

Agenda – Culture, Communications, Welsh Language, Sport, and International Relations Committee

Meeting Venue:

For further information contact:

Video Conference via Zoom

Lleu Williams

Meeting date: 6 October 2022

Committee Clerk

Meeting time: 09.30

0300 200 6565

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Pre-meeting registration

(09.00–09.30)

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Motion to elect a temporary Chair in accordance with Standing Order 17.22

(09.30)

3 One day inquiry on impact of increasing costs: Evidence session with sports bodies

(09.30–10.30)

(Pages 1 – 26)

Jennifer Huygen, Head of Policy and Strategic Partnerships, Community Leisure UK

Andrew Howard, Chief Executive Officer, Welsh Sports Association

Owen Hathway, Assistant Director, Insight, Policy and Public Affairs, Sport Wales

Research brief

[Consultation responses](#)

Consultation response from Community Leisure UK Wales

Joint briefing from Community Leisure UK Wales and Wales Sports

Association



Consultation response from Wales Sports Association

Consultation response from Sport Wales

Break

(10.30–10.40)

4 One day inquiry on impact of increasing costs: Evidence session with cultural bodies

(10.40–11.40)

(Pages 27 – 37)

Michael Elliott, Interim Chief Executive, Arts Council of Wales

Mark Davyd, CEO & Founder, Music Venue Trust

Louise Miles–Payne, Director, Creu Cymru

Consultation response from Arts Council of Wales

Consultation response from Music Venue Trust

Consultation response from Creu Cymru

5 Papers to note

(11.40)

5.1 Welsh Government response to the Committee's Report, Levelling the Playing Field: A report on participation in sport and physical activity in disadvantaged areas

(Pages 38 – 45)

5.2 Joint letter from Oxfam Cymru and WEN Wales to the Chair of the Culture, Communications, Welsh Language, Sport, and International Relations Committee regarding Feminist Scorecard 2022

(Pages 46 – 47)

6 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting

(11.40)

7 Private debrief

(11.40–12.00)

Document is Restricted

Community Leisure UK (Wales) represents charitable Trusts, which are registered charities and social enterprises managing and providing public leisure, sport, arts and/or culture services in partnership with their Local Authority for communities across Wales. Our response has been prepared in consultation with our membership¹.

What impacts has increasing costs of living had on your organisation and sector so far?

It is important to remember that these pressures come at a time where the public leisure and culture sector has not yet recovered from the impact of the Covid-19 pandemic. The added impact of the cost-of-living crisis has been threefold.

First, expenditure is currently far exceeding income due to the increase in National and Real Living Wage, significantly increased energy rates, and supply costs. Leisure and culture trusts report: *“Proposed increases in utility bills of between 250% and 300% mean an increase in our cost base of between £1.9m and £2.3m, to retrieve that cost we would have to double our prices (assuming that we could retain our current membership base).”*

Second, the recruitment and retention of staff is increasingly difficult, with staff turnover and absence rates at an all-time high as people start searching for higher paid roles outside of the sector or nearer to home.

Third, the cost of living is having an adverse effect on participation rates in sport, physical activity, arts and culture. Members report that:

- Participation and attendance are at 80% when compared to pre-Covid attendance levels. Theatre attendance is beginning to decline by a few percentage points per performance.
- People are unwilling or unable to commit to direct debit memberships and instead take monthly or pay as you go options.
- People are missing payment dates on their leisure memberships.
- There is an increase in the number of people applying for concessionary rates due to changes in employment status and access to benefits.

Consequently, it has become increasingly difficult for organisations to create financial forecasts without the certainty of regular income. In addition, the reduction in people’s disposable income has meant that it becomes harder for organisations to generate profit from events and hospitality to subsidise other work. Members illustrate:

“We’re starting to see price resistance in our cafes and theatres with people becoming much more price conscious and choosing cheaper options therefore impacting on our overall income levels. Forward sales in our wedding venue are also down – this is an important part of our commercial trading activity which supports our charitable work.”

While engagement in public leisure and culture is reduced, there has been an increase in activity with partners in the third sector to establish support programmes to support low-income families and those at risk of deprivation.

What impacts do you predict increasing costs will have on your organisation and sector? To what extent will these impacts be irreversible?

While most leisure and culture trusts benefit from being part of local authority energy baskets or having a price protection in their partner agreements with Councils, there are at least five local authority areas where this is not the case. However, even those who are “protected” through these schemes are anticipating irreversible impacts on service delivery:

“we foresee the impact on LA partners to be significant and this may then be cascaded into the service as future efficiencies are sought. Council budgets will be squeezed and therefore further down the line the impacts on social care and health will have a knock-on effect on service delivery.”

Without additional support and if current costs do not reduce, there will be a permanent loss of leisure and library facilities across Wales. The cost of running sport, leisure, arts, and culture facilities, many of which are aged or listed buildings, in an environment with escalating operating costs and continued reduced income is unsustainable. We also do not expect income to increase any time soon, as the impact of the cost-of-living crisis is already being felt with people prioritising their monies, as illustrated earlier.

Inevitably, all operators are having to look at facility closure, reduced hours and possible reduced staffing with different service delivery models which will not benefit the public. The knock-on effect of this is a bigger strain on the NHS and other council services that are brought on by inactivity and ill health. Examples of current impacts on operations include:

- Price increases of at least 10%.
- Reduced hours of operation (closing one day a week).
- Reduced staffing i.e., not replacing colleagues when they leave.
- Operating spaces with no staff present to support the public.

These decisions are not made in isolation by leisure and culture trusts, with members explaining: *“Reduction in service, closure of facilities, restructure of organisation and roles with significant potential for job losses will all need to be considered. Our services are delivered in partnership with local authorities and any decisions will be made collaboratively.”*

What interventions would you like to see from the Welsh and UK Governments?

We recognize that the UK Government has announced a 6-month energy price cap for businesses at the same rates as the new domestic rates. We anticipate further clarity on this prior to 1st October and can update the Committee at the Oral Evidence session.

While the business support is vitally needed and welcomed, the hesitancy by both the Welsh and UK Government to act on early warnings has meant that the impact of increased cost of living is being felt by the public and is now visible in participation rates, with the potential to further affect the nation’s health and wellbeing. Therefore, leisure and culture trusts request:

1. Reassurance that business support for charitable organisations will be provided beyond the initial six months of the business support scheme to allow the sector to recover.
2. Immediate, direct financial support to the public leisure and culture sector through:

- 2.1. An increase in revenue funding to local authorities, ringfenced to subsidise people's access to public leisure and culture during the costs of living crisis. This increase in funding should provide a directive to support preventative wellbeing services, including public leisure and cultureⁱⁱ.
- 2.2. Grant funding to assist the leisure and culture sectors to provide safe and warm spaces to the public this winter, including using libraries and other public venues.
- 2.3. An inflationary budget increase in Local Government, Sport Wales, and the Arts Council of Wales' revenue budget for the financial year 2023-2024.
3. Support in negotiating better energy deals as currently energy providers are requesting large deposits upfront or refuse to make new offers.
4. Funding for training and investment in staff. This would help upskill staff in centres to support in a very difficult recruitment market.
5. Additional capital funding for energy projects through the Welsh Government's Energy Service and Salix funding, with all benefits of these schemes being accessible to leisure and culture trusts as key partners to local authorities.

The public leisure and culture sector has already made investments to reduce its energy usage and decarbonise its facilities. However, delivery of such projects is a medium to long term ambition and will require further significant capital investment.

To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

The impacts will not fall differently, but instead be felt harder. The participation and inequality gap will increase, and the health and wellbeing of people from a lower socioeconomic status will suffer greatly due to them not being able to access services and travel. This is a disaster in waiting for the NHS and Local Authorities in the future as people struggle with poor health and everything that comes with it. One of our members illustrates:

“We work in an area of high unemployment, high long-term sickness, high obesity and low literacy. Each one of our customers in some way or another is feeling the pinch now and will continue to do so. The socio-economic gaps will get larger and larger, those who are unemployed, or who are on long term sickness need our services more than ever and more than their wealthier neighbours in a lot of instances. They will be adversely impacted by any changes to our service provision over and above others. Those with less disposable income will be the first to be hit when they have to choose between food, heating and participating in activities. The issues of obesity and ill health will be compounded if people are unable to participate and this will in turn put a greater strain on NHS services. It really will be a race to the bottom, with the poorest and most vulnerable at the most risk.”

ⁱ Community Leisure UK (Wales) member trusts are: Aneurin Leisure (Blaenau Gwent), Aura Leisure & Libraries (Flintshire), Awen Cultural Trust (Bridgend), Celtic Leisure (Neath Port Talbot), Freedom Leisure (Powys, Wrexham, Swansea), GLL (Cardiff), Halo Leisure (Bridgend), Newport Live (Newport), Torfaen Leisure Trust (Torfaen), Wales National Pool Swansea (Swansea), and Wellbeing@Merthyr (Merthyr Tydfil).

