

# Written evidence submitted by Sheffield City Council and University of Sheffield

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## Executive Summary.

### Key Findings

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

- A total loss of **1,258,220** attendees between March – August 2020.
- **Nearly £11m (£10,885,192) in lost income from ticket sales, retail sales, sponsorship and donations reported.**
- **Over 50% of respondents reported that 1073 staff** have been furloughed, in some cases representing 90% of the workforce. Some jobs had already been lost, with some still retaining a small number of staff, **but long term redundancies are either anticipated or being planned.**
- **All forthcoming festivals and events up to August are cancelled in the City with many stating that the entire year was at risk.**

#### What will the likely long-term impacts of COVID-19 be on the sector?

- Uncertainty and lack of clarity on social distances and the huge impact this will have on venue capacity and financial viability.
- Likely significant reductions in Sheffield City Council funding especially worrying for those organisations that rely on match funding due to current ACE models.
- Concerns that there is a focus on the immediate short term and less acknowledgement of longer term considerations.
- Whilst online content is planned there are no direct funding streams to enable greater digital access.
- Audience/visitor anxiety and the impact that this will have is a key factor that presents a longer term impact on the sector beyond the period of lockdown.

#### What support is needed to deal with these impacts?

- Further funding for organisations to cover operational costs of buildings and support recovery.
- Digital infrastructure to enable organisations to be COVID-19 proofed ready.

- Cultural Infrastructure Fund recommended to kick start the consequences of COVID-19 and its long-term impact on the financial health of the cultural sector.
- A long term support strategy acknowledging that it won't be business as usual for many months to come with interim measures that cover the loss in ticket income through social distancing.
- Greater understanding of the wider creative ecology and the links between artists, freelancers, self-employed artisans who make up the largest number of the 21,000 employed in the creative industries in the City.
- More information about the long term impact of social distancing and risks to audiences and performers to enable organisations to be able to make decisions on future activities.
- Local Authorities must be compensated to the full extent of additional COVID-19 spend, or this may result in an austerity policy which will cut culture off at the knees.

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

- See culture as being essential and useful to our recovery.
- Acknowledge that arts and culture will aid our gradual national recovery from what is a collective trauma, and support the infrastructure that enables it through funding.
- Emphasise and make available digital infrastructure support for cultural industries to enable longer term sustainability.
- Ensure that the cultural industries play a critical role in local and regional recovery plans.

**Conclusion.**

- Reopening will incur costs and many businesses will run at a loss for some time
- Infrastructure support and capital investment is needed
- Eventual rebirth and growth will directly benefit both the economic vibrancy and future of the city but also the health and wellbeing of its residents.
- The need for emergency funding may last well into the following year, especially for cultural organisations who will not be opened until the last phases of the government response.
- **Recovery is only possible with a place-based regional recovery plan that draws on the economic, cultural and societal strengths of the organisations and events impacted by COVID-19.**

## Main Report.



### Introduction and rationale

In April 2020, the University of Sheffield with the support of Sheffield City Council surveyed a strong cross section of the cultural providers in the City to provide a snapshot of the immediate impact of the COVID-19 pandemic with an emphasis on the creative ecology of the City. Sheffield, like other major destination cities across the UK and internationally, is increasingly reliant on events and its cultural industries as a key driver of city centre vibrancy, and a strong local economy. The City has a long-established reputation for a range of sporting and cultural events which also factor as a key element of the visitor economy. Major sporting events include the World Snooker Championships, held annually at the Crucible. Cultural landmarks include the internationally acclaimed Sheffield Doc/Fest, attracting 31,500 visitors including 3,500 international delegates for five days of documentary film screenings, Tramlines attracting 35,000 visitors including the fringe festival and the Children's Media Conference which attracts 1,250 delegates. The sudden shutdown has resulted in the loss of physical events, jobs and anticipated income. In addition, provisional data from Sheffield City Council (SCC) is presenting a worrying trend that over 47% of the city's creative businesses are ineligible for government grants/loans due to business rates models/mode of production. This evidence is submitted so that the Government can better understand how the current situation is affecting the sector in Sheffield and identify what support needs to be put in place to ensure it continues to flourish.

