

## **IFRCS41 Steve Williams, Senior Policy & Engagement, Sports Wales**

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Senedd Cymru | Welsh Parliament

[Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon, a Chysylltiadau Rhyngwladol](#) | [Culture, Communications, Welsh Language, Sport, and International Relations Committee](#)

[Effaith Gostyngiadau Cyllid ar Ddiwylliant a Chwaraeon](#) | [Impact of Funding Reductions for Culture and Sport](#)

Ymateb gan: Steve Williams, Uwch Arweinydd Polisi ac Ymgysylltu, Chwaraeon Cymru | Evidence from: Steve Williams, Senior Policy & Engagement, Sports Wales

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### **Sport Wales response to the CCWLSIR committee's inquiry into budget reductions**

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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 the National Lottery. 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 48 public bodies in Wales which are subject to the Well-being of Future Generations (Wales) Act 2015; 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. As the Vision for Sport notes, we want Wales to be an active nation where everyone can have a lifelong enjoyment of sport.

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## Overview

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Sport Wales welcomes the opportunity to respond to the CCWLSIR Committees consultation into the impact of funding reductions on culture and sport. Whilst we realise there are clear **economic challenges (e.g. cost of living, increasing poverty and inequality)** that are affecting the population, participation in sport is already significantly skewed against inequality and people on low incomes, so there is a risk that this situation will deteriorate even further should there be a further reduction in the Sport Wales budget.

Despite in-depth discussions with Welsh Government, in 2024/25, Sport Wales received a 10.5% funding cut. In the lead up to these budget cuts, Sport Wales undertook a series of robust financial cut scenario exercises with various options to manage budget cuts being explored.

In 2024/25, approximately 55% of the budget that Sport Wales receives from Welsh Government is distributed as grants to the sport sector in Wales. This funding is used by the sector to deliver safe, enjoyable and developmental opportunities, which are person-centred and led by need, in order to support everyone in reaching their full potential. Any cut to Sport Wales' budget has a compounding effect on communities across Wales and on our ability to support our most talented athletes. Whilst we worked hard to absorb the large majority of the cuts we were subjected to, invariably some of this had to be passed on to the sector with eventually 3% of budget cuts being passed on to partners.

In this response, we will run through the economic impact of sport whilst also highlighting the recent work done around our [social return on investment](#).

Whilst our entire response will touch across the Committee's terms of reference, we will also focus-in specifically on each one individually. We will highlight some of the significant progress made by the sector during the last year, most of which would be severely impacted on, depending on future funding cuts.

## What would Sport Wales like to see happen as a result of this inquiry?

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- We want to highlight the potentially devastating impact across the sector of any future funding cuts. Cuts to Sport Wales will directly impact on grants distributed to partners and consequently the number of opportunities for the people of Wales to benefit from sport.
  - We wish to highlight that the £2.5m cut to the Sport Wales budget in 2024/25 is a false economy. This budget reduction is estimated to have led to a significant loss of £11.1m of social return on investment.
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- We want to see the multitude of benefits that sport provides maximised across Government portfolio areas, and that the unique benefit sport can play in delivering for Wales is understood and positively recognised in budget settlements.
- We wish to see health prevention budgets consider sport and physical activity as a method for delivering their outcomes and aligning 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, and would like the committee to highlight this. As a minimum, we would ask that a recurring 3-year indicative budget be reintroduced for Sport Wales as an effective tool to Managing Welsh Public Money.

### **What is the insight telling us?**

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#### **Wales Activity Tracker**

Back in 2020, Sport Wales teamed up with [Savanta](#) to get an insight into the nation's activity habits and behaviours. Established to track activity levels during the Coronavirus pandemic, the survey has usefully continued to regularly check activity levels in Wales.

The surveys, run at four fixed points throughout the year, provide a snapshot on physical activity and sport, as well as behaviours and attitudes of people in Wales surrounding exercise.

The data has been weighted to be demographically representative of Welsh adults 16+ by gender, age and the estimated households with children under 16.

The latest data from the recent wave of the ['Wales Activity Tracker'](#) shows that the majority of people who responded think that the Government should be prioritising sport and physical activity.

The survey also gave a glimpse into how sport plays a key role in people's everyday lives with a number of people for example inspired to take up a sport after watching a major sporting event.

Some of the findings included:

- More than half (54%) of adults think it is important that the newly elected government prioritises sport and physical activity.
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- 70% of adults have watched a major sporting event in the past three months.
- Approx 1 in 3 (35%) of those who watched a major sporting event were inspired to take part in physical activity.
- Of those that were inspired, 74% intend to continue doing this physical activity in the long-term (i.e. for more than six months).
- Of those that were inspired, 22% were inspired by the Euros; 20% were inspired by the Olympics; 5% were inspired by Wimbledon; 4% by London Marathon.

