

## Written evidence submitted by ICSport (Impey Clilverd Sport Limited)

### Call for Evidence Response - Impact of COVID-19 (Coronavirus) on DCMS Sectors

Date: June 19, 2020

#### About ICSport

1. ICSport is a business co-founded by Keith Impey and Rob Clilverd, designed to encourage major brands to invest in grassroots sport. ICSport understands the importance of grassroots sport for the health and wellbeing of individuals, teams and communities.

#### Consultation Response

2. ICSport welcomes the opportunity to respond to the call for evidence on the impact of COVID-19 on DCMS Sectors. We have focussed on the impact COVID-19 has had on grassroots sport and clubs.

#### The value of grassroots Sport

3. Sport plays a significant role in society. It keeps people active, makes people healthier both physically and mentally, it helps people develop their own skills and confidence. Furthermore, sport and physical activity has been used as a tool for crime diversion, building social and community cohesion. It teaches teamwork, it teaches discipline, it teaches respect.
4. **Sport** and physical activity contributes £39 billion to the **UK's** economy and a significant portion of this comes from grassroots **sport**<sup>1</sup>: the millions of people who buy trainers, bikes, gym memberships or pay match fees. The sector boosts the economy in two ways; directly, through job creation, and indirectly by reducing healthcare costs due to a healthier population and reducing crime.
5. For many- adults and children alike, playing sport is the highlight of their week. That sense of belonging, a sense of achievement, a feeling of winning or losing together and competing, whatever the level.
6. With the current issues facing the UK not only from Covid 19, but with general health and the growing obesity crisis, sport and activity in general has a pivotal role to play in the nation's health- physical and mental. Funding at all levels is affected, this funding pressure will become a barrier to participation from primary schools right up to 55+.
7. Grassroots is the foundation on which sport is built. It's at a local grassroots club where a child will kick their first ball, bowl, tackle, catch, shoot- it's where they fall in love with sport. Every elite performer began their career in grassroots sport somewhere and were inspired by the coaches and the club surroundings, encouraged and nurtured at every level. Only around 1% of young players go on to reach the very top of the pyramid but

<sup>1</sup> <https://www.sportengland.org/why-were-here/economic-development>

grassroots sport participation is much wider and should be more important than talent identification and development.

## **Social Impact**

8. The value of sport to local government and communities extends beyond sport for sport's sake. It can play a role in bringing communities together, having a social and cultural impact, developing social capital and reducing crime and anti-social behaviour.
9. Regular involvement in sport can benefit individuals and communities and contribute to a range of positive outcomes including:
  - Young people's participation in sport improves their numeracy scores by 8% on average above non-participants
  - Underachieving young people who take part in sport see a 29% increase in numeracy skills and a 12 to 16% rise in other transferable skills
  - Returns on investment in sports programmes for at-risk youth are estimated at £7.35 of social benefit for every £1 spent – through financial savings to police, the criminal justice system and the community<sup>2</sup>
  - Unemployed people who participate in sports are 11% more likely than non-participants to have looked for a job in the last four weeks<sup>3</sup>
  - People who participate in sport are 20% more likely to volunteer frequently<sup>4</sup>
  - Important to this impact are the volunteers and coaches without whose time, energy and commitment many clubs, team sport sessions and coaching sessions would not be able to run
  - There are over 6,000 voluntary sport organisations in England
  - More than 3.2 million adults (7.6% of the population) contribute to volunteering in sport
  - The estimated economic value of sport-related volunteering is £2.7bn

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

10. **The stark reality is that many sports clubs will not survive this crisis and the huge contribution they make to their communities will be lost.**
11. Already clubs are seeing no bar revenue, no match day subscriptions, no social events, no sponsors or post match get togethers. The cost to sport and recreation is enormous and could dramatically reduce grassroots sport availability to all.
12. We are all aware of the huge benefits to individuals and the nation of sport participation- what we have now is a real threat to this key part of peoples lives and particularly to children.
13. Sport in the UK is run by volunteers. There are around 150,000 grass roots sports clubs in the UK with an estimated 3.2m individual volunteers running them- coaches, administrators, kitchen staff, pitch markers, referees, umpires all give up their time to facilitate the playing of sport for adults and children alike. The sport

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<sup>2</sup> <https://www.greatersport.co.uk/what-we-do/economy>

<sup>3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/304896/Quantifying\\_the\\_Social\\_Impacts\\_of\\_Culture\\_and\\_Sport.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/304896/Quantifying_the_Social_Impacts_of_Culture_and_Sport.pdf)

<sup>4</sup> <https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/lifecycle-of-volunteering-in-sport.pdf?SNBnNKyvAt82JTEM2d.i8BtZ4GOPYP6q>

and recreation alliance estimate that a grassroots sport club needs 24 volunteers to run the club and deliver sport to people.

