

## **Written evidence submitted by ukactive**

### **Submission of evidence to Digital, Culture and Media and Sport Select Committee Inquiry into Impact of Covid-19 on DCMS Sectors**

#### **About ukactive**

ukactive is the leading not-for-profit membership body for the physical activity sector. We work with over four thousand members and partners who share a common ambition to improve the health and wellbeing of the nation by getting people moving. These include leading physical activity and fitness facility operators, equipment suppliers, children's activity providers, charities and the third sector - who in sum represent thousands of facilities, employ tens of thousands of activity professionals and deliver activity to millions of people every year.

Chaired by Baroness Tanni Grey-Thompson, ukactive views physical activity as a golden thread in the fight against many of our national challenges. It has the potential to address a myriad of public health issues, including improving the health and wellbeing of our children, ensuring the health of the nation's workforce, tackling loneliness and supporting an ageing society, and providing deeper connections within communities.

#### **About this response**

We welcome the Select Committee's investigation into the impact of Covid-19 on DCMS sectors, and are grateful for the opportunity to submit evidence to this inquiry. Our response focuses specifically on the impact of coronavirus on the physical activity sector, which encompasses leading physical activity and fitness facility operators, equipment suppliers, children's activity providers and leisure trusts. As the representative body for the sector, our response highlights the challenges and opportunities currently facing the industry.

ukactive Chair, Baroness Grey-Thompson, and ukactive CEO, Huw Edwards, are available to meet with the Select Committee Chair and his team should he wish to discuss our response in further detail.

#### **The value of physical activity**

One quarter of the nation's population remains physically inactive, causing 37,000 premature deaths every year, placing severe strain on an already overstretched NHS and costing the UK economy £20 billion annually<sup>1</sup>. With the stated ambition of the NHS Long Term Plan to save 500,000 lives over the next decade, the physical activity sector stands at the frontline of the Government's prevention agenda.

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<sup>1</sup> ukactive, 'Blueprint for an active Britain', 2018.

Our industry is willing and able to support an already overstretched National Health Service to shift the focus from prevention to cure and create a healthier, stronger, happier society.

In seeking to address these issues, the physical activity sector contributes hugely to the health and wellbeing of the nation. Research shows that the social value of community leisure alone stands at £3.3 billion on account of improved health (£715m), reduced crime (£2.4m), increased educational attainment (£123m) and improved life satisfaction (£2.4b)<sup>2</sup>. Even in the current context of national crisis, physical activity continues to act as “a form of crucial preventative care for many people”<sup>3</sup>. The physical activity sector also contributes £7.7 billion to the economy every year, operates across 7,239 sites and employs over 400,000 people.

### **What has been the immediate impact of Covid-19 on the sector?**

But the physical activity sector needs greater support from Westminster to recover from the coronavirus crisis and continue delivering valuable services for our health and wellbeing. Like many other businesses across the country, gyms, leisure centres and fitness studios were forced to close on 20 March to contribute to the national effort against coronavirus. Thousands of leisure and fitness facilities shut for the foreseeable future, generating a crippling combination of zero income, outstanding rent payments, failed insurance claims and delayed furloughing funds. Without urgent government support, the physical activity sector is weeks away from the closure of up to 2,800 fitness and leisure facilities, and the immediate loss of 1 in 4 jobs.

The loss of our gyms and leisure centres would cause irreparable damage for those people who rely on their services most, from community groups who find connection within their walls to patients who rely on activity prescriptions to manage long-term illness or recovery.

The loss of activity providers, swimming pools and leisure facilities would also have massive consequences for children and young people, particularly those from lower socio-economic backgrounds. ukactive research shows that inequality can be incredibly harmful in its impact on children, young people and families - both from a physical, mental and social perspective. Children lose up to 74% of their fitness over the summer holidays, with those from the poorest backgrounds affected most<sup>4</sup>. Sport England data shows early signs that the Coronavirus pandemic is having a disproportionate effect on lower-income socioeconomic groups as families feel the crushing absence of school meals, lessons and activities for children<sup>5</sup>. Now more than ever, the Government needs to ensure that leisure facilities and children’s activity providers are supported to engage the most vulnerable children and young people in society.

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<sup>2</sup> ukactive, Physical Activity: A Social Solution. 2017.

<sup>3</sup> Barney Ronay, ‘Closing the UK’s parks and public spaces really could be a tipping point’. The Guardian. April 2020.

