**Low Pay Commission Consultation 2023**

We welcome the opportunity to submit evidence and a response on behalf of our members on the effects of the National Living Wage and National Minimum Wage.

We have provided responses to the Low Pay Commission’s consultation questions where we can offer an informed view. Our answers have been informed by our regular surveying of members on pressures over the last year, and a series of one-to-one interviews with members, as well as data from our latest annual HR survey.

**About us**

* 1. Community Leisure UK is the trade association that represents the largest collective of deliverers of public leisure and culture services in the UK.
	2. Our 113 members collectively deliver over 45% of public leisure provision in England, 50% in Wales, and 85% in Scotland. Pre-Covid19, members employed over 46,000 staff across leisure and culture. They are and continue to be significant employers of 18–34-year-olds. 78% of our members offer volunteering opportunities, with a wide range of opportunities to support the work of their local charitable trust[[1]](#footnote-1). Prior to the pandemic, members received over 233m annual customer visits.
	3. Members typically have contracts for services with local authority partners to deliver across a breadth of leisure and culture services. The majority of our members are called a single-contract trust i.e. they deliver the services and manage the facilities on behalf of one, local authority partner. A small number of members hold multiple contracts across England and Wales. We also have a number of, predominantly smaller, members with no local authority relationship.
	4. Members are registered as Company Limited by Guarantee and registered charity, Community Benefit Society with charitable status, Community Interest Company, or Charitable Incorporated Organisation / Scottish Charitable Incorporated Organisation. All members reinvest their surpluses into the services and facilities that they run and manage.
	5. Members have varying arrangements with local authorities regarding terms and conditions for staff:
* Most members are autonomous with regards to their staff terms and conditions, and their contract with the local authority does not determine staff matters. These terms will be set by legislation, trade union engagement, the needs of the organisation and its financial position, and any business development decisions.
* Some members will work closely with their local authority to seek support on such additional costs, to help keep the trust and the services continuing.
* Other members, particularly in Scotland (52% of members in Scotland), are contractually obliged to mirror local authority staff terms and conditions.
	1. The trust model is formed on two pillars of cross-subsidy of surpluses:
* cross-subsidy of services i.e. more profitable leisure activities (e.g. fitness memberships), will subsidise some health, community, library activities, swimming activities etc
* cross-subsidy of individuals i.e. where those that can afford to pay support those who cannot afford to pay

Where the trust is responsible for covering the financial impact of increases to the National Living Wage, it is particularly challenging due to their limited revenue streams which are already underpinning their cross-subsidy model of reinvestment. Finding and securing further revenue to cover increased staff costs is challenging.

**What has been the impact of the National Living Wage (NLW) in the past year, including the rise to £10.42?**

**Profits**

2.1 Despite increasing participation levels across leisure and culture as we continue to emerge from the shadow of the pandemic, the past year has seen a reduction in profit due to the unprecedented increases in operating costs, resulting in many members operating at a loss.

2.1.1 Soaring energy prices and other operating costs, including c40% increase in the price of pool chemicals, higher costs across the supply chain and unprecedented increases in repair, maintenance and refurbishment costs have severely impacted on the profitability of charitable trusts, pushing many into deficit.

2.2 Many members have used significant amounts of their reserves to underwrite losses over the last year, though this is clearly unsustainable moving forwards, removing the financial safety net and poses a risk in the event of any unplanned events in the year.

2.3 Many members have been able to absorb a deficit end of year position for 2022/23 due to reserves and surplus generated in previous years, or from support and underwriting from local authority partners. However, the forecasts of deficit budgets for the current and subsequent years is a cause of alarm for some.

**Prices**

3.1 The vast majority of our members have increased their prices for customers, with many of these increasing more significantly than in any previous year as there is no option in order to maintain financial stability.

3.1.1 There is a balance for our members, as charitable organisations, to ensure that their services are accessible and affordable for communities, whilst remaining financially viable as organisations. This is becoming increasingly challenging as supplier and operating costs continue to rise and with the scale of these increases, it is impossible to offset these through price increases alone.

