

## What is the current health of the sector's workforce, including the impacts of the pandemic, Brexit and cost of living crisis? Have workers left the sector, and what impact has this had?

The Arts Council is one of the bodies that previously raised concerns with the Committee about the state of the cultural and creative workforce in Wales and we would wish to acknowledge our appreciation that this issue is now the subject of further inquiry.

We are aware of the significant issues raised in the Cultural Freelancers Wales January 22 report which highlighted the impact of COVID 19 on the freelance workforce in Wales. Our own survey data, which is drawn primarily from the organisations that are members of the Arts Portfolio Wales shows a slight improvement in the numbers of people employed by these 67 organisations, but the numbers remain less than those employed prior to the onset of the pandemic. In 2019/20 there were a total of 2,058 people employed, which reduced to 1,743 in 2020/21 and has returned to 1,934 at the end of the financial year 2021/22.

These figures do not include those creative and cultural practitioners working for these organisations as freelancers or on fixed term contracts. As the CFW report indicates and as our knowledge of the sector would also support, freelancers have been particularly hard hit by the impact of the Pandemic.

### Results of Cost of Living Survey

We have recently conducted a survey of the impact of the cost of living increases on the cultural sector. The survey received a total of 497 responses received in September prior to recent economic announcements by the UK Government. Of these:

- 40 were received from our Arts Portfolio Wales organisations
- 37 from other Arts Organisations
- 217 from Individuals Employed within the Arts Sector; and 203 from members of the general public

What is clear from the responses to the survey is that the impact of the cost of living pressures could have a significant negative impact on the cultural sector; a sector that is still, in many parts of Wales, recovering from a period of little or no activity during the two years of the Covid 19 Pandemic.

Many organisations do not have the earned income to help absorb further losses of revenue and manage increasing costs and have very small contingency budgets or reserves. Even in good times, many parts of the arts sector live a fragile existence.

The impact of rising prices is being felt across all the income streams relied upon by the arts sector - public funding, fundraising, box office, and earned income.

The costs of making productions in theatre and other sectors are 20-40% more than a year ago and the profitability of catering services that often fund so much else in theatres and venues is being hit by rising food and drink costs and the difficulty of passing on these costs to customers. Construction costs are also rising dramatically affecting building projects, and venues yet to open or re-open have the additional challenge of not being able to predict their future energy or operating costs with any certainty.

Audience attendances are 60% to 80% of pre-pandemic levels, bookings are last minute and there is growing evidence of increased price resistance with a greater take up of concessionary tickets and discount offers. Meanwhile, community arts organisations and venues are reporting on the basic needs of food and shelter of their participants and users and how this is impacting on how they respond and deliver their activities and services in and to our most deprived communities. The “rural premium” also undoubtedly adds to the impact on the arts and communities in many parts of Wales.

Touring companies are challenged by the increasing costs of fuel, logistics and accommodation and are seeking guarantees or fixed fees from theatres and venues. The increased costs and complexity of international touring and related fall in the demand for UK touring companies are also leaving their mark.

There will undoubtedly be independent arts companies and venues that will face closure without increased support, if, as predicted, the economy is heading for a long period of recession. Those maintained and supported as part of local authority provision or major universities may survive although will not be immune from significant change.

In the short term, we are receiving reports of action being planned or taken to raise prices; to reduce performances, exhibitions, community activity, touring, hours of operation, and workforce levels; to introduce new housekeeping regimes, pay as you can schemes, and pricing and payment schemes; and to seek longer term investment in improving energy efficiency and generation.

All the organisations we have canvassed remain committed to fair pay for their staff, artists and freelancers which is adding double digit increases to their people related costs.

## Arts and Cultural Organisations

In terms of the geographical spread of organisations that responded to the survey 20 out of the 22 Local authorities were represented.

