



SUMMARY OF OTHER SURVEYS ON EFFECT OF COVID-19 ON NORTH EAST ARTS AND HERITAGE SECTOR

Introduction

Following the North East Culture Partnership's (NECP) survey of the North East's arts and heritage organisations: <http://www.case4culture.org.uk/updates/results-of-our-covid-19-sector-temperature-check/>

NECP has been examining other surveys in the region and elsewhere, to discover the key messages and the common messages between them, with a view to developing a recovery plan for the sector in the North East.

And, this is against the background of considerable existing deprivation in the North East, pre-Covid-19:

Socio-economic context of the North East

The North East has the second smallest population out of the 12 UK regions, at 2,657,500¹ in 2018.

Pre Covid-19, in 2018, the North East already had the 3rd highest % of economic activity in the UK – at 22.9%¹, and only 77.1%¹ economically active – the 3rd lowest in the country. Between January and March 2020, the employment rate in the North East was 72.9%³ was the 2nd lowest in the country, with the highest unemployment rate in the UK, at 5.4%³.

Highest deprivation: In 2018, the North East had the lowest % of people qualified to NVQ level 4 and above – only 31.9%¹ of the population. And in 2018, the NE already had the lowest weekly pay in the country – at £531.10/week¹.

High levels of disability: The North East has the highest % of disability of all UK regions, according to the 2011 census, at 21.6%⁵.

Digital poverty: The North East had the 2nd lowest level of digital poverty in the UK in 2018, at 12.1%⁴ and the joint 2nd lowest level of the 5 basic digital skills, at 71%⁴.

Reliance on the public sector for employment and services: At 19.7%², the North East had the 4th highest % of people employed in the public sector as of December 2019.

Remote rural areas: In the 2011 census, 18.4%⁶ of the NE population lived in rural areas.

Covid-19 surveys

1. North East Culture Partnership

Adapting to the changing circumstance

- 79% of organisations said they could offer services online, however, there was a concern about how this could be funded.
- 58% are adapting their work and working on ways to support local communities, vulnerable people, mental health – over the coming weeks we will be sharing examples from a range of organisations who are making progress in delivering this.

The financial impact

- 65% face financial losses of between 50 to 100%
- 34% said that had lost all work and events with a particular impact on the self-employed

Accessing support schemes

- Only 17% of freelancers said they could access government support
- 46% said the Government support for SMEs was not relevant to their organisation
- 17% will benefit from business rate relief

Managing staff and contractors

- 45% are reducing staff costs through redundancy, furloughing, cancelling contracts
- Only 10% have been able to redeploy or find alternative work to retain staff

2. Creative Industries Federation

In the North East, some of the key statistics which emerged in the CIF survey were:

- Nearly 43% of respondents are self-employed.
- 34% of responders to the CIF's survey said that their income had reduced by 100% due to the lockdown for Covid-19;
- Only 4% could last more than 6 months;
- 15% have had to make all their employees redundant;
- Over 41% have terminated all of their freelance contracts;
- 22% said they would have to furlough all their workers;
- Over 94% said that they are not eligible for the business rate exemption grants.
- Over 77% expressed concern that the self-employed grants are not available until June.

3. Gateshead Council

Financial resilience:

- The survey looked at the cash flow situation over a four-month period. 99% responded a reduction in turnover, ranging from £0 to £150,000.
- The SMEs and Sole Traders were almost a 50/50 split between confident and not confident of their survival beyond 4 months.
- The more mature the business, the more likely it was that they recorded feeling more confident about survival.
- The CICs showed hesitant confidence in the future at this point.
- The more mature and larger organisations were more confident of financial survival, but not confident about returning to a pre-COVID-19 offer.

- SMEs were the largest group of the cultural sector to take advantage of the government's furlough scheme.

Effect upon staff / employment:

- 53% of the responders in this survey are sole traders, of them 93% recorded that they were working and earning substantially less than normal, tending towards 0%.
- The majority of sole traders recorded that they were not eligible for job-retention schemes or employment relief for reasons such as: Not been in business long enough; Not registered for VAT; earnings for previous year to two years not sufficient to qualify for enough funding/relief; system does not recognise portfolio careers and not suited to the 'gig' economy for sole traders; No premises, so not eligible for rent/rates relief or rates etc part of letting fee; did not want to borrow money/loan and push the debt further into the coming months; already in receipt of pension, child benefit, income tax credits, not likely to qualify; did not know about some of the funds; forms not easy to fill in.

