

Cyngor Celfyddydau Cymru
Arts Council of Wales

2014/15

Report and Financial Statements

for the year ended 31 March 2015

Charity number 1034245



General Activities Account

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Arts Council of Wales is committed to making information available in large print, braille, audio and British Sign Language and will endeavour to provide information in languages other than Welsh or English on request.

Arts Council of Wales operates an equal opportunities policy.

Annual Report for the year ended 31 March 2015
Trustees' Annual Report

Reference and administrative details

Trustees

Council Members who served since 1 April 2014 were:

| | | Attendance of meetings during 2014/15 | | | |
|--|--------|---------------------------------------|----------------------|----------------------|---|
| | | Council | Audit Committee | Capital Committee | Remuneration, Appointments & HR Committee |
| | | Number of meetings held | | | |
| | | 6 | 5 | 5 | 2 |
| Professor Dai Smith, Chairman | (c) | 5.5 | | | Committee Chair 2 |
| Dr Kate Woodward, Vice-chairman | (d) | 6 | | | |
| Dr John Geraint | (a)(c) | 5 | Committee Chair 5 | | 2 |
| Michael Griffiths OBE | (a) | 4 | 3 | | |
| Melanie Hawthorne | | 5.5 | | | |
| Dr Lesley Hodgson | (a) | 5.5 | 3 | | |
| Margaret Jervis MBE DL | (c) | 6 | | | 2 |
| Marian Wyn Jones | | 4.5 | | | |
| Andrew Miller | | 5 | | | |
| Osi Rhys Osmond (to 6 March 2015) | (d) | 2/5 | | | |
| Richard Turner | | 5 | | | |
| Alan Watkin | (b) | 5 | | 5 | |
| Professor Gerwyn Wiliams | (b) | 6 | | Committee Chair 5 | |
| John C Williams | (b) | 6 | | 4 | |
| <i>Attendance of independent Committee members:</i> | | | | | |
| Gareth Jones | (a) | | 4 | | |
| Philip Westwood (Audit Committee to 22 October 2014) | (a)(c) | | 2/3 | | 2 |
| Ruth Cayford (from 13 February 2015) | (b) | | | 1/1 | |
| Mark Davies | (b) | | | 4 | |
| Roland Wyn Evans | (b) | | | 4 | |
| Alan Hewson | (b) | | | 4 | |

- (a) Member of Audit Committee
- (b) Member of Capital Committee
- (c) Member of Remuneration, Appointments & HR Committee
- (d) Member of Wales at the Venice Biennale of Art Committee

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 24 to the financial statements, *Related party transactions*.

Chief Executive and Accounting Officer

Nicholas Capaldi

Offices

Mid and West Wales:

The Mount
18 Queen Street
Cardiff
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

The Co-operative Bank
16-17 High Street
Cardiff
CF10 1AX

Annual Governance Statement

This governance statement is the personal responsibility of me, Nicholas Capaldi, the Arts Council of Wales' Accounting Officer and Chief Executive. It sets out the governance arrangements of the Arts Council of Wales. It also describes how I have discharged my responsibilities for ensuring that we conduct our business, in respect of both exchequer and lottery activity, in accordance with the law. This includes providing the necessary assurances that we, as an organisation, are adhering to proper standards and establishing the necessary safeguards to protect the use of public money. I explain how these funds are properly accounted for, and used economically, efficiently and effectively to support the delivery of our plans and priorities.

About the Arts Council of Wales

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

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

Our Royal Charter sets out our objectives. They are to:

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

A copy of our Royal Charter can be found on our [website](#).

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. We work within a framework that sets out the terms and conditions under which Welsh Ministers provide our grant-in-aid funding, and how we are able to use this funding. Along with other public bodies in Wales, we also have to adhere to the requirements contained in the Government's guidance document, *Managing Welsh Public Money*.

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

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

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

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

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

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 are governed by a Board of Trustees – Council – which consists of a Chair and up to seventeen other independent members, one of whom is appointed as Vice-Chair. Each Trustee brings specific expertise and knowledge to the oversight and development of our activities. At the end of March 2015, our Council comprised of the Chair, plus twelve members.

It is with great sadness that we report the death of Council member Osi Rhys Osmond, in March 2015. He had been a member of Council since 2010, and enlivened and invigorated Council's debates with his insightful, passionate, and often witty contributions. Osi also chaired the Wales in Venice Advisory Committee. His contribution to the arts in Wales was substantial. He will be sorely missed.

Our Trustees are appointed by the Deputy Minister for Culture, Sport and Tourism through an open selection process, conducted in accordance with Nolan principles. Appointments are usually for a three year term, renewable for a maximum of two additional terms. The Chair of Council is a remunerated position, at a rate set annually by Welsh Government. All other Trustees provide their time and expertise on a voluntary basis. However, they are reimbursed for out-of-pocket expenses incurred on Council business, a summary of which is contained in note 9b of these financial statements.

Council is responsible for the strategic direction and management of our organisation. It is responsible for ensuring, through me as the Chief Executive, that we operate within the policy framework set by the Welsh Government, and that we satisfy the various other accountabilities required of us, as outlined above. The Chair maintains regular contact with the Deputy

Minister. And the Chief Executive meets formally with Government officials on a quarterly basis to provide them with an update on the delivery of our work.

Decision making

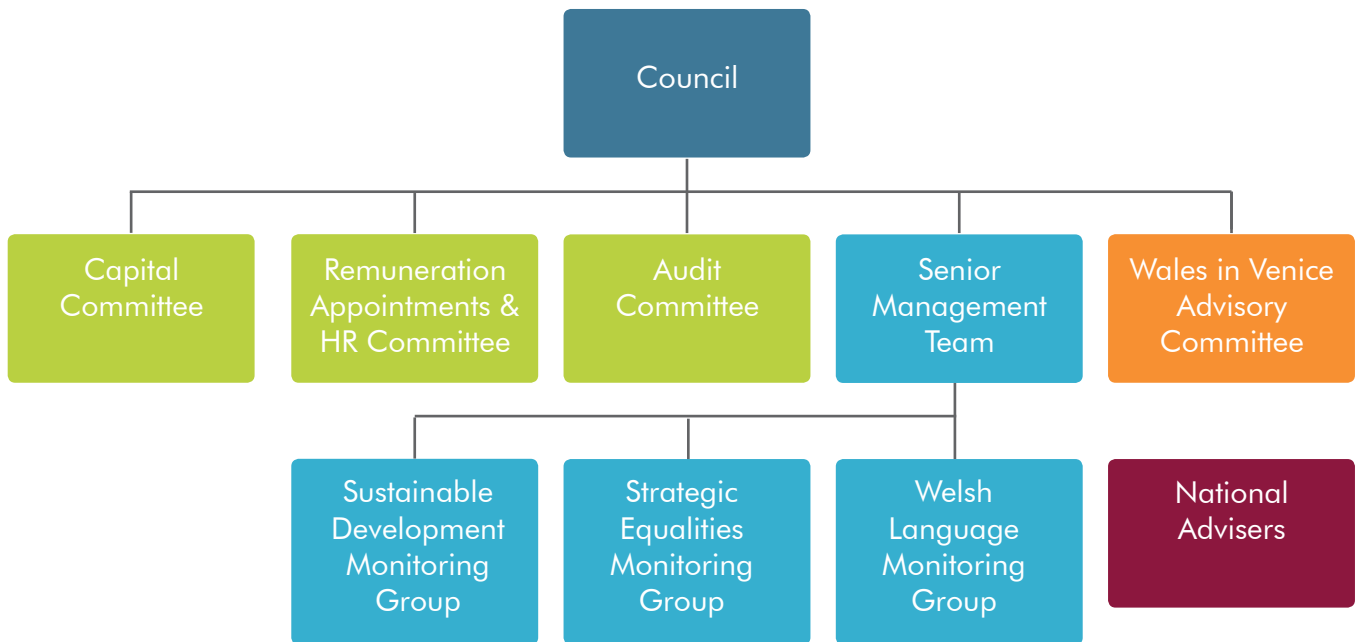
As the ultimate decision making body for the organisation, Council members are responsible for key decisions on corporate policy, the formulation of our Corporate and Operational Plans, and any major alterations to the terms and conditions of service for staff. They also set the annual budget, decide on the annual allocation of grants to revenue-funded organisations, and approve all grants of over £50,000 (or, in the case of Lottery funded capital projects, over £250,000). Decisions on grants below these thresholds have been delegated to authorised staff and to the Capital Committee, respectively.

To help support its work, Council has appointed three committees to provide specialist advice. These are: Audit; Capital; and the Remuneration, Appointments & HR Committee. It also has an *ad hoc* advisory committee, to advise on the Wales in Venice project, and three internal monitoring groups who, through the Senior Management Team, assist Council in meeting its responsibilities.

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. Each committee operates under specific terms of reference, copies of which can be found on our [website](#). Terms of reference are reviewed annually.

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

Our Governance structure



The **Audit 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.

The **Capital Committee** is responsible for advising Council on the development of policy on all aspects of capital development, including funding priorities and schemes. Council delegates to the Committee the authority to make funding decisions on lottery capital grants from £50,001 to £250,000, and for making recommendations on larger capital grants to Council. The Committee is responsible for monitoring live projects and advising Council accordingly.

The **Remuneration, Appointments & HR Committee** has responsibility for agreeing the level of remuneration for the Chair, within the limits determined by the Welsh Ministers; for setting the Chief Executive’s annual objectives and reviewing his performance; for the appointment of senior roles within the executive; and, for the oversight and monitoring of HR matters on behalf of Council.

Each Committee provides, as a matter of routine, the minutes of each of its meetings to Council for discussion and report. The Audit Committee also submits a formal annual report to Council, summarising its work.

Details of membership of Council and these three committees, together with details of members’ attendance at meetings, can be found in the *Reference and administrative details* section at the beginning of this Trustees’ Annual Report.

The **Senior Management Team (SMT)** is led by the Chief Executive, supported by five Directors each responsible for particular aspects of our work. Further details are contained in the Remuneration Report and note 9 of the financial statements.

The **Wales in Venice Advisory Committee** was responsible for developing and overseeing the organisation of our presence at the 2015 Venice Biennale of Art.

During the year, we introduced a third internal monitoring group – the **Sustainable Development Monitoring Group** – which together with the **Strategic Equalities**, and the **Welsh Language Monitoring Groups**, helped drive forward Council’s agenda in these areas. Council received quarterly updates from each group.

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

We promote values of good governance

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

To support this, we have a [Code of Best Practice](#) which helps to ensure that the roles and responsibilities of members and officers are clearly defined. It also contains the expected standards of propriety that members and staff should adhere to. The Code was reviewed and updated during the year.

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

Council, and each of our Committees, carried out an annual self-assessment review of its performance. Overall, the findings of these evaluations were positive during 2014/15. Areas identified for improvement are captured in action plans. In particular, Council's own annual self-assessment review concluded that the vast majority of its indicators of effectiveness had been met. Council was content with progress made during the year to address areas identified in last year's review. A particular area of focus will continue to be enhancing the alignment of policy development, strategy, budget setting and reporting so that the value of the outcomes of our work can be more readily monitored and assessed.

The Arts Council of Wales was invited to appear

before the Public Accounts Committee (PAC) of the National Assembly for Wales in Autumn 2014. The invitation was part of a new initiative from the PAC to consider the accounts of selected public organisations across Wales. We welcomed the opportunity, as the first WGSB to be invited, to attend and to discuss our work. The Committee's scrutiny of our accounts included robust testing of the value for money of our activities and a number of useful suggestions were made by Committee members. We look forward to incorporating the Committee's observations and guidance into this and our future reporting.

We subsequently arranged, and hosted, a meeting of Chairs of Audit Committee of WGSBs and other smaller bodies on the theme of "*The Public Accounts Committee*". We were fortunate to have presentations from the Auditor General for Wales, the Clerk of the PAC, and from attendees of PAC hearings. It provided a useful opportunity to exchange information and learning and forms part of WGSBs' commitment to collaboration and performance improvement.

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

Taking informed decisions

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

Papers are circulated in advance of each Council and Committee meeting, for consideration by members, with tabled items and verbal reports only accepted in exceptional circumstances. In the rare

instances where the information provided does not meet the required standards, the paper is rejected and a replacement commissioned.

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

Council was content, during the year, with the timeliness and quality of data and information provided for its use. It was also Council's view that the information provided in respect of grant funding was reliable. The systems used to provide the information on grants are reviewed annually as part of the internal audit programme.

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

Matters considered by Council during the year

Council met six times during 2014/15 to discharge its responsibilities. During the year, members in total attended meetings on 71 out of a possible 83 occasions. Satisfactory explanations of absence were received in all cases. Details of individual attendance can be found at the beginning of this Trustees' Annual Report.

Council focused on key aspects of its corporate responsibilities:

- **Governance** – Council reviewed our Corporate Assurance Framework and risk register; it also reviewed the Code of Best Practice and completed an assessment of its performance
- **Policy** – Council developed and launched its new arts strategy *Inspire: Creativity and the Arts*, endorsed the new arts and education partnership with the Welsh Government and oversaw the development of our international partnership agreement with the British Council
- **Planning** – Council prepared and monitored the Corporate and Operational Plans, and received updates on key areas of performance including the Equalities, Sustainable Development and Welsh Language Plans
- **Funding** – Council set and monitored the annual budget. It also agreed levels of funding to key organisations and monitored their performance throughout the year
- **Projects** – Council monitored the progress of strategically important projects, including the *Dylan Thomas 100 Festival, Cymru yn Fenis/Wales in Venice 2015*, the second quinquennial Investment Review (which takes place in 2015), and *Creative Learning through the Arts programme* (a partnership project with Welsh Government)
- **Events** – members attended arts events across Wales as representatives of Council

Copies of agendas and minutes of our Council meetings can be found on our [website](#).

We provide funding to third parties

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

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

Decisions to award an organisation revenue funded (RFO) status are taken by Council based on the advice of, and supported by, rigorous assessments carried out by officers. Our future

portfolio of RFOs will be informed by the outcome of our Investment Review – a major examination of our funding – taking place during 2015.

Our portfolio of RFOs is closely monitored by officers, and regular reports showing the risk assessment of each of our annually funded RFOs is provided to Council. These are supported by a report setting out the key themes that emerged from the series of annual review meetings held during 2013/14 with each RFO. When necessary, we take a pro-active approach to organisations that experience difficulties, and invest time and energy to help them to resolve matters of concern.

Council considered reports and recommendations from officers and specialist advisers in connection with those organisations that were deemed to be 'high risk'. In certain cases we insisted on significant changes in those organisations' performance and management in order to try and safeguard their future. These organisations will continue to be the subject of detailed monitoring until such time as we feel confident that the organisation has stabilised and is able to continue as a sustainable operation.

We publish annual [guidelines](#) for each of our Lottery funded grant programmes.

We have open and transparent application processes for our grant funding programmes, and rigorous assessment, decision making, and monitoring processes for all of the funding we award to artists and arts organisations.

We take a risk-based approach to our assessment of applications and 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.

Council takes fraud, corruption and maladministration very seriously and has policies to prevent, and deal with, such occurrences, including "Whistle-blowing" and Anti-fraud policies. These were reviewed during the year.

A full list of grants offered during the financial year can be found in the annex to the financial statements.

Our approach to risk management

Council takes a considered view of risk. This reflects our responsibilities as a charity and publicly-funded body, and the nature of the sector we serve.

Council recognises that any ambitious developmental strategy has to accept the potential of some risk of failure to achieve policies, aims and objectives. Our aim is to promote a more innovative, less risk averse culture in order that we can support artists, organisations and projects to deliver our objectives.

We need to balance our duty to innovate with the ever-increasing need to maximise the benefits of our investment for the sector and for the public. We need to take appropriate but informed risks on occasions, and to acknowledge that there might be occasional failures. However, we would not behave recklessly; neither would we wilfully squander public money nor endanger our reputation for prudence.

We therefore have a system of internal control designed to identify and prioritise the risks that could prevent us achieving Council's policies, aims and objectives. It evaluates the likelihood of the risks being realised, considers the impact should they occur, and seeks to manage them efficiently, effectively and economically. However, we recognise our system of internal control can only manage risk to a reasonable and appropriate level, and can therefore only provide reasonable and not an absolute assurance of effectiveness.

We are continually seeking to improve our internal control systems, to ensure they help us achieve our funding and strategic goals. A key initiative, which was developed with oversight from our Audit Committee, was our Corporate Assurance Framework. This is used to identify the robustness of the underlying controls and assurance processes used to identify and manage key strategic risks. Any aspects that need to be strengthened are highlighted in order that appropriate action can be taken. Both Audit Committee and Council receive periodic updates on this and our corporate risk register.

Key risks facing the Arts Council of Wales

Looking ahead, there are a number of key risks facing us in the next year or so.

The most significant strategic risk in the immediate future is the uncertainty that surrounds wider economic pressures and the more particular constraints on the levels of public funding available to support the arts sector across Wales.

The impact of cuts to public expenditure, and the potential consequences this might have on the wider arts sector, is of serious and continuing concern. Our own budgets are under pressure. We have once again had to reduce the level of annual revenue funding to our RFO portfolio, as well as finding further savings in our own running costs. Local Authorities have also had to take difficult decisions and there is growing evidence that the level of support they have previously provided to the arts sector will suffer. This could have serious consequences for the arts infrastructure across Wales, and would damage the benefits arising from the public investment made in the past.

Following the increases in our Lottery income that we experienced in recent years, we are now seeing growing evidence of an underlying reduction in income levels. This will unavoidably affect our grant making activities. And, if this downward trend is sustained, and occurs alongside further cuts to public expenditure, it will inevitably result in us having to re-assess our strategic priorities for the foreseeable future. We are closely monitoring the situation and, where we are able to, will address issues where we are a key funder, or where we can have direct influence.

Two of the large Lottery capital projects we are helping to fund, Pontio at Bangor University and the Glynn Vivian Gallery at Swansea, have, for differing reasons, experienced challenges during the year. They are being closely monitored with the help of independent specialists using our rigorous monitoring procedures.

During the year we launched the *Creative Learning through the Arts* plan, a major five-year partnership between the Welsh Government Education department and the Arts Council of Wales. The plan is based on the recommendations contained in the independent report *Arts in Education in*

Wales by Professor Dai Smith. The scale of the changes proposed is ambitious, and the potential rewards enormous. We welcome the opportunity it presents. We also recognise the need to manage carefully the many risks associated with a programme of this scale and complexity as we begin to roll it out during 2015.

The forthcoming Investment Review provides us with the opportunity to ensure we are directing our support to a portfolio of organisations that are best able to help us deliver the strategic goals of Council, for the arts in Wales, for the next few years. However, a review of this magnitude, uncertainties over funding, and a rapidly changing environment inevitably bring risks. We will be carefully managing the risks associated with the review in order to mitigate as far as possible, their impact.

We are one of a small group of organisations which is required to meet and report on the requirements of Sustainability Duty under the Well-being of Future Generations (Wales) Act 2015 in the first phase of reporting identified by the Welsh Government. Our preparatory work is well underway to ensure we are able to fully discharge our duties with effect from April 2016.

Security of data

We hold large amounts of data, and treat our obligations under the Data Protection Act seriously. Our ICT systems and rules ensure that the security of data is tightly controlled. We regularly assess our security arrangements and have taken steps to make them more robust. We will continue to monitor them closely.

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

Ministerial directions

As a Welsh Government Sponsored Body we are subject to non-statutory instruments, containing appropriate directions. No Directions were issued

to us during the year, nor were we issued with any Ministerial Directions in respect of our Lottery activities.

Control issues identified during the year

Our internal audit service is provided by Deloitte LLP under the guidance of a nominated Chief Audit Executive, working to the Public Sector Internal Audit Standards.

Audit Committee agrees a programme of reviews covering the period of appointment of our internal auditors. Priorities for each year are reviewed annually and contain audits of key business activities, as well as examining key areas of potential risk to the organisation. The reviews are designed to provide assurance and to assist management by identifying improvements where they are considered necessary.

Eleven internal audit reviews were carried out during the year, two of which were follow-up reviews, for which no assurance rating is provided. Of the nine reviews, one resulted in full assurance, six in substantial levels of assurance, with the other two receiving limited assurance ratings. Both areas that received limited assurance are the focus of improvement work and will be the subject of further reviews in the 2015/16 Internal Audit plan. All recommendations raised by internal audit are reported to Audit Committee which monitors them at each quarterly meeting to ensure appropriate action is taken on a timely basis.

The internal auditors provided the following opinion on the adequacy and effectiveness of the Council's arrangements in their Annual Report:

*"Based on the work we have undertaken during the year, other than for the systems of internal control in relation to Quality Monitoring and Research and Evaluation, we are able to conclude that the Arts Council of Wales has a basically sound system of internal control, which should provide **substantial assurance** regarding the achievement of the Arts Council's objectives.*

We raised two high priority recommendations in 2014/15, one in relation to Quality Monitoring and one in relation to Research and Evaluation, which gave rise to a limited

assurance rating for each of these two reports. We are satisfied with the management responses in relation to these high priority issues, and note that management has prioritised implementation of these recommendations."

The findings of the National Audit Office and Wales Audit Office annual audits are reported in a Management Letter addressed to Council. The Audit Committee considers the findings and monitors them to ensure appropriate action is taken on a timely basis.

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.



Nicholas Capaldi
Accounting Officer

10 July 2015

Endorsed on behalf of Council:



Professor Dai Smith
Chairman

10 July 2015

Structure, governance and management

Members' induction and training

New Members undergo an induction programme to brief them on their legal obligations under the Royal Charter and charity law, the Code of Best Practice, the Committee and decision making processes, strategic plans and funding issues. During the induction day they receive presentations from the Chairman, Chief Executive and Director of Finance and Resources.

Members also have the opportunity to meet key employees. As well as the Royal Charter and Code of Best Practice, Members are provided with copies of the most recent Annual Report and Accounts, the current Working Budget, and the Charity Commission's publications 'The Essential Trustee' and 'The Independence of Charities from the State'. Seminars and additional training are arranged as necessary to inform the formulation of strategies and policies.

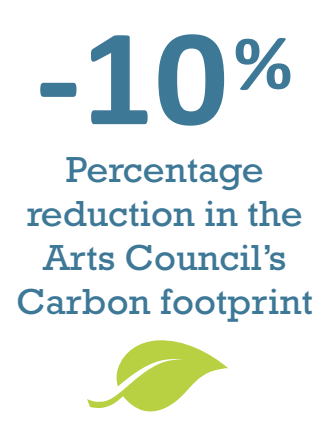
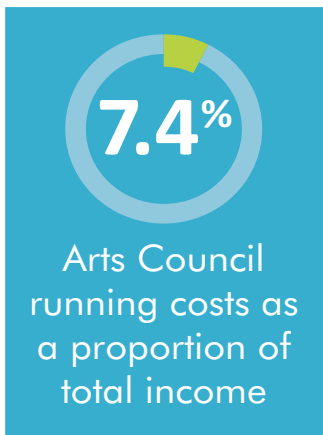
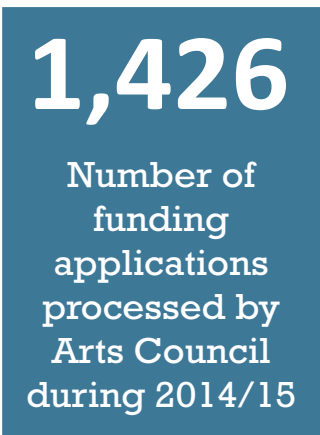
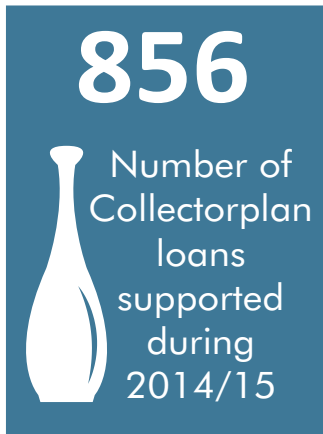
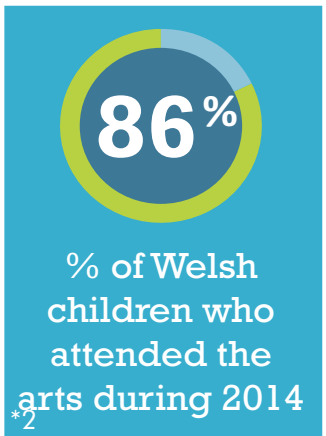
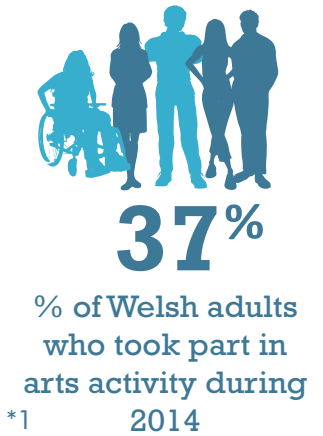
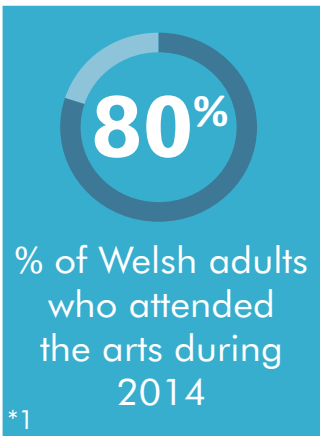
Objectives, activities, achievements and performance for the public benefit

The Council's chartered objects are:

- (a) to develop and improve the knowledge, understanding and practice of the arts;
- (b) to increase the accessibility of the arts to the public;
- (c) to advise and co-operate with Our National Assembly for Wales, Departments of Our Government, local authorities, The Arts Councils for England, Scotland and Northern Ireland, and other bodies on any matters concerned, whether directly or indirectly, with the foregoing objects; and
- (d) to carry out the objects through the medium of both the Welsh and English languages.

The Council's main purpose is to support and develop the arts in Wales for the benefit of people throughout Wales. The principal way in which Council seeks to fulfil this purpose is by the formulation of arts strategies, research, and providing recurrent and one-off grants to organisations and individuals within a strategic and developmental context. Such grant making is backed up by a process of monitoring and assessment to ensure that public money is used effectively for the intended purposes. The Council also manages a range of non-grant activities and services, often in partnership with local authorities and others.

The year in summary



*1 Source: Wales Omnibus Survey 2014, Beaufort Research

*2 Source: Children's Omnibus Survey 2014, Beaufort Research

Operational measures

Year end grant in aid cash balances are contained within the permitted 2% year end limit



No complaints or referrals to the Public Services Ombudsman or Welsh Language Commissioner



£30,000 reduction in General Activities running costs



Reduction of 143 in the number of working days lost to staff sickness in comparison with the previous year



100% of funding applications processed within target times for assessment



Targets met for payment of suppliers – 97% of invoices within supplier terms, 91% within Welsh Government's target of 10 days



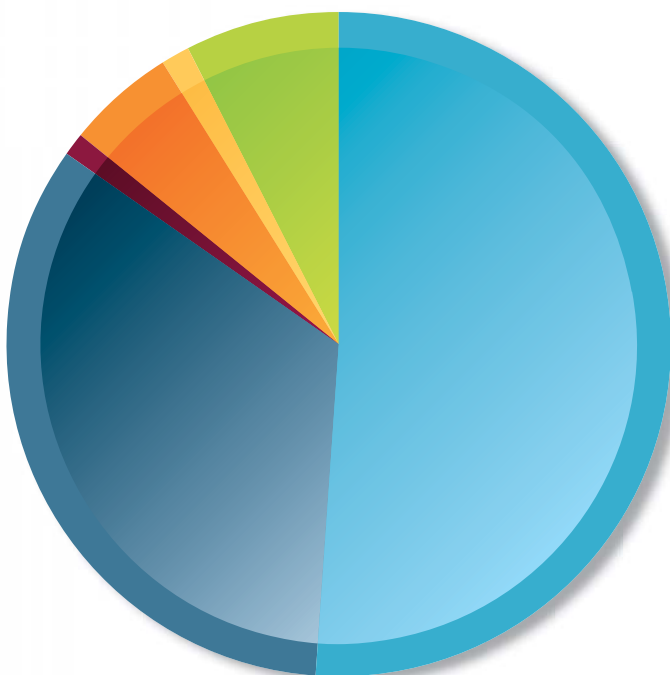
100% of Freedom of Information requests dealt with in the published timescale, with no referrals to the Information Commissioner's Office



At least 75% of internal audit assurance reports achieving a rating of at least "substantial assurance"



Spending



- Core grants to Revenue-funded Organisations (RFOs)
£27,747,493
 - Grants from Lottery funds
£18,269,455
 - Other general grants
£626,120
 - Strategic spend - national
£2,786,786
 - Strategic spend - international
£799,146
 - Running costs
£4,015,000
- Total Expenditure**
£54,244,000

Meeting our targets

Our [Operational Plan](#) for 2014/15 contained 39 targets.

We use a red, amber, green 'traffic light' system for monitoring progress. At the end of 2014/15:

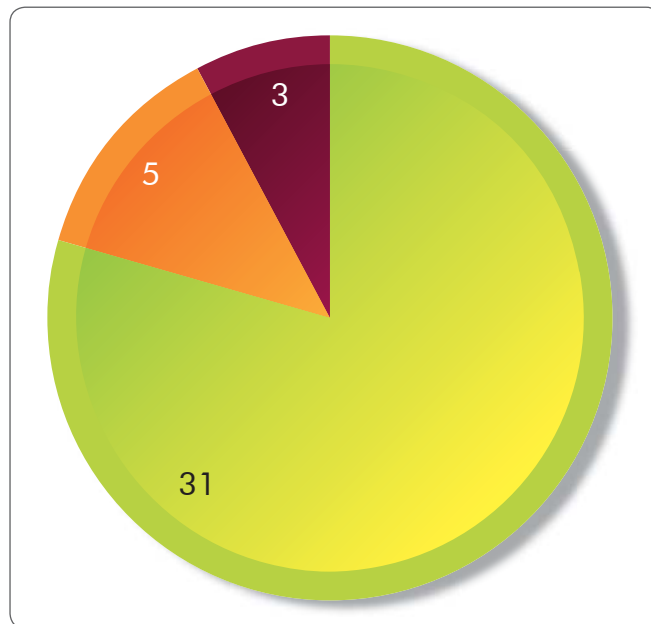
- 31 out of our 39 targets had been successfully completed
- 5 targets were substantially complete
- 3 targets had not been completed – 1 because earlier in the year the planned activity was re-scheduled into 2015/16; and 2 because external factors prevented their completion

Of the 3 uncompleted targets:

The first uncompleted target relates to our decision to re schedule the launch of a new proposed Lottery fund – *Resilience*. This new fund is intended to encourage, through one off investment, key organisations to stabilise or improve their business performance. Council agreed that there would be greater benefit in looking at the new scheme alongside the outcome of our Investment Review. (The Investment Review takes place during 2015/16.)

The second uncompleted target relates to the Pontio building project at Bangor University. Pontio was not completed, as originally envisaged, during the year and is now scheduled to open during 2015/16.

The third uncompleted target relates to Collectorplan, our interest free loan purchase scheme. Our target for the year was a 5% increase in the value of loans. Although we achieved over £622,000 in loans, this was in fact a 1.7% reduction on the previous year. The single most important contributory factor was a decision during the year by the Financial Conduct Authority to review its overall approach to issuing credit licences. This affected the number of galleries who were prepared to continue with the scheme.



The 5 substantially completed targets relate to:

- Evaluation of WOMEX 13, the international festival and networking platform for the world music industry which took place in Cardiff – Council received a report on the outcomes of WOMEX during the year, but asked for additional work to be undertaken on future initiatives resulting from the WOMEX legacy
- Investment in exemplar projects – we set a target of 9 exemplar projects, 3 each across our *Creative Steps*, *Our Space* and *Ideas:People:Places* programmes. We exceeded our targets for *Our Space* (9 projects supported) and *Ideas:People:Places* (7 projects supported), but were below target in *Creative Steps* supporting one fewer project than originally planned
- *Night Out* – our *Night Out* programme delivered 521 events and performances rather than the 580 we had hoped to see. Anticipated cuts during the year in local authority partner funding – a factor beyond our control – had a detrimental impact on the number of events that could be supported. However, at nearly 90% of the target number, we believe this target to have been substantially completed
- Partnership projects promoting diversity – 3 out of the 4 target projects were completed with Diverse Cymru, Stonewall Cymru and Voluntary

Arts Wales. Pressure of competing priorities for staff time has meant that one of the projects, involving staff training, has had to be deferred to 2015/16

- Local authority investment audit – given the rapidly changing nature of funding within local authorities, we decided that a single stand alone commissioned audit would not represent good value for money. Instead, we used staff resources to compile rolling quarterly reports

A number of key areas of activity, identified as particular priorities by Council, were successfully progressed during the year. These included:

- actions taken to improve Governance arrangements in our portfolio of key organisations
- developing the range, impact and effectiveness of our support to individual artists
- establishing major public residencies with partner organisations – Cadw, the Centre for Alternative Technology, Canal and Rivers Trust, Football Association of Wales, St Asaph Cathedral, Welsh Water, National Museum and National Trust
- our contribution to the management and organisation of the highly successful Dylan Thomas 100 Festival
- the establishment of an important new Memorandum of Understanding with the British Council, supporting arts development opportunities for Wales around the world
- the launch of our Disability Ticketing scheme, *Hynt*, improving access to venues across Wales
- the growth of the Autumn Family Arts Festival
- the agreement of the Welsh Government to jointly fund our strategy for *Creative Learning through the Arts*
- the development of our sustainability strategies in readiness for the introduction of the

Welsh Government’s Well-being of Future Generations (Wales) Act

- the partnership project with Nesta to invest in Digital Research and Development projects

Detailed monitoring of performance against key actions is carried out and reported on quarterly to the Senior Management Team, Council and the Welsh Government.

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. 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. During 2015/16 Council is conducting an Investment Review. This will identify the portfolio of revenue-funded organisations that will be at the heart of the Council’s future strategy to develop the arts in Wales.

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.

The Council publishes general guides to funding for organisations and individuals which include full details of funding priorities and eligibility criteria. These are available from any of the Council's offices and from the [website](#).

Financial review

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

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 2015 (2014: £Nil).

