

Challenges for the culture sector – financial sustainability at Sport Wales

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This document has been prepared as part of work performed in accordance with section 15 of the Well-being of Future Generations (Wales) Act 2015.

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This document is also available in Welsh.

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Summary report

Why we did this examination and what it is about

- 1 Under the Well-being of Future Generations (Wales) Act 2015 (the Act), Sport Wales must set well-being objectives designed to contribute to the well-being of Wales, both now and over the longer term. It must also take all reasonable steps to meet those objectives. The Auditor General must examine whether Sport Wales has applied the sustainable development principle¹ when setting its well-being objectives and taking steps to meet them.
- 2 This report sets out the findings from our examination of steps Sport Wales is taking to meet its well-being objectives². It has focused on the significant financial pressures Sport Wales is experiencing. Those pressures include rising costs and a reduction in its grant-in-aid (GiA) from the Welsh Government for 2024-25. They have implications for the organisation's financial sustainability and its ability to deliver on its well-being objectives. Effective financial planning in line with the sustainable development principle can help manage these issues.
- 3 This report considers whether Sport Wales has appropriate arrangements to secure financial sustainability over the short and longer term, in support of its well-being objectives. It forms part of a wider examination covering other Welsh Government arm's length bodies in the culture sector. We applied the same overall audit questions and criteria at each body. However, our evidence gathering and analysis took account of contextual factors for each body, including differences in functions and in their financial environment. **Appendix 1** provides more information about our work and our evidence base.
- 4 We prepared this report ahead of the Welsh Government's final budget for 2025-26. We hope our findings and recommendations will be useful to Sport Wales as it plans for the longer term.

Overall conclusion

- 5 Overall, we have concluded that:
 - Sport Wales' annual income and expenditure increased between 2019-20 and 2023-24, largely due to specific time-limited grants. While its GiA slightly increased in real terms between 2020-21 and 2023-24, its main lottery

¹ The Act sets out that doing something in accordance with the sustainable development principle means that the body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. To do so, a body must take account of five ways of working, summarised as long-term, integration, involvement, collaboration, and prevention.

² Sport Wales published its 10-year strategy in 2019. The strategy sets out the vision for sport in Wales and includes six 'strategic intent statements'. A description of the outcomes Sport Wales is seeking to achieve supports each statement. Together, the statements and descriptions function as Sport Wales's well-being objectives.

income decreased. There was then a significant cash and real terms cut to GiA for 2024-25.

- Sport Wales has a clear understanding of its financial position and addressed the 2024-25 pressures in a way that mitigated the impact on sports partners in the short term. It recently developed a medium-term financial plan but expanding this to cover wider factors would support future decisions.

6 The rest of this report provides further detail about our findings and recommendations.

What we found: the financial position

Sport Wales' annual income and expenditure increased between 2019-20 and 2023-24, largely due to specific time-limited grants. While its GiA slightly increased in real terms between 2020-21 and 2023-24, its main lottery income decreased. There was then a significant cash and real terms cut to GiA for 2024-25

7 **Paragraphs 8 to 26** provide a general overview of key features of Sport Wales' financial position. The data reported is mainly from annual financial statements for 2019-20 to 2023-24. A series of exhibits in **Appendix 2** provide additional detail.

Income

8 In 2023-24, Sport Wales' total income was £52.8 million. Its main funding comes from the Welsh Government, principally in the form of GiA³, and from the National Lottery Distribution Fund (NLDF). In 2023-24, GiA income was £23.8 million and proceeds from the NLDF amounted to £16.3 million⁴.

9 Sport Wales' income sits in two separate accounts. GiA and other Welsh Government funding sit in its main account⁵. NLDF income sits in the lottery distribution account.

³ In this report, we are using the term GiA income to refer to the revenue and internal capital that Sport Wales receives from the Welsh Government. This includes certain time-limited elements, such as cost of living support. We have excluded Welsh Government revenue and capital grants that sit outside of GiA, which are also time-limited or restricted or both.

⁴ Most NLDF income is the share of proceeds from the national lottery. The additional components of NLDF funding include 'investment returns' along with 'other income'. The additional components provided income of £996,000 in 2023-24.

⁵ Sport Wales refer to this as the 'exchequer' account.

