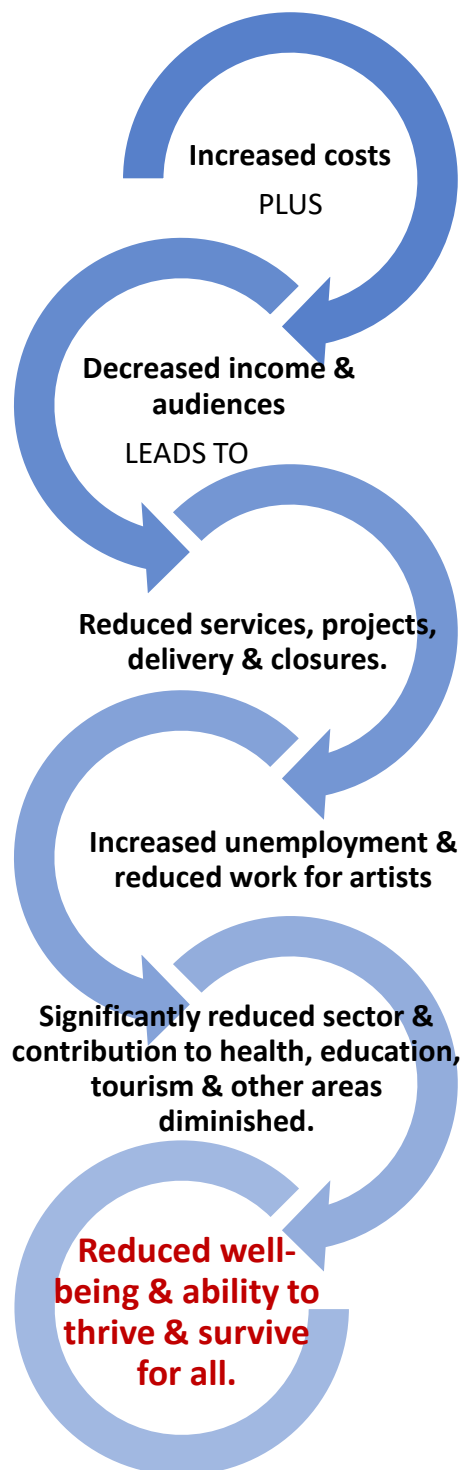


How the cost of living crisis is impacting on the arts sector in NI.

Developed by the Arts Collaboration Network
and Venues Forum

Introduction: The arts have never been needed more.

We are in unprecedented times



Arts and culture offer people opportunities to dream, challenge, create and thrive. The sector offers a route of survival through employment, learning, therapeutic services and the provision of activities.

We connect people, we employ them, we help them understand their place in the world, look at things differently and make them feel better. Through creativity our work reduces anxiety and improves mental and physical well-being for everyone in NI.¹

The current situation is unprecedented for everyone. Our need for support is urgent and the potential for closure and/or curtailment of organisations and projects is real.

The way the sector raises money to support its staff, services and projects is unique. Most organisations receive grants from both public and private sources, earn income through traded and box office services and receive sponsorship and support from both individuals and other organisations and sectors.

The current cost of living crisis requires intervention and support from the Executive and associated arms-length bodies now. Without it, the whole sector is at risk and the negative impact on the people of Northern Ireland and our economy would be considerable.

The following pages summarise some real examples of:

- What is hitting us hard.
- What is preventing us from being able to absorb the challenges.
- The problems we are facing as a result.
- Possible solutions and ways forward.

The challenge is not art form, location or organisational size specific, however it is time critical. The diagram to the left shows how the current crisis is negatively impacting organisations, venues, individual artists and ultimately the people of Northern Ireland. Whilst venues/organisations are facing increased bills, artists are facing increased rents, service charges and decreased opportunities for paid work.

This situation is made worse as both our urban and rural audiences are facing hardship and are no longer able to choose to buy tickets, donate or get involved to the same levels as they did pre-pandemic.

Some of the damage has already been done. Now is the time to act, before we cross over the point of no return when venues will close, activities cease and companies fold.

Westminster's, the Executive's and ACNI's support during the pandemic was critical in helping the sector to survive. We are asking you to consider similar interventions and support now to help us all to get through this new crisis.

We welcome the announcement from Westminster and look forward to hearing how the equivalent support will be rolled out in NI. However, we would ask you to go further and to ensure the unique blend of arts and culture that contributes so much to the NI society and economy is not lost.

