
**LEISURE AND YOUTH SPORTS: RECOVERING FROM THE IMPACT OF
CORONAVIRUS PANDEMIC**

Purpose of report

1. To provide Members with background information to inform their scrutiny of the impact of the coronavirus pandemic on leisure and youth sports in Cardiff and the recovery process from this.

Scope of Scrutiny

2. Following suggestions from Councillor Bradbury, Cabinet Member – Culture & Leisure, received as part of this year’s work programming, Members decided to undertake a two-fold scrutiny on the impact of the coronavirus pandemic, as follows:
 - a. To examine the impact on the leisure sector and how local authorities are responding to this
 - b. To explore the impact on Youth Sports and the proposed recovery process, including recommencement of Cardiff Sport activities.

Structure of Scrutiny

3. To inform the scrutiny, Sport Wales has provided information on Sports Partnerships, attached as **Appendix A**, and the following witnesses have been invited to participate in a panel discussion with Members:
 - Laura Williams – Head of Cardiff Sport
 - Ben O’Connell – Director of Sport, Cardiff Metropolitan University
 - Rhys Jones – Head of Services, Cardiff - GLL
 - Councillor Peter Bradbury – Cabinet Member, Culture & Leisure
 - Steve Morris – Operational Manager, Sport, Leisure & Development.

Background

4. Leisure is an important element of a balanced and healthy lifestyle, improving physical and mental health and wellbeing, encouraging social connectedness and personal growth and increasing learning opportunities. It is also an important part of the Welsh economy: since 2010 there has been a 10% increase in sport related GVA, a 14% increase in Welsh sport related employment and a 14% increase in consumer expenditure on sport¹.
5. In Wales, 11 out of the 22 local authorities have leisure trusts that run leisure services on their behalf. The WLGA highlight that, whilst leisure is a discretionary service, leisure providers contribute to the delivery of the statutory responsibilities for local authorities within the Wellbeing of Future Generations Act 2015.²
6. In 2014, the Council signed a Joint Venture (JV) agreement with Cardiff Metropolitan University to deliver sports services in the city, with Sport Cardiff staff transferring from Cardiff Council to Cardiff Metropolitan University. The JV sets out the vision, priority objectives and underpinning key considerations for sports in Cardiff³. The JV requires Sport Cardiff to prepare a Local Sports Plan, setting out the delivery mechanisms to achieve the agreed vision and priority objectives. The Local Sports Plan is used to support funding applications to Sport Wales, the main funding body for sports in Wales. The Welsh Government sets out the priorities and targets that Sport Wales need to focus on, which includes maximising its contribution to achieving the goals of the Wellbeing of Future Generations Act 2015. As part of this, Sport Wales is moving towards a regionalisation of community sports, as outlined to this Committee in June 2019 and further detailed in **Appendix A**.

¹ <https://www.sport.wales/media-centre/latest-news/2019-11-20-report-principality-stadium-helps-sport-makehuge-economic-impact-on-wales/> cited in WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

² WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

³ The priority objectives are Sport for Children, Strong and Vibrant Clubs, Coaching, Volunteering and Workforce, Competitions and Every Child a Swimmer and the key considerations are BAME people, Women & Girls, Disability Sport and Inclusive Opportunities and Disadvantaged areas

7. In December 2016, Cardiff Council and GLL (Greenwich Leisure Ltd) commenced a leisure centre management partnership, with GLL contracted to deliver leisure services at six leisure centres, the STAR centre in Splott and Penylan Library and Community Centre. The contract requires GLL to work with stakeholders to raise awareness of physical activity and promote health and well-being, encourage increased participation and reduce health inequalities. It sets out that GLL will work in partnership with a range of stakeholders including health, schools, colleges and universities. GLL are also required to collaborate with community groups and ensure access and participation for all members of the community.

