

Ken Skates AM
Minister for Economy and Transport
Via email

27th March 2020

Dear Ken Skates AM,

In light of the national crisis created by the outbreak of the novel coronavirus (strand Covid-19) and the wider impact this is having on our economy, we are writing with an urgent request for support to the Welsh sports and physical activity sector to ensure its short and long-term survival, and to outline how the sector can support our communities and economy getting through and beyond this crisis.

We welcome your long-standing commitment to protect businesses in this country, including the business rate reliefs, grants of up to £25,000 for the retail, leisure and hospitality sector, and the Business Interruption Loan Scheme. We request urgent engagement with Welsh Government on the execution of the necessary measures to ensure the sports and physical activity sector has the tools it needs to survive in this rapidly changing climate. Sport Wales' budget is nowhere near sufficient to respond to this crisis. Our ask is a recovery package for the sporting economy rather than the promotion and development of sport, which is the remit of Sport Wales. We believe that working alongside Sport Wales, the Deputy Director for Culture, Sport and Tourism, and relevant departments such as the Department for Housing and Local Government would be a beneficial and effective way forward.

The sector bodies, Welsh Sport Association, Community Leisure UK, CIMSPA and ukactive would welcome the opportunity to feed into and support a collaborative approach to financing and resourcing the sports sector throughout and beyond this national crisis.

As you are well aware, the sport and physical activity sector is large, and made up of different bodies including leisure managed by local councils, community sports clubs, leisure trusts, social enterprises, private providers and National Governing Bodies of sport (NGBs). Latest figures show that in 2016/17, sport contributed £1,142M to the Welsh economy, employing nearly 30,000 people across Wales or 2.1% of the working population.¹

Our insight demonstrates that the average monthly payroll can vary across sports organisations, but for leisure deliverers in local authority areas this can be £337,000, with their average monthly utility and energy costs an additional £55,000. These are both cash costs. If multiplied across the anticipated minimum 3 months of closures, this equates to £1.17m average per organisation – appreciating that some are much larger or smaller than others. Our data further shows that most organisations only have cash to remain solvent for 6 to 8 weeks. Past this point, they are no longer a going concern and will cease to be operational.

For summer sports, the impact on facility closures and lack of events could be catastrophic, with one NGBs estimating a loss of over £1.5M to their sport if these conditions continue. Worryingly, we have already received reports of clubs who may have to permanently close by the end of April due to lack of reserves. If organisations do survive the closures, recovery will take up to two years upon reopening. Hence why, although welcome, the Government's interventions so far do not offer enough support to protect the short and long-term survival of this valuable sector.

The extent of our voluntary workforce – 22% of voluntary organisations in Wales are sport and recreation², and one in four of all volunteers do so through sport³, means that sport's contribution is often overlooked and taken for granted. However, the impact on sport could rock the foundations of sport and physical activity infrastructure to the extent that it will not be there to support the return to activity as we transition to normality at the end of this outbreak. As such, we urge the Welsh Government to use its devolved powers, and to support its sport and physical activity sector.

We have been consulting leaders across the sector and there are several specific measures that we request to protect the sector and its workforce:

The measures proposed by the sector bodies are:

- An emergency fund with quick access to grants for the sports sector to help organisations and individuals get through the first months of restricting and adapting their operations and managing the restructuring of their workforce – this must be resourced sufficiently to support the entirety of the sector
- A detailed, long-term plan to fund the sports sector and ensure its sustainability during and beyond the pandemic
- Nationally coordinated encouragement for the public to stay active and to engage online with their local sports club, gym or leisure operator as part of a #BeActiveWales campaign
- To financially resource local authorities so they can support their partners' immediate cash flow position through COVID-19 - including local service providers; and so that they can support phases of reopening facilities and services.

¹ <https://wsa.wales/wp-content/uploads/Sheffield-Hallam-Welsh-Sport-Economic-Impact-Report.pdf>

² <https://www.wcva.org.uk/what-we-do/the-third-sector-data-hub>

³ WG National Survey 201

- Expand the grant scheme for businesses to include medium-and larger sized sport organisations and increase the maximum grant of £25,000 – the current rate value of £51,000 for businesses and the grant amount is not realistic for larger operators and given organisation's monthly cash costs
- Extend the Business Interruption Loan Scheme to when venue closures are lifted – with no income, organisations cannot take on the risk of a loan up to £5m. Potentially introducing the loan scheme once services are back open and generating income would be more beneficial.
- A period of non-payment of VAT and payroll taxes and a period of phased reintroduction on business – we recognise the current three-month deferment of VAT but given the long recovery time of the sector, three months will not be enough
- Rental reduction support, to reduce/cease rental payments.

In addition, we require clarification on the processes for the following:

- Clarity on the Coronavirus Job Retention Scheme - this is a positive intervention from Government, but the detail regarding furloughing employees currently puts organisations in an impossible position with regards to wanting to redeploy staff to support other public service and community activities.
- Clarity on Business Interruption Insurance and the grounds for pay-outs.
- Clarity on the terms of the grant scheme for businesses – will grants be accessible to charities, social interest companies and social enterprises, who manage 55% of all public leisure provision in Wales?
- Clarity on non-payment of VAT, National Insurance, Pension and Payroll contributions during the period of disruption.

Contribution of the sports sector to communities and the economy during, and beyond, this crisis

The sector's contribution to the physical, mental and social health of local communities is essential, and will be equally, if not more so, required after this crisis, with evidence demonstrating Welsh sport's social return of £2.88 for every pound invested in it, including considerable savings to the National Health Service and national wellbeing⁴ The importance of staying active is recognised – yet the sector whose sole purpose is to facilitate and encourage active lifestyles will not exist beyond this crisis without urgent financial support.

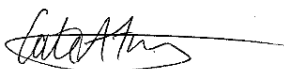
The combined sector is a large local employer, often of U25s, offering apprenticeships, training and skills development. Equally the sector has a large self-employed and volunteer workforce. All organisations bring significant benefits to their local communities, yet we risk losing this qualified and committed workforce.

Even during this crisis, leisure-based organisations are looking to support their local authorities and community services by offering their workforce as volunteers or through formal redeployment. They can, and are, looking to work and support their partners: repurposing their venues as food distribution centres, information hubs, health spaces, or even hospital wards. The National Exercise Referral Scheme is also encouraged to continue to deliver its invaluable service. Plans are in place for online classes and encouraging the public to stay active, but cannot be sustained by operators without urgent financial support.

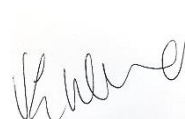
It has never been more important to ensure a vibrant and resilient sports sector, both during this crisis in terms of supporting the general public in maintaining their physical and mental wellbeing, and as we emerge into the new normal. While the coming weeks will be especially challenging, there is an even longer recovery period ahead. It is therefore imperative that we come together with a long-term plan to fully resource our sector, and ensure its short and long-term survival.

We want to work with you and wider Welsh Government to fully understand the implications of these decisions, and help identify and provide solutions. We will continue to liaise with leaders across the sector to provide the latest insight and impact from our members' organisations

Yours sincerely,



Cate Atwater
CEO, Community Leisure UK



Victoria Ward
CEO, Welsh Sport Association



Huw Edwards
CEO, ukactive



Tara Dillon
CEO, CIMSPA

⁴ <https://wsa.wales/download/social-return-on-investment-of-sport-in-wales-2016-17/>