

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

13th November 2024

Dear Chancellor,

I am writing on behalf of ukactive in the wake of the Autumn Budget to highlight the concerns of our members in response to some of the measures outlined, and request engagement with your department on how we can mitigate the adverse impacts for our sector.

ukactive is the trade body for the physical activity sector, representing about 4,000 member organisations. Our sector provides services to 17 million people and employs over 300,000, improving health and wellbeing, tackling loneliness and creating healthy, thriving communities. Fitness activities in gyms, pools and leisure centres represent one of the largest drivers of physical activity in this country, behind only walking. In England alone, the grassroots sport, fitness and leisure sector generates £107.2bn of social value every year, including £10.5bn in wider savings for the health and social care system.

But our sector has been put under extreme pressure in recent years with the ongoing impact of the pandemic, the energy crisis, and difficulties in staff recruitment and retention. The Budget deals another devastating blow – particularly the increases in employer National Insurance Contributions (NIC) and the National Living Wage. The impact of this change is substantial.

Across our sector, large private providers, public leisure operators, and independent gyms are reporting that the additional costs have forced them to abandon plans for new facilities, halt recruitment or begin to reduce hours and make redundancies. Large operators from both the public and private sectors estimate the changes will result in a 10% increase in payroll costs, which in one case will mean a 5% reduction in employment numbers – equating to hundreds of jobs. Another public leisure provider estimates the costs will represent their entire surplus for the year, removing their ability to invest in community and healthcare-focused activities.

The rise in business rates for small businesses is particularly damaging for our independent members. For example, one independent operator reports it will no longer be expanding its business to a second site, costing 15-20 new jobs, as well as reducing the hours of its staff by up to three hours a week to save the required £1,904 per staff member. Some operators are being

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forced to consider increasing prices. Cost is often seen as the biggest barrier to entry for people seeking to get active so this will have serious implications for our nation's health inequalities.

Our members have an integral role in improving health and driving economic growth, and are essential in supporting the Government to deliver on its five missions. While we recognise the importance of ensuring the long-term security of the nation's finances, these latest measures represent a major threat to our members and the communities they serve.

We urge you to consider the impact these changes will have on our sector and the health and wellbeing of the nation and would welcome the opportunity to work with your team to discuss how this can be redressed, in addition to measures that support the growth and development of our sector.

Yours sincerely

A handwritten signature in black ink that reads 'Huw Edwards'.

Huw Edwards
CEO, ukactive

Cc: Lisa Nandy, Secretary of State, Department of Culture, Media, and Sport