

7 April 2020

Dear Colleague –

I am writing to you with grave concerns for the leisure, sport and culture sector in Wales amidst Covid-19. While we welcome and appreciate the Welsh Government's measures on business support and the new £18m support package for the culture, creative and sport sector, we are concerned it will simply not be enough to save our much-loved and critical sector.

We urgently need an ongoing dialogue with yourselves and other partners in the sector. This includes the Welsh Government, Sport Wales, the Arts Council of Wales, and the Welsh Local Government Association, who have all been sent this open letter, as we seek to provide a collaborative approach for long-term support to the Welsh leisure, sport and culture sector.

Trusts' role in the Welsh leisure, sport and culture sector

Our members, which are all charities and social enterprises, collectively called 'trusts', are fundamental to the Welsh leisure, sport and culture sector. Public leisure and sport is managed by trusts in 55% of Welsh Local Authorities. There are also numerous smaller charities that manage local pools and lidos, often historical, which should not be overlooked, as they bring the opportunity for sport and physical activity to all of Wales – both urban and rural. In five Welsh Local Authorities, trusts manage public culture, primarily libraries. Yet we should not forget about the many small and large trusts which operate other cultural facilities i.e. theatres, arts centres, museums, community halls, and historic houses, which are of the utmost importance to a diverse, inclusive, and above all, *accessible*, creative and cultural sector.

During this pandemic, trusts are supporting their local authority partners, who themselves are, understandably, constrained in time and resources. Torfaen Leisure Trust, for example, has assisted Torfaen Council in [delivering over 800 free school meals](#). Aura Leisure & Libraries, in partnership with Flintshire County Council, have offered [Deeside Leisure Centre as the third location for a temporary hospital](#) in North Wales. Leisure trusts with their local government partners are also continuing the National Exercise Referral Scheme despite venue closures.

Charitable trusts face critical challenges amidst Covid-19

We know from scoping the impact of Covid-19, as detailed in the attachment to this letter, that without any further financial support, charitable trusts cannot survive past the end of May. Without substantial financial support, they will have depleted all their reserves and will become insolvent. If this were to happen, the closure of services would significantly limit people's ability to lead culturally enriched and active lives and have a drastic impact on Wales's community infrastructure. This includes the future health and well-being of the nation.

We know from members' reports that trusts are doing all they can to remain solvent – for example, using their reserves, taking out business loans, using bank overdrafts, delaying payments, and requesting advance payments from local government partners. You will understand that this is a high risk, unsustainable solution. While we welcome and appreciate the support to the sport and cultural sector through various funds (Arts Resilience Fund, Sport Resilience Fund, Cultural Resilience Fund, Emergency Relief Fund and the Digital Library Resources), in addition to the wider business support in general, we are worried that leisure and culture trusts are overlooked and will not adequately be supported. For example, the Emergency Fund for sports favours sports clubs, making it inaccessible to leisure trusts. All funds are also not close to being large enough to support the entire sector. While we appreciate these funds are focused on immediate emergency resilience building, a long-term approach with funding being available for both short-term and long-term relief that highlights the intricacies and different business models within the sector is crucial.

While we welcome and appreciate business support during this period, we are concerned that, following the estimation that the majority of trusts can only remain solvent to the end of May, **the estimated pay-out date of early June for the Coronavirus Job Retention Scheme will be too late**. During these initial three months, it is not just payroll – an estimated monthly average of £337,000 – but also pensions, rent and utilities that must be covered and impact on trusts' cash flow. Many trusts pay a higher pension contribution than the Government supported 3%. The Local Government Pension Scheme (20% contribution rates), for example, are above the proposed recoverable of 3%. The average monthly energy and utility bill alone is nearly £55,000. Shutting off utilities completely is not an option if there remains the hope for re-opening, and, in some cases, notably theatres, might break the old equipment. Considering these cash costs, the £25,000 grant for businesses is not enough to support trusts. For many, they may also not be eligible to access these grants, as their venues fall outside of the rateable value benchmark.

Finally, while the Government's support is focused on the coming two months, the lengthy recovery period must not be underestimated. If facilities can re-open, it does not guarantee that customers will immediately return. Operators will also need time to prepare for re-opening and cannot be expected to do so overnight. Income will not flow at the same rate as it did prior to closure – all the while costs remain constant. Any business support measures agreed until June 2020, such as the VAT deferral and the Coronavirus Job Retention Scheme, should be extended to aid recovery. We know that recovery will take longer than a year, if indeed charitable trusts survive the closure. In many cases, it may take even longer, especially for cultural facilities e.g. the impact of seasonality, rehearsal and touring cycles of theatre productions.

A collaborative, long-term approach to support

Trusts are community anchor organisations and strong local employers which, long before Covid-19, made a significant contribution to the health and wellbeing of Wales' communities. Community Leisure UK supports and represents trusts within public leisure and culture across Wales, for which partnership working is crucial. Our members' reach into communities is vast, accumulating 27m user visits in 2018. They operate over 140 sport and cultural facilities as well as dozens of green spaces i.e. parks and playgrounds; have a combined turnover of nearly £150 million; employ over 3000 staff; and are critically supported by over 200 volunteers.

We are working closely with Welsh colleagues across culture and sport, notably with Creu Cymru and the Welsh Sport Association, to support the resilience of the arts, culture and sport/leisure sector. We would very much welcome a similar engagement with yourselves.

It is crucial during these unprecedented times that the sector, as well as local and national government, comes together. We work [closely with UK-wide sector bodies for sport](#) i.e. CIMSPA and ukactive, and our work has also resulted in a [co-signed statement](#) and commitment to work with Arts Council England, local government and other partners to support the arts and cultural sector in England throughout and beyond this national crisis.

We very much look forward to working with you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Huygen', enclosed in a simple oval shape.

Jennifer Huygen

Engagement and Policy Manager – England & Wales
Community Leisure UK