



RICHMIX

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15th July 2015

Dear Robin,

Thank you for your time in coming to see us, and to explain a little more about the queries which have been raised through the Overview and Scrutiny process.

I hope that the further copy of our business plan for the next three years we sent in advance of the meeting was helpful to you, in ensuring that there has been appropriate diligence in looking at our business model and financial plans. I recognise that the business plan contains our headline financial projections, and I have attached with this letter the underpinning figures for the 2015/16 financial plan, all of which was considered by our Board in December 2014.

The Business Plan demonstrates the ways in which we have over the past years continued to deliver services benefitting local people in a number of ways, and also sets out our commitment to continue to do so.

Attached is a draft report about our work with children and young people, which is going to our Board in September as part of their annual scrutiny and review of what we do.

We have no direct public funding within our Arts Council investment for work with schools, and so we have been reliant on funding this from monies we have raised from trusts and foundations and corporate supporters. We have been successful in raising approximately £50,000 per year for this work over the last three years, and we remain committed to doing so for the future. The balance of payments from the s. 106 contribution will make a time limited contribution to developing our fundraising capacity towards this work. And whilst we won't stop building on our success in generating additional private resources to support this important area of work within the Borough, this will enable us to commit to delivering additional programme with a deeper level of long term engagement.

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Registration no. 4293133.
Charity no. 1089163.

You will also be aware that we support a large number of developing and emerging artists by offering them free rehearsal space and a place to perform as part of our programme. Since we began this approach three years ago, we have achieved year-on-year increases to the number supported and the value of space given to them. In our most recent financial year, we supported 143 artists with over 4,200 hours of space at a value of over £312,000. Approximately half of these artists came from BAME backgrounds and a similar proportion came from our local communities. We remain committed to this approach for future years and to developing and increasing the amount and nature of support we can offer.

We are also continuing to work with other arts organisations within the Borough to support and offer them space for performances, as well as providing a hub for networking and mutual support. It's our intention to continue to do this in future years.

I thought it might also be helpful to look at the proposed uses of the balance of the s.106 monies which will be made available to us if our proposed offer to settle the litigation is accepted by the Council.

Whilst we have continued to generate increased commercial income to support our charitable model, and have continued to support the business model with rental income from our tenanted workspaces, these spaces are now at full capacity on 3-5 year leases, and so will not generate significantly larger sums of money over the next three years.

We have controlled costs effectively in all areas, with the one exception of the need for urgent repairs to the building. Along with the dilapidations to fabric, plant and equipment that come with a building approaching 10 years of age, the fact that over 200,000 people visit our building each year means that there is significant wear and tear, and a number of immediate repairs have needed to be done from within our revenue budget. Since 2009/10 Rich Mix has reduced its annual management and administration costs by £178,000 but has seen its annual building and equipment costs increase by £93,000.

Given the lack of a Building & Equipment Maintenance Fund, a need identified in our Reserves Policy and Risk Register, and our desire to run a balanced budget, this has meant that we have had to use revenue money to fund repairs and capital items such as work to our boilers and our air handling systems has had an impact on our ability to spend further on our charitable and artistic programmes.

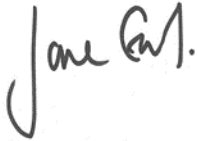
The attached Capital Plan identifies £200k of necessary expenditure to maintain existing assets over the next 3 years and a further £220k of investment in new facilities to increase our earnings capacity.

Our current level of General reserves, standing at £111k as at 31 March 2015, is considerably below that recommended by Charity Commission guidelines and in the view of our independent auditors and represents a significant risk against any future revenue fluctuations.

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I hope that this information will be helpful to you and remain happy to discuss further if we can be of assistance.

Yours sincerely

A handwritten signature in black ink that reads "Jane Earl." The signature is written in a cursive style with a large initial 'J' and a period at the end.

Jane Earl

Chief Executive, Rich Mix Cultural Foundation