

Council Minutes – meeting 154

Date of meeting:	Friday 16 September 2016.
Venue:	The Arts Council of Wales, Cardiff.
Present:	Phil George (PG), Melanie Hawthorne (MH) left at 14.00, Richie Turner (RT), John Williams (JW), Marian Wyn Jones (MWJ), Andrew Miller (AM), Margaret Jervis (MJ), Alan Watkin (AW) arrived at 10.30 and Mike Griffiths (MG).
In attendance:	Nick Capaldi (NC), David Alston (DA), Hywel Tudor (HT), Sian Tomos (ST), Diane Hebb (DH), Andrew Richards (AR), David Newland (DN), Kath Davies (KD) Chris Batsford (CB), Ben Thatcher (BT) and Katy Brown (KB) – minuting.
Apologies:	Lesley Hodgson (LH) and Kate Woodward (KW).
Observing:	Andrew Stevenson (AS).
Translation:	Lynwen Davies
Status of paper:	For public release.

		Action
1.	<p>Welcome, introductions and apologies</p> <p>The Chair welcomed members to the meeting held at Arts Council of Wales, Cardiff.</p> <p>Apologies were recorded.</p>	
2.	<p>Declarations of Interest (to note)</p> <p>Members of Council asked for Declarations of Interest to be recorded in the minutes (attached as an appendix to these minutes).</p>	

<p>The following were noted:</p> <ul style="list-style-type: none"> • MWJ's term with the S4C Authority ends November 2016 • MG's term with DMG Educational Ltd and Chair of 'Teach First' Steering Group ends February 2016 	
<p>3. Minutes of the meeting held on Friday 8 July 2016 The Minutes of the meeting were approved as a correct record.</p>	
<p>4. Matters arising</p> <p>All action points were reported as completed.</p> <p><u>Wales in Venice</u> NC reported that at the last meeting it was agreed that the approval of any payments in the interim could be delegated to the Chair and Chief Executive. Chapter is managing the project and has finalised the terms of the Agreement. We are, however, awaiting the cashflow which will determine the schedule for payments.</p> <p>Council agreed to extend the existing arrangements under which Council delegated to the Chair and Chief Executive the authority to sign off any final agreement.</p> <p><u>Creative Learning through the Arts</u> DH reported that the second round of the Lead Creative Schools programme is now underway. It was agreed that Officers would share the list of the 67 participating schools (and contact leads should a Council member wish to visit a school).</p> <p>DH will circulate contact details for the local Creative Learning team staff who would co-ordinate schools visits on request.</p> <p><u>Staff Survey</u> At the last meeting it was reported that the Audit and Risk Assurance Committee had suggested that a staff survey should be conducted on an annual basis. The Committee had noted that Civil Service template might provide a basis for this work.</p> <p>A key issue would be the suitability of the Survey to the particular role and function of the Arts Council as a body at "arm's length" from Government. The appropriateness of the Civil Service scheme will be discussed with the HR and Remuneration Committee at its November meeting.</p>	<p>DH</p> <p>HT</p>

Venue accessibility programme

KD reported that the guidelines for the Lottery Capital programme have been amended. The partnership funding requirement has now been lowered to 25-30% (rather than the previous 50%). Officers are optimistic that this will encourage a better take-up of the programme.

Galeri Caernarfon Ltd

KD was pleased to report that the delivery of Galeri's capital project is progressing well.

Mission Gallery

At the last meeting, Council deferred making a funding recommendation. One of the key issues at that time had been Mission's capacity to manage a demanding capital project. There have been discussions with Swansea Council who have indicated that they might be able to help. KD will keep Council informed of progress.

Sustainability and Future Generations

At the last meeting, it was reported that there had been an increase in our Carbon footprint, in particular in relation to the travel of the Creative Learning through the Arts Team and WAI. Officers are working closely with the teams to put measures in place to reduce the environmental impact. Progress is being made.

