



HOUSE OF COMMONS

Digital, Culture, Media and Sport Committee

Oral evidence: Sport in our communities, HC 869

Tuesday 12 January 2021

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Members present: Julian Knight (Chair); Kevin Brennan; Steve Brine; Alex Davies-Jones; Clive Efford; Julie Elliott; Damian Green; Damian Hinds; John Nicolson; Giles Watling; Mrs Heather Wheeler.

Questions 229 - 289

Witnesses

I: Rich Emerson, Chief Executive, The Climbing Academy, and former chair of the Association of British Climbing Walls; and Rebecca Passmore, UK Managing Director, PureGym.

II: Huw Edwards, Chief Executive, ukactive; and Marg Mayne, Chief Executive, Mytime Active, and treasurer of Community Leisure UK.



Examination of witnesses

Witnesses: Rich Emerson and Rebecca Passmore.

Q229 **Chair:** This is the Digital, Culture, Media and Sport Select Committee and this is a hearing into sport in our communities. We have two panels today. The first panel consists of Rich Emerson, the CEO of The Climbing Academy and chair of the Association of British Climbing Walls, and Rebecca Passmore, UK managing director of PureGym. Before we go to our first questioner, who will be Kevin Brennan, I just want to see whether any members have any interests.

Clive Efford: Yes, I declare an interest as chair of trustees of Samuel Montagu Youth Club, which is a sports and youth club.

Chair: Thank you, Clive. Anyone else? No, okay. Our first questions will come from Kevin Brennan.

Q230 **Kevin Brennan:** Welcome to our witnesses, Rich and Rebecca. You are very welcome in front of the Committee this morning.

I want to open up with a couple of questions to Rich. I am going to try to avoid all accidental puns or otherwise about climbing walls and so on. It is obviously a very rapidly growing sport, climbing walls, to the extent that even my daughter, who is very naturally athletic but not keen on sports, was doing it a while back. Can you tell the Committee in overview how indoor climbing walls have coped over the course of the pandemic?

Rich Emerson: It has been pretty challenging, to be honest. We have been closed for between seven and 10 months, depending on which tiers you have been in and which home nations you have been in over the past year. Or by the time we hope to reopen we will have been closed for between seven and 10 months. It is fair to say that the finances of the industry have been hit really hard. We have had very little revenue. Some of our members have continued to pay their memberships, which has been fantastic, but other than that we have had little revenue. We have had the Government support, but we have seen a fairly significant erosion of balance sheets over the year. That is predominantly cash going out of the businesses.

We questioned our members back in November and they have between a 20% and a 60% reduction in their balance sheets, which is all to do with cash going out. It has cost us to continue to run our businesses over that period of time, albeit smaller amounts because of Government support, but that erosion of our balance sheets puts us in quite a precarious position when we come to reopen, hopefully in the spring, when cash reserves will have been eroded to quite a large extent.

Q231 **Kevin Brennan:** In terms of the January lockdown, has that had an impact or were you already effectively shut down as a sector?

Rich Emerson: No, as a sector we opened at the start to the middle of December. We reopened from lockdown 2 and then we closed at the start of January. Interestingly, one of the concerns that we have, and it is



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quite a difficult one to be certain of at the moment, is that after lockdown 1 we saw visitor numbers come back quite quickly. Some of the climbing walls even hit their capacity caps, which were caps we had agreed through ukactive with Government to enable us to maintain social distance in our facilities. Those capacity caps are below what we would normally expect to have as customer numbers, so our income is restricted by it, but we bounced back towards those capacity caps quite quickly.

The concern we have after lockdown 2 was that throughout December many of our members did not see the same bounce back. We were only open for a month, so maybe that is part of it, but we expected to see that bounce back come back very quickly. There is just a concern around that maybe people's habits have changed significantly now and that after lockdown 3 there will be a greater challenge to get our customer numbers back up.

Q232 **Kevin Brennan:** Okay. This might sound like a really stupid question, but can you do indoor climbing outdoors?

Rich Emerson: You can do outdoor climbing outdoors.

Q233 **Kevin Brennan:** If you know what I mean, the artificial wall thing. In other words, is there any capacity in your sector to be able to use capacity outdoors while the pandemic is making indoor activity much more difficult?

Rich Emerson: Very, very limited. At the indoor facilities in the UK we had 8 million visits in 2018-19, and there just is not anywhere near the facilities outdoors to provide that number of visits. It takes months to build a climbing wall.

Q234 **Kevin Brennan:** In the next six to 12 months what is the outlook like and what needs to happen to improve the outlook as you see it?

Rich Emerson: I think the outlook is risky. There is a real risk for the whole industry. Because we have seen our income capped by our capacity caps, we have seen our costs remain, we have seen our balance sheets eroded, we have seen our cash go out of the door, we are vulnerable as an industry.

There are a number of things that I think the Government could look at with us. One is around the 5% VAT. The hospitality sector were allowed to only charge 5% VAT or to keep 15% of the VAT they would have given to Government. We are in a very similar position to the hospitality sector where we have a capacity cap and we have increased costs. It is difficult for us to understand how the hospitality sector can have 5% VAT but the leisure and fitness sector cannot. That would be a really good thing.

The furlough system has been fantastic and to extend the flexibility of that would be fantastic and really helpful. The VAT deferment that we had last spring I think needs looking at because that is going to come back to us as a debt to start repaying as soon as we are reopening, when we are reopening with limited customers. I also think that the repayment of



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CBILS and bounce-back loans could do with being looked at to perhaps extend the period of non-repayment and to extend the period of the loan.

Again, the biggest fear we have is a massive cash flow problem come March, hopefully when we are able to reopen. Anything that can be done to ease that cash flow problem would be a huge help.

- Q235 **Kevin Brennan:** Of course, there is probably great excitement about the fact that you are included in the Olympics this year, which bodes well for a sector that is already growing, potentially for recruiting new people to want to get involved in your sport. First of all, in normal times, what would you say about our prospects as GB for climbing wall medals in the Olympics—because I think we would all like to know where we stand on that—but, secondly, in relation to the Olympics, how is this affecting preparation for it? I am not going to ask you to speculate whether the Olympics will happen or not; none of us know for sure about that. How has all this affected preparation, working on the assumption that the Olympic Games will take place this summer?

Rich Emerson: There are a few things to say there. First of all, we have a real medal prospect for the Olympics. There is a woman called Shauna Coxsey who has been performing at an incredibly high level over the last six or eight years. She has won 30, I think it is, World Cup medals and she qualified probably a year and a half ago for the Olympics. She was a very early qualifier for them. She is a real medal prospect.

- Q236 **Kevin Brennan:** Where is she from, Rich?

Rich Emerson: She is from Liverpool. Where did she start her climbing? In an indoor climbing wall. As an entry into the sport for high performance and for leisure in the outdoor sector, climbing walls are really important.

Recently, the British Mountaineering Council, which manages the GB climbing team, set up an internal department with a focus on performance and running competitions. That is called GB Climbing, and GB Climbing was awarded what is called progression funding from UK Sport around about four weeks ago, a substantial amount of investment that it is going to make to enable us to build the infrastructure to support high-performance sport right the way from grassroots through.

The other thing is that prior to the previous lockdown the ABC was working with Sport England to put together a project that would enable the indoor climbing walls to capitalise on the bounce that is inevitably going to happen when the Olympics show climbing. We are aware it will be a very short-term bounce and we want to have a project in place that enables people who saw it and were interested—perhaps they had climbed before and their interest was reignited—to immediately find their nearest climbing wall and to go for a session that enabled them to get back into it or to have an introduction to it for the first time.

Inevitably, that funding that was there and was almost signed off is no longer there. The money was taken away for other more immediate



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purposes. I am sure nobody will mind me saying that that money does not appear to be there again and the bandwidth does not appear to be there to find that, so if I had an ask, if I can make an ask, it would be to find a way to support the sector to capitalise on the bounce that will inevitably come from the Olympics and hopefully from a medal from Shauna, which would be an amazing thing to be able to build on.

Kevin Brennan: Okay, thank you, Rich, and good luck to Shauna and good luck to everyone in the sport.

Q237 **Steve Brine:** Hello, Rich and Rebecca. Rebecca, I will ask you about gyms first. Could you give the Committee a sense, for the work that we are doing, of how the past 12 months have been for gyms in your experience?

Rebecca Passmore: Thank you very much, Mr Brine, and thank you very much to the Chairman and the rest of the Committee members for having me on today.

If I may say a few words about PureGym briefly and the sector that we operate in, we are the largest gym operator within the UK. We have over 270 sites across the four different nations. Just before the pandemic started, we had over 1.3 million members, with visits of over 1.7 million on a weekly basis. We have a lot of staff, over 3,000 staff members, of which the majority are currently on furlough. To confirm, we have every single gym within our portfolio currently closed, so effectively the business does not have any revenue coming in.

Prior to the pandemic we operated in a very thriving sector. 2019 saw the sector grow 6% year on year, but it is worth noting that this is quite a highly fragmented sector. We have over 7,000 operators. We are just one of them. It is made up of a lot of smaller organisations, individual operators who have invested a lot of money, generally things like life savings, into providing facilities to be able to help people improve their mental and physical wellbeing. We employ across the sector hundreds of thousands of people and have just under 11 million members, but 11 million members translates to 17 million visits on a weekly basis.

