Call for Views on the Impact of COVID-19 on Scotland’s Culture and Tourism Sectors

1. Summary and recommendations

1.1. Summary
The impact of the Covid-19 pandemic and societal lockdown on EIF and the wider cultural sector has been profound and without precedent. With countless creative and artistic roles and businesses on the precipice of redundancy or bankruptcy, the cultural sector faces an existential threat which places our national cultural heritage at risk of immediate and terminal decline. The financial losses incurred within individual organisations and across the sector are beyond what it is possible to recover from without sustained and comprehensive direct state investment for years to come. There is an urgent need for a co-ordinated strategy which is unlimited in scope to save the cultural sector, one which must remain consistent with our values and seek to address wider health and social inequalities and the climate crisis.

1.2. Key Recommendations
• A UK-wide recovery and action plan to support the cultural sector, with culture recognised as an integral part of any national economic recovery plan.
• Maintain or, wherever possible, enhance existing levels of public support in order to enable the core activities of the creative sector.
• Urgent collaborative UK-wide guidance on how to stage safe performances. This should include help with the additional costs of staging safe events.
• Clarity on potential liabilities for venues, producers, presenters in staging events.
• Consideration of steps to be taken to ensure appropriate insurance products are available at reasonable cost to the culture and events industry, including a consideration of an intervention analogous to the Government Indemnity Scheme.
• Active measures to address audience confidence and the willingness of performers to travel.
• A differential approach to the withdrawal of any existing pandemic related Government support until normal levels of business can be safely resumed within the cultural sector.
• A revision of Theatre Tax Relief to increase the percentage rate relief on productions and a waiver of VAT on ticket sales.
• Enhanced incentives for new entrants to the cultural industries.
• Enhanced data on social and economic impact of culture and the performing arts in Scotland and across the whole of the UK.
• An in-depth plan and strategy to examine how the UK cultural sector can identify and implement a sustainable business model for the immediate and longer-terms.
• Institute a new ‘Green Deal’ to support sustainable international arts festivals that are consistent with our shared goals of eliminating carbon emissions and minimising increases in global temperatures.
2. Introduction

2.1. EIF is the world’s leading multi-genre arts festival; each year since 1947, Scotland’s capital has hosted an unparalleled celebration of the performing arts; an annual meeting point for people of all nations. Our impact extends beyond the Festival programme to our extensive community learning and engagement activity and professional development programmes which run throughout the year. Bringing the greatest domestic artistic performances to a global audience, the Festival is the embodiment of cultural soft power for which the UK is renowned and plays a key role in supporting the UK’s international cultural diplomacy and raising the profile of Scotland and the UK.

3. Background

3.1. On 1 April, EIF announced – alongside our sister festivals in the city of Edinburgh – that, for the first time in over 70 years, our 2020 Festival would not go ahead due to the Covid-19 pandemic. Together, the five August festivals comprise over 5,000 events across Scotland’s capital, welcoming audiences of 4.4 million and over 25,000 artists, writers and performers from 70 countries, making them the second biggest cultural event in the world after the Olympic Games.

3.2. The Edinburgh International Festival was born out of adversity – an urgent need to both reconnect and rebuild after the devastation of WWII. This current crisis presents us with a similar sense of urgency and we are currently focused on the resilience and sustainability of the organisation, of the individuals and companies that play an essential role in realising the Festival, and finding ways to support our local communities.

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

4.1. The impact of Covid-19 on EIF has been profound. It has resulted in the loss of all planned programming and events for 2020 and a complete loss of all ticketing income and commercial revenue.

4.2. In any normal year, EIF employs over 350 people including core, freelance and seasonal staff in the staging of the Festival and contracts a further 200 suppliers. With the cancellation of the 2020 Festival, the majority of those people cannot now be engaged, nor businesses contracted, meaning the negative economic impact is spread widely across Edinburgh and the cultural sector within the UK.

4.3. In the period following the cancellation of the Festival, EIF furloughed most of its permanent staff, closed its building to the public and introduced home-working policies for those continuing to work.

