

Scrutiny of the Welsh Government's Draft Budget for 2023-24

February 2023



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1. Introduction

1. This report sets out the views of the Culture, Communications, Welsh Language, Sport, and International Relations Committee on the Welsh Government's Draft Budget for 2023-24. Our report is intended to inform the debate on Tuesday 7 February 2023.

2. Our scrutiny has been informed by:

- written evidence provided by the First Minister, Minister for Education and Welsh Language, Minister for Economy, and Deputy Minister for Arts and Sport, and Chief Whip;
- oral evidence sessions with the Minister for Education and Welsh Language, Minister for Economy, and Deputy Minister for Arts and Sport, and Chief Whip, on Wednesday 18 January 2023;
- additional written evidence requested from stakeholders; and
- the views of stakeholders in written evidence submitted to the Finance Committee.

3. In advance of our scrutiny of the Draft Budget, we agreed with the Children, Young People and Education Committee to work together in relation to the Census figures and Welsh-medium education. This reflects the overlap in responsibilities and interest both committees have in Welsh-medium education.

4. Our report is structured in accordance with the three ministerial portfolios and how they correspond with our remit:

- International Relations (First Minister)
- Culture, Communications and Sport (Minister for Economy, and Deputy Minister for Arts and Sport, and Chief Whip)
- Welsh Language (Minister for Education and Welsh Language)

5. Jenny Rathbone MS participated in our scrutiny as a substitute for Carolyn Thomas MS at our meeting on Thursday 2 February 2023.

2. International Relations

6. We received two written evidence submissions from the First Minister on the Draft Budget for International Relations. This was as a result of the First Minister deciding not to give oral evidence to the Committee because he had previously agreed to attend one Committee meeting per year (which will coincide with the publication of the annual report on International Relations in May 2023). We received the first written evidence submission in time for our meeting on 11 January 2023. To mitigate the First Minister not making himself available for oral scrutiny, we wrote to the First Minister on 13 January 2023 with additional questions following our consideration of his written evidence. We received a response from the First Minister on 27 January 2023.

Overview of allocations

7. Revenue allocation for International Relations for 2023-24 is set at £8.383million. This is a reduction of £171,000 compared to the 2022-23 final budget. The First Minister's written evidence states that this reduction is the result of the Welsh Government's autumn budget reprioritisations and budget reductions within the Main Expenditure Group ("MEG").

8. The written evidence we received also states that an additional £100,000 will be transferred from the International Relations Budget Expenditure Line ("BEL") to the International Development BEL to 'cover inflationary pressures for the Mbale Tree Planting project.' This will be done as part of the first supplementary budget for 2023-24, resulting in a revised budget for International Relations in 2023-24 of £8.283million.

2022-23 budget final outturn

9. The First Minister told us that there was an in-year budget reduction in 2022-23 to the International Relations BEL of £350,000. This was as a result of an agreed transfer from International Relations to International Development to 'help deliver Wales and Africa aspects of the international strategy'.

10. The Welsh Government is forecasting a potential underspend of £524,000 in the International Relations budget for 2022-23. The First Minister's written evidence notes that is the result of the continued impact of COVID-19 on the Welsh Government's international network and engagement activities.

11. We asked the First Minister what budget management processes are being put in place to ensure budgets are better managed in future to avoid potential underspend. The First Minister ~~told us~~ that the impact of the pandemic, cost of living increases and the war in Ukraine had led to reprioritising budgets. He outlined that pressures will be managed through the year in all parts of the budget. He confirmed that:

the decision to make the £171,000 budget cut to the International Engagement budget as we can more easily manage the pressures within this budget, rather than the budgets for the Overseas Offices Running Costs and Activity.¹

FIFA 2022 World Cup

12. A further in-year transfer was made in 2022-23, including a £100,000 transfer to the Economy MEG to support the FIFA 2022 World Cup marketing campaign. Welsh Government spending relating to its activities to support promoting Wales at the FIFA 2022 World Cup also included £2.5million towards an 'enhanced marketing campaign' and £1.8million towards the World Cup Partner Support Fund.