ⁱⁱ For more information on how leisure and culture trusts can support with preventative wellbeing services, please see our joint report with the Welsh NHS Confederation here: <https://communityleisureuk.org/work/health-wellbeing/>

Public Leisure in Wales at Risk

Public leisure is still feeling the impact of the Covid-19 pandemic. While all facilities and services have reopened, months of closure have led to changes in lifestyles and habits, and the public has not returned to using leisure facilities to be physically active to the same level as pre-Covid.

In addition, the cost-of-living crisis is putting unprecedented pressure on businesses and the public. This has led to a crisis point in public leisure¹ where operators are reporting unsustainable increases in costs, paired with stagnated return rates and reduced levels of income.

The public leisure sector is requesting an urgent response from Welsh Government with:

1. Direct financial support for the energy crisis for local authorities and their partners.
2. Encouragement to local government to fulfil their responsibilities under the Well-being of Future Generations Act by investing in public leisure and culture as essential services.
3. Long-term revenue funding to local authorities to enable them to invest in public leisure and culture, delivering preventative health interventions in partnership with public health.

With the energy and cost of living crises continuing to worsen and inflation not expected to reduce to normal levels until 2024-2025, we outline the risks to public leisure.

What are leisure trusts?

Leisure facilities in Wales act as central hubs for community activity. This includes a wide range of sessions and opportunities for the full demographic within villages, towns, and cities across Wales.

Half of all public leisure in Wales is managed by leisure trusts. These are charitable, non-profit distributing organisations that operate on small margins. Any profit that is generated is reinvested into providing accessible services for local communities.

These organisations do not have shareholders and are not private businesses. They are governed by Trustees from the local community, are transparent and share a fundamental belief in working with others for the benefit of all. Charitable trusts manage public leisure in partnership with Councils.

What would be the risk of not supporting public leisure?

If public leisure is unable to remain viable, not only do we risk losing charitable organisations that are rooted in their communities, but it will have a significantly adverse impact on population health and wellbeing, increasing social isolation and worsening health inequalities through the loss of:

- Access to swimming, which is a life skill.

- Local pools offer Learn to Swim programmes and run primary school swimming programmes for children across the country with a KPI that all children can swim 25m by the end of key stage 2 (primary education for pupils aged 7 to 11).
- There is an average of 575 children on learn to swim programmes per public leisure facility with a pool.
- Access to regular exercise and lifestyle routines. There are an estimated 625 regular users per facility.
 - In addition, public leisure facilities are also the home of many community clubs, groups, national governing bodies, and elite athletes. This includes local swimming or football clubs, youth clubs, dance centres, dementia support groups, and self-help groups for disabled children and their immediate families.
- Sports development programmes working with wider voluntary and community sector organisations to bring sport and physical activity to the local area.
- Holiday clubs and activities for children and young adults.
- Activities and clubs for people with disabilities and children with additional learning needs.
- Free-swimming initiatives Lower Super Output Areas (LSOA). The free-swimming initiative, funded by Welsh Government through Sport Wales, is delivered for under 16's and over 60s, within targeted areas of deprivation.
- Concession schemes to reduce cost as a barrier to be physically active.
- Delivery partner for the National Exercise Referral Scheme.
- Dedicated health and wellbeing programmes.
 - These include prehabilitation, rehabilitation and preventative services such as pulmonary rehabilitation, falls prevention, weight and ill health management, and social prescribing.

Economic context

The cost-of-living crisis comes at a time where public leisure has not yet fully recovered from the Covid-19 pandemic.

At present, customer numbers, and therefore income for public leisure, remain reduced having stagnated since October 2021 – with most in the sector reporting a return of 80% of pre covid levels. This means that at present there are already fewer people being physically active in leisure centres than there were prior to the Covid-19 pandemic.

The situation is likely to get worse as summer is traditionally a quiet period for the sector and the reality of people having less disposable income and ability to afford public leisure services. While the Welsh Government fuel support scheme will aid people, this is not enough to put the spend back into leisure. Families and individuals will continue to feel pressure to review their outgoings and it is often leisure activities that are cut as a 'luxury'.

Public leisure services are impacted by the cost-of-living crisis. Data from the Community Leisure UK membership shows that for operators in Wales, energy costs could be as high as a 200% increase when compared to 2019.

Councils are also facing financial pressures with rising energy costs and are unable to support their charitable trust partners with the scale of the increase. Where they do support, or where the Local Authority manages the services themselves, costs are currently mitigated through a larger corporate budget covering all Council-run services, but with the caveat of inevitable service reduction in the next financial year as budgets reduce.

Most leisure trusts are in an energy basket through their Local Authority partner, accessing more favourable rates, but many face contract renewals after the summer.

Some leisure trusts have been given a three-fold projected price increase for when contracts are renewed, which they are unable to afford. In other cases, Councils may pay for some of the utility bills of their trust partner as per contract arrangements, but to compensate for the unprecedented increase, they have reduced their management fees, paid to the leisure trust partners. This impacts the finance for public leisure programming, reducing the funding available to continue to deliver wider wellbeing services.

What has been lost already?

Mitigations have already been put in place to manage the increased costs, focusing on maximising energy efficiency, and reducing costs. However, there are no further areas to look at for cost reduction. Current mitigations include:

- Activity price increases in line with inflation
 - One operator increased prices by 4% in January 2022 and a further 6% from 1 July, in agreement with the Local Authority.
- Closing facilities when there are no activity bookings.
- Later opening of facilities during weekends, reducing general access.
- Reducing social activities/programming such as access to skate parks.
- Reductions in pool temperatures.

What are the implications of mothballing a leisure facility?

Once a facility is mothballed, there is no guarantee that it will reopen. In addition to the community impact, it will also significantly impact on the local economy. Leisure trusts in Wales are important local employers, collectively employing over 3000 staff. Individual sites require up to 200 staff members, dependent on size and facilities, and these individuals' livelihoods would be at risk in the event of mothballing, as there is no longer any furlough support.

Two thirds of the public leisure building stock is past its replacement date. In many cases, relying on older equipment which is at risk of breaking when shut off for prolonged periods of time.

Moreover, as we saw during the Covid-19 pandemic, there are health and safety as well as technical considerations when facilities are closed, that will delay a reopening. This includes redoing risk assessments, staff training, reinstating water and air circulation, testing systems, readjusting pool chemicals, and testing for legionella infections.

Public leisure's ambition to move to green energy

The public leisure sector has already made investments to reduce its energy usage and decarbonise its facilities. This includes switching to LED lighting, switching off equipment when not in use, improving insulation, using pool covers, and investing in solar panels and other decarbonisation projects through the Welsh Government Energy Service and Salix Finance.

However, delivery of these projects is a medium to long term ambition.

While leisure facilities are consistently in the top 5 most carbon intensive buildings in a local authority area¹, leisure trusts are unable to make further investments without sustainable financial support into their services. There is currently no possibility of investing significant amounts into retrofitting or upgrading facilities due to the fragile financial landscape. The supply chain and labour shortages are also pushing prices up rapidly for these projects, and there have been significant delays and cost increases, with some projects reporting a 100% increase in cost compared to original estimates.

Further background information

Direct support for public leisure was withdrawn at the end of March 2022 – the Local Government Hardship Fund had specifically supported public leisure provision during the Covid-19 pandemic. This support is now wrapped into the revenue support grant received by Local Authorities, however, we are hearing reports that this is not reaching leisure services. Specifically, the feedback is that Councils do not recognise having received any uplift in revenue funding to support leisure trusts with ongoing Covid related pressures.

Energy forecasts amongst our membership suggest a further rise in 2023. It paints a bleak picture for the sector; especially for operators of large facilities, including swimming pools, theatres, events spaces and heritage buildings. This is despite various energy saving mitigations already put in place.

ⁱ A snapshot of some of the recent media coverage, though not a comprehensive list.

[Britain's lidos face sink or swim moment after heatwave high](#) – The Telegraph

[An “existential threat” to pools in Wales](#) - BBC

[“80% pools under threat”](#) - STV

[Cost of Living](#) - Sky News

[Teetering on the Brink](#) - Local Government Chronicle

Ends. July 2022.

¹ As identified through the ‘opportunity identification’ of the Welsh Government Energy Service.

Response by the Welsh Sports Association

What impacts has increasing costs of living had on your organisation and sector so far?

Our members in the sport and leisure sector are reporting spiralling costs in energy, chemicals and food & beverage. In line with the rest of the economy.

