



CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE

AGENDA

19th Meeting, 2020 (Session 5)

Thursday 3 September 2020

The Committee will meet at 9.30 am in a virtual meeting and will be broadcast on www.scottishparliament.tv.

1. **Impact of COVID-19 on Scotland's heritage sector:** The Committee will take evidence from—

Philip Long, Chief Executive, National Trust for Scotland;

Alex Paterson, Chief Executive, Historic Environment Scotland;

Caroline Clark, Director, National Lottery Heritage Fund in Scotland;

Giles Ingram, Chief Executive, Abbotsford Trust.

2. **Consideration of evidence (in private):** The Committee will consider the evidence heard earlier in the meeting.

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Clerk to the Culture, Tourism, Europe and External Affairs Committee
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Edinburgh
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The papers for this meeting are as follows—

Agenda item 1

Note by the Clerk

CTEEA/S5/20/19/1

PRIVATE PAPER

CTEEA/S5/20/19/2
(P)

Culture, Tourism, Europe and External Affairs Committee

19th Meeting, 2020 (Session 5), Thursday 3 September 2020

COVID-19: Impact on the Heritage Sector

Note by the Clerk

Introduction

1. On 28 April 2020, the Committee launched a call for views regarding the impact of COVID-19 on Scotland's culture and tourism sectors.
2. On [20 August 2020](#), the Committee heard from VisitScotland and the Scottish Tourism Alliance on the impact of COVID19 on Scotland's tourism sector. The Committee also heard evidence from representatives from the culture sector, including, Lucy Casot, Chief Executive Officer, Museums Galleries Scotland on [27 August 2020](#).
3. The focus of this evidence session will be the impact of COVID19 on the heritage sector and will build on the evidence already taken on the impact of COVID19 on the culture and tourism sectors.

Evidence session

4. The Committee will take evidence, via video conference, from—
 - Philip Long, Chief Executive, National Trust for Scotland;
 - Alex Paterson, Chief Executive, Historic Environment Scotland;
 - Caroline Clark, Director, National Lottery Heritage Fund in Scotland; and
 - Giles Ingram, Chief Executive, Abbotsford Trust.

Supporting Information

5. All the witnesses have submitted written evidence in advance of today's evidence session, these are provided in **Annexe A**.
6. As part of its call for views, the Committee received heritage-related submissions from:

[Historic Houses Scotland](#); and

[The Museums Association](#)
7. The responses received to the call for evidence are updated regularly on the Committee's website and can be accessed at—
<https://www.parliament.scot/parliamentarybusiness/CurrentCommittees/115079.aspx>
8. On 28 August 2020, [the Scottish Government announced an additional package of support for the Culture and Heritage sectors](#) totalling £59m. The additional

funding includes £21.3 million for Historic Environment Scotland (HES) to protect jobs and support the reopening of properties in their care. And an additional £5.9 million will be made available to support heritage organisations and £270,000 for the New Lanark Trust.

9. A SPICe paper providing context to the evidence session is provided in **Annexe B**.

Mark Johnson
Assistant Clerk
Culture, Tourism, Europe and External Affairs Committee
31 August 2020

Written Submission from National Trust for Scotland

Summary

- **The impact of the Covid crises has hit the Trust very hard.** On the back of several years of visitor and income growth and increased investment in conservation the Trust was facing a loss of half its income and uncertainty over its future.
- Making best use of the available financial support measures including the job retention scheme, **the Trust implemented a series of actions to secure its future**, including reduction of workforce, restricted opening of properties and suspension of capital projects.
- Working with Scottish Enterprise and Scottish Government **the Trust produced a three-year turnaround plan**, which with support of £3.8m from Scottish Government, helped to save 197 jobs, reinstate capital projects and increase resilience to future shocks.
- In order to re-establish income and deliver its charitable purpose **the Trust has reopened 33 out of 55 of its built heritage properties** and plans to open 50 next year. It has adopted the We're Good to Go Scheme promoted by VisitScotland, to give visitors confidence they can visit safely. Some countryside properties have been experiencing high volumes of visitors and some anti-social behaviour such as littering.
- **Uncertainty remains a challenge.** Whilst we have factored in a general downturn to the economy and feel more confident that we can weather local lockdowns we will require the tourist and visitor economy to revert to much more normal operation from Spring 2021.
- Looking ahead the Trust is planning to review its longer-term strategy, consider lessons learnt and how it can adapt to the changing needs of society. **We believe that opportunity exists for heritage to provide more social benefit through provision of learning, skills, environmental improvement and sustainability of communities.** It is likely that new partnerships will be forged and we will all need to consider how best to work together for mutual and public benefit.

Introduction

The National Trust for Scotland was created as a charity by the citizens of Scotland to care for places of historic interest and natural beauty where private means had failed, and to ensure these places could be enjoyed by people now and in the future.

We have grown to care for more than 100 sites across Scotland, from historic houses large and small, major battlefields such as Bannockburn and Culloden, more than 70 gardens and designed landscapes, internationally important places for landscape and

biodiversity such as Glencoe and Mar Lodge, birthplace museums including Robert Burns, and the only dual World Heritage Site in the UK – St Kilda. We received more than 4 million visitors in 2019/20, of which 2.6m were to pay to enter properties, welcomed by 1,300 staff and 2,700 volunteers.

The Trust is a unique institution in Scotland, with our broad conservation role recognised in statute in 1935 (and subsequent Acts in 1938, 1947, 1952, 1961, 1973, and 2013). The Trust has been shaped by Parliament's expectations that it will conserve national heritage assets and support public access and enjoyment of these. We also work closely with our partners, including Historic Environment Scotland, NatureScot, and with many other cultural and environmental bodies.

In 2019/20, we had annual operating costs of £58.3m, yet the Trust is almost entirely self-supporting. Our main sources of income are membership (£15.8m), visitor income (£8.6m), commercial activities (£13.5m), income from investments (£8.3m), and donations and legacies (£6.8m). We also receive important support for the care of our buildings from Historic Environment Scotland, in the form of an Annual Repair Grant worth over £1m over three years. With a relatively low demand on public finances, our continued existence depends on a healthy level of member support and visitor activity.

Prior to the Covid crises, the Trust experienced significant improvement in its financial situation and scale of charitable activity. On the back of a new Corporate Strategy in 2018 there had been growth in visitors, commercial and property based income, membership and donations. The annual operating deficit (cost of running the properties) had been declining and levels of investment in properties and conservation were at previously unprecedented levels including award winning projects such as the Hill House in Helensburgh.

The social and economic impacts of COVID-19 have therefore hit the National Trust for Scotland and its work extremely hard.

Responding to the crisis

The COVID-19 crisis arrived at the start of our main season, leading to the closure of all properties, combined with reductions in all income streams. As a charity, as part of our annual planning, the Trust had to be assessed by our auditors as a going concern by August 2020, at the latest. This meant that our available financial reserves would need to be sufficient to cover an anticipated shortfall between planned outgoings and income. Otherwise, as other charities have been forced to do, we would have had to be wound-up while we were still able to meet current liabilities.

In a period of extreme uncertainty, the senior executive and board acted swiftly to secure the future of the Trust. Initially, we sought to reduce outgoings to reflect the radical reduction in income (estimated around £28m) through a number of measures, including: suspending capital investment, the sale of non-heritage property, seeking to reallocate designated funds, reduced opening of properties and, most painfully, by reducing staff numbers by up to 30%.

We also sought to access the full range of support on offer from the Scottish and UK Governments. The most significant of these has been the Coronavirus Job

Retention Scheme, with some 70% of staff furloughed at peak. Our ability to access other government support has been limited by the sheer scale of our operations (which has rendered the Trust ineligible, or support simply not adequate), and by our inability to take on additional debt, which would have worsened our balance sheet position. We reached out to the Scottish Government in the early stages of the crises to begin discussions on direct assistance.

We also used digital channels to stay engaged with members and supporters, offering virtual access where possible, insights from our conservation experts, and a range of learning and entertainment activities.

Current status

Our response has helped stabilise the situation and we now feel confident that we are much more resilient and able to withstand further shocks as a result of the Covid crises or associated impacts.

The Trust is grateful for the support it has received from the Scottish Government and Scottish Enterprise. Joint working led to the creation of a three-year turnaround plan, based on reinstatement of the Trust's plans to continue to invest in conservation and the visitor experience to grow support. This led to an award in August of a £3.8m support package. Through this plan, we will be able to save around 197 jobs from the original 429 at risk and open 33 properties this year instead of the original 27 proposed. The additional sites include Bannockburn, Pollok, and Broughton House.

The turnaround plan will also enable us to restart some of our capital investment plans, securing heritage, improving public access and helping generate future income.

We have been fortunate that our members have remained supportive. During normal times, we would lose some members over the course of the year and recruit new members at Trust properties. This year, although we have been unable to offer access to our properties as normal, and people will be affected by the economic downturn, we have retained 95% of our members.

We have launched an emergency fundraising appeal, Save Our Scotland, which is still open, and has attracted a very good level of support.

The Trust has also been working with funders such as the People's Postcode Lottery, and the National Lottery Heritage Fund, building on our existing relationships.

We now have visitor activity at a range of properties, and strong uptake of our holiday accommodation. Our natural heritage properties were opened as soon as permissible, initially for local usage, and we have since found exceptionally strong demand for access, and for the amenities we and others provide.

Planning for the future

The future is obviously still uncertain, and we must anticipate and plan for localised lockdowns, the suspension of certain activities, and potentially a second wave of infections. The current necessary restrictions on visitor numbers and physical

distancing limit our ability to fully open properties and to host events. When it is safe to reduce these, we can expect improved activity and therefore income. We are currently anticipating opening 50/55 properties in 2021 and will keep the situation under review.

The National Trust for Scotland is therefore proceeding cautiously on the basis of a resilient business plan, but we would point to a number of considerations, and potential opportunities, at this stage.

The changing visitor economy – our normal visitor activity is in flux, and it is too soon to say what short-term impacts will become trends. On one hand, there appears to be increased domestic activity, where this is possible, but counterbalanced by reduced overseas interest. For the National Trust for Scotland, overseas visitors have previously accounted for 20% of visits and major contribution to admissions income. Nationally, in 2018, visitors from outside the UK accounted for 22% of overnight trips, but 43% of all tourism expenditure. Previously, there have been concerns about the lack of tourist infrastructure in certain locations, the concentration of holiday accommodation, and damage to vulnerable sites. In tackling the current crisis, we can think not only about recovery, but also about what a more sustainable visitor economy and infrastructure would look like.

Increased demand on outdoor heritage – restrictions on overseas travel and recovering from lockdown have seen a surge in visits to the outdoors, whether gardens and designed landscapes, scenic areas, or wild places. The Trust and other partners have welcomed this new interest, but it needs to be matched by adequate visitor infrastructure – whether transport, toilet facilities, refuse collection, or paths.

The future of our heritage – our national heritage is put to diverse uses, including accommodation for people and businesses, food and materials production, education, and cultural activities. If short-term disruptions become new ways of living and working, we can expect to see new challenges for our heritage, such as rapid change in our town centres. Previous work by the National Trust for Scotland (*Towards a National Collection?*, 2014) highlighted the wide range of assets held in the public, private and third sector, including by non-heritage owners, whose priorities will now be changing.

In this regard, current funding schemes such as those administered by Historic Environment Scotland are essential. We would want to see these continue during the much-needed recovery phase.

