

Council Minutes – meeting 150

Date of meeting:	Friday 19 February 2016.
Venue:	The Management Centre, University of Bangor.
Present:	Dai Smith (DS), Andrew Miller (AM), Gerwyn Williams (GW), John Williams (JW), Melanie Hawthorne (MH), Lesley Hodgson (LH), Marian Wyn Jones (MWJ) and Mike Griffiths (MG).
In attendance:	Nick Capaldi (NC), David Alston (DA), Betsan Moses (BM), Hywel Tudor (HT), Sian Tomos (ST), Kath Davies (KD), Diane Hebb (DH), Andrew Richards (AR), David Newland (DN) and Katy Brown (KB) – minuting.
Apologies:	John Geraint (JG), Margaret Jervis (MJ), Alan Watkin (AW), Kate Woodward (KW), and Richie Turner (RT).
Observing:	
Translation:	Lowri Gwyn (LG)
Status of paper:	For public release.

	Action
<p>1. Welcome, introductions and apologies</p> <p>The Chair welcomed members to the meeting held at The Management Centre, Bangor. Members had enjoyed the opportunity of visiting Pontio the previous evening and congratulated officers – especially Kath Davies – on its completion.</p> <p>Apologies were recorded.</p> <p>Council expressed their deepest sympathy for JG whose close family member had recently passed away.</p> <p>Council wished well to HT's wife who was recovering from a recent</p>	

operation.

Re-appointment of Arts Council of Wales Chair

DS advised members that the Welsh Government had conducted interviews in early February for his successor as Chair of Arts Council of Wales. He understood that the Appointment Panel's recommendation had been forwarded to Ministers for their consideration. DS awaits an announcement.

2. Declarations of Interest (to note)

Members of Council asked for Declarations of Interest to be recorded in the minutes (attached as an appendix to these minutes). The importance of recording accurate Declarations was stressed given the business of the meeting.

3. Minutes of the meeting held on Friday 11 December 2015

The Minutes of the meeting were **approved** as a correct record.

4. Matters arising

All action points were reported as completed.

Re-appointment of Council Members

At the last meeting DS advised Council that 6 members' terms would come to end on 31 March 2016. The Deputy Minister has re-appointed AW, JW and RT to serve for a further term of three years.

Zoom Cymru

At the last meeting, members had been advised of the decision taken by the Board of Zoom to cease trading. The Chair had asked Officers to approach Zoom one final time to see if an alternative to closure could be found.

KD reported that she had met with Zoom and Officers had suggested that the organisation try and work with the Arts Council and Ffilm Cymru Wales to explore alternative business models. Zoom did not wish to do this and the only business model advanced by the company was one that required a further 6 months revenue funding. Officers did not believe that this was a sustainable option.

However, the demand for work of this type remains and officers are exploring with Ffilm Cymru Wales a range of alternative models that retains this activity.

<p><u>Literature Wales</u> DS met with Damian Walford-Davies, Chair of Literature Wales. He advised members that the Literature Wales Chair was keen to cooperate over future strategic planning and that he supported proposals for a series of workshops to advance the findings of the international research.</p> <p><u>Creative Learning through the arts – Welsh Language</u> In response to a query, NC confirmed that the second round of recruitment to the lead Creative Schools programme was targeting Welsh language schools. He also reported that Sian James, a Welsh Language speaker, had been appointed to the team as Project Manager.</p> <p><u>Venice Biennale</u> Louise Wright, Portfolio Manager, will be conducting a sustainable development assessment of the project as part of the project’s future planning. The Sustainable Development Group offered their assistance in developing a process that balanced economic, social, cultural and environmental benefit/costs as part of the decision making process.</p>	ST
<p>5. Committee Minutes</p> <p>5.1 Audit Committee – held on 28 January 2016</p> <p>HT provided an overview of some of the key pieces of business conducted at the Audit Committee Meeting.</p> <p>The report was noted.</p>	
<p>5.2 Internal Audit Report: Grant Funding</p> <p>Last October, Officers became aware of an actual or potential fraud involving an open-to-application Lottery grant. As part of our process of investigation and assurance, Audit Committee asked our internal auditors, Deloitte, to assess the adequacy and effectiveness of our internal controls and processes.</p> <p>Having completed their review and considered the steps taken by the Arts Council, Deloitte confirmed that they do not consider there to be any significant steps missing in the process followed by the Arts Council to date. Once the relevant matters had been concluded, Council would submit the necessary reports and notices to the Charity Commission.</p> <p>It was noted that the Audit Committee had offered expert and supportive advice to officers. This had been greatly appreciated.</p> <p>Council members asked that their thanks be conveyed to Officers and Audit</p>	

