

Welsh Parliament

**Culture, Communications, Welsh Language, Sport, and
International Relations Committee**

Increasing costs

Impact on culture and sport

November 2022



Chair's foreword

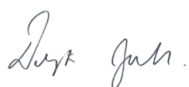
Our culture and sport sectors need additional help to cope with the cost of living crisis. They are still dealing with the impacts of the pandemic – both on participation and their own financial health – and so are ill-equipped to weather the storm we all currently face. The Welsh Government was rightly applauded for investing over £140 million into these sectors to ensure their survival during the pandemic. Further support is now needed to shore up these sectors, and avoid this investment going to waste.

It has been clear in the evidence we've received that participation in culture and sport has not bounced back to pre-pandemic levels. This harms the income in these sectors, as well as meaning many people – often the most disadvantaged – are missing out on the physical, mental and social benefits that participation brings. These sectors received largely flat budget allocations from the Welsh Government in 2022-23, which have been outstripped by inflation. With the resources they have, the most these sectors can hope for is that inequality gaps don't get any wider.

The Arts Council told us that "the crisis now facing the sector is as great as at any time over the last two years." Cultural and sporting venues are often energy intensive, and operate with narrow profit margins that will struggle to cover crippling energy costs. UK Government support with energy bills is welcome but offers no certainty beyond six months. It would be a tragedy if we lost the swimming pools in which we teach our children to swim and offer accessible exercise to those who need it.

This is, unfortunately, not our first crisis. Early in the pandemic we learned the lesson that is better to overreact, rather than try and fix a bigger problem in the future. The Welsh Government was rightly lauded by the cultural sector for the speed of its COVID response - but its response to the impact of rising costs on culture and sport has so far failed to match the severity of the crisis. The pandemic was a universal problem that required sector specific responses. We would argue that the same is true of the cost of living crisis. The Welsh Government told us that "Rising energy costs combined with soaring inflation present risks to individuals, households, businesses, organisations and sectors not seen since World War II." We all need them to act accordingly now.

Given the fast changing environment within which this work was conducted, all references are correct at the time of agreeing the report on 17 November 2022.



Delyth Jewell MS

Chair of the Culture, Communication, Welsh Language, Sport, and International Relations
Committee

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1. Introduction

- 1.** The cost of living has been steadily increasing since the early part of 2021. This has been driven in the early part by the strong global demand for goods following the Covid-19 pandemic lockdowns. More recently, the main driver of inflation is energy prices, with both household energy costs and petrol costs increasing significantly. In February 2022, there was 54 per cent increase in the energy price cap (to £1,971 for typical annual consumption). In early September 2022, this was due to increase further to £3,549, before a UK Government intervention put in place a two year “cap” of £2,500 for typical consumption across a year. On 17 October 2022, the UK Government announced that this two year “cap”, would now only be in place until April 2023. Instead, a Treasury-led review will be launched to consider how to support households and businesses with energy bills after April 2023.
- 2.** No one person, household, business or organisation has been immune to these price increases. Given this, we as a committee agreed during the summer of 2022 that we should undertake an urgent inquiry to investigate the impact of these increasing costs on the sectors that fall within our remit. To this end, on 1 September 2022 we issued a call for written evidence on the impacts of increasing costs on the sectors within our Committee portfolio. We received 35 responses over the two week period that our consultation was open.
- 3.** On 6 October 2022, we considered oral evidence from representatives of the cultural and sports sectors in Wales. A summary of witnesses is outlined at the end of this report.
- 4.** This report summaries our conclusions and recommendations arising from this inquiry. We are, as ever, very grateful to those individuals and organisations who took part in this inquiry.

2. Rising costs, flat budgets and reduced participation

Largely flat Welsh Government budget allocations in culture and sport have been outstripped by inflation. At the same time, participation in culture and sport has not fully recovered from the Covid-19 pandemic.

