

# Scrutiny of the Welsh Government Draft Budget: 2026-27

December 2025

## 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 2026-27. Our report is intended to inform the debate on Tuesday 16 December 2025.
2. Our scrutiny has been informed by:
  - written evidence provided by the Minister for Culture, Skills and Social Partnership ("the Minister"); the Cabinet Secretary for Finance and Welsh Language ("the Cabinet Secretary"), and the First Minister;
  - oral evidence sessions with the Minister on 19 November 2025 and with the Cabinet Secretary on 27 November 2025;
  - oral and written evidence provided by Welsh Government-funded bodies during general scrutiny in autumn 2025; and
  - the views of other stakeholders and members of the public submitted in written evidence to this Committee.
3. Our report is structured in accordance with the three ministerial portfolios and how they correspond with our remit:
  - Culture, Communications and Sport (Minister);



- Welsh Language (Cabinet Secretary);
- International Relations (First Minister).

## Recommendations

**Recommendation 1.** The Welsh Government should increase funding for culture and sport in the Final Budget.....14

**Recommendation 2.** The Welsh Government should provide the Committee with figures for total revenue and capital spending on culture and sport from non-culture and sport departments. This should include, for each year since 2024-25, a breakdown of funding by Budget Expenditure Line and an explanation of how this funding was used for culture or sport .....14

**Recommendation 3.** The Welsh Government should align budgets towards preventative spending, as recommended by the Future Generations Commissioner, Audit Wales and this Committee. A starting point would be to increase funding for culture and sport. .... 19

**Recommendation 4.** The Welsh Government should empower culture and sport organisations by enabling them to spend additional funding provided by the Welsh Government according to their own governance processes, and not requiring undue additional authorisation from the Welsh Government. In doing so, it should consider how it can reduce the administrative burden, and instead provide more funding as additional contributions to their grant-in-aid.....25

**Recommendation 5.** The Welsh Government should:.....27

- set out a sustainable long term funding stream for its Celf project. ....27
- provide the rationale for the Minister’s position that Celf “should be self-sustaining as a project,” given that this appears to contradict two independent assessments of the project.....27

**Recommendation 6.** The Welsh Government should increase revenue funding for Sport Wales, so that it receives at least the average increase to revenue budgets used across the overall Welsh Government budget. .... 29

**Recommendation 7.** The Welsh Government should set out a clear timescale to make a final decision about the relationship between Cadw and the Royal Commission on the Ancient and Historical Monuments of Wales.....31

**Recommendation 8.** The Welsh Government should provide further details of the “£1.97m to Medr to support performance-based music and drama conservatoire provision”. These details should include which part of the Welsh Government budget this funding comes from, what outcomes the funding will provide, and whether the Welsh Government anticipates maintaining this funding on an ongoing basis. ....32

**Recommendation 9.** The Welsh Government should provide details of its allocations for journalism and to the Books Council for Wales in 2026-27. In doing so, it should explain how it has factored in appropriate pay and working conditions for those working in these sectors. ....32

**Recommendation 10.** The Welsh Government should respond to the recommendations of the 2023 report *Of and for Wales: towards a sustainable future for public interest journalism*, explaining how any work implementing this report will be funded. ....32

**Recommendation 11.** The Welsh Government should clarify whether the December 2025 announcement of an additional £2.5 million for the creative industries will have any impact on allocations in the 2026-27 Draft Budget.....33

**Recommendation 12.** The Welsh Government should ..... 39

- provide a full breakdown of the distribution of funding to partner organisations under this funding stream, including how much will be allocated to the Athrofa; ..... 39

- provide clarity on whether the funding allocated to support the preparatory work of the Athrofa includes funding to support the National Centre for Learning Welsh with its own inflationary costs and additional responsibilities; 39

- provide details of any discussions the Cabinet Secretary has had with partner organisations regarding the impact of a below inflation uplift on their operation and activities. .... 39

**Recommendation 13.** The Welsh Government should provide all partner organisations with the minimum 2 percent uplift, and fully resource those areas associated with the implementation of the Act with additional revenue. .... 39

**Recommendation 14.** The Welsh Government must provide a real terms increase in funding accompanied by the increase commensurate with the additional activities the Commissioner is being asked to undertake.....41

**Recommendation 15.** The Welsh Government, as part of any budget agreement, should seek to provide the Commissioner with the additional £83,000 requested as part of her estimate to undertake work developing Welsh use in the workplace.....41

**Recommendation 16.** The Welsh Government should:.....47

- provide the Mudiad Meithrin with an inflationary increase at the same level as other partners that work to support and promote the language;.....47
- set out how much funding the Mudiad Meithrin will receive as part of this Draft Budget, and where that funding is allocated.....47

**Recommendation 17.** The Welsh Government should set out in detail how ARFOR has been mainstreamed into the general budget.....47

**Recommendation 18.** In line with our previous recommendations and the principle of Welsh Government accountability to the Senedd, the Welsh Government must ensure that, where requested by the relevant committee, the Minister with responsibility for International Relations appears in person for oral evidence sessions on future Draft Budgets..... 49

**Recommendation 19.** In response to this report, the Welsh Government should: .....50

- Provide information on outcomes and deliverables relating to International Relations for 2024-25 and 2025-26. ....50
- Provide information on out-turns, outcomes and deliverables relating to International Sustainable Development for 2024-25 and 2025-26.....50
- Explain how the budget allocation for 2025-26 has been used to deliver the International Delivery Plan so far in the current budget cycle, and what there remains to deliver during the Sixth Senedd. ....50
- Provide more information on the planned Overseas Network Review, including the rationale behind the decision, the review process, its scope, timings and resourcing.....50

**Recommendation 20.** The Welsh Government should:..... 55

- Explain the rationale behind the international BEL's real-term cuts in light of overall revenue increases of 2.2 per cent. .... 55
- Detail what discussions took place between relevant Cabinet Secretaries/Ministers that resulted in the international BEL's real-term cuts. .... 56
- Provide allocations for the profiled planned spend for the IR BEL and explain why these were not shared with the Committee in the First Minister's written information..... 56
- Explain why the Welsh Government transferred £3,000 from reserves, and why this was not mentioned in the First Minister's written information..... 56
- Set out where the £3,000 transfer from reserves will be allocated in the three areas the IR BEL (International Engagement, Overseas Office: running costs, Overseas Offices: combined activity)..... 56
- Ensure that the International Strategy, four action plans and the International Delivery Plan is subject to an external evaluation process, (as with the Export Action Plan)..... 56

**Recommendation 21.** The Welsh Government should: .....57

- Set out the Welsh Government's delivery partners for 2026-27.....57
- Set out when funding will be confirmed for all delivery partners, and how many have submitted engagement and delivery plans.....57
- Clarify what steps were taken to obtain key financial information from partners during the Draft Budget's development.....57
- Explain the Welsh Government's contingency plan if strategic partners report that the real term cuts described above are insufficient to deliver their responsibilities.....57

# 1. Overall Welsh Government approach

4. The 2026-27 Draft Budget – the last from the current Welsh Government – was billed by the Cabinet Secretary for Finance and Welsh Language, Mark Drakeford MS as a “business-as-usual” budget.<sup>1</sup>

5. The Outline Draft Budget 2026-27 report sets out that the approach to allocating funding to departments has been to take the revised baseline and add:

- an uplift of 2.2 per cent to fiscal resource that is provided for the public sector pay elements within each department.
- a 2 per cent uplift for non-pay fiscal resource, general capital and financial transaction capital.<sup>2</sup>

The overall revenue (i.e. “fiscal resource” – revenue excluding non-cash) change to the areas under consideration by this committee is a 2 per cent increase.

The budget documentation states there is £380 million unallocated funding, comprising £231 million fiscal resource, £136 million general capital and £13 million financial transactions capital.<sup>3</sup>

In his introduction to the Outline Draft Budget Report 2026-27, the Cabinet Secretary said: *“My door therefore remains firmly open to working with other political parties” to get a final budget through the Senedd.*<sup>4</sup>

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<sup>1</sup> Record of proceedings: Plenary – 1 July 2025, paragraph 207

<sup>2</sup> Welsh Government: Outline Draft Budget Report 2026-27 – October 2025

<sup>3</sup> Welsh Government: Outline Draft Budget Report 2026-27 – October 2025, page 23

<sup>4</sup> Welsh Government: Outline Draft Budget Report 2026-27 – October 2025, page 3

## 2. Culture, Communication and Sport

### Overview

6. Overall, revenue and capital funding for the Culture, Communication and Sport elements of our remit has increased from £211.8 million in the 2026-27 revised baseline to £216.0 million in the 2026-27 draft budget (an increase of 2 per cent). The allocated funding comprises:

- **Revenue funding:** £148.1 million. This is a 1.9 per cent increase compared with the £145.4 million in the 2026-27 revised baseline;
- **Capital funding:** £67.9 million. This is a 2.2 per cent increase compared with the £66.4 million in the 2026-27 revised baseline.

7. These allocations cover the following Actions:

- **Culture and the Arts:** including funding for the Arts Council of Wales, Amgueddfa Cymru, the National Library, and support for local culture and sport;
- **Sports and Physical Activity:** providing funding for Sport Wales;
- **The Historic Environment:** mostly funded through Cadw (the Welsh Government's heritage division), but also including the National Botanic Garden and the Royal Commission on the Ancient and Historical Monuments of Wales;
- **Creative Wales:** the Welsh Government's creative industries division.

8. Table 1 compares the revenue and capital allocations for these Actions in the 2026-27 Draft Budget with the allocations in the revised 2026-27 baseline.

*Table 1 Summary of allocations for relevant Actions*

Action	Funding type	Revised 2026-27 baseline (£million)	2026-27 Draft Budget (£million)	Increase in cash terms
Culture and the Arts	Revenue	£89.2	£90.1	1%
	Capital	£40.2	£41.5	3.1%
	Revenue	£23.19	£23.24	0.2%

<b>Sports and Physical Activity</b>	Capital	£10	£9.5	-5% <sup>5</sup>
<b>Historic Environment</b>	Revenue	£25.2	£25.5	1.6%
	Capital	£9.2	£9.5	2.5%
<b>Creative Wales</b>	Revenue	£7	£8.4	20%
	Capital	£7	£7.5	7%

## The Welsh Government's ambitions for culture and sport

9. Ahead of our meeting with the Minister we held evidence sessions with the main Welsh Government-funded culture and sport organisations. This provided an opportunity to learn about the state of sector, and the potential impact of what the Welsh Government had trailed as a “business as usual” Draft Budget.<sup>6</sup>

10. The evidence we heard was that culture and sport are struggling following a decade of real-terms cuts, during a period when they have weathered external shocks such as the pandemic, Brexit and the cost-of-living crisis.

11. In his 2025 report, the Future Generations Commissioner says “culture is in crisis” and that “there is little evidence that cultural well-being is being supported holistically across policy areas.”<sup>7</sup>

12. In October, Arts Council Wales outlined the continuing fragility of the sector, with an increase seen in organisations most at risk, and noted that there is “no slack” in the system.<sup>8</sup>

13. The Welsh Government's evidence paper for the Draft Budget session said:

*“Audiences have not returned to pre pandemic levels. Across Arts Council Wales multi-year funded organisations, the figures show that in 2024-25 there were 3.5m attendances to events compared to 4.0m attendances in 2019-20.”<sup>9</sup>*

<sup>5</sup> This decrease is a result of £1m costs of a capital loans scheme – the Sport Wales capital budget increases by £0.5 million.

