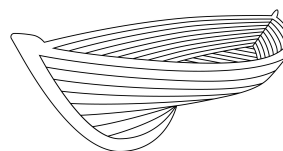


Shetland Arts Development Agency
Board of Trustees Meeting
Thursday 1 July 2010 at 6.00pm
Venue: The Mill Cafe, Bonhoga, Weisdale Mill



Shetland *arts*

AGENDA

Item	Description	Report	Item taken by	ACTION
1	Apologies and welcome	Verbal	Chair	Note
2	Minutes of last meeting			
2a	Approval of Board Minute for accuracy – meeting of the 07/05/10	Attached	Chair	Approval
2b	Matters arising that don't appear within the agenda	Verbal	Chair	Discussion
3	Finance and Management			
3a	Management Accounts	Attached	Director	Decision
3b	Directors travel update	Attached	Director	Note/ discussion
3c	Business Plan Review	Attached	Director	Decision
	Large Scale Project Updates			
4	Mareel Project			
4.1	Construction update	Verbal – detailed papers available on Basecamp	Director	Note
4.2	Operational update	Verbal – detailed papers available on Basecamp	Director	Note
5	Dates of future meetings			
5a	SADA Board Meeting: Thursday 19 August SADA Finance Sub-Group Meeting: Monday 9 th August 4.00pm Toll Clock Office		Chair	Confirm dates and venues for future meetings

CLOSED ITEMS

	Closed items from previous minutes matters arising	Attached	Chair	
A	Westside Cluster Update	Attached	Director	Note
B	Between Weathers	Attached	Director	

Income	Approved Board		Quarter 1 Apr - Jun	Variance against estimates	% of actual quarter income against budget estimates	Remainder between actual income and yr budget
	2010 - 2011 Budget for the Year	Quarterly Budget estimates	Actual April/May/June	£		
Box Office/Programme income	£ 172,350	31,431	11,645.98	-19,785	37%	£ 160,704
Ancillary Earned Income	£ 276,700	42,098	28,007.18	-14,091	67%	£ 248,693
Other Earned Income	£ 12,000	2,000	14,293.45	12,293	715%	£ 2,293
Business Sponsorship	£ 7,100	0	100.00	100		£ 7,000
Trusts, Donations	£ 73,715	17,500	183.69	-17,316	1%	£ 73,531
Revenue Scottish Arts Council	£ 156,803	39,201	39,201.00	0	100%	£ 117,602
Project Funding SAC (Voted and Lottery)	£ 70,000	21,000	3,048.00	-17,952	15%	£ 66,952
Local Authority - Project Funding	£ 0	0	-5,107.00	-5,107		£ 5,107
Other Public Funds	£ 830,959	386,482	352,444.00	-34,038	91%	£ 478,515
Total Income	£ 1,599,627	£ 539,712	£ 443,816	£ 95,895	82%	£ 1,155,811

Expenditure	Approved Board		Quarter 1 Apr - Jun	Variance against estimates	% of actual quarter spend against budget estimates	Remainder between actual spend and yr budget
	2010 - 2011 Budget for the Year	Quarterly Budget estimates	Actual April, May, June	£		
All Staff Costs	887,018	£ 217,894	128,777.73	89,116	59%	£ 758,240
Programme	183,707	£ 29,320	24,756.73	4,563	18%	£ 158,950
Marketing Projects	43,920	6,655	2,874.49	3,781	132%	£ 41,046
Marketing (Strategic)	20,000	3,750	1,623.27	2,127	131%	£ 18,377
Education	159,713	£ 38,194	12,994.85	25,199	34%	£ 146,718
Project Overheads	0	0	470.64	-471		£ 471
Overheads	305,268	£ 65,977	46,538.45	19,438	42%	£ 258,730
Other Expenses	0	£ 0	0.00	0	0%	£ 0
Total Expenditure	1,599,626	361,789	218,036	143,753	60%	£ 1,381,590
Total Expenditure	1,599,626	361,789	218,036	143,753	60%	£ 1,381,590
Total Income	1,599,627	539,712	443,816	-95,895	82%	£ 1,155,811
Net Surplus/Deficit	1,599,627	177,922	225,780	-239,649		225,779

Management A/C	Income	443,816.30	
Mareel Capital Costs	Income	1,027,224.72	
	Total Income		1,471,041.02
Management A/C	Expenditure	218,036.16	
Mareel Capital Costs	Expenditure	929,174.00	
	Total Expenditure		1,147,210.16

Notes to Management Accounts (April – June partial) 2010/11

The figures in the attached report relate to the period April to mid June. They include the carried forward figures from the draft accounts 2009/10, namely accruals for projects which will be reversed out when the funding is received.

