

Board of Trustees

19th July 2019

The Education Room

10.00 – 1.00

Present:

Rhodri Glyn Thomas (President)	Lee Yale-Helms (Treasurer)	Eleri Twynog Humphries
Gwilym Dyfri Jones	Hugh Thomas	Liz Siberry
Steve Williams	Lord Aberdare	Iwan Davies
Richard Houdmont		

Executive Team:

Pedr ap Llwyd	Chief Executive and Librarian
David Michael	Director and Deputy Chief Executive and Librarian
Owain Roberts	(Interim) Director of Collections and Public Programmes

Also in attendance:

Jason Garcia	Wales Audit Office
Emyr Phillips	Head of Finance and Enterprise
Carol Edwards	Governance Manager and Clerk to the Board of Trustees (Recorder)
Annwen Isaac	Human Resources Manager
Nia Wyn Dafydd	Partnership Council
Doug Jones	Partnership Council

Nick Vaill and Mark Wheeler from Investec for their presentation from 12.30 – 1.00

1.1 President's Welcome and Opening Remarks

The President welcomed all those present to the meeting. He reported that officers from Cymal would not be present, as the new arrangements that have been introduced by the Public Bodies Unit state that they are no longer required to attend Board meetings as observers.

1.2 Apologies for Absence

Dyfrig Jones had tendered his apologies.

1.3 Declaration of Interests

The President declared that he is a Trustee on the Board of the National Botanic Garden of Wales.

Gwilym Dyfri Jones declared that he is a member of staff at Trinity Saint David University and Non-executive Director of Coleg Cymraeg Cenedlaethol.

Liz Siberry declared that she is a member of the Council of the University of Wales, a member of the Council of the University of Trinity Saint David and a Trustee with Gregynog Charitable Trust.

Steve Williams declared that he is a member of staff at Swansea University and Chair of WHELP.

Richard Houdmont declared an interest as link tutor with Cardiff Metropolitan University.

David Michael declared that he is an independent member of the Heritage Lottery Fund Audit Committee.

Pedr ap Llwyd declared that he is a Non-Executive Director with Coleg Cymraeg Cenedlaethol.

1.4 To approve the minutes of the meeting held on 26th April and discuss matters arising

The minutes were approved as a correct record of the matters discussed, subject to the following amendments; Steve Williams was present at the meeting held on 26th April, but Iwan Davies was not present. The minutes were approved by Hugh Thomas and seconded by Iwan Davies.

Matters arising from the minutes

Mumph Collection

The response to the fundraising campaign will be reported under 3.6

Pay Award

David Michael confirmed that there had been no change since the last meeting with regard to pay increase. The Remuneration Sub-Group of which David is a member, reviews pension terms and the Human Resources Manager is a member of the group that reviews work conditions. By October the ambition is to be able to reconcile terms and conditions of work across the public sector. Although the Library has received funds to finance the pay increase from Welsh Government over the last three years, there continues to be uncertainty with regard to this issue, as it is not added to the baseline.

1.5 Action points from the meeting held on 26th April

A list of action points was presented to members and it was noted that all had been actioned.

Section 2 Matters for discussion or decision

2.1 Operational Plan 2019 – 2020 and Performance Indicators 2019 - 2020

The Chief Executive presented the Operational Plan to the Board and stated that the proposed actions included requirements stipulated by the Deputy Minister, as stated in the 2019 - 2021 Remit Letter.

The Chief Executive and Librarian drew Trustees' attention to the amended appendices, 1,3 and 4, especially, as the other appendices included in the Plan have already been approved. It was noted that the key priorities for the next period will be as follows;

1. Upgrading Gregynog Gallery services, which is also a priority for the Deputy Minister, who has provided additional funding to complete the work
2. Building maintenance work
3. Establishing the National Broadcast Archive
4. Developing the Main Hall as well as other spaces that could be better used
5. Income generation and fundraising

As well as these priorities, we will press on Welsh Government and the UK Government to come together to agree on a plan that would see the establishing of a National Archive for Wales: we will also argue that the National Library is the ideal establishment to assist the governments with the establishment of the Archive.

It was also noted that there is currently ongoing discussion amongst politicians and officers about the possibility of establishing a National Contemporary Art Gallery. It was reported that the Deputy Minister has expressed hope that he would see part of the gallery being established at the National Library. However, the Chief Executive warned, when the time comes to establish a contemporary art gallery, that the Library should not commit resources and should discuss the revenue costs for running the gallery with Welsh Government.