Leisure - Impact of Covid-19 Pandemic

8. Leisure has been among the parts of the economy worst hit by Covid-19. The UK went into lockdown on 23 March 2020 with gyms and leisure centres required to close their doors to the public on 20 March 2020. In late July, the Welsh Government advised that recommencement was permitted, with reduced numbers due to social distancing and enhanced cleaning; GLL re-opened six out of their eight leisure centres in August 2020. Lockdown restrictions constrained other forms of exercise, such as team and contact sports, from taking place and individual governing bodies made decisions on restart dates, appropriate to their sports.
9. In terms of leisure providers, the lockdown created an immediate loss of income whilst costs were still ongoing, affecting the long-term financial sustainability of many providers that do not hold significant reserves⁴. The WLGA also outlines the following features that make many leisure providers particularly vulnerable to a loss of income⁵:
 - Contractual requirement to invest surpluses back into facilities, services and community benefits, leading to low margins, typically 1%-5%
 - Management fees are a balance figure between income and expenditure. Therefore, with no income, a significant financial gap exists

⁴ For trusts that are registered charities, it is a requirement of the Charity Commission that reserves are low, in line with their Reserves policy

⁵ WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

- Ongoing costs associated with non-furloughed staff, pension contributions, loans, repayments and utility & standing charges
- Operators cannot access cash from equity issues or similar.

10. Many leisure providers have been unable to access most of the initial support packages put forward by Government. In June 2020, Community Leisure UK⁶ reported that only six of their 100 members had been successful in securing a Coronavirus Business Interruption Loan Scheme. The WLGA sets out the following reasons why leisure providers have not been able to access Government funding, apart from the Job Retention Scheme⁷:

- Unable to secure loan finance, such as Business Interruption Loan or commercial loan, due to viability assessment looking at profits, rather than surpluses invested for community benefit
- Many have a rateable value above £51,000 and so are not eligible to receive retail, hospitality and leisure grants
- Not eligible for Third Sector Resilience Fund or the Voluntary Services Emergency Fund as they are not deemed 'small' nor 'delivering frontline services'
- Not eligible for Welsh Economic Resilience Fund as the method to provide 60%+ loss of income is not designed to respond to the financial model of trusts.

11. In July 2020, UKActive⁸ warned that without more government support over half of leisure centres could close before the end of the year. In Wales, research by Community Leisure UK⁹ found 44% of trusts in Wales would be "*non-viable or insecure*" by the end of this financial year with "*15 facilities across leisure and culture .. at risk of permanent closure*". The reopening of leisure has not ameliorated the situation, with losses being sustained because of fewer customers due to social distancing. In addition, there are additional costs such as staff re-training and enhanced cleaning.

⁶ membership body for charitable trusts delivering public leisure and culture services

⁷ As footnote 5

⁸ Trade body representing many leisure providers

⁹ Community Leisure UK Covid-19 Impact Report August 2020

12. In August 2020, Community Leisure UK reported¹⁰ that, in Wales, 89.5 FTEs have already been made redundant or planned for redundancy (7% of FTE workforce), with 429 FTEs at risk. There were 233 casual and contracted jobs planned for redundancy, with an additional 1,049 casual and contracted jobs also at risk. The age categories 18-24 and 25-34 year olds are most affected, exacerbating the rising unemployment figures for younger people. Their report goes on to state: *‘It is anticipated that these numbers will rise sharply as reopening progresses, due to higher operating costs, and the impacts of physical distancing and customer confidence decimating income levels. Both the leisure and culture sectors have a high dependency on casual workers and the loss of these individuals will impact on the recovery going forward, as well as a significant loss of skills and knowledge, which may never return.’*
13. GLL furloughed most of its workers, committing to topping up the remaining 20% of their wages. In July 2020, GLL offered all permanent members of staff the chance to take an ‘unpaid career break’ until the end of April 2020¹ as an initiative to minimise redundancies. Many staff employed by GLL are casual workers and therefore not eligible for this initiative¹¹.
14. In addition, the Senedd Culture, Welsh Language and Communications Committee¹² heard evidence that some self-employed people, such as coaches, fitness instructors and group exercise instructors, have found the UK Government schemes difficult to access, due to various reasons. These include: not having 12 months financial records as they started within that time frame; being employed part-time; being seasonal workers and therefore being disadvantaged by a scheme that averages earnings over 12 months; and operating as a microbusiness and therefore disqualified from the Self Employment Scheme.
15. In terms of sport participation, a survey carried out for Sport Wales and reported to the Senedd Culture, Welsh Language and Communications Committee¹³ found that previous inequalities have intensified during lockdown. In terms of activity

¹⁰ Community Leisure UK Covid-19 Impact Report August 2020

¹¹ <https://853.london/2020/08/05/greenwich-leisure-providers-six-month-unpaid-career-break-offer-criticised-by-union/> downloaded 16 October 2020

¹² Culture, Welsh Language and Communications Committee – Impact of the Covid-19 outbreak on Sport June 2020

¹³ <https://seneddresearch.blog/2020/07/08/coronavirus-sport/> downloaded 16 October 2020

levels for adults, there has been a 7% increase for ABC1 socio-economic groups, and a 4% decrease in other groups. This is mirrored in children, with 9% of adults overall reporting that their children are doing no physical activity or exercise on a typical day, rising to 14% for those from lower socio-economic backgrounds.

