

Agenda – Culture, Welsh Language and Communications Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: 16 November 2017

Meeting time: 08.45

For further information contact:

Steve George

Committee Clerk

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1 Motion under Standing Order 17.22 to elect temporary Chair

2 Introductions, apologies, substitutions and declarations of interest

3 Budget Scrutiny: Cabinet Secretary for Education

(08:45 – 09:15)

(Pages 1 – 21)

Kirsty Williams AM, Cabinet Secretary for Education

Steve Davies, Director, Education Directorate

Bethan Webb, Deputy Director, Welsh Language

Break (09:15 – 09:45)

4 Budget Scrutiny: Minister for Culture, Tourism and Sport

(09:45 – 11:00)

(Pages 22 – 58)

Dafydd Elis-Thomas AM, Minister for Culture, Tourism and Sport

Jason Thomas, Director, Culture, Sport and Tourism

Peter Owen, Head of Arts Policy Branch

Dean Medcraft, Director, Finance & Operations

5 Budget Scrutiny: Minister for Welsh Language and Lifelong Learning

(11:00 – 12:00)

(Pages 59 – 80)



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Eluned Morgan AM, Minister for Welsh Language and Lifelong Learning
Bethan Webb, Deputy Director, Welsh Language
Iwan Evans, Senior Policy Officer, Strategic Planning

6 Paper(s) to note

6.1 Non-public Funding of the Arts: Additional Evidence

(Pages 81 – 89)

6.2 The Independent Review of Support for Publishing and Literature in Wales: Additional Evidence

(Pages 90 – 93)

7 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

8 Private debrief

(12:00 – 12:20)

9 Funding for and access to music education: Consideration of schools survey

(12:20 – 12:30)

(Pages 94 – 96)

Agenda Item 3

Document is Restricted

Culture, Welsh Language and Communications Committee

Date: 8 November 2017

Time: 09.00 -09.30

Title: Evidence paper on the Draft Budget 2018-19 - Education Main Expenditure Group (MEG)

Introduction

1. This paper provides information to the Culture, Welsh Language and Communications Committee on the Education Main Expenditure Group (MEG) proposals outlined in Draft Budget 2018-19, which was published as part of a two stage process; publishing an outline budget (stage 1) on 3 October followed by a detailed budget (stage 2) on 24 October. It provides an update on relevant areas of interest to the Committee including Welsh Language, Arts and Music Education.

Background

2. This budget includes spending plans for 2018-19, together with indicative revenue budgets for 2019-20 and indicative capital plans until 2020-21. This is the second budget of this term of Government and the third year of the UK Government's current Spending Review settlement.
3. Austerity continues to be a defining feature of public expenditure. This long period of sustained reductions has had an impact on all services, even those where we have been able to provide some protection. It means that as Welsh Government and as a National Assembly for Wales we continue to face tough choices.
4. An analysis of evidence on current trends and projections has informed a focus on the areas most critical to delivering the needs of the population of Wales and has informed these spending proposals.
5. In September, we published our national strategy designed to bring together the efforts of the whole public sector towards this government's central mission of delivering Prosperity for All. This places the Well-being of Future Generations Act (Wales) 2015 and the national goals at the heart of our decision making. The twelve well-being objectives represent the areas where the Welsh Government can make the greatest contribution to the national goals, working in partnership with others. The Act has been used to inform spending plans, to maximise opportunities to join up activities across my portfolio and to align resources with the national strategy.

Response

6. The following information is provided in the order requested in the commissioning letter dated 1 September 2017 under the following headings:
- Part 1: Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations
 - Part 2: Other Information
 - Part 3: Specific Areas

Part 1: Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations

7. The table below provides an overview of the planned Actions/BELs relating to Welsh Language, Arts and Music Education as published in Draft Budget 2018-19.

Table 1.1 BEL Allocations

SPA	ACTION	BEL	2018-19 Draft Budget Allocation £000's	2019-20 Draft Budget Indicative £000's
Education & Training Standards	Curriculum	Curriculum & Assessment (BEL 5162)	6,566	6,282
	Education Standards	Raising School Standards (BEL 5511)	25,000	25,500
		School Improvement Grant BEL (5126)	121,659	110,566
Welsh Language	Welsh in Education	Welsh Education Strategy (BEL 5164)	31,361	31,361
Total			184,586	173,709

8. Annex A provides a breakdown of specific allocations of interest to the Committee which are included within the BEL allocations as outlined in Table 1.1. In addition, it outlines the final outturns for 2016-17 and forecast outturns for 2017-18 along with indicative allocations for 2018-19 and 2019-20.
9. Commentary on each of the specific areas relevant to the Committee including an analysis and explanation of changes between the Draft Budget 2018-19 and the First Supplementary Budget (June 2017) is provided at Annex B.

Part 2: Other Information

Value for Money

10. Clarity over how we use our resources effectively is central to delivering the priorities set out in Prosperity for All and Taking Wales Forward.
11. Once expenditure is planned in line with my priorities, I have well-established processes in place to ensure that resources are used effectively for the purposes intended. The governance and monitoring procedures in place reflect the nature of our relationships with delivery partners.

Music Endowment Fund/Music Instrument Purchase and National Youth Arts Wales Ensembles (NYAWE) Funding

12. I have invested an additional £1m into music education in Wales, with £500k being provided to establish the music endowment for Wales (£30k in 2016-17 and £470k in 2017-18), £280k for the NYAWE in 2016-17 and £220k for the purchase of instruments in 2016-17, with the commitment to creating a national sharing mechanism for instruments. I am also taking forward a pilot national music instrument amnesty in November following the successful joint Welsh Government and National Assembly for Wales pilot in the summer.
13. The endowment, instrument sharing mechanism (database) and the musical instrument amnesty were all recommendations of the task and finish group that my department has taken the lead in implementing.
14. The national ensembles provide an important pathway to young people to access elite performance opportunities and progress to a career as a professional musician. I have made a contribution of £280k to local authorities, reimbursing them for their funding to the ensembles in 2016-17, on the understanding that they continue to fund the ensembles in 2017-18.

Creative Learning through the Arts Plan (CLTA)

15. £20m has been invested by the Welsh Government and Arts Council of Wales for the CLTA Plan 2015-2020. 530 schools will be participating in the Lead Creative Schools Scheme. Additionally, 136 Go and See grants, benefiting over 8,000 pupils, have been made available to schools to support them to deliver cultural experience.
16. An evaluation of the programme is presently being undertaken. Early indications are showing that this programme is preparing schools for the new curriculum where creativity will be one of the 4 purposes.

Music in Schools Initiative

17. £1m will be allocated to take forward Music in School Initiatives as part of the recent draft budget agreement with Plaid Cymru which will help enhance the schools' music services across Wales. The monies will be used to build on the recommendation of the task and finish group on music services in Wales.

Welsh in Education

18. An evaluation of the Welsh-medium Education Strategy was published in March 2016. This included an overall evaluation of the strategy, along with individual evaluations of some of the programmes, including the Sabbatical Scheme, the resource commissioning programme and projects to support the teaching and learning of Welsh second language. The findings and recommendations of this evaluation continue to feed into policy developments.
19. An independent review of the Coleg Cymraeg Cenedlaethol (Coleg) published in July 2017 considered value for money in regards to the funding of the Coleg as part of its remit. A full response to the report and recommendations will be published in the near future.
20. In 2017-18, £200k has been allocated as part of the Raising School Standards BEL (5511) to support a programme of research and evaluation to inform the development of Welsh-medium and Welsh language education. This will include a further evaluation of the Sabbatical Scheme, evaluation of the Welsh Language Charter and research to inform best practice in the teaching and learning of Welsh.

Preventative Spend

21. I recognise the on-going need to make hard choices. The continuing pressure on public finances and on the level of funding available to this MEG, more specifically, mean we are under no illusions about the challenges we face. From the outset of my budget preparations, I have focused on how best to meet the growing needs of key service areas within the MEG in the face of another challenging budget. Over successive years, prioritising preventative spending has been a way of avoiding more costly interventions at a future point and improving the quality of people's lives over the long term.
22. These budget proposals, therefore, reflect my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. The spending decisions have not only considered how best to meet the current demand for services but have also focused on supporting interventions that are able to prevent problems arising in the future. This preventative approach is an important part of our planning for public services, both now and in the future.

23. Regarding preventative spend, our target of increasing Welsh language early years provision by 40 nursery groups by 2021 has the aim of creating bilingual citizens of the future. Cylchoedd Meithrin contribute to nurturing the conditions which create new Welsh speakers by immersing children in the language and its culture, and by helping to feed Welsh-medium schools. This spend on the early years prepares the ground for further interventions in the shape of, for instance, the Siarter Iaith (which has the aim of establishing Welsh-language use among school children from an early age), and has the potential to reduce spend on promotion among older age groups, as their language practices will already have taken root
24. The CLTA Plan 2015-2020 provides schools with learning and teaching support through arts and creativity based activity; within and outside the classroom. Information on the scheme is being disseminated to schools through Pioneer schools, practitioner mentoring and Hwb and the Creative Learning Zone.
25. The Lead Creative Schools Element of the CLTA Plan is targeted at developing learners' literacy and numeracy skills and supporting those in disadvantaged communities. Teachers participating in the scheme work directly with creative practitioners to develop creativity based interventions, delivered through the context of a range of curriculum subjects. Practice developed through this scheme is shared within schools and on a school to school level.
26. Under the All Wales Arts in Education Offer within the plan, schools can apply for Go and See Grants and Creative Collaboration Grants to engage with arts and creativity activities and build lasting relationships with arts and cultural organisations. These grants encourage schools to give their learners inspiring arts, cultural and heritage experience, both in and out of the classroom
27. The practice developed under the CLTA plan is feeding into the construction of the new curriculum, particularly the Enterprising, Creative Contributors Purpose and Area of Learning Experience (AoLE) for Expressive Arts. Arts Council of Wales, who manage the scheme on behalf of Welsh Government, contribute to the Expressive Arts pioneer schools group.
28. It is more likely that learners with lower-level literacy and numeracy skills will not progress into employment, and this has consequent implications for economic growth. The CLTA supports these young people to develop their literacy and numeracy skills, as well as having a positive effect on wider issues such as attendance and engagement with learning.

Legislation

29. There is currently no legislation in the implementation phase for Education.

Brexit Implications

30. The Welsh Government established a specific team to co-ordinate European Transition issues, which is working closely with the existing team in Brussels and policy departments.
31. As the impact of Brexit is so far-reaching, many Welsh Government departments are also prioritising their existing resources for dealing with Brexit specific issues. Reprioritising existing resources is an important and responsible approach and one which will need to be utilised further as more information about future changes becomes available.
32. There are no immediate direct effects of the decision to leave the European Union on the core programmes that form part of the Education MEG. The impact of leaving the European Union will be carefully monitored and discussions held to limit the impact.

Part 3: Specific Areas

Welsh in Education/Welsh in the National Curriculum

Allocations and commentary in respect of support for literacy and numeracy (to include Welsh literacy), and Welsh language and Welsh literature GCSEs

33. The EIG supports all Literacy and Numeracy needs in both Welsh and English and in all school settings, including specific support on the National Literacy and Numeracy Framework (LNF) which has a Welsh literacy component.
34. In addition, consortia are funded via the EIG to provide support for the new GCSEs, including Welsh language, Welsh literature and Welsh Second Language GCSEs. The EIG is used to enhance the statutory provision so information on specific spend on Welsh Language is not available. At school level, the EIG supports improved outcomes for learners and can be used for Welsh Language, Arts and Music.

Allocations and commentary in respect of Welsh-Medium Education Strategy

35. For 2018-19, a budget of £31.361m has been allocated from the Welsh Education Strategy BEL (5164) for the implementation of the actions related to Welsh-medium and Welsh language education within *Cymraeg 2050: a million Welsh speakers*.
36. The funding supports the development of Welsh-medium and Welsh language education from the Early Years, through Mudiad Meithrin, to higher education, through the Coleg Cymraeg Cenedlaethol.

Allocations and commentary in respect of Welsh in Education Strategic Plans (WESPs)

37. The WESPs provide a basis for the planning of Welsh-medium education across Wales. Critically this also includes bilingual and Welsh language education. All 22 local authorities submitted their WESPs for approval in December 2016. However, following a statement by Alun Davies, Minister for Lifelong Learning and Welsh Language, in the National Assembly on 14 March 2017 Aled Roberts was asked to carry out a rapid review of the current regime for planning Welsh language education across Wales. A budget of £50k was allocated from the Welsh Education Strategy BEL (5164) in 2017-18 to undertake this review. The final report includes recommendations on how to develop the WESPs as well as offering recommendations on individual plans drafted by local authorities for the period 2017-2020.
38. Local authorities use funding from a number of sources to implement their WESPs including activities supported and delivered through the EIG (BEL 5126). In the delivery of their EIG, the regional consortia Local authorities are asked to ensure that the programme of activities funded reflect the priorities set out in the local authorities' WESPs.
39. The Welsh Education Strategy BEL (5164) also supports the WESPs through programmes to support the promotion of informal use of the language and the development of the language skills of practitioners through the Sabbatical Scheme. The promotion and marketing activity through Cymraeg i Blant / Welsh for Kids, although difficult to quantify, also supports the implementation of the plans.

Allocations and commentary in respect of the Welsh Language Strategy in relation to the teaching workforce

40. As part of the Welsh Education Strategy BEL (5164), £1.550m is allocated annually to fund the national sabbatical scheme, which provides intensive Welsh language training for practitioners.
41. In addition, as part of the Raising School Standards BEL (5511), the Welsh Government is investing an extra £4.205m in 2017-18 to support the teaching and learning of Welsh and subjects through the medium of Welsh.
42. This funding is set to increase by £680k in 2018-19 and a further £265k in 2019-20, subject to final budget and approval, to prepare the workforce to deliver the new Welsh language curriculum and to increase the capacity of the Welsh-medium teaching workforce.

Music Education/Music in the National Curriculum

Music Endowment Fund

43. In February 2017, the Cabinet Secretary for Education agreed to provide £500k to fund the set up (£250k) and capitalisation (£250k) of the Music Fund for Wales; of this, £30k was drawn down in the 2016-17 financial year. The remainder (£470k) will be paid in the 2017-18 financial year. The endowment, as a registered charity, will then source additional monies through fundraising activities, such as corporate engagement and individual giving.
44. The £500k forms part of the £100m made available to raise school standards which is allocated from the Raising School Standards BEL (5511).
45. The endowment will build up donations from organisations, businesses and individual giving from Wales and beyond. It is envisioned that the fund will yield sufficient interest to start making grants available to young people, once it hits £10m.

Music Instrument Purchase and National Youth Arts Wales Ensembles Funding

46. In the 2016-17 financial year, £220k and £280k were made available to the WLGA to fund Local Authorities to purchase musical instruments and reimbursement for their funding to the NYAWE respectively.
47. The £1m agreed for Music in School Initiatives as part of the recent draft budget agreement with Plaid Cymru will help enhance the schools' music services across Wales, building on the recommendation of the task and finish group on music services in Wales.

