



Cyngor Celfyddydau Cymru
Arts Council of Wales

GENERAL ACTIVITIES

Report and Financial Statements
for the year ended 31 March 2019



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

Charity number 1034245

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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.

Established by Royal Charter on 30 March 1994, we exist to support and develop the arts in Wales for the benefit of people throughout Wales, and to support Welsh arts 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](#).

Every day, people across Wales are enjoying and taking part in the arts in Wales. We help to support and grow this activity by reaching out to new and wider audiences. We also help artists and arts organisations to develop the quality and impact of their work.

We do this by using the public funds that are given to us by the Welsh Government. We also distribute the money that 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>

Creativity and healing for troubled times...

Chair, Phil George, reaffirms the Arts Council's mission to bring extraordinary arts activities within the reach of a wider cross-section of people in Wales.



In this report, we look back at a year in which the arts in Wales have once again delighted, challenged, consoled and inspired.

I could name so many stunning moments and experiences but reaching into a bag of memories, I pick out: BBC National Orchestra of Wales and the overwhelming power of Mahler's *Symphony of a Thousand* at the BBC Proms; three packed and glorious dance events at different times in Newport's Riverfront Theatre featuring Ballet Cymru, National Dance Company and the diverse community dancers of Rubicon; and Hijinx's visually stunning and deeply-moving international coproduction *Into the Light* where learning disabled performers claimed an eloquent place in the spotlight.

But I'll have to take my hand out of this crammed bag to give my main message – the theme which has been our focus as a Council all year, and will be for the years ahead.

We're all conscious of living in times when social divisions, resentments and barriers to fulfilment trouble us every day – in which too many of our fellow citizens live lives scarred by material poverty and are denied the chance to express themselves creatively.

So for me, this year has been about the Arts Council of Wales championing equality of access to the arts for individuals and communities from all across our nation. We've committed to breaking down the barriers that prevent engagement with the arts – whether through disability, ethnicity or simply material disadvantage.

This was the year in which we published our 5-year plan '*For the benefit of all...*' and challenged the arts sector and our stakeholders in Welsh Government and society to embrace this liberating vision of equality of opportunity.

Let me say once again that this agenda is in no way at odds with pursuing excellence and bold creativity in the arts – though it will certainly involve showing greater curiosity in finding forms of excellence which cultural hierarchies have often neglected.

No, we want the arts to blaze with all their power to expand minds, open imaginations and build empathy. But we are determined to broaden the reach of these transformative experiences.

And it's happening. Take one Welsh town, Aberystwyth. In this year, I spoke at the re-opening of Theatr y Werin in the Aberystwyth Arts Centre, a venue which is coming alive with participatory energy and a renewed commitment to connecting with the communities of Ceredigion. And in the middle of town, at Arad Goch's extraordinary international festival of theatre for children and young people, *Agor Drysau*, I saw a diverse audience of young children riveted by a magical performance conjured from stones from the beach and I heard a Syrian exile speaking of making theatre for the children of refugee camps 'who have never smelled the orange blossom in Damascus'.

Some of my proudest moments in the year have been speaking at events focused on our mainstreaming of the arts in education and health. Looking down on London from the 5th floor of Tate Modern, it was so inspiring to speak surrounded by work and pupils from Lead Creative Schools in our Welsh Government partnership programme, Creative Learning through the Arts. This internationally-praised programme is transforming learning in hundreds of Welsh schools, deploying the left-field insights and imaginations of artists to develop creative and collaborative learners all across the curriculum. The future strength of Welsh economy and society will be driven by such creativity.

And last November, I spoke at the Engage Conference on Arts, Health and Social Prescribing in Manchester. Our work to develop arts and health practice in our seven health boards – work which is focused through a partnership with the Welsh NHS Confederation – was again highly praised as being in the vanguard of practice in this field.

These initiatives in education and health hugely advance the cause of reaching more widely with the work of artists, touching the lives of individuals and communities who would otherwise have little contact with arts activity.

This is our mission – one of inclusion and enabling and empowering through the arts. Healing rifts and wounds through creativity. Building futures and expanding horizons.

It characterises all our work. I saw Welsh bands blow the minds of audiences at the World and Folk Music *Festival Interceltique* in Lorient in Brittany last August. But now we're working at the challenge of featuring our amazing bands at venues around Wales. And our whole international strategy – so important for enriching our culture and raising the profile of Wales across the world – has this ambition at its heart, to link back to the diverse communities of Wales.

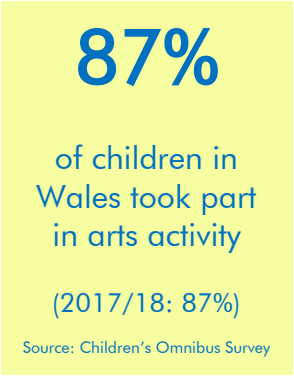
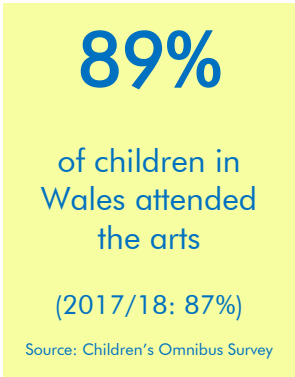
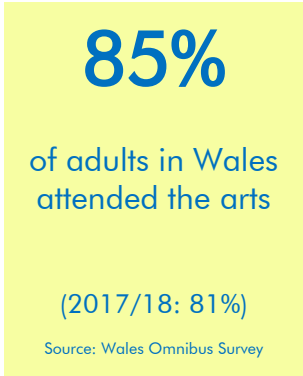
Finally, we've been recruiting seven new members to Council whose backgrounds, skills and experience will reflect and drive forward our core mission. I am thrilled to welcome them. But we also lost the remarkable gifts of two Council members who completed nine years of committed service. I pay grateful tribute to Richie Turner who has done major work in advancing the cause of Equalities and to Alan Watkin who has been a constant source of insightful advice and has played a key role in the work of our Capital Committee, changing the arts buildings of Wales.

We are on the move and determined to make a difference. And we are proud to support the artists of Wales in their extraordinary work,

A handwritten signature in black ink that reads "Phil George". The signature is written in a cursive, flowing style.

Phil George
Chair

Performance Report and Operational Review





Lives made richer through the arts...

Chief Executive, Nick Capaldi, reflects on how the arts are promoting well-being through the excellence and creativity of their work.

It seems clichéd to say that we're living through a period of profound uncertainty. Yet for all the social, economic and technological advances of the twenty-first century, do we really know that much about the world we live in and the people we live with? In spite of globalisation – perhaps because of it – we find ourselves living in an increasingly fractured society where all too often we can seem small-minded, mean-spirited and ill at ease with ourselves.

This sense of public discomfort has been very evident during 2018/19, a year played out against the back-drop of Brexit. For the arts, as with other aspects of public life, its impact will be far-reaching. Wherever you stand on Brexit, the result of the Referendum in Wales revealed an unexpected disenchantment with many of the civic institutions that supposedly exist for the public good. The arts are well-placed to engage with some of the difficult issues that this raises. Of course, it's not for the arts to solve all of life's ills, but some of the remarkable work that we've seen this year has invited us to dig deep and take a closer look at aspects of our shared experience. Because this is what the arts do. Yes, they help us to understand what's distinctive and singular. But they also show what unites and binds us together.

Nowhere was this revealed more poignantly than in the year's signature pieces for "Cymru'n Cofio: Wales Remembers", the cultural commemoration of the First World War. Amongst many extraordinary events, Marc Rees' "Now the Hero" and Brian Hughes' oratorio "The Sorrows of the Somme" stood out, reminding us all too clearly how easy it is to lose sight of our common humanity in the swirling miasma of so many of today's moral ambiguities.

So how does culture help us learn lessons in the here and now? The Welsh Government has set a radical agenda for the future, enshrining in its Future Generations legislation a determination to ensure that we don't, through indifference or carelessness, leave our present-day difficulties as the unresolved problems of tomorrow.

The Arts Council's mission reflects this commitment: "making the arts central to the health and well-being of the nation". It's a lofty ambition but one that we believe passionately matters for Wales. And as we grapple with the challenges of well-being, diversity and equality, we remain steadfast in our belief that a generous, fair-minded and tolerant society values and respects the creativity of all its citizens. It's a society that

embraces inclusivity and celebrates difference, wherever it's found. It's a society where our culture is enriched and expanded by the diverse, the distinctive, sometimes even the dissident voice. It's a society where curiosity and delight banish prejudice and indifference.

From the laugh-out-loud mayhem of Hijinx's "The Flop" to the joyful celebrations of Black History Month, those different voices have been much in evidence, and happily so. From the breath-taking spirituality of the National Dance Company Wales/Music Theatre Wales collaboration "Passion", to Apichatpong Weerasethakul's prizewinning Artes Mundi examination of the dark underside of political corruption, the arts question and challenge. And we're reminded time and again that when high quality art strikes a chord with directness and authenticity, it connects.

So the best for the most is where we start. Our basic purpose is to encourage as many people as possible to enjoy and take part in the arts. But if we're to increase audiences for the arts, we need to change traditional perceptions of the arts – how they're made and who they're for.

Locally embedded organisations like Galeri in Caernarfon or Head for Arts in the south Wales valleys exemplify the type of creative arts organisation that's arts-led but community focused. They're committed to reaching new, different and more diverse audiences, tackling the barriers that prevent people's access to the arts. Because simply growing the numbers of people involved can't be the only thing that we're about, important though this is. It's about trying harder to reach out to those who perhaps don't yet see themselves as traditional arts audiences. And to do this effectively, we need to consider changing not only the purpose of public funding for the arts, but the types of art that we support.

2018/19 is the first year of our new Corporate Plan, "*For the benefit of all...*" As the title implies, we're making a shift, doing more to recognise the self-expression and cultural interests of individuals and communities – everyday creativity. Because we believe that the arts in Wales will be stronger, more exciting and more relevant if they embrace the inspiration and life experiences of a wider and more diverse cross-section of people in Wales.

The need for such a shift is clear. The arts still tend to be seen as largely for the most privileged in society. We're working to change this. We're adopting a different approach to where and how we direct our work – an approach where we want to get better at working with the individuals and communities that we want to engage. Too often they're absent from our work. There's a well-established principle that stresses the essential involvement, and visibility, of those individuals and communities who are too frequently overlooked – "nothing about us without us". This is a principle that will extend across all areas of our work. And as we move towards our next comprehensive examination of arts funding – our Investment Review 2020 – we'll be especially interested in working with those best able to support us in our goals.

Council is determined to take a brave and unflinching look at what a healthy, sustainable society entails. If we want to live in a community that's vibrant, tolerant,

fair, nurturing, prosperous, then we're going to have to take the action now that's needed to make this a more rather than less likely outcome. We're nowhere near this yet, and we need to be.

Get it right and the potential of arts and culture to underpin richer and more fulfilling lives becomes self-evident. A sustainable community equals a resilient community, with people whose lives are happy, equal, creative and productive. A sustainable community is one that increases individuals' confidence and sense of self-worth – they feel safer and more positive about where they live, and take greater pride in their own culture or ethnicity. A sustainable community is one where people want to be. A creative Wales helps make this possible.

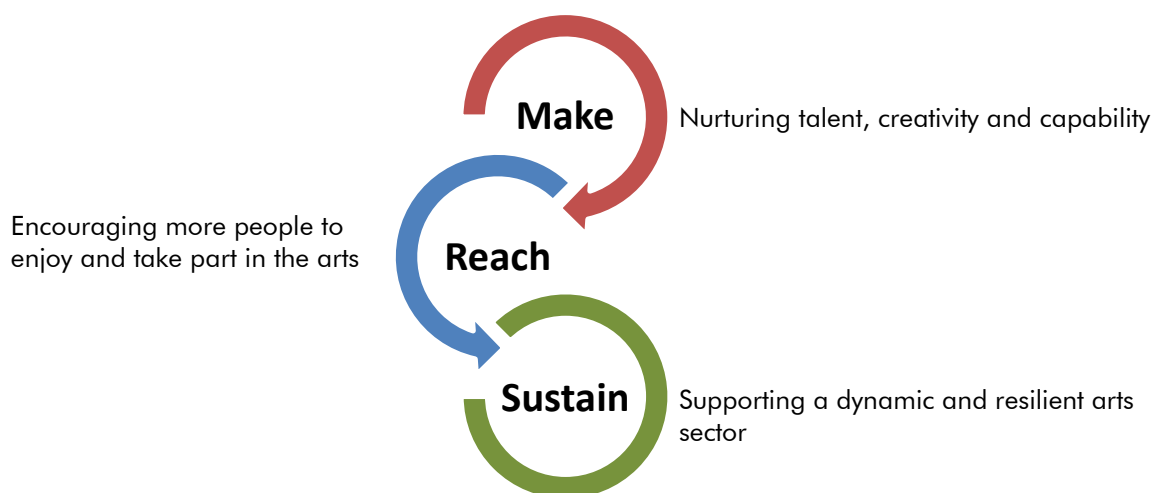


Nick Capaldi
Chief Executive

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 ambitions of Make: Reach: Sustain are reflected in our three priorities:

1. Promoting **Equalities** as the foundation of a clear commitment to reach more widely and deeply into all communities across Wales.
2. **Strengthening the Capability and Resilience** of the sector, enabling creative talent to thrive.
3. **Enabling the Arts Council to work more effectively**, collaborating more imaginatively with like-minded partners across Wales.

The Welsh Government's expectations of us are set out in an annual Remit Letter. The Remit Letter for 2018/19 set out four categories of activity. These are listed below with the Welsh Government's aims for each:

1. **United and Connected**

"Our aim is to build a nation where people take pride in their communities, in the Welsh identity and language, and our place in the world."

2. **Ambitious and Learning**

"Our aim is to instil in everyone a passion to learn throughout their lives."

3. **Prosperous and Secure**

"Our aim is a Welsh economy which delivers individual and national prosperity while spreading opportunity and tackling inequality."

4. **Healthy and Active**

"Our aim is to improve health and well-being in Wales, for individuals, families and communities... and to shift our approach from well-being to prevention."

As a Welsh Government Sponsored Body, we operate within a complex network of policies, strategies and legislation. The most important of these is the Welsh Government's Well-being of Future Generations legislation. Well-being and sustainability are fundamental to our work. Our activities address all seven of the well-being goals.

1. A prosperous Wales
2. A resilient Wales
3. A healthier Wales
4. A more equal Wales
5. A Wales of more cohesive communities
6. A Wales of vibrant culture and thriving Welsh Language
7. A globally responsible Wales

We also adopt, in our planning and in the delivery of our work, the legislation's "five ways of working": **Long term, Prevention, Integration, Collaboration, Involvement**. (You can find out more on page 22.)

72,383

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

1.1m

23,149

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

4.2m

10,001

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

103,260

61,049

participatory sessions run by our portfolio of funded organisations were targeted at people in the protected characteristics group

Public benefit

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

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

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 high quality arts activities
- it enables investment in the commissioning, production and exhibition of the arts, helping to sustain the careers of creative professionals in Wales
- it makes the arts more affordable, bringing them within reach of more people
- it encourages innovation and risk-taking, raising the quality and diversity of the arts made and promoted in Wales
- it furthers the cultural, social and economic priorities of the Welsh Government

Public funding also helps to address 'market failure' by 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 in these activities.

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

1,112
schools involved
across the
*Creative Learning
through the Arts*
programme

576
*Lead Creative
Schools*
in the *Creative
Learning through
the Arts*
programme

2,950
teachers trained
by the
*Lead Creative
Schools*
programme

108,444
learners involved
across the
*Creative Learning
through the Arts*
programme

We are working
with
1,159
*Creative
Practitioners*
in the programme

We have
233
Creative Agents
in the programme

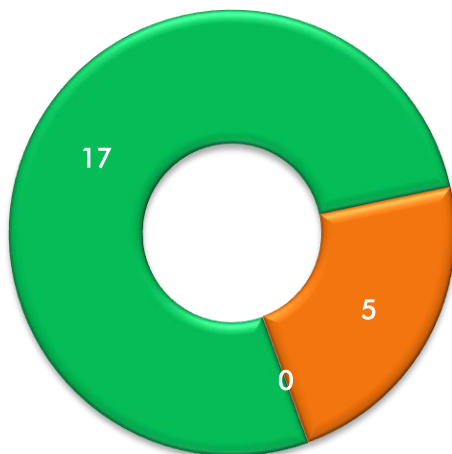
Our performance overall

A year of strong performance against our corporate objectives

Our Operational Plan for 2018/19 contained 22 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.

