



Pwyllgor Cymunedau, Cydraddoldeb a
Llywodraeth Leol

Communities, Equality and Local Government
Committee

Bae Caerdydd / Cardiff Bay
Caerdydd / Cardiff
CF99 1NA

29 October 2013

John Griffiths AM
Minister for Culture and Sport

Dear Minister

Welsh Government draft budget proposals, 2014-15

Thank you for attending the Committee on 24 October 2013 to answer questions on the Welsh Government's draft budget proposals relating to culture and sport for 2014-15.

The Committee would like to draw your attention to the matters set out below, and looks forward to receiving your response, where appropriate, as soon as possible.

We note that the Finance Committee's consideration of the draft budget is structured around the four financial scrutiny objectives of affordability; prioritisation; value for money; and budget processes. We have applied these objectives to our considerations and have identified the relevant objective against each of the matters set out below. A copy of this letter goes to the Finance Committee to inform its overarching consideration of the draft budget and it will also be published on our website.

1. Overall Priorities

(Scrutiny objective: Prioritisation, value for money)

You assured the Committee that all *Programme for Government* commitments are deliverable from within the available budgets, however we note a decrease for 2014-15 in combined revenue and capital funding for the whole portfolio of 3.7% in real terms (compared to 2013-14).

You advised us that detailed discussions had been held with the organisations funded from your portfolio in order to assess the impact of budget reductions on them and that you had moved some of the budget in response to possible impacts identified through this process. **We ask that you closely monitor how the reductions actually affect outcomes in each spending programme area over the next year and report back to us in this respect.**

You said that delivery of the commitments in your portfolio and their associated outcomes is monitored throughout the year, in meetings with the Chairs and Chief Executives of the sponsored bodies, and discussions at the Quarterly Monitoring meetings at official level, with achievement being reported in the *Programme for Government* Annual Report. You also said that evaluations are undertaken periodically in order to ensure that the desired outcomes are being achieved and that the investments are delivering value for money. **We believe you should continue to undertake evaluations to ensure value for money is being achieved and we would be interested to receive an update from you in due course in this regard.**

2. The arts sector

(Scrutiny objective: Prioritisation, value for money)

The *Programme for Government* states that one of the Welsh Government's priorities is to widen access to culture by working with the Arts Council of Wales to develop a vibrant and high quality arts sector accessible to all communities in Wales. However, the 2013 progress report on the *Programme for Government* showed that there had been a decrease in the proportion of children regularly participating in arts activities and that the gap in participation between disadvantaged groups and others remained.

We note your evidence that you have been clear with the arts sector and the Arts Council of Wales about the need to "produce more with less" and that you have tasked all the organisations funded from your portfolio to be more effective in their delivery. However, we note that there will be a real terms decrease of 5.6% in combined capital and revenue funding for this spending programme area. We believe that the impact of this on participation figures, particularly for disadvantaged groups, should be closely monitored and reviewed. **We ask that you provide us with an update following the publication of the 2014 progress report on the *Programme for Government*.**

3. Museums, Archives and Libraries

(Scrutiny objective: Prioritisation, affordability)

The 2013 progress report on the *Programme for Government* states that visits to the National Museum and the National Library have reached record levels, while the number of people visiting public libraries in Wales has risen by over 11% in the last ten years, compared to a 5.1% decrease in the UK as a whole.

You restated your intention to maintain free admission to the National Museum sites as part of the Welsh Government's commitment to widening access, which we welcome. We note your comment that this policy delivers in terms of widening access, but we believe that the sustainability of the policy, as well as its value for money, should be kept under review, given the reductions made elsewhere in the Welsh Government budget.

We note that £1.9 million will be available within this spending programme area for local libraries and museums to bid for. However, you will be aware of wider concerns about the possible impact of budget reductions for local government on services such as libraries, museums and archives. We welcome your comment that you are keen to establish communication channels with local government so that you are aware of their intentions in this regard, and in a position to offer support. **We believe that these communication channels should be established as a matter of urgency to mitigate as much as possible the impact of local government budget reductions on local library, museum and archive services. We look forward to hearing about the steps you have taken in this regard, and we intend to return to this issue when the Committee undertakes an inquiry into local libraries in the near future.**

We note and welcome your commitment to protect the funding allocated to deliver the *Libraries Inspire 2012-2016* strategy and the *Museums Strategy for Wales 2010-2015*. **We would, however, welcome an update from the Welsh Government on the relationship between the level of funding provided to implement these strategies and the specific outcomes they have achieved to date.**

We also welcome your assurance that there has been no impact on allocations in other parts of your portfolio as a result of providing additional funding for repairs to the National Library, as the resources were provided from central funding.

4. The Historic Environment

(Scrutiny objectives: Affordability and value for money)

We note that there has been a limited reduction of £60,000 in the revenue funding for this spending programme area in 2014-15 compared to that shown in the indicative plans. We further note a reduction of £160,000 in revenue in comparison with 2013-14 and a further £300,000 reduction in capital.

We asked about progress on the work being undertaken on the future of the Royal Commission on the Ancient and Historic Monuments of Wales and its possible merger with CADW. You advised that no decision had yet been taken but that, whatever the outcome, it would have to be accommodated within existing budgets. **We would like you to keep us informed of progress in this area.**

We note your comments about what your *Historic Environment Strategy* is seeking to achieve in terms of linkage of sites, but **we would welcome an update on specific outcomes in due course.**

We further note that you confirmed that there will be sufficient funding available to introduce and implement a Heritage Bill in due course and the Committee will keep this in mind when it scrutinises that Bill.

