



CABINET AS TRUSTEES OF BLACKWOOD MINERS INSTITUTE – 13TH DECEMBER 2017

**SUBJECT: BLACKWOOD MINERS' INSTITUTE ANNUAL REPORT AND
STATEMENT OF ACCOUNTS 2016/2017 AND UPDATE ON ARTS
COUNCIL WALES RESILIENCE REPORT**

REPORT BY: CORPORATE DIRECTOR COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To advise Cabinet as Trustees of the Blackwood Miners' Institute of the operational activities and financial position of Blackwood Miners' Institute for the financial year ending 31st March 2017.
- 1.2 To inform Cabinet as Trustees of the Blackwood Miners' Institute of the Arts Council Wales Resilience Programme Resilience Report.

2. SUMMARY

- 2.1 Blackwood Miners' Institute was conveyed as a charitable trust to Islwyn Borough Council, (and subsequently to Caerphilly County Borough Council), and was registered as a charity on 13th November 1990.
- 2.2 The local authority, acting as sole corporate trustee has a legal duty to operate the charity in accordance with the governing document, and has a legal obligation to account for the charity's finances in accordance with the Charity Act 2011.
- 2.3 A report to Cabinet as Trustees of Blackwood Miners' Institute was considered on the 27th July 2016 advising Members of the statutory requirements relating to the charitable status of Blackwood Miners' Institute, including a set of recommendations to ensure compliance with charity law in relation to the submission of annual reports and financial statements, the ongoing management of the Blackwood Miners' Institute and the Council's and Cabinet's responsibilities as Trustees.
- 2.4 The annual report and audited statement of accounts for the 2016/2017 is included as an appendix to this report.
- 2.5 Cabinet as Trustees of Blackwood Miners' Institute are required to consider the accounts prior to the annual report and accounts being submitted to the Charity Commission as part of the annual return, in compliance with the requirements of the Charity Act 2011.
- 2.6 Cabinet as Trustees of Blackwood Miners' Institute will be aware that the Council's Improving Services Programme (ISP) includes a project which aims to evaluate options to reduce the deficit at Blackwood Miners Institute, including a review of the operating model for Blackwood Miners Institute. In progressing the ISP project opportunity has arisen to link with the Arts Council Wales (ACW) Resilience Programme through which ACW have funded and completed their Resilience Report for Blackwood Miners' Institute. ACW's recommendations will be considered as part of a future report on the findings and recommendations of the Council's ISP project which will be presented to the Trustee upon completion.

3. LINKS TO STRATEGY

- 3.1 The purpose of this report is to act as Trustee of the Blackwood Miners' Institute and in that capacity to consider all matters in connection with the management, use and development of the Institute in accordance with the provisions of the Trust Deed.
- 3.2 Arts Council for Wales' vision is a creative Wales where the Arts are central to the life of a nation.
- 3.3 Culture, Leisure and the Arts are key elements in the Regeneration Strategy in Regenerating Communities and Raising Aspirations.
- 3.4 Increasing visitor numbers in the County Borough is an objective in the Council's Single Integrated Plan's vision for a Prosperous Caerphilly.

4. THE REPORT

- 4.1 Blackwood Miners' Institute was conveyed as a charitable trust to Islwyn Borough Council, and (subsequently to Caerphilly County Borough Council) in 1990. The objects of the charity are set out in the Trust Deed dated 15th October 1990.
- 4.2 The purposes of the charity set out in the Trust Deed include the following:
 - To promote, improve, develop, maintain and advance public awareness and participation in, and encourage an appreciation of the art and science of, music, dance, drama, literature and the visual arts.
 - To promote, through appropriate activities, the education and training, mental and spiritual capacities of people who are unemployed, young people and pre-school children.
 - To educate the public in the geography, history and architecture of the area and sets out the Institute's responsibility in safeguarding against drug and alcohol abuse.
- 4.3 Blackwood Miners' Institute was registered as a charity with the Charity Commission (registered as Blackwood Arts Centre) on 13th November 1990.
- 4.4 Local authorities are empowered by Section 139 of the Local Government Act 1972 to receive and hold gifts on charitable trusts. The local authority is currently the sole corporate trustee for this charity.
- 4.5 The Council as sole trustee has a legal duty to operate the charity in accordance with the charity's Trust Deed and strictly in furtherance of its stated objects. The Council as trustee also has a legal obligation to account for and report on the charity separately and in accordance of the Charities Act 2011. All charities must produce annual statements of accounts under charity law.
- 4.6 The Annual report and Statement of Accounts for Blackwood Miners' Institute for 2016/2017 financial year is an appendix to this report (Appendix 1). These accounts have been prepared in accordance with the Charities SORP (Statement of Recommended Practice – Accounting and Reporting by Charities). The Annual Report and Statement of Accounts will be submitted to the Charity Commission as part of the annual return.
- 4.7 The Annual Report for 2016/2017 provides information in relation to the Blackwood Miners' Institute Governance & Management arrangements, statement of purpose, aims and activities, public benefit, achievements & performance for the year, the extensive arts programme delivered during the year, productions and touring activities, the educational programmes delivered, community and amateur events held and audience development initiatives.

- 4.8 The Annual Report also provides detail of the pricing policies operated and a financial review in support of the detailed Statements of Accounts. As noted in the Annual Report and detailed in the Statement of Accounts, Caerphilly County Borough Council provides an annual financial subsidy to the Blackwood Miners' Institute which has been reducing in recent years from £365,279 in 2013/2014, to £329,844 in 2014/2015, £295,030 in 2015/2016, with a slight increase in 2016/2017 to £300,271 to allow for inflationary cost pressures. It is anticipated that there will be further future reductions in subsidy as part of the Council's MTFP (Medium Term Financial Plan).
- 4.9 Cabinet as Trustees of Blackwood Miners' Institute will be aware that the Council's Improving Services Programme (ISP) includes a project which aims to evaluate options to reduce the deficit at Blackwood Miners Institute, including a review of the operating model for Blackwood Miners Institute. In progressing the ISP project opportunity has arisen to link with the Arts Council Wales (ACW) Resilience Programme through which ACW have funded and completed their Resilience Report for Blackwood Miners' Institute which is included for the Trustee's information as Appendix 2 and 3 to this report. The scope of ACW's brief was principally to undertake a review and bring forward recommendations that could be taken to enable Blackwood Miners' Institute to continue to operate within a climate of declining public subsidy and still meet its charitable objectives of increasing access to the arts within the locality. The recommendations made by ACW will be considered as part of the Council's ISP project the findings and recommendations of which will be subject to a future report which will be presented to the Trustee upon completion.
- 4.10 As noted in the Annual Report, in response to the ongoing reductions in Council subsidy, Blackwood Miners' Institute is working hard to increase the income from shows by changing the way it agrees profit sharing, and also by bringing in new acts to attract new audiences. Income generated from shows in 2016-17 was £275,118 (an increase of 10% £25.3k on the previous year). Bar and vending services which only operate when there are events in the building also generated combined profit of £14,399 towards the aims of the charity and to improve financial viability.
- 4.11 The Annual Report also makes reference to the Arts Council Wales Arts Portfolio Wales (APW) grant of £125,000 provided to BMI which provides additional funding for programme support – which will help with programming a full programme including offsite performances and an increased number of accessible performances – increase marketing and technical capacity, allow BMI to continue co-producing and increase participation in the arts.

5. EQUALITIES IMPLICATIONS

- 5.1 An EIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential for unlawful discrimination and/or low level or minor negative impact has been identified; therefore a full EIA has not been carried out.

6. FINANCIAL IMPLICATIONS

- 6.1 There may be financial implications if the Trustee fails to meet the legal requirement to submit compliant accounts, and the Charity Commission may take further action in particular regarding the preparation of an annual statement of accounts and to report on the charity's finances.
- 6.2 There will be a fee payable for the independent examiners report in relation to the 2016/2017 annual report and statement of accounts of the BMI and this will be financed by the BMI revenue account.
- 6.3 Other financial implications are covered in the body of the report including the present level of Council subsidy, possible requirement to reduce the level of subsidy in future years in support of the Council's MTFP and the ongoing review of BMI as part of the Council's Improving Services Programme.