3.2 For 2023/24, price increases vary from 3 – 20%, depending on the cost pressures, market demand and support from local authority partners. Many have opted for a tiered approach to increases, holding the price of concessionary access in order to ensure opportunities and services remain accessible, whilst increasing pricing on some of the more popular activities such as swimming lessons and gym memberships. However, the most common price increase was 10% across our members, which is a higher figure than the usual annual increase and a cause of concern as to how customers, clubs and community groups would respond to this.

3.2.1 A significant concern for members is the impact of price increases on the public, both in terms of individual users as well as clubs and community groups. There is a fear that we may see leisure, culture and sport become a ‘luxury’ rather than a right for people to access, with the consequence of widening and exacerbating health inequalities.

**Productivity**

4.1 Home working has helped certain areas of the business but as deliverers of services, staff are needed on site, with relatively small numbers of staff able to work from home.

4.2 Many organisations restructured during Covid to reduce staffing levels, which reduced the cost per opening hour, but footfall has also reduced. Productivity is difficult to measure as staff costs are not directly related to activity as minimum staffing is required to meet legislation.

4.3 There is a significant impact of reduced staffing, staff shortages, and pressure felt by staff to cope with absences. Staff are increasingly tired, which is not sustainable in the long-term, and raises real concerns around mental health and wellbeing.

4.3.1 The average across our membership is a workforce approximately two thirds of the pre-Covid workforce size and though in some instances a leaner workforce has offered efficiency and productivity, in others the workforce is under significant pressure and strain.

4.4 There are also challenges in terms of motivation with the perception of culture and leisure as sectors that are low paid and higher risk in terms of long-term sustainability.

**Pay structures and differentials**

5.1In terms of basic pay, the most common criteria used by members when looking at basic pay are: decisions on annual pay rise made by Board of Trustees (67%), affordability, economic climate, business performance, general market conditions (64%), National Living Wage (62%), ability to pay (62%), financial viability and prevailing financial conditions (51%) and affordability and company performance (51%).[[2]](#footnote-2)

5.1.1 According to our annual HR survey across members, 3% of our members reported no pay award in 2022. The most common pay increase was a differing award depending on salary banding, followed by a 3% award (25%) and 2% award (15%).[[3]](#footnote-3) Members reported significant pressure in terms of pay awards as a result of the high rate of inflation and significant media coverage of pay awards and protests across public sector workers.

*“pressure point is staff asking for pay rise in line with cost of living, which is not affordable. staff expectations a challenge.”*

- Member in the South East of England

5.2 Both leisure and culture include a range of roles that hold significant responsibility and require a high level of expertise, e.g. Duty Managers ensuring swimming pools are chemically balanced and meet Health & Safety Executive (HSE) requirements on hourly cycles, lifeguards rescuing children and adults, fitness instructors leading cardiac rehabilitation classes, library and creche workers delivering to Ofsted standards in children’s care, Duty Managers responsible for safeguarding within changing rooms etc. These roles are accountable to the public, HSE, and local Safeguarding Boards. These roles are essential and require skills, levels of training and competence.

5.3 However, the annual increases in National Living Wage present a challenge as the rate of pay for lower paid roles is increasing at a faster rate than the pay increases across organisations as a whole.

5.4 Trusts undoubtedly want to be able to pay higher rates for accountable roles to reflect the skills and training. However, this is under significant pressure and is increasingly challenging, and in some cases, impossible. Trusts are unable to match the pay increases for the National Minimum Wage and the National Living Wage across all employees, thus resulting in the gradual and continual erosion of the differential between different job roles.

*“We are provisionally budgeting an additional £176k this year towards maintaining pay grade differentials to start to address the issue of the 'squashed middle' which is a direct consequence of the 9.7% increase in the NLW.”*

* Member in Wales

*“65-70% of staff are on voluntary living wage, ao any increase has a significant financial impact.”*

* Member in Scotland

*“It costs us £800k just to keep differentials in pay -- only living wage, not real living wage.”*

* Member in the North West of England

5.5 The most challenging roles identified by trusts in terms of managing the roles are: Duty Managers/Officers and supervisors, senior leisure assistants, recreation officers/assistants, swimming instructors, and child care assistance. Some of these roles have significant responsibility, particularly with regard to the customers they serve.