Business continuity:

- No business of any type has shut down permanently in this four-month period.
- Businesses continuing to operate recorded a reduction in output with the majority working at 0% to 25% of their normal activity.
- The businesses who have temporarily paused operation reported small amounts of activity between 0% to 5%, often for free, to keep their profile 'alive', and stay connected to potential future employers.
- Many artists replied that they were adding their creativity (mostly on-line and mostly free) to help their wider communities stay creative and active during the period of lock-down. However, they expressed concern as to how they can monetise their offer on-line.

Current period - financial concerns:

- There is real concern that those with portfolio careers, commission workers and those who go from project to project are falling between all the cracks in Government relief.
- Real concern across the sector that Government and charitable relief do not recognise the seasonal nature of much of the arts. The main earning season in any year tends to be April through to October and, with Covid-19, the next earning period will be April 2021 with income being realised in summer 2021.
- the knock-on effect on freelancers who would be sub-contracted by those we surveyed, between April and July.
- Will participants and audiences pay the increased price for 'safe' creative activity?
- What will happen to insurance premiums for arts activities?
- Real concern that while they are currently surviving, artists and cultural organisations are exhausting their reserves in this phase and are very uncertain about the four months to a year phase and beyond.
- The sole traders rely on additional freelance professionals to deliver their creative activity, especially in the festival/events season, so lockdown is adversely affecting the freelance workers in particular.
- Many creative professionals are finding digital ways to work and thinking about how to manage a recovery.

Recovery period – financial concerns:

- Some advised that the recovery period would not start until post August 2020.
- Will participants and audiences pay the increased price for 'safe' creative activity?
- What will happen to insurance premiums for arts activities?
- Real concern that while they are currently surviving, artists and cultural organisations are exhausting their reserves in this phase and are very uncertain about the four months to a year phase and beyond.
- Will audiences accept the price increases?

There is concern on the confidence of volunteers to return to providing their support post-lockdown. This might be an area for further research.

Suggestions for support from the sector included:

- Crowd sourcing in the region, to hold a small grants fund for sole traders and SMEs to get back to work on projects that address the community recovery in our region and for that to be a model of great practice nationally.
- Local authorities finding funding for workshop programmes in communities, to raise participation rates in our local communities to get them being creative again and have confidence in safe and controlled group work.
- Businesses and regional usage of the arts and culture to profile our communities and assist re-growth in the region.
- Show the cultural sector in Gateshead that we value them and by providing work is an affirmation of that belief. Provide work, not loan.
- Create a support network with regular meetings.

4. Historic England

- 40% of the responses were from organisations employing 1-5 people.
- 20% of respondents advised of loss/postponement of work.
- 34% of the 50 heritage organisations advised that they could survive for 6 months or more if the current restrictions continue with support measures, but this figure decreases to 22% without support.
- Interestingly, 62% of respondents said that their organisations would be able to continue to operate, provided they could successfully mitigate the impact.

5. Newcastle City Council

Newcastle City Council issued a survey to creatives in Newcastle regarding the impact of Covid-19. 103 responded and 38 of these identified as self-employed.

The main findings were as follows:

- Over 26% of the responses were from the visual arts sector.
- Over 32% of the responses were from charities, CICs and CIOs.
- A mean average of 8.73% of responders had received grants across the 8 funding categories as of 1 May 2020.

6. ONS: Briefing

The Office for National Statistics released a bulletin on 7 May analysing the [economic impacts of COVID-19 on businesses in the UK](#).

- Only 20% of arts, entertainment and recreation businesses declared they continue to trade, compared with 77% across all industries have continued trading.
- 80.7% of businesses in the arts, entertainment and recreation sector have reported a reduction in turnover.
- 58% of all businesses continuing to trade reported their turnover had decreased between 6 April and 19 April 2020.
- 50.9% of respondents declaring a reduction in turnover of more than 50% (compared to 23.4% in all UK industries).
- 57.2% of arts, entertainment & recreation UK businesses have asked for a business rates holiday c.f: 27.4% for all industries.
- 18.3% of arts, entertainment & recreations businesses have accredited finance agreements c.f: only 9.9% for all industries.
- Businesses have reported more than double (69.9%) the proportion of furloughed workers compared with the average for all UK industries (28.4%).