<sup>6</sup> Record of proceedings: Plenary – 1 July 2025, paragraph 207

<sup>7</sup> Future Generations Commissioner for Wales: Future Generations Report 2025, pages 6 and 114

<sup>8</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 2 October 2025, paragraph 233

<sup>9</sup> Welsh Government: Evidence paper on the 2026-27 Draft Budget – 3 November 2025



**14.** The Minister told the Committee:

*"I think it's fair to say that we have supported the sector. There are challenges, as we know, as we all understand, and the opportunities that we understand. But I just want to take you back to what was said in this committee a few weeks ago by the leadership of Amgueddfa Cymru, where they described their position as 'fabulous'.<sup>10</sup>*

**15.** The Minister's analysis of the funding needs of the culture sector leant heavily on the use of the word "fabulous" by the Amgueddfa Cymru Chief Executive. For context, here is the relevant paragraph from the Committee's session with Amgueddfa Cymru:

*"If we were just in line with inflation, that would leave us just under £3 million short of what we need for our steady-state strong revenue performance. So, we would need to find ways of reducing programming and activities to address that shortfall. Clearly, there are always the two completely distinct but linked matters for us of the revenue and the capital. If we were only to get an inflationary rise on capital, then that would be very problematic for us in terms of the significant works we need to do, both on that digital, as I described, and on the buildings. What has been happening recently, and particularly in the last year, is that we get our grant in aid capital of the £5 million, which I talked about, and then Welsh Government make additional available to us. They've made a very generous allocation this year. So, we've had £9 million in addition to our £5 million, which is fabulous, and is why we've been able to fast-track those works. What we would really love to see is that our grant in aid capital could be increased, so that we could plan for that additional amount and build it into our way of working, rather than seeing it as individual projects."<sup>11</sup>*

**16.** The Minister and stakeholders have previously expressed different views of the health of the culture sector. In last year's Draft Budget scrutiny, the Minister

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<sup>10</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025, paragraph 22

<sup>11</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 8 October 2025, paragraph 24

disagreed with the Arts Council and the Musicians' Union that the sector was in crisis. In our 2025-26 Draft Budget report this we expressed "significant concerns about whether the Minister fully appreciates the extent of the pressures the sector is facing."<sup>12</sup>

**17.** The Welsh Government published its Priorities for Culture in May 2025, aiming to "place culture where it belongs: at the heart of Welsh life."<sup>13</sup> Although backed by a "£15 million investment package," these priorities do not contain any measurable commitments for the Welsh Government or its funded bodies.<sup>14</sup> The Priorities for Culture cost the Welsh Government over £200,000, and contain no reference to the pandemic, Brexit, the cost-of-living crisis, AI, or the historic funding challenges facing the sector.<sup>15</sup>

**18.** In response to a question about the capital needs for bodies covered by the Welsh Government's Priorities for Culture, we heard from one of the Minister's officials:

*"There is a piece of work that is being done right now under the priorities for culture to look at the wider capital requirements across all of the sectors that are covered by the priorities for culture."<sup>16</sup>*

**19.** He said that this work was out to tender, and that "within the next six months or so, we should have a much better understanding than we do now."<sup>17</sup>

**20.** The Minister noted on several occasions that investments into culture and sport are also made by government departments outside of his portfolio. In response to a question about how much this investment was, he said:

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<sup>12</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee: Scrutiny of the Welsh Government Draft Budget 2025-26 - February 2025, paragraph 28.

<sup>13</sup> Welsh Government: Priorities for Culture - May 2025, page 3

<sup>14</sup> Welsh Government: Press Release - New Priorities for Culture to centre on opportunities for all - May 2025

<sup>15</sup> Freedom of Information request: ATISN 23263 - Priorities for Culture

<sup>16</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 19 November 2025, paragraph 98

<sup>17</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 19 November 2025, paragraph 102

*"I will provide a figure, Chair, of investment from other portfolios where they have invested in programmes or activities that have contributed to the culture and arts sector."*<sup>18</sup>

**21.** The Minister subsequently wrote to the Committee providing a figure for capital and revenue investment from other portfolios where they have invested in programmes or activities that have contributed to the culture and arts sector. This identified investment in culture of almost £230million from across Government, consisting of £152.1million revenue and £75.4million capital. This figure was calculated in July 2025. However, the Minister told the Committee that this figure includes investment from his own portfolio, excludes recent funding announcements, other data "that is difficult to disaggregate some data - for example, local authority funding for cultural services, and funding to support heritage activities in National Parks".<sup>19</sup>

**22.** The Minister noted several times that there was scope for allocations within his portfolio to change between the Draft and Final Budget. He also expressed his desire for allocations in these areas to increase in the future saying:

"This is a journey, and we want to go beyond that in the future. This is an initial—. It's a draft budget, and there are opportunities for Members around this committee table and beyond to help shape that in the future."<sup>20</sup>

### **Our view**

The Committee has expressed concern, for years, and in successive reports, about the health of culture and sport. In our 2025 report, "A decade of cuts," we concluded that historic underfunding of the sector by the Welsh Government, exacerbated by reductions in revenue funding in recent years, meant:

*"The culture and sport sectors are brittle and under-resourced, which has led to insufficient access to culture and sport across the nation, undermining attempts to broaden access by our national bodies. This insufficient access is likely to scar Wales's culture and sport output for years to come, as fewer of tomorrow's artists*

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<sup>18</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee - 19 November 2025, paragraph 84

<sup>19</sup> Welsh Government: Letter to the committee from the Minister for Culture, Skills and Social Partnership, 4 December 2025

<sup>20</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee - 19 November 2025, paragraph 42

*and sportspeople will have had the start and support they need to succeed. Culture and sport are not luxuries reserved for times of plenty. They are vital threads in the fabric of what makes life worth living. The social infrastructure fostered by culture and sport is as important for a nation as its transport and communication infrastructure, but has been neglected by successive Welsh Governments.”<sup>21</sup>*

In our report, we called on the Welsh Government to “increase funding for culture and sport until they are comparable (in terms of spending per head) with those of similar nations” (see analysis below).<sup>22</sup> The revenue allocations in the 2025-26 Draft Budget were an increase on the 2025-26 revised baseline, but, accounting for inflation, remained lower than in 2023-24.

Overall, revenue funding for the areas under consideration in this session has increased by 1.9 per cent compared to the 2026-27 revised baseline. The bulk of this increase is accounted for by a 20 per cent revenue increase for Creative Wales (to fund tax relief for film studios). Increases for the other areas being considered are all lower than the average revenue increase across the total Welsh Government budget. Revenue allocations for the Arts Council and Sport Wales are below forecasted inflation level increases, meaning real-terms cuts.

Overall capital funding for the areas under consideration in this session has increased from £66.4 million in the 2026-27 revised baseline to £67.9 million in the 2026-27 draft budget (an increase of 2.2 per cent).

These modest revenue increases – some below inflation forecasts – do little to remedy the long-term underfunding of culture and sport by successive Welsh Governments.

We are concerned that Welsh Government culture and sport policy is not based on a solid understanding of the state of the sector and lacks clear strategic direction.

The Minister’s analysis of the funding needs of the sector focused on the fact that Amgueddfa Cymru’s Chief Executive had described one aspect of its 2025-26 capital budget as “fabulous.” In the same response, she had also said that a 2026-27 Draft Budget increase in line with inflation “would leave us just under

<sup>21</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee, [A decade of cuts: Impact of funding reductions for culture and sport](#), January 2025, page 69

<sup>22</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee, [A decade of cuts: Impact of funding reductions for culture and sport](#), January 2025, page 5

£3 million short of what we need for our steady-state strong revenue performance.”<sup>23</sup>

The Amgueddfa’s revenue allocation is a 1.9 per cent; the general inflationary uplift used by the Welsh Government in setting this Draft Budget is 2-2.2 per cent. The Minister’s partial quoting of the Amgueddfa’s evidence does not seem to reflect a desire to understand the funding needs of the sector and set budgets accordingly.

The Welsh Government’s Priorities for Culture were published in May 2025, following a 4-year wait and a Programme for Government commitment to “Engage with the arts, culture and heritage sectors to develop a new culture strategy.”<sup>24</sup>

This document could have provided much-needed strategic direction to a sector suffering from long-term underfunding and a number of structural shocks, such as the pandemic, Brexit and the cost-of-living crisis. Instead, it is a series of broad statements of intent (e.g. “Culture is inclusive, accessible and diverse”) rather than tangible commitments of what the Welsh Government will do. It contains no analysis of the challenges facing the sector, nor a meaningful programme for tackling them.<sup>25</sup>

We were surprised to hear that, 6 months after the Priorities for Culture were published and over 4 years since the Welsh Government started work on them, the Welsh Government is only now commissioning work to understand the capital needs of the culture sector. This work is welcome, but it would have been helpful if this had been part of the evidence base that informed the Priorities for Culture, and indeed this Draft Budget.

In early 2025, a leaked report described the Welsh Government’s culture division as having “no sense of longer-term strategic planning.”<sup>26</sup> The evidence we have received, coupled with the lack of a clear plan in the Welsh Government’s Priorities for Culture, have not convinced us that this long-term strategic planning is now in place.

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<sup>23</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 8 October 2025, paragraph 24

<sup>24</sup> Welsh Government: Programme for Government Update – June 2021, section 8

<sup>25</sup> Welsh Government: Priorities for Culture – May 2025, page 8

<sup>26</sup> Culture, Communications, Welsh Language, Sport and International Relations Committee: Letter to the Minister for Culture, Skills and Social Partnership on the leaked Culture division report – 4 March 2025

We welcome the Minister's comment that "there's an opportunity for a change in position between the draft and final budget", and his aspirations to increase funding in these areas.<sup>27</sup> Given the long-term underfunding of these areas, and that most have received increases below the inflationary uplift used by the Welsh Government in the Draft Budget, the Welsh Government should increase funding for culture and sport in the Final Budget.

**Recommendation 1.** The Welsh Government should increase funding for culture and sport in the Final Budget.

**Recommendation 2.** The Welsh Government should provide the Committee with figures for total revenue and capital spending on culture and sport from non-culture and sport departments. This should include, for each year since 2024-25, a breakdown of funding by Budget Expenditure Line and an explanation of how this funding was used for culture or sport

## Preventative spending

**23.** In our 2025 report, A decade of cuts, the Committee recommended:

*"The Welsh Government should consider introducing, across all its departments, a 'preventative' category of spend in future budgets, moving towards a longer term budgeting view to help build and protect population health. This would help recognise and properly fund culture and sport for the value they have beyond their intrinsic worth."*<sup>28</sup>

**24.** The Welsh Government accepted this recommendation in principle. It said

*"Further embedding a preventative approach will be an important consideration of the ongoing Welsh Spending Review, which will look at the longer-term fiscal planning for the Welsh Government and which will feed into future budgets at the appropriate time".*<sup>29</sup>

<sup>27</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 19 November 2025, paragraph 38

<sup>28</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee: A decade of cuts: Impact of funding reductions for culture and sport - January 2025, Recommendation 2

<sup>29</sup> Welsh Government: Response to the CCWLSIR report: A decade of cuts: Impact of funding reductions for culture and sport - February 2025, page 5

**25.** In the Future Generations Report 2025, the Future Generations Commissioner calls for prevention funding to be ringfenced. The report says:

*“Ringfence prevention funding.*

*Welsh Government and public bodies must protect and increase prevention budgets each year, and move towards long-term funding arrangements.”<sup>30</sup>*

**26.** In April 2025, Audit Wales published a report “No time to lose: Lessons from our work under the Well-being of Future Generations Act.”<sup>31</sup> This report called on the Welsh Government to “explore other, complementary, ways of encouraging investment in prevention.”<sup>32</sup> This should include working with public bodies to:

- strengthen the understanding of the levels of investment in prevention and its impact;
- build on work to embed prevention in the budget process, considering, for example, opportunities to bring funding together across different parts of the system to support prevention;
- incentivise and protect preventative spend at a local level; and
- learn from others beyond Wales, for example, taking account of work that CIPFA is undertaking on understanding preventative spend.<sup>33</sup>

**27.** Audit Wales said that, ten years on from its introduction, the Wellbeing of Future Generations Act, “is not driving the system-wide change that was intended.”<sup>34</sup>

**28.** The Welsh Government rejected Audit Wales’s recommendation.<sup>35</sup> It explained:

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<sup>30</sup> Future Generations Commissioner for Wales: [Future Generations Report 2025](#), page 5

<sup>31</sup> Audit Wales: [No Time to lose: Lessons from our work under the Well-being of Future Generations Act – April 2025](#)

<sup>32</sup> Audit Wales: [No Time to lose: Lessons from our work under the Well-being of Future Generations Act – April 2025](#), page 47

<sup>33</sup> Audit Wales: [No Time to lose: Lessons from our work under the Well-being of Future Generations Act – April 2025](#), page 47

<sup>34</sup> Audit Wales: [No Time to lose: Lessons from our work under the Well-being of Future Generations Act – April 2025](#), page 4

<sup>35</sup> Audit Wales: [Welsh Government Management Response form to No Time to lose: Lessons from our work under the Well-being of Future Generations Act – April 2025](#)



*"There is a longstanding principle that the Welsh Government tries to avoid hypothecating funding as this can reduce the ability of institutions to manage their own budgets in line with their responsibilities."<sup>36</sup>*

**29.** We asked the Minister for examples of where the Welsh Government had prioritised funding on one area at the expense of something else with the intention of reducing public spending in the future. He explained:

*"The first one where we've invested in this department is investment in mental health training places for every single football club in Wales. That's a direct investment from this portfolio. It was a decision that I wanted to make because of the reasons that we've seen far too publicly of the issue of suicide and mental health for young men in particular."<sup>37</sup>*

