

Kate Forbes MSP  
Cabinet Secretary for Finance  
*Via e-mail*

25<sup>th</sup> March 2020

Dear Ms Forbes,

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 to highlight:

- the specific financial challenges faced by charities delivering public leisure, sport and culture services and to outline areas where support from the Scottish Government will be vital to its short and long-term survival;
- the role of members in supporting communities through this crisis period;
- the role of members in supporting the rebuilding of the economy after the current pandemic.

Commonly called trusts, Community Leisure Scotland members are all registered charities delivering public leisure and/or culture services for communities across Scotland, with all their facilities and services now closed to the public. These charities provide physical activity, cultural engagement and social opportunities and are significant partners within their local communities. We have a total of 26 members in Scotland, operating over 1150 facilities, with a total of over 18 300 staff and over 12 500 volunteers.

The current situation raises serious risks as to whether trusts will be able to remain a going concern, the majority stating that they could survive for a period of 2-3 months, and would then be forced to close. If this were to happen, there is a high risk of these facilities and services being closed for good.

We have liaised closely with our members and need the following measures:

- Urgent funding, direct to leisure trusts, compensating for lack of income. Increase the £25,000 grant for businesses – leisure and culture trusts can have in excess of £1million in monthly payroll costs, and annual energy costs of £80,000 -100,000, hence greater grant funding is required to cover expenses for the expected long-term closure.
- A financial support package including the relaxation of irrecoverable VAT and payment of National Insurance, pension contributions and payroll taxes for charities. We note that there is a VAT quarter deferral, but urge a longer deferral period as our members anticipate that it may take 6 - 18 months to return to 'business as normal' after reopening.
- Support from local authorities and key partners to help and enable trusts to reopen and to support them as it will take time to rebuild income streams and return to business as usual.
- Tailored financial support for self-employed leisure, sport, arts and cultural professionals. Suspending the minimum income floor for anyone affected by COVID-19, means that self-employed people can now access Universal Credit at a rate equivalent to Statutory Sick Pay for employees. Our members note the current monthly earning for a self-employed drama teacher/storyteller/teaching would be c. £2,500+, a swimming teacher c. £1,500+, and for a fitness instructor £2,000+. Self-employed professionals also pay NI and tax.
- For local authorities to be financially resourced to proactively support their partners' immediate cash flow position through COVID-19, and support phases of reopening facilities and services.

Moreover, we require clarification on the following points:

- Clarity in all government communications, with guidance explicitly referencing charitable trusts. Issuing communications in the morning would enable businesses to adapt and implement actions as appropriate.

- Clarity on Business Interruption Insurance and the grounds for pay-outs.
- Clarity on whether the £10k for all businesses qualifying for Small Business Bonus Scheme, and the £25k for businesses in the hospitality sector are available per facility, or per organisation.

Although most of our members receive a management fee (which has been significantly reducing) from their local authority partner, the majority of income comes from membership and income from customers, thus distinct from other local authority services. The lack of income during a period of closures will therefore be felt acutely by these charitable trusts, directly impacting on their viability and staff retention.

Our members have confirmed that they are striving to retain contracted staff as a priority, with some using their charitable status to work with local partners and redeploy staff to support public services and community resilience. The Coronavirus Job Retention Scheme announced by the Chancellor on Friday 20th March is welcome, but this has caused unanticipated challenges to the redeployment of staff to support community resilience, due to furlough regulations. There is also significant and immediate risk to self-employed and casual staff, who are vital assets in this sector, and significant risk to the contracted workforce depending on the length of closures. Ultimately the viability of these charities to remain in existence is in question.

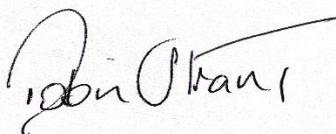
Our members' work in supporting the physical, mental and social health of their local communities is essential, and will be equally, if not more so, required after this crisis. Trusts are large local employers, often of U25s, offering apprenticeships, training and skills development. All members bring significant benefits to their local communities through employment, apprenticeships and spend with local suppliers.

Crucially, they reinvest every pound into services and facilities, and will undoubtedly make a significant contribution to the economy and the health and wellbeing of their communities once their facilities reopen. It is imperative that we seek to protect the vital infrastructure and services that public leisure, sport and culture offer in Scotland, and support charitable trusts to remain solvent in order to continue their work, both during, where possible, and after the epidemic.

We welcome your commitment to doing whatever it takes to protect businesses and charities in Scotland, but request urgent engagement with your team on the execution of the necessary measures to ensure that public leisure and culture is able to survive in this rapidly changing climate. Government support, both locally and nationally, and a joined-up approach with relevant sector partners will be required to encourage the public to return to actively using and supporting public leisure and culture services.

I look forward to hearing from you.

Best wishes,

A handwritten signature in black ink, appearing to read 'Robin Strang', written over a light grey rectangular background.

Robin Strang, Chair of Community Leisure Scotland  
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