

Challenges for the culture sector – National Library of Wales

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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), the National Library of Wales (the Library) 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 the Library has applied the sustainable development principle¹ when setting its well-being objectives and taking steps to meet them.
- 2 This report sets out the findings from our examination of steps the Library is taking to meet its well-being objectives². It has focused on the significant financial pressures the Library is experiencing. Those pressures include rising costs and a reduction in its 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 the Library 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 Over recent years, the Library has received external reports with recommendations for improving financial planning and management. In March 2020 it received the report of the Welsh Government commissioned 'Tailored Review'³. Between 2022 and 2023, the Library commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to assess its financial position, longer-term financial sustainability, and compliance with the CIPFA Financial Management Code.
- 5 These reports identified significant areas for improvement across financial planning and management. We note their findings and recommendations but, in delivering this examination, we have not formally assessed the Library's progress in responding to them. Our review is narrower in scope and depth. Day-to-day

¹ 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.

² The Library has set out its well-being objectives in its strategy plan, [A Library for Wales and the World - Strategic Plan 2021-26](#)

³ Welsh Government commissioned, [A Tailored Review of the National Library of Wales'](#), March 2020

financial management and the effectiveness of the finance function are outside the scope.

6 We prepared this report ahead of the Welsh Government's final budget for 2025-26. We hope our findings and recommendations will be useful to the Library as it plans for the longer term.

Overall conclusion

7 Overall, we have concluded that:

- the Library's overall income increased between 2019-20 and 2023-24, though its GiA income was similar at the beginning and end of the period in real terms. Meanwhile, staff and other direct costs rose sharply. The cut to indicative GiA for 2024-25 resulted in further pressure on the Library's financial position.
- the Library has a clear understanding of its financial position and has identified key actions to improve financial sustainability but will need to move at pace to meet its pressing challenges and improve its resilience for the longer term.

8 The rest of this report provides further detail about our findings and recommendations.

What we found: the financial position

The Library's overall income increased between 2019-20 and 2023-24, though its GiA income was similar at the beginning and end of the period in real terms. Meanwhile, staff and other direct costs rose sharply. The cut to indicative GiA for 2024-25 put further pressure on the Library's financial position.

9 **Paragraphs 10 to 24** provide a general overview of key features of the Library'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.

Income

10 In 2023-24, the Library's overall income was £21.0 million. It receives most of its funding from the Welsh Government, principally in the form of GiA. Of the £21.0 million, GiA accounted for £11.9 million (56%).

11 GiA rose from £10.0 million in 2019-20 to £12.2 million in 2022-23. It then dropped slightly to £11.9 million in 2023-24. When adjusted for inflation⁴, the amount of GiA in 2023-24 was similar to 2019-20. CIPFA previously analysed the Library's income over a longer period, 2007-08 to 2019-20. It showed a real terms reduction in GiA of a third.

12 However, differences in the make-up of GiA make it difficult to compare from one year to another. Specifically, the Library's GiA often includes some time-limited elements and also additional in-year funding, both of which must be used for certain purposes. For example:

- In 2021-22, GiA included £0.8 million to implement the recommendations of the Tailored Review.
- In 2022-23, the Library received additional in-year GiA funding of £1 million to support pay and cost of living pressures, and a further £0.6 million in 2023-24.
- In 2023-24, GiA included £0.4 million to fund work on the national Culture Strategy.

13 The Library receives other restricted revenue and capital grant funding from the Welsh Government. This went up from £1.8 million in 2019-20 to £6.0 million in 2023-24, rising each year except for 2022-23. There were notable increases in capital grant funding after 2019-20 and £1.1 million in 2023-24 for a voluntary severance scheme.

14 The Library's remaining income comes from non-Welsh Government grants, commercial activities, and private donations and investments. This other income has fluctuated but was higher in 2023-24 (£3.2 million) than in 2019-20 (£2.7 million). **Exhibit 3** sets out the total income by source between 2019-20 and 2023-24.

Expenditure

15 Staff costs are the Library's biggest area of spend. They rose from £9.6 million in 2019-20 to £12.3 million in 2023-24, mostly due to inflation pressures. The Library's GiA is mainly used to cover staff costs. However, in 2020-21 and 2022-23 staff costs exceeded GiA. **Exhibit 4** shows staff costs as a proportion of GiA.