To answer your question directly, pretty similar to Rich and his explanation, Covid has had an absolutely devastating effect. It has had a significant impact to us economically, to the industry as a whole, but a huge social impact to our members. I would just like to start with the social impact to our members because I think this is really crucial. Gyms are an essential community asset. They deliver two things. There is a huge health dividend, clearly, that we bestow upon the nation through maintaining strong physical and mental health, but it is part of people's everyday routines and daily lives. After walking, going to the gym is by far the most common form of physical activity undertaken by the British public. As it stands today, about 20% of UK adults are currently members and over their lifetime pretty much 50% of adults will have been a gym member at some point in their lives.



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Gyms are often regarded as the third space in people's lives, so home, work, and the gym being seen as much more of a community space. Working out at home just isn't the same, and 80% of our members have said that they just do not have the space to be able to work out at home. A lot of our members tend to be younger in age; they are 18 to 24 year-olds. They live with friends. They live with family. A lot of them share a room in a flat and they just do not have space outside or even space inside to be able to work out. As a gym operator, most of our gyms are between 10,000 to 15,000 square feet. We have a huge range of equipment on offer and the impact that our staff can make is pretty critical.

The important thing is the economic impact here, Steve. For gyms, we have had no income for 34 of the last 54 weeks. Rich mentioned that some of the members have been paying. For us, we froze all accounts. We have not had any revenue coming in at all. We have not been able to do click and collect or takeaways. What it is that we are looking for as a sector is real, specific, targeted support that is going to make a financial impact to operators, especially the smaller operators who are not as financially stable as us as a business, to be able to offer such an important service for the point at which we all need to come together and reflate the economy.

Q238 Steve Brine: It is interesting you say about the community. I visited just before Christmas Energie Fitness, a big gym in my constituency of Winchester. It was very keen to point out that the club is about the welfare of the community as much as it is about providing equipment to do something on. It is about providing an environment where people feel supported and motivated. I know it has a good online offering and I am sure you do, but I wonder what the anecdotal and/or greater experience is that you have had from talking to members about how their physical and mental health is during the last 10 months.

Rebecca Passmore: I want to mention two things, Steve. First, I get inundated personally by messages from members, ex-servicemen who suffer from PTSD. I had one lady on Sunday e-mail me, Heather—she did not mind me sharing her story—who has suffered significantly with mental health for pretty much half of her life; that is 16 years. She has been a member of our gym for the last seven years and this has helped her in her battle against mental illness. She referred to two things. She referred to the gym being her community. In fact, she referenced it being her home. It is not just the gym per se and the building, it is the members of staff. It is other members. It is the community. It is coming together. It is being involved in something. That is very critical.

Q239 Steve Brine: I agree. What has been the effect of January? Clearly, we are only a week into the latest nightmare. What has been the effect so far of lockdown 3?

Rebecca Passmore: It is another period of 60 to 90 days of closure, which means another 60 to 90 days of no income coming into our business and the wider sector. It is clearly taking its toll on operators. As



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Rich mentioned, balance sheets are being pushed to their limits. We have been well supported up to a point by the Government and, of course, we are very grateful for everything that they have given us to date, but there are some areas that we do not think have been addressed yet. For sectors like ourselves, where we have had no revenue, nothing at all coming in, we feel that the Government really need to lean in and give proportionate support.

Steve, we are looking for three things. The first one is sharing of the burden on rent. The second is a continuation of the rates holiday. We do think that that should be proportionate to the loss of revenue. The third area, aligning to Rich's view, is around VAT.

If I may just share a few points on rent specifically, we are appreciative of the Government for the extension to the moratorium. It has absolutely helped businesses like ours and other operators to be able to manage cash flow, but there is this huge cliff edge that is coming without any legislation. This legislation does not cost the Government anything. What we are asking for is a landlord and operator share of social responsibility. The Government did announce at the beginning of December that they would review the landlord/tenant relationship, but we have not heard anything since and I do not believe ukactive has either. We feel that this still sits as a bit of an elephant in the room. I just don't see how it is fair that operators like ourselves and, more importantly, the smaller independent owners are going to have to remortgage or, worse still, hand back properties that they have pumped their life savings into. For us specifically, we have tried to have a dialogue with landlords but at present only 15% of landlords have come to the table with anything meaningful. Deferrals are not meaningful. We are asking for a real proportionate share here between landlords and the operators. There are other countries who have done this pretty well. We only need to look to Australia or Denmark or some of the work that they are doing in Germany to show that this is possible.

Q240 Steve Brine: Okay. That is very helpful and clear and it will give our team something very clear to lift from your evidence. Finally, without what you are setting out as your prescription, how confident are you about your business over the next six to 12 months?

Rebecca Passmore: For our business specifically, we have been able to access additional finance. I am confident that we will be able to get through this, but I fear that the sector as a whole is going to suffer from something of an economic long Covid. Operators may be able to reopen but the reality is it will take time to build revenues back up again. We are not a high-margin business. You have to get revenues back up to a decent level, between 75% to 80%, before you can start to eat into some of the losses that we have been seeing. Ultimately, we will see over a prolonged period of time operators go out of business. The public will have less places to be able to exercise, less places to be able to improve their physical and, more importantly, their mental wellbeing, and those that will be able to survive and hang on will not be able to maintain or invest in improving their offer.



Steve Brine: Thank you very much for that. It is very helpful.

Q241 **Chair:** To follow up, Rebecca and Rich—and either of you can answer this question—if we are looking at a situation where we will not leave lockdown until Easter and we will not see a return to normality or any form of normality maybe until the summer, what are the prospects for your industries if that is the scenario that you are facing?

Rich Emerson: I will just repeat three e-mails I got from climbing wall group owners when I was consulting with people about this session. Three owners of climbing wall groups independently said to me, “We have money through to April. After that, it is a real problem”. That is an indication of the scale of the problem that we face.

Rebecca Passmore: A lot of this will depend on how long we are closed for and, as you say, it is quite difficult to predict at present. I would probably say two things. First, I am confident that the underlying demand there remains strong and that people will return. Interestingly, one of the most popular Google searches last year was, “When will gyms reopen?” That goes to say a lot in terms of public sentiment.

Secondly, we saw a really strong bounce back in memberships and, more importantly, in visits. We saw memberships get back to 80% of their peak year on year and 93% in visits. Members were placing more of an emphasis on physical and mental wellbeing.

However, without the targeted support that I have already referred to, this economic long Covid will absolutely affect the sector. We will have gyms that will not find it viable. They will permanently close. As I said, there will be a contraction in supply, which is only going to affect the impact on our members.

Q242 **Chair:** Thank you, Rebecca. Rich, you mentioned the potential that people had been lost to the sport during this time. We understand, due to our written evidence, that there has been a 7% reduction in activity across the UK during this period, during lockdowns 1 and 2. That equates to a £6 billion loss to the economy, not just in terms of gyms or sports like yours closing down, but also to do with long-term health and economic lack of activity as a result of the situations we face. My question to you is: with that reduction in place and the fact that you have said that you think that people are getting out of the habit of this, how do we reboot that? Do we need to think about remarketing certain industries?

Rich Emerson: One of the successes of the lockdown for the Government has been the change in people’s behaviour. The Government have been very successful at stopping us touching each other when we greet our friends. They have been successful in making us stand two metres behind other people in queues. They have been successful in getting us to wear masks in public. They have been successful at getting us to stay at home. They have largely done all of that without the heavy hand of involving the police, the military or regulation.



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I think that the Government at this stage now need to think about investing the same energy and effort in remarketing physical activity, climbing, going to the gym, going out for walks, riding bikes, everything. They need to invest the same energy and commitment in making that sort of behavioural change that they have had to make in the behaviours that we have had to change to prevent transmission of the infection.

I think that it is about marketing. It is about that shift in people's behaviour, which can only be a good thing. Even if we find that this fear that people have lost the habit of exercise does not come true, then any marketing that is done will have an even bigger positive impact on people's mental health, social wellbeing and physical health. It is a win all around, I think, to engage in a well-thought-through and well-invested-in marketing campaign.

Q243 Chair: How do you think that marketing campaign should be packaged, so to speak? Is it just a case of, for example, allowing people like gyms and bodies like yours, for example, tax breaks? Or are you talking about a more overarching marketing campaign? Rebecca, you have just put your hand up.

Rebecca Passmore: I just wanted to support a number of points that Rich made. At the end of the day, Covid is a health crisis. We absolutely know those who are maintaining really strong physical and mental wellbeing are those who are getting least affected by the virus. The Government have launched their "Better Health" campaign. A lot of time and energy has gone into diabetes and obesity. My view would be that there is a perfect springboard here for the Government to really drive and promote a very strong marketing campaign to get people active again. Active can mean lots of different things to lots of different people. It could be joining and getting interested in indoor climbing. It could be coming to the gym. We are very much a gym that tailors to the masses. "Everybody is welcome" is a very clear strapline for us, whether you are older, younger, whether you are a first-time gym goer or you are an elite athlete. We welcome everybody to—

Q244 Chair: Rebecca, it sounds as if we are actually doing the marketing bit for you now in that respect with that particular tagline. Rich, very briefly before I turn to Damian Hinds, what specifically needs to happen in terms of remarketing? Is a tax break in order or do we effectively need a national campaign?