16. Research by the Youth Sport Trust¹⁴ found the following consequences for children and young people as a result of Covid-19 pandemic restrictions:

- Amount and type of physical activity undertaken has been disrupted – there has been a drop from 47% to 19% of children taking part in 60 minutes of exercise a day
- Demographic groups have differing rates of impact – overall, affluent groups are exercising more but more girls and more children from BAME groups have started exercising during lockdown
- At least one third have experienced an increase in mental health issues, including stress, loneliness and worry
- Increasing pressure on families has the potential to turn relatively stable but difficult pre-existing living situations into higher-risk ones, with consequent impacts on children.

Leisure – local authority responses

17. Whilst leisure services are discretionary, they contribute significantly to enabling local authorities to meet their statutory obligations; in Wales, these stem from the Wellbeing of Future Generations Act 2015. The WLGA¹⁵ highlights that local authorities face significant costs whether they support leisure providers or decide to bring services back in-house. Some local authorities have taken action to support leisure providers, as follows:

- Paying management fees early
- Deferring rent payments
- Providing interest-free loans
- Waiving monthly payments

¹⁴ Youth Sport Trust – The Impact Of Covid-19 Restrictions On Children And Young People July 2020

¹⁵ WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

- Topping up Job Retention Scheme (furlough) payments
- Contributing to ongoing costs of leisure centres.

18. Further details on action taken by some local authorities to support GLL leisure providers is shown in **Appendix C**, including actions by some Core Cities. This shows that other local authorities have worked in partnership with GLL to develop responses appropriate to their local circumstances, including loans, rent deferral, early payment of management fees, topping up wages for staff on furlough and varying contracts. In Wales, local authorities can submit claims to the Welsh Government for assistance from their Hardship Fund to offset some of the costs incurred. If these fall within its remit.

19. In terms of bringing services in-house, the WLGA¹⁶ outline the following range of costs:

- Staff costs - TUPE and 'topping up' salaries of those on furlough
- Loss of Income – due to Covid- compliant requirements
- Additional costs – due to Covid- compliant requirements
- Facilities and Maintenance costs – current and future costs
- Full business rates cost
- Potential costs of future re-tendering of services
- Costs to the community whilst services remain closed prior to transfer to the Council
- Cost to the Council, in terms of staff expertise and resources, at a time when Councils have many other demands on their time and resources, including statutory services.

20. Scrutiny Research has found that Bridgend Council has also helped local sports clubs by: waiving hire fees; offering clubs a grant up to £1,000 to help with day-to-day running costs during the pandemic; and welcoming sports clubs applications

¹⁶ WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

for community asset transfers. Further information is available in the final section of **Appendix D**.

Leisure - Cardiff

21. Council- run centres, namely Cardiff Riding School, Cardiff International White Water Centre and Channel View Leisure Centre, have re-opened in a covid-compliant way and with reduced occupancy levels. In addition, 3G pitches have re-opened for use by clubs and grass pitches are being prepared for use by clubs, both in compliance with the Football Association of Wales (FAW) protocols¹⁷.
22. In August 2020, GLL partially re-opened six leisure centres, in line with covid-19 guidance, including social distancing, advance bookings, one-hour slots, one activity per visit and enhanced cleaning.
23. On 22 October 2020, BBC Wales reported that GLL is proposing to cut 35 jobs, about a third of jobs, from Cardiff leisure centres, because of the covid-19 pandemic. The article states that GLL are considering a range of options including voluntary redundancy but not compulsory redundancies at this stage¹⁸.
24. At this meeting, Members will consider a separate report on the impact of the coronavirus pandemic on GLL and the Council's response to this.

Return of Sport

25. As part of their evidence to the Senedd Culture, Welsh Language and Communications Committee¹⁹, Sport Wales explained that sport is going to be different in the short-term, given ongoing coronavirus restrictions and that several groups have been established across the sector to look at the return to sport, '*split into, effectively, indoor sports, outdoor sports, facilities, and elite and professional*'.

