

The Welsh Sports Association is the independent membership body for the sport and leisure sector in Wales.

The WSA's vision is for a 'vibrant, active nation', and our mission is to empower our members to be stronger and more successful, contributing towards a society fit for the future. Ensuring that there are accessible opportunities for the people of Wales to be active through sport and physical recreation is key to delivering a generational shift in attitudes towards health and wellbeing.

We represent the deliverers and facilitators of a broad range of sports and activities in Wales, including national governing bodies of sport, community trusts, local authorities and trusts, and private providers. We work closely with Sport Wales and other relevant partners to champion the role of sport and its contribution to wider public policy.

Collectively our membership represents 143 organisations involved in the delivery of sport, around 6000 amateur sports clubs, and up to 1 million volunteers who participate in the delivery of sport in Wales.

### *General comments*

This inquiry comes at a time of profound challenge for the entire sport and leisure industry. The entire sector is facing significant challenges relating to energy costs, against a backdrop of slow recovery from the impacts of the pandemic.

In October 2022, the LGA in England reported that energy costs for public leisure services had increased from around 10-15% of turnover in 2019, to 25-30% of turnover in 2023-24<sup>1</sup>. Two Leisure Trusts, who operate services on behalf of Local Authorities in Wales report increases in energy costs of up to £1million per Local Authority contract they deliver.

Concurrently, many operators are reporting customer numbers that are 80-90% of pre pandemic levels, and within this mix a greater number of customers paying concessionary and social tariffs. Income levels are recovering slowly.

Feedback across our membership reports that the shape of returning demand has shifted. Whilst some services such as swimming lessons are experiencing high demand, members have seen a slower return to other forms of activity.

Swimming Pools are bearing the most immediate and pressing challenges. However, due to the interlinked nature of the sector, with a variety of infrastructure held in single buildings at leisure centres the threat to swimming pools spills over to the entire sector. These challenges were explored by the Welsh Language, Sport and International Relations Committee<sup>2</sup>.

The Welsh Sports Association is concerned that these challenges, set against an extremely tough funding environment for Local Government may result in a reduction/rationalisation of services over the coming years. This will have an immediate and obvious impact on the ability of our members to

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<sup>1</sup> <https://www.local.gov.uk/parliament/briefings-and-responses/briefing-note-councils-and-leisure-providers-mitigating-impact>

<sup>2</sup> Welsh Parliament Culture, Communications, Welsh Language, Sport, and International Relations Committee. Increasing costs Impact on culture and sport November 2022. Available at: <https://business.senedd.wales/mgIssueHistoryHome.aspx?IId=39879>

deliver their sports in the community, and the ability of all of us in Wales to deliver against the shared Vision for Sport in Wales and drive up participation levels.

### *Models for delivery in the sector.*

Wales currently has a roughly even split between Local Authorities who operate their leisure estate “in house” [in 8 of 22 authorities] and those who have contracted to another operator. Amongst those who have contracted services, the majority are run by charitable trusts, with two LATCO (Local Authority Trading Company) in existence. Governance models across the trusts vary, with some set up to run services within a specific Local Authority, and others operating services across several Local Authorities.

The WSA is model agnostic, and recognises that different approaches suit varying local circumstances. All the above delivery models are included within our membership. Our main priority is to maintain or improve existing standards and extent of service for our wider membership and the public, whatever the model of operation is. However, we also acknowledge that a change, especially a sudden change in operating model can often be an opportunity to rationalise or otherwise alter service delivery and this should be avoided

Regardless of operating model, in the current funding environment the key issue facing all public leisure operators in Wales is the ongoing flow of cash from Local Authority budgets into leisure services. As leisure is not a statutory service, it has been one of the first budget areas to come under pressure as finances are squeezed. For “in house” operators there is the significant need for Local Authorities to continue to deliver statutory services such as education and social and, thus budgets have tightened. For those delivering contracts we have seen that management fees have failed to keep pace with inflation or reduced in real and cash terms.