Rich Emerson: I think that it is probably a bit of both, to be perfectly honest. One of the best campaigns that has been run in recent years has been the "This Girl Can" campaign that Sport England has had running for a number of years. Something like that but even bigger would be really helpful. A tax break, depending on how it is structured, only works if companies have the money and the free cash to spend on it. The impact on the leisure sector generally means that we will be focused so much on cost management and survival in the short term that we will need a bigger body to take that marketing effort on for us.



Q245 **Damian Hinds:** Can I ask you both, starting with Rich, to talk us through the actions that you and your members at your branches have made to your venues to make them Covid safe and the costs that have been incurred doing that?

Rich Emerson: Way back when the pandemic first started, we worked with ukactive to ensure we built guidelines that nested under the gym guidelines. There are three principal areas of that. The first is social distance. We agreed a capacity limit of one person for every nine square metres, and many of the climbing walls have gone beyond that because of the nature of the way our buildings are set up. The second is the physical hygiene of the environment. We have guidelines that require our climbing gyms to clean frequent touchpoints every hour. The third is personal hygiene. We ask our climbing gyms to put hand sanitiser around the place. A few months ago we moved to insisting that people wear face coverings when they are not climbing. Even if they are in the climbing area, they must wear a face covering except when they are climbing upwards or downwards.

The Association of British Climbing Walls has supported that with marketing messages, posters and social media things that enable the climbing walls to get that message out to their customers. It is fair to say that both the climbing walls and the customers have been incredibly compliant with those measures. The climbing walls are run by individuals and owned by individuals who naturally want to do the right thing to protect their industry and to protect their customers, who they know personally. The members are socially responsible people who want to do the right thing to protect their colleagues and friends and people around them. We have had a really high level of compliance to the range of measures that we have put in place.

Q246 **Damian Hinds:** Thanks, Rich. Can you give us an idea of the costs incurred typically in an individual operation?

Rich Emerson: It is very difficult because the operations vary from turning over £150,000 to turning over £5 million. It has been significant because of management time, which is always an intangible thing, the amount of hand sanitiser we get through, the putting up of posters, social media, and so on. The biggest impact on climbing walls is the reduction in revenue because of the capacity cap. That is typically between 80% and 50% of what they were a year ago.

Rebecca Passmore: Very similar to Rich, we spent a huge amount of time during lockdown 1 trying to understand the virus and the restrictions that the Government might look to bring into place. We worked with a team of other operators, partnering with ukactive, involving Public Health England and then SAGE, to ensure that we had some robust protocols that would ensure that gyms are a safe place to work and also a safe place to work out.

To your point on investment, we have invested north of £5 million into a whole range of different things. Cleaning has been fundamental: putting



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in place cleaning stations for our members to use to clean down kit; additional cleaning materials and improved cleaning materials for our staff to be able to clean on a three-hourly basis. We had to invest in new entry systems to enable contactless entry through a QR code for all of our members. We have had to separate kit and in doing so we have invested in barriers between kit to ensure the two-metre separation. We have also implemented in some of our clubs booking slots, and the booking slots allow our members to be able to book in advance, which works alongside our capacity restrictions. It is important to note about capacity restrictions that in certain clubs this has meant reducing down by up to a third the number of members that previously we would have had in.

During the last nine months, new protocols have come into place. Rich mentioned face coverings. That has also been the case within gyms. All of our staff have been wearing masks. We have been asking our members to wear masks as well. I have to say our members have been absolutely tremendous following the rules, and on member surveys across the industry members have said that they have felt a huge amount of investment and that gyms have felt really safe to them, a real safe place to work out. Our industry data supports this, and you will have seen some of that. We have been recording visits across the sector and case rates, cases that we are aware of from our members, on a weekly basis. Since the first lockdown relaxed and we reopened, which was 25 July, right through to just after Christmas, 27 December, we had 75 million visits across the industry and only had a case rate of 1.7 cases per 100,000. That is an absolute fraction seen versus society as a whole. We have also been specifically recording staff, and the staff is quite an important measure. Staff are working north of 40 hours a week within our gyms, and the rate for staff has been significantly lower than the nation as a whole.

I have to say I feel really confident in the protocols that we have put in place, the time and effort that we spent working with ukactive to build them, and the cash investment that we have had to make into our facilities, but it has ensured that gyms are a safe place to work and a safe place to work out.

Q247 **Damian Hinds:** Thank you. I realise it can only be very limited, but what do we know about infection rates and safety since the new, more transmissible variant? Is there any data that is useful on that at all in the context of gyms?

Rebecca Passmore: It is very difficult to read and the reason for that is we had started to lock down various parts of the country as the data was getting collected. Of course, the areas of the country that were starting to get locked down were the areas where that faster-passing virus was prevalent. That is really difficult for us to be able to tell at this stage. I feel very confident that the protocols were right and that at the point of reopening I think we will be able to ensure that gyms are safe, both for our staff and for our members.

Q248 **Damian Hinds:** Rebecca, what things do you think from this period you



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would keep? If there were no coronavirus, if we look two or three years hence, God willing, or no coronavirus beyond normal flu rates, of the innovations or the changes you have introduced during this period which do you think will stay in the industry, if any?

Rebecca Passmore: I can certainly speak for us as PureGym. There are probably two things for me. The reality is members will place a different level of importance on hygiene and cleanliness, more than they ever have done before. Therefore, I think it is really important for operators to stand beside that and improve the quality of the facilities that they are offering. Certainly for us, we did not have member cleaning stations in place before. I am absolutely confident that they will not leave now. That is something that will be a permanent fixture within our operations.

Secondly, you mentioned the word “innovation”. I think that is really important. Operators have all had to innovate very quickly over the course of the last nine months. In the past, we had been looking at contactless entry, our members being able to get into and out of the club purely by using their mobile phones. We had looked at it a couple of years prior and had not progressed with it. Well, guess what, we managed to implement it within a window of, I think, six weeks from discussing it to having it rolled out across the estate.

Damian Hinds: It is amazing what companies can do when they need to, isn't it, sometimes?

Rebecca Passmore: I'll tell you what, when you have to make decisions, make them quickly. You pull together and you really do make a difference.

Q249 **Damian Hinds:** Thank you. Finally, Rich—and this question is very relevant to gyms as well—facilities like yours must have a very uneven demand pattern by time of day and day of week. We are talking about capacity constraints for safety reasons. As we come out of this, what potential do you think there is, particularly with perhaps changing working patterns and more people working from home and so on, to smooth out that demand to effectively raise your capacity and improve yield?

Rich Emerson: When you ask what innovations I would keep, the two things I would keep would be the hygiene—I concur with what Rebecca said about hygiene—and the other thing I was going to say is home working. In the period between the first lockdown and the second lockdown, we saw a huge shift in people's climbing habits. We had much busier daytimes and, relatively speaking, quieter evenings. We spread people out throughout the day and that enabled a number of climbing walls, probably the majority of them, to reach their capacity caps at their busiest times.

Anything that enables workers to keep this flexibility to work from home, to work part home/part office, to work from a desk in the corner of the climbing wall or the corner of the gym, is a really healthy thing. It is variety for people's lives and it keeps them mentally fresh and in social



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environments. I think that keeping home working and encouraging home working is a valuable thing for many industries like ours that typically have a busy period from 5 o'clock to 8 o'clock and their assets are sat doing relatively little for the rest of the time.

Q250 Steve Brine: I wanted to come back to Rebecca very quickly on the subject of safety. I have spoken to gyms that say they have a zero transmission rate, they have never been contacted by health regulators, they have never been pinged, in the Prime Minister's words, by Test and Trace. When we say gyms are safe, if we have a virus that is 60% to 70% more transmissible, even with all the squares, even with all the handwashing, even with all of the work that we do, we cannot say it is safe, can we? We can say that we are taking precautions but we cannot say that it is totally safe. Isn't that the point, that we are going to have to learn to live with this virus?

Rebecca Passmore: Steve, I would say to that that we are more than happy, in fact we welcome the Government to come forward and work with us. If we have to tighten those protocols even further, we will absolutely do that. We have already had some thoughts on what that could look like, how we might tighten capacity restrictions further, how we might improve cleaning regimes even further. We could even introduce booking slots across all times rather than just our peak times. If we need to do that, Steve, and if that allows us to be able to open our gyms early and provide an opportunity for millions and millions of people across the UK to be able to get back exercising and really improve that mental and physical wellbeing, we will do that. We would absolutely welcome the Government in conversations on that.

Steve Brine: Okay, thanks ever so much.

Q251 Mrs Heather Wheeler: Rebecca and Rich, you have both been very well prepared for today's session, so we thank you for that. We certainly have the points that you wanted to get over well and truly logged. What I am also interested in is the eligibility for the sector-specific support that you have both had from Sport England or ukactive or the UK Government. Could you give us a few examples of what you have physically received so far, please?

Rich Emerson: I can talk for the climbing industry. Because the climbing industry is largely owned by private individuals—there are some leisure centre climbing walls that are run through local authorities but the vast majority of us are private operators—the climbing gym sector has not qualified for any support from Sports England funding because it is aimed at clubs and grassroots sport. Unfortunately, the climbing sector is a grassroots sport provided by commercial companies, so we have had nothing from Sport England.

The ABC, the trade body, has had some support from Sport England to help us because we lost membership fees and we lost our conference from which we make our money.



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The support that we have had from Government has been the same support that everybody else has had: the rates holiday, the grants and furlough predominantly, then backed up by CBILS loans and business bounce-back loans. It is fair to say that we have all taken full advantage of those.

Mrs Heather Wheeler: Good. That is what they are there for.

