

In light of the national crisis created by the outbreak of the novel coronavirus (Covid-19) and the wider impact this is having on our economy, we are pleased to be submitting a response to the Inquiry, and we express our great thanks to the Committee for establishing this. We are expressing

- the specific financial challenges faced by charitable trusts delivering public leisure, sport and culture services and to outline areas where further financial support from Government will be vital to its short and long-term survival;
- the role of member leisure, sport and culture trusts in supporting communities through this crisis period; and
- the role of trusts to support the rebuilding of the economy post coronavirus.

1. To briefly introduce ourselves, Community Leisure UK is a trade association representing members who are all registered charities or societies delivering public leisure, sport and/or culture services for communities across the UK. These charities provide physical activity, cultural engagement and social opportunities and are significant partners within their local communities. We have a total of 110 members, operating over 3 700 facilities, with a total of over 100 000 staff and over 17 000 volunteers.
2. The majority of income – like so many charities - comes from membership and income from customers. The lack of income during this period of closures will therefore be felt acutely by charitable trusts, directly impacting on their viability and staff retention.
3. Currently our members state that, if nothing changes, they can survive for between 6 – 8 weeks on reserves. Past this point, they are no longer a going concern and will close. Likely never to return.
4. Ultimately the viability of these charities to remain in existence is at serious risk; their services and activities are vital for communities now and in the future.
5. We welcome and acknowledge the significant measures introduced by Government, but there are serious shortfalls to ensure charities survive this situation in the short and medium term. There are seven ways Government could support charities delivering public leisure, sport and cultural services:

5.1 Regarding the **Coronavirus Job Retention Scheme**, this is a hugely positive intervention from Government, but, the detail regarding furlough puts charities in an impossible position. We need to Government to

- 5.1.1 Consider a potential unanticipated implication of furlough on redeployment. Community Leisure UK members were actively looking to redeploy their staff to other local authority or community services to support. Particularly as local authorities are requesting supporting for additional staff. The furlough process stifles this significant opportunity for mass in-person support for community services such as telephone befriending, delivering meals, deliveries, collections etc
- 5.1.2 We raise this particular concern because our members can play a significant role in supporting communities and places through the crisis period. For example - our member operates 3,700 facilities across the UK these could be repurposed for different uses such as information hubs, health spaces, hospital wards [\[BBC Wales link\]](#) etc. The current position with furlough does not allow this to happen as easily as hoped, meaning that trusts cannot pivot to support communities as efficiently as possible.
- 5.1.3 Extend the scheme for greater than three months. Our members say they do not anticipate being close to 'normal' revenue levels until 6-18 months after full re-opening
- 5.1.4 Implications for staff themselves e.g. our members are worried about the impacts of being furloughed affecting staff's credit history, mortgage applications etc. Concerns of unintended consequences.
- 5.1.1 Does the scheme consider the National Living Wages and National Minimum Wage increases from 1 April? A significant proportion of the workforce in public leisure, sport and culture, would be receiving NLW or NMW so therefore these planned increases will increase payroll substantially.

5.1.2 Provide further clarity on how claims to HMRC will be evidenced.

5.2 An urgent Government position on insurance, and Government demanding clarity from insurers and brokers **regarding Business Interruption Insurance** and the grounds for pay-outs. Many insurers are insisting they:

- will not pay out because Covid-19 is not a specified disease
- will not pay out unless someone contracts Covid-19 on site
- need to discuss issues of proximity and vicinity
- will not discuss appeals.

5.3 Increase the £25,000 grant for businesses – **and state this includes charities** - to help them cover true costs of rental payments, utilities and energy (who are all currently not forthcoming with sector support). Our members' average monthly utilities bill is £44,000. Or, whether the £10,000 for all businesses qualifying for Small Business Bonus Scheme, and the £25,000 grant for businesses in the hospitality sector can be **available per facility**.

5.4 Regarding the VAT quarter deferral (post June 2020), giving this a longer deferral period would be helpful. See point 7 below on recovery period. Appreciating VAT is tied into the EU exit transition period, is there scope to develop a relaxation of irrecoverable VAT taxes for charities?

5.5 Tailored financial support for **self-employed** leisure, sport, arts and cultural professionals. Suspending the minimum income floor for anyone affected by COVID-19, means that self-employed people can now access Universal Credit at a rate equivalent to Statutory Sick Pay for employees. Our members note the current monthly earning for a self-employed drama teacher/storyteller/teaching would be c.£2,500+, a swimming teacher c. £1,500+, and for a fitness instructor £2,000+. Plus, self-employed professionals also pay NI and tax.

5.6 For local authorities to be effectively financially resourced to support their partners' immediate cash flow position through COVID-19, and support phases of reopening facilities and services.

5.7 With regards to the Business Interruption Loan Scheme, with no income, charities (including our members) say they cannot take on the risk of a loan up to £5m, even if spread of six years. Those that could take the risk, are likely above the £45m turnover threshold. Therefore, the other measures mentioned here would be far more beneficial. Potentially introducing a loan scheme once the services are back open and generating income, would be more beneficial.

6. Our members play a significant role in supporting their local economies and the physical, mental and social health of their local communities. This will be equally, if not more so, required after this crisis. Our members:

6.1. Are large local employers and often of U25s, offer apprenticeships, training and skills development. For example Rossendale Leisure Trust where 75% of their staff live within Rossendale, of which 60% are under 25. Through payroll alone they invest £1.125m back into the local economy, with 69,000 residents;

6.2. Purchase from local supply chains e.g. LiveWire Warrington spend £1m + with local suppliers in 2019; and

6.3. Reinvest every pound into services and facilities. Often and largely into local economies. Therefore, they will make a significant contribution to the economy once their facilities reopen.

7. Looking ahead to when businesses can fully reopen, we anticipate that for many of our members, the recovery period could take 6 – 18 months to return to the same level of business as prior to the pandemic. Government support, both locally and nationally, and a joined up approach with relevant sector partners will be required to encourage the public to return to actively using and supporting public leisure, sport and culture services.

8. In conclusion, the Government's measures need to go further to ensure communities receive the vital support and care that they need now and post pandemic; charities like leisure, sport and culture trusts are supported to survive, and then they can re grow; and that staff can be redeployed to support local authorities, health services and community partners, and not hindered from doing so. Thank you for reading this submission to the Inquiry.