56% of all organisations are either Very or Extremely worried about the impact of the increase in energy cost with just 1% stating they are not worried at all. Current energy budgets for these organisations range between £600 and £170,000 with the average budget being around £25,673. A number of organisations stated that energy bills were included in their rent, and some therefore expressed concern about potential rent increases to cover these costs in the future:

*‘Our energy bills are included into our studio lease and we know that the venue will be increasing their prices massively in April next year which we will struggle to pay.’*

29% of organisations stated they were currently on a fixed price contract, while 36% selected the ‘other’ option. Most who opted for ‘other’ did so because their energy costs were included within their rental agreements, or because they worked from home offices. Of the 18 organisations able to provide the remaining length of their fixed contract, 39% will end in 2023 leaving them with unknown energy costs. The survey results suggest that those organisations that are not on fixed term contracts expect their energy costs to double or triple. Around 18% of all organisations predict their energy costs could double in the future.

Other impacts reported by organisations were increases in cost of Petrol/Food/Drink. Donations to organisations have reduced, material costs have increased as well as an increase in artists and technical fees. Organisations are also starting to see some decreases in attendances to their activities.

In the last month over a half (56%) of organisations have seen an impact on their income which they relate directly to the cost of living crisis. 39% report an impact on ticket Sales, 19% on Café/Bar turnover and 18% on room and venue hire. Gallery and gift shop sales have also been hit.

*‘Our bar and catering sale on our last event were down by 23% and the cost of stock and supplies increased by almost 200%’*

*‘footfall 50% down on pre pandemic’*

*‘It's hard to divide the impact between cost of living and post pandemic effects currently.’*

*‘Ticket income had fallen significantly as audiences were smaller’*

33% of organisations predict that they can only sustain the increased costs for less than 6 months and over half (53%) are telling us that they will have to reduce their programme of work which will further reduce audience numbers and participants numbers. Almost 40% of organisations that responded stated that they will have to increase see ticket prices and just over a third, 35%, said that opening hours may have to be reduced.

Other potential impacts also highlighted were possible closure, working from home more often, reduced opening hours. reduced commissions for freelance artists, an increase in rural deprivation and a reduction in access to services.

## Feedback from Arts Portfolio Wales Organisations

48% of Arts Portfolio Wales organisations who are in receipt of ongoing support from us stated that they were either extremely worried or very worried about the current cost of living situation. A third were moderately worried. 28% of these organisations were on fixed energy contracts, 35% had an 'other' type of contract.

60% of these organisations reported their income during the last month had been impacted by the current increase in cost of living and 48% told us that they expected income from ticket sales to be impacted and just over a quarter predicted an impact on income from café/bars.

A third of those organisations whose energy bills were higher than in March 2022 felt they could sustain the increased cost for 1 year plus, while 20% felt they could sustain the current situation for up to 6 months and a further 20% for 6 months to a year.

60% of organisations felt one of the future impacts of increased energy bills would be a decrease in participatory activity, and 55% felt programming could be reduced, with 48% predicting increased ticket prices.

27% of the Arts Portfolio Wales organisations specifically referenced seeing an impact on ticket sales, with reductions in the numbers being sold already being noted. This in spite of ticket prices having been reduced. Changes in spending patterns are also being noted with tickets to mainstream, feel good events selling well, while lesser known 'risky' events not attracting sales. There were positive examples of organisations offering free tickets for events, but this is not sustainable in the longer term. Of particular concern is the sense coming from the organisations that it is those who are already worse off in society and being hit the hardest by the cost of living crisis who are now choosing not to attend arts events. This based on the fact that concession sales are being hit the hardest, while full price tickets continue to sell above targets.

## Feedback from Other Arts Organisations

These are arts organisations that are not members of the current Arts Portfolio Wales and which largely depend on lottery supported project funding. 65% of these organisations stated that they were either extremely worried or very worried about the current cost of living situation.

30% of these organisations had fixed priced energy contracts while one fifth were on variable rate contracts. A further 38% had an 'other' type of contract, the majority of these stated their energy costs were included within their rental costs. 51% of organisations reported that in the last month their organisations income had been impacted by the cost of living increases.

Of those organisations who reported an impact on income strands, 30% stated ticket income had been impacted while 19% stated room/venue hire and 'other' areas had been hit. Included within 'other' was a decrease in attendances and loss of freelancers.

Just under a half (46%) of organisations felt they could sustain the increases for between 1 to 6 months, while almost a third, (32%) of organisations believed their organisation could sustain the increases for 6 months to a year.

