

December 2001

Mr Howell Rees

Clerk to the Audit Committee

The National Assembly for Wales

Cardiff Bay

Cardiff CF99 1NA

Dear Mr Rees

I attach my written comments on the National Audit Office report on the Arts Council of Wales: Centre for Visual Arts. I feel it is necessary to set my comments on the report out in writing since it was not practicable during the recent meeting to cover them all in sufficient detail. I hope that this will be an adequate response to Mr Cairns' request to let the Committee know of any errors contained in the report. I also attach the list of key monitoring meetings and documents, as discussed during the meeting.

I would like to add that it saddens me to have to disagree at such length with this report. I feel sure that if my colleagues and I had been consulted as to matters of fact during its compilation, it would not have been littered, as it is, with omissions, factual errors, misunderstandings and misinterpretations.

I would also hope at all times to be helpful to the work of the Audit Committee, and only regret that the failure to consult my colleagues and myself made it a more difficult task than I would have liked.

If there is any further query please let me know, and I look forward to receiving the draft transcript of the meeting.

Yours sincerely,

**Joanna Weston**

## **Joanna Weston - NAO report on CVA Dec 01**

There are a number of omissions in this report which mean that the report fails to give a balanced picture of the circumstances surrounding the Arts Council of Wales' capital and revenue grants to the Centre for Visual Arts during 1995 - 2000. In particular the failure to consult ACW Divisions other than Lottery, i.e. Access and Artform, mean that the description of the monitoring regime is incomplete. These omissions are:

### **Para. Statement of Fitness**

The report falls to mention the role of the National Audit Office in issuing a checklist

1 & for lottery distributors to develop their systems for lottery funding. These systems,

1.5 including developing guidelines for applicants, the application process and the monitoring process were then the subject of scrutiny and confirmation that systems

were adequate from the NAO to the Accounting Officer for the Department of National Heritage. The DNH then agreed a "statement of fitness" to the lottery distributor. The statement of fitness confirmed that ACW's systems and processes complied with the Directions and Financial Directions issued by the Department and that ACW was acting properly within its regulatory framework. This process took place during early 1995, shortly before the first ACW capital grant to the CVA.

It is worth noting that the report does not at any point say that ACW failed to act within its regulatory framework, or within the requirements of the Directions and Financial Directions for Lottery Distribution or at any time failed to follow its own and government guidelines in accordance with its accountability regime.

### **2 Role of NAO as external auditor**

Throughout the period of developing systems (which included such matters as appointment of assessors) as well as subsequently, NAO exercised its role as external

auditor of ACW. Any recommendations that were made in connection with the

systems and practice of distribution of Lottery money were acted on promptly.

### **3 NAO Monitoring of CVA**

NAO reviewed the whole process around the granting of funds and general monitoring of the Centre for Visual Arts annually in line with the Financial Direction:

*(6.2) The Council must seek from the NAO checks on a sample of its appraisals of individual projects to ensure that its standards of project appraisal have been applied to Lottery funding and remain current and credible ...*

I would have expected this report to comment on any recommendations that were made and whether they were acted upon in connection with this annual monitoring.

On the site visit in which it was discovered that the secure storage had been removed from the specification, (see 3.12) ACW staff were accompanied by a member of NAO staff as part of the annual review.

There seems to have been no consultation of non-lottery ACW staff during the preparation of the report. It appears from the report that the NAO is under the impression that the ACW's lottery distribution systems are stand-alone and have no connection with other Divisions of ACW. This is far from the case, and much of the

monitoring activity which is missed in the report was carried out by staff from the Access and Artform Divisions working in collaboration with lottery staff. In order to examine ACW's monitoring of the project it would be necessary for the NAO to consult officers in other parts of the organisation.

