

Impact of funding reductions for culture and sport

Engagement findings

October 2024

As part of the **Culture, Communications, Welsh Language, Sport, and International Relations Committee**'s inquiry into the impact of funding reductions for culture and sports, the Citizen Engagement Team proposed a qualitative approach to engagement, comprising a series of focus groups and interviews with organisations from both the arts and sports sectors. This paper communicates the findings of the engagement.



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Positive narrative19

1. Background

1. The 2024-25 Welsh Government budget saw reductions in funding for all areas of culture and sport.
2. Following widespread concerns about the impact of reduced funding for culture and sport, the Committee is considering the extent of the impact on both sectors.
3. The Committee was particularly keen to hear from those organisations it has not heard from before.

Engagement

4. Between 16 September 2024 and 25 September 2024, the Citizen Engagement Team facilitated seven focus groups and one interview with a total of 22 organisations.
5. The terms of reference considered during the engagement programme included:
 - What impacts has reduced funding had on your organisation/group?
 - What measures have you taken in light of it, such as changing what you do and how you do it?
 - To what extent will these impacts be irreversible?
 - What interventions would you like to see from the Welsh Government, beyond increased funding?
 - To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

Participants

6. All the cultural organisations who took part in the engagement receive multi-year funding from the Arts Council of Wales and have received the 2.5% cut applied to all the 81 organisations' previous offer in September 2023.

- 7.** Two of the organisations who took part in the engagement, are new additions to the Arts Council of Wales multi-year funding.
- 8.** Many different art forms within the sector were represented in the programme of engagement, including, music, drama, dance, theatre, literature and art.
- 9.** The Citizen Engagement Team worked in collaboration with Sports Wales to identify some grassroots clubs to take part in the programme of engagement.
- 10.** Seven of the national governing bodies from the sport sector in Wales, were represented in the programme of engagement.
- 11.** All Senedd regions were represented in the engagement programme, including both urban and rural areas.
- 12.** Organisations based in low socio-economic areas, from both cultural and sport sectors, were represented in the programme of engagement.
- 13.** Thank you to everyone who contributed to the programme of engagement.

Methodology

- 14.** All focus groups and the interview were conducted online to enable as many organisations as possible to take part.
- 15.** The following discussion points were addressed during the programme of engagement:
 - a. Did your organisation/group receive reduced funding during the most recent years? If so, to what extent has the reduced funding impacted the organisation/group's work?
 - b. Have you made any changes - organisational and/or practical - within your organisation/group, in light of the reduced funding?
 - c. What do you think will be the long-term impact of any changes you might have made?
 - d. To what extent does the reduced funding impact some people more than others?

- e. Other than increased funding, what kind of support would you like to see from the Welsh Government?

Executive Summary

This report highlights the significant challenges faced by organisations due to sustained and reduced funding, affecting their priorities, operations, and ability to serve communities effectively.

Funding and Budget Constraints

All organisations report that reduced funding has forced them to prioritise survival over growth and long-term goals. Planning has become reactive, focusing on immediate budget cuts rather than strategic development. The funding landscape has become increasingly competitive, with application processes becoming more complex and less accessible. Organisations are struggling to diversify income streams, which is both time-consuming and hampers their capacity to deliver services. Additionally, rising costs, including utility bills and facility expenses, exacerbate the financial strain, creating a "perfect storm" that threatens the sustainability of many organizations.

Operational Impacts

Due to budget cuts, organisations have had to scale back or cancel existing projects and delay the initiation of new ones. This reduction limits their ability to offer diverse programs, forcing them to focus on activities that can cover essential costs, often at the expense of broader community needs. Staffing issues are prevalent, with organisations facing difficulties in retaining and attracting qualified personnel. Reduced salaries and insecure contracts have led to decreased staff morale and increased reliance on volunteers, further impacting service delivery.

Community and Social Implications

The funding shortfalls have profound effects on the communities served. Young people are deprived of opportunities to explore their talents, hindering future talent development in Wales. Older adults face increased isolation and reduced quality of life as cultural and sports programs that mitigate loneliness are cut. Rural and low socio-economic communities experience heightened barriers to accessing sports and cultural activities, exacerbating social inequalities. Additionally, support for diverse and disabled communities has weakened, limiting inclusivity and social cohesion.

Wider Economic and Health Consequences

The decline in funding negatively impacts the broader economy, particularly within the hospitality and tourism sectors. There is also a long-term effect on public health, as fewer opportunities for physical activity and creative engagement lead to increased mental health challenges and reduced overall well-being. The lack of investment in facilities and nurturing future leaders threatens the sustainability and growth of the arts and sports sectors.