The majority of our tasks in 2018/19 were successfully completed. At the end of the year:

- 17 tasks had been successfully completed
- 5 tasks were substantially complete



Where targets were substantially but not fully completed, the reason in most cases was an issue of timing, with completion happening soon after the year-end date.

1,356
funding applications processed
(2017/18: 1,626)

998
Collectorplan loans to support the purchase of contemporary art
(2017/18: 1,181)

513
performances supported by the Arts Council's *Night Out* scheme
(2017/18: 511)

3,532
Disabled Visitors Cards issued via our *Hynt* scheme
(2017/18: 3,112)

15,697
Disabled Visitors now able to attend arts events through our *Hynt* scheme

6.9%
Arts Council running costs as a proportion of total income
(2017/18: 7.33%)

We retained **Green Dragon Level 5** the highest category of environmental performance

Achieving our key objectives

Objective	What we did during 2018/19
<p>Make – nurturing talent, creativity and capability</p> <p>Remit Letter: 1,3</p>	<p>Creating the environment in which artists and arts organisations can do their best work is one of our most important duties. We identify and nurture talent, supporting artists to make work. An important part of this is enabling artists from diverse backgrounds to access funding. We also want to increase the amount of work presented through the medium of the Welsh language.</p>
	<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 commissioned, produced and promoted, exhibited and toured high quality work, delivering 7,958 performances, 519 exhibitions and 72,383 participatory sessions.</p>
	<p>We invested in a wide range of individual projects and activities during 2018/19. Many of the organisations that we fund have international reputations, such as the Hay Festival, one of Wales’ festivals that acts as an artistic magnet, attracting audiences to Wales. Hijinx and BBC National Orchestra of Wales also undertook significant overseas tours.</p>
	<p>We supported 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 2018/19 we provided support to 175 individuals.</p>
	<p>Originally conceived by Gwynedd County Council as a pilot project to develop young talent in the visual arts, Criw Celf has grown significantly since its inception. It is now being delivered across all local authorities in North Wales as well as in Carmarthenshire, Neath Port Talbot, Powys, Cardiff and Torfaen.</p>
	<p>We assisted National Youth Arts Wales to establish itself as an independent organisation managing the administration of Wales’ national youth performing ensembles.</p>
	<p>We launched on a two-year Arts and Health programme with Nesta and Y Lab at Cardiff University to investigate how arts interventions can play a more prominent and sustainable role in the health service in Wales.</p>
	<p>Our BBC Cymru Wales music partnership Horizons/Gorwelion increased its profile. Acts featured in a BBC Wales TV programme Rockfield Sessions. And the Launchpad component of the programme saw almost 200 applications from artists across Wales. The 38 selected saw an increase in female led acts and more urban and dance genres. Current Horizons act Alffa also became the first Welsh language act to hit 1m streams on Spotify.</p>

Objective	What we did during 2018/19
<p>Reach – encouraging more people to enjoy and take part in the arts</p> <p>Remit Letter: 2,4</p>	<p>We are committed to ensuring that the Council’s funding is accessible and of benefit to all the citizens of Wales.</p> <p>We work to remove the barriers that prevent and impede people from enjoying and taking part in the arts. We’re 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. We also know that the arts need to reflect more accurately the cultural diversity of contemporary Wales.</p> <p>We have detailed action plans for Equalities and Welsh Language. We publish specific reports on our performance in each of these areas. We have integrated the principles of Sustainable Development across our policy-setting, consistent with well-being requirements. However, progress across our Equalities work remains stubbornly slow, especially the low level engagement with disabled people and those from a black, Asian or minority ethnic (BAME) background. This will continue to be a priority in 2019/20.</p>
	<p>Our <i>Creative Learning through the arts</i> programme has now reached more than 70 per cent of schools in Wales. This means that over 100,000 pupils have learned about the arts and culture, participated in the arts, and developed creative skills across the curriculum. The programme is attracting international attention from foundations, governments and educational agencies in Ireland, Denmark, India and Chile.</p>
	<p>We supported the establishment of Anthem. Music Fund Wales, the new music endowment for Wales. An independent board was set up in February and its first strategy is now being developed. When fully operational, Anthem will tackle the barriers to music education and performance faced by children and young people, especially amongst disadvantaged families.</p>
	<p>Our Night Out community touring programme ensures that high quality performances are available in localities across Wales, providing easier access to the arts. In 2018/19 511 Night Out events were staged. We also supported 40 Young Promoters projects through our scheme to encourage children and young people to organise and manage professional events themselves.</p>
	<p>Our disability ticket card, Hynt, continues to grow. In 2018/19 a further 3,532 people joined the scheme providing new opportunities for disabled people to take a companion to an event free of charge. The scheme overall now has 15,697 members.</p>
	<p>Our support for the Welsh Government’s <i>Fusion</i> programme has encouraged local partnerships of artists, organisations, local authorities and other public bodies to work together to develop community-based arts activities.</p>

Objective	What we did during 2018/19
<p>Sustain – supporting a dynamic and resilient arts sector</p> <p>Remit Letter: 3,4</p>	<p>In these testing financial times, resilience will be key to arts organisations' future survival. Our strategy encourages innovation and entrepreneurship and works with our artists and arts organisations to become more durable and sustainable. During the year we have been delivering a programme of business development support for our key organisations – Resilience. The aim has been to enhance their business capability so that they are less dependent on public funding. We're exploring how we can extend the programme to more organisations.</p> <p>We have promoted opportunities for Wales-based artists to promote and showcase their work at international trade fairs including WOMEX, Berlin Tanzmesse, SXSW, Classical Next and London Book Fair.</p>
	<p>Brexit has created great uncertainty around how international working will operate in the future. We're fully engaged in the current debate around Wales' relationship within Europe, and we continue to advocate the importance of developing new market opportunities for the arts and creative industries. During the year we published a Brexit handbook highlighting the issues that arts organisations needed to consider as part of their forward planning.</p> <p>For a third consecutive year our international team, Wales Arts International, supported a cultural component to the Welsh Government trade mission to Shanghai and Hong Kong in March 2019. Six arts and design companies participated: National Dance Company Wales, Theatr Genedlaethol Cymru, Theatr na nÓg, Ballet Cymru, Julia Brooker and Melin Tregwynt.</p>
	<p>We agreed the secondment of a member of our staff to the office of the Future Generations Commissioner. This provided 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> <p>We're investing in individual skills, providing bursaries to key training events. We've supported 5 bursaries for full membership of the Arts Marketing Association (AMA) which will be offered to those from BAME backgrounds, or disability-led/BAME-led organisations. Our aim is to increase the diversity of AMA membership in Wales. We also awarded 5 bursaries to attend the first Inclusivity & Audience Conference arranged by the AMA.</p>
	<p>We're careful to spend no more on Arts Council running costs than is absolutely necessary. We continue to save money by simplifying processes, reducing staff numbers and making better use of technology. We have also reduced the cost of our office premises. Over the past five years we've reduced permanent staff numbers by almost a quarter as we seek to maximise direct funding to the arts. Nevertheless, our goal is to create an organisation with the arts at its core – first-rate in its delivery and sustainable in its cost.</p>

Well-being and sustainability



“The vision for Wales is that it should be a fair, prosperous and sustainable country, improving the quality of life of people in all its communities. If we’re to achieve this goal, we need to behave and do things differently. The Welsh Government’s well-being legislation challenges us to make better, more sustainable decisions and to plan carefully for the needs of future generations. It’s a challenge that we’re pleased to accept.”

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 that must comply with the legislation. However, we also see an opportunity to promote the potential of the arts in helping to animate all of the other well-being goals.

The **five ways of working** enshrined in the legislation requires Council 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. This is a new discipline. As a body that receives the bulk of its funding annually, we’ve struggled to avoid being trapped into a short-term funding cycle. Instead, we must learn to plan and think **long term**, looking at how we make decisions and 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** with other public bodies well-being objectives that might have an impact on, or affect us. We’re determined to get better at **preventing** problems happening or getting worse. Our experience of working with communities through our *Ideas: People: Places* has shown how careful and respectful recognition of the assets that communities themselves have is key to meaningful and sustained development. These are disciplines that we’re learning to apply to other aspects of our work.

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've 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, focused 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've extended the use of our information technology infrastructure to provide business and environmental benefits. We're 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've invested in high quality video conferencing capacity in all three offices and promote its use as an alternative to travel. We're 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.

WASTE	2018/19	2017/18
Waste:		
Non-financial (tonnes)		
Landfill	0.14	0.13
Reused/recycled	3.81	3.37

We re-use or recycle our surplus and redundant IT and office equipment. We use licensed and appropriate organisations to dispose of our waste.

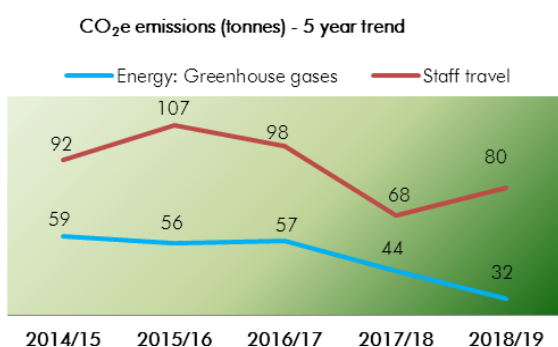
All our major suppliers of office equipment and supplies have environmental policies and reporting mechanisms in place, and we consider environmental performance and awareness when selecting contractors and suppliers.

Promoting partnership and collaboration

During 2018/19 we 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're planning, promoting and protecting cultural opportunities. Actively demonstrating the five ways of working, with the Commissioner's office, we'll 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 (CO₂e) emissions so that staff can manage their consumption of resources.



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 16 tonnes of CO₂e included in our reported totals for 2018/19 (2017/18: 8 tonnes).

ENERGY	2018/19	2017/18
Greenhouse gas emissions (CO₂e tonnes)		
Gross emissions, scope 2&3 (indirect)	32	44
Energy consumption (kWh)		
Electricity (renewable)	100,212	108,424
Gas	9,827	10,464
Financial indicators (£)		
Expenditure – energy	14,936	15,468
Water supply costs (office estate) – currently unable to assess, included in service charge	N/A	N/A

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. This remains a significant practical challenge. As a result, there are inevitable fluctuations in the level of CO₂e 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.

STAFF TRAVEL	2018/19	2017/18
Travel emissions (CO₂e tonnes)		
Rail	10	8
Air ¹	47	33
Car/vans	23	27
Travel cost (£)		
Rail	39,344	30,413
Air	19,500	12,604
Car/vans	34,382	40,126
Travel (miles)		
Rail	135,984	107,476
Air	175,620	127,876
Car/vans	73,944	88,218

¹Includes 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_x (nitrous oxides) and water vapour when emitted at high altitude.

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.

Equalities



“Our work in previous years has focused on addressing structural and operational imbalances and reducing deficits and structural gaps in the arts sector. We’re starting to make progress, largely based around our development work, but barriers in some areas still stubbornly remain.

Until more people from the fullest cross-section of the population of Wales are routinely able to enjoy, participate and work in the arts, we won’t have fulfilled our mission to widen engagement. Removing the attitudinal, hierarchical and class barriers that still exist remain, therefore, our overriding priority.”

Richie Turner

Chair, Equalities Monitoring Group

Evaluating our approach

This year saw a renewed commitment to promoting equalities across our work. Achieving a broader and more representative audience for the arts is at the heart of our new corporate plan and is a strong feature of our public campaigning. Of course, 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 – but we’re starting to see progress.

Nevertheless, 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’re 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. In some areas of our work the successes have been striking. Our national ticketing access scheme, *Hynt*, now has 15,697 members, increasing dramatically the number of disabled people who are now able to attend our theatres and arts centres.

Our goal is an arts workforce that better reflects the diversity of Wales at local and national levels and is, as a minimum, 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. We're especially keen to see more diverse Boards of management and governance structures. Real change requires attention at the highest level within an organisation.

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, Asian and minority ethnic backgrounds. So we're challenging ourselves as an organisation, our Arts Portfolio Wales organisations and those we support in the wider arts sector to attach greater importance to all aspects of equalities.

Transforming the arts sector's performance will not be easy, but we're adamant that it's the right thing to do. We're responding to the challenge in a spirit of collaboration and with an openness to dialogue. Recent recruitment to the Arts Council has brought a more diverse membership to our own governance structures. However, our collective failure as a sector to match the demographic profile of the population as a whole – the very least we should expect – remains a continuing challenge.

Targeted programmes of support such as the **Unlimited** commissions and a Wales-based version of Arts Council England's *Ramps on the Moon* are taking shape. And *Creative Steps* offers an important opportunity to develop the work of artists and arts organisations who have found it difficult in the past to access advice and funding. This bespoke programme offers detailed help and mentoring in building capacity and skills. Six *Creative Steps* projects are

up and running with a seventh in development. Six of these are BAME focused.

We've set clear targets, described in detail in our Strategic Equalities Plan and backed up in our new Corporate Plan, *For the benefit of all...*

Achieving these targets will be central and fundamental to the successful delivery of Council's ambitions.

Welsh language



“Our success in promoting Welsh Language activity is not yet as effective as it needs to be. Nothing makes Wales more distinctive than the Welsh language. Promoting creativity through the medium of Welsh is not a matter of legal compliance, it provides the means to understand and enjoy an extraordinarily rich literature and culture.

If the arts art to thrive, then we must find new ways of enabling the full potential of the Welsh language’s vital role at the heart of Welsh life. We have work to do, and this is a key priority area for Council.”

Marian Wyn Jones

Chair, Welsh Language Monitoring Group

A fundamental commitment

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. The Welsh Government’s long-term target is to achieve 1 million Welsh Language speakers by 2050. It is an ambition that we support, and an important task for us is to identify how we can help achieve this goal – internally and externally.

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

Our Welsh Language Monitoring Group scrutinises our work to promote the Welsh language. A key task for the Group in previous years 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. We can now confirm that we successfully implemented all of the Standards by the required dates.

Promoting creativity through the medium of Welsh

Engaging with the Welsh Language is a deeply cultural undertaking. The arts in Wales draw a particular character from their linguistic lineage and offer something which is distinctive and unique to Wales. However, our data suggests that we're not seeing the range or quality of Welsh language activity that we'd expect to find, especially in Theatre.

Close scrutiny of the funding data provided to us has revealed anomalies. Funding applications suggest a healthy increase in the volume of bilingual work. In fact, we suspect the actual Welsh Language content listed under the "bilingual" heading may be limited. This will be investigated in more detail during 2019/20.

A pilot project during the year saw investment in the co-production of a Christmas show by Theatr Clwyd and Pontio. This revealed an appetite for good quality Welsh language theatre for young and family audiences. This points to a useful opportunity for development and needs nurturing in order to allow those learning Welsh in schools to experience the language in a positive setting outside of the academic environment.

We're also aware that more is needed to develop the skills of those working in marketing and the promotion of Welsh Language work – particularly those with limited Welsh language skills. Offering practical solutions to these challenges will be a specific part of our workforce development strategy in the year ahead.

Building Resilience



“One of the most important aspects of our work is encouraging the creation of exciting high quality arts. We do this by creating a supportive environment in which artists and arts organisations are more likely to prosper. A key element of this is equipping the sector with the skills and capability to be more resilient in the face of economic challenge.”

Alan Watkin
Chair, Capital Committee

Strengthening the arts infrastructure

For more than two decades 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 exemplary buildings that provide first-class spaces for people to enjoy and take part in the arts.

Council ring-fenced approximately £22m for its most recent Capital programme. This is nearing completion and we were pleased during the year to see the realisation of **Galeri's** plans to extend its cinema facilities, providing additional income to support the cultural programme. Other projects under development included **Theatr Clwyd**, **Borough Theatre Abergavenny**, **Cwmni'r Fran Wen**, **Theatr Bara Caws**, **Oriel Myrddin** and **Artis** in Pontypridd.

Sustainability

We're committed to sustainable development. We expect the projects that we support 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 and the long view at the heart of their development plans.

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. Our Capital Committee has also overseen Ideas: People: Places, our innovative programme of community-led regeneration.

Enabling organisations to thrive and not just survive.