## **Part 1 - INTRODUCTION**

1.8 The Chairman of Trust was not at the time President of the Museum, he was Vice President.

1.12 *"Delays in the refurbishment programme led to a 5-month delay in opening the centre."* What is omitted here is any mention of the impact of Cardiff County Council putting its support on hold. This in itself created a 5-month delay to the capital and pre-opening programme with a resulting impact on revenue and capital funds. The January 1998 McCann Matthews Millman report notes:

*"Project delay: "The decision of Cardiff County Council to withdraw its capital funding and fundamentally review the project before re-confirming its support, introduced a 5month delay to the original project programme ... the effects of this third party action need to be considered as a significant negative factor throughout the assessment of the project's progress.*

## **PART 2 - THE DECISION BY ACW TO FUND THE CVA**

2.3 Adrian Ellis Associates (AEA) is described as "a firm of management and business consultants" - the report fails to mention the fact that AEA was the co-ordinating consultancy but that a professional team including architects, quantity surveyors and engineers had appropriate input into the feasibility study. These were:

Brochocka Baynes Exhibition consultants

Noel Partners Architects

Downie Partnership Quantity Surveyors

Gregory & Partners Consulting Engineers

Michael & Partners Structural Engineers

2.4 (See appendix 1) The wrong government directions are reproduced here- The original directions were very different; several clauses in the 1998 directions were not in existence in the 1993 directions, for example clause Iii:

[the need] *"where capital funding or setting up costs are sought, for a clear business plan beyond the period of the grant, incorporating provision for associated running and maintenance costs."*

2.4 McCann Matthews Millman: This consultancy is not merely a "firm of business and management consultants". It is a specialist, and one of the leading specialists in the UK, on arts marketing and research- It is:

- Founder members of the Arts Marketing Association;
- Contributors to international seminars on building new audiences, e.g. for British Council February 2001;
- Contributors to Arts Marketing Association conference in Birmingham July 2001.
- Contributors to the international Society for the Performing Arts; key consultants in many local authority arts strategies.

2.7 "The Project Changed" : It is incorrect to say that the concept of the project changed in

ways that inevitably impacted on visitor numbers- It did not. That was the whole point of the Memorandum of Understanding, part of which was for all parties to agree that "contemporary art" means broadly art produced in the twentieth century. Some quotes from key documents demonstrate that the concept was not changed:

February 1996. McCann Matthews Millman: *"The artistic policy is to show and originate major national and international exhibitions for which there is no other suitable venue in Wales"..*

November 1998. Arts Council of Wales annual client review of CVA (John Hambley and Ann Kellaway): *...many exhibitions are expected to be internationally significant in scale.*

December 1998. Director of CVA in annual revenue application to ACW: says that they need to *"build a reputation for good handling before they will get international exhibitions"*

March 2000. Brief to consultant agreed with CVA (extract from the background written by CVA): *"The CVA aims to develop as a major centre for contemporary and historic visual art and craft in Cardiff and Wales. The purpose of the consultancy is to consider how best to achieve this vision within existing facilities and achievable financial resources.., "*

Another omission here is any mention of the government's initiative to abolish charges for museums and galleries. This was not anticipated at the time of the original concept. It did cause concern, as I think a review of the minutes of CVA Trust meetings would have shown, and was another reason for the downward revision of estimated attendance in the third application in February 1998.

2.9 Figure 8 - By the time of McCann Matthews Millman's February 1997 assessment, the

projection of 200,000 visitors would make it "equal second with Techniquest" of visitor attractions.

McCann Matthews Millman also said in 1997: *"The development of new audiences for the visual arts and the key concentration on reaching young people is probably unique in Britain, taking forward the work of Techniquest in generating interest and*

*involvement in the arts and science.* It was therefore acknowledged that there were no

comparators which would offer a direct comparison with the planned CVA.

2.10 Current figures at the time were:

92/3: NMGW 250,000 St Fagans 363,000

The fact that the comparators varied significantly should not in itself have caused concern. On the contrary, if one knows all or some of the venues, it could provide

reassurance that the concept of the facility being planned was entirely different significantly bigger and more popular, than some of those in the list.