<sup>4</sup> Jack Shakespeare, ‘Together: How ukactive Kids members are rising to the challenges posed by Coronavirus’. April 2020.

<sup>5</sup> Sport England. ‘New exercise habits forming during Coronavirus crisis’. April 2020.

## **What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?**

The unique value of the physical activity sector - and its workforce - to our national economy, must not be underestimated. Our nation's gyms and leisure centres form the fabric of our society, contributing £7.7 billion to the economy annually<sup>6</sup> and £3.3 billion in social value from community leisure alone<sup>7</sup>. Our facilities and providers are also on the frontline of the prevention agenda, contributing hugely to both our national wellbeing and productivity. In light of their value, we cannot allow the facilities at the heart of our communities to disappear.

Throughout the coronavirus crisis, the physical activity sector has been working tirelessly to support the public maintain active lives through online workouts or the Sport England #StayInWorkOut campaign, supporting the nation through increasing pressures on both physical and mental health. But our industry has also been disproportionately affected by the coronavirus pandemic. Without any revenue coming in, businesses across the physical activity sector are struggling to ensure business continuity and secure long-term financial sustainability, and are therefore at great risk of ceasing to operate. If operators are forced to close, it will be difficult for this vital infrastructure to be restored once the crisis is over - and a lengthy restoration process would have dire consequences for our society.

ukactive has been consulting CEOs across the physical activity sector to determine the measures and policies that can help to protect businesses and jobs. We urge government to undertake the following steps to safeguard the jobs and valuable services provided by gyms and leisure operators:

### **1. Supporting the physical activity sector workforce**

1.1 The Coronavirus Job Retention Scheme has seen huge demand from the physical activity sector, providing businesses with the security of lowering outgoings while providing long-term job security for employees.

1.2 However, with the scheme currently only extending to the end of June, businesses don't have long-term security to make staffing decisions. With social distancing likely to limit capacity and footfall - and therefore the revenue of many facilities, businesses will be unable to go to full staffing capacity immediately.

1.3 Unless given the option to furlough staff for longer, businesses will have no option but to issue redundancies. This will have a devastating impact not just on the workforce itself, but also a significant economic impact for the Government.

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<sup>6</sup> ukactive. 'The Rise of the Activity Sector'. 2017.

<sup>7</sup> ukactive. 'Physical activity: A Social Solution'. 2017.

**1.4 ukactive calls on the Government to extend the Coronavirus Job Retention Scheme until October, and for as long as necessary, to ensure businesses have continued support as social distancing measures progress.**

**1.5 ukactive calls on the Government to establish a partial furlough or salary support scheme for the physical activity sector whilst social distancing rules apply, providing up to 50% cover for salaries up to a maximum of £1,250 per month.**

2. Supporting the physical activity sector's financial viability and efforts to rebuild

2.1 An estimated 2,800 facilities will cease trading by the middle of June 2020 without urgent action. This figure will only increase as businesses continue to operate with significantly reduced incomes once they are no longer mandated to close.

2.2 Already the sector is facing pressure on bill payments despite no income coming through its doors since 20 March 2020. If operators cannot open their doors until the end of June, they will have lost 25% of their annual income. On average, operators have lost 20% of their members since lockdown. They expect to lose a further 15% of membership upon reopening with reduced capacity due to the continuation of freezing memberships or public nervousness to attend gyms and leisure centres.

**2.3 ukactive calls for the Government to offer a VAT Output Tax rebate in the retail, leisure, and hospitality sectors resulting in an effective Output Tax rate of 10%.**

**2.4 ukactive calls on the Government to provide a holiday from Employer National Insurance and PAYE within the leisure sector from the date of closure until December 2021.**

3. Supporting local authority leisure providers

3.1 ukactive welcomes the Government's £3.2 billion funding package for local councils. However, little of this funding is reaching leisure providers who are at severe risk of collapse as a result of total loss of income, as councils raid budgets in order to plug black holes. There is an urgent need for funding for these facilities in order to pay contractors and maintain premises.

3.2 While the Government has confirmed that local authorities should continue to fulfil contractual relationships with public leisure operators and trusts, many local authorities are attempting to withhold funding from suppliers within the physical activity sector. In accordance with Cabinet Office PPN 02/20, local authorities must be encouraged to ensure fulfilment of these contractual obligations.

