



## **CABINET AS TRUSTEES OF BLACKWOOD MINERS' INSTITUTE – 25<sup>TH</sup> JANUARY 2023**

**SUBJECT: BLACKWOOD MINERS' INSTITUTE ANNUAL REPORT AND STATEMENT  
OF ACCOUNTS - YEAR ENDING 31 MARCH 2022**

**REPORT BY: CORPORATE DIRECTOR ECONOMY AND ENVIRONMENT**

### **1. PURPOSE OF REPORT**

- 1.1 To advise Cabinet as Trustees of the operational activities and financial position of Blackwood Miners' Institute for the financial year ending 31st March 2022.

### **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 of July 2016 advising Members of the statutory requirements relating to the charitable status of Blackwood Miners' Institute. The report included 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 2021/2022 are included as an appendix to this report.
- 2.5 Cabinet as Trustees of Blackwood Miners' Institute is 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. This has to be completed by the end of January 2023. Audit Wales have raised a matter of concern in their Independent Examiners report to the 2021-22 Financial Statements. The matter of concern relates to the treatment of the Cash and

Cash Equivalent figures reported in the balance sheet and further details are provided in paragraphs 8.4 and 8.5.

- 2.6 Blackwood Miners' Institute (BMI) reopened in February 2022 following a long period of closure during the Covid-19 pandemic. As a result, BMI's income and artistic output has been impacted and it is still in a recovery phase. Covid-19 restrictions have now been lifted and so far, ticket sales and participant numbers are encouragingly higher than other comparable arts venues in South Wales.
- 2.7 In line with previous discussion an Advisory Group of 13 individuals with a broad range of knowledge, skills, and expertise has been appointed. It is proposed that a representative from the Advisory Group will feedback to the Cabinet as Trustees periodically.

### **3. RECOMMENDATIONS**

- 3.1 It is recommended that Cabinet as Trustees consider, note, and endorse the contents of the Annual Report and audited Statement of Accounts for Blackwood Miners' Institute for financial year 2021/22.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 The Cabinet as Trustees have a legal obligation to account for and report on the Charity separately and in accordance with the Charities Act 2011.

### **5. THE REPORT**

- 5.1 The BMI 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 set out the Institute's responsibility in safeguarding against drug and alcohol abuse.

It is worth noting that the Charitable Objectives need reviewing and updating. This update will be presented at the next Trustee meeting.

- 5.3 The BMI 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 with 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 2021/2022 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 2021/2022 provides information in relation to the BMI's Governance & Management arrangements, statement of purpose, aims and activities and public benefit. The fact that the Institute was closed for the majority of the 2021/22 financial year limited its artistic output and ability to achieve targets. BMI was closed from March 2021 until September 2021. We ran a short Autumn season and were then closed again from Boxing Day 2021 until February 2022.
- 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 Blackwood Miners' Institute. For the financial year 2021/22, the level of subsidy was **£265,291**. The subsidy figure does not include costs related to Arts Development. The subsidy has gradually reduced from £365,279 in 2013/2014 despite rising inflation and operating costs, although it should be noted that in 2021-22, the Institute benefited from Welsh Government Covid grant support to help reduce the impact of the closures noted in paragraph 5.7. 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 Trustees will be aware that the Council's Transformation and Commercial Strategies both require officers to evaluate options to reduce the deficit at Blackwood Miners' Institute and to make it more commercially viable with a reduced public subsidy. Managers at Blackwood Miners' Institute continue to work alongside other tourism venue Managers and the Transformation Team to deliver a more efficient and sustainable commercial service that contributes to the wellbeing of the community, whilst reducing the subsidy from Caerphilly County Borough Council.
- 5.10 As noted in the Annual Report, the COVID 19 pandemic impacted our ability to earn income during 2021-22 due to the ongoing restrictions, although funding from Arts Council Wales did continue. A limited programme ran in Autumn 2021 to sustain some level of ticket income.
- 5.11 The Annual Report also refers to the Arts Council Wales (ACW) Arts Portfolio Wales (APW) grant of **£130,798** provided to Blackwood Miners' Institute. With ACW's approval, £81,262 was carried forward from the 2020/21 financial year to support the Arts Programme and artist development.
- 5.12 The ACW grant provides additional funding for the Arts Programme, which helps to maintain a diverse and varied offer including offsite performances, family friendly shows and accessible performances ensuring that people can access the arts who would not otherwise be able to. It also increases the BMI's marketing and technical

capacity; and allows BMI to continue co-production and artist development. This increases the BMI's excellent reputation and status as a leading arts centre in Wales.

