

Financial Settlements for Culture & Leisure 15/16 and beyond

This is a critical time for local authority culture and leisure services and in order to maintain intelligence and advocate for the sector, a survey of our members was undertaken to provide insight into the current financial environment and impact of budget reductions across local services.

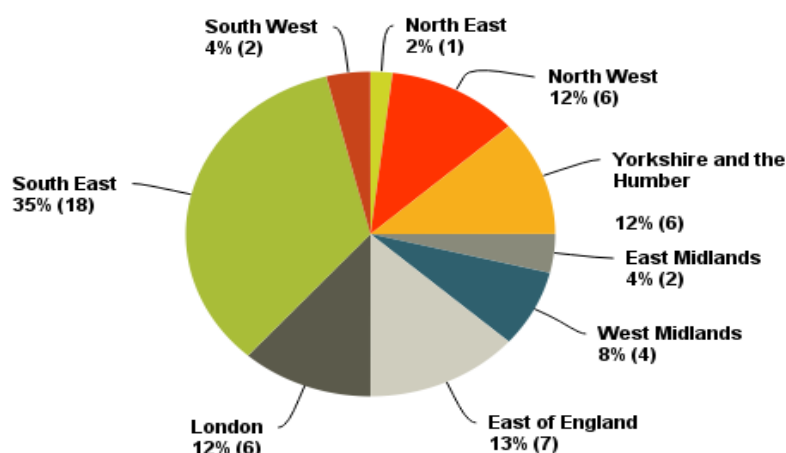
Circulated during February 2015, the survey enquired about savings made over the past 3 years. This is the third survey¹ CLOA have undertaken¹, and as such it has enabled us to:

- establish the aggregate level of funding reductions
- identify the effect on service delivery
- highlight trends where the savings are having the most impact
- understand how this is driving service transformation
- estimate levels of future investment
- provide an overview of how the sector is facing the ongoing challenges

52 local authorities² responded to the request for information, representing just under 16% of the 326 local authorities in England. Geographically, significantly more responses were received from the South East (18). The East of England, London, North West and Yorkshire and Humber also returned a statistically valid number of surveys. Whereas in both the East and West Midlands, North East and South West the response rate was lower and therefore the findings should be treated as indicative only.

Q2 Please select your region.

Answered: 52 Skipped: 0



¹ March 2011 and June 2012

² 8 county, 13 unitary, 16 district, 11 borough, 1 city council and 4 Trusts

It is notable that the highest response rates to the survey correlate with where ^cCLOA Regional groups are active or support for projects has been offered through ^cCLOA.

Key Findings:

The overall picture of savings already implemented across culture and leisure services³ is as follows:

- 22% of responding authorities are already implementing savings of 15% and above. This compares to a figure of 17% respondents for 2013/14.
- 9 of the responding Authorities have either closed or decommissioned Play services within the last 3 years. 8 have either closed or decommissioned Sports/Leisure facilities. 7 have either closed or decommissioned Tourist Information Centres and 7 have either closed or decommissioned Libraries.
- 60% of local authorities have needed to implement a reduction in grants to at least one service area. 14% of the responding authorities had removed or reduced community grants and aid above 15% for the arts.
- The biggest impacts on staff reductions cited by responding local authorities were based around sports development (17) and libraries (16).
- In terms of a focus on commercialisation, it is evident that sport and leisure services are more commercially astute. 71% of respondents indicated that they now seek to recover of some/all operating costs and/or now secure a surplus in order to improve bottom line trading. This outstrips any other sector with arts services citing the next highest return at 45%.
- Whilst at the time of the survey 36% of responding authorities had not yet confirmed the level of net savings for 2016/2017, 18% are predicting further savings of above 15%.

Making the savings

We asked a range of additional questions in order to ascertain where the savings are falling; conscious that the cited level of reductions could not be achieved wholly through back office or support functions. The chart below indicates that Sports & Leisure Facilities alongside Tourist information Centres and Libraries (including mobile services) have been the most susceptible to closure; this is likely to reflect the move to reduce on-going revenue associated with maintaining assets.

