

Protecting and Renewing the Arts in Wales

A briefing for the Culture, Communications, Welsh Language, Sport & International Relations Committee's consultation on 6th Senedd priorities

About the Arts Council of Wales

1. The Arts Council of Wales was established by Royal Charter in 1994. We're a Welsh Government Sponsored Body funded largely by grant-in-aid from the Welsh Government. We're also a registered charity subject to Charity Law and one of the four Distributors in Wales of money to "Good Causes" from the National Lottery.
2. In 2021/22 the Arts Council is expected to receive 'core' funding of £32.4m from the Welsh Government and c.£17m from the National Lottery.
3. Our mission is to make the arts central to the lives and well-being of the people of Wales. Our Corporate Plan, "For the Benefit of All" sets out three priorities which underpin all aspects of its work:
 - i. **Promoting Equalities** as the foundation of a clear commitment to reach more widely and deeply into all communities across Wales.
 - ii. **Strengthening the Capability and Resilience of the sector**, enabling creative talent to thrive
 - iii. **Enabling the Arts Council to work more effectively**, collaborating more imaginatively with like-minded partners across Wales
4. The planning, delivery and monitoring of the Arts Council's activities are undertaken within the framework of the Wellbeing of Future Generations legislation and the Welsh Government's Programme for Government.

A long-standing Arts Council priority has been the development and support of a nation-wide network of high-quality arts organisations – its Arts Portfolio Wales.

5. The Arts Council directs a significant proportion of the grant-in-aid it receives from the Welsh Government (£27.08m) to providing 'core' revenue funding to 67 key organisations. These organisations play a leading role in the delivery of the strategic priorities of the Arts Council and the Welsh Government. Members of the Portfolio are selected every five years through an open-to-application process called "Investment Review". The next Investment Review begins in Autumn 2021, with funding arrangement for a new Portfolio coming into effect from April 2023.

Arts organisations – and creative individuals – have been adversely affected by the Covid-19 pandemic, some quite significantly.

6. Our sector is largely made up of charities, community interest companies, social enterprises, and freelancers. Charitable organisations and individual creatives generally carry no sizeable reserves and, even when operating in normal circumstances, do not set out to make large profits. Any profit that is made is generally re-invested back into enhancing delivery and extending the impact of arts programmes.

Some of our most effective organisations find themselves worst affected.

7. Current difficulties are exacerbated for those organisations (mostly venues) who achieve a high proportion of their income from ticket sales, retail income and other secondary spend. Under normal circumstances we applaud organisations like Chapter, Galeri in Caernarfon and Wales Millennium Centre for their success in operating with a low dependency on public funding. But with around 80% of their income coming from commercial activities, an otherwise stable business model has become more fragile.

The cumulative loss of income to the sector has been very serious – to organisations themselves and to the economy of Wales.

8. At the height of Covid restrictions Arts Portfolio Wales organisations were losing around £1.45m a week in earned and contributed income. However, we also provide support to many organisations outside the Arts Portfolio Wales. One of the highest profile sectors is Wales’ festivals, with many usually taking place between May and August. These include Hay, Llangollen, the National Eisteddfod and Green Man. These aren’t just important cultural organisations – they’re also part of Wales’ overall visitor and tourist economy. These have been especially hard hit by the uncertainties around the easing of Covid restrictions.

But it’s not just organisations who are struggling – many individual artists and creative freelancers have suffered an immediate loss of income.

9. Freelance artists and creators are the ultimate “gig workers”, moving from project to project to find the next pay-cheque. Often, they’re doing this without the benefit of employee protection or significant savings to draw on in times of crisis. Most creative freelancers had 100% of their work cancelled when Covid restrictions were imposed. Many are still without income and without promise of future work.

There is a differential impact on individuals that reinforces inherent inequalities.

10. The suspension of live performance and public cultural activity has been a comprehensive shock to society’s sense of well-being, as well as to the economy. But we need also to recognise that public health crises aren’t equal opportunities events: the poorest, most marginalised and disabled are generally the worst affected, while the wealthy, connected and healthy are usually better able to weather the storm. Ensuring that the widest diversity of Wales’ population is able to re-engage and to enjoy, take part and work in the arts is a pressing priority for post-Covid renewal.

Working with the Welsh Government, we responded quickly to provide an immediate response to the effects of the pandemic.

11. At the start of the pandemic existing funds were re-purposed to provide urgent financial support. We also worked closely with Welsh Government to deliver two rounds of Cultural Recovery Fund emergency support. So far, the Arts Council has distributed over £30m of Covid-related emergency support through:

- Urgent Response Fund for Individuals
- Stabilisation Fund for Organisations
- Stabilisation Fund for Individuals
- Cultural Recovery Fund 1 and 2 for Organisations (Revenue)
- Cultural Recovery Fund 1 for Organisations (Capital)

One of the requirements of Cultural Recovery Funding was the requirement to sign up to a “Cultural Contract”.

12. The Arts Council of Wales and the Welsh Government’s Creative Wales team are working together to develop a new initiative – a “Cultural Contract”. It’s designed to encourage those organisations receiving public funds to think about cultural and social purposes. (Complementary work is underway to develop a “Freelancers Pledge” for creative individuals.)

13. The idea behind the “Cultural Contract” will evolve and develop over time and a research programme is currently underway with the Wales Cultural Alliance. Under the terms of the Cultural Contract funding recipients would be asked to commit to:

- **Fair Work** – ensuring appropriate rates of pay and maximising opportunities to engage and support freelance workers
- **Board and workforce diversity** – working to increase the involvement, throughout the organisation and in the work they deliver, of Culturally and Ethnically diverse people, deaf and disabled people and people with other protected characteristics, including Welsh speakers
- **Environmental sustainability** – minimising the environmental impact of activity

Confidence across the sector and with the public is beginning to return as restrictions lift, but the financial risks impacting on the sector remains a real and continuing concern.