- 10 Sport Wales' income also includes a comparatively small amount of income it generates, mainly from its national sports centres. This sits in its main account.
- 11 There were significant increases in Welsh Government funding after 2019-20. They were mainly due to specific Welsh Government grants, rather than increases to core GiA. **Exhibit 3** sets out the main account income between 2019-20 and 2023-24.
- 12 GiA increased from £21.4 million in 2019-20 to £24.6 million in 2021-22. It then dropped slightly in 2022-23 and 2023-24. We calculated that Sport Wales received £0.9 million more in GiA between 2020-21 and 2023-24 than if it had risen in line with inflation after 2019-20⁶. GiA also included certain time-limited elements during this period. **Exhibit 4** sets out the actual GiA income alongside this real terms comparison.
- 13 In 2020-21, Sport Wales received £13.8 million of Sports Recovery Funding⁷. This contributed to its total Welsh Government funding increasing from £23 million in 2019-20 to £41.4 million in 2020-21. In 2021-22, Sport Wales received a further, final allocation of Sports Recovery Funding of £1.9 million.
- 14 Sport Wales also received significant capital grant funding⁸ between 2020-21 and 2023-24. This totalled £32.2 million, ranging between £3.0 million and £11.6 million per year. It did not receive any capital funding in 2019-20.
- 15 The exact amount of income Sport Wales receives from NLDF proceeds is not guaranteed but is based on Sport Wales receiving 0.9% from the lottery's Good Causes Fund. NLDF proceeds increased in 2020-21 and 2021-22 before falling in the next two years. The 2023-24 proceeds were lower than in 2019-20.
- 16 We calculated that Sport Wales received £6.3 million less in NLDF proceeds between 2020-21 and 2023-24 than if they had risen in line with inflation after 2019-20. **Exhibit 5** sets out the NLDF funding over these years alongside this real terms comparison.

Expenditure

- 17 Sport Wales redistributes much of its income to fund sport across Wales. It distributes grants to 'partners', which include national governing bodies, national partners, local authorities/sport partnerships.

⁶ For our real terms analysis, we used HM Treasury GDP deflators at market prices for 2023-24 based on Office for National Statistics data at June 2024. We based our calculation on the total GiA that Sport Wales received each year.

⁷ The Welsh Government's Wales Sports Recovery Fund helped the sports sector with the impacts from the COVID-19 pandemic. Sport Wales distributed a significant portion of this funding to other sports organisations.

⁸ This capital funding is specifically for the buildings and infrastructure of the sports sector partners Sport Wales funds.

- 18 In 2023-24, grant funding to partners accounted for 70% of main account expenditure. In the same year, 84% of all NLDF expenditure went on grants to partners. Remaining expenditure was used to fund support costs, such as staffing and management administration.
- 19 The increases in income referred to above were accompanied by corresponding increases in expenditure, largely due to grant funded activities in 2020-21 and 2021-22. **Exhibits 6 and 7** set out total expenditure by type.
- 20 Staff numbers fell between 2019-20 and 2023-24. At year end, there were 146 full time equivalent staff in 2023-24 compared with 160 in 2019-20⁹. Staff costs were around 20% of GiA in 2023-24, compared with 30% in 2019-20.

Balances and reserves

- 21 Sport Wales can carry over a cash balance of no more than 2% of its GiA from one year end to the next. Sport Wales does not hold unrestricted reserves that could otherwise be used to help manage financial challenges, such as reductions in GiA.
- 22 The position for lottery income is different. At 31 March 2024, the lottery distribution account had a useable reserve of £4.8 million (2023: £12.3 million). Sport Wales can use this to fund projects that meet the lottery's overall policy directions. Sport Wales has a policy of spending to reduce the lottery balance.

Changes in GiA for 2024-25 and 2025-26

- 23 Sport Wales received a significant cut to its GiA for 2024-25. It calculated that its initial allocation of £21.0 million was 9% less than its initial allocation for 2023-24 (after which it received further in-year funding). A February 2024 budget paper stated that it had received a 10.5% cut to its GiA compared to the amount in the indicative three-year budget the Welsh Government had given it for 2022-23 to 2024-25.
- 24 Sport Wales received additional Welsh Government non-recurrent revenue funding of £1.0 million in September 2024, which it passed on in full to partners. This in-year allocation made back some of the reduction in GiA funding for 2024-25 and its impact on the wider sports sector. However, Sport Wales has also noted that in-year non-recurrent allocations make it more difficult to think strategically about how to use funding and cause uncertainty for the sport sector.
- 25 The Senedd's Culture, Communications, Welsh Language, Sport and International Relations Committee recently completed an inquiry on the impact of funding reductions for culture and sport in Wales¹⁰. Our examination does not draw

⁹ Sport Wales apportions staff costs between its main account and its lottery distribution account.