Ways forward

Organisations propose several ways forward to address these challenges, primarily centred around increasing funding and simplifying the application process. Developing long-term planning strategies, enhancing support for diverse income streams, and fostering collaborations with other sectors are essential. Additionally, promoting a positive narrative about the value of arts and sports, leveraging legislation like the Well-being of Future Generations Act, and conducting pilot studies to demonstrate the benefits of targeted investments can help secure the necessary support. Strengthening networks among smaller organisations and advocating for the inclusion of the arts and sports sectors in public service boards are also recommended to ensure sustained impact and resilience.

Conclusion

The ongoing reduction in funding presents a critical threat to organisations' ability to fulfil their missions and support their communities. Addressing these financial challenges through strategic support and advocacy is essential to preserve the cultural and social fabric of Wales, ensuring that all individuals have access to vital sports and cultural opportunities.

2. Engagement Findings

This section outlines the key themes and views expressed by participants about the impact on organisations.

Impacts on organisations

Priorities

16. All organisations¹ spoke about the impact of the reduced funding on their priorities, growth and ambitions.

"The principles and things you want to achieve in terms of targets have to come second to survival....This has an impact on the people who work with us - the communities and the most vulnerable people who need us. This is the real impact."

¹ 'Organisations' refers to both cultural and sports organisations, unless otherwise stated.

"Ensuring our very existence has become our priority."

17. Having to reconsider their priorities in this way is changing the meaning and purpose of their existence, according to some cultural organisations.

Planning

18. All organisations shared examples of the impact on their planning strategy.

"We're always looking at what do we do when the next cut comes in and that's how we're planning, rather than what can we build or grow towards....that's the mindset we're in."

"We have £65,000 less, not only than what we asked for, but what we need to run the company.....We've had to reduce a small company into an even smaller company."

19. Organisations commented how competitive the trusts and foundations applications process has become in most recent years. For example, one foundation received 66 million applications for £6,000,000 available, with a 4% success rate.

20. Another organisation noted how they have written 25 applications in the first six months of 2024, with one success.

21. Diversifying income streams is time-consuming and limits their capacity to deliver opportunities.

22. Some organisations noted a narrowing in remit by many large core funders, limiting their eligibility to apply for the funding. This has happened at the same time as the reduction in public funding.

"Three years ago you could apply for anything....but now it's so much more challenging. It's the narrowing of the questions that makes it so difficult....Some funding criteria target LGBT+ for example, but we don't ask that question in our football club. We're not targeting them, we're

including them, and those two things are very different, and that is not recognised in grant applications.”

23. Many organisations feel the application process for funding, including the Arts Council of Wales Investment Review, has become complex, time-consuming and very pressurised.

24. Opportunities to apply for additional funding increases pressure and fosters uncertainty, and the amount sought is often small.

“Since the pandemic, pretty much every year, there's another funding pot available that we can apply to - whether it's for jobs protection support or cost of living support - and go through another process to secure additional funds to balance the books.”

Delivery

25. All organisations spoke about having to scale back on existing projects and either having to adapt new projects or not start them at all.

“We've just been shortlisted for an innovation award for a home delivery service to people's homes over winter, but we haven't actually got the money from anywhere to deliver it now.”

“There's been some core programmes that we've been running for 20 years that we've just had to let go of.....we have to make stringent decisions about which projects we run, which we think are the most beneficial within the communities we're serving.”

26. Some organisations referenced their frustration at having to limit their range of programmes.

“We are a theatre. People come to us, they want to see drama, they want to see musicals, and really the only thing we can afford to put on is live music and some stand-up comedy, because it's one of the only things that really cover their own bills.”

27. Organisations talked about how innovative they need to be to continue offering their activities free of charge, especially in the low socio-economic areas.

“We do a lot of community events, a lot of arts and health, a lot of work with young people. We deliver all that for free now because we could not charge for it. So, we have to fundraise to be able to deliver that work.”

Budget

28. All organisations referenced that the reduction in funding has *“in real terms, been systematic over the last seven to ten years.”*

“We’ve received reduced funding on top of reduced funding for the last decade. So, it’s even more impactful and has a severe effect.”

29. Organisations spoke about the *“perfect storm”* of funding reductions *“from all directions and at the same time.”*

30. Organisations have received a varying degree of reduction in local authority funding, with some seeing a 100% reduction in funding from their local authority.

31. Sports organisations drew attention to rising facility hiring costs, some of them having doubled over the summer period. This is having a detrimental effect on sports running from leisure centres in particular, resulting in reduced opportunities.

