

# Chapter Five: Understanding the impact of COVID-19 and the Cost-of-Living Crisis on the sector

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### Disclaimer:

*This report has been produced for Active Lincolnshire and their partners by the Lincolnshire Open Research and Innovation Centre. The purpose of this market report is to support Active Lincolnshire and their partners with service development decisions, investment decisions, and funding applications.*

***The findings in this report are advisory only, and represent the researcher’s interpretation of available data. The reader is not obligated to take on any of the recommendations laid out in this report, in part or in full, and is responsible for doing their own due diligence before implementing the findings in any way, shape, or form.***

## Summary

This chapter will begin by looking at the impacts of COVID-19 on individuals, the workforce, and on providers. It will examine the overlapping factors that inhibit growth, prevent citizens from engaging with physical activity, and create barriers to employees. It will then look at the impacts of the Cost-of-Living crisis on individuals, the workforce, and on providers.

### **Impacts of COVID-19 on individuals included:**

- An unexpectedly high uptick of physical activity, particularly running, in the general population.
- Other positive changes noted by participants were the increased appreciation for community resources and the increased appreciation for exercise time.
- Long COVID was brought up as something that would impact citizens for a long time, and possibly impact their engagement with the sector. Indeed, the impact of the pandemic on individuals' mental health was seen as disruptive by participants as the impact of the pandemic on physical health.

### **Impacts of COVID-19 on the workforce:**

- Many experienced workers left the industry after being furloughed or made redundant during the pandemic.
- Recruitment and retention are extremely difficult, and turnover is very high. This, in turn, generates excess costs in productivity and in resources.
- A lot of new employees lack previous experience and need additional training and support.
- Training does not necessarily reach those who need it the most, or does not cover all the skills in demand.

### **Impacts of COVID-19 on the providers:**

- Many participants pointed out the ways in which providers had to adapt in order to become "COVID-safe" – smaller class sizes, repurposing spaces, introducing new rules and restrictions around equipment, and more.
- Another impact, as mentioned in this report, has been the introduction of automated processes, with employees having to take on more roles.
- Beyond the frontline pressures providers faced, another impact that COVID-19 had on the sector was on the ability and mental health of fundraisers.

### **Impacts of the Cost-of-Living crisis on individuals:**

- Participants had mixed views on the way the cost-of-living crisis would impact individuals. Most of them talked about the negative consequences: the cutting of discretionary spending (gym memberships, unnecessary car trips, various activity clubs).
- Participants agreed that the least served communities would be hurt the most by the crisis; that it would have a chilling effect on the activities of women and girls, disabled communities, and those living in the most under-served wards in the county.
- However, some participants also noted that the cost-of-living crisis might drive more people towards community centres, community hubs, and leisure centres. Some participants noted that, if people chose to keep their gym membership, they might be more likely to use the facilities (like showers and complimentary towels) to save up on their bills at home.

- Interviewees from community hubs talked about how they were effectively subsidizing groups to have their activities in their centre by not raising their booking prices.

### **Impacts of the Cost-of-Living crisis on the workforce**

- Fuel costs/transport costs will likely reduce the options open to staff who travel to work.
- Higher demand for services will likely increase demand for staff.
- Working from home can lead to isolation, higher home fuel bills and can impact on productivity. This can also impact on the mental and physical health of staff – e.g. lonely or less physically active.
- Many front-line staff cannot work from home to save travel costs.
- Running on a skeleton staff to reduce travel costs might become the norm.
- Reduced funding and opportunities for CDP.
- Anticipated higher turnover of staff.
- Volunteering is seen as less attractive as people need to be earning money.
- Reduced number of student volunteers – students may take paid part time work instead of volunteering whilst studying.
- Reduced numbers of older volunteers as people retire later, or look for part time work once retired, rather than volunteering.

Participants also noted the perceived “shelf-life” for many roles in the sector. A concern was raised that, after a time, staff wanting to increase their income or develop their careers, such as coaches or instructors would need to move into management, or out of the sector.

### **Impacts of the Cost-of-Living crisis on providers**

When discussing the future challenges to the sector, both interview participants and survey respondents noted the rising costs of utilities and fuel as being one of the biggest concerns for them. Electricity and gas came up frequently in conversations as being major drivers of costs – floodlights for outdoor pitches, the heating of swimming pools, electricity and heat for gyms, electricity and heat for large sports halls, and more.

