

House of Commons  
Digital, Culture, Media and Sport Committee

**NEW REPORT: The Impact of Covid-19 on DCMS Sectors: First Report**

**\*EMBARGOED REPORT: Not for publication or broadcast in any form before 00.01 BST Thursday 23 July 2020\***

**Covid-19 crisis presents biggest threat to UK's cultural infrastructure, institutions and workforce in a generation, say MPs**

***Government has consistently failed to recognise scale of challenge facing culture, sport and tourism***

The Government has been 'too slow' to respond to the needs of the DCMS sectors during the Covid-19 outbreak with many organisations facing an "existential threat" to their survival, say MPs. In a wide-ranging report, the DCMS Committee finds Ministers have consistently failed to recognise the scale of the challenge that Covid-19 presents to culture, sport and tourism.

MPs say the response to the crisis by the Department of Digital, Culture, Media and Sport has been hampered by the Department's lack of spending power and a fundamental misunderstanding across Government of the needs, structures and vital social contribution of sectors such as the creative industries. DCMS remains one of the smallest government departments by budget and staffing and has seen one of the highest turn-over of Secretaries of State of any, with Oliver Dowden as ninth in the role since May 2010.

The Report finds the loss of performing arts institutions and cultural workers would put at risk the Government's 'levelling up' agenda and reverse decades of progress in cultural provision, diversity and inclusion.

**DCMS Committee Chair Julian Knight MP said:**

**"We are witnessing the biggest threat to our cultural landscape in a generation.**

**"The failure of the government to act quickly has jeopardised the future of institutions that are part of our national life and the livelihoods of those who work for them.**

**"Our report points to a department that has been treated as a 'Cinderella' by government when it comes to spending, despite the enormous contribution that the DCMS sectors make to the economy and job creation. We can see the damaging effect that has had on the robustness and ability of these areas to recover from the Covid crisis. The £1.57 bn support is welcome but for many help has come too late.**

**"We urge the government to act on our recommendations, to recognise the value these sectors provide and imagine how much bleaker the outcome for all without their survival."**

The Report considered the effectiveness of emergency business support measures announced by HM Treasury in addressing the distinct needs of the sectors, in particular where schemes were due to end. MPs were struck by the dire situations outlined by numbers of people who felt the Government's response to Covid-19 had allowed them or the industry they worked in to fall through the cracks. With DCMS sectors relying largely on freelancers or the self-employed, MPs call for an urgent review of existing schemes with tailored action to address individual sector needs.

**Culture and the creative industries: Regrettable delay**

The Report found it "regrettable" that it took so long for the Government's £1.57 billion support package to be announced with the uncertainty blamed for closures and redundancies in the cultural

sector that might otherwise have been avoided. As a result, the cultural industries are likely to face mass redundancies with a lasting impact on access to the arts, careers in the creative sectors and the UK's position as a world leader in arts and culture. 70% of theatres and production companies risked going out of business by the end of the year, with more than £300 million lost in box office revenue in the first 12 weeks of lockdown. Grassroots music venues were also hit with estimates that 93% faced permanent closure, many unable to meet commercial rent demands. 90% of all festivals would be cancelled this year.

MPs call for urgent tailored measures to reduce the impact on the largely self-employed workforce with approximately two thirds of those working in the music industry and theatres being self-employed.

### **KEY RECOMMENDATIONS**

- ***Sector-specific recovery deal for performing arts that includes continued workforce support measures, including enhanced measures for freelancers and small companies; clear, if conditional, timelines for reopening, and technological solutions to enable audiences to return without social distancing; and long-term structural support to rebuild audience figures and investment***
- ***Government should introduce flexible, sector specific versions of the CJRS and SEISS guaranteed for the creative industries until their work and income returns to sustainable levels. Any such measures should account for the differences in timeframes for the easing Covid-19 restrictions across the four nations. Support for the self-employed, in particular, should be urgently reviewed and amended so that it covers people who have been excluded to date***
- ***Cut in VAT on ticket sales for theatre and live music is extended beyond January 2021, for the next three years. The Government should extend Theatre Tax Relief to 50% for the next three years and introduce a Music Tax Relief***

The Government must do more to restart the performing arts. The five-stage plan announced by the Secretary of State requires timescales or public health targets for when each stage might commence. On 17 July, it was announced that indoor performances with socially distanced audiences in England could resume from 1 August. However, the Report notes that telling venues they can reopen with just a few days' or weeks' notice does not address the lead times for performance, the challenges of social distancing or the concerns about audience behaviours.