7. PERSONNEL IMPLICATIONS

7.1 There are no personnel implications from this report.

8. CONSULTATIONS

8.1 The comments from consultees have been included in this report (report yet to be issued to consultees).

9. RECOMMENDATIONS

9.1 It is recommended that Cabinet as Trustees of Blackwood Miners' Institute:-

9.1.1 Consider, note and endorse the contents of the Annual Report and audited Statement of Accounts for Blackwood Miners' Institute for financial year 2016/2017.

9.1.2 Note the content and recommendations of the Arts Council Wales Resilience Report that will be considered as part of a future report on the findings and recommendations of the Council's Improving Services Programme project for Blackwood Miners' Institute.

10. REASONS FOR THE RECOMMENDATIONS

10.1 In order for the local authority to account and report on the charity in accordance with the requirements of the Charity Act 2011.

10.2 To inform the Trustee of the Arts Council Wales Resilience Report.

11. STATUTORY POWER

11.1 Charities Act 2011 and Local Government Act 1972.

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E – Mail eedyp@caerphilly.gov.uk

Consultees: Cllr Sean Morgan, Deputy Leader and Cabinet Member Economy, Infrastructure, Sustainability and Well Being of Future Generations
Christina Harry, Corporate Director, Communities
Steve Harris, Interim Head of Corporate Finance
Gail Williams, Interim Head of Legal Services
Marina Newth, Deputy Theatre & Arts Service Manager
Dave Whetter, Interim Head of Regeneration
Paul Hudson, Destination and Events Manager
Andrew Southcombe, Finance Manager Corporate Services

Background Papers and Links to other Documents:

Report by Corporate Director of Communities -

Cabinet as Trustees of Blackwood Miners' Institute 27th July 2016 – Charitable Status of Blackwood Miners' Institute

Appendices:

Appendix 1 Blackwood Miners' Annual Report and Statement of Accounts for the year ending 31st March 2017

Appendix 2 Arts Council Wales Resilience Programme report on Blackwood Miners' Institute

Appendix 3 Arts Council Wales Resilience Programme Blackwood Miners Institute report Appendix C: Options for External Signage

BLACKWOOD ARTS CENTRE

(Also known as Blackwood Miners' Institute)

Report and Financial Statements

Year ending 31 March 2017

Charity Number 1000905

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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CHARITY AND ADMINISTRATIVE INFORMATION

Name of Charity	Blackwood Arts Centre
Working Name	Blackwood Miners' Institute
Charity Registration Number	1000905
Registered Office And Business Address	Blackwood Miners' Institute High Street Blackwood NP12 1BB
Trustee	Caerphilly County Borough Council Penallta House Tredomen Park Ystrad Mynach Hengoed CF82 7PG
Theatre Manager	<i>Vacant</i>
Independent Examiners	Grant Thornton UK LLP Chartered Accountants Cardiff

TRUSTEE'S REPORT FOR THE YEAR ENDING 31 MARCH 2017

Introduction

On behalf of the trustees I am pleased to present our annual report together with the annual financial statement for the charity for the year ending 31 March 2017. The financial statements comply with the Charities Act 2011, the Objects of The Charitable Trust, and the statement of recommended practice – accounting and reporting by Charities FRS 102.

Blackwood Miners' Institute continues to present a programme of professional arts and entertainment, and be a resource for community and amateur organisations to create and present their own productions. The theatre also continues to provide a wide range of opportunities for people from all sectors of the community to take part in creative activities of their choice.

2016/17 continued to build on the success of 2015/16, with Arts Portfolio Wales funding allowing us to bring some exceptional productions to Blackwood. We took part in the shared Apprenticeship scheme run by Wales Millennium Centre and funded by the Andrew Lloyd Webber Foundation. Our chosen apprentice gained valuable experience within our technical team and achieved a City and Guilds level 3 certificate in Technical Theatre, Sound, Light and Stage. We also took part in Kids in Museum Takeover day which saw pupils from Heolddu Comprehensive School in years 10 and 11 taking on roles in marketing, box office, front of house and technical for a performance of Allan yn y Fan.

An increased numbers of visitors attended Blackwood Miners' Institute in 2016/17 with panto figures breaking box office records again: 15,377 saw Beauty and the Beast. Our commitment to developing family audiences continued in 2016/17 with an exciting and high quality programme that catered for all ages including performances specifically for babies. We also continued our commitment to an inclusive programme with 4 Relaxed Performances throughout the year that were specifically targeted at audience members with Autism Spectrum Disorder, sensory and communication disorders, or learning disabilities.

We acknowledge that we currently face challenging times; where local and regional engagement with the arts is traditionally low; the region has higher than average levels of deprivation, and all this against a backdrop of ever decreasing public funding. But despite this, our efforts to continue engaging audiences, developing new and innovative programme stands, and by working collaboratively and in partnership, prove that we have a very valuable role to play in the creative community.

I would like to thank our audiences and participants for your continued support and engagement, to our staff for their continued hard work and dedication, and to our partners and funders for their confidence and recognition of a quality arts programme.

Leader OR Deputy Leader and Cabinet Member for Economy, Infrastructure, Sustainability and Wellbeing of Future Generations

on behalf of Cabinet as Trustees

Governance and Management

Caerphilly County Borough Council is the sole corporate trustee for the charity. Implementation of the organisation's aims and objectives and the day to day administration is undertaken by the Theatre Manager (employee), and the team which is overseen by the Interim Head of Regeneration and Planning. Caerphilly utilises the greater London Provincial Job Evaluation process, and uses the nationally negotiated pay spine referred to as the National Joint Council for Local Government Services to determine the pay and remuneration of the charity's key management personnel.

Our Purpose and Activities

Blackwood Arts Centre, also known as Blackwood Miners' Institute, formerly a miners' welfare institute paid for by the salaries of local miners, was refurbished as a community arts and entertainment venue in the early 1990's thanks to funding from the Welsh Office and Islwyn Borough Council. Today, Blackwood Miners' Institute (BMI) is a vibrant and professional theatre venue and registered charity, and one of the busiest in the South Wales Valleys. We present a programme of high quality professional, community and amateur art and entertainment for a wide range of audiences. We also provide a wide range of opportunities for people from all sectors of the community to take part in creative activities of their choice.

The purposes of the charity are set out in the building's binding objects in the charitable trust deed (October 1990). These are to:

- Promote, improve, develop, maintain and advance public awareness and participation in, and encourage an appreciation of the art and science of, music, dance, drama, literature and the visual arts.
- Promote, through appropriate activities, the education and training, mental and spiritual capacities of people who are unemployed, young people and pre-school children.
- Educate the public in the geography, history and architecture of the area and sets out the 'Stute's responsibility in safeguarding against drug and alcohol abuse.

Our current mission is:

To be the leading theatre within the South East Valleys, creating and presenting the highest quality professional and community arts, creating enriching, cultural experiences for a diverse range of audiences and participants.

Our current aims are:

- To contribute to the economic, cultural, and social regeneration of the region, and to help make Caerphilly County Borough a better place to live, visit, and work.
- To promote the arts in a positive and accessible way, to create a relaxed, friendly and welcoming atmosphere where audiences and participants can feel comfortable in attending the arts, and will want to attend more regularly.
- To ensure equality of provision by providing a diverse range of arts activity for a wide range of audiences and participants, ensuring that everybody has easy access to arts and culture.
- To work collaboratively and in partnership to ensure value for money and to find sustainable ways to improve the level of service offered to members of our local communities.

The strategies employed to achieve the charity's aims include:

- Presenting and producing a range of arts and entertainment events including drama, dance, comedy, and live music.
- Programming a balance of professional and amateur events; populist and commercial work which underpins the viability of the theatre and a cultural programme which is mostly supported by external grant funding from Arts Council Wales.
- Delivering a wide range of community workshops and classes, with a particular focus on children and young people, to provide opportunities for them to take part in the activity of their choice.

