

Communities and Culture Committee

Date: 24 November 2010

Time: 9:40am -10. 20am

Title: Evidence paper - Department for Heritage
Draft Budget Allocation for 2011-12

Introduction

1. This paper provides background financial information to the Communities and Culture Committee regarding the Department for Heritage's spending plans as outlined within the draft budget published on 17th November.
2. Details of the main expenditure areas covered within each SPA (Spending programme Area) are set out in Annex A.
3. In line with the practice that was adopted last year across the Welsh Assembly Government, the MEG is organised into new SPAs and below that some SPAs are split into separate Actions. Annex B gives a breakdown of the Draft Budget, by SPA, and by Action within SPA.

Background and Summary

4. The draft budget proposals have been made against a background of reducing baselines following the CSR settlement. The draft budget figures for 2011-12 to 2013-14 may be summarised as follows:

	Budget 2010- 11 £'000	Draft Budget 2011-12 £'000	Draft Budget 2012- 13 £'000	Draft Budget 2013-14 £'000	Change in year 3 compared with 2010- 11 £'000	% Change £'000
Revenue	138,962	136,007	134,114	134,726	-4,236	-3
Capital	18,622	14,843	13,806	12,307	-6,315	-34
	157,584	150,850	147,920	147,033	-10,551	-7
Annually Managed Expenditure	2,058	2,265	2,490	2,740	682	33
Total	159,642	153,115	150,410	149,773	-9,869	-6

5. In summary, the revenue funding for the Heritage MEG reduces by £4.236m, over the three years of the RAE process equivalent to a reduction of 3%.

6. The capital funding reduces by £6.315m, to £12.307million a reduction of 34%. These figures take into account the fact that the MEG received additional capital allocations in 2010-11.

Proposals for use of the reduced funding

7. The Heritage budget contains most of the public funding provided to support the arts, national museums and libraries, sport, the Welsh language, the built heritage and to promote and support the development of Wales as a tourist destination. The majority of the Heritage budget is paid out to Assembly Government Sponsored Bodies (AGSBs). Funding is also provided to Visit Wales, Cadw and Cymal. My proposals take into account discussions with each of the AGSBs and a detailed assessment of the pressures they face. Each of the programmes funded under the Heritage MEG generates important public benefits. Cultural programmes and our built heritage make an invaluable contribution to the quality of people's lives. They also contribute to the government's social, educational and economic agenda. Tourism has a crucially important contribution to make to our future economic growth. My assessment therefore was that it was important to continue to fund each of the main programmes to the extent that funding would allow.
8. I have prioritised the protection of front line services whenever possible. Each of the AGSB running cost budgets will be reduced by a greater amount than the programmes they support. Our ability to continue to deliver the wide range of outcomes that characterise the Heritage budget will be crucially dependant on our ability to generate efficiency savings, both as a Department and through the organisations that we fund. It will be important to explore the extent to which these can be achieved through greater joint working across and between the arms length bodies that we fund.
9. I am also anxious to generate greater synergies between the distinctive programmes within the Heritage portfolio. Casgliad y Werin – the People's Collection is an excellent example of what can be achieved by organisations working together. It is a partnership between Amgueddfa Cymru, the National Library and the Royal Commission. It's funding will be increased reflecting its strategic importance. I also want to see stronger action across a broad front to maximise the opportunities surrounding cultural tourism. Arts and Sports programmes will also be expected to maximise the contribution they make across a range of the Government's programmes including areas such as public health, community regeneration and education.
10. I have accorded a particular priority to the support government provides for promoting the Welsh language. This will increase by around 2% over the period. I will shortly be publishing the government's revised Welsh language strategy and this additional funding will enable some of the important new proposals contained within the strategy to be implemented. I have also made provision to support the introduction of the new Welsh Language Commissioner. Government support for Welsh Language publishing is being protected to enable the Welsh Books Council to

continue with its programme of improving the competitiveness of the publishing industry.