We believe absolutely in the importance of public investment in the arts. However, we can't ignore the wider economic context. We continue to do all we can to persuade funding partners to keep faith with the arts. But we must

also encourage greater resilience and sustainability: reducing the extent of the arts' dependence on public funding, helping them (and us) to maximise earned income. It requires patient and careful work, but it's encouraging to see a large number of positive outcomes.

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 *Resilience* programme for our Arts Portfolio Wales. 57 APW organisations had participated in the programme by the end of 2018/19 and we will be evaluating its success during 2019/20.

Principal risks and uncertainties



“Effective risk management is fundamental to good governance. However, creativity depends on innovation and experimentation, both of which can carry risk. We’re not afraid, when it’s right, to take a few risks. But we do so knowingly and confidently, equipped with our best knowledge and expertise, ensuring that our approach is carefully monitored and assessed.”

Kate Eden

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 and procedures 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 and reputation. We expect the organisations that we fund to be well-managed and to represent good value for money. Our monitoring through the year assesses the extent to which this is the case. 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 prudent and effective delivery.

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 and Risk Register** 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 2018/19, 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% (2017/18: 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 and continues to monitor Brexit developments.

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>Governance Poor management results in a significant failure to deliver the key objectives in corporate and operational plans</p>	<p>Anticipated outcomes are clearly defined. We use project management disciplines 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>Funding Cuts in public sector funding could damage the arts across Wales</p>	<p>National Lottery income continues to be unpredictable. We 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 reduction 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 & 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>Grants management 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>Brexit Continuing uncertainty has a detrimental impact on the operation of our funded organisations</p>	<p>We continue to monitor developments closely. We have convened a Task Group including representatives from the Welsh Government and UK Arts Councils. Between us we identify potential risks, lobby the UK Government and provide advice to the sector.</p>
<p>Major projects 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. It also looks likely that the Welsh Government will provide additional funds to extend the programme.</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>IT Unforeseen or unexpected outages compromise business continuity</p>	<p>A full Disaster Recovery 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>Personal Data 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>Staffing 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 but costs will continue to require careful management in the medium term. This will remain an issue for Council scrutiny.</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 grant-in-aid and 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.

Recurrent, or annual revenue, grants are made to a portfolio of organisations to deliver high quality artistic services – our [Arts Portfolio Wales](#). Consideration of revenue status for any organisation is dependent on the availability of funding, the sustainability of the organisation, and demonstration of strong fit with the Council's strategic priorities. Currently, each revenue-funded organisation enters into a funding agreement for a term of one to three years which sets out the anticipated level of funding, the programme of activity to be delivered, requirements for monitoring and annual review, standard conditions of grant, and any additional conditions.

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 withheld and/or deferred.

Cash reserves

The Council's policy on restricted funds is to separately record grants, donations and other sources of income which are received for a specific purpose or project, or where restrictions are imposed that are narrower than the Council's overall objectives. All of these incoming resources have been utilised in the year for their intended purpose.

Most of the Council's unrestricted funds are committed during the year, in accordance with the conditions of grant-in-aid issued by the Welsh Government. Any surplus funds are carried forward and used in furtherance of the Council's chartered objectives in the following year. There were no designated funds at 31 March 2019.

Our holding of cash reserves is restricted by the Welsh Government's directions on month-end and year-end flexibility. Within those parameters, our policy is to manage cash flow by drawing down funds each month to meet planned expenditure with a modest allowance for unforeseen short-term cash requirements. We review this policy and our reserves position annually.

At 31 March 2019 the unrestricted cash funds were £1.766m (2018: £1.816m).

The accounts have been prepared on a going concern basis and there are no material uncertainties about our ability to continue in operation.

Investment

Investment powers are governed by the Trustee Act 2000 and the Framework Document issued by Welsh Ministers. The Council's policy is to achieve the maximum return within these terms. Interest at a negotiated 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](#).

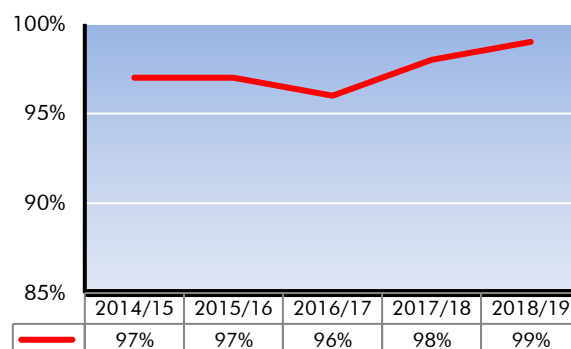
All interest and other investment income earned on cash and bank balances which arise as a result of funding from the Welsh Government is surrendered to HM Treasury via the Welsh Consolidated Fund.

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 2019, the Council paid 99% (2017/18: 98%) 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 2018/19, 92% (2017/18: 89%) 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

	2018/19 £000	2017/18 £000
Headlines from the General Activities accounts:		
• Total income for the year	35,386	37,889
• Excess of (expenditure over income)/income over expenditure	(636)	858
• Net current assets	2,741	4,109
• Total fund balances at 31 March	2,846	3,482
• Forward commitments of grants for the following year	26,790	26,744
The separate Lottery Distribution accounts show:		
• The Council's share of the proceeds from the National Lottery	16,000	16,351
The combined:		
Total income for both general and Lottery activities was	51,524	54,322
and Total charitable arts expenditure for both general and Lottery activities was	47,886	51,980

The Council's income for 2018/19 was £2.503m (6.6%) less than the previous year. The main reason for the decrease was a reduction in restricted income:

- in 2017/18 we received £1m from the Welsh Government towards the set-up and capitalisation of a new Endowment for Music; and
- funding for year 4 of our five-year *Creative Learning through the Arts* (CLTA) Programme, from the Welsh Government's Education Department and from our own Lottery funds, was £2m less than the previous year. The Programme has a fixed budget which is being managed across five years.

During the year we awarded grants to our revenue funded organisations, Arts Portfolio Wales, of £26.8m and committed £3.3m to the CLTA Programme. We also spent £5.8m through grants and direct expenditure on strategic initiatives and services.

The aggregate expenditure for the year exceeded income by £0.6m: our restricted funds reduced by £1m but our unrestricted funds increased by £0.4m.

At March 2018 we were holding the Welsh Government's £1m for the establishment of the music endowment. During the year we formed Anthem. Music Fund Wales as a charitable company and transferred the seed

funding to it. The increase in our unrestricted funds reflects the timing of commitments for some of our planned programmes but, with the agreement of the Welsh Government, we carried forward some cash to 2019/20 to meet strategic and operational commitments.

At 31 March 2019 we had unrestricted reserves of £2.4m (2018: £2.0m) and restricted reserves of £0.4m (2018: £1.5m). The level of our unrestricted reserves is directly affected by the Welsh Government's policy on year-end cash balances, as outlined in the *Cash reserves* section above. The Council is permitted to carry over from one financial year to the next no more than 2% of its total non-Lottery income. Any proposal to carry over sums in excess of this amount, as this year, must be agreed by our sponsoring department of the Welsh Government.

In order to address committed costs and to provide the necessary flexibility for future cost pressures an application was made to Welsh Government to carry forward an additional £1.11m to meet outstanding programme funding commitments and additional funding requirements.

The approval of this application was welcomed and, along with the funding announcement for 2019/20, has provided us with our planning and resource requirements over the next year.

The year ahead: 2019/20

We remain focused on the journey of change set out in our corporate plan, “For the benefit of all...” Encouraging more people, from across Wales’ diverse communities, to enjoy and take part in the arts remains our principal 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 2019/20 around its strategy of Make: Reach: Sustain.

The guide for our work remains 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 remains a priority that informs all aspects of our work in 2019/20.

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.

Widening engagement

Whether attending, taking part or working in the arts as artist, employee or board member, we need to see Wales’ wider population better represented in the activity that we fund. We’ve set specific targets, and these are set out in our Strategic Equality Action Plan.

Our top 3 actions:

1. **Complete research undertaken by social enterprise *64 Million Artists* to identify different models of engagement and participation in the arts in Wales through the medium of the Welsh and English languages.** We will support a range of projects exploring new ways of reaching audiences who we don’t currently connect with.
2. **Research, consult on and promote workforce development projects that increase the number of BAME and disabled people able to make work, develop their professional skills and find employment in the arts in Wales.** Our goal is to see more people from diverse backgrounds able to work in the arts as creative professionals, as employees, or as members of our Portfolio organisations’ governance structures.

3. **Run a public campaign that promotes our commitment to working towards a more equal and inclusive Wales.** We want to raise the profile of the ambitions contained in our Strategic Equality Plan in a visible way that attracts attention.

Resilience and sustainability

We believe absolutely in the importance of public investment in the arts. However, in times of austerity we can't ignore the wider economic context. We continue to do all we can to persuade funding partners to keep faith with the arts. But we must also encourage greater resilience and sustainability: reducing the extent of the arts' dependence on public funding, helping them (and us) to maximise earned income.

Doing this requires strong, entrepreneurial leadership. This means building a sector that's imaginative, innovative and able to capitalise on its public investment. The best organisations do this already, but we're determined to bring all the key organisations we fund up to the standard of the best.

Our top 3 actions:

1. **Complete and evaluate the current "Resilience" programme, and develop a successor scheme.** This will enable our future work to be aligned to the needs of the sector.
2. **Research and identify the actions needed to strengthen key sectors within the arts in Wales.** We want to see a strong and resilient infrastructure that confidently promotes opportunities for artists, audiences and participants. We are especially keen to see practical steps taken during the year to address shortcomings in Welsh Language theatre.
3. **Understand the current needs of the wider arts sector to inform business development and non-public funding initiatives.** We will help to identify and grow new financial, digital and physical resources for the arts in Wales.

Fish are only as healthy as the water they swim in. Artists and arts organisations need a supportive environment to prosper. We'll play a clearer and more entrepreneurial role in identifying, nurturing and promoting our country's best creative talent across all kinds of art, and at all stages in their professional development. Key to this will be achieving a close alignment with action 2 above under "Widening Engagement".

We know we can provide support at key moments in an artist's career. Our goal is to create the circumstances in which our artists are equipped with the skills and the opportunities to pursue viable, sustainable careers from a Welsh base.

Our top 3 actions:

1. **Research, develop and promote an inclusive menu of opportunities for individual artists and creative professionals.** We want to develop a more comprehensive approach to skills development, from emerging talent to the established professional.

2. **Establish partnerships with at least two foundations or specialist providers to increase training, professional development and employability opportunities in the arts and creative sector.** We want to work with partners who share our equalities priorities.
3. **Look to our National Companies to develop an exemplary programme of internships, apprenticeships and mentoring.** We want to see our National Companies as acknowledged leaders in their field.

Promoting the benefits of Arts and Health

The importance of the Arts for Health and Well-being is becoming increasingly accepted. Through project activity that we've previously supported we've been able to demonstrate that Arts and Health work is having a beneficial impact across the full ranges of age, class and geography in Wales.

Our resources are small in relation to Health. This is why we're being clear about where our interventions will have most impact. Key to this is aligning our work with the priorities of Government and the Health Boards and to respond to the challenge of making scalable interventions in key areas of well-being and health in the Welsh population. Delivering a partnership approach will be essential if our strategy is to succeed.

Our top 3 actions:

1. **Build capacity in the Health Boards across Wales.** We will invest in recruitment and support of professional specialists who can promote our Arts and Health priorities.
2. **Commission Y Lab (Nesta and Cardiff University) to work together to understand how arts interventions can play a more prominent role in the health and well-being of the people of Wales.** This will help us to better understand where new ideas are needed to make this happen.
3. **Work with partners to implement the recommendations set out in the Mapping Report.** Bringing like-minded partners together will increase the likelihood that our ambitions can be realised.

Investing in young people and Creative Learning

An active engagement with the arts can transform the way children and young people learn and explore the world around them. It can change the way they see themselves – even what they dream of for the future – as well as helping them to develop the self-respect and worth that will be such an important part of their life skills for the future.

From the youngest age literacy and numeracy are seen to underpin academic success. Success in life depends on more – the integration of Creativity. Our strategy continues to be to pioneer ways in which more schools can draw on practical ways of bringing the excitement and inspiration of the arts into the classroom as embodied in our

Creative Learning programme. Creative Learning has challenged Government to place the arts at the heart of the school curriculum.

Our top 3 actions:

1. **Implement the final year of Creative Learning, developing proposals for another phase to take key elements of the programme to 2022.** We want to find creative ways of responding to the continued demand for this programme from schools across Wales.
2. **Support the development of a new curriculum that places Creativity and the Expressive Arts at its heart.** We want to help secure the arts within everyday school life.
3. **Embed the involvement of young people in strategies across Council's wider work.** We want to see more young people making work, enjoying the arts, and developing the skills that will enable them to contribute to the administration and management of the arts.

Expanding our international activities

Our arts, our culture and our languages give Wales its unique global personality. And this unique cultural context resonates with many other minority languages and cultures so our story is relatable around the world. This will be a strong feature of our work around the UNESCO Year of Indigenous Languages.

We want to create a new cultural context that nurtures international understanding and tolerance through engaging with the diverse international communities in Wales. It's not enough for us to see international working as an opportunity to 'exploit', we must find ways of giving back and enriching cultural connections. This becomes all the more important in a post-Brexit context where we have to re-define our relationship with Europe.

Our top 3 actions:

1. **Assist the Welsh Government with the development and realisation of its international strategy and priorities.** We will co-ordinate and draft the content of the strategy's "chapter" on Culture and the Arts and support a Wales-based programme of activity for the UNESCO Year of Indigenous Languages.
2. **Implement the actions in the Arts Council's International Strategy.** We will assist artists and arts organisations to become "market ready" to take advantage of international opportunities, developing the capacity of Wales' arts sector to engage and participate internationally.
3. **Build cultural bridges with international communities living and working in Wales.** An international outlook should also help us to better understand and engage with the diverse communities who have made Wales their home.

Understanding the impact of our investment

Research and evaluation is an essential part of our work. It informs our implementation and monitoring of policy, giving us a better understanding of the impact of our funding and developmental work.

We have a small research team, so it will be important that we develop partnerships to extend and enhance our research capability. We currently collect and hold a large amount of data, and we must integrate and share the use of our data to maximise organisational intelligence, reporting and efficiencies.

Our top 3 actions:

- 1. Publish research that demonstrates the impact of Arts Council investment.** We want to be able to assess the performance of our Arts Portfolio Wales and the outcomes achieved by Lottery funding.
- 2. Publish research which describes the extent and range to which the public in Wales is attending and taking part in the arts.** We want to develop a clearer picture of where we need to focus our efforts in developing audiences.
- 3. Publish more of the data that we collect.** We should be doing more to assist artists and arts organisations to better understand who is engaging with their activity.

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 2019/20 can be found on our [website](#).