*“Staff are exposed to people with severe mental health difficulties and complex problems, with mental health and stress issues for the workforce. We have staff using foodbanks across all bands up to Duty Manager.”*

* Member in North West England

5.7 The erosion of differentials has a significant impact on staff satisfaction levels, with reducing satisfaction levels, particularly for salary pinch points and staff feeling very undervalued for their work.

5.8 The effect of the increases in National Minimum Wage and National Living Wage for trusts that do not have any local authority support or indeed any mechanism for the local authority to effectively pick up any shortfall between income and expenditure is simply to add a greater financial pressure to the bottom line. Particularly at a time when leisure and culture trusts are already making significant losses. Some contracts do not enable the trust to go back and ask for more money. These increases will, therefore, completely remove pay differentials.

5.9 Most pay rates for leisure and culture trusts are based on local authority pay rates and grading models, thus it is not sustainable to pay staff who score lower at the same rate as others, particularly where qualifications are an essential requirement. This has the effect of creating artificial wage inflation for roles currently being paid above the National Living Wage rate, further adding to the financial pressures.

5.10 An increase is rarely in isolation. Most members operate a grading scheme for posts with gaps between each grade. However, as the baseline is lifted the gap is reduced or even removed, therefore organisations end up having to increase two, three or even more paygrades to retain a differential.

5.11 As reported in our previous years’ submissions, there is concern for many members that they will be unable to continue to increase wages further past this point without having some additional support in place. This will lead to staff retention issues, as living wage increases outstrip increases for other staff.

**Progression and job moves**

6.1 The public leisure and culture sectors continue to face challenges as they are not regarded as sectors where there are opportunities for progression or career development. This links to the issues faced regarding recruitment and retention of staff, particularly in terms of recruiting quality staff.

6.2 Progression is also hindered by the aforementioned erosion of differentials between job roles. Where there might be opportunities for staff to grow and develop, the financial compensation for this is often not sufficient, and other sectors appear more attractive in terms of job prospects. A lot of staff across members have moved to other public sector roles such as teaching, firefighting, policing, roles in prisons, or to alternative sectors, notably supermarkets, where rates of pay are higher for roles that carry less responsibility.

6.3 There is some internal progression to a certain level e.g. supervisory, though staff turnover in more senior roles tends to be in specialised roles rather than generic roles, and limited opportunities for progression.

6.3.1 Staff turnover over the past year ranged from 0% to 74%, with the average from responding trusts being 18%[[4]](#footnote-4)

6.4 There are ongoing reviews of roles, with restructures that always aim to offer new opportunities, with some trusts looking at new trainee manager roles to enable better progression opportunities. However there remains a critical need for employees to train and upskill into different areas across the business.

**Training**

7.1 Statutory training continues, with many roles requiring ongoing training and development. Some training is being delivered in house, and more e-learning and virtual training opportunities.

7.1.1 According to the Community Leisure UK Annual HR Survey, annual staff training budgets varied widely between trusts from £0 to £1m. For single sites the average training budget was £10,140, ranging from £2,400 to £23,000.[[5]](#footnote-5)

**Investment**

8.1 Investment has been focused where it is business critical only, where there are necessary replacements for equipment or essential building maintenance, and on energy efficiency measures in response to soaring operating costs and a move towards net zero.

8.2 However, much of this is only possible via grants/loans, where there is a clear business case. Most major investment is funded by third parties.

**Recruitment**

9.1The erosion of differentials in pay between different job roles presents challenges in terms of staff recruitment and retention, specifically for roles with senior responsibilities where there is little reflection of the level of accountability within the pay. There are also limited job structures within leisure and culture, exacerbating the problem.

*“The struggle to recruit quality wellbeing and health leads. libraries, support and management staff is constant.”*

* Member in Central England

9.2 There has been a significant shortage of some key roles, specifically swimming teachers, sports coaches, hospitality staff and theatre technicians, which has impacted on service delivery. This has eased a little since the peak of the problem, but there remains a problem to recruit skilled people into the workforce and to offer an attractive rate of pay and progression prospects to compete with other sectors and companies offering more competitive rates.

9.3 Paying the National Living Wage is no longer attractive enough to attract new employees and members continue to focus on distinguishing the benefits of their organisations, focusing on the charitable nature and purpose of organisations, as well as assessing the staff benefits offered.