2.11 The majority of the comparators did charge. Given the nature of the attraction, and the fact it was part of the city centre area, charges seemed reasonable and were the norm at the time.

2.11 The second bullet point mentions comparators that were "*part of a larger attraction*". So was the CVA, as part of Cardiff city centre. The McCann Matthews Millman report notes that it will "add to the critical mass in the City Centre."

There was also confidence that the building was popular, and evidence that a relatively low-key attraction was able to attract 71,000 with an ad-hoc and not very widely marketed programme.

2.11 In general it is fair to say that the demographic indicators were given more weight than the comparators. The original market research estimated that something like 20% of the adult population was the potential market for a gallery. This was then adjusted for socio-economic indicators (76 / 100) in the October 1992 AEA feasibility study. This estimate was confirmed by Beaufort research in April 96 carried out by Anne Kellaway on behalf of Valleys Arts Marketing, which found, (Arts Attendance in Wales: Main trends and conclusions) that 19.7% of adult population visited galleries once a year or more.

2.12 Oriol is completely irrelevant. It was very small, with very limited marketing, and an exhibition policy which focussed on living contemporary artists exclusively.

2.13 Demographic research is not expected to survey individuals.

2.14 Later November 96 research of people visiting the area showed that 62% of

respondents had visited a gallery or museum in the last 12 months - this would give a much higher estimate than in the original desk-based research. (Nearly all the venues listed charged at the time although charging is not specifically mentioned in the questionnaire).

NMGW 64%

Other Cardiff 32%

St Fagans 43%

Techniquet 32%

Other British 42%

Craft centres/shops 36%

2.16 The Arts Council of Wales did ensure there was a detailed marketing plan to underpin the assumptions- This came at a latter stage as you would expect for a capital development covering a number of years. (See 2.19 and 2.25 below.) The November 1998 (ACW Access Division) officer report on CVA's application for revenue funding notes.

*"ACW agrees marketing strategies for this stage are satisfactory"*

2.17 This qualitative survey was to assess current awareness of plans at the CVA in order to inform its marketing approach. It was not intended to replace the original quantitative research. It was described in the February 1997 McCann Matthews Millman report:

*"Primary market research, commissioned by the applicant, shows a very reassuringly positive perception of the project amongst local people"*

2.19 Fall in Visitor Numbers and Subsequent Challenge: the statement that ACW did not identify 'inconsistencies' and did not challenge the Trust is incorrect. ACW did ask the Trust to account for the corresponding fall in revenue and revise its business plan:

- The reduction from 282,000 in the original feasibility is not relevant as it was not the basis of ACW's evaluation. It had in any case been reviewed and reworked by Adrian Ellis Associates in November 1993. This review had formed the basis of a report, 'Next Steps', to the steering committee which included the Welsh Arts Council.
- The first estimate that ACW had was 250,000 and admission of £2.95/£1.75. This

was assessed by McCann Matthews Millman as being possibly pessimistic.

- It is worth noting that the Wales Tourist Board (which contributed to the capital costs) thought that the initial proposed charge was too low.
- The second estimate in January 1997 was 205,000. Discussion with applicant

assured the project officer that the increase in price allowed for the fact that visitor numbers would go down as a result. The two were always completely connected. The 205,000 estimate was assessed by McCann Matthews Millman in February 1997:

*"admissions - the penetration rates appear to be modest and, therefore, the target is prudent. In my estimation, as a new facility, visitor numbers could well exceed*

*forecasts in year 1 . ... The business plan as presented is as robust as it is possible*

*to be for a new and untried project. While careful monitoring will be a pre-requisite, the plans demonstrate a good level of financial viability being possible."*