**3.3 ukactive calls for the Government to provide additional funding for local authorities, ring-fenced to support public leisure facilities and trusts.**

**3.4 ukactive calls for the Government to ensure local authorities have the means to provide flexibility and support in their contractual relationships with public leisure operators and trusts, as set out in the Cabinet Office PPN 02/20, March 2020.**

**3.5 Noting that PPN 02/20 is silent on the situation where fees and rent are payable by leisure operators to Local Authorities, we ask that the government ensure Local Authorities have the means to also apply flexibility and support for leisure operators operating under such arrangements.**

4. Protecting the physical activity sector from aggressive landlords

4.1 ukactive welcomes the Government's commitment to ensure landlords do not use aggressive tactics to collect rent payments until 30 June by voiding winding up orders and making changes to the use of Commercial Rent Arrears Recovery.

4.2 However, the sector remains concerned about significant further rent payments due on or around 24<sup>th</sup> June (next rent quarter date) when footfall and income is still drastically reduced as a result of covid-19.

4.3 Negotiations with landlords still need to be done across individual sites, and this can lead to significant differences in the rent arrangements agreed. Operators need consistency to ensure rent payments are not prohibitive for months with no income.

**4.4 ukactive calls for the Memorandum of Forfeiture to be extended until October 2020 (end of Q3).**

5. Supporting children and young people to access physical activity opportunities

5.1 The issue of the PE and Sport Premium was mentioned at the Budget on 12 March, saying this would be considered as part of the Spending Review. With this postponed on account of coronavirus, primary schools have no guarantee there will be ring-fenced funding for PE or sport.

5.2 Schools are already facing uncertainty over their budgets, with no certainty on when and if school is likely to return to normal. As evidenced by the need for ring-fenced funding for PE in primary schools, physical activity budgets are often the first to be cannibalised by schools with low funding. As such, there is an urgent need for clarity on the future of the PE and Sport Premium to allow schools to plan their physical activity programme for future school years.

5.3 ukactive research also shows that inequality can be incredibly harmful in its impact on children, young people and families - both from a physical, mental and social perspective.

Children lose up to 74% of their fitness over the summer holidays, with those from the poorest backgrounds affected most. Sport England data shows early signs that the Coronavirus pandemic is having a disproportionate effect on lower-income socioeconomic groups as families feel the crushing absence of school meals, lessons and activities for children.

**5.4 ukactive calls for the Government to provide clarity on the future of the PE and Sport Premium ahead of June 2020, and guarantee ring-fenced funding for physical activity in primary schools.**

**5.5 ukactive calls for the Government to provide a framework and tailored support for suitable schools to open as community hubs this Summer (2020) to ensure adequate support for the most vulnerable children and families, prioritising the safety of children, staff and families.**

### **What lessons can be learnt from how the sector has dealt with Covid-19?**

Daily physical activity has played a vital role in the resilience of people across the UK during the coronavirus crisis, and it will be critical for our mental and physical recovery once the current restrictions are lifted. Our nation's gyms and leisure centres form the fabric of our society, contributing £7.7 billion to the economy annually<sup>8</sup>, employing over 400,000 people and generating £3.3 billion in social value from community leisure alone<sup>9</sup>.

**ukactive has been working with members from across the physical activity sector to ensure that it is ready to reopen as soon as the Government permits, and that the conditions in which facilities reopen remain both safe and financially viable for operation.** We are working with public health experts and senior industry representatives to ensure that **the physical activity sector is armed with the right guidance to enter the post-lockdown transition phase when the time comes.**

The guidance will focus heavily on operational processes and include standards around issues such as cleanliness, usage, maximum occupancy, changing rooms, staff training, and un-furloughing employees, and will be reviewed by virologists to ensure that the sector does not compromise national public health outcomes. The guidance will form part of a wider strategy that **sets out a coordinated and consistent approach to the reopening of gyms, leisure centres, outdoor fitness and other facilities, based on putting the safety of customers and staff first.**

The strategy has four key stages:

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<sup>8</sup> ukactive. 'The Rise of the Activity Sector'. 2017.

<sup>9</sup> ukactive. 'Physical activity: A Social Solution'. 2017.

**Research:** ukactive and DataHub are currently undertaking research into the impact of Coronavirus on the physical activity sector and modelling the operating conditions needed to support business reopening and recovery.

