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UK Theatre and SOLT's Spring Budget Asks of government – March 2021

1. COVID-19 - Summary

1.1. Theatres are closed indefinitely, and performances with social distancing and a full reopening may not be possible until the second half of 2021 in the interest of public health.

1.2. We anticipate strong initial demand from our core audience once performances resume; however, infrequent theatregoers will need to be nudged to return. It will take four to six months to return to full programming once the greenlight is given and reduced inbound tourism and economic headwinds will negatively affect the sector[i].

1.3. Furthermore, as Covid-19 has accelerated the move of consumers away from the high street to online retail, the importance of cultural offerings to draw people into towns and city centres and "act as magnets for businesses and jobs able to transform less prosperous areas" will be vital[ii].

1.4. We thank all the parliamentarians who have supported theatre throughout lockdown. Whether it has been by asking PQs, signing the letter to the PM, or being involved with their local theatre, for instance. But more needs to be done to ensure the recovery of the performing arts sector.

1.5. The Culture Recovery Fund will require additional monies to sustain organisations until such time as theatres re-open and performances can resume at full capacity.

1.6. Government-backed insurance is needed now to provide confidence to the sector to plan ahead and to enable large-scale and touring productions to resume performances once it is safe.

1.7. This insurance must be coupled with an increase in the rate of – or expanded definition of eligible costs for – Theatre Tax Relief to accelerate the rate at which productions resume at scale.

1.8. Extensions to the Coronavirus Job Retention Scheme and Self-Employed Income Support Scheme are necessary to protect and retain our highly skilled workforce for when theatres are able to reopen.

1.9. An extension of the reduced VAT rate for theatre admissions is necessary until social distancing and other restrictions have been lifted to ensure that production activity is sustainable.

2. COVID-19 – Theatre Tax Relief

2.1. The mounting of theatre productions is a high-risk activity which mostly relies on private capital from third party investors – large and small – on a constant basis.

2.2. Theatre Tax Relief drives economic activity and job creation in the theatre sector nationwide by incentivising private investment and amplifying the value of existing support mechanisms directed towards the not-for-profit sector, the cost of which for government is eclipsed by the sector's contribution to Treasury.

2.3. The most effective way to initiate and accelerate production activity at scale is an increase in the rate or an expanded definition of eligible costs – to include education and community activities, online streaming and hiatus costs – for Theatre Tax Relief.

2.4. This adjustment should remain in place until two years following the prospective sustained reopening of theatres nation-wide. This cost will be offset by the redeployment of allocated funds unspent in FY 2020/21.

2.5. The benefit will be felt at a national level – especially from touring productions – will stimulate the related sectors of hospitality and travel, and signal to the world that Britain is "back in business".

3. COVID-19 – Insurance

3.1. The private market is currently unwilling to provide cancellation or business interruption coverage until 2022 at the earliest, and – due to the risk of new mutations of the virus – possibly later.

3.2. We are seeking the creation of a government-backed insurance scheme at a reasonable premium for theatre – which has already been created for film and television production[iii] – without which many large-scale and touring productions simply cannot commence or resume performances even once it is safe.

3.3. Government-backed insurance is required not just to mitigate the risk of another shutdown in the future, but to provide confidence to the sector to plan. The uncertainty created by a lack of insurance now will negatively affect the scale and programming of West End and touring productions throughout 2021 and into 2022.

4. COVID-19 - Self-Employed Income Support Scheme

4.1. The Institute for Fiscal Studies estimates that 38% of those with any self-employment income have been ineligible for SEISS[iv].

4.2. As 71% of the theatre workforce is self-employed, targeted support – including an extension and expansion of this scheme – is needed to protect those most vulnerable, retain skills, and ensure a diverse workforce when theatres can reopen.

5. COVID-19 - Coronavirus Job Retention Scheme

5.1. With theatres closed, in January, 56% of the arts, entertainment, and recreation sector workforce was on partial or full furlough leave, as compared to 17% of the total workforce[v].

5.2. To protect and retain the highly skilled workforce necessary to stage productions, an extension of this scheme is necessary until performances can resume in a viable manner without social distancing.

6. COVID-19 - Extension of Reduced VAT Rate

6.1. To ensure that production activity is sustainable once performances resume, an extension of the reduced VAT rate for theatre admissions is necessary until social distancing and other restrictions have been lifted.

6.2. Given the continued restrictions on performance activity since it was introduced, the sector has been able to take only extremely limited advantage of this rate, and therefore funds earmarked for this relief have not been expended. The government's economic rationale for such reduction – "to support businesses severely affected by forced closures and social distancing measures" – remains valid[vi].

7. COVID-19 – Cultural Recovery Fund

7.1. The Culture Recovery Fund has helped support many organisations through to March 2021, and now to June with the new round of grants. Nonetheless, the pandemic has devastated most organisations' reserves.

7.2. In England, only £123.5 million of grants have been awarded to the theatre sector for the purposes of sustaining organisations, despite a loss in ticket revenue of over £1 billion to date. A number of theatres and performing arts organisations have also received loans; however, these must be repaid with interest.

7.3. On the basis that theatres may be unable to re-open at full capacity until considerably later in the year, additional funding will be needed to sustain organisations and to generate employment for our freelance workforce – in person, online, and outside of the performance space through community and education activity.

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[i] https://www.ft.com/content/5c51299a-fd9f-4e14-9576-a42a6317c324
[ii] https://assets.kpmg/content/dam/kpmg/uk/pdf/2021/01/the-future-of-towns-and-cities-post-covid-19-how-will-covid-19-transform-england-s-town-and-city-centres.pdf
[iii] https://www.gov.uk/government/publications/film-tv-production-restart-scheme
[iv] https://www.ifs.org.uk/publications/15157
[v] https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/businessinsightsandimpactontheukeconomy/28january2021
[vi] https://www.gov.uk/government/publications/revenue-and-customs-brief-10-2020-temporary-reduced-rate-of-vat-for-hospitality-holiday-accommodation-and-attractions/guidance-on-the-temporary-reduced-rate-of-vat-for-hospitality-holiday-accommodation-and-attractions