Finally, when thinking about a green recovery, we must not forget about the economic, as well as social and environmental benefits, that flow from well-managed heritage. Investment in the relevant skills will support the adaptation and future-proofing of our built and natural heritage.

During this unsettling time, when demands have increased and resources will be reduced, we see opportunities for greater partnership working between organisations, and for better engagement with communities in caring for Scotland's heritage.

Written Submission from Historic Environment Scotland

Introduction

Historic Environment Scotland (HES) welcomes the opportunity to provide evidence to the Culture, Tourism, Europe and External Affairs Committee's inquiry into the impact of COVID-19 on the culture and tourism sectors.

We are a charitable Non-Departmental Public Body (NDPB) responsible for protecting, understanding and sharing Scotland's historic environment, for today and for the future.

- We care for more than 300 sites of national importance across the country, including Edinburgh Castle, Stirling Castle and Urquhart Castle and are the largest operator of paid visitor attractions in Scotland.
- We look after internationally significant archives and artefacts.
- We are at the forefront of investigating and researching the historic environment and addressing the impacts of climate change on its future.
- We protect our historic places through our regulatory function and statutory role in the planning system, using designations and consents and promoting their sustainable development.
- We provide millions of pounds each year to local communities to repair and revitalise their historic environment, provide advice and guidance about the historic environment, and offer a wide range of training and learning opportunities.
- We lead, coordinate and report on the delivery of Our Place in Time (OPiT), Scotland's historic environment strategy, on behalf of Scottish Government. We coordinate the Strategy's five working groups which bring together stakeholders from the sector and beyond; Built Heritage Investment, Skills, Volunteering, Heritage Tourism and Climate Change.

Impact of COVID-19 on HES and our response

In line with Scottish Government advice, we closed public access to our staffed properties and offices on Wednesday 18 March, and from Tuesday 24 March we closed all sites, offices and depots to staff. The closure of all our premises meant the shift to remote working for many staff however many of our normal business activities such as operating visitor attractions and conservation of monuments were unable to be carried out.

The virtual closure of global tourism affected HES as it did the wider tourism sector. The absence of visitors to our sites had an immediate impact on our income projections and business plan for 2020/21. In May we published a six-month Action Plan in recognition of the changed operating environment.

As part of our response, in late April, and in partnership with the Trade Union Alliance (TUA), we accessed the Coronavirus Job Retention Scheme administered by UK Government and furloughed around 900 of our staff.

In these changed circumstances we have sought new ways to promote heritage experiences. For example, we significantly increased our digital content to support members and visitors unable to access our physical sites and launched our “Learn at Home” initiative to support educators and parents by making available for free new and existing digital resources and learning materials.

While managing the impact of COVID-19 we have also been working on Resumption Plans in order to reopen the estate after almost five months of shutdown. We are currently implementing a phased approach to reopening sites; we reopened over 200 free to access sites in mid-July and our three most visited sites (Edinburgh Castle, Stirling Castle and Urquhart Castle) reopened on Saturday 1 August. A further 23 are will open, 13 in August and 10 in September.

While we are pleased to have the opportunity to welcome visitors back to our sites, we are not anticipating visitor levels of pre-COVID to return for some time.

We welcome the Scottish Government’s recent announcement of additional funding to HES. This funding ensures we are able to continue to deliver our statutory functions, allows us to support key sectors such as tourism and play a key part in Scotland’s wider economic recovery.

As well as supporting the reopening of many of our properties to visitors, the funding will also enable us to protect jobs and invest in the care and maintenance of our sites and other assets. The funding will also be used to support commitments through our grants programme, which benefits communities across Scotland as well as supporting local businesses, contractors and suppliers.

Impact of COVID-19 on the heritage sector

There has been a considerable amount of research undertaken into the impact of COVID-19. Given the scope of the heritage and historic environment sector, some of the impacts are reflected in other research, such as into the tourism and hospitality sector, construction, communities, skills, arts and culture and equalities.

In the following section we refer to work undertaken specifically within the heritage sector.

a) Sector Research

To understand the impact of COVID-19 HES undertook two surveys in April / May; one with organisations in receipt of HES grants and the second a sector-wide survey.

The most common issue reported by grantees was the delay to projects, with many also anticipating increased costs. Additional costs associated with adapting to accommodate physical distancing and use of digital technology were also highlighted. The second main issue is loss of organisational revenue, due to factors such as decline in visitors, postponement/cancellation of income-generating events, loss of work and a decline in charitable giving.

The sector-wide survey received 265 responses from community groups, charities, social enterprise, sole traders and private sector organisations. The full report is available at <https://www.historicenvironment.scot/about-us/news/covid-19-survey-shows-significant-impact-on-scotland-s-heritage-sector/>

The key findings included:

- Most common effects were loss or postponement of work (78% of respondents); loss of revenue (78%); cancellation of planned income-generation events (71%).
- Over a fifth (22%) of respondents considered there to be a high risk to the viability of their organisation.
- Museums and education, training and lifelong learning organisations reported the highest levels of risk to continued operation.
- Those involved in urban and rural development and traditional building skills were most conscious that they needed to reshape their operations.
- By respondent type, sole trader or partnership were reporting the highest level of risk of not surviving (32%).
- In terms of mitigating actions, over 60% were either planning for the lifting of restrictions, moving to remote working and/or remaining in contact with clients or beneficiaries. Nearly 40% were moving services online; a third of those surveyed were collaborating with other organisations (32%).
- At the time of our survey, 29% of respondents indicated that they were considering or had accessed the Coronavirus Job Retention Scheme. 27% of respondents had not pursued any schemes or measures announced by UK Government, Scottish Government or public bodies. Some explained that they were waiting to see how the situation would unfold and pausing operations in the meantime, others noted that they were not eligible for support at that time.
- Concern for the future of their organisations, the sector and wider society was widespread. At the same time, our sector was thinking of ways to contribute going forward and there was some optimism around the implications for climate action and sustainable tourism agendas.

As this is a changing picture, a follow-up sector survey was launched on 13 August with findings available shortly.

b) Sector Forum (COVID Historic Environment Resilience Forum CHERF)

CHERF was set up with support of the OPiT Chief Executive's Forum to provide a collaborative space to discuss medium and longer-term actions to address sector resilience, sustainability, and contribution to Scotland's national recovery.

CHERF, coordinated by Built Environment Forum Scotland (BEFS) and HES, brought together many different stakeholders, including local authorities, visitor attraction operators, museums, charities and representative bodies. It held sessions in June and July on: Reopening venues and destinations, Construction & Conservation, Civic Society & Volunteering, Statutory & Policy and Education & Research.

Key findings included;

- Impact on income due to reduced visitor numbers and the inability to hold events is unavoidable with the potential impact on employment.
- Loss of income may result in the closure of sites and museums resulting in the potential dispersal of collections, or neglect and loss.
- Concerns about potential loss of expertise from organisations, institutions and authorities.
- Given an older demographic, 2020 has had a major impact on volunteers in the sector.
- Physical distancing presents huge challenges for heritage education and outreach, although online engagement is a temporary solution until outdoor activities become possible.
- Further risks to the built heritage are being foreseen such as the potential acceleration of high street decline.
- The shaping of recovery around green and wellbeing policies is viewed positively.

Responding to COVID-19 - Collaborative activities

Findings from the sector survey were used by HES (and partners) to inform initial responses. These are in addition to support schemes provided by UK and Scottish Governments and included;

- Signposting up to date sources of support for different types of organisation and promoting programmes which share advice and insights.
- Providing flexibility in grant funding programmes in recognition of the impact of COVID-19 on projects.
- Collaborative initiatives to support organisations, for example, HES collaborated with Museums Galleries Scotland and the Association of Scottish Visitor Attractions to provide an online peer support programme for heritage organisations focusing on rebuilding income streams and innovation.
- Utilising survey findings to shape thinking on future actions.
- Sharing of advice and expertise with the sector. For example, HES published our Minimum Operating Standards for the safe reopening and operation of heritage sites.
- Information and experience sharing with UK-wide heritage counterparts.

Looking forward

There is still more to be done to understand and respond to the full impacts of COVID-19 on our sector. The effects and the need for support are likely to continue for some time. However, it is also important to look forward. We note below a number of important issues, and while some were recognised before COVID-19, their importance has been highlighted through recent events.

- Developing a long-term plan for the future of Scotland's heritage sector which is resilient and sustainable.

- Recognising and maximising the considerable contribution that heritage makes to the everyday life of people across Scotland, to our economy and communities, to wellbeing and inclusive growth and the contribution that it can make to a green recovery.
- Promoting job creation and retention within the heritage sector, investing in the development of traditional and digital skills through apprenticeships and other means and strengthening the critical sectoral supply chain of individuals and small businesses which provide specialist skills and expertise.
- Increasing the focus on heritage and the historic environment in economic development, Town Centre Action Plans, strengthening communities, place-making and Growth Deals.
- Incentivising investment in the historic environment, such as reducing the 20% VAT rate on the repair, maintenance and refurbishment of existing buildings (new build developments are tax free) and use of business rate assistance schemes.

Historic Environment Scotland

August 2020

Written Submission from National Lottery Heritage Fund in Scotland

Executive Summary

From the beginning of the crisis period, The National Lottery Heritage Fund worked swiftly to understand the unique challenges Scotland's heritage sectors face, and to respond quickly and efficiently to their needs.

HEADLINE FINDINGS FROM OUR UK-WIDE SURVEY UNDERTAKEN IN MARCH 2020 SHOWED:

- *Covid-19 is an immediate and persistent threat to the survival of UK heritage sites, assets and organisations:* 82% of organisations reported high or moderate risk to the long-term viability of their organisation.
- *Impact of Covid-19 was universal across the sectors we fund:* 98% of organisations were impacted within the first three weeks - remaining 2% were expecting some impact in the future.
- *Large financial shortfall:* in the six months period from March 36% of organisations expected a financial shortfall of up to £50k. 14% of organisations faced a shortfall of £50,000-£100,000.

As the scale and urgency of the challenge facing our heritage emerged, we rapidly developed a new **Heritage Emergency Fund** to protect and sustain heritage assets and organisations critical to our nation's cultural identity, from community heritage centres to iconic historic buildings, places and collections. **In Scotland 105 projects have been awarded emergency funding, amounting to over £6.4m.**

"The rapid reshaping of support from The National Lottery Heritage Fund, the ease of the application process and the quick turn-around times of the assessment process, clearly illustrated how The National Lottery understood the reality of the financial impact of the pandemic on a charity like ours." Susan Davies, Chief Executive, Scottish Seabird Centre.

August 2020 interviews with heritage organisations in Scotland show continuing difficulties:

- There are consistent concerns around volunteer roles, costs associated with social distancing measures and the financial viability of operating with a reduced offer.
- Organisations are attempting to maintain revenue by seeking extra funding, making appeals, and maintaining some income generating activity.
- 90% of the organisations interviewed have furloughed staff and 50% have considered mothballing.

"This crisis has put a big part of our volunteers' lives on hold. Many of them are in the 'at risk' age group and are very concerned about when they will be able to return safely."
Paul Blount, Project Engineer at Strathspey Railway

The heritage sector in Scotland faces a major operational and financial challenge over the coming months. Our analysis of data from our Heritage Emergency Fund applications projects that Scotland's heritage sector faces a **funding gap of between £24m and £29m in the remainder of this financial year.**

We are now planning our funding offer for the remainder of this financial year, following the closure of the Heritage Emergency Fund.

