



CABINET AS TRUSTEES OF BLACKWOOD MINERS' INSTITUTE – 17TH JANUARY 2024

**SUBJECT: BLACKWOOD MINERS' INSTITUTE ANNUAL REPORT AND
STATEMENT OF ACCOUNTS - YEAR ENDING 31 MARCH
2023**

**REPORT BY: CORPORATE DIRECTOR FOR 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 2023.

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 2022/23 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 must be completed by the end of January 2024. Audit Wales have raised a matter of concern in their Independent Examiners report to the 2022-23 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) delivered 3 successful seasons of work in 2022/23. The average audience capacity for Spring 2022 was 70%. In Autumn 2022, the average capacity increased to 82%. These figures are higher than projected and an encouraging sign that BMI is recovering strongly after the pandemic. BMI exceeded its income generation target for ticket sales by £52,000.
- 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. The Advisory Group meet quarterly to address issues and share ideas.

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 the financial year 2022/23.

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 and requires prior approval from the Charity Commission.

- 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 2022/23 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 2022/2023 provides information in relation to the BMI's Governance & Management arrangements, statement of purpose, aims and activities and public benefit.
- 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 2022/23, the level of subsidy was **£339,557.87**. The subsidy figure does not include costs related to Arts Development. The subsidy is higher than 2021/22 due to increased activity after the pandemic restrictions lifted. It is anticipated that there will be further reductions in subsidy as part of the Council's Medium Term Financial Plan.
- 5.9 Cabinet as Trustees will be aware that the Council's Transformation and Commercial Strategies require officers to evaluate options to reduce the deficit at BMI and to make it more commercially viable with a reduced public subsidy. Managers at BMI 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 BMI applied for £10,000 from the SPF Programme Board to undertake a feasibility study. This funding was awarded on 23/11/23 and a brief will be published to identify and employ a consultant to carry out the study. The aim of this feasibility study is to examine BMI's existing business model and consider alternative models that could improve service delivery and reduce risk.

The consultation will ensure that:

- BMI is managed in a more cost effective and sustainable way moving forward,
- Service delivery is streamlined and improved,
- Risks are identified and mitigation measures are put in place,
- BMI can continue to deliver a varied programme of performances, entertainment, and participation activity to increase peoples' wellbeing and improve mental health.
- The venue is safeguarded for the future,
- Future activity and delivery is based on need and is developed alongside our community.

A review of the current business model would identify BMI's strengths and weaknesses and examine other structures that could work better for BMI and the Council. This work would support the Council's commercialisation brief and ensure

that BMI's offering is good value for money and it delivers a high-quality service which creates a lasting impact.

- 5.11 The Annual Report also refers to the Arts Council Wales (ACW) Arts Portfolio Wales (APW) grant of **£131,300** provided to Blackwood Miners' Institute. With ACW's approval, £18,000 was carried forward from the 2021/22 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 BMI's marketing and technical capacity; and allows BMI to continue co-production and artist development. This increases BMI's excellent reputation and status as a leading arts centre in Wales.
- 5.13 BMI applied for ongoing ACW investment from April 2024. The application was successful, and the organisation has been given a provisional offer of **£130,798** per year until 31st March 2027. The final offer will be confirmed in January 2024.
- 5.14 Following the Theatre and Arts Service Manager's work with Richard Tynen (fundraising consultant), an expression of interest will be submitted to the Heritage Lottery fund for a project celebrating 100 years of BMI in 2025. If the expression of interest is successful, a full application will be submitted in early 2024.

Staffing changes

- 5.15 Our new Front of House Assistants started in November 2023 and are settling in well.
- 5.16 There are no other vacancies at BMI currently.

Advisory Group

- 5.17 The Advisory Group meet quarterly to address issues and share ideas. The last meeting took place in November 2023 and focused on accessibility. These discussions will help ensure the building is more accessible in future.
- 5.18 The next meeting will take place on 7th February 2024.

CONCLUSION

- 5.19 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 wars in Ukraine, Israel and Palestine, 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 2022/23 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 Transformation Programme.

8.4 Audit Wales have raised a matter of concern in their Independent Examiner's report to the 2022/23 Financial Statements. This matter of concern was also raised in 2020/21 and 2021/22 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 2022/23 financial year but due to staffing capacity and other pressures this was not completed.

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 2023