Recommendations emerging from this section include:

- Big, bold thinking needed, both for sector recovery and sector resilience.
- Community-centred approaches to resource distribution.
- Putting mental health in the centre of programs.
- Empowering employees in the workplace.
- Increasing investment in skills and development of long-term career paths.
- Increasing investment in volunteers and volunteering.
- Increasing support for frontline staff.

## The impacts of COVID-19

Research published throughout the COVID-19 pandemic has shown the many ways in which long-term isolation and long COVID have impacted the lives of the population.

### Impacts of COVID-19 on individuals

During the first year of the COVID-19 pandemic, some of the participants noted an sharp increase in physical activity, particularly running, in the general population. Participants also noted that the first year of the pandemic was the one with the most imaginative and innovative initiatives introduced by local authorities and other physical activity providers.

However, participants also noted that the second year of the pandemic, as lockdown restrictions were lifted, very few people continued their engagement with physical activities. Reasons given ranged from people simply being busier, having less free time, or insufficient support being put into place to encourage them to keep going. Digital tools were seen as useful to some, but participants also noted that not everyone in Greater Lincolnshire and Rutland had the same access to digital tools, online classes, or similar remote support. (See Chapter 3).

Other positive changes noted by participants were the increased appreciation for community resources and the increased appreciation for exercise time. In the first year of the pandemic, some participants noticed how the limited time people had to go outside translated into greater focus on physical exercise and greater appreciation for the time they had outside. Participants felt that this momentum could have been carried over, if individuals were given sufficient support in continuing with their new habits – unfortunately, they also felt they didn't have enough cohesion and resources to do so.

Long COVID was brought up as something that would impact citizens for a long time, and possibly impact their engagement with the sector. While leisure centres and community hubs reported doing a lot of work to tell people it was safe to visit them again, it was felt by participants that numbers are not yet back to what they used to be. When discussing skills in demand for the sector, some participants brought up rehab from COVID, as well as skills to help reduce citizens' anxiety. They also talked about the need to help people connect, taking people into nature, and aiding in the building of useful skills after the pandemic.

Indeed, the impact of the pandemic on individuals' mental health was seen as disruptive by participants as the impact of the pandemic on physical health.

Over the course of the COVID-19 pandemic, multiple publications issued warnings about the impact of long-term isolation on mental health, specifically on those with pre-existing conditions. Indeed, the Royal College of Psychiatrists noted that the country saw a record number of referrals for mental health conditions in 2021<sup>1</sup>, with the ONS further reporting on the rise in self-reported depression in adults over the time period<sup>2</sup>. The ONS data also notes that the groups more likely to report depressive symptoms included:

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<sup>1</sup> <https://www.guidelines.co.uk/news/record-number-of-mental-health-referrals-during-the-pandemic/456870.article>

<sup>2</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/coronavirusanddepressioninadultsgreatbritain/julytoaugust2021>

- Women aged 16-69, with the highest prevalence being among women aged 16-29.
- Young adults aged 16-29.
- Disabled and clinically vulnerable adults.
- Economically under-active and unemployed individuals.
- Adults with lower personal incomes.
- Adults living in single-person households.
- Adults living in areas of high deprivation.
- Adults living in precarious housing situations.

**NB: As noted by the ONS, correlation of these demographic characteristics with depressive symptoms is not meant to imply causation.**

In addition to the data made available by the ONS, NHS and the government<sup>3</sup> have also produced multiple articles on the impact of the pandemic on the mental health of patients<sup>4</sup> and staff<sup>5</sup>. What this means is that post-pandemic, the population as a whole is experiencing higher prevalence of depression, anxiety, PTSD, loneliness, and a decrease in life satisfaction, though variance between different groups within the population is significant.

Additionally, data made available by the government show that children's mental health was particularly impacted by the pandemic, with girls and young women, young adults (16-24) and children with disabilities or SEND-needs reporting more difficulties with their mental health.

One aspect of the long-term impact of COVID-19 on the mental health of individuals is the impact on those vulnerable to disordered eating. According to the NHS<sup>6</sup> and the Lancet<sup>7</sup> referrals to the Children and Young People with Eating Disorders Pathways doubled over the pandemic; there is limited information on adult referrals, but guidance published in 2019 suggests that the problem of eating disorders is not restricted to one age group<sup>8</sup>.

