

Written evidence submitted by South Downs National Park Authority

DCMS Call for Evidence Covid 19 Response

The South Downs National Park is a designated landscape, recognised for its natural beauty and cultural heritage. We work with a wide range of creative and cultural organisations who are key contributors to the rural economy, and contribute to the Park as a thriving place to live, work and visit. Our work in conserving cultural heritage focuses on resilience and engagement, ensuring that heritage is accessible and meaningful to all, and as such we work to utilise our cultural and creative assets – the people and places that create the unique and dynamic cultural heritage sector of this region – to support engagement with landscape and place, community cohesion, volunteering and wellbeing, learning and engagement for all ages, business and enterprise, and sustainable tourism.

What has been the immediate impact of Covid-19 on the sector?

The immediate impact to cultural heritage organisations has been devastating:

Museums, Galleries, Festivals, Heritage sites, Performance

Income generation:

- Prior to lockdown, the lack of clear messaging from government over business closure left organisations open but running significant losses in the weeks leading up to official lock down. Advice was for the public to stay away, but businesses were not instructed to close. This meant that a sector reliant on the tourism, service and leisure sectors for the bulk of its income sustained the financial impacts of Covid-19 in advance of other areas of the economy through ticket refunds, loss of income etc.
- Peak income generation occurs in spring / summer to create sufficient reserves to deliver operating and collections / buildings management and care costs through quieter autumn / winter (or in some cases through winter closure). The inability to create these reserves due to lockdown risks significant poverty down the line and risk of business failure from autumn / winter even for those organisations who do manage to securing currently available government and lottery rescue grants.

Operating models:

- The sector invests significant financial and staff resources in its future programming, meaning they commit to expenditure for deliverables far in advance. These costs often support an ecosystem of suppliers, including the commercial sectors, freelancers, etc. Organisations are already reporting the cancellation (and therefore associated income losses) for events such as exhibitions and festivals scheduled from 2021 onwards.
- Cessation of income generation for a sector that runs on narrow margins, and which has diversified income streams to reduce reliance on public funding, means that the majority of operational costs directly rely on visitor income.

Collections and Buildings:

- For museums and galleries, risk to collections has significantly increased as the costs for conservation and collections management are unable to be met. In addition, staff furlough

has severed ongoing care which is not simply a case of closing the doors but is instead reliant on detailed and ongoing activities for preservation, security and management.

- The inability to meet basic requirements for insurance policies around 'reasonable care' and 'occupation' definitions through staff furlough and lack of income, risks voiding insurance protection in such radically changed circumstances.

Expertise loss:

- Need to furlough staff to control loss of reserves has left organisations with reduced capacity to respond to funding opportunities and to create opportunities for business adaptation.

Key headline: Many cultural heritage organisations are predicting insolvency by June 2020. There is a need to extend the furlough scheme for vulnerable sectors to provide enough support for recovery, or there will be significant redundancies and business liquidation.

Freelancers

The cultural heritage sector operates as an ecosystem, and as organisations fail, so does employment for large numbers of freelancers and specialists. Freelancers have been particularly vulnerable, impacted by the lack of clarity over shut down with contracts cancelled as cultural heritage organisations as commissioners from freelancers lost income so significantly and immediately.

Key headline: Cultural heritage is an ecosystem. Failure in one area has knock on implications for other areas. The reliance on the visitor economy for the largest proportion of sector income will mean that a slow recovery in this area leaves less money for investment in commissioning.

Communities

The sector is a significant contributor to social impact programmes, and has embraced volunteering to increase resilience, and to serve and engage communities.

- A significant proportion of volunteers that support the sector are older, retired people. This group is likely to face longer term impacts from Covid-19 such as ongoing caution and social distancing until the production of a vaccine. Members of this group chose to isolate prior to the official lock down announcement, and withdrew from activities that involved contact with others. Ongoing requirements for this age group to continue social distancing / isolation will impact recovery for the sector.
- The sector has developed notable responses to social need, and delivers social impact projects to support those vulnerable in their communities. Everything from dementia programmes, after school clubs, arts therapy and bereavement 'cafes' are at risk with the loss of these organisations.

Key headline: There is growing evidence for the contribution of culture to health and wellbeing, particularly in social prescribing (and the knock on reduction things brings in reliance on NHS services among participants). The role of cultural and creative industries in providing people with enriching opportunities to support social and health inequalities will be severely compromised at a

time when the NHS is actively seeking support from cultural and creative partners in delivery of public health initiatives.

How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector's needs?