13. From the outset, it was unclear to us where this funding had come from. When we asked the First Minister about this, he told us that:

To support our activities at the FIFA World Cup, we provided £0.31m from the International Engagement budget to overseas offices activity. When the 2022-23 budget was set, it was not known that the Wales Men's football team would qualify for the World Cup and existing funding was prioritised for that activity following qualification. This flexible and reactive approach to funding is taken across all of our international activity.²

14. We have also previously written to the Welsh Government on the evaluation of its activities and engagement at the FIFA World Cup 2022. We look forward to receiving a copy of the independently conducted review later in spring 2023.

¹ ~~Correspondence from the First Minister on 27 January 2023~~

² ~~Correspondence from the First Minister on 27 January 2023~~

Mbale Tree Planting Programme

15. As outlined above, the 2022-23 Final Budget for International Relations was reduced by £350,000 due to a transfer to the International Development budget to support the Mbale Tree Planting Programme. This transfer is also actioned in 2023-24 and 2024-25. This effectively extends the transfers of £350,000 to the end of the international strategy in 2025.

16. We asked the First Minister for the rationale of continuing to fund the Wales and Africa programmes from the International Strategy. He told us that the International Relations budget supports the International Development budget due to a precedent that was set when the International Strategy was published. It was noted that this brings an important connection between high-profile international activity, and that the approach has proved effective to date.

International strategy

17. In his written evidence, the First Minister told us that an allocation of £2.849million is made to the International Engagement budget, of which £1.64million is allocated to the international strategy's action plans. We did not receive any details of the outputs and outcomes that will be delivered next financial year under the action plans.

18. He also told us that the remaining £1.21million of the International Engagement budget 'will be used to fund cross-cutting activity which supports our overarching International Relations objectives and the International Strategy rather than be associated with a particular Action Plan.'

19. We asked the First Minister to outline how this funding will be allocated, what criteria must be met to receive funding and how will he ensure value for money. He told us that work in this area is reviewed throughout the year and that is also includes managing budgets and reprioritising where required. He said that *"We are confident that we will be able to maintain our focus on priorities despite the financial reduction and inflationary pressures."*³

20. The First Minister also told us that overseas offices have access to the Overseas Activity Budget which managed on a regional basis. He confirmed that this funding is used for routine activity. He added that where there are specific initiatives or projects that will have an impact on strategy or Action plans, that *"the International Relations team in Wales can consider approving a bid for*

³ [Correspondence from the First Minister on 27 January 2023](#)

funding from the International Engagement budget.”⁴ He confirmed that relevant teams are responsible for ensuring there is value for money.

21. We also asked for copies of the relevant departmental delivery plans for 2023-24 funded from the International Relations budget, for example each international office. We were informed that the Welsh Government will continue to develop “*our detailed 2023/24 delivery plans for International Relations and the overseas offices. These will be internal documents that remain flexible to respond to global events and opportunities.*”⁵

Our view

22. We accept, that like many budget lines, the International Relations budget is not immune from challenges presented by inflation, the cost of living increases or the war in Ukraine. Despite this, we were somewhat disappointed by some of the First Minister's responses to our questions.

23. On the matter of funding activity related to FIFA World Cup 2022, we would have welcomed a further breakdown of the total funding for all government activity. As such we recommend that the Welsh Government provide this as soon possible. We welcome the Welsh Government's commitment to undertaking an external review of government activity during the World Cup and intend to consider its findings when published.

Recommendation 1. We recommend that the Welsh Government publish a full breakdown of all funding used to fund activities related to the FIFA World Cup 2022. This should include which budget line the funding has come from.

24. We were also disappointed by the First Minister's unwillingness to commit to sharing relevant departmental delivery plans with us. The reason for our request is so that we can better understand the work of the Welsh Government in this important area; an area of work that is often not as visible as other departments such as education and health. In addition, we have not received details of the outcomes and outputs that will be delivered by draft budget allocations to support the international strategy and actions plans in order for the Committee and stakeholders to be assured that spending in this area will be targeted, effective and deliver value for money. We would encourage the First Minister to reconsider this as we think there is value in doing so.

⁴ Correspondence from the First Minister on 27 January 2023

⁵ Correspondence from the First Minister on 27 January 2023

25. We note that in relation to the overseas activity budget that officials in the international relations team will be responsible for ensuring that in-year bids to this fund by overseas offices deliver value for money. Given inflationary pressures and the reductions in this department's budget, the ability to ruthlessly ensure that all activity is value for money and delivers impactful outcomes will be more important than ever. We will return to monitor in-year spend and activities from this budget.

