

# Challenges for the culture sector – Amgueddfa Cymru

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This document has been prepared as part of work performed in accordance with section 15 of the Well-being of Future Generations (Wales) Act 2015.

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# Summary report

## Why we did this examination and what it is about

- 1 Under the Well-being of Future Generations (Wales) Act 2015 (the Act), Amgueddfa Cymru must set well-being objectives designed to contribute to the well-being of Wales, both now and over the longer term. It must also take all reasonable steps to meet those objectives. The Auditor General must examine whether Amgueddfa Cymru has applied the sustainable development principle<sup>1</sup> when setting its well-being objectives and taking steps to meet them.
- 2 This report sets out the findings from our examination of steps Amgueddfa Cymru is taking to meet its well-being objectives<sup>2</sup>. It has focused on the significant financial pressures Amgueddfa Cymru is experiencing. Those pressures include rising costs and a reduction in its revenue grant-in-aid (GiA) from the Welsh Government for 2024-25. They have implications for the organisation's financial sustainability and its ability to deliver on its well-being objectives. Effective financial planning in line with the sustainable development principle can help manage these issues.
- 3 This report considers whether Amgueddfa Cymru has appropriate arrangements to secure financial sustainability over the short and longer term, in support of its well-being objectives. It forms part of a wider examination covering other Welsh Government arm's length bodies in the culture sector. We applied the same overall audit questions and criteria at each body. However, our evidence gathering and analysis took account of contextual factors for each body, including differences in functions and in their financial environment. **Appendix 1** provides more information about our work and our evidence base.
- 4 In July 2023, Amgueddfa Cymru received the final report of the Welsh Government commissioned 'Tailored Review'<sup>3</sup>. The Tailored Review made 77 recommendations, including recommendations related to financial planning and management.
- 5 We note the Tailored Review's findings and recommendations. However, we have not formally assessed how Amgueddfa Cymru has responded to them.

<sup>1</sup> The Act sets out that doing something in accordance with the sustainable development principle means that the body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. To do so, a body must take account of five ways of working, summarised as long term, integration, involvement, collaboration, and prevention.

<sup>2</sup> Amgueddfa Cymru published its [Strategy 2030](#) in 2022. The strategy includes 'a series of Commitments, Enablers and high-level Outcomes' which Amgueddfa Cymru states, form its Well-being Objectives. It also published a separate [well-being statement](#), as required under the Act, in March 2023.

<sup>3</sup> Tailored Review Panel, [Amgueddfa Cymru: Final report of the Tailored Review Panel, July 2023](#)

- 6 We carried out the fieldwork for this report before the Welsh Government finalised its budget for 2025-26. We hope our findings and recommendations will be useful to Amgueddfa Cymru as it continues developing its financial planning for the longer term.

## Overall conclusion

- 7 Overall, we have concluded that:
- Amgueddfa Cymru received a significant cut to revenue GiA for 2024-25, which put further pressure on an already challenging financial position. While GiA increased over the previous five years in real terms, staff and other direct costs rose more sharply.
  - Amgueddfa Cymru moved quickly to meet financial challenges for 2024-25 and began re-shaping the organisation, but the impact of a significant reduction in staff numbers is not yet clear and it needs a financial strategy to promote long-term sustainability.
- 8 The rest of this report provides further detail about our findings and recommendations.

## What we found: the financial position

- 9 **Paragraphs 11 to 27** provide a general overview of key features of Amgueddfa Cymru's financial position. The data reported is mainly from annual financial statements for 2019-20 to 2023-24. A series of exhibits in **Appendix 2** provides additional detail.
- 10 Final audited financial statements for subsequent years were not available at the time of our review. However, we have provided some commentary on funding settlements in 2024-25 and 2025-26.

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### Income

- 11 Amgueddfa Cymru receives most of its funding from the Welsh Government, mainly in the form of revenue GiA. In 2023-24, overall income was £49.6 million, including revenue GiA of £27.1 million (55%). **Exhibit 3** sets out the total income by source between 2019-20 and 2023-24.

- 12 Revenue GiA rose from £22.6 million in 2019-20 to £27.7 million in 2022-23. It then dropped to £27.1 million in 2023-24. Nonetheless, the amount of GiA received in 2023-24 was similar to if it had risen in line with general inflation since 2019-20<sup>4</sup>. **Exhibit 4** sets out the actual revenue GiA income alongside this real term comparison.
- 13 However, differences in the make-up of revenue GiA make it difficult to compare from one year to another. Specifically, Amgueddfa Cymru's GiA often includes time-limited elements and/or additional in-year funding for specific purposes. Examples include support for pay and cost of living pressures, which totalled £2.5 million and £1.9 million in 2022-23 and 2023-24 respectively.
- 14 Amgueddfa Cymru receives other restricted revenue and capital grant funding from the Welsh Government. It increased from £2.2 million in 2019-20 to £14.1 million in 2023-24, rising each year except for 2022-23. Increases in other revenue grant funding included £5.2 million for a voluntary severance scheme in 2023-24 (see **paragraphs 36 to 39**).
- 15 Capital grant funding went up from £1.5 million in 2019-20 to £5.4 million in 2023-24, but having reached £6.4 million in 2021-22. Capital grant has supported major projects such as the redevelopment of the National Slate Museum in Llanberis. It also funds maintenance on other sites, although this has not been enough to address the large maintenance backlog, which in December 2024 was around £70 million<sup>5</sup>.
- 16 Amgueddfa Cymru's remaining income comes from non-Welsh Government grants, commercial activities, private donations, and investments. This other income has fluctuated but was significantly higher in 2019-20 due to donated assets valued at £5.5 million.

