

ARTS COUNCIL ENGLAND



Minutes of the National Council Meeting held on 11 December 2014 starting at 13.50pm at 21 Bloomsbury Street, London

Members Present:	Sir Peter Bazalgette Matthew Bowcock CBE Professor Jon Cook Joe Docherty Sheila Healy David Joseph Sir Nicholas Kenyon Nazo Moosa Peter Phillips Veronica Wadley	Chair of the Arts Council National Council Member South East Area Council Chair North Area Council Chair South West Area Council Chair National Council Member National Council Member National Council Member Midlands Area Council Chair London Area Council Chair
Not Present:	Dr Maria Balshaw David Bryan Alistair Spalding CBE Rosemary Squire OBE	National Council Member National Council Member National Council Member National Council Member
Also Present:	Alan Davey Althea Efunshile Laura Dyer Simon Mellor Moira Sinclair Liz Bushell Mags Patten Ruth Alaile Francis Runacres Joyce Wilson Peter Heslip Paul Bristow Ian Tabbron Effie Koliou	Chief Executive Deputy Chief Executive Executive Director, North, Midlands & S. West Executive Director, Arts and Culture Executive Director, London and South East Director, Finance and Corporate Services National Director, Advocacy and Communications Director, Governance and Planning Director, Investment (Items 1-8 and 12-15) Area Director, London (Items 1-8) Director, Visual Arts and London (Item 10) Director, Strategic Partnerships (Item 11) Senior Relationship Manager (Item 8) Governance Officer (minutes)

1. WELCOME AND APOLOGIES FOR ABSENCE

1.1 The Chair welcomed National Council members and Officers to the meeting.

1.2 It was noted that apologies for absence had been received from Maria Balshaw, David Bryan, Alistair Spalding and Rosemary Squire.

2. RECRUITMENT OF CHIEF EXECUTIVE

2.1 National Council received an update from the Appointments Panel on the process of recruiting to the role of Chief Executive. It was reported that there was a strong field of candidates with people shortlisted for the role. Following completion of the interviews process, the Appointments Panel had recommended Darren Henley for appointment.

2.2 Darren Henley met with council members during the meeting and following this, National Council agreed to appoint him subject to approval by the Secretary of State for Culture, Media and Sport. [*The Secretary of State for Culture, Media and Sport subsequently confirmed Darren Henley's appointment on 16th December 2014*].

2.3 National Council thanked the Appointments Panel for their sterling work.

*[Information has been withheld here in line with the requirements of **section 40(2) of the Freedom of Information Act – personal data**. This provision states that information is exempt from disclosure if it is personal data and if its disclosure would breach any of the data protection principles in the Data Protection Act 1998. We consider that the individuals concerned in this instance would have no reasonable expectation that these details would be made publically available and therefore disclosure would breach the first principle of the Data Protection Act 1998.]*

3. DECLARATIONS OF INTEREST

3.1 National Council members reviewed and updated their register of interests.

3.2 The Chair, Matthew Bowcock, Joe Docherty, Nicholas Kenyon, Peter Philips and Veronica Wadley declared interests in item 8 as detailed in the minute on the item below.

3.3 Alan Davey declared an interest in item 12, as detailed in the minute on the item below.

4. MINUTES OF THE MEETING HELD ON 13 NOVEMBER 2014

- 4.1 The minutes of the last meeting held on 13 November 2014 were agreed as a true and accurate record of the meeting subject to the minutes clarifying that the Grant in Aid spend in favour of regions outside London was approx. 60/40 and the Lottery spent 70/30; that the overall investment in 2015/16 in Music Education Hubs was £75m; and that the completion of the lease of the Birmingham Office was still subject to approval by West Midlands Arts Trust.
- 4.2 The amendments to the minutes are to be approved by the Chair.

5. MATTERS ARISING FROM THE MINUTES OF THE LAST MEETING

- 5.1 There were no matters arising.

6. CHAIR AND CHIEF EXECUTIVE'S REPORT

- 6.1 Mags Patten reported on the launch of *Create*, a collection of essays on the value of the arts and culture in education, the economy, health, and society, launched as part of the Holistic Case for the Arts and Culture. Media coverage had been positive, with an article by Sir Peter Bazalgette due to be published in the Observer. An event held at Southbank Centre to coincide with the launch of *Create* had provided an opportunity for thought provoking discussions on the role of arts and culture in cities and the value of cultural education.
- 6.2 National Council noted the launch of the UK Creative Industries Federation, a new membership body for the UK's creative community led by John Kampfner. The initiative, which had received backing from the Arts Council and the University of the Arts London among others, would be bringing together a wide range of organisations, both public and private, from within the creative industries sector, including arts and culture and education, with the aim to provide a single, independent voice for the sector.
- 6.3 National Council AGREED to note the Chair and the Chief Executive's update.

