

Culture, Welsh Language and Communications Committee – Thursday 8 November 2018

Minister for Culture, Tourism & Sport

Memorandum on the Culture Draft Budget Proposals for 2019-20

1.0 Introduction

This paper provides background financial information to the Committee regarding my spending plans as the Minister for Culture, Tourism and Sport – in respect of the Culture and Heritage budgets within my portfolio, as set out in the detailed Draft Budget published on 23 October 2018.

Due to the continuing fiscal uncertainty; ongoing pursuit of austerity by the UK Government and the considerable uncertainty surrounding the shape and nature of the negotiations for the future deal with the EU, means the decision was taken to publish revenue plans for 2019-20 only, with capital plans for the next two years – 2019-20 and 2020-21.

In the letter dated 25 September 2018 inviting me to attend the Committee session, the Committee has requested information on specific budgetary matters. Responses are incorporated within this Evidence paper.

2.0 Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations

2.1 Summary of Budget Changes

An overview of the Draft Revenue and Capital budget allocations for Culture and Heritage (including Annually Managed Expenditure (AME)) is summarised in **Tables 1** and **2** below.

Annex A gives a breakdown of the Draft Budget figures by Action, and by Budget Expenditure Line (BEL) within each Action.

These budgets include the figures for the Welsh Books Council, but do not include any budgets for Creative Wales or Support for Film and Television Production, as these budgets are the responsibility of the Cabinet Secretary for Economy & Transport.

Resource Budget

TABLE 1: OVERVIEW OF RESOURCE BUDGET (Including AME)

Culture and Heritage	2018-19 First Supp Budget June 2018 £'000	2019-20 Indicative Final budget 2018-19 £'000	2019-20 New Plans Draft Budget £000
Support for the Arts	66,924	65,859	65,859
Media and Publishing	3,649	3,649	3,649
Support for the Historic Environment	13,129	13,129	13,129
Total Resource	83,702	82,637	82,637
Museums & Libraries Pension	3,013	3,013	3,013
Total AME	3,013	3,013	3,013

The only changes are:

- £0.045m has been transferred from the Support for the Arts BEL to consolidate the Support for Culture BEL;
- The budget for Support for Culture and the Arts has reduced by £1.065m. However, this is solely due to Invest to Save repayments due from the National Museums of Wales.

The key point to note is that funding for the main bodies supported from the Culture portfolio has been maintained at the same level as 2017-18, as a result of the Two Year Budget Agreement with Plaid Cymru to provide recurrent funding to the sector of **£2.233m** in each of 2018-19 and 2019-20. The amount of £2.233m has been allocated to the Arts Council for Wales **£1.056m**, the National Museums for Wales **£0.730m**, the National Library for Wales **£0.324m** and the Welsh Books Council **£0.123m**. These are in line with the allocations for 2017-18, and the total figures for each body are shown in the BEL table at **Annex A**.

Capital Budget

TABLE 2: OVERVIEW OF CAPITAL BUDGET

Culture and Heritage	2018-19 First Supp Budget June 2018 £'000	2019-20 New Plans Draft Budget £'000	2020-21 New Plans Draft Budget £000
Support for Culture and the Arts	5,422	10,459	3,062
Media and Publishing	30	30	30
Support for the Historic Environment	4,648	6,170	8,841
Total Capital	10,100	16,659	11,933

The main matters to note are:

- Support for Culture and the Arts for 2019-20 includes £5m from the Budget Agreement with Plaid Cymru to take forward the feasibility studies into a contemporary art galley and a football museum in North Wales;
- The total capital budget for 2020-21 reduces as a consequence of the above £5m a non recurrent allocation in 2019-20, together with a reduction in the capital maintenance budget for the National Library as major capital maintenance work is completed;
- The figures for Support for the Historic Environment increase as a consequence of additional funding (£3.800m in 2019-20 and £4.471m in 2020-21) allocated for investment in monuments in order to generate increased income in the future.

