

Written evidence submitted by West Midlands Culture Response Unit

A collective response to the DCMS Select Committee call for evidence on impact of Covid-19 on DCMS Sectors from West Midlands Culture Response Unit.

Introduction and Context

I am writing as Director of Culture Central, a West Midlands based Cultural Sector support organisation which is leading the West Midlands Culture Response Unit, representing a group of over 100 arts and cultural organisations in the West Midlands during the Covid-19 Crisis. Our purpose is to work together to ensure the visibility, viability and recovery of the arts and cultural sector in the West Midlands.

Amongst the cultural bodies we represent are The Royal Shakespeare Company, Birmingham Royal Ballet, CBSO, Warwick Arts Centre, the majority of regional NPO's, independents, freelance artists and practitioners. Partners include Arts Council England (Midlands), Birmingham 2022, Coventry City of Culture 2021, West Midlands Combined Authority, including the Mayor of the West Midlands, Andy Street and their Cultural Leadership Board, West Midlands Tourism Board, Regional Local Enterprise Partnerships and Local Authorities across the region.

COVID-19 has struck the sector severely. With all theatres, galleries, museums, and other venues closed completely, earned income channels have been reduced or halted completely, with organisations having to rely on reserves, grant funding and the staff retention scheme to survive.

What the West Midlands and wider Cultural sector need:

- Further extension of both the *Self Employed Support Scheme* and *Staff Retention Scheme* for the arts and cultural sector and more help for the large number of freelance and self-employed artists in the cultural industries.
- Survival, recovery and income gap funding.
- A realistic lead in time, with regards to re-opening and recognition that this may only be an option for some of the sector, with support packages reflective of this.
- An ability for organisations and individuals who can prove their practice is safe and in line with Government guidelines to be allowed to open when they can if economically viable.
- **Research, development and investment fund** for physical/social distancing innovations in the sector, including capital infrastructure spend.
- Additional financial support for organisations unable to implement 'Covid-19 Safe' measures for up to 12 months.
- Ongoing financial support for our freelance and independent sector.
- **Vocal and visible recognition** from policy makers of the benefit and value of our sector to the economy and the role we have in creating joy, supporting mental health and well-being and the imaginative ways we can continue to bring people together.

What has been the immediate and likely long-term impacts of Covid-19 on the sector?

Since the beginning of lock-down we have conducted a number of region wide surveys to capture the impact of Covid-19 across the sector.

Our most recent survey 3 weeks ago and additional research highlights:

- 60% of organisations responding to the survey and 53% of individuals are expecting to earn less than 25% of what they generated in the same period last year.
- Income losses are in high tens of millions , if not 100's of million in the region alone, with some larger organisations losing over £3million each month during closure.
- 18% of individuals will only be able to maintain up to 25% of their savings and a further 8% have no savings at all and are relying on emergency funding. Meanwhile 31% of organisations do not have any reserves to fall back on.
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- 6% have commenced or are planning redundancies – this is a change from the initial survey where there were no organisations reporting the commencement of redundancy processes.
- 70% of organisations will run out of cash by the end of 2020
- Without intervention, job losses are likely to be over 200,000 (employed and freelancers)
- With social distancing at 2m, most venues can expect to be able to achieve about 20% capacity, whilst 50-70% capacity is needed to break even
- Confidence in being able to return to trade are falling – 35% of organisations feel they would be able to trade fully within 6 months of re-opening but 33% feel less optimistic than they did a month ago.
- Individuals are only marginally more confident at being able to resume work within 6 months of lockdown ending(38%.)
- There is an increased engagement with digital platforms to engage with audiences, but there are concerns around income generation as audiences expect digital programmes to be free.

We are acutely aware that our organisations cannot just 'open'. They need time to prepare, create, rehearse and produce, make changes to ensure suitable safety compliance and reconnect with lost audiences. There are significant concerns about audience's willingness to return even if we are able to open. (Audience Data sourced from Indigo survey – 'after the interval')

This presents long term challenges of income generation, with the levels needed to maintain our staff, buildings, creative output, and supply chains unlikely to be realised over the next 6-12 months.

