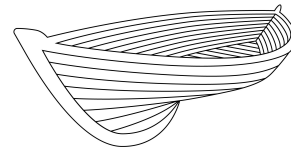


**Shetland Arts Development Agency**  
**Board of Trustees Meeting**  
**Wednesday 3<sup>rd</sup> February 2010 at 6.00pm**  
**Venue: Room 6, Islesburgh House, Lerwick**



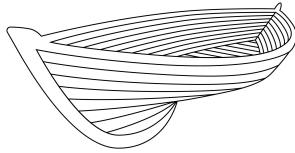
**Shetland***arts*

## AGENDA

Item	Description	Report	Item taken by	ACTION
1	Apologies and welcome	Verbal	Chair	Note
2	<b>Minutes of last meeting</b>			
2a	Approval of Minute for accuracy – 15 December 2009	Previously circulated	Chair	Approval
2b	Matters arising that don't appear within the agenda	Verbal	Chair	Discussion
3	<b>Finance and Management</b>			
3a	Management Accounts	Attached	Director	Decision
3b	Diversification of income sources	Attached	Director	Note/ discussion
3c	Directors travel update	Attached	Director	Note/ discussion
4	<b>Mareel Project</b>			
4.1	Construction update	Verbal	Director	Note
4.2	Operational update	Verbal	Director	Note/ discussion
5	<b>Dates of future meetings</b>			
5a	<b>Closed Governance and structure workshop:</b> Saturday 20 <sup>th</sup> February 9:30am – 12:30pm followed by lunch Radio Room, Islesburgh Community Centre  <b>SADA Board Meeting:</b> Thursday 18 <sup>th</sup> March  <b>SADA Finance Sub-Group Meeting:</b> Tuesday 8 <sup>th</sup> March 4.00pm Toll Clock Office		Chair	Confirm dates and venues for future meetings

### CLOSED ITEMS

	<b>Closed items from previous minutes matters arising</b>		Chair	
	None			



# Shetland*arts*

To: Board of Trustees – Shetland Arts

03 February 2010

From: Director, Shetland Arts

## **Diversification of income sources**

### **1. Background**

Extract from SADA Business Plan 2008 - 2013

#### **15 Fundraising and diversification of core financial base**

Shetland Arts recognises that the organisation's dependence on two core funders represents a significant risk if one or both funders should reduce or withdraw funding. In order to mitigate this risk and lever greater value against the positive core funded position that currently pertains, Shetland Arts is seeking to increase the level of external funding secured against the core funding in place from Shetland Charitable Trust and the Scottish Arts Council . In 2007/08 Shetland Arts doubled the local investment in the arts through external funds and income generation. Shetland Arts has a target to raise £2 from other sources for every £1 we received from local funds by 2013 (Hansel Promise 3).

To meet the above target Shetland Arts has adopted the following strategies:

- Increased delegated fundraising activity to Arts Development Officers for their areas of activity. This is represented in this business plan by the freezing of the core funding allocations, thus requiring individual art form officers to raise extra external funds for new activity and to maintain the status quo
- The introduction of strategic fundraising activity principally through the development and launch of Shetland Endowment for the Arts (SEA)
- The development and increase of direct giving and income from Gift Aid through 'Friends' schemes of Mareel, Bonhoga Gallery and the Garrison Theatre
- The exploration of long-term relationships with large scale Trusts and Foundations
- An increase in surpluses generated through trading activity and social enterprise activity

This paper seeks to update the Board on progress against the above items and place our income diversification strategy within the context of the post Global Financial Crisis (GFC) era we find ourselves in today.

## **2. Current position**

The Board's adoption of the above approach in 2008 was forward thinking and challenging. The decision predated the GFC. Shetland Arts had no suggestion of significant reductions in core funding from the Shetland Charitable Trust (SCT) at that time – to the contrary we had a written letter of reassurance that core funding from the SCT would grow year on year by 2.5% to support our applications for capital funding for Mareel. Shetland Arts now lives in very different times. The SCT grant is due to be cut in 2010/11 by 10% + inflation in the coming year to protect the long term viability of the SCT endowments. The impact of SCT funding changes alone on our 2008 – 2013 Business Plan projections is a deficit of £120k by 2013.