Our holding of cash reserves is restricted by the Welsh Government's month-end and year-end flexibility directions. 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.

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 linked to bank base rate is received on all credit balances in the Council's current accounts. From time to time, higher rates may be available for restricted funds on long term deposit.

Since October 2013, to minimise risk to our charitable and public funds whilst retaining the control and flexibility needed for day-to-day operations, the Council opened accounts with CCLA Investment Management Limited which allows us to make daily transfers of surplus funds between their Public Sector Deposit Fund and our bank current accounts. The Fund is AAmmf rated by Fitch Ratings.

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.

Financial results

| | 2014/15 £'000 | 2013/14 £'000 |
|--|------------------|------------------|
| The General Activities accounts, excluding Lottery distribution activities, show: | | |
| Total incoming resources for the year | 33,158 | 35,799 |
| Net incoming/(outgoing) resources | (444) | (1,295) |
| Net current assets | 1,318 | 1,684 |
| Total fund balances at 31 March | 1,496 | 1,940 |
| and | | |
| Forward commitments of grants in respect of the following year | 27,007 | 27,733 |
| The separate Lottery Distribution accounts show: | | |
| The Council's share of the proceeds from the National Lottery (2014/15: including refund of £1.487m from the Olympic Lottery Distribution Fund) | 19,518 | 16,892 |
| The combined: | | |
| Total incoming resources for both general and Lottery activities was and | 52,784 | 52,843 |
| Total direct charitable arts expenditure for both general and Lottery activities was (2013/14: restated) | 52,450 | 56,556 |

The Council's incoming resources for 2014/15 were £2.6m (7.3%) less than the previous year. The main factors were: (a) a reduction of £1.4m in grant-in-aid from the Welsh Government; and (b) £0.8m less grants and donations for restricted purposes compared with 2013/14.

During the year we awarded grants to our revenue funded organisations of £27.7m (2013/14: £28.3m). In addition we spent £4.9m (2013/14: £7.5m) through grants and direct expenditure on strategic initiatives and services. The reduced spending on arts activities this year reflects our lower income.

At 31 March 2015 we had unrestricted reserves of £1.4m (2014: £1.7m) and restricted reserves of £0.1m (2014: £0.2m). The level of our unrestricted reserves is directly affected by the Welsh Government's policy on year-end cash balances, as outlined in the 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 must be agreed by our sponsoring department of the Welsh Government.

Plans for future periods

The focus of our activities during 2015/16 will be to implement our new arts strategy **Inspire: Creativity and the Arts**.

Our strategy is straightforward – it is summed up in just three words:

Make | Reach | Sustain

Making art, ensuring it connects and giving it a durable legacy are all part of the same picture. And these are the themes that underpin our work.

When we talk about **Make**, we mean artistic creation. We want to foster an environment for our

artists and arts organisations in which they can create their best work. Because if we **Make** well, we inspire.

If we inspire, more people in Wales will enjoy and take part in the best that our nation has to offer. This is at the heart of our ability to **Reach**, and crucially to reach further than before.

And if in doing this, something of worth is created in what is made or who is embraced, then we should ask how we protect and **Sustain** these things in ways that work economically and that can endure.

Make: Reach: Sustain is delivered through eight specific **objectives**.

Make

1. Creating the environment for the arts to flourish
2. Increasing the value of international cultural exchange to the arts in Wales

Reach

3. Finding new opportunities, ways and places for people to enjoy and take part in the arts
4. Developing the creativity of children and young people

Sustain

5. Encouraging innovation, resilience and sustainability
6. Protecting and growing the economic base for the arts in Wales
7. Demonstrating the value of the arts
8. Making the Arts Council an efficient and effective public body

It is also important that our grant in aid expenditure reflects the overall priorities of the Welsh Government. The Government's expectations of us are set out in an annual Remit Letter. The Remit Letter describes the Welsh Government's priorities and provides the framework for our actions.

Our Remit Letter sets out seven areas of priority and these will be a particular focus of our work during 2015/16:

1. **Active Participation** – we will support our key organisations that we fund, encouraging them to continue to reach out to new organisations. Our work in this area will be underpinned by the following specific initiatives:

- **Building on the activities of our portfolio of revenue funded organisations (RFOs)** – our RFOs have well established programmes of participatory activity. They also have the local knowledge and contacts to develop and extend this work
- **Offering targeted funding programmes** – through our 'open to application' Lottery funding programmes we will place a particular emphasis on projects that encourage. Our *Creative Steps* development programme will target those individuals and organisations who have traditionally found it difficult to access public funding for the arts

2. **Tackling poverty** – we are working to create more opportunities to introduce people who currently feel excluded from the arts to the benefits of creative activity. Over the past five years, we have seen more people from disadvantaged communities taking part in the arts.

We expect our work in this area to contribute positively to the implementation of the Government's Child Poverty and Families First strategies. This work will be underpinned by the following specific initiatives:

- **Targeting young people not in education, employment or training (NEET)** – we will

continue with the Lottery funded Momentum programme, investing in programmes of arts activity to enable disenfranchised young people to re engage positively with employment or training

- **Supporting the implementation of the Welsh Government's Culture and Poverty report** – we will play a full part in implementing the report's recommendations, which might include taking a lead role in one of the proposed 'pioneer areas'
 - **Liaising with the Welsh Government on the delivery of targeted programmes of work** – we are asked to collaborate with our RFOs to work with the Welsh Government on its *Enhanced Employer Engagement* and *Activate Your Potential* programmes. We will take this forward as a new area of priority and during the year we will research the programmes' objectives, devise appropriate implementation strategies and roll these out to our RFO portfolio
 - **Working in partnership with the Welsh Government to implement our joint strategy *Creative Learning through the Arts*** – our major new Lottery funded strategy is designed to assist in the raising of standards of literacy and numeracy and to narrow the attainment gap by using creative teaching and learning and arts activity to tackle lack of aspiration and low levels of engagement and achievement amongst disadvantaged learners
3. **Sustainability and maximising the return on public investment** – as we plan for the future, we are working to ensure that the arts – and the Arts Council itself – have the resilience to weather the current economic pressures. Government funding for the Arts Council's arts programmes will have further reduced in 2015/16 by just under £1 million. Year on year cuts are having an impact on the range and number of activities that we're able to support. However, we are committed to doing what we can to raise funds from other sources,

and encouraging our RFOs to do likewise, to expand the economy of the arts in Wales.

Our work in this area will be underpinned by the following specific initiatives:

- **Conducting an Investment Review** – we must be able to demonstrate the public benefit that our work delivers, and the extent to which we’re helping to make Wales a better place to live and work. The aim of our Investment Review will be “to agree a new ‘portfolio’ of dynamic and sustainable revenue funded organisations that will be at the heart of the Arts Council’s future strategy to develop the arts in Wales.” It will be a root and branch examination of the key organisations that we currently fund, and a new portfolio of organisations will be put in place for 1 April 2016.
- **Impact and value for money** – organisations in our RFO portfolio must be able to demonstrate that the public funding they receive has the greatest possible impact. We will work with our RFOs to assess the extent they are contributing towards key priorities, including:
 - the number of participants that actively engage in their activities
 - the organisation’s contribution to tackling poverty, including the number of people they reach that are at risk of disengaging from education, or are unemployed
 - the extent of exposure given to Wales, nationally and internationally, that arises from their activities
 - the return on investment, in terms of jobs and growth, and on our other key policy agendas around tourism, education, health and sustainability.

4. **Safeguarding the arts infrastructure** – Wales is experiencing a period of sustained economic difficulty. The environment in which we operate remains dominated by economic recession and pressures on public funding. The partnership between the Arts Council of Wales and local government provides the foundation for the funding and development of the arts in Wales. Between us, we have the potential to touch the lives of everyone in Wales.

However, the financial pressures faced by local government, and the way that its services are organised and delivered, continues to change. Reductions in public funding, and an obligation to protect statutory services, mean that discretionary services (such as the arts) are coming under particular pressure.

Our work in this area will be underpinned by the following specific initiatives:

- **Monitoring local government investment in the arts** – not all local authorities are disinvesting in the arts, but it is a mixed picture across Wales. We will continue with our survey work to monitor developments
- **Promoting partnership working** – we know that in some instances local authorities are struggling to sustain popular and vital community provision. Our funds could never adequately replace wholesale abandonment of local funding. Nevertheless, we will use every opportunity at our disposal to work in partnership with local authorities to find ways of protecting important activity
- **Developing new models for supporting local arts activity** – there is no single approach to supporting and developing the arts locally. Some local authorities will continue to maintain some form of direct provision. However, others might wish to explore different structures, including independent trusts and community asset transfers. We will work with local authority colleagues to develop the approaches between us that we believe will be most sustainable

5. **Brand Wales/Themed Years** – the arts are a highly effective means of raising a country’s visibility and reputation. Through our Wales Arts International team we’ll continue to foster international artistic excellence in Wales. We’ll also work to improve the international impact and recognition for the arts and culture of Wales on the world stage, bringing national and international cultural events to Wales (such as British Dance Edition in 2016).

As part of this approach, the Welsh Government has launched a new initiative using the theming of future years to promote Wales and to focus activities, events and attractions on the strongest qualities offered by Welsh tourism. 2016 has been designated The Year of Adventure, after which will be The Year of Legends in 2017 and The Year of the Sea in 2018.

6. **Economic Development** – we will exploit the economic potential of the arts to contribute in terms of job and wealth creation, through the creation, distribution and retail of goods and services.

Our work in this area will be underpinned by the following specific initiatives:

- Encouraging the key organisations that we fund to be more self reliant – we will be working with our RFO portfolio to encourage them to reduce their dependency on public funding
 - Exploiting international opportunities – for those individuals and organisations who are ‘market ready’, working overseas will provide access to new markets and opportunities. Through our international division, Wales Arts International, we will work with our international partner, the British Council, to vigorously pursue such opportunities
7. **Digital technology** – we want the arts to have the capacity and skills to understand what new technology has to offer, and to have the confidence and insight to exploit its creative possibilities. Our work in this area

will be underpinned by the following specific initiatives:

- **Piloting the development of digital working** – through our Lottery funded partnership with Nesta we will provide ‘seed’ funding to organisations who want to develop their digital capacity
- **Extending the network of digitally equipped venues** – where appropriate we will continue to roll out our strategy of investing Lottery capital funding to enhance the digital capability of arts centres and venues
- Exploiting the potential of partnerships with broadcasters – we have formally established partnerships with BBC Cymru Wales and S4C. We are working with both broadcasters to exploit new broadcast and digital opportunities for the arts in Wales

Human resources

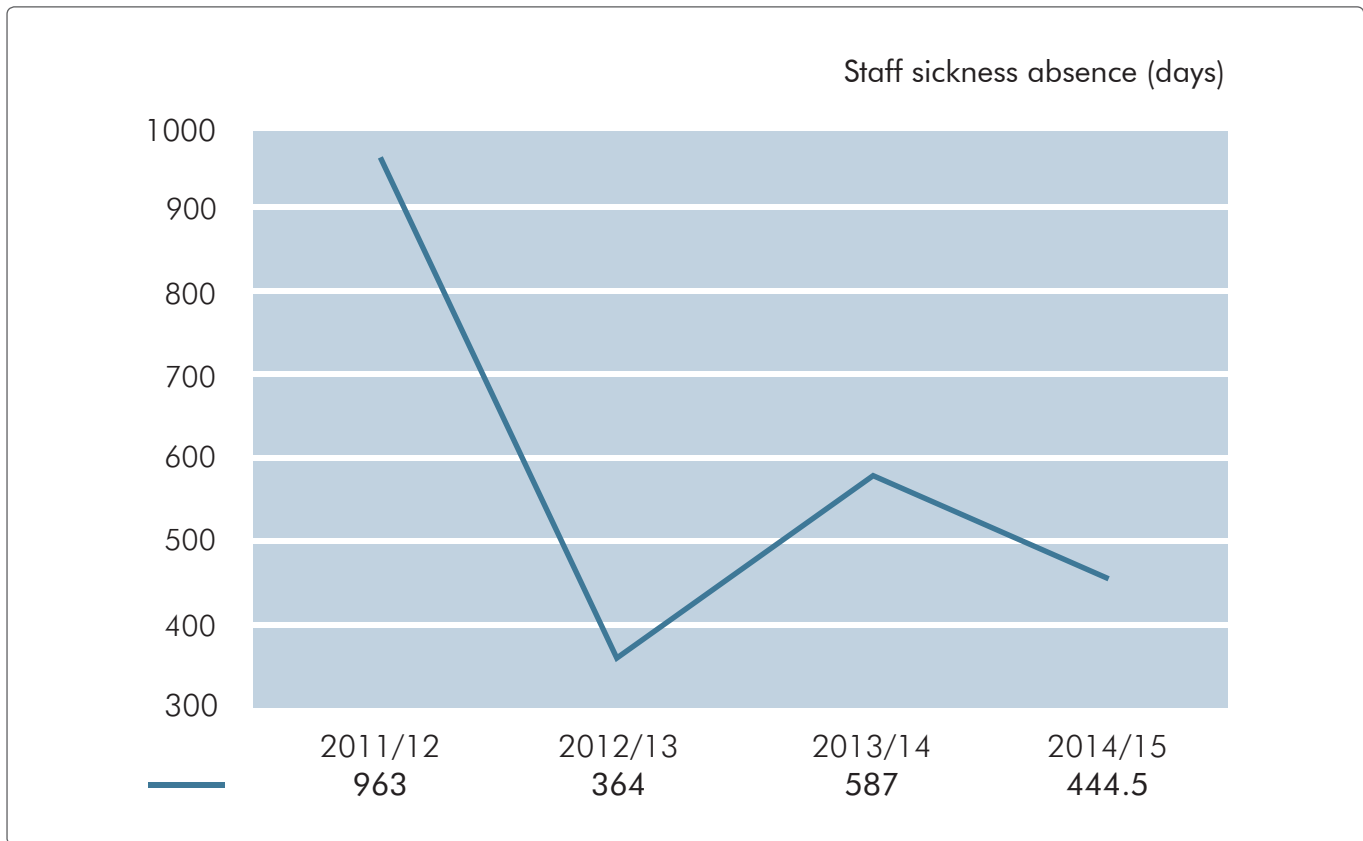
Equal opportunities

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.

The Council is on the National Register of Disability Symbol Users, reflecting its commitment to ensure that appropriate facilities are available for disabled employees.

Sickness absence

During 2014/15 staff sickness absence totalled 444.5 days (2013/14: 587 days). This represented 2.24% (2013/14: 2.98%) based on 260 working days, including 0.74% (2013/14: 1.67%) as a result of long term absence (over 28 days).



Employee communication

The Council recognises the trade union Unite, with which it has established a procedural agreement; representatives of management and union meet regularly to discuss matters of current concern. Additionally, regular departmental meetings are held and Directors and Team Leaders are required to report to their staff on matters discussed at Council, Senior Management Team, and Management Board meetings.

Pension scheme

Most employees are members of the Arts Council Retirement Plan 1994 (ACRP). The fund is a defined benefit scheme. It is also a multi-employer scheme so the Council is unable to identify its share of the underlying assets and liabilities. In accordance with the Council’s accounting policies, the scheme has therefore been accounted for as if it were a defined contribution scheme, in accordance with FRS 17.

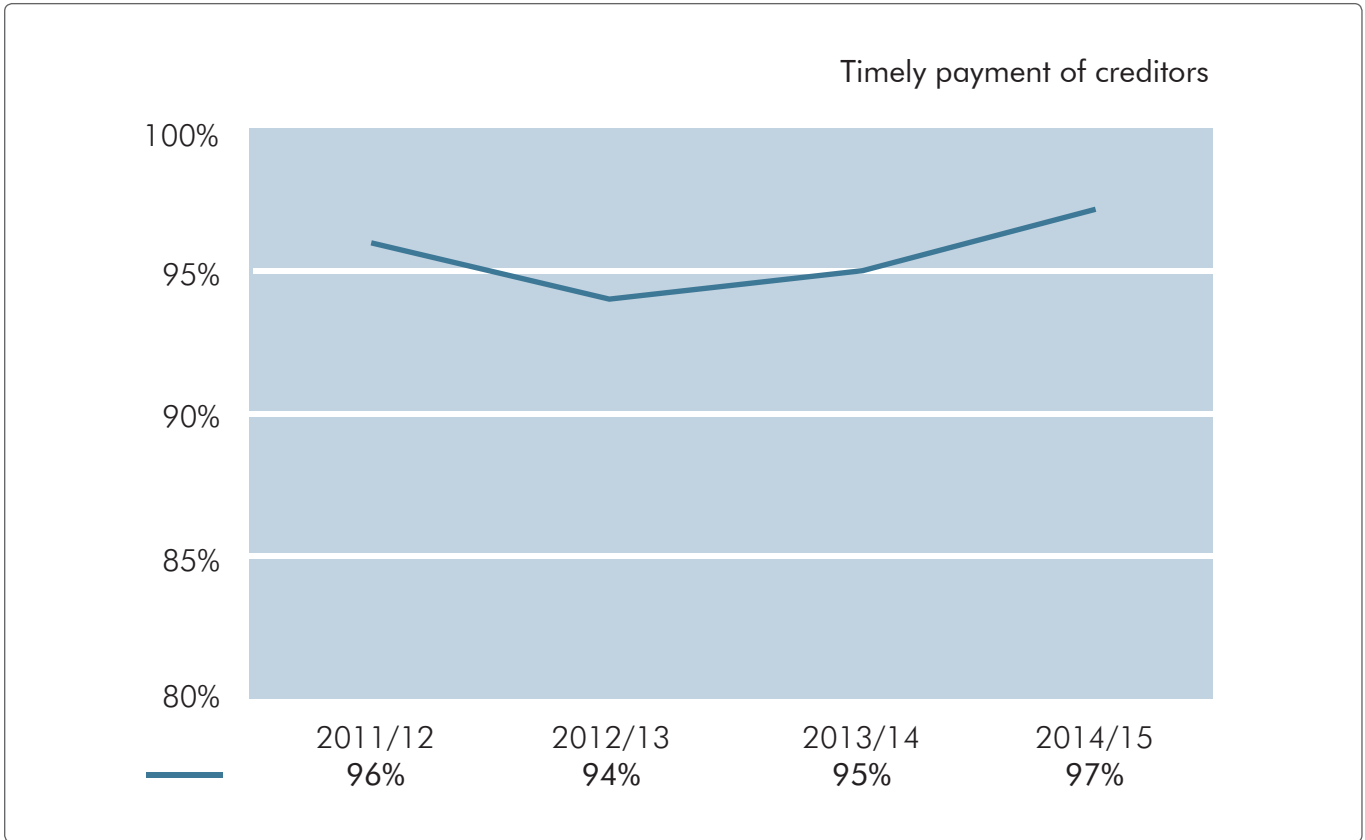
The Council has also introduced a defined contribution scheme, The People’s Pension, as an alternative option to meet the needs of Auto

Enrolment legislation. The small number of eligible employees that were not members of the ACRP were auto-enrolled into the defined contribution scheme as of 1 May 2014, the Council’s official staging date. The scheme is accounted for in accordance with FRS 17.

Payment of creditors

Under the Late Payment of Commercial Debts (Interest) Act 1998, and the UK Government’s Better Payment Practice Code, the 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.

The Council aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, in line with these terms. During the year ended 31 March 2015, the Council paid 97% (2013/14: 95%) 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 2014/15 91% (2013/14: 85%) of invoices have been paid within 10 days. It is not anticipated that our policy will alter in future years.



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 2015/16, to meet all current contracted commitments. The Council does not consider that its general activities are exposed to any significant liquidity risk.

Interest rate risk - Cash balances, which are drawn down from the Welsh Government to pay grant commitments and operating costs, are held in instant access variable rate bank accounts which on average carried an interest rate of 0.38% (2013/14: 0.38%) in the year. Surplus daily funds invested in the Public Sector Deposit Fund on average carried an investment return of 0.37% in the year (2013/14: 0.34%).

The effective unrestricted year-end cash balance held by the Council in the bank was £432,000 (2014: £789,000). The Council does not consider that its general activities are exposed to significant interest rate risks.

Foreign currency risk - The Council is not exposed to any significant foreign exchange risks.

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

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.

Tax arrangements of public sector appointees

The table below shows details of off-payroll engagements for more than £220 per day lasting longer than six months:

| | |
|--|---|
| Number of new engagements between 1 April 2014 and 31 March 2015 | 1 |
| Number of the above which include contractual clauses giving the Council the right to request assurance in relation to income tax and national Insurance obligations | 1 |
| Number for whom assurance has been requested | 1 |
| Of which | |
| Number for whom assurance has been received | 1 |
| Number for whom assurance has not been received | - |
| Number that have been terminated as a result of assurance not being received | - |

Social and community issues

We are committed to ensuring that the Council's funding is accessible and of benefit to all the citizens of Wales. Ensuring greater access to the arts is a natural priority for a body, such as us, that is in receipt of public funds. We are fully committed to removing the barriers that prevent and impede people from enjoying and taking part in the arts.

We continue to have strategies targeted at young people, community and voluntary arts and broadening public engagement in the arts. We have made considerable progress this year on a number of key programmes. We launched *Hynt*, our disability ticketing scheme for disabled theatre goers and their carers. All of our key funded arts venues across Wales have signed up to be a part of the scheme and very soon following the launch we had in excess of 500 applications. We published and launched a diversity and equalities toolkit for the arts and ran a series of briefing and training sessions for the sector across Wales. The toolkit provides practical guidance, advice and examples of how to reach and engage with people and communities who experience barriers to engaging with the arts on account of one or more of the protected characteristics as described in the Equality Act.

Our pilot participatory project, which we called *Momentum*, delivered in partnership with Communities First, was very successful, engaging with over 325 of our most disadvantaged and disengaged young people, all of whom achieved positive outcomes around re-engagement in education, training and/or work. We secured funding from the Baring Foundation which we were able to match, which was then awarded to Age Cymru to develop and deliver a 3 year project focusing on our older people living in care homes. This project is now up and running.

We continued to support venues, through the *Our Space* programme, to explore innovative approaches to audience development. This programme was evaluated in 2014/15. The evaluation confirmed that providing funding for these venues to explore different ways to engage with disparate and diverse communities was proving to be successful. Through the scheme, the recipients of the awards had reached new audiences and, more importantly, audiences from amongst communities who have not traditionally engaged with the arts, for economic or cultural reasons.

Our grant schemes have over-arching funding priorities directed at projects promoting the work of artists from under-represented groups, such as disabled people and people from black and minority ethnic backgrounds. Recognising

the bilingual culture of Wales, we also prioritise applications that will be delivered in Welsh or bilingually.

We provided funding for Voluntary Arts Wales to deliver a community focused project called *Putting Down Roots* which supported community groups to move towards an independent status or social enterprise, having previously been established and supported by professional community arts organisations. These were pilot projects that will be evaluated in 2015/16.

During this year we worked closely with the Welsh Government's department for Education and Skills on developing *Creative Learning through the Arts – an action plan for Wales*, which aims to significantly increase and enhance opportunities for young people across Wales to engage with the arts throughout their school life. The Plan was launched in March 2015 and will be implemented from September 2015 onwards.

We are partners, along with National Museum of Wales and CyMAL in delivering the *Pioneer Area* pilot programme across Wales. The *Pioneer Area* programme is a year- long pilot scheme which has been developed to help individuals, families and communities benefit from lasting engagement with culture and the historic environment. The scheme will operate in Communities First areas. It builds on two reports commissioned by the Welsh Government: Baroness Andrews' *Culture and Poverty: Harnessing the power of the Arts Culture and Heritage to promote Social Justice in Wales*; and Professor Dai Smith's *Arts in Education in the Schools of Wales*.

A major focus for our work in 2015/16 will be the implementation of *Creative Learning through the Arts*. We will be launching a *Lead Creative Schools Scheme*, open to all schools in Wales, which applies creative learning methodology to improve young people's engagement with learning, whilst also helping the school to address significant issues and development ideas. The scheme is about whole school improvement and improving learners' attainment, specifically in numeracy and literacy. Through the Plan we will also be supporting continuing professional development for teachers, artists and other creative practitioners

and providing funding for schools to work in partnership with arts organisations to improve the cultural offer available to their learners.

Audit

In accordance with Article 11 of the Council's Royal Charter the Auditor General for Wales conducts the Council's external audit on terms approved by the Welsh Ministers.

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



Nicholas Capaldi
Accounting Officer

10 July 2015



Professor Dai Smith
Chairman

10 July 2015

Sustainability Report

Council approved a Sustainable Development Strategy, Environmental Impact Assessment and Action Plan at its March 2014 meeting. This commits us to using sustainable development as a core organising principle for all of our work and prepares us to meet the requirements of the Well-being of Future Generations (Wales) Act 2015. This became law on 29 April 2015 and the reporting requirements become effective from 2016/17.

We are committed to operating our business in a sustainable manner and to applying good environmental practice in order to reduce our environmental impact and continually improve our performance.

Our strategy commits us to working on three levels:

1. To continually improve our own performance as an organisation.
2. To encourage those organisations and individuals we fund (or work in partnership with) to continually improve their performance.
3. To use our position of leadership within the sector (and more broadly) to promote best practice in relation to Sustainable Development and to raise the profile of the issues and encourage individual responsibility.

Improving our own Performance: meeting our environmental obligations

We have established a Sustainability Monitoring Group to monitor our own performance, chaired by a member of the Council.

The Council has a Sustainable Development action plan to deliver its policy and will publish the results of its performance annually. We also publish an Annual Environmental Impact Assessment Report and an Annual Sustainable Development report.

Since introducing an Environmental Policy some years ago, we have focussed on improving our organisational performance. We have made good progress, and achieved a Green Dragon Level 5 Award in recognition of this in 2014/15.

We are committed to operating our business in a sustainable manner, and to applying good environmental practice in order to reduce our environmental impact and continually improve our performance.

Although below the Welsh Government's *de minimis* level, we are again voluntarily reporting on our environmental performance. We believe this to be in line with the spirit of the Welsh Government's aspirations for, and our commitment to drive forward with, the Sustainable Development agenda.

Background

Following the introduction of our environmental policy, our focus in recent years has been on improving our environmental performance. We have introduced systems, changed our operating practices, and invested financially. And importantly, to derive benefit from the opportunities these changes offer, we have strongly encouraged the engagement and commitment of our staff.

Review of progress

We continue to operate from three locations across Wales albeit from a much smaller sized estate. All our offices are accessible through public transport networks. They are fitted with a range of energy saving devices and equipment which have reduced our electricity consumption.

Our ICT strategy has concentrated on extending the use of our information technology infrastructure to provide business and environmental benefits. The virtualisation of our IT servers has contributed to reduced energy for power and cooling. Our key systems – finance and on-line grant applications – are fully electronic from initial order or application through to final payment. All incoming mail and invoices, etc. are scanned which has reduced the volume of paper we receive, handle, store and recycle, with consequential reductions in our storage requirements.

Our staff are able to access our systems remotely, via secure links, and have full electronic access to all systems and supporting documents. More than half of our members of staff are equipped

with laptops and smartphones, enabling them to operate on a mobile basis, so reducing the need to routinely work from our offices.

We have invested in high quality video conferencing capacity in all three offices and actively promote its use as an alternative to travel. We are now able to link to any public sector location in Wales, and have also successfully used our facilities to video conference to as far afield as Australia. During the last year, we have made very good progress with the implementation programme that allows our mobile workers to participate, via their laptops, in video conferencing meetings with colleagues and clients. This is expected to be fully completed during 2015.

We have made good progress in changing organisational behaviours. Video conferencing has reduced the frequency of travel to meetings. We expect to see further reductions as adoption of laptop to laptop video conferencing becomes more embedded in our working practices.

Our investment in laptops and video conferencing capabilities has helped reduce travel to work journeys for some of our staff, and will enable further reductions in travel to clients.

We promote the use of environmentally friendly means of transport, restrict travel to necessary journeys only, and encourage staff to make journeys by the most efficient means possible, taking account of both environmental and financial considerations. Car sharing is encouraged, and we provided cycle racks in our Cardiff office. We are considering introducing further incentives.

Our staff induction programme includes Environmental Awareness, and members of staff are given periodic training and updates as appropriate.

We promote the minimisation of waste amongst our staff by encouraging reduction, reuse and recycling. Managers and staff are provided with monthly reports analysing printing and copying activity, to encourage lower overall usage.

Recycling and waste separation, which reduces the amount sent to landfill, is actively promoted internally, and we use licensed and appropriate organisations to dispose of our waste. We recycle our surplus and redundant IT and office equipment.

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. Our cleaning contractors are required to use eco-friendly products and equipment. And we use recycled FCS paper supplies for at least 90% of our copying and other internal needs.

Our suite of websites provides a wide range of information to grant applicants, artists and arts organisations, and to the general public. We weren't able to make the progress we had intended with our review of our websites and their content. However, we hope, in the year ahead, to be able to progress our review in order to make them more accessible, to increase the level of information and content, thus enhancing our standards of service.

Having secured level 5 Green Dragon accreditation last year, we were pleased that our continued efforts enabled us to retain the same level of recognition in the recent annual review.

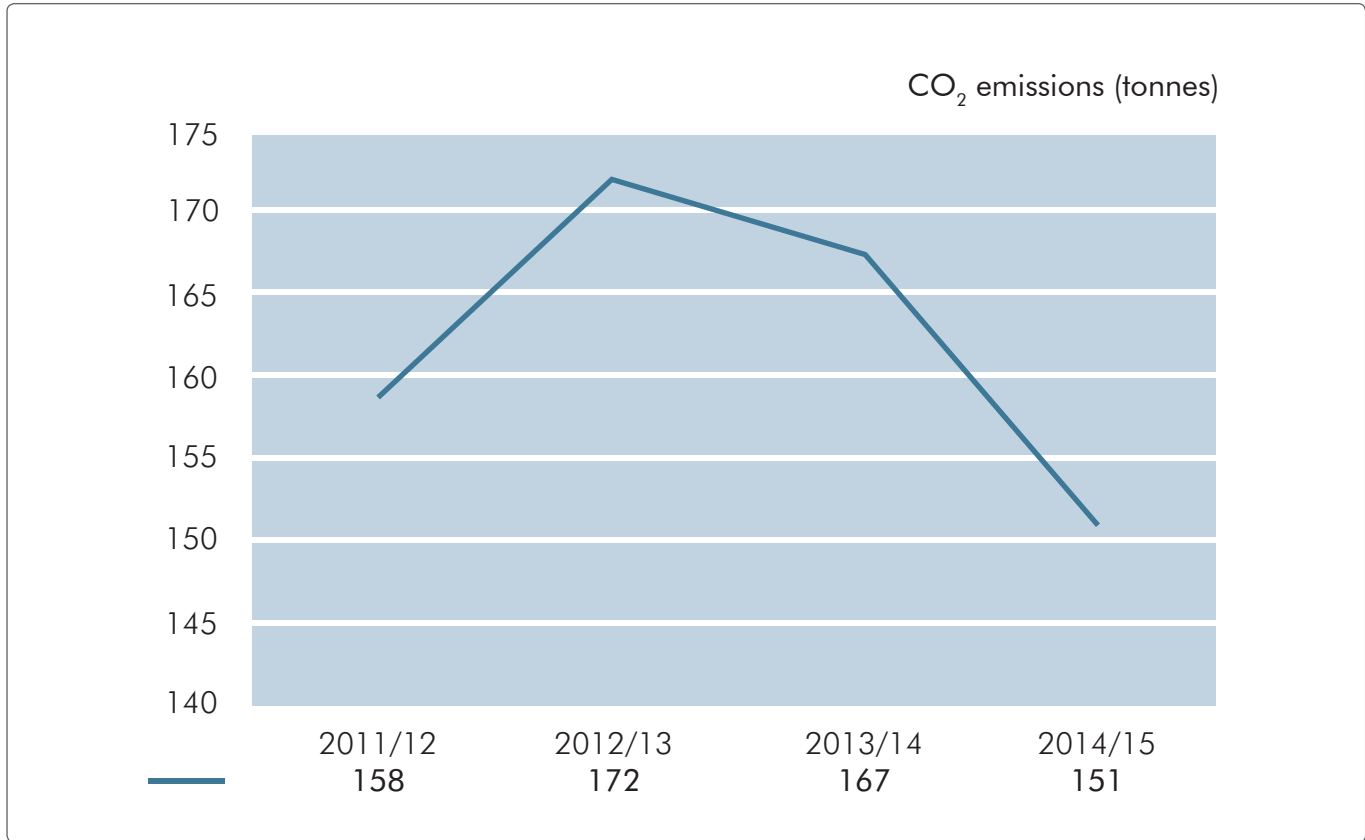
Our performance

Our internal reporting systems enable us to capture and measure details of our use of consumables, waste, energy, water and staff travel, and thus our CO₂ emissions. Following guidance from Green Dragon, we have enhanced our waste reporting matrix and intend to continue to broaden and refine our reporting.

All three offices are now on a shared occupancy basis, with certain costs included within our service charge, particularly relating to waste costs and water usage. This restricts our ability to accurately assess our water and, to an extent, electricity usage. We will be exploring with our landlords the practicalities of introducing systems to improve our data capture.

| | 2014/15 | 2013/14 |
|--|---------|---------|
| Waste: | | |
| Non-financial (tonnes) | | |
| Landfill - <i>estimate</i> | 0.12 | 1.65 |
| Reused/recycled - <i>estimate</i> | 3.25 | 6.44 |
| Greenhouse gas emissions (CO₂ tonnes) | | |
| Gross emissions, scope 2&3 (indirect) | 59 | 61 |
| Energy consumption (Kwh) | | |
| Electricity (non-renewable) | 110,373 | 125,644 |
| Electricity (renewable) | | |
| Gas | N/A | N/A |
| Financial indicators (£) | | |
| Expenditure – energy | 13,390 | 21,709 |
| Water supply costs (office estate) – currently unable to assess, included in service charge | N/A | N/A |
| Travel emissions (CO₂ tonnes) | | |
| Rail | 9 | 8 |
| Air ¹ | 54 | 64 |
| Car/vans | 29 | 34 |
| Travel cost (£) | | |
| Rail | 30,431 | 24,085 |
| Air | 19,791 | 22,646 |
| Car/vans | 41,424 | 47,956 |
| Travel (miles) | | |
| Rail | 113,832 | 102,761 |
| Air | 206,500 | 224,369 |
| Car/vans | 89,851 | 104,924 |

¹ Includes the influence of radiative forcing in air travel emissions to capture the maximum climate impact. Radiative forcing is a measure of the environmental impact of emissions of NO_x (nitrous oxides) and water vapour when emitted at high altitude.