32. The impact of inflation and rising costs, especially utility bills, adds to the *“perfect storm”*. Such underlying costs are not recognised within the cultural sector.

“We had an £85,000 hole in our accounts last year purely because of the increase in utility bills alone. That’s not something people will fund, it’s not an artistic project.... So, we’re having to really, really reduce core activity and figure out what is it that we can do every single day that’s going to make us money and keep us afloat every single day.”

33. Some cultural organisations noted the significance of the buildings in which they are housed.

“The building, the maintaining of it, the paying the bills is where we really need public funding. It's not somewhere we can go to other sources.....The effect if they were to have dark days or closed down entirely on the country and the communities, would be huge.”

34. All organisations expressed their deep concerns about the reality of possible further funding reductions in 2025.

Staffing

35. Organisations spoke about staff retention, reduction in staff and redundancies they have had to make, to accommodate for the reduced funding, and its impact on capacity to deliver projects.

“We decided to close an hour early every day. If you're working four days a week, that's 16 hours a month lost. That has saved us a lot of money per year, and it had to be done. All the staff agreed to the change to their contracts because they love their jobs, and they do it for very little money.”

36. Many organisations noted their inability to offer increased salaries to their staff; some mentioned in the last four years others ten years. This is having a detrimental effect on the workforce.

“The ability to recruit, the ability to retain and the ability to pay people what they're worth is really, really challenging.”

37. Organisations are concerned that such staffing cuts make it challenging to attract people to work, in both arts and sports sectors.

38. Sports organisations noted how much they rely on volunteers.

“I used to do about an hour a week, it's taking about 20 hours a week of my time now. I know I choose to do it, but things are taking longer to accomplish now.”

Support

39. Whilst regretting the cuts within the Arts Council of Wales, cultural organisations noted the impact of the restructure on how it works with organisations and the limited support they're able to offer and advocate on their behalf, at a time when it is needed the most.

"We're seeing a lot less of them.....About six, seven years ago, we used to discuss our work and work plans....That conversation was important to us, but it doesn't happen anymore."

"So much organisational knowledge has been lost...we did rely on those links and that championing from the Arts Council of Wales. There needs to be an acknowledgement that the Arts Council needs to be funded to be able to support us as well."

40. Grassroots football clubs value the support they receive from their FAW club development officers, who signpost them to possible funding.

Impacts on staff

Insecurity

41. Organisations referenced the insecurity of year-on-year contracts, and its impact on staff retention.

"I don't know how much I'll keep doing this job because it is getting to the point where all I do is find funding and I hope it comes in and what do I do if it doesn't? What do I do for my staff? What do I do for the freelancers? And I think long term, can I keep doing this? And that's the reality for me."

42. All the staff in one organisation are on six-month contracts, but they strive to offer other incentives, for example training.

43. Organisations shared their concerns for the future workforce due to lack of opportunities and incentives.

“We're leaking brilliant people, brilliant skills, capabilities from the sector to other sectors because we can't offer them the fundamental three-year or longer term permanent contract that many other organisations can.”

“We're doing all we can to preserve jobs because once they go, it's very hard to bring them back in. But I do feel that everyone is working harder, and it takes more of a toll on them.”

Staff morale

44. All organisations spoke about staff commitment and their passion to serve their communities and preserve their sport and art form.

“It feels a bit like a calling for most of us, because otherwise we'd go and take all these skills we've got and work in the corporate sector and earn a ton of money. But we don't.....we want to do the best for our communities and for our art forms.”

45. However, staff morale is at an all-time low, and the need to address staff well-being greater than ever.

Impacts on participants and communities

46. Due to their limited capacity to deliver projects and opportunities, all organisations spoke about the impacts of the reduced funding on the people they serve, and their ability to promote social cohesion, inclusivity and quality of life via the sports and cultural sector.

Young people

47. Organisations working with young people expressed their concerns that they are unable to provide young people with a full range of opportunities to explore

their potential and discover their creative and sporting talents. As such, Wales is depriving itself of future talent.

48. Cultural organisations working with the education sector expressed their concerns about having to either restrict their offer to schools or increase their charges for their services.

49. As schools consider other, cheaper ways of introducing culture, in all its forms, to learners, the learner's experience of culture is restricted.

"When you take theatre to schools a lot of learners get to experience theatre. They don't get to experience theatre otherwise. It's important to us that we cater for all learners, not just those who can afford to go to the theatre."

50. Organisations also spoke about the preventative benefits of sports and cultural opportunities for young people, more so a post-pandemic generation of children and young people.

51. Fewer sports and cultural opportunities for young people, in a safe and caring environment, lead to increased loneliness and lack of confidence which in turn leads to an increased need for costly mental health support.

