



CABINET AS TRUSTEES OF BLACKWOOD MINERS INSTITUTE – 26TH JANUARY 2022

**SUBJECT: BLACKWOOD MINERS' INSTITUTE ANNUAL REPORT AND
STATEMENT OF ACCOUNTS 2020/2021**

REPORT BY: CORPORATE DIRECTOR OF ECONOMY AND ENVIRONMENT

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 2021.

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 2020/2021 are 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. Audit Wales have raised a matter of concern in their Independent Examiners report to the 2020-21 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 9.5 and 9.6.
- 2.6 Blackwood Miners' Institute has remained closed due to COVID-19 restrictions for much of the year. Income and artistic output have been severely impacted due to this, however, Blackwood Miners' Institute reopened in September 2021 with a reduced season to allow for flexibility and enhanced cleaning. Changes in legislation will be monitored closely and any adjustments will be actioned appropriately.

- 2.7 The report will also outline research that has been undertaken in respect of the creation of an Advisory Group for the BMI and provides a recommendation on how to proceed. This was originally to be considered in the mid-year report presented to Cabinet on 27th October 2021, but the item was deferred.

3. RECOMMENDATIONS

- 3.1 It is recommended that:

3.1.1 Cabinet, as Trustees of Blackwood Miners' Institute consider, note and endorse the contents of the Annual Report and audited Statement of Accounts for Blackwood Miners' Institute for financial year 2020/2021.

3.1.2 It is recommended that Cabinet as Trustees approve the establishment of an Advisory Group.

4. REASONS FOR THE RECOMMENDATIONS

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

4.1.2 The creation of an Advisory Group would assist with the growth of Blackwood Miners' Institute.

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 set 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 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 2020/2021 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 2020/2021 provides information in relation to the Blackwood Miners' Institute Governance & Management arrangements, statement of purpose, aims and activities, public benefit, the fact that the Institute was closed for the duration of the year, which prevented any meaningful achievements & performances for the year, the limited arts programme delivered during the year and 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 2020/21, this was budgeted at £305,485 but was reduced to £219,203 due to the reduced programme of events due to the pandemic. The subsidy has gradually reduced 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 Transformation and Commercial Strategies both require officers to evaluate options to reduce the deficit at Blackwood Miners' Institute, to make it more commercially viable and reduce public subsidy. Managers at BMI continue to work alongside other tourism venue Managers and the Transformation Team to deliver a more efficient, commercial 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, the Covid 19 pandemic affected the ability of BMI to raise any income during 2020-21 due to the restrictions, although Welsh Government provided funding via grant claims for net loss of income. In the previous year Management at BMI have worked hard to sustain ticket income through audience development, programme development and careful negotiation with the companies that are programmed.
- 5.11 The Annual Report also refers to the Arts Council Wales (ACW) Arts Portfolio Wales (APW) grant of £130,798 provided to BMI. A small element of the grant of £9,909 was carried forward from the 2019/20 financial year to support touring productions in 2020/21. ACW then approved £55,000 of the 2020/21 grant to be carried forward to 2021/22 so the value of grant credited to the 2020/21 accounts was £85,707.
- 5.12 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.
- 5.13 BMI remained closed since 17th March 2020 as a result of the Covid-19 pandemic and was only able to reopen in September 2021. BMI was forced to cancel all activity during that period, which has had a considerable impact on the income generated and the arts provision for our communities. An update report prepared in October 2021 (attached as Appendix 2), provided an update on:
- The current financial position of the BMI;
 - Planned and ongoing activities; and
 - The proposed establishment of an Advisory Group (which was deferred).

Staffing changes

- 5.14 The Theatre and Arts Services Manager left the authority on 15th October 2021 and her successor has been appointed and will take up the post on 1st February 2022.

- 5.15 The Sales and Audience Development Manager is also currently vacant. However, given the importance of this role for Blackwood Miners' Institute, it will be filled shortly. This change of personnel has provided an opportunity to review the role, and its place within the Destinations portfolio. In the interim, freelance marketing staff have been used to assist BMI alongside an existing front of house officer, who has demonstrated an aptitude for this work.

