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Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
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Christine Chapman AC/AM  
Chair of the Communities, Equality  
and Local Government Committee

6 December 2013

Dear Christine,

### WELSH GOVERNMENT DRAFT BUDGET PROPOSALS, 2014-15

Thank you for your letter dated 29 October following my attendance at your Committee meeting on 24 October to answer questions on the draft budget proposals for Culture and Sport.

At this stage, I will respond to the specific points on which you have requested further information. I will then be happy to provide updates in future on those areas where you have asked to be kept informed of progress. This will include reporting on achievements in the next Programme for Government Annual Report update, which is scheduled for publication next May.

I will use the section references which you used in your letter.

### 3. Museums, Archives and Libraries

As I said at the Committee, the potential scale and impact of local authority cuts to local services is not known at this stage as local authorities are still working through the implications of the budget settlement. I am keeping in close touch with WLGA on these issues, and also with the Minister for LGGB. In addition, my officials continue to remain in close contact with both the WLGA and local government services.

In terms of the relationship between the level of funding provided to implement the *Libraries Inspire 2012-16 Strategy* and the *Museums Strategy for Wales 2010-2015*, and the specific outcomes they have achieved to date, CyMAL funding aids the museum, archive and library sectors to deliver strategy outcomes through grant funding for projects delivering specific outcomes outlined in the annual delivery plans agreed for national strategies. Outcomes

relating to increasing participation and improving access to resources are central to the museums, archives and libraries strategies and include:

- Increasing participation through a co-ordinated national audience development programme to promote services;
- Improving public access to online services through cost efficient national procurement and digitisation initiatives, newspapers, family history and catalogues/collection descriptions;
- Enriching people's lives through targeted activities:
  - Increasing participation in museums by children and young people from deprived areas, through work with Kids in Museums and the Children's Commissioner in Wales
  - Assisted transport scheme to enable schools to visit local Archive Services; and
- Increasing community use of library facilities through the Community Learning Libraries modernisation programme (6 library projects have been awarded grants across Wales in 2013-14).

This programme is designed to develop collaboration on a local, regional and national level to deliver efficiencies, organisational change, and improved and more sustainable service delivery. For instance, work is progressing to procure a library management system for Wales. Evidence shows that efficiency savings of around 30% (capital and revenue) can be achieved by jointly procuring a new system compared to each authority procuring a similar system separately. It will also lead to more cost-effective delivery of online services such as e-books and e-magazines. Later this month I will be launching a new e-magazine service covering 20 public library services across Wales, made possible following collaboration between local authorities and the Welsh Government. My officials are continuing to work to ensure that all public library users can access this service in the near future. Our grant support for investment in local library services delivers measurable benefits. For instance, the co-location of a public library with the council information service, social enterprise café and a chapel in Bargoed delivered a massive increase in visitors, with 164,000 people crossing the threshold in the first year of operation, a 134% improvement on the previous year.

#### **4. The Historic Environment**

I am very mindful of the substantial contribution made by smaller organisations to the historic environment in Wales. This was indeed one of the contributory factors in my decision to limit the scale of budget reductions in this area. I will continue to keep this issue under review.

#### **5. Media and Publishing**

As a Government we continue to be very concerned about the lack of quantity and plurality of the media in Wales. The Welsh Government of course has no direct responsibility in relation to broadcasting or the newspaper industry in Wales. However, we have concerns about the developing situation because it has such an effect on our work and on local communities across Wales.

The Welsh Government has consistently expressed concerns to the UK Government about a number of issues in relation to public service broadcasting. This includes lobbying the Department for Culture, Media and Sport before the UK Government's Spending Round announcement in June 2013 that the funding S4C receives from that Department should

continue. The Welsh Government will continue to stand up for maintaining full services in the Welsh and English languages at a national and local level.