7. AUTUMN SPENDING REVIEW

- 7.1 Francis Runacres tabled a briefing note which outlined the implications of the Chancellor's Autumn Statement for the Arts Council. He explained that there had been no announcement of further departmental spending cuts or reductions to the Arts Council's settlement for 2015/16. The outlook for DEL

(Grant in Aid) from 2016/17 onwards was nevertheless poor, with considerable contraction in departmental spending and unprotected departments facing further cuts as large as 40% for the period to 2019/20.

- 7.2 National Council noted that major arts and culture projects announced in the Autumn Statement, including Olympicopolis and the Great Exhibition in the North, had only secured Government funding in part, and that any significant Arts Council contribution towards capital costs risked a disproportionate impact on the museums and libraries budgets which were solely funded through Grant in Aid.
- 7.3 It was also noted that the Arts Council was continuing to identify further savings as part of its ongoing efficiency agenda, and would be reducing the Grant in Aid element of its running costs by 5% in 2015/16; this amounted to a 3% reduction in overall running costs. It was pointed out that it would be very difficult, however, to absorb further administration cuts in addition to the 50% reduction in its Grant in Aid funded administration expenditure already made, a 25% overall reduction in costs since 2010..
- 7.4 National Council felt that the Social Investment tax relief announced in the Autumn Statement presented an opportunity for the Arts Council to make further progress with the resilience agenda and it would be important to explore how to maximise the benefits for our sector.
- 7.5 The proposed extension of the Theatre tax relief scheme to orchestras was discussed and National Council agreed that it would need to have a detailed discussion on how this additional income stream might impact our investment approach, if at all, when the details of the proposal were clearer.
- 7.6 Finally, National Council was updated on the Lottery year-end forecast noting the slightly improved position since the arts programme budgets for the period 2015/16 to 2017/18 were approved. It was added that this would be reflected in the updated programme budgets to be considered by Council at a future meeting.

8. UPDATE ON OPERA AND BALLET ANALYSIS

(Ian Tabbron joined the meeting)

- 8.1 The Chair declared an interest in English National Opera and handed the chair to Jon Cook for this item.
- 8.2 Simon Mellor introduced this item which provided an update on the negotiations over business plans and funding agreements with the seven

companies involved in the opera and ballet analysis and set out key risks in relation to the funding agreement negotiation process with English National Opera, Opera North and Welsh National Opera.

8.3 Peter Bazalgette, Nicholas Kenyon, Peter Phillips, Veronica Wadley, Matthew Bowcock and Joe Docherty declared interests in the companies included in the opera and ballet analysis. However, only the members who declared an interest in English National Opera – Peter Bazalgette and Nicholas Kenyon – were required to leave the room given the nature of the discussion on that company.

8.4 Simon Mellor explained that the Royal Opera House, Birmingham Royal Ballet, Northern Ballet Theatre and English National Ballet had taken on board the recommendations of the opera and ballet analysis considered by National Council in September 2013 and were expected to reach a funding agreement with the Arts Council by the deadline. In addition, members noted that we were on course to sign a funding agreement with English National Ballet.

8.5 National Council noted that Welsh National Opera had made progress with their business planning for 2015-18.
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8.6 As regards Opera North, Council noted that.....
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8.7 The discussion then turned to English National Opera. Peter Bazalgette and Nick Kenyon declared interests in English National Opera as previous Chair and previous board member respectively and left the room and did not take part in the discussion.

8.8 National Council noted that a considerable amount of work had been undertaken by English National Opera to address the risks identified as part of its National Portfolio application. The company’s newly appointed Executive Director had provided clear leadership and genuine commitment to producing a sustainable business model that could be implemented by 2018/19 but a

number of significant risks associated with the proposed business plan remained.

- 8.9 It was explained that the officers were asking for a decision to solicit an application from English National Opera for an amount of up to £7.6 million transition funding, which was the figure that National Council had agreed in principle in June 2014. The purpose of any transition grant would be to enable the English National Opera to transition to a new business model. The draw-down of, or payments under, the grant would be dependent on the achievement of KPIs or milestones within the company's business plan. Subject to National Council's approval of their funding agreement and solicitation grant in March 2015, transition funding payments would be conditional on performance, with the possibility of ceasing the transition process and entering into an alternative intervention arrangement should the Key Performance Indicators not be met, to allow greater leverage over the company's business planning and assets.
- 8.10 National Council voiced concern about the lack of certainty around the proposed financial model and the limited amount of time available to address the risks highlighted in the report. It was agreed that an update would be provided at the next meeting.
- 8.11 National Council AGREED to:
- (a) Note the progress made by all seven companies towards approvable business plans;
 - (b) Note the risks in relation to finalising the funding agreements with Opera North, Welsh National Opera and English National Opera by February 2015;
 - (c) Approve the solicitation of a grant of £7.6 from English National Opera to cover, if agreed by National Council in March 2015, the cost of transitioning to a new business model.

