

**Written evidence submitted by PureGym (COV0190)**

Mr. Darren Jones  
Chairman of the BEIS Select Committee  
Houses of Parliament  
London  
SW1A 0AA  
November 18, 2020

Dear Mr Jones,

Thank you to you and the members of BEIS Select Committee for inviting me to take part in the session on Tuesday. I thought it was a high quality discussion and I was pleased to be able to share my perspectives on how the Government can work with business to improve its support package. I really believe that there is so much that can be gained from better dialogue and closer collaboration.

Given the time constraints in yesterday's session I thought it helpful, by means of this letter, to precis my remarks in addition to adding some further suggestions for the Committee's consideration and specific proposals for you to reflect on.

By means of background, the Covid-19 pandemic has been brutal for the gym industry. Going into the crisis, the industry had around 7,000 facilities, serving 10-11 million members and providing employment for around 500k people. Gyms were pretty much the most common way people stay active (after walking!) But gyms in the UK have now been shut for up to 23 weeks of the year and unlike other industries there are no 'takeaway' or online options to generate trade. So, this has meant **zero revenue for approaching half a year**, which clearly presents a massive existential threat for the industry.

This existential challenge has already resulted in a number of high profile business failures and sadly I fear that, absent support, we will see more in the months ahead. Because of gyms' intrinsic health benefits closing them creates a 'double whammy' effect of both destroying jobs and also harming the wellbeing of the nation, because many people rely heavily on gyms as part of their physical and mental health and wellbeing routine. It is perhaps most distressing that gyms are most necessary in serving the needier and disadvantaged parts of society. These are the people who do not have the luxury of a park to run around, a garage to lift weights in, or dare I say a 'Peloton' bike at home to exercise on. Gyms may once have been a 'nice to have' for the image-focused middle classes. They are now an essential service to a very broad cross section of the nation.

We should, as a country, be aiming to build back fitter after the pandemic and gyms can be a major ally in this ongoing battle. All of the above makes it all the more surprising to me, and many others within and outside our industry, that the gym sector was not the recipient of targeted support enjoyed by other sectors - for example an equivalent of eat out to help out or VAT savings.

Given the lengths the industry has gone to with regard to safety, the data we have on COVID-19 case numbers for gym goers and staff (much lower than in the general population) and the fact there have been no 'spreader events' in gyms we are devastated to have had to close gyms again. We have asked the Government to show us evidence which justifies closing gyms when our extensive data shows they are safe, no such evidence has been produced. Even the SAGE documentation of late September makes it clear that closing gyms will do little to impact the R factor but will contribute to a less healthy population. To be honest, it strains rational belief that gyms are closed yet shops like hardware stores, garden centres and off licences are open and categorised as they are deemed to be 'essential'.

For the sake of clarity our request as the country's leading gym operator and for the industry as a whole are as follows:

Gyms should be reopened on December 2<sup>nd</sup> and we would ask the Government to confirm this with as much notice as possible so we can make the operational arrangements to reopen. There is no reason for further delay, we have proven we can operate safely both in the period after the first lockdown and also in the tiered system. We can even tighten restrictions further .... but being closed for longer risks being a death knell for many.

Going forward gyms should be categorised as essential services. Closing gyms has a profound and lasting adverse impact on physical and mental wellbeing, is regressive through hitting the worst off hardest as they rely more on gyms and it has created a huge and growing strength of feeling in the country around the injustice of this decision. We have seen normally law-abiding business owners defying the closure and a petition created to keep gyms open with more than 600k signatures – this dwarfs other petitions of its kind.

Looking further to the future, as we move through this crisis a fitter and healthier nation has to be top of the Government's priorities and gyms have a crucial role to play in delivering this goal. Yet the industry is currently staring into the abyss as one of the worst hit sectors due to enduring an extended period of zero revenue while benefitting from close to no specific help from Government. On behalf of the industry, I urge Government to step in to help gyms and fitness centres with targeted support. Specifically:

- **A 12 month extension of rates relief to 31 March 2021:** The Government should commit to extending the rates holiday for a further 12 months for any business that has had more than, for example, 70% of their revenue removed for a period greater than 3 months in 2020. This could easily be funded by removing rates relief from Dec 1 for all retailers who have been able to remain open in lockdown. Those who have been open, able to trade (and in many cases enjoyed sales growth!!) as a result of the pandemic should repay the rates relief they unnecessarily benefited from. This strikes us as being simple moral and civil obligation on the one hand and sensible allocation of public funds on the other. To give a specific example, I believe the value of the rates holiday to Tesco alone (£580m) would more than fund a 2nd year of rates relief for the **entire** gyms and fitness sector.

- **The Australian approach to leases should be adopted before the end of the year:** Businesses in the frontline that have been forced to close to help protect society and have therefore operated with zero or heavily reduced revenue should not bear the burden of rent for this period. That burden should be shared 'up the chain' of the business system – surely that is fair? The Government should extend the moratorium on lease repossession and extend it to cover County Court judgements too. For severely impacted businesses like gyms there are lessons to be learnt from the Australian model where landlords are **required** to give abatements (not deferrals) of a **minimum** 50% of rent for all 2020 closure periods and any remaining rent not abated should be paid back over the remaining lease term in monthly instalments. This is a practical and tried and tested solution and should be enacted in the UK.
- **Commence Long-term leasehold reform:** There has to be reform of the legal framework which favours the landlord and is a major barrier to creating and running businesses that drive economic growth. We should all remember that it is tenants who create the jobs and make the economy function but it is landlords who are given all the cards (and extra aces up their sleeves!) and this has to be changed which will require government intervention.
- **VAT:** specifically for the gym and fitness sector VAT should be reduced to, say, 5% on gym memberships for a minimum period of 12 months. This is arguably the rate at which VAT should be levied anyway on a 'health and well-being product' but this should be started now and reviewed over time.
- **Investment support:** The Government should look at providing special investment and planning support for gym and fitness centres. It is currently much easier to open a fast food shop than it is a gym. This support might be particularly targeted at those poorer and disadvantaged areas that would most benefit from fitness facilities. It could take the form of an extension to Covid grants, enlarged BBLs or a number of other mechanisms.

As the Committee now considers how to feedback to the Government I hope the above is a helpful contribution. Thank you again for inviting me and do let me know if I can be of any further assistance.

Yours Sincerely

Humphrey Cobbold  
Chief Executive Officer, PureGym

*November 2020*