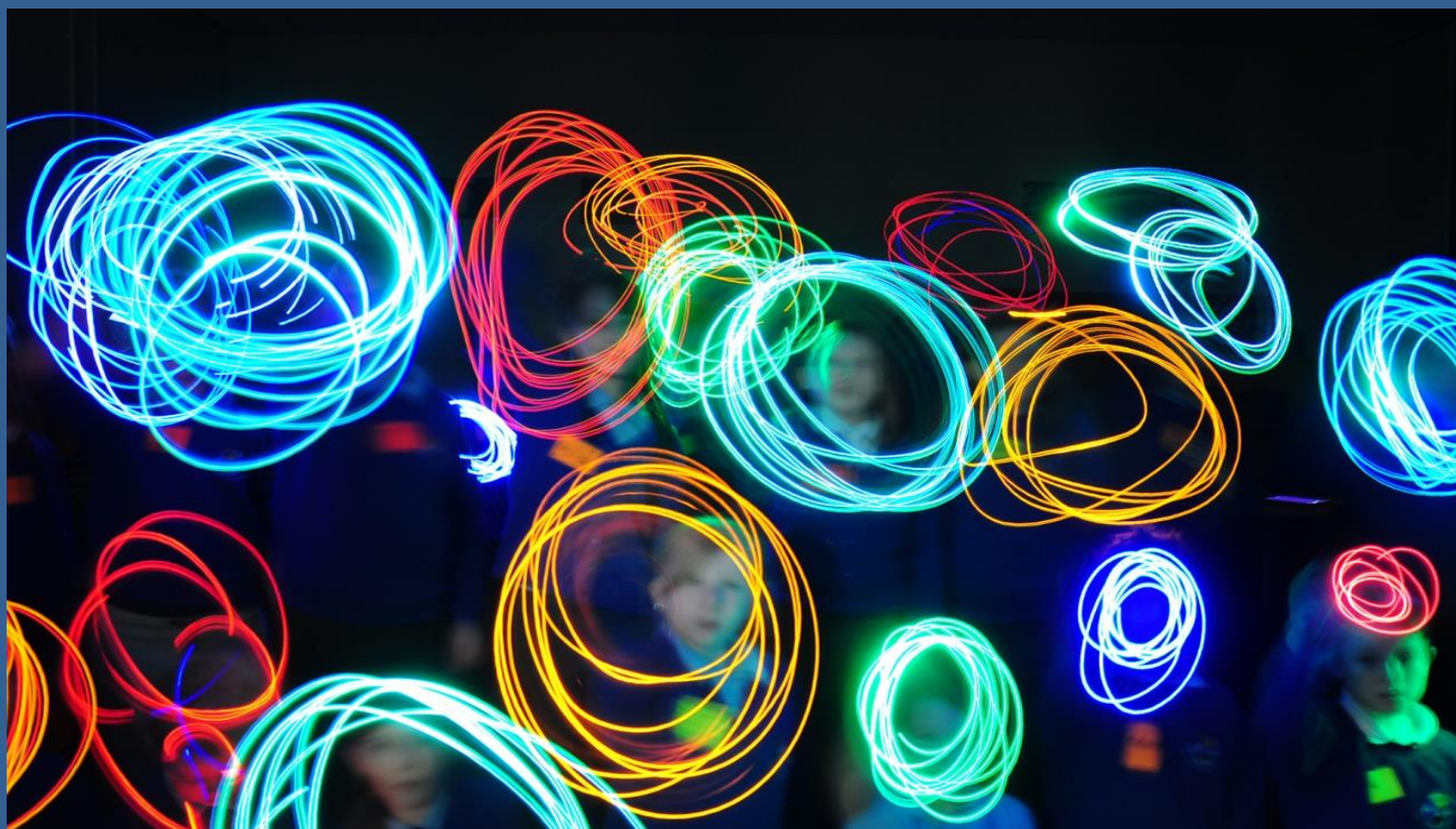




Cyngor Celfyddydau Cymru
Arts Council of Wales

GENERAL ACTIVITIES



Report and Financial Statements
for the year ended 31 March 2016



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

Charity number 1034245

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What we do...

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

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

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



Take a look at our short animation explaining why [The Arts Matter](#)

<http://www.arts.wales>

Arts Council of Wales at a glance

1,417

funding applications processed

(2014/15: 1,426)

128

schools supported by the new *Lead Creative Schools* programme

15

Creative Wales awards to individual artists

(2014/15: 14)

71,728

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

1.1m

536

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

(2014/15: 521)

18,336

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

3.7m

1,098

Collectorplan loans to support the purchase of contemporary art

(2014/15: 856)

7.3%

Arts Council running costs as a proportion of total expenditure

(2014/15: 7.4%)

153

international exchange projects supported

(2014/15: 155)

Introduction

Resilience and creativity in spite of economic austerity

The arts in Wales continue to be a great success story.

More people than ever are enjoying and taking part in the arts. This is not an accident – it is the result of growing public interest, right across Wales. It has been supported by more than a decade of sustained public and lottery investment in our cultural life.

Arts organisations have repaid this public investment by feeding the creative industries with talent and ideas, inspiring our young people, persuading people to take part in the arts and enhancing the well-being of citizens across Wales.

But the publicly funded arts in Wales remain at risk.

This isn't because people don't care about them – the public are enjoying and taking part in the arts in record numbers. It isn't because the work is poor – critical acclaim and international distinction tells us differently. The arts are at risk because continuing economic pressures are forcing uncomfortable choices about which areas of civic life are most deserving of support.

The pressure on public funds is relentless. In this report you'll find out how we have responded to this challenge in 2015/16. We explain what we've done, highlight some of our achievements and identify where we've fallen short, in a small number of areas, of the targets we had hoped to achieve.

But as we continue to wrestle with the continuing challenges of economic austerity, let's not lose sight of the imaginative, reflective and inspirational power of the arts. Yes, the arts bring life and give meaning to a wide range of strategies that underpin public policy. From community arts to the creative industries, arts and health to cultural tourism, public art to town centre re-generation, the arts bring meaning and enjoyment to our everyday lives. They create and sustain jobs, enrich education services and bring people together.

But the arts matter most because they excite, inspire and entertain, and in doing so they improve our quality of life.

Chair's statement

Building on strong foundations



As the Arts Council of Wales's new incoming Chair, I have the great good fortune to inherit the legacy of my predecessor, Prof Dai Smith whose tenure as Arts Council Chair ended in March 2016. Dai is a towering figure in the cultural life of Wales. He has transformed the Arts Council into a confident and authoritative organisation, and his landmark report on supporting creativity in schools unlocked an unprecedented five-year Government investment in the creative futures of our young people in Wales.

Our Annual Report for 2015/16 highlights this and many other successes during 2015/16. These achievements are the practical manifestation of our belief in a simple credo – that creativity and artistic reflection should be at the centre of a humane, vibrant and healthy vision of society. That's where we start. Public funding for the arts continues to prove itself crucial in supporting and stimulating artistic excellence and innovation – but it also democratises both the access and the opportunity for

getting involved with artistic creation, especially in the face of social inequalities that limit those opportunities.

However, the enjoyment of cultural opportunities provides social and economic benefits only to those they touch. A generous, fair-minded and tolerant society values and respects the creativity of all its citizens, and it is the Arts Council's job as a public body to ensure that we make this happen. It was a commitment that drove the work of my predecessor. It will be just as important to me.

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

Phil George
Chair

Performance Report

79%

of adults in Wales attended the arts

(2014/15: 80%)

Source: Wales Omnibus Survey

89%

of children in Wales attended the arts

(2014/15: 86%)

Source: Children's Omnibus Survey

83%

of adults believe there should be public funding of arts and cultural projects

Source: Arts in Wales Survey

85%

of adults believe that arts and culture make Wales a more interesting and vibrant place to live

Source: Arts in Wales Survey

40%

of adults in Wales took part in arts activity

(2014/15: 37%)

Source: Wales Omnibus Survey

89%

of children in Wales took part in arts activity

(2014/15: 82%)

Source: Children's Omnibus Survey

79%

of adults believe that if their area lost its arts and cultural activities the people living there would lose something of value

Source: Arts in Wales Survey

Chief Executive's statement

Resilience and creativity at a time of economic austerity



They say that desperate times require desperate measures, and there might well be those who would consign the arts to the box marked “nice to have” – not a priority for support in these

testing times. I'd argue that now is precisely the time to be investing in the arts, and not just because of their contribution to social and economic outcomes (important though these are).

It's often in times of stress and difficulty that people need the insights, the enjoyment and the communitarian sense of well-being that the arts can give. So we mustn't let something that gives so much meaning, richness and enjoyment to people's lives slip through our fingers, even though maintaining public support for the arts has tested us during 2015/16 and will continue to do so in the years ahead.

Our artists and arts organisations are working hard to squeeze every bit of value out of the public investment they receive. They're building audiences, creating employment, promoting our culture, and celebrating our creativity on the world stage. They're also working hard to make themselves more resilient, profitable and accessible.

This has required us all to be innovative and to take risks. We're not afraid, when it's right, to take a few risks. And we expect those who we invest in to do the same – not haphazardly or irresponsibly, but knowingly and confidently, equipped with their best instincts, knowledge and expertise. A strong, resilient, inclusive future for the arts depends on it.

During 2015/16 we examined in detail the funding that we allocate to major arts organisations. We made changes. The arts change and evolve, as does the world around us. Our funding has had to reflect that. Now we look to our own organisation as we seek out operational cost savings through simplifying processes, utilising the best that technology can offer us, and by creating an environment where we habitually review the cost-effectiveness of what we do.

We are expected to operate effectively and efficiently. But we should spend no more on ourselves than is absolutely necessary. We are the champion for the arts in Wales. Because it's the arts in Wales that are the proper focus for the investment of the public's money. This annual report explains what this investment achieved in 2015/16.

Nick Capaldi

Nick Capaldi
Chief Executive

Our Priorities

Our priorities are described through our 8 corporate objectives

The Welsh Government is the largest sponsor of the Arts Council's activities. Our strategy therefore reflects the broader vision and ambition of the Government.

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

Make	<ol style="list-style-type: none">1. Creating the environment for the arts to flourish.2. Increasing the value of international working in the arts – culturally, socially and economically
Reach	<ol style="list-style-type: none">3. Finding new opportunities, ways and places for people to enjoy and take part in the arts4. Developing the creativity of children and young people
Sustain	<ol style="list-style-type: none">5. Encouraging innovation, resilience and sustainability6. Protecting and growing the economic base for the arts in Wales7. Demonstrating the value of the arts8. Making the Arts Council an efficient and effective public body



Principal risks and uncertainties

Lesley Hodgson
Chair,
Audit & Risk
Assurance
Committee



“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.

Any ambitious developmental strategy has to accept the potential of some risk of failure. 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.”

Taking risks: a balanced approach

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. Our Corporate Assurance Framework is used to identify the robustness of the underlying controls and assurance processes. Any aspects that need to be strengthened are highlighted in order that appropriate action can be taken. The Audit & Risk Assurance Committee and Council receive periodic updates on this and our Corporate Risk Register.

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 2016/17, 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 and cash equivalent balances, the majority of 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% (2014/15: 0.38%) in the year.

Surplus daily funds invested in the Public Sector Deposit Fund on average carried an investment return of 0.42% in the year (2014/15: 0.37%).

The effective unrestricted year-end cash balance held by the Council in the bank was £829,000 (2015: £432,000). 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.