We believe that a truly intelligent approach to sustainability will extend beyond environmental concerns, important though they are, to embrace the cultural, economic and social considerations that sustain our sense of resilience and well-being.

We have embedded this principle of Sustainable Development into our new strategy document *Inspire: Creativity and the Arts* which will set the framework for arts development in Wales for the next five years. As such it will catalyse the development of the whole sector potentially.

Encouraging those organisations and individuals we fund (or work in partnership with) to continually improve their performance

We have included a requirement to sign up to Cynnal Cymru/ Sustain Wales’ Sustainable Development Charter by March 2016 as a condition of revenue grant funding from the Arts Council of Wales. We will be reporting on our revenue funded organisations’ progress via our Annual Revenue Reports.

Our lottery guidelines insist on adherence to BREEAM standards for Arts Council funded capital projects – “excellent” for new build and “very good” for refurbishments. Of our current projects, the Glynn Vivian Art Gallery at Swansea will achieve BREEAM standard of ‘Very Good’ and Pontio at Bangor, will achieve ‘Excellent’, both of which will be above the minimum requirements.

We have established a new community based regeneration scheme using the arts to encourage new approaches to local development – Ideas: People: Places. Its vision is to embed the arts in a genuine and meaningful way, in a small number of imaginative, ambitious and innovative regeneration projects. Through this project, we wish to explore new ways of working that generate cross sector collaboration, test new ideas and partnerships and communities to re-imagine their environment in a creative and empowered way using sustainable development as a starting point and guiding principle.

Using our position of leadership within the sector

We have also taken our leadership role very seriously. We have commissioned a report documenting the history and importance of the arts in climate change in Wales. The report – **Culture Shift** – was launched publicly and celebrated in an event at Chapter, Cardiff in November 2014. This report was circulated widely to peer organisations and the response received was very encouraging and the Arts Council of Wales' leadership role acknowledged.

We have also actively looked to support high quality arts initiatives on the theme of climate change. We feel that arts and cultural activity is an important space in encouraging debate and promoting reflection. People's attitudes to climate change can be based on emotion rather than facts and logic alone. The arts can speak to people at an emotional level and have been proven to be very effective in bringing about behaviour changes that information and education based approaches alone struggle to deliver. As such we have committed to prioritising arts projects on environmental/sustainable development themes (that meet all of our published assessment criteria) in order to play a part in tackling the causes and effects of climate change.

Remuneration Report

The Council remunerates its entire staff, with the exception of the Chairman and Chief Executive, in accordance with an agreed pay and grading system maintained by the Human Resources Department. A Job Evaluation Policy is in place, in accordance with which staff may appeal the grading of posts. The terms of appointment of the Chairman and Chief Executive are agreed with the Welsh Government.

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

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

The Chief Executive's remuneration consists of a basic salary plus an annual bonus. Annual bonuses are recommended to Council by the Remuneration, Appointments & HR Committee in consideration of the performance of the Chief Executive against a set of predetermined objectives. A percentage of the bonus, as advised by the Welsh Government, is consolidated into the Chief Executive's salary and the remainder is paid as a non-consolidated award. In the absence of guidance from the Welsh Government in respect of changes to the Chief Executive's salary, the Remuneration, Appointments & HR Committee was unable to determine whether an increase could be paid during the year. As a result the Chief Executive did not receive an increase or a non-consolidated bonus in respect of 2014/15.

Further details of the remuneration and pension benefits of the Chairman, Chief Executive and Directors are provided in note 9b 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 two further periods. The current Chairman, Professor Dai Smith, was appointed as a Council member on 1 April 2004 but took over the chairmanship on 1 April 2006. The Minister for Culture, Sport and the Welsh Language subsequently appointed Professor Smith for a term of three years from 1 April 2007 until 31 March 2010, the Heritage Minister renewed his appointment for a further three years to 31 March 2013 and the Housing, Regeneration and Heritage Minister has announced that Professor Smith will continue to serve as chairman until 31 March 2016. The Chief Executive and Directors are all employed on permanent contracts on the Council's standard terms and conditions.

Having successfully completed a probationary period of six months, the Chief Executive and Directors are entitled to thirteen weeks' notice of termination of employment.

The dates of commencement of employment are:
Professor Dai Smith (Chairman)
1 April 2006;

Nicholas Capaldi (Chief Executive)
15 September 2008;

David Alston (Director of Arts)
1 July 2005;

Katherine Davies
(Director of Investment and Funding Services
from 1 February 2012)
24 August 1998;

Diane Hebb
(Director of Engagement and Participation from
1 February 2012)
13 January 1992;

Siân Tomos
(Director of Enterprise and Regeneration from
1 February 2012)
3 May 1994; and

Hywel Tudor
(Director of Finance and Resources)
21 January 2002.

The Remuneration, Appointments & HR Committee members who served since 1 April 2014 were:

Professor Dai Smith (Council member);

Margaret Jervis MBE DL (Council member);

Dr John Geraint (Council member); and

Philip Westwood (independent member).



Nicholas Capaldi
Accounting Officer

10 July 2015



Professor Dai Smith
Chairman

10 July 2015

Statement of Council's and 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 incoming resources and application of resources, recognised gains and losses 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 Charities Statement of Recommended Practice (revised 2005) ("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; and
- prepare the financial statements on a going concern basis.

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



Nicholas Capaldi
Accounting Officer

10 July 2015



Professor Dai Smith
Chairman

10 July 2015

The Certificate and Report of the Auditor General for Wales to the Trustees of the Arts Council of Wales

I certify that I have audited the financial statements of the Arts Council of Wales General Activities Account for the year ended 31 March 2015 under Article 11 of the Council's Royal Charter. These comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Council, Accounting Officer and auditor

As explained more fully in the Statement of Council's and the Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with Article 11 of the Council's Royal Charter and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Arts Council of Wales' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Arts Council of Wales; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient 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.

In addition I read all the financial and non-financial information in the Trustees' Annual Report 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 Financial Statements

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 2015 and of its deficit and cash flows for the year then ended; and
- have been properly prepared in accordance with the Welsh Ministers' directions issued under Article 11 of the Council's Royal Charter.

Opinion on Regularity

In my opinion, in all material respects, 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.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under Article 11 of the Council's Royal Charter; and
- the information included within the Trustees' Annual Report is consistent with the financial statements.

Matters on which I report by exception

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

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- sufficient accounting records have not been kept;
- information specified by HM Treasury 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.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

15 July 2015

The maintenance and integrity of the Arts Council of Wales' website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Statement of Financial Activities
for the year ended 31 March 2015

| | | Unrestricted funds | Restricted funds | 2015 Total | 2014 Total |
|--|-------|-----------------------|---------------------|---------------|----------------|
| | Note | £'000 | £'000 | £'000 | £'000 |
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds | | | | | |
| <i>Voluntary income:</i> | | | | | |
| Grant-in-aid from the Welsh Government | 3 | 32,132 | 647 | 32,779 | 34,226 |
| Other grants and donations | 4 | - | - | - | 845 |
| Sub-total Voluntary income | | 32,132 | 647 | 32,779 | 35,071 |
| <i>Activities for generating funds:</i> | | | | | |
| Services and sponsorship | 5 | 257 | 22 | 279 | 211 |
| <i>Investment income:</i> | | | | | |
| Bank interest | | 9 | - | 9 | 9 |
| Other incoming resources | 6 | 91 | - | 91 | 508 |
| Total incoming resources | | 32,489 | 669 | 33,158 | 35,799 |
| RESOURCES EXPENDED | | | | | |
| Charitable activities | 7,8,9 | 32,821 | 687 | 33,508 | 36,696 |
| Governance costs | 10 | 85 | - | 85 | 89 |
| Grant-in-aid surrendered to Welsh Government | | - | - | - | 300 |
| Bank interest surrendered to Welsh Consolidated Fund | | 9 | - | 9 | 9 |
| Total resources expended | | 32,915 | 687 | 33,602 | 37,094 |
| Net incoming/(outgoing) resources | | (426) | (18) | (444) | (1,295) |
| Gross transfers between funds | 15 | 82 | (82) | - | - |
| Net movement in funds | | (344) | (100) | (444) | (1,295) |
| Fund balances brought forward | | 1,708 | 232 | 1,940 | 3,235 |
| Total funds carried forward | | 1,364 | 132 | 1,496 | 1,940 |

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 40 to 61 form part of these financial statements.

Balance Sheet
as at 31 March 2015

| | Note | 2015 | | 2014 | |
|---|--------|--------------|---------------------|----------------|---------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Intangible fixed assets | 11a | | 6 | | 7 |
| Tangible fixed assets | 11b | | 172 | | 249 |
| | | | <u>178</u> | | <u>256</u> |
| Investment in Cerdd Cymru:Music Wales Ltd | 1b, 20 | | - | | - |
| Current assets | | | | | |
| Grants paid in advance | 12 | 344 | | 496 | |
| Other debtors and prepayments | 13 | 1,133 | | 1,216 | |
| Cash and cash equivalents | | 564 | | 1,021 | |
| | | <u>2,041</u> | | <u>2,733</u> | |
| Creditors: amounts falling due within one year | | | | | |
| Grants payable | | (236) | | (504) | |
| Other creditors falling due within one year | | (487) | | (545) | |
| | 14 | <u>(723)</u> | | <u>(1,049)</u> | |
| Net current assets | | | <u>1,318</u> | | <u>1,684</u> |
| Total assets less current liabilities | | | <u>1,496</u> | | <u>1,940</u> |
| Net assets | | | <u><u>1,496</u></u> | | <u><u>1,940</u></u> |
| Represented by: | | | | | |
| Funds | | | | | |
| Unrestricted funds | 15 | | 1,364 | | 1,708 |
| Restricted funds | 15 | | 132 | | 232 |
| | | | <u>1,496</u> | | <u>1,940</u> |

The notes on pages 40 to 61 form part of these financial statements.

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



Nicholas Capaldi
Accounting Officer

10 July 2015



Professor Dai Smith
Chairman

10 July 2015

Cash Flow Statement
for the year ended 31 March 2015

| | Note | 2015 £'000 | 2014 £'000 |
|---|------|---------------|---------------|
| Net cash inflow/(outflow) from operating activities | 17a | (416) | (414) |
| Bank interest | | 9 | 9 |
| | | <hr/> | <hr/> |
| | | (407) | (405) |
| Capital expenditure | 17b | (50) | (65) |
| | | <hr/> | <hr/> |
| Increase/(Decrease) in cash in the year | 17c | (457) | (470) |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 40 to 61 form part of these financial statements.

Notes forming part of the financial statements

1. Accounting policies

a. Basis of preparation

These financial statements are prepared 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 and 2011, of the Charity Commission's directions Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005), and of the Statements of Standard Accounting Practice and Financial Reporting Standards issued and adopted by the Accounting Standards Board so far as those requirements are appropriate. In addition to compliance with the Charities SORP regard is given to the requirements of the *Government Financial Reporting Manual* 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.

b. Cerdd Cymru:Music Wales Limited

The Council has a 50 per cent interest in Cerdd Cymru:Music Wales Limited, a joint arrangement with the Welsh Music Foundation. In accordance with FRS 9 this interest is accounted for as a joint arrangement that is not an entity (JANE) and not consolidated into the Council's financial statements. Instead, the Council's share of the cash flows within Cerdd Cymru:Music Wales have been identified and accounted for within the Statement of Financial Activities as if they were part of the Council's operations. Any amounts owing to or due from Cerdd Cymru:Music Wales are shown under the appropriate balance sheet headings. As the joint arrangement is not consolidated, any investment in Cerdd Cymru:Music Wales is recorded at historic cost less impairment to reflect the Council's share of the net assets, where this is lower. The financial statements do not take into consideration any surplus generated and held within Cerdd Cymru:Music Wales as there are restrictions and uncertainties on its distribution. (See note 20)

The Board of Welsh Music Foundation has suspended the company's operations at present and the directors have been asked to provide Welsh Government, previously Welsh Music Foundation's main funder, with an options paper for future necessary support to the music sector. Jointly, we continue to plan Cerdd Cymru:Music Wales activity and the Welsh Government has offered in principle support for Wales' presence and representation at such future events as WOMEX and the Lorient Interceltic Festival.

The Board of Welsh Music Foundation has indicated that a formal wind up of the company is possible but any future decision will be subject to the response of the Welsh Government to the options report.

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 incoming resources.

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 Culture, Media and 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. Resources expended

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 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. As the grant-in-aid to meet these commitments cannot be recognised until it is received, the Trustees do not believe their inclusion 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 7, 8 and 9.

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 10.

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 Urgent Issues Task Force abstract 29, 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 fund is a defined benefit, 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 17.

The Council also introduced a defined contribution scheme, The People's Pension, effective 1 May 2014, as an alternative option to meet the needs of Auto Enrolment legislation. The scheme is accounted for in accordance with FRS 17.

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 incoming resources and direct charitable arts expenditure

The separate Lottery distribution account shows the Council's 2014/15 share of the proceeds from the National Lottery of £19,518,000, including a refund of £1,487,000 from the Olympic Lottery Distribution Fund (2013/14: £16,892,000). The combined total incoming resources for both general and Lottery activities for 2014/15 was £52,784,000 (2013/14: £52,843,000). The combined total direct charitable arts expenditure for 2014/15 was £52,450,000 (2013/14 (restated): £56,556,000).

3. Incoming resources

Voluntary income: Grant-in-aid from the Welsh Government

| | Unrestricted funds £'000 | Restricted funds £'000 | 2015 Total £'000 | 2014 Total £'000 |
|--|--------------------------------|------------------------------|------------------------|------------------------|
| Cash grant-in-aid paid in full and credited to incoming resources in the Statement of Financial Activities | 32,132 | 647 | 32,779 | 34,226 |

4. Incoming resources

Voluntary income:
Other grants and donations

| | Unrestricted funds £'000 | Restricted funds £'000 | 2015 Total £'000 | 2014 Total £'000 |
|--|--------------------------------|------------------------------|------------------------|------------------------|
| Grants from European funds | - | - | - | 155 |
| <i>Momentum</i> – contribution from Welsh Government's Communities First programme | - | - | - | 100 |
| Dylan Thomas 100 Festival – contributions from partners | - | - | - | 590 |
| | - | - | - | 845 |

5. Incoming resources

Activities for generating funds:
Services and sponsorship

| | Unrestricted funds £'000 | Restricted funds £'000 | 2015 Total £'000 | 2014 Total £'000 |
|---|--------------------------------|------------------------------|------------------------|------------------------|
| Community Touring scheme: | | | | |
| - contributions from venues/promoters | 118 | - | 118 | 114 |
| Wales Arts International: | | | | |
| - contribution from the British Council | - | 22 | 22 | 60 |
| - contributions from others | 3 | - | 3 | 3 |
| <i>Collectorplan</i> charges | 25 | - | 25 | 25 |
| Annual Conference - delegate fees | 6 | - | 6 | 6 |
| Arts Marketing Symposium - trainee fees | - | - | - | 2 |
| Other income | 105 | - | 105 | 1 |
| | 257 | 22 | 279 | 211 |

6. Incoming resources

Other incoming resources

| | Unrestricted funds £'000 | Restricted funds £'000 | 2015 Total £'000 | 2014 Total £'000 |
|---|--------------------------------|------------------------------|------------------------|------------------------|
| Contribution from the Lottery Distribution account for use of fixed assets | 33 | - | 33 | 48 |
| Share of income of Cerdd Cymru:Music Wales (note 20) | 58 | - | 58 | 411 |
| Lease incentive - release of deferred income | - | - | - | 49 |
| | <u>91</u> | <u>-</u> | <u>91</u> | <u>508</u> |

7. Resources expended

Charitable activities

| | Direct activities £'000 | Support costs £'000 | 2015 Total £'000 | 2014 Total £'000 |
|--|-------------------------------|---------------------------|------------------------|------------------------|
| Grant making and arts development ¹ | 29,296 | 364 | 29,660 | 32,231 |
| Arts strategy | 1,510 | 290 | 1,800 | 2,157 |
| International | 579 | 97 | 676 | 793 |
| Services: <i>Night Out & Collectorplan</i> | 585 | 87 | 672 | 667 |
| Advocacy and research | 568 | 33 | 601 | 374 |
| Impairment of investment in Cerdd Cymru:Music Wales (note 20) | 37 | - | 37 | 35 |
| Share of expenditure of Cerdd Cymru:Music Wales (note 20) | 62 | - | 62 | 394 |
| European funded projects | - | - | - | 45 |
| | <u>32,637</u> | <u>871</u> | <u>33,508</u> | <u>36,696</u> |

¹ Including grants:

| | | |
|---------------------|---------------|---------------|
| - to public bodies | 4,382 | 4,853 |
| - to private bodies | 23,992 | 25,917 |
| | <u>28,374</u> | <u>30,770</u> |

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

8. Operating costs

| | Gross costs £'000 | Deduct Recharges to Lottery Distribution £'000 | 2015 Net charge to General Activities £'000 | 2014 Net charge to General Activities £'000 |
|--|----------------------|--|--|--|
| Charged to Direct activities (note 7) | | | | |
| Grant making and arts development | 508 | 273 | 235 | 249 |
| Arts strategy | 279 | 91 | 188 | 185 |
| International | 62 | - | 62 | 83 |
| Services: <i>Night Out & Collectorplan</i> | 56 | - | 56 | 57 |
| Advocacy and research | 46 | 24 | 22 | 24 |
| European funded projects | - | - | - | 5 |
| | 951 | 388 | 563 | 603 |
| Charged to Support costs (note 7) | | | | |
| Staff related costs | 49 | 25 | 24 | 33 |
| Infrastructure | 195 | 93 | 102 | 97 |
| Office running costs | 20 | 10 | 10 | 12 |
| Professional fees | 62 | 47 | 15 | 27 |
| Irrecoverable VAT | 52 | 26 | 26 | 27 |
| Amortisation and depreciation | 47 | 12 | 35 | 32 |
| | 425 | 213 | 212 | 228 |
| Total | 1,376 | 601 | 775 | 831 |

9. Staff costs

a. Total staff costs consist of:

| | Gross costs £'000 | Deduct Recharges to Lottery Distribution £'000 | 2015 Net charge to General Activities £'000 | 2014 Net charge to General Activities £'000 |
|-----------------------|----------------------|--|--|--|
| Wages and salaries | 2,703 | 838 | 1,865 | 1,883 |
| Social security costs | 210 | 65 | 145 | 166 |
| Other pension costs | 590 | 181 | 409 | 347 |
| Agency costs | 34 | 11 | 23 | 8 |
| | 3,537 | 1,095 | 2,442 | 2,404 |

Staff costs are incorporated in the financial statements as follows:

| | Gross costs £'000 | Deduct Recharges to Lottery Distribution £'000 | 2015 Net charge to General Activities £'000 | 2014 Net charge to General Activities £'000 |
|---|----------------------|--|--|--|
| Charged to Direct activities (note 7) | | | | |
| Grant making and arts development | 1,225 | 493 | 732 | 712 |
| Arts strategy | 748 | 164 | 584 | 528 |
| International | 194 | - | 194 | 238 |
| Services – <i>Night Out & Collectorplan</i> | 174 | - | 174 | 164 |
| Advocacy and research | 103 | 36 | 67 | 65 |
| European funded projects | - | - | - | 15 |
| | <u>2,444</u> | <u>693</u> | <u>1,751</u> | <u>1,722</u> |
| Charged to Support costs (note 7) | | | | |
| Management and internal control | 469 | 182 | 287 | 273 |
| Finance | 213 | 75 | 138 | 139 |
| Information and computer technology | 141 | 50 | 91 | 95 |
| Facilities management | 65 | 23 | 42 | 40 |
| Human resources | 34 | 12 | 22 | 28 |
| Communications | 122 | 43 | 79 | 75 |
| | <u>1,044</u> | <u>385</u> | <u>659</u> | <u>650</u> |
| Charged to Governance (note 10) | | | | |
| Chairman's remuneration | 49 | 17 | 32 | 32 |
| | <u>3,537</u> | <u>1,095</u> | <u>2442</u> | <u>2,404</u> |

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

| | Across the whole Council No | On Lottery Distribution activities No | 2015 On General activities No | 2014 On General activities No |
|--|--------------------------------------|--|---|---|
| On charitable activities: directly charged | 11 | - | 11 | 11 |
| On charitable activities: recharged | 48 | 14 | 34 | 35 |
| In support of our charitable activities | 16 | 8 | 8 | 8 |
| Agency staff | 1 | - | 1 | 1 |
| | <u>76</u> | <u>22</u> | <u>54</u> | <u>55</u> |

| | | |
|---|---------|---------|
| | 2015 | 2014 |
| The median annual remuneration (full time equivalents) at 31 March was (whole Council): | £31,000 | £30,000 |
| The ratio between the median annual remuneration and the annual remuneration of the highest paid member of staff was (whole Council): | 1:3.01 | 1:3.12 |

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

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

The value of pension benefits is calculated as follows:

(real increase in pension* x 20) + (real increase in any lump sum) – (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 were:

| Name and Position | 2015 | | | 2014 | | |
|--|--|------------------------------|---------------------------------------|--|------------------------------|---------------------------------------|
| | Emoluments ¹ band £'000 | Pension benefits £'000 | Single total remuneration £'000 | Emoluments ¹ band £'000 | Pension benefits £'000 | Single total remuneration £'000 |
| Nicholas Capaldi <i>Chief Executive</i> | 90-95 | 24 | 115-120 | 90-95 | 22 | 115-120 |
| David Alston <i>Director of Arts</i> | 65-70 | 19 | 85-90 | 65-70 | 22 | 90-95 |
| Katherine Davies <i>Director of Investment and Funding Services</i> | 60-65 | 49 | 110-115 | 55-60 | 37 | 95-100 |
| Diane Hebb <i>Director of Engagement and Participation</i> | 60-65 | 34 | 95-100 | 55-60 | 27 | 80-85 |
| Siân Tomos <i>Director of Enterprise and Regeneration</i> | 60-65 | 41 | 100-105 | 55-60 | 32 | 85-90 |
| Hywel Tudor <i>Director of Finance and Resources</i> | 65-70 | 19 | 85-90 | 65-70 | 24 | 90-95 |

¹ Emoluments – Guidance has not yet been issued by the Welsh Government in respect of Chief Executives' entitlement to a performance-related non-consolidated award for 2014/15. The other Directors have no entitlement to performance-related awards.

The pension benefits were:

| Name and Position | 2015 | | 2015 | | 2015 | 2014 | 2015 |
|--|---|-------|---|-------|---|--|--|
| | Real increase in pension and related lump sum at age 65 £'000 | | Total accrued pension at age 65 as at 31/03/15 and related lump sum £'000 | | Cash Equivalent ² Transfer Value at 31/03/15 £'000 | Cash Equivalent Transfer Value at 31/03/14 £'000 | Real increase ³ in Cash Equivalent Transfer Value £'000 |
| Nicholas Capaldi <i>Chief Executive</i> | Pension | 0-2.5 | Pension | 5-10 | | | |
| | Lump sum | 2.5-5 | Lump sum | 20-25 | 138 | 91 | 47 |
| David Alston <i>Director of Arts</i> | Pension | 0-2.5 | Pension | 5-10 | | | |
| | Lump sum | 2.5-5 | Lump sum | 20-25 | 159 | 124 | 35 |
| Katherine Davies <i>Director of Investment and Funding Services</i> | Pension | 0-2.5 | Pension | 20-25 | | | |
| | Lump sum | 5-7.5 | Lump sum | 60-65 | 379 | 263 | 116 |
| Diane Hebb <i>Director of Engagement and Participation</i> | Pension | 0-2.5 | Pension | 10-15 | 212 | 145 | 67 |
| | Lump sum | 2.5-5 | Lump sum | 30-35 | | | |
| Siân Tomos <i>Director of Enterprise and Regeneration</i> | Pension | 0-2.5 | Pension | 15-20 | 300 | 209 | 91 |
| | Lump sum | 5-7.5 | Lump sum | 45-50 | | | |
| Hywel Tudor <i>Director of Finance and Resources</i> | Pension | 0-2.5 | Pension | 10-15 | 238 | 185 | 53 |
| | Lump sum | 2.5-5 | Lump sum | 35-40 | | | |

² **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.

CETVs have increased significantly over the year chiefly as a result of significant falls in long dated interest rates, on which CETV calculations are based. In isolation these would be expected to have increased CETVs by around 15%-25% depending on a member's age.

³ **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 Members, Committee Members and National Advisers receive no payment for their services. Council meeting costs for 2014/15 include an aggregate amount of £14,169 (2013/14: £15,477) reimbursed to 14 (2013/14: 14) Council members.

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

| | 2015 £ | 2014 £ |
|---------------------------------|----------------|----------------|
| Chairman | | |
| Salary | <u>43,810</u> | <u>43,810</u> |
| Chief Executive | | |
| Salary | 93,380 | 93,380 |
| Employer's pension contribution | <u>18,676</u> | <u>16,155</u> |
| | <u>112,056</u> | <u>109,535</u> |

| | 2015 £ | 2014 £ |
|---|-----------|-----------|
| Travel and subsistence expenses incurred and defrayed whilst on Council business: | | |
| Chairman | 2,947 | 3,129 |
| Chief Executive | 6,117 | 8,744 |

65% (2013/14: 66%) 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 17.

An independent actuarial valuation of the ACRP normally takes place every three years. The most recent valuation, as at 31 March 2013, came into effect on 1 April 2014. The valuation introduced new contribution rates for the Council in respect of accruing benefits, and also requires a minimum level of payment to 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 increased employer contributions over the next 9 years, compared to the 13 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 price inflation would be 2.75% per annum; pay increases would be 1.5% per annum for the first 5 years and 3.5% thereafter; pension increases would be 2.75% per annum on pensions in excess of Guaranteed Minimum Pensions (GMPs); pension increases of deferred pensions would be 2.75% per annum on pensions accrued before April 2009 and 2.5% on pensions accrued after that date, both subject to statutory revaluations; the past service discount rate would be 4.8% per annum and the future service discount rate would be 4.8% per annum.

Contributions by the Council and its employees were:

| For staff joining the Plan: | Council | | Employees | |
|--|---------|-------|-----------|------|
| | 2015 | 2014 | 2015 | 2014 |
| on or before 31 August 2006 | 22.0% | 19.3% | 1.5% | 1.5% |
| from 1 September 2006 to 31 March 2010 | 20.0% | 17.3% | 3.5% | 3.5% |
| on or after 1 April 2010 | 17.5% | 14.8% | 6.0% | 6.0% |

The Council was also required to contribute a minimum payment of £48,700 towards the deficit during 2014/15 (2013/14: £48,000).

There had been no changes to these contribution rates up to the date of approval of these financial statements.

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 introduced a defined contribution scheme, The People's Pension, as an alternative option for employees that were not members of the ACRP.

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

10. Resources expended

Governance costs

| | 2015 | 2014 |
|---|-------|-------|
| | Total | Total |
| | £'000 | £'000 |
| Chairman's remuneration | 32 | 32 |
| Auditor's remuneration - Audit | 22 | 22 |
| Internal audit | 14 | 12 |
| Consultancy | - | 2 |
| Council meetings, including Members' travel and subsistence | 8 | 10 |
| Committee meetings, including travel and subsistence | 9 | 11 |
| | 85 | 89 |

11. Fixed assets

a. Intangible fixed assets

| | Computer software licences £'000 |
|---------------------------------|--|
| Cost at 1 April 2014 | 578 |
| Additions | 3 |
| Disposals | - |
| Cost at 31 March 2015 | <u>581</u> |
| Amortisation at 1 April 2014 | 571 |
| Charge for the year | 4 |
| Disposals | - |
| Amortisation at 31 March 2015 | <u>575</u> |
| Net book value at 31 March 2015 | <u>6</u> |
| Net book value at 1 April 2014 | <u>7</u> |

b. Tangible fixed assets

| | Alterations to leasehold properties £'000 | Computer system, furniture, etc £'000 | Website £'000 | Total £'000 |
|---------------------------------|--|--|------------------|----------------|
| Cost at 1 April 2014 | 192 | 629 | 72 | 893 |
| Additions | - | 24 | 23 | 47 |
| Disposals | - | - | - | - |
| Cost at 31 March 2015 | <u>192</u> | <u>653</u> | <u>95</u> | <u>940</u> |
| Depreciation at 1 April 2014 | 147 | 449 | 48 | 644 |
| Charge for the year | 13 | 64 | 47 | 124 |
| Disposals | - | - | - | - |
| Depreciation at 31 March 2015 | <u>160</u> | <u>513</u> | <u>95</u> | <u>768</u> |
| Net book value at 31 March 2015 | <u>32</u> | <u>140</u> | <u>-</u> | <u>172</u> |
| Net book value at 1 April 2014 | <u>45</u> | <u>180</u> | <u>24</u> | <u>249</u> |

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Amortisation and depreciation charged has been allocated to charitable activities as follows (note 7): | | |
| Direct activities | 93 | 88 |
| Support costs | 35 | 31 |
| | <u>128</u> | <u>119</u> |

- c. Net book value at 31 March 2015 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.

12. 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.

| | 2015 | 2014 |
|--|------------|------------|
| | £'000 | £'000 |
| Payments in respect of the following year's grants | <u>344</u> | <u>496</u> |

13. Other debtors and prepayments (falling due within one year)

a. Analysis by type

| | 2015 | 2014 |
|---|--------------|--------------|
| | £'000 | £'000 |
| <i>Collectorplan</i> loans | 319 | 347 |
| Trade debtors | 170 | 93 |
| Other debtors | <u>143</u> | <u>237</u> |
| | 632 | 677 |
| <i>Deduct</i> Specific provision for doubtful debts | (14) | (15) |
| <i>Sub-total: Debtors</i> | <u>618</u> | <u>662</u> |
| Prepayments | <u>324</u> | <u>287</u> |
| | 942 | 949 |
| Due from Lottery distribution fund | 191 | 243 |
| Share of debtors and prepayments of Cerdd Cymru:Music Wales (note 20) | - | 24 |
| | <u>1,133</u> | <u>1,216</u> |

| | 2015 | 2014 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| b. Intra-government balances | | |
| Balances with other central government bodies | 114 | 26 |
| Balances with local authorities | 2 | 43 |
| <i>Sub-total: Intra-government balances</i> | <u>116</u> | <u>69</u> |
| Balances with bodies external to government | 1,017 | 1,147 |
| Total debtors and prepayments | <u><u>1,133</u></u> | <u><u>1,216</u></u> |

14. Creditors: amounts falling due within one year 2015 2014
£'000 £'000

a. Analysis by type

| | | |
|--|------------|--------------|
| Grants payable | 236 | 504 |
| Taxation and social security | 75 | 69 |
| Trade creditors | 91 | 96 |
| Other creditors | 58 | 61 |
| Accruals and deferred income | 252 | 295 |
| Share of current liabilities of Cerdd Cymru: Music Wales (note 20) | 11 | 24 |
| | <u>723</u> | <u>1,049</u> |

b. Intra-government balances

| | | |
|---|-------------------|---------------------|
| Balances with other central government bodies | 75 | 69 |
| Balances with local authorities | 35 | 1 |
| <i>Sub-total: Intra-government balances</i> | <u>110</u> | <u>70</u> |
| Balances with bodies external to government | 613 | 979 |
| Total creditors | <u><u>723</u></u> | <u><u>1,049</u></u> |

15. Statement of funds

| | At | | | | At |
|--|--------------|---------------|-----------------|-------------|--------------|
| | 1 April | Incoming | Resources | Transfers | 31 March |
| | 2014 | resources | expended | | 2015 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Unrestricted funds | | | | | |
| General fund | 1,708 | 32,489 | (32,915) | 82 | 1,364 |
| Total unrestricted funds | <u>1,708</u> | <u>32,489</u> | <u>(32,915)</u> | <u>82</u> | <u>1,364</u> |
| Restricted funds | | | | | |
| Income | | | | | |
| Welsh Government for specific arts activity | 100 | 647 | (664) | (83) | - |
| Wales Arts International: contributions from the British Council | 20 | 22 | (23) | 1 | 20 |
| | <u>120</u> | <u>669</u> | <u>(687)</u> | <u>(82)</u> | <u>20</u> |

| | At 1 April 2014 £'000 | Incoming resources £'000 | Resources expended £'000 | Transfers £'000 | At 31 March 2015 £'000 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------|---------------------------------|
| 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) | 99 | - | - | - | 99 |
| | <u>112</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>112</u> |
| Total restricted funds | <u>232</u> | <u>669</u> | <u>(687)</u> | <u>(82)</u> | <u>132</u> |
| Total funds | <u>1,940</u> | <u>33,158</u> | <u>(33,602)</u> | <u>-</u> | <u>1,496</u> |

The Alun Llywelyn Williams and Brian Ross Memorial Funds are represented by cash at bank and are within the total of £564,000 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 2015 are represented by: | | | |
| Fixed assets | 178 | - | 178 |
| Current assets | 1,909 | 132 | 2,041 |
| Creditors: amounts falling due within one year | (723) | - | (723) |
| Total net assets | <u>1,364</u> | <u>132</u> | <u>1,496</u> |

17. Cash flow information

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| a. Reconciliation of changes in resources to net inflow from operating activities | | |
| Net incoming/(outgoing) resources | (444) | (1,295) |
| Bank interest | (9) | (9) |
| Amortisation and depreciation (note 11b) | 128 | 119 |
| (Increase)/Decrease in grants paid in advance | 152 | 20 |
| (Increase)/Decrease in debtors and prepayments | 83 | 1,065 |
| Increase/(Decrease) in grants payable | (268) | 400 |
| Increase/(Decrease) in other creditors falling due within one year | (58) | (714) |
| Net cash inflow/(outflow) from operating activities | <u>(416)</u> | <u>(414)</u> |

| | 2015 | 2014 |
|---|--------------|--------------|
| | £'000 | £'000 |
| b. Analysis of cash flows | | |
| Capital expenditure | | |
| Payments to acquire intangible fixed assets (note 11a) | (3) | (8) |
| Payments to acquire tangible fixed assets (note 11b) | <u>(47)</u> | <u>(57)</u> |
| | <u>(50)</u> | <u>(65)</u> |
| c. Reconciliation of net cash flow to movement in net funds | | |
| Increase/(Decrease) in cash in the year | (457) | (470) |
| Net funds at 1 April | <u>1,021</u> | <u>1,491</u> |
| Net funds at 31 March | <u>564</u> | <u>1,021</u> |

18. Commitments on operating leases

At 31 March 2015 the Council had annual commitments under non-cancellable operating leases as set out below:

| | Land and buildings | | Equipment | |
|-------------------------------|--------------------|-------|-----------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Operating leases which expire | | | | |
| within one year | - | 6 | - | 3 |
| one to five years | 224 | 35 | 7 | 2 |
| over five years | - | 189 | - | - |

19. Forward commitments

| | 2015 | 2014 |
|---|--------|--------|
| | £'000 | £'000 |
| Grants | | |
| Forward funding - grants formally offered | 27,007 | 27,733 |

Forward funding at 31 March 2015 represents allocations to organisations and individuals in respect of projects due to commence in 2015/16 and where payments are expected to be made within 12 months.

