



Culture, Communications, Welsh Language, Sport and International Relations Committee – Scrutiny of the Welsh Government Draft Budget 2025-26

Introduction

On 10 December the Welsh Government laid its Draft Budget for 2025-26.

This response follows written evidence provided by the First Minister for International Relations. Recommendations have been considered carefully with recommendations 1- 5 being responded to by the Minister for Culture, Skills and Social Partnership.

Recommendations 6-11 are being responded to by the Cabinet Secretary for Finance and Welsh Language and this response covers recommendations 12-20.

We would like to thank the Committee for their continued support.

1. International Relations

Recommendation 12. In line with our previous recommendations on this point and the principle of Welsh Government accountability to the Senedd, the Welsh Government must ensure that, where requested by the relevant committee, the Minister with responsibility for International Relations appears in person for oral evidence sessions on future Draft Budgets.

Response: Reject

As stated previously, there are multiple opportunities for ministerial scrutiny throughout the year, as evidenced by my appearance during the Committee for the Scrutiny of the First Minister on 13 December 2024 which focussed on international activity. I will continue to provide written evidence on the draft budget allocation and follow up in writing as required.

Financial implications

None

Recommendation 13. We reiterate our previous recommendations on this matter, that the Welsh Government must ensure that written evidence provided to inform our budget scrutiny includes:

- 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: Accept

I am happy to provide breakdowns of planned spending within the BEL, once budgets are finalised. I will write to the Committee with this information in due course. Potential outputs and outcomes can be considered alongside the budget breakdown when provided, and where known, at this stage.

The work associated with the International Relations BEL is fundamental to delivering the International Strategy and two Programme for Government commitments. Our efforts focus on three key ambitions: raising Wales's international profile, boosting the economy, and establishing Wales as a globally responsible nation. This work will be further refined with the upcoming publication of the International Delivery Plan, which will set out how our international activity will be focussed to deliver for the people of Wales over the next financial year. The annual report will highlight our outcomes and achievements of the year.

Financial implications

Not applicable

Recommendation 14. The Welsh Government should confirm:

- When detailed budget allocations will be available for the International Relations BEL and the International Sustainable Development BEL.
- How the final allocations will affect delivery of the Welsh Government's objectives.

Response: Accept

I will publish a breakdown of proposed spend within the International Relations BEL and the International Sustainable Development BELs following the agreement of the final budget. Until ongoing discussions have concluded, it would be inappropriate to provide such a breakdown. I can assure the Committee that the budget allocations will be linked to the delivery of the International Strategy and Delivery Plan and activity will be delivered from existing budgets.

Financial implications

Not applicable

Recommendation 15. The Welsh Government should:

- Clarify when the final allocations of breakdowns for delivery partners will be available
- Outline who the Welsh Government's delivery partners are for 2025-26, and which partners have submitted their engagement and delivery plans
- Outline which delivery partners have received confirmation of their funding, and by when all delivery partners will have received confirmation

- Set out what steps were taken to obtain key financial information from partners during the development of the Draft Budget for 2025-26, including which steps were taken before and after the publication of the Draft Budget on 20 December 2024
- Provide details of what contingency plans are in place if delivery partners report in Q1 of 2025 that any reductions in allocations result in insufficient funding to deliver their responsibilities under the International Strategy.

Response: Accept

As I stated in my previous responses, I will provide these breakdowns once the final budget is agreed and published.

We are currently working with our strategic partners on their funding bids for the next financial year and meet with them on a regular basis throughout the year.

We have received bids from Wales Arts International, the Urdd and the Office of the Future Generations Commissioner. These bids are being reviewed by officials from across government to ensure value for money and alignment with government priorities. We are also in discussions about ongoing funding for Academi Heddwch into the new financial year, however its current funding is in place until the end of July 2025.

On the basis that funding is confirmed, we will then continue to work closely with partners to monitor delivery and manage any associated risks. As stated previously, the dynamic nature of international engagement requires us to remain agile in seizing emerging opportunities, and we expect the same from our partners. Should any challenges arise, we will engage our partners and discuss contingencies and will reassess funding needs and/or adopt a flexible approach to priorities where appropriate to do so.