Public Benefit

In shaping our aims and planning our activities for the year, we considered the Charity Commission's guidance on public benefit, including guidance on public benefit and fee charging. The Objects of the charity define the area of benefit as the inhabitants of the District of Islwyn and the surrounding districts (now Caerphilly County Borough).

The theatre relies on subsidy from Caerphilly County Borough Council and the income from fees and charges to cover its operating costs. In setting the level of fees and charges and concessions, we give careful consideration to the accessibility of the theatre to those on low incomes. We recognise that local and regional engagement with the arts is low; and the region has higher than average levels of deprivation. Our programme is carefully considered to ensure that everything is programmed with our community and audiences in mind.

The Arts Programme

We presented 182 live performances, and sold 33,816 tickets, an increase of 7% on the previous year.

This was the first year that we benefitted from becoming an Arts Council of Wales revenue funded organisation. The subsidy allows us to programme high quality, engaging and entertaining work. A particular highlight was award winning choreographer Gary Clarke bringing dance piece COAL to Blackwood. The performance combined 7 professional dancers with local women and members of Tredegar Town Band, and saw audiences attending who had never considered visiting Blackwood Miners' Institute, let alone to see modern dance.

Drama highlights included welcoming Frank Vickery back with TONTO EVANS, as well as presenting new companies such as Townsend productions with DAREDEVIL RIDES TO JURAMA, Living Pictures with DIARY OF A MADMAN and Triongl Theatre with MIRAMAR. We were honoured to have the opportunity to present the sensitive and thought-provoking Aberfan mining disaster drama, THE REVLON GIRL by October Sixty Six Productions.

We also presented our first site specific performance which took place in Cwmcarn Forest. A COMPANY OF WOLVES by Burn the Curtain saw a group of 35 runners and a group of 35 walkers taking part in promenade performance based on the Angela Carter story. It had a very positive audience reaction.

There was a variety of family work on offer in 2016/17 including LEAPER by Tucked in, SPONGE by Turned on its Head, STICKMAN by Scamp Theatre, THE FLYING BEDROOM by Little Light and THE OWL AND THE PUSSYCAT'S TREASURY OF NONSENSE by Soap Soup Theatre. We have been offering additional activities to families connected to the performances and we were excited to welcome owls from the Welsh Owl and Wildlife Sanctuary whilst Soap Soup Theatre was with us. Audiences had the opportunity to have their picture taken with an owl as well as learning about the work that the sanctuary does.

During 2016/17 we offered Relaxed performances for MONSTERSAURUS, THE OWL AND THE PUSSYCAT'S TREASURY OF NONSENSE, BEAUTY AND THE BEAST and THE FLYING BEDROOM. We have seen the popularity of these performances grow and the feedback has been excellent. We also welcomed back Frozen Light with HOME which was specifically created for audiences with Profound and Multiple Learning Difficulties (PMLD). During Dementia Awareness week we worked with the Alzheimer's Society to offer a free event with local artist ROBERT KNIGHT for their local groups, and offered a Dementia Friendly performance of ROSS LEADBEATER'S GREAT BRITISH SONGBOOK.

Welsh Language performances included DILLAD NEWYDD YR YMERAUWDR by Sherman Cymru and BLODEUWEDD by Cwmni Mega.

Heritage Opera returned to rave reviews with DON GIOVANNI and we were pleased to be able to showcase local musical talent INTO THE ARK and ROB LEAR, who both performed intimate gigs in our Lower Bar space.

We supported the inaugural WELSH INTERNATIONAL DOCUMENTARY FILM FESTIVAL by hosting three days of workshops, talks and seminars as well as gala screening of the

shortlisted documentaries. Over the three days the festival - which was hosted in conjunction with the Maxime Cinema – over 600 people visited the festival.

Christmas was again our busiest period. 15,377 tickets were sold for BEAUTY AND THE BEAST and audiences hugely enjoyed the talented cast that included Owen Money.

Productions and Touring

We continued our co-producing relationship with Black RAT productions and RCT Theatres with John Godber's BOUNCERS. The production toured to 15 venues throughout Wales and we received excellent audiences, and extremely positive feedback.

Blackwood Miners' Institute also supported Motherload's production of THE GOOD EARTH, which had a very successful tour of Wales before a successful run in New York.

We began a co-production of JASON AND THE ARGONAUTS by Mark Williams. The co-production was with RCT Theatres and as the financial year came to an end the production was just going into tech week before opening in RCT and going on a 2 week tour across Wales. BMI also continued to develop KISS ME LIKE YOU MEAN IT by Chris Chibnall with the intention that it will tour in Summer 2018. We also supported Leeway Production's pilot of TEN MINUTE MUSICALS, which is a project that presents musical theatre in a new way and was developed at The Other Room in Cardiff.

The Educational Programme

Blackwood Miners' continues to deliver Blackwood Youth Dance, which consists of 4 contemporary dance groups between ages 5 and 14, as well as youth drama for ages 4 to 16. We also offer an adult drama group on a Monday evening. BMI engaged with 1525 young people through these classes.

Performances including THE FLYING BEDROOM and LITTLE RED RIDING HOOD AND THE THREE LITTLE PIGS also offered children's workshops, which were taken up by 67 people.

In October we hosted the Decisive Moments Photography and Dance residency. Local participants took part; the dancers worked in the building and the local area to create two short dance pieces, whilst the photographers worked with a professional photographer to photograph the dancers in rehearsals and curate an exhibition on the last day of the residency.

Community and Amateur Events

Supporting and nurturing community and amateur groups was one of our key focuses in 2016/17. We are able to provide them with a professional venue in which to perform as well as a welcoming and comfortable place to meet and rehearse. We presented and supported performances from Mynyddislwyn Male Choir, Risca Male Choir and Markham Band.

We also supported a two night performance of GREASE by Caerphilly Youth Theatre. Support included providing lighting and sound design, as well as space to rehearse and carry out technical rehearsals and dress rehearsals. Similarly we supported Blackwood Musical Theatre Society with their performance of RETURN TO FORBIDDEN PLANET.

CCBC Community Dance Festival 2016, which took place in July, was a success once again with 232 young people from 10 dance schools in the Borough taking part across 4 nights. At the same time we also supported Janet Stephens Theatre Dance to present her annual dance school showcase. Both events are a wonderful opportunity for young people to perform – often for the first time – in a professional venue.

WINGS TO FLY, the annual drug awareness project, was also performed by Caerphilly Youth Theatre to all pupils in year 6 in the County for the 22nd consecutive year in partnership with the Community Safety Team.

We have formed a partnership with Chickenshed who are an inclusive theatre company based in London. We worked with them on IN THE ABSENCE OF SILENCE that worked with survivors of domestic violence. Since that project we have engaged a local practitioner who was working with Chickenshed in London but has moved back to Wales to set up a regional Shedlink. The Shedlink will be a regional hub for Chickenshed working with local schools and community groups. We are currently in the research and development stage of the project, identifying interested groups and finding locations to hold workshops.

Audience Development

During 2015/16 we successfully bid for a grant for the Arts Connect 'Our Space' project. In 2016/17 we began work on the project, which was to research the physical and perceived barriers that prevented families from disadvantaged communities taking part in and enjoying the arts. We asked the Audience Agency to carry out the research using surveys and focus groups. The results were fascinating, and the report and recommendations have been presented within the Arts Connect network and circulated to the wider industry. We will be using the findings to inform how we engage with audiences for our family work.

A lot of outreach work was done in collaboration with Gary Clarke for COAL. It was an extremely relevant piece about life at the coal face and we found that due to the audience development work that was done, we had a lot of first time attendees whose response to the performances was excellent.

We have continued to focus on audience development when programming the artistic programme and events such as talks and literary events are adding to our audience development work.

Financial Review

We continue to work hard to increase our income generation especially during rising budget pressures. Caerphilly County Borough Council continues to support the Arts Service with

subsidy that includes covering any operating deficit in BMI's accounts. No overspend or underspend is carried over from 2016/17.