The data also highlights the benefits that people see in sport in relation to their health. Of those who have participated in sport or physical activity in the last three months, three in four (75%) say they were motivated by being physically healthy. Nearly three in five adults also agree that they exercise to help manage their physical health (58%) or to help manage their mental health (59%).

### **School Sport Survey**

The [School Sport Survey](#) is one of the world's biggest surveys of young people and gives us and the sector a rich insight into participation levels, behaviours and attitudes.

Thanks to the hard work of schools, local authorities, and others across the sport and education sector, we were able to listen to the voices of over 116,000 pupils, and almost 950 teachers on sport and wellbeing in Wales through the 2022 School Sport Survey.

The depth of evidence means that we, and our partners, can make more informed decisions about future investment resources. We can analyse emerging trends and develop sport in a format that motivates children and young people today. It also allows us to examine under-represented groups, and we use the evidence to tackle some of the barriers that prevent children and young people taking part.

Further along in this response we will touch on the work done by Welsh Boxing to make the sport more inclusive, using results from the School Sport Survey.

There is a strong concern that any future funding cuts to the sector will lead to sporting organisations being unable to develop their offers for young people, ultimately leading to a drop in standards and reduced community reach that the sport sector will have difficulty recovering from.

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## **Sport Wales' Social Return on Investment**

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In December 2023, Sport Wales published a Social Return on Investment study<sup>1</sup>, undertaken by the world-leading Sport Industry Research Centre (SIRC) at Sheffield Hallam University. The study captures the social impact of sport in Wales.

The headline figures from this analysis shows the significant impact that sport has in several areas:

- The total contribution for sport to health is £621m. Demonstrating that investing in sport has a significant impact on the prevention of ill-health, resulting in cost savings to the National Health Service.
- Sport contributes £2.06bn in subjective wellbeing to the Welsh population.
- £2.87bn in social capital is created through sport as a result of the impact of participation and volunteering in sport driving social cohesion and connected community structures.
- That volunteering impact is also realised through a £430m direct impact.

The total contribution as a social return (not counting economic outputs like spend and job creation) to Wales from sport annually is £5.98bn. For every £1 spent on sport here in Wales, there is a return of £4.44. This highlights that any reductions in the investment in sport creates wider impacts in potential increased costs to other services, such as within the health sector, as well as the lost opportunities to develop skills through volunteering, social interaction, create community engagement and positive wellbeing (including life satisfaction). These missed opportunities will impact on the sport sector and beyond and amplify the value of funding reductions far beyond the initial funding change.

The £5.98bn social return on investment that sport provides for Wales equates to a benefit to each person to the sum of £1,929 annually. With any funding cut to the sector, this benefit will reduce. In some cases, it will not be replaced. In others, such as through the need to replace volunteering time, or additional spend on mental health services, this will drive greater financial challenges for individuals and organisations, exacerbating an already difficult financial position that we

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<sup>1</sup> <https://www.sport.wales/research-and-insight/social-return-on-investment/>

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know through survey data is already reducing the public's ability to take part in sport.

### **Economic impact of sport**

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At the start of the pandemic, Sport Wales also commissioned an economic value report of the impact of Sport in Wales. Again, this was undertaken by the research team at SIRC.

The figures produced based on 2019 data captured the significant impact sport had in driving economic activity in Wales.

- The Gross Value Added figure in Wales due to sport was estimated at £1,195m.
- Sport related consumer spend in Wales was £1,260m.
- Sport related employment consisted of 31,100 Full Time Equivalent jobs.

Moreover, these figures had shown that sport as an industry was growing and becoming increasingly more important to Wales, compared to the previous study undertaken in 2016.

This study was part of the evidence which led to the Welsh Government taking positive steps to support the sector during the pandemic, including the innovative Private Provider Fund and Freelancer Funds that Sport Wales administered to support commercial businesses in the sport sector. Undoubtedly, this investment helped maintain the sector during those tough economic periods.

A new report is currently being undertaken in collaboration with all UK Home Sport councils, UK sport and the Department of Culture, Media and Sport. Once published, this will provide a more up to date picture of the sector in Wales and we look forward to being able to share that with the committee in due course. However, what is very evident is that any contraction of the sport sector due to funding cuts will impact on the wider economy of Wales.