And:

*"We introduced the women's golf legacy fund, and that was a £1 million fund from the Economy Secretary's portfolio. So, it came from the events space, and it wasn't traditionally spent on bringing events to Wales ... that has seen is increased participation in the women's and girls' game of golf, as well as just helping generally. I think that's a good way of increasing activity in sport, as this committee no doubt recognises as well, and it's one of those ways towards preventative health."<sup>38</sup>*

**30.** In June 2025, Wales became the first "Marmot nation", adopting public health expert Sir Michael Marmot's eight principles, which aim to eliminate unfair and avoidable differences in health."<sup>39</sup> These principles include strengthening "the role and impact of ill health prevention."<sup>40</sup> Professor Marmot said:

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<sup>36</sup> Audit Wales: Welsh Government Management Response form to No Time to lose: Lessons from our work under the Well-being of Future Generations Act – April 2025, page 7

<sup>37</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025, paragraph 13

<sup>38</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025, paragraph 14

<sup>39</sup> Welsh Government: Press Release: Wales to become world's first 'Marmot nation' to tackle health inequalities – June 2025

<sup>40</sup> Welsh Government: Press Release: Wales to become world's first 'Marmot nation' to tackle health inequalities – June 2025



*“Healthcare is, of course, important for health. More important are social circumstances, as summarised in the eight Marmot principles. The policy implications are clear. Health policy is for the whole of government, not just for the health department or the NHS.”<sup>41</sup>*

**31.** The Committee asked the Minister how the Welsh Government’s decision to be a Marmot nation had led to specific choices in terms of preventative spending. He said:

*“So, I think the journey of becoming a Marmot nation, and then, indeed, afterwards, continues. Our budget is particularly focused on prevention as well. The sport and arts portfolio, if not all of the spend, goes to preventing ill health in some way, because that’s what access to sport and culture does. And I look back to the answer that I gave to your earlier question and some of the direct investments, the particular investment on the golf fund, which is quite a significant investment, across 49 clubs across Wales. Well, that is part of becoming a Marmot nation, isn’t it? A journey to which we prevent ill health through access to sport and others, and that came from a different portfolio line, not my own, so there’s an example there. But, as we become a Marmot nation, we’ve signed up to the principles of that, then, obviously, I think there are other opportunities to look at more spend in the preventative space, and I’ll look to Cabinet colleagues to see that.”<sup>42</sup>*

**32.** In 2024, Sport Wales published research which showed:

*“For every £1 invested in Welsh sport, there is a £4.44 return.”<sup>43</sup>*

**33.** In 2021-22, the health benefits generated by Sport Wales were calculated as £621 million.

**34.** The Welsh Government’s written evidence for the 2025-26 Draft Budget said:

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<sup>41</sup> Welsh Government: [Press Release: Wales to become world’s first ‘Marmot nation’ to tackle health inequalities – June 2025](#)

<sup>42</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025](#), paragraph 51

<sup>43</sup> Sport Wales: [Social Return on Investment of Sport in Wales 2024](#)

*“Sport can be a very effective preventative health tool, but greater cross-sector prioritisation is needed to create the long-term sustainable shifts in participation.”<sup>44</sup>*

**35.** In our evidence session the Minister said:

*“I think everything that Sport Wales does, by the very nature of encouraging physical activity, supports progress towards a Marmot nation.”<sup>45</sup>*

## **Our view**

Over a number of budget cycles we have asked the Welsh Government to explain how the aim of preventing spending in the future has influenced its budget decisions. We are yet to receive a clear answer that assures us that it has a strategic approach to this issue.

Shifting funding towards prevention has been advocated for by Audit Wales, the Future Generations Commissioner and this Committee, as well as being central to the conception of a “Marmot nation”. In the Minister’s evidence on prevention, he highlighted mental health work in football clubs, and a women’s golf legacy fund, and both of these schemes sound worthwhile. What is more, the Minister’s personal support of these projects was clear to us, and that is to be commended. We do note, however, that the real-terms reduction in Sport Wales’s revenue allocation shows that the Welsh Government has not increased investment in sport in recognition of its role in preventing ill-health. Taking prevention seriously doesn’t necessarily require new policies, but rather, better funding of the organisations already doing work that we know is preventative in its nature.

To be meaningful, the Welsh Government’s decision to become a Marmot Nation should be reflected in government doing some things differently. Whilst sport is not the only way of increasing physical activity, (active travel has a key role to play, for example), it is an important tool. We are therefore surprised that the government have not discussed implementation of Marmot with Sport Wales, given that the Welsh Government has long-acknowledged the role of physical activity in ill-health prevention.

<sup>44</sup> Welsh Government: [Written evidence paper on 2025-26 Draft Budget – January 2025](#), page 9

<sup>45</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025](#), paragraph 180

The Minister told us that “the sport and arts portfolio [...] goes to preventing ill health in some way, because that's what access to sport and culture does”. We agree, but note with concern that revenue funding increases for most culture and sports bodies in this Draft Budget are below the general inflationary uplift used by the Welsh Government in setting this Draft Budget.

We recognise that moving spending towards prevention is a challenge. This challenge, however, is one the government has chosen to adopt proactively by signing up to the principles of being a Marmot nation. This must be reflected in more sustainable funding for culture and sports bodies.

**Recommendation 3.** The Welsh Government should align budgets towards preventative spending, as recommended by the Future Generations Commissioner, Audit Wales and this Committee. A starting point would be to increase funding for culture and sport.

## International Comparison

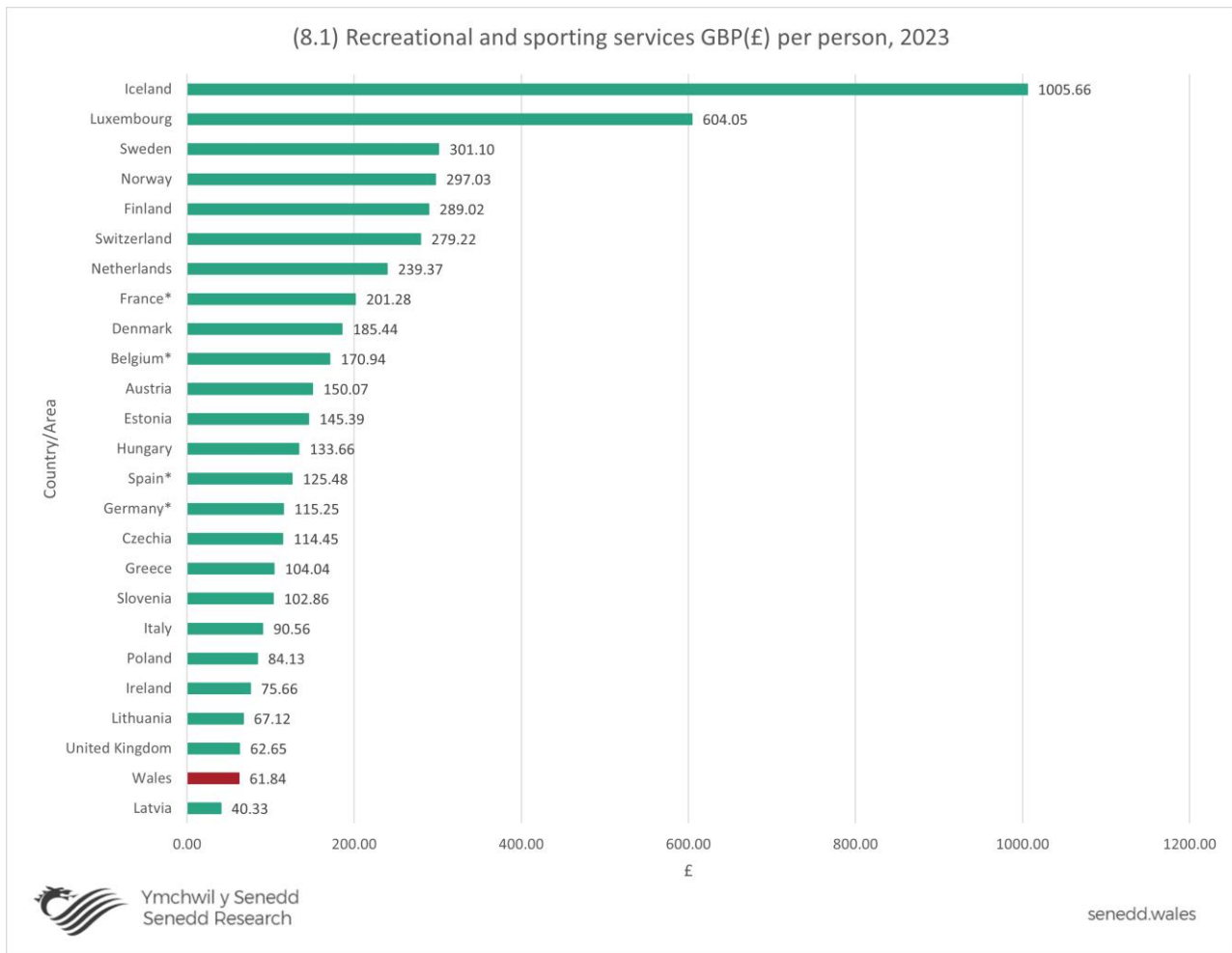
**36.** Senedd Research has analysed total government spending in Wales and other European nations. Recent data updates the previous year's data that was included in the Committee's 2025 A decade of cuts report.<sup>46</sup>

**37.** The updated analysis of government spending in Wales and other European nations shows the average spend on recreational and sporting services in these countries is £180.24 per person. In Wales the figure is £61.84 per person, or 34 per cent of the average of these countries. This places Wales second from bottom of the group of 25 nations.<sup>47</sup>

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<sup>46</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee: [A decade of cuts: Impact of funding reductions for culture and sport](#), January 2025

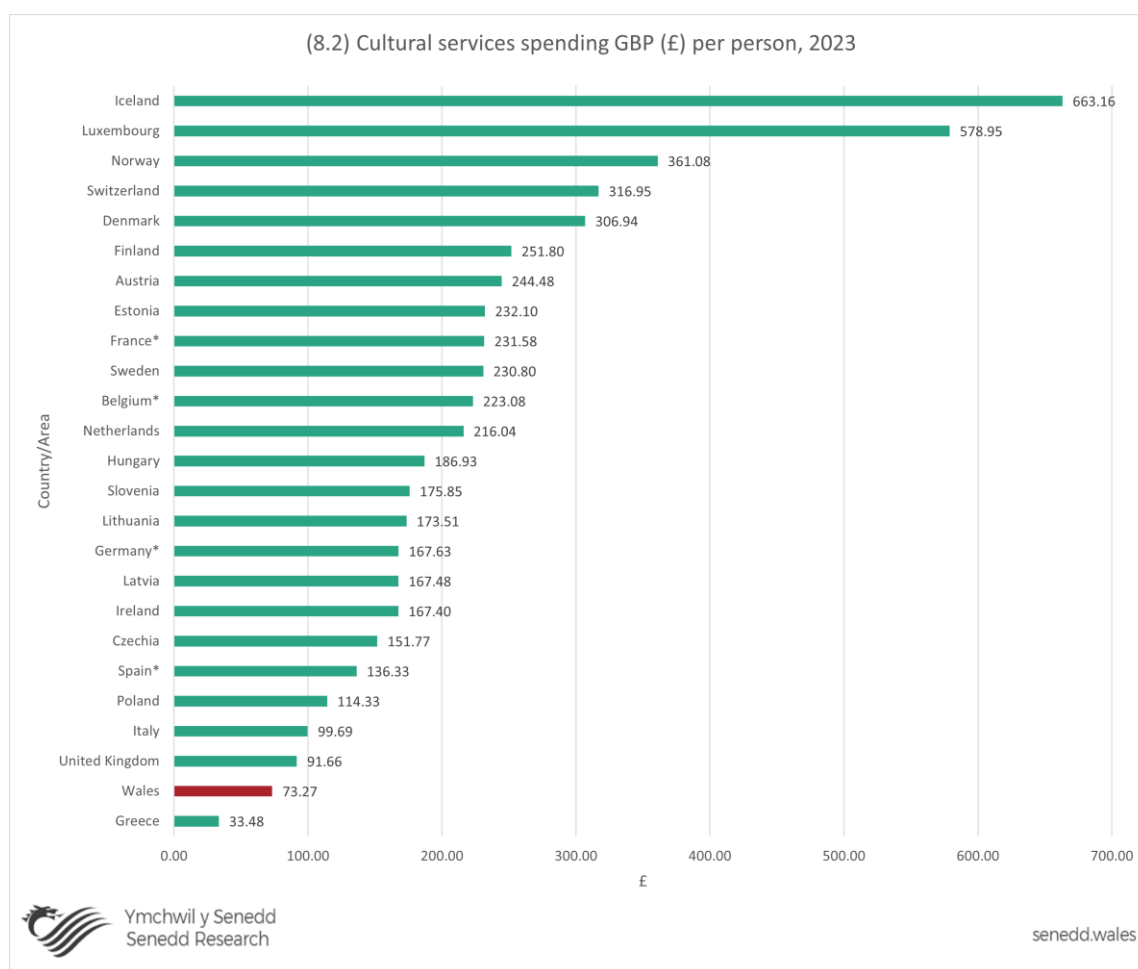
<sup>47</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee: [A decade of cuts: Impact of funding reductions for culture and sport](#), January 2025, page 88