The main points to note in the table are:

Income

Box Office – still waiting on June film income to be received (£3,400 approx) but the film income in total is going to show a reduction of £8,000 approx on the expected income. Other main shortfalls are in music (£6,000) and Garrison Programming (£1,000), but there has been no expenditure associated.

Ancillary Earned Income – Bonhoga Exhibition income is less than half expected to date, and shop income down £2,000 although the Café is up £1,000. Venue hire (Garrison, Creative Spaces and Places) approx £6,000 down on budgeted figure.

Other Earned Income – Fiddle Frenzy student income is shown under Music, making a £5,000 positive figure against the budget. Also showing a positive figure is box office income received for non SADA events.

Business Sponsorship – Still £7,000 to be sourced by officers. Film Development found £100.

Trusts, Donations – Still required to find.

SAC (V & L) -Funding applications have been approved for Literature, Craft and Visual Arts although the actual money is still to be received. The negative figures show the accruals which will be reversed shortly when the outstanding funds are received.

Local Authority - As above, plus Craft received £2,000

Other Public Funds – Mirrie Dancer reclaim made but still waiting for the money. Other applications still in progress.

Expenditure

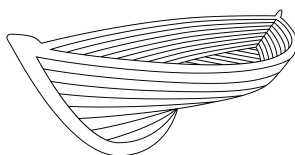
June salary figures not entered, approx £62,000 to be added.

Project expenditure less than expected.

Overheads – the Weisdale Mill shows a negative figure due to a possible high electricity invoice carried forward from last year.

Summary:

Generally, the income/expenditure is as expected but the current financial climate may make the Business Sponsorship and Donations targets more difficult to achieve and will need to be monitored closely. However it should be noted that Business Sponsorship and Donations relate to project expenditure and so unless secured this expenditure will not take place.



Shetland *arts*

To: Board of Trustees – Shetland Arts

04 May 2010

From: Director, Shetland Arts

1. Trips undertaken off island by the Director since last Board Meeting (05 May 2010)

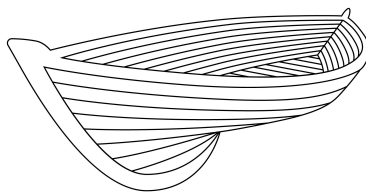
When	Where	Why
12/05/10	Edinburgh	RSA Event: Andrew Dixon new CEO of Creative Scotland reflections of first two week in post
18/05/10 – 20/05/10	London	18/05 Travel and follow meetings with Make Happy 19/05 Broadcast and Beyond Conference 20/05 Follow up meetings with media orgs and travel
26/05/10- 28/05/10	Edinburgh London	26/05 Inaugural Cultural Social Enterprise Conference 27/05 Meetings with music industry representatives
01/06/10	Edinburgh	Creative Finance Meeting - SAC
18/06/10- 23/06/10	Edinburgh/ London	Capital Matters meeting – SAC Edinburgh Film Festival meetings TOIL Mareel PR and Marketing meeting London Social Investment Meeting

2. Director planned off island trips

When	Where	Why
23/07/10	Glasgow	Opening of the Brigait
29/07/10 - 30/07/10	Edinburgh	Creative Finance Meeting
24/08/10	Edinburgh	Festival meetings and receptions
13/09/10- 16/09/10	London	PLASA Trade Fair

3. Recommendations

The Board are asked to note the above report.