5. The 'cost of living crisis' refers to the fall in 'real' disposable incomes (adjusted for inflation and after taxes and benefits) that the UK has experienced since late 2021. The latest Bank of England [forecast](#) has inflation peaking at 13.1 per cent in the fourth quarter of 2022. Inflation is expected to remain high for the next two years: the Bank expects that inflation will not reach its 2 per cent target until the third quarter of 2024. Inflation has been driven by increased energy costs, themselves driven by an international gas shortage¹.

6. The main Welsh Government-funded organisations in the sectors covered by this report received largely flat revenue allocations in the 2022-23 Welsh Government budget:

- Revenue funding for the National Museum increases from £27.1 million in the 2021-22 final budget to £27.5 million in the 2022-23 draft budget, an increase of 1 per cent.
- Revenue funding for the National Library decreases from £12.9 million in the 2021-22 final budget to £12.3 million in the 2022-23 draft budget, a decrease of 5 per cent. This reduction reflects non-recurrent funding allocated in 2021-22 to implement the findings of a [review](#).
- Revenue funding for the Arts Council increases from £32 million in the 2021-22 final budget to £32.5 million in the 2022-23 draft budget, an increase of 1.5 per cent.
- In comparison with the 2021-2022 final budget, revenue funding for Sport Wales increases from £22.4 million to £22.7 million in the 2022-23 Final Budget (an increase of 1 per cent in cash terms).

¹ It should be noted that these figures are correct at the time of consideration; given the volatility that exists currently, we realise the picture might be different at time of publication.

7. The National Library in Aberystwyth told us that its expenditure in 2022-23 would probably exceed its funding from the Welsh Government. It said that there was a:

Very serious risk to the collections which we deem to be totally unacceptable without additional funding.

8. Participation in culture and sport was massively disrupted by the pandemic. All in-person performances and events stopped and the government stepped in to prevent widespread job losses and closures. Although restrictions were finally lifted in early 2022, participation remains some way below pre-pandemic levels.

9. Cultural venues (such as live music venues) were closed for much of the acute phase of the pandemic, and following this period many had spent much of their reserves on survival. The Arts Council estimates that audience levels are still only 60-80 per cent of pre-pandemic levels, and says that “the crisis now facing the sector is as great as at any time over the last two years.”

10. The pandemic left a legacy of unequal participation in sport, with men, older adults, those from lower socioeconomic backgrounds and those with a longstanding condition or illness most likely to feel that the pandemic negatively impacted their exercise regime.

11. Soon after the first lockdown in spring 2020, Sport Wales commissioned research into the nation’s changing physical activity habits. From the first survey in May 2020, adults from higher socioeconomic groups reported exercising more than before the pandemic. Adults from lower socioeconomic groups reported a drop-off in activity.

12. Data – from February 2022 – shows that almost a third of adults feel that the pandemic led to positive changes to their exercise routines. But over 40 per cent of adults felt the opposite. Men, older adults, those from lower socioeconomic backgrounds and those with a longstanding condition or illness are the most likely to feel that the pandemic negatively impacted their exercise regime.

13. Meanwhile, Sport Wales’s School Sports Survey shows a stubborn deprivation gap in school-age participation in sport. In 2022, 32 per cent of pupils in the most deprived areas (based on free school meal eligibility) took part in organised sport outside the curriculum three or more times a week, compared to 47 per cent of pupil in the least deprived areas. This 15 percentage point gap has grown slightly (by 2 percentage points) since the last survey in 2018.

14. Owen Hathway from Sport Wales explained how the pandemic compounded problems caused by increasing costs:

"coming through that was a bit of a Herculean effort, and the financial resilience that they have going into a cost-of-living increase is quite small. If the pandemic hadn't happened, the cost-of-living increase, currently, might be more negotiable, but we are compounding two issues, which are obviously leading towards a much worse impact"

Conclusion 1. Culture and sport were not well-placed to weather the impact of rapidly increasing costs. The effects of the pandemic are still felt in these sectors, with reductions in participation continuing beyond the end of COVID restrictions. Their largely flat budget allocations from the Welsh Government have been outstripped by inflation, and given reduced participation levels, are unlikely to be compensated by commercial incomes.