For much of the sector, this hasn't filtered through into direct costs as yet as many of our members hire but do not operate venues – those who own and operate their own facilities are experiencing the most immediate and acute pressures. This hasn't immediately resulted in widespread price hikes for venue hire and usage, but we anticipate this soon. Several operators have raised prices to a limited extent this year, and we expect this to accelerate – one operator raised prices in both January and April of this year, and as far as we are aware several are in discussions to do so.

Attendance rates at venues and events continue to be below pre Covid levels – reports are generally at around 70-90% of 2019 rates, and there are emerging indications this is in part caused by the squeeze on disposable income. We expect this situation to worsen over the winter. There is evidence for previous inflation causing depressed consumer spend in the sector, and we would expect this to be borne out during the next few months.

- The Sport and Recreation Alliance estimate that over the past six years, the cost of access to sport and leisure has risen at around twice the rate of inflation. This appears to be accelerating.
- Over the same period, wages in the sport and leisure sector have largely been stagnant or risen at below inflation rates. The cost of employment is not driving price increases in the sector.
- Household incomes are now falling, and have largely been stagnant since 2010.
- The most deprived 3 deciles have an average budget of £5.96, the middle (4-7) has £7.52 and the highest (8-10) £11.1 for spend on recreation and culture per person per household per week.
- Current inflationary pressures mean that the effective purchasing power of this budget could decrease at a rate of over 20% over the coming year.
- The above two points do not account for the impact of lowered spending on discretionary items because of increases in bills and interest rates. The nominal household budget could easily shrink.

It is and will remain difficult to disentangle depressed customer numbers with the ongoing impact of the Covid19 pandemic and changes in consumer behaviour and depressed consumer spend.

Organisations are also reporting difficulties in forward financial planning due to large changes in their income post-pandemic, and unpredictable cost increases associated with current inflation. We have also seen several product shortages over the past 12 months causing spikes in costs.

Inquiry into the impact of increasing costs by the Culture, Communications, Welsh Language, Sport, and International Relations Committee



Response by the Welsh Sports Association

What impacts do you predict increasing costs will have on your organisation and sector? To what extent will these impacts be irreversible?

If increasing costs cause public and private leisure venues to close, we anticipate that it is unlikely that they will reopen. Costs of remediation due to closure periods are extensive, especially for wet activities such as swimming pools – where restarting pumps, heaters and testing for contamination require significant investment.

Most organisations are operating on limited reserves post pandemic and these are unlikely to last beyond the short to medium term. Measures to freeze energy bills for business for six months should be welcomed, but will also likely create a cliff edge at the end of this period. Given that energy prices have already significantly increased on the commercial market, it will only alleviate some pressure – we are still likely to have to see price increases and limited rationalisation of services due to the large increases in price that already baked in.

We are aware that some of the following measures have been taken:

- 10% price increases to the customer.
- Reduced staffing and operating hours.
- Operating energy intensive services, such as swimming pools at their operational limits.

What interventions would you like to see from the Welsh and UK Governments?

We recognize that the UK Government has announced a 6-month energy price cap for businesses at the same rates as the new domestic rates. We anticipate further clarity on this prior to 1st October and can update the Committee at the Oral Evidence session.

The industry has repeatedly, over the past year or more called for support on energy prices. The slow speed of action has exacerbated the situation and many organisations are already at risk.

We do not believe the UK Government scheme, limited to just six months, will go far enough to protect the sector in Wales. Given direct impacts on customer numbers due to lasting impact of pandemic restrictions on consumer behaviour, Welsh Government should consider whether they are able to directly support the sector or provide additional funding via the Local Government settlement.

During the 2022/23 budget round, the Finance Minister suggested to Local Authorities that part of the uplift in their revenue budget should continue to cover pandemic impacts in services they manage, including sport and leisure¹ – working with colleagues we do not believe that this has been followed through to the extent needed. In this budget round, the Welsh Government must commit to increased funding to sport and physical activity in order to preserve service delivery.

¹ <https://gov.wales/sites/default/files/publications/2021-12/letter-to-local-authorities.pdf>

**Inquiry into the impact of increasing costs
by the Culture, Communications, Welsh
Language, Sport, and International
Relations Committee**



Response by the Welsh Sports Association

In the medium and long term, Welsh Government should commit to a programme of support to rapidly implement renewable electricity and heat in the public leisure estate, alongside a programme of building modernisation to maximise energy efficiency. Options for private and third sector community clubs and other venues must also be considered.

To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

The impact of the cost of living crisis will already be exacerbating existing participation gaps in sport and physical activity. Those who are already least likely to participate will be feeling the brunt of the cost-of-living crisis.

At a macro level, beyond the scope of the Welsh Government's powers, a failure to tackle the emerging cost crisis could result in a significant drop in participation by those in the middle-income strata – creating new participation gaps that will be difficult to close.

Alongside partners the Welsh Sports Association is exploring options around the establishment of a Welsh Sports Foundation, to enhance access to sport and physical activity across Wales.

Sport Wales welcomes the opportunity to respond to the Culture, Communications, Welsh Language, Sport, and International Relations Committee regarding the impact of cost-of-living pressures. Our data indicates these pressures are likely to have, and indeed already are having, an impact on (i) the sport sector in Wales, and (ii) those who rely on their local sports organisations, clubs, and facilities, to look after their physical and mental health and wellbeing.

- **What impacts has increasing costs living had on your organisation and sector so far?**

The Organisation:

Sport Wales currently has a fixed rate contract for utilities at the National Centre in Cardiff and are mid-way through the existing contract. As a result, there is a level of limited protection through to 2023/24 with managed increases. Naturally there are increased costs across several other services, and like other sport providers, our National Centres could potentially be impacted by reduced consumer spend and engagement as a result of individuals suffering through increased financial pressures.

At Plas Menai, Sport Wales will see the benefit of our ongoing investment in the facility such as the solar arrays and the new ground source heat pump which should be up and running for the winter months.

In addition to monitoring the financial impact of the rising cost-of-living on the business element of Sport Wales, including that our funding uplift this year hasn't kept pace with inflation at only 1.5%, we are of course concerned with the impact that our staff face. This is both in terms of the financial pressures they, like the population at large face, as well as the associated mental-health concerns that could arise from this.

We have seen a small increase the rate of staff turnover in recent months. This could be linked to the cost-of-living crisis as individuals are required to prioritise salary increases above non-financial benefits.

The Sector:

As part of the organisation's continued approach to evidence gathering, Sport Wales conducts periodic surveys of 1,000+ adults in Wales, with Savanta ComRes. The '*Wales Activity Tracker*' monitors trends around participation and demand as well as testing opinion on topical issues. The most recent survey, conducted August 22nd, provided insight into how the cost-of-living crisis was impacting on public participation in sport.

Two in five respondents (41%) say the cost-of-living crisis has had a negative impact on their ability to be active, whilst three in ten (29%) say they've been doing less sport and physical activity due to changes in the cost-of-living. Alarmingly, these figures were compiled prior to the recent increase in energy prices, which suggests that this decline and concern will only become more entrenched in future.

We also know from the Wales Activity Tracker that this impact is most felt within family units. Respondents with children aged 15 or under, are more likely than those without to say the cost-of-living crisis has had a negative impact on their ability to be active (51% vs. 35%).

We are already seeing the cost-of-living crisis impact on some of the key partners that we work with. Facilities owners are being forced to increase their hire charges to local sports clubs and community groups, which either makes the activity no longer viable or it has pushed the price for participation higher, thus increasing the participation gap.

- **What impacts do you predict increasing costs will have on your organisation and sector? To what extent will these impacts be irreversible (e.g. venues closing, rather than a temporary restriction in activities)?**

The Organisation:

Whilst in our above answer we noted the level of resilience that Sport Wales has built through investing in energy efficient forms of heating, as well as structured payments, ultimately like all organisations the rising costs will impact on the organisation.

Also as noted above this will impact on both our operational capabilities and those of our staff at an individual level. There is the potential that the organisation faces increased levels of absence due to sickness as individuals struggle to deal with the crisis, both mentally and physically.

In the winter months we may see a higher demand for desk space in our offices with staff facing a financial burden to heat their homes during the day. This will impact on the operations as space has been repurposed in order to support a hybrid working environment and deliver against our remit letter objective of 30% of staff working from home.

The Sector:

The affordability of sport and physical activity is a barrier which can prevent individuals and families from engaging in sport and physical activity. Our data shows that 59% of adults do not feel that sport and physical activity facilities in their area are affordable, with those adults being less likely to be active (ComRes, Feb 2022).

As noted above, the current decline in activity and concern about the impact of cost-of-living on the ability to be active has been noted prior to the increase in energy prices. With this increase likely to significantly reduce household disposable incomes, and further price rises set to hit in future, there is concern that the 29% who report they've been doing less sport and physical activity due to changes in the cost-of-living - will rise. As a prediction, by January next year this could result in over 50% reduced activity rates.