**Job quality and security**

10.1 The fragile landscape for public leisure and culture trusts presents risks with regard to job security as a result of the insecurity of the wider sector and financial viability of our members. However, redundancies over the past year have been extremely low, with average across responding trusts being 0.4% of staff, with the range being from 0% to 10%.[[6]](#footnote-6)

10.2 Most reductions in workforce are being done through natural wastage and not filling vacant roles.

**At what level should the NLW be set from April 2024? Our current central projection for the on-course rate is £11.16 within a range of £10.90 and £11.43.**

11.1 Similar to our response to the target for 2023/34, we support the principle of the projection yet the matter remains that it will be even more challenging for members to pay without any further support.

11.2 The only avenue to mitigate the costs will be further price increases, which, as previously referenced, are already high as a result of financial pressures. There is therefore very limited scope for this, and the inevitable result will be reductions in service, either through opening hours, venue closures or reductions in staffing.

11.3 As referenced in our annual HR survey, ability to pay is a key factor in determining pay awards and the continual erosion of differentials will only exacerbate many of the previous challenges outlined.

11.4 A NLW rate of £11.16 for 2024 represents an increase of 7%, which though less acute than the last increase, is still significantly higher than projected pay awards for next year, even for those trusts that are paying in line with local authority pay rates.

**Experience of low-paid workers**

**What has happened to quality of work recently? For example, have workers experienced changes in contract types, flexibility, workplace harassment and work intensification (e.g. greater expectations for workers to work more flexibly, with greater effort, to a higher standard etc).**

12.1 In a public facing organisation the options to work from home for many staff is not realistic. Some can work from home and this has offered flexibility and is being used, but is limited across organisations. Where it is possible, workstation assessments are being carried out and equipment purchased to enable remote working.

12.2 Job flexibility to meet staff needs is available through shifts through a typical 14 hour day's opening and this does suit some - but rotating shifts also cause issues too. There is also an increasing unwillingness to work evenings and weekends, which are critical opening times for leisure and culture operators.

12.3 With reduced workforce, and therefore less people doing more, there has been greater flexibility and speed, though also a need for all staff to be more flexible and open to working overtime. However, for many organisations they are now at a point where they need to increase staffing in operations to ensure that quality of work is not affected.

**What has been workers’ experience of the wider benefits available to workers (including premium pay and non-pay benefits across the workforce)?**

13.1 According to our 2022 Members’ HR Survey, members use a range of other benefits to incentivise and reward staff. Trusts continue to offer their staff a range of benefits with the most popular benefits now being free gym/swim/fitness membership 79% (an increase from 60% in 2021), free parking 77% and staff discount 70%.[[7]](#footnote-7)

13.2 Other benefits mentioned include health care cover, annual leave purchase, death in service insurance, childcare vouchers, subsidised cafe or food, personal career development review to support career aspirations, access to employee assistance facility, free gym/swim/fitness sessions, friends and family benefits, TOIL and cycle to work scheme.[[8]](#footnote-8)

13.3 There has been a greater focus on workforce wellbeing and understanding what support and benefits employees want or expect from an employer, as well as ensuring flexible working where possible and encouragement to lead a healthy and active life.

**Young people**

**How do the youth minimum wage rates influence employers’ decisions about hiring and young people’s decisions about employment?**

14.1 The vast majority of our members do not differentiate on age and do not use the youth minimum wage rates.

14.2 Some members, due to limited budgets, apply the appropriate rate of pay to each employee, but report that the rates do not influence decisions on hiring young people.

**To meet the Government’s 2024 target the NLW age threshold would be lowered to 21 in 2024. What impacts do you think this would have, including on employment?**

15.1 This would have limited impact across our membership, as previously stated in point 14, most of our members do not differentiate wage rates based on age.

**Minimum wages after 2024**

**The purpose of the NMW and NLW.**

16.1 We fully support the principles and intention of the NMW and NLW. Our members wish to be able to pay their workforce attractive salaries, yet this is hampered by affordability. The current financial climate and operating landscape for members makes it difficult to afford to pay similar pay awards as the uplift to NMW and NLW, which is where the key challenge is.

16.1.1 However, once the NLW target as compared to average earnings is reached, it is hoped that the annual uplifts would be lower and perhaps more manageable in terms of offering equitable pay awards across organisations and distinguishing between roles.

