

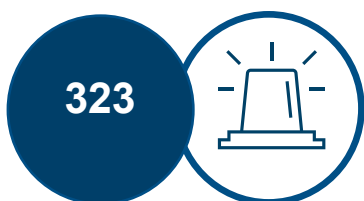
# Evaluation of Sport Survival Package

## *Key findings summary*

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## Key findings

- As many as **323 clubs** (out of the **1,212** supported with funding over **£10k**) could have become insolvent without the SSP funding.
- Current analysis indicates that for **every pound** spent on the SSP to ensure the survival of clubs, **£3.16** of economic and social benefits were generated (based on the current modelling).



- Some leagues such as the **Rugby Union Premiership** and **British Basketball League** were likely to have been in danger in the **short-term** or at least have taken much longer to resume in their recognised formats without the SSP loans and grants to clubs.



- SSP helped many clubs in the longer term to recover and return to play more quickly. The **financial position of many supported clubs has improved** since before the application for SSP funding and the majority are on a path of recovery. **Investments in grassroots and women's sport have been preserved and generally returned to pre-pandemic levels.**



- Organisations were **very positive about the support that they received both from Sport England and secondary model organisations** and formed strong working relationships with Sport England staff.

## Programme overview

This summary sets out the key findings from the evaluation of the Sport Survival Package (SSP), a Department for Digital, Culture, Media and Sport (DCMS) programme which was designed to respond to emergency needs from sports negatively impacted by spectator restrictions during the Covid-19 pandemic. Sport England managed the SSP programme on behalf of DCMS. The SSP was launched in December 2020 and provided a package of loans and grants to sport organisations with the aim of helping professional and community sport clubs survive the Covid-19 pandemic and subsequent lockdowns and ensure the continuation of sport competitions and events.

The SSP funding package had three main objectives:

- To ensure as many sports or sports clubs survive the period of restrictions preventing spectators from attending professional matches;
- To minimise the long-term damage to participation and investment in grassroots and women's sport;
- To minimise the cost of the intervention to the Exchequer.

Structural eligibility and financial resilience and sustainability criteria established whether an organisation was eligible to receive funding, with the latter also informing the amount of funding applicants were offered. Within the 'Financial resilience and sustainability criteria' specific criteria considered affordability and future viability. The amount of funding was typically based on an organisation's survival need which was defined in terms of the organisation's projected cash deficit up to March 2022 at the time of the application – usually enabling the continuation of sporting activity. This meant that **funding was unique to each organisation's circumstances and varied by sport**. The default product offered to applicants was a loan, with organisations prioritised for grant funding based on the extent to which they met the 'Prioritisation and Balancing' including the extent to which they could demonstrate their role in providing grassroots participation opportunities and addressing inequalities in their sport particularly amongst women and girls.

Contextually, it is also important to highlight that SSP was designed, developed, and implemented in unprecedented conditions. The programme delivered emergency funding to clubs and organisations across many sports, with many clubs and organisations facing severe financial issues and the risk of failure. Funding decisions therefore needed to be made at rapid pace but also in the context of the challenging working conditions created by the lockdown, home-schooling and club staff being on furlough. This created a highly pressurising situation for those applying for funding and those involved in implementing the programme.

## How SSP funding was distributed

- Overall, SSP represented **£279m worth of investment** allocated to a package of measures to support the sport sector. The investment was distributed to 16 sports. Rugby Union received the highest amount of funding (£158m) which represented 58% of the SSP funding, followed by Rugby League (£32.2m), football which received £27m and horseracing (£22m).
- SSP distributed **1,676 funding awards** to sport clubs and organisations across England. These included:
  - 169 awards made directly via the primary model where funding was allocated directly by Sport England to organisations. This also includes six awards Sport England made to NGBs to be distributed via the secondary model.
  - A further 1,513 awards were made via the secondary models (excluding distribution across horseracing).
- Through the secondary model, 669 awards went to football clubs in the National League System Steps 3-6, 218 went to rugby league clubs and 626 went to rugby union clubs
- Individual awards varied from loans of over £10m (largely provided to Rugby Union Premiership clubs) to grants that were less than £10k. There were 24 awards with a value of over £1m and a further 13 were over £500k.

## Supporting clubs to avoid insolvency

In examining the impact of SSP on the survival of clubs, the evaluation investigated in detail the insolvency risk of clubs if they had not received SSP funding. A broader examination of the impact of SSP on survival could encompass risk of mothballing, dropping down leagues or ceasing certain functions such as support for youth development or women's teams which were also considered in separate analyses. A process tracing methodology based on a survey of supported clubs was used to arrive at an overall assessment of the impact of SSP on enabling clubs to avoid insolvency or go into administration. Process tracing uses a statistical technique, Bayesian Confidence Updating, which provides a systematic and transparent approach to assessing impact. The use of process tracing is increasingly accepted as a robust alternative to experimental approaches in evaluation where the use of comparator groups is not feasible.

