

Agenda – Culture, Welsh Language and Communications Committee

Meeting Venue:	For further information contact:
Committee Room 2 – Senedd	Steve George
Meeting date: 30 November 2017	Committee Clerk
Meeting time: 09.00	0300 200 6565
	SeneddCWLC@assembly.wales

- 1 Introductions, apologies, substitutions and declarations of interest

- 2 Paper(s) to note
 - 2.1 Letter to the Chair from Mudiad Meithrin – Cymraeg 2050
(Pages 1 – 3)
 - 2.2 Letter from the Cabinet Secretary for Finance – Restatement of Budget Figures
(Pages 4 – 5)

- 3 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for items 4, 5 and 10

- 4 News Journalism in Wales: Consideration of Consultation Responses
(09:00 – 09:15) (Pages 6 – 30)

- 5 The Independent Review of Support for Publishing and Literature in Wales: Consideration of Response
(09:15 – 09:30) (Pages 31 – 178)



6 Non-public funding of the arts: Evidence Session 6

(09:30 – 10:20)

(Pages 179 – 216)

Rebecca Gould, Head of Arts, British Council Wales

Eluned Haf, Head, Wales Arts International

Clare Williams, Chief Executive, Hijinx Theatre

Pauline Burt, Chief Executive, Ffilm Cymru

7 Non-public funding of the arts: Evidence Session 7

(10:20 – 11:10)

(Pages 217 – 225)

Stephen Thornton, Refinery Public Affairs Manager, Valero

Hoodi Ansari, Trustee, G39

Mathew Prichard, Chair of Trustees, Colwinston Trust

Break (11:10 – 11:30)

8 Historic Environment: Evidence Session 6

(11:30 – 12:20)

(Pages 226 – 241)

Jane Lee, Policy Officer – Regeneration and Europe, Welsh Local Government Association

Amy Longford, Heritage Manager, Monmouthshire County Council

Peter Thomas, Senior Planner (Conservation and Design), Regeneration and Planning, Vale of Glamorgan Council

9 Historic Environment: Evidence Session 7

(12:20 – 13:10)

Justin Albert, Director for Wales, National Trust

Dr. Emma Plunkett-Dillon, Head of Conservation, National Trust Wales

10 Private debrief

(13:10 – 13.30)

20/11/17

Bethan Jenkins AM
Cadeirydd Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu
Cynulliad Cenedlaethol Cymru
Bae Caerdydd
Caerdydd
CF99 1NA

Annwyl Bethan,

I write to you in your capacity as Chair of the Culture, Welsh Language and Communications Committee. For ease, I have translated this letter to allow you to share its contents with fellow Members or staff if you so wish.

You will remember that Mudiad Meithrin's Chairperson, Dr Rhodri Llwyd Morgan, and I recently gave evidence to the committee regarding the 'Cymraeg 2050' language strategy and the Welsh Government's aim of reaching a million Welsh speakers by 2050.

As a result of your report, meetings and continuous discussions with relevant Welsh Government representatives and the compact with Plaid Cymru, we understand that additional funding has been allocated to Mudiad Meithrin each year over a period of two financial years. We are extremely grateful for this and believe the investment will make a genuine difference as we aim to reach the target of establishing 40 new Cylchoedd Meithrin (and Cylchoedd Ti a Fi) by 2021.

Earlier this year, we published a document entitled 'Meithrin Miliwn' in response to the new language strategy. We identified 10 steps that would be central to realising the Welsh-medium early years' contribution (through Mudiad Meithrin) as far as the aim of reaching a million Welsh speakers by 2050 is concerned.

The 10 steps are:

1. Undertake an urgent independent review of Mudiad Meithrin's resources in order to evaluate the support necessary to open 150 new Cylchoedd Meithrin and Cylchoedd Ti a Fi (as well as expanding the 'Cymraeg i Blant' scheme and supporting Mudiad Meithrin's support structures for existing Cylchoedd Meithrin committees and staff) – a review is currently under way;
2. Ensure Mudiad Meithrin's input regarding the future of the WESP nationally and at Local Authority level while adapting some of the outcomes (to include

- the Early Years) – points raised by Aled Roberts in his independent review of the WESP;
3. Ensure that where there are plans to open new Welsh-medium schools, that discussions are held with Cylchoedd Meithrin (where they currently exist) to discuss possible relocation and (where they do not exist) to provide an obstacle-free pathway to childcare and education for children aged 2 years and above on the school site;
 4. Continue to invest in a Welsh-medium scheme to train and qualify the Early Years workforce (such as ‘Cam wrth Gam’) in order to attract new entrants and to identify gaps in the workforce;
 5. Invest in encouraging and promoting Welsh-medium childcare and education in co-operation with grassroots partners;
 6. Ensure access for Cylchoedd Meithrin to capital grant funds through the ‘21st Century Schools’ scheme in order to encourage Cylchoedd Meithrin to open quality new locations (if not on school sites) as community hubs;
 7. Encourage a pilot scheme for schools who educate primarily in English to partner with Cylchoedd Meithrin in order to immerse older children in Welsh as part of the language continuum;
 8. Invest in a national immersion scheme by following the principals of the ‘Croesi'r Bont’ scheme;
 9. Ensure comprehensive data processes with access to birth data;
 10. Pilot various schemes in co-operation with the National Centre for Teaching Welsh in order to offer support to help parents introduce or use Welsh in the home.

This additional investment will therefore be used to realise the two main aims of opening 40 new Cylchoedd Meithrin/Ti a Fi (in geographical areas where there is no provision) and contributing to increase the succession ratio to 90% by 2030. We will also concentrate on maintaining, supporting and assisting the existing network of Cylchoedd Meithrin by strengthening Mudiad Meithrin’s infrastructure (in terms of the services and advice we provide to our members).

At the same time we consider the work of our national training scheme (‘Cam wrth Gam’) to be a key part of the workforce plan. Also, working with parents and families through the ‘Cymraeg for Kids’ programme is crucial in the work of encouraging, promoting and supporting language acquisition at home.

We are aware that you as a committee will scrutinise aspects of the proposed budget and I felt that it was important for you hear about the exciting details of what is imminent as a result of this development.

Boulevard de Saint-Brieuc
Aberystwyth
Ceredigion
SY23 1PD

Ffôn/Tel: 01970 639639
Ffacs/Fax: 01970 639638



Please do not hesitate to contact me if I can be of assistance.

Yours sincerely,

A handwritten signature in black ink, which appears to read 'Gwennllian Lansdown Davies'.

Dr Gwennllian Lansdown Davies

Prif Weithredwr
Mudiad Meithrin

www.meithrin.cymru

arbenigwyr y blynyddoedd cynnar **Welsh early years specialists**
Pack Page 3

Prif Weithredwr / Chief Executive: Dr Gwennllian Lansdown Davies

Elusen Gofrestredig/Registered Charity 1022320. Cwmni Cyfyngedig dan Warant/Company Limited by Guarantee 2164058. Cofrestrwyd yng Nghymru/Registered in Wales

Agenda Item 2.2

Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref

Simon Thomas AM
Chair
Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

21 November 2017

Arwydd Siôn.

Ahead of this week's Budget scrutiny session at Finance Committee, I wanted to set out my intention to restructure the draft Budget 2018-19 in accordance with the new Ministerial portfolios following the Cabinet reshuffle.

Both the outline and detailed draft Budget proposals – published on October 3 and 24 respectively – reflect the structure of the Welsh Government Ministerial portfolios at the time.

In order to provide full transparency of the Welsh Government's Budget and our spending plans, it is my intention to restate the Main Expenditure Group (MEG) BEL tables, which were published as part of the detailed spending proposals on October 24, in line with the new portfolio structures.

This will be a purely administrative exercise to regularise changes to the new structures and Ministerial portfolios. In restating the budget tables, we will provide a reconciliation between those published in October and the new structures. As part of this exercise, we will also restate the 2017-18 Budget position to support the scrutiny of the Second Supplementary Budget later this financial year.

The revised MEG BEL tables are currently being reviewed by Cabinet Secretaries and Ministers. I will publish the tables ahead of the draft Budget debate on 5 December.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400
Gohebiaeth.Mark.Drakeford@llyw.cymru
Correspondence.Mark.Drakeford@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

Pack Page 4

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I am copying this letter to the Chairs of the policy committees.

In gyroir,
Mark

Mark Drakeford AM/AC
Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance

Agenda Item 4

Document is Restricted

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee
Newyddiaduraeth Newyddion yng Nghymru: Dyraniad cyllideb arfaethedig Llywodraeth Cymru o £100,000 y flwyddyn / News Journalism in Wales: Welsh Government's proposed budget allocation of £100,000 a year.
CWLC(5) NJ01
Ymateb gan Alan Evans, Golygydd Llanelli Online / Evidence from Alan Evans, Editor of Llanelli Online

My name is Alan Evans and I am the editor of Llanelli Online a 24/7 hyperlocal news site for Llanelli and surrounding areas. I have been building up the brand and content but it is not yet a fully-fledged business. Within 8 months the site has built up an audience of 40,000 per week. This is almost the population of the town of Llanelli.

We focus on several key elements. News- local, national and International where it impacts on the community. Sport, mainly local and underrepresented such as ladies rugby, disabled athletes. Business, local including job vacancies, successes, etc. Farming, Politics - local national and international. Health. Community and Arts.

Our demographic is 18 to 65 60/40 male to female.

We have covered some major news stories and in fact have broken news stories, which have been picked up by the BBC and Wales Online. We do not rely on Facebook but rather go out on a daily basis usually at the invite of individuals or groups. We research our stories and we offer opportunity for responses from all sides involved in any story.

We have covered political party conferences, large sporting and community events. We have sponsored local sports teams. We have taken on and helped students who have in turn moved on to other jobs. We have established a very good local reputation amongst the population.

Our main issue has been cash flow. We have zero funds available but we have raised around £6,000 in 8 months, which went back into purchasing equipment and paying for fuel for our vehicle.

We lack a sales person to capitalise on our success and sell advertising. We have thought about monetising the site and this would bring in a small amount of money. The only viable way of sustaining the hyperlocal really is with sponsors, donations and advertising unless it is established as a not for profit and can access grant funding.

We do have a lot of community support and we are looking at launching the town's first independent radio station, which will have a heavy emphasis on the Welsh language. We already supply Radio BGM at Prince Phillip Hospital and the Llanelli Talking Newspaper for the Blind. Our plan would be to place raspberry pi in shops and other locations, which would be programmed to receive our web based broadcasts.

We would be looking to partner local schools and colleges to offer hands on training for those looking to establish a career in the media. The opportunities for such training are now almost non-existent in Wales.

The BBC have had an additional £8mil in funding yet their online site for Wales is not even near as full of appropriate content as this new hyperlocal. Often they are weeks behind our stories. Since receiving the funding they have not made any real difference to their news or current affairs programmes indeed they have actually cut back on them and staff and their news coverage is now more Cardiff and North Wales focussed than before in a bid to pick the low hanging fruit stories that are within driving distance of the studio. It is in essence lazy journalism for big bucks.

We believe that we have strong strong evidence in Llanelli Online to assert that it is a very good example of how local journalism can function in 2017 without the need for lots of flashy cars and highly paid managers in suits who contribute nothing to the end product like the BBC and other top heavy organisations who cream off public funds to support their lavish lifestyles.

That may sound harsh but I would ask you to compare a hyperlocal site like Llanelli Online with the BBC's site for South West Wales. One receives absolutely zero help or funding, the other well.

In conclusion I would submit that the money WAG have made available for hyperlocals will not go very far given that the bare minimum to get a hyperlocal off the ground and able to survive in the first year would be around £10,000. That is a conservative estimate. Given that scenario you would only be looking at 10 new hyperlocals across Wales if you could find a journalist mad enough to spend the long hours required in providing a high quality community service.

My submission would be that it would be far more viable to fund any existing hyperlocals should they need it but with the proviso that they open their doors to trainees. Those same trainees-interns could also benefit from a small bursary fund to get them through the doors of a university. I have one such young man with me now who left a media course because he just wasn't getting the kind of help and experience I was able to offer him. His work is clearly now of a level of a well-trained journalist as can be seen on the website.

