

Dafydd Elis-Thomas MS
Deputy Minister for Culture, Sport and Tourism
Welsh Government

29th January 2021

Dear Dafydd,

Welsh Government Draft Budget 2021-2022

Thank you for attending the meeting of the Culture, Welsh Language and Communications Committee meeting on 14 January 2021 to discuss the Welsh Government's Draft Budget 2021-2022.

During the meeting you agreed to provide further details on a number of issues. I would be grateful if you could answer the following questions by 2 March to inform the Plenary debate on the Draft Budget.

Funding for the arts sector

You said in the meeting that you will not be undertaking analysis of the way in which the Cultural Recovery Fund was administered at this time. Jason Thomas also said that officials have 'built in detailed evaluation into the cultural recovery fund' and will be 'going out to tender... to evaluate that product'. Please can you let the Committee know:

- the criteria used to allocate funding;
- which organisations received funding from the Fund; did you take in to account the membership of the group seeking funding? E.g. protected characteristics.
- when this evaluation will be carried out;
- how stakeholders will be involved;
- when you expect to report the findings and
- how this evaluation will be used to inform future funding for the sector?

In your paper, you write 'Our intention is to provide additional funding for recovery for 2021-22 but the scale and the approach has not been determined at this early stage.' Please can you give the Committee an estimate of when the decision will be taken on the additional funding? To what extent is this additional funding dependent on increased funding from the UK Government?

Restarting cultural activity

You said during the meeting that you were not willing to set a date for when we can 'join with each other in cultural life again' because 'We literally do not know how a virus behaves, and that's been proved already by the research that we've had'.

It is understandable that the uncertainty caused by the pandemic prevents any concrete plans for restarting events and reopening music venues, theatres and museums. However, those responsible for large scale



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events, such as live music festivals, need a long lead in time for planning. In order to give greater clarity to those working in the sector, can you outline the criteria on which the Welsh Government will be basing decisions on restarting activity?

Have you been having conversations with the sector on the criteria used to determine reopening?

Given that you do not anticipate cultural activity to restart after March, what long term plans does the Welsh Government, Creative Wales and the Arts Council have for ensuring skilled workers and viable businesses are supported in the medium term and that the arts are an integral part of the Welsh Government's key priorities for reconstruction and recovery?

Are you speaking to other Welsh Government departments about redeploying those who work in the sector to other work opportunities while venues remain shut?

CADW capital investment projects

Please can you provide greater detail on the capital investment projects by CADW which are currently being progressed and those that are planned to go ahead, with estimated completion dates? Given the pressure on funding, can you also list the projects which have had to be paused?

The National Library of Wales and the National Museum Wales

Please can you give greater detail on how the National Museum has 'reorganised their senior management team, so that commercial activity is much more mainstreamed', as you explained in the meeting? You said that the Museum's 'priorities are much more clearly related to its activity in the private sector and the third sector and its outside partnership activity'.

How do these priorities relate to the key performance indicators the Museum are required to report on? What outputs are you expecting from the Museum to demonstrate they are achieving improved commercial activity and what timescales are these based on?

As you know, the Committee has been looking at the recommendations from the Tailored Review of the National Library for Wales. The Tailored Review said:

'It is important to ensure that the NLW is financially sustainable. Both the Welsh Government and the Library acknowledge that this has been difficult in recent years, partly due to the financial pressures the Welsh Government has been under, and the Government's inability to make longer-term commitments for more than one year.'

I note that the revenue funding for the Library remains flat from the 2020-21 final budget to the 2021-22 draft budget, at £11.1 million. During the meeting, Jason Thomas said 'we will continue to work really closely with the National Library to see where efficiencies can be made, where they can try and come in on budget that we set out for them, but it is extremely challenging'.

As a committee we have been contacted by many people, who have conveyed concern about the financial situation of the National Library. For instance, the FDA has written to me about potential job losses. They write:

'The Tailored Review of LIGC, commissioned by the Welsh Government, recognises that the current funding model is not sustainable. Indeed, as things stand, the scale of LIGC's deficit puts at risk up to **30 jobs or 13%** of the workforce.'

And go on to say:



'FDA Wales has also called on the Welsh Government to follow over a decade of cuts to grant in aid (GIA) with a new, and sustainable, funding model. A funding model based on a substantial increase in GIA. A funding model to support Welsh culture and protect Welsh jobs.'

