

## Request for a second round of National Leisure Recovery Fund

Community Leisure UK is calling on the Government to commit further ring-fenced funding, through the National Leisure Recovery Fund, to ensure the survival and sustainability of public leisure as we move towards reopening in an incredibly fragile landscape.

### Urgent need for further financial support

As highlighted by the LGA, taking into account the funding that has already been announced for 2020/21, there will be a funding gap of approximately £2.6 billion for local authorities if the impact of the 2021 national lockdown measures is similar to that of the first national lockdown in 2020.<sup>1</sup> This illustrates the acute financial pressure on councils and the urgent need for further funding to enable councils to support their leisure delivery partners.

The announcement of the National Leisure Recovery Fund, supporting outsourced public leisure, was essential for the survival of the sector. It demonstrated an understanding by Government of the need to protect the sector and recognised the key role that public leisure will play in supporting the recovery of individuals, communities and the economy from the pandemic.

However, the announcement of the £100m fund came prior to the announcement of the third national lockdown in England. Though it has undoubtedly provided a lifeline to local authorities and their delivery partners across England, it will only provide short-term support as the sector has been brought to its knees by the closure of venues and activities from January - March, which is the high season for the leisure and sport sector.

To build on this investment, it is crucial that the Government provides further funding to support local authorities and their partners as they reopen venues and facilities, while being faced with full operating costs, yet drastically reduced income. The Local Government Association, representing councils in England and Wales, has also called for the extension of this fund, recognising that the original fund only covered one eighth of what was needed before the latest lockdown, which will have made the financial needs of facilities significantly higher.<sup>2</sup>

### Current financial position

Despite the National Leisure Recovery Fund, the sector is facing an uncertain future. Reopening will begin in April, yet some venues will not reopen immediately due to financial pressures and ongoing restrictions impacting on customer return rates. Potentially one in four councils have plans to close some leisure facilities and 42 percent plan to make cuts to physical activity services.<sup>2</sup>

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<sup>1</sup> LGA March 2021 Budget Submission.

<https://www.local.gov.uk/parliament/briefings-and-responses/lga-march-2021-budget-submission>

<sup>2</sup> LGA, *COVID-19: Opening gyms and public leisure facilities*, House of Commons, 22 March 2021.

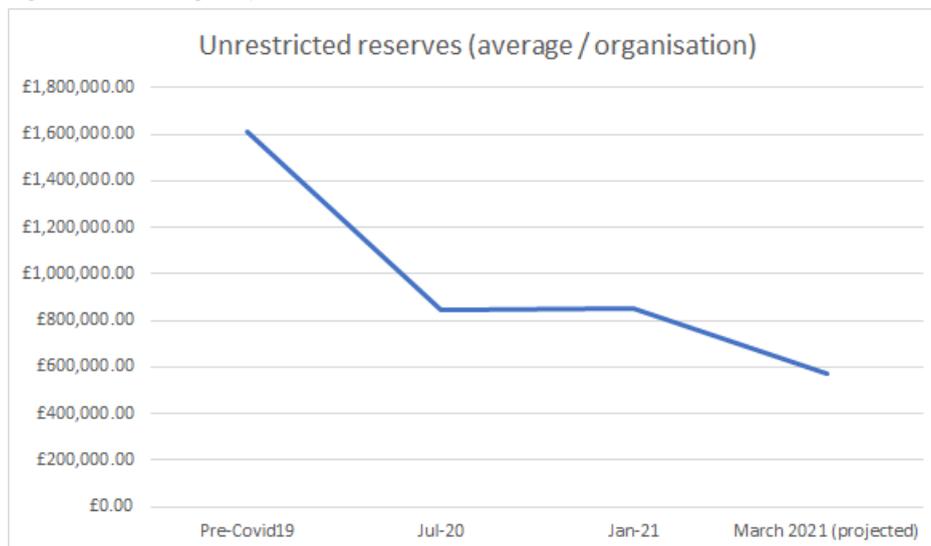
<https://www.local.gov.uk/parliament/briefings-and-responses/covid-19-opening-gyms-and-public-leisure-facilities-house>

There will be a long recovery period, estimated at 12-24 months, before we see a return to any semblance of pre-covid income levels. Reopening venues will prove more expensive than remaining closed, and will need financial support to ensure the financial sustainability of organisations in the medium to long term.

Even when facilities are closed and mitigations are in place, there is an ongoing net subsidy requirement as the average monthly cost of utility, non-furloughed staff, loans, repayments and standing charges etc is around £60,000 per site per month.<sup>3</sup>

Throughout the pandemic, leisure trusts have, on average, lost £1 million in unrestricted reserves during the pandemic<sup>4</sup>. Despite business support measures such as the Coronavirus Job Retention Scheme, National Leisure Recovery Fund and business support grants for the leisure and hospitality sectors, leisure trusts had lost nearly 50% of their unrestricted reserves by the summer of 2020. Reopening in summer and autumn of 2020 helped stabilise their position, but when the country went back into lockdown in January 2021 all income ceased again and unrestricted reserve levels continued to fall.