Arts Education/Arts in the National Curriculum

Creative Learning Through the Arts Plan

48. The CLTA Plan is a 5 year programme to implement the recommendations of Professor Dai Smith's review of Arts in Education (2013) and to develop creative learning and teaching practice that contribute to the development of the 4 purposes and Expressive Arts AoLE of the new curriculum.
49. The plan has received £2m of Welsh Government funding per annum from the 2015-16 financial year and will continue to receive this amount until the end of the 2019-20 financial year. This annual amount is match funded by the Arts Council for Wales (ACW); meaning the programme will receive a total of £20m, split evenly from WG and ACW, over its 5 years of activity.

Specific Allocations within the BELS

BEL	Specific Allocations	2016-17 Final Outturn £000's	2017-18 Forecast Outturn £000's	2018-19 Draft Budget Allocation £000's	2019-20 Draft Budget Indicative £000's
School Improvement Grant (BEL 5126)	Education Improvement Grant*	137,427	133,282	118,137	107,044
Curriculum & Assessment (BEL 5162)	Creative Learning Through Arts	2,000	2,000	2,000	2,000
	Funding for Music in School Initiatives – Plaid Cymru draft budget agreement	0	0	1,000	1,000
	National Youth Arts Wales Ensembles	280	0	0	0
	Purchase of Instruments	220	0	0	0
Raising School Standards (BEL 5511)	Welsh Language	180	4,205	4,885	5,150
	Music Endowment	30	470	0	0
Welsh Education Strategy (BEL 5164)	Welsh Education Strategy	17,760	29,831	31,361	31,361
Total		157,897	169,788	157,383	146,555

*This is the total allocation for the EIG which includes support for Literacy & Numeracy (which has a Welsh Language component) and Welsh Language, Welsh Literature & Welsh Second Language GCSE's. The total BEL allocation (5126) includes the budget relating to infant class sizes.

Commentary on each of the BELs within the Education MEG as relevant to the Welsh Language, Arts and Music Education, including an analysis and explanation of changes between the Draft Budget 2018-19 and the First Supplementary Budget (June 2017)

School Improvement Grant (BEL 5126)

Specific Allocations	2017-18 Supplementary Budget (June 2017) £000's	Changes £000's	2018-19 Draft Budget Allocation £000's
Education Improvement Grant*	133,282	-15,145	118,137

*Total allocation for the EIG which includes support for Literacy & Numeracy (which has a Welsh Language component) and Welsh Language, Welsh Literature & Welsh Second Language GCSE's

The Education Improvement Grant (EIG) for Schools is within the School Improvement Grant BEL. It is the main school improvement grant for schools and aims to support improvements in educational outcomes for all learners across all key stages. The majority of the EIG is delegated to schools and targeted through regional consortia to support delivery of Education in Wales: Our National Mission.

The EIG supports all Literacy and Numeracy needs in both Welsh and English and in all school settings, including specific support on the National Literacy and Numeracy Framework (LNF) which has a Welsh literacy component. In addition, consortia are funded via the EIG to provide support for the new GCSEs, including Welsh language, Welsh literature and Welsh Second Language GCSEs. It also supports the Welsh Language through Local Authority Welsh in Education Strategic Plans.

The EIG is used to enhance the statutory provision so information on specific spend on Welsh Language is not available. At school level, the EIG supports improved outcomes for learners and can be used for Welsh Language, Arts and Music.

Reductions:

- £15.145m reduction as part of the decision to move from hypothecated grant funding to unhypothecated grant funding and greater flexibility for local government to deliver our shared priorities for schools. Despite the reduction and the reprioritisation of funding to the Revenue Support Grant for our priorities for schools, the EIG continues to provide significant investment of more than £118m in 2018-19 to support our schools, regional school improvement services and Local Authorities to improve educational outcomes for all learners in Wales.

Curriculum & Assessment BEL (5162)

Specific Allocations	2017-18 Supplementary Budget (June 2017) £000's	Changes £000's	2018-19 Draft Budget Allocation £000's
Creative Learning Through Arts	2,000	0	2,000
Funding for Music in School Initiatives – Plaid Cymru Agreement	0	1,000	1,000

The Curriculum BEL (5162) supports a number of activities. Of the total £8.5m allocation in 2017-18:

- £2m was allocated to the CLTA Plan. This is a 5 year programme and the funding will continue at this level until 2019-20.

Increases:

- £1m allocation from reserves to fund Music in School Initiatives as part of the recent draft budget agreement with Plaid Cymru.

Raising School Standards BEL (5511)

Specific Allocations	2017-18 Supplementary Budget (June 2017) £000's	Changes £000's	2018-19 Draft Budget Allocation £000's
Welsh Language	4,205	680	4,885
Music Endowment	470	-470	0

The Raising School Standards BEL (5511) supports a number of activities. Of the total £20m allocation in 2017-18:

- £470k was allocated to establish the music endowment for Wales.
- £4.205m was allocated for:
 - the expansion of the national Sabbatical Scheme;
 - pilot programmes to support Welsh language skills of learners in English-medium schools;
 - recruitment campaign to attract Welsh-medium graduates into teaching;
 - support professional learning for Welsh language and Welsh-medium practitioners via the regional consortia; and
 - research to inform the development of the new Welsh language continuum.

Reductions:

- No allocation has been made as part of the Draft Budget plans for 2018-19 for Music Endowment. This was a one off allocation to fund the set up of the Music Fund for Wales.

Increases:

- The indicative allocation in relation to the Welsh Language in 2018-19 proposes an increase in budget of £680k. This will include additional funding for the expansion of the Sabbatical Scheme, support for professional learning for Welsh language and Welsh medium practitioners via regional consortia and the expansion of informal use of Welsh.

Welsh Education Strategy BEL (5164)

Specific Allocations	2017-18 Supplementary Budget (June 2017) £000's	Changes £000's	2018-19 Draft Budget Allocation £000's
Welsh Education Strategy	29,231	2,130	31,361

The Welsh Education Strategy BEL (5164) supports the actions related to Welsh-medium and Welsh language education within *Cymraeg 2050: a million Welsh speakers*, which includes:

- the planning of Welsh-medium education to include implementing recommendations made within Aled Roberts Rapid Review of the WESP's;
- the delivery of practitioner training through the Sabbatical Scheme;
- the delivery of Welsh-language training through the National Centre for Learning Welsh;
- commissioning of teaching and learning resources;
- promoting language transmission in families;
- research, evaluation and marketing in respect of the Welsh-medium Education Strategy;
- delivery of the Welsh Language Charter programme; and
- funding for the Coleg Cymraeg Cenedlaethol.

The indicative allocation for the Welsh Education Strategy BEL (5164) in 2018-19 and 2019-20 proposes an increase in budget of £2.130m.

Reductions:

- As part of the review to meet reduced budgets, a £300k reduction was identified through reducing funding for several projects across both the Welsh Education Strategy BEL and Welsh Language BEL, through savings as a result of a combination of projects coming to an end and the reprioritisation of funds.

Increases:

- £330k transfer in from HEFCW relating to the Welsh Medium Scholarships Scheme;
- £1.5m allocation from reserves which includes an additional £500k for improved provision of bilingual education resources and £1m for the expansion of Mudiad Meithrin as part of the draft budget agreement with Plaid Cymru. This is in addition to the £5m of Welsh Language funding which is included recurrently in the baseline; and
- £600k transfer in relating to Mudiad Meithrin (£300k from the Communities and Childrens MEG and £300k from Foundation Phase BEL (5501)). This additional funding will support staff training and development for the early years.

Agenda Item 4

Document is Restricted

CULTURE, WELSH LANGUAGE AND COMMUNICATIONS COMMITTEE WRITTEN EVIDENCE – PORTFOLIO PRIORITIES

1. The purpose of this paper is to provide written evidence to the Culture, Welsh Language and Communications Committee on priorities within the Economy and Infrastructure portfolio that relates to the Committee's remit, including culture, creativity and the arts, marketing and promotion and the historic environment.
2. Prosperity for All - the National Strategy - sets out how we will work across traditional boundaries to deliver our priorities. Our aim is not just about material wealth. It is about every one of us having a good quality of life and living in strong, safe communities with well paid jobs, household incomes and productivity levels.
3. The National Strategy provides a framework for our whole-government approach to increasing prosperity and addressing the root causes of poverty in a more effective, joined-up way.
4. Four cross-cutting themes within the strategy will help us to maximise our impact in these uncertain times and deliver the promise of the Future Generations Act. In my evidence below I set out how my portfolio will contribute to delivering the strategy, as well as setting out my statutory duties.

Cadw

Historic Environment

5. Our national historic assets represent a precious and unique heritage which supports nearly 40,700 jobs, generates £963 million in GVA and is vital to tourism. 61% of overseas visitors cite historic sites as a key reason to visit Wales.
6. A substantial proportion of the ground-breaking Historic Environment (Wales) Act 2016 came into force during May 2017. To complement the new legislation we have also published improved planning policy and advice and wide-ranging best-practice guidance for the historic environment.
7. We are responsible for managing 129 monuments across Wales, and invested in their conservation and development annually. Over the past 18 months we have commenced a programme of quinquennial inspections which gives us a detailed insight into the condition of the properties we manage.
8. In 2017/18 our capital programme includes work at Brecon Gaer, Caernarfon Castle, Caerphilly Castle, Flint Castle and Porth Mawr, as well as a large number of smaller conservation and commercial projects across Wales.

Financial Performance

9. Commercial performance, driven by major improvements to the visitor experience, significantly improved in Cadw and 2016-17 was the most successful in its history, generating over £6.6m income.
10. Following on from improved commercial performance in recent years, early indications of visitor figures in the year to date suggest that Cadw is on course for another successful year.

CULTURE, WELSH LANGUAGE AND COMMUNICATIONS COMMITTEE WRITTEN EVIDENCE – PORTFOLIO PRIORITIES

Cadw's future status

11. Earlier this year, we broadly accepted the recommendations of the Steering group we established to review the future of heritage services in Wales (<http://gov.wales/docs/drah/publications/170202-historic-wales-en.pdf>). One of the recommendations of the group was to move Cadw outside of Government and in doing so create a new National Institution. Over the summer we have been conducting an options appraisal for the future of Cadw, to test those options against the status quo of retaining Cadw within government. A steering group was set up, chaired by the Director of Culture, Tourism and Sport, with representatives from Cadw, MALD, other departments in ESNR and across Welsh Government to oversee the delivery of the project and its findings are currently being considered.

Facilitating collaboration within the sector:

12. The recommendations of the steering group mentioned above was for much greater collaboration between our leading heritage institutions and the vision for a Strategic Partnership as the solution to protect the heritage of Wales when public finances are under severe pressure. The Partnership was set up in May 2017 and is already making good progress in terms of collaboration on workstreams including skills and development, commercial, and collaborative delivery of back office functions. In addition to the Royal Commission on the Ancient and Historical Monuments of Wales, the National Library of Wales, Amgueddfa Cymru and Cadw, TUS colleagues are a key component of the work of the Partnership.
13. The Strategic Partnership provides a real opportunity to bring a sharper focus and clearer identity to the commercial work of our national institutions

Museums, Archives and Libraries

14. Museums, Archives and Libraries contribute to the delivery of a range of Welsh Government initiatives including tackling social exclusion through the Fusion programme, supporting formal and informal learning for all ages, improving literacy and engagement through initiatives including *'Every Child a Library Member'* and *Taking over Museums Day*, supporting volunteering and apprenticeships, and providing access to information via our network of public library and archive services.
15. Over the coming years, the priority is to pursue a transformational agenda to ensure the sustainability of high quality services against a continuing difficult financial background and to support the development of new approaches, particularly in the area of digital services, to meet the growing expectations of users for online access and service delivery.
16. We will build on the success of the People's Collection Wales digital heritage programme work in the area of community engagement, and expect the sector, both national and local, to play its part in the Year of Legends in 2017 and future campaigns.

CULTURE, WELSH LANGUAGE AND COMMUNICATIONS COMMITTEE WRITTEN EVIDENCE – PORTFOLIO PRIORITIES

17. The Fusion programme will continue to be a priority, building on the success of the pilot projects, to ensure that disadvantaged groups from all parts of Wales develop new skills and confidence through engagement with culture and heritage.
18. Our national institutions will continue to receive Welsh Government grant-in-aid to protect our culture and deliver services across the nation. In 2018, the work to redevelop St Fagans will come to fruition, helped by a £7 million investment from the Welsh Government.
19. The National Library will continue to lead on digital delivery of services and began the implementation of a new 3 year strategy from April 2017, which will significantly increase the amount of digital content available and deliver innovative and inclusive services .
20. Collaboration with a wide range of other organisations and sectors is key to improving the sustainability of service delivery in a challenging economic climate. We will challenge national institutions, including the National Museum and National Library, to proactively work together to explore ways of increasing external investment in cultural heritage activities and in providing leadership to the wider sector.

Museums

21. Despite challenging circumstances, 91 local museums maintain the standards set by the U.K. Museum Accreditation Standard. They continue to care for the nation's heritage and make it available for the enjoyment and education of local communities and visitors. A new plan to support the museum sector is in preparation
22. Consultants have been appointed to undertake a feasibility study to explore the creation of a football museum, or a more broadly based museum of sport (arising from our agreement with Plaid Cymru on the budget for 2017/18).
23. A feasibility study to explore the creation of a national contemporary art gallery for Wales (arising from our agreement with Plaid Cymru on the budget for 2017/18) has been commissioned.

Archives

24. We are working with local archive services to introduce more sustainable models of service delivery, and to support collaboration to address issues such as the long-term preservation and management of 'born digital' records. A new plan to support the sector is in preparation.
25. Despite current challenges, 11 archive institutions in Wales are now Accredited under the Archive Service Accreditation scheme, the UK wide quality assurance standard for archives which was introduced in 2013, and which is administered in Wales by the Welsh Government. Over 70% of services required to meet the Accreditation Standard to confirm their statutory status as places of deposit for

CULTURE, WELSH LANGUAGE AND COMMUNICATIONS COMMITTEE WRITTEN EVIDENCE – PORTFOLIO PRIORITIES

public records, have now achieved Accreditation, and the remaining services are working towards Accreditation requirements.

Public libraries

26. The ongoing financial pressure on local authority funding is leading to reductions in public library services including library closures and the transfer of libraries to be fully or partially run by community groups. In these difficult economic times all budgets have to be reviewed carefully. However, public libraries are a statutory duty and contribute to a significant number of important policy areas such as digital inclusion, learning, literacy, prosperity, health and well-being and sustainable communities.
27. We will monitor proposed changes to library services carefully to ensure that local authorities continue to provide “comprehensive and efficient” library services for everyone.
28. We can be proud of our library services in Wales, which according to recent research by the Carnegie UK Trust found that 46% of the population use them, and that around three quarters of people in Wales said that public libraries are important for their communities.
29. Our partnership work with local authorities and the National Library of Wales to improve the digital offer is paying off, with an increase in use of audio-visual materials, and an increase in young people aged 15-24 using the library to 51% (from 2011 to 2016).
30. Our successful Community Learning Libraries Programme, has seen the modernisation of over 100 public libraries in Wales, and has opened up building to new audiences, created modern learning and cultural spaces, and enabled libraries to hold more events and activities in the library. We wish to build on our recent successes and work on a new plan for Welsh libraries is underway.

