

Written evidence submitted by Shakespeare's Globe

IMPACT OF COVID-19 ON SHAKESPEARE'S GLOBE

Introduction

Shakespeare's Globe strives to make Shakespeare accessible for all. A registered charity, and operating without public subsidy since our opening in 1997, the Globe has dramatically expanded the understanding of Shakespeare through England, the rest of the UK and globally and today, more people engage with Shakespeare through the Globe than anywhere else in the world. With over 6.25 million people worldwide engaging with us digitally, and over a million annual visitors to our iconic site on the Thames, the Globe is recognised as one of the UK's major cultural and heritage assets.

The Shakespeare's Globe site comprises:

- The Globe Theatre (1997): unique full-scale replica of Shakespeare's original 1599 Elizabethan open-air theatre.
- Education and Rehearsal Centre (2010).
- Indoor candle-lit Jacobean Sam Wanamaker Playhouse (2014).
- Library, archive, lecture theatre and other public spaces.

In addition to the performances we stage in our London theatres and tour nationally and internationally, we are also a crucible of learning; primarily an education charity that exists to educate through Shakespeare in performance. We work with over 139,000 students each year, giving over £2 million in free tickets to schoolchildren and we are the only performing arts organisation in the world with an in-house faculty of academics who lead on original research into Shakespeare in performance and stage global social justice-themed festivals.

Talent development is a key objective and since 2015, our new writing commissions have been nominated for ten Olivier Awards.

Recent examples of publicly funded work include:

- Globe Education Centre China funded by DCMS/ACE: a China and UK-based Performing Arts, Teaching and Training project.
- All The School's A Stage funded by Paul Hamlyn Foundation Teacher Development Fund in partnership with Southwark Teachers Alliance: enabling teachers from 7 inner-city primaries to embed drama techniques into the curriculum.

- King's College London partnership: in conjunction with one of the world's leading universities, our Master's Programme is now in its nineteenth year and is the most popular course of its type in the UK.

As the world's leading organisation for engagement with Shakespeare, we recognise that we have a powerful platform upon which to associate theatre with inclusivity and inspire creativity and co-curation:

- Last season 46% of our actors were people of colour, 57% (and 78% of our writers) were female and in 2018 we increased the number of D/deaf and disabled performers to 5%.
- We undertake gender-blind casting.
- The Globe's Farah Karim-Cooper has become only the second woman of colour to be made a Professor of Shakespeare studies in the UK.
- We won the 2019 Leonard Cheshire Award for Most Inclusive Employer.
- From 2018 we have engaged with social justice activism, marking Refugee Week, staging a Women and Power festival with Clean Break, and a Shakespeare and Race Festival, part II of which was due to launch imminently.
- We continue to use the works of England's most famous – and the world's most recognised - playwright and his contemporaries to examine racial hatred and the rise of populism; and to examine the extent to which creatives of colour have access to equal opportunities.

Reason for Submission

We want to contribute to the growing body of evidence that, without emergency funding from government, the impact of COVID-19 will result in the closure of some of the most significant and well-loved cultural institutions in the UK. Despite being well-managed, well-governed, and – crucially – able to operate without public subsidy, we will not be able to survive this crisis; a tragedy for the arts, for the legacy of England's most famous writer, but also for the country, if our iconic site on Bankside stands empty. We submit in order to make the case for emergency funding.

1 What has been the immediate impact of Covid-19?

COVID-19 presents the greatest threat to the future of Shakespeare's Globe since our opening in 1997 and its immediate impact has been financially devastating. More people engage with us about Shakespeare than anywhere else in the world, we deliver high-quality performances across England and internationally, educate adults, children and young people about Shakespeare, and help develop the next generation of artists and practitioners, and we deliver that level of public benefit without receiving any ACE or government funding. Instead, our business model sees us generating 95% of our income from theatre tickets, guided tours, education workshops and trading (retail and catering): sources of income that depend upon us being open to the public. A model that has

contributed to our financial resilience now sees us critically vulnerable and at risk of closure in the wake of COVID-19.

