

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2024-25](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2024-25](#).

WGDB\_24-25 46 : Ymateb gan: Chwaraeon Cymru | Response from: Sports Wales

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# Finance Committee – Sport Wales Response

# 1. Sport Wales Response to the Finance Committee's inquiry into the draft budget 24/25:

Sport Wales is the national organisation responsible for developing and promoting sport and physical activity in Wales at both community and elite levels. We are financed by annual funding from the Welsh Government and from income generated from our own activities. We are the main adviser on sporting matters to the Welsh Government and are responsible for distributing Government and National Lottery funding to sport in Wales.

Sport Wales is one of the smallest public bodies in Wales and our budget is comprised of running costs, grant funding for National Governing Bodies, national partners and local authorities to deliver sport, but also community sport – investing and growing local opportunities for clubs and societies to serve the needs of their local communities.

We are one of the 44 public bodies in Wales which are subject to the Wellbeing of Future Generations (Wales) Act; we meet our duties under the Welsh Language Standards and care deeply about our place in Welsh society and culture. We work closely with the Older People's and Children's Commissioners and filter all our work through the lens of equality, diversity and inclusion.

We strive to be the best we can be and give the best we can offer to all people along the sporting pathway, from children starting out, to medal-winning athletes, to a diverse career path in the sporting sector, to older people staying fit, healthy and independent.

## Response

Sport Wales welcomes the opportunity to respond to the Finance Committee's consultation into the draft budget. We realise there are clear **economic challenges (e.g., cost of living, increasing poverty and inequality)** that are affecting the population – however, participation in sport is already significantly skewed against inequality and low incomes, so there is a risk that this situation will deteriorate even further should there be a reduction in the Sport Wales budget.

Recent statistics from the latest [Wales Activity Tracker](#) show the impact the cost-of-living crisis has on sport and physical activity, such as the fact that 40% of respondents to this representative survey agree that the cost-of-living crisis has had a negative impact on their ability to be active. Those under 55, women and parents are most affected, either needing to switch to cheaper or free activities, or becoming less active.

In this response we have focused on answering specific questions that we believe are relevant to us at this stage. We will also feed in further comments to the Communications, Culture, Welsh Language, Sport and International Relations committee at the appropriate time.

**1. What, in your opinion, has been the impact of the Welsh Government's 2023-2024 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective, given the economic outlook for 2024-25?**

The pandemic had an immediate impact on sport, with many clubs unlikely to have been able to carry on without the support they received through the Welsh Government-funded support strand of the Be Active Wales Fund. The funds which were then also allocated to the Sport and Leisure Recovery Fund were also critical to the survival of much sporting activity in Wales. By the time of the 2023-24 budget, the sector was in a strong position, already in recovery, however it is clear to say that leisure facilities (something which Sport Wales is not responsible for) have been highly impacted by the pandemic through membership, changing habits and workforce. This was investigated by the recent Libraries and Leisure Services inquiry undertaken by the Local Government and Housing Committee.

The cost-of-living financial support provided by Welsh Government for the sport sector in 2022-23 and 2023-24 was welcome. Through our relationships with partner organisations, we have noted that these challenges persist but, in some cases, this has led to enhanced innovation and collaboration across different bodies.

**2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures? How financially prepared is your organisation for the 2024-25 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

The Welsh Government's switch to providing indicative three-year budgets was welcome and obviously gives more opportunity for organisations to plan further ahead. In the context of the indicative budget for 2024-25 published in February 2023, Sport Wales was financially prepared and had planned our activities accordingly. The challenge emerges if there are significant reductions in these budgets, particularly in the context of the continued high levels of inflation. We would welcome the publication of three year rolling indicative budgets to aid planning. 2024/25 is the final year of the indicative 3 year published budget, we would wish to see an updated and recurring indicative 3 year budget as annualised budgets are not helpful and hinder planning.

Sport Wales, like many smaller public bodies, has a low proportion of variable/discretionary costs and undertakes significant grant making activities. As a consequence, our ability to reduce the cost base is limited. The challenge of inflation (pay and non-pay) also persists for our organisation and our staff.

In a budget reduction scenario, this would invariably mean that effective services to the people of Wales is impacted. Our strategy is built on the Vision for Sport in Wales <https://visionforsport.wales/>, and our objectives to see all people have the opportunity to access sport and physical activity no matter their socioeconomic background, ethnicity, age or ability will invariably be impacted. The Vision, and our strategy, recognises that being active regularly is a cornerstone in a healthy life, and everyone should have the ability to be active.