National Museum and National Library

31. As already highlighted in the previous paragraphs, our national institutions contribute to a range of Welsh Government priorities and strategic agendas, including collaborative activities with other key partners in the cultural heritage section in Wales. Strategic priorities for the National Museum and National Library are set out in my annual Remit Letter. The 2017-18 letter focuses on how these organisations contribute towards priorities in *Taking Wales Forward* and acknowledge statutory duties, including requirements for both bodies under the Wellbeing of Future Generations (Wales) Act.
32. I met with the Chairs and Chief Executives of both organisations recently (25 September) to discuss their organisations’ progress with key projects and activities. Business planning discussions will commence shortly, and both organisations will present their operational plans for 2018-19 (including performance indicators for the coming year) for my approval before the end of March 2018.

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33. Earlier in the year, I commissioned Dr Simon Thurley to undertake a review to help the Welsh Government identify the most appropriate ways in which we can help the National Museum become more efficient and more sustainable. Dr Thurley recognises the quality of Amgueddfa Cymru's national collections, as well as the expertise and knowledge of staff, and regards Amgueddfa Cymru as one of the great museums of the UK. We are now working closely with the National Museum's Board of Trustees and Senior Management Team to determine how best to take the review and recommendations forward.

The Arts

Welsh Government strategic priorities for the Arts

34. Strategic Priorities and key areas of activity in the arts are set out in our annual Remit Letter to the Arts Council of Wales (ACW). The current (2017-18) letter focusses on the priorities set out in Taking Wales Forward. This includes playing a full part in helping to deliver the following new commitments:
- A new Challenge Fund, for sports and arts organisations, to match fund their projects and to fuse creativity and digital exploitation.
 - A National Endowment for Music, to help young people to realise their musical potential.
 - New conditions of funding for cultural organisations that receive public monies, to support young people from deprived backgrounds
 - An extension of the programme of open access to cultural opportunities for young people
 - The creation of an 'A55 Culture Corridor', with the aim of making this one of Europe's major cultural routes.
 - To carry out a feasibility study for a National Art Gallery (arising from our agreement with Plaid Cymru on the budget for 2017/18).
35. In addition to stressing the continued commitment to the requirements of the Well-being of Future Generations Act, the Remit Letter also stresses a number of key themes and activities:
- Being creatively active
 - Tackling poverty and disadvantage
 - Creative Learning
 - Jobs, skills and the economy
 - Health and well-being
 - Regeneration
 - International Work

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- Digital, Broadcasting and Publishing
- Resilience
- A diverse and bilingual Wales

36. Very good progress has already been made in delivering on these current priorities. The 2018-19 Remit Letter to ACW will build on these themes and the progress made. ACW produces an Operational (business) Plan each year, which clarifies how it will fulfil the requirements in the remit letter and we ensure we are content with this plan before agreeing the Key Performance Indicators for the year ahead.

New and additional income for the Arts

37. Despite the additional funding we have managed to provide to ACW this year, recent reductions in public funding mean that all arts organisations are having to look at new sources of funding, and at increasing their self-generated revenue. This includes: sponsorship and corporate giving, philanthropy and individual giving, crowdfunding, membership and 'friends' schemes, and grants from charitable Trusts and Foundations. We will be tasking ACW with ensuring arts organisations do all they can in this area in a bid to develop sustainable sources of funding and to be less reliant on public subsidy.

UK City of Culture 2021

38. We fully support the City and County of Swansea's bid to become UK City of Culture for 2021. If it is successful, we will be providing Swansea with significant funds. We are also ready to provide additional 'in-kind support', to help Swansea with the practical challenges of delivering the Year, for example tourism and marketing expertise.

39. This would complement the city deal and accelerate the city's regeneration. Post-Brexit, it will show the world that Wales remains outward-facing and open for business. It will give a big boost to the people of Swansea's sense of community and identity.

40. We commend Swansea's vision of what can be achieved and we wish it every success in becoming the first Welsh city to secure this important accolade.

Publishing and Literature

Independent review of support for publishing and literature

41. The panel's report was published on 13 June and I made an oral statement thanking the panel for its work. We have subsequently received a range of views from stakeholders, including the relevant bodies involved, namely the Arts Council of Wales, Literature Wales and Welsh Books Council. Some who have written to us have raised concerns about aspects of the report, whilst others have provided statements of support for the report's recommendations. The independent review

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Panel agreed to consider the comments received and its response was sent to us on 25 September.

42. Prior to this, over the summer, officials met with representatives from the Arts Council of Wales, Literature Wales and the Welsh Books Council to consider the practicalities of taking forward the report's recommendations and inform our view as we prepare a formal response to the report during the autumn.
43. The Culture, Welsh Language and Communications (CWLC) Committee is conducting its own inquiry into the independent review of support for publishing and literature; I gave evidence to the Committee on 12 October.
44. I will consider the panel's response of 25 September and the findings of the CWLC Committee before making my formal response to its report.

Media Forum

45. We will be establishing a new independent media forum, to advise on the future of the media and broadcasting in Wales. During the autumn we will advertise publicly for the Forum's Chair. Following the appointment of the Chair, and with the Chair's involvement, other members of the Forum will be then recruited. The intention then is that the Forum will begin its work as soon as possible.

Marketing and Communications

46. The new 'Wales' destination brand approach introduced in 2016 focuses on the balance between what makes our Nation inherently Welsh and internationally outstanding. It also aims to create a more unified approach and a consistent narrative for promotion of Wales internationally. The work was conducted in response to our ambitions to develop a more integrated approach to promoting Wales to the world as a place to visit, trade, invest and live.
47. The new approach has received a number of accolades from the media, stakeholders and industry and the associated campaigns are delivering strong results.

Tourism Marketing

48. Tourism Marketing typically acts as the flag carrier for Wales. To reinforce the new, more confident approach to promoting Wales, a series of themed years were introduced to coincide with the introduction of the new brand. This started with Year of Adventure in 2016 and Year of Legends in 2017, and will be followed by Year of the Sea in 2018 and Year of Discovery in 2019.
49. The purpose of the themed years is to provide a focal point for marketing and product development and to create a stronger, clearer proposition for Wales as a tourism destination. Year of Legends was chosen specifically to celebrate Wales' culture, and aims to bring our past to life in a modern way, and to celebrate new legends.

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50. We launched our £5m global Year of Legends campaign in January 2017. The campaign focuses on the domestic market including Wales and the broader UK – with a particular emphasis on London and the South East – and has received positive feedback from industry, trade and consumers alike.
51. Throughout the year, we focus on a number of themes that aim to bring different content and stories associated with the themed year to life. For example, there was a focus around Legendary Sport to celebrate the UEFA Champions League Final held in Wales in June, and a focus on Legendary Festivals over the Summer including a giant sword installation taken to the Eisteddfod and Royal Welsh Show. The focus over the Autumn will be towards Legendary Food and Drink, followed by Legendary Journeys at the end of the year to coincide with the introduction of The Wales Way, a new internationally focused tourism route.
52. Early indications show that the Legendary theme is working, with a recent Tourism Barometer survey reporting 40% of tourism businesses enjoying more visitors than 2016, and 82% feeling confident about the remainder of 2017.
53. In terms of our reinforcing our cultural attractions, Cadw and National Museum of Wales sites reported record breaking figures over the Summer. Half a million people visited Cadw sites during July-August, an 8.2% increase on 2016, and half a million people also visited our museums over the same period, showing a 7% increase on 2016.

Major Events

54. Hosting Major Events supports our drive to build a prosperous Wales; they make a significant contribution to the tourism economy. It is a highly skilled industry providing good quality job and training opportunities at a variety of levels. Other priority business sectors also benefit. For example, the creative industries sector gains from hosting events such as Green Man.
55. We also support a thriving portfolio of ‘home grown’ arts and cultural events. The wide range of events offers a rich and diverse range of cultural experiences. These events offer audiences, both here and internationally, unique experiences of Wales as a nation which is authentic, creative and alive.
56. All of this has been achieved with the help of Welsh Government funding and is proof that, since the launch of our major events strategy in 2010, we have made big strides in building Wales’s position in the global events industry.
57. Working with public and private sector partners in Wales and the UK, we have built strong and effective relationships with international event owners and the international events community more widely, gaining their respect, trust and confidence in Wales’s event hosting capability. There is no doubt that, in a relatively short space of time, Wales has become a serious player in a fiercely competitive global market.

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58. Events showcase Wales's unique cultural heritage. They provide valuable opportunities for our leading artists and performers on the world stage. They help to promote Welsh food and produce, and they provide a high profile platform for promoting the Welsh language.

Creative Industries

59. We will establish Creative Wales to provide a more holistic service to the Creative Sector in Wales than is currently offered. We want to ensure the continued growth of the Creative industries sector in all of Wales, and ensure that a long term sustainable sector is created. To do this we need to provide a more joined up, 'bottom-up' offer for the Creative sector that will offer support encompassing the following 'pillars':

- Nurturing talent pathways & industry led skills support
- Access to capital (private & public)
- Infrastructure, networks and partnership working

Sport

60. Strategic priorities and key areas of activity are set out in our annual Remit Letter to Sport Wales.

61. Elite sport remains a key focus of Sport Wales' activities. Sport Wales' 2017-18 Business Plan provides some outcomes and performance measures to confirm the progress and objectives articulated by the new Elite Sport Strategy. For example working with national governing bodies of sport to identify athletes with medal winning potential at the forthcoming 2018 Commonwealth Games and ensure that bespoke performance plans are in place that reflect their individual medal winning requirements.

Facilities Review

62. Following the decision by Cabinet in July 2016 not to bid for 2026 Commonwealth Games, we announced a review of sports facilities in Wales with a view to increasing the spread of world class venues that would both benefit the local community and elite and performance athletes as well as increase the capacity of Wales to host major events in the future.

63. This work will support our national strategy "Prosperity for All" and our commitment to create the conditions that make it easier for people to be more active.

Wrexham FC

64. Earlier this year we instigated discussions between the relevant stakeholders to discuss any potential development of the Racecourse stadium. Apart from its rich footballing history, the stadium is capable of holding major events which could

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benefit the economy of not just Wrexham but the whole of the North Wales region. Discussions are still ongoing.

Special Olympics Wales

65. In August this year Special Olympics Wales sent a team to compete in the Special Olympics National Summer Games in Sheffield. The team competed in 11 different sports and won over 200 medals. We have provided £10k from the Welsh Government to support the team enabling people with a range of learning disabilities to compete in a large scale sporting event. The First Minister recently hosted a welcome home reception for competitors and support staff.

Gemau Cymru

66. Gemau Cymru is an annual bilingual, multi-sports event which provides an opportunity for talented, young athletes in Wales to compete in a high level national competition. We continue to provide financial support for this unique event.

Commonwealth Games, Goldcoast 2018

67. Through Sport Wales, we are providing a funding package to Commonwealth Games Wales to support Team Wales' attendance at the Commonwealth Games in Gold Coast, Australia next April.

Sports Facilities Capital Loan Scheme

68. Through the Sports Facilities Capital Loan Scheme, we have provided repayable funding totalling over £2.4 million to Wrexham, Conwy and Cardiff local authorities to upgrade their sport and leisure facilities.

National Botanic Garden of Wales

69. We continue to provide grant aid to support the Garden's activities. In 2017-18 a total of £581,000 in revenue funding together with £95,000 capital funding has been allocated.

Statutory Duties

Below I set out the Statutory Duties relevant to my portfolio.

Cultural Property Schemes

Acceptance in Lieu of Inheritance Tax and Cultural Gifts Scheme

70. The Acceptance in Lieu of Inheritance Tax and Cultural Gifts schemes are managed in Wales by officials. The scheme enables tax payers to transfer works of art and important heritage objects into public ownership while paying tax. The Cultural Gifts Scheme enables UK taxpayers to donate important works of art and other cultural objects for public benefit whilst receiving a tax reduction based on a set percentage of the value of the gift being made.

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Exemption from Inheritance Tax and Capital Gains Tax

71. Exemption from inheritance tax and capital gains tax is available for owners of outstanding heritage property subject to undertakings agreed with HMRC. The undertakings laid down include a requirement on the part of the owner to undertake reasonable steps to preserve the objects and provide public access to them. Specialist officials provide advice to HMRC on items exempt from inheritance tax and capital gains tax.

Public Libraries and Museums Act 1964

72. Local authorities in Wales are required to provide ‘a comprehensive and efficient library service’ under the Public Libraries and Museums Act 1964. As Cabinet Secretary for Economy and Infrastructure I have a duty ‘to superintend, and promote the improvement of, the public library service provided by local authorities’. The current mechanism for discharging this duty is through the Welsh Public Library Standards administered by officials.

Local Government (Wales) Act 1996 section 60

73. Section 60 requires each principal council to make and maintain a scheme setting out their arrangements for the proper care, preservation and management of their records, including historical material selected for preservation as archives, and the administrative records of the authority. Section 60 schemes are monitored by officials.

Public Records Act 1958

74. Archive services in Wales (local authority services, university and national institutions) are approved by The National Archive as places of deposit (PoD) to hold designated public records. In order to maintain their status as PoDs, archive services must meet the UK standard for Archive Service Accreditation. This scheme is administered in Wales by officials.

Historic Environment

75. Cadw carries out a number of statutory functions on behalf of Welsh Ministers with regard to the historic environment. The main functions are contained in the Ancient Monuments and Archaeological Areas Act 1979, the Planning (Listed Building and Conservation Areas) Act 1990 and the Historic Environment (Wales) Act 2016. The functions include:

- the designation and protection of historic assets
- the management and guardianship of and public access to nationally important sites – Cadw’s properties in care
- maintaining comprehensive records for the historic environment

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76. Cadw also undertakes a number of statutory planning functions where there may be an impact on the historic environment - for example, commenting on certain development proposals which affect scheduled monuments, registered historic parks, gardens and landscapes and the Outstanding Universal Value of World Heritage Sites and their settings.

Sport

77. The Sports Council for Wales, now trading as Sport Wales, was established under Royal Charter in 1972. As a public body, its primary role is to fulfil its statutory responsibilities set within the context of the Welsh Government's strategic aims. Its main purpose is to support, encourage and foster the knowledge and development of sport and physical recreation and the achievement of excellence among the public at large in Wales.

78. Its statutory objects are set out within the Royal Charter and its aims within the annual business plan.

Culture, Welsh Language and Communications Committee – 8 November 2017
Cabinet Secretary for Economy and Infrastructure
Memorandum on the Culture Draft Budget Proposals for 2018-19

1.0 Introduction

This paper provides background financial information to the Committee regarding my spending plans as the Cabinet Secretary for Economy & Infrastructure – in respect of the **Culture and Heritage budgets** within my portfolio, as outlined within the detailed Draft Budget published on 24 October 2017. The Draft Budget 2018-19 provides a two year plan for revenue expenditure and a three year plan for capital investment.

Annex A gives a breakdown of the Draft Budget figures for Culture by Action, and by Budget Expenditure Line (BEL) within each Action.

In the letter inviting me to attend the Committee session, the Committee has requested information on specific budgetary matters. Responses are incorporated within this Evidence paper.

2.0 Summary of Budget Changes

An overview of the Draft Revenue and Capital budget allocations for Culture (including Annually Managed Expenditure (AME)) is summarised in **Tables 1** and **2** below.