- The third estimate, in February 1998, was 182,000. McCann Matthews Millman had carried out a general progress report in January 1998. This assessed overall progress against the original application and business plan including programme, policy, education, marketing and the business plan. The report notes that further work was planned by the Trust on reviewing targets for admissions:
  - *"The outcome of the decision on ACW revenue funding is clearly key to future planning. When this is known CVA will need to provide updated sensitivity analysis showing the impact of failure to secure income streams from sponsorship, charitable donations and admissions and the contingency action that would follow. A worst-case scenario "needs to be developed."*
  - This was acted upon in the normal way, by providing a copy of the report to the client, and discussing what actions would be taken. Action taken by the CVA is confirmed in a letter (4.6.1998) from the Director of CVA to the ACW Chief Executive, confirming the appointment of Deloitte & Touche to review the business plan.
- The December 1998 Trust application to ACW for revenue funding 1998/99 contains a comprehensive description of marketing, education and programme strategies and states that:

*"Plan of work for the year includes revision of business plan against factors such as actual programme proposals, current assessment of market assumptions and ticketing structures."*

- Lottery application for equipment costs 97-1042: refers to *'further details of policy and programme development in the period is also included within the application for ACW revenue funding submitted to the ACW in December 1998,'*

- 3.12.1998 Ann Kellaway (ACW marketing officer) report for management team

notes a letter sent by ACW asking for the following further information before a grant offer could be made:

- revised balanced budget
- any revision of programmed activity since the original application
- revised activity form
- cashflow forecast

the report notes *"the above has now been received by ACW The pre-opening programme of activities has been reviewed by John Hambley and myself. "*

- A file note of a meeting January 99 Access Director, Senior Lottery officer and Director of Trust notes:

*'As outlined in SW's letter of 22.12.99 the Lottery unit also needed confirmation that a balanced budget for running the Centre had been approved by the Access*

*Development Division.'*

2.23 ACW was not "alerted" to a change of policy since there was none. The board member was alarmed because his own interpretation of contemporary was a different one from that used by both the CVA and ACW and this was confirmed through the Memorandum of Understanding,

The description of the Lottery Committee as dealing only with applications "over £50,000" is incorrect. This became the practice much later.

2.24 The planned information and foyer area was in the feasibility study, in the application, and in the building itself- It was always intended to be an area where historical and cultural

information would be available, not a tourist information centre.

2.25 These concerns were acted on swiftly by the CVA:

McCann Matthews Millman Report 18.2.1997: *Following observations in the previous assessment concerning weaknesses in planning for marketing, the applicant has acted swiftly and effectively to place marketing at the core of the projects management,*

*including becoming a member of CAM.*"[Cardiff Arts Marketing]

2.26 It is incorrect to say that ACW failed to act on the attitudinal survey. See McCann Matthews Millman comment at 2.17 above.

2.27 This is a misreading of the assessor's report. The assessor was talking about the makeup of the Trust, (i.e. the voluntary members of the `Board') not the staff team. The Trust argued that with the appointment the previous year of Robert Maskrey (businessman and Chair of ACW Marketing Panel) they had good business expertise and they already had people with visitor attraction experience - Michael Clarke (Chair of the Buildings Committee of NMGW) and Mathew Prichard, (President of NMGW), and ACW accepted this view.

2.29 It is incorrect to say ACW did not act on these concerns. Every aspect of assessors' reports was always discussed at monitoring meetings with the Director of the Trust. It is notoriously difficult to attract sponsorship before opening a new venture, but the Trust in any case had in place a `guarantee against loss' from the Colwinston Trust of £250,000 in total over the first three years. This is a high level of sponsorship by a private sponsor by any standards.

2.33 This is an incorrect date. It should read 1995.

### **PART THREE - MONITORING**

3.5 The report claims: "*The Council appoints independent project monitors ... to monitor and report on progress*" This is incorrect. This may seem like a minor point but it is important in the light of the comment "*only five reports over the life of the project.* ACW routinely appoints an assessor for an application, not for the life of the project, so you would expect one, or one group, of reports for each application for funds. Monitoring is carried out by a combination of full-time ACW monitoring officers and professional assessors at predetermined key points of big building projects.