The analysis suggests that SSP funding lowered the risk of professional and semi-professional clubs becoming insolvent and going into administration during the Covid-19 crisis. For clubs receiving grants and loans over £10k the evaluation found that **8% of clubs (or 96 clubs based on the total receiving funding in those segments) would have had a greater than 60% likelihood of going into administration before March 2022 without SSP funding, while 24% of clubs (or 153) would have had a greater than 40% chance of going into administration without support from SSP.** Segment analysis suggests that clubs receiving larger awards were more likely to be at risk of going into administration.

The probability analysis across all sampled clubs receiving grants and loans over £10k suggests that as many as **323 clubs (out of the 1,212 supported with funding over £10k) could have become insolvent without the SSP funding**. The scale of this impact would have had huge ramifications for the sports involved.

The monitoring data on club cash flows which was reviewed in detail for the case studies suggests that in some cases actual income in the period up to March 2022 turned out to be higher than forecasted by clubs at the time of the application. The case studies showed that in practice support from shareholders (or in some cases club members) turned out to be greater than expected, worst case scenarios for the return of spectators did not materialise and loss of sponsorship was not as great as expected.

Evidence on the role of SSP in supporting the survival of leagues is necessarily more speculative and less clear. The potential failure of several clubs which was a likely scenario based on the survey and case study evidence collected on clubs, suggests that both **the Rugby Union Premiership and British Basketball League were likely to have been in danger in the short-term or at least have taken much longer to resume in their recognised formats without the SSP loans and grants to clubs**. For other leagues including the RFU Championship, ice hockey and the football National League System Steps 1-2, the evidence suggests that a breakdown of the leagues without SSP was more unlikely. In the case of football National League System Steps 3-6 clubs, some restructuring and loss of fixtures in the longer-term was a likely scenario without SSP, which would have caused severe disruption for clubs and some further failures. The loss of any clubs (mid-season particularly) would have had a significant impact, especially in relation to sporting integrity and resultant impact of missing fixtures on broadcast and spectator income. **Without SSP, the 2021 Netball Super League season would not have taken place**. This enabled a new broadcasting deal for Super League matches across the season including YouTube streaming which has encouraged the sport's commercial growth.

## Value for money – survival impacts

The Social Cost Benefit Analysis (SCBA) focussed on the costs and benefits of the programme for those sporting organisations (and corresponding segments) that received more than £10,000 in SSP funding. The analysis did not monetise all the benefits of the programme, as several wider economic benefits could not be quantified through the impact analysis. It considered only Gross Value Added (GVA) benefits from safeguarded employment from those clubs supported, and non-market benefits from the avoided welfare loss to society if sporting organisations did not survive. Wider benefits, for example, value of preserving tourism, and economic benefits from spectator revenue were not quantifiable. Given the timing of the evaluation and scope of the quantitative analysis that was possible, it was not feasible to monetise the benefits of funding support that was provided to leagues and National Governing Bodies to support the safeguarding of participation. The programme costs were calculated on the basis of current modelling of loan repayments which may be subject to changes in the longer-term.

Programme costs for all organisations included in the scope of the value for money analysis, considering current modelling of loan repayments and defaults on loans, were estimated at £81.9m (i.e., as of October 2022). The GVA to the economy associated with the survival of funded sporting organisations that received over £10,000 in funding through SSP is estimated over a 5-year evaluation period at £143.5m. The 5-year Net Present Value (NPV) from GVA impacts alone was positive at £61.5m, indicating that GVA benefits exceeded the total costs by around £62m. This corresponds to a Benefit Cost Ratio (BCR) of 1.75 for GVA.

The non-market benefits of the SSP are estimated at £115.2m (5-year present value). The NPV of non-market benefits alone over 5-years is also positive at £33.2m. This corresponds to a BCR of 1.41 for non-market benefits.

Combined together, the GVA and non-market benefits of the SSP for sport clubs who received over £10,000 and who were subject to the long survey over five years are estimated to be £258.6m. This represents a positive net benefit compared to costs of £176.7m. This corresponds to an overall BCR of 3.16 for GVA and non-market benefits associated with the survival of the clubs supported by SSP funding. **That is, for every pound spent on the SSP to ensure the survival of clubs, £3.16 of economic and social benefits were generated.**

## Recovery and longer-term financial sustainability

A key objective of SSP was the short-term goal to ensure clubs survived the period of Covid-19 restrictions. The long-term financial sustainability of the clubs was an important consideration in the evaluation, however, as it affects the ability of clubs receiving loans to service liabilities which would ultimately influence the long-term value for money of the programme.