SADA is among just a handful of arts organisations in Scotland that is actively engaging in the social enterprise movement. Our journey towards becoming less dependant on core funding is challenging, as are the changes in culture required within the organisation to move from a 'not for profit' to a 'more than profit' organisation. There are also some political challenges with local elected Members and some stakeholders in how we communicate and implement fees and charges for the real costs of the services we provide that are not fully subsidised.

The outlook for public, foundation and trust funding is bleak. Diversification of income streams is vital if Shetland Arts is to continue delivering creative services and arts development support at current levels enjoyed. Some commentators predict unprecedented changes in public funding for the arts over the next five years, with hints of a move towards a more American style of funding mix. Shetland Arts is well placed to adapt to this changing environment. We have been early of the starting block, we have an excellent national reputation and our participation in pilot programmes such as the Mission Models Money New and Alternative Financial Instruments all supports us in making the required significant changes to our operating culture, earning potential and fundraising activity.

The review of SADA Governance structures, Business Plan and staffing structures will all seek to reflect our direction of travel and ensure the new shape of SADA is fit for purpose in these changing times.

## **3. Update on progress against Business Plan**

- a. Increased delegated fundraising activity to Arts Development Officers for their areas of activity. This is represented in this business plan by the freezing of the core funding allocations, thus requiring individual art form officers to raise extra external funds for new activity and to maintain the status quo

*Shetland Arts Development Officers all now take a personal lead in the project fundraising for their art forms. The amount they are required to raise grows year on year to offset rising overhead and salary costs. The adoption of this approach has been highly successful in controlling unsustainable growth and targeting of effort. The implementation of the Arts Development Process also supports review, reflection and innovation within art forms regards their resource use and income generation.*

- b. The introduction of strategic fundraising activity principally through the development and launch of Shetland Endowment for the Arts (SEA)

*Shetland Arts commissioned a feasibility study (Appendix 1) to move forward this strand of activity towards the end of 2009. Initial conversations have taken place with potential funders regards underwriting of a three year Strategic Fundraising post to setup SEA and develop relationships with a broad range of potential income streams from trusts and foundations to legacies and philanthropic giving.*

*The attached study will now inform our current Business Plan review and next steps in this area of activity.*

- c. The development and increase of direct giving and income from Gift Aid through 'Friends' schemes of Mareel, Bonhoga Gallery and the Garrison Theatre

*Shetland Arts is currently exploring formats and structures of a Shetland Arts Friends Scheme which brings together a benefit package for a friend for all Shetland Arts venues but with individual venue branded schemes. Shetland Arts recently suspended membership of the Bonhoga scheme pending this review. The current governance review also has a link to potential shape of a resulting scheme – given a potential requirement for a membership base for the organisation.*

- d. The exploration of long-term relationships with large scale Trusts and Foundations

*See response to (b) above.*

- e. An increase in surpluses generated through trading activity and social enterprise activity

*At the time of adopting (e) as a strand of activity little did we know of its importance in the new post GFC world we live in today. The review of the current Business Plan is likely to include a significant emphasis on delivering the above. Much has been done over the past two years to prepare the organisation for such a shift. A key*

*impetus is the operation of Mareel as a self-sustaining major increase in activity.*

*Shetland Arts is also exploring ways to generate income from current and future intellectual property (IP) including exploring rights for broadcast content and creative ideas for events and projects.*

*The onother area of trading activity is sponsorship of venues, events and projects. In order to secure reasonable return for effort in this area there is a need to think national and promote the value of sponsorship of our activity as not a means to reach Shetland audiences but as a means to reach a international audience. Conversations have begun with communications and brand managing organisations to explore ways and means to position Shetland and in particular Mareel as a world stage that is in an amazing place - a venue that is producing content to a world audience. It is believed that we have a unique product if positioned right that will have a value to international brands seeking to distinguish themselves in current markets.*

### **3. Recommendations**

The Board are asked to note progress on the above and consider its content in subsequent reviews and approval of the Business Plan, Governance and Staffing Structures.