Older people

52. Organisations spoke about the impact on the older generation, and the need for a better quality of life for people living longer. The culture sector, in all its forms, plays an essential part in this and in bringing people together to mitigate isolation and loneliness.

"We are a lifeline for the community, not just for mental health, but it's that loneliness and isolation. It's all those soft outcomes that people talk about that are massively part of preventative services."

"You don't want to stop and start things either especially groups that are more vulnerable, for example, we've run our dementia group for the last 11-12 years because that's the kind of group you cannot stop – that would be awful for people."

Rural communities

53. Cultural organisations based in rural areas noted how the reduced funding has intensified their challenge to offer opportunities within rural areas, for all ages.

54. Some organisations noted how limited travel infrastructure and increasing costs for participants have become even more of a barrier to accessing opportunities within the culture sector.

Disability groups

55. A challenging travel infrastructure limiting accessibility to sports facilities, was also discussed by some sports organisations.

"If the transport links aren't accessible, you're removing potentially a whole community of people who aren't going to be able to get to the facility, even if the facility is brand new and perfectly accessible for disabled people as well."

Diverse communities

56. Organisations noted the lack of support and opportunities for people from diverse backgrounds, of all ages, but particularly young people. This is highlighted further with the reduced funding.

"We still have a really, really poor record in relation to diversity in the arts in Wales and in supporting young people and artists from global majority backgrounds."

57. Some cultural organisations spoke about their concern about the impact of reduced funding on their invaluable work with refugees and asylum seekers, one of the few safe spaces they have to share and celebrate their culture and identity.

"The impact of a project is often visible on the margins....We often hear, 'If this place closed, I don't know what I'd do.' We're able to reach out to the people who need us most."

Low socio-economic communities

58. Sports organisations noted the increasing barriers facing people from low-socio-economic backgrounds to accessing leisure and sports opportunities.

“There are enough barriers to entry for sport anyway, but cost is becoming increasingly the number one barrier now.”

“It just seems so unfair, because it's the people that need it the most that it's impacting the most.”

59. Some sports organisations referenced the essential focus on active travel., for example cycle paths. Yet, 40% of children have never ridden a bike.

60. Some cultural organisations emphasised how crucial it is for them to be able to offer free activities for their immediate communities and how they provide food at the activities.

“Providing food at our events for free or a suggested donation cost is important, because our Easter events were in the second week of the Easter holidays and we knew there were children turning up who hadn't eaten that week...but that isn't the purpose of an arts charity. But we do the work because we're grassroots, and these people trust us...it's wider than arts and culture.”

61. Organisations strive to be as inclusive and flexible as possible to encourage participation, regardless of personal circumstances, however challenging.

“We work with some people who live hand to mouth. Sometimes some pay as they get their salary. If a session costs £4, they bring £1.50 one week and pay the rest as they can.”

“There are people who don't want to tell us about their financial challenges and would rather their children not play than admit that they cannot afford it. This is the true impact of reduced funding.”

62. Grassroots football clubs have applied for FAW PAWB fund, supporting young people to access football opportunities/equipment, but are aware of the high demand for the fund.

Wider impacts of reduced funding

Nurturing talent

63. People from lower socio-economic backgrounds are often unable to access or benefit from opportunities within the sports and cultural sector. As a result, Wales is losing a lot of talent.

"I genuinely feel ashamed that the arts are lagging behind in Wales. It's so much in our DNA to know that the arts are integral."

64. One organisation working with talented young people across Wales, explained how dependent they are on grassroots organisations to nurture future talent.

65. Many organisations spoke of *"the void ahead"*. Young people are inspired by successful people in their fields, but they are deprived of the opportunities that led their role models to their success.

66. Sports organisations expressed deep concern about the impact of underinvestment on facilities, on all levels, from the local swimming pool to world-class training facilities.

"It's been 25 years since anything that resembles a world-class training facility has been invested in and built in Wales, and yet we expect our athletes to be able to perform and inspire future generations.....We have a real potential of irreversible impact with our performance athletes."

67. Organisations drew attention to the lack of opportunities available to nurture future leadership roles in the cultural sector.

“We take a lot of placements from universities and from colleges and it’s difficult to look a young person in the eye and say this is a sensible career decision with the skills and talent you have.”

“We will get to a stage where we cannot run our organisations because nobody is prepared to take those positions of leadership and responsibility...this is a real concern for me that there is no support for people who want to take a leadership position in the arts.”