**Recreational and sporting services spending GBP (£) per person, 2023<sup>48</sup>**

- The average spend on cultural services in these countries is £223.85 per person. In Wales the figure is £73.27 per person, or 33% of the average of these countries. This placed Wales second from bottom of the group of 25 nations.<sup>49</sup>

<sup>48</sup> Senedd Research: Analysis of Welsh Government, StatsWales and OECD data

<sup>49</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee: [A decade of cuts: Impact of funding reductions for culture and sport](#), January 2025, page 89

**Cultural services spending GBP (£) per person, 2023<sup>50</sup>**

**38.** In our session, the Minister questioned the accuracy of these figures. He said:

*“If you point to the committee table that the committee has used in a number of different ways, that table itself has caveats within that comparison. Is it a like-for-like comparison with where we spend our money? Is it including revenue? Is it including capital? Does it include sport? Does it include creative? Does it include all of those things for each nation?”<sup>51</sup>*

**39.** As discussed in last year’s Draft Budget report, the data presented covers two areas of Classification of the Functions of Government (COFOG): 8.1 - Recreational and sporting services and 8.2 – Cultural services.<sup>52</sup> These areas are defined by the

<sup>50</sup> Senedd Research: Analysis of Welsh Government, StatsWales and OECD data

<sup>51</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee – 19 November 2025, paragraph 18

<sup>52</sup> United Nations Statistics Division: Classification Details – COFOGs 8.1 – Recreational and sporting services and 8.2 – Cultural services

United Nations Statistics Division who develop global standards and norms for statistical activities.<sup>53</sup> The methodology used for creating this data was similar to the *State of the Arts* report produced by Campaign for the Arts and the University of Warwick.<sup>54</sup> Last year's report also details that the data was accessed from the Organisation for Economic Co-operation and Development (OECD), of which the United Kingdom is a founding member, who set and support the implementation of international standards.<sup>55</sup> This data was checked against other reputable sources, EuroStat, where applicable to ensure the data was reliable. The data was Total Government Expenditure which includes revenue and capital, along with central government and local government funding.<sup>56</sup>

## Culture and the Arts

**40.** This area of spending includes funding for the Arts Council of Wales, Amgueddfa Cymru, the National Library and support for local culture and sport.

**41.** In comparison with the 2026-27 revised baseline, revenue funding for this Action increases from £89.2 million to £90.1 million in the 2026-27 Draft Budget (an increase of 1 per cent ). Over the same period, capital funding increases from £40.2 million to £41.5 million (an increase of 3.1 per cent ).

**42.** The Minister's evidence for this session says:

*"Whilst I appreciate that this remains a challenging time for culture sector, the increase to their revenue grant in aid in 2026-27 will help Amgueddfa Cymru and the NLW deliver Programme for Government commitments, such as Celf, and increase pay in-line with the rest of the public sector."*<sup>57</sup>

**43.** Asked why revenue spending for culture and the arts has received less than the average uplift in the overall Welsh Government budget , the Minister told us:

*"This is a restated budget. We've provided the arts council in particular in particular with a targeted increase in pay awards, and then they've had the increase slightly to the revenue fund*

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<sup>53</sup> [United Nations Statistics Division](#)

<sup>54</sup> Campaign for the Arts and University of Warwick: [The State of the Arts - July 2024](#)

<sup>55</sup> [Organisation for Economic Co-operation and Development \(OECD\)](#)

<sup>56</sup> [EuroStat](#) data browser

<sup>57</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget - 3 November 2025](#), page 17

*there, but this is, again, the start of a process—it's a draft budget, and then the final budget.*<sup>58</sup>

## Amgueddfa Cymru

**44.** In comparison with the 2026-2027 revised baseline, revenue funding for the Amgueddfa increases from £28 million to £28.5 million in the 2026-27 Draft Budget (an increase of 1.9 per cent). Over the same period, capital funding increases from £5 million to £5.5 million (an increase of 10 per cent).

**45.** During our annual scrutiny of Amgueddfa Cymru, the museum set out their view that an inflation only budget:

*“would leave us just under £3 million short of what we need for our steady-state strong revenue performance. So, we would need to find ways of reducing programming and activities to address that shortfall.”*<sup>59</sup>

**46.** We also heard that, in relation to capital projects, Amgueddfa Cymru is “in a very different place” from previous years following “a substantial increase in capital funding made available to us to address some of the most urgent concerns.” However, Amgueddfa Cymru also set out the continued risks and funding needs surrounding the National Museum Cardiff building.<sup>60</sup>

**47.** Furthermore, and as highlighted previously, Amgueddfa Cymru have outlined the high (and arguably disproportionate) level of governance that results from capital funding being made available as additional unplanned expenditure rather than capital grant-in-aid. We heard evidence that projects of more than £2m require Amgueddfa to go through a full business model, and that that can take up to two years to produce.<sup>61</sup>

**48.** The Committee’s A decade of cuts report included a recommendation intended to tackle this unwieldy Welsh Government governance process:

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<sup>58</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee – 19 November 2025, paragraph 107

<sup>59</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee – 8 October 2025, paragraph 24

<sup>60</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee – 8 October 2025, paragraph 14

<sup>61</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee – 8 October 2025, paragraph 28



*“The Welsh Government should empower culture and sport organisations by enabling them to spend additional funding provided by the Welsh Government according to their own governance processes, and not requiring undue additional authorisation from the Welsh Government. In doing so, it should consider how it can remove barriers such as business case requirements, and instead provide more funding as additional contributions to their grant-in-aid.”<sup>62</sup>*

**49.** The Welsh Government rejected this recommendation, saying:

*“The grant-in-aid provided to culture and sport arm’s-length organisations has the specific purpose of supporting their operational costs or is funding they pass on as grants to other organisations. Where separate, additional funding is requested by those organisations for specific projects, for example to support infrastructure improvements, the approach agreed requires additional information to be provided through the development of business cases.*

*The requirement to develop a Five Case Model methodology business case is incumbent on all public bodies, as per the HM Treasury Green Book. The business case guidance is designed to be used proportionately, in line with the level of spend and risk associated with a particular initiative and with consideration to the route to market i.e., type of procurement. The business case development process is used to clearly define the project and assess its risks, value for money, strategic fit and deliverability, allowing officials to provide robust advice to Ministers about significant investment decisions. Outside of specific competitive grant schemes, this approach is used as standard across the Welsh Government for infrastructure projects.”<sup>63</sup>*

**50.** It is worth noting that the Welsh Government’s Programme of Government commitment to reduce the administrative burden of spending Welsh Government funding. Local government has consistently called on the Welsh

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<sup>62</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee: [A decade of cuts: Impact of funding reductions for culture and sport - January 2025](#), Recommendation 5

<sup>63</sup> Welsh Government: [Response to the Committee’s report: A decade of cuts: Impact of funding reductions for culture and sport - February 2025](#), page 8

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Government to reduce the amount of specific grants it provides in order to reduce the administrative burden on local authorities. The strategic partnership agreement between local government and the Welsh Government commits to keeping the levels of hypothecated (ring-fenced) funding under the local government settlement under review “with further dehypothecation or consolidation of grants where possible.”<sup>64</sup>

### Our view

As recommended in our A decade of cuts report, we believe that the Welsh Government should provide more of Amgueddfa Cymru’s capital funding as grant-in-aid, to avoid the duplication of governance processes (for both the Amgueddfa and the Welsh Government).<sup>65</sup>

The Welsh Government rejected this previous recommendation. We note its explanation that the business case guidance “is designed to be used proportionately, in line with the level of spend and risk.” The description we have heard of the Amgueddfa’s capital funding business case requirements does not sound proportionate or in line with the level of risk. We note the agreement with the Welsh Local Government Association to reduce the administrative burden on local authorities.<sup>66</sup> We call on the Welsh Government to revisit the case for a reduced level of oversight, given the significant costs involved for the Amgueddfa and Welsh Government, as well as the delays to important work, in complying with these requirements.

**Recommendation 4.** The Welsh Government should empower culture and sport organisations by enabling them to spend additional funding provided by the Welsh Government according to their own governance processes, and not requiring undue additional authorisation from the Welsh Government. In doing so, it should consider how it can reduce the administrative burden, and instead provide more funding as additional contributions to their grant-in-aid.

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<sup>64</sup> Welsh Government, [Strategic Partnership Agreement with local government](#), June 2025

<sup>65</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee: [A decade of cuts: Impact of funding reductions for culture and sport - January 2025](#)

<sup>66</sup> Welsh Government: [Written Statement: Programme for Government Commitment: Reducing the administrative burden on local authorities - 2 May 2023](#)

## National Contemporary Art Gallery (Celf)

51. The Arts Council, Amgueddfa Cymru and the National Library are working in partnership to deliver this Welsh Government project. The Minister told us that Celf:

*"Is a priority for the Government. It's a priority for arm's-length bodies as well, and I think we've seen the success of Celf across Wales, particularly in the galleries within which we've been able to display."*<sup>67</sup>

52. In September 2025, the Minister told us that:

*"I want to get to a place in the future where Celf (the National Contemporary Art Gallery) is sustained through the partners, but there has been a request of additional funds for next year. I think it's £395,000 for 2026-27. I've agreed in principle that we will support them with that fund as requested."*<sup>68</sup>

53. As part of our annual scrutiny of arm's-length bodies, we asked Celf partners about the government's funding model. Arts Council Wales told us:

*"The three organisations involved - ourselves, the Amgueddfa and Llyfrgell Genedlaethol Cymru - have noted repeatedly for about three or four years that this project will continue to need additional support from Government, unless, of course, there is a budgetary settlement that is in excess of flatline."*<sup>69</sup>

54. Amgueddfa Cymru told us:

*"There have been two independent assessments of whether the model could ever be self-sustaining, and both of those have said that it cannot be. So, either there needs to be additional money identified once we get to the end of the current funded period, or we as the Amgueddfa are left in the very difficult position of*

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<sup>67</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 19 November 2025, paragraph 123

<sup>68</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 17 September 2025, paragraph 77

<sup>69</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 2 October 2025, paragraph 308

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*either having to reduce that programme or reduce other things that we do in order to fund that programme.”<sup>70</sup>*

**55.** In our Draft Budget evidence session the Minister said:

*“it is still my view that it should be self-sustaining as a project and through partners as well.”<sup>71</sup>*

### **Our view**

The Committee has noted the views of the partners that Celf needs continued Welsh Government funding. The Minister repeatedly told us that the project is a priority. As such, we would expect the project to be funded by the Welsh Government. We are deeply concerned that faced with flatlined real terms funding, or even cuts, the partners are then being asked to cut core activities to fund the Government’s own project.

Amgueddfa Cymru told us “There have been two independent assessments of whether the model could ever be self-sustaining, and both of those have said that it cannot be.” We were therefore surprised to hear the Minister say “it is still my view that it should be self-sustaining as a project.” We would wish to understand the rationale for this decision, given that it appears to contradict two independent assessments.

**Recommendation 5.** The Welsh Government should:

- set out a sustainable long term funding stream for its Celf project.
- provide the rationale for the Minister’s position that Celf “should be self-sustaining as a project,” given that this appears to contradict two independent assessments of the project.

## **Sports and physical activity**

**56.** This area provides funding for Sport Wales. In comparison with the 2026-2027 revised baseline, revenue funding for Sport Wales increases from £23.19 million to £23.24 million in the 2026-27 draft budget (an increase of 0.2 per cent).

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<sup>70</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 8 October 2025, paragraph 105

<sup>71</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025, paragraph 135

**57.** Over the same period, capital funding decreases from £10 million to £9.5 million in the 2026-27 draft budget (a decrease of 5 per cent). This decrease is a result of £1million costs of a capital loans scheme – the Sport Wales capital budget increases by £0.5 million.