#### **Appendix 1: Towards an Endowment**

Gwilym Gibbons  
Director  
03 February 2010

## **Shetland Arts Development Agency**

### ***Towards An Endowment***

**Simon Mundy**

#### **1. *The Idea of Endowments***

- 1.1 Endowments have been pushed into the shadows in British and other European arts funding since the 1940s but until then they had been the principal means of supporting activity over a long period, especially when more immediate patronage was unavailable. Most of our great mediaeval universities, and later museums, were founded and dependent on their endowments until the State intervened in the last century (and, in the case of some schools, the second half of the 19<sup>th</sup> century). In Britain and the rest of Europe this tradition was modelled on and sometimes in conjunction with the church. Catholic administrators had realised from the 4<sup>th</sup> century onwards that the rich and powerful could be persuaded that immortality might be made easier in heaven and more likely on earth by founding an institution. From William de Merton at Oxford in 1264 to Bill Gates in 1997, the argument still holds good.
- 1.2. On this side of the Atlantic endowments for the performing and literary arts have remained relatively unusual, however. There has been a tendency to leave current account activity, like festivals and continuing programmes, to government (in its various forms). Composers and their families (Holst, Tippett, Finzi and Vaughan Williams, along with Britten and Peter Pears) have endowed trusts to augment opportunities and allow for more adventurous programming. Various philanthropists (like the Sainsburys) have allowed the arts access to their more general foundations. Nonetheless public endowments for the support of artistic activity have been slow to become fashionable. The UK government took a step in that direction when it reallocated some of the income from the national lottery to a National Endowment for Science, Technology and the Arts but it has since moved away from the arts themselves towards community development and small cultural businesses.
- 1.3. It has been in the USA, though, that the endowment idea has really taken hold. In a country where the notion of state funding is still politically suspect, even its federal grant programme has had to be named the National Endowment for the Arts in order to gain limited partisan respectability. Endowments are not confined to funding bodies and philanthropists, however. Almost every arts organisation aiming for a degree of permanence has an endowment attached to it. Some are parallel bodies (like Friends organisations and 'Rolls of Honour' trusts), some are straightforward endowments underpinning the organisation itself. The latter is particularly true of many orchestras and opera companies.

- 1.4 The idea of starting an arts endowment for a distinct regional territory is innovative but for Shetland it could make great sense. Shetland Arts is in any case largely funded from a slice of the general endowment income from the Shetland Charitable Trust. Having an endowment which cannot be diverted to other purposes has many attractions. It could serve as a model for communities in many other places too.

## 2. *Advantages*

### 2.1 *Security*

An endowment, of whatever size, can be relied upon if it is invested safely. It may not always generate enormous income but it remains a pillar of support not only through its own funds but through the assurance it offers to other funders that they are not the sole benefactors. While it is very rare for the arts to rely entirely on their endowment income, it means that there is always a basic level, a starting point. While the endowment is in place and able to pay out, there need never be a complete absence of activity. Something new can always happen and established organisations know there is something other than government grants and ticket sales behind them.

### 2.2 *Independence*

An endowment is entirely in the power of its trustees. It does not have to bow to any prevailing political fashion. If its articles are written cleverly and its trustees are appointed to have only the interests of the arts in mind, they can be free from outside pressure in their decision-making. As the years go on, of course, trustee are likely to reflect the artistic needs of the society, however it will be up to the trustees to define what those needs are. They do not have to accept or abide by the definitions and interests of other bodies.

### 2.3 *Flexibility*

An endowment fund in the UK can spend as much or as little of its income as it sees fit. It can reinvest it, save it for the next year, or spend it all. Many trusts make the mistake of circumscribing their actions too strictly, in terms of how they deal with income. However a flexible income stream can be extremely useful.

### 2.4 *Clarity*

The ways in which income can be spent, how much and when, can be set out with a clarity and certainty that public bodies can rarely achieve. This clarity often means that the endowment has a greater level of trust from the community than those institutions which are political in nature or governance.

### 2.5 *Community involvement*

An endowment fund is something that everyone can contribute to. Its feeling of permanence, its clear purpose, and its independence from government

means that people can fund raise for and donate to it in the knowledge that the results will not be wasted or frittered away.