Conclusion 2. We are very concerned by the National Library's statement that capital budget reductions have led to a "very serious risk to the collections". In our [report](#) on the Welsh Government's Draft Budget for 2022-23 we noted that the National Library (and National Museum Wales) are "absolute treasures" and we called on the Welsh Government then to outline how they will support these institutions.

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

3. Current impacts: increased costs further reduced participation

Cost of living increases are further damaging participation. Individuals have less money to spend, and providers have to increase costs or reduce services to make ends meet.

Sport

15. Recent data (August 2022) from Sport Wales suggests cost of living increases have further damaged participation. 41 per cent of respondents say the cost of living crisis has had a negative impact on their ability to be active, whilst 29 per cent say they've been doing less sport and physical activity due to changes in the cost of living.

16. Further points raised in our consultation include:

- "Facilities owners are being forced to increase their hire charges to local sports clubs and community groups, which either makes the activity no longer viable or it has pushed the price for participation higher, thus increasing the participation gap." (Sport Wales)
- "Attendance rates at venues and events continue to be below pre Covid levels (70-90 per cent of 2019 rates)." (Welsh Sports Association)

17. On 6 October 2022, we took oral evidence from Sport Wales, Welsh Sports Association and Community Leisure UK, who painted a stark picture of the impact of increased costs on the sector so far.

18. Owen Hathway from Sport Wales recounted that some parents and guardians were avoiding encouraging their children to take part in sports, due to the increased costs of feeding a hungry child after exercise. He also told us that around two in five people's ability to be active was negatively impacted by the crisis, and that "30 per cent were saying they're less active". This information was captured before the last energy prices increase.

19. Owen Hathway from Sport Wales also spoke about the more hidden impacts of increased costs, which could lead to some people either taking part in sport in ways that are more dangerous, or not taking part in sport or physical activity because of perceived dangers. The

example he cited was that of young women who may be forced to decide whether to go running outside, at night, instead of continuing to pay gym membership fees.

20. Jennifer Huygen of Community Leisure UK told us that cost pressures on disposable incomes are being felt in terms of participation rates. This is consequently impacting the “income of organisations or local authorities who are managing these services as well.”

21. Andrew Howard from Welsh Sports Association told us that operators of swimming pools – which have increased demand after disruption to swimming lessons during the pandemic – were reducing temperatures to save money. He added that one of his members “doubted whether there'd be swimming pools in his area in the next 12 months.”

Culture

22. Specific points raised in our written consultation include:

- “The sector is financially fragile - lots of late bookings, lack of public confidence and cash, high numbers of no-shows so no secondary income on bars etc.” (Laura H Drane Associates – arts producer and consultant).
- “Touring companies are challenged by the increasing costs of fuel, logistics and accommodation and are seeking guarantees or fixed fees from theatres and venues. The increased costs and complexity of international touring and related fall in the demand for UK touring companies are also leaving their mark”. (Arts Council)
- “Artists, makers and creative freelancers are either having to increase their fees or are moving to more secure employment in other sectors”. (Arts Council)
- “The cost of touring for artists and performers, due to the fuel cost increase of 47 per cent in the last 12 months, is resulting in both a reduction in the number of shows being offered and higher artist fees to cover costs”. (Music Venues Trust)

23. In oral evidence, Clara Cullen from Music Venues Trust explained to us that:

“we're moving out of the COVID period but it doesn't feel like we're heading towards recovery; it feels like this is an additional crisis on top of what we've already seen.”

4. Predicted impacts: reductions in activity and permanent venue closures

The UK Government's energy price cap has avoided the worst possible impacts of the increased cost of living. But the sector is still warning about widespread reductions in activity and permanent venue closures.

24. The Committee's consultation closed before the UK Government [Energy Bill Relief Scheme for non-domestic users](#) was announced on 21 September 2022, and many responses were received before the domestic scheme was announced on 8 September 2022.

Culture

25. In a public statement following the UK Government's announcement The Music Venues Trust [said](#) that it:

warmly welcomes this intervention by the Government, which appears at face value to comprehensively tackle the immediate short term energy crisis for Grassroots Music Venues. We await full details of the scheme and the method of implementation by the energy retailers and suppliers, but the base unit rate of 21.1p per kW/h laid out by these plans is sufficient to avert the collapse of the sector if it is fully delivered.