Standing Wire Forms Sue Hiley Harris

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

Principal risks	Key mitigating actions
<p>Governance Poor management results in a significant failure to deliver the key objectives in corporate and operational plans</p>	<p>Rigorous project management disciplines are in place. A formal progress report is presented to Council each quarter. This report also forms the basis for Quarterly Monitoring Meetings between Council’s senior management team and officials of the Welsh Government.</p>
<p>Funding Cuts in public sector funding could damage the arts across Wales</p>	<p>We have once again had to reduce the level of funding to our portfolio of revenue-funded organisations (RFOs), as well as finding further savings in our own running costs. Local Authorities have also had to take difficult decisions. We are working with local authority partners to explore alternative strategies for protecting support for creative activity.</p>
<p>Key arts organisations fail as a consequence of funding cuts</p>	<p>Our 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. 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.</p>
<p>Our Investment Review is poorly managed leading to controversy around the decisions</p>	<p>Given the Investment Review’s complexity and potential for reputational damage the process was robustly managed by a special team of Arts Council officers. Only one organisation out of five sought to appeal the decision and their appeal was rejected by the Independent Complaints Reviewer.</p>
<p>Grants management Poor or fraudulent funding applications mean that public funds are not used for the purposes intended</p>	<p>We take a risk-based approach to our assessment of applications and 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 polices. These were reviewed during the year.</p>

Principal risks	Key mitigating actions
<p>Corporate projects The Welsh Government loses confidence in our management of the <i>Creative Learning</i> programme</p>	<p><i>Creative Learning</i> is a partnership project with the Welsh Government totalling £20m of investment over 5 years. A joint project team has been established with a rigorous monitoring regime and independent evaluation. Management of the project has been reviewed by the Arts Council’s internal auditors and ‘substantial’ assurance given.</p>
<p>Poor management of key Lottery Capital projects causes delays that place additional funding burdens on the Arts Council</p>	<p>We operate rigorous processes for project monitoring and the release of payments. Contractual agreements are in place protecting the Arts Council’s investment and funding is paid out against certificated claims for work completed. Expert independent assessors provide technical reports that are used to brief Capital Committee (and ultimately Council).</p>
<p>IT Unforeseen or unexpected outages compromise business continuity</p>	<p>A full emergency plan is in place and tested annually. Should an incident arise, alternative offsite IT facilities are available. Cyber security and IT penetration tests are conducted annually.</p>
<p>Staffing Recurrent pressure to cut costs reduces staff capacity to an unacceptable level</p>	<p>Delivering an expanding programme of activity with fewer staff is a continuing and regular concern for Council. Every effort is made to implement efficient business practices and the potential of digital technology. Council is also exploring opportunities to share services and costs with other organisations.</p>
<p>Personal Data Personal data is lost, compromised or stolen</p>	<p>The Council has controls and policies in place to ensure data integrity. Encrypted ICT systems ensure that the physical security of data is tightly controlled.</p>
<p>Welsh Language The new Welsh Language Standards increase costs and impede operational efficiency</p>	<p>Council adopts a progressive and forward-looking approach to the Welsh Language Measure. We believe that we will be able to implement the greater majority of the Standards. A small number of the Standards could potentially cause us difficulties, depending on their definition. We are currently in discussion with the Welsh Language Commissioner to explore what steps can be taken to mitigate potential risks.</p>

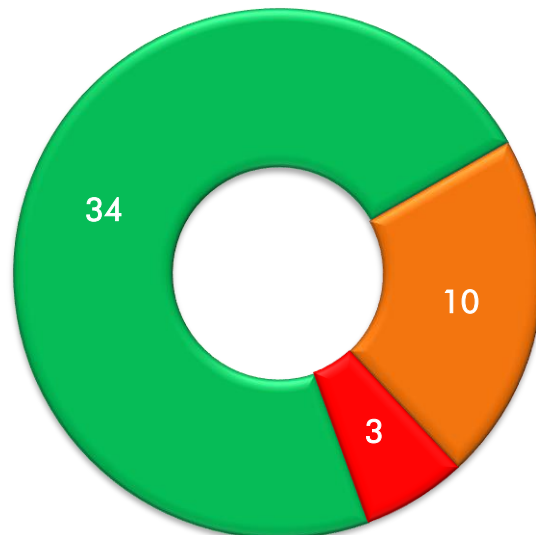
Our performance overall

A year of strong performance against our corporate objectives

Our Operational Plan for 2015/16 contained 47 corporate tasks, each with its own targets. Progress is monitored throughout the year through quarterly progress reports that are presented to Council.

Overall, Council welcomed the fact that the majority of our tasks in 2015/16 were successfully completed. At the end of the year:

- 34 tasks had been successfully completed
- 10 tasks were substantially complete
- 3 tasks had not been completed



Council noted that the number of tasks substantially – but not fully – completed by the year end (10) had increased in comparison with 2014/15 (2). In most cases the difference in timing between the year end and completion of the target was not material. However, Council has been concerned for some time that year-on-year reductions in staffing might impact on our capacity to deliver Council’s agreed programme of activity. Council prides itself on efficient and effective working. Issues of delivery and capacity will therefore be kept under close review during 2016/17.

Council notes that we did not achieve our targets in 3 areas. These were:

- **our recruitment of National Advisers** – our volunteer advisers help us to see, assess and report on the arts across Wales. In spite of several recruitment campaigns we have struggled to find appropriately qualified individuals in all parts of Wales (especially those who are Welsh speaking). Recruitment continues in 2016/17
- **implementation of our Equalities action plans** – we set ambitious targets in our action plans (Equalities, Welsh Language and Sustainability). Although we met the majority of targets, we did not see the increased engagement of people from ‘protected characteristic’ groups that we had hoped to see. The fact that we could not evidence a more complete picture of achievement led Council to conclude that progress overall had not been satisfactory
- **efforts to reduce levels of staff absence and sickness** – Council is committed to reducing levels of staff sickness and absence. Council was therefore disappointed to see the level of sickness and absence at 584 days (2.61% of working days). This is an increase of 0.37% on the previous year’s figures, although 1.32% related to long term absence. Renewed effort will be made in 2016/17 to manage absence and to support staff well-being

We exceeded expectations in a number of areas:

- our nation-wide network of **major arts organisations** – by helping to bring the arts within reach of more people across Wales. Attendance and participation has increased

- the **Creative Learning through the Arts** Programme is now firmly established. This major new five-year schools partnership with the Welsh Government has been rolled out to more schools than we had anticipated in our original targets
- we have been able to do more to **encourage families to enjoy and take part in the arts** – our Family Arts Campaign exceeded its target for family-friendly events
- we have made it easier **for disabled people across Wales to attend the arts** – our *Hynt* Disability Ticketing scheme has grown significantly since its launch last year to include 5,500 members
- our **broadcast partnerships** with BBC Cymru Wales and S4C opened up new opportunities to develop and promote Welsh creative talent
- **we received excellent feedback** on our Advocacy Toolkit, our information resource for local authority funding partners providing facts and figures about arts investment
- our projects to help **promote Welsh art across the world** achieved high-profile outcomes, with projects supported as part of the Patagonia 150 anniversary, the internationally important British Dance Edition hosted in Cardiff, and the largest ever audiences for the Wales exhibition at the Venice Biennale of Art
- our Collectorplan scheme broke all previous records, generating **nearly £1m of sales of artists’ work**

Operational Review

Key performance measures

The impact of our activities is assessed through the aggregation of performance data that is collected internally by ourselves and externally by independent third parties.

This includes:

- Council’s quarterly monitoring of performance against the tasks in our **Operational Plan**. This information is also reviewed in quarterly meetings with the Welsh Government
- our **Survey of Revenue-Funded Organisations** – a comprehensive analysis, undertaken every six months, on data provided by our portfolio of organisations
- internally compiled **business intelligence** on how we have distributed our funding (by programme, by beneficiary and by geographic locality)
- **specially commissioned research** – for example, the independently prepared evaluation of our presence at the Venice Biennale of Art
- our independently commissioned **Omnibus Surveys** of Adults’ and Children’s attendance and participation
- the **internal audit programme**, reporting to our Audit Committee on the effectiveness of our delivery



Marc Brew Company, Hijinx Theatre’s Unity Festival

Performance highlights against key objectives

Objective	Progress during 2015/16
<p>Creating the environment for the arts to flourish</p>	<p>We want the arts in Wales to have a positive impact, with artists and arts organisations able to create their best work and to sustain themselves through the quality of their activities.</p> <p>Attendance at events promoted by portfolio organisations was 3.95m, exceeding the target by 150,000. Participation levels of 1.12m saw an increase on 2014/15, exceeding target by 80,000.</p> <p>Our Investment Review resulted in a new portfolio which it is hoped will be sustainable on the reduced levels of funding that are available.</p> <p>During the year we undertook a comprehensive review of our support to individual artists. Funding criteria have been simplified, and a new Creative Professionals programme has been introduced.</p> <p>Our capital investment in venues makes a significant contribution to improving the cultural infrastructure across Wales. Pontio in Bangor opened to great acclaim in February 2016, and the Glynn Vivian Gallery in Swansea is on target to open in Autumn 2016.</p> <p>As part of our quality monitoring processes we recruit National Advisers to see and assess work that we fund. The lack of appropriately skilled advisers across all parts of Wales meant that we did not meet our target in this area. Addressing this will be a priority in 2016/17.</p>
<p>Remit Letter: 1, 3, 6</p>	
<p>Increasing the value of international working in the arts – culturally, socially and economically</p>	<p>We want our leading artists and arts organisations to realise their international ambitions by exploring new international markets and connecting with new partners. In an increasingly globalised world we want the arts in Wales to be able to operate effectively in the global market place by encouraging the increased mobility of artists.</p> <p>Welsh artists attended a range of international showcases/trade fairs, including South by South West, WOMEX, Canadian Music Week, Celtic Connections and the Lorient Festival. And working in partnership with the British Council we delivered 3 'signature' events as part of Patagonia 150.</p> <p>Helen Sears was the featured artist at the Venice Biennale of Art. Attendances exceeded previous levels by 22% and our <i>Invigilator Plus</i> programme provided 15 Welsh students with an unparalleled opportunity for professional development.</p> <p>With Arts Council support we were able to attract British Dance Edition (a major international showcase event) to Cardiff in March 2016.</p>
<p>Remit Letter: 3, 5, 6</p>	

Objective	Progress during 2015/16
<p>Finding new opportunities, ways and places for people to enjoy and take part in the arts</p> <p>Remit Letter: 1, 2, 3</p>	<p>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.</p> <p>We are fully committed to removing the barriers that prevent and impede people from enjoying and taking part in the arts. We are especially keen to attract those from economically disadvantaged communities and our survey work during 2015/16 shows that the gap in attendance and participation between the most and least affluent in Welsh society is narrowing.</p> <p>Our Family Arts Festival exceeded targets in delivering 142 events across Wales in October 2015. We fell just short of our target for <i>Night Out</i> community events, with 536 performances achieved (against a target of 550).</p> <p>We have detailed action plans for Equalities, Welsh Language and Sustainable Development. 20% of the 119 actions contained in these action plans were not completed by the year end. We have therefore had to recognise that we have not met this important target and Council will expect improved performance in this area in 2016/17.</p>
<p>Developing the creativity of children and young people</p> <p>Remit Letter: 1, 2</p>	<p>We want all young people to have the opportunity to enjoy high quality arts and to develop their own talents. Our key priority in 2015/16 was working together with the Welsh Government on the establishment of our major partnership project, <i>Creative Learning through the Arts</i>.</p> <p>The project is proceeding to plan, with all key milestones met. We almost doubled our target number of participating schools, with 105 recruited to the programme during the year.</p> <p>We are also continuing to target the effects of cultural poverty with programmes to support NEET young people. During 2015/16 our <i>Momentum</i> programme engaged with 314 'at risk' youngsters.</p>
<p>Encouraging innovation, resilience and sustainability</p> <p>Remit Letter: 1, 3, 6, 7</p>	<p>Resilience will be key to arts organisations' future survival. We want to deliver a strategy for the Arts Council, and the arts in Wales, that encourages innovation and entrepreneurship and that enables the work of our artists and arts organisations to become more resilient and sustainable.</p> <p>During the year we have been developing a programme of business development support for our key organisations. The aim is to enhance their business capability so that they are less dependent on public funding. We also promoted the development of digital capability and expertise, supporting 9 pilot projects that explore new approaches to raising income.</p>

Objective	Progress during 2015/16
<p>Protecting and growing the economic base for the arts in Wales</p> <p>Remit Letter: 1, 2, 3, 4, 6</p>	<p>These are challenging times for public funding. Local authorities – our traditional partners in arts funding and development – face increasing difficulties in maintaining current levels of funding.</p> <p>Our priority during 2015/16 was to work with local authorities to find more sustainable solutions that meet their local needs. We are also trialling new models of community engagement and investment through our Ideas: People: Places programme with 7 major projects being piloted across Wales.</p> <p>We supported Arts and Business Cymru to develop engagement with the private sector and this delivered a range of benefits including training, mentoring and cash sponsorship.</p>
<p>Demonstrating the value of the Arts</p> <p>Remit Letter: 1-7</p>	<p>We want to promote a positive and engaging view of the arts in Wales, making sure that the arts sector and the wider public in Wales understand what we, the Arts Council, are trying to achieve.</p> <p>We manage a research programme that helps us to be better informed about the arts in Wales. In 2015/16 we published 2 Omnibus Reports, a Local Authority Expenditure Survey, and our Revenue-Funded Organisation Survey. We also began analysis of the results of our major five year study, The Arts in Wales.</p> <p>Our quarterly e-Newsletters and social media tweets keep people informed about the arts in Wales. We also organise our own conferences, symposia and events, and have a presence at other national events (such as the National Eisteddfod and Urdd Eisteddfod).</p>
<p>Making the Arts Council an efficient and effective public body</p> <p>Remit Letter: 1-7</p>	<p>As a public body we have a responsibility to create a strong, confident organisation providing services that are relevant and useful. We provide professional services across a range of disciplines. We do so in ways which reduce cost and recognise our responsibility to become a more environmentally sustainable organisation.</p> <p>Financial transactions and supplier payments are made promptly. In 2015/16 we exceeded our targets with 97% of invoices paid within the suppliers' terms (target 93%) and 88% paid within 10 days (target 85%).</p> <p>We deal efficiently with Complaints and Freedom of Information (Fol) requests. 19 Fol requests were received this year, all of which were dealt with in full and within the required timescale.</p>

Financial and business review

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

Grant making policies

The Council invites applications for recurrent and one-off grants from organisations and individuals and monitors the proper and effective use of those grants. As well as meeting the Council's strategic aims, applications must demonstrate benefit to the people of Wales across all regional, cultural and economic sectors. Recurrent grants are funded from grant-in-aid only but one-off grants may be funded from grant-in-aid or Lottery income.

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 conducted an Investment Review. This identified 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.

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 2016 (2015: £Nil).

Our holding of cash reserves is restricted by the Welsh Government's directions on

month-end and year-end flexibility. Within those parameters, our policy is to manage cash flow by drawing down funds each month to meet planned expenditure with a modest allowance for unforeseen short-term cash requirements. We review this policy and our reserves position annually.