### Method and Response Rate

An online survey of key stakeholders and partners was conducted by Fran Marshall of the University of Sheffield's Department of Partnership and Regional Engagement to feed into

this report and co-authored with Professor Vanessa Toulmin, Director of City & Culture at the university. Professor Toulmin has extensive background in event management, creative and cultural regeneration and has worked as strategic consultant to various local authorities, notably developing a place based approach to cultural vibrancy and regeneration for Blackpool Council. Fran Marshall is expert in evaluation and data analysis and works as Research and Evaluation Manager. The survey was open between 16 April and 11 May 2020, was promoted by direct mailing from Sheffield City Council to the Sheffield Cultural Consortium, the Creative Guild and Festival Networks representing a broad range of key businesses in the city, through social media, newspaper reports and the University of Sheffield. In addition evidence from the wider Sheffield City Region survey also conducted by the University of Sheffield provided aggregated details relating to music only events. The key questions are to estimate the financial impact, change to visitor numbers and see how organisations have adapted to deliver events in alternative ways. Certain caveats must be emphasised

- The survey was distributed before the changes to the government's furlough scheme were announced on 12 May. The extension of the scheme to October will allow part time working from July with a cost to employers.
- The survey was a snapshot but contains important data from the immediate impact and not a direct response to the DCMS Call for Evidence but certain key aspects of the finding have been extracted from the original snapshot survey and applied to three of the main questions stated in the DCMS Call.
- During the period that the survey was open, the Creative Industries Policy and Evidence Centre (PEC) identified over 35 surveys looking at how COVID-19 has impacted the sector (either sub-sectors or the sector as a whole) within the UK. It is likely that there is some respondent fatigue.
- This survey is aimed at understanding the impact both on the sector and Sheffield but draws on and relates to the SCR submission.
- The survey asked respondents to consider the likely impact of COVID-19 up to the end of August 2020. The impact of COVID-19 on the sector is likely to be felt much longer than this and potentially for a period of time after the threat of COVID-19 has reduced with already four major festivals, programmes and events cancelled from September onwards.
- The response rate represents a wide cross section of the creative and cultural industries in the city and was not aimed at individual artists or freelancers
- There were 40 responses, mainly representing cultural organisations or events, festivals or events organising companies. Additional information was provided pertaining to music events and follow up information provided by key sector partners.
- There were fewer responses (6) from venues largely due to potential respondents unable to respond due to being furloughed.

### **What has been the immediate impact of COVID-19 on the sector?**

**Key Findings. Current challenges** are clearly cash flow, uncertainty and survival in the immediate short term. The wide range of industries within the creative ecology demonstrates that a percentage of respondents perceive that either they or their organisations could fall through the funding gaps, e.g. because the organisation is not a non-profit organisation, not eligible for the small business grant, business relate relief or other government schemes, the

prevention of working during furlough, lack of sector support, navigating existing support, move to remote working and administration and time taken to access funding.

- A total loss of **1,258,220** attendees from all respondents since March and estimated until August. These break down **1,104,450 from cultural venues such as museums and theatres, 153,770 attendees from events and festivals.**
- Some of the city's largest festivals such as Sheffield Carnival, Tramlines and Doc/Fest account for over 61,000 attendees.
- All the respondents to the survey about the additional music sector in Sheffield stated that their predicted income had either decreased or stopped altogether. For approximately half the respondents, the decrease in turnover is at least 70%. The decrease in income is estimated as £1,066,878 by 33 respondents. The main effects on the industry which are expected to persist until 2021 were identified as reduced audiences and lack of physical events.
- **Nearly £11m (£10,885,192) in lost income from ticket sales, retail sales, sponsorship and donations reported by all respondents with a wider estimated loss for the wider leisure and restaurant industry anticipated.**
- The largest loss of income was up to £4.5m reported by individual respondents.
- **Cultural organisations** are the hardest hit with an average loss of £556k and **a total loss of £7.7m reported by 18% of the respondents**
- **Events, festivals and events organising companies** reported average losses of **£1.9k and a total of £1.2m from over 10% of respondents**
- **Venues reported lower average losses of £378k with a total loss of £1.9m** from 5 responses but this figure will undoubtedly increase with the impact of social distancing negating any bounce back of audiences when lockdown measures are lifted
- **Over 50% of respondents reported that 1073 staff** have been furloughed, in some cases representing 90% of the workforce, some jobs had already been lost with some still retaining a small number of staff **but long term redundancies are either anticipated or being planned.**
- **All forthcoming festivals and events up to August are cancelled in the City with many stating that the entire year was at risk.**

