

Memorandum on the Culture Draft Budget Proposals for 2020-21

1.0 Introduction

This paper provides information to the Committee regarding my spending plans as the Deputy Minister for Culture, Sport and Tourism – in respect of the Culture and Heritage budgets within my portfolio, as set out in the detailed Draft Budget published on 16 December 2019. It also provides an update on specific areas of interest to the Committee.

Culture and Heritage enriches lives and connects us to the world. Our current vision for culture has been shaped by the Well-being of Future Generations Act, and Prosperity for All. The strategic priorities are set out in Priorities for the Historic Environment and Light Springs Through the Dark, which we intend to revise in 2020 to ensure they are up to date and in line with wider government priorities and remain responsive to current challenges. Culture is also central to the new strategy for tourism Welcome to Wales: Priorities for the Visitor Economy 2020-25 due to be launched in the New Year. In line with the Well-being of Future Generations Act, the 2020-21 plan has also been shaped by the eight cross-cutting priority areas. Culture and heritage resources makes a significant contribution particularly for early years, skills and employability, better mental health and poverty.

Our culture teams (Cadw, Museums, Arts, Archives and Libraries) support our delivery partners – the Arts Council of Wales, National Museum of Wales, the National Library of Wales and the Royal Commission on the Ancient and Historical Monuments of Wales - who between them reach a huge audience in Wales and internationally.

Wales loves culture. Thousands of people have benefited from free entry to our national museums. The National Museum of Wales is the largest provider of education outside the classroom in Wales – over 180,000 school students enjoy education activities each year. 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.

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, traditional building construction and repair, and the arts. Our cultural attractions help sustain the 11,500 businesses in the tourism industry, and arts in Wales power our Creative Industries. Our culture is central to the Wales brand and promoting Wales internationally through the emerging new International Strategy.

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.

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

2.1 Summary of Budget Changes

The 2020-21 Draft Budget provides a one year spending plan for both revenue and capital. **Annex A** provides a detailed breakdown of the Draft Budget figures by Action, and by Budget Expenditure Line (BEL) within each Action.

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

Resource Budget

TABLE 1: OVERVIEW OF RESOURCE BUDGET (Including AME)

Culture & Heritage	2019-20 First Supp Budget £'000	Baseline Adjustment £'000	2020-21 Revised Baseline £'000	Change £'000	2020-21 New Plans Draft Budget £'000
Support for Culture and the Arts	67,594	(27)	67,567	2,492	70,059
Media and Publishing	3,649	0	3,649	81	3,730
Support for the Historic Environment	13,517	0	13,517	1,252	14,769
Total Resource	84,760	(27)	84,733	3,825	88,558
Museums & Libraries Pension	3,013	0	3,013	0	3,013
Total AME	3,013	0	3,013	0	3,013
TOTAL	87,773	(27)	87,746	3,825	91,571

Baseline Adjustments:

There is a reduction of **£0.027m** in respect of non-recurrent funding in 2019-20 from the Department for Culture, Media and Sport for the Lloyd George Museum.

Additional allocations:

- Additional funding of £1.525m with a 2.2% increase for each of the bodies funded within the portfolio (Arts Council of Wales, National Museums of Wales, National Library of Wales, Royal Commission on the Ancient and Historic Monuments of Wales, Books Council of Wales and the National Botanic Garden of Wales) to support pay and pension requirements in some of the bodies, and to provide additional funding for their sectors;
- Additional non-cash budget of **£2.205m** to cover additional depreciation charges in Cadw and the National Museums - (Note that the Cadw near cash budget remains flat and that pay increases will need to be funded from the increased income stream which remains strong); and
- An additional **£0.095m** for the National Library of Wales reprioritised from the wider portfolio to cover the costs of the occupation of part of their building by the Royal Commission.