20. Cerdd Cymru:Music Wales Limited

Cerdd Cymru:Music Wales is a private company, limited by guarantee and registered in Wales. 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.

The Council and the Welsh Music Foundation jointly and equally own the company and this joint arrangement is accounted for as a joint arrangement that is not an entity (JANE) in accordance with FRS 9 (note 1b).

During 2011/12, Cerdd Cymru:Music Wales successfully bid and contracted to host WOMEX, the World Music Expo, in Cardiff in October 2013.

The investment in Cerdd Cymru:Music Wales represents the Council's agreed injection of working capital. As the Council's share of net assets is less than the cost of investment the value of the investment has been impaired accordingly.

| | |
|--|------------|
| | £'000 |
| Investment at 1 April 2014 | 145 |
| Investment this year | 37 |
| Investment at 31 March 2015 | <u>182</u> |
| Impairment at 1 April 2014 | 145 |
| Impairment adjustment this year | 37 |
| Impairment at 31 March 2015 | <u>182</u> |
| Net value of investment at 31 March 2015 | <u>Nil</u> |
| Net value of investment at 1 April 2014 | <u>Nil</u> |

The Council's interest in the income, expenditure and underlying assets and liabilities of Cerdd Cymru:Music Wales is as follows:

| | 2015 | | 2014 | |
|-----------------------------------|----------------|--|----------------|--|
| | Total £'000 | Arts Council of Wales' share £'000 | Total £'000 | Arts Council of Wales' share £'000 |
| Profit & Loss Account | | | | |
| Income (note 6) | 116 | 58 | 821 | 411 |
| Expenditure (note 7) | (124) | (62) | (787) | (394) |
| Net incoming/(outgoing) resources | <u>(8)</u> | <u>(4)</u> | <u>34</u> | <u>17</u> |

Statement of Financial Position

Current assets:

Debtors and prepayments (note 13)

Cash at bank and in hand

Current liabilities (note 14)

Net assets/(liabilities)

Reserves

| | | | |
|------------|------------|-----------|-----------|
| - | - | 47 | 24 |
| 14 | 7 | - | - |
| <u>14</u> | <u>7</u> | <u>47</u> | <u>24</u> |
| (22) | (11) | (47) | (24) |
| <u>(8)</u> | <u>(4)</u> | <u>-</u> | <u>-</u> |
| <u>(8)</u> | <u>(4)</u> | <u>-</u> | <u>-</u> |

21. Financial instruments

Financial Reporting Standard 13: Derivatives and Other Financial Instruments, 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 2014/15 £32,779,000 or 99% of the Council's income was derived from the Welsh Government (2013/14: £34,226,000 or 95.6%). Of the remaining income £274,000 or 1% was derived from investment income and sundry income (2013/14: £1,573,000 or 4.4%). 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 0.38% in the year (2013/14: 0.38%). Surplus daily funds invested in the Public Sector Deposit Fund on average carried an investment return of 0.37% in the year (2013/14: 0.34%). The effective unrestricted cash balance at the year end was £432,000 (2014: £789,000). 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.

22. Corporation Tax

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

23. Post balance sheet event

Authorisation of these financial statements for issue

The financial statements were authorised for issue by the Accounting Officer on 15 July 2015.

24. 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 grant-in-aid disclosed in the Statement of Financial Activities.

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 2014/15 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.

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 2015 £ |
|--|---|--------------------------|-------------------|--|
| Council Members | | | | |
| Margaret Jervis Director of Operations and Employment (Family member) | Valleys Kids | Grant (1) Invoice (1) | 120,780 498 | Nil Nil |
| Vice Chair | Wales Council for Voluntary Action | Invoice (2) | 90 | Nil |
| Marian Wyn Jones Director and Volunteer | Canolfan Gerdd William Mathias | Grant (1) | 79,200 | Nil |
| Council member | Bangor University | Grant (1) Invoice (2) | 285,000 4,856 | Nil Nil |
| Richard Turner Chairman | South Wales Intercultural Community Arts | Grant (1) | 89,100 | Nil |
| Alan Watkin Board Member | Clwyd Theatr Cymru | Grant (2) | 1,834,397 | Nil |
| Professor Gerwyn Williams Employment | Bangor University | Grant (1) Invoice (2) | 285,000 4,856 | Nil Nil |
| John C Williams Employment | Theatr Iolo | Grant (1) Invoice (2) | 261,225 19,900 | Nil Nil |
| Associate Director (unpaid) | Sherman Cymru | Grant (1) | 1,145,625 | Nil |

| Member Role | Organisation | Transaction (number) | Total value £ | Total balance outstanding at 31 March 2015 £ |
|--|--|--|---|--|
| Dr Kate Woodward Management Committee member | Aberystwyth University (including Aberystwyth Arts Centre) | Grant (1) Invoice (7) | 546,000 13,337 | Nil 1,297 |
| Temporary employment (Family member) | Arad Goch | Grant (1) Invoice (2) | 352,935 642 | Nil Nil |
| Committee Members | | | | |
| Ruth Cayford Employment | Cardiff Council (including St David's Hall) | Invoice (16) | 4,130 | 430 |
| Mark Davies Employment | BBC Cymru Wales (including BBC National Orchestra of Wales) | Grant (2) Invoice (1) | 893,412 2,500 | Nil Nil |
| Alan Hewson Freelance Project Director | Chapter Alliance Project (Chapter) Chapter Alliance Project (Earthfall) Chapter Alliance Project (Theatr Iolo) Chapter Alliance Project (Theatr Iolo) | Grant (2) Grant (1) Grant (1) Invoice (2) | 677,024 242,550 261,225 19,900 | 8,174 Nil Nil Nil |
| Former employment | Aberystwyth University (including Aberystwyth Arts Centre) | Grant (1) Invoice (7) | 546,000 13,337 | Nil 1,297 |
| Staff | | | | |
| Nathalie Camus Board Member (Family member) | Mostyn Gallery | Grant (2) Invoice (2) | 411,000 288 | 1,500 Nil |
| Catrin Cooke Volunteer (unpaid) | Theatr Harlech | Grant (2) | 19,000 | 19,000 |
| Katherine Davies Employment (Family member) | Cardiff Council (including St David's Hall) | Invoice (16) | 4,130 | 430 |
| Scholarship recipient (Family member) | Ballet Cymru | Grant (1) | 198,000 | Nil |

| Member Role | Organisation | Transaction (number) | Total value £ | Total balance outstanding at 31 March 2015 £ |
|--|---|---------------------------|------------------|--|
| Eluned Hâf Director (Family member) | Canolfan Gerdd William Mathias | Grant (1) | 79,200 | Nil |
| Betsan Moses Freelance employment (Family member) | BBC Cymru Wales (including BBC National Orchestra of Wales) | Grants (2) Invoice (1) | 893,412 2,500 | Nil Nil |
| David Newland Employment (Family member) | Rhondda Cynon Taf County Borough Council | Grant (1) Invoice (1) | 153,450 84 | Nil Nil |
| Jennifer Stoves Youth Arts Apprentice (Family member) | Valleys Kids | Grant (1) Invoice (1) | 120,780 498 | Nil Nil |
| Siân Tomos Employment (Family member) | BBC Cymru Wales (including BBC National Orchestra of Wales) | Grant (2) Invoice (1) | 893,412 2,500 | Nil Nil |
| Hannah Van Den Bergh Former employment | BBC Cymru Wales (including BBC National Orchestra of Wales) | Grant (2) Invoice (1) | 893,412 2,500 | Nil Nil |



Dylan Thomas 100 Festival, Literature Wales

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

General Activities - Grants 2014/15

Annual Revenue

| | |
|--|------------|
| Aberystwyth Arts Centre | £546,000 |
| Arad Goch | £352,935 |
| Artes Mundi Prize Limited | £146,025 |
| Arts Care Gofal Celf | £131,175 |
| Arts Connection - Cyswllt Celf | £64,350 |
| Disability Arts Cymru | £168,300 |
| BBC National Orchestra of Wales | £823,412 |
| Canolfan Gerdd William Mathias Cyf | £79,200 |
| Chapter (Cardiff) Ltd. | £668,850 |
| Clwyd Theatr Cymru | £1,603,875 |
| Clwyd Theatr Cymru TYP | £230,522 |
| Community Music Wales | £103,950 |
| g39 | £69,300 |
| Galeri Caernarfon Cyf | £321,750 |
| Cwmni'r Fran Wen | £237,075 |
| Dawns i Bawb | £84,150 |
| Dawns TAN TAN Dance Ltd. | £89,100 |
| National Dance Company Wales (including supplementary award) | £867,125 |
| Earthfall Dance Ltd. | £242,550 |
| Ffotogallery | £202,950 |
| Glynn Vivian Art Gallery | £123,750 |
| Ballet Cymru | £198,000 |
| Head4Arts | £148,500 |
| Hijinx Theatre | £158,400 |
| Literature Wales | £830,617 |
| Live Music Now Wales | £44,550 |
| Llantarnam Grange Arts Centre | £84,150 |
| Mid Wales Opera | £102,960 |
| Mission Gallery | £94,050 |
| Music Theatre Wales | £222,750 |
| National Theatre Wales | £1,642,875 |
| NoFit State Community Circus Ltd | £198,000 |
| NEW Dance | £74,534 |
| Oriel Davies Gallery | £227,700 |
| Mostyn | £396,000 |
| Oriel Myrddin Trust | £46,530 |
| Pontardawe Arts Centre | £62,370 |
| Powys Dance | £111,128 |
| Rhondda Cynon Tâf County Borough Council | £153,450 |
| Artis Community Cymuned | £203,445 |
| The Riverfront | £123,750 |
| Rubicon Dance | £198,000 |
| Ruthin Craft Centre | £396,000 |
| Sherman Cymru | £1,145,625 |
| Sinfonia Cymru | £113,850 |
| SWICA Carnival | £89,100 |
| Taliesin Arts Centre | £223,740 |

| | |
|-----------------------------------|------------|
| Theatr Bara Caws | £284,680 |
| Theatr Brycheiniog | £198,000 |
| Theatr Felinfach | £59,400 |
| Theatr Genedlaethol Cymru | £1,052,942 |
| Hafren | £105,613 |
| Theatr Iolo | £261,225 |
| Theatr Mwldan | £272,550 |
| Theatr na n'Óg | £321,602 |
| Theatr Ffynnon | £74,250 |
| Torch Theatre Company Limited | £455,400 |
| Touch Trust Ltd. | £148,500 |
| trac - Music Traditions Wales | £79,200 |
| Ucheldre Centre | £74,250 |
| Bangor University | £285,000 |
| Valley & Vale Community Arts Ltd. | £178,200 |
| Valleys Kids | £120,780 |
| Volcano Theatre Company Ltd | £212,850 |
| Wales Millennium Centre | £3,907,500 |
| Ty Cerdd - Music Centre Wales | £324,720 |
| Welsh National Opera | £4,636,913 |
| WJEC CBAC Ltd. | £247,500 |

£27,747,493

Strategic awards

| | |
|-----------------------|----------|
| Arts & Business Cymru | £140,000 |
|-----------------------|----------|

Our Space

| | |
|--|---------|
| Blackwood Miners' Institute | £11,000 |
| Chapter Cardiff Ltd. | £8,174 |
| g39 | £17,800 |
| Hafren | £39,658 |
| Mostyn | £15,000 |
| Oriel Davies Gallery | £22,668 |
| Ruthin Craft Centre | £18,500 |
| Theatr Harlech | £14,000 |
| Ystradgynlais Miners' Welfare and Community Hall Trust Ltd | £13,250 |

£160,050

Strategic - Arts Directorate

| | |
|---------------------------------|---------|
| BBC National Orchestra of Wales | £70,000 |
| Newport City Council | £4,600 |
| Oriel Davies Gallery | £2,500 |
| Ty Cerdd - Music Centre Wales | £13,000 |

£90,100

Strategic - Engagement & Participation Directorate

| | |
|--|---------|
| Creu Cymru - The Touring Agency for Wales | £2,500 |
| engage (National Association for Gallery Education) (2 awards) | £5,000 |
| Harris, Simon | £2,470 |
| Literature Wales | £5,000 |
| Maynard | £2,500 |
| Mission Gallery | £5,000 |
| River's Edge | £2,500 |
| Taking Flight Theatre Company | £2,500 |
| Theatr Harlech | £5,000 |
| Wales Arts Review | £2,500 |
| Welsh National Opera (2 awards) | £82,500 |
| WJEC CBAC Ltd. | £2,500 |

£119,970

Strategic - Enterprise & Regeneration Directorate

| | |
|------------------------|---------|
| National Theatre Wales | £10,000 |
|------------------------|---------|

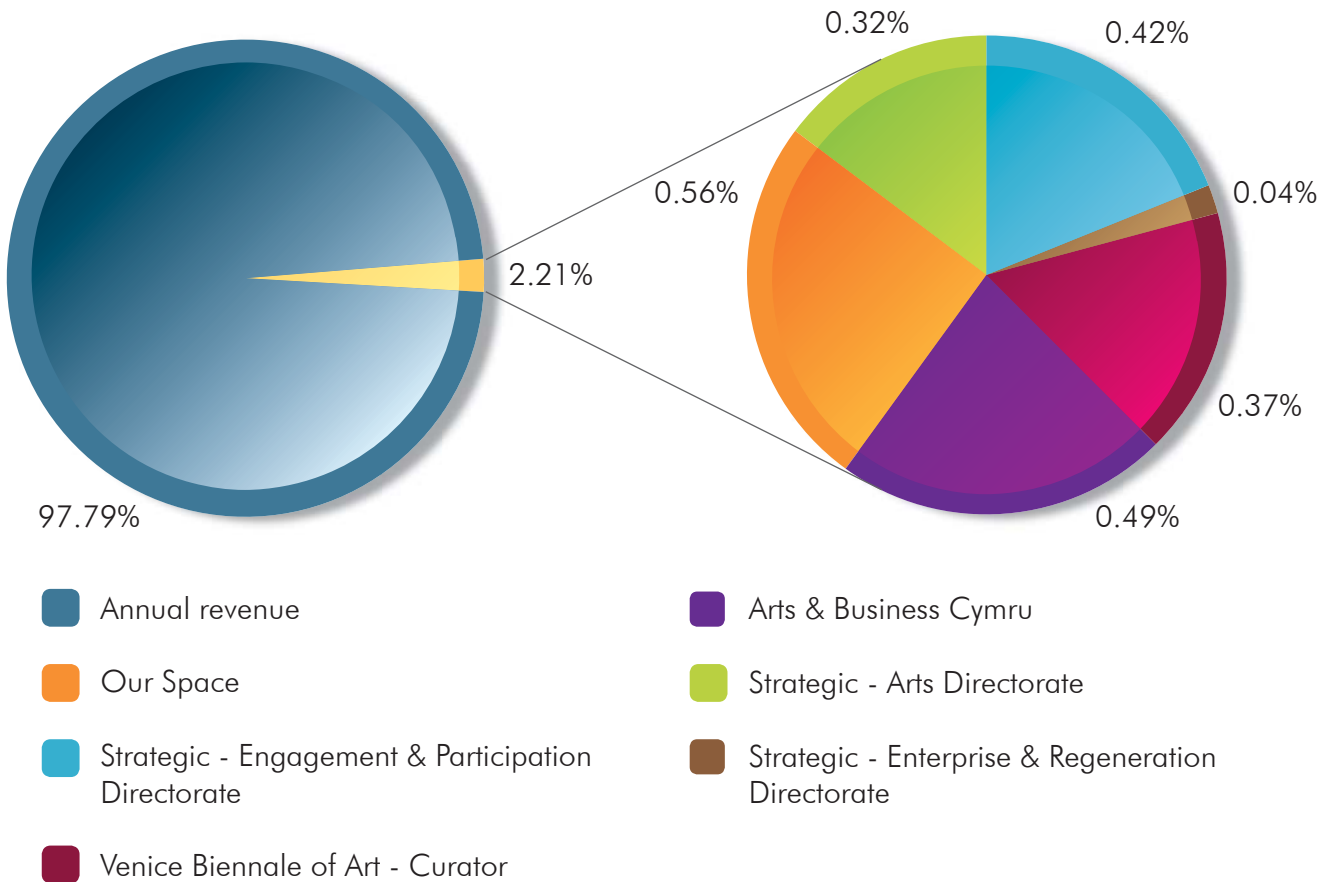
Venice Biennale of Art - Curator

| | |
|--------------|----------|
| Ffotogallery | £106,000 |
|--------------|----------|

| | |
|------------------------|----------|
| Total Strategic awards | £626,120 |
|------------------------|----------|

| | |
|----------------------|-------------|
| Total Grants Offered | £28,373,613 |
|----------------------|-------------|

Grants by type



What did our grants support?

| | Value of grants | | No of grants |
|-------------------------------------|--------------------|--------|--------------|
| Grants to support: | | | |
| Theatres and arts centres | £6,942,823 | 24.47% | 14 |
| Theatre Production and Presentation | £6,556,647 | 23.11% | 8 |
| Opera | £4,962,623 | 17.49% | 3 |
| Dance | £1,864,587 | 6.57% | 9 |
| Visual & Applied Arts | £1,786,455 | 6.30% | 10 |
| Arts and Young People | £1,650,859 | 5.82% | 7 |
| Music | £1,464,932 | 5.16% | 6 |
| Community Arts | £1,084,050 | 3.82% | 9 |
| Literature | £830,617 | 2.93% | 1 |
| Circus & Carnivals | £287,100 | 1.01% | 2 |
| Disability Arts | £168,300 | 0.59% | 1 |
| Arts & Health | £148,500 | 0.52% | 1 |
| Other grants: | | | |
| Strategic awards | £626,120 | 2.21% | 30 |
| | £28,373,613 | | 101 |

Lottery Distribution Account

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Annual Report for the year ended 31 March 2015
Trustees' Annual Report

Reference and administrative details

Trustees

Council Members who served since 1 April 2014 were:

| | | Attendance of meetings during 2014/15 | | | |
|--|--------|---------------------------------------|----------------------|----------------------|---|
| | | Council | Audit Committee | Capital Committee | Remuneration, Appointments & HR Committee |
| | | Number of meetings held | | | |
| | | 6 | 5 | 5 | 2 |
| Professor Dai Smith, Chairman | (c) | 5.5 | | | Committee Chair 2 |
| Dr Kate Woodward, Vice-chairman | (d) | 6 | | | |
| Dr John Geraint | (a)(c) | 5 | Committee Chair 5 | | 2 |
| Michael Griffiths OBE | (a) | 4 | 3 | | |
| Melanie Hawthorne | | 5.5 | | | |
| Dr Lesley Hodgson | (a) | 5.5 | 3 | | |
| Margaret Jervis MBE DL | (c) | 6 | | | 2 |
| Marian Wyn Jones | | 4.5 | | | |
| Andrew Miller | | 5 | | | |
| Osi Rhys Osmond (to 6 March 2015) | (d) | 2/5 | | | |
| Richard Turner | | 5 | | | |
| Alan Watkin | (b) | 5 | | 5 | |
| Professor Gerwyn Williams | (b) | 6 | | Committee Chair 5 | |
| John C Williams | (b) | 6 | | 4 | |
| <i>Attendance of independent Committee members:</i> | | | | | |
| Gareth Jones | (a) | | 4 | | |
| Philip Westwood (Audit Committee to 22 October 2014) | (a)(c) | | 2/3 | | 2 |
| Ruth Cayford (from 13 February 2015) | (b) | | | 1/1 | |
| Mark Davies | (b) | | | 4 | |
| Roland Wyn Evans | (b) | | | 4 | |
| Alan Hewson | (b) | | | 3 | |

- (a) Member of Audit Committee
- (b) Member of Capital Committee
- (c) Member of Remuneration, Appointments & HR Committee
- (d) Member of Wales at the Venice Biennale of Art Committee

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 14 to the financial statements, *Related party transactions*.

Chief Executive and Accounting Officer

Nicholas Capaldi

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

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

Internal auditors

Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT

Solicitors

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

Bankers

The Co-operative Bank
16-17 High Street
Cardiff
CF10 1AX

Structure, governance and management

The Council is a Welsh Government sponsored body. The Council's lottery distribution activities are not a devolved function so these financial statements are, therefore, laid before both Parliament and the National Assembly for Wales, and are audited by the Comptroller and Auditor General under section 35 of the National Lottery etc. Act 1993 (as amended).

The Welsh Ministers appoint the Members of the Arts Council who normally serve for a period of three years, renewable for a maximum of two additional terms. During the period under review the Council met six times.

Members' induction and training

New Members undergo an induction programme to brief them on their legal obligations under the Royal Charter and charity law, the Code of Best Practice, the Committee and decision making processes, strategic plans and funding issues. During the induction day they receive presentations from the Chairman, Chief Executive and Director of Finance and Resources.

Members also have the opportunity to meet key employees. As well as the Royal Charter and Code of Best Practice, Members are provided with copies of the most recent Annual Report and Accounts, the current Working Budget, and the Charity Commission's publications 'The Essential Trustee' and 'The Independence of Charities from the State'. Seminars and additional training are arranged as necessary to inform the formulation of strategies and policies.

Details of the Council's structure, accountability, internal control framework and risk management arrangements are set out in the Annual Governance Statement, later in this Report.

Lottery distribution

The National Lottery etc. Act 1993 (as amended) set up the National Lottery ('Lottery') in order to raise funds to support good causes in the "arts, sport, national heritage projects, charitable projects, and projects to mark the millennium".

The Council is one of the bodies responsible for the distribution of these funds.

Under the National Lottery etc. Act 1993 (as amended) the Council is required to prepare a statement of account for its lottery distribution activities in the form and on the basis determined by the Secretary of State for Culture, Media and Sport. The National Lottery Accounts Direction requires that all costs properly attributable to National Lottery activities should be funded from Lottery income. The Council is required to account separately for its general activities.

The Capital Committee advises Council in the development of policy on capital development and makes recommendations about individual capital grant applications. Independent external assessors were employed to advise on all Lottery capital applications for £100,000 or more. Council takes the final decisions concerning the award of Capital grants over £250,000.

The Council has delegated Lottery funding to a number of organisations:

- to Ffilm Cymru Wales (formerly known as the Film Agency for Wales) – for film;
- to Nesta – for digital research and development projects;
- to BBC Cymru Wales – for the *Horizons/Gorwelion* scheme, to support emerging contemporary music artists; and
- to Literature Wales (from April 2014) – for writers' bursaries.

The terms of the external delegations are set out in formal agreements and satisfy the conditions of the Council's Statement of Financial Requirements.

Human resources

Equal opportunities

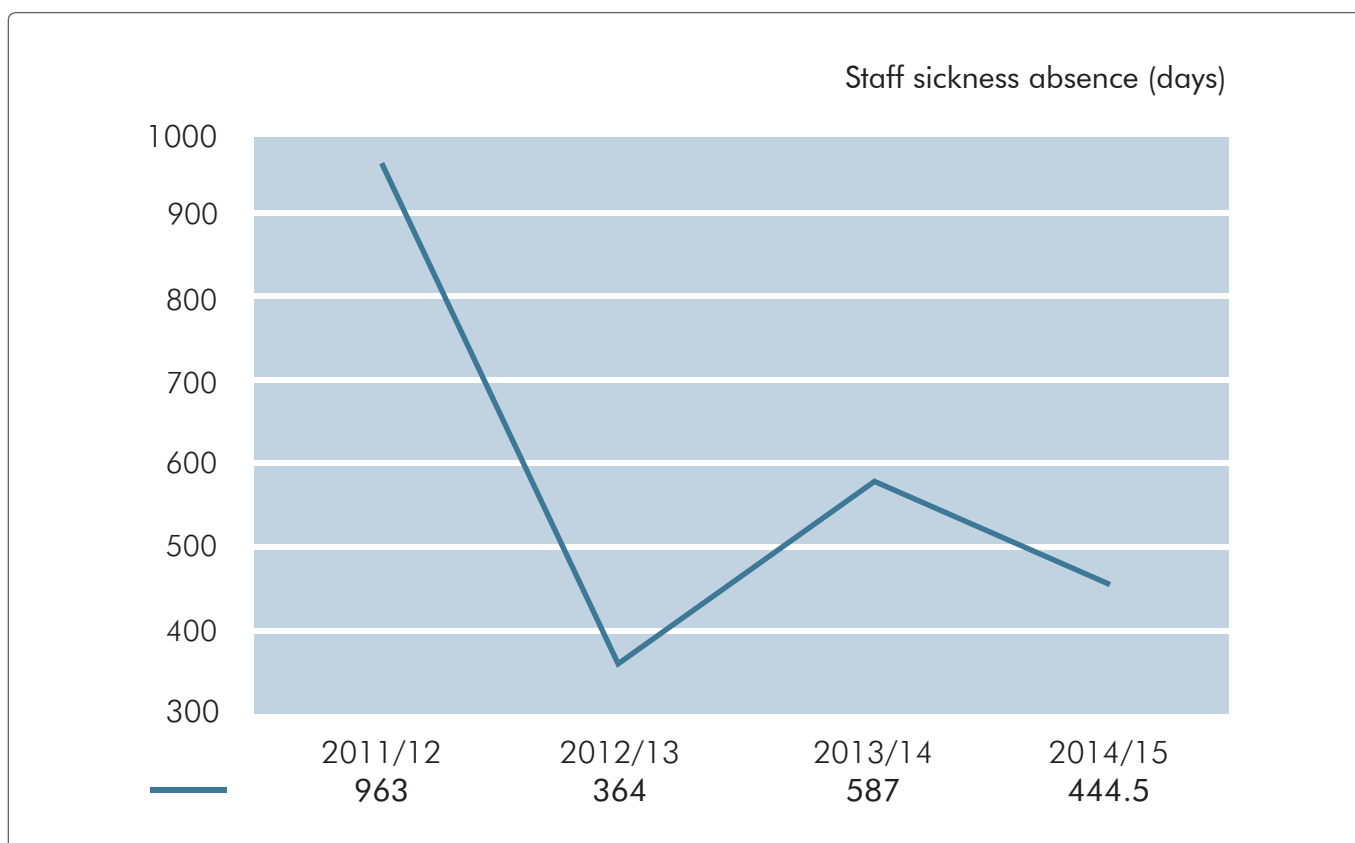
The Council is committed to a policy of equality of opportunity in its employment practices. In particular, the Council aims to ensure that no potential or actual employee receives more or

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.

The Council is on the National Register of Disability Symbol Users, reflecting its commitment to ensure that appropriate facilities are available for disabled employees.

Sickness absence

During 2014/15 staff sickness absence totalled 444.5 days (2013/14: 587 days). This represented 2.24% (2013/14: 2.98%) based on 260 working days, including 0.74% (2013/14: 1.67%) as a result of long term absence (over 28 days).



Employee communication

The Council recognises the trade union Unite, with which it has established a procedural agreement; representatives of management and union meet regularly to discuss matters of current concern. Additionally, regular departmental meetings are held and Directors are required to report to their staff on matters discussed at Council and at the Senior Management Team meetings.

Pension scheme

Most employees are members of the Arts Council Retirement Plan 1994. The fund is a defined benefit scheme. It is also a multi-employer scheme

so the Council is unable to identify its share of the underlying assets and liabilities. In accordance with the Council’s accounting policies, the scheme has therefore been accounted for as if it were a defined contribution scheme, in accordance with IAS 19.

The Council has also introduced a defined contribution scheme, The People’s Pension, as an alternative option to meet the needs of Auto Enrolment legislation. The small number of eligible employees that were not members of the ACRP were auto-enrolled into the defined contribution scheme as of 1 May 2014, the Council’s official staging date. The scheme is accounted for in accordance with IAS 19.

Payment of trade and other payables

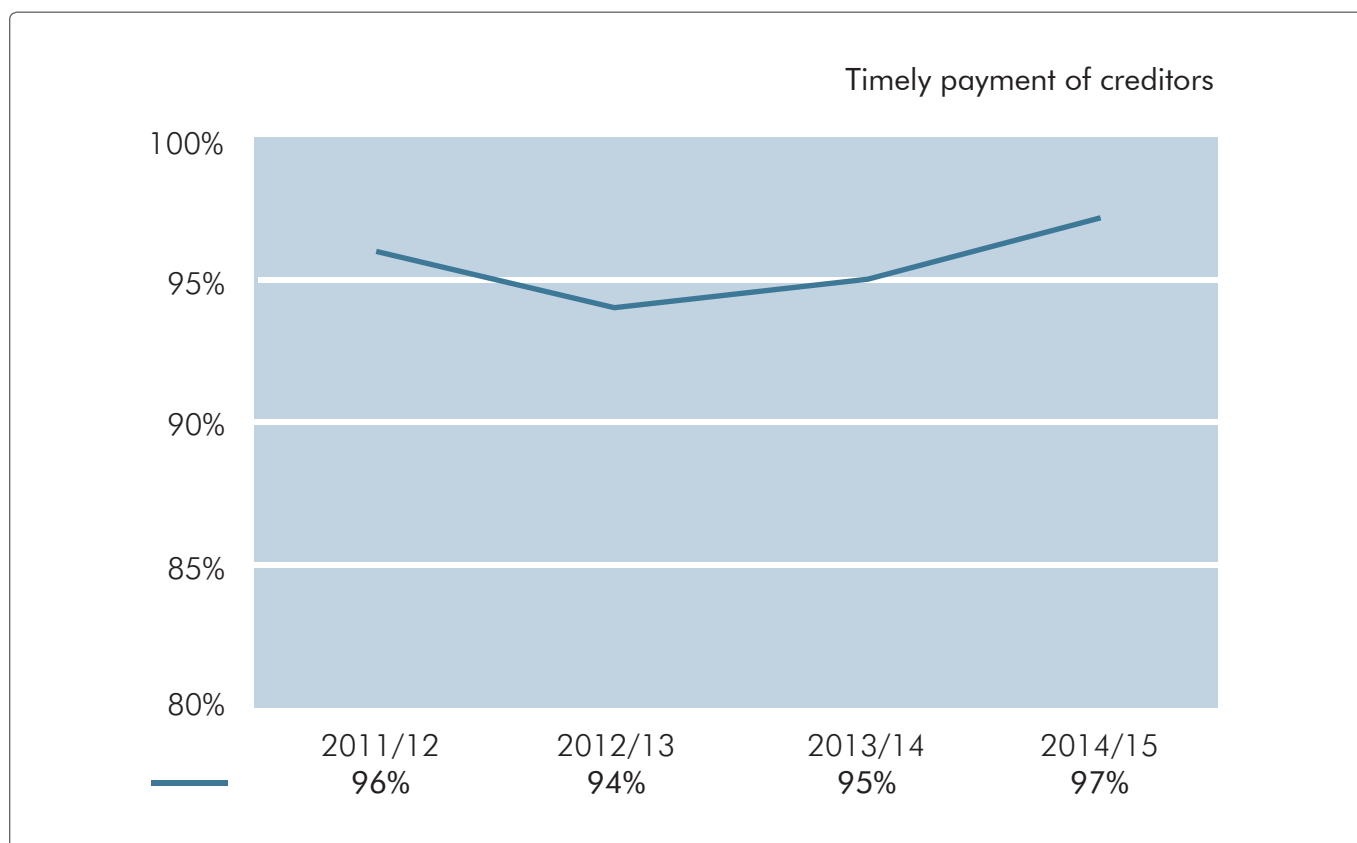
Under the Late Payment of Commercial Debts (Interest) Act 1998, and the UK Government's Better Payment Practice Code, the Council is required to pay suppliers' invoices not in dispute within 30 days of receipt of goods or services or valid invoice, whichever is the later.

The Council aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, in line with these terms. During the year ended 31 March 2015, the Council paid 97% (2013/14: 95%) 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 2014/15 91% (2013/14: 85%) of invoices have been paid within 10 days. It is not anticipated that our policy will alter in future years.

Financial risk and capital management

The Council mainly holds financial instruments to finance its operations, for example trade and other receivables and trade and other payables, and cash and cash equivalents arising directly from its operations. The financial risk management of exposures arising from trading financial instruments, primarily trade and other receivables and trade and other payables, is through a series of policies and procedures. These risks are managed as follows:

Liquidity risk - The Council does not consider that its Lottery Distribution function is exposed to any significant liquidity risks, and is satisfied that the balance within the National Lottery Distribution Fund and projected future Lottery proceeds are sufficient to meet its grant commitments.



Interest rate risk - Cash and cash equivalents balances, which are drawn down from the National Lottery to pay grant commitments and operating costs, are held in instant access variable rate bank accounts which on average carried an interest rate of 0.38% (2013/14: 0.38%) in the year. Surplus daily funds invested in the Public Sector Deposit Fund on average carried an investment return of 0.37% in the year (2013/14: 0.34%). The year-end cash and cash equivalents balance held by the Council was £1,645,000 (2014: £1,308,000). The Council does not consider that its Lottery Distribution function is exposed to significant interest rate risks.

Foreign currency risk - The Council is not exposed to any significant foreign exchange risks.

Cash and cash equivalents flow risk - The Council is not exposed to any significant cash and cash equivalents flow risks.

Personal data related incidents

The Council has controls and policies in place to ensure data integrity. IT 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.