## Expenditure

- 17 Staff costs are Amgueddfa Cymru's biggest area of spending. They rose from £21.6 million in 2019-20 to £31.7 million in 2023-24. This increase was mostly due to inflationary pressures and, for 2023-24, the voluntary severance scheme. **Exhibit 5** shows expenditure by type between 2019-20 and 2023-24.
- 18 Amgueddfa Cymru's revenue GiA is mainly used to cover staff costs. In 2021-22 and 2022-23, staff costs exceeded revenue GiA. **Exhibit 6** shows staff costs as a proportion of revenue GiA.

<sup>4</sup> For our real terms analysis, we used HM Treasury GDP deflators at market prices for 2023-24 based on Office for National Statistics data at June 2025. These were the latest available at the time of drafting this report. We based our calculation on the total revenue GiA that Amgueddfa Cymru received each year.

<sup>5</sup> We have not reviewed the backlog or considered capital programme management in detail as part of this review.

- 19 Amgueddfa Cymru also incurs direct costs associated with its activities and running costs, such as energy. Wider economic factors have driven these costs up. In 2019-20 they were £8.2 million, and by 2023-24 they were £11.9 million.
- 20 Other costs include changes in the value of Amgueddfa Cymru's assets, pension finance costs, and gains and/or losses from disposal of investments. They also include Amgueddfa Cymru's share of net expenditure, alongside the City and County of Swansea, for the National Waterfront Museum Swansea.

## Reserves

- 21 Amgueddfa Cymru has unrestricted and restricted public and private fund reserves. It can spend unrestricted funds on activities that support its objectives and to address funding shortfalls. Amgueddfa Cymru can only use restricted reserves for specific purposes.
- 22 Unrestricted public funds hold self-generated income. They also hold Welsh Government funding that has been carried forward from one year to the next, although this is limited to 2% of GiA. Unused Welsh Government grant for purchasing specific items for collections is also held in this reserve and is exempt from this calculation.
- 23 On 31 March 2024, Amgueddfa Cymru held £4.7 million of unrestricted public fund cash reserves (£5.6 million at 31 March 2023). It held £4.6 million in unrestricted private fund reserves (£6.1 million at 31 March 2023)<sup>6</sup>.

## Revenue GiA for 2024-25 and 2025-26

- 24 Amgueddfa Cymru received a significant cut to its GiA for 2024-25. A March 2024 paper to Amgueddfa Cymru's Board set out that it was receiving a 10.5% (£3 million) cut to its GiA compared to the amount set out in an indicative three-year budget the Welsh Government had previously given it for 2022-23 to 2024-25.
- 25 We have calculated that the GiA awarded initially for 2024-25 was 6% less than Amgueddfa Cymru received in 2023-24<sup>7</sup>. In 2023-24, Amgueddfa Cymru received GiA of £32.5 million and in 2024-25 it was initially awarded £30.5 million.
- 26 As in previous years, the revenue GiA for 2024-25 included certain ringfenced elements. It included £1.5 million to support the national Culture Strategy awarded

<sup>6</sup> The cash reserves figures exclude reserves represented by fixed assets and pension assets/liabilities. Examples of Amgueddfa Cymru's fixed assets include museum sites and land along with heritage assets from Amgueddfa Cymru's national collection.

<sup>7</sup> We based this calculation on the total GiA amounts (revenue and capital) received in 2023-24 and set out in the Welsh Government funding letter issued in May 2024 for 2024-25.

at the start of the year. Amgueddfa Cymru then also received the following during the year:

- £0.9 million to support the delivery of phase two of ‘Shaping our Future’ and to implement the priority outstanding items of the Tailored Review; and
- £0.3 million to fund the difference between the pay award budgeted by Amgueddfa Cymru and the 5% public sector pay award.

- 27 The Senedd’s Culture, Communications, Welsh Language, Sport and International Relations Committee completed an inquiry on the impact of funding reductions for culture and sport in Wales in January 2025<sup>8</sup>. Our examination does not draw conclusions on funding levels and instead focuses on how Amgueddfa Cymru is responding to financial challenges. We note the inquiry calculated that, when looking back over a ten-year period up to 2024-25, Amgueddfa Cymru’s revenue and capital GiA funding decreased by about 1% in real terms.
- 28 For 2025-26, the Welsh Government provided Amgueddfa Cymru with a revenue GiA allocation of £27.2 million. This consolidates the additional £0.3 million funding awarded for pay in December 2024. It is greater than the GiA received for the previous two years, by £0.1 million (2023-24) and £0.5 million (2024-25)<sup>9</sup>.

