

# Arts Council of Wales Lottery Distribution Account 2017-18



# Arts Council of Wales Lottery Distribution Account 2017-18

Presented to Parliament pursuant to Section 35(5) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998)

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## What we do...

The Arts Council of Wales is the country's official public body for funding and developing the arts.

Every day, people across Wales are enjoying and taking part in the arts in Wales. We help to support and grow this activity. We do this by using the public funds that are made available to us by the Welsh Government and by distributing the proceeds we receive from the National Lottery.

By managing and investing these funds in creative activity, the Arts Council contributes to people's quality of life and to the cultural, social and economic well being of Wales.

Take a look at our short animation explaining why *The Arts Matter*

<http://www.arts.wales>

## Arts Council of Wales at a glance

**1,626**

funding applications  
processed

(2016-17: 1,367)

**10**

Creative Wales awards to  
individual artists

(2016-17: 14)

**220**

schools supported by the  
new *Lead Creative Schools*  
programme

(2016-17: 151)

**22,364**

arts events were run by  
our portfolio of funded  
organisations, generating  
attendances of

**3.8m**

**511**

performances supported  
by the Arts Council's  
*Night Out* scheme

(2016-17: 513)

**58,849**

participatory sessions  
were run by our portfolio  
of funded organisations,  
resulting in attendances of

**0.8m**

**7.33%**

Arts Council running costs  
as a proportion of total  
expenditure

(2016-17: 8%)

**1,181**

*Collectorplan* loans to  
support the purchase of  
contemporary art

(2016-17: 1,177)

**172**

international exchange  
projects delivered  
in partnership with  
Welsh Government  
and British Council

(2016-17: 149)

## Chair's statement

### For the benefit of all...

There's been much to be proud of in the arts in Wales during 2017-18. Award-winning artists at home and abroad have entertained, inspired and challenged us. Pontardawe Arts Centre's production of *The Revlon Girl*, re-staged at the Edinburgh Festival, found solace of a kind in the unimaginable horror of the Aberfan tragedy. Whilst National Theatre Wales and Common Wealth were bang on the money in celebrating the resilience of the Port Talbot steelworkers in *We're Still Here*.

From Janacek's *From the House of the Dead* by Welsh National Opera to artist James Richards' extraordinary Music for the gift at the Venice Biennale, this was work which exemplified the Arts Council's determination that the arts should be bold, speculative, experimental and excellent. And it was with enormous pride that I applauded Sherman Theatre's production of Welsh playwright Gary Owen's *Killology* being nominated (and eventually winning) an Olivier – a first for Wales in this most prestigious of UK theatre awards. It's the thrill of these occasions that demonstrates, with authenticity and urgency, the impact the arts can have in opening our eyes to the successes, the sorrows and the adversity of the world around us.

It's this simple fact – that the arts matter – that has focused Council's energies during the year. We've thought carefully about the type of work we're encouraging and asked ourselves who this work should be for. As a result, we stand on the threshold of some important and far-reaching changes.

For all the successes and achievements of the publicly funded arts – and you'll read about many of them in this report – the benefits of the arts remain stubbornly out of reach for far too many people in Wales. Disabled people and people from black, Asian and minority ethnic backgrounds are shamefully under-represented in the publicly funded arts. This must change – and change it will – as Council places greater emphasis on Equalities, Diversity and Fairness in the years ahead.

More broadly, all of us concerned with the common good, with the well-being of our fellow citizens, must be deeply anxious about the inequalities and social exclusion that's so evident all around us. Wherever you stand in the Brexit debate, we were all stopped in our tracks by the shout of contempt for institutions, experts and establishments that came from the disadvantaged areas of Wales. From outside the urban metropolitan centres, we were hearing the voices of those who felt forgotten. We're unapologetic about supporting the very best. But the best for who? Limitations of access, the brutal exclusions, are not acceptable in the publicly funded arts.

Community-based champions such as Valleys Kids and Head4Arts face every day the challenges of inclusion, empowerment and spreading the benefit of public funding. They remind us all that the arts are a central force for well-being, energising people and communities and pointing to a new engagement with the arts. And they are as concerned with excellence in the arts experiences they offer as any of our high-profile arts organisations and companies are in their activities.

For our part, the Arts Council is determined to push forward with broadening access to the arts for the full range of Welsh people, as spectators and as participants. We're already involved with mainstreaming the influence and experience of the arts in areas such as education and regeneration. Our Creative Learning programme now has a presence in over a third of Wales' schools, while the Ideas: People: Places project has forced us to re-think how we encourage community-based regeneration.

We've also this year been sharpening our approach to the work we do around Arts and Health. We've been supporting extraordinary activity, from digital storytelling in Abertawe Bro Morgannwg University Health Board to Dementia and Imagination research in Bangor, to Betsi Cadwaladr's work with Theatr Clwyd's Arts from the Armchair programme with early onset memory loss. And we've been backing the Cartrefu Cymru initiative which has reached 120 care homes with the involvement of 16 artists. We're seeking to drive forward this work in Health and Social Care through key strategic partnerships, such as our Memorandum of Understanding with the Welsh NHS Confederation.

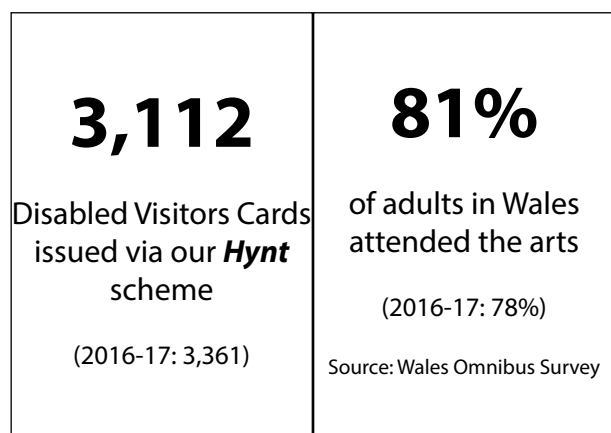
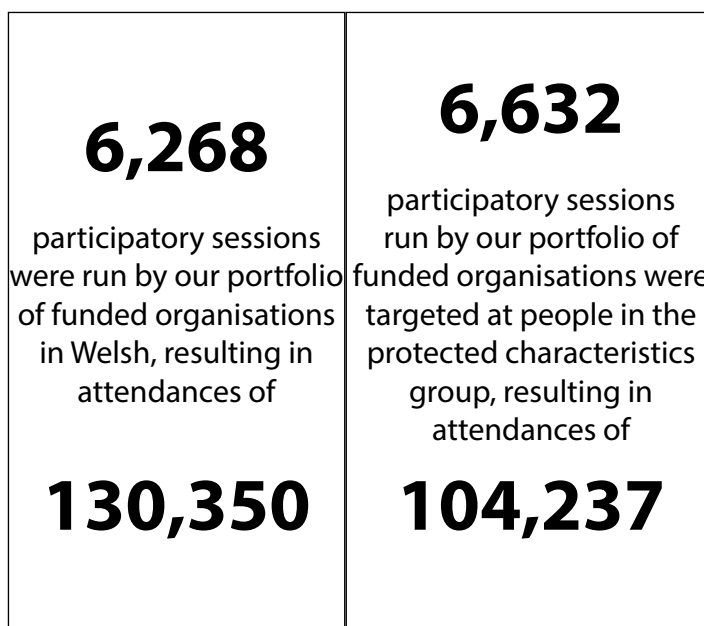
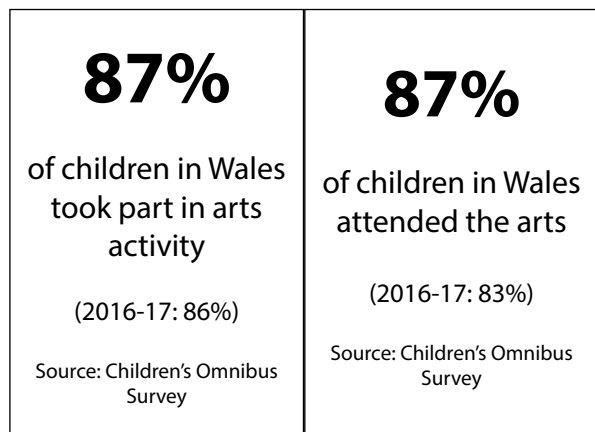


Finally, as stewards of public funds, Council has a particular responsibility to ensure that the public's money is well spent. Good governance is important and I want to pay tribute to the selfless work of my fellow Council members who work so hard to support me and the Arts Council's gifted and committed staff. Together, we want to see the arts embracing equality and celebrating diversity, wherever it's found. We want Wales to be fair, prosperous and confident, improving the quality of life of its people in all of our country's communities. This is the commitment we make to the people of Wales.

*Phil George*

Chair

## Performance Report and Operational Review



# Chief Executive's statement

## Making the arts central to life and well-being

These are challenging times for the publicly funded arts in Wales. This isn't because people don't care about them – the public continues to enjoy and take part in the arts in large numbers. It isn't because the work is poor – critical acclaim and international distinction tells us differently. The arts remain vulnerable because continuing economic pressures on public funding are forcing uncomfortable choices about which areas of civic life can advance the most persuasive case for support.

The continuing squeeze on Government funding, combined with reductions in National Lottery income, have forced Council to re-think its priorities. The financial pressures that crowd around us could simply have been taken as the cue for retrenchment in ambition and imagination. Instead, Council has set itself a bigger (and more testing) challenge – building a consensus around a new kind of articulation of the purposes and fairness of public funding for the arts.

In 2018 we publish a new Corporate Plan for the period 2018-2023. It's a Plan based on two priorities.

The first is developing the capability and potential of those working in the arts, helping artists and arts organisations to do their best work. It's about nurturing talent and growing the skills that enable success in a complex and competitive world. Whether you're a writer, a musician, a visual artist or our largest national company, our job is to help you thrive and to make your practice more sustainable. Our new programme, Resilience, was introduced during the year and has the principles at its core.

But we have a second priority, equally if not more important. It's about diversity, equality and inclusion.

We used 2017-18 to talk to people the length and breadth of Wales – our All Wales Creative Conversations. We heard about the ways that artists and arts organisations are building community and civic life. And we were challenged to show how the Arts Council of Wales is responding to a new energy borne of the frustration of those who feel marginalised, ignored or forgotten.

We want to find new ways of encouraging more people – and a wider range of people – to enjoy and take part in the best that the arts can offer. This will be challenging. Our research shows that the presence of people with protected characteristics in the population as a whole is far from being matched in the activities that we're funding. The gap is especially striking in the very low number of disabled people and those from black, Asian and minority ethnic backgrounds employed in the arts or represented on the boards of management of our key arts organisations. Whether attending, taking part or working in the administration of the arts as employee or board member, Council is determined to drive through the change needed to see a wider cross-section of the population having the opportunity to get involved.

The need for change also applies to us, the Arts Council, especially when it comes to how we spend public money.

We're a champion for the arts in Wales, but we must also be careful to spend no more on ourselves than is absolutely necessary. So we've saved money by simplifying processes, reducing staff numbers and making better use of technology. Because our goal is to create an organisation with the arts at its core – first rate in its delivery and sustainable in its cost.

Achieving significant change is always challenging. That change is needed is inarguable. And while we can't anticipate every issue that change will throw up, we're determined not to be deflected from the end goal – a stronger, more resilient arts sector which helps us in our goal to make the arts central to the life and well-being of all people in Wales.

*Nick Capaldi*  
Chief Executive

## Make: Reach: Sustain

The principles that drive our work

Our strategy is rooted in a straightforward statement of the three principles that drive our work – **Make: Reach: Sustain**.



The greatest impact is achieved when these three things – Make: Reach: Sustain – fuse together in a single way of working.

When we talk about **Make**, we mean artistic creation. We want to foster an environment in which artists, arts organisations and creative people can create their best work.

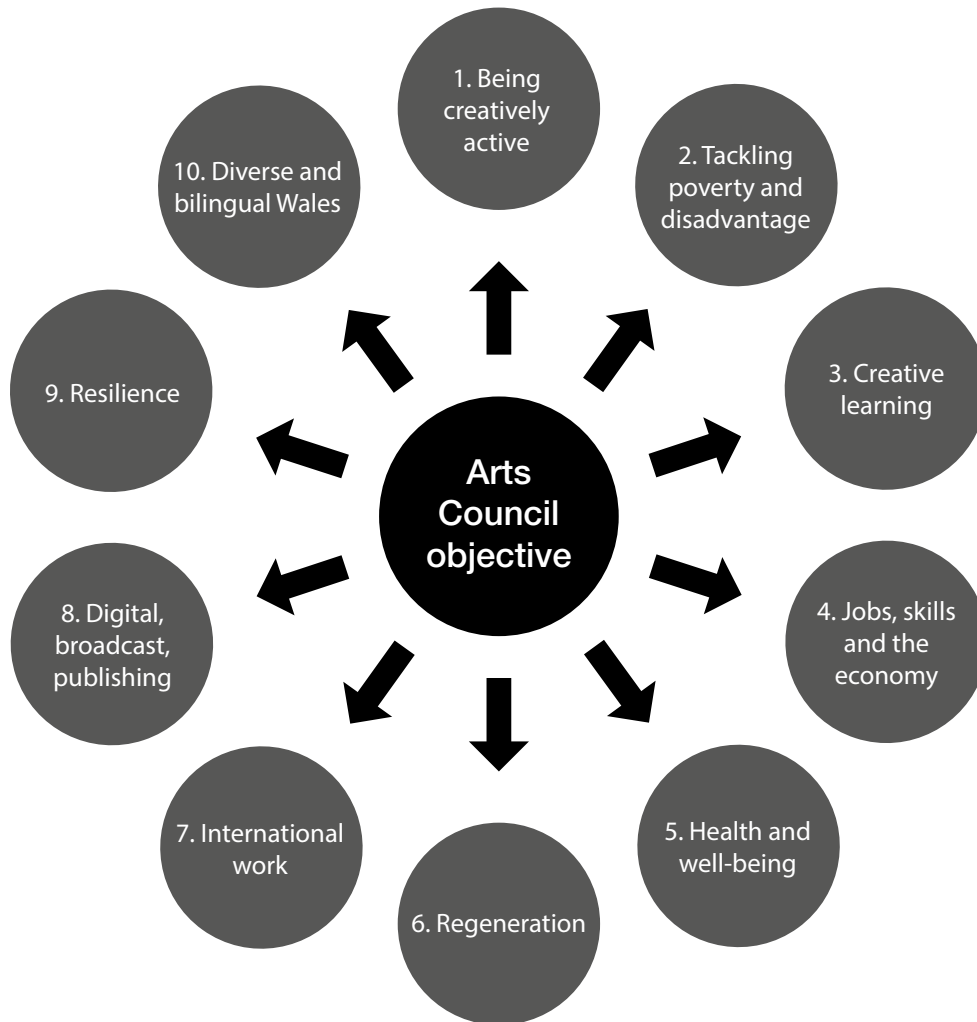
If we Make well, we inspire. And by inspiring, it becomes more likely that people will enjoy and take part in the arts. We believe that the best experience of art happens when that chord is struck – when what is made, connects. This is what it means to **Reach**, and crucially to reach further and deeper than before.

If in doing this something of worth is created in what is made or who is embraced, then we must ask how we protect and **Sustain** these things in ways that will endure.

Make: Reach: Sustain

The Welsh Government's expectations of us are set out in an annual Remit Letter. The Remit Letter describes the priorities of the Welsh Government. These are delivered through Council's corporate objectives.

Our Remit Letter for 2017-18 set out ten areas of priority.



## Public benefit

Making the arts central to the life and well-being of the nation.

Our mission statement ensures that public benefit is at the centre of all aspects of our work. It is strengthened by our commitment to the Welsh Government's Well-being of Future Generations legislation and, in setting our objectives and planning our activities, our Council members have given serious consideration to the Charity Commission's general guidance on public benefit.

### **About the Arts Council of Wales**

The Arts Council of Wales – Cyngor Celfyddydau Cymru – was established by Royal Charter on 30 March 1994, and exists to support and develop the arts in Wales. It does so for the benefit of people throughout Wales, and to support Welsh art internationally.

We are also a Welsh Government Sponsored Body (WGSB), a National Lottery Distributor, and a registered charity (number 1034245).

Our Royal Charter sets out our objectives.

They are to:

- develop and improve the knowledge, understanding and practice of the arts;
- increase the accessibility of the arts to the public;
- work through the Welsh and English languages; and,
- work with other public bodies in Wales, and with the other Arts Councils in the UK, to achieve these aims.

A copy of our Royal Charter can be found on our website: <http://www.arts.wales/about-us>

As a Welsh Government Sponsored Body we allocate taxpayers' money for the benefit of the Welsh public.

The funding that we distribute has a number of public purposes:

- it helps to make sure that Welsh audiences are able to enjoy the widest possible range of arts activities
- it makes the arts more affordable, bringing them within reach of more people
- it encourages innovation and risk-taking, raising the quality of the arts made and promoted in Wales

Public funding also helps to address 'market failure' – investing in those activities that the commercial sector either won't, or isn't able to, support. In all aspects, our funding is intended to encourage the best of the arts and to enable as many people as possible to enjoy and take part.

We undertake detailed research each year to assess the extent to which we're achieving this. In the pages that follow, we set out the key highlights of our work and the public benefit that these activities deliver.

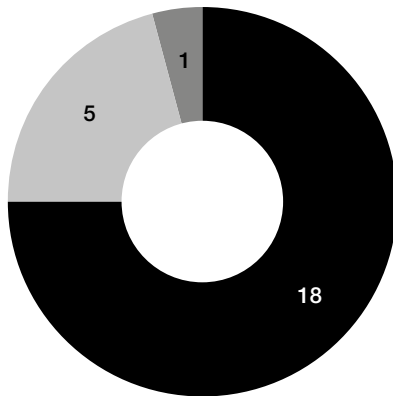
## Our performance overall

### A year of strong performance against our corporate objectives

Our Operational Plan for 2017-18 contained 24 key tasks, each with its own targets. Progress was monitored throughout the year through quarterly progress reports that are presented to Council. We also meet quarterly with officials of the Welsh Government.

Overall, Council welcomed the fact that the majority of our tasks in 2017-18 were successfully completed. At the end of the year:

- 18 tasks had been successfully completed
- 5 tasks were substantially complete
- 1 task had not been completed



Where targets were substantially but not fully completed, the reason in most cases was a difference in timing between the financial year end and when the target was fully completed. The outcome was not, therefore, material.

The single task that was not delivered during the year was the Review of our Quality Appraisal scheme. As part of our overall monitoring of the organisations that we fund, we use a team of volunteer National Advisers to see, assess and report on the arts across Wales. In spite of several recruitment campaigns, we have struggled to find appropriately qualified individuals in all parts of Wales (especially those who are Welsh speaking). This has meant that we weren't able to achieve consistent coverage in all parts of the country. New proposals were developed during 2017-18 and these are now being introduced.