16 The Library also incurs direct costs associated with its activities and running costs, such as energy. Wider economic factors have driven these costs up. After a slight fall between 2019-20 and 2020-21, they increased from £2.6 million in 2020-21 to £3.3 million in 2021-22. They then went up again to £4.7 million in 2022-23 and remained at this level in 2023-24.

⁴ 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 2024. We based our calculation on the total GiA that the Library received each year.

17 Other costs are pension finance costs, changes in the value of the Library's assets, and gains and/or losses from disposal of investments. **Exhibit 5** shows expenditure by type between 2019-20 and 2023-24.

Reserves

18 The Library has unrestricted and restricted public and private funds reserves. It can spend unrestricted funds on activities that support its objectives. The Library can only use its restricted reserves for specific purposes⁵.

19 The Library's unrestricted public fund holds Welsh Government funding that has been carried forward from one year to the next. The Library can only carry over 2% of its gross GiA as unrestricted public funds reserves from one year to the next.

20 The Library's unrestricted private reserves are mostly held in a portfolio of investments⁶. These reserves have been generated from donations, bequests, fund management income, and capital growth. At 31 March 2024, the Library held unrestricted private funds reserves of £16.0 million (2023: £15.2 million). The Library has noted that without historic decisions to invest legacies it would not have been in a position to draw on these funds to supplement GiA in recent years.

Reductions in GiA for 2024-25 and 2025-26

21 The Library received a significant cut to its revenue GiA for 2024-25. It was given around £1.2 million less than the amount set out in the indicative three-year budget the Welsh Government had given it for 2022-23 to 2024-25. This equates to a 10.6% reduction to the indicative budget⁷, in cash terms.

22 As in previous years, the GiA for 2024-25 included certain ringfenced elements. GiA included:

- £0.7 million to support the Culture Strategy.
- £1.4 million awarded in-year to support pension costs and digitisation projects.
- £0.1 million provided by the Welsh Government in-year to fund the difference between the pay award budgeted by the Library and the 5% public sector pay award.

23 The Senedd's Culture, Communications, Welsh Language, Sport and International Relations Committee recently completed an inquiry on the impact of funding

⁵ Restricted public reserves, of £96 million at the end of 2023-24, relate to the Library's fixed assets (its freehold land and buildings, and heritage assets). Restricted private reserves are mostly donated heritage assets of £9 million and cannot be sold.

⁶ Some private unrestricted reserves are held in the private funds bank account and in debtors recognised at the financial year end.

⁷ We based this calculation on the GiA amounts set out in Welsh Government funding letters issued at the start of 2022-23 and 2024-25.

reductions for culture and sport in Wales⁸. Our examination does not draw conclusions on funding levels and instead focuses on how the Library is responding to financial challenges.

24 At the time of writing, the Welsh Government had announced a draft budget for 2025-26. It provided the Library with a provisional GiA allocation of £11.6 million. This consolidates the £0.1 million funding awarded for pay in October 2024. However, the total draft GiA allocation is less than the GiA received for the previous two years, by £0.2 million (2023-24) and £1.1 million (2024-25).

What we found: arrangements to secure financial sustainability

The Library has a clear understanding of its financial position and has identified key actions to improve financial sustainability, but will need to move at pace to meet its pressing challenges and improve its resilience for the longer term

The Library has a clear understanding of the scale of its financial challenges and the key risks to its financial sustainability

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

26 The Library has gained insight into the extent of its financial challenges and the underlying reasons through various external reports. CIPFA assessed the scale of the deficit in 2022 and modelled the impact of further reductions in GiA. CIPFA also identified weaknesses in financial planning and the need to improve the finance function.

27 There have been changes in senior personnel since CIPFA's work. The current leadership show a good understanding of the current financial challenges, and what they mean for 2024-25 and beyond. Senior staff we interviewed had a consistent understanding of the challenges and expressed a keen commitment to tackling them.

⁸ Culture, Communications, Welsh Language, Sport and International Relations Committee, A decade of cuts: Impact of funding reductions for culture and sport, January 2025

28 The Library has identified staff costs as its key budget risk. As described in **paragraph 15**, they are the biggest area of spend and have exceeded GiA in certain years. Therefore, additional pressures such as the 2024-25 pay award and changes to employer's national insurance contributions have a significant impact on the Library's financial position.

29 The Library told us that it makes pay awards in line with Welsh Government expectations and guidelines. Although the Library has occasionally received one-off payments from the Welsh Government to cover pay awards, it does not have a guarantee of additional funding for them or that they will be built into baseline GiA for future years.

