Minutes of the National Council Meeting held on 13 March 2014 starting at 13.00pm at 14 Great Peter Street, London

Members
Sir Peter Bazalgette
Matthew Bowcock
David Bryan
Joe Docherty
Sheila Healy
David Joseph
Nazo Moosa
Peter Phillips
Alistair Spalding CBE
Veronica Wadley

Present:
Chair of the Arts Council
National Council Member
National Council Member
North Area Council Chair
South West Area Council Chair
National Council Member
Midlands Area Council Chair
National Council Member
London Area Council Chair

Not Present:
Professor Jon Cook
Sir Nicholas Kenyon
Keith Khan
Rosemary Squire OBE
Liz Bushell
Mags Patten

South East Area Council Chair
National Council Member
National Council Member
National Council Member
Director, Finance and Corporate Services
National Director, Advocacy and Communications

Also Present:
Alan Davey
Althea Efunshile
Laura Dyer
Simon Mellor
Moira Sinclair
Ruth Alaile
Francis Runacres
Jonathon Blackburn
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, Governance and Planning
Director, Investment (Items 8-12)
Senior Officer, Policy and Research (Item 7)
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 Jon Cook, Nicholas Kenyon, Keith Khan, Rosemary Squire, Liz Bushell and Mags Patten.

2. DECLARATIONS OF INTEREST

2.1 National Council members reviewed and updated their register of interests.
No interests were declared in relation to matters on the agenda.

3. MINUTES OF THE MEETING HELD ON 12 FEBRUARY 2014

3.1 The minutes of the last meeting held on 12 February 2014 were agreed as a true and accurate record of the meeting subject to the minutes reflecting that
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The amendment to the minutes is to be approved by the Chair.

(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.)

4. MATTERS ARISING FROM THE MINUTES OF THE LAST MEETING

(Item 4 – Property disposals)

4.1 ……………………………………………………………………………………………
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4.2 Peter Phillips informed National Council that discussions with the Midlands Arts Trust, lessors of the Birmingham office, were ongoing. He also noted that the Arts Council was currently exploring other possible options in Birmingham.

(Item 6 – Investing in our National Cultural Ecology)

4.3 Members noted the publication of This England: How Arts Council England uses its Investment to Shape a National Cultural Ecology that was reporting on geographical allocation of funding, as well as the Arts Council’s submission to the Culture, Media and Sport Select Committee inquiry into the work of the Arts Council. It was noted that the Chair and Chief Executive were likely to appear before the Committee in June.

4.4 The Chair also reported from the State of the Arts No Boundaries conference which had taken place at the end of February in Bristol and York. The conference had provided the opportunity to explore the role of the Arts Council in supporting the national cultural infrastructure and advocating for the sector.

(Minute 10.2 – 2014 National Portfolio Organisations and Major Partner Museums investment process)

4.5 Althea Efunshile provided National Council with an update on the 2014 investment process. This included the latest statistics on number of applications started and an outline of the immediate next steps after the closing date. She also noted that the Arts Council was still awaiting confirmation from the Department for Education on likely levels of funding for Music Education Hubs for 2015/16, and whether Arts Council would continue to be fundholder.

5. NATIONAL COUNCIL REVIEW OF ITS EFFECTIVENESS IN 2013/14

5.1 The Council reviewed its effectiveness in 2013/14, first in closed session and then with the Executive. It was assisted by some prompts from David Fishel’s ‘Boards that Work’.

5.2 Sheila Healy reported to the Council on the review of the Chair’s performance, which she and Jon Cook had carried out with input from Council members.

5.3 It was a year on from the changes made to Council, with its membership reduced, two sub-committees abolished and more frequent meetings held. Council regarded progress as satisfactory but a number of points were made:

5.3.1 Could the Council be more cohesive, with a new sort of awayday to discuss broader strategies?
5.3.2 Were the development needs of Council members attended to?
5.3.3 Was the expertise of Council members fully utilised?
5.3.4 Was it normal to have all the senior executives attend permanently, rather than for specific items? Alan Davey said that since this had been introduced he had found it particularly useful.
5.3.5 Were the briefing papers too dense?
5.3.6 Since the change from nine Regional Councils to five Area Councils, were there enough non-London voices around the table?