The following examples provide a tiny snapshot of the real problem. We are facing the perfect storm of increased costs and decreased income and it is having a considerable impact on our ability to deliver services, employ artists and protect the well-being of people living, working and visiting NI.

(Whilst most of these are Belfast specific examples, needless to say the challenge is being experienced by artists and organisations right across NI.)

What's hitting us hard?

- Increased costs, specifically in relation to gas, electric, fuels, rents and service charges.
- Increased costs relating to travel, transport/freight and accommodation which is impacting our ability to tour work across the island of Ireland and to work in partnership/bring international work to NI.
- High rates of inflation mean less available budget, resulting in an inability to fill vacant posts, pay cost of living increase or salaries that adequately reflect the level of responsibility being shouldered.
- Wider context of standstill funding for many years which means a decrease in funding in real terms.
- Most organisations and individual artists bring income in from a wide range of sources. All income streams are either static or reducing e.g. reduced box office, reduced corporate support.

Real Examples:

Crescent Arts Centre

- 30% increase in utility bills at the start of this financial year. Forecasting a further 30% in-year increase.
- Closing the building or reducing hours of operation is not an option given the service model and multiple office users needing access. The building is open 6 days a week often until 10pm.
- Following a redundancy programme/restructure during lockdown, a further reduction in headcount would lead to the operating model being unviable and non-H&S compliant.

Oh Yeah Music Centre

- July is typically a quiet month for Oh Yeah, yet their July electric bill was **£1,400** for the month compared to **£640** pre-pandemic.
- Reporting a noticeable difference in the number and types of audience attending their shows and their ability to buy drinks/merchandise/make donations when attending events.

Young at Art (YAA)

- Due to Brexit and fuel prices, their freight/transportation costs have risen by **35%**.
- Insurance policy has increased by **48%** in 2021-22.
- Gas has already increased by **43%** and a further increase of **25%** to follow in October.
- The service charge for their premises has increased by 43% without any prior warning and is now higher than their rent.
- Tourism NI have cut their funding by 80%. DfC City Events fund has ceased and box office income for 2022-23 is looking uncertain due to audiences having reduced disposable income.

Small business, team members, freelancers and individual artists

- Increases in rents/service charges lead to them handing back the keys – a commonly reported issue across the whole sector. For music specifically, it is leading not only to a reduction in music production and creativity but also a loss of the ability to share and develop partnerships and ideas together.
- Staff teams and artists understand the challenges facing the organisation. It is a worrying time for them and reduced hours, workload, shifts for freelancers and an inability to offer even cost of living pay-rises to staff is leading to increased levels of stress and concern for all.
- The worrying statistics outlined in **Culture, Arts & Heritage Recovery Taskforce Report** around the health and well being of the sector, and the rates of pay relative to the poverty line, are only worsening as a direct result of the current crisis.
- The casual/freelance labour market (essential for festivals) has reduced significantly since Covid-19 and continues to decrease in both size and experience.
- International visa costs and carnet requirements post-Brexit have also added extra challenges and costs.

Lyric Theatre

- Projecting energy bills of **£240k** in 2022-23 - an increase of almost **2.5** times the costs pre-Covid and almost **£90k** within the last year alone.
- In 2022-23 these costs represent 24% of their ACNI stand-still grant versus 7% pre-Covid
- Accommodation costs for the four main stage productions between September 22 and March 23 are likely to increase by **£19,530** compared to March 2022 prices.
- Three partnership touring productions have been cancelled due to rising travel and touring costs.
- If costs continue to rise and audiences continue to reduce, it could lead to cuts across the organisation, including a reduction in use of freelance artists, programming, work with young people and communities and support for new work.
- In the past 12 months, staff turnover has increased from 5% to 33%, with many leaving the sector.

What is preventing us from being able to absorb the increases?

- Overall fragility of the sector and social infrastructure as a whole including a lack of or reduced reserves as a result of the pandemic.
- We are already lean organisations as we have had standstill funding for many years, which is a decrease in real terms. We are either carrying vacancies or working to absolute capacity or both. Reducing headcount for most organisations is not an option. In many cases, posts are project funded, so redundancies would lead directly to a reduction in service delivery and needing to repay the funding.
- Unable to put up prices due to funding agreements / commitment to accessibility and affordability and ensuring great art for everyone.
- Unable to move budget lines around due to restricted, project-based, funding agreements.
- Reduced audiences/income/participants/sponsorship is leading to reduced service provision, reduced project participants, reduced work for freelance artists and, ultimately, reduced well-being for those working in the sector and benefitting from the sector.

