

Written evidence submitted by Culture Counts

DCMS Inquiry: Impact of Covid-19

Introduction

Culture Counts works with key sector organisations such as the National Theatre of Scotland; the Scottish Music Industry Association; The Writers Guild and the National Trust for Scotland. A full list of members can be accessed through our [website](#).

Through research and meetings of our network we aim to support decision-makers by providing information which may be key to supporting the sector through Covid-19 in the short, medium and long term.

Although great effort has been made across the sector to make digital offerings; they in no way provide the income that would have been earned from live performances; events or screening. Digital events are not a long term solution; as they cannot bring anywhere near the required income to sustain the industry. Innovation only goes so far for some key parts of the sector.

Some areas of the sector including independent cinemas; visitor attractions, concert venues, theatres, galleries, production studios and festivals, have experienced 100% losses in revenue. Adhering to social distancing does not allow for ticket sales to cover operating costs; as capacity needs to be greatly reduced at the same time as staff levels would have to grow to manage safety requirements.

There is a need now to consider how to support the long-term balancing of infrastructure.

The creative and cultural infrastructure are a key economic growth sector for Scotland and for the UK. In 2016 arts and culture contributed £17 billion to the UK economy¹.

£3.1 billion was spent in the UK on high end television and film production in 2018, the second highest spend on record².

85% of live music venues have additional functions, such as bars or rehearsal or educational spaces³.

In 2014 live music tourism contributed £3.1bn to the UK economy³.

In 2019 42% of creative industries employers said that they find it difficult to recruit appropriately skilled staff⁴.

1 [Creative Industries Federation Report Public Investment Public Gain](#)

2 [BFI Statistics](#)

3 [The UK Live Music Census 2017](#)

4 [Skills Talent & Diversity in the Creative Industries](#)

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

Creative Industries

The immediate impact centred on events and venues including visitor attractions, museums, libraries, galleries, cinemas and music & performing arts. Sections of the sector who rely heavily on audience income are under immense strain.

A sector wide reliance on mixed income streams means that the infrastructure organisations if they are to continue, may not be able to hire freelancers until mid-2021. This scenario forces skilled cultural freelancers to seek work elsewhere; becoming de-skilled in our industry and potentially not returning to such a precarious sector in future.

Online events are very popular with the public and are attracting a wider audience than before; though they were initially not bringing in any income. Since the pandemic began technology has emerged to password protect online events; enabling ticketed online events and income streams to emerge; though this area is still new. However there is scope for innovation and there is an urgent need to pivot to secure business models and ensure that producers are protected from unfair exploitation.

While online activity is important the limitations of this within the culture sector must also be taken into account. While some organisations/ artists are able to develop their business model towards digital, others are dependent on physical activity which forms the core of their business, for example, artists and makers' studios, production facilities and workshop-based activity. Income in these areas is dependent on physical access and activity, and restrictions such as the two-metre distance rule make a viable return extremely difficult.

Performing companies need long lead-in times for live events, planning is very difficult due to uncertainty. For example some tours that had been planned for summer 2019 have now been rescheduled four times between March and June 2020.

Traditional single purpose venues with fixed seating, box office takings (allowing for social distancing) at 30% capacity or less would never cover the costs of staging a show.

Culture & Health

Hard to reach groups, in prisons and in the community, are even more challenging to reach during this pandemic. Artists and practitioners working in the arts and justice sector need to know the long term plans for gaining access and supporting arts engagement for these communities.

Many people with long-term conditions are shielded and self-isolating, delivering and offering arts-led support within this context is also a major issue.

Culture and social, mental and physical health funding agreements are often short term and there is a risk that the workforce may again move away from precarious work making them difficult to replace in terms of overall infrastructure and skills for this part of the sector.

Heritage & Museums

Many historic and heritage organisations are membership based; there is natural decline and numbers are usually made up by recruiting new members, though that recruitment can't take place at the moment.

Attractions may lose money by opening with limited visitor numbers and there are concerns about being able to offer a level of experience that was available before lockdown.

Many sites in the historic environment sector are staffed by volunteers, many of whom may continue to be shielding or reluctant to return even after lockdown is lifted. This is a real concern for sites which rely on volunteers to bring life and interaction with the public.

Volunteers shore up organisations and are vital to providing a public service. Many rural museums are entirely volunteer run.

Cultural charities are unable to fundraise as they normally would, this is an additional loss of income.

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

Initially the aim was to find a way to manage until June. Some key infrastructure organisations have only just managed this by accessing government support schemes; and by using reserves.

