



Ymddiriedolaeth
Genedlaethol
National Trust

Inquiry into Covid-19 & its impact on Heritage Industries

The National Trust in Wales exists to care for special places in Wales so that they can be enjoyed by everyone, for ever. We place great importance on the conservation, management and enjoyment of the natural and historic environment both within and beyond our boundaries. We are the guardian of 18 of Wales's finest castles, houses, gardens and industrial sites alongside 157 miles of coastline and 46,000 hectares of land. We currently have six thousand volunteers, two-hundred thousand National Trust members live in Wales, and we welcomed 1.8 million visitors to our properties last year. We are committed to being a key player in the heritage and cultural sectors - building relationships with local communities, partnership networks and supporting artists to help us interpret our places in new ways to appeal to a wider audience.

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

Coronavirus is already having a significant financial impact on organisations across the heritage and cultural sectors, and the National Trust is no exception to this. We rely on the support of our members, donors, volunteers and grant-making bodies, as well as income from commercial activities such as retail and catering, to look after the places in our care. More than 90% of our land is held inalienably, so it cannot be sold or developed without the consent of Parliament. This means we have a duty to look after these places forever, for the public to enjoy, and our financial decisions must prioritise this ongoing duty of care.

All of our pay-for-entry sites in Wales, including cafes and shops have been closed since mid-March, and will remain so until the Welsh Government advice supports reopening in Wales. This means that we are experiencing a complete loss of visitor income during what would otherwise be one of our busiest periods. Beyond the immediate loss of trading income, we have also seen some membership cancellations from those who feel they can no longer afford it, or that they can't take full advantage of its benefits in the current circumstances. We estimate these impacts together are likely to amount to a shortfall on budget of up to £200million this year across the National Trust. This is despite carrying out significant cost saving measures, including retracting pay rises, making deep non-staff cuts in both day-to-day and project expenditure, freezing recruitment and using all Government support available, including furloughing up to 80% of Trust staff.

The impact of this reduction in income streams due to closure, combined with a slow recovery in our visitor volumes and memberships, will be significant, with longer-term repercussions for our activities; this risks affecting both our ability to care for our historic buildings and countryside on a day-to-day basis, and our

longer-term conservation goals. This reduction in income will also severely restrict our ability to invest in the cultural sector as previously planned.

The National Trust has been around for 125 years this year, and its leadership is clear that it can and will take critical steps to ensure it will continue to meet its charitable aims long into the future. For the Trust, the immediate response has primarily been about limiting unrecoverable costs over the coming months while our trading and membership income is heavily reduced. However, for the wider sectors and partners with whom we work, urgent issues of liquidity and cash flow are still a significant concern. Jobs are still at risk across the sectors we work with – as are the futures of our natural and historic places and collections. We must protect these key assets which will be integral to the long-term recovery of the nation. The cultural sector has been particularly severely hit in Wales as the Arts Council Wales has not been able to maintain reserves as seen in the Arts Council England, thus reducing support available to workers who are most at risk due to nature of their employment – mostly self-employed or working contract-to-contract.

How effectively has the support provided by the Welsh Government, UK Government, and arms-length bodies addresses the sector's needs?

We were pleased that the UK Government has made some additional support available to charities providing front-line services, but it's worth noting that this funding will do little to support charities in our sectors. These organisations may not be offering the emergency support to people right now that is so important, but they will be crucial to the longer-term health and wellbeing of the nation. We therefore support wider sector calls for further measures to protect charities' liquidity in order to secure the long-term future of the sector, which could include further grants aimed at promoting third sector resilience, or further targeted reliefs, such as by prepaying gift aid based on last year's levels as a cash boost and guaranteed income.

The UK Government's Coronavirus Job Retention scheme has been extremely welcome, and the Trust has been able to take advantage of it. The recent addition of flexible working whilst on furlough will be of particular benefit and we are investigating how to implement this - as whilst properties and reserves may be closed to the public, essential conservation needs to continue across all sites; a common challenge to all in the heritage and conservation sectors (and one the Government has already recognised as being a problem when it comes to animal welfare in zoos). As we move towards the next stage of lockdown greater flexibility will be extremely valuable, particularly to help ensure that sites can accommodate the social distancing measures that will still need to be in place when the lockdown starts to lift, and work can be done on site in preparation for reopening and welcoming visitors back.