Annually Managed Expenditure

Annually Managed Expenditure budgets of £3.013m support provision for any pension charges which may be necessary in respect of the pension schemes of Amgueddfa Cymru/National Museum of Wales (budget of £2.391m), and the National Library of Wales (budget of £0.622m)

2.2 Final out-turns for the 2017-18

The final outturn for Culture and Heritage for 2017-18 is summarised in **Table 3**

TABLE 3: SUMMARY OF FINAL OUTTURNS 2017-18

Culture and Heritage	Budget £'000	Actual £'000	Variance (Overspend)/ Underspend £'000
Resource (near cash)	79,336	79,863	(527)
Resource (non cash)	5,898	5,437	461
Total Resource	85,234	85,300	(66)
Capital	12,809	13,074	(265)
Total Capital	12,809	13,074	(265)
Total Culture and Heritage	98,043	98,374	(331)

The main matters to highlight are:

- Additional resource funding was provided to the National Museums of Wales (£0.650m) and the National Library of Wales (£0.300m) to help fund the cost of pay settlements. This was funded by additional income generated by Cadw, and by a resource to capital switch in respect of the Music Endowment Fund of £0.500m;
- There was an underspend of £0.461m on non cash budgets as a result of capital maintenance charges for Cadw being lower than budgeted; and
- Additional capital funding, offset by a small capital underspend of £18k, was provided to the Welsh Books Council (£0.155m) and the National Botanic Garden (£0.128m) to enable them to address priority issues at their sites.

2.3 Forecast out-turn figures for 2018-19

Forecast out-turn figures for 2018-19 are in line with budgets.

Culture Overview

Our vision for culture is set out in [Light Springs Through the Dark](#), and our cultural activities align directly with *Prosperity for All* and the cultural goal in the Well-being of Future Generations Act.

Culture involves all the things which make life worthwhile. The culture budget supports essential cultural infrastructure, as well as staff in the Welsh Government and our partner organisations to support cultural delivery across Wales.

The music and literature of Wales and our iconic castles shape our identity and tell the story of Wales to the world. Libraries, museums, archives, heritage sites and arts venues across Wales enable thousands to enjoy and engage with our culture. As well as being important in its own right, our culture protects and enhances our quality of life.

Culture creates jobs in heritage, construction and the arts. Our cultural attractions help sustain the 11,500 businesses in the tourism industry. Arts in Wales power our creative industries. Our culture is central to the Welsh brand and promoting Wales internationally.

We love culture. 75% of people in Wales attended at least 3 arts events last year. Thousands of people have benefited from free entry to our national museums. The national museum is the largest provider of education outside the classroom in Wales – over 180,000 school students enjoy education activities each year.

Culture also brings society together. Volunteering at a museum, library, archive, arts initiative or heritage site can help people gain new skills and friends, and even the confidence to apply for jobs. Digital volunteers across Wales are helping to save our heritage through the Cynefin initiative.

The Welsh Government's culture teams (Cadw, Arts and Museums Archives and Libraries) support our delivery partners – the Arts Council of Wales, Amgueddfa Cymru /the National Museum of Wales, the Royal Commission on Ancient and Historical Monuments of Wales and the National Library of Wales - who between them reach a huge audience in Wales and internationally. Through Cadw, the Welsh Government also delivers services directly to the public. Each year over 2.4 million people visit the 130 monuments in state care, whilst Cadw also supports 35,500 owners and occupiers who care for historic buildings and sites across Wales.

3.0 Response to Specific Information Requested by the Committee

3.1 Information on how the delivery of the Arts, Culture and Heritage portfolio and their associated outcomes are monitored and evaluated to demonstrate value for money.

Key priorities to be delivered by our Partner Organisations are set out in their Remit Letters. The bodies prepare their Operational Plans based on these Remit Letters, including Key Performance Indicators. Progress against their Operational Plans is then monitored by my officials at Quarterly Monitoring

meetings with the bodies, and by means of steering groups and other meetings as necessary.

Evaluations are undertaken periodically and as appropriate in order to ensure that the desired outcomes are being achieved and that the investments are delivering value for money. For example:

- a study was completed by PwC - Investing in the Future to Protect our Past - to create a stronger unified identity for the Welsh heritage sector. This has led to the establishment of a strategic partnership between Cadw, the National Museums, the National Library and the Royal Commission, to work closer together on joint initiatives such as marketing and ensure the success, resilience and sustainability of the heritage sector in Wales; and
- a review was undertaken by Dr Simon Thurley into the operations and finance of Amgueddfa Cymru / National Museum Wales. The Museums are currently implementing the recommendations, in conjunction with ourselves, including the recruitment of a Commercial Director, and developing plans for their sites at Caerleon and Llanberis.