3. Culture, Communication, and Sport

26. The Culture, Communication, and Sport elements of our remit cover three different Welsh Government spending areas; culture and arts, sport and physical activity, and historic environment.

Overview of allocations

27. The Culture and Arts Spending Programme Area includes funding for the: Arts Council of Wales; National Museum Wales; National Library of Wales; support for local culture and sport; and Creative Wales (the Welsh Government's creative industries division). In comparison with the 2022-2023 Final Budget, revenue funding for this Spending Programme Area increases from £84.6million to £89.3million in the 2023-24 Draft Budget (an increase of 6 per cent in cash terms). Over the same period, capital funding increases from £24.1million to £33.9million (an increase of 40 per cent in cash terms).

28. The Sport and Physical Activity Spending Programme Area includes funding for Sport Wales. In comparison with the 2022-2023 Final Budget, revenue funding for this Spending Programme Area increases from £22.7million to £23.8million in the 2023-24 Draft Budget (an increase of 5 per cent in cash terms). Over the same period, capital funding remains at £7.8million.

29. Historic Environment is funded mainly through Cadw (the Welsh Government's heritage division). However, it also includes funding for the National Botanic Garden of Wales and the Royal Commission on the Ancient and Historical Monuments of Wales. In comparison with the 2022-2023 Final Budget, revenue funding for this Spending Programme Area increases from £16.2million to £17.1million in the 2023-24 Draft Budget (an increase of 6 per cent in cash terms). Over the same period, capital funding decreases from £11.3million to £10.3million (a decrease of 9 per cent in cash terms).

Support for increasing costs

30. We recently published a report on the impact of increasing costs on culture and sport in Wales. At the time of our inquiry, the culture and sport sectors were still recovering from the impact of the COVID-19 pandemic as well as coping with the impact of increased costs. Since then, inflation has remained high.

31. Operators in these sectors are squeezed from both sides. They have less money coming in from customers (who themselves are impacted by the

increased cost of living), and more going out on utilities and other costs. Our report recommended additional targeted funding to help venues and organisations that face closure but have a sustainable future beyond the immediate crisis.

32. In its response to our report, the Welsh Government accepted this recommendation. It highlighted that it provided an additional £3.75million for culture and sport during the 2022-23 financial year to help with “exceptional inflationary pressures to utility costs and costs of living pressures at the arm’s length bodies and also local sector organisations”. The Draft Budget for 2023-24 includes increased revenue funding of between three and seven per cent for culture and sport bodies funded by the Welsh Government (the National Botanic Garden is the only body to see its funding cut). However, we are of the view that this is fraction of the funding that’s been called for (during our inquiry the Arts Council for Wales called for a new fund of £5-10 million just for the arts) and what is required. Especially as much of this increase will be eroded by increases in staff pay and high levels of inflation.

33. In addition, we are also aware, of the acute problem facing swimming pools . At the time of writing, one of the best supported Senedd petitions calls for the Welsh Government to “protect leisure centres and swimming pools from closure during the current energy crisis.” This follows news that some pools in Powys were under threat of closure this winter, though the council has since abandoned this proposal.

34. As result, we asked Ministers if they are able to outline what discussions they have had with the UK Government regarding allowing swimming pools to access help and relief through the Energy Bill Relief Scheme for businesses and other non-domestic customers. We were told that the Welsh Government were disappointed that swimming pools had been excluded from the list of energy intensive businesses eligible for support. Ministers told us that they’d included representations about swimming pools in its response to the consultation on the scheme. They added that:

Officials also met with sector representatives, including Sport Wales, the Welsh Sports Association and Swim Wales, on 20 January to gather further evidence to make the strongest

*possible case to the UK Government for leisure centres and swimming pools to be afforded that support.*⁶

35. Given all this, we think that the Welsh Government should increase the amount of money available to support the culture and sports sectors during these hard times. The Welsh Government was rightly applauded for investing over £140million into these sectors to ensure their survival during the COVID-19 pandemic. Further support is now needed to shore up these sectors, and avoid this initial investment going to waste.

Recommendation 2. We recommend that the Welsh Government provide additional targeted funding to the sports and culture sectors to help venues and organisations that face closure but have a sustainable future beyond the immediate crisis, as well as for the health and wellbeing of the public.

