

Response by National Dance Company Wales (NDCWales)

1. Introduction

At NDCWales **we aim to produce great dance**, acting as a strong advocate for dance and the arts in Wales. In doing that **we show the world what modern Wales is** – a nation of cultural excellence and diversity as we innovate to push the boundaries of what can be imagined on stages across the world.

In Wales we **open up opportunities for people** to express their lives and values through dance, with societal and health benefits for mind and body growing a **happier, healthier nation for future generations**. To achieve this, we work in every corner of Wales, from small towns to the cities, working with partners in their communities to **bring dance to people in their own places** across the nation, and beyond.

2. Impacts that increasing costs of living have had to date

Increased costs in marketing (digital and media), travel and transport (fares and fuel costs), insurance and general increases beyond those budgeted have had an impact on the scale and extent of our work. The estimated cost of living increase to date has been around 7% on costs compared to the same point last year. At the same time competition for fundraising has increased now that most pandemic specific schemes have ended.

To mitigate these pressures, we have reduced the scale of our marketing and left posts vacant for a period, the impact of which has reduced reach in performance and engagement.

3. Impact increasing costs will have on our organisation and sector. Will these impacts be irreversible?

Having undertaken an analysis of the cost-of-living pressures likely to come in 2023/24, we are estimating that overall costs will rise - and certain income fall – with a combined negative impact between £186,000 and £210,000, equivalent to around 13% of turnover.

The pressures are in utilities, touring related costs including travel and accommodation, artists' engagement costs due to rising fees and travel cost increases, marketing and digital costs as well as maintenance, insurance and IT services.

In addition we are planning salary increases above those anticipated in our original planning a year ago to enable staff and freelancers to try to keep pace with inflationary pressures. Our business model pre-pandemic depended on us earning fees from EU touring, but due to suppressed demand for UK-based companies, and increased touring costs, the expected margin on this part of our business has more than halved.

The impact of these pressures is to reduce our capacity, limiting budgets for new work and touring, diminishing our ability to deliver engagement work across Wales. This is reversible if the pressures ease, or additional resources are found. We have ensured that we have not

made irrevocable changes so that activities can be recovered if and when the pressures ease, though the assessment is that this is likely to be some years in the future.

The impacts are also being experienced by others in the dance and wider arts sector. Smaller companies and independent artists – who depend on small grants to create and mount touring work – are suffering a cost-of-living crisis coming from many different quarters: increased costs of travel and accommodation, higher utility bills, plus diminished income as a result of international touring declining and the position of hard-pressed Welsh arts venues. What was already a precarious existence and mode of touring, is becoming unfeasible.

4. Interventions we would like to see from the Welsh and UK Governments

The most urgent requirement is for clarity from the UK Government on which sectors will be supported on utility costs post-April. It is unclear whether the creative and cultural sector will be deemed a priority business group, and without ongoing support we are calculating that utility costs will increase by at least 300%. Such a rise would have devastating consequences in terms of amount of work delivered, capacity and reach.

The UK Government should extend the temporary creative tax relief rises (rates doubled during the pandemic) beyond the end of 2022/23. This would enable cultural businesses to recover in the long-term, and plan with greater confidence.

The Cultural Recovery Fund created in 2020 for organisations who lost income during the pandemic was a strong model of providing fast support for those in greatest need: it also enabled some of the programmes which work with the most socioeconomically deprived communities to continue (or to commence). Such a scheme, offering targeted help to those companies most severely affected by the crisis would be a lifeline.

5. Impacts we describe falling differently on people with protected characteristics and people of a lower socioeconomic status.

There is a risk that, if the volume of work commissioned decreases, there will be impacts on the freelance sector, including artists and technicians. As the pandemic revealed, some freelancers' livelihoods are precarious at the best of times, and there is evidence to show that the cost-of-living pressures are felt disproportionately on those with least. It follows that any diminishing of work would have a severe impact on those who depend on such contracts.

As a company we work with people in some of the most deprived communities in Wales, as well as those whose access to the arts is directly related to their disability. For geographical and economic reasons, it is more difficult for them to access the arts and their engagement with NDCWales is often the only such possibility. If our engagement work is squeezed because of budget, this will indirectly but disproportionately affect them.

To date we have mitigated these impacts, and they have not fallen on people with protected characteristics or those of lower socioeconomic status. The full impact has not yet been felt, but when they are, we will continue to endeavour to ensure they do not impact these groups.