1. The National Lottery Heritage Fund

- 1.1. Created in 1994, The National Lottery Heritage Fund (formerly the Heritage Lottery Fund/HLF) supports projects involving the national and local heritage of the United Kingdom. We are a UK-wide arm's length public body, we receive policy directions from the UK Government and from the governments in Scotland and Wales, with Northern Ireland directions to be reviewed.
- 1.2. Since our inception, The National Lottery Heritage Fund (NLHF) has invested over £8 billion in grants to more than 45,000 projects across the UK, **equating to £886 million to over 4,500 projects in Scotland**, making us the biggest single investor in the UK's heritage outside of Government, a level of investment made possible through people across the UK participating in the National Lottery.
- 1.3. We support the full breadth of heritage, from historic sites and areas, industrial and maritime, museums, libraries and archives and parks and gardens, landscapes and nature. More than a third of our funding goes to buildings, but over one-fifth is invested in land and biodiversity, awarding over **£64 million** to parks and greenspace in Scotland since 1994.
- 1.4. We believe in the value of heritage as a contributor to the life of the nation, assets, organisations and experiences that help define our lives, and our shared identities.
- 1.5. The heritage sector is vital to the economy:
 - producing a total GVA of £31 billion and providing over 464,000 jobs.
 - contributes in excess of £2.3 billion to Scotland's economy, with £1.9 billion in GVA (SHEA 2018)
- 1.6. 35% of UK citizens "totally agree" that the presence of cultural heritage influences their choice of holiday destinations, and in 2018, £17 billion were spent on heritage-related visits and trips.
- 1.7. Over the next five years we are anticipating investing around £1.2 billion in funding to "*inspire, lead and resource the UK's heritage*" with a stronger advocacy role to add value to our financial support.
- 1.8. The National Lottery Heritage Fund has devolved more of its grant making: more than 90% of our decisions are taken locally by country or regionally based staff and decision-makers, with funding distributed broadly in line with the population

across the UK. In Scotland our staff work collaboratively with sector partners and actively seek to build relationships to support equality of investment.

- 1.9. We have invested in response to local priorities – 69% of people say our investment was a good or excellent use of National Lottery funds.
- 1.10. Our £2.4 million place-making Great Place Scheme supports Scotland's communities to put heritage at the heart of local plans and decision-making, with nine towns and cities in Scotland using our funds to help shape their future development. For example, see [Galloway & Southern Ayrshire Biosphere](#).
- 1.11. We actively support and promote Scottish Government Themed Years – we created an £850k Stories, Stones & Bones funding programme in 2017 for Year of History, Heritage & Archaeology, to increase accessibility of our heritage to all, and an £800k National Lottery Year of Young People Fund in 2018 which was co-produced with young people and which supported their wellbeing through heritage, sports and community projects.
- 1.12. Health and wellbeing outcomes were supported through 45 projects in 2018-19 across the UK (over £8 million) and 'wellbeing' is now a mandatory outcome for our projects. In Scotland, our Year of Young People evaluation showed 90% of young people involved in mental health or wellbeing projects agreed levels of physical activity improved. Bringing together youth and heritage sector partnerships focused around inclusion, wellbeing and employability has been key to the £10 million [Kick the Dust](#) programme that the Heritage Fund is supporting across the UK; for example, see the [Scotland 365](#) youth engagement project.

Immediate impact of Covid-19 on the sector

2. Covid-19 and the heritage sector

- 2.1. As the early impacts of Covid-19 and social distancing measures became apparent, we moved at pace to understand the known and potential impacts on the heritage sector and to reconfigure our approach to address rapidly emerging needs. Along with other National Lottery distributors, funders and public bodies, we have worked as quickly as we can to understand the unique challenges our sectors face, and where we can be most useful in offering support.
- 2.2. In order to underpin our changed approach with evidence, we conducted a survey of the heritage sector (UK-wide) which was open for a week in late March, so our data comes from early in the crisis. Resulted in 1,200+ responses, 79% of which are current or previous recipients of funding from us. We explored the responses by geography and sector and found no significant differences by either category. We also commissioned a separate survey with Wildlife and Countryside Link focusing on natural heritage, species, and landscape.

2.3. HEADLINE FINDINGS FROM THE UK-WIDE SURVEY WERE:

- *Covid-19 is an immediate and persistent threat to the survival of UK heritage sites, assets and organisations:* 82% of organisations reported high or moderate risk to the long-term viability of their organisation.
- *Impact of Covid-19 is universal across the sectors we fund:* 98% of organisations having been impacted within the first three weeks and the remaining 2% expecting some impact in the future.
- *Large financial shortfall:* 36% of organisations expected a financial shortfall of up to £50k in the next 6 months; 6% expecting a shortfall over £500,000 and 7% an impact of over £1m. 14% of organisations facing a financial shortfall of £50,000-100,000 in the next six months.
- *Financial impact will be high:* Loss of revenue was the second most frequently reported impact (69%), after postponement of planned events (91%).
- *Financial reserves are limited:* 46% of organisations can survive for no more than 6 months.
- *Organisational impacts are also high:* More than half of respondents reported they are closed to the public and are suffering from a lack of available volunteers. Experience of staff absence and reduced visitor numbers are also significant impacts.
- *Larger impacts on the Charity or Third Sector:* 91% of respondents reported a high or moderate risk to their organisations long term viability. 35% stated their financial reserves will be depleted within at least 4 months.
- *Focused support and flexibility are required:* In terms of support from The National Lottery Heritage Fund and our partners the most popular response was for greater flexibility for existing projects/grants (75%), followed by replacement funding due to loss of revenue funding by forced closures (60%), and emergency funding (53%).

2.4. Combined with our analysis, the intelligence we are gaining from in-depth discussions with sector partners, those who have received funding from us in the past, and those approaching us for support, we also have anecdotal feedback that suggest the following challenges:

- Cash-flow issues due to the impact of closure and delays;
- Double impact of flooding (climate change) and Covid-19 in some areas of the UK;
- Uncertainty about the medium term - significant financial issues likely to emerge over the coming months e.g. capital works delays;
- Need for future investment in marketing, job creation and skill development in longer term.

2.5. The heritage sector in Scotland faces a major operational and financial challenge over the coming months. In addition to our UK survey, we have undertaken interviews with heritage organisations in Scotland and the results have illustrated the difficulties that organisations are facing, due to lost income, increased costs and uncertainty over reopening timelines and protocol. A full summary is available in Appendix B but analysis shows:

- *Reopening & scenario planning:* responses to re-opening vary depending on the nature of the heritage asset but there are consistent concerns around volunteers, costs associated with social distancing measures and the financial viability of operating with a reduced offer. Organisations are attempting to maintain revenue by seeking extra funding, making appeals, and maintaining some income generating activity such as online sales and future bookings. **90% of organisations interviewed have furloughed staff.** The main issue is being able to operate in a way that ensures financial viability, when visit numbers are expected to be significantly lower and events need to be curtailed to adhere to social distancing. Half of the sites have considered mothballing but overall this was not thought to be sustainable because of significant maintenance costs and a fear that this could lead to longer term closure or reputational issues. Most of the organisations surveyed had deep concerns around volunteer roles because their volunteer workforce is older or needs to shield.
- *Reserves:* It is perhaps not unsurprising that the organisations surveyed have depleted their reserves during lockdown as their income has been dramatically reduced. 30% organisations have no free reserves left.
- *Business models:* The approach to business models varies but those surveyed recognised a need to investigate other options. Approaches mentioned included: shifting emphasis towards grant dependency, cutting staff; relying more upon digital; and delivering less community or ‘non-core’ activities.
- *Funding support options:* Organisations are attempting to maintain revenue by applying for external funding, furloughing staff, making appeals to donors and members and maintaining some income generating activity (such as online sales and future bookings). 20% of the organisations have existing loans. 50% organisations are currently delivering capital projects and of these, 40% are concerned about their ability to complete works.
- *Delivery of government objectives:* Many of these organisations deliver against national outcomes but do not necessarily capture data or set targets against their delivery, particularly at the current time. The organisations interviewed manage heritage that has both national and international significance. Several of the heritage assets are listed buildings. Loss of these organisations would have a significant detrimental impact to Scotland’s cultural offer. 70% are visitor attractions providing a tourism offer. 60% work with a wide range of community groups and outlined a number of initiatives with social and inclusion outcomes.

2.6. Using our survey and emergency funding data, we have forecast the potential financial impact of Covid-19 on heritage and the options for public support. We have used cashflow forecasts from applicants to the Emergency Fund to identify the size of the ongoing deficits faced by different types of heritage organisations. Appendix A explains in greater detail the method that was applied.

2.7. Our analysis projects that the heritage sector in Scotland faces a **funding gap of between £24m and £29m in the remainder of this financial year.** Most of this need is for ongoing revenue support for organisations that have experienced a significant loss of income owing to Covid-19. The remainder is for the

recapitalisation of reserves for those who face a viability risk over the course of the winter.

2.8. In addition to the quantitative modelling, we have also identified the following challenges and opportunities for the sector in Scotland:

- Ensuring a robust and resourced **local authority sector for the long term**. Local authority museums, archives and heritage services provide a valued resource to their local communities supporting wellbeing, learning and economic agendas. Directly and indirectly they also support the wider heritage sector from community archives and independent museums to communities exploring their own heritage and the renewal and re-use of heritage buildings.
- **Capital funding gaps**: we have identified c.£10m additional costs incurred by heritage projects that we are already funding that are currently in delivery and delayed due to Covid-19. This includes increases in construction costs and professional fees as a result of delays, as well as concerns about available match funding and income generation.
- **Supporting an inclusive sector**: our open grants programme covers the full breadth of natural, cultural and intangible heritage. Most of our awards (by number) are for projects below £10,000, designed to be accessible to community groups. Every project must achieve our mandatory outcome to ensure *a wider range of people will be involved in heritage*.
- Investment in **digital expertise and skills** across the sector is an urgent priority. We have accelerated the provision of our Digital Skills for Heritage initiative to help the sector through the crisis and beyond. An additional investment of **£120,000** could support heritage organisations across Scotland update their digital offer to respond to Covid-19 through a combination of peer support, online skills training and tech support packages, as well as investment in digital kit and services.
- Creating **employment opportunities and support for young people** through engagement with heritage in response to the adverse effects of the pandemic.

Addressing sector needs

3. Heritage Emergency Fund

3.1. As the scale and urgency of the challenge facing UK heritage emerged, we have worked as quickly as possible develop our Heritage Emergency Fund to protect and sustain heritage assets and organisations in the coming months. This has meant we took the decision to close our main grants programme and refocus our energy and grant-making on a response to the Covid-19 emergency.

3.2. A new fund was established - <https://www.heritagefund.org.uk/funding/heritage-emergency-fund> - to address immediate pressures over the first 3-6 months for those most in need with a focus on essential operating costs to save heritage and sure up cash flow and short term stability for organisations.

- 3.3. Grants of between £3,000-50,000 were available to organisations that have received funding in the past and are either a current or previous recipient of our investment (see update below) – detail here: <https://www.heritagefund.org.uk/funding/heritage-emergency-fund/3-50k>;
- 3.4. A further level of support of grants of £50,000-£250,000 to address immediate risks to UK heritage and help organisations who need a higher level of support to become more stable - detail here: <https://www.heritagefund.org.uk/funding/heritage-emergency-fund/50-250k>
- 3.5. On 18 June we confirmed grants could be used to help organisations reopen after the coronavirus crisis. The deadline to apply was extended to **12 noon 31 July**.
- 3.6. We are currently examining, with partners across the sector, a select number of key strategic investments where heritage is identified as at greatest risk. This could include grant increases to funded projects that are currently underway.