## What we found: arrangements to secure financial sustainability

**Amgueddfa Cymru moved quickly to meet financial challenges for 2024-25 and began re-shaping the organisation, but the impact of a significant reduction in staff numbers is not yet clear and it needs a financial strategy to promote long-term sustainability**

**Amgueddfa Cymru has improved its understanding of its financial position and now needs to strengthen its understanding of the medium-term outlook**

- 29 A sound assessment of the financial position and outlook can help ensure a well-informed, strategic approach to financial planning. A consistent understanding of

<sup>8</sup> Senedd Culture, Communications, Welsh Language, Sport and International Relations Committee, [A decade of cuts: Impact of funding reductions for culture and sport](#), January 2025

<sup>9</sup> The Welsh Government set out its [approach to the 2026-27 budget](#) on 1 July 2025. It intends to publish a one-year budget in October 2025, which will increase departmental budgets by inflation. Subsequent budgets will be set by the next government, following the May 2026 Senedd elections.

that position across senior leadership can help secure shared ownership of the approach. This is particularly important when there is significant pressure on finances and difficult decisions may be required.

- 30 Amgueddfa Cymru has identified staff costs as a key budget risk in recent years. As described in **paragraphs 17 to 18**, they are its biggest area of spending and have exceeded GiA in certain years. While Amgueddfa Cymru has received one-off payments from the Welsh Government to cover cost of living and pay awards for staff, it does not have a guarantee of additional funding or that it will be built into baseline GiA for future years.
- 31 Amgueddfa Cymru is also concerned about the impact of ongoing inflationary pressures on non-staff direct costs. For example, energy costs across its estate.
- 32 Amgueddfa Cymru captures, records and monitors risks to its financial sustainability through its strategic risk register. The register includes risks on funding and reserves, and a significant maintenance backlog (see **paragraph 15**).
- 33 Faced with a significant cut in revenue GiA for 2024-25 (see **paragraph 24**), Amgueddfa Cymru recognised it needed to take far-reaching action to meet the financial challenges. In January 2024, it established a change programme called 'Shaping Our Future'<sup>10</sup>. The first phase of the programme included a full review of income and expenditure levels. It also brought together a more detailed picture of Amgueddfa Cymru's overall staffing establishment, which was high level until this point.
- 34 The review helped inform a consistent understanding of the financial position and key risks across Amgueddfa Cymru's leadership. This is important as there have been significant changes in leadership in recent years. A new Chief Executive, and a new Board of Trustees Chair and Vice-Chair were appointed in 2023. A new Director of Finance took up post in Autumn 2024.
- 35 Amgueddfa Cymru recognises that it needs a better understanding of its medium-term financial outlook. The Chief Executive tasked the new Director of Finance with this as part of the development of a long-term financial strategy (see **paragraphs 50 to 53**).

### **Amgueddfa Cymru took swift action to achieve a balanced budget for 2024-25 and began reshaping the organisation, but the impact of significant staff losses on its ability to deliver its well-being objectives is not yet clear**

- 36 It is important that bodies have clear, deliverable plans to help achieve a balanced budget. Planning actions, whether income generation or savings, over multiple years can help ensure bodies are well-placed to do this. It can help make sure they have sufficient time to effectively plan and implement proposals, including taking

<sup>10</sup> We have not reviewed the Shaping our Future programme in detail as part of this review.

account of the sustainable development principle. This would, for example, include undertaking effective involvement and exploring opportunities to collaborate.

- 37 Amgueddfa Cymru acted swiftly to deliver the required financial savings for 2024-25. It first considered compulsory redundancies but then decided to open a voluntary severance scheme to 'resize' the organisation as part of Shaping our Future.
- 38 Amgueddfa Cymru was mindful of the impact on staff. In 2015-16, it ran a voluntary redundancy scheme, which it told us staff thought was implemented poorly. Senior leaders told us they were, therefore, keen to balance swift implementation with close consultation with staff and trade unions.
- 39 The voluntary severance scheme ran between January and March 2024. Over 100 staff left under the scheme between 31 March 2024 and 30 April 2024. More staff left later in 2024-25, meaning 148 staff in total left under the scheme, equivalent to around a quarter of its previous workforce. The scheme, in combination with other savings, enabled Amgueddfa Cymru to set a revenue budget for 2024-25 with a forecast surplus of £1.4 million<sup>11</sup>.
- 40 The tight timescales meant the reduction in staff numbers could not be conducted in the structured or strategic manner that Amgueddfa Cymru would have liked. Amgueddfa Cymru assessed the likely impact that the scheme would have on different protected characteristic groups. It did not assess the likely impact staff losses would have on the delivery of its well-being objectives. However, it was mindful of the need to reconsider its priorities in the face of such a significant reduction in staff numbers (see **paragraphs 46 to 48**).
- 41 Amgueddfa Cymru used phase one of Shaping Our Future to begin planning how it would deliver differently. It set up five workstreams:
- HR and workforce (policies, contractual arrangements and organisational structure, including the voluntary severance scheme)
  - Income (consideration of maximising income through charging, income generation projects and fundraising)
  - Programmes and operations (sites/estate, opening arrangements and visitor-facing activities)<sup>12</sup>
  - Collections (acquisitions, lending, research, storage and cross-collection opportunities)
  - Purpose (values, culture, brand and strategic priorities)

<sup>11</sup> Amgueddfa Cymru planned the forecast surplus of £1.4 million for 2024-25 to replenish reserves. The other savings that contributed to the surplus were underspends from recruitment delays, a one-off rates rebate, and delays to some planned consultation activity.