<p>Committee members for all their hard work.</p> <p>The report was noted.</p>	
<p>5.3 Welsh Language Monitoring Group – meeting held on 8 February 2016</p> <p>MWJ provided an overview of some of the key pieces of business conducted at the Committee Meeting.</p> <p>Preparation and publication by the Welsh Government of the new Welsh Language Standards remained a matter of concern. The slow progress of this work had been reported to Council on numerous previous occasions. However, with Standards having been agreed in the National Assembly on 9 February 2016, it did now look as though matters were moving towards a conclusion.</p> <p>The next stage in the process is for the Arts Council to be issued with an Enforcement Notice by the Welsh Language Commissioner. This will specify which of the Standards apply to us. Until that time it is difficult to assess accurately the precise implications for the Arts Council. Officers will be attending a Consultation meeting organised by the Commissioner later in February.</p> <p>It was agreed that this was now an appropriate moment for Council to receive a paper at its next meeting on the potential implications of the Welsh Language Standards.</p> <p>Other issues discussed by the Monitoring Group included the work of the ‘Night Out’ scheme and our consultation around the creation of a new Funding Agreement. It was confirmed that Welsh Language targets and requirements would continue to feature strongly in the Funding Agreement.</p> <p>Council members were saddened by the news that John Albert, Welsh Tutor, had passed away. He had supported the Welsh Language learning of a number of Arts Council staff.</p> <p>The report was noted.</p>	<p>NC</p>
<p>5.4 Capital Committee – meeting held on 22 January 2016</p> <p>GW provided an overview of some of the key pieces of business conducted at the Capital Committee Meeting.</p>	

Capital Committee Membership

KD reported that both independent members Ruth Crayford and Mark Davies have agreed to renew their membership for a further second term. Both JW and AW have also agreed to continue their membership for a further term. All of these proposals is subject to Council's approval.

Council **approved** the re-appointments.

Plas yr Esgob

GW reported that Plas yr Esgob will be officially opening on Monday 21 February 2016.

Glynn Vivian Art Gallery

It was reported that unfortunately the project had not yet achieved practical completion, as had been hoped. Despite the best efforts of Arts Council officers and external consultants, the extended 'get-in' period for the return to the gallery meant that opening was unlikely to take place until 2017.

Hafren

It was reported that the support for the project at its projected scale was subject to confirmation. Hafren had been included in the new RFO portfolio in the Investment Review, but it was acknowledged that there were longer term strategic issues that needed to be addressed.

Pontypridd YMCA and Artis Community

Officers reported that the project is taking longer than expected. Officers continue to be fully engaged with the project.

5.5 Capital payment Profile

At the last Council meeting, Capital Committee offered to prepare a paper setting out the likely schedule of payments for the remainder of the Capital programme. AR presented the report which included information that had been presented to the Capital Committee in November 2015.

The figures and profile are updated on a regular basis to ensure members are provided with full information on all current and future capital projects. The timing of capital payments was notoriously difficult to predict. So the report differentiated between funds committed (and not yet drawn down) and the uncommitted funds available for new projects.

The report was **noted**.

5.5 Sustainability Monitoring Group – meeting held on 16 February 2016

MH provided an overview of some of the key pieces of business conducted at the Sustainability Monitoring Group Meeting.

Data Collection Evidence Research

A discussion had taken place about the various free tools available to record Sustainable Development data, i.e. Julie’s Bicycle and Defra. Officers would look at exchanging the data tools.

The report was **noted**.

5.6 Equalities Monitoring Group – meeting held on 14 January 2016

In the absence of RT and DH, NC reported that the Group had been reviewing the effectiveness of its activities, prompted by the findings in the Equalities Annual Report 2014/15. The Group had noted that important projects had been achieved and that it had been a busy year. However, the Group was beginning to question whether it had been busy with the right things.

In spite of the enormous amount of research and compliance activity, important areas of development appeared not to have progressed as much as we would have wished. In the Group’s view, there was a danger that in the midst of compliance and reporting, we risked losing sight of the ‘real’ priorities. As part of its planning for 2015/16, the Group would be exploring whether a more focused approach – with a smaller number of more ambitious targets – might offer a better approach.

The report was **noted**.

6. Planning 2016/17

6.1 Remit Letter 2016/17

NC reported that he were not yet in receipt of the Welsh Government’s Remit Letter for 2016/17. He hoped to receive this soon.

6.2 Operational Plan 2016/17

NC summarised the key issues that will affect Council’s work next year, and explained in broad terms the actions that Officers propose to take.