At 31 March 2016 the unrestricted cash funds were £830,000 (2015: £432,000).

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.

From October 2013 until March 2016, to minimise risk to our charitable and public funds whilst retaining the control and flexibility needed for day-to-day operations, the Council had accounts with CCLA Investment Management Limited which allowed 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.

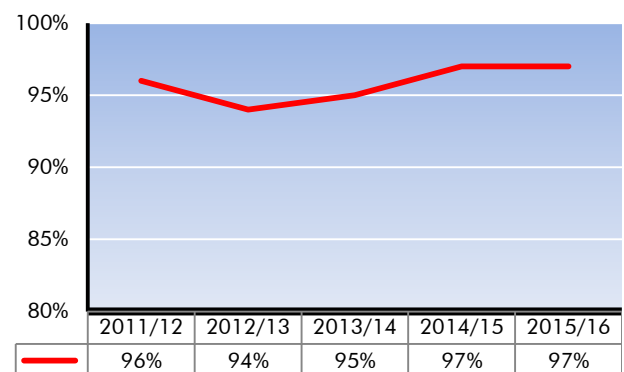
The Council tendered its banking services during the year and, with effect from 1 April 2016, transferred its accounts to Santander UK plc.

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

Payment of creditors

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 2016, the Council paid 97% (2014/15: 97%) 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 2015/16 88% (2014/15: 91%) of invoices have been paid within 10 days. It is not anticipated that our policy will alter in future years and we will continue to adopt challenging performance targets.



Financial results

	2015/16 £000	2014/15 (restated) £000
The General Activities accounts, excluding Lottery distribution activities, show:		
Total income for the year	36,214	33,158
Net income/(expenditure)	847	(421)
Net current assets	2,143	1,269
Total fund balances at 31 March	1,993	1,146
and		
Forward commitments of grants in respect of the following year	25,840	27,007
The separate Lottery Distribution accounts show:		
The Council's share of the proceeds from the National Lottery	19,233	19,518
The combined:		
Total income for both general and Lottery activities was	55,588	52,784
and		
Total charitable arts expenditure for both general and Lottery activities was	51,721	52,427

The Council's income for 2015/16 was £3.1m (9.2%) more than the previous year, despite a reduction of £0.5m in grant-in-aid from the Welsh Government. The main reason for the overall increase was the funding received for year 1 of our five-year *Creative Learning through the Arts* (CLTA) Programme: £1.8m from the Welsh Government's Education Department and £1.9m from our own Lottery funds.

During the year we awarded grants to our revenue funded organisations of £27.0m (2014/15: £27.7m). We committed £3.4m in this first year of the CLTA Programme and, in addition, spent £4.1m (2014/15: £4.9m) through

grants and direct expenditure on strategic initiatives and services.

The net income for the year of £847,000 comprised £455,000 relating to restricted funds and £392,000 unrestricted. The majority of the net restricted income related to the *Creative Learning through the Arts* programme which is managed across the academic year and where the timing of some grant commitments fell after the financial year end. The net unrestricted income reflects mainly the timing of commitments for some of our planned international programmes and also our artists' residencies programme which will now fall into 2016/17.

At 31 March 2016 we had unrestricted reserves of £1.4m (2015 (restated): £1.0m) and restricted reserves of £0.6m (2015: £0.1m). 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.



[in]scape Jo Shapland

Equalities

Richie Turner
Chair,
Equalities
Monitoring
Group



“We adopt an inclusive and broad approach to equality and diversity – one that includes all the protected characteristics covered by the Equality Act 2010. A fair-minded and tolerant society values and respects the needs, interests and creativity of everybody. And the arts in Wales will be stronger, more exciting and relevant to more people if we embrace diversity.”

Data and information

We take an active and engaged approach to meeting our Equalities targets. We have improved our collection of information and data about people in the ‘protected characteristic’ groups, we have also offered advice, guidance and information on making arts venues and activities more accessible. Improving our services in these areas will continue.

Our most recent survey results show that there has been a substantial increase in the number of arts events targeted at people in the protected characteristics groups (72%), resulting in an increase of over one fifth (22%) in attendance.

At the beginning of the year we launched our Equalities Guide and ran three training workshops across Wales.

Hynt – our Disabled Visitors Card scheme – goes from strength to strength with almost 6,000 cards issued by the end of March 2016.

Achieving a clearer focus

In spite of these examples of success, we feel we have fallen short of achieving our

equality objectives as described in our Strategic Plan first developed in 2012.

Our evidence tells us that we need to do more to raise the profile of our equality objectives both within our organisation and across the sector. We made noticeable progress in our work through discussion and consultation with the people and communities we aim to reach, but our monitoring of grant applications and levels of interest in roles within the organisation would suggest that we need to reconnect with these communities in a more meaningful and proactive way.

For example, although there has been some progress in diversifying the arts workforce, there is still work to do. Of particular concern in 2014/15 was the decrease in the number of disabled people employed by our funded organisations. We are pleased to report that there was an increase in 2015/16 of 57%. However, given the numbers of actual people that this represents is 102 (2014/15: 65), we still believe there is work to do. Tackling this will continue to be a priority for our work in 2016/17.

Welsh language

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

Marian Wyn Jones
Chair,
Welsh
Language
Monitoring
Group



A fundamental commitment

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

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

Responding to the new Welsh Language Standards

This has been a dominant topic for discussion during the year within our Welsh Language Monitoring Group.

Since 2014 the Welsh Government and the new Welsh Language Commissioner have been consulting on new arrangements for protecting and promoting the status of the Welsh Language.

The Standards are designed to ensure that the Welsh language should be

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

The legislative process for Phase 2 of the Welsh Language (Wales) Measure was completed in February 2016 with the publication of new Standards for Phase 2. As one of the designated bodies affected by the legislation, we are required to comply with these Standards.

Although there are 168 Standards, we do not have to comply with all of them. Some Standards are reliant on others and there is scope for differentiation. Other Standards require differing levels of compliance depending on the size and type of organisation. On 31 March 2016, we received our draft Compliance Notice starting formal consultation.

Developing the arts through the medium of Welsh

For us, engaging with the Welsh Language is not a matter of compliance – it is a deeply cultural issue. Nothing makes Wales more distinctive than the Welsh Language. It provides the means to understand and enjoy an extraordinarily rich literature and culture. The arts thrive on this and are a key component in continuing the Welsh language's vital role at the heart of Welsh life. Our funding and strategy supports this.



Tŷ Newydd Writers' Centre

The year ahead

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

Council will continue to organise its programme of work for 2016/17 around its eight corporate objectives.

The Welsh Government is the largest sponsor of Council's activities

As such, our business strategy reflects the broader vision and agenda of the Government. In May 2016 there was an Election for the National Assembly for Wales. An incoming Welsh Government set a new Programme for Government.

The framework for this new Programme is informed by the Well-being of Future Generations Act

The arts self-evidently contribute to our well-being and quality of life. And we know that the arts can bring substance and imagination to the delivery of a wide range of civic strategies. Ensuring that we make a positive contribution to the Well-being agenda will be a priority that informs all aspects of our work in 2016/17.

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

The Welsh Government's expectations of us are set out in an annual Remit Letter. A copy of our Remit Letter for 2016/17 can be found on our [website](#).

Our Remit Letter sets out ten areas of priority.

1. Well-being of Future Generations Act

– we will be required to ensure that our policies and our activities align with the themes and goals of the Act. We anticipate no difficulties with this – indeed, this emphasis is consistent with our existing priorities, as articulated in *Inspire...*

2. Being creatively active – a long-standing priority for the Arts Council, we are fully committed to working in partnership with the Welsh Government to deliver this priority. We want as many people as possible to experience and enjoy the arts: to be inspired by imagination and creativity, excited by ambition and spectacle, intrigued by the new and unfamiliar. We will therefore build on the successes of the key organisations that we fund, encouraging them to continue to reach out to new organisations.

3. Education and skills – we will continue to work in partnership with the Welsh Government to implement our joint strategy *Creative Learning through the Arts*. We will also be looking more broadly at skills development to explore ways in which creativity can provide young people with the capability to succeed in the world of work.

4. **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. But we're determined to ensure that we play our part in bringing high quality arts opportunities within reach of more of the most disadvantaged people in our most deprived areas. We expect our work in this area to contribute positively to the implementation of the Government's Child Poverty and Families First strategies.
5. **Sustainability and maximising the return on public investment** – one of our long-standing priorities has been to work with our funded organisations to increase earned income and reduce the level of dependency on public funding. As we plan for the future, we will work to ensure that the arts – and the Arts Council itself – have the resilience to weather the current economic pressures. We are committed to doing what we can to raise funds from other sources, and encouraging our Portfolio Organisations to do likewise, to expand the economy of the arts in Wales.
6. **Safeguarding the arts infrastructure** – Wales is experiencing a period of sustained economic difficulty. The partnership between the Arts Council of Wales and local government provides the foundation for the funding and development of the arts in Wales. We will work closely with local authorities to find ways of protecting important activity.
7. **Brand Wales/Themed Years** – the arts are a highly effective way of raising a country's visibility and reputation. Through our international division, Wales Arts International, we'll continue to foster international artistic excellence in Wales and will work with our international partner, the British Council, to vigorously pursue such opportunities. We will also work to improve the international impact and recognition for the arts and culture of Wales on the world stage, bringing national and international cultural events to Wales.
8. **Developing the partnership with Economy, Science and Transport** – we will develop stronger and more wide-ranging relationships with our sponsor Department. This includes colleagues in Major Events, Visit Wales and the Creative Industries.
9. **Digital technology** – new technology offers exciting opportunities for creativity, society and the economy. We will help the arts to build the capacity and skills to understand what new technology has to offer for exploiting creative opportunities.
10. **Arts and Health** – we have received positive encouragement to renew our (lapsed) strategic partnership with the Department of Health. We will be pursuing this as a priority.

Environmental and sustainability issues

Melanie Hawthorne
Chair,
Sustainable
Development
Monitoring
Group



“Climate change and environmental protection are, without question, amongst the most important issues of our time. However, unless we attach equal importance to issues of wider well-being, we’ll fail in our attempts to build strong, vibrant and ultimately sustainable communities.”

Sustainability

The Arts Council’s Sustainable Development Monitoring Group was set up in 2013. Its role is to ensure that we are well prepared for the introduction of the Well-being of Future Generations Act and to take on a leadership role in championing the importance of this agenda in our work.

Although legal compliance with the legislation is not mandatory until April 2017, we have been voluntarily complying with the Act and continuing the process of adapting and renewing our policies and ways of working to reflect the Well-being requirements.

From the day-to-day management of our offices to the conduct of policy reviews (such as our Investment Review), we have placed sustainable development at the heart of our thinking.

All capital projects in which Council invests are expected to meet BREEAM sustainability standards.

We have established an ambitious Environmental Policy for our own operations and are have achieved Green

Dragon Level 5 Accreditation for our efforts.

As champions of good practice we have worked with members of our portfolio of key organisations to share best practice and peer-to-peer learning. We have supported an Environmental Leadership network for venues in Wales through Creu Cymru and have supported a Leadership Development Programme for emerging arts managers based on Sustainable Development principles developed by Welsh organisations Lucid and PIRC.

Environmental performance

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

We have concentrated on extending the use of our information technology infrastructure to provide business and environmental benefits. All staff are able to access our systems remotely, via secure links, and have full electronic access to all systems and supporting documents. This has enabled us to

reduce the volume of paper we process and store.

We are continuing to promote changes in behaviour. The vast majority of our arts development teams are equipped with laptops and smartphones, enabling them to operate on a mobile basis. This has helped reduce travel to work journeys for some of our staff, and enables more effective travel to clients. 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 able to link to any public sector location in Wales, and further afield, including internationally. This enables staff, either using the high quality equipment in our offices or via their laptops, to participate in meetings with colleagues and a wide range of clients and stakeholders without the need to travel.

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

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

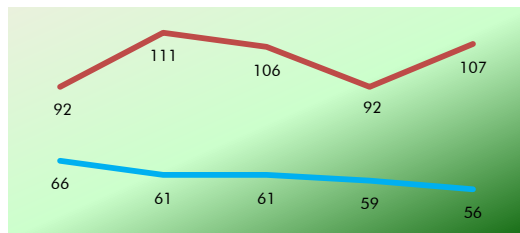
In addition to the environmental benefits these various initiatives offer they also enable us to operate with greater efficiency than would otherwise be the case.

Managers and staff are provided with monthly reports analysing printing and copying activity, to encourage lower overall usage. Our internal reporting systems enable us to capture and measure details of our use of consumables, waste, energy, and staff travel, and thus our carbon dioxide equivalent (CO₂e) emissions. However, as all three of our offices are leased on a shared occupancy basis, with certain costs included within our service charges, this continues to restrict our ability to accurately assess our total environmental impact. There has, however, been a steady reduction in our electricity consumption, over which we have direct control, as the graph below indicates.

We promote the use of environmentally friendly means of transport, and encourage staff to make journeys by the most efficient means possible, taking account of both environmental and financial considerations. However, we have to balance this against the delivery of our strategic priorities to develop the arts in Wales, and to promote Welsh arts and artists internationally. As a result, there are inevitable fluctuations in the level of CO₂e emissions attributable to travel, especially when we are active internationally. During this year, complementing Welsh Government priorities, we worked in India, China and Patagonia.