Shetland *arts*

BUSINESS PLAN

Spring Review 2010

Shetland Arts Development Agency
Toll Clock Shopping Centre
Lerwick
Shetland ZE1 0DE
Tel: 01595 743843 E-mail: info@shetlandarts.org

Executive Summary

Shetland Arts Development Agency (SADA) was established as a non-profit charitable organisation in January 2006. From April 2008 Shetland Arts has been on a journey towards becoming a 'more than profit' social enterprise, with the aim to reduce dependency on a limited number of core funders, increase independence and sustainability while maintaining the organisations charitable status. Although Shetland Arts is exploring and diversifying its income base, wherever possible it aims to maintain an entrepreneurial mission centric approach to its enterprises.

Shetland Arts is a foundation organisation of Creative Scotland (formally known as the Scottish Arts Council), having previously operated as Shetland Arts Trust from May 1985 to March 2006. Its aim is to promote, develop and celebrate the distinctive art, culture and creativity of the islands, resulting in a Shetland that is **creative, confident and connected**.

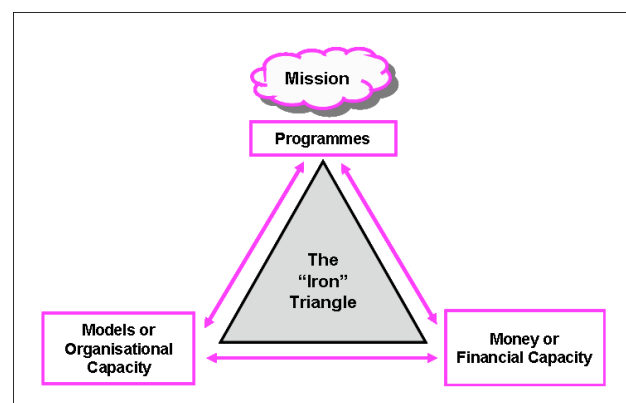
This document follows a review of the Shetland Arts Business Plan 2008 – 2013 given the number of significant changes, pressures and opportunities the organisation faces over the next three years. Much was identified and addressed in the previous document but given specific changes to the economic environment that Shetland Arts now operates within: a review of projections, models of operation and programmes of activity is believed prudent.

Post Global Financial Crisis (GFC), climate change and rising energy costs all have a significant impact on how Shetland Arts moves to a sustainable model of operation.

The construction of Mareel Shetland Art's new £12.2m music cinema and creative industries centre (due to open in spring 2011) is also a major growth element for the organisation which is set against an organisation that has a turnover that has grown by 250% over the past three years to £1.7m. Shetland Arts has a projected turnover of £2.6m by 2013.

This review document will inform next steps for Shetland Arts particularly in regard to staff recruitment required in the second half of 2010. A further review of business models and operation will take place with the new management team and Board in February 2011, 3 months prior to the projected opening of Mareel.

This review document seeks to ensure the three interdependent elements of **mission**, **models** and **money** that form a strong creative organisation are considered and developed.



Iron triangle: Mission, Money, Models: *New approaches to sustaining the arts in the UK* (2004), by Adrian Ellis advocated that not for profit Arts and Cultural Organisations (A&CO's) needed to get significantly better at managing interdependent relationship between mission and programmes, organisational capacity and financial capacity in order to become more organisationally and financially sustainable.

This review has not significantly changed the direction of the organisation as set out in our longer-term business plan. It provides an interim review in light of new and increased external pressures. The document describes priorities and focus for the next 18 months. A further review will take place in February 2011.

Strategic priorities: 2010 to 2013

Mission

- Strategic art form development (3 yr plans)
- Creative spaces and places: Westside Cluster, Mareel, Garrison Theatre, South Mainland base

Models

- Expanded team with new staffing structure
- Social enterprise driven
- Governance and Board development (Friends Scheme)
- Quality assurance schemes developed and maintained

Money

- Financial stability and diversification
- Intellectual Property
- Social finance, endowments and donor development

Success attributes, qualities and values

- Quality focussed
- Artistic integrity
- Entrepreneurial
- Income generation aware
- Resource aware: Financial and environmental
- Resilience
- Innovative
- Flexible and responsive
- Challenge convention