11. We will also continue our investment in the promotion and marketing of tourism with a view to growing the visitor economy to take advantage of Wales' natural, heritage and cultural assets combined with high quality hospitality and ease of access. We recognise the need to compete with other parts of the UK, Europe and the World to attract visitors. By growing the visitor economy, jobs are created and sustained throughout Wales, especially in rural areas and for the more disadvantaged sectors of society.
12. To add momentum to this and to encourage cultural organisations to developing creative responses to the challenge faced by reducing budgets I organised a Culture Summit in July. The summit featured representatives of all the Assembly Government Sponsored Bodies the Heritage MEG supports together with other delegates from organisations across the cultural sector. I stressed the need for the development of new creative partnerships aimed at enhancing cultural impact as well as sharing of back office functions to drive further efficiency with a view to maximising the public benefits associated with every pound of public expenditure on heritage
13. The main changes in revenue funding over the period 2011-14 are as follows:
 - i. **Bilingual Wales Fund** - I am proposing a 2% increase to the Bilingual Wales Fund. This is intended to support the implementation of our revised Welsh Language Strategy to be published later this year. This together with the flat lined running cost budget will be targeted at supporting the creation of this office subject to Assembly approval of the Welsh Language Measure;
 - ii. **Welsh Language Commissioner.** I am also maintaining the Welsh Language Board's running costs at their current level over the spending period to allow for the establishment of the Welsh Language Commissioner;
 - iii. **Tourism.** The funding provided for Visit Wales is intended to ensure that they have sufficient match funding to enable them to continue funding 4 major European projects they are developing and delivering over the next 3 years. Funding for marketing activities has also been prioritised;
 - iv. **Free Swimming.** In line with the Cabinet's commitment to maintaining universal benefits the funding made available for free swimming will remain constant over the spending period. There will however be a reduction the overall Sport Wales budget;
 - v. **Casgliad y Werin** – People's Collection. This innovative project is of strategic importance for the heritage sector. In recognition of this funding will be increased from £250K to £300K per annum;

- vi. **AGSB running costs** – I am proposing to reduce running costs for AGSBs by 4% per annum over each of the years of the spending period. This will require each of the organisations to find demanding levels of efficiency savings in administrative and support functions.

Capital

14. The large decrease in capital funding has necessitated a rigorous assessment of priorities and some very significant reductions in capital budgets. I have tried where possible to maintain our investment in maintaining the fabric of the heritage estate, including Cadw's statutory responsibilities towards ancient monuments.
15. The capital budget from 2011 onwards includes provision for the Tourism Investment Support Scheme (TISS). Capital investment in tourism SMEs through TISS will help to sustain employment levels throughout Wales including in our economically disadvantaged areas.
16. I have prioritised one important new capital development. We will be allocating £4million capital funding towards Amgueddfa Cymru's project aimed at refurbishing the National History Museum at St Fagans. This reflects the strategic importance of that project for Wales. This funding is in addition to the £1 million I am providing to support essential preparatory works during the current year. The intention is that this project should transform Wales's foremost visitor attraction into one that can receive 1 million visitors a year and secure over 300 jobs.
17. The change in capital allocation over the planning period of £6.315m has resulted in a prioritisation of schemes across the department.
18. The main changes in capital funding are as follows:
 - i. **St Fagans** – £4million will be provided for the St Fagans National History Museum to contribute to the transformation of the site to be both a World Class Museum and a gateway to other cultural and heritage sites all over Wales.
 - ii. **Capital Budgets for AGSBs** – maintenance budgets will be cut significantly over this period. Reductions also planned in the grants made available to the National Museum and National Library to maintain and strengthen their national collections.
 - iii. **Cadw** – Cadw's budget receives some protection in recognition of the rising capital maintenance bill for the 127 monuments in state care.
 - iv. **CyMAL grants** – investment in public library refurbishment will need to be cut back. Over recent years we have invested £3million per annum in partnership with local authorities. By the end of the spending period this figure will be reduced to £1.5 million.