*[Information has been withheld here in line with the requirements of **section 43(2) of the Freedom of Information Act 2000 – prejudice to commercial interests**. A public authority is entitled to withhold information under this provision where disclosure of that information would be likely to prejudice the commercial interests of any persons or organisations, including the Arts Council itself.]*

(Francis Runacres, Joyce Wilson and Ian Tabbron left the meeting)

9. CATALYST ENDOWMENTS

- 9.1 Moira Sinclair introduced this item which asked National Council to agree the proposals for the future of the Catalyst Endowments scheme and any

matched funds not drawn down by 3 June 2015. She explained that further to the discussion at the last National Council meeting, officers had explored the possibility of extending the current scheme to help organisations awarded matched funding to meet their target. The advice received from legal was however not to extend the current scheme as it would undermine both the initial aims and legal footings of the programme and would leave the Arts Council open to challenge.

- 9.2 Moira Sinclair explained that it was instead being recommended to roll any matched funding not drawn down after 3 June 2015 into a future Catalyst fundraising and capacity programme, possibly targeted at mid and small scale arts and cultural organisations. The design and detail of this programme would be informed by the independent evaluation of the Catalyst Endowments programme which would be completed in early 2015.
- 9.3 National Council discussed the implications of the proposals and agreed not to extend the scheme. Members were supportive of a future scheme targeted at mid and small scale organisations to help increase their visibility and encouraged officers to focus on improving fundraising capacity across the sector. The importance of identifying opportunities for encouraging cross-sector fertilisation and linking up to our digital agenda, e.g. through crowdfunding and digital fundraising, was also highlighted.
- 9.4 National Council placed on record their thanks to Matthew Bowcock and Peter Phillips for providing their insight and specialist knowledge and assisting with developing proposals to deliver our ambitions for Goal 3.
- 9.5 National Council AGREED that:
- (a) No extensions should be made to Arts Council England's Catalyst Endowment scheme;
 - (b) Any matched funds not drawn down by 3 June 2015 should, subject to the fiscal environment at that point, be rolled into a future Catalyst fundraising and capacity programme.

10. ARTS COUNCIL COLLECTION

(Peter Heslip joined the meeting)

- 10.1 Simon Mellor introduced the report which provided an update on progress with implementing the recommendations agreed by Council in February 2014 and asked National Council to note their formal governance responsibilities as trustees of the Collection and agree a series of proposals for its future management and governance.

- 10.2 Peter Heslip explained that a new ten-year Memorandum of Understanding (MOU) had been developed with Southbank Centre, which had managed the Collection since 1986 on behalf of Arts Council England, setting out respective roles and responsibilities in relation to the Collection. The new MOU proposed that National Council maintained oversight of the Collection through annual reporting and by nominating a member of National Council to chair the Acquisitions Committee.
- 10.3 National Council welcomed these proposals but stressed the need for robust reporting arrangements that provide detailed information on the management of the collection. Members queried how the performance of Southbank Centre, in particular in relation to developing national partnerships, raising the Collection's regional profile and increasing public access, would be assessed. It was explained that the funding agreement for 2015-18 would include Key Performance Indicators and an annual plan of activity relating to the management of the collection.
- 10.4 In addition, the Arts Council was working closely with the Southbank Centre team to develop a partnership programme for 2015-18 that would enhance the touring capability of the Collection and increase its national profile and public impact. The timeline for identifying regional partners was noted by National Council.
- 10.5 Members queried whether the level of Arts Council investment in the Collection was sufficient to deliver our ambitions. It was explained that the Arts Council Collection team had a strong track record in forming partnerships to acquire works of prominent artists for the Nation e.g. the joint Arts Council/British Council/Art Fund acquisition of the Grayson Perry tapestries. It was also pointed out that additional Arts Council support through capital investment in the regions was helping to expand the cultural infrastructure and consequently the touring potential of the Collection. National Council suggested exploring opportunities for leveraging alternative sources of income, possibly through corporate sponsorship, to further develop the Collection.
- 10.6 National Council AGREED to:
- (a) Note the role of National Council members as trustees of the Arts Council Collection;
 - (b) Note the proposed reporting arrangements, including that a National Council member would be nominated to represent National Council on the Collection's Acquisitions Committee;
 - (c) Delegate to Executive Board the approval of the Memorandum of Understanding with the Southbank Centre;