However 23% (9) of responding Authorities have either closed or decommissioned Play services within the last 3 years. Our first survey undertaken in March 2011 saw play avoiding heavy cuts; which was likely to have been a reflection of the final year of Play England funding.

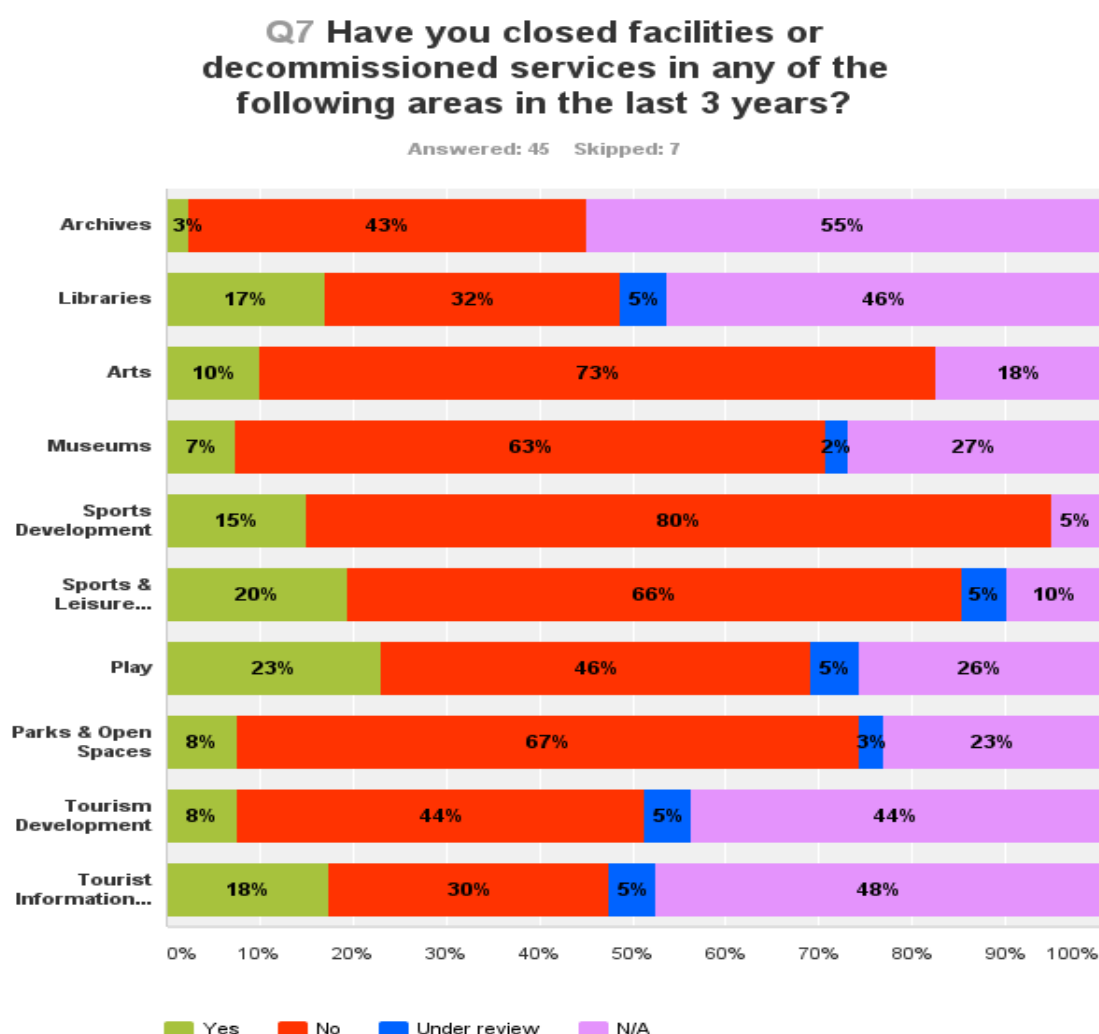
15% (6) of responding Authorities have also either closed or decommissioned Sports Development within the last 3 years. Given that 80% of responding authorities reported they have not experienced a negative budget impact on sports development, this may