We achieved strong results in a number of areas:

- **significant numbers of people enjoyed and took part in the arts** – our Portfolio of key organisations continued to attract large audiences, with attendances of over 4 million and participation of around 1 million people
- our **Night Out** scheme promoted over 500 events in local community settings across Wales
- our **Creative Learning through the Arts Programme** goes from strength to strength. We're well ahead of plan with nearly a third of Wales' schools now taking part in the programme. The Organisation for Economic Co-operation and Development (OECD) identifies the programme as an international exemplar of creative education
- we have made it easier for **disabled people across Wales to attend the arts** – our Hynt Disability Ticketing scheme has grown significantly since its launch three years ago to include 12,000 members
- our **broadcast partnerships** with BBC Cymru Wales and S4C opened up new opportunities to develop and promote Welsh creative talent. Evaluation of the BBC/Arts Council Horizons/Gorwelion project has confirmed the contribution it has made to supporting emerging musical talent
- our **Collectorplan** scheme is maintaining last year's record-breaking level, generating **over £1m of sales of artists' work**
- our **international partnerships** in India and China are opening up new markets for Welsh artists and arts organisations
- we researched and published Wales' **first ever mapping research of Arts and Health activity**
- we have provided **written and oral evidence to National Assembly Committees** on a wide range of topics including:
  - Inquiry into non-public funding of the Arts
  - Publishing and Literature
  - Music Services
  - Film and TV production
  - The impact of Brexit



## How we achieve our key objectives

Objective	What we did during 2017-18
<p><b>Make</b> – nurturing talent, creativity and capability</p> <p>Remit Letter: 1,8</p>	<p>We work to create a supportive environment in which artists and arts organisations are enabled to do their best work – an environment which:</p> <ul style="list-style-type: none"> <li>■ identifies and nurtures creative talent, wherever it's found in Wales</li> <li>■ supports and celebrates imagination, innovation and ambition</li> <li>■ nurtures creativity through the medium of Welsh and English</li> <li>■ enables artists to develop a professional career in Wales</li> <li>■ offers a range of arts experiences to enjoy and take part</li> <li>■ develops the creative traditions of Wales and reinterprets them with contemporary relevance</li> <li>■ is international in outlook</li> </ul>
	<p>We invested around £28.7 million in our Arts Portfolio Wales – the 67 revenue-funded organisations that are bringing the arts to communities across Wales. Between them, they commission, produce and promote, exhibit and tour high quality work.</p>
	<p>We invested in a wide range of individual projects and activities during 2017-18. One of Wales' strengths is its music festivals – from the relaxed eclecticism of Green Man to the internationally celebrated Hay Festival, Wales' festivals champion excellence and act as an artistic magnet, attracting audiences to Wales. In 2017-18 we financially supported 41 Festivals.</p>
	<p>We support artists at key moments in their careers. Whether working singly or together, locally or globally, our goal is to create the opportunities that will make it easier for our artists to pursue viable, sustainable careers from a Welsh base. During 2017-18 we provided support to 150 individuals.</p>
	<p>We promote many opportunities to develop the creativity of young people. An active engagement with the arts can transform the way children and young people learn and explore the world around them, helping them to develop the self-respect and confidence that will be such an important part of their life skills for the future.</p>
	<p>Our arts education partnership with the Welsh Government – Creative Learning through the Arts – is firmly embedding the principles of arts and creativity in schools across Wales. We have also been able to find a suitable way of protecting the future of our national youth performing ensembles (National Youth Arts Wales). This will provide creative opportunities of the very highest quality.</p>

Objective	What we did during 2017-18
<p><b>Reach</b> – encouraging more people to enjoy and take part in the arts</p> <p>Remit Letter: 2,3,5,7,10</p>	<p>We are committed to ensuring that the Council's funding is accessible and of benefit to all the citizens of Wales. Ensuring the greatest access to the arts is a natural priority for a body, such as us, that is in receipt of public funds.</p> <p>We work to remove the barriers that prevent and impede people from enjoying and taking part in the arts. We are especially keen to attract those from economically disadvantaged communities. We know that there is a gap in attendance and participation between the most and least affluent in Welsh society, and narrowing that gap remains a priority.</p> <p>We know the arts in Wales will be stronger, more exciting and more relevant if they embrace more people. The arts still tend to be seen as for the most privileged in society. Changing this is a priority for 2018-19.</p> <p>We have detailed action plans for Equalities, Welsh Language and Sustainable Development. We publish specific reports on our performance in each of these areas. We achieved significant successes in our work around the implementation of the new Welsh Language Standards and have integrated Sustainable Development across our policy-setting. We were less pleased with our progress across our Equalities work, especially the low level engagement with disabled people and those from a BAME background. This will be addressed with renewed urgency in 2018-19.</p>
	<p>We want all young people to have the opportunity to enjoy high quality arts and to develop their own talents. Our key priority in 2017-18 was working together with the Welsh Government on the establishment of our major partnership project, Creative Learning through the Arts.</p> <p>During the year we exceeded our targets for the Lead Creative Schools programme, with activity now taking place in 548 of Wales' schools. The programme has employed 233 Creative Agents and 500 Creative Practitioners. 40,000 learners have been involved in the project so far, working with 1,000 teachers.</p>
	<p>We have invested c.£3 million in 19 community regeneration projects under the banner of our Ideas: People: Places programme. The projects involve a wide range of public sector organisations – in local government, social housing and the arts. But the thread that connects them all is that the local community has been placed centre-stage, achieving extraordinary regeneration outcomes in some of Wales' most disadvantaged areas.</p>

Objective	What we did during 2017-18
<p><b>Sustain</b> – supporting a dynamic and resilient arts sector</p> <p>Remit Letter: 4,6,9</p>	<p>In these testing financial times, resilience will be key to arts organisations' future survival. We are delivering a strategy for the Arts Council, and the arts in Wales, that encourages innovation and entrepreneurship and that enables the work of our artists and arts organisations to become more durable and sustainable.</p> <p>During the year we have been delivering a programme of business development support for our key organisations - Resilience. The aim is to enhance their business capability so that they are less dependent on public funding.</p>
	<p>We want our leading artists and arts organisations to realise their international ambitions by exploring new international markets and connecting with new partners. Welsh artists attended a range of international showcases/trade fairs, including South by South West, WOMEX, Celtic Connections and the Lorient Festival.</p> <p>Working in partnership with the British Council we supported the development of 13 projects launched under our new Wales:India funding initiative. We have also been exploiting the potential of our cultural links in China, opening up new market opportunities for Welsh arts organisations.</p>
	<p>Brexit creates uncertainties over how some aspects of our international working will operate in the future. Nevertheless, we're fully engaged in the current debate around Wales' relationship within Europe. We continue to advocate the importance of developing new market opportunities for the arts and creative industries.</p>
	<p>We are careful to spend no more on ourselves than is absolutely necessary. Council has always said that it's the arts themselves that are the proper focus for the investment of the public's money.</p> <p>Over recent years we've saved money by simplifying processes, reducing staff numbers and making better use of technology. Over the past five years we've reduced staff numbers by almost a quarter. But we know that in cutting our own organisation we risk impairing the quality of service that has been such an important part of the success we've achieved in recent years. So our goal is to create an organisation with the arts at its core – first-rate in its delivery and sustainable in its cost.</p>
	<p>We agreed the secondment of a member of our staff to the office of the Future Generations Commissioner. This provides us with an unparalleled opportunity to ensure that the arts are integrated into the well-being plans of the 44 public bodies covered by the Future Generations legislation.</p>

## Building Resilience

*“If the arts are to thrive, artists, audiences and participants need high quality facilities in which they can make, enjoy and take part in the arts. The Arts Council has a track-record of investing in architecturally distinctive projects that have become an important creative, social and economic focal point in their locality.”*

*Alan Watkin*

Acting Chair, Capital Committee

### Strengthening the arts infrastructure

For more than two decades the Arts Council has been investing funding from the National Lottery in capital projects. Across Wales we're helping organisations to enhance and extend their activities by creating the right buildings and physical environments within which to deliver their work. Council ring-fenced approximately £22m for 2012-17, prioritising support for the consolidation and improvement of those arts organisations that play a leading role in Wales' cultural life. We were therefore pleased during the year to see the completion of **Ty Pawb** in Wrexham and significant progress with **Galeri's** plans to extend its cinema facilities, providing additional income to support the cultural programme.

### Sustainability

We're committed to sustainable development and expect projects, as far as possible, to take account of all long-term benefits and costs – environmental, social and economic. We expect the organisations that we fund to embrace the principles enshrined in the Welsh Government's Well-being legislation, placing sustainability at the heart of their development plans. Environmental sustainability is an important part of this and we have supported organisations including Craft in the Bay and Ballet Cymru to install energy efficiency LED lighting, the installation of solar panels, and updated heating systems. Both have reported significant cost savings with Ballet Cymru actually generating a modest income.

### Enabling organisations to thrive and not just survive.

In these challenging financial times, organisations need more than ever to be entrepreneurial and resilient. A resilient organisation is one that has the skill, capacity and resources to endure in the longer-term. Unsurprisingly, these are the principles underpinning our new Resilience programme for our Arts Portfolio Wales. 57 APW organisations participated in the programme during 2017-18.

### Ensuring value for money

With the support of our expert Capital Committee, we work with officers to ensure that the projects we support are fit for purpose and financially viable. Capital projects can often be complex, and develop over a period of many years. Our comprehensive processes for feasibility, design, procurement and build ensure that projects are well-conceived and planned.

## Principal risks and uncertainties

*"The public rightly expects that the institutions they finance are efficient and cost effective. Those who we work with expect us to get the basics right and to ensure that we manage our affairs in a straightforward and business-like way. Ensuring that we meet these challenges is the Committee's core business."*

*Lesley Hodgson*  
Chair, Audit & Risk Assurance Committee

### Managing our affairs effectively

As stewards of public funds we must operate in an efficient and accountable manner. Our priorities and funding decisions are agreed by Council in accordance with the policies that apply to our use of public funds. The Audit & Risk Assurance Committee's role is to ensure that we deliver on these commitments, doing so in ways that are transparent, accountable and that represent value for money. An extensive programme of internal audit assists us in this work.

### Protecting the public's money

An important part of the Committee's work has been reviewing our defences against fraud and cyber-crime. Attempts to illegally gain access to our funds and ICT systems occur regularly. Council takes these issues very seriously and the Committee has been looking carefully at our policies and processes to ensure that they're robust and secure. There were no successful attacks during the year.

### Taking risks: a balanced approach

Unauthorised access to our systems is just one of a range of potential risks that could compromise our performance. But we mustn't become so risk averse that we ignore important opportunities for innovation and growth. We aim to take appropriate but informed risks, as circumstances dictate. However, we wouldn't behave recklessly; neither would we wilfully squander public money nor endanger our reputation for prudence.

Our systems of internal control identify and prioritise the risks that could prevent us achieving Council's policies, aims and objectives. They evaluate the likelihood of the risks being realised, consider the impact should they occur, and seek to manage them efficiently, effectively and economically.

We continually seek to improve our internal control systems. Our Corporate Assurance Framework is used to identify the robustness of the underlying controls and assurance processes. Any aspects that need to be strengthened are highlighted and the Committee monitors action taken to ensure that appropriate remedial action takes place.

### Financial risk and capital management

The Council mainly holds financial instruments to finance its operations, for example trade debtors and trade creditors, and cash balances arising directly from its operations. The financial risk management of exposures arising from trading financial instruments, primarily trade debtors and trade creditors, is through a series of policies and procedures.

These risks are managed as follows:

**Liquidity risk** – the Council is satisfied that it has sufficient liquid resources, in the form of cash at bank and agreed funding for 2017-18, to meet all current contracted commitments. The Council does not consider that its activities are exposed to any significant liquidity risk.

**Interest rate risk** – cash and cash equivalent balances are held in instant access variable rate bank accounts which on average carried an interest rate of 0.5% (2016-17: 0.5%) in the year. The Council does not consider that its activities are exposed to significant interest rate risks.

**Foreign currency risk** – changes to exchange rates following the 2016 EU Referendum have resulted in a reduction in the buying power of the pound overseas. Council is not currently exposed, to any significant degree, to foreign exchange risks.

**Cash flow risk** - the Council is not exposed to any significant cash flow risks.

### The risks to our performance: what they are and how we deal with them

Principal risks	Key mitigating actions
<p><b>Governance</b> Poor management results in a significant failure to deliver the key objectives in corporate and operational plans</p>	<p>Clearly defined project management disciplines exist to assist Council officers in the delivery of their work. A formal progress report is presented to Council each quarter. This report also forms the basis for Quarterly Monitoring Meetings between Council's senior leadership team and officials of the Welsh Government.</p>
<p><b>Funding</b> Cuts in public sector funding could damage the arts across Wales</p>	<p>Although National Lottery income for this year was similar to last, we're continuing to manage the underlying trend of reducing levels of income for the Lottery good causes. We have also had to achieve further savings in our own running costs. This helps us to ensure that as much funding as possible is available for direct arts expenditure.</p> <p>A key area of risk is the continuing reductions in local authority arts funding. We're working with local authority partners to explore alternative strategies for protecting support for creative activity.</p>
<p>Key arts organisations fail as a consequence of funding cuts</p>	<p>Our Arts Portfolio Wales (APW) accounts for the majority of our grant-in-aid funding. The Portfolio's artistic, financial and operational effectiveness is closely monitored by officers. Regular reports showing the risk assessment of each of our annually funded organisations are provided to our Audit &amp; Risk Assurance Committee and to Council. When necessary, we take a pro-active approach to working directly with organisations that experience difficulties, investing time and expertise to help them to resolve matters of concern.</p>
<p><b>Grants management</b> Poor or fraudulent funding applications mean that public funds are not used for the purposes intended</p>	<p>We take a risk-based approach to our assessment of applications and the monitoring of grants awarded. We use information collected from grant recipients as part of our monitoring procedures to ensure that the stated outcomes for which we provided funding were, in the end, actually achieved.</p> <p>Council takes fraud, corruption and maladministration very seriously and has policies to prevent, and deal with, both, including "Whistle-blowing" and Anti-fraud polices. These were reviewed during the year.</p>

Principal risks	Key mitigating actions
<p><b>Major projects</b></p> <p>The Welsh Government loses confidence in our management of the <i>Creative Learning</i> programme</p>	<p><i>Creative Learning</i> is a partnership project with the Welsh Government totalling £20m of investment over 5 years. Management of the project has been reviewed by the Arts Council's internal auditors and 'substantial' assurance given.</p>
<p>Poor management of key Lottery Capital projects causes delays that place additional funding burdens on the Arts Council</p>	<p>We operate rigorous processes for project monitoring and the release of payments. Contractual agreements are in place protecting the Arts Council's investment and funding is paid out against certificated claims for work completed. Expert independent assessors provide technical reports that are used to brief Capital Committee (and ultimately Council).</p>
<p><b>IT</b></p> <p>Unforeseen or unexpected outages compromise business continuity</p>	<p>A full emergency plan is in place and tested annually. Should an incident arise, alternative offsite IT facilities are available.</p>
<p>There is a breach in our IT security.</p>	<p>Cyber security and IT penetration tests are conducted annually. We comply with IASME security standards.</p>
<p><b>Personal Data</b></p> <p>Personal data is lost, compromised or stolen</p>	<p>The Council has controls and policies in place to ensure data integrity. Encrypted IT systems ensure that the physical security of data is tightly controlled.</p>
<p><b>Staffing</b></p> <p>Recurrent pressure to cut costs reduces staff capacity to an unacceptable level</p>	<p>Delivering an expanding programme of activity with fewer staff is a continuing concern for Council. Progress against plans is carefully monitored and reviewed on a quarterly basis, and every effort is made to implement efficient business practices.</p>
<p>Our Organisational Review does not achieve the necessary cost savings.</p>	<p>The Organisational Review implemented a programme of savings designed to reduce our running costs. These savings having been made, costs will continue to require careful management in the medium term. This will remain an issue for Council scrutiny.</p>
<p><b>Welsh Language</b></p> <p>The new Welsh Language Standards are not introduced to the deadlines set out in our Compliance Notice</p>	<p>Council adopts a progressive and forward-looking approach to the Welsh Language Measure. We have been able to implement all of the Standards due to be introduced during 2016-17, and we're confident that we'll manage full implementation of the remaining Standards in 2018.</p>

## Financial and business review

The Council has two principal funding sources: grant-in-aid from the Welsh Government; and, as one of the bodies responsible for the distribution of funds for good causes, a share of the proceeds raised by the National Lottery. The Council is required to account separately for its lottery distribution activities.

### Grant making policies

The Council invites applications for recurrent and one-off grants from organisations and individuals and monitors the proper and effective use of those grants. As well as meeting the Council's strategic aims, applications must demonstrate benefit to the people of Wales across all regional, cultural and economic sectors. Recurrent grants are funded from grant-in-aid only but one-off grants may be funded from grant-in-aid or Lottery income. Under the terms of its Lottery Policy Directions the Council makes grants in support of capital and other projects under revenue schemes relating to the arts in Wales.

Capital grants, to organisations only, support the purchase, improvement, restoration, building or creation of an asset that will be used for the benefit of the public to develop the organisation's work.

Council has delegated its grant making in a number of strategic areas to Ffilm Cymru Wales, Nesta, BBC Cymru Wales, Literature Wales, and Tŷ Cerdd. The terms of the external delegation are set out in formal agreements and satisfy the conditions of the Council's Statement of Financial Requirements.

The obligations of the Council's Accounting Officer are unchanged by the delegation but he has satisfied himself that the organisations and their systems are suitable to undertake the delegated functions, including: the assessment of applications for funding; holding, accounting for and distributing Lottery money allocated to them by the Council for that purpose; and monitoring funded projects.

The delegation agreements allow for appropriate access to the delegates by the Council's internal auditors and by the Comptroller and Auditor General for the review of the operation of the delegated functions.

One-off grants are available to help fund time-limited artistic projects of high quality which best meet the Council's funding priorities. On-going monitoring of our grant aid programmes alerts us to any specific risk issues. Identified risks lead to an escalation of the level of monitoring and, if necessary, can result in the payment of funding being with-held and/or deferred.



<b>Grants processed</b>	<b>2017-18</b>	2016-17
<b>Number of applications received:</b>		
Capital schemes	<b>15</b>	19
Revenue schemes	<b>797</b>	973
	<b>812</b>	992
<b>Number of grants made:</b>	<b>465</b>	545
<b>Value of grants made:</b>	<b>£000</b>	£000
Capital schemes	<b>1,607</b>	2,192
Revenue schemes	<b>11,694</b>	12,789
	<b>13,301</b>	14,981
<b>Grants payable at 31 March:</b>		
Capital schemes	<b>5,028</b>	6,801
Revenue schemes	<b>9,922</b>	11,272
	<b>14,950</b>	18,073

## Investment

Investment powers are governed by the Trustee Act 2000, the Framework Document issued by Welsh Ministers and the Financial Directions issued by the Secretary of State for Digital, Culture, Media & Sport. The Council's policy is to achieve the maximum return within these terms. Interest at a negotiated rate linked to bank base rate is received on all credit balances in the Council's current accounts. From time to time, higher rates may be available for restricted funds on long term deposit.

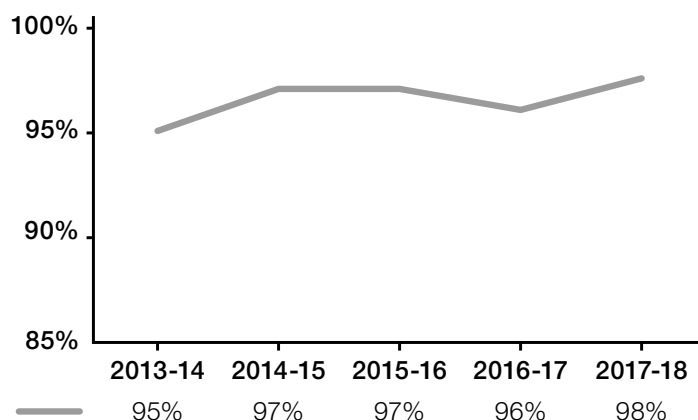
The Council's banking service is provided by Santander UK plc.