I am also aware of a petition to the Senedd on a 'Call for fair funding for the National Library of Wales by the Welsh Government'.

In response to a query about the timing of the Welsh Government's response to the Tailored Review your officials have provided this reply:

'Welsh Government officials from Public Bodies Unit and The Partnership Team have been in regular contact with the Chief Executive of The National Library to discuss The Library's response to the Tailored Review recommendations. The regular contact will continue on a monthly basis.

The Library has developed a formal response to the recommendation and wishes to adopt this as an action plan; Welsh Government officials will feed into the action plan where it is in the lead.

The Plan is very much linked to the long-term strategy of the Library and will be monitored regularly, by both the Board of Trustees and the Welsh Government.

The Action Plan will be formally agreed by the end of February 2021.'

Given the worries of those working for and with the Library, and the sheer number of people who have signed the circulating petition on the matter, I would like to stress the need for urgency in agreeing this action plan with the Library. In the meantime, please can you reassure the Committee that there will be no redundancies at the National Library for Wales as a result of the action plan? As I am sure you will agree, this National institution is of utmost importance, and must be supported as such.

Legacy reporting

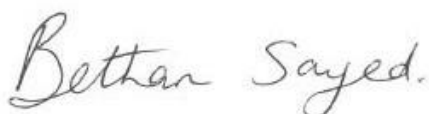
In order to inform our legacy report I would be grateful if you could set out how the £9 million remaining in the central reserves will be spent on architecture and adaptations to the 'between four and eight centres' which will make up the devolved model of the national contemporary art gallery?

Please can you provide an update on the progress of the steering group for the National Football Museum?

In order to inform the work of the committee and the Plenary debate on the Draft Budget I would be grateful if you could respond by 2 March.

I will be copying this letter to the Chair of the Finance Committee to inform its scrutiny of the Draft Budget.

Yours sincerely,



Bethan Sayed MS

Chair of the Culture, Welsh Language and Communications Committee





4 March 2021

Dear Chair

Thank you for your letter 29 January in which you seek further information following the Budget Scrutiny Session with the Committee on 14 January. I have answered your points in the order in which you raised them in your letter.

Funding for the arts sector

You said in the meeting that you will not be undertaking analysis of the way in which the Cultural Recovery Fund was administered at this time. Jason Thomas also said that officials have ‘built in detailed evaluation into the cultural recovery fund’ and will be ‘going out to tender... to evaluate that product’. Please can you let the Committee know:

- ***the criteria used to allocate funding:***

The following key criteria was used to allocate the funding:

- Two levels of funding could be applied for, up to £10k: quick process for smaller organisations based on eligible costs; or between £10k and £150k: a more detailed process based on eligible costs
- Applicants must be a recognised organisation within the culture sector;
- Applicants must be an organisation operating and employing in Wales;
- Applicants must be able to produce at least one year’s full independently certified or audited financial statement but does not need to be VAT registered if total turnover is below the registration threshold;
- Applicants need to demonstrate they were operating sustainably before March 2020;
- Applicants must demonstrate they have experienced a significant reduction in turnover or income since 1 March 2020 as a result of the pandemic;
- Any previous support e.g. ERF from Welsh Government in final offer will not be deducted, but must be declared as part of your claim; and
- The fund will not cover costs which have been previously supported via other grant funding such as ERF or which are supported by other public funds.

We accepted applications from the following organisations:

- Independent museums that are Accredited or have Working Towards Accreditation (Eligibility) status;
 - Independent archives (those not run by a local authority) that are Accredited or have Working Towards Accreditation Status;
 - Community libraries, who are independently funded; and
 - Independent libraries.
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- ***which organisations received funding from the Fund; did you take in to account the membership of the group seeking funding? E.g. protected characteristics.***

The full list of grant recipients will be published after the Cultural Recovery Fund process has concluded.

- ***when this evaluation will be carried out;***

An independent evaluation of the Cultural Recovery Fund is being commissioned by the Welsh Government. An invitation to tender was published on Sell2Wales on 22 January and will close on 19 February. The evaluation contract will be awarded in mid-March 2021 and will run to April 2022.

- ***how stakeholders will be involved;***

It is anticipated that interviews with stakeholders will be undertaken as part of the wider evaluation methodology. An evaluation steering group has been set up to oversee the delivery of the research. This group includes officials and staff from the Welsh Government and Arts Council of Wales who are involved with the delivery or analysis of the CRF.

