

Culture, Communications, Welsh Language, Sport & International Relations Committee Report - Scrutiny of the Welsh Government Draft Budget 2024-25

We would like to thank the members of the Culture, Communications, Welsh Language, Sport & International Relations Committee for their report on 'Scrutiny of the Welsh Government Draft Budget 2024-25'.

In addition, the Chair of the Committee wrote on 19 February with a further request for information regarding the budgets of the arm's-length bodies.

We have set out our responses to the report's individual recommendations and the further correspondence below.

Recommendation 1. The Welsh Government must write to the Committee to provide revised breakdowns for the International Engagement budget which should reconcile with the £2,658,600 allocation cited in the First Minister's second written submission.

Response: Accept

The breakdown for the International Engagement budget for 2024-25 is provided as follows:

Regional Relationships and Networks Action Plan	£350,635
Public Diplomacy and Soft Power Action Plan	£948,400
Cross Cutting Activity	£1,359,565
TOTAL	£2,658,600

In previous years, a budget was specifically allocated to fund the activity in the diaspora action plan. Diaspora engagement is now mainstreamed into the wider international engagement activity, rather than having a separate funding line, due to a change in the way in which this work is undertaken. This work is now undertaken through our network of overseas offices, as well as through the other two action plans and our cross-cutting activities, without a specific budget allocation.

We cannot always plan and allocate budget for every situation; therefore, we continue to maintain flexibility between activities within the budgets to respond to events as and when they occur. This flexible and responsive approach has meant that, in previous years, we have been able to respond positively to unexpected opportunities to raise Wales's profile as they arise and reprioritise funding.

Recommendation 2. In light of the First Minister's announcement that he will shortly be leaving office, we recommend that the next responsible Minister for International Relations in the next Welsh Government, should attend in-person scrutiny on future Draft Budgets. This will ensure parity for this policy area with other Ministerial portfolios. We also recommend that the information provided in future must include:

- Comprehensive breakdowns of planned spending within the BEL including International Engagement and International Offices;
- Information relating to outputs, outcomes, impacts and value for money for each area of expenditure within the International Relations BEL;
- Allocations and comparisons with planned spend for forthcoming year against the previous year; and
- An outline of further potential challenges and prioritisations the Welsh Government may need to take in future years.

Response:

This will be a matter for the incoming First Minister to consider and cannot be accepted or rejected at this point in time.

Recommendation 3. The Welsh Government should explain why it has asked strategic partners to submit engagement and delivery plans as late as the first quarter of 2024.

Response: Accept

We meet with our strategic partners frequently throughout the year. During these conversations we review current work streams and discuss future work programmes and opportunities for international engagement in order for our partners to develop their draft delivery plans.

A large part of the work of our strategic partners is to support wider Welsh Government international activity, for example, the "Wales in..." themed years and St David's Day. It is essential that government officials can develop the strategy and skeleton programme for these activities before inviting strategic partner to contribute and confirm their support. This also ensures that we are able to evaluate the impact of our partners' activities in the current financial year to determine which have delivered the best return on investment and whether these are appropriate to use/adapt for future years.

Recommendation 4. The Welsh Government, as part of an exercise to collate information on the impact of budget cuts on Cymraeg 2050 targets, should provide an assessment of the potential impact of funding decisions on the number of learners able to access Welsh language post-16 provision, and in particular, apprenticeships.

Response: Accept

We agree with the need to assess the potential impact of funding decisions for the 2024-25 financial year on the number of learners able to access Welsh language post-

16 provision, and in particular, apprenticeships. We have held preliminary discussions with the Coleg Cymraeg and will present further information to the Committee by the end of March.

Recommendation 5. The Welsh Government must provide an assessment of the impact of expenditure on the Welsh language across government portfolios, and to set out how it plans to monitor the impact of spending decisions across policy areas in the future Draft Budgets.

Response: Accept

We have already outlined substantive information on the impact of expenditure as part of our 2024-25 Draft Budget. We report the monitoring and delivery of outcomes through the Programme for Government report. In addition, throughout the year we publish a range of information through our website on the monitoring and outcomes of policy areas. We are happy to consider improvements as to how we assess the impacts of spending decisions through our work on the Budget Improvement Plan, including the review of the Strategic Integrated Impact Assessment recognising that such changes must be proportionate and should also be considered through any changes to the Budget Protocol.