26. We discussed the predicted impacts of the increased cost of living, in light of the UK Government's energy price announcements, with witnesses from the Arts Council for Wales, Music Venues Trust and Creu Cymru (a performing arts membership body) on 6 October 2022. The general feeling was that although the UK Government's announcement may have avoided "the collapse of the sector", significant damage, including venue closures, could still take place. The Arts Council's Michael Elliot told us that he welcomed it, "but it's not the answer to the problems for the sector."

27. Michael Elliot discussed with us the results of a survey the Arts Council had conducted, saying that "50-plus per cent of those who responded [...] are actually saying in the next few months they will have to reduce activity and reduce programmes."

28. Mr Elliot also explained that the sector faced a “cocktail of issues”, including the post-pandemic recovery, inflation within the performing arts of up to 20-40 per cent and Brexit reducing overseas opportunities. As a result:

“Organisations (are) telling us that they can see their way, perhaps, through the next three to six months, and beyond that, some 40 per cent of them are telling us that they can't see how they're going to cope longer term.”

29. He told us of the particular importance of Christmas shows to the arts sector, and the likelihood that takings will be significantly curtailed by the impact of increased costs on audiences. Louise Miles-Payne of Creu Cymru added that it’s very likely there will also be a hit on “crucial secondary spend” on items such as refreshments and merchandise.

30. The Music Venues Trust’s Clara Cullen said she was “really worried that we are in a period of time where we will see venue closures because of this crisis, potentially at a scale that we were thinking we might see during COVID”. Once shut, she noted, “because there are so many sunk costs associated with establishing a new venue, it's very, very unlikely that it will reopen”.

31. The pandemic disproportionately affected freelancers, who make up an estimated half the cultural sector workforce in Wales. A [report](#) published by industry body, the Cultural Freelancers Wales, in January 2022, has a number of startling conclusions. These include that almost a quarter of freelancers were still uncertain about whether or not they will stay in the industry. Witnesses told us that the increased cost of living would do further harm to the creative workforce. Michael Elliot explained:

We will certainly see, I think, a reduction in opportunity for freelancers and artists engaged by organisations over this period. We'll also see, like the point I made earlier, a lack of security and reward in our sector around employment, with others looking for shifts into sectors that give them greater reward and give them greater security than is available in our sector.

Sport

32. Witnesses from the sports sector told us the UK Government’s energy price cap had mitigated, but not solved, the problems facing the sector. Andrew Howard from the Welsh Sports Association stated that it doesn’t address “already baked-in increased costs” and neither does it address issues for those coming off fixed-price tariffs as they will be hit by significant increases. He felt that “it's just kicking a can down the road and it's not anything that gives our members any long-term secure comfort at all.”

33. Jennifer Huygen from Community Leisure UK told us that her members often undertake outreach work in their communities, such as in care homes, and that this work would likely be reduced. “There is less capacity due to lower numbers of staff,” she explained, “but also due to income levels being reduced and therefore there is not enough funding to actually cross-subsidise those programmes”.

34. Ms Huygen felt that “in the medium term, facilities are at risk”. Andrew Howard from the Welsh Sports Association described the particular vulnerability of swimming pools, which have high energy bills, and have experienced other shocks, such as increased costs for cleaning chemicals.

Conclusion 3. Increases in the cost of living are compounding participation gaps that grew during the pandemic. We are very concerned that further reductions in activity will be felt most acutely by those that would benefit most from this activity. For example, children with additional learning needs may find swimming pool time harder to access, and colder water will diminish the benefits of this experience. Sports and culture operators responding to cost pressures by increasing prices will further deter people from less affluent backgrounds from taking part. We think that this will significantly exacerbate health inequalities. Given the help provided to such operators to survive the pandemic, we think this investment would be wasted should the Welsh Government not provided further modest support for the sector.