### **What will the likely long-term impacts of COVID-19 be on the sector?**

The new report from Oxford Economics *The Projected Economic Impact of COVID-19 on the UK Creative Industries* estimates that the creative sector will be hit twice as hard as the wider economy in 2020.<sup>1</sup> The impact on employment will adversely affect the sector in particular the impact on creative freelancers. Notwithstanding Government support through the Job Retention Scheme, the figures predicted will decimate both the permanent employment opportunities within the creative sector and adversely affect the sector in relation to creative freelancers with the highest percentage of roles expected to be terminated by the end of 2020.<sup>2</sup>

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<sup>1</sup> <https://www.creativeindustriesfederation.com/publications/report-projected-economic-impact-COVID-19-uk-creative-industries>.

<sup>2</sup> <https://www.theguardian.com/stage/2020/jun/17/cultural-catastrophe-uk-theatre-faces-ruin-amid-coronavirus-crisis>

This localised survey clearly reflects this national pattern and states that job losses are inevitable and the number depends on when lockdown ends, whether it is financially viable to reopen, whether government support has prevented insolvency and whether DCMS can offer ongoing assistance to help cultural organisations recover. Yorkshire was named the number one region for creative industries in 2018 and in Sheffield the sector contributed £248.12 million to the local economy, with 7,230 people employed in the creative industries and a wider ecology of freelance support estimated at 21,000 in the wider SCR.<sup>3</sup> The Sheffield Culture Collective has been working to create a compelling vision for the role of culture in Sheffield's development and investment strategy to create better outcomes for communities and the culture and creative sector in the city. It is strengthening its purpose, values and approach to underpin its ambitious vision and take bold steps to unlock the city's potential. If the impact of COVID-19 continues, a large proportion of jobs and opportunities will be lost and the consequences for the economy of the City and the emerging vision for culture will be catastrophic. Conservative figures estimate this to be in the region of 15% job loss across the sectors but real data was difficult to estimate due to time period this survey was conducted and figures will certainly be higher as they are currently underpinned by Government support schemes which will be ending soon. Additionally, an early economic bounce back is premature, the latest public attitude research from ALVA shows that the public will be much more cautious about attending public spaces and gatherings for some time to come and cultural organisations will need DCMS support to adapt business models in order to secure their long-term operation.<sup>4</sup>

- The major worries are cash flow, financial pressures and uncertainty about long term survival in a depressed reduced economy.
- Uncertainty and lack of clarity on social distances and the huge impact this will have on venue capacity with only 18% capacity in venues making them financially unviable to open after lockdown is lifted.
- It is likely that we will also see significant reductions in Sheffield City Council funding in the future and a significant drop in grant availability in the future which is especially worrying for those organisations that rely on match funding due to current ACE models.
- Respondents identified issues relating to audiences, money and funding, the recovery, sectoral issues and staff.
- The wider implications for the voluntary sector and the long term health and wellbeing of volunteers is a major worry.
- Qualitative comments reveal a perception that there is a focus on the immediate short term and less acknowledgement of longer term considerations such as the value that the sector brings.
- Although online content is being planned or delivered there are no direct funding streams to enable greater digital access without incurring further enhanced costs at a time when income is reduced
- No clear mechanism of income generation available for commercial venues and others adapting to providing an online presence for their resources. Audiences are clearly becoming accustomed to free content without understanding the cost

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<sup>3</sup> <https://www.yorkshirepost.co.uk/business/yorkshire-named-uk-s-leading-region-for-creative-industries-1-9177998>

<sup>4</sup> <https://www.visitbritain.org/helping-tourism-industry-recover-covid-19>



implications moving forward. Will audiences pay in future for what they are now receiving free of charge?

- Audience and visitor anxiety around indoor leisure activity is a key factor that will impact on creative and cultural industries. The weekly tracking figures from Visit Britain show reluctance in returning to visit with museums, or indoor cultural venues receiving some of the lowest confidence figures. In addition 40% suggesting a return to normality by 2021 as opposed to 22% by December which presents a far greater long term impact on the sector than just the period of lockdown.