A review has also been undertaken of the operations of Cadw, looking at options of whether Cadw should remain within Government, be set up as an Executive Agency, or as a Welsh Government Sponsored Body. The conclusion was that Cadw should remain within Government, but with an Internal Operating Board, and allowed certain flexibilities to reflect the commercial elements of its operations.

3.2 Details of specific policies or programmes within the relevant MEGs (relevant to Arts, Culture and Heritage) that are intended to be preventative and how the value for money and costs benefits of such programmes are evaluated.

The Fusion Programme

The recommendations in Baroness Andrews' Culture and Poverty report have been progressed through our innovative Fusion: Creating Opportunities through Culture Programme. The programme aims to eliminate barriers to cultural participation and boost skills, engagement, self-esteem and aspiration, particularly in areas experiencing economic disadvantage. Fusion has enabled a wide range of cultural organisations to contribute to a shared anti-poverty agenda by developing new, exciting opportunities for people living in the most deprived communities in Wales. The evaluation of the Programme has demonstrated that cultural bodies are developing more

coherent and collaborative approaches to tackling poverty. Of the people who took part in the 8 Fusion partnerships across Wales in 2017-18:

- 2,900 took part in activities which improved their health and wellbeing;
- 5,000 participants took part in activities to support early years and family learning;
- 420 gained a qualification or accreditation;
- 330 people volunteered;
- 50 improved their digital skills; and
- 2,700 were supported to do better at school.

Fusion is aligned to wider Welsh Government policy for supporting resilient communities by being based on three themes - employability and skills, supporting the early years, and supporting health and wellbeing. Fusion is demonstrating that the cultural sector can make a powerful contribution to these themes. Eight partnerships are delivering strategic cultural programmes and are in the second year of a two-year programme. They comprise local authorities, cultural bodies, community organisations and housing associations. It is planned to extend this for a further year. This will enable the full impact of the work to be seen, based on the existing evaluation. A total of £210,000 has already been committed in 2019-20 to support this work.

A key strand of Fusion for 2019-20 is a transformative programme, ***Cultural Ambition***, which is creating 33 twelve month training placements in the heritage sector across Wales over the next three years, targeted at young people who are NEET and from disadvantaged communities. A successful application to the Heritage Lottery Fund's *Skills for the Future* programme has resulted in a £1m initiative, with the Welsh Government committing £0.070m over three years. The programme was launched at Caerphilly Castle on 11 October 2018.

MALD (Museums, Archives and Libraries Division) will measure the success of the programme through ongoing evaluation by a dedicated Evaluation and Research Co-ordinator. Evaluation during the second year of the programme in 2019-20 will include a cost benefit analysis focussing on performance against these indicators:

- Supporting the Early Years
- Gaining a Qualification
- Regular Volunteering as a route to work
- Completing a work experience placement
- Improved digital skills
- Improved attitude to formal learning
- Better able to manage physical and mental health.

In 2019, I will be making a statement on my priorities for MALD.

3.3 Information on allocations (and their location) in your portfolio to provide for legislation which has the potential to impact in the financial year 2019-20 as relevant to Arts, Culture and Heritage.

There is one area of the portfolio where new legislation applies, namely the implementation of the **Historic Environment (Wales) Act 2016**. Information on allocation is outlined in paragraph 4.1 below.

3.4 Implications of the UK exit from the EU on the Arts, Culture and Heritage portfolio and how the Welsh Government will manage any predicted impact.

The Committee considered the implications of Brexit on areas within its remit at its meeting on 18 October 2018. A copy of the paper provided for that meeting is attached at Annex B.

4.0 Specific areas

4.1 Historic Environment Strategy and Implementation of Historic Environment (Wales) Act

Allocations and commentary in respect of the implementation of the Historic Environment Act.

The Historic Environment (Wales) Act 2016 aims to:

- Give more effective protection to listed buildings and scheduled monuments;
- Improve the sustainable management of the historic environment; and
- Introduce greater transparency and accountability into decisions taken on the historic environment.

The costs for the Act compared to the Regulatory Impact Assessment (RIA) are summarised in **Table 4**.