The furlough scheme and the self-employed scheme have been a vital support; though there were and remain gaps in direct and in-direct provision for those paid by PAYE, those paid in dividends and those earning less than 50% of their income from the sector.

Those earning less than 50% from the sector tended to have employment in hospitality for the other 50% of their income; which has also had to entirely close.

Grants have been available from arts councils and enterprise agencies; though funds had to close soon after opening; due to being oversubscribed.

Arts council funding in Scotland concentrated on solutions to keep people working and to allow people to change their plans for the coming year or two. They were heavily oversubscribed and there is uncertainty around the future for many organisations and individuals.

Creative Industries Federation recently published figures projecting that **Scotland** is to see the largest percentage drop in creative industries GVA (39% / £1.7 billion) and lose 6% of its creative jobs (7,000), owing to a greater use of the furloughing scheme. Scotland is projected to be amongst the hardest hit once the Job Retention Scheme is withdrawn.

Enterprise funding concentrated on the helping viable businesses to 'pivot' though we are unsure how many cultural businesses benefited; the numbers are thought to be around 30%.

Third sector resilience funding was made available to charities in Scotland; we have heard that cultural organisations with a social purpose were turned away and we're currently trying to find out more about who benefited and who did not.

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

We now know that at the end of June there is no return to normal; while there is a return to something that is yet to be defined.

Early scenario planning by Creative Scotland has shown that up 50% of its regularly funded organisations are at risk of insolvency by 2021.

The extension of the furlough scheme until October and the SEISS until August are welcome; though further support is required for organisations and individuals who cannot innovate out of the crises; including fixed purpose buildings and their skilled staff; such as cinemas, theatres and fixed purpose venues. There are also limited options for festivals as the business model requires large numbers of tickets sales; and for the third sector who deliver cultural health and social care in the community; who rely on community centres and buildings which are currently closed or repurposed.

There is a need to consult and plan for continued support schemes and to ensure the best value for organisations and individuals who are key to the longer-term infrastructure and to the sustainable economy; particularly for those who fall under the category of being restricted in their ability to innovate their way out of the crisis; due to unmoveable obstacles.

- 58.8% of artists working in health and wellbeing contexts are freelance⁵
- 89% of all workers in the UK film production sector in 2015 were freelance⁶.
- 90% of musicians are self-employed or portfolio workers⁷.

5 Naismith, N, 2019. Artists Practising Well. Aberdeen: Robert Gordon University

6 GENDERS, A, 2019. An Invisible Army: The Role of Freelancer Labour in Bristol's Film and Television Industries.

7 INCORPORATED SOCIETY OF MUSICIANS 2018, Musicians and Brexit

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

- DCMS

Improve consultation and communications with key stakeholders and move towards being actively transparent and eventually open. Put systems in place using technology to speed up how DCMS listens to needs, disseminates information and presents solutions.

Open vs. Transparent

Transparent

Public, but not necessarily enabling participation.

Passively transparent

Not private; decisions aren't actively hidden, but are difficult to locate. They may not even be documented. This is usually not done intentionally.

Actively transparent

Everything is written down, is easily searchable and is locatable by interested parties. This requires intentional, sustained effort.

Open

Public and participatory. This requires structuring efforts so that "outsiders" can meaningfully participate (and become "insiders" as appropriate).

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

Support for Innovation

Investment across the private, public and third sector should be supported to protect jobs and skills. Sections of the sector who are innovating such as online international showcasing need support to remodel. Supporting innovation protects jobs and upskills the sector.

Support for Reopening

Investment should be directed to enable reopening; some attractions; galleries, community centres, venues and museums require funds to make buildings safe to allow the public in; many do not have the reserves required to invest in re-opening to begin to trade.

Support for Repurposing

There are key parts of the sector including cinemas, major events and music and performing arts that cannot reopen due to businesses models being unable to support opening at 30% capacity or less (due to incorporating social distancing). These businesses should be repurposed for twelve to eighteen months to support skills, education and health priorities related to Covid-19. For example; open theatres regularly to small groups of school children; kick-start a programme of creative apprenticeships providing opportunities for young people; support artists to work in communities providing hope and courage to people who have been and remain isolated. This will safeguard jobs and retain skills and ensure that the UK retains its international standing on the soft power index. If repurposing does not take place there is a high risk that the talent from this part of the sector will migrate out of the UK; at the same time as the sector is unable to recruit from in the EU due to Brexit. Salaries in the creative and cultural sector do not reflect level of experience or skills and this is a major threat to retaining a skilled workforce even with a reduction in the salary threshold to £25,600.

It is vital to retain furlough options and SEISS options past October 2020; otherwise we will lose skills and talent across the UK.