Attached is a list of 35 key monitoring meetings and letters. This is not necessarily comprehensive since much of the monitoring was carried out through ACW (nonLottery) officer presence at Trust board meetings, and I have not had an opportunity to review Trust meeting minutes.

3.5 The report claims that "*the Arts Council had a responsibility...to ensure that the project was completed successfully and on time,*" The Arts Council of Wales' responsibilities as a distributor of lottery money is set out comprehensively in the government Directions and Financial Directions. The 'responsibility' referred to does not appear anywhere in these documents and I would be most interested to know the source of this information. If ACW were to have such a responsibility it would seem on the face of it to be in direct contradiction to the ACW internal guidance, based on company law, to avoid acting in the capacity of 'shadow director' of a client company.

Guidance on risk assessment was issued by the Department for National Heritage some considerable time after the original directions, and when it was, the Arts Council of Wales took it fully into account.

3.8 ACW revised its procedures in the light of experience soon after the first rounds of capital grants - about 1997/8. It is misleading to give the impression that revision of procedures is a recent occurrence.

In the light of the constant emphasis in the report on the fact that *the Arts Council assures us that procedures have now been revised*, it is important for the authors of the audit report, and members of the National Assembly Audit Committee, to be aware that these improvements were put into place during the time that Sir Richard Lloyd Jones was Chairman of the Arts Council of Wales, Emyr Jenkins its Chief Executive, Joanna Weston its Lottery Director and Robert Edge its Senior Capital Projects Officer.

3.10 Monthly monitoring was already taking place and payments were already being claimed and scrutinised on a monthly basis, therefore it cannot be correct to say that *'the Arts Council of Wales has revised its guidelines to require that all recipients submit their claims for payment on a monthly basis.'* Excerpts from key documents demonstrate this:

- 23.9.1998 Letter from Siarllys Evans to Robert Edge:  
I continue to be in contact with Craig Blundell [ACW full-time monitoring officer]; if there are issues that he considers worth raising at the point of monthly payments then we discuss and agree on any actions.".... ACW receives the control document showing payments against the original budget headings which .we agreed at the outset."

3.10 With-holding payments: it is misleading to say *'The Arts Council of Wales has told us that it will in the future withhold the monthly draw down of funds if it is not satisfied with the progress of the project'* since this implies that it has not been the case in the past. That this is incorrect is demonstrated by several items of routine correspondence:

12.2.1997. Letter from Craig Blundell to Trust Director setting out further information required:

- Stage D plans
- Fee breakdown
- cost analysis
- changes in fee structure

and *"to date we have not received these (previously requested) cashflows. We would take this opportunity to reiterate that we are unable to release any further payments until they have been received.*

17.11.1998. Officer report on CVA's revenue application: Summary: *"Receipt by ACW of the full pre-opening programme proposals will be necessary before the 99-00 revenue grant can be released."*

8.1.99. ACW File note of meeting at CVA office with Trust Director, another Trust employee, ACW Access Director, ACW Senior Visual Arts Officer, ACW Senior Capital Projects Officer. Notes discussions concerning revenue application and the need for a balanced budget, also discussion of information requirements before capital drawdown is possible.

22.12.1998. Letter from ACW Access Director to Trust Director *"the Trust has received 3 lottery applications based on the original business plan including £200K [revenue] from ACW..... The Lottery Division will not authorise any further capital payments until balanced revenue budget proposals have been agreed.*

3.11 I acknowledge that it was difficult to get information, but ACW officers (Access and Artform as well as Lottery) worked very hard, dealt effectively with the problem and obtained the information required. There was in the end not a problem with the capital project, through very vigorous intervention of ACW officers and external monitors.

The NAO report states that in January 2000 the most up to date figures held by ACW were for August 99 - but omits to mention that by February 2000 ACW had figures to December 99.