As reflected in the Welsh Government's written evidence to the Silk Commission we believe that it is essential to improve the accountability of UK broadcasting institutions to the National Assembly and to Welsh viewers and listeners. This improved accountability can best be delivered by strengthening the position of Welsh Ministers with regard to appointments made to the regulatory bodies governing broadcasting in Wales. We proposed that the BBC Trust Member for Wales and the Chair and Members of the S4C Authority should be appointed with the agreement of Welsh Ministers. We also argued that the Ofcom Board should include one member specifically charged with representing the views of Welsh citizens, and that this member should also be appointed with the agreement of Welsh Ministers

We need to be realistic however that the factors driving change in the commercial media sector are deep-rooted, structural and technological, and are not going to be addressed by the kind of level of financial investment the Welsh Government can afford to make. Our financial investment can only make a difference in specialist fields as reflected in the Evidence Paper to the Committee. The Welsh Government, through the Welsh Books Council continues to provide funding for a daily on-line news service in the Welsh language, *Golwg360* (£200,000), as well as Welsh-medium news and current affairs publications including the weekly news magazine *Golwg* (£73,000), the monthly current affairs magazine *Barn* (£80,000) and support for featured articles in the weekly newspaper *Y Cymro* (£18,000). Although the Books Council's budget for these magazines will largely be protected the Council is aware that they are all under pressure due to advertising and sponsorship constraints in the current economic climate.

On 11 October the Welsh Books Council announced that *Golwg Newydd* had won the tender to provide an on-line news service in Welsh for a further three year period. *Golwg360* has developed to be a vital resource for Welsh speakers with around 8,000 unique daily visits. This announcement will enable the company to build on what has been achieved to date and allow them to continue to play an important role in providing Welsh speakers with an on-line news service – a valuable contribution to the delivery of the Welsh Government's Welsh Language Strategy.

Welsh Government funding to the Books Council also supports English-language magazines with the quarterly current affairs magazine, *Planet*, receiving £73,000 and a grant of £8,000 to support a book-related supplement in the politics and society magazine, *The Welsh Agenda*. Two other literary magazines also receive financial support, *New Welsh Review* and *Poetry Wales*.

The reductions in the budget for the Welsh Books Council were made on the basis of impact assessments submitted by the Council. We will be working closely with the Council to ensure that the most important services are protected as much as possible.

I am conscious that community radio stations who have benefitted from funding from the Community Radio Fund now face significant challenges. Although the Community Radio Fund has obviously been a significant boost to this sector it is worth noting that eight of the nine community radio stations which receive funding from the Fund during the current financial year were in existence before the Fund was established. As I explained to the Committee, the Fund was due to expire at the end of the 2012-13 financial year. When the decision was made to extend the period of the Fund for a further year the stations were informed by the Welsh Government that this was for one-year only in order to give them an opportunity to investigate alternative sources of funding or to prepare to become self-sufficient post March 2014. My officials will continue to liaise closely with the stations in

order to ensure that they are fully aware of alternative sources of funding within and outside the Welsh Government.

## **6. Sport and physical activity**

As you note in your letter, one of our key objectives is to widen participation in sport and to increase levels of physical activity in order to improve the nation's health. Sport Wales will be working with my officials over the coming months to make sure we make the most effective use of the funding available, so that we can make progress. Through Sport Wales own evaluation work we will be able to provide you with historic and present data on participation. I will be happy to provide an update on this matter and on the specific outcomes that have derived from the whole Government approach to raising levels of physical activity following the publication of the 2014 progress report on the Programme for Government.

As I noted in my response on Museums and Libraries, the potential scale and impact of local authority cuts to local leisure and sports services is not known at this stage as local authorities are still working through the implications of the budget settlement. I am keeping in close touch with WLGA on these issues. Sport Wales are also working with local authorities to develop new models of delivery that reduce back office costs while maintaining delivery for the public. Some of this will be achieved through the proposed regionalisation of support. My officials remain in close contact with both the WLGA and local government services.

I am pleased to report that we have been successful in developing a capital loan scheme of £5m to fund a pilot scheme that will provide interest free loans to local authorities for sport and leisure projects. In the coming months, officials will be working closely with local authorities and the Welsh Local Government Association to develop the scheme criteria.

I look forward to seeing your conclusions arising from the inquiry into participation levels in sport in Wales.