### Impacts of COVID-19 on the workforce

Many of the impacts that COVID-19 has had on the workforce have been explored previously in the report. While it is possible to point to events like lockdowns and restrictions around socialising as catalysts for major changes in the workforce, it is difficult to assess with a 100% certainty whether certain changes to the labour market would have occurred without it, or whether COVID-19 simply accelerated a previously existing problem.

To sum up some of the ways in which COVID-19 has impacted the workforce that have already been covered by this report:

- Many experienced workers left the industry after being furloughed or made redundant during the pandemic.
- Those workers who remained – particularly coaches and instructors – had the ability to set their rates higher than before, further driving up operational costs for providers.

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<sup>3</sup> <https://www.gov.uk/government/publications/covid-19-mental-health-and-wellbeing-surveillance-report>

<sup>4</sup> <https://www.england.nhs.uk/mental-health/case-studies/severe-mental-illness-smi-case-studies/protecting-the-most-vulnerable-mental-health-patients-during-a-pandemic/>

<sup>5</sup> <https://www.gmmh.nhs.uk/news/carms-blog-the-impact-of-the-covid19-pandemic-on-the-mental-health-of-healthcare-workers-5061/>

<sup>6</sup> <https://www.england.nhs.uk/statistics/statistical-work-areas/cyped-waiting-times/>

<sup>7</sup> [https://www.thelancet.com/journals/lanchi/article/PIIS2352-4642\(21\)00094-8/fulltext](https://www.thelancet.com/journals/lanchi/article/PIIS2352-4642(21)00094-8/fulltext)

<sup>8</sup> <https://www.england.nhs.uk/wp-content/uploads/2019/08/aed-guidance.pdf>

- Recruitment and retention are extremely difficult, and turnover is very high. This, in turn, generates excess costs in productivity and in resources.
- A lot of new employees lack previous experience and need additional training and support.
- Training does not necessarily reach those who need it the most, or does not cover all the skills in demand.
- Single-track training is no longer enough, with various skills being in demand – digital, mental health first aid, and more.

Having said all of this, there were some impacts on the workforce that participants attributed specifically to COVID-19: the exodus of skilled workers; the rising cost of skilled labour; and the opportunities for employment that were missed out by students because of the pandemic. The latter was seen as having far-reaching consequences, as the lack of hands-on experience for future workers had a knock-on effect on recruitment and training times.

### Impacts of COVID-19 on the providers

When asked about the ways in which the sector has changed since 2020, many participants pointed out the ways in which providers had to adapt in order to become “COVID-safe” – smaller class sizes, repurposing spaces, introducing new rules and restrictions around equipment, and more. As reported by participants, a lot of providers have not returned to how things were before the pandemic started – class sizes are still comparatively small, training halls are still being used as gyms (thus locking out any group that might use them for their own sport), and there are still rules around the sanitisation and usage of equipment in place.

Another impact has been the introduction of automated processes, with employees having to take on more roles. One participant talked about managers in leisure centres who also had to do housekeeping and hospitality tasks, simply because there were not enough staff available. Whilst automated self-check-ins and vending systems were useful during the pandemic, participants expressed concern that they had been rolled out too quickly, with no regard for visitors who might not be able to use these solutions as they are intended.

Beyond the frontline pressures providers faced, another impact that COVID-19 had on the sector was on the ability and mental health of fundraisers. As discussed by one participant, the prolonged isolation and working from home was detrimental to the parts of the workforce that focus on fundraising, which had a knock-on effect on the income of the provider. Additionally, the pandemic and successive lockdowns led to a lot of initiatives being stalled, indefinitely postponed, or cancelled completely, which will have a cumulative effect on the sector’s ability to innovate for years to come.

One positive impact of COVID-19, as reported by some community hubs and community halls, was that the lockdown allowed them to carry out maintenance work and facility upgrades that would not have been possible in another year. Whilst some of those upgrades were necessary, others had been put off due to other priorities. Participants noted that once the work was finished, they were able to welcome new visitors, signpost their activities more effectively, and show the local community what is available to them on their doorstep. Even if some people were reluctant to come out after COVID, as one participant noted, community venues are seeing visitor numbers climbing.

All in all, while the COVID-19 pandemic accelerated some challenges for the sector, it was also an opportunity for providers to do “big brave things”, as participants described them. It would be a stretch to describe the changes to the sector as a complete reset, as many of the problems described in this report are systemic and will take many years to address. Nevertheless, evidence from individual providers shows that there are any who used the pandemic as an opportunity to innovate and improve.