## 2.6 *Longevity*

There are no limits to an endowment fund. It is not an institution to be restructured to fit government theory. It lasts as long as its investments do. It does need to continue to raise money, though. As mediaeval colleges found, relying only on the generosity of the original benefactor is a recipe for penury. One merk in 1500 bought rather more than its 21<sup>st</sup> century equivalent.

## 3 *The Shetland Case*

- 3.1 Shetland is a place with all the factors that could bring the best out of an endowment, if it is given time to mature and not too much is expected in terms of pay-outs too soon.
- 3.2 The projects and programmes an endowment would need to support are, given the size of the islands' population, important and significant but not of a scale that would overstretch the likely output from a fair sized fund on an annual basis.
- 3.3 Shetland has benefited already from the Shetland Charitable Trust (SCT). It has allowed a degree and speed of development for the arts that has outstripped many similar regions of Scotland. Most importantly the infrastructure has been improved out of all recognition in the last 20 years, particularly in Lerwick, and the security of funding has allowed a high degree of professionalism to be introduced into event and venue management. It is this visible steady progress that a dedicated endowment could underpin further.
- 3.4 The recent downturn in investment income has put a strain on the SCT and exposed the arts to the sort of criticism that is always aimed at them when times are hard. There is always a section of the community (and of the political establishment) that regards the arts as frivolous and a distraction from 'real' life. Those who regard the arts thus also tend to see spending on arts administration and events as an unacceptable diversion of public money. The assumption is that somehow maintaining cultural facilities is withdrawing money that would otherwise be spent on health, education or transport. The arts are seen as a form of soft-headed social service for the middle classes. This is a difficult attitude to overcome (indeed it is deeply felt in the British puritan tradition) and will always mean that revenue grants from the Council will be under some threat when services generally are under pressure. Long term advocacy can shift the prevailing dissent but often not quickly enough to protect progress in the arts.
- 3.5 An endowment dedicated to the arts can go some way to relieving public pressure. It cannot do everything and there are dangers (see below) but it can



ensure that the ebb and flow of political support for the arts does not lead to catastrophic cuts. Shetland is sufficiently small that a relatively minor shrinking of funding can have a disproportionately vicious effect on programmes and projects.

- 3.6 While it will be many years from the start of an endowment until it can become the main support system, there will be benefits early on in stemming an adverse tide.
- 3.7 If the initial endowment fund is generous enough, however, its potential can be demonstrated quickly once the trustees are through the initial period of consolidation. By targeted, limited project support the trustees can show that the fund can have a decisive effect as long as other funding sources are not scaled back injudiciously.
- 3.8 Shetland has an impressive tradition of supporting its own good causes. There is a healthy sense of spirited independence and self-reliance. Both suggest that a dedicated endowment would be seen as fair and in keeping with Shetland's sense of looking after its own.

#### **4. *Pitfalls***

- 4.1 The biggest problem with endowments is the potential for other funders, and local politicians, to assume that they no longer have to worry about the arts; that the endowment can be relied upon to take care of everything. Unless the amount endowed is massive, the income from it (especially in times of very low interest and rising costs) can never be more than an 'extra leg'. Just like lottery support, the principle of additionality needs to be applied. At least in the first years while the endowment is grown to a sustainable size, it needs to be protected from assuming too large a role.
- 4.2 An endowment takes a long time to build. A significant lump sum to start helps, but even so fund-raising has to be continuous. One has to be careful, too, that saving for the endowment does not have a damaging effect on the ability to find money for other purposes. Donating to an endowment is attractive because it is seen as long term and therefore the donor has a chance of feeling rewarded over many years. However a large gift to an endowment will produce a relatively small income, so the effect on the ground may seem to be small compared to the generosity of the donation.
- 4.3 Trustees need to be picked carefully. They need to be independent of local politics and able to steer a difficult course between being seen to be active, responsive and innovative while at the same time protecting the growth of the endowment itself. If trustees are unable to resist the pressures from both the community and the arts for the endowment to do too much, too soon, the long-term objectives will be jeopardised.