We welcome the fact that funders have responded with flexibility towards application deadlines and conditions for grants. However, we believe there is more that could be done by them to help mitigate the financial impacts of this crisis on our sectors. In particular we would like to see the lottery funds going further in their actions to support the future of their sectors. The announced £50 million emergency support funding from the National Lottery Heritage Fund will make a significant difference for many organisations. But these funds are not sufficient to meet the needs of the sectors they serve. NLHF's funding will only be available for current

grantees and one third of respondents to their survey looking for help were outside that category. There is also little or no support for private sector heritage organisations currently available.

The emergency funding landscape is complex, with separate processes for the different lottery funds, central government funds and other funders. This is quite onerous and simplification or pooling of funds might potentially make a big difference to organisations having to deal with multiple application processes.

One of specific challenges facing National Trust Wales is that while our organisation works to a delegated model, we are part of a national organisation that means we have felt that we often fall outside the eligibility criteria for Welsh Government funding mechanisms. Our properties are also remaining closed to meet Welsh Government guidelines, meaning that while our colleagues in England can start to look to the future, we are taking an even greater hit on our reserves that we will have fewer opportunities to recoup.

What are the likely long-term impacts of Covid-19 on the sector, and what support is needed to deal with these?

Re-opening our sites is likely to be a phased and cautious process, and we don't expect to return to full re-opening of all our places and full offer immediately. It's also likely that the public confidence in the safety of visiting our places will take time to restore – for example, recent polling by ALVA found that 21% of people would not feel comfortable taking a day out to a visitor attraction until a treatment or vaccine is available. There appears to be notably more anxiety in people's minds about visiting indoor spaces, which will particularly impact on museums and indoor attractions (including historic houses and mansions).

We also work with a significant number of volunteers (over 55,000 across the UK) who help support our places, including our visitor offer. Almost 13,500 of our volunteers are over 70, and while it's unclear at present what the impact of coronavirus will be on our volunteers, many will be shielding or in higher-risk categories, and so it's likely that there will be some impact on the number of people who are able to support our work on site.

We will continue to face limitations on our ability to generate income when we do start to reopen our places and it will be essential that government support, including the furlough scheme, remains in force until such time as our sites can be fully operational. The imminent "return to work" scheme which allows some level of continued support for the payment of salaries while operations are resuming will make the return furloughed staff extremely welcome, and we support the proposals being made by Wildlife and Countryside Link on this. However, it will also be extremely important that the existing furlough scheme is kept available for as long as possible to help keep minimise running costs from those staff who are not immediately needed, and until such time as our sites can be fully operational.

We will need support to reopen our sites safely for both people and for nature when the lockdown ends. There will be challenges in making sure our places are ready, and that the wider tourism infrastructure is able to support visitors too, e.g. in terms of public transport and other local services. It would be helpful for the Welsh Government to learn and react from seeing the impact of lockdown easing in England and Northern Ireland. There are some valuable lessons to learn.

As lockdown begins to ease in other parts of the UK, this in itself has created new challenges for the National Trust in Wales as different government guidance requires operational adaptations. Communicating with members, visitors and the public at large has been complex. We are already seeing beauty spots put under pressure as visitors return to Wales, not recognising that we are subject to different regulations.

The recent suggestions that the self-catering accommodation may be able to re-open later in the summer would bring with it welcome income, provided there is the support to enable safe opening, and that the additional visitors this would bring can be supported by local infrastructure.

In the medium to long term accessing funding for ongoing conservation projects is likely to be challenging, as grant funding that would otherwise have been available to support conservation project delivery is being repurposed. For example, the National Lottery Heritage Fund emergency funding has been drawn forward and repurposed from existing money and relies on a halt in wider funding until at least October. This will have long term impacts beyond this immediate pandemic,

It is important that Welsh Government supports local councils through adequate revenue grant to maintain cultural infrastructure in communities. Further bouts of austerity experienced by local councils are likely to lead to the tipping point for regional museums, theatres and cinemas further hollowing out city and town centres. Parks and green spaces are also at risk, despite the important role that they have played for people during lockdown, with many authorities already having substantially cut budgets for green space provision over recent years.