¹⁰ Culture, Communications, Welsh Language, Sport and International Relations Committee, [A decade of cuts: Impact of funding reductions for culture and sport](#), January 2025

conclusions on funding levels and instead focuses on how Sport Wales is responding to financial challenges. We note the inquiry calculated that, when looking back over a 10-year period up to 2024-25, Sport Wales' revenue and capital GiA funding decreased by 9% in real terms.

- 26 At the time of writing, the Welsh Government had published a draft budget for 2025-26 that provides Sport Wales with a GiA allocation of £23.1 million. This represents a 10% increase on the £21.0 million in GiA awarded for 2024-25, and a 3.6% increase on the £22.3 million awarded for 2023-24. Given the timing of our review, we have not looked at how Sport Wales is responding to this for the year ahead.

What we found: arrangements to secure financial sustainability

Sport Wales has a clear understanding of its financial position and addressed the 2024-25 pressures in a way that mitigated the impact on sports partners in the short term. It recently developed a medium-term financial plan but expanding this to cover wider factors would support future decisions

Sport Wales has a clear understanding of its financial position and the key risks to its financial sustainability and has engaged with the bodies it funds to understand their risks

- 27 A sound assessment of the financial position and outlook can help ensure a well-informed, strategic approach to financial planning. A consistent understanding of that position across senior leadership can help secure shared ownership of the approach. This is particularly important when there is significant pressure on finances and difficult decisions may be required.
- 28 Sport Wales has a well-developed understanding of its financial position. It presents clear financial information to its Board. Senior staff we spoke to had a consistent understanding of the financial challenges. They described key cost pressures, for example, relating to pay awards and energy costs.
- 29 They also showed an awareness of the options for reducing spending and the associated challenges. For example, they recognised the importance of protecting grant funding to partners to help deliver the well-being objectives and the vision for sport in Wales. At the same time, they described how discretion to reduce other costs is limited because it is tied to contracts, legislative requirements, and managing risks such as safeguarding.

- 30 Sport Wales records and monitors risks to its financial sustainability through the corporate risk register. This includes the unpredictable nature of GiA funding.
- 31 The risks in the corporate risk register are not limited to changes in funding and cover those with more indirect financial implications. For example, how the rising cost of living may adversely impact on the sector and, in turn, reduce access to sport. Sport Wales is also alert to the potential to changes in funding that could arise from the change to the lottery operator.
- 32 The Audit and Risk Assurance Committee receives the corporate risk register at each of its quarterly meetings, with an update on risk management arrangements. The risks are also set out in Board papers and in the annual accounts. Sport Wales also records risks relating to the finance function in a dedicated finance risk register.
- 33 Sport Wales relationship managers engage regularly with partners to understand their financial risks, including through an online network. Sport Wales is already collaborating with partners to support their financial sustainability, including helping them identify potential efficiency savings.

Sport Wales addressed the financial challenge for 2024-25 through action that mitigated the impact of cuts on sports partners in the short term

- 34 It is important that bodies have clear, deliverable plans to help achieve a balanced budget. Planning actions, whether income generation or savings, over multiple years can help ensure bodies are well-placed to do this. It can help ensure they have sufficient time to effectively plan and implement proposals, including taking account of the sustainable development principle. This would, for example, include undertaking effective involvement and exploring opportunities to collaborate.
- 35 Sport Wales took a budget paper to an extraordinary board meeting in January 2024 that set out how it would meet the projected funding gap of £2.5 million. The paper set out options to address the funding gap, along with their value and a high-level description of the potential consequences.
- 36 Sport Wales also undertook an impact assessment to explore the consequences of various reductions to partner funding and other savings options. The impact assessment prompted consideration of the Act's national well-being goals and application of the five ways of working. It informed budget discussions, with papers noting that the financial position could slow progress towards the vision for sport in Wales, and negatively impact certain groups.
- 37 In responding to the funding gap for 2024-25, Sport Wales was keen to maintain its investment model. The investment model prioritises funding for partners that can grow participation in sport, especially for groups with lower participation rates. Sport Wales referenced the investment model throughout the impact assessment.
- 38 Sport Wales identified measures that allowed it to only pass on a proportion of the funding cut it received to its partners than might otherwise have been the case.

Sport Wales obtained Welsh Government approval to use £1.5 million of underspends¹¹ from 2023-24 to make what were, in effect, advance grant payments for 2024-25 at the end of March 2024.