TABLE 4: COSTS FOR THE HISTORIC ENVIRONMENT (WALES) ACT COMPARED TO THE RIA

Conserve, protect, sustain and promote access to the historic and natural environment Action							
2016-17 Costs £'000		2017-18 Costs £'000		2018-19 Costs £'000		2019-20 Costs £'000	
RIA	Actual	RIA	Actual	RIA	Budget	RIA	Budget
230	221	220	181	197	217	197	197

The majority of the Act was implemented in 2016 and 2017. Work continues on the implementation of the statutory register of historic parks and gardens and heritage partnership agreements, and subject to making the required statutory instruments it is anticipated that these provisions will be implemented in 2019-2020.

4.2 Cadw

Allocations and commentary in respect of Cadw including revenue generation targets, and recent annual income generation figures

The final income figure for 2017-18 was £7.536m. Income figures have increased very significantly since 2013-14 when the income level was £4.8m. This has been the result of a number of initiatives to attract more visitors to sites, including investment in the facilities, together with price increases.

The income budget for 2018-19 was set at £8.1m. Current forecasts suggest that the year end total income will be short of this, at around £7.3m. Reasons for this primarily include the heat wave during June and July which traditionally keeps visitors away from monuments.

Marketing plans for next year are currently being drawn up, and a number of aspects of Cadw's operations are being looked at including events and commercial hire in order to attract additional visitors and generate additional income. Further moderate admission price increases are planned at monuments for next year. Cadw admission prices, even at the key world heritage sites of Conwy and Caernarfon, currently £9.50 per adult), remain considerably lower than attractions in other countries such as Edinburgh Castle £18.50 and Dover Castle £20.

Cadw has also been allocated an additional £10.1m of capital funding for the period 2018-19 to 2021-22 to invest in sites to develop the visitor experience and increase income levels in the future. There are ambitious plans for the development of the castles at Caerphilly and Caernarfon; together with digital

interpretation and development of retail and catering facilities at a number of sites.

More broadly, Cadw is working for an accessible and well-protected historic environment for Wales. It looks after and opens to the public 130 monuments across Wales. Of these, 29 are staffed sites and the remainder are free open-access sites. Capital expenditure on the conservation of monuments also remains an important priority.

Cadw's wider role includes the provision of advice and support for the thousands of people and organisations across Wales who live in or care for historic buildings and monuments – the great majority of which are in private ownership. This includes 30,000 listed buildings and 4,200 scheduled monuments. During 2017-18- Cadw considered 2,570 consultations and applications relating to these designated historic assets. Cadw also supports Ministers in determining which historic assets warrant statutory protection, and the development and implementation of strategy and policy for the historic environment.

4.3 National Museum Wales and National Library of Wales

Allocations and commentary in respect of the National Museum of Wales and the National Library of Wales, including any revenue generation targets

My officials have continued to monitor the financial positions of the National Museum and National Library and advise me on these during the year. Both bodies receive annual Grant-in-Aid funding allocations from the Welsh Government which reflect the importance of these bodies to Wales and their contribution to *Taking Wales Forward*.

Revenue allocations for the National Museums of Wales and the National Library of Wales have been retained in line with the budgets for 2017-18 and 2018-19, as a result of the Budget Agreement with Plaid Cymru. Both bodies have set targets for generating income from other sources. The National Library generates some £0.7m per annum from other sources, excluding any bequests. The National Museum's income generation budget for 2018-19 is £5.175m gross, or £1.863m net after the costs of generating the income are taken into account.

Capital allocations to these bodies include significant amounts to undertake major capital maintenance work. Total amounts allocated over the period 2017-18 to 2020-21 amount to £8m for the National Library and £5m for the National Museums.

Free entry to the National Museum remains a commitment in *Taking Wales Forward 2016-2021*, which has led to a doubling in visitor numbers; removes

barriers to participation in cultural activities for people from disadvantaged backgrounds and/or low incomes; and encourages repeat visits and community use of our national museum sites and facilities.

On 18th October 2018 St Fagans fully opened following a £30m redevelopment, to which the Welsh Government contributed £7m. I welcome the revitalised and renewed site, and commend the National Museum for remaining accessible throughout the redevelopment, and for the way they have involved so many groups and communities in the planning. It truly is a jewel in Wales' crown.