<sup>12</sup> Programmes and operations later merged with HR and workforce under a new people and operations workstream to continue consideration of contractual changes for front of house staff.

- 42 Following on from phase one, Amgueddfa Cymru set out to establish a longer-term approach to transformation including the development of two new corporate strategies for finance and people. Phase two also established three workstreams covering income generation and commercialising collections, ways of working, and reviewing and learning.
- 43 Work under these three new workstreams started in the summer 2024. Amgueddfa Cymru held a series of workshops to set core objectives, workplans, timelines and deliverables for each. It began engagement with staff to consider what activity they should stop doing, start doing, and do differently. An example of adapting its operations to reflect staff losses was a reduction in opening hours during winter 2024-25. Amgueddfa Cymru did not have formal savings/income plans attached to these workstreams at the time of our review.
- 44 Amgueddfa Cymru also moved forward with work to seek to increase income generation. During 2024-25, it researched and trialled charging options at museum sites. These pilot schemes explored the viability and optimum model of charging. Amgueddfa Cymru was developing a new income generation strategy at the time of our review.
- 45 Amgueddfa Cymru is now looking ahead to the next phase of its change agenda, as part of a new 'Delivering our Future' programme. As it develops a clearer picture of the savings and income it intends to deliver (see **paragraphs 51 to 53**), it will be important for such plans to take account of the impact on its well-being objectives and the application of the sustainable development principle, including stakeholders' views.

### **Amgueddfa Cymru now needs to ensure there is a clear direction and financial strategy to establish a longer-term approach to financial sustainability**

- 46 A strategic approach to supporting financial sustainability is important. It provides a basis for decision making and helps bodies ensure they are well-placed to balance policy and resourcing drivers, particularly as new challenges emerge.
- 47 Amgueddfa Cymru has reconsidered what is achievable, given its budget constraints and the loss of staff. It has taken the pragmatic view that it will not be able to deliver everything it aimed to through its Strategy 2030, well-being objectives, and supporting five-year business plan 2021-2026.
- 48 The Chief Executive initiated a widespread conversation with staff to reflect on these ambitions. This, along with a review of the well-being objectives, enabled Amgueddfa Cymru to identify six priorities. The priorities are aligned to the well-being objectives but provide more focus for resource allocation over the medium term. They do not cover the full breadth of the well-being objectives. The Board of Trustees approved these priorities as an addendum to Strategy 2030 in June 2024.
- 49 We have not reviewed the development of these priorities in detail. However, it will be important for Amgueddfa Cymru to consider whether any changes are needed

to the main strategy and well-being objectives, as these communicate the overall strategic direction. Amgueddfa Cymru must review its well-being objectives annually, which presents an opportunity to do this<sup>13</sup>. It will also be important for Amgueddfa Cymru to incorporate the priorities into future updates to the business plan and reflect them in its performance measures<sup>14</sup>.

- 50 While Amgueddfa Cymru was clear that a lack of resources would hamper its ability to deliver, at the time of our review, it did not have a comprehensive financial strategy to help it understand this in more detail. This has been a longstanding gap.
- 51 The Tailored Review (see **footnote 3**) reported that the lack of a long-term financial approach was affecting Amgueddfa Cymru's ability to make strategic decisions and recommended it develop a robust financial strategy. In March 2024, we recommended that, in developing its financial planning, Amgueddfa Cymru should consider the resources required to deliver its Strategy 2030 and well-being objectives and the resourcing risks that might impact delivery.
- 52 We heard how annual Welsh Government budgets have made it difficult for Amgueddfa Cymru to take a more strategic approach to financial planning. However, the Director of Finance began the initial work to shape a financial strategy following his appointment in October 2024. We also heard that Amgueddfa Cymru had begun introducing a zero-based approach to budget setting for 2025-26<sup>15</sup>. This will be built on for future budgets and will inform indicative spending plans for the next four to five years.
- 53 Amgueddfa Cymru intends to issue a financial strategy alongside the next five-year business plan, in April 2026. It will be important for Amgueddfa Cymru to consider its projected spending plans against likely funding, income and cost pressures to assess its financial outlook and calculate any funding gap. This could include modelling different scenarios and benchmarking assumptions with other Welsh Government arm's length bodies. This analysis should support decision making and inform discussions with Welsh Government on future funding levels and the impact of changes in funding.
- 54 Amgueddfa Cymru could also consider wider factors that are likely to shape its financial sustainability. This could include requirements for future investment, relevant risks, and implications for delivering its well-being objectives. Critically, the

<sup>13</sup> Section 13 of the Well-being of Future Generations (Wales) Act 2015.