5. Interventions: further support with energy costs and additional funding needed

UK Government support with energy costs needs to be extended for the sports and culture sectors beyond the initial six months. The Welsh Government should also provide targeted support for venues and organisations that face closure but have a sustainable future beyond the present crisis.

Direct support with energy costs

35. As discussed already, both the sport and culture sectors said that although the UK Government's energy price cap has averted immediate venue closures, it has not solved the problem of crippling energy bills.

36. The UK Government's [Energy bill relief scheme for businesses and other non-domestic customers](#) is based on the implied wholesale element of the Energy Price Guarantee for domestic customers. It will not be the same as the final per unit price paid by non-domestic customers, which will also reflect other costs such as network charges and operating costs, plus the impact of competition between suppliers. Community Leisure UK's Jennifer Huygen explained that:

"therefore only part of their increased cost is covered through the energy bill relief scheme, and therefore it isn't actually providing as much support as we had hoped when initial announcements were made about business support."

37. Ms Huygen also noted that the cap was still "much higher than energy costs in the previous year" and that the timing of the scheme excluded some operators, and was currently limited to six months:

"there will be organisations that fixed new contracts just before 1 April, for example in December last year or 1 January this year. I know colleagues in Wales have had that situation, where they had to renew contracts. They're currently left out. We also have members with contracts coming up in April 2023, so they will be left out as well. But, that time frame itself is of course a challenge, but it's also that it's just not enough in terms of support now in the

next six months. So, it's not enough to cover the impact over the next 12 to 18 months, and it's also not enough for the next six months. So, sorry to not have a more positive response on this for you."

38. A number of respondents in our consultation (e.g. Hafren Theatre, Welsh Sports Association and Swim Wales) called for support from government for energy efficiency schemes which would reduce bills over the longer term.

39. The Welsh Government's Energy Service supports public sector bodies and community enterprises to "green" their energy consumption. Community Leisure Trust UK's Jennifer Huygen called for clarity on leisure trusts' eligibility for this support, as well as access to public sector energy loans schemes.

40. After this initial six month scheme, the UK Government says that it will provide ongoing focused support for vulnerable industries. There will be a review in three months' time to consider where this should be targeted. Witnesses made the case for the sport and culture sector's inclusion in ongoing support. Michael Elliot from the Arts Council Wales explained to us:

"whilst there's a lot of talk about the hospitality industry in general being a focus for attention the other side of the six-month period of support and cap on costs to business, we need to widen it to embrace our sector as well, which is closely aligned to the tourism and hospitality sector and suffers from many of the same challenges as that particular sector."

Conclusion 4. The UK Government's Energy Bill Relief Scheme for non-domestic customers is welcome, but has not solved the problems facing the culture and sport sectors. It mitigates the worst possible impacts of energy price rises, but leaves these at a level substantially higher than organisations were paying. We are of the view it merely moves the cliff edge by six months which is not particularly helpful in the long-term.

Conclusion 5. Sports and cultural venues are particularly exposed to the impacts of energy cost increases. They are energy intensive venues and with narrow profit margins to absorb increased costs. These sectors provide immense social benefit, as recognised by the public funding provided to these sectors, and charitable status of many operators.

Conclusion 6. A longer term solution to the problem of increased energy costs involves helping organisations to green their energy consumption. This work could include making buildings more energy efficient and generating green energy on-site. The ageing infrastructure of many sports and cultural venues make them prime candidates for support in this area. The financial disruption caused by the pandemic means that they are unlikely to have the capital resources to fund this work entirely themselves.

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.

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.

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

Additional funding

41. A number of respondents to our consultation (e.g. Swim Wales, Music Venues Trust, Creu Cymru, Arts Council, Musicians' Union and National Dance Company Wales) called for additional funding to mitigate the impacts of the increased cost of living.

42. Michael Elliot from the Arts Council for Wales called for additional funding – specifically for the arts – of £5-10million. He explained:

"I do think there is a case for increased support that looks specifically at the sustainability of organisations. What do I mean by that? I mean a clinical look at the real risks here and the cash flow of organisations. If there is a perceived longer term future with a here-and-now investment to help that organisation through a difficult period, that is the sort of support that might be manageable by us in partnership with the Welsh Government, if there was a significant additional input at the moment, but nothing like the scale that we've experienced during the pandemic. That won't solve all the problems for the sector we've described, but it would be a way of targeting support more specifically that will help stabilise companies through the critical period."

