

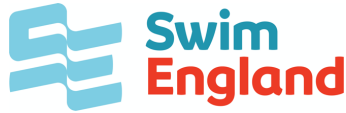


CIMSPA

CLOA
CHIEF CULTURAL & LEISURE OFFICERS ASSOCIATION



DCN
DISTRICT COUNCILS' NETWORK
BETTER LIVES – STRONGER ECONOMIES



Rt Hon Nadine Dorries MP
Secretary of State for Digital, Culture, Media and Sport
Department of Digital, Culture, Media and Sport
100 Parliament St
London
SW1A 2BQ

Rt Hon Michael Gove MP
Secretary of State for Levelling Up, Housing and Communities
Department for Levelling Up, Housing and Communities
2 Marsham Street
London
SW1P 4DF

30th May 2022

Dear Secretaries of State,

We are writing to request your commitment to being part of urgent talks with local government leaders and industry groups to address the impact of the energy crisis on the fitness and leisure sector, and that these discussions begin in the coming days.

Whilst we appreciate this is a crisis that is impacting all aspects of our economy and society, the projected figures we set out in this letter forecast the collapse of parts of the sport and physical activity infrastructure in this country over the coming months – at a time when the nation will be taking inspiration from the Commonwealth Games in Birmingham.

They document the extreme pressure elements of the sector are under right now, especially operators of swimming pools with high energy dependency. The implications of these very important services ceasing to operate, especially given some provide statutory services, will not only be business failure and job losses, but the restriction of vital health and wellbeing services for millions of people of all ages and all backgrounds that are a core part of levelling up the UK.

As part of our ongoing work assessing the impact of this issue across our whole sector, our organisations are working together to compile an accurate impact and outlook picture for the sector, representing thousands of leisure facilities across the country. This has included a survey conducted by ukactive, covering over 30% of all public sector facilities, assessing the risk of; site closures, service restrictions, increases in customer costs, and staffing reductions.

First, the survey showed energy costs for public leisure facilities are projected to increase vs 2021 costs by 150% for 2022 and by 185% for 2023. This would result in at least 2 years of sustained energy cost increases of 150% and over, an unsustainable financial situation.

Furthermore, the survey asked operators the question on the implications of having no financial support to mitigate against the impact of the increases and projected increases, and what the likely outcomes would be. These operators provided the following, alarming, projections:

Within the next 0-6 months (June 22 - November 22), operators have reported that:

- 78% of facilities are likely or extremely likely to increase customer prices
- 85% of facilities are likely or extremely likely to reduce services
- 63% of facilities are likely or extremely likely to reduce staffing
- up to 79% of facilities are likely or extremely likely to be forced to stop operating completely (this indicates the likelihood of having to stop operations for 'some or all' of their facilities as multi-site operators)

When we extend this outlook and look ahead to the next 0-12 months (June 22 - May 23), operators have reported:

- 100% of facilities are likely or extremely likely to increase customer prices
- 85% of facilities are likely or extremely likely to reduce services
- 85% of facilities are likely or extremely likely to reduce staffing
- up to 85% of facilities are likely or extremely likely to be forced to stop operating completely (this indicates the likelihood of having to stop operations for 'some or all' of their facilities as multi-site operators)

This survey of multi-site operators is also reflected in the surveyed feedback from individual, single site, operators.

The Chartered Institute for the Management of Sport and Physical Activity estimates that 75% of job losses incurred as a result of this crisis will be among young people aged 16-24 (a group already struggling with higher levels of unemployment than older cohorts).

We hope the scale of this situation is fully understood, and that you will join us in bringing our collective energy, urgency, and focus to bear on this issue which will impact communities across the UK. We believe this begins with urgent discussions over the coming days to review all possible options open to government to aid support for these facilities which are so important to levelling up the nation's health and wellbeing. This pressure on costs has come at an already challenging time for the sector. Throughout the pandemic councils and leisure providers have worked in partnership to stabilise the service through a range of measures provided by councils to their leisure provider and from leisure providers making full use of any financial reserves. The National Leisure Recovery Fund evaluation puts this subsidy at around £125 million from councils, and a similar figure from provider reserves. These resources are now exhausted.

Local government itself continues to face substantial inflationary, COVID-19 related, and demand led pressures making 2022/23 significantly more challenging for councils than initially estimated when council core spending was increased in the Spending Review. These rising costs cannot be met by increases to council tax alone, especially as councils try to balance their own financial pressures with the steep increase of living costs to households.

From our perspective, we believe these discussions must include the following options for offsetting these financial pressures.

- In-year grant with an increase to the local government settlement from 2023/24 to ring-fence and protect public leisure facilities
- Immediate review of sector taxation and regulation that minimises other outgoing costs, with longer-term business tax reform to collectively support the sustainability and growth of the sector.
- Support for a move to non-carbon intensive heating methods

Our members fully appreciate the complexity of this energy crisis and its potential solutions. That said, failure to effectively engage will lead to the loss in the coming months of essential services that are at the very heart of our communities, and which support some of the most vulnerable members of our society.

We would welcome an urgent response to this letter and an activation of the request to begin urgent discussions.

Yours sincerely



Tara Dillon
CEO
CIMSPA



Debbie Kaye
Chair
CLOA



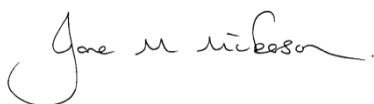
Kirsty Cumming
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Chair, Culture, Tourism and Sport Board
Local Government Association



Jane Nickerson MBE
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Swim England



Huw Edwards
CEO
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cc: Rt Hon Rishi Sunak MP, Chancellor of the Exchequer
Rt Hon Kwasi Kwarteng MP, Secretary of State for Business, Energy and Industrial Strategy