

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Dawn Bowden AS/MS
Dirprwy Weinidog y Celfyddydau a Chwaraeon, a'r Prif Chwip
Deputy Minister for Arts and Sport, and Chief Whip



Llywodraeth Cymru
Welsh Government

Delyth Jewell MS
Chair Culture, Communication, Welsh Language,
Sport and International Relations Committee

1 March 2022

Dear Delyth

Scrutiny of Welsh Government Draft Budget 2022-23: Culture, Communications and Sport

Thank you for your letter of 4 February seeking further information on a number of matters discussed during our recent evidence session on the 2022-23 draft budget. This letter provides the additional information you have sought under the same relevant subheadings.

We hope this additional information will serve to correct some of the inaccuracies in your interpretation of the evidence that was provided. A lot of time and effort by Ministers and our officials goes into the preparation of both written evidence and appearance at committee and we are disappointed that much of it seems to have been completely disregarded in favour of a less strategic and more piecemeal approach to follow-up requests from the committee.

Cultural Recovery Funding and support for freelancers

The Cultural Recovery Fund 3 requirements for the arts sector were identified by the Arts Council of Wales, based on the two previous Culture Recovery Funds and the length of time that restrictions were estimated to be in place for.

In terms of the three rounds of funding via the Cultural Recovery Fund (CRF), the budget has been broken down as follows:

- In the CRF1 we received a consequential of £53m but provided an additional £10m from the Welsh Government itself

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Vaughan.Gething@llyw.cymru
Correspondence.Vaughan.Gething@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.

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.

- In CRF2 we allocated £30m from a consequential of £24m, and an additional £6m was allocated from the Welsh Government itself
- For CRF3, the budget of £15m was provided by the Welsh Government

The £15m allocated to CRF3 was based on the demand from previous rounds, where in high level terms £60m was enough to support the sector based on 12 months of costs (CRF1), £30m was enough to support the sector based on 6 months of costs (CRF2), so based on a three month period (December to February) we agreed a £15m package. This decision has proven to be correct as to date the call on the fund has been circa £11m and we do not estimate requiring the full £15m when we close the scheme.

We do not intend to run another round of the freelancer fund as the £1k support available via the Local Authority Discretionary fund was to support the freelance community impacted by the Alert Level 2 restrictions. We continue to work in delivering the ambitions of the public sector freelancer pledge which was born out of the freelancer fund, and of course in areas like film and TV we continue to support the freelance community through our normal production funding.

Impact of Covid passes

The decision to implement a covid pass in Wales was not taken lightly and was introduced to reduce – not remove – the risk of people infected with coronavirus entering and spreading the virus at busy venues or venues that were indoors and they see large numbers of people congregating closely together for prolonged periods of time.

The Welsh Government did complete impact analysis for the introduction of the covid pass. The Summary Impact Assessment can be found at the attached link (<https://gov.wales/nhs-covid-pass-impact-assessment>) and covers the following:

- Wellbeing Impact;
- Economic Impact Assessment;
- Equality Impact Assessment;
- Children’s Rights Impact Assessment (if applicable and not sufficiently covered in the Equality Impact Assessment);
- Human Rights Impact Assessment;
- Welsh Language Impact Assessment.

The Covid Pass was an **important part of a series of measures** to mitigate the impact of Covid on our communities. On 2 December 2021, the Welsh Government’s Technical Advisory Group and its Chief Scientific Advisor on Health expressly advised that it would be “challenging” to identify the specific impact of the scheme. It is for this reason that the Welsh Ministers consider that the impact of the scheme is probably unmeasurable

For similar reasons, we do not think that it will be possible to identify the exact financial impact of introducing the covid pass in Wales. Whilst we have received anecdotal evidence of a reduction in income in the impacted sectors, no one has been able to produce evidence that can separate, other economic factors from the impact of the pass itself (such as public perception of risk of attending events, in light of covid, high profile campaigns about safety etc), or to compare the impact of the pass against other options that were available to the Government such as closure of high risk venues.

The Welsh Government notes the findings of a recent study undertaken by researchers at Bruegel and the French Council of Economic analysis which suggested that covid passes improved public health outcomes and economic performance in France, Germany and Italy.

Culture strategy

Delivery of a new culture strategy is a commitment in both our Programme for Government and the Co-operation Agreement. We will develop a culture strategy which reflects Wales in all its diversity, ensuring that the Welsh Government works strategically towards the delivery of the sixth pillar of the Well-being of Future Generations (Wales) Act 2015, a Wales of vibrant culture and thriving Welsh language, and, in so doing, engages deeply and meaningfully with the arts, culture and heritage sectors. The precise priorities of the strategy will be agreed in close consultation with our sectors. At the appropriate time we will provide an update to the Committee on the strategy's development.

The overall funding requirement to support the development and implementation of the new culture strategy will be finalised as part of our business planning process which is ongoing at present. The sponsored bodies have received new remit letters for 2021 – 2026, covering the full term of Government; these set out a clear priority to support the development and delivery of the culture strategy.

Capital funding for the National Library and National Museum

It is important that our national organisations are able to maintain safe and appropriate environments for the visiting public and for our national collections. This will continue to be a priority. Our officials worked closely with our sponsored bodies in relation to their budget requirements, and the National Library of Wales and Amgueddfa Cymru have both responded positively to their draft budget allocations.