5.4 It was suggested a future review of the Arts Council’s governance might be carried out independently. The Chair undertook to pursue these points, initially with a view as to how the next awayday in the autumn might be structured.

6. CHAIR AND CHIEF EXECUTIVE’S REPORT

6.1 The Chair and Laura Dyer reported from a roundtable with senior Local Enterprise Partnerships (LEPs) representatives the Arts Council had recently convened where 14 of England’s 39 LEPs were represented, noting that the contribution of arts and culture to the local economy and the importance of engaging in a national dialogue with LEPs had been emphasised during the meeting.

6.2 National Council noted that the Secretary of State had announced an independent review of the role of Public Libraries led by William Sieghart. It was noted that the Arts Council would be contributing to the review.

6.3 National Council AGREED to note the Chair and the Chief Executive’s update.

7. STAKEHOLDER FOCUS RESEARCH HEADLINE RESULTS AND ANALYSIS

(Jonathon Blackburn joined the meeting)

7.1 Simon Mellor introduced this item which was providing National Council with an analysis of the key findings from the Arts Council’s 2013 Stakeholder Focus survey. He noted the importance of the findings in enabling the Arts Council to continue to track its reputation, assess its performance and implement change and improvement based on stakeholders’ feedback.
7.2 Jonathon Blackburn gave a presentation on the findings of the 2013 Stakeholder research. It was noted that the online questionnaire sent to arts and cultural contacts had resulted in the highest response rate to date.

7.3 The headline findings showed that support for public funding of the arts had gone up to 56%, a significant increase from 49% in 2012. Similarly, public support for the use of Lottery to support arts and culture had significantly increased with 66% of respondents supporting the use of lottery funds.

7.4 When asked what public funding of the arts should achieve, there was a greater emphasis on widening participation in the 2013 results.

7.5 The majority of arts and cultural stakeholders felt that the Arts Council had been effective in achieving its mission over the previous 12 months. It was suggested that this was because the Arts Council had made a good case for continued public investment in the arts and culture. There was equally strong support and appreciation for the existence of an Arms-Length Body that makes decisions about public investment in arts and culture. It was noted, however, that library stakeholders were more likely than the other groups surveyed to report that they did not understand our goals.

7.6 While most stakeholders felt that their working relationships with the Arts Council had improved over the last 12 months, local government stakeholders were the most likely to report a decrease in quality and lack of continuity of contact with Arts Council staff. It was suggested that this might be due to the varying extent to which we worked with individual authorities given our need to target our limited staffing resource to those authorities where co-investment with the Arts Council was most significant and/or strategically important.

7.7 National Council discussed the findings and felt that these were positive in the current climate. There was a discussion on how these findings could be used to inform the development of our processes and improve stakeholder engagement. Members noted the plans to undertake the survey biennially in the future and to use qualitative research techniques to help us interpret the survey’s findings and understand the drivers behind our stakeholders’ perceptions. Officers were also asked to cross reference the data, if possible, to other research such as Arts Audience Insight and Taking Part; and also, if possible to drill down further so that comparisons over time could be made in respect to data on diversity.
7.8 National Council AGREED to note:
   (a) The plans for the publication of the full research report alongside a
       written response from the Chief Executive about how the Arts
       Council intended to respond to the research findings in April 2014;
   (b) The proposed programme of stakeholder research over 2014 and
       2015.

(Jonathon Blackburn left the meeting)

8. MANAGING OUR STRATEGIC RISKS: LOCAL GOVERNMENT FUNDING

(Francis Runacres joined the meeting)

8.1 Laura Dyer introduced the report which provided a summary of current trends
   in local government funding and outlined intelligence relating to local
government investment into the arts and cultural sector, in particular in
relation to organisations receiving regular funding from the Arts Council.

8.2 She explained that this intelligence would enable us to assess risk to both the
   sustainability of our National Portfolio Organisations (NPO) and to the sector
as a whole and also inform future decisions around the levels of risk the Arts
Council was prepared to take.

8.3 Members considered the report and felt that it provided a valuable analysis of
   how the business model of current and future NPOs reliant upon income
streams from their local council might be at risk as a result of changes to local
government investment.