³ For the purpose of this survey culture and leisure services includes libraries and archives, arts, museums, sports development and leisure facilities, play, parks and open spaces, tourism development and TIC's, partnership and community grants.

suggest that the functions of sports development have been incorporated into/combined with other roles.

Other services subject to closure were cited as an Outdoor Education Centre and a Community Centre.

The closure or cessation of facilities and services may indicate that decision makers are unaware or unconcerned about the impact these services have on health and wellbeing, economic development and community cohesion. This suggests the need raise awareness and grow understanding amongst Elected Members and with Chief Executives.

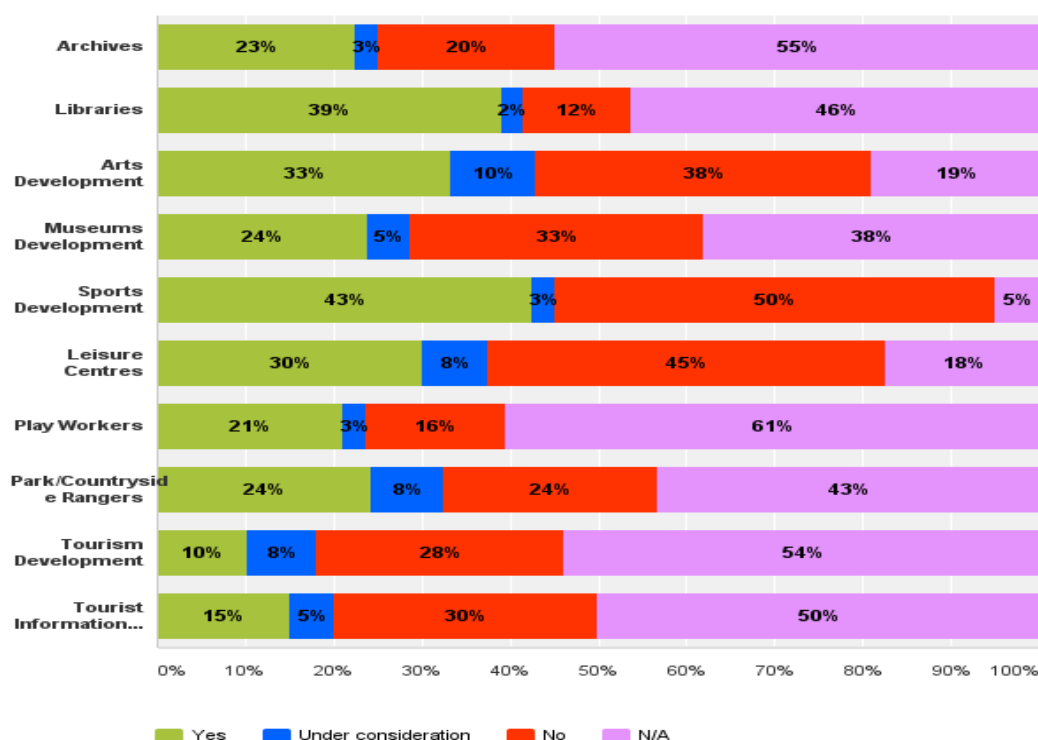


Additionally, responding authorities stated that circa 350 full time equivalent jobs have been lost over the past year. Potentially, this represents a loss of over 2000 jobs nationally, with cuts notably affecting front line services such as libraries and leisure centres and also development posts in arts/museums/sports/play. This may also be compounded by a move towards sharing services/posts.