Rebecca Passmore: Heather, pretty much along the same lines as Rich. I will start with the furlough scheme. The furlough scheme has been fantastic. When the Government announced that back in March it was the positive news that all operators were looking for.

There are two things I do want to pull out on the furlough scheme. At the point of that coming into place in lockdown 1, it did not include a vast proportion of our personal trainer fitness coaches, who had actually just changed their personal trainer model to become employed by us. That left us with a tough decision as a business whether or not we would personally provide the furlough funds for those individuals, which we did and that was absolutely the right thing to do and we stand by that decision. But for newly employed individuals, and that is the case for lockdown 3 as well, for anybody employed beyond October, they are not covered by the furlough scheme. That does leave businesses in a position where they have a choice to make as to whether or not they support those newly employed individuals or not. The second thing about furlough is clearly it does not include National Insurance and taxes. That can be 10% of your wage bill, but we are very appreciative of the Government extending the furlough period.

Secondly, the rates holiday has been absolutely essential for operators. It really has. The point that I noted before, Heather—what is going to happen to rates at the point of reopening—due to capacity restrictions revenues will not bounce back to 100%. We have massive costs to cover. Extending that is going to be crucial, especially for businesses like Rich's and ours that have not had any revenue coming in. Deferral of taxes has been beneficial, albeit to a smaller amount.

The rent is the really crucial one here, Heather. We have not been able to benefit from VAT reductions, as we have already said. Being given some help on legislation on rent—rent is a huge cost bill for us—would make all the difference at the point of reopening.

Q252 **Mrs Heather Wheeler:** Thank you for that, again very clear. My last question—because you have answered the third one I had, which is great, we like efficiency here—and what I am interested in now is what conversations you are having with DCMS and whether it really understands your business models. Conversations you have with DCMS helps it colour what the Treasury does as regards the fact that you had a wholesale change of employees and a whole chunk of them were not covered by the rules because they were late coming to the party, as it were. What conversations have you had with DCMS?



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Rebecca Passmore: We have had some really strong dialogue, Heather, over the last nine months, and more so more recently with ukactive and ukactive's access into DCMS. Specifically, our chief executive has been involved in direct contact into No. 10 and we welcome those opportunities for open dialogue. Of course, we were really disappointed during lockdown 1 when pubs got to open before gyms, a ludicrous decision, but through the help of DCMS we were able to change that and gyms were allowed to stay open as part of tier 3.

The bit that I would be really keen on from DCMS moving forward is the help on the financial support from the Government and making sure it is appropriate and tailored to the sectors that really need it. That I would say is where we need its help and to lean in. We are happy, Heather, to partner with DCMS on that. We are more than happy to come forward to a virtual roundtable. We are happy to share data from our business specifically if it is going to be able to make a difference and share some ideas that we have on what this could look like and what financial support could look like in the future.

Mrs Heather Wheeler: Rich, quickly from you and then I will close.

Rich Emerson: We are a £100 million industry. We are a tiny industry, so we do not have any direct contact with DCMS at all. Our contact goes through ukactive or Sport England and then into DCMS. I understand that because we are a small industry, but equally it is very difficult to feel like the decisions that we need to be made and the input we need to have into those decisions is heard, because we are small and we do not have a big part to play.

We would love to be able to engage directly on some of these specific things. There are some granular things that are different about the climbing wall industry than there are about the gym industry, where the regulations do not make complete sense for us. That is a level of detail that is really down in the weeds and something that could be enabled, perhaps, is for sports to make their own decisions about how they reopen and about their guidance for reopening in the context of some expert opinion and some support from experts, allowing that freedom to make decisions to go down to a lower level rather than everything being held in the centre.

Mrs Heather Wheeler: I appreciate your comments. They have all been noted. I would say you are not actually not listened to, otherwise ukactive and Sport England would not have got your sport into the Olympics, so you are obviously shouting very nicely. Thank you both very much, much appreciated.

Q253 **Damian Green:** I want to look ahead, picking up on something Rebecca said about how at the end of the first lockdown people rushed back, effectively, to gyms and were grateful for them to be open, which is great. I get the impression now that people are, frankly, more worried and fearful than they were, partly because we have had to have yet another lockdown and also for the perfectly good reason that the variants



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of the virus are more easily transmitted than the first variant was. Do you think that getting public confidence to go back to places like gyms is going to prove a problem as the restrictions are presumably gradually eased after the spring?

Rebecca Passmore: Looking back on how we bounced back between the period of first lockdown to second lockdown—so that covers the period of August through to November—more members returned on a more frequent basis than we were expecting. That does say to me there is huge confidence out there in returning back to the gym and a huge demand for people to get back active again.

I absolutely appreciate your points on a faster spreading variant of the virus and I think the responsibility really falls in two camps to be able to address that. Clearly, for the camp of the operators, we have a lot of work to do to ensure that we rebuild trust with our members and that they feel really confident to be able to work out within our gyms. If we need to make modifications to that, we will absolutely do that. We are hugely committed to providing safe places to work out. Secondly, it is going to be really important for the Government in their messaging to get people back out and get people active again. If 20% of adults are members of a gym, then that is going to be crucial for us specifically as a gym operator and for the wider sector.

Q254 **Damian Green:** Would it help at this point if there was some kind of indicative timetable, with the obvious caveat that things could go wrong? If the Government said now, “We are thinking of 1 April onwards”—that is probably a bad day to choose but you know what I mean—“Sometime in April gyms will start opening again so start thinking about it now” and you could start surveying your members to say what safety precautions you want, would that kind of timetable help?

Rebecca Passmore: Oh, Damian, absolutely. We would really welcome that as a business. There are two things. A business of our size needs to be able to plan in advance. One of the benefits of Covid is we have learnt that we can move pretty quickly, we can change things pretty quickly. I have to say time on our side is really important, especially if we do need to make modifications, if we do need to understand what is going to be important from the Government’s perspective, if we need to improve our protocols, or whether or not it is thoughts from our members.

Secondly, it helps us plan financially and this is really important, not just for us but a lot of the smaller operators as well. Knowing how long they have to survive for is absolutely crucial. Having this carrot dangled in front of you but moved back every two to three weeks is really difficult. Damian, I would absolutely support that completely.

Q255 **Damian Green:** Rich, what do you think about that?

Rich Emerson: It is very difficult for the Government to say, “We expect to be open in X weeks’ time” because in X weeks’ time something will have changed. That is probably one of the biggest lessons of the last 10 months is that things change weekly.



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An indication would be pretty helpful and for me, our businesses are planning on March possibly, April possibly, around that time. That is eight to 10 weeks away from now, so all of these things we have been talking about, marketing and encouraging people and changing behaviours back and so on, needs to happen now. We need to be getting on to those plans right now so that when we are reopening, we can implement things pretty sharpish. It is more about realising that the vaccine is in and it is being distributed fairly rapidly. That is going to mean a drop-off in the number of deaths. That is going to put the pressure back on to reopen. We need to be ready to reopen. We need to have all the plans in place to do that. We have to start that right now.

Q256 Damian Green: A final question to both of you: one of the times where Government and sporting bodies and private operators got together in a huge push to get people into physical activity was after the 2012 Olympics. Opinions differ as to how successful that was, but would there be the enthusiasm for a similar type of, "We have come through this, we have got out of this now, let's all get back to the gym, let's all get back climbing, let's all get back to doing something healthy and active"? Do you think we could recreate the post-2012 feeling?

Rich Emerson: Without a shadow of a doubt. We would have bodies and people desperate to get involved in that and I think it would be a fantastic way to pull a lot of the ideas that we have discussed today together.

Rebecca Passmore: Can I just add to that, Damian? We are a real special sector when it comes down to culture and passion, and I think the reason for that is people get into health, fitness activity and so on because of a love for it. They have realised that physical activity makes a fundamental change to their wellbeing and their mental health. We generally find people have been members of a PureGym, they then work with PureGym and then become a manager within PureGym. They have this unbelievable passion for the industry and the craft and what it is that they do and how they help people change their lives. Damian, if we could take that enthusiasm and work closely with Government, I think we could create something very special. As the largest operator, we would love to be involved in that.

Damian Green: Okay, thank you very much.

Q257 Clive Efford: Following on from those answers you just gave, after the first lockdown when people returned to your gyms, what were the sorts of things that they said to you about what they had missed?

Rebecca Passmore: The first thing was, "Thank God you guys are back open again". I mentioned that gyms are a community. It is not just the four walls, it is not just the equipment, it is bringing members together. For a lot of our members, it is their social life. It is the person to person interaction that is really important. I mentioned that a lot of younger people do not have equipment, they do not have the space at home, and they have almost been caged animals during lockdown, not able to do what they need to do on a daily basis. The sense of relief from our



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members was absolutely tremendous and they were hugely thankful for the amount of time and effort that we put into adapting the facilities to make sure that they were as safe as possible to protect them as much as possible.

Rich Emerson: I would add to that and echo what Rebecca says about people's relief that we had reopened and their understanding of the protocols that we put in place and the safety that we were working to for them. If gyms have a predominance of 18 to 25 year-olds, the climbing walls are quite different in that we have a full age spectrum. We will have customers who are eight or 10 years old climbing with their parents and we will have customers who are in their 70s climbing on their own, not likely to be climbing with their parents. We have that full spectrum of customers and the community spirit that that engenders on the climbing wall is quite incredible. You can have a 35 year-old talking to a 10 year-old about how to do a particular climb and that social engagement is really special. I think that is the thing that people missed, that sense that they belong to a community and that they could contribute to that community.

