

19 May 2020

Dear Chancellor,

**Re: Continued need for financial support and amends to the design of Government support packages**

We continue to acknowledge the significant measures introduced by the Government, but we urgently need to raise the **continued and critical financial position of non-profit-distributing public leisure, sport and culture organisations** across the UK.

Public leisure, sport and cultural services play a strategic role in supporting local economic priorities to increase economic growth, job creation and make local areas attractive places to live and work. Equally as vital is their role in supporting communities' health and wellbeing. If we continue on the current path where these organisation's fall between the Government support packages, there will be a long term absence of a public leisure, sport and culture infrastructure. This will have an adverse effect on place-based progress with regard to wellbeing and local economic priorities.

Our insight survey, that concluded on 18 May 2020, evidenced that 40% of members will be non-viable or insecure over the next one to six months. This insecurity increases to 57% over 9 - 12 months; and 67% from 12 months onwards. Over these same time periods (according to UK Government, Welsh Government and Northern Ireland Executive roadmaps) it is likely that phased re-opening of facilities and spaces will commence with social distancing measures in place.

Importantly, once facilities and services re-open, the 'cost tap' will be on, but income from customers and service delivery will be a fraction of that prior to the shutdown. This anticipated income reduction is demonstrated by some of the insights from this week's BVA-BDRC Covid-19 'Tracking Consumer Sentiment on the Impact of Covid-19'<sup>1</sup>. Their insight indicates that consumers would take, on average, five months to return to a gym-based activity, and five and a half months before returning to a museum or gallery. Similarly, according to the Indigo 'After The Interval' survey<sup>2</sup> results, 41% of audiences would not consider booking for [theatre] events for at least four months. Members' scenario planning and modelling echoes the above insight, and their financial and service delivery plans - across culture and leisure - indicate that the recovery period will take 12-18 months to return to a similar level of income.

It is important to understand that the solutions detailed below are essential to ensure that public leisure, sport and culture organisations do not become insolvent, which is looking increasingly likely. These solutions ensure that organisations achieve a breakeven financial point throughout the recovery period, and whilst distancing measures and restrictions remain in place. Once the breakeven point is reached and the risk of insolvency decreases, the need for Government support and financial intervention will be significantly reduced.

Currently, public leisure, sport and culture organisations across the UK continue to fall into the gaps of all Government support programmes. Their future is at significant risk.

**Identified solutions**

1. **Extend the Coronavirus Job Retention Scheme** to support throughout the reopening period where measures will include social distancing. This will go beyond the Chancellor's recently announced extension of the scheme to October. We request the Government's continued support through the CJRS by tapering support whilst social

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<sup>1</sup> [http://www.bva-bdrc.com/wp-content/uploads/2020/05/BVA-BDRC-Covid-19-Week8\\_Report\\_Final-18052020.pdf?utm\\_campaign=BVA%20BDRC%20Coronavirus&utm\\_source=hs\\_email&utm\\_medium=email&utm\\_content=88097336&hsenc=p2ANqtz-uBZwbiuwo0xvCAj\\_bVU\\_4APxurCyxRzj0gIBZAK1We3neiBn81AvX01XQXGZ33aYk4CAM6MWixm37MiQnXmC\\_DGFrNL9xlvelmqpwFNzFuNChQ&hsmi=88097336](http://www.bva-bdrc.com/wp-content/uploads/2020/05/BVA-BDRC-Covid-19-Week8_Report_Final-18052020.pdf?utm_campaign=BVA%20BDRC%20Coronavirus&utm_source=hs_email&utm_medium=email&utm_content=88097336&hsenc=p2ANqtz-uBZwbiuwo0xvCAj_bVU_4APxurCyxRzj0gIBZAK1We3neiBn81AvX01XQXGZ33aYk4CAM6MWixm37MiQnXmC_DGFrNL9xlvelmqpwFNzFuNChQ&hsmi=88097336) - Tracking Consumer Sentiment on the Impact of Covid-19, BVA-BDRC, 18 May 2020

<sup>2</sup> <https://www.indigo-ltd.com/covid-19-after-the-interval-national-audience-survey> - After The Interval Audience Survey, Indigo, 2020

distancing measures are in place. This will help ensure that once leisure and cultural facilities and services re-open, they are financially supported whilst revenue levels rebuild. Specifically:

