

## **An employment crisis, a customer confidence crisis and a financial crisis**

Read our Chief Exec's latest summary on the state of the Charitable Trust sector as new Covid measures hit.

Community return to public leisure and culture facilities has plateaued since late summer/early autumn, with arts/culture seeing a more limited return than leisure and facing future programming challenges. However, both sectors are limited at a 60-80% return rate, significantly limiting recovery, with initial signs of decreasing footfall and engagement as a result of increased fear around the new Covid variant.

The current financial position is challenging, with recovery predictions based on initial estimations of increasing return rates, which now look almost impossible to achieve. This is heightened as the increasing restrictions and uncertainty comes at a key period for culture and leisure trusts, with winter programming and pantomime, and a traditionally buoyant month in January for leisure.

This is against an already difficult backdrop of significant additional financial pressures due to increases in electricity and gas prices, with the forecasts of gas prices rising by 55% and electricity by 38%. Added to this, the increase in National Insurance contributions, and forthcoming 6.6% increase in National Living Wage, projected to add a further £400,000 -£600,000 to the annual salary bill for a medium size trust, and the situation becomes incredibly challenging. With depleted reserves, many trusts are working closely with Local Authority partners to be able to manage in a very fragile financial landscape.

Across the country, the public leisure and culture sector is facing an employment crisis. Trusts are unable to recruit for the number of vacancies available, which can be up to a third of their regular workforce, with Government-schemes such as the Kickstart scheme not being effective. The most recent figures, based on a survey of members, indicate an average of 700 unfilled hours for a medium sized trust.

Across England, Scotland and Wales, there is a significant impact on public confidence as a result of increasing restrictions and mixed messaging from Government. The inevitable impact is that customers are being cautious and staying away from their local culture and leisure facilities, despite the Covid-19 safety measures put in place by operators. This is limiting culture and leisure trusts' chances of recovery after what has undoubtedly been the most difficult two years of trading, adding to their already [significant deficits accrued during previous periods of restrictions](#).

### **England**

The recent move to Plan B in England has resulted in confusion regarding guidance and restrictions. There is also growing anxiety among the workforce in leisure settings where there is no requirement for face masks to be worn, and staff already under severe pressure and risk of burnout due to some backlash from customers on new restrictions.

For venues that require Covid Vaccine passports, there will be increased staff costs and delays, with the risk of customers queuing to access venues and events, as seen with the introduction of Covid passes in Wales.

There is an urgent need for clarity of messaging around guidance and restrictions from the Government and ring-fenced financial support for local authorities and their culture and leisure partners to ensure the viability of venues and services through this difficult period.

### **Scotland**

In Scotland, the briefing from the First Minister today on reducing social mixing will increase anxiety and uncertainty among the public, which will inevitably translate into reduced customer confidence to engage in public leisure and culture. By introducing guidance rather than restrictions, we will see decreased footfall across public leisure and culture, inevitably impacting on income, but with no additional financial support from Scottish Government.

There needs to be real clarity of messaging around public safety to ensure that public services and businesses are not placed in an impossible position in terms of viability or maintaining staff morale. It is also essential that local authorities are adequately resourced to support their trust partners, at a time when the financial pressures have never been greater.

### **Wales**

The expectation of further restrictions in Wales is directly impacting on customer confidence, with a need for clarity from Welsh Government and advance notice to enable businesses to prepare to implement changes. Media reports on more restrictions being likely, and potential stricter restrictions during or after the Christmas period, is harming customer confidence and undermining staff morale. Any further restrictions need to be clearly mandated and not be guidance or expectations.

We urge Welsh Government to extend the Local Government Hardship Fund, which has been a key pillar of support for local authorities and culture and leisure trusts. Leisure trusts and local authorities have relied significantly on this Fund in the past year, and with income inevitably dropping further in the next months, this Fund continues to be critically needed.



Kirsty Cumming,

Chief Executive Officer, Community Leisure UK

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