Annually Managed Expenditure

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

Capital Budget

TABLE 2: OVERVIEW OF CAPITAL BUDGET

Culture & Heritage	2019-20 First Supp Budget £'000	2020-21 Plans as per 2019-20 Final Budget £'000	Change £'000	2020-21 New Plans Draft Budget £'000
Support for Culture and the Arts	7,674	4,051	10,765	14,816
Media and Publishing	30	30	750	780
Support for the Historic Environment	5,470	8,841	100	8,941
TOTAL	13,174	12,922	11,615	24,537

Significant additional allocations of £11.615m will support our ambitions for long term investment in culture and heritage and summarised as follows:

TABLE 4: CAPITAL INVESTMENTS

Organisation	£'000	Project
National Museum	2,500	Capital maintenance
	350	Customer relationship management system
National Library	2,115	Capital maintenance
	400	IT system & servers
Creative Wales	5,000	Film production and other investment in creative industries
Arts Council of Wales	400	Investment in arts projects (including Robert Owen Commemoration Project)
Books Council of Wales	750	New integrated IT and distribution operating system
National Botanic Garden of Wales	100	Maintenance and energy efficiency funding
TOTAL	11,615	

2.2 Final out-turns for the 2018-19

Final out-turn figures for 2018-19 were broadly in line with budget. Some underspends across the International Relations and Welsh Language MEG, totalling some £0.7m, were reallocated to sponsored bodies in order to help fund the cost of pay settlements.

2.3 Forecast out-turn figures for 2019-20

Forecast out-turn figures for 2019-20 are in line with budgets.

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 for each Partner Organisation are set out in their Remit Letters, which they use as a basis for their Operational Plans and key performance indicators. My officials monitor progress against these plans at Quarterly Monitoring meetings and other meetings as necessary.

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.

Poverty: The Fusion Programme

Arts, culture and heritage play a role in preventing poverty. Participating in cultural activities (such as volunteering at a museum or playing music) can boost skills, self-esteem, learning and aspiration, particularly in areas experiencing economic disadvantage. The recommendations in Baroness Andrews' Culture and Poverty report have been progressed through our [Fusion: Creating Opportunities through Culture](#). This innovative programme brings together social providers and cultural organisations to create opportunities targeted to the needs of particular groups. The Culture, Welsh Language and Communications Committee has recently published a report which offers eight recommendations related to the Fusion programme. These will be considered along with current work to determine the future shape of the programme.

We are currently reviewing the allocation of funding for Fusion given the recent Committee report and other feedback on the programme. I currently expect to spend at least £300k in 2020-21.

Mental Health

Over the past generation there has been a shift from a medical model of health to one that recognises the role and importance of communities in health. The portfolio supports healthy communities, and healthy places through opportunities to volunteer and to take part in cultural activities, and also through supporting local community facilities such as libraries, archives, museums and heritage sites.

There is now good evidence to support the positive impacts participation in arts and culture can make to mental health. Literature reviews by the Arts Council of Wales [Arts and Culture in Criminal Justice and Wellbeing](#) noted positive physical and psychological patient outcomes from music interventions in a variety of hospital settings.

Our own recent study [the arts and health landscape in Wales](#) identified more than 200 projects across the country that are proving effective in preventing illness, helping maintain good mental and physical health as well as aid recovery.

The [2018 evaluation](#) of the Timebanking scheme (which Cadw takes part in) showed that for 83% of participants, taking part improved overall quality of life and 52% felt less isolated and lonely.

Poverty, Skills & Employability – Creative Wales

There is evidence that well paid work is the best route out of poverty and the greatest protection against poverty for those at risk. By investing in Creative Wales, we continue to create opportunities for individuals and families with initiatives and targeted investment across Wales. This will build resilience in the economy. All projects are assessed by independent panels. Value for money is measured rigorously through a range of measures, including:

- Welsh spend (used primarily in production projects for film & TV).
- Job creation outputs (used primarily in digital and tech based projects).
- Skills outputs – a range of skills improvements are mandated on production projects.
- Bespoke KPIs including investment induced, new products and services introduced, enterprises assisted, IP created and retained in Wales.

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 2020-21 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. The paper for that session set out the possible consequences of Brexit including:

- **Loss of funding for major projects.**
- **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.
- **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 paper also set out the steps we were taking to help mitigate some of the difficulties such as: **engaging 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; and, work collaboratively within Welsh Government and with our stakeholders and partners to **raise the international profile of Wales**. Creative industries will be a pillar of the new international strategy and the new funding of £5m will assist in building resilience in the economy.

