

Council Minutes – meeting 159

Date of meeting:	Friday 19 May 2017.
Venue:	The Arts Council of Wales, Cardiff.
Present:	Phil George (PG), Richie Turner (RT) left at 14.30, John Williams (JW), Andy Eagle (AE), Melanie Hawthorne (MH), Marian Wyn Jones (MWJ) via videolink left at 14.00, Iwan Bala (IB), Lesley Hodgson (LH), Kate Eden (KE), Dafydd Rhys (DR), Alan Watkin (AW) and Mike Griffiths (MG).
In attendance:	Nick Capaldi (NC), David Alston (DA), Hywel Tudor (HT), Sian Tomos (ST), Diane Hebb (DH), Kath Davies (KD), Louise Wright (LW) 6.1, Andrew Richards (AR) item 9.1, Betsan Moses (BM), David Newland (DN) and Katy Brown (KB) – minuting.
Apologies:	Andrew Miller (AM) and Rachel O’Riordan (RO).
Observing:	Andrew Stevenson (AS) and Sian Evans (SE).
Translation:	Dafydd Frayling (DF).
Status of paper:	For public release.

		Action
1. Welcome, introductions and apologies	<p>The Chair welcomed members to the meeting held at the offices of the Arts Council of Wales, Cardiff. He extended an especially warm welcome to new Council members, Kate Eden and Dafydd Rhys. He would be discussing with all new members their potential involvement with Council’s Committees.</p> <p>PG conveyed his thanks to the Creative Learning team for the excellent presentation on the Creative Learning Programme that had preceded the formal Council business.</p>	PG

<p>2. 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>3. Minutes of the meeting held on Friday 9 December 2016</p> <p>The Minutes of the meeting were approved subject to the following amendments:</p> <p><u>Item 5.1</u> The following item to be added after the section on the Charity Commission inquiry.</p> <p><u>Cyber Security</u> The Audit and Risk Committee discussed the importance of maintaining a high state of vigilance and reviewed the specific measures being taken to improve the resilience of our ICT systems.</p> <p><u>Item 5.3</u> The final sentence should read “The report was noted and Council approved the new Strategic Equalities Plan.”</p>	
<p>4. Matters arising</p> <p>There were no matters arising.</p>	
<p>5. Committee Minutes</p> <p>5.1 Audit and Risk Assurance Committee – meeting held on 8 March 2017</p> <p>The report was noted.</p>	
<p>5.2 Capital Committee meeting held on 2 & 3 May 2017</p> <p>JW reported on discussions at the recent Committee meeting.</p> <p><u>Cwmni Fran Wen</u> A feasibility report had been completed on the organisation’s proposals. The overall assessment was positive and praised the ambitious and innovative design. There were, however, some potential issues around functionality and sustainability that required further examination.</p> <p>The report was noted.</p>	

5.3 HR & Remuneration Committee – meeting held on 8 May 2017

MG reported on discussion at the recent Committee meeting.

MG reported on the actions he was taking to familiarise himself with HR matters and the business of the Committee. He noted that the committee is in the process of appointing an independent member to join the group.

Organisational Review

MG looked forward to hearing more about Transition and Implementation and the work of the Council task group chaired by MWJ.

Chief Executive Performance Review

The Chair PG joined the meeting to discuss feedback on the Chief Executive's performance and his targets for 2017/18.

Management Information

MG welcomed the comprehensive packages of HR information presented to the Committee.

Welsh Government Pay Remit

There was no further news to report and guidance was still awaited.

Organisational standards

Members had discussed different schemes for measuring organisational performance. It was noted that Investors in People was no longer the standard of choice for many organisations. Further research would be undertaken to identify a process that best met the Arts Council's needs.

Staff Survey

Proposals were put forward for a potential survey, based on a combination of the Welsh Government People Survey and one from the Health and Safety Executive. Further work would be done on creating something that was manageable and fit for the Arts Council's needs.