Trustees agreed with this suggestion.

Following a useful introduction to the Operational Plan by the Chief Executive it was asked if it would be possible to provide only a high-level document for Board meetings from now on, highlighting the key issues and challenges, rather than providing all operational details as is currently the case. The full report can be uploaded to the dedicated Trustee website should anyone wish to further scrutinise Library actions. The Chief Executive agreed with this suggestion, and this will be actioned as from the September meeting.

Owain Roberts presented the performance indicators, which are the result of discussions between Welsh Government and the Library. Welsh Government wishes the Library to focus on public/service aspects in their indicators for 2019 - 2020. Explanatory notes have also been included with the indicators and provide a narrative to better describe the outcomes.

Trustees expressed their gratitude for the information, and asked whether or not we could focus in more detail on one or two specific indicators at each meeting e.g. website hits; length of visits to the website, what was viewed, etc? Specific campaigns were also mentioned, and it was asked whether or not detailed figures could be provided for a specific

campaign at each meeting. The Executive Team agreed to implement this as from the September meeting.

2.2 Internal Audit Service

The internal audit service is an important source of external assurance that the Library is managing its risks appropriately and is exercising good governance. Grant Vernon, Welsh Government Audit Manager, gave a presentation at the April Board meeting and, following on from that, David Michael gave an update at the Audit and Risk Committee meeting on 5th July when he stated that Welsh Government was yet to provide an agreement and costs for the service.

We have by now received an agreement and costs, and the Executive Team's recommendation was that the Board should approve the intention to forge an agreement with Welsh Government for the provision of the internal audit service for a period of a year, with the possibility of extending this to three years subject to the provision of a service of adequate quality and confirmation of the agreement and price. The Board agreed with this recommendation, but at the behest of the Chair of the Audit and Risk Committee it was agreed that his committee would look at the details of the service level agreement (SLA) at its next meeting.

2.3 Board and Committee Calendar

The calendar prepared by the Clerk to the Board was presented. Trustees agreed that the 1st May 2020 meeting should be earmarked for discussing the Library's next strategy. The dates were approved, and the calendar will be published on the Library's website .

Section 3 Information and Updates

3.1 National Broadcast Archive

It had already been noted that the permission to start meeting would be held on 15th August, and that everything is in hand. A meeting has been arranged with Welsh Government in September, to ensure that the requirements stipulated by Dafydd Elis Thomas AM in his letter confirming the funding of £1m, are satisfied.

In a report to the Audit and Risk Committee on 5th July, it was reported that the Project has two risks

1. The appointment of staff to work on the project
2. The cost of the building

It is anticipated that approximately 15 members of staff will be appointed within the next 18-24 months, and until they are appointed it is difficult to foresee the effect that this will

have on Library staffing levels. It is likely that quite a lot of the Library's expertise will be transferred to the project, and although the Library has committed to back-fill those posts, it will be challenging to fill those vacant posts.

With regard to the building, we cannot be certain of the cost until we go out to tender, but Capita hope to be in possession of prices before Christmas. Brexit could also have an effect on the cost of building materials, and this adds to the risk.

It was agreed that Trustees would have a tour of the building following the Board meeting in September to see the location of the new building, and to see other spaces that are being developed.

3.2 Risk Register

The register was presented by Emyr Phillips. No new risks have been added, and no risks have been taken off the register.

The risk *Increase in cost of pension benefits results in an increase in employer contributions to the pension scheme, which becomes unaffordable to the Library's revenue budget* has increased as the guaranteed minimum pension will lead to additional costs for the Library. Future benefit costs will also have a major effect on the Library. It was noted that the Pension Scheme Board is keeping an eye on the situation.

In the RSM internal audit, a number of recommendations were made regarding the risk register and Emyr Phillips stated that these recommendations will be implemented by the next meeting of the Audit and Risk Committee in November.

3.3 Y Gen April - June 2019

Trustees thanked the Executive Team for the report on the Library's work during the previous quarter. The Chief Executive reported that one of the best indicators of success is positive feedback from our users, and referred to a letter from a lady from Fishguard thanking the Library and Glan yr Afon Library Gallery for two excellent exhibitions staged at the Gallery. Staff involved with both exhibitions have received a copy of the letter.