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 following table:

TABLE 5: COSTS COMPARISON 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		2020-21 Costs £'000	
RIA	Actual	RIA	Actual	RIA	Actual	RIA	Budget	RIA	Budget
230	221	220	181	197	156	197	200	197	200

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 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 2018-19 was £7.7m. 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 2019-20 was set at £8.1m. Current forecasts suggest that this figure will be exceeded, and that the year-end actual figure is currently estimated at some £8.2m. Cadw has restructured its charges for the various elements of its commercial operations, which should bring further benefits in the future. Further moderate admission price and membership increases are planned at monuments for next year. Cadw admission prices, even at the key world heritage sites of Conwy and Caernarfon, currently £9.90 per adult), remain considerably lower than attractions in other countries such as Edinburgh Castle £17.50 and Dover Castle £20.90.

Cadw was allocated additional capital of £10.1m profiled over 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 provides access for the public to, 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.

Allocations towards funding for owners of historic assets

There are more than 30,000 listed buildings and 4,200 scheduled monuments in Wales, and the majority are in private ownership. Most of those owners conscientiously care for their properties, which constitute a precious legacy for present and future generations.

Cadw has published an extensive range of guidance and signposting to available grant funding can be downloaded without charge from the Cadw website. My Cadw officials are always happy to provide advice on general queries relating to historic assets, but specific enquires relating to the management of listed buildings are the responsibility of the local planning authority. However, if proposed works or other matters raise difficult questions, my officials are happy to offer advice in pre-application discussions involving all parties.

The listing of a building or the scheduling of a monument brings no entitlement to grant assistance. As with any building, the maintenance liability is a matter for the owner. However, Cadw does have grant schemes which are underpinned by the core objectives of our national strategy - *Prosperity for All*. Value for money judgements are made on the submission of costed estimates by the applicant, assessed by Cadw's Inspectors.

Cadw has the following grant schemes:

- **Listed Building Grants**

Currently Cadw prioritises grants for the repair and restoration of listed historic community assets such as village and community halls, institutes, libraries, and historic places of worship which are open for wider community use. Eligible buildings will typically include listed community assets that are at risk, schemes offering enhanced public access and opportunities for skills development and training, and schemes which deliver benefits to communities or stimulate regeneration opportunities.

Privately owned residential properties will not normally be eligible, since they tend not to provide the widest possible benefits as set out in the national strategy.

- **Ancient Monument Grants**

Ancient monuments can range from Neolithic burial chambers to buildings of the industrial revolution. Many are vulnerable and we recognise that repair works may be costly or may not always be in the financial interests of the owner of the monument.

We consider grant applications for works of preservation, maintenance and management of ancient monuments. Public access and interpretation of ancient monuments is also be considered. The precise works will vary depending on whether the monument is the remains of a stone castle or a field monument, such as a pre-historic earthwork.

Grant requests are assessed against criteria including the necessity and urgency of the works, appropriateness of proposals, scale of expected impact, value of match funding and level of community benefit. Wider community benefits which can be achieved by conservation projects include provision of interpretation, holding open days or participating in open doors events, providing training opportunities, and involvement of volunteers. We would also expect that reasonable public access to the site is provided.

In 2018-19, Cadw committed £0.832m towards grant offers to owners of historic assets, comprising £0.221m to monuments and £0.611m to listed buildings (including war memorials). The nature of the repair and restoration to the fabric of historic assets means that the commitment of grant payments may occur over more than one financial year for any one grant. In 2018-19 the capital spend for grant payments amounted to £0.615m. The forecast spend for 2019-20 is £0.7m.

4.3 National Museum of 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 continue to monitor the financial positions of the National Museums and National Library of Wales closely and provide regular reports for my consideration. Both bodies receive annual Grant-in-Aid funding and make a significant impact in delivering the priorities in *Prosperity for All*.

In 2020-21 the National Museums funding is £20.618m and the National Library of Wales £10.835m. Additional revenue allocations have been made of £0.487m and £0.214m respectively to help meet increases in pay and pension costs. In addition, the National Library of Wales's baseline budget has been increased by £0.095m to reflect the costs of the Royal Commission occupying office and storage space at the National Library of Wales site in Aberystwyth.