There is also a wider economic concern in terms of the cost-of-living impact on sport as sport is of critical importance to the economy of Wales. As part of a Sport Wales

commissioned economic evaluation report, Sheffield Hallam Universities Sport Industry Research Centre (SIRC), estimated that in 2019 the sport industry in Wales was worth £1,260m, and the sporting economy contributed £1,195m in consumer expenditure on sport, and generated 31,100 sport related jobs in the same year. The sport sector was found to out-perform pharmaceuticals, travel, accommodation, and textiles industries in Wales.

The sector boosts the economy directly through sustaining thousands of jobs, and indirectly, by reducing healthcare costs through facilitating a healthier population and reducing crime. Further, it drives associated industries such as retail, tourism, hospitality among others.

Sport-related income and expenditure flows stem from:

- Consumers, e.g., sport-related expenditure.
- Commercial sports, e.g., spectator sport clubs, private leisure facilities / gyms, sport goods manufacturers and retailers, media associated with sport and sport publications.
- Commercial non-sport, e.g., hotels, sponsorship, utility requirements.
- Voluntary, e.g., non-profit making sport organisations such as amateur sports clubs
- Local government, e.g., income from sport facilities, rates from commercial and voluntary sector
- Central government, e.g., taxes, grants, and wages on sport-related activities

Rising energy prices, tax increases and falling real wages will create withdrawals from the above sport-related income and expenditure flow, and thus negatively impacting sport-related consumer expenditure, gross-value added, and employment.

Alongside the economic value of sport, the power of sport as a driver for community cohesion, preventative health, education, and wellbeing is undeniable. According to the SIRC, in 2018 the social return of investment in sport indicates that for every £1 invested in sport in Wales, there is a return of £2.88. The value is estimated to create returns in health, wellbeing, education, and crime. In 2016/17, it was found participating and volunteering in sport contributed to £3,428m worth of benefits to Welsh communities. A reduction in both participation in sport, and economic generation through sport, will therefore have a noticeable impact beyond the sport sector.

Associated with this, Sport Wales are concerned the cost-of-living pressures may negatively impact the sporting workforce, which has only recently recovered from the impact of the Covid-19 pandemic.

These concerns are further demonstrated by data from the National Survey for Wales, which demonstrates only 5% of adults 'in material deprivation' volunteered in sport in the past 12 months, compared to 10% of adults who were not living in 'material

deprivation'. If communities, households, and individuals are pushed into 'material deprivation' as a result of cost-of-living pressures, it may be feasible that the number of individuals volunteering or interested in volunteering in the sporting sector will decrease, impacting the delivery of sport across Wales. The Social Return on Investment Study (2018) showed that volunteers in sport delivered an estimated £311m in benefits to the Welsh economy. Again, individuals negatively impacted due to the cost-of-living crisis could reduce the numbers of sport volunteers and thus impact on that economic contribution, as well as the widespread opportunities for the public to be active through sport.

We believe sport plays a fundamental role in supporting the health and wellbeing of Wales and thus indirectly supporting the economy by reducing healthcare costs due to a healthier population and reducing crime. A significant fall in households' disposable income could have a negative impact on the number of people participating in sport, due to it being perceived as unaffordable. This risks an exacerbation of health inequalities, negatively impacting the Welsh economy.

Specifically on the issue of the economic viability of sport the following challenges for business, organisations and the sector may arise because of the cost-of-living pressures:

- **Changes to consumer behaviour**

- We are concerned that as households' disposable income falls, sport and physical activity will be treated as a 'non-essential' good, and thus reducing consumption of sport. It is the case deliverers are reporting seeing people's spending power declined and that they are already choosing that sport and physical activity is non-essential.
- People may choose to switch from paid methods of exercise such as gyms and swimming pools, to free alternatives such as running and walking.
- Participation in commercial events or demand for spectator tickets could also see a fall in demand.

- **Funding / investment challenges for clubs and organisations that deliver local opportunities for people of Wales to be active**

- Our investment in sport in Wales demonstrates since the pandemic, clubs are becoming more conscious about ensuring energy efficiency and sustainability. This may be due to the economic savings that come from taking these steps.
- We also know, as a result of the pandemic, that clubs and organisations often have a number of non-negotiable overhead costs, such as rent and

energy costs, which must be paid to maintain access and quality of facilities.

- Should physical activity be seen as a 'non-essential' good then this may reduce the numbers who maintain memberships with sport clubs, thus reducing the income streams of those organisations.

- **Financial challenges for sport facility maintenance and development, in particular Leisure Trusts.**

- Since Covid financial support was limited, leisure trusts' recovery has stagnated, with fewer customers now visiting leisure centres (70-80% mark when compared to pre-Covid levels since October 2021). The cost-of-living crisis is likely to continue to impact people's choices to return to leisure facilities.
- Leisure facilities are experiencing unsustainable pressure on their operations. This will pose significant challenge for the sector; especially for operators of large facilities, including swimming pools and ice rinks. The increase to the National Living Wage is putting pressure on leisure trusts' payroll expenditure. Due to the global supply chain issues leisure trust's ability to operate and invest in their facilities and venues is being hampered.
- Leisure operators have already made investments in energy efficient systems where they can. However, nearly two thirds of the leisure estate is ageing and past its replacement date and with the current financial pressures, leisure trusts are unable to invest further in decarbonisation and facility refurbishment (Community Leisure Wales, 2022).
- The impact on operators may lead to potential facility closes, employee reductions, customer prices increases, and reduced operating hours. Further there is a risk that there will be a reduced capacity for other activities that are currently subsidised including health and wellbeing programmes, outreach and neighbourhood programming, family support, etc. This raises concerns for investment in health care, reducing inequalities, and decarbonisation programmes.

- **What interventions would you like to see from the Welsh and UK Governments?**

There may need to be additional financial support to individuals and Welsh Government Sponsored Bodies to deal with the energy crisis, and funding for pay awards that could not have been anticipated at budget setting. This would also potentially extend to additional financial support to Welsh Government Sponsored Bodies to facilitate a cost of living pay award that reflects the current circumstances for staff across Wales.

There will need to be consideration given around any flexibility to support emergency funding pots, mirroring that undertaken in response of Covid-19, as part of a short-term support element to recognise the reduced engagement in sport due to increased cost-of-living concerns.

It would be prudent to also revisit the committee's recommendations from its inquiry into the impact of poverty on sporting opportunities to review what can be accelerated in light of the current climate.

- **To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?**

We already know that people with protected characteristics and people of a lower socioeconomic status are less likely to be active through sport. Equally, we also already know that those with protected characteristics are more likely to be from deprived backgrounds. Therefore, this issue is exacerbated when the cost-of-living drives an ability, or lack thereof, to take part in sport.

There are disparities in access to sport and physical activity in Wales, which are largely impacted by poverty and deprivation. Prior even to the current cost-of-living crisis 1 in 4 people in Wales live in poverty and 1 in 3 young people in Wales are growing up in poverty ([Oxfam, 2022](#); [Street Games, 2022](#)). Families living in poverty have as little as £3.21 to spend on sport and leisure every week (ibid).

The National Survey for Wales also identified reduced cost as something which would encourage more people to do sport, with 15% of respondents in 2019-20 saying they would be encouraged to do more sport 'if it cost less.'

We know poverty and deprivation impacts engagement in sport and physical activity. The National Survey for Wales for 2021-22 found 24% of households living in material deprivation participated in sporting activities three or more times a week (24% in material deprivation, 35% not in material deprivation). This was reaffirmed in a previous iteration of our Wales Activity Tracker survey (August 2021), which found those from lower socioeconomic backgrounds were twice as likely as those from higher socioeconomic backgrounds to have done no exercise in the past week. The survey also found those from lower socioeconomic backgrounds were less likely to exercise to help manage their mental health.

The most recent Wales Activity Tracker (August 2022) has already shown that for those that have seen a reduction in their activity because of the cost-of-living crisis it is more keenly felt among the already underrepresented communities. Female respondents are more likely than males to agree that the cost-of-living crisis has had a negative impact on their ability to be active (44% vs. 37%). Respondents in social grade C2DE are less likely than those in ABC1 to say the cost-of-living crisis has had a positive impact on their ability to be active.

Conversely, those aged 16-34, who would usually have a higher level of participation are more likely to agree the cost-of-living has negatively impacted them than those 35-54

or 55+. This indicates that it is a real challenge for younger people without financial security.

What impacts has increasing costs living had on your organisation and sector so far?