There is an opportunity to help and learn from a fledgling Hyperlocal in the backwater of Llanelli, which if funded correctly could be an exemplar model for others to follow. I would be happy to meet to discuss ways in which we could help in ensuring that hyperlocals begin to flourish across Wales as I believe that these are the future of journalism in Wales as the mainstream abandon communities.

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee
Newyddiaduraeth Newyddion yng Nghymru: Dyraniad cyllideb arfaethedig
Llywodraeth Cymru o £100,000 y flwyddyn / News Journalism in Wales: Welsh Government's proposed budget allocation of £100,000 a year.
CWLC(5) NJ02
Ymateb gan Patricia Dodd Racher, West Wales News Review / Evidence from Patricia Dodd Racher, West Wales News Review

This is a short contribution on behalf of West Wales News Review,
www.westwalesnewsreview.wordpress.com.

I started the site in 2012 and it has grown gradually. The principal aim is to tackle complex subjects which local newspapers no longer have the time/staff to address. The National Library asked to archive the site, for which there have been 84,250 views to date.

My main concern is the risk of legal action against me. I would like to suggest a government-supported insurance indemnity scheme for not-for-profit journalism, provided that quality assurance standards are met.

Local journalism is no longer a 'profit opportunity', and so has to be sponsored in some way. In my case, I provide the time and divert other income to cover the costs, so it could be described as a 'hobby', but a dangerous one due to the legal risks. The availability of a discounted indemnity policy would be a significant help.

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and
Communications Committee
Newyddiaduraeth Newyddion yng Nghymru: Dyraniad cyllideb arfaethedig
Llywodraeth Cymru o £100,000 y flwyddyn / News Journalism in Wales: Welsh
Government's proposed budget allocation of £100,000 a year.
CWLC(5) NJ03
Ymateb gan Tim Strang / Evidence from Tim Strang

I feel that the proposal is not an appropriate use of Wales's tax payers funds. I do not feel it is the place of Government to intervene in this industry, and any funding will be without benefit for the tax payers.



Centre for
Community
Journalism

Canolfan
Newyddiaduriaeth
Gymunedol

Briefing note:

A contestable funding scheme for hyperlocal news in Wales

Centre for Community Journalism, Cardiff University
November 2017



About the Centre for Community Journalism

The [Centre for Community Journalism](#) (C4CJ) is the main networking, training, research, mentoring and advice organisation for community and hyperlocal publications, both online and in print, in the UK. The Centre is responsible for launching the UK's only representative body for the sector, [The Independent Community News Network](#) (ICNN).

ICNN, which is currently 55 members strong, is committed to supporting and championing new sustainable forms of local digital and print journalism across the UK. Our focus is at the hyperlocal level; the place where journalism is most valued but also most at risk.

The C4CJ is part of Cardiff University's School of Journalism, Media and Cultural Studies. It developed out of our long history of high-quality professional training and research, our commitment to local journalism, and our wish to support it in all its forms as it goes through major changes.

The C4CJ has made repeated calls for public funding for the community and hyperlocal news sector. Centre Manager Emma Meese, and Dr Andrew Williams (of Cardiff University's School of Journalism, Media and Culture) both gave evidence at the Culture, Welsh Language and Communications Committee (CWLCC) inquiry into News Journalism in Wales. They put forward the case that Wales was in a unique position to find innovative ways to address the withdrawal of legacy local journalism, and support the rise of grassroots community journalism. As such, we welcome the Welsh Government's recent announcement of funding for the sector in the recently-announced budget.

This document proposes what we believe would be the best way of shaping and administering such a fund: **a contestable funding scheme**.

It draws on our research- and practice-led knowledge about the local news sectors in Wales and the wider UK, as well as our knowledge of analogous funding schemes for local news in the UK and beyond. Irrespective of whether these suggestions are taken on board, we would be happy to meet with, discuss, and/or consult with the Welsh Government as it shapes its new policy and we believe we would be useful and suitable partners or advisors in this process.



A contestable funding scheme for hyperlocal news in Wales

The benefits of a contestable funding model:

Along with others in the field¹, and having considered the outcomes and evaluations of existing schemes, we believe that a range of relatively small investments could have a great impact on local journalism, local enterprise, and social cohesion as the tools to innovate and publish local news are now widely available at low cost. The contestable funding model of investment could create a virtuous circle by addressing the decline in local news, and nurturing further investment from those who would otherwise not have participated in this sector.

There are several reasons why contestable funding is a powerful tool for change, but principle among them is that criteria can be drawn up to make sure funding is allocated to only the best news providers, and only those which are able to provide local news in the areas of greatest need. General benefits of contestable funding models include²:

- Identifying and rewarding excellence;
- Influencing public perception of the importance of public interest news;
- Focusing communities on public interest areas such as governance, or on specific local issues;
- Mobilising new talent in the sector, and bolstering public interest provision at a time of legacy news industry withdrawal;
- Strengthening problem-solving in communities, and aiding in the generation of communications skills;
- Educating individuals and communities; and
- Mobilising capital, and helping with the generation of new and sustainable models of news production.

¹<http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>

²<http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>



Areas of need and potential nature of support given:

There are numerous areas of need that a programme of contestable funding of local news could address, but among the most important are:

- filling deficits in existing public interest news coverage (local politics, courts, public services, the environment);
- experimentation with a plurality of funding and delivery models and platforms (e.g. advertising and other commercial models, non-profit, charity-funded, co-operative, membership, and/or donation-based schemes);
- encouraging/facilitating community/citizen participation in media production (through collaboration and/or community media/journalism training);
- encouraging media-based community action; and
- using new technology to innovate in the production or dissemination of local news;

Grants applied for under a flexible contestable fund for Wales could conceivably fund a range of useful and necessary interventions, including in the following areas:

- seed-corn funding for new local news organisations in specific localities;
- journalists covering new/under-served public interest beats from local/regional angles as freelancers, or at existing news organisations such as newspapers, online news outlets, or news agencies (beats might include local/regional/national government, the environment, public institutions, etc.);
- “bridge-funding” for existing independent local news organisations (e.g. training, developing and/or growing/diversifying a business);
- training and development of community journalists in core (and transferable) journalism skills;
- platform and software creation that supports and enhances innovation in the provision of public interest local journalism;
- specific projects which create open-source, and/or collaboration-based journalism in the public interest from which existing news outlets can benefit (e.g. an investigative local/regional news outfit which works in partnership with existing legacy/community news outlets on individual stories, bolstering their outputs in this area, or a unit focusing on exploiting publicly available data for producing local and regional news stories in the public interest).



Additional considerations:

Setting up a scheme like this is a complicated matter, and a number of further considerations should be borne in mind to avoid future problems, and head off potential critique.

- *Eligibility and “Additionality”*: We believe these projects should be open to all applicants – whether they are existing news organizations looking to innovate, or new entrants to the field. However, the track record of those organisations and/or individuals providing public interest local news needs to be carefully considered; as do areas of need, and the principle of “additionality” (i.e. bids to this scheme should be shown to add to areas of existing deficit, either in the form of news content not already provided by an existing news publisher, or in relation to geographic areas relatively under-served by local news to date – this is important to ensure that existing publishers do not use this as an opportunity to cut existing costs, and/or that the scheme is funding interventions in areas of greatest need);
- *Independence and expertise of the administering organization and judging panel*: given the obvious and justifiable worries about maintain journalistic independence while in receipt of state funding the independence of the organization administering the fund, and the judges who allocate monies, from politicians and government is of paramount importance. We recommend that politicians should have no hand in the allocation or distribution of funds. Judges should be drawn from a pool of international (not only Welsh-national) experts in the media and local news industries, academia, and relevant civil society organizations, and should include people with relevant experience of working on previous or existing contestable funds;
- *Transparency*: The awarding of monies should be done as part of a fully-transparent process, with details of applications, judges considerations, and outcomes all being fully accessible to the public. The monitoring of outcomes should also be as transparent as possible to the public, for instance, all formal evaluation should be public, and there should be a compulsion on grantees to operate an updatable public dashboard which indicates the progress of outputs based on what has been promised;
- *Open source/open rights*: Any technology developed using public monies granted under the scheme should be made available open source to the public and others in industry. Likewise, some consideration will need to be given to who owns content of news produced, and with priority given to a commons-based approach (in some instances it may make sense to make all content produced available to all for free immediately, in others it may be more advisable to allow grantees to commercially exploit intellectual property close to publication, but others should be allowed to re-use it at a later date).



Existing public funding for news in Wales and the UK: subsidy for legacy news media, previous contestable funding for newer, online players

Despite the fact that many legacy commercial news publishers have tended to resist calls for public subsidy for local news there is already quite a bit of it in the UK, and commercial news companies already benefit from lots of it, for example:

- Councils paying for statutory notices in printed local newspapers costs them around £26 million a year according to the LGA.³ Such subsidies, or equivalents, are not open to newer online news providers.
- The VAT tax break that newspapers get from printed news products is estimated to be in excess of £500 million annually, with a significant proportion going to local and regional titles. There are no analogous tax breaks for online news providers, or smaller, less regularly-produced newspapers.⁴

This, along with the recent public funding of Local TV projects, shows the principle of subsidy for local news is not an alien one in the UK context. It also shows that current subsidy for local news is, in the main, targeted at legacy media players, and often excludes support for newer digital news providers.

In Wales the Welsh Books Council continues to fund Welsh-Language news. The Welsh Government, then, has already innovated in this field, having recently announced an extension to the additional funding of £200,000 (2016/17) to support the Welsh-language press.⁵ The new online news and current affairs service, Golwg 360, was established with this funding. Morgan Jones has shown that this funding has had numerous positive effects on the provision of news in Welsh.⁶ The scale of the withdrawal of English-language professional journalism from Welsh communities in recent years⁷ suggests that the need for broader intervention is at least as compelling, if not more so in the English language sector.

A number of contestable funding schemes relevant to the local news sector have been tried in the UK, but none, as yet, using government funds:

- *Carnegie UK Trust*: In March 2013, the Carnegie UK Trust awarded a pot of £50K to five projects as part of its Neighbourhood News scheme, with each of the five publications receiving £10K as bridge-funding.⁸ The aim of the scheme was to help ‘tackle some of the significant challenges facing the local news market in the UK and to examine how local news could be delivered differently and sustainably in the future.’ The project aims of the five ‘partners’ determined the varying outcomes of the scheme; training students; overhauling an existing community website; resurrecting in digital form a community news sheet; seed-funding a print edition; and creating a

³<http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>

⁴<http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>

⁵<http://www.cllc.org.uk/ni-us/ffeithiau-facts>

⁶<http://www.senedd.assembly.wales/documents/s63444/NJW01%20Bangor%20University.pdf>

⁷<http://www.senedd.assembly.wales/documents/s63454/NJW10%20Dr.%20Andy%20Williams%20Cardiff%20University%20-%20Local%20News.pdf>

⁸<https://www.carnegieuktrust.org.uk/carnegieuktrust/wp-content/uploads/sites/64/2016/02/pub1455011445.pdf>



brand new news website. It is testament to the scheme that four out of the five projects funded are now self-sustainable.

- *Nesta*: In March 2012, Nesta launched Destination Local, a £1m programme designed to understand and stimulate the development of a UK hyperlocal media sector.⁹ The programme was aimed at hyperlocal news projects seeking seed funding of up to £50,000. Some of these services are now available (such as SayIt from MySociety).
- *Google Digital News Initiative*: In addition, there is the Google Digital News Initiative (DNI), a large EU-wide fund offering grants from a 3-year funding pot of €150million, which has been the largest contestable funding project in the UK in recent years. Though it should be noted that there are few, if any, actual news publications funded this way.

Comparing the US with the UK's history of contestable funding

In the US, the Knight Foundation has invested over \$235m in the last eight years in journalism and media innovation. These are usually broken up into pots of \$2-400,000, and are, in the main, aimed at innovative software developments in journalism. The Knight News Challenge itself provided more than \$37 million in funding to 111 projects from 2007 to 2014.