4.4. Since the cancellation, EIF has received many messages of support from friends, colleagues, artists, funders and the public across the UK and internationally, who have expressed deep sadness at the loss of being able to gather in Edinburgh for the Festival this year. What has become clear is the profound connection that the people of Edinburgh, Scotland, the UK and internationally have with the Festival, underlining the wide reach and influence of the Festival.

4.5. Our mission to bring the greatest programme of performing arts from across the world to the UK in Edinburgh, has never been more essential. At the same time, the threat to the Festival, our capacity to continue operating and the vulnerabilities of the cultural sector
place that mission at significant risk. In our comments below, we have detailed some of the actions we have taken since the cancellation of the Festival, where government support has been effective and where, we feel, further assistance is needed to ensure that we retain the capacity to deliver on that mission.

5. Cancellation of 2020 Festival programme

5.1. EIF, alongside our sister festivals in Edinburgh, jointly announced the cancellation of our 2020 programmes on 1 April. The clarity of this co-ordinated approach was welcomed by the artists, producers, and performing companies with whom we work and reflected both our sector’s overriding concern for public safety and the acknowledgment of both the risks presented and our determination to play a part in minimising the risk of infection.

5.2. The cultural sector and the Edinburgh festivals have an interdependent relationship; artists and performing companies (at the time of cancellation) faced concerns about potential restrictions upon travel. As we have seen subsequently, with the limiting of movement being a key element in controlling the rate of infection, public performances from international artists were simply incompatible with our need to support public health. This lead to closures of theatres and concert halls, many of which were dependent upon business from the festivals, just as EIF and our partners are reliant on venues.

5.3. Additionally, there remains an undoubted loss of audience confidence with respect to safety and the inherent risk of performances in enclosed performance spaces. There was, at the time, no clear guidance or instruction from government(s) as to whether we should continue planning for the Festival, and the steps which EIF and our partners should take, or specific instructions to cancel. This led to organisations being exposed to potential claims for cancelling events and performances in the absence of clear instruction from government.

5.4. Festivals’ economic and social impact
Collectively, the August festivals contribute £312 million to Scottish GDP, so the loss of the festivals represents a major loss to the economy beyond the cultural sector. We work in every ward in the city and with 72 schools, most notably our three-year residencies with Castlebrae Community High School and, currently, Leith Academy. In 2019, EIF’s outreach activities led to us working with over 15,000 people across Edinburgh. The loss of this wider connection with the public will be keenly felt if we are unable to maintain our work and will mean communities across the city will miss out on many of the associated health and wellbeing impacts of our outreach work – particularly troubling during these times of increased isolation and social distancing. Further details of EIF’s outreach work here is available on our website at: https://www.eif.co.uk/about/learning-and-engagement/young-people.

5.5. EIF relies upon relationships with key suppliers and creative businesses with whom we have had long-standing partnerships and whose livelihoods have, in turn, been dependent on Festival income. We have initiated a ‘pay it forward’ policy through which we have provided income to contractors based on planned 2020 Festival work to be called in on future Festival activity. This has provided a valuable source of income for many individuals and companies, particularly those who have fallen through the cracks in the various Government schemes. EIF supports employment for up to 2,000 creative roles in addition to our own staff, and the loss of income for those individuals could be the difference between being able to sustain their businesses for another year or risk insolvency.
6. Planning for 2021

6.1. The outlook for 2021 remains in doubt as it is uncertain when social distancing restrictions will be lifted and what limitations on the staging of live events and social gatherings may remain. This introduces significant risk to the future operation of the Festival. Planning for the 2021 programme will require a range of contingencies to ensure any events can adapt to changing circumstances. Given the time required for rehearsals and logistical arrangements to be put in place, EIF and our partners will need as great a degree of certainty as possible to ensure the sustainability of our programme and the health and safety of performers, festival staff and audiences alike. Clarity from government, with consistent messaging and co-ordinated planning and implementation across the UK and our international partners would strongly benefit both the cultural sector and the public in supporting the development of future events.