- 39 Sport Wales found internal efficiencies of £200,000. Nonetheless, it still needed to reduce partners' funding by £800,000 for 2024-25. Sport Wales calculated that this equated to a 3.5% reduction to partners' indicative budgets for 2024-25.
- 40 Sport Wales set a 2024-25 budget with a deficit of £504,000. It budgeted to pay out the maximum assumed funding to partners but considered that some organisations would not meet the capability framework requirement¹² and therefore not receive their full allocations. This would result in underspends. Sport Wales has adopted a similar approach, setting a deficit budget in recent years.
- 41 As noted in **paragraph 24**, Sport Wales received additional Welsh Government revenue funding of £1.0 million in September 2024, which it passed on in full to partners. However, Sport Wales relied, to a significant extent, on the 2023-24 underspend to help it avoid passing on a larger cut to partners at the start of 2024-25. This was a one-off measure and did not address the underlying funding gap for future years. Sport Wales recognised this in budget papers for 2024-25.

Sport Wales has recently taken the positive steps of developing a medium-term financial plan but expanding this to cover wider factors could support future decisions

- 42 A strategic approach to supporting financial sustainability is important. It provides a basis for decision making and helps bodies ensure they are well-placed to balance policy and resourcing considerations, particularly as new challenges emerge.
- 43 Sport Wales has recently taken the positive step of developing a medium-term financial plan. It provides a longer-term view of its financial outlook. It models funding and cost pressures over a three-year period. It includes most likely, best-case, and worst-case scenarios for Welsh Government and lottery funding. It also provides a short narrative on government funding and cost drivers.
- 44 Such modelling is a key element of a medium-term financial plan. However, there are opportunities to expand on it to support decision making and discussions with the Welsh Government about the impact of any changes in funding. Sport Wales could explore additional factors that are likely to shape its financial sustainability, and that of the wider sports sector. This could include any requirements for future investment, relevant risks to the organisation and sector, and implications for delivering its well-being objectives. Sport Wales told us that it compares its

¹¹ Most of the underspend related to monies not paid out to partner organisations that had not met Sport Wales' governance requirements.

¹² Sport Wales use its Capability Framework as the basis for funding organisations. When sport partners seek Sport Wales investment they must complete a self-assessment against the framework.

assumptions with other Welsh Government arms-length bodies. There will be opportunities to expand this as other bodies develop their medium-term plans.

- 45 The modelling in the medium-term financial plan assumes a change in the pension status which would achieve significant savings. This change was confirmed in November 2024, with the scheme receiving backing from the Welsh Government should Sport Wales cease to exist. The change in status triggered an actuarial assessment, which identified a surplus position. This has resulted in significantly reduced employer contribution rates until the next triennial valuation in April 2026, saving approximately £1 million in Sport Wales' main budget and £600,000 in its lottery budget for 2025-26. In addition, the change in status has resulted in a recurrent saving as deficit payments are no longer required.
- 46 As noted in **paragraph 35**, Sport Wales identified savings options as part of the 2024-25 budget process. It did not draw on all these options. Its financial position is now much healthier for 2025-26 due to pension changes and an increase in GiA. However, Sport Wales could keep these savings options in view, while considering investment opportunities and income generation, as part of future ongoing financial planning.
- 47 While Sport Wales is considering income generation opportunities, there are limits to how far it can go. The national centre is the main source of income, and such income has increased in recent years. However, Sport Wales must seek permission from the Welsh Government to pursue any new income generation.
- 48 Sport Wales is developing arrangements to better articulate its approach to lottery reserves. In November 2024 the Board agreed a national lottery reserves policy that set limits for the levels of reserves it can hold. The reserves policy will help Sport Wales plan for and respond to the different funding scenarios in its medium-term financial plan.

Sport Wales regularly monitors its financial position but does not yet have arrangements to assess progress towards its well-being objectives and evaluate the impact of different funding levels

- 49 Clear, regular, and transparent reporting arrangements are important to enable effective oversight of the financial position, the action bodies are taking to secure their financial sustainability, and the impact on their stakeholders and well-being objectives.
- 50 Sport Wales undertakes regular monitoring of its financial position. It introduced budget review meetings in 2023. The Director and Head of Finance meet with budget holders to review budgets on a line-by-line basis, consider cost pressures and any underspends or overspends. These arrangements allow Sport Wales to respond promptly to budget issues.
- 51 Sport Wales reports transparently on the financial position. Executive team meetings consider summary information from the budget review meetings. Quarterly Board reports summarise the financial position.