In addition, the National Museum is taking forward the recommendations of Dr Simon Thurley's review and has begun planning on how to improve the National Slate Museum and the National Roman Legion Museum, two of Dr Thurley's key recommendations.

4.4 Libraries and Museums

Allocations and commentary in respect of the Libraries and Museums Strategies

Libraries

Public libraries deliver an extensive range of activities for communities, families and individuals, and with 1.4 million library members, they reach almost 50% of the population. The latest bulletin from the National Survey for Wales found that 33% of those surveyed had used a library in the last 12 months. Libraries engage with partners to support digital inclusion, skills, early years reading and learning, health and wellbeing, and social inclusion - particularly for older people; as well as providing access to culture, information and technology. As a result, investment in schemes such as Every Child A Library Member (ECALM) and Books Prescriptions Wales (for mental health) contribute to Welsh Government priorities. In 2019-20, the viability of closer working on a regional basis will be explored.

A priority for 2019-20 will be to continue support of the development of the National Digital Library Service which provides people across Wales with access to e-books, e-zines, e-newspapers and e-comics alongside the implementation of the all-Wales Library Management System. All remaining authorities will be using the system by the end of 2019. As a result of this, work will be taken forward to scope the options for an all-Wales library card. My officials will monitor the provision of public library services through the Welsh Public Library Standards to ensure that a 'comprehensive and efficient' service is provided by local authorities, as required by the 1964 Public Libraries and Museums Act 1964.

Museums

Support continues to be offered to museums to meet and maintain the UK Museum Accreditation Standard. This is a key area of work to ensure that the public receive high quality services and the portable heritage of the nation is properly protected.

Funding allocated to take forward recommendations in the Review of Local Museums

Officials are progressing with a number of the recommendations outlined in the Expert Review of Local Museum Services.

Work continues on developing a regional approach to working for local museums. Feasibility work was delayed but has now taken place to identify options. Officials will discuss the report received and identify the most appropriate way forward to ensure better partnership working on a regional level.

The Capital Libraries learning fund has been extended to museums and archives. This grant programme provides £1.38m funding each year. Museums are eligible to apply for funding to transform their services. In 2018-19 four museums received a total of £0.49m. Nine museums have submitted an Expression of Interest for the 2019-20 fund, putting in bids totalling £1.14m.

4.5 Arts and Arts Council of Wales

Allocations and commentary in respect of the Arts Council of Wales

The revenue allocation for the Arts Council of Wales (ACW) has been retained in line with the budgets for 2017-18 and 2018-19, as a result of the Two Year Budget Agreement with Plaid Cymru. The capital allocation has also been retained – at £0.355m.

Allocations and commentary in respect of funding to promote access to the arts:

Increasing levels of access and participation in the arts is key for ACW. It will remain a priority in the Remit letter. ACW uses most of its grant-in-aid to core fund 67 key strategic arts organisations and we will expect them to continue to prioritise access and engagement work. ACW's new Corporate Plan, launched in September this year, maintains this commitment but with an increased focus on access, equalities and diversity. They have identified a key strategic priority to deliver this: *Promoting **Equalities** as the foundation of*

a clear commitment to reach more widely and deeply into all communities across Wales.

Allocations and commentary in respect of funding aimed at using arts and culture to tackle poverty;

Arts Council of Wales (ACW) is involved in the Fusion programme at a strategic level, through its participation on the Cultural Inclusion Board, the Fusion Operations Group and the Learning Group; also its *Night Out* scheme is a National Partner. ACW's support is primarily through its arts organisations rather than by direct funding.

On a practical, operational level:

- *Night Out* has (for the past two years) worked proactively with Fusion partners, attending regional meetings and delivering Young Promoter projects (and in some cases Arts Award accreditation) in 6 of the 8 Fusion areas (NPT and Gwynedd have yet to take up the offer)
- ACW advises and brokers introductions between Fusion partners and artists / arts organisations in their areas
- Where relevant, ACW helps to publicise opportunities and disseminate information via its e-news, website and to Arts Portfolio Wales clients.

ACW undertakes a significant amount of work and shows a strong commitment to increase participation by engagement with and representation of under-represented groups (protected characteristic groups) in its work and in the work of those it funds.