**58.** The Minister told the Committee that:

*“Our budget is particularly focused on prevention as well. The sport and arts portfolio, if not all of the spend, goes to preventing ill health in some way, because that's what access to sport and culture does.”<sup>72</sup>*

**59.** He also said:

*“I think everything that Sport Wales does, by the very nature of encouraging physical activity, supports progress towards a Marmot nation.”<sup>73</sup>*

**60.** Whilst the revenue budget for Sport Wales increased by 0.2 per cent. The Minister explained:

*“This is the draft period. There's a process that can take place between draft and final period. It's also, I think, important to point to the increase in capital funding that Sport Wales has had as well to continue the work that they do in this draft budget, which has increased to £10.5 million in this draft budget..”<sup>74</sup>*

## Our view

We were surprised and disappointed at our annual scrutiny session with Sport Wales to hear that the Welsh Government had not discussed the contribution that Sport Wales can make to Wales's new status as a Marmot nation.<sup>75</sup>

We know that it is far cheaper to invest in prevention than it is to deal with the consequences of ill-health. The link between physical activity and the Marmot

<sup>72</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025, paragraph 51

<sup>73</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025, paragraph 180

<sup>74</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025, paragraph 172

<sup>75</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee: [Letter to Sport Wales following the evidence session on 25 September – 10 November 2025](#)

principle of ill health prevention is clear. Indeed, this was acknowledged by the Minister in his evidence session. It would be reasonable to expect any attempt to increase preventative funding to be reflected, in part, in improved funding for Sport Wales. Although the Minister presented the Sport Wales allocation as a “restated budget”, a 0.2 per cent increase cannot credibly be presented as anything other than a real-terms cut.<sup>76</sup>

The Minister told us that “There's a process that can take place between draft and final period.” We urge the government to use this opportunity to reverse these real-terms cuts to Sport Wales.

**Recommendation 6.** The Welsh Government should increase revenue funding for Sport Wales, so that it receives at least the average increase to revenue budgets used across the overall Welsh Government budget.

## The historic environment

**61.** The historic environment is funded mostly through Cadw (the Welsh Government’s heritage division), but also includes the National Botanic Garden and the Royal Commission on the Ancient and Historical Monuments of Wales.

**62.** In comparison with the 2026-2027 revised baseline, revenue funding for this Action increases from £25.2 million to £25.5 million in the 2026-27 draft budget (an increase of 1.6 per cent).

**63.** Over the same period, capital funding increases from £9.2 million to £9.5 million (an increase of 2.5 per cent).

### Cadw and the Royal Commission on Ancient and Historic Monuments of Wales

**64.** In comparison with the 2026-27 revised baseline, revenue funding for Cadw (the Welsh Government’s heritage division) increases from £17.1 million to £17.5 million in the 2026-27 draft budget (an increase of 2 per cent).

**65.** In comparison with the 2026-27 revised baseline, revenue funding for the Royal Commission increases from £1.82 million to £1.86 million in the 2026-27 draft budget (an increase of 2.4 per cent).

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<sup>76</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025, paragraph 10

**66.** We have noted previously the effect of the Welsh Government's historic budget cuts on the Royal Commission. Indeed, once adjusted for inflation, Welsh Government revenue grant-in-aid funding of the Royal Commission has reduced by about 40 per cent between 2015 and 2025.<sup>77</sup>

**67.** In September 2025, the Royal Commission told us that the Welsh Government does not provide adequate funding for the work it is expected to undertake on the Welsh Government's behalf. They described to us how as a result of these cuts, the structure of the Royal Commission is "cut to the bone at the moment" with no spare capacity.<sup>78</sup>

**68.** In a written statement in August 2025, the Minister said:

*"Options for the future relationship between Cadw and the Royal Commission on the Ancient and Historical Monuments of Wales are being actively explored. These include maintaining current arrangements, formal collaboration, or a potential merger."*<sup>79</sup>

**69.** Asked whether he had reached a decision on the relationship between Cadw and the Royal Commission, the Minister told us:

*"No, I haven't made a decision on that yet. I'm hoping to make a decision fairly soon. Advice is coming to me and I'll make that decision then."*<sup>80</sup>

### Our view

We remain concerned about the combined effect of the Welsh Government's historic budget cuts on the Royal Commission together with the continued uncertainty about its future.

The Royal Commission carries out valuable work for the historic environment, including a number of statutory functions. Past cuts have left the Royal Commission unacceptably fragile. These cuts, compounded as they are by

<sup>77</sup> Culture, Communications, Welsh Language, Sport and International Relations Committee: [Letter to the Royal Commission on the Ancient and Historical Monuments of Wales following the evidence session on 25 September 2025 – 5 November 2025](#)

<sup>78</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 25 September 2025](#), paragraph 196

<sup>79</sup> Welsh Government: [Written Statement: Progress report on the response to the Review of Cadw's Governance Arrangements – 18 August 2025](#)

<sup>80</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 19 November 2025](#), paragraph 184

uncertainty about its future, places the historic environment, and our understanding of it, at risk.

It is our belief that the government needs to act decisively, providing a long-term vision for the historic environment, in whatever structure they decide upon. The current position of deferring decisions whilst reducing the Commission's real-terms funding is not sustainable.

**Recommendation 7.** The Welsh Government should set out a clear timescale to make a final decision about the relationship between Cadw and the Royal Commission on the Ancient and Historical Monuments of Wales.

## Creative industries

**70.** In comparison with the 2026-27 revised baseline, revenue funding for Creative Wales (the Welsh Government's creative industries division) increases from £7 million to £8.4 million in the 2026-27 draft budget (an increase of 20 per cent).

**71.** Over the same period, Creative Wales's capital allocation increases from £7 million to £7.5 million (an increase of 7 per cent).

**72.** The Minister's evidence for this session says:

*"The focus of our investment is on the priority sectors of screen (Film & TV), music, digital and publishing alongside broadcasting and journalism commitments, as well as delivering on the Programme for Government commitments in improving skills for the industry."<sup>81</sup>*

**73.** The Welsh Government's evidence paper for the Committee's Draft Budget session notes:

- "an allocation of £1.97m to Medr to support performance-based music and drama conservatoire provision"; and
- The budget to support media, journalism and broadcasting for 2026-27, including for the Books Council of Wales will be agreed as part of the formal budget process.

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<sup>81</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget - 3 November 2025](#), page 22



- £1,367m was transferred from Housing and Local Government MEG to support the second year of the NDR (Non-Domestic Rates Relief) grant for eligible studios in Wales.<sup>82</sup>

**74.** The Minister told the Committee:

*“we're providing Medr with that additional funding, and that will go to support the Royal Welsh College of Music and Drama, so they can continue providing that quality student experience, particularly the high-quality training that they provide for creating the arts. So, it's an allocation of funding to Medr through the higher education route, and it's going to support the Royal Welsh College of Music and Drama.”<sup>83</sup>*

**75.** After our session with the Minister, on 7 December 2025, the Welsh Government announced an extra £2.5 million for the creative industries. It said:

*“The funding will provide an injection of additional investment into the film and TV sector. The publishing sector will also receive support to respond to continuing challenges and support revenue generation.”<sup>84</sup>*

**Recommendation 8.** The Welsh Government should provide further details of the “£1.97m to Medr to support performance-based music and drama conservatoire provision”. These details should include which part of the Welsh Government budget this funding comes from, what outcomes the funding will provide, and whether the Welsh Government anticipates maintaining this funding on an ongoing basis.

**Recommendation 9.** The Welsh Government should provide details of its allocations for journalism and to the Books Council for Wales in 2026-27. In doing so, it should explain how it has factored in appropriate pay and working conditions for those working in these sectors.

**Recommendation 10.** The Welsh Government should respond to the recommendations of the 2023 report *Of and for Wales: towards a sustainable*

<sup>82</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget - 3 November 2025](#), pages 5, 24 and 22

<sup>83</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 19 November 2025](#), paragraph 197

<sup>84</sup> Welsh Government: [Extra £2.5m for creative sector in Wales - 7 December 2025](#)



*future for public interest journalism*, explaining how any work implementing this report will be funded.<sup>85</sup>

**Recommendation 11.** The Welsh Government should clarify whether the December 2025 announcement of an additional £2.5 million for the creative industries will have any impact on allocations in the 2026-27 Draft Budget.

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<sup>85</sup> Welsh Government Public Interest Journalism Working Group: Of and For Wales: Towards a Sustainable Future for Public Interest Journalism – July 2023

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## 3. Welsh Language

### Overview

**76.** The Welsh language is a cross-cutting policy area, with expenditure embedded across ministerial portfolios. This means it is not possible for us to scrutinise every funding allocation aimed at supporting the Welsh language. We have focused our scrutiny on Actions in the Draft Budget that are specific to the Welsh language:

- **Welsh Language:** which includes funding for the Welsh language, (including delivery of the Cymraeg 2050, ambitions to increase the use of the Welsh language and establish the correct infrastructure to support its use), and funding for the Welsh Language Commissioner;
- **Cymraeg 2050 (Local Authority Education Grant) (LAEG):** established in 2024-25, the LAEG brings together a number of local authority and education consortia grants;
- **Welsh in Education:** which supports activities relating to planning Welsh-medium and Welsh language education (including Welsh-medium early years provision), delivered mainly through Mudiad Meithrin.

**77.** The Draft Budget allocates a total of £56.4 million in targeted Welsh language revenue funding for 2026-27. This equates to a £0.8 million decrease on the revised baseline.

**78.** The Cabinet Secretary in his evidence paper explains that the decrease has occurred as a result of an “administrative transfer” of £2.4 million out of the Welsh in Education BEL.<sup>86</sup>

### Welsh Language BEL<sup>87</sup>

**79.** The Welsh Language BEL, by far the largest of all Welsh language BELs, supports the delivery of Cymraeg 2050 in its aim to increase the use of the Welsh language and establishing the correct infrastructure to support its use. It does this by funding numerous partnerships, initiatives and organisations that support and

<sup>86</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget - 4 November 2025](#), page 3

<sup>87</sup> \*Budget Expenditure Line

promote the language. These include organisations like the Mentrau Iaith, Coleg Cymraeg Cenedlaethol, the National Centre for Learning Welsh and both National Eisteddfod and the Urdd, as well as Merched y Wawr, Wales Federation of Young Farmers Clubs and the Papurau Bro.

**80.** For 2026-27, the Welsh Government proposes a cash increase in revenue allocations to this BEL by £0.85 million (2.2 per cent), compared to the revised baseline. Of this, £772,000 (2 per cent) is considered an inflationary uplift. The total funding within this BEL will therefore increase to £39.334million for 2026-27.

**81.** This budget line, unlike the Welsh in Education BEL, has rapidly increased over the past two years. In the 2024-25 Final Budget, the Welsh Government allocated £23.58 million to this BEL, but a transfer in of around £10 million of core funding for the Coleg Cymraeg Cenedlaethol from the Welsh in Education BEL changed the allocation significantly. An additional £4.55 million was added to the BEL at the last budget (2025-26), some of which was funding that had been re-prioritised the previous financial year.

**82.** Of the £0.85million increase in 2026-27, £0.08million of this is a “recurrent transfer” from the education MEG for the Welsh Language in Patagonia Project.<sup>88</sup>

**83.** Despite the inflationary uplift in the budget line, the Cabinet Secretary could not give assurances that partners that receive funding via this BEL would benefit from the 2 per cent uplift. He stated that the additional funding would be prioritised to implement provisions in the Welsh Language and Education Act 2025.

### **National Centre for Learning Welsh and the Athrofa**

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**84.** The Cabinet Secretary was clear during scrutiny that much of the additional funding in this BEL should focus on the work of the National Centre for Learning Welsh as it takes on new responsibilities under the Welsh Language and Education (Wales) Act 2025 to become the Athrofa (National Institute for Learning Welsh) by 2027.