As indicated in the Martin Moore *Positive Plurality* report, in the UK, £5m was invested in equivalent interventions over three years as compared to over \$400m overall in the US over two years.¹⁰ To date in the US there has been a greater recognition of the challenges to local news business models, and the consequent effects on journalism workforces, as well as the volume and quality of locally-oriented news than there has been here in the UK. **Given the relative weakness of the charity and foundation sector in Wales and the wider UK, the Welsh Government is in a unique position to be an innovator in this space.**

⁹<http://www.nesta.org.uk/news/million-pound-boost-develop-uk-hyperlocal-media-sector>

¹⁰ <http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>



Authors:

Dr Andy Williams, Matt Abbott, Emma Meese, Prof. Justin Lewis.

We compiled the following document after consulting with numerous stakeholders in the field of local and hyperlocal news in the UK, and based on our in-depth knowledge of the community and local news sectors. People and organisations consulted in the compilation of this document included: Rob Taylor (Wrexham.com), Jonathan Shepherd (Deeside.com), Richard Gurner (Caerphilly Observer), Graham Breeze (MyTown Media), Matthew Barraclough (head of local news partnerships, BBC), Dr. Rachel Howells (formerly, Port Talbot Magnet), William Perrin (Talk About Local), Dr. Martin Moore (Kings College London), Dr. Gordon Ramsay (Kings College London).

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee

Newyddiaduraeth Newyddion yng Nghymru: Dyraniad cyllideb arfaethedig
Llywodraeth Cymru o £100,000 y flwyddyn / News Journalism in Wales: Welsh Government's proposed budget allocation of £100,000 a year.

CWLC(5) NJ04b

Ymateb gan Ysgolion Caerdydd Newyddiaduraeth, y Cyfryngau ac Astudiaethau
Diwylliant, Prifysgol Caerdydd / Evidence from Cardiff School of Journalism, Media and Culture Studies, Cardiff University

There is great potential in this investment to deliver and affect positive change for the hyperlocal and community news sector in Wales, and by extension the communities they operate in, and we believe that a contestable funding scheme would be the best way to administer and shape this investment.

Following a detailed consultation with numerous stakeholders in the field of local and hyperlocal news, we have compiled the attached briefing note in which we set out the benefits of a contestable funding model; the areas of need and support it could address; examples of where such a model of funding has been successful, and key considerations should a contestable funding scheme be endorsed.

In addition, the Centre for Community Journalism is well placed to play a role advising funding allocation, should it be required and if helpful, and are happy to be consulted further in this matter.



NUJ response to the Welsh Government’s proposed budget allocation of £100,000 a year in 2018-19 and 2019-20 for start-up grants for journalists setting up their own business in hyperlocal news.

November 2017

The NUJ welcomes the government's response in acknowledging the crisis in local media in Wales and for listening to the concerns of the union.

The union agrees that some kind of state financial support will be necessary to enable hyperlocal news outlets to become sustainable businesses. We therefore commend the Welsh Government’s proposal to allocate £100,000 per year for two years as start-up grants for new hyperlocals, since it offers the opportunity to judge the effectiveness of public sector intervention.

The development of hyperlocals is one way to stimulate local news. This small sector relies mostly on people working without pay since it takes time to build a profitable business. So, to the question “Is the funding enough? the answer will be whether it is able to establish and sustain journalists who are paid properly for their work. The revival of local media cannot rely on unpaid labour. The revival of local media must be based on people who are qualified or have had training in the skills required for journalism, including media law.

We strongly believe that if hyperlocals are to make a contribution to public interest journalism, those working for them need either to be qualified journalists, or those ready to acquire such training. This would include appropriate business planning, budgeting and marketing tuition to secure adequate advertising revenue and develop the skills necessary to run a business.

There are already many trained journalists out of work or underemployed, as well as a wealth of graduates from Cardiff University and the union would like to see this funding treated as an incentive for these people to start up hyperlocals where there is a need. In terms of financial support offered to hyperlocals, there could be a “hierarchy of help”, where outlets get additional support when training has been completed.

The grant for hyperlocals should come with strings attached to ensure the production of quality journalism and public-interest reporting, and recipients of the grant must sign a code of conduct to ensure ethical practice. The NUJ's code of conduct (see below) could provide the basis for this code. There must also be safeguards to ensure these new publications are seen to be truly independent from the government, despite the nature of the funding.

The development of the hyperlocal sector can only be one part of the solution. The real problem has been the long-term structure of media ownership, which has led to the press in Wales being dominated by two owners. These media companies also have a history of taking huge profit margins out of newspapers and not investing it in journalism or journalists, as the union made clear in its original submission to the inquiry into media provision.

NUJ code of conduct

A journalist:

1. At all times upholds and defends the principle of media freedom, the right of freedom of expression and the right of the public to be informed.
2. Strives to ensure that information disseminated is honestly conveyed, accurate and fair.
3. Does her/his utmost to correct harmful inaccuracies.
4. Differentiates between fact and opinion.
5. Obtains material by honest, straightforward and open means, with the exception of investigations that are both overwhelmingly in the public interest and which involve evidence that cannot be obtained by straightforward means.
6. Does nothing to intrude into anybody's private life, grief or distress unless justified by overriding consideration of the public interest.
7. Protects the identity of sources who supply information in confidence and material gathered in the course of her/his work.
8. Resists threats or any other inducements to influence, distort or suppress information and takes no unfair personal advantage of information gained in the course of her/his duties before the information is public knowledge.
9. Produces no material likely to lead to hatred or discrimination on the grounds of a person's age, gender, race, colour, creed, legal status, disability, marital status, or sexual orientation.
10. Does not by way of statement, voice or appearance endorse by advertisement any commercial product or service save for the promotion of her/his own work or of the medium by which she/he is employed.
11. A journalist shall normally seek the consent of an appropriate adult when interviewing or photographing a child for a story about her/his welfare.
12. Avoids plagiarism.

Inquiry into Non-public funding of the arts

Hijinx has its HQ at Wales Millennium Centre but runs its activities from Chapter Arts Centre, Lyric Carmarthen, Aberystwyth Arts Centre and Nova Prestatyn where we train 70+ learning disabled adults to become professional actors.

We also:

- Tour contemporary theatre productions with casts that ALWAYS include learning disabled actors across the globe
- host an international festival (2016 Caernarfon, 2019 Cardiff, 2020 Llanelli) bringing together the best professional disabled performers in the world to Wales.
- deliver Drama Foundation courses for people with more complex disabilities
- use our actors to train public and private sector organisations to improve their communication with vulnerable people
- manage community youth and adult inclusive community groups across Wales
- deliver outreach, education projects in Wales and Lesotho, Africa
- make films

Hijinx is currently in receipt of £155,000 funding from ACW- representing only 16% of our annual turnover. With annual core staff costs in excess of £240,000 and a prolific output Hijinx has had to be very financially resourceful.

Hijinx make inclusive productions- ie. all our casts include professional learning disabled performing alongside neurotypical actors. The productions generally have a cast of 5-7 actors supported by 2/3 technical and welfare staff.

Touring in the UK alone is no longer financially feasible. The losses incurred when touring with more than 3 people on the road are unsustainable.

Therefore, Hijinx are now only making portable productions that we can affordably tour internationally. We aim to counteract the losses we accrue touring in the UK with surpluses we make when touring internationally.

Hijinx tours widely. By the end of 2018 we will have reached 67 cities in 16 countries spread over 4 continents.

Financial shortfalls have necessitated Hijinx to seek non publicly funded co-producers when making new shows. Currently the CEO is seeking investment from the commercial world: Ambassadors Theatre Group (UK) and ACOrange (China).

Hijinx has needed to raise significant sums from Trusts and Foundations over the last 4 years but is now beginning to shift focus on to earning income from promoting our learning disabled actors as role play trainers helping public and private sector organisations improve their understanding and communication with vulnerable people- particularly those with a learning disability. Current clients include NHS, Cardiff Airport, Western Power Distribution. This new strand of our activity generates an income for our actors, a facilitation fee for Hijinx and help change attitudes to disability.

November 2017 Chief Executive clare.williams@hijinx.org.uk

Inquiry into News Journalism in Wales:

request for views on proposed Welsh Government budget allocation for hyperlocal news

10th November 2017

1. About the IWA

1.1 The Institute of Welsh Affairs is an independent think-tank. Our only interest is in seeing Wales flourish as a country in which to work and live. We are an independent charity with a broad membership base across the country. We aim to bring people together from across the spectrum in a safe space where ideas can collide and solutions can be forged in our five priority areas: the economy, education, governance, health & social care, and the media in Wales.

2. IWA Media Policy Group

2.1 The IWA Media Policy group guides and informs our policy priorities. Its members include practitioners, academics and policy professionals with expertise across a diverse range of media platforms and issues. A list of members is available on request. The purpose of the IWA Media Policy Group is to develop, influence and improve media policy for an engaged and connected Wales.

3. How this funding could best be used?

3.1 We are pleased to see the Welsh Government's proposed investment in hyperlocal news. Our [original submission to the Committee's inquiry](#) (May 2017) identified sustainability and plurality as the primary issues affecting News Journalism in Wales. We consider these two issues should form the two strategic priorities for this new investment, and any action underneath this fund should further these priorities.

3.2 It is unclear on what evidence this fund has been designated to provide start-up grants, rather than to support existing hyperlocal news outlets that are facing immediate challenges. Our original submission shared evidence that there has been encouraging growth in hyperlocal news in Wales, however many sites rely on the work of volunteers. This can result in the production of content being vulnerable and dependent on individual's personal circumstances. It is worth noting that in addition to hyperlocal web sites, community radio stations also have a contribution to make to local news and information. There is also some evidence of growth in this area, for example [Ofcom has recently provided a licence](#) for a new service starting in Rhondda.

3.3 Joint research¹ between Cardiff University's Centre for Community Journalism and NESTA found that 46 of the 400 active hyperlocal sites in the UK are in Wales, almost twice the proportion expected based on population share. It is unclear why Welsh Government has decided to encourage start-ups when Wales has a comparatively thriving hyperlocal market. Investment in the sustainability of hyperlocal sites that have succeeded but continue to face challenges would arguably be a more evidenced use of public funds.

3.4 When deciding which activities to support through a finite budget, it is vital that the Welsh Government (and the Culture, Welsh Language and Communications Committee, when deciding on its own recommendations) considers what is already available, where the gaps are, and where any additional investment can amplify the impact of existing initiatives; adding to, rather than subsidising, market activity. In our 2015 Media Audit and original submission to the Committee's inquiry we recommended that the Welsh Government and Ofcom jointly commission a study of the future of those local media in Wales which are particularly vulnerable, and this study should include commercial and community radio, local newspaper and hyperlocal sites. We consider that this study should be a priority, and that the findings from such a study would build understanding of those actions likely to have the greatest impact.

3.5 There are a number of initiatives in process that are having or have the potential to have significant impact on hyperlocal news. Here we illustrate some of the major initiatives which this new spend should take account of and amplify rather than replace or compete with.

3.5.1 The Centre for Community Journalism (C4CJ) at Cardiff University is the only centre of its kind in the UK. It is a unique fusion of research and training and works with publishers at a grassroots level, where journalism is most valued but most at risk. The Centre has a strong track record in providing free training for community and hyperlocal journalists at all levels:

- C4CJ has run a Massive Open Online Course (MOOC) in community journalism that taught more than 32,000 learners from 131 different countries. They have 9,000 learners worldwide on a waiting list for the next run of the MOOC, which they will be updating and running in partnership with a leading industry body or organisation.
- C4CJ offer face-to-face training across Wales, often in partnership with NUJ Training Wales and Goldsmith University's Centre for Investigative Journalism. This training is readily available, along with online resources and a telephone helpline. All these are free to access and use, and the Centre updates the training in response to changing needs.
- C4CJ has recently launched the Independent Community News Network, ICNN, which is a UK wide representative body for the independent community and hyperlocal news sector. As well as

¹ <http://www.cardiff.ac.uk/news/view/137125-intervention-for-uks-hyperlocal-journalism-sector>

offering representation and lobbying on behalf of its members ICNN affiliates have access to free legal advice from the UK's leading media law expert.