To address these issues and ensure that quality of place, culture and community are at the heart of a future recovery, a new approach to funding might be needed. Pooling funding to create larger pots of funding and larger grants available, with a range of funders contributing – from the lottery funds to the research councils and income generating tax schemes such as those from Landfill taxes, designated funds, and even sources such as Section 106 payments, might enable a more comprehensive and coherent approach. This approach is not just about pooling money, but represents a different way of working and a different approach to supporting the sector and the innovation needed in ways of working to support this is not underestimated.

Welsh Government could play an invaluable and leading role in creating a platform to leverage funding schemes together to create opportunities at scale, and through supplementing existing resources with additional funds. There may also be opportunities to explore whether private sector corporate social responsibility funds could contribute to these wider pools of funding. This could go a long way in helping ensure the longer-term sustainability of our sectors, as well as putting in place a funding mechanism for organisations to undertake work to contribute towards longer term economic recovery - boosting buildings conservation activity, preserving and expanding existing jobs and skills, and helping to create the new jobs that will be required for a green economy.

What lessons can be learnt from how the Welsh Government, UK Government, arms-length bodies and the sector dealt with Covid-19?

The current pandemic has shone a light on the precarious nature of much of the charity sector. Many organisations have been operating with little to no financial flexibility, and some of the hardest hit have been those that have put the most effort into developing income streams through visitor and trading income. Some that have worked to reduce their reliance on grant funding now find that they do not qualify for emergency support, despite having lost the vast majority of their income during this period. Yet these are organisations looking after some of our most precious and important historic and natural assets, which bring huge value to people and communities in direct and indirect ways. It is also these organisations that the Government looks to in terms of delivering on much of its ambition to drive the tourism sector which contributes nearly 10% of the UK's GDP. The public benefit generated by the charity sector is highly significant, but it can only be delivered if the charity sector has access to sufficient long-term funding that supports their organisational resilience as well as service delivery.

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

The degree of fragmentation in terms of how government and funders have approached support for different sectors during this period has been particularly noticeable. The heritage, tourism, environment, museums, and arts and cultural sectors have largely been engaged with and treated separately – despite often facing similar challenges, holding similar concerns and individual organisations often cutting across multiple sectors (we are a particularly broad example of that, having an interest in all of these sectors). Greater join up both within government and across funders could enable more comprehensive and innovative ways of identifying and addressing the challenges faced by these sectors and improving support and funding responses.

On a more positive note, this crisis has shown the real value to the public of access to green space and nature, and to culture and collections as people have sought to find ways to stay active, entertained and continue learning and exploring even while locked down in their homes. We and others in our sectors have been creating new, innovative digital offers for our members and the public during this period, and some existing content is reaching new audiences – for example we've seen a six-fold increase in downloads of our podcasts. We are therefore discovering new ways of interacting and engaging the public and providing new forms of access to our places and collections which may well support efforts to widen participation and access in the future, even after the current crisis ends.

In conclusion

The coronavirus pandemic has severely impacted the economy in Wales and plans for a recovery are at an early stage. However, the extent and persistence of the coronavirus emergency is still unknown, so inbuilt flexibility will be essential. The heritage and cultural sectors have been particularly affected and the long-term prospects are still uncertain in many areas.

The inconsistencies between the Welsh and English approaches have proved a challenge for the cultural sector and this has exacerbated the difficulties faced by many within this sector to secure support and funding. Resolving these differences will be even more pertinent in a post-coronavirus Wales. As we begin to emerge from the coronavirus pandemic, we have a once in a lifetime opportunity to bring communities together, take advantage of new networks and partnerships and reinforce the positive behaviours that the pandemic has inadvertently fostered. Some coordination at the national level is likely to support such positive outcomes.

Lastly, the importance of access to nature and quality outdoor environments within easy reach of the home has never been so profoundly understood. There is an unprecedented opportunity to explore how the heritage and cultural sectors can engage in new ways and creative spaces in the outdoors. We must ensure that plans for our economy make room for and value the essential assets and services that make this possible. From local community theatre, contemporary artists, to safe and welcoming museums and historic houses, investment in culture and heritage resources is vital.