**The role of the Low Pay Commission.**

17.1 The Low Pay Commission has been an important avenue for us to be able to represent our members’ views and we have valued the opportunity to participate in oral evidence sessions to ensure that the voice of our members is heard.

17.2 Leisure and culture are not necessarily sectors with a significant voice in this area and the opportunity for direct engagement to present the challenges and risks of NLW increases has been welcome.

17.3 It is also important to have a commission to champion the rights of people to a fair wage, based on consultation with a range of sectors and based on evidence. We value the impartiality of the Commission in this regard, and think it has an important role to maintain going forward, beyond 2024.

17.3.1 Without the Low Pay Commission, there is a risk that the void may be filled by other voices, perhaps trade unions, where the messages would arguably be less impartial or evidence based across a range of sectors.

**The potential effects of further minimum wage increases and risks we should consider.**

19.1 The rate of increase of the NMW and NLW is the pressure point for our membership. Whilst we fully welcome and support the principle and the annual increase, the rate of increase year on year has been exacerbating the issues of salary and career pathways within the sector. It has been impossible to match the rate of increase for NLW across organisations, resulting in a continual, year on year erosion of the differentials between pay grades.

19.2 We have seen across our members a shrinking workforce in terms of number of employees, and this is in part due to the affordability of NLW. As an average of 55-70% of staff are on National Living Wage in their roles, the significant increases have impacted on the salary costs for members. This has, in some cases, directly resulted in the decisions not to fill vacant posts, thereby reducing staffing costs in order to afford pay awards.

19.3 We recognise that salaries need to increase and offer a rate of pay for people to afford to live their lives, however, increasing this too quickly poses a risk to the affordability for many of our members. This could either result in job losses (through removal of vacant posts) or impact on the financial viability of organisations already in a fragile position, and potential redundancies for staff where services are no longer viable.

**The evidence that should inform future policy decisions.**

20.1 We believe that the opportunity to input information, based on our members’ experiences through consultation, as well as the opportunity to engage directly with the Commissioners provides evidence, both in terms of statistics as well as case studies of the impact.

20.2 Future policy decisions must be based on an understanding of the implications on a range of sectors, identifying those that are likely higher risk and ensuring there is adequate discussion and consultation.

20.3 The evidence should also model some of the unintended consequences of increases, as referenced throughout our submission, to understand the impact of future decisions before these decisions are confirmed.

**Apprentices**

**What is the outlook for the recruitment and employment of apprentices?**

21.1 Approximately 75% of our members offer apprenticeships, with the most common roles offered being leisure assistants, fitness staff and recreation assistants.

21.2 Apprenticeships continue to be seen by employers as an important route for young people into employment and there is a need to offer these as something different to young people, highlighting a clear development pathway as distinct from simply applying for a job.

21.2.1 There is a lack of interest from people in an apprenticeship in the leisure and culture sectors as it is possible to enter work in these sectors without going through apprenticeships and some regard apprenticeships as a lower paid option.

21.3 For our members who offer apprenticeships, there is a focus on the learning and development pathway, highlighting it as a route into employment. Some offer pay increases once qualifications are achieved to ensure the pay is in line with others with the same level of qualification and role within the organisation. This reduces the challenge of losing apprentices to other roles paying national living wage as there is a clear route to gain qualifications and be financially compensated.

**How widely used is the Apprentice Rate? What kind of apprenticeships are paid this rate? What kind of jobs do these apprenticeships (paid at the Apprentice Rate) lead to?**

22.1 Some members pay the Apprentice Rate, though many note that it is not an attractive rate for young people. Some opt to pay the apprentice rate for the first year and then move to NLW in the second year, with others paying the salary corresponding to the role they are working in during their apprenticeship.

22.2 For those that are paid the rate, these are predominantly school leavers.

**The Apprentice Rate increases this year to £5.28, the same level as the 16-17 Year Old Rate. What do you expect the effects of this increase to be?**

23.1 The effect of this will be minimal for our members as most don’t pay according to age, or have a scheme to uplift the rate as apprentices progress through training. However, any increase in the apprentice rate would make the apprenticeship pathway more appealing to young people.