Free entry to the National Museum of Wales sites remains a commitment. This is an important policy in terms of removing barriers to participation in cultural activities for people from disadvantaged backgrounds and/or those on

low incomes. It also encourages repeat visits and community use of our National Museum of Wales sites and facilities. The National Museum of Wales, despite not charging, has proven particularly effective at income generation – generating over £5m additional revenues last year (from retail, catering, events, onsite activities, commercial hire and paid for exhibitions etc). Given the recent developments at St. Fagans, which was awarded the prestigious Art Fund Museum of the Year award, we expect this to continue and grow.

Capital funding for both bodies relate to the challenges of operating in historic buildings, the need to keep our national collections safe, and the requirement to provide continued and safe public access whilst maintenance work is ongoing. The National Museum of Wales has to manage these challenges across seven different sites. Capital maintenance funding is not just about fixing existing issues – although there is currently a backlog of capital maintenance work. It is also about supporting work streams which will improve visitor experience and increase the bodies' ability to generate additional revenue from their refreshed and upgraded public spaces. Additional capital funding, as summarised in table 4, is allocated to the National Museums £2.850m and to the National Library of Wales £2.515m

4.3 Museums, Archives, and Libraries

Allocations and commentary in respect of the local museums, archives and libraries sector.

In 2020, I will be providing a statement on my priorities for culture, including across local museums, archives, and libraries. Programme funding will support the local sector, enabling them to deliver on the priorities identified within the statement. Museum, archive and library services delivered at a local level have faced challenging times. Despite that, they have continued to deliver a range of services to the diverse population of Wales.

Museums

Support continues and will continue to be offered to museums to meet and maintain the UK Museum Accreditation Standard. This is a key area of work to ensure the public receive high quality services and that the portable heritage of the nation is properly protected. The latest survey noted a fall from 42% to 37% of the population visiting our museums. Museums are discretionary services and, as such, those within local authorities have faced a challenging few years. This has extended to our independent museums, many of which traditionally received help and support from their local authorities.

Archives

Archive services are a key part of our cultural landscape, providing a record of our nation and a source of evidence. We will continue to support the UK Archives Accreditation standard in Wales and ensure our services meet the requirements of the increasing shift towards digital record keeping.

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 34% 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.

My officials will continue to 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 Public Libraries and Museums Act 1964.

Capital Investment

There is a need for capital investment across the local museums, archives and libraries sector. Our Capital Transformation Grant programme is open to the local sector and provides over £1.4m capital funding each year. Thirteen museums and ten libraries have submitted an Expression of Interest for the 2020-21 fund, putting in bids totalling £3.58m.

I want to ensure that the sector is supported in its work and to encourage the development of a more strategic approach to local museum, archive and library services across Wales. We need to encourage partnership working to make the best use of Welsh Government investment. My statement on cultural priorities will define how this is taken forward and attach budget allocations to the programme strands.

4.4 Arts and the Arts Council of Wales

Allocations and commentary in respect of the Arts Council of Wales

Grant in aid funding of £32.042m in 2020-21 includes an additional allocation of £0.696m (2.2%) to help meet increases in pay and pension costs across the sector. It also includes non cash of £0.119m for depreciation. The funding supports international work and assisting arts organisations to

prepare for Brexit. The increase in capital provision to £0.755m includes £0.4m to provide funding for projects.

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

Increasing levels of access and participation in the arts is continues to be a priority in the Remit letter. The Arts Council of Wales uses most of its grant-in-aid to core fund 67 key strategic arts organisations and we expect them to continue to prioritise access and engagement work. The five year [Corporate Plan 2018-23: For the Benefit of All](#) emphasises the commitment for an increased focus on access, equalities and diversity and identifies ‘Promoting Equalities’ as the foundation of a clear commitment to reach more widely and deeply into all communities across Wales. It has a dedicated Equalities Monitoring Group chaired by a Member of its Council, and all its strategies and programmes undergo extensive equality impact testing.