Q258 **Clive Efford:** Rebecca, I heard your answers earlier about Government engagement and the fact that your company had had direct contact with DCMSC. *[Inaudible]* When pubs and gyms closed, many of us found a curious dis- *[Inaudible.]* Do you think that the Government's attitude towards your industry has changed?

Rebecca Passmore: I definitely think it has and there have been a couple of things that have contributed to that. I am pretty sure you will remember the petition on gyms reopening. I think that petition was the second largest only after the one about free school meals. I got over 600,000 members signing up to push the Government to think differently and recategorise gyms. It was not initially, but the contact that we have had since the first lockdown and the groundswell of member support has most definitely been a shift and it has definitely helped our sector. In tier 3 we are now still open, so it has definitely made a difference.

Q259 **Clive Efford:** Do you think the Government overall are listening to the right people when it comes to sport?

Rebecca Passmore: All I can really vouch for is the level of contact that we have had and we would welcome more. There are specific issues in talking to the Government and I think helping them to understand the impact of the landlord-tenant relationship is a really important one. That is quite crucial for us right now and I would absolutely welcome more contact with the Government and through DCMS on that topic specifically. I think that they have listened in the past and my ask would be to continue to listen especially specifically when it comes to financial support and the proportionate aspect of support for our sector.

Q260 **Clive Efford:** Rich, do you have anything to add to that?

Rich Emerson: Rebecca is from a very big company that has access because of its size. We and many of the other leisure operators are very



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fragmented. Somebody might own a climbing wall that turns over £200,000 but it is their life and their work and it is really important to their community. How the Government listen to a fragmented industry is a real challenge. Any ways that we can find to engage more have to be better. That said, I feel that the structure that we have worked through where we have been consulting with ukactive and DCMS, and we have our own relationship with Sport England, has served the purpose, but I think the problem that the Government have is that they are trying to deal with a very fragmented industry.

Q261 Clive Efford: Rebecca, you said things changed with tier 3 and gymnasiums as a result of the lobbying first time around. What assessment have you made—if it is at all possible but you may not be able to answer this—of the new variant that seems to be extremely contagious and transmissible? How do you think that will impact on the timing of opening of gymnasiums when we start to come out of this current lockdown?

Rebecca Passmore: It is difficult to say because I don't have access to the data that the Government do. Gyms sat at the very bottom of the list for ranking top to bottom of transmission data and cases per 100,000. While I appreciate that there are new concerns, and there might be concerns from members over gyms and safety, we sat at the very bottom of risk when we were reopened. I hope that the Government take that data into account when they are looking at timings, and if they update the tiers at all, and that they look at the impact that gyms bring to society as a whole, the impact on people's physical and mental wellbeing. We are in the middle of winter right now; it is freezing and the days are really short. It is not easy to go out for a run. It is not nice when it is icy outside. It is crucial that we are in the first phases of reopening, if there are going to be phases. If they move back to tier 3, we are within tier 3 and we urge the Government to keep us in tier 3. Let us do our bit to help society get back active again.

Q262 Clive Efford: You both operate in Scotland. Is there anything that we could learn from the way that the Scottish Government have engaged with your industry?

Rich Emerson: The home nations question is quite complicated. We are the Association of British Climbing Walls, so we work with all the climbing walls but there is a body in Scotland, the Mountaineering Council of Scotland, who also work with climbing walls. We have had to build a partnership with them and we have built a very effective partnership with them over the last year. I think we just have to deal with the differences between the home nations. I don't think there is anything specific about the way Scotland, Wales, England or Northern Ireland have dealt with it that has been better or worse—they are just different. It has made more work for the organisations like us who work across the four nations but it is difficult to say that one approach is better than another approach.

Rebecca Passmore: Predominantly all of our conversations have been directly into England. We have had little to no contact directly with the



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Scottish Government. I would really welcome that, especially now if we think we will be closed for a prolonged period, looking at protocols and so on. The Government in Scotland have released more information to us and a little quicker, which has been really appreciated and we will continue to welcome that.

Chair: That brings our first panel to an end. We will take a short recess of about five minutes while we set up our second panel.

Sitting suspended.

On resuming—

Examination of witnesses

Witnesses: Huw Edwards and Marg Mayne.

Q263 **Chair:** This is the Digital, Culture, Media and Sport Select Committee and our hearing into sport in our communities. We are about to commence our second panel. The witnesses in front of us are Marg Mayne, CEO, Mytime Active and treasurer of Community Leisure UK, and Huw Edwards, CEO of ukactive. Thank you both for joining us today. Our first questions come from Julie Elliott.

Julie Elliott: Good morning to Marg and Huw. Thank you for joining us. We have heard very specifically about gyms and climbing walls in the last session, but I want to broaden it out about gyms and wider community leisure facilities. Could you both give me your views on how gyms and wider community leisure facilities have fared over the last period, over the last year and also give some specific examples, please?

Huw Edwards: Good morning, members of the Committee. First, it is important to recognise that for ukactive, which represents gyms, pools and leisure centres across the sector, this is a new chapter in the crisis and we fully respect it. In the immediacy of the challenge with the rollout of the vaccine we have committed to supporting the Government through facilities and workforce available as we look to escalate that. But the reality is that the crisis that we are facing has had a major impact on the physical and mental wellbeing of millions of people across the country and on the facilities and the members that we represent. If we get to the point that we are still closed on 23 March, which will be a year since the first closure of the sector, we will have been operating as a sector for 121 days in that year. We will have lost over 700 million visits of members during that time.

We are now in a situation where a number of our members from the smallest to the largest are facing major financial problems. As Rebecca and Rich discussed in the first session, there are major issues of cash flow and they are on the cusp of surviving over the next couple of months. This is no crying wolf from the sector; this is genuine. We are



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prepared and are going into Government showing open books from operators on the reality of their financial situation. What we need to see from Government now is a plan that has three phases: plan for survival, plan for recovery and plan for the development of the sector so it can play its fullest role in society.

Marg Mayne: Thank you for the question. I will answer in two parts because I think there is an enormous impact on our customers in the local community as well as an impact on us as organisations. I really appreciate you broadening out the discussion into community leisure centres because that is very much the sector that I am in. I run a social enterprise in that sector and I am representing here Community Leisure UK that operates over 4,000 facilities across the whole country, all community leisure facilities. I would like to paint the image of when one thinks of sport, which is very much the remit of this Committee, one tends to think of muddy boots, football shirts, going out there. It might move into physical activity with the likes of a focused gym or a high-end gym with young people in Lycra doing stuff to music.

Community leisure is even broader than that. It includes all ages from pre and post natal, exercise classes with kids to oldies. We have an amazing programme for over 60s, as do many of our members. Our oldest member was 93 years old who was exercising with his wife who had dementia as part of our prime time class and they celebrated their 66th wedding anniversary in our class. That is community leisure. That keeps that couple going, being physically active right up until the end. That is the spectrum of community leisure and the spectrum of activity that we provide that the country needs to help build the health and resilience going forward post pandemic. Obviously—and I say “obviously” because I hope it is obvious—when the facilities are closed for many of those people it is another part of the catastrophe of the pandemic that they are experiencing.

The impact on us as organisations has also been nothing short of catastrophic. Our income has dropped from something substantial, regular, lots of people paying us monthly subs or paying to go for a swim to nothing. Our income is now zero. This is the third time in nine months that has happened and despite the fact that we are not getting income in, we still have costs. The average cost for a leisure centre is something like £60,000 a month just to hibernate it. That sounds like a lot of money but there is a basic minimum we need to do with facilities, particularly swimming pools that need regular inspection, but also there are IT systems and office rent to maintain and our HR team has never been busier. Our finance team are running the numbers every two weeks for viability. The management of the business is intense and pressurised and costs money to run.

Q264 **Julie Elliott:** Has the January lockdown impacted harder than the other two? Has it been a bit of a tipping point or has it just been more of the same?



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Marg Mayne: I think it has been harder for a number of reasons, primarily because operationally we have been pretty smooth. We now know how to put people on and off furlough but reserves are running out and that is really the crucial factor. All organisations, certainly all of our members, need to see the light at the end of the tunnel, not just a vaccine here but literally they need to understand in their own minds what support they will have to get through this period of hibernation and even through the recovery, such that they can see the pathway through financially. That really is the key decision they are making now. Organisations cannot afford to continue until the very moment when they run out of cash. They are on regular and ongoing business. My board is meeting regularly, monthly, and every month is having a hard look at the numbers and making sure that it can declare that it is a going concern. That is about its future sight into the business and how it sees that it will be able to get support into the future to get to the point of full recovery.

Q265 **Julie Elliott:** One of the things that I feel strongly about in this arena is that more people, more constituents of mine, take part in community leisure facilities than going to the gym or going to the climbing wall, although a lot of people do that. I think they have a broader impact on more people in the community and they are often cheaper to access, not always but often are. We have started 2021 in quite a difficult position with the new variant of Covid, with the vaccine starting to come online. We are in a really serious situation at the minute, but how are community and leisure facilities projecting they will manage the next six to 12 months? What is the outlook? Huw, if you could comment after Marg as well, please. Thank you.