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Digital, Culture, Media & Sport so, although the Council receives investment income on its share of such balances, the Council has no investment powers over the Fund.

## Payment of creditors

Council follows the Late Payment of Commercial Debts (Interest) Act 1998, and the UK Government's Better Payment Practice Code. Council is required to pay suppliers' invoices not in dispute within 30 days of receipt of goods or services or valid invoice, whichever is the later.

We aim to pay all invoices, including disputed invoices once the dispute has been settled, in line with these terms. During the year ended 31 March 2018, the Council paid 98% (2016-17: 96%) of all invoices within the terms of its payment policy. In line with Welsh Government policy, the Council has a further aim to pay invoices within 10 days. For 2017-18 89% (2016-17: 85%) of invoices have been paid within 10 days. It is not anticipated that our policy will alter in future years and we will continue to adopt challenging performance targets.



## Financial results

Headlines from the Lottery Distribution accounts:	2017-18 £000	2016-17 £000
Share of proceeds from the National Lottery	<b>16,351</b>	16,300
Net grants made	<b>12,953</b>	14,662
Excess of expenditure over income for the year	<b>(525)</b>	(2,251)
Balance held in the National Lottery Distribution Fund at 31 March	<b>15,619</b>	21,291
<b>Reserves at 31 March</b>	<b>2,319</b>	2,844

Our National Lottery proceeds, despite a significant dip in income for the first six months, ended the year in line with the original forecast. However, Council continues to monitor closely the trend in the share of proceeds received by the good causes and the potential impact on future Lottery-funded programmes.

We ring-fenced approximately £22million for our capital grants programme for the five years from 2012-13 to 2016-17. This programme has been extended, as there can be a long lead time from the registration of a major capital project to the issue of a formal offer. This also impacts the total value of grants made each year and the overall net income or expenditure. For 2017-18 we expected to make capital grants of around £4m but offered £1.6m, which is reflected in the reduction in net grants made compared with the previous year.

At year-end grants payable totalled £14.950m (2016-17: £18.073m). Undrawn funds in the National Lottery Distribution Fund plus cash and cash equivalents totalled £18.238m (2016-17: £21.953million). The National Lottery Distribution Fund balance reduced by approximately 26% from last year, however there was a substantial increase in cash and cash equivalents held at the year end in anticipation of grant payments falling due in April 2018.

## Equalities

*"We aspire to a society that embraces equality and celebrates difference, wherever it's found in race, gender, sexuality, age, language, disability or poverty. However, there are still too many barriers that impede people's access to the arts. Breaking down these barriers must be one of our defining priorities for the future if we're to back up our good intentions with real action."*

*Richie Turner*  
Chair, Equalities Monitoring Group

### Evaluating our approach

The evidence tells us that we need to do more to raise the profile of our equality objectives both within our organisation and across the wider arts sector. Our research shows that the presence of people with protected characteristics in the population as a whole is not being matched in the activities that we are funding. The gap is especially striking in the very low number of disabled people and those from BAME backgrounds employed or represented on boards of management. These are issues that Council is determined to address.

### Doing better

Whether attending, taking part or working in the arts, we need to see the involvement of a wider cross-section of the population. Our goal is an arts workforce that better reflects the diversity of Wales at local and national levels and is in line with the Welsh workforce statistics. This means an arts sector that recognises and values the contribution of people with protected characteristics in all fields, and at all levels of employment in the arts.

By 2021 disabled people will represent 12.9% of the arts workforce and at least 3.9% of the arts workforce will be from Black and Minority ethnic backgrounds. So we're challenging ourselves as an organisation, our Arts Portfolio Wales and those we support in the wider arts sector to attach greater importance to equalities.

Transforming the arts sector's performance will be challenging, but we're adamant that it's the right thing to do. We'll respond to the challenge in a spirit of collaboration and with an openness to dialogue. However, our collective failure as a sector to match the demographic profile of the population as a whole – the very least we should expect – cannot be allowed to continue.

We have set clear targets, described in detail in our Strategic Equalities Plan. Achieving these targets will be fundamental to the successful delivery of Council's ambitions.

## Welsh language

*“Nothing makes Wales more distinctive than the Welsh language. The language provides the means to understand and enjoy an extraordinarily rich literature and culture. The arts thrive on this and are a key component in continuing the Welsh language’s vital role at the heart of Welsh life.”*

*Marian Wyn Jones*  
Chair, Welsh Language Monitoring Group

### A fundamental commitment

We adopt an inclusive and broad approach to Language. As a bilingual organisation, our commitment to the Welsh language is integral to our work. Wales is a bilingual nation – legally, socially, culturally, and as individuals and communities.

Around half of the Arts Council’s staff are Welsh language speakers. And we promote vigorously the right of people to explore their own culture, their own creativity through the language of their choice, whether as consumer, participant or artist.

### Responding to the Welsh Language Standards

An important task for the Monitoring Group during the year has been the implementation of new Welsh Language Standards, as defined in legislation.

The Standards are designed to ensure that the Welsh language should be treated no less favourably than the English language; and, that people in Wales should be able to live their lives through the medium of the Welsh language if they choose to do so.

A number of the Standards were required to be in place by January 2017. This was fully completed by the due date. The further Standards were also successfully implemented during 2017-18.

### Promoting creativity through the medium of Welsh

For us, engaging with the Welsh Language is not a matter of compliance – it is a deeply cultural issue. The arts in Wales reflect the diversity of language, providing important opportunities to enjoy an extraordinarily rich literature and culture.

Our funding and strategy supports this. The evidence demonstrates that during 2017-18 we have regained some ground, especially in the availability of good quality Welsh language theatre. Welsh language performances by touring companies have increased by 73.1% to 623 events and attendances at those performances have also increased, by 27.5% to almost 58,000. However, we will be monitoring performance carefully in future years to assess whether these increases are sustainable.

## Issues of well-being and sustainability

*"People are important!*

*Values of kindness, fairness and creativity sustain our well-being and inform our arts development policies and culture. We know we still have work to do, in changing behaviours, process and procedures from a top down patriarchal culture. It doesn't happen overnight but it's happening. Creative artists and creative thinkers always break through and make change. It's what we do. Transformational Change is here."*

*Melanie Hawthorne*

Chair, Future Generations Monitoring Group

### Explaining our approach

The Well-being of Future Generation (Wales) Act 2015, is landmark legislation with the aim of improving the economic, social, environmental and cultural well-being of Wales. It does this by taking action, in accordance with the sustainable development principle, through seven national well-being goals and five ways of working. All of the 44 major public bodies in Wales have a statutory duty to embark on this journey of change, and embed the sustainable development into their organisations.

The Arts Council of Wales, the development agency for the Arts in Wales, is one of those public bodies and the Council has a fundamental and significant role in the realisation of the well-being goals. It's a mission that we're committed to with creativity, excellence, and innovation.

Through the five ways of working enshrined in the legislation the Council seeks to undertake its work in a sustainable way, and to consider the impact that our work has for people living, experiencing and participating in the Arts in Wales – now and in the future.

It's about how we plan and think long term, about how the decisions we make, meet the needs of the present, while protecting the needs of the future. How Council involves people from diverse communities, how we collaborate with our partners and integrate other public bodies well-being objectives that might have impact or affect us. We are ambitious in wanting to prevent problems happening or getting worse.

From the day-to-day management and running of our offices to policy development, in all our corporate infrastructure, planning, training and development and financial strategies we are committed to placing the sustainable development principle at the heart of what we do.

### Review of Progress

The legislation came into effect in 2016 and the Auditor General for Wales emphasised that there would be a period of transition, in recognition that all public bodies are on a learning path. The Auditor General is required to examine all public bodies and report on them officially by 2020.

The five ways of working are embedded in our policies and strategies so we continuously review current situations alongside emerging trends within the broader cultural and creative sector. We have progressed from stand-alone well-being objectives to mainstreaming our well-being objectives within our operational and corporate planning processes.

## Environmental performance

We take our environmental performance seriously and have, in recent years, focussed our efforts on initiatives that offer longer term benefits.

All capital projects in which Council invests are expected to meet Building Research Establishment Environmental Assessment Method (BREEAM) sustainability standards. We have established an ambitious Environmental Policy for our own operations and have, during the year, retained our Green Dragon Level 5 Accreditation.

We have extended the use of our information technology infrastructure to provide business and environmental benefits. We are continuing to promote changes in behaviour. The vast majority of our arts development team are equipped with laptops and smartphones, enabling them to operate on a mobile basis. We have invested in high quality video conferencing capacity in all three offices and promote its use as an alternative to travel. We are able to link to any public sector location in Wales, and further afield, including internationally. This enables staff, either using the high quality equipment in our offices or via their laptops, to participate in meetings with colleagues and a wide range of clients and stakeholders without the need to travel. This has reduced our carbon footprint and use of fossil fuels in addition to generating operational efficiencies. It has made it possible to work more flexibly in order to help us diversify our workforce and to support a better work/life balance.

We promote the minimisation of waste amongst our staff by encouraging reduction, re-use and recycling and waste separation, reducing the amount sent to landfill. We re-use or recycle our surplus and redundant IT and office equipment. We use licensed and appropriate organisations to dispose of our waste.

All our major suppliers of office equipment and supplies have environmental policies and reporting mechanisms in place, and we consider environmental performance and awareness when selecting contractors and suppliers.

## Promoting partnership and collaboration

We have seconded a member of Arts Council staff to the office of the Future Generations Commissioner. Public bodies in Wales are required to produce Well-being Plans that must show, as one of the key goals, how they are planning, promoting and protecting cultural opportunities. Actively demonstrating the five ways of working, with the Commissioner's office, we will be able to raise the profile of this important aspect of our work.

## Management information

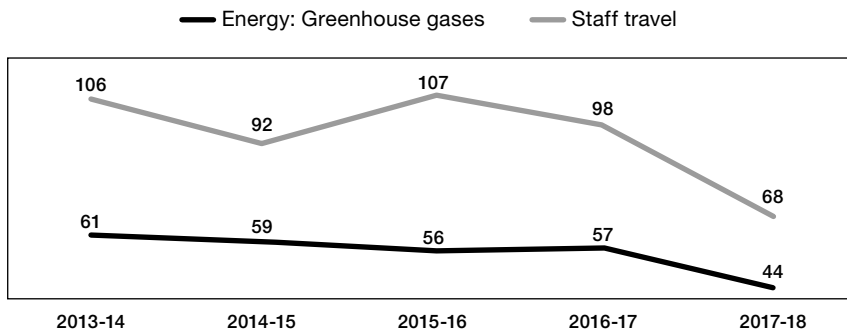
Managers and staff are provided with monthly reports analysing printing and copying activity, to encourage lower overall usage. Our internal reporting systems enable us to capture and measure details of our use of consumables, waste, energy, and staff travel, and thus our carbon dioxide equivalent (CO<sub>2</sub>e) emissions so that staff can manage their consumption of resources.

However, as all three of our offices are leased on a shared occupancy basis, with certain costs included within our service charges, this continues to restrict our ability to accurately assess our total environmental impact from energy usage. Our major use of electricity is in our Cardiff office and the landlord has confirmed that 100% of the supply is from verifiable Natural Renewable sources (wind, water and hydro).

We promote the use of environmentally friendly means of transport, and encourage staff to make journeys by the most efficient means possible, taking account of both environmental and financial considerations.

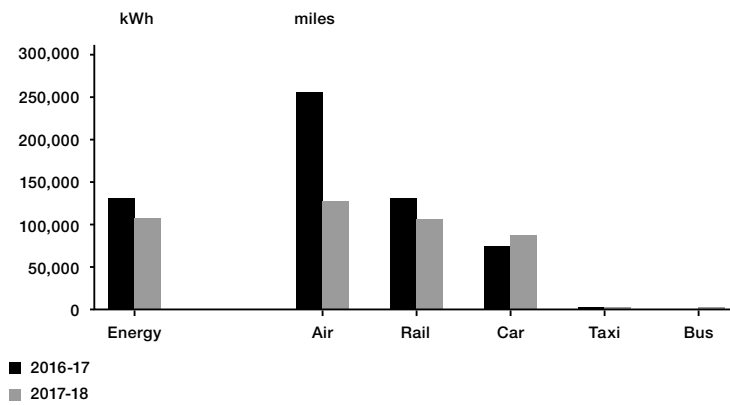
We have to balance this against the delivery of our strategic priorities to develop the arts in Wales, and to promote Welsh arts and artists internationally. As a result, there are inevitable fluctuations in the level of CO<sub>2</sub>e emissions attributable to travel, especially when we are active internationally. In a post Brexit world, the international marketplace is increasingly important. During this year, complementing Welsh Government priorities, we undertook considerable programmes of international work in India and China. We are, however, getting better at both minimising the negative and maximising the positive impacts of such work, by collaborating and partnering with other public bodies in Wales such as the Welsh Government and local agents in the countries we work in.

### CO<sub>2</sub>e emissions (tonnes) - 5 year trend



Our *Creative Learning through the Arts* Programme, which began in 2015-16, is delivered through schools across the whole of Wales. This inevitably adds to our levels of travel and amounted to 8 tonnes of CO<sub>2</sub>e included in our reported totals for 2017-18 (2016-17: 8 tonnes).

### Energy consumption within our offices & Business mileage



	<b>2017-18</b>	2016-17
<b>Waste:</b>		
<b>Non-financial (tonnes)</b>		
Landfill	<b>0.13</b>	0.12
Reused/recycled	<b>3.37</b>	2.74
<b>Energy:</b>		
<b>Greenhouse gas emissions (CO<sub>2</sub>e tonnes)</b>		
Gross emissions, scope 2&3 (indirect)	<b>44</b>	57
<b>Energy consumption (Kwh)</b>		
Electricity (renewable)	<b>108,424</b>	123,359
Gas	<b>10,464</b>	7,381
<b>Financial indicators (£)</b>		
Expenditure – energy	<b>15,468</b>	14,521
Water supply costs (office estate) – currently unable to assess, included in service charge	<b>N/A</b>	N/A
<b>Staff travel:</b>		
<b>Travel emissions (CO<sub>2</sub>e tonnes)</b>		
Rail	<b>8</b>	10
Air <sup>1</sup>	<b>33</b>	64
Car/vans	<b>27</b>	24
<b>Travel cost (£)</b>		
Rail	<b>30,413</b>	28,081
Air <sup>1</sup>	<b>12,604</b>	24,935
Car/vans	<b>40,126</b>	34,905
<b>Travel (miles)</b>		
Rail	<b>107,476</b>	130,946
Air	<b>127,876</b>	256,538
Car/vans	<b>88,218</b>	76,106

1 Includes the influence of radiative forcing in air travel emissions to capture the maximum climate impact. Radiative forcing is a measure of the environmental impact of emissions of NO<sub>x</sub> (nitrous oxides) and water vapour when emitted at high altitude.

Our air travel reflects the fact that, complementing Welsh Government priorities, we undertook programmes of international work in India and China.



## The year ahead

We remain focused on our mission and objectives. Encouraging more people, from across Wales' diverse communities, to enjoy and take part in the arts remains our main goal. We will be placing particular emphasis on diversity and equality, tackling the barriers – social, cultural and economic – that prevent our achievement of this goal.

Council has focused its programme of work for 2018-19 around its strategy of Make: Reach: Sustain.

### **The guide for this work is the Welsh Government's Well-being of Future Generations Act**

The arts self-evidently contribute to our well-being and quality of life. And we know that the arts can bring substance and imagination to the delivery of a wide range of civic strategies. Ensuring that we make a positive contribution to the Well-being agenda will be a priority that informs all aspects of our work in 2018-19.

Sustainable development will be one of our central organising principles and we will put the well-being of the people of Wales, now and in the future, at the centre of our decision-making processes.

### **Promoting Equalities as the foundation of a clear commitment to reach more widely and deeply into all communities across Wales**

We want to find new ways of encouraging more people – and a wider range of people – to enjoy and take part in the best that the arts can offer. This will be challenging.

The gap is especially striking in the very low number of disabled people and those from BAME backgrounds employed in the arts or represented on boards of management. This has been a matter of considerable concern to Council for some time. Whether attending, taking part or working in the administration of the arts as employee or board member, Council is determined to see a wider cross-section of the population having the opportunity to be involved in the publicly funded arts. We have set clear targets, described in detail in our Strategic Equalities Plan.

### **In these testing economic times we want to improve the capability and resilience of the arts sector**

Building the resilience and capability of the arts sector is an investment in competence and durability – equipping organisations and artists with the practical skills to realise their creative potential.

Our Resilience programme helps to address these issues and is currently the focus of our relationship with the majority of members of our Arts Portfolio Wales. However, we face growing pressure to extend Resilience to help protect and strengthen other areas of activity, including organisations outside the Arts Portfolio Wales. We will look at how we might do this in the year ahead.

Building the capability of the individual artist represents a different type of challenge. Whether working singly or together, locally or globally, our goal is to create the circumstances in which our artists can pursue viable, sustainable careers from a Welsh base.

## **As a Welsh Government Sponsored Body we also work within a strategic framework agreed with the Government**

The Welsh Government's expectations of us are set out in an annual Remit Letter. A copy of our Remit Letter for 2018-19 can be found on our website.

Our Remit Letter sets out four areas of priority.

- 1 **United and connected** – we want as many people as possible to experience and enjoy the arts: to be inspired by imagination and creativity, excited by ambition and spectacle, intrigued by the new and unfamiliar. We will therefore build on the successes of the key organisations that we fund, encouraging them to continue to reach out to new organisations.

But we will also be working to widen, and deepen, the reach of the arts through a proper commitment to diversity and equality. We will promote vigorously the right of people to explore their own creativity through the culture or language of their choice, whether as consumer, participant or artist.

Building connections is important at all levels – local, national and international. Seeing the arts of Wales alongside the best that the world can offer raises standards and increases choice. We will also work to improve the international impact and recognition for the arts and culture of Wales on the world stage, bringing national and international cultural events to Wales. Through our international division, Wales Arts International, we will continue to assist the Welsh Government in delivering its Cultural Memorandum of Understanding with the Chinese Government.

- 2 **Prosperous and secure** – the arts provide jobs and create wealth for Wales' economy. Exploiting the commercial potential of the arts and creative industries will be an area of priority. The arts are important in their own right. But we also know that the creative and cultural industries are a vital engine for Wales' economy. They contribute directly in terms of job and wealth creation, through the creation, distribution and retail of goods and services.

We will continue our Resilience programme, helping our funded organisations to increase earned income and reduce the level of dependency on public funding. As we plan for the future, we will continue to find new ways of ensuring that the arts – and the Arts Council itself – have the resilience to weather economic volatility.

- 3 **Ambitious and learning** – we will continue to work in partnership with the Welsh Government to implement our joint strategy Creative Learning through the Arts. We will also be looking more broadly at skills development to explore ways in which creativity can provide young people with the capability to succeed in the world of work.
- 4 **Healthy and active** – through the many projects that we support we see the positive impact that engaging with creative activity and the arts can have on health and well-being. As well as preventing ill health, the arts can help to regenerate, strengthen and enrich some of our poorest communities and improve the quality of life of disadvantaged and vulnerable people. In 2017-18 we published a detailed mapping report highlighting the range of activity across Wales. Working with Health Boards and the Welsh NHS Confederation, we intend to enhance the impact of these activities.

