



CABINET AS TRUSTEES OF BLACKWOOD MINERS INSTITUTE – 27TH JANUARY 2021

SUBJECT: **BLACKWOOD MINERS' INSTITUTE ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2019/2020**

REPORT BY: **INTERIM 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 2020.

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 2019/2020 are included as an appendix to this report.
- 2.5 Cabinet as Trustees of Blackwood Miners' Institute (BMI) 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.

3. RECOMMENDATIONS

3.1 It is recommended that:

- 3.1.1 Cabinet as Trustees of BMI consider, note and endorse the contents of the Annual Report and audited Statement of Accounts for Blackwood Miners' Institute for financial year 2019/2020.

4. REASONS FOR THE RECOMMENDATIONS

4.1.1 The Council as trustee has a legal obligation to account for and report on the charity separately and in accordance of the Charities Act 2011.

5. THE REPORT

- 5.1 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.
- 5.2 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.
- 5.3 Blackwood Miners' Institute was registered as a charity with the Charity Commission (registered as Blackwood Arts Centre) on 13th November 1990.
- 5.4 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.
- 5.5 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.
- 5.6 The Annual report and Statement of Accounts for Blackwood Miners' Institute for 2019/2020 financial year is an appendix to this report. 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.
- 5.7 The Annual Report for 2019/2020 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.
- 5.8 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. For the financial year 2019/20, this was budgeted as £327,814 but was reduced to £269,342 due to savings in staff wages. This is compared to £305,517 for the financial year 2018/2019 and £310,088 in 2017/2018. This subsidy has gradually reduced in recent years from £365,279 in 2013/2014 despite inflationary cost pressures in relation to pay and operating costs. It is anticipated that there could be further future reductions in subsidy as part of the Council's MTFP (Medium Term Financial Plan).

- 5.9 Cabinet as Trustee of Blackwood Miners' Institute will be aware that the Council's Improving Service 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 within a climate of declining public subsidy. Managers at BMI are working alongside other tourism venue Managers and the Transformation Team to deliver a more efficient service that continues to contribute to the wellbeing of the community, whilst reducing the subsidy from Caerphilly County Borough Council.
- 5.10 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 2019/2020 was £280,670 which does represent a small reduction on the income generated in 2018/19 of £301,697, this was partly due to the impact of Covid 19 in the latter part of March 2020 when the BMI had to close its doors and cancel all shows and productions. Income in recent years has however generally continued to increase from £249,768 in 2015/2016 and £275,119 in 2016/2017. Bar and vending services which only operate when there are events in the building also generated combined profit of £10,807 towards the aims of the charity and to improve financial viability, again a slight reduction on the profit of £13,063 in 2018/2019 primarily due to trading being affected by Covid 19.
- 5.11 The Annual Report also makes reference to the Arts Council Wales Arts Portfolio Wales (APW) grant of £129,375 provided to BMI. A small element of the grant of £9,910 was, with ACW approval, carried forward to 2020/2021 financial year to support touring productions, so the value of grant credited to the 2019/2020 accounts was £119,465. The ACW grant provides additional funding for programme support, which helps with programming a full programme including offsite performances and an increased number of accessible performances; increased marketing and technical capacity; and allows BMI to continue co-production and increased participation in the arts.
- 5.12 BMI has remained closed since 17th March 2020 as a result of the Covid-19 pandemic and there is still no clear indication of when it will be able to reopen. BMI was forced to cancel all activity since that date, which has had a considerable impact on the income generated and the arts provision for our communities. An update report prepared in October 2020 (attached as Appendix 2), provided an update on:
- The current financial position of the BMI;
 - Planned and ongoing activities; and
 - The membership review.

6. CONCLUSION

- 6.1 The Blackwood Miners' Institute continues to operate within the terms of its charitable status and has, in the view of the Independent Examiner, prepared financial accounts in accordance with section 130 of the Charities Act 2011; and prepared accounts which accord with the accounting records and comply with accounting requirements of the Charities Act 2011.
- 6.2 The Institute has remained a viable financial going concern due to its success in increasing income generation, managing operating costs effectively and with financial support from Caerphilly County Borough Council.

7. ASSUMPTIONS

- 7.1 It is assumed that financial pressures on local authority budgets will continue and this may well impact on the level and type of financial support the Blackwood Miners' Institute receives from the Council in future years.

- 7.2 The Institute will continue to review its operations with the aim of increasing income generation from its activities, operate efficiently to reduce expenditure wherever possible and thus ensure it can remain a financially viable charitable organisation; and account for the charity's finances in accordance with the Charity Act 2011.
- 7.3 The 2020/2021 financial year is however proving to be very difficult due to the impact of Covid 19 on the activities of BMI, with the Institute having to cease main operations for the majority of the year and therefore experiencing significant reductions in income generation from shows and performances, productions, room hire etc.

