned dominant** or **contributed dominant**.

- They receive proportionately much less **public funding** than organisations of other turnover bands. In some cases, this will be due to their size as they may be unable to secure larger grants on their relatively low turnover.

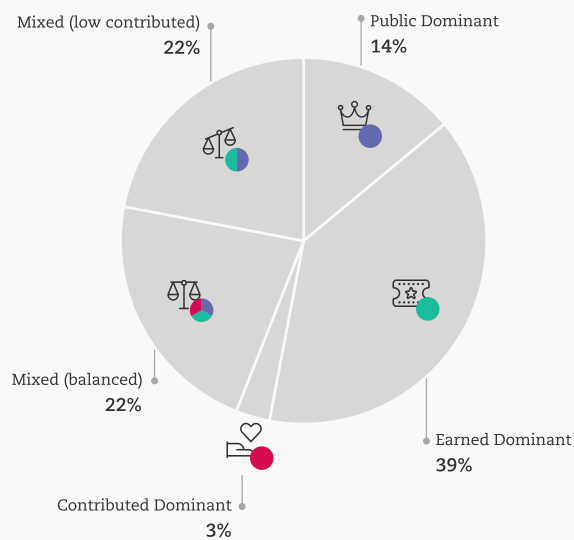
### Small < £100k



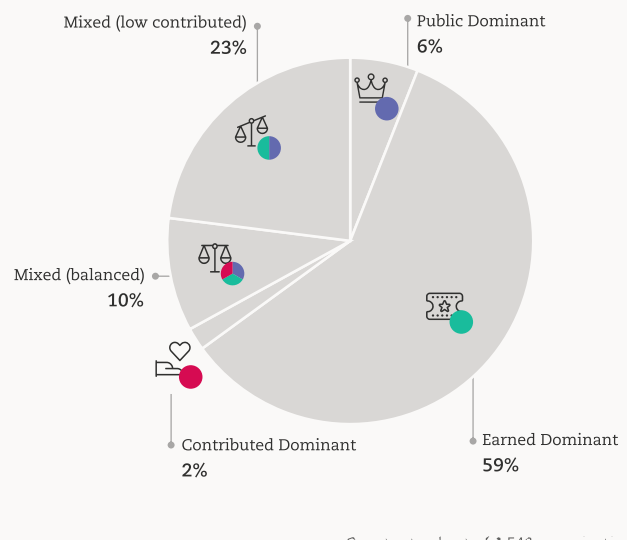
### Medium £100k - £1m



### Large £1m - £5m



### Major > £5m



Constant cohort of 3,548 organisations

Figure 18 Proportion of organisations in different income models by turnover range

The numbers underlying Figure 18 are in Table 23 in Appendix 2 – Numerical tables of graphic figures.

## Range of contributed income types

		Small < £100k	Medium £100k- £1m	Large £1m-£5m	Major >£5m
<b>Base</b>	209	22	133	39	15
<b>Trust/foundation grants or donations</b>	81%	55%	83%	82%	100%
<b>Corporate sponsorship or donations</b>	43%	32%	35%	62%	80%
<b>Individual donations</b>	90%	91%	86%	100%	100%
<b>Corporate membership</b>	11%	-	7%	13%	53%
<b>Individual membership</b>	39%	23%	33%	51%	87%
<b>Other type(s) of contributed income</b>	14%	9%	16%	8%	20%

Table 3 Prevalence of contributed income type by turnover band<sup>33</sup>

The prevalence of all the major contributed income types varies significantly by organisation size (represented by turnover band).

The biggest differences are to be seen in donations and memberships from individual and corporates.

- The vast majority of major (80%) and large (62%) receive corporate sponsorship or donations compared to around a third (32-35%) of small and medium organisations.
- A similar pattern is shown for individual memberships where the majority of the major (87%) and the large organisations (51%) use them, whereas this is true for only a third (33%) of medium organisations and just 23% of small ones.
- Whilst large and major all gain from individual donations, only 86% of medium organisations do.
- Corporate membership is the steepest hill to climb, where the majority of major organisations run such schemes. This drops to 13% for large organisations, 7% for medium and none for small.

<sup>33</sup> Highlighted figures indicate 90% confidence that this is a statistically significant difference based on the sample size. Green are higher figures, orange lower. Grey indicates no significant variation between turnover band. Responses are from survey.

The vast majority (82-100%) of medium, large and major organisations receive income from trusts and foundations. Smaller organisations are less successful (55%) in attracting this.

## The difference being a National Portfolio Organisation makes

National Portfolio Organisations (NPOs) have on average approximately five times the turnover of non-NPOs.

As the section The difference size makes demonstrates, size is a significant factor in variations in financial situation and contributed income growth, income mixes and model and contributed income breakdown. So, many of the differences in these factors between NPOs and non-NPOs may be primarily due to size<sup>34</sup>.

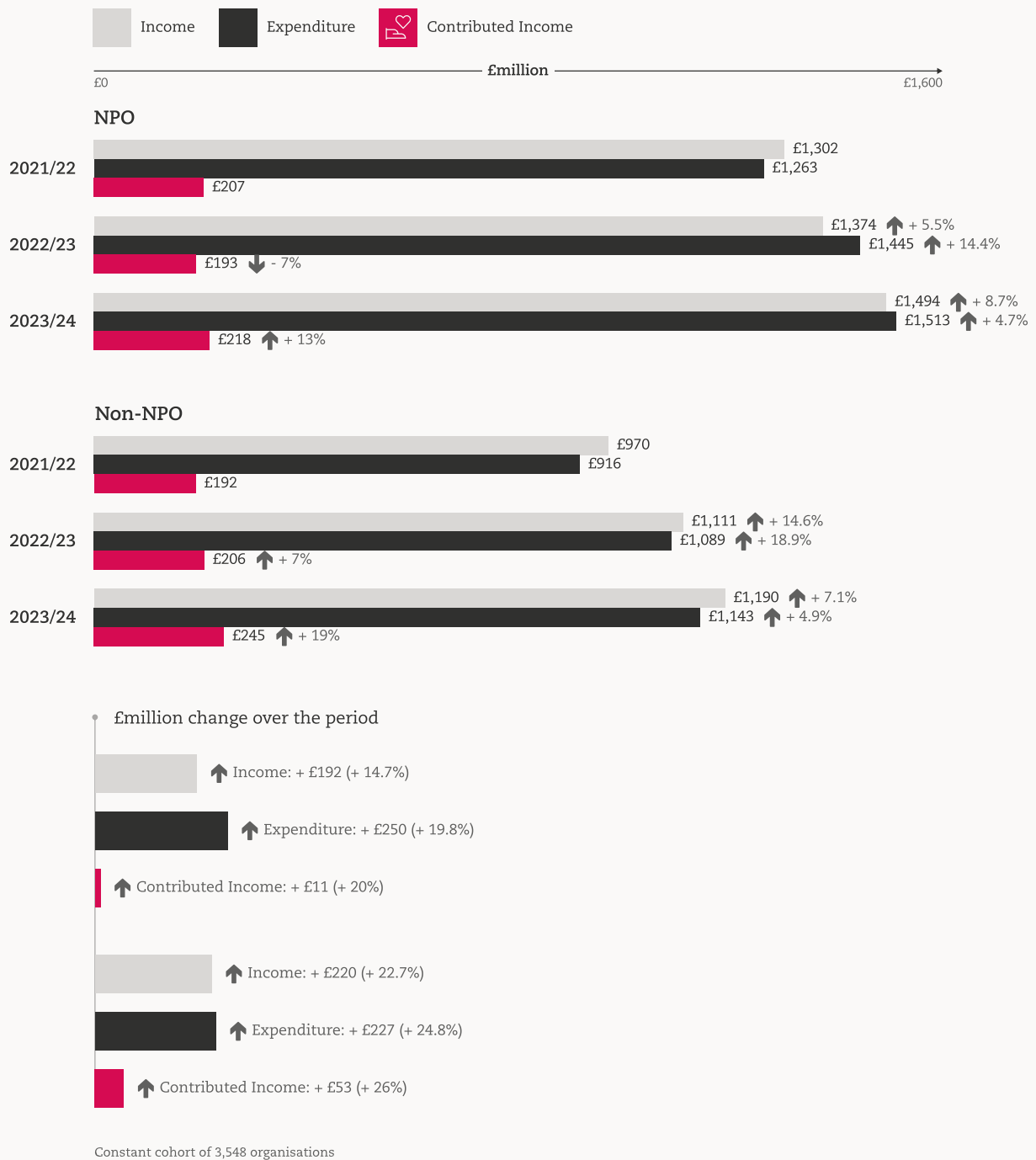
### Contributed income in financial context

**Financial context:** Both NPOs and non-NPOs have seen expenditure increase faster than income over the period but the gap between the two is more marked for NPOs than non-NPOs. As consequence net expenditure over income rises more for NPOs (£58.6m, 4.5% of total income) than non-NPOs (£6.8m, 0.7% of total income).

**Contributed income:** NPOs increase their contributed income (£10.5m, 5.1%, 0.8% of total income) but this is less than a fifth of the net increase in their expenditure over income over the period. For non-NPOs, the situation is significantly different. They increase their contributed income (£53.1m, 27.7%, 5.5% of total income) at a much greater rate – faster than the increase in their total income and total expenditure. Their increase in overall contributed income is more than seven times the increase in their overall net expenditure over income over the period.

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<sup>34</sup> In the Arts Council England 2023-26 Investment period the minimum award was £50,000 per annum.



*Figure 19 Change in contributed income, total income and expenditure by NPO status over the period*

*The numbers underlying Figure 19 are in Table 24 in Appendix 2 – Numerical tables of graphic figures.*

# Overall income mix

Non-NPOs achieved an average of 17% of their income from **public funding** sources in 2023/24 versus 32% for NPOs – still a significant proportion despite their lack of NPO status<sup>35</sup>. This points to the ongoing importance of the breadth of public funding sources from which arts and culture organisations can and do secure grants.

For both NPOs and non-NPOs, **public funding** has reduced across the period from what would appear to be COVID-enhanced highs in 2021/22. Similarly, as public and businesses returned to a new post-pandemic normal, **earned income** recovered proportionately.

In this context, **contributed income** has remained stable over the period for both NPOs and non-NPOs. It tends to be higher in non-NPOs (around 20% vs. around 15% for NPOs) although some workshop participants mentioned the NPO ‘badge’ as providing a perception of external quality assurance by Arts Council England for some philanthropic sources.

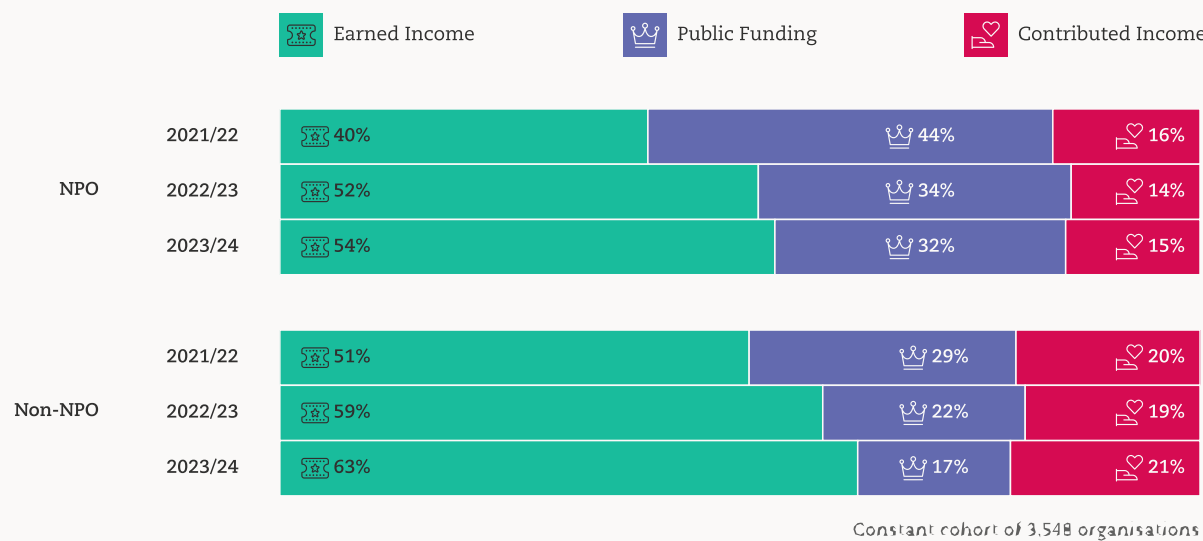


Figure 20 Income mix over time by NPO status

The numbers underlying Figure 20 are in Table 25 in Appendix 2 – Numerical tables of graphic figures.

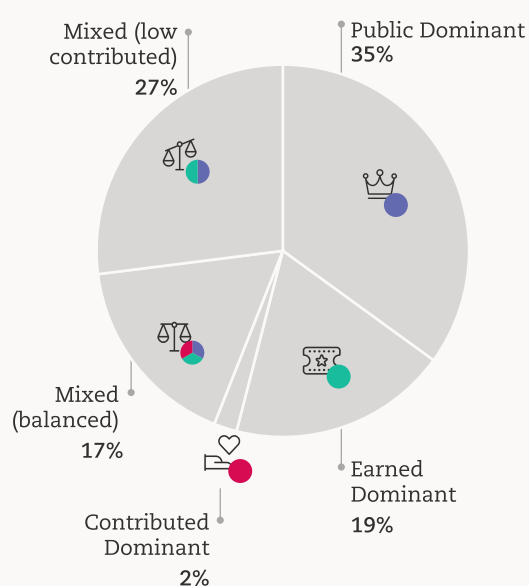
<sup>35</sup> Per the definition of **public funding**, this could be funding from local authorities (themselves or distributing Levelling Up or similar centrally distributed funding), direct government grants, research funding from UKRI (AHRC, etc.), grants from other ALBs (e.g. NLHF) or non-recurrent funding from Arts Council England itself (e.g. project grants).

## Income model types

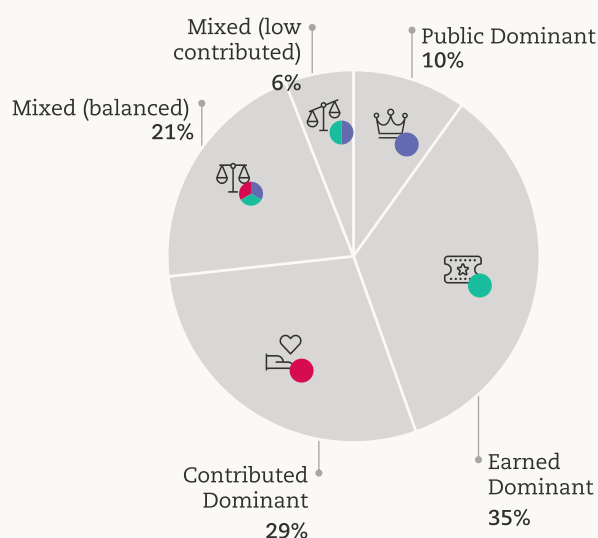
The scale and continuity of NPO funding supports organisations that have public dominant and mixed (low contributed) income models.

The regular nature of this funding in England sets it – and the circumstances of those that receive it – apart from the majority of the remainder of the non-profit, voluntary, community, and social enterprise sectors. Outside the cultural sector, funders providing the certainty of three to four year funding commitments are rare.

NPO



Non-NPO



Constant cohort of 3,548 organisations

Figure 21 Proportions of income model by NPO status

The numbers underlying Figure 21 are in Table 26 in Appendix 2 – Numerical tables of graphic figures.



# The difference a public building makes

Having no building – or having a performance venue or visitor attraction – is strongly associated with some business models.

**Earned dominant** is the income model for:

- Half (49-50%) of organisations with performance venues and visitor attractions
- A third (35%) of organisations with a museum or gallery
- Only a quarter (25%) of organisations with no public building

So an **earned dominant** organisation is most likely to be running a performance venue or visitor attraction and least likely to have no public building.

**Contributed dominant** is the income model for:

- More than a quarter (27%) of organisations with no public building
- Relatively fewer – less than a quarter (23%) – with a museum or gallery
- Very few (12%) with a performance venue

A **contributed dominant** organisation therefore is most likely to have no public building, quite likely to have a museum or gallery space – and much less likely to have a performance venue.

**Public dominant** is the income model for:

- Almost a fifth (18%) of organisations with no public building
- About a tenth (9%) of organisations with a performance venue, museum or gallery
- Very few (3%) of organisations running a visitor attraction

A **public dominant** organisation then is most likely to have no public building, relatively unlikely to run a performance venue, museum or gallery and highly unlikely to run a visitor attraction.

		Performance venue	Visitor attraction	Museum/Gallery	Library/Archive	Other building	No public building
<b>Base</b>	447	103	31	93	31	31	243
<b>Earned dominant</b>	32%	49%	50%	35%	40%	31%	25%
<b>Public dominant</b>	15%	9%	3%	9%	8%	17%	18%
<b>Contributed dominant</b>	23%	12%	18%	23%	14%	14%	27%

Table 4 Prevalence of income models by public building type<sup>36</sup>

Possible interpretations of these correlations:

- Buildings open to the public support the generation of earned income from ticketed events, cafés, shops, space hire and other paid for products and services to the public and organisations. They create footfall and, often, customer databases which can be monetised.
- Conversely, buildings are expensive to run and maintain, so organisations with buildings have to focus on generating revenues to fund this. As mentioned elsewhere in this report, the evidence suggests that earned revenue may be the easiest revenue to scale, if appropriate resources are applied.
- Without such an asset, organisations are more likely to rely on greater proportions of **contributed income** and **public funding**.

Using a campaign to raise money to refresh a venue can substantially change how that building features in an organisation's overall business model and contributed income generation. The team at Wiltshire Creative is applying experience from the Bristol Beacon in raising such capital to the Salisbury Playhouse. Wiltshire Creative is featured as a case study in the **PICS 2025 Case Studies** supplementary report.

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<sup>36</sup> Highlighted figures indicate 90% confidence that this is a statistically significant difference based on the sample size. Green are higher figures, orange lower. The **mixed** income models not shown do not have statistically significant variations between artforms.

## How areas differ

### Contributed income in financial context

London has the largest absolute contributed income (£192m, 42% of England), followed by the South East (£108m, 23% of England), the North (£87m, 19% of England) and South West (£41m, 9%) with the Midlands being the lowest (£34m, 7%).



Figure 22 Absolute income, contributed income and expenditure by area

The numbers underlying Figure 21 are in Table 27 in Appendix 2 – Numerical tables of graphic figures.

## Overall income mix

Compared to a national average of the proportion that contributed income forms of total income (17%), London and the South East similarly come out higher than average (22% and 19% respectively) and the other regions lower than average. Whilst the Midlands is here also lowest (11%), the North slightly trails (13%) the South West (15%).

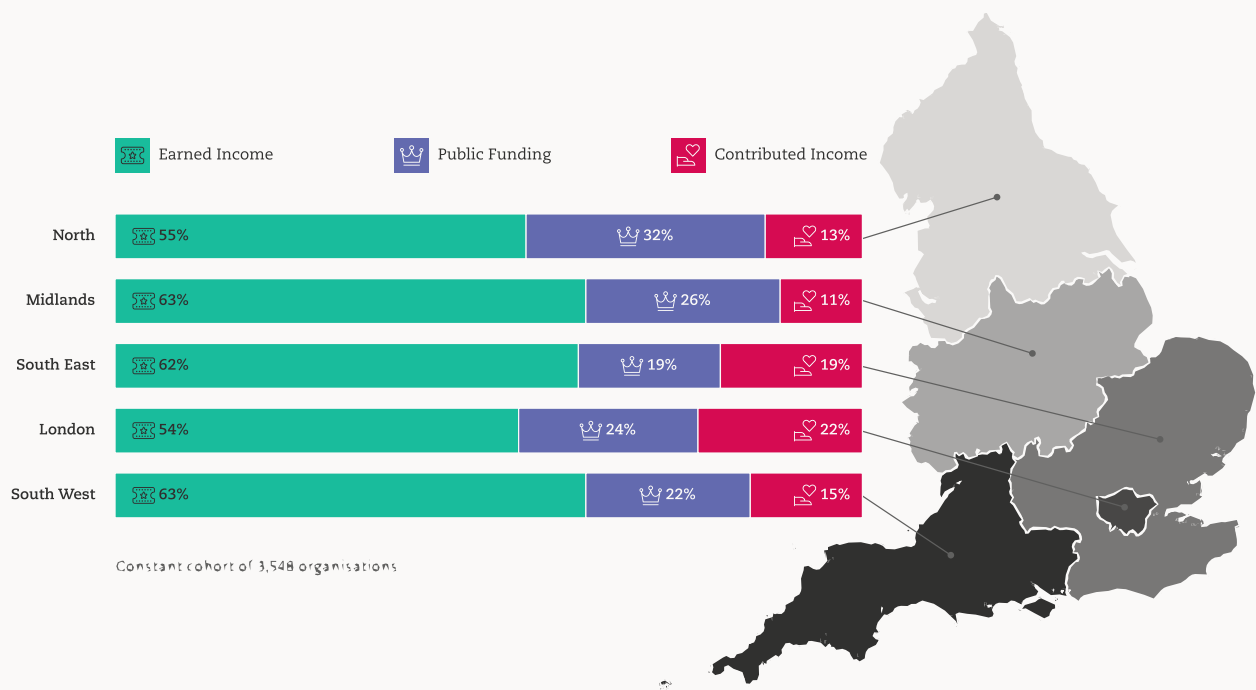


Figure 23 Income mix by area

The numbers underlying Figure 23 are in Table 28 in Appendix 2 – Numerical tables of graphic figures.