- ***Government should publish a 'no earlier than' date for stage five of its plan to reopen performing arts venues***
- ***Cultural Renewal Taskforce must co-ordinate cross-sector work on technological solutions for mass gatherings, ensuring the sports and entertainment sectors work together, alongside NHS Test and Trace, to develop a universal, technological solution to enable the safe return of ticket holders to events***

### **Sport: Call for 'football re-set'**

Recreational and elite sport have been interrupted during the Covid-19 outbreak, with serious financial implications across both sectors. However the Covid-19 crisis offered an opportunity for football in particular to 're-set' and to introduce essential reforms to financial models, management structures and diversity and inclusion that would benefit the game in the long-term.

MPs found the current football business model was not sustainable with the Covid-19 crisis starkly highlighting financial issues in the leagues below the Premier League. The decision by some Premier League clubs to make use of the Government's Job Retention Scheme and furlough non-playing staff

while continuing to pay players' wages in full is described as "deplorable". Evidence from the EFL predicted that clubs were facing a 'pretty grim cash hole' towards autumn. As the main income generator of English football, if the Premier League does not step up to help the EFL, many more clubs would follow in the footsteps of Bury FC.

The Report supports calls from elite sports organisations for the Government to extend the financial assistance programmes for those organisations which are unable to generate revenue until mass gatherings are permitted.

- ***DCMS works with HM Treasury to identify organisations within the professional sport sector that remain unable to generate revenue until mass gatherings are permitted again, and ensure that the systems that have helped them survive the crisis thus far, such as the Coronavirus Job Retention Scheme and the VAT and PAYE deferral period, are extended beyond the current cut-off dates, and backdated where the schemes have already come to an end***
- ***DCMS should engage with the Premier League and the EFL to learn lessons from abroad on policies such as salary caps***

MPs note efforts to raise awareness about the lack of diversity within football's boards and management structures following the death of George Floyd. However action such as the FA's proposed voluntary code for 'Equality In Football Leadership' would not motivate clubs to act with sufficient speed. With no Premier League club and virtually no EFL club having a black owner, Chair or Chief Executive, further action was needed to tackle a fundamental inequality at the heart of the game.

- ***DCMS should revise Code for Sport Governance, adding targets for BAME representation on boards***

Committee members recorded their dismay at the slow progress in kicking out homophobia from football. MPs would seek to continue work of the predecessor Committee to amend the Football Offences Act 1991 to make homophobic chanting at matches illegal.

The Report addresses the disproportionate impact on women's elite sport, consistently underfunded compared to men's. Assistance for women's professional football to set up testing came too late to prevent the cancellation of this season's women's competitions. Women's sporting events this summer were largely cancelled while professional men's sport began to return behind closed doors. The knock-on impact of the cancellation of women's events was an expected reduction in the number of women inspired to take part in sporting activities.

- ***Government should outline how it intends to support the women's game post-crisis and ensure that, going forward, men's elite sports are not further prioritised at the expense of the women's game***

The Government is urged to ensure that marginalised groups including BAME communities and women are not left behind in efforts to get the UK back to sport and fitness. A fear of returning to group physical activity in recreational sport was found likely to exacerbate existing inequalities in accessing exercise, with decreased opportunities for physical activity during and after the pandemic contributing to Covid-related deaths within BAME communities and across other demographics in society.

