



CCWLSIR Committee Inquiry into the impact of funding cuts on Culture and Sport – 13 November 2024

Welsh Government's evidence paper

13 November 2024

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1. Overview

1. The 2024-25 Budget presented the most stark and painful choices for Wales in the devolution era. Our settlement for 2024-25 is up to £700m lower in real terms than expected at the time of the 2021 Spending Review, and our Budget in 2024-25 £3bn lower than if it had grown in line with GDP since 2010. In this context, and in taking these very difficult decisions, we worked hard to mitigate impacts on cultural, heritage and sports organisations.
2. We recognised this was, and continues to be, a difficult financial time for our culture, arts and sport arm's length bodies (ALBs). At the beginning of the year, they received a 10.5% reduction to their indicative revenue grant in aid for 2024-25. Despite significant challenges, our ALBs adapted at pace. We worked closely with our culture and sport ALBs as they developed new plans to operate within their revised budgets, while minimising job losses and preserving specialist skills. We are also aware that organisations within the local culture and sport sectors continue to feel pressure on their funding from governing bodies.
3. The Welsh Government listened to concerns regarding intense financial pressures on all cultural institutions at a national and local level and acted to try and mitigate these difficulties. In response to the immediate budget reductions, we re-purposed £2m revenue funding, which was allocated to delivering the Culture Strategy in 2024-25, to mitigate the impact of job losses at Amgueddfa Cymru, the National Library of Wales, the Arts Council of Wales and the wider arts sector.
4. In July, we provided additional capital funding of £3.2m in this financial year for repairs to both National Museum Cardiff and the National Library of Wales in Aberystwyth. Amgueddfa Cymru and the National Library have assured us that the national collections in their care are safe in the immediate short term. However, the longer-term challenges to the safety of the national collections are significant and the Welsh Government will continue to work closely with both organisations. Additional funding of £500,000 was also allocated to help improve storage facilities and protect important collections at local and independent museums and archives which tell the stories of communities across Wales.
5. Given this announcement of additional capital in July focused on the immediate priority of protecting and preserving cultural institutions and their collections, we announced that as a result investing in an anchor gallery for the National Contemporary Art Gallery for Wales and a new Museum of North Wales will not be possible at this time.
6. Cadw received a similar reduction in budget to the ALBs. Cadw has two distinct roles, both of which carry significant statutory obligations – management and protection of the historic environment and the conservation, management and provision of safe public access to the 131 historic properties in the care of the Welsh Ministers. Cadw's business plan is commercially focused and it has evaluated all its expenditure and income raising capabilities to ensure a balanced budget prioritising its statutory duties, introducing a stretching income target and reducing non statutory budgets to maintain financial stability. Although income levels have significantly recovered since the pandemic, uncertainty remains about the future commercial income Cadw will generate during 2024-2025 due to the ongoing cost of living crisis. The target for income generation was increased by 4% primarily with price increases.

7. The Cadw plan protected grants to the wider historic environment sector as far as possible. However, sharing the impact of the reductions was unavoidable and revenue grant reductions of up to 10.5% were applied, the most significant being a 10% cut to Heneb – the trust for Welsh archaeology. Cadw also had to take the difficult decision to close five of its monument visitor centres. However, it continued to provide public access to these sites, albeit in a more limited way. There will be further challenges for the historic environment with reduced funding for local authority services also impacting on Cadw's heritage priorities. For example, local authorities are starting to approach Cadw to take on historic buildings they can no longer maintain, something that Cadw is not currently able to do.
8. In September, we provided additional non-recurrent revenue funding of £5m to culture and sport ALBs and Cadw to help ensure their financial sustainability and invest in key services. The additional £5m was drawn from our reserves and, although it will not reverse the full impact of the difficult decisions we have had to make to protect frontline services, it will help support the financial stability and strengthen the resilience of these bodies.
9. Similar to culture and sport ALBs, the Books Council of Wales' grant from Creative Wales also received a 10.5% cut. We have worked closely with the Books Council throughout the year to understand the impact of the cut and to explore options to provide additional support and earlier this year, we awarded a further £150,000 to the Books Council to support a presence for Welsh publishers at the Frankfurt and London Book Fairs.

2. Priorities as Minister for Culture, Skills and Social Partnership

10. Since being appointed the Minister for Culture, Skills and Social Partnership in September I am excited about the positive developments we have in progress and I am extremely passionate for the portfolio. This despite the extremely challenging context of the past 12 months.
11. I certainly recognise the ongoing financial challenges facing our sectors and this has been clear in the meetings I have been having with representatives. We see many examples, such as the challenges faced by organisations such as the Welsh National Opera and the threat to local authority-run cultural venues such as Llancaiach Fawr and Blackwood Miners' Institute.
12. I am aware that several local museums, libraries and archives have announced significant financial pressures or budget reductions, and cuts to local authority budgets have had an effect on these important sectors. Their contribution in terms of health and wellbeing, economic impacts as visitor attractions, resources for schools and lifelong learning is vital.
13. Looking ahead, much of the future vision for the portfolio will be around the Priorities for Culture which is being developed following the recent consultation over the summer. There has been a credible number of responses to the consultation, with good representation from across all sectors which are in scope of the new Priorities,

and from other stakeholders. We will be publishing a summary of responses report in late November which will outline the responses in more detail.