*Nicholas Capaldi*  
Accounting Officer  
6 July 2018

Endorsed on behalf of Council:

*Phil George*  
Chairman  
6 July 2018

# Accountability Report

## Corporate Governance

### Our Trustees

Council Members who served since 1 April 2017 were:

	<b>Attendance at meetings during 2017-18</b>			
	<b>Council</b>	<b>Assurance Committee</b>	<b>Capital Committee</b>	<b>HR &amp; Remuneration Committee</b>
	7	5	5	3
Phil George, Chair from 1 April 2016	7			
Marion Wyn Jones from 1 April 2012 Vice Chair from 1 April 2017 Chair of Welsh Language Monitoring Group	7			
Iwan Bala from 1 November 2016	6			
Andy Eagle from 1 November 2016 Member of HR & Remuneration Committee	6			3
Kate Eden from 1 April 2017 Member (from 7 July 2017) of HR & Remuneration Committee Chair (from July 2018) of Audit & Risk Assurance Committee	6			2/2
Michael Griffiths OBE from 1 April 2012 Member of Audit & Risk Assurance Committee Chair of HR & Remuneration Committee	5	4		3
Melanie Hawthorne from 1 April 2012 Chair of Future Generations Monitoring Group	5			
Dr Lesley Hodgson from 1 April 2012 to 31 March 2018 Chair of Audit & Risk Assurance Committee (to 31 March 2018)	4	3		
Margaret Jervis MBE DL from 1 April 2008 to 31 March 2017 Chair of HR & Remuneration Committee (to 31 March 2017)	6			3
Andrew Miller from 1 April 2012	5			

	<b>Attendance at meetings during 2017-18</b>			
	<b>Council</b>	<b>Assurance Committee</b>	<b>Capital Committee</b>	<b>HR &amp; Remuneration Committee</b>
	7	5	5	3
Rachel O'Riordan from 1 April 2017 Member (from 7 July 2017) of Capital Committee	4		2/3	
Dafydd Rhys from 1 April 2017 Member (from 7 July 2017)(Chair from 1 April 2018 to June 2018) of Audit & Risk Assurance Committee	6	3/3		
Richard Turner from 1 April 2010 Chair of Equalities Monitoring Group	7			
Alan Watkin from 1 April 2010 Member of Capital Committee	7		5	
John C Williams from 1 April 2010 Chair of Capital Committee	3		2	
		<b>Attendance of independent Committee members during 2017-18</b>		
		<b>Assurance Committee</b>	<b>Capital Committee</b>	<b>HR &amp; Remuneration Committee</b>
		5	5	3
Andrew Butler		5		
Katrina Michael		3		
Arwel Thomas		4		
Ruth Cayford			3	
Mark Davies			4	
Roland Wyn Evans			2	
Alan Hewson			5	
Valerie Ellis				2/2
Philip Westwood				3

In accordance with the Council's Code of Best Practice, members of Council and independent Committee members make declarations of interest in respect of directorships, memberships of boards of management (or equivalent) or employment which may conflict with their Arts Council of Wales' responsibilities. The register of interests of Members of Council and of independent Committee Members is available for public inspection, by appointment, at each of the Council's offices during normal working hours.

All financial transactions between members and the Council are disclosed in note 13 to the financial statements, *Related party transactions*.

### **Personal data related incidents**

The Council has controls and policies in place to ensure data integrity. ICT systems ensure that the physical security of data is tightly controlled. As far as we are aware, no loss of data occurred during the period under review.

### **Our Chief Executive and Accounting Officer**

Nicholas Capaldi

### **Our Offices**

Mid and West Wales region:  
The Mount  
18 Queen Street  
Carmarthen  
SA31 1JT

North Wales region:  
Princes Park II  
Princes Drive  
Colwyn Bay  
LL29 8PL

South Wales region  
and national office:  
Bute Place  
Cardiff  
CF10 5AL

#### *Auditor*

Comptroller and Auditor General  
157-197 Buckingham Palace Road  
London  
SW1W 9SP

#### *Internal auditors*

Deloitte LLP  
5 Callaghan Square  
Cardiff  
CF10 5BT

#### *Solicitors*

Geldards LLP  
Dumfries House  
Dumfries Place  
Cardiff  
CF10 3ZF

#### *Bankers*

Santander UK p.l.c.  
9 Queen Street  
Cardiff  
CF10 2UD

## Statement of Council's and the Accounting Officer's responsibilities

Under Section 35 of the National Lottery etc. Act 1993 (as amended) the Council is required to prepare for each financial year a statement of accounts for its Lottery distribution activities in the form and on the basis determined by the Secretary of State for Digital, Culture, Media & Sport. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Council and of its income and expenditure, changes in equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Digital, Culture, Media & Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Principal Accounting Officer for the Welsh Government has designated the Chief Executive as the Accounting Officer of the Council. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Council's assets, are set out in Managing Welsh Public Money published by the Welsh Government.

*Nicholas Capaldi*  
Accounting Officer

6 July 2018

### **Endorsed on behalf of Council**

*Phil George*  
Chairman

6 July 2018

## Accounting Officer's confirmations

In accordance with the National Lottery etc. Act 1993 (as amended) the Comptroller and Auditor General conducts the Council's external audit on terms approved by the Secretary of State for Digital, Culture, Media & Sport.

So far as I am aware, as the Accounting Officer, there is no relevant audit information of which the Council's auditor is unaware. I believe that I have taken all the steps that would be expected of me as Accounting Officer to make myself aware of any relevant audit information and to establish that the Council's auditor is aware of that information.

I consider that the annual report and financial statements as a whole are fair, balanced and understandable and I take personal responsibility for them and the judgments required for determining that they are fair, balanced and understandable.

*Nicholas Capaldi*  
Accounting Officer

6 July 2018

## Governance Statement

This Governance Statement is the personal responsibility of me, Nick Capaldi, the Arts Council of Wales' Accounting Officer and Chief Executive. It sets out the governance arrangements of the Arts Council of Wales.

It also describes how I have discharged my responsibilities for ensuring that we conduct our business, in respect of both exchequer and lottery activity, in accordance with the law. This includes providing the necessary assurances that we are adhering to proper standards and establishing the necessary safeguards to protect the use of public money.

I explain how these funds are properly accounted for, and used economically, efficiently and effectively to support the delivery of our plans and priorities.

### The legislative framework

We operate within a carefully prescribed and regulated legal environment. The Arts Council of Wales is accountable to the Welsh Government's Minister for Economy and Infrastructure. We work within a framework that sets out the terms and conditions under which Welsh Ministers provide our grant-in-aid funding, and how we are able to use this funding. We manage our funds with probity and in the public interest and, along with other public bodies in Wales, adhere to the principles contained in Managing Welsh Public Money.

As a distributor of Lottery funds under the National Lottery etc. Act 1993 (as amended), we are accountable to the UK's Secretary of State for Digital, Culture, Media & Sport. Our financial directions are issued by the Secretary of State, and our policy directions by the Welsh Ministers. These set out how we must operate in respect of Lottery distribution activities.

We are required to account for Lottery distribution activity separately from the rest of our work, and we have appropriate arrangements in place to ensure that we produce two sets of published accounts. Our Lottery Distribution accounts are audited under an arrangement with National Audit Office by the Wales Audit Office. The Wales Audit Office also audits our General Activities account.

As a charity we have to ensure that we comply with the requirements of the Charities Acts 1960, 2006, 2011 and 2016. As such, we follow guidance issued by the Charity Commission, acting solely to further our chartered and charitable objectives.

The activities we carry out in connection with our Collectorplan scheme are subject to the Consumer Credit Act and guidance issued by the Financial Conduct Authority.

We have designed our systems, processes and controls to take account of these various responsibilities. Within these frameworks we make independent decisions regarding the strategic direction of the organisation, grant funding, and other financial decisions.

Risk assessment is fundamental in our operations and this Governance Statement should be read in conjunction with the Principal risks and uncertainties section of the Performance Report.

Should the need arise, the Public Services Ombudsman for Wales, the Parliamentary Commissioner for Administration, the Charity Commission, the Financial Conduct Authority, the Information Commissioner, the National Audit Office, and the Wales Audit Office are all able to investigate the Council's affairs.



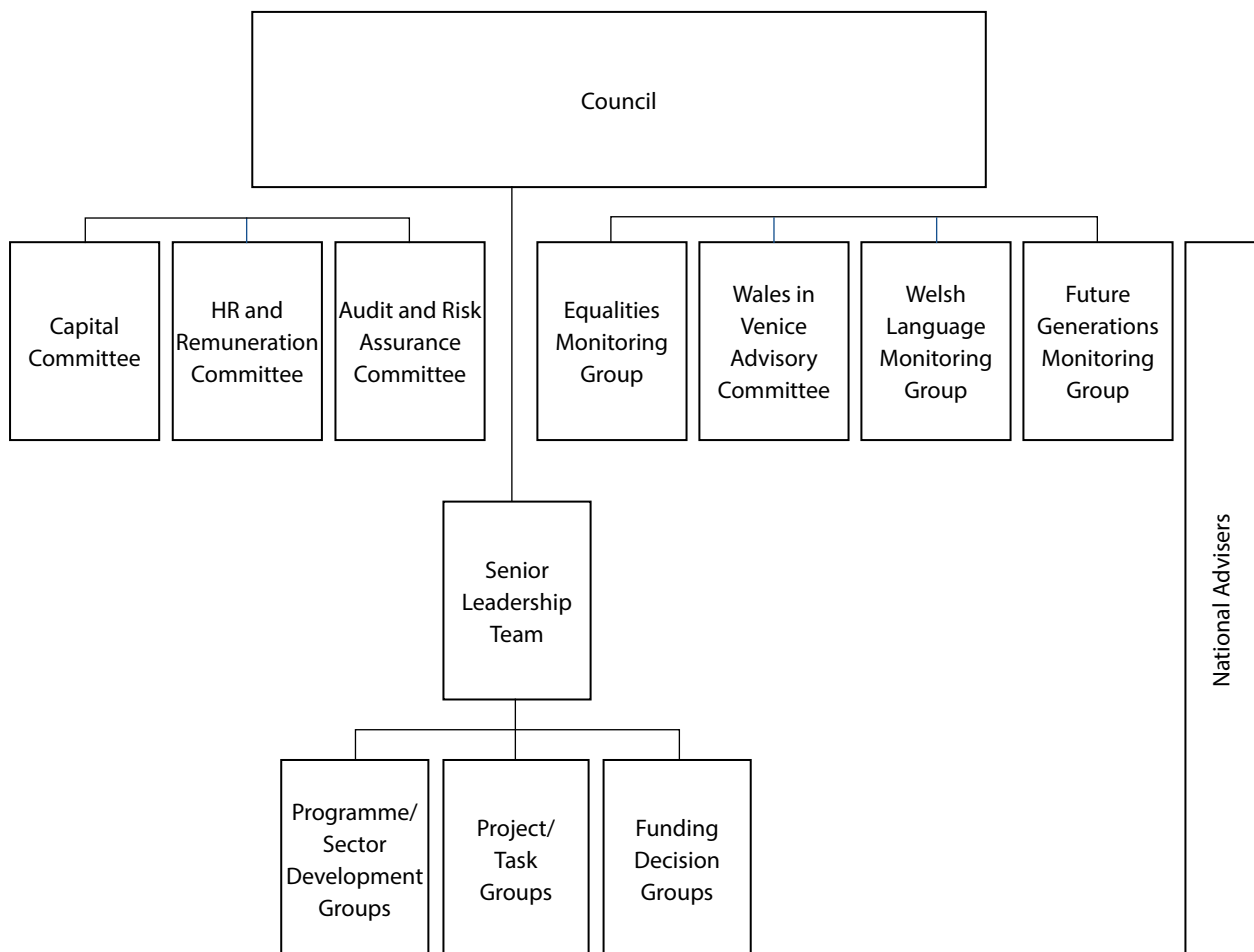
## Our Governance structure

We are governed by a Board of Trustees – Council – which consists of a Chair and up to seventeen other independent members, one of whom is appointed as Vice-Chair. Each Trustee brings specific expertise and knowledge to the oversight and development of our activities. At the end of March 2018, our Council comprised of the Chair plus thirteen members. Following the expiry of the term of office of one member, at the time of signing these accounts Council comprised of the Chair plus twelve members.

### Our Governance arrangements

Our Trustees are appointed by the Minister for Economy and Infrastructure through an open selection process, conducted in accordance with Nolan principles. Appointments are usually for a three year term, renewable for a maximum of two additional terms.

The Chair of Council is a remunerated position, at a rate set annually by Welsh Government. All other Trustees provide their time and expertise on a voluntary basis. However, they are reimbursed for out-of-pocket expenses incurred on Council business, a summary of which is contained in the Remuneration and Staff Report.



## Council

**Responsibilities** Council is responsible for the strategic direction and management of our organisation. It is also responsible for ensuring that we, through me as Chief Executive, operate within the various accountabilities required of us.

Council members are responsible for key decisions on corporate policy: the formulation of our Corporate and Operational Plans, and any major alterations to the terms and conditions of service for staff. They set the annual budget, decide on the annual allocation of grants to organisations in the Arts Portfolio Wales, and approve all grants over £50,000 or, in the case of Lottery funded capital projects, over £250,000 and Resilience awards over £100,000. Decisions below these thresholds are delegated to authorised staff and to the Capital Committee.

Members attend arts events across Wales as representatives of Council.

**Summary of Discussions during 2017-18** As part of its ongoing scrutiny of **Governance**, Council prepared and monitored the **Operational Plan** for the year. Council also initiated and led the production of a new **Corporate Plan 2018-23**. As part of the preparatory work we undertook an extensive nation-wide consultation – our All Wales Creative Conversation.

In the face of the underlying trend of **reducing levels of Lottery income** for the good causes, Council undertook a detailed strategic review which has led to a focusing of our spending plans for the future. We will be consulting on proposals during 2018-19.

Key projects included the third year of the **Creative Learning** programme, delivery of the **Resilience** programme and publication of a detailed **Arts and Health** mapping exercise.

A significant task for Council during the year was the oversight of our **Organisational Review** and its changes to staff structures. Cuts to staff numbers have been challenging and Council has been supporting the senior leadership team in promoting a reinvigorated organisational culture.

**Frequency of meetings and attendance** Council met 7 times during 2017-18 to discharge its responsibilities. During the year, members in total attended meetings on 78 out of a possible 98 occasions. Council meetings are normally held approximately every 6 weeks, but additional meetings were held in connection with the Organisational Review. Copies of agendas and minutes of our Council meetings can be found on our website: [[www.arts.wales/about-us/council/papers](http://www.arts.wales/about-us/council/papers)].

To help support its work, Council has appointed three committees to provide specialist advice. These are: Audit & Risk Assurance; Capital; and the HR & Remuneration committees. It also has an ad hoc advisory committee, to advise on Wales' presence at the international Biennale of Art in Venice, and three internal monitoring groups.

Each Committee includes Council members, one of whom acts as Chair, and independent committee members appointed through an open selection process for their specialist skills and experience. The minutes of each Committee meeting are provided to Council for discussion and approval. Terms of reference for each committee can be found on our website. Terms of reference are reviewed annually.

All new members of Council and of each Committee undergo an induction process appropriate to their role, and are encouraged to continue their development during their period of appointment.

Our three internal monitoring groups are – Equalities, Future Generations and Welsh Language. These help drive forward Council's agenda in these areas. Council received minutes of each meeting.

Our National Advisers support us in our work, offering their time and expertise on a voluntary basis. Their specialist knowledge and help contributes to policy development, the assessment of grant applications, and advice to officers. They are appointed through an open recruitment process.

## Audit and Risk Assurance Committee

Responsibilities	<p>Audit &amp; Risk Assurance Committee is responsible for providing assurance to Council on the effectiveness of our governance, risk management and internal control arrangements. It scrutinises the organisation's management and administration to test that processes and procedures are being operated to the high standard that Council expects.</p>
Summary of Discussions during 2017-18	<p>New members joined the Committee during the year. A new Chair was also appointed at the end of the financial year. Thorough <b>induction</b> and regular <b>training</b> is provided to all Committee members.</p> <p>An important aspect of the Committee's work is scrutiny of the <b>Corporate Assurance Framework</b> and <b>Corporate Risk Register</b>. Together these documents provide assurance to Council that the systems, processes and behaviours that exemplify good governance and effective operation are in place.</p> <p>The Committee receives all <b>internal audit</b> reports and monitors the progress of any recommendations that have been raised. In 2017-18 8 reports were presented. Of the areas reviewed, 6 were given a 'substantial' assurance rating and 2 'moderate'. A total of 2 advisory reports were also presented.</p> <p>The Committee scrutinised aspects of the <b>Organisational Review</b> and the Committee commissioned research from our internal auditors into the conduct and implementation of the Review.</p> <p>During the year the Committee was especially keen to ensure that the Arts Council's policy and strategy for <b>cyber security</b> remained fit for purpose.</p> <p>As part of its cycle of meetings, the Committee visited the rehearsal studios of APW organisation <b>Ballet Cymru</b>. This provided members with a practical insight into how one of the Arts Council's key organisations tackles the challenges that it faces.</p>
Frequency of meetings	<p>The Committee met 5 times during 2017-18 to discharge its responsibilities. During the year, members in total attended meetings on 22 out of a possible 28 occasions. Committee meetings are normally held quarterly, with an additional meeting in early Summer.</p>

## Capital Committee

Responsibilities	<p>Capital Committee is responsible for advising Council on the development of policy on all aspects of capital development, including funding priorities and schemes. The Committee has also provided oversight of the Ideas: People: Places programme. Council delegates to the Committee the authority to make funding decisions on lottery capital grants from £50,001 to £250,000, and for making recommendations on larger capital grants to Council. The Committee is responsible for monitoring live projects and advising Council accordingly.</p>
Summary of Discussions during 2017-18	<p>The Committee's principal activity during the year was monitoring delivery against Council's five year <b>Capital Development strategy</b> (2012-2017). A particular success was the opening of <b>Ty Pawb</b> in Wrexham, the culmination of a decade or more of careful advocacy and development.</p> <p>As part of Council's longer-term financial planning the Committee was asked to identify potential priorities for the period through to 2022/23 (the final year of the current National Lottery licence). The Committee considered projects in development, ensuring that there was an appropriate match between applications in the pipeline and the funds needed to support those applications.</p> <p>The drawdown of funds continues to present issues. Under Lottery rules a full commitment of funds must be accounted for at the time of award. However, applicants' problems in securing the required partnership funding means that projects are taking longer to realise. This has implications for Lottery capital balances.</p> <p>The Committee also oversaw the management and administration of Council's <b>Ideas: People: Places</b> programme. It noted that the projects were now drawing to a close and a detailed evaluation would be published in the year ahead.</p>
Frequency of meetings	<p>The Committee met 5 times during 2017-18 to discharge its responsibilities. During the year, members in total attended meetings on 23 out of a possible 33 occasions. Committee meetings are held approximately every 2 months, but with fewer meetings during the summer.</p>

## HR and Remuneration Committee

Responsibilities	The HR and Remuneration Committee has responsibility for agreeing the level of remuneration for the Chair, within the limits determined by the Welsh Ministers; for setting the Chief Executive's annual objectives and reviewing his performance; for the appointment of senior roles within the executive; and for the oversight and monitoring of HR matters on behalf of Council.
Summary of Discussions during 2017-18	<p>The Committee's principal activities during the year involve oversight of Council's HR policies, and management of pay policies. Council also reviewed management information outlining our performance against HR objectives.</p> <p>Council specifically sets the remuneration of the Chair and Chief Executive, under guidance issued by the Welsh Government. The Committee advises the Chair on the preparation of <b>work planning objectives</b> for the Chief Executive.</p> <p>The <b>Pay Remit</b> covers all other salaried members of staff and is submitted to the Welsh Government for approval.</p> <p>A key issue for the Committee during the year was the Council's re-organisation of staff, its <b>Organisational Review</b>. As well as commenting on the implementation of the new staff structure, the Committee was also concerned to ensure that staff were adequately supported as new arrangements were put in place.</p> <p>The Committee initiated a review of all <b>HR policies</b> and is actively engaged in the development of new <b>performance management and appraisal</b> processes.</p>
Frequency of meetings	The Committee met 3 times during 2017-18 to discharge its responsibilities. Members in total attended on 13 out of a possible 13 occasions.

