

APPENDIX 2

LGA Briefing Note

It is recognised that the sustainability of public sport and leisure facilities and services is key to levelling up the health of the nation, tackling health inequalities and driving both local economic and social value to communities. The COVID-19 pandemic has had a devastating impact on public sport and leisure services and the economic, health and social value they generate. The loss of income from long periods of closure, combined with high monthly maintenance costs and systemic issues has significantly affected the viability of the sector. Whilst the Job Retention Scheme (JRS) and the National Leisure Recovery Fund (NLRF) provided a lifeline during the pandemic leisure providers were unable to secure Government support beyond this and both support schemes have now ended. Throughout the pandemic the support from councils and leisure providers has been fantastic with both working in partnership to stabilise the service. This was achieved through a range of measures provided by councils to their leisure provider (both in-house and externally commissioned) and from leisure providers making full use of any financial reserves. These resources are now exhausted, leaving a shortfall between the earned income that used to cover provision of the service and extra income which could be reinvested in other public services. Local government itself continues to face significant 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.

What are the challenges facing leisure providers?

Leisure providers (both in house and externally commissioned) are being adversely and disproportionately affected because leisure centres have high energy demands, especially for those facilities with swimming pools. Energy costs are typically a leisure operator's second highest cost after staffing costs. This is further exacerbated because the leisure estate is ageing and energy inefficient, with research showing two-thirds of public swimming pools and sports halls in need of replacing or refurbishment and ageing assets contributing up to 40 per cent of some councils' direct carbon emissions. Leisure providers are trying to mitigate the costs, but they are unable to budget forecast for gas and electricity costs because the price is fluctuating erratically.

Leisure services run on low margins in order to ensure inclusivity, accessibility and cater for wider local need. However, we have received significant anecdotal information from councils and providers that the energy issue is now reaching a point where it is driving decisions about facility closures or reduced opening hours. This will negatively impact on the health and wellbeing of communities, the recovery and future viability of the sector and a loss of income for councils, making this issue more than a cost saving exercise. Leisure providers may be private operators or trusts (registered charities, societies or community interest companies) or in house services. They operate a range of services and facilities on behalf of councils. Many of the sites they operate are leisure centres and swimming pools, but in some localities they also operate libraries, theatres, museums, pitches, golf courses, ice arenas, beach fronts, parks and heritage buildings. Therefore, the impact of provider failure could be felt across a range of council services including statutory services like libraries and across the arts and heritage, which contribute to local economies and are a source of income for councils. Leisure services make a vital contribution to the mental and physical wellbeing and social connectedness of communities. Public sport and leisure services are integral to COVID-19

recovery, supporting communities to recover from the pandemic, relieve pressures on NHS and social care services and helping to level up the country across multiple policy areas.

Impact on wider council priorities

There are a number of wider council-led priorities and statutory duties that are reliant on leisure facilities. For example, upper tier and unitary councils have a statutory duty for public health. This includes the improvement of the local population's health by contributing to healthier lifestyles and mental wellbeing and reducing health inequalities, obesity rates and physical inactivity. Leisure services play a key role in this agenda through direct initiatives such as exercise referral schemes, social prescribing and through their broader contribution to the health of the community. Furthermore, schools cannot deliver the statutory learn to swim and water safety curriculum without public swimming pools with 72 per cent of primary schools relying on publicly provided pools. Although not statutory, councils play a strategic role in determining and driving local economic priorities to increase economic growth, job creation and make local areas better connected, attractive places to live and work. Repurposing town centres to bring a better balance between housing, leisure, public services and cultural hubs, active travel routes and retail is one example of how councils are doing this. Thus, in the longer term the absence of a leisure infrastructure will have an adverse effect on the council's progress for its public health and local economic priorities. Leisure centres, especially those with pools, represent a very large percentage of the council's typical carbon footprint, making these facilities a priority for decarbonisation programmes. However, progress by leisure providers on green initiatives may need to be deprioritised in response to rising energy costs, which will affect council's targets to reduce carbon emissions.