A budget reduction scenario jeopardises the progress that we have made through changes to our investment model. This model prioritises investment into areas of need

and focuses upon equality, diversity and inclusion. There are also potential risks to the financial sustainability of valued key delivery partners within the sport sector.

With a term of Government remit letter, it is likely that certain deliverables required of us may not be possible, and budget uncertainty for 2024-25 and beyond means that we cannot plan as robustly as we might otherwise have been able to do.

We believe that sport and physical activity has a crucial role to play in improving the health of the people of Wales. A myriad of studies have shown the positive impact sport can have on people's physical and mental wellbeing and whilst we're glad to see the health budget protected and increased, we are eager to see a joined-up approach to ensure the health sector is not just spending more and more to keep up with ill-health but also ensuring that its budget is being used effectively as a preventative tool and to stop its services being needed in the future.

Sport and physical activity is a key policy area which comparatively is a very small part of the health budget. We believe that investing to see health prioritised is crucial to the long-term health of the population of Wales, anything otherwise as a result of reductions in financial support is a false economy.

The headline figures from our latest social return on investment (SROI) figures, which is due to be published in December 2023, shows the significant impact that sport has in several areas:

- Total contribution for sport to health is £621m.
- Sport contribution to subjective wellbeing is £2.06bn.
- Sport contribution to social capital is £2.87bn.
- Sport contribution to volunteering is £430m.

Total contribution as a social return (not counting economic outputs like spend and job creation) to Wales from sport annually is £5.98bn. So, for every £1 spent on sport there is a return of £4.44 to the economy.

In light of this evidence, Sport Wales is concerned at the longer-term impact of any budget reduction on the health and wellbeing of the population of Wales and the corresponding impact on health services. Similarly, in the short-term, reduced opportunities to participate in sport may have a corresponding adverse impact on illness (mental and physical) and inequality.

We want to see sport maximised across Government portfolio areas, and the unique benefit sport can play in delivering for Wales to be understood and reflected within the budget. We also want to ensure that sport's ability to protect the health service's scarce resources both from a prevention and from a recovery and strengthening tool is realised and utilised by the health service and Government.

3. ***What action should the Welsh Government take to help households cope with inflation and cost of living issues?– How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?***

At Sport Wales we recognise that children, young people and their families living in poverty experience disadvantage in many ways. For them poverty is not just about not having enough money or clothes; access to play and leisure, regular balanced meals,

access to services and support are all areas where they face potential disadvantage. These are just the manifestations of poverty. However, the outcomes of these issues are that child poverty limits aspiration, curtails life experience and results in fewer opportunities for the future.

Children growing up in poverty experience worse health outcomes, educational attainment and economic prospects than their more affluent peers. We also know that they are less likely to participate in sporting activities. Addressing poverty and inequality among children and young people is crucial not only to their own opportunity to make the most of their lives but to what they are able to contribute to wider society as adults.

In line with Welsh Government's refreshed Child Poverty strategy, we are in the process of formulating our new response to child poverty which will aim to further develop our work in ensuring that every young person in Wales has the opportunity to participate in sports and physical activity, no matter their economic background.

We believe that sport needs to be recognised for the crucial role it can play across policy areas, and that sport needs to become a regular part of the conversation in delivering health and education outcomes as well as part of the discussion when looking at positive solutions to transport issues and seeing community facilities being open and available to all.

Whilst these arguments are recognised across Government, sport still represents such a small amount of Government's budget. If collaboration and outcomes using sport were agreed, we might see a much greater return on investment in the wellbeing of people in Wales.

In terms of socioeconomic challenges, the cost-of-living crisis and growing inequalities, Sport Wales has adapted investment streams to focus on these areas, for example the recent energy saving grant <https://www.sport.wales/grants-and-funding/energy-saving-grant/> which offered sport clubs in Wales a unique opportunity to make energy saving improvements whilst also helping to tackle the climate and nature emergencies. The Be Active Wales fund <https://www.sport.wales/grants-and-funding/beactivewalesfund/> promotes equality, sustainability and innovation in sport and in addition, our Crowdfunder stream <https://www.sport.wales/grants-and-funding/crowdfunder/> that has targeted work in terms of tackling growing inequalities with 50% of a project able to be matched funded if they are based in one of the most deprived areas of Wales, as identified by the Welsh Index of Multiple Deprivation (WIMD) data.

**4. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?**

Investment has been rightly targeted at infrastructure and energy projects to date. Given that the majority of emissions are linked to procurement (and assessed on a spend basis), targeted support at reducing supply chain emissions would also be welcomed.