4. Current level of applications to Heritage Emergency Fund

- 4.1. Our Heritage Emergency Fund closed on 31 July. In total we received 1,256 applications and just under £50m awarded to organisations across the UK to address short term, immediate challenges of the Coronavirus crisis, as well as longer term resilience and recovery.
- 4.2. In Scotland, **105 projects have been awarded funding, amounting to over £6.4m**, and 10.9% of the overall number of awards from across the UK. The breakdown of the amount awarded for Scotland’s different types of heritage is shown below:

Heritage Area based on project reference	Awarded
Community Heritage	£258,700
Intangible Heritage	£184,051
Historic Buildings and Monuments	£2,826,400
Industrial, Maritime and Transport	£525,600
Landscapes and Nature	£1,219,600
Museums, Libraries, Archives and Collections	£1,250,200
Other / unknown	£92,700

5. Responding flexibly to help our funded organisations adapt

- 5.1. Alongside this we are offering flexibility for our current projects and continuing to support 2,500 projects already in delivery across the UK. In addition to the Heritage Emergency Fund, and in order to meet the immediate needs of the organisations we support, we have made some further immediate changes to focus our efforts on support for the heritage sector:

- from April, we halted all new Committee-level grants (£250k - £5m) and single-stage delegated grants (£3k - £250k), for at least the next six months.
- organisations that have been selected to apply for Heritage Horizon Awards (grants over £5m) will be given more time and deferred until the 2021/22 financial year. We will not be opening a further round of funding for Heritage Horizon Awards.

5.2. We have also established an approach to soliciting applications where there are specific strategic needs. This will allow us to:

- safeguard specialist infrastructure (e.g. BAME heritage networks).
- address any unintended equalities gaps emerging from analysis of Heritage Emergency Fund applications.
- address exceptional cases outside of guide criteria but where judged critical to our longer-term strategic objectives.

5.3. We have also set up a reactive Loan Facility, to launch later this year, which will give the opportunity for enterprise and trading organisations to access bridging finance and capital where there is demand for this option as part of a blended support package. This is positioned as emergency, interest free finance as opposed to a social investment and based on a higher tolerance of risk, alongside measures to ensure any loans are made on a transparent basis. This will give us the opportunity to inform our approach to alternative investments and help prepare us for supporting the new business models emerging in the longer-term.

Long-term impacts of Covid-19 on the sector and areas of support

5.4. Using the approach set out in the previous section, we have also worked to identify, insofar as it possible at the current moment, what the longer term challenges may be for the heritage sector, and being to put in place approaches to mitigate and to support the sector to emerge in the best possible shape. The scale of the Covid-19 challenge is immense. As organisations shift from managing immediate crises to longer term planning, we think it likely persistent uncertainty for all organisations involved in the visitor economy will mean further crises hit organisations in different sectors in different ways over the coming months. While our emergency funding can make an important contribution to saving heritage and organisations at risk, we know our investment won't be able to meet the demand for funding.

6. Longer term support

6.1. For the longer term, to help with recovery from the current crisis, we will be investing in two Enterprise Development programmes across the UK for heritage leaders, and Business Support Programmes in all four countries. This will be in addition to the £50m support package and comprises:

- Enterprise Development - training programme to develop a stronger culture of successful enterprise in the heritage sector.
- Business Support – broader business and leadership skills, including, for example skills and capacity to diversify their income, develop their

supporters, volunteers and audiences, respond to new opportunities and withstand threats, and build stronger networks among peer organisations.

- 6.2. Digital has moved from a priority for long-term development to an urgent practical focus. We are adapting our Digital Skills for Heritage initiative to respond to the pandemic and investing £1.2m. Creative use of technology can allow organisations to continue to work and online creative content and activities are more important than ever.
- 6.3. Our approach focuses on a rapid triage, to find out what organisations need, delivering support through practical and immediate approaches peer learning and providing free, openly licenced resources to reach organisations across the sector.
- 6.4. We will focus our initial support on helping organisations to:
 - Secure and maintain online presence;
 - Fundraise;
 - Communications.
- 6.5. Underpinning all of these are safety/safeguarding, security, accessibility, legal and ethical issues that organisations might be very familiar with in physical spaces but may be less experienced with in digital spaces. We are commissioning reports and webinars for the sector to address some of the more complex topics such as: safeguarding children and young people, online privacy and security, eLearning, accessibility and design canvases.

Lessons learnt from how the sector have dealt with Covid-19

7. General response

- 7.1. The sector has generally responded incredibly positively, flexibly and with a sense of purpose. This has involved moving quickly to engage with grantees, and existing frameworks and relationships being used to co-ordinate responses and collaborate on providing support.

8. Collaboration and partnership

- 8.1. We have been working in co-ordination with other National Lottery distributors, the Scottish Government and other public bodies (including Historic Environment Scotland and Museums Galleries Scotland) and environmental NGOs to ensure a joined-up approach. This has included sharing data and analysis, linking up over application guidance and criteria, and discussing broader plans for medium to longer term recovery.

Post Covid-19 outlook

9. Given the scale of the challenges, we are already looking at ways in which we can work differently and facilitate innovation within our organisation and across the sector.

10. We are collaborating with Historic Environment Scotland and Museums Galleries Scotland to ensure that everyone's collective efforts make the biggest impact with the resources available and avoid duplication. share intelligence and understand challenges facing our sectors, including:
- **Supply Chains:** impact on construction and capital projects, archaeology, volunteering, heritage crime.
 - **Access to green space:** We are working closely with Greenspace Scotland to understand the needs of environmental organisations, crucial to managing supporting and opening our landscape and nature to communities across the UK. We believe access to and use of urban and rural green space is an important area for medium to longer term collaboration between sectors and local government. Our research report *Space to Thrive*, published earlier this year provides a robust review of the evidence of the benefits of parks and green space to our health and wellbeing and local place, and sets out how to make the most of this by managing parks as social infrastructure and improve their quality as well as encouraging access for all. With the necessary social distancing measures, urban parks have moved to the forefront of local politics and community engagement and our recently published [guide](#) for parks and greenspace managers, produced with Greenspace Scotland, provides advice on how to manage these spaces safely. In the future there may be a strong case for rapid test-and-learn projects to understand changing social behaviours and help develop new social norms for use of public green space that will be consistent with different social distancing models.

Other areas for consideration

11. The National Lottery and Covid-19

- 11.1. The Committee should also consider that at the current time there may be an impact from Covid-19 on the source of Good Causes income at source – the National Lottery. Whilst it is currently not known what the full impact will be on ticket sales, it may be that this has implications in the future. Each of the distributors has a different business model, so variations in income will have a different effect on each. Alongside other distributors we are working with Camelot to understand what this might mean and to inform mitigation.

APPENDIX A: ESTIMATING THE TOTAL FINANCIAL SUPPORT NEEDED

The initial emergency support provided to heritage organisations in the early stages of the pandemic has undoubtedly saved many from liquidation or insolvency. The Fund's rapid research in March, prior to the launch of the job retention scheme, found that 69% of organisations had lost revenue already and 82% reported a high or moderate risk to their viability. Since that time, broad access to general support from government, as well as grants from the Heritage Emergency Fund, have helped organisations in our sector to manage the financial implications of lockdown.

Since the Emergency Fund launched in April, however, we have seen growing evidence that heritage organisations will face major financial challenges at the end of the lockdown period. A combination of factors mean we have grave concerns about the viability of large parts of our sector in the months ahead:

1. Many organisations have had to deplete their reserves to survive following the initial lockdown period – over half of applicants to the Emergency Fund are already below 3 months of free reserves.
2. Social distancing restrictions mean that almost all heritage sites that welcome visitors are assuming reduced income for many months after they are allowed to reopen.
3. Even once formal restrictions have ended, visitor and volunteer behaviour is likely to have changed for good.
4. The costs of reopening and operating a heritage site/asset, on the other hand, remain relatively fixed, including maintenance and staffing.
5. Many organisations benefit from seasonal income and much of the normal summer trade has been lost.
6. Treasury support will gradually be withdrawn, and the Heritage Emergency Fund's current grant programmes will end.

We have completed analysis of the amount of funding that would be needed to safeguard the heritage sector and support a renewal of its organisations and assets in Scotland.

We developed two scenarios - the 'worst case' scenario assumes that guidance for 2m social distancing remains in place until September and then is relaxed to 1m for the rest of the financial year. The 'best case' scenario sees 1m social distancing end on the 1st October and all restrictions eased. In both scenarios, we assumed that there is a persistent effect on visitor behaviour and hence earned income for heritage organisations. For example, in the best case scenario:

- 30% of normal earned income is achieved in September
- 40% of normal earned income is achieved in November
- There is a gradual uplift from November to March, so that income is back at pre-Covid levels by the 1st April 2021.

These assumptions are used to support modelling of two different types of government support:

1. Cover for lost income owing to the effect of social distancing and other restrictions on earned income outlined above.
2. Recapitalisation of financial reserves. Many organisations have depleted their cash balances in order to survive the initial lockdown period. This strand aims to build a stronger, more resilient sector for the future by topping up reserves up to a level of around 6 additional weeks of operating expenditure.

Data on the normal income levels of heritage organisations is not routinely collected by National Lottery Heritage Fund. Instead, we have used data on projected future cashflows, collected very recently via applications to the Heritage Emergency Fund. This information from 188 applicants from across the UK allowed us to estimate the typical forecast monthly deficit faced by heritage organisations during 2020. Most organisations had assumed gradual re-opening, as well as the withdrawal of universal state support such as the business retention scheme.

These figures are based on the proposition that tapered public support to close the deficit is made available to heritage organisations, in accordance with assumptions of earned income gradually returning. Finally, we used data from the Emergency Fund to calculate the average reserves of applicants and the amounts that would be needed to cover a 6-week period.

We then apply this to the total number of heritage organisations in Scotland that have received funding from NLHF over the past 6 years, a total of 477. This gives the following:

- Lost income of **£18m-£23m**.
- A gap in reserves of **£6m**, based on an average shortfall of 6 weeks of operating costs.

We project a total need of £24m-£29m for heritage organisations in Scotland in the remainder of this financial year.

APPENDIX B: DEEP-DIVE INTERVIEW ANALYSIS SUMMARY

10 HERITAGE ORGANISATIONS BASED IN SCOTLAND WERE INTERVIEWED BY THE NATIONAL LOTTERY HERITAGE FUND IN AUGUST 2020.

RE-OPENING AND SCENARIO PLANNING

Responses to re-opening vary depending on the nature of the heritage asset but there are consistent concerns around volunteers, costs associated with social distancing measures and the financial viability of operating with a reduced offer.