ACTIONS: April 2010 to September 2011

1. Financial stability and diversification

- 1.1 Reduce revenue grant dependency to just 25% of turnover by 2013. This will be achieved through growth (principally the opening and operation of Mareel) and the diversification of income streams including: trading, commission, consultancy and implementation of 'full cost' recovery budgeting against project activity.
- 1.2 Complete the construction phase of Mareel ensuring the new complex is opened within the £12.2m budget in spring 2011
- 1.3 Recruit, induct, train new staff team to operate Mareel and implement revised staffing structure by April 2011
- 1.4 Operate Mareel as a 'stand alone' business unit of Shetland Arts ensuring the new enterprise is cost neutral or generating a small surplus by 2013
- 1.5 Reduce carbon use by 10% year on year based on an annual baseline set in July 2010
- 1.6 Reduce office overhead costs by 15% by 2012 through relocating staff; reducing energy use and seeking income opportunities from office locations.

2 Intellectual Property

- 2.1 Secure, protect and exploit all intellectual property (IP) owned by Shetland Arts
- 2.2 Actively seek opportunity to own IP both generated through SADA activity and venues as well as through the acquisition of IP owned by others

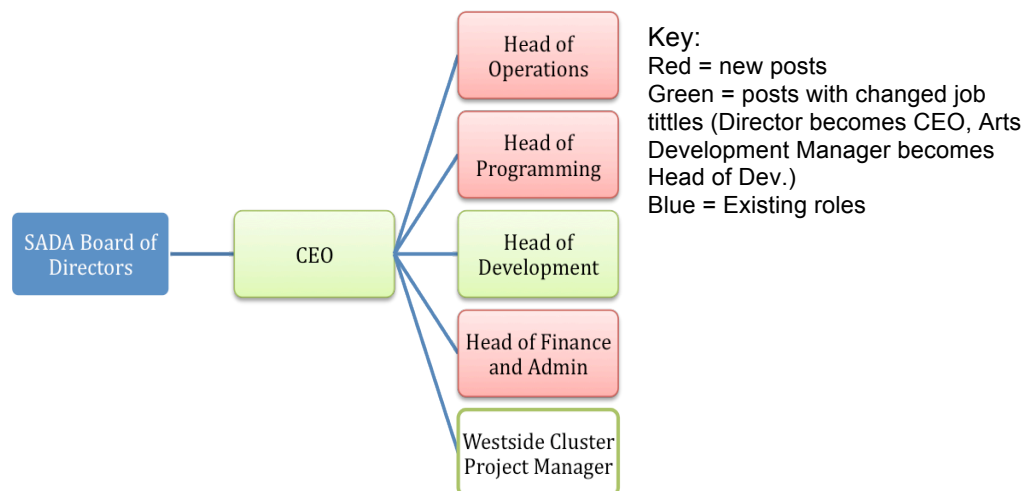
- 2.3** Build an IP Endowment for Shetland Arts
- 2.4** Position Mareel as a world-renowned content generator for broadcast, download and film
- 2.5** Seek to maximise income back to Shetland from film and TV location work in the isles
- 2.6** Undertake consultancy work when appropriate to capitalise on staff expertise, knowledge and skills.
- 3 Capital asset development**
 - 3.1** Develop the Westside Cluster Project so that Weisdale Mill and its buildings become as sustainable as possible both environmentally and financially. Target for the Westside Cluster to become a self-sustaining business unit of Shetland Arts by 2015. To that end Shetland Arts will design and source finance for a major capital project to be completed by April 2012 with renovation/ new construction work planned for late 2012.
 - 3.2** Shetland Arts will liaise with Shetland Charitable Trust and stakeholders regarding renovation and expansion plans for The Garrison Theatre. Priorities are: the creation of a foyer space that can accommodate a full house and provide refreshment facilities and energy saving and generation.
- 4 Strategic art form development**
 - 4.1** The development of 3 year Art form Development Plans with a focus on how best to target limited resources, maximise income generation and IP ownership and maintain mission delivery. Plans to be in place by end of January 2011.
- 5 Governance and Board development**
 - 5.1** Complete legal structure review and implement change where required. When appropriate create new legal entities to protect current activity and support income generation opportunity.
 - 5.2** Develop a 'Friends Scheme' that supports increased community engagement with Shetland Arts activity and venues. Launch new friends in December 2010.
 - 5.3** Undertake Board recruitment to bring Trustees number back up to eleven by September 2010.
 - 5.4** Board development and governance training day to be held in October 2010 with external trainer and facilitator.
- 6 Quality assurance**
 - 6.1** Review, revise and implement organisational staff appraisal scheme. New system to be in place and operating by April 2011.
 - 6.2** Maintain Quality Framework evidence collation and delivery
 - 6.3** Seek cost effective external evaluation, accreditation and recognition when and where appropriate.