The impact on arts organisations of increasing energy costs, general inflation and the costs of specialist materials, production and services is compounding the complications presented by Brexit and post pandemic changes in the pattern of audience attendances and participant engagement. Meanwhile, artists, makers and creative freelancers are either having to increase their fees or are moving to more secure employment in other sectors.

Based on evidence provided to date to ACW from a significant number of its funded

organisations, projected increases in energy costs are ranging between 200% and 300% for electricity and up to 600% for gas.

The costs of making productions in theatre and other sectors are 20-40% more than a year ago and the profitability of catering services that often fund so much else in theatres and venues is being hit by rising food and drink costs and the difficulty of passing on these costs to customers. Construction costs are also rising dramatically affecting building projects, and venues yet to open or re-open have the additional challenge of not being able to predict their future energy or operating costs with any certainty.

Audience attendances are 60% to 80% of pre-pandemic levels, bookings are last minute and there is growing evidence of increased price resistance with a greater take up of concessionary tickets and discount offers. Meanwhile, community arts organisations and venues are reporting on the basic needs of food and shelter of their participants and users and how this is impacting on how they respond and deliver their activities and services in and to our most deprived communities. The "rural premium" also undoubtedly adds to the impact on the arts and communities in many parts of Wales.

Touring companies are challenged by the increasing costs of fuel, logistics an accommodation and are seeking guarantees or fixed fees from theatres and venues. The increased costs and complexity of international touring and related fall in the demand for UK touring companies are also leaving their mark.

All the organisations we have canvassed remain committed to fair pay for their staff, artists and freelancers which is adding double digit increases to their people related costs.

The impact on Arts Council Wales is three-fold – how to respond to the looming crisis in the sector; build upon its and the Welsh Government's investment; and support the resilience and well-being of its staff.

What impacts do you predict increasing costs will have on your organisation and sector? To what extent will these impacts be irreversible (e.g. venues closing, rather than a temporary restriction in activities)?

Many organisations do not have the earned income to help absorb further losses of revenue and manage increasing costs and have very small contingency budgets or reserves. Even in good times, many parts of the arts sector live a fragile existence.

The impact of rising prices is being felt across all the income streams relied upon by the arts sector - public funding, fundraising, box office, and earned income.

There will undoubtedly be independent arts companies and venues that will face closure without increased support, if, as predicted, the economy is heading for a long period of recession. Those

ARTS COUNCIL WALES SUBMISSION TO THE SHORT INQUIRY INTO THE IMPACT OF INCREASING COSTS ON THE SECTORS WITHIN THE PORTFOLIO OF THE CULTURE, COMMUNICATIONS, WELSH LANGUAGE, SPORT, AND INTERNATIONAL RELATIONS COMMITTEE

maintained and supported as part of local authority provision or major universities may survive although will not be immune from significant change.

In the short term, we are receiving reports of action being planned or taken to raise prices; to reduce performances, exhibitions, community activity, touring, hours of operation, and workforce levels; to introduce new housekeeping regimes, pay as you can schemes, and pricing and payment schemes; and to seek longer term investment in improving energy efficiency and generation.

A comprehensive survey of the impact of increasing prices on individuals and organisations funded by ACW from both its grant in aid and Lottery programmes is underway on which we will report to the Committee's full inquiry.

Managing our current Investment Review for decisions on new multi-year funding agreements from 1 April 2024 will be challenging for both ACW and the organisations applying for support. Many organisations which may wish to apply face the challenge of survival in the interim.

ACW's grants programmes are not of a scale to meet this challenge and its own operational budgets and capped resource costs will be severely challenged as the price of services and consumables increase and it seeks to recruit, remunerate, and retain staff.

What interventions would you like to see from the Welsh and UK Governments?

Some arts venues are already considering whether they can respond to the impact on individuals and communities by offering themselves as "warms hubs", but in many cases this will require them to find additional funds to provide this offer and related discounted food and beverages.

The crisis now facing the sector is as great as at any time over the last two years. The Cultural Recovery Fund provided a critical lifeline to the sector in Wales and the UK. Additional funding is now required to build upon that investment and ensure the longer-term sustainability of the arts infrastructure in Wales. Artists, makers, and freelancers will need support and security that universal basic income or similar schemes to survive the impact of the looming crisis.

The detail of the UK Government's economic and fiscal interventions to ameliorate the impact of the energy crisis on businesses, and their benefit to the arts sector, have yet to be fully understood, but seem unlikely to benefit the medium to long term sustainability of many arts organisations.

To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

The loss of local arts projects and venues across Wales will disproportionately impact on people with protected characteristics and people of a lower economic status. It is these communities that we and our arts organisations are prioritising through accessible and targeted programmes and projects across Wales and it is these communities that will be hardest hit by the cost of living crisis.

In recent times, there has been an across the board increase in the employment of people with protected characteristics in our Arts Portfolio Wales and 30% of all ACW's National Lottery awards are made to projects that targeted D/deaf and disabled people and 30% also targeted culturally and ethnically diverse participants.

Well documented evidence suggests there is likely to be a marked impact on the health and well-being of individuals and communities across Wales if opportunities for participation in the arts are reduced, cannot be readily accessed, or become unaffordable.

9th September 2022

Music Venue Trust response to Impact of increased costs : Call for Evidence

About Music Venue Trust

Music Venue Trust is a UK registered charity which acts to protect, secure and improve the UK's grassroots music venue circuit. We provide advice to the government, the cultural sector and the music industry on issues impacting on the network of venues and are the nominated representative that speaks on behalf of the Music Venues Alliance, an association of more than 900 such venues from across the UK with 55 members based in Wales.

1. Background

- A. Music Venue Trust welcomes the opportunity to comment on this consultation on increasing costs on the sector and how it impacts on Grassroots Music Venues (GMVs). We have a specific interest in this area as it impacts on GMVs that are members of our Music Venues Alliance (MVA)
- B. Our focus is on the effect of the increasing costs of living on the GMV sector and the need for immediate action to halt rising costs.
- C. During the last twenty years, this sector has declined substantially¹:
 - I. 144 GMVs were trading in London in 2007.
 - II. Only 94 GMVs were trading in London in 2016, a reduction in trading spaces of 34.7%
 - III. The 2007-2015 permanent closures of small music venues that occurred across the country resulted in:
 - Reduced access to live music experiences
 - A decrease in performance/earning opportunities for musicians
 - Decline in the number of touring dates taking place in the UK
 - Decline in the number of affordable quality live music experiences
 - IV. However, current systemic challenges including rises in cost of living and its effect on both venues and their audiences threatens to plunge GMVs back into the prospect of prolonged decline.

2. What impacts has increasing costs living had on your sector so far?

¹ Music Venue Trust (2019) *DCMS Live Music Inquiry Response*
<http://musicvenuetrust.com/wp-content/uploads/2019/03/Digital-Culture-Media-and-Sport-Comittee-Live-Music-Ninth-Report-of-Session-2017-2019.pdf>

The increasing costs of living, in particular energy prices, have already had a number of direct effects upon grassroots music venues and a wider impact upon key suppliers, stakeholders and audiences including but not limited to;

- Crippling increases to overhead costs on variable contracts
- Lack of competitive supply for new and renewed contracts,
- Suppliers declining to provide to the sector & reduction in renewable suppliers
- Reduced security to operators facing negotiating new rates who are already struggling to emerge from the effects of the pandemic.

46.9% of GMVs have less than 6 months left on existing contracts and empirical evidence from members and brokers confirms that suppliers including Opus, SSE, Scottish Power, Ecotricity, EON and EDF have refused new contracts to businesses in the hospitality sector creating a monopoly and allowing existing suppliers to offer inflated prices with a lack of options for competition. There have also been reports of suppliers declining to take on contracts already agreed to in principle leaving venues to renegotiate higher rate deals as prices increase or face out of contract rates. This coupled with a lack of direction & action during the recess and leadership election from Government has resulted in many venues accepting increases of over 500% to existing rates.

1/3 of our crisis cases in our Emergency Response Service are related to rising costs. Venues have already reduced operating hours to minimise energy usage and this is particularly harming community focussed events and use of space which provide low financial income but are of high social importance.

As per other hospitality sector businesses the repeated increase on wholesale drinks prices (on average 6-7%) as a result of inflation and energy costs has reduced margins and placed greater pressure on operators to increase prices, at a time when customers are reducing spending. This is uniquely exacerbated in our sector by the additional increase of artist & entertainment costs across the sector.

The cost of touring for artists and performers, due to the fuel cost increase of 47% in the last 12 months, is resulting in both a reduction in the number of shows being offered and higher artist fees to cover costs. GMVs find themselves in the middle of multiple supply chains, with no bargaining power, where suppliers have increased costs which cant be passed onto customers as they are unable to afford increased drink or ticket prices, have been forced into cutbacks and also have other options on social spending.

