

Culture, Communications, Welsh Language, Sport & International Relations Committee Report - Increasing Costs - Impact on Culture & Sport

The impact of rising costs is particularly high across Culture and Sport areas within my portfolio, highlighting organisations and sectors struggling to recover financially from the pandemic, where falls in attendance numbers mean a reduced ability to generate income.

Large increases in energy prices are adding significant pressures on budgets. Increased living costs are also impacting on the recruitment and retention of staff and volunteers, as people struggle to afford travel costs and child-care, or opt for better paid work. In some instances, the combined result of these challenges is reduced programmes of activity across Wales. Less disposable income means people are also having to tighten belts and spend less on leisure activities. Significant increases in supply chain costs, particularly in relation to materials and labour, are also impacting on capital projects and maintenance work.

I would like to thank the members of the Culture, Communications, Welsh Language, Sport & International Relations Committee for their report on 'Increasing Costs – Impact on Culture & Sport'. I have set out my responses to the report's individual recommendations below.

Recommendation 1: The Welsh Government should urgently work with the National Library to resolve its concerns about the “very serious risk to the collections”.

Response: Accept

The Welsh Government is working with colleagues at the National Library and providing additional support where possible considering the impact of rising costs seen in recent months. An additional £650,000 was awarded in 2022-23 to help address the increased costs of utilities and cost of living pressures and a further £500,000 to pay for a new fire system to ensure the safety of their collections.

The National Library will see an increase in its revenue grant in aid. For the next two financial years, we have made available additional time-limited and ring-fenced funding to support additional pressures relating to pay, the cost of living and utilities. Further additional funding will be provided to support the Co-Operation Agreement priorities, including financial sustainability. Whilst further pressures relating to inflation remains a concern during this period, this additional funding will help support the National Library in 2023-24 and 2024-25.

Financial Implications: outlined above

Recommendation 2: The UK Government should provide sports and cultural venues with support with energy costs beyond the six months of the initial scheme.

This support should be confirmed sooner rather than later to provide medium and long term assurance to these venues.

Response: Accept

The Energy Bill Relief Scheme (EBRS) is a UK Government initiative. The Minister for Economy has responded to the UK Government on the scheme and officials are engaging with the EBRS team within BEIS. We agree that certainty is needed urgently as to the future of the scheme, and that the criteria for support should be made public so that the decision-making process is transparent.

Financial Implications: none

Recommendation 3: The Welsh Government should ensure that leisure trusts are eligible for support with greening their energy consumption, such as that available from the Welsh Government's Energy Service.

Response: Accept

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. The financial support comprises of zero interest loans from the Wales Funding Programme. The zero interest loans are available for improvements as part of large retrofit programmes of work, or smaller energy efficiency projects. These include measures to reduce heating costs by making buildings more heat efficient, LED lighting upgrades, and renewable projects such as installing rooftop solar panels.

Financial Implications: No new implications

Recommendation 4: The Welsh Government should provide capital funding to the sports and cultural sector to green their energy consumption

Response: Accept

Organisations should be considering their own energy costs and resilience as part of their usual capital estate planning.

The unhypothecated capital funding provided to Local Authorities may be used to support sports and social facilities by Local Authorities in this way if Authorities consider it is appropriate to do so. Specific capital funds are also provided by Welsh Government for replacement and extensive refurbishment and remodelling of schools and colleges, for example through the Sustainable Communities for Learning programme. Such projects are now required to deliver net zero carbon and often include sports facilities. Funding is also provided through the Local Authority buildings capital grant introduced from 2023-2024 which may also benefit sports or cultural buildings within the Local Authority estate.

For local museums, libraries and archives, such projects would be eligible to apply for support from the Transformation Capital Grant programme. The funding we provide to Sport Wales also supports the sector to meet our expectations in the All Wales Net Zero Plan and build resilience to the impacts of climate change, ensuring we can continue to deliver our key public services.

Financial Implications: outlined above

Recommendation 5: The Welsh Government should provide additional targeted funding to the sports and culture sectors to help venues and organisations that face closure but have a sustainable future beyond the immediate crisis.

Response: Accept

The Welsh Government recognises the exceptional inflationary pressures to utility costs and costs of living pressures at the arm's length bodies and also local sector organisations. To assist with these pressures, Welsh Ministers have agreed to provide £3,750,000 during the 2022-23 financial year to the National Library of Wales; Amgueddfa Cymru - National Museum Wales; the arts sector via the Arts Council of Wales, the sports sector via Sport Wales; the independent museums and community libraries in Wales; the Books Council of Wales; and the independent creative industries in Wales.

Local museums, libraries, and archives would be eligible to apply to the existing Transformation Capital Grant programme for support to undertake capital works that support organisations' sustainability.

Sport Wales provides funding for those who wish to make their clubs more sustainable. This can be through making improvements to facilities, and in creating long-term sustainability through upskilling volunteers and in measures to reach people currently under-represented in sport and physical activity, for example.

Financial Implications: as outlined above.