Apprenticeships

The Arts Council was keen to develop an Apprenticeships programme as part of its wider commitment to Workforce Development. Initial discussions had taken place with apprenticeship providers Neath Port Talbot College and Cardiff and Vale College.

The report was **noted**.

5.4 Future Generations Monitoring Meeting – meeting held on 28 April 2017

MH reported on discussion at the recent Committee meeting.

MH explained the approach that the group would be taking to monitor our performance through the Operational Plan.

The report was **noted**.

5.5 Welsh Language Monitoring Group – meeting held on 5 May 2017

MWJ reported on discussion at the recent Committee meeting.

Welsh Language Plan

The format of the plan for the year differs to previous years and follows the revised format of the Operational Plan for 2017/18 (based around the seven well-being goals). MWJ thanked the Manager for Planning, Performance and Compliance for the work on the action plan..

Joint monitoring

The group will be meeting with Future Generations Monitoring Group in the Autumn to discuss a joined-up approach to monitoring performance and standards.

The target for the proportion of Arts Council staff who are Welsh speakers is 50%. The present number is close to the target, at 47%.

Delivering training to all levels of Welsh is proving challenging. The HR team is currently scoping the possibility of working with Welsh National Opera and Wales Millennium Centre to develop a joint approach to Welsh language training.

The report was **noted**.

6. Chair's business

6.1 Chair's Report

PG reported on recent events and matters.

Venice Biennale 2017

PG was pleased to inform members that Wales' presence at the Venice Biennale had been highly successful.

<p>He conveyed his thanks to Venice Committee Chair MH, the Committee and staff (especially Louise Wright) who had developed and promoted the event. PG also noted his thanks to Chapter, the exhibition organisers.</p> <p>AE reported that the Chapter team had enjoyed working with the Arts Council on the project.</p> <p><u>Chief Executive's Remuneration</u> Council endorsed the HR Committee's recommendation that a non-consolidated bonus should be awarded recognising outstanding work. Council was aware that the Chief Executive was likely to waive his entitlement to a bonus. There will, as usual, be full disclosure of his remuneration in the 2016/17 Accounts. Council also endorsed, with some detailed additional comments, the Committee's views on the Chief Executive's objectives for 2016/17 and asked the Chair to agree with him a final version of these.</p>	PG/ NC
<p>6.2 Council self-assessment</p> <p>Council undertook a self-assessment as part of its commitment to good governance and continuous improvement. Council noted a number of development objectives that would inform its work in the year ahead.</p>	
<p>6.3 Chair's Action – National Touring and Creative Learning Through the Arts</p> <p>Under our financial arrangements, provision is made for urgent grant decisions to be taken if they fall outside our normal Council meeting cycle. The mechanism used is the Chair's Action. It is only deployed on an exceptional basis.</p> <p>The Grant Decisions related to funding to:</p> <ul style="list-style-type: none"> • allow each of the Regional Arts and Education Networks to continue into Year 2 of the Creative Learning through the Arts programme • award Fio funding for National Touring (as referenced in the Funding Recommendations paper item 9.4). <p>Council supported and noted the approvals.</p>	
<p>7. Chief Executive's business 7.1 Chief Executive's report</p> <p>The Chief Executive's report detailed recent meetings, events and performances that he had attended.</p>	

The Chief Executive's report also included information on staff joining and leaving the Council since the last meeting.

Creative Industries

NC/PG had met with Ken Skates AM, Cabinet Secretary for Economy and Infrastructure to discuss the Programme for Government commitment to create a new strategic body to develop the creative industries – Creative Wales. Although not yet established, the Cabinet Secretary is keen to see the Arts Council establish a Memorandum of Understanding with the new body

Cardiff City Council

NC had met with Paul Orders, Chief Executive. There is interest in exploring the scope for developing cultural projects as part of the wider regeneration projects planned to happen as part of the Cardiff Capital Region.

The report was **noted**.