6.2. EIF, like other major festival organisations, faces a complex variety of challenges in the immediate future. These include:

- lack of audience confidence – leading to depressed ticket sales and vastly reduced commercial income
- uncertainty around any extension of social distancing measures – making events economically unviable and full orchestral performances impossible
- inability to secure cancellation insurance at a reasonable cost
- increased pressure on cashflow as artists and management require greater security ‘up front’
- potential unwillingness of artists and companies to undertake international tours

6.3. It is essential that active measures are taken to address these challenges with immediate effect, otherwise our sector simply cannot expect to be viable beyond the short-term or until a vaccine is developed. EIF will continue to work closely with both UK and Scottish Governments and our core funders to plan for a range of scenarios, but it is likely that any Festival in 2021 will be at a reduced scale and consequently lead to reduced income. It may, therefore, take several years until the Festival is able to return to its previous scale of operations.

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

7.1. In the relatively short period since the emergence of the pandemic, it has been inspiring to see how the cultural sector has responded to barriers to physical performances and the adoption of digital streaming. Nevertheless, digital presentation, whilst addressing an immediate audience need, is not a long-term solution for the sector as it is simply not economically viable. There is, additionally, a concern that the impact of digital performances will have a diminishing return for a sector in which the emotional, tangible experience of the live moment is, ultimately, irreplaceable. The impact of a physical performance is what brings our art to life for audiences and can be fundamental to the meaning of the work itself.

7.2. Therefore, EIF is keen to stress the need for the creation of urgent collaborative, detailed guidance, consistent across the UK, on how to stage safe performances and clarity on the liabilities that could be faced by venues, producers, presenters and others in relation to future Covid-19 infections occurring and linked to specific performances.
7.3. While EIF seeks to develop a viable programme of events – ones adaptable to potentially changing circumstances of health protection measures – we can only do so with certainties available to our staff and board of trustees with respect to risk management for audiences and performers, staff and contractors. We were pleased to see the creation of the UK Government’s Cultural Renewal Taskforce and are ready to engage with that group and those in Scotland as we move to find a way forward.

7.4. It is essential that any cultural renewal plans instituted are UK-wide, as this better reflects the reality in which the cultural sector and EIF operates. Any ‘England-only’ approach that emerges from the Cultural Renewal Taskforce would disadvantage organisations in the devolved administrations and effectively create an uneven events market within the UK. A fragmented approach would be unhelpful and even further damaging to EIF and other organisations that work across UK. Given the particular interests of the Festival, our pivotal role as a provider of employment across the wider creative industries and our global status, it is critical that our voice is heard as part of any discussions at the earliest opportunity, and we stand ready to engage with government on future resilience planning.

7.5. The cultural sector, particularly those areas involved in live performance, will take a long time to recover from the current circumstances. EIF, therefore, calls for a targeted approach to any withdrawal of emergency government support until normal levels of business can be safely resumed (which could be a period of 2-3 years, or longer). This should seek to include (though not be limited to) the following areas of support:

- protocols to enable live events to take place safely, including practical testing of performance options with audiences and the introduction of safety equipment in venues as part of interim measures in the shorter-term
- ways to spread risk between government and performing or presenting companies and venues through e.g. a scheme to underwrite loss of ticket sales or other commercial income.
- New insurance products or approaches that enable organisations to manage risk affordably, for example, an equivalent of Government Indemnity Scheme for live events
- Innovation in monetising digital products and presentation.

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

8.1. Sustained government support will be needed across the cultural sector if we are to respond while we await the arrival of a proven vaccination. EIF is dependent upon artists, cultural organisations, businesses and freelancers to bring our Festival into being, many of whom derive a large share of their annual income from participation in the Festival. The absence of the Festival means these groups will lose a substantial proportion of their income, putting their employment and livelihoods at risk. We must sustain the core of our industry in order that wider benefits can be delivered from major organisations to cultural infrastructure, the economy and communities. As we look towards the running of future festivals, it is essential that this infrastructure is in place to support and make possible these events.