ACW has a dedicated Equalities Monitoring Group chaired by a Member of its Council, and all its strategies and programmes undergo extensive equality impact testing.

Allocations and commentary in respect of funding aimed at encouraging/enabling arts organisations to generate more of their own income:

ACW has launched its 'Resilience' programme which is designed to ensure that arts organisations are more business focussed, professional in their management and operation, and able to develop and manage their activities to ensure long-term stability and financial security in a challenging financial climate. This has proved hugely beneficial for the 80% of ACW's core revenue portfolio who are signed-up to the programme. ACW are working with a number of other revenue clients who they feel could benefit from the programme while they are also exploring opportunities to expand the scheme to arts organisations who sit outside their portfolio.

Welsh Government are working closely with ACW and other strategic partners on delivery and implementation of the recommendations of the Culture and Welsh Language Committee Report 'Building Resilience - Non-Public Funding of the Arts'. This includes ongoing discussions on possible additional and alternative support for this work.

4.6 Media and broadcasting

Allocations and commentary in respect of any funding for the media and broadcasting

The revenue allocation for the Welsh Books Council (WBC) has been retained in line with the budgets for 2017-18 and 2018-19, as a result of the Budget Agreement with Plaid Cymru. This will be a boost to the publishing industry in Wales. A number of developments which have been made possible as a result of additional Welsh Government funding during the last few years will continue. This includes supporting editorial and marketing posts within a number of publishing houses. The majority of publishing houses are located in rural and post-industrial disadvantaged areas in north and west Wales and therefore make a positive contribution to the fragile economy of these areas as well as the Welsh language. The WBC has a key role in delivering the Welsh Government's Welsh Language Strategy.

In addition to protecting the WBC's revenue budget, the WBC has received £0.532m of additional capital funding from the Welsh Government during recent years to undertake urgent repair work on its Headquarters and Distribution Centre in Aberystwyth and to upgrade the Council's IT systems. This has benefitted the whole publishing industry in Wales as well as the WBC itself.

The publishing industry in Wales contributes to the majority of our Well-being goals especially *A Wales of vibrant culture and thriving Welsh language*, *A prosperous Wales* and *A Wales of cohesive communities*. The WBC continues to have a vital role in contributing to the Welsh Government's strategic agenda in a number of areas including promoting the Welsh language and literary skills. These, in turn, contribute to social-cohesion, well-being and tackling child poverty, as well as supporting economic benefits within the creative industries.

Welsh Government's funding channelled through the WBC includes funding for Golwg 360, the Welsh-language daily on-line news service, and support for Welsh-medium news and current affairs publications *Golwg* and *Barn*. The funding to the WBC also supports English-language magazines which cover several areas including current affairs/culture.

The Welsh Government's commitments in terms of broadcasting involve staff resource (funded from the Welsh Government Central Services and Administration Main Expenditure Group budget).

4.7 Creative Wales

Allocations and commentary in respect of any funding for the development of Creative Wales

The aim of Creative Wales is to support the economic growth of the sector, helping businesses create and exploit creative content, prioritising support to those who can respond to the opportunities of the global digital creative economy.

To do this we need to provide a holistic offer, becoming a 'go to' brand for the sector. We have a clear strategy that identifies the need to encompass the following areas:

- Infrastructure and creative spaces
- Talent, skills and supply chain development
- Funding for business and access to specialist industry-led advice
- Improving networks, partnerships and collaborative working
- Better exploitation of social media and digital platforms for service provision
- Improving creative businesses' ability to create, retain and exploit their intellectual property in the Welsh Economy

Budgetary requirements for Creative Wales are still in development and are the responsibility of the Cabinet Secretary for Economy and Transport.

4.8 Support for film and television production

The latest review and projected revenue figures, and occupancy rates for Pinewood Studios since the commencement of the Management Services Agreement in November 2017.

The latest figures for the Media Investment Budget, including total investment, return on investment and Welsh Spend (broken down by project)

The latest figures for the Wales Screen Fund including total investment and Welsh spend (broken down by project)

The latest figures regarding the Welsh Governments loan to Bad Wolf Studios including total repayments and Welsh spend (benchmarked against Welsh Government targets)

The Public Accounts Committee are holding a scrutiny session on the Auditor General for Wales' Report on Pinewood Studios on 5 November. We are preparing an update to the Public Accounts Committee, and we will write separately to this Committee following that session.