CO₂e emissions (tonnes) - 5 year trend

— Electricity: Greenhouse gases — Staff travel

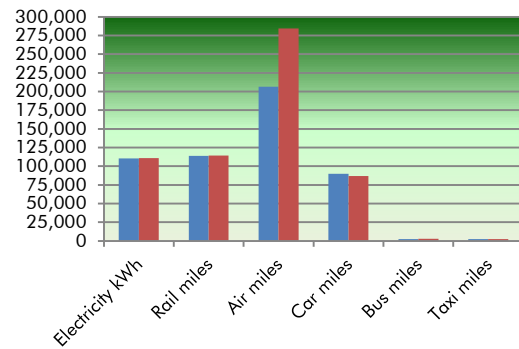


2011/12 2012/13 2013/14 2014/15 2015/16

Our *Creative Learning through the Arts* Programme, which began in 2015/16, is delivered through schools across the whole of Wales. This inevitably adds to our levels of travel and amounted to 6 tonnes of CO₂e included in our reported totals for 2015/16.

Energy consumption within our offices & Business mileage

■ 2014/15 ■ 2015/16



WASTE	2015/16	2014/15
Waste:		
Non-financial (tonnes)		
Landfill – <i>estimate</i>	0.12	0.12
Reused/recycled – <i>estimate</i>	1.43	3.25

ENERGY	2015/16	2014/15
Greenhouse gas emissions (CO₂e tonnes)		
Gross emissions, scope 2&3 (indirect)	56	59
Energy consumption (Kwh)		
Electricity (non-renewable)	111,033	110,373
Electricity (renewable)	N/A	N/A
Gas	941	1,263
Financial indicators (£)		
Expenditure – energy	13,448	13,390
Water supply costs (office estate) – currently unable to assess, included in service charge	N/A	N/A

STAFF TRAVEL	2015/16	2014/15
Travel emissions (CO₂e tonnes)		
Rail	8	9
Air ¹	71	54
Car/vans	28	29
Travel cost (£)		
Rail	27,364	30,431
Air	24,788	19,791
Car/vans	39,889	41,424
Travel (miles)		
Rail	114,171	113,832
Air	284,562	206,500
Car/vans	86,644	89,851

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

Nick Capaldi

Nicholas Capaldi
Accounting Officer
16 September 2016

Endorsed on behalf of Council:

Phil George

Phil George
Chairman
16 September 2016



Attractions/Red Vitrine Miriam Backstrom (Artes Mundi)

Accountability Report








Ceramic by Jin Eui Kim




Corporate Governance

Our Trustees




Council Members who served since 1 April 2015 were:

		Attendance at meetings during 2015/16			
		Council	Audit & Risk Assurance Committee	Capital Committee	HR & Remuneration Committee
		Number of meetings held:			
		8	6	5	1
	<p>Professor Dai Smith Chair from 1 April 2004 to 31 March 2016</p> <p>Chair of HR & Remuneration Committee (to 31 March 2016)</p>	8			1
	<p>Phil George Chair from 1 April 2016</p>				
	<p>Dr Kate Woodward Vice Chair from 1 April 2008</p> <p>Chair of Wales at the Venice Biennale of Art Committee</p>	6			
	<p>Dr John Geraint from 1 April 2010 to 31 March 2016</p> <p>Chair of Audit & Risk Assurance Committee (to 31 March 2016) Member of HR & Remuneration Committee (to 31 March 2016)</p>	6	6		1
	<p>Michael Griffiths OBE from 1 April 2012</p> <p>Member of Audit & Risk Assurance Committee Member (from 1 April 2016) of HR & Remuneration Committee</p>	6.5	5		

Attendance at meetings during 2015/16			
Council	Audit & Risk Assurance Committee	Capital Committee	HR & Remuneration Committee
Number of meetings held:			
8	6	5	1

	<p>Melanie Hawthorne from 1 April 2012</p> <p>Chair of Sustainability Monitoring Group</p>	7			
	<p>Dr Lesley Hodgson from 1 April 2012</p> <p>Member (Chair from 1 April 2016) of Audit & Risk Assurance Committee</p>	6	5		
	<p>Margaret Jervis MBE DL from 1 April 2008</p> <p>Member (Chair from 1 April 2016) of HR & Remuneration Committee</p>	6			1
	<p>Marion Wyn Jones from 1 April 2012</p> <p>Chair of Welsh Language Monitoring Group</p>	5.5			
	<p>Andrew Miller from 1 April 2012</p> <p>Member (from 1 April 2016) of HR & Remuneration Committee</p>	6.5			
	<p>Richard Turner from 1 April 2010</p> <p>Chair of Equalities Monitoring Group</p>	5			

Attendance at meetings during 2015/16

		Council	Audit & Risk Assurance Committee	Capital Committee	HR & Remuneration Committee
		Number of meetings held:			
		8	6	5	1
	<p>Alan Watkin from 1 April 2010</p> <p>Member of Capital Committee</p>	7		5	
	<p>Professor Gerwyn Williams from 1 April 2010 to 31 March 2016</p> <p>Chair of Capital Committee (to 31 March 2016)</p>	8		5	
	<p>John C Williams from 1 April 2010</p> <p>Member (Chair from 1 April 2016) of Capital Committee</p>	5.5		5	

Attendance of independent Committee members:

Andrew Butler (from 9 October 2015)	4 ₄		
Gareth Jones (to 31 August 2015)	1 ₂		
Katrina Michael (from 9 October 2015)	3 ₄		
Arwel Thomas (from 9 October 2015)	3 ₄		
Ruth Cayford		4	
Mark Davies		4	
Roland Wyn Evans		1	
Alan Hewson		5	
Philip Westwood			1

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

All financial transactions between members and the Council are disclosed in note 27 to the financial statements, *Related party transactions*.

Personal data related incidents

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

Our Chief Executive and Accounting Officer

Nicholas Capaldi

Our Offices

Mid and West Wales:

The Mount
18 Queen Street
Carmarthen
SA31 1JT

North Wales:

Princes Park II
Princes Drive
Colwyn Bay
LL29 8PL

South Wales

and national office:

Bute Place
Cardiff
CF10 5AL

Auditor

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

Internal auditors

Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT

Solicitors

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

Bankers

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

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

- observe the Accounts Direction issued by Welsh Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the SORP and the *Government Financial Reporting*

Manual have been followed, and disclose and explain any material departures in the financial statements; 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
16 September 2016

Endorsed on behalf of Council:



Phil George
Chairman
16 September 2016

Accounting Officer's confirmations

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.

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

Nick Capaldi

Nicholas Capaldi
Accounting Officer
16 September 2016



cast manylyn Carwyn Evans

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 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 Minister for Economy and Infrastructure. We work within a framework that sets out the terms and conditions under which Welsh Ministers provide our grant-in-aid funding, and how we are able to use this funding. We manage our funds with probity and in the public interest and, along with other public bodies in Wales, adhere to the principles contained in *Managing Welsh Public Money*.

As a distributor of Lottery funds under the National Lottery etc. Act 1993 (as amended), we are accountable to the UK's Secretary of State for 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.

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

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

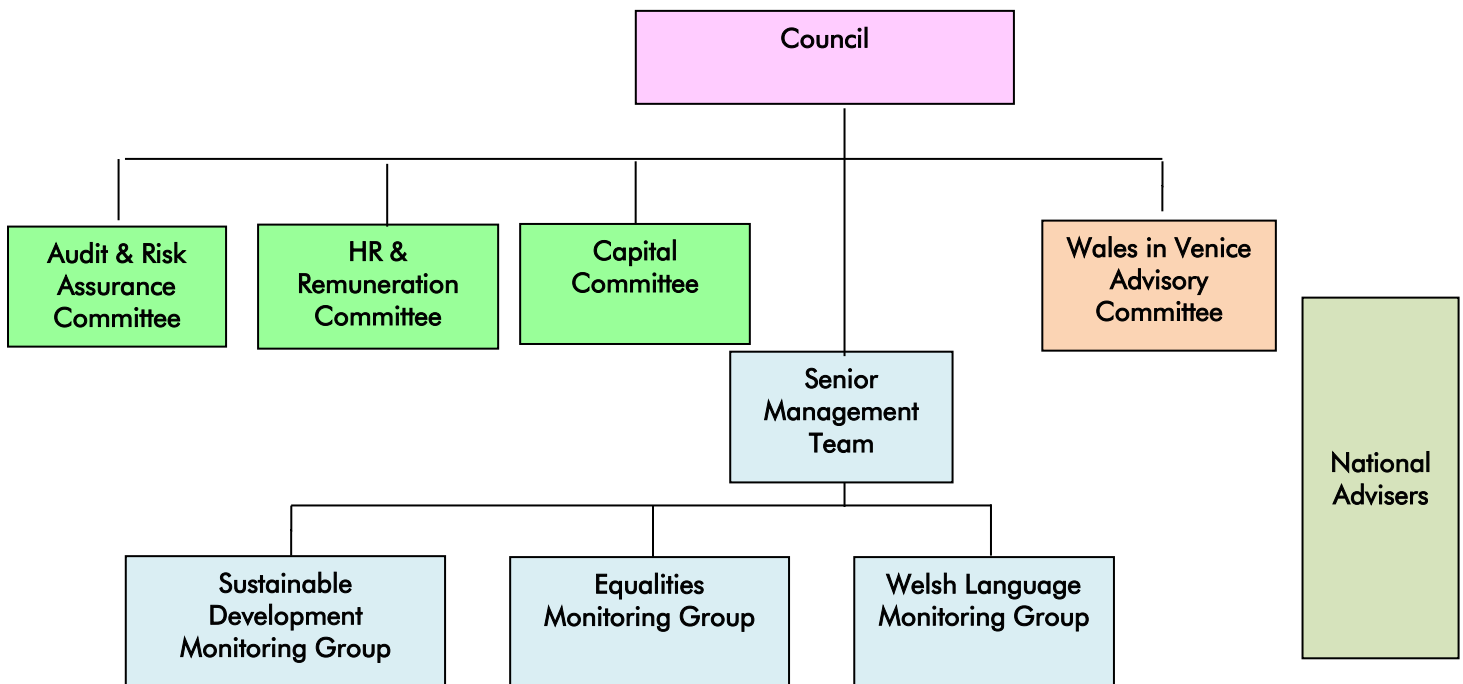
Our Governance structure

We are governed by a Board of Trustees – Council – which consists of a Chair and up to seventeen other independent members, one of whom is appointed as Vice-Chair. Each Trustee brings specific expertise and knowledge to the oversight and development of our activities. At the end of March 2016, our Council comprised of the Chair, plus twelve members. Following the expiry of the terms of office of some members, at the time of signing these accounts Council comprised of the Chair plus ten members.

Our Governance arrangements

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

The Chair of Council is a remunerated position, at a rate set annually by Welsh Government. All other Trustees provide their time and expertise on a voluntary basis. However, they are reimbursed for out-of-pocket expenses incurred on Council business, a summary of which is contained in note 9b of these financial statements.



Council

Responsibilities	<p>Council is responsible for the strategic direction and management of our organisation. It is also responsible for ensuring that we, through me as Chief Executive, operate within the various accountabilities required of us.</p> <p>Council members are responsible for key decisions on corporate policy: the formulation of our Corporate and Operational Plans, and any major alterations to the terms and conditions of service for staff. They set the annual budget, decide on the annual allocation of grants to organisations in the Arts Portfolio Wales, and approve all grants over £50,000 or, in the case of Lottery funded capital projects, over £250,000. Decisions below these thresholds are delegated to authorised staff and to the Capital Committee, respectively.</p> <p>Members attend arts events across Wales as representatives of Council.</p>
Summary of Discussions during 2015/16	<p>As part of its ongoing scrutiny of Governance, Council reviewed our Corporate Assurance Framework and risk register and completed an assessment of its own performance. It 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.</p> <p>The focus of policy during the year was the development and launch of our new arts strategy <i>Inspire: creativity and the arts</i>. Council also endorsed the new arts and education partnership with the Welsh Government and oversaw the development of our international partnership agreement with the British Council.</p> <p>The strategy informed Funding decisions, particularly Council's major examination of support to its revenue-funded organisations, its Investment Review. Council set and monitored the annual budget, agreed levels of funding to key organisations and monitored their performance throughout the year.</p> <p>Council monitored the progress of strategically important projects, including our <i>Creative Learning through the Arts</i> programme (a partnership project with Welsh Government).</p>
Frequency of meetings and attendance	<p>Council met 8 times during 2015/16 to discharge its responsibilities. During the year, members in total attended meetings on 83 out of a possible 104 occasions. Council meetings are normally held approximately every 6 weeks, but additional meetings were held in connection with the Investment Review. Copies of agendas and minutes of our Council meetings can be found on our website.</p>

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

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

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

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

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



Audit & Risk Assurance Committee

Responsibilities Audit & Risk Assurance Committee is responsible for providing assurance to Council on the effectiveness of our governance, risk management and internal control arrangements. It scrutinises the organisation's management and administration to test that processes and procedures are being operated to the high standard that Council expects.

Summary of Discussions during 2015/16 New members joined the Committee during the year. Thorough **induction** and regular **training** is provided to all Committee members.

An important aspect of the Committee's work is scrutiny of the **Corporate Assurance Framework** and **Corporate Risk Register**. Together these documents provide assurance to Council that the systems, processes and behaviours that exemplify good governance and effective operation are in place.