Marg Mayne: I agree with some of your earlier witnesses that in the long term—and I mean 15, 24 months hence—the proposition for leisure is really strong. I think more and more people in the country have had the word “exercise” in their minds much more strongly than perhaps they had in many years before. I think people are more committed, they understand the importance of physical health, of being constitutionally healthy, and they understand the importance of exercise in doing so. That is long term. The big issue is the bridge between where we are now and that long-term recovery. It will be long term.

The current predictions in the sector are that it will take 12 to 15 months. We have lost our normal advice about January. January is a really big month with people’s New Year resolution of getting going. Having lost that, we will be below where we might have been and so, even when we come out of lockdown, it is absolutely key that we have a plan for the road to recovery, a plan for support and a plan for stimulation. The National Leisure Recovery Fund has emerged recently. It is very welcome support and people are applying for it now. It applies to public leisure. However, it covers only four months of recovery and we anticipate recovery will take 12 to 15 months.

To explain why it will take 12 months, I really need to explain a little bit about the business model for a leisure centre. We operate as a low margin business. It is primarily fixed costs, the costs of staffing the



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centre and running the facilities, paying the utility bills, all that sort of stuff, which means that the first membership income you get in all goes to pay fixed costs. It is only when you get the level of membership income up at 80%, 90%, even 95% that you start to contribute to your surpluses, your reserves, which for Community Leisure UK members means the reserves we reinvest into community programmes or into our facilities. That means that even operating at maybe 60%, 70%, 80% we are still making a deficit. I hope that explains why we talk about the road to recovery being so long. Even when we are open, because of reduced capacity due to operating restrictions and lower demand from a lower starting point, it will be a long journey back before we can get to a position of ongoing financial stability.

Huw Edwards: To reinforce what Marg said, there is a recovery package, which I know that Rebecca and Rich talked about. That needs to be very comprehensive for VAT support and incentivisation schemes that have been provided to other sectors like hospitality—the Eat Out to Help Out scheme. We would like to see similar to stimulate consumer demand when recovery is coming with a relaxation. The Government have had on the table for a number of years now a proposal to extend the cycle to work scheme to include gym and home equipment. We did a cost-benefit analysis that showed a strong ROI for Government.

We need a major campaign about the physical and mental wellbeing to sequence with the relaxation of the restrictions, but to get anywhere near that we need to survive. There is a growing cash crisis in the sector that will see a number of facilities from the smallest to largest unable to sustain the situation going into April. We need to see some of that level of financial support as immediate and urgent from Government, including what Rebecca and Rich said in the first session about support for rent repayments, a business rates extension, a holiday extension, and also to explore where we are with the coronavirus job retention bonus. A number of our members would have been expecting to utilise that; £126 million would have been the value to the sector in the January-February window.

As Marg has said, on average you would see an uptake of membership in this period of around 30% across the sector. Zero income and loss of the most productive period is a perfect storm for the sector, which will require urgent financial interventions from Government, prior to any relaxation.

Q266 **Julie Elliott:** Clearly it is a worrying time but if there is one thing Government could do to help retain the community assets, to make sure community assets, leisure assets are not lost as we move out of the pandemic, what would that be?

Huw Edwards: They will need to include greater financial support. While the sector recovery plan is welcome, it is looking at the period from the first lockdown up to December. We are now in a period of an expected further two to three months of closure, so the immediacy for financial support is there. That will have to be complemented by a greater understanding of what these facilities provide. As Marg said, these are



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essential services; 66% of prehab-rehab cancer treatment takes place in leisure centres. It is an extension of the health service and those services are not taking place now.

Q267 **Julie Elliott:** Marg, what is the one thing that you think Government could do?

Marg Mayne: The one thing really is a comprehensive plan that has a level of support and a level of stimulus, because there is no one magic bullet here. The extra twist I would put on that is that the whole linkage and liaison with MHCLG and local government is really critical. In public leisure we work very much in extremely close partnership with our local authority. It does not necessarily go straight from national to local. That local authority link is absolutely critical and, while lots of productive conversations are going on, in many ways the local authority support has been inconsistent. As you know, local authorities have a lot of pressure on their budgets and other local priorities, which I completely understand. Making sure that that is tied up at national level and linked back through MHCLG is really critical.

Julie Elliott: Thank you both very much.

Q268 **Steve Brine:** Looking back, how well have the Government grants, loans, support been holding up the facilities over the pandemic, in your opinion? What would you give it out of 10?

Huw Edwards: Marg will talk about this from the coalface. Our members have utilised the furlough scheme, which has avoided mass redundancies across the sector. There have been benefits from the business rates holidays and having access in some areas to the loan system. That has been consistent with a number of other sectors. What it has not had is the package of bespoke support that is required to support the survival of the sector. I would give it halfway, maybe five or six out of 10. What we need to get through in the next three months is real clarity about where the bespoke support will come from to support the sector going forward.

Marg Mayne: Furlough has been a lifeline and we, as an organisation, have cleared £4.5 million for furlough, so you can see how hugely important that has been. I want to remind members that it is not a complete coverall. As an employer, at the moment we still cover National Insurance contributions and employer pension contributions, so that can tot up to 14% of the payroll, which is not inconsiderable. As a result of that, even though the majority of our operational staff are on furlough, we have had to make redundancies and unfortunately we are no longer able to offer hours of work to flexible workers. Across our organisation there is probably over 200 individuals whose livelihoods have been affected by no longer being fully employed or offered work. Furlough has been great but has not avoided the need for redundancy because we cannot afford to carry the extra costs over a long period.

The National Leisure Recovery Fund is great. It is slow but we hope it will get there and we hope plans will be distributed in February. When I say slow, that is nearly 11 months after the crisis began. It is the first stage



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of what is needed. It is possibly 10%, 20% lower than what people really need for the four-month period and it is only for four months, so we need to have an extension on that. The other support has been relatively small and, to be honest, relatively insignificant in scale. A grant of £9,000 does not go very far towards supporting a huge leisure centre with all the hibernation costs I described earlier.

The civil loan scheme unfortunately has not been of great use to Community Leisure UK members. It has not been a great pickup. Most of our members operate without owning assets. They operate contracts on behalf of local authorities, with local authorities having commissioned them. Without assets and with limited reserves because we reinvest reserves back into the community and community programmes and without clarity and some certainty about support to see the end and how we can get through this, many applications have been rejected.

Q269 Steve Brine: There seems to have been some problem in business support grants because of the rules on rateable value. Could you expand on that and tell us why that has been a problem for sport especially?

Marg Mayne: Which business support grants are you referring to? The individual grants given out by local authorities?

Steve Brine: Yes, and there has been some confusion about the rules on rateable value that can impact on those grants. We have heard in evidence that it has been a particular problem for sports venues and I wanted to try to understand that.

Marg Mayne: Personal experience is all I can speak from. We applied for local grants and were awarded them and granted them fairly smoothly.

Huw Edwards: We are picking up anecdotal stories from our members on some delays, which we are investigating.

Q270 Kevin Brennan: Welcome both. Would extending the cycle to work scheme to cover things like gym membership and home fitness equipment be of benefit to the sector?

Marg Mayne: In my view, yes. I think that would be a really interesting part of a larger stimulation package. One of the things that we need to do as a country coming out of the pandemic is to start to make physical exercise much more the norm than not the norm. We can talk about individual behaviour change and marketing campaigns and getting individuals to buy something and spend their money on something. That is great, but there is nothing that is as important as making sure that the social norm should shift. In the same way as legislation hit seatbelts and smoking and social norms shifted overnight, something like including gym membership in the cycle to work scheme could say, "It is really normal to go to the gym, it is really normal to build this into your day-to-day life". I support it.

Q271 Kevin Brennan: Huw, you can assent very shortly if you agree that it might be a good idea to do that, because I want to explore what Marg just said with you both in a moment. Is that something you would assent



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to as well?

Huw Edwards: Absolutely. We have undertaken the cost-benefit analysis on that over a five-year period. It would have an economic benefit for the nation as much as a benefit to people's individual health and wellbeing.

Q272 **Kevin Brennan:** Thank you. What you said, Marg, interested me. Something I have been thinking about for quite a long time is the extent to which we as a species have reached a stage in our evolution where we are programmed to eat when we can. That is our natural evolutionary state and yet we have designed a society that is obesogenic, that discourages activity, encourages us to eat the sorts of foods that make us fat and unhealthy and have designed a system where we take our exercise by paying a sum of money to go into a room—and I will at this point confess my dislike of gyms, even though I love sport and activity—and take our exercise when much of that exercise and activity could be gotten through our daily lives for lots of people. Not for everyone, I accept that, but for a lot of people.

Is there an opportunity out of this Covid thing where many, many more people—controversially at the moment but which in the long term is a very good thing—are using our parks and open spaces and are walking to work and are cycling, yet many, many more people may end up working from home and not cycling to work or walking or getting daily activity because they are sat at home? Is there an opportunity here for a breakthrough, for radically changing people's mindsets about activity and living healthier lives?

Marg Mayne: Absolutely. When we talk about the stimulation package, it is about grabbing that as a mission and seeing what we can do with it as a country to make ourselves much stronger and healthier. Only 15% to 20% of the population would have a gym membership so you are not alone in perhaps not wanting to have one. Why that is small is because such a large proportion of the rest of the population are inactive. We are all changing our lifestyles. It is a very good point is many people, through commuting, would have to walk to the public transport, get on transport and walk at the other end. Even that act of commuting drives physical activity. So there is definitely a moment to re-invent it.