Indeed, the question currently facing the sector is not whether or not it will recover from COVID-19, but how it will be able to maintain positive momentum in the face of the cost-of-living crisis.

## The impacts of the Cost-of-Living Crisis

Researchers have argued that the cost-of-living crisis that is being experienced in the UK has been many years in the making<sup>9</sup>. While events like Brexit, the war in Ukraine, and COVID-19 are shown to have exacerbated existing challenges, productivity and Gross Domestic Product per capita have been shown to weaken over time. Reasons given include declining investment, prices of discretionary items rising at a faster rate than the median household income, accumulating debt, and ecological debt<sup>10</sup>, to name a few.

On a local level, in 2019 Greater Lincolnshire was home to several of the most deprived and under-served wards in England and Wales according to the Indices of Multiple Deprivation. Research from before the pandemic and during the pandemic showed that qualification levels were lower for Lincolnshire than they were for the rest of the East Midlands and the UK as a whole. Investment and economic growth were both declining over time, as evidenced both by the open data and by the testimonials of participants.

What this means is that, while the impact of COVID-19 has been the easiest to identify on the sector, the cost-of-living crisis will have much more long-term, lasting repercussions.

### Impacts of the Cost-of-Living crisis on individuals

Participants had mixed views on the way the cost-of-living crisis would impact individuals. Most of them talked about the negative consequences: the cutting of discretionary spending (e.g. gym memberships, unnecessary car trips, various activity clubs). Participants agreed that the least served communities would be hurt the most by the crisis; that it would have a chilling effect on the activities of women and girls, disabled communities, and those living in the most under-served wards in the county.

However, some participants also noted that the cost-of-living crisis might drive more people towards community centres, community hubs, and leisure centres. This could be because families might be looking to minimise their heating bill, or take advantage of free meal/free exercise programs. It was also felt that parents might prioritise their children’s activities over their own, so there is a possibility that adult engagement in sport, physical activity, and leisure might drop while children’s engagement remains stable or increases. Some participants noted that, if people chose to keep their gym

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<sup>9</sup> <https://theconversation.com/the-cost-of-living-crisis-has-been-many-years-in-the-making-but-politicians-on-both-sides-ignore-this-189483>

<sup>10</sup> Overuse of natural resources.



membership, they might be more likely to use the facilities (like showers and complimentary towels) to save up on their bills at home.

As to what can be done to keep at-risk groups engaged in sport, physical activity, and leisure, participants seemed to agree that free activities are preferable, even if they result in a lot of ‘no-shows’. As explained by interviewees, while they cannot guarantee numbers for free events, imposing fees would only serve to drive away the people who might need the intervention the most. Evidence from previous holiday activities and food programmes in Lincolnshire has shown that they are effective in reaching their intended populations, and there is nothing to suggest that these populations would engage better if there was a fee attached to the activity.

On a similar note, interviewees from community hubs talked about how they were effectively subsidising groups to have their activities in their centre by not raising their booking prices. Whilst interviewees agreed that this strategy was not beneficial to their bottom line, they did not want to pass the cost on to the groups and risk taking away activities from the local community.

The combination of local deprivation, lack of access to services, long travel distances, and costs of utilities create barriers to sport and physical activity in Greater Lincolnshire and Rutland that are felt particularly by those who are the least advantaged. Interviewees noted that while they do their best within their individual organisations, they can’t do it all, and stressed that funding will remain among the highest, if not the highest, factors when it comes to the success of any given intervention.

### Impacts of the Cost-of-Living crisis on the workforce

As with the section of the impacts of COVID-19 on the workforce, the way the cost-of-living crisis has manifested in worker shortages and under-employment (see Chapter 4). To recap some of the issues outlined, there is a need for interventions and for workers who are specifically trained in helping distinct groups of people: women and girls, disabled people, disadvantaged communities (especially on the Coast), religious and ethnic minorities and more.

Third sector organisations also noted the need for more professionals to support their sector – accountants, HR professionals, and business professionals were desperately needed in order to allow smaller, community-run organisations to thrive. At the same time, those organisations lacked the funds to bring those professionals onboard. Those that reported having funds pre-COVID also noted that most of their “war chest” had been spent during the pandemic.