14. What every club needs- regardless of sport- is funding and reliable revenue streams- it is this revenue stream that is under a very threat from the Covid 19 and the economic outlook that has resulted from it. Very few grassroots clubs have reserves or operate with a cash surplus- all income is spent on facilitating the playing of sport – it's a culture of 'hands up' not 'hands out'.
15. Club surveys<sup>5</sup> demonstrate that the average sport club in the UK has an income of £35,648 a year and an average expenditure of £41,874, with an average membership of 250 individuals. As the above figure indicates, sports clubs rarely make a profit- all income is spent facilitating the sport they provide and survive on the goodwill of volunteers to keep the club going.
16. The effect of the lockdown and suspension of sport on grassroots sport is potentially huge. Community and grassroots sport have 3 main sources of funding- some will overlap, but in main, income is derived from:
  - a. NGB/Sport England, Scotland and Wales
  - b. Subscriptions, clubhouse revenue, match fees
  - c. Local business sponsorship and commercial revenue<sup>6</sup>

### **NGB/Sport England (Scotland, Wales, NI)**

17. The major NGB's are currently focussed on the elite/professional end of sport and ensuring their sports are sustainable for the short term. Funding from the major NGB's (FA, RFU, ECB) for community clubs is substantial in its headline. The FA 'invests' or 'spends' £260m into grassroots over 4 years, the ECB £500m over 5 years, the RFU £37m in the 17/18 fiscal. This is significant funding, but from these funds, the NGB's pay for a burgeoning staff head count, coach education, capital projects and general administration costs. This support is crucial to maintaining the sporting landscape, but it is help in infra structure and resource not cash. The money needed to run the day to day operation of the club comes from their own efforts with only a modest income from the NGB. Significantly, there are millions of volunteer hours a year that maintain sporting activity with often very little tangible support being provided by national governing bodies to recognise and support their involvement.

### **Sport England/Wales/Scotland and NI**

18. The distribution of the lottery funds through Home Country Sports Councils makes a significant contribution to sport in the UK and many clubs benefit from the small grants (up to £10,000) to fund activities targeted to get people active. 75% of all sports clubs in the UK have been in existence for 10 years or more and much of their sporting activities will not qualify for a grant and will infrequently benefit from the funding. The small grants fund has been suspended during the Covid 19 and will not help the existing sporting landscape. Any small grant award must be spent on specific projects and cannot be used for the general running costs

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<sup>5</sup> Sport and Recreation Alliance

<sup>6</sup> <https://www.cityam.com/covid-19-could-be-a-disaster-for-grassroots-sport-if-sponsorship-and-subscriptions-dry-up/>

For the vast majority of sports clubs and their week to week operations, income is from the 2 sources; A) Subscriptions, clubhouse revenue match fees, and B) local sponsorship.

### **Subscriptions, clubhouse revenue**

19. This is the area that is probably most visible for clubs. At the time of writing, there is a strong chance that there will be no club cricket played at all in the 2020 season, and football and rugby having no income since early March, and the impact on clubs revenues are enormous. Clubs still carry the costs of the fixed overheads, the premises, the insurances and other costs they need to pay to survive.
20. Many clubs hire their facilities for social events for members and outside people and organisations such as weddings and party hire, all this income will be lost. For many clubs the subscriptions, and clubhouse revenue is over 50% of the total income.

### **Local Sponsorship and SME's**

21. In 2018, the Omnicom Group estimated that the UK total for sponsorship from major brands was circa **£288m**- this excludes TV sponsorship and rights holders revenue, it is the pure sponsors income i.e. O2, Nat West, Barclays etc. Of this total figure, football rugby and cricket accounted for two thirds of the total, with football's combined sponsorship revenue from the FA and Premier League taking 50% of the total. All this revenue goes into the NGB's.
22. **It is estimated that around £250m is donated to grassroots sport each year by SME's**- the biggest single source of grassroots funding in the UK. It is money that goes directly to the clubs averaging around £1,600 for every sports club in the UK.
23. The estate agents, the accountancy firms, builders, car dealerships, pubs and restaurants support local sport with a 'sponsorship' of some kind- from the clubs main sponsor for a few thousand pounds, down to a set of shirts for the under 12's. This support is critically important to community clubs and local sport.
24. There is a general feeling that after the Covid 19 lockdown ends many small businesses will not come out it at all, or seriously damaged by the economic impact of this pandemic. How much budget there will be for local goodwill causes is unknown, but many clubs are already concerned that their commercial income will be drastically reduced.
25. As an example, Bishopston Cricket Club in Bristol is pretty much reflective of the national average of sports clubs income levels. They play in the West of England Premier League which is a very high standard- run 4 Saturday teams, a Sunday XI , cricket for boys and girls from under 9 to under 17. The club generates around £40,000 per year from:
  - £20,000 local sponsor
  - £10,000 clubhouse income
  - £6,000 subscription and match fees
  - £4,000 from other fund raising efforts
  - The club breaks even each year