Audit

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

Plans for future periods

The focus of our activities during 2015/16 will be to implement our new arts strategy **Inspire: Creativity and the Arts**.

Our strategy is straightforward – it is summed up in just three words:

Make | Reach | Sustain

Making art, ensuring it connects and giving it a durable legacy are all part of the same picture. And these are the themes that underpin our work.

When we talk about **Make**, we mean artistic creation. We want to foster an environment for our artists and arts organisations in which they can create their best work. Because if we **Make** well, we inspire.

If we inspire, more people in Wales will enjoy and take part in the best that our nation has to offer. This is at the heart of our ability to **Reach**, and crucially to reach further than before.

And if in doing this, something of worth is created in what is made or who is embraced, then we should ask how we protect and **Sustain** these things in ways that work economically and that can endure.

Make: Reach: Sustain is delivered through eight specific objectives.

Make

1. Creating the environment for the arts to flourish
2. Increasing the value of international cultural exchange to the arts in Wales

Reach

3. Finding new opportunities, ways and places for people to enjoy and take part in the arts
4. Developing the creativity of children and young people

Sustain

5. Encouraging innovation, resilience and sustainability
6. Protecting and growing the economic base for the arts in Wales
7. Demonstrating the value of the arts
8. Making the Arts Council an efficient and effective public body

It is also important that our grant in aid expenditure reflects the overall priorities of the Welsh Government. The Government's expectations of us are set out in an annual Remit Letter. The Remit Letter describes the Welsh Government's priorities and provides the framework for our actions.

Our Remit Letter sets out seven areas of priority and these will be a particular focus of our work during 2015/16:

1. **Active Participation** – we will support our key organisations that we fund, encouraging them to continue to reach out to new organisations. Our work in this area will be underpinned by the following specific initiatives:

- **Building on the activities of our portfolio of revenue funded organisations (RFOs)** – our RFOs have well established programmes of participatory activity. They also have the local knowledge and contacts to develop and extend this work
- **Offering targeted funding programmes** – through our 'open to application' Lottery funding programmes we will place a particular emphasis on projects that encourage. Our *Creative Steps* development programme will target those individuals and organisations who have traditionally found it difficult to access public funding for the arts

2. **Tackling poverty** – we are working to create more opportunities to introduce people who currently feel excluded from the arts to the benefits of creative activity. Over the past five years, we have seen more people from disadvantaged communities taking part in the arts.

We expect our work in this area to contribute positively to the implementation of the Government's Child Poverty and Families First strategies. This work will be underpinned by the following specific initiatives:

- **Targeting young people not in education, employment or training (NEET)** – we will continue with the Lottery funded *Momentum* programme, investing in programmes of arts activity to enable disenfranchised young people to re engage positively with employment or training
- **Supporting the implementation of the Welsh Government's Culture and Poverty report** – we will play a full part in implementing the report's recommendations, which might include taking a lead role in one of the proposed 'pioneer areas'
- **Liaising with the Welsh Government on the delivery of targeted programmes of work** – we are asked to collaborate with our RFOs to work with the Welsh Government on its *Enhanced Employer Engagement* and *Activate Your Potential* programmes. We will take this forward as a new area of priority and during the year we will research the programmes' objectives, devise appropriate implementation strategies and roll these out to our RFO portfolio
- **Working in partnership with the Welsh Government to implement our joint strategy *Creative Learning through the Arts*** – our major new Lottery funded strategy is designed to assist in the raising of standards of literacy and numeracy and to narrow the attainment gap by using creative teaching and learning and arts activity to tackle lack

of aspiration and low levels of engagement and achievement amongst disadvantaged learners

3. **Sustainability and maximising the return on public investment** – as we plan for the future, we are working to ensure that the arts – and the Arts Council itself – have the resilience to weather the current economic pressures. Government funding for the Arts Council's arts programmes will have further reduced in 2015/16 by just under £1 million. Year on year cuts are having an impact on the range and number of activities that we're able to support. However, we are committed to doing what we can to raise funds from other sources, and encouraging our RFOs to do likewise, to expand the economy of the arts in Wales.

Our work in this area will be underpinned by the following specific initiatives:

- **Conducting an Investment Review** – we must be able to demonstrate the public benefit that our work delivers, and the extent to which we're helping to make Wales a better place to live and work. The aim of our Investment Review will be "to agree a new 'portfolio' of dynamic and sustainable revenue funded organisations that will be at the heart of the Arts Council's future strategy to develop the arts in Wales." It will be a root and branch examination of the key organisations that we currently fund, and a new portfolio of organisations will be put in place for 1 April 2016.
- **Impact and value for money** – organisations in our RFO portfolio must be able to demonstrate that the public funding they receive has the greatest possible impact. We will work with our RFOs to assess the extent they are contributing towards key priorities, including:
 - the number of participants that actively engage in their activities
 - the organisation's contribution to tackling poverty, including the number

of people they reach that are at risk of disengaging from education, or are unemployed

- the extent of exposure given to Wales, nationally and internationally, that arises from their activities
- the return on investment, in terms of jobs and growth, and on our other key policy agendas around tourism, education, health and sustainability.

4. **Safeguarding the arts infrastructure** – Wales is experiencing a period of sustained economic difficulty. The environment in which we operate remains dominated by economic recession and pressures on public funding. The partnership between the Arts Council of Wales and local government provides the foundation for the funding and development of the arts in Wales. Between us, we have the potential to touch the lives of everyone in Wales.

However, the financial pressures faced by local government, and the way that its services are organised and delivered, continues to change. Reductions in public funding, and an obligation to protect statutory services, mean that discretionary services (such as the arts) are coming under particular pressure.

Our work in this area will be underpinned by the following specific initiatives:

- Monitoring local government investment in the arts – not all local authorities are disinvesting in the arts, but it is a mixed picture across Wales. We will continue with our survey work to monitor developments
- Promoting partnership working – we know that in some instances local authorities are struggling to sustain popular and vital community provision. Our funds could never adequately replace wholesale abandonment of local funding. Nevertheless, we will use every opportunity at our disposal to work in partnership with local authorities to find ways of protecting important activity

- Developing new models for supporting local arts activity – there is no single approach to supporting and developing the arts locally. Some local authorities will continue to maintain some form of direct provision. However, others might wish to explore different structures, including independent trusts and community asset transfers. We will work with local authority colleagues to develop the approaches between us that we believe will be most sustainable

5. **Brand Wales/Themed Years** – the arts are a highly effective means of raising a country's visibility and reputation. Through our Wales Arts International team we'll continue to foster international artistic excellence in Wales. We'll also work to improve the international impact and recognition for the arts and culture of Wales on the world stage, bringing national and international cultural events to Wales (such as British Dance Edition in 2016).

As part of this approach, the Welsh Government has launched a new initiative using the theming of future years to promote Wales and to focus activities, events and attractions on the strongest qualities offered by Welsh tourism. 2016 has been designated The Year of Adventure, after which will be The Year of Legends in 2017 and The Year of the Sea in 2018.

6. **Economic Development** – we will exploit the economic potential of the arts to contribute in terms of job and wealth creation, through the creation, distribution and retail of goods and services.

Our work in this area will be underpinned by the following specific initiatives:

- Encouraging the key organisations that we fund to be more self reliant – we will be working with our RFO portfolio to encourage them to reduce their dependency on public funding

- Exploiting international opportunities – for those individuals and organisations who are ‘market ready’, working overseas will provide access to new markets and opportunities. Through our international division, Wales Arts International, we will work with our international partner, the British Council, to vigorously pursue such opportunities



Nicholas Capaldi
Accounting Officer

10 July 2015

7. **Digital technology** – we want the arts to have the capacity and skills to understand what new technology has to offer, and to have the confidence and insight to exploit its creative possibilities. Our work in this area will be underpinned by the following specific initiatives:



Professor Dai Smith
Chairman

10 July 2015

- **Piloting the development of digital working** – through our Lottery funded partnership with Nesta we will provide ‘seed’ funding to organisations who want to develop their digital capacity
- **Extending the network of digitally equipped venues** – where appropriate we will continue to roll out our strategy of investing Lottery capital funding to enhance the digital capability of arts centres and venues
- **Exploiting the potential of partnerships with broadcasters** – we have formally established partnerships with BBC Cymru Wales and S4C. We are working with both broadcasters to exploit new broadcast and digital opportunities for the arts in Wales

Strategic Report

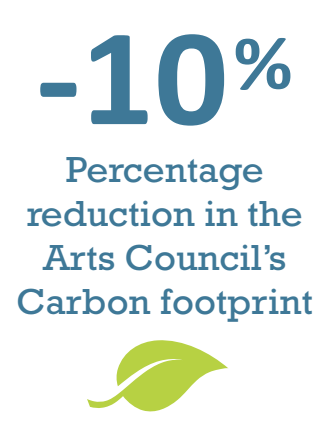
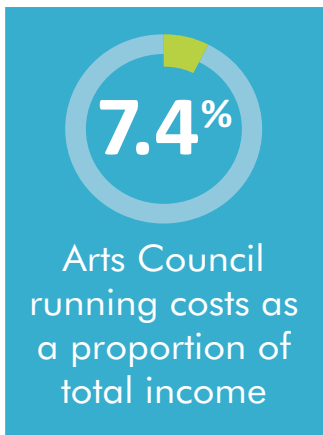
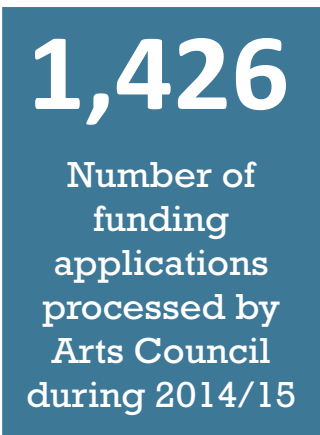
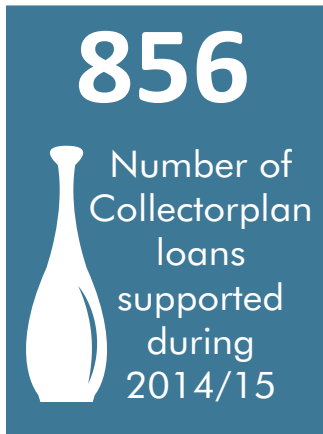
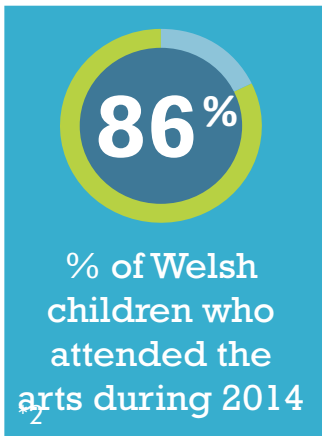
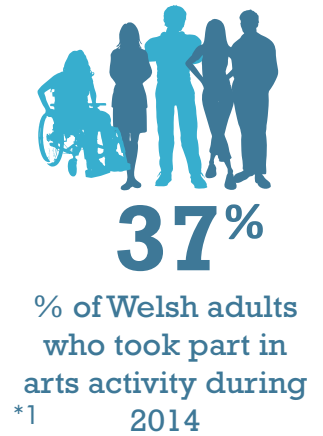
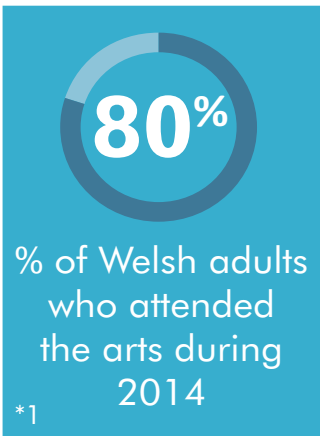
Objectives, activities, achievements and performance for the public benefit

The Council's chartered objects are:

- (a) to develop and improve the knowledge, understanding and practice of the arts;
- (b) to increase the accessibility of the arts to the public;
- (c) to advise and co-operate with Our National Assembly for Wales, Departments of Our Government, local authorities, The Arts Councils for England, Scotland and Northern Ireland, and other bodies on any matters concerned, whether directly or indirectly, with the foregoing objects; and
- (d) to carry out the objects through the medium of both the Welsh and English languages.

The Council's main purpose is to support and develop the arts in Wales for the benefit of people throughout Wales. The principal way in which Council seeks to fulfil this purpose is by the formulation of arts strategies, research, and providing recurrent and one-off grants to organisations and individuals within a strategic and developmental context. Such grant making is backed up by a process of monitoring and assessment to ensure that public money is used effectively for the intended purposes. The Council also manages a range of non-grant activities and services, often in partnership with local authorities and others.

The year in summary



*1 Source: Wales Omnibus Survey 2014, Beaufort Research

*2 Source: Children's Omnibus Survey 2014, Beaufort Research

Operational measures

Year end grant in aid cash balances are contained within the permitted 2% year end limit



No complaints or referrals to the Public Services Ombudsman or Welsh Language Commissioner



£30,000 reduction in General Activities running costs



Reduction of 143 in the number of working days lost to staff sickness in comparison with the previous year



100% of funding applications processed within target times for assessment



Targets met for payment of suppliers – 97% of invoices within supplier terms, 91% within Welsh Government's target of 10 days



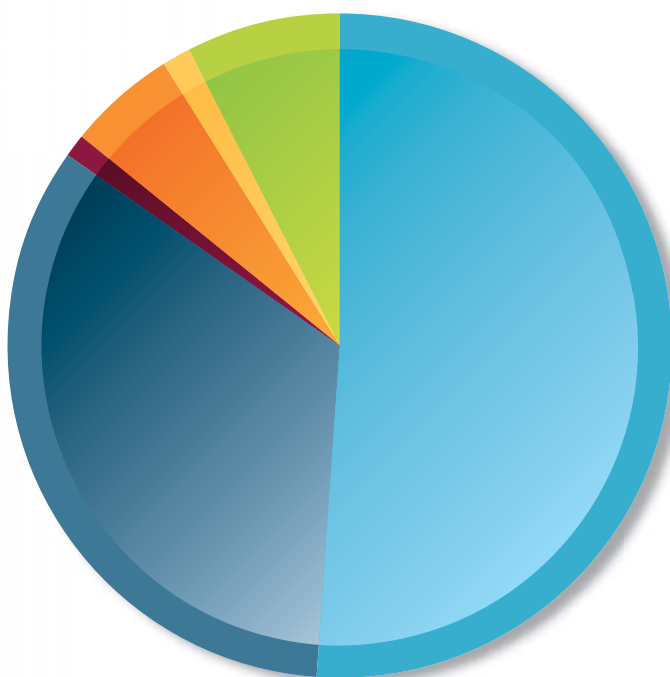
100% of Freedom of Information requests dealt with in the published timescale, with no referrals to the Information Commissioner's Office



At least 75% of internal audit assurance reports achieving a rating of at least "substantial assurance"



Spending



- Core grants to Revenue-funded Organisations (RFOs)
£27,747,493
 - Grants from Lottery funds
£18,269,455
 - Other general grants
£626,120
 - Strategic spend - national
£2,786,786
 - Strategic spend - international
£799,146
 - Running costs
£4,015,000
- Total Expenditure**
£54,244,000

Meeting our targets

Our [Operational Plan](#) for 2014/15 contained 39 targets.

We use a red, amber, green 'traffic light' system for monitoring progress. At the end of 2014/15:

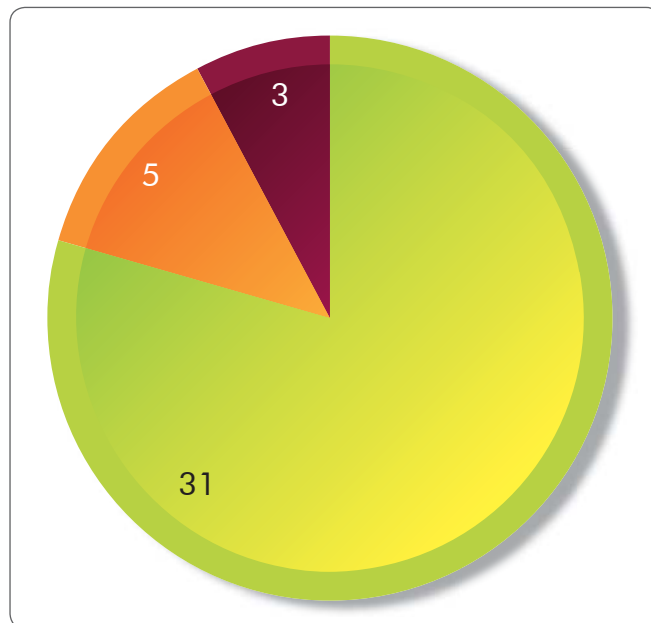
- 31 out of our 39 targets had been successfully completed
- 5 targets were substantially complete
- 3 targets had not been completed – 1 because earlier in the year the planned activity was re-scheduled into 2015/16; and 2 because external factors prevented their completion

Of the 3 uncompleted targets:

The first uncompleted target relates to our decision to re schedule the launch of a new proposed Lottery fund – *Resilience*. This new fund is intended to encourage, through one off investment, key organisations to stabilise or improve their business performance. Council agreed that there would be greater benefit in looking at the new scheme alongside the outcome of our Investment Review. (The Investment Review takes place during 2015/16.)

The second uncompleted target relates to the Pontio building project at Bangor University. Pontio was not completed, as originally envisaged, during the year and is now scheduled to open during 2015/16.

The third uncompleted target relates to Collectorplan, our interest free loan purchase scheme. Our target for the year was a 5% increase in the value of loans. Although we achieved over £622,000 in loans, this was in fact a 1.7% reduction on the previous year. The single most important contributory factor was a decision during the year by the Financial Conduct Authority to review its overall approach to issuing credit licences. This affected the number of galleries who were prepared to continue with the scheme.



The 5 substantially completed targets relate to:

- Evaluation of WOMEX 13, the international festival and networking platform for the world music industry which took place in Cardiff – Council received a report on the outcomes of WOMEX during the year, but asked for additional work to be undertaken on future initiatives resulting from the WOMEX legacy
- Investment in exemplar projects – we set a target of 9 exemplar projects, 3 each across our *Creative Steps*, *Our Space* and *Ideas:People:Places* programmes. We exceeded our targets for *Our Space* (9 projects supported) and *Ideas:People:Places* (7 projects supported), but were below target in *Creative Steps* supporting one fewer project than originally planned
- *Night Out* – our *Night Out* programme delivered 521 events and performances rather than the 580 we had hoped to see. Anticipated cuts during the year in local authority partner funding – a factor beyond our control – had a detrimental impact on the number of events that could be supported. However, at nearly 90% of the target number, we believe this target to have been substantially completed
- Partnership projects promoting diversity – 3 out of the 4 target projects were completed with

Diverse Cymru, Stonewall Cymru and Voluntary Arts Wales. Pressure of competing priorities for staff time has meant that one of the projects, involving staff training, has had to be deferred to 2015/16

- Local authority investment audit – given the rapidly changing nature of funding within local authorities, we decided that a single stand alone commissioned audit would not represent good value for money. Instead, we used staff resources to compile rolling quarterly reports

A number of key areas of activity, identified as particular priorities by Council, were successfully progressed during the year. These included:

- actions taken to improve Governance arrangements in our portfolio of key organisations
- developing the range, impact and effectiveness of our support to individual artists
- establishing major public residencies with partner organisations – Cadw, the Centre for Alternative Technology, Canal and Rivers Trust, Football Association of Wales, St Asaph Cathedral, Welsh Water, National Museum and National Trust
- our contribution to the management and organisation of the highly successful Dylan Thomas 100 Festival
- the establishment of an important new Memorandum of Understanding with the British Council, supporting arts development opportunities for Wales around the world
- the launch of our Disability Ticketing scheme, *Hynt*, improving access to venues across Wales
- the growth of the Autumn Family Arts Festival
- the agreement of the Welsh Government to jointly fund our strategy for *Creative Learning through the Arts*

- the development of our sustainability strategies in readiness for the introduction of the Welsh Government’s Well-being of Future Generations (Wales) Act
- the partnership project with Nesta to invest in Digital Research and Development projects

Detailed monitoring of performance against key actions is carried out and reported on quarterly to the Senior Management Team, Council and the Welsh Government.

Grant making policies

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

Capital grants, to organisations only, support the purchase, improvement, restoration, building or creation of an asset that will be used continuously.

Council has delegated its grant making in a number of strategic areas to Ffilm Cymru Wales, Nesta, BBC Cymru Wales, Literature Wales and, from April 2015, to Tŷ Cerdd. The terms of the external delegation are set out in formal agreements and satisfy the conditions of the Council’s Statement of Financial Requirements. The obligations of the Council’s Accounting Officer are unchanged by the delegation but he has satisfied himself that the organisations and their systems are suitable to undertake the delegated functions, including: the assessment of applications for funding; holding, accounting for and distributing Lottery money allocated to them by the Council for that purpose; and monitoring funded projects. The delegation agreements allow for appropriate access to the delegates by the Council’s internal auditors and by the Comptroller

and Auditor General for the review of the operation of the delegated functions.

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

The Council publishes general guides to funding for organisations and individuals which include full details of funding priorities and eligibility criteria. These are available from any of the Council's offices and from the [website](#).

Principal Lottery distribution activities

National Lottery ticket sales reached an all-time high in 2014/15. The UK arts distributors in total receive 20% of the amount shared between the Lottery Good Causes. The Arts Council of Wales' share is 1%.

Following a dip in 2013/14, Lottery ticket sales grew to £7.277 billion last year, up £564 million on the previous year. This was partly driven by improving sales of the flagship Lotto game which, after a decade of decline and a re-launch with a higher-priced minimum stake of £2, has started to grow again. However, instant play games – scratchcards and online Instant Win games – accounted for 86% of the total increase in sales last year.

Such a move potentially spells bad news for the arts which receive smaller percentages from instant play than from Lotto. The proportion of ticket receipts returned to good causes averaged 28% until 2012/13, but the swing in the balance of sales away from draw tickets to instant play games means that this has now fallen to just 24.6%. The percentage of ticket revenues that go to good causes has never been set by government, but Lottery operator Camelot reveals that the main Lotto draw is configured to return just over 31% to the four charitable causes. It does not release details of the percentage returns to good causes from its instant games, but the latest figures show that it is a significantly smaller proportion.

| | 2014/15 | 2013/14 (restated) |
|---|---------|-----------------------|
| Number of applications received: | | |
| Capital schemes | 25 | 36 |
| Revenue schemes | 1,227 | 1,258 |
| | 1,252 | 1,294 |
| Number of grants made: | 717 | 906 |
| Value of grants made: | £'000 | £'000 |
| Capital schemes | 3,451 | 2,371 |
| Revenue schemes | 13,786 | 15,707 |
| | 17,237 | 18,078 |
| Grants payable at 31 March: | | |
| Capital schemes | 7,763 | 6,665 |
| Revenue schemes | 11,212 | 9,325 |
| | 18,975 | 15,980 |

Financial 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 general activities.

Investment

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

Since October 2013, to minimise risk to our charitable and public funds whilst retaining the control and flexibility needed for day-to-day operations, the Council opened accounts with CCLA Investment Management Limited which allows us to make daily transfers of surplus funds between their Public Sector Deposit Fund and our bank current accounts. The Fund is AAmmf rated by Fitch Ratings.

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

Financial results

| | 2014/15 £'000 | 2013/14 (restated) £'000 |
|--|------------------|--------------------------------|
| Share of proceeds from the National Lottery | 18,031 | 16,892 |
| Refund from the Olympic Lottery Distribution Fund | 1,487 | - |
| Net grants made | 16,865 | 17,850 |
| Excess of expenditure over income for the year | (1,016) | (4,760) |
| Balance held in the National Lottery Distribution Fund at 31 March | 22,358 | 20,264 |
| Reserves at 31 March | 4,079 | 5,095 |

Our share of National Lottery proceeds increased by 6.3% and was in line with the original forecast. However, we also received a refund from the Olympic Lottery Distribution Fund which had not been budgeted.

We have ring-fenced approximately £22m for our capital grants programme for the five years from 2012/13 to 2016/17. There can be a long lead time from the registration of a major capital project to the issue of a formal offer and this often impacts the total value of grants made each year and the overall net income or expenditure. For 2014/15 we expected to make capital grants of around £5m but offered £3.4m, which is reflected in the reduction in net grants made compared with the previous year.

At year-end grants payable totalled £18.975m (2013/14 (restated): £15.980m). Undrawn funds in the National Lottery Distribution Fund plus cash and cash equivalents totalled £24.003m (2013/14: £21.572m). The National Lottery Distribution Fund balance increased by approximately 10% from £20m at the beginning of the year to £22m, largely due to the unbudgeted refund from the Olympic Lottery Distribution Fund and the timing of our capital grants programme.

Social and community issues

We are committed to ensuring that the Council's funding is accessible and of benefit to all the citizens of Wales. Ensuring greater access to the arts is a natural priority for a body, such as us, that is in receipt of public funds. We are fully committed to removing the barriers that prevent and impede people from enjoying and taking part in the arts.

We continue to have strategies targeted at young people, community and voluntary arts and broadening public engagement in the arts. We have made considerable progress this year on a number of key programmes. We launched *Hynt*, our disability ticketing scheme for disabled theatre goers and their carers. All of our key funded arts venues across Wales have signed up to be a part of the scheme and very soon following the launch we had in excess of 500 applications. We

published and launched a diversity and equalities toolkit for the arts and ran a series of briefing and training sessions for the sector across Wales. The toolkit provides practical guidance, advice and examples of how to reach and engage with people and communities who experience barriers to engaging with the arts on account of one or more of the protected characteristics as described in the Equality Act.

Our pilot participatory project, which we called *Momentum*, delivered in partnership with Communities First, was very successful, engaging with over 325 of our most disadvantaged and disengaged young people, all of whom achieved positive outcomes around re-engagement in education, training and/or work. We secured funding from the Baring Foundation which we were able to match, which was then awarded to Age Cymru to develop and deliver a 3 year project focusing on our older people living in care homes. This project is now up and running.

We continued to support venues, through the *Our Space* programme, to explore innovative approaches to audience development. This programme was evaluated in 2014/15. The evaluation confirmed that providing funding for these venues to explore different ways to engage with disparate and diverse communities was proving to be successful. Through the scheme, the recipients of the awards had reached new audiences and, more importantly, audiences from amongst communities who have not traditionally engaged with the arts, for economic or cultural reasons.

Our grant schemes have over-arching funding priorities directed at projects promoting the work of artists from under-represented groups, such as disabled people and people from black and minority ethnic backgrounds. Recognising the bilingual culture of Wales, we also prioritise applications that will be delivered in Welsh or bilingually.

We provided funding for Voluntary Arts Wales to deliver a community focused project called *Putting Down Roots* which supported community groups to move towards an independent status or social enterprise, having previously been established

and supported by professional community arts organisations. These were pilot projects that will be evaluated in 2015/16.

During this year we worked closely with the Welsh Government's department for Education and Skills on developing *Creative Learning through the Arts – an action plan for Wales*, which aims to significantly increase and enhance opportunities for young people across Wales to engage with the arts throughout their school life. The Plan was launched in March 2015 and will be implemented from September 2015 onwards.

We are partners, along with National Museum of Wales and CyMAL in delivering the *Pioneer Area* pilot programme across Wales. The *Pioneer Area* programme is a year-long pilot scheme which has been developed to help individuals, families and communities benefit from lasting engagement with culture and the historic environment. The scheme will operate in Communities First areas. It builds on two reports commissioned by the Welsh Government: *Baroness Andrews' Culture and Poverty: Harnessing the power of the Arts Culture and Heritage to promote Social Justice in Wales*; and Professor Dai Smith's *Arts in Education in the Schools of Wales*.

A major focus for our work in 2015/16 will be the implementation of *Creative Learning through the Arts*. We will be launching a *Lead Creative Schools Scheme*, open to all schools in Wales, which applies creative learning methodology to improve young people's engagement with learning, whilst also helping the school to address significant issues and development ideas. The scheme is about whole school improvement and improving learners' attainment, specifically in numeracy and literacy. Through the Plan we will also be supporting continuing professional development for teachers, artists and other creative practitioners and providing funding for schools to work in partnership with arts organisations to improve the cultural offer available to their learners.

Sustainability report

Council approved a Sustainable Development Strategy, Environmental Impact Assessment and

Action Plan at its March 2014 meeting. This commits us to using sustainable development as a core organising principle for all of our work and prepares us to meet the requirements of the Well-being of Future Generations (Wales) Act. This became law on 29 April 2015 and the reporting requirements become effective from 2016/17.

We are committed to operating our business in a sustainable manner and to applying good environmental practice in order to reduce our environmental impact and continually improve our performance.

Our strategy commits us to working on three levels:

1. To continually improve our own performance as an organisation.
2. To encourage those organisations and individuals we fund (or work in partnership with) to continually improve their performance.
3. To use our position of leadership within the sector (and more broadly) to promote best practice in relation to Sustainable Development and to raise the profile of the issues and encourage individual responsibility

Improving our own Performance: meeting our environmental obligations

We have established a Sustainability Monitoring Group to monitor our own performance, chaired by a member of the Council.

The Council has a Sustainable Development action plan to deliver its policy and will publish the results of its performance annually. We also publish an Annual Environmental Impact Assessment Report and an Annual Sustainable Development report.

Since introducing an **Environmental Policy** some years ago, we have focussed on improving our organisational performance. We have made good progress, and achieved a Green Dragon Level 5 Award in recognition of this in 2014/15.

We are committed to operating our business in a sustainable manner, and to applying good environmental practice in order to reduce our

environmental impact and continually improve our performance.

Although below the Welsh Government's *de minimis* level, we are again voluntarily reporting on our environmental performance. We believe this to be in line with the spirit of the Welsh Government's aspirations for, and our commitment to drive forward with, the Sustainable Development agenda.

Background

Following the introduction of our environmental policy, our focus in recent years has been on improving our environmental performance. We have introduced systems, changed our operating practices, and invested financially. And importantly, to derive benefit from the opportunities these changes offer, we have strongly encouraged the engagement and commitment of our staff.

Review of progress

We continue to operate from three locations across Wales albeit from a much smaller sized estate. All our offices are accessible through public transport networks. They are fitted with a range of energy saving devices and equipment which have reduced our electricity consumption.

Our ICT strategy has concentrated on extending the use of our information technology infrastructure to provide business and environmental benefits. The virtualisation of our IT servers has contributed to reduced energy for power and cooling. Our key systems – finance and on-line grant applications – are fully electronic from initial order or application through to final payment. All incoming mail and invoices, etc. are scanned which has reduced the volume of paper we receive, handle, store and recycle, with consequential reductions in our storage requirements.

Our staff are able to access our systems remotely, via secure links, and have full electronic access to all systems and supporting documents. More than half of our members of staff are equipped with laptops and smartphones, enabling them to operate on a mobile basis, so reducing the need to routinely work from our offices.

We have invested in high quality video conferencing capacity in all three offices and actively promote its use as an alternative to travel. We are now able to link to any public sector location in Wales, and have also successfully used our facilities to video conference to as far afield as Australia. During the last year, we have made very good progress with the implementation programme that allows our mobile workers to participate, via their laptops, in video conferencing meetings with colleagues and clients. This is expected to be fully completed during 2015.

We have made good progress in changing organisational behaviours. Video conferencing has reduced the frequency of travel to meetings. We expect to see further reductions as adoption of laptop to laptop video conferencing becomes more embedded in our working practices.

Our investment in laptops and video conferencing capabilities has helped reduce travel to work journeys for some of our staff, and will enable further reductions in travel to clients.

We promote the use of environmentally friendly means of transport, restrict travel to necessary journeys only, and encourage staff to make journeys by the most efficient means possible, taking account of both environmental and financial considerations. Car sharing is encouraged, and we provided cycle racks in our Cardiff office. We are considering introducing further incentives.

Our staff induction programme includes Environmental Awareness, and members of staff are given periodic training and updates as appropriate.

We promote the minimisation of waste amongst our staff by encouraging reduction, reuse and recycling. Managers and staff are provided with monthly reports analysing printing and copying activity, to encourage lower overall usage.

Recycling and waste separation, which reduces the amount sent to landfill, is actively promoted internally, and we use licensed and appropriate organisations to dispose of our waste. We recycle our surplus and redundant IT and office equipment.

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. Our cleaning contractors are required to use eco-friendly products and equipment. And we use recycled FCS paper supplies for at least 90% of our copying and other internal needs.

Our suite of websites provides a wide range of information to grant applicants, artists and arts organisations, and to the general public. We weren't able to make the progress we had intended with our review of our websites and their content. However, we hope, in the year ahead, to be able to progress our review in order to make them more accessible, to increase the level of information and content, thus enhancing our standards of service.

Having secured level 5 Green Dragon accreditation last year, we were pleased that our continued efforts enabled us to retain the same level of recognition in the recent annual review.