**What would be the effect of removing the Apprentice Rate (so that minimum wages for all apprentices were the same as for other workers the same age)?**

24.1 Similar to point 23, the effect of this would impact on some members I terms of financial affordability, but many members pay above apprenticeship rates at present.

**Economic outlook**

**What are your views on the economic outlook and business conditions in the UK for the period up to April 2024?**

**The conditions in the specific sector(s) in which you operate.**

25.1 The economic outlook is extremely challenging. Despite the positive return rates of customers and with many members reporting income levels returning to, or exceeding, pre-Covid levels, any benefit from this has been entirely eradicated by the soaring operating costs and cost of energy. A combination of high energy costs, increases in supply chain costs, and salary expectations far higher than in previous years as a result of soaring inflation, have put many members into a financially fragile position. In the 2022-23 year, many members used some of their reserves to remain solvent, while others depended on further assistance from their local authority partners.

25.1.1 The two largest costs for members at the moment, in order, are pay and energy. There is no scope with either of these to find significant reductions or alternative options and, equally, there is no ability to be able to pass the scale of the increases on to customers as this would simply be unaffordable.

25.2 Although the position with energy prices is anticipated to stabilise in summer 2023, there will be no return to the prices at the level paid prior to the pandemic. Many members have increased their prices for customers this year, with an average of 10% increases, yet this does not come close to offsetting the operating costs, which in many cases have more than doubled.

**The effects of Government interventions to support the economy and labour market.**

26.1 Much of the funding that was provided to the sector during the pandemic was an emergency lifeline, such as the National Leisure Recovery Fund (England), the Hardship Fund (Wales), or Culture Recovery Funding through the National Agencies. Our members were not eligible for much funding from either local or national government, and as previously mentioned, operator reserves played a critical role in supporting the sector.

26.2 Some members received additional support, either for Covid, or Cost of Living support, from their local authority partners, however, this has ended and there is no longer any one-off support for 2023/24 onwards.

26.3 The Government interventions around price caps for energy for specific sectors do not cover most of our members facilities and venues, with the exception of libraries. However, even here, due to the level of the price cap, it will not provide any support to members as they will be below the cap for energy prices.

26.4 In the Chancellor’s March spring budget there was an announcement of a £63m fund for pools, which though welcome is a lifeline and not a life saver. £20m of this will be revenue support, but we are still awaiting the eligibility criteria and any funding awarded will not be paid until mid autumn this year. The further £40m will be for capital projects for energy efficiency, and the fund will cover the current and next financial years.

26.4.1 Furthermore, this funding only applies to pools in England and we are still awaiting confirmation from both the Senedd and Scottish Parliament of whether there will be any similar funding pot available for pools in Wales and Scotland.

**The current state of the labour market, recruitment and retention.**

27.1 There are continuing labour shortages, though perhaps slightly less severe than previously. These shortages are across a range of areas and roles, but are particularly acute for lifeguards, swimming teachers and hospitality staff, as well as roles with a supervisory duty, where there is little pay differential between lower graded roles.

27.2 With regard to recruitment and retention, members are reporting significant problems around both recruitment and retention of staff. This covers a range of roles, from front line roles, to managerial, senior management and Board trustees.

27.3 Our members have taken proactive approaches to offering free training and qualifications for some roles, such as life guards and swimming teachers, as well as reshaping some of the employee benefits offered and seeking new and innovative ways to attract new staff, such as working with colleges and higher education establishments, and looking at projects such as the New Futures programme with DWP to offer employment opportunities for those leaving prison.

27.4 However the key challenge of offering competitive salaries remains. Within leisure and culture trusts, the lowest salaries tend to be the general, day-to-day staff who are needed whenever the centre is open, such as lifeguards, centre attendants, cleaners.

27.5 There is also concern from members regarding the impact of the cost of living on staff, both in terms of loss of staff, as well as recognising that some staff have had to rely on food banks for additional support despite being in full-time work. Understandably employees have expectations for wage growth to keep pace with inflation, which poses huge issues for the third sector to recruit and retain staff (especially in cities where there is a higher cost of living).

**To what extent have employers been affected by other major trends in the economy and labour market: for example, inflation, Brexit, the shift to homeworking or changes in the numbers of migrant workers in the UK?**

28.1 In the public leisure and culture sectors, energy costs and inflation are a huge factor, as the second highest spend area behind staffing. These costs are doubling from prior years and this challenges the sustainability of the sector if contracts with Councils don't provide protection from these costs.