Any consideration of the impact of the SSP funding on longer-term financial sustainability needs to recognise the financial situation in sport prior to the pandemic. Even before Covid-19, a significant liquidity problem existed in many professional team sports which left clubs with less resilience to deal with external economic shocks and a limited ability to pay their debts as they fell due, particularly on a short-term basis. As the focus of SSP was generally short-term survival, this context is important in understanding how far it was possible for the funding to improve the financial sustainability of clubs.

Although there is evidence to suggest that a majority of clubs would probably have avoided insolvency initially without SSP, the evidence clearly shows that **SSP helped many clubs in the longer term to recover and return to play more quickly**. There was clear evidence in many cases that the funding helped clubs to avoid further cost cutting, by safeguarding investments and by allowing them to resume their participation in competitions much sooner than would have been the case in the absence of SSP support. The evaluation highlighted many examples of how the funding gave clubs the ability to continue specific operations and avoid any further redundancies and from that position the confidence and ability to invest in their longer-term development.

The evaluation did not address in quantitative terms the extent to which the funding helped long-term sustainability as the quantitative analysis focused on short-term survival, and financial sustainability was not an objective of the programme. Several indicators based on data collected via the long survey questions nevertheless suggest that the financial position of clubs has improved since before the application for SSP funding and that the majority of clubs are on a path of recovery. At the point of the survey, 29% of survey respondents reported having sufficient reserves to cover their expenditure for more than six months, a marked improvement on the pre-application point when the comparable figure was 11%.

Rugby Union Premiership case study clubs who have taken on significant levels of additional debt through SSP are facing challenging financial situations and will require continuing support from owners and substantial growth in revenues, including from diversification and business transformation activities to safeguard their long-term survival.

Some clubs that were at risk of failing before March 2022 are likely to continue to be in a position of vulnerability however many of the clubs in this category have been able to recover well and move on to a more secure financial footing.

## Preserving women's and grassroots sport

There is a range of evidence to suggest that SSP played an important role in protecting investments in community and grassroots development and women's sport. Just over a third of respondents to the longer survey said that they reduced investment in women's sport because of the pandemic leading up to the application while 39% said they would have continued to reduce investment without the funding. Despite the drop in contributions in the months preceding the SSP, the survey results show that investments in grassroots and women's sport have since recovered and are now broadly in line with what clubs were spending before the pandemic. Aside from direct funding for grassroots and women's sport, **around £53.8m of direct investment into grassroots sport and £14.9m worth of investment into women's sport was potentially protected through the SSP funding by virtue of supporting the survival of clubs.**

Case studies showed how the SSP funding was used to protect sport level investments in grassroots and women's activity. Funding was used to support NGBs for loss of income that occurred because of spectator restrictions at events or events being cancelled - without SSP, the loss of income would have led to reductions in grassroots investment programmes. Further potential effects on grassroots sport were potentially secured through SSP ensuring the continuation of leagues as this helped to maintain audiences and interest in a sport at the grassroots level and in the case of women's sport, support its continuing growth.



## Process learning

The evaluation also explored the extent to which the design and implementation of SSP enabled the delivery of the intended outcomes and explored lessons for future crisis funds and funding support in the sport sector more generally.

The initial needs assessment that examined the potential impact of the Covid-19 spectator restrictions to inform the initial programme budget was as robust as it could have been given the urgency of demand and gaps in the financial data received from organisations. Those sports involved in the early stages tended to be happier with the outcome of the needs assessment, though some stakeholders felt that the focus on spectator restrictions was too narrow.

The assessment criteria allowed applicants to demonstrate their financial need and wider economic and social value, and also **provided the independent Board with a clear framework to consistently assess applications**. Applicants generally understood and accepted the assessment criteria.

**Recipients generally found the application process simple and straightforward.** The main criticism was the amount of information that organisations had to provide in their application, much of which did not already exist and so had to be generated by an often-pressured workforce. Applicants tended to feel clear on how funding decisions were made. While there may have been some initial concerns about the amount or type of funding received, overall organisations were satisfied with the funding that was awarded to them.

The terms attached to grant agreements were overall easier to understand and manage, whilst loan agreements were necessarily more complex – especially for larger awards. This caused frustration for both recipients and those administering the process and proved to be a longer process than anticipated.

Overall, funding recipients tended to find the monitoring and reporting process onerous, disproportionate and often too time-consuming. While there was limited flexibility due to post-event assurance, a more tailored approach to organisations would have been preferred, depending on their funding size.

