

IFRCS35 Angela Thomas, Head of Governance, Arts Council of Wales

Senedd Cymru | Welsh Parliament

Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon, a Chysylltiadau Rhyngwladol | Culture, Communications, Welsh Language, Sport, and International Relations Committee

Effaith Gostyngiadau Cyllid ar Ddiwylliant a Chwaraeon | Impact of Funding Reductions for Culture and Sport

Ymateb gan: Angela Thomas, Pennaeth Llywodraethu, Cyngor Celfyddydau Cymru
| Evidence from: Angela Thomas, Head of Governance, Arts Council of Wales

1. What impacts has reduced funding had on your organisation and sector so far?

Arts Council - Lottery income has had to be used in part to supplement the cuts in grant in aid where it's appropriate to do so and we are able to, under the separate Directions. This has put additional pressure on our lottery programmes and an overall reduction in the number of applications we are now able to fund, with some grant rounds achieving a success rate as low as 35% due to budget constraints. Applicants and other Lottery distributors have noted increased demand and competition.

Venues - The cuts have had a significant impact across the venues sector -which is still feeling the impact of the pandemic and most have not returned to pre-pandemic levels of attendance. It was struggling before, and this has exacerbated a fragile situation. Added to this the associated high cost of catering and refreshments product is adding to the overall deficit.

Whilst live theatre and music has seen some increase in audience levels, other areas such as cinema are still in significant decline. This would have a knock on detrimental effect on the overall financial health of an organisation as cinema profit would traditionally underpin other activity.

Funding cuts will be felt strongly including through staffing cuts and the number of artists/creatives employed to deliver programmes. Therefore the initial impact is wider, spreading to individual artists who traditionally find good employment opportunities in the sector.

2. What measures have you taken in light of it, such as changing what you do and how you do it?

Arts Council – In our recent Investment Review we have only been able to award 13 of the 81 successful applicants in full. We have had to ask 63 of our multi year funding organisations to scale back and remodel their proposals and planned activity whilst still ensuring our key commitments are still progressed, which has resulted in renegotiating separate funding agreements for each of these for 2024-25. Following the recent 10.5% cut we have now had consider how we will budget future rounds of applications for organisations to become multi-year funded in line with our published commitments.

We have remodelled our own staff structure and overheads, and to reduce the impact of the cuts on the sector, with only 2.5% of the cut being passed to the multi-year funded organisations. This has seen us reducing our own staffing by over 10%, mainly through VR but some compulsory at Senior level We have also downsized office space and reprioritised some current work programmes.

We will be undertaking an evaluation of our current engagement with our Associates, individuals who bring valuable, living experience, particularly from under-represented groups and communities, to our grant decision, key projects and policy making and receive fair daily payment terms for doing so. We will need to identify how we may continue to engage in this way, in the context of increased financial pressures.

We have had to take a new direction for Collectorplan, our flagship programme, due to the cuts and resulting lack of funds to invest in a digital upgrade. Funding previously allocated to Cymru in Fenis has been significantly reduced, whilst we review all our showcasing work.

We are listening to the sector to identify how we may support more effectively, launching our National Conversations at the Eisteddfod. We are reflecting and discussing internally/with our sector partners what the long-term needs of the sector are and how we can best respond/change our offer. We have reduced the budget for some of our grant programmes, including Capital and the budget for Creative Steps that supports applicants who have experienced barriers to accessing our funding has seen a 25% reduction whilst we endeavour to ensure opportunity for funding is available across the whole of the sector. We have commissioned an economic impact assessment of our work to help inform future funding considerations and strategy.

Sector – with Welsh Government assistance we have provided additional funding for jobs protection, which has been welcomed and saved 38 jobs (FTE29.5), however cost of living increases have had a large impact and it's clear that organisations are finding it more difficult to balance the books and some have had to make difficult decisions about their programme of activity. Job protection has bought time for organisations to review their business models as there is no guarantee of job protection funding in future years.

3. To what extent will these impacts be irreversible (e.g. venues closing, or specialist skills being lost rather than a temporary restriction in activities)?

Venues - this has meant fewer programmes with less on offer for audiences to see. It has also meant less investment in new or experimental work, and less touring of product or co-producing – all of which are seen as 'higher risk' for attracting audiences and – in the case of production/touring – much higher upfront costs to the venue or company which are harder to recuperate through ticket sales which are unknown and fully reliant on audience numbers, which are often unpredictable. The cost of touring in set build, accommodation and fuel is limiting the amount of product available and the amount of product we can fund.