- Continue the salary support scheme while social distancing rules apply, providing a minimum of 50% cover for salaries, up to a maximum of £1,250 per month.
  - Provide at least 45 days' notice before the scheme closes, to allow organisations to carry out the legally required, collective consultation for redundancy. However, members' current and remaining objective is to protect jobs, and a continued, yet understandably tapered, CJRS is vital.
2. **Amend the Coronavirus Business Interruption Loan Scheme (CBILS)** as it is not working for public leisure, sport and culture organisations. This has been raised with the Chancellor, DCMS and MHCLG directly. Of the members who have applied, 10% have been successful, whereas 30% have been declined or told they are not eligible. 50% of members are now not intending to use CBILS because of the low success rate, the complexities and time it takes to apply.
- Banks that are offering the loans must **assess and judge viability to meet repayments based on future financial projections**, and not historical financial records. Those historical records may present viability concerns for the bank because they would not include and demonstrate capability for CBIL repayment or similar. Whereas future financial projections would explicitly include the CBIL repayment and demonstrated expenditure and income adjustments - will accurately and effectively show how the CBIL will be repaid with low risk. This is an effective measure of affordability.
3. It is vital for the entire public leisure, sport and culture sector that the Government gives **an absolute minimum of two weeks' notice** for re-opening facilities and services. This is important from a health and safety, and a staff training and wellbeing perspective. For example, a minimum of two weeks is needed to increase swimming pool temperatures and to perform essential water safety tests; new cleaning and distancing measures need to be tested and implemented, and staff appropriately trained and supported.
4. For public leisure, there is a growing and evident need for **ringfenced funding from the UK Government for local authorities** to support and protect public leisure services in their locality both now and for the longer term. Across cultural services throughout the UK, our members note a continued and increasingly urgent need for further UK Government funding to support their future. Cultural venues e.g. theatres will be critically impacted by social distancing, and core funding to support them now and in the longer term needs to be secured.
- In England, only 28% of members have been supported, financially, by their local authority partner where the authority has utilised the Cabinet Office's Procurement Policy Note 02/20. However, the PPN02/20 and Cabinet Office:
    - refers to Q1 2020 and therefore only up to June,
    - needs to actively enable authorities to apply flexibility and support with regards to arrangements where fees and rent are payable to local authorities, and
    - need to emphasise to local authorities that it applies to their leisure, sport and culture partners who deliver those services on the authorities' behalf.
  - The vast majority of local authorities in both Scotland and Wales are proactively, financially, supporting their delivery partners across leisure and culture where there is a contractual relationship. This approach to supporting partners in the immediate term is hugely valuable and significantly more cost effective than allowing an organisation to become insolvent, where the liability and costs would revert to the local authority.
  - Across our broad membership, even though facilities are closed, members are incurring on average, £473,000 of monthly costs, per organisation. The largest member is incurring £6.5m of costs, per month. These costs exclude the CJRS or any negotiated payment holidays etc. but includes pension contributions (often well above the 3% support e.g. LGPS), services being delivered, utilities and standing charges, costs of non-furloughed staff, maintenance and facility checks.
  - Across the UK, if members' contracts are no longer viable and they become insolvent, the **liability for services and staff lies with the local authority in 69% of cases**. This presents a serious financial risk to local authorities, disruption in delivering those services and a significant impact on authorities' statutory obligations where our members manage libraries. Our members across leisure, sport and culture, are often, and increasingly, acting as the local authorities' strategic lead for those services across their locality, sitting on corporate strategic committees and representing those local authority services with external partners.

We wish to again highlight the concern that our members fall through the funding and support gaps. As detailed in previous letters (latest 23 April 2020) the local authority administered programmes are not supporting this sector. Yet this sector is vital. Public leisure, culture and sport organisations have a **critical role in supporting the physical, mental and social health and wellbeing of their local communities**.

Governments across the UK are citing the importance of physical activity and recognising the impact on physical and mental health. This raises the profile of what we already know, that cultural, leisure and sport services are essential public services. These services will be needed even more when communities emerge from the current crisis. If our members are unable to remain solvent, there will be an insurmountable loss of civil society run facilities and services, which will never return. These losses will include:

- local swimming pools which deliver ante and post-natal water sessions;
- theatres which provide high performance through to community productions;
- libraries who are community hubs where dementia groups meet, they afford safe havens for people to just be, and internet access for those who need it;
- gyms and health programmes that prevent hospital admissions (notably diabetes prevention, weight management etc), give people the best preparation for treatment (through specialist schemes like Prehab4Cancer) and significantly aid recovery (through condition-specific programmes like cardiac rehabilitation);
- places and services that offer lifelines for isolated and potentially lonely individuals, providing safe places to meet and engage in their community.

The Prime Minister was quoted at the weekend on “changing his mind” and backing an “interventionist obesity strategy”. Public leisure, sport and culture organisations’, like our members, **sole focus** is on people’s health and wellbeing. They reinvest every pound of profit generated back into delivering services and delivering their charitable objectives. If the health of the nation is as critical as the Prime Minister and First Ministers note across the UK, then the solutions as posed here are needed **now**. Otherwise, the burden on the NHS across the UK will only increase. We are a broad, community-focused sector that needs help now, to help Governments and communities in the future.

Yours sincerely,



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CC:

Rt Hon Robert Jenrick MP, Secretary of State for Housing, Communities and Local Government  
Rt Hon Oliver Dowden MP, Secretary of State for Digital, Culture, Media and Sport

## Appendix - our membership

We are a members’ association representing registered charities, societies or community interest companies (with a public benefit asset lock) delivering public leisure, sport and/or culture services for communities across the UK. Our 110 members operate over 3,800 facilities that received 233m customer visits last year, with over 100,000 staff and over 17,000 volunteers. Their combined turnover in 2019 was over £2bn. Across the membership 58% of members deliver cultural services and facilities. This equates to 1,100 cultural assets - theatres, town halls, libraries, museums, cinemas etc. We estimate our culture-based members employ over 63,000 staff, engage with 12,000 volunteers, and 400 apprentices.