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Dear Dafydd

Setting well-being objectives at the Arts Council of Wales

Background

My duties under the Well-being of Future Generations (Wales) Act 2015 (the Act) require examinations at relevant public bodies, including the Arts Council of Wales (the Arts Council). Specifically, I must assess the extent to which public bodies have acted in accordance with the sustainable development principle when a) setting well-being objectives and b) taking steps to meet them.

Acting in accordance with the sustainable development principle means seeking 'to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'¹. To do that, public bodies must take account of the 'five ways of working'².

¹ Section 5 (1) Well-being of Future Generations (Wales) Act 2015

² Welsh Government, [Shared Purpose: Shared Future Statutory guidance on the Well-being of Future Generations \(Wales\) Act 2015](#), 2016

I must conduct examinations at each relevant body in the current reporting period, which started in May 2020 and extends to May 2025. I am doing this through a rolling programme of work.

My auditors apply a common assessment framework in examining the setting of well-being objectives. It covers whether the sustainable development principle underpinned the process for developing the well-being objectives. It also covers considerations relating to delivery and monitoring. **Annex 1** sets out further information on our approach. These examinations have a limited scope, and we seek to ensure our evidence gathering is proportionate.

Our examination of the setting of well-being objectives

The Arts Council started work on setting new well-being objectives in autumn 2022. It decided to incorporate the objectives into a new corporate strategy. At the time, it intended to conclude the work by April 2023.

My auditors agreed that they would track the process and conduct an examination in 'real time'. This would allow them to observe key events and share interim feedback with the Arts Council. They started gathering evidence in November 2022 and planned to issue a report in May 2023, following the publication of the final strategy and well-being objectives. Their evidence gathering included a workshop with key staff, observation of a staff event, and review of key documents.

However, in spring 2023 the Arts Council decided to extend its timescales for finalising its strategy and well-being objectives. Reasons included changes in senior officers and council members, including the Chief Executive and Chair of Council, and the delayed development of the Welsh Government's culture strategy. As a result, we agreed with the Arts Council that we would pause the examination and re-engage once it had prepared a draft strategy.

The Arts Council approved its final strategy in May 2024. It then submitted the strategy for Ministerial approval.

Given my examination had been in train for some time, and the timing of Ministerial approval was not known at the time of our review, I decided to bring together my key findings and draw the examination to a close. The findings in this letter are based mainly on the work undertaken by my auditors in 2022-23. However, we had more recent discussions with key contacts to understand subsequent developments and we reviewed the updated strategy.

Since bringing together the findings, we understand that the strategy has received Ministerial approval. I note that it has also been published on your website³.

Related work

My auditors had planned to undertake my examination of steps to meet well-being objectives as a second phase of work following my examination of the setting of well-being objectives. Given the changes to the timetable for the latter, these examinations have overlapped.

The examination of steps to meet well-being objectives has focused on arrangements to secure financial sustainability, in line with the well-being objectives. Certain related matters are touched on below and the two outputs should be considered alongside each other.

Key findings

Overall, we found that the Arts Council improved its well-being objective setting process this time around but could strengthen its application of the sustainable development principle by considering future trends, extending stakeholder involvement, and exploring how its objectives relate to those of other bodies.

The process

The Arts Council set out to proactively apply the sustainable development principle when setting its new well-being objectives. It had set its first objectives in 2019. However, it recognised the need to strengthen the process this time around.

The Arts Council placed particular emphasis on ensuring its new objectives would be at the heart of its strategic planning framework. It also showed a clear commitment to better involving the views of staff and stakeholders in the process.

³ Arts Council of Wales, [Our Strategy 2024-2034](#)

The evidence base

The Arts Council created opportunities for staff to share their views. It held an all-staff event and various meetings with senior leaders to generate discussion on the content of the strategy. We heard that this helped bring about a greater sense of ownership from staff and senior leaders.

The Arts Council used findings from its investment review to inform its strategy and well-being objectives. It had to delay the review from 2020 to 2022 due to the COVID-19 pandemic. The investment review included a 12-week public consultation. It gathered views through a survey and online open meetings, with an emphasis on engaging creatives and arts organisations. The Arts Council promoted the survey on its website and social media channels and through the local authorities' citizen panel. The Arts Council also engaged separately with its Associates, who provide specialist advice, and some other key stakeholders.