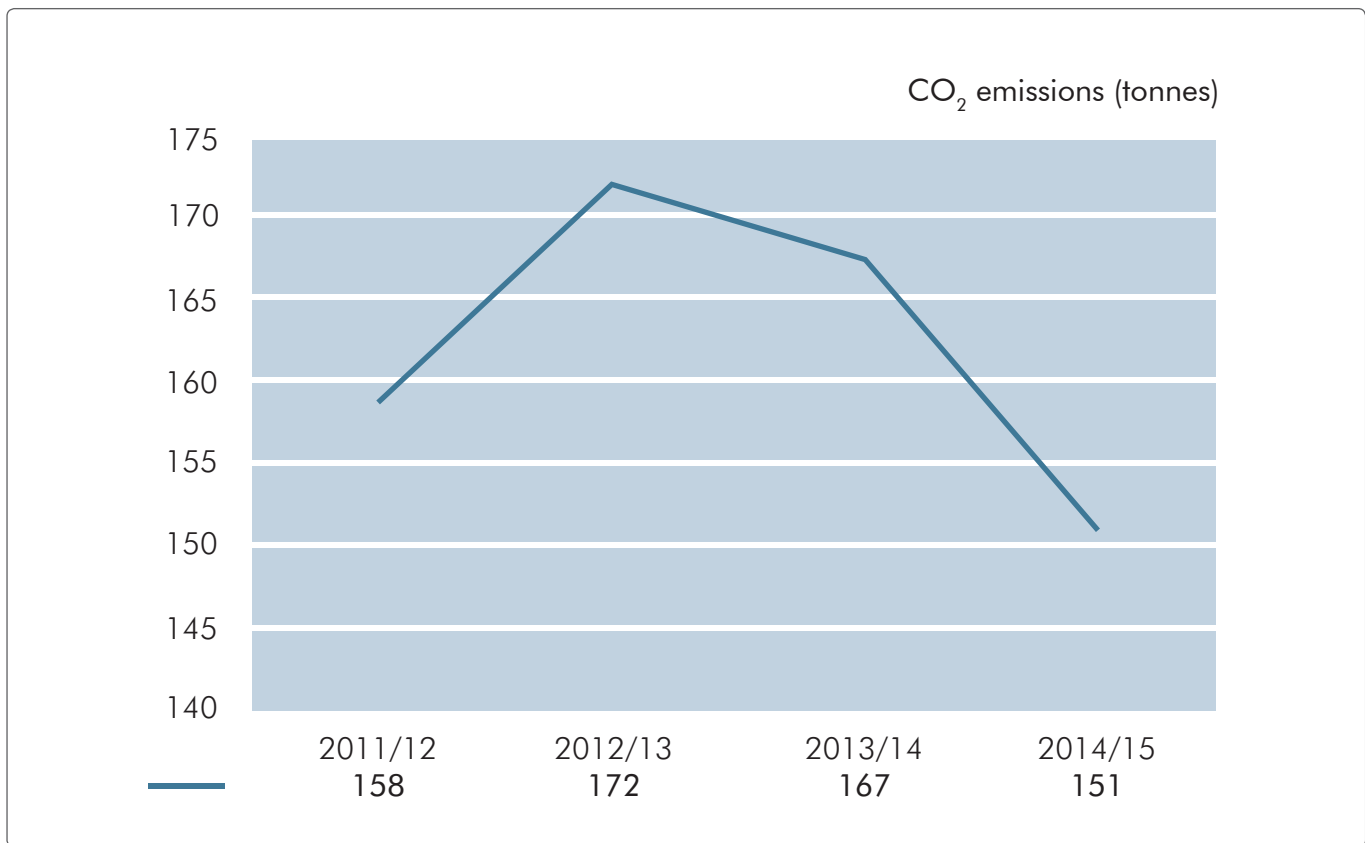
Our performance

Our internal reporting systems enable us to capture and measure details of our use of consumables, waste, energy, water and staff travel, and thus our CO₂ emissions. Following guidance from Green Dragon, we have enhanced our waste reporting matrix and intend to continue to broaden and refine our reporting.

All three offices are now on a shared occupancy basis, with certain costs included within our service charge, particularly relating to waste costs and water usage. This restricts our ability to accurately assess our water and, to an extent, electricity usage. We will be exploring with our landlords the practicalities of introducing systems to improve our data capture.

| | 2014/15 | 2013/14 |
|--|---------|---------|
| Waste: | | |
| Non-financial (tonnes) | | |
| Landfill - <i>estimate</i> | 0.12 | 1.65 |
| Reused/recycled - <i>estimate</i> | 3.25 | 6.44 |
| Greenhouse gas emissions (CO₂ tonnes) | | |
| Gross emissions, scope 2&3 (indirect) | 59 | 61 |
| Energy consumption (Kwh) | | |
| Electricity (non-renewable) | 110,373 | 125,644 |
| Electricity (renewable) | | |
| Gas | N/A | N/A |
| Financial indicators (£) | | |
| Expenditure – energy | 13,390 | 21,709 |
| Water supply costs (office estate) – currently unable to assess, included in service charge | N/A | N/A |
| Travel emissions (CO₂ tonnes) | | |
| Rail | 9 | 8 |
| Air ¹ | 54 | 64 |
| Car/vans | 29 | 34 |
| Travel cost (£) | | |
| Rail | 30,431 | 24,085 |
| Air | 19,791 | 22,646 |
| Car/vans | 41,424 | 47,956 |
| Travel (miles) | | |
| Rail | 113,832 | 102,761 |
| Air | 206,500 | 224,369 |
| Car/vans | 89,851 | 104,924 |

¹ Includes the influence of radiative forcing in air travel emissions to capture the maximum climate impact. Radiative forcing is a measure of the environmental impact of emissions of NO_x (nitrous oxides) and water vapour when emitted at high altitude.



We believe that a truly intelligent approach to sustainability will extend beyond environmental concerns, important though they are, to embrace the cultural, economic and social considerations that sustain our sense of resilience and well-being.

We have embedded this principle of Sustainable Development into our new strategy document **Inspire: Creativity and the Arts** which will set the framework for arts development in Wales for the next five years. As such it will catalyse the development of the whole sector potentially.

Encouraging those organisations and individuals we fund (or work in partnership with) to continually improve their performance

We have included a requirement to sign up to Cynnal Cymru/ Sustain Wales’ Sustainable Development Charter by March 2016 as a condition of revenue grant funding from the Arts Council of Wales. We will be reporting on our revenue funded organisations’ progress via our Annual Revenue Reports.

Our lottery guidelines insist on adherence to BREEAM standards for Arts Council funded capital

projects – “excellent” for new build and “very good” for refurbishments. Of our current projects, the Glynn Vivian Art Gallery at Swansea will achieve BREEAM standard of ‘Very Good’ and Pontio at Bangor, will achieve ‘Excellent’, both of which will be above the minimum requirements.

We have established a new community based regeneration scheme using the arts to encourage new approaches to local development – Ideas: People: Places. Its vision is to embed the arts in a genuine and meaningful way, in a small number of imaginative, ambitious and innovative regeneration projects. Through this project, we wish to explore new ways of working that generate cross sector collaboration, test new ideas and partnerships and inspire communities to re-imagine their environment in a creative and empowered way using sustainable development as a starting point and guiding principle.

Using our position of leadership within the sector

We have also taken our leadership role very seriously. We have commissioned a report documenting the history and importance of the arts in climate change in Wales. The report –

Culture Shift – was launched publicly and celebrated in an event at Chapter, Cardiff in November 2014. This report was circulated widely to peer organisations and the response received was very encouraging and the Arts Council of Wales' leadership role acknowledged.

We have also actively looked to support high quality arts initiatives on the theme of climate change. We feel that arts and cultural activity is an important space in encouraging debate and promoting reflection. People's attitudes to climate change can be based on emotion rather than facts and logic alone. The arts can speak to people at an emotional level and have been proven to be very effective in bringing about behaviour changes that information and education based approaches alone struggle to deliver. As such we have committed to prioritising arts projects on environmental/sustainable development themes (that meet all of our published assessment criteria) in order to play a part in tackling the causes and effects of climate change.



Nicholas Capaldi
Accounting Officer

10 July 2015



Professor Dai Smith
Chairman

10 July 2015

Remuneration Report

The Council remunerates its entire staff, with the exception of the Chairman and Chief Executive, in accordance with an agreed pay and grading system maintained by the Human Resources Department. A Job Evaluation Policy is in place, in accordance with which staff may appeal the grading of posts. The terms of appointment of the Chairman and Chief Executive are agreed with the Welsh Government.

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

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

The Chief Executive's remuneration consists of a basic salary plus an annual bonus. Annual bonuses are recommended to Council by the Remuneration, Appointments & HR Committee in consideration of the performance of the Chief Executive against a set of predetermined objectives. A percentage of the bonus, as advised by the Welsh Government, is consolidated into the Chief Executive's salary and the remainder is paid as a non-consolidated award. In the absence of guidance from the Welsh Government in respect of changes to the Chief Executive's salary, the Remuneration, Appointments & HR Committee was unable to determine whether an increase could be paid during the year. As a result the Chief Executive did not receive an increase or a non-consolidated bonus in respect of 2014/15.

Council members are appointed by the Welsh Ministers for a period of three years and may be re-appointed for two further periods. The current Chairman, Professor Dai Smith, was appointed as a Council member on 1 April 2004 but took

over the chairmanship on 1 April 2006. The Minister for Culture, Sport and the Welsh Language subsequently appointed Professor Smith for a term of three years from 1 April 2007 until 31 March 2010, the Heritage Minister renewed his appointment for a further three years to 31 March 2013 and the Housing, Regeneration and Heritage Minister has announced that Professor Smith will continue to serve as chairman until 31 March 2016. The Chief Executive and Directors are all employed on permanent contracts on the Council's standard terms and conditions.

Having successfully completed a probationary period of six months, the Chief Executive and Directors are entitled to thirteen weeks' notice of termination of employment.

The dates of commencement of employment are:
Professor Dai Smith (Chairman)
1 April 2006;

Nicholas Capaldi (Chief Executive)
15 September 2008;

David Alston (Director of Arts)
1 July 2005;

Katherine Davies
(Director of Investment and Funding Services
from 1 February 2012)
24 August 1998;

Diane Hebb
(Director of Engagement and Participation from
1 February 2012)
13 January 1992;

Siân Tomos
(Director of Enterprise and Regeneration from
1 February 2012)
3 May 1994; and

Hywel Tudor
(Director of Finance and Resources)
21 January 2002.

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

The figures within this Remuneration Report have been audited.

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:

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

*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 were:

| Name and Position | 2015 | | | 2014 | | |
|--|---------------------------------|------------------|---------------------------|---------------------------------|------------------|---------------------------|
| | Emoluments ¹ band | Pension benefits | Single total remuneration | Emoluments ¹ band | Pension benefits | Single total remuneration |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Nicholas Capaldi <i>Chief Executive</i> | 90-95 | 24 | 115-120 | 90-95 | 22 | 115-120 |
| David Alston <i>Director of Arts</i> | 65-70 | 19 | 85-90 | 65-70 | 22 | 90-95 |
| Katherine Davies <i>Director of Investment and Funding Services</i> | 60-65 | 49 | 110-115 | 55-60 | 37 | 95-100 |
| Diane Hebb <i>Director of Engagement and Participation</i> | 60-65 | 34 | 95-100 | 55-60 | 27 | 80-85 |
| Siân Tomos <i>Director of Enterprise and Regeneration</i> | 60-65 | 41 | 100-105 | 55-60 | 32 | 85-90 |
| Hywel Tudor <i>Director of Finance and Resources</i> | 65-70 | 19 | 85-90 | 65-70 | 24 | 90-95 |

¹ Emoluments – Guidance has not yet been issued by the Welsh Government in respect of Chief Executives' entitlement to a performance-related non-consolidated award for 2014/15. The other Directors have no entitlement to performance-related awards.

The pension benefits were:

| Name and Position | 2015 | | 2015 | | 2015 | 2014 | 2015 |
|--|---|---------------------------------|---|--|---|--|--|
| | Real increase in pension and related lump sum at age 65 £'000 | | Total accrued pension at age 65 as at 31/03/15 and related lump sum £'000 | | Cash Equivalent ² Transfer Value at 31/03/15 £'000 | Cash Equivalent Transfer Value at 31/03/14 £'000 | Real increase ³ in Cash Equivalent Transfer Value £'000 |
| Nicholas Capaldi <i>Chief Executive</i> | Pension 0-2.5 Lump sum 2.5-5 | Pension 5-10 Lump sum 20-25 | | | 138 | 91 | 47 |
| David Alston <i>Director of Arts</i> | Pension 0-2.5 Lump sum 2.5-5 | Pension 5-10 Lump sum 20-25 | | | 159 | 124 | 35 |
| Katherine Davies <i>Director of Investment and Funding Services</i> | Pension 0-2.5 Lump sum 5-7.5 | Pension 20-25 Lump sum 60-65 | | | 379 | 263 | 116 |
| Diane Hebb <i>Director of Engagement and Participation</i> | Pension 0-2.5 Lump sum 2.5-5 | Pension 10-15 Lump sum 30-35 | | | 212 | 145 | 67 |
| Siân Tomos <i>Director of Enterprise and Regeneration</i> | Pension 0-2.5 Lump sum 5-7.5 | Pension 15-20 Lump sum 45-50 | | | 300 | 209 | 91 |
| Hywel Tudor <i>Director of Finance and Resources</i> | Pension 0-2.5 Lump sum 2.5-5 | Pension 10-15 Lump sum 35-40 | | | 238 | 185 | 53 |

² 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.

CETVs have increased significantly over the year chiefly as a result of significant falls in long dated interest rates, on which CETV calculations are based. In isolation these would be expected to have increased CETVs by around 15%-25% depending on a member's age.

³ 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. Other Council and Committee members are not paid for their services. An aggregate amount of £14,169 (2013/14: £15,477) was reimbursed to 14 (2013/14: 14) Council members for travel and subsistence costs incurred on Council business. The aggregate amount allocated to Lottery Distribution activities was £5,787 (2013/14: £6,183).

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

| | 2015 £ | 2014 £ |
|---------------------------------|----------------|----------------|
| Chairman Salary | <u>43,810</u> | <u>43,810</u> |
| Chief Executive Salary | 93,380 | 93,380 |
| Employer's pension contribution | <u>18,676</u> | <u>16,155</u> |
| | <u>112,056</u> | <u>109,535</u> |

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

| | | |
|-----------------|-------|-------|
| Chairman | 2,947 | 3,129 |
| Chief Executive | 6,117 | 8,744 |

35% (2013/14: 34%) of the Chairman's and Chief Executive's emoluments are charged in these financial statements and the remainder to general activities.

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

| | |
|--------|--------|
| 31,000 | 30,000 |
|--------|--------|

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

| | |
|--------|--------|
| 1:3.01 | 1:3.12 |
|--------|--------|

The Remuneration, Appointments & HR Committee members who served since 1 April 2014 were:

Professor Dai Smith (Council member);
Margaret Jervis MBE DL (Council member);
Dr John Geraint (Council member); and
Philip Westwood (independent member).



Nicholas Capaldi
Accounting Officer

10 July 2015



Professor Dai Smith
Chairman

10 July 2015

Statement of Council's and the Accounting Officer's Responsibilities

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

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

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

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



Nicholas Capaldi
Accounting Officer

10 July 2015



Professor Dai Smith
Chairman

10 July 2015

Annual Governance Statement

This governance statement is the personal responsibility of me, Nicholas Capaldi, the Arts Council of Wales' Accounting Officer and Chief Executive. It sets out the governance arrangements of the Arts Council of Wales. It also describes how I have discharged my responsibilities for ensuring that we conduct our business, in respect of both exchequer and lottery activity, in accordance with the law. This includes providing the necessary assurances that we, as an organisation, are adhering to proper standards and establishing the necessary safeguards to protect the use of public money. I explain how these funds are properly accounted for, and used economically, efficiently and effectively to support the delivery of our plans and priorities.

About the Arts Council of Wales

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

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

Our Royal Charter sets out our objectives. They are to:

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

A copy of our Royal Charter can be found on our [website](#).

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. We work within a framework that sets out the terms and conditions under which Welsh Ministers provide our grant-in-aid funding, and how we are able to use this funding. Along with other public bodies in Wales, we also have to adhere to the requirements contained in the Government's guidance document, *Managing Welsh Public Money*.

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

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

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

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

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

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 are governed by a Board of Trustees – Council – which consists of a Chair and up to seventeen other independent members, one of whom is appointed as Vice-Chair. Each Trustee brings specific expertise and knowledge to the oversight and development of our activities. At the end of March 2015, our Council comprised of the Chair, plus twelve members.

It is with great sadness that we report the death of Council member Osi Rhys Osmond, in March 2015. He had been a member of Council since 2010, and enlivened and invigorated Council's debates with his insightful, passionate, and often witty contributions. Osi also chaired the Wales in Venice Advisory Committee. His contribution to the arts in Wales was substantial. He will be sorely missed.

Our Trustees are appointed by the Deputy Minister for Culture, Sport and Tourism through an open selection process, conducted in accordance with Nolan principles. Appointments are usually for a three year term, renewable for a maximum of two additional terms. The Chair of Council is a remunerated position, at a rate set annually by Welsh Government. All other Trustees provide their time and expertise on a voluntary basis. However, they are reimbursed for out-of-pocket expenses incurred on Council business, a summary of which is contained in the Remuneration Report.

Council is responsible for the strategic direction and management of our organisation. It is responsible for ensuring, through me as the Chief Executive, that we operate within the policy framework set by the Welsh Government, and that we satisfy the various other accountabilities required of us, as outlined above. The Chair maintains regular contact with the Deputy Minister. And the Chief Executive meets formally

with Government officials on a quarterly basis to provide them with an update on the delivery of our work.

Decision making

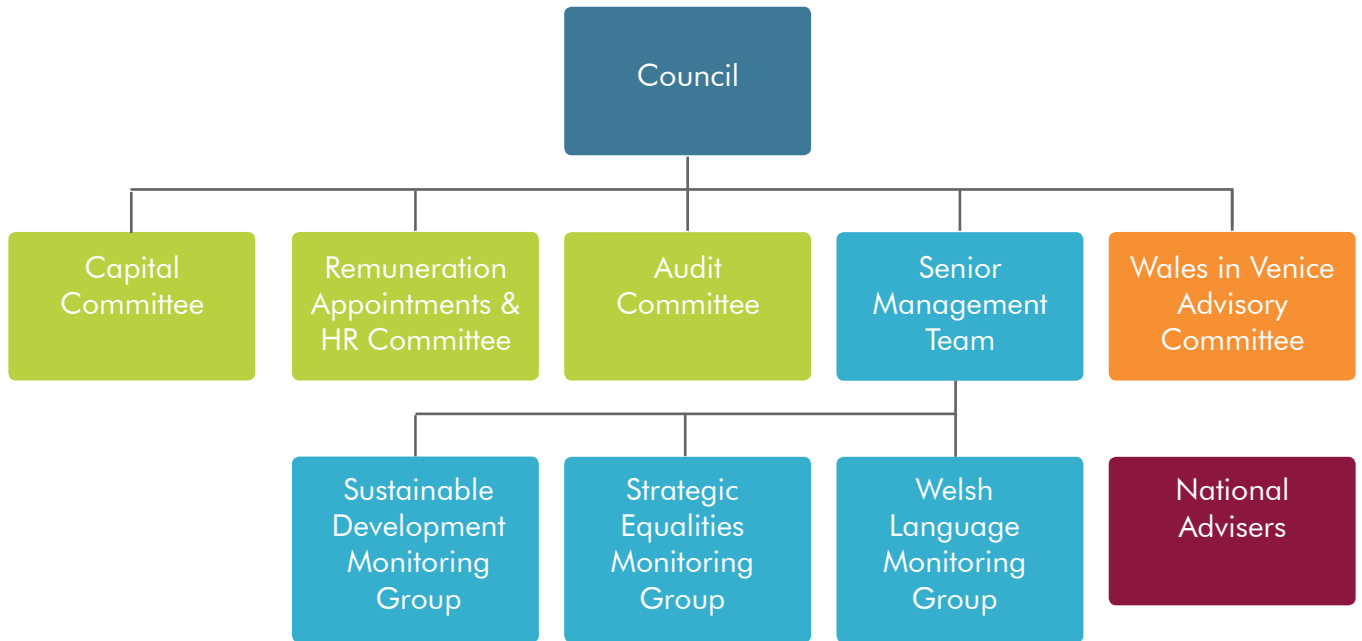
As the ultimate decision making body for the organisation, Council members are responsible for key decisions on corporate policy, the formulation of our Corporate and Operational Plans, and any major alterations to the terms and conditions of service for staff. They also set the annual budget, decide on the annual allocation of grants to revenue-funded organisations, and approve all grants of over £50,000 (or, in the case of Lottery funded capital projects, over £250,000). Decisions on grants below these thresholds have been delegated to authorised staff and to the Capital Committee, respectively.

To help support its work, Council has appointed three committees to provide specialist advice. These are: Audit; Capital; and the Remuneration, Appointments & HR Committee. It also has an *ad hoc* advisory committee, to advise on the Wales in Venice project, and three internal monitoring groups who, through the Senior Management Team, assist Council in meeting its responsibilities.

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. Each committee operates under specific terms of reference, copies of which can be found on our [website](#). Terms of reference are reviewed annually.

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

Our Governance structure



The **Audit 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.

The **Capital Committee** is responsible for advising Council on the development of policy on all aspects of capital development, including funding priorities and schemes. Council delegates to the Committee the authority to make funding decisions on lottery capital grants from £50,001 to £250,000, and for making recommendations on larger capital grants to Council. The Committee is responsible for monitoring live projects and advising Council accordingly.

The **Remuneration, Appointments & HR Committee** has responsibility for agreeing the level of remuneration for the Chair, within the limits determined by the Welsh Ministers; for setting the Chief Executive’s annual objectives and reviewing his performance; for the appointment of senior roles within the executive; and, for the oversight and monitoring of HR matters on behalf of Council.

Each Committee provides, as a matter of routine, the minutes of each of its meetings to Council for discussion and report. The Audit Committee also submits a formal annual report to Council, summarising its work.

Details of membership of Council and these three committees, together with details of members’ attendance at meetings, can be found in the *Reference and administrative details* section at the beginning of this Trustees’ Annual Report.

The **Senior Management Team (SMT)** is led by the Chief Executive, supported by five Directors each responsible for particular aspects of our work. Further details are contained in the Remuneration Report and note 9 of the financial statements.

The **Wales in Venice Advisory Committee** was responsible for developing and overseeing the organisation of our presence at the 2015 Venice Biennale of Art.

During the year, we introduced a third internal monitoring group – the **Sustainable Development Monitoring Group** – which together with the **Strategic Equalities**, and the **Welsh Language Monitoring Groups**, helped drive forward Council’s agenda in these areas. Council received quarterly updates from each group.

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

We promote values of good governance

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

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

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

Council, and each of our Committees, carried out an annual self-assessment review of its performance. Overall, the findings of these evaluations were positive during 2014/15. Areas identified for improvement are captured in action plans. In particular, Council's own annual self-assessment review concluded that the vast majority of its indicators of effectiveness had been met. Council was content with progress made during the year to address areas identified in last year's review. A particular area of focus will continue to be enhancing the alignment of policy development, strategy, budget setting and reporting so that the value of the outcomes of our work can be more readily monitored and assessed. The Arts Council of Wales was invited to appear before the Public Accounts Committee (PAC) of the National Assembly for Wales in Autumn 2014.

The invitation was part of a new initiative from the PAC to consider the accounts of selected public organisations across Wales. We welcomed the opportunity, as the first WGSB to be invited, to attend and to discuss our work. The Committee's scrutiny of our accounts included robust testing of the value for money of our activities and a number of useful suggestions were made by Committee members. We look forward to incorporating the Committee's observations and guidance into this and our future reporting.

We subsequently arranged, and hosted, a meeting of Chairs of Audit Committee of WGSBs and other smaller bodies on the theme of "*The Public Accounts Committee*". We were fortunate to have presentations from the Auditor General for Wales, the Clerk of the PAC, and from attendees of PAC hearings. It provided a useful opportunity to exchange information and learning and forms part of WGSBs' commitment to collaboration and performance improvement.

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

Taking informed decisions

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

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

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

Council was content, during the year, with the timeliness and quality of data and information provided for its use. It was also Council's view that the information provided in respect of grant funding was reliable. The systems used to provide the information on grants are reviewed annually as part of the internal audit programme.

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

Matters considered by Council during the year

Council met six times during 2014/15 to discharge its responsibilities. During the year, members in total attended meetings on 71 out of a possible 83 occasions. Satisfactory explanations of absence were received in all cases. Details of individual attendance can be found at the beginning of this Trustees' Annual Report.

Council focused on key aspects of its corporate responsibilities:

- **Governance** – Council reviewed our Corporate Assurance Framework and risk register; it also reviewed the Code of Best Practice and completed an assessment of its performance
- **Policy** – Council developed and launched its new arts strategy *Inspire: Creativity and the Arts*, endorsed the new arts and education partnership with the Welsh Government and oversaw the development of our international partnership agreement with the British Council
- **Planning** – Council prepared and monitored the Corporate and Operational Plans, and received updates on key areas of performance including the Equalities, Sustainable Development and Welsh Language Plans
- **Funding** – Council set and monitored the annual budget. It also agreed levels of funding to key organisations and monitored their performance throughout the year
- **Projects** – Council monitored the progress of strategically important projects, including the *Dylan Thomas 100 Festival, Cymru yn Fenis/ Wales in Venice 2015*, the second quinquennial Investment Review (which takes place in 2015), and *Creative Learning through the Arts programme* (a partnership project with Welsh Government)
- **Events** – members attended arts events across Wales as representatives of Council

Copies of agendas and minutes of our Council meetings can be found on our [website](#).

We provide funding to third parties

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

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

Decisions to award an organisation revenue funded (RFO) status are taken by Council based on the advice of, and supported by, rigorous assessments carried out by officers. Our future portfolio of RFOs will be informed by the outcome of our Investment Review – a major examination of our funding – taking place during 2015.

Our portfolio of RFOs is closely monitored by officers, and regular reports showing the risk assessment of each of our annually funded RFOs

is provided to Council. These are supported by a report setting out the key themes that emerged from the series of annual review meetings held during 2013/14 with each RFO. When necessary, we take a pro-active approach to organisations that experience difficulties, and invest time and energy to help them to resolve matters of concern.

Council considered reports and recommendations from officers and specialist advisers in connection with those organisations that were deemed to be 'high risk'. In certain cases we insisted on significant changes in those organisations' performance and management in order to try and safeguard their future. These organisations will continue to be the subject of detailed monitoring until such time as we feel confident that the organisation has stabilised and is able to continue as a sustainable operation.

We publish annual guidelines for each of our Lottery funded grant programmes. You can find details on our [website](#).

We have open and transparent application processes for our grant funding programmes, and rigorous assessment, decision making, and monitoring processes for all of the funding we award to artists and arts organisations.

We take a risk-based approach to our assessment of applications and 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.

Council takes fraud, corruption and maladministration very seriously and has policies to prevent, and deal with, such occurrences, including "Whistle-blowing" and Anti-fraud policies. These were reviewed during the year. A full list of grants offered during the financial year can be found in the annex to the financial statements.

Our approach to risk management

Council takes a considered view of risk. This reflects our responsibilities as a charity and publicly-funded body, and the nature of the sector we serve.

Council recognises that any ambitious developmental strategy has to accept the potential of some risk of failure to achieve policies, aims and objectives. Our aim is to promote a more innovative, less risk averse culture in order that we can support artists, organisations and projects to deliver our objectives.

We need to balance our duty to innovate with the ever-increasing need to maximise the benefits of our investment for the sector and for the public. We need to take appropriate but informed risks on occasions, and to acknowledge that there might be occasional failures. However, we would not behave recklessly; neither would we wilfully squander public money nor endanger our reputation for prudence.

We therefore have a system of internal control designed to identify and prioritise the risks that could prevent us achieving Council's policies, aims and objectives. It evaluates the likelihood of the risks being realised, considers the impact should they occur, and seeks to manage them efficiently, effectively and economically. However, we recognise our system of internal control can only manage risk to a reasonable and appropriate level, and can therefore only provide reasonable and not an absolute assurance of effectiveness.

We are continually seeking to improve our internal control systems, to ensure they help us achieve our funding and strategic goals. A key initiative, which was developed with oversight from our Audit Committee, was our Corporate Assurance Framework. This is used to identify the robustness of the underlying controls and assurance processes used to identify and manage key strategic risks. Any aspects that need to be strengthened are highlighted in order that appropriate action can be taken. Both Audit Committee and Council receive periodic updates on this and our corporate risk register.

Key risks facing the Arts Council of Wales

Looking ahead, there are a number of key risks facing us in the next year or so.

The most significant strategic risk in the immediate future is the uncertainty that surrounds wider economic pressures and the more particular

constraints on the levels of public funding available to support the arts sector across Wales.

The impact of cuts to public expenditure, and the potential consequences this might have on the wider arts sector, is of serious and continuing concern. Our own budgets are under pressure. We have once again had to reduce the level of annual revenue funding to our RFO portfolio, as well as finding further savings in our own running costs. Local Authorities have also had to take difficult decisions and there is growing evidence that the level of support they have previously provided to the arts sector will suffer. This could have serious consequences for the arts infrastructure across Wales, and would damage the benefits arising from the public investment made in the past.

Following the increases in our Lottery income that we experienced in recent years, we are now seeing growing evidence of an underlying reduction in income levels. This will unavoidably affect our grant making activities. And, if this downward trend is sustained, and occurs alongside further cuts to public expenditure, it will inevitably result in us having to re-assess our strategic priorities for the foreseeable future. We are closely monitoring the situation and, where we are able to, will address issues where we are a key funder, or where we can have direct influence.

Two of the large Lottery capital projects we are helping to fund, Pontio at Bangor University and the Glynn Vivian Gallery at Swansea, have, for differing reasons, experienced challenges during the year and are being closely monitored with the help of independent specialists using our rigorous monitoring procedures.

During the year we launched the *Creative Learning through the Arts* plan, a major five-year partnership between the Welsh Government Education department and the Arts Council of Wales. The plan is based on the recommendations contained in the independent report *Arts in Education in Wales* by Professor Dai Smith. The scale of the changes proposed is ambitious, and the potential rewards enormous. We welcome the opportunity it presents. We also recognise the need to manage carefully the many risks associated with a programme of this scale and complexity as we begin to roll it out during 2015.

The forthcoming Investment Review provides us with the opportunity to ensure we are directing our support to a portfolio of organisations that are best able to help us deliver the strategic goals of Council, for the arts in Wales, for the next few years. However, a review of this magnitude, uncertainties over funding, and a rapidly changing environment inevitably bring risks. We will be carefully managing the risks associated with the review in order to mitigate as far as possible, their impact.

We are one of a small group of organisations which is required to meet and report on the requirements of Sustainability Duty under the Well-being of Future Generations (Wales) Act 2015 in the first phase of reporting identified by the Welsh Government. Our preparatory work is well underway to ensure we are able to fully discharge our duties with effect from April 2016.

Security of data

We hold large amounts of data, and treat our obligations under the Data Protection Act seriously. Our ICT systems and rules ensure that the security of data is tightly controlled. We regularly assess our security arrangements and have taken steps to make them more robust. We will continue to monitor them closely.

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

Ministerial directions

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

Control issues identified during the year

Our internal audit service is provided by Deloitte LLP under the guidance of a nominated Chief

Audit Executive, working to the Public Sector Internal Audit Standards.

Audit Committee agrees a programme of reviews covering the period of appointment of our internal auditors. Priorities for each year are reviewed annually and contain audits of key business activities, as well as examining key areas of potential risk to the organisation. The reviews are designed to provide assurance and to assist management by identifying improvements where they are considered necessary.

Eleven internal audit reviews were carried out during the year, two of which were follow-up reviews, for which no assurance rating is provided. Of the nine reviews, one resulted in full assurance, six in substantial levels of assurance, with the other two receiving limited assurance ratings. Both areas that received limited assurance are the focus of improvement work and will be the subject of further reviews in the 2015/16 Internal Audit plan. All recommendations raised by internal audit are reported to Audit Committee which monitors them at each quarterly meeting to ensure appropriate action is taken on a timely basis.

The internal auditors provided the following opinion on the adequacy and effectiveness of the Council's arrangements in their Annual Report:

*"Based on the work we have undertaken during the year, other than for the systems of internal control in relation to Quality Monitoring and Research and Evaluation, we are able to conclude that the Arts Council of Wales has a basically sound system of internal control, which should provide **substantial assurance** regarding the achievement of the Arts Council's objectives.*

We raised two high priority recommendations in 2014/15, one in relation to Quality Monitoring and one in relation to Research and Evaluation, which gave rise to a limited assurance rating for each of these two reports. We are satisfied with the management responses in relation to these high priority issues, and note that management has prioritised implementation of these recommendations."

The findings of the National Audit Office and Wales Audit Office annual audits are reported in a Management Letter addressed to Council. The Audit Committee considers the findings and monitors them to ensure appropriate action is taken on a timely basis.

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.



Nicholas Capaldi
Accounting Officer

10 July 2015

Endorsed on behalf of Council:



Professor Dai Smith
Chairman

10 July 2015

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

I certify that I have audited the financial statements of the Arts Council of Wales Lottery Distribution Account for the year ended 31 March 2015 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Council, Accounting Officer and auditor

As explained more fully in the Statement of Council's and the Accounting Officer's Responsibilities, the Arts Council of Wales and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Arts Council of Wales Lottery Distribution Account's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Arts Council of Wales; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Trustees' Annual Report and Strategic Report 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 certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Arts Council of Wales Lottery Distribution Account's affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder with the approval of HM Treasury.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made with HM Treasury approval under the National Lottery etc. Act 1993; and
- the information given in the Trustees' Annual Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

14 July 2015

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

The maintenance and integrity of the Arts Council of Wales' website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2015

| | Notes | 2015 | | 2014 (restated) | |
|---|-------|--------|------------------------------|--------------------|------------------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Expenditure | | | | | |
| Management and administration: | | | | | |
| Staff costs | 2 | 1,095 | | 1,039 | |
| Other operating costs | 4a | 601 | | 612 | |
| | | | <u>1,696</u> | | <u>1,651</u> |
| Irrecoverable grants: | | | | | |
| Irrecoverable grants written off | | 24 | | - | |
| Increase/(Decrease) in provision for doubtful debts | | (20) | | 3 | |
| | | | <u>4</u> | | <u>3</u> |
| Expenditure on the arts: | | | | | |
| Grants made | | 17,237 | | 18,078 | |
| Less: Lapsed and revoked grants | | (372) | | (228) | |
| Net grants made | 9 | | 16,865 | | 17,850 |
| Delegated distributors | 8, 11 | | 1,781 | | 1,835 |
| Other arts awards | 5 | | 270 | | 150 |
| Direct costs of grant making | 4b | | 26 | | 25 |
| | | | <u>18,942</u> | | <u>19,860</u> |
| Total expenditure | | | <u>20,642</u> | | <u>21,514</u> |
| Income | | | | | |
| Share of proceeds from the National Lottery | 6 | | 18,031 | | 16,892 |
| Investment income on balances in the National Lottery Distribution Fund | 6 | | 79 | | 78 |
| Refund from the Olympic Lottery Distribution Fund | 6 | | 1,487 | | - |
| Interest receivable | | | 8 | | 7 |
| Grants recoverable | | | 21 | | 67 |
| Total income | | | <u>19,626</u> | | <u>17,044</u> |
| Net (expenditure)/income | | | (1,016) | | (4,470) |
| Other Comprehensive Income | | | | | |
| Net unrealised gain/(loss) on the revaluation of investment in the National Lottery Distribution Fund | 6 | | - | | (290) |
| Total Comprehensive (Expenditure)/Income for the year | | | <u><u>(1,016)</u></u> | | <u><u>(4,760)</u></u> |

There are no discontinued activities and there have been no acquisitions during the year. There are no gains or losses other than those shown above.