8.4 It was noted that there was not a uniform picture; some local authorities had
   chosen to protect their entire culture budgets from cuts, others had cut their
overall budgets but protected frontline investment. In addition, the way in
which local authorities accounted for and reported on their culture expenditure
might vary. In some authorities it included expenditure on tourism related
activity, others used children services and other budgets to fund cultural
activity.

8.5 It was noted that a number of local authorities were moving away from direct
ownership of culture organisations, a number of them by setting up
independent trusts to run these organisations, and there was a question about
whether this improved the organisation’s ability to raise income through fund
raising which ought to be explored further.

8.6 National Council AGREED to note the report.
9. **QUARTER 3 RISK ASSESSMENT REVIEW: FUNDED ORGANISATIONS**

9.1 Francis Runacres introduced the report which updated National Council on the position with risk assessments for funded organisations at the end of quarter three 2013/14.

9.2 He explained that in view of the assessment and decision-making period up to 30 June 2014, officers were trying to ensure that all risk assessments for quarter four had been completed before 31 March 2014.

9.3 National Council welcomed the report which provided a valuable snapshot of the health of the Arts Council’s funded organisations portfolio. The need to ensure a more consistent approach to risk assessment across all area offices was noted.

9.4 National Council AGREED to note:
   (a) The compliance position on completion of risk assessment for funded organisations at quarter three 2013/14;
   (b) The overview of the risk profile of the funded portfolio for quarter three 2013/14.

10. **CAPITAL PROGRAMME DECISIONS**

10.1 Francis Runacres introduced the report which recommended the variation of an existing capital grant to Tara Arts following the organisation’s application for additional funding. National Council were reminded that the award for capital funding to Tara Arts was made as part of the Sustained Theatre initiative which was created in response to the *Whose Theatre…?* report on the infrastructure needs of the Black, Asian and Minority Ethnic (BME) sector. Tara Arts had requested an additional £483,579 to cover a shortfall in funding.

10.2 Council discussed the challenges faced by some diverse-led and/or diverse-focussed organisations with regards fund-raising and the impact this could have potentially on their resilience. To address these factors, officers were recommending that National Council should award another grant of £520,000 rather than the £483,579 requested.

10.3 National Council considered the recommendation to award a capital grant to Tara Arts for the proposed amount. It was noted that both the company’s artistic output and partnership working through touring had improved in the recent years.
National Council agreed the proposal to fund the project subject to the conditions attached to the grant outlined in the report.

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10.4 Officers were asked to comment given that after agreeing this award there remained unallocated resources earmarked for Sustained Theatre. It was explained that the remaining resource would continue to be earmarked for BME theatre, but not necessarily for capital expenditure. Use of the remaining resource would be re-considered in light of decisions on the NPO portfolio in the summer, and in light of thinking on how best the resource could be aligned with other strategic funds in 2015/18 aimed at improving diversity.

10.5 National Council AGREED to award:
   (a) A capital grant of £520,000 to Tara Arts conditional on (a) the project proceeds with construction works by July 2014 and (b) confirmation that the contract sum is no greater than the pre-tender estimate.

11. REPORT FROM THE PERFORMANCE AND AUDIT COMMITTEE

11.1 Peter Phillips, Chair of the Performance and Audit Committee, provided an update from the Committee’s recent meeting.

11.2 Members noted the concerns raised by the Committee on volatility in lottery income and also that officers had been asked to consider the routine running of applicants through a fraud database to reduce the risk of fraud.

11.3 National Council placed on record their thanks and gratitude for Peter Phillips and the rest of the Committee for the work that they do to provide confidence and reassurance to National Council.

11.4 National Council AGREED to note the report from the Performance and Audit Committee.
12. ANY OTHER BUSINESS

Southbank Centre

12.1 National Council received a short verbal update on the plans for the future redevelopment of Southbank Centre.

Arts Council Rural Position Statement

12.2 Laura Dyer noted the imminent publication of a Rural position statement setting out our approach to the needs and aspirations of rural communities in the context of our strategy Great Art for Everyone.

Keith Khan

12.3 National Council noted that this was Keith Khan’s last meeting as he would be stepping down at the end of March. The Chair, Sir Peter Bazalgette, the rest of Council and Executive Board placed on record their thanks and appreciation for his insights and invaluable contribution in shaping Arts Council thinking over eight years in that role.

The meeting closed at 16:00