- 4.4 Investment income can go down as well as up – as financial advisers always point out. Recent experience with the SCT proves the point. The endowment will be able to support more ventures in some years than in others. It is another reason why it has to be just one of the tools for providing funds, not the only or biggest one.

## 5. *Size Matters*

- 5.1 A small endowment is no use to anybody. It takes time and effort to administer without significant output. It diverts fundraising energy and contributions from other projects that might have greater benefit, and it confuses the advocacy case for annual public grant making.
- 5.2 If a real contribution is to be visible and significant, a distribution fund of half a million pounds a year is about the minimum necessary at 2010 prices. To achieve this the endowment will need to be between fifteen and twenty million pounds, depending on rates of return. To take a major long-term hand in supporting a strategy of cultural growth, distribution and therefore capital will need to be well above those figures - even for a territory with the population size of Shetland.
- 5.3 In the US most major foundations and endowments are required by law to spend 5% of their capital annually. In times of high investment return this is a conservative and manageable figure. In exceptional economic downturns, however, it can do some serious damage to the integrity of the fund. It is often better to peg the annual distribution amount to a percentage point or two below the major source of the fund's income (e.g. bonds, shares, interest rates). This may not seem very exciting but it allows the endowment to continue growing under its own steam while keeping the expectations of the community at a realistic level.
- 5.4 If Shetland is really serious about building a model of endowment which can restructure its reputation, respond to creative ambition, and guarantee sustainability through several decades, then it should aim for an endowment of at least £100m in the medium term. This may seem a lot but it is less than half the size of the SCT and only the maximum sum the Euromillions lottery can pay to an individual on a single night. It would be a bare minimum for buying a Scottish premiership football club and would barely buy the subs bench for an English one.

## 6. *Using an Endowment*

- 6.1 For all the reasons of variable income, the necessity of protecting the endowment itself, and the importance of additionality, endowments which are

aimed at providing a fund for more than one institution are unsuited to revenue funding where the receiver relies on the endowment for an irreplaceable portion of the budget.

- 6.2. An endowment is most helpful when it tops up funds from other sources, supports (wholly or in part) a time-limited project, a strand of a festival, or grants for individuals.
- 6.3. Support for individual artists – living costs while a writer finishes a book, a painter an exhibition, a director a film, or composer a score – is ideally suited, especially when it also contributes to the production, distribution and presentation of the finished work. This is an area which government funded bodies – ever mindful of protecting the public purse – find very difficult to manage without a stifling level of bureaucracy that can make the artist baulk at accepting the help.
- 6.4 Supporting capital projects can be an option if the endowment is large enough but if it is to offer a decent level of support to others, its involvement in large scale building should be moderate. However for minor refurbishments and conversions, it would be a useful additional source.
- 6.5 The greatest asset of an endowment, however, is its ability to kick-start initiatives, provide immediate money for new ideas and fund artistic experiment and innovation. Because an endowment should have no regular revenue clients it can help an idea off the ground and sustain it until it can take its place as an organisation within the usual funding system.
- 6.6 An Arts Bank could be managed through the endowment, so that projects can borrow as well as receive grants. The interest charged can be equivalent to that received from endowment investments, so that the endowment itself is maintained while giving the arts access to loans enormously cheaper than the rates charged by banks. This could be particularly important, for example, for organisations facing cashflow problems while they wait for payment from the EU Culture Programme or other public sources which can involve up to 18 months delay.

## **7. *Filling the Endowment***

- 7.1 It is important that contributions to the endowment fund do not detract from efforts to raise money for short-term initiatives, existing events and capital projects. It is equally important that a significant sum can be generated quickly - otherwise the endowment will not be able to offer very much for a long time ahead, which makes people lose confidence and interest.
- 7.2 Consequently, contributions cannot be left entirely to community efforts. There must be a substantial starting sum; enough to be able to stimulate others to contribute and to begin to make a visible difference within a few years of

being set up (without unduly raising expectations). This means that there needs to be a founding donation, perhaps from two or three matched sources to indicate wide support. Promises from a number of other donors should be secured so that there is a sense of momentum beyond the initial launch.