The sport and leisure sector is in a paradoxical situation where on the one hand, sports development, and the drive to increase participation is funded by the Welsh Government via Sport Wales, and there is accountability against the Sport Wales strategy, shared Vision for Sport in Wales, and Welsh Government’s remit letter. On the other hand, the infrastructure (public leisure) on which the sector relies to deliver against these goals is funded via Local Authority budgets and has been squeezed over the last decade by competing statutory priorities – accountability for these budgets is disparate, and the sport and leisure sector often has lower levels of influence.

As noted by the Welsh Language, Sport and International Relations Committee in their scrutiny of the budget for 23-24, this diverse mix of public funding makes it difficult to ascertain what the total quantum of public spend on leisure services in Wales is<sup>3</sup> and the effectiveness of cross Government collaboration on sport and physical activity.

Broadly, whilst it remains politically unpalatable for Local Authorities to make significant changes to leisure services, we are fearful that ongoing budget challenges may force change over the coming years.

### *Interactions with other services*

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<sup>3</sup> <https://senedd.wales/media/n0xhumhn/cr-ld15651-e.pdf>

The Future Generations Act requires Local Authorities to pursue Wales' statutory wellbeing goals and ways of working. Leisure services, and the delivery of sport and physical activity can play a key role in this. This role has arguably been underappreciated in recent years – though we are seeing positive signs of change in this area.

Many of those operating public leisure services report that the Covid-19 pandemic led to strengthened and deeper relationships between leisure and partner services in health, social care, education. The Welsh NHS Confederation and Community Leisure UK have published a joint paper<sup>4</sup> on the role leisure trusts can play in supporting the NHS and we are seeing positive relationships develop.

Elsewhere, the National Exercise Referral scheme has played a significant role in rolling out physical activity based interventions and supporting the NHS and social services in terms of preventative care. However, even within this scheme there are historical issues, which may be resolved soon around the rate paid to providers of the scheme, which has not kept pace with inflation over the last decade.

These are all areas where there are significant opportunities to increase our offer and evidence suggests that this would result in long terms savings. Such access to new areas of funding which could support local delivery of affordable, accessible public leisure services.

#### *Other issues within the sector*

In August 2022, the WSA surveyed all Local Authorities and organisations responsible for delivering public leisure services in Wales. This survey found several key issues at the time:

- Delayed recovery from the pandemic, both in terms of the number of customers and the fees these customers can pay. Many are reporting that their income mix is now more dependent on concessionary rates than “full price” customers.
- Changing consumer and user group habits – peak times have changed, and the sports and activities people wish to participate in have also changed.
- Significant issues with staff recruitment – especially in some key areas such as food & beverage, swimming instructors.
- Backlogs of repair and maintenance, partly arising from delayed works in the pandemic.
- Increasing costs on both revenue and capital sides of the budget.
  - Energy costs have rapidly increased, significantly impacting revenue budgets.
  - Building works and materials prices have also increased significantly.

On the other hand, our members have also reported some positives:

- Sport Wales and Welsh Government capital programme for investment is welcomed.
- Customers who have returned seem to report higher levels of satisfaction, and appreciation of the value of the offer.
- Better working relationships with Local Health Boards, partly because leisure often hosted vaccination centres etc. This is leading to innovative health support programmes.

#### ***Recommendations***

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<sup>4</sup> <https://www.nhsconfed.org/publications/leisure-and-culture-trusts-health-and-wellbeing-support-nhs-wales>

1. Leisure, sport and physical activity is given an enhanced statutory role in delivering public services. Strengthening existing duties in the Future Generations Act and ensuring ongoing delivery of accessible, affordable local services in Welsh communities.
2. Enhanced cross Government working to support public leisure services.
3. The key role of leisure services in delivering against our mix of priorities in sport, public health and community wellbeing should allow for a clear and defined place for physical activity in Governance and decision making within public service boards, Local Authority cabinets, the Welsh Government etc.
4. A long-term plan for the financial stability and continued importance of public leisure services.
5. A medium term plan for the modernisation of Wales' leisure infrastructure.
6. Increase in the subsidy paid to operators for the National Exercise Referral scheme to reflect the increase in costs to deliver the scheme efficiently.