



2021 Spending Review Representation

1. Introduction

1.1 Community Leisure UK (CLUK) welcomes the opportunity to submit a representation to assist the government to consider its priorities across all spending over multiple years. This representation offers policy proposals, which focus on health improvement, recovery from COVID-19 and efficient investment to reduce future costs. We outline the policy rationale in relation to the achievement of the following government priorities:

- Recovery from COVID-19 by prioritising jobs and skills.
- Levelling up economic opportunity by investing in infrastructure, innovation and people.
- Improving outcomes in public services, including supporting the NHS and taking steps to cut crime and ensure every young person receives a superb education.

0. About Community Leisure UK

2.1 CLUK is a members' association representing registered charities, societies or community interest companies with a public benefit asset lock (Trusts) delivering public leisure, sport and/or arts and culture services for communities across the UK. Trusts provide physical activity, cultural engagement and social opportunities and are significant partners within their local communities.

2.2 CLUK has 112 member Trusts, operating libraries, outdoor sports courts and pitches, theatres, leisure centres, swimming pools, parks, and community and town halls. Members range from small Trusts operating one or two facilities, to larger Trusts operating in multiple geographical locations. Members are significant employers, particularly of 18-35 year olds and engage a wide range of volunteers across a range of leisure and cultural services. Across the CLUK membership, 58 per cent of Trusts deliver cultural services and facilities (i.e. theatres, town halls, libraries, museums, cinemas etc.).

2.3 Trusts play a major and distinctive role in the national delivery of vital local services and CLUK works closely with its members and many national bodies to assist this role and support best practice. Significantly, the collective social value for our members across the UK is £1.5 billion.

0. Current Situation for Trusts and the wider Leisure and Cultural Sector

3.1 Like many other sectors, public leisure and culture has been hit hard by the impact of COVID-19. During lockdown, Trusts used various financial levers to cover their costs including using their full reserves, arranging bank overdrafts, applying for government backed loans and requesting payment holidays.

- 3.2 The key pillar of support has been the Coronavirus Job Retention Scheme (CJRS), which has provided a lifeline for leisure and culture trusts, and enabled them to support their workforce as far as possible, with some of our members choosing to pay the full 100% of salaries at the beginning of the lockdown period, though the majority of members could not sustain this level of contribution due to the organisation's financial challenges, as the furlough period extended beyond original expectations.
- 3.2.1 Further support from sector-specific funds, notably the Culture Recovery Fund, National Leisure Recovery Fund and Community Leisure Recovery Fund have provided significant support to leisure and culture trusts.
- 3.3 As we approach autumn 2021, public leisure and culture trusts are still in a precarious position. Although many facilities have been able to reopen, not all facilities have reopened fully due to ventilation restrictions, financial viability concerns and staffing issues. Theatres are of particular concern as many have not yet reopened due to challenges around restrictions and ensuring sufficient lead in time to enable programming and productions.
- 3.4 Customer return rates across leisure have reached approximately 70% of pre-pandemic levels, but have levelled off. Despite this, income has not recovered to the same level due to increased costs, specifically enhanced cleaning regimes, plastic screens and other PPE that remains in use to ensure the safest possible environment for staff and customers.
- 3.5 Most leisure income comes from health and fitness membership subscriptions and income from customers (e.g. bookings, entry fees, hall hire etc.). Income for cultural services typically comes from admission fees, grants, donations and gift aid, and commercial activities (e.g. cafes, hospitality etc).
- 3.6 With limited customer return since reopening, income ceased with immediate effect and has been significantly slow to resume, which has had a serious impact on the financial sustainability of the public leisure and culture sectors.
- 3.7 Our members have also warned us that their current financial position is masked by the grant funding that they have received, topping their balance sheet in a more favourable position than their actual income would estimate. This means that while this financial year they may not seem to be making a loss, they are expecting deficit budgets in the years to come. Most of this funding has come from the health sector and from local government, where leisure and culture trusts have actively supported the roll-out of testing and vaccination centres, and, in Wales and Scotland, through lost income schemes for local government.
- 3.8 The public leisure and culture sector is facing an employment crisis. After months of furlough, leisure and culture trusts experienced retention challenges upon initial reopening with members of staff having found other work while on furlough or having changed their work preferences. Having made significant redundancies during the pandemic and not being able to offer work, leisure and culture trusts are now facing the challenge that they are unable to recruit new members of staff to support their recovery and offer a larger programme of activities. There are simply not enough (eligible) candidates applying for the number of positions currently available, despite trusts' offering on-the-job training where applicable, reviewing salaries, and combining job roles to make positions more attractive and versatile.
- 3.8.1 The recruitment challenge is not limited to a certain type of position, as there are vacancies at all levels, yet most notably for lifeguards, swimming teachers, and for events-, hospitality- and supervisory roles.

