

Written evidence submitted by the City of London Corporation

DIGITAL, CULTURE, MEDIA AND SPORT COMMITTEE: **INQUIRY INTO ‘THE IMPACT OF COVID-19 ON DCMS SECTORS’**

Memorandum from the City of London Corporation *Submitted by the Office of the City Remembrancer*

Introduction

1. Considerable emphasis is placed on culture and tourism in the Square Mile in acknowledgement of the important role these elements play in maintaining the City of London’s attractiveness as a place to work, live and visit. The City Corporation’s investment in culture (totalling £135 million in 2018/19) aims to ensure that the City of London is perceived as open, vibrant and culturally rich, attract visitors, businesses and investment, deliver economic growth and benefit London as a whole.
2. The City Corporation provides the Barbican Centre, the Guildhall Art Gallery, London’s Roman Amphitheatre, the City of London Heritage Gallery, the Monument, Tower Bridge, Billingsgate Roman Bathhouse, City of London Police Museum and Keats House. It also runs an extensive outdoor arts programme in the summer months, animating City spaces such as Guildhall Yard and Aldgate Square. It is a core funder of the Museum of London and the London Symphony Orchestra. The City Corporation’s City Information Centre (CIC), near St Paul’s Cathedral, is the only official tourist information centre in central London. This submission draws together comments made across these attractions and programmes.
3. Research by London&Partners has found that four out of five visitors to London cite its culture and heritage offer as a principle attraction, and across London cultural tourism generates £3.2 billion and supports 80,000 jobs.¹ Recent statistics compiled by RJS Associates Ltd show that City of London welcomed around 21.5 million leisure and business visitors in 2018, approximately one third of whom² viewed the City’s attractions, including St Paul’s Cathedral, Tower Bridge³ and the Tower of London.⁴ It is estimated that tourism supports over 18,800 jobs in the City across 1,800 businesses, and that the total tourism-related spend for the City is £2 billion.⁵ Of this expenditure, 31% is estimated to relate to overseas visitors.
4. Given these figures, the impact on the City’s cultural attractions of COVID-19-related travel restrictions and loss of visitor confidence is likely to be significant. Nor, in the eventuality of restrictions being eased and premises reopening, is domestic and international visitor confidence likely to recover immediately.
5. To take Tower Bridge and the Monument as case studies, the estimated loss of income for Tower Bridge based on a 3-month closure from April to June stood at £1,958,000. The majority of Tower Bridge’s income is from admissions, with 80% of visitors coming from overseas. Additional losses are related to retail, venue hire and filming income. The loss of

¹ London & Partners, London’s Cultural Tourists (2015).

² The City Attraction Monitor recorded 6.69m in 2018, covering all City attractions and including the Tower of London and Tower Bridge.

³ On the City’s eastern boundary, provided by the City Corporation and counted within visitor statistics.

⁴ On the City’s eastern boundary and counted within visitor statistics.

⁵ City of London Corporation, *Discover the City: The City of London Visitor Destination Strategy 2019-2023*, 2019.

income for The Monument over the same timescale was estimated at £159,986. This estimate is predominately related to admissions, with 60% of visitors coming from overseas.

6. London's cultural strength serves to attract business investment as well as short-term visitors. As noted in the *World Cities Report 2015* by BoP, Bloomberg Philanthropies and the Mayor of London, "*In a global marketplace, having a good job is not always enough. Talented people want a vibrant urban experience, they want festivals, clubs, art galleries, they want to eat great food and meet interesting people. The energy and character of a city is as important in attracting investment as it is in attracting theatre-goers, and in developing and keeping a skilled workforce.*" The decline or loss of London's cultural offer could therefore have significant implications for London's competitiveness as an international business centre and its ability to attract Foreign Direct Investment.

Government Support

7. At present, the Government's job retention furlough scheme is due to last until the end of October. While not all of the staff at the City Corporation's attractions are eligible for the job retention scheme owing to the way in which they are funded, in general if attractions are not permitted to open by this date, and perhaps not for some considerable while, assurances will be needed from the Government that it will continue to provide support to the cultural sector past the scheme's current expiration date. In the circumstance that attractions are unable to open in the medium to long term, the Government should consider providing additional support to the sector, as governments elsewhere have done, including in Austria, Poland, Japan, the Netherlands, New Zealand, and the USA. Research commissioned by the Creative Industries Federation from Oxford Economics has projected that, as a result of the coronavirus pandemic, the creative industries across the UK will see a £74 billion drop in revenue and the loss of 400,00 jobs. The impact in London is likely to be especially acute, resulting in a £4.6 billion (25%) fall in GVA.
8. The case for supporting the cultural sector was made in a recent *Financial Times* article by director Sam Mendes, who noted that theatre audiences in 2018 totalled 34 million — approximately the same number as those attending Premier League and English Football League matches — and generated ticket revenues of £1.28 billion. The cultural sector as a whole contributed £32.3 billion to the UK economy — an increase of 21.9% since 2010. In London, VAT receipts alone totalled £133 million. Mendes' proposals, which could be applied to the sector more widely, included an extension to the job retention scheme, greater support for freelancers and self-employed artists, and targeted tax relief to support recovery — Mendes suggested an increase in the theatre tax relief scheme from 20% to 50% for the next three years, applicable to a production's running costs and to the remounting of suspended productions.
9. In case of a second lockdown or a future pandemic, the Government should consider developing a less bureaucratic support scheme that could be deployed at speed to support businesses and attractions. To inform any such scheme and help prepare for any future crisis, the Government should conduct a sector study to facilitate the sharing of 'lessons learnt' and best practice among the UK's cultural and tourism industries around closure and reopening protocols and pandemic planning. The present situation has been an unprecedented experience for all that, if properly documented, could be used to inform future actions.
10. The Department for Digital, Culture, Media and Sport should establish a central repository for recovery data from across the UK's attractions industry. Such data should be consistently and regularly collected, including at destination level. Such data should consider audience demography, travel patterns, spend data (primary and secondary), sentiment, and compliance with social distancing measures, amongst other datasets. Such a mechanism would provide