3. What impacts do you predict increasing costs will have on your organisation and sector?

Prior to the cost of living crisis the average Energy Service costs for Grassroots Music Venue Sector were

GMVs consistently exhibit negligible individual profit margins at the point of delivery, supporting the development of new artists and creation of new intellectual property assets through not-for-profit activity. This investment creates substantial value elsewhere in the wider cultural and local economy. For example, in the local economy for every £10 spent on a GMV ticket, £17 is spent elsewhere in the night time economy⁴. As noted above (section I) the work created in GMVs is the bedrock of a multi-billion pound music industry, but the GMVs which develop those artists and that IP are not partners to the profits that it generates.

4. To what extent will these impacts be irreversible (e.g. venues closing, rather than a temporary restriction in activities)?

In addition to the temporary restriction in activities, which also has a long term threat to staff retention, skill loss and artist development, the increase in overhead costs with little chance of offsetting poses an immediate threat to the ongoing operation of many grassroots music venues increasing their risk of closure in the coming 12 months.

Due to the organisational structure and lack of building ownership amongst these operators, 93% are tenants, closure will most likely result in the permanent loss of these cultural spaces amongst communities. GMV locations would be lost into retail or alternative development and as mentioned above, new operators are likely to be put off taking on sites for existing cultural uses due to high energy costs. These sites may never be replaced due to the specific location and interior layout requirements of performance spaces and the ecosystems and skill sets surrounding their survival. As a result of the pandemic and the cost of living crisis the GMV sector has lost many skilled and resourceful people in our workforce who have now left the sector for good. This has been a contributing factor to why recovery within the live music industry post pandemic has been sluggish. Reduction in activity and venue closure will continue and multiply this cycle of resource loss

5. What interventions would you like to see from the Welsh and UK Governments?

The very necessary work that the Government undertook during the Covid-19 crisis to ensure venues were able to survive, such as establishing the Culture Recovery Fund and at a local level the use of Retail, Hospitality and Leisure grants, is at risk of being seriously undermined if venues have to close as a result of rising energy prices. The measures that the Government introduced during the pandemic do not amount to a long-term commitment to Grassroots Music

⁴ Mayor of London (2017) *Rescue Plan for London's Grassroots Music Venues - Progress Update*
https://www.london.gov.uk/sites/default/files/rescue_plan_for_londons_grassroots_music_venues_-_progress_update_-_jan_2017.pdf

Venues. Whilst the measures announced by Westminster around a price cap of 6 months will reduce the impact in the short term without further information about the level of the cap it is difficult to calculate the long term impact. The short term nature of this cap and lack of further information about the level and about long term plans specifically for the sector means that overall security for operators is still greatly reduced and threatens operators ability to plan for the future and raises concerns around mental health well being and new businesses launching into the sector.

We would call on the following measures

- Extension of price cap beyond 6 months for the business sector
- Specific engagement with Grassroots Music Sector in addition to any engagement with hospitality sector due to extra unique pressures placed on operators
- Continuation of Business Rates Relief for all GMV operators
- Cut to the VAT rate - the UK has the highest rate of taxation on cultural provision in Europe
- Pressure on suppliers to provide competitive contracts to the sector rather than closing offerings to hospitality sector
- Targeted support to those in most need as identified by the industry through grants and funding support
- Quick uptake to Commercial Crown Services for those Not For Profit operators eligible and ongoing support

We urge the Government to heed our recommendations for bold reform as without it GMVs will be plunged into another decade of decline. These recommendations will help support GMVs to continue to act as spaces where valuable intellectual property is developed, created and showcased and help strengthen the UK's live music industry so that the unique global standing we have gained through our live music sector remains the envy of the world.

Welsh Governments Culture, Communications, Welsh Language, Sport and International Relations Committee one day inquiry
Creu Cymru Evidence September 2022

What impacts has increasing costs living had on your organisation and sector so far?

There are obvious financial implications on theatres and performing companies with cost rises including inflation rises meaning additional costs for food and drink for example.

We are already seeing reports of theatre energy bills increasing – The Lowry in Salford (main house 1,730 seats, other theatre 466 seats) faces a £1 million energy bill for 2022/23 and Theatre Royal Bury St Edmunds (360 seat venue) annual heating bill has increased from £35,000 a year to £82,000, which is a rise of 134%. We are expecting similar increases across Wales.

It's not just energy bills that are increasing, the cost of materials for sets has increased. Theatr Clwyd have reported that they are facing inflation rises on the cost of materials. For example, an 8ftx4ft MDF sheet has gone from £6.79 in July 2020 to £17 in January this year; plywood has increased from £29.98 a sheet in January to £43.75. All of this means the cost of a set has increased by between 30-40%.

Due to the current global economic climate, there are significant challenges across the supply chain impacting on theatres and performing companies' ability to operate and invest in their facilities and venues.

In addition, there are global shortages of raw materials including packaging and building supplies that drive up prices and make it increasingly difficult for operators to invest in (refurbishing) their facilities and (adapting) services.

Similarly, the pandemic, Brexit and the cost of living are having a major impact on what customers are spending on hospitality, which has historically been a substantial contributor towards our earned income and now is substantially altered.

St David's Hall noted that touring productions are visiting venues with less equipment, choosing to use more in house resources to save money. This puts additional pressure on in house staff and financial resources.

Theatr Genedlaethol Cymru have told us they are certainly seeing the effect of the increase in living costs on their budgets. Energy costs do not have a significant direct impact on them as they pay a service charge on their offices, so the landlord pays the energy bills, but it does have an impact on the cost of touring. The cost of vehicle fuel is obviously much higher, and the amount they pay for transport for their productions has risen significantly.

Accommodation costs for cast and crew on tour have increased and a number of people have indicated that they feel that the mileage rate set by HMRC (45p per mile) is no longer really sufficient.

They have also seen a significant increase in the cost of materials. The cost of creating sets is higher (whilst of course trying to reuse materials in accordance with the Theatre Green Book) and the availability of materials is also a problem. They have to order materials so much more in advance now.

What impacts do you predict increasing costs will have on your organisation and sector? To what extent will these impacts be irreversible (e.g. venues closing, rather than a temporary restriction in activities)?

The sector - coming out of Covid, under Brexit and with the climate and the cost of living crisis- is incredibly fragile. Freelancers have left the sector, especially those most impacted by Covid closures (eg stage managers, choreographers), and those able to move into other sectors/industries have also left (eg marketing, technical). It's harder and harder to find crews, creative teams, employees through recruitment for these reasons. Touring costs are significant, with even leading national companies pulling out of tours because of increased costs. Pay is not able to keep up with cost of living, and we are seeing an overlap of real living wage levels into our middle grades now.

There is of course a risk of theatres closing, some are already considering presenting a reduced programme of events. This obviously impacts income, wages for staff, secondary spend and offer to the communities they serve impacting wellbeing and leisure activity.

Whilst the sector is supportive, the increase to the National Living Wage puts additional pressure on the payroll expenditure of theatres and performing arts companies as the rate of pay for lower paid roles is increasing at a faster rate than the pay increases across organisations as a whole. This has been an ongoing challenge for several years but is now impacting more acutely in terms of recruitment and retention, specifically for roles with senior responsibilities where there is little reflection of the level of accountability within the pay. This is resulting in the gradual and continual erosion of the differential between different job roles.

The 6.6% increase in April 2022, with a further prediction of a rise of 10.7% in 2023 is far above the level of pay awards possible, with 19% of members paying on the National Living Wage/National Minimum Wage increases as pay awards in 2021, and of those who gave pay awards, most gave 1-3% increases.

Most pay rates for theatres and performing arts companies are based on local authority rates and grading models, thus it is not sustainable to pay staff who score lower at the same rate as others, particularly where qualifications are an essential requirement. This, therefore, has the effect of creating artificial wage inflation for roles currently being paid above the National Living Wage rate, further adding to the financial pressures.

In addition, this year the National Insurance contributions have also increased, adding further significant pressure.

Theatr Genedlaethol Cymru said they are acutely aware that there is great pressure on people to pay for their higher living costs and therefore they have also been re-examining ticket prices. They try to avoid lowering ticket prices in general but they work with venues to try to offer as many opportunities as possible to see their productions, and discounts on the ticket price for people who

may not be able to afford a theatre ticket by now. This is likely to have an impact on their ticket income.

They are also concerned about how the cost increases will impact their relationship with venues. Their tours are mainly based on box office splits so they as the production company are bearing the majority of the financial risk. Some venues already charge them contras for costs such as technical staff and marketing and there is a chance this will extend to energy costs in future.

What interventions would you like to see from the Welsh and UK Governments?