A key issue for Committee during the year was ensuring that the Arts Council's policy and strategy for preventing **fraud** was fit for purpose. An alleged fraud and potential associated loss came to light in October 2015, perpetrated by a third party against organisations in receipt of Lottery grant funding. An internal investigation, according to the Council's established procedure, was instigated promptly. This led to the matter being reported to the police followed by the successful prosecution of an individual on a number of counts of fraud and money laundering. Council members/trustees, the Committee, external auditors and all relevant external bodies were kept fully informed.

As part of our investigation the Committee called for a review by the internal auditors and convened a special meeting to consider matters. A further review will be carried out in order to help inform the Serious Incident Report the trustees are required to make to the Charity Commission.

The Committee receives all **internal audit** reports and monitors the progress of any recommendations that have been raised. In 2015/16 9 reports were presented. Of the areas reviewed, 5 were given a 'substantial' assurance rating, 8 'moderate' and 1 'limited.' A total of 4 advisory reports were also presented.

Frequency of meetings The Committee met 6 times during 2015/16 to discharge its responsibilities. During the year, members in total attended meetings on 27 out of a possible 32 occasions. Committee meetings are normally held quarterly, with an additional meeting in early Summer. The Committee also held a special meeting in connection with the alleged fraud.

Capital Committee

Responsibilities 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.

Summary of Discussions during 2015/16

The Committee's principal activity during the year was monitoring delivery against Council's current five year Capital Development strategy (2012-2017).

Council is currently investing in a variety of large and complex capital projects. Some projects, such as Pontio in Bangor, presented particular challenges during the year and the Committee assisted officers in ensuring that Council's requirements were met. (Pontio opened in February 2016.)

The Committee also considered projects in development, ensuring that there was an appropriate match between applications in the pipeline and the funds needed to support those applications.

The drawdown of funds continues to present issues. Under Lottery rules a full commitment of funds must be accounted for at the time of award. However, applicants' problems in securing the required partnership funding is meaning that projects are taking longer to realise. This has implications for Lottery capital balances.

A new area of activity for the Committee has been the monitoring role it has taken on for Council's new community regeneration programme, Ideas: People: Places.

An annual report of the Committee's work was presented to Council.

Frequency of meetings

The Committee met 5 times during 2015/16 to discharge its responsibilities. During the year, members in total attended meetings on 29 out of a possible 35 occasions. Committee meetings are held approximately every 2 months, but with fewer meetings during the summer.

HR & Remuneration Committee

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

Summary of Discussions during 2015/16 The Committee’s principal activities during the year involve oversight of Council’s HR policies, and management of pay policies. Council also reviewed management information outlining our performance against HR objectives.

Council specifically sets the remuneration of the Chair and Chief Executive, under guidance issued by the Welsh Government. The Pay Remit covers all other salaried members of staff and is submitted to the Welsh Government for approval.

A key issue for future Committee meetings will be the Council’s re-organisation of staff, its Organisational Review.

An annual report of the Committee’s work was presented to Council.

Frequency of meetings The Committee met once during 2015/16 to discharge its responsibilities. Members in total attended on 4 out of a possible 4 occasions.

John
Williams
Chair,
Capital
Committee



“The public rightly demands that the institutions they finance are efficient and cost effective. Those who we work with expect us to get the basics right and to ensure that we manage our affairs in a straightforward and business-like way. We aspire to the highest standards of management and accountability.”

We promote values of good governance

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

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

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

Council and the Audit & Risk Assurance Committee each carried out an annual self-assessment review of its performance. Overall, the findings of these evaluations were positive during 2015/16. Areas identified for improvement are captured in action plans. In particular, Council’s own annual self-assessment review concluded that the vast majority of its indicators of effectiveness had been met.

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

The Corporate Governance code issued by HM Treasury does not directly apply to the Arts Council of Wales. However, as Accounting Officer, I am satisfied that

the arrangements we have in place reflect good practice. I also believe that the Arts Council has complied with the principles of accountability, effectiveness, and leadership expressed within the Treasury's Code, in so far as they are relevant to Welsh Government Sponsored Bodies and Lottery Distributors. Council endorses this view.

Whistle-blowing

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

Taking informed decisions

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

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

Where appropriate, advice from officers is supplemented with specialist advice from our National Advisers and, where

relevant, with specialist expert advice and legal opinions. Council will continue to ensure that it has sufficient time and information to properly debate policy and consider the future direction of the organisation.

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

We provide funding to third parties

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

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

Decisions to award an organisation revenue funded status and admission to the newly designated Arts Portfolio Wales (APW) are taken by Council based on the advice of, and supported by, rigorous assessments carried out by officers. Following completion of our Investment Review – a major examination of our funding – during 2015, we now have a new portfolio of APW organisations that will take us into the future.

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.

Audit outcomes

The findings of the National Audit Office and Wales Audit Office annual audits are reported in a Management Letter addressed to Council. Our Audit & Risk Assurance Committee considers the

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

We raised two medium priority recommendations in 2015/16 in relation to Grant Funding and re-raised two further medium priority recommendations in relation to Grant Funding which remained outstanding from 2014/15. This gave rise to a limited assurance rating. We are satisfied with the management responses in relation to these high priority issues, and note that management has prioritised implementation of these recommendations."

Internal Audit Annual Report
Deloitte LLP
Internal Auditor

findings and monitors them to ensure appropriate action is taken on a timely basis. Grant making will continue to be a primary focus of management and the Committee's attention.

Overall assessment of governance and internal control

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



Nicholas Capaldi
Accounting Officer
16 September 2016

Endorsed on behalf of Council:



Phil George
Chairman
16 September 2016

Remuneration and Staff Report

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

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

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

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

The Chief Executive's remuneration consists of a basic salary plus eligibility for an annual bonus. Annual bonuses are recommended to Council by the HR & Remuneration Committee in consideration of the performance of the Chief Executive against a set of predetermined objectives. The Committee's recommendation that the Chief Executive be offered a full bonus was endorsed by Council. However, the Chief Executive waived his entitlement to a non-consolidated bonus for 2015/16 and accepted the same level of

consolidated increase as other eligible members of staff.

Further details of the remuneration and pension benefits of the Chairman, Chief Executive, Directors and staff are provided in note 8 to the financial statements. This information is audited.

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

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

The dates of commencement of employment are:



Prof Dai Smith
Chairman

1 April 2006
(to 31 March 2016)



Phil George
Chairman

1 April 2016



Nicholas Capaldi
Chief Executive

15 September 2008



David Alston
Director of Arts

1 July 2005



Dr Katherine Davies
Director of Investment and Funding Services from 1 February 2012

24 August 1998



Diane Hebb
Director of Engagement and Participation from 1 February 2012

13 January 1992



Siân Tomos
Director of Enterprise and Regeneration from 1 February 2012

3 May 1994



Hywel Tudor
Director of Finance and Resources

21 January 2002



Remains To Be Seen, Striking Attitudes

Staffing

Margaret Jervis
Chair,
HR &
Remuneration
Committee



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

The HR & Remuneration Committee members who served since 1 April 2015 were:

Professor Dai Smith (Council member)
to 31 March 2016

Margaret Jervis MBE DL (Council member)

Dr John Geraint (Council member)
to 31 March 2016

Michael Griffiths OBE (Council member)
from 1 April 2016

Andrew Miller (Council member)
from 1 April 2016

Philip Westwood (independent member)

Equal opportunities

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

The Council is committed to ensuring that appropriate facilities are available for disabled employees. Public signage also promotes the Council as a bilingual organisation.

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

Employee communication

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

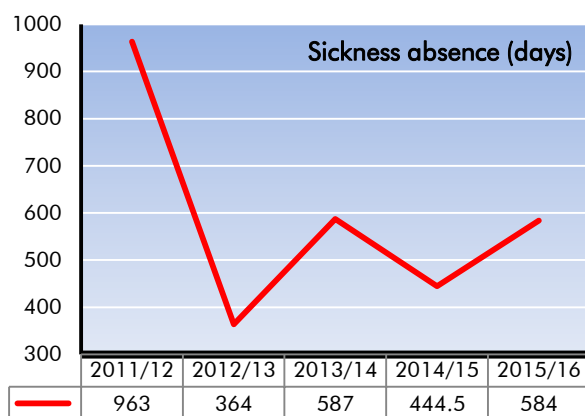
Pension scheme

Most employees are members of the Arts Council Retirement Plan 1994 (ACRP). The fund is a defined benefit scheme. It is also a multi-employer scheme so the Council is unable to identify its share of the underlying assets and liabilities. In accordance with the Council's accounting policies, the scheme has therefore been accounted for as if it were a defined contribution scheme, in accordance with FRS 102.

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 scheme is accounted for in accordance with FRS 102.

Sickness absence

During 2015/16 staff sickness absence totalled 584 days (2014/15: 444.5 days). This represented 2.61% (2014/15: 2.24%) based on 249 working days, including 1.32% (2014/15: 0.74%) as a result of long term absence (over 28 days).



Consultancy

During 2015/16 the Council paid consultancy costs of £12,000 (2014/15: £5,000) in relation to expert advice and opinion obtained to assist in strategic decision-making. £4,000 (2014/15: £3,000) is charged in these financial statements and the remainder related to Lottery Distribution activities.

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 2015 and 31 March 2016		48
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		48
Number for whom assurance has been requested		48
Of which:		
number for whom assurance has been received		42
number for whom assurance has not been received		6
Number that have been terminated as a result of assurance not being received		-

All of these engagements relate to the team of creative agents contracted to the Lead Creative Schools Scheme of our *Creative Learning through the Arts* programme. The agents work for an agreed number of days across the academic year, acting as catalysts by responding to the individual development priorities and needs of the schools with which they are matched.

Parliamentary Accountability and Audit Report

Long-term expenditure trends

The framework that governs our activities establishes an empirical link between the income we receive and the funding that we are able to distribute.

Levels of grant-in-aid are affected by the importance that the Welsh Government attaches to investment in culture and the arts. The continuing pressure on public funding means that we are having to operate within a context in which public funding is more likely to continue to decrease rather than increase. Nevertheless, we present robust submissions to Government making the case for the arts.

The future prospects for receipts from the National Lottery are even more difficult to predict. DCMS projections have not always been entirely accurate and the funding to good causes can be altered at a stroke (as was seen in 2015/16) as a consequence of the increased number of players attracted to high value prize draws.

Looking into the future, National Lottery operator Camelot is becoming increasingly concerned about the potential impact of other Lottery organisations (who are not linked to the legally established 'good causes'). Although Camelot had a record year for ticket sales in 2015/16, it is signalling that this will be very difficult to repeat. We are taking account of these factors in our longer term planning.



Nicholas Capaldi
Accounting Officer
16 September 2016

Endorsed on behalf of Council:



Phil George
Chairman
16 September 2016

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 2016 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 and Staff 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 and Staff 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, certify and report on the financial statements 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 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 Performance and Accountability Reports 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 and 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 2016 and of its net income 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 in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under Article 11 of the Council's Royal Charter; and
- the information included within the Performance and Accountability Reports 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 Welsh Ministers' guidance;
- sufficient accounting records have not been kept;
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

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

4 October 2016

Financial Statements



By Singing Light by Stephen Petronio, National Dance Company Wales

THE ARTS COUNCIL OF WALES

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2016

	Note	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total (restated) £'000
INCOME					
<i>Donations:</i>					
Grant-in-aid from the Welsh Government		31,727	511	32,238	32,779
Other grants and donations	3	-	3,680	3,680	-
		<u>31,727</u>	<u>4,191</u>	<u>35,918</u>	<u>32,779</u>
<i>Income from charitable activities:</i>					
Services and sponsorship	4	178	23	201	279
<i>Investment income:</i>					
Bank interest		10	-	10	9
Other income	5	85	-	85	91
		<u>10</u>	<u>-</u>	<u>10</u>	<u>9</u>
Total income		<u>32,000</u>	<u>4,214</u>	<u>36,214</u>	<u>33,158</u>
EXPENDITURE					
Charitable activities	6,7,8	31,430	3,842	35,272	33,485
Governance costs	9	85	-	85	85
Bank interest surrendered to Welsh Consolidated Fund		10	-	10	9
		<u>10</u>	<u>-</u>	<u>10</u>	<u>9</u>
Total expenditure		<u>31,525</u>	<u>3,842</u>	<u>35,367</u>	<u>33,579</u>
Net income/(expenditure)		475	372	847	(421)
Gross transfers between funds	16	(83)	83	-	-
		<u>(83)</u>	<u>83</u>	<u>-</u>	<u>-</u>
Net movement in funds		392	455	847	(421)
Reconciliation of funds					
Fund balances brought forward		1,014	132	1,146	1,567
		<u>1,014</u>	<u>132</u>	<u>1,146</u>	<u>1,567</u>
Total funds carried forward		<u>1,406</u>	<u>587</u>	<u>1,993</u>	<u>1,146</u>