- Organisations are attempting to maintain revenue by seeking extra funding, making appeals, and maintaining some income generating activity such as online sales and future bookings.
- The majority (90%) of organisations have furloughed staff.
- For some sites it will be easier to re-open because they have space and / or an outdoor offer.
- Some felt that they could not estimate the costs involved in re-opening at present, but there appears to be a consistent need for additional equipment and / or cleaning staff to make their site fit for social distancing.
- They are also considering costs involved with more on-site or digital resources to replace face to face activities like guided tours.
- The bigger issue is being able to operate in a way that ensures financial viability, when visit numbers are expected to be significantly lower and events need to be curtailed to adhere to social distancing.
- A reduction in the social distancing guidance from 2m to 1m was not viewed to be significant.
- Half of the sites have considered mothballing but overall this was not thought to be sustainable because of significant maintenance costs and there is a fear that this could lead to longer term closure or reputational issues.
- Overall, there appears to be confidence around staff numbers for re-opening but some sites did mention that they may need to reduce their workforce because of reduced income.
- Most of the organisations surveyed had deep concerns around volunteer roles because their volunteer workforce is older or needs to shield. Some volunteers are anxious about returning or are unable to return, which has operational implications.

RESERVES

It is perhaps not unsurprising that the organisations surveyed have depleted their reserves during lockdown as their income has been dramatically reduced. 30% organisations have no free reserves left.

BUSINESS MODELS

The approach to business models varies but those surveyed recognised a need to investigate other options. Approaches mentioned included: shifting away from earned

income and towards grant dependency, cutting staff; relying more upon digital; and delivering less community or 'non-core' activities.

Organisations see many trade-offs that they will need to negotiate: -

- Using more volunteers v keeping organisational capacity
- Encouraging visits v ensuring visitor safety
- Prioritising conservation and maintenance v creating community benefit
- Less face to face engagement v digitisation of services
- Reactive v proactive approach to business
- Increasing costs v reduced visitor numbers
- Reduced visitor numbers v improved ability to undertake building works

Most were using digital channels before the lockdown and have increased this over the last few months. They have created virtual tours, educational resources and shared more stories online but all for free. Overall, they were confident using digital channels but much less confident about monetising this content, and generally do not see possibilities to earn significant income in this area. There appears to be a consensus that there is a lot of digital competition and that additional resource is required to do this effectively.

FUNDING SUPPORT OPTIONS

Organisations are attempting to maintain revenue by applying for external funding, furloughing staff, making appeals to donors and members and maintaining some income generating activity (such as online sales and future bookings).

Most have applied to the National Lottery Heritage Fund's Heritage Emergency Fund.

- 20% of the organisations have existing loans. Those that would not consider loans were reluctant to take on more debt and / or were not confident about repaying loans or future income.
- 50% organisations are currently delivering capital projects and, 40% are concerned about their ability to complete.

DELIVERY OF GOVERNMENT OBJECTIVES

Many of these organisations deliver against national outcomes but do not necessarily capture data or set targets against their delivery.

Economy

- 70% of the organisations are visitor attractions and provide a tourism offer.
- 20% felt they did not directly capture data in this area.
- In particular, see V&A Dundee's Economic Impact Assessment which shows £75m economic impact in its first year.

Culture (& heritage)

- The organisations interviewed manage heritage that has both national and international significance. Several of the heritage assets are listed buildings. Loss of these organisations would have a significant detrimental impact to Scotland's cultural offer.

Communities

- These organisations work with a huge number of volunteers, providing opportunities to develop new skills, combatting social isolation and inclusion barriers.
- 60% work with a wide range of community groups and outlined a number of initiatives with social and inclusion outcomes eg. Community Learning Programme (Dynamic Earth); V&A Dundee has been working with Amina Muslim Women's Resource Centre to develop a two-year training programme to support local women to deliver inclusive tours for BAME communities in their native languages.

Environment

- 60% of organisations have undertaken or are considering environmental impact / measures. Peatland restoration, conservation reporting and carbon footprint were cited as examples.
- Three of the organisations stated that they do not have environmental specific reporting.
- Only one organisation highlighted green recovery activity – in relation to reduction in carbon footprint and staff travel ahead.

Other national outcome highlights

- 60% deliver against the children & young people outcome eg, Dynamic Earth Schools Golden Ticket.
- Half of the organisations offer educational activities or programmes eg. The Trees for Life Skills for Rewilding programme.
- 40% deliver against the health outcome eg. see Project Ability workshops, although many of the organisations mentioned outdoor activity which in turn deliver indirect health & wellbeing benefits.
- There was a lack of response / clarity around how they deliver against the human rights outcome.

Written Submission from Abbotsford Trust

“In prosperous times I have sometimes felt my fancy and powers of language flag – but adversity is to me at least a tonic and bracer.” Sir Walter Scott

PART ONE: SETTING THE SCENE

Background to Abbotsford and the Abbotsford Trust

Abbotsford is the magnificent home that Sir Walter Scott (1771-1832) created in the Scottish Borders. It is renowned internationally as the prototype of Scots Baronial architecture and our Category A Listed historic house and gardens are designated as of outstanding national significance. Abbotsford is also home to Scott's globally important collections of more than 9,000 books and 4,000 objects.

The Abbotsford Trust is an independent Scottish registered charity that owns and cares for the historic buildings, gardens, and collections created by Sir Walter Scott and his descendants. It was established in 2007 to prevent Abbotsford closing to the public following the death of Dame Jean Maxwell-Scott, the last descendant of Scott to live at Abbotsford.

Abbotsford's strategic and economic significance

With extensive support from Scottish Enterprise and Scottish Borders Council, the Trust developed a plan to transform Abbotsford into the premier international heritage attraction it deserves to be. The first phase of this plan (which ran from approximately 2009 to 2013) saw a wholesale restoration of the historic site as well as the creation of a new Visitor Centre to incorporate not only the visitor welcome but a shop, café and exhibition. This major programme cost c£12 million, of which £9.25m was invested by Scottish Government, Scottish Enterprise, Scottish Borders Council, and the Heritage Lottery Fund.

The 200,000++ visitors we've welcomed since our re-opening in 2014 are estimated to have contributed at least £45,760,000 to the local economy and supported 915 jobs, as well as 35 FTE direct new jobs at Abbotsford. Abbotsford multi-faceted business model encompasses multiple roles, including as one of Scotland's most significant historical and cultural assets, a tourism destination, a self-catering accommodation provider, and a community linchpin for volunteering, learning and development. Abbotsford is recognised by South of Scotland Enterprise (SoSE) and Scottish Borders Council as being of strategic importance to the entire south of Scotland economy and it makes an extremely significant contribution to the local economy.

How the Abbotsford Trust delivers its charitable objectives:

The Abbotsford Trust works across three broad areas to realise its charitable aims and objectives:

- Caring for, conserving, maintaining and providing public access to the historic house, gardens, estate and collections created by Sir Walter Scott and his descendants;

- Providing visitor facilities and opportunities for well-being and recreation;
- Providing formal and informal learning, outreach and volunteering opportunities for people of all ages and abilities in the community.

PART TWO: IMPACT OF THE PANDEMIC ON OUR INCOME AND CHANGES IN VISITOR BEHAVIOUR

Due to the pandemic and following industry and Government guidance, we closed our doors to visitors at the end of Friday 20th March 2020. As a historic house which is also a visitor attraction and tourism destination, Covid-19 completely devastated our business:

- All tour operators cancelled all of their group bookings. *Our losses arising from tour company cancellations alone are so far estimated at £144,360;*
- All bookings in our Hope-Scott Wing self-catering accommodation were either cancelled or deferred;
- All of our trading income ceased from all sources, including ticket sales, shop and café;
- All on- and off-site events are cancelled for the foreseeable future;
- All community, educational, outreach and volunteering work ceased.

Having only just fully re-opened to visitors on 1st March 2020, our accounts and cash flow were already at their lowest annual point when the Covid-19 outbreak began.

We predict lost visitor income could reach £400,000 or more this year.

Whilst closed to visitors, we did all we could to reduce costs:

- We ceased all unnecessary / discretionary expenditure;
- We “mothballed” the historic house and turned its heating down to the lowest possible level (whilst still ensuring appropriate conservation of the building and its collections) to save on utilities;
- We furloughed most of our staff (22 out of 31) to help reduce staffing costs to a minimum. All staff associated with volunteering, learning and community work were furloughed;
- The Chief Executive has taken a voluntary 20% pay reduction;
- Non-furloughed staff (except gardens staff) moved to home working.

Abbotsford’s essential running costs were still over £42,000 per month. This is because the substantial costs associated with heating, security, conservation and maintenance on a historic site of such significance remain virtually unchanged even whilst we were closed. It also remained necessary to continue to carry out a number of operational and monitoring tasks in the historic house and gardens to ensure their on-going security, stability, maintenance, and conservation. As Abbotsford is among the most significant designed landscapes in Scotland, work in our historic gardens remained essential.

Fundraising in the time of Coronavirus

We have stabilised our position for 2020 by securing the following Coronavirus-specific funds:

- Third Sector Resilience Fund: £50,000 interest-free loan;
- National Lottery Heritage Fund - *Heritage Emergency Fund*: £224,200 grant awarded;
- Pivotal Enterprise Resilience Fund: £100,000 grant awarded;
- Coronavirus Business Support Grant: £10,000 grant awarded;
- Museums Galleries Scotland Digital Resilience Fund: £2,990 grant awarded;
- Emergency appeal to private donors: at least £47,000 donated to date;
- Emergency public appeal via text and online giving: approx. £1,500 donated to date

PART THREE: RE-OPENING & LOOKING AHEAD

We re-opened Abbotsford in three stages and at all times in line with the latest guidance from the Scottish Government:

Stage One: Abbotsford's Regency Gardens re-opened to the public on 1st July.

Stage Two: The Visitor Centre at Abbotsford re-opened on 15th July.

Stage Three: The historic house and chapel re-opened 4 days a week on reduced hours and limited ticket availability on August 15th.

No staff have been made redundant.

Since Aug 15th visitor trading revenues have been approximately 50-60% less than usual for the period.

KEY ISSUES & OPPORTUNITIES

Trading constraints

Abbotsford remains viable for 2020 due to the emergency grants and donations given. However, we are managing the following long term constraints on trading revenue:

- Reduced admissions capacity of c.30% due to social distancing requirements;
- Reduced opening times for admissions due to c.50% reduction in availability of Volunteers;
- Reduced revenue through Self Catering due to increased time taken to clean between residents;
- Increased costs in servicing admissions, retail, catering and self catering due to cleaning and social distancing requirements.

2021 Outlook Tough

Abbotsford usually attracts 30% of business from group tours, and 30% of business from international visitors. Numerous group operators have cancelled 2021 bookings and forecasts are for a continued suppression of international visits.

A combination of restraints on revenue earning potential, additional Covid related costs, and suppressed demand indicate a very challenging 2021.

Aiding Economic and Social Recovery

Abbotsford is keen to play its part in both revitalising the economy and sustaining our community as the nation seeks to recover from the pandemic.

Our ambition is to not only weather this storm, but to seize any opportunities there may be to enhance our role and the outcomes we deliver for our community.

Achieving this will undoubtedly require:

- **Evolving our business model to adapt to challenges and opportunities;**
- **Meeting anticipated increased demand for our community programme at Abbotsford.** Helping the socially isolated and those re-entering the work environment in particular;
- **Continued fundraising to meet 2021 challenges and opportunities.**

Examples of projects which would aid immediate trading recovery and provide a long term legacy:

- **December – the Christmas month.** Abbotsford has always closed its doors to admissions from Dec to Feb. We wish to open all of Dec 2020 delivering a creative Christmas experience to visitors. This should become a long term offering;
- **Outdoor catering.** Our estate walks have been a lifeline for our community. Demand is high for outdoor activities. We wish to tap into this by creating an outdoor catering point;
- **IT investment.** We need to invest in IT facilities to enable effective homeworking, as well as enhancing a digital visitor experience throughout 2020 and 2021.