## Contributed income breakdown

In the finer breakdown of types of contributed income included within the survey, most responses do not vary significantly by area<sup>37</sup>. The exceptions are:

- Midlands and South West are less likely to receive grants or donations from trusts and foundations
- Midlands are more likely to receive 'other' contributed income, whereas the South West is less likely.

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<sup>37</sup> Survey respondents were asked to choose between trust/foundation grants or donations, corporate sponsorship or donations, individual donations, corporate membership, individual membership, crowdfunding and other

		North (North West, North East, Yorkshire & Humber)	Midlands (East Midlands & West Midlands)	London	South East (including the East of England)	South West (including Hampshire & the Isle of Wight)
<b>Base</b>	215	50	28	52	44	41
<b>Trust/foundation grants or donations</b>	80%	86%	64%	88%	89%	66%
<b>Other type(s) of contributed income</b>	13%	18%	21%	8%	18%	5%

Table 5 Prevalence of types of contributed income by area<sup>38</sup>

<sup>38</sup> Highlighted figures indicate 90% confidence that this is a statistically significant difference based on the sample size. Green are higher figures, orange lower. Contributed income types not shown do not have statistically significant variations between regions. Responses from survey.

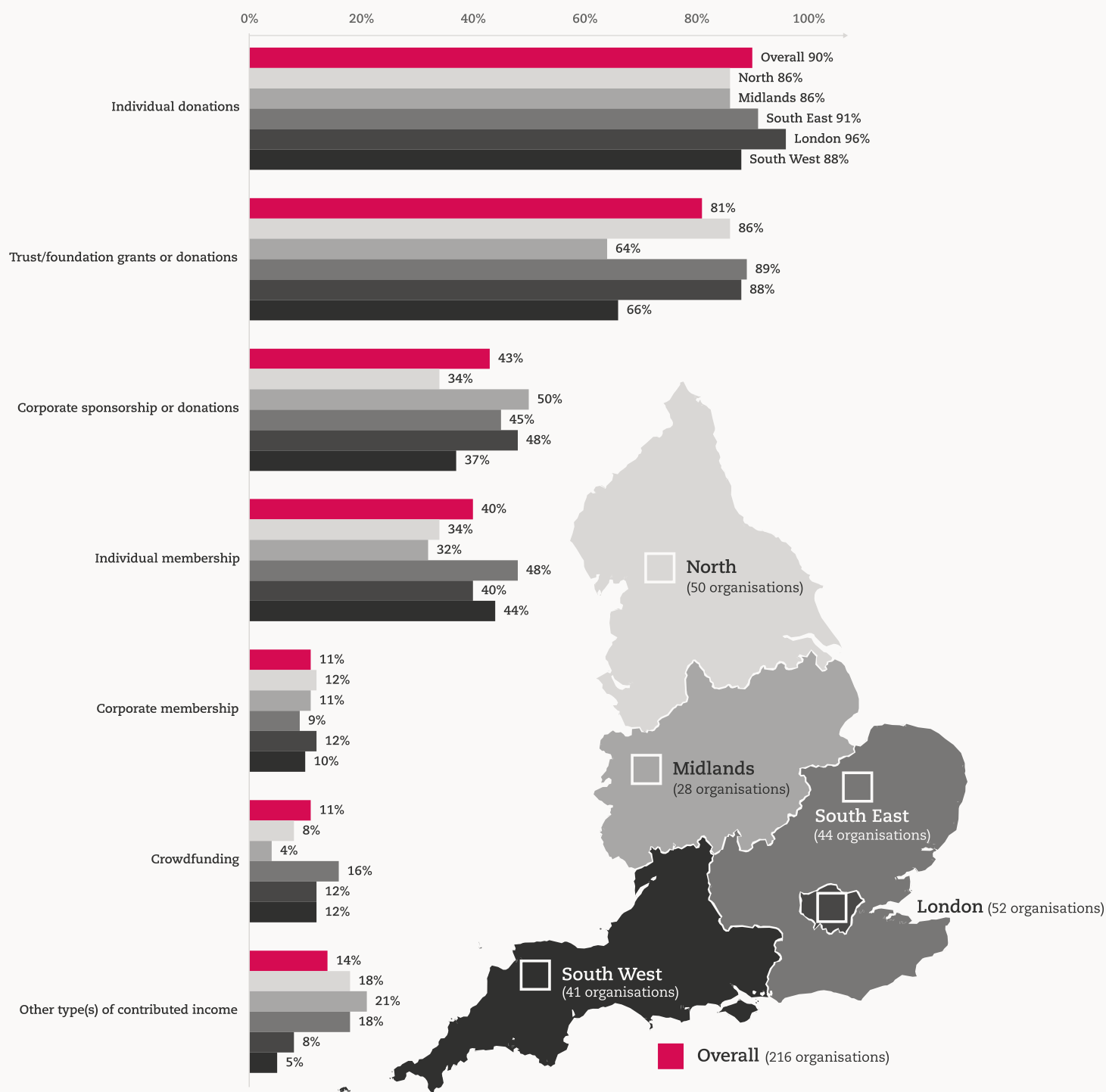


Figure 24 Number of organisations receiving different types of contributed income by area<sup>39</sup>

The numbers underlying Figure 24 are in Table 29 in Appendix 2 – Numerical tables of graphic figures.

<sup>39</sup> Out of 216 responses in the survey to the question about contributed income types, 1 organisation did not identify itself as associated with a particular region – hence the total number of organisations across the regions summing to 215.

## How artforms differ

Cultural and creative practitioners often share knowledge both formally and informally with peers in their artform. Arts Council England and other funders often tailor the funding and other support they give to different artforms. Sector bodies have an important role to play supporting their members, representing their interests and building consensus around strategies that their subsector may want to adopt.

Artform is therefore an important way to analyse these results. Although within each artform individual organisations will vary, averages for each artform can, for some organisations of that artform, be a useful benchmark. This comparison can be useful in strategy development and business planning for individual organisations.

Differences between artforms can inform thinking on potential causes for this and possible policy or sectoral responses. These could include innovation in fundraising which takes practices from one subsector and applies it to another.

However, differences in contributed income and financial situations between artforms may as usefully be ascribed to other factors, such as size (turnover band or median income) and whether they operate a building open to the public.

In this context, are presented, significant differences between artforms in:

- **Contributed income** and wider financial situation
- Income mixes and models
- **Contributed income** breakdown.

Organisations of artform(s) outside the categories shown are omitted because they are so heterogenous that averages are not meaningful. Similarly, libraries are omitted because they are a very heterogenous group ranging from specialist libraries through trusts spun out from former local authority provision. Literature is included but there is a relatively small number of such organisations in the constant cohort tracked in this study, so the analysis from their data may be less representative of this subsector than for other artforms.

## Contributed income in financial context

As for the national picture, **contributed income** for different artforms is best seen in organisations' financial context:

- Dance and museums are the only artforms which achieve a net increase in their total income over expenditure over the period. In other words, for the other artforms their expenditure is rising faster than their income is.
- Music is the only sector where loss-making has reduced over the period (7% of organisations, from 48% to 41%). In dance, the change in loss-making is negligible. Every other artform has modest increase (5-7%) in the number of organisations making a deficit.

Combined arts and museums manage substantial increases (over 20%) in **contributed income** whereas the gains of visual arts, theatre and music are more modest (8.5-12.9%). For dance, there is no change and literature decreases.

### Theatre

**Financial context:** Whilst total income rises (26.2%) over the period, expenditure rises more (32.6%) causing a net increase of expenditure over total income (£29.1m, 5.3% of total income).

**Contributed income:** Rises (£9.2m, 11.6%, 1.7% of total income).

### Combined Arts

**Financial context:** Whilst total income rises (12.6%) over the period, expenditure rises more (22.3%) causing a net increase of expenditure over total income (£26.9m, 8.2% of total income).

**Contributed income:** Rises (£13.1m, 28.3%, 4% of total income).

### Visual Arts

**Financial context:** Whilst total income rises (16.5%) over the period, expenditure rises more (19.1%) causing a net increase of expenditure over total income (£6.2m, 2.4% of total income).

**Contributed income:** Rises (£4.2m, 8.5%, 1.6% of total income).



## Music

**Financial context:** Whilst total income rises (15.3%) over the period, expenditure rises more (18%) causing a net increase of expenditure over total income (£8.9m, 2.1% of total income).

**Contributed income:** Rises (£12.2m, 12.9%, 2.9% of total income).

## Dance

**Financial context:** Bucking the trend of most of the other artforms, total income rises (17.2%) slightly faster over the period than expenditure (15.4%) causing a net increase in total income over expenditure (£2.1m, 1.7% of total income).

**Contributed income:** Doesn't change. Perhaps given the overall financial situation, raising additional **contributed income** was not as big a priority as other things.

## Museums

**Financial context:** Similarly to dance, total income rises (15.2%) slightly faster over the period than expenditure (14.9%) causing a net increase in total income over expenditure (£6m, 1.4% of total income).

**Contributed income:** Rises (£16.8m, 23.5%, 3.9% of total income). **Contributed income** may therefore have been a significant factor in museums' net income increase.

## Literature

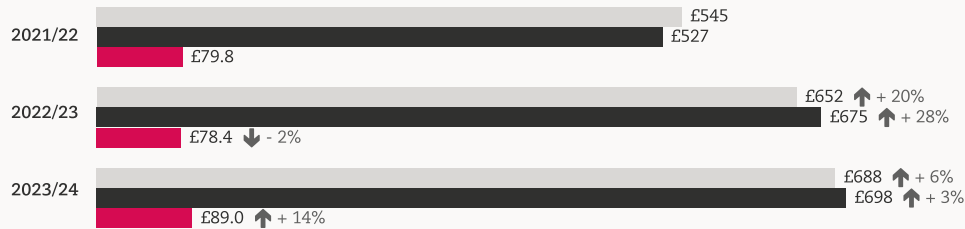
**Financial context:** Whilst total income rises (10.4%) over the period, expenditure rises more (19.3%) causing a net increase of expenditure over total income (£5.4m, 7.8% of total income).

**Contributed income:** This is the only artform for which contributed income goes down (£5.4m, 4%, 0.7% of total income).

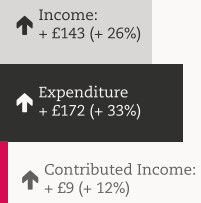
Income Expenditure Contributed Income

£0 £million £700

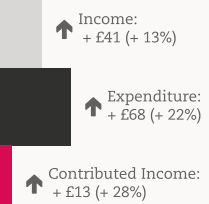
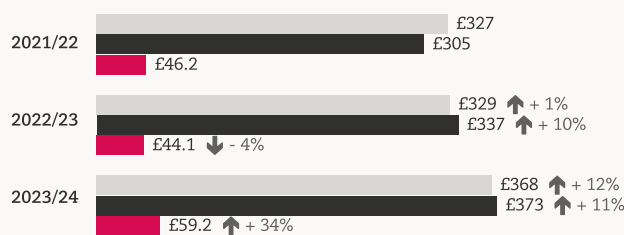
## Theatre



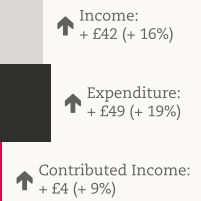
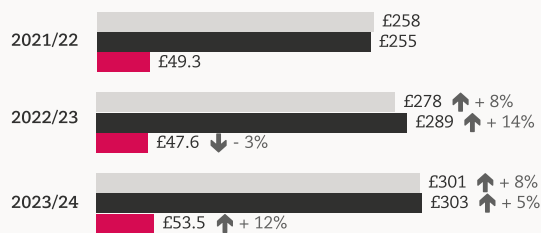
£million change over the period



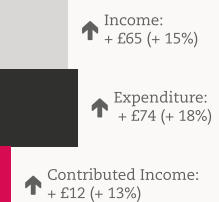
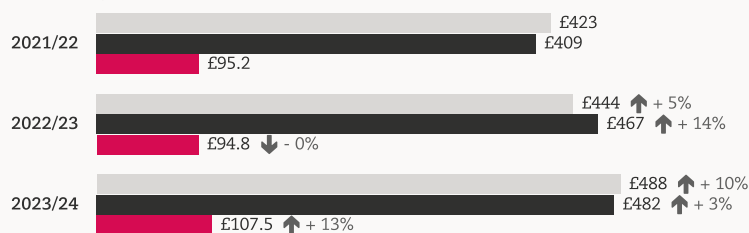
## Combined Arts



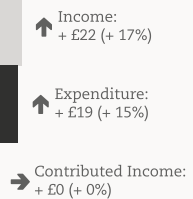
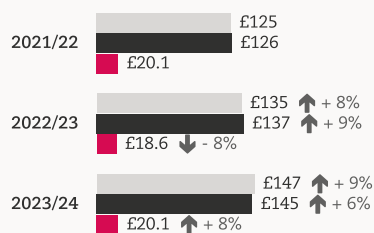
## Visual Arts



## Music



## Dance



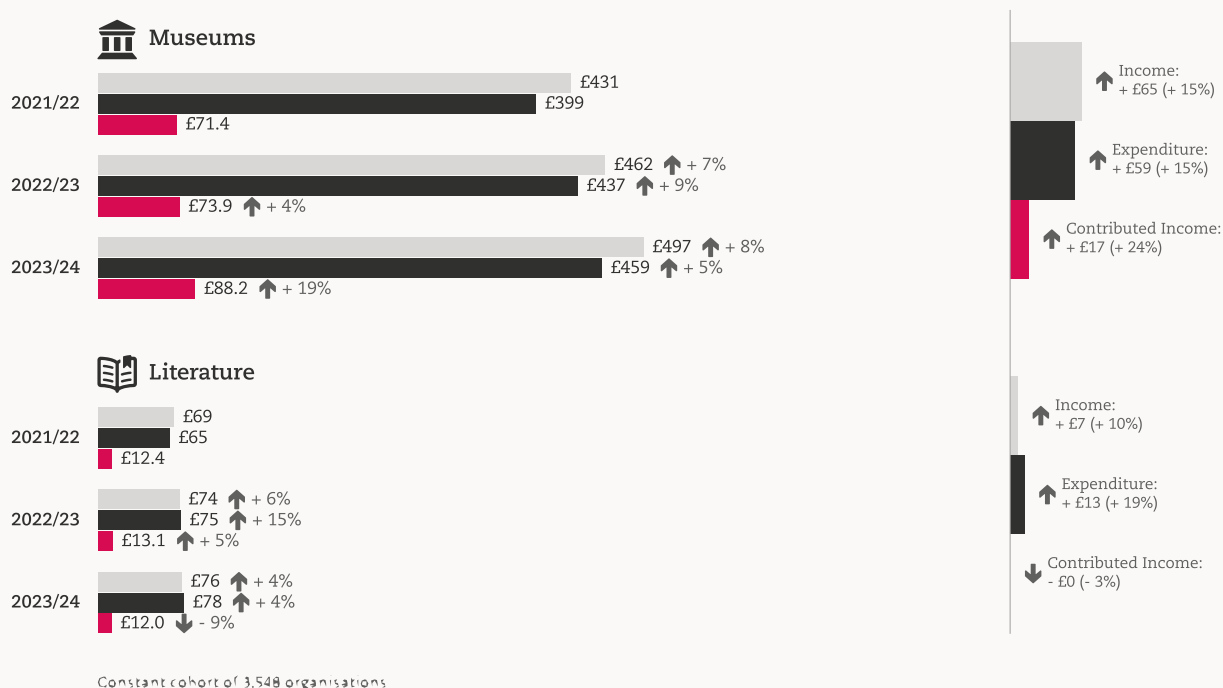


Figure 25 Contributed income in financial context over the period

The numbers underlying Figure 25 are Table 30 in Appendix 2 – Numerical tables of graphic figures.

## Overall income mix

Music shows the highest proportion (22%) of **contributed income** with visual arts and museums next highest (18%) with dance and theatre being lowest (13-14%). Over the period, **contributed income** is increasing somewhat as a proportion for combined arts and museums, decreasing somewhat for theatre and literature and relatively stable for the rest.

Understanding proportions of **contributed income** in the context of other income types, theatre and museums have the highest proportions of **earned income** (66% and 63%, respectively) with dance as the lowest (50%). Dance has the highest proportion of **public funding** (36%) with combined arts and literature next highest (31%) and theatre and museums the lowest (21% and 19% respectively).

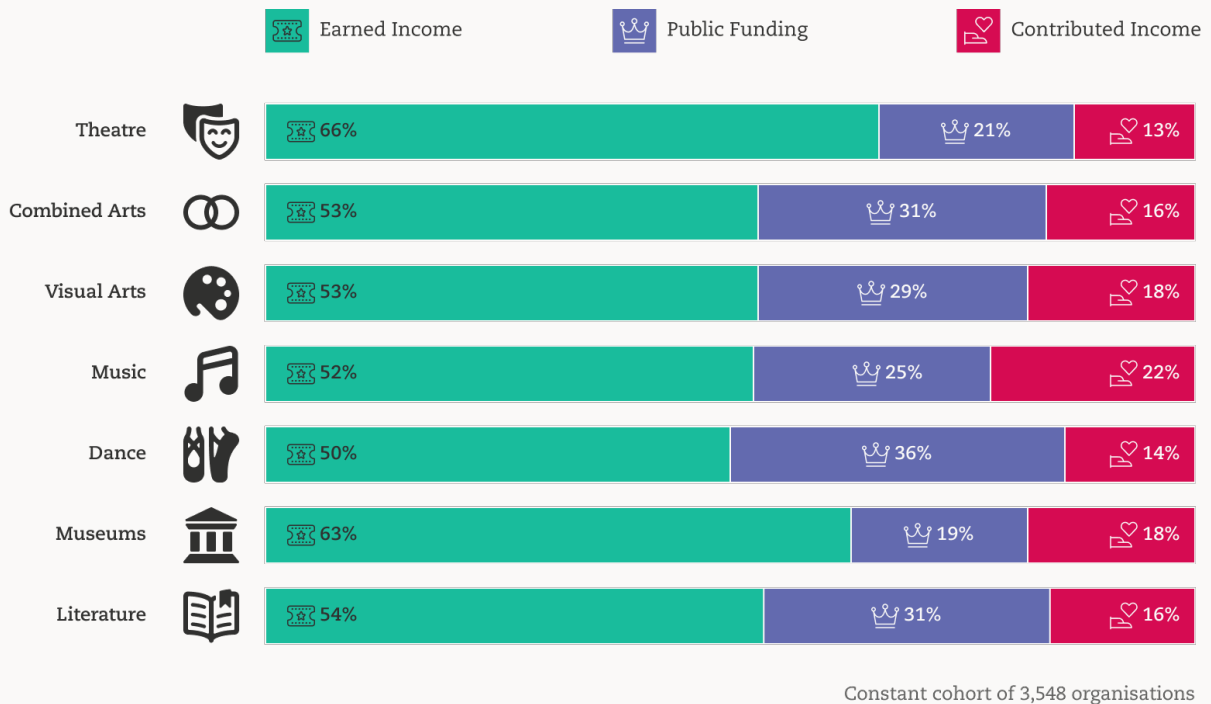


Figure 26 Income mix by artform 2023/24

The numbers underlying Figure 26 are in Table 31 in Appendix 2 – Numerical tables of graphic figures.