- The Job Retention Scheme has been invaluable so far, the end of the Scheme puts the future of venues at risk. Even if venues are able to open, the capacity and work they are able to achieve will be substantially reduced due to social distancing. There is also a 6-10 week lead in period for performance work due to time needed for rehearsals and training, which would leave a significant amount of time where expenditure on staff and overheads need to be met without income.
- Whilst 94% of audiences are missing the opportunity to attend live performances, only 19% would return to venues just because they are open.
- 80% of people would feel safer returning with some form of social distancing measures. This includes 68% of people who would prefer for seats to be spaced 2m apart

- Only 15% of pre-existing audiences are booking tickets, with a third of these tickets being from 2021 onwards.
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- Of those not booking, 42% would not consider booking for at least four months. This is partly because 34% would prefer to stay away from large gatherings.

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

The Staff Retention Scheme and Self Employed Support Scheme have ensured the survival of many organisations in short-mid term, and Arts Council England's Emergency response Package was also a lifeline for many organisations and individuals.

The phasing and ending of these schemes, however, are resulting in organisations starting redundancy processes as many venues and organisations will not be able to earn income in this calendar year in order to retain staff.

The lack of delivery and ability for venues to re-open and deliver work has a significant impact on the freelance sector and smaller organisations, who would normally produce and present work in those venues.

There are also a number of gaps for individuals who have been ineligible for support and loans are not possible, and for many cultural organisations due to not-for profit/charity status.

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

Arts Council England has been exceptional in its speed at addressing needs and re-focussing funding.

Announcing the recommendations to stay away from venues and subsequently closures, in the way it was done, was harmful to the sector. With no initial guidance, schools and communities were unsure as to whether they were allowed to continue activity, and the sector respected the announcements and voluntarily shut as it was deemed the 'right thing to do'.

The next phase of announcements should not have the reverse affect. Messages from government, health officials and local authorities need to be vocal about the safety of participating in arts and cultural activity.

We would like to see evidence of an understanding of business models and the unique challenges that the sector is facing. The majority of the arts and cultural sector are not-for-profit or charities and do not have the ability to return profits as other sectors might.

Making the case for investment in Culture in the West Midlands, the economic value of the regions cultural sector and the impact on our future major events:

The West Midlands is in a unique position, as a region that, is projected to be one of the worst affected, it is also hosting two of the largest cultural events in the UK calendar in the next 2 years.

A comprehensive survey of the value of culture as an economic activity in its own right showed that in 2015, culture contributed £19.5bn GVA to the economy, paid £2.6bn in taxes – £5 for every £1 of public funding – and employed more than 130,000 in largely well paid, highly skilled jobs.

The creative industries, culture, tourism and the visitor economy are crucial catalysts of economic growth and account for around 15% of regional jobs, many of them high value – with the cultural

sector being at the heart of all these related activities. Along with placemaking these activities are key drivers of quality of life and act as a catalyst for inward investment, social cohesion, and wellbeing and are strong influencers of where we want to study, work, live and bring up our families.

With the imminent arrival of major events like British Art Show, Coventry 2021, and Birmingham 2022, the region is entering a once-in-a-lifetime opportunity to have the world focused on us, enabling a 10-year period of cultural investment that will permanently strengthen our economy. It is essential that we capitalise on the £700m+ invested into both major events to get the full multiplier and legacy impacts. These impacts include £1.3bn+ of economic value from UK City of Culture and an increase in our £13bn visitor economy (2019), as well as growth in our creative businesses, clusters and our influence both nationally and globally.

Covid-19 has hit culture and tourism very hard. When this Covid-19 impact is combined with the pre-existing challenges facing retail and high streets, it is estimated that fully £400m, or 30% (estimate), of the projected economic gains from City of Culture and Commonwealth Games could be lost forever unless investments are made into the sector. Without the ability to invest into the cultural infrastructure and ecology of the region, the West Midlands as a region could fail to maximise the benefits from not just one, but two major game changing opportunities which have delivered significant economic and social benefits in other places such as Hull, Glasgow, Manchester and Liverpool.