- ***when you expect to report the findings:***

Two reporting periods are planned for the evaluation contract. An interim report is expected to be submitted to the Welsh Government in summer 2021, and a final report will be submitted in early 2022. The final evaluation report will be published on the Welsh Government's website.

- ***how this evaluation will be used to inform future funding for the sector?***

One stated objective of the evaluation is to '*Identify any key lessons learnt relevant to this and potential future Covid-19 support Programmes*'. The interim stage will examine the implementation and delivery processes of the CRF and will provide evidence which may be used to inform the delivery of any future funds. The findings and recommendations from the interim and final reporting stages will be used to support the delivery of other future activity.

In your paper, you write 'Our intention is to provide additional funding for recovery for 2021-22 but the scale and the approach has not been determined at this early stage.' Please can you give the Committee an estimate of when the decision will be taken on the additional funding?

With the expectation that closures and restrictions will continue beyond the current financial year, we have started the planning required for extending the support into next year. It is difficult to conclude our plans at this early stage as there are important considerations

outside of our control. The unpredictability of the public health crisis makes planning for next year extremely challenging as is the financial and economic position ahead of the Chancellor's UK Budget announcement on 3 March. The UK Budget is likely to clarify the UK's position with regards key support mechanisms such as Job Retention Scheme and the potential for a UK CRF (which may trigger consequential for Wales via the Barnett formula).

To what extent is this additional funding dependent on increased funding from the UK Government?

Welsh Ministers have been calling on the UK Government to provide extended support for next financial year following the UK Government's announcement last July. Additional funding to support the culture sector has not been provided for in the draft Budget for 2021-22. Therefore additional support will be required.

Restarting cultural activity

You said during the meeting that you were not willing to set a date for when we can 'join with each other in cultural life again' because 'We literally do not know how a virus behaves, and that's been proved already by the research that we've had'. It is understandable that the uncertainty caused by the pandemic prevents any concrete plans for restarting events and reopening music venues, theatres and museums. However, those responsible for large scale events, such as live music festivals, need a long lead in time for planning. In order to give greater clarity to those working in the sector, can you outline the criteria on which the Welsh Government will be basing decisions on restarting activity?

Have you been having conversations with the sector on the criteria used to determine reopening?

A control plan has been created which provides a framework for reopening. Test events will be held when we return to level 2, should the medical and scientific advisors confirm it is still safe to do so at that time. As part of the safe reopening we will of course have guidance in place to support the sectors with the safe reopening. Throughout the pandemic we have had continuous engagement with the sports and culture sector, with meetings taking place with stakeholders on a regular bases to ensure they are kept up to date with changes, and given the opportunity to feed in to the planning process

Given that you do not anticipate cultural activity to restart after March, what long term plans does the Welsh Government, Creative Wales and the Arts Council have for ensuring skilled workers and viable businesses are supported in the medium term and that the arts are an integral part of the Welsh Government's key priorities for reconstruction and recovery?

The Cultural Recovery Fund is intended to provide essential support the sector who have all seen a dramatic loss of revenue due to the pandemic, but also to better prepare them for the future. Funding will support both organisations and individuals in the sector. The funding is intended to help the sector develop medium to long term viability within their recovery efforts to ensure sustainability. The CRF helps us recognise that we'll need the professionalism, experience, enthusiasm and vision of these professionals to help us come together and rebuild after the public health crisis has abated. The Freelancer fund essential to help the sector retain skills already in place, and help them develop further to capitalise on any future opportunities and risks that may arise. The fund may also assist organisations develop or purchase the infrastructure required to ensure sustainability.

Alongside the Cultural Recovery Fund there is an additional allocation of £1m in the Third Supplementary Budget to accelerate the Clwstwr programme, which encourages research and development in media production in Wales. This funding will enable Creative Wales to develop a skills/talent development programme, a screen (film & TV) development fund and a digital development fund. These programmes would deliver significant growth opportunities and contribute to a strong national brand, helping to promote Wales and its culture and talent to the world.

Are you speaking to other Welsh Government departments about redeploying those who work in the sector to other work opportunities while venues remain shut?

A key part of the Cultural Recovery Fund is the expectation that organisations and individuals commit to working with the Welsh Government on a Cultural Contract or a Freelancer Pledge. Through this work it is hoped wider community benefits will be realised. With some venues and organisations being unable to operate their normal functions, many staff and resources have been deployed elsewhere. Staff have been deployed to support wider local government and public health efforts, such as supporting Test, Tract, Protect or vaccination centres. Some of this work has been coordinated through the Arts Council of Wales and the Welsh Government but many organisations have explored volunteering opportunities directly.