<p>We await receipt of the Arts Council Remit Letter 2016/17. This will allow us to complete the definition of our 2016/17 targets. NC presented a draft version of the targets on the understanding that they might possibly change.</p> <p>Council highlighted the following issues:</p> <ul style="list-style-type: none"> • Well-being – it was acknowledged that the Welsh Government’s new legislation held important implications for Council. NC saw this as offering positive opportunities to demonstrate the contribution of the arts across a wide range of Government agenda. Council endorsed this view. However, some Council members urged caution, stressing the importance of avoiding too much ‘mission creep’. Council’s overall objectives would not be well-served if our resources and energies were too thinly spread • Arts and Health – there was strong support within Council for making this a key priority. Council was reminded that officers had prepared in 2007 a joint Arts and Health Strategy with the then Health Minister. It was agreed that KB would circulate the document to Council for information. • Evidence-based policy development – Council was increasingly aware of the importance of research to Council’s policy development <p>Council agreed the approach set out in the paper for the completion of the Operational Plan.</p> <p>It was also agreed that a finalised version of the Targets for 2016/17 would be available to Council at its next meeting.</p>	<p>KB</p> <p>NC</p>
<p>6.3 Budget 2016/17</p> <p>Council was asked to consider, and approve, the overall budget allocations for 2016/17. The allocations took account of the proposed reduction in Welsh Government grant-in-aid funding of -£1.5m.</p> <p>It was noted that separate papers elsewhere on the meeting’s agenda set out recommendations for:</p> <ul style="list-style-type: none"> • the portfolio of revenue funded organisations (see 7.2) • the Strategic and Lottery budgets (see 7.3) <p>The Running Costs budget will be presented to Council at its March meeting.</p> <p>For the financial year 2016/17, Council:</p> <ol style="list-style-type: none"> 1. Noted the Welsh Government’s provisional allocation of £30,526,000 to the Arts Council of Wales 2. Noted that Officers are estimating an annual income of £18,000,000 	<p>HT</p>

from the Lottery

3. **Approved** a funding allocation of £25,840,000 to the new portfolio of funded organisations
 4. **Approved** a budget for Strategic funding of £2,600,000
 5. **Approved** a budget for Lottery funded activity of £22,349,000
 6. **Noted** that the Running Costs budget proposals will be presented for Council's approval at our March meeting
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7. Investment Review 2015

7.1 Project report

KD provided an update on the status of the project. It was reported that all disinvested organisations had applied for transitional support and that funding had been agreed. Officers had been working and supporting the organisations in question and the Chair recorded Council's thanks for excellent support and advice received from AR.

The current focus of work, once funding announcements had been made, would be finalising Funding Agreements.

7.2 Revenue Funding Organisation recommendations 2016/17

In October 2015 Council announced a provisional list of organisations that it recommended for inclusion in our new RFO portfolio. The announcement marked the end of the first phase of the Investment Review 2015.

Council was reminded that final confirmation of funding to portfolio members would be dependent on the level of funding forthcoming from the Welsh Government. In November 2015 the Welsh Government published a draft budget for 2016/17 which included a cut of -£1.5m in funding to the Arts Council. Nevertheless, Council agreed at its October meeting its intention to fund the portfolio that had been identified in September.

Council was reminded of the extended, step-by-step process taken to arrive at this decision point. Management of the process, the assessment of the applications and Council's decision-making had been consistent at all times with the provisions of the Investment Review Terms of Reference. As well as emphasising the importance of the quality of the applications themselves, Council also had to consider a range of strategic, policy-related factors.

Council also had to consider how to balance the ambitions of the Investment Review Terms of Reference against the fact that £1.5m of grant-in-aid had been removed from the Arts Council's budget for 2016/17. This severely

restricted Council's room for manoeuvre and inevitably meant that Council's choices were more limited than it would have wished.

Council considered the role that Lottery funding might play in helping to relieve budget pressure. This had been a consistent concern for Council over a number of meetings, although they noted that the degree of available flexibility was already constrained by RFOs' success in securing funds for additional activity. It was agreed that this needed further investigative analysis.

In the meantime, Council confirmed that it did not wish to blur the line between grant-in-aid and Lottery unless there was a good strategic reasons for making an exception. (Council acknowledged that there might be a limited number of instances where activity was either project-based or of a festival-type nature and therefore better suited to Lottery support.)

Council endorsed the differential approach to applying funding reductions. In particular, they supported funding smaller organisations on a standstill basis. Council members noted, however, that smaller organisations should be made aware that it might be difficult to continue to protect them if the Arts Council suffered further funding reductions. Organisations should therefore be encouraged to plan their future costs and revenue strategies accordingly.