Much the same as the previously outlined social return on investment impact, there will clearly be a lost opportunity through cuts to sporting services. There will be direct economic impacts with the sporting sector having to consider its activities and employment. However, sport underpins so many other industries, in particular the hospitality and tourism industries and construction.

Cuts to sport will have a wider impact. The 2019 economic value report noted that "Sports' links with other sectors (shown through high multipliers) imply that sport

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can be used to restore the economy and especially employment.” This is equally true in the inverse, where cuts to sport will drive challenging economic conditions across other sectors due to the interlinked nature of their reliance.

### **The Sport Sector’s Progress: (See Appendix A for further information)**

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Over the past few years, the sport sector in Wales has been increasingly working towards a safer, more enjoyable and more developmental approach. The implementation of the Sport Wales investment model<sup>2</sup>, was specifically designed to fund organisations in line with their capacity and capability to broaden the inclusivity of their sporting offers. There are a range of examples where we are seeing a real change in our partners approach to meet this challenge. Some examples are detailed below, whilst we have also attached (appendix A) a recent partner progress and learning report for a fuller picture of the work.

#### **Participating in sport during Ramadan.**

A second Midnight Ramadan event, developed and operated by the Foundation for Sports Coaching, was held at the Sport Wales National Centre (SWNC), attracting more than 400 people over three nights. Using feedback from 2023 to improve the offer this year, there was a dedicated offering for women and girls on Saturday night. The purpose of the programme was to connect with and increase sports participation amongst the Muslim communities in Cardiff and to showcase SWNC as a welcoming place for everyone. Participants took part in a wide range of sports and had the opportunity to experience the high-performance athlete area, with the nutrition team providing a programme geared to the specific needs of participants observing Ramadan. There was a wide-ranging number of partners involved, including many National Governing Bodies, which helped make the event so successful and create pathways for further collaboration beyond the Ramadan period.

#### **Judo Inclusion**

Welsh Judo has successfully integrated visually impaired athletes into non-visually impaired events. The ability for Welsh Judo to provide inclusive opportunities at club and events is a positive step forward and supports the inclusion agenda. British Blind Sport produced A Guide on Supporting Visually Impaired Adults and

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<sup>2</sup><https://www.sport.wales/grants-and-funding/our-approach-to-investment/our-approach-to-partner-investment/>

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Children in a Judo Environment<sup>3</sup>, which provides helpful advice to other contact and non-contact sports and event organisers.

### **'I'd do more sport if...'**

The 2022 School Sport Survey Report for Boxing notes that of pupils who have unmet demand for Boxing, 5% have a disability or impairment, and 11% have a learning difficulty. To develop their offer, Welsh Boxing needed to:

- Increase awareness of the offer: They attended Disability Sport Wales' Insport Festival where over 560 people took part in a form of boxing activity.
- Increase access to equipment: Capital investment is being allocated across Wales for wheelchairs, sensory products, visual aids and virtual reality headsets, which enables individuals with a wider range of impairments to take part. This also enables people to connect across multiple sites and share sessions.

These are just a sample of the innovative approaches that are put at risk through funding cuts. There could be a significant undermining of the inclusivity agenda with cuts that have been received, and certainly any further cuts will likely contract the agenda of a broad sporting offer. This is an opportunity cost the sport sector cannot afford given that there is already a recognised underrepresentation by race, religion, ethnicity, gender, disability and deprivation.

### **Wales on the world stage:**

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It is noteworthy that Wales continues to punch well above its weight in terms of sporting success, which in turn drives the cultural and international reputation of the nation. The Welsh men's football team's presence at the 2022 Qatar World Cup was not only significant in sporting terms, but it provided a platform and catalyst for cultural diplomacy and economic stimulus. As the British Council Wales' Soft Power report previously demonstrated, sport is the nation's most important and effective soft power tool and should not be underestimated<sup>4</sup>.

It is noteworthy that at the 2024 Paris Olympic Games, a record breaking 33 Welsh athletes made up 10% of the team that competed as part of Team GB at the Olympics. A further 21 Welsh athletes will compete for Paralympics GB at the subsequent Paralympics. This chance to represent Wales on the world stage is

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<sup>3</sup>bbs\_judo.pdf (wcb-ccd.org.uk)

<sup>4</sup> [https://wales.britishcouncil.org/sites/default/files/wales\\_soft\\_power\\_barometer\\_2018\\_0.pdf](https://wales.britishcouncil.org/sites/default/files/wales_soft_power_barometer_2018_0.pdf)

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under threat because of reduced funding. People aren't born Olympic or Paralympic athletes.

They're developed and shaped by the communities and clubs they meet along the way, and this is considerably less likely in light of reduced funding, and it will also inhibit our ability to further diversify the athlete and coaching population.