3.4 Progress Report on the Operation Plan

Staff were thanked for providing a presence at the Urdd Eisteddfod, and for attending the Royal Welsh and the National Eisteddfod. Re-introducing our own stall at the National Eisteddfod means that we can plan a programme of independent events, and that programme has already been circulated amongst Trustees.

3.5 Schedule for producing the next Strategic Plan

A schedule for producing the next Strategic Plan, prepared by the Clerk to the Board, was circulated. Trustees approved the schedule, and it will now be shared with staff.

3.6 Income Generation Progress Report

The Chief Executive reported that a kitbag of projects is being drawn up to decide on priorities, to enable us to bid for funding from trusts and funders. In September, we will also focus on resuming the legacy programme.

It was emphasised that the income generation unit has only one member of full-time staff, but that there are plans in hand to restructure the Office of the Chief Executive somewhat, and using an external service to support this work could also be considered. Trustees were asked to contact Pedr if they have any suggestions or ideas with regard to contacting trusts/organisations etc.

It was reported that £1,775 had been received to date as a result of the Mumph Cartoon Collection campaign. A page will be created on our main website for this campaign.

Section 4 Financial Matters

4.1 Annual Accounts 2018 – 2019

Emyr Phillips presented the Accounts and drew Trustees' attention to the following on page 28

- a) Unrestricted Public Funds - the surplus is due to the Library receiving £250k in additional funding in January 2019
- b) Bank - the increase that appears on 31st March 2019 corresponds to the delay in the capital programme, and the Library had to receive permission to carry this sum forward
- c) Pension reserve - the increase is based on the performance of the pension scheme portfolio

The Audit and Risk Committee considered the Accounts in detail on 5th July, and the Committee's recommendation to the Board was that they should be accepted; at that time, it was subject to the resolving of the question about Electronic Legal Deposit assets surrounding

- a) Staff costs of £450k capitalised when setting up the asset
- b) Invoices to the British Library for £86k capitalised, when they shouldn't be according to Wales Audit Office. These should have been treated as revenue and not capitalised as an asset from 2010/11 - 2012/13.

The President introduced Jason Garcia to report on the *Audit of Financial Statements Report and Management Letter*, and Jason reported that the situation had changed since the Audit and Risk Committee meeting, following the resolution of the issues outlined above, and that the Auditor General now intended to publish an unconditional audit report; the Accounts will be presented to the Auditor on 5th August 2019.

Jason highlighted the following:

Paragraph 6 on page 4 – “*The quantitative levels at which we judge such misstatements to be material for the National Library of Wales are £279,000 for income and expenditure items and working capital balances, and for other balances.*” Jason stated that there were no misstatements above this sum.

Paragraph 11 on page 5 – *Uncorrected Misstatements*

This is in reference to the statement noted under b) above. Jason confirmed that the Accounts have not been adjusted to treat the £86k as revenue but has received confirmation that the Library will treat these invoices as revenue from now on.

Jason also directed Trustees' attention to Appendix 3 on page 14 that refers to misstatements

Value of the correction	Nature of the correction
£595,000	<p>Nature of the correction - Note 10 - Tangible Fixed Assets</p> <p>A value of £595 had been included under digital development assets and computer equipment, referring to software licences and the Electronic Legal Deposit system. Due to the nature of these assets, they should have been accounted for as intangible assets.</p>

Emyr Phillips was thanked for preparing the Annual Accounts and the Chief Executive thanked Jason and the staff at Wales Audit Office for their cooperation.

The Annual Accounts were approved by Trustees, and following their approval by the Auditor General on 5th August, they will be published on the Library's website.

4.2 Changes to the Investment Policy

Following a presentation by Investec to the Board of Trustees last year, the recommendations made should have been recorded in the Investment Policy. This slipped through the net, and so the Board was asked to approve the following so that they can be included in the Policy, to allow Investec to act on behalf of the Library.

5.1 The Library's private funds have to be invested according to the Trustees Act 2000. Funds will be invested in a wide range of fixed interest bonds and indexed bonds -

investment grade corporate bonds and gilts. Equities will be included within the FTSE 350 index however, the manager will have the discretion to invest in UK companies that are not FTSE 350, will all initial investments accounting for no more than 1% of the portfolio, and no more than five at any one time (the initial value to count towards the range of UK equity assets). Managers should consider companies only after undertaking relevant due diligence work in line with their internal policy.