Many organisations are having to reduce their own core staff and/or not allocating pay increases. This will inevitably lead to potential closure of venues and loss of skilled personnel to either other sectors and/or Wales. Once a venue is closed, reopening it becomes much more difficult. Artists are also leaving the sector to take up non creative roles that offer more financial security.

New or proposed is being shelved in favour of tried and trusted activity. The cost and risks are lower.

There are organisations which have been successful in securing future funding but are still in a fragile position with a few experiencing cash flow problems and have requested advances for upcoming payments. Organisations continue to work against the backdrop of increasing costs and audiences that are feeling the effects of their own cost of living increases, meaning that many are anecdotally reporting a shift in buying patterns. Organisations continue to cite capacity issues as they are short staffed and do not have the necessary resource to fulfil requirements.

Our funding works in partnership, across Wales, with local authorities and other funding organisations. However, whilst local authorities in particular are having to make difficult decisions in response to the current financial crisis, as Culture –

whilst a Future Generation goal - is not a statutory responsibility it is often the first area for cuts. Therefore the current and future health of culture is reliant not only on the funding for the Arts Council but also its many partners, including local authorities.

Another cause for concern are the difficulties facing Higher Education and the impact of reduced offers for the creative workforce and the arts, now and for future generations. Universities in Wales also house arts centres but with the need for significant cuts in university budgets they are also coming under increased scrutiny as to long term sustainability. We are already seeing job freezing as the norm in many institutions.

4. What interventions would you like to see from the Welsh Government, beyond increased funding?

A clear and meaningful commitment to the Arts and Culture sector which is valued in real terms. We have effectively received a reduction in our Welsh Government funding of 40% when compared to 2010 funding levels.

Increased collaboration and synergy across Welsh Government departments as to how Arts and Culture can significantly contribute to other areas such as the Cultural Economy, health and Education.

Longer term funding agreements. Annual budget settlements do not allow us to effectively plan over the longer term, which is a key principle under the Wellbeing of Future Generations Act.

Arts Council to have more flexibility on how and when funding from Welsh Government may be spent, allowing us to employ more effective longer-term strategies. Increased notice of funding would also support this and allow for us to plan more effectively and longer term.

A more open negotiation with Welsh Government on our level of funding and the requirements of our own Term of Government Remit Letter, ie what is achievable on reduced funding, and what we should be prioritising in terms of our core work and purpose.

That culture and arts support becomes a statutory responsibility

5. To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

This has been significant and impacts both our own equalities commitments including our joint Widening Engagement action plan with Amgueddfa Cymru, our Creative Steps funding programme and our contribution to the Welsh Government's plans including Anti Racist Wales Action Plan and LGBTQ+ Action Plan. Though we have protected these principles in our Investment Review and new Strategic Plan these are coming under increased pressure to deliver.

It is often the case that, in the time of pressure, including financial pressures, it is the socially, economically and culturally marginalised and less well represented and heard individuals, groups and communities in our society that suffer first.

Outreach programmes are one of the first casualties under financial pressures as this is seen as additional to the core work that attracts audience numbers and therefore more at risk. Engaging with communities effectively and meaningfully will have an impact on audiences, however longer-term strategies are often those which suffer when the priority is short-term survival.

Any closure of venues means it is harder to find suitable spaces to deliver creative activity. This also creates an equity of access issue as venues are not distributed evenly across Wales, in the poorer or more rural areas there is less choice and if one venue closes there is less infrastructure to support transport to other venues. For some people, public transport is not a viable solution.

Artists who themselves are from excluded groups or lower socio economic background struggle to enter/sustain a career in the arts as the infrastructure is not there to support them. Programmes such as WAHWN's Stepping In <https://wahwn.cymru/stepping-in> has recently been piloted but is only a very small start.

6. Do you have any other points you wish to raise within the scope of this inquiry?

Crisis currently facing the culture sector is impacting on all areas of our work, those we work in partnership with and across the Sector as a whole.

Many organisations facing concerning cash flow issues, and are not sustainable in the longer term.

Our own reduced funding resulting in grants rounds being far more competitive and declining success rate as a result of increased applications as more seek financial support.

There is an urgent need to review the level of funding in Wales for Arts and Culture as the declining pattern from 2010 is not sustainable. It is a 40% cut.