Management at BMI has worked hard to increase ticket income through audience development, programme development and careful negotiation with the companies that are programmed. Ticket income was £275,118 for 2016/17 (a 10% increase on the previous year).

It was our first year as part of the Arts Council's revenue funded portfolio. We received a grant of £125,000 that contributed to subsidising the artistic programme, funding our touring and co-productions, and assisting with the additional marketing and technical support that is required for our increased activity.

Secondary sources of income included bar and confectionary sales which contributed £14,399 net profit towards earned revenue. The management continues to work hard to ensure that sales on the bar are maximised including purchasing a new coffee machine, which has seen hot drinks sales increase by 160% just over the Christmas period alone compared with the same period in 2015/16.

Blackwood Miners' Institute has a number of rooms that are available to hire to commercial clients as well as community groups. In 2016/17 room hire contributed £48,862 to the income. This is an area that we will be trying to maximise in the future.

Reserves Policy

In 2016-17, Blackwood Arts Centre (Blackwood Miners Institute) did not have a reserves policy, as any operational deficit is covered by the subsidy from Caerphilly County Borough.

Our Pricing Policy

In setting our pricing policy we attempt to promote the arts in a positive and accessible way, and ensure equality of provision by providing a diverse range of arts activity for a wide range of audiences and participants. We aim to keep ticket prices as low as possible to ensure that everybody has easy access to arts and culture. This is balanced against the need to maximise income to ensure the charity's viability, where earned income makes up approximately 45% of the charity's turnover.

The average ticket yield in 2016/17 was **£8.15**

We offer concession prices on most of our live performances. Concessions are offered to the following:

- Senior Citizens
- Registered Unemployed
- Children
- Students
- ICIS card holders

- Disabled People (with their Companions or Personal Assistants attending for free if required, under the Hynt Scheme)

Family discounts are also offered on all of our family productions.

We also offer workshop / ticket offers with any outreach work associated with incoming productions, so that young people attending a workshop receive a ticket for the performance, as an incentive to attend the theatre, thus breaking down barriers associated with theatre going

Risk management

The Charity has reviewed the major risks to the organisation and has systems and procedures in place to manage these risks. The charity analyses, manages and monitors risk in the following way:

1. Identify risk
2. Assess what impact risk would have on activity, outcome or objective
3. Score the risk according to likelihood and severity
4. Identify controls that need to be in place to avoid or minimise impact
5. Quarterly review of risk, assessing progress made and revising score if necessary

Trustee responsibilities

The charity's trustee is responsible for preparing a trustee's annual report and financial statement in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland.

Charity law requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Trustee

Leader OR Deputy Leader and Cabinet Member for Economy, Infrastructure, Sustainability and Wellbeing of Future Generations

.....

.....

(Date)

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF BLACKWOOD ARTS CENTRE FOR THE YEAR ENDING 31 MARCH 2017

I report on the accounts of Blackwood Arts Centre for the year ended 31 March 2017, which are set out on pages 16 to 24.

Your attention is drawn to the fact that the charity's trustees have prepared the charity's accounts in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in May 2014 in preference to the Statement of Recommended Practice 'Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)' issued in April 2005 which is referred to in the Charities (Accounts and Reports) Regulations 2008 but has been withdrawn. I understand that the charity's trustees have done this in order for the charity's accounts to give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under section 154 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act 2011;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Charities Act 2011; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a comparison of the accounts with the accounting records kept by the charity. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence

that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 130 of the Charities Act 2011; and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Charities Act 2011;have not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Rhian Owen FCA

Grant Thornton UK LLP
11/13 Penhill Road, Cardiff

[**Date**]

STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2017

BLACKWOOD ARTS CENTRE

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDING 31 MARCH 2017

			Total Funds 2015-16 £	Total Funds 2016-17 £
<u>Income from</u>				
	Other trading activities	A1	49,857.45	50,236.88
	Operation of theatre and arts centre	B2	675,751.29	758,311.60
TOTAL INCOME			725,608.74	808,548.48
<u>Expenditure on</u>				
	Other trading activities	A2	33,060.50	35,837.78
	Operation of theatre and arts centre	C3	683,370.32	758,401.07
	Expenditure on Charitable Activities (Governance Costs)	D	9,177.92	14,309.63
TOTAL EXPENDITURE			725,608.74	808,548.48
NET MOVEMENTS IN YEAR			0	0

BLACKWOOD ARTS CENTRE**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017**

				Total Funds 2015-16 £	Total Funds 2016-17 £
<i>FIXED ASSETS</i>					
	Tangible assets			2,736,000.00	2,646,206.90
<i>CURRENT ASSETS</i>					
	Stock		H	3,518.76	2,658.30
	Debtors	ACW grant	I	3,265.63	0
		Other	I	8,357.59	13,670.11
	Total Current Assets			15,141.98	16,328.41
<i>LIABILITIES</i>					
	Creditors falling due within one year		J	-48,617.07	-91,088.73
<i>NET CURRENT LIABILITIES</i>				-33,475.09	-74,760.32
<i>TOTAL ASSETS LESS CURRENT LIABILITIES</i>				2,702,524.91	2,571,446.58
<i>CREDITORS FALLING DUE AFTER 1 YEAR</i>				0	0
NET ASSETS				2,702,524.91	2,571,446.58
<i>FUNDS OF THE CHARITY</i>					
<i>Unrestricted funds</i>					
	Designated property assets funds			2,736,000.00	2,646,206.90
	Designated stocks			3,518.76	2,658.30
	General fund			-36,993.85	-77,418.62
TOTAL CHARITY FUNDS				2,702,524.91	2,571,446.58
Analysis of Movement in Fixed Assets				Freehold land and Buildings 2015-16 £	Freehold land and Buildings 2016-17 £
	Balance brought forward April			2,730,004.00	2,736,000.00
	Depreciation			0	89,793.10
	Net Revaluation		K	5,996.00	0
	Balance carried forward March			2,736,000.00	2,646,206.90

Statement of Cash flows	2015-16	2016-17
	£0	£0
Net Cash Provided by Operating Activities	0	0
Net Cash Provided by Investing Activities	0	0
Net Cash Provided by Financing Activities	0	0
	<hr/>	<hr/>
Change in Cash and Cash Equivalents in the reporting period	0	0
Cash And Cash equivalents at the beginning of the reporting period	0	0
	<hr/>	<hr/>
Cash And Cash equivalents at the end of the reporting period	0	0

A. INCOME FROM OTHER TRADING ACTIVITIES

The Bar and Vending activities are only operable when charitable activities are taking place in Blackwood Arts Centre

SUMMARY TRADING ACCOUNTS

			2015-16	2016-17
			£	£
Turnover	Bar	1	26,073.69	24,222.34
Cost of Sales	Bar	2	-21,731.73	-28,168.59
Net Profit/Loss			4,341.96	-3,946.25
<hr/>				
Turnover	Vending	1	23,783.76	26,014.54
Cost of Sales	Vending	2	-11,328.77	-7,669.19
Net Profit			12,454.99	18,345.35
<hr/>				
Total funds generated for charity			16,796.95	14,399.10
<hr/>				
Current assets (Stock)	Bar	3	3,518.76	2,658.30
	Vending	3	0	0
			3,518.76	2,658.30

B. INCOME FROM CHARITABLE ACTIVITIES

			£	£
Gross Income	Shows, Concerts		249,767.98	275,118.61
	Workshops		9,199.50	9,059.35
	Room Hires		41,651.96	48,862.99
	<i>Subtotal: Admission charges and programmes</i>		300,619.44	333,040.95
	Programme Support grant, Arts Council		80,101.63	125,000.00
	Subsidy from Local Authority		295,030.22	300,270.65
	Subtotal		375,131.85	425,270.65
Total income from Charitable Activities		2	675,751.29	758,311.60

C. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	2015-16	2016-17
	£	£
Artists fees	259,014.05	286,666.87
Production expenses	111,551.42	143,511.88
Box Office & Front of House	37,914.60	30,408.92
Promotion and marketing	67,340.52	89,174.26
Central Premises costs	67,072.94	69,011.08
Support Costs	127,140.40	128,473.06
Education (Workshops)	13,336.39	11,155.00
	683,370.32	758,401.07

3

D. ANALYSIS OF SUPPORT COSTS

	2015-16	2016-17
	£	£
Manager Operations	36,711.67	35,238.54
Manager Governance	9,177.92	8,809.63
Deputy Manager	38,427.85	40,951.99
Duty Managers	26,398.23	26,146.99
Admin Officer	24,206.17	24,500.55
Travel	1,396.48	1,634.99
Independent	0	5,500.00
Examination Fee		
	136,318.32	142,782.69

E. RELATED PARTY TRANSACTIONS

	2015-16	2016-17
	£	£
Caerphilly County	295,030.22	300,270.65
Borough Council		
Arts Council for Wales	80,101.63	125,000.00
	375,131.85	425,270.65

All the above funding was received to enable the charity to carry out its charitable objectives and have been included in the financial statements under incoming resources from charitable activities.