Cadw capital investment projects

Please can you provide greater detail on the capital investment projects by CADW which are currently being progressed and those that are planned to go ahead, with estimated completion dates?

Cadw are currently managing the following major projects which have a cost of in excess of £1m:

Site	Nature of project	Approximate value	Year
Caernarfon Castle King's Gate	Redevelopment of the gatehouse including conservation, insertion of new floors and a lift, new interpretation, viewing platforms and cafe	£3.715m	2022
Caernarfon Porth Mawr	Conservation, insertion of lift and spiral stairs to allow public access to part of the town walls plus the creation of two small self-catering holiday apartments	£1.2m	2022
Caerphilly Castle	Multiple projects including a new catering facility, re-presentation of the Great Hall and new interpretation	c.£5.5m	2023
Tretower Court	Conservation and conversion of the Great Barn into a new visitor facility and cafe	£1.2m	2022
Tintern Abbey	A major programme of conservation focussing on the Abbey Church	c.£4m	2024
Coity Castle	A major programme of conservation across the monument	£1.4m	2022
Neath Abbey	An ongoing 5 year programme of conservation to the Abbey Church and	£1.5m	2023

	Tudor mansion. All phases planned for completion by early 2023		
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There are also a number of smaller scale projects being undertaken at present including the installation of new, yet discrete, handrails to the towers and wallwalks at both Conwy and Harlech Castles and a new DDA compliant lift at St.Davids Bishops Palace to improve physical accessibility.

The above programme is very ambitious and challenging and will occupy the relevant Cadw teams for some time. However, Cadw is already considering future opportunities and some early planning work is underway, but no decisions have been taken as yet on further major projects.

Given the pressure on funding, can you also list the projects which have had to be paused?

We have not paused any planned capital projects at Cadw.

The National Library of Wales and the National Museum Wales

Please can you give greater detail on how the National Museum has ‘reorganised their senior management team, so that commercial activity is much more mainstreamed’, as you explained in the meeting? You said that the Museum’s ‘priorities are much more clearly related to its activity in the private sector and the third sector and its outside partnership activity’.

After failing to appoint a Commercial Director following two recruitment campaigns and despite having raised the remuneration package in a bid to attract more candidates, Amgueddfa Cymru decided to reorganise its Senior Leadership Team in order to address the Thurley Review recommendation through a different approach.

The Museum has recently appointed a Director of Business Development, whose role will include responsibility for commercial income and fundraising. The new Director is expected to start in post in April 2021.

I have previously agreed with Amgueddfa Cymru that the actions they have taken to address this recommendation are appropriate and I will not be seeking any further updates from them in relation to this appointment.

How do these priorities relate to the key performance indicators the Museum are required to report on? What outputs are you expecting from the Museum to demonstrate they are achieving improved commercial activity and what timescales are these based on?

As part of the Welsh Government’s quarterly monitoring meetings with Amgueddfa Cymru, we receive reports against key performance indicators and strategic objectives.

Under Amgueddfa Cymru’s strategic objective 2: Thriving, sustaining and diversifying our resources, the Museum reports on fundraising achievements – including legacies, individual and major gifts, and successful applications from trusts, foundations and grant providers.

Under KPIs, reporting covers total net income from collections, research events, enterprises (commercial income), and unrestricted revenue fundraising and donations.

I am happy that this level of detail provides the overview required by the Welsh Government in order to monitor Amgueddfa Cymru's achievements in this area.

I would note that since the publication of the Thurley Review recommendations, Amgueddfa Cymru has made good progress in improving its commercial income. The redevelopment of Sain Ffagan resulted in significantly increased enterprises activity, and in the longer term, it is anticipated that the redevelopment of its site at Llanberis will lead to equally impressive results.

As you know, the Committee has been looking at the recommendations from the Tailored Review of the National Library for Wales. The Tailored Review said:

'It is important to ensure that the NLW is financially sustainable. Both the Welsh Government and the Library acknowledge that this has been difficult in recent years, partly due to the financial pressures the Welsh Government has been under, and the Government's inability to make longer-term commitments for more than one year.'
I note that the revenue funding for the Library remains flat from the 2020-21 final budget to the 2021-22 draft budget, at £11.1 million. During the meeting, Jason Thomas said 'we will continue to work really closely with the National Library to see where efficiencies can be made, where they can try and come in on budget that we set out for them, but it is extremely challenging'.