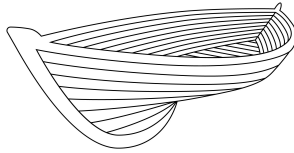
- 7.3 Those that benefit from the endowment should also contribute to it. This ensures community acceptance and means that audiences know that their purchases are not only paying for the event (or the catering) but are contributing to something long-term. Ideally 10% of all earned income from events promoted or managed by Shetland Arts should be deposited in the endowment.
- 7.4 There should be a Gala Weekend each year, when resident artists are asked to donate a performance or a work to the fund.
- 7.5 Corporate donors should be asked carefully, because it is important not to let them assume that contributing to the fund means there is no need for sponsorship. One way is to allocate 10% of any sponsorship offered to SA managed events to the endowment. Another is to form a Endowment Business Forum of commercial supporters.
- 7.6 Planning gain can be encouraged through an endowment equivalent of 'percent for art' schemes. The SIC can play its part by making it clear that those bidding for tenders will do better if they include contributions to the endowment in their plans.
- 7.7 It is important that those with Shetland connections or affections who live outside the UK should regard the endowment as a first choice recipient of philanthropic donations and legacies. The endowment, therefore, will need to be registered with other tax authorities so that donors gain their full allowances. Good use should also be made of the UK's long running Gift Aid scheme.
- 7.8 Although the National Lottery soaks up most casual spending, local lotteries are still a useful source – especially as they draw contributions from those who are not regular users of the arts. A Shetland Arts Endowment Lottery could keep the endowment in the public eye while widening its support base.

## **8. *Next Steps***

- 8.1 A feasibility assessment needs to be made. This will require research into the models of endowment in current operation, discussions within and without Shetland as to what would be acceptable to other agencies and fiscal authorities, and an assessment of what size of fund would be achievable.
- 8.2 Design options will need to be set out for consideration together with a timetable for the fund's establishment.

- 8.3 The assessment and design options should be delivered by the end of July 2010 so that Shetland Arts can have mechanisms agreed by the end of the year.

Simon Mundy  
January 2010.



# Shetland*arts*

**To:** Board of Trustees – Shetland Arts

03 February 2010

**From:** Director, Shetland Arts

## 1. Trips undertaken off island by the Director since last Board Meeting

When	Where	Why
07/12/09	Edinburgh	MMM event – taking part in a panel discussion exploring the challenges of changing funding landscape
25/01/10 – 26/01/10	London	Aprox 10 meetings with national media, film and music organisations exploring involvement in Mareel
27/01/10 – 31/01/10	Glasgow	Celtic Connections – attending Showcase Scotland and attending a range of networking events and meetings to promote Mareel and Shetland music.
02/02/10	Edinburgh	Mareel meeting with Arup consultants and Harley Haddow

## 2. Director planned off island trips

When	Where	Why
11/02/10	Inverness	Highlands and Islands Senior Arts Officers network meeting. A meeting that is held roughly every six months.
25/02/10 – 27/02/10	Inverness	HISEZ Conference – speaking at conference regards cultural social enterprise.
02/03/10	Edinburgh	SAC Meeting with Iain Munro and Clare Simpson (SAC) and Paul Bush (EventScotland) to discuss findings of The Voyage feasibility study
03/03/10	London	Meeting with Clare Cooper (Mission Models Money) and attendance at 'Leadership in Uncertain Times' event. A select event attended by Secretary of State Ben Bradshaw MP and Shadow Secretaries of State Jeremy Hunt MP and Don Foster MP.
04/03/10	London	Follow up meeting with music, film and TV sector regards sector use of

		Mareel.
15/04/10	Glasgow	2012 UK Cultural Programmers Meeting

### **3. Recommendations**

The Board are asked to note the above report.