## Income models

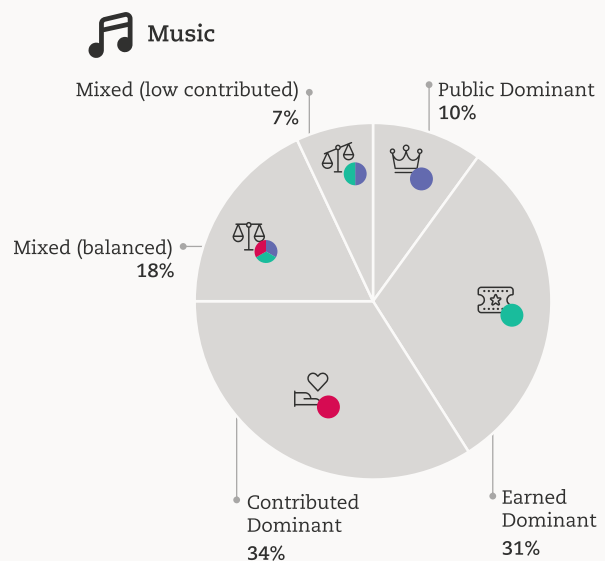
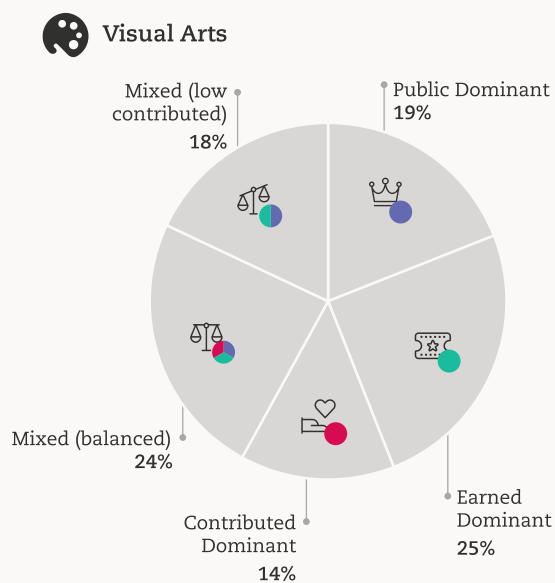
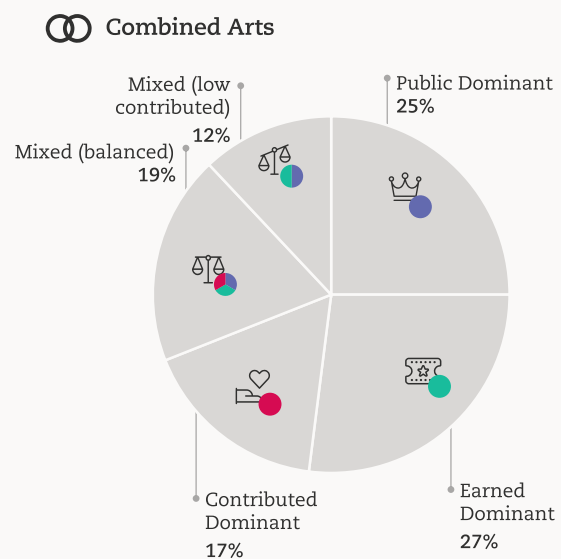
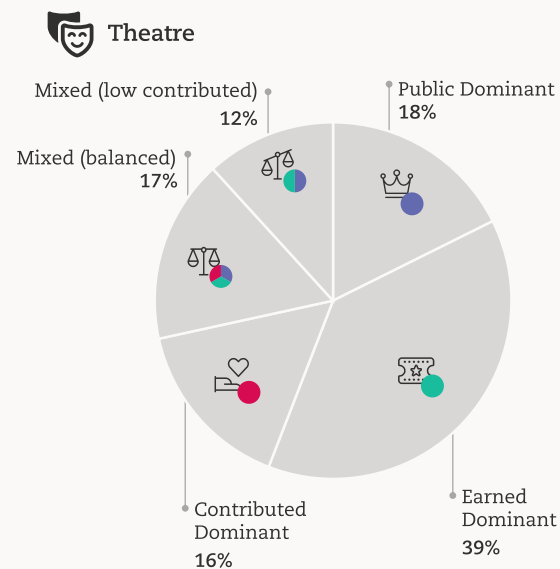
Viewing artforms through the lens of income models is useful because it avoids thinking of the artform in terms of its average income mix, as above. Every artform has a mixture of income models. How public and other funders and sector bodies can support the financial resilience of a particular artform is best informed by the mix of income models in that artform, adopting a nuanced approach to each – perhaps even considering where lessons can be learnt or innovations borrowed from organisations of other artforms but similar income models.

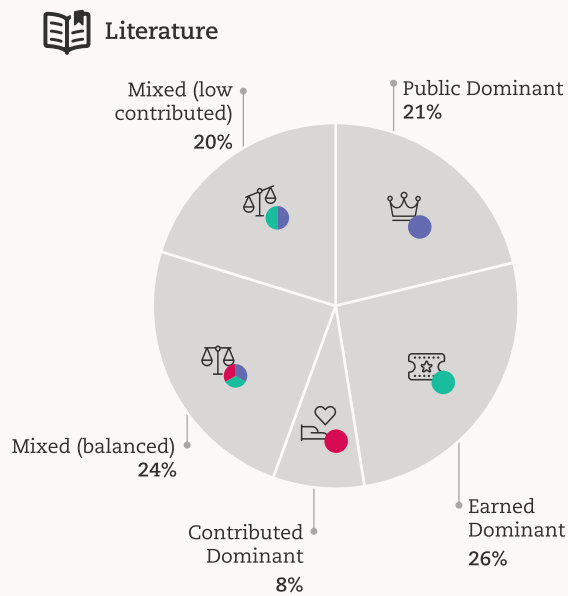
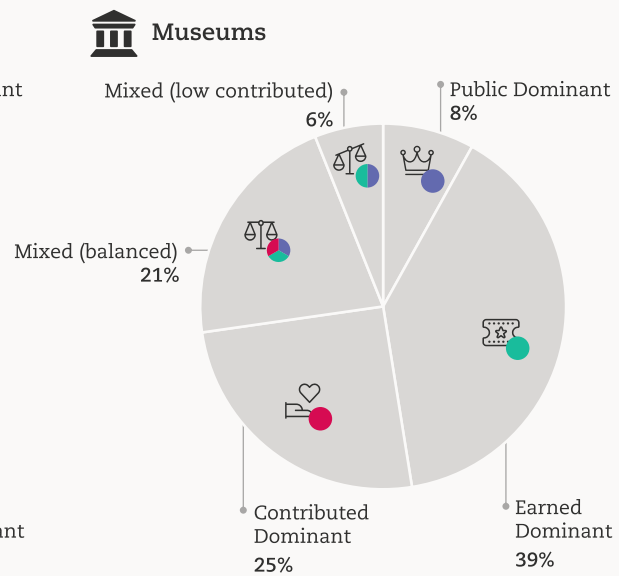
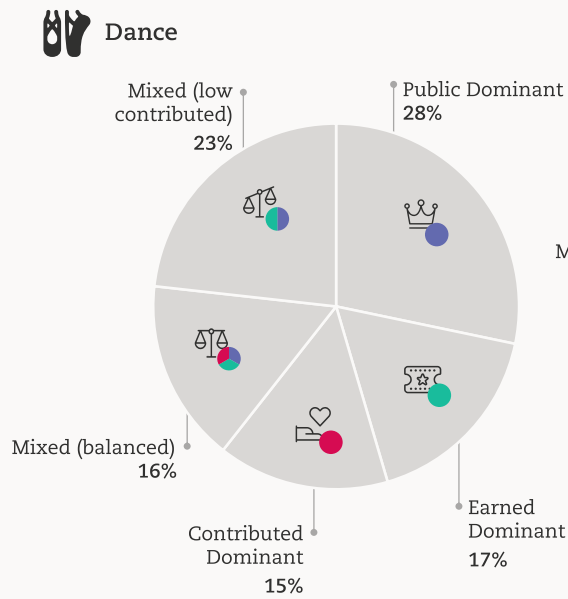
For theatre, **earned dominant** is the most common income model type by far (39%) probably reflecting its largely ticketed event model. For the other performing arts:

- **earned dominant** is very common (31%) for music, but **contributed dominant** is the most (34%)
- dance's most common income model is **public dominant** (28%) with the next being **mixed (low contributed)** (23%).

Similarly to theatre, museums' most common (39%) income model type is **earned dominant** with **contributed dominant** and **mixed (all)** next most frequent (25% and

21% respectively). In comparison in the combined arts and visual arts most common income models are fairly evenly spread between **public dominant**, **earned dominant** and **mixed (all)** (19-27%).





Constant cohort of 3,548 organisations

Figure 27 Income model by artform

The numbers underlying Figure 27 are in Table 32 in Appendix 2 – Numerical tables of graphic figures.

## Contributed income breakdown

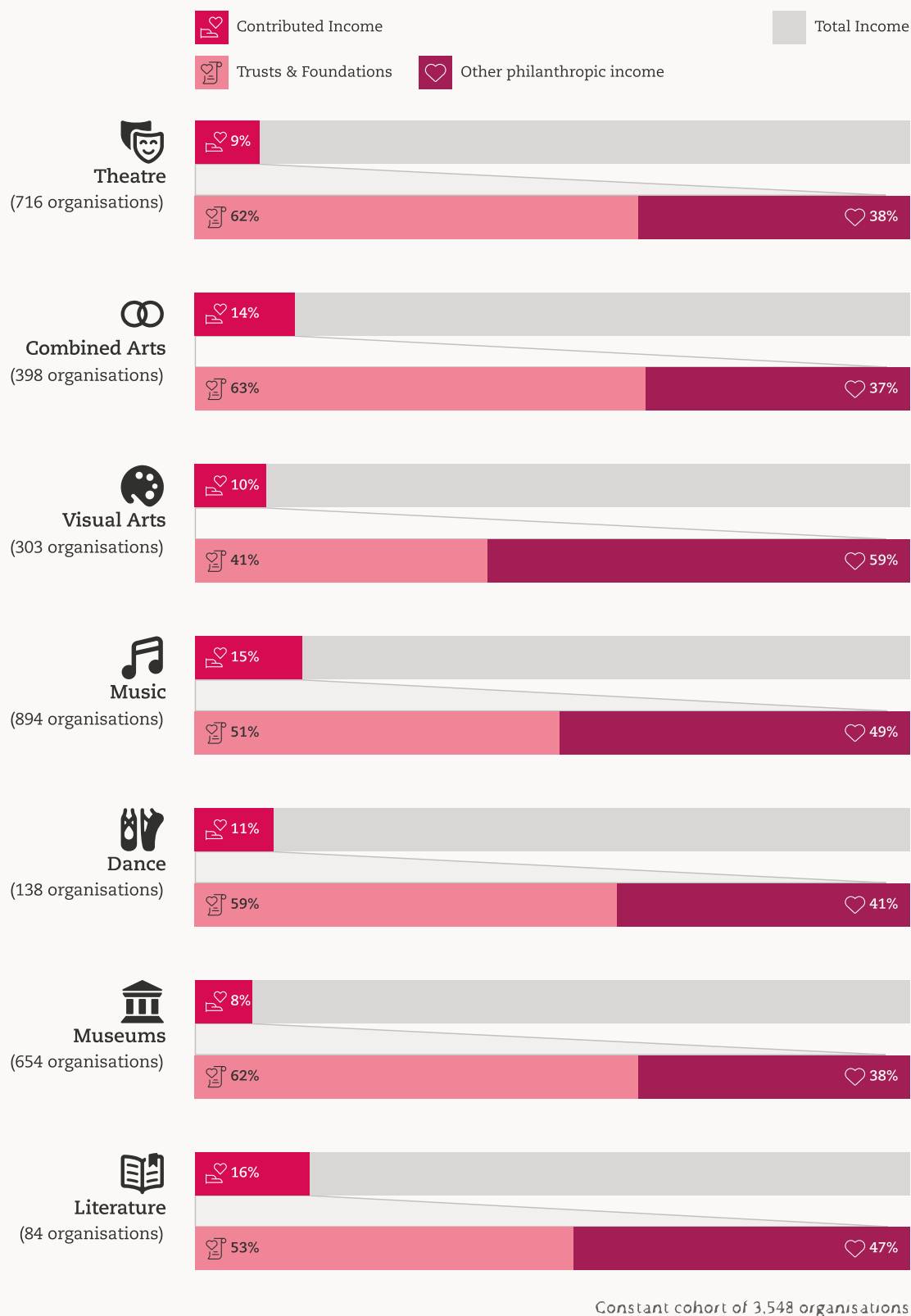


Figure 28 Contributed income breakdown by artform in 2023/24

The numbers underlying Figure 28 are in Table 33 in Appendix 2 – Numerical tables of graphic figures.

Theatre, combined arts, dance and museums have a similar proportion (59-63%) of their contributed income coming from trusts & foundations with literature<sup>40</sup> and music next (53% and 51% respectively) and visual arts lowest (41%). Visual arts is the only artform where **contributed income** from sources other than trusts & foundations is the majority (59%).

## Possible interpretations and reflections

Even for artforms where **contributed income** increases, this increase is insufficient to fill the gap of increased net expenditure over total income. This is not surprising: **contributed income** is the minority income type in every artform's average income mix and this will have been a period of higher input cost inflation for the sector relative to the last decade. But it is worth reflecting that contributed income is unlikely in the future in any artform to fill further such gaps in increased net expenditure, should they occur. To do so, it would have to achieve growth rates in contributed income at least as big as only the super-majors – with their unique assets and business models – have achieved.

The buildings of theatre venues (as opposed to theatre touring companies) and museums are valuable assets which can generate both earned income and public benefit (against which public funding and contributed income can be leveraged). However, running buildings is expensive and some building-related costs (e.g. energy and building materials/services) have increased substantially. Although some dance companies will run buildings, sector professionals (e.g. dancers attending workshops and classes) may feature more in their users than in other artforms with predominantly buildings open to the generic public.

Looking at music and how it may have reduced its lossmaking, as background **contributed income** is a relatively high percentage in music (15% in 2024) and within that income from trusts and foundations are about half. Music's two most common income model types are earned dominant and contributed dominant. Average income across the 894 music organisations in the cohort tracked for this study was £500k, which is relatively low by comparison to other artforms. Earned dominant music organisations have an average income (c. £700k) and contributed dominant music organisations have an average income of (c. £100k both 2023/24 figures).

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<sup>40</sup> Albeit that there is small number of members of the cohort in this artform analysis and comparisons will be less reliable.



Possible interpretations:

- Public and policy awareness about the loss of music venues may have led to a greater focus by funders, donors and customers of all kinds. The sector may have been able to use this awareness to support its fundraising.
- Organisations that have ceased trading or not submitted their latest accounts to regulators, due to actual or near insolvency were not included in the constant cohort tracked.

# State of the sector, strategies and practices

## Introduction

To better understand the state of play in the sector around private investment, and supplement the evidence from the survey, five workshops were conducted. Four workshops focused on four of the five different income models (with the exception of contributed-dominant),<sup>41</sup> and a fifth was open to organisations of all types.

As in the survey, there was a general sense that things were difficult for the culture sector. Organisations were very willing to engage, learn and develop their practice around private investment, but there was a sense of limited resources needing to stretch further to cover increased costs – in a context that was universally described as more challenging than any other time participants could remember. There was a particular desire to underline the fact that growth of contributed income could not effectively substitute for decreases in public investment.

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“What has been quite eye opening is seeing organisation after organisation of different sizes and scales and focuses all saying that the model that used to work even three or five years ago doesn't stack up in the same way anymore.”

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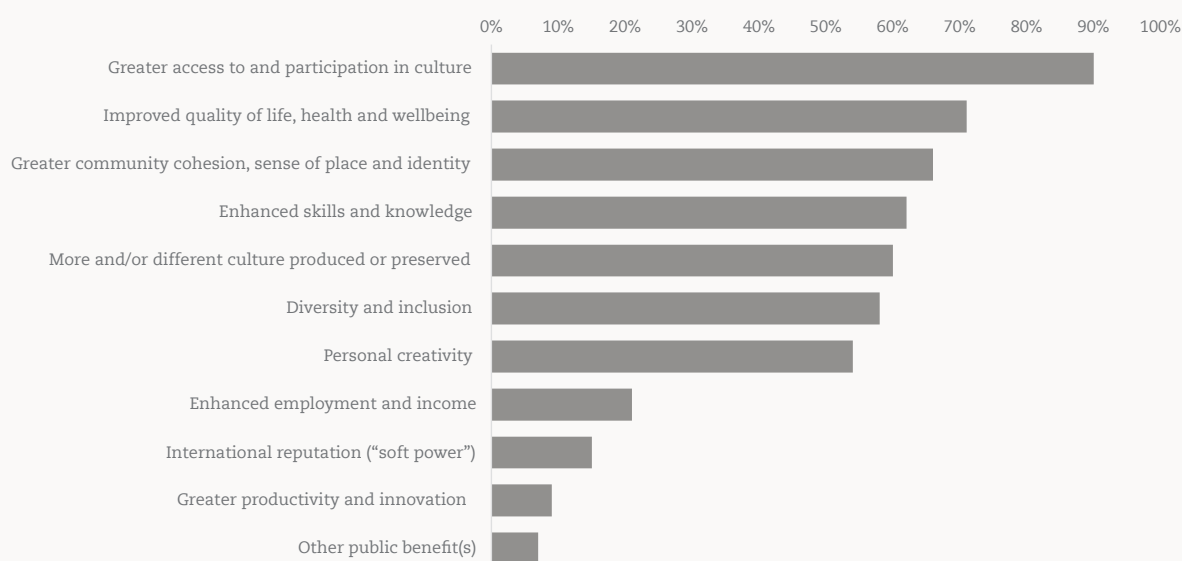
## Public benefits

Survey respondents were asked to identify which public benefits formed a part of their fundraising case for support. As Figure 29 below shows, “greater access to and

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<sup>41</sup> Perhaps because contributed dominant organisations tend to be quite small, fewer of these organisations volunteered to participate in further research. This meant that there was not a sufficient number for a dedicated workshop, although several contributed dominant organisations participated in the general workshop.

participation in culture” was by far the most common benefit identified, but a number of other benefits were identified by over 50% of respondents as part of their case for support.



*Figure 29 Public benefits used within fundraising case for support*

*The numbers underlying Figure 29 are in Table 34 in Appendix 2 – Numerical tables of graphic figures.*

Workshop participants commented on the challenge of narrowing down and articulating a case for support when their organisations deliver multiple benefits. “We are a very large organisation doing lots of different programmes,” said one. “So in some senses, we tick every single one of these boxes.”

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**“Our overarching vision is greater access to and participation in culture and all of the other benefits are fundamentally the enablers to allow that to happen.”**

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How organisations sell themselves depends heavily on the focus of specific funders or donors: participants commented that “we’re having to work much harder to tailor to specific funders than we ever did before” and that “having the flexibility to shape your ask to your audience is quite crucial.” They also face the challenge of needing to identify and speak the different ‘languages’ of the diversity of private investors, whether pitching to non-arts funders or understanding the different priorities of corporates or individual donors.

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“We're being told we need to look more at health and wellbeing but finding the metrics for making that case totally alien. Locally there's a big push on enhanced skills and employment. So, I feel we're being pulled in lots of different directions.”

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Many organisations were in the process of reworking their organisational strategies, fundraising case for support or theory of change, and it was commented that this is an important way to bring coherence to what otherwise might be a divergent and constantly shifting offer. There was a recognition that organisations must hold the line of their own mission and vision, and not move beyond this simply to meet the needs of potential funders.

Making a case to non-arts funders was seen as a specific challenge. A participant related a story about a meeting with a foundation focused on social welfare:

one of our beneficiaries started talking about the joy and wonder of participating in theatre and how great it is. And the grant manager said, I'm just gonna stop you right now. [Our] Foundation doesn't care about making art.

Nonetheless, many organisations were highly familiar with this world and a few commented that they found it easier working with this type of funder than with traditional culture funders. At the same time, other participants pointed out that the arts and culture have a Unique Selling Point that should not be lost in the case for public benefit. “We deal in magic and joy and things that are harder to pin down,” said one, “but there's something [in that] about how we can set ourselves apart from the wider voluntary sector as well.”