7. Sunderland Culture

Sunderland Culture what are the 3 most useful topics that they could offer to support cultural businesses. Most respondents requested funding support, advice or guidance on bid planning and interpreting Arts Council England guidelines, instant grants or signposting to opportunities available.

The secondary theme that emerged focused on business planning and business continuity with support in communications and audience development, coping with uncertainty, revenue strategy, converting practice to digital delivery and general business continuity including forward planning.

Other responses included the desire for IT support and skills development as well as a theme of networking, and mental health support.

Respondents said they would value Sunderland Culture's help in engaging with the sector (via commissions, offering opportunities, showcasing our creative community's work), delivering support for skills/practice development through webinars, as well as help with "what happens when this is over", support for the long-term uncertainty as well as mental, and financial support.

8. Crystallised

Crystallised is a North East based marketing agency which helps NECP. Their surveys found that 85% of people advised they would feel unsafe/very unsafe visiting a cinema/concert, and that 55% of people have joined in/visited new-to-them culture online, during the Covid-19 lockdown

9. Visit Yorkshire

NECP watched the second Visit Yorkshire webinar, where the most important challenge was “restoring customer confidence”.

Their survey found that volunteers aged 70 and over may not be keen to return to work in cultural venues at present.

Other findings included:

- Won't be business as usual moving forwards.
- Develop added value and strategies to invite people back but do not discount.
- There is an opportunity to plan for off-peak marketing now, to balance the demand in tourism sector over 7 days rather than just the weekend.
- It is very important to ask the community to support you.
- Need to give tangible reasons as to why people should visit particular areas.
- May be able to incentivise advance booking.
- Virtual connectivity with the audience is important now.
- “Returning to a financially sustainable operation will be incredibly challenging.”
- “There is no point in opening if there is no profit in it.”
- Put shop online so people can make purchases. Offer gift vouchers to sell online.
- Learn from firms that open first.

And, there was an interesting suggestion of a **Kitemark for post- Covid tourism** to show public safety measures which firms have used.

10. West Midlands Culture Response Unit

The West Midlands Culture Response Unit is considering actions such as:

Communication:

- Regular sector newsletter and website
- Press and Public PR campaign
- Facebook and Social media management and promotion
- Online repository of the region's work - one place for audiences
- Celebration of the region's cultural assets
- Have a website with advice, support and funding opportunities available
- Positive sector message
- Welcome back, safety and consumer confidence
- Proactively provide information in accessible ways

Networking

- Create and facilitate sector networks.
- Manage and facilitate a mentoring scheme

Training

- Signpost training opportunities.
- Commission training/advice sessions

Health and wellbeing

- Support for health and wellbeing in the sector in the current phase and on reopening.

11. UK Hospitality Industry

The UK Hospitality industry is developing detailed guidance to help: hotels, hostels, restaurants and casual dining; pubs and bars; nightclubs; amusement parks, attractions, family entertainment centres; holiday Parks Quick service, coffee shops, takeaways and food Service Management.

Suggested measures include:

- an individual risk assessment for premises outlining how they will meet the Government's Covid-19 guidelines to keep your staff and customers safe.
- Communicating the protection measures with customers before they arrive;
- Customers to wash their hands before entering or use hand sanitiser station provided.
- Advising all staff and customers to adhere current social distancing requirements.
- Advising customers and staff not to enter if they have any Coronavirus symptoms
- The use of contactless payments wherever possible.

Conclusions

Comparing the surveys, the following insights emerge:

While the percentages quoted below are taken from the variety of surveys mentioned above, common insights have emerged:

Recovery period

The recovery period is unlikely to start before the end of August 2020.