Real Examples:

The MAC

- The biggest challenge facing the MAC is that **45%** of its income is fixed grants (which are decreasing in real terms) whilst **100%** of its costs are increasing.
- Energy costs have increased by **117%** from 2019-20 levels, meaning it has to find an additional **£100K** of funding just to keep the building heated and lit.
- Audiences have not fully returned to pre-covid levels and will not do so as the cost of living crisis takes hold.
- Its reserves have been depleted to such an extent that there is no safety net to weather the current financial storm.

Circusful

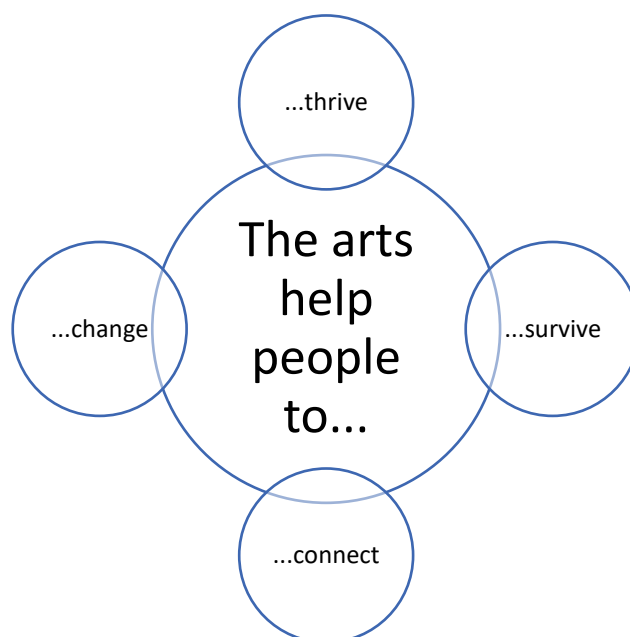
- Pre-covid occupancy rates exceeded 95% across all classes. To allow for social distancing capacity was reduced by 33% for almost a year. Bookings have not returned to pre-pandemic levels.
- Now forecasting 75% occupancy for in-house classes this financial year. The Cost of Living Crisis will result in further declines in bookings over the winter as families start to make difficult choices about their own expenditure.
- Class prices have been frozen to ensure as many families as possible can continue to access our services, however, as a result of the reduced occupancy, the income barely covers the cost of the freelance trainers, let alone wider core costs such as salaried staff time, heating and insurance. These factors combine to mean Circusful is forecasting a significant in-year deficit.

Strand Arts Centre (SAC)

- On average the Strand generates 88% of its annual turnover through box-office income, confectionery, venue hire and fundraising.
- SAC is facing a **£47,000** increase in gas and electric this year, taking the bills from 10% of total overheads to 25%.
- Audiences at SAC have not been hit too badly post pandemic, a credit to their community engagement programmes (39% of their audience are from high deprivation postcode areas) and a much-needed positive story to report in an otherwise bleak world. However, accessible ticket pricing does not generate enough of a margin to cover the unprecedented costs experienced and anticipated.
- SAC is currently forecasting an in-year deficit of **£71,000**, just £3,000 less than the organisation's total reserves.

In Your Space Circus (IYSC)

- Increases in core energy costs were 67% in the first quarter alone.
- Mileage rates have also increased as the previous rate was not covering the direct cost. This has had a significant cumulative impact across expenditure.
- Simply absorbing the additional costs are not an option due to any surplus and reserves being committed to long-term strategic projects.
- The current crisis is taking time, energy and focus away from our mission and artistic planning.
- Members are also having to make decisions about where they spend their money, so it has been impossible and inappropriate to increase fees etc.



What problems is it causing?

- Reduced well-being as a result of increased cost of living/static salaries/ lack of work (staff, artists/freelancers and participants/audiences)
- Poor mental health as a result of reduced opportunities for engagement, delivery and local provision.
- Talent exodus – people are leaving the sector or choosing to join other sectors due to better terms and conditions and greater job-security.
- Lack of equal opportunity across NI and reduced local/rural/other provision into communities / areas that need it most.
- Inability to develop high quality partnerships with ROI/GB/Europe as we are increasingly misaligned in terms of resource and increasing prices and the long-term impact of lower investment.
- Partial-week closures or shorter opening hours have a wider knock-on effect on other local businesses.