## How we work

### We promote values of good governance

We observe Lord Nolan's seven **Principles for Public Life** and strive to ensure that all of our employees, Trustees, Committee members and National Advisers understand, apply and adhere to these Principles.

To support this, we have a **Code of Best Practice** which helps to ensure that the roles and responsibilities of members and officers are clearly defined. It also contains the expected standards of propriety that members and staff should adhere to. The Code was reviewed and updated during the year. You can find a copy on our website.

Each member of Council, of each Committee, and all National Advisers and staff are required to complete an annual **Declaration of Interest** statement, and to ensure that changes in circumstances are notified promptly. The register of interests of Members of the Council, Committees and National Advisers is available for public inspection, by appointment, at each of the Council's offices during normal working hours.

Council and the Audit & Risk Assurance Committee each carried out an annual self-assessment review of its performance. Overall, the findings of these evaluations were positive during 2017-18. Areas identified for improvement are captured in action plans. In particular, Council's own annual self-assessment review concluded that the vast majority of its indicators of effectiveness had been met.

Council was content with progress made during the year to address areas identified in last year's review. Council recognised the importance of ensuring an appropriate mix of arts expertise and skills on the Trustee Board as new members are appointed. Particular areas of focus will include quality monitoring, encouraging further commitment to the Welsh language amongst funded organisations, and the effective use of information and communication technology.

The Corporate Governance code issued by HM Treasury does not directly apply to the Arts Council of Wales. However, as Accounting Officer, I am satisfied that the arrangements we have in place reflect good practice. I also believe that the Arts Council has complied with the principles of accountability, effectiveness, and leadership expressed within the Treasury's Code, in so far as they are relevant to Welsh Government Sponsored Bodies and Lottery Distributors. Council endorses this view.

### Whistle-blowing

The Council has an established whistle-blowing policy which is brought to the attention of staff at induction and available within the Council's operational handbook and intranet. The policy is reviewed at least every three years. There were no reported incidents during the year.

### Taking informed decisions

The decisions taken by our Council and Committees are informed by advice provided by staff of the Arts Council. Papers and reports produced by officers are expected to show clearly all the relevant information that is needed to enable informed decisions to be taken. All key papers highlight: financial, HR and environmental implications; risks; and an assurance statement.

Papers are circulated in advance of each Council and Committee meeting, for consideration by members, with tabled items and verbal reports only accepted in exceptional circumstances. Council was content during the year with the timeliness and quality of data and information provided for its use. In the rare instances where the information provided does not meet the required standards, the paper is rejected and a replacement commissioned.

Where appropriate, advice from officers is supplemented with specialist advice from our National Advisers and, where relevant, with specialist expert advice and legal opinions. Council will continue to ensure that it has sufficient time and information to properly debate policy and consider the future direction of the organisation.

Key policy proposals are put out to public consultation. Responses and feedback further inform discussions at Council before policies are finalised.

### We provide funding to third parties

One of the most important duties of the Arts Council is the distribution of funding to develop and support the arts in Wales. We are a major distributor of funding – from the Welsh Government, the National Lottery and other sources, including, where applicable, European funds. We take our responsibilities very seriously.

We have developed robust and accountable systems and procedures to support this key activity. Our grant making and monitoring processes are reviewed annually by our internal auditors to ensure they remain fit for purpose. The Wales Audit Office also examines our grant making activities each year. All recommendations made by our internal and external auditors are monitored by our Audit & Risk Assurance Committee to ensure they are implemented on a timely basis.

Decisions to award an organisation revenue funded status and admission to the Arts Portfolio Wales (APW) are taken by Council based on the advice of, and supported by, rigorous assessments carried out by officers.

### Security of data

We hold large amounts of data, and treat our obligations under the Data Protection Act and General Data Protection Regulations (GDPR) seriously. We have prepared for GDPR across all areas of our organisation, reviewing our current practices to ensure full compliance with the regulations from 25 May 2018. Our ICT systems and rules ensure that the security of data is tightly controlled. We regularly assess our security arrangements and have taken steps to make them more robust. We will continue to monitor them closely.

Neither the high level review over IT controls carried out by our external auditors, nor our programme of internal audit reviews carried out during the year, nor the annual security review on behalf of Welsh Government, highlighted any matters of serious concern in this area. To the best of my knowledge and belief, no loss of data occurred during the year.

### Ministerial directions

As a Welsh Government Sponsored Body we are subject to non-statutory instruments, containing appropriate directions. No Directions were issued to us during the year, nor were we issued with any Ministerial Directions in respect of our Lottery activities.

### Audit outcomes

The findings of the National Audit Office and Wales Audit Office annual audits are reported in a Management Letter addressed to Council. Our Audit & Risk Assurance Committee considers the findings and monitors them to ensure appropriate action is taken on a timely basis. Grant making will continue to be a primary focus of management and the Committee's attention.

### Overall assessment of governance and internal control

In my opinion, the Arts Council of Wales' systems of governance and internal control are sufficient to enable me to discharge my responsibilities as Accounting Officer.

*“Based on the work we have undertaken during the year we are able to conclude that the Arts Council has a basically sound system of internal control, which should provide substantial assurance regarding the achievement of the Arts Council’s objectives. However, there remain risks in respect of the quality monitoring actions which are outstanding and the challenges posed by the morale issues raised in the advisory report on the Organisational Review.*

Internal Audit Annual Report  
Deloitte LLP, Internal Auditor

*Nicholas Capaldi*  
Accounting Officer

6 July 2018

*Phil George*  
Chairman

6 July 2018  
Endorsed on behalf of Council



## Remuneration and Staff Report

The terms of appointment of the Chairman and Chief Executive are agreed with the Welsh Government.

The Council remunerates its remaining staff in accordance with an agreed pay and grading system.

Each year, in consultation with the recognised trade union, a pay remit is produced and submitted to the Welsh Government for approval. The resultant pay and conditions package is binding on the whole of the Council until the next round of negotiation. Increases under the pay remit are dependent upon performance established by the Council's system of personal development reviews.

With the approval of the Charity Commission the Chairman is remunerated at a rate determined by the Welsh Government which reflects a minimum time commitment to Council business. Annual increases of the Chairman's salary are also advised by the Welsh Government but he receives no bonus payments and is not a member of the pension scheme.

The Chief Executive's remuneration consists of a basic salary plus eligibility for an annual bonus. Annual bonuses are recommended to Council by the HR & Remuneration Committee in consideration of the performance of the Chief Executive against a set of predetermined objectives. The Committee's recommendation that the Chief Executive be offered a full bonus was endorsed by Council. However, the Chief Executive waived his entitlement to a non-consolidated bonus for 2017-18 and has accepted the same level of consolidated increase as other eligible members of staff.

Council members are appointed by the Welsh Ministers for a period of three years and may be re-appointed for a further period. The current Chairman, Phil George, took over the chairmanship on 1 April 2016.

The Chief Executive and Directors – the Senior Leadership Team – are all employed on permanent contracts on the Council's standard terms and conditions. They are entitled to thirteen weeks' notice of termination of employment.

The dates of commencement of employment are:

Phil George Chairman	1 April 2016
Nicholas Capaldi Chief Executive	15 September 2008
David Alston Director of Arts	1 July 2005
Dr Katherine Davies Director of Investment and Funding Services from 1 February 2012	24 August 1998
Diane Hebb Director of Engagement and Participation from 1 February 2012	13 January 1992
Siân Tomos Director of Enterprise and Regeneration from 1 February 2012	3 May 1994
Hywel Tudor Director of Finance and Resources to 27 August 2017	21 January 2002
Gwyn Williams Director of Finance and Business Services	4 September 2017

**Staff costs (subject to audit)**

			2017-18	2016-17
	Permanently employed	Other	Total	Total
	£000	£000	£000	£000
Wages and salaries charged to Lottery distribution activity	849	23	872	931
Social security costs	95	1	96	101
Other pension costs	204	1	205	213
Redundancy costs	1	-	1	255
Agency costs	-	3	3	1
	<b>1,149</b>	<b>28</b>	<b>1,177</b>	<b>1,501</b>

**Staff numbers (subject to audit)**

The average number of staff (full time equivalents) employed across the whole Council during the year was:

	No	No	No	No
Direct delivery of our activities	7	11	18	20
Recharged to direct delivery and in support of our operations	63	3	66	68
Agency staff costs	-	0	0	0
	<b>70</b>	<b>14</b>	<b>84</b>	<b>88</b>

Based on time apportionments, the average number of staff (full time equivalents) employed on Lottery distribution during the year was:

In support of our operations	<b>26</b>	<b>1</b>	<b>27</b>	<b>29</b>
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The balance of 57 (2016-17: 59) staff were employed on general activities.

**Pension costs (subject to audit)**

Most employees are members of the Arts Council Retirement Plan 1994 (ACRP). The fund is a defined benefit scheme. It is also a multi-employer scheme so the Council is unable to identify its share of the underlying assets and liabilities. The scheme has therefore been accounted for as if it were a defined contribution scheme, in accordance with IAS 19.

An independent actuarial valuation of the ACRP normally takes place every three years. The most recent valuation, as at 31 March 2016, came into effect on 1 April 2017. The valuation introduced new contribution rates for the Council in respect of accruing benefits. It assumes a continuing requirement that a minimum level of payment be made each year towards the past service deficit, at a rate advised by the scheme actuary. In order to eliminate the deficit, the actuary recommended a level of employer contributions over the next 12 years, compared to the 9 years used previously.

On the assumption that the recommended amounts would be paid to the Plan, the actuary's opinion was that the resources of the scheme are likely in the normal course of events to meet in full the liabilities of the scheme as they fall due. The main actuarial assumptions used were that: Retail Prices Index (RPI) inflation would be market implied RPI inflation curve (with allowance for 0.3% per annum inflation risk premium); Consumer Prices Index (CPI) inflation would be RPI curve less 1.0% per annum; pay increases would be 1.5% per annum for the first 4 years and in line with RPI thereafter; pension increases would be equal to the relevant inflation assumption; and the past and future service discount rate would be market implied gilt yield curve plus 1.2% per annum.

Contributions by the Council and its employees were:

<b>For staff joining the Plan:</b>	<b>Council</b>		<b>Employees</b>	
	<b>2017-18</b>	2016-17	<b>2017-18</b>	2016-17
on or before 31 August 2006	<b>21.4%</b>	22.0%	<b>3.0%</b>	1.5%
from 1 September 2006 to 31 March 2010	<b>21.4%</b>	20.0%	<b>5.0%</b>	3.5%
on or after 1 April 2010	<b>21.4%</b>	17.5%	<b>6.0%</b>	6.0%

The Council was also required to contribute a minimum payment of £48,700 towards the deficit during 2017-18 (2016-17: £48,700).

From 1 April 2018 contributions changed to:

<b>For staff joining the Plan:</b>	<b>Council</b>	<b>Employees<sup>1</sup></b>
on or before 31 August 2006	<b>21.4%</b>	4.5%
from 1 September 2006 to 31 March 2010	<b>21.4%</b>	6.0%
on or after 1 April 2010	<b>21.4%</b>	6.0%

<sup>1</sup> It has been agreed that all employees' contributions will increase to 6% by April 2019.

There has been no change to the minimum annual payment towards the deficit.

The Council also pays 0.2% of pensionable salary in respect of each life assurance only member.

Under Auto Enrolment legislation all eligible employees are required to join a qualifying pension scheme, unless they formally opt out. We have introduced a defined contribution scheme, The People's Pension, as an alternative option for employees that were not members of the ACRP.

We auto-enrolled all eligible employees into The People's Pension on 1 May 2014, our official staging date. The Council contributes 4% and the employee 1%. These rates will change in the future, in line with the requirements of the legislation.

The Chief Executive and Directors are responsible for directing the Council's activities. Their actual emoluments and pension benefits were as shown in the following tables.

The amount of pension benefits for the year which contributes to the single total remuneration figures is calculated in a similar way to the method used to derive pension values for tax purposes, and is based on information received from the actuary of the Arts Council Retirement Plan 1994.

The value of pension benefits is calculated as follows:

$(\text{real increase in pension} * 20) + (\text{real increase in any lump sum}) - (\text{contributions made by member})$

\*excluding increases due to inflation or any increase or decrease due to a transfer of pension rights

This is not an amount which has been paid to an individual by the Council during the year, it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors, e.g. changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay, and other valuation factors affecting the pension scheme as a whole.

The single total remuneration figures of the Senior Leadership Team (subject to audit):

Name Position	Emoluments band £'000	Pension benefits £'000	2017-18	Emoluments <sup>1</sup> band £'000	Pension benefits £'000	2016-17
			Single total remuneration £'000			Single total remuneration £'000
Nicholas Capaldi Chief Executive	<b>95-100</b>	<b>21</b>	<b>115-120</b>	95-100	22	115-120
David Alston Director of Arts	<b>70-75</b>	<b>16</b>	<b>85-90</b>	70-75	17	85-90
Katherine Davies Director of Investment and Funding Services	<b>70-75</b>	<b>20</b>	<b>90-95</b>	65-70	36	105-110
Diane Hebb Director of Engagement and Participation	<b>70-75</b>	<b>19</b>	<b>90-95</b>	65-70	28	95-100
Siân Tomos Director of Enterprise and Regeneration	<b>70-75</b>	<b>22</b>	<b>90-95</b>	65-70	35	100-105
Hywel Tudor <sup>†</sup> to 27 August 2017 Director of Finance and Resources <i>Full year equivalent</i>	<b>125-130</b> 70-75	<b>5</b>	<b>130-135</b>	70-75	16	85-90
Gwyn Williams (0.6 FTE) Director of Finance and Business Services from 4 September 2017 <i>Full year equivalent</i>	<b>25-30</b> 40-45	<b>6</b>	<b>30-35</b>	N/A	N/A	N/A

<sup>†</sup>The Director of Finance and Resources is to be paid compensation of £95,000 (gross) for loss of office during 2017-18. The amount is not included in his single remuneration figure for this year but is included in the total of accrued redundancy and compensation costs in 2016/17.

The pension benefits of the Senior Leadership Team (subject to audit):

Name Position	2017-18	2017-18	2017-18	2016-17	2017-18
	Real increase in pension and related lump sum at age 65 £'000	Total accrued pension at age 65 as at 31/03/18 and related lump sum £'000	Cash Equivalent <sup>1</sup> Transfer Value at 31/03/18 £'000	Cash Equivalent Transfer Value at 31/03/17 £'000	Real increase <sup>2</sup> in Cash Equivalent Transfer Value £'000
Nicholas Capaldi Chief Executive	Pension 0-2.5 Lump sum 2.5-5	Pension 10-15 Lump sum 30-35	225	220	17
David Alston Director of Arts	Pension 0-2.5 Lump sum 0-2.5	Pension 10-15 Lump sum 30-35	231	227	16
Katherine Davies Director of Investment and Funding Services	Pension 0-2.5 Lump sum 2.5-5	Pension 25-30 Lump sum 80-85	522	555	16
Diane Hebb Director of Engagement and Participation	Pension 0-2.5 Lump sum 2.5-5	Pension 15-20 Lump sum 45-50	318	323	16
Siân Tomos Director of Enterprise and Regeneration	Pension 0-2.5 Lump sum 2.5-5	Pension 20-25 Lump sum 70-75	466	470	16
Hywel Tudor to 27 August 2017 Director of Finance and Resources	Pension 0-2.5 Lump sum 0-2.5	Pension 15-20 Lump sum 45-50	318	324	4
Gwyn Williams (0.6 FTE) Director of Finance and Business Services from 4 September 2017	Pension 0-2.5 Lump sum 0-2.5	Pension 0-5 Lump sum 0-5	6	<b>N/A</b>	<b>4</b>

- 1 Cash Equivalent Transfer Values** - A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Arts Council Retirement Plan 1994. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.
- 2 Real increase in CETV** - This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The Chairman is remunerated for his services but receives no bonus payments and is not a member of the pension scheme. Other Council and Committee Members receive no payment for their services. An aggregate amount of £15,979 (2016-17: £10,893) was reimbursed to 14 (2016-17: 12) Council members for travel and subsistence costs incurred on Council business. The aggregate amount allocated to Lottery Distribution activities was £8,383 (2016-17 (restated): £5,702).

The total actual emoluments of the Chairman and Chief Executive were made up of (subject to audit):

	<b>2017-18</b>	2016-17
	<b>£</b>	£
<b>Chairman</b>		
Salary	<b>43,810</b>	43,810
<b>Chief Executive</b>	<b>97,155</b>	95,250
Salary	<b>20,791</b>	19,050
Employer's pension contribution	<b>117,946</b>	114,300

Reimbursed travel and subsistence expenses incurred and defrayed whilst on Council business:

Chairman	<b>£6,317</b>	£4,298
Chief Executive	<b>£6,529</b>	£5,489

36% (2016-17: 36%) of the Chairman's and Chief Executive's emoluments are charged in these financial statements and the remainder to general activities.

The median annual remuneration (full time equivalents) at 31 March was (whole Council) (subject to audit):

<b>£32,334</b>	£31,700
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The range of annual remuneration (full time equivalents) at 31 March was (whole Council) (subject to audit):

<b>£20,550</b>	£20,147
<b>to £97,155</b>	to £95,250

The ratio between the median annual remuneration and the annual remuneration of the highest paid member of staff was (whole Council) (subject to audit):

<b>1:3</b>	1:3
------------	-----

### Staff composition at 31 March

(full time equivalents) (whole Council)

	<b>2017-18</b>			2016-17		
	<b>Male</b>	<b>Female</b>	<b>Total</b>	Male	Female	Total
Senior Management Team	<b>3</b>	<b>3</b>	<b>6</b>	3	3	6
Portfolio Managers/Heads of Department	<b>4</b>	<b>8</b>	<b>12</b>	7	10	17
Senior Officers	<b>8</b>	<b>6</b>	<b>14</b>	6	7	13
Officers/Development Officers	<b>10</b>	<b>19</b>	<b>29</b>	12	22	34
Team Co-ordinators/Personal Assistants	<b>2</b>	<b>15</b>	<b>17</b>	3	17	20
	<b>27</b>	<b>51</b>	<b>78</b>	31	59	90
	<b>35%</b>	<b>65%</b>		34%	66%	

## Compensation schemes - exit packages (whole Council):

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2017-18	2016-17	2017-18 <sup>1</sup>	2016-17	2017-18	2016-17
£10,000 to £24,999	-	-	1	3	1	3
£25,000 to £49,999	-	-	-	3	-	3
£50,000 to £99,999	-	2	-	3	-	5
<b>Total number of exit packages</b>	-	<b>2</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>11</b>
<b>Total cost (£'000)</b>	-	<b>167</b>	<b>10</b>	<b>360</b>	<b>10</b>	<b>527</b>

<sup>1</sup> During the year the Council entered into a settlement agreement and made an ex-gratia compensation payment to an employee who left office as a result of long-term illness. The ex-gratia compensation payment is charged to general activities.