<sup>14</sup> In our March 2024 [report on the setting of well-being objectives](#), we recommended Amgueddfa Cymru develop and report against outcome measures that reflect the strategic, cross-cutting nature of the well-being objectives, so that it can effectively measure progress against them.

<sup>15</sup> Zero-based budgeting is a budgeting method where all expenses must be justified for each new period, starting from a 'zero base' rather than being based on the previous year's budget.

new financial strategy will need to align with savings plans to address any projected deficit.

- 55 Amgueddfa Cymru has a reserves policy, although this lacks detail on how it intends to use the funds. It intends to develop a clearer reserves policy. However, this has been delayed due to capacity pressures. For several years, Amgueddfa Cymru has been using unrestricted reserves to support day-to-day spending. This, as highlighted in the Tailored Review (see **footnote 3**), is not sustainable.
- 56 Having a clear reserves policy should help Amgueddfa Cymru plan for, and respond to, different funding scenarios in its new financial strategy. It should also inform Amgueddfa Cymru's approach as it looks to build up its reserves through self-generated income to support its ambitions.

**Amgueddfa Cymru has increased oversight of the financial position and, as it moves forward with its financial strategy and savings delivery, it will need to establish appropriate arrangements to monitor progress and impact**

- 57 Clear, regular and transparent reporting arrangements are important to enable effective oversight of the financial position, the action bodies are taking to secure their financial sustainability and the impact on their stakeholders and well-being objectives.
- 58 Amgueddfa Cymru has increased the financial expertise among its trustees. In 2024, it recruited three new trustees with experience of corporate finance, as well as sustainability and public sector governance.
- 59 Amgueddfa Cymru has also sought to provide leadership with better financial information. The Tailored Review observed, in late 2022, an absence of financial reporting to Amgueddfa Cymru's Board of Trustees. People we spoke to during our fieldwork felt there was now more openness and transparency in reporting the financial position.
- 60 The Board of Trustees and the Finance, Performance and Collections Committee now receive management accounts at each quarterly meeting. They are high-level and compare budget to actual revenue and capital income and expenditure, along with summary narrative and conclusions. This information is based on the more detailed monthly management accounts, which the executive leadership and heads of department receive. The Board of Trustees has also received information on Shaping Our Future.
- 61 During our fieldwork, we heard the Board had an appetite to further improve financial reporting. For example, through a financial reporting dashboard and establishing reporting on income generation against targets, although we have not reviewed these developments as part of our work.
- 62 Amgueddfa Cymru has also improved its oversight of risk. Prior to June 2024, its Audit Risk and Assurance Committee (ARAC) received the minutes of, and reports from, a staff risk management group which includes senior leaders and internal

audit. It now also receives a summary of the top-level risks and the full strategic risk register as a standard agenda item. This is important in ensuring the ARAC is fully sighted on strategic risks and able to consider mitigations Amgueddfa Cymru has put in place.

- 63 Amgueddfa Cymru told us that its main means of understanding the impact of finances on its well-being objectives is the monitoring of its annual operational plan, which sits beneath its five-year business plan. As it develops its new financial strategy, it should consider how it will also monitor its implementation and impact, along with associated savings plans. This will need to complement existing monitoring of the annual operational plan, along with any developments in monitoring its well-being objectives (see **footnote 14**).
- 64 Overall, Amgueddfa Cymru appears keen to continually assess progress and change direction where necessary. The Chief Executive has emphasised communication with staff, building trust and regular review. This was evident in the creation of a dedicated ‘review and learn’ workstream, which staff have led with external support.

## Recommendations

- 65 We have raised five recommendations that we will expect Amgueddfa Cymru to respond to.

### Exhibit 1: our recommendations

#### Planning to achieve savings/generate income

- R1 Amgueddfa Cymru should develop savings and income generation plans alongside its business plan 2026-2031. They should be aligned to the financial strategy to close any projected budget gap and should take account of:
- their contribution to/impact on its well-being objectives; and
  - the application of the sustainable development principle, including stakeholders’ views (see **paragraphs 42 to 44**).

#### Well-being objectives and related priorities

- R2 Having developed six priorities to guide resource allocation over the medium term, Amgueddfa Cymru should look to incorporate them into its planning and performance framework by:
- 2.1 Ensuring the priorities are reflected in future updates to its business plan.
  - 2.2 Determining whether any changes to well-being objectives are needed as part of annual reviews required under the Well-being of Future Generations Act.

2.3 Identifying appropriate performance measures as part of the above (see **paragraphs 46 to 48**).

### Financial planning

R3 In developing its financial strategy, Amgueddfa Cymru should explore the factors that are likely to shape its financial sustainability over at least the next three years and longer, where possible, including:

- modelling of levels of external funding, income and cost pressures, and benchmarking the assumptions with other bodies;
- considering areas that may require new or additional investment;
- considering risks that could impact resources; and
- considering how it will continue to deliver its strategy and well-being objectives, five-year business plan, and the Delivering our Future programme in this context.

Amgueddfa Cymru should establish this as a continuing process, rather than as a one-off exercise (see **paragraphs 51 to 53**).