This does not need to be organisation specific, the above examples and many more speak for themselves. But the impact on the people of Northern Ireland is also real. This is not only about organisations, employees and increased bills. This is about the mental and physical health of our citizens.

- Rates of anxiety and depression amongst children and young people in Northern Ireland are 25% higher than in the rest of the UK.
- 1 in 8 children report experiencing emotional difficulties
- Feedback from teachers the sector is working with includes:
 - educational loss,
 - lack of peer-to-peer interaction,
 - increased anxiety,
 - fear of getting things wrong, loss of confidence.ⁱⁱ

Arts and culture has an important job to do. Perhaps more so now than ever and it's not just for children and young people, it's for everyone. But, at the moment we are facing impossible choices and struggling to pay for the adaptations that make performances/their work accessible to those who need it most.

One example: "We had to have a management team meeting in order to discuss and agree to spend £700 to employ a signer to sign a show for the deaf and hard of hearing whereas it would have been standard practice in the past."

We know our work and services build resilience, empower people and help everyone to creatively reflect on and respond to the changing world around them. However, we can only do that when we are working from a strong and stable base ourselves.

"As much as I can see that the environment or the world and ecology affects everything around you, so does the arts. I think we need to make far more of the fact that they fade into physical, mental health and community wealth building and the look of a city. It's not just people going to see shows in a closed-off building. The arts is so much more than that. I don't really think you can't put a monetary value on it" Research participant, thrive, 2022

Possible solutions:

We recognise we have a role to play in helping the Executive, arms-length bodies and the Department for Communities to identify solutions. As such, we have outlined some possible options below. We understand they may not all be possible and would welcome the opportunity to discuss these and others as appropriate.

Short-term:

- Urgent confirmation of the NI 'equivalent package of support' announced by Westminster last week.
- Greater flexibility on how existing and future grant funding can be used by organisations experiencing increased costs/reduced earned income.
- Inflationary increases applied to existing grants made by ACNI across a range of funding schemes.
- Slippage / monitoring round money invested into the sector to support increased energy bills and other cost of living increases, NOT capital.
 - The sector understands this would be a one-off 'exceptional' fund/payment.
- Quick release of capital investment programme for energy saving measures – change of all bulbs to LED's. Insulation, sealing of windows, etc. Some venues might be in a position to install solar.
 - Appreciate the costs would be extensive, but the long-term savings considerable.
- ACNI led research programme to calculate the true sector wide cost and potential impact.

Medium-term:

- Multi-year funding for the arts/culture sector as standard.
- Capital investment into venues to better ensure greener heating/insulation/other renewable options being installed and maintained
 - Focused on insulating buildings and installing renewable energy solutions. The sector could combine their purchasing power to reduce costs.
- Centrally coordinated approach to monitoring and improving energy consumption across all venues/the sector.
- Review of budget allocations and freelance pay rates across the sector.
- Cross-departmental strategy for arts, culture and heritage that helps to demonstrate the evidence base for cross-departmental investment and the improvements and benefits this would bring to the people of Northern Ireland as a whole.

In conclusion:

Every organisation is already doing a lot to reduce the impact of these rising costs and reduced income. From small steps (turning lights off, re-negotiating contracts and cutting budget allocations to 'needs only' spending) to managing vacancies and applying for additional funding, but this is not and will never be enough during these challenging times. There is nowhere left to make savings without critically damaging our offer and the impact of our work.

Some are investigating longer-term solutions with regards energy supply but the initial outlay for solar panels or LED bulbs is prohibitive. To replace all bulbs in the Lyric would cost £1m.

We ask for rapid decision making and quick roll out of the equivalent support for businesses in NI and for further discussion about how to make some of the above short- and medium-term solutions a reality.

Next steps: We welcome the opportunity to attend and present to the next APG and meet with DfC, ACNI and other relevant parties to discuss this critical issue and possible solutions.

ⁱ References included in the Arts Collaboration Paper – Culture Beyond Covid, January 2021.

ⁱⁱ Young at Art, research programme 2022.