Council recognised the challenges to the larger organisations whose funding would reduce, in the case of the national companies by up to -3.5%. However, the scale of funding overall to larger organisations – and the need to accommodate the £1.5m cut – restricted Council's options. This also informed Council's decision to restrict additional funding to only two exemplary applications.

It was noted that the Welsh Government's final budget for 2016/17 will not be finalised until 8 March 2016.

Members thanked and congratulated NC and Officers on their hard work during the Investment Review.

Council :

1. **Approved** the RFO funding recommendations for 2016/17 (as set out in the schedule attached as an Appendix to the Council paper)
 2. **Agreed** the change to a national portfolio of organisations to be called the Arts Council's Arts Portfolio Wales
 3. **Noted** that the portfolio would be informed of the decisions on 24 February
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7.3 Strategic and Lottery Funding 2016/17

NC presented the paper which invited Council to consider, and approve, funding allocations for two budget areas in 2016/17: Strategic, Services and Development budgets; and Lottery.

The paper included two appendices:

Appendix 1: Strategic, Services and Development budget proposals

Appendix 2: Lottery budget proposals

Members asked that the Local Government Research heading be retitled to Local Government and Local Government Trust Research to flag up the changed landscape.

Council **approved** the funding allocations.

7.4 Revenue Funding Agreements: results of consultation

The number of responses to the consultation had been a little disappointing. However, some useful comments had been made which would assist officers in preparing the new Funding Agreements.

Council **noted** the report.

8. Organisational Review

Increasing cost pressures require us to keep our running costs under constant review. Council noted, however, officers' proposal to step back from an immediate wholesale Organisational Review. Instead, it was suggested that there might be merit in pursuing an incremental process of review that looks first at how a more targeted look at other areas of operation might achieve more immediate cost saving results.

This would not remove the need for an Organisational Review. However, by taking this approach, we could defer more radical action until we are clearer about the scale of savings needed beyond 2016/17. This would help us reach a more focussed sense of where structural reform is most needed.

Council noted the focus on examining terms and conditions for staff. Council stressed the importance of balancing the need to save money with the case for being a progressive and forward-looking employer. However,

it was important that the Arts Council was seen to adopt a responsible and careful attitude towards the use of taxpayer's money.

Council **agreed** the approach set out in the paper. The document would be shared with the Union and workplace colleagues.

9. Finance matters

9.1 Finance Report year to January 2016 and recommendations for Budget virements

HT presented the report which provides Council with a high-level overview of income and expenditure to the end of January 2016 and drew attention to matters which may require discussion and action. It also contained recommendations for virements between budgets, further to those approved at the mid-year review.

Council:

1. **Noted** the financial position;
2. **Discussed** matters arising;
3. **Approved** the recommended funding for the PRS Foundation
4. **Approved** the recommendations for budget virements

9.2 Funding recommendations

Decisions on Lottery applications of £50,001 or more require Council approval. Two recommendations were presented.

	Organisation	Request	Recommendation	Strand
20151343	Hay Festival of Literature and the Arts Ltd	£70,000	£70,000	Festivals
20151331	Swansea Festival of Music and the Arts Ltd	£70,000	£70,000	Festivals
		£140,000	£140,000	

Council **approved** the application from Hay Festival with an award of up to £70,000, with the following additional conditions of grant:

1. That you submit written confirmation to your Project Officer (becca.scotcher@artscouncilofwales.org.uk), prior to release of the first payment, that all online and printed information about the specific

activity you're asking us to fund in 2016 will be fully bilingual.

2. That you submit the draft Milestone Plan to your Project Officer by 31 March 2016. This should outline the development of provision planned and to be delivered for the 2016 Hay Festival.
3. That you submit the updated Milestone Plan to your Project Officer by 30 September 2016. This should outline the development of provision planned and to be delivered for the 2017 Hay Festival.

Council **approved** the application to Swansea Festival of Music and the Arts with an award of up to £70,000, along with the following additional conditions of grant:

1. That you submit written confirmation of all partnership funding, including written confirmation from a senior officer of the City & County of Swansea's financial commitment to the project following receipt of their budget settlement for 2016/17, to your Project Officer (Suzanne.Griffiths-Rees@artscouncilofwales.org.uk) prior to the release of the first payment.
2. That you submit a confirmed programme of events to your Project Officer prior to the release of the first payment.

9.3 Capital recommendations

Under Council's financial procedures, Capital Committee has delegated authority to take Capital decisions up to the value of £250,000. Capital Committee recommended an award of £2,300,000 to Wrexham Borough Council to progress the transformation of an existing building (known as "The People's Market") into a new creative arts/ cultural facility.