The organisation is undertaking first consultation phase of its Investment Review 2020. This process is used to select the group of organisations that will make up its future Arts Portfolio Wales, following similar reviews in 2010 and 2015. This first consultation phase completes in January 2020. The focus of the Investment Review is to enable more people in Wales to enjoy and take part in the arts, and for funded activity to increase the diversity of participants by reaching more widely across Welsh society and attracting a diverse range of visitors.

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

The Arts Council of Wales is a key strategic partner in the Fusion programme, supporting organisations to participate by providing practical advice and brokering introductions between Fusion partners and artists/arts organisations in their areas. Where relevant, it publicises opportunities and disseminates information via its e-news, website and to Arts Portfolio Wales clients.

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

The Arts Council of Wales’s Resilience Programme ensures that cultural organisations are more business-focused, 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 £2m fund has supported 57 of the 67 Arts Portfolio Wales organisations to share best practice, models of delivery and pilot different approaches to long term sustainability. This has proved hugely beneficial for the 85% of the Art Council of Wales’s core revenue portfolio who are signed-up to the programme.

4.5 Media and broadcasting

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

Funding of £3.730m in 2020-21 includes an additional allocation of £0.081m (2.2%) to provide additional funding for the sector to continue initiatives such as 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 economy of these areas as well as the Welsh language. The BCW has a key role in delivering the Welsh Government's Welsh Language Strategy and the goal of a million Welsh speakers by 2050.

The BCW will also receive additional capital funding of £0.75m (total project £1m) to implement a new software system at its distribution centre. The upgrade is unavoidable as the existing outdated system has a number of known limitations and is being retired by the current supplier in 2022. This will be a significant boost to the BCW and the whole publishing industry in Wales.

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 BCW has a vital role in delivering the Welsh Government's strategic agenda 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.

Key Welsh language initiatives are Golwg 360, the Welsh-language daily on-line news service, and support for Welsh-medium news and current affairs publications *Golwg*, *Barn* and *Y Cymro*. The BCW funding also maintains the English-language magazine *The Welsh Agenda* and the on-line publications *Nation.Cymru* and *Click on Wales* which cover several areas including current affairs/culture. The Welsh Government's commitments in terms of broadcasting also includes staff resource funding to support the priorities.

Independent Community Journalism Fund

The Independent Community Journalism Fund (Fund) was launched on 1 April 2019 to provide revenue grant funding to independent community publications, also known as hyper-local publications, based in Wales to support the sustainability, development and growth of their publication. The Two Year Budget Agreement with Plaid Cymru provided £0.1m in 2019-20

and is managed within the Economy and Transport MEG. The Fund is fully committed.

All applications are fully evaluated by a Welsh Government panel to assess the eligibility criteria. Each eligible applicant also provides consent to share their application with the Centre for Community Journalism (C4CJ). The C4CJ acts in an advisory capacity as experts in the field of hyper-local journalism. However they are not part of the approval process.

Expected outcomes of the grant funding include:

- Increased readership and a widening of the reach of publications.
- Increased advertising to increase revenue streams.
- Technical improvements to websites, upgraded platforms and development of new online services.
- Staff development through training and attendance at industry conferences.
- Increased headcount and improved productivity by taking on new staff.
- Business growth and improved professionalism through expansion into new office space.

4.6 Creative Wales

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

In recognition of the creative industries as one of the fastest-growing parts of the Welsh economy for nearly a decade, Welsh Government has committed to setting up Creative Wales as an internal agency, to further support the growth of the sector in Wales.

Creative Wales will respond to industry growth and the changing landscape of the sector to offer a streamlined, dynamic and innovative service underpinned by a small number of key priorities, which include:

- Developing the skills and talent base in Wales.
- Improving standards and working in partnership.
- Simplifying the models of funding to respond quickly and flexibly to sector needs.
- Expanding support to broader sub sectors such as digital, music and publishing.
- Marketing and promotion of the creative industries in Wales to the world.

An additional £5m of capital has been allocated to deliver Creative Wales's strategic priorities. The revenue budget allocation of £1.708m will also be

prioritised to deliver on the new strategic ambitions of Creative Wales. Both will be subject to the usual due diligence and budget process.

4.7 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.