Nick Capaldi
Accounting Officer
5 July 2019

Endorsed on behalf of Council:






Phil George
Chairman
5 July 2019

Accountability Report

Corporate Governance

Our Trustees




Council Members who served since 1 April 2018 were:

		Attendance at meetings during 2018/19			
		Council	Audit & Risk Assurance Committee	Capital Committee	HR & Remuneration Committee
		Number of meetings held:			
		6	5	4	3
	Phil George Chair from 1 April 2016	6			
	Marian Wyn Jones from 1 April 2012 Vice Chair from 1 April 2017 Chair of Welsh Language Monitoring Group	4			
	Iwan Bala from 1 November 2016 Member of Wales in Venice Advisory Committee	4			
	Lhosa Daly from 1 April 2019 Member of Audit & Risk Assurance Committee (from May 2019)	N/A			
	Devinda De Silva from 1 April 2019 Member of Equalities Monitoring Group (from May 2019)	N/A			

Attendance at meetings during 2018/19			
Council	Audit & Risk Assurance Committee	Capital Committee	HR & Remuneration Committee
Number of meetings held:			
6	5	4	3

 <p>Andy Eagle from 1 November 2016</p> <p>Member of Capital Committee (from March 2019) Member of HR & Remuneration Committee to May 2019</p>	6		1/1	1
 <p>Kate Eden from 1 April 2017</p> <p>Chair (from July 2018) of Audit & Risk Assurance Committee Member of HR & Remuneration Committee</p>	5	3/3		3
 <p>Michael Griffiths OBE from 1 April 2012</p> <p>Member of Audit & Risk Assurance Committee to May 2019 Chair of HR & Remuneration Committee</p>	5	2		2
 <p>Professor Tudur Hallam from 1 April 2019</p> <p>Member of Welsh Language Monitoring Group (from May 2019)</p>	N/A			
 <p>Melanie Hawthorne from 1 April 2012</p> <p>Chair of Future Generations Monitoring Group</p>	5			
 <p>Gwennan Mair Jones from 1 April 2019</p> <p>Member of Future Generations Monitoring Group (from May 2019)</p>	N/A			

		Attendance at meetings during 2018/19			
		Council	Audit & Risk Assurance Committee	Capital Committee	HR & Remuneration Committee
		Number of meetings held:			
		6	5	4	3
	<p>Alison Mears Esswood from 1 April 2019</p> <p>Member of HR & Remuneration Committee (from May 2019)</p>	N/A			
	<p>Andrew Miller from 1 April 2012</p> <p>Chair of Equalities Monitoring Group (from May 2019)</p>	5			
	<p>Rachel O'Riordan from 1 April 2017</p> <p>Member of Capital Committee to November 2018</p>	2		0/3	
	<p>Victoria Provis from 1 April 2019</p> <p>Member of Capital Committee (from May 2019)</p>	N/A			
	<p>Dafydd Rhys from 1 April 2017</p> <p>Member (Chair from 1 April 2018 to June 2018) of Audit & Risk Assurance Committee to June 2019</p>	6	3		
	<p>Richard Turner from 1 April 2010 to 31 March 2019</p> <p>Chair of Equalities Monitoring Group to 31 March 2019</p>	6			

Attendance at meetings during 2018/19				
	Audit & Risk Assurance Committee	Capital Committee	HR & Remuneration Committee	
Council	Number of meetings held:			
6	5	4	3	
 <p>Alan Watkin from 1 April 2010 to 31 March 2019 Chair of Capital Committee to 31 March 2019</p>	6		4	
 <p>John C Williams from 1 April 2010 to 31 March 2019</p>	0			
 <p>Dr Sarah Younan from 1 April 2019 Member of Audit & Risk Assurance Committee (from May 2019)</p>	N/A			

Attendance of independent Committee members at meetings during 2018/19

	Audit & Risk Assurance Committee	Capital Committee	HR & Remuneration Committee
	Number of meetings held:		
	5	4	3
Andrew Butler	5		
Katrina Michael to June 2018	1/2		
Elid Morris from January 2019	2/2		
Arwel Thomas	5		
Ruth Cayford		3	
Mark Davies		3	
Roland Wyn Evans		4	
Alan Hewson		3	
Valerie Ellis			3
Philip Westwood			1

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 25 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:

The Mount
18 Queen Street
Carmarthen
SA31 1JT

North Wales:

Princes Park II
Princes Drive
Colwyn Bay
LL29 8PL

South Wales and national office:

Bute Place
Cardiff
CF10 5AL

Auditor

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

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 the Accounting Officer's responsibilities

Under Article 11 of the Royal Charter dated 30 March 1994 (as amended) the Council is required to prepare for each financial year a statement of accounts in the form and on the basis determined by Welsh Ministers. 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, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the accounting principles and disclosure requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 ("the SORP") and, to the extent that it clarifies or builds on the requirements of the SORP, the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by Welsh Ministers, 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 SORP and the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;

- prepare the financial statements on a going concern basis; and
- confirm that the Report and Financial Statements as a whole is fair, balanced and understandable and take personal responsibility for the Report and Financial Statements and the judgements required for determining that it is fair, balanced and understandable.

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.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Council's auditor is aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Nick Capaldi
Accounting Officer
5 July 2019

Endorsed on behalf of Council:

Phil George
Chairman
5 July 2019

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've 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're 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 **Deputy Minister for Culture, Sport and Tourism**. Our work is also subject to the scrutiny of Committees of the **National Assembly for Wales**. 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're 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're 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're 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 contract to 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've 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 arrangements

We're governed by a Board of Trustees – Council – consisting of a Chair and up to seventeen other independent members, one of whom is appointed as Vice-Chair. Our Trustees are appointed by the Deputy Minister for Culture, Sport and Tourism through an open selection process. Appointments are usually for

a three year term, renewable for a maximum of two additional terms.

Each Trustee brings specific expertise and knowledge to the oversight and development of our activities. At the end of March 2019, our Council comprised of the Chair, plus twelve members. Following the expiry of the terms of office of some members, at the time of signing these accounts Council comprised of the Chair plus sixteen members.

The Chair of Council is a remunerated position, at a rate set annually by the 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.

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 is reviewed and updated at least every two years. You can find a copy on our [website](#).

In accordance with the Code, each member of Council, of each Committee, and all [Arts Associates](#) and staff are required to complete an annual [Declaration of Interest](#) statement, and to

ensure that changes in circumstances are notified promptly. They 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 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 the financial statements under *Related party transactions*.

Council, the Audit & Risk Assurance Committee and HR & Remuneration Committee all carried out **a self-assessment review** of their performance during the year. The findings of these evaluations were positive. 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 were being 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 and diversity 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'm 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

Decisions taken by our Council and Committees are informed by advice provided by Arts Council staff. Papers and reports produced by officers are expected to show clearly all relevant information 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; tabled items and verbal reports are only accepted in exceptional circumstances. Council was content during the year with the timeliness and quality of 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. There

were no instances of this happening in 2018/19.

Where appropriate and relevant, advice from officers is supplemented 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 Council's most important duties is the distribution of funding to develop and support the arts in Wales. We're a major distributor of funding – from the Welsh Government, the National Lottery and other sources, including, where applicable, European funds.

We've developed robust and accountable systems and procedures to support this key activity. Grant making and monitoring processes are reviewed annually by our internal auditors. 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're implemented on a timely basis.

Security of data

We hold large amounts of data, and treat seriously our obligations under the

Data Protection Act and General Data Protection Regulations (GDPR). We prepared for GDPR across all areas of our organisation, ensuring 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.

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.

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're aware, no loss of data occurred during the period under review.

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.

Our Governance Structure

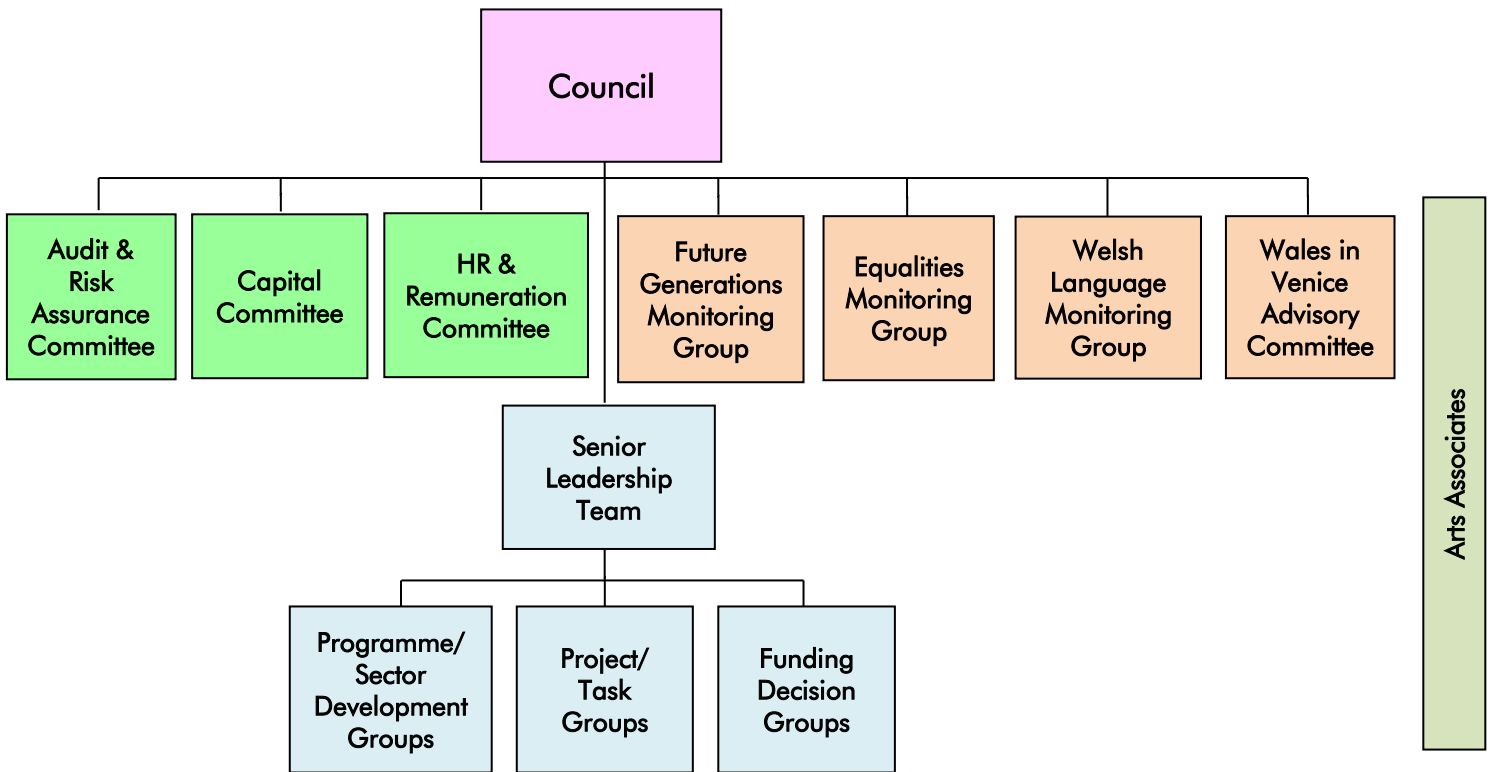
To help support its work, Council has appointed three committees to provide specialist advice. These are: Audit & Risk Assurance; Capital; and the HR & Remuneration committees. There is also an *ad hoc* advisory committee, to advise on Wales’ presence at the international Biennale of Art in Venice, and 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 to note. Terms of reference for each committee, which are reviewed annually, can be found on our [website](#).

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 – **Future Generations, Equalities and Welsh Language**. These help drive forward Council’s agenda in these areas. Council received minutes of each meeting.

During the year we recruited a new cohort of **Arts Associates**. The Associates, who begin their work during 2019/20, support executive staff, offering their time and expertise. Their specialist knowledge and help contributes to policy development, the assessment of grant applications, and advice to officers. They’re appointed through an open recruitment process.



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.

Council sets the annual budget, decides on the annual allocation of grants to organisations in the Arts Portfolio Wales, and approves 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 assist with Council Committees. They also attend arts events across Wales as representatives of Council.

Summary of Discussions during 2018/19

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, "For the benefit of all..."** 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, and static public funding, Council undertook a detailed public consultation on our spending plans for the future. The results of this consultation will be published during 2019/20.

Key projects included the fourth year of the **Creative Learning** programme, delivery of the **Resilience** programme, the development of a new **Arts and Health** programme and the conclusion of our **Ideas: People: Places** programme. Against the background of Brexit uncertainties, Council also launched its new **International strategy**.

A significant issue for Council during the year was implementation of a new staffing structure following our last **Organisational Review**. 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 6 times during 2018/19 to discharge its responsibilities. During the year, members in total attended meetings on 60 out of a possible 72 occasions. Council meetings are normally held approximately every 6 weeks. Copies of agendas and minutes of our Council meetings can be found on our [website](#).

Audit & Risk Assurance Committee

Responsibilities Audit & 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.

Summary of Discussions during 2018/19 New members joined the Committee during the year. A new Chair was also appointed during the financial year. Thorough **induction** and regular **training** is provided to all Committee members. Key training sessions during 2018/19 included the development of a **Scrutiny Framework for the Well-being of Future Generations** and the **Monitoring of the Arts Portfolio Wales**.

An important aspect of the Committee’s work is scrutiny of the **Corporate Assurance Framework** and **Corporate Risk Register** as part of the Committee’s commitment to good governance. It also receives an **Arts Portfolio Wales Radar Report** summarising the performance status of the Arts Council’s key organisations. Together these documents provide assurance to Council that the systems, processes and behaviours that exemplify good governance and effective operation are in place.

The Committee receives all **internal audit** reports and monitors the progress of any recommendations that have been raised. In 2018/19 10 reports were presented. Of the areas reviewed, 6 were given a ‘substantial’ assurance rating and 2 ‘moderate’. 2 advisory reports were also presented.

A key role of the Committee is to keep an eye on delivery against outstanding audit recommendations. Having previously expressed concern about slippage against deadlines, members were pleased to note that good progress was made in responding promptly to audit recommendations.

During the year the Committee was especially keen to ensure that the Arts Council’s policy and strategies for **Cyber Security** remained fit for purpose. This was confirmed with the award during the year of **IASME accreditation**.

As part of its cycle of meetings, the Committee visited the rehearsal studios and production centre of APW organisation **Welsh National Opera**. Members were also able to attend part of the dress rehearsal for Rossini’s *La Cenerentola*. This provided a practical insight into how one of Wales’ national arts organisations operates.

Frequency of meetings and attendance The Committee met 5 times during 2018/19 to discharge its responsibilities. During the year, members in total attended meetings on 21 out of a possible 27 occasions. Committee meetings are normally held quarterly, with an additional meeting in early Summer.

Capital Committee

<p>Responsibilities</p>	<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 <i>Ideas: People: Places</i> programme.</p> <p>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.</p> <p>The Committee is responsible for monitoring live projects and advising Council accordingly.</p>
<p>Summary of Discussions during 2018/19</p>	<p>The Committee’s principal activity during the year was monitoring delivery against Council’s five year Capital Development strategy (2012-2017). A particular highlight was completion of Galeri’s additional cinema facility.</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 and the greater part of the Committee’s discussions focused on those projects that are still fundraising for partnership income.</p> <p>The Committee also oversaw the management and administration of Council’s <i>Ideas: People: Places</i> programme. It noted that the projects were now drawing to a close and a detailed evaluation would be published in the year ahead.</p>
<p>Frequency of meetings and attendance</p>	<p>The Committee met 4 times during 2018/19 to discharge its responsibilities. During the year, members in total attended meetings on 18 out of a possible 24 occasions. Committee meetings are held approximately every 2 months, but with fewer meetings during the summer.</p>

HR & Remuneration Committee

<p>Responsibilities</p>	<p>The HR & Remuneration Committee has responsibility for the oversight and monitoring of HR matters on behalf of Council.</p> <p>This includes 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; and for the appointment of senior roles within the executive.</p>
<p>Summary of Discussions during 2018/19</p>	<p>The Committee’s principal activities during the year involve oversight of Council’s HR policies, and management of pay policies. The Committee is close to completing the review and translation of HR policies. The Committee also reviewed detailed 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 work planning objectives for the Chief Executive.</p> <p>The Pay Remit is an annual negotiation with union colleagues around future levels of remuneration. It covers all other salaried members of staff and is submitted to the Welsh Government for approval. The Committee also agrees an annual Pay Policy Statement for endorsement by Council.</p> <p>A key issue for the Committee during the year was the Council’s re-organisation of staff, its Organisational Review. 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>A consequence of the re-organisation has been the decision to undertake a thorough job evaluation review of all posts. This work is expected to be completed in 2019/20.</p>
<p>Frequency of meetings and attendance</p>	<p>The Committee met 3 times during 2018/19 to discharge its responsibilities. Members in total attended on 10 out of a possible 15 occasions.</p>

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.

Nick Capaldi
Accounting Officer
5 July 2019

Endorsed on behalf of Council:

Phil George
Chairman
5 July 2019

*"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

Remuneration and Staff Report



“Council’s staff represent an invaluable resource of knowledge and expertise. They work tirelessly to develop and support the arts. Council recognises its responsibility to ensure the well-being of its staff. Enabling an engaged, committed and authoritative staff team is one of Council’s most important tasks.”

Mike Griffiths
Chair, HR & Remuneration Committee

The HR & Remuneration Committee members who served since 1 April 2018 were:

Michael Griffiths OBE (Council member)

Andy Eagle (Council member)

Kate Eden (Council member)

Valerie Ellis (independent member)

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.

Each year Council publishes a **Pay Policy Statement**. This includes a detailed breakdown of the make-up of our staff. It also addresses Gender Equality and Equal Pay reporting.

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

Our HR policies

Council’s aim is to be a progressive, family-friendly employer. We operate a number of HR policies that reflect our 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, consultation and negotiation

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.