### Reserves

R4 Amgueddfa Cymru should develop a clearer reserves policy to ensure there is a consistent understanding on the management and use of reserves and to help it plan for, and respond to, different funding scenarios in its new financial strategy (see **paragraphs 54 to 55**).

### Monitoring and oversight

R5 Amgueddfa Cymru should put effective arrangements in place to monitor:

- progress towards and achievement of any savings/income targets; and
- the impact of the planned financial strategy and any savings plans, including consequences for delivering the strategy and well-being objectives.

It should regularly report the information to the Amgueddfa Cymru leadership team, the Board of Trustees, and relevant committees, including Finance, Performance and Collections Committee (see **paragraph 62**).

# Appendix 1

## About our work

### Examination question, scope, and criteria

We set out to examine the extent to which Amgueddfa Cymru is acting in accordance with the sustainable development principle through its arrangements to secure financial sustainability.

In relation to financial planning, we would expect application of the sustainable development principle to include consideration of the need to:

- Meet immediate financial pressures, while delivering core activities and functions.
- Secure the financial sustainability of the organisation, so that the necessary resources are available to deliver core activities and functions over the medium and longer term.
- Deliver strategic ambitions, as described through the organisation's well-being objectives. This incorporates stakeholder and citizen perspectives and the need to achieve any longer-term, preventative benefits.

We have set out our generic examination questions and criteria below. Our examination criteria have been informed by our cumulative knowledge, CIPFA guidance, and related Audit Wales reviews in other sectors. We also drew on the 'positive indicators' that we have used in previous sustainable development principal examinations. In addition, we engaged with the office of the Future Generations Commissioner for Wales in planning this examination.

We sought to understand the financial challenges facing Amgueddfa Cymru and how it is responding. However, we did not explore every factor that has or may impact on its financial sustainability. Nor did we review the detail of the specific measures it is putting in place to meet those challenges or its annual budget setting processes.

Our work at Amgueddfa Cymru is part of a wider examination also covering Sport Wales, the National Library of Wales, and Arts Council of Wales.

The questions and criteria vary in their applicability to each of the four bodies. We took this into account during our evidence gathering and reporting.

Findings from this work informed our recent report on the implementation of the Act across public bodies in Wales<sup>16</sup>.

<sup>16</sup> [Audit Wales, No time to lose: Lessons from our work under the Well-being of Future Generations Act, April 2025](#)

## Exhibit 2: audit questions and criteria

<p>In the context of reductions to revenue GIA for 2024-25, does the body have appropriate arrangements to secure financial sustainability over the short and longer term, in line with its well-being objectives?</p>	
<p>Does the body have a clear understanding of its current financial position and medium-term outlook and longer-term risks?</p>	<ul style="list-style-type: none"> <li>• The body has assessed its financial outlook and calculated any funding gap over the short to medium term based on reasonable assumptions.</li> <li>• The Director of Finance, senior management team and board all have a clear understanding of the body's current financial position and medium-term outlook, and how that compares with similar bodies.</li> <li>• The body has identified the key risks to its financial sustainability, drawing on a broad evidence base that goes beyond financial considerations. This could include increases in demand, new requirements, and citizen perspectives.</li> </ul>
<p>Does the body have a clear strategic approach to help secure its financial sustainability over the longer term and deliver its well-being objectives?</p>	<ul style="list-style-type: none"> <li>• The body has clearly set out its strategic approach to support its financial sustainability over the medium, with a view to the longer term.</li> <li>• The body's strategic approach to financial sustainability has been developed in view of the wider vision, corporate strategy and well-being objectives.</li> <li>• The body's strategic approach to financial sustainability is supported by senior managers and board.</li> <li>• The body has considered a wide range of options to improve its long-term financial sustainability and deliver its well-being objectives, including comparing with other bodies.</li> <li>• The body's strategic approach includes the strategic use of reserves to manage its financial challenges over the medium term.</li> <li>• The body has modelled the anticipated impact of its strategic approach to securing its financial sustainability over the medium term (eg potential service reductions, building closures, fee increases, grant reductions) and the impact this is likely to have on the well-being objectives and citizens/stakeholders.</li> </ul>

In the context of reductions to revenue GIA for 2024-25, does the body have appropriate arrangements to secure financial sustainability over the short and longer term, in line with its well-being objectives?

Has the body identified how it will meet its financial challenges over the short and medium term, in the context of delivering its well-being objectives?

- The body has a track record of successfully addressing financial challenges.
- The body has identified the actions, including any savings it intends to make, to meet its financial challenges over the short and medium term, supported by well-evidenced plans based on reasonable assumptions.
- The body has arrangements in place to develop actions (including savings proposals) to meet its financial challenges, linked to their contribution to the delivery of the well-being objectives.
- The body's arrangements ensure it can take account of the sustainable development principle when developing and delivering these actions (eg savings proposals), including stakeholders' views.

Is the body monitoring its financial sustainability, the delivery of savings and impact on the well-being objectives and seeking to learn and improve?