- 3.8.2 This retention and recruitment crisis is already having a significant impact on trusts' recovery as it is limiting their ability to expand their programme now that restrictions have eased. This is most notably impacting on leisure trusts' ability to provide swimming classes, and support children and communities with developing life-saving swimming skills, with trusts reporting over 100% demand for this activity but not having the capacity to offer more classes.
- 3.8.3 It is further causing significant concerns for the mental health of employees, particularly for those who have worked throughout the pandemic and are now pressured even further as they need to step in to cover additional shifts.
- 3.9 Limited reopening and uncertainties going forward is negatively impacting upon community and club access, with reduced capacity and hours available, though this is gradually easing.
- 3.10 Inevitably most Trusts have had to make the difficult choice to focus on commercial income as an immediate priority to ensure business survival, with charitable work, often cross-subsidised through income generating activities, being at best delayed or at worst compromised for the foreseeable future.
- 3.11 There are also additional cost pressures for trusts, with increasing energy prices, the increase of National Insurance, loan repayments beginning for those that accessed loans as a lifetime during the pandemic, and projected increases to the National Living Wage that will squeeze pay differentials between roles and lead to further pay reviews. This will reduce any profit generated by trusts, thereby reducing the potential for investment into facilities and services.
- 3.12 Many facilities and assets across the public leisure and culture sectors are in urgent need of investment and maintenance, in terms of repair, replacement, and investment in new technologies to enable services to deliver services and continue to offer attractive and inclusive opportunities for communities.
- 3.12.1 Nearly two thirds of the leisure building stock is past its replacement date, for which an investment scheme into leisure facilities is critically needed to refurbish old, carbon-intensive facilities.

0. Looking Ahead for Trusts and the wider Leisure and Cultural Sector

- 4.1 The sector is ideally positioned to play a significant role as part of a combined public service effort to improve the nation's health and wellbeing, supporting Government objectives and the new Office for Health Improvement and Disparities. By focusing on preventative health, and supporting people to lead active lifestyles, we can reduce pressures on the NHS and address health disparities.
- 4.2 We are very concerned about the widening inequality gap during the lockdown period, the likelihood that the hidden costs to communities will be felt for decades and, in the long run, dramatically increase pressure on already stretched NHS and social service budgets.
- 4.2.1 Evidence from Sport England shows that people in lower socio-economic groups have lower activity levels than people who are better off, and they are also twice as likely to be inactive. We know that leisure provision offers a vital service to improve the health of people with less disposable income within our communities, with early insight from Moving Communities (through the

Government-supported National Leisure Recovery Fund) suggesting that the least active people in our communities rely on local leisure provision to be active.

- 4.3 As previously outlined, the public leisure and culture landscape will be in a fragile position for a significant period. There is a high risk of facilities closing permanently because of financial pressures leading to rationalisation.
- 4.4 Coupled with new trends and changes in customers' routines, it is likely that the landscape will never return to the pre-COVID-19 normal. However, this also offers an opportunity to rethink the function and value of public leisure and culture to build back better. Ultimately, it is a chance to harness the incredible potential of leisure and culture assets to impact on wider national and local priorities.