TABLE 1: OVERVIEW OF REVENUE BUDGET (Including AME)

Culture and Heritage	2017-18 Supp. Budget (June 2017) £'000	2018-19 New Plans Draft Budget £'000	2019-20 New Plans Draft Budget £'000
Revenue:			
Arts	31,658	31,391	31,391
Museums, archives and libraries	36,614	35,533	34,468
Media and Publishing	3,649	3,649	3,649
The Historic and natural environment	13,129	13,129	13,129
Total Revenue	85,050	83,702	82,637
Annually Managed Expenditure:			
Museums, archives and libraries	3,013	3,013	3,013

TABLE 2: OVERVIEW OF CAPITAL BUDGET

Culture and Heritage	2017-18 Supp. Budget	2018-19 New Plans Draft	2019-20 New Plans Draft	2020-21 New Plans Draft

	(June 2017) £'000	Budget £'000	Budget £'000	Budget £'000
Traditional Capital:				
Arts	355	355	355	355
Museums, archives and libraries	15,522	5,067	10,104	2,707
Media and Publishing	30	30	30	30
The Historic and natural environment	3,370	3,370	2,370	4,370
Total Capital	19,277	8,822	12,859	7,462

Revenue

Total revenue funding reduces from **£85.050m** in the First Supplementary Budget for 2017-18 to **£83.702m** in 2018-19 and **£82.637m** in 2019-20. This is due to:

- The inclusion of additional funding of £0.5m in 2017-18, secured as part of the Budget Agreement for this year, to undertake feasibility studies into a national art gallery and a football museum in North Wales;
- The inclusion of £0.267m in 2017-18 for *Support for the Arts*, for the performing arts and Welsh music industry;
- Invest to Save adjustments for the National Museums, which are not part of their core funding – payment of £0.565m in 2017-18, and repayments of £0.277m in 2018-19 and £1.065m in 2019-20; and
- An additional allocation of £0.261m in 2018-19 and 2019-20 for museums, archives and libraries was re-prioritised within the wider Economy and Infrastructure MEG to fund activities including the *Fusion* programme and World War 1 commemorative activities.

Funding for the main bodies supported from the Culture portfolio has been maintained at the same level as 2017-18, as a result of the Budget Agreement we have reached with Plaid Cymru to provide recurrent funding to the sector of **£2.233m** in each of 2018-19 and 2019-20. The amount of £2.233m has been allocated to the Arts Council for Wales **£1.056m**, the National Museums for Wales **£0.730m**, the National Library for Wales **£0.324m** and the Welsh Books Council **£0.123m**. These are in line with the allocations for 2017-18, and the total figures for each body are shown in the BEL table at Annex A.

Capital

Total capital funding reduces from **£19.277m** in the First Supplementary Budget for 2017-18 to **£8.822m** in 2018-19, **£12.859m** in 2019-20 and **£7.462m** in 2020-21. This is mainly as a result of the fact that additional funding totalling £11.909m was provided to the National Museums and the National Library in 2017-18 for the acceleration of essential capital maintenance works. Some of the funding for the Library has been re-profiled into the budgets for future years.

In addition, £5m has been secured in 2019-20 from the Budget Agreement to take forward the feasibility studies into a national art gallery, and a football museum in North Wales. This is included in the museums, archives and libraries line.

Again, the figures also reflect the funding and repayment of Invest to Save Loans – for the National Museums and the National Library.

All changes are shown on a line by line basis in the BEL table at **Annex A**.

Annually Managed Expenditure

Annually Managed Expenditure budgets of £3.013m support provision for any pension charges which may be necessary in respect of the pension schemes of Amgueddfa Cymru/National Museums of Wales (budget of £2.391m), and the National Library of Wales (budget of £0.622m).

Final out-turn for 2016-17

The final outturn for Culture and Heritage for 2016-17 may be summarised as follows:

Culture and Heritage	Budget £'000	Actual £'000	Variance (Overspend)/ Underspend £'000
Revenue (near cash)	77,212	77,517	(305)
Revenue (non cash)	5,898	5,223	675
Total Revenue	83,110	82,740	370
Capital	9,289	10,207	(918)
Total	92,399	92,947	(548)

The overspend of £0.305m on revenue (near cash) against the budget figure is due mainly to additional funding provided from across the Economy & Infrastructure MEG to the National Museums. There was an underspend of £0.675m on non cash as a result of capital maintenance charges for Cadw being lower than budgeted.

The main matters to note in relation to the capital overspend of £0.918m compared to the budget of £9.289m are:

- Additional funding in the year to the Arts Council for Wales of £0.22m for arts projects;
- Additional expenditure of £0.3m by Cadw on capital grants, conservation work and projects to generate additional income in the future;
- Additional funding of £0.15m to the Welsh Books Council for capital maintenance work and upgrades to their IT systems; and
- Additional funding of £0.1m to the National Botanic Garden for capital maintenance work.

During the year expenditure was re-prioritised following a detailed in year review of the financial position. The additional expenditure was funded primarily from an underspend of £0.6m on tourism capital budgets in line with project delivery requirements, with the balance funded by sundry forecast underspends from the wider Economy & Infrastructure budgets.

Forecast out-turn figures for 2017-18

The forecast out-turn for revenue for 2017-18 is in line with the budget figures.

The forecast outturn for capital shows the following variances:

- There is a forecast underspend of £5.675m against the National Library capital maintenance budget of £8m. This relates to the re-profiling of planned capital maintenance, with the balance transferred to accelerate the delivery of road schemes. The budget will be repatriated in future years: £3m in 2018-19, £2.4m in 2019-20 and £0.275m in 2020-21; and
- Early indications are that the National Museums capital maintenance budget of £4.989m may be underspent by some £3m this year whilst the work is planned and procured. This will be managed across culture capital budgets, with the funding priority identified as Cadw capital budget for conservation work and initiatives which will lead to an increase in income generation in the future. This will be repatriated in future years to deliver the maintenance programme.

3.0 Response to Specific Information Requested by the Committee

3.1 Information on how the delivery of the Arts, Culture and Heritage portfolio and their associated outcomes are monitored and evaluated to demonstrate value for money

Key priorities to be delivered by sponsored bodies are set out in their Remit Letters. Delivery of these commitments and their associated outcomes are monitored as we

progress through the year, to ensure that the key priorities are being delivered. This includes the meetings I have with the Chairs and Chief Executives of the sponsored bodies, the discussions at the Quarterly Monitoring meetings at official level, and by means of steering groups. Evaluations are undertaken periodically and as appropriate in order to ensure that the desired outcomes are being achieved and that the investments are delivering value for money.

Future monitoring arrangements will be informed by recommendations out of significant reviews of culture and heritage services in Wales, which I have commissioned, including;

- A study completed by PwC - Investing in the Future to Protect our Past - to create a stronger unified identity for the Welsh heritage sector;
- A steering group – chaired by Justin Albert (Director of the National Trust Wales)– which set out a roadmap towards success, resilience and sustainability for the Heritage of Wales
- A review by Dr Simon Thurley of the success, resilience and sustainability of Amgueddfa Cymru / National Museum Wales.

3.2 Details of specific policies or programmes within the relevant MEGs (relevant to Arts, Culture and Heritage) that are intended to be preventative and how the value for money and cost benefits of such programmes are evaluated

FUSION

The recommendations in Baroness Andrews' Culture and Poverty report have been progressed through our innovative Fusion: Creating Opportunities through Culture Programme... The aim of the programme is to eliminate barriers to cultural participation and boost skills, engagement, self-esteem and aspiration, particularly in areas experiencing economic disadvantage. Fusion has enabled a wide range of cultural organisations to contribute to a shared anti-poverty agenda by developing new, exciting opportunities for people living in the most deprived communities in Wales. The evaluation of the Programme has demonstrated that cultural bodies are developing more coherent and collaborative approaches to tackling poverty.

Fusion is aligned to wider Welsh Government policy for supporting resilient communities by being based on three themes - employability and skills, supporting the early years, and supporting health and wellbeing. Fusion is demonstrating that the cultural sector can make a powerful contribution to these themes. Eight partnerships are delivering strategic cultural programmes in 2017-19, comprising local authorities, cultural bodies, community organisations and housing associations. A total of £210,000 has already been committed in 2018-19 to support this work.

A key strand of Fusion for 2018-19 will be a transformative programme, **Cultural Ambition**, which will create 33 twelve month training placements in the heritage sector across Wales, targeted at young people who are NEET and from disadvantaged communities. This is the subject of a Stage 2 Heritage Lottery Fund bid, a decision on which is expected in November 2017.

MALD (Museums, Archives and Libraries Division) will measure the success of the programme both through ongoing evaluation by a dedicated Evaluation and Research Co-ordinator, and monitoring of performance against seven Fusion Indicators:

- Supporting the Early Years
- Gaining a Qualification
- Regular Volunteering as a route to work
- Completing a work experience placement
- Improved digital skills
- Improved attitude to formal learning
- Better able to manage physical and mental health.

Evaluation during the second year of the programme in 2019-20 will include a cost benefit analysis focussing on performance against these indicators.

3.3 Information on allocations (and their location) in your portfolio to provide for legislation which has the potential to impact in the financial year 2018-19 as relevant to Arts, Culture and Heritage

There is one area within the portfolio where new legislation applies, namely the implementation of the Historic Environment (Wales) Act 2016.

The Act has three main aims, to:

- Give more effective protection to listed buildings and scheduled monuments;
- Improve the sustainable management of the historic environment; and
- Introduce greater transparency and accountability into decisions taken on the historic environment.

The costs for the Act compared to the Regulatory Impact Assessment (RIA) are summarised in the following table:

Conserve, protect, sustain and promote access to the historic and natural environment Action							
2016-17 Costs £'000		2017-18 Costs £'000		2018-19 Costs £'000		2019-20 Costs £'000	
RIA	Actual	RIA	Forecast	RIA	Budget	RIA	Budget
230	221	220	200	197	217	197	197

The majority of the Act was implemented between 2016 and 2017. However, the Advisory Panel will be established once the business case examining the options for the future governance arrangements for Cadw has been considered – the actual costs for 2016-2017 were therefore lower than the RIA costs. Work continues on the implementation of the statutory register of historic park and gardens. As a result the forecast costs for 2017-2018 and budgeted costs for 2018-19 have been adjusted (compared to the RIA costs) to reflect the on-going work prior to commencing this provision.

3.4 Implications of the UK exit from the EU on the Arts, Culture and Heritage portfolio and how the Welsh Government will manage any predicted impact

The Welsh Government is working extremely closely with all stakeholders across the culture and heritage sector to assess the implications of the UK exit from the EU.

Via the Historic Environment Group, which represents all leading institutions in the heritage sector across Wales, we have established a task and finish group who have prepared a report on the challenges and opportunities presented by exit from the EU.

We have also commissioned research on the level of funding the heritage sector in Wales has received from the EU. This indicates that the Welsh Heritage sector benefited from at least 180 projects in the period 2007–16 which were wholly or partly funded by the European Union. The represented a minimum of £74m in EU funding during that period including funding from European Structural & Investment Funds, the European Agricultural Fund for Rural Development, the European Regional Development Fund and the European Social Fund.

4.0 Specific areas

4.1 Historic Environment Strategy and Implementation of the Historic Environment Act

Allocations and commentary in respect of the Historic Environment Strategy:

Prosperity for all – the national strategy sets out the aims of this government. Cadw will play an important role in helping to deliver the national strategy and its core aim is to work for an accessible and well-protected historic environment for Wales through conserving Wales's heritage, helping people understand and care about their history and helping to sustain the distinctive character of Wales. However, there is an opportunity to look beyond its current focus and for Cadw to work more collaboratively across government to contribute to the delivery of many of the objectives within the national strategy. This could include supporting priorities

around early years, housing, mental health, resilient communities, skills and employability and economic growth.

Cadw's priorities include:

- To strengthen its protection and to maximise its contribution to the economy and to the health and well-being of the people of Wales;
- To strengthen the resilience of the sector, including taking forward the recommendations set out by the steering group in their report on Historic Wales; and
- To implement the ground-breaking Historic Environment (Wales) Act 2016.

The historic environment makes a significant contribution to the economy. Over 40,700 people are employed in the historic environment sector (2.9 per cent of Welsh employment); up 24.6 per cent since 2010. The sector contributes around £963 million in output (1.6 per cent of the Welsh economy).

Allocations and commentary in respect of the implementation of the Historic Environment Act.

This is set out in section 3.3 above.

4.2 Cadw

Allocations and commentary in respect of Cadw including revenue generation targets, and recent annual income generation figures.

Cadw are on track to achieve their increased income target. The final income figure for 2016-17 was £6.604m. The budget for 2017-18 was set at £6.7m. Current forecasts suggest that the year end total income will be around £7.5m.

As at the end of August, total income was £0.726m (16.93%) above the budget year to date figure at £5.012m. The best performing income streams are admissions, up by 22.16%, and retail sales up by 13.94%. The year end forecast is now set at £7.5m, which is £0.8m, 11.94%, higher than the budget.

In order to maintain this excellent progress Cadw will make a range of capital investments to help make the organisation more financially sustainable and deliver an enhanced visitor experience. The investments cover the broad span of commercial activities Cadw is responsible for, with priority afforded to improved membership services, food and beverage, digital interpretation, event and commercial hire promotion, visitor experiences, site presentation and retail

Underpinning these investments, further moderate admission price increases are planned at monuments for next year, in line with recommendations made by a Ministerial Advisory Group established to review Cadw's commercial performance. Cadw admission prices, even at the key world heritage sites of Conwy and Caernarfon (£8.95 per adult), remain considerably lower than other comparable attractions, such as Edinburgh Castle (£17) and Dover Castle (£19.40).

4.3 National Museums of Wales and National Library of Wales

Allocations and commentary in respect of the National Museum of Wales and the National Library of Wales, including any revenue generation targets:

My officials have continued to monitor the financial positions of the National Museums and National Library and advise me on these during the year. I also met with the Chairs and Chief Executives of the National Museum and National Library at the end of September.

Both bodies receive annual Grant-in-Aid funding allocations from the Welsh Government which reflect the importance of these bodies to Wales, their contribution to *Taking Wales Forward*, and recognises the challenges they face.

Free entry to the National Museum remains a commitment in *Taking Wales Forward 2016-2021*, which has led to a doubling in visitor numbers; removes barriers to participation in cultural activities for people from disadvantaged backgrounds and/or low incomes; and encourages repeat visits and community use of our national museum sites and facilities.

Dr Simon Thurley has completed his review into the operations of Amgueddfa Cymru – National Museum Wales. I welcome the report, which is comprehensive and pragmatic. A number of the recommendations within the report may have financial or organisational implications. Officials are meeting with Amgueddfa Cymru to discuss the recommendations and will present options to me for consideration.

The revenue budgets for these bodies were increased in 2017-18 as part of the budget agreement with Plaid Cymru. These increases have been maintained for 2018-19 and 2019-20 as part of the 2018-19 Budget agreement with Plaid Cymru.

Additional capital funding was allocated to both bodies in 2017-18. This funding has now been re-profiled, in line with the detailed planning for defined projects within these essential capital maintenance work programmes which has been underway since April 2017. This takes into account the need for bodies to undertake competitive procurement exercises and to obtain the required planning permission and listed building consents. Work has commenced during 2017-18 and the full work programmes at the National Museum and National Library are expected to be completed by 2019-20.

4.4 Libraries and Museums

Allocations and commentary in respect of the Libraries and Museums Strategies:

Museums:

See Section 4.1 regarding Prosperity for All – the national strategy.

Also, support continues to be offered to museums to meet and maintain the UK Museum Accreditation Standard. This is a key area of work to ensure that the public receive high quality services, and £150k has been allocated to this work.