- ***DCMS should establish a fund to invest in helping people whose activity levels have been adversely affected by the lockdown restrictions—including older people, BAME people, disabled people, women, people from lower socio-economic backgrounds and those unable***

***to access physical activity content online—to ensure that the progress that was being made in physical activity levels within these groups is not set back by Covid-19***

#### **Tourism:**

International tourism to the UK had halved by April 2020 and has continued to decline with visitor attractions including museums and galleries hit hard as a result. Organisations face an end to the Coronavirus Job Retention Scheme in October, have largely depleted their financial reserves, and will have to open at a reduced capacity with social distancing measures in place. Seasonal workers in the tourism industry were found to have fallen between the cracks in the Coronavirus Job Retention Scheme.

- ***We recommend that DCMS works with the tourism sector and HM Treasury to review the measures in place to support tourism businesses and seasonal workers to ensure they fully meet the needs of the sector***
- ***To secure collections at risk from museum insolvencies, the DCMS should introduce a temporary change to legislation to ensure that if an accredited museum becomes insolvent as a result of the Covid-19 crisis, the institution's collections cannot be liquidated for financial assets for the first 12 months***

#### **Role of Government Department for Digital, Culture, Media and Sport:**

Throughout the Covid-19 crisis, vulnerable people across the country suffered as a result of being excluded from digital services and communication. The Report calls for HM Treasury to ensure DCMS is sufficiently resourced to take the lead on tackling digital exclusion across Government.

- ***The Government and Ofcom should work with telecommunications companies to facilitate data gifting and wi-fi sharing. Ofcom's work on affordability of internet connectivity should also tackle the poverty premium associated with pay-as-you-go mobile services.***

Wider criticism of the Department suggested it lacked the clout to make the difference that was needed. Evidence pointed to a sense that once issues had been escalated to Ministerial level, the Government had not taken meaningful action to protect a sector nor made sector specific interventions quickly enough. The scale and severity of gaps in workforce eligibility for Government support led some to question why Government as a whole, and HM Treasury specifically, had failed to respond to the needs or understand the value of the DCMS sectors during this crisis. A joint submission of creative trades unions and copyright collecting societies representing more than 330,000 members, many of them freelance, expressed disappointment that DCMS had not properly heard their concerns or that of other creative freelancers. The Report gives its backing to calls for a 'Creators Council' to boost confidence across the sector and ensure its views are represented at a time when many of the creative industries workforce are struggling to stay in the sector

- ***We recommend that DCMS forms a Creators Council as a mechanism for better dialogue with the creative workforce to understand its needs and viewpoints as we emerge from this crisis.***

#### **Background:**

- Inquiry received 660 pieces of written evidence
- DCMS sectors as a whole contributed more than £224 billion or 11.7% of Gross Value Added (GVA), to the UK economy in 2018
- 5.3 million jobs across the DCMS sectors (accounting for 15.7% of the UK total)

- DCMS remains one of the smallest departments by both budget and staffing and has seen the highest turnover of Secretaries of State of any Department: the Rt Hon Oliver Dowden MP is the ninth since May 2010
- 68% of respondents to DCMS's own survey reporting that their businesses' ability to trade as a viable entity is under threat

Link to DCMS Committee inquiry [Impact of Covid on DCMS sectors](#)

**Further information:**

**Committee membership:**

**Julian Knight MP** (Chair) (Conservative, Solihull); Kevin Brennan MP (Labour, Cardiff West); Steve Brine MP (Conservative, Winchester); Philip Davies MP (Conservative, Shipley); Alex Davies-Jones MP (Labour, Pontypridd) Clive Efford MP (Labour, Eltham); Julie Elliott MP (Labour, Sunderland Central); Rt Hon Damian Green MP (Conservative, Ashford); Rt Hon Damian Hinds MP (Conservative, East Hampshire); John Nicolson MP (Scottish National Party, Ochil and South Perthshire); Giles Watling MP (Conservative, Clacton).

**Media queries** to Anne Peacock [peacocka@parliament.uk](mailto:peacocka@parliament.uk) / 07753 101 017; Gina Degtyareva [degtyarevae@parliament.uk](mailto:degtyarevae@parliament.uk) / 07548 146 012.

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**Committee Twitter:** [@CommonsDCMS](#)

**Specific Committee Information:** [cmscom@parliament.uk](mailto:cmscom@parliament.uk) / 020 7219 6188