0. Leisure and Culture Sector Opportunities

- 5.1 Investing in public leisure and cultural services to enable self-sustaining provision by upgrading facilities and introducing standardised services that deliver an evidenced based health and social return on investment will assist councils to mitigate their increasing budget pressures, first manifested by austerity and now as a result of the COVID-19 crisis.
- 5.2 Regular physical activity can reduce the risk of many chronic conditions, including coronary heart disease, stroke, Type 2 diabetes, cancer, obesity, mental health problems and musculoskeletal conditions. Therefore, the government should commit to investing in the future of leisure and sports facilities to ensure communities can be active, while at the same time investing in the future wellbeing of the nation.
- 5.3 As quoted by APSE, LGA and CLOA in their recent report on securing the future of public sport and leisure services, independent research on the social and economic value of sport undertaken by Sheffield Hallam University estimates that community sport and activity generate £85.5 billion of social and economic value in England. This equates to a return on investment of £3.91 for every £1 spent.
- 5.4 Reports from the Social Value dashboard of Moving Communities (through the Government-supported National Leisure Recovery Fund) demonstrate that leisure trusts contributed over £27 million in value to the physical and mental health of communities, over £93 million to subjective wellbeing, £1.5 million to educational attainment, and £42.6 million to reducing crime. The total social value of leisure trusts in England for the past 12 months adds up to over £164 million.
- 5.5 By recognising the potential of leisure and culture to impact upon the wider determinants of health and by applying the principles of health and wellbeing economics to policy development and funding arrangements, long term savings could be achieved. This would not only position public leisure and culture as a credible, accountable service sector but it would also represent a shift in the notions of funding public leisure and culture from funding it to survive to funding it to thrive over the long term.
- 5.6 By delivering public leisure and cultural services through a Trust, surplus revenue generated is reinvested into the local community the Trust serves, primarily to address inequalities. Trusts operate using a model that is founded on cross-subsidy to ensure those communities who are in most need of inclusive activities and services, can access them. Trusts cross-subsidise services i.e. more profitable activities will subsidise some health, community, library activities etc., and cross-subsidise access i.e. using income from those who can afford to pay, to support reduced cost or free activities for those with less disposable income.

0. Recovery from COVID-19 by prioritising jobs and skills.

- 6.1 The COVID-19 crisis has had a severe impact on the country's labour market, with the low paid and the young bearing the brunt of the impact. This disproportionately affects the workforce in the 18-35 age bracket as Trusts are some of the biggest employers for this age group.
- 6.2 As services resume and facilities reopen, there is an urgent need to recruit staff, yet, as highlighted earlier, there is a recruitment crisis across the country. There is a significant shortage of staff to fill vacant roles, notably lifeguards, swimming teachers, sports coaches, and hospitality and catering staff. However, there are also difficulties in recruiting supervisor and team leader level positions due to reduced differentials in wages as a result of the National Living Wage increasing at a faster rate than other roles, which is increasingly unsustainable.
- 6.3 Trusts are values based charitable organisations committed to providing the best possible terms and conditions of employment. However, 10 years of austerity driven financial constraints, now coupled with the impact of COVID-19, mean that to meet National Living Wage (NLW) requirements financial compromises need to be made across other areas of workforce expenditure.
- 6.4 As we emerge from the COVID-19 pandemic and start to rebuild the economy, investing in employment and skills programmes that seek to address economic inequalities within and between communities will be paramount. The work of leisure and cultural services can support the delivery of the government's Levelling Up agenda by optimising the fixed and human assets needed to tackle inequality and to improve the lives of people in deprived communities.
- 6.5 We also need to resource local authorities to enable them to support their leisure and culture partners to pay National Living Wage and to maintain distinctions between job roles, thereby enabling job pathways and ensuring that leisure and culture offer attractive career opportunities.