8.2. The vocal support of governments from across the UK for the Festival has been heartening. It is essential that, at a practical level, this extends to the individuals and businesses who will help us bring future editions of the Festival to life. Even with the support already available from the UK and Scottish Governments, the impacts of the
pandemic will be long-term, and our sector needs a significant package of support to ensure its sustainability once lockdown measures are lifted.

8.3. International measures to support the cultural sector, such as those in Germany and New Zealand, hint at the more comprehensive programme of support which needs to be replicated in the UK. This should be regarded by government as an investment in a successful sector which delivers a substantial return. Indeed, the Creative Industries Federation has shown that arts and culture contributes more than £10.8bn Gross Value Added (GVA) to the UK economy – a greater amount than the agricultural sector1. As we face the challenge of an emerging global recession, rather than seeking to reduce budgets, the Government should seek to enhance – or, at the very least confirm existing levels of public support in order to enable the core activities of the creative sector to be maintained at world-class quality.

8.4. Social distancing within creative venues

We have seen in recent weeks reports on the parlous state of many areas of the UK’s cultural sector and the challenges which will undoubtedly persist even with an easing of the changes as we move out of lockdown. There are clear challenges on a practical side to the capacity of venues to putting on performances with the required 2 metre distancing. It has been suggested that this could limit audience to as little as a tenth of the full venue capacity, while an economically viable audience figure would be closer to two-thirds attendance.

While prioritising public health and safety, there should be an exploration of either reduced or relaxed social distancing measures or the creation of a comprehensive set of guidance and equipment to enable venues to stage mass gatherings safely. This may require help with the additional costs of staging safe events, including extra security and stewarding, pre-event checks, accommodation and equipment costs and increased labour costs. These costs may amount to several pounds per attendee, an additional burden that will be impossible for nearly all venues in the sector to absorb. Therefore, it may be necessary to establish a subsidy for social measures, recognising venues can only operate at 20-30% capacity at 2 metres distancing and 30-40% at just 1 metre.

8.5. Given the complex and granular structure of the creative industries sector, with its blend of national performing companies, freelancers, independent businesses and self-employed individuals, we remain concerned about the potential for unintended consequences arising from gaps in existing support schemes. We understand that many in the sector remain unable to access aspects of the UK Government’s support programme and feel this needs to be reviewed as a matter of urgency.

8.6. Additionally, the UK Government could take further immediate steps with a view to mitigating some of the challenges facing our sector, such as a revision of Theatre Tax Relief to increase the percentage rate relief on productions and a waiver on VAT on ticket sales – measures which could be implemented for a limited period of time. More substantively, EIF feels there should also be incentives for new entrants to the industry, as young people, particularly those from economically disadvantaged backgrounds, may not wish to join a sector that does not appear to be valued, provide appropriate levels of remuneration or adequate job security.

8.7. Without the sustained ability of creative businesses, venues and artists to continue working in cultural production, it is inconceivable that EIF would be able to continue operating and delivering the Festival as it is currently known. The existential threat to the cultural scene cannot be underestimated. We believe that an in-depth plan and

1 https://bit.ly/3ee7tT1
strategy, examining how the cultural sector across the UK can identify and implement a sustainable business model for the immediate and longer-terms is essential. Any scenario in which this infrastructure fails to gain adequate, timely and comprehensive support from governments across the UK could fatally jeopardise our hard-won position as the world’s Festival City and cultural centre.

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

9.1. EIF Supporters
EIF has had a long and incredibly positive relationship with our funders, from the public sector (the City of Edinburgh Council, Creative Scotland, Event Scotland and other agencies and the Scottish and UK Governments) to the private sector (including individual donors, trust, foundations and our corporate partners). We are deeply grateful for all the support we have received, without which the future of the International Festival would have been far less certain.