Recommendation 6. The Welsh Government must explain how it accounted for the additional statutory functions within the Welsh Language Commissioner's remit, when deciding to reduce the budget in line with other Commissioners.

Response: Accept

A cross-Governmental decision was taken to reduce the budgets of all four statutory Welsh Commissioners by 5%. The nature of the Commissioner's work was considered, however we had to take difficult budgetary decisions across Welsh Government in order to protect key front line services such as healthcare and local government. The Minister for Education and Welsh Language has discussed the impact of the cut with the Commissioner. She intends to manage the pressure on the staffing budget by not filling empty posts but has no plans to make redundancies. The Commissioner has assured us that the reduction will not affect her core statutory responsibilities; the work of regulating the standards system will continue on the same scale as will the work of trying to increase the use of Welsh language services.

The Commissioner also has the power to intervene in legal cases and may find herself having to defend decisions at the Welsh Language Tribunal. It is not possible to predict this expenditure as it can vary greatly from year to year depending on what arises. Although we are confident that the Commissioner can fulfil her regulatory functions within her budget for 2024-25, it is not possible for the Commissioner to estimate whether additional funding beyond her budget and reserves will be required to fund legal cases. If expenditure on legal cases goes beyond her revenue budget

and reserves, the Commissioner will have to seek additional funding during the year and we will consider that if it arises.

Recommendation 7. The Welsh Government must explain how it has reviewed the ability of the Welsh Language Commissioner to deliver beyond its statutory functions, and which of these could cease in the absence of funding.

Response: Accept

As well as regulating the standards system, the Commissioner's principal statutory function is to promote and facilitate the use of Welsh. It was agreed in a Memorandum of Understanding between the Commissioner and Welsh Government that, in addition to regulating the standards system, the Commissioner would lead on increasing the use of Welsh within the third sector, banks, supermarkets, and large businesses.

The Commissioner will be reducing the headcount in the department that works with businesses and the third sector by one member of staff (from 5 members of staff to 4). Her work with businesses and the third sector will not cease, but there will naturally be some reduction to take account of the reduction in staff members. However, the Commissioner will prioritise the bodies she works with so that her resources can have the biggest impact possible on increasing the use of Welsh. The Commissioner will also be making a small reduction in her programmes budget which will mean cuts to some campaigns.

Recommendation 8. The Welsh Government should identify what spending commitments could be paused and for that funding to be redirected to protecting the national collections.

Response: Accept

Although we are facing extremely challenging economic times, the Welsh Government will continue to do all it can to support our cultural institutions, which are of significance importance to the people of Wales. Additional funding of £922,000 has been allocated in 2023/24 to Amgueddfa Cymru for projects and items which will help it address some of their long-term known maintenance issues, upgrade its estate and allow it to generate further income.

Recommendation 9. The Welsh Government should make protecting the national collections a cross government mission and identify what expenditure in other government departments can be re-allocated to protect the national collections.

Response: Accept in Principle

Wales' culture institutions, and the collections they keep on behalf of us all, are an integral part of our society and well-being. All Ministers have had to make stark and painful choices and we have radically reshaped spending plans to focus funding on the core public services. Despite this, we continue to take the safety of the national collections very seriously. This is why we provided Amgueddfa Cymru and the National Library with an increased capital budget, which is being maintained in 2024/25. We have also provided additional funding to allow Amgueddfa Cymru and the National Library to upgrade their estates. We are facing challenging economic times; however, we will continue to do all we can to support our cultural institutions and protect the national collection.

Recommendation 10. The Welsh Government should enter into urgent discussions with arm's-length bodies to amend their remit letters ahead of the forthcoming financial year, to ensure that what is asked of them is realistic in light of reduced budgets.

Response: Accept

We are already in discussions with the Culture and Sport arm's-length Bodies (ALBs) about reviewing their term of government remit letters. These will be updated where appropriate to reflect the draft budget, ensure our ALBs continue to deliver our Programme for Government commitments and honour as far as possible the Co-operation Agreement with Plaid Cymru.