In November 2017, Welsh Government and Pinewood entered into a Management Services Agreement for the operation of the Wentloog studio facilities. Under the terms of the agreement, Pinewood manage the Pinewood Studio on behalf of Welsh Government and act as agents.

Running costs for the studio equate to circa £1.185m per annum. During the earlier part of the agreement period, rental figures have been around £0.46m per annum.

In March 2019, Welsh Government entered into a Stage Agreement with Bad Wolf Studios Wales to rent the entire vacant space at the studio for twelve months, with the option to enter into a further two year agreement. The studio is now occupied 80% by Bad Wolf Studios Ltd, consisting of the main studio space, and 20% by tenants of the Media Hub – small office spaces let to supply chain companies in the sector. Under this agreement, running costs of the studio are covered and a small profit is made.

Pinewood has now served notice on the current agreement, which will end on 31 March 2020. The Welsh Government is currently exploring options for future management of the studio following exit.

In response to Recommendation 6 in the report of the National Assembly for Wales Public Accounts Committee on the Welsh Government's relationship with Pinewood, the Welsh Government committed to providing an update on the latest financial performance and income projections. This will also be shared with the Culture, Welsh Language and Communications Committee.

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

The overall Media Investment Budget Investments stands at £15.106m, and the amount recouped to date is £5.054m. The investment has generated a total Welsh spend to date of £25.112m. Receipts on the Media Investment Budget continue to be received by Welsh Government. A summary of the individual loans investments, the funding recouped to September 2019, and the balance of each project that has been supported by the Media Investment Budget is included at **Annex B**.

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

The total value of offers at September 2019 is £27.959m with anticipated spend £333.748m.

A list of the projects is provided at **Annex C**.

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

Bad Wolf Studios have an approved loan of £9m with £4.5m paid to date. No repayments are due. The anticipated Welsh spend is £133m.

2020-21 Draft Budget – Culture & Heritage – Detailed Breakdown

Action	Budget Expenditure Line	2019-20 First Supp Budget £'000	Baseline Adjustment £'000	2020-21 Revised Baseline £'000	Change £'000	2020-21 New Plans Draft Budget £'000
Support for Culture and the Arts	Arts Council of Wales	31,346	-	31,346	696	32,042
	National Museum of Wales	21,618	-	21,618	1,487	23,105
	National Library of Wales	10,835	-	10,835	309	11,144
	Museums, Archives and Libraries	2,087	(27)	2,060	-	2,060
	Creative	1,708	-	1,708	-	1,708
Total		67,594	(27)	67,567	2,492	70,059
Media and Publishing	Books Council of Wales	3,649	-	3,649	81	3,730
Total		3,649	-	3,649	81	3,730
Support for the Historic & Natural Environment	Cadw	11,206	-	11,206	1,205	12,411
	Royal Commission on the Ancient and Historical Monuments of Wales	1,730	-	1,730	34	1,764
	National Botanic Garden of Wales	581	-	581	13	594
Total		13,517	-	13,517	1,252	14,769
Total Resource		84,760	(27)	84,733	3,825	88,558
Museums & Libraries Pension	National Museum of Wales	2,391	-	2,391	-	2,391
	National Library of Wales	622	-	622	-	622
Total AME		3,013	-	3,013	-	3,013
TOTAL RESOURCE		87,773	(27)	87,746	3,825	91,571

Action	Budget Expenditure Line	2019-20 First Supp Budget £'000	2020-21 Plans as per 2019-20 Final Budget £'000	Change £'000	2020-21 New Plans Draft Budget £'000
Support for Culture and the Arts	Arts Council of Wales	355	355	400	755
	National Museum of Wales	1,669	697	2,850	3,547
	National Library of Wales	2,705	580	2,515	3,095
	Museums, Archives and Libraries	2,430	1,430	-	1,430
	Creative	515	989	5,000	5,989
Total		7,674	4,051	10,765	14,816
Media and Publishing	Books Council of Wales	30	30	750	780
Total		30	30	750	780
Support for the Historic & Natural Environment	Cadw	5,360	8,731	-	8,731
	Royal Commission on the Ancient and Historical Monuments of Wales	15	15	-	15
	National Botanic Garden of Wales	95	95	100	195
Total		5,470	8,841	100	8,941
TOTAL CAPITAL		13,174	12,922	11,615	24,537