Libraries

Public libraries deliver an extensive range of activities for communities, families and individuals, and with 1.4 million library members, they reach almost 50% of the population. The latest bulletin from the National Survey for Wales found that 33% of those surveyed had used a library in the last 12 months. Libraries engage with partners to support digital inclusion, skills, early years reading and learning, health and wellbeing, social inclusion particularly older people, as well as providing access to culture, information and technology. As a result, investment in schemes such as Every Child A Library Member (ECALM) and Books Prescriptions Wales (for mental health) contribute to Welsh Government priorities.

A priority for 2018-19 will be to support the development of the National Digital Library Service which provides people across Wales with access to e-books, e-zines, e-newspapers and e-comics alongside the implementation of the all-Wales Library Management.

My officials will monitor the provision of public library services through the Welsh Public Library Standards to ensure that a 'comprehensive and efficient' service is

provided by local authorities, as required by the 1964 Public Libraries and Museums Act 1964.

Funding allocated to take forward recommendations in the Review of Local Museums:

Officials are progressing with a number of the recommendations outlined in the Expert Review of Local Museum Services.

Work has begun on developing a regional approach to working for local museums. Officials in local authorities in the South West met to discuss taking forward an approach to cross-boundary working. Feasibility work is taking place to identify options and support for the preferred option will take place in 2018-19. An allocation of £100k has been earmarked for this work.

Research work has been commissioned to gather information on collections to enable the development of Collections Wales. A programme of work to take forward the recommendation will require £50k in 2018-19. Part of this will be used as match-funding to lever in funding from grant providers.

4.5 Arts and Arts Council of Wales

Allocations and commentary in respect of the Arts Council of Wales:

The Arts Council of Wales continues to play a key role in delivering Welsh Government arts priorities. As part of the Budget Agreement with Plaid Cymru, the revenue budget for 2018-19 and 2019-20 has been maintained at the same level as 2017-18.

Once again, the Arts Council will be receiving £1.8m from the Education portfolio for work to implement 'Creative Learning through the Arts', our joint 5-year programme to improve educational attainment through creativity, and to increase and improve arts experiences and opportunities in schools.

Allocations and commentary in respect of funding to promote access to the arts:

My current (and previous), Remit Letter to the Arts Council of Wales (ACW) emphasises that tackling barriers to participation, and promoting greater access to the arts by all social groups, must be key priorities. This remains a constant and will continue to be the case in 2018-19 with a renewed focus on increasing levels of active participation.

Tackling the real and perceived barriers to participation is central to ACW's funding ethos. They continue to support and develop flagship schemes such as the hugely successful 'Night Out', which take the arts directly to the people within their own communities.

While the most recent statistics we have show that the levels of those accessing and participating in the arts remain high, there has been a very slight down-turn in access levels amongst adults in the last year – 78.1% in 2016 against 78.6% in 2015. The figure for children shows a greater decline with 82.9% in 2016 against a high of 88.7% in 2015.

There has been a targeted approach to increasing levels of active participation in the arts which has seen participation levels amongst adults increase from 41.2% in 2015 to 44.1% in 2016, despite the challenging economic climate.

These are areas that the Welsh Government and the Arts Council of Wales are monitoring closely with a view to ensuring these levels remain high with opportunities to access and participate in arts activities being made available for all those who wish to enjoy them.

Specific initiatives such as the development and launch of the national music endowment which will provide additional opportunities for young people to develop their musical talent will also help tackle barriers to participation. The endowment will work alongside existing schemes such as Local Authority Music Services to provide funding to help young musicians reach their potential. This work is progressing well with an official launch taking place in the spring of 2018 and it is planned that the first grants will be made available from 2020-21.

Allocations and commentary in respect of funding aimed at using arts and culture to tackle poverty:

The Welsh Government has placed tackling poverty at the heart of community policy in Wales, and its Building Resilient communities: taking forward the tackling poverty action plan involves all government policy areas. The particular role culture, heritage and the arts can play in successfully transforming life chances of individuals in deprived communities is being strengthened and articulated. Museums, Archives and Libraries Division leads on the Fusion: Tackling Poverty through Culture programme, one of my key priorities. This pioneering programme works across the culture, arts and heritage sectors. It aims to eliminate barriers to cultural participation and boost skills, engagement, self esteem and aspiration, with a focus on Wales' most disadvantaged communities.

Allocations and commentary in respect of funding aimed at encouraging/enabling arts organisations to generate more of their own income:

To help the arts sector to become more resilient, I have asked ACW to accelerate its work to help its portfolio organisations, and the wider sector, to increase their self-generated income. This involves the full range of options including different fundraising models, commercial activities, grants from UK trusts and foundations, philanthropy, sponsorship and EU funding.

This is now more important than ever with continued uncertainty over the availability of EU funding and the increased pressure on local authority budgets which have seen a significant drop in funding to arts organisations.

ACW are making good progress in this area with the launch of their Resilience programme which is aimed at making arts organisations more business focussed and less reliant on public subsidy. This is an area which I know the Committee are keen to address and I understand that ACW have provided a comprehensive paper on this issue to inform the Committee as part of the concurrent Inquiry into non-public funding of the arts. Despite the significant pressures on the budgets of arts organisations, the level of public subsidy has remained fairly consistent over recent years. However, this issue remains a priority for Welsh Government and ACW who see a mix of subsidised, public funding and earned / self-generated income as the most desirable and sustainable long-term business model.

4.6 Media and broadcasting

Allocations and commentary in respect of any funding for the media and broadcasting

Welsh Books Council

As part of the Budget Agreement with Plaid Cymru, the Welsh Books Council's revenue budget for 2018-19 and 2019-20 has been maintained at the same level as 2017-18.

The publishing industry in Wales contributes to the majority of our Well-being goals especially 'A Wales of vibrant culture and thriving Welsh language', 'A prosperous Wales' and 'A Wales of cohesive communities'. The Welsh Books Council continues to have a vital role in contributing to the Welsh Government's strategic agenda in a number of areas including promoting the Welsh language and literary skills. These, in turn, contribute to social-cohesion, well-being and tackling child poverty, as well as supporting economic benefits within the creative industries, especially within rural areas.

The findings of the independent review of literature and publishing will be considered in determining the Welsh Government's future financial support for publishing and literature.

Welsh Government's funding channelled through the Welsh Books Council includes funding for Golwg 360, the Welsh-language daily on-line news service, and support for Welsh-medium news and current affairs publications *Golwg* and *Barn*. The funding to the Books Council also supports English-language magazines which cover several areas including current affairs/culture.

The Welsh Government's commitments in terms of broadcasting involve staff resource (funded from the Welsh Government Central Services and Administration Main Expenditure Group budget).

The Welsh Government will be establishing a new independent media forum, to advise on the future of the media and broadcasting in Wales. During the autumn the Welsh Government will advertise publicly for the Forum's Chair and following the appointment other members of the Forum will then be recruited and work will commence.

4.7 Creative Wales

Allocations and commentary in respect of any funding for the development of Creative Wales:

Proposals to take forward the development of Creative Wales are currently under consideration. I will update the Committee in due course.

CULTURE - DRAFT BUDGET BEL TABLE 2018-19 in £'000s									
REVENUE BUDGET - Departmental Expenditure Limit									
Actions	BEL	BEL Number	2017-18 First Supplementary Budget June 2017 £'000	2018-19 Revised Baseline £'000	2018-19 Revised Baseline £'000	Change £'000	2018-19 New Plans Draft Budget £'000	Change £'000	2019-20 New Plans Draft Budget £'000
Support and sustain a strong arts sector via the Arts Council and others	Arts Council of Wales	5800	31,227	30,171	30,171	1,056	31,227	0	31,227
	Arts Council of Wales - Depreciation	5800	119	119	119	0	119	0	119
	Support for the Arts	5812	312	45	45	0	45	0	45
Total Support and sustain a strong arts sector via the Arts Council and others			31,658	30,335	30,335	1,056	31,391	0	31,391
Foster Usage and Lifelong Learning through Museum Services	Amgueddfa Cymru - National Museum of Wales	5540	21,840	21,110	21,110	730	21,840	0	21,840
	Amgueddfa Cymru - National Museum of Wales - Invest to Save	5540	565	0	0	(277)	(277)	(1,065)	(1,342)
	Amgueddfa Cymru - National Museum of Wales - Depreciation	5540	1,120	1,120	1,120	0	1,120	0	1,120
	Foster Usage and Lifelong Learning through Museum Services		23,525	22,230	22,230	453	22,683	(1,065)	21,618
Foster Usage and Lifelong Learning through Library Services	National Library of Wales	5660	9,585	9,261	9,261	324	9,585	0	9,585
	National Library of Wales - Depreciation	5660	1,250	1,250	1,250	0	1,250	0	1,250
	Foster Usage and Lifelong Learning through Library Services		10,835	10,511	10,511	324	10,835	0	10,835
Strategic Leadership for museum, archive & library services	Museums, Archives and Libraries	6170	2,254	1,754	1,754	261	2,015	0	2,015
	Strategic Leadership for museum, archive & library services		2,254	1,754	1,754	261	2,015	0	2,015
Total Museums, Archives and Libraries			36,614	34,495	34,495	1,038	35,533	(1,065)	34,468
Media and Publishing	Welsh Books Council	6150	3,649	3,526	3,526	123	3,649	0	3,649
Total Media and Publishing			3,649	3,526	3,526	123	3,649	0	3,649
Conserve, protect, sustain and promote access to the historic and natural environment	Cadw	2700	7,608	7,608	7,608	0	7,608	0	7,608
	Cadw - Depreciation	2700	275	275	275	0	275	0	275
	Cadw - Other non cash	2700	3,000	3,000	3,000	0	3,000	0	3,000
	RCAHM - Running Costs/Current Expenditure	6200	1,531	1,531	1,531	0	1,531	0	1,531
	RCAHM - Depreciation	6200	134	134	134	0	134	0	134
	National Botanic Garden	2710	581	581	581	0	581	0	581
Total Conserve, protect, sustain and promote access to the historic and natural environment			13,129	13,129	13,129	0	13,129	0	13,129
Depreciation & other non-cash			5,898	5,898	5,898	0	5,898	0	5,898
Near Cash			78,587	75,587	75,587	2,494	78,081	0	78,081
Total Revenue - Culture			85,050	81,485	81,485	2,217	83,702	(1,065)	82,637

TRADITIONAL CAPITAL BUDGET - Departmental Expenditure Limit													
Actions	BEL	BEL Number	2017-18 First Supplementary Budget (June 2017) £'000	2018-19				2019-20			2020-21		
				2018-19 Capital Plans as per 2017-18 Final Budget	2018-19 Revised Baseline £'000	2018-19 Changes £'000	2018-19 New Plans Draft Budget	2019-20 Capital Plans as per 2017-18 Final Budget	2019-20 Changes £'000	2019-20 New Plans Draft Budget	2020-21 Capital Plans as per 2017-18 Final Budget	2020-21 Changes £'000	2020-21 New Plans Draft Budget
Support and sustain a strong arts sector via the Arts Council and others	Arts Council of Wales - Capital Investment (inc WMC)	5800	355	355		0	355	355	0	355	355	0	355
	Support for the Arts - Capital Investment	5812	0	0		0	0	0	0	0	0	0	0
Total Support and sustain a strong arts sector via the Arts Council and others			355	355	0	0	355	355	0	355	355	0	355
Foster Usage and Lifelong Learning through Museum Services	Amgueddfa Cymru - NMW - Capital Maintenance Grant	5540	4,989	166		0	166	817	0	817	428	0	428
	Amgueddfa Cymru - NMW - Specimen Purchase Grant	5540	269	269		0	269	269	0	269	269	0	269
	Amgueddfa Cymru - NMW - Invest to Save	5540	554	0		(78)	(78)	0	(117)	(117)	0	0	0
	Total Foster Usage and Lifelong Learning through Museum Services			5,812	435	0	(78)	357	1,086	(117)	969	697	0
Foster Usage and Lifelong Learning through Library Services	National Library of Wales - Capital Maintenance Grant	5660	8,000	0		3,000	3,000	0	2,400	2,400	0	275	275
	National Library of Wales - Capital - invest to Save	5660	(25)	0		(25)	(25)	0	0	0	0	0	0
	National Library of Wales - Specimen Purchase Grant	5660	305	305		0	305	305	0	305	305	0	305
	Total Foster Usage and Lifelong Learning through Library Services			8,280	305	0	2,975	3,280	305	2,400	2,705	305	275
Strategic Leadership for museum, archive & library services	Museums, Archives and Libraries	6170	1,430	1,430		0	1,430	1,430	5,000	6,430	1,430	0	1,430
	Total Strategic Leadership for museum, archive & library services			1,430	1,430	0	0	1,430	1,430	5,000	6,430	1,430	0
Total Museums, Archives and Libraries			15,522	2,170	0	2,897	5,067	2,821	7,283	10,104	2,432	275	2,707
Media and Publishing	Welsh Books Council - Capital	6150	30	30		0	30	30	0	30	30	0	30
Total Media and Publishing			30	30	0	0	30	30	0	30	30	0	30
Conserve, protect, sustain and promote access to the historic and natural environment	Cadw - Capital Expenditure	2700	3,260	3,260		0	3,260	2,260	0	2,260	4,355	0	4,355
	RCAHM	6200	15	15		0	15	15	0	15	15	0	15
	National Botanic Garden	2710	95	95		0	95	95	0	95	0	0	0
Total Conserve, protect, sustain and promote access to the historic and natural environment			3,370	3,370	0	0	3,370	2,370	0	2,370	4,370	0	4,370
Total Capital - Culture			19,277	5,925	0	2,897	8,822	5,576	7,283	12,859	7,187	275	7,462

REVENUE BUDGET - Annually Managed Expenditure						
Actions	BEL	BEL Number	2017-18	2018-19	2018-19	2019-20
Museums	Museums Pensions	5641	2,391	2,391	2,391	2,391
Libraries	Libraries Pensions	5781	622	622	622	622
Total Museums, Archives and Libraries			3,013	3,013	3,013	3,013
Total AME - Culture			3,013	3,013	3,013	3,013

Agenda Item 5

Document is Restricted

Culture, Welsh Language and Communications Committee

Date: 8 November 2017

Time: 11:15-12:15

Title: Evidence paper to inform scrutiny of Draft Budget 2018-19 from the Culture, Welsh Language and Communications Committee

Purpose

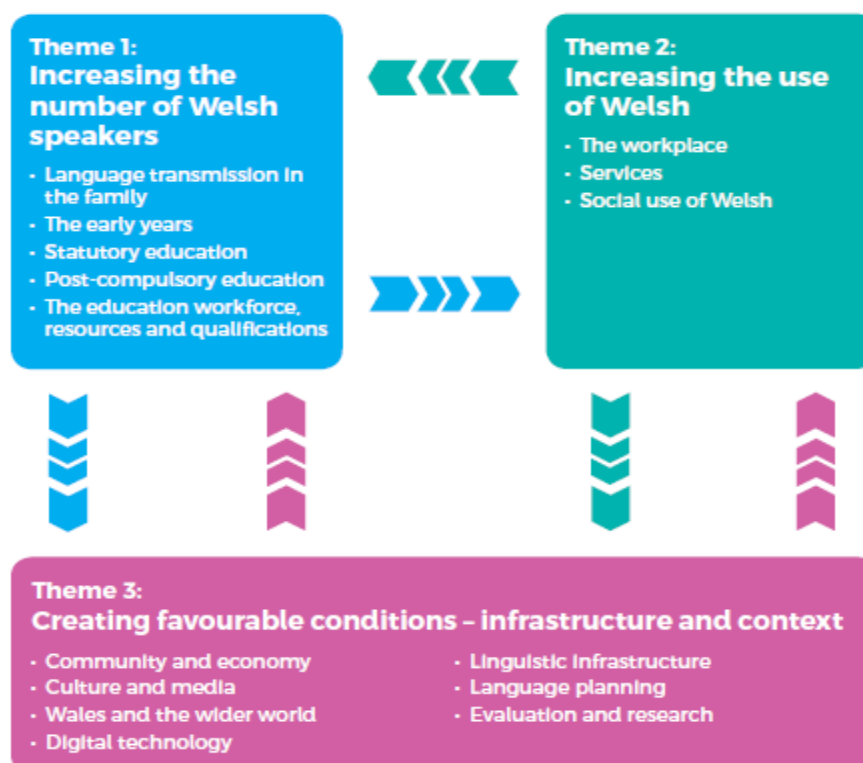
1. To provide information on the Draft Budget 2018-19 in relation to the Welsh language as requested by the Culture, Welsh Language and Communications Committee.

