

Written evidence submitted by Response from the Royal Albert Hall

The Culture Recovery Fund, announced almost four months after venues were required by law to close, was intended to “safeguard the sector for future generations, ensuring arts groups and venues across the UK can stay afloat and support their staff whilst their doors remain closed and curtains remain down.”

Our response

We welcomed the announcement of the fund on 5 July, and expressed the hope that the application process would be rolled out with simplicity and speed akin to that of the Coronavirus Jobs Retention Scheme, which was exemplary and has meant that we have been able to retain the majority of our 500-strong workforce.

Public perception

As the Hall had foregone approximately £3m for each month of closure, we were told that our need was too great for a grant (capped at £3m), and we should instead apply for a loan from the £270m ‘Repayable Finance’ pot of the Cultural Recovery Fund. There was dissonance between the impression given when the rescue package was announced on 5 July, with the Royal Albert Hall cited by the government and Secretary of State as one of the ‘crown jewels’ that must be saved, and the reality of applying for a loan that was paid almost 12 months after we had closed.

Application

As an institution that has never been in receipt of regular government funding, and without an existing relationship with DCMS, the route to applying for the loan was new for the Royal Albert Hall. However, we were very impressed at the way that Arts Council England (ACE) handled the application and it was clear that they were working extremely hard to get loans to the organisations as efficiently as they could.

Funding intention

The CRF loan we have now received, for which there is a four-year interest and repayment holiday, and which is repayable over 20 years, was intended to:

- enable us to repay the £5m Coronavirus Business Interruption Scheme (CBILS) loan we took in order to keep trading in November 2020
- cover some of our net deficit
- allow us to restore our minimum reserves and operating finances to a level comparable to before the pandemic struck.

When we applied to the fund, it was assumed that we would be able to reopen at full capacity at Stage 5 of the DCMS Roadmap to recovery, with the [Secretary of State looking to get full shows back on for Christmas 2020](#). However, the reality was that the Royal Albert Hall was able to open for only three performances at 1,000 capacity (20% of full capacity) before London entered Tier 3 on Wednesday 16 December and we had to close again.

The funding was intended to see us through to reopening, but closure has been longer than anyone could have foreseen when the CRF was first announced, or when our application for funding was written. For this reason, our finances are in a worse state than we had anticipated and additional funding to help us to reopen would substantially support our long-term financial recovery. Our visitor numbers dropped by 83% in 2020 compared to a national average of 70% at other leading venues. This was partly due to the fact that we could not viably open with an audience cap of 1,000 people, but some other venues were able to open.

Impact on other funding sources

Following the announcement of the CRF, we struggled to get support partly because many potential supporters assumed that as the 'crown jewels' we had seen a large portion of the £1.57bn from government. Our application for funding from the Local Enterprise Partnership scheme was not successful because they believed we would be funded for capital projects from the capital funding allocation within the £1.57bn.

Our Grade I listed building was not eligible for a capital grant from Historic England to restart building projects that had been halted owing to COVID-19 because the grant funding was only available for those with "a portfolio of nationally spread sites."

We also applied, but were told we were not eligible, for funding from London Community Response, Arts Council England emergency fund and the Capital Kickstart Funds.

Long term impact

The Royal Albert Hall is usually financially independent and makes a surplus of around £6-£7m in a normal year. We are extremely grateful for the funding we have received, but must acknowledge that taking on a £20.74m repayable loan is a huge undertaking that has long term implications for our ability to invest in our Grade I listed building, and our artistic activities. This may go some way to explaining why the applications for loans in the first round were undersubscribed.

£300m extra for CRF

In the budget on 1 March, the Chancellor announced an additional £300m for the Cultural Recovery Fund, taking the total amount to £1.87bn. It is not yet clear how this funding will be allocated but it is essential that this is an open fund that does not exclude CRF loan recipients and is also not just allocated to unsuccessful CRF Round 2 applicants. We would advocate that grants should be available for all organisations, not just those who were in receipt of funding from government arm's length bodies prior to the pandemic.

Timeline

17 March 2020

Following advice from government, the Royal Albert Hall was closed to the public

23 March 2020

Music venues, theatres, arts centres required by law to close their doors

5 July 2020

£1.57bn Culture Recovery Fund announced

14 August 2020

Details of how to apply for repayable loan (over £3m) released

12 September 2020

Application for loan deadline

30 September 2020

Hall took out a £5m Coronavirus Business Interruption Loan Scheme (CBILS) loan

26 October

Initial funding decision from ACE indicated that the Hall would be offered a loan

11 December 2020

DCMS offered the Hall a £20.74m loan on a 20-year repayment term, subject to contract

1 March 2021

£300m extra for Culture Recovery Fund announced in budget

5 March 2021

Loan received

April 2021