Recommendation 6: The Welsh Government should initiate emergency discussions with the UK Government's Department of Digital, Culture, Media and Sport and the Department for Business, Energy, and Industrial Strategy to call for a UK-wide support package to support the culture and sport sectors in response to cost of living pressures.

Response: Decline

This is wholly a matter for UK Government. The impact of the increased cost of living and the failure of the UK Government's promises to replace EU funding in full has created significant challenges. As a Welsh Government, we will continue to work to prioritise our budgets to shield the most vulnerable and maintain our commitment to create a stronger, fairer and greener Wales.

Financial Implications: as outlined

Recommendation 7: The Welsh Government should encourage sporting and cultural activities in Warm Hubs and fund the providers accordingly.

Response: Accept

Many organisations including Local Authorities, local libraries and museums, community councils, faith groups, sports clubs, community centres are already setting up, or looking to set up, Warm Hubs within the local communities. Warm Hubs are intended as places in local communities where people can find a safe and warm environment during the day to help reduce the cost of heating their own homes and to help people facing extreme fuel poverty this winter. Early discussions with stakeholders have indicated a clear ambition for Warm Hubs to deliver more than just a warm space to sit and to include or be developed around interest groups or activities.

The Welsh Government has provided an initial amount of £1m to support the development / expansion of Warm Hubs across Wales. Funding has been provided to local government through the WLGA. Local Authorities will be expected to ensure that arrangements are in place at a local level to ensure that the Welsh Government Funding is made available to those who are delivering the Warm Hubs (i.e. through local grants or similar). This will include working with the local County Voluntary Councils (CVCs). Guidance was issued to Local Authorities to accompany the Welsh Government Funding.

Warm Hubs should be open and inclusive and available for all in the community to use. The focus should be on identifying and delivering to local need and delivering a Warm Hub response which delivers to that need. Warm Hubs might include:

- basic refreshments and snacks (as a minimum) but may extend to provision of a more substantive meal where possible.
- the provision of advice and support services to those who attend, this can be for example advice and support on financial matters, health and well-being or digital accessibility.
- further enrichment activity such as exercise, arts and cultural activity (subject to location and availability).

The delivery of Warm Hubs should be driven by local needs. Whilst some of the Warm Hubs may be in local authority owned / managed buildings they may equally be established by / through local community, faith or third sector organisations or sports clubs using their own community assets or indeed through / by other public sector bodies. The private sector may also be able to play a role in the delivery of Warm Hubs and opportunities should be explored through local business groups and possibly through working with the Federation of Small Business and the CBI.

In addition, some national services / stakeholders may be able to provide support for Warm Hubs, particularly around extra advice, guidance and support for possible enrichment activities. This may include for example the Citizens Advice, Arts Council for Wales, Sport Wales and National Museums and Galleries in Wales.

Financial Implications: £1m – funding already provided to local government

Recommendation 8: The Welsh Government should provide leadership to the culture and sport sectors during the cost of living crisis. The Welsh Government should explain how it is providing distinct support to the culture and sport sectors to mitigate the impacts of the increased cost of living.

Response: Accept

As outlined at Recommendation 5, Welsh Government has committed £3,750,000 during the 2022-23 financial year to the National Library of Wales; Amgueddfa Cymru - National Museum Wales; the arts sector via the Arts Council of Wales, the sports sector via Sport Wales; the independent museums and community libraries in Wales; the Books Council of Wales; and the independent creative industries in Wales. As part of the Cooperation Agreement, we have agreed by 2024-25 to double our investment in Fusion, our programme to help address poverty by cultural access, participation, and inclusion.

Financial Implications: As outlined

Recommendation 9: The Welsh Government should explain how it is tackling the inequalities in participation in sport, which grew during the pandemic and are being exacerbated by current circumstances.

Response: Accept

Providing equal access to sporting opportunities is a key commitment in our Programme for Government. Improving access and participation and addressing inequality in all its forms are priorities in the Sport Wales term of government remit letter.

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 remit letter. Sport Wales has recently recruited a senior EDI manager to work with Sport Wales staff on an inclusion training programme, with a key component on understanding racism and anti-racist action. Sport Wales is also funding Community Champions who will support community organisations in accessing Sport Wales funding and services, particularly those from underserved communities.

Alongside this 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.

Regarding participation, we are working on the recommendations in the Committee's "Levelling the Playing Field" report. We recently co-hosted a Sport Summit with Sport Wales, which was the start of a process to understand and confront the issues creating an inequality of access to sport. Many challenges, such as the pandemic and the cost-of-living crisis, have compounded this issue in many communities. We will work with Sport Wales and other partners to bring about the necessary challenge

and change to build a system that allows everyone to have a lifetime enjoyment of sport.

Financial Implications: No new implications.

Recommendation 10: The Welsh Government should improve its engagement with the culture sector to help develop its response to the increased cost of living.

Response: Decline

We have an exemplar record in terms of engagement with our sectors. We work closely and collaboratively with both sector bodies and individual organisations to monitor and understand the impact of the cost of living crisis.

Financial Implications: none