I would say it is not only a wish, it is absolutely essential to the recovery and health of the nation. It is essential for the economic value that physical activity can bring to the health of the nation. The recent Sport England survey demonstrated that it was worth over £8 billion in health alone, that over 300,000 GPs visits would be avoided if more people became more physically active. This is a public health issue. We are dealing with a public health pandemic and, in fact, there is a public health epidemic in lack of physical activity and obesity that we need to tackle.

Q273 **Kevin Brennan:** Yes, believe or not an MP's life is not normally all that sedentary; it involves a lot of moving around. When I check my steps in the normal course of things I can get 10,000 steps without even looking



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and trying to do so through the normal activity of being a Member of Parliament. But in this sedentary situation we find ourselves in now, that is very difficult. I am having to contemplate awful things like going to the gym.

On a more serious point, I literally do find myself cycling a lot, going to the park, trying to get the activity that you could normally get in your daily lives. Huw, from your point of view at ukactive, what are the bigger, broader issues coming out of this, accepting all the issues you made about how we survive and how institutions survive this, around getting the public more active and that does not just include a gym membership?

Huw Edwards: We are at a reset moment, Kevin, in many ways. The vaccine is going to be hugely welcome. What the vaccine will not do is address the underlying health inequalities we face as a nation. We do have an inactivity crisis, we do have a mental health crisis, which have been exacerbated by this crisis. So we need to have a reset moment.

Where we have to start, and we have to be bold on this, is by looking at children and young people and getting a long-term plan in place. I know that Damian Hinds is obviously very involved in the school sports and activity action plan and the wider work there. That needs to be energised, and amplified and we need to have a comprehensive programme to address the physical and mental wellbeing of the youngest in society because if there is a negative impact on physical activity at that age it will naturally lead into adult life. We need to have a very comprehensive programme in place in there.

Now, when it comes to activity at adult level, of course people have the choice. Any exercise is good exercise. I think that is a very important message right now, especially as we are looking at further Government restrictions around exercise. We need clarity about that. We do not want exercise to be stigmatised in any way, shape or form. We do know the reality that gyms and leisure centres are the backbone of activity in our society. There is an opportunity to make them more inclusive, and for the programmes to be more diverse in the ways they operate and there will be an evolution of the offer coming through this crisis.

These programmes are within the fabric of their communities. Look at the diversity of programmes that Marg and wider members of both public and private offices provide to their local communities, supporting groups in the lower segment, with higher numbers of representation from black, Asian, minority, ethnic communities, higher levels of representation from disability communities who require safe and controlled environments in order to support their physical activity levels. They have to be part of the fabric. We need a plan around that recovery as much as we need a plan around the survival stage.

Q274 **Kevin Brennan:** Forgive me for asking you this, Huw, but I can't resist the temptation as you are former member of the Olympic Delivery Authority and you were just talking about exercise being stigmatised. What do you make of this story of the Prime Minister riding his bicycle in



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the Olympic Park? What is your reaction to how that story has been reported, if I can put it that way?

Huw Edwards: Look at the Dutch Prime Minister cycling to work, right? That is an incredibly positive image. It is for the Government to understand there is a looseness around what local means. Local in an urban area is very different to a rural area, no doubt. What I am worried about is more any overarching stigmatisation of exercise at this point when we are in the depths of winter, and we look at the lockdown impact on activity levels where Sport England shows there was a 3 million drop in levels of activity. There is going to be a starker, deeper, significant drop in activity in these winter periods so we need to have that comprehensive plan for supporting the physical and mental wellbeing of people, unless we are going to have another crisis coming out of this crisis.

Q275 **Kevin Brennan:** A couple of final questions that I need to ask you. In relation to the tax and business rates base for not-for-profit organisations involved in sport and activity, Marg, are there changes to tax and business rates that you would like to see become permanent?

Marg Mayne: As a not-for-profit organisation, the VAT issue doesn't impact on us. Because we are a charitable organisation—we are a registered charity—we are able to claim relief on business rates. Fundamentally, those two issues are not as pressing for us as for many others.

Q276 **Kevin Brennan:** Huw, finally, there have been proposals for additional funding to community sport from the gambling industry through a levy on sports betting. Is that something that you are proposing or supporting?

Huw Edwards: Any revenue coming into the sector right now would be welcome across the whole estate. That is a broad church across wider traditional sport as well. We would obviously look to support the principles of any investment coming in in order for the totality of the sector to play its fullest role in the communities that you represent.

Q277 **Damian Hinds:** Huw, you just mentioned the school sports action plan. I am also struck with what Kevin was saying about the daily activity of Members of Parliament, particularly when we have multiple votes in a day, that makes the step count add up. The same applies to kids going to school. As well as formal participation in sport, just the daily routine of going back and forth to school and so on and break time, lunch time, have an impact on activity. What do you think are the main headlines in what needs to be the restimulation of the school sports plan and promoting children's active lives as we start to come out of this?

Huw Edwards: Thank you, Damian, for the question. In the immediate we need to look how we can mandate physical education during this period—number one, working with wider partners across the sector. We then need to look at how we prioritise physical education and activity for children and young people at the earliest opportunity when there is a



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relaxation. It is very interesting to see where Scotland is with under 12s and the support provided there.

Then we need to beef up and drive forward the implementation of the school sports activity plan, which needs an injection of Government focus and support in order to deliver. Ali Oliver at the YST has been very focused on the necessary support from outside around physical education within schools. Looking outside the school gates and beyond the school gates, there is a need to support families, especially from low income backgrounds, on the level of support, which is one of the areas which has been identified by Marcus Rashford in his campaign around Easter holidays, where the support is going to be in the summer holidays coming up.

How to utilise existing facilities, school facilities, in that period when we get to a level of safety where they can be opened in a safe way, should be a priority for this Government. Going back to the answer I provided to Kevin, unless you can change the dial on activity around children and young people you are not going to change the dial on adult life going forward over the next generation.

Q278 Damian Hinds: For a lot of people, even in normal times without the pandemic, the utilisation of some school based facilities is not all that it might be outside of term time. What do you think are the blockages to getting more use out of those facilities?

Huw Edwards: We ran a programme in 2019 with Sainsburys, which tragically didn't happen in 2020 because of the Covid crisis, where we opened up 70 schools across the academy side, across the local authority side during that summer holiday period and we had over 100,000 young people from primary and secondary age involved in that summer holiday period. Part of that is co-ordination. The vast majority of schools are now probably academy run as opposed to local authority run and so you need to have a level of negotiation. It comes down to incentivisation as well and the level of financial support for the utilisation of the estate itself and the issues around insurance and rent. We know that for a six-week period, looking at 60 to 90 kids, it would cost £25,000 per school. We know that down to the nearest pound because of what we did.

The vast majority of that cost is the programme itself. There is an opportunity to work across sectors—the national governing bodies have incredible programmes—to drop those programmes into those school facilities and support especially the most vulnerable families who are on lower incomes to be able to access vital activity levels during that summer holiday period, especially when there are six weeks of potential stagnation. Last year was incredibly challenging but even in a normal time we know from research that the ukactive Research Institute undertook, kids are losing up to 80% of their fitness levels during the summer holiday period. It will be worse coming out of this crisis and it is even worse for kids in low income backgrounds.



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We need to work with the estate we have. You don't need to build any more facilities, you need to utilise what you have now in a strategic way and go at scale. This nation is hosting the Commonwealth Games next year, 10 years on from 2012, which I had a role in the delivery of, and we need to think about what the legacy is, what our language is and what our narrative is around that. Surely it must be around looking at the health and wellbeing of the most vulnerable in society, which are obviously the youngest in many ways.

Q279 Damian Hinds: Can I turn to another issue, which is beyond Covid but nevertheless current? I think we all recognise the changes that have been going on for some time in our high streets and probably exacerbated now. As politicians we are very keen to ensure vibrancy in our town centres. That involves bringing people into them for a range of different reasons and there is a role obviously in that for gyms and leisure centres and other health and wellbeing facilities. Can you talk us through the relevance of the planning-use class changes from last year and why ukactive, we understand, is calling for further change in that?

Huw Edwards: The changes in September last year, Damian, were very supportive because of the creation of that E class, which allowed one to move into rentals without planning applications. We knew going into the Covid crisis that gyms alongside fast food were the driving force behind growth in high streets. I think there will be consensus across Government that having an anchor of activity and health on the high streets, which can drive secondary spend in retail and wider hospitality, could be advantageous.

We want to go a bit further and look into protecting essential services within that high street reform. There is a real opportunity working with MHCLG, where we are in constant dialogue, especially in this crisis right now. We have been involved in the high street taskforce to look at the development part of the long-term plan, which I talked about at the start, to see how you can bring together the major property owners across high streets in the country with our sector to see where you can develop really strong partnerships that can bring and support both the recovery of our sector in terms of expansion, going into the next two or three years, with the utilisation of vacant facilities across high streets.

There has been progress from last year. Protecting some of those essential community assets is important as well. Now it is about Government playing that facilitatory role in dialogue between the respective sectors.

Q280 Clive Efford: I am good. Way back in the day we had school sport partnerships, which seemed to set a good foundation on which to build sports strategy for future generations, which we would be benefiting from right now. Do you think Government thinking has moved on since it made that disastrous decision back then?