Since the closure order of 20 March 2020, by which point we were already experiencing a sharp year-on-year drop of 25% income as the crisis developed and audiences elected to avoid public places, we are now having to spend down our reserves - despite radical cost-cutting, furloughing and activity cessation. This is because of the unavoidable continued expenditure associated with keeping our site safe and secure, and the provision of a digital presence for our audiences to keep them engaged ahead of re-opening.

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

Arts Council England's Emergency Response Fund for organisations outside the National Portfolio was capped at £35,000 and our application was unsuccessful, so this avenue of support has not met our needs. Whereas members of the National Portfolio have benefited from the relaxing of the monthly payment conditions attached to ACE's investment in them, alongside an extension of that investment to April 2023 and the opening up of an Emergency Response Fund that invites applications with no upper limit, we have been left without any emergency support to date.

This absence of support has been particularly challenging, as ACE funding would not only have provided vital cash to help fund our digital engagement offer, but it would also have helped demonstrate that, even though we have become a model for the non-subsidised arts sector, ACE and the government recognise that we are an indispensable part of the nation's cultural life, delivering significant public benefit. In turn that would help strengthen our appeal to our donors, audiences, and to the new prospects we are approaching.

In relation to support from other Government departments:

- The Coronavirus Job Retention Scheme is the most helpful: we are furloughing c. 85% of staff and therefore expect to be able to claim up to £0.4m from HMRC.
- The Retail, Hospitality and Leisure Grant scheme has enabled us to secure £25,000 from Southwark Council.
- We will claim Gift Aid on donated tickets. Current conversion rate of eligible tickets to donations is 15%, from which we project £25k in Gift Aid.
- We have secured a Time to Pay VAT deferral from HMRC which, combined with agreed liability deferred from Southwark Council, amounts to £280,000 (albeit deferred; we will still need to pay within an extended timeframe).
- The 2020/21 Business Rates holiday that has been extended to theatres represents £0.1m in savings.

Collectively, these packages of support enable us to slow the rate through which we spend down our reserves, but only for a limited period.

The Coronavirus Business Interruption Loan Scheme has not been an effective means of support for us as a charity. We cannot take on debt when we are spending down our reserves and when personal liability for Trustees applies for loans of £250,000+.

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

3.1 Closure

We will be forced to close. Without emergency funding and the continuation of the Coronavirus Job Retention Scheme, we will spend down our reserves and become insolvent. Before that point:

3.2 Depleted Reserves and Reduced Artistic and Educational Output

Without emergency funding, we will need to spend down the reserves that have been carefully built up over 10 years, including reserves originally designated pre-crisis towards preservation of the main Globe Theatre, long-term asset maintenance and remedial works. These monies will still be necessary, but will no longer exist, so that will necessitate a re-focusing of our organisation to build up those reserves once again. Without emergency funding, we will also need to consider – because of the use of our reserves to survive and the impact on visitor numbers (particularly from overseas) – significantly scaling down our activity from a c. £24m turnover to a smaller operation, reaching and benefiting fewer adults and children across England and beyond.

Though we have carefully built and stewarded our reserves over the last 10 years, opening our Theatres later than September 2020 will cause significant difficulty in maintaining current levels of operation, and with very limited reserves to maintain our buildings and estate and invest in our work. We also see long-term erosion of income-generation channels including:

- Theatre ticket income: we are in the process of surveying our audiences and early indications from the sector suggest that, once venues are able to re-open, audiences will initially be reluctant to return before a vaccine is made available.
- Education workshops, courses, training and other income-generating activities curtailed due to reduced engagement from schools, universities and HEIs.
- Conferences, due to national and international travel restrictions.
- Sponsors and corporate partners disinclined to continue crucial subsidising of activity due to depressed economic climate, and major donors and trusts and foundations negatively impacted by reduced value of investments.
- Overseas visitors and collapse of tourism and trade brokers, in particular affecting our major US and Chinese markets.
- Secondary spend in our retail concessions, due to reduced footfall.