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

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

The notes on pages 62 to 80 form part of these financial statements

THE ARTS COUNCIL OF WALES

BALANCE SHEET

as at 31 March 2016

		2016		2015 (restated)	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	10a		5		6
Tangible fixed assets	10b		<u>104</u>		<u>172</u>
Total fixed assets			109		178
Investment in Cerdd Cymru:Music Wales Ltd	1b, 19		-		-
Current assets					
Grants paid in advance	11	300		344	
Other debtors and prepayments	12	3,100		1,133	
Cash and cash equivalents		<u>1,053</u>		<u>564</u>	
Total current assets		4,453		2,041	
Liabilities: falling due within one year					
Creditors	13	(2,261)		(723)	
Provisions for liabilities	14	<u>(49)</u>		<u>(49)</u>	
		(2,310)		(772)	
Net current assets			2,143		1,269
Total assets less current liabilities			2,252		1,447
Creditors: falling due after more than one year					
Provisions for liabilities	14		(259)		(301)
Net assets			1,993		1,146
The funds of the charity					
Unrestricted funds	16		1,406		1,014
Restricted funds	16		<u>587</u>		<u>132</u>
			1,993		1,146

The notes on pages 62 to 80 form part of these financial statements

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

Nick Capaldi

Nicholas Capaldi
Accounting Officer
16 September 2016

Phil George

Phil George
Chairman
16 September 2016

THE ARTS COUNCIL OF WALES

STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Net cash provided by/(used in) operating activities	18a	<u>499</u>	<u>(407)</u>
Cash flows from investing activities:			
Bank interest received		10	9
Bank interest surrendered to Welsh Consolidated Fund		(10)	(9)
Net cash provided by investing activities		<u>-</u>	<u>-</u>
Capital expenditure	18b	<u>(10)</u>	<u>(50)</u>
Change in cash and cash equivalents in the year		489	(457)
Cash and cash equivalents brought forward		<u>564</u>	<u>1,021</u>
Cash and cash equivalents carried forward		<u>1,053</u>	<u>564</u>

The notes on pages 62 to 80 form part of these financial statements

THE ARTS COUNCIL OF WALES

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

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 Statement of Recommended Practice: Accounting and Reporting by Charities preparing their account in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) issued on 16 July 2014 ("the SORP") and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102). In addition to compliance with the SORP regard is given to the requirements of the *Government Financial Reporting Manual* 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.

Reconciliation with previous Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the SORP a restatement of comparative items was needed.

The Council is an admitted member of the Arts Council Retirement Plan 1994 (ACRP). The fund is a defined benefit scheme and also a multi-employer scheme where the Council is unable to identify its share of the underlying assets and liabilities. The scheme has therefore been accounted for as if it were a defined contribution scheme, in accordance with FRS 102. The Council has entered into an agreement to make payments to fund a deficit relating to past service so, in accordance with FRS 102, must now recognise a provision for the present value of contributions payable that result from the terms of that agreement. The liability was not previously recognised under GAAP.

This change of accounting policy has been disclosed as a prior period adjustment and the comparative figures for 2014/15 have been restated. The changes are:

	Restated £'000	Original £'000
Statement of Financial Activities		
Decrease of £23,000 in expenditure on Charitable activities	33,485	33,508
Decrease of £23,000 in Net movement in funds for the year	(421)	(444)
Balance Sheet		
Liabilities: falling due within one year:		
Increase of £49,000 in Provisions for liabilities	(49)	Nil
Creditors: falling due after more than one year:		
Increase of £301,000 in Provisions for liabilities	(301)	Nil
The funds of the charity:		
Decrease of £350,000 in Unrestricted income funds	1,014	1,364

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. The value of the interest is not material so is 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 21)

The Board of Welsh Music Foundation has now ceased the company's operations but, jointly, we continue to plan Cerdd Cymru:Music Wales activity. 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 planned, at which point Council will consider the future of Cerdd Cymru:Music Wales.

c. Income

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

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

d. Lottery distribution

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

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

f. Grants awarded

Subsidy expenditure is incurred in the form of grants which are formally offered to organisations funded by the Council. Grants are offered in support of a programme of activities planned for, or to commence in, a particular financial year and 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 20, 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 6, 7 and 8.

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 9.

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 102. The Council has entered into an agreement to make payments to fund a deficit relating to past service so recognises a provision for the present value of contributions payable that result from the terms of that agreement. The annual contribution towards the deficit is charged to the Statement of Financial Activities.

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 102.

q. Taxation

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

r. Financial instruments

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

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

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

The separate Lottery distribution account shows the Council's 2015/16 share of the proceeds from the National Lottery of £19,233,000 (2014/15, including a refund of £1,487,000 from the Olympic Lottery Distribution Fund: £19,518,000). The combined total income for both general and Lottery activities for 2015/16 was £55,588,000 (2014/15: £52,784,000). The combined total direct charitable arts expenditure for 2015/16 was £51,721,000 (2014/15 (restated): £52,427,000).

3. Income

Donations: Other grants and donations

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
<i>Creative Learning through the Arts Programme</i> (note 22):				
Welsh Government grant	-	1,787	1,787	-
Arts Council of Wales Lottery grant	-	1,890	1,890	-
The Eirian Llwyd Trust		3	3	-
	-	3,680	3,680	-

4. **Income from charitable activities**
Services and sponsorship

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
Community Touring scheme: - contributions from venues/promoters	138	-	138	118
Wales Arts International: - contribution from the British Council	-	-	-	22
- contributions from others	-	5	5	3
<i>Collectorplan</i> charges	39	-	39	25
Annual Conference - delegate fees	-	-	-	6
Nesta – for <i>Digital Innovations</i>	-	18	18	-
Other income	1	-	1	105
	178	23	201	279

5. **Other income**

	Unrestricted Funds £'000	Restricted Funds £'000	2016 Total £'000	2015 Total £'000
Contribution from the Lottery Distribution account for use of fixed assets	39	-	39	33
Share of income of Cerdd Cymru:Music Wales (note 21)	46	-	46	58
	85	-	85	91

6. **Expenditure**
Charitable activities

	Direct activities £'000	Support costs £'000	2016 Total £'000	2015 Total (restated) £'000
Grant making and arts development ¹	28,455	378	28,833	29,651
<i>Creative Learning through the Arts</i> Programme (note 22) ¹	3,314	58	3,372	-
Arts strategy	943	195	1,138	1,793
International	700	79	779	673
Services: <i>Night Out & Collectorplan</i>	585	75	660	669
Advocacy and research	391	39	430	600
Impairment of investment in Cerdd Cymru:Music Wales (note 21)	15	-	15	37
Share of expenditure of Cerdd Cymru:Music Wales (note 21)	45	-	45	62
	34,448	824	35,272	33,485

	2016 Total £'000	2015 Total £'000
¹ Including grants:		
- to public bodies	6,337	4,382
- to private bodies	23,499	23,992
	29,836	28,374

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

7. Operating costs

	Gross costs £'000	Deduct Recharges to Lottery Distribution £'000	2016 Net charge to General Activities £'000	2015 Net charge to General Activities (restated) £'000
Charged to Direct activities (note 6)				
Grant making and arts development	544	357	187	228
Arts strategy	242	146	96	182
International	39	-	39	61
Services: <i>Night Out & Collectorplan</i>	37	-	37	54
Advocacy and research	39	20	19	21
	901	523	378	546
Charged to Support costs (note 6)				
Staff related costs	40	19	21	24
Infrastructure	209	87	122	102
Office running costs	11	5	6	10
Professional fees	53	43	10	15
Provisions	(14)	-	(14)	(6)
Irrecoverable VAT	54	24	30	26
Amortisation and depreciation	38	10	28	35
	391	188	203	206
Total	1,292	711	581	752

8. Staff costs

a. Total staff costs consist of:

	Permanently employed £'000	Other £'000	Gross costs £'000	Deduct Recharges to Lottery Distribution £'000	2016 Net charge to General Activities £'000	2015 Net charge to General Activities £'000
Wages and salaries	2,662	295	2,957	918	2,039	1,865
Social security costs	224	22	246	78	168	145
Other pension costs	584	35	619	206	413	409
Agency costs	-	-	-	-	-	23
	3,470	352	3,822	1,202	2,620	2,442

Staff costs are incorporated in the financial statements as follows:

Charged to Direct activities (note 6)

Grant making and arts development	1,430	599	831	732
<i>Creative Learning through the Arts Programme</i>	284	-	284	-
Arts strategy	673	245	428	584
International	173	-	173	194
Services – <i>Night Out & Collectorplan</i>	165	-	165	174
Advocacy and research	113	27	86	67
	2,838	871	1,967	1,751

Charged to Support costs (note 6)

Management and internal control	356	116	240	287
Finance	174	62	112	138
Information and computer technology	158	52	106	91
Facilities management	70	23	47	42
Human resources	65	21	44	22
Communications	112	40	72	79
	935	314	621	659

	Gross costs £'000	Deduct Recharges to Lottery Distribution £'000	2016 Net charge to General Activities £'000	2015 Net charge to General Activities £'000
Charged to Governance (note 9)				
Chairman's remuneration	49	17	32	32
	3,822	1,202	2,620	2,442

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

	Permanently employed	Other	Across the whole Council	On Lottery Distribution activities	2016 On General activities	2015 On General activities
On charitable activities:						
directly charged	9	7	16	-	16	11
recharged	54	-	54	20	34	34
In support of our charitable activities	11	3	14	8	6	8
Agency staff	-	-	-	-	-	1
	74	10	84	28	56	54

Staff composition at 31 March

(full time equivalents)	2016			2015		
	Male	Female	Total	Male	Female	Total
Senior Management Team	3	3	6	3	3	6
Portfolio Managers/Heads of Department	6	10	16	6	8	14
Senior Officers	7	7	14	3	3	6
Officers/Development Officers	11	22	33	9	23	32
Team Co-ordinators/Personal Assistants	5	14	19	4	14	18
	32	56	88	25	51	76
	36%	64%		33%	67%	

The staffing of the *Creative Learning through the Arts* Programme resulted in the creation of twelve new fixed term roles in 2015/16.

	2016	2015
The median annual remuneration (full time equivalents) at 31 March was (whole Council):	£31,700	£31,072
The range of annual remuneration (full time equivalents) at 31 March was (whole Council):	£19,752 to £95,248	£19,752 to £93,380
The ratio between the median annual remuneration and the annual remuneration of the highest paid member of staff was (whole Council):	1:3	1:3

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

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

The value of pension benefits is calculated as follows:

(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 of the Senior Management Team:

Name <i>Position</i>	2016			2015		
	Emoluments 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>	95-100	27	120-125	90-95	24	115-120
David Alston <i>Director of Arts</i>	70-75	22	90-95	65-70	19	85-90
Katherine Davies <i>Director of Investment and Funding Services</i>	65-70	54	120-125	60-65	49	110-115
Diane Hebb <i>Director of Engagement and Participation</i>	65-70	38	100-105	60-65	34	95-100
Siân Tomos <i>Director of Enterprise and Regeneration</i>	65-70	48	110-115	60-65	41	100-105
Hywel Tudor <i>Director of Finance and Resources</i>	70-75	24	90-95	65-70	19	85-90

The pension benefits of the Senior Management Team:

Name Position	2016		2016		2016	2015	2016
	Real increase in pension and related lump sum at age 65 £'000		Total accrued pension at age 65 as at 31/03/16 and related lump sum £'000		Cash Equivalent ¹ Transfer Value at 31/03/16 £'000	Cash Equivalent Transfer Value at 31/03/15 £'000	Real increase ² in Cash Equivalent Transfer Value £'000
Nicholas Capaldi Chief Executive	Pension 0-2.5 Lump sum 2.5-5	Pension 5-10 Lump sum 25-30			167	138	25
David Alston Director of Arts	Pension 0-2.5 Lump sum 2.5-5	Pension 5-10 Lump sum 25-30			187	159	25
Katherine Davies Director of Investment and Funding Services	Pension 0-2.5 Lump sum 5-7.5	Pension 20-25 Lump sum 70-75			437	379	55
Diane Hebb Director of Engagement and Participation	Pension 0-2.5 Lump sum 5-7.5	Pension 10-15 Lump sum 35-40			252	212	38
Siân Tomos Director of Enterprise and Regeneration	Pension 2.5-5 Lump sum 7.5-10	Pension 15-20 Lump sum 55-60			361	300	46
Hywel Tudor Director of Finance and Resources	Pension 0-2.5 Lump sum 2.5-5	Pension 10-15 Lump sum 40-45			268	238	27

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

² **Real increase in CETV** - This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The Chairman, with the approval of the Charity Commission, is remunerated for his services but receives no bonus payments and is not a member of the pension scheme. Other Council and Committee Members receive no payment for their services. Council meeting costs for 2015/16 include an aggregate amount of £13,759 (2014/15: £14,169) reimbursed to 13 (2014/15: 14) Council members.

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

	2016 £	2015 £
Chairman		
Salary	43,810	43,810
Chief Executive		
Salary	95,248	93,380
Employer's pension contribution	19,050	18,676
	<u>114,298</u>	<u>112,056</u>

Travel and subsistence expenses incurred and defrayed whilst on Council business:

Chairman	2,217	2,947
Chief Executive	5,925	6,117

65% (2014/15: 65%) of the Chairman's and Chief Executive's emoluments are charged in these financial statements and the remainder to lottery distribution activities.

- c. Most employees are members of the Arts Council Retirement Plan 1994 (ACRP). The fund is a defined benefit scheme. It is also a multi-employer scheme so the Council is unable to identify its share of the underlying assets and liabilities. The scheme has therefore been accounted for as if it were a defined contribution scheme, in accordance with FRS 102.