Giles Ingram
Chief Executive
28th Aug 2020

Culture, Tourism, Europe and External Affairs Committee
COVID 19: Heritage organisations and venues
3 September 2020

INTRODUCTION

The Committee has agreed to take evidence on the impact of the pandemic on the heritage sector and the support available. In the past two weeks the Committee has had evidence sessions on the tourism and culture sectors. This session is with heritage organisations and venues.

The paper is structured around three broad themes—

- the impact of the pandemic and the short term plans for reopening venues;
- financial support available; and
- the longer term recovery of the sector.

Aside from the pandemic, the recent discourse about the treatment of historic figures' connections with the slave trade is pertinent to the sector and this is touched upon briefly in the third section. In contrast to the response to the Committee's call for evidence on the impact of Covid-19 on the culture and tourism sectors, there was a more limited response from the heritage sector.

Please note that briefings on Covid-related subjects may date quickly as policy changes occur rapidly.

IMPACT OF PANDEMIC

CURRENT POSITION

Heritage sites, particularly built heritage such as castles, museums and houses, rely on visitors for income. The submission to the Committee from [Historic Houses Scotland](#) observed that—

“With the arrival of Covid-19 Historic Houses Scotland places were entirely closed for business at what would usually be the start of their busiest time of the year; their sources of cash flow dried up overnight, and many are facing an entire season of losses.”

The National Lottery Heritage Fund undertook a UK-wide survey in March 2020 to better understand the impact of the pandemic. Survey findings included that the

pandemic would create large financial shortfalls and represented an “immediate and persistent threat to the survival of UK heritage sites, assets and organisations”.

Heritage sites are very important to Scotland’s tourism sector. In [2018, over](#) 5.2m people visited Historic Environment Scotland’s (“HES”) staffed sites – a 5% increase from the previous year. The three most-visited staffed HES sites that year were Edinburgh Castle with 2,111,578 visitors, Stirling Castle with 605,241 visitors, followed by Urquhart Castle with 518,195 visitors. The National Lottery Heritage Fund suggested in its submission that the Gross Value Added of the heritage sector in Scotland was around £1.9bn in 2018.

Gardens and zoos were allowed to open on 29 June as part of [phase 2](#). [In phase 3](#), on 15 July, museums, galleries, monuments, libraries, various other visitor attractions, were able to open with physical distancing and other measures (e.g. ticketing in advance).

Physical distancing duties are set out in regulation 4(1) of the [Health Protection \(Coronavirus\) \(Restrictions\) \(Scotland\) Regulations 2020](#). A person who is responsible for carrying on a business or providing a service must take all reasonable measures—

- to ensure that a distance of 2 metres is maintained between any persons on the premises (except between members of the same household or a carer and the person assisted by the carer)
- to ensure that they only admit people to its premises in sufficiently small numbers to make it possible to maintain that distance
- to ensure that a distance of 2 metres is maintained between any person waiting to enter the premises (except between members of the same household or a carer and the person assisted by the carer)

Museums, galleries and heritage attractions are able to open as long as they follow the specific [museum, galleries and heritage sector guidance](#). [Museums Galleries Scotland have described](#) the advice as “detailed” and it covers a wide range of areas which each venue needs to plan for. MGS have made available an adaption fund to support costs of essential adaptations, equipment and training.

The types of sites covered by the heritage sector are very varied including houses, flats, gardens, landscapes, castles etc. In addition, there are associated research, conservation, education, retail and hospitality facilities. In addition, many heritage sites utilise volunteers. This adds to the complexity for heritage organisations in re-opening sites and re-starting operations.

Museum, galleries and heritage attractions were able to open in England from 4 July. The [UK Government has produced guidance](#) for people who work or volunteer in heritage locations in England. This guidance notes the variety of settings in this sector as follows—

“It is important to note that heritage buildings and landscapes can be used for a multitude of different ventures and events. Each site is likely to be different.

Where a premises delivers a mix of services, only those services that are permitted to be open should be available.”

Abbotsford House is a visitor attraction, hotel and restaurant. The timing and different aspects of its business have been able to open at different times under different pieces of guidance. Its submission noted that its gardens opened on 1 July, its visitor centre on 15 July and its house and chapel on 15 August. Revenues from visitors have been less than half of usual levels since 15 August.

NTS and HES venues have a similar diversity across their portfolio of properties. In addition, both NTS and HES receive income from membership. The National Trust for Scotland (“NTS”) is opening many of its venues. On 31 July, a news release by NTS stated—

“Over 40 of our places have reopened, including Glencoe visitor centre, Culloden visitor centre, Robert Burns Birthplace Museum, the Hill House, Culzean Country Park, Threave Garden, Brodie Castle’s garden and grounds, Arduaine Garden and Crathes Castle’s garden and estate.

“Our countryside places such as St Abb’s Head National Nature Reserve, Ben Lomond and Ben Lawers National Nature Reserve are also open”.

Historic Environment Scotland (“HES”) has produced, and kept updated, a document on the [Minimum Operating Standards for Property Management and Visitor Operations](#). This document was “developed from a wide range of sector and industry advice, guidance and best practice, and set the benchmark for the safe reopening of sites and resumption of operational activities”. As with the Scottish Government guidance, the HES standards are lengthy and detailed. HES has been re-opening sites in phases and a HES news release, on 24 August, stated—

“We aim to re-open 70% of our estate by mid-September on a rolling basis to provide as much access as possible to historic sites across all regions of Scotland.”

As noted in the SPICe briefing for last week’s session, [VisitScotland’s “We’re Good to go”](#) scheme is an online self-certification platform showing how businesses have adapted practices in response to COVID-19. The scheme was originally developed by Visit England. The free scheme complements the [guidance already issued by Scottish Government](#) to help tourism businesses plan to reopen. As at 3 August, 6,061 businesses in Scotland have registered as Good to Go (GTG). VisitScotland is continuing to encourage businesses to sign up and promote it on business listings on VisitScotland.com. VisitScotland staff also following up with calls to support businesses. Abbotsford House, for example, is ‘Good to Go’ accredited.

The National Lottery Heritage Fund’s submission to the Committee shared the results of interviews it had undertaken with heritage organisations in Scotland. It found—

- “There are consistent concerns around volunteer roles, costs associated with social distancing measures and the financial viability of operating with a reduced offer.

- Organisations are attempting to maintain revenue by seeking extra funding, making appeals, and maintaining some income generating activity.
- 90% of the organisations interviewed have furloughed staff and 50% have considered mothballing.”

CONTINUING OPERATIONS THROUGH LOCKDOWN

In May 2020, HES [set out an action plan for 2020-21](#) which outlined how HES planned to work in response to the pandemic and how it would progress other streams of work to “maintain and develop” its core activities. In this it identified three phases—

- Immediate priorities to maintain the operation of the organisation and maximise staff resources for the next six months;
- Resumption planning to ensure that the organisation can resume core activities as soon as appropriate once restrictions are lifted; and
- Long-term planning to ensure we can reduce the impact of this period on the organisation and do as much as we can to help mitigate the impacts on wider society.

The same document provided an overview of HES’ core functions as follows—

- The care of over 300 sites of national importance all across the country;
- Looking after collections of archives and artefacts;
- Investigating and researching the historic environment, with particular reference to the impacts of climate change;
- Protection of historic places through designations and consents; and
- The provision of advice, guidance, training and learning opportunities about the historic environment.

The HES action plan is explicit in linking activities to key performance indicators and how these would be met in response to the pandemic and through the continuation of its core work. For example, under “KPI 6: Increase economic benefits from Scotland’s historic environment” HES identified actions such as disbursing grants, and planning for recovery as a response to the pandemic; and in terms of its core activities, revising its research strategy, supporting modern apprenticeships and developing its suite of training and qualifications.

The National Trust for Scotland also needed to maintain the upkeep of their properties through lockdown. For example, [gardens require upkeep and many of NTS’ gardens](#) had gardeners working on essential tasks.

NATIONAL TRUST FOR SCOTLAND

Lockdown was an economic shock to the sector, removing commercial income and impacting on membership numbers. In May 2020, the National Trust for Scotland announced that it was consulting on plans to reduce costs in the face of lost revenues. These [plans included potentially more than 420 redundancies](#).

The Committee wrote to NTS on [22 May 2020](#) to express its concerns and seek further details from NTS. Simon Skinner, (the then) Chief Executive Officer of [NTS replied on 28 May 2020](#). The letter noted that NTS had been closing an operating deficit over the past five years and still, at the start of the financial year, held substantial reserves. Mr Skinner set out the scale of NTS' difficulties caused by the pandemic—

“With nowhere to visit, we have for the first time seen significant membership cancellations and virtually no new members joining. Our commercial income, from retail, catering, holiday lets and events, has been wiped out and the fall in the stock markets saw £30m wiped off the value of our investment assets in just one month. In the face of such losses and with some measure of social distancing expected to remain in place for the balance this year, we know we will not be able to recoup lost income through trading, which means that without action our reserves will be used up by the end of this financial year.”

At the time of the letter, NTS estimated that there would be a “£10m gap in our required level of reserves”. It had sought support from the Scottish Government and other grant giving bodies. In response to a Parliamentary Question on 1 June ([S5W-29148](#)), the Cabinet Secretary for Economy, Fair Work and Culture set out engagement between the Scottish Government and NTS in the following terms—

“In response to a request from the National Trust for Scotland (NTS) for support to continue its operations, I suggested that it worked with Scottish Enterprise on the details of the case for support and agreed to meet the Trust. ...

I met with the National Trust on 15 May to discuss the financial impacts of the Covid-19 outbreak on its business, and the outcome of the early discussions with Scottish Enterprise on the case for Government support. In that meeting I questioned whether the Trust was making the maximum use of the Coronavirus Job Retention Scheme (CJRS) to mitigate redundancies. I also was clear that Scottish Government support would be difficult while the Trust was proposing to proceed with redundancy plans.

Following that meeting, a team from Scottish Government and Scottish Enterprise has been asked to work with the NTS to explore its financial situation and provide recommendations which seek to ensure its long-term security while, as much as possible, protecting jobs and keeping properties open. This team held its first meeting with the NTS on 26 May.

“We are committed to working with the Trust to explore the support measures necessary to ensure that it can carry on its valuable work, but are clear that any request for public funding needs to be focused on achieving maximum public value and must be accompanied by a clear case which demonstrates both the need for support and the public benefits that it will provide.”

[On 16 August, the Scottish Government announced](#) a “support package worth £3.8 million” for NTS. This money was made available from the £97m of consequential included in the [UK Government's £1.57bn](#) fund to “protect Britain's world-class cultural, arts and heritage institutions”. The funding allowed NTS to reduce the number

of planned compulsory redundancies to from 429 to 188; although there will also be 44 voluntary redundancies.

The funding was conditional and requires the NTS to work with the Scottish Government on the long-term sustainability of its operations and review its business model for future challenges. The funding also allowed an additional six heritage sites to be opened in the current season.

In response to the announcement, the new Chief Executive, who took up his post in July, [Philip Long said](#)—

“My joy at this announcement is tempered by the fact that the effects of COVID-19 are so devastating that we’re still having to say goodbye to many friends and colleagues. I wish it were not so, but redundancies are unavoidable, although this support has helped us to keep them to the absolute minimum possible.”