- (d) Delegate to Executive Board the approval of the final Terms of Reference of the Collection's Acquisitions Committee;
- (e) Delegate to Executive Board the approval of a Grant in Aid strategic grant process for the future management of the Arts Council Collection;
- (f) Note the appointment of Jill Constantine as Head of the Arts Council Collection;
- (g) Note the plans for developing a national partnerships programme for 2015-18.

(Peter Heslip left the meeting)

11. UPDATE ON STRATEGIC PARTNERSHIPS: PLACE MAKING

(Paul Bristow joined the meeting)

- 11.1 Laura Dyer introduced the report which updated National Council on the Arts Council's work through key strategic partnerships, with particular relevance to locality and place, and outlined intelligence relating to local government investment into the arts and cultural sector, in particular to organisations receiving regular funding from the Arts Council.
- 11.2 It was noted that the Arts Council was working closely with local government, its most important strategic and delivery partner. National activities taken forward jointly with the Local Government Association, included policy development and research and capacity building programmes, such as the leadership academies for elected members. Area offices were engaging with individual local authorities to form joint investment approaches, advocate for the value of the sector's contribution to local priorities and discuss the future sustainability of local cultural infrastructures. Paul Bristow added that the Arts Council was also engaging with central government departments, e.g. DCLG and Defra, to support a wide range of local initiatives including Arts and Communities, Enterprising Libraries, and projects supporting the regeneration of small hub towns such as Portas Pilots and the Coastal Communities Fund.
- 11.3 National Council welcomed the report which provided a valuable analysis of how both our investment and the sustainability of the cultural sector across the country might be at risk as a result of further changes to local government investment. Members urged the Arts Council to continue developing local partnerships and positioning the Arts Council as one of the key partners for local government. The importance of engaging at a senior level to ensure that culture is seen as an integral part of place based policy making and to increase or maintain local investment was highlighted by National Council. Members felt that it was also important to continue to engage with communities to help shape local arts provision and arts organisations to

respond to local challenges. It was explained that this was part of the place-based agenda delivered through Creative People and Places. An update on this work would be considered at a future meeting.

- 11.4 With regards to local authority investment in culture, National Council noted that further reductions were anticipated in 2015/16. Members observed that there was not a uniform picture; cuts could have a greater effect in places where cultural infrastructure was limited. They expressed concern about the impact of Birmingham City Council's proposed budget on the new library.
- 11.5 The discussion turned to Arts Council's engagement with Local Enterprise Partnerships (LEPs). National Council welcomed the progress made so far in making the case for arts and culture's economic impact and growth potential but were extremely concerned by the limited success LEPs had in securing funding through the Single Local Growth Fund to support culture and the creative industries.
- 11.6 National Council noted that the Arts Council would be supporting LEPs to develop applications for securing funding through the European Structural and Investment Funds. It was observed that, contrary to other EU organisations, there was limited LEP engagement so far with EU funding. Members stressed its potential to support investment in the cultural sector and urged the Arts Council to help LEPs engage with it, setting out how these funds could help them deliver their wider strategic programme.
- 11.7 National Council noted also the proposals for developing targeted strategic funds that could facilitate LEP investment in the arts and cultural sector. It was suggested prioritising direct engagement with LEPs that demonstrated willingness to support culture.
- 11.8 National Council AGREED to note the report.

(Paul Bristow left the meeting)

12. CAPITAL PROGRAMME DECISIONS

(Francis Runacres joined the meeting)

- 12.1 Francis Runacres introduced this item which recommended the award of capital grants to Cheshire West and Chester Council and the Royal Shakespeare Company (The Other Place) and recommended the novation of a Stage 2 grant and funding agreement from York Citizens' Theatre Trust Ltd to York Conservation Trust.