Redundancy costs have been determined in accordance with the provisions of the Council's redundancy policy. The Council usually pays exit costs when employment ends but provides for the exit costs in full at the point when there is sufficiently detailed information to do so. Although there were no compulsory redundancies in 2017-18 there were further payments of £3,000 due to former employees as a result of a back-dated pay award.

The other departures agreed in 2016-17 related to requests for redundancy where, in accordance with the Council's redundancy policy, the employees' posts either disappeared in the new structure or were filled by other employees who would otherwise have been compulsorily redundant. There is no difference in the compensation entitlements of volunteers and those who are compulsorily redundant.

49% (2016-17: 48%) of the additional redundancy costs are charged in these financial statements and the remainder to general activities.

## Staffing

*“The Council’s staff represent an invaluable source of knowledge and expertise. Council owes a duty of care. We want our staff to be confident, competent and fulfilled, given every opportunity to succeed in their work.”*

Mike Griffiths  
Chair, HR & Remuneration Committee

The HR & Remuneration Committee members who served since 1 April 2017 were:

- Michael Griffiths OBE (Council member)
- Andy Eagle (Council member)
- Kate Eden (Council member) from 7 July 2017
- Valerie Ellis (independent member) from 1 September 2017
- Philip Westwood (independent member)

### Equal opportunities

The Council is committed to a policy of equality of opportunity in its employment practices. In particular, the Council aims to ensure that no potential or actual employee receives more or less favourable treatment on the grounds of age, disability, ethnic or national origin, gender, marital or parental status, nationality, political belief, race, religion or sexual orientation.

Council ensures that appropriate facilities are available for disabled employees. Public signage also promotes Council as a bilingual organisation.

Council operates a number of HR policies that reflect its legal obligations as an employer. Policies are reviewed on a regular basis and updated to reflect any relevant changes in legislation. The management of Council’s HR policies is monitored by the HR & Remuneration Committee.

### Employee communication

Council’s recognised trade union is Unite, with which it has established a procedural agreement; representatives of management and union meet regularly to discuss matters of current concern.

### Pension scheme

Most employees are members of the Arts Council Retirement Plan 1994 (ACRP). The fund is a defined benefit scheme. It is also a multi-employer scheme so the Council is unable to identify its share of the underlying assets and liabilities. In accordance with the Council’s accounting policies, the scheme has therefore been accounted for as if it were a defined contribution scheme, in accordance with IAS 19.

The Council also has a defined contribution scheme, The People’s Pension, as an alternative option to meet the needs of Auto Enrolment legislation. The scheme is accounted for in accordance with IAS 19.

### Sickness absence

	<b>2017-18</b>	2016-17
Days lost as a result of sickness	<b>574</b>	798
Average number of employees (full time equivalent)	<b>83.85</b>	87.67
Average number of days lost per employee	<b>6.84</b>	9.10

This represented an absence rate of 2.76% (2016-17: 3.67%) based on 248 working days.



## Consultancy

During 2017-18 the Council paid consultancy costs of £5,000 (2016-17: £10,000) in relation to expert advice and opinion obtained to assist in strategic decision-making. £2,000 (2016-17: £5,000) is charged in these financial statements and the remainder related to the Council's general activities.

# Parliamentary Accountability and Audit Report

## Remote contingent liabilities

The Council is an admitted employer of the Arts Council Retirement Plan 1994. The Plan is a funded, defined benefit, multi-employer scheme where the participating employers are unable to identify their shares of the underlying assets and liabilities.

In the event of the withdrawal of an employer, the debt triggered under section 75 of the Pensions Act 1995 would be calculated using the solvency shortfall of the entire Plan, not the employer's own asset share and liabilities. Also, in the event of Plan wind up, as the Plan is a "last man standing" arrangement all employers would be jointly and severally liable for the total shortfall in the Plan.

It is not practical to estimate the financial impact.

## Losses, special payments and gifts

The Council incurred no losses during the year and made no special payments or gifts.

## Fees and charges income

The Council has no material income of this kind.

*Nicholas Capaldi*  
Accounting Officer

6 July 2018

### **Endorsed on behalf of Council:**

*Phil George*  
Chairman

6 July 2018

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Members of the National Assembly for Wales

## Opinion on financial statements

I certify that I have audited the financial statements of the Arts Council of Wales Lottery Distribution Account for the year ended 31 March 2018 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows and Changes in Equity, and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

### In my opinion:

- the financial statements give a true and fair view of the state of the Arts Council of Wales Lottery Distribution Account's affairs as at 31 March 2018 and of the net expenditure for the year then ended;
- and the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Arts Council of Wales Lottery Distribution Account in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Respective responsibilities of the Council and Accounting Officer for the financial statements

As explained more fully in the Statement of Council's and Accounting Officer's Responsibilities, the Arts Council of Wales and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Arts Council of Wales Lottery Distribution Account's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Arts Council of Wales Lottery Distribution Account's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Other Information**

The Council and the Accounting Officer are responsible for the other information. The other information comprises information included in the Report accompanying the financial statements, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

*Sir Amyas C E Morse KCB*  
Comptroller and Auditor General

13 July 2018

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Statement of Comprehensive Net expenditure for the year ended 31 March 2018

	Notes	2017-18 £000	2016-17 £000
<b>Expenditure</b>			
Management and administration:			
Staff costs	2a	1,177	1,501
Other operating costs	2b	740	753
		<u>1,917</u>	<u>2,254</u>
Expenditure on the arts:			
Grants made		13,301	14,981
Less: Lapsed and revoked grants		(348)	(319)
Net grants made	7	12,953	14,662
Delegated distributors	9	1,651	1,361
Other arts awards	3	150	308
Direct costs of grant making	2c	287	85
		<u>15,041</u>	<u>16,416</u>
<b>Total expenditure</b>		<u>16,958</u>	<u>18,670</u>
<b>Income</b>			
Share of proceeds from the National Lottery	4	16,351	16,300
Investment income on balances in the National Lottery Distribution Fund	4	47	53
Other revenue		4	-
Interest receivable		12	11
Grants recoverable		19	55
<b>Total income</b>		<u>16,433</u>	<u>16,419</u>
<b>Total Comprehensive Income / (Expenditure) for the year</b>		<u>(525)</u>	<u>(2,251)</u>

There are no discontinued activities and there have been no acquisitions during the year.

There are no gains or losses other than those shown above.

*The notes on pages 60 to 70 form part of these financial statements.*

## Statement of Financial Position as at 31 March 2018

	Notes	£000	31 March 2018 £000	£000	31 March 2017 £000
<b>Non-current assets:</b>					
Trade and other receivables	5a		150		150
<b>Current assets:</b>					
Financial assets:					
Investments – balance held in the National Lottery Distribution Fund	4	15,619		21,291	
Trade and other receivables	5b	1		-	
Cash and cash equivalents	8	2,618		662	
<b>Total current assets</b>			<b>18,238</b>		21,953
<b>Total assets</b>			<b>18,388</b>		22,103
<b>Trade payables and other current liabilities – amounts falling due within one year:</b>					
Trade and other payables	6	(258)		(532)	
Other liabilities:					
Delegated distributors	6, 9	(861)		(654)	
Grants	6, 7	(12,824)		(13,163)	
<b>Total payables and other current liabilities</b>			<b>(13,943)</b>		(14,349)
<b>Non-current assets plus net current assets</b>			<b>4,445</b>		7,754
<b>Trade payables and other liabilities – amounts due after more than one year:</b>					
Grants	7		(2,126)		(4,910)
<b>Assets less liabilities</b>			<b>2,319</b>		2,844
<b>Equity/Reserves:</b>					
Net Expenditure account			<b>2,319</b>		2,844

The notes on pages 60 to 70 form part of these financial statements.

The financial statements were approved by the Arts Council of Wales and signed on its behalf by

Nicholas Capaldi  
Accounting Officer

6 July 2018

Phil George  
Chairman

6 July 2018

## Statement of Cash Flows for the year ended 31 March 2018

	<b>2017-18</b>	2016-17
	<b>£000</b>	£000
<b>Cash flows from operating activities</b>		
Net income/(expenditure)	<b>(525)</b>	(2,251)
Bank interest	<b>(12)</b>	(11)
(Increase)/Decrease in the balance held in the National Lottery Distribution Fund	<b>5,672</b>	86
(Increase)/Decrease in trade and other receivables	<b>(1)</b>	3
Increase /(Decrease) in trade and other payables and other liabilities	<b>(67)</b>	(360)
Increase/(Decrease) in grants payable	<b>(3,123)</b>	362
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>1,944</u></b>	<u>(2,171)</u>
<b>Cash flows from investing activities</b>		
Bank interest	<b>12</b>	11
<b>Net cash inflow from investing activities</b>	<b><u>12</u></b>	<u>11</u>
<b>Cash and cash equivalents</b>		
Net increase/(decrease) in cash and cash equivalent balances	<b>1,956</b>	(2,160)
<b>Balance at 1 April</b>	<b>662</b>	2,822
<b>Balance at 31 March</b>	<b><u>2,618</u></b>	<u>662</u>

## Statement of Changes in Equity for the year ended 31 March 2018

	<b>2017-18</b>	2016-17
	<b>£000</b>	£000
Balance at beginning of year	<b>2,844</b>	5,095
Net income/(expenditure) for the year	<b>(525)</b>	(2,251)
<b>Balance at end of year</b>	<b><u>2,319</u></b>	<u>2,844</u>

*The notes on pages 60 to 70 form part of these financial statements.*

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 1 Accounting policies

### *a Basis of preparation*

These financial statements are prepared under the historical cost convention. They have been prepared in a form directed by the Secretary of State for Digital, Culture, Media & Sport with the consent of HM Treasury, in accordance with Section 35(3) of the National Lottery etc. Act 1993, and with the consent of Welsh Ministers.

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS).

Impact of standards not yet effective

The application of any new or amended IFRS is governed by their adoption by the Government Financial Reporting Manual. The Council applies changes to standards when they become effective. There are no known material impacts from IFRS changes that have been issued and are not yet effective on the financial statements in the period of initial application.

### *b Recognition of income and expenditure*

All income is accounted for on an accruals basis. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

### *c General activities*

These financial statements do not cover the Council's general activities, funded mainly by grant-in-aid, for which separate financial statements have been prepared.

### *d Grants*

Grants are accounted for as expenditure in the Statement of Comprehensive Net Income/Expenditure and, until paid, as liabilities in the Statement of Financial Position if:

- (i) they have been formally approved by Council, or under delegated authority; and
- (ii) formal written notification (including email or other electronic communication) has been issued to the intended recipients; and
- (iii) the offers are free from any conditions under the Council's control.

Grants payable within one year of the year end are recognised in the Statement of Financial Position as current liabilities. Those payable more than one year after the Statement of Financial Position date are shown as such.

Grants which have been formally approved by Council, or under delegated authority, which do not meet the definition of liabilities are not included in expenditure in the Statement of Comprehensive Net Income/Expenditure or as liabilities in the Statement of Financial Position but are disclosed in note 7.



*e National Lottery Distribution Fund*

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Digital, Culture, Media & Sport. However, the share of these balances attributable to the Council is as shown in the accounts at market value and, at the Statement of Financial Position date, has been certified by the Secretary of State for Digital, Culture, Media & Sport as being available for distribution by the Council in respect of current and future commitments.

It is appropriate to classify the National Lottery Distribution Fund investments as 'available for sale', being in line with the Department for Digital, Culture, Media & Sport accounting policy, and this accounting treatment is appropriate to the Council. The policy is that investments are held at fair value with any unrealised profit or loss recognised through reserves.

*f Pensions*

The Council is an admitted employer of the Arts Council Retirement Plan 1994. The pension scheme provides defined benefits to Council employees. The costs of the Council's contributions are charged to the Statement of Comprehensive Net Income/Expenditure so as to spread the cost of pensions over employees' working lives.

The Plan is a funded, defined benefit, multi-employer scheme where the participating employers are unable to identify their shares of the underlying assets and liabilities. The scheme has therefore been accounted for as if it were a defined contribution scheme, in accordance with IAS 19. The Council has entered into an agreement to make payments to fund a deficit relating to past service so recognises a provision for the present value of contributions payable that result from the terms of that agreement. A share of the change in the present value of the deficit is charged to the Statement of Comprehensive Net Income/Expenditure.

The Council also has a defined contribution scheme, The People's Pension, as an alternative option to meet the needs of Auto Enrolment legislation. The scheme is accounted for in accordance with IAS 19.

*g Taxation*

Non-recoverable Value Added Tax arising from expenditure is charged to the Statement of Comprehensive Net Income/Expenditure or capitalised as a fixed asset where applicable.

*h Apportionment of management and administration costs from the General Activities Account*

The Council incurs costs which support both its general activities and Lottery distribution functions. In accordance with its Financial Directions the Council apportions indirect costs properly between these two areas of activity with reference to the time spent on, or the consumption of, the relevant resources by the respective activities.

*i Financial Instruments*

Financial assets: Trade receivables and other current assets do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Cash and cash equivalents comprises cash in hand and cash at bank and on short term deposit on instant access terms.

Financial liabilities: Trade payables and other current liabilities are not interest bearing and are stated at their nominal value.

## 2 Costs in support of our operations

### a Management and administration: Staff costs

			2017-18	2016-17
	Permanently employed	Other	Total	Total
	£000	£000	£000	£000
Wages and salaries charged to Lottery distribution activity	849	23	872	931
Social security costs	95	1	96	101
Other pension costs	204	1	205	213
Redundancy payments	1	-	1	255
Agency costs	-	3	3	1
	<u>1,149</u>	<u>28</u>	<u>1,177</u>	<u>1,501</u>

### b Management and administration: Other operating costs

	2017-18	2016-17
	£'000	£'000
Staff related costs	64	59
Organisational Review	21	8
Infrastructure	327	335
Office running costs	13	17
Professional and consultancy fees	135	146
Lottery promotion	13	12
Irrecoverable VAT	90	98
Charge for use of fixed assets	30	30
Auditor's remuneration – Audit <sup>1</sup>	19	19
Internal audit	11	10
Bad debts written off	17	18
Council meetings, including Members' travel and subsistence	-	1
	<u>740</u>	<u>753</u>

1 The audit fee is for audit services and no non-audit services were provided.

Management and administration costs are apportioned between the Council's general activities and Lottery distribution accounts with reference to the time spent on, or the consumption of, the relevant resources by the respective functions. The rates applied differ according to the expenditure heading and geographical region but the average charge to Lottery activities was 48% (2016-17: 48%).

c *Expenditure on the arts: Direct costs of grant making*

	<b>2017-18</b>	2016-17
	<b>£000</b>	£000
Assessors' fees	<b>29</b>	30
Resilience Fund support	<b>241</b>	46
Creative Conversations	<b>8</b>	-
<i>Criw Celf</i>	<b>3</b>	4
Creative Wales Awards – scheme expenses	<b>6</b>	5
	<b>287</b>	85

**3 Other arts awards**

	<b>2017-18</b>	2016-17
	<b>£000</b>	£000
Cross Border Touring	<b>150</b>	150
Beyond Borders awards in association with PRS Foundation	-	20
Unlimited awards in association with Arts Council England	-	138
	<b>150</b>	308

**4 National Lottery Distribution Fund**

	<b>2017-18</b>	2016-17
	<b>£000</b>	£000
Balance held in the National Lottery Distribution Fund (NLDF) at 1 April	<b>21,291</b>	21,377
Allocation of Lottery proceeds	<b>16,351</b>	16,300
Investment income receivable	<b>47</b>	53
Drawn down in the year	<b>(22,070)</b>	(16,439)
Balance held in the National Lottery Distribution Fund at 31 March	<b>15,619</b>	21,291

The balance in the National Lottery Distribution Fund at 31 March 2018 is in accordance with the Interim Certificate issued by the Department for Digital, Culture, Media & Sport.

**5 Trade and other receivables**

	<b>2017-18</b>	2016-17
	<b>£000</b>	£000
<i>a Non-current assets</i>		
Other receivables	<b>150</b>	150
<i>b Current assets</i>		
Grants recoverable	<b>1</b>	3

**6 Trade payables and other current liabilities – amounts falling due within one year**

	<b>2017-18</b>	2016-17
	<b>£000</b>	£000
Trade and other payables:		
Trade payables	<b>18</b>	1
Due to the Arts Council of Wales General Activities account:		
for apportioned costs <sup>1</sup>	<b>216</b>	510
Accruals and deferred income	<b>24</b>	21
Sub-total: Trade and other payables	<b>258</b>	532
Other liabilities:		
Delegated distributors <sup>2</sup>	<b>861</b>	654
Grants (note 7)	<b>12,824</b>	13,163
Sub-total: Other liabilities	<b>13,685</b>	13,817
 Total current liabilities	 <b>13,943</b>	 14,349
 1 The amount due to the Arts Council of Wales General Activities account is made up of:		
Recharges of apportioned costs		
– Staff	<b>115</b>	112
– Overheads	<b>71</b>	113
– Redundancy costs	-	255
– Charge for use of assets	<b>30</b>	<b>30</b>
	<b>216</b>	510
 2 The Council has delegated Lottery funds (note 9) to the following distributors:		
undrawn funds at 31 March		
– Ffilm Cymru Wales (for film)	<b>794</b>	579
– Literature Wales (for writers' bursaries)	<b>67</b>	75
	<b>861</b>	654

**7 Grants**

	<b>£000</b>	<b>£000</b>	<b>2017-18</b> <b>£000</b>	2016-17 £000
	<b>Capital</b>	<b>Revenue schemes</b>	<b>Total</b>	Total
Payable at 1 April	<b>6,801</b>	<b>11,272</b>	<b>18,073</b>	17,711
Grants made in the year	<b>1,607</b>	<b>11,694</b>	<b>13,301</b>	14,981
Amounts not taken up	<b>(160)</b>	<b>(188)</b>	<b>(348)</b>	(319)
Charged to Statement of Comprehensive Net Income / Expenditure	<b>1,447</b>	<b>11,506</b>	<b>12,953</b>	14,662
Grants paid in the year	<b>(3,220)</b>	<b>(12,856)</b>	<b>(16,076)</b>	(14,300)
Payable at 31 March	<b>5,028</b>	<b>9,922</b>	<b>14,950</b>	18,073
Falling due within one year to:	<b>3,271</b>	<b>9,553</b>	<b>12,824</b>	13,163
Falling due after more than one year:	<b>1,757</b>	<b>369</b>	<b>2,126</b>	4,910
	<b>5,028</b>	<b>9,922</b>	<b>14,950</b>	18,073
Ageing of grants payable:				
2017-18	-	-	-	13,163
2018-19	<b>3,271</b>	<b>9,553</b>	<b>12,824</b>	4,555
2019/20	<b>1,727</b>	<b>351</b>	<b>2,078</b>	328
2020/21	<b>30</b>	<b>13</b>	<b>43</b>	27
2021/22	-	<b>5</b>	<b>5</b>	-
	<b>5,028</b>	<b>9,922</b>	<b>14,950</b>	18,073
Grants approved but not formally offered at 31 March which are not recognised in the Statement of Comprehensive Net Income / Expenditure and Statement of Financial Position			-	-

**8 Cash and cash equivalents**

	<b>2017-18</b> <b>£000</b>	2016-17 £000
The following balances at 31 March were held at: Commercial banks and cash in hand	<b>2,618</b>	662

## 9 Delegated Lottery distributors

The Council has fully operational delegation agreements in place with the following bodies for the distribution of Lottery funds:

	<b>Ffilm Cymru Wales for film £000</b>	<b>Nesta for Digital Red projects £000</b>	<b>BBC Cymru Wales for the Horizons scheme £000</b>	<b>Literature Wales for writers' bursaries £000</b>	<b>Tŷ Cerdd for amateur music £000</b>	<b>2017-18 Total £000</b>	<b>2016-17 Total £000</b>
Undrawn funds at 1 April	579	-	-	75	-	654	1,169
Adjustment to prior year allocation	-	-	-	-	-	-	(150)
Delegated for the year	1,400	-	75	96	80	1,651	1,511
	<b>1,979</b>	<b>-</b>	<b>75</b>	<b>171</b>	<b>80</b>	<b>2,305</b>	<b>2,530</b>
Drawn down in the year	(1,185)	-	(75)	(104)	(80)	(1,444)	(1,876)
Undrawn funds at 31 March	794	-	-	67	-	861	654
Grants recorded as payable by the delegated distributors at 31 March	1,151	-	-	84	-	1,235	1,266

Full lists of the grants administered by the delegated distributors during 2017-18 are included in the annexes to this Annual Report.