Rescue grants

- Rescue funding packages announced by the National Lottery Heritage Fund, Arts Council England and Historic England have been hugely valued in tackling the immediate impacts (particularly as this has come without an additional ask to government but from repurposing existing budgets), but these funds will not tackle the inevitable Covid-19 income impacts from loss of trading in the peak commercial periods of spring and summer (which is the period used to build up reserves to take cultural organisations through autumn and winter) or to support necessary business adaptation to create a viable business offer (where possible) post lockdown given anticipated ongoing social distancing advice likely to remain in place.
- The diversion of allocated funding usually used to enable the sector to develop and deliver a range of initiatives, from growing business resilience, capital projects, conservation, community engagement and social impact, will risk poverty down the line from a reduction in available grants from distributors (such as the main lottery distributors) during Covid-19 recovery. The reduction in funding for the development and delivery of projects of this kind has additional knock on implications for the sector ecosystem.
- Delays in receipt of payment from government grants have left some organisations at significant risk of liquidation by fronting costs for furlough at a time they are in receipt of almost no income.

Freelancers

- Freelancers with less than one year of trading history have been left unsupported with few options for financial salvation beyond universal credit. The current schemes to support the freelance sector is also missing the fact that many freelancers earn less than the required minimum from self-employment or other sources to meet eligibility criteria for rescue support funding.

Ineligibility

- Understandably, the development of what is in effect a welfare scheme in the matter of weeks was always going to be challenging. However, organisations were unexpectedly barred from some grants by eligibility criteria that did not recognise the unique operating framework for the cultural heritage sector – for example, retail and hospitality grants are unavailable to some independent heritage organisations because eligibility criteria is based on rateable value before charitable dedications – so rather than basing eligibility on the financial capacity of the businesses that occupy buildings, it is based on the full rateable value of the building itself (which are often buildings that are Listed or locally significant and therefore maintained and kept in use by the charitable bodies that utilise them).

What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?

Business recovery

Post lock down will likely witness a sector-by-sector phased return to operation, with the need for significant business adaptation in order to operate during any interim. Most cultural organisations rely on income from cafes, events and in some cases visitor entry fees or membership. Visitor entry income and membership will likely be significantly depleted by a variety of factors (1) older people and those with underlying health conditions among others will likely remain cautious of any return to visiting enclosed spaces post lock down, reducing visitor numbers and associated income, (2) ongoing economic uncertainty will reduce individual spending by a more cautious public anticipating recession. Income for café's and events will be impacted by the same factors, with additional limitations on numbers. Opening galleries but keeping closed the major contributors to visitor income such as café services etc. may not make it worthwhile for some cultural organisations to reopen.

Related to this, the likelihood of ongoing restrictions on travel may close down tourism income for the South East from London, which provides a significant market in addition to overseas visits to tourism areas within the South Downs National Park.

There is potential for the rural economy to experience increased impacts during Covid-19 recovery due to the fragility of business to factors including transport, supply chain, tourism etc. This could have a significant impact to National Parks, due to the reliance on the culture and heritage sectors adding value to their tourism draw alongside landscape spaces, views and vistas.

Key headline: More flexible funding arrangements will be needed to support the sector, which will need to be available for longer. The sector's contribution to the UK economy is not insignificant – Oxford Economics report on the impact of heritage tourism on the UK economy found that “in 2015, domestic and international tourists made 192 million trips to visit the UK's cultural, historic and natural heritage assets. The heritage tourism sector supported a £20.2 billion gross value added contribution to UK GDP and 386,000 jobs”. In 2019, Historic England published figures on heritage and the economy, stating that the heritage sector is responsible for a total of £31 billion of national GVA in England, and employs almost half a million people.

Key headline: The sector desperately needs a clear steer on requirements for reopening post Covid-19 and a published strategy to support business planning. Associated funding schemes for business adaptation will also enable organisations to plan their business operations in response to reopening requirements to ensure they can raise maximum income even at reduced operation. Retaining some staff on furlough through an extended furlough scheme will avoid significant numbers of redundancies and enable cultural and creative organisations to respond to opportunities to increase business operation as and when it is safe to do so as soon. Retaining staff on furlough during a phased return to full operation will capitalise on retention of staff already familiar with the organisation, skilled in delivery and knowledgeable of their communities, partners and opportunities.

Key headline: Public campaigns should developed as joint initiatives between Public Health, National Parks and the tourism sector to encourage responsible tourism to start the revival of the tourism sector while also ensuring ongoing public safety.

Key headline: Support for increased understanding of visitor behaviour to support recovery planning, through funding for data and evidence collation and analysis.

Collections

There is an additional factor to business failure in the case of museums and galleries, which are the associated costs of managing collections at risk in the event of liquidation. Business failure will itself come with significant costs, and the risk of loss of UK heritage assets.