# Diversity

Diverse-led organisations,<sup>42</sup> and those that serve diverse audiences and participants, face particular challenges in the fundraising landscape, as was addressed in the literature review. These challenges were equally visible in the workshops.

## Political context

Representatives of multiple organisations pointed to the shifting political climate around “EDI” internationally as a catalyst for a shift in mood within England as well. But participants in the workshops varied significantly in terms of how they described this shift and how they felt it had affected them. One organisation with an explicit focus on social justice felt it was becoming more difficult to fundraise using language around equity and inclusion, as opposed to a focus on specific outcomes like health and wellbeing, while another expressed concern about “whether [our] language might scare corporates and high net worth individuals.”

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“Politically there may have been a lot of noise around EDI... [but] the corporates we have a relationship with are still very committed because their staff are still committed, regardless of what politicians might be saying.”

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Several workshop participants mentioned the recent action around Baillie Gifford’s investment in literary festivals,<sup>43</sup> and one commented that “anecdotally can see corporates withdrawing from the arts generally with the political climate that we have.” However, others said their own corporate partners had remained committed; one said that they had seen a shift in language and attitudes around EDI from individual donors but not from corporates.

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<sup>42</sup> “Diverse-led” is a term used by Arts Council England to refer to “organisations where 51% or more of the board and senior management team identify as: Black, Asian and Ethnically diverse; Disabled; Female; LGBT+; From a lower socio-economic background.”

<https://www.artscouncil.org.uk/equality-analysis-2023-2026-investment-programme#t-in-page-nav-2>

<sup>43</sup> Tapper, J. and Barnett, D. (2024, June 2) *Growing sponsorship row leaves UK summer arts festivals in turmoil*. The Guardian.

## Class and diversity

Class was mentioned repeatedly as a significant issue for philanthropy, and one which strongly intersects with issues around diversity. Organisations are very conscious about whether they are able to offer the sort of experiences – such as gallery openings or prestigious receptions – that they believe wealthy donors are interested in attending. But even those working in traditionally well-funded artforms may face issues when they look to diversify their practice: one gallery moving towards a focus on underrepresented voices, particularly women and artists of colour, finds that its traditional donor base of art collectors are less ready to offer financial support.

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**“A lot of rich people giving to the arts is a class issue. Rich people give to rich arts.”**

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Organisations with more diverse boards and donor pools are also conscious of the challenges that this poses to their fundraising practice. One diverse-led organisation finds that its diverse board comes with a paradoxical cost: more limited access to the corporate world and high net worth individuals. Another organisation, due to the subject matter of its work, has a donor pool that is predominantly younger, LGBTQ, women, marginalised and often disabled –but they’ve learned that their donor base was heavily hit by the cost-of-living crisis. They were not the only workshop participant to note this phenomenon.

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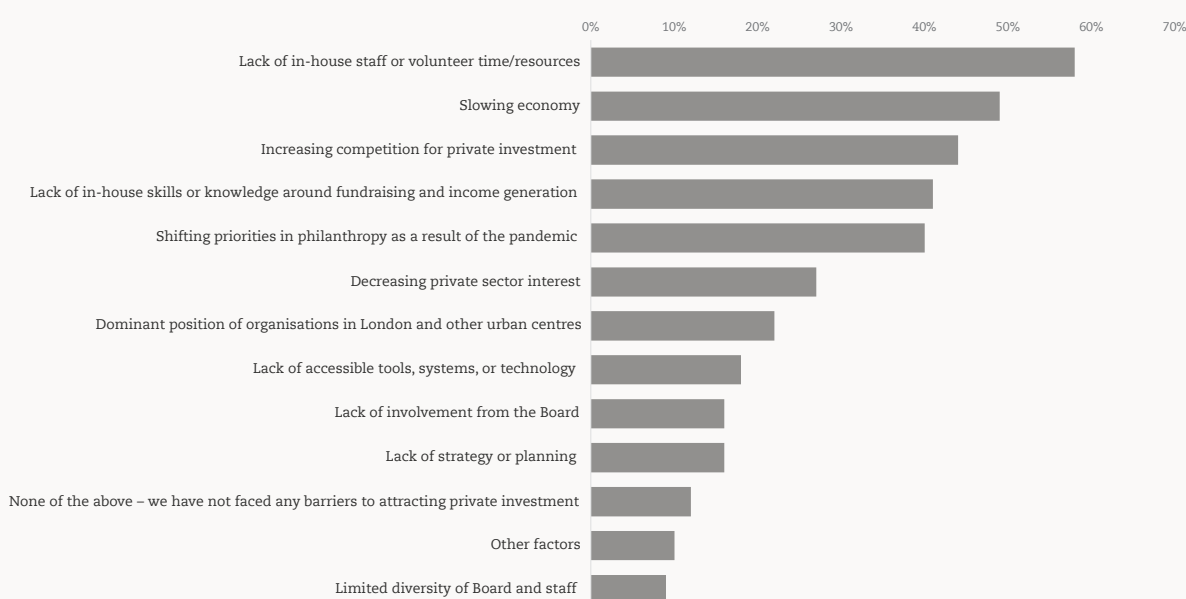
**“When you’re working with diverse audiences, your individual giving arm is only as strong as the support the community is receiving, because they don’t have the... disposable income to be able to support these causes.”**

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One final issue mentioned by an organisation working with disabled participants was that some trusts and foundations judge grant applications by the number of participants served. Since disabled participants can require additional support to achieve inclusion and equitable outcomes, this organisation felt it was at a disadvantage when assessed purely by the numbers. This points to an increased imperative to evidence quality of work and impact.

# Challenges

Survey respondents were asked which factors impacted their ability to attract private investment. The main challenges they identified were both internal and external. The main internal challenges were seen as lack of time and resources and, to a lesser extent, lack of skills and knowledge. Respondents also echoed the findings of the literature review in identifying a slowing economy, increased competition for private investment, and shifting priorities in philanthropy as key external factors.



*Figure 30 Barriers to attracting contributed income*

*The numbers underlying Figure 30 are in Table 35 in Appendix 2 – Numerical tables of graphic figures.*

## Resourcing

Having the resources – both staff and volunteer – to support fundraising efforts was the major challenge identified by both survey respondents and workshop participants. Many small-to-medium organisations were working without a dedicated fundraising role. This obviously implies a lack of time to nurture relationships and write funding applications – and although many artistic directors and chief executives have become skilled fundraisers out of necessity, lacking specialist expertise can also mean that skills and knowledge around fundraising become an issue, leading to a lack of sustained support and fundraising growth.

Recruiting and retaining skilled fundraising staff can be equally challenging, as one workshop participant related:

We always assumed that if we could secure enough money for an in-house fundraiser, all of our problems from a fundraising perspective would go out the window. Last year we secured a loan from a social investment lender... and then we spent nine months in the wilderness with the recruitment agency. We weren't able to get any viable candidates... After years of under-investment in the art sector and the voluntary sector, there has been a mass exodus of fundraisers from both those spaces. Even with the competitive salary, in London we were competing against marquee organisations trying to recruit people at about the same level and same salary. And of course they went to the better-funded organisations, the organisations that had the networks to do fundraising, where there were established systems in place.

A wider decline in UK volunteering rates, exacerbated by the impact of the pandemic,<sup>44</sup> may be affecting the ability of arts and cultural organisations to attract fundraising volunteers. Although most organisations in the workshops didn't rely on volunteer fundraising, it was brought up by several participants as a challenge.

One workshop participant occasionally chose to "get a consultant in at high, high, high cost." Although she had to be very strategic about when to use a consultant – generally to review applications on the verge of submission, she found this limited use of resource paid major dividends in developing her own knowledge and skill: "if you work with someone who's very good, they improve you."

The Arts for Impact match-funding campaign run by Big Give with Figurative Philanthropy for Arts and Culture provides an interesting example of securing incremental donations from known donors, donations from those already on organisations' mailing lists as well as new donors. This is a way of leveraging existing relationships and brand without intensive resourcing of fundraising activity. It is featured in the Figurative case study in the **PICS 2025 Case Studies** supplementary report.

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<sup>44</sup> NCVO. (2024). *UK Civil Society Almanac 2024 - How many people volunteer?*



## Reputation and organisational identity

A factor not included in the survey, but clearly of major concern to workshop participants, was the way the reputation and historical perception of an organisation can influence its attractiveness to private investment. Orchestras, performing arts venues and private libraries alike said they were often perceived as traditionally prosperous, elite institutions, and hence perhaps not so much in need of donations. As one venue-based organisation put it, “the challenge of our job is to make everything look shiny and lovely and nice and also [to] articulate how we’re a charity and need support.”

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“[We have to] explain to some of our audiences that we’re a charity. I don’t think they get it... They just think... we’re loaded because we sell tickets.”

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These organisations were working hard to manage their public perception: not only in terms of a direct ask for support, but also by changing the way that they present themselves, move from a more elitist image to a fundraising narrative that emphasises creativity, inclusion and joy.

Simultaneously – and perhaps on the surface contradictorily – other organisations felt at a disadvantage because they didn’t belong to the group of “London-dominant prestige organisations” that are successful at offering traditional patronage schemes to both individual donors and corporates. There was a feeling that venue-based organisations that could offer “swanky corporate events” or “shiny memberships” were at a significant advantage. One fundraiser who had moved from a national London institution to a smaller one – but still prestigious, and still in London – in the same discipline perceived a barrier to fundraising based on the content of their work. Corporate clients, she said “could understand the art [held by the national institution] and could talk about it to the clients that they’re bringing in,” whereas she felt that was not so much the case for her new employer, and that this was an issue for generating corporate philanthropy.

These seemingly contradictory narratives about the challenges of raising private investment for both traditionally “elite” and non-elite institutions and disciplines may raise questions – can they both be true? Given that private investors are a diverse and complex group of individuals and organisations with varied motives, it seems quite possible that the answer could be “yes,” for different organisations at different times.

The need to manage reputation and perception, and to develop an offer that speaks to potential donors, is eternally present.

## Location

Similar surface contradictions can be found when organisations discuss the impact of their location on fundraising. It's unsurprising that one workshop participant highlighted:

...how well-networked organisations in London often are, compared to organisations based outside of the capital. And probably it's the same for Manchester and other big urban centres. There's a critical mass of giving and philanthropy particularly that happens in those places that isn't replicated in other parts of the country.

This was echoed by another participant formerly based in Bristol, where she found major interest in both CSR programmes and traditional corporate hospitality. However when she moved to a smaller city in the south-west, she found a completely different model at work: "We have no corporate sponsors who give for the joy of giving, although I'm sure they enjoy the experience immensely. It's absolutely about tickets."

Yet London organisations also talked about the difficulties posed by their location: in one case, a deprived area of London but 500 metres short of being in a Priority Place, and in another, being in a suburban borough that has a reputation for being affluent but still has high levels of poverty and deprivation.

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**"There's a lot of complexity about region and locality in place that is more than just London or not London."**

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While locally rooted organisations outside of London were seen as being able to benefit from local businesses willing to support good work on their doorstep, small and medium touring organisations felt shut out of both conversations, having trouble evidencing either place-based work or national significance.

## Competition

Although the increasing competitiveness around trust and foundation grants is a major issue (discussed elsewhere), there were other issues around competition raised by

workshop participants. One organisation based in an Arts Council England Priority Place<sup>45</sup> had seen increasing competition as the arts offer in the area had developed, and believed that funders had become less willing to engage as their own work became more established. Another mentioned competition with their local council, which was also seeking culture funding: “they’re able to draw down more than we are, and then it doesn’t necessarily get disseminated to existing cultural organisations.”

Also of note was participants’ consciousness of being in competition with other charities outside of the cultural sector, whether for fundraisers or for philanthropic funds. There was a consciousness that other parts of the non-profit sector might be better resourced, have an offer that was more popular with donors, and perhaps even face fewer restrictions on their activity (specifically mentioned was the fact that the use of AI is currently controversial within the cultural sector, and perhaps more accepted outside).

## Grant structures and reporting requirements

Some aspects of seeking and receiving money from trusts and foundations were seen as particularly challenging. Workshop participants were universal in their desire for longer term funding agreements, with even three years seen as less than ample.

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“You get to a point where three years feels like an... oasis of calm, but it passes really quickly, and you’re halfway through and already having to rethink your next application.”

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For several participants from small organisations, the demands of running and administering a significant project were so intense that fundraising mid-project is a major challenge, leading to “dead periods” in funding even where trusts and foundations don’t impose mandatory fallow periods. Another point of concern was around having created a successful model and then being expected to innovate with a programme that was already working.

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<sup>45</sup> <https://www.artscouncil.org.uk/your-area/priority-places>

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“You get a project working, provide a service [people] love, and then go to apply for the next round of funding and the question is, ‘well, what are you going to do differently? How are you going to build on it?’ We don’t want to do it differently because it’s working. We want to keep delivering it.”

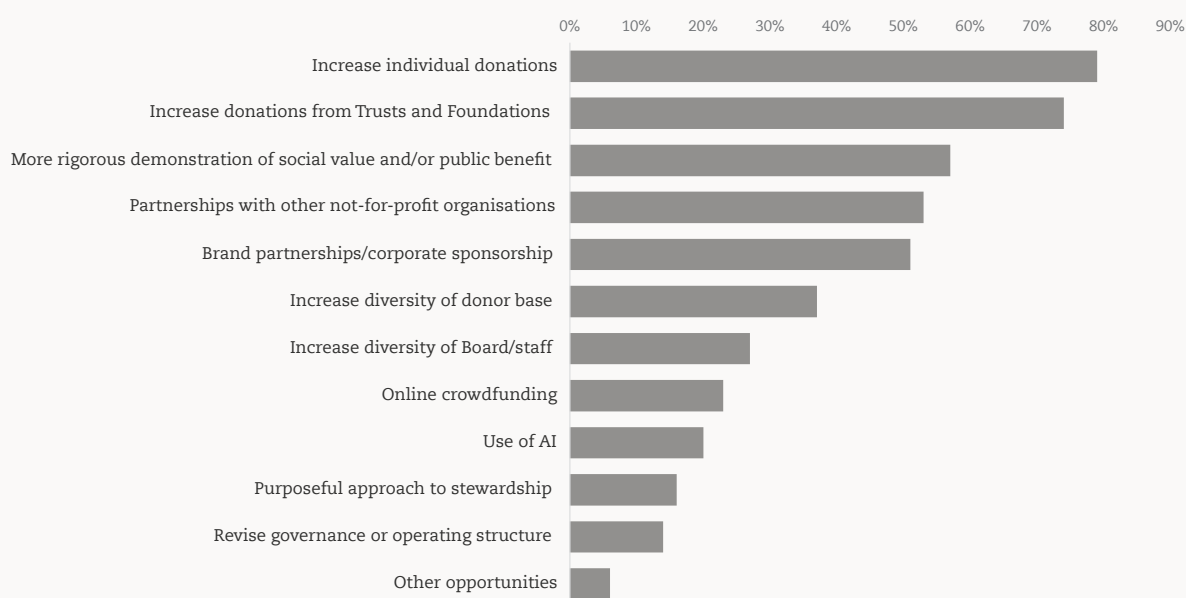
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Reporting is also seen as a major challenge: participants believed in the importance of measuring their impact, but questioned whether demands were disproportionate and how much individual donors and corporates, in particular, made use of the impact data they were provided. One participant mentioned their organisation’s shift to a more community-led approach and the challenge that provides when funders expect fixed outcomes to be identified as part of a grant application.

# Opportunities

When asked to look at opportunities, both survey respondents and workshop participants looked first to individual giving. What was striking is the extent to which both groups also remained interested in cultivating trusts and foundations, despite clearly recognising the more limited and competitive nature of such funding. Corporate sponsorship was a lower priority, though still of interest.

Better ways to demonstrate social value and public benefit are at the centre of many organisations' thinking, and several workshop participants offered evidence of how effective this was.



*Figure 31 Potential fundraising opportunities to explore*

*The numbers underlying Figure 31 are in Table 36 in Appendix 2 – Numerical tables of graphic figures.*

## Developing new types of giving

**Individual giving** was far and away the most significant opportunity identified by survey respondents. One grant-dominated organisation was “looking at how we create different opportunities for people to give – and it being less about membership and more about impact-driven giving and philanthropy.” A earned-dominated organisation was considering how to take advantage of its existing “strong, loyal audience and

effectively translate [those relationships] into memberships and donations, and potentially even corporate sponsorships through them.”

However, participants were conscious about the downsides of over-reliance on individual giving. One with experience working in North America noted the risk that “we will open ourselves up to lobbying and pressure from our key stakeholders who might have very different opinions to the artists that are making work on our stages or creating work for our gallery.”

Although the issues around **trusts and foundations** are clear, with both rising competition and a decrease in available funding, significant numbers of organisations are also seeking to develop their relationship with these funders. Some organisations are trying to steer away from short-term project funding, or project funding that steers towards funder demands over organisational mission. But overall, there is still strong interest in building lasting, mutually beneficial relationships with trusts and foundations.

**Corporate giving** was less of a priority, and many workshop participants saw this as being particularly challenging without existing connections. Given that corporate income is a small proportion of overall contributed income (about 10% on average), it is perhaps not surprising that there was less knowledge from workshop participants about the opportunities here.

## Data

Making a data-driven case is increasingly seen as an essential part of winning private investment – although this is not to discount the importance of stories and narratives to which individual donors in particular often respond. Indeed, one workshop participant made clear the closeness of the relationship between data and storytelling:

We’re doing a lot of work around financial modelling to show the value impact of the investment in what we do – it’s very much around storytelling. Whoever your potential audiences, we can tailor it to what might appeal most. If you’re talking to money people, then [it’s about them] being able to understand what we’re giving back to society – individual earnings, community growth, better opportunities, improved qualities of life, and making it quantifiable. Telling the story is crucial now, even more so than it was a few years ago.

Organisations that are good at understanding data and using it to communicate outcomes are finding that both trusts and foundations and corporates respond to their data-driven approach. Increasingly organisations find that funders are less interested in the general benefits of culture and creativity and more interested in tangible outcomes and impacts – particularly health and wellbeing. There are specific challenges around capturing longitudinal impacts, such as for work in career development and/or with young people) – but in general, organisations that have built a more data-driven approach to fundraising report that this has led to increased success at winning private investment.

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“Our data insights... [have been] really quite instrumental in getting over the line with some of the corporate partners we’ve just bought on.”

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## Advisory groups

Several workshop participants are actively exploring the idea of advisory groups or fundraising committees that are separate from the board. One called it a “skunk works model,” referring to an innovation approach pioneered by Lockheed during World War II: “a small group of people who basically have nothing to do with the operations of the business.” There may well be value in having the ask for contributions – or even approaches to a potential donor – coming from someone outside the organisation.

This model seems to be particularly promising for organisations trying to develop their relationships with corporates – and provides a solution to potential overcommitment of board members on a more traditional fundraising subcommittee.

For example, taking inspiration from a non-cultural charity, Odd Arts, taking inspiration from a non-cultural charity, established a corporate development committee which quickly made a significant impact on the level of funds raised. This is featured as a case study in the **PICS 2025 Case Studies** supplementary report.

## Digital technology

Although a variety of digital fundraising tools and platforms were mentioned in workshops – including CRM systems and audience segmentation, member platforms and crowdsourcing – there was relatively little discussion about any of these in the context of innovation.

Workshop participants were asked directly about their attitudes towards generative AI and attitudes were distinctly mixed. Many approached it with “a high level of suspicion.” Individual participants were experimenting with a variety of use cases, including summarising board minutes from the past as a way of spotting trends; writing funding applications; generating plans for action (this person shared that they had ADHD and found that AI “saved my life on that front”); and writing a first draft of a talk.

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“It’s a very useful tool, it’s here to stay, so I guess we need to use it, like anything else, responsibly and ethically.”

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But participants were very conscious of the divisiveness of AI within the cultural sector – and even within their own organisation – both in terms of its environmental impact and its impact on the creative industries. Some were choosing not to use it on ethical grounds, whereas others felt that “there is no point in putting your head in the sand about it.”

Several participants questioned how useful generative AI really was. One said that while it might eventually become a useful tool for prospecting, she currently found LinkedIn a much more productive digital tool. Another highlighted the downside of AI for bid writing:

[Chat GPT] had invented two exhibitions and programmes that we had never actually run. It took so long to proofread [the bid] for things which simply weren’t true, simply hadn’t happened, that it ended up taking a lot longer than it otherwise would have, because it completely needed a rewrite.