Timing

2. The draft budget was published as part of a two stage process; publishing an outline budget (stage 1) on 3 October followed by a detailed budget (stage 2) on 24 October.

Background

3. In July 2017 the Welsh Government launched a new Welsh language strategy – *Cymraeg 2050: a million Welsh speakers*.
4. *Cymraeg 2050* includes steps to increase language acquisition through the education system and to promote language use. As such the policy areas contained in the previous Welsh-language strategy: *A living language: a language for living* (and the policy statement *A living language: a language for living – Moving Forward*), as well as the *Welsh-medium Education Strategy*, have now been brought together in one document. The new strategy's overarching aims are:



5. *Cymraeg 2050: Work Programme 2017-21* was also published with the strategy. This details what we as a Government will focus on during the first four years of implementation in order to lay solid foundations to reach a million Welsh speakers by 2050.

Response

6. The following information is provided in the order requested in the commissioning letter dated 1 September 2017 under the following headings:
- **Part 1: Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations**
 - **Part 2: Other information**
 - **Part 3: Specific areas**

Part 1: Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations

7. The table below provides a summary of the actions relating to Welsh language funding in support of the *Cymraeg 2050* strategy:

<i>Budget</i>		<i>2017-18 Baseline £000</i>	<i>2018-19 Draft Budget £000</i>	<i>2019-20 Draft Budget £000</i>
<i>Action: Welsh in Education</i>				
BEL 5164	Welsh in Education	29,231*	31,361**	31,361**
<i>Action: Welsh Language</i>				
BEL 6020	Welsh Language	3,964	3,913	3,913
BEL 6021	Welsh Language Commissioner	3,000	3,051	3,051
Total		36,195	38,325	38,325

*Includes additional £5m of funding for the Welsh language as part of budget agreement with Plaid Cymru

**Includes additional £5m of funding for the Welsh Language, £0.5m for improved provision of bilingual education resources, and £1m for Mudiad Meithrin as part of budget agreement with Plaid Cymru

8. Austerity continues to be a defining feature of public expenditure. This long period of sustained reductions has had an impact on all services, even those where we have been able to provide some protection. It means that as Welsh Government and as a National Assembly for Wales we continue to face tough choices.
9. However despite clear financial challenges, our commitment to the Welsh language remains as strong as ever, as evidenced by the challenging target we have set ourselves in *Cymraeg 2050*. In increasingly difficult and uncertain financial times, we have managed to increase funding in support of the Welsh language when compared with 2016-17 levels. This will ensure steady

investment to lay the foundations required as we work to reach a million Welsh speakers by 2050.

Indicative 2019-20 MEG allocations

10. The purpose of the three BELs in the table above is to support the new *Cymraeg 2050: a million Welsh speakers Strategy and Work Programme*. A breakdown of each one is provided below.

11. The 'Welsh Education Strategy' BEL (5164) supports actions related to Welsh-medium and Welsh language education within *Cymraeg 2050*, which includes:

- the planning of Welsh-medium education to include implementing recommendations made within Aled Roberts Rapid Review of the WESPs;
- the delivery of practitioner training through the Sabbatical Scheme;
- the delivery of Welsh-language training through the National Centre for Learning Welsh;
- commissioning of teaching and learning resources;
- promoting language transmission in families;
- research, evaluation and marketing in respect of the Welsh-medium education elements of the strategy;
- delivery of the Welsh Language Charter programme;
- funding for the Coleg Cymraeg Cenedlaethol.

12. The indicative allocation for the 'Welsh Education Strategy' BEL (5164) in 2018-19 and 2019-20 proposes an increase in budget of £2.130m.

Reductions:

- As part of the review to meet reduced budgets, a £300k reduction was identified through reducing funding for several projects across both the Welsh Education Strategy BEL and Welsh Language BEL, through savings as a result of a combination of projects coming to an end and the reprioritisation of funds.

Increases:

- £330k transfer in from HEFCW relating to the Welsh Medium Scholarships Scheme
- £1.5m allocation from reserves which includes an additional £500k for improved provision of bilingual education resources, and £1m for the expansion of Mudiad Meithrin as part of the draft budget agreement with Plaid Cymru. This is in addition to the £5m of Welsh Language funding which is included recurrently in the baseline
- £600k transfer in relating to Mudiad Meithrin (£300k from the Communities and Childrens MEG and £300k from Foundation Phase BEL (5501). This additional funding will support staff training and development for the early years.

13. The purpose of **BEL 6020** is to support the aims of the Welsh Government's new Welsh Language Strategy – *Cymraeg 2050* in relation to increasing the use of

Welsh and supporting infrastructure (information about the new strategy can be found at paras 3-5 above).

14. The indicative allocation for **BEL 6020** in 2018-19 and 2019-20 shows a budget reduction of £51k. This updated figure reflects a previous in-year transfer of £51k from the Welsh Language BEL to BEL 6021, which funds the Welsh Language Commissioner, to ensure that the whole of the Commissioner's budget allocation resides in one BEL. As this was an administrative internal transfer, the budget available for the Welsh Language promotion elements of the strategy have remained consistent with the previous financial year.
15. The purpose of **BEL 6021** is to fund the position of the Welsh Language Commissioner. The Commissioner has wide ranging functions and powers which include:
 - working towards ensuring that the Welsh language is treated no less favourably than the English language;
 - imposing duties on persons who come within the scope of the Measure to comply with standards relating to the Welsh language;
 - conducting inquiries into matters relating to the Commissioner's functions;
 - investigating alleged interference with an individual's freedom to communicate in Welsh with another individual;
 - promoting and facilitating the use of the Welsh language especially within the 3rd and private sectors.
16. The indicative allocation for **BEL 6021** in 2018-19 and 2019-20 proposes a budget increase of £51k. As noted in paragraph 14 above, this updated figure reflects a previous in-year transfer of £51k from the Welsh Language BEL to BEL 6021, which funds the Welsh Language Commissioner. The Welsh Language Commissioner's funding has therefore not increased as a result of this adjustment.
17. The Cabinet Secretary for Education has also provided information to the Culture, Welsh Language and Communications Committee on the budget provision to support the implementation of the Welsh-medium element of the *Cymraeg 2050* strategy.

Final out-turns for 2016-17 and forecast out-turns for 2017-18

18. Annex 1 outlines the final outturns for 2016-17 and forecast outturns for 2017-18 along with indicative allocations for 2019-20.

Part 2: Other information

19. Concerning ensuring value for money, clarity over how we use our resources effectively is central to delivering the priorities set out in Taking Wales Forward and Prosperity for All. My priorities are clear:
 - Increasing the number of Welsh speakers to 1 million by 2050
 - Increasing the percentage of the population who use Welsh daily from 10% to 20% by 2050

- Creating favourable conditions through improving infrastructure and creating the context to allow the language to flourish
20. Once expenditure is planned in line with my priorities, I have well-established processes in place to ensure that resources are used effectively for the purposes intended.
 21. In consulting upon the draft version of *Cymraeg 2050* (new policy proposals were consulted upon for 12 weeks between 1 August and 31 October 2016), we asked members of the public and stakeholders what we should prioritise during the first stage of the new strategy. We used the responses to draft the *Cymraeg 2050 Work Programme for 2017-21*, which details the steps we will prioritise during this first phase of the strategy in order to lay all-important foundations towards a million speakers.
 22. An evaluation of the Welsh-medium Education Strategy was published in March 2016. This included an overall evaluation of the strategy, along with individual evaluations of some of the programmes, including the Sabbatical Scheme, the resource commissioning programme and projects to support the teaching and learning of Welsh second language. The findings and recommendations of this evaluation continues to feed into policy developments.
 23. An independent review of the Coleg Cymraeg Cenedlaethol published in July 2017 considered value for money in regards to the funding of the Coleg as part of its remit. A full response to the report and recommendations will be published in the near future.
 24. In 2017-18, £200k has been allocated as part of BEL 5511 (Raising School Standards) to support a programme of research and evaluation to inform the development of Welsh-medium and Welsh language education. This will include a further evaluation of the Sabbatical Scheme, evaluation of the Welsh Language Charter and research to inform best practice in the teaching and learning of Welsh.
 25. In measuring the delivery of *Cymraeg 2050*, we will, of course, measure our progress against our target of a million Welsh speakers. For this administration, progress in delivering the short term targets outlined in the Work Programme for 2017-21 will be a measure of progress towards achieving the aims of *Cymraeg 2050*.
 26. Regarding preventative spend, our target of increasing Welsh language early years provision by 40 nursery groups by 2021 has the aim of creating bilingual citizens of the future. Cylchoedd Meithrin contribute to nurturing the conditions which create new Welsh speakers by immersing children in the language and its culture, and by helping to feed Welsh-medium schools. This spend on the early years prepares the ground for further interventions in the shape of, for instance, the Siarter Iaith (which has the aim of establishing Welsh-language use among school children from an early age), and has the potential to reduce spend on promotion among older age groups, as their language practices will already have taken root.

27. It's important to note here that all Cabinet Secretaries are committed to using the Well-being of Future Generations (Wales) Act to improve how we make decisions about the social, economic, environmental and cultural well-being of Wales. Our goal is to ensure we reflect the sustainable development principle and our spending plans aim to achieve a balance between short and long-term priorities.
28. Information on allocations (and their location) in my portfolio to provide for legislation which has the potential to impact in the financial year 2018-19 is addressed in paragraphs 40-43 below.
29. Concerning the UK exit from the EU, the Welsh Government established a specific team to co-ordinate European Transition issues, which is working closely with the existing team in Brussels and policy departments. As the impact of Brexit is so far-reaching many Welsh Government departments are also prioritising their existing resources for dealing with Brexit specific issues. Reprioritising existing resources is an important and responsible approach and one which will need to be utilised further as more information about future changes becomes available.

Part 3: Specific areas

Updates on allocations in 2017-18 budget

30. In relation to the £3m of additional funding allocated to the National Centre for Learning Welsh in the 2017-18 Welsh in Education BEL, this has been used to deliver the 'Work Welsh' programme of support and training aimed specifically at increasing the use of Welsh in the workplace.
31. Information sessions and support have been delivered to a wide range of employers in both the public and private sector. These have provided advice to employers on how to develop an effective Welsh-language workforce development programme and identifying and analysing Welsh-language training needs.
32. A suite of courses are being offered as part of the programme. These include an online courses for beginners, as well a range of intensive and residential courses at various levels.
33. A specific strand of the programme is targeted at the early years sector. The National Centre for Learning Welsh is working closely with Cwllwm – the consortium of early years organisations – to undertake an analysis of practitioners' Welsh language skills across the early years sector. The Centre is also developing a programme of Welsh-language training courses tailored to the needs of the sector.
34. The programme also includes pilot programmes to develop Further Education and Higher Education practitioners' Welsh-language skills.

35. As a result of the budget agreement with Plaid Cymru, an additional £5m of investment was available for the Welsh language during 2017-18, and this was included in the Welsh in Education BEL.
36. Having allocated £3m of the £5m allocation in the 2017-18 Welsh in Education BEL for the National Centre for Learning Welsh, the remaining £2m was used for the purpose of promoting the Welsh language, as per the 2017-18 agreement with Plaid Cymru.
37. This included £400k to help small and medium sized enterprises to become more bilingual. The aim of the project is to ensure that practical support is available to SMEs and microbusinesses (under 10 employees) to help them increase their use of the Welsh Language. The Welsh Language Commissioner currently provides some support to larger businesses – however, there are currently over 90,000 SMEs in Wales that do not have access to support or assistance to guide them on using more Welsh language.
38. In the new year, I will also be launching a national Cymraeg “helpline” as a first port of call for anyone interested in the Welsh language. It will provide short translations and signposting to available help free of charge for businesses and third sector organisations to assist them to make the Welsh language more visible (eg, on their social media, menus, advertising). We hope that this service will be an incentive to connect businesses with the practitioners and vice versa that will be able to further assist them on creating bilingual plans for their workplace.
39. The remainder of the additional funding for 2017-2018 is being used to enhance and strengthen the promotion function already undertaken by the Welsh Government. This includes two new posts requiring Welsh language marketing expertise as well as a third senior policy post to deliver the enhanced work programme. In line with priorities of the *Cymraeg 2050* strategy the additional funding will also fund the following projects:
- A new grant scheme in support of Theme 2 of the strategy - *Increasing the use of Welsh*.
 - Manage and deliver national marketing campaigns and/or interventions that encourage the use of Welsh to priority target audiences (eg, young people 14-21).

White paper – Striking the right balance: proposals for a Welsh Language Bill

40. Concerning the implications for the 2018-19 Welsh language budget of bringing forward legislation in relation to the Welsh language, at the current stage of development it is envisaged that implementation of the Welsh Language Bill is affordable within the Welsh Language BEL. However, while the overall cost is not anticipated to exceed the BEL planning assumptions, the split between what is allocated to the Commissioner and the promotional activities within the BEL are likely to be different. The proportion of the funding split post-Bill cannot be identified at this stage as it is dependent on policy choices yet to be made by Ministers.

41. The policy proposals contained in the White Paper to bring some of the functions of the Commissioner into government is likely to require additional ongoing legal support from Legal Services. The need for additional resource will need to be considered, including through prioritisation of work streams. These considerations will need to be addressed once policy is settled.
42. Should Ministers wish to pursue an option which involves the Ombudsman investigating complaints about Welsh language standards, the cost implications would also need to address the impact of the Ombudsman being funded directly from the Welsh Consolidated Fund rather than from the Welsh Language BEL.
43. Officials are undertaking a review of the current information available, and are seeking to identify whether further research needs to be commissioned to ensure a robust baseline is available to inform the costs and benefits that will be required to be set out in the Regulatory Impact Assessment (RIA).