Protecting existing investments in disadvantaged areas

36. As a Committee, one of our values is to work to ensure equality of access and participation to culture, the arts, heritage and sport for all. Given the impact of increasing costs, we asked the Welsh Government what consideration had been given to the impact of higher costs on the delivery of non-statutory services in sport and culture by local government. The Deputy Minister told us that:

*"They are non-statutory, but we still have an expectation around what a local authority needs to do to deliver on its well-being goals and on the well-being goals of the Welsh Government... I think it is worth setting out that we have, for non-statutory services, allocated considerable amounts extra in a number of areas."*⁷

37. The Deputy Minister also told us that the Welsh Government are not aware of any imminent threats to services because of the "better than anticipated" settlements for local government. We were also told that the Welsh Government keeps a close eye on developments and that it will continue to do so, and that at the moment it is able to "keep things on a relatively even keel".⁸

38. We understand some of the tough decisions the Welsh Government has to make in the current financial climate. However, given how precarious the

⁶ Correspondence from the Minister for Economy and Deputy Minister for Arts and Sport, and Chief Whip, on 25 January 2023

⁷ CCWLSIR meeting 18 January 2023 paragraph 37.

⁸ CCWLSIR meeting 18 January 2023 paragraph 45

situation is at the moment, we would recommend that the Welsh Government provides a regular update to the Committee on the challenges arising in the sector. This would include an outline of which venues or organisations are struggling financially, as well as a more general analysis on the financial health of the sectors. This is in order for us and other stakeholders to be kept abreast of the issues as well as suggest where interventions should take place and how.

Recommendation 3. We recommend that the Welsh Government provides quarterly updates to the Committee on matters arising with regards to areas facing financial challenges in Wales.

Culture and Arts

Welsh Government sponsored bodies

39. The BEL for the Arts Council of Wales increases revenue funding from £32.4million in the 2022-23 Final Budget to £33.3million in the 2023-24 Draft Budget. This is a net increase of 3 per cent, including a 1.1 per cent cut for the Arts Council and additional funding of £500,000 to help arts organisations with the cost of living. Capital funding for the Arts Council remains at £400,000 over the same period.

40. In our inquiry on increasing costs in autumn 2022, we were informed by the then interim Chief Executive of the Arts Council, Michael Elliott, that additional investment was needed from the Welsh Government to establish a £5-10million fund, just for the arts, “that will help stabilise companies through the critical period”⁹.

41. In light of the Draft Budget settlement, we asked the Arts Council what assessment they had made of the additional needs for the culture and arts sector in Wales. The Arts Council told us that:

“Whilst we welcome the additional funding received from Welsh Government for specific expenditure the combined impact of the above key points [illustrating the impact of increasing costs on the sector] puts significant financial pressures on the Sector”

[...]

⁹ CCWLSIR meeting 6 October 2022 paragraph 189

there is without doubt, the need for critical support to the Sector during this current time and our Investment Review period, we acknowledge the additional £2.5 million referenced will go some way to address this need.

However, we also appreciate the current situation is volatile, particularly with many of our partners, including Local Authorities, also experiencing significant budget reductions at a time of facing escalating costs, and it is likely to be some time before the situation stabilises and improves. Therefore, any additional funding that may be made available for the Sector will be welcomed.¹⁰

42. The BEL for National Museum Wales increases revenue funding from £25.1million in the 2022-23 Final Budget to £26.9million in the 2023-24 Draft Budget. This is a net increase of 7 per cent, though it includes a 1.1 per cent cut to the core revenue of the Museum. Over the same period capital funding increase from £4.5million to £5million, an increase of 11 per cent.

43. We asked the National Museum to confirm whether this additional funding is sufficient to carry out any work that is necessary to further protect national treasures within the Museum's collections. They told us that additional funding announced in the Draft Budget will help with immediate inflationary challenges related to wages and energy costs. They added that this should provide stable and sufficient funding for two years and with careful cost management, they should be able to present balanced budgets until March 2025. However, they added:

The museum will always welcome additional support, especially in respect of Capital Funding as our maintenance backlog for our large, heritage estate always exceeds the amount of finance available, but we are realistic in terms of what can be afforded.¹¹

44. Revenue funding for the National Library of Wales increases from £11million in the 2022-23 Final Budget to £11.8million in the Draft Budget 2023-24. This is an increase of 7 per cent, though it includes a 1.1 per cent cut to the core revenue of

¹⁰ Letter from the Arts Council of Wales on 25 January 2023

¹¹ Letter from National Museum of Wales on 25 January 2023

the Library. Capital funding for 2023-24 is reduced by 20 per cent from £2.5million to £2million.