Culture, Welsh Language & Communications Committee
Thursday 18th October 2018

Implications of Brexit on areas within the Committee's Remit.
Evidence Paper - Minister for Culture, Tourism and Sport

The culture sector makes a significant contribution to the Welsh economy, contributing to inclusive economic growth as set out in the **Economic Action Plan**, helping to reduce inequality and contribute to our goals in the **Future Generations of Wales Act**.

It is currently impossible to quantify the socio-economic and broader implications of leaving the European Union.

Among some of the obvious consequences are:

- **Loss of funding for major projects** – there has been a significant level of EU support for major cultural and heritage facilities in Wales over the past ten years including over **£74m for heritage projects** such as the iconic and breathtaking investment in Harlech Castle;
- **Loss of funding for collaborative projects** which will affect sector bodies, universities and others, and for **skills development**, particularly in creative industries;
- **Impact on the sector markets** – Welsh artists and others rely on the ability to showcase their offer internationally, whilst 45% of cultural industries export to the EU. Major cultural industries report that they are likely to leave the UK if there is no deal which will in turn impact on local creative businesses
- **Regulatory impact** - the biggest impact is likely to be on digital records, intellectual property and copyright. The EU does not regulate the historic environment and although there are some implications for cultural property we are not facing the same scale of legal or regulatory challenges as for example, the natural environment
- **Potential impact of financial volatility** (such as the value of the pound) – impossible to quantify but potential increased costs for example paper costs for publishers have already risen by 25%.

The Welsh Government as a whole has been clear and consistent in its six priorities:

- Continued full and unfettered access to the Single Market and participation in a Customs Union to protect the 60% of Welsh exports that go to the EU and to retain and increase job-creating investment.
- A new migration system that links migration more closely to employment so we can recruit the doctors, nurses, engineers and other workers we need, while protecting employees from exploitation.
- Wales not to lose a penny of funding due to Brexit as promised during the referendum.
- A fundamentally different constitutional relationship between the devolved governments and the UK Government – based on mutual respect. No claw back of devolved powers to Whitehall.
- Maintaining the current social and environmental protections, including workers' rights.
- The vital importance of a transition period to avoid a 'cliff edge'.

In relation to culture our strategy has therefore been to:

- **engage with organisations** in the sector to understand the impact of Brexit, get intelligence on their experiences and work together to prepare for the practical implications of leaving the EU'
- **work with agriculture and across Welsh Government** to ensure culture, heritage and historic environment are taken into account in new arrangements
- **develop new networks** and relationships both in Europe and around the world to promote culture in Wales, working with the British Council, the European Heads of Heritage forum and others;
- Liaise with the **UK Government DCMS** in relation to cultural property regulations and new statutory instruments
- Work collaboratively, within Welsh Government and with our stakeholders and partners to **raise the international profile of Wales**

Each of the individual bodies in the sector including the Arts Council, Amgueddfa Cymru/the National Museum, the National Library and the Royal Commission on the Ancient and Historical Monuments in Wales has also been working to explore new sources of funding and to maintain existing, and build new, networks.

Whilst Tourism does not fall within the remit of the committee, it is worth noting that our **major tourism marketing campaigns** and activities also play a critical role in helping us to continue to build the visibility and reputation of Wales internationally. There is the potential to harness our defining creative, cultural and sporting exports to build Wales brand in key markets such as Germany, Spain and the USA as well as emerging markets such as China, India and Japan in a post-Brexit context.

Of course, we are not considering the impact on the culture sector in isolation. A cross-departmental Welsh Government European Transition Officials Group (**ETOG**) supports the Cabinet Sub-Committee on European Transition. ETOG sub-groups have also been established as needed, for example on Brexit-related legislation, UK frameworks, preparedness, economic considerations, communications and on funding. We also engage with a range of stakeholders and inter-governmental forums. This joined up and collaborative approach has enabled the Welsh Government to be on the front foot in responding to the decision to leave the EU and allowed us to contribute constructively to discussion and debate in order to influence UK Government positions, and to provide robust proposals for the future based on strong evidence.