14. I am very clear that my portfolio can contribute positively to the First Minister's four priorities:

- **Iechyd Da** - Alongside our continued investment in sports facilities and improving access to sport, research shows that culture, the arts and our historic environment has a positive impact on people's health and well-being. The Culture and Sport ALBs, local sector museums, archives and libraries and Cadw deliver a range of activities to support positive mental health and wellbeing including Cadw's award-winning volunteering programme, as a partner in the Hapus project, social prescribing, Arts, Health and Wellbeing in Wales and House of Memories Cymru to support dementia. Books Council of Wales supports the delivery of the Reading Well scheme and makes an important contribution to our health and wellbeing objectives.
- **Green jobs and Growth** - Our ALBs play a vital leadership role in tackling all aspects of the climate and nature emergencies by helping the public engage through exhibitions and supporting our cultural organisations and sports clubs to become more energy efficient and enhance biodiversity. Cadw leads research into the impact of climate change on historic assets and is helping to develop National Occupational Standards, retrofit qualifications and training materials for those working in the renewable energy sector. Through our own work programmes and capital grants, Cadw provides work for skilled conservation practitioners.
- **Opportunity for every family** - Education is at the heart of the work our ALBs, local museums, libraries and archives undertake, both in terms of formal and informal lifelong learning. For example, Amgueddfa Cymru is the biggest delivery body of education outside the school system in Wales and alongside our investment in the local library network, we also fund literacy schemes including the Summer Reading Challenge. On housing, the skills developed on our Cadw capital projects are transferrable and can be applied to the thousands of traditional buildings which make up a high percentage of our national housing stock. In publishing, the Books Council's work on the promotion of reading and the provision of books and educational resources plays an important part in improving literary standards and educational attainment.
- **Connecting Communities** - Some responses to the Priorities for Culture consultation stress the importance of transport in relation to access to culture – this will inform our implementation. Cadw brings communities together by making its historic sites available free of charge for community events, many sites are located at the heart of communities and are therefore ideal locations for local events. Local libraries are now regarded as community hubs in many areas and are therefore crucial in bringing communities together.

15. We must be pragmatic and consider how things might be done differently, including how we can collaborate between various organisations. For example, the work on Celf is being led by a collaboration between the Arts Council of Wales, Amgueddfa Cymru and the National Library of Wales. Cadw collaborates with several national bodies, such as Amgueddfa Cymru at Blaenafon and Caerleon, and the Royal Commission on the Ancient and Historical Monument of Wales. Further opportunities for collaborative

work are being considered to enhance service delivery, as recommended by the governance review of Cadw.

3. Capital Investment Programmes

16. We continue to invest in exciting and varied capital programmes. For example, our investment in the redevelopment of Theatr Clwyd delivers on a Programme for Government commitment and represents a significant investment in the arts in Wales and recognition of the considerable social, cultural, and economic benefits Theatr Clwyd brings to Wales, particularly to communities in North- East Wales. The development of Wrexham Museum to incorporate a new Football Museum for Wales will be a major development in the city. We have awarded a further £1.4m in 2024-25 towards the cost of the redevelopment of the National Slate Museum in Llanberis. This takes our total investment for 2023-24 and 2024-25 to £2.5m.
17. The development of Celf, the National Contemporary Art Gallery for Wales, remains a key priority within our Programme for Government. Celf will provide increased access to the national collection and bring contemporary art closer to communities through a network of nine galleries, which are already established, across Wales. Access to more of Wales' collections will also be provided through the Celf ar y Cyd website.
18. Recognising the preventative power of sport and physical activity in relation to health and wellbeing, we will reinforce our Programme for Government commitments by using our capital funding to invest in elite and grassroots sports facilities, particularly focused in more disadvantaged areas. This investment of £8m continues in 2024-25.
19. Cadw is currently undertaking a major capital investment project at Caerphilly Castle which includes essential conservation work as well as work to transform the castle into a leading visitor attraction, which sits at the heart of a wider Placemaking Plan for Caerphilly – Caerphilly 2035.

4. Conclusion

20. Following the UK Government's Budget statement on 30 October, the Welsh Government will be making spending decisions as we develop our Draft Budget for 2025-26 in the weeks ahead. While the additional funding to Wales from the UK Government is welcome, the wider financial context remains challenging and it is likely Ministers will continue to be faced with difficult decisions. Nevertheless, we remain committed to working closely with organisations within the culture portfolio through this period to mitigate any impact on the sector in the context of ongoing budgetary challenges.
21. Organisations within the culture portfolio are key in delivering a number of our Programme for Government commitments and play a fundamental role in promoting good mental wellbeing and physical health and bringing communities together. I am clear that every person in Wales has the right to access, create, participate in, and see themselves reflected in the cultural and sporting activity of our nation.