- 52 At the time of our examination, Sport Wales had not identified how it would formally assess the impact of the changes in partner funding for 2024-25 on the delivery of its strategy. However, it is mindful of the potential impact on the sector and delivery of its well-being objectives. Sport Wales describes the importance of ongoing ‘what matters’ conversations with partners. Sport Wales told us that these discussions cover the financial position and implications of funding changes for partners. It will be important to draw the intelligence together to understand the impact across partners.
- 53 We have recommended previously that Sport Wales should set out performance measures to accompany its well-being objectives and to monitor progress in delivering the steps to meet them¹³. Sport Wales accepted this recommendation, with a completion date of May 2025. As it develops such measures, it will be important to ensure that any targets or milestones reflect decisions on funding levels.

¹³ Auditor General for Wales, [Examination of the review of well-being objectives](#), June 2024

Recommendations

54 We have raised two recommendations that we will expect Sport Wales to respond to.

Exhibit 1: our recommendations

Medium-term financial planning for financial sustainability

R1: Sport Wales should build on its medium-term financial plan by drawing in additional factors that are likely to shape its financial sustainability and that of the wider sports sector. It should include:

- areas that may require new or additional investment;
- risks, both to the organisation and sports sector, that could impact resources;
- options for future savings; and
- how it will continue to deliver its well-being objectives and the vision for Sport in Wales in this context.

As it updates its modelling, Sport Wales should look for opportunities to benchmark the assumptions with other bodies. This should be a continuing process, rather than a one-off exercise. (See **paragraphs 44 to 46.**)

Measuring progress and assessing impact

R2: We recommended, in June 2024, that Sport Wales should clearly set out strategic performance measures to accompany its well-being objectives along with supporting measures to monitor progress in delivering the steps.

As Sport Wales develops these measures, and any associated targets or milestones, it should take account of its financial strategy and changes in funding levels. This will help it define its ambitions and understand progress towards its objectives in the context of its financial position. (See **paragraph 53.**)

Appendix 1

About our work

Examination question, scope, and criteria

We set out to examine the extent to which Sport Wales is acting in accordance with the sustainable development principle through its arrangements to secure financial sustainability.

In relation to financial planning, we would expect application of the sustainable development principle to include consideration of the need to:

- meet immediate financial pressures, while delivering core activities and functions.
- secure the financial sustainability of the organisation, so that the necessary resources are available to deliver core activities and functions over the medium and longer term.
- deliver strategic ambitions, as described through the organisation's well-being objectives. This incorporates stakeholder and citizen perspectives and the need to achieve any longer term, preventative benefits.

We have set out our generic examination questions and criteria below. Our examination criteria have been informed by our cumulative knowledge, CIPFA guidance, and related Audit Wales reviews in other sectors. We also drew on the 'positive indicators' that we have used in previous sustainable development principle examinations. In addition, we engaged with the office of the Future Generations Commissioner for Wales in planning this examination.

We sought to understand the financial challenges facing Sport Wales and how it is responding. However, we did not explore every factor that has impacted, or may impact, on its financial sustainability. Nor did we review the detail of the specific measures it is putting in place to meet those challenges or its annual budget setting processes.

Our work at Sport Wales is part of a wider examination also covering Amgueddfa Cymru, the National Library of Wales, and the Arts Council of Wales.

The questions and criteria vary in their applicability to each of the four bodies. We took this into account during our evidence gathering and reporting.

We will consider reporting separately on any common issues identified through our work across the four bodies covered by our wider examination.

Exhibit 2: audit questions and criteria

In the context of reductions to revenue GIA for 2024-25, does the body have appropriate arrangements to secure financial sustainability over the short and longer term, in line with its well-being objectives?

<p>Does the body have a clear understanding of its current financial position and medium-term outlook and longer-term risks?</p>	<ul style="list-style-type: none"> • The body has assessed its financial outlook and calculated any funding gap over the short to medium term based on reasonable assumptions. • The Director of Finance, senior management team and board all have a clear understanding of the body's current financial position and medium-term outlook, and how that compares with similar bodies. • The body has identified the key risks to its financial sustainability, drawing on a broad evidence base that goes beyond financial considerations. This could include increases in demand, new requirements, and citizen perspectives.
<p>Does the body have a clear strategic approach to help secure its financial sustainability over the longer term and deliver its well-being objectives?</p>	<ul style="list-style-type: none"> • The body has clearly set out its strategic approach to support its financial sustainability over the medium term, with a view to the longer term. • The body's strategic approach to financial sustainability has been developed in view of the wider vision, corporate strategy and well-being objectives. • The body's strategic approach to financial sustainability is supported by senior managers and board. • The body has considered a wide range of options to improve its long-term financial sustainability and deliver its well-being objectives, including comparing with other bodies. • The body's strategic approach includes the strategic use of reserves to manage its financial challenges over the medium term. • The body has modelled the anticipated impact of its strategic approach to securing its financial sustainability over the medium term (eg potential service reductions, building closures, fee increases, grant reductions) and the impact this is likely to have on the well-being objectives and citizens/stakeholders.
<p>Has the body identified how it will meet its financial challenges over the short and medium term, in the context of delivering its well-being objectives?</p>	<ul style="list-style-type: none"> • The body has a track record of successfully addressing financial challenges. • The body has identified the actions, including any savings it intends to make, to meet its financial challenges over the short and medium term, supported by well-evidenced plans based on reasonable assumptions. • The body has arrangements in place to develop actions (including savings proposals) to meet its