As a committee we have been contacted by many people, who have conveyed concern about the financial situation of the National Library. For instance, the FDA has written to me about potential job losses. They write:

'The Tailored Review of LIGC, commissioned by the Welsh Government, recognises that the current funding model is not sustainable. Indeed, as things stand, the scale of LIGC's deficit puts at risk up to 30 jobs or 13% of the workforce.'

And go on to say: 'FDA Wales has also called on the Welsh Government to follow over a decade of cuts to grant in aid (GIA) with a new, and sustainable, funding model. A funding model based on a substantial increase in GIA. A funding model to support Welsh culture and protect Welsh jobs.'

I am also aware of a petition to the Senedd on a 'Call for fair funding for the National Library of Wales by the Welsh Government'.

You will be aware of the announcement of additional funding of £6.2m over two years for the National Library of Wales and for Amgueddfa Cymru. This was highlighted in a written statement issued on 3 February. This announcement was made after an extended period of consultation between the Welsh Government and the Library and Museum which allowed us to understand their immediate revenue and capital pressures.

The funding covers 2020-21 and 2021-22 and will mitigate against job losses whilst also supporting both organisations with operational costs.

As the Welsh Government settlements are currently only provided for one year, it is impossible to offer longer-term commitments at this stage.

In response to a query about the timing of the Welsh Government's response to the Tailored Review your officials have provided this reply:

‘Welsh Government officials from Public Bodies Unit and The Partnership Team have been in regular contact with the Chief Executive of The National Library to discuss The Library’s response to the Tailored Review recommendations. The regular contact will continue on a monthly basis.

The Library has developed a formal response to the recommendation and wishes to adopt this as an action plan; Welsh Government officials will feed into the action plan where it is in the lead.

The Plan is very much linked to the long-term strategy of the Library and will be monitored regularly, by both the Board of Trustees and the Welsh Government. The Action Plan will be formally agreed by the end of February 2021.’

Given the worries of those working for and with the Library, and the sheer number of people who have signed the circulating petition on the matter, I would like to stress the need for urgency in agreeing this action plan with the Library. In the meantime, please can you reassure the Committee that there will be no redundancies at the National Library for Wales as a result of the action plan? As I am sure you will agree, this National institution is of utmost importance, and must be supported as such.

The conditions attached to the additional funding includes a requirement that there will be no compulsory job losses at the National Library.

The additional funding includes £0.75m for 2021-22 which will support the Library as it addresses the findings of the Tailored Review and as it proceeds to implement the recommendations.

Good progress is already being made against many of the recommendations, and I understand that the commitment to formally agree an action plan by the end of February will be met. Officials will forward a copy of the action plan to the Committee secretariat in due course.

Legacy reporting

In order to inform our legacy report I would be grateful if you could set out how the £9 million remaining in the central reserves will be spent on architecture and adaptations to the ‘between four and eight centres’ which will make up the devolved model of the national contemporary art gallery?

Work on the National Contemporary Art Gallery continues to gather pace, due to the additional pressures that the pandemic has placed on the project the scoping work has been revisited to ensure that it is still fit for purposes and accommodates any need for changes due to restrictions placed on venues due to the pandemic. The Welsh Government is working with an external steering group towards agreeing the scope and structure of the two phases that will make up the project. A Written Statement was published in early December providing an update – a copy of the statement can be found here <https://gov.wales/written-statement-update-about-national-contemporary-art-gallery-national-football-museum-and>

Please can you provide an update on the progress of the steering group for the National Football Museum?

While progress has been hindered by the pandemic, Fourth Street consultants were appointed in the summer to produce a detailed business plan and case for investment. The main focus of the work is to secure maximum space available in the existing museum

building and relocate reserve collections. The plan is complete and is awaiting sign off by Wrexham CC and the project steering group.

A Written Statement was published in early December providing an update – a copy of the statement can be found here <https://gov.wales/written-statement-update-about-national-contemporary-art-gallery-national-football-museum-and>

I hope that these further comments are helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Elis-Thomas'.

Yr Arglwydd Elis-Thomas AS/MS

Y Dirprwy Weinidog Diwylliant, Chwaraeon a Thwristiaeth
Deputy Minister for Culture, Sport and Tourism