**Guidance for operators:** Stage two will provide a clear framework for fitness and leisure operators to guide their operational plans for reopening. The framework is being developed by public health experts and ukactive's councils and forums, which represent operators of all types and sizes across the physical activity sector. We are also working with National Governing Bodies of Sport such as Swim England and the Lawn and Tennis Association given their dependence on our sector's facilities. Government has also been briefed on the development of this guidance and will continue to be consulted throughout the drafting process.

**A public information campaign:** Stage three will see a public information campaign which includes the dissemination of guidelines to operators and provides them with assets to engage and reassure their customers, while inspiring the public to step back into gyms and leisure centres.

**Policy support:** Stage four will be driven by the continued policy support of ukactive in its conversations with government, ensuring that policy decisions deliver what is needed to support the sector through additional or extended financial measures, and regulatory and taxation changes, once the sector is allowed to reopen.

Armed with both this strategy and greater government commitment for support, the physical activity sector will be ready to reopen its doors when called upon.

### **How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?**

Coronavirus has demonstrated the resilience of our people and institutions. But the crisis has also exacerbated pressures on an already overstretched national health service. Our healthcare workforce and infrastructure will need substantial support to recover from the shock of the Covid-19 outbreak, particularly in the context of renewed economic austerity after the crisis. The physical activity sector is equipped to support, acting on the frontline of the preventative agenda, easing pressures on both our healthcare system and the economy. Our industry is eager to collaborate more closely with government to achieve an understanding of how our facilities and workforce can support the national effort to recover from coronavirus and build future resilience.

Physical activity benefits people of all ages and abilities, supporting the prevention of over 20 chronic conditions such as type-II diabetes, cardiovascular disease, cancer and depression<sup>10</sup>. Professor Chris Whitty, Chief Medical Officer for England, highlighted the importance of physical activity for long-term

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<sup>10</sup> Booth, Frank W et al. "Lack of exercise is a major cause of chronic diseases." *Comprehensive Physiology* vol. 2,2 (2012): 1143-211. doi:10.1002/cphy.c110025

health at a recent Downing Street press conference, acknowledging that **“there is no situation, [...] age and [...] condition where exercise is not a good thing”**.

The coronavirus lockdown has highlighted just how significant physical activity can be for our nation’s health and wellbeing. Sport, exercise and sunlight have all become crucial forms of preventative care. Almost overnight, our collective physical and mental health has become a national priority. Research shows that the current restrictions on movement have forged new habits at the individual level, with walking, cycling and home workouts becoming popular forms of exercise<sup>11</sup>. The data also reveals that a promising 40% of those doing home-based workouts are doing it with the children in their household<sup>12</sup>. These are encouraging behaviours which, as we progress through the stages of this crisis and beyond, must be nurtured by a Government which places health and wellbeing at the heart of policymaking.

Maintaining our physical and mental health will become even more important as we recover from the coronavirus crisis. The outbreak will have had a tremendous impact on an already overstretched healthcare system and its workforce. Our sector is willing and able to play a bigger role in the prevention agenda, easing pressures on the NHS and supporting our national recovery from Coronavirus. But for this to occur, we need greater commitment from Government to work with our sector.

Speaking at the Policy Exchange in December 2019, the Secretary of State for Health and Social Care announced that the 2020s would be “a decade of prevention”. He outlined the Government’s ambition to support more people to take control of their health, so that healthy people can *stay* healthy and reduce the burden on the NHS. The physical activity sector is eager to support this item on the Government’s agenda. Our industry engages people of all ages and abilities in healthy activities, running programmes which benefit the wider population such as:

- Engaging vulnerable children in affordable and healthy activities over the summer holiday period to tackle childhood obesity and combat antisocial behaviour thought improved social cohesion.
- Utilising underused space and resources across leisure facilities to provide free or subsidised activity sessions targeted at inactive people, from children to older adults.
- Training older people as sport and activity practitioners to equip the physical activity sector to better meet the needs of an ageing population.
- Working with healthcare professionals to signpost patients to physical activity interventions.

But we can do more. And if we can collaborate with the Government more closely, the physical activity sector has great potential to support our national recovery from the Coronavirus crisis.

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<sup>11</sup> Sport England. ‘New exercise habits forming during Coronavirus crisis’. April 2020.

<sup>12</sup> Ibid.