### **What support is needed to deal with those?**

All the respondents mentioned were seeking support for funding from available government funding, including the Arts Council England and National Heritage Lottery Funding with a large percentage being ineligible for funding from banks. The main purpose of the funding support required was to cover operational costs (25%) with a smaller proportion of respondents mentioning the furlough scheme to cover staff costs. In order to negate the longer term consequences on the sector the following summations have been selected that reflect an overall consensus:

- All respondents mentioned requiring further funding for the organisation to 'survive' to cover operational costs of buildings and support the recovery.
- Digital infrastructure was requested to enable them to be more COVID-19 proofed ready if venues or events are cancelled or restricted due to future lockdown possibilities
- Cultural Infrastructure Fund (focused on recovery and resilience) recommended to kick start the consequences of COVID-19 and its long-term impact on the financial health of the cultural sector. A respondent commented that *'Government needs to fund the creative industries directly with an emergency package now, or risk losing some of the UK's cultural fabric, not to mention massive tax income from creative companies with substantial profitability. Finally, support measures need to be targeted at where the need is greatest.'* Respondent from a cultural organisation.
- *'Be with us for the duration our problems don't end at the end of lockdown'* stated another respondent. A long term support strategy is required that that acknowledges that it won't be business as usual for many months to come, and if the culture sector is to get back on its feet and provide the public with the joy and mental stimulation it has during lockdown, then it will need some sort of interim measures that cover the loss in ticket income through social distancing.
- Ensure insurance cover terms are unified, clarified and underwritten with many organisations publicly stating the lack of support from insurance companies on business and operational policies.
- Audience redevelopment and long term support for inevitable loss-making lower capacity events.
- Greater understanding of the wider creative ecology and the links between artists, freelancers, self-employed artisans who make up the largest number of the 21,000 employed in the creative industries in the City. *'Support for artists feeds into the larger organisational programmes, they are part of an important ecology, both must be supported through this crisis and beyond,'* a respondent requested.
- More information about the long term impact of social distancing, clear consistent sensible advice on risks to audiences and performers to enable organisations to be able to make decisions on future shows.

- Stronger funding support is needed. Arts Council England National Portfolio funding (2018/19-2021/22) for South Yorkshire organisations is significantly below both national averages and other city regions (£15/person compared to £45/person in West Yorkshire and £38 per person in Greater Manchester).<sup>5</sup>
- It is important to recognise that many areas of Sheffield City Region are significantly under-funded per capita compared with other regions. ACE data shows this – the likely impact at a time of national crisis is that the arts ecology of Sheffield and Sheffield City Region (arguably already structurally more fragile) could take far longer than comparative cities to recover.
- *‘Arts Council Project Grants (or equivalent) must be reinstated within the next couple months to allow companies to begin to plan and produce work again (ready for when venues re-open). This should not be a reduced pot or the level of competition will wipe out huge sections of the theatre industry. In short, the money which has gone into this emergency ACE pot should be replaced by DCMS.’* Cultural organisation respondent.
- Local Authorities must be compensated to the full extent of additional COVID-19 spend, or this may result in an austerity policy which will cut culture off at the knees (as well as impacting on public services for those who will need them more than ever).

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

- See culture as being essential and useful to our recovery. Advocate and place it centrally in policy, ensure parity across the UK in terms of access to excellent culture and therefore invest well. Ensure that there is still room for ambition beyond just survival. Make a step change in terms of working collaboratively and connectivity to make culture accessible and helpful to all, e.g. social prescribing and health & wellbeing. To enable this, listen to the industry experts who can advise on the safe return to indoor exercise and leisure, such as Huw Edwards, Chief Executive of UK Active.
- Acknowledge that arts and culture will aid our gradual national recovery from what is a collective trauma, and support the infrastructure that enables it through funding. Careful consideration of the type of collective and more socially-just society we want after this, no return to business as usual, an embracing of the need for action on climate emergency.
- Look at how Culture can play a role in city vibrancy and events especially in relation to animation of spaces and how this relates to the Future High Street Fund developments and funding
- Emphasise and make available digital infrastructure support for cultural industries to enable longer term sustainability, ability to cope with second spikes of pandemic and enable them to create an online events based business model not based purely on bricks and mortar – the demand for online content is there but the mechanism of creating revenue is currently not financially cost effective for the majority of the cultural organisations in the City

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<sup>5</sup> <https://www.artscouncil.org.uk/our-data/our-npos-and-annual-data-survey#section-3>



- Ensure that the cultural industries play a critical role in local and regional recovery plans by ensuring their economic impact and wider societal benefits and skills are considered and recognised. Cultural institutions are often under represented on such forums or their needs considered, as the nature of the organisation i.e. charitable or non for profit is often disregarded as a traditional business model.