In terms of the future impact on the arts due to the increase in energy bills, 65% of organisations believed there would be a decrease in participatory activity, while half predicted a reduced programme.

## Feedback from Individuals

90% of all individuals responding to the survey would consider themselves to be an arts attender or participant. The majority of attenders who responded were based in Cardiff (43%).

70% of these individuals told us they plan to attend or participate less in arts activities due to the impact of the cost of living crisis. 45% of those expect they will both attend less than usual and spend less than usual.

59% expect to struggle to afford transportation highlighting this as a major issue. Some have mentioned that they plan to stick to local cultural activities and make use of free or discounted local transportation. However, that can prove to be an issue for those with specific access needs: *"I have a bus pass the problem occurs when I go to certain theatres or museums because of the distance from bus stops and I am unable now to get taxis"*

The majority of those expecting to struggle with transportation costs are between 35 to 64-years-old (69%). 71% stated that they expect to travel less to cultural venues and events.

## Individuals working in the Arts Sector

47% of the respondents who work in the arts told us that they earn between £10,000 and £24,999 a year.

57% of respondents working in the arts said they are unsure whether they will be able to carry on working in the arts with their current income in light of the cost of living increase. 14% stated that think they will not be able to carry on working in the arts.

In response to the energy bill question, respondents indicated that they expect their energy bills to increase from between 16% to 386%. The median increase is of 100%.

40% of these individuals told us they plan to cope with cost of living increases by seeking additional employment outside of the arts sector. As freelancers are an essential part of the arts economy, this will impact on the wider arts scene.

27% told us they plan to cut down on essentials such as food and other coping strategies mentioned included moving out of the capital to seek more affordable housing, reducing WFH and sharing workspaces.

*“I am in the process of looking for full time work outside the arts sector instead of continuing to be a freelancer as costs are so unstable and there are not enough opportunities.”*

## Responses from the general public

19% of respondents from the general public told us they used to be employed in the sector and had to leave. The reasons for this included uncertainty and precarious employment, redundancies, health and family obligations.

90% of individuals from the general public told us they expect the cost of living increase to impact their income negatively. 56% expect to struggle paying their energy bills and 89% told us they felt worse off financially at the time of completing the survey, compared to March 2022 (before the last cost of living increase).

Transport is clearly being identified as a concern affecting staff members, freelancers and visitors, all of whom are now struggling to pay transport costs. One organisation mentioned a large group of students cancelling their tickets due to transportation costs doubling. This is a particular concern for vulnerable groups and those living in rural, lower income areas where people are more car reliant.

## How financially stable is the sector and how suitable are pay and working conditions?

Organisations responded telling us that they are struggling to pay staff and freelancers in line with inflation. In addition, they are struggling to retain freelancers and essential arts practitioners who cannot afford to do the work or pay travel costs to get to work. They pointed out that salaried staff are working longer hours, doing more work than they are being paid for and facing cost of living challenges themselves. There is a clear picture emerging of organisations struggling to adhere to industry expectations around fair pay, which we expect from all organisations in receipt of funding from us, whilst ensuring the survival of the organisation.

18% of our Arts Portfolio Wales organisations expressed real concern about being able to maintain fair pay standards.

## How equal, diverse and inclusive is the sector? How can this be improved?

Data from our monitoring processes shows that our actions to improve equality and diversity across the sector are now having a positive impact. Our latest monitoring reports from the arts Portfolio Wales organisations show an increase in 2021/22 of 44% in the

number of people employed who are from culturally and ethnically diverse backgrounds and a 38% increase in the number of deaf or disabled people employed by these organisations. This is compared to the numbers employed in 2020/21. There was a 25% increase in the number of people employed who identify as LGBTQ and a 67% increase in the number of younger people being employed.

There has also been an increase in the number of individuals receiving Lottery grants from us who identify as being deaf or disabled or from a culturally and ethnically diverse background. A 10% increase in the former compared to the previous year.

The loss of local arts projects and venues across Wales will disproportionately impact on people with protected characteristics and people of a lower economic status. It is these communities that we and our arts organisations are prioritising through accessible and targeted programmes and projects across Wales and it is these communities that will be hardest hit by the cost of living crisis.