We acknowledge that the organisations captured by the investment review consultation are strategically important to the delivery of the well-being objectives. Therefore, information gathered from them would be highly relevant to developing the strategy. However, a consultation focused on the well-being objectives might have been framed differently and targeted a wider audience. It might have sought to involve different communities or other public bodies, for example those who fund or benefit from funded arts projects. We understand the reasons for relying on the investment review consultation. However, it will have an opportunity to capture the views of other key stakeholders and diverse communities when it next sets its well-being objectives.

The Arts Council also drew on various information sources to develop its understanding of key risks and challenges facing the arts sector. This included information from its research team and regular horizon scanning exercises. While this captured certain issues that are likely to affect the sector, it did not explicitly consider wider trends. Consideration of issues set out in the Future Trends report⁴ would help inform the Arts Council's longer-term planning.

⁴ Welsh Government, [Future Trends 2021](#), December 2021

Planning to improve well-being

The Arts Council has ensured its well-being objectives are central to its activity by designating its investment principles as its well-being objectives. These sit alongside three goals, taken from its Royal Charter: Develop, Connect and Promote.

The Arts Council has focused the well-being objectives on the wider benefits art can bring. They address the future of arts in Wales and show the Arts Council is seeking to achieve preventative impacts, notwithstanding our observation above around future trends.

The Arts Council has expressed its enthusiasm for working with others to deliver these wider benefits. Collaboration is central to delivering the well-being objectives, and the Arts Council is already working with a broad range of partners. Its annual plan 2024-25 references work on the climate and nature emergency, health and mental health, education, equality, and poverty.

The Arts Council has considered the relationship between its strategic objectives and government priorities. This connection is evident in the annual plan, which includes links to the Terms of Government Remit Letter Goals. The Arts Council had planned to link its new strategy to the Welsh Government's cultural strategy to ensure a consistent focus, although the Welsh Government's strategy has been further delayed.

The Arts Council has given less consideration to the relationship between its emerging well-being objectives and those of other organisations, such as other culture bodies, local authorities, NHS bodies, and Public Services Boards. Doing so could identify areas of common interest that lead to further collaborative opportunities. The Future Generations Commissioner has brought together well-being objectives from across Wales as a resource..⁵

⁵ This information can be provided by the Future Generations Commissioner's office on request.

Delivering and monitoring the well-being objectives

The strategy does not detail the steps the Arts Council will take to meet its well-being objectives. The Arts Council has told us that the steps will be set out in its annual plans and be described in a forthcoming well-being statement, as required by the Act.

We note the annual plan 2024-25 organises ‘tasks’ under the three goals. We appreciate that the Arts Council is working through the connections between its well-being objectives and the goals. However, in our view the relationship is not yet entirely clear.

There are no performance measures, nor any information on how the Arts Council intends to assess the impact over the ten-year period in the strategy itself. While the Arts Council has set out ‘success measures’ in its 2024-25 annual plan, these generally relate to the delivery of specific activities. The Arts Council has told us that it will build on these measures in future iterations of its annual plans and there will be key review points to take stock of delivery against the strategy. My examination report on financial sustainability at the Arts Council picks up this issue.

The designation of its investment review principles as its well-being objectives should mean the Arts Council will naturally direct resources to support their delivery. However, it faces significant financial challenges and will need to consider the deliverability of its objectives in this context. It will also be important for it to draw on its information on the performance of the bodies and projects it funds and the contribution they are making towards its well-being objectives. Again, my report on financial sustainability explores this issue.

Recommendations

As the Arts Council begins to deliver its new well-being objectives, when it reviews these objectives and next sets new ones, it should build on the progress it has made in applying the sustainable development principle by:

- considering a range of future trends that might inform the long-term well-being objectives and the steps to be taken in the short and medium term;
- ensuring it captures the views of key stakeholders and diverse communities to inform the setting of its well-being objectives; and
- considering how its work could support partners’ objectives, and vice versa.

My report on financial sustainability raises other recommendations relevant to issues in this letter.