There are aspirations to work with local suppliers but a significant knowledge and capacity gap from smaller suppliers on how to identify the actual carbon emissions. Lots of opportunities to enhance knowledge in this area – Cyd (the National Procurement Centre of Excellence <https://cyd.cymru/>) undoubtedly has a significant role in this.

**5. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?**

*Sport Wales has no comment on this question.*

**6. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?**

- Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?
- How could the budget further address gender inequality in areas such as healthcare, skills and employment?
- Is the Welsh Government's approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).
- How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?
- How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?
- How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?
- Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning.
- Has there been adequate investment from the Welsh Government in basic public sector infrastructure.
- Is there enough infrastructure investment targeted at young people?
- How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?
- Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?

- What are the key opportunities for the Welsh Government to invest in supporting an economy and public services that better deliver against the well-being goals in the Wellbeing of Future Generations Act?

We believe that there is a need to take a longer-term view of budgets, similar to other nations including New Zealand, with a bigger focus on prevention. It's clear that sport can play a significant role in addressing intersectional priorities, including health and wellbeing (physical and mental), inequalities, carbon reduction and education.

We recognise that it's difficult to balance preventative spend vs reactive spend. We believe that the NHS proportion of the budget has grown to a level that could jeopardise important work in other areas, including prevention. We feel there is also an opportunity to challenge and advocate across collaborative approaches in the public sector. There remains a compartmentalisation of budget and policy agendas, for example between sport, health and education.

The Wellbeing for Future Generations (Wales) Act encourages longer term decisions with prevention in mind, but the allocation of the budget is not being used in this way.

The Welsh Government have themselves recognised that sport can be the most effective preventative health tool in the country<sup>1</sup>. Our recent social return on investment (SROI) work produced by Professor Larissa Davies of Sheffield Hallam University supports the argument that sport can make a significant positive contribution on both the health of people in Wales and the wider economy.

Not counting economic outputs like spend and job creation, sport annually contributes £5.98bn to the economy through its social impact; for every £1 spent on sport there is a return of £4.44. Another way of thinking of this is that there are approximately 3.1 million people in Wales and sport benefits each person to the sum of £1,929 each year (i.e. 5,980 million / 3.1 million) or £161 a month. A significant contribution to the cost of living. Of course, it is a lot more complex than this, but on average it shows that investment into getting people moving pays off.

Through our business plan priorities, we highlight the impact sport can have across multiple sectors, including Health and Education. There is often a lack of acknowledgement for the opportunity for sport to contribute in various policy areas such as health and this shows a need to advocate for cross-government and agency collaboration to ensure sport's true benefits can be realised.

In Scotland there was a commitment made by the governing party in 2021 to double the budget for sport over the course of parliament. There was also a clear drive to increase participation amongst women and girls – with our latest Wales Activity Tracker data showing how female respondents are significantly more likely than male to have done no physical activity (23% vs. 13%).

We would welcome this type of commitment in Wales in the future.

Our latest SROI results demonstrate clearly that sport in Wales generates considerable value to society across several wellbeing goals including A healthier Wales, A Wales of

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<sup>1</sup> Welsh Government, December 2021 <https://www.gov.wales/sites/default/files/publications/2022-01/ministers-written-evidence-to-senedd-scrutiny-committees-2022-2023.pdf>



cohesive communities, and A Wales of vibrant culture and thriving Welsh language. The SROI also demonstrates that the value generated by sport in Wales is greater than the cost of providing those opportunities by some margin, suggesting that investment in the sector not only contributes to the wellbeing of individuals and society, but it is also good for the economy.

Sport has benefits for the health of the population but more than this, those with good health tend to participate more often in sport. This is important as people pass through various life stages and transitions, and having a habit of being physically active throughout helps to ensure they are as healthy as possible throughout their lives.

- In Wales 39% of adults take part in sport three or more times a week, and this increases to 46% for adults with good or very good health. 86% of adults who take part less frequently have bad or very bad health (NSW 2022-23).
- Sport participation has been shown to be positively associated with multiple healthy lifestyle behaviours – these include not smoking, eat five or more portions of fruit/vegetables daily, maintaining a healthy weight/BMI, and being physically active, for at least 150 mins (NSW 2016-17; NSW 2018-19).

## **Key Summary points**

- We believe sport should be maximised across Government portfolio areas, and the unique benefit sport can play in delivering for Wales is understood and recognised in the budget.
- We wish to see health prevention budgets consider sport and physical activity as a method for delivering their outcomes and pool budgets where others are better placed to deliver activity.
- We believe there is a need for a continuous long-term view on budgeting with a bigger focus on prevention.