45. In evidence submitted for our increasing costs inquiry, the National Library said that its expenditure in 2022-23 would probably exceed its funding from the Welsh Government. The Library told us that there is a “*very serious risk to the collections which we deem to be totally unacceptable without additional funding.*”

46. In its written evidence to us, the Welsh Government told us that:

“The Library does well in attracting charitable donations and bequests but finds the commercial income generation target challenging, with less on-site options for generating revenue when compared to the Museum with its shops and cafes across seven sites.”

47. As with the National Museum, we asked the National Library whether the funding settlement for the next financial year is sufficient to protect national treasures within the Library's collections. They told us that with regards to the previous risk highlighted that a Welsh Government grant of £500,000 has alleviated the failings of fire and smoke dampers in the building. However the National Library added that:

*continued reduction in capital funding will only create further and serious risks to the national collections. Therefore, it is vital that Welsh Government provides the additional urgently needed capital funding requested by the National Library as expeditiously as possible.*¹²

48. We are concerned by the National Library's comments relating to the risk posed to the national collections. Likewise, despite the National Museum's response, we are concerned that there may be a risk posed to the collections held by that institution. As outlined in our budget report last year, there is potentially a serious threat to some important collections. Both these institutions are of significant cultural value for our nation and we think consideration should be given to how these institutions are provided with funding to manage their national treasures.

¹² Letter from National Library of Wales on 19 January 2023

Contemporary Art Gallery for Wales

49. In its written evidence, the Welsh Government told us that funding for 2023-24 for the National Contemporary Art Gallery is subject to an outline business case. We were also told that discussions have taken place with a number of galleries to be involved in the dispersed model as well as “exploring possibilities for an anchor site”.

50. During our evidence session, the Deputy Minister confirmed that *“any potential delays around the national contemporary art gallery are not linked to finances. They're linked to the production of the business case and to practical aspects”*¹³.

51. Whilst we welcome the update provided by the Welsh Government, we are concerned by the length of time the project is taking to progress. As such, we have agreed to return to the matter and undertake a review of the gallery's progress at a future meeting.

Creative Wales

52. Revenue funding for Creative Wales increases from £7million in the 2022-23 Final Budget to £7.1million in the 2023-24 Draft Budget. This is a net increase of 1 per cent, though it includes a 1.1% cut to the core revenue of Creative Wales. Over the same period capital funding remains at £5million.

53. Creative Wales's allocations include those for the Books Council of Wales. Written evidence provided by the Welsh Government stated that “in 2023-24 an annual budget of £3.960million has been set aside for the continued funding of Books Council of Wales initiatives”. This is the same amount as 2022-23.

54. In September 2022, the Welsh Government announced a creative skills action plan, backed by a Creative Skills Fund worth £1million

Cultural strategy

55. We were grateful for the update provided on the development of a cultural strategy. This included confirmation of an appointment to undertake the engagement work around the strategy's development, as well as the appointment of an oversight panel. The Deputy Minister confirmed that:

¹³ CCWLSIR meeting 18 January 2023 paragraph 80

*"I think we're looking for an initial report in March of this year, from the one-to-one discussions that are going to be going on with our various stakeholders, with a view to that strategy hopefully being developed by the end of 2023."*¹⁴

56. We are aware that there is significant interest for the long-awaited cultural strategy. In order to provide assurance to all those who are interested in this work, we think that the Welsh Government needs to provide regular updates on the progression that is being made. This includes making the membership of the oversight board publicly available and ensuring the report due in March 2023 is published in full. This will allow all those with an interest to be kept abreast of the strategy's progression.

Recommendation 4. We recommend that the Welsh Government publishes the membership of the cultural strategy oversight board and commits to providing regular updates on progress made on the development of the strategy.

Recommendation 5. We recommend that the Welsh Government publishes its initial report on the development of a cultural strategy, in full, when it is available in March 2023.

Sport

57. In comparison with the 2022-2023 Final Budget, revenue funding for Sport Wales increases from £22.7million to £23.8million in the 2023-24 Draft Budget. This is a net increase of 5 per cent, though it includes a 1.1 per cent cut to the core revenue of Sport Wales. Over the same period, capital funding remains at £7.8million.