30 The affordability of the pension structure is also a major risk to financial sustainability. The Library operates its own final salary-based staff pension scheme. The scheme has a £6.6 million shortfall. The Library pays a 22.8% employer contribution as well as a £582,000 annual historical deficit contribution to reduce the shortfall of funding. The Library considers that there is a high likelihood that its employer contribution will rise sharply at the next actuarial review.
Paragraph 48 touches on planned pension changes.

31 The Library is also concerned about the impact of ongoing inflationary pressures associated with non-staff direct costs, such as energy costs. Over the longer term, it has identified the need to make the Library building more environmentally sustainable.

32 The Library records and monitors key financial risks in its corporate risk register. The Board and the Audit and Risk Assurance Committee monitor the corporate risk register. It includes a 'major risk' on whether the Library will be able to balance its budget and achieve financial sustainability in pursuit of delivering its strategic priorities. It identifies the affordability of pension contributions as an 'extreme risk'.

33 Senior leaders are aware that they have a limited set of options for reducing costs, but they are also aware of the need to invest for the longer term. For example, to meet the rising demand for the Library's materials being accessed digitally. They understand the need to meet the financial challenges to ensure they can do this.

The Library has begun to lay the foundations for more sustainable financial planning, and intends to revisit its well-being objectives to ensure they reflect the financial reality

34 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.

35 The Library told us that annual uncertainties over funding levels and in-year allocations continue to make financial planning difficult. When we undertook our fieldwork, the Library had a rolling 'mid-term financial plan' covering 2023-24 to

2025-26. It included modelling of revenue and capital funding and cost pressures. It projected an operating deficit of £3.9 million over the period⁹.

- 36 The plan set out the need to draw on reserves to meet the deficit. It also identified key actions to deliver savings and potentially reduce the reliance on using reserves, though they were high-level. The plan did not clearly set out the level of savings that could be achieved or by when.
- 37 Senior leaders recognised the need to develop a new financial plan, focused on the medium to longer term. In December 2024, after receiving an indication of the 2025-26 funding settlement, the Library prepared a draft three-year financial plan.
- 38 The document includes a summary of the core financial forecasts for the three years 2025-26 to 2027-28. It notes that it was prepared after zero-based budget analysis discussions with Heads of Department and Directors (see **paragraph 47**). It sets out the key assumptions relating to GiA, commercial income, project management income, staff costs, non-staff costs, capital projects, and private funds.
- 39 As the Library moves forward with its financial plan, it could include modelling to cover different scenarios and benchmarking assumptions with other Welsh Government arm's length bodies. The Library 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 new financial plan will need to be aligned to savings plans to address any projected deficit.
- 40 The Library takes the pragmatic view that its current strategic plan and well-being objectives, covering the period 2021-2026, may not be deliverable within its budget constraints. This led to it deciding to revise its strategic plan and well-being objectives early. The Library aims to launch a new plan in spring 2025.
- 41 The Library intends to integrate its new strategic plan with its financial plan and annual budget. It also plans to align the workforce strategy and capital investment strategy. Bringing these planning arrangements together, and aligning them with department plans, should help the Library ensure it can resource the delivery of its strategic plan and use it to drive decisions on resource allocation. It should also provide a useful basis for discussions with the Welsh Government on future funding levels. However, as this work was still in development at the time of our fieldwork, we have not seen how it will work in practice.

The Library has identified key actions that will help it move towards greater financial sustainability but will need to move at pace to meet ongoing financial challenges

⁹ This operating deficit was calculated on the basis of projected Welsh Government funding, project and commercial income and costs. It did not take account of any contributions from unrestricted private funds.

42 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 ensure they have sufficient time to effectively plan and implement proposals, including taking account of the sustainable development principle. This would, for example, include undertaking effective involvement and exploring opportunities to collaborate.

43 The Library has historically relied on voluntary severance as the key means of delivering savings. Between 2019-20 and 2023-24, staff numbers remained relatively stable. The Library employs a combination of permanent staff, project-based staff and casual staff. In 2023-24, the headcount was 252¹⁰, which consisted of 210 permanent staff, 32 project-based staff and nine casual staff.