9.2. The quick establishment of the UK Government’s Coronavirus Job Retention Scheme has been critical in providing EIF with the necessary certainty and guarantees to assess our financial position and to plan for business continuity in a way that has minimised organisational risk and employee job security. Nevertheless, given the accepted crisis which the creative sector is facing – with many venues and institutions either already facing insolvency or likely to enter insolvency in the short-term – we urge the UK Government to do more. A UK-wide action plan which is not limited in scope and with the backing of the state to do what is necessary to save the cultural heritage and industry of the country must be established with immediate effect.

9.3. Charity sector’s capacity for preparedness planning
Third sector organisations like EIF require consistent and reliable support so we can adapt in moments of crisis, ensure the safety of our staff and provide for the sustainability of our charitable company. Given the complexity of planning for festivals in the coming 12-24 months and beyond, any future support must enable modelling of a variety of scenarios and to design-in the flexibility necessary for event programming and organisational management as we move forward through the pandemic. We have maintained a positive dialogue with all our funders over recent months and have been able to communicate the inherent challenges which lie ahead for us all and we particularly welcome the flexibility that they have shown so far in allowing us to repurpose funds in ways consistent with their intended purpose.

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

10.1. Wider Economic Considerations
While the prioritisation of health measures is, of course, the primary concern of governments at this time, we have appreciated the rapid engagement EIF has had with officials in DCMS, the Scotland Office and Scottish Government on how to best protect and support the creative and cultural sectors. This has been particularly true with regards to discussions on the flexibility around repurposing funding at short notice.

10.2. The creative industries sector has been a key driver of economic growth for the UK for many years and the future success of our sector will best be assured by early planning as to how we might emerge from the crisis. The initial lack of clarity over instructions as to whether venues should close or remain open was not helpful and has left venues vulnerable to potential losses and cancellation claims. Indeed, it was the strong, established networks within the cultural sector which made it possible to share information and provide advocacy advice and peer support.
10.3. As we emerge from the pandemic, it is essential the cultural sector is involved in discussions with other sectors of the economy, which we hope will be a key legacy of the Cultural Renewal Taskforce. There has been a noticeable need for robust evidence on the contribution of arts and culture to life in the UK. The relative paucity of data on this has made it more challenging to articulate the impact of the crisis on our sector and the implications for wider society and the economy.

10.4. There is certainly a case to be made for the interconnectedness and interdependencies between sectors to be better understood, for example, with respect to culture and sustainable tourism (see below), and culture and immigration (the latter having exposed challenges posed by quarantine measures and implications for UK Visas). Finally, the cultural sector has had to transition equally rapidly to the circumstances of new working practices, such as working from home and flexible working patterns.

10.5. While our sector has always been nimble and adaptable to the individual, personal and professional needs of our workforce, the past several months have been incredibly challenging and, as we move forward, governments and policy makers must be mindful of the rate of change taking place – not to mention existing existential threats such as adapting to climate change – and work actively in tandem with our sector to secure a prosperous future.

10.6. The progress which has been made in recent years toward developing the understanding of how culture positively contributes to wider public policy outcomes must be capitalised upon. We believe passionately that the success of our national response to the Covid-19 pandemic will be powerfully and positively enhanced by enabling the cultural sector – and our festivals in particular – to once again bring an inspiring programme of performing arts to audiences at the Festival.

11. Sustainable tourism

11.1. Cultural tourism is recognised as the main reason why many visitors come to Scotland and the UK, as well as the UK as a whole\(^2\). The current moment, looking beyond the immediate health crisis, does present an opportunity to come back ‘greener’ as people reconsider the appropriateness of international travel. In particular, the cultural sector and festivals have long benefited from the availability and ease of national and international travel.

11.2. Long-term solutions which enable us to reduce the environmental impact of international travel (both from audiences and the delivery of festival programmes themselves) are essential and will require rapid investment in sustainable and integrated transport options. These must support greener choices for staff, performers and audiences which also present solutions that are consistent with health messaging across national borders as these emerge. A new ‘Green Deal’, in response to the Covid-19 pandemic, should be instituted to support sustainable international arts festivals that are consistent with our shared goals of eliminating carbon emissions and minimising increases in global temperatures.