**85.** The Cabinet Secretary stated during scrutiny that prioritising the implementation of the 2025 Act would mean that “the Athrofa is going to get more than a 2 per cent share of the additional money”<sup>89</sup>. As a result, the remaining

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<sup>88</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget](#) - 4 November 2025, page 4

<sup>89</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee](#) - 27 November 2025, paragraph 76

organisations funded via this BEL, such as the Mentrau Iaith and the Coleg Cymraeg Cenedlaethol will receive less:

*"[...]my top priority for the budget is that it should support the implementation of the new Act. And, as I also explained earlier, in the early part of the timetable for implementing the Act comes the establishment of the Athrofa. So—I'm going to be as completely frank as I can be with the committee—if I'm not going to do that by reducing the budget for the national centre, which I don't want to do, then the Athrofa is going to get more than a 2 per cent share of the additional money, and that will mean that there will be less than 2 per cent for others. Now, I haven't made the final decision on how the distribution is to be made. It is my intention that everybody will get an increase, but I can't guarantee that everybody will get 2 per cent."*<sup>90</sup>

**86.** The Coleg Cymraeg Cenedlaethol stated in its response to the Finance Committee consultation on the Draft Budget <sup>91</sup> that it accepted the inflation only budget, noting that with:

*"higher demands than ever on Welsh Government's budget, it is understandable that 2026-27 spending plans are set to increase in line with inflation only."*<sup>92</sup>

**87.** It continued by noting that it provides "certainty and consistency" which is key for the Coleg to plan its expenditure. It called on the next Welsh Government to prioritise funding for the six policy proposals in its manifesto, including:

- Creating a Bilingual Workforce Development Strategy and establish a Unit within government to implement it; and
- Boosting the number of Welsh language and bilingual apprenticeships through additional investment.<sup>93</sup>

**88.** The Cabinet Secretary, in his evidence paper, outlined the Coleg's expanded role and responsibilities that go beyond Higher Education, including Further Education and work-based learning. It is also designated a statutory advisor to

<sup>90</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 27 November 2025](#), paragraph 76

<sup>91</sup> [WGDB26-27.03: Coleg Cymraeg Cenedlaethol](#)

<sup>92</sup> [WGDB26-27.03: Coleg Cymraeg Cenedlaethol](#), page 3

<sup>93</sup> Coleg Cymraeg Cenedlaethol [Manifesto 2026](#)

Medr in relation to its duties relating to the Welsh language across tertiary education.<sup>94</sup>

**89.** The decision to prioritise the Athrofa for a significant share of the additional funding could result in a below inflation increase to the Coleg Cymraeg. It isn't clear what impact this decision may have on the Coleg Cymraeg or other partners in the sector, and whether the uplift will be sufficient to cover pay or other inflationary pressures.

**90.** It is also unclear whether the additional funding to support the preparatory work of the Athrofa includes funding to support the National Centre for Learning Welsh with its own inflationary costs and additional responsibilities, which now includes supporting schools.

### **Review of grant scheme to promote and facilitate the Use of the Welsh Language**

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**91.** During scrutiny of the 2023-24 draft budget, the then Minister for Education and the Welsh Language stated that the Welsh Government was undertaking a review to understand “whether the model we have and the structure of funding and what we’re asking from our partners is consistent with the objectives of Cymraeg 2050.”<sup>95</sup> He said:

*“I don't foresee that we'll be making fundamental changes during this financial year [2023-24] as a result of that, but from the next financial year, it's likely that changes will arise as a result of the review.”<sup>96</sup>*

**92.** The report was published in June 2023, and noted the following:

*“Evidence gathered through interviews and theory of change workshops highlighted concerns amongst some grant recipients that a new funding model would encourage competition rather than collaboration between organisations and partners, thus having a negative impact on existing provision and partnership arrangements.”<sup>97</sup>*

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<sup>94</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget - 4 November 2025](#), page 4

<sup>95</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 18 January 2023](#), paragraph 261

<sup>96</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 18 January 2023](#), paragraph 261

<sup>97</sup> [Welsh Government: grant scheme to promote and facilitate the use of the Welsh language: review - 13 June 2023](#), page 114

**93.** The report also highlighted the fragile nature of some grant recipients, and that not securing future grant funding could “jeopardise their ability to exist and/or sustain the activities they undertake.”<sup>98</sup>

**94.** The Cabinet Secretary for Finance and Welsh Language in his evidence paper to the 2025-26 Draft Budget noted that “consideration of the findings and recommendations of the review is ongoing”<sup>99</sup>. His paper to the current Draft Budget restates this position, highlighting a need for “longer-term duration of funding”. It also notes that work in 2025-26 had been undertaken to “consider extending grant allocations for up to three years”.<sup>100</sup>

**95.** During scrutiny of the Draft Budget 2026-27, the Cabinet Secretary stated that whilst the review was ongoing, decisions around the grant review were placed on the “backburner” due to other priorities. He stated:

*“My feeling was, is that, we could afford to spend a bit less time on the review, in order to achieve the other ambitions.”<sup>101</sup>*

**96.** One of the recommendations in the review was for the Welsh Government to establish grant schemes over longer periods of time, giving more certainty to the sector. Despite the pause in implementing the review recommendations, the Cabinet Secretary did confirm that he has agreed to move to a three-year funding cycle.

### Our view

We were surprised by the Cabinet Secretary’s admission that, despite the uplift in the Welsh Language BEL, partner organisations funded via the grant will likely receive an uplift below 2 per cent. The work of the Athrofa is clearly important. We agree that implementing the Act should be a priority. However, we are concerned that this decision to prioritise funding to one element of the Act fails to reflect the critical importance of the work and activities of other partners, such as the Coleg Cymraeg in supporting the objectives of the Act.

In our view, the Welsh Government should provide partner organisations with the minimum 2 per cent uplift, with funding requirements to implement the

<sup>98</sup> [Welsh Government: grant scheme to promote and facilitate the use of the Welsh language: review - 13 June 2023](#), page 114

<sup>99</sup> [Welsh Government: Evidence paper on Draft Budget 2025-26 - December 2024](#), page 7

<sup>100</sup> [Welsh Government: Evidence paper on Draft Budget 2026-27 - 4 November 2025](#), page 11

<sup>101</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee - 27 November 2025](#), paragraph 81

Act resourced via other means. No doubt, all partner organisations are fully supportive of the aims of the Act, but this, in our view, shouldn't be to the detriment of their work and future sustainability. The Welsh Government should also be clear on whether funding for the National Centre for Learning Welsh to develop the work of the Athrofa includes funding to support the National Centre with its own inflationary costs and additional responsibilities.

In relation to the grant review and the lack of progress to date, we acknowledge the Cabinet Secretary's explanation that it was a matter of prioritisation and capacity. We were encouraged to hear that a decision had been made in relation to the possibility of providing some partner organisations with assurances of three-year funding cycles. We know how important this could be for organisations who plan activities months or years in advance. Providing some longer-term guarantees in relation their budget should aid their planning over the medium-term.

**Recommendation 12.** The Welsh Government should

- provide a full breakdown of the distribution of funding to partner organisations under this funding stream, including how much will be allocated to the Athrofa;
- provide clarity on whether the funding allocated to support the preparatory work of the Athrofa includes funding to support the National Centre for Learning Welsh with its own inflationary costs and additional responsibilities;
- provide details of any discussions the Cabinet Secretary has had with partner organisations regarding the impact of a below inflation uplift on their operation and activities.

**Recommendation 13.** The Welsh Government should provide all partner organisations with the minimum 2 percent uplift, and fully resource those areas associated with the implementation of the Act with additional revenue.

**Welsh Language Commissioner BEL**

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**97.** The Welsh Language Commissioner is supported by two revenue BELs and one capital BEL. The main allocation funds the Commissioner's office and its regulatory work, as well as its work promoting and facilitating the Welsh language.



**98.** The revenue allocation for the Commissioner in 2026-27 is £3.48 million. This is a £0.073 million (2 per cent) increase on the revised baseline. According to the Welsh Language Commissioner's estimate (referenced in the Cabinet Secretary's evidence paper), a request for £3.558 million in revenue funding was made, which is an additional £83,000 on top of the current draft budget allocation.<sup>102</sup>

**99.** Part of the additional funding request was to enable the Commissioner to increase her activities in developing the Welsh language within the workplace, and for other specific work programmes.

**100.** The availability of funds has been a constant challenge for the Commissioner. Since 2016-17, the Commissioner's budget has been relatively flat, although it has gradually increased over the past few years. The Commissioner received an allocation of £3.35 million in the Final Budget 2025-26, and received an additional £37,000 at the 1st Supplementary Budget in June 2025. In-year funding has been provided in previous years too to aid the Commissioner with unexpected employment costs.

**101.** The Committee heard that the Commissioner was still feeling the impact of a 5 per cent budget decrease in 2024-25, and now has "six fewer people to do my work".<sup>103</sup> She stated during annual scrutiny recently that:

*"Some savings have been made in support services, and I would argue that it is right to do so and timely, but I don't want to see further erosion in terms of our officials who work on a day-to-day basis with the organisations that we regulate."*<sup>104</sup>

**102.** The Cabinet Secretary noted in relation to the Commissioner's budget that the office received the same uplift as all other Commissioners, but that there remains a sum of unallocated funding.<sup>105</sup>

**103.** The Cabinet Secretary stated that he agreed with the Commissioner's comments during the Committee's annual scrutiny of her work that she runs an "effective" and "well-managed organisation" and has sought to move resources

<sup>102</sup> Welsh Government: [Evidence paper on Draft Budget 2026-27 – 4 November 2025](#), page 14

<sup>103</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 12 November 2025](#), paragraph 218

<sup>104</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 12 November 2025](#), paragraph 218

<sup>105</sup> [Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 27 November 2025](#), paragraph 84



and ways of working to meet new priorities and challenges.<sup>106</sup> Nevertheless, he acknowledged there will be challenges for the Commissioner as more organisations fall within the standards regime.

### **Our view**

The Committee is conscious of the effects of year-on-year real-terms reductions in the Welsh Language Commissioner's funding and the limitations it might place on her functions and activities.

Whilst we were reassured that the Commissioner's staffing structure enables her to undertake her functions effectively, we remain deeply concerned about the cumulative impact of year-on-year real-terms reductions in her budget. The Commissioner's office has 26 per cent fewer staff now than 2012, when it was established. Yet, the responsibilities and demand have increased as more organisations are included within the standards regime.

Whilst the Committee, and the Commissioner herself, welcomes moves to bring more sectors within the Welsh language standards regime, this will undoubtedly increase workload for the Commissioner's office and affect her capacity.

We would encourage the Welsh Government to provide the Commissioner with the additional £83,000 in revenue requested as part of her estimate. This funding would enable the extension of her work in developing Welsh in the workplace. We would wish to remind the Cabinet Secretary that the Welsh Language and Education (Wales) Act 2025, which he acknowledged was a funding priority, also makes provision to support the use of the Welsh language in the workplace.

**Recommendation 14.** The Welsh Government must provide a real terms increase in funding accompanied by the increase commensurate with the additional activities the Commissioner is being asked to undertake.

**Recommendation 15.** The Welsh Government, as part of any budget agreement, should seek to provide the Commissioner with the additional £83,000 requested as part of her estimate to undertake work developing Welsh use in the workplace.

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<sup>106</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 12 November 2025, paragraph 166

## Welsh in Education BEL

**104.** The Welsh in Education BEL sits within the Education MEG, and funds activities related to planning Welsh-medium and Welsh language education. This includes funding for Welsh-medium early years provision, mainly through the Mudiad Meithrin, the e-sgol programme and funding for the implementation of the 10-year Welsh in Education Strategic Plans. This BEL, until recently, also funded the newly established Welsh Government subsidiary company, Adnodd, which oversees the provision of educational resources to support the teaching and learning of Curriculum for Wales.

**105.** The Welsh in Education BEL has rapidly eroded over the last few years. In the 2023-24 Final Budget, there was an allocation of £20.77 million, but transfers out of this BEL along with budgetary pressures in 2024-25 meant it had reduced to £16.9 million. A Cabinet restructure halfway through 2024 meant further changes to this BEL, with the transfer out of the Coleg Cymraeg Cenedlaethol's core budget to the Welsh Language BEL, which now sits under the Central Services and Administration MEG.

**106.** The Welsh in Education BEL has an allocation of £3.991 million for 2026-27, a decrease of £2.426m from the revised baseline following an “administrative transfer” within the Education MEG.<sup>107</sup>

## Adnodd

**107.** Adnodd Cyfyngedig is a Welsh Government arms-length body that oversees and coordinates the provision of educational resources in both Welsh and English.<sup>108</sup> It supports the teaching and learning of the Curriculum for Wales.

**108.** Adnodd's total funding for 2025-26 was £4.5 million. This funding is currently split between two separate BELs (Welsh in Education and the Curriculum and Assessment BEL). The transfer out of £2.4m from the Welsh in Education BEL according to the Cabinet Secretary is to “reflect the Curriculum and Assessment Division taking on the Adnodd partnership management role from 1 April 2025”<sup>109</sup>.