68. Cultural organisations spoke about the impact of funding reductions on freelancers.

69. Having had to diversify during the pandemic, many freelancers now face further challenges as cultural organisations struggle to offer them opportunities and contracts.

70. Cultural organisations in rural areas especially, expressed their concerns about the impact of not being able to support freelancers, who either must consider a career change or relocate to more urban areas to seek work opportunities.

“We have internationally renowned artists who are asking if we can pay their invoice today because they haven’t got enough money for the rent. It’s a regular occurrence, it’s not a one-off and not something we should be proud of.”

Health matters

71. Sports organisations spoke about the impact of funding reductions on the least active and the long-term impact on health and well-being.

“As fewer individuals champion the value of physical activity in sports, it is less likely that people who aren’t currently doing it will get involved.”

72. Some sports organisations noted recent investment in schools with no input from the sport sector. Such developments are a missed opportunity to focus on

the needs of the school and the local community and consider inclusive opportunities with a range of facilities that support physical activity for all.

“On one side of the community, we've got leisure facilities that are extremely aged and have fallen apart and a school down the road has brand new shiny facilities that aren't fit for purpose and haven't taken into consider what's actually needed by the local community.”

Creativity

73. Cultural organisations shared their concerns about the impact of the lack of creative opportunities on young people and future generations.

“For young people to flourish in general, they all need to be creative. They all need to have that artistic opportunity and not just to have one opportunity, but to choose from a whole range of different ones.”

“People think a country can live without the arts. But you have to think of the arts as more than entertainment to understand the impact of the cuts.”

Economy

74. Organisations spoke about the impact of the decline in their industries, on the economy, especially within the hospitality and tourism sectors.

3. Ways forward

75. Below a collection of ideas and proposals suggested by organisations during engagement sessions are presented. These ideas represent diverse perspectives aimed at improving the current situation. It is important to note that while these suggestions reflect the creativity and concerns of organisations, they have not been unanimously agreed upon. Rather, they were brought forward during discussions as potential pathways for positive change and are shared here to inspire further dialogue and consideration.

Budget

76. Although organisations shared ideas about ways of supporting them and the people they serve, all noted that *“it is about the money at the end of the day.”*

“I think it's important to say that there is a really skilled workforce, people all around Wales, who know exactly what needs doing with great ideas and have the skills to do it. So, in some ways, it is just about the money.”

Planning support

77. Develop a strategy to allow organisations to focus on long-term planning and less on last-minute expenditure, to improve stability and aid a more strategic use of funding.

78. Consider a more concise way of distributing funding so that it's not so labour-intensive from the perspective of the organisations applying for it.

79. Improved signposting and support to access funding opportunities, beyond the Arts Council of Wales funding.

Positive narrative

80. Develop opportunities to action the Well-being of Future Generations (Wales) Act.

“We've got this amazing piece of ground-breaking legislation, which is the Well-being of Future Generations Act, and we need to use it more as a tool rather than it just sitting there. It should be the driver of a holistic approach to illustrate the impact of the arts.”

81. Advocate a far more positive and wider narrative about the value and benefits of the arts and leisure and physical activity for all, not only those who can afford it.

“The Welsh Government needs to stand up and say the arts is absolutely essential for our culture and for the well-being of the nation.”

82. Acknowledge the contribution of grassroots community clubs and organisations, where successful sportspersons and artists, from all disciplines, have started their careers.

83. Develop a leisure and sport facility strategy across Wales. The previous one dates back to 2016.

84. Champion professional career opportunities within the arts and culture sector, to secure essential future leadership roles within the sector.

85. Advocate for the arts and culture sector on public service boards.

“Never before has innovation and imagination been more needed.....that's what we bring.”

86. Proactively draw on the expertise of the sport sector, when planning strategies, for example, LGBTQ+ action plan, the Anti-Racist Wales action plan and the Disability action plan.

87. Develop a more holistic approach to working with other sectors that rely on the arts and sports, for example the health and education sector.

“There's something fundamentally wrong that people want to use the arts, they know the value of it, but they're not prepared to put the actual price on the value of it.”

“Movement, physical activity and sports are a significant solution to a lot of wider social issues and challenges.”

88. Develop a movement, physical activity and sport strategy, acknowledging how they can bring different sectors together to develop skills, community cohesion and tackle isolation.

89. Conduct a pilot study: targeted arts investment in one region or community, to measure the impact on health, education, happiness, mental health and ultimately the impact on public services. For example, re-allocating a small fraction of the money spent on teenage mental health and investing it in targeted programmes in the arts for teenagers. This would have an enormous positive impact on young people and the pressures on public services.

90. Strengthen opportunities to allow smaller organisations to network, be informed and support each other.