EU Referendum matters

A Wales European Arts Forum meeting in partnership with Creative Industries Federation was held in Swansea on 6 September to discuss the implications of the EU Referendum outcome. DA shared the outcome of the event.

HT had attended a Welsh Government Sponsored Bodies meeting hosted by Welsh Government to discuss Britain's exit from the European Union.

5. Organisational Review

5.1 Financial parameters

Context

The Director Finance and Resources presented the paper setting out the financial context for the Organisational Review.

He reminded members that increasing cost pressures – against a back-drop of funding cuts – require us to reduce our running costs.

This will involve changes to the way that we work and will result in a reduction in staff numbers. HT explained that the 'real terms' value of our funding had reduced significantly. Five years of funding cuts has meant that combined grant-in-aid and Lottery funding – adjusted for inflation – is actually less than it was 21 years ago. Our savings target for the current and subsequent years is in excess of £600,000. Remedial action had been taken in the current year to mitigate this, but a major reduction in ongoing running costs would be required from 1 April 2017.

Council noted that if we were to minimise the number of compulsory redundancies, we needed to make savings elsewhere in our running costs. Terms and conditions was an area that Council felt had to be examined. Whilst Council wants to be a supportive and forward-looking employer, an appropriate balance must be struck between investing in the well-being of staff and maximising funding for our charitable and public purposes.

Redundancy Policy

A key area for re-negotiation has been our Redundancy Policy. Council considered the note from the union regarding the Redundancy Agreement. Council welcomed the positive stance, as set out in the union's note, and felt that this now offered the basis of an agreement that Council could sign up to.

Council therefore **agreed** a new limit for exit payments, which would be:

- £95,000 (as defined in the Public Sector Exit Pay Regulations 2016); or
- 21 months' salary, whichever is the lower.

There would be a further period of consultation, as might be legally required.

Council noted the union's comment that it did not want to engage in further negotiations of the Redundancy Policy in the immediate aftermath of the Organisational Review. Council understood the Union's position, and was content to accept the broad principle of this. However, Council remains anxious to ensure our Redundancy Policy is comparable to others in the public sector and asked that union and management explore the scope for further revisions, including those that might apply to new members of staff joining the organisation.

Council acknowledged the Union's preference not to examine this in the immediate aftermath of the Organisational Review. However, Council noted that external circumstances (especially changes in funding), may necessitate

a further review.

Pensions

It was noted that current employee contributions to our pension scheme are set at three different levels – 1.5%, 3.5% and 6% – depending on the date that the member of staff joined the scheme. Council **agreed** the proposal that there should be a single contribution rate for all staff of 6%. The proposals should also consider mitigating actions that ameliorate the impact for staff who would be affected by more significant reductions in take-home pay. It was noted that the proposed changes would trigger a 60-day consultation period

Medium-term financial issues

Council's goal is to match costs to income, achieving sustainability in the longer term. It was noted, however, that this will be significantly affected by any changes in our two principal sources of income: Government grant-in-aid and Lottery. Both are difficult to predict in the medium to longer term, but for the purposes of our current exercise we have assumed a 'flat' budget projection over the next three years. Council was aware that this approach was not without risk. Representations have been made to Welsh Government Ministers. Ministers acknowledge the challenge but its ability to protect, or even increase, current levels of funding will depend in large part on the UK Government's Autumn statement.

Council also noted that sustained competition from new and emerging Lotteries (as well as online betting on Lottery results) are having a significant impact on income for the Lottery good causes. This will be kept under close review.

5.2 Staff consultation

Following its July meeting, Council published, for consultation, the "Design Principles and the Process for Implementing the Organisational Review". This paper was published as a consultative document for staff, and three members of staff undertook an analysis of the consultation responses. The staff comments were discussed as well as Council's response.

Council thanked the three members of staff – Angela Thomas, Lowri Jones, Helen Williams – for their excellent work in collating the staff response.

Council **agreed** to delegate to the Chair the responsibility for editing and issuing the final version of Council's response.