3.5.4 [The Local News Partnership](#) (LNP) is an agreement between the BBC and the regional news industry to provide a commitment to full and fair reporting of decisions taken by local authorities and other public bodies across the UK. In addition to increased and improved reporting on decisions taken by public bodies, the LNP will ensure expertise is shared around the industry. In detail, the LNP includes:

- A News Hub giving external media organisations access to BBC video and audio material for use online.
- A Shared Data Unit - staffed by the BBC alongside reporters on secondment from local news providers - that will share data journalism with news organisations across the media industry.
- The employment of Local Democracy Reporters, who will cover councils and other public services on behalf of the BBC and local news organisations. There will eventually be 150 of these reporters, funded by the BBC and based in the offices of regional news organisations across the UK. In Wales, it is expected that there will be 11 licence fee funded local democracy reporters operating from early 2018 onwards. These reporters will generate copy focusing solely on local government. The content will be made available to more than 50 media organisations representing more than 600 print, online or broadcast news titles which have already signed up to Section One of the partnership to receive content generated through the News Hub, Shared Data Unit and Local Democracy Reporters.

4. Is it a sufficient amount of money to make a difference to the provision of quality news journalism in Wales?

Whilst it is not possible to say categorically whether the money will be enough to make a difference, it would be beneficial to consider the size of each grant and how many publications this could realistically support. The political independence of the awarding body should also be taken into consideration.

It is our opinion that strategic investment which a) amplifies the impact of existing support and b) focuses in particular on the sustainability of hyperlocal news will make the greatest difference to quality news journalism in Wales.

For further information, please contact:

Rhea Stevens, Policy, Projects and External Affairs Manager

T: 029 2048 4387 / 07841 017 567 | E: rhea.stevens@iwa.org.uk

Agenda Item 5

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Agenda Item 6

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Response to the Culture, Welsh Language & Communications Committee Inquiry: Non-public Funding of the Arts

Introduction

'Art is part of the culture, but it is not aligned with the logic of contemporary economics; and this is a wicked problem. Until, as a society, we have found a way to reconceptualize art's relationship with society, and to account for the true costs of making creative work, this problem will not go away.' Arts Professional

What is **culture**, how do we define it? One definition is from Brian Eno in his book *A Year With Swollen Appendices*: 'Culture is everything we don't have to do. We have to eat but we don't have to have cuisines, big Macs or Tournados Rossini. We have to cover ourselves against the weather but we don't have to be so concerned as we are about whether we put on Levis or Yves Saint-Laurent. We have to move about the face of the globe but we don't have to dance. These are things we choose to do'.

The logical conclusion being we could survive if we 'chose' not to. Therefore it will always be a choice to support culture, but without it life would be very perfunctory and dull, lacking reflection, discussion and entertainment and so how would we change, adapt and learn?

The Creative World has traditionally been bifurcated between art for art's sake and popular, commercial entertainment: in the last 20 or so years, we have seen the rise of a 'third way'; Arts for Society or Social Change. Cultural activity that produces societal change, community cohesion, social (and physical) regeneration, the raising of aspirations in our young people, the preparation in terms of skills, for a world where many jobs, we now know, will be done by robots, we need to develop other skills such as team building, problem solving and measuring success. How we measure the impact and contribution of arts and culture in these areas is becoming increasingly important and cannot be ignored in conversations about where the money comes from.

An integrated strategy

Efforts to increase non-public funding of the arts in Wales should start with an integrated strategy, to include targets for:

- earned income;
- philanthropy;
- investment.

And also for

- measurable impacts beyond the economic: social, education, regeneration etc

An integrated international strategy could look to:

1. Shape our global future and align tourism, trade and inward investment to help take forward the international ambitions of our cultural sectors.
2. Use the arts, and education, to help build a stock of international goodwill towards Wales; they are the foundation of our 'soft power' capital.
3. Learn from higher education and vocational education and training sectors who are deeply connected internationally. Currently research collaborations and strategic partnerships link our institutions to the very best.
4. Allow our artists and companies of Wales' to be our international 'calling card'. Whether it's Welsh National Opera leading a year of creative collaboration in Dubai, or the vibrant artistic conversations supported through the India-Wales programme – the arts help form an international view of Wales as a creative and outward-looking, modern nation.
5. Do more to ensure that these significant assets are recognised, nurtured and strategically deployed so that they can create a much greater return for Wales in terms of global influence and investment.
6. Look to establish a high profile international culture platform in Wales – an industry focused annual biennial arts festival or education expo, like those developed in Scotland, for example. This could sell Wales to the world and should be prioritised over one-off events.
7. Global Wales, which brings together partners from higher education, tourism, trade and inward investment, to promote Welsh universities in overseas markets, is a model of integrated international engagement in Wales that could be extended or copied by the Welsh cultural sector.

An introduction to the British Council's work in Wales

The British Council exists to promote a 'friendly knowledge and understanding' between the people of the UK and wider world by making a positive contribution to the countries we work with, and in doing so making a lasting difference to the UK's security, prosperity and influence.

We work in over 100 countries, connecting millions of people with the UK through programmes and services in English language, the Arts, Education and Society. We believe these are effective means of engaging with others, and we have been doing this work since 1934.

Established in Cardiff in 1944, British Council Wales is part of a UK operation spread across five British Council offices. Since 2014, our presence in Wales has expanded significantly following the decision to base the Erasmus+ programme in Cardiff. We now have 95 staff delivering a wide range of front line and back office services for Wales, the UK and internationally.

The Wales-focussed team has eight staff within a larger UK team of thirty-five. We focus on **education** and **arts**, working closely with Welsh partners and across the British Council global network.

1. Our strategic approach in the UK

The British Council is committed to representing and engaging with **the whole of the UK** as part of its broad cultural relations mission and this is reflected in our long-term presence and growing footprint in Wales.

We are working to create an **internationally inspired, globally connected Wales** through the delivery of our UK strategy. That strategy has five aims:

1. Represent and serve all parts of the UK and the particular interests of England, Northern Ireland, Scotland and Wales
2. Engage with UK cities and city regions
3. Build trust between the UK and the rest of the world, through exchange and long-term relationship building
4. Promote internationalism within the UK, ensuring every young person has an intercultural and international experience
5. Help enhance the world's understanding of a contemporary devolved UK.

Rebecca Gould
Head of Arts
British Council Wales
November 2017

Growing the economic impact of the arts and creative industries on the world stage



No Fit State's Big top under Brooklyn Bridge, New York. 2016

Non-public funding of the Arts An Inquiry by the National Assembly's Culture, Welsh Language and Communications Committee

A submission by Wales Arts International

November 2017

Context

1. For two decades the Arts Council of Wales and its international arm, Wales Arts International, have developed and nurtured a wide range of international cultural partnerships. Some of these have been specific funded projects, focused programmes of exchange or presence at Biennials or trade shows. Others have been longer-term initiatives, building connections that have fostered enduring relationships with countries around the world. They have all opened doors to new markets for our arts and creative companies to grow and sustain their work and employment in Wales.
2. Wales Arts International is currently managing relationships with governments, cultural agencies and creative organisations in China, India, South Korea and Argentina and is an active participant in key European and international networks that support artists to work internationally (Cultural Action Europe, IETM and On the Move). Each, in their different ways, offers the potential for international collaborations that could generate new income for Wales-based artists.
3. In December 2016, Welsh Government published a new Cultural Statement, *Light Springs through the Dark*¹ which rightly claims that “our culture has always been one of our greatest exports.” As true as this may be, there is much work to be done to support a change of gear for our companies and creative professionals if they are to develop their international businesses and careers.
4. 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. However, talent and creativity on their own are not enough to grow international careers. Similarly, public funding and institutions alone will not create miraculous new markets for Wales’ artistic work, no matter how good it is. A strategic partnership approach is essential.
5. Engaging with new markets internationally takes time to grow confidence and experience and, importantly, the right connections. It also means forging the right relationships and partnerships with other government bodies and the sector we fund. In this regard, we welcome the statement by Wales’ national companies in their submission to this Inquiry that rightly say “*that investment in a powerful and compelling brand for the arts and for greater national/international messaging campaign to advocate for its extraordinary Welsh arts organisations and artists*”.

¹ *Light Springs through the Dark: A Vision for Culture in Wales* – Welsh Government (December 2016)
<http://gov.wales/docs/drah/publications/161213-a-vision-for-culture-in-wales-en.pdf>

6. This we agree “*will provide invaluable endorsement and national pride*”. We would suggest, as might be expected, that the brand exists in the form of Wales Arts International. We are currently preparing the way for the next strategic period 2018-2021. Impact and recognition, coupled with the right business planning, accessing new investments and support will be at the forefront of our planning as we prepare for the next international forum in spring 2018 (see wai.org.uk/internationalforum).

7. The arts and creative industries make a significant contribution to the economic well-being of Wales. The Government’s Cultural statement noted:

“The creative industries are a vital engine of our economy. They contribute jobs and wealth and help to put Wales on the map, raising its image world-wide. The latest figures (2014) show that we have over 5,300 creative businesses, which generate over £2.1 billion annual turnover, and give employment to over 49,000 people.

The culture sector produces talented individuals with transferable skills that benefit our creative industries. The not-for-profit culture sector can develop digital initiatives from which the commercial creative industries subsequently benefit.”

8. In the wake of last year’s EU referendum, and with the Welsh Government’s renewed commitment in its Programme for Government to make Wales an international and outward facing nation, we believe that there is both an opportunity – and a need – for the arts and wider creative sector to be more active on the world stage. However, these opportunities depend critically on building the capacity and skills of our arts companies and creative professionals, enabling them to think (and have time to think and plan) internationally – helping them to access new markets for their product or services, as well as a mix of funding to make this possible in a sustainable way.

9. Often the experience of working internationally can change an artist or a company’s perception of their own product or service. Similarly for the Arts Council of Wales and Welsh Government, engaging internationally forces us to consider Wales’ “Unique Selling Points”. Nothing is more unique to Wales than the Welsh language. As our artists have proved, Welsh language material can travel to Australia and Taiwan and India and hold its own on an international stage, finding resonance with seemingly disparate audiences. The skills of working in more than one language in the arts are much needed internationally. Sharing skills in this day and age is an important income stream for many of our portfolio and offers new unchartered markets for Welsh companies. In China for example there is much interest in trans-lingual approaches.

Case study: China

The aim of the Cultural Memorandum of Understanding between the Welsh and Chinese Governments is to grow cultural engagement between our countries. In Wales this means, developing opportunities and growing understanding of how to engage in the Chinese market.

WAI organised the cultural element of Welsh Government's Trade and Culture Mission to China in February 2017 led by Ken Skates AM, Cabinet Secretary for Economy and Infrastructure. During this visit the delegation of 8 cultural businesses identified a range of opportunities to build relationships with a number of Chinese arts and cultural businesses, whilst growing a new market for their work and skills.

The delegation identified some of the challenges for Wales-based creative businesses. The most significant of these was a lack of understanding of the practical details of the Chinese arts market and the challenges to building informed and productive engagement. These challenges are linguistic, but also have complex political, economic, social and cultural dimensions to them.

A first year activity report has been co-produced by Dr Haili Ma, Senior Lecturer in Chinese Studies and Dean of Chinese College at Cardiff University and Head of Wales Arts International, Eluned Haf. It recommends using the Creative Economy as Wales' strategic entry point to China. Not only can cultural and creative companies grow their own business in China they can also crucially open doors for other business transactions whilst also giving Wales a unique identity in China. The report also recommends measuring the China-Wales arts and cultural development. We should use the global cultural exchange and trade benchmark – 2005 UNESCO Convention and its latest update of 2015 Re-Cultural Policy – integrating it fully through the Welsh Government's Future Generations Act.