44 The Library undertook a voluntary severance exercise in response to the reduction to GiA for 2024-25. This resulted in 24 permanent staff (11% of its 2023-24 permanent staff head count) leaving the Library by December 2024. The Library estimates there will be a savings benefit of £1 million in the 2025-26 budget. The Welsh Government provided additional funding to help meet the up-front severance costs.

45 In May 2024, the Library's Board received a paper showing the likely impact of the voluntary severance scheme on different areas of work. The Library made short-term adjustments to support the welfare of the workforce and ensure business continuity. It also recognised that it would not be possible to continue to deliver to the same level it had done previously and began looking at how it could do things differently.

46 The Library acknowledges that it cannot continue to rely on voluntary severance to meet financial pressures. The leadership has identified alternative actions to reduce, or control spend, and to generate income.

47 At the time of our fieldwork, the Library had started work with departments to develop a fuller understanding of costs. CIPFA previously recommended that the Library should undertake a 'zero-based budget' exercise. It intends to build its budgets using a bottom-up approach, rather than applying percentage increases to the previous year's budget or spend. Having a better understanding of costs will improve the quality of assumptions in its medium-term financial plan.

48 The Library began consulting on changes to its pension structure in October 2024. It plans to amend the current defined benefit plan, with the aim of establishing a more financially sustainable scheme that reduces its employer contribution.

49 The Library has also identified opportunities to generate more income. These include potential commercial opportunities from the popularity of family history, high profile exhibitions, and developing the on-site shop.

¹⁰ This is the average monthly headcount, taken from the audited accounts for 2023-24.

- 50 Senior leaders also recognise the need to develop a more strategic and sustainable approach to using reserves. The Library has, in recent years, used its reserves in an ad hoc, unsustainable way to provide short-term financial support.
- 51 In 2022, CIPFA advised that the Library should only use its private reserves to fund the deficit on a short-term basis. CIPFA's modelling highlighted the risks of relying on reserves to meet funding gaps, in the context of reductions to GiA. It showed the potential risk of completely depleting reserves in the medium term.
- 52 The Library has tightened up on the use of reserves. It recently revised the wording of its reserves policy to provide clarity on the use of private funds. The leadership intends that no more than the already approved private funds should be used to break-even after 2025-26.
- 53 The Library has also reviewed the level of private fund reserves. It has created a separate investment portfolio of £5.5 million within the unrestricted private fund for the National Broadcast Archive. This effectively ringfences funding to support a priority that will require future investment, meaning it is not available to supplement any shortfalls in Welsh Government funding. This is a positive example of the Library taking a longer-term approach to resourcing a priority.

The Library has recently acted to improve how it monitors its financial position and, as it moves forward with its financial plan and accelerates savings delivery, it will need to establish appropriate arrangements to monitor progress and impact

- 54 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.
- 55 CIPFA identified significant issues with the availability and reliability of financial monitoring information. Senior leaders that we interviewed reflected on how the timeliness and quality of financial monitoring has since improved. They told us there is now a requirement that financial monitoring information is set out in reports, rather than verbal updates as has happened in the past. We note that management accounts are being taken to the Executive Team and each meeting of the Board and Finance and Resources Committee.
- 56 In addition, it will be important for the Library to develop arrangements to monitor the delivery of savings and their impact, aligned to its budget and financial plan. This will help the Library understand the implications for the overall financial position and outlook. More broadly, the Library will need to understand the impact of its financial plan and savings delivery on the achievement of its well-being objectives.
- 57 The Library intends to make a number of strategic changes, and it will be important for it to review and adapt as it moves forward. There will be value in learning from and sharing learning with other, similar organisations. This is likely to include the

other culture sector bodies that have been the focus of our wider examination (see **Appendix 1**). It could also include other national libraries.

Recommendations

58 We have raised three recommendations that we will expect the Library to respond to.

Exhibit 1: our recommendations

Financial planning

R1 In taking forward and reviewing its financial plan, the Library 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, and the requirement (as appropriate);
- considering risks that could impact resources;
- considering how it will continue to deliver its strategy and well-being objectives in this context; and
- options for savings and the level to be achieved to meet any deficit, along with (or linking to) relevant information on timescales for delivery and progress.

This should be a continuing process, rather than a one-off exercise (see **paragraphs 35 to 38**).

Planning to achieve savings/ generate income

R2 The Library should develop arrangements that ensure that, in planning savings or generating income, it takes account of:

- their contribution/ impact on its well-being objectives; and
- the application of the sustainable development principle, including stakeholders' views (see **paragraphs 43 to 48**).

