



Department for
Digital, Culture,
Media & Sport

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Julian Knight MP
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30 March 2020

Dear Julian,

Thank you for your correspondence of 20 March to the effect of the coronavirus outbreak on the creative and charitable sectors.

My responses to your questions are below.

Impact on Cultural Sector

Why did the guidance issued on the 16 March stop short of instructing cultural institutions to close, leaving the onus on them to decide to do so? What assessment has been made of the impact this will have on the ability of cultural organisations specifically to claim on insurance, and/or other forms of compensation?

The Government has at all times acted in accordance with the latest scientific and medical advice, and the Chancellor has made clear that instructions on 16 March and since, to reduce social contact, and subsequent ordering of the closure of non-essential institutions should be sufficient to allow for businesses to make a claim against their insurance policy where they have relevant cover.

The Government fully understands the significant operational, financial, social and wellbeing challenges that temporary closure will have on the cultural sector and the creative industries as a whole. The Secretary of State, the Minister for Digital & Culture and the Minister for Sport, Tourism and Heritage are in regular contact with representatives from across these sectors to discuss the current challenges they are facing. Officials are engaging with these sectors daily to understand the impact of public health measures on their organisation, as well as to discuss the package of financial support already announced by the Chancellor and to understand the specific requirements of the sector.

What financial support will the Government offer for freelance, self-employed and casual workers? What else is the Department doing to ensure support for those in the creative industries whose contracts have been impacted by closures and cancellations is ready for when they need it?



The announcements made by the Chancellor at Budget and in the following weeks have included measures that will support the self-employed. On 26 March the Chancellor announced the Self-Employment Income Support Scheme (SEISS) to support self-employed individuals or partnerships. The scheme will provide a cash grant worth 80% of their average monthly trading profits over the last three years, up to a cap of £2,500 per month for at least 3 months. The scheme will be open to those with a trading profit of less than £50,000 in 2018-19 or an average trading profit of less than £50,000 from 2016-17, 2017-18 and 2018-19. This package of support covers 95% of the people who receive the majority of their income from self-employment, and brings parity with the Coronavirus Job Retention Scheme where the Government committed to pay up to £2,500 each month in wages of employed workers who are furloughed during the outbreak.

Freelancers and the self-employed may benefit from the welfare system, including the £1,000 p.a. increase in the Universal Credit (UC) standard allowance, the equivalent increase in the basic rate of Working Tax Credit and the uprating of Local Housing Allowance. The Chancellor also announced that we are temporarily relaxing the Minimum Income Floor for all self-employed UC claimants for the duration of the outbreak. This means a drop in earnings due to sickness or self-isolation or as a result of the economic impact of the outbreak will be reflected in claimants' awards. Self-employed people unable to work because they are directly affected by Covid-19 or self-isolating will also be eligible for Contributory Employment and Support Allowance. This is now payable from the first day of sickness, rather than the eighth day. Furthermore the Chancellor has deferred the next Income Tax Self-Assessment payment, due in July. This will not be payable until 2021.

The Secretary of State, Ministers and officials continue to consult the creative and cultural sectors extensively to ensure they fully understand the potential impacts of the Covid-19 outbreak on self-employed workers in these sectors. DCMS is engaging daily with Her Majesty's Treasury to feed in their assessment of these potential impacts and ensure the needs of the creative industries are factored into the developing economic response, and that DCMS sectors are supported throughout this time.

Regarding wider sector specific support, DCMS have been working closely with Arts Council England (ACE) to monitor and respond to the challenges being faced by the arts and cultural sectors. On 24 March, Arts Council England announced a £160m emergency response package, made possible by Government funding, to ensure the immediate resilience of this vital sector, and to ensure that, where possible, it can respond creatively to the needs of communities at this extremely challenging time. This includes £20m of funding focused on supporting freelance creative practitioners.

Further to this resilience funding, ACE have communicated a series of wider supportive measures that should provide further comfort to the sector: in particular they have confirmed that National Portfolio Organisations, Music Education Hubs and Creative People and Places programmes will continue to receive funding, with funding conditions relaxed where needed. Where necessary, ACE will also advance grant payments to assist with cashflow and relieve immediate financial pressure for those in need.