### **Committee's Terms of reference:**

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#### **1. What impacts has reduced funding had on your organisation and sector so far?**

With the news of the Welsh Government's Draft Budget 2024/25, Sport Wales were aware that we would be looking at a difficult landscape as we moved into 2024 and beyond. A 10.5% reduction in Sport Wales' budget had the potential to see an enormous impact, including potential redundancies within the sector, significant programmes being delayed or cancelled altogether, and tough decisions having to be made for many organisations, leading to a disproportionate impact on the nation's most underserved groups.

Many organisations that we fund have had to restructure over the past few years due to budget cuts. Ultimately, we aim to protect as many of our partners as possible, but the impact is already being felt.

Whilst the funding cut of 10.5% in 2024/25 is undoubtedly incredibly challenging for Sport Wales and the sport sector, the bigger concern would be a compounding effect of any further cuts in future years.

Sport Wales will always attempt to absorb as much of any funding cut as possible in order to protect our partners in their ability to retain staff and programmes, but if this trend continues and future financial years see similar reductions, there will be little scope for Sport Wales to protect our partners and this will inevitably have critical consequences for the sport sector in Wales, as well as the range of communities and individuals that they support.

Sport Wales, like many smaller public bodies, has a low proportion of variable/discretionary costs and undertakes significant grant making activities (circa 55% of funding from Welsh Government is distributed in grants to the sport sector). 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.

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In any 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](#) 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 to 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.

We believe that sport and the work of Sport Wales contributes far beyond the culture and economy brief as evidenced in the social return of investment and economic impact studies. We will continue to push for the need for sport to be considered in all policy briefs and for other portfolios to maximise the impacts of sport and physical activity.

The Welsh Government's forward thinking move to providing indicative three-year budgets was welcomed and clearly 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 when 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 was the final year of the indicative three-year published budget and we would wish to see an updated and recurring indicative three-year budget as annualised budgets are not helpful and hinder planning.

With a term of Government remit letter, it is likely that certain deliverables required of us may not be possible, and budget uncertainty for 2025/26 and beyond means that we cannot plan as robustly as we might otherwise have been able to do.

In light of the evidence of our previously mentioned SROI, 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

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may have a corresponding adverse impact on illness (mental and physical) and inequality.

**2. What measures have you taken in light of it, such as changing what you do and how you do it?**

We are taking a prudent approach to in-year budget management and are continuing with quarterly budget reviews with all Heads / Assistant Directors to understand performance against budget and future forecasts.

After allocating funding to partners and staff costs, the remaining discretionary budget is relatively small, and of this, some is committed due to contracts in place. We will continue to pursue internal opportunities to reduce costs where possible, such as careful consideration of future spending and income opportunities.

Three-year forecasting is in place to model various scenarios depending on future funding received.

**3. To what extent will these impacts be irreversible (e.g. venues closing, or specialist skills being lost rather than a temporary restriction in activities)?**

From our initial assessments, the significant reliance on public funding means that National Governing Bodies (NGBs) of Sport are heavily impacted by any funding reductions. At least 16 NGBs are reliant on 50% or more of their finances via public funding. Even those below that threshold of 50% still have staffing and programmes, particularly those aimed at tackling the inequalities in their sports, which can only be supported due to the necessary public funding they receive.

Cuts in public funding hit participation engagement more historically than performance settings, as most of the exchequer investment is aligned to staffing and not programmes. This public funding traditionally supports investment in participation, tackling inequalities, safeguarding, governance (including inter-sectional equality issues, complaints, integrity, etc.).

We are already aware of partners who are struggling with meeting minimum requirements to receive public funding, especially those small to medium size sports. Any further cuts, directly or in real terms through inflation, may mean that the NGB are able to do very little development work and are only able to maintain their basic legal duties.

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Early estimates suggest that even within only those NGBs who are reliant on Sport Wales for 50% of their funding, as many as 60+ roles would be put at significant risk through future budget reductions. However, those NGB partners with more of a financial distribution of income are also not immune from this challenge. There is also a concern that future reductions in budgets could lead to redundancies across the local government sector, because of a reduced Sport Wales investment into geographical partnerships.

The wider sport and leisure sectors are also heavily dependant on the investment received from Local Authorities. Any pressures on the block grant that local authorities receive from the Welsh Government will undoubtedly have an impact on the availability and usage of sporting facilities and programmes. This is a particular concern for the leisure centre and community facilities infrastructure in Wales.