When asked about the things concerning their workforce, survey respondents rated money and financial wellbeing as being overwhelmingly the most concerning (see Figure 44).



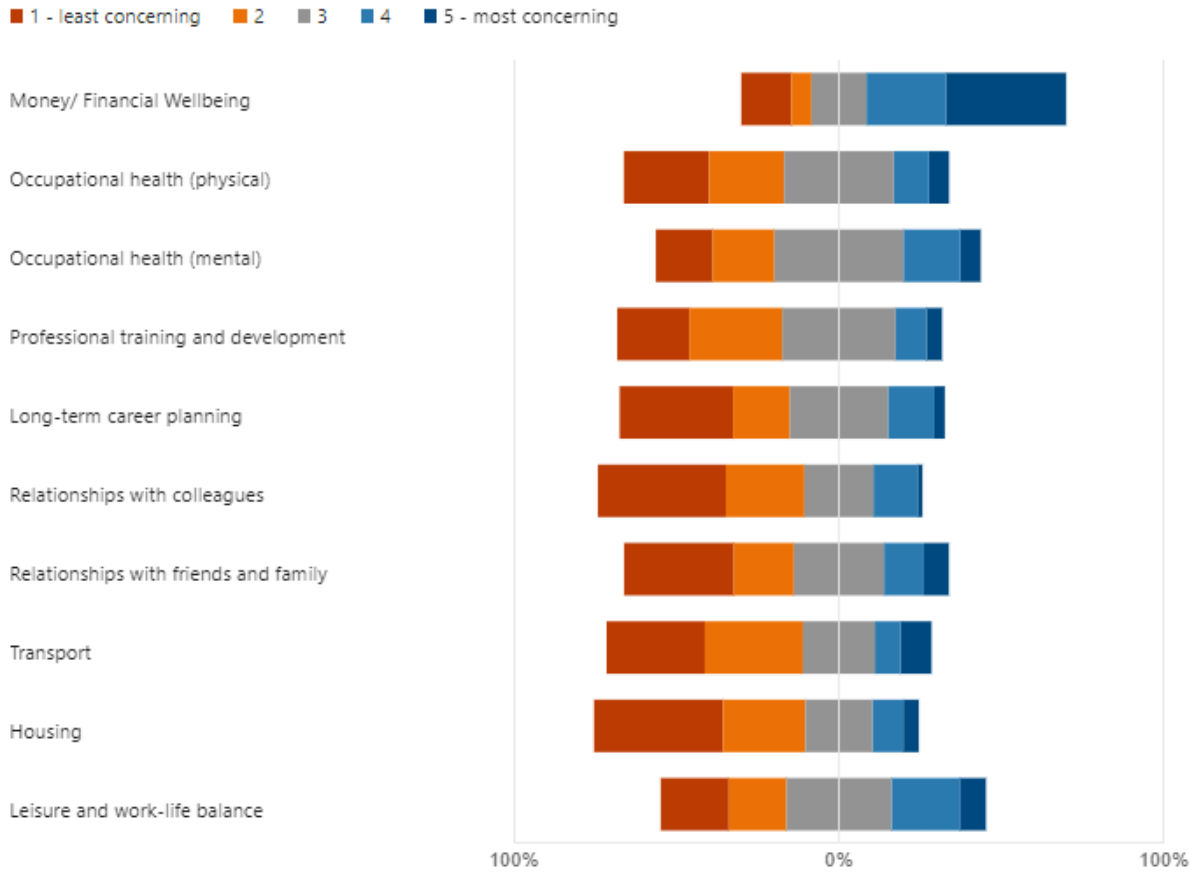


Figure 1: Survey Question 21: In your view, to what extent are the following things are a concern for your workforce?

Other observations that were voiced by participants during the Active Lincolnshire Stakeholder event in September 2022 regarding the impact of the cost of living crisis on staff included:

- Fuel costs/transport costs will likely reduce the options open to staff who travel to work.
- Higher demand for services will likely increase demand for staff.
- Working from home can lead to isolation, higher home fuel bills and can impact on productivity. This can also impact on the mental and physical health of staff – e.g. lonely or less physically active.
- Many front-line staff cannot work from home to save travel costs.
- Running on a skeleton staff to reduce travel costs might become the norm.
- Reduced funding and opportunities for CDP.
- Anticipated higher turnover of staff.
- Volunteering is seen as less attractive as people need to be earning money.
- Reduced number of student volunteers – students may take paid part time work instead of volunteering whilst studying.
- Reduced numbers of older volunteers as people retire later, or look for part time work once retired, rather than volunteering.