The notes on pages 110 to 123 form part of these financial statements.

Statement of Financial Position
as at 31 March 2015

| | | 31 March 2015 | | 31 March 2014 (restated) | |
|--|-------|------------------|---------------------|--------------------------------|---------------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Non-current assets: | | | | | |
| Trade and other receivables | 7a | | 150 | | 150 |
| Current assets: | | | | | |
| Financial assets: | | | | | |
| Investments - balance held in the National Lottery Distribution Fund | 6 | 22,358 | | 20,264 | |
| Trade and other receivables | 7b | 1 | | 77 | |
| Cash and cash equivalents | 10 | <u>1,645</u> | | <u>1,308</u> | |
| Total current assets | | | <u>24,004</u> | | <u>21,649</u> |
| Total assets | | | <u>24,154</u> | | <u>21,799</u> |
| Trade payables and other current liabilities – amounts falling due within one year: | | | | | |
| Trade and other payables | 8 | (216) | | (262) | |
| Other liabilities: | | | | | |
| Delegated distributors | 8 | (884) | | (462) | |
| Grants | 8, 9 | <u>(14,969)</u> | | <u>(14,299)</u> | |
| Total payables and other current liabilities | | | <u>(16,069)</u> | | <u>(15,023)</u> |
| Non-current assets plus net current assets | | | <u>8,085</u> | | <u>6,776</u> |
| Trade payables and other liabilities – amounts due after more than one year: | | | | | |
| Grants | 9 | | (4,006) | | (1,681) |
| Assets less liabilities | | | <u><u>4,079</u></u> | | <u><u>5,095</u></u> |
| Equity/Reserves: | | | | | |
| Net Expenditure account | | | <u><u>4,079</u></u> | | <u><u>5,095</u></u> |

The notes on pages 110 to 123 form part of these financial statements.

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



Nicholas Capaldi
Accounting Officer

10 July 2015



Professor Dai Smith
Chairman

10 July 2015

Statement of Cash Flows
for the year ended 31 March 2015

| | 2015 | 2014 (restated) |
|--|--------------|--------------------|
| | £'000 | £'000 |
| Cash flows from operating activities | | |
| Net income/(expenditure) | (1,016) | (4,760) |
| Bank interest | (8) | (7) |
| (Increase)/Decrease in the balance held in the National Lottery Distribution Fund | (2,094) | 337 |
| (Increase)/Decrease in trade and other receivables | 76 | (6) |
| Increase/(Decrease) in trade and other payables and other liabilities | 376 | 229 |
| Increase/(Decrease) in grants payable | 2,995 | 3,769 |
| Net cash inflow/(outflow) from operating activities | <u>329</u> | <u>(438)</u> |
| Cash and cash equivalents | | |
| Net increase/(decrease) in cash and cash equivalent balances | 337 | (431) |
| Balance at 1 April | 1,308 | 1,739 |
| Balance at 31 March | <u>1,645</u> | <u>1,308</u> |

Statement of Changes in Equity
for the year ended 31 March 2015

| | 2015 | 2014 (restated) |
|---------------------------------------|--------------|--------------------|
| | £'000 | £'000 |
| Balance at beginning of year | 5,095 | 9,855 |
| Net income/(expenditure) for the year | (1,016) | (4,760) |
| Balance at end of year | <u>4,079</u> | <u>5,095</u> |

The notes on pages 110 to 123 form part of these financial statements.

Notes forming part of the financial statements

1 Accounting policies

a Basis of preparation

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

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

Prior year adjustment

In accordance with a revised Accounts Direction, issued in March 2015 by the Secretary of State for Culture, Media and Sport, with effect from 1 April 2014 grants are reflected in the financial statements in accordance with note 1d. This follows the accounting principles of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Prior to 1 April 2014 grants were charged as expenditure in the financial statements when the Council had made a formal offer of grant which (together with appropriate conditions) had been accepted by the recipient. Soft commitments, arising when the Council had agreed in principle to fund a project and made an offer but, at the year end, the offer had not been accepted formally by the recipient, had been recorded in a note to the financial statements.

This change of accounting policy has been disclosed as a prior period adjustment and the comparative figures for 2013/14 have been restated. The changes are:

| | Restated £'000 | Original £'000 |
|---|-------------------|-------------------|
| Statement of Comprehensive Net Expenditure | | |
| Increase of £2,491,000 in Grants made | 17,850 | 15,359 |
| Increase of £2,491,000 in Total comprehensive expenditure for the year | (4,760) | (2,269) |
| Statement of Financial Position | | |
| Trade payables and other current liabilities – amounts falling due within one year: | - | - |
| Increase of £2,586,000 in grants payable | (14,299) | (11,713) |
| Trade payables and other liabilities – amounts due after more than one year: | | |
| Increase of £245,000 in grants payable | (1,681) | (1,436) |
| Decrease of £2,831,000 in Reserves: Net Expenditure account | 5,095 | 7,926 |
| Statement of Changes in Equity | | |
| Decrease of £340,000 in balance at beginning of year | 9,855 | 10,195 |

b Recognition of income and expenditure

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

c General activities

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

d Grants

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

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

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

Grants which have been formally approved by Council, or under delegated authority, which do not meet the definition of liabilities are not included in expenditure in the Statement of Comprehensive Net Income/Expenditure or as liabilities in the Statement of Financial Position but are disclosed in note 9.

e National Lottery Distribution Fund

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

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

f Pensions

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

The fund is a defined benefit, multi-employer scheme so the Council is unable to identify its share of the underlying assets and liabilities. The scheme has therefore been accounted for as if it were a defined contribution scheme, in accordance with IAS 19.

The Council has also introduced a defined contribution scheme, The People's Pension, effective 1 May 2014, as an alternative option to meet the needs of Auto Enrolment legislation. The scheme is accounted for in accordance with IAS 19.

g Taxation

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

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

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

i Financial Instruments

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

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

| 2 Staff costs | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Wages and salaries charged to Lottery distribution activity | 838 | 814 |
| Social security costs | 65 | 73 |
| Other pension costs | 180 | 146 |
| Agency costs | 12 | 6 |
| | <u>1,095</u> | <u>1,039</u> |

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

| | No | No |
|---|-----------|-----------|
| Direct delivery of our activities | 11 | 11 |
| Recharged to direct delivery and in support of our operations | 64 | 65 |
| Agency staff | 1 | 1 |
| | <u>76</u> | <u>77</u> |

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

| | | |
|------------------------------|-----------|-----------|
| In support of our operations | <u>22</u> | <u>22</u> |
|------------------------------|-----------|-----------|

The balance of 54 (2013/14: 55) staff were employed on general activities.

3 Pension costs

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

An independent actuarial valuation of the ACRP normally takes place every three years. The most recent valuation, as at 31 March 2013, came into effect on 1 April 2014. The valuation introduced new contribution rates for the Council in respect of accruing benefits, and also requires a minimum level of payment to 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 increased employer contributions over the next 9 years, compared to the 13 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 price inflation would be 2.75% per annum; pay increases would be 1.5% per annum for the first 5 years and 3.5% thereafter; pension increases would be 2.75% per annum on pensions in excess of Guaranteed Minimum Pensions (GMPs); pension increases of deferred pensions would be 2.75% per annum on pensions accrued before April 2009 and 2.5% on pensions accrued after that date, both subject to statutory revaluations; the past service discount rate would be 4.8% per annum and the future service discount rate would be 4.8% per annum.

Contributions by the Council and its employees were:

| For staff joining the Plan: | Council | | Employees | |
|--|---------|-------|-----------|------|
| | 2015 | 2014 | 2015 | 2014 |
| on or before 31 August 2006 | 22.0% | 19.3% | 1.5% | 1.5% |
| from 1 September 2006 to 31 March 2010 | 20.0% | 17.3% | 3.5% | 3.5% |
| on or after 1 April 2010 | 17.5% | 14.8% | 6.0% | 6.0% |

The Council was also required to contribute a minimum payment of £48,700 towards the deficit during 2014/15 (2013/14: £48,000).

There had been no changes to these contribution rates up to the date of approval of these financial statements.

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

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

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

| | | | |
|---|---|------------|------------|
| 4 | Costs in support of our operations | 2015 | 2014 |
| | | £'000 | £'000 |
| a | Management and administration: Other operating costs | | |
| | Staff related costs | 55 | 75 |
| | Infrastructure | 261 | 236 |
| | Lottery promotion | 13 | 11 |
| | Office running costs | 27 | 29 |
| | Professional fees | 93 | 88 |
| | Irrecoverable VAT | 74 | 79 |
| | Charge for use of fixed assets | 33 | 48 |
| | Auditor's remuneration – Audit ¹ | 19 | 19 |
| | Auditor's remuneration – Under accrual in previous year | - | 1 |
| | Internal audit | 10 | 8 |
| | Council meetings, including Members' travel and subsistence | 16 | 18 |
| | | <u>601</u> | <u>612</u> |

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

Management and administration costs are apportioned between the Council's general activities and Lottery distribution accounts with reference to the time spent on, or the consumption of, the relevant resources by the respective functions. The rates applied differ according to the expenditure heading and geographical region but the average charge to Lottery activities was 41% (2013/14: 40%).

| | | | |
|---|---|-----------|-----------|
| b | Expenditure on the arts: Direct costs of grant making | 2015 | 2014 |
| | | £'000 | £'000 |
| | Assessors' fees | 23 | 20 |
| | Creative Wales Awards – scheme expenses | 3 | 5 |
| | | <u>26</u> | <u>25</u> |

| | | | |
|---|--|------------|------------|
| 5 | Other arts awards | 2015 | 2014 |
| | | £'000 | £'000 |
| | Cross Border Touring | 150 | 150 |
| | <i>Unlimited</i> awards in association with Arts Council England | 120 | - |
| | | <u>270</u> | <u>150</u> |

| | | | |
|---|--|---------------|---------------|
| 6 | National Lottery Distribution Fund | 2015 | 2014 |
| | | £'000 | £'000 |
| | Balance held in the National Lottery Distribution Fund (NLDF) at 1 April | 20,264 | 20,601 |
| | Allocation of Lottery proceeds | 18,031 | 16,892 |
| | Investment income receivable | 79 | 78 |
| | Refund from the Olympic Lottery Distribution Fund | 1,487 | - |
| | Unrealised gain/(loss) on investment in NLDF during the year | - | (290) |
| | Drawn down in the year | (17,503) | (17,017) |
| | Balance held in the National Lottery Distribution Fund at 31 March | <u>22,358</u> | <u>20,264</u> |

The balance held at 31 March 2015 at the National Lottery Distribution Fund may be subject to change as the audit of the Fund is incomplete. Any adjustments arising from that audit will be reflected in the Council's 2015/16 accounts.

| | | | |
|---|---|---------------|---------------|
| 7 | Trade and other receivables | 2015 | 2014 |
| | | | (restated) |
| | | £'000 | £'000 |
| a | Non-current assets | | |
| | Analysis by type | | |
| | Other receivables | <u>150</u> | <u>150</u> |
| | Intra-government balances | | |
| | Balances with bodies external to government | <u>150</u> | <u>150</u> |
| b | Current assets | | |
| | Analysis by type | | |
| | Due from the Arts Council of Wales General Activities account | - | 38 |
| | Grants recoverable | 5 | 63 |
| | <i>Deduct</i> Specific provision for doubtful debts | <u>(4)</u> | <u>(24)</u> |
| | | <u>1</u> | <u>77</u> |
| | Intra-government balances | | |
| | Balances with other central government bodies | - | 38 |
| | Balances with bodies external to government | <u>1</u> | <u>39</u> |
| | | <u>1</u> | <u>77</u> |
| 8 | Trade payables and other current liabilities – amounts falling due within one year | 2015 | 2014 |
| | | | (restated) |
| | | £'000 | £'000 |
| a | Analysis by type | | |
| | Trade and other payables: | | |
| | Trade payables | - | - |
| | Due to the Arts Council of Wales General Activities account ¹ | 191 | 243 |
| | Accruals and deferred income | <u>25</u> | <u>19</u> |
| | <i>Sub-total: Trade and other payables</i> | <u>216</u> | <u>262</u> |
| | Other liabilities: | | |
| | Delegated distributors ² | 884 | 462 |
| | Grants (note 9) | <u>14,969</u> | <u>14,299</u> |
| | <i>Sub-total: Other liabilities</i> | <u>15,853</u> | <u>14,761</u> |
| | Total current liabilities | <u>16,069</u> | <u>15,003</u> |

| | | 2015 | 2014 |
|---|---|---------------|---------------------|
| | | £'000 | (restated) £'000 |
| 1 | The amount due to the Arts Council of Wales General Activities account is made up of: | | |
| | Recharges of apportioned costs | | |
| | - Staff | 107 | 136 |
| | - Overheads | 51 | 59 |
| | - Charge for use of assets | 33 | 48 |
| | | <u>191</u> | <u>243</u> |
| 2 | The Council has delegated Lottery funds (note 11) to the following distributors: | | |
| | Undrawn funds at 1 April | | |
| | - Ffilm Cymru Wales (for film) | 677 | 462 |
| | - BBC Wales (for the Horizons scheme) | 150 | - |
| | - Literature Wales (for writers' bursaries) | 57 | - |
| | | <u>884</u> | <u>462</u> |
| b | Intra-government balances | | |
| | Balances with central government bodies | 198 | 266 |
| | Balances with local authorities | 3,575 | 3,709 |
| | Balances with NHS bodies | 55 | 55 |
| | Balances with public corporations | 150 | - |
| | <i>Sub-total: Intra-government balances</i> | <u>3,978</u> | <u>4,030</u> |
| | Balances with bodies external to government | 12,091 | 10,993 |
| | Total creditors | <u>16,069</u> | <u>15,023</u> |
| 9 | Grants | 2015 | 2014 |
| | | £'000 | (restated) £'000 |
| | | Capital | Revenue schemes |
| | | Total | Total |
| | Payable at 1 April | 6,655 | 9,325 |
| | Grants made in the year | 3,451 | 13,786 |
| | Amounts not taken up | (119) | (253) |
| | Charged to Statement of Comprehensive Net Expenditure ¹ | 3,332 | 13,533 |
| | Grants paid in the year | (2,224) | (11,646) |
| | Payable at 31 March ² | <u>7,763</u> | <u>11,212</u> |
| | | 15,980 | 12,210 |
| | | 17,237 | 18,078 |
| | | (372) | (228) |
| | | 16,865 | 17,850 |
| | | (13,870) | (14,080) |
| | | <u>18,975</u> | <u>15,980</u> |

| | £'000 | £'000 | 2015 £'000 | 2014 (restated) £'000 |
|--|--------------|-----------------|---------------|-----------------------------|
| | Capital | Revenue schemes | Total | Total |
| Falling due within one year to: | | | | |
| Other central government bodies | - | 7 | 7 | 23 |
| Local authorities | 2,045 | 1,530 | 3,575 | 3,709 |
| NHS bodies | - | 55 | 55 | 55 |
| Bodies external to government | 3,315 | 8,017 | 11,332 | 10,512 |
| | <u>5,360</u> | <u>9,609</u> | <u>14,969</u> | <u>14,299</u> |
| Falling due after more than one year to: | | | | |
| Other central government bodies | - | - | - | - |
| Local authorities | 675 | 93 | 768 | 828 |
| NHS bodies | - | 5 | 5 | - |
| Bodies external to government | 1,728 | 1,505 | 3,233 | 853 |
| | <u>2,403</u> | <u>1,603</u> | <u>4,006</u> | <u>1,681</u> |
| Total | <u>7,763</u> | <u>11,212</u> | <u>18,975</u> | <u>15,980</u> |

| | | | | |
|--------------------------------------|--|--|---------------|---------------|
| ¹ Grants to public bodies | | | 2,051 | 2,786 |
| Grants to private bodies | | | 14,814 | 15,064 |
| | | | <u>16,865</u> | <u>17,850</u> |

| | | | | |
|--|--------------|---------------|---------------|---------------|
| ² Ageing of grants payable: | | | | |
| 2014/15 | - | - | - | 14,299 |
| 2015/16 | 5,360 | 9,609 | 14,969 | 1,491 |
| 2016/17 | 1,675 | 968 | 2,643 | 150 |
| 2017/18 | 728 | 632 | 1,360 | 36 |
| 2018/19 | - | 3 | 3 | 4 |
| | <u>7,763</u> | <u>11,212</u> | <u>18,975</u> | <u>15,980</u> |

Grants approved but not formally offered at 31 March which are not recognised in the Statement of Comprehensive Net Expenditure and Statement of Financial Position

| | | |
|--|-----------|----------|
| | <u>71</u> | <u>-</u> |
|--|-----------|----------|

| | | |
|------------------------------|---------------|---------------|
| 10 Cash and cash equivalents | 2015 £'000 | 2014 £'000 |
|------------------------------|---------------|---------------|

The following balances at 31 March were held at:

| | | |
|--|--------------|--------------|
| Commercial banks, deposit funds and cash in hand | <u>1,645</u> | <u>1,308</u> |
|--|--------------|--------------|

11 Delegated Lottery distributors

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

| | Ffilm Cymru Wales for film £'000 | Nesta ¹ for Digital R&D projects £'000 | BBC Cymru Wales for the <i>Horizons</i> scheme £'000 | Literature Wales for writers' bursaries £'000 | 2015 Total £'000 | 2014 Total £'000 |
|---|---|--|---|---|------------------------|------------------------|
| Undrawn funds at 1 April | 462 | - | - | - | 462 | 416 |
| Delegated for the year | 1,400 | - | 300 | 81 | 1,781 | 1,835 |
| | <u>1,862</u> | <u>-</u> | <u>300</u> | <u>81</u> | <u>2,243</u> | <u>2,251</u> |
| Drawn down in the year | (1,185) | - | (150) | (24) | (1,359) | (1,789) |
| Undrawn funds at 31 March | <u>677</u> | <u>-</u> | <u>150</u> | <u>57</u> | <u>884</u> | <u>462</u> |
| Grants recorded as payable by the delegated distributors at 31 March 2015 | <u>1,237</u> | <u>38</u> | <u>3</u> | <u>70</u> | <u>1,348</u> | <u>1,438</u> |

¹ There were no transactions with Nesta during 2014/15.

Full lists of the grants administered by the delegated distributors during 2014/15 are included in the annexes to this Annual Report.

12 Events after the reporting period

Authorisation of these financial statements for issue

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

13 Financial instruments

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

Liquidity risks – In 2014/15 £19,518,000 or 99.5% of the Council's Lottery distribution income was derived from the National Lottery (2013/14: £16,892,000 or 99.1%). Of the remaining income £79,000 or 0.4% was derived from investment returns from the balance held with the National Lottery Distribution Fund (2013/14: £78,000 or 0.5%) and £29,000 or 0.1% from other investment income and sundry income (2013/14: £74,000 or 0.4%). The Council does not consider that its Lottery Distribution function is exposed to any significant liquidity risk, and is satisfied that the balance within the National Lottery Distribution Fund and projected future Lottery proceeds are sufficient to meet its hard commitments.

Interest rate risks – The financial assets of the Lottery are invested in the National Lottery Distribution Fund, which invests in a narrow band of low risk assets such as government bonds and cash. The Council has no control over the investment of funds in the National Lottery Distribution Fund. Cash and cash equivalents which are drawn down from the Fund to pay grant commitments and operating costs are held in an instant access, variable rate bank account which on average carried an interest rate of 0.38% in the year (2013/14: 0.38%). Surplus daily funds invested in the Public Sector Deposit Fund on average carried an investment return of 0.37% in the year (2013/14: 0.34%). The cash and cash equivalents balance at the year end was £1,645,000 (2014: £1,308,000). The Council does not consider that its Lottery Distribution function is exposed to significant interest rate risks.

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

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

14 Related party transactions

Public bodies

The Council is a Welsh Government sponsored body.

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

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

Delegated Lottery distributors

As disclosed in note 11, Ffilm Cymru Wales, Nesta, BBC Cymru Wales and Literature Wales are delegated distributors of the Council's Lottery funding. During the year the Council had no material transactions with them other than those shown in the Statement of Comprehensive Net Expenditure.

Individuals

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

Where the individuals and/or their close family were members of the Boards of Management (or equivalent) or were senior employees of organisations offered Lottery grants or other Lottery payments by the Council in 2014/15 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.

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

| Member Role | Organisation | Transaction (number) | Total value £ | Balance outstanding at 31 March 2015 £ |
|--|--|--------------------------|------------------|--|
| Council members | | | | |
| Dr Lesley Hodgson Trustee & Chair | Merthyr Tydfil Global Village | Grant (1) | 5,000 | Nil |
| Margaret Jervis Director of Operations and Employment (Family member) | Valleys Kids | Grant (1) | 36,000 | 3,600 |
| Marian Wyn Jones Non-executive Director | Betsi Cadwaladr University Health Board | Grant (1) | 50,000 | 50,000 |
| Council member | Bangor University | Grant (5) Invoice (1) | 104,247 164 | 55,688 Nil |
| Andrew Miller Employment | Royal Welsh College of Music & Drama | Invoice (2) | 288 | Nil |
| Osi Rhys Osmond Trustee | Josef Herman Foundation | Grant (1) | 24,660 | 24,660 |
| Richard Turner Chairman | South Wales Intercultural Community Arts | Grant (1) | 30,000 | 16,500 |
| Visiting lecturer | Royal Welsh College of Music & Drama | Invoice (2) | 288 | Nil |
| Business consultant | Communities First North Torfaen (Torfaen County Borough Council) | Grant (1) | 34,760 | 3,476 |
| Alan Watkin Board member | Clwyd Theatr Cymru | Grant (5) | 148,732 | 83,566 |
| Prof Gerwyn Williams Employment | Bangor University | Grant (5) Invoice (1) | 104,247 164 | 55,688 Nil |

| Member Role | Organisation | Transaction (number) | Total value £ | Balance outstanding at 31 March 2015 £ |
|--|---|----------------------|------------------|--|
| John C Williams Employment | Theatr lolo | Grant (1) | 150,000 | 150,000 |
| Employment | Cardiff Metropolitan University | Grant (1) | 18,200 | 18,200 |
| Visiting lecturer | Royal Welsh College of Music & Drama | Invoice (2) | 288 | Nil |
| Board member | Run Ragged Productions | Grant (1) | 22,420 | 2,242 |
| Associate director (unpaid) | Sherman Cymru | Grant (1) | 27,075 | 27,075 |
| Dr Kate Woodward Committee member | Aberystwyth University (including Aberystwyth Arts Centre) | Grant (4) | 67,633 | 53,726 |
| Temporary employment (Family member) | Arad Goch | Grant (1) | 12,784 | 12,784 |
| Committee members | | | | |
| Ruth Cayford Employment | Cardiff Council (including St David's Hall) | Grant (1) | 98,750 | 98,750 |
| Mark Davies Employment | BBC Cymru Wales | Delegated funding | 300,000 | 150,000 |
| Roland Evans Employment | Gwynedd County Council | Grant (3) | 567,313 | 567,313 |
| Alan Hewson Freelance Project Director | Chapter Alliance Project (Chapter) | Grant (4) | 587,196 | 521,383 |
| | Chapter Alliance Project (Chapter) | Invoice (1) | 290 | Nil |
| | Chapter Alliance Project (Earthfall) | Grant (4) | 71,455 | 40,783 |
| | Chapter Alliance Project (Theatr lolo) | Grant (1) | 150,000 | 150,000 |
| Former Employment | Aberystwyth University (including Aberystwyth Arts Centre) | Grant (4) | 67,633 | 53,726 |

| Staff member Role | Organisation | Transaction (number) | Total value £ | Balance outstanding at 31 March 2015 £ |
|---|---|-------------------------|---------------------|---|
| Staff | | | | |
| Nathalie Camus Board member (Family member) | Mostyn Gallery | Grant (3) | 84,750 | 79,800 |
| Paying member (Family member) | Royal Cambrian Academy | Grant (1) | 29,500 | 2,950 |
| Catrin Cooke Volunteer Welsh Language Advisor | Theatr Harlech | Grant (1) | 20,000 | 11,000 |
| | Arts Alive | Grant (2) | 35,000 | 16,500 |
| Kath Davies Employment and Culture bursary (Family members) | Cardiff Council (including St Davids Hall) | Grant (1) | 98,750 | 98,750 |
| Scholarship (Family member) | Ballet Cymru | Grant (2) | 51,470 | 37,970 |
| Michael Goode Secretary | Cardiff Arts Collective | Grant (1) | 17,654 | 1,765 |
| Olivia Harris Part-time student | Royal Welsh College of Music and Drama | Invoice (2) | 288 | Nil |
| Nia Wyn Jones Freelance employment | Mai Oh Mai Productions | Grant (1) | 30,000 | 3,000 |
| Betsan Moses Freelance employment (Family member) | BBC Cymru Wales | Delegated funding | 300,000 | 150,000 |
| David Newland Part-time teaching contract (Family member) | Cardiff Metropolitan University | Grant (1) | 18,200 | 18,200 |

| Staff member Role | Organisation | Transaction (number) | Total value £ | Balance outstanding at 31 March 2015 £ |
|--|-----------------|-------------------------|---------------------|---|
| Jennifer Stoves Youth Arts apprenticeship (Family member) | Valleys Kids | Grant (1) | 36,000 | 3,600 |
| Freelance (Family Member) | Jukebox | Grant (1) | 30,000 | 30,000 |
| Freelance (Family Member) | Zoom Cymru | Grant (1) | 5,000 | Nil |
| Siân Tomos Employment (Family member) | BBC Cymru Wales | Delegated funding | 300,000 | 150,000 |
| Hannah Van Den Bergh Former employment | BBC Cymru Wales | Delegated funding | 300,000 | 150,000 |

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

National Lottery Policy Directions

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

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

Generic

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

- G the need to require an element of partnership funding and/or contributions in kind, from other sources, commensurate with the reasonable ability of different kinds of application, or applicants in particular areas to obtain such support;
- H the desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of its strategy;
- I the need to ensure that its powers to solicit applications under section 25(2)(A) are used in connection with the pursuit of strategic objectives;
- J the need to obtain such information as it considers necessary to make decisions on each application, including independent advice when required;
- K the need to operate within the distinctive policy context in Wales, adding value where appropriate to Welsh Government strategies, to enable the development of opportunities for everyone to flourish within a more successful and sustainable Wales;
- L the need to promote access to the arts for people from all sections of society;
- M the need to promote knowledge of, and interest in, the arts by children and young people;
- N the need to encourage new talent, innovation, and excellence, and to help develop new skills;
- O the need to support volunteering and encourage volunteering in the arts;
- P the need to involve the public and local communities in making policies and setting priorities;

Specific

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

Dated 1 October 2012



Contemporary Dream 2014, Manon Awst, Creative Wales Award 2014/15

Lottery Distribution - Grants Offered 2014/15

net of offers not taken up or withdrawn

Grants to Organisations

Capital grants

| | |
|---------------------------------------|------------|
| Arad Goch | £12,784 |
| Bridgend Town Council | £34,879 |
| Clwyd Theatr Cymru | £27,816 |
| Cwmni'r Fran Wen | £43,350 |
| Cyngor Gwynedd | £60,000 |
| Dawns i Bawb | £5,000 |
| Ffotogallery | £20,992 |
| Literature Wales | £30,000 |
| Merthyr Tydfil County Borough Council | £100,000 |
| Mission Gallery | £74,695 |
| Museum of Modern Art, Wales | £3,213 |
| Neuadd Dyfi | £15,588 |
| NEW Dance | £6,840 |
| Oriel Davies Gallery | £27,600 |
| Oriel Myrddin Trust | £117,370 |
| Pontypridd YMCA | £2,246,598 |
| Theatr Bara Caws | £20,475 |
| Theatr Felinfach | £22,986 |
| Theatr Gwaun Community Trust | £44,711 |
| Theatr Mwldan Media Developments Ltd | £406,847 |
| Torch Theatre Company Limited | £28,010 |
| trac - Music Traditions Wales | £3,386 |
| Wrexham County Borough Council | £75,000 |
| Wyeside Arts Centre Ltd | £18,823 |
| | <hr/> |
| | £3,446,963 |

Ideas:People:Places grants

| | |
|------------------------------|------------|
| CALL CIC | £585,000 |
| Coastal Housing Group | £199,445 |
| Cyngor Gwynedd | £477,313 |
| Maindee Festival Association | £365,000 |
| PLANED | £404,678 |
| RCT Homes | £477,341 |
| Tai Calon Community Housing | £342,216 |
| | <hr/> |
| | £2,850,993 |

Large grants (over £5,000)

| | |
|------------------------------------|----------|
| Aberjazz | £12,500 |
| Aberystwyth Arts Centre (2 awards) | £42,227 |
| Aberystwyth Music Fest | £30,000 |
| Afasic Cymru | £14,200 |
| African Community Centre | £29,955 |
| AGE Cymru (2 awards) | £224,911 |

| | |
|---|----------|
| Agent 160 Theatre Company | £14,570 |
| Anglesey Arts Forum | £20,000 |
| Arcadecardiff C.I.C. | £14,600 |
| Arts & Business Cymru | £30,000 |
| Arts Alive | £30,000 |
| Arts Connection - Cyswllt Celf | £16,800 |
| Arts Development UK | £10,739 |
| August 012 Limited | £30,000 |
| Ballet Cymru (2 awards) | £51,470 |
| Bangor University (4 awards) | £101,249 |
| Betsi Cadwaladr University Health Board | £50,000 |
| Beyond the Border | £26,100 |
| Blackwood Miners' Institute (3 awards) | £119,500 |
| Blaenau Gwent County Borough Council | £23,041 |
| Bocs | £30,000 |
| Borough Theatre Abergavenny | £20,000 |
| Brecon Beacons Music Trust | £13,000 |
| Bridgend Town Council | £24,941 |
| Canolfan Porthceri Centre | £4,600 |
| Cardiff Arts Collective | £17,654 |
| Cardiff Metropolitan University | £18,200 |
| Cascade Dance Theatre | £15,000 |
| Celf O Gwmpas | £18,000 |
| Cellb | £30,000 |
| ChainWorks Productions | £28,450 |
| Chapter (Cardiff) Ltd. | £45,000 |
| City and County of Swansea | £25,000 |
| Clera | £29,374 |
| Clore Leadership Programme | £30,000 |
| Clwyd Theatr Cymru TYP (2 awards) | £79,966 |
| Cofis Bach | £30,000 |
| Community Music Wales | £21,609 |
| Cwlwm Celtaidd Wales' Interceltic Festival | £8,000 |
| Cwmni Martyn Geraint | £40,000 |
| Cwmni'r Fran Wen (2 awards) | £86,800 |
| Cyngor Gwynedd | £30,000 |
| Cyngor Sir Ynys Mon | £22,770 |
| Dance Blast | £45,000 |
| De Oscuro (2 awards) | £129,250 |
| Denbighshire County Council (3 awards) | £58,985 |
| Dirty Protest | £55,048 |
| Drama Association of Wales | £10,600 |
| Earthfall Dance Ltd (2 awards) | £66,127 |
| Eisteddfod Genedlaethol Cymru | £59,250 |
| engage (National Association for Gallery Education) | £28,935 |
| Ensemble Cymru | £65,000 |
| Festival No.6 | £36,000 |
| Ffotogallery (2 awards) | £92,000 |
| Fieldwork | £30,000 |
| Fishguard Music Festival (2 awards) | £137,188 |
| Flintshire County Council (2 awards) | £19,680 |

| | |
|---|----------|
| Focus Wales | £20,000 |
| Fragments | £27,613 |
| g39 (2 awards) | £60,000 |
| Gagglebabble | £22,286 |
| Galeri Caernarfon Cyf | £30,000 |
| G-Expressions | £19,700 |
| Glynn Vivian Art Gallery | £28,000 |
| Gower College Swansea | £7,000 |
| Green Man Trust Ltd | £92,000 |
| Gregynog Festival | £35,000 |
| Gritty Realism Productions | £20,000 |
| Gwasanaeth Ysgolion William Mathias | £40,000 |
| Gwyn Hall | £25,000 |
| Hafren | £30,000 |
| Haul | £17,667 |
| Hay Festival of Literature and the Arts Ltd | £69,000 |
| Helfa Gelf Cyfyngedig (2 awards) | £60,000 |
| Hijinx Theatre (2 awards) | £130,000 |
| International Ceramics Festival | £24,000 |
| JOIO Cyf. | £12,150 |
| Josef Herman Art Foundation Cymru | £24,660 |
| Jukebox Collective | £30,000 |
| Laugharne Literary Festival | £13,324 |
| Laura H Drane Associates Ltd | £12,000 |
| Literature Across Frontiers | £27,376 |
| Literature Wales | £30,000 |
| Living Pictures Productions | £10,500 |
| Llangollen Fringe Festival | £20,000 |
| Llangollen International Musical Eisteddfod | £100,000 |
| Locws International (2 awards) | £66,840 |
| Lucid (2 awards) | £63,636 |
| Made by Hand | £12,500 |
| Made In Roath | £29,745 |
| Mai oh Mai Productions | £30,000 |
| Makers Guild in Wales | £25,000 |
| Mappa Mundi (2 awards) | £100,000 |
| Mary Bijou Cabaret and Social Club | £29,000 |
| Menter Caerdydd | £22,500 |
| Mercury Theatre | £29,500 |
| Mid Wales Chamber Orchestra | £7,352 |
| Migrations | £71,000 |
| Mission Gallery | £70,500 |
| Modern Alchemists | £13,500 |
| Mostyn (2 awards) | £79,800 |
| Mr and Mrs Clark (2 awards) | £30,839 |
| Museum of Modern Art, Wales | £21,000 |
| National Theatre Wales | £40,371 |
| NEW Dance | £25,894 |
| Newport International Airspace | £10,000 |
| NoFit State Community Circus Ltd (2 awards) | £48,000 |
| North Wales International Music Festival | £50,000 |

| | |
|---|----------|
| North Wales Jazz Society | £20,000 |
| Omidaze Productions | £30,000 |
| OPRA Cymru Cyf | £88,000 |
| Orchard Media and Events | £100,000 |
| Oriel Davies Gallery | £75,218 |
| Oriel Plas Glyn-y-Weddw Cyfyngedig | £30,000 |
| Oriel Wrecsam | £20,000 |
| Pembrokeshire Coast National Park Authority | £6,083 |
| Pembrokeshire People First | £9,031 |
| Penrhys Partnership Trust | £20,000 |
| Pirates of the Carabina | £25,000 |
| Poetry Wales Press Limited | £15,610 |
| Pontardawe Arts Centre | £25,000 |
| Porthcawl Jazz Festival | £15,000 |
| Powys County Council | £30,000 |
| Presteigne Festival of Music and the Arts Ltd | £36,000 |
| Prince's Trust - Cymru | £24,181 |
| PuppetSoup | £10,000 |
| Queens Hall | £30,000 |
| Race Equality First | £4,039 |
| Re-Live | £29,890 |
| Royal Cambrian Academy | £29,500 |
| Rubicon Dance | £10,493 |
| Run Ragged Productions | £22,420 |
| Ruthin Craft Centre | £28,585 |
| Scriptography Productions (2 awards) | £32,000 |
| Sesiwn Fawr Dolgellau | £20,000 |
| Shakespeare Schools Festival | £30,000 |
| Sherman Cymru | £27,075 |
| Sinfonia Cymru | £70,000 |
| Span Arts Ltd | £20,000 |
| St. Davids Cathedral Festival | £30,000 |
| St. David's Hall | £98,750 |
| Stiwt Arts Trust Ltd (2 awards) | £50,000 |
| Swansea City Opera & The Opera School Wales | £30,000 |
| Swansea Festival of Music and the Arts Ltd | £79,000 |
| Swansea Jazzland | £25,000 |
| Swansea Print Workshop | £24,740 |
| SWICA Carnival | £30,000 |
| Taking Flight Theatre Company (2 awards) | £101,422 |
| Taliesin Arts Centre | £49,125 |
| The Aloud Charity | £30,000 |
| The Llanarth Group | £25,291 |
| The Other Room (3 awards) | £33,882 |
| The Riverfront | £44,298 |
| The Romani Cultural Arts Company | £24,445 |
| The Space CIC | £100,000 |
| The Welsh Chamber Orchestra Ltd. | £30,000 |
| Theatr 1.618 Theatre | £22,050 |
| Theatr Bara Caws | £19,753 |
| Theatr Colwyn | £28,500 |

| | |
|---|------------|
| Theatr Genedlaethol Cymru (4 awards) | £87,000 |
| Theatr Harlech | £20,000 |
| Theatr Iolo | £150,000 |
| Theatr Mwldan (2 awards) | £192,436 |
| Theatr na n'Óg | £27,920 |
| Theatrau Sir Gar | £30,000 |
| THIS Project | £19,750 |
| Tinderbox Alley | £30,000 |
| Torch Theatre Company Limited | £12,000 |
| trac - Music Traditions Wales (3 awards) | £109,794 |
| UCAN Productions | £29,450 |
| University of Wales Trinity Saint David | £27,150 |
| University of Wales, Aberystwyth (Ceramic Archive) | £20,906 |
| Urban Circle Productions | £18,500 |
| Urdd Gobaith Cymru | £30,000 |
| Venue Cymru | £95,000 |
| Volcano Theatre Company Ltd | £12,000 |
| Wales Millennium Centre | £29,976 |
| Welsh Refugee Council | £29,950 |
| Welsh Sinfonia | £79,046 |
| Winding Snake Productions | £22,500 |
| Wisp Dance Club | £17,000 |
| Wrexham County Borough Council (2 awards) | £126,010 |
| Wyeside Arts Centre Ltd | £30,000 |
| Yale College | £25,000 |
| yello brick | £24,250 |
| Young Music Makers of Dyfed | £28,000 |
| Youth of Creative Arts (2 awards) | £70,058 |
| Ysgol Theatr Maldwyn Cyf | £30,000 |
| Ystradgynlais Miners' Welfare & Community Hall Trust Ltd (2 awards) | £42,200 |
| Zervas & Pepper | £7,730 |
| | <hr/> |
| | £7,590,549 |