3.12 It is true that ACW was not informed of loss of secure storage space. When it was discovered, ACW took prompt action to help CVA to function effectively. ACW officers were accompanied on this visit by a representative of NAO as part of NAO's annual monitoring of this project. A letter from the Senior Capital Projects Officer to the Trust Director following this visit notes:

*"This raises the issue of government indemnity. It has long been a stated intention of COLT to mount exhibitions of national and international status. In your lottery application January 1997 "the design of the gallery is to be a standard to gain government insurance indemnity ... aware you have been in touch with the Museums & Galleries Commission .....I would strongly recommend that you contact (officers) at MGC."*

CVA argued that secure storage was not essential and that closure of the gallery space

affected would overcome the problem- A letter of 23.3.1998 from the Trust Director to ACW Visual Arts Officer notes:

*"the CVA will not be closed to the public during installation. The first floor centre for example will remain open .. .. closure of exhibition spaces for turnaround is not new and has been in since feasibility stage. "*

This correspondence demonstrates that the omission of secure storage, while posing a logistics problems for turnaround of exhibitions, did not in itself prevent the showing of exhibitions of national and international status. The auditors report is therefore incorrect on this point.

3.13 CVA did respond to concerns expressed by ACW and the Trust's Director wrote to ACW Chief Executive in April 1998 to say they had appointed Deloitte & Touche to reassess the business plan, particularly in the light of the delayed opening.

3.14 This is a misunderstanding of the assessor's report. In his report the assessor noted that some items could be taken as read since they were the same as for the previous application, and some items were still to be assessed, and he then went on to assess them himself, which he was qualified to do. (E.g. quality of design and construction) He only notes financial viability is still to be assessed. This had been undertaken earlier in the year by McCann Matthews Millman and CVA's responses to the recommendations, including the re-appointment of Deloitte Touche to review the business plan, were followed up by ACW lottery and non-lottery officers over the course of evaluating the application for capital and revenue funding.

3.16 ACW did take action in getting the client to agree to a joint commission of a consultant to assess how the running of the project should change to respond to the financial difficulties. This was in effect a contingency plan. The David Elford report was not 'highly critical of the business plan' so much as critical of the lack of artistic focus and direction. It also noted

*"Whilst the longer term was being examined it would have been prudent to have sought the support of ACW for reductions in activity. Certainly correspondence shows that the Arts Council were pressing hard for reductions in expenditure.*

The Elford report also notes that option 2 *"provides the prospect of a balanced budget"* This would have involved both top floors being commercially let and exhibitions continuing to take place on a reduced scale, but would at least have meant the building would remain open and the Trust a going concern. That the Trustees chose not to take this course is a matter for them, and should not be used to point blame at ACW.

**Joanna Weston**

**December 2001**

## Arts Council of Wales grants to Centre for Visual Arts:

### List of other monitoring activities

1.	3.4.96	Letter from COLT (Cardiff Old Library Trust to Lucy Jones (Senior Capital Projects Officer) re design and enclosing design appraisal and, Ospray brief
2.	12.4.96	Memo from Isabel Hitchman (Acting Art Director) to Lucy Jones re change of architects
3.	1.5.96	Letter from Emyr Jenkins (Chief Executive ACW to Byron Davies (Chief Executive Cardiff County Council) re CCC considering withdrawing. Asking for consultation.
4.	1.5.96	Letter from Byron Davies to Emyr Jenkins noting 'agreement automatically terminates 2 May 96.'
5.	3.5.96	Letter from COLT Director to Director of property Services re lapse of agreement
6.	24.9.96	Letter from COLT Director to Assistant Director Education & Culture CCC noting confirmed £3.1m
7.	15.11.96	Letter from COLT to Robert Edge (Senior Capital Projects Officer) informing him signed deed of grant and agreement for lease.