Staffing structure review

The Shetland Arts Business Plan 2008 -2013 set out a staffing structure for Shetland Arts pre and post the opening of Mareel. The implementation of that structure began in April 2008. This document reviews that structure and suggests some minor changes and cost saving changes to the previous agreed structure.

The new structure creates a senior management team (SMT) that brings together Heads of Dept. and Chief Executive Officer (CEO).

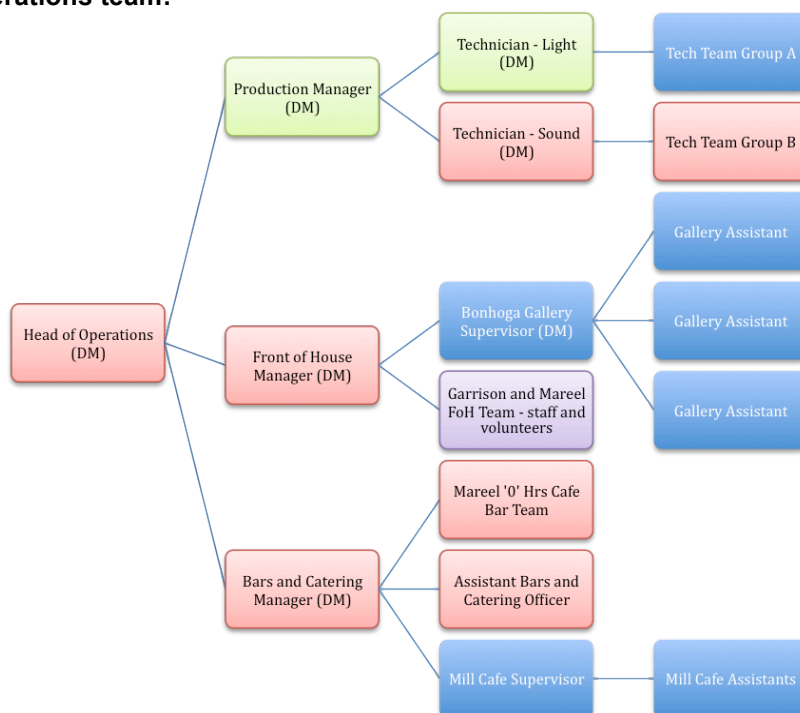
Senior Management Team



Key changes following review:

- Slight revision in job titles to allow consistency across the sector and facilitate Shetland Arts' agreed move towards becoming a Company Limited by Guarantee and the registering of trading companies as and when required. In this scenario current Trustees will also become Directors, so the current Director title needs to change to avoid confusion of roles.
- The Head of Finance and Administration is a new role that seeks to provide a strategic resource to oversee the financial stability and sustainability of the organisation. Focussed on legal, finance and administration overview this role will provide a solid foundation to Shetland Arts' increasing complex financial and related activity. It is expected that the post holder will be a chartered accountant.
- Westside Cluster Project Manager is a new role focused on developing a new sustainable model for Shetland Art's Westside Cluster that includes Bonhoga Gallery, Mill Café and plans to purchase other property within the area. The post holder is Mary Smith who has been moved from the roles of Curator and Marketing and Communications Officer.

Operations team:



Keys changes following review:

- In the previous structure there were two generic full-time Technicians. The review suggested a value in creating two specialist technical position one for sound and one for light. However, it is envisaged that both roles will be required to undertake their colleagues roles from time to time and they will manage a team of multi skilled technicians.