What will be done to help cultural organisations get back on their feet once they can reopen? Will the Government commit now to a robust stimulus package that will help organisations in the cultural sector to plan and to reschedule cancelled and postponed work?

The Arts Council's emergency response package is intended to help individuals and organisations in the cultural sector deal with the immediate crisis. DCMS and Arts Council England will continue to work closely to consider the additional measures that are needed to ensure the long-term recovery and growth of the cultural sector.



We welcome the fact that many theatres are making productions available online, and museums are encouraging people to make use of their online collections. How do the Department and Arts Council England intend to encourage and support such activities?

The Secretary of State welcomes the exceptional efforts of cultural organisations in recent days to ensure their work can still be shared with the public, and will do as much as possible to champion this work. DCMS fully supports these activities, and, in the regular contact the Ministerial team and DCMS officials are having with the cultural sector, this is one of the issues we are suggesting that they undertake where possible, while following government guidance about staff working from home. We know that the Arts Council are leveraging the network of Tech Champions that they developed following the DCMS Culture is Digital Report in order to help support cultural organisations to put even more content online in creative ways, and we are working with them to explore whether further support is required to deliver more activity of this sort.

We welcome initiatives already announced from the cultural sector, such as the Royal Opera House broadcasting its operas and ballets online, the British Museum and others boosting their online content to allow people to retain their necessary access to culture even while having to stay in their homes, and will be encouraging more of this over the coming weeks.

Charities and volunteers

What funding does the Government intend to make available to charitable and voluntary organisations working directly on tackling coronavirus and its consequences?

DCMS is in ongoing discussions with representatives from the Voluntary, Community and Social Enterprise sector on how we can work together over the coming weeks and months to support those in need.

Charitable and voluntary organisations have an important role to play in responding to some of the consequences of coronavirus, such as supporting vulnerable people staying at home. One example of how we have provided support is through the National Emergency Trust (NET). The NET was established last year to ensure a clear and simple way for charities to tap into the generosity of the British public in times of emergency. Its set-up was funded, in part, by a grant from DCMS. The NET launched a fundraising campaign launched last week which will provide much needed support for the important efforts of charities and voluntary organisations.

Will the Department provide emergency funds or introduce other cashflow measures to support charities at risk of insolvency due to the effects of the outbreak?

DCMS recognises that, like those in the private sector, charities are under significant strain as a result of Covid-19. The measures already announced by the Government will support many charities to manage the financial challenges presented by the current emergency, including the Job Retention Scheme announced on the 20th March. We are proactively engaging with the sector, to maintain a complete picture of the impact of coronavirus on it and in parallel expediting activities to identify the additional support charities require through this time of instability.

Can you confirm that, as employers, charities will be eligible to benefit from the measures announced for businesses by the Chancellor? How does the Department intend to work with the Charity Commission and wider sector to ensure support reaches charities when they need it?



We are working with Treasury officials to ensure that charities can take full advantage of the measures announced to date. Charities are eligible to access many of the measures announced for businesses by the Chancellor, who explicitly stated that the Coronavirus Job Retention Scheme is available to charitable organisations, as well as support for paying sick pay to employees (for those charities with fewer than 250 employees). In addition, charities and social enterprises earning more than 50% of their income from trading are eligible for loans supported by the Coronavirus Business Interruption Loan Scheme. We are engaging with lenders accredited by the CBIL scheme so that charities and other community and social enterprise organisations can access the scheme.

Charities with retail arms, such as charity shops, may also be eligible for the Retail and Hospitality Grant Scheme if their premises has a rateable value of under £15,000, or between £15,000 and £51,000. Local authorities will be writing to those that are eligible in due course.

As the independent regulator of charities in England and Wales, the Charity Commission continues to engage with the sector as well as DCMS to understand the difficulties the sector is facing and what the Commission can do to help. The Commission's approach to regulation during this uncertain period will be as flexible and pragmatic as possible in the public interest. In line with this approach, the Commission has published guidance for the sector with answers to frequently asked questions about how regulation applies to scenarios arising during this crisis, which will continue to be updated, and is also working with the Fundraising Regulator to urge the public to give safely to charities to ensure donations reach their intended cause. As mentioned, the Commission helped to establish the National Emergencies Trust following other devastating disasters, which is able to rapidly direct funds to frontline charities responding to the crisis. The Charity Commission has already set out to charities that it will take a flexible and supportive regulatory approach in response to Covid-19. Government is working with the Charity Commission to make use of its data on registered charities, and will work with the Commission to communicate messages to registered charities.