Monitoring and oversight

R3 The Library should put in place effective arrangements to monitor:

- progress in implementing the financial plan, including progress towards and achievement of savings;
- the impact of the financial plan and savings, including consequences for delivering the strategy and well-being objectives.

It should regularly report the information to Executive Team, the Board, and its Finance and Resources Committee (see **paragraph 56**).

Appendix 1

About our work

Examination question, scope, and criteria

We set out to examine the extent to which the Library's 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; and
- 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 the Library 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 the Library is part of a wider examination also covering Amgueddfa Cymru, Sport 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.

We will consider reporting separately on any common issues identified through our work across the four bodies covered by our wider examination.

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>	
Does the body have a clear understanding of its current financial position and medium-term outlook and longer-term risks?	<ul style="list-style-type: none">• The body has assessed its financial outlook and calculated any funding gap over the short to medium term based on reasonable assumptions.• 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.• 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.
Does the body have a clear strategic approach to help secure its financial sustainability over the longer term and deliver its well-being objectives?	<ul style="list-style-type: none">• The body has clearly set out its strategic approach to support its financial sustainability over the medium, with a view to the longer term.• The body's strategic approach to financial sustainability has been developed in view of the wider vision, corporate strategy and well-being objectives.• The body's strategic approach to financial sustainability is supported by senior managers and board.• 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.• The body's strategic approach includes the strategic use of reserves to manage its financial challenges over the medium term.• The body has modelled the anticipated impact of its strategic approach to securing its financial sustainability over the medium term (e.g. 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.
Has the body identified how it will meet its	<ul style="list-style-type: none">• The body has a track record of successfully addressing financial challenges.

<p>financial challenges over the short and medium term, in the context of delivering its well-being objectives?</p>	<ul style="list-style-type: none"> • 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 (e.g. savings proposals), including stakeholders' views.
<p>Is the body monitoring its financial sustainability, the delivery of savings and impact on the well-being objectives and seeking to learn and improve?</p>	<ul style="list-style-type: none"> • 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 the Library'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 reviewed documents including the Library'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 relevant external reviews, specifically the Welsh Government commissioned 'Tailored Review' in 2020 and Chartered Institute of Public Finance and Accountancy (CIPFA) reports to the Library in 2022 and 2023.

We gathered most of our evidence during July to September 2024 and reviewed additional evidence between December 2024 and February 2025, including the Library's final accounts for 2023-24.