However, there was a consciousness that other parts of the non-profit sector might be less sensitive to the ethical issues around AI than the cultural sector, and therefore that if AI did make fundraising more efficient and effective, there was a risk of the cultural sector being outcompeted.



Finally, one participant had started thinking about new models of engaging with young people digitally as a result of the WhatsApp groups she belonged to. “I’m aware that there’s a whole world of people out there,” she said. “How do we actually change our income models to engage rather than just expecting them to engage with us?”

## Networks and support

Despite the many demands on their time, workshop participants highly valued the chance to come together and share experiences and insights around attracting private investment. There was significant interest in the idea of programmes and networks that could achieve this on a bigger scale – a move from competition to collaboration.

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“If we’re all competing for the same funds, the same spaces, how can we have open dialogues about new routes for funding?”

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Regional networks like House and Future Arts were mentioned as a model for such networks that could offer shared resources and knowledge. And there was a desire for Arts Council England, as well as backing such initiatives, to offer more “structure and support” around a range of issues and questions around attracting private investment, whether naming rights or VAT issues or the use of AI. As these are issues facing multiple sector organisations, it was felt that guidance issued by Arts Council England could remove the need for duplicative research by boards and staff.

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“We’re in the business of bringing joy, aren’t we?”

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## Selling the value of culture

Finally, there was discussion about the value of advocacy for culture on a national scale, in order to raise its profile in the world of philanthropy. Participants were very conscious of competing against the rest of the non-profit sector, which might be better resourced or have more obvious fundraising offers. But there was a sense of needing to articulate the unique selling points of culture, to differentiate and sell it in a crowded philanthropic field. It was suggested that a national campaign for giving to arts and culture – whether led by funders or sector bodies, or in collaboration between them – could change attitudes towards cultural philanthropy.

# Appendices

## Appendix 1 – Glossary and definitions

**Breakeven** – Neither making a surplus or deficit. Here this is taken to be where expenditure is within plus or minus two percentage points of an organisation's income.

**Constant cohort** – The majority of the analysis presented in this report is based on a cohort of 3,548 organisations for which financial data is available across the years 2021/2, 2022/3 and 2023/4. Without a constant cohort it would be impossible to separate the difference between real growth/shrinkage and simply having more or less data points in the cohort. A constant cohort is a necessary means of removing this noise from the data. This does mean that new organisations starting or existing organisations closing are not reflected in the data – and if organisations have not yet submitted their 2023/4 accounts, they are not included in the constant cohort.

**Contributed income** – Gifts (donations) of money, gifts in kind<sup>46</sup> (services provided but not charged for) and money exchanged for benefits (e.g. through sponsorship, brand partnerships, memberships, etc.). This includes such income from individuals, corporates and trusts and foundations.

**Deficit (loss)** – If total expenditure exceeds total income then this will be described as a loss having been made. When “loss-making” is used as a description of a group of organisations, it means organisations where expenditure exceeds income by two or more percent of income in the year in question. ‘Running a deficit’ or ‘in deficit’ are also used to express that expenditure is exceeding income.

**Earned income** - All income an organisation generates through its activities and services. This includes interest paid on funds held in a bank account, investment returns, and creative tax credits are also classified as earned income. In the case where investment returns accrue from an endowment they are often classified as earned income too.

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<sup>46</sup> Gifts in kind are only included if they are included in the profit & loss sheet and related calculations as a monetary value.

**Expenditure** – As with income this will include capital expenditure where appropriate. Some charities make onward grants to other organisations, and it is impossible to exclude this form of expenditure, but it is likely to be a small proportion of expenditure for organisations whose primary activity is the delivery of arts and culture.

**Financial year** – Annual accounts data is reported in financial years. This is usually a twelve-month period unless an organisation is changing its year end date in which case it can be more or less than 12 months. Financial years run sequentially. A financial year can start on any day of the year and does not necessarily start on 1 January or 1 April. The record of an organisation held by Charity Commission, Companies House and Mutuals Register will state what their year-end date is, and a set of annual accounts will state what the start and end date are for the period being reported upon. This analysis takes data for the financial years of 2021/2, 2022/3 and 2023/4 without reviewing the year end dates of each organisation.

**Income** – In line with accounting practices – and definitions by regulators such as the Charity Commission, Companies House and the Mutuals Register – income includes both capital and revenue monies but excludes funds which do not appear on the profit and loss sheet such as loan finance (which should appear on the balance sheet). Also often included in organisations' profit and loss accounts, and therefore within income: rebates from Creative tax credits schemes and goods and services which have been donated 'in kind'.

**Income mix** – The spread either for a single organisation or for a cohort of organisations across the three key types of income – **earned income**, **public funding** and **contributed income**. Usually expressed as a percentage.

**Income model** – The set of five models developed in this study to reflect the different balances of income mix found across the sector. Organisations in one income model have similar income mixes to one another. Organisations in different income models will have quite different income mixes. The income models are explained in the section [Income models](#). The methodology for their development is outlined in Appendix 3 – Methodology.

**Median** – The middle number when all the numbers in a finite list of data points are listed in order from smallest to greatest. If the data set has an odd number of observations, the middle one is selected (after arranging in ascending order). To keep usage consistent between this report and previous editions, unless an average is explicitly labelled as a median it will be a mean.

**Profitability** – The extent to which income exceeds expenditure (positive) or not (negative). Average percentage profit for a cohort is calculated as a mean (not a median). This calculation represents the average per organisation i.e. it is calculated individually for each organisation and then averaged. In all cases a calculation of profitability subtracts expenditure from income and divides it by income before expressing it as a percentage.

**Public funding** – Grants paid to organisations from a public source whether restricted or unrestricted. This definition does not include monies paid by a public source in relation to the delivery of contracted activities – however, the published annual accounts of some organisations do not make this distinction clear.

**Surplus (profit)** – The extent to which income exceeds expenditure in any one year based on the data published in annual accounts. Generally non-profit organisations prefer to talk about surplus rather than profit. In this report the two terms are used interchangeably as a way of describing a financial position.

**Trusts and foundations income** – Money from trusts and foundations, usually in the form of grants. Where a corporation has a grant making body as a separate entity, e.g. Lloyds Bank Foundation, these grants will be counted as trusts & foundations rather than corporate income.

## Appendix 2 – Numerical tables of graphic figures

### National Findings

#### Headline total income and contributed income

	<b>Total Income</b> (£ million)	<b>Private investment</b> (£ million)	<b>Total Income</b> (% change)	<b>Private investment</b> (% change)
<b>2021/22</b>	£3,963	£699		
<b>2022/23</b>	£4,455	£754	12%	8%
<b>2023/24</b>	£4,870	£948	9%	26%
<b>Over period</b>			23%	36%
<i>Large cohort of 7,223</i>				

*Table 6 Contributed and total income over period (large cohort)*

*The numbers in the above table are represented in*

*Figure 1.*

## The super-majors

	<b>Total Income (£m)</b>	<b>Total income growth across period (%)</b>	<b>Contributed Income (£m)</b>	<b>Contributed income growth across period (%)</b>
<b>2021/22</b>	£925		£180	
<b>2022/23</b>	£1,142		£226	
<b>2023/24</b>	£1,407	<b>52%</b>	£365	<b>103%</b>

Table 7 Total income and contributed income of the 15 super-majors

The numbers in the above table are represented in Figure 2.

	<b>Earned</b>	<b>Public</b>	<b>Contributed</b>
<b>2021/22</b>	41%	40%	19%
<b>2022/23</b>	51%	29%	20%
<b>2023/24</b>	52%	22%	26%

Table 8 Income mix over period for super-majors

The numbers in the above table are represented in Figure 3.

All	<b>Deficit</b>	<b>Breakeven</b>	<b>Surplus</b>
<b>2023/24</b>	27%	7%	67%

Table 9 Profitability for super-majors in 2023/24

The numbers in the above table are represented in Figure 4.

## Contributed income in financial context

	Total Income (£m)	Total Expenditure (£m)	Contributed income (£m)	Income increase (£m)	Expenditure increase (£m)	Net increase exp. over income (£m)	Net inc. exp as % of Total Income	Contributed Income (£m)	Contributed Income as a % of Total Income	Income increase (%)	Expenditure increase (%)	Contributed increase (%)
<b>Small &lt;£100k</b>												
2021/22	£56.4	£48.3	£20.4									
2022/23	£53.3	£53.7	£19.5	-£3.1	£5.4	£8.5	15.1%	-£0.9	-1.5%	-5.5%	11.1%	-4.2%
2023/24	£49.0	£53.8	£19.7	-£4.3	£0.2	£4.5	8.4%	£0.2	0.3%	-8.0%	0.3%	0.9%
Whole period				<b>-£7.4</b>	<b>£5.5</b>	<b>£13.0</b>	<b>23.0%</b>	<b>-£0.7</b>	<b>-1.2%</b>	<b>-13.1%</b>	<b>11.5%</b>	<b>-3.3%</b>
<b>Medium £100k - £1m</b>												
2021/22	£446	£422	£111									
2022/23	£461	£468	£121	£14	£46	£31.5	7.1%	£10	2.2%	3.2%	10.8%	9.0%
2023/24	£486	£493	£131	£25	£25	-£0.3	-0.1%	£11	2.3%	5.4%	5.2%	8.8%
Whole period				<b>£39.2</b>	<b>£70.4</b>	<b>£31.2</b>	<b>7.0%</b>	<b>£20.6</b>	<b>4.6%</b>	<b>8.8%</b>	<b>16.7%</b>	<b>18.6%</b>
<b>large £1m - £5m</b>												
2021/22	£681	£653	£133									
2022/23	£714	£721	£127	£33	£68	£35.0	5.1%	-£6	-0.9%	4.8%	10.4%	-4.4%
2023/24	£766	£753	£145	£52	£32	-£20.1	-2.8%	£18	2.5%	7.4%	4.5%	14.1%
Whole period				<b>£85.2</b>	<b>£100.1</b>	<b>£14.9</b>	<b>2.2%</b>	<b>£12.1</b>	<b>1.8%</b>	<b>12.5%</b>	<b>15.3%</b>	<b>9.1%</b>
<b>Major &gt; £5m</b>												
2021/22	£1,088	£1,055	£135									
2022/23	£1,257	£1,292	£132	£169	£237	£67.9	6.2%	-£3	-0.2%	15.5%	22.5%	-2.0%
2023/24	£1,383	£1,356	£166	£126	£64	-£61.5	-4.9%	£34	2.7%	10.0%	5.0%	26.0%
Whole period				<b>£294.9</b>	<b>£301.2</b>	<b>£6.4</b>	<b>0.6%</b>	<b>£31.6</b>	<b>2.9%</b>	<b>27.1%</b>	<b>28.6%</b>	<b>23.5%</b>

Constant cohort of 3,548 organisations

Table 10 Contributed income, total income and expenditure growth over the period

The numbers in the above table are represented in Figure 5.

All	Deficit	Breakeven	Surplus
2021/22	41%	9%	50%
2022/23	48%	11%	42%
2023/24	43%	11%	45%

Constant cohort of 3,548 organisations

*Table 11 Change in profitability over period*

*The numbers in the above table are represented in Figure 6.*

## Overall income mix

	Earned	Public	Contributed
2021/22	45%	38%	18%
2022/23	55%	29%	16%
2023/24	58%	25%	17%

Constant cohort of 3,548 organisations

*Table 12 Change in income mix over the period*

*The numbers above table are represented in Figure 7.*



## Income models

Income model	Earned	Public	Contributed
Public dominant	17%	76%	7%
Earned dominant	79%	6%	15%
Contributed dominant	14%	8%	78%
Mixed (all)	42%	11%	47%
Mixed (low contributed)	44%	44%	12%
Average across all types	58%	25%	17%

Constant cohort of 3,548 organisations

Table 13 Income mix by income model type in 2023/4

The numbers in the above table are represented in Figure 8.

	Organisations		Total Income 2024		Average Income
	Number	%	£m	%	£m
Public dominant	525	15%	£335	12%	£0.638
Earned dominant	1,122	32%	£1,302	49%	£1.2
Contributed dominant	831	23%	£110	4%	£0.132
Mixed (balanced)	709	20%	£392	15%	£0.6
Mixed (low contributed)	361	10%	£545	20%	£1.5
Total	3,548	100%	£2,684	100%	£0.8

Constant cohort of 3,548 organisations

Table 14 Number of organisations, total income and average income by income model

The numbers in the above table are represented in Figure 9.

	Earned	Public	Contributed
<b>Public dominant</b>			
2021/22	19%	74%	7%
2022/23	20%	73%	7%
2023/24	20%	75%	6%
<b>Earned dominant</b>			
2021/22	63%	27%	10%
2022/23	76%	16%	8%
2023/24	81%	11%	8%
<b>Contributed dominant</b>			
2021/22	14%	12%	73%
2022/23	17%	10%	73%
2023/24	13%	7%	81%
<b>Mixed (all)</b>			
2021/22	35%	25%	40%
2022/23	39%	18%	43%
2023/24	40%	12%	48%
<b>Mixed (low contributed)</b>			
2021/22	35%	50%	15%
2022/23	45%	42%	13%
2023/24	47%	41%	12%

Constant cohort of 3,548 organisations

*Table 15 Change in income mix by income model over the period*

*The numbers in the above table are represented in Figure 10.*

## Contributed income breakdown

£m	Trust & Foundations	Individuals	Corporates	Total
2021/22	£212.83	£146.44	£39.84	£399.11
2022/23	£219.12	£139.56	£40.91	£399.59
2023/24	£266.91	£151.85	£43.97	£462.72
Change over period	25%	4%	10%	16%
2021/22 -> 2022/23	3%	-5%	3%	0%
2022/23 -> 2023/24	22%	9%	7%	16%

Constant cohort of 3,548 organisations

*Table 16 Change in breakdown of absolute contributed income by source over the period*

*The numbers in the above table are represented in Figure 11.*

	Trusts & Foundations	Individual	Corporate
2021/22	53%	37%	10%
2022/23	55%	35%	10%
2023/24	58%	33%	10%

Constant cohort of 3,548 organisations

*Table 17 Change in breakdown of proportions of contributed income over the period*

*The numbers in the above table are represented in Figure 12.*

Asset type	%age of organisations
<b>Base</b>	479
<b>Buildings, equipment, furniture &amp; facilities</b>	60%
<b>Creative works</b>	57%
<b>Collections items and related documentation</b>	21%
<b>Digital systems, platforms, infrastructure etc.</b>	42%
<b>Databases of customers, clients, audiences, visitors, donors etc.</b>	34%
<b>Other kinds of assets</b>	7%

*Table 18 Types of assets invested in over period*

*The numbers in the above table are represented in Figure 13.*

## Factors affecting contributed income

### *The difference size makes*

Turnover band	Number of organisations
<b>Small &lt;£100k</b>	1726
<b>Medium £100k - £1m</b>	1362
<b>Large £1m - £5m</b>	340
<b>Major &gt; £5m</b>	120

Constant cohort of 3,548 organisations

*Table 19 Number of organisations by turnover band*

*The numbers in the above table are represented in Figure 14.*

## Contributed income in financial context

	Total Income (£m)	Total Expenditure (£m)	Contributed income (£m)	Income increase (£m)	Expenditure increase (£m)	Contributed increase (£m)	Income increase (%)	Expenditure increase (%)	Contributed increase (%)
<b>Small &lt;£100k</b>	Whole period change:			-£7.4	£5.5	-£0.7	-13%	11%	-3%
<b>2021/22</b>	£56.4	£48.3	£20.4						
<b>2022/23</b>	£53.3	£53.7	£19.5	-£3.1	£5.4	-£0.9	-6%	11%	-4%
<b>2023/24</b>	£49.0	£53.8	£19.7	-£4.3	£0.2	£0.2	-8%	0%	1%
<b>Medium £100k - £1m</b>	Whole period change:			£39	£70	£21	9%	17%	19%
<b>2021/22</b>	£446	£422	£111						
<b>2022/23</b>	£461	£468	£121	£14	£46	£10	3%	11%	9%
<b>2023/24</b>	£486	£493	£131	£25	£25	£11	5%	5%	9%
<b>Large £1m - £5m</b>	Whole period change:			£85	£100	£12	12%	15%	9%
<b>2021/22</b>	£681	£653	£133						
<b>2022/23</b>	£714	£721	£127	£33	£68	-£6	5%	10%	-4%
<b>2023/24</b>	£766	£753	£145	£52	£32	£18	7%	4%	14%
<b>Major &gt; £5m</b>	Whole period change:			£295	£301	£32	27%	29%	23%
<b>2021/22</b>	£1,088	£1,055	£135						
<b>2022/23</b>	£1,257	£1,292	£132	£169	£237	-£3	16%	22%	-2%
<b>2023/24</b>	£1,383	£1,356	£166	£126	£64	£34	10%	5%	26%

Constant cohort of 3,548 organisations

*Table 20 Absolute income, contributed income and expenditure by turnover band over the period*

*The numbers in the above table are represented in Figure 15.*

All	Loss	Breakeven	Profit	Loss %	Breakeven	Profit
2021/22	46%	7%	48%			
2022/23	46%	7%	47%	-0.4%	9.5%	-1.0%
2023/24	46%	8%	46%	1.3%	12.6%	-3.2%
Whole period				<b>0.9%</b>	<b>23.3%</b>	<b>-4.1%</b>
2021/22	37%	11%	52%			
2022/23	48%	13%	39%	31.8%	18.0%	-26.1%
2023/24	40%	14%	46%	-17.3%	7.3%	19.2%
Whole period				<b>9.0%</b>	<b>26.7%</b>	<b>-11.9%</b>
2021/22	36%	11%	52%			
2022/23	54%	14%	33%	47.6%	21.1%	-37.6%
2023/24	44%	12%	44%	-17.5%	-10.9%	33.3%
Whole period				<b>21.8%</b>	<b>7.9%</b>	<b>-16.9%</b>
2021/22	37%	13%	51%			
2022/23	58%	19%	23%	56.8%	53.3%	-54.1%
2023/24	42%	20%	38%	-27.5%	4.3%	64.3%
Whole period				<b>13.6%</b>	<b>60.0%</b>	<b>-24.6%</b>

Constant cohort of 3,548 organisations

*Table 21 Profitability breakdown by turnover band over the period*

*The numbers in the above table are represented in Figure 16.*

		<b>Earned</b>	<b>Public</b>	<b>Contributed</b>
<b>small &lt;£100k</b>	2024	45%	15%	40%
<b>medium £100k</b>	2024	39%	34%	27%
<b>large £1m -</b>	2024	55%	26%	19%
<b>major &gt; £5m</b>	2024	67%	21%	12%

Constant cohort of 3,548 organisations

*Table 22 Income mix by turnover band in 2023/24*

*The numbers in the above table are represented in Figure 17.*

<b>Income model</b>	<b>small &lt;£100k</b>	<b>medium £100k - £1m</b>	<b>large £1m - £5m</b>	<b>major - &gt;£5m</b>
<b>Public dominant</b>	8%	24%	14%	6%
<b>Earned dominant</b>	34%	25%	39%	59%
<b>Contributed dominant</b>	37%	13%	3%	2%
<b>Mixed (all)</b>	16%	25%	22%	10%
<b>Mixed (low contributed)</b>	4%	13%	22%	23%

Constant cohort of 3,548 organisations

*Table 23 Proportion of organisations in different income models by turnover range*