58. In our report into sport and physical activity in disadvantaged areas published in August 2022, we recommended "that the Welsh Government significantly increase the funding available for addressing participation in sport and physical activity in disadvantaged areas". The Welsh Government rejected this recommendation. It is clear from this the Draft Budget settlement that the Welsh Government doesn't intend to change its approach on this either. and this is further clear in the Draft Budget settlement for next year.

59. In December 2022, the Welsh Government and Sport Wales hosted a Sport Summit, featuring a keynote address from Per Tøien, senior advisor to the

¹⁴ CCWLSIR meeting 18 January 2023 paragraph 49

Norwegian Olympic and Paralympic Committee and Confederation of Sports. The Deputy Minister said afterwards:

"The key message from the guest speaker from Norway [...] was that his country's successful sport system was based on the principle of togetherness."

60. Funding for the Norwegian Sports Federation was £275million, or £51 per capita, in 2022. This is about three times the per capita funding for Sport Wales of £18 (£40.1million from Welsh Government and £16.5million from the National Lottery) in 2021-22. We have previously been told Matthew Williams from the Welsh Sports Association told the Committee *"It's really important to emphasise that they spend between five and 10 times the amount that we do on sport. Wales does very, very, very well on participation and on elite performance off a relatively small slice of investment"*.

61. As with last year, the Welsh Government said in written evidence that sport "can be the nation's most effective preventative health tool but greater cross-sector prioritisation is needed to create the long-term sustainable shifts in participation"

62. The Deputy Minister told the Committee *"the fact that it was in last year's and it's in this year's just means that it's still as important as it was last year"*. It was not clear if "greater cross-sector prioritisation" had happened since the previous year's Draft Budget scrutiny. Given this lack of clarity, we think the Welsh Government should publish the amount of funding that goes to sport beyond what is provided to Sport Wales.

Recommendation 6. We recommend the Welsh Government should publish the total amount of funding allocated to sport across government, beyond what is provided to Sport Wales.

Historic Environment

63. Revenue funding for Cadw increases from £8.3million in the Final Budget 2022-23 to £9.2million in the Draft Budget for 2023-24. This is an increase of 11 per cent. Over the same period capital funding remains at £10million.

64. Revenue funding for the National Botanic Garden of Wales decreases from £594,000 in the 2022-23 Final Budget to £587,000 in the Draft Budget for 2023-24. This is a decrease of 1 per cent. Over the same period capital funding decreases from £1.2million to £200,000, a decrease of 83 per cent.

65. Revenue funding for the Royal Commission on Ancient and Historical Monuments in Wales increases from £1.65million in the 2022-23 Final Budget to £1.73million in the Draft Budget for 2023-24. This is an increase of 5 per cent. Over the same period capital funding remains at £50,000.

Our view

66. It is widely understood that leading healthier and more physically active lifestyles can have a tremendously beneficial impact on other measures such as life expectancy, socioeconomic opportunities and educational attainment. The Welsh Government recognises this itself when it references the importance of the preventative health agenda. However, we are worried of the impact that increased costs will have on the ability of cultural and sporting organisations in Wales to continue delivering services at their current level.

67. We know that increases in the cost of living are compounding participation gaps that grew during the COVID-19 pandemic. Further cutbacks in services are most likely to hit those who would benefit from them the most. For example, if swimming pools were to reduce opening times or drop pool temperatures, children with additional learning needs may have a harder time accessing an activity which is likely to be beneficial to them. In addition, cultural and sports organisations may respond to cost pressures by charging more; this will further reduce participation, and hit disadvantaged areas the worst. We are of the view that this will significantly exacerbate health inequalities.

68. We understand the tough financial climate the Welsh Government has to operate within. While we make a number of funding recommendations in this report, we appreciate that not everything can be funded. However, we do believe that a number of targeted interventions are very important. We also think that those from disadvantaged backgrounds are most at risk in all of this. As such we would implore the Welsh Government to revisit some of their decisions so that those who need help the most, can continue to access services which in turn can have an impact on a number of life chance indicators. Therefore we will keep an eye over the coming year on relative spend on culture and sport between more affluent and less affluent areas of Wales.