Council:

1. **Approved** the application for £2,300,000 (or 50.4% of the eligible cost, whichever is the less).
2. **Agreed** that the award subject to a separate legal agreement between Wrexham County Borough Council and the Arts Council of Wales which would incorporate the additional points listed in the meeting minutes as Conditions Precedent.

9.4 Banking tender

The Arts Council of Wales recently invited tenders for the provision of our banking services and the selection process has resulted in a change of bankers.

Council

1. **Noted** the contents of the paper
2. **Approved** the appointment of Santander UK PLC as the Council's bankers
3. **Nominated** two Trustees to sign appropriate documentation (DS and JG)
4. **Approved** the new bank mandate.

DS/
JG

10. Cymru yn Fenis/Wales in Venice

In December, Council received officers' report on the 2015 exhibition. Council also approved the future model for selection to be adopted for the 2017 Exhibition, subject to identification of resources and budget.

Since then, an independent evaluation of our presence in Venice had been commissioned from Arad Research. Council last evaluated its presence at the Venice Biennale in 2008.

Arad's conclusions were largely positive and it suggested key issues that Council would wish to consider for future Wales in Venice projects. The Arad report's Executive Summary was presented and the full report was available on Ffynnon.

Council welcomed the report.

Council:

1. **Noted** the Arad research
2. **Approved** the publication of the Executive Summary
3. **Endorsed** the budgetary approach set out paper 7.3

11. Chair's Business

11.1 Chair's Report

DS reported on recent events and matters.

Council **noted** the report.

11.2 Chair's Action

Chair's Action: Welsh Joint Education Committee

DS advised members that under financial arrangements, provision is made for urgent grant decisions to be taken if they fall outside our normal Council meeting cycle. The mechanism used – Chair's Action – is deployed on an exceptional basis.

The Grant Decision relates to funding to enable Officers to advance the work of the Task and Finish Group on the national youth performing ensembles (National Youth Arts Wales).

Council **supported** and **noted** the funding decision taken as Chair's Action.

12.1 Chief Executive's Report

The Chief Executive's report detailed recent meetings, events and performances that the Chief Executive had attended. The Chief Executive's report also included information on staff joining and leaving the Council since the last meeting.

Members commented on the following:

'Iphigenia in Splott'

NC had attended the performance at the National Theatre in London. Members congratulated Rachel O'Riordon, Artistic Director of Sherman, Sophie Melville (Iphigenia) and Gary Owen (writer).

Wales Theatre Awards

All of the nominees and winners had been funded by Arts Council Wales.

Brecon Jazz

It was noted that there would be a small-scale event in 2016. DA reported that he had met with a stakeholder group to consider future options. The Brecon Chamber of Commerce had indicated a willingness to commission a feasibility study on what can be provided in place of the Brecon Jazz Festival.

Council **noted** the report.

13. Reports for information and approval

13.1 Equalities Annual Report 2014/15

Council received the draft Annual Equality Report at its last meeting and asked that the report be discussed further with the Equalities Monitoring

<p>Group. The Group undertook a further review of the report at its meeting on 14 January and agreed to recommend a small number of changes to the report.</p> <p>The document substance had not changed. However, further discussion would be required on addressing the issues highlighted in the report.</p> <p>Council approved the report for publication.</p>	
<p>13.2 Operational Plan 2015/16 – Q3 report</p> <p>Council noted the report.</p>	
<p>13.3 Sustainable Development Action Plan – Q3 report</p> <p>Council noted the report.</p>	
<p>13.4 Welsh Language Action plan – Q3 report</p> <p>Council noted the report.</p>	
<p>13.5 Equalities Action Plan – Q3 report</p> <p>Council noted the report.</p>	
<p>15. Date of the next meeting</p> <p>Friday , 18 March 2016 Arts Council of Wales, Cardiff.</p>	

Council meeting
 Friday 19 February 2016:
 Summary of actions and decisions

Agenda item	Action/Decision	Responsibility
4	The Sustainable Development Group offered their assistance in suggesting models for our presence at the Venice Biennale 2017 that balanced economic, social, cultural and environmental benefit/costs as part of the decision making process.	ST
5.3	Council would receive a paper at its next meeting on the potential implications of the Welsh Language Standards.	NC
6.2	Our previous Arts and Health Strategy document would be circulated to Council members for information.	KB
6.2	Revised targets for 2016/17 would be presented to the March 2016 Council meeting.	NC
6.3	The Running Costs budget for 2016/17 will be presented to Council at its March 2016 meeting.	HT
9.4	Two Trustees were nominated by Council to sign the Banking Tender documentation.	DS/JG