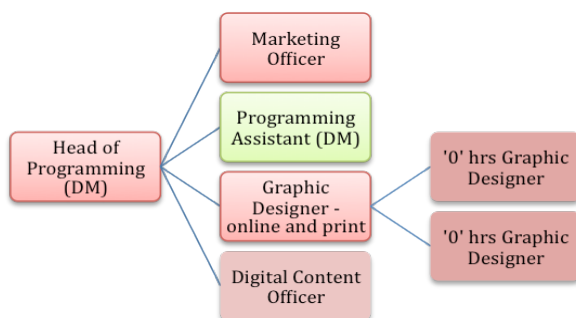
Development Team



Key changes following review:

- Part-time film development post removed. Saving used to create a Digital Content Programming Officer and placed in the Programming Team. Film development to be undertaken by contracted specialists as and when funds allow.

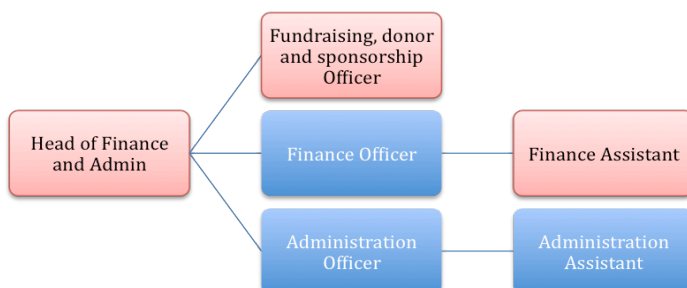
Programming Team



Key changes following review:

- Title change Events and Venues Assistant becomes Programming Assistant (post held by Carol Duncan)
- New post of Digital Content Programming Officer added to structure.
- Two '0' hrs Graphic Designers have been added to the structure to enable us to provide continuity through period of absence of the current designer, create flexibility to manage response to periods of pressure and undertake commercial design work for external organisations.

Finance and Admin Team



The changes have no significant impact on staff currently employed.

Budget review

The above revised staffing structure has a neutral impact on budget as agreed in the 2008/13 Business Plan. The projected staffing budget is £1.25m.

Key points of note:

- The post of Fundraising, Donor and Sponsorship Officer is currently unfunded. It is envisaged that a post of this nature will generate more revenue than it costs. However, given the current financial climate it is felt prudent to hold back appointment of this post until the further review of financial climate at the end of 2010. A decision then can be made regarding the risk of proceeding with this appointment without external support. In the meantime efforts will be made to source funds for this post in order to reduce the risk of loss of funds.
- Current projected fees and ticket prices will be reviewed in October 2010 (prior to tickets going on sale). Although ticket prices are likely to rise from projected figures, the rise is likely to be offset by inflationary costs.
- The setting up of a small Graphic Design Studio is seen as a way to generate income from the investment in design and print resources Shetland Arts has already made. The aim is to have one full-time graphic designer, supported by two '0' designers who will undertake work through pressured periods and absence periods of our full time member of the team.
- The potential income streams from IP are not built into our model at present. Further work will be undertaken to build projections for IP revenue generation.
- At this time evidence suggests that there will be no change in the projected attendance figures for Mareel, a key supporter of the venue's viability. In periods of depression history shows that attendance at low and medium cost leisure activity increases. This is particularly the case for cinema, current UK growth in attendances supports this belief.
- Shetland Arts is in conversation with Total regarding providing prepaid access to the cinema for its construction staff and the provision of other entertainment services. This has a potential for significant income generation during the first 3 years of Mareel. In addition the Tall Ships Race July 2011 will add a boost in year 1. No allowance has been made at this stage for this additional activity.

Recruitment Schedule

A schedule for the recruitment of additional staff to support the operation of Mareel and future sustainability and growth of Shetland Arts as a whole can be found in appendix 1.

The schedule spreads recruitment from July 2010 through to March 2011. Budget phasing represents the proposed schedule with the aim of bringing additional staff at the latest point to reduce the risk of unnecessary expenditure.

Gwilym Gibbons
Director
Shetland Arts
June 2010