14. As theatres, arts centres and galleries reopen, it’s not clear how comfortable audiences will feel about returning to venues and whether they’ll do so in previous numbers. Return and recovery will also depend in large part on the policies that the UK Government takes towards restarting the economy. A serious programme of investment to stimulate the UK out of recession would prompt a dynamic response from the arts. The alternative route, saving our way out of debt, will create a slower, more cautious environment with the risk that some organisations will struggle to sustain their activities on a financially viable basis.

15. Risk is exacerbated because of uncertainties around the possibility of future “lockdowns” and their impact on income. Most organisations plan their programmes well in advance and have to make contractual commitments. Normally, insurance would be able to mitigate the impact of unforeseen issues, but Covid has changed this. The sector has repeatedly called for some form of government-backed insurance scheme to provide a vital financial safety net, should it be needed. Progress on this is urgently needed.

The possible introduction of future Covid/vaccination certification through “Covid Passports” is not straightforward and could be potentially discriminatory.

16. The July announcement from the UK Prime Minister of the removal of most of the remaining COVID-19 restrictions in England was accompanied by a Road Map setting out the future management of Covid restrictions. We joined with sector colleagues to lobby for this Road Map to be inclusive and for everyone. We have called on government to research the impact of re-opening for those clinically vulnerable people who are a part of the sector’s audiences, participants and workforce, so that they, their employees, employers and the sector can effectively set out, manage and mitigate risk.
17. The decision to reopen was made as the third wave of the Corona virus took hold. Cases have risen quickly. For anyone who is clinically vulnerable, pregnant, immuno-suppressed, a carer, under 18, who has been unable to take the vaccine, or who remains hesitant to take the vaccine, this will mean that the risk of engaging in any kind of public activity is increased exponentially. Many of these people could be forced back into lock-down.

The absence of arrangements for a cultural exemption to quarantine rules for international artists visiting the UK is hampering international collaboration.

18. Many of Wales-based organisations depend on attracting international quality talent from overseas. At the time of writing there are currently no cultural exemptions in place for international travel quarantine rules. Covid-related costs (self-isolation, quarantine hotels, testing etc) continue to place a strain on international working.

Post-Brexit changes to the freedom of movement of people and goods are having a seriously negative impact.

19. The changes affect artists and companies touring sets, carrying musical instruments and transporting pieces of art (both into and out of the UK) to EU member states. This means that, depending on the circumstances, Admission Temporaire or Temporary Admission (ATA) Carnets and Economic Operators Registration and Identification (EORI) numbers may be needed. In addition, there are new restrictions on the amount of stops that a haulage vehicle can make from the UK to the EU (Cabotage) which will severely restrict EU touring.

20. Changes to the freedom of temporary movement of people also affects venues, festivals and companies in Wales booking or inviting EU artists; and Wales based artists and companies working or touring in the EU. Whilst both the UK and most of the EU countries allow for 90 days in 180 days visa free as a tourist, the situation regarding work permits can be different in each member state. For example, EU artists coming for short term work to the UK may now be required to enter through the Permitted Paid Engagement (PPE) route, or through the Tier 5 Creative and Sporting Visa. Companies and venues in Wales may need to apply to become sponsors in order to issue Certificates of Sponsorship.
21. The Arts Council of Wales has worked across the four UK nations on the [Arts Infopoint UK project](#), with Creative Scotland, Arts Council England, Arts Council Northern Ireland and with investment from Welsh Government and Scottish Government. This initiative is gathering pace and responding in particular to the current need for information around Brexit.

Another consequence of Brexit is the UK's ineligibility to benefit from EU funding.

22. A domestic alternative for the culture side of the Creative Europe EU funding programme was not announced following the UK Government's November Spending Review. The Internal Market Bill allows the UK Government powers to fund cultural activity across the UK, regardless of current areas of competence for Devolved Administrations. There are also concerns that a domestic alternative to EU Structural Funds (Shared Prosperity Fund) will also be administered from Westminster. It's therefore currently unclear how the Shared Prosperity Fund would benefit arts and culture in Wales.

There are a number of areas that the new Committee might wish to examine.

23. These include:
- Assessing the continuing financial challenges faced by cultural organisations as Covid restrictions ease and the need to protect against lost income
 - Financial support programme for self-employed creative professionals
 - Ensuring that funding continues to be available to organisations experiencing cash-flow issues and facing commercial gaps in their income
 - The development of a government-backed insurance scheme
 - Exploring the scope of the Cultural Contract and Freelancers Pledge to encourage innovation and change across the sector
 - Cultural quarantine exemptions to facilitate international working

- Examining the implications for the cultural sector of any move to Covid Passports
- Assessing the impact of the post-Brexit arrangements for international collaboration, touring and artists mobility
- The potential impact on the cultural sector of the loss of access to EU funding programmes
- The implications of Internal Market Bill and ways shaping the UK Shared Prosperity Fund to deliver a recovery focused renewal programme scheme, designed to stimulate business development and innovation across the arts and creative industries

The achievements of the arts in Wales have been rich, innovative and deeply appreciated.

24. They should be sustained. But we also believe that whatever emerges after the pandemic must feel fresh and refocused, rather than a faded shadow of former glories. Could the darkness of this crisis, give us an opportunity to bring about lasting and systemic change? It's possible that such change would be good for the sector, and for society's values generally. In particular, it might help us get to grips with the urgent need to address issues of equality, diversity and social justice in terms of who is able to enjoy and take part in the arts. This is a debate that the Committee might wish to encourage.

Arts Council of Wales
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