Annex B

PROJECTS FUNDED BY THE MEDIA INVESTMENT BUDGET

Project	Investment Value £m	Amount Recouped to September 2019 £m	Net Gain / (Loss) to Date £m	Welsh Spend to Date £m
Under Pinewood Management				
Take Down	3.144	1.090	(2.054)	1.089
Their Finest	2.000	2.050	0.050	1.618
The Collection	1.750 ¹	0.235	(1.515)	5.187
Show Dogs	1.566 ²	0	(1.566)	4.338
Journey's End	0.850	0.631	(0.219)	0.903
Don't Knock Twice ³	0.630	0.609	(0.021)	0.641
Minotaur	0.026	0	(0.026)	N/A ⁴
Lionel the First	0.025	0	(0.025)	N/A ⁵
Total	9.991	4.615	(5.376)	13.776
Under Welsh Government Management				
Trampires ⁶	2.000	0	(2.000)	1.621
Eternal Beauty	1.050	0.364	(0.686)	1.255
Bang	0.350	0	(0.350)	2.562
Tiny Rebel	0.318	0	(0.318)	0.260
Goose Green	0.025	0	(0.025)	N/A ⁷
Almost Never (formerly True Believers) ⁸	0.622	0	(0.622)	2.118
Six Minutes To Midnight ⁹	0.750	0.075	(0.675)	3.520
Total	5.115	0.439	(4.676)	11.336
Overall Total	15.106	5.054	(10.052)	25.112

¹ The investment value includes £600,000 of grant funding from the Media Investment Budget

² The investment value includes £362,000 of grant funding from the Media Investment Budget

³ Don't Knock Twice also received £75,000 of grant funding under the Welsh Government's Business Finance scheme.

⁴ Development funding does not include a Welsh Spend commitment

⁵ Development funding does not include a Welsh Spend commitment

⁶ Trampires also received £652,572 of grant funding under the Welsh Government's Business Finance scheme.

⁷ Development funding does not include a Welsh Spend commitment

⁸ In production or production has only recently completed.

⁹ In production or production has only recently completed.

WELSH SCREEN FUND INVESTMENT

Financial Year of Offer	Name of Production Company (SPV*)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
2012/13	Tonto Films and Television Ltd	Da Vinci's Demons Series 1	0.495	3.823
2012/13	Urban Myth Films	Atlantis Series 1	0.250	4.026
2012/13	Pesky Productions Ltd (Boj & Buddies)	Boj & Buddies	0.200	1.003
2012/13	Fiction Factory (Hinterland Films Ltd)	Hinterland Series 1	0.215	3.691
2012/13	Tonto Films and Television Ltd (DVDS2)	Da Vinci's Demons Series 2	0.990	15.000
2013/14	Avanti Media Group	Wonder World	0.127	0.763
2013/14	Urban Myth Films	Atlantis Series 2	0.250	4.026
2013/14	Lime Pictures Limited	Rocket's Island	0.143	0.966
2013/14	Mirror Productions	Petroleum Spirit	0.051	0.358
2013/14	Modern Television	A Poet In New York	0.053	0.855
2013/14	Adastra Creative and Shrinking Cap Productions Ltd	Grandpa in my pocket	0.129	1.612
2013/14	Three Stones Media (The Rastamouse company)	Rastamouse Series 4	0.145	0.885
2013/14	Pure Grass Films Ltd (Drake Equation Ltd)	The Drake Equation	0.740	5.208
2014/15	Lime Pictures Limited	Rocket's Island Series 4	0.070	0.700
2013/14	Lupus Films	Toot the Tiny Tugboat / Ethel & Ernest	0.550	3.034
2013/14	Green Bay Media Ltd	Castle Builders	0.045	0.320
2013/14	YJB Films (From a Jack to a King Ltd)	From a Jack to a King	0.100	1.229
2013/14	Hartwood Television Ltd	Lady Chatterleys Lover	0.125	0.813
2014/15	Gritty Realism Productions Ltd	Heart of Darkness	0.150	1.794
2014/15	TCFTV UK Productions	The Bastard Executioner	2.500	10.000
2014/15	Cwmni Da Cyf	Country Fair	0.125	1.019
2014/15	Animortal Studio (Trampires Ltd)	Trampires	0.674	6.738
2014/15	Tiger Aspect Productions (Tiger Aspect (D&F) Ltd)	Decline and Fall	0.100	1.800
2014/15	RF Movie Productions Ltd	Robin Friday - The Movie	0.200	1.950
2014/15	Touchpaper Television Ltd	Coming up	0.080	0.809
2014/15	Fiction Factory Films Ltd (Hinterland Films 2 Ltd)	Hinterland 2	0.304	5.300
2014/15	Fiction Factory Films Ltd (Hinterland Films 3 Ltd)	Hinterland 3	0.250	4.210
2015/16	Bad Wolf Ltd	Bad Wolf Productions	9.000	133.000
2015/16	Hartwood Films (Sherlock TV Ltd)	Sherlock Season 4	0.240	2.409
2015/16	Heel Stone Pictures Ltd	Crossing the Border	0.202	2.519
2015/16	Ninth Floor UK Productions Limited	Will Season 1	1.500	18.761
2015/16	Lookout Point Ltd (Pinewood	The Collection	0.600	5.500