PG

5.3 Staffing proposals

Context

NC explained what had been completed since the Review's terms of reference were signed off by Council at its July meeting. Work had progressed over the summer, led by the Chief Executive assisted by a Project Group comprising Senior Management Team and the HR Manager. Council members had met with the Group on two occasions over the summer to discuss the progress of the Review. Proposals had been developed within the parameters of the financial analysis discussed earlier by Council.

Equality Impact Assessment

Council noted the Equality Impact Assessment (EIA) of the proposals. In particular, Council discussed its concern at the cumulative impact of two Organisational Reviews on overall staff capacity. Staff numbers had reduced significantly in 2011. The current Review proposed further reductions. As staff numbers reduced again, there was a risk that staff workloads would increase and that some people in 'Protected Characteristic' groups might be disproportionately affected. It was noted that specific mitigating actions would need to be part of the final proposals that Council considers in December.

The proposals

Council emphasised that it wanted to pursue a change agenda, not just a cost-cutting agenda. Council was clear that future success depended not just on what we do, but how we do it. Council identified five priority areas for change and improvement.

1. Planning and cross-organisation working
2. The Arts Portfolio Wales
3. Building partnerships with local government
4. Arts development, advice and funding
5. Learning and Development

Council discussed proposals for an overall reduction in staff of 9.5 full-time equivalent posts.

Reductions will be made across the organisation, although it was **agreed** that the Creative Learning team would be excluded. We currently employ 76 full-time equivalent staff. The proposed reduction represented 12.5% of that total (although it was noted that two of the posts that were proposed to be made redundant are currently vacant).

<p>Council:</p> <ol style="list-style-type: none"> 1. Agreed the staffing proposals as the basis for consultation with staff 2. Endorsed the publication to staff of the consultative document, <i>Make: Reach: Sustain</i> 3. Agreed to seek the views of our Audit and Risk Assurance Committee and our HR and Remuneration Committee 4. Agreed to seek the views of the Welsh Government. 	
<p>6. Committee Minutes</p> <p>6.1 Audit & Risk Committee - meeting held on 29 June 2016</p> <p>The report was noted.</p>	
<p>6.2 Audit & Risk Committee – meeting held on 7 September 2016</p> <p>HT provided an overview of the key business conducted at the meeting.</p> <p>The meeting at was held Sport Wales which also joined part of the meeting. The purpose was to share information and the focus was on four key areas: Performance Measures, Lessons learnt from the fraud incident, Risk Register database and emerging themes and trends.</p> <p>The Annual Accounts were also discussed and finalised for presentation to Council.</p> <p>The report was noted.</p>	
<p>6.3 Welsh Language Monitoring Group – meeting held on 31 August 2016</p> <p>MWJ provided an overview of the key pieces of business conducted at the Welsh Language Monitoring Group Meeting.</p> <p>It was reported that the Welsh Language Commissioner had agreed to our requests to adjust some of the Standards in our draft Compliance Notice.</p> <p>The Group had discussed the importance of maintaining sufficient numbers of Welsh-speaking staff across the Arts Council, and in all teams.</p> <p>It was reported that Rob Ashelford, from NESTA, had provided a presentation regarding digitalism and language during the group meeting.</p> <p>The report was noted.</p>	

7. Chair's Report

PG reported on recent events and matters.

The Chair visited the Glynn Vivian Gallery. He congratulated KD and all those who worked to develop this impressive capital refurbishment project.

He also reported that he had been invited to speak at the launch of the National Assembly's Arts and Health cross party group on 29 September.

Council recruitment

It was reported the seven candidates had been shortlisted and will be interviewed later in the month. It was hoped that successful candidates would be able to attend their first Council meeting in December.

National Eisteddfod – Lle Celf

PG attended the opening of the 'Lle Celf' and Theatr Genedlaethol's performance of 'Rhith Gân'. There have been some issues with the practical arrangements for Lle Celf and BM would be raising these in a letter to the Eisteddfod organisers.

