



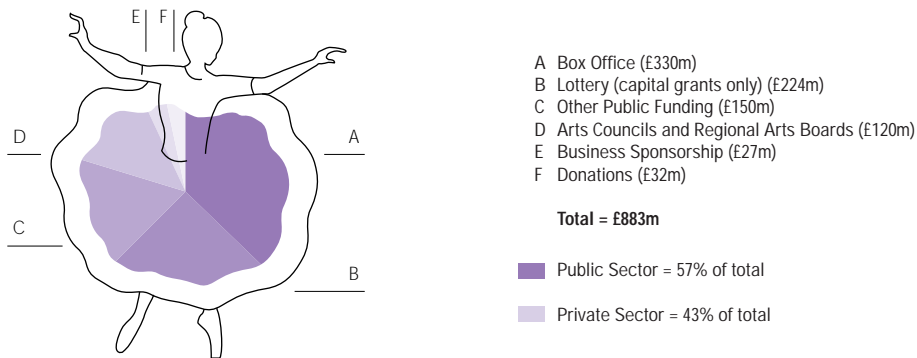




## SECTION 10 | PERFORMING ARTS

## INDUSTRY REVENUES

## Revenue Sources for the Performing Arts



It is estimated that in 1996 total UK performing arts revenue reached at least £883m, of which 44% came from private sources (box office, donations and business sponsorship) and 56% from various public sector sources.

There is a lack of comprehensive and comparable economic data across this sector, but certain key trends can be identified:

- f *Box office revenues* increased by an estimated CAGR of 3% between 1990 and 1996, but this disguises sizeable increases in the West End theatre, offset to an extent by a real-terms decrease in the rest of the UK as some venues closed or scaled down their activities. Box office income in 1994/95 (the last year for which reliable data are available) was in excess of £330m<sup>1</sup>
- f *Grants*. In 1996, around £120m was spent on the performing arts by the four Arts Councils and the Regional Arts Boards
- f Revenue spending by *local authorities* on the arts generally was in the region of £194million in 1997/98,<sup>2</sup> a marginal real terms rise in net spending over the previous year. Recent surveys of local authority expenditure in Scotland, Wales and Northern Ireland suggest support for the arts in these countries is £20.1m, £15.0m and £1.2m respectively.<sup>3</sup> On the basis of this data, it is estimated that net revenue spending on the performing arts is in the region of £150m for the UK as a whole
- f The value of *sponsorship* for the main performing arts categories in Great Britain in 1995/96 was £27m, comprising £8.7m for drama, £1.9m for dance, £8.0m for festivals, £1.1m for arts centres and £7.3m for festivals.<sup>4</sup> Trends vary from organisation to organisation, but it is estimated that sponsorship income fell by 10% (cash terms) in 1995/96

In addition to revenue income, the *National Lottery* provided funding of £224m in capital grants to performing arts projects awarded in 1996. Since 1996 the Arts for Everyone main scheme has awarded £19.2m to projects in the combined arts, dance, drama, music and touring, Arts for Everyone Express £21.7m in total, of which a significant proportion went to the performing arts, and the Pilot Stabilisation Programme has provided £25.4m in total, the bulk to performing arts organisations.

## UK MARKET SIZE

A high proportion of the adult population attend arts events. Some 25% of adults in England claim to attend plays, compared with 21% of adults who visit art galleries or exhibitions.<sup>5</sup>

Consumer demand for theatre in the West End continues to expand, but elsewhere in the UK the trend has recently been less encouraging. The number of theatregoers has been decreasing overall by 1.5% a year, while attendance in West End theatres is increasing by 0.5%.

There were around 25m paid visits to the theatre in Britain in 1994/95 to see professional performances of drama, opera and dance. Tourists account for an important part of some segments of the market. Almost one third of London's West End theatre audience is made up of overseas visitors.<sup>6</sup>

## BALANCE OF TRADE

There is little data available on the UK trade balance from the performing arts sector. Net overseas royalty income from musical theatre has been estimated at £75m.<sup>7</sup>

1 Society of London Theatre/City University data for 1994 and Theatrical Management Association/City University data for 1994/95

2 Joy A and O'Brien J: *Local authority expenditure on the arts in England, 1997/98* (London: Arts Council of England, 1998)

3 Feist A, Gordon C, Fisher R and Morgan C: *International data on public spending on the arts* (London: Arts Council of England, 1998)

4 Source: Association of British Sponsorship of the Arts (ABSA) survey data

5 Arts Council of England/Target Group Index data for 1995/96, based on a sample of around 21,500 adults in England

6 Gardiner C: *The West End theatre audience 1990/91 – Report on the City University Surveys for the Society of West End Theatre* (London: Society of London Theatre/City University, 1991)

7 *British Invisibles: The overseas earnings of the UK music industry* (London: British Invisibles, 1995)

## SECTION 10 | PERFORMING ARTS

Planning and conducting overseas performances requires significant management, co-ordination and marketing resources. While large commercial houses such as Cameron Mackintosh and the Really Useful Company are very successful at touring British musicals around the world, many smaller touring companies lack the resources, skills and knowledge to fully exploit international opportunities.

The national flagship companies such as the Birmingham Royal Ballet tour extensively overseas, within the constraints of domestic commitments and financing, and generate significant earnings in this way. The British Council invests some £3m a year in around 300 projects, with a total value of £15m, to present British performing arts overseas.

### EMPLOYMENT

The sector is characterised by a high degree of self employment and flexible work patterns. People will often move between sub-sectors and into other creative industries. Many actors, directors, dancers and producers work across theatre, film and television and related areas such as pop video production and advertising.

Because of the cross-over between the performing arts and other creative sectors it is difficult confidently to quantify employment in the sector. The Institute of Manpower Studies using Labour Force Survey data has estimated that there are approximately 60,000 people whose "main job" is in the performing arts sector, while the 1991 Population Census reported that 76,000 people described themselves as employed in the sector.

Activity is heavily concentrated in London with some 47% of actors and associated professionals living in London.

According to information from the Census of Population, between 1981 and 1991 the number of 'actors, entertainers, stage managers, producers and directors' increased by 47%.<sup>8</sup>

### INDUSTRY STRUCTURE

#### Performing Arts Value Chain

	Production	Packaging