8.	27.11.96	<p>Debbie Green (Lottery Division Finance Manager) to COLT Director'</p> <p>explaining that ACW needs a months notice before drawdown and what ACW can and can't pay for, i.e. not revenue expenses. Notes arrangements re Noel Architects were discussed at recent site meeting with Joanna Weston (Lottery Director) and Robert Edge- Also asking for revised cashflow - reference to government guidance re paying correct % of expenditure. Reminding that ACW still needs cashflow to include additional Lottery bid as agreed 1.11.96 and requests <i>'Please ensure ACW is informed in writing of any significant event'</i>.</p>
9.	24.1.97	<p>Memo to Lottery Director from Acting Visual Art Director concerning timing re CCC possible withdrawal of offer.</p>
10.	27.1.97	<p>Siarlys Evans report with Covering letter to Craig Blundell (Lottery Division Monitoring Officer and Robert Edge:</p> <p><i>'we now have a clear view documented on your spreadsheets of the changes that have occurred on this project between its original approval and Nov 96.</i></p> <p><i>Report: January 1997 BDP (Building Design Partnership) comment:</i></p> <p><i>Current proposals have been submitted for planning permission and listed buildings consent. This generally takes place at Stage D.</i></p> <p><i>....The fact that there was a critical appraisal of the scheme which was the Subject of the successful application to ACW which has led to a reappraisal of the design brief and the development of new proposals, makes it important for ACW to be appraised of the burden of the changes and to be assured that area costs and quality have been maintained within the spirit of the original.</i></p>

		<p><i>... I attach Appendix A evaluation of the movement of costs between fee element and construction which has resulted from the appointment of a second design team and the introduction of additional consultants into the project.</i></p>
11.	12.2.97	<p>Letter from Craig Blundell to Trust Director setting out further information required:</p> <p>Stage D plans</p> <p>Fee breakdown</p> <p>cost analysis</p> <p>changes in fee structure</p> <p>and notes <i>`to date we have not received these (requested previously) cashflows. We would ... reiterate that we are unable to release any further payments until they have been received.</i></p>
12.	24.2.97	Siarlys Evans monitoring report
13.	4.3.97	<p>Siarlys Evans report and covering letter: refers to <i>'our meeting with Mr Michael Clarke, director of COLT, Qs and Project managers'</i> ...he goes on to analyse capital cashflow</p>
14.	18.3.97	Osprey (CVA building project managers) letter enclosing further information requested <i>'at our meeting with Siarlys yesterday;</i> and describing enhancements.
15.	18.3.97	Siarlys Evans further assessment.

16.	20.3.97	Project Officer supplementary report to special meeting of Lottery Board:  <i>'At the Board sine meeting on 6<sup>th</sup> March the Trust presented the news that the second stage tenders had come in substantially over budget</i>  <i>'The value obtained from these [additional] surveys and investigations should be reflected in a reduction in the risk element in the contract.</i>
17.	14.4.97	Letter from CCC solicitor extending relevant period from 28.3.97 to 26.6.97
18.	16.4.97	Report from Osprey project management re fact of tenders coming in above Estimates.
19.	18.4.97	Letter Trust Director to Robert Edge confirming meeting, one agenda item Being 'discussion of the monitoring process from now on including the Scope, timing and format of information required.
20.	23.4.97	Note of meeting for purpose of monitoring compliance with conditions of
		Grant attended by Craig Blundell, Debbie Green, Sally Medlyn (Trust
		Director and MT Jones (Trust Finance Manager).
21.	Jan 98	McCann Matthews Millman report to ACW on 2 key areas:  Overall progress of project against original application and business plan;  expenditure of lottery monies for Trust Management
22.	25.2.98	PO preliminary Report to lottery Board notes revised estimated audience  181,968

23.	1.3.98	Siarlys Evans assessors report 97-1042 <i>'ACW have been aware from the time that the original building grant was approved that there would be a further application and I am satisfied that the present application does resent a bona fide application for equipment.'</i>
24.	16.3.98	Sally Medlyn letter to Robert Edge enclosing further information `in response to your recent letter`
25.	12.10.98	Letter Sally Medlyn to Robert Edge re appointment of Colour Consultants and Project Manager, attaching quotes from Ben Kelly Design and Osprey
26.	21.10.98	Letter Robert Edge to Sally Medlyn re meeting Oct 6 re impact of delayed Opening -'we need to be assured capital funds are not at risk.' Specific issues:
		<p>impact of new design consultants</p> <p>fees for design</p> <p>timing of Trust taking possession of binding</p> <p>Notes they have agreed that <i>'a cash flow forecast for each of the cost headings is best way for both COLT and ourselves to check and monitor the remainder of the project'</i></p>
27.	27.10.98	Letter Sally Medlyn to Dr Katherine Davies (Senior Capital Projects Officer):  expects to have 'a fully revised programme and cashflow for the fit out works from Osprey ... next week.