We undertake regular surveys of staff to identify any issues or areas for improvement.

Job Evaluation

During 2018/19 we worked with our union colleagues to undertake a comprehensive process of **job review and evaluation**. It's important that staff roles are clear, and that these roles are accurately and fairly remunerated. We're working with Acas who are assisting us with this work, scheduled for completion during 2019/20.

Remuneration

The terms of appointment of the Chair 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 on performance established by the Council's system of personal development reviews.

With the approval of the Charity Commission the Chair is remunerated at a rate determined by the Welsh Government which reflects a minimum time commitment to Council business. Annual increases of the Chair's salary are also advised by the Welsh Government but he receives no bonus payments and is not a member of the Arts Council's 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 2018/19 and has accepted the same level of consolidated increase as other eligible members of staff.

Further details of the remuneration and pension benefits of the Chairman, Chief Executive, Directors and staff are provided in note 7 to the financial statements. This information is audited.

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 Chair, Phil George, took up the position on 1 April 2016 and is in his second term which expires on 31 March 2022.

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:

	<p>Phil George Chairman</p> <p>1 April 2016</p>
	<p>Nicholas Capaldi Chief Executive</p> <p>15 September 2008</p>
	<p>David Alston Director of Arts to 31 January 2019</p> <p>1 July 2005</p>
	<p>Dr Katherine Davies Director of Investment and Funding Services from 1 February 2012</p> <p>24 August 1998</p>
	<p>Diane Hebb Director of Engagement and Participation from 1 February 2012</p> <p>13 January 1992</p>
	<p>Siân Tomos Director of Enterprise and Regeneration from 1 February 2012</p> <p>3 May 1994</p>
	<p>Gwyn Williams Director of Finance and Business Services to 31 March 2019</p> <p>4 September 2017</p>

Sickness absence

Across the whole Council:

	2018/19	2017/18
Days lost as a result of sickness	579	574
Average number of employees (full time equivalent)	77.30	83.85
Average number of days lost per employee	7.49	6.84

This represented an absence rate of 2.98% (2017/18: 2.76%) based on 251 working days.

Consultancy

During 2018/19 the Council paid consultancy costs of £3,000 (2017/18: £5,000) in relation to expert advice and opinion obtained to assist in strategic decision-making. £1,000 (2017/18: £3,000) is charged in these financial statements and the remainder related to Lottery Distribution 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.

Nick Capaldi

Accounting Officer
5 July 2019

Endorsed on behalf of Council:

Phil George

Chairman
5 July 2019

The Certificate and independent auditor's report of the Auditor General for Wales to the Trustees of the Arts Council of Wales

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of the Arts Council of Wales General Activities Account for the year ended 31 March 2019 under Article 11 of the Arts Council of Wales' Royal Charter. These comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the Arts Council of Wales' affairs as at 31 March 2019 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under Article 11 of the Arts Council of Wales' Royal Charter.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Accounting Officer is responsible for the other information in the annual report and financial statements. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, 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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on regularity

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

Report on other requirements

Opinion on other matters

In my opinion, the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under Article 11 of the Arts Council of Wales' Royal Charter.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report, Operational Review and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report, Operational Review and Accountability Report have been prepared in accordance with the Charities SORP (FRS102).

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report, Operational Review and Accountability Report or the Governance Statement.

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

- sufficient accounting records have not been kept;
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for preparing the financial statements in accordance with Article 11 of the Arts Council of Wales' Royal Charter and Welsh Ministers' directions made thereunder, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Adrian Crompton
Auditor General for Wales

24 Cathedral Road
Cardiff
CF11 9LJ

11 July 2019

Financial Statements

THE ARTS COUNCIL OF WALES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2019

	Note	Unrestricted funds £'000	Restricted funds £'000	2018/19 Total £'000	2017/18 Total £'000
INCOME					
Donations:					
Grant-in-aid from the Welsh Government		31,327	300	31,627	31,382
Other grants and donations	3	8	3,186	3,194	6,179
		<u>31,335</u>	<u>3,486</u>	<u>34,821</u>	<u>37,561</u>
Income from charitable activities:					
Services and sponsorship	4	184	2	186	193
Investment income:					
Bank interest		14	9	23	15
Other income	5	356	-	356	120
Total income		<u>31,889</u>	<u>3,497</u>	<u>35,386</u>	<u>37,889</u>
EXPENDITURE					
Charitable activities	6	31,290	4,643	35,933	36,939
Governance costs	8	75	-	75	81
Bank interest surrendered to Welsh Consolidated Fund		14	-	14	11
Total expenditure		<u>31,379</u>	<u>4,643</u>	<u>36,022</u>	<u>37,031</u>
Net income/(expenditure)		510	(1,146)	(636)	858
Gross transfers between funds	15	(105)	105	-	-
Net movement in funds		405	(1,041)	(636)	858
Reconciliation of funds					
Fund balances brought forward	15	1,978	1,504	3,482	2,624
Total funds carried forward		<u>2,383</u>	<u>463</u>	<u>2,846</u>	<u>3,482</u>

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

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

The notes on pages 73 to 91 form part of these financial statements

THE ARTS COUNCIL OF WALES

CONSOLIDATED BALANCE SHEET

as at 31 March 2019

	Note	31 March 2019		31 March 2018	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	9a		-		1
Tangible fixed assets	9b		<u>106</u>		<u>40</u>
Total fixed assets			106		41
Current assets					
Grants paid in advance	10	302		268	
Debtors	11	1,701		3,212	
Cash and cash equivalents		<u>2,448</u>		<u>3,367</u>	
Total current assets		4,451		6,847	
Liabilities: falling due within one year					
Creditors	12a	(1,710)		(2,689)	
Provisions for liabilities	13	<u>-</u>		<u>(49)</u>	
		(1,710)		(2,738)	
Net current assets			2,741		4,109
Total assets less current liabilities			2,847		4,150
Creditors: falling due after more than one year					
Creditors	12b	(1)		(246)	
Provisions for liabilities	13	<u>-</u>		<u>(422)</u>	
			(1)		(668)
Net assets			2,846		3,482
The funds of the charity					
Unrestricted funds	15	2,383		1,978	
Restricted funds	15	<u>463</u>		<u>1,504</u>	
		2,846		3,482	

The notes on pages 73 to 91 form part of these financial statements

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

Nick Capaldi
Accounting Officer
5 July 2019

Phil George
Chairman
5 July 2019

THE ARTS COUNCIL OF WALES

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Note	2018/19 £'000	2017/18 £'000
Net cash inflow/(outflow) from operating activities	17a	(837)	926
Net cash inflow from investing activities	17b	9	4
Net cash outflow associated with capital assets	17c	(91)	(43)
Change in cash and cash equivalents in the year		(919)	887
Cash and cash equivalents brought forward		3,367	2,480
Cash and cash equivalents carried forward		2,448	3,367

The notes on pages 73 to 91 form part of these financial statements

THE ARTS COUNCIL OF WALES

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. Accounting policies

a. Basis of preparation

These financial statements are prepared on a going concern basis and under the historical cost convention modified to include certain fixed assets at their value to the Council on a current cost basis. They have been prepared in accordance with the Accounts Direction issued by Welsh Ministers and meet the requirements of the Charities Acts 2006, 2011 and 2016, of the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their account in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) issued on 16 July 2014 ("the SORP") and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102). In addition to compliance with the SORP regard is given to the requirements of the *Government Financial Reporting Manual* (FReM) issued by HM Treasury to the extent that it clarifies or builds on the requirements of the SORP. A summary of the principle accounting policies which have been applied consistently are set out below.

Impact of standards not yet effective

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

b. Subsidiary undertakings – Cerdd Cymru:Music Wales Limited

Cerdd Cymru:Music Wales is a private, trading company, limited by guarantee and registered in Wales (number 7759122). It was incorporated on 1 September 2011 as a 50% joint arrangement with the Welsh Music Foundation to develop and improve, both nationally and internationally, the knowledge, understanding, practice and sustainability of the arts and creative industries, and particularly of music in Wales.

Cerdd Cymru:Music Wales Limited became a wholly owned subsidiary of the Council during 2016/17 following the liquidation of the Welsh Music Foundation.

The transactions of the subsidiary have been included within the consolidated financial statements on the 'line by line' method (see note 20).

c. Income

All income is accounted for on an accruals basis, with the exception of legacies, donations and gifts which are recognised only when they are received. Capital grants receivable are treated as income.

No income is recorded net of expenditure in the Statement of Financial Activities.

d. Lottery distribution

These financial statements do not cover the Council's lottery distribution function for which separate financial statements have been prepared in accordance with directions issued by the Secretary of State for Digital, Culture, Media & Sport.

The Council incurs costs which support both its general activities and the lottery distribution function. In accordance with the Financial Direction issued by the Welsh Government, 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.

e. Expenditure

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.

f. Grants awarded

Subsidy expenditure is incurred in the form of grants which are formally offered to organisations funded by the Council. Grants are offered in support of a programme of activities planned for, or to commence in, a particular financial year and in most circumstances are charged to the Statement of Financial Activities in that year.

Forward commitments made in the year relating to next year's activity, as disclosed in note 19, are not charged to the Statement of Financial Activities. The grant-in-aid to meet these commitments cannot be recognised until it is received so, in this respect, we have been unable to apply all principles of paragraph 7 of the SORP. The Trustees do not believe the inclusion of the forward commitments would provide a true and fair view of the application of the Council's resources.

Grants unpaid at the year end are shown as creditors in the Balance Sheet. Any advance payments which have been made in respect of approved grants relating to next year's activities are shown in the Balance Sheet as current assets.

All grants offered are listed in the annex to this Annual Report.

g. Services and sponsorship

Services and sponsorship comprise the direct costs, including staff and depreciation, attributable to charitable activities.

h. Allocation of operating costs

Operating costs have been allocated first between charitable activities and governance. Operating costs relating to charitable activities have been apportioned to reflect the time spent by staff in delivering direct activities and in support of their delivery. The allocation and analysis of these costs is in notes 6 and 7.

i. Governance costs

Governance costs comprise all costs involving the public accountability of the Council as a charity and its compliance with regulation and good practice. These costs are analysed in note 8.

j. Foreign currency

Revenue received and expenditure incurred in foreign currencies is converted at the exchange rate prevailing at the time of the transaction. Balances held in foreign currencies are converted at the rate prevailing at the Balance Sheet date. Transactions and balances covered by forward contracts are converted at the contract rate.

k. Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

l. Fund accounting

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Council for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Unrestricted funds are those which are available for use at the discretion of Council in furtherance of its chartered objectives and which have not been designated for other purposes.

Where support costs are allocated to restricted charitable activities a transfer is made from unrestricted funds to cover these costs.

m. Fixed assets

The Council owns two freehold properties, the Sherman Theatre and the Rubicon Dance Studio, which are let on long leases at peppercorn rents to tenants which are not controlled by the Council and with no provision for repossession by the Council. Based on the advice of external and independent chartered surveyors, the residual value of these freehold interests is considered to be negligible so these assets are held in the accounts at a nil value.

Website development costs, in accordance with FRS 102, are treated as tangible fixed assets.

Computer software licences are treated as intangible fixed assets if they cover more than one year.

Other than freehold properties all tangible and intangible fixed assets are included at historical cost less an allowance for depreciation and amortisation. The Council considers that there is no significant difference between the book and market values.

n. Amortisation and depreciation

Individual assets costing £1,000 or above are capitalised and a full year's amortisation or depreciation is provided in the year of acquisition. Amortisation of intangible fixed assets and depreciation on tangible fixed assets is provided at rates calculated to write off the cost or valuation of each asset to its residual value on a straight line basis over its expected useful life as follows:

Computer software licences	over 3 years
Leasehold improvements	over the term of the lease
Furniture, fixtures and fittings	over 10 years
Equipment	over 4 years
Website development costs	over 3 years
Computer system	over 3 years

o. Leases

The costs of operating leases are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

p. Pensions

The Council is an admitted employer of the Arts Council Retirement Plan 1994 (ACRP) which provides defined benefits to Council employees. The costs of the Council's contributions are charged to the Statement of Financial Activities 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 FRS 102. The Council has made payments to fund a deficit relating to past service. If further deficit payments are needed, following future revaluations, the Council will recognise a provision for the present value of contributions payable in accordance with the terms of any relevant funding agreement. All contributions towards the deficit are charged to the Statement of Financial Activities.

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 FRS 102.

q. Taxation

Non-recoverable Value Added Tax arising from expenditure on non-business activities is charged to the Statement of Financial Activities or capitalised as a fixed asset where applicable.

r. Financial instruments

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

Financial liabilities: Trade creditors are not interest bearing and are stated at their nominal value.

2. General activities and Lottery distribution: combined income and charitable arts expenditure

The separate Lottery distribution account shows the Council's 2018/19 share of the proceeds from the National Lottery of £16,000,000 (2017/18: £16,351,000). The combined total income for both general and Lottery activities for 2018/19 was £51,524,000 (2017/18: £54,322,000). The combined total direct charitable arts expenditure for 2018/19 was £47,886,000 (2017/18: £51,980,000).

3. Income

Donations: Other grants and donations

	Unrestricted funds £'000	Restricted funds £'000	2018/19 Total £'000	2017/18 Total £'000
<i>Creative Learning through the Arts Programme</i> (note 21):				
Welsh Government grant	-	1,997	1,997	2,010
Arts Council of Wales Lottery grant	-	1,081	1,081	3,130
Prior year grants repaid	-	12	12	6
Welsh Government seed funding for a National Endowment for Music	-	-	-	970
Welsh Government contribution for Wales in China	-	60	60	60
Welsh Government contribution for other activities	-	33	33	-
Private donations	8	-	8	-
The Eirian Llwyd Trust	-	3	3	3
	8	3,186	3,194	6,179

4. Income from charitable activities

Services and sponsorship

	Unrestricted funds £'000	Restricted funds £'000	2018/19 Total £'000	2017/18 Total £'000
<i>Night Out</i> scheme:				
- contributions from venues/promoters	141	-	141	134
Wales Arts International:				
- contributions from the Welsh Government	7	2	9	14
<i>Collectorplan</i> - gallery fees	34	-	34	40
Other income	2	-	2	5
	184	2	186	193

5. Other income

	Unrestricted Funds £'000	Restricted Funds £'000	2018/19 Total £'000	2017/18 Total £'000
Contribution from the Lottery Distribution account:				
for use of fixed assets	12	-	12	30
for annual payment towards pension deficit	193	-	193	24
Cerdd Cymru: Music Wales income (note 20)	150	-	150	66
Proceeds from disposal of tangible assets	1	-	1	-
	356	-	356	120

6. Expenditure Charitable activities

	Direct activities £'000	Grant ¹ funding £'000	Support ² costs £'000	2018/19 Total £'000	2017/18 Total £'000
Grant making and arts development	668	27,616	1,566	29,850	29,250
<i>Creative Learning through the Arts Programme</i> (note 21)	1,706	1,560	35	3,301	5,508
Arts strategy	1,245	-	68	1,313	494
International	484	-	27	511	764
Services: <i>Night Out & Collectorplan</i>	553	-	31	584	599
Advocacy and research	200	-	11	211	237
Cerdd Cymru: Music Wales expenditure (note 20)	154	-	9	163	87
	5,010	29,176	1,747	35,933	36,939
From unrestricted funds				31,290	30,858
From restricted funds				4,643	6,081
				35,933	36,939

¹ Grant funding

	To institutions £'000	To individuals £'000	2018/19 Total £'000	2017/18 Total £'000
From unrestricted funds				
Arts Portfolio Wales	26,490	-	26,490	26,444
Strategic awards	808	12	820	271
From restricted funds				
Arts Portfolio Wales	300	-	300	300
<i>Creative Learning through the Arts Programme</i>	1,560	-	1,560	3,689
Strategic awards	-	-	-	33
Memorial awards	-	6	6	9
	29,158	18	29,176	30,746

All grants are listed in the annex to this Annual Report.