Financial implications

Not applicable

Recommendation 16. The Welsh Government should consider what steps can be taken for future budget cycles to engage strategic delivery partners in sufficient time to enable details of proposed allocations to be scrutinised as part of the Draft Budget process.

Response:

Accept

We are currently reviewing how we fund our strategic partners and have held extensive discussions with our existing partners as part of this process – this includes engaging and inviting bids from our partners at appropriate times throughout the financial year. Over the next year, we will look at options for a new funding mechanism for partner organisations to support the delivery of international activities. We will look at opportunities to agree budget availability for external partners earlier in the financial year. We continue to engage with our partners on a regular basis throughout the whole year including on any changes to funding arrangements in the future.

Financial implications

Not applicable

Recommendation 17. The Welsh Government should, in its response to our report, set out a timetable for the publication of the International Strategy Delivery Plan (“ISDP”).

Response: Accept

We will launch the International Delivery Plan by the end of the current financial year. I will contact the Committee to arrange for my officials to provide a technical briefing ahead of publication. This will be an opportunity to gain more detailed insight into plans for the next year.

Financial implications

Not applicable

Recommendation 18. On publication of the ISDP, the Welsh Government must provide to us:

- Updated breakdowns of planned spend within the International Relations BEL, International Sustainable Development BEL and any other relevant BEL. This should be accompanied by clear explanations of how each allocation relates to priorities set out in the ISDP

- Clarification of whether the ISDP allocations will affect planned spending elsewhere in the International Relations BEL and, if so, how
- Information about how funding will be allocated between the International Strategy's action plans and the ISDP.

Response: Accept

I will set out the breakdowns of planned spend within the International Relations BEL, International Sustainable Development BELs once the final budget is agreed and published. This will include allocations to deliver elements of the ISDP where appropriate and within the remit of International Relations.

The Delivery Plan will outline a series of high-level commitments detailing how our International Relations activity will support delivering outcomes for Wales as well as continuing the core aims of the International Strategy and Action Plans. The Delivery Plan will not impact the breakdown of planned expenditure, as the budget allocation and plan have been developed in parallel. As a result, there are no substantive changes to how funding has been distributed across the BELs. However, the Delivery Plan will provide a clear overview on areas of focus over the next year and what outcomes are expected.

Financial implications

Not applicable

Recommendation 19. The Welsh Government should provide us with the information regarding progress made on delivering the International Strategy the First Minister referred to on 13 December 2024 at a meeting of the Committee for the Scrutiny of the First Minister.

Response:

Accept

Every year, we publish an annual report which provides a comprehensive oversight of activity to deliver the International Strategy tracking progress. We will continue to provide this detailed information but as I stated during my committee appearance, my focus is on delivery, not review. I will shortly publish the International Delivery Plan which will look to

sustain our momentum, ensuring Wales remains agile, responsive, and well-positioned to seize global opportunities while maximising impact here, in Wales.

We will ensure that the Committee is updated on progress against the Delivery Plan.

Financial implications

Not applicable.

Recommendation 20. In its response to our report, the Welsh Government should provide written responses to the questions posed in paragraph 115 of this report, covering areas on which we require further clarification or information. This includes matters relating to responsibility for International Sustainable Development; the difference between the International Relations BEL budget and outturn in 2023-24; whether the International Sustainable Development BEL still comprises a £350,000 transfer from the International Relations BEL; whether activity funded through the International Sustainable Development BEL that was paused/ceased as a result of budget cuts can now resume; responding to global conflict and international emergency appeals; planned spend in relation to the First Minister's responsibilities for Wales and Europe; and the International Learning Exchange BEL and funding for Taith.