Financial Year of Offer	Name of Production Company (SPV*)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
	Films 14)			
2015/16	Red & Black Films (Don't Knock Twice Ltd)	Don't Knock Twice	0.075	0.630
2015/16	Vertigo Television Ltd	Britannia VFX	1.100	11.149
2016/17	Beakus Ltd	Toggle Top	0.076	0.944
2016/17	Cloth Cat Animation Ltd (Clothcat LBB Ltd)	Luo Bao Bai	0.225	3.183
2016/17	Riverstone Pictures (Showdogs Ltd)	Showdogs	0.362	4.737
2016/17	Vox Pictures (Keeping Faith Ltd)	Keeping Faith	0.328	4.250
2016/17	Green Bay Media	Mountains and Life	0.030	0.540
2016/17	New Pictures (Requiem Productions Ltd)	Requiem	0.400	5.016
2016/17	Severn Screen Ltd (Apostle Films Ltd)	Apostle	0.385	5.767
2017/18	World Productions (BTK 2016 Ltd)	Born to Kill	0.200	2.500
2017/18	The Forge Entertainment Ltd	Kiri	0.200	2.382
2017/18	Coracle Pictures Limited (Denmark)	Denmark	0.085	1.383
2017/18	Rondo Media Cyf	The Wall	0.045	0.363
2017/18	Touchpaper Television Ltd	4Stories	0.040	0.631
2017/18	Illuminated Productions Ltd	The Rubbish World of Dave Spud	0.090	0.906
2018/19	Eleven Film Ltd	Schooled	0.485	3.879
2018/19	Boom Cymru	15 days	0.089	1.074
2018/19	Dream Horse Films Limited, Popara Films Ltd and Popara Films (DH) Limited	Dream Horse	0.350	4.384
2018/19	JJ Productions Ltd (Short Form Film)	Jamie Johnson Series 4	0.156	1.927
2018/19	Mad as Birds Ltd and Reliance Entertainment Productions Six Ltd	Six Minutes To Midnight	0.400	3.879
2018/19	Keeping Faith (Series 2) Productions Ltd (Vox Pictures)	Keeping Faith Series 2	0.300	4.654
2018/19	Hat Trick Productions	Warren	0.109	1.304
2018/19	Monterey Productions Ltd (HBO)	Brooklyn	0.220	2.412
2018/19	GOL Production Ltd (Pulse Films)	Gangs of London	0.350	4.209
2018/19	Iele Productions	Merched Parchus	0.041	0.444
2018/19	Blacklight TV	4Stories series 2	0.102	1.574
2019/20	All That Limit	Brave New World	2.000	20.000
2019/20	Joio	Bang Series 2	0.190	2.300
2019/20	JJ Productions Ltd (Short Form Film)	Jamie Johnson Series 5	0.060	1.827
TOTAL (excluding withdrawn offers)			27.959	333.748

*Offer subsequently withdrawn