Small grants (up to £5,000)

| | |
|----------------------------|--------|
| 3ORMORE | £4,200 |
| Abergavenny Museum | £5,000 |
| Aberystwyth Arts Centre | £4,500 |
| Alleni | £5,000 |
| Amgueddfa Llandudno Museum | £3,807 |
| Antic Corporation | £5,000 |
| Arts Alive | £5,000 |
| Art's Birthday Wales | £4,961 |
| Ashgrove School | £3,200 |
| Assault Events | £5,000 |
| Ballet Nimba | £5,000 |
| Bangor University | £2,998 |
| Beddgelert Music Festival | £1,665 |
| Black Sheep Theatre | £4,774 |
| Bread & Goose | £5,000 |

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| Brecon Beacons Music Trust | £5,000 |
| Butetown Artists | £2,702 |
| Cadoxton Primary School | £2,700 |
| Caerphilly County Borough Council | £2,485 |
| Cardiff Deaf Centre | £3,603 |
| Carmarthenshire County Council | £1,715 |
| Celf O Gwmpas | £4,687 |
| Ceredigion Museum | £5,000 |
| Citrus Arts | £5,000 |
| Colony projects | £3,500 |
| Community Development Cymru | £4,880 |
| Company of Sirens | £4,900 |
| Conwy Arts Trust | £3,800 |
| Crashmat Collective | £4,980 |
| Cwmni Pen Draw | £5,000 |
| Cwmni Pluen Company | £2,708 |
| Cymdeithas Dreftadaeth y Bala a Phenllyn Cantref | £2,303 |
| Cymru - Brasil | £5,000 |
| Cymru Pride Wales | £3,000 |
| Diverse Arts Ltd | £5,000 |
| East Side Art Club | £975 |
| Ewloe Green School | £1,800 |
| Familia de la Noche | £5,000 |
| Fevered Sleep | £5,000 |
| Fishguard Folk Festival | £4,800 |
| FJORDS | £3,736 |
| fORGET-mE-nOT-productions | £2,000 |
| Gagglebabble | £4,950 |
| Galeri Caernarfon Cyf | £5,000 |
| Give It A Name | £5,000 |
| Gladstone's Library | £2,000 |
| Glasbury Arts | £4,980 |
| Glyndwr University | £5,000 |
| Golden Fable Ltd | £5,000 |
| Golwg Cyf | £5,000 |
| Gower Bluegrass | £2,273 |
| Gower Folk Festival | £5,000 |
| Gwyl Beaumaris Festival | £5,000 |
| Gwyl Cefni (2 awards) | £9,624 |
| Gwyl Ifan (2 awards) | £9,600 |
| Gwyl Nol a Mlan | £5,000 |
| Halfpenny Folk Club | £1,000 |
| Hanes Mewn Cymeriad/History in Character | £5,000 |
| Hijinx Theatre | £5,000 |
| Incidental | £5,000 |
| James Tyson Productions | £4,750 |
| JOIO Cyf. | £3,000 |
| Kodaly Society of Wales | £5,000 |
| Learning Disability Wales | £2,687 |
| Lighthouse Theatre Ltd | £5,000 |
| Literature Wales | £5,000 |

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| Little Light | £4,475 |
| Living Pictures Productions | £3,938 |
| Llantilio Crossenny Festival of Music and Drama Ltd | £4,985 |
| Love Zimbabwe | £4,275 |
| Made In Roath | £4,000 |
| Magdalena Project | £1,500 |
| Maindee Festival Association | £4,400 |
| Mavron String Quartet | £4,980 |
| Menter Iaith Bro Morgannwg | £3,000 |
| Menter Mon Cyf | £3,843 |
| Menter Y Felin Uchaf Cyf | £4,750 |
| Mentrau Iaith Cymru | £5,000 |
| Merthyr Tydfil Global Village | £5,000 |
| Mid Border Community Arts Ltd | £5,000 |
| Mid Powys Youth Theatre | £5,000 |
| Mid Wales Arts | £3,314 |
| Mind Out for Music | £5,000 |
| Moon | £5,000 |
| Motherlode Theatre Ltd | £5,000 |
| Music in Hospitals Cymru/Wales | £5,000 |
| Natural Communities Foundation | £5,000 |
| Neuadd Dwyfor | £5,000 |
| North East Wales Sinfonia C.I.C. | £5,000 |
| North Wales International Poetry Festival | £5,000 |
| Notional Theatre | £5,000 |
| Opera'r Ddraig | £5,000 |
| Papertrail | £3,750 |
| Peep Toe Productions Ltd | £5,000 |
| Pentreffest | £5,000 |
| Pen-y-Cae Art Group | £2,000 |
| Pirates of the Carabina | £4,900 |
| Playthisnext Limited | £5,000 |
| Playwrights' Studio Wales (PSW) | £5,000 |
| Powys Arts Forum (2 awards) | £8,500 |
| Quiet Marauder | £4,163 |
| Rag Foundation | £4,200 |
| Recordiau Blinc | £2,908 |
| RecRock | £3,750 |
| Re-Live | £5,000 |
| Rhòd Artists Group | £4,725 |
| Rhos Street CP School | £5,000 |
| River's Edge | £5,000 |
| Royal Society of Architects in Wales | £3,000 |
| Sain (Recordiau) Cyf | £5,000 |
| Salmon, Michael | £2,900 |
| Sbrigyn Ymborth | £1,340 |
| Screwpacket Players | £5,000 |
| Severn Rivers Trust | £5,000 |
| Shikor | £5,000 |
| Sistema Cymru Codi'r To | £5,000 |
| Site Sit | £4,995 |

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| SN | £5,000 |
| Sole Purpose Productions | £5,000 |
| SpringOut | £4,200 |
| Stephens and George Charitable Trust | £5,000 |
| The Earth | £5,000 |
| The Escape Artists North Wales CIC (2 awards) | £9,950 |
| The Peter Gould Music Trust | £1,667 |
| The Undivided | £5,000 |
| Theatr na n'Óg | £4,600 |
| Theatre Versus Oppression | £4,450 |
| Tin Shed Theatre Company | £2,416 |
| Wales Arts Review (2 awards) | £5,965 |
| Wales Puja committee | £4,850 |
| Wrexham Methodist Church | £4,240 |
| Wye Valley Area of Outstanding Natural Beauty (AONB) | £5,000 |
| Wyeside Arts Centre Ltd | £2,988 |
| Ymuno Festival | £5,000 |
| Youth of Creative Arts | £5,000 |
| Ysgol Gynradd Llanfairpwll | £3,231 |
| Ysgol Rhostryfan | £4,995 |
| Ysgol Tryfan | £5,000 |
| Ysgol yr Esgob | £3,480 |
| Zoom Cymru Ltd. | £5,000 |

£616,866

Training grants

| | |
|----------------------------------|---------|
| Arts & Business Cymru (2 awards) | £35,000 |
| Chapter (Cardiff) Ltd. | £28,125 |
| Circus Futures | £30,000 |
| Clwyd Theatr Cymru TYP | £4,950 |
| Community Music Wales | £21,618 |
| Glyndwr University | £2,500 |
| Green Man Trust Ltd | £30,000 |
| Hijinx Theatre | £19,270 |
| It's My Shout Productions Ltd | £26,288 |
| Mostyn | £4,950 |
| NoFit State Community Circus Ltd | £30,000 |
| Standpoint | £5,000 |
| Swansea Print Workshop | £4,000 |
| Taking Flight Theatre Company | £17,900 |
| The Audience Agency Limited | £17,695 |
| Theatr Bara Caws | £2,772 |
| Venue Cymru | £7,680 |
| Vertical Dance Kate Lawrence | £4,290 |
| Voluntary Arts Network | £21,700 |
| Wales Millennium Centre | £99,662 |

£413,400

Strategic Grants

| | |
|---|----------|
| Action in Caerau and Ely | £35,200 |
| Chapter Cardiff Ltd. (for Coreo Cymru) | £513,071 |
| Clwyd Theatr Cymru TYP | £36,000 |
| Communities First North Torfaen | £34,760 |
| Community Music Wales | £26,720 |
| Cwmbran Centre for Young People | £36,000 |
| Cwmni'r Fran Wen | £36,000 |
| engage (National Association for Gallery Education) | £33,300 |
| Head4Arts | £36,000 |
| Swansea City Opera | £35,600 |
| Swansea YMCA | £36,000 |
| Valleys Kids | £36,000 |
| | <hr/> |
| | £894,651 |

International Opportunities Fund

| | |
|----------------------------------|---------|
| Addo | £2,395 |
| Ballet Nimba | £2,000 |
| Chapter Cardiff Ltd. | £1,000 |
| Cyfnewidfa Lên Cymru | £2,250 |
| Drum With Our Hands Ltd. | £5,000 |
| Earthfall Dance Ltd (2 awards) | £5,328 |
| Elysium Gallery | £5,000 |
| Freshwest Design | £882 |
| Golden Fable Ltd | £5,000 |
| Literature Across Frontiers | £5,000 |
| Literature Wales | £2,020 |
| Music Theatre Wales (2 awards) | £6,085 |
| NoFit State Community Circus Ltd | £5,000 |
| Only Men Aloud | £2,500 |
| Sinfonia Cymru | £388 |
| The Lumen Prize Exhibition | £1,500 |
| The People The Poet | £5,000 |
| Theatr Genedlaethol Cymru | £2,878 |
| Theatr Mwldan | £5,000 |
| Tin Shed Theatre Company | £5,000 |
| Ty Cerdd - Music Centre Wales | £3,500 |
| Wales Arts Review | £902 |
| Wales PEN Cymru (2 awards) | £2,649 |
| | <hr/> |
| | £76,277 |

Total Grants to Organisations

£15,889,699

Grants to Individuals

Small grants (up to £5,000)

| | |
|---------------------------|--------|
| Arscott, Nicky | £2,994 |
| Ball, Matt | £4,755 |
| Barber, Charlie | £2,250 |
| Bedwani, Jay | £1,215 |
| Bell, Ellen | £4,957 |
| Bonada, Marja | £2,880 |
| Brett, Jessie (2 awards) | £8,000 |
| Caddick, Stehfan | £3,615 |
| Cartwright, Jason | £5,000 |
| Chapple, Carl | £1,120 |
| Collins, Rebecca Louise | £3,000 |
| Coombs, Neil | £4,800 |
| Cysewski, Karol | £2,223 |
| Daman Thomas, Mark | £5,000 |
| D'Arcy, Dymphna | £2,000 |
| Davies, Angela | £3,000 |
| Davies, Robert | £5,000 |
| Dawson, Wendy | £4,200 |
| Doubleday, Kate | £5,000 |
| Dowmunt, Zosia | £5,000 |
| Dyson, Catherine | £1,560 |
| Eaglen, Mark | £4,220 |
| Edwards-Wilson, Bethan | £3,000 |
| Eglin, Morgan | £1,870 |
| Emberton, Gwyn (2 awards) | £8,000 |
| Erlam, Boyd | £250 |
| Evans, Carwyn | £4,712 |
| Evans, Paul (2 awards) | £8,000 |
| Evans, Tracy | £2,700 |
| Fong, Joanne | £3,000 |
| Gower, Jon | £4,867 |
| Graham, Polly | £5,000 |
| Grove-White, Helen | £2,000 |
| Gubb, Mark | £2,000 |
| Gwilym, Owain | £5,000 |
| Haf, Rhian | £4,850 |
| Haines, Robert | £4,737 |
| Harries, Ruth | £2,000 |
| Harris, Alan | £3,000 |
| Harris, Sean | £3,000 |
| Hartley, Jennifer | £3,000 |
| Heald, Karen | £4,178 |
| Hedley, John | £3,000 |
| Heeks, Diana | £2,700 |
| Hicks, Maxwell | £5,000 |
| Hiscocks, Verity | £3,800 |
| Hughes, William | £5,000 |

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|------------------------------|--------|
| James Jones, Buddug | £3,000 |
| Jenkins, Lowri | £4,645 |
| Jensen, Denni | £5,000 |
| Jiggins, Roseanna | £5,000 |
| Jones, Elgan Rhys (2 awards) | £8,000 |
| Jones, Kelly | £3,000 |
| Jones, Meilyr | £2,700 |
| Jones, Richard | £2,322 |
| Keehan, Bridget | £2,000 |
| Kingman, Susan | £4,755 |
| Ladd, Eddie | £4,751 |
| Llewellyn, Jemma | £2,590 |
| Lloyd, Isabel | £2,780 |
| May, Daniel | £3,000 |
| McGregor, Huw | £3,000 |
| Medway Stephens, Carmen | £3,000 |
| Melis, Anne-Mie | £2,250 |
| Monahan, Richard | £2,500 |
| Morriss, Ben | £2,479 |
| Moule, Ryan | £5,000 |
| O'Doherty, Sian | £3,000 |
| Oleniuk, Marcus | £2,755 |
| Parry-Jones, Clare | £3,000 |
| Pepper, Kathryn | £4,700 |
| Pitwell, Robert | £1,710 |
| Puleston, Sean | £4,600 |
| Reeves, Laura | £3,140 |
| Rhys, Sarah | £2,700 |
| Rhys-James, Shani | £5,000 |
| Rickman-Poole, Vivienne | £2,455 |
| Rivaz, Dee | £4,842 |
| Rogers, Sarah | £4,953 |
| Ryan, Christian | £1,750 |
| Saunders, Alun | £1,950 |
| Scott, Peter | £5,000 |
| Shapland, Jo | £2,000 |
| Sherratt, Matt | £4,414 |
| Smith, Fern | £3,000 |
| Stacey, Pete | £3,000 |
| Sterly, Amy | £2,000 |
| Stevens, Gillian | £2,755 |
| Stevens, Meic | £2,970 |
| Thomas, Fern | £4,731 |
| Thorley-Fox, Becky | £3,000 |
| Trevannion, Matthew | £2,500 |
| Vaughan-Jones, Sarah | £4,724 |
| Vicary, Sean | £5,000 |
| West, Stephen | £3,000 |
| Widdicombe, Henry | £3,000 |
| Williams, Dafydd | £2,000 |
| Williams, Rebecca | £2,985 |

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|------------------|--------|
| Williams, Susan | £5,000 |
| Wood, Craig | £3,860 |
| Woods, Clare | £2,378 |
| Woolley, Dawn | £4,705 |
| Wright, Joanna | £2,000 |
| Young, Catherine | £2,336 |

£371,138

Large grants (over £5,000)

| | |
|-------------------------|---------|
| Burgess, Cefyn | £25,000 |
| Ciaran, Cian | £25,000 |
| Cockrill, Joel | £22,500 |
| Cysewski, Karol | £25,000 |
| Devlin, Ronan | £25,000 |
| Durnall, Chris | £20,000 |
| Gegenwart, Beate | £18,000 |
| Lloyd-Jones, Jessica | £7,920 |
| Marsh, Jo | £12,500 |
| McNeill, Andrew | £16,900 |
| Norris, Linda | £10,660 |
| Pearce Jones, Angharad | £12,000 |
| Roberts, Angela Barbara | £12,857 |
| Sabin, Caroline | £25,000 |
| Whitehead, Simon | £22,905 |
| Williams, Sue | £25,000 |
| Woods, Clare (2 awards) | £42,163 |

£348,405

Training grants

| | |
|---------------------|--------|
| Bird, Louise | £1,147 |
| Davies, Robert | £1,000 |
| James, Maggie | £864 |
| Jones, Gwenno Eleri | £3,000 |
| Noone, Hannah | £1,900 |
| Preece, Zoe | £1,000 |
| Shaw, Eleanor | £599 |
| Whitehead, Lawrence | £1,800 |
| Yarnell, Anushiye | £2,400 |
| Young, Joanna | £2,000 |

£15,710

Creative Wales awards

| | |
|-------------------|---------|
| Argent, Sarah | £20,000 |
| Awst, Manon | £18,000 |
| Donahaye, Jasmine | £20,000 |

| | |
|---------------------------|---------|
| Garner, David | £22,500 |
| Gibbs, Anne | £25,000 |
| Goddard Tom | £12,000 |
| Guidi, Firenza | £20,000 |
| Harris, Tracy | £12,250 |
| Jones, Mab | £20,000 |
| Mills, Christine | £23,550 |
| Rhydderch, Samantha Wynne | £14,350 |
| Sabin, Caroline | £16,020 |
| Singh, Rakhi | £21,901 |
| Stitt, Andre | £25,000 |

£270,571

Creative Wales Ambassadors

| | |
|-----------------------|---------|
| Bird-Jones, Christine | £25,000 |
| Råman, Tanja | £25,000 |

£50,000

Advanced Study in Music awards

| | |
|-------------------------------------|---------|
| Ashfield, Victoria | £2,000 |
| Bradshaw, Chloe-Angharad (2 awards) | £8,500 |
| Browne, Rupert Clarence | £1,000 |
| Ciccotti, Steffan | £4,500 |
| Coleman, Jâms (2 awards) | £10,000 |
| Dafydd, Glain (2 awards) | £7,500 |
| Davies, Eirlys Myfanwy | £5,000 |
| Denholm, Anne | £1,000 |
| Evans, Huw | £3,000 |
| Green, Christopher (2 awards) | £3,000 |
| Griffiths, Trystan Llyr | £4,500 |
| Jones, Emyr Wyn | £5,000 |
| Lewis, Jason | £4,500 |
| Llyr, Gwenllian | £4,500 |
| Moorcraft, Gareth (2 awards) | £7,500 |
| Morris, Steffan | £4,500 |
| Pearce, Lloyd | £3,000 |
| Roberts, Alys | £1,000 |
| Robinson, Jessica (2 awards) | £4,000 |
| Smith, Kevin Thomas (2 awards) | £4,000 |
| Steel, Katie | £1,000 |
| Stoneman, Paul | £1,000 |
| Thomas, Dafydd | £1,000 |
| Thomas, Lowri Elen | £1,000 |
| West, Lewis | £1,000 |
| Williams, Ellen | £1,000 |
| Williams, Matthew | £4,500 |

£98,500

International Opportunities Fund

| | |
|-----------------------------|--------|
| Arndell, Jonathan | £1,200 |
| Arwel, Rhisiart | £4,600 |
| Barlow, Martin | £3,970 |
| Bettridge, Dan | £4,800 |
| Bird-Jones, Christine | £1,920 |
| Bonada, Marja | £4,305 |
| Bonello, Gareth | £3,444 |
| Bowman, Robert | £1,200 |
| Busby, Rachel | £4,230 |
| Conn, Gerald | £1,780 |
| Crawford, Kizzy | £2,200 |
| Davies, Ifan J | £2,655 |
| Davies, Tim | £4,000 |
| Davoren, Thomas (2 awards) | £3,800 |
| Disson, Joseph | £3,400 |
| Downing, Richard | £1,950 |
| Edwards, Jonathan | £4,800 |
| Emberton, Gwyn | £5,000 |
| Evans, David | £2,522 |
| Evans, Lowri | £3,415 |
| Ezughu, Vivian Chinasa | £1,605 |
| Fowler, Dylan | £1,410 |
| Gilhespy, Tom | £300 |
| Goulbourne, Alan | £3,600 |
| Greenhalgh, Jill (2 awards) | £4,880 |
| Gwilym, Meinir | £671 |
| Gwyn, Richard | £1,914 |
| Harris, Alan | £1,495 |
| Harris, Tracy | £960 |
| Heath, Naomi | £1,623 |
| Hiscott, Amber | £960 |
| Husted, Mary | £2,000 |
| Huws, Sioned | £3,806 |
| Iwanowski, Michal | £1,830 |
| James Jones, Buddug | £5,000 |
| Jenkins, Lowri | £876 |
| Jones, Catrin | £960 |
| Jones, Chris | £1,673 |
| Joyner, Siriol | £2,877 |
| Karadog, Aneirin | £1,200 |
| Lawlor, Patrick | £2,025 |
| Matthews, Angharad | £1,906 |
| Moore, James | £287 |
| Morgan-Bell, Rhiannon | £5,000 |
| Nowicki, Bartosz | £1,500 |
| Parri, Luned Rhys | £2,858 |
| Pryce, Guto | £4,600 |
| Rees, Sara | £830 |
| Rhys, Marged | £400 |

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|---------------------------------|--------|
| Skoulding, Zoe | £1,000 |
| Stamp, Shaun | £2,613 |
| Stockford, Caroline | £284 |
| Tinnemans, Jobina | £1,440 |
| Tyson, James | £1,450 |
| Webster, Catrin | £1,602 |
| White, Jack | £3,980 |
| Williams, Dominic | £1,010 |
| Williams, Jeremy Huw (2 awards) | £2,678 |
| Young, Joanna | £3,575 |

£143,869

Total Grants to Individuals

£1,298,193

Total Grants Offered

net of offers not taken up or withdrawn

£17,187,892

Grants Administered by Fflim Cymru Wales

Development

| | |
|------------------------------|---------|
| Afan Film Ltd | £10,000 |
| Bach Films Ltd | £24,950 |
| Barefoot Rascals | £10,000 |
| Chewing Monkey Ltd | £8,000 |
| David Chidlow | £15,100 |
| Dan Films | £9,999 |
| Dogs of Annwn Ltd | £18,999 |
| Fine Point Films | £10,000 |
| Gigate Ltd | £11,400 |
| Gravy Media Ltd | £13,500 |
| The Incomers | £15,500 |
| Jamie J King | £14,991 |
| Milkwood Film Production | £24,999 |
| Perfect Motion Rob Alexander | £8,250 |
| Rainy Day Films Ltd | £20,000 |
| Revolution Films Ltd | £14,750 |
| Rising Tide Ltd | £15,000 |
| Severn Screen Ltd (2 awards) | £23,000 |
| Up Helly Aa Ltd | £8,000 |
| Vox Pictures Ltd (2 awards) | £28,650 |

£305,088

Production

| | |
|--|----------|
| Captain Cat Ltd | £100,000 |
| Chamber Films Ltd | £100,000 |
| Darlow Smithson and worldsend Pictures | £20,000 |

| | |
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| Red and Black Films Ltd (2 awards) | £200,000 |
| Tall Man Films Ltd | £70,560 |
| Truth Department (Dewi Gregory) | £10,000 |
| Up Helly Aa Ltd (2 awards) | £160,000 |

£660,560

Education

| | |
|--------------------------------------|---------|
| Big Learning Company | £3,500 |
| Chapter Arts Centre | £2,645 |
| The Festivals Company Ltd (2 awards) | £19,840 |
| Learnaboutfilm Ltd | £2,394 |
| Live Music Now Wales | £4,000 |
| Winding Snake Productions | £6,400 |
| Zoom Cymru (2 awards) | £8,960 |

£47,739

Exhibition Cinema Funding

| | |
|-------------------------------|---------|
| Aberystwyth Arts Centre | £16,000 |
| Chapter Arts Centre | £23,000 |
| Clwyd Theatr Cymru | £11,500 |
| Galeri Caernarfon | £3,000 |
| Theatre Gwaun | £3,000 |
| Memo Arts Centre | £2,000 |
| Neudd Dwyfer | £2,000 |
| Penarth Pier Pavillion Cinema | £2,000 |
| Pontardawe Arts Centre | £3,500 |
| Riverfront Theatre | £2,200 |
| Scala Cinema and Arts Centre | £4,000 |
| Taliesin Arts Centre | £8,000 |
| Theatr Mwldan | £9,351 |
| Torch Theatre | £4,800 |
| Theatr Ucheldre Development | £2,000 |
| The Welfare Ystradgynlais | £2,000 |
| Wyeside Arts Centre | £4,000 |

£102,351

Exhibition Festivals

| | |
|-----------------------------------|---------|
| Aberystwyth Arts Centre | £15,000 |
| Bulldozer Films | £2,500 |
| The Festivals Company Ltd | £9,000 |
| Hay Festivals | £7,500 |
| Wales One World Film Festival Ltd | £9,000 |
| Zoom Cymru | £15,500 |

£58,500

Special Exhibition Events

| | |
|-----------------------------------|--------|
| Arts Connection | £1,200 |
| Chapter Arts Centre | £1,872 |
| Made In Roath | £600 |
| Marnards | £650 |
| Theatr Mwldan | £300 |
| Torch Theatre | £1,500 |
| Wales One World Film Festival Ltd | £1,500 |
| | <hr/> |
| | £7,622 |
| | <hr/> |

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|--|-------------|
| Total Film Grants Offered net of offers not taken up or withdrawn | <hr/> <hr/> |
| | £1,181,860 |

Grants Administered by BBC Cymru Wales

Horizons: Launchpad Fund

| | |
|-------------------|---------|
| Baby Brave | £1,987 |
| Baby Queens | £1,000 |
| Broken Fires | £1,950 |
| Climbing Trees | £2,000 |
| Yr Eira | £1,700 |
| Ellie Makes Music | £2,000 |
| Estrons | £1,000 |
| Falls | £1,500 |
| FUR | £500 |
| Jess Hall | £2,000 |
| Heavy Petting Zoo | £2,000 |
| Titus Monk | £2,000 |
| HMS MORRIS | £2,000 |
| Houdini Dax | £2,000 |
| Meilyr Jones | £2,000 |
| Mixalydia | £2,000 |
| Mowbird | £2,000 |
| Gabrielle Murphy | £2,000 |
| Amlyn Parry | £1,539 |
| Peasants King | £1,000 |
| Prosperina | £2,000 |
| Sion Richards | £1,500 |
| Roka | £1,100 |
| Samoans | £1,139 |
| Seazoo | £2,000 |
| Swnami | £1,934 |
| Tender Prey | £2,000 |
| Twisted | £2,000 |
| Wasters | £2,000 |
| | <hr/> |
| | £49,849 |
| | <hr/> |

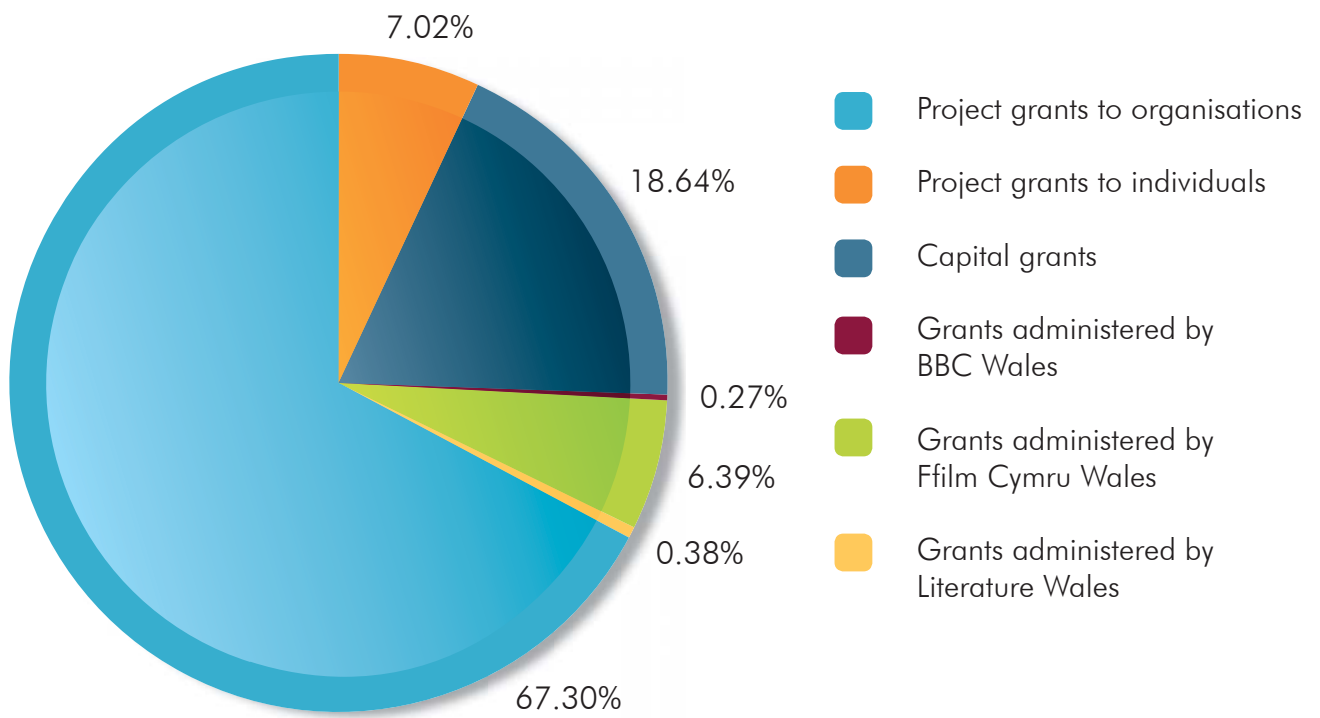
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|--|-------------|
| Total Horizons Grants Offered net of offers not taken up or withdrawn | <hr/> <hr/> |
| | £49,849 |

Grants Administered by Literature Wales

Writers' Bursaries

| | |
|---|-------------|
| Mark Blayney | £5,000 |
| Michelle Briscoombe | £2,000 |
| Julie Brominicks | £2,000 |
| Rosey Brown | £2,000 |
| Daniel Davies | £5,000 |
| Robin James Ganderton | £1,000 |
| Mari George | £5,000 |
| Christine Harrison | £5,000 |
| Emily-Jo Hopson | £5,000 |
| Mab Jones | £5,000 |
| Catrin Kean | £2,000 |
| Tyler Keevil | £2,000 |
| Rebecca Loncraine | £2,000 |
| Daniel Morden | £5,000 |
| Ifan Morgan Jones | £2,000 |
| Tracey Louise Rhys | £5,000 |
| Vanessa Savage | £2,000 |
| Cal Smyth | £2,000 |
| Katherine Stansfield | £2,000 |
| Tracey Warr | £2,000 |
| Dylan Williams | £2,000 |
| Eloise Williams | £2,000 |
| Emlyn Williams | £1,000 |
| Rhiannon Williams | £1,000 |
| Hayley Wood | £1,000 |
| | <hr/> |
| | £70,000 |
| | <hr/> |
| Total Writers' Bursaries Offered | |
| net of offers not taken up or withdrawn | £70,000 |
| | <hr/> <hr/> |

Grants by type





Cyngor Celfyddydau Cymru
Arts Council of Wales

www.artscouncilofwales.org.uk