Cymraeg 2050

44. The Welsh in Education Strategic Plans (WESPs) provide a basis for the planning of Welsh-medium education across Wales. Critically this also includes bilingual and Welsh language education. All 22 local authorities submitted their WESPs for approval in December 2016. However, following a statement I made in the National Assembly on 14 March 2017 Aled Roberts was asked to carry out a rapid review of the current regime for planning Welsh language education across Wales. A budget of £50k was allocated from BEL 5164 in 2017-18 to undertake this review. The final report includes recommendations on how to develop the WESPs as well as offering recommendations on individual plans drafted by local authorities for the period 2017-2020.
45. Local authorities use funding from a number of sources to implement their WESPs including activities supported and delivered through the Education Improvement Grant (EIG). In the delivery of their EIG, the regional consortia Local authorities are asked to ensure that the programme of activities funded reflect the priorities set out in the local authorities' WESPs.
46. The Welsh in Education BEL also supports the WESPs through programmes to support the promotion of informal use of the language and the development of the language skills of practitioners through the Sabbatical Scheme. The promotion and marketing activity through Cymraeg i Blant / Welsh for Kids, although difficult to quantify, also supports the implementation of the plans.
47. In respect of funding associated with expanding Welsh-medium early years provision and the policy aim of increasing the number of early years provision by 40 nursery groups by 2021, £2.031m has been awarded to Mudiad Meithrin in 2017-18 to support and develop Welsh-medium early years provision. This funding delivers a wide-ranging programme of work which supports local authorities to develop their Welsh in Education Strategic Plans, provides support targeted at disadvantaged areas and hard to reach groups, strengthen existing provision as well as supporting the establishment of new settings. It also includes

work aimed at developing the workforce, including routes for practitioners working in Mudiad Meithrin's settings to gain a Level 3 Diploma in Children's Care, Learning and Development, as well as training on specialist skills such as language and immersion techniques.

48. Work has already started on planning where provision needs to be expanded in line with *Cymraeg 2050*'s aim to establish an additional 40 Welsh-medium nursery groups by 2021. This will include mapping existing provision and data on current capacity with information provided in local authority Welsh in Education Strategic Plans and Childcare Sufficiency Assessments. It is envisaged that the additional £1m allocated to Mudiad Meithrin in the draft budget for 2018-19 will play a vital part in facilitating the changes needed to achieve this aim.
49. Turning to the expanding of workplace training to help develop the Welsh language skills of teachers in pre-16 and post-16 sector, and expansion of the sabbatical scheme, as part of BEL 5164, £1.550m is allocated annually to fund the national sabbatical scheme, which provides intensive Welsh language training for practitioners.
50. In addition, as noted in the Cabinet Secretary for Education's evidence paper, as part of the Raising School Standards BEL 5511, the Welsh Government is investing an extra £4.205m in 2017-18 to support the teaching and learning of Welsh and subjects through the medium of Welsh.
51. This funding is set to increase by £680k in 2018-19 and a further £265k in 2019-20, subject to final budget and approval, to prepare the workforce to deliver the new Welsh language curriculum and to increase the capacity of the Welsh-medium teaching workforce.
52. In order to increase the number of primary and secondary teachers teaching through the medium of Welsh, and increasing the number of secondary teachers teaching Welsh as a subject, *Cymraeg 2050* includes targets to increase number of Welsh-medium teachers in the secondary sector from 1,800 to 2,200 by 2021.
53. Initial Teacher Education (ITE) is not the only source for increasing the pool of teachers. Officials are considering all avenues for increasing the number of primary and secondary teachers through ITE and Graduate Teacher Placements. Officials are also reviewing incentive schemes and are modelling the cost of an incentive to study ITE through the medium of Welsh. Through the Discover Teaching campaign, we will also work with Coleg Cymraeg Cenedlaethol to promote teaching through the medium of Welsh with undergraduates, with a view to increasing the intake for future years. Budgets are yet to be finalised.
54. Concerning the development of Welsh language provision through the new Childcare Offer, the Pilot phase of the Offer began in designated areas across 7 Early Implementer Local Authorities in September 2017.
55. Further data is required in order to fully understand the expected demand for Welsh-medium provision through the Offer. As a result, it is difficult to anticipate the impact of the Offer at this time.

56. Data collected from local authorities, as well as an evaluation undertaken during the pilot phase, will provide evidence on the demand and take up of Welsh medium and bilingual childcare provision within the offer. The final evaluation report is due to be published in October 2018.

57. Whilst the Welsh language budget does not directly fund any part of the delivery of the Childcare Offer, we will need to be aware of the findings of this evaluation and trends within the data and try to see whether programmes, including Mudiad Meithrin's grant programme, can respond to them.

Welsh Language Commissioner

58. The Commissioner currently receives £3.051m from Welsh Government. This is £51k higher than 2017-18 but is merely an administrative internal transfer to ensure that all of the Commissioner's budget comes from the same BEL.

59. I received the Commissioner's Estimate for the financial year 2018-19 on 3 October. In that document, the Commissioner clearly sets out her budgetary needs for 2018-19 and notes the impact no increase will have on her activities and on her reserves. That document will be given consideration as priorities within the MEG continue to be managed following budget approval.

Patagonia

60. In respect of the Welsh Government's grant to the international education programme, and future funding arrangements, the Welsh Language Project (WLP) was established in 1997, and in 2012 became one strand of the International Education Project (IEP) funded by the Welsh Government and managed by the British Council. It aims to enable both children and adults in Patagonia to develop their Welsh-language skills, as well as support links between Patagonia and Wales.

61. The WLP consists of three parts:

- Placements for teachers/tutors from Wales in Patagonia;
- Supporting a network of local Welsh tutors;
- Project coordinator.

62. The project currently receives £55k funding from the Welsh Government via the IEP, £15k from British Council Wales and £4k from the Wales-Argentina Society. The Welsh Government's draft budget proposals for 2018-19 includes plans to continue funding the IEP at current levels, including the WLP, subject to agreement of the draft budget and negotiations with delivery partners.

Media and broadcasting

63. The Welsh Government's commitments in terms of broadcasting involve staff resource (funded from the Welsh Government Central Services and Administration Main Expenditure Group budget) as opposed to programme funding.
64. The Welsh Government's funding channelled through the Welsh Books Council, which is in the Cabinet Secretary for Economy and Infrastructure's portfolio, includes funding for Golwg 360, the Welsh-language daily on-line news service and support for Welsh-medium news and current affairs publications *Golwg* and *Barn*. The funding to the Books Council also supports English-language magazines which cover several areas including current affairs/culture.
65. The Welsh Government will be establishing a new independent media forum, to advise on the future of the media and broadcasting in Wales. During the autumn the Welsh Government will advertise publicly for the Forum's Chair. Following the appointment of the Chair, and with the Chair's involvement, other members of the Forum will be then recruited. The intention then is that the Forum will begin its work as soon as possible. At this stage there are no plans for members of this Forum to be remunerated, although they should be able to claim reasonable travel, subsistence and childcare costs on the same basis as other advisory panels. This will have a budgetary impact but it cannot be quantified as yet, because the final size of the Forum's membership has yet to be agreed.

Specific Allocations within BELs

BEL	Specific Allocations	2016-17 Final Outturn £000's	2017-18 Forecast Outturn £000's	2018-19 Draft Budget Allocation £000's	2019-20 Draft Budget Indicative £000's
Welsh Education Strategy (BEL 5164)	Welsh Education Strategy / Welsh education element of Cymraeg 2050 strategy	17,760	29,831	31,361	31,361
Welsh Language (BEL 6020)	Increasing the use of Welsh and supporting infrastructure	4,778	3,913	3,913	3,913
Welsh Language Commissioner (BEL 6021)	Funding the position of the Welsh Language Commissioner	3,065	3,051	3,051	3,051
Total		25,603	36,795	38,325	38,325

Thursday, 19 October 2017

Bethan Jenkins AM
Chair
Culture, Welsh Language and Communications Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Dear Bethan

Inquiry into non-public funding of the Arts

Thank you for your invitation to meet with the Committee earlier in the month.

Comparative figures for business investment

During the Committee hearing, Jeremy Miles AM asked about business investment in Wales in comparison with England. In particular, he wanted to know whether the funding raised in England was disproportionate to population, or to the size of the economy. I undertook to see if I could establish whether such data existed.

Having spoken to colleagues in the other UK Arts Councils, it's clear that there's no directly comparable data. This is partly because of the different remits of our various organisations – for example, Arts Council England funds museums, and Creative Scotland funds and develops the creative industries. In both cases this is in addition to the arts. This makes comparisons difficult.

UK-wide research used to be undertaken by Arts and Business UK. However, Arts Council England withdrew its funding for Arts and Business UK in 2011 and the organisation ceased to operate. There has been no UK-wide research since. The possibility of reinstating a UK-wide survey is something that I'll discuss with colleagues.

The last year for which UK survey data is available is 2011. The relevance of data which is six years old is clearly questionable. However, I've included, for information, the analysis of business investment across the nations and regions contained in that research.

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Rydym yn croesawu gohebiaeth yn y Gymraeg a'r Saesneg a'r Eiddoedd Arbennig. We welcome correspondences in Welsh and English, corresponding in Welsh will not lead to a delay.

It's interesting to see the split of business investment across the UK that applied at that time.¹

2011	Business Investment £	% of total BI	% of total BI	% of UK population
East of England	3,771,017	2.83	85.26	83.79
London	74,819,542	56.17		
Midlands	4,569,418	3.43		
North East England	4,519,008	3.39		
North West England	7,288,135	5.47		
South East England	8,313,247	6.24		
South West England	5,172,407	3.88		
Yorkshire and Humber	5,126,140	3.85	5.23	4.84
Scotland	9,949,831	7.47		
Wales	6,970,340	5.23		
Northern Ireland	2,705,340	2.03		
Total	133,204,425	100		

In relation to population, Wales appeared to be holding its own in 2011 when compared to the rest of the UK, albeit by a very small margin. (I've been unable to compare these figures to the economic conditions at that time.) The striking figure, of course, is for London – 13% of the UK population, but over half of the total business investment.

In 2016 Arts Council England published an England only survey.² This showed that the proportion of investment across London and the English regions had remained largely unchanged from 2011. Again, London dominates.

Anecdotally, the key messages from my three UK Arts Council colleagues were broadly similar:

- business sponsorship is reducing, but individual giving (through trusts, foundations and legacies) is increasing
- organisations based in the major cities find it easier to secure non-public funding than those located in less populated rural areas
- non-public funding is becoming an increasingly important part of the overall support to arts organisations, especially the smaller ones
- employing a fundraiser is not a “quick fix” answer. Successful organisations adopt a broad-based approach to business development and income generation that exploits their principal asset – their creative activities. Fundraising is one part of a bigger whole

¹ <https://artsandbusiness.bitc.org.uk/research/private-investment-culture-survey-201011>

² http://www.artscouncil.org.uk/sites/default/files/download-file/Private_investment_culture_report_Nov_2016.pdf

I have also been asked to comment on questions that the Committee did not have time to cover during our session. My responses are as follows.

1. *Could you expand on the outcomes produced by the Arts Council's Resilience programme, and how long it has funding in place for.*

The Arts Council's *Resilience* programme is available for two years (2017/18 and 2018/19). It has a budget of £2.5m. Council's current priority is to focus in the first instance on our Arts Portfolio Wales (APW). The APW is a nation-wide network of organisations who provide high-quality activity on a daily basis across Wales. They make an essential contribution to the cultural life and well-being of the nation.

Given the Portfolio's importance, we felt it was sensible to start there, assisting these organisations to become more resilient and durable – lessening their dependency on public funding, where we can, and enabling them to reach their full creative potential.

The programme is in its early stages of delivery, but we anticipate that potential outcomes could include:

- generating additional sales through improved marketing
- maximising commercial income, such as through the exploitation of intellectual property and ancillary services (such as catering)
- using technology to drive efficiencies and new ways of working
- green energy projects designed to reduce operating costs
- joint working and sharing of resources between organisations
- addressing systemic issues, such as employment and pension issues

We'll be monitoring carefully the progress of the *Resilience* programme. In the meantime we're exploring whether our resources will stretch to developing a programme that might be extended to smaller organisations.

2. *The National Companies' evidence states that "National Theatre Wales is punching above its weight with regards to this rate of return, particularly in relation to the company's lean overhead business model". Could you explain why this is?*

National Theatre Wales differs from many arts organisations in two important respects. Firstly, the company is peripatetic and has taken a conscious decision to operate without a permanent base (with all of the associated costs). Secondly, the company maintains a lean core staff, expanding and contracting its workforce depending on the projects that it undertakes. This enables the company to exert a high degree of control over its overheads, making efficient use of its resources through the partnerships it develops with the companies it works with.

3. *Theatr na nÓg has suggested to the Committee a capacity review of fundraising ability within small arts organisations should be undertaken. Do you think this would be beneficial? If so, who should carry it out?*

This is already underway. Earlier in the year we commissioned business development consultancy, Blue Canary, to undertake a focused review of business development capacity in smaller arts organisations. (I think that Blue Canary might well have spoken to Theatr na nÓg as part of this research.)

Blue Canary is due to deliver its report to us shortly.

My instinct is that fundraising capacity is just one part of a broader range of business skills that smaller organisations now require. This is a theme which is emerging through *Resilience*. When we launched the programme, organisations told us that their most pressing need was funding to employ a fundraiser, or to have access to one under some kind of shared arrangement. When we progressed from the launch phase to the diagnosis of companies' actual business needs, a more nuanced set of requirements emerged. These suggested that greater emphasis needed to be placed on wider issues of business development and commercial exploitation.

The precise nature of these business development needs will vary. But it could be that for small organisations such as Theatr na nÓg, the best way of generating additional income is through assistance with securing greater commercial exploitation, where this can be achieved, of their excellent theatrical productions. However, exploiting intellectual property in this way requires particular types of business support.

I note that Emma Goad from Blue Canary is meeting with the Committee. In her evidence, she refers to the importance at looking at the broader canvass of business opportunity:

"Fundraising is just one element of a successful package that leads to resilience and a strong future that is fundamentally based on working together in partnership. Successful sustainable fundraising is about the whole organisation; it's about a common goal to create a project however big or small...

...Fundraising should be seen as part of a total income diversification package, not as an addition, but as activity that is embedded in the organisation's core operation. Income from private sources should sit alongside public funding, and earned income." ³

³ <http://senedd.assembly.wales/documents/s67395/Paper%204%20-%20Blue%20Canary.pdf>

4. *What potential is there for Creative Wales to help arts organisations generate additional non-public funding?*

Potentially, Creative Wales could play an important role in providing business support, investment and advice on access to new commercial markets. Creative Wales is an initiative of the creative industries team in the Welsh Government.

Government policy is to develop the creative industries through an in-house team, separate from the arts. The two are, however, linked.

The creative industries have their origin in individual creativity, skill and talent that has the potential for wealth and job creation through the generation and exploitation of intellectual property. The arts nurture the imagination and vision that provide the steady flow of new ideas and products that enable economic exploitation through the creative industries.

The complementary roles of the Welsh Government's creative industries team and the Arts Council reflect the link between economy and culture. As plans for Creative Wales advance, we must be alert to the possibility that we could do more together to support and enhance the Government's ambitions. Proper alignment between our respective responsibilities might result in a more effective strategy that delivers greater economic and cultural success.

Given the scale and complexity of the creative industries, the appropriate point of public sector intervention has to be clear. For example, the Arts Council shouldn't be spending public money where it's not needed, where the market can sustain an activity without compromising its artistic integrity.