10. The opportunities are there. But we will need to do more to enhance existing international business development programmes, in partnership with Welsh Government and our portfolio of clients. The complementary roles of the Welsh Government's Creative Industries team and the Arts Council reflect the link between economy and culture. And as plans for Creative Wales take shape, we should all 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 could result in a more effective strategy that delivers greater economic and cultural success.

11. Our aim should be to test and develop routes to new markets and enhance international business capability of the cultural and creative sector to increase exports to new markets and grow employment in Wales. Potential target sectors would be:

- Music
- Performing arts
- Festivals
- Publishing and Literature
- Crafts and applied arts
- Visual arts
- Film and TV
- Digital and Gaming
- Fashion
- Architecture

Case Study: EU Cultural and Creative Sectors' Export and Internationalisation Support Strategies

“Internationalisation and exports of CCS are important for cultural, economic and social reasons. Internationalisation brings about enlargement of audiences, cultural diversity and increased cultural cooperation, while exporting supports the growth of cultural and creative entrepreneurs. In addition there are also spill-over effects in other sectors, including country branding and increased tourism and trade.”

Wales has much to gain in exchanging good practice about the way we design policies and funding schemes. Welsh Government and Arts Council of Wales have participated in this form of EU cooperation which is called "Open Method of Coordination" (OMC). Experts from ministries of culture and national cultural institutions meet 5 to 6 times over 18 months to exchange good practice and produce policy manuals or toolkits which are widely shared throughout Europe.

The OMC working group on Export and Internationalisation Support Strategies identified a number of weaknesses and challenges. These need to be addressed by policy makers in order to unlock the full export potential of European culture and creative sectors. Many of its recommendations are relevant to Wales.

They include:

- allocating particular support to the key export promotion measures of packaging, marketing and branding;

- establishing a product development fund for other niches in CCS than the traditional ones;
- devising measures to foster managements, agents and other similar intermediaries;
- setting up appropriate schemes for participation by CCS companies in festivals, fairs and markets;
- promoting awareness of business models and earnings logics based on IPR with a view to attract more public and private funding including grants, loans, guarantees, equity etc.;
- increasing synergy and coordination between different public support and financing schemes in order to establish user-friendly paths for internationalisation and growth.

https://ec.europa.eu/culture/policy/strategic-framework/european-coop_en

Advice and expertise

12. 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. Arts Council/Wales Arts International have the country's highest concentration of expertise in and about the arts and their routes to international markets. It is paramount (as suggested by the EU report above) that synergy and coordination between the work of Arts Council / Wales Arts International and Creative Wales/ Business Wales is guaranteed. If this happens, we will have a powerful mechanism to provide the quality and specific nature of the next stage business advice that is needed for these creative companies and individuals to exploit opportunities.
13. Improved research and economic impact assessment is needed to match Wales' cultural and creative companies with relevant markets. This programme should partner not only educational research bodies such as our universities, but also expert intermediaries in the field of Creative economy who may not necessarily be based in Wales currently.

Case study: International Opportunities Fund as a leverage for international investment and work opportunities

Wales Arts International manages the International Opportunities Fund (IOF) on behalf of Arts Council of Wales. Over the 4 year evaluation period (2008-2012) IOF funded 193 travels which benefited individual artists (72%) and companies. 46% of the travels in this

period were in Europe. Wales Arts International is currently embarking on an evaluation of the period 2013-2017

The impact of IOF on the mobility of artists and arts organisation can be summarised as follows:

- The fund helped artists to gain new work, bringing new investment into the arts and creative economy of Wales from external sources
- The fund supported projects that have sustainable / long term development for the artists which leads to more employment and work opportunities
- The fund helps to develop cultural relations through the arts which contributes towards Wales' soft power and trade relations
- The fund enables R&D for further projects that will take place in Wales or outside the UK

The average grants allocated ranged from £1,272 to £2,083 corresponding to a percentage of the total budget of the project between 43% and 47%. In total £331,937 was allocated to projects whose overall spend amounted to £1,228,217,

For more information see <http://www.wai.org.uk/news/5976>

Growing new international markets

14. Through our longstanding partnership with the British Council, our international networks and more recent work with other UK agencies and partnerships such as Horizons UK- Ireland, Wales Arts International has 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 we have contributed cultural expertise to the preparation and delivery of international trade missions, by the UK and Welsh Governments. Arts Council staff have also been working in partnership with Welsh Government and UK agencies on specific event under the brand Cerdd Cymru Music Wales, the partnership that hosted WOMEX in 2013 and has provided Welsh presence at key showcases and festivals eg SXSW, Lorient, WOMEX, Showcase Scotland, Focus Wales.
15. 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 the First Ministers. We have demonstrated that a cultural element can enhance the impact of international relationship-building. However, our experience has showed that a more integrated approach across the arts and creative industries would ensure that the benefits are more widely felt.

Case study: International Showcasing Fund South by South West (SXSW) 2017

Managed by PRS Foundation, the International Showcase Fund (ISF) offers grants of up to £5,000 to enable the UK's most promising artists to perform at international showcase events such as SXSW, Eurosonic, Reeperbahn, Folk Alliance and JazzAhead. The fund is a partnership between PRS Foundation, Department for International Trade, Arts Council England, British Underground, The Musicians' Union, PPL, Creative Scotland and PledgeMusic. For 2017, PRS Foundation and Wales Arts International (WAI) piloted a joint Welsh music pot for ISF for South by South West (SXSW) in conjunction with the wider programme for other UK nations.

Previous Impact Evaluation Results show a Return of Investment of **£8.90 for every £1 invested** and we would expect similar results from SXSW 2017 as it's the best attended showcase event in the ISF calendar-year and traditionally results have been.

16. There are a number of ways that more support could be given to companies and micro companies (often creative professionals) to grow new international markets:
- Research market opportunities for the sector as a whole
 - Provide signposting services to existing support mechanisms (eg trade missions and market research by Welsh Government) eg <http://www.wai.org.uk/7162>
 - 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 Davids 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.)
 - support 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 in Tramshed in December 2016, WOMEX 13, British Dance Edition 2015, World Harp Congress 2020)
 - piloting new models of collaborations to increase revenue from international markets (e.g. Clogau Gold and Claire Jones , Google Garage and Tramshed; NoFit State)
 - Export preparation workshops and advice in identifying new markets (country focus events – e.g. a workshop event for arts and creative companies wishing to work in China on 23rd November 2017 <https://www.eventbrite.co.uk/e/working-in-china-arts-and-creative-industries-workshop-tickets-39518171916> .

Case Study: Harpist Claire Jones - Ambassador for Clogau Gold

Glogau Gold's Asia Director Kevin Wu explained during the Welsh Government's Trade Mission to China the benefits of the company's investment in Royal Harpist Claire Jones as their international ambassador. The company commissions performances by the harpist at key business events internationally, which in turn creates new audiences and concerts for Claire.

<http://www.clogau.com/ambassadors.aspx>

Case study: No Fit State Circus international showcase pilot support

Following on from its International Showcase Research in 2014, Wales Arts International has been piloting and monitoring what an increase in presence at international showcase events can mean to Welsh company No Fit State Circus (NFS). For NFS, exporting their work is essential to sustain employment and their growing ambition in Wales.

The £15,000 per year investment enabled the company to focus on international market places to sell the company's portfolio of performances until 2020 and to map out "NoFit State's International network" through the creation of a database that will be used for years to come. In the first 24 months, NFS attended 22 key international showcase events in 11 countries. Of note is the importance the company places on being able to retain personnel with the international experience and skills to not only develop their international strategy but importantly to maintain key international relationships and to grow investment from outside Wales.

The return on investment in 2016 was £307,915, £151,680 in 2017 and the predicted return on investment for 2018 is £472,280. However, it's also important to note that this investment is not made in isolation as NFS is a Revenue Funded client of the Arts Council of Wales. They have also been supported by Welsh Government to grow their international export. Their case highlights what is possible with some resource and joined up thinking by the agencies.

The impact of 'soft power' and cultural relations

17. The opportunities for 'soft power' provided by the arts and creative industries have an economic as well as cultural value. The recent UK government white paper (2016) from DCMS

said: *“The UK already ranks highly in surveys of soft power and national brand. The government wants our national culture to enhance our global reputation further.”*

18. Soft power is at the heart of the new “Global Britain” campaign which aims to *“demonstrate the UK’s economic stability and position as a world class centre for business, in order to encourage continued investment from Business leaders in our top priority countries. It will promote the UK’s culture and values of tolerance and openness, with key influencers across our top priority countries, in order to strengthen our reputation and influence.”*
19. Wales needs to map out our own priorities and approach to cultural relations to feed into the UK wide work undertaken by British Council. The arts are important in this, not just because they showcase the best of Welsh talent on the world stage but because of the conversations and relationships they unlock. High quality cultural activity gets smaller countries onto the international map, increasing their visibility, authority and reputation. UK wide initiatives such as the GREAT campaign are important, but they operate best for Wales when complemented by an effective Wales component.
20. Many of our cultural institutions are significant tourist attractions, drawing visitors from around the world to Wales. More recently, creative productions made in Wales, such as “Sherlock” are more well-known globally than the country in which it has been created.

Case Study: Argentine National Endowment for the Arts

The Endowment has its own cultural centre and residency at the old home of Victoria Ocampo, the Argentine writer and intellectual and a friend of Dylan Thomas’ who translated *Under Milk Wood*).

Although the Fondo Nacional de las Artes is a self-governed organization it operates the policies and priorities of the Ministry of Culture of Argentina. It describes itself as a National Bank for the Arts with National and regional responsibilities. Established in 1958, it created a financial system to support and encourage artistic, literary and cultural activities across the country.

Various institutions from all over the world have adopted its innovative format and its pioneering management model. Among them, the International Fund for the Promotion of Culture of UNESCO, created in 1974.

Fondo Nacional de las Artes boasts that it reinvests in today’s artists, thanks to the artists of yesterday through the income created by the paid public domain (works belonging to public

domain after their copyright expired, 70 years after the decease of the author); through income from legacy, heritage or donation and other resources.

Fondo Nacional de las Artes offers grants for production, capital, training grants, prizes and loans (including microcredits and mortgages).

Safeguarding jobs, creating employment

21. Public funding helps create and sustain thousands of high quality jobs. But creative individuals increasingly see themselves as operating between the two spheres of the arts and creative industries. Without the 'creative' there is no 'industry'. The arts help grow an institutional infrastructure for new ideas and experimentation. The subsidised arts are often the 'test-bed' for ideas and developments that are then exploited for commercial benefit – theatre productions have enjoyed financial success on tour; and digital projects, developed through our R&D partnership with NESTA, have pointed the way to the potential commercial exploitation of Intellectual Property.
22. Through its funding the Arts Council encourages innovation and experimentation. This support offers the security to innovate and take risks, tackle new challenges and opportunities. In some cases this will reveal market opportunities and/or ways of commercially exploiting ideas and IP. Ensuring a smooth transition from the subsidised to the commercial, with access to appropriate advice and investment, maximises the return on public funding.

Case study: WOMEX 13 Cardiff Legacy

Four years on since Wales hosted the first international cultural showcase event WAI's evaluation due to be published in early 2018 show that in addition to the immediate total direct economic impact of the combined festival & opening concert of £2,896,232 to the local economy (3:1 return on investment), the legacy impact on showcasing artists includes:

- 9Bach showcase and their presence at WOMEX 13 directly resulted in a 25% increase in income for the band over the following year and a 5% increase in social media following as a result of WOMEX 13. 9 Bach were signed to Real World Records in 2013, which the band attributes in part to their WOMEX journey. 4 years on the band's presence and billing at UK and international festivals continues to grow as does their profile and following. WOMEX 13 generated in excess of £50,000 for the band. However finances of working internationally remain a challenge.
- Catrin Finch and Seckou Keita: of the 59 concerts the duo performed in the year after WOMEX, 30 were the direct result of the WOMEX 13 showcase. Many of these generated further bookings and so the WOMEX effect goes on. WOMEX 13 showcases

delivered an estimated 25% of the duo's income through performance in the first year alone and has since generated well in excess of £50,000. Four years on and performance discussions that began at WOMEX 13 are still on going and will come to fruition in the coming years. On the back of the success of Catrin and Seckou, Mwldan theatre in Cardigan who curated the project has gone on to establish the new Bendigedig label.

