

Written evidence submitted by Newcastle City Council

Submission to the DCMS Committee - Impact of COVID-19 on DCMS sectors

Introduction

Newcastle Upon Tyne is the Cultural Capital of the North East Region boasting multiple theatres, music venues, museums, art galleries, independent cinemas and one of the only Life Science centres in the UK. These Venues combined make an economic impact to the City of around £100million annually.

However within the context of this call it must be emphasised that the real value of culture (including sports/leisure) to cities has become increasingly apparent throughout the pandemic and that its wellbeing and recovery shouldn't just be the responsibility of DCMS but of all government departments. Culture has a reach and impact on many aspects of life which include employment, the wider economy including tourism, health & wellbeing, including obesity, mental health, social inclusion, community cohesion and education. Responsibility for action in recovery should not just rest within DCMS and other Government Departments need to play their part.

In terms of Sport and Leisure service in Newcastle there are a mixture of provision: -

- 8 of the previous local authority leisure centres are managed by GLL and 1 by Fusion
- 5 are in community management following asset transfer. With the most recent only opening in 2019

There are 3 professional sports stadiums in the city owned by Newcastle United Football Stadium, Newcastle Falcons Rugby and Newcastle Eagles Basketball which opened in 2019 with support from Sport England and the City Council.

In addition, physical activity is supported or offered through community settings, voluntary sports clubs, via referral schemes, and business networks. Newcastle is a strong supporter of the Better Health at Work Awards which is unique to the North East and supports business in working towards providing a healthy place for staff to work including physical activity. The reach of employees in the city is 30,000.

In response to the specific questions raised by the Committee, in relation to the impact of COVID-19 upon the sector, we would make the following observations.

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

For the Arts and Culture sector the impact is not far short of catastrophic.

For a city that has real strengths in performing arts it has a profound impact on venues and cultural centres. Since the crash of 2007 and following austerity measures introduced in 2011, Govt, DCMS and ACE have encouraged venue based cultural organisations to be entrepreneurial and it is the organisations that have ploughed this furrow and in many cases been hugely successful are now the ones suffering as they don't have the structured funding to fall back on. Even our museums, who have been encouraged to become more entrepreneurial through the development of catering and events have seen huge reductions in income.

All have staff on furlough and at risk of redundancy which could see many skilled workers lost from the sector.

Newcastle has seen some extremely innovative solutions demonstrating how cultural organisations can be more self-sufficient and indeed profitable but as income has been wiped out due to Covid 19 we are seeing them struggle.

While the organisations that are in receipt of public funding, largely through Arts Council England have been somewhat protected and may have to dig into their reserves for survival and suffer further losses in reductions of philanthropic donations, receiving houses such as the Theatre Royal and Tyne Theatre alongside the independent arthouse Tyneside Cinema are under real threat of closure. In the case of the Theatre Royal, they are one of many regional theatres that promote Arts Council funded content in a variety of art forms and if they close there will be few spaces for companies to perform in.

In addition, as with most cities there are many independent music venues, that programme a large amount of emerging and experimental talent that are struggling for the same reasons. Many have fallen through the cracks of all funding pots apart from the Coronavirus job retention scheme.

All are fearful that audiences will take time to return. Messaging will be key. While museums are important economically but in the first few months, they will help bring communities together, helping statutory services tackle issues such as isolation and loneliness.

We have also witnessed the cessation of all arts activity that took place in our communities which will have a huge impact on the well-being of participants. Much of this has been replaced by online activity and while largely positive, it has also served to highlight the increasing problem of digital poverty in the areas our community projects seek to help.

COVID-19 has seen a marked impact on the physical activity sector with the closure of all leisure facilities, sports arena, voluntary sports clubs, community centres, businesses, referral programmes. Events have been cancelled, re-scheduled and postponed with the consequent loss of income and secondary spend upon the wider local economy. The scale of this disruption in Newcastle is immense.

The impact of the closures of all leisure centres and sporting facilities since March has been significant and equates to a minimum of £10m lost income, 500 staff furloughed and redundancies in some areas.

As well as the closure of the 14 leisure facilities and 3 professional clubs, a minimum of 191 sports clubs have closed and 90 place-based community settings offering physical activity have closed. Many community settings and voluntary sports clubs would play a role in tackling inequality, social isolation, supporting community engagement, supporting inter-generational work and community cohesion all of which has stopped.