attractions with useful benchmarking data and inform marketing spend, as well as regional priority areas for promotion or support.

Business Compliance

11. While it is welcome that Government guidance on reopening cultural attractions is, at the time of writing, forthcoming, consideration of school groups and group bookings for attractions should be given in any Government guidance. School groups and other group bookings are the “bread and butter” in revenue terms for some attractions, but diminished confidence and the effect on enjoyment of the need to social distance amongst these visitors may exert a downward pressure on their attendance. Reassurance that appropriate measures are being implemented and are compliant with Government and NHS guidelines will be needed to build public confidence in attending attractions.
12. The cost on reopening of social distancing requirements, cleaning products and PPE, including additional staff resource across cleaning and security functions, may be cost prohibitive, especially if capacities are limited and/or sentiment dictates significantly lower footfall. The need for more frequent cleaning would, in particular, have cost implications, whether cleaning services are contracted or delivered in house. The Government should consider additional support to offset this cost for attractions. While most safety measures will be realised through social distancing, the ability to secure appropriate supplies for ‘Front of House’ operations will be significant in reopening, and may cause delays if demand outstrips supply.
13. Ensuring the safety and security of heritage collections (such as paintings and archives) while buildings have been empty during the lockdown has posed challenges to the sector. Remote reading of environmental conditions and regular checking of buildings (maintenance, safety and services) has been paramount to their security. It is likely that attractions will require investment in systems in preparedness for future crises, as and when they are able. The Government should, in the longer term, consider making development grants, either directly or through its funding bodies, to ensure that assets and collections are preserved for future generations.

Reactivating Supply Chains

14. Many attractions are ‘composite businesses’, comprising, for example, restaurants, bars, retail outlets, galleries, auditoria and outdoor spaces. Elements such as bars and cafes are significant sources of income for many attractions. While recent trends have encouraged income diversification, those cultural providers that have moved away from a reliance on the public purse and towards a greater reliance on commercial activities are faring less well from the crisis than those which have remained reliant on the public purse. For example, the City of London Information Centre is looking at a budget deficit of 50% caused by its COVID-19 related closure. This reflects a move from being entirely subsidised by the City Corporation to receiving only one third of its income in this way in 2015. While the possibility of catering and hospitality outlets being able to reopen later in June or in early July is welcome, continued guidance that social distancing must be kept to 2 metres within outlets and the attractions that house them will continue to limit capacity and impact economic viability.
15. For those City attractions considering opening, potential capacities anticipated when social distancing measures are put in place hover around the 10 to 20% mark. This would not generate enough income to cover the costs of the additional measures (such as regular cleaning) and not provide enough footfall to the catering concessions within venues to allow them to open with any expectation of breaking even, let alone turning a profit. A reduction in the guidance to 1 metre – or even 1.5 metres – would significantly impact on revenues, potentially doubling income in some circumstances and so incentivising the attractions (and

their commercial suppliers) with the prospect of revenue gains. For example, modelling at Tower Bridge suggests that the attraction could operate at 14% of normal capacity while maintaining social distancing of 2 metres. At a social distance of 1.5 metres, the safe operating capacity would increase to 20% of normal figures.

16. The City's tourism attractions have seen already casualties in their supply chains as a consequence of the COVID-19 pandemic—for example, the City Information Centre's foreign exchange provider has broken its contract under the Force Majeure clause, leaving a shortfall in the service offered and in income budgets going forward. This decision was based on the anticipated low footfall at the Centre post-crisis and the downturn in international travel over the next two years. Improving supplier confidence will therefore be an important consideration as the sector moves towards recovery.
17. The sector is well-served by volunteers, many of whom are retired or fall into other groups vulnerable to COVID-19. Many of these volunteers ordinarily occupy Front of House positions, and continued shielding of this cohort may lead to a reduced operational capacity for attractions and a related rise in the cost of staffing.
18. To ensure that audiences are able to return to a thriving cultural sector as the COVID-19 situation develops and transitions to a 'new normal', consideration needs to be given to supporting and developing the sector's wider workforce, including volunteers, artists and performers, during the period of closure.