An independent actuarial valuation of the ACRP normally takes place every three years. The most recent valuation, as at 31 March 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	
	2016	2015	2016	2015
on or before 31 August 2006	22.0%	22.0%	1.5%	1.5%
from 1 September 2006 to 31 March 2010	20.0%	20.0%	3.5%	3.5%
on or after 1 April 2010	17.5%	17.5%	6.0%	6.0%

The Council was also required to contribute a minimum payment of £48,700 towards the deficit during 2015/16 (2014/15: £48,700).

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. The Council contributes 4% and the employee 1%. These rates will change in the future, in line with the requirements of the legislation.

9. Resources expended

Governance costs

	2016	2015
	Total	Total
	£'000	£'000
Chairman's remuneration	32	32
Auditor's remuneration - Audit	22	22
Internal audit	16	14
Council meetings, including Members' travel and subsistence	7	8
Committee meetings, including travel and subsistence	8	9
	85	85

10. Fixed assets

a. Intangible fixed assets

	Computer software licences £'000
Cost at 1 April 2015	581
Additions	5
Disposals	(5)
Cost at 31 March 2016	<u>581</u>
Amortisation at 1 April 2015	575
Charge for the year	6
Disposals	(5)
Amortisation at 31 March 2016	<u>576</u>
Net book value at 31 March 2016	<u>5</u>
Net book value at 1 April 2015	<u>6</u>

b. Tangible fixed assets

	Alterations to leasehold properties £'000	Computer system, furniture, etc £'000	Website £'000	Total £'000
Cost at 1 April 2015	192	653	95	940
Additions	-	5	-	5
Disposals	(85)	(48)	-	(133)
Cost at 31 March 2016	<u>107</u>	<u>610</u>	<u>95</u>	<u>812</u>
Depreciation at 1 April 2015	160	513	95	768
Charge for the year	10	63	-	73
Disposals	(85)	(48)	-	(133)
Depreciation at 31 March 2016	<u>85</u>	<u>528</u>	<u>95</u>	<u>708</u>
Net book value at 31 March 2016	<u>22</u>	<u>82</u>	<u>-</u>	<u>104</u>
Net book value at 1 April 2015	<u>32</u>	<u>140</u>	<u>-</u>	<u>172</u>

	2016 £'000	2015 £'000
Amortisation and depreciation charged has been allocated to charitable activities as follows (note 6):		
Direct activities	51	93
Support costs	28	35
	<u>79</u>	<u>128</u>

- c. Net book value at 31 March 2016 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.

11. 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.

	2016 £'000	2015 £'000
Payments in respect of the following year's grants	<u>300</u>	<u>344</u>

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

a. Analysis by type

	2016 £'000	2015 £'000
<i>Collectorplan</i> loans	526	319
Trade debtors	61	170
Other debtors	<u>1,893</u>	<u>143</u>
	2,480	632
<i>Deduct</i> Specific provision for doubtful debts	<u>(12)</u>	<u>(14)</u>
<i>Sub-total: Debtors</i>	2,468	618
Prepayments	<u>278</u>	<u>324</u>
	2,746	942
Due from Lottery distribution fund:		
Cost apportionments	184	191
<i>Creative Learning through the Arts</i> Programme	<u>170</u>	<u>-</u>
	3,100	1,133

b. Intra-government balances

Balances with other central government bodies	2,041	114
Balances with local authorities	<u>2</u>	<u>2</u>
<i>Sub-total: Intra-government balances</i>	2,043	116
Balances with bodies external to government	<u>1,057</u>	<u>1,017</u>
Total debtors and prepayments	3,100	1,133

13. Creditors: falling due within one year

a. Analysis by type

	2016 £'000	2015 £'000
Grants payable	1,598	236
Taxation and social security	105	75
Trade creditors	50	91
Other creditors	113	58
Accruals and deferred income	392	252
Share of current liabilities of Cerdd Cymru: Music Wales (note 21)	<u>3</u>	<u>11</u>
	2,261	723

	2016 £'000	2015 £'000
b. Intra-government balances		
Balances with other central government bodies	105	75
Balances with local authorities	358	35
<i>Sub-total: Intra-government balances</i>	<u>463</u>	<u>110</u>
Balances with bodies external to government	1,798	613
	<u>2,261</u>	<u>723</u>

	2016 £'000	2015 (restated) £'000
14. Provisions for liabilities		
Provision for pension deficit at 1 April	350	373
Amount charged against the provision during the year	(49)	(49)
Adjustment due to changes in discount rates	7	26
Provision at 31 March	<u>308</u>	<u>350</u>
Of which:		
Falling due within one year	49	49
Falling due after more than one year	259	301
	<u>308</u>	<u>350</u>

15. Contingent liability

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

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

16. Statement of funds

	At 1 April 2015 <small>(restated)</small> £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	At 31 March 2016 £'000
Unrestricted income funds					
General fund	1,014	32,000	(31,525)	(83)	1,406
Total unrestricted funds	1,014	32,000	(31,525)	(83)	1,406
Restricted funds					
Income					
Welsh Government for specific arts activity	-	511	(427)	23	107
Development and Strategies	-	18	(7)	-	11
CLTA Programme	-	3,677	(3,372)	58	363
Eirian Llwyd Memorial Fund	-	3	(3)	-	-
Wales Arts International: contributions from the British Council	20	5	(27)	2	-
	20	4,214	(3,836)	83	481
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	-	(6)	-	93
	112	-	(6)	-	106
Total restricted funds	132	4,214	(3,842)	83	587
Total funds	1,146	36,214	(35,367)	-	1,993

The Alun Llywelyn Williams and Brian Ross Memorial Funds are represented by cash at bank and are within the total of £1,053,000 shown on the Balance Sheet.

17. Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2016 are represented by:			
Fixed assets	109	-	109
Current assets	2,217	2,236	4,453
Creditors: falling due within one year	(661)	(1,649)	(2,310)
Creditors: falling due after more than one year	(259)	-	(259)
Total net assets	1,406	587	1,993

18. Cash flow information

	2016 £'000	2015 <small>(restated)</small> £'000
a. Reconciliation of changes in resources to net inflow from operating activities		
Net incoming/(outgoing) resources	847	(421)
Amortisation and depreciation (note 10b)	79	128
(Increase)/Decrease in grants paid in advance	44	152
(Increase)/Decrease in other debtors and prepayments	(1,967)	83
Increase/(Decrease) in grants payable	1,538	(326)
Increase/(Decrease) in creditors falling due after more than one year	(42)	(23)
Net cash inflow/(outflow) from operating activities	499	(407)

	2016 £'000	2015 £'000
b. Analysis of cash flows		
Capital expenditure		
Payments to acquire intangible fixed assets (note 10a)	(5)	(3)
Payments to acquire tangible fixed assets (note 10b)	(5)	(47)
	<u>(10)</u>	<u>(50)</u>
c. Reconciliation of net cash flow to movement in net funds		
Increase/(Decrease) in cash in the year	489	(457)
Net funds at 1 April	564	1,021
Net funds at 31 March	<u>1,053</u>	<u>564</u>

19. Commitments on operating leases

At 31 March 2016 the Council had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Equipment	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Operating leases which expire				
within one year	18	-	-	-
one to five years	206	224	7	7

20. Forward commitments

	2016 £'000	2015 £'000
Grants		
Forward funding - grants formally offered	25,840	27,007

Forward funding at 31 March 2016 represents allocations to organisations and individuals in respect of projects due to commence in 2016/17 and where payments are expected to be made within 12 months.

21. 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 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.

Investment at 1 April 2015	£'000 182
Investment this year	15
Investment at 31 March 2016	<u>197</u>
	£'000
Impairment at 1 April 2015	182
Impairment adjustment this year	15
Impairment at 31 March 2016	<u>197</u>
Net value of investment at 31 March 2016	<u>Nil</u>
Net value of investment at 1 April 2015	<u>Nil</u>

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

	2016		2015	
	Total £'000	Arts Council of Wales' share £'000	Total £'000	Arts Council of Wales' share £'000
Profit & Loss Account				
Income (note 5)	92	46	116	58
Expenditure (note 6)	(89)	(45)	(124)	(62)
Net incoming/(outgoing) resources	<u>3</u>	<u>1</u>	<u>(8)</u>	<u>(4)</u>
Statement of Financial Position				
Current assets:				
Cash at bank and in hand	2	1	14	7
Current liabilities (note 13)	(5)	(3)	(22)	(11)
Net assets/(liabilities)	<u>(3)</u>	<u>(2)</u>	<u>(8)</u>	<u>(4)</u>
Reserves	<u>(3)</u>	<u>(2)</u>	<u>(8)</u>	<u>(4)</u>

22. *Creative Learning through the Arts Programme*

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

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

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

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

	2016 £'000	2015 £'000
Income		
Welsh Government grant	1,787	-
Arts Council of Wales Lottery grant	1,890	-
	<u>3,677</u>	<u>-</u>
Expenditure		
Lead Creative Schools	1,804	-
Arts and education programme	999	-
Arts and creative learning cross-programme	38	-
Central management costs	473	-
Support costs (from unrestricted funds)	58	-
	<u>3,372</u>	<u>-</u>

23. Financial instruments

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

Liquidity risks – In 2015/16 £34,025,000 or 94% of the Council's income was derived from the Welsh Government (2014/15: £32,779,000 or 99%). Of the remaining income £1,890,000 or 5% was derived from the Arts Council of Wales' Lottery Distribution account for the *Creative Learning through the Arts* Programme (2014/15: £Nil) and £299,000 or 1% was derived from investment income and sundry income (2014/15: £274,000 or 1%). 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 (2014/15: 0.38%). Surplus daily funds invested in the Public Sector Deposit Fund on average carried an investment return of 0.42% in the year (2014/15: 0.37%). The effective unrestricted cash balance at the year end was £829,000 (2015: £432,000). 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.

24. Corporation Tax

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

25. Events after the reporting period

Authorisation of these financial statements for issue

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

26. 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 2015/16 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 2016 £
<u>Council Members</u>				
Margaret Jervis Director of Operations and Employment (Family member)	Valleys Kids	Grant (1)	118,244	Nil
Marian Wyn Jones Director and Volunteer	Canolfan Gerdd William Mathias	Grant (1)	77,537	Nil
Council member	Bangor University	Grant (1) Invoice (6)	279,015 3,867	Nil Nil
Andrew Miller Employment	Royal Welsh College of Music and Drama	Invoice (2)	26,986	Nil
Richard Turner Chairman Employment	South Wales Intercultural Community Arts Artis Community Cymuned	Grant (1) Grant (1)	87,229 199,173	Nil Nil
Employment	Royal Welsh College of Music and Drama	Invoice (2)	26,986	Nil
Alan Watkin Board Member – Vice- chairman	Theatre Clwyd	Grant (2) Invoice (1)	1,795,875 4,080	Nil Nil
Professor Gerwyn Williams Employment	Bangor University	Grant (1) Invoice (6)	279,015 3,867	Nil Nil
John C Williams Employment	Theatr Iolo	Grant (1)	255,739	Nil
Associate Director (unpaid)	Sherman Cymru	Grant (1) Invoice (5)	1,121,567 3,600	Nil Nil
Dr Kate Woodward Management Committee member	Aberystwyth University (including Aberystwyth Arts Centre)	Grant (1) Invoice (4)	534,534 18,903	Nil 1,297
Employment (Family member)	Theatr Genedlaethol Cymru	Grant (1) Invoice (1)	1,030,830 360	Nil Nil
Temporary employment (Family member)	Arad Goch	Grant (1) Invoice (8)	345,523 13,044	Nil Nil
<u>Committee Members</u>				
Ruth Cayford Employment	Cardiff Council (including St David's Hall)	Invoice (6)	3,501	Nil
Mark Davies Employment	BBC Cymru Wales (including BBC National Orchestra of Wales)	Grant (1) Invoice (3)	806,120 11,000	Nil Nil
Roland Evans Employment	Gwynedd County Council	Grant (1)	45,000	Nil

Member Role	Organisation	Transaction (number)	Total value £	Total balance outstanding at 31 March 2016 £
Alan Hewson Exhibitions Curator (Family member)	Aberystwyth University (including Aberystwyth Arts Centre)	Grant (1) Invoice (4)	534,534 18,903	Nil 1,297
<u>Staff</u>				
Daniel Allen Former employment	NoFit State Circus	Grant (1) Invoice (4)	193,842 35,555	Nil Nil
Former employment	National Theatre Wales	Grant (1) Invoice (1)	1,608,375 500	Nil Nil
Former employment	Royal Welsh College of Music and Drama	Invoice (2)	26,986	Nil
Emrys Barnes Former employment	Arts Active Trust	Grant (1)	249,865	207,113
Nathalie Camus Board Member (Family member)	Mostyn Gallery	Grant (2) Invoice (2)	411,664 1,195	2,398 Nil
Consultancy (Family member)	Emrys Williams	Invoice (8)	3,331	699
Katherine Davies Employment (Family member)	Cardiff Council (including St David's Hall)	Invoice (6)	3,501	Nil
Employment (Family member)	Ballet Cymru	Grant (1)	193,842	Nil
Osian Gwynn Employment (Family member)	Sherman Cymru	Grant (1) Invoice (5)	1,121,567 3,600	Nil Nil
Employment (Family member)	National Museum of Wales (St Fagan's)	Invoice (1)	18,000	Nil
Diane Hebb Governing Body Member	Gwernyfed High School	Grant (1)	16,000	8,800
Ruth Lloyd Freelance consultant	Elan Valley Trust and Dwr Cymru	Invoice (1)	24,000	Nil
Freelance consultant	National Museum of Wales	Invoice (1)	18,000	Nil
Ian McAndrew Former employment	Valleys Kids	Grant (1)	118,244	Nil
Betsan Moses Councillor (Family member)	Carmarthenshire County Council	Invoice (4)	1,254	Nil
Siân Tomos Employment (Family member)	BBC Cymru Wales (including BBC National Orchestra of Wales)	Grant (1) Invoice (3)	806,120 11,000	Nil Nil
Daniel Trivedy Freelance employment	Oriel Myrddin Gallery	Grant (1)	45,553	Nil
Freelance employment	Mission Gallery	Grant (1)	92,075	Nil
Eluned Haf Williams Director (Family member)	Canolfan Gerdd William Mathias	Grant (1)	77,537	Nil