The city has high levels of families living in areas of deprivation and childhood obesity. With COVID there are real concerns that if the industry is unable to revitalise and is not supported appropriately, we are likely to see a further increase in health inequalities across the city including social isolation and mental wellbeing issues.

Voluntary and charitable sports clubs which are the backbone of local community provision have closed. In many cases income into these clubs from match fees, subscriptions, facility hire and secondary spend has stopped but expenditure on such things as rent, staffing and grounds

maintenance has remained.

The GP referral scheme has been suspended however a digital replacement offer developed and opened to all of Newcastle residents.

There is also a significant impact on the private sector sports provision. Many smaller gyms and sports facilities may struggle to recover from an extended period of lockdown or continued social distancing.

For our libraries There was an immediate and dramatic reduction in activity as buildings closed, items could no longer be borrowed, computers could not be accessed, enquiries could not be answered face-to-face and events and exhibitions were cancelled.

In response the library service began to adapt and expand its digital offer by purchasing additional digital content such as eBooks and eAudiobooks. It also increased its output via social media, recorded story times to be posted, shared information on how to improve digital and information literacy skills to help combat misinformation and moved some reading groups online. Business support through the Business & IP Centre was delivered online and enquiries in general were answered via email.

There was an immediate impact on income from all sources including room rental, partner rents and photocopying/printing. The visa application service delivered in partnership also halted impacting citizens and income generation.

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

For the Cultural and Creative sector, the Coronavirus Job retention scheme has been a great help but will need to be either extended or replaced as many venues will remain closed or severely restricted by social distancing measures for months to come.

We have been encouraged to see that a high proportion of applications made for ACE emergency funding were successful but DCMS and Government now need to turn to how they will enable the recovery of the sector through future funding opportunities.

In terms of more locally distributed funds North of Tyne CA recovery funding enabled awards to be made to several meanwhile spaces in the city that house hundreds of artists and small cultural businesses who would have lost their studios and premises without this assistance.

North of Tyne has also repositioned £3.25million that was due to be invested in the Cultural and Creative Sector into a sector recovery fund. This will help it is aimed at smaller organisations and freelancers to recover and survive longer term.

Freelancers make up a large portion of the workforce in the entire Culture sector and many remain untraced and a will no doubt need to turn to other opportunities for economic survival. These freelancers contribute to a huge range of arts projects and indeed the many and varied festivals we celebrate in the UK. Losing them to other sectors will have a long lasting and damaging effect on the Culture sector.

For the cultural venues that are struggling DCMS need to convince the Treasury that a sector specific bail out should be high on the Government agenda. This funding should be wide ranging and consider costs of 'mothballing', operating at new capacities due to social distancing rules, or merely

get them through the crisis while they arrive at new models of operating. In addition, venues will need funding to help them cover the costs of increased needs of maintaining public safety.

There have also been many smaller, none funded Live Music venues that have fallen between the cracks and are either too large to qualify for grants or too small for it to make a difference. The impact of Covid 19 will remain with them through to the early months of 2021 as many tours have been cancelled or postponed.

For the sports and leisure sector Government business grants have not been easily accessed by the bigger leisure operators. Some smaller charities have accessed grants from Sport England, but funding has been significantly less than some of the other business grants. Some of the community leisure providers have fallen in between the funding criteria and as a result have not been able to access support. Meaning that their future is less predictable.

For contracted facilities the PPN220 changes and the COVID laws have not been appropriate under the City Council's concession contracts or for those that were asset transferred. For those leisure centres that were asset transferred the rateable value is above £51k and so most are ineligible for a business grant.

It is anticipated that voluntary sports clubs will struggle and the long-term future uncertain and access to grants will be keenly sought after.

However, the resilience of the sector, will not be known until social distancing is relaxed and some semblance of normality can be resumed.

For libraries, the only support really provided has been via Libraries Connected who have been vital in providing national support and guidance through webinars, peer-to-peer sharing via online platforms and lobbying of government specifically DCMS and Public Health England. They have a draft toolkit prepared for library services to use in restarting and they have been essential in current planning.

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

Quite simply Covid 19 may change culture in this country for ever. We are seriously looking at the potential (and in some cases likely) closure of some of our most celebrated venues. We are facing the possibility that for a long time we may have no concerts, theatre, independent cinema and without Government intervention many of the venues will simply close. As a result of this both the economic and tourism impact for the City will be greatly affected.