4. Welsh Language

Overview of allocations

69. The Welsh Language is a cross-cutting policy area, with expenditure embedded across Ministerial portfolios. In his evidence paper, the Minister for Education and Welsh Language told us that 'the aim is to mainstream *Cymraeg 2050* into all Welsh Government portfolio areas'. During our scrutiny session with the Minister, he told us that "not one Minister for the Welsh language can succeed in making the level of progress needed without having collaboration across Government as a whole"¹⁵. The Minister also noted that work was underway to "improve understanding" of the impact of spending decisions on the Welsh language in different policy areas. .

70. While it is not possible to scrutinise every funding allocation for the Welsh language, the Welsh Government's Draft Budget for 2023-24 does include three BELs which are specific to the Welsh Language. There are also other BELs where significant Welsh Language expenditure can be scrutinised, such as the Teacher Development and Support BEL and Education Infrastructure BEL that sit within the Minister's budgetary responsibilities.

71. The 2023-24 Draft Budget allocates a total of £46.7million in revenue to support specific Welsh Language spending. This is an increase of £3.1million on the 2022-23 Final Budget. This increase was the result of the Co-operation Agreement between Plaid Cymru and the Welsh Government. As such, indicative spend is expected to increase by a further £3.45million in 2024-25. Total resource allocations for specific Welsh language expenditure, including capital funds, will reach £50.15million by 2024-25.

Recommendation 7. We recommend that the Welsh Government undertakes a comprehensive assessment of the impact of expenditure on the Welsh language across government portfolios, and to set out how it plans to monitor the impact of expenditure across policy areas in the future.

Inflationary impact on external organisations

72. Like many, we are concerned by the impact of inflation on existing budgets. Unfortunately, organisations funded wholly or partly by the Welsh Government to deliver Welsh-medium opportunities are not immune from this. We are

¹⁵ CCWLSIR meeting 18 January 2023 paragraph 161

concerned that given current inflationary pressures, organisations will have to deliver less than they currently do. This in turn could reduce opportunities for many to converse through the medium of Welsh and use the language in their daily lives. The Minister accepted there are challenges, noting:

"So, some of the partners we're funding have been given a flat settlement recently, and that's because of financial pressures, and that enables them to spend less on the initiatives that they're involved with, of course"¹⁶.

73. The Minister told us that the Welsh Government is reviewing the grant programme to see if it is in line with the Cymraeg 2050 objectives. He said that this was as much about how much funding is provided as well as creating more flexibility and using longer term grants to plan effectively.

74. The Minister also told us that the Welsh Government, through its work with the mentrau iaith has been *"emphasising the priority of empowering communities—so, not just providing themselves, but working with other organisations"*¹⁷. In addition to this, the Minister mentioned the Welsh Government has been working with Cwmpas (formerly the Welsh Co-operative Centre) on this matter, establishing a new fund to help develop co-operatives.

75. We weren't familiar with the developments around the new fund with Cwmpas, therefore we wrote to the Minister following our scrutiny session to ask for further information on this. The Minister told us that £150,000 is being allocated to Cwmpas for the implementation of 'Cymraeg: it belongs to our communities' (Perthyn) Scheme. He also noted that an additional £250,000 is:

being used as a small grant fund to build the capacity of community groups. This grant funding provides added value and reinforces the Perthyn scheme. Community groups which not part of the Perthyn scheme will also be able to apply if they can demonstrate that their projects are aligned with the priorities of the Welsh Communities Housing Plan.¹⁸

76. We are also concerned by the inflationary impact on Welsh-medium activities delivered by or on behalf of local government, particularly activities for young people. One potential consequence is that the cost to attend extra-curricular activities and after school clubs through the medium of Welsh might

¹⁶ CCWL SIR meeting 18 January 2023 paragraph 194

¹⁷ CCWL SIR meeting 18 January 2023 paragraph 195

¹⁸ Correspondence from Minister for Education and Welsh Language 19 January 2023

increase. These activities are vital in providing children from both Welsh and non-Welsh speaking backgrounds with opportunities to use the language outside of school. In some parts of Wales, it is likely that some parents will be able to shoulder the additional cost burden, but we are concerned that for many, the increased costs will simply be too much. We are worried this will mean that the most disadvantaged will miss out on opportunities to participate in Welsh-medium activities outside of the classroom on the basis of cost.