Figure 1: Average of leisure trusts' unrestricted reserves



Source: Community Leisure UK member reporting during April 2020 - March 2021

The current level of deficit is on average £675k per leisure trust.<sup>5</sup> Having also lost almost two third of their unrestricted reserves, leisure trusts are severely restricted in investing in their business recovery, and their community-focused services and activities.

While already being in a precarious situation, leisure trusts will now have to plan for the tapering off of Government support, most significantly the furlough scheme. In addition, they will need to start repaying any loans they took to keep their organisation solvent at

<sup>3</sup> Local Government Association. *Options for councils in supporting leisure providers through COVID-19*

<sup>4</sup> Community Leisure UK member surveys from April 2020 - March 2021

<sup>5</sup> Based on a representative sample of 17 members on 23 March 2021

the height of the pandemic, while their income will be significantly reduced due to reduced customer confidence and ongoing Covid-19 restrictions.

### **What could be lost**

Prior to Covid-19, leisure trusts generated over £1 billion in social value<sup>6</sup> (total value over 2019). Despite the unprecedented challenges, leisure trusts have continued to deliver social value, which is measured through savings to the NHS, reduced crime levels, and increased mental and physical health of communities and children, directly supporting a range of national and local priorities, including the Government's prevention agenda, obesity strategy, the school sport and activity action plan, and the staying mentally well: winter plan 2020 to 2021.

Public leisure is focused on community benefit, supporting the health and wellbeing of individuals and is uniquely positioned to work with local and national partners to deliver a range of services and interventions, and providing inclusive and accessible opportunities for everyone, as highlighted in the examples below.

[Your Leisure Kent](#) have been delivering boot camps for women, yoga for people with hearing impairments and online low impact exercise for people with disabilities and/or long term health conditions. In a similar vein, [Abbeycroft Leisure](#) ran an online 'Together During Lockdown' programme which consisted of free online sessions designed to support loneliness, isolation and dementia awareness, and included a mix of gentle, physical activity sessions such as chair based exercise and strength and balance as well as virtual friendship groups aimed at those living with dementia, their friends, families and carers.

Moreover, leisure trusts have taken active steps to support children and prevent holiday hunger. This is illustrated by [Burnley Leisure](#)'s exercise videos and online resources designed to support children in school to stay active. The videos and streamed sessions also educate children about healthy living and the physical and mental benefits of staying physically active, and have been made available for all local schools through the Burnley Schools Sports Partnership. During the holidays, [Active Tameside](#) cooked up and distributed 750 meals in the run up to Christmas, which was supported by the trust's Everybody Can programme – a service which works with vulnerable children and adults, giving them access to activities and opportunities to help them reach their potential.

The leisure trust model is non-profit distributing and is founded on cross-subsidy to ensure those communities who are in most need of inclusive activities and services, can access them. Trusts i) cross-subsidise services i.e. more profitable activities will subsidise other health and community outreach work, and; ii) cross-subsidise access i.e. using

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<sup>6</sup> Source: 4Global Datahub

income from those who can afford to pay is used to support reduced cost or free activities for those with less disposable income.

### **Cost to councils**

If an outsourced provider is unable to remain solvent, the responsibility for public leisure, in most instances, will revert back to the local authority, with a significant cost attached to this.

The immediate costs incurred by the local authority would be:

- The TUPE transfer of staff back to the Local Authority
- Paying redundancy costs
- Absorbing pension liabilities
- Setting up relevant systems and procedures (including IT, HR, health and safety)

In the longer term, the Local Authority would be faced with increased operational costs:

- Less efficient tax recovery
- Additional NNDR costs
- Increased employee costs, including access to the Local Government Pension Scheme (with employer contributions of over 15%)
- Lower levels of income generation
- Higher procurement costs

In the event that the operation of a Local Authority's leisure services were brought in house for an interim period with the intention of procuring a new outsourced operator in the medium term, there would also be significant long term financial implications to both cover the costs of the procurement event and also with regard to establishing a new incoming service delivery partner. The transfer of the leisure service to an alternative model under these circumstances would have a high level of service disruption risk. Services may be forced to cease for an interim period whilst new systems are established.

If a leisure trust is unable to remain a going concern, the benefits of this charitable model and the significant social value it generates to our nation's health and community wellbeing will be lost, and local authority partners will be faced with picking up the costs and running services, at a time when all local authorities are under extreme financial pressure.

### **Ends.**

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