We must also consider the impact of having no arts in our communities as budgets are again reprofiled to cover the increasing costs of dealing with the pandemic at a local level. We already have few resources at our disposal to deliver arts in the communities, yet we are rich with information that demonstrates its influence on wellbeing amongst targeted sections of the community.

The long-term impact of the sports and leisure sector is becoming clearer. Early indications suggest that the city will experience closure and/or a delay in opening of leisure facilities where finances are hit hardest, as operators struggle with the loss of income and the challenge of ensuring safety for customers.

Understanding the extent to which Covid-19 has influenced individual behavioural change and choice over exercise is unknown but we anticipate changes that have never been seen before. This change will directly impact the sector, specifically gyms where the choices available to exercise is now much greater and varied than pre-Covid.

Many people have taken up new ways of being active and are doing so at home, walking and cycling. It is unclear if people will return to traditional activities and leisure centres. New virtual offers are available, and people have found these convenient to access. Support would be beneficial in order to build on the momentum of people walking and cycling to help with active travel and reduction of omissions.

Cycling investment for new routes has been welcomed but the support structure underneath that to encourage confidence and help people cycling to work is required.

It is likely that the number of customers that are able to participate in organised activities will be significantly reduced due to social distancing and we have already seen hard decision been taken over numbers of people to accommodate, staff redundancies, and removal of facilities that are not viable.

The professional sports clubs rely on income from spectators and events to generate income and will have to revise this in order to accommodate greater social distancing. Newcastle Eagles Basketball have made the decision not to open until September at the earliest as it is not financially viable with social distancing.

Funding and grants available and not adequate or appropriate for the sector and fail to fit with the many different types of organisations running sport and leisure in the city. Without financial support it is possible the city will lose some significant facilities.

Government should also make tapering funding available to local authorities to rebuild their cultural sectors over a period of years and devolved decision-making is the key. DCMS has encouraged Cities to form Culture Compacts which as multi sectoral forums could become the ideal vehicle for disseminating these funds

Funding will also be needed to ensure new business models and ways of delivery are explored. This has been apparent in the past but never understood or enforced.

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

Leisure providers may need tapered support as they may only be able to open part of facilities or have restricted number of attendees that would reduce income.

As mentioned earlier some voluntary community providers have struggled with accessing state support.

Support for freelancers and small arts organisations needs further investment. To date Arts Council have been using their own existing resources to assist in the crisis and more resource needs to be made available to aid recovery

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

We have seen a rise in Digital content during the crisis, but this increased content comes at a cost and is extremely difficult to monetise. If this is a way forward for engagement, we will need to see investment in both content and infrastructure. We will also need funding for business and skills development in this area as it is crucial for arts and culture organisations to adapt ways to monetise this content. The music industry went through massive Digital disruption which saw the value of content fall to zero and then recover. Much can be learned from this process.

As we have seen the increase digital content it has also served to highlight the communities that face Digital poverty and without arts based taking place in the community it is these groups that will continue to suffer. This needs to be addressed by increasing access to technology hardware. This may not be DCMS specific but must be an important consideration for Government

Physically, the impact will mean that the only way that arts productions can happen will be made with smaller groups, in outdoor spaces or larger spaces with fewer numbers

Museums and Libraries as socially purposeful, trusted civic spaces that contribute to an inclusive sense of local identity have an important role in making towns and city centres places to live, work and invest but we need for a joined-up approach across government to aid recovery.

For the sport and leisure sector support with understanding the economic impact of leisure operators in a city and understanding the investment required to keep building stock modern and fresh. I.e. what does a post Covid leisure facility need to look like?

Digital or virtual platforms, WhatsApp support groups, and YouTube channels have been some of the innovative ways of keeping in touch with both existing and new customers. Investment in strengthening this work would be beneficial. For Newcastle reaching into communities has been challenging as many community groups have been furloughed or changed their priorities to support with food poverty. As we come out of lockdown it has been possible to re-establish these partnerships again with many seeing the benefits of a virtual offer particularly for residents that are isolated, at home or have health conditions.

The profile of physical activity on individual health and wellbeing has increased following the governments recommendations and it is important not to lose this momentum and where possible continue with campaigns to be activate.

There is evidence that people have increased their walking and cycling, and this is the time to take advantage of this and look at infrastructure and support the promotion of safe network of cycling and walking routes, as well as active travel. This would continue to support the reduction of carbon omissions.