² Support costs

	Gross costs £'000	Deduct Recharges to Lottery Distribution £'000	2018/19 Net charge to General Activities £'000	2017/18 Net charge to General Activities £'000
Staff and related costs	2,528	1,237	1,291	1,500
Organisational Review	-	-	-	22
Infrastructure	648	298	350	344
Office running costs	34	16	18	13
Professional fees and promotion	152	115	37	30
Provisions	(49)	-	(49)	11
Irrecoverable VAT	146	73	73	82
Amortisation and depreciation	39	12	27	63
	3,498	1,751	1,747	2,065

7. Staff costs

a. Total staff costs consist of:

	Permanently employed £'000	Other £'000	Gross costs £'000	Deduct Recharges to Lottery Distribution £'000	2018/19 Net charge to General Activities £'000	2017/18 Net charge to General Activities £'000
Wages and salaries	2,514	467	2,981	750	2,231	2,175
Social security costs	260	46	306	80	226	230
Other pension costs	749	73	822	357	465	418
Apprenticeship Levy	-	-	-	-	-	0
Redundancy costs	-	-	-	-	-	2
Compensation payment	-	-	-	-	-	10
Agency costs	-	9	9	4	5	4
	3,523	595	4,118	1,191	2,927	2,839

Staff costs are incorporated in the financial statements as follows:

Charged to Direct activities (note 6)	1,681	-	1,681	1,382
Charged to Support costs (note 6)	2,388	1,175	1,213	1,426
Charged to Governance (note 8)	49	16	33	31
	4,118	1,191	2,927	2,839

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

	Permanently employed	Other	Across the whole Council	On Lottery Distribution activities	2018/19 On General activities	2017/18 On General activities
On charitable activities:						
directly charged	7	12	19	-	19	18
recharged	25	-	25	-	25	24
In support of our charitable activities	32	1	33	23	10	15
Agency staff	-	0	0	0	0	0
	64	13	77	23	54	57

Staff composition at 31 March

(full time equivalents – whole Council)

	2019			2018		
	Male	Female	Total	Male	Female	Total
Senior Leadership Team	2	3	5	3	3	6
Portfolio Managers/Heads of Department	6	8	14	4	8	12
Senior Officers	9	5	14	8	6	14
Officers/Development Officers	9	22	31	10	19	29
Team Co-ordinators/Personal Assistants	2	14	16	2	15	17
	28	52	80	27	51	78
	35%	65%		35%	65%	

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

2019	2018
£33,062	£32,334

The range of annual remuneration (full time equivalents) at 31 March was (whole Council):

£21,012 to £99,341	£20,550 to £97,155
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The ratio between the median annual remuneration and the annual remuneration of the highest paid member of staff was (whole Council):

1:3	1:3
-----	-----

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	
	2018/19	2017/18	2018/19	2017/18 ¹	2018/19	2017/18 ¹
£10,000 to £24,999	-	-	-	1	-	1
Total number of exit packages	-	-	-	1	-	1
Total cost (£'000)	-	-	-	10	-	10

¹ In 2017/18 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 was charged in the 2017/18 financial statements.

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, as the result of a back-dated pay award, to former employees who left during 2016/17.

51% of the additional redundancy costs were charged in the 2017/18 financial statements and the remainder to lottery distribution activities.

- b.** The Chief Executive and Directors – the Senior Leadership Team – 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:

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

*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:

Name Position	2018/19			2017/18		
	Emoluments band £'000	Pension benefits £'000	Single total remuneration £'000	Emoluments band £'000	Pension benefits £'000	Single total remuneration £'000
Nicholas Capaldi <i>Chief Executive</i>	95-100	16	110-115	95-100	21	115-120
David Alston <i>Director of Arts to 31 January 2019</i> Full year equivalent	65-70 70-75	9	75-80	70-75	16	85-90
Katherine Davies <i>Director of Investment and Funding Services</i>	70-75	2	70-75	70-75	20	90-95
Diane Hebb <i>Director of Engagement and Participation</i>	70-75	9	80-85	70-75	19	90-95
Siân Tomos <i>Director of Enterprise and Regeneration</i>	70-75	6	75-80	70-75	22	90-95
Gwyn Williams (0.6 FTE) <i>Director of Finance and Business Services to 31 March 2019</i> Full year equivalent	40-45	10	50-55	25-30 40-45	6	30-35
Hywel Tudor† <i>Director of Finance and Resources to 27 August 2017</i> Full year equivalent	-	-	-	125-130 70-75	5	130-135

† The former Director of Finance and Resources received compensation of £95,000 (gross) for loss of office during 2017/18. The amount is included in his single total remuneration figure for that year but was included in the total of accrued redundancy and compensation costs in 2016/17 (note 7a).

The pension benefits of the Senior Leadership Team:

Name Position	2018/19		2018/19		2018/19	2017/18	2018/19
	Real increase in pension and related lump sum at age 65 £'000		Total accrued pension at age 65 as at 31/03/19 and related lump sum £'000		Cash Equivalent ¹ Transfer Value at 31/03/19 or date of leaving if earlier £'000	Cash Equivalent Transfer Value at 31/03/18 £'000	Real increase ² in Cash Equivalent Transfer Value £'000
Nicholas Capaldi <i>Chief Executive</i>	Pension 0-2.5 Lump sum 2.5-5	Pension 10-15 Lump sum 35-40			264	225	14
David Alston <i>Director of Arts to 31 January 2019</i>	Pension 0-2.5 Lump sum 0-2.5	Pension 10-15 Lump sum 30-35			245	231	9
Katherine Davies <i>Director of Investment and Funding Services</i>	Pension 0-2.5 Lump sum 0-2.5	Pension 25-30 Lump sum 80-85			574	522	2
Diane Hebb <i>Director of Engagement and Participation</i>	Pension 0-2.5 Lump sum 0-2.5	Pension 15-20 Lump sum 50-55			355	318	8
Siân Tomos <i>Director of Enterprise and Regeneration</i>	Pension 0-2.5 Lump sum 2.5-5	Pension 25-30 Lump sum 75-80			527	466	4
Gwyn Williams (0.6 FTE) <i>Director of Finance and Business Services to 31 March 2019</i>	Pension 0-2.5 Lump sum 0-2.5	Pension 0-5 Lump sum 0-5			17	6	8

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, with the approval of the Charity Commission, 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. Council meeting costs for 2018/19 include an aggregate amount of £10,136 (2017/18: £15,979) reimbursed to 10 (2017/18: 14) Council members.

The total actual emoluments of the Chairman and Chief Executive were made up of:

	2018/19	2017/18
	£	£
Chairman		
Salary	43,810	43,810
Chief Executive		
Salary	99,341	97,155
Employer's pension contribution	21,259	20,791
	<u>120,600</u>	<u>117,946</u>

	2018/19 £	2017/18 £
Travel and subsistence expenses incurred and defrayed whilst on Council business:		
Chairman	3,628	6,317
Chief Executive	9,188	6,529

69% (2017/18: 64%) of the Chairman's and Chief Executive's emoluments are charged in these financial statements and the remainder to lottery distribution activities.

- c. 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 FRS 102.

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:

For staff joining the Plan:	Council		Employees	
	2018/19	2017/18	2018/19	2017/18
on or before 31 August 2006	21.4%	21.4%	4.5%	3.0%
from 1 September 2006 to 31 March 2010	21.4%	21.4%	6.0%	5.0%
on or after 1 April 2010	21.4%	21.4%	6.0%	6.0%

The Council was also required to contribute a minimum payment of £48,700 towards the deficit during 2018/19 (2017/18: £48,700). In addition, the Council made a lump sum payment of £372,000 during the year and it was agreed with the actuaries that no further deficit payments would be needed until the next revaluation. The Council's Lottery Distribution account contributed £193,000 (2017/18: £22,000) towards the deficit payments.

From 1 April 2019 contributions changed to:

	Council	Employees
For all staff	21.4%	6.0%

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 a defined contribution scheme, The People's Pension, as an alternative option for employees who are not members of the ACRP. The Council contributed 4% and the employee 1% during the year. From 1 April 2019 contributions changed, in line with the requirements of the legislation, to 5% and 3%, respectively.

8. Resources expended
Governance costs

	Gross costs £'000	Deduct Recharges to Lottery Distribution £'000	2018/19 Net charge to General Activities £'000	2017/18 Net charge to General Activities £'000
Chairman's remuneration	49	16	33	31
Auditor's remuneration - Audit	43	21	22	22
Internal audit	22	10	12	12
Consultancy fees	3	2	1	2
Council meetings, including travel and subsistence	10	5	5	8
Committee meetings, including travel and subsistence	6	4	2	6
	<u>133</u>	<u>58</u>	<u>75</u>	<u>81</u>

9. Fixed assets

a. Intangible fixed assets

	Computer software licences £'000
Cost at 1 April 2018	584
Additions	-
Disposals	(34)
Cost at 31 March 2019	<u>550</u>
Amortisation at 1 April 2018	583
Charge for the year	1
Disposals	(34)
Amortisation at 31 March 2019	<u>550</u>
Net book value at 31 March 2019	<u>-</u>
Net book value at 1 April 2018	<u>1</u>

b. Tangible fixed assets

	Alterations to leasehold properties £'000	Computer system, furniture, etc £'000	Website £'000	Total £'000
Cost at 1 April 2018	107	645	95	847
Additions	-	92	-	92
Disposals	-	(88)	-	(88)
Cost at 31 March 2019	<u>107</u>	<u>649</u>	<u>95</u>	<u>851</u>
Depreciation at 1 April 2018	107	605	95	807
Charge for the year	-	26	-	26
Disposals	-	(88)	-	(88)
Depreciation at 31 March 2019	<u>107</u>	<u>543</u>	<u>95</u>	<u>745</u>
Net book value at 31 March 2019	<u>-</u>	<u>106</u>	<u>-</u>	<u>106</u>
Net book value at 1 April 2018	<u>-</u>	<u>40</u>	<u>-</u>	<u>40</u>

Amortisation and depreciation charged has been allocated to charitable activities within support costs (note 6).

c. Net book value at 31 March 2019 represents fixed assets used by the Council in support of its charitable activities.

The Council's freehold properties in Cardiff, the Sherman Theatre and the Rubicon Dance Studio, are let

on long leases at peppercorn rents to tenants which are not controlled by the Council and with no provisions either for reviewing the rents or repossession by the Council.

The Sherman Theatre was acquired by the Welsh Arts Council, a division of the Arts Council of Great Britain, in September 1987 at a cost of £897,000 and immediately let for a term of 125 years. At the dissolution of the Arts Council of Great Britain in March 1994 the freehold interest was transferred to the newly formed Arts Council of Wales.

The Rubicon Dance Studio was acquired by the Welsh Arts Council in February 1988 at a cost of £11,315 and subject to an existing lease for a term of 999 years commencing 1 January 1986. The freehold interest was transferred to the Arts Council of Wales in March 1994.

The most recent external and independent valuation of the Council's freehold properties was as at 31 March 2004. It was undertaken by Elizabeth Hill, a Member of the Royal Institute of Chartered Surveyors, for and on behalf of Cooke & Arkwright, Chartered Surveyors. Because of the impact of the leases it was the surveyor's opinion that the freehold interests had a nil or nominal value, so these assets are held in the accounts at nil value.

Council does not consider it necessary to undertake a further valuation until there is a significant reduction in the residual terms of the leases or earlier termination.

10. Grants paid in advance

In certain circumstances, requiring the authorisation of the Chief Executive, the Council makes advance payments before the year to which the grant relates. The power is limited to situations where the recipient organisation would otherwise suffer financial hardship.

	2018/19 £'000	2017/18 £'000
Payments in respect of the following year's grants	<u>302</u>	<u>268</u>

11. Debtors (falling due within one year)

	2018/19 £'000	2017/18 £'000
<i>Collectorplan</i> loans ¹	453	489
Trade debtors	68	46
Other debtors	<u>800</u>	<u>2,225</u>
	1,321	2,760
<i>Deduct</i> Specific provision for doubtful debts	<u>-</u>	<u>-</u>
<i>Sub-total: Debtors</i>	1,321	2,760
Prepayments	<u>234</u>	<u>236</u>
	<u>1,555</u>	<u>2,996</u>
Due from Lottery distribution fund for recharged costs:		
Cost apportionments	<u>146</u>	<u>216</u>
	<u>1,701</u>	<u>3,212</u>

¹ *Collectorplan* is the Council's interest-free loan scheme, available to the general public to support the purchase of contemporary works of art and crafts from participating galleries across Wales. Loans from £50 up to £5,000 are repaid by monthly instalments over a maximum period of 1 year.

12. Creditors

	2018/19 £'000	2017/18 £'000
a. Creditors: falling due within one year		
Grants payable	1,142	1,984
Taxation and social security	82	82
Trade creditors	53	119
Other creditors	116	158
Accruals and deferred income	292	327
Current liabilities of Cerdd Cymru: Music Wales (note 20)	<u>25</u>	<u>19</u>
	<u>1,710</u>	<u>2,689</u>

	2018/19 £'000	2017/18 £'000
b. Creditors: falling due after more than one year		
Grants payable	<u>1</u>	<u>246</u>
13. Provisions for liabilities	2018/19	2017/18
	£'000	£'000
Provision for pension deficit at 1 April	471	509
Amount charged against the provision during the year	(422)	(49)
Annual adjustment following changes in discount rates	-	11
Unused provision released	<u>(49)</u>	<u>-</u>
Provision at 31 March	<u>-</u>	<u>471</u>
Of which:		
falling due within one year	-	49
falling due after more than one year	<u>-</u>	<u>422</u>
	<u>-</u>	<u>471</u>

The Council entered into an agreement to fund a deficit in the Arts Council Retirement Plan relative to the Plan's statutory funding objective and recognised a provision for the present value of contributions payable. Following the most recent actuarial valuation in 2016, annual contributions of £48,700 were payable until 2028/29.

During the year the Council made an additional lump sum payment to the Plan and it was agreed with the actuaries that no further deficit payments would be needed until the next revaluation.

14. Contingent liability

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.

15. Statement of funds

	At 1 April 2018 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	At 31 March 2019 £'000
Unrestricted income funds					
General fund	1,978	31,889	(31,379)	(105)	2,383
Total unrestricted funds	1,978	31,889	(31,379)	(105)	2,383
Restricted funds					
Income					
Welsh Government for Wales in China programme	-	60	(51)	3	12
Welsh Government for other specific arts activity	-	335	(328)	17	24
Welsh Government for National Endowment for Music CLTA Programme	902	5	(957)	50	-
Eirian Llwyd Memorial Fund	486	3,094	(3,301)	35	314
Wales Arts International: contributions from the British Council	-	3	(3)	0	-
	21	-	-	-	21
	<u>1,409</u>	<u>3,497</u>	<u>(4,640)</u>	<u>105</u>	<u>371</u>
Capital					
Alun Llywelyn Williams Memorial Fund (income to provide bursary for young artist)	13	-	-	-	13
Brian Ross Memorial Fund (income to provide bursary for young visual artist)	82	-	(3)	-	79
	<u>95</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>92</u>
Total restricted funds	1,504	3,497	(4,643)	105	463
Total funds	3,482	35,386	(36,022)	-	2,846

The Alun Llywelyn Williams and Brian Ross Memorial Funds are represented by cash at bank and are within the total of £2,448,000 shown on the Balance Sheet.

16. Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2019 are represented by:			
Fixed assets	106	-	106
Current assets	3,130	1,321	4,451
Creditors: falling due within one year	(853)	(857)	(1,710)
Creditors: falling due after more than one year	-	(1)	(1)
Total net assets	2,383	463	2,846

17. Cash flow information

	2018/19 £'000	2017/18 £'000
a. Cash flows from operating activities		
Net incoming/(outgoing) resources	(636)	858
Bank interest received (net of surrender)	(9)	(4)
Amortisation and depreciation (note 9)	27	63
Loss/(Surplus) from sale of tangible assets	(1)	-
(Increase)/Decrease in grants paid in advance	(34)	(49)
(Increase)/Decrease in debtors	1,511	204
Increase/(Decrease) in creditors falling due within one year	(1,028)	(177)
Increase/(Decrease) in creditors falling due after more than one year	(667)	31
Net cash inflow/(outflow) from operating activities	(837)	926

	2018/19 £'000	2017/18 £'000
b. Cash flows from investing activities		
Bank interest received	23	15
Bank interest surrendered to Welsh Consolidated Fund	<u>(14)</u>	<u>(11)</u>
Net cash inflow from operating activities	<u><u>9</u></u>	<u><u>4</u></u>
c. Cash flows associated with capital assets		
Payments to acquire intangible fixed assets (note 9a)	-	-
Payments to acquire tangible fixed assets (note 9b)	(92)	(43)
Proceeds from disposal of tangible assets	<u>1</u>	<u>-</u>
Net cash outflow associated with capital assets	<u><u>(91)</u></u>	<u><u>(43)</u></u>

18. Commitments on operating leases

At 31 March 2019 the Council had the following commitments for future payments under non-cancellable operating leases:

	Land and buildings		Equipment	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Total due				
within one year	145	206	2	4
later than one year and not later than five years	504	17	4	-
later than five years	615	-	-	-
	<u>1,264</u>	<u>223</u>	<u>6</u>	<u>4</u>

Lease payments of £214,000 have been recognised as an expense during the year (2017/18: £224,000). 54% (2017/18: 51%) of the costs are charged in these financial statements and the remainder to lottery distribution activities.