In addition to the Scottish Government funding, NTS has issued an emergency appeal and a membership campaign. [As of mid-August](#) the NTS reported that it had raised around £2.5m. The membership campaign asks people to pledge their “love for Scotland” and “help [NTS] continue to care for everything that makes this country so special.”

SHORT TERM RECOVERY

In previous weeks, the Committee has heard evidence about the issues venues face attracting sufficient numbers of people. NTS’ letter states that, in normal circumstances, “only five of our 54 staffed properties generate more money than they cost to run”.

Lucy Casot from Museums Galleries Scotland told the Committee, on 27 August, that while museums and galleries were able to open on July only around a quarter of venues in the sector had opened 6 weeks afterwards and that many will not be able to open this year. The Committee has heard that there is a difference between being allowed to open and the conditions being in place for venues to open sustainably. She also reported that the Association of Scottish Visitor Attractions had been surveying members and currently around 30% of those that were operating were doing so sustainably with issues such as reduced capacity and increased costs being noted by respondents.

The Abbotsford Trust’s submission noted that while grants and donations had stabilised its financial position in 2020, the outlook for next year looks “tough”. It noted that it was reliant on group tours and international tourists and also identified the following constraints on its business—

- Reduced admissions capacity of c.30% due to social distancing requirements;
- Reduced opening times for admissions due to c.50% reduction in availability of volunteers;
- Reduced revenue through Self Catering due to increased time taken to clean between residents; and

- Increased costs in servicing admissions, retail, catering and self catering due to cleaning and social distancing requirements.

FINANCIAL SUPPORT

One of the key issues across both the Committee's recent sessions with representatives of the tourism and culture sectors has been the coverage and adequacy of the financial support available. There are a range of financial supports available to the sector. These include economy-wide and sector-specific measures. Workers and businesses may be able to access funding through Scottish and UK Government schemes to support the economy. These include—

- Coronavirus Job Retention Scheme;
- Self-Employment Income Support Scheme and the newly Self-employed hardship fund;
- Non-domestic rates relief and grants;
- Additional support available for retail, hospitality and leisure businesses (which can include theatres, museums, visitor centres etc.);
- Tax payment deferrals;
- Loan Schemes.

HES operates as a charity and public body. The 2020-21 Scottish Budget set out a total budget for HES of £106.1m (including depreciation and capital). However, this included an expected income of £63.3m. That is, Scottish Government funding totalled £42.8m; excluding capital and depreciation, revenue funding was expected to be £33.8m or around 35% of the revenue budget for HES.¹

FURLOUGH AND SELF-EMPLOYMENT INCOME SUPPORT SCHEME

HMRC's [Coronavirus Job Retention Scheme statistics: August 2020](#) provide regional breakdowns by sector. In Scotland the take up rate of "employments" in the Arts, entertainment, recreation and other services sector was 72%. The rules for [accessing the Coronavirus Job Retention Scheme](#), or furlough, state—

"If you have staff costs that are publicly funded (even if you're not in the public sector), you should use that money to continue paying your staff, and not furlough your staff."

Scottish Government guidance provides more details on the position of organisations in receipt of public funding. The [Scottish Government stated](#)—

"Organisations in receipt of public funding are eligible for the Coronavirus Job Retention Scheme (CJRS) so long as:

- they do not already receive public funding that is explicitly designed to cover the staff costs for which they are now claiming [Note that Scottish

¹ Level 4 figures.

Government grants usually support activities and outcomes rather than specific staff costs] and

- the combined total of other public funding and Job Retention Scheme payments should not represent more than 100% of the level of total income they would have expected to receive during this period in a non-COVID scenario (for the avoidance of doubt, this includes earned and contributed income)”

From 1 July 2020, employers have been able to bring furloughed employees back to work part time. Employers have the flexibility to decide the hours and shift patterns of their employees – with the government continuing to pay 80% of salaries for the hours they do not work. However, the scheme closed to new entrants from 30 June 2020. After this date, employers have only been able to furlough employees they furloughed for a full three-week period prior to 30 June 2020.

Furlough is due to begin tapering from September and cease from the end of October. This scheme appears to have been well-utilised in the sector, where it could be.

The [Self-Employment Income Support Scheme](#) is open for its “second and final taxable grant”. The deadline for applications is 19 October 2020. The grant is worth 70% of individual’s average monthly trading profits paid out in a single instalment covering 3 months’ worth of profits, and is capped at £6,570 in total. The first grant, for which applications closed on 13 July 2020, was based on 80% of average trading profits and capped at £7,500 in total.

The Culture Media and Sport Committee also concluded that support should be maintained to workers in the creative sector in its [report on the Impact of COVID-19 on DCMS sectors. The Committee recommended that—](#)

“From October 2020 at the latest, the 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”.

On 8 July 2020, the UK Chancellor presented a [Summer Economic Update ‘A Plan for Jobs’](#). This represents the next phase of the response to the coronavirus pandemic. In total, the policies announced will cost up to £30 billion in 2020-21. Many of the measures announced are GB or UK-wide schemes that will apply in Scotland, for example—

- The Job Retention Bonus Scheme, which replaces the Coronavirus Job Retention Scheme (the ‘furlough’ scheme) through payment of a bonus to employers who take staff off furlough and keep them in employment until the end of January 2021; and
- [A cut in VAT](#) from 20% to 5% until mid-January 2021 for accommodation, hospitality and visitor attractions.

SCOTTISH GOVERNMENT SUPPORT

The [Scottish Government has stated](#) that its “first priority in this economic crisis has been to protect jobs and businesses”. The Scottish Government has [introduced a package of measures](#) worth £2.3 billion to support businesses. This has included—

- 100% rates relief for properties in the retail, hospitality, leisure and airport sectors;
- 1.6% rates relief for all non-domestic properties across Scotland;
- a local authority-delivered Business Support Fund with grants. These funds are now closed and the [most recent data show](#) local authorities reported that over 105,000 applications have been received. Of these applications, over 86,000 grants valuing over £969m have been awarded;
- Pivotal Enterprise Resilience Fund £120 million;
- Newly self-employed Hardship Fund (incl. £3m re-purposed from 15 June to support Bed and Breakfasts) £34 million;
- Creative, Tourism, Hospitality Enterprises and Hardship Fund £30 million;
- a package worth £60 million agreed with the water industry to help businesses facing difficulties with water charges during the outbreak;
- an initial package of more than £5 million for the fishing industry to help more than 650 vulnerable seafood fishing vessels;
- a £10 million scheme will provide financial support for seafood processors;
- a £3 million scheme for around 100 businesses which make a full time living from shellfish growing and trout farming;
- a £3.5 million package to help large sea fishing vessels; and
- two tourism funding packages, worth £15 million - £1 million grant available for self-catering businesses and £14 million Hotel Recovery Programme.

Furthermore, in [June the Scottish Government announced](#) a £230 million economic stimulus package. Initiatives cover construction, low carbon projects, digitisation and business support. It is funded by the reallocation of underspends from schemes interrupted by COVID-19. New projects featured in the package include—

- £51 million for business support, including boosting high growth companies;
- £78 million for construction, including £40 million for regeneration projects and £20 million for roads maintenance;
- £66 million to kick-start our green recovery, including £7 million to equip buses for physical distancing and the return to work; and
- £35.5 million for digitisation, including justice and education services.

It is beyond the scope of this paper to go into detail on the eligibility criteria for all of these support schemes – Members are welcome to contact SPICe with any specific queries.

The submission [from Historic Houses Scotland](#) (dated June 2020) noted that, among other things, the cap in rateable values of the Business Support Grant Schemes had excluded many of its members from accessing funds. The response stated—

“Our members were particularly confused about why they were unfairly excluded from the Scottish Government’s Business Support Grant Schemes when similar leisure businesses - historic houses and stately homes – were explicitly included in the equivalent support packages in England and Wales.

The subsequent addition of the Pivotal Enterprise Resilience Fund and the Creative, Tourism and Hospitality Enterprises Hardship Fund addressed these concerns to an extent but both were oversubscribed, some members had their applications declined and those members that were successful had their claims reduced, indicating the demand for these schemes to allow such businesses to survive. The inconsistency and lack of clarity around these issues caused weeks of delays and could have been avoided. This lack of support for Scottish tourism businesses is an ongoing issue, with support spread too thinly and not targeted at industries, like tourism, which are suffering most under the current conditions.”

The National Lottery Heritage Fund’s submission noted that it had produced analysis on the financial position of the sector. It said—

“The heritage sector in Scotland faces a major operational and financial challenge over the coming months. Our analysis of data from our Heritage Emergency Fund applications projects that Scotland’s heritage sector faces a funding gap of between £24m and £29m in the remainder of this financial year.”

As noted in the briefing paper last week, there are and have been a number of funds aimed at the creative sectors. At the beginning of July, the [UK Government announced £1.57bn](#) to “protect Britain’s world-class cultural, arts and heritage institutions”. As part of this, £97m would be allocated to the Scottish Government. A number of new funds and additional funding have been announced as a result. These include—

- Museums Resilience and Recovery Fund - the £4 million Museums Resilience and Recovery Fund will provide support for Scotland’s museums and galleries and will be administered by Museums Galleries Scotland. The fund will aid the return of staff from furlough and the wider reopening of museums and galleries;
- £10m to support events and associated supply chains through EventScotland;
- £3.8m for the National Trust for Scotland (as noted earlier);
- Performing Arts Venues Relief Fund - this fund was announced shortly before the UK Government’s announcement on [3 July](#). Initially it was for £10m but subsequently increased to £12.5m; and
- Grassroots Music Venues Stabilisation Fund - a £2.2m fund which aims to support grassroots live music venues in Scotland.

[Museums Galleries Scotland’s submission](#) (May 2020) suggested that a significant number of museums did not have reserves to survive through this year. However, in its most recent submission, MGS said that the resilience and recovery fund “has helped to meet the most urgent needs and to avoid insolvencies in the sector, reduce redundancies, as well as addressing challenges around re-opening and continuing to engage audiences remotely”.

The letter from Creative Scotland, in August 2020, noted that from the £97m of consequentials discussed above, that monies had been allocated to support events and associated supply chains through EventScotland (£10m) and to the National Trust for Scotland (£3.8m). This left £74.5m remaining to be allocated.

On 28 August, the Scottish Government made a further announcement allocating £59m of funding arising from the £97m consequentials. All but around £15m has therefore been allocated. The funding announced on 28 August was—

- A new £15 million Culture Organisations and Venues Recovery Fund to provide support to a range of businesses such as art galleries, studio facilities, comedy venues, large music venues, commercial theatres, orchestras, dance companies and nightclubs;
- £21.3 million for Historic Environment Scotland (HES);
- An additional £5.9 million to support heritage organisations through committed grants;
- £270,000 for the New Lanark Trust;
- £5 million to address the immediate financial hardship faced by creative freelancers;
- £5 million to support artists to continue developing new creative work that will make a significant contribution to Scotland's recovery from COVID-19;
- £3.5 million for independent cinemas; and
- £3 million for youth arts including a funding boost for the Youth Music Initiative.