**109.** The Cabinet Secretary explained some of the reasons behind the transfer, noting that:

<sup>107</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget - 4 November 2025](#), page 3

<sup>108</sup> [Adnodd Cyfyngedig | GOV.WALES](#)

<sup>109</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget - 4 November 2025](#), page 4

*"In that first year [of establishment], the work to be done with Adnodd was work that was in the system already—so, legacy work, things that had already happened, and 'Cymraeg 2050' officials were involved with that. Now, that's worked its way through the system and Adnodd is now focusing on the new resources that have been commissioned, and, therefore, it just made more sense now to bring all of that funding together under one budget line within the budget."*<sup>110</sup>

**110.** However, the Cabinet Secretary also noted that the Cabinet Secretary for Education had committed to providing the Children, Young People and Education Committee with a "note to explain the technicalities behind those transfers of funding".<sup>111</sup> He undertook to share the note with this Committee.

## **Mudiad Meithrin**

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**111.** Mudiad Meithrin is a core partner of the Welsh Government in developing Welsh-medium early years provision. It is now the biggest beneficiary of the Welsh in Education BEL. It is unclear how much of this BEL has been allocated to the organisation for 2026-27, although in 2024-25, Mudiad Meithrin received £3.031m from this BEL.

**112.** As there is no "inflationary increase" included in the Welsh in Education BEL compared to the revised baseline, it would appear that the Mudiad Meithrin's budget will remain static. This represents a real-terms cut in its budget.

**113.** However, it remains unclear exactly how much funding, and from which BELs Mudiad Meithrin receives its funding. The Cabinet Secretary noted that "funding provided to Mudiad Meithrin comes from two different places. The Cabinet Secretary for Education provides part of that budget."<sup>112</sup> However, he confirmed that Mudiad Meithrin will not receive an inflationary increase as part of this Budget:

*"As I understand it, at the moment she doesn't intend to provide more funding in the next financial year to Mudiad Meithrin. She*

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<sup>110</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee – 27 November 2025, paragraph 55-56

<sup>111</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee – 27 November 2025, paragraph 52

<sup>112</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport and International Relations Committee – 27 November 2025, paragraph 39

*has made decisions to use the additional funding available to her and to spend that on other priorities.”<sup>113</sup>*

**114.** He continued by noting that:

*“Mudiad Meithrin also receives funding: from the ‘Cymraeg 2050’ budget too. I haven’t made the final decisions as to how I will use the additional funds that I have available for the next year, but we are still considering whether we can provide more funding for Mudiad Meithrin.”<sup>114</sup>*

## **Cymraeg 2050 (LAEG)**

**115.** The Cymraeg 2050 (LAEG) BEL increases by £0.7 million for 2026-27, and now stands at £9.47 million. This is an 8 per cent increase on the revised baseline allocation.

**116.** According to the Cabinet Secretary’s evidence paper, around two thirds (£5.9m) is allocated to local authorities to support the delivery of local authority Welsh in Education Strategic Plans (WESPs) and the ambitions of the Welsh Language and Education (Wales) Act.

**117.** The significant increase in the allocation in this BEL relates to funding for Welsh language late immersion centres. These centres offer an intensive language learning and acquisition programme for young learners who missed out on early Welsh language immersion opportunities.

**118.** It is unclear how much of the funding in this BEL is allocated to Welsh immersion centres, although the Welsh Government had previously committed funding of £2.2 million annually up to 2025.

**119.** The Cabinet Secretary also explained that he was continuing to look for resources from other budgets to support the aims of the 2025 Act more broadly, such as funding to support the Urdd. Discussing a specific project of the Urdd to enable year-round access to Glan-llyn, he noted:

*“I am currently having discussions with other Ministers to see whether we can find a way of helping the Urdd with that project.”*

<sup>113</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 27 November 2025, paragraph 39

<sup>114</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 27 November 2025, paragraph 39

*So, if we can help them to do more, and particularly to attract more English-medium schools into the centres, then that will make a major contribution to the implementation of the Act too.”<sup>115</sup>*

## ARFOR

**120.** ARFOR 2, which built on the ARFOR pilot was a scheme to support Welsh speaking communities in Gwynedd, Ynys Môn, Ceredigion and Carmarthenshire develop economic interventions to enable the Welsh language to prosper.

**121.** ARFOR 2 was allocated a total of £11 million in funding up to March 2025, but its future remains uncertain as most funding ceased from that date. During scrutiny of the Cabinet Secretary on the 2025-26 Draft Budget, he told the Committee:

*“Rebecca [Cabinet Secretary for Economy, Energy and Planning] told me that she's eager to mainstream a number of things that Arfor has done in the general budget that she has.”<sup>116</sup>*

**122.** In this year's evidence session, the Cabinet Secretary again explained that this is an area that the Cabinet Secretary for Economy, Energy and Planning is responsible. However he stated:

*“while Arfor is in a pause and reflect phase—and those are not decisions that I make—I'm aware of the fact that some of the strands in it continue because they've demonstrated their worth.”<sup>117</sup>*

**123.** One of those areas to continue receiving some funding is the 'Profi project', which seeks to persuade young people that their “ability to speak Welsh is an economic advantage to them”. He noted that those skills can help “create economic opportunities that otherwise might have escaped them”<sup>118</sup>.

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<sup>115</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 27 November 2025, paragraph 94

<sup>116</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 16 January 2025, paragraph 112

<sup>117</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 27 November 2025, paragraph 113

<sup>118</sup> Record of Proceedings: Culture, Communications, Welsh Language, Sport, and International Relations Committee – 27 November 2025, paragraph 112

**124.** Similarly, the Perthyn project has also continued, despite the discontinuation in ARFOR funding. Perthyn is a grant scheme providing financial assistance and advice to Welsh speaking communities in north and west Wales that have high levels of second home ownership. The scheme helps develop social enterprises and community led housing projects.

**125.** The Welsh Government has allocated £560,000 for 2026-27 to support the delivery of the scheme. Of this allocation, £157,000 is for Cwmpas to deliver a bespoke advice and support service, and £400,000 is financial support to communities themselves to develop new social enterprises and community-led housing, helping “turn ideas into viable projects.”<sup>119</sup>

**126.** The scheme has been extended to enable communities across Wales to access funding where the Welsh language is central to their aims. Nevertheless, the Cabinet Secretary confirmed during scrutiny that greater weighting is given to projects in the Welsh-speaking heartlands. In his evidence paper, the Cabinet Secretary noted that the language is still “central to their aims and objectives” and that it will continue to “prioritise support to projects within Welsh-speaking communities with a high number of second homes”.<sup>120</sup>

### Our view

The work of the Mudiad Meithrin is critical in delivering Welsh-medium early years provision and to developing further capacity and opportunities for young children (and their parents) to engage with the language. We also note that the role of the Mudiad Meithrin is clear in supporting learners’ Welsh language learning pathway, and is integral to the success of the Welsh Language and Education (Wales) Act 2025.

It is therefore concerning to us that, despite an overall 2.2 per cent inflationary increase across the whole Draft Budget 2026-27, the Welsh in Education BEL does not increase at all. Mudiad Meithrin will be affected by inflation and cost pressures similar to other bodies that support the Welsh language. It remains unclear to us why the Mudiad Meithrin has been excluded from benefiting from an uplift in its budget, and how this decision aligns with the successful implementation of the 2025 Act.

<sup>119</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget - 4 November 2025](#), page 13

<sup>120</sup> Welsh Government: [Evidence paper on the 2026-27 Draft Budget - 4 November 2025](#), page 13

In relation to ARFOR, it is disappointing that the Welsh Government determined not to continue funding the scheme in its entirety whilst undertaking an evaluation. The scheme is still in its infancy, and the potential loss of momentum is a concern. Whilst we welcome the continuation of specific schemes, including the extension and uplift in Perthyn funding, we haven't been reassured of wider mainstreaming of ARFOR into the general funding as was previously suggested.

If the scheme had been truly mainstreamed, we would hope and expect the Welsh Government to set out how it is being funded through this draft budget. Whilst responsibility and funding for ARFOR lies predominantly with the Cabinet Secretary for Economy, we would expect the Cabinet Secretary for Finance and Welsh Language to have a significant role in discussions around its future.

**Recommendation 16.** The Welsh Government should:

- provide the Mudiad Meithrin with an inflationary increase at the same level as other partners that work to support and promote the language;
- set out how much funding the Mudiad Meithrin will receive as part of this Draft Budget, and where that funding is allocated.

**Recommendation 17.** The Welsh Government should set out in detail how ARFOR has been mainstreamed into the general budget.

## 4. International Relations

### Evidence gathering

**127.** We received a written evidence submission from the First Minister on the Welsh Government's Draft Budget for International Relations. As with previous years, the First Minister was invited to give oral evidence but declined. This continued the approach taken by First Ministers to international relations budget scrutiny in the Sixth Senedd.

**128.** The Committee had been encouraged by a letter from the First Minister in June this year, in which she explained that she had given further consideration to



our recommendations on improving transparency and information on the Welsh Government's international activity.<sup>121</sup>

**129.** We were further encouraged that officials indicated that efforts were being made to find time in one of three possible meetings to allow attendance at Committee this November. It is therefore all the more disappointing that in a letter dated 31 October 2025, the First Minister informed the Committee that she would not attend and said:

*"Following the oral evidence sessions, I will ensure that any additional requests for information or clarification are addressed promptly."*<sup>122</sup>

**130.** Senedd committees are required to report on their scrutiny of the 2026-27 Draft Budget by 15 December 2025. This leaves insufficient time for exchanges of correspondence. Our scrutiny is therefore informed by the First Minister's letter.

### Our view

We regret that the First Minister, once again, declined our invitation to give oral evidence. The First Minister has followed the approach taken by her predecessors not to appear in person despite our repeated and serious concerns with this approach set out in our previous Draft Budget reports.

The First Minister is accountable to the Senedd for Wales's international relations. Our position remains that it is a matter for the Senedd, not the Welsh Government, to determine how such scrutiny should be conducted.

While some matters may be addressed through written evidence or correspondence, consideration of other matters is more efficient and more effective through discussion at the well-established convention of an oral evidence session.

Furthermore, there have been significant delays in obtaining written budget information from the First Minister. For example, the information we requested during Draft Budget scrutiny in December 2024 was provided in June 2025 in relation to budget cycle 2025-26.

<sup>121</sup> Welsh Government: [Letter from the First Minister and written evidence - 9 June 2025](#)

<sup>122</sup> Welsh Government: [Letter from the First Minister and written evidence - 31 October 2025](#), page 1

As a matter of principle, if a First Minister adopts specific policy responsibilities, they should make themselves available to be held to account for those responsibilities. If a First Minister is unable to do so, they should consider delegating those responsibilities to another Minister.

The Committee will revisit these issues in its International Strategy report and in our Sixth Senedd legacy report.

**Recommendation 18.** In line with our previous recommendations and the principle of Welsh Government accountability to the Senedd, the Welsh Government must ensure that, where requested by the relevant committee, the Minister with responsibility for International Relations appears in person for oral evidence sessions on future Draft Budgets.

### Information on spend in 2024-25 and 2025-26

**131.** The First Minister has provided partial information on final and forecast out-turns for budget cycles 2024-25 and 2025-26, respectively.

**132.** As in previous years, the First Minister's evidence on the International Relations BEL provides limited detail in terms of finalised breakdowns or allocations, or on outcomes, impact and value for money relating to spend in current and previous years.

**133.** Final and forecast out-turns for International Sustainable Development are not provided, although this information has been provided previously.

#### Our view

We are concerned that that the First Minister's written information fails to account for final and forecast spending in current and previous budget cycles.

There is also limited information on existing international commitments. Key information, such as on international development, is missing and where information is provided, it is unclear how it contributes to Welsh Government aims and objectives.

There is also insufficient explanation of the link between the written information provided, the International Delivery Plan and what the Welsh Government expects to deliver over the remainder of the Sixth Senedd.

The written information also contains a major announcement that has potentially far-reaching consequences for Wales' international relations - a planned Overseas Network Review before the end of this Senedd. The rationale behind this decision, the review process, its scope, timings and resourcing are not set out. This represents another missed opportunity for the Welsh Government to provide clear explanations to the Committee and wider Senedd of significant, strategic decisions in this important field.

**Recommendation 19.** In response to this report, the Welsh Government should:

- Provide information on outcomes and deliverables relating to International Relations for 2024-25 and 2025-26.
- Provide information on out-turns, outcomes and deliverables relating to International Sustainable Development for 2024-25 and 2025-26.
- Explain how the budget allocation for 2025-26 has been used to deliver the International Delivery Plan so far in the current budget cycle, and what there remains to deliver during the Sixth Senedd.
- Provide more information on the planned Overseas Network Review, including the rationale behind the decision, the review process, its scope, timings and resourcing.