28.	17.11.98	<p>ACW annual review: John Hambley (Senior Visual Arts Officer and Ann Kellaway (Senior Access Officer, Marketing)</p> <p><i>...many exhibitions are expected to be internationally significant in scale.</i></p> <p><i>Marketing:</i></p> <p><i>ACW agrees marketing strategies for this stage are satisfactory</i></p> <p><i>Financial:</i></p> <p><i>CVA is aware of ACW revenue constraints, and will budget for £200K + 3% in 99-00</i></p> <p><i>Summary: Receipt by ACW of the full one-opening programme proposal will be necessary before the 99-00 revenue grant can be released.</i></p>
29.	1.12.98	<p>Letter (?) Sally Medlyn to John Hambley noting that they [CVA] need to build a reputation for good handling before they will get international exhibitions</p>
30.	22.12.98	<p>Letter Sandra Wynne (ACW Access Director) to Sally Medlyn: <i>'The Trust has received 3 lottery applications based on original business plan including £200K from ACW. ACW cannot endorse a situation where plans for managing the centre show expenditure in significant excess over projected income. We need evidence that the management shares our concern on this point and has made the necessary changes to its plans and forecasts to enable the budget to balance- The Lottery Division will not authorise any further capital payments until balanced revenue budget proposals have been Agreed'</i></p>
31.	4.2.99	<p>Letter Sally Medlyn to Dr Katherine Davies re re-allocation of screens money and monitoring details.</p>
32.	17.2.99	<p>Annual grant offer £125.333 y/e March 99 with full conditions of grant</p>

33.	25.2.99	<p>Letter Dr Katherine Davies to Sally Medlyn refers to meeting with her and Craig Blundell and Peter (?) last Tuesday: <i>'as we discussed at that meeting, now that ACW has received formal notification of your intention to remove the gallery screens from the building contract we are in a position to confirm this is approved- Any savings from this commission may be transferred from the building project into the budget for the fit-out but the AC W percentage may not be used a matching funding to the ACW grant for this phase. We also discussed gallery screens in broader context: customised systems... 16 exhibitions.. revenue implications are significant. It was agreed that a detailed breakdown of project costs would be drawn up by CVA exhibition officer and submitted to the Access division. I have informed Sandra Wynne of this.'</i></p> <p>Refers to completion of assessment: <i>'Siarlys informs me that the outstanding information was not submitted by Ospreys until 23 February It will be fully reviewed by next week and the report submitted to you for comment'</i>.</p>
34.	23.3.99	<p>Letter from Dr Katherine Davies to Sally Medlyn: <i>'Thanks for arranging visit for myself, Craig and Siarlys. We were also accompanied by Julia Evans of the NA O who is very interested in the project'</i></p> <p>Raises issue of government indemnity: <i>'It has long been a stated intention of COLT to mount exhibitions of national and international status. In your lottery application Jan 1997 'the design of the gallery is to be a standard to gain government insurance indemnity ... aware you have been in touch with the Museums &amp; Galleries Commission., .I would strongly recommend that you contact (officers) at MGC.</i></p> <p><i>A major concern is the lack of any secure storage area although this was included in the Stage D plans and ACW has not been formally notified of its removal. Also concerns re load-in arrangements satisfactory ' as it would appear that the zones originally designated for collections now appear to</i></p>

*overlap with public and service areas.'*

**JW December 2001**