F. ANALYSIS OF STAFF COSTS

	2015-16	2016-17
	£	£
Salaries & wages	243,952.74	250,539.58
Social Security costs	14,550.90	19,062.05
Pension costs	40,427.19	44,146.68
	298,930.83	313,748.31

G. STAFF NUMBERS

Average number of full time equivalent employees, including part-time staff, as at 31st March 2017. In addition there are casual staff employed as ushers and bar staff ONLY when the centre has concerts/performances.

Concerts & stage performances	8.04	8.04
Governance	0.2	0.2
	8.24	8.24

H. STOCKS

	£	£
Current assets (Stock) Bar	3,518.76	2,658.30
Vending	0	0
	3,518.76	2,658.30

I. DEBTORS

	£	£
Arts Council programme grant, final payment	3,265.63	0
Other debtors	8,357.59	13,670.11
	11,623.22	13,670.11

J. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015-16	2016-17
	£	£
Salary arrears	-3,591.61	-5,980.31
Arts Council clawback	-2,918.34	0
Receipts in advance	-13,709.98	-23,838.09
Water bill	-515.00	-700.00
Gas bill	-424.00	-700.00
Electric bills	-11,319.00	-1,250.00
PRS Licences	-951.00	-1,200.00
Other creditors	-14,446.39	-56,779.25
Bar purchases	-741.75	-641.08
	-48,617.07	-91,088.73

K. REVALUATION OF FIXED ASSETS

Valuations are undertaken mainly by CCBC's Corporate Property Department.

The staff are members of the Royal Institute of Chartered Surveyors (RICS) The valuations are carried out over a five year rolling programme.

Depreciation is charged on a straight line basis over a designated useful economic life. No depreciation is charged in the year of revaluation.

L. ACCOUNTING POLICIES APPLIED TO THESE ACCOUNTS

The accounts for Blackwood Arts Centre are drawn up under the accounting policies of Caerphilly County Borough Council.

i. All incoming resources are accounted for when the charity has entitlement to the funds, certainty of receipt, and the amount is measurable.

Where income is received in advance for a performance or other specified service it is deferred until the charity is entitled to that income (Receipts in advance at year end)

ii. All resources expended are recognised once there is a legal or constructive obligation to make a payment to a third party.

Cost of generating funds comprise the cost of trading for the bar and vending

Charitable activities include the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity

Governance costs represent those costs of the strategic management of the charity and of complying with constitutional and statutory requirements

iii. Support costs are those costs which have not been directly allocated to an activity of the charity but nevertheless support those activities. These costs have been allocated between charitable activities and governance costs as per note D.

iv. Stock is included at the lower of cost and net realisable value

v. Employees of the charity are entitled to join the Local Government Pension Scheme, which is funded by contributions from employee and employer. This is managed in accordance with the Local Government Pension Scheme regulations.

vi. The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

On behalf of the Trustee

Interim Head of Corporate Finance

.....

..... **(Date)**

Arts Council Wales Resilience Programme

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Appendix A: Documents supplied

Appendix B: Sources and Meetings

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1.0 INTRODUCTION

This review was commissioned by Arts Council Wales from independent consultant Vanessa Swann based on the 'ACW Resilience Adviser's Brief', response to this document and further refinement agreed by Paul Hudson, Destination and Events Manager, Caerphilly County Borough Council; Marina Newth, Deputy Theatre Manager, and Vanessa Swann, in conjunction with Andrew Richards, Head of Business Development, Arts Council Wales.

The scope of the brief was principally to review and recommend steps that could be taken that will enable Blackwood Miners Institute *"to continue to operate within a climate of declining public subsidy and still meet its charitable objectives of increasing access to the arts within the locality."*

The background to the brief is the need for the Council to identify savings of £500,000 over the next 4 years across Council-owned arts and tourism venues in the borough. As part of its Business Improvement Programme, the Council is currently undertaking a review of 'Alternative Ways of Working – Tourism Facilities' which includes a review of Blackwood Miners Institute (BMI) in order to deliver against financial targets identified:

- £38,000 identified in financial year 2018/19; followed by a further savings target of
- £111,00 in the financial year 2019/20 (a 50% reduction in BMI's net budget by 2019/20)

The primary elements of the project were to:

- consider the commercial event opportunities within the parameters of achieving a balanced event programme and programme of activity that meets the above remit;
- consider commercial opportunities that may arise from the use of the venue and
- review the current workforce deployment and advise on efficient capacity of the organisation to deliver the planned programme for 2018-2010.

The scope of the work has by necessity been fairly constrained (an allocation of no more than 5 days) and therefore represents a scoping document rather than an in-depth study. There is certainly potential for further work, which can be delivered by the current operational team, in order to develop a more detailed action plan and to drive change in order to maximise the benefits more quickly.

It is common for external consultants to highlight ideas that are already current within an organisation. Those interviewed have all been generous with information and there are plenty of ideas and enthusiasm on improvements that can assist Blackwood Miners Institute to achieve its objectives. As the consultant undertaking this short review, I have included these ideas as well as injecting fresh perspectives and ideas both in the meetings and into this report. To that extent, this is a team effort and whilst I accept

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responsibility for any factual errors, it is intended to reflect far more than merely my own views and opinions.

2.0 REVIEW OF PREMISES AND FACILITIES

The building itself presents a smart face having undergone major refurbishment in 2014 and has a moderate presence on the street front as it is situated directly opposite the ASDA Superstore in the High Street. The building is sited on a fork in the road and is more visible to traffic than it would otherwise be, and thus presents an opportunity to increase its visibility to passing traffic in both directions but particularly to traffic travelling northwards. There is currently limited signage on the exterior of the building and lettering on the south facing side wall is now obscured.

The interior of the building is well maintained and clean. It is a listed building and a designated local heritage asset. This presents an opportunity to highlight heritage aspects of the building, including its foundation and former uses, for local resident interest and enjoyment.

2.1. Observations on use of spaces

2.1.1. Bar area: The bar area on the first floor is small but has the facility for visitors to spill out onto the landing and into a side room. Visitors attending events in the auditorium do frequent the bar; however a proportion leave the venue to purchase drinks from the Wetherspoon opposite, ostensibly because the drinks there are cheaper. The bar is not visible on entering the first floor from the stairwell and is entered from two doors off the landing. The spaces are well maintained but the areas for seating and standing are not spacious; there is a side room with tables and chairs and a few on the landing.

It would be useful to undertake an informal survey of visitors to obtain their views on comfort levels in the bar and seating areas. It would also be useful to obtain the advice of a conservation architect (perhaps the Council's conservation officer or an Arts Council Wales associate consultant) to ascertain if the central panel in the wall directly facing the top of the stairs could be knocked through to create an opening to the bar, without disturbing the architectural features on each side of this wall. If this were possible, such an opening might present an opportunity to present the bar area as a more pleasant area to spend time in, in spite of higher bar prices.