Across the Culture portfolio, we have seen a substantial increase in the capital budget, the majority of this is earmarked for four major cultural capital projects, including the Museum of North Wales, the National Contemporary Art Gallery, Theatr Clwyd and the Football Museum for Wales. Further grant funding is available for delivery of Programme for Government commitments, including decarbonisation and tackling inequalities.

The capital budgets in 2021/22 for our sponsored bodies were generous compared to previous years and included a separate £1m capital allocation for the National Library of Wales to support the National Broadcast Archive.

The multi-year settlement, as a result of the UK Spending Review was welcomed, but it did little to undo a decade of austerity. We have maximised the levers at our disposal within our limited capital settlement, but overall capital funding for the Welsh Government as a whole falls in cash terms in each year of the three year Spending Review period and is 11 per cent lower in 2024-25 than in the current year. In spite of this the capital settlements we have proposed for our sponsored bodies over this period are higher overall than pre-pandemic levels.

Our officials will continue to work closely with the sponsored bodies to address priorities for funding.

Budget expenditure for Sport

As you acknowledge in your letter, other departments within the Welsh Government support sport and physical activity programmes; the Sport BEL is only part of the funding picture.

Collaborative working across departments and budgets has been, and will continue to be, key to creating long-term and sustainable shifts in participation. Some great examples of cross-department working include the Healthy and Active Fund which supports a range of innovative projects aimed at increasing participation.

As well as our own Department over the last 3 years the Health Department have also provided funding to Sport Wales as follows:

2019/20	£1.465m
2020/21	£1.640m
2021/22	£1.606m

We have also maintained our commitment to support the modernisation and accessibility of sports facilities in communities across Wales by providing Sport Wales with a capital budget of £6.629m, which complements the £8m we invested in sports facilities over the last two years. On top of this investment, this year (21/22) we have reallocated resources and provided additional capital support of £4.5m. For the next 3 years, as you point out in your letter, we are providing £8.6m in 22/23 and £8m for the following 2 years, which is an increase of 22% for next year and 17% thereafter in the core capital funding for this year (£6.629m) and not a cut as is suggested.

We are confident Sport Wales will spend the additional £4.5m capital award within this financial year. This funding will be used invest in a number of projects across a variety of different sports to assist in meeting key Programme for Government commitments.

You also asked about the end-year carry-forward process. Our officials have regular dialogue with Sport Wales, including formal quarterly monitoring meetings, on this and many other issues; we also meet with the Sport Wales Chair and Chief Executive on a frequent basis to discuss policy priorities and progress against delivery of the remit letter and their business plan.

Remit letters and multi-year funding cycles

We completely agree that it is important to have multi-year settlements. The reason they were not possible in recent years was due to the Budget settlement with the UK Government. They are possible now and we told you in committee that these are now in place, but I will repeat again here for completeness. A Term of Government Remit Letter was issued to each body in December and we are expecting draft plans shortly. Three-year indicative budgets were shared with the sponsored bodies as part of discussions following the publication of the draft budget in December. We will move to provide these in a formal funding letter once the final budget is published. All our Arms Length Bodies have supported our approach.

Skills in the creative sector

A Creative Skills Body *Skills Action Plan* will be launched at the start of the next financial year for the screen, music and digital media sectors in Wales. Flexibility will be built into the action plan, so that the needs of the industry can be met as these evolve over time. Creative Wales will work closely with Further Education, Higher Education and other training provision to ensure that courses are targeted to industry needs.

Following the success of the *Criw Production Apprenticeship Scheme* in the screen sector, which Creative Wales supported in both North and South Wales, the three year *Skills Action Plan* will consider how similar shared apprenticeship schemes may be replicated

across other creative sectors. We have a target of 100 new apprentices within the creative sectors by 2026.

Support shall also continue to be offered to projects which address skills shortages throughout the creative sectors, both entry level and upskilling roles, as well as to transferable skills and CPD training via a new *Creative Skills Body Skills Fund* which will implement the priorities of the *Skills Action Plan*. The new Creative Skills Body Advisory Panel will regularly review the priorities outlined in the Skills Action Plan for Wales and the priorities for funding, to ensure that the training provision is targeted to the needs of the sector, to ensure priority roles can be filled.

Pay settlement in the public sector

Agreement of a pay settlement with unions and staff is a matter for the sponsored bodies. We expect our arm's length bodies to ensure that settlements are both reasonable and affordable within the grant in aid allocations that Welsh Government provides. We have recently noted pay remit proposals from a number of our sponsored bodies, who assured us they are affordable within current settlements.

You will be aware that the Welsh Government is committed to one public sector and a consistent approach to pay and pensions.

We have assisted sponsored bodies with pay and pension pressures in recent years, providing one-off sums to support these specific concerns.

Heritage scrutiny session

We would be happy to provide a technical briefing on heritage. However, heritage covers a very broad area so it would be helpful if the Committee could be more specific on the aspects that the Committee would like it to focus on.

We hope that you will find this additional information helpful.

Yours sincerely,

The image shows two handwritten signatures in black ink. On the left is the signature of Vaughan Gething, and on the right is the signature of Dawn Bowden. The signatures are written in a cursive, flowing style.

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