- a. Whether responsibility for International Sustainable Development, which was previously in the Social Justice portfolio, now resides with the First Minister?
- b. Whether the £563,257 difference between the International Relations BEL budget and outturn in 2023-24 resulted from savings, underspend or a combination of both, and how this was reallocated? Whether any international relations activity was not delivered as a result, and did this have any implications for achieving the Welsh Government's objectives?
- c. Whether the International Sustainable Development BEL still comprises a £350,000 transfer from the International Relations BEL (not shown on the Draft Budget), or whether the transfer is no longer required (with the result that both BELs have increased by £350,000)?
- d. Whether the activity funded through the International Sustainable Development BEL that was paused/ceased as a result of budget cuts in the 2024-25 financial year can now resume or whether the allocations described by the First Minister in her written evidence will contribute to existing activity only?

- e. Whether allocations are being considered towards responding to global conflict and international emergency appeals, and if so, when will further information be available?
- f. Further information about planned spend in relation to the First Minister's responsibilities for Wales and Europe, the financial implications of EU exit on Wales, how EU exit has shaped the Welsh Government's Draft Budget in respect of International Relations.
- g. When final allocations of breakdowns for the International Learning Exchange BEL will be available, and what consideration is being given to the future funding of Taith beyond 2026?

Response: Accept

- a. I can confirm that responsibility for International Sustainable Development is in my portfolio.
- b. This was because of savings made across the BEL and costs accounted for against the overseas operations lines which did not materialise, such as a reduction in staff moves, which had been forecast. Through this cost saving exercise, the funding allocated to diaspora engagement on the International Engagement budget line was removed, however this activity continues through our overseas offices.
- c. The agreement to transfer the £350,000 is now permanent.
- d. The cuts have not been restored. Cuts were made to the International Learning Opportunities programme, the Size of Wales grant and to the Wales and Africa Small Grants Scheme. Work continues, but at a reduced level of spending.
- e. Budget is not set aside. Donations to emergency humanitarian appeals are made on an ad hoc basis and, previously, funds have come from the International Relations budget, the Social Justice budget or from WG reserves.
- f. Our relationship with the EU continues to be hugely important to Wales beyond EU exit. Retaining the Brussels office was a Programme for Government priority, and we appointed Derek Vaughan as WG European Representative to rebuild and strengthen relationships with European Institutions – he has been extended in that role until the end of 2025. This engagement has helped to raise Wales' profile and credibility with EU partners against a previously challenging backdrop of EU-UK relations.

France, Germany and Ireland are amongst our most important individual trading partners in Europe, with significant presence in Wales from companies headquartered in those countries, and strong bilateral relations (Wales-Ireland Shared Statement, Baden-Württemberg Shared Statement, Brittany MoU).

Brexit, and the new relationship through the EU-UK TCA, has required us to adapt our focus in the European overseas teams: in addition to engagement with EU institutions, we have prioritised engagement in EU regional networks, alongside our priority partner regions. Our teams in France, Germany and Ireland have also been working to address specific challenges in their markets arising from Brexit, for example, working with Welsh businesses seeking to export to the EU / navigate new trading rules.

More broadly, Brexit has had significant financial implication for Wales. Economic figures vary but point to an expected reduction in trade and productivity. The latest Economic and Fiscal Outlook from the Office for Budget Responsibility, suggests that the UK's long-run productivity is expected to be 4 per cent lower than if we had remained in the EU and, according to HMRC data, between 2019 and 2023 the volume of Welsh goods exports to the EU fell by 8%, while EU imports to Wales fell by 29%.

There is also a loss of funding. Despite commitments made by previous UK Conservative governments that Wales would not be worse off because of Brexit, the annual average allocation received through EU funds was not matched by the previous UK Government until the final year of the Shared Prosperity Fund (SPF) in 2024-25.

- g. £6.5 million has been allocated for the International Learning Exchange BEL in the 2025-26 Draft Budget and is subject to budget approval. Consideration is currently being given to extending Taith for an additional year to 2027.

The current Pathway 1 funding call, which opened for applications in January 2025, allows for projects with a duration of up to 24 months. Consequently, budget has been provisionally allocated up until the 2027-28 fiscal year to accommodate successful two-year projects.

Financial implications

Not applicable. However, if a future humanitarian emergency appeal is launched that warrants a donation from the Welsh Government, then this will be considered, and funding will be provided from the most appropriate source based on projected forecasts at the time.