Key headline: There is a need for renewed intelligence on Collections at Risk and a clear support plan for when business failure occurs, to meet legal and associated costs and to develop and deliver plans to secure and protect collections. This may also necessitate a need to review the role of bodies such as ACE and the Museums Association in the event of Collections At Risk and business liquidation.

Communities

With schools likely to experience ongoing social distancing requirements, and a need to bridge learning gaps caused by significant time out of school (which will potentially reduce the focus of the curriculum) ongoing social distancing measures will likely see a cessation in any outreach and participatory learning. Schools programme income is not insignificant to the cultural heritage sector, and its development and delivery is associated with a large number of skilled roles in the sector.

Diversion of funding to rescue grants to plug immediate financial impacts from Covid-19 will likely reduce available funding for programmes addressing learning, mental health, loneliness, and engagement delivered by cultural and creative organisations. Given the impact of Covid-19 will likely increase social and economic inequalities, there is a greater need for creative and cultural sectors to respond to public need in support of the NHS.

Key headline: The ability to respond to community need will be diminished without ongoing opportunities and access to funding. Loss of cultural and creative organisations will also necessitate a significant rethink in Public Health's growing reliance on social prescribing as a means of tackling the significant burdens faced by the NHS.

What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with Covid-19?

Data

There is a definite need for greater and more robust data on the creative and cultural ecosystem, to understand how our sectors are funded, the proportional reliance on wider economic factors such as tourism, retail etc. and greater promotion of economic impact tools so organisations can advocate for their role as national and regional economic contributors. Data is also needed to understand reliance on freelance support, and employment by types of delivery – i.e. sector employment in delivery of learning and education, digital engagement and development, retail and business development etc. Not only will this enable a more granular understanding of national and regional economic impacts, but will also support both advocacy and emergency response in the future. We also need to acknowledge that although we collect data as a sector, this lacks coordination, is rarely

collectively reviewed consistently, and there is a need to create impetus in the sector itself to provide data – making it a condition of grants annually, a condition of accreditation and required for provision of emergency support in the future may ensure the sector also takes requests for data submission seriously. Survey fatigue is a huge issue, and DCMS could do more to ensure requests for information are coordinated between different funders (so there is one ask and not multiple asks) and occurs at set times annually. There also needs to be steps taken to remove barriers to data sharing between organisations who are all working to the same ends in supporting the creative and cultural sectors.

Information dissemination

This has improved through the crisis but initially information was disseminated chaotically and through multiple points of contact. Regional representatives have worked to coordinate information dissemination to individual organisational level, but this often relies on the initiative of someone regionally to undertake this role. Some Sector Support Organisations continued to stick to monthly newsletters instead of weekly, which delayed access to information, and because guidance has been developed and disseminated by multiple bodies, cultural and creative leaders have been forced to continually scan social media pages, newsletters and websites across multiple organisations for updates at a time when their workforce is significantly diminished and the focus has been on securing emergency funding, adding to feelings of stress and uncertainty.

Exit Strategy

The ability to plan any form of business continuity is currently limited by the lack of information on intentions for moving out of lock down. An indication of the possible phases of an exit strategy, the likelihood that as a sector different areas of our ecosystem will be operational sooner than others (and which therefore will face longer impacts) needs to be understood, in order to better understand the costs both for adaptation to secure a degree of business continuity and the financial losses and impacts of post lockdown. This needs to be well understood by DCMS and funding distributors such as the Lottery – the financial implications for the sector is crucial, and providing this financial data will only be possible once there is an exit strategy that enables business planning.

Community

The move to digital content, programming and initiatives has demonstrated that the sector remains responsive to opportunity, creative in adversity and committed to community and social impact even in the most challenging of times. We have witnessed cultural and creative organisations disseminating art materials and activities through foodbanks, turning over use of their sites to emergency coordination points for food distribution and focus delivery of activities for community and national wellbeing. Organisations such as National Parks, cultural and creative organisations and freelancers have been focused on how to provide respite support for emergency responders. It has been a timely and positive reminder that culture and creativity is not a passive sector that waits for help, but mobilises and responds to the needs of its communities.

Regional and National networks

It is clear that both Sector Support Organisations (SSOs), national bodies (i.e. Association for Independent Museums) and regional networks (some of which are coordinated through local authorities, such as Culture East Sussex) have played a crucial and essential role in supporting the sector through this difficult time. Providing everything from support for the development and submission of rescue funding applications, to supporting revised planning and providing advice on wider funding opportunities, these networks have been responsive and utilised their significant knowledge of the regional cultural and creative environment to respond with innovation at a difficult time. However, it is clear that many networks operate with limited or no access to funding, meaning that their capital is entirely based on expertise. There needs to be greater connectivity between networks, more support for networks and funding for regional networks through SSOs for both emergency response and recovery.