- Calan: Although they were not a showcasing act in WOMEX 13, Calan have arguably been the band who has benefited the most from the event in Cardiff. They performed as an emerging act in the Wales showcase at WOMEX 10 Copenhagen, when Cardiff was bidding to host WOMEX. Calan have grown alongside the WOMEX journey and in 2016 the band finally became fully professional.

HORIZONS UK- Ireland

In addition to the impact on the artists, another key legacy of WOMEX is the Horizons UK-Ireland partnership which has led to England, Ireland, Northern Ireland, Scotland and Wales continue to share presence at WOMEX under the Horizons banner (deriving its name from the words on the façade of the Wales Millennium Centre).

The partnership (created by Wales Arts International for Arts Council of Wales, together with Arts Council of England, Arts Council of Northern Ireland, Creative Scotland, Culture Ireland, British Council, British Underground and Department of International Trade) is the only model where all the partners work together and co-invest internationally in this way and offers an unique model and a way of projecting our combined force internationally at time where Brexit is looming.

Brexit

23. Whatever Brexit brings, there are a number of issues that are specific to the arts and creative industries. Many will be shared across the cultural, educational and heritage sectors. Although not strictly within the remit of the Committee's current Inquiry, these issues do nevertheless need to be addressed clearly and systematically if Wales is to continue to benefit economically, culturally and socially from its international relationships. The creative industries are an important and growing sector of the economy in Wales with strong links to the arts. 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.

24. Every sector has its Brexit issues and the creative industries and the arts are no different. However, we are aware that the Welsh Government's strategy is to focus in the first instance on those cross-cutting issues that apply more widely to economic, social and cultural life in Wales. We have organised this note accordingly.
25. Over the past year we have hosted a number of consultative meetings. Four key areas of risk have been consistently identified. They are:
- **Talent and skills** – including freedom of movement for specialist workers, skills shortages, visas and touring
 - **EU funding** – including access to Horizon 2020, Interreg, Erasmus+, Creative Europe, cultural exchange, export opportunities, eligibility in the run-up to Brexit
 - **Trade and investment** – including the EU as a principal market, new markets, regulated services, tax credits, World Trade Organisation terms
 - **Regulatory frameworks** – including Digital Single Market, intellectual Property rights, copyright protection, influence over new regulations

International working

26. In these challenging times it is more important than ever that as global citizens we understand better the world around us. Maintaining cultural links with Europe has more than symbolic value. Exchanges in arts and culture helps us to build relationships, share experiences and unite us in working together to build stronger and more inclusive democratic structures.
27. 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 influence future debate and develop new cultural and trading relationships in Europe and further afield.
28. Our success in the arts and creative industries depends on openness and the quality of our international engagement with other countries. Sustaining this remains a vital national interest. Wales will respond more effectively to future challenges if it can develop a coherent international cultural strategy.
29. The impact of Brexit goes further than issues around legislative powers. And important as it is to get the settlement right for Wales in terms of making devolution work, an international cultural strategy is needed to enable all of the sub sectors (including government departments and public and private organisations) to align our priorities accordingly.

30. Wales is small enough for a meaningful strategy to be operational across sectors. The Committee could support such a proactive international approach by hosting a forum to bring together the depth and breadth of experience in working internationally that Wales has as well as the UK agencies that can help deliver such a strategy. The Arts Council of Wales and our international arm Wales Arts International would be more than willing to cooperate or to lead this work through our International Forum, as mentioned above, due in 2018.

Case Study: Quebec Society for the Development of Cultural Enterprise (SODEC)

Whilst The Arts and Literary Council of Quebec (CALQ) has a mission similar in scope to that of the Arts Council of Wales, SODEC deals with the promotion and support of Québec cultural enterprises, including the media, on behalf of the Ministry of Culture and Communications. It also contributes to increasing the quality of products and services, and their capacity to be competitive in Quebec, the rest of Canada and internationally.

SODEC has a variety of tools at its disposal but focuses largely upon applicants' business plans in an effort to support the production, distribution and export of Québec cultural products. SODEC offers a variety of financial support, including loan guarantees, loans, revolving credit or stock investments, grants, repayable funding or investments, and the forms of aid it has to offer are tailored to suit particular sectors. SODEC also administers Québec Government tax credits available to the cultural sectors, and has responsibility for ensuring the collective presence of the enterprises it supports at international fairs, trade shows and markets.

Wales Arts International/ Arts Council of Wales
November 2017

Inquiry into Non-public funding of the arts

Hijinx has its HQ at Wales Millennium Centre but runs its activities from Chapter Arts Centre, Lyric Carmarthen, Aberystwyth Arts Centre and Nova Prestatyn where we train 70+ learning disabled adults to become professional actors.

We also:

- Tour contemporary theatre productions with casts that ALWAYS include learning disabled actors across the globe
- host an international festival (2016 Caernarfon, 2019 Cardiff, 2020 Llanelli) bringing together the best professional disabled performers in the world to Wales.
- deliver Drama Foundation courses for people with more complex disabilities
- use our actors to train public and private sector organisations to improve their communication with vulnerable people
- manage community youth and adult inclusive community groups across Wales
- deliver outreach, education projects in Wales and Lesotho, Africa
- make films

Hijinx is currently in receipt of £155,000 funding from ACW- representing only 16% of our annual turnover. With annual core staff costs in excess of £240,000 and a prolific output Hijinx has had to be very financially resourceful.

Hijinx make inclusive productions- ie. all our casts include professional learning disabled performing alongside neurotypical actors. The productions generally have a cast of 5-7 actors supported by 2/3 technical and welfare staff.

Touring in the UK alone is no longer financially feasible. The losses incurred when touring with more than 3 people on the road are unsustainable.

Therefore, Hijinx are now only making portable productions that we can affordably tour internationally. We aim to counteract the losses we accrue touring in the UK with surpluses we make when touring internationally.

Hijinx tours widely. By the end of 2018 we will have reached 67 cities in 16 countries spread over 4 continents.

Financial shortfalls have necessitated Hijinx to seek non publicly funded co-producers when making new shows. Currently the CEO is seeking investment from the commercial world: Ambassadors Theatre Group (UK) and ACOrange (China).

Hijinx has needed to raise significant sums from Trusts and Foundations over the last 4 years but is now beginning to shift focus on to earning income from promoting our learning disabled actors as role play trainers helping public and private sector organisations improve their understanding and communication with vulnerable people- particularly those with a learning disability. Current clients include NHS, Cardiff Airport, Western Power Distribution. This new strand of our activity generates an income for our actors, a facilitation fee for Hijinx and help change attitudes to disability.

November 2017 Chief Executive clare.williams@hijinx.org.uk

1. Introduction:

- 1.1. Ffilm Cymru Wales is grateful for the opportunity to respond to the government's inquiry and is alert to the wider context that frames this work, in particular the on-going squeeze on grant-in-aid (GIA) resources, now coupled with a significant decline in national lottery receipts.
- 1.2. The push to diversify income, is therefore not a 'nice to have', but an essential approach for any publicly funded arts organisation. This has been the case for several years now in the context of on-going austerity measures with many organisations, ourselves included, maximizing efficiency savings, improving marketing and reach, and fundamentally adapting business models.

2. About Ffilm Cymru Wales:

- 2.1. Ffilm Cymru Wales, formerly the Film Agency for Wales, was established in 2006 following a review of the cultural industries. As the external lottery delegate of the Arts Council of Wales (ACW) and British Film Institute (BFI), Ffilm Cymru Wales supports the strategic development of the film sector in

Wales, in addition to devising, funding and delivering further projects, such as the BIG Lottery-funded Film in Afan scheme (www.filminafan.com), and developing producers and services as an independent company and business in its own right.

- 2.2. Ffilm Cymru Wales does not receive any GIA from ACW or Welsh Government, but does receive c. £120k of GIA per annum (approximately 6.6% of annual income) via the BFI, which leverages lottery and third party funds from applicants, supporting the work of film education practitioners and film exhibitors (e.g. festivals, independent cinemas/arts centres and pop-up film provision).
- 2.3. Ffilm Cymru Wales' work is structured around supporting the production of new work and ensuring that it connects with audiences throughout Wales and beyond; and in training and education to encourage a new generation of film

talent and film lovers. We capture this work under the banner of Make, See, Learn.

- 2.4. In delivering this work we collaborate with a wide range of commercial and public partners in Wales, elsewhere in the UK and internationally.
- 2.5. The company is a social enterprise – a Community Interest Company – with profits recycled to further the company’s public good aims and objectives.
- 2.6. For more information please see www.ffilmcymruwales.com

3. Developing the sector:

- 3.1. The core business of Ffilm Cymru Wales is as a strategic financier supporting the development of the film sector and cultural engagement with film in Wales. As such we are distinct from the majority of ACW’s portfolio – and seen by HMRC as a financier rather than either a trading body or direct producer or exhibitor of content. This contrasts with arts venues or producing organisations that have a direct relationship with audiences/customers where they can sell seats, experiences, snacks, etc.. That is, Ffilm Cymru Wales is a B2B rather than B2C entity, moreover where the client business – whether it be a film production company, cinema, film festival or education practitioner – is seeking funds from us, rather than to pay for a service. We provide this service on behalf of ACW and BFI and circa 86% of our income of c.£1.8m is paid out to third parties in this way to benefit upwards of 70 applicant organisations per annum.
- 3.2. As a sector development body with its core service as a lottery delegate as described, Ffilm Cymru Wales has positioned itself to develop and add monetary value to public funds and diversify income streams in three ways:
 - Leveraging investment;
 - Providing training and financial facilitation to encourage changed behavior in the sector – particularly encouraging broader exploitation of intellectual property (IP) and increased audience reach;
 - Developing new products and services.

4. Leveraging investment

- 4.1. The lottery finance that we provide requires co-finance to be able to draw it down. In the case of production funding, where we spend the majority of our funds, there has been an average of £7.52 of third party finance raised for every £1 of Ffilm Cymru Wales funding. That equates to a total of £51,182,655 of partnership funding to our production investment of £6,804,288 in the financing of 60 feature films, including 10 in the Welsh language.
- 4.2. Co-financing comes from many and varied sources including:
- 17 films (28% of supported features) accessing financing from international co-production (totaling £3,997,604);
 - £5,100,673 raised from private investment incentivized through EIS, SEIS or VCT tax wrappers; and
 - £12,897,528 from the pre-selling of distribution rights in advance of production, including equity contributions from broadcasters such as BBC Films, S4C and Film 4/Channel 4.

5. Developing and adapting business practice

- 5.1. Over the last 5-years Ffilm Cymru Wales has researched, tested and developed its Magnifier approach to developing the sector - to make the most of good ideas. Magnifier is essentially about maximizing the value of intellectual property (IP) and market awareness to increase revenue and audience potential.
- 5.2. Ffilm Cymru Wales achieves this increased revenue and audience potential by:
- The early and systematic identification of IP potential, backed up with funding and multi-disciplined networks that can enable exploitation. This has allowed producers to develop games, education assets, publications, soundtracks, merchandise and stage/tv adaptations, for example, with a third of supported projects having additional IP offered alongside their feature films.