	<p>financial challenges, linked to their contribution to the delivery of the well-being objectives.</p> <ul style="list-style-type: none"> • The body’s arrangements ensure it can take account of the sustainable development principle when developing and delivering these actions (eg savings proposals), including stakeholders’ views.
<p>Is the body monitoring its financial sustainability, the delivery of savings and impact on the well-being objectives and seeking to learn and improve?</p>	<ul style="list-style-type: none"> • The body has appropriate arrangements in place to regularly monitor of its financial position, including its sustainability over the medium to long term. • The body has arrangements to transparently report the impact/anticipated impact of its financial strategy on the achievement of its well-being objectives and its stakeholders/citizens to board, committees, and other stakeholders. • The body sets out timescales for delivering savings and regularly reports progress in delivering them to senior managers, board, and relevant committees to enable oversight and scrutiny. • The body is on track with plans to deliver savings in 2024-25 and beyond. • The body is aware of strengths/weaknesses in its approach and is seeking to learn and improve.

Audit methods

We undertook a high-level analysis of Sport Wales’ financial statements, covering a five-year period from 2019-20 to 2023-24 to help us understand its financial position and how that has changed.

We reviewed documents including Sport Wales’ strategy and well-being objectives, available financial planning information, relevant monitoring reports, and the papers and minutes of relevant Board and committee meetings. We also interviewed a selection of senior staff and a board member.

We gathered our evidence during June to November 2024 and reviewed Sport Wales’ final accounts for 2023-24 in November 2024.

We shared our draft report with Sport Wales in December 2024.

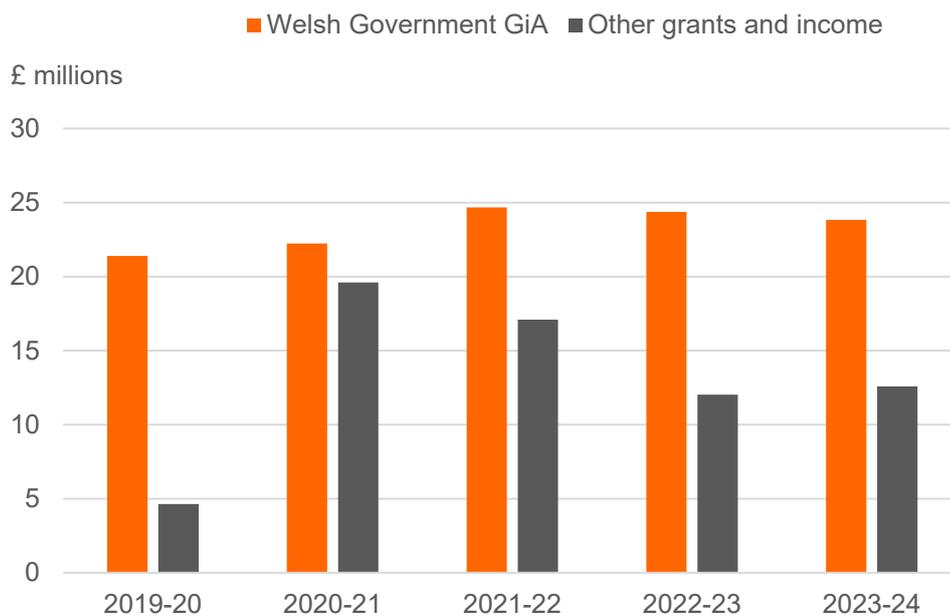
Appendix 2

The financial position at Sport Wales

The charts below set out further information on the financial position at Sport Wales. The information is not exhaustive but includes key data sets that show the changing financial position from 2019-20 to 2023-24. We based our analysis on Sport Wales' financial statements. **Paragraphs 23 to 26** provide information on funding for 2024-25 and funding for 2025-26. This includes GiA and other time-limited components.