7. Levelling up economic opportunity by investing in infrastructure, innovation and people.

- 7.1 If leisure and cultural facilities are unable to reopen and remain viable, there will be a loss of Trust run facilities and services which are likely never to return. These facilities and services have a proportionally greater impact on more deprived communities and therefore not providing financial support will adversely impact upon the governments levelling up policies. Urgent investment is therefore required to protect the infrastructure to avoid severely exacerbating the disproportionate impact that COVID-19 has had on deprived areas and communities.
- 7.2 Investment is needed in leisure facilities that are beyond their serviceable lifespan. The country's sporting infrastructure is ageing, with Sport England estimating that 63 per cent of main sports halls and 60 per cent of swimming pools are past their expected life spans or overdue refurbishment. This investment should be delivered by working with communities to design leisure centres, sports pitches and other infrastructure that will best meet their needs and enable them to build physical activity and health seeking behaviours into their lives. This could also mean realising the potential for new facilities to revitalise towns, be co-located with other facilities to form wellbeing or community hubs, and ensuring they meet the latest environmental standards for energy efficiency.

7.3 To unlock the sector's full potential, a clear focus on inclusive growth and investment in fixed and human assets must be at the heart of the government's spending plans. The provision of leisure and cultural facilities are crucial to people leading healthier lives and participating meaningfully in society and the economy. Trusts working with community groups are a vital component of a healthy social infrastructure, providing services and support networks for communities, including the most marginalised. However, COVID-19 has reduced the third sector's capacity to provide support to those most in need, and the sector needs support and investment to maximize its role in delivering against the government's objective of building a more inclusive economy.

8. We are calling for:

- 8.1 Funding in the region of £500 million for councils to redesign, upgrade and renovate leisure facilities to the standard needed to support healthy, active communities and in doing so realise the opportunity to create community wellbeing hubs offering collocated and integrated services (in line with the LGA and ukactive).
- 8.2 Funding in the region of £100 million to convert disused retail units on the high streets into creative studios to enable creative industries to thrive and drive footfall to high streets by offering chance to grow entrepreneurs and innovators for the future by delivering 3d printing, coding and display spaces for creative experimentation (in line with the LGA).
- 8.3 Funding in the region of £1bn into the leisure estate based on established design plans would help to create hundreds of construction jobs, improve efficiency, reduce carbon emissions, and boost usage. Longer term, it would create new job opportunities and apprenticeships in areas of the sport and leisure industry typically taken by young people.
- 8.4 Long-term funding to local authorities to enable them to invest in public leisure and culture, delivering preventative health interventions.
- 8.5 A government led national campaign to promote the benefits of leisure and culture, and at the same time to build public confidence and raise realistic expectations about engaging with reopened leisure and cultural venues.
- 8.6 Funding to enable the sector to produce a national strategy and delivery framework leading to the creation of a national wellness service that sits alongside the NHS and is supported by the Office of Health Improvement and Disparities. This will ease NHS and council financial pressures by reducing demands on health and social services (including by building resilience to COVID-19) and contribute to improved educational attainment and crime reduction. The service can be created efficiently and effectively by providing a coherent mechanism for scaling and quality assuring existing best practice. It could include;
 - integrated health and wellbeing services focused on improving physical and mental health, including the entitlement for everyone with a long-term health condition to receive a "wellness prescription" to help manage their condition(s);
 - co-located and integrated disability, social care and youth services within leisure and cultural settings focused on improving physical and mental health, routes to employment and crime reduction; and

- A national leisure and culture volunteering service to build social capital to support community outreach work to reach population groups who do not benefit from being physically active and part of a community.

9. Conclusion

9.1 With significantly reduced resources in the public sector and leisure and culture being non-statutory public services (libraries being the exception) there is significant concern around the future. However, the sector has enormous potential and the Spending Review is an opportunity for the government to invest in the public leisure and culture sector to deliver a broader mandate, amongst widening health inequalities and increased demands on the health and social service systems. This way the government can justify the case for a greater share of scarce public capital and revenue expenditure on an invest to save basis.

9.2 This will pave the way for an investable national leisure strategy backed by government and national, regional and local partners including Community Leisure UK, ukactive, CIMSPA, sports governing bodies and national / regional sport and physical activity networks. Such a strategy can provide a much needed national vision for leisure with clear, common and accountable health and social outcomes, delivered via a new national framework with design and delivery flexibility to align with local context and priorities.