Gwilym Gibbons  
Director: 03 February 2010

SHETLAND ARTS MANAGEMENT ACCOUNTS 2009/10

Income

	Approved Board	3/4 Yearly Budget Estimate	Quarter 1 Apr - Jun	Quarter 2 July - Sept	Quarter 3 Oct - Dec					Quarter 4 Oct - Dec	Quarter 4	Quarter 4
	2009 - 2010 Budget for the Year	3/4 Yearly Budget Estimate	Actual April/May/June	Actual July/Aug/Sept	Actual Oct/Nov/Dec	Variance against estimates to year end £	% of actual income against 3/4 yearly budget estimates	Remainder between actual income and yr budget	Total Income to Date	Budget	Estimates	Variance on total income against annual budget
Box Office/Programme income	£ 131,800	100,875	21,392.17	44,070.89	11,924.32	-23,488	77%	£ 54,413	77,387.38	30,925.00	20,300	34,113
Ancillary Earned Income	£ 162,500	125,250	38,057.93	56,349.89	32,634.45	1,792	101%	£ 35,458	£ 127,042	37,250.00	28,000	7,458
Other Earned Income	£ 18,500	15,500	7,998.23	2,134.13	32,243.32	26,876	273%	£ 23,876	£ 42,376	3,000.00	2,000	-25,876
Business Sponsorship	£ 11,825	11,325	500.00	0.00	0.00	-10,825	4%	£ 11,325	£ 500	500.00	0	11,325
Trusts, Donations	£ 55,900	52,900	630.46	11,681.74	0.00	-40,588	23%	£ 43,588	£ 12,312	3,000.00	0	43,588
Revenue Scottish Arts Council	£ 156,803	117,603	39,201	39,201	52,268	13,067	111%	£ 26,133	£ 130,670	39,201	26,133	0
Project Funding SAC (Voted and Lottery)	£ 70,400	56,800	106,553.52	13,443.79	93,784.29	156,982	376%	£ 143,382	£ 213,782	13,600.00	32,693	-176,075
Local Authority - Project Funding	£ 16,600	16,600	13,000.00	2,000.00	4,501.30	2,901	117%	£ 2,901	£ 19,501	0.00	0	-2,901
Other Public Funds	£ 866,736	846,736	471,877	55,683	403,274.00	84,098	110%	£ 64,098	£ 930,834	20,000.00	33,811	-97,909
<b>Total Income</b>	<b>£ 1,491,064</b>	<b>£ 1,343,589</b>	<b>£ 699,210</b>	<b>£ 224,564</b>	<b>£ 630,630</b>	<b>210,815</b>	<b>116%</b>	<b>£ 63,340</b>	<b>£ 1,554,404</b>	<b>£ 147,476</b>	<b>£ 142,937</b>	<b>£ 206,277</b>

Expenditure

	Approved Board		Quarter 1 Apr - Jun	Quarter 2 July - Sept	Quarter 3 Oct - Dec					Quarter 4 Oct - Dec	Quarter 4	Quarter 4
	2009 - 2010 Budget for the Year	3/4 Yearly Budget Estimate	Actual May, June	Actual Aug, Sept	Actual Oct, Nov, Dec	Variance against estimates £	% of actual expend against 3/4 yearly budget	remainder of actual spend against budget estimates	Total Expenditure to Date	Budget	Estimate	Variance on total spend against annual budget
All Staff Costs	781,465	586,099	202,655.58	199,093.30	190,855.63	6,506	101%	£ 379,716	592,604.51	195,366	201,001	-12,141
Programme	157,110	127,049.00	61,932.86	41,812.39	22,901.66	-402.09	100%	£ 53,365	126,646.91	30,061	48,700	-18,237
Marketing	15,120	11,760.00	6,634.25	12,297.57	5,070.01	12,241.83	204%	£ 3,812	24,001.83	3,360	4,100	-12,982
General Marketing and Box Office	25,000	19,500	3,823.64	8,410.84	1,243.15	-6,022.37	69%	£ 12,766	13,477.63	5,500	6,000	5,522
Education	223,558	185,089.00	21,292.10	159,253.38	22,327.26	17,783.74	110%	£ 43,013	202,872.74	38,469	27,750	-7,065
Overheads	249,283	191,628.00	81,583.22	127,940.52	92,592.62	£ 110,488	158%	£ 39,759	302,116.36	57,625	57,000	-109,833
Other Expenses	39,528	£ 0	0.00	0.00	0.00	0.00		£ 0	0.00	39,528	0	39,528
<b>Total Expenditure</b>	<b>1,491,064</b>	<b>1,121,125</b>	<b>377,922</b>	<b>548,808</b>	<b>334,990</b>	<b>140,595</b>	<b>113%</b>	<b>£ 229,344</b>	<b>1,261,720</b>	<b>369,909</b>	<b>316,801</b>	<b>-115,207</b>
<b>INCOME</b>	<b>1,491,064</b>	<b>726,720</b>	<b>699,210</b>	<b>224,564</b>	<b>630,630</b>	<b>827,684</b>	<b>127%</b>	<b>-63,340</b>	<b>1,554,404</b>	<b>147,476</b>	<b>142,937</b>	<b>-206,277</b>
<b>EXPENDITURE</b>	<b>1,491,064</b>	<b>1,121,125</b>	<b>377,922</b>	<b>548,808</b>	<b>334,990</b>	<b>140,595</b>	<b>83%</b>	<b>229,344</b>	<b>1,261,720</b>	<b>369,909</b>	<b>316,801</b>	<b>-115,207</b>