43. In addition, Louise Miles-Payne from Creu Cymru questioned whether support could be made available for audiences, to subsidise tickets for cultural events.

44. By way of contrast, over the course of the pandemic the Welsh Government allocated £108 million of additional funding to the culture sector to mitigate the impact of the virus. This was done in three phases beginning in summer 2020. This funding followed Barnett Consequentials triggered by additional spending by the UK Government to support the culture sector in England. The first additional spending by the UK Government was in summer 2020. Prior to this, in April 2020 the Arts Council of Wales launched the £7 million [Arts Resilience](#)

Fund. £5.1 million of this funding was from the National Lottery, with the remainder provided by the Welsh Government, trusts and foundations.

45. In early 2020, the Welsh Government, through its Creative Wales division, launched a £400,000 Grassroots Music Relief Fund. This support was lauded by the sector, with the Senedd's Culture, Welsh Language and Communications Committee being told "'Hats off to them [...] how quick they were to [...] support those venues at a point that was the best in the UK'".

46. The Welsh Government also provided the sports sector with over £40 million in support packages during the pandemic.

Warm Hubs

47. Some responses to our consultation noted that culture and sport venues were well-placed to offer support to the local community to mitigate some of the impacts of the increased cost of living. Swim Wales called for funding for pools to be "wellbeing hubs", and Creu Cymru told us that many theatres were planning on being open to members of the public to keep warm, and could be funded for this work.

48. On 20 September 2022, the Welsh Government announced an initial £1m of funding to support Warm Hubs. Further details were provided in a statement on 12 October 2022, including that Warm Hubs might offer:

- Refreshments and snacks (as a minimum) but may extend to a more substantive meal where relevant or possible.
- 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.
- Activities such as exercise, or arts and cultural activity (subject to location and availability).

Conclusion 7. Welsh Government investment in culture and sport during the pandemic was a lifeline and prevented widespread closures. This investment was generally welcomed and applauded by organisations in these sectors. However, as a result of the increased cost of living, the battle for survival in these sectors is far from over. These organisations are dealing with spiralling costs against a backdrop of reduced participation, depleted reserves and flat Welsh Government funding outstripped by the rapid increase in inflation. We think the case for further, targeted funding is strong. Ideally, the UK Government would increase funding in England,

resulting in a Barnett Consequential that could fund this work in Wales. However, Welsh Government activity during the pandemic shows that it is possible to act with resources the Welsh Government already has. We think the Welsh Government must look to do so urgently, or risk wasting over £140 million already spent keeping culture and sport afloat during the pandemic.

Conclusion 8. We welcome the Welsh Government's support for Warm Hubs to provide comfortable environments for people this winter. Sporting and cultural venues are well-placed not just to provide warmth, but activities too. The people who use Warm Hubs may be some of the same people who are missing out on sporting and cultural activities as a result of financial pressures. We welcome the Welsh Government's recognition that these activities may be offered in Warm Hubs.

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.

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.

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

6. Welsh Government activity: limited engagement and no specific response

The Welsh Government has provided general support to cope with the increased cost of living, but nothing specifically for the culture and sport sectors. There is a mixed picture of Welsh Government engagement with the culture sector during the crisis.

49. In its response to our consultation, the Welsh Government told us that:

"Rising energy costs combined with soaring inflation present risks to individuals, households, businesses, organisations and sectors not seen since World War II."