- 5.13 Following the limited programme in the autumn and Covid related closure in December/January 2021/22, BMI reopened in February 2022. As a result, BMI's income and artistic output has been impacted and it is still in a recovery phase. An update report was provided in June 2022 with further information.

### **Staffing changes**

- 5.14 The Deputy Theatre Manager left in October 2022 and the BMI are currently recruiting a replacement. This is a key role within the BMI with responsibility for the day-to-day operation of the building. Interviews will be held in January 2023.
- 5.15 The BMI are also recruiting a Deputy Technical Manager (this post has been vacant since 2018). A successful recruitment drive would mean we can programme more technically demanding and large-scale performances. Interviews will be held in January 2023.

### **Advisory Group**

- 5.16 Following Cabinet's approval, the BMI have now appointed an independent Advisory Group of 13 individuals who have skills and expertise in:

- Welsh language (including Welsh learners)
- The arts and an understanding of the arts sector in Wales
- Working with under-represented communities and/or community-based projects
- Inclusion and accessibility
- The climate emergency and/or reducing environmental impact
- Fundraising and income generation
- Financial management
- Business development and growth
- Marketing and sales

The Advisory Group will feed into all aspects of the BMI's programme, operations, and business dealings. They will hold no legal position within the governance of BMI but will act in an advisory capacity. The Advisory Group will support the charity to become more sustainable and have a positive impact on its operations. The first Advisory Group meeting was held in October 2022 and the next meeting is scheduled for January 2023.

- 5.17 There will be a press release to publicly announce the Advisory Group members once the Theatre and Arts Service Manager has received information from all members.

### **CONCLUSION**

- 5.18 BMI continues to operate within the terms of its charitable status and in the view of the Independent Examiner financial accounts have been prepared in accordance with section 130 of the Charities Act 2011, subject to the matter of concern raised in his report as outlined below in the Financial Implications Section.

## **6. ASSUMPTIONS**

- 6.1 It is assumed that financial pressure as a result of the pandemic, Brexit, the war in Ukraine and the cost-of-living crisis will continue to impact on audiences and participants' disposable income and local authority budgets. Therefore, BMI will need to focus on increasing income generation and reducing running costs wherever possible.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 This report is for **Information Only** so a completed IIA is not required.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 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.
- 8.2 There will be a fee payable for the independent examiner's report in relation to the 2021/2022 annual report and statement of accounts of the BMI and this will be financed by the BMI revenue account.
- 8.3 Other financial implications are covered in the body of the report including the present level of Council subsidy, the requirement to reduce the level of subsidy and increase income 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. Also covered is the financial impact of Covid 19 on the BMI during the 2021/2022 financial year, which is continuing to impact in 2022/2023 as well.
- 8.4 Audit Wales have raised a matter of concern in their Independent Examiner's report to the 2021-22 Financial Statements. This matter of concern was also raised in 2020-21 and relates to the treatment of the Cash and Cash Equivalents figures reported in the balance sheet. This is an accounting disclosure adjustment and has no impact upon the cash position of either the Arts Centre or Caerphilly County Borough Council.
- 8.5 The Arts Centre accounts are hosted by Caerphilly County Borough Council and the Centre uses the Authority's bank account to manage its daily cashflows. Caerphilly fully subsidises the Arts Centre by funding any cash deficit arising from its annual operating activities. As the Arts Centre is fully integrated into Caerphilly County Borough Council's financial systems and uses the Authority's bank account for daily cash flows, it is not currently possible to separate out the cash position from the Authority's. The Cash and Cash Equivalents figures in the Art Centre balance sheet have therefore been reported as zero for the current and preceding financial year. It was planned to review the position in the 2021-22 financial year but due to staffing capacity and other pressures this was not completed. The matter of concern will be addressed for the 2022/23 financial year.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 The personnel implications are included in this report.

## **10. CONSULTATIONS**

10.1 The comments from consultees are included in this report.

## **11. STATUTORY POWER**

11.1 Charities Act 2011, Local Government Act 1972 and the Trustees Act 1925.

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### **Appendices:**

Appendix 1 Blackwood Miners' Annual Report and Statement of Accounts for the year ending 31st March 2022