**Organisations were very positive about the support that they received both from Sport England and secondary model organisations and formed strong working relationships with Sport England staff.** Sport England were also praised for the support that they provided to secondary models throughout the process.

Overall, stakeholders valued their relationship with Sport England and are keen to explore new ways of working together in the future; with suggestions ranging from practical support, wanting to learn from Sport England, and forming a more collaborative partnership.



## Overall conclusions

SSP was a large-scale programme developed and **implemented at rapid pace in response to an unprecedented situation facing the sport sector**. Considering this context, SSP was broadly delivered effectively. The programme developed appropriate application criteria and systems that were able to address the specific financial needs facing clubs and sport organisations. The strategic parameters of the funding package which were based on the need to address the financial implications of the Covid-19 spectator restrictions **were clear from the outset and the vast majority of sports appreciated and understood the funding criteria**. The programme supported a large number of clubs and organisations, is likely to have helped many clubs to survive through the pandemic and even more to recover more quickly.

The programme has highlighted lessons learnt for future support funds should a similar crisis ever arise, including the need to be more prepared with a greater understanding and more systematic data on the financial situation of professional sport clubs as well as a clearer understanding of how they contribute to the economy and society.

The evaluation data suggest that the sport sector (or at least a majority of those clubs targeted by SSP) is generally recovering well from the pandemic. However the pandemic and the SSP application processes have **exposed the financial challenges which clubs were already facing, as well as issues around their governance and management procedures and in some cases their over-reliance on volunteers**. In some ways, SSP has given clubs an opportunity to move beyond the crisis and provided an opportunity to restructure. The economic shock of Covid-19 may have encouraged clubs to achieve more effective cost control measures, by spending less than they earn, which may help to improve the resilience of the sector. There is a risk however that as we return towards levels of pre-Covid-19 normality that professional sport returns to the status quo and such issues affecting long-term financial sustainability are overlooked. This concern has provided the basis for using some of the SSP funding to support sport level 'governance and business transformation' which will be subject to separate evaluations.

The Covid-19 crisis and the experience of SSP has also raised questions regarding the role of policy in encouraging governance changes that enable clubs to become more financially sustainable. The experience suggests that sport organisations and bodies that operate professional leagues will need to revisit financial distribution mechanisms, with a view to addressing financial imbalance and improving competitive integrity. It also brings into question whether the need for greater use of financial regulations, for example salary or transfer caps and/or wage reductions clauses to support financial stability at a club level, or additional regulatory measures that include rewards and benefits for clubs that demonstrate sound financial management.

# Methodology

Overall, a partnership led by Ecorys (including Ipsos UK, economist George Barrett and sport finance expert Rob Wilson) was commissioned in late 2021 to undertake the evaluation.

The evaluation focused on the impact of the programme up to the end of the financial year 2021-22, drawing on evidence gathered between March 2022 and September 2022. The evaluation analysis therefore focuses on the immediate outcomes and impacts of the funding in the short-term and, due to its timing, does not capture any longer-term outcomes and impacts beyond 2022. Recommendations on how the longer-term outcomes and impacts could be assessed are included. The analysis also included a process evaluation that focused on capturing lessons from the delivery of the programme.

The evaluation employed a mixed methods approach to understanding the outcomes and impacts of the programme, including a process evaluation and assessment of the programme's value for money. As an overview, the various strands of the research included:

- A desk review of programme data covering loan and grant awards by sport segments and monitoring data on supported organisations' financial situation post funding.
- A telephone survey of 163 SSP grant and loan sport club recipients (awards over £10,000) who applied for funding support, focusing primarily on the impact evaluation but with some questions included to support the process evaluation. Results from the survey also fed into the Value for Money (VfM) evaluation. The survey was conducted between April and September 2022.
- A longer online survey of 133 SSP grant and loan sport club recipients (awards over £10,000) where contact details for telephone interviews were not available to the evaluation team. The survey was conducted in August and September 2022.
- A shorter online survey of 231 SSP grant recipients (awards under £10,000). This survey sought to collect data on the financial position of organisations and asked for their views on the application process to help inform the process evaluation. The survey ran between April and August 2022.
- A programme of 40 in-depth theory-based case studies involving desk research including application files and monitoring reviews, workshop and interviews with supported organisations and interviews with organisations that indirectly benefitted from the funding. These explored the impact, process and VfM areas of the evaluation.
- A process evaluation strand involving 25 structured interviews with governance and delivery representatives (i.e. strategic programme contacts), key external stakeholders, and drawing on the results from the surveys described above.
- A VfM assessment of the SSP programme, drawing on data collected through programme and monitoring information, the telephone survey, case studies, process strand interviews and secondary data.