

Provide tax free grants to people working in the arts and to provide grant funding to arts venues

Y Pwyllgor Deisebau | 16 Gorffennaf 2021
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Reference: RS21/0189-9

Petition Number: P-06-1166

Petition title: Provide tax free grants to people working in the arts and to provide grant funding to arts venues

Text of petition: Right now, the UK government is encouraging people who work in the arts to retrain. We think this is wrong and that people who work in the arts should be given grants to enable them to keep entertaining people. The arts are the life blood of our community and we should support them financially.



1. Background

Arts funding in Wales is primarily distributed by the Arts Council of Wales. It distributes funding, mostly from the Welsh Government and National Lottery, to arts venues, organisations and practitioners.

Bodies providing grant funding do not determine the tax-status of that funding. Taxation is generally a reserved matter, and is determined by the UK Parliament and the Treasury.

2. Welsh Government action

2.1. Support for the arts

In the **2021-22 budget** the Welsh Government allocated £43 million to the Arts Council. This is an increase of 30% from a **2020-21 final budget** allocation of £33 million. The Arts Council uses this funding according to directions given by the Welsh Government.

Throughout the pandemic specific funding has been provided to arts venues, organisations and practitioners in Wales.

In July 2020 the Welsh Government announced a **Cultural Recovery Fund**. This followed the Welsh Government receiving £59 million in consequential funding flowing from a UK Government package of support for culture in England. The Welsh Government initially allocated £53 million to this fund, before adding further funding in subsequent months. The Welsh funding is distributed by the Arts Council, the Welsh Government and local authorities.

The Welsh Government has **said** that this fund “provided £63.3 million in 2020 to 2021 to support theatres, music venues, heritage sites, events, museums, libraries, galleries, independent cinemas and freelancers”.

It was made up of three main elements. The Arts Council administered funding of more than £18 million to support 170 organisations, supporting national and local theatres and art galleries. More than 1,000 jobs have been supported.

The Freelancers Fund provided a total of £18 million of grant support to 3,500 freelancers who have been unable to work during the pandemic. This funding was distributed by local authorities.

Welsh Government-administered element of the fund provided £27 million to support the culture, creative, events and heritage sectors. More than 500 organisations received funding.

Title:

In March 2021 the Welsh Government extended the Cultural Recovery Fund with additional funding of “up to £30 million”.

2.2. Tax status of grants

Bodies providing grant funding do not determine the tax-status of that funding. Taxation is generally a reserved matter, and is determined by the UK Parliament and Treasury.

This was demonstrated by the Welsh Government’s May 2020 £500 extra payment for social care workers.

There was coverage in the media in June 2020, which reported that tax and National Insurance contributions will be payable on the £500 payment. In the original announcement on 1 May, the First Minister had called on the UK Government not to tax the extra payment, enabling social care workers to keep the full amount, and stated that Welsh Government were working with the Department for Work and Pensions to make sure it did not impact on people’s benefit entitlements. The report stated that Welsh Government and HMRC ‘have said they were working together, but with no solution, the UK Government has asked the Welsh Government how it would like to proceed’.

However, HM Treasury maintained their position, and social care workers were taxed on the £500 bonus.

3. Welsh Parliament action

The impact of the pandemic on the arts was looked at by the previous Senedd’s Culture, Welsh Language and Communications Committee. Relevant publications included:

- Impact of the COVID-19 outbreak on the arts sector (June 2020)
- Turn up the volume: an inquiry into the live music industry (December 2020)
- Report on further work on the impact of COVID-19 on the arts (December 2020)

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