MWJ had enjoyed the Eisteddfod but felt that more could have been done to help the many English speakers who had attended. More prominent information about translation would, she felt, have been beneficial in widening the appeal of the Eisteddfod beyond its core audience.

8. Chief Executive's Report

8.1 Chief Executive

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

The report was **noted**.

9. Annual Accounts

9.1 General Activities Account 2015/16

9.2 Lottery Distribution Account 2015/16

It was reported that both the General Activity and Lottery Accounts were now ready for formal approval.

<p>HT provided an overview of the accounts and explained that these are required to be laid before Parliament and National Assembly prior to the Summer Recess. HT explained the key points of both sets of Accounts including the new format.</p> <p>Council approved both the General Activity and Lottery Accounts.</p> <p>Council also approved the Annual report subject to minor amendments and for publication at the appropriate time.</p> <p>MWJ advised officers that the reference to Welsh speaking members of staff is inconsistent with the figure in the Welsh Language Annual Report. HT will look into the matter and liaise with MWJ over the correct wording.</p> <p>Council thanked the Finance and Communications teams for their hard work, efficiency and imagination in the preparation of the audit and the completion of the excellently designed final documents.</p>	HT
<p>9.3 Audit of Financial Statements Report and Management Letter 2015/16</p> <p>HT drew Council’s attention to a memorandum from WAO highlighting key issues to be brought to Council’s attention. It was noted that the Auditor General intends to issue an unqualified audit report on the Arts Council of Wales General Activities Account financial statements. It was expected the Controller of the National Office would be doing the same in respect of the Lottery Account.</p> <p>Council welcomed the unqualified audit reports and congratulated officers on receiving a Management Letter with no points of concern or recommendation.</p> <p>Council noted the report.</p>	
<p>10. Governance and compliance</p> <p>10.1 Charity Commission Report</p> <p>In October 2015 officers had identified a case of potential fraud. An immediate investigation was launched according to our procedures, and all relevant organisations had been notified (including the police). Matters were now closed, and the Arts Council is required to submit a formal report to the Charity Commission.</p>	

<p>and was seeking the Council's approval.</p> <p>Council approved the request as set out in the recommendations from the Chief Executive in his paper.</p> <p>JW returned to the room.</p>	
<p>10.5 Welsh Language Annual Report 2015/16</p> <p>Welsh Language Monitoring Group's report for the financial year 2015/16, together with its updated Action Plan and targets set for 2016/17.</p> <p>Once approved, Officers will publish the report on the website and submit a copy to the Welsh Language Commissioner.</p> <p>MWJ thanked Angela Thomas and BM for all their hard work on preparing for introduction of the Welsh Language Standards.</p> <p>Council noted the contents of this report.</p>	
<p>11. Finance Report for 5 months to 31 August 2016</p> <p>This report provides Council with a high-level overview of income and expenditure to the end of August 2016 and draws attention to matters which may require discussion and action.</p> <p>Council:</p> <ol style="list-style-type: none"> 1. Discussed matters arising 2. Noted the financial position 	
<p>12. Date of the next meeting</p> <p>Friday, 14 October 2016 Dylan Thomas Centre, Swansea</p>	

Council meeting Friday 16 September 2016: Summary of actions and decisions

Agenda item	Action/Decision	Responsibility
4.	Contact details for the local Creative Learning team staff will be circulated to Council members would like to visit Lead Creative Schools.	DH
4.	An Annual Survey of Staff will be discussed at the November meeting of the HR and Remuneration Committee.	HT
5.2	The Chair to edit and issue the final version of Council's response to staff consultation.	PG
9.2	HT to liaise with MWJ over the correct wording on the number of Welsh speaking staff for inclusion in the annual accounts.	HT
10.	The Charity Commission report to be submitted.	HT
10.2	Information to be provided on the scale and extent of the lottery funding to Arts Portfolio Wales.	KD
10.2	An update on the Resilience Programme to be provided to the October meeting.	KD