Recommendation 11. The Welsh Government should reconsider the proposed reduction in the Royal Commission on the Ancient and Historic Monuments of Wales's budget from 22 per cent to 10 per cent. It should also outline what financial assistance it is able to provide for a voluntary redundancy programme.

Response: Accept in Principle

In relation to the budget settlement for the Royal Commission on the Ancient and Historic Monuments of Wales, the Welsh Government has considered all feedback received, including from the Committee scrutiny sessions very carefully.

The Final Budget includes an additional £1.4m for Cadw and the Royal Commission on the Ancient and Historical Monuments of Wales providing parity to these bodies in terms of reductions across other culture ALBs of 10.5%.

We have needed to take difficult choices in the budgets for our arm's-length bodies (ALBs). This was not a choice taken lightly, but one which was needed to protect core services. As these bodies take forward their new settlements, we will work closely with them to manage these impacts.

We have agreed with the Plaid Cymru Designated Member that our immediate and short-term focus must be on supporting jobs. We agreed that revenue allocated to delivering the culture strategy in 2024/25 should be re-purposed to mitigate against

the impact of job losses at Amgueddfa Cymru, the National Library of Wales, the Arts Council of Wales and the wider arts sector. We will also provide additional funding in 2023/24 for severance schemes at the Cultural ALBs.

Recommendation 12. The Welsh Government should outline how it is monitoring and ensuring that local government is delivering Ministerial expectations on culture and leisure services.

Response: Accept in Principle

The majority of funding provided to Local Authorities is provided through the un-hypothecated local government revenue settlement meaning that Local Authorities as directly elected bodies have a responsibility to make their own decisions on the use of funding to meet their statutory responsibilities and other priorities and needs. Local Authorities engage with their communities on priorities for their budget. Welsh Government publishes detailed information on expenditure by local authorities across the breadth of their services including cultural and leisure provision.

Welsh Government officials attend meetings of the Chief Leisure Officers of Wales (CLOW) to discuss issues related to the delivery of sport and leisure, including the action addressing the recommendation from the Senedd's Leisure and Library Services report published last summer to rapid review of the current state of public leisure provision in Wales. Following this the Welsh Government will engage with the key partners identified in the report, to determine if there are gaps in this assessment and consider whether a wider review is needed to assess the opportunities for the improvements of leisure services.

Sport Wales, as the Welsh Government's arms-length body for the delivery of sport, also has regular dialogue with local authorities about sport and leisure facilities in the context of their capital investment programme.

Further questions in relation to arm's length bodies:

You have asked for the following information in relation to: Sport Wales, the National Library of Wales, Amgueddfa Cymru, the Royal Commission on Ancient and Historical Monuments in Wales and the Welsh Books Council.

- The level of budget reductions that arms-length bodies in your remit were asked to plan for while officials were preparing the Draft Budget for 2024-25.
- What information your officials sought from arms-length bodies to inform the budget reductions outlined in the Draft Budget for 2024-25.
- What assurances you can provide to us that the level of reductions proposed for 2024-25 are a "one-off" reduction for the bodies within your ministerial remit, and not the first phase of a "two-year" cut.

In planning for the 2024-25 Budget, we were facing an incredibly difficult financial situation – the toughest since the start of devolution. We were in this position because of the record levels of inflation we have experienced post-pandemic; because of the mismanagement of the economy and public finances by successive UK governments over the last 13 years and because of unfunded commitments made by the UK Government, particularly in relation to public sector pay.

We had to plan for no additional UK Government funding, and Welsh Ministers faced difficult choices about where to prioritise funding and where to reshape future Budgets. Within the funding available, Ministers sought to protect frontline public services as far as possible, and to target support towards those at greatest need.

As a result, discussions were held with the ALBs with the greatest budgets (Sport Wales, the National Library of Wales, Amgueddfa Cymru, the Royal Commission on Ancient and Historical Monuments in Wales) specifically in order to support them to plan for a range of budget scenarios, with a range of options spanning from a cash-flat budget to a reduction of 22%. Officials also liaised with the Books Council of Wales which has also received a cut of 10.5% as part of the reduction to Creative Wales's budget for 2024/25.

Any future allocations will be subject to the annual budget process, and we cannot confirm if further changes will be necessary until we have the relevant information from UK Government on our settlement for 2025 and beyond.