

Open letter from Community Leisure UK #2

5 April 2020

Dear Colleagues,

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

Since writing the first open letter published on 25 March, the position for trusts and the non-profit-distributing sector remains uncertain. Working alongside partners such as, but not limited to, NCVO / SCVO, Charity Finance Group, Charity Tax Group, CIMSPA, ukactive, Creu Cymru, local government representative bodies etc. has been our priority. These are important partners to help support the future of public leisure and culture services across the UK. We remain keen to work with partners and support their priorities and challenges, as much as we ask for their support.

Requested Government support

We continue to 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. Worryingly there remains no government support package to help charities, although as part of the #EveryDayCounts campaign, we remain hopeful for this support for the charity sector. Challenges for members now and in the immediate future include:

1. **Financial support package** - the reimbursements from the Job Retention Scheme via HMRC are potentially not being received by employers until June. A survey last week of trusts indicated that they are using various financial levers to cover March, April and May payrolls. Including using their full reserves, arranging a bank overdraft, applying for the government backed loan and requesting payment holidays. Members' average monthly payroll is £378,000. Other costs e.g. utilities, energy, leases etc are still being incurred - members' average monthly utility and energy costs are £44,000. To help combat this serious issue of cash running out in May, **the reimbursements from HMRC need to be in employer's banks in May.**
2. The Government supports 3% of pension contributions made by employers as part of the Job Retention Scheme. However it needs to recognise and support organisations' where pension contribution rates e.g. **Local Government Pension Scheme** (20% contribution rates) are above the proposed recoverable of 3%. The shortfalls will amount to a significant cash cost to organisations who may have a significant number of staff in these schemes.
3. Cash flow management - with no income receipts being taken through leisure and culture services, a **longer VAT deferral period** past the June 2020 deferral date would help significantly.
4. **Procurement Policy Notes (England and Wales)** – although helpful in enabling local authorities to have flexibility with regards to supporting their partners with financial payments, the Notes do not reflect the mixed methodologies included in public leisure contracting. For example, there are a number (increasing number) of trusts where there is an income and expenditure relationship with their local authority partner. It would be beneficial to further help local authorities, by providing a supplementary document to accompany the Notes to explicitly include the option for trusts (and all suppliers) to be allowed a payment break until facilities and services are fully open, delivering services and therefore banking income.
5. Recognition and understanding that once facilities and **services reopen the 'cost tap' will be on full, yet the income from customers and service delivery etc will not flow** at the same rate. Members tell us the recovery period could take 6 – 12 months to return to the same level of business, depending on the length of closure. Therefore, further understanding of this by national and local Government is imperative, as is extending support programmes past June, and communication reopening plans and programming as early as prudently possible. Equally, partners' and Governments' 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.

Request for your support

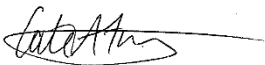
Partners' continued awareness of the landscape for trusts is important. Any support partners can provide to support the non-profit-distributing and / or trust sector, would be greatly appreciated. This may be through sharing the insight above during in-person calls you have with other partners, government,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

How can we support you?

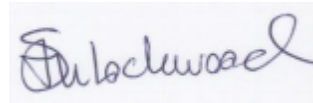
We remain keen to learn about partners' current landscapes both in the short and long-term; we will also do all we can to support public and community services, the non-profit-distributing sector and our partners. Please do tell us how we can help.

Thank you for taking the time to read this second open letter. Highlighting the position and risks faced by the public leisure, sport and culture trusts across the UK is our prime focus, as we believe in the power of the trust model.

We hope you and your loved ones are in good health.



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Stuart Lockwood, Chair
Community Leisure UK

Notes - 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.

Website: www.communityleisureuk.org

Twitter: @CommLeisureUK

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