

23 February 2023

Dear Delyth Jewell MS,

**RE: Inquiry into the impact of increasing costs and the Welsh Government's response**

Following the Culture, Communications, Welsh Language, Sport, and International Relations Committee inquiry into the impact of increasing costs and the consequent Welsh Government's response to the Committee's recommendations, we are writing with significant concern that not enough is being done by the Welsh Government to support the sector.

The Committee has provided great leadership, and there is now an opportunity to build on the insights gathered in the past few months to work with the Welsh Government and advocate for additional support for the sport, physical activity, and leisure sector.

While the Welsh Government has repeatedly said that they are not aware of any immediate threat to facilities in terms of closure, we believe this view is misguided as there is a very real and immediate threat to the delivery of public leisure services. The focus on whether or not facilities stay open gives an incomplete picture of the current situation and diminishes the impact of increasing costs on the ability for people to be physically active. While facilities may stay open, programmes, activities and staffing levels will be significantly affected. This is also evidenced, and widely supported, in the petition<sup>1</sup> submitted by Swim Wales to protect leisure centres and swimming pools from closure during the current energy crisis.

We have outlined the current state of the sector in our responses to the Welsh Government's Draft Budget consultation and our more recent responses to the Local Government Settlement. They are attached for your reference.

Welsh Government's response to the Committee's report

Having reviewed the Welsh Government's response to the Committee's report following the inquiry on the impact of increasing costs, we remain concerned that the Welsh Government is not providing enough support to the sector, and that their understanding of the sector is at times inaccurate. We have set out examples below.

In response to the Committee's third recommendation on leisure trust eligibility to the Energy Service, Welsh Government writes that "Local Authorities and other public sector organisations can access technical and financial support from the Welsh Government's Energy Service, to improve the energy efficiency of their swimming pools and leisure centres (including those managed by leisure trusts), helping to reduce carbon emissions."

However, this response is incomplete and inaccurate. While leisure trusts are eligible to receive support, local authorities still need to apply for the scheme on their behalf and if leisure trusts are responsible for the energy bills themselves, it is currently not possible for leisure trusts to access the zero interest loans (unless the Council starts paying the bills).

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<sup>1</sup> Petition Protect leisure centres and swimming pools from closure during the current energy crisis. Available at: <https://petitions.senedd.wales/petitions/245334>

With regards to the fourth recommendation on capital funding, the Welsh Government is leaving the responsibility with Local Authorities to use the unhypothecated capital funding provided to Local Authorities for investment in sports and leisure facilities “if Authorities consider it is appropriate to do so.” We know from experience that without a clear directive or encouragement from the Welsh Government and the Minister in particular, this will not happen. Welsh Government needs to be clear about the evidence that leisure facilities are consistently in the top 5 most carbon intensive buildings in a local authority area<sup>2</sup>.

With regards to the fifth recommendation on additional targeted funding and the eight recommendation on providing distinct support, the Welsh Government’s response does not refer to any new or additional funding for the sector to address the impact of increased costs. Moreover, when reviewing the Draft Budget from the Welsh Government, capital funding for Sport Wales remains at an equal level, representing a real terms cut.

This comes at a time where it is more critical and urgent than ever that we invest in our ageing facilities, with two thirds of the public leisure building stock is past its replacement date, the energy and cost of living crisis being felt across the sector, and the climate crisis demanding real and immediate action.

#### Projections for public leisure delivery in 2023-24

Local governments, as key partners in the provision of public leisure either through in-house delivery or as a partner to leisure trusts, continue to face significant pressures with their financial planning and budgeting. Welsh local government is facing a £784m budget black hole next year alone which is only likely to rise ever further in subsequent years<sup>3</sup>. Therefore, while the 7.9% increase in funding from the Welsh Government, which is around £400m, is welcomed, we echo the Welsh Local Government Association’s warning that tough decisions will remain due to continuing challenging economic circumstances<sup>4</sup>.

Analysis conducted by the Welsh Sports Association suggest that there are widespread moves by Local Authorities to make changes to sport and leisure provision. In at least half of the budget consultations in progress or concluded the Local Authority suggest either restricted opening hours (e.g. Monmouthshire), increased fees and charges (e.g. Pembrokeshire and Caerphilly) or closure of facilities (Carmarthenshire is proposing to undergo asset transfer or closure of St Clears leisure centre). In Neath Port Talbot, the Council’s need to increase council tax by an additional 2% “to begin to address the budget gap required to keep leisure facilities open in 2023/24”<sup>5</sup>.

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<sup>2</sup> As identified through the ‘opportunity identification’ of the Welsh Government Energy Service.

<sup>3</sup> Welsh Local Government Association. “Hopeful of continuation of Welsh Government’s commitment to local services”. Available at: <https://www.wlga.wales/hopeful-of-continuation-of-welsh-government%e2%80%99s-commitment-to-local-services>

<sup>4</sup> Welsh Local Government Association. Welsh Government has supported councils with today’s settlement, but tough decisions remain, says WLGA. Available at: <https://www.wlga.wales/welsh-government-has-supported-councils-with-settlement-but-tough-decisions-remain>

<sup>5</sup> Neath Port Talbot County Borough Council Cabinet, Report of the Corporate Directors Group 19th January 2023. Available at: <https://democracy.npt.gov.uk/documents/s83662/CAB-190123-REP-Draft%20Budget%20for%20Consultation%202023-24%20-%20CAB%20FINAL.pdf>

## Recommendations

Having evaluated the Welsh Government's written response and the debate around both the Welsh Government's Draft Budget and the response to the Committee's report, we remain significantly concerned about the current state of the sport, physical activity and leisure sector, and the levels of support provided by the Welsh Government.

Specifically, as sector representative bodies, we are urging the Welsh Government to:

- Encourage local government to invest in public leisure and culture as essential services, in line with their responsibilities under the Well-being of Future Generations Act.
- Set out what tangible support the Welsh Government will provide to the wider sector – including leisure centres, swimming pools, theatres and the wider arts and culture sector – to help navigate the energy crisis across 2023-24 so that service restrictions and facility closures can be minimised.
- Set out a long-term plan for the future of non-statutory public leisure services.
- Recognise the unique role that charities and social enterprises play in our economy and for the wellbeing of communities, and prioritise support for high-energy using charities and social enterprises where the sole purpose is social value and delivery of public services for communities.

We would welcome a conversation with you to discuss how we can continue to advocate for how vital public leisure is for the health and wellbeing of our nation and work collaboratively across Welsh Government departments to get the right level of support to our sector.

Thank you for your time and consideration. Please do not hesitate to contact us if we can be of any further assistance.

Yours sincerely,



Matthew Williams  
Head of Policy and Communications  
Welsh Sports Association

Jennifer Huygen  
Head of Policy and Strategic Partnerships  
Community Leisure UK

matthew.williams@wsa.wales  
<https://wsa.wales/>

jenniferhuygen@communityleisureuk.org  
<https://communityleisureuk.org/>