- v. **Tourism** – the new Tourism Investment Support Scheme will decrease over the period in line with the level of reduction being applied to the overall MEG

Annually managed expenditure

19. This represents the accounting provision required to reflect the change in deficits in the Pension Schemes of the National Museums of Wales and the National Library for Wales. In previous years allocations reflected the total deficit. This change follows the latest Treasury directive.

Spending Programme Areas – main expenditure areas covered

Promote wider use of the Welsh Language Board via the Welsh Language Board and others

This Action includes funding for the Welsh Language Board, the Welsh Books Council and the Bilingual Wales Fund.

Museums, Archives and Libraries

This Action supports the delivery of the Museum, Archive and Library services in Wales, including funding for Amgueddfa Cymru - National Museum Wales and the National Library for Wales. It also includes funding for CyMAL: Museums Archives and Libraries Wales grant schemes.

Support and sustain a strong arts sector via the Arts Council and others

This Action supports arts and culture in Wales, including funding for the Arts Council for Wales, the Wales Millennium Centre, and the National Botanic Gardens.

Delivery of effective sports and physical activity programmes

This Action supports delivery of the Assembly Government's Climbing Higher Strategy and provides funding for the Sports Council for Wales.

Conserve, protect, sustain and promote access to the Historic environment

This Action funds Cadw (the Assembly Government's historic environment service) expenditure and the Royal Commission for Ancient and Historic Monuments in Wales.

Tourism

This Action supports the promotion and marketing of Wales as a tourist destination within the UK and overseas, and the encouragement of an all Wales approach to tourism through the four Regional Tourism Partnerships.

Heritage Action allocations	£000s											
	2010-11			2011-12			2012-13			2013-14		
DEL	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Support and sustain a strong arts sector via the AC and others	36,530	1,090	37,620	35,437	460	35,897	34,842	455	35,297	35,683	450	36,133
Foster Usage and Lifelong Learning through Museum Services	24,781	2,000	26,781	24,404	3,118	27,522	23,914	2,138	26,052	23,903	2,138	26,041
Foster Usage and Lifelong Learning through Library Services	12,518	1,502	14,020	12,346	955	13,301	12,125	1,485	13,610	12,121	855	12,976
Strategic leadership for museum, archive & library services.	2,265	3,100	5,365	2,238	1,600	3,838	2,194	1,350	3,544	2,218	1,050	3,268
Museums and Libraries	39,564	6,602	46,166	38,988	5,673	44,661	38,233	4,973	43,206	38,242	4,043	42,285
Delivery of effective sports & physical activity programmes	26,345	1,170	27,515	25,437	345	25,782	24,923	345	25,268	24,853	345	25,198
Promote wider use of the Welsh Language via the WLB and others	17,919	125	18,044	17,889	75	17,964	17,938	125	18,063	17,984	125	18,109
Conserve, protect, sustain and promote access to the historic environment	5,540	6,135	11,675	5,509	5,500	11,009	5,455	5,313	10,768	5,338	5,031	10,369

Heritage Action allocations	£000s											
	2010-11			2011-12			2012-13			2013-14		
DEL	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Increase visitor demand and conversion	8,539	0	8,539	8,390	0	8,390	8,587	0	8,587	8,701	0	8,701
Developing the Visitor Experience	4,525	3500	8,025	4,357	2790	7,147	4,136	2595	6,731	3,925	2313	6,238
Tourism	13,064	3,500	16,564	12,747	2,790	15,537	12,723	2,595	15,318	12,626	2,313	14,939
TOTAL DEL	138,962	18,622	157,584	136,007	14,843	150,850	134,114	13,806	147,920	134,726	12,307	147,033
Foster Usage and Lifelong Learning through Museum Services	1,633			1797			1,976			2,174		
Foster Usage and Lifelong Learning through Library Services	425			468			514			566		
Total Annually managed expenditure	2,058	0	0	2,265	0	0	2,490	0	0	2,740	0	0
Total Managed Expenditure	141,020	18,622	157,584	138,065	14,843	150,850	136,604	13,806	147,920	137,466	12,307	147,033