## 10 Contingent asset

### Sale of Olympic Park

The National Lottery Distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675m to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State for Digital, Culture, Media & Sport and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery Distributors via the Department for Digital, Culture, Media & Sport (DCMS). Land sales are likely to take place over a lengthy period, estimated to be from 2018-19 to 2036-37. DCMS estimates the first payments to the Lottery Distributors to come through around 2020-21.

## 11 Events after the reporting period

### Authorisation of these financial statements for issue

The financial statements were authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General certified them.

## 12 Financial instruments

International Financial Reporting Standard 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks the Council's function faces in undertaking its role.

Liquidity risks – In 2017-18 £16,351,000 or 99.5% of the Council's Lottery distribution income was derived from the National Lottery (2016-17: £16,300,000 or 99.3%). Of the remaining income £47,000 or 0.3% was derived from investment returns from the balance held with the National Lottery Distribution Fund (2016-17: £53,000 or 0.3%) and £35,000 or 0.2% from other investment income and sundry income (2016-17: £66,000 or 0.4%). The Council does not consider that its Lottery Distribution function is exposed to any significant liquidity risk, and is satisfied that the balance within the National Lottery Distribution Fund and projected future Lottery proceeds are sufficient to meet its hard commitments.

Interest rate risks – The financial assets of the Lottery are invested in the National Lottery Distribution Fund, which invests in a narrow band of low risk assets such as government bonds and cash. The Council has no control over the investment of funds in the National Lottery Distribution Fund. Cash and cash equivalents which are drawn down from the Fund to pay grant commitments and operating costs are held in an instant access, variable rate bank account which on average carried an interest rate of 0.50% in the year (2016-17: 0.50%). The cash and cash equivalents balance at the year end was £2,618,000 (2017: £662,000). The Council does not consider that its Lottery Distribution function is exposed to significant interest rate risks.

Foreign currency risk – The lottery distribution function of the Council is not exposed to any significant foreign exchange risks.

Cash flow risk – The Council is not exposed to any significant cash flow risks.

## 13 Related party transactions

### *Public bodies*

The Council is a Welsh Government sponsored body.

The National Assembly for Wales/Welsh Government is regarded as a related party and details of transactions with the National Assembly for Wales/Welsh Government are given in the separate accounts covering the Council's general activities.

The National Lottery Distribution Fund is administered by the Department for Digital, Culture, Media & Sport which is regarded as a related party. During the year the Council had no material transactions with the Department for Digital, Culture, Media & Sport other than those shown in the Statement of Comprehensive Net Income Expenditure.

### *Delegated Lottery distributors*

As disclosed in note 9, Ffilm Cymru Wales, Nesta, BBC Cymru Wales, Literature Wales and Tŷ Cerdd are delegated distributors of the Council's Lottery funding. During the year the Council had no material transactions with them other than those shown in the Statement of Comprehensive Net Income/Expenditure.

### *Individuals*

Members of Council, Committees, staff or other related parties (being close family members) undertook financial transactions (listed below) with the Council in its role as Lottery distributor during the year.

Where the individuals and/or their close family were members of the Boards of Management (or equivalent) or were senior employees of organisations offered Lottery grants or other Lottery payments by the Council in 2017-18 in all such cases, in accordance with the Council's Code of Best Practice, the individual concerned withdrew from any meeting where there was a discussion or decision regarding funding.

Under the Council's Code of Best Practice an interest is deemed to persist for a minimum period of one year after the individual has left the position which created the interest. This policy is reflected in the disclosures which follow.

Financial transactions with the Council in respect of its general activities are recorded in the separate accounts covering those activities.



**Council members**

<b>Member Role</b>	<b>Organisation</b>	<b>Transaction (number)</b>	<b>Total value £</b>	<b>Balance outstanding at 31 March 2018 £</b>
Andy Eagle Board member Employment	Swansea City Opera Chapter	Grant (1) Grant (1)	67,132 37,807	6,714 3,781
Dr Philip George - Chair Employment (Family member)	Cardiff Council	Grant (1) Invoice (2)	98,500 249	98,500 Nil
Dr Lesley Hodgson Trustee	Merthyr Tydfil Global Village	Grant (1)	4,500	Nil
Marian Wyn Jones Board member Former board member Council member	Canolfan Gerdd William Mathias Bangor New Music Festival Bangor University	Grant (1) Grant (1) Grant (6)	25,000 5,000 122,986	2,500 Nil 96,163
Andrew Miller Board member	Arts Council England	Invoice (1)	150,000	Nil
Dr Rachel O'Riordan Employment	Sherman Theatre	Grant (1)	87,290	51,595
Richard Turner Freelance employment Trustee (Family member)	Royal Welsh College of Music and Drama Wales Pen Cymru	Grant (1) Grant (1)	53,608 635	29,485 635
Alan Watkin Board member	Theatr Clwyd	Grant (1)	1,012,179	1,012,179

**Committee members**

<b>Member Role</b>	<b>Organisation</b>	<b>Transaction (number)</b>	<b>Total value £</b>	<b>Balance outstanding at 31 March 2018 £</b>
Ruth Cayford Employment	Cardiff Council (St David's Hall)	Grant (1) Invoice (2)	98,500 249	98,500 Nil

**Members of the Senior Leadership Team**

<b>Member Role</b>	<b>Organisation</b>	<b>Transaction (number)</b>	<b>Total value £</b>	<b>Balance outstanding at 31 March 2018 £</b>
Katherine Davies Employment (Family member)	Cardiff Council (St David's Hall)	Grant (1) Invoice (2)	98,500 249	98,500 Nil
Former employment (Family member)	Ballet Cymru	Grant (3)	86,131	60,534

**Other members of staff**

<b>Member Role</b>	<b>Organisation</b>	<b>Transaction (number)</b>	<b>Total value £</b>	<b>Balance outstanding at 31 March 2018 £</b>
Eleri Allsobrook Employment (Family member)	Arts & Business Cymru	Grant (1)	30,000	30,000
Emily Garside Board member	Taking Flight Theatre	Grant (3)	191,509	157,406
Osian Gwynn Director (Family member)	Cwmni Pluen	Grant (2)	34,859	29,900
Duncan Lackie Board member (Family member)	Congress Theatre	Grant (1)	50,000	Nil
Sally Lewis Associate (Family member)	Ballet Cymru	Grant (3)	86,131	60,534
Daniel Trivedy Director	Elysium Gallery	Grant (1)	27,890	15,340

# Annexes to the Annual Report (not forming part of the financial statements)

## National Lottery Policy Directions

The Welsh Ministers, in exercise of the powers conferred by section 26(1) of the National Lottery etc. Act 1993, and having consulted with the Arts Council of Wales pursuant to Section 26(5) of that Act, have issued the following Directions:

- 1 In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993 as amended by the National Lottery Act 1998.
- 2 The Arts Council of Wales shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which it distributes money under section 25(1):

### Generic

- A the need to ensure that money is distributed under section 25(1) for projects which promote the public good or charitable purposes and which are not intended primarily for public gain;
- B the need to ensure that it considers applications which relate to the complete range of activities falling within section 22(3)(b) and in respect of which it has the power to distribute money, taking into account:
  - i its assessment of the needs of the arts and arts activities and its priorities for the time being for addressing them;
  - ii the need to ensure that all regions of Wales have access to funding;
  - iii the scope for reducing economic and social deprivation at the same time as creating benefits for the arts;
- C the need to further the objectives of sustainable development;
- D the need for money distributed under section 25(1) to be distributed only to projects where they are for a specific, time-limited purpose;
- E the need:
  - i in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
  - ii where capital funding or setting up costs are sought, for a clear business plan beyond the period of the grant, incorporating provision for associated running and maintenance costs;
  - iii in other cases, for consideration to be given to likely availability of other funding to meet any continuing costs for a reasonable period after completion of the period of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability beyond the period of the grant wherever possible;
- F the desirability of supporting the development of long term financial and managerial viability of organisations in the arts. In taking this into account the Arts Council shall have regard to Direction D;
- G the need to require an element of partnership funding and/or contributions in kind, from other sources, commensurate with the reasonable ability of different kinds of application, or applicants in particular areas to obtain such support;
- H the desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of its strategy;

- I the need to ensure that its powers to solicit applications under section 25(2)(A) are used in connection with the pursuit of strategic objectives;
- J the need to obtain such information as it considers necessary to make decisions on each application, including independent advice when required;
- K the need to operate within the distinctive policy context in Wales, adding value where appropriate to Welsh Government strategies, to enable the development of opportunities for everyone to flourish within a more successful and sustainable Wales;
- L the need to promote access to the arts for people from all sections of society;
- M the need to promote knowledge of, and interest in, the arts by children and young people;
- N the need to encourage new talent, innovation, and excellence, and to help develop new skills;
- O the need to support volunteering and encourage volunteering in the arts;
- P the need to involve the public and local communities in making policies and setting priorities;

**Specific**

- Q the need to promote and support throughout Wales the cultural significance of the Welsh language and the bilingual nature of Wales, including giving effect to the principle of equality between the English and Welsh languages. This should include the addition of specific conditions on the Welsh language in grant offers, an effective monitoring and overseeing of the performance of grant recipients with regard to those conditions;
- R the need to ensure coherent monitoring, evaluation and reporting systems that support quality service delivery, and to maintain accountability by providing an annual report on the Arts Council of Wales' lottery funding activity to the Welsh Government. This report should include an analysis of grants made, and the distribution of these by size, type, geographical area, and art form.

Dated: 1 October 2012

## Lottery Distribution – Grants 2017-18

net of offers not taken up or withdrawn

### Grants to Organisations

#### Capital grants

Arad Goch	£13,665
Bangor University	£21,280
Blackwood Miners' Institute	£39,256
Clwb Ifor Bach	£50,000
Congress Theatre Company	£50,000
Cwmni'r Frân Wen (2 awards)	£132,750
g39 (2 awards)	£57,602
Powys Dance	£30,000
Sherman Theatre	£87,290
Small World Theatre Ltd	£25,000
The Cory Band	£20,786
Theatr Clwyd	£1,012,179
Theatr Colwyn	£39,931
Wyeside Arts Centre Ltd	£25,300
	<b>£1,605,039</b>

#### Large grants (over £5,000)

Aberjazz	£12,500
Arcadecardiff C.I.C	£30,000
Artes Mundi Prize Limited	£30,000
Artichoke	£70,000
Arts & Business Cymru	£30,000
Arts Alive	£30,000
Arts Migrations CIC	£85,000
August 012 Limited	£30,000
Ballet Cymru (3 awards)	£86,131
Bangor University (4 awards)	£97,156
Be Aware Productions LTD	£17,500
Beyond the Border Storytelling Festival (2 awards)	£107,680
Bombastic	£50,000
Borough Theatre Abergavenny	£27,995
Brecon Beacons Music Trust	£13,000
Bridgend Town Council	£24,180
Butetown Artists	£29,565
Canoe Theatre	£59,000
Canolfan a Menter Gymraeg Merthyr Tudful	£25,091
Canolfan Gerdd William Mathias Cyf	£25,000
Cascade Dance Theatre (2 awards)	£116,000
Chapter Cardiff Ltd.	£37,807
Cimera	£27,910

Citrus Arts (2 awards)	£51,845
Community Music Wales	£24,434
Company of Sirens	£16,500
Conwy County Borough Council	£30,000
Cowbridge Music Festival	£25,000
Creu Cymru (2 awards)	£101,870
Cwmni Mega Cyf/ Ltd	£55,000
Cwmni Pendraw	£11,070
Cwmni Pluen Company	£29,900
Cwmni'r Frân Wen (2 awards)	£147,000
Dance Blast	£36,000
Dance United Yorkshire	£30,000
Datrys	£30,000
Denbighshire County Council	£30,000
Dirty Protest	£60,000
Earthfall Dance Ltd.	£11,679
Eisteddfod Genedlaethol Cymru	£75,000
Elysium Gallery	£27,890
Ffilm Cymru Wales	£30,000
Fieldwork	£17,630
FIO (2 awards)	£75,000
Fishguard Music Festival	£40,000
FOCUS Wales	£30,000
g39 (2 awards)	£71,607
Gagglebabble	£25,600
Galeri Caernarfon Cyf	£30,000
G-Expressions	£29,845
Glynn Vivian Art Gallery (2 awards)	£44,000
Green Man Trust Ltd	£60,000
Gregynog Festival	£40,000
Gritty Films Limited	£20,000
Gwyl Arall	£15,000
Gwyl Beaumaris Festival	£5,000
Hafren	£8,500
Hay Festival of Literature and the Arts Ltd	£60,000
Helga Gelf Cyfyngedig	£25,000
Hijinx Theatre (2 awards)	£57,260
Illuminate Theatre Company Ltd	£27,017
Joon Dance	£20,550
Jukebox Collective	£30,000
Laugharne Literary Festival	£22,500
Leeway Productions	£95,384
Light Ladd & Emberton	£10,000
Lighthouse Theatre Ltd	£30,000
Likely Story Theatre	£15,983
Little Light	£24,660
Liz Clarke & Company	£18,085
Llangollen Fringe Festival	£20,000

Llangollen International Musical Eisteddfod	£80,000
Locws International	£20,000
Lucid	£29,750
Machynlleth Comedy Festival (trading as Little Wander Ltd)	£14,400
Made In Roath	£25,000
Media Academy Cardiff	£28,500
Menter Caerdydd	£30,000
Menter Mon Cyf	£30,000
Menter Y Felin Uchaf Cyf	£30,000
Mercury Theatre Wales (2 awards)	£56,800
Mess up the Mess Theatre Company	£20,824
Mid Wales Opera	£91,285
Motherlode Theatre Ltd	£47,237
Mr and Mrs Clark (2 awards)	£43,614
National Rural Touring Forum	£30,000
NEW Dance	£20,000
North Wales International Music Festival	£39,000
North Wales Jazz Society	£21,500
NOVA	£13,300
OPRA Cymru Cyf	£92,000
Oriel Plas Glyn-y-Weddw Cyfyngedig	£30,000
Oriel Wrecsam	£120,000
Papertrail	£15,450
Pavilion Dance South West	£47,500
PeopleSpeakUp LTD	£13,950
Pontardawe Arts Centre	£30,000
Powys Dance	£8,942
Presteigne Festival of Music and the Arts Ltd	£37,500
Queens Hall	£30,000
Race Council Cymru	£30,000
Re-Live	£69,000
Rhondda Cynon Tâf County Borough Council	£30,000
Rhondda Cynon Taf County Borough Council: Arts Service	£30,000
Royal Welsh College of Music and Drama	£53,608
Rubicon Dance (2 awards)	£41,225
Ruthin Craft Centre (2 awards)	£42,500
Sesiwn Fawr Dolgellau	£16,000
Sign Dance Collective	£20,000
Span Arts Ltd (2 awards)	£60,000
Spectacle Theatre Ltd	£21,515
Spit & Sawdust	£12,800
St. David's Hall	£98,500
Stiwt Arts Trust Ltd.	£30,000
Swansea City Opera	£67,132
Swansea Festival of Music and the Arts Ltd	£60,000
Swansea Jazzland	£30,000
Taking Flight Theatre Company (3 awards)	£191,509
The Aloud Charity	£30,000
The Kickplate Project	£21,547

The Llanarth Group	£17,500
The Other Room (2 awards)	£55,000
The Republic of Imagination	£25,300
The Riverfront	£39,999
The Romani Cultural Arts Company	£27,522
The Welsh Chamber Orchestra Ltd.	£30,000
Theatr Colwyn	£30,000
Theatr Genedlaethol Cymru	£85,250
Theatr Gwalia	£22,997
Theatr Mwldan	£25,778
Theatr Pena	£24,000
Theatrau Sir Gar	£30,000
THIS Project	£21,750
Tin Shed Theatre Company	£21,830
trac - Music Traditions Wales (2 awards)	£69,766
TRIONGL	£26,400
Ty Cerdd - Music Centre Wales	£30,000
Urban Circle Productions	£22,100
Vale of Glamorgan Festival (2 awards)	£52,300
Venue Cymru	£87,000
Volcano Theatre Company Ltd	£29,202
Voluntary Arts Network (2 awards)	£58,935
Wales Millennium Centre (2 awards)	£110,000
We Made This (2 awards)	£47,888
Women Connect First	£15,157
Wye Valley Area of Outstanding Natural Beauty (AONB)	£25,000
Ystradgynlais Miners' Welfare and Community Hall Trust Ltd	£30,000
	<b>£5,965,886</b>

**Small grants (up to £5,000)**

ABMU Arts in Health Board	£5,000
ALAW	£4,965
Articulture	£5,000
Avant	£5,000
Bangor New Music Festival Society	£5,000
CAN YOU CIC IT?	£5,000
Carlson Dance Company Ltd	£5,000
Celf O Gwmpas	£4,687
Celtic Neighbours	£3,160
ChainWorks Productions	£5,000
Change Wrexham For Our Future	£5,000
Chippy Lane Productions	£4,698
Company of Sirens	£2,925
Cwmni Pen Productions Ltd.	£4,999
Cwmni Pluen Company	£4,959
Delyth Jenkins and Angharad Jenkins	£5,000
Disability Arts Cymru	£5,000
Ensemble Cymru	£5,000