Participants in the stakeholder event also observed that the language used e.g. “volunteer” can be a problem as people feel that they need to have more commitment and this can put them off. The term “support staff” was suggested as perhaps being more attractive.

Participants also noted the perceived “shelf-life” for many roles in the sector. A concern was raised that, after a time, staff wanting to increase their income or develop their careers, such as coaches or instructors would need to move into management, or out of the sector.

Both these observations relate to findings from the survey and the interviews that have been discussed in chapter 4 of this report. Namely, the professionalisation of volunteering and the lack of clear career paths for individuals in the sector are two phenomena that will likely impact the supply of labour in the short- to medium-term in the sector.

However, as noted previously in this report, many of these challenges are systemic in nature and require a systemic response. While individual employers can take steps to address specific workforce concerns, certain issues would require a joined-up approach.

### Impacts of the Cost-of-Living crisis on providers

When discussing the future challenges to the sector, both interview participants and survey respondents noted the rising costs of utilities and fuel as being one of the biggest concerns for them. Electricity and gas came up frequently in conversations as being major drivers of costs – floodlights for outdoor pitches, the heating of swimming pools, electricity and heat for gyms, electricity and heat for large sports halls, and more.

Many of these costs were being passed on to groups in the form of rent or surcharges for specific activities; those companies that didn’t do so had to compromise in other ways, by either dipping into their reserves (if they have any) or by limiting office hours. The community or voluntary sector might be called on to provide access to buildings to bridge a gap in services, but these buildings tend to be old and energy inefficient (unless they have been renovated recently) and therefore these services are likely to be more expensive to run.

Across the board, it was felt that there is a need for more thinking outside of the box, moving away from guidelines, and towards more collaborative working between sectors. As described in Chapter 3 of this report, small providers can be very cost-effective, and they can provide a lot of value for money, but they also get overlooked in funding calls.

## Recommendations

As demonstrated by this chapter, the workforce of the sport, physical activity, and leisure sector is staffed by many talented and skilled employees and volunteers. However, there is a growing demand for complex skills, limits to what training can be undertaken, and structural challenges to recruitment and retention. As such, the recommendations that are put forward are aimed at addressing these challenges:

- **Big, bold thinking needed, both for sector recovery and sector resilience.**
- **Community-centred approaches to resource distribution. Examples include:**
  - Direct community engagement to deliver what is needed. (See Chapter 2 for more details,)
  - Two-way conversations with community leaders.
  - Lobbying and investment for local solutions and local providers.
- **Putting mental health in the centre of programs. Examples include:**
  - Developing resilience by addressing individual, organisational, and systemic barriers to working.
  - Developing resilience by addressing individual, organisational, and systemic barriers to engagement with the sector.
  - Lobbying and investment for bespoke programs, addressing individual concerns rather than one-size-fits-all approaches.
- **Empowering employees in the workplace. Examples include:**
  - Skills, training, and investment in long-term career paths.
  - Addressing the barriers to work.
  - Mentoring and skills development for people who have been out of the workplace for a while.
  - Mentoring and skills development for people who struggle with chronic health conditions, including long COVID.
- **Increasing investment in skills and development of long-term career paths. Examples include:**
  - Multi-skilled training.
  - Highlighting those with unconventional career paths.
  - Investment in on-the-job training.
  - Investment for year-long employment.
  - Engaging with and addressing the concerns of employees.
- **Increasing investment in volunteers and volunteering. (See chapter 4 for more details.)**
- **Increasing support for frontline staff. (See chapter 4 for more details.)**
- **Increasing the economic resilience of enterprises. Examples include:**
  - Investment in micro businesses, CICs, and charities.
  - Investment in partnership working between the public, private, and third sector.
  - Lobbying for and investment in continuity planning for local programs, preserving local knowledge, and maintaining skills.
  - Helping companies invest in long-term sustainability planning (such as energy independence, insulation, energy-efficient practices, recycling and upcycling of equipment, and more.)
  - Helping companies implement short- and medium-term efficiencies (such as minimising staff turnover.) (See chapter 1 for more details.)

**The above list is advisory and non-exhaustive.**