

PRESS NOTICE FOR IMMEDIATE RELEASE

8TH APRIL 2020

Protecting public leisure and culture services

Charities and social enterprises delivering sport, leisure and culture services in communities across the UK are, like other businesses, facing significant financial challenges as a result of the current global Covid-19 pandemic. Commonly called trusts, their most significant and immediate challenge is undoubtedly cash flow.

Whilst trusts have welcomed the unprecedented support measures outlined by government to support businesses, there is an urgent need to receive some of the support immediately. The Coronavirus Job Retention Scheme has the potential to offer a lifeline to many of our members. Cate Atwater, Chief Executive at Community Leisure UK stated *"We are incredibly worried that 50% of our members state they cannot remain solvent until June without receiving reimbursement from the HMRC administered scheme before this point."* Charities, like other businesses, are facing the prospect of having to cover payroll costs for March, April and May (with average monthly payroll costs of £378,000, with some in excess of £1m) with no, or very little, income, and often with small reserves.

Like other businesses our members are exhausting all possible methods to remain solvent through these next few months. These include using their entire reserves, applying for bank loans and overdrafts, and requesting advanced payments on their management fees where possible. This is a high risk, unsustainable solution. It is crucial therefore, that government support, in the form of the furlough reimbursement payments, be received in banks by mid-May to ensure that they remain solvent. If the Job Retention Scheme payments are not received by this point, for many over 80% of jobs will be at immediate risk.

Most of the income for public sport and leisure services comes from membership (e.g. gym memberships) and income from customers (e.g. bookings, hall hire, soft play etc). Income for cultural services typically comes from admission fees, grants, donations and gift aid, and commercial activities e.g. cafes, hospitality etc. Approximately 55% of our 111 members receive a management fee from their local authority partner, though this is steadily decreasing as budgets become tighter. The lack of income during this period of closures will therefore be felt acutely by charitable trusts, directly impacting on their viability.

It is important to consider how these organisations will operate once restrictions are lifted and they are once again able to open their doors to the public. Recovery will certainly take longer than a year, if indeed they survive the closure. In many cases, it may take even longer, especially for cultural facilities e.g. the impact of seasonality, rehearsal and touring cycles of theatre productions. There will be challenges upon reopening, not least because of potential decline in customer demand and ongoing social distancing advice, but also because of the wider economic impact that is already felt today through the stark increase in the number of people applying for universal credit. Upon reopening, operating costs will remain constant, but income will be significantly reduced. A timeline for re-opening with forewarning and long-term government support, potentially extending some of the current business support such as VAT deferral, will be crucial.

Charitable trusts delivering public sport, leisure and culture services have played a key role in supporting the physical, mental and social health and wellbeing of their local communities, and as expressed by Cate Atwater, this role *“will be equally, if not more so, required as communities emerge from the current crisis. If our members are unable to remain solvent and reopen their doors, there will be an insurmountable loss of trust run facilities and services, which are likely never to return”*. These losses will include local swimming pools, libraries, programmes to support people with long-term conditions and older people, among others.

Trusts play a significant role in supporting their local economies. They are significant local employers, offering opportunities for under 25s, along with apprenticeships, training and skills development. Where possible, they seek to purchase from local supply chains and, crucially, reinvest every pound of profit into services and facilities. Therefore, they will make a significant contribution to the economy once their facilities reopen.

Ends.

Notes - our membership base

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 111 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.

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