Experience has shown that major events can have catalytic economic impacts. The Glasgow Games (2014) helped the city to re-position as a 'world-class destination' and as a leading innovator, with 1,600 new cross-sectoral partnerships. Detailed evaluation of Hull's year as the UK City of Culture has evidenced the strong contribution that culture can make to these impacts:

- Significant uplift in visitor numbers in 2017 (an estimated 400,000 – 700,000 additional visitors to Hull in 2017 creating an extra £11-19 million of economic value), as well as new investment in hotels, bars, restaurants and visitor attractions
- Indications that the programme has helped raise skills and ambitions in the local cultural sector and developed new audiences (14% increase in ticketing revenues since 2015) and funder revenue streams (more than 300% increase in Arts Council annual grants for the arts funding since 2012) to support this sector to grow
- Major public and private investment into the city (£3.4bn announced since Hull won the title), with a significant proportion linked to the city of culture programme, which can help the city's economy continue to develop
- Raised pride, confidence and ambition among city residents (including 75% of residents now proud to live in Hull, up from 70% in 2016) which could contribute to individual outcomes around skills development and accessing work in the coming years

A CEBR report on the spill over impact of arts and culture through tourism showed that in 2011 10 million inbound visits to the UK involved engagement with the arts and culture, representing 32 per cent of all visits to the UK and 42 per cent of all inbound tourism related expenditure and amounting to £7.6 billion. CEBR estimated total spending by visitors to the UK that was directly motivated by the arts and culture amounted to at least £856 million. The UK's night-time economy, estimated at £66bn, is also largely underpinned by cultural activity.

Culture has a unique catalysing role to play in 'levelling-up' and regeneration. Research on US business investment decisions shows that residential environment and social and cultural amenities came 7th out of 29 factors that influenced the initial decision to locate to a place. Recent research by NESTAⁱ has shown that there is evidence that skilled workers in the UK do sacrifice higher wages to locate in areas with strong cultural clustering. One recent paper has shown that neighbourhoods in

London and New York with high cultural capital, do see higher than average rises in houses prices in succeeding years.

In addition to tangible economic gains, culture assists placemaking and social cohesion. Participating in cultural activity supports children's achievement in other subjects, and makes them more likely to go on to get a degree. There is also a big impact on young people's soft and transferable skills, with 'structured arts' activities significantly increasing cognitive abilities and transferable skills scores.. These economic and social gains from culture, however, are dependent upon financial resilience within the sector.

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

The Sector is already responding with unprecedented resilience and innovation in pivoting priorities, financial planning and collaborations, taking work online and exploring how to create and present art in safe ways, such as shared spaces, public realm and outdoor work, live and digital.

However, these innovations cannot be realised without investment in new infrastructure and financial models, as well as resource for staff to create, produce, perform and support. With staff on furlough and no income the ability to take risks and invest in these models is challenging.

In addition to the wider sector recovery package we propose investment for the following in the region:

- **Innovative Testbeds & Pilots:** to support a wide range of indoor, outdoor, hybrid and 'meanwhile use' projects that enable experimentation in people flows and new approaches to 'doing' cultural experiences differently
- **Temporary Demountable Structures:** such as trailer stages, temporary structures, marquees, portable hostile vehicle mitigation, power distribution, outdoor seating, LED, digital technology and communications equipment, electric transport and social distancing quick deployment kits.
- **Practical interventions that create cultural action zones across the region,** to maximise long-term economic impact. Such as multi-agency working to pull together business supply chains, incubation networks and new talent with a mix of commercial, heritage and community capital developments.
- **This transformational set of cultural programmes and test beds provides the opportunity for the region to celebrate and promote its diverse talent, culture and business offer**

The subsidised arts sector is the talent, development and inspirational pipeline to our global economic and reputational success. Without major intervention this pipeline will be decimated and the significant financial, cultural, social and health benefits it provides will be compromised if not eradicated for years to come.

Erica Love
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*research references available on request

**List of organisations represented available on request