The sector is financially fragile - lots of late bookings, lack of public confidence and cash, high numbers of no-shows so no secondary income on bars etc, illness in teams, roles hard to fill. CRF3 finished in March 22 and was very welcome but this summer into autumn/winter will be incredibly difficult for all. So far Welsh Government has invested £102m in keeping the sector going – we are suggesting that more new and additional funds are required to shore up those who are most fragile and struggling including freelancers, smaller project funded companies, venues and more.

To enable theatres and arts organisations to continue to provide a service to the communities of Wales that is fair and equal, and in order for us to continue the vital work of For the Benefit of All, and delivering our Cultural Contracts, we may need additional support to help bridge this period of uncertainty. The Arts can do so much to help communities recover and move forward from the trials of the last 18 months, and we would hope to see the Arts Council of Wales and the wider sector being supported by Welsh Government and working in partnership together.

Many theatres in Wales are preparing to be 'warm spaces' such as RCT Theatres where they will be open to the public as a space to keep warm during the day this winter. There could be grants or funds available to these vital public spaces to support this action and their communities.

Community transport systems such as theatre bus schemes could be an option to help more rural communities faced with poor transport systems and rising fuel costs travel to performances. These could be coordinated by the venues or run by volunteers but funded by Welsh Government. This also helps encourage audiences to use sustainable methods of transport.

It would be an absolute tragedy if we had spent the last few years battling to keep our theatres open only to find unmanageable energy bills that threaten to close us again.

To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

The main concern is audience development. If costs are going up for theatres there is a risk that ticket prices will increase, putting additional barriers into people attending.

We have also been told of the impact of poor transport systems around our more rural venues is having on whether someone can travel to a performance. There are no public bus services to venues such as Theatr Hafren or the Ucheldre Centre in Anglesey past 7pm. Given most performances start and finish after that time audiences have no choice but to drive to the venues. There is a concern that the increase in fuel costs will add an additional barrier to audience attendance.

Audience confidence is still a challenge. TRG Arts 'Covid 19 Sector Benchmarking' report noted that theatre revenue was down 18% May-June 2022 compared to the same period pre-pandemic. Further reports by insights organisation Indigo in their 'Missing Audience' report (March 2023) state that:

37% of audiences are attending less regularly than pre-Covid.

22% still haven't revisited the theatre.

The main reason for not attending was 'I'm avoiding interacting with crowds of people'.

These are national UK figures. We know that these figures may even be worse in Wales as the sector was so much later than England to reopen.

Figures from the Audience Agency 'Audience Finder' show that for the period of January-July 2019 there were 2.11m worth of tickets sold in Wales. For the same period this year it was 1.36m.

Agenda Item 5.1

Dawn Bowden AS/MS
Dirprwy Weinidog y Celfyddydau a Chwaraeon, a'r Prif Chwip
Deputy Minister for Arts and Sport, and Chief Whip



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/DB/2881/22

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28 September 2022

Dear Delyth,

Thank you for the Culture, Communications, Welsh Language, Sport and International Relations report "Levelling the Playing Field: a report on participation in sport and physical activity in disadvantaged areas". I am grateful to you and members of the Committee for your recent focus on the importance of sport and physical activity.

The Welsh Government's detailed response to the Committee's recommendations is set out in an annex to this letter. I look forward to working together, where we can, to implement the recommendations in your report.

Yours sincerely,

Dawn Bowden AS/MS

Dirprwy Weinidog y Celfyddydau a Chwaraeon, a'r Prif Chwip
Deputy Minister for Arts and Sport, and Chief Whip

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The Welsh Government's response to the recommendations in the Senedd's Culture, Communications, Welsh Language, Sport and International Relations Committee report.

“Levelling the playing field: A report on participation in sport and physical activity in disadvantaged areas”.

Recommendation 1

We recommend that the Welsh Government introduce a new national approach for participation in sport and physical activity in disadvantaged areas. This approach should bring together existing work and good practice that is already taking place as well as introduce new ideas to contribute to this approach. This should include measurable targets, set against a defined time period of five years, to ensure that there is equity in access to participating in sport and physical activity.

Response: Reject

Sport Wales helped the sector produce a national vision and developed its own strategy for sport in Wales in line with that vision that is supported by other public bodies, such as Public Health Wales and Natural Resources Wales. This vision is for an active nation where everyone can have a lifelong enjoyment of sport. This was developed following extensive consultation led by Sport Wales following the independent review of Sport Wales commissioned by the Welsh Government in 2017. A key strand in Sport Wales's existing work has a priority focus on Equality, Diversity and Inclusion with performance measured against key indicators. Whilst a new wholesale approach is not required, we will continue to review existing approaches to ensure we maximise participation in sport and physical activity in disadvantaged areas.

We are hosting a Sport Summit in December, led jointly by the Welsh Government and Sport Wales, bringing together the whole sector with a key part of the Summit focussing on enhancing participation in sport and physical activity in disadvantaged areas. This Summit will aim to further capture best practice and explore additional opportunities for expanding our work in this area.

Financial implications: None

Recommendation 2

We recommend that the Welsh Government urgently provide additional project funding to Sport Wales to enable it to undertake work to identify and deliver opportunities that enable those from disadvantaged groups to benefit from sport and physical activity.

Response: Reject

The Welsh Government provides an annual budget to Sport Wales - £21.6m revenue and £8m capital in 2022-23 – to deliver on the priorities set out in the Welsh

Government's term of government remit letter. Providing equal access to sporting opportunities is a key commitment in our Programme for Government and improving access and participation and addressing inequality in all its forms are priorities in the remit letter. All of Sport Wales's core programmes are focussed on enhancing equality, diversity and inclusion supported by performance measures.

Alongside the core funding, we also make additional project funding available to support wider Programme for Government commitments around improving access and inclusion. One example is the Anti-Racist Wales Action Plan grant scheme which seeks to improve participation and inclusion of Black, Asian and Minority Ethnic communities.

Financial implications: None.

Recommendation 3

We recommend that the Welsh Government fund the opening up of school facilities in disadvantaged areas to increase opportunities to participate in sport and physical activity in those areas. This should be done as follows:

- i. The Welsh Government should review the findings of the different pilots that are taking place with regards to opening schools for wider community use and report and publish a response to this work by no later than July 2023.**
- ii. Work with local authorities to undertake a Wales-wide audit of school sport, leisure and physical activity facilities to identify what exists what is the state of these facilities. This should include considering how accessible these facilities are in terms of travel method, including pay special attention to the location of Welsh-medium schools in relation to the community they serve.**
- iii. Following completion of this audit, the Welsh Government should identify the areas that require the most urgent support to ensure equity of access to sport and physical activity opportunities and provide the appropriate funding levels to make it happen.**

Response: Accept in principle.

Making effective use of educational facilities for our children and the local community has always been a key aim underpinning education investment through the Sustainable Communities for Learning Programme.

We are already providing funding to support schools to operate and develop as Community Focused Schools, reaching out to engage with families and work with the wider community to support all pupils, particularly those disadvantaged by poverty.

The Minister for Education and Welsh Language has announced £24.5m in 2022-23 to support this work, which includes £20m of capital investment to allow schools to develop further as community assets. We are also developing a suite of guidance to support schools, local authorities and key stakeholders with the implementation of a

community focused schools approach. This will be informed by the findings of the review into the pilot schemes to increase community use of schools, once they are available.

Sport Wales has carried out a policy review into best practice for opening school facilities for physical activity, nationally and internationally. This will be available shortly. Sport Wales has also carried out a facility snapshot survey across different local authorities, broadly outlining the provision of facilities in the area attached to schools. The Welsh Government has also commissioned a baseline survey of schools, which included questions about use of facilities and will be available shortly.

Financial implications: None.

Recommendation 4

We recommend that the Welsh Government fund the opening up of community facilities in disadvantaged areas to increase opportunities to participate in sport and physical activity in those areas. This should be done as follows:

- i. Work with local authorities, schools, leisure facility providers and sports clubs to undertake a Wales-wide audit of these facilities to identify what exists, and what is the state of these facilities. This should include considering how accessible these facilities are in terms of safety of access routes, and travel method.**
- ii. Following completion of this audit, the Welsh Government should identify the areas that require the most urgent support to ensure equity of access to sport and physical activity opportunities and provide the appropriate funding levels to make it happen.**

Response: Accept in principle.

Whilst a complex and evolving issue, we will further consider the need and practicalities of auditing all community sports facilities in discussion with partners and stakeholders.

Through Sport Wales there are several grant streams available for community clubs to access funding for new facilities and improving existing facilities. There is also capital support available through the Community Facilities Programme; though this is not specifically aimed at sports facilities, grassroots clubs can apply where there is wider community use as part of the bid.

Financial implications: To be determined.

Recommendation 5

We recommend that the Welsh Government ensure that programmes for funding sport and physical activity in disadvantaged areas are placed on longer-term funding cycles.