In terms of the support needed to help deal with the significant negative financial impact of the closure of our organisation, we anticipate that we will need at least £5m in funds (20% of annual turnover) in order to re-open, create productions and activities, and provide the necessary cash-flow before income starts being generated by theatre audiences and event bookings.

This figure does not provide any significant contingency if audiences and visitors stay away or if there is a second wave of social distancing measures later this year or in 2021 before a vaccine is developed.

3.3 Affordability

We proudly offer one of the most affordable theatre experiences in the UK, and in doing so attract one of the most diverse audiences. With over 50% of our tickets in the Globe Theatre available at £25 or less, and over 180,000 groundling tickets available each season for just £5, we stay true to our mission of making Shakespeare accessible for everyone. With a re-focusing on operational survival, our ability to offer affordable tickets will be compromised.

3.4 Social Distancing

Continued likely social distancing measures will have a profound impact upon our ability to deliver our cultural offer. We will need detailed guidance and support on how these measures should be applied in a cultural setting, for audiences arriving, queueing, purchasing refreshments, and sitting / standing within our two theatres, and for the performers performing within them. Other challenges we face around social distancing:

- Our ticketing area and the space in which our Guided Tours are conducted are small and can become easily crowded, irrespective of distancing.
- A large proportion of our visitors are 'walk ups', but we would require all ticket sales to be made in advance and allocated to a specific time-slot. This is at odds with the market, that sees a significant proportion of visitors avoiding pre-booking and turning up at the attraction with guaranteed immediate entry.

3.5 Volunteers

Our two theatres are the only theatres in London to be staffed exclusively by volunteers for front-of-house operations. Nearly 80% of our 570 volunteers are over 70, and a growing number of them have already expressed that they are not willing to volunteer this year, regardless of when we re-open. A significant number also travel long distances to volunteer with us, and therefore may not be willing to do so, and there is also a small number who remain unwell with COVID-19.

Without sufficient volunteer numbers in line with our license and health and safety frameworks, we cannot safely open the theatres and our Guided Tour guides fit a similar profile, and many have also found alternative employment in this period.

A government-backed nationwide appeal asking for people to support the arts, not only financially, but also through volunteering their time, would be a significant help.

3.6 Learning and Engagement

We are a crucible of learning, originally started as an education charity that exists to educate through 'Shakespeare in performance'. We work with over 139,000 students each year, giving over £2m in free tickets to schoolchildren and we are the only performing arts organisation in the world with an in-house faculty of academics, researchers and scholars who lead on original ground-breaking research into Shakespeare in performance, teaching on our wide range of post-Graduate programmes and curating global social justice-themed festivals. For as long as it is read, quoted, taught and performed, Shakespeare's work will continue to be a great advert for the English language and for the cultural capital of the UK.

Without emergency funding, we will need to curtail or cease the provision of complimentary and subsidised access to our performances, workshops and festivals. We will also need advice and support around how to safely re-engage with the significant numbers of schools and Higher Education Institutions that we work with, and the best way to impart the necessary confidence to encourage their re-engagement.

3.7 Tourist Engagement

Shakespeare's Globe welcomes over one million visitors to our Bankside site opposite St Paul's (with an additional five million engaging with us digitally): more people engage with Shakespeare through the Globe than anywhere else in the world. Our iconic main theatre, a unique full-scale replica of Shakespeare's original 1599 Elizabethan open-air theatre and the only thatched building in central London since the Great Fire of London, contributes to our status as one of the UK's major tourism assets, attracting 43% of our audience from Greater London; 40% from the rest of England and the UK; and 17% from overseas.