What is clear from the survey is that staffing reductions have been implemented across all service areas and the cumulative impact over a 3 year period indicates the scale of the issue and the consistent pressure on culture and leisure budgets.

Q9 Have you removed or reduced staffing resources for any of these areas/roles in the last 3 years?

Answered: 44 Skipped: 8



N.B Question 9 was based upon actual number of FTE reductions, this varied from one responding authority stating that they had had a net gain through to one authority quoting a 62% cut since the last survey in 2012 (this equates to 14FTE).

Winners and losers across culture, sport and leisure budgets

The chart below illustrates the extent to which funding has been reduced or removed from specific service areas.

In 2011 the service areas that avoided heavier cuts (under 5% savings) were archives and play. The most recent survey illustrates that, whilst no service area has been immune to budget reduction, the services hit hardest, with cuts exceeding 15%, cited by the highest number of local authorities are once again arts, sport and leisure facilities, sports development, with parks and open spaces joining the ranks of services under the squeeze.

It is of concern that both sports development and play are now experiencing higher cuts, as this indicates a lack of regard to or understanding of the benefits of sport and play to health and wellbeing, both in physical and mental terms of participants.

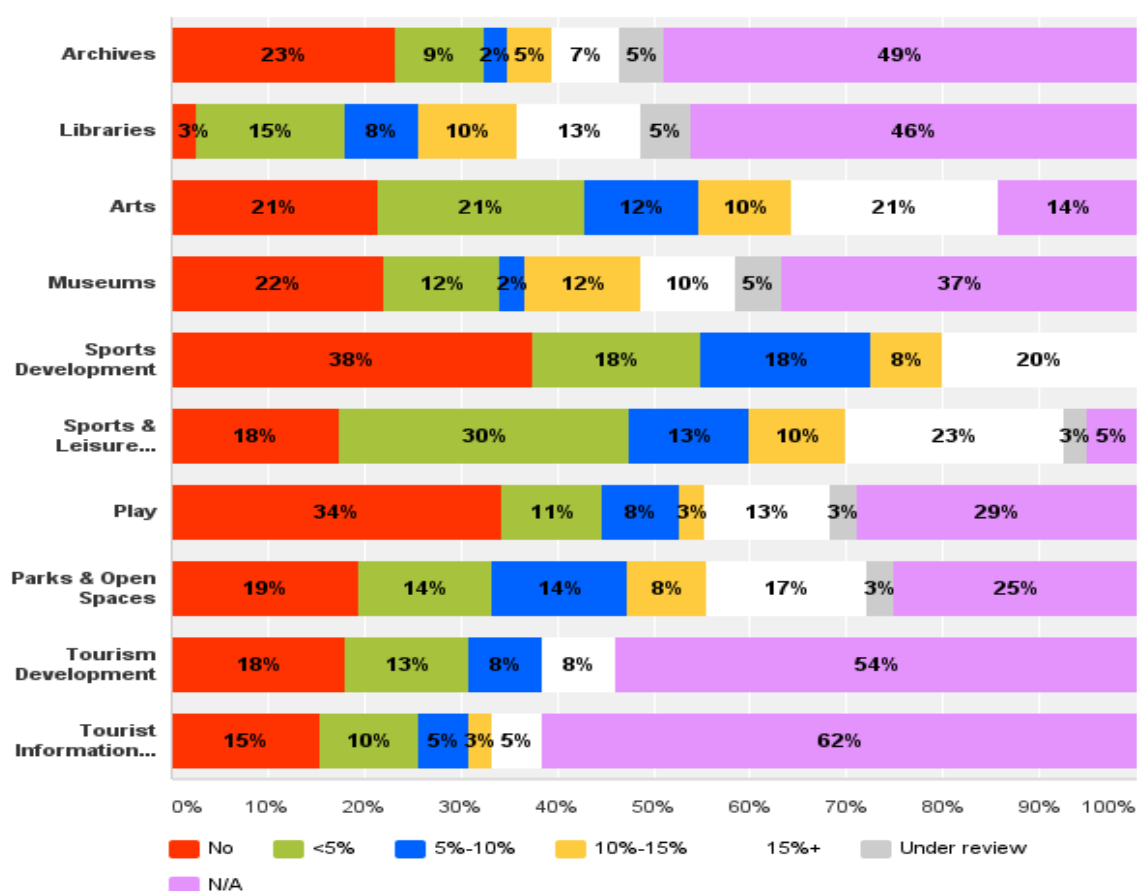
The survey also asked respondents to indicate whether they had removed or reduced community grants to the cultural and sports sector. The findings suggest that 60% of local authorities have needed to implement a reduction in at least one service area; this is a significant increase from the 2011 data, which suggested only 30% of authorities had made cuts to community grants. In terms of an ongoing trend, the area's most commonly