28.2 In an operational setting, homeworking is difficult. However, "back office" functions have been able to take advantage of such arrangements but this is not the norm across the whole business. Where it is practical, new technology has allowed many people in a meeting that previously wasn’t possible which has had a positive effect on the business.

28.3 Even where Brexit has not had a direct impact, there has been an indirect impact on staff availability and pay expectations from demand in other sectors where the loss of workers following Brexit has been more of a direct impact. The impact of Brexit on workforce is dependent on the geographical location of organisations, with some acutely impacted.

28.4 In addition to the issues caused by Brexit, many operators are reliant on student workforce, which has also been impacted with less students applying for jobs in the sectors, due to seeking higher paid roles or less anti-social hours, as well as a particular impact in urban locations with remote learning taking place and less students physically relocating in order to study.

**Apart from the minimum wage, what are the key drivers of pay decisions in low-paying sectors and occupations? For example, this could include the cost of living, availability and retention of staff, changes to Universal Credit/other benefits or access to transport.**

29.1As mentioned in point 5, the most common criteria used by members when looking at basic pay are: decisions on annual pay rise made by Board of Trustees (67%), affordability, economic climate, business performance, general market conditions (64%), National Living Wage (62%), ability to pay (62%), financial viability and prevailing financial conditions (51%) and affordability and company performance (51%).[[9]](#footnote-9)

**How has inflation and the cost of living factored into wage setting? What has been your experience of wage growth and inflation in the last year, and what are your views on forecasts for the next couple of years?**

30.1 Due to the rate of inflation and salary expectations from the workforce, as well as a desire to support through the cost of living crisis, there has been significant pressure on our members to provide appropriate pay awards, many of which were not budgeted for.

30.1.1 Some members who previously paid the real living wage, London living wage or voluntary living wage are no longer able to commit to maintaining this level of pay for the first time.

30.2 Below are some of the comments from members across the country highlighting the challenges of wage setting and forecasts:

*“We are yet to finalise this but we are anticipating a 3% pay award. We realistically are struggling to afford it but we recognise the need to look after our staff as much as possible during these difficult times.”*

* Member in Wales

*“No pay award but reduced working week in lieu of uplift = 6-7% equivalent”*

* Member in Scotland

*“23/24 award = 10% RLW (57% of workforce) – rest between 5-7% to maintain differentials as consequence of RLW rise.”*

* Member in Scotland

*“Everyone is getting 92 pence extra regardless of position. […]Also improving benefits for staff with all options introduced as improved health and wellbeing support for staff.”*

* Member in North West England

*“Can't afford 10% for everyone so are doing 5% instead. Theoretically can't afford that either given their deficit budget for next financial year.”*

* Single site member

30.3 Some members have also provided one off cost of living payments over the last year to support staff, and others have introduced a system where employees are able to draw down part of their monthly salary in advance. This system is being monitored to ensure that employees are not becoming dependent on this approach, and early indications are that it is being used from time to time by a handful of employees.

30.4 The protests across other public sector services, transport, medical and teachers have also fuelled expectations of pay awards matching local government pay in some organisations, and whilst some are able to do this, it is predominantly those that have local authority support who are able to do so. For others this is simply unaffordable, but the narrative across some unions fuels this expectation.

**Ends.**

1. Community Leisure UK. Annual HR Survey 2022. [↑](#footnote-ref-1)
2. Community Leisure UK. Annual HR Survey 2022. [↑](#footnote-ref-2)
3. Community Leisure UK. Annual HR Survey 2022 [↑](#footnote-ref-3)
4. Community Leisure UK. Annual HR Survey 2022 [↑](#footnote-ref-4)
5. Community Leisure UK. Annual HR Survey 2022. [↑](#footnote-ref-5)
6. Community Leisure UK. Annual HR Survey 2022. [↑](#footnote-ref-6)
7. Community Leisure UK. Annual HR Survey 2022. [↑](#footnote-ref-7)
8. Community Leisure UK. Annual HR Survey 2022. [↑](#footnote-ref-8)
9. Community Leisure UK. Annual HR Survey 2022. [↑](#footnote-ref-9)