Income

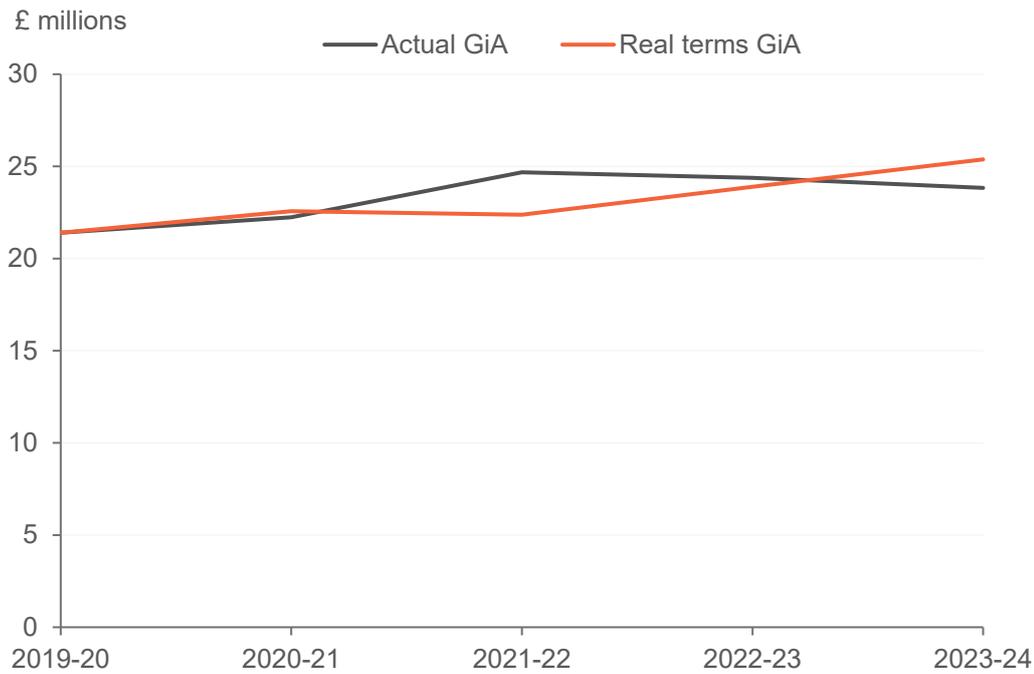
Exhibit 3: Sport Wales main account income by source, 2019-20 to 2023-24



Source: Audit Wales analysis of Sport Wales' financial statements

Note: The main account does not include lottery income. The category 'other grants and income' includes multiple sources of income. For example, it includes internal income from catering, fitness centre membership and courses. It also includes time limited Welsh Government Sport and Leisure Recovery fund in 2020-21 and 2021-22, and Welsh Government capital grants. This accounted for the higher levels of income for those years.

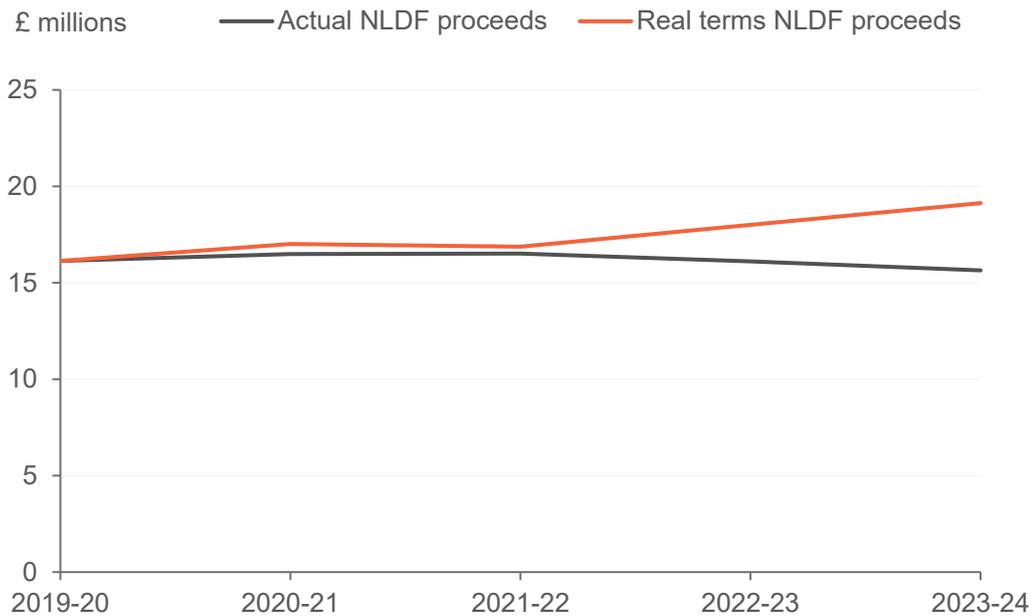
Exhibit 4: Sport Wales GiA income in actual terms and against a hypothetical real terms comparison, 2019-20 to 2023-24



