



Summary Report: Current Landscape for Leisure and Culture Charities in Scotland

The current landscape for leisure and culture charities in Scotland is increasingly challenging, and it is clear that it is no longer possible to maintain the *status quo*. Based on a series of interviews with members¹ in November, and with the caveat of some uncertainties around finances from both local authority settlements and UK Government Energy Support, the landscape for the provision of public leisure and culture is unsustainable.

As of mid November 2022, **89% of our members are at risk**, ranging from those that are in immediate crisis to those that can see the crisis point on the horizon. However, this is a moving picture, with a fine line for many between being stable and tipping quickly into crisis.

Financial impact

The provision outturn position for members in Scotland at the end of the current financial year is challenging, **with over half of members forecasting a deficit budget**.

In addition, **reserve levels are being significantly depleted** with two members forecasting to have zero reserves by the end of the current financial year, using these to support spiraling costs.

Impact on provision

To date there have been some closures resulting from venues that did not reopen post-Covid, primarily as a result of low customer demand or a need to refurbish or upgrade venues before reopening.

There are some venues that have temporarily closed, either due to staffing shortages or as a mitigation measure for increasing energy costs. Although there is a lack of certainty around future closures, depending on financial support and energy costs, there will almost certainly be significant closures across the country. **63% of members are in discussions and planning around the impact of closures**, in some instances of significant numbers of venues.

Customer return rates

Returns have been steadily increasing, with most members reporting **80-90%** as compared with pre-Covid figures. Swimming has seen a very strong return, though in some areas this

¹ Based on interviews with 79% of members



is hampered by a shortage of swim teachers and life guards to meet demand. Gymnastics and gym activities are also recovering well, though group fitness is slower to return.

Across cultural venues, theatres have been slow to recover, with a sense of anxiety among some parts of the population to return, though this is now improving. Libraries have seen some of the slowest recovery in terms of footfall, though with a significant increase in digital engagement and accessing resources. However, some core library users have not switched to digital and have not yet had the confidence to return to venues.

Workforce

Public leisure and culture continue to experience significant challenges with the recruitment and retention of staff, particularly swim teachers, sports coaches, lifeguards, technical staff in theatres and hospitality staff.

Staffing levels are below pre-Covid levels for all members, with many implementing a recruitment freeze or restructuring to address both financial and staffing pressures. All members in Scotland pay at least the Living Wage, with many adopting local authority pay awards. With the soaring cost of inflation and higher than anticipated local authority pay awards, the financial impact of pay awards has resulted in an increased deficit budget or a need to seek support from local authority partners for this. The pay award agreed for Local Authority workers is closer to 8-9% for most members as the vast majority of staff are frontline workers within these organisations.

The 2022 annual Community Leisure UK HR survey shows that the average annual permanent staff budget had more than doubled, and average annual casual staff budget had more than tripled since September 2021.

The pressure of reduced workforce and high customer demand is taking its toll on the workforce, with higher levels of stress and mental health concerns for those in work.

Utilities and operating costs

Although some local authorities (42%) pay for utilities for their leisure and culture providers, the remaining 58% of members are fully exposed to the variation in energy prices. However, whether the local authority or the charity pays for utilities, the increases for those not in fixed term contracts has been felt across all members with impact on budgets dependent on contract renewal dates/type of contract and whether local authorities fund utilities.



Property costs and building maintenance are also a significant pressure, particularly where there are aging facilities in need of refurbishment or replacement, which is hampered by the escalating costs of materials and labour.

Reducing local authority investment into services

Management fees and membership income have, for most members, remained static (a real terms reduction), though many have taken on increasing numbers of facilities and services within the same funding envelope. The forecast for some members is a move towards zero local authority funding, which will transform the delivery of services and risks the charitable focus in service delivery.

Support required

There is an urgent need to support public leisure and culture to ensure that these services are protected and able to continue their vital work supporting the health and wellbeing of communities across Scotland.

We urgently need:

- An extension of the energy price cap to cover charitable leisure and culture services as vulnerable sectors, or equivalent support from the Scottish Government;
- Flexibility, innovation and partnership from local authorities to enable their leisure and culture partners to respond to the challenging circumstances and make decisions based on community need and sustainability of services.
- Funding to support the unprecedented increases in costs with a joint approach across Scottish Government and Local Authorities and discussions across a range of policy areas.