Annex

not forming part of the financial statements



GENERAL ACTIVITIES - GRANTS 2015/16

Core funding to Arts Portfolio Wales organisations

Aberystwyth Arts Centre	£534,534
Arad Goch	£345,523
Artes Mundi Prize Limited	£142,958
Artis Community Cymuned	£199,173
Arts Care Gofal Celf	£128,420
Arts Connection - Cyswllt Celf	£62,999
Ballet Cymru	£193,842
Bangor University	£279,015
BBC National Orchestra of Wales	£806,120
Canolfan Gerdd William Mathias	£77,537
Chapter	£654,804
Clwyd Theatr Cymru Theatre for Young People	£225,681
Community Music Wales	£101,767
Cwmni'r Frân Wen	£232,096
Dawns i Bawb	£82,383
Dawns TAN TAN Dance Ltd.	£87,229
Disability Arts Cymru	£164,766
Earthfall	£237,456
Ffotogallery	£198,688
g39	£67,845
Galeri Caernarfon	£314,993
Glynn Vivian Art Gallery	£121,151
Hafren	£103,395
Head4Arts	£145,382
Hijinx Theatre	£155,074
Literature Wales	£743,174
Live Music Now Wales	£43,614
Llantarnam Grange Arts Centre	£82,383
Mid Wales Opera	£100,798
Mission Gallery	£92,075
Mostyn	£387,684
Music Theatre Wales	£218,072
National Dance Company Wales	£835,209
National Theatre Wales	£1,608,375
NEW Dance	£72,969
NoFit State Community Circus	£193,842
Oriel Davies Gallery	£222,918
Oriel Myrddin Trust	£45,553
Pontardawe Arts Centre	£61,060
Powys Dance	£108,794
Rhondda Cynon Tâf County Borough Council for RCT Theatres	£150,228
Riverfront	£121,151
Rubicon Dance	£193,842
Ruthin Craft Centre	£387,684

Sherman Cymru	£1,121,567
Sinfonia Cymru	£111,459
SWICA Carnival	£87,229
Taliesin Arts Centre	£219,041
Theatr Bara Caws	£278,702
Theatr Brycheiniog	£193,842
Theatr Felinfach	£58,153
Theatr Ffynnon	£72,691
Theatr Genedlaethol Cymru	£1,030,830
Theatr Iolo	£255,739
Theatr Mwldan	£266,826
Theatr na n'Óg	£314,848
Theatre Clwyd	£1,570,194
Torch Theatre	£445,837
Touch Trust	£145,382
trac - Music Traditions Wales	£77,537
Tŷ Cerdd - Music Centre Wales	£237,901
Ucheldre Centre	£72,691
Valley & Vale Community Arts	£174,458
Valleys Kids	£118,244
Volcano	£208,380
Wales Millennium Centre	£3,831,743
Welsh National Opera	£4,539,538
WJEC CBAC for National Youth Arts Wales	£251,303

Total Arts Portfolio Wales grants

£27,016,391

Creative Learning through the Arts Programme

Arts and education networks

Arts Active Trust	£249,865
Caerphilly County Borough Council	£249,073
Flintshire County Council	£250,000
University of Wales Trinity Saint David	£249,880
	<hr/>
	£998,818

Lead Creative Schools

Alderman Davies Church in Wales Primary School	£10,000
Alun School	£16,000
Archbishop Rowan Williams CIW VA Primary School	£10,000
Bedwas High School	£29,000
Bishop Hedley High School	£16,000
Blackwood Comprehensive School	£16,000
Blaenavon Heritage VC Primary School	£29,000
Bryn Deva School	£10,000
Bryn Hafren Comprehensive School	£16,000
Bryn Primary School	£10,000
Burry Port Community Primary School	£10,000
Buttington Trewern CP School	£10,000
Cadoxton Primary School	£10,000
Castell Alun High School	£16,000
Cefn Hengoed Community School	£16,000
Chepstow Primary Alliance	£13,000
Coed Eva Primary School	£10,000
Coed y Garn Primary	£10,000
Coedcae Comprehensive School	£29,000
Connah's Quay High School	£16,000
Cowbridge Comprehensive School	£16,000
Crickhowell High School	£16,000
Cyfarthfa High School (2 awards)	£16,000
Durand Primary School	£10,000
Ebbw Fawr Learning Community	£16,000
Eveswell Primary School (2 awards)	£10,000
Fenton Community Primary School	£10,000
Gilwern Primary School	£10,000
Gowerton Comprehensive School	£29,000
Greenfield Special School	£10,000
Gwernyfed High School	£16,000
Hendre Junior School	£10,000
Kitchener Primary School	£10,000
Lewis School Pengam	£29,000
Llanfyllin High School	£16,000
Maendy Primary School	£13,000
Maes y Morfa Primary School	£10,000

Maesgwyn Special School	£16,000
Malpas Church in Wales Infants School	£10,000
Millbrook Primary School	£10,000
Milton Infants	£10,000
Newbridge on Wye Church in Wales School	£10,000
Newport High School	£29,000
Our Lady of the Angels RC Primary School	£10,000
Pembroke Comprehensive School	£16,000
Pembroke Dock Community School	£10,000
Penygarn Community Primary School	£10,000
Pontarddulais Comprehensive School	£16,000
Pontybrenin Primary School	£10,000
Portfield School	£10,000
Rhws Primary School	£10,000
Rhydygors Special School (2 awards)	£10,000
Rumney Primary School	£10,000
St Cenydd Community School	£16,000
St Woolos Primary School	£10,000
St Joseph's Catholic Primary School (2 awards)	£10,000
St Paul's Church in Wales Primary School	£10,000
Stanwell School	£16,000
Sully Primary	£10,000
Thornhill Primary School	£10,000
Townhill Community Primary School	£10,000
Treorchy Comprehensive School	£16,000
Trinant Primary School	£10,000
Trinity Fields School and Resource Centre	£16,000
Twyn School	£10,000
Ty Gwyn School	£16,000
Usk Church in Wales Primary School	£10,000
Whitchurch Primary School	£10,000
Ysgol Bro Banw	£13,000
Ysgol Bryn Alyn	£29,000
Ysgol Bryn Collen	£10,000
Ysgol Cedewain	£16,000
Ysgol Crud y Werin	£10,000
Ysgol Crug Glas	£10,000
Ysgol Cynwyd Sant	£10,000
Ysgol Dinas Bran	£16,000
Ysgol Dyffryn Tâf	£16,000
Ysgol Dyffryn Teifi	£29,000
Ysgol Gyfun Cwm Rhymini	£16,000
Ysgol Gyfun Gymraeg Bryn Tawe (2 awards)	£16,000
Ysgol Gymraeg Ffwrnes (2 awards)	£10,000
Ysgol Gymraeg Pwll Coch	£10,000
Ysgol Gymunedol Peniel	£10,000
Ysgol Heol Goffa	£16,000
Ysgol Hiraddug	£10,000

Ysgol Iolo Morgannwg	£10,000
Ysgol Maes Garmon	£16,000
Ysgol Maesydderwen	£29,000
Ysgol Pencoed	£29,000
Ysgol Terrig	£10,000
Ysgol Tudno	£10,000
Ysgol Ty Coch	£16,000
Ysgol Uwchradd Caerdybi	£16,000
Ysgol y Creuddyn	£16,000
Ysgol y Cribarth	£10,000
Ysgol y Faenol	£10,000
Ysgol y Gelli	£10,000
Ysgol y Moelwyn	£16,000
Ysgol y Preseli	£16,000
	<u>£1,387,000</u>

Total *Creative Learning through the Arts* grants

£2,385,818

Strategic awards

Arts & Business Cymru	£140,000
Arts Alive	£2,490
engage (National Association for Gallery Education)	£5,000
Live Music Now Wales	£5,000
Marc Rees	£5,000
TYA UK	£25,000
Wales Literature Exchange	£11,898
Wild Creations	£37,420
	<hr/>
	£231,808

Memorial awards

Siân Astley	£3,000
Lucsz Kubicki	£3,000
Lea Sautin	£2,500
	<hr/>
	£8,500

Our Space

Mostyn	£22,003
Oriel Davies Gallery	£23,980
	<hr/>
	£45,983

Welsh Government capital funding

Bridgend Town Council	£10,000
Cyngor Gwynedd	£45,000
	<hr/>
	£55,000

Venice Biennale of Art - Curator

Ffotogallery	£92,000
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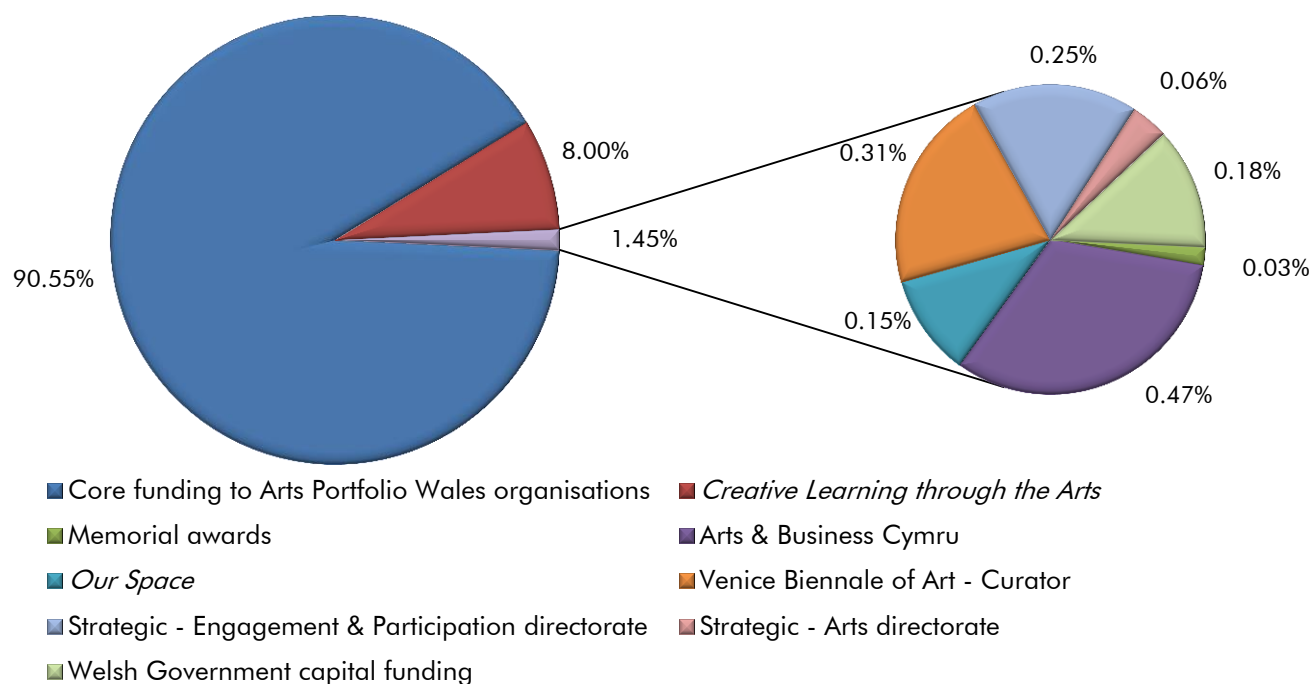
Total Strategic awards

£433,291

TOTAL GRANTS OFFERED

£29,835,500

GRANTS BY TYPE



WHAT DID OUR GRANTS SUPPORT?

	<u>Value of grants</u>		<u>No of grants</u>
Grants to support:			
Theatres & arts centres	£6,803,323	22.80%	14
Theatre production & presentation	£6,418,959	21.51%	8
Opera	£4,858,408	16.28%	3
Dance	£1,811,724	6.07%	8
Visual & applied arts	£1,748,939	5.86%	10
Arts & young people	£1,625,190	5.45%	7
Music	£1,354,168	4.54%	6
Community arts	£1,061,287	3.56%	9
Literature	£743,174	2.49%	2
Circus & carnivals	£281,071	0.94%	2
Disability arts	£164,766	0.55%	1
Arts & health	£145,382	0.49%	1
 <i>Creative Learning through the Arts</i>	 £2,385,818	 8.00%	 109
Other grants:			
Strategic awards	£433,291	1.45%	17
	<u>£29,835,500</u>		<u>196</u>