Stimulating Demand

19. Given the impact of COVID-19 on international travel and tourism, attractions that attract a higher proportion of international visitors are likely to see the greatest impact on footfall at reopening. In the City, Tower Bridge welcomes 80% of its visitors from overseas, Monument 60% and the City Information Centre 79%—the remainder are predominately from domestic markets outside of London. Given the importance of overseas visitors to these attractions—and to London's cultural sector more widely—there are significant concerns regarding the Government's quarantine policy, which would severely impede any recovery in inbound tourism. Unless this policy is swiftly reversed following its review later this month, it is vital that investment is made in London's cultural assets to secure the capital's role as a global cultural beacon and gateway for UK tourism.
20. In the medium to long term, global competition for international audiences will be very high. Indeed, Sicily's regional government has announced that it will pay half the cost of visitors' flights and hotel bills in order to win back custom.⁶ The Government should consider what support it will provide to help the UK tourism industry recover in international markets, and how support will be made available to specific destinations and attractions. The Department for Digital, Culture, Media and Sport should, for example, consider increased investment into Visit Britain and Visit England's marketing activity to support the recovery of the international and domestic travel markets. The suspension of Air Passenger Duty and the waiving of VAT could also serve to support airlines and the wider tourism sector.
21. Setting the Government's quarantine policy aside, London's recovery as a tourism destination for both domestic and international visitors is likely to be slowed by its international focus and perceptions of the city and its public transport system as crowded and forming a locus of the COVID-19 outbreak in the UK.⁷ Given London's role as a gateway to other regions and destinations in the UK for international visitors, it is important that future marketing campaigns in both domestic and overseas markets include London as a key attraction to

⁶ www.traveltourismnews.com, *Italy Sicily will PAY half the price of your flight, hotel bill and free museums tickets to get back tourist after CoronaVirus*, accessed 30.4.2020.

⁷ As noted by Digital Visitor, [Visitor Attraction Predictions for the near future](#), accessed 30.4.20.

support the recovery of the tourism industry across the UK. This is contrary to recent Government funding for destinations, which has focused on the regions, though support for regional tourist boards, including London&Partners, Visit Wales and Visit Scotland will remain important in stimulating demand, and in particular domestic demand, for the sector as a whole. The work of the Discover England Fund should also be leveraged to this end.

22. In general, London's cultural assets are likely to fare less well than those in England's regions as their focus switches to attracting 'hyper-local' audiences (a trend supported by the London&Partners and The Alliance 'Because I'm a Londoner' initiative, launched on 17 June, which seeks to restore consumer confidence in the capital by encouraging Londoners to use their local cultural and retail facilities). Attractions in the City are exposed in this regard as the City's own resident population is relatively small. Overall, the capital relies on overseas and domestic visitors to deliver the income to keep its assets running, maintained and accessible. With domestic tourism in decline in the capital since 2011 and with the negative perceptions of London's safety noted above, it is anticipated that it will see a significantly slower recovery than elsewhere in the UK.
23. While the City Corporation and its wider transport strategy recognise, along with City Hall, that London's recovery from COVID-19 should not be built on the back on significant increases in car usage, given the gains in improving air quality and promoting active travel in recent years, the Corporation also notes the concern expressed by many City attractions (both external and run by the City Corporation) regarding the recent planned changes to the Congestion Charge, agreed as a condition of the Government's financial support for Transport for London. While it is said to be a temporary measure, an increase in the cost and operating times of the Congestion Charge could have a negative impact on footfall beyond that already anticipated from COVID-19. This would be largely born of public reluctance to use public transport, though many 'hyper local' visitors would be able to walk or cycle. The City Corporation understands that of greatest concern to some attractions and businesses is the extension of the Congestion Charge into the weekend, given that this is a quieter time in the City and that, historically, parking restrictions have been eased on Saturdays and Sundays to encourage shops to open and to help animate the City when the weekday workforce is absent. The implementation of the Charge at evenings and weekends may also contribute to access issues faced by elderly and vulnerable visitors who may feel excluded by the measures. If custom falls to such an extent that it becomes commercially unviable for shops to open, this in turn will impact the cultural eco-system of the City and may result in a weekend "ghost town" scenario, which the City Corporation's Cultural and Visitor Strategies have worked hard in recent years to avoid.
24. The digital consumption of cultural and touristic products has seen significant growth during the lockdown, including on platforms such as YouTube and Google Arts and Culture, and via regional content collection and promotion (including London and Partners' #VirtuallyLondon). However, developing pay-to-view content in a crowded marketplace and with minimal time and resource to create complex delivery platforms has impeded attractions and cultural providers from generating significant revenues. Generating greater digital revenues is therefore likely to become a focus for many attractions in the coming months as the sector transitions to a post-COVID-19 situation. This will not only allow attractions to become pandemic-ready in the event of another crisis, aiding resilience, but will also facilitate greater creativity in the delivery of digital culture, providing an alternative and complementary channel for the consumption of cultural products. Particular interest has already been demonstrated in channels which allow participatory engagement. This area should be considered by the Government as a focus for development grants by its funding bodies in the future.