26. They have fixed overheads of the ground lease, the clubhouse upkeep, insurance, ground maintenance, machinery. It is highly likely there will be no revenue generated from playing at all in 2020, so an immediate loss of £20,000, and the sponsor is facing a difficult future.
27. For clubs like Bishopston and others like them, there is a real and immediate threat to their very survival. In an effort to reduce their costs, there will be a direct impact on how many teams they run, how many coaches they have. The kids, youth and female teams could feel the brunt of these cost reductions as clubs will prioritise senior adult teams who pay the biggest subscriptions, match fees and support the bar and social side.
28. The SME's reduction in support to the fabric of grassroots sport is a massive threat and one which will take time to return to existing levels. Our area of focus is how this revenue can be replaced. Inevitably clubs will fold and the loss of sport and activity opportunities will be significant.
29. As a business, we have seen massive interest from major brands in grassroots sport- many big companies want to support their local communities and sport is a great way to demonstrate this support. Brands can take this support and turn it into a commercial/business return. Allow a car brand to demonstrate the latest ranges in club car parks in exchange for kits, clubs provide insurance renewal dates and opportunities to quote in exchange for kit or equipment the clubs need.
30. Every sponsor, regardless of size needs to see a return on their investment in sponsorship, and clubs and their membership can help deliver this by supporting the companies that help them. At the heart of each project is classic 'win win' – clubs are happy to support businesses that support them, brands get real contact with real people and sales opportunities.
31. The problem is that the 150,000 sports clubs are fragmented and act in a stand alone way. Our projects have required a bespoke recruitment process to identify which clubs are willing to participate in the promotions we have on offer. With Kia we had 6,000 clubs apply for 200 sets of cricket shirts; deliveroo had over 8,000 clubs apply for 2,000 football kits.

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

**32. We know clubs need support, brands are willing to help.**

33. One solution is to position and sell grassroots sport as one entity- combine the buying power of all clubs and position this huge market to brands as an investment area rather than through the NGB. We know that the elite and professional sport has enormous commercial value, but it is the grassroots community that buy the products and services being marketed through sport. Club Matters is a useful tool for advice for clubs but has no commercial offer to the advertising and sponsorship market.

34. There are many industry observers and commentators who believe- and we very much support- the view that grassroots needs to be prioritised over the elite and professional end of sport for all the reasons outlined earlier. The top end of sport can bounce back quickly, grassroots less so without help. It may be time re appraise how sport in general is funded from National Lottery income.
35. With 50% of a clubs expenses being pitch/facility costs, the next biggest expense in kit and equipment at around 25% of the clubs spend.
36. We would urge the government to look at revising the Sports Match scheme, funded through the lottery that matches on a 50:50 basis any sponsorship clubs can raise themselves. Sports Match was a very popular scheme and we believe we can ensure that any matched funding is used properly by offering this in kit and equipment and not cash.
37. The small grants sector of the National Lottery distributes funding in the form of cash grants. There is no auditing process and no way of knowing for certain that the money has been spent on the project applied for. Most clubs will over estimate what grant they need.
38. By using the small grant fund to deliver kit and equipment rather than cash will ensure 100% of the money goes where it should. It would be relatively easy to get the main kit supply companies – Nike, Puma, Adidas etc- to support this and to offer pre- agreed pricing to the alliance.

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

## **Recommendations**

- Offer grassroots sport as one entity to the main sport sponsorship market
- Perhaps use Club Matters as the vehicle already exists
- Low cost to fund based on small retainer and the commission for successful introductions and campaign revenue from advertisers
- **Conduct an audit of club needs, opportunities and willingness to participate**
- Use Lottery funding to 'Sports Match' and revenue raised by clubs form local sponsors
- Matching grant comes in the form of kit not cash
- **Prioritise children's, youth and female sport**
- **Exchequer incentives for companies to invest in local sport**