- The body has appropriate arrangements in place to regularly monitor of its financial position, including its sustainability over the medium to long term.
- The body has arrangements to transparently report the impact/anticipated impact of its financial strategy on the achievement of its well-being objectives and its stakeholders/citizens to board, committees and other stakeholders.
- The body sets out timescales for delivering savings and regularly reports progress in delivering them to senior managers, board and relevant committees to enable oversight and scrutiny.
- The body is on track with plans to deliver savings in 2024-25 and beyond.
- The body is aware of strengths/weaknesses in its approach and is seeking to learn and improve.

## Audit methods

We undertook a high-level analysis of Amgueddfa Cymru's financial statements, covering a five-year period from 2019-20 to 2023-24 to help us understand its financial position and how that has changed. We also reviewed Welsh Government funding letters for 2024-25 and 2025-26.

We reviewed other documents including Amgueddfa Cymru's strategy and well-being objectives, available financial planning information, relevant monitoring reports, and the

papers and minutes of relevant board and committee meetings. We also interviewed a sample of senior staff and a board member.

We took account of the findings and recommendations from the Welsh Government commissioned 'Tailored Review' (see **footnote 3**).

We gathered most of our evidence during September 2024 to December 2024. We fed back emerging findings from our work in April 2025.

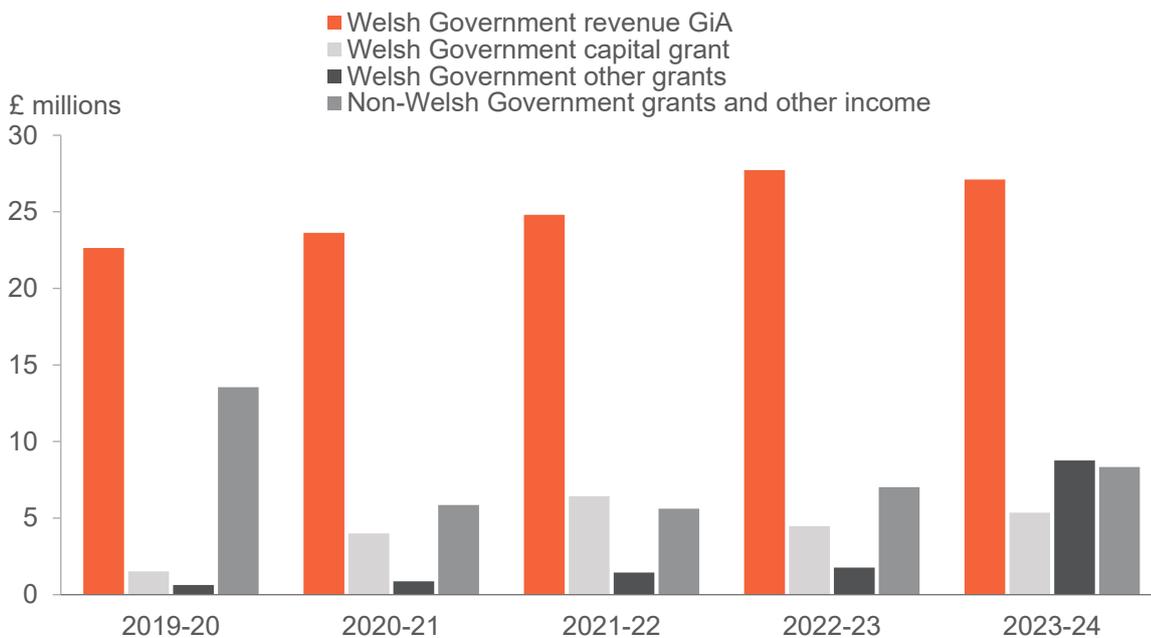
# Appendix 2

## The financial position at Amgueddfa Cymru

The tables and charts below set out further information on the financial position at Amgueddfa Cymru. The information is not exhaustive but includes key data sets that show the changing financial position from 2019-20 to 2023-24. We based our analysis on Amgueddfa Cymru’s financial statements. **Paragraphs 24 to 27** provide information on funding for 2024-25 and 2025-26. This includes GiA and other time-limited components.

### Income

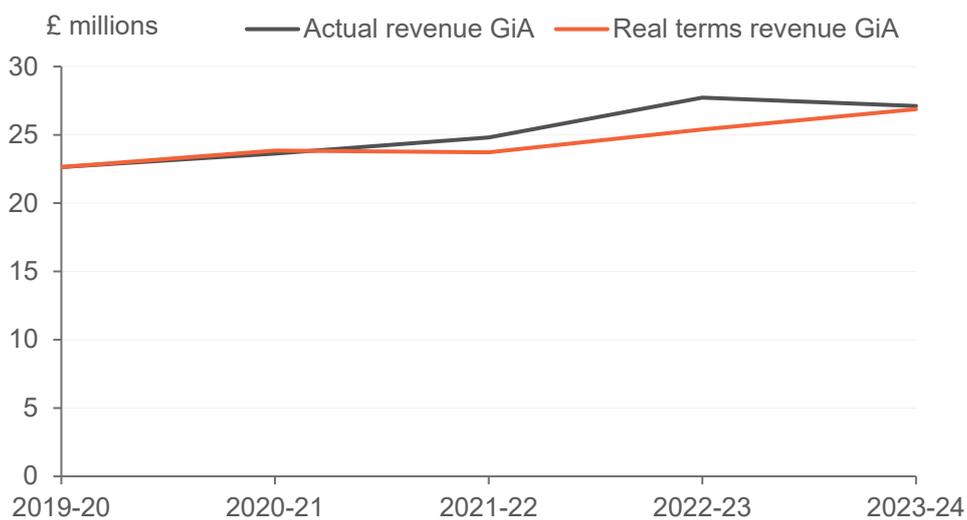
**Exhibit 3: Amgueddfa Cymru income by source, 2019-20 to 2023-24**