The bar is only open during performances and visitors are not able to buy refreshments at other times during the day. It could therefore be worth considering providing a drinks and refreshments machine in this area to entice local people and visitors to use the space for sitting, working and / or relaxing at other times of the day.

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In view of the current low profitability of the bar (£14,746 net income in 2016/17; target of £17,200 in 2017/18), we undertook an investigation into the possibility of the local Wetherspoon running the bar as a concession; however there was no interest from the company at HQ. The nearby Maxime cinema runs a bar and buys its own supplies so enquiries were made about joint purchasing of supplies. Maxime cinema staff did not respond to our enquiry about this but it could be worth BMI staff following this up in person, although I appreciate that this may not be a feasible option given the procurement requirements of the Council.

2.1.2. Sitting area / art display area: This room is adjacent to the bar area and is used by visitors attending events and using the bar. There are regular displays of artwork by local artists on the walls.

Marina Newth suggested the idea of curating an exhibition of photographs/artefacts relating to the history of BMI. This could greatly enhance this and or other public spaces and offer a small but interesting attraction for visitors to the area as well as local residents and users of the venue. Conversations with local people who I encountered during my visit suggested that some 'local' residents [not necessarily living in Blackwood but nearby and possibly without easy transport] had not visited BMI for some years due to transport difficulties and a feeling that there was nothing of interest for them – although BMI's former use as a snooker venue had previously attracted one consultee]. A heritage-focussed exhibition with changing displays and a Facebook promotion highlighting a monthly artefact might well attract previous and new attenders.

2.1.3. Meeting room: There are two meeting rooms; one that is hired out regularly and one that is not. The latter is situated on the 2nd floor which makes it less likely to be hired than the one on the 1st floor. The 1st floor meeting room, at 24.1 square metres in size, would in theory make a good size office to rent.

We undertook research with local estate agents to ascertain demand for office space in this part of Blackwood:

Brinsons, chartered surveyor in Market Street, Caerphilly, advised that demand is not high. They have an office let that has been available on their website for 2 years and has not been taken up (first floor office, 130m² £10,500 per annum). They do have a property in Blackwood – Hebron House - that is always snapped up, but they believe this is to do with size, prominence and associated parking.

The above response may not reflect potential interest in rental of the 2nd floor meeting room for hot desking space, because the business need will be different. We note that the Wales International Documentary Information Festival (WIDF) uses the 1st floor meeting room once a week free of charge for meetings, and it would be useful to ascertain if the participants live locally and would welcome the opportunity to use the venue for more regular drop in / hot desk work and / or as a permanent office base for a nominal fee [for a few £0,000 a year]. Equipping the foyer with a few lap top tables for use by WIDF at all times of the day, with an

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open door policy and coffee and tea available upstairs, could activate this part of the building and potentially encourage a younger audience to visit the centre during the day.

Paul Hudson of Caerphilly County Borough Council also suggested that there might be interest from the Welsh Innovation Centre for Start-ups [ICE], an office incubator / hot desking initiative, in taking on the space if they have plans to expand from its Caerphilly base.

2.1.4. Dance studio

Three dance teachers use the dance studio for amateur classes and in addition BMI offers dance classes as a part of its arts programming. We interviewed the three teachers to ascertain their views on the use of the space and potential for BMI to exploit its identity as a 'dance hub' (with the regularly scheduled tea dances in the ballroom and dance performances in the auditorium). See under 3.1. below.

2.1.5. Auditorium and Lower Bar area

The Auditorium was refurbished in 2014 and appeared satisfactory although the staff team commented that some visitors had commented on lack of leg room. It could be worth examining the possibility of providing a stretch of seating with more leg room, if this did not reduce the total number of seats.

We understand that the Lower Bar area is used for comedy nights with a 100 person capacity which is tight. Given that the bar activity is likely to be a cause of the lack of space, we wonder if there scope in building terms to expand this room; however we did not look into this during our visit.

Recommendations

Premises and Spaces

- **Undertake an informal survey of users of the bar to obtain their views on comfort and attractiveness to stay and drink.**
- **Obtain the advice of a conservation architect [Council conservation officer or ACW expert associate] about knocking through the wall facing the top of the stair to create an opening to the bar and provide a greater sense of space and comfort.**
- **Consider the cost / benefit of leasing a coffee and tea machine in the bar area for visitors to purchase refreshments during opening hours, and advertise this on a board outside the building.**
- **Seek funding to mount an exhibition of historical BMI photographs / artefacts in the public spaces – with PR potential.**

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- Invest in large /colourful external signage to alert passing drivers and pedestrians to BMI's existence and the changing programme of events. See suggestions and estimated costings in the Appendix.

- Discuss with WIDF the idea of a permanent base for drop in /hot desk working in the meeting room [and foyer area] for an annual fee.

3.0 REVIEW OF PROGRAMMES AND AUDIENCES

Review of the literature supplied, and discussion with the Deputy Theatre Manager and Technician, suggests that programming is well-considered and relevant to the local and regional context. It was not possible within the time constraints to undertake a detailed analysis of the programming, safe to say that the venue is operating at an average 50% capacity in a year, and there is a need to increase ticket sales [or provide funded places] for performances that are not currently attracting high number of attendees.

3.1. Performances

There are 70 performances held each year in the Auditorium, and it appears that there is little or no there scope for increasing the number of these. There might be occasional quiet periods; however time is required to turn around the space between performances, for example when the venue is moving from a stage show to a flat floor show the turnaround time is a full day.

January and August are reserved for down time for safety checks/maintenance but it is felt that there is insufficient staff resource to increase the number of events taking place in the auditorium even during this down time.

We ascertained that:

- Programming takes account of the offer in the region as a whole to ensure choice.
- Most events take place on one night only due to BMI's experience of level of demand, except Pantomimes which run for 3 weeks.
- Affordability is seen as key for maintaining local community audiences.
- For pricing of tickets, usually the visiting show sets the price; however BMI knows its audience and likely demand so there is some negotiation. Visiting shows involve a fixed fee and some are split takings.
- Some 'loss leader' events such as Max Boyce are bought in to bring in new audiences (Welsh stars/names are popular)
- People will travel for family shows e.g. Stick Man; attendance at family shows declined when the Maxime cinema opened but has increased following targeted promotion on Facebook
- Some shows gradually build audience over years e.g. Light Orchestra event.

We understand that a loss was made on 29 of the 70 performances at a cost of £22,075.

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Based on the above information, it could be worth considering if there is potential for negotiating a higher fee charged to visiting shows that are very popular (ie the loss leaders) and continuing to increase the ticket price for family shows such as Stick Man that families are prepared to travel to. The Marketing Manager reports that ticket prices for family shows have successfully been increased slightly and that there might be scope for further small increases.

3.2. Classes (BMI-organised classes versus external tutor hire)

We interviewed the dance teachers who run regular classes at BMI: Kristie White of KLA Dance (Ballroom and Latin Dance School) and Lauren Campbell, contracted directly by BMI (but also runs her own contemporary dance school called Transform Dance). Janet Stephens of Janet Stephens Theatre Dance School was also contacted but did not respond.

3.2.1. Interview with Kristie White, hirer

Kristie White runs a children's class for Ballroom and Latin in the lower bar area on Saturday mornings. She reported that she would like to run more evening classes at the venue but that there is no availability and believes that there are other hire events in the evening that may be more profitable than receiving a hire fee from independent dance tutors. She is aiming to lease a property that will enable her to have a dance school venue, but would continue to use BMI for the Saturday morning class. This class is consistently popular and she doesn't do much marketing as participants come mostly by word of mouth. She thinks there would be demand for an adult ballroom and Latin class. She uses the lower bar area as the dance studio is not big enough. She doesn't know how well attended the BMI-organised dance classes are, and thinks that they may not be as successful as those run by external dance tutors. She did hire the auditorium once for a presentation event but found it expensive (£600 for the day) and restrictive (couldn't use the stage) and as a result goes elsewhere.