77. We are of the view that if the Welsh Government is serious about reaching the Cymraeg 2050 target, it will need to ensure that those organisations that support Welsh-medium opportunities in the community are adequately resourced and supported. This is especially important in disadvantaged areas and those places where the Welsh Language isn't as widely spoken, particularly given the cost pressures caused by inflation and cost of living increases. We recommend that the Welsh Government reviews the level of funding that is required to maintain and enhance the current offer available.

Recommendation 8. We recommend that the Welsh Government reviews the level of funding that is required to maintain and enhance opportunities for Welsh-medium activity in local communities across Wales as a result of the increased costs of living. This review should also consider the impact of spending as well as the amount provided.

Revenue funding for schools

78. During the scrutiny session with the Minister, we discussed ongoing revenue funding support for new Welsh-medium schools. While we are confident that local authorities have access to the required capital funding needed to build new Welsh-medium schools, we are concerned that ongoing revenue funding to support the development of those new schools is not always sufficient.

79. We heard that there is no specific funding to address these concerns, and that it is a matter for local government to determine how it plans education and school funding locally. We did not receive the reassurances needed during the scrutiny session that sufficient resources were available within this context. We call on the Minister for Education and Welsh Language to consider how the Welsh Government can support local authorities with additional revenue support for newly built Welsh-medium schools in future, and consider what additional support English-medium schools might need to move along the language continuum and expand its Welsh-medium provision.

Recommendation 9. We recommend that the Welsh Government reviews how it can provide specific additional revenue funding to support new Welsh-medium schools once opened. The Welsh Government should also consider how it could further support schools in the English-medium sector to move along the language continuum and expand Welsh-medium provision.

Funding for Welsh Language Commissioner

80. We asked the Minister whether the budget allocation of £3.36 million was sufficient to enable the Commissioner to carry out her statutory functions. The Commissioner's budget received a £150,000 uplift for 2023-24. The Minister confirmed that:

*"there is an increase of 4 per cent, which is in line with the increases to other commissioners, and as you said, the purpose of that is to secure staff salaries. There's also a capital allocation for information technology in the most part. I am confident that the budget will allow the commissioner to do her work."*¹⁹

81. In accordance with our understanding of the new Commissioner's priorities, the Minister confirmed that the emphasis of the Commissioner is "very clearly on increasing [Welsh] language use". Given the emphasis the current Commissioner has placed on promoting the language ahead of regulation, the Minister reaffirmed that the budget will be sufficient. The principal aim of the Commissioner is to promote and facilitate the use of the Welsh language by increasing use of Welsh language services by imposing duties on organisations, and to promote the language by other means. We are concerned that should another significant legal challenge materialise as a result of the regulatory role, this could squeeze the Commissioner's limited budget. The Commissioner does not have the reserves it once had, having depleted its positive balance following changes in the Welsh Government's 'accounting boundary'. The Commissioner is now required to comply with a cash balance limit of 5 per cent of the annual grant-in-aid in every quarter ([see page 25 of the Welsh Language Commissioner's Annual Report 2021-22](#)).

82. In recent years, the Welsh Language Commissioner has had to intervene and support costly legal challenges (in which they were successful). We are concerned by the impact that such legal cases could have on the

¹⁹ [CCWLSIR meeting 18 January 2023 paragraph 222](#)

Commissioner's budget and would be worried if the funding of such cases was done at the expense of other work; or worse still, not funded at all. As such, we would recommend that the Welsh Government outline how it will support the Welsh Language Commissioner with additional funding should it be required.

Recommendation 10. We recommend that the Welsh Government outlines how it will provide additional financial support to the Welsh Language Commissioner where it is required, for instance to support costly legal proceedings that could not be anticipated.

Our view

83. The Census figures published on 6 December 2022 were very disappointing. The data confirmed that it will take a long time, and a sustained programme of support, to reverse decades' worth of decline in the number of Welsh speakers. We accept that budget increases introduced in the current financial year will help, but there is much more to do.

84. However, before making further recommendations on this matter, we need to consider all the data from the 2021 Census; some of which wasn't been published at the time of considering this report. We have agreed that we will return to this issue in the near future when we have a better understanding of what needs to be put in place to better support the Cymraeg 2050 targets.

85. In the meantime, we think the recommendations that we have put forward could assist with limiting further reductions in the number of Welsh speakers in the short term, and support growth in the longer term.