## **7. Provision for the Active Travel (Wales) Bill**

The Committee is right to identify walking and cycling as activities which support objectives across Welsh Government and there are allocations that support promotion of walking and cycling and the provision of walking and cycling infrastructure in a range of portfolios.

The importance of effective joined-up working is recognised and there was close working between the Minister for Economy Science and Transport and I during the passage of the Active Travel (Wales) Act through the Assembly.

I work with the Minister for Economy, Science and Transport regarding the budgets that sit within her portfolio and provide for the development of the Design Guidance and which will support the development of the Existing Routes and Integrated Routes maps. In line with the amounts identified in the Impact Assessment of the Bill, £0.3m has been allocated next year for these activities.

I was clear throughout the passage of the Bill that expenditure on infrastructure will come from existing funding but that funding would now be much better directed at routes that would make a real difference to people's mode choice.

I also work with the Minister for Economy, Science and Transport regarding the capital budgets within her portfolio that provide for expenditure on the active travel infrastructure that will be delivered in response to the Bill.

The Transport Minister currently funds local authorities to provide walking and cycling infrastructure through two main grant programmes. In future, local authorities will need to deliver it to a consistent standard as a result of the design guidance, and to focus on issues of connectivity and promoting the use of routes.

It is the case that investment by other Ministers will also contribute towards the delivery of the Active Travel Act. The Minister for Health and Social Services, for example, funds a range of programmes that encourage uptake of walking and cycling as part of health promotion activity.

The Active Travel Action Plan, which will be published for consultation shortly, is a cross-Government plan and contains actions that are the responsibility of a number of different Ministerial portfolios.

The only resources required for the development of the Action Plan are staff costs and very minor costs for hosting consultation events.

## **8. Preventative spend**

The most obvious example of preventative spend in my portfolio is spending to increase physical fitness. There is a clear evidence base that substantiates the link between physical fitness and healthy life expectancy. This was a factor that I took very much into account in deciding to limit the reductions in the budget to Sport Wales. We do of course need to continue to improve the effectiveness of our spending in this area, and evaluate how far increases in habits of physical activity among young people are maintained into lifetime habits, if spending is to really deliver the potential of being "preventative" in terms of reducing public spending on health in later life. Promoting longer, healthier lives is central to Welsh Government policy.

I would also highlight other respects in which spending in my portfolio has the potential to be preventative:

- Most parts of my portfolio (eg sport, the arts, libraries, heritage and access to the historic environment, enjoying the countryside) make a contribution to mental well-being. The costs of mental illness to the Welsh economy are significant. The "First Incomplete Field Guide to Wellbeing in Libraries", published on 11<sup>th</sup> January 2013, highlights the contribution made to support the health and wellbeing of people across Wales. The research on the health benefits of intensive engagement with creative and cultural activities through art therapy and workshops led by artists is well recognised in the literature on cultural impact.
- Professor Dai Smith's Report "The Arts and Education" flags the international evidence that the arts can contribute to raising educational attainment, particularly of children from lower socio-economic backgrounds. Museums and heritage organisations can contribute similarly. Helping to raise educational attainment is likely to raise people's life chances and therefore has the potential to be preventative in terms of public spending. That is one of the reasons why I am working to increase the contribution that the arts and heritage can make to raising educational attainment, working with the Education and

Skills Minister to follow-up Professor Smith's Report and on the report currently being prepared by Baroness Kay Andrews on culture and poverty.

- Cadw's work with young offenders and school referral units contributes to Welsh Government education and employment objectives. Education and the attainment of skills and qualifications are widely recognised as major factors in preventing children becoming offenders, and reducing the longer-term risks of reoffending.

### 9. Use of Reserves

In general, organisations are not allowed to accumulate reserves from the funding which we provide to them. For WGSBs the standard rule is that they can carry forward 2% of their grant-in-aid funding from one year to the next. However, the National Parks have accumulated some significant reserves – with “useable reserves” at 31 March 2013 across the three Parks amounting to some £6m, being 28% of their annual cost of services of £22m.

As I said at the start of this letter, I am of course happy to provide further information as you require.

Best wishes



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CC Jocelyn Davies AM, Chair, Finance Committee