In recent times, there has been an across the board increase in the employment of people with protected characteristics in our Arts Portfolio Wales and 30% of all Arts Council of Wales's National Lottery awards are made to projects that targeted D/deaf and disabled people and 30% also targeted culturally and ethnically diverse participants. Well documented evidence suggests there is likely to be a marked impact on the health and well-being of individuals and communities across Wales if opportunities for participation in the arts are reduced, cannot be readily accessed, or become unaffordable.

Our widening engagement action plan, developed and being delivered in partnership with Amgueddfa Cymru, will continue to drive forward our ambitions and priorities for improving equity across the sector.

## **How sufficient are skills and training opportunities? Are there gaps, and how should they be filled?**

The response to our survey indicated that 40% of organisations are currently struggling to fill vacancies. The roles identified as being hardest to fill include full time Technicians (lighting/sound etc.), full time catering/ hospitality roles and full time Administrators.

69% of all organisations stated that there are skills and training gaps in the arts sector. When asked to identify the types of skills/training gaps, consistent messages came through in relation to Technicians, Funding and income generation skills, Marketing, Leadership / Management and social media.

Over a half of the individuals who responded (52%) who are working in the arts sector told us they feel they have sufficient skills and training opportunities. A further quarter (26%) were unsure and 22% felt they didn't have enough opportunities.

Of those individuals that felt they needed more skills and training opportunities, areas which they would like developed included CPD, paid for training opportunities for freelancers, business management, finance, social media, Disability training, sustainable management systems and leadership training.

We at the Arts Council welcomed the setting up of the Creative Skills Advisory Panel and were pleased to accept an invitation from Creative Wales to join. We also welcomed the launch of the Creative Skills Action Plan but we do have concerns that both the Plan and the associated funding focuses only on the part of the cultural and creative sector that sits within the remit of Creative Wales. Creative Wales and ourselves are aware that creative practitioners work across both sectors. Our regular conversations indicate that both sectors are experiencing similar shortages and gaps in terms of skills and experience. Our hope was that a joint skills plan would be developed to address the gaps across the sector as a whole. We would recommend that this be explored further

## What has been the impact of support from public bodies such as the Welsh Government, and is further support needed?

We have previously provided evidence that demonstrates the positive impact of both our own and Welsh Government's Covid support schemes. Without these, many arts and cultural organisations would have been lost.

75% of organisations that responded to our survey stated that they would welcome a COVID style government support scheme and 70% would welcome investment in sustainable energy. 66% supported a price cap for business and almost a quarter felt there was a need for temporary tax cuts. 80% of our Arts Portfolio Wales organisations stated their support for a Covid style government support scheme at this time. The clear message coming through from the sector was one of needing help to survive.

The majority of individual respondents also expressed support for additional measures such as price caps (75%), investment in sustainable energy (72%), and COVID-style government support (59%).

*"We need a COVID style grant for freelance artists to enable them and their families to survive this winter, or we'll lose everyone to other sectors. For working class practitioners, the situation is so precarious that those of who made it through the challenges COVID brought us means we're now re-examining whether we can continue all over again."*

Managing our current Investment Review for decisions on new multi-year funding agreements from 1 April 2024 will be challenging for both Arts Council of Wales and the organisations applying for support. Many organisations which may wish to apply face the challenge of survival in the interim. Our grants programmes are not of a scale to meet this challenge.

Some arts venues are already considering whether they can respond to the impact on individuals and communities by offering themselves as "warms hubs", but in many cases this will require them to find additional funds to provide this offer and related discounted food and beverages.

The crisis now facing the sector is as great as at any time over the last two years. The Cultural Recovery Fund provided a critical lifeline to the sector in Wales and the UK. Additional funding is now required to build upon that investment and ensure the longer-term sustainability of the arts infrastructure in Wales. Artists, makers, and freelancers will



need support and security that universal basic income or similar schemes to survive the impact of the looming crisis.

The detail of the UK Government's economic and fiscal interventions to ameliorate the impact of the energy crisis on businesses, and their benefit to the arts sector seem unlikely to benefit the medium to long term sustainability of many arts organisations.

**Arts Council of Wales**  
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