*The numbers in the above table are represented in Figure 18.*

The difference being a National Portfolio Organisation makes

#### Contributed income in financial context

	Total Income (£m)	Total Expenditure (£m)	Contributed income (£m)	Income Increase (£m)	Expenditure Increase (£m)	Net increase exp over income (£m)	Net increase exp over income as % of Total Income	Contrib- uted Increase (£m)	Contrib- uted increase as % of Total Income	In- come incr. (%)	Expend- iture incr. (%)	Contrib- uted incr. (%)
<b>NPO</b>												
<b>2021/22</b>	£1,302	£1,263	£207									
<b>2022/23</b>	£1,374	£1,445	£193	£71.3	£182.3	£111.0	8.5%	-£13.7	-1.1%	5.5%	14.4%	-6.6%
<b>2023/24</b>	£1,494	£1,513	£218	£120.1	£67.7	-£52.4	-3.8%	£24.2	1.8%	8.7%	4.7%	12.5%
<b>Whole period</b>				<b>£191.4</b>	<b>£250.0</b>	<b>£58.6</b>	<b>4.5%</b>	<b>£10.5</b>	<b>0.8%</b>	<b>14.7%</b>	<b>19.8%</b>	<b>5.1%</b>
<b>Non NPO</b>												
<b>2021/22</b>	£970	£916	£192									
<b>2022/23</b>	£1,111	£1,089	£206	£141.6	£173.5	£31.9	3.3%	£14.2	1.5%	14.6%	18.9%	7.4%
<b>2023/24</b>	£1,190	£1,143	£245	£78.8	£53.7	-£25.1	-2.3%	£38.9	3.5%	7.1%	4.9%	18.9%
<b>Whole period</b>				<b>£220.4</b>	<b>£227.2</b>	<b>£6.8</b>	<b>0.7%</b>	<b>£53.1</b>	<b>5.5%</b>	<b>22.7%</b>	<b>24.8%</b>	<b>27.7%</b>

Constant cohort of 3,548 organisations

*Table 24 Change in contributed income, total income and expenditure by NPO status over the period*

*The numbers in the above table are represented in Figure 19.*



## Income mix

	Earned	Public	Contributed
<b>NPO</b>			
<b>2021/22</b>	40%	44%	16%
<b>2022/23</b>	52%	34%	14%
<b>2023/24</b>	54%	32%	15%
<b>Non NPO</b>			
<b>2021/22</b>	51%	29%	20%
<b>2022/23</b>	59%	22%	19%
<b>2023/24</b>	63%	17%	21%

Constant cohort of 3,548 organisations

*Table 25 Income mix over time by NPO status*

*The numbers in the above table are represented in Figure 20.*

## Income models

Income Model	NPO	Non-NPO	All
<b>Public Dominant</b>	35%	10%	15%
<b>Earned Dominant</b>	19%	35%	32%
<b>Contributed Dominant</b>	2%	29%	23%
<b>Mixed (balanced)</b>	17%	21%	20%
<b>Mixed (Low contributed)</b>	27%	6%	10%

Constant cohort of 3,548 organisations

*Table 26 Proportions of income model by NPO status*

*The numbers in the above table are represented in Figure 21 .*

## How areas differ

	London	Midlands	North	South East	South West	England
<b>Contributed income £m</b>	£192	£34	£87	£108	£41	£463
<b>Contributed income % of England</b>	42%	7%	19%	23%	9%	100%
<b>Contributed income % of total income</b>	22%	11%	13%	19%	15%	
<b>Total income £m</b>	£881	£299	£669	£556	£278	£2,684
<b>Total expenditure £m</b>	£862	£298	£678	£536	£282	£2,656

*Table 27 Absolute income, contributed income and expenditure by area*

*The numbers in the above table are represented in Figure 22.*

Arts Council England area	Earned Income	Public Funding	Contributed Income
North	55%	32%	13%
Midlands	63%	26%	11%
South East	62%	19%	19%
South West	63%	22%	15%
London	54%	24%	22%

Constant cohort of 3,548 organisations

*Table 28 Income mix by area*

*The numbers in the above table are represented in Figure 23.*

	Overall	Arts Council England area				
		North (North West, North East, Yorkshire and Humber)	Midlands (East Midlands & West Midlands)	London	South East (including the East of England)	South West (including Hampshire and the Isle of Wight)
Base	216	50	28	52	44	41
Individual donations	90%	86%	86%	96%	91%	88%
Trust/foundation grants or donations	81%	86%	64%	88%	89%	66%
Corporate sponsorship or donations	43%	34%	50%	48%	45%	37%
Individual membership	40%	34%	32%	40%	48%	44%
Corporate membership	11%	12%	11%	12%	9%	10%
Crowdfunding	11%	8%	4%	12%	16%	12%
Other type(s) of contributed income	14%	18%	21%	8%	18%	5%

*Table 29 Number of organisations receiving different types of contributed income by area*

*The numbers in the above table are represented in Figure 24.*

## How artforms differ

	Total Income (£m)	Total Expenditure (£m)	Contributed income (£m)	Income increase (£m)	Expenditu re increase (£m)	Net increase exp over income (£m)	Net increase exp over income as % of Total Income	Contribute d increase (£m)	Contribute d increase as % of Total Income	Income increase (%)	Expenditu re increase (%)	Contribute d increase (%)
<b>Theatre</b>												
2021/22	£545	£527	£80									
2022/23	£652	£675	£78	£106.6	£148.7	£42.2	7.7%	£10.7	1.6%	5.5%	3.4%	13.6%
2023/24	£688	£698	£89	£36.1	£23.0	£13.1	-2.0%	£10.7	1.6%	5.5%	3.4%	13.6%
Whole period				£142.6	£171.7	£29.1	5.3%	£9.2	1.7%	26.2%	32.6%	11.6%
<b>Combined Arts</b>												
2021/22	£327	£305	£46									
2022/23	£329	£337	£44	£2.7	£31.4	£28.7	8.8%	£15.1	4.6%	11.7%	10.9%	34.2%
2023/24	£368	£373	£59	£38.5	£36.7	£1.8	-0.5%	£15.1	4.6%	11.7%	10.9%	34.2%
Whole period				£41.2	£68.1	£26.9	8.2%	£13.1	4.0%	12.6%	22.3%	28.3%
<b>Visual Arts</b>												
2021/22	£258	£255	£49									
2022/23	£278	£289	£48	£19.4	£34.7	£15.2	5.9%	£5.9	2.1%	8.3%	4.8%	12.4%
2023/24	£301	£303	£54	£23.1	£14.0	£9.0	-3.3%	£5.9	2.1%	8.3%	4.8%	12.4%
Whole period				£42.5	£48.7	£6.2	2.4%	£4.2	1.6%	16.5%	19.1%	8.5%

Music												
2021/22	£423	£409	£95									
2022/23	£444	£467	£95	£20.8	£58.5	£37.7	8.9%	-£0.4	-0.1%	4.9%	14.3%	-0.5%
2023/24	£488	£482	£107	£43.9	£15.1	-£28.8	-6.5%	£12.7	2.9%	9.9%	3.2%	13.4%
Whole period				£64.7	£73.6	£8.9	2.1%	£12.2	2.9%	15.3%	18.0%	12.9%
Dance												
2021/22	£125	£126	£20									
2022/23	£135	£137	£19	£9.8	£11.4	£1.6	1.3%	-£1.5	-1.2%	7.8%	9.1%	-7.6%
2023/24	£147	£145	£20	£11.7	£8.0	-£3.7	-2.8%	£1.5	1.1%	8.7%	5.8%	8.2%
Whole period				£21.5	£19.4	-£2.1	-1.7%	£0.0	0.0%	17.2%	15.4%	0.0%
Museum												
2021/22	£431	£399	£71									
2022/23	£462	£437	£74	£30.8	£37.7	£6.9	1.6%	£2.6	0.6%	7.1%	9.4%	3.6%
2023/24	£497	£459	£88	£34.7	£21.8	-£12.9	-2.8%	£14.2	3.1%	7.5%	5.0%	19.2%
Whole period				£65.5	£59.4	-£6.0	-1.4%	£16.8	3.9%	15.2%	14.9%	23.5%
Literature												
2021/22	£69	£65	£12									
2022/23	£74	£75	£13	£4.4	£9.9	£5.5	7.9%	£0.7	1.0%	6.3%	15.1%	5.3%
2023/24	£76	£78	£12	£2.8	£2.7	-£0.1	-0.1%	-£1.2	-1.6%	3.8%	3.6%	-8.8%
Whole period				£7.2	£12.6	£5.4	7.8%	-£0.5	-0.7%	10.4%	19.3%	-4.0%

Table 30 Contributed income in financial context over the period

The numbers in the above table are represented in Figure 25.

	Earned	Public	Contributed
<b>Theatre</b>	66%	21%	13%
<b>Combined Arts</b>	53%	31%	16%
<b>Visual Arts</b>	53%	29%	18%
<b>Music</b>	52%	25%	22%
<b>Dance</b>	50%	36%	14%
<b>Museum</b>	63%	19%	18%
<b>Literature</b>	54%	31%	16%

Table 31 Income mix by artform 2023/24

The numbers in the above table are represented in Figure 26.

Income model Type	Theatre	Combined Arts	Visual Arts	Music	Dance	Museum
<b>Public dominant</b>	18%	25%	19%	10%	28%	8%
<b>Earned dominant</b>	39%	27%	25%	31%	17%	39%
<b>Contributed dominant</b>	16%	17%	14%	34%	15%	25%
<b>Mixed (all)</b>	17%	19%	24%	18%	16%	21%
<b>Mixed (low contributed)</b>	12%	12%	18%	7%	23%	6%

Table 32 Income model by artform

The numbers in the above table are represented in Figure 27.

Artform	Contributed income as % of total income	Trusts & Foundations as % of contributed income	Other philanthropic income as % of contributed income	n=
Theatre	9%	62%	38%	716
Combined Arts	14%	63%	37%	398
Visual Arts	10%	41%	59%	303
Music	15%	51%	49%	894
Dance	11%	59%	41%	138
Museum	8%	62%	38%	654
Literature	16%	53%	47%	84

*Table 33 Contributed income breakdown by artform in 2023/24*

*The numbers in the above table are represented in Figure 28.*

	Overall
<b>Base</b>	564
<b>Greater access to and participation in culture</b>	90%
<b>Improved quality of life, health and wellbeing</b>	71%
<b>Greater community cohesion, sense of place and identity</b>	66%
<b>Enhanced skills and knowledge</b>	62%
<b>More and/or different culture produced or preserved</b>	60%
<b>Diversity and inclusion</b>	58%
<b>Personal creativity</b>	54%
<b>Enhanced employment and income</b>	21%
<b>International reputation ("soft power")</b>	15%
<b>Greater productivity and innovation</b>	9%
<b>Other public benefit(s)</b>	7%

*Table 34 Public benefits used within fundraising case for support*

*The numbers in the above table are represented in Figure 29.*



	<b>%age of organisations</b>
Base	545
<b>Lack of in-house staff or volunteer time/resources</b>	58%
<b>Slowing economy</b>	49%
<b>Increasing competition for private investment</b>	44%
<b>Lack of in-house skills or knowledge around fundraising and income generation</b>	41%
<b>Shifting priorities in philanthropy as a result of the pandemic</b>	40%
<b>Decreasing private sector interest</b>	27%
<b>Dominant position of organisations in London and other urban centres</b>	22%
<b>Lack of accessible tools, systems, or technology</b>	18%
<b>Lack of involvement from the Board</b>	16%
<b>Lack of strategy or planning</b>	16%
<b>None of the above – we have not faced any barriers to attracting private investment</b>	12%
<b>Other factors</b>	10%
<b>Limited diversity of Board and staff</b>	9%

*Table 35 Barriers to attracting contributed income*

*The numbers in the above table are represented in Figure 30.*

	<b>%age of organisations</b>
Base	520
<b>Increase individual donations</b>	79%
<b>Increase donations from Trusts and Foundations</b>	74%
<b>More rigorous demonstration of social value and/or public benefit</b>	57%
<b>Partnerships with other not-for-profit organisations that would bring in new donors/funds</b>	53%
<b>Brand partnerships/corporate sponsorship</b>	51%
<b>Increase diversity of donor base</b>	37%
<b>Increase diversity of Board/staff</b>	27%
<b>Online crowdfunding</b>	23%
<b>Use of AI</b>	20%
<b>Purposeful approach to stewardship</b>	16%
<b>Revise governance or operating structure</b>	14%
<b>Other opportunities</b>	6%

*Table 36 Potential fundraising opportunities to explore*

*The numbers in the above table are represented in Figure 31.*

## Appendix 3 – Methodology

This appendix explains in detail the methodology used to collect, analyse and generate financial data to inform this research. For definition of terms, see Appendix 1 – Glossary and definitions.

For this element of the study, the stages were:

1. **Towards a ‘whole sector’ view** – gathering information on all the organisations that could be considered in scope for which there was at least some publicly available organisational and financial information
2. **Defining a ‘constant cohort’ of organisations** – selecting from all registered organisations those for which a minimum quality of financial information was available, whilst excluding the £35m+ turnover ‘super-majors’
3. **Developing a typology of ‘income models’** – analysing how organisations naturally ‘cluster’ into groups according to their income mix
4. **A financial ‘deep dive’** – building a detailed picture for a subset of organisations where sufficiently detailed information was publicly available
5. **Trend analysis of income mix** – calculating the change in proportions between income types across the period for each income model
6. **Revising organisational and financial information from the survey** – with respondents revising the pre-populated information they were asked to review
7. **Applying Machine Learning estimates of income mix** – estimating the overall income mix and proportion of individual philanthropy of organisations where this was not available from publicly available information
8. **Additional manually sourced publicly available data for 2023/24** – sourcing for specific subsets of organisations where there was a higher risk of either estimation error or impact of estimation error on overall findings
9. **Estimating splits of contributed income** – where this was not available from publicly available information.

How the Machine Learning tools were trained and supervised is explained in detail below.

Absolute income and expenditure figures were not adjusted for inflation. Cost inflation was significant for many types of products and services during the period, which is reflected in the significantly increased expenditure overall and increases in absolute

income of all types for most organisations. A benchmark for earned income and individual philanthropic income– both being from individuals – is the [Retail Price Index] reflecting the increase in everyday costs for an ‘average’ member of the public.

## 1. Towards a ‘whole sector’ view

There is no definitive definition or data on what constitutes the cultural sector in England, let alone the portion of the sector that might be considered ‘fundable’ by Arts Council England. It is therefore not possible to say whether a given sample of organisations are representative of the sector overall.

Instead, this research takes as its starting point a ‘large cohort’ of the 7,223 non-profits registered in England whose primary purpose is the delivery of arts & cultural activity,<sup>47</sup> as the best representation of the sector currently derivable from public data sources. Because this study is about private philanthropic, as opposed to commercial, investment this includes only data on non-profits.<sup>48</sup>

For those seeking a topline estimate of total income and contributed income, this large cohort of 7,223 organisations provide a sense of scale for a large part of the sector, most comparable to other sectors’ ‘whole sector’ income and investment figures. Nevertheless, any estimates even from this large sample cannot claim to be for the sector as a whole.

## 2. Defining a ‘constant cohort’ of organisations

The PICS research series has always provided a *breakdown* of contributed income and *trends* over a three-year period. Doing this requires a ‘constant’ cohort of the same organisations across the three years with a minimum amount of financial information in each year. The following were therefore excluded:

- 621 organisations with insufficient financial information available to allocate them to an income model. Fortunately, although they are 9% of the large cohort, they together represent only 0.3% of its total income, as their average annual income is approximately £20,000.

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<sup>47</sup> Based on SIC codes, description of activities in Charity Commission profiles and/or having received arts or culture funding. Organisations who undertake some arts and culture activity but for which it is not their primary purpose were excluded to not skew the data.

<sup>48</sup> Excluding, in theatre for example, commercial theatre production, production management, rights licensing companies and venues

- 3,039 organisations missing at least one year's worth of accounts.<sup>49</sup> Again, although this represents 42% of organisations that could be included in the cohort for the study, together they represent 18% of total income. In the main the missing year was 2024.

Also excluded from the constant cohort are 15 'super-majors,' including 5 NPOs, whose turnover exceeds £35m per annum. As the section [The super-major](#) explains, their size, growth profile and income models are so different to the rest of the sector that their inclusion would skew the findings substantially.

	Large cohort	Can't identify income model	Missing accounts	Super-majors	Constant cohort
# organisations	7,223	621	3,039	15	3,548
%	-	9%	42%	0.2%	49.1%
Grand Total income (3 years)	£13,288	£41	£2,332	£3,474	£7,440
%	100%	0.3%	18%	26%	56%
Average annual income (£m)	£0.61	£0.02	£0.26	£93.81	£0.76
Grand Total contributed income (3 years)	£2,402	£7	£363	£770	£1,261
%	100%	0%	15%	32%	53%

*Table 37 Financial significance of different cohorts of organisations available for analysis*

Therefore, unless otherwise stated, all the financial analysis in this report is based on a constant cohort of 3,548 for which there was enough financial information available to analyse contributed income within the context of their overall income model.

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<sup>49</sup> In the main the missing year is 2023/24 because these annual accounts have not yet been reported to the Charity Commission, Companies House or Mutuals Register, as appropriate. As the analysis in the main report shows, the volatility in the sector's finances means estimating the missing year would be too prone to error.

### 3. Developing an income model typology

An analysis of the published financial data from 2018/19 to 2023/24<sup>50</sup> of 1,206 organisations for which sufficient information was available revealed predominant ‘clusters’ of organisations with similar income mixes. Those with a similar split between **public funding**, **earned income** and **contributed income** were grouped together.<sup>51</sup>

This grouping process created the five income models which are used throughout this report. Organisations in one income model have a significantly different mix of income to organisations in other income models. The five income models are defined by the proportions per below:

- **Earned dominant** – earned income more than 63% of turnover
- **Public dominant** – public funding more than 60% of turnover
- **Contributed dominant** – contributed income at least 67% of turnover
- **Mixed (low contributed)** – lower, more equal proportions of earned income and public funding (36-56%), and contributed income of less than 20%
- **Mixed (balanced)** – no single income type dominating with contributed 25%+.

Figure 32 below shows how distinct these income models are.

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<sup>50</sup> excluding 2020/21 due to the COVID-19 influence seen in this financial year.

<sup>51</sup> It then was a pragmatic choice to determine how many types would provide additional meaning to our analysis across the research and to readers of the resulting findings. More types do not necessarily add more meaning as the boundaries between different types may be difficult to understand or just not sufficiently justified or statistically significant from the financial data available from the scale and range organisations in the sample.

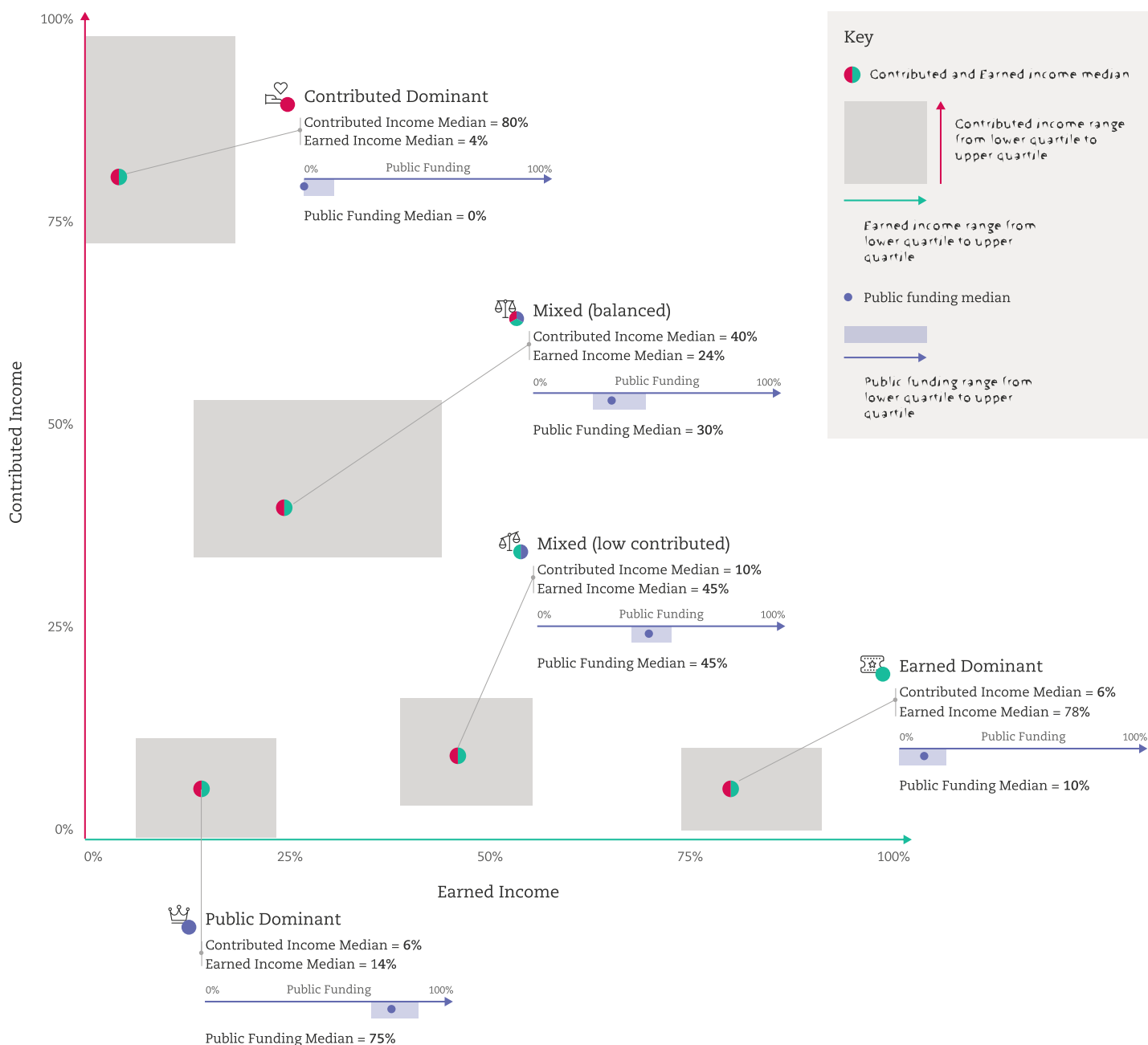


Figure 32 Income mix (median and lower to upper quartile range) by income models

This innovation in the methodology from previous editions in the PICS research series helps categorise organisations by how their **contributed income** sits differently in their **income mix** alongside **earned income** and **public funding**.