19. Forward commitments

	2018/19 £'000	2017/18 £'000
Grants		
Forward funding - grants formally offered	26,790	26,744

Forward funding at 31 March 2019 represents allocations to Arts Portfolio Wales organisations for 2019/20.

20. Cerdd Cymru:Music Wales Limited

Cerdd Cymru:Music Wales is a private, trading company, limited by guarantee and registered in Wales (number 7759122). It was incorporated on 1 September 2011 as a vehicle to collaborate with the Welsh Music Foundation on projects which will develop and improve, both nationally and internationally, the knowledge, understanding, practice and sustainability of the arts and creative industries, and particularly of music in Wales.

Cerdd Cymru:Music Wales became a wholly owned subsidiary of the Council during 2016/17 following the liquidation of the Welsh Music Foundation. The following transactions of the subsidiary have been included within the consolidated financial statements on the 'line by line' method.

	2018/19 £'000	2017/18 £'000
Profit & Loss Account		
Income (note 5)	150	66
Expenditure (note 6)	<u>(154)</u>	<u>(81)</u>
Net incoming/(outgoing) resources	<u><u>(4)</u></u>	<u><u>(15)</u></u>

	2018/19 £'000	2017/18 £'000
Statement of Financial Position		
Current assets:		
Cash at bank and in hand	2	1
Current liabilities (note 12)	<u>(25)</u>	<u>(19)</u>
Net assets/(liabilities)	<u>(23)</u>	<u>(18)</u>
Reserves	<u>(23)</u>	<u>(18)</u>

21. *Creative Learning through the Arts Programme*

The *Creative Learning through the Arts Programme* is designed to:

- improve educational attainment
- build an education system that will directly contribute to a stronger economy, greater innovation, greater creativity, and to the cultural capital of the nation
- bring about a step change in the range and quality of opportunities given to children and young people to engage with and learn about the arts and culture

Its success will depend on strong partnerships: a joint investment of £20 million pounds over five years from the Welsh Government in partnership with the Arts Council of Wales, working with the regional education consortia, schools, local authorities and the wider arts and cultural sector. The Programme requires the active involvement of artists, creative professionals and arts, culture and heritage organisations working in partnership with teachers and schools.

The Council's £10 million investment comes from Lottery funds. This, together with the Welsh Government's contribution and all Programme expenditure, is accounted for in these financial statements. This approach has been agreed with the Council's external auditors and the Department for Digital, Culture, Media & Sport.

	2018/19 £'000	2017/18 £'000
Income		
Welsh Government grant	1,997	2,010
Arts Council of Wales Lottery grant	1,081	3,130
Prior year grants repaid	12	6
Bank interest	4	3
	<u>3,094</u>	<u>5,149</u>
Expenditure		
Lead Creative Schools	1,030	3,390
Arts and education programme	800	692
Arts and creative learning cross-programme	652	655
Central management costs	784	730
Support costs (from unrestricted funds)	35	41
	<u>3,301</u>	<u>5,508</u>

22. Financial instruments

Financial Reporting Standard 102 requires disclosure of the role which financial instruments have had during the period in creating or changing the risks the Council faces in undertaking its functions.

Liquidity risks – In 2018/19 £33,717,000 or 95% of the Council's income was derived from the Welsh Government (2017/18: £33,392,000 or 88%). Of the remaining income £1,081,000 or 3% was derived from the Arts Council of Wales' Lottery Distribution account for the *Creative Learning through the Arts Programme* (2017/18: £3,130,000 or 8%) and £588,000 or 2% was derived from investment income and sundry income (2017/18: £1,367,000 or 4%). The Council does not consider that its general activities are exposed to any significant liquidity risk, and is satisfied that future income is sufficient to meet its commitments.

Interest rate risks – Cash balances which are drawn down from the Welsh Government 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 (2017/18: 0.50%). The effective unrestricted cash balance at the year end was £1,766,000 (2018: £1,816,000). The Council does not consider that its general activities are exposed to significant interest rate risks.

Foreign currency risk – The general activities of the Council are not exposed to any significant foreign exchange risks.

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

23. Corporation Tax

The Council is a charitable Welsh Government sponsored body and as such is exempt from Corporation Tax under Section 505 ICTA 1988.

24. 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 Auditor General for Wales certified them.

25. 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. During the year the Council had no material transactions with the National Assembly for Wales/Welsh Government apart from the grant-in-aid disclosed in the Statement of Financial Activities and the restricted grants disclosed in note 3.

Subsidiary

Cerdd Cymru:Music Wales Limited is a wholly-owned subsidiary of the Council and the transactions of the company are reported in note 20. There were no balances outstanding at year end.

Individuals

Members of Council, Committees, staff or other related parties (being close family members) undertook financial transactions (listed below) with the Council 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 grants or other payments by the Council in 2018/19 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.

Transactions with the Council as a Lottery distributor are recorded in the equivalent note to the separate Lottery Distribution Account.

Member Role	Organisation	Transaction (number)	Total value £	Total balance outstanding at 31 March 2019 £
<u>Council members</u>				
Iwan Bala Doctor of Research	University of South Wales	Invoice (3)	1,455	Nil
Andy Eagle Employment	Chapter	Grant (1) Invoice (13)	657,391 11,088	Nil Nil
Michael Griffiths Member of project board	University of South Wales	Invoice (3)	1,455	Nil
Marian Wyn Jones Board member	Canolfan Gerdd William Mathias	Grant (1)	80,251	Nil
Non-Executive Director	Betsi Cadwaladr Health Board	Grant (1)	25,000	25,000
Council member	Bangor University	Grant (2) Invoice (8)	295,118 5,456	1,500 Nil
Employment (Family member)	BBC Wales (including BBC National Orchestra of Wales)	Grant (2) Invoice (2)	820,133 7,091	15,000 Nil
Andrew Miller Board member	Arts Council England	Invoice (1)	6,000	Nil
Board member	Welsh National Opera	Grant (1)	4,533,977	Nil
Dafydd Rhys Employment	Aberystwyth Arts Centre	Grant (1) Invoice (7)	536,645 3,579	Nil Nil
Dr Rachel O'Riordan Employment	Sherman Theatre	Grant (2) Invoice (7)	1,139,830 4,912	1,384 Nil
Richard Turner Freelance work	Operasonic	Grant (1)	15,000	1,500
Freelance work	Royal Welsh College of Music and Drama	Invoice (2)	336	Nil
Freelance work	Aneurin Leisure Trust	Invoice (2)	825	Nil
Employment	University of South Wales	Invoice (3)	1,455	Nil
Alan Watkin Board member	Theatr Clwyd	Grant (2)	1,817,162	Nil
Employment (Family member)	The Fat Boar, Wrexham	Invoice (1)	95	Nil
John C Williams Former employment	Theatr lolo	Grant (1)	256,749	Nil
<u>Committee members</u>				
Andrew Butler Director – Shared Services Partnership	NHS Wales	Invoice (1)	239	Nil
Employment (Family member)	Wales Audit Office	Invoice (1)	22,421	Nil
Ruth Cayford Employment	Cardiff Council (including St David's Hall)	Invoice (2)	1,439	Nil
Mark Davies Employment	BBC Wales (including BBC National Orchestra of Wales)	Grant (2) Invoice (2)	820,133 7,091	15,000 Nil

Member Role	Organisation	Transaction (number)	Total value £	Total balance outstanding at 31 March 2019 £
Roland Evans Employment	Gwynedd County Council	Invoice (1)	150	Nil
<u>Members of the Senior Leadership Team</u>				
Katherine Davies Employment (Family member)	Cardiff Council (including St David's Hall)	Invoice (2)	1,439	Nil
Former employment (Family member)	Ballet Cymru	Grant (1) Invoice (11)	252,376 6,180	Nil Nil
Diane Hebb Governing Body Member	Gwernyfed High School	Grant (1) Invoice (3)	1,000 1,475	Nil Nil
Siân Tomos Employment (Family member)	BBC Wales (including BBC National Orchestra of Wales)	Grant (2) Invoice (2)	820,133 7,091	15,000 Nil
<u>Other members of staff</u>				
Sally Lewis Employment (Family member)	Ballet Cymru	Grant (1) Invoice (11)	252,376 6,180	Nil Nil
Employment (Family member)	National Dance Company Wales	Grant (2) Invoice (3)	841,686 21,841	750 Nil
Antony Owen-Hicks Freelance employment	Menter Caerdydd (Tafwyl)	Invoice (2)	1,417	Nil
Eluned Haf Williams Board member (Family member)	Canolfan Gerdd William Mathias	Grant (1)	80,251	Nil
Ann Wright Employment (Family member)	KK Solutions	Invoice (12)	2,985	Nil

Annex

not forming part of the financial statements

GENERAL ACTIVITIES - GRANTS 2018/19

Core funding to Arts Portfolio Wales organisations

Aberystwyth Arts Centre	£536,645
Arad Goch	£346,887
Artes Mundi Prize	£147,962
Artis Community Cymuned	£199,960
Arts Alive	£77,625
Arts Care	£132,915
Arts Connection	£65,204
Ballet Cymru	£252,376
Bangor University (for Pontio)	£280,118
BBC National Orchestra of Wales	£805,133
Blackwood Miners' Institute	£129,375
Canolfan Gerdd William Mathias	£80,251
Chapter	£657,391
Community Music Wales	£105,329
Cwmni'r Frân Wen	£233,013
Dawns i Bawb	£85,266
Disability Arts Cymru	£165,417
Ffotogallery	£199,472
g39	£70,220
Galeri	£316,237
Glynn Vivian Art Gallery	£125,391
Hafren	£107,014
Head4Arts	£150,470
Hijinx Theatre	£155,687
Jukebox Collective	£167,670
Literature Wales	£742,264
Live Music Now Wales	£45,140
Llantarnam Grange Arts Centre	£85,266
Mid Wales Opera	£104,326
Mission Gallery	£95,298
Mostyn	£389,215
Music Theatre Wales	£218,934
National Dance Company Wales	£834,186
National Theatre Wales	£1,606,405
NEW Dance	£75,523
NoFit State Circus	£194,608
Oriel Davies	£223,798
Oriel Myrddin	£47,147
Pontardawe Arts Centre	£63,197
Powys Dance	£112,602
Rhondda Cynon Taff Theatres	£150,821
Riverfront	£125,391
Rubicon Dance	£194,608
Ruthin Craft Centre	£389,215

Sherman Theatre	£1,125,997
Sinfonia Cymru	£217,825
Taliesin Arts Centre	£219,906
Theatr Bara Caws	£279,803
Theatr Brycheiniog	£194,608
Theatr Clwyd	£1,802,969
Theatr Felinfach	£60,188
Theatr Genedlaethol Cymru	£1,029,567
Theatr Iolo	£256,749
Theatr Mwldan	£267,880
Theatr na n'Óg	£316,092
Torch Theatre	£447,598
trac - Music Traditions Wales	£80,251
Tŷ Cerdd	£204,525
Ucheldre Centre	£75,235
Valley & Vale Community Arts	£175,147
Valleys Kids	£122,383
Volcano Theatre	£209,204
Wales Millennium Centre	£3,837,917
Welsh National Opera	£4,533,977
Ystradgynlais Miners' Welfare	£41,609

Total Arts Portfolio Wales grants

£26,790,402

Creative Learning through the Arts Programme

Arts and education networks

Arts Active Trust	£200,000
Caerphilly County Borough Council	£200,000
Flintshire County Council	£200,000
University of Wales Trinity Saint David	£200,000
	<hr/>
	£800,000

Lead Creative Schools

Abermule Primary School	£8,000
Alexandra Community Primary School	£8,000
Bishop Childs Church in Wales Primary School	£8,000
Broughton Primary School	£8,000
Bryngwyn School	£8,000
Canolfan Addysg Y Bont	£8,000
Cefn Saeson Comprehensive School	£8,000
Coedpenmaen Primary School	£8,000
Coychurch Llangrallo Primary	£8,000
Cynffig Comprehensive School	£8,000
Garth Primary School	£8,000
Gilfach Fargoed Primary	£8,000
Gwaunmeisgyn Primary School	£8,000
Gwenfô Church in Wales Primary School	£8,000
Llancaeath Junior School	£8,000
Llandrillo yn Rhos	£8,000
Monnow Primary School	£8,000
Pencoed Primary School	£8,000
Pennard Primary School	£8,000
Peter Lea Primary School	£8,000
Sofrydd Primary School	£8,000
Springwood Primary School	£8,000
St Giles Primary School	£8,000
St Mellons Church Wales Primary School	£8,000
The Meads Infant and Nursery School	£8,000
Ysgol Aberconwy	£8,000
Ysgol Acrefair	£8,000
Ysgol Ardudwy	£8,000
Ysgol Bro Cinmeirch	£8,000
Ysgol Gogarth, Llandudno	£8,000
Ysgol Gwaun Gynfi	£8,000
Ysgol Rhos Helyg	£8,000
Ysgol Uwchradd Caergybi	£8,000
	<hr/>
	£264,000

Experiencing the Arts

Aberdare Town Church in Wales Primary School	£693
Abersychan School	£1,000
Abertillery secondary 3-16 campus	£774
Arddleen CP School	£841
Argoed High School	£1,000
Barker's Lane School	£135
Barry Island Primary School	£373
Birchgrove Primary School	£490
Bishop Hedley High School	£900
Bishop Vaughan Catholic School	£1,000
Bishopston Comprehensive School	£13,500
Black Lane County Primary	£1,000
Blaendulais Primary School	£950
Blaen-y-maes Primary School	£432
Bryncelynnog Comprehensive School	£445
Builth Wells High School	£1,000
Builth Wells Primary School	£1,000
Burry Port Community Primary School	£1,000
Buttington Trewern C.P School	£479
Bwlchgwyn CP School (2 awards)	£1,079
Cadoxton Primary School	£1,000
Caersws Community Primary School	£306
Cardiff West Community High School	£1,000
Carreghofa County Primary School	£670
Cefn Hengoed Community School	£477
Christchurch CP School	£489
Coedffranc Primary School (2 awards)	£1,515
Cogan Primary School	£807
Cosheston VC School	£269
Coychurch Llangrallo Primary	£652
Crymlyn Primary School	£833
CSTLC Canolfan Y Gors	£367
Cwmbach Junior School	£913
Cwmni'r Frân Wen	£14,200
Cymer Afan Comprehensive	£625
Deri Primary School	£1,000
Dewstow Primary	£625
Dylan Thomas Community School (2 awards)	£1,144
Eyton Church in Wales Primary School	£360
Familia de la Noche	£15,000
Fenton Community Primary School	£1,000
Forden Church in Wales School	£238
Franksbridge Primary School (2 awards)	£1,260
Gabalfa Primary School	£288
Garth Primary School (2 awards)	£1,470
Gelli Primary School	£879
Gladestry Church in Wales Primary School	£900