targeted for grant cuts continue to be arts and sports, with 15 responding authorities making savings.

Overall, it is pleasing to note that many Councils recognise the VFM achieved by working in partnership with the voluntary sector and that grant cuts to these areas were relatively modest.

Q6 Have you removed or reduced funding from any of the specific service areas detailed below in the last 3 years? (Include funding to partners, external service providers and regularly funded organisations)

Answered: 45 Skipped: 7



The Sport & Recreation Alliance were keen to understand what level of savings might need to be passed on to sports clubs as a result of any reduction in local authority budgets. A further question was posed to interrogate this aspect and the great majority of respondents (91%) answered that they had either not passed on grant reductions to local sports clubs or had kept these to less than 5%. Three authorities had passed on reductions of 5-10% and a single responding authority had passed on 15%+.

Driving up income

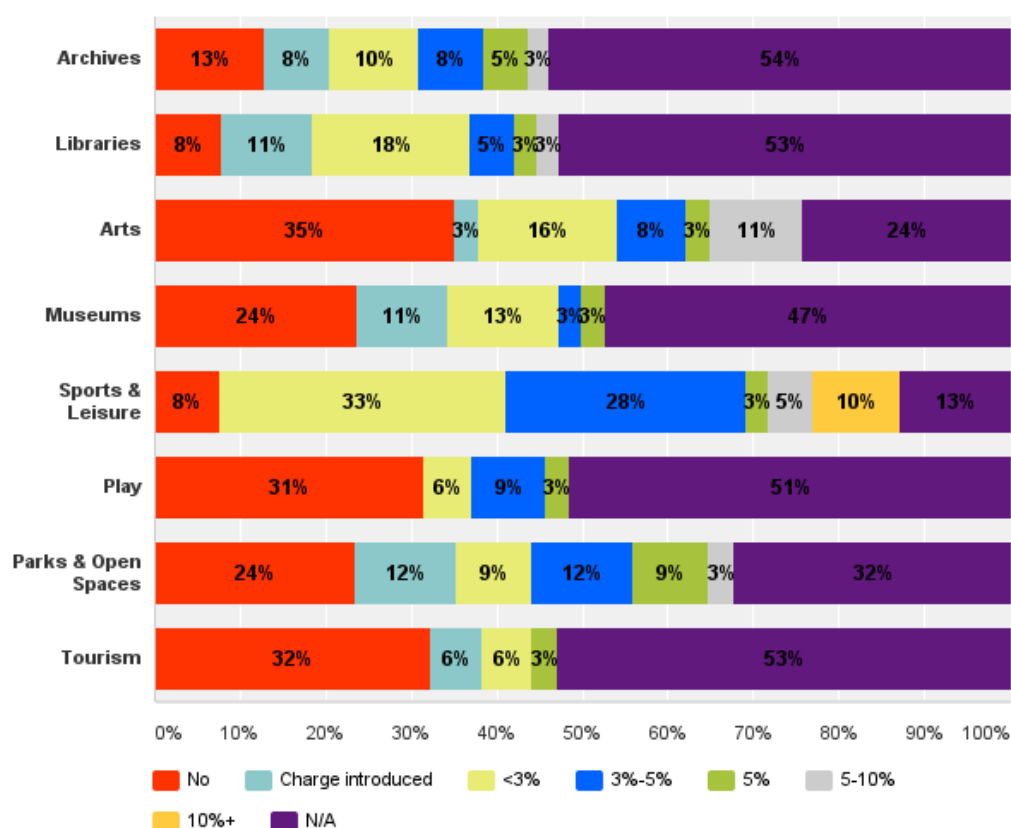
This year we asked an additional question regarding the drive to improve bottom line trading performance through commercialising any of the specified service areas. A substantial 71% of overall responding authorities confirmed that they focusing on recovering some/all operating costs and/or securing a surplus. Whilst sports and leisure facilities are the obvious top choice, other services cited for improved commercialisation were Arts (45%), Parks and Open Spaces (41%), Museums (35%) plus Archives and Libraries (34%).

