

Open letter from Community Leisure UK

25 March 2020

Dear Colleagues,

Re: Position of leisure, sport and culture trusts across the UK with regards to COVID-19

In light of the national crisis created by the outbreak of the novel coronavirus (Covid-19) and the wider impact this is having on communities, organisations and our economy, we are keen to share with colleagues the position and risks faced by charitable trusts delivering public leisure, sport and culture services. Equally to outline areas where further financial support from Government and devolved administrations, will be vital to public leisure, culture and sport's short and long-term survival; and finally, to seek your support.

Our membership base

To recap, Community Leisure UK is 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. Members provide physical activity, cultural engagement and social opportunities and are significant partners within their local communities. We have a total of 110 members, operating over 3,700 facilities that received 233m customer visits last year, with over 100,000 staff and over 17,000 volunteers.

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.

Financial position

Most of the **income for leisure services** – like so many - comes from membership (e.g. gym direct debits) and income from customers (e.g. bookings, entry fees, hall hire, soft play etc). The **income for cultural services** (in our membership) typically comes from admission fees, grants, donations and gift aid, commercial activities e.g. cafes, hospitality etc. Approximately 55% of members receive a management fee from their local authority partner. The lack of income during this period of closures will therefore be felt acutely by charitable trusts, directly impacting on their viability.

Currently our members state that, if nothing changes, they can **survive for between 6 – 8 weeks on reserves**. Past this point, they are **no longer a going concern** and will close.

Our insight demonstrates that our members' average **monthly payroll is £378,000**. Some members' individual monthly payrolls are in excess of £1m. Members' average **monthly utility and energy costs are £44,000**. Some members' individual energy and utility costs are into the hundreds of thousands of pounds per month. These are both cash costs. If multiplied across the anticipated 3 months of closures, this equates to **£1.26m average per member**. Hence why although welcome, the Government's interventions do not offer enough support.

Requested Government support

We welcome and acknowledge the significant measures introduced by the Government, but there are serious shortfalls to ensure all non-profit-distributing organisations survive this situation in the short and medium term. These shortfalls are continually and increasingly being highlighted by charity sector collaborators including, but not limited to, NCVO / SCVO / WCVA, Charity Finance Group, Charity Tax Group, ACEVO, Institute of Fundraising, NAVCA.

Particular challenges for members broadly fall into seven categories:

1. The Coronavirus Job Retention Scheme - this is a positive intervention from Government, but the detail regarding furloughing employees currently puts charities in an impossible position with regards to wanting to redeploy staff to support other public service and community activities. We raise this particular concern because our members can play a significant role in supporting communities through the crisis period. For example - our members operate 3,700 facilities across the UK, which could be repurposed for different uses such as information hubs, health spaces, hospital wards etc. The current position with furlough does not allow

this to happen as easily as hoped, meaning that trusts cannot pivot to support communities as efficiently as possible.

2. Uncertainty regarding the Business Interruption Insurance and clarity is needed on the grounds for pay-outs.
3. Clarity on the grant for businesses - ensuring this includes charities, and asking whether the £25,000 grant can be available per facility and not per organisation.
4. Supporting the need for cash and cash flow with closures, seeking a longer VAT deferral period, and whilst appreciating VAT is tied into the EU exit transition period, scoping a relaxation of irrecoverable VAT taxes for charities.
5. The government launched a Business Interruption Loan Scheme, but with no income, charities (including our members) cannot take on the risk of a loan up to £5m. Those that could take the risk, are likely above the £45m turnover threshold. Potentially introducing the loan scheme once the services are back open and generating income, would be more beneficial.
6. To support the entire workforce of leisure, sport and culture, it is vital a tailored financial support for self-employed professionals is implemented. Suspending the minimum income floor for anyone affected by COVID-19, means that self-employed people can now access Universal Credit, but this is not enough to support their living costs.
7. Finally, it is important for all communities, that local authorities are effectively financially resourced to support their partners' immediate cash flow position through COVID-19 - including local service providers; and that they can support phases of reopening facilities and services.

Request for your support

Currently, building partner's and colleagues' awareness of the landscape for trusts is important. Any support partners can provide to support the non-profit-distributing and / or trust sector, would be greatly appreciated. This may be through sharing the insight above during in-person calls you have with other partners, government, wider sector etc; or through support on social media @CommLeisureUK.

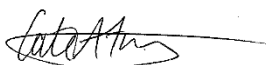
Looking ahead to when leisure, sport and culture trusts reopen, members will have a significant role in rebuilding local economies and supporting people's wellbeing and health. However, members tell us the **recovery period could take 6 – 12 months** to return to the same level of business. Therefore, partners' and Government support, both locally and nationally, will be needed to encourage the public to return to actively using and supporting public leisure, sport and culture services. Your support would be hugely valuable.

How can we support you?

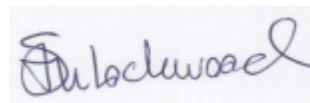
If we can provide further information or insight, please do let us know. Equally, we are keen to learn about partners' current landscapes both in the short and long-term; we will also do all we can to support public and community services, the non-profit-distributing sector and our partners. Please do tell us how we can help.

Thank you for taking the time to read this letter highlighting the position and risks faced by the public leisure, sport and culture trusts.

Wishing you and your loved ones health and wellness.



Cate Atwater, Chief Executive
Community Leisure UK
cateatwater@communityleisureuk.org



Stuart Lockwood, Chair
Community Leisure UK