3.2.2. Interview with Lauren Campbell – running Council classes

Lauren runs dance classes on Wednesdays in the lower bar area for different age groups throughout the afternoon and evening. She has a colleague who runs the street dance class in the dance studio on the same evening. She reported that Zumba and yoga classes appear to have been well attended during the daytime.

In view of the above information, it could be useful for BMI to analyse attendance and income for classes held in the lower bar and the dance studio to see whether reallocating spaces and timings for external hire classes and BMI-organised classes would improve the financial return and potentially bring in a higher number of participants. It appears that hire income from external hires [i.e. private teachers at £200 a session?] may be generating more income than income derived from BMI's own classes; however it is not possible to see this from the Budgets supplied. In 2016/17 BMI made a loss on Council run classes of £2,095 after paying tutor fees covered by part of the grant from Arts Council Wales. BMI-organised classes include contemporary dance on a Wednesday night and drama on a Friday night, both for a range of ages. It could be useful to explore offering these and other classes to external tutors to run on a hire

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basis, as the above research suggests that they may be more profitable. Tutors could be asked to complete audience survey forms to collect audience data as needed by BMI.

3.3. Marketing

This review does not include a detailed analysis of marketing activity; however I have reviewed the relevant sections of the Business Plan; undertaken a brief review of the marketing collateral and marketing budget and conducted an interview with Katie Arthur, Marketing Manager.

The printed brochure and advertising currently comprise the main sales tools, and printed brochures are essential for distribution in venues in the region. At the moment brochures are posted to 9,000 households at a cost of £5,000 and, whilst demand for posted copies is evident from BMI user surveys [possibly due to the demographic without access to or propensity to use the internet], it would be preferable to begin to encourage users to change to e-versions of the brochure in the future if at all possible. A distributor is contracted to distribute brochures over a wide area and a check should be undertaken on brochure availability in Cardiff and Newport, areas not referenced in the BMI Business Plan but cited by the local Maxime cinema as areas from which their visitors travelled.

A new box office system is due to be ordered soon: This is much-needed as it is not possible for the Marketing Manager to extract sufficient audience data from the existing system. The new system will also make it possible to transfer customer contact details with permission onto Mailchimp as e-newsletter subscribers. The Business Plan states an intention to focus more on digital marketing and the opportunity to build up e-newsletter subscribers from the new box office system will give a significant boost to BMI's marketing and communications.

The Marketing Manager is well networked professionally in the region with other marketing professionals and is keen to make more use of the Morris Hargreaves MacIntyre Culture Segments, the new standard segmentation systems for arts, culture and heritage organisation. She has already used the learning from this to good effect.

The e-book version of the brochure on the website looks good; however it could be more beneficial if there is a PDF downloadable version for users to print off and review at leisure.

The BMI Facebook [and Facebook advertising] is used comprehensively for marketing purposes which fits exactly with The Audience Agency's Audience Spectrum profile for Blackwood (30 mins drive) that highlights 'Facebook Families' as being the highest audience segment (19% of adults aged over 15), and considerably higher than the average in the rest of Wales (at 13%). Facebook promotion obtains good results when promoting children's activities and tribute acts and bands.

Focus should continue to be placed primarily on Facebook, with twitter and Instagram possibly appealing to different segments of BMI's existing and potential audience base (e.g. Instagram focusing on visually interesting aspects of BMI events (theatre, dance).

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When there is an e-newsletter in place then content created for newsletters can be adapted / repurposed for the Facebook content (without the need to create very much new copy).

The need for bilingual [English and Welsh] copy in marketing material makes brochures and newsletters very long / text heavy. In the future when the e-newsletter function is up and running, it might be worth considering producing 2 separate versions per issue.

Recommendations

Programming and Audiences

- Consider the potential for increasing the fee to visiting shows for current 'loss leaders' that attract a high number of attendees.
- Consider further small increases to the ticket price for family shows that people will travel to.
- Analyse attendance and income for classes held in the lower bar and dance studio to see whether reallocating spaces and timings for external hire classes v. BMI-organised classes would have a financial benefit and possibly also bring in a higher number of participants. Hire income from private teachers bringing in similar audiences might be higher than income generated from BMI classes. Consider reducing or removing BMI classes if this is the case.
- Consider overcoming the barriers to hiring the auditorium to external dance tutors during down-time (and the cost v benefit of this).
- In preparation for the new box office system, devise a digital strategy including comprehensive use of Facebook and other social media especially e-newsletters. Reduce reliance on printed brochures sent in post [over time] if possible and reallocate postage budget to wider distribution.

4.0. REVIEW OF STAFFING

4.1. Team

The people that I met (see Appendix B) in the very brief time that I spent at BMI have a great deal of commitment and enthusiasm for the organisation. They are intelligent, realistic and pragmatic in their approach and there is significant potential for the organisation to manage the change required to increase earned income and reduce reliance on public sector funding. This may require some job restructuring and reallocation of tasks, but by using the skills and capacity of the teams to set realistic

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targets and work programmes, I am confident that increased earned income and fundraising can be achieved to meet the level of targeted saving for 2018/19.

What is not possible to know at this stage is the extent to which further savings of £111,000 can be made in the following two years, and it will not be possible to ascertain the level of future savings until such time as some or all of the recommendations in this report are actioned, monitored and adapted in line with outcomes.

4.2. Allocation of funding and job roles & responsibilities

4.2.1. Salary cost allocation

The full salary cost of the Theatre and Arts Service Manager is counted as a cost to BMI whereas the role involves management of the Council's Arts Development section that is housed in the venue. I am wondering if the relevant proportion of the salary relating to this aspect of the role can be allocated to the Arts Development budget rather than counted as a BMI cost. See Business Plan under Arts Development and Participation (pages 11 and 12 which list the activities with direct links to the Arts Development team). See also 4.2.2. below.

4.2.2. Theatre and Arts Service Manager & Deputy Theatre Manager

A review of the Business Plan 2017-2020 and Job Description for the Theatre and Arts Service Manager highlights the broad nature of the role for this post. What is harder to see in the Plan is the extent to which the responsibility for managing the Arts Development section (which has a borough wide remit) and the broad audience development needs of BMI, are aligned to meet desired outcomes – financial, cultural and social.

The Theatre and Arts Service Manager currently has responsibility for the theatre and programming as well as responsibility for the Arts Development team, and has direct line management responsibility for 4 staff members and indirect line management of Technician and Box Office staff. Given the need to generate additional income from BMI activities without sacrificing the cultural and social offer it could be beneficial to reduce the span of control for the Theatre and Arts Service Manager and delegate line management responsibility for the Technical Manager and Technicians to the Deputy Theatre Manager. This would free up the Theatre and Arts Service Manager's time to do the following:

- a) Focus on aspects of the programme that are generating less income, whether intended to be commercial or not (ref Business Plan page 10 – “events which are not profitable, e.g. drama, dance, opera, children's theatre”)
- b) Create cost centres in the management accounts for commercial and non-commercial activities, including art form and class / type of activity, in order to obtain better data for monitoring and decision making.
- c) Develop fundraising activity to obtain funds to support elements of the programme targeted at hard to reach communities; specialist / innovative art forms; ‘access’ activities.
- d) In relation to c) aim for as much alignment as possible between the Council's regional remit for the arts as managed by the Theatre and Arts Service Manager

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(Arts Development/SE Wales Arts and Education Regional Network*) and BMI needs.

*As an example, the Arts and Education Regional Network fostering links with schools and teachers/vulnerable and disadvantaged groups could be aligned with fundraising from charitable sources to pay for their attendance at BMI events.

This new focus to the role of the Theatre and Arts Service Manager (possibly retitled) would also aim to tighten the business planning process and make the Business Plan more succinct.

4.3. Fundraising & Staff resources

Given BMI's charitable status, it would be possible to fundraise for project grants to support those aspects of the existing programme that are not well attended but could be if funds were obtained to subsidise attendance for individuals and groups [who might then find them interesting, relevant and beneficial]. Selected elements of the annual planned programme could be 'packaged' to form the basis for grant applications for funds to cover the cost of access to activities and events for people who would otherwise not be able to attend (and therefore make up shortfall in income not generated by ticket income).