8. LINKS TO RELEVANT COUNCIL POLICIES

- 8.1 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.
- 8.2 Arts Council for Wales' vision is a creative Wales where the Arts are central to the life of a nation, and for the benefit of all.
- 8.3 Culture, Leisure and the Arts are key elements in the Regeneration Strategy - A Foundation for Success which recognises the contribution they make to the: regeneration of communities; raising aspirations of residents; well-being of residents; and importantly the jobs they create in the local economy.
- 8.4 Key objectives of the Supporting Quality of Life Theme of A Foundation for Success are to:
- Improve access to culture, leisure and the arts;
 - Capitalise upon the assets of the county borough to fully exploit the county borough's tourism potential and establish the county borough as a major tourism destination within the Cardiff Capital Region and Wales; and
 - Develop a unique and complementary role for each of the Principal Towns in the County Borough to serve the wide reaching needs of residents and business.

9. WELL-BEING OF FUTURE GENERATIONS

- 9.1 BMI plays an integral role in delivering the 7 objectives of the Well-Being Act. Creating a stronger and more viable venue means that BMI can continue to support the objectives in the following ways:
- A Prosperous Wales – Valuable life skills can be gained through the arts, developing confidence and employability skills. BMI is also able to provide employment, personal development and work experience opportunities.
 - A Resilient Wales – The arts provide unique teaching methods that can be used to educate audiences about the importance of protecting our natural resources.
 - A More Equal Wales – BMI is committed to providing an arts provision for all, regardless of background and circumstances, not only in access to the arts, but also featuring work by and about the full range of human existence.
 - A Healthier Wales - This can apply to mental as well as physical health, and the arts have a crucial role in developing people's wellbeing and improving mental health.
 - A Wales of Cohesive Communities – BMI is at the heart of the community in Blackwood and is a resource that the community can use to for work and recreation.
 - A Wales of Vibrant and Thriving Welsh Language – BMI supports the Welsh language by featuring Welsh language work, as well as hosting Welsh Language youth theatre and supporting staff in their ambitions to learn Welsh.
 - A Globally Responsible Wales – As with a Resilient Wales, BMI has a responsibility to use the platform of the arts to inform and educate.

- 9.2 The report is consistent with the five ways of working as defined within the sustainable development principle in the Act:

Long term - The report provides options to ensure the long term sustainability, viability and role of BMI in contributing to the economic prosperity of the region by providing a range of options to meet the financial challenges ahead without submitting to short term objectives that could be detrimental to the long term needs of future generations.

Prevention- Having identified the financial challenges that lie ahead, the report aims to provide a range of options that can be considered that address the issue of sustainability and prevent problems arising in the longer term whilst still allowing the local authority to support the creative industry through the provision of art and cultural provision.

Integration- The Council's well-being objectives for the period 2018-2023 support a number of national objectives and the hosting of the South East Wales Arts & Education Service is an example of how BMI is integrating to the work of the Arts & Education Service in supporting wider learning in schools in the Expressive Arts and the delivery of the new Welsh Curriculum.

Collaboration- There are a number of options identified in the report that provide an opportunity to engage and collaborate with external stakeholders.

Involvement - The Council provides opportunities for our residents to participate and represent their and their community's interest in achieving their well-being goals through participation in the 'Nights out' scheme and 'Get Creative' festival and in relation to Blackwood the bicentennial celebrations planned for 2020, which will probably be rescheduled in 2021.

The Well-being of Future Generations (Wales) Act became law in April 2015. The Act is about improving the social, economic, environmental and cultural well-being of Wales. It makes public bodies listed in the Act think more about the long term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach. It has a significant impact on all Council policies and priorities and has the potential to significantly affect the way we plan and deliver services and how we engage with individuals and communities within the Caerphilly county borough.

10. EQUALITIES IMPLICATIONS

- 10.1 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

11. FINANCIAL IMPLICATIONS

- 11.1 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.
- 11.2 There will be a fee payable for the independent examiner's report in relation to the 2019/2020 annual report and statement of accounts of the BMI and this will be financed by the BMI revenue account.
- 11.3 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 Councils MTFP and the ongoing review of BMI as part of the Councils Improving Services Programme. Also, the financial impact of Covid 19 on the BMI during the 2020/2021 financial year.

12. PERSONNEL IMPLICATIONS

12.1 There are no personnel implications from this report.

13. CONSULTATIONS

13.1 The comments from consultees have been included in this report.

11. STATUTORY POWER

11.1 Charities Act 2011 and Local Government Act 1972

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Consultees: Cllr Sean Morgan, Deputy Leader and Cabinet Member Economy and Enterprise
Christina Harrhy, Chief Executive
Mark S Williams Interim Corporate Director of Communities
Stephen Harris Head of Financial Services and Section 151 Officer
Robert Tranter, Head of Legal Services & Monitoring Officer
Lynne Donovan, Head of People Services
Allan Dallimore, Regeneration Services Manager
Marina Newth, Theatre & Arts Service Manager
Rhian Kyte, Head of Regeneration and Planning
Antony Bolter, Visitor Economy and Visitor Destination Manager
Andrew Southcombe, Finance Manager Corporate Services

Appendices:

Appendix 1 Blackwood Miners' Annual Report and Statement of Accounts for the year ending 31st March 2020
Appendix 2 Blackwood Miners' Update Report for Cabinet as Trustees, dated 29th October 2020

Background Papers:

Report by Interim Corporate Director of Communities - Cabinet as Trustees of Blackwood Miners
Blackwood Miners' Institute 27th July 2016 – Charitable Status of Blackwood Miners' Institute