

# The impact of COVID-19 on the Arts in Wales

## A briefing for Senedd Cymru's Culture, Welsh Language & Communications Committee

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All arts organisations – and many individuals – have been adversely impacted by the pandemic, some quite catastrophically.

1. 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.

2. 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 crashed overnight.

3. There's also the potential impact on associated expenditure. The Wales Millennium Centre, for example, sustains 1,200 jobs onsite and has estimated its annual economic impact in Cardiff Bay to be around £70m per annum.

The cumulative loss of income is very serious, to the organisations themselves and to the economy of Wales.

4. The Arts Council of Wales provides annual grant-in-aid support of around £27m to a nation-wide network of 67 key arts organisations – the Arts Portfolio Wales (APW). These organisations alone are losing around **£1.45m a week** in earned and contributed income.

5. 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.

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

6. 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, and without any significant savings to draw on in times of crisis.
7. Most creative freelancers have had 100% of their work cancelled. They are without income and without promise of work. Part-time and freelance workers continue to be denied the protections that their employed counterparts take for granted. The Job Retention Scheme and Self-Employed Income Support Scheme have been welcome interventions. However, many are falling through the gaps between these two.

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

8. The suspension of live performance and public cultural activity is one of the most comprehensive shocks 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.

**Working with the Welsh Government, we reallocated money from existing budgets to create a Resilience Fund for the Arts of £7.0 million (later increased to £7.5m).**

9. The Welsh Government's grant-in-aid to the Arts Council has been the vital foundation stone on which our COVID-19 emergency response strategy has been built. On top of this we 're-purposed' discretionary grant-in-aid funding and money from the National Lottery. We subsequently secured a further **£500,000** from a private charity, the **Freelands Foundation**.

**We moved quickly to divide the Resilience Fund into three 'emergency' strands.**

10. The three are:
  - Urgent Response Funding for Individuals
  - Stabilisation Funding for Individuals
  - Stabilisation Funding for Organisations
11. The Urgent Response Fund has been the first to make awards. Designed to support freelance artists and freelance creative practitioners working in the not-for-profit sector in Wales, it is focused on those who are experiencing immediate financial difficulty due to the loss of income caused by the Coronavirus/COVID-19 pandemic.

12. The fund offers micro-grants of up to £2,500. Round 1 of the fund has been completed and we have offered **214** applicants funding totalling **£489,826**. We are currently assessing round 2 of the Urgent Response Fund for Individuals, and the Stabilisation Fund for Organisations.

**The immediate future is difficult to predict, but confidence in being able to launch an autumn season is evaporating.**

13. Even if theatres, arts centres and galleries can reopen, who will come? How is a theatre audience compatible with the social distancing principles that are likely to continue long after we can leave our homes?
14. Return and recovery will depend in large part on the policy 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 would become a casualty of the process.

**The immediate concern is around solvency, or the immediate cash position and cash prospects for organisations.**

15. Since every form of immediate and projected income for venues has ceased, every organisation has gone dark, hoping that their best strategy is their survival for another day. Some are improvising alternative ways of promoting their activities – live streaming, digital collaboration, online readings and podcasts. Others are making their time, talent, and physical space available for immediate community needs — field hospitals, production of PPE, food production etc.
16. Some basic practical actions would help ease current anxieties.
- the extension of Job Retention Scheme and the Self-Employed Income Support Scheme as far as necessary for those sectors that need time to open and rebuild their businesses
  - enabling furloughing to be done on a part-time basis to allow organisations to work where possible
  - revising the Self-Employed Income Support Scheme to ensure no freelance worker falls through the gaps of government support.
  - clarifying the eligibility of culture and leisure trusts to benefit from Government funding
  - extending access to Local Authority administered business rate relief in Wales to all parts of the creative industries, not only those in retail, hospitality and leisure

- shaping the UK Shared Prosperity Fund to deliver a recovery focused business finance scheme, designed to stimulate business development and innovation across the arts and creative industries
- ensuring that funding continues to be available to organisations experiencing cash-flow issues and facing significant commercial rental costs
- the development of “safe space” protocols to help the sector return to business

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

17. 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 that would be good for the sector, for our values generally and, in particular, 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 the debate that we’re now initiating with the sector.

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