Source: Audit Wales analysis of Amgueddfa Cymru’s financial statements

Note: The category ‘Welsh Government other grants’ includes capital and other revenue grants. ‘Non-Welsh Government grants and other income’ includes a National Lottery Heritage Fund grant, donations and legacies, trading activities, income from investments and all other income.

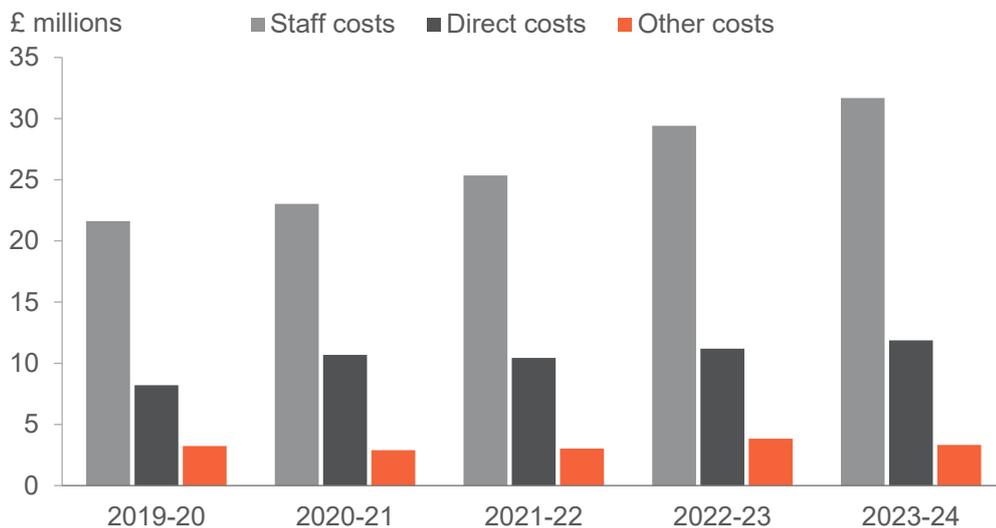
**Exhibit 4: Amgueddfa Cymru revenue GiA income in actual terms and against a hypothetical real-terms comparison, 2019-20 to 2023-24**



Source: Audit Wales analysis of Amgueddfa Cymru’s financial statements

Note: For our real-terms analysis, we used HM Treasury GDP deflators at market prices for 2023-24 based on Office for National Statistics data at June 2025. These were the latest available at the time of drafting this report. The real-terms comparison shows what the revenue GiA would have been from 2020-21 to 2023-24, had it risen in line with inflation after 2019-20.

**Exhibit 5: Amgueddfa Cymru expenditure by type, 2019-20 to 2023-24**



Source: Audit Wales analysis of Amgueddfa Cymru’s financial statements

Notes:

<sup>1</sup> Staff costs for 2023-24 include £5.2 million for severance costs.

<sup>2</sup> Direct costs are associated with Amgueddfa Cymru’s activities and its running costs, such as energy.

<sup>3</sup> The majority of ‘other costs’ are charges for depreciation and amortisation relating to Amgueddfa Cymru’s assets. While pension finance costs were almost nil in 2023-24, they ranged from £0.7 million to £1.2 million between 2019-20 and 2022-23. Remaining other costs expenditure is for gains and/or losses from disposal of investments (ranging from a loss of £0.6 million to a gain of £0.4 million, and Amgueddfa Cymru’s share of net expenditure for the joint venture with the City and County of Swansea for the National Waterfront Museum Swansea, which has been around £0.2 million in the last three financial years.

**Exhibit 6: Amgueddfa Cymru staff costs as a proportion of revenue GiA, 2019-20 to 2023-24**

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Staff costs (£ million)	21.6	23.0	25.2	29.3	26.5
Revenue GiA (£ million)	22.6	23.6	24.8	27.7	27.1
Staff costs as a proportion of revenue GiA (%)	95	97	102	106	98

Source: Audit Wales analysis of Amgueddfa Cymru's financial statements

Note: Staff costs in the 2023-24 financial statements include £5.2 million relating to a voluntary severance scheme (see **Exhibit 5**). This was funded by a Welsh Government restricted grant, not revenue GiA. Annual severance costs for 2019-20 to 2022-23 ranged from £0.03 million to £0.12 million. Staff costs included in this table exclude severance costs.



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