The freelancer effect: Sole traders, self-employed and freelancers

- Nearly 43%-53% of respondents are self-employed/sole traders
- Only 17% of freelancers said they could access government support
- The majority of sole traders recorded that they were not eligible for job-retention schemes or employment relief for reasons such as: Not been in business long enough; Not registered for VAT; earnings for previous year to two years not sufficient to qualify for enough funding/relief; system does not recognise portfolio careers and not suited to the 'gig' economy for sole traders; No premises, so not eligible for rent/rates relief or rates etc. part of letting fee; did not want to borrow money/loan and push the debt further into the coming months; already in receipt of pension, child benefit, income tax credits, not likely to qualify; did not know about some of the funds; forms not easy to fill in.
- Over 77% of the self-employed responders expressed concern that the self-employed grants are not available until June.
- Over 41% of organisations have terminated all of their freelance contracts.

Loss of income

- 65% face financial losses of between 50 to 100%

- 34% said that had lost all work and events with a particular impact on the self-employed

Resilience

Only 4% could last more than 6 months; SMEs and Sole Traders were almost a 50/50 split between confident and not confident of their survival beyond 4 months.

The more mature the business, the more likely it was that they recorded feeling more confident about survival.

The NE heritage sector appeared to be more resilient - with 34% of the 50 heritage organisations advised that they could survive for 6 months or more if the current restrictions continue with support measures, but this figure decreases to 22% without support.

Effect on staff

- 45% are reducing staff costs through redundancy, furloughing, cancelling contracts
- Only 10% have been able to redeploy or find alternative work to retain staff
- SMEs were the largest group of the cultural sector to take advantage of the government's furlough scheme.
- Businesses have reported more than double (69.9%) the proportion of furloughed workers compared with the average for all UK industries (28.4%).

Grants

- Up to 94% of arts & heritage organisations are not eligible for the business rate exemption grants.
- 46% said the Government support for SMEs was not relevant to their organisation
- Only a mean average of 6% of responders had received grants across the 8 funding categories as of 1 May.
- Many with portfolio careers, commission workers and those who go from project to project are falling between all the cracks in Government relief.

What support has the sector requested?

Funding

- Have a small grants fund for sole traders and SMEs to get back to work
- Provide funding support, advice or guidance on bid planning and interpreting Arts Council England guidelines, instant grants or signposting to opportunities available.
- In addition, going forwards, the full NE arts and heritage sector will require public support, as it transitions to:

Help with developing the new normal

- With off-peak offerings, to balance the offer over 7 days rather than just the weekend.
- Balancing reduced ticket sales due to the need for spatial distancing.
- Incentivise advance booking.
- Develop a Kitemark for post- Covid tourism to show public safety measures which firm have used.

Help to increase audience confidence

There will need to be measures put in place, and a region-wide marketing campaign to show audiences when and how it is safe to return – as currently 85% of people advised that they would feel unsafe/very unsafe visiting a cinema/concert.

Help with developing a monetized online offer

- 55% of people have joined in/visited new-to-them culture online, during the Covid-19 lockdown.
- Continuing to develop virtual connectivity with the audience is important now.
- 79% of organisations said they could offer services online, but they need advice on how to monetize this.
- Many creative professionals are finding digital ways to work and thinking about how to manage a recovery.
- Put shop online so people can make purchases. Offer gift vouchers to sell online.

Training

Responders asked for help with: communications, audience, revenue strategy, converting practice to digital delivery and general business continuity including forward planning, IT support and skills development as well as a theme of networking, and mental health support.

Appendix

References for statistical introduction

1. Nomis – official national statistics – latest figures from 2018:
<https://www.nomisweb.co.uk/>
2. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersoneel/datasets/publicsectoremploymentreferencetable>
3. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/may2020#regional-labour-market-summary>
4. <https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/articles/exploringtheuksdigitaldivide/2019-03-04>
5. <https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/mapping-disability-the-facts.pdf>
6. https://www.nomisweb.co.uk/census/2011/QS102EW/view/2013265921?rows=rural_urban&cols=cell

Surveys (weblinks provided for the data which is in the public domain)

1. Creative Industries Federation
2. Gateshead Council
3. Historic England: <https://historicengland.org.uk/coronavirus/heritage-sector/survey/>
4. Newcastle City Council
5. ONS:
<https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/coronavirusandtheeconomicimpactsontheuk/7may2020>
6. Sunderland Culture
7. Visit Yorkshire: <https://www.youtube.com/watch?v=DCfhDexNhVs&feature=youtu.be>
8. West Midlands Culture Response Unit