Glan Usk Primary School	£1,000
GUILSFIELD COUNTY PRIMARY SCHOOL (2 awards)	£1,592
Gwaunmeisgyn Primary School (2 awards)	£1,135
Gwernyfed High School	£1,000
Hafod Primary School	£949
Hafren Junior School	£1,000
Hendre Infants School	£956
Herbert Thompson Primary	£1,000
Johnstown Primary School (2 awards)	£934
Jubilee Park Primary School	£15,000
King Henry VIII School	£180
Lakeside Primary School	£1,000
Llanbister CP School	£610
Llancaeath Junior School	£900
Llandinam C P School	£409
Llandrindod CP School Cefnlllys	£600
Llandrindod Wells Church in Wales Primary School	£900
Llandrindod Wells CP School - Cefnlllys	£700
Llanelwedd Church in Wales Primary School	£659
Llanfyllin High School	£423
Llanidloes Primary School	£1,000
Llanishen High School	£306
Llanrhidian Primary School	£450
Llantwit Major Comprehensive School	£297
Llwyn Yr Eos Primary School	£452
Llwynypia Primary School (2 awards)	£1,682
Maesycoed Primary	£700
Maesyrhandir CP School	£828
Making Sense Community Interest Company	£13,500
Mid Wales Opera	£7,550
Millbrook Primary School	£360
Model Church In Wales Primary School	£1,000
Monmouthshire Pupil Referral Service	£242
Montgomery Church in Wales School	£363
Moorland Primary	£865
MOSTYN	£15,000
Mount Street Infant and Nursery School	£410
Mount Stuart Primary School (2 awards)	£1,873
Mountain Ash Comprehensive School	£216
Nant y Parc Primary School	£1,000
National Dance Company Wales	£7,500
National Youth Arts Wales	£15,000
NEW Dance	£13,000
Newbridge on Wye Church in Wales School	£225
Oak Field Primary School	£414
operasonic cyf	£15,000
Oriel Davies Gallery	£5,780
Our Lady & St Michaels Primary School	£900

Our Lady of the Angels RC Primary School	£495
Our Lady's RC Primary	£957
Pembrey Primary School	£900
Pembroke Comprehensive School	£1,000
Pentrehafod School	£700
Pentre'r Graig Primary Schol	£646
Pen-y-Bryn Primary School	£900
Peter Lea Primary School	£1,000
Portfield Special School	£4,500
Powys Dance	£14,750
Radyr Comprehensive School	£7,452
Rhos Street CP School	£409
Rhosddu Primary School	£618
Risca Primary School	£1,000
Roath Park Primary School	£810
Romilly Primary School	£747
Rubicon Dance	£7,425
Sennybridge CP School	£574
Severn Primary School (4 awards)	£2,538
Sherman Theatre	£13,833
Sistema Cymru Codi'r To (2 awards)	£21,964
Sofrydd Primary School	£1,000
St Aloysius RC Primary	£1,000
St Cadocs Catholic Primary School	£450
St Cuthbert's Catholic Primary School	£1,000
St Illtyd's Catholic High School (2 awards)	£603
St Joseph's Roman Catholic Primary School	£810
St Margaret's Catholic Primary School	£126
St Mark's V A School	£938
St Mary's Catholic School	£630
St Mary's RC Primary	£630
St Padarn's Catholic Pimary School	£788
St Richard Gwyn Catholic High School (3 awards)	£2,225
St Woolos Primary School (2 awards)	£1,206
St. Joseph's RC Cathedral School (2 awards)	£1,147
St. Joseph's RC Primary School	£270
St. Mary's RC Primary	£540
St. Michael's (CiW) Primary School	£864
Step Ahead Education Centre - Swansea Pupil Referral Unit	£877
Stepaside CP School	£296
Sychdyn Primary School	£720
Talycopa Primary School	£225
Terrace Road Primary School	£13,145
Theatr Clwyd	£14,193
Theatr na nÓg	£15,000
Thornhill Primary School	£310
Tremorfa Nursery School	£7,500
Treorchy Comprehensive School	£540

Trinant Primary School (2 awards)	£2,000
Trinity Fields School and Resource Centre	£1,000
Twynrodyn Community School	£270
Tŷ Pawb	£7,500
Ty'n y Wern Primary	£324
Tynyrheol Primary School	£765
Venue Cymru	£14,800
Vision Fountain CIC	£13,701
Wanarlwydd Primary School	£5,724
Waunfawr Primary School	£6,750
Windsor Clive Primary School	£1,000
Woodlands Community Primary School	£1,000
YGG Trebannws	£313
Ynystawe Primary School (3 awards)	£2,900
Young Music Makers of Dyfed	£15,000
Ysgol Aberconwy (2 awards)	£756
Ysgol Betws	£630
Ysgol Betws yn Rhos	£112
Ysgol Borthyn	£718
Ysgol Bro Cinmeirch	£820
Ysgol Bro Dinefwr	£59
Ysgol Bro Dyfrdwy (2 awards)	£1,120
Ysgol Bro Famau (2 awards)	£1,054
Ysgol Bro Gwaun	£1,000
Ysgol Bro Hedd Wyn	£270
Ysgol Bro Hyddgen	£860
Ysgol Bro Pedr	£810
Ysgol Bro Teifi (2 awards)	£306
Ysgol Bryn Castell	£900
Ysgol Bryn Derw ASD Special School	£1,000
Ysgol Bryn Hedydd	£652
Ysgol Bryn Teg	£1,000
Ysgol Calon Cymru	£1,000
Ysgol Carreg Emlyn (2 awards)	£1,810
Ysgol Carwe (2 awards)	£876
Ysgol Cedewain	£1,000
Ysgol Craig y Deryn	£1,000
Ysgol Craig yr Wylfa	£329
Ysgol Crug Glas	£15,000
Ysgol Cymerau (2 awards)	£1,900
Ysgol Deganwy	£824
Ysgol Dolafon	£189
Ysgol Dyffryn Banw	£225
Ysgol Dyffryn Ogwen	£400
Ysgol Dyffryn Taf	£900
Ysgol Eirias	£504
Ysgol Estyn	£225
Ysgol Gellifor	£1,000

Ysgol Glan Conwy	£500
Ysgol Glantwymyn (2 awards)	£930
Ysgol Gwynedd	£980
Ysgol Gyfun Cwm Rhondda	£270
Ysgol Gyfun Garth Olwg (2 awards)	£1,360
Ysgol Gyfun Gwent is Coed	£360
Ysgol Gyfun Gwynllyw (2 awards)	£1,183
Ysgol Gyfun Gymunedol Penweddig	£700
Ysgol Gyfun Rhydywaun	£252
Ysgol Gymraeg Aberystwyth (3 awards)	£3,000
Ysgol Gymraeg Bryn Y Mor (2 awards)	£1,776
Ysgol Gymraeg Casnewydd	£432
Ysgol Gymraeg Lôn Las	£922
Ysgol Gymraeg Penalltau	£920
Ysgol Gymraeg Y Cwm	£72
Ysgol Gymraeg Y Fenni	£561
Ysgol Gymraeg Y Trallwng	£387
Ysgol Gymunedol Peniel	£479
Ysgol Gymunedol T Llew Jones	£855
Ysgol Gynradd Beaumaris	£190
Ysgol Gynradd Beulah	£175
Ysgol Gynradd Carno	£314
Ysgol Gynradd Cemaes	£450
Ysgol Gynradd Cenarth	£468
Ysgol Gynradd Coed-y-Dderwen	£1,000
Ysgol Gynradd Felinfach	£180
Ysgol Gynradd Gymraeg Ynyswen	£758
Ysgol Gynradd Gymunedol Llechryd	£688
Ysgol Gynradd Llanilar	£802
Ysgol Gynradd Penycae	£960
Ysgol Gynradd Rhydypennau	£912
Ysgol Hiraddug	£630
Ysgol Llanbrynmair (2 awards)	£911
Ysgol Llanddoged	£464
Ysgol Llanfarian School	£286
Ysgol Meidrim School	£900
Ysgol Merllyn	£450
Ysgol Mynydd Bychan	£12,575
Ysgol O.M.Edwards	£540
Ysgol Pencoch	£630
Ysgol Penllwyn	£248
Ysgol Penrhyncoch	£360
Ysgol Penybryn	£1,000
Ysgol Pen-Y-Bryn	£1,000
Ysgol Plas Brondyffryn	£1,000
Ysgol Plas Coch	£756
Ysgol Plascrug (2 awards)	£2,000
Ysgol Ponthenri (2 awards)	£948

Ysgol Rhos Helyg	£747
Ysgol Sant Elfod	£1,000
Ysgol Tal-y-bont	£470
Ysgol Tir Morfa	£1,000
Ysgol Tudweiliog	£252
Ysgol Twm o'r Nant	£724
Ysgol Uwchradd Caereinion	£549
Ysgol Uwchradd Dinbych	£480
Ysgol Uwchradd y Frenhines Elisabeth	£146
Ysgol Y Borth	£932
Ysgol Y Cribarth	£315
Ysgol Y Dderi (2 awards)	£1,541
Ysgol y Foryd	£688
Ysgol y Gwynfryn (2 awards)	£912
Ysgol Y Mynydd Du	£850
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	£533,925

Commemoration Activity (First World War)

Adamsdown Primary School	£1,000
Archbishop McGrath Catholic High School	£1,000
Birchgrove Primary School (2 awards)	£1,435
Brynmenyn Primary School	£1,000
Brynmill Primary School	£750
Brynteg School	£1,000
Bwlchgwyn CP School	£425
Cefn Saeson Comprehensive School	£566
Clase Primary School	£684
Cwmafan Primary School	£1,000
Cynffig Comprehensive School	£1,000
Garth Primary School	£300
Golftyn CP School	£900
Gwyrosydd Junior School	£530
Knelston Primary School	£700
Lewis School Pengam	£1,000
Llandeilo CP School	£1,000
Llandrindod Wells Church in Wales Primary School	£1,000
Llanmiloe CP School	£1,000
Llantilio Pertholey Primary School	£1,000
Morrison Primary School	£720
North Wales International Music Festival	£6,950
Nottage Primary School	£1,000
Oystermouth Primary School	£925
Pembrey Primary School	£648
PENTRE'R GRAIG PRIMARY SCHOOL	£1,000
Penybont Primary School	£1,000
Plasmarl Primary School (2 awards)	£1,317
St Helens Primary School	£350

Talycopa Primary School	£566
Whitestone Primary School	£1,000
YGG Cwmllynfell	£310
Ysgol Bassaleg	£1,000
Ysgol Bro Cynllaith	£1,000
Ysgol Bryn Alyn	£900
Ysgol Brynsiencyn	£488
Ysgol Cae'r Nant	£1,000
Ysgol Dewi Sant	£512
Ysgol Dyffryn Dulas Corris	£394
Ysgol Eglwys Bach	£274
Ysgol Gyfun Emlyn	£1,000
Ysgol Gyfun Gymraeg Bro Edern	£600
Ysgol Gyfun Gymraeg Bryn Tawe	£250
Ysgol Gymraeg Bryn Y Mor	£957
Ysgol Gymraeg Dewi Sant	£1,000
Ysgol Gymunedol Pontrhydfendigaid	£1,000
Ysgol Gynradd Gymraeg Aberdare	£1,000
Ysgol Gynradd Gymraeg Calon y Cymoedd	£600
Ysgol Iolo Morgannwg	£695
Ysgol Llanfechell	£360
	<u>£46,106</u>

Total *Creative Learning through the Arts* grants

£1,644,031

Strategic awards

Memorial awards

The *Brian Ross Memorial Award* for graduating fine art students

Luke Roberts £3,000

The *Eirian Llwyd Memorial Award* for printmaking

Susan Milne £2,500

£5,500

Strategic – Arts

Artes Mundi Prize Limited £10,000

Beyond the Border Storytelling Festival £2,000

Fieldwork £4,500

FIO £2,000

FOCUS Wales £13,500

Gwyn Emberton Dance £30,000

Hijinx Theatre £10,000

Light Ladd & Emberton £5,000

National Youth Arts Wales £78,750

Theatr na nÓg £5,000

Tŷ Cerdd - Music Centre Wales £9,240

£169,990

Strategic – Wales Arts International: China

BBC National Orchestra of Wales £15,000

£15,000

Strategic – Engagement & Participation

Age Cymru £125,000

Dafydd-Kidd, Jonathan £2,500

engage (National Association for Gallery Education) (2 awards) £5,000

Ethnic Minority Welsh Women Achievement Association £2,000

gentle / radical £2,500

Hijinx Theatre £20,000

Mothersuckers £2,500

The Aloud Charity £30,750

Voluntary Arts Network (2 awards) £18,982

Wales Arts Review £2,490

Wales Millennium Centre £2,500

Youth Arts Network Cymru £2,500

£216,722

Strategic – Arts & Health

ABMU Arts in Health Board £25,000

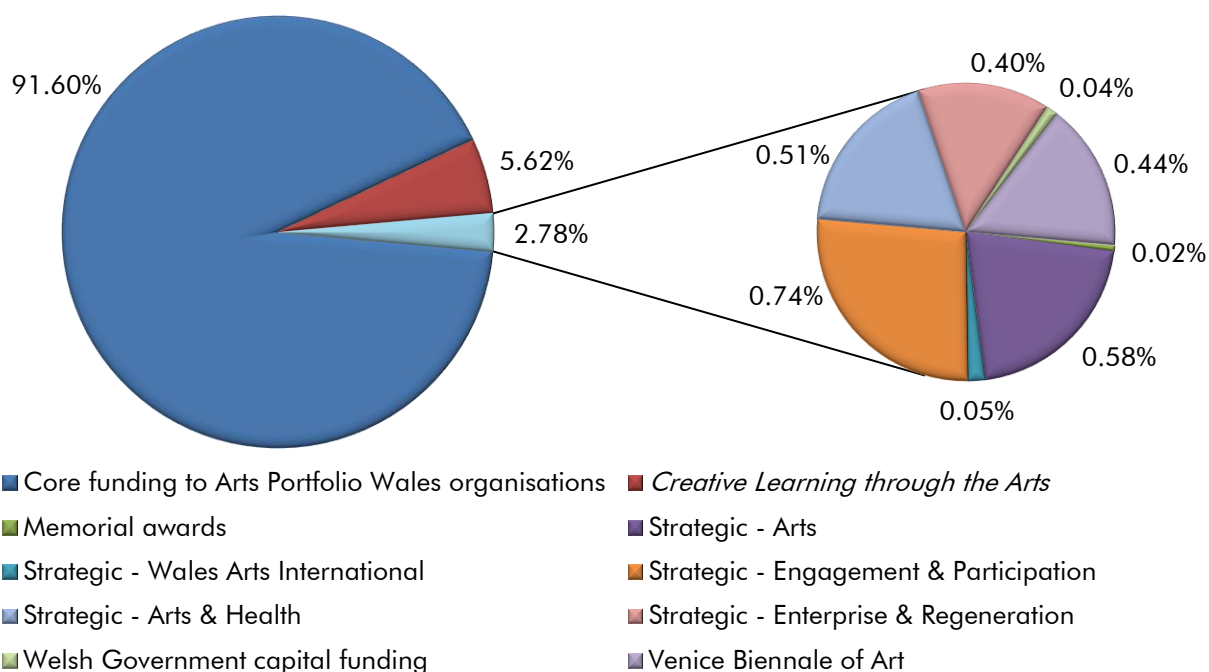
Aneurin Bevan University Health Board £25,000

Betsi Cadwaladr University Health Board £25,000

Cardiff & Vale University Health Board £25,000

Cwm Taf University Health Board	£25,000
Hywel Dda University Health Board	£25,000
	<u>£150,000</u>
Strategic - Enterprise & Regeneration	
Arts & Business Cymru	£70,000
Celtic Neighbours	£5,000
National Rural Touring Forum	£2,000
Pontio	£15,000
The National Trust	£25,000
	<u>£117,000</u>
Strategic – Welsh Government capital funding	
Pontardawe Arts Centre	£10,313
	<u>£10,313</u>
Venice Biennale of Art	
Curator	
Tŷ Pawb	£126,250
Invigilators	
Rachel Dunlop	£1,758
Claire Francis	£1,758
	<u>£129,766</u>
Total Strategic awards	<u>£814,291</u>
TOTAL GRANTS OFFERED	<u>£29,248,724</u>

GRANTS BY TYPE



WHAT DID OUR GRANTS SUPPORT?

	<u>Value of grants</u>		<u>No of grants</u>
Grants to support:			
Theatres & arts centres	£7,003,344	23.93%	16
Theatre production & presentation	£6,657,230	22.74%	8
Opera	£4,857,237	16.60%	3
Visual & applied arts	£1,772,984	6.06%	10
Dance	£1,722,231	5.88%	7
Music	£1,433,125	4.90%	7
Arts & young people	£1,152,741	3.94%	4
Community arts	£1,089,221	3.72%	9
Literature	£742,264	2.54%	1
Circus & carnivals	£194,608	0.66%	1
Disability arts	£165,417	0.57%	1
<i>Creative Learning through the Arts</i>	£1,644,031	5.62%	383
Other grants:			
Strategic awards	£814,291	2.85%	43
	<u>£29,248,724</u>		<u>493</u>