5.8 The Library recognises its duty under the Welfare of Future Generations Act to consider the sustainability and long-term effect of its operations. The Library will encourage its investment manager to search for opportunities to invest in companies demonstrating high levels of corporate governance and environmental and social responsibility, that are also good long-term financial investments.

4.3 Mid-Term Financial Plan – progress update

It was agreed that this should be included as an agenda item for the next Financial Planning Committee.

Section 5 Committee Reports

5.1 Draft Minutes of the Income Generation Group meeting held on 12.04.19

The Chief Executive and the Chair, Richard Houdmont, had nothing to add to the contents of the minutes.

5.2 Draft Minutes of the Governance and Performance Committee meeting held on 17.05.19

The interim Chair, Eleri Twynog Humphries, had nothing to add to the contents of the minutes.

5.3 Verbal report on the Audit and Risk Committee meeting held on 05.07.19

Following the internal Health and Safety audit, David Michael, confirmed that the following tests had been completed; Legionella, annual report on the injection pumps completed and maintenance certificate received for the inhibitor pumps in the kitchen. A schedule of regular Health and Safety Committee meetings has also been arranged.

5.4 Draft Minutes of the Buildings Advisory Committee held on 20.06.19

The Chair, Liz Siberry, highlighted the key points.

Asbestos dispute - the Library is awaiting the solicitors' opinion on the possibility of taking legal action against the consultants (Lucion) and the contractor (Kaefer).

Scale of the work - Liz stated that the risks pertaining to the resources and skills required for managing and overseeing the work are being managed.

Section 6 The Librarian's Business

6.1 Tailored Review

The Panel member for the Review will be Rheon Thomas, Efa Gruffudd Jones, Aled Eirug and Emyr Williams. Interviews and workshops will be held in Aberystwyth and Cardiff during September, and Trustees will be invited to join shortly.

Pedr thanked Welsh Government for working with the Library on the Review.

6.2 2018 - 2019 Annual Review

The Chief Executive reported that the Annual Review was now with the designer. and stated that the intention was to provide this electronically only from this year, but to provide a four-page hard copy summary as well. This stems from comments made by the Audit and Risk Committee following scrutiny of the Annual Accounts, that the Library's use of paper had increased over the past year. Trustees unanimously agreed with the suggestion that the Review should only be published electronically.

Trustees are also keen to look at other ways of reducing the use of paper and the Clerk to the Board will be in touch shortly for further ideas/suggestions.

6.3 - 6.6 Visits and Receptions

The Chief Executive welcomed Dame Shan Morgan, the Permanent Secretary, UNESCO Chief Executive, and Peter Halligan, Welsh Government Chief Scientific Advisor, to the Library recently.

Clwb y Garreg Wen, Porthmadog, also visited recently, and the letter of thanks from the secretary has been included with the papers.

In addition to these visits, we welcome a number of school children on a daily basis and this gives the place a special buzz.

The Chief Executive attended a reception by the Japanese Embassy in Cardiff and one by Friends of the National Libraries in London, a charity that is very supportive of the Library. He also attended a meeting of Chief Librarians in Cambridge, where digital cloud storage for electronic legal deposits, was discussed; Pedr will prepare a further report on this in future.

Section 7 The President's Business

7.1 Appointments to the Board of Trustees - update

The President again referred to the high quality of the applications received; however the appointment process has not yet been completed by Welsh Government. It has been a very slow process. We hope that appointments will be made shortly, and that we will see the new members commencing their terms on 1st August.

Section 8 Any Other Business

8.1 Trustee Handbook

A copy of the amended Handbook has been circulated to all Trustees and an electronic copy has also been placed in your designated area on the website. From now on, only the electronic version will be updated, and not the hard copy. Again, this is in response to the Library's attempt to reduce its use of paper.

8.2 Trustee Annual Appraisals

The President reminded members that they should aim to complete their appraisal form and return it to the Clerk to the Board as soon as possible. so that the interviews can go ahead. He thanked those who had already returned their forms.

8.3 Congratulations

Linda Tomos, the previous Chief Executive and Librarian, was congratulated on being appointed a Fellow of the University of Wales St David's. The Clerk to the Board was asked to send Linda a message on behalf of Trustees, to congratulate her.

Between 12.30 and 1.00 Investec gave a presentation. Investec is the company responsible for the Library's investment portfolio. The company confirmed that the portfolio's performance continues to be satisfactory.

** END OF MEETING **