But creative individuals and companies need help and support at many different stages in their development. From the young emergent artist to the established professional, the individual sole trader to the Small or Medium Enterprise, effective intermediary support is needed that provides relevant, specific advice. The Arts Council/Wales Arts International has the country's highest concentration of expertise in and about the arts and their routes to international markets. Business Wales is not able to provide the quality and specific nature of the next stage business advice that is needed for these creative companies and individuals to exploit research opportunities. Working with us, this is a gap that Creative Wales might well be able to fill.

We understand that a business plan is in preparation, but we have no further information at this point on Creative Wales' role, remit or when it's expected to be established.

5. *Is there any other activity you have planned to help arts organisations generate additional non-public funding?*

Resilience is an important part of our strategy to enable the arts to generate additional income. However, we want to extend our activities into other areas.

In my evidence to the Committee I suggested 18 initiatives or strategies that could potentially deliver additional income. There is no single organisation with expertise across all of these areas. However, we're aware of new entrants to the market who could potentially offer relevant expertise in many of these areas. We're currently working our way through these proposals and examining which of these business development strands could be taken forward by the Arts Council. We're also looking at where we can work in partnership with Welsh Government, and where specific technical advice might be needed.

6. *Your evidence states "there are a number of ways that more co-ordinated support could be given to companies and micro companies (often creative professionals) to grow new international markets". Could you outline how this work should take place?*

In these challenging times maintaining cultural links with Europe and further afield has more than symbolic value. Exchanges in arts and culture help us to build relationships, and in spite of the UK's departure from the European Union, Wales' continued participation in a range of international networks remains important. They provide intelligence and information about international markets and opportunities. Such intelligence will be vital if we're to develop new cultural and trading relationships.

Through the Arts Council's longstanding partnership with the British Council, our international networks and more recent work with other UK agencies, we have contacts that can leverage export and employment opportunities for our sector around the world. Our staff have helped to run the Welsh Government's Creative Europe desk and contribute cultural expertise to the preparation and delivery of international trade missions (by the UK and Welsh Governments).

We coordinate the Welsh Government's Memorandum of Understanding with the Government of China's Culture Ministry and provide regular intelligence on Welsh cultural links internationally ahead of Ambassadorial meetings by Ministers. We've demonstrated that a cultural element can enhance the impact of international relationship-building. However, our experience has also shown that a more integrated approach across the arts and creative industries might ensure that the benefits are more widely felt.

There are a number of ways that more support could be given to support companies and micro companies (often creative professionals) to grow new international markets:

- export preparation workshops and advice in identifying new markets (country focus events – e.g. China)
- researching market opportunities for the sector as a whole
- providing signposting services to existing support mechanisms (eg trade missions and market research by Welsh Government)
- strategic export visits to and from key markets– including with UK wide bodies
- networking – bringing arts and creatives together around key opportunities eg: Chinese New Year, St David’s Day
- international business mentoring to mainstream international market opportunities into companies’ business plans
- international exploitation of artistic content and rights produced in Wales (Theatre and TV / film formats / literature for films/ dramas etc.)
- supporting representation and participation in new key market showcase and trade events
- hosting buyers from key markets in Wales (e.g. hosting TV companies from China, WOMEX, British Dance Edition, World Harp Congress)
- piloting new models of collaborations to increase revenue from international markets

Finally, if you would like more information on any of the above, please do not hesitate to ask.

*Yours sincerely,
Nick Capaldi*

Nick Capaldi
Chief Executive

1) To what extent have you been involved in the Arts Council's Resilience programme. If so, what have the outcomes been of this work?

Six of the eight organisations in the national arts companies group are participating in Arts Council's Resilience programme. This is ACW's strategic programme, which is available for its portfolio organisations to apply to join. The programme aims to help organisations adapt for changing circumstances, including to review business models, build skills and capacity, and so on. These programmes of change are currently underway and necessarily long-term, and therefore it's challenging to predict what the outcome will be, but for example, for NDCWales, the programme includes building a greater market focus internally. For National Theatre Wales (NTW), the Resilience programme is assisting the organisation in developing a company-wide Income Generation Strategy, linking fundraising, marketing, asset exploitation, business modelling from start-up to established, second life touring and international profiling. In addition, it is also starting the journey of mapping the company's social, political and economic impact over its first seven years of operation to help promote and advocate within national and international contexts.

2) To expand upon the joint action plan the National Companies have created (you describe this plan as "focused in part on developing new sources of joint funding and diversifying those who engage with culture"). Is this plan sufficiently resourced?

We have just completed phase one (scoping and facilitation) of the joint action plan, which will see us identify collective areas of interest, including skills, audiences/public, international and more. Work to date and to cover the immediate next steps is resourced through the eight organisations making financial and other contributions on a sliding scale according to their turnover. However, further development and fundraising will be needed in the medium to long term to support any larger ambitions, which are identified as a priority by the group. This will likely be confirmed after our upcoming away day in November. For instance, the skills programme, which focuses on diversifying the workforce, will seek to offer new apprenticeships/internships to people from different backgrounds to the

norm, and will require input in terms of training resources; the diversification of audiences and participants will require deep understanding of who is and is not currently engaging, through research and piloting different approaches; and the joint international presentation of the companies' work will entail supporting their presence in a particular marketplace with promotional and branding support.

3) Theatr na nÓg has suggested to the Committee a capacity review of fundraising ability within small arts organisations. Do you think this would be beneficial? If so, who should carry it out?

We could recommend that you review evidence already sent to the committee by Emma Goad, a freelance fundraiser, who has done some preliminary work in this area as commissioned by ACW. Her work, commissioned by ACW, is a scoping exercise and review into fundraising, mainly focused on smaller organisations, in which capacity is one of a number of common themes emerging, addressing which would enable the sector to be further supported; it is a complex area of need. We understand she is due to present to the committee in one of the coming sessions. We might also reference in this questions the Arts Council England scheme – Catalyst – which has sought to raise the skills and capacity of the sector in development terms, across organisations at a range of scales.

4) What potential is there for Creative Wales to help arts organisations generate additional non-public funding?

We are aware of discussions around the creation of Creative Wales and are interested to hear more about it as it emerges. We will willingly work collaboratively with CW once formed, in appropriate areas of synergy. We hope that Creative Wales might help raise the profile of arts and cultural work in Wales to all of our benefits.

5) Is there any other activity you have planned to help arts organisations generate additional non-public funding?

As stated in evidence to the committee, the issue here is that most organisations see development and fundraising as competitive to some degree, though there are some things which can be seen to have wider benefit. For example: an upcoming meeting in Cardiff with Esmée Fairbairn Foundation (EFF) to which current grant holders can nominate attendees not known to EFF; and possible ways to share knowledge, skills, etc with artforms and sectors, re donor programmes.

Agenda Item 6.2

Welsh Books Council support for digital activities

e-Books

For book publishers the main digital output naturally is the e-book and WBC support for those began in 2011/12 with a view to incentivize early adoption of e-book production amongst publishers. Ringfenced support for e-books ceded two years ago in view of cuts to grants and the fact that the conversion costs for text based books have decreased. Of 1,631 e-books currently available on gwales.com, 353 are in Welsh.

Initially the number of grant applications varied considerably in the two languages, with the majority of applications coming from English-language publishers which was an accurate reflection of the market: some English-language publishers sold well through Amazon daily deals and whilst sales were comparatively impressive, income and profit were mostly small due to huge cut taken by Amazon. Since Amazon occupies the consumer market for e-books by over 80% other business opportunities for e-books are extremely limited. Most English language publishers now accept that the market expectation is that e-books should be available as a matter of course without receiving specific grants for them. However, the early opportunities of rapid sales growth no longer exists due to Amazon changing the terms and conditions of the daily deals and a recent marketing push to promote audio books instead of e-books.

Only a minority of Welsh language publishers experimented with e-books at the outset and even at the height of the e-book boom sales of Welsh-language titles remained very modest. In response to the market realities very few Welsh-language publishers believe that e-books present a viable business model for them, and those who continue to offer e-books only convert a small number of carefully selected titles.

Audio Books

Recently WBC responded positively to calls from one publisher to produce audio books – the initial feed-back on the venture is that again the process can be cumbersome, costly and time-consuming with very little monetary reward (the dominance of Amazon/Audible in the field makes it difficult to justify the investment when sales are very small). Another publisher, who received grant support for the initial adaptation of David Walliams' *Gangsta Granny* (*Nana Grwca* by Atebol) recorded the book in partnership with the RNIB and were highly commended in an international audio-book ceremony in New York.

Magazines

In addition to production grants for e-books we also developed three platforms to assist publishers to publish e-books such as EPUB, iOS and Flash. These were available to both Welsh- and English-language publishers and a parallel service was also established for the magazines in both languages, the latter however did prove not to be financially viable at the time for magazine publishers and they moved on to explore other models.

We actively encourage the magazines we support to consider a holistic approach to the digital/ analogue reach of their publications with regards to promotion, marketing and content. All publications have an element of web / social media presence. The most innovative, namely *O'r*

Pedwar Gwynt, *New Welsh Review*, *The Welsh Agenda* have a thoroughly integrated digital/analogue approach to publishing whilst *Wales Arts Review* is a “born digital” publication.

Welsh-language supported magazine titles have been actively encouraged to subscribe to the Welsh libraries e-zines and some early take up is now in evidence.

Golwg 360 is a Welsh-language digital news service we support and is a vital part of the plurality of Welsh-language news production (likewise, in a very sparse landscape, it is equally important to the plurality of voices who play a part in Welsh civic society in both languages). This started out as a purely web-based service but, through our support and encouragement, now measures its reach through FB, Twitter, SoundCloud and YouTube as well as website traffic.

Apps

Grants specifically for Welsh-language apps were provided between 2014 and 2016. 14 offers were made for children’s books apps, but five of those were not taken up. On the whole publishers found the business model almost impossible to justify, with the development process cumbersome and very time-consuming whilst the monetary rewards are small due to the depressed price points of apps. In the case of the Welsh Language the commercial issue is compounded further by the dominance of S4C’s high-quality apps for children which are all available for free so consumers are reluctant to pay for such content.

Other digital formats

Support was also given to uploading audio-clips onto websites to help parents and learners with pronunciation of Welsh words, audio books, Vooks and CD-ROMS.

Marketing

Marketing grants increasingly include elements of digital marketing, incorporating audio and video for use on social media. This is especially true of children’s books, and WBC actively encourages publishers to engage with innovative ways of using social media and recently offered training courses in Cardiff and Aberystwyth which were attended by both English- and Welsh-language publishers.

Likewise the WBC are providing and are developing our digital services to the industry by using FB, Twitter, YouTube, Instagram and gwales.com which provides a platform for world-wide sales and information dissemination. We promote titles, provide a platform for reviewing and share and retweet promotion and marketing materials posted by publishers, booksellers, authors, libraries, schools and other book sector organisations. In recognition of the ever changing way readers and consumers engage with content, and to allow for greater flexibility of how we and publishers promote titles, a major investment in new systems at WBC is crucially important and we hope that we will be able to secure Welsh Government support to realise our ambitions.



MWT/HK/MLW

24 October 2017

Bethan Jenkins AM
Chair
Culture, Welsh Language and Communications Committee
National Assembly for Wales
Cardiff Bay
CARDIFF
CF99 1NA

Dear Bethan Jenkins,

I would like to take this opportunity to thank you for giving the Welsh Books Council the opportunity to discuss the Medwin Hughes Report with you and your colleagues on 21 September and to follow up as suggested on a number of different points which could not be discussed further due to time.

Whilst it is understandable that much of the Committee's and indeed the media's focus has been on the process of how the review was conducted, it is regrettable that the majority of the review's recommendations have attracted little discussion, as indeed have the achievements of the sector in term of social, cultural and economic values.

I am also concerned at the possibility of the substantial body of evidence submitted to the Panel by writers and publishers working across Wales in both languages being overlooked. As Professor Hughes emphasised when he appeared before your Panel, it is of the very first importance, as it demonstrates how very well founded – contrary, of course, to the assertions of some parties concerned to undermine the Report's credibility – were the recommendations that concluded the Hughes Report and that are currently being considered for implementation by the Cabinet Secretary. Of equal relevance, as you will no doubt already be aware, is the important review of the performance of Literature Wales conducted internally recently by the Arts Council of Wales.

WBC welcomed the review as yet another opportunity to reflect upon and improve its services and it was gratifying to note that WBC had in fact already pre-empted some of the recommendations before the review's findings were published. That is not to say that there aren't any areas for further improvement particularly in relation to a potentially enlarged remit of WBC.

WBC's recently appointed Chief Executive joined the organisation from outside long established sector networks, indicating that the need for a different skill set was acknowledged at the highest level and preceded the publication of Professor Hughes's report by almost one year. With one of the most experienced publishing professionals in Wales at its helm, WBC is ideally placed to take on new challenges, particularly in digital sphere. In so doing it will be building on the crucial enabling service for digital development within Wales' premier publishing houses that it instigated several years ago. (See accompanying documentation for further information.)

As for Helgard's potential contribution in the digital field, one only needs to look at the transformation of digital engagement at University of Wales Press, where a new website was launched, backlist titles were digitised and social media marketing was transformed during her tenure as director. Since her arrival in February this year, WBC has experienced a 17% increase in the number of social media followers; a scoping exercise with regards to IT systems requirements, with a particular emphasis on user engagement, digital presence and service offer is nearing completion and will be discussed with the Cabinet Secretary shortly. The senior management team at WBC has been enlarged recently in recognition of the additional challenges the sector faces as a whole and in anticipation of the possible changes following Medwin Hughes's recommendations.

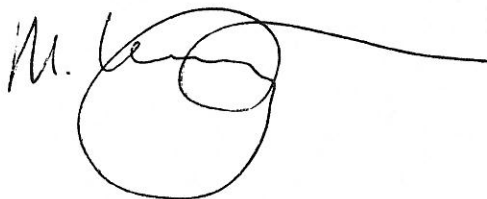
It is our belief that the recommendations mirror and relate directly to the strengths of the organisations they affect and that their implementation will benefit the sector on many different levels: bursaries, mentoring and author tours are, in effect, already functions carried out by WBC, albeit through slightly different channels, and the case for transferring them is logical due to existing synergies, the level of expertise evident amongst staff and the WBCs demonstrable track record of delivering outcomes that offer good value and services which are conceived in consultation with stakeholders and executed collaboratively.

Equally, there is clear evidence that Literature Wales is the organisation best placed to continue with major events and community based activities that allow for the broadest definition of literature; they play to their strengths and also complement the performance arts remit of their funder, Arts Council of Wales.

The WBC enthusiastic response to the main recommendations of the review "*The Way Forward*" was discussed during the meeting held by officials on 1 September 2017 with Literature Wales, Arts Council of Wales and WBC. It outlines a positive and constructive way forward and discussions during the meeting indicated that there are no major barriers to the transfer of functions.

The Welsh Books Council has built an excellent relationship with Welsh Government and is deeply appreciative of the funding that is enabling WBC to deliver its mission: that is to support and promote the publishing industry and to coordinate the interests of authors, publishers, booksellers and libraries. The implementation of the recommendations would ensure that the Welsh Government funding will be used in a more cohesive way thus making a greater contribution to improving the social, economic, and cultural well-being of Wales. I therefore trust that your Panel, after fully informed and wholly disinterested consideration, will feel able to endorse these Recommendations warmly.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Wynn Thomas', with a long horizontal flourish extending to the right.

M. Wynn Thomas
Chair

Agenda Item 9

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