- An environment that supports shared and accelerated learning – through the systematic gathering of data, case studies and research benefitting filmmakers who are introduced to cohorts of their peers and experts from varied disciplines.
 - The early and systematic evaluation of audience/market potential of projects, with distribution and marketing experts, backed up by flexible funding and working approaches that enable tailored market and distribution strategies to be seen through including the creation of teasers and proof of concept materials (including for crowdfunding/sourcing platforms), for example, that test and build markets and low cost.
- 5.3. Supported projects include sci-fi feature, *The Machine*, with its WJEC co-produced education resource, soundtrack and tv pilot series for Universal/SyFy channel; book adaptation, *Submarine* with its accompanying soundtrack; the animated feature, *Ethel & Ernest*, with its accompanying soundtrack and education resource; and horror feature, *Don't Knock Twice*, with accompanying VR game, released this month through Sony Playstation.
- 5.4. It is worth noting though that whilst potential sector income is increased and diversified in this way, as a public funder, Ffilm Cymru Wales is necessarily further down the recoupment waterfall than commercial co-financiers. There is a long lead in time from development to exploitation – often upwards of 5-years; and most independent feature films don't fully recoup their cost of production (hence the rationale of lottery funding being used to support new and emerging talent to offset market risk). Therefore, the benefits of this adaptive business model are first and foremost for the broader sector – including the independent production companies and talent we're supporting, rather than there being an expectation of significant additional financial resource for Ffilm Cymru Wales itself.
- 5.5. With this shared learning principle in mind, at corporate level we are increasingly collaborating with our colleagues across the national arts companies both at project level (where collaborations include the Port Talbot Passion Project/Gospel of Us and the current Save Our Steel revisiting of Port Talbot stories with National Theatre Wales; 2117 opera film collaboration film with WNO and their youth opera, or the collaboration in which all 8 of the national arts companies have come together to examine and exploit joined up opportunities to refine our work around audience development;

skills; international profile and shared research. One of the motivations behind the coming together of the national companies, was to explore the potential to diversify income, through increased potential scale and impact.

5.4 For information, including line-ups for previous Magnifier cohorts, please see: <http://www.ffilmcymruwales.com/index.php/en/company-details-and-contact/magnifier>

6. Developing new products and services

- 6.1. As noted above, when an arts organisation is set up and known for its provision of free at the point of use financial services as a lottery delegate of ACW and the BFI, and it has no direct customer facing business (as with an arts venue or production company), routes to diversifying its own funding – as opposed to encouraging diversification of income in the sector, as above – are limited. However, Ffilm Cymru Wales sees opportunities in developing new products and services particularly in the area of education and training, opening up earned income potential.
- 6.2. Ffilm Cymru Wales has supported third party education practitioners in the provision of lottery funding since our inception and are therefore mindful that any product or service that we might develop needs to be addressing a gap in provision and not in direct competition or undermining the sector we're tasked to support.
- 6.3. We are currently in the proof of concept stage of our work in this area, but early indicators are promising with potential to develop our Foot in the Door new entrant training programme into a trading activity, providing an improved employability service to Housing Associations, focusing on transferable skills (e.g. hair-dressing, carpentry, design, administration) that can apply across the creative industries, arts and broader sectors. We are also exploring the potential to reversion UK education resources (co-financed with WJEC and free at the point of use for schools) for international markets.
- 6.4. For more information on Foot in the Door see: www.ffilmcymruwales.com/index.php/en/film-educators/foot-in-the-door

7. Challenges:

- 7.1. As should be clear from the above, there is no complacency around the need for diversifying income, but equally no quick fixes or easy answers.
- 7.2. It would be remiss not to note the various challenges to diversifying income for film (many of which apply to the wider arts) including:
 - the public perception of what they will and wont pay for, and at what price point (with long traditions of free content/experience – from libraries and museums, to free or ultra-low cost on- line content);
 - Increased competition for consumer time;
 - Increased marketing power of competitors – with increasingly large/concentrated cultural ‘players’, who have access and resource to use big data in targeted marketing campaigns; Harnessing this is possible – e.g. when collaborating with a well-resourced broadcaster, but it is not a given for all arts organisations or projects;
 - Competition for philanthropic funds – where the arts can be pitted against health & education, for example, which may be seen as ‘more worthy’;
 - The creation of cultural work is time intensive and practitioners have developed their artistic approach over many years – the adaptation of business models has to operate within this broader context.
- 7.3. For film in particular, there is a lack of philanthropic funding, with opportunities tending to lie more with investment, which favours more established companies and commercial propositions. This is a challenge for the independent sector, and particularly the emerging indigenous companies and talent within Wales as they develop their track-records and business enterprise. Funding provided through Pinewood/Welsh Government is offered on commercial terms (Market Economic Investor Principle), which has historically favoured more established companies based outside of Wales.
- 7.4. Notwithstanding this challenge, as we have evidenced in Section 4, Ffilm Cymru Wales has leveraged significant private investment, alongside market pre-sales and international co-production funds, collectively contributing c.£22 million of the £51,182,655 in co-financing, leveraged by our £6.8m of

lottery investment. Our investment specifically prioritises Welsh talent – particularly writers, directors, producers and production companies for British qualifying productions (per national lottery requirements), whilst encouraging international collaboration.



Culture, Welsh Language and Communications Committee
National Assembly for Wales
Pierhead Street
Cardiff
CF99 1NA

Our Ref: ST/WJ/1787

14th November 2017

Re: Inquiry into non-public funding of the arts

Dear Sirs,

1. About Valero

1.1. Valero Energy Ltd owns and operates Pembroke Refinery in south west Wales, as well as six terminals across the UK, and the Mainline Pipeline which links Pembroke with the Manchester and Kingsbury terminals. Valero markets fuel in the UK and Ireland under the Texaco brand, with around 850 independently owned and operated Texaco-branded service stations in the UK. In total, Valero employs approximately 800 people in the UK and supports several thousand other jobs at the refinery, terminals and service stations.

1.2. We welcome the opportunity to respond to the Culture, Welsh Language and Communications Committee's inquiry into non-public funding of the arts, ahead of the oral evidence session on 30th November 2017. Valero is committed to taking a leadership role in the communities in which we live and work, including our long-standing community engagement programme that supports a range of charitable and community initiatives, including culture and the arts.

2. Valero's support for the arts in Wales

2.1. Alongside other key areas of community support – such as education, sport, the environment and civic initiatives – Pembroke Refinery has a well-established record of supporting the arts in Wales ever since the refinery was built in 1964. During that time the refinery has developed a reputation for establishing positive and mutually beneficial relationships with arts and culture organisations across the communities where we operate.

2.2. Valero's community engagement programme supports a broad range of arts activities and disciplines, from the visual arts and music to literature and drama, and from traditional and classical to contemporary art. Decisions on community engagement sponsorships in Wales, including for the arts, are made at the local level by the refinery's Policy, Government & Public Affairs Department, in consultation with wider refinery leadership and input from Valero's corporate HQ in San Antonio, Texas.

2.3. In order to demonstrate best practice in corporate social responsibility, as well as to address a number of social and cultural issues important to our communities, Valero has undertaken to develop a number of sponsorships that accomplish a series of strategic objectives for Valero.

2.4. A selection of these key strategic relationships between Valero and arts organisations in Wales include:

- **Royal Welsh College of Music & Drama** – Valero has partnered with the Royal Welsh College of Music & Drama (RWCMD), the National Conservatoire for Wales, to create the West Wales Young Actors Studio, which was established at Pembrokeshire College three years ago. The Young Actors Studio has provided young people from West Wales with the opportunity to develop the skills they need to enter the UK's top drama schools. The quality of education is world leading and the funding enables RWCMD tutors to deliver drama workshops in local schools, colleges and youth centres and provides financial assistance to ensure talented young people from the area can benefit from expert training. Five Pembrokeshire students have won places at prestigious schools where only one in over a thousand are chosen.
- **VC Gallery** – The VC (Veterans and the Community) Gallery is a charitable arts organisation committed to working with any individual that has served in HM Armed Forces for any duration, as well as other vulnerable groups in the community, such as individuals with mental health difficulties, welfare issues and people that are socially excluded. The VC Gallery engages these individuals through the arts, creating a mutually safe place for individuals and groups to express themselves creatively, learn new skills, build self-esteem, work towards responsibilities and develop relationships. Valero provides core funding to the VC Gallery supporting art workshops that had a contact rate of approximately 1,500 people in 2016.
- **Côr Meibion De Cymru** – Pembroke Refinery's support for the South Wales Male Choir began in 1987 when the refinery supported the choir's first annual concert in St David's Hall, Cardiff. The refinery has continued this sponsorship ever since, with performances across Wales and around the globe each year, including an annual performance in St Davids Cathedral, Pembrokeshire. Valero's support for Côr Meibion De Cymru ensures that one of Wales' premier cultural gifts to the world – male voice choirs – are able to endure for the benefit of audiences across Wales and further afield.
- **Pembrokeshire Music Service** – The refinery has over 10 years support for Pembrokeshire County Council's Music Service providing peripatetic education to children across all local authority primary and secondary schools in Pembrokeshire. This includes the annual Valero Primary School Music Festival and Valero Secondary School Music Festival, both of which are staged at Sir Thomas Picton School, Haverfordwest.

- **Arts & Business Cymru** – Pembroke Refinery has been principal sponsor of Arts & Business Cymru's prestigious annual awards since 2010. These awards recognise the rich and exciting partnerships between the private sector and arts organisations, facilitated by Arts & Business Cymru, who play a vital role in supporting the strong cooperation and mutually beneficial links which benefit all sections of the community.
- **Artes Mundi** – Artes Mundi is the largest contemporary art prize in the UK and among the world's most significant arts events, that aims to present a landmark programme of international visual art that will enrich the cultural and educational life of Wales and its people, develop and inspire new audiences and build cultural bridges between Wales and the wider world. Valero provided corporate sponsorship for the seventh Artes Mundi Prize held in January 2017 in Cardiff for the first time and is keen to establish ourselves as a key partner for future Artes Mundi prizes.

2.5. In addition to establishing these key strategic relationships with arts and culture organisations in Wales, Valero also supports a broad range of typically smaller sponsorships for the arts on an *ad hoc* basis from the refinery's community engagement programme. These sponsorships are made on a reactive basis following submissions of requests to the refinery's Policy, Government & Public Affairs Department.

2.6. This includes long-standing annual support for organisations such as Tenby Museum & Art Gallery, Milford Haven Music Festival, Tenby Arts Festival and Tenby Blues Festival as well as newer initiatives such as the Llangwm Literary Festival, one of Wales' newest literary events bringing a range of world-class writers to audiences in West Wales. Valero sponsorship is also often leveraged to support distinct creative output locally that might otherwise have been difficult or impossible to produce. An example of this is Pembroke Refinery's sponsorship of local mixed choir the Landsker Singers, and their recently concluded trilogy of concerts of an entirely original composition, *Great is the Story*, performed in St Davids Cathedral.

3. The role of private sector investment in the Welsh arts

3.1. Valero believes that the private sector has an important role to play in supporting the arts and cultural initiatives, with great potential existing for many mutually beneficial outcomes for both business and arts partners from these relationships. For business there are many benefits, including promoting brand awareness, engaging employees in company philanthropic efforts and developing corporate social responsibility. For arts organisations the benefits include financial and in-kind support that allows cultural initiatives that might otherwise not have occurred to take place.

3.2. Valero's support for the arts in Wales is primarily an opportunity for us to demonstrate our company values to our communities and other key stakeholders, whilst achieving a range of social outcomes to improve the lives of others in the areas where we live and



work. Valero Pembroke Refinery fundamentally believes that we have a responsibility to give back to our communities, and arts and culture activities are one of the most important ways that we can achieve that.

3.3. The criteria we use when considering what arts and cultural activities we engage with at Pembroke Refinery is whether the project is seen to improve the quality of life of the communities in which we operate and whether it provides people – particularly young people – with an opportunity to achieve their full potential where otherwise they would not have been able to. Therefore, when agreeing to arts investment in Wales, Valero places a premium on whether the proposed initiative not only achieves excellence in aesthetic creativity but also whether it can be used as a vehicle to address issues affecting sections of our community.

3.4. This includes addressing the needs of those affected by social exclusion, 'hard to reach' communities, mental and physical health needs, educational opportunities, disadvantaged children and families as well as socio-economic enrichment.

3.5. Valero's efforts and objectives in supporting the arts in Wales have been recognised as supplementing public efforts to spread the benefits of arts and culture to audiences and communities across Wales. For example, Valero's involvement with the RWCMD West Wales Young Actors Studio has received praise from the Cabinet Secretary for Education, who wrote in a letter dated 2 December 2016 that the initiative "is very much in keeping with the Government's work to tackle poverty, raise educational aspirations and attainment and to improve social mobility and equality of opportunity."