The follow up question sought to establish the extent to which local authorities had introduced additional charges or increased in fees in order to balance the budget.

The table below indicates that every service area is now being affected by the drive to secure additional income. Whilst the rate of inflation faced by households has fallen to its lowest level on record, closer interrogation of the data revealed that 77% of responding local authorities had introduced a charge significantly higher than the current RPI⁴ in one or more areas.

Q12 In order to generate additional income, have you introduced or increased any fees or charges in the following areas?

Answered: 43 Skipped: 10



⁴ RPI inflation was 1.1% in February 2015, Office for National Statistics

A number of authorities have also opted to introduce charges for services and activities that were previously free; the greatest impact is for access to Museums and Parks & Open Spaces. Libraries, Archives and Tourism services have also seen charges introduced. The increased cost of taking part and accessing services alongside cumulative falls in disposable incomes over the 3 year period is likely to have a knock on effect to broaden participation in culture and sport.

While it is understandable that local authorities are seeking to achieve higher levels of income, it is essential that price increases do not result in lower attendances. A 'better bottom line' may be achieved by increasing charges significantly and accepting fewer attendances, but if this impact is too severe, local authority elected members may rightly question the potentially unintended consequence of increasing inequality within communities. If authorities do significantly increase charges, steps should simultaneously be taken to at least maintain and preferably reduce any equality gap.

On a positive note, we also asked whether additional income had been secured through strategic commissioning and 35 of the responding authorities (70%) cited that they had been successful. The most significant contribution to local outcomes has been through alignment to the priorities of the Health & Wellbeing Boards and Children & Young People's Services. Commissions have also been secured through Adult Social Care, Police & Crime Commissioners and Local Enterprise Partnerships.

The service areas demonstrating the most success in building relationships with commissioners appear to be sport and leisure (58%) and arts (23%). It is perhaps worth noting that this may be in some way due to the level of support, advice and guidance available to these sectors over the last year⁵. Commissions have also been secured linked to parks and open spaces, libraries, museums, play, tourism and archives.

New ways of working

In 2011 over 50% of respondents stated that they were currently undertaking or considering alternative delivery models and in 27 localities transformation of the delivery of culture or sport services was already underway.

In 2012 96% of respondents answered positively to this question, illustrating the speed with which a move to new ways of working has been embraced.

In the most recent survey respondents stated that they had already implemented the change or were considering the following:

- 79% - Externalising service delivery through a Trust (31 respondents)
- 76% - Transferring assets to a community group (29 respondents)
- 68% - Sharing services with another local authority (25 respondents)
- 65% - Sharing assets or co-location with another service provider (24 respondents)
- 57% - Externalising service delivery through a private contractor (21 respondents)

⁵ CLOA and Sport England provided support for sport and leisure practitioners in 8 local authorities wishing to engage in commissioning and Arts Council England are running a 3 year Cultural Commissioning Programme.

Other delivery options cited by respondents included setting up a Council owned trading company and increasing capacity by mobilising volunteers to provide some services.