50. The Welsh Government has provided support for individuals to help with the increased cost of living. This includes:

- The Wales Fuel Support Scheme: Eligible households can claim a one-off £200 cash payment from their local authority. The money is to provide support towards paying fuel bills. This is in addition to the winter fuel payment offered by the UK Government.
- The Cost of living support scheme: a £152 million scheme to provide a £150 cost of living payment to eligible households.
- The Discretionary cost of living support scheme: a £25 million to provide discretionary support for other purposes related to living costs

51. We noted that it has not provided any specific support for the culture and sport sectors.

52. We received a mixed picture of Welsh Government engagement with stakeholders. Creu Cymru's Louise Miles-Payne told us that "No-one's reached out to me to discuss any of those ideas." The Music Venues Trust's Clara Cullen explained that:

"During COVID, our main contact was with Creative Wales. We had a lot of meetings with them. In the more recent months, I would probably say 'no'. We probably do need more engagement."

53. Michael Elliot from the Arts Council told us that "we've had constructive discussions and they take a very keen interest in what is happening across the sector at this time".

54. We recently published a report into [participation in sport in disadvantaged areas](#). In that report, we called for a new national approach and a funding boost to address inequality gaps in sports participation that grew during the pandemic, and are being compounded by the cost of living crisis. In its response, the Welsh Government rejected both of these recommendations.

Conclusion 9. The Welsh Government told us that "rising energy costs combined with soaring inflation present risks to individuals, households, businesses, organisations and sectors not seen since World War II". We are concerned that the gravity of the situation has not as yet led to a targeted response from the Welsh Government to support these sectors.

Conclusion 10. We have received a mixed picture of Welsh Government engagement with the culture sector in responding to the cost of living crisis. This is in contrast to the reports provided to our predecessor Committee during the COVID pandemic, where support provided by Creative Wales was widely lauded. It is disappointing that there hasn't been a more proactive approach to identifying the support needs of the culture sector during the current crisis.

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.

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.

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

Annex A: List of oral evidence sessions.

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the Committee’s website.

| Date | Name and Organisation |
|-----------------|---|
| 06 October 2022 | <p>Andrew Howard, Chief Executive Officer, Welsh Sports Association</p> <p>Owen Hathway, Assistant Director, Insight, Policy and Public Affairs, Sport Wales</p> <p>Jennifer Huygen, Head of Policy and Partnerships, Community Leisure UK Wales</p> |
| 06 October 2022 | <p>Michael Elliott, Interim Chief Executive, Arts Council of Wales</p> <p>Mark Davyd, Chief Executive Officer and Founder, Music Venue Trust</p> <p>Louise Miles-Payne, Director, Creu Cymru</p> |

Annex B: List of written evidence

The following people and organisations provided written evidence to the Committee. All Consultation responses and additional written information can be viewed on the Committee's website.

| Reference | Organisation |
|-----------|--|
| IIC 01 | Arts and Business Wales |
| IIC 02 | Arts Council of Wales |
| IIC 03 | Community Leisure UK Wales |
| IIC 04 | Creu Cymru |
| IIC 05 | Hafren |
| IIC 06 | Individual |
| IIC 07 | Individual |
| IIC 08 | Making Music |
| IIC 09 | Mudiad Meithrin |
| IIC 10 | Music Venue Trust |
| IIC 11 | PACEY |
| IIC 12 | Clybiau Plant Cymru Kids' Clubs |
| IIC 13 | Sport Wales |
| IIC 14 | Swim Wales |
| IIC 15 | Merched y Wawr |
| IIC 16 | Federation of Small Businesses |
| IIC 17 | Welsh Centre for International Affairs |
| IIC 18 | Equity Wales |
| IIC 19 | Cardiff Council |

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| IIC 20 | Creative Lives |
| IIC 21 | UK Music |
| IIC 22 | National Library of Wales |
| IIC 23 | Books Council of Wales |
| IIC 24 | Action in Caerau and Ely (ACE) |
| IIC 25 | Ofcom |
| IIC 26 | Literature Wales |
| IIC 27 | Musicians' Union |
| IIC 28 | National Dance Company Wales |
| IIC 29 | TAC |
| IIC 30 | Urdd |
| IIC 31 | Mentrau Iaith Cymru |
| IIC 32 | Colleges Wales |
| IIC 33 | Museums Association |
| IIC 34 | National Union of Journalists (NUJ) |
| IIC 35 | Welsh Sports Association |