The income models have been used:

- as a factor in estimating **contributed income** and its breakdown where these are not available from publicly available information
- to group participants with similar income mixes in most of the workshops.

The income models were also used in analysing the findings of the research to:

- Identify trends that are common to an income group, and which differ between income groups
- Identify factors (including barriers, opportunities, investment focus, etc.) that are common to or different between income models
- Propose potential reasons for differences for findings of all kinds between income models
- Suggest potential responses differentiated and targeted by different income models.

#### 4. A financial ‘deep dive’

From the 1,206 organisations used to create the income model typology, 701 organisations were selected to give a spread of artforms, regions and turnover bands and to have sufficient numbers of different combinations of these factors.

Where data was available, a detailed financial picture of these 701 organisations was created from:

- Data on non-profits held by MyCake – routinely compiled by cleaning, checking and making consistent data from feeds made publicly available by Charities Commission
- Arts Council England Investment Programme 2023-26 data<sup>52</sup>
- Financial reporting to Arts Council England by NPOs within their annual returns<sup>53</sup>
- Manually acquired annual accounts published to one of Charity Commission, Companies House or Mutuals Register
- Public and trusts & foundations grants data from 360 Giving<sup>54</sup>

This picture had to include for each organisation in all three years of 2021/2 to 2023/4:

- Total income

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<sup>52</sup> <https://www.artscouncil.org.uk/how-we-invest-public-money/2023-26-Investment-Programme>

<sup>53</sup> <https://www.artscouncil.org.uk/research-and-data/our-data/our-npos-and-annual-data-survey>

<sup>54</sup> <https://grantnav.threesixtygiving.org/>



- Total expenditure
- Income mix – i.e. the split between
  - **Public funding**
  - **Earned income**
  - **Contributed income**
- Income from Trusts & Foundations (as a subcategory of **contributed income**)

Where accounts didn't provide accurate Trust & Foundation income figures, these were derived from an indicator based on grant data feeds.<sup>55</sup> Where survey respondents supplied different financial information initially derived from other sources or analysis, these figures were updated.<sup>56</sup>

Against each organisation was also recorded their NPO status, region and artform. Arts Council England NPO data holds region and artform for each organisation. For non-NPOs this information was sourced manually through desk research, supported by an understanding of the sector allocations of Arts Council England project grant funding.

Each organisation was then allocated an income model according to the criteria set out above.

## 5. Trend analysis of income mix

Out of these 701 organisations, a subset of 673<sup>57</sup> was used to calculate the trend – the change over the three years, per Table 38 below – in the income mix for each income model. This shows that for this subset for which there is detailed financial information available (as explained above):

- **Contributed income** increased more for those with higher levels of contributed income and decreases for **public dominant**.
- **Earned income** increased for all organisations (except **contributed dominant**), but more so for **earned dominant** and **mixed (low contributed)**.
- **Public funding** declined for all organisations, but least for **public dominant**.

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<sup>55</sup> 360 Giving and other publicly available grant data.

<sup>56</sup> The financial profile of 38 organisations was revised in this way at this stage.

<sup>57</sup> After excluding 15 super-majors and 13 other 'outliers' (those deemed in a manual review to be highly outside the norm in their financial profile).

Income Type	Public dominant	Earned dominant	Contributed dominant	Mixed (balanced)	Mixed (low contributed)
<b>Trend in median</b>					
Contributed	-0.3%	0.3%	2.4%	2.8%	0.7%
Public	-0.7%	-9.0%	-5.1%	-4.1%	-4.9%
Earned	0.9%	7.6%	-0.2%	1.5%	5.9%
<b>2024 median</b>					
Contributed	5.8%	6.2%	79.9%	40.3%	10.3%
Public	75.2%	9.7%	0.0%	30.3%	45.1%
Earned	13.8%	78.0%	4.2%	23.8%	44.6%
<i>Sample: 673</i>					

Table 38 Trend in median income mix over period relative to 2023/24 median

## 6. Revising organisational and financial information from the survey

A survey was designed with two parts:

- Organisational and financial information
- More qualitative views and responses

The survey was sent out to the email contact registered at Charities Commission for the 4,184 organisations (out of the large cohort defined above) for which we held three years of income and expenditure data. Out of these 464 responded. Their responses were used to update their organisational and financial profiles as follows:

- Primary artform and Art Council England region as provided in the survey was used in preference to other data sources.
- Income and income mix from the survey were used in preference to MyCake (Charities Commission derived) data.
- If publicly available information did not provide a figure for Trusts & Foundations income, then depending on their responses as to whether they received Trusts & Foundation income and/or other sources of **contributed income**, this was estimated by using the average of their income model.

## 7. Estimating missing years' income splits

The constant cohort of 3548 organisations has publicly available total income and expenditure information for each of the three years. But in some cases, the income split is not available in that data.<sup>58</sup>

For these organisations, the following estimates have been applied:

- They have been allocated an income type based on information from the latest year which includes the income mix
- The income mix is estimated for the missing years by using the trends derived from the trend analysis (see above)
- The Trust & Foundation income is estimated to be the same proportion of overall **contributed income** as the year (or average of two years) for which that information is available.

## 8. Applying Machine Learning estimates of income breakdown

Where information was not available from public sources, Machine Learning (ML) model was used to estimate for each of a further 2,156 organisations for 2023/24:

- Its overall income mix – between **contributed income**, **earned income** and **public funding** – and therefore an allocation to an income model.
- The proportion represented by **individual philanthropy** of its overall **contributed income**.

The way the ML model was created and its estimation validated by the researchers and consultants is described in the section Training and supervising the Machine Learning estimation.

For the two preceding years:

- The topline income mix was estimated by applying the trends from the trend analysis (see above).
- The proportion represented by **individual philanthropy** of **contributed income** was estimated to be the same.

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<sup>58</sup> For example, an NPO may not have completed their annual return for all 3 years.

## 9. Updated estimates using publicly available data for 2023/24

To quality assure the ML estimations, additional financial information for 2023/24 was sourced manually for:

- Organisations allocated to the **contributed dominant** income model with turnover over £0.5m
- Large (£1-5m turnover) organisations which had since the earlier review in the research submitted their accounts to Charities Commission

This resulted in the publicly available information replacing the overall income mix and individual philanthropy proportion for 2023/24 for 230 organisations. The two preceding years were then re-estimated as per stage 9.

## 10. Estimating splits of contributed income

Publicly available company accounts do not have to report a split of income between individual philanthropy, corporate philanthropy and Trusts & Foundations frequently or consistently enough for this alone to be used for estimates for the 'whole sector'. This is particularly the case for corporate philanthropy, which often is folded into a generic 'donations' income line, especially when this is a relatively small amount.

In addition, experience with past editions of this study and other research has shown that many cultural sector respondents do not have ready access to information on this income split in their own organisations. This means that in surveys they often either don't report it, do report it but inaccurately, or don't complete the survey – thus impacting the overall sample size and their opportunity to share their opinion on other issues of relevance to private investment.

So, breakdowns of **contributed income** into 3 sources were based on the breakdown of **contributed income** reported by NPOs to Arts Council England in their annual returns. Absent any better data for non-NPOs, they were assumed to have the same breakdown of **contributed income** as NPOs.<sup>59</sup>

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<sup>59</sup> There are arguments for this both under- and over-reporting particularly corporate philanthropic as a proportion of non-Trust & Foundation philanthropy and insufficient evidence to support either view. However, the estimate is highly likely to be more robust than basing the contributed income breakdown on a sample of less than 10% of the sector which has not been weighted to represent the balance of income models, turnover band, etc. across a large cohort of the sector.

## 11. Training and supervising the Machine Learning estimation

Machine Learning (ML) technologies – specifically a neural networks tool – were used to predict the overall income mix for cultural organisations<sup>60</sup> and the proportion within that of individual philanthropic income.

### What is Machine Learning?

Machine Learning (ML) is a class of technologies which make intelligent predictions by digesting large amounts of information. They emerged in the 1950-60s, went through a renaissance in the 1980-90s and have found their way into mainstream products and technologies since the 2010s.<sup>61</sup>

A common ML technology is neural networks. Their structure and operations are inspired by neural structures in the human brain, specifically those parts which give us our ability to detect and recognise patterns in our sensory information (i.e. sight, sound, touch) from the real world. It simulates layers of ‘neurons’ interconnected to each other with different strengths. Neurons can have different thresholds at which they ‘fire’ to pass on a signal to the next layer of neurons to which they are connected.

An ML model is created by repeatedly ‘training’ it, using real-world datasets. It’s called a model because it is a statistical model which provides an automated analysis as an ‘output’ of data used as an ‘input’.<sup>62</sup> The appropriate use of big data has been found to be beneficial to many common areas of Operational Research including predictions, demand forecasting, customer prediction and revenue streams.<sup>63</sup>

The textual content and links of websites of cultural organisations were used to train the ML tool to predict this income mix and breakdown. A training dataset for 946 organisations was assembled which had to have for each organisation: its website content as an ‘input’ to the training of the model; its already-known income mix and breakdown as the correct, desired ‘output’ for the model. The model was iteratively ‘trained’ using data for 800 organisations.

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<sup>60</sup> Between **contributed income**, **earned income** and **public funding**.

<sup>61</sup> <https://www.iso.org/artificial-intelligence/machine-learning>

<sup>62</sup> Although the ML is seen as subset of Artificial Intelligence (AI), in many ways it has more in common with other statistical modelling approaches and tools than it does with the ‘generative’ AI technologies that have come to the forefront of public and policy discourse in recent years.

<sup>63</sup> Acciarini, C. Cappa, F., Boccardelli, P. and Oriani, R. (2023, May) *How can organizations leverage big data to innovate their business models? A systematic literature review*. ScienceDirect.com, Table 4.

The accuracy of the predictions of the final resulting ML model were validated by running the model on the website content data for the 146 organisations held back from the training set for the purpose of validation. The ML model's predictions were compared to the actual financial data available for those organisations. The ML model predicted the proportion of individual philanthropic income with a mean absolute error of 9%. The ML model predicted the proportion of the three overall income types with a mean absolute error of 20%.

The use of ML was quality assured and supervised by sector, financial and technical experts throughout the process:

- An AI impact assessment was conducted and reviewed by Arts Council England before the technologies were used. This included a risk assessment and mitigations which then informed the quality assurance steps below.
- Prior to training the ML model, a manual review of features extracted from web content confirmed that they had a strong correlation with income mix and breakdown.
- The training was iterative. Adjustments were made to parameters within the model to improve its predictions where these were performing poorly or where the model was demonstrably not picking out sufficient features from the inputs to effectively predict.
- A set of key features and terms was developed using sector and financial experts' view of what content would be most relevant to income mix and breakdown. Web content was only considered from pages including these features or terms.
- A further set of links and features were used to adjust the model based on expert input. These included links to funders (such as Arts Council England or Esmée Fairbairn Foundation) or to platforms (such as Just Giving). Other significant features included online shops, embedded ticketing systems and donate buttons.

## Where has this application of Machine Learning come from?

The approach used is based on WebAI<sup>64</sup> which uses large-scale organisational web data as an input to ML models to predict selected attributes or indicators of those organisations as its output<sup>65</sup>. The ML model can systematically extract, validate, and interpret 'features'<sup>66</sup> within unstructured web content to predict the desired attributes or indicators of organisations. Here the desired indicators were the proportions of income types in the income mix and the breakdown of individual philanthropic income.

In supervised learning, as used here, an ML model is iteratively 'trained' using real world data selected by team where the actual organisational attributes or indicators are known. This supervised learning creates a statistical model – represented within the interconnection strengths and thresholds in the neural network – which identifies which features in the web content are 'significant' – meaningful, in the sense that they are correlated with desired attributes or indicators of organisations. Here the indicators are income mix and individual philanthropic income breakdown.

The statistical model codifies the way in which they are correlated – how the changes in different features in web content impacts on<sup>67</sup> organisational indicators. It can then be given web content of organisations as an input, extract the significant features from it and, as its output, predict indicators for each organisation to within an acceptable margin of error.

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<sup>64</sup> Dahlke, Johannes ; Schmidt, Sebastian ; Lenz, David et al. / The WebAI Paradigm of Innovation Research: Extracting Insight from Organizational Web Data Through AI. 2025

<sup>65</sup> WebAI's use of ML makes it more sophisticated than other combinations of web scraping and lexicometric approaches <https://www.igi-global.com/dictionary/tax-policy-and-entrepreneurship/119940>

<sup>66</sup> Patterns spanning multiple dimensions – sections and types – of web content at the same time.

<sup>67</sup> Mathematically, how the output organisational indicators are a *function* of the input features in web content.

## Appendix 4 – Literature review

### Arts funding

Government funding for the arts has been on a long-term downward trend for at least the past fifteen years – with creative tax credits as a significant exception to this decline. A 2024 report by Campaign for the Arts and the University of Warwick on the state of the arts found that:

Between 2009/10 and 2022/23, per person in real terms:

- Local government revenue funding of culture and related services decreased by 29% in Scotland, 40% in Wales and 48% in England, alongside rising cost and demand pressures on statutory services (especially social care).
- The Department for Culture, Media and Sport (DCMS)'s core funding of cultural organisations decreased by 18% to 0.17% of total public spending per person.
- The Arts Councils' core Government funding decreased by 18% in England, 22% in Scotland, 25% in Wales and 66% in Northern Ireland.<sup>68</sup>

Creative tax credits increased by 649% across this period. As the report observes, “in 2017-18 this investment exceeded the DCMS' core funding of cultural organisations for the first time.”<sup>69</sup>

A mixed economy model has long been considered the ideal in the UK arts, culture and heritage sector – as opposed to Europe which has a more significant role for government funding, and the United States which has a more significant role for private investment. Some reports point towards the “golden triangle” or “golden tripod,” where **earned income, contributed income** (‘private investment’ in the sense used in this report) and **public funding** are roughly equal parts of an organisation's

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<sup>68</sup> Ashton, H., Brownlee, D., Gamble, J. and Stavrou, M. (2004). *The State of the Arts*. Campaign for the Arts & Centre for Cultural and Media Policy Studies, University of Warwick. p. 7.

<sup>69</sup> *Ibid.* Creative tax credits were introduced between 2007 (for animation and high-end television) and 2017 (for exhibitions in museums and galleries) and now apply to production of films, television (animation, children's and 'high-end'), video games, theatre, museum and gallery exhibitions, and orchestral performances. Temporarily higher rates for theatres, orchestras, and exhibitions were introduced during the pandemic, and have since been made permanent. See: <https://commonslibrary.parliament.uk/research-briefings/cbp-10093/>



income model, as an ideal that allows them to balance resilience, innovation and independence.<sup>70</sup>

But as a report for the Paul Hamlyn Foundation on arts and culture funding observes, “Trust and Foundation income, whilst hugely significant, sits alongside far greater investment from the public sector, even during the current challenges for local government funding.”<sup>71</sup> It is clear that public funding is an essential part of the mix for UK arts and cultural organisations. And it is not only essential to support core operating costs – it is also essential to support and stimulate private investment.

The power of public investment to catalyse private giving was demonstrated by the Catalyst programme run by Arts Council England, the Heritage Lottery Fund (as was), and DCMS, and followed by the Arts Council England initiative, Catalyst: Evolve which ran from 2016 to 2019. As the final evaluation of Catalyst: Evolve concluded: “There is a clear pathway of change – which applies to organisations of all sizes, locations and artforms – that enables them to unlock private income and Catalyst has consistently supported this journey...”<sup>72</sup> A recent report commissioned by Arts Council England on spillover impacts in the publicly funded arts and culture sector, looking at a range of case studies from Studio Voltaire to New Writing North to the National Theatre, finds that:

public funding helps de-risk cultural infrastructure projects and attract long-term private partners... with clear evidence of these crowding-in effects contributing to wider patterns of capital creation, helping stimulate investment activity and productivity in the arts and culture sector and beyond.<sup>73</sup>

Similar findings come from another report commissioned by Arts Council England, which finds that:

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

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<sup>70</sup> Centre for Philanthropy, University of Kent. (2017). *Evaluation of the Catalyst: Endowment Grant Programme Final Report*, p. 14.

<sup>71</sup> Eberhardt, S. (2024). *Funding for Arts and Culture: an overview of data 2019-22*. Paul Hamlyn Foundation, p 7.

<sup>72</sup> BOP Consulting. (2022). *Catalyst: Evolve evaluation*. Arts Council England, p 2.

<sup>73</sup> Centre for Economic and Business Research (Cebr). (2025). *Spillover impacts in the publicly funded arts and culture sector*. Arts Council England, p 6.

enables organisations in fulfilling their missions to deliver social, economic and cultural value.<sup>74</sup>

Discussion in this report about encouraging and supporting private investment in culture should not be interpreted to mean that public investment is, or should become, less important to organisational success – or that success in realising private investment should preclude public investment. All the evidence demonstrates that both private and public investment are necessary for the success of the UK's mixed economy model for the culture sector.

## Charitable giving and the voluntary sector

### Introduction

Giving to the arts takes place within a wider context of charitable giving. The non-profit cultural sector in England is a sub-sector of the broader non-profit sector, including voluntary, community, and social enterprises. The most recent NCVO Civil Society Almanac found that the voluntary sector's total income in 2021/22 was £69.1bn, of which 21% was donations and legacies from the public and 7% was funding from other organisations.<sup>75</sup>

With contributed income a very significant part of the income model of the non-profit sector, alarm bells have begun to ring about the state of philanthropy in the UK. As a 2025 report by the Centre for Social Justice highlights:

...charitable giving is in danger of tailing off. The statistics paint a worrying picture. Last year, the number of non-Government grants fell to just over 31,000, down from nearly 100,000 in 2023. Corporate giving from the FTSE100 has dropped leaving an estimated £164 million in lost charitable contributions. Giving is artificially inflated by a very small group of dedicated High Net Worth Individuals (HNWI) who contribute a disproportionately large share in aggregate terms, although only a third of the wealthiest 100 give more than 1 per cent of their wealth. The UK's wealthiest collectively dropped their donations by £200

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<sup>74</sup> Prendergast, M. and Runacres, F. (2025) *Leading the Crowd: A report on the role of public investment in Crowding In*. Arts Council England, p. 7.

<sup>75</sup> NCVO. (2024). *UK Civil Society Almanac 2024 – What is the state of the sector's finances?*

million last year... At the same time many foundations and grant givers have paused giving or are spending down their endowments.<sup>76</sup>

## Individual giving

The Charities Aid Foundation's UK Giving Report for 2025 gives a stark picture of the issues around individual giving, finding:

- Donation levels are at record lows, with only 50% of people donating to charity, and 4 million fewer donating than in 2019
- Donations from young people have fallen particularly sharply, with the pandemic as an "inflection point," and only 36% of young people donating
- On the more positive side, "those who do give, are giving more, with an average donation value of £72"<sup>77</sup>.