- 12.2 The application from Cheshire West and Chester Council requested £3 million towards the £37 million total costs of an urban regeneration project proposing the creation of a new arts centre offering film and drama facilities as well as a new base for Chester’s City Library. National Council considered the recommendations in the assessment summary report, noting that the project had received strong backing from Cheshire West and Chester Council and Chester’s business community, with a significant amount of corporate sponsorship raised to date. Members felt that the application should be supported given the potential of the project to attract large audiences because of its proximity to main metropolitan centres and in doing so contribute to our goals by improving local cultural provision and public engagement with the arts.
- 12.3 Alan Davey declared an interest in the Royal Shakespeare Company as member of the Council of the University of Birmingham which was a partner in the application, and left the room and did not take part in the discussion or decision on the application.
- 12.4 National Council considered the application from Royal Shakespeare Company which requested £3 million towards total project costs of £7,821,535 for the conversion of the temporary Courtyard Theatre into smaller, multi-functional spaces known as The Other Place. The assessment summary mentioned

 This was noted by National Council, who also noted the fact that the project was supported by a team highly experienced in managing major capital projects, and had the potential to encourage talent development, attract new and more diverse audiences and increase the organisation’s engagement with children and young people through partnership working with the University of Birmingham. National Council felt that the application should be supported.
- 12.5 National Council agreed the recommendation to novate a Stage 2 grant and funding agreement from York Citizens’ Theatre Trust Ltd to York Conservation Trust to reflect the transfer of the freehold ownership held by York Citizens’ Theatre Trust Ltd to York Conservation Trust.
- 12.6 National Council AGREED:
- (a) To award a capital grant of £3 million to Cheshire West and Chester Council subject to the conditions as set out in the assessment summary;
 - (b) To award a capital grant £3 million to the Royal Shakespeare Company subject to the conditions as set out in the assessment summary;

- (c) The novation of the Stage 2 grant and funding agreement from York Citizens' Theatre Trust Ltd to York Conservation Trust.

12.7 Alan Davey re-joined the meeting.

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13. REPORT FROM THE PERFORMANCE AND AUDIT COMMITTEE

13.1 Peter Phillips, Chair of the Performance and Audit Committee, introduced a report which provided an update from the Committee's recent meeting and also recommended the reappointment of independent members Nicholas Humby and Christopher Yates for a further three years.

13.2 Members noted the outcome of the Committee's recent audit of members' skills and the update on strategic risks.

13.3 National Council agreed unanimously to re-appoint Nicholas Humby and Christopher Yates and placed on record their thanks and gratitude for their willingness to be re-appointed and continue their sterling work in providing confidence and reassurance to National Council.

13.4 National Council AGREED to:

- (a) Note the report from the Performance and Audit Committee;
- (b) Re-appoint independent members Nicholas Humby and Christopher Yates for a further three years, until 31 December 2017.

14. APPOINTMENTS TO THE LONDON AREA COUNCIL

14.1 Ruth Alaile introduced this item which proposed the re-appointment of three general members and three local authority representatives to the London area council and also updated National Council on the process for appointing and re-appointing Greater London Authority representatives.

14.2 National Council considered the recommendations in the report. It agreed to re-appoint those members who taking account the proposed re-appointment will have served less than six years on London Area Council but expressed concern about re-appointing members for more than two terms as a matter of principle, on the grounds that exceptionally long service could be seen as

compromising the perceived independence of a non-executive. National Council recognised the valuable contribution that the council members had made. It was agreed that further discussions should take place with the Local Government representative body in London over this. The final decision on the appointment was delegated to the Chair of National Council in consultation with the Chair of the London Area Council.

14.3 National Council AGREED:

- (a) Re-appoint James Conway and David Hall for a further two years, until 31 December 2016;
- (b) Re-appoint John Middleton for a further one year, until 31 December 2015;
- (c) Re-appoint Councillor Florence Eshalomi (née Nosegbe) and Councillor Flick Rea for a further two years, until 31 December 2016;
- (d) Delegate the final decision for re-appointing members who had served for more than two terms to the Chair of National Council in consultation with the Chair of London Area Council.

15. ANY OTHER BUSINESS

Alan Davey

- 15.1 The Chair, Sir Peter Bazalgette, the rest of Council and Executive Board placed on record their huge gratitude to Alan Davey for the way in which he had led the Arts Council since 2007. Alan, who would be stepping down at the end of December following his appointment as Controller of BBC Radio 3, would be remembered for his working in transforming the Arts Council, notably by introducing an open application process for NPOs; the well managed programme of reductions in administrative spending; and for successfully overseeing the integration of museums and libraries into the Arts Council. They congratulated him on his new role and wished him every success for the future.

Moira Sinclair

- 15.2 It was also noted that this was Moira Sinclair's last meeting. Members thanked Moira for all her work in developing arts and culture in London and more recently the South East, and for the national roles she had undertaken, in particular, leading our philanthropy and environmental sustainability agendas, promoting resilience and growth in the arts and cultural sector, and developing partnerships with Higher Education. They congratulated her on her new role and wished her every success for the future.

The meeting closed at 16:00