## Real term cuts to International Relations and International Sustainable Development budgets for 2026-27

**134.** The Welsh Government's 2026-27 Draft Budget allocates £9.232 million for international activity across two main BELs:

- **International Relations (IR) BEL:** This supports the delivery of the 2020 International Strategy and three of its five actions plans, the 2025 International Delivery Plan, overseas offices, and the delivery of two Programme for Government commitments. These were to retain an office in Brussels and to establish Academi Heddwch. It also supports the Welsh Government's priority relationships, strategic partnerships and promotional "Wales and" years.
- **International Sustainable Development (ISD) BEL** (previously the International Development BEL). For 2026-27, it appears that its focus remains on delivery of the Wales and Africa Action Plan and other international development, such as donations of humanitarian aid.

**135.** The 2026-27 Draft Budget allocation for the IR BEL is £8.182m following a £3,000 transfer from reserves.

**136.** The allocation for the ISD BEL remains unchanged from previous years at £1.050 million.

**137.** Revenue funding for the international BELs increase by 0.04 per cent for the IR BEL and 0 per cent for the ISD BEL compared to the Revised Baseline for 2025-26. Both are lower than the increase in the Welsh Government's overall revenue allocations, which increase by 2.2 per cent.

### International Relations BEL

**138.** The First Minister's written evidence uses the Draft Budget's 2025-26 Revised Baseline allocation (£8.179m) rather than the total figure in the BEL tables (£8.182m).

**139.** The First Minister's written evidence provides high level breakdowns of the IR BEL against the £8.179m. It does not reference the £3,000 transfer from reserves and it is not taken into account.

**140.** The table below shows the high level breakdowns of the the International Relations BEL provided to the Committee at the time of Draft Budget scrutiny in recent years.<sup>123</sup>

International Relations BEL	Draft Budget 2024-25 (Dec 2023)	Draft Budget 2025-26 (Dec 2024)	Draft Budget 2026-27 (Oct 2025)
International Engagement	£2,658,600	£2,708,600	<b>£2,708,600</b>
Overseas offices: running costs	£4,684,400	£4,684,400	<b>£4,720,400</b>
Overseas offices: combined activity budget	£750,000	£750,000	<b>£750,000</b>
<b>Total</b>	<b>£8,093,000</b>	<b>£8,143,000</b>	<b>£8,179,000</b>

<sup>123</sup> \*This table does not show any changes to allocations made in the Welsh Government's subsequent budgets for 2024-25 and 2025-26.

**141.** The First Minister explains that:

*“The next financial year reflects a transitional period as the International Strategy and International Delivery Plan will come to an end in March 2026 and a new government term will commence in May 2026.”<sup>124</sup>*

**142.** As such:

*“Once new international priorities have been agreed as part of the next government term, a full breakdown of planned spending can be provided.”<sup>125</sup>*

**143.** The First Minister explains that funding is not being allocated against the three action plans and the IDP for the 2026-27 Draft Budget cycle because they will no longer be live. She explains that the three aims of the strategy are being used as the basis for 2026-27 planning and spend. These are to raise Wales’s profile, to grow the economy and to establish Wales as a globally responsible nation.<sup>126</sup>

**144.** However, the First Minister also states in her evidence that planned spend for a number of actions mean that “more than half” of the BEL is “already profiled” for 2026-27.<sup>127</sup> It is unclear why these allocations have not been shared with the Committee.

**145.** It was also our understanding that the International Strategy and its action plans would come to an end in 2025 and that the International Delivery Plan would bridge the gap between then and the upcoming Senedd election. The First Minister’s written evidence states that both will end in March 2026. This is the first time the Committee has heard this intention. The Committee will revisit these issues in our International Strategy report and in our Sixth Senedd legacy report.

**146.** We note the approach taken by the Cabinet Secretary for the Economy, Energy and Planning in commissioning independent external evaluation of the Export Action Plan to assess value for money against its budget allocation. The

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<sup>124</sup> Welsh Government: [Letter from the First Minister and written evidence - 31 October 2025](#), page 3

<sup>125</sup> Welsh Government: [Letter from the First Minister and written evidence - 31 October 2025](#), page 3

<sup>126</sup> Welsh Government: [Letter from the First Minister and written evidence - 31 October 2025](#), page 3

<sup>127</sup> Welsh Government: [Letter from the First Minister and written evidence - 31 October 2025](#), page 3

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evaluation provides detailed analysis of the achievement of Welsh Government export programmes and identifies areas of success and areas for improvement.<sup>128</sup>

## International Sustainable Development BEL

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### Wales and Africa Action Plan

**147.** The First Minister does provide detailed breakdowns of allocations to deliver the Wales and Africa Action Plan. These detail Welsh Government commitments beyond the Draft Budget 2026-27 cycle, up to March 2028 to a number of organisations delivering the Plan including Size of Wales, Hub Cymru Africa, Wales Council for Voluntary Action (WCVA) and the Disaster Emergency Committee (DEC).<sup>129</sup>

### Global conflict and international emergency appeals

**148.** The 2026-27 Draft Budget documents do not refer to international emergency appeals. The First Minister's evidence explains that:

*"Budget is not set aside to respond to emergency appeals.  
Donations to emergency humanitarian appeals are made on an  
ad hoc basis."*<sup>130</sup>

**149.** The Welsh Government has made financial and non-financial donations to emergency appeals launched in response to international developments, such as natural disasters and conflict. For example, it has donated £450,000 to the DEC Middle East Appeal<sup>131</sup> in respect of the Israel-Gaza conflict since 2024 and donated £100,000 donation to the DEC Myanmar Earthquake Appeal.<sup>132</sup>

## EU exit

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**150.** In addition to International Relations, Wales and Europe is listed as a specific responsibility within the First Minister's portfolio.<sup>133</sup> The Committee requested commentary on allocations relating to the First Minister's responsibilities for Wales

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<sup>128</sup> Welsh Government: [export support programmes: impact evaluation](#) - 24 October 2025

<sup>129</sup> Welsh Government: [Letter from the First Minister and written evidence](#) - 31 October 2025, page 6

<sup>130</sup> Welsh Government: [Letter from the First Minister and written evidence](#) - 31 October 2025, page 9

<sup>131</sup> Welsh Government: [Written Statement: Supporting Gaza](#) - 15 October 2025

<sup>132</sup> Welsh Government: [Written Statement: Myanmar Earthquake](#) - 3 April 2025

<sup>133</sup> Welsh Government: [Responsibilities of the First Minister of Wales](#)

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and Europe and the financial implications of EU exit on Wales, and how EU exit has shaped the Welsh Government's Draft Budget.

**151.** In response, the First Minister states that:

*"Wales' relationship with the EU remains hugely important post-EU exit. Retaining the Brussels office is a Programme for Government priority, supported by the appointment of Derek Vaughan as Welsh Government European Representative to rebuild and strengthen institutional ties."*<sup>134</sup>

**152.** The Welsh Government says that taking a leadership role within European networks has:

*"allowed us to contribute to the strategic agenda of these networks and demonstrate Wales' commitment to international action to advance shared policy interests. Our proactive engagement has delivered tangible outcomes, such as Wales' inclusion in a European Parliament-funded project on interregional cooperation, with regional partners from Spain, France, Portugal and Québec."*<sup>135</sup>

## Taith

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**153.** Taith's allocation for 2026-27 is £6.662m. This represents an increase of 2.5 per cent, greater than the overall Draft Budget increase of 2.2 per cent.

**154.** Taith is located in the International Learning Exchange BEL (Education MEG). An extension to Taith was announced in June 2025, extending the Welsh Government's financial commitment to 2027-28.

**155.** We welcome both the planned budget increase for Taith and the extension beyond its original end date.

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<sup>134</sup> Welsh Government: [Letter from the First Minister and written evidence - 31 October 2025](#), page 8

<sup>135</sup> Welsh Government: [Letter from the First Minister and written evidence - 31 October 2025](#), page 8

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## Our view

In the absence of oral evidence, it is vital that written evidence is clear, detailed, and high quality. It must provide sufficient information about intended outputs, outcomes, impact, and value for money.

We regret that, once more, the information contained in the First Minister's evidence falls below the standard we expect, and that we have called for in previous reports. This, combined with the absence of an opportunity in oral evidence to explore matters, means that, once more, we are not in a position to scrutinise planned spend on international activity with confidence.

In particular, insufficient detail is provided on planned spend under her responsibility for Wales and Europe; the financial implications of EU exit on Wales; and how EU exit has shaped the Welsh Government's draft budget.

The approach taken by the Welsh Government means we are not in a position to know if the Welsh Government is delivering against targets, if planned spend is value for money, and whether planned spend sufficiently matches existing commitments to provide stability during the transitional period.

As such we are not able to make any judgement on whether existing commitments have the necessary resources and strategic direction.

This contrasts starkly with other areas of international activity, for example, the written evidence provided on trade and borders by the Cabinet Secretary for Economy, Energy and Planning, and the Deputy First Minister, and their in-person attendance for scrutiny.

**Conclusion 1.** The final opportunity of the Sixth Senedd for the Welsh Government to engage effectively with our scrutiny of the Draft Budget proposals for International Relations has been lost. We do not consider that this situation can persist into the Seventh Senedd and the Committee will revisit these matters in its International Strategy report and in our Sixth Senedd legacy report.

**Recommendation 20.** The Welsh Government should:

- Explain the rationale behind the international BEL's real-term cuts in light of overall revenue increases of 2.2 per cent.

- Detail what discussions took place between relevant Cabinet Secretaries/Ministers that resulted in the international BEL's real-term cuts.
- Provide allocations for the profiled planned spend for the IR BEL and explain why these were not shared with the Committee in the First Minister's written information.
- Explain why the Welsh Government transferred £3,000 from reserves, and why this was not mentioned in the First Minister's written information.
- Set out where the £3,000 transfer from reserves will be allocated in the three areas the IR BEL (International Engagement, Overseas Office: running costs, Overseas Offices: combined activity).
- Ensure that the International Strategy, four action plans and the International Delivery Plan is subject to an external evaluation process, (as with the Export Action Plan).

## Effect on strategic partners

**156.** The First Minister's written evidence confirms that allocations are not yet clarified for the Welsh Government's delivery partners, who have been invited to bid for funding.

**157.** Since 2023, the Committee has raised specific concerns that partners were being consulted at a late stage and that this might risk delivery of the Welsh Government's international objectives. This included asking delivery partners to submit engagement and delivery plans in the first quarter of each year, after publication of the draft budget and Senedd scrutiny. We note with concern that this has been the case for Draft Budget 2026-27.

### Our view

The First Minister's written information indicates that discussions are still ongoing with delivery partners. This does not give us confidence that our long-standing concerns have been resolved. It does not confirm its delivery partners for 2026-27, nor whether they have changed to reflect new areas of focus, such as the International Delivery Plan.

We remain concerned that discussions with strategic delivery partners are still occurring late in the budget planning cycle with resulting uncertainty and pressure.

**Recommendation 21.** The Welsh Government should:

- Set out the Welsh Government's delivery partners for 2026-27.
- Set out when funding will be confirmed for all delivery partners, and how many have submitted engagement and delivery plans.
- Clarify what steps were taken to obtain key financial information from partners during the Draft Budget's development.
- Explain the Welsh Government's contingency plan if strategic partners report that the real term cuts described above are insufficient to deliver their responsibilities.

## Annex 1: List of oral evidence sessions.

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the [Committee's website](#).

Date	Name and Organisation
19 November 2025	<p><b>Jack Sargeant MS, Minister for Culture, Skills and Social Partnership,</b> Welsh Government</p> <p><b>Jason Thomas, Director, Tourism, Marketing, Events and Creative,</b> Welsh Government</p> <p><b>Elin Burns, Director, Culture, Heritage, Sport and Welsh Language,</b> Welsh Government</p> <p><b>Paul Kindred, Deputy Director, Culture, Heritage, Sport and Welsh Language,</b> Welsh Government</p>
27 November 2025	<p><b>Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language,</b> Welsh Government</p> <p><b>Jeremy Evas, Head of Prosiect 2050,</b> Welsh Government</p> <p><b>Elin Burns, Director, Culture, Heritage, Sport and Welsh Language,</b> Welsh Government</p>

## Annex 2: List of written evidence

The following people and organisations provided written evidence to the Committee. All additional written information can be viewed on the [Committee's website](#).

Title	Date
Written evidence: Welsh Government – International Relations Budgets	31 October 2025
Written evidence: Welsh Government – Culture, Communications and Sport Budgets	3 November 2025
Written evidence: Welsh Government – Welsh Language Budgets	4 November 2025