Source: Audit Wales analysis of Sport Wales' financial statements

Note: For our real terms analysis, we used HM Treasury GDP deflators at market prices for 2023-24 based on Office for National Statistics data at June 2024. The real terms comparison shows what the GiA would have been from 2020-21 to 2023-24 had it risen in line with inflation after 2019-20.

Exhibit 5: Sport Wales proceeds from the NLDF in actual terms and against a hypothetical real terms comparison, 2019-20 to 2023-24

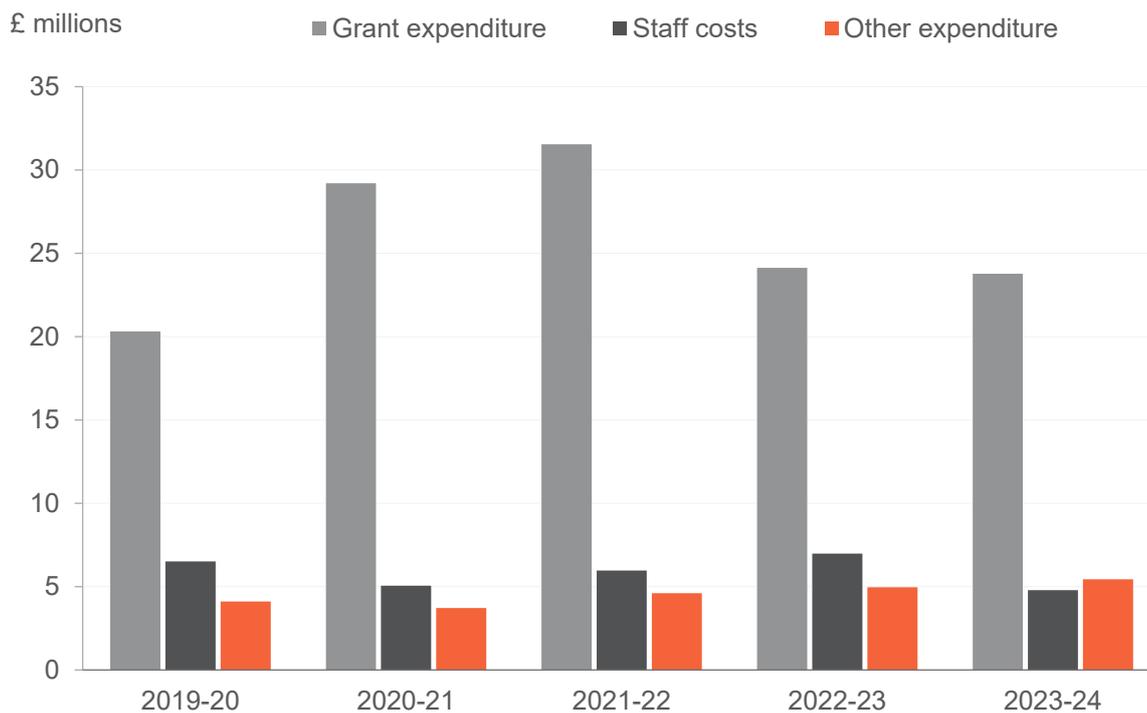


Source: Audit Wales analysis of Sport Wales’ financial statements

Note: For our real terms analysis, we used HM Treasury GDP deflators at market prices for 2023-24 based on Office for National Statistics data at June 2024. The real terms comparison shows what the NLDF proceeds would have been from 2020-21 to 2023-24 had they risen in line with inflation after 2019-20. This comparison excludes the smaller components of NLDF funding, including investment income on balances from the NLDF.

Expenditure

Exhibit 6: Sport Wales main account expenditure by type, 2019-20 to 2023-24



Source: Audit Wales analysis of Sport Wales' financial statements

Exhibit 7: Sport Wales lottery distribution account expenditure by type, 2019-20 to 2023-24



Source: Audit Wales analysis of Sport Wales' financial statements



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