We also asked you about the possible impact of wider budget reductions on smaller organisations in this sector. We agree with you that there are no easy answers in the current financial climate, but would **ask you to closely monitor this bearing in mind the substantial contribution made by smaller organisations to the historic environment in Wales.**

5. Media and Publishing

(Scrutiny objective: Prioritisation)

We note that funding for the Welsh Books Council will be reduced by £200,000 in 2014-15 and a further £100,000 in 2015 and are concerned that there appears to be no clear impact assessment or explanation of the grounds on which these reductions have been made.

You confirmed that the Community Radio Fund has been discontinued and said it had always been clear that this funding was time limited. Your officials advised that the funding amounted to £100,000 per year, with the 2013-14 funding being spread across nine stations. Whilst we realise that this is a relatively small amount in terms of your total budget, to a community radio station this could have a significant impact on their ability to survive. We were therefore disappointed that you were not able to advise us of the impact the discontinuation of this fund would have on the stations affected, other than to say that you hoped that some, at least, would be sustainable.

We also note your comment that you do not have a great deal of budget for broadcasting in Wales, and that other Welsh Government departments also fund areas related to the media, such as the creative industries. However, given that you have responsibility for policy on broadcasting, **we would welcome further details about the level of funding provided within your department to promote the plurality and quantity of the media in Wales, and details about the specific work your department is undertaking in this respect.**

6. Sport and physical activity *(Scrutiny objective: prioritisation)*

We note that combined revenue and capital funding for the sport and physical activity spending programme area is set to decrease from £25.2 million in 2013-14 to £24.1 million in 2014-15, which is a decrease of 6.2% in real terms. Given the Welsh Government's key commitment to widen participation in sport and physical activity levels in Wales, we believe that the impact of this funding reduction on participation should be kept under review. **We ask that you provide us with an update on this following the publication of the 2014 progress report on the *Programme for Government*. We would also welcome an update on the specific outcomes that have derived from the whole government approach to raising levels of physical activity that the Welsh Government launched in December 2012.**

Similar to our comment above on the possible impact of local government budget reductions on local libraries and museums, we again note your statement that you would wish to see "early intelligence" of plans that may impact on local leisure services, so that you can be in a position to "try to influence and shape" those decisions. **We look forward to hearing about the steps you have taken to establish communication channels with local government in this regard, and what the outcomes of those discussions have been.**

It should also be noted that, in the near future, we will be publishing our conclusions from the inquiry the Committee undertook earlier this year into participation levels in sport in Wales, which may include further recommendations to the Welsh Government in this respect.

7. Provision for the Active Travel (Wales) Bill *(Scrutiny objectives: affordability and value for money)*

We asked why there was no provision in your budget to implement the Active Travel (Wales) Bill, given that responsibility for promotion of walking and cycling lies within your portfolio. You advised that £0.3m was identified for 2014-15 under the Economy, Science and Transport portfolio for the development of existing routes maps. You said it had always been made clear that the majority of the budget for active travel would remain within the transport budget, as it needed to be central to Welsh Government policy and not seen as an add-on.

As part of its Stage 1 scrutiny of the Bill, the Enterprise and Business Committee raised a concern that "one of the reasons the Welsh Government's Walking and Cycling Action Plan had been of limited success was because the delivery of, and funding for, the Plan had been divided between Ministerial portfolios."

We support this view and, given the potential benefits better routes for cycling and walking can provide in terms of health, wellbeing, tackling disadvantage and the environment, were disappointed that it appears to be given such a low priority. We are also concerned about how the Bill and accompanying Active Travel Plan can be effectively implemented with only £0.3 million allocated in the whole Welsh Government budget specifically for this purpose, particularly as this £0.3 million is allocated to mapping existing routes, something that could have been done without the need for legislation.

8. Preventative Spend

(Objectives: prioritisation and value for money)

The Finance Committee has asked all subject committees to provide a picture of preventative spending within each portfolio area, however the paper you provided to the Committee did not explain specifically how preventative spend is targeted within your portfolio.

When we asked what proportion of your budget was allocated to preventative spending measures, you said it was difficult to put a precise figure on it, but you believed that virtually the whole of your budget is on the lines of preventative spend. You cited the example of Sport Wales and how they were helping people be more active and prevent illnesses, which in turn had a positive effect on the NHS budget. You also talked about the positive impact that participation in the arts can have on people's wellbeing, citing mental health as a specific area in which it can make a positive contribution. Whilst we accept this point, we have some concerns that there appears to be no clear and specific targeting of funding on preventative spending within your portfolio.

You agreed to provide examples of direct and indirect preventative spending in terms of some of the programmes within your department.

9. Use of Reserves

(Objective: affordability)

We asked you about the extent to which the reserves of the organisations you fund were taken into account in determining the 2014-15 budget. You told us that you had held meetings with the organisations to determine the extent to which they were leveraging in funding outwith the public purse and what reserves they had. You said that the national parks had substantial reserves, although this varied to some extent between the three, and that had influenced your eventual decision on the funding allocated to them. You also said that all of the organisations were able to demonstrate that they had taken steps to lever in additional funding, although both you and they accepted that there was still more that could be done. You said you thought there was benefit in sharing ideas across the organisations and that you intended to hold further meetings with them to drive this forward.

We would appreciate more detail on how reserves are taken into account when determining budget allocations.

Yours sincerely

A handwritten signature in black ink that reads "Christine Chapman". The signature is written in a cursive style with a period at the end.

Christine Chapman AC / AM
Cadeirydd / Chair

cc Jocelyn Davies AM, Chair, Finance Committee