The report finds that of all donations, only 5% – or £719 million – go to charities working in the arts, culture, heritage or science.<sup>78</sup> Of course the proportion going to the arts specifically is even smaller: an earlier CAF report found that in 2022 this was only 1%.<sup>79</sup> While many other charities may use the arts or creativity in their work – for example those working in education, or with children and young people more generally – it is clear that charities defining themselves primarily as working within arts and culture are not at the forefront of giving when it comes to the overall population.

High net worth giving is a very significant proportion of overall charitable giving. High net worth individuals (having at least £1 million in investable assets) are around 1% of the UK population, but donated around £7.96 billion in 2023,<sup>80</sup> as set against £13.9 billion for the other 99% of the population.<sup>81</sup> Interestingly, 26% of high-net-worth people say they support arts and culture,<sup>82</sup> strikingly higher than the overall population.

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<sup>76</sup> Centre for Social Justice. (2025). *Supercharging Philanthropy: How Government and Givers can Unleash a New Wave of Philanthropic Funding*, p 9.

<sup>77</sup> Charities Aid Foundation. (2025). *UK Giving Report 2025*, p. 4.

<sup>78</sup> *Ibid* p. 12. Note that this was as far as this report breaks down these statistics.

<sup>79</sup> Charities Aid Foundation. (2024). *UK Giving Report 2023*, p. 19.

<sup>80</sup> Charities Aid Foundation. (2025). *High Value Giving. How the UK's Wealthy Give*, p 8.

<sup>81</sup> Charities Aid Foundation. (2024). *UK Giving Report 2024*, p. 4. Note that the comparable figure for the 2025 UK Giving Report was £15.4 billion.

<sup>82</sup> Charities Aid Foundation. (2025). *High Value Giving. How the UK's Wealthy Give*, p. 10.

A major potential opportunity for the future is what has been dubbed the “Great Wealth Transfer,” with trillions in family wealth to be passed down from baby boomers to younger generations over the coming decades. It has been suggested that these ‘next generation’ donors have a strong interest in impact investing and an interest in being hands-on.<sup>83</sup> Engaging with these next generation donors may provide new opportunities for cultural organisations.

## Trusts and foundations

Trusts and foundations are an essential part of the overall landscape of private investment, as was observed earlier. “Their independence,” observes the 2021 Foundation Giving Trends report, “enables them to take risks, support marginalised causes, fund long-term solutions to knotty problems and work with diverse partners.”<sup>84</sup>

A recent report on trust and foundation funding for the arts found that, out of a dataset of eighteen trusts and foundations, only four of them – Esmée Fairbairn, Garfield Weston, Paul Hamlyn and Wolfson Foundations – were responsible for 75% of grant spend.<sup>85</sup> However it’s possible that smaller trusts and foundations, if included in the sample, would have brought this figure down significantly.

As will be discussed in more detail below, trusts and foundations significantly stepped up their support for the arts sector during the height of the COVID-19 pandemic. However, the landscape for trust and foundation funding has become significantly more competitive since then. As a CSJ report highlights

many foundations and grant givers have paused or spent down their donations, citing need for breathing space in the face of increased demand, a revisionist approach to traditional philanthropy or poor investment returns. In 2024, 360Giving data shows 31,609 grants were issued by National Lottery or grant making organisations within the UK in contrast to 2023 which saw more than triple that at 96,018...<sup>86</sup>

Trusts and foundations have at the same time seen a surge in demand, with the CEO of the Association of Charitable Foundations noting that many are reporting increases of

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<sup>83</sup> Charities Aid Foundation (2022, August) *What Do Young Donors Want From Their Philanthropy?*

<sup>84</sup> Walker, C. and Pharoah, C. (2021) *Foundation Giving Trends 2021*, p. 26.

<sup>85</sup> Eberhardt, S. (2024). *Funding for Arts and Culture: an overview of data 2019-22*. Paul Hamlyn Foundation, p. 8.

<sup>86</sup> CSJ, *Supercharging Philanthropy*, p 14.

30-50% in the applications they receive.<sup>87</sup> A 2025 report from Gifted describes the trust and foundation landscape as “more competitive and unpredictable than it has been in many years,” with 78% of survey respondents saying trusts and foundations are accepting fewer unsolicited applications than twelve months ago.<sup>88</sup>

## Corporate giving

In 2023, according to a CAF report, FTSE 100 companies donated £1.82 billion to charities – a decline of 34% in real terms over a decade. Non-FTSE 100 businesses were estimated to have donated about £2.51 billion, but it is estimated that 75% of British non-FTSE businesses don’t give to charity at all. Support for the arts, culture, heritage and science sector was seen at 36% by FTSE 100 companies, versus only 11% for other businesses with a turnover of over £250,000.<sup>89</sup>

## COVID-19

A particular feature of the last Private Investment in Culture Survey, published in 2022, was that it covered the height of the COVID-19 pandemic, whose impact is still being felt in the sector. As that report noted:

It is an understatement to say that COVID-19 has been a significant disruptor for arts and cultural organisations... surveys commissioned by sector bodies throughout 2020 including Historic England, the National Lottery Heritage Fund, the Art Fund and other bodies revealed a consistent picture of lost business, cancelled or postponed programming, staff on furlough and additional costs associated with the need to accommodate buildings to cope with social distancing.<sup>90</sup>

Intuitively one might have expected COVID-19 to have left a hole in the finances of arts and cultural organisations – but although this did happen during 2020, the immediate recovery happened quicker than one might expect. On average, organisations cut expenditure more drastically than their income was cut by the pandemic, meaning that

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<sup>87</sup> Association of Charitable Foundations. (2024). *CEO blog | Understanding the funding crisis in the UK voluntary sector*.

<sup>88</sup> Gifted, pp. 15, 10.

<sup>89</sup> CAF *Corporate Giving 2024*, pp. 14, 19.

<sup>90</sup> AEA Consulting. (2022). *Private Investment in Culture Survey 2022*, p. 14.

we see an overall improvement in organisations' bottom line during 2021 and 2022 against pre- COVID-19 averages.<sup>91</sup>

One of the main reasons for this is that additional government support was offered to cultural organisations to weather the impact of the pandemic. The Culture Recovery Fund was launched by DCMS in July 2020, and across three rounds of funding up to March 2022 delivered 7,689 grant awards (or 7,119 excluding the Heritage Stimulus Fund) to 5,067 organisations.<sup>92</sup> In total, £1.42bn was distributed to cultural organisations, of which Arts Council England was responsible for £1.15bn.<sup>93</sup>

Trusts and foundations also stepped up their support for the culture sector. A report by the Paul Hamlyn Foundation finds that "[i]n 2020/21 the Trusts and Foundations surveyed increased the proportion of their funding to arts and culture from just under a third of their total giving to 40%, as well as increasing the total value of their giving by 12%."<sup>94</sup> They experienced a very significant increase in demand for funding during the pandemic,<sup>95</sup> which does not appear to have fully abated.

Although the additional support from both government and trusts and foundations helped arts and cultural organisations to weather the immediate impact of the pandemic, its longer-term impacts are still evident. Campaign for the Arts finds that the number of listed arts events in 2023 was only 77% of the pre-pandemic baseline of 2018, "suggesting recovery is incomplete and... slowing."<sup>96</sup> As of August 2024, ticket sales had still not fully recovered to their pre-pandemic levels. They reached around 90% of pre-pandemic levels in 2022/23, then slumped slightly in the following financial year, possibly due to the impact of the cost-of-living crisis.<sup>97</sup> This varies according to sector and artform: for example, Panto and Christmas show audiences appear particularly hard hit.<sup>98</sup>

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<sup>91</sup> Puffett, N. (2024, June 20) *Arts finances in worst state for five years*. Arts Professional. (MyCake data)<https://www.artsprofessional.co.uk/news/exclusive-arts-finances-worst-state-five-years>

<sup>92</sup> Ecorys, Ipsos UK, BOP Consulting, & Barrett, G. (2022). *Evaluation of the Culture Recovery Fund*, p. 4.

<sup>93</sup> Gov.UK (2023). *Cultural Recovery Fund data report*.

<sup>94</sup> Eberhardt, p. 2.

<sup>95</sup> *Ibid.*, p. 9.

<sup>96</sup> Ashton, Brownlee, Gamble and Stavrou, p. 49.

<sup>97</sup> The Audience Agency (2024, August) *Sales changes: an overview*. Audience Answers.

<sup>98</sup> The Audience Agency (2024, January) *What's happening with Panto and Christmas show audiences post-pandemic?* Audience Answers.

## Diversity

During 2020, issues around racial justice suddenly began to be addressed more urgently in the UK non-profit sector after the murder of George Floyd in the United States catalysed the spread of Black Lives Matter protests to the UK. Images of a statue of slave trader Edward Colston being toppled into Bristol Harbour seemed to signal that it was time for the UK cultural sector to address past – and present – injustices.

Some trusts and foundations were seen to make a shift in response to the Black Lives Matter movement, diversifying their investments and placing more emphasis on reaching diverse beneficiaries.<sup>99</sup> There is anecdotal evidence of a similar shift in corporate giving. This led to increased giving to Black-led organisations, at least, but even then, there was concern that this was a short-term trend rather than a long-term shift in philanthropic practice.<sup>100</sup>

It is widely recognised that diverse-led cultural organisations face additional barriers in accessing private investment.<sup>101</sup> In recent years there has been increasing focus on understanding and addressing these barriers,<sup>102</sup> although the majority of that focus has been on race – sometimes extending to racialised religions – rather than other marginalisations, and that will be evident in the discussion below. A lack of focus on other marginalised identities in this review is not by choice, but reflects where research is available. Perhaps it can also serve to highlight the need for future work.

A report from Beacon Collaborative observes that “[t]he philanthropy sector is predominantly White, seen as elitist and has a problematic past in terms of where money has come from.”<sup>103</sup> Research has shown that Black-led charities and social

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<sup>99</sup> Eberhardt, p. 9.

<sup>100</sup> GiveBLACK. (2022). *Valuing the Black Philanthropic Pound: Patterns and Motivations for Black Giving in Britain*, p. 30.

<sup>101</sup> “Diverse-led” is a term used by Arts Council England to refer to “organisations where 51% or more of the board and senior management team identify as: Black, Asian and Ethnically diverse; Disabled; Female; LGBT+; From a lower socio-economic background.”

<https://www.artscouncil.org.uk/equality-analysis-2023-2026-investment-programme#t-in-page-nav-2>

<sup>102</sup> “Over the last five years, there has been an increased focus on the intersections between race, culture, giving, and the charity sector. Initiatives such as Charity So White, GiveBLACK and the work of the Baobab Foundation, and research by the Centre for Charitable Giving and Philanthropy at Bayes Business School on UK Muslim philanthropy, have put a spotlight on the marginalisation of communities of colour within the charity sector.” Clearview Research. (2024). *Bridging diversity in British giving: Engaging donors from diverse giving communities - The Beacon Collaborative*, p. 7.

<sup>103</sup> Clearview Research, p. 12.



enterprises in London “face similar challenges [to other charities], but often with greater severity due to additional barriers such as systemic funding inequities and limited access to capacity-building resources.”<sup>104</sup> These funding inequities are significant:

Black-led organisations receive disproportionately low levels of funding compared to their white-led counterparts, despite their critical role in supporting underrepresented communities. This imbalance stems in part from the fact that many traditional funders are disconnected from the grassroots level, where these organisations operate.<sup>105</sup>

Research by Give Black finds that Black-led organisations are “often overlooked for funding from local or national institutions as well as private sources... have to jump through more hoops than white organisations when being considered for funding... [and] have experience of being excluded from applying for large pots of funding.” Turning to Black donors is not necessarily a solution: organisations face challenges identifying Black High-Net Worth Individuals, in part because “the notion of a wealthy Black philanthropic elite in the UK is a relatively new concept.”<sup>106</sup> As the report notes, there is still limited data available about Black giving.

The World Reimagined was able to secure support in 2020 from a wide range of corporate and philanthropic partners for its work fostering conversations between people from different ethnicities, cultures and religions. Now it’s finding that a fundraising ‘ask’ around climate change and intergenerational transmission is an easier conversation to have. The World Reimagined is featured as a case study in the **PICS 2025 Case Studies** supplementary report.

Connecting to diverse donors is an important part of achieving inclusion. Looking at giving within Black, Asian, Muslim, and Jewish communities in the UK, Beacon Collaborative finds – unsurprisingly – that representation and an inclusive culture are important if charities want to connect with these communities, but notes “[t]here is a danger that initiatives to improve equality, diversity, and inclusion can be performative and become a tick-box exercise.” One key message of this research is that faith was

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<sup>104</sup> Do it Now Now. (2024). *Resilience in Motion: The State of London's Black-Led Impact Organisations in 2024*, 1.1 Introduction.

<sup>105</sup> *Ibid.*, 5.1 Intermediary Grantmaking.

<sup>106</sup> GiveBLACK, p. 34.



important to all these donor groups, and that the philanthropy sector perhaps doesn't adequately understand this aspect of the experience of diverse communities.<sup>107</sup>

Disabled-led organisations seeking to raise private investment must contend with the continued survival of the "charity model of disability," which "portrays Disabled people as a group of people that need charity in order to improve their lives."<sup>108</sup> Although "nothing about us without us" has long been a slogan of the disability rights movement, forthcoming research by the Funding Justice Collective (facilitated by Disability Rights UK) finds that:

- "For every **£1 given to disabled people's orgs**, non-disabled-led orgs received **£37**.
- **97.3% of all disability funding** flows to orgs that **do not represent us**."<sup>109</sup>

The campaign recommends that grant-giving organisations adopt the social model of disability,<sup>110</sup> as Arts Council England has done.<sup>111</sup> It has produced a comprehensive call to action,<sup>112</sup> and model funding programme<sup>113</sup> for funders to adopt. One of the main contentions of the latter is that "[c]harities that are not led by disabled people are actively harmful to our community." It recommends that "[o]rganisations that seek disability-related funding but cannot demonstrate that 75% of their board and 51% of their staff and volunteers are Disabled should be divested from."<sup>114</sup>

A report for the Law Family Commission on Civil Society finds that some barriers to attracting private investment may be particularly severe for diverse-led organisations. Complex and time-consuming grant applications are near the top of the list, along with a tendency for funders to focus on the new and exciting: "social and community groups run by and for ethnic minority communities... report particular difficulties arising from funding tending to focus on innovation over evidenced need."<sup>115</sup> The report notes that:

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<sup>107</sup> Clearview Research, pp. 11, 17, 23

<sup>108</sup> Equal Lives (n.d.) *Social Model of Disability*.

<sup>109</sup> <https://www.disabilityrightsuk.org/funding-justice>

<sup>110</sup> Disability Rights UK. (2024). *Funding Justice for DPOS. Analysis: The Tragedy Model vs the Social Model of Disability*, P. 4.

<sup>111</sup> <https://www.artscouncil.org.uk/developing-creativity-and-culture/diversity/social-model-disability>

<sup>112</sup> Disability Rights UK. (2024). *Funding Justice for DPOS. A Call to Action*.

<sup>113</sup> Disability Rights UK. (2024). *Funding Justice for DPOS. Model Funding Programme*.

<sup>114</sup> *Ibid.*, pp. 14-15.

<sup>115</sup> Barnard, H. and Williams, M. (2022). *Making it Count: Overcoming the Barriers to Better Grant-Making*. The Law Family Commission on Civil Society, pp. 9-10.

Moving towards more efficient and effective approaches would be greatly facilitated by grant-makers increasing their engagement with grant-seekers and the communities they serve, prioritising the needs of those communities and encouraging trustees to relinquish some control and rebalance power towards staff and the organisations they support.<sup>116</sup>

## Digital Technology and AI

In the past few years, generative AI – including large language models like Chat-GPT and image generators like Midjourney and Stable Diffusion – has become publicly available and widely adopted across a wide variety of use cases, including in fundraising. However, as UNESCO has noted, the rise of AI “raise[s] profound ethical concerns... aris[ing] from the potential AI systems have to embed biases, contribute to climate degradation, threaten human rights and more.”<sup>117</sup> It is beyond the scope of this report to describe in detail the uptake of generative AI or the controversy surrounding it, beyond noting that UK creative industries organisations have come out heavily against the infringement of copyright in AI training.<sup>118</sup>

AI is already being used extensively in the non-profit sector. In 2023, 27% of UK charities were using AI and 26% were planning to.<sup>119</sup> And a 2024 survey of charities by Gifted found that 33% of respondents were using AI for writing, and another 22% for both writing and prospecting. Respondents identified the most important uses of AI: writing grant applications from scratch, shortening word count of applications, and more prospect research. The report notes that:

With major funding organisations like the National Lottery now providing guidance on the use of AI within its funding applications too, it’s clear that AI is here to stay. Those who are not up skilled will likely fall behind other fundraisers.<sup>120</sup>

Wider programmes are underway to upskill arts and culture organisations in the use of digital technology, including the Bloomberg Philanthropies Digital Accelerator, which

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<sup>116</sup> *Ibid.*, p. 25.

<sup>117</sup> UNESCO. (2023) *UNESCO’s Recommendation on the Ethics of Artificial Intelligence: key facts*, p. 6.

<sup>118</sup> <https://www.creativerightsinai.co.uk/members>

<sup>119</sup> Zoe Amar Digital, Think Social Tech, Catalyst. (2023). *Digital Skills Charity Report 2023*. Charity Digital Skills Report, p. 15.

<sup>120</sup> Gifted, p. 18. Both National Lottery Heritage Fund and National Lottery Community Fund have such guidance.

works with a range of UK organisations.<sup>121</sup> Arts Council England's Digital Culture Network offers support to organisations on topics including Customer Relationship Management, digital and social media marketing, audience data collection and evaluation, and other themes that may support their ability to fundraise.<sup>122</sup>

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<sup>121</sup> <https://digitalaccelerator.bloomberg.org>

<sup>122</sup> <https://digitalculturenetwork.org.uk/about/about-the-network/>

## Appendix 5 – Workshop participants

a-n The Artists Information

Company

Anjali Dance Company Limited

Artichoke Print Workshop

Bath Philharmonia

Black Lives in Music Limited

Britten Pears Arts

Bromley House Library

Bristol Music Trust (Bristol Beacon)

Bristol Pride

Burnley Youth Theatre

Can't Sit Still

Chew Valley Performing Arts

Chisenhale Art Place Limited

Community Ventures (Middlesbrough) Limited

Company of Others

Croydon Youth Theatre Organisation

Council For Higher Education In Art & Design

Dover Smart Project

Dance Consortium

Dance East

Dance Umbrella

Derby Theatre

Greenwich+Docklands Festivals

Heart of Glass St Helens Limited

Headlong

Iroko Theatre Company

Improbable

In Focus Education and Development

Key Changes: Positive Mental Health

Through Music Limited

Kirklees Theatre Trust (Lawrence Batley Theatre)

Liverpool Biennial of Contemporary Art Limited

Louth Playgoers Society Limited

London Philharmonic Orchestra Ltd

Misfits Music Foundation

Music at Oxford

Mahogany Opera Group

National Children's Orchestras of Great Britain

Northern Lines

National Opera Studio

Nottingham Playhouse

Odd Arts

OperaUpClose Ltd

Outside Edge Theatre Company

Orchestra of the Age of Enlightenment

Oval House Theatre

Peut-Etre Theatre Limited

Pitzhanger Manor and Gallery

Reach Inclusive Arts

Roundabout

Scene & Heard

Shire Hall (Dorchester) Trust

Signals' Essex Media Centre Ltd

Soumik Datta Arts

Strike a Light (Gloucester)

Small Green Shoots

Stuff & Nonsense Theatre

Take a Part CIO

Theatre Royal (Plymouth) Limited

The Mighty Creatives

The Wardrobe Theatre

Tomorrow's Warriors Trust

Trinity Community Arts Ltd

Unanima Theatre

Vagina Museum

Whitechapel Gallery

Wiltshire Creative

Yorkshire Youth and Music Limited

Youth Music Foundation

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## About the authors

The Audience Agency (TAA) is UK-based non-profit working nationally and internationally to enable a vibrant, relevant cultural sector better able to create cultural and creative opportunity for everyone. Its research is used by policymakers, funders and sector bodies nationally, regionally and locally to inform policy and strategy.

MyCake's financial analyses are used by central & local government, Arms Length Bodies, private trusts & foundations and wide assortment of sector support organisations and individual arts, culture & heritage organisations to inform policy development and deliver programme evaluation.

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A common thread between all the research partners is a focus on granular data, acquired at scale whilst placing the least burden on the sector being researched.

# Thank you

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