Huw Edwards: That was obviously a very tough decision at the start of the last decade, Clive, and it had an impact on physical activity for



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children and young people. The school sports premium came in. The school sports and activity action plan was published 18 months ago and now is the time to energise that plan. What we need to see is a greater pace and urgency around that decision-making.

You know better than anybody else the way that this agenda is divided across Government with DCMS, with DfE, with wider partners, with health. We need to see a greater interaction there in order to get the delivery of a plan that is going to start to support the physical activity levels of the youngest in society.

Is it a priority area? There is a sense it needs to be higher up the agenda than it is now without a doubt.

Q281 **Clive Efford:** Marg, did you want to add something?

Marg Mayne: Yes, thank you. I want to reflect that when it comes to children and young people, this is exactly where community leisure centres provide the key facility in addition to any potential facility that a school might have. They are by far and away the places where most kids will learn to swim—we teach that very basic life skill to 7,000 kids a week—but they are also the places where kids just learn that activity is fun, that it is fun to move around, it is fun to do, whether it be soft play, whether it be swimming. We provide creches. We co-locate with libraries as well on the high streets so they become much more community hubs. In a sense, those soft kinds of activities are feeders for the more sporting activities. I know that we as an organisation are at risk, we are vulnerable along with many other members like us, and that means we are having to consider our support for activities like the London Youth Games where we would normally support Team Bromley. London Youth Games is an absolutely key breeding ground for our heroes, like Dina Asher-Smith. We are a key part in the seed and in the fertile ground on which our future sporting ambitions are built.

Q282 **Clive Efford:** That brings me on to another question, which is about the venues where sport takes place in our communities. Do we hear enough from them to shape the future policy and strategy?

Huw Edwards: What do you mean by that, Clive?

Clive Efford: Do you think the Government hears from the grassroots, the people who organise and run sport, particularly those who have the venues where sport takes place in the community? Are their voices heard?

Huw Edwards: Credit is due to the Sport and Recreation Alliance that represents a lot of those grassroots organisations. Dialogue throughout this crisis, the Covid crisis, has not necessarily been much of a major issue. I have had regular contact with our sponsor department, the regularity of engagement with national governing bodies, and the SRA has been very much involved in those conversations and their views have been represented. What we need to get to now is action. Credit to the Government from the gym, sport and leisure centre perspective where



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we were effectively kept out of those three tiers, with the exception of group exercise back in November. That is credit to the collaboration between the sector and the Government.

We are in a very different place right now and there is a lot of dialogue and a lot of opportunities to express and articulate the scenarios and the situations to give as much evidence as we possibly can to Government. We now need to see that evidence turn into reality and see interventions right now to support that survival, the recovery and then development.

Just an acknowledgement: Government are going to depend more on this sector over the coming years because of the need to reconcile the finances associated with Covid. If Government have their own numbers—for every pound spent on sport and community physical activity it gets £4 in return impacting on GP visits of £30 million, as Marg has said, plus dementia, social care, type 2 diabetes, mental health. This is where you need to be putting your investment. This is an essential sector that requires that level of protection in order to flourish when we are going to go into significant financial challenges coming down the line. The dependency is going to be significant.

Q283 Clive Efford: I will just ask about the way Government is structured around sport. Do you tear your hair out when you talk to Government and try to get a coherent message, given that there are so many different Departments that have a finger in the pie?

Huw Edwards: Our team has been busy, Clive. We work with four Governments effectively across this crisis and there has been outstanding work by officials across that period of time, testament to the work that has been done in a fastmoving crisis.

We are not at the end of that journey yet. At the start of this crisis it was very difficult for the Government as a whole to represent the sector because there were real gaps in understanding and education about the operating models of both the public and private operators and a lack of understanding about the value and the significance at local level. That is a journey that we are still on. The proof of the pudding is whether we will see the interventions required over the next two or three months in order for the sector to survive.

Marg Mayne: Working for Community Leisure UK, I am a non-executive on the board there, my perspective is back to the point I made earlier about Government being structured between national and local level. Public leisure is very connected at local level to local authorities. What happens nationally, how decisions are made in Whitehall and how they get translated through feels too long and too slow and a little bit like what comes out at this end is perhaps not quite what was intended at the other end. Understanding the connection between DCMS, MHCLG, the local authorities and Sport England and how they all work, and making it smoother and more efficient, would definitely be a boon to us. At the minute we feel we are at the end of quite a lot, and are trying to make it join up. It just makes it slow and difficult.



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Q284 **Clive Efford:** You have both spoken about the need for a plan, an urgent need for a plan. Are we anywhere near a plan?

Huw Edwards: Not that I can see. This is not us against anybody else; this is us on the same side of the table. We will work with Government to develop that plan and there is a level of urgency right now. It has to go through those phases of survival, recovery and development.

Q285 **Clive Efford:** Before you come in, Marg, could I ask: are the Government talking to the right people to get a plan together?

Huw Edwards: I don't think it is an issue with dialogue, it is now a question of getting action.

Marg Mayne: Back to the point, which is at a very practical level, my trustees—we are obviously an organisation that normally would turn over £28 million year—need to know that they have a way through recovery in order for them to continue to sign off on a going concern.

Q286 **Clive Efford:** My point is this: when I go out for exercise, for a walk—I don't think there was anything wrong with the Prime Minister going for a cycle ride, to be honest, seven miles does not seem far on a bike—I do four to five miles and it is quite a distance—when I go out and people talk to me, which they sometimes do as an MP, they talk about, "I have got out more around the local community during this lockdown than I have done before". There is an appreciation there for what is around them.

Do you sense that in general, in terms of physical activity, attitude to physical activity and also to their local community, appreciating the outdoor space and everything else, there is a growth in interest, if I can put it like that?

Huw Edwards: From my side, Clive, yes, there is a reconciliation within our society of the importance of health and wellbeing given the tremendous trauma that the country has gone through over the last year. When you strip everything away, ultimately it comes down to your personal health and wellbeing, the health and wellbeing of the people you love and your friends and family. Connecting with the local area, understanding what is there on your doorstep is very important. Ultimately we need to support people's journeys to continue and increase their physical activity because there a fundamental benefit to people's social, physical and mental wellbeing. That has to be at the heart of the recovery plan for the nation.

Marg Mayne: As I said earlier, I am very optimistic that long-term, people's attitude will change, and people will recognise that investing in healthier lifestyles is a preventative health measure as much as anything else, making sure that will be part of bringing up your family in a healthy way. There is still a challenge in the short term, it will not happen overnight, because people have changed their behaviours and so we need to think about how we support them basically to make into reality what they would like, in their heads, to do.



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Finally, I would just like to say that we must in doing that remember and think about the health inequality. It is one thing if you live in a rural community you can get out to woods quite easily or walks; it is quite different if you are living in an urban community, or if you are living in a house with a garden compared to living in a flat, if something is accessible by public transport or do you need to a car to go there. All these things will add to the difficulty of translating what I am sure many people now realise, "I need to exercise more".

Q287 **Clive Efford:** Yes, so we need a plan?

Marg Mayne: We need a plan.

Q288 **Chair:** Marg and Huw, would you say that we have an over focus on elite sport resource wise? We put too much resources in. We would be pretty much described as a sporting superpower. The Rio Olympics we came third in the table. There is a list as long as my arm of British sporting achievements in the last 10 to 15 years, yet we are one of the most obese nations on earth. The death rate from Covid is one of the worst in the world and part of that could be explained by a lack of health within the population.

Is there too much of a feel good factor of winning medals when we should be looking at participation more than anything else?

Marg Mayne: I will take it first. I do not think it is either or. I don't feel qualified to comment on the level of investment. There is an important difference to make between sport and physical activity; they overlap but they are not the same thing. There are many people like a 93 year-old who is going to a Zumba class with his wife, he does not consider himself doing sport, it is not a competitive activity, and in fact in many cases it is the competitive sport in its very classic form that puts people off physical activity when they are children and young people. Especially when girls fall off in their early teens, it is often that aspect of sport that puts them off.

I love sport, I love elite sport, and I find when I watch the marathon I say, "I am going to get out there and go for it". Nevertheless I think it is community activity that is sustainable, which means it is fun, it is communal, it gives you a sense of satisfaction, it gives you a sense of being together, sociability, it combats all those loneliness issues and that is what makes people come back week after week.

We certainly can and should have both but certainly community leisure and community activity is a broader and different thing from elite sport and from sport in general.

Huw Edwards: Just to reinforce that, the nation benefits so much from elite sport—national pride, soft power, the economic return that it provides to the nation as the power house in many different areas. They are complementary. I do not think it is one or the other.

However, the potential loss of infrastructure around physical activity that we are threatened with right now will have an impact on the future



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successes of our nation in elite performance. All these guys have, no doubt—in many ways, in terms of the teams and the diversity of the teams representing us on the national stage—come from a local pool, a gym, a leisure centre, a local football team and unless you want to go back to Victorian ages and just be represented by a very narrow part of society, we need to preserve these facilities to support elite sport going forward.

Q289 **Chair:** We could be back to Atlanta Olympics with one gold medal, for instance?

Huw Edwards: If you lose the infrastructure that supports grassroots participation and physical activity and your chain to the top, the pathway to the top, will understandably be restricted.

If you speak to any of those guys representing us in 2016 about where they started, they started in their local pool, in their local facilities, in their local gyms. And those will go. If they go, that will suppress our ability to have that level of elite success going forward.

Chair: Thank you very much, Marg Mayne and Huw Edwards, for your evidence today. That concludes our session.