I hope that these findings are useful. My auditors will liaise with your staff to confirm a formal response to the recommendations.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian Crompton', with a long horizontal stroke extending to the right.

ADRIAN CROMPTON
Auditor General for Wales

Annex 1: Key questions and what we looked for

The table below sets out the question we sought to answer in carrying out this examination, along with some sub-questions to guide our evidence gathering. They are based on the positive indicators we have previously used in our sustainable development principle examinations, which were developed through engagement with public bodies and informed by advice and guidance from the Future Generations Commissioner for Wales. This list is not a checklist, but rather an illustrative set of characteristics that describe what good could look like.

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?	
Planning: Was the process the body put in place to set its well-being objectives underpinned by the sustainable development principle?	
Has the body used data and other intelligence to understand need, risks and opportunities and how they might change over time?	<ul style="list-style-type: none">• The body has a clear and balanced assessment of progress against previous well-being objectives that has been used to inform the body's understanding of the 'as is'/ short-term need.• The body has set well-being objectives based on a good understanding of current and future need, risk and opportunities, including analysis of future trends. This is likely to be drawn from a range of local and national sources, such as:<ul style="list-style-type: none">– Public Services Boards' well-being assessments.– Regional Partnership Boards' population assessments.– The results of local involvement/consultation exercises.– Service monitoring and complaints.

	<ul style="list-style-type: none"> – Future Trends report. – Natural Resources Wales' State of Natural Resources Report (SoNaRR) for Wales and Area Based Assessments. • The body has sought to understand the root causes of problems so that it can address negative cycles and intergenerational challenges through its well-being objectives.
Has the body involved others in developing its well-being objectives?	<ul style="list-style-type: none"> • The body uses the results of involvement to help select its well-being objectives. That involvement – whether primary, secondary or a combination – reflects the full diversity of the population. • Involvement reflects good practice and advice from the Future Generations Commissioner.
Has the body considered how the objectives can improve well-being and have a broad impact?	<ul style="list-style-type: none"> • The well-being objectives have been designed to improve well-being in the broadest sense and make a contribution across the seven national well-being goals. • The well-being objectives have been designed to reflect and capitalise on the connections between different areas of work. • There is a well-developed understanding of how the well-being objectives impact on/relate to what other public bodies are trying to achieve and opportunities to work together.
Has the body designed the objectives to deliver longer-term benefits, balanced	<ul style="list-style-type: none"> • The body has set objectives that are sufficiently ambitious and have been designed to drive activity across the organisation. • The objectives are designed to meet short and longer-term need. Where objectives are set over a short to medium timeframe, they are set in the context of longer-term considerations or ambitions.

with meeting short-term needs?	
Resourcing and delivery: Has the body considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?	
Has the body considered how it can resource the well-being objectives?	<ul style="list-style-type: none"> Resources have been allocated to ensure the objectives can be delivered over the short and medium term, but the body has also considered longer-term resources, risks and/or how it can resource longer-term objectives. The body has allocated resources to deliver preventative benefits, where these are described in its well-being objectives.
Has the body considered how it can work with others to deliver their objectives?	<ul style="list-style-type: none"> The body is drawing on its knowledge of partners objectives/activity, its relationships and collaborative arrangements to make sure it can deliver on cross-cutting ambitions.
Monitor and review: Has the body put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?	
Has the body developed	<ul style="list-style-type: none"> Performance measures are designed to reflect the sustainable development principle, e.g. by focusing on outcomes that cut across departmental/organisational

appropriate measures and monitoring arrangements?	<p>boundaries and deliver multiple (including preventative) benefits over the longer term.</p> <ul style="list-style-type: none"> • There is a ‘golden thread’ that will allow the body to clearly and transparently report on progress to meeting the objectives.
Is the body seeking to learn from and improve how it has applied the sustainable development principle to setting its well-being objectives?	<ul style="list-style-type: none"> • The body shows self-awareness and a commitment to improving how it applies the sustainable development principle so that it can do so in a meaningful and impactful way. • The body has learnt from setting previous well-being objectives and from applying the sustainable development principle more generally and has improved the process for setting its new well-being objectives. • The body has or plans to reflect on how it has applied the sustainable development principle in this round of setting well-being objectives.