¹⁷ Cllr Bradbury – written statement to Full Council 22 October 2020

¹⁸ Article at <https://www.bbc.co.uk/news/uk-wales-54643642> downloaded 22 October 2020

¹⁹ Culture, Welsh Language and Communications Committee – Impact of the Covid-19 outbreak on Sport June 2020

26. In addition, the governing bodies of various sports have taken a lead role in designing guidance and protocols to frame the return to their particular sport. Further details on those relating to football and rugby are contained in **Appendix D**. These highlight that football and rugby have only recently started to play friendly matches, albeit that training restarted in August and September. The Firebreak Lockdown has temporarily paused the return and guidance is being sought from Welsh Government on any restart conditions that may apply at the end of the Firebreak Lockdown.

Sport Wales Support

27. Sport Wales has repurposed funding to provide support to sport and physical activity organisations during the pandemic. This includes:

- An Emergency Relief Fund for not-for-profit community sport
- A Sports Resilience Fund, to help sports organisations operate in the current landscape of coronavirus restrictions. This includes £4 million Be Active Fund to support grassroots clubs and community organisations and £4.5 million to support larger organisations, such as sports governing bodies, local authorities and leisure trusts.

28. In his written statement to Council on 22 October 2020, Councillor Bradbury stated that:

'I can also report that, in response to Covid-19, Welsh Government and Sport Wales have announced a new grant scheme of £14 million to help restart the Sport and Physical Sector, with innovative opportunities being a priority for funding. My officers are active in supporting clubs and organisations through the application process.'

Previous Scrutiny

29. This Committee received an update on the Joint Venture at its meeting on 9 November 2017, including a presentation and videos demonstrating the impact that Sport Cardiff has had. Members noted that, whilst there had been an overall reduction in engagement numbers in 2016/17, there had been a greater focus on extending engagement in order to make a more meaningful impact, rather than maximising the number of one-off engagements.

30. In April 2018, Committee received a further update and considered the proposed Local Sports Plan 2018/19. During the meeting Members discussed the following points:

- Small amounts of funding, coupled with dedicated staff and volunteers, can make a huge difference in the delivery of sports across Cardiff
- Need to boost grassroots participation, to give lifelong love of sports and reap associated health and wellbeing benefits
- The work ongoing with 21st century schools programme, ensuring sports provision forms part of this and that this provision is accessible and affordable for local communities
- Year on year decreases in funding mean that there will come a time when activities reduce, as all efficiency savings/ contributions in kind will have been maximised
- Reductions in funding for Sport Wales means that it is more reliant on being able to engage with existing community based projects
- Sport Wales and sport governing bodies need to reach out to communities and shift their focus from elite sport to grassroots participation.

31. In April 2019, Members scrutinised key changes in the landscape for sport, including the '*Wellbeing of Future Generations (Wales) Act 2015*', the Council's '*Capital Ambition*' and Sport Wales' proposed regionalisation of community sport. Members examined the annual review of the Local Sport Plan and discussed with witnesses how sport in Cardiff would alter in light of the key changes listed above.

32. Following the meeting, the Chair wrote to Councillor Bradbury, Cabinet Member Culture & Leisure; a copy of the letter and the response received are attached at **Appendix E.**

Way Forward

33. The following witnesses have been invited to take part in a panel discussion with Members and answer Members' questions:

- Laura Williams – Head of Cardiff Sport

- Ben O'Connell – Director of Sport, Cardiff Metropolitan University
- Rhys Jones – Head of Services, Cardiff - GLL
- Councillor Peter Bradbury – Cabinet Member, Culture & Leisure
- Steve Morris – Operational Manager, Sport, Leisure & Development.

34. During the discussion, Members may wish to explore the following:

- Impact on participation rates once lockdown lifted
- Sport Cardiff plans for remainder of 2020-21
- Role of the Council in assisting local sports clubs
- Role of the Council re leisure and sports generally
- The overall recovery process for leisure and sport.

35. Members are reminded that at this meeting they are considering a separate report on the impact of the coronavirus pandemic on GLL and the Council's response to this.

Legal Implications

36. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

37. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/ Council will set out any financial implications arising from those recommendations.

Recommendations

The Committee is recommended to give consideration to the information attached to this report and received at this meeting and to submit any recommendations, observations or comments to the Cabinet.

Davina Fiore

Director – Governance and Legal Services

30 October 2020