3.6. Valero recognises that private sector support for the arts, whether in Wales or elsewhere, cannot replace the important role of public subsidy in maintaining and advancing cultural heritage across national and local communities. Private sector support for the arts is often tied to particular corporate objectives and values. However, we nonetheless believe that companies such as Valero have an important part to play in supplementing public funding efforts for arts and culture initiatives and we encourage other businesses to embrace the mutually beneficial opportunities that come from financial and in-kind support for the arts in Wales.

4. Conclusion

4.1. Valero is committed to the communities in which we live and work, and is proud of its record in promoting the efforts of arts organisations in Pembrokeshire and other parts of Wales to spread the social benefits of the arts to individuals, groups and audiences. Non-public funding of the arts has a vital role in supporting the arts in Wales and we will continue to build on the over-50 years of community sponsorship for the arts at Pembroke Refinery.

4.2. Once again, Valero is incredibly grateful for the opportunity to contribute to this inquiry, and should any further information be required we would be delighted to assist the committee in its efforts. We particularly look forward to discussing these issues in greater detail during the oral evidence session on 30th November 2017.



Policy, Government & Public Affairs Department
Pembroke Refinery
Pembroke
Pembrokeshire
SA71 5SJ
+44 (0) 1646 641331

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Stephen Thornton', written in a cursive style.

Stephen Thornton
Refinery Public Affairs Manager

It is of vital importance that this consultation is based on an acknowledgement that the object of the exercise is *not* to reduce WG's financial commitment to the arts, but how best to facilitate the sector's ability to increase earned income / non-public funding through its existing public subsidy.

1/ "the success of the arts sector's efforts to attract more non-public funding"

Strategic planning

Core funding affords you the ability to plan strategically; without adequate core funding you lose this ability, and with it the ability to attract alternative sources of funding. G39 has attracted non-public funds from various trusts and charities, but these have been predicated on our ability to develop long term relationships with them. With the combined stability of our modest core funds and a 10-year lease on a large-scale venue we have been able to secure project partnerships with high profile UK art agencies such as Artangel and Jerwood, both of which brought significant investment.

Organisations that rely largely or wholly on project funding face another challenge, specifically that they are often obliged to assign earned income as match funding and are therefore unable to accrue significant reserves.

Scale of operation

The consultation must also recognise the wide ranging scale of arts organisations operating in Wales and what this means for developing an approach to alternative sources of funding. Wales's artistic culture is delivered by a mosaic of organisations of different scales and crucially, with different functions. Small organisations serve a different role and function differently from their larger, more hierarchical counterparts. It is not feasible to develop a one-size-fits-all approach for business development across all arts organisations, for example: a) the capacity to generate significant earned income increases exponentially with scale of organisation; and b) there are threshold levels of annual turnover below which it is acknowledged [needs citation] that certain business models (eg gallery with cafe) are more of a burden than an asset.

A further consideration that should be taken into account is the **instrumental value** of the arts. This is widely understood and the sector helps delivery of many policy

decisions taken by the Assembly, passed on through the Arts Council of Wales to its clients. All publicly funded arts organisations are in the process of implementing key strategic targets connected with the Welsh language, accessibility and diversity, art in schools and education – the list goes on. With this remit as a central tenet of any agreement that involves public funding many organisations focus their energies on delivering these targets.

Non-financial philanthropy

There are already philanthropists who support the arts. These philanthropists do not give money, but give the resources that they have to offer. They are volunteers – they are the people who give time, who turn up, who keep things going. Some are highly skilled (eg charity trustees). They all play a crucial role and are essential to the arts in Wales.

The consultation should also identify the value of current support for the arts from non-public sources that can not be evidenced in financial reports, eg rent reduction and rates relief. People who work in the arts are skilled at working economically, driving a hard bargain and making small amounts of money go further.

Excerpt from our proposal for the Arts Council of Wales' Resilience Programme

G39's value perception

Out of necessity g39 has grown with an economic model that places significant emphasis on non-financial investment (eg voluntary input by participants and staff) as well as other cost-reducing exercises such as recycling and reusing materials. While this means that g39 is perhaps one of best examples in Wales of an organisation that drives maximum value and output from financial investment, it has also resulted in poor understanding internally (and perhaps externally) of the equivalent financial value of our overall output. When there is an opportunity to earn income we often are not well equipped to maximise it.

How our value is perceived externally is also likely to be a barrier, by stakeholders and audiences / participants. Our sustained output gives the appearance that we are adequately resourced, but our dwindling reserves tell a different story.

...

To become less reliant on project funding we need to:

Develop the means and confidence within the organisation to realise potential income streams and pursue a more sustainable model

We need to bring about an attitudinal shift that makes financial exchange a commonplace part of engaging with g39's activities (but not necessarily the default method of value exchange). This shift needs to be implemented with a confidence that filters throughout the organisation as a whole so that the exchange of money (in both directions) is acknowledged as a positive action and not a squeamish or unpleasant matter. The organisation needs to improve its own perception of its value, and that of its services and experiences.

2/ "The distribution of non-public arts funding in Wales and how this compares to the rest of the UK"

We believe the consultation should be framed by *measuring* the availability of non-public funds. To that end, the questions that we believe need addressing are:

- What existing philanthropists and alternative sources of funds are there within Wales?
- What do they support?
- What level of private funding is currently available to the arts in Wales?
- What is the appetite for financial patronage of the arts in Wales?

A supplementary question would be to ask why the vast majority of philanthropic funding in the UK is centred on London, with fewer sponsors spread regionally in England, and the fall-off of these sponsors particularly notable in Scotland, Northern Ireland and Wales.

3/ "international models of best-practice that Wales could emulate"

Canada is particularly good at encouraging a mix of public and non-public subsidy of the arts, but there is an agency (similar to Arts & Business) that is actively engaged in delivering it in each region. They also understand the differences more clearly between different scale orgs (funded by the town/ city, by the region, by the country depending on the remit they have the ambition to perform).

The government must be fully committed to its role in securing alternative funding for the arts. Ideas:

Alternative education – student loans / bursaries for non-accredited training (or make accreditation easier for non-institutional training)

Develop more diverse ways for meeting corporate responsibility (not just percent for art – eg Tesco's bag tax). WG could be using a carrot for the businesses – provide incentives for businesses to support arts. Percent for art exists not because developers/ architects love art, but because it is a regulatory obligation.

Agenda Item 8

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INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities and the three fire and rescue authorities.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. The WLGA is a politically led cross-party organisation, with the leaders from all local authorities determining policy through the Executive Board and the wider WLGA Council. The WLGA also appoints senior members as Spokespersons and Deputy Spokespersons to provide a national lead on policy matters on behalf of local government.
4. The WLGA works closely with and is often advised by professional advisors and professional associations from local government, however, the WLGA is the representative body for local government and provides the collective, political voice of local government in Wales.
5. The WLGA welcomes the opportunity to contribute to the Culture, Welsh Language and Communications Committee inquiry into Historic Environment.
6. Local authorities have, in general, welcomed the Historic Environment (Wales) Act and the resulting new duties. Together with the legislation, Cadw has issued a suite of guidance which again is broadly welcomed. Responding to the consultations on these guidance documents has been a significant undertaking for LAs and NPAs (National Park Authorities). Officer time is also spent understanding the guidance and considering the implications on service delivery. There are still further guidance documents to be issued by Cadw.
7. The issue of resources within local authorities and national parks to implement the new duties is very real. The number of officers employed to

work on historic environment matters has declined in the last few years and local authorities and national park authorities are having to prioritise the reactive legislative/case work rather than the proactive regeneration/tourism focused work.

8. Duties in relation to listed buildings across local authorities vary depending on whether an officer within a local authority/national park authority has been given delegated status by Cadw to determine Grade II LBC without reference to Cadw. Monmouthshire, Carmarthenshire, Wrexham, Pembrokeshire Coast, Brecon Beacons, Vale of Glamorgan and Pembrokeshire all have delegated status. The number of listed buildings within the local authority/national park will also have a bearing on the resources required.
9. Cadw, WLGA and local authorities are very aware of the resilience issues facing this sector and are considering alternative models of delivery. As a result, a couple of interesting pieces of work are ongoing. The seven North Wales LPAs (inc Snowdonia NPA) recognised that specialist services such as the built heritage services within local planning authorities were under strain. A project was established to review and redesign Built Heritage Services in North Wales including exploring the potential of a regional set up. This has involved the Cadw, LA Conservation Officers and the two Archaeological Trusts operating in North Wales in determining where improvements can be made to service delivery and a number of proposals have emerged. These include streamlining local policies, pooling resources to improve capacity and resilience, reviewing the timing of advice from Cadw and promotion of the service. Also as part of this work a number of proposals relating to listed building consent are under consideration ranging from improving the quality of the LBC applications received through to increasing numbers of LPAs that have delegation from Cadw and the role of local government and Cadw in enabling this to happen.
10. Alongside the North Wales work, a Cadw led Task & Finish group (with WLGA and local authority representation) has been established to consider broadly similar issues to the North Wales LPAs but for all Wales. Learning from the work taking place in the North, this group is due to report to the Cabinet Secretary shortly and is likely to include recommendations relating to LBC.
11. In addition to this review work, informal collaboration between authorities continues on a regular basis. Sharing knowledge, skills and case studies is

facilitated through the Conservation Officers forum meetings held in North and South Wales and more basically through email requests for sharing advice, real life examples and supporting each other.

12. There are some positive examples of local authorities undertaking proactive work and developing buildings at risk strategies which has resulted in the saving of several key buildings. However, with a reduction in available resources in local authorities and national parks, this proactive work is likely to decrease.
13. With their wider role, local authorities are well placed to promote heritage tourism. The importance of heritage in its widest sense on tourism is not always fully appreciated. A recent report by the Historic Environment Group – Heritage Counts (<http://cadw.gov.wales/about/partnershipsandprojects/aboutpartners/histenvgroup/?lang=en>) – has usefully quantified the benefits of heritage to Wales and there may be opportunities in the future to widen this exercise to include the contributions made by other stakeholders such as local government. Local authorities through their tourism function work with Cadw to promote heritage tourism and maximise tourism spend in the area and at the specific heritage assets.
14. The WLGA supported the report by Baroness Andrews on how culture and heritage bodies can contribute to reducing poverty and worked with the Welsh Government and other partners to implement the report recommendations including the establishment of Pioneer Areas. The WLGA also supported the subsequent and related work of Professor Dai Smith on the Arts in Education and again has worked with the Welsh Government and partners like the Arts Council for Wales in taking this work forward. Most recently, the WLGA has supported the work of Welsh Government in developing the new curriculum – ‘A Curriculum for Wales a Curriculum for Life’ – following the Donaldson Review. The Association has welcomed in particular the focus on the “expressive arts” as an Area of Learning and Experience within the new curriculum. These developments all build on the work of Baroness Andrews and it is important that they develop further in complete alignment and coordination. At a time when financial resources are under pressure it is important that they are used as effectively and efficiently as possible.

15. Many local authorities have been successful in securing Heritage Lottery funding to improve heritage assets within our towns through the Townscape Heritage Initiative. Many of these town centre buildings are in private ownership and through collaboration and financial incentive, local authorities have been able to secure investment in these properties. Local authorities work with private owners of heritage assets in a number of different ways – through the consenting process, offering advice and guidance, identifying funding, promotion of the asset if appropriate.
16. The WLGA maintained a good working relationship with Cadw officials during the legislative process preceding the Historic Environment Act and there continues to be regular dialogue albeit less than during the Bill stages. At a local level, officers work closely with the relevant Cadw officials.
17. With any service reconfiguration as referred to in earlier paragraphs, the WLGA has suggested to Cadw that funding should be made available to assist local authorities with implementing change. The WLGA has also suggested that there should have been training funded by Cadw to accompany the suite of legislative changes and accompanying guidance documents. Financial restrictions have been offered as one of the reasons for this not happening. The WLGA would like to see a specific budget within Cadw to be used to support local authority change activity relating to the historic environment. Cadw's impact is curtailed by resource pressures and unless additional resources are identified this will continue to be an issue.