Fishguard Folk Festival	£5,000
Flossy and Boo Ltd	£5,000
Give It A Name	£5,000
good cop bad cop productions	£4,231
Gwledd Conwy Feast CIC	£4,700
Gwyl Cefni	£5,000
Gwyl y Cynhaeaf	£5,000
Hummadrüz	£4,960
Inside Out Cymru	£4,968
Invertigo Theatre Company	£5,000
Kapow- Dance Circus Theatre	£4,661
Leeway Productions	£4,800
Living Pictures Productions	£4,589
Maindee Festival Association	£4,250
Menter Iaith Bro Morgannwg (2 awards)	£10,000
Merthyr Tydfil Global Village	£4,500
Mid Border Community Arts Ltd	£5,000
Mid Wales Arts	£4,000
Monico Blonde	£4,500
Nantgarw China Works Trust Ltd	£5,000
National Youth Jazz Orchestra	£5,000
Newbridge Memo	£4,745
NoFit State Community Circus Ltd (2 awards)	£9,900
PeopleSpeakUp LTD	£4,500
PowderHouse	£5,000
Powys Dance	£5,000
pyka	£4,370
Ransack Dance Company (2 awards)	£9,890
Sign Dance Collective	£5,000
Sinfonia Cymru	£4,062
Stephens and George Charitable Trust	£5,000
Tabernacl (Bethesda) Cyf	£3,450
The Jones Collective	£4,985
The Trials of Cato Ltd.	£2,800
Theatr Bara Caws	£4,661
Theatr na n'Óg	£1,215
Tin Shed Theatre Company	£4,332
Tredeggar House Folk Festival Society	£5,000
Vertical Dance Kate Lawrence	£5,000
Wisp Dance Club	£5,000
	<b>£284,462</b>

**Training grants**

Articulture	£50,000
Arts Alive	£5,000
Coleg Cambria	£22,975
engage (National Association for Gallery Education)	£30,000
FIO	£30,000
Groundwork Pro	£30,000
Helfa Gelf Cyfyngedig	£12,000
Oriel Davies Gallery	£406
Youth Arts Network Cymru	£4,958
Ystradgynlais Miners' Welfare and Community Hall Trust Ltd	£19,590
	<b>£204,929</b>

**Strategic Grants**

Artes Mundi Prize Limited (2 awards)	£38,401
Bangor University	£4,550
Cyfnewidfa Lèn Cymru	£95,000
Dawns i Bawb	£37,000
Disability Arts Cymru	£30,000
Fieldwork	£25,000
Galeri Caernarfon Cyf	£4,500
Hafren (3 awards)	£29,622
Hay Festival of Literature and the Arts Ltd	£25,000
Hijinx Theatre	£37,500
National Dance Company Wales	£10,345
National Theatre Wales (2 awards)	£19,479
NoFit State Community Circus Ltd	£369,892
Rubicon Dance	£7,965
The British School at Rome	£45,999
The Riverfront	£4,875
Theatr na n'Óg	£3,000
Ty Cerdd - Music Centre Wales	£4,250
	<b>£792,378</b>

**International Opportunities Fund**

Arcadecardiff C.I.C (2 awards)	£5,575
Calan	£4,800
Cascade Dance Theatre	£1,228
Climbing Trees	£4,030
Flying Bridge Theatre	£4,365
HMS Morris	£4,996
Invertigo Theatre Company	£3,410
Literature Across Frontiers	£1,400
Maynard	£2,900
Migrations	£1,500
Mission Gallery	£2,108
Mr and Mrs Clark	£1,650
Museum of Modern Art, Machynlleth	£2,200
NOVA	£2,980
Sinfonia Cymru	£4,944
tactileBOSCH Projects	£4,720
Wales PEN Cymru	£635
	<b>£53,441</b>

**Arts Portfolio Wales**

National Youth Arts Wales	£350,000
	<b>£350,000</b>

**Creative Learning through the Arts Programme**

Arts Council of Wales (General Activities)	£3,130,000
	<b>£3,130,000</b>

**Total Grants to Organisations****£12,386,135****Grants to individuals****Small grants (up to £5,000)**

Acaron, Thania	£3,000
Acheson-Elmassry, Eli	£4,500
Back, Stephanie	£3,000
Bailey, Clare	£3,000
Barratt, Anna	£2,250
Bevan Jones, Rhys	£3,000
Brett, Jessie	£5,000
Chambers, Gareth	£2,456
Charles, Eric Ngalle	£3,000
Cooper, Andrew	£5,000
Cove, Robyn	£5,000

Crawford, Kizzy	£5,000
Dafydd-Kidd, Jonathan	£1,200
D'Arcy, Dymphna	£1,248
Davison, Elise	£1,188
Daws, Martin	£3,000
Day, Elizabeth	£2,000
Devlin, Ronan (2 awards)	£8,000
Devlin, Ronan	£3,000
Dooley, Freya	£1,807
Duckhouse, Rory	£2,973
Eaglen, Mark	£2,800
Elliott, Stephen	£2,960
Evans, Carys Eleri	£3,000
Fahiya, Danielle	£1,313
Fong, Joanne	£3,000
Fuller, George	£2,900
Garner, David	£3,000
Gelsthorpe, Bob (2 awards)	£5,877
Goula, Despina	£3,000
Gower, Jon	£3,000
Graham, Polly	£2,958
Greenhalgh, Beth	£3,000
Griffiths, Eugenio René	£3,000
Gwyn Parry, Iwan	£5,000
Hartwig, Johana	£3,000
Hoad, Jessica	£4,200
Hoyt, Zena	£5,000
James, Richard	£5,000
Jenkins, Ailsa	£2,642
Johns, Dick	£4,514
Johns, Richard	£2,900
Johnson Soliz, Cecile	£4,500
Jones, Elgan Rhys	£2,950
Jones, Kelly	£3,000
Joseph, Patrick	£3,000
Kerlin, Damian	£1,995
Larke, Suzannah	£5,000
Lewis, Bethan	£4,300
Lewis, Robin Danielle	£4,400
Lloyd-Jones, Jessica	£2,840
Mader, Zara	£1,760
McGowan, Susan	£3,000
Meehan, Lydia	£4,016
Mercer, Alison	£837
Moult, Ivan	£4,000
Pahl, Gareth	£3,000
Parsons, Alex Marshall	£3,000
Pitt, Tom	£2,990

Poole, Anna	£3,000
Porter, Gavin	£3,000
Price, Glyn	£2,960
Puw, Guto	£1,840
Roberts, Angela Barbara	£3,000
Roberts, Stephanie	£5,000
Ruethi, Andreas	£5,000
Stanier, Hugh	£3,000
Stockwell, Alison Joan	£2,525
Sven-Myer, Eifion	£1,471
Taylor-Beales, Rachel	£3,000
Thair, Richard	£3,000
Thomas, Morgan	£3,000
Wall, Leighton	£2,000
Whitehead, Lawrence	£1,600
Whitehead, Simon	£2,900
Williams, Sue	£4,698
Yarnell, Anushiye	£2,000
	<b>£248,268</b>

**Large grants (over £5,000)**

Clarke, Chloe	£25,000
Davies, Seiriol	£24,999
Easterby, Jonathan	£25,000
Evans, Carys Eleri	£24,756
Falcini, Anna	£24,250
Gubb, Mark	£24,820
Iwanowski, Michal	£21,169
John, Sean Tuan	£20,000
Kim, Jin Eui	£25,000
Pendrell, Marged	£25,000
Rea, John	£24,964
Shapland, Anthony	£24,508
Whall, Miranda	£25,000
	<b>£314,466</b>

**Training grants**

Donnelly, Stephen	£2,895
Dyfan, Efa	£900
Griffiths, Michelle	£2,651
Jones, Angharad	£3,000
	<b>£9,446</b>

**International Opportunities Fund**

Bird-Jones, Christine	£3,065
Bowen, Robin	£1,839
Bowman, Robert	£1,151
Boyd, Patrick	£750
Burgess, Cefyn	£4,644
Charles, Eric Ngalle	£2,800
Dalton, Gordon	£350
Davoren, Thomas	£600
Devlin, Ronan	£2,039
Donnelly, Steffan	£1,600
Edwards, Glenn	£2,677
Elfyn, Menna	£700
Evans, Paul	£4,681
Finch, Joe	£620
Goddard, Tom	£5,000
Greenhalgh, Jill	£3,385
Griffiths, Anne	£3,000
Grove-White, Ann	£1,191
Guidi, Firenza	£1,379
Gwyn, Richard	£1,640
Harris, Alan	£1,700
Hassan, Mohamed	£1,145
Hiscott, Amber	£3,328
Hobson, Louise	£4,658
Husted, Mary	£4,110
Hyndman, Thomas	£3,893
Johnson, Justine	£722
Jones, Katherine Fiona	£2,270
Keineg, Katell	£1,500
Lewis, Anna	£2,439
Lewis, Robin Danielle	£2,754
Macklin, Judy	£2,000
Marfoggia, Matteo (2 awards)	£9,663
Mathews, Jessica	£5,000
Mutigli, Cinzia	£908
Nash, Mandy	£730
Owain Roberts, Richard	£1,350
Pallant, Tracy	£793
Palser, Maja	£640
Parry-Jones, Clare	£3,248
Perry, Samuel	£2,449
Rhys, Gwilym Bowen	£3,347
Singh, Simran	£940
Skalla, Eva (2 awards)	£7,074
Skoulding, Zoe (3 awards)	£3,606
Sullivan, Steve	£3,005
Thomas, Julia	£2,700

Turner, Jeremy	£813
Wigdel, Siri	£550
Williams, Bedwyr	£2,100
Wright, Joanna	£744
	<b>£123,290</b>

**Creative Wales awards**

Bromage, Tim	£11,129
Charles, Eric Ngalle	£20,000
Davies, Angela	£20,000
Emmanuel, Paul	£25,000
Marfoglia, Matteo	£25,000
McKeand, Sophie	£17,637
Morris, James	£25,000
Rees, Sara	£25,000
Tinker, Tracy	£25,000
Williams, Jeremy Huw	£10,500
	<b>£204,266</b>

**Total Grants to individuals****£899,736****Total Grants offered net of offers not taken up or withdrawn****£13,285,871****Grants administered by Ffilm Cymru Wales****Development**

Altered Image	£15,000
Brigit Cold Day Films Ltd	£22,000
Chewing Monkey Ltd	£3,500
Dogs of Annwn Ltd	£7,500
D'Oliveira	£15,000
Eames, Bethan	£11,250
Eaton Productions	£17,000
Echo Art Films	£10,000
Marlow, Bethan	£10,500
Paget, Casper	£15,000
Parallel Films	£18,000
Penbryn Films	£15,000
Perfect Motion - Rob Alexander	£15,000
Samuelson Productions Ltd	£7,500
Severn Screen Ltd	£14,000
Silver Salt Films	£9,600
Up Helly Aa Ltd	£15,000
	<b>£220,850</b>

**Production**

Awen Media Ltd	£49,999
Cliff Edge Pictures	£49,999
Daved Evans / Shoot from the Hip	£50,000
Dogs of Annwn Ltd	£13,235

Endor Productions	£14,551
IE IE Productions Ltd (3 awards)	£110,000
Jacqui Davies Ltd	£17,500
Last Summer Ltd	£150,000
London Recruits Ltd	£49,999
Not A Witch Ltd	£24,999
Piece of Cardboard Productions	£13,500
Silver Salt Films	£150,000
Truth Department (Dewi Gregory)	£90,000
	<b>£783,782</b>
<b>Education</b>	
Griot Bawso	£5,500
Hijinx Theatre	£4,500
Promo Cymru Ltd	£4,000
Saunders, Beth	£7,000
The Festivals Company Ltd	£7,500
The Welfare Ystradgynlais	£7,228
	<b>£35,728</b>
<b>Flexible Education</b>	
Caroline Berney Lane	£5,000
	<b>£5,000</b>
<b>Exhibition Festivals</b>	
Aberystwyth Arts Centre (2 awards)	£29,500
Bulldozer Films	£3,500
Cardiff Animation Festival	£3,000
Cardiff Community Housing Association	£7,000
Chapter Arts Centre	£20,000
Clwyd Theatr Cymru	£14,500
Cymmer Community Library	£4,585
Galeri Caernarfon (2 awards)	£14,730
Neuadd Ogwen	£7,000
Pontardawe Arts Centre	£6,500
Prestatyn and Melieden Community Action Group	£12,500
Taliesin Arts Centre	£8,000
The Festivals Company Ltd	£12,500
The Welfare Ystradgynlais	£1,685
Theatre Gwaun	£5,000
Wales Interactive	£7,500
Wales One World Film Festival Ltd	£12,500
	<b>£170,000</b>
<b>Total Grants from Ffilm Cymru Wales net of offers not taken up or withdrawn</b>	<b>£1,215,360</b>



**Grants administered by BBC Cymru Wales****Horizons: Launchpad Fund**

Adwaith	£2,000
Beth Celyn	£1,000
Buzzard	£750
Cally Rhodes	£800
Campfire Social	£2,000
Codwalkers	£500
Dan Bettridge	£1,500
Eadyth	£1,000
Ennio the little brother	£524
Esther	£1,000
Farm Hand	£500
Gallops	£1,000
Graaves	£600
Greta Isaac	£2,000
Griff Lynch	£500
HMS Morris	£1,000
Joel Avaient	£1,000
Junior Bill	£500
Lemfreck	£1,000
Mace	£1,000
Names	£800
Nia Wyn	£2,000
No name Disciple	£500
Omaloma	£1,650
Public Order	£1,679
Rainbow Maniac	£720
Regime	£1,070
Reuel Elijah	£500
Seazoo	£500
Serol Serol	£639
Siddi	£1,000
Sonny Double 1	£1,000
We're no Heros	£775
Written in Kings	£2,000
	<b>£35,007</b>
<b>Total grants from BBC Cymru Wales net of offers not taken up or withdrawn</b>	<b>£35,007</b>

**Grants administered by Literature Wales****Writers' Bursaries**

Blewitt, Emily	£3,000
Bowes, Zillah	£3,000
Collins, Briony	£3,000

Elliott, Selena	£200
Evans, Ruth	£3,000
Fayers, Claire	£3,000
Hudis, Rosalind	£3,000
Hughes, Iwan	£3,000
Jones, Cynan	£3,000
Jones, Joanna	£3,000
Jones, William Gwyn	£3,000
Mahon, Stephanie	£3,000
Mills, Hayley	£3,000
Mughal, Durre Shahwar	£3,000
Munnik, Katie	£3,000
Owen, Sion Tomos	£3,000
Roberts, Beverley	£3,000
Roberts, Jemima Eliza Cariad	£3,000
Thatcher, Christina	£3,000
Walsh, Louise	£3,000
Wilson, Elizabeth Anne	£3,000

**£60,200**

Other support to writers

101 awards

£14,927

**£14,927****Total Grants from Literature Wales net of offers not taken up or withdrawn****£75,127****Grants administered by Tŷ Cerdd****New music commissions**

Bangor Music Festival	£1,930
BBC National Orchestra of Wales	£1,500
Canolfan Gerdd William Mathias	£2,000
Cantemus Chamber Choir	£300
Cardiff Ardwyn Singers	£1,000
Crwth	£1,700
Gower Festival Society	£500
Landsker Singers	£1,500
Llangollen International Festival	£250
North Wales International Music Festival	£250
Presteigne Festival	£1,100
Rhyl Music Club	£1,000
Sound Affairs	£1,000
Swansea International Festival	£1,500
Tredegar Town Band	£1,500
Welsh Chamber Orchestra	£1,000

**£18,030**

**Youth funding**

Arts Development UK (ADUK)	£2,000
Bangor Music Festival	£1,500
Burry Port Town Band	£1,750
Caerphilly Community Chorus	£2,000
Llandeilo Fawr Music Festival	£2,000
Mid Wales Music Trust	£2,000
North Wales International Music Festival	£2,000
Operasonic Cyf	£2,000
Rhondda Fach Youth Band	£2,000
Sistema Cymru - Codi'r To	£1,900
Tongwynlais Temperance Band	£1,800
Young Music Makers of Dyfed	£500
	<b>£21,450</b>

**Programming Welsh music**

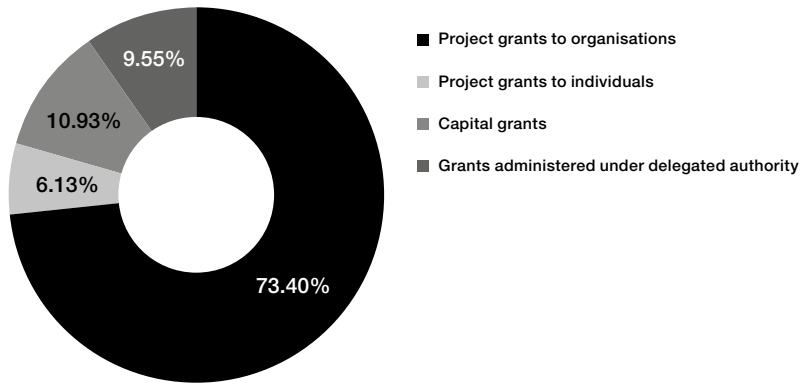
Bangor University	£1,000
BBC National Orchestra of Wales	£1,000
Cantemus Chamber Choir	£1,000
Cantorion Menai	£1,000
Cardiff Sinfonietta	£981
Cardiff University School of Music	£1,000
Canolfan Gerdd William Mathias	£1,000
Composers of Wales	£1,000
Cor Meibion Pen y Bont Fawr	£1,000
Cor y Gleision	£1,000
Crwth	£1,000
Gower Festival Society	£982
Gwasanaeth Ysgolion William Mathias	£1,000
Newport Orchestra	£836
RS Thomas & ME Eldridge Society	£1,000
UPROAR	£1,000
Vale of Glamorgan	£750
	<b>£16,549</b>

**Music in Communities**

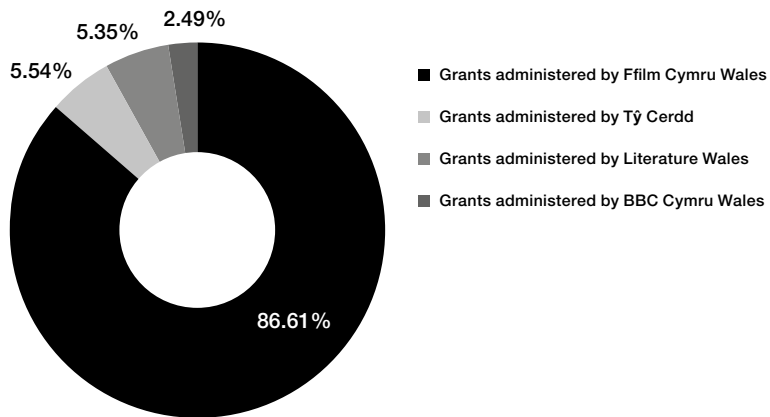
Art Regen Pontypool	£500
Blackwood Musical Theatre	£450
Brynmawr Musical Theatre Company	£500
Canton Chorus	£500
Cantorion Llandrindod	£500
Cor Aberteifi - The Cardigan Choir	£500
Cor Bro Ogwr	£500
Friends of Llansantffraed Church	£500
Groundwork Pro	£500
Montgomery County Music Festival	£500
Newport Orchestra	£425

Newport Philharmonic Choir	£500
Opera in Situ	£500
Rhondda Symphony Orchestra	£500
Seindorf Arian Frenhinol Dyffryn Nantlle	£500
Span Arts	£500
Tabernacle Music Society Bridgend	£500
Vale Voices	£391
	<b>£8,766</b>
<b>Composer in Residence</b>	
Aberystwyth Musicfest Ltd.	£950
Hijinx Theatre	£1,000
Light, Ladd & Emberton	£1,500
Lighthouse Theatre	£1,500
Monmouth Big Band	£2,000
St David's Hall	£2,000
Vale of Glamorgan	£2,000
Young Music Makers of Dyfed	£2,000
	<b>£12,950</b>
<b>Total Grants from Tŷ Cerdd net of offers not taken up or withdrawn</b>	<b>£77,745</b>

## Grants by type



## Delegated authority grants



For further information about the National Audit Office please contact:

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