

Supplementary written evidence submitted by PureGym

14 January 2021

Mr Julian Knight MP
Chairman of the DCMS Select Committee

Dear Mr Knight,

I am writing to thank you and the members of the DCMS select committee for inviting me to take part in the session on Tuesday morning, which I found to be an enjoyable and constructive discussion. I am grateful for the opportunity to share my perspectives on the impact of the COVID-19 pandemic on PureGym and the wider sector, especially how the Government could better support this industry, which has been devastated by forced closure and has such a vital role to play in improving the health of the nation.

As you and the Committee reflect on your recommendations to DCMS I thought it helpful to summarise my suggestions for you to consider.

The COVID-19 pandemic has laid waste to the gym and fitness 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, second only to walking, however based on current estimations our sites will have to remain closed until the end of March. In total, this means that gyms in the UK will have been shut for up to 34 weeks out of 54 and unlike other industries there are no 'takeaway' or online options to generate trade. This equates to zero revenue for over half a year, which clearly presents a massive existential threat for the industry.

Our business has been able to secure additional financing so we are confident that we will be able to reopen in the Spring. However, it is the prospects of smaller operators that causes significant concern. Indeed since my appearance I have been approached by a number of such operators who are in severe financial distress. They both identified with the devastation I set out and implored me to continue to make representations on their behalf. Many such operators will have used their home as collateral for business loans and are now facing the prospect of heart wrenching decisions to avoid personal bankruptcy. These were strong and successful businesses and will be again with the right, targeted support.

Whilst numerous lockdowns have undoubtedly impacted gym businesses, the impact on communities and on the physical and mental wellbeing of the nation is even more devastating. Gyms are essential community assets both because of the health dividend they bestow on the nation and the fact they are a vital part of people's daily 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 might live in small or shared accommodation and do not have the luxury of a spacious garden or a park nearby. Gyms may once have been a 'nice to have' for the middle classes. They are now a must have and an

essential service to a very broad cross section of the nation. Last year's parliamentary petition on re-opening had over 600k signatures and 'when will gyms re-open' was one of the most popular Google searches of 2020.

I would like to share some excerpts of an email that was sent to me by a member called Helen, which I think perfectly demonstrates the severity of this crisis:

"I cannot express how important the gym is for my health, primarily my mental health. When they reopened at the end of July my parents both said they saw an instant change in my mood. Despite keeping fit at home, the gym is my community, the place I feel at home. Exercising alone at home just isn't the same."

"We must do all we can to keep community sport and gyms afloat during lockdown and make them key to the nations recovery. It is no secret that a large proportion of the population have become more inactive and gained weight during this period and, I believe, we suffered so bad in terms of mortality in the UK because our nation is not particularly healthy."

We are very grateful for the measures that the Government has already put in place, particularly the furlough scheme, however the gym sector has not received the same level of targeted support as seen by other sectors such as hospitality and it has suffered just as much, if not more. Without targeted support, the gym industry will suffer a sort of economic long-Covid and many operators will go out of business, leaving fewer places for the public to exercise. Support must be targeted at those businesses most in need and be proportionate to the level of revenue loss over the last year. On behalf of the industry, I urge Government to step in to help gyms and fitness centres with targeted support. Specifically:

- **A resolution to ensure that rents, for when businesses are forced to close, are shared more equally between landlords and tenants:** Businesses that have been forced to close and as a result have faced reduced, or zero revenue should not bear the burden of rent for this period. By the end of March 2021 when the current moratorium expires, we will have approaching £40m of rent arrears relating to full rent for periods where we have had zero or massively reduced revenues. This burden must be shared more equally between tenants and landlords. We are not requesting an extension of the moratorium or indeed any financial investment from the Government. Instead, we implore the Government to consider a solution similar to 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.
- **An extension of business rates relief for the most impacted businesses:** The current system of business rates relief has been incredibly helpful for businesses like ours so far and we have been pleased to see thriving businesses like supermarkets return their rebates at last. Those £2bn of returns should be repurposed to businesses that have been impacted the most severely in a rates holiday through to the end of 2021.
- **A reduction in VAT on gym memberships to 5% for 12 months:** Businesses like ours that categorically improve the health of the nation should receive the same level of VAT

reduction as other industries. This will also have the added benefit of encouraging the nation to sign up to gyms, which in turn will improve the health of the public at large and will reduce the strain on the NHS. The hospitality sector and its customers have benefitted greatly from the VAT cut announced in July. The gym and fitness industry has not received this same level of support despite the clear benefits to society.

Given the role that gyms play in improving and maintaining the nation's health, they must be recognised as an essential service. That is why we also have two asks of the Government when it is in a position to start reopening parts of business and society:

- **Gyms must be an absolute priority and be in the first wave of businesses allowed to reopen.** The health benefits are unquestionable and with strict protocols in place evidence has proven that gyms are safe places to work and safe places to workout (see ukactive research [here](#)).
- **The Government must provide specific timescales for when business will be allowed to reopen** and as much prior warning as possible. We operate a flexible business, which means that we have been able to hibernate or reopen our sites within a matter of hours, however not all gym businesses have the same capability. Additionally, it is critical that operators are provided with an indication of how long these closures will last for so that they can accurately forecast the impact and manage cashflow.

For PureGym, this latter point is particularly significant as we have formally pledged to make our gyms available to facilitate the Government's vaccination roll-out across the UK. The vaccine roll out is the country's number one priority and the faster it happens the sooner we can get on top of this terrible disease and start to return to normal life. That is why PureGym has directly offered its sites to the Minister for COVID Vaccine Deployment and is liaising with the National Pharmacy Association to offer our support to all community pharmacies. Separately, we have partnered with Crest Pharmacy Group in Coventry to offer our local gym as a vaccination hub and are awaiting NHS approval for this site, which has the potential to deliver 5,000+ vaccinations per week.

As I stated at the beginning of this letter, at PureGym our purpose is to inspire a healthier nation. We are doing everything in our power to fulfil this by demonstrating the need for gyms to reopen as soon as it is safe to do so, and in the meantime to donating our facilities to do our bit to help rid this country of the COVID-19 pandemic as quickly as possible. Our ask to the Government is simple: please provide targeted and proportional support, particularly for those businesses with an ambition to protect the wellbeing of the nation.

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

Rebecca Passmore

UK Managing Director, PureGym