

Maggie Russell, Chair  
Dafydd Rhys, Chef Executive  
Arts Council of Wales  
Bute Place  
Cardiff CF10 5AL

## **Annual Scrutiny of the Arts Council for Wales**

Dear Maggie and Dafydd,

Thank you for attending the Committee's meeting on 2 October 2025 as part of our Annual Scrutiny of the Arts Council of Wales. The Committee would like to thank you and Lorna Virgo for your time and the for the evidence that you shared with the Committee. There are a few extra queries we have which we did not have time to cover during our time, and they are set out below.

### **Budget considerations**

The Committee is very conscious of the effect of recent real-term reductions in Welsh Government revenue funding and the challenges that the sector has faced in recent years.

You outlined the continuing fragility of a sector that remains in a vulnerable position, with an increase seen in organisations most at risk, and you noted that there is "no slack" in the system. You set out your view that an inflation-only budget "would have an impact on our ability to provide adequate support to the sector, and it would mean that we would have to make some quite difficult decisions."

Furthermore, you outlined the effect of annual capital budgeting, and you said that your preference would be to be able to plan capital budgets over a period of 3 to 5 years. You also told the Committee that there is a £5 million capital funding gap between the capital funding received last year and the level of grant applications received. Indeed, you went further commenting that:

*"There are so many buildings within the sector, particularly from the 1970s ... that haven't received any real capital investment to maintain them. I'm not aware of any centre from that period that doesn't have a leaky roof. So, there is a great deal of work to be done, and a great deal of demand there. If you were to ask for a figure, it could be anything from £50 million to £100 million, in terms of the need within the sector."*

The Committee was pleased to hear that you are conducting further work in this area, and we would be grateful if you could provide more evidence around the capital funding needs of the sector.

The Committee also noted your clear view that *Celf* (the Welsh Government's National Art Gallery project) will continue to need continued financial support from the Government for the project to be sustainable, saying that:

*"The three organisations involved - ourselves, the Amgueddfa and Llyfrgell Genedlaethol Cymru - have noted repeatedly for about three or four years that this project will continue to need additional support from Government, unless, of course, there is a budgetary settlement that is in excess of flatline"*

The Committee will wish to raise these matters as part of our scrutiny of the Welsh Government draft budget in the coming weeks.

### **Culture strategy**

You also set out evidence to the Committee about your role in the development of the Welsh Government's Priorities for Culture. You explained that there is:

*"...no clear road map in terms of when some of these priorities need to be achieved by, nor was there any idea of what funding there was behind those ambitions."*

The Committee was struck that, whilst you had opportunities to discuss the Priorities for Culture, the Arts Council of Wales did not have a leading role in its development. We noted your views that an implementation plan would strengthen delivery of this work.

You provided clear analysis of a sector still recovering from the compounding effects of the pandemic and cost-of-living crisis, with audiences yet to return to pre-pandemic levels, reduced profit margins on hospitality sales, and a hugely reduced workforce. We are disappointed that similar analysis was not included in the Welsh Government's Priorities for Culture.

The Committee will continue to pursue these points with the Welsh Government.

### **Governance**

Finally, we discussed with you the importance of robust internal governance processes, not just for the Arts Council of Wales itself, but of using your influence and funding mechanisms to encourage and require sound governance.

We noted with interest your point around "doubling up" on scrutiny that you have raised with the Government:

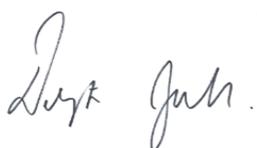
*"...as an arm's-length body as well, we do have a level of scrutiny. Sometimes, the Welsh Government then doubles up on the same level of scrutiny and, for us, it just doesn't seem to make that much sense, really. We're either entrusted—. And we can be scrutinised, of course, but there seems to be a doubling up and I don't think it's the best use of resources, both for Welsh Government and for us, in that sense."*

Following the meeting, the Committee would be grateful to understand more about what the Arts Council is doing in response to the findings of the investment review sector reports.

Thank you once again for your attendance at Committee and for your valuable insights.

I am copying this letter to the Minister for Culture, Skills and Social Partnership.

Yours sincerely,



**Delyth Jewell MS**  
**Committee Chair**

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.