How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?

The significant interest in ongoing cultural engagement, and digital access to creative and cultural content during Covid-19, has demonstrated that arts, culture and heritage are a cornerstone of both our identity and wellbeing. It provides meaning, hope, resilience and continuity as well as entertainment and escapism. It is part of what defines us, regardless of whether this is high art held in national museums that map the highs and lows of human experience, or local industrial collections that remind people of what has shaped their communities.

Digital

One of the initial responses to Covid-19 lock down was a transfer over to digital platforms as a means of continuing audience engagement. This both ensured that cultural and creative organisations could continue delivering social impact but also ensured ongoing relationship building with a public that will be key in business recovery. This move to digital within the context of a pandemic has led to a wealth of creative responses and organisations have experimented with digital content in a way that they may not have been brave enough to try in other circumstances. However, three issues have emerged where further support is essential (1) a need to support the ongoing work of Sector Support Organisations such as Culture24 in building digital leadership and literacy, (2) funding to support the development of digital content, digital innovation, and, more importantly, capacity, knowledge and understanding of how to raise income through digital platforms, and (3) greater support for the development of strategies to avoid digital saturation.

The significant increase in digital engagement (which for some organisations was in the region of an 800%) demonstrates that even in times of crisis, the public has an appetite for cultural content, and continues to seek means to engage with cultural and creative programmes.

Funding

Strategic support from funding bodies such as ACE and NLHF to create regional endowment funds for the heritage sector will enable focused strategic responses to crisis in the future, and support resilience through regional networks, partnerships and projects.

Changes must be made to funding criteria in recognition of the reduced capacity of both organisations and audiences, with stress placed in quality of engagement not on numbers to ensure we are being realistic about what can be achieved in a post-Covid19 climate.

There will also be a need for funding to support business adaptation, and funding for work to reimagine and redesign operating models, particularly where this represents moves towards greater local enterprise and partnership. There also needs to be a focus on job retention over job creation until the sector has recovered enough, and therefore exploration of regional partnerships and expertise sharing, secondments etc. should be considered as avenues to avoid redundancies and retain key skills for sector recovery.

There needs to be an acknowledgement that the support the sector is seeking at this time, and the vulnerable situation it has found itself in, has been exasperated by longer term issues around failing infrastructure and fragile labour markets for cultural and creative industries. This underinvestment has been long term and created chronic issues that has limited the ability of organisations to create reserves and develop more resilient and diverse business models. The lessons we can learn from this crisis needs to be the basis for strategic planning not just for immediate recovery, but for our ambitions for its future.

Advocacy

DCMS continuing advocacy for the creative and cultural sectors will be crucial, particularly in:

- Advancing the contribution made by creative and cultural engagement to health and wellbeing, and ensuring the cultural heritage sectors are part of the government thinking around a national recovery plan
- Furthering cross-departmental working with public health and education to create programmes that respond to a radically changed socio-economic climate and which support social and community renewal.
- Further support for initiatives that imbed cultural and creative programmes in the high street, to attract footfall.
- Funding based on a joint accord between DCMS and Defra to support creative and cultural activities as a tool for landscape and green space engagement (with the related role that landscape and green space will play an important role in creative and cultural sector recovery, as it is anticipated that people will feel more comfortable in open spaces than enclosed spaces post lockdown).
- Funding for marketing and promotional campaigns at the appropriate time to build public confidence in visiting landscapes, live events, cultural programmes and heritage sites, to support industry recovery and support a resilient rural economy.

Covid-19 will leave a greater impact on the sector than the 2008/9 financial crash. Post Covid-19 will likely witness a significant contraction of the economy with impacts on discretionary spend for culture by a cautious public. The likely ongoing public caution around the risk of contracting Covid-19 will also lead to avoidance of anything but essential activities by areas of the population who are either at greatest risk from the virus or who continue to fear contagion, meaning that recovery for the culture and creative sectors will be slower than for other areas of the economy. The ongoing implications around tourism and the need to control people movement will also have implications for recovery, particularly for the rural economy, for which tourism represents a significant contributor. This, it should be remembered, will be in the context of a cultural and creative sector

already witnessing the depletion of existing sources of funding to rescue packages to cover the initial impacts of Covid-19, in addition to the pressures faced by local authorities (traditionally significant supporters of cultural and creative provision) affected by austerity, and facing significantly increased financial pressures as a result of the virus.