7.2 Transition and Implementation

The Organisational Review concluded in March. NC presented the paper which summarised activity since then as our organisation progresses through a period of transition towards the introduction of the new staff structure.

NC reported that it was a challenging process and that staff were anxious that the period of uncertainty should be brought to an end as soon as possible. MH asked that her concern for the well-being of staff colleagues should be minuted. Council as a whole shared this view.

NC reported that he and the Chair has received a letter from union members expressing a number of concerns. PG would be replying.

NC reported that steps were being taken to increase the pace of change and the quality of improvement. The Senior Leadership Team (SLT) members were working with a change management consultant and this was proving to be very helpful. It was also noted that the Council task group, chaired by MWJ, would be meeting with SLT later in the summer. She asked that copies of the Transition and Implementation Plan should be circulated to task group members.

Council **noted** the contents of the report.

PG

NC

8. Policy

8.1 Reshaping our creative future

At the last Council meeting members discussed the policies and priorities that would be included in the Operational Plan for 2017/18. It was accepted that a large part of the Plan would be mapping the process of transition to the new staffing structure – and ways of working – agreed through the Organisational Review. Council had also indicated its wish to see a clear shift in a number of key policy areas.

Within the document is the summary of the points raised.

Council discussed the paper.

Council welcomed the proposal for the 'All Wales Creative Conversation'. However, members asked to be reassured that staff had the capacity at this time to manage such a major undertaking. Officers would address this in the paper to the the next Council Meeting.

Council:

1. **Confirmed** the priorities agreed at the March Council meeting
2. **Approved** submission of the Operational Plan 2017/18 to the Welsh Government
3. **Requested** that a further paper on Corporate Planning be presented to the July Council meeting

DA

8.2 Managing our Lottery funding

Income from the National Lottery for the Good Causes – of which the Arts is one – has declined significantly, with further reductions likely this year and next. Council asked officers to review current Lottery spending and to advise on an appropriate strategy to mitigate the impact of these reductions.

Council had also indicated that it wishes to examine how budgets might be better aligned with Council's future policy priorities. These include the geographical distribution of funding.

The most pressing task is to address existing funding pressures which are significant.

An initial analysis was presented to Council in March. This raised questions about the scale of current programmes and whether we can continue to provide funding at similar levels into the future. This is especially pressing in

relation to our Capital programme where likely requests for investment stretch beyond the life of the current programme.

Council discussed the paper.

Council members noted that further work on budgets would continue during the year.

Council **noted** and **approved** the adjustments made to the Lottery budgets.

8.3 Funding Policy

Council **approved** the Statement of Funding Policy.

8.4 Business Development Services

ST introduced the paper setting out the case for the development of high quality business development services. As reported to Council in its March meeting, we tested the market by following established public procurement processes. We invited Expressions of Interest (Eoi) using a Prior Information Notice (PIN) published on Sell2Wales.

We had hoped to identify appropriately skilled businesses, organisations or creative professionals who could offer relevant business development services in one or more of the areas of specific technical expertise. And once the Eois had been assessed, we would then be in a position to decide whether a tender for services was likely to be possible.

Some of the Eois, although not addressing the specific requirements of the PIN, had included interesting proposals which we noted might be worth subsequent consideration as strategic partnership projects. However, on the basis of our assessment of Eois submitted, we came to the conclusion that a series of newly tendered business service contracts would not achieve the optimum outcomes at this point in time. It was evident that a different approach was required.

Council also considered the strategic position of Arts & Business Cymru (A&BC).

Although Council did not feel that A&BC's Expression of Interest for the provision of business services met the needs of the PIN, Council noted the value of the organisation's other charitable activities.

Council was aware that without core support, A&BC potentially faced closure with the loss of charitable activities built up over a decade or more. Council did not believe this to be a good outcome, noting that the arts sector did benefit from an organisation that exploits the relationship between arts and business.