We also asked respondents to estimate the value of savings made through adopting new ways of service delivery. There were a broad range of responses to this question; for many organisations it is too early to confirm, however some of those who were prepared to give figures cited between £140K-500K p.a, whilst others have estimated the value to be in the region of £1m - £3.5m over periods of up to 14 years.

Local Authorities have adopted a range of service delivery options and different models which fit with different communities. The financial savings are relatively modest given the scale of the services but, combined with the efficiencies that should be able to be secured in corporate support services, they make a genuine contribution to budget pressures. However, key to the long term success of what are generally very popular services is that local authorities retain sufficiently senior in-house leisure and culture experience to drive forward the development of these 'outsourced services'; thus ensuring they remain relevant to the needs of the local authority and the community they serve.

Future investment

In terms of capital development we asked whether plans were in place to invest in any of the associated service areas over the next 3 years.

All of the authorities responding confirmed they would be making some investment, with Sports & Leisure Facilities once again likely to achieve the most significant sums (1 million +) in 19 local areas, which may well be linked to initiatives arising through public/private partnerships or supported via Sport England grants⁶. Libraries are due to receive similar injections of investment in 9 of responding local authorities.

There is evidence of some pockets of large-scale capital investment into archives, museums, arts venues and tourism attractions. And Play Areas along with Parks & Open Spaces are well placed to scoop up smaller sums (under £500K) in 86% and 83% respectively of responding local areas, possibly supported through Section 106 planning obligations/Community Infrastructure Levy.

It is striking to note that despite budget pressures, some authorities remain committed to make substantial investment in existing and new facilities, perhaps indicating better understanding of the value of leisure and culture to their communities. Additional work to understand the different drivers and trigger for investment in local authorities may be beneficial.

⁶ Strategic Facilities and Improvement Fund

Summary

The aim of this survey was to establish the cumulative impact on budgets since our last survey in May 2012 and gauge the general response to the challenges faced by the culture and sport sector locally. It provides a high level snapshot of the National situation.

It is evident that all responding culture and leisure services have been subject to budget reductions, there has been a significant increase in the closure or decommissioning of front line services (sports and leisure facilities, libraries and tourist information centres) since our last survey in June 2012, with additional job losses in development posts for arts/museums/sports/play. Based on the aggregated survey returns since March 11, it is estimated that this figure is likely to be as high as 6000+ job losses nationally.

Furthermore, the survey suggests that provision is further being eroded by virtue of the fact that 60% of local authorities are also implementing a reduction to community grants in at least one service area; this figure has doubled since 2011 when the data indicated that only 30% of respondents had needed to reduce community grants.

Should this trend continue, a further significant reduction in provision will undermine the vital role culture and leisure play in improving the health and wellbeing of local communities. It will also not only have a detrimental impact on employment within the sector, but given that many people employed in leisure and culture are young, it will add to the skills and experience gaps young people are currently facing.

However, in terms of facing the challenges, the sector is continuing to develop and implement innovative/cost efficient service offers to help mitigate the impact of the public sector budget reductions. This is evidenced by:

- The introduction of alternative delivery models in order to transform services;
 - 68% of respondents are now 'Sharing services with another local authority' as opposed to 41% in 2012
 - 65% of respondents now 'Sharing assets or co-location with another service provider' as opposed to 46% respondents in 2012
 - More partnering is taking place with the third sector (asset transfers) and private sector (management of services and/or support in specific parts of delivery e.g. marketing)
- Closer alignment of culture and leisure services to deliver wider local priorities and thus lever in additional funding through engaging in commissioning;
- Greater commercialisation across the portfolio of services to improve bottom line trading, with the sport and leisure sector moving increasingly to zero subsidy and other cultural service areas seeking to recover more costs through income/fees and charges;
- Whilst investment in buildings remains a challenge, the approach of fewer, better integrated facilities appears to be gathering momentum.