In her letter to [the Committee on 6 August 2020](#) the Cabinet Secretary for Economy, Fair Work and Culture provided details on the uptake of: the Pivotal Enterprise Resilience Fund (PERF), the Creative, Tourism & Hospitality Enterprises Hardship Fund (CTHEHF), and the Newly Self-Employed Hardship Fund (NSEHF). The Cabinet Secretary also provided details on the Bed and Breakfast Hardship Fund stating—

“Due to demand, we increased the funding available for the PERF by an additional £75m post-launch, taking the total fund allocation to £120m. The CTHEHF received £10m in additional funding, taking total allocation to £30m. The combined total allocation of funding for NSEHF and B&BHF was £34m. This package of support, and the £1m top up to Creative Scotland's Bridging Bursaries scheme in the not-for-profit sector, made up the £185m additional support funds.”

PERF was intended to “provide bespoke grants and wrap around business support to viable but vulnerable SMEs vital to the local or national economic foundations of Scotland”. Business from Tourism & Hospitality sector were awarded 336 grants under the Pivotal Enterprise Resilience Fund with a total value of £21,504,000 – this sector received the most amount of funding, 18% of the total.

The Creative, Tourism & Hospitality Enterprises Hardship Fund was managed by the Enterprise Agencies with support from Creative Scotland and VisitScotland. The fund provided grants of up to £25,000 to small and micro creative, tourism and hospitality companies not in receipt of business rates grants. Around 75% of funding (by value) under the Creative, Tourism & Hospitality Enterprises Hardship Fund were received

by businesses in the Tourism & hospitality industry, with the remainder being awarded to the creative sector.

Local authorities provide significant routine funding for the arts in their local areas. Museum Galleries Scotland's recent submission stated—

“Local Authority and ALEO museums face debilitating funding pressures due to lost income and other pressures on resources.”

The Abbotsford Trust noted that it had accessed a number of support funds, including an interest free loan, private fundraising, a variety of Scottish Government loans and the National Lottery Heritage Emergency Fund.

NATIONAL LOTTERY HERITAGE EMERGENCY FUND

In April the National Lottery Heritage Fund established a £50m Heritage Emergency Fund which offered grants from £3,000-£250,000. The Heritage Emergency Fund closed to new applications on 31 July. There were two levels of grant under this fund, from [£3,000 to £50,000](#) and [£50,000 to £250,000](#). The application criteria and priorities differed for each level of funding. Applicants for both levels of funding must be—

- a not-for-profit organisation; and
- a current or previous recipient of a grant directly from the National Lottery Heritage Fund.

In addition at the lower level of funding the organisation must also be an owner, manager or representative of heritage, or be able to show it had delivered participatory heritage activity. At the higher level the applicant must be an owner or manager of a heritage asset that is at risk due to the financial needs of your organisation over the next 4 months.

Statutory organisations (e.g. local authorities), private owners of heritage, and organisations that have a direct funding relationship with and sponsorship by departments of Government could not apply. Applications were also judged on delivery of outcomes. The National Lottery Heritage Fund has 9 outcomes, one of which is mandatory. These are—

1. A wider range of people will be involved in heritage (mandatory);
2. Heritage will be in better condition;
3. Heritage will be identified and better explained;
4. People will have developed skills;
5. People will have learned about heritage, leading to change in ideas and actions;
6. People will have greater wellbeing;
7. The funded organisation will be more resilient;
8. The local area will be a better place to live, work or visit; and
9. The local economy will be boosted.

The submission from the National Lottery Heritage Fund noted that in Scotland, “105 projects have been awarded funding, amounting to over £6.4m, and 10.9% of the

overall number of awards from across the UK". Its submission provided a breakdown of the total value of awards by type of venue. Historic Buildings and Monuments received the highest total value of award, totalling £2.8m.

The National Lottery Heritage Fund is supporting the sector through capacity building, for example the [Digital Skills for Heritage](#) initiative, which is designed to raise digital skills and confidence across the whole UK heritage sector. It also plans to launch a "£4m investment in two enterprise development programmes across the UK for heritage leaders, and business support programmes in all four countries."

The National Lottery Heritage Fund's submission stated that it is currently planning its funding offer for the remainder of this financial year. The National Lottery Heritage Fund is also disbursing funds specifically in England in partnership with the Department for Digital, Culture, Media and Sport.

RECOVERY

The Scottish Government has identified a need to ensure that the longer-term recovery from the pandemic will lead to improvements in our economic model. The remit for the Advisory Group on Economic Recovery was focused on how practice will change and "help the transition towards a greener, net-zero and wellbeing economy".

The [report of the Advisory Group on Economic Recovery](#) does not refer directly to the heritage sector. It argued that the Scottish economy should seek to become more resilient to external shocks in the future. It said the economy should "prioritise resilience in our economy rather, than just overprioritising efficiency and low cost." The report focused on four types of capitals: natural, human, social and economic. It also advocated a "investment led recovery" and greater focus on regional investment. In terms of tourism, it stated—

"The tourism and hospitality industries should work in partnership with the Scottish Government to develop a sustainable future strategy; the Scottish Government should consider a targeted reduction in business rates to support the sectors' recovery; and it should press the UK Government to consider a reduction in VAT."

The report recommended that regulatory frameworks should be reviewed, including at a local authority level. The focus of this recommendation was on industrial activity, however. HES has an advisory role in the planning system and will advise on—

- category A [listed buildings](#) and their setting;
- [scheduled monuments](#) and their setting;
- [Inventory battlefields;](#)
- [Inventory gardens and designed landscapes;](#)
- [World Heritage Sites;](#) and
- [Historic Marine Protected Areas](#)

The Scottish Government's response to the Advisory Group on Economic Recovery also stated that its strategy would have equalities and human rights at its heart. Some submissions noted that women and girls had been disproportionately impacted by the

pandemic. [The People's Postcode Lottery's submission](#) argued that there should be a strong "commitment to promote and prioritise gender equality across all plans for recovery". It also stated a recovery should "support the most marginalised and disadvantaged young people by ensuring that there is continued support for those charities delivering front line services to young people in greatest need."

The National Lottery Heritage Fund's survey of Scottish organisations found that many were considering their future business models. This included "shifting emphasis towards grant dependency, cutting staff; relying more upon digital; and delivering less community or 'non-core' activities." While these actions might appear to prioritise resilience at an individual organisational level, clearly there are risks that these actions would reduce the beneficial impact of heritage organisations on communities. The same survey also found evidence that many of these organisations are delivering "against national outcomes but do not necessarily capture data or set targets against their delivery, particularly at the current time."

The Abbotsford Trust's submission noted that it will need to revisit its business model to adapt to challenges and opportunities. Its aim is to "not only weather this storm, but to seize any opportunities there may be to enhance our role and the outcomes we deliver for our community."

The National Lottery Heritage Fund's submission noted that it was working together with HES and MGS in a collaborative approach to the crisis. It identified that capacity building would help the sector post-crisis, particularly in: developing online presence; fundraising; and communications. The submission stated—

"As organisations shift from managing immediate crises to longer term planning, we think it likely persistent uncertainty for all organisations involved in the visitor economy will mean further crises hit organisations in different sectors in different ways over the coming months. While our emergency funding can make an important contribution to saving heritage and organisations at risk, we know our investment won't be able to meet the demand for funding."

EXISTING HERITAGE STRATEGIES AND PLANS

[Our Place In Time](#), the historic environment strategy for Scotland, was produced in 2014. This strategy set out three aims—

- Understanding – By investigating and recording our historic environment to continually develop our knowledge, understanding and interpretation of our past and how best to conserve, sustain and present it;
- Protecting – By caring for and protecting the historic environment, ensuring that we can both enjoy and benefit from it and conserve and enhance it for the enjoyment and benefit of future generations; and
- Valuing – By sharing and celebrating the richness and significance of our historic environment, enabling us to enjoy the fascinating and inspirational diversity of our heritage.

'Our Place In Time' is a Scottish Government plan for the sector, albeit HES is tasked with leading on the delivery of that plan. [HES' corporate plan Heritage For All](#) is to do

with HES' own role. This corporate plan states HES wants “the historic environment to make a real difference to people’s lives: to our health, to our economy, to our culture, to our environment. [HES wants] heritage to involve everyone so that we all benefit.” The corporate plan set out 5 outcomes—

- The historic environment makes a real difference to people’s lives;
- The historic environment is looked after, protected and managed for the generations to come;
- The historic environment makes a broader contribution to the economy of Scotland and its people;
- The historic environment inspires a creative and vibrant Scotland; and
- The historic environment is cared for and championed by a high-performing organisation.

HES’ action plan for 20-21 was developed in response to the pandemic, but maintained a focus on its strategic goals. It recognised that these are “challenging and unprecedented” times but that HES would undertake “long-term planning to ensure we can reduce the impact of this period on the organisation and do as much as we can to help mitigate the impacts on wider society.”

[NTS’ strategic plan](#) has similar objectives to HES’ corporate plan as follows—

- To protect and care for Scotland’s heritage;
- To provide opportunities for everyone to experience and value Scotland’s heritage;
- To promote the benefits of heritage; and
- To create an efficient and sustainable business which supports our conservation needs.

The financial pressures across the sector are severe. As noted above, NTS’ funding from the Scottish Government was conditional on developing a sustainable model. It is not clear at this stage how or to what extent the strategies of the sector or HES and NTS will need to be revisited as a result of the pandemic.

SCOTTISH TOURISM EMERGENCY RESPONSE GROUP (STERG) AND NATIONAL ACTION PLAN

The [Scottish Tourism Emergency Response Group \(STERG\)](#) was re-established in March 2020 to help support industry. STERG has prepared a [national action plan](#). This Plan has four phases – RESPOND, RESET, RESTART, RECOVER– in line with the [Scottish Government’s economic recovery plans](#). There are detailed actions linked to each phase, apart from the Recovery phase, which the Scottish Tourism Recovery Task Force is currently drafting.

- *Respond*: immediate provision of information and support to businesses (March 2020 - May 2020)
- *Reset*: support, planning and preparation to encourage restart (May 2020 - September 2020)

- *Restart*: support and guidance to begin safe re-opening (June 2020 - February 2021)
- *Recovery*: direction and support for operating in a new post covid-19 environment (June 2020 - December 2022)

IMPACT OF BLACK LIVES MATTER

This summer, the increased profile of the Black Lives Matter (BLM) movement has led to greater public discourse about how historical figures are treated and a renewed examination of sources of wealth – particularly in relation to slavery. [HES' comments](#) on BLM noted that its corporate plan is seeking to “ensure that those voices that are all too often missing in conversations about history and heritage are heard”. It said—

“Our historic environment is the story of Scotland. It tells us about our past, but it also points the way to our future. We are committed to ensuring that how we tell this story represents all of Scotland’s people.”

In [a piece on the legacy of slavery](#) and empire at NTS’ properties, Jennifer Melville, Head of Curatorial & Conservation Services, said—

“We want to engage with new, more diverse audiences and tackle the difficult subjects of colonialism, slavery, the subjugation of the underprivileged and those disadvantaged through their gender, orientation, colour or circumstance. So we would do well to consider how the stories that were formerly deemed too sensitive to address might actually offer a fresh perspective on this conundrum. Instead of presenting our properties as the physical manifestation only of success and privilege, if we use them to reveal the complexities of our heritage and culture, we can make every visit, every online encounter, every guided tour more meaningful and relevant.”

The Committee had raised the visibility of the links between heritage sites and slavery with HES in early 2019. [HES told the Committee that it was planning to undertake research in this area](#). This research was due to start in 2020.

Ned Sharratt
SPICe Research
31 August 2020

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