The value of Shakespeare to the tourism economy, as well as the UK economy as a whole – as one of the most famous Britons in the world, whose work is studied globally, and who helps strengthen global cultural ties and soft power diplomacy - has been evidenced in a number of reports. A 2015 YouGov survey showed that Shakespeare's importance goes far beyond the worlds of education, theatre, and literature. 37% of those asked said that Shakespeare made them more positive about the UK in general. They were more likely to want to visit the UK as tourists or students and to consume the country's other cultural outputs. Linked here is the British Council's recent report:

https://www.britishcouncil.org/sites/default/files/all_the_worlds.pdf

The negative impact upon tourism will therefore not only impact us profoundly, but the ripple effect will be felt amongst other cultural organisations and attractions in England.

Alongside messaging about best practise in response to government direction around continued social distancing and health and safety measures, government department support would be welcomed in promoting the aspects of British culture that set us apart from the rest of the world.

3.8 Arts Workforce Redundancy

If the Coronavirus Job Retention Scheme ends on 30 June, and we are not able to open our theatres until October 2020 due to social distancing measures, we would be forced to make the majority of our c. 300-strong performing arts workforce redundant.

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

In a crisis such as this one, ACE has been unable to support an organisation of our size and scale. We are a model for the non-subsidised arts sector that is well-run, well-managed and financially resilient, but in the face of a crisis such as this one, there is no mechanism to help us. This has been financially devastating and could even be terminal. Going forward, just as we have worked hard to build up levels of reserves in line with charity commission guidance, an emergency funding infrastructure should also be in place to support the nation's most significant cultural assets in times of crisis.

We play a significant part in the cultural industries' £10.8bn annual contribution to the UK economy, but there has not been a meaningful mechanism to support us in return. We are a charity that cannot access the Charity Sector's emergency funding package; it would compromise our ability to recover if we took on debt through a government-backed loan; and we fall outside ACE's safety net.

As an organisation that contributes so much to the UK's cultural life, that delivers public benefit, and that stewards one of the most important, recognised and well-loved buildings in the country, we would hope that we have earned the right to be supported in return through this crisis.

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

Public funding will be under considerable pressure once the crisis has passed. ACE has long been encouraging its NPOs to develop increased financial resilience and diversify their mixed economy to safeguard against future public funding cuts and the likely reduction or complete withdrawal of public funding. The sector may need to evolve its business models at pace in order to mitigate against the reduced availability of public funding, and we at Shakespeare's Globe can be used as a model of how this can be achieved.

Before the crisis, we were due to launch a fundraising campaign for a major new capital works programme, the investment in which will see a return long-term in increased income-generation opportunities; further innovating and building upon our business model. DCMS can support us by campaigning for the elimination of VAT on capital works. In addition to building our reserves back up, we will need to raise the capital funds, and then as it stands currently return 20% of the funds raised in VAT payments to government. If cultural organisations who have had to spend down their reserves during the crisis could be granted a VAT holiday for future activity it would incentivise donor engagement and boost growth.

Once the immediate crisis passes, much of the work undertaken to address barriers to arts engagement amongst communities least likely to engage will have been set back, as the impact of financial insecurity, ill health, and reluctance to travel for older people takes its toll. A new scheme whereby the government purchases in advance up to 20% of Globe tickets for the next five years for disbursement to groups experiencing barriers to engagement would improve cash-flow – in particular for organisations like the Globe that receive no support from ACE – and innovate a partnership between cultural organisations and government whereby the free ticket scheme complements our engagement methodologies to incentivise arts attendance post-crisis.

If we can survive this crisis, we are well-placed to continue delivering positive impact to audiences, visitors, and participants across England, the UK and internationally, because we have always operated without public subsidy. But we are in urgent need of emergency cash funding now, to ensure that we can come through this crisis and continue to steward one of the country's most iconic buildings for the nation, and to continue to enable more people to engage with us about Shakespeare than anywhere else in the world.