Tourism

What access will there be to government loans?

It is essential that businesses of all sizes - including those in the tourism sector - that experience increased costs and disrupted cash flow as a result of coronavirus are supported. The Chancellor has already announced a host of measures to help businesses in this period with £330bn worth of government backed and guaranteed loans to support businesses across the UK, delivered through two schemes.

Firstly, the Bank of England's Covid Corporate Financing Facility will provide a quick and cost-effective way to raise working capital for those large firms who need it.

Secondly, we will be increasing the amount small and medium-sized businesses can borrow through the Coronavirus Business Interruption Loan Scheme. This scheme will help any viable business with a turnover of up to £45m to access government-backed finance of up to £5 million. Interest payments, along with any lender-levied fees for businesses, will be covered by the Government for an initial period of up to 12 months.

What other urgent support will be available eg with regards to large scale redundancy?

For the first time in our history, the British government is going to step in and help pay people's wages - a scheme which is one of the most generous of any in the world - paying grants to support as many jobs as necessary.



The Chancellor has announced unprecedented support for business and workers to protect them against the current economic emergency. This includes a Coronavirus Job Retention Scheme, where small and large employers will be eligible to apply for a government grant of 80% of workers' salaries up to £2,500 a month. The scheme will be backdated to March 1 and available for at least three months, with first grants to be paid within weeks.

As mentioned with regards to Government support for the cultural sector, the Chancellor has also set out plans that will see self-employed workers receive up to £2,500 per month in grants for at least 3 months. Those eligible for the new Self-Employed Income Support Scheme will receive a cash grant worth 80% of their average monthly trading profit over the last three years - this covers 95% of people who receive the majority of their income from self-employment. Those eligible for the new scheme will be able to apply directly to HMRC for the taxable grant, using a simple online form, with the cash being paid directly into people's bank account.

What thinking is taking place about forcing travel companies to offer refunds to customers versus re-booking?

Current legislation regarding travel company refunds is set out in the Packaged Travel and Linked Travel Arrangement Regulations, published in 2018. The Government has received a number of representations regarding the impact of this legislation, in light of Covid-19. We continue to discuss these across Government and with the sector.

Sport

The Government did not intervene to postpone sporting events and fixtures but has instead allowed sports authorities to make the call themselves. What was the reason for this approach and under what circumstances would the Government itself take action?

As will all other restrictions outlined by the Government, advice on sporting events have at all times been in accordance with the latest scientific and medical advice. The Government has been taking a clear, phased approach to tackling the virus, led by our medical experts and our absolute priority is to protect people's health, and we will continue to take action on this basis.

Can you also confirm that clubs are eligible for support from the Government? What can be done where revenue is lost rather than deferred, such as for clubs whose seasons have been cancelled or who rely on hospitality offerings?

The Chancellor has announced a package of financial support for businesses to mitigate against lost revenues due to covid-19, further information can be found at <https://www.businesssupport.gov.uk/coronavirus-business-support/>. We are continuing to engage with sporting organisations to understand the impact of the virus.

Particular support packages that businesses will have access to include the borrowing of up to £5m interest free for 12 months under the Coronavirus Business Interruption Loan Scheme; cash grants packages for retail, hospitality, leisure businesses, and for small businesses; and an extended business rates holiday for all eligible properties in retail, hospitality and leisure sector for 12 months.

We have published emergency legislation to give the Government the powers it needs to deal with coronavirus, including powers to compensate organisations.

What arrangements have been made for upcoming sporting events with international competitors and followings such as Wimbledon and the British Grand Prix?

Under the terms of the current guidance, clearly mass gatherings are not permitted. However the situation continues to evolve and we will update guidance as the medical advice changes.

Thank you for taking the time to write to me on this important matter.



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