

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

1st October 2020

Dear Rishi,

Re: APPG on Theatre – Helping Theatres Recover from Covid-19

As you know, the impact of the Covid-19 outbreak on the theatre sector has been substantial:

- Loss to HMT of VAT payments (over £130m for West End theatres alone) plus enormous economic impact on all related hospitality and other businesses – multiplier estimated at 5-6 times in major cities – if theatres are forced to shut down permanently.
- Latest ONS figures show only one industry had less than 90% of businesses reporting that they were currently trading. This was the arts, entertainment and recreation industry, at 79%. 5% of arts, entertainment and recreation industry businesses intended to close permanently in the next three months.
- Many redundancies in the theatre sector have already been made, and more are to come. This includes up to 1,200 at ATG; 850 from Delfont Macintosh; and 600 at HQ theatres.

Consequently, myself and the other APPG for Theatre officers are raising the following issues on behalf of the sector, and I am pleased to say that our concerns and suggestions are shared by the colleagues listed below.

Culture Recovery Fund

As the Government acknowledged when launching this much needed fund, our globally renowned arts, culture and heritage industries are in need of support. The application period is ongoing, which is encouraging, but we are concerned that any of the £1.57bn that is not spent by the end of this financial year will revert to the Treasury. It is likely that some theatres will need assistance throughout next year, and this is a significant amount of money to distribute in full across the arts and cultural sectors before April 2021.

Therefore, we would be most grateful if the Treasury could ensure that any remaining funding is carried over into the next financial year.

Comprehensive Spending Review

The contribution of the theatre sector to the United Kingdom is significant:

- Significant soft power in promoting the UK, including its values and international trade, to the rest of the world, through the exchange of human capital, ideas, culture and language. Preserving and promoting British culture, across all regions of the country, enhancing the diversity of national identity and strengthening the UK.



THEATRE

Secretariat: UK Theatre & Society of London Theatre

- In addition to the VAT paid by SOLT members cited above, we estimate that in 2018 UK Theatre member venues bore a VAT burden of approximately £67.3 million from a mixture of VAT payable on ticket sales and unrecoverable VAT on expenditure.
- 10m tourists visiting the UK a year engage with the arts and culture (c.33% of West End audiences).
- Empowering individuals from all communities, through greater confidence and communications skills, engagement with new issues, people and places, and giving inspiration and hope to break out of socio-economic entrapment – plus direct impact on mental health initiatives, care for the elderly and opportunities for people with disabilities and those with special educational needs. Letting this benefit fall away will make the levelling up agenda much harder.
- The UK's global competitiveness in film and tv comes as a result of the talent and script development that theatre provides.
- British theatre is also an economic growth engine. The cultural sector contributed £32.3 billion to the UK economy in 2018, an increase of 21.9% in real terms since 2010. This extraordinary growth is fuelled by live theatre, which is vital to the success of the UK's multibillion-pound film and television industry by launching the careers of actors, writers, directors and producers.

The APPG believes that this contribution needs to be reflected and enhanced in the upcoming Comprehensive Spending Review. We also fully support the submission from UK Theatre/SOLT to the DCMS Select Committee on 1st June 2020, copy enclosed, and would ask that this document forms part of the CSR process.

Rapid Testing

The potential use of daily rapid testing backstage and with front-of-house staff could reduce risks in theatres dramatically. This would create a safe working environment and would allow performers to not follow social distancing on stage – important for dancers and actors etc.

It could also help reduce any call on an insurance scheme such that the potential risk of such a scheme being in place and paying out a large aggregate amount would be reduced as well.

We believe it is important for the Government to help theatres put in place the necessary infrastructure to allow for rapid daily testing, and we would ask that your officials consider how the Treasury can support this important work.

Theatre Insurance

We believe that there is a clear rationale for HMG to assist in the provision of insurance cover for the theatre sector, as it has done in certain other sectors.

A summary of the position of UK Theatre/SOLT on this matter, which we support, is enclosed. Again, we would be grateful if your officials could look into this matter.

Theatre Production Tax Relief

Another potential lifeline for theatres, and a viable way to reduce the costs of pre-performance to ensure. This can be used to help more theatres return to live productions.

So, we ask that the Treasury investigate increasing the rate of TPTR to 50% (of 80% of qualifying expenditure) for a period of three years. This would include any productions that have commenced their production phase, and which have been affected by Covid-19.

Retail Business Rates Discount and Theatres

Following up on my letter to you of 22nd July, copy enclosed. Unfortunately, a response has not yet been received, and we would be grateful if you could follow this up.

We know that you will be considering this proposal and would welcome any update on this when possible.

Thank you as always for your time and assistance with these matters. We look forward to hearing from you.

With best wishes,



Giles Watling MP

Cc:

Rt Hon Oliver Dowden MP, Secretary of State for Digital, Culture, Media and Sport
Rt Hon Matt Hancock MP, Secretary of State for Health and Social Care

APPG Officers:

Andrew Lewer MP
Nickie Aiken MP
Stephen Metclafe MP
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Matt Western MP
Baroness Hamwee
Baroness Whitaker
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