Response: Accept

The Welsh Government is unable to provide clarification around budgets beyond the current budget settlement it receives from the UK Government but will always provide long-term clarity when in a position to do so. Sport Wales and other organisations, such as local authorities, have been provided with three-year budgets for the period 2022-23 to 2024-25. This provides greater certainty, helps long-term strategic planning and encourages a greater degree of collaboration between organisations.

Financial implications: None.

Recommendation 6

We recommend that the Welsh Government significantly increase the funding available for addressing participation in sport and physical activity in disadvantaged areas.

Response: Reject

The Welsh Government has provided Sport Wales with a three-year revenue budget allocation to deliver on our collective priorities set in the Welsh Government's term of government remit letter to Sport Wales. We have also allocated capital funding of £24m over three years to invest in sporting facilities, a key Programme for Government commitment. The Welsh Government is continuing to strengthen the links between health and sport, through our Healthy Weight: Healthy Wales strategy with a focus on health inequalities. This includes an investment in a range of programmes through over £13m across the 2022-24 delivery plan. We will continue to consider the impact of these investments as part of our evaluation approach and will review budgets through our in-year and annual budget-setting process to ensure investment levels remain appropriate.

Financial implications: None.

Recommendation 7

We recommend that the Welsh Government and Sport Wales commission an independent review of the impact of the new investment approach on participation in disadvantaged areas in three years' time.

Response: Accept.

Sport Wales's new investment approach was initially launched before the Covid-19 pandemic. Transition to full implementation was delayed to protect funding levels over a two-year period to provide the sector with stability through an uncertain Covid period. As the School Sport Survey has been conducted in 2022, this financial year will be the final year where funding is protected and in 2023-24 the final aspect of the investment model, relating to data, will be implemented. Sport Wales will then work with partners to transition to the new investment model, with full implementation expected in 2025-26. It is Sport Wales's intention to review its new investment approach on a regular basis to ensure it is still fit for its purpose particularly against the impact on participation in disadvantaged areas.

Financial implications: None.

Recommendation 8

We recommend that the Welsh Government set up a pilot scheme for a Physical Activity Development Grant, using lessons learnt from the “Active Me – Kia Tū” pilot in New Zealand, in order to improve access for those in disadvantaged areas to access sport and physical activity opportunities.

Response: Accept in principle

The Welsh Government already provides funding for many of the areas supported by the “Active Me – Kia Tū” scheme.

The “Access” strand of the Welsh Government’s Pupil Development Grant is available to families whose children are eligible for free school meals. It helps cover the costs associated with the school day, including school sports kit and equipment. This is available to eligible families for children in all compulsory school years at a rate of £125 (£200 for year 7). An uplift of £100 per eligible pupil has been applied to this grant for the 2022/23 academic year, to help families manage during the cost-of-living crisis.

We are currently rolling out Universal Primary Free School Meals in Wales, starting with the youngest children as they are more likely to be living in relative income poverty. This is a transformational intervention to raise the profile of healthy eating across the whole school, increase the range of food pupils eat, improve social skills and wellbeing at mealtimes, and lead to improvements to behaviour and attainment.

In Wales, all children who go to a primary school which is maintained by a local authority can have a free breakfast at school through the Free Breakfast in Primary Schools scheme. The aim of the scheme is to provide children with a healthy breakfast before the start of the school day. Children who have the opportunity to eat a healthy and nutritious breakfast prior to the start of the school day are healthier and are more likely to achieve their full educational potential.

We have also established a National Physical Activity Group which will consider how we can increase cross-government links and partnerships to enhance delivery and policies which can increase physical activity opportunities. For example, we are continuing to invest in programmes through our Active Travel programme, with over £200m expected to be allocated over this and the following two financial years.

We will engage further with the New Zealand government and Sport New Zealand to understand its approach.

Financial implications: None.

Recommendation 9

We recommend that Sport Wales ensures that future National School Sports Survey data is made available in an open-source format to provide increased insight in order to ensure better equity of access to sport in disadvantaged areas.

Response: Accept.

This is a recommendation for Sport Wales. Sport Wales has already signalled an intention to progress work to host the data in an intuitive, interactive, and open-source format.

Financial implications: None

Recommendation 10

We recommend that the Welsh Government and Sport Wales consider how it can gather qualitative data in order to provide better insight into the issues facing sports participation in disadvantaged areas.

Response: Accept.

Sport Wales will continue to gather its evidence, both quantitative and qualitative, through partnership working to best understand the issues facing sports participation in disadvantaged areas. This evidence will be showcased through its annual reporting, but crucially as part of its strategic role in sharing best practice and instigating collaboration in the system.

Financial implications: None.

Recommendation 11

We recommend that the Welsh Government fund, and Sport Wales then pilot, and roll out a full, regular survey of adult sports participation.

Response: Reject

The Welsh Government and Sport Wales jointly fund the National Survey for Wales. Every year since 2016-17 the National Survey has collected robust, detailed information on sport participation (with the exception of 2020 when it was decided with Sport Wales not to include the regular questions on sport participation given the restrictions in place due to the pandemic). Capturing information via the National Survey means that the sport results can be analysed against a wide variety of other topics covered in the survey, including health topics and material deprivation. Detailed analysis of the results is published regularly by the Welsh Government and by Sport Wales, including of sport participation cross-analysed against material deprivation.

The Welsh Government and Sport Wales are currently designing additional sport and physical activity content for the National Survey over the next few years. New content is likely to cover barriers to participating in sport, volunteering, attitudes to sport and physical activity and views about local sports facilities. The Welsh Government will continue to work closely with Sport Wales to review the current questions in light of the Committee's findings.

Financial implications: None.

Recommendation 12

We recommend that the Welsh Government consider how it can bring together different sources of data related to sports participation in disadvantaged areas and make it publicly available in one place.

Response: Accept.

The Welsh Government currently collates information around the National Survey for Wales, which has previously collected robust information on barriers to participation, and on levels of participation among disadvantaged groups, and key notional milestone indicators. Sport Wales collates official statistics through the School Sport Survey as well as bespoke project level information and other quantitative tracking surveys, allied with qualitative evidence.

Partnerships, such as those with the Welsh Institute of Physical Activity, Health and Sport, are also used to bring together different sources of data into one reporting approach as part of its work. The work Sport Wales will be doing in terms of its information dashboard development will also help support the sharing of data in one centralised online space.

Financial implications: None.

Agenda Item 5.2



29 September 2022

To: Chair of the Culture, Communications, Welsh Language, Sport, and International Relations Committee, Delyth Jewell MS

Dear Committee Chair,

Feminist Scorecard 2022

We are writing to you to share key recommendations from our Feminist Scorecard 2022 that are relevant to the Culture, Communications, Welsh Language, Sport, and International Relations Committee. The Feminist Scorecard 2022, launched in July this year, tracks the Welsh Government's progress towards advancing women's rights and gender equality in six policy areas:

- Fair Finance
- Caring Responsibilities
- Global Women's Rights
- Equal Representation and Leadership
- Tackling Gender Health Inequalities, and
- Ending Violence Against Women and Girls

Each area is rated using a traffic light system (red, amber, and green), indicating the level of progress towards equality for women and girls in Wales. Your Committee portfolio covers issues under Global Women's Rights and we would like to highlight actions needed to improve women's situation in this area.

Global Women's Rights

We were pleased to see some progress in the area of Global Women's Rights, which retained its amber rating. Welsh Government's funding programme since 2020 has been welcome and is appropriately targeted to empower overseas partners. However, urgent action is needed to support sanctuary seekers and those affected by climate change globally for Wales to be a nation of sanctuary and global solidarity. The Scorecard recommends Welsh Government should:

- Conduct human rights and gender equality assessments of existing and emerging trade policies.
- Share vaccine technology through the World Health Organisation (WHO)'s Covid Technology Access Pool, to reduce the estimated (in 2021) wait of 57 years for everyone to be fully vaccinated.



- Include Women's Rights and Global Solidarity with women in the Social Partnership and Procurement Bill.
- Commit to training international trading staff in gender equality, safeguarding and ethical procurement.
- Ensure that the potential of investments in female-dominated, low-carbon sectors such as care and education is adequately considered in the transition to net zero, both domestically and internationally.

We would be grateful for the opportunity to meet with you to discuss how we can work together to realise these recommendations, and to ensure that women and girls in Wales will not be held back for many years to come. Please contact Fadhilah Gubari at Oxfam Cymru to arrange a suitable date for a meeting on fgubari1@oxfam.org.uk.

We look forward to your response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sarah Rees'.

Sarah Rees
Head of Oxfam Cymru

A handwritten signature in black ink, appearing to read 'Catherine Fookes'.

Catherine Fookes
Director of WEN Wales