Further to this, one of the areas of support that Sport Wales has been able to drive in recent years is in reducing costs for the sporting network in Wales. This has been done through our innovative Energy Savings Grant to the community club network, as well as capital grants accessible to National Governing Bodies and Local Authority partners. A large aspect of these schemes has invested in more energy efficient facilities, including solar panelling. This has led to significant reductions in energy costs to the sector, as well as importantly aiding sport facilities to reduce their carbon emissions as part of the sectors contribution to Net Zero targets. The vision the Welsh Government had in identifying a £24m three-year capital funding programme has been well received by the sector. However, currently there is no resource identified beyond the 24/25 financial year, and so there can be no certainty that future capital investments to support the sector can be made. This will have an impact on both the availability and suitability of sporting facilities and their financial and environmental sustainability.

#### **4. What interventions would you like to see from the Welsh Government, beyond increased funding?**

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.

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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 help re-adjust how its services are 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.

Contrary to cutting our budget, we believe that investing in physical activity as a preventative approach is the best way to achieve a significant population level impact and to have a major positive impact on the health service, which is at breaking point.

As noted in the ['Exercise: The Mircale Cure'](#) report by the academy of medical royal colleges:

*"There is mounting evidence that physical inactivity is a major causative physical link between social inequality and poor health. There is also evidence that tackling physical inactivity should be a major focus to improve health across different groups (APCOPA, 2014). **There is no other viable intervention which has the potential to improve health in the UK on such a scale.**"*

We know from experience that the wider public sector recognises that sport has an ability to touch the lives of individuals in Wales like few other sectors. We are fully committed to sport being harnessed to deliver the Welsh Government's ambitious public health, equality, child poverty and social justice programmes, as we are a proven deliverer against these vital agendas. We would want to see investment in sport sustained that enables our sector to continue to deliver on these outcomes. We firmly believe that Sport Wales can be a champion for modernisation and delivery of the Well-being of Future Generations Act for the wider Welsh public service.

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

An integrated impact assessment was completed to assist in understanding the effect of applying a reduction to partner funding. This follows previous impact assessments for the data driven investment model and principles driven investment approach that Sport Wales operates with our partner network. Both models were designed to address inequalities and enable the sector to better respond to need.

Whilst the integrity of both models is preserved, a funding reduction will inevitably slow progress in the following key areas:

- Age, disability, race, sex and socio-economic disadvantage; these areas were more heavily weighted in the investment model.
- Welsh language: Sport Wales specifically funds the Urdd, a national Welsh medium youth organisation who would receive a percentage budget reduction, compromising Welsh language opportunities in sport.
- Well-being of Future Generations goals; for example, a prosperous Wales (due to potential redundancies in the sector), a healthier Wales (reduced opportunities for participation in sport and physical activity and reduced social return on investment), a Wales of cohesive communities (reduced grassroots sport funding) and a Wales of vibrant culture and thriving Welsh language (fewer opportunities to participate in sport through the medium of Welsh).

As a result of the equality impact assessment findings stated above, the budget reduction will adversely impact on the goal to deliver a more equal Wales.

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

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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 with the sector and partners 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.

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.

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## **Summary**

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Sport Wales and its partners has risen to the challenge presented by Welsh Government in its Term of Government Remit letter. We understand that the financial landscape is difficult, but we believe the Welsh Government can create longer term savings through actually investing in the delivery of the sport and aligning this on a regional basis alongside overseeing greater collaboration with the Health and Education sectors. We, at Sport Wales, are leading the way in developing these relationships for the good of every community in Wales. We would like the committee to recommend..

Sport and physical activity have a unique and critical role in preventative health and enabling every child to acquire the skills and confidence to lead a healthy life. Tackling physical inactivity and lifestyle related illnesses must be a collective effort. Sport has a central role to delivering these objectives which are priorities for Welsh Government. Currently, we continue to work closely with colleagues in Education and Health to ensure Wales achieves all of the well-being goals outlined in the Well-being of Future Generations (Wales) Act 2015.

Moving forward, we believe that further dialogue across government's portfolios could mitigate any redundancies that might happen across the sport sector and ensure that we can continue to jointly deliver our ambitious outcomes. Through further discussion, we would be able to strategically manage and commission existing schemes which have a proven track record of delivery as these schemes are scalable and sustainable in terms of their delivery.

Finally, we believe that any future reductions for Sport Wales and the sport sector will actually make a very small, if not insignificant, contribution to the overall budget challenge faced by Welsh Government. However, the impact on sport in Wales is very significant as highlighted above. It will reduce funding to support our most underserved communities, significantly impact on partners' delivery plans, as well as impacting on industrial relations and staff morale.

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