Council was encouraged to learn that A&BC had committed to moving to financial self-sufficiency from its business development services by March 2019, provided that funding was available over that period to secure charitable activities and underpin the change process.

Council had hoped that A&BC would have been in a position to move to self-sufficiency earlier in the year. However, Council accepted the need for a more extended timescale. Council was adamant that the basis of its support was specifically designed to help A&BC to achieve this outcome. For an organisation so intimately involved with the private sector – and raising significant funds from business – Council believed that it was reasonable to ask A&BC to use its business acumen and connections to construct a business model that could cover its core costs.

Council **agreed** to:

1. **Note** the closure of the Prior Information Notice (PIN) process for Business Development Services advertised earlier in the year.
2. **Offer** a strategic grant of up to £5,000 to support a programme of capacity-building research for the theatre sector.
3. **Offer** strategic grant funding of £70,000 in 2017/18 with the option (subject to satisfactory performance) of inviting a further proposal for funding up to £70,000 in 2018/19. (This would be subject to the conditions set out in the Council paper.)

9. Financial and Funding Reports

9.1 Resilience

The Resilience Programme is underway with work being progressed with 54 Arts Portfolio Wales organisations. The report provided an update on the programme. It also presented funding recommendations for Council's consideration.

Council **approved** Resilience funding for:

1. NoFit State Circus - **£369,892**
2. Hijinx Theatre - **£37,500**

9.2 Arts Portfolio Wales Radar Report

The Radar Report summarises the Arts Portfolio Wales (APW) risk ratings. The performance of the majority of APWs is generally within expectations considering the current financial climate. The squeeze on finances continues.

Increasing costs coupled with level or even reducing income from many of the traditional sources – such as Arts Council and local authorities – mean that many organisations continue to experience challenges.

Council **noted** the content of the report.

9.3 Finance report: 2016/17 end of year and 2017/18 Budget update

Since the last financial report to Council in March, Officers have established the unaudited year-end position. Officers have also received confirmation from the Welsh Government that the business case to carry forward funds from 2016/17 into 2017/18 had been agreed.

There had also been a number of changes that affect budgets, and which require Council approval.

Council:

1. **Noted** the unaudited year-end financial position
2. **Approved** the proposed changes to budgets outlined in the paper, and summarised in Appendices 1 and 2.

9.4 Funding recommendations

Decisions on lottery applications of £50,001 or more require Council approval. A total of 2 recommendations were presented in the paper.

ID/Ref	Organisation	Request	Recommendation	Strand
20170120	Fio	£70,000	£70,000*	Production
20170109	Swansea City Opera	£67,132	£67,132	Production
		£137,132	£137,132	

Council:

<p>1. Noted the Chair’s Action taken in respect of FIO’s application</p> <p>2. Considered and agreed the recommendation for Swansea City Opera.</p>	
<p>10. Reports for information</p> <p>10.1 Welsh Language Action Plan 2017/18</p> <p>Council noted the report.</p>	
<p>10.2 Year End reports</p> <ul style="list-style-type: none"> • Operational Plan 2016/17 • Welsh Language Action Plan 2016/17 • Sustainable Development Action Plan 2016/17 <p>Council noted the reports.</p>	
<p>11. Date of the next meeting</p> <p>Friday 7 July 2017, Arts Council of Wales, Cardiff.</p>	

Council meeting Friday 19 May 2017: Summary of actions and decisions

Agenda item	Action/Decision	Responsibility
1.	The Chair would be discussing with new Council members their potential role on one of the Council's Committees.	PG
6.1	The Chair and Chief Executive to meet to agree the Chief Executive's objectives for 2017/18.	
7.2	The Chair would be responding to a letter from staff union members raising concerns about the post-Organisational Review transition to the new staff structure.	PG
7.2	A copy of the Transition and Implementation plan should be circulated to members of the Council Task Group.	NC
8.1	A paper on Corporate planning would be presented to the July Council meeting.	DA