Net Surplus/Deficit for period 91,070





Shetland *arts*

### 3a) Finance Report for Trustee Meeting 3rd February 2010

#### Income

1	<b>Box Office</b>	Total box office income for the year has a projected shortfall of £30k approx. (Films £10K, Garrison Programming £6K, Dance £1K, Music £10K). The December film income will be included in the next quarter.
2	<b>Ancillary Earned Income</b>	Total to date has exceeded annual budget. The Bonhoga Exhibition programme traditionally sells well over Christmas, and should reach target. The Café and shop have both exceeded income targets, but expenditure is also up (see expenditure note).
3	<b>Other Earned Income</b>	This includes the income from an additional projects: Himmelbla (Norwegian filming) £25,762. PA Hires and incidentals.
4	<b>Business Sponsorship</b>	Difficulties with the current economic climate has seen a reduction in this area and we are not expecting any additional income to the year end.
5	<b>Trust, Donations</b>	Anticipated shortfall of around £35,000 which has meant a corresponding reduction in spend. Includes a £7,500 shortfall in VA when 'The Lighthouse' went into administration but we were able to reduce spend on the project accordingly.
6	<b>SAC revenue</b>	As budgeted.
7	<b>Project Funding</b>	All projected targets have either been met or are anticipated to be met. Additional funding from the Mirrie Dancers project is shown.
8	<b>SAC (V&amp;L) Local Authority</b>	Additional funding from Visual Arts and Craft means targets met.
9	<b>Other Public Funds</b>	Includes revenue funding from SCT. Also includes additional funding for Mirrie Dancers and planned maintenance funding (Garrison district heating).

#### Expenditure

10	<b>All Staff Costs</b>	Estimated to be on target when journals for reclaims made. Reclaims are due for the graduate placement from HIE and Keith Morrison from Mirrie Dancers project.
11	<b>Programme</b>	This includes the Mirrie Dancer additional project expenditure, the remainder being within budget.

12	<b>Marketing</b>	Some projects did not have a marketing budget allocated at the start of the year but to keep accurate reporting all marketing expenditure has been put to this code.
13	<b>General Marketing</b>	This shows strategic marketing for the organisation.
14	<b>Education</b>	Additional Visual Art projects show increased expenditure, but is offset with increased income.
15	<b>Project Overheads</b>	Project expenditure of £28,000 included in this total. The Garrison Theatre is overspent, as expected as a result of incorrect funding from SCT originally towards running costs. Bonhoga Café and shop also show overspend, but income is also increased. The Toll Clock and Weisdale Mill overheads are on target.
16	<b>Strategic Development</b>	Total includes the Himmelbla expenditure and Creative Connections expenditure.
17	<b>Other Expenses</b>	Do not expect to show any expenditure in this column.
18	<b>Restricted Funds</b>	£14,479 exhib digital jewellers £7,750 Hansel for light £16,500 Mirrie Dancers SAC £13,071 Mirrie Dancers Esme Fairbairn

#### **General Statement:**

**Restricted Income Total £51,800. Overall the income/expenditure forecast looks to have a positive variance of around £39K when the restricted income is taken into account.**