Advisory Group

- 5.16 Research has been conducted as to the feasibility of establishing an Advisory Group and this research has focused on the model used at Aberystwyth Arts Centre (AAC) which has an Advisory Group that has no legal influence but acts as support, advocate and critical friend.
- 5.17 With Cabinet as Trustees approval the BMI propose to replicate the AAC's Advisory Group model. Open recruitment would take place to recruit 8 independent members, although particular focus would be placed on diversity (diversity is not limited to the protected characteristics; it also includes diversity in language, and diversity in socioeconomic background). The purpose of the board is to gather members with particular expertise to support the growth of BMI, therefore experts in disabled and Deaf access, Welsh speaking members and experts in diversity would be sought, as well as members of the local community, and local artists. In addition to recruited members, there would also be a representative of BMI management, the Visitor Economy and Destinations Manager, and the Cabinet Member for Performance, Economy and Enterprise would form part of the group. The ACW lead officer should also be included.
- 5.18 The costs of establishing the Advisory Group will be met from the existing BMI budget. Such costs would be minimal, as meetings would be held either on Teams or at BMI. As this is part of the development work of BMI, any Advisory Group costs would be funded from the Arts Council of Wales annual grant in the first instance. However, the Group will also benefit the income generation of BMI and therefore offset its own costs.
- 5.19 Proposed discussion points for the Group are:
- The business plan and reducing the Council's subsidy.
 - BMI's co-production and artistic output.
 - Community engagement.
 - BMI's programme.
 - Participation.
 - Promotion of the Welsh Language.
 - Accessibility at Blackwood Miners' Institute.

These are only initial suggestions, and there is scope for the Cabinet as Trustees to influence this.

- 5.20 If approved the Terms of Reference for Members and advertisement to recruit would need to be finalised to enable recruitment to take place. Recruitment would take around 4 weeks therefore the first group meeting should be scheduled for 10 weeks from the point of approval.
- 5.21 The group is intended to support and work in conjunction with Cabinet as Trustees. By having the Cabinet Member for Customer, Performance and Enterprise involved with the Advisory group it provides a tangible link with the Trustees, meaning that neither party are working in isolation. Minutes from each meeting would be fed back to Cabinet as Trustees at regular intervals.

6 CONCLUSION

- 6.1 Blackwood Miners' Institute 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.

- 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 proved to be a year of almost complete closure, with the only operational activity being carried out remotely and therefore, generating minimal income. Since the re-opening in September 2021, a light programme of events and shows has been put in place and this is generating growing audience numbers. The Christmas Panto season was forecast to generate comparable income to the 2019 season.
- 7.4 If this return to relatively normal levels of activity is sustained and continues to comply with Covid regulations, then the industry forecast is for a potential return to pre-Covid levels by 2023 (Visit Britain forecast November 2021).

8 SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 8.1 It is considered that an Advisory Group will have a positive impact on the development, growth and resilience of Blackwood Miners' Institute. A stronger Blackwood Miners' Institute means that it can deliver on the Council's Well-being objectives and The Well-Being of Future Generations Act objectives and ways of working. The group itself presents opportunities for diversity, the promotion of the Welsh language and developing employability skills. There is precedent from other organisations that shows this model can be a success, and it is a reasonable assumption that this success can be replicated at BMI with good management and monitoring.

9 FINANCIAL IMPLICATIONS

- 9.1 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.
- 9.2 There will be a fee payable for the independent examiner's report in relation to the 2020/2021 annual report and statement of accounts of the BMI and this will be financed by the BMI revenue account.
- 9.3 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 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 2020/2021 financial year, which is continuing to impact in 2021/2022 as well.
- 9.4 As it would be unreasonable to expect advisory group members to bare any costs of participating in face to face meetings, there will be a small cost associated with reimbursing

advisory group members for travel costs when meetings are held at the BMI but this would be minimal and will be funded from the Arts Council Grant .

- 9.5 Audit Wales have raised a matter of concern in their Independent Examiners report to the 2020-21 Financial Statements. The matter of concern 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.
- 9.6 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 isn't 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 is the intention to review the position in the current financial year and separate the Arts Centre management accounts from those of Caerphilly County Borough Council to provide full disclosure of the Art Centre cashflows in future years.

10 PERSONNEL IMPLICATIONS

- 10.1 There are no personnel implications from this report.

11 CONSULTATIONS

- 11.1 The comments from consultees have been included in this report.

12 STATUTORY POWER

- 12.1 Charities Act 2011 and Local Government Act 1972

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Consultees: Cllr Eluned Stenner, Cabinet Member for Performance, Economy and Enterprise
Christina Harry, Chief Executive
Mark S Williams, Corporate Director of Economy, Environment and 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
Rhian Kyte, Head of Regeneration and Planning
Dave Roberts, Interim Finance Manager (Corporate & Communities)
Andrew Southcombe, Finance Manager Corporate Services

Appendices:

- Appendix 1 Blackwood Miners' Annual Report and Statement of Accounts for the year ending 31st March 2021
Appendix 2 Blackwood Miners' Update Report for Cabinet as Trustees, dated 27th October 2021