Although I am suggesting that some of the Theatre and Services Manager's time is freed up to undertake fundraising, I appreciate that this can be very time consuming. It might therefore be necessary from time to time, and on an ad hoc basis, to hire a freelance fundraising consultant to fine tune and submit applications on BMI's behalf, which can be done for a relatively small sum relative to possible payback. One such fundraiser that I have used in this way is Isobel White of advice2go, who charges a few hundred pounds to undertake research, look at first draft applications, edit and refine them and submit them to a selection of trusts and foundations and public funding bodies. There are a number of other fundraisers who can provide these services for a fee.

In addition, the Box Office staff, which take bookings and manage the telephone, could receive training in fundraising to undertake research and help compile information for grant applications. It is evident that there is some available capacity with the Box Office staff and they could incorporate the management of posters or external signage within their role.

Recommendations

Staffing

- **Consider the possibility of allocating a proportion of the salary cost of the Theatre & Arts Service Manager to the Arts Development budget and not count it as full cost to BMI.**

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- Reduce the line management span of the Theatre and Arts Services Manager and delegate responsibility for Technical staff to the Deputy Theatre Manager.

-Free up part of the Theatre and Arts Services Manager time to focus more on programming; cost centre management accounting; fundraising and impact measurement (rather than the theatre management).

- Embark upon fundraising activity, packaging aspects of the yearly programming that are non-commercial and with social and cultural outcomes and hire a freelance fundraiser on an ad hoc basis to edit and submit applications for project grants over one or more years.

-Provide the Box Office staff with some basic fundraising training to provide support, e.g. research.

5.0 REVIEW OF FINANCES

5.1. Budgets

Income and expenditure was difficult to analyse due to related income and expenditure budget lines not being identifiable. It would be useful to create cost centres for categories of activity, both commercial and non-commercial, using categories as listed in the Business Plan, in order to keep close track of the expenses of operating different types of activities and allow the organisation to control total costs, allocate resources more strategically and calculate profitability or loss (and needing funding/fundraising).

The support of the Council's Finance department might be needed to help reformat the accounts to create income and expenditure lines for art form and type of activity etc. as needed.

6.0 SUMMARY OF RECOMMENDATIONS

If Blackwood Miners' Institute is to continue to be a successful and progressive arts centre, it needs to address a number of issues both within its existing activities and its staff structure.

As a result of this review, focusing on its existing assets, services, staffing and systems, I would suggest that the proportion of earned income could be increased with capital expenditure (in particular on prominent external signage); possible outsourcing of Participation activity (classes); and rental of spaces to existing and or new partners.

A restructuring of job roles [in particular that of the Theatre and Art Service Manager] to give more focus to financial management based on cost centres (a reformatting of the existing BMI accounts), as well as fundraising and digital marketing, could support BMI

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in a change process that would not only reduce its reliance on Council funding over time but would increase its measurable impact in the region.

Appendix A: Documents supplied

Business Plan 2017 – 2020
BMI Salaries 2016-17
Organisational chart
Draft Budget 2017-18
Draft Budget 2016-17
Actual Spend 2016-17

Appendix B: Sources

Job Specification, Theatre and Arts Service Manager
BMI website
BMI Facebook page

Meetings

Marina Newth
Paul Hudson
Robin Bainbridge
Katie Arthur

Dates

20 June 2017
20 June 2017
20 June 2017
18 August 2017

18 August 2017
18 August 2017


Appendix C: Options for External Signage


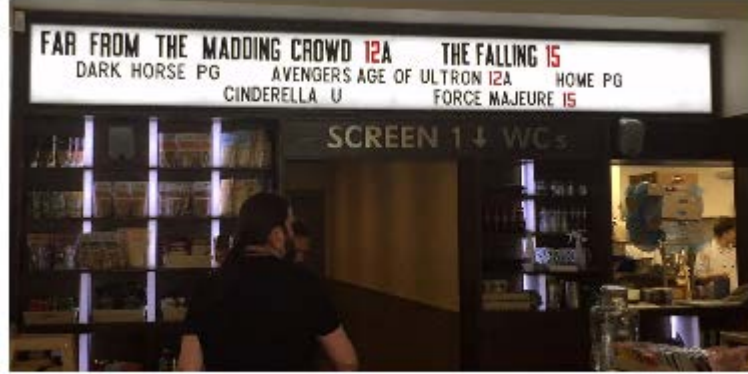

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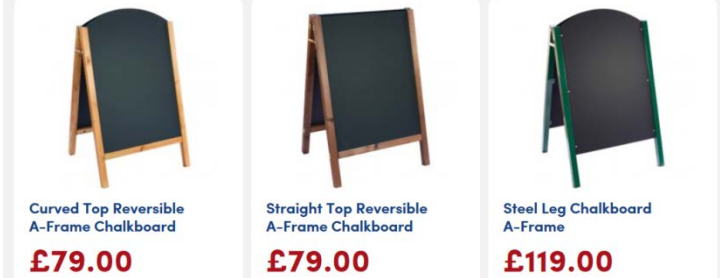
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Signage options – BMI Research

Style		Cost
<p>External static posters - Wellcome Trust</p>	 <p>http://www.discountdisplays.co.uk/html/custom_sign_banners.html</p>	<p>Discount displays Approx £410.00</p>

<p>Cinema lightbox style billboard for side of building</p>	 <p>Billboard for Rock & Ring</p> <p>Goodwin&Goodwin London 0208 829 0599 or email: sales@goodwinandgoodwin.com. 2-3 weeks lead in time following art work submission</p>	<p>3x3m panel with tracking for 12 lines of text £5,121 plus VAT and delivery</p>
<p>Cinema Lightbox Custom made</p>	 <p>Picture House Readograph, East Dulwich</p> <p>Customisable by staff This company do installation for £295 plus VAT per one person per half day</p>	<p>4mx0.5m with tracking for four lines of text £1822 plus VAT and delivery</p>
<p>Poster cylinder for the street</p>	 <p>Does the Council have a noticeboard distribution scheme? Could they put in a new noticeboard at BMI and charge for poster distribution there to other events organisers as well? If they have a lockable stand, would BMI staff (perhaps reception) be able to manage posters? https://www.alibaba.com/product-detail/display-stand-roll-up-banner-poster_60164459789.html</p>	<p>TBC – permanent install might need planning and associated street works costs</p> <p>Staff time for updating, printing costs</p> <p>Potential to create an income stream</p>

		
<p>LED Backlit Poster Box (printed – change manually)</p>	 <p>https://www.w-co.co.uk/onyx-outdoor-led-poster-case.php</p>	<p>£1100-2040 (plus VAT and delivery) plus ongoing printing costs</p>
<p>Cinema Lightbox</p>	 <p>1.50m x 0.5m Commercial Grade Cinema Lightbox with Light Surround - 3 Lines of text</p> <p>£720.00</p> <p>https://www.bobcool.co.uk/collections/light-boxes?qclid=CPaxmOaHkNUCFUeNGwodD5oBWA 1.5m by 1.5m with 10 lines of text - £1,195</p>	<p>£720-1200</p>

<p>Weighted poster stand for outdoor use</p>	 <p>Outdoor Poster Stand Double sided poster display stand for indoor or outdoor use</p> <ul style="list-style-type: none"> • All size posters (594 x 841 mm) snap in easily. • Base can be filled with water to increase weight for wind resistance. • 2 wheels for easy movement. <p><i>Ask a team member for details</i></p>	<p>Approx £300-£400</p> <p>Plus ongoing printing cost</p>
<p>A Board style chalkboard</p>	 <p>Curved Top Reversible A-Frame Chalkboard £79.00</p> <p>Straight Top Reversible A-Frame Chalkboard £79.00</p> <p>Steel Leg Chalkboard A-Frame £119.00</p> <p>https://www.displaywizard.co.uk/a-boards.html</p>	<p>£80-120</p>