## **Conclusion.**

Important surveys are now emerging both nationally and sector wide that demonstrate the impact of the pandemic on the cultural and creative industries. However, national sector surveys have tended to emphasise the national place and to underplay the interconnectivity of the cultural ecology of the city, the role of Place, concentrating on national economic data rather than equally important local recovery models required. Indeed the regional variations in the latest Oxford Economic Report do not reflect the actual impact within Sheffield and the Sheffield City Region. This localised survey was designed to reflect the interconnectivity of the creative ecology. The cultural assets of Sheffield underpin both the city's visitor economy and the health and wellbeing of its residents. The cultural economy with its associated events bring direct footfall and vibrancy into the City Centre, contribute directly to the local economy through resident and visitor spend, festival organisation and associated accommodation and leisure spending, but also indirectly by creating a reputation for interest and vibrancy that attracts visitors throughout the year. The reputation for cultural vibrancy supports a sense of place and marks out Sheffield as a city which supports wellbeing and improved mental health for local audiences. The evidence presented in this submission demonstrates the urgency of vital intervention to enable cultural organisations to receive support beyond the end of the lockdown.

In summary:

- Reopening will incur costs and many businesses will run at a loss for some time
- But infrastructure support and capital investment is needed
- Eventual rebirth and growth will directly benefit both the economic vibrancy and future of the city but also the health and wellbeing of its residents. In Wave 2 of the Business Impact of COVID-19 (BICS) survey (23 March to 5 April 2020), three out of the five industries where 75% or more of the businesses said they had temporarily closed or paused trading included libraries, archives, museums and other cultural activities, creative, arts and entertainment activities, sports and leisure activities and amusement and recreation activities.<sup>6</sup>
- The majority of the respondents to the survey made it clear that Government need to be aware that the need for emergency funding may last well into the following year, especially for cultural organisations that will not be opened until the last phases of the government response.
- It is likely that there will also be a significant impact on engagement once activity and sites are re-opened, the income from activity is likely to be a reduced level for a long time. So even those organisations that are relatively financially secure for a few months will struggle in the future.

Respondents are understandably concerned with the immediate short term financial situation and loss of income. Some refer to the anticipated duration of recovery and the unknown

<sup>6</sup><https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/coronavirusandtheimpactonoutputintheuconomy/april2020>

impact of when visitors and audiences are likely to return and what structural and infrastructural changes are required. It is summed up by one respondent who stated that *'At the moment (rightly) support is available to those on the brink of collapse, but not those who may be in longer term precarious positions.'* The overall message therefore is clear *'Invest in the cultural life of our cities, especially in the North, Create specific financial instruments for creative companies, ideally soft loans that are only repaid when they are profitable again. Many of the above arts funding sources are burning through their reserves and won't be able to do anything else this year, so some organisations may survive the next few months only to perish in the aftermath.'*

**This is only possible with a place-based regional recovery plan that draws on the economic, cultural and societal strengths of the organisations and events that are impacted by COVID-19, rooted within their local economies which enables them to stabilise, and ultimately build on the innovation, resilience and creativity that underpins them.**

<b>Appendix</b>	<b>1:</b>	<b>Respondents</b>
AlgoMech festival of Algorithmic and Mechanical Movement		National Videogame Museum / The BGI
And Other Stories		No Bounds Festival and Hope Works
Andro and Eve		Off the Shelf festival of words
Apricot Ballroom		Opus Independents
Carter's Magical Events		Portland Works Little Sheffield limited
EnableUs		Rutland Hotel
Folk Forest		S1 Artspace
Greentop Community Circus Centre		SheFest
Heritage Open Days		Sheffield Carnival
Heritage Open Days, public talks to community groups, private bookings for events and groups		Sheffield Doc/Fest
Ignite Imaginations		Sheffield Folk Sessions Festival
Kurious Arts		Sheffield Industrial Museums Trust
La Rumba (events promoter) at various venues in Sheffield		Sheffield Theatres
Lughole		Showroom cinema
Mercure Sheffield Parkway		Site Gallery
Museums Sheffield		SIVLive
Music in the Round		The Bare Project
National Emergency Services Museum		The Montgomery Theatre and Arts Centre
		University of Sheffield Concerts
		Victoria works
		Yellow Bus Events Ltd & After Ltd
		Yorkshire Artspace