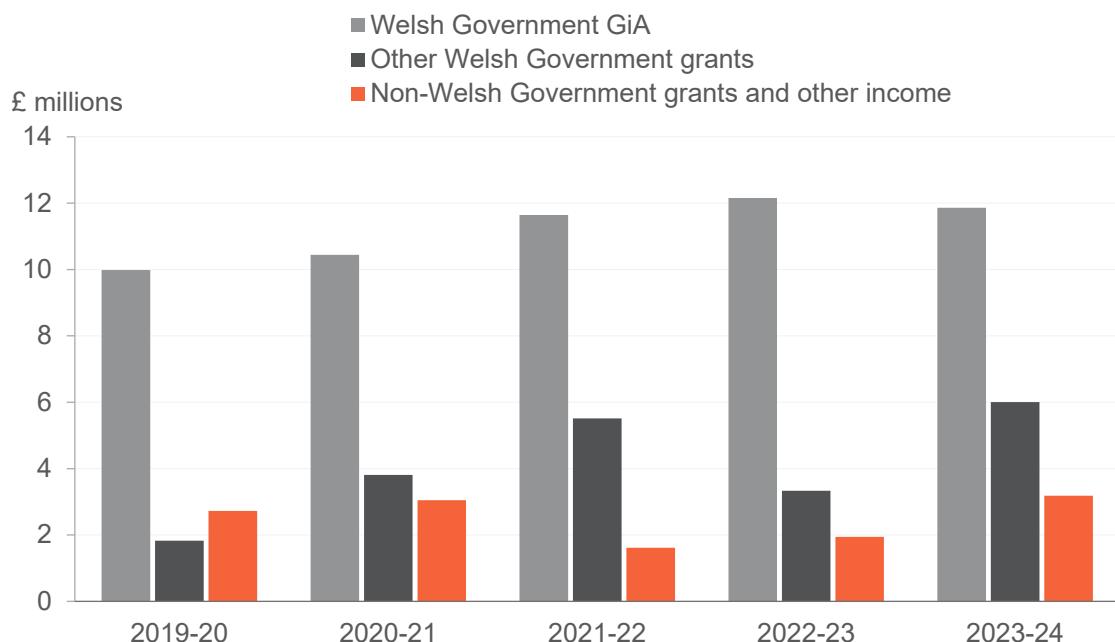
Appendix 2

The financial position at the National Library of Wales

The tables and charts below set out further information on the financial position at the Library. 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 the Library's financial statements. **Paragraphs 21 to 24** provide information on funding for 2024-25 and funding for 2025-26. This includes GiA and other time-limited components.

Income

Exhibit 3: National Library of Wales income by source, 2019-20 to 2023-24



Note: Other Welsh Government grants include a restricted grant of £1.1 million relating to a voluntary severance scheme. The category 'other grants and income' includes non-Welsh Government grants, trading activities (for example, from the Library's café and shop), private donations and legacies, and investment income.

Source: Audit Wales analysis of the Library's financial statements

Expenditure

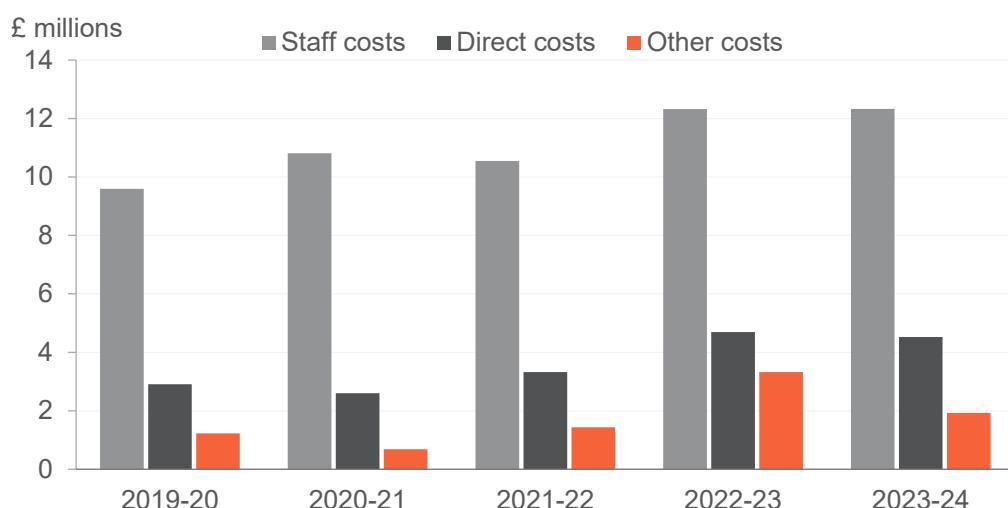
Exhibit 4: National Library of Wales staff costs as a proportion of Welsh Government GiA, 2019-20 to 2023-24

	2019-20	2020-21	2021-22	2022-23	2023-24
Staff costs (£ million)	9.6	10.8	10.6	12.3	11.2
Welsh Government GiA (£ million)	10.0	10.4	11.6	12.2	11.9
Staff costs as a proportion of Welsh Government GiA (%)	96	104	91	101	94

Source: Audit Wales analysis of the Library's' financial statements

Note: Staff costs in the 2023-24 financial statements include £1.1 million relating to a voluntary severance scheme. This was funded by a Welsh Government restricted grant, not GiA. Therefore, the staff costs included in this chart for 2023-24 exclude the costs relating to the severance scheme.

Exhibit 5: National Library of Wales expenditure by type, 2019-20 to 2023-24



Source: Audit Wales analysis of the Library's financial statements

Notes:

¹ Staff costs for 2023-24 include the £1.1 million for voluntary severance costs that we excluded from the analysis in **Exhibit 4**.

² Direct costs are associated with the Library's activities and its running costs, such as energy.

³ Other costs are pension finance costs, charges for depreciation and amortisation relating to the Library's assets, and gains and/or losses from disposal of the Library's investments. The Library made gains when disposing of investments in each year except 2022-23. For example, a £1.2 million gain in 2023-24 reduced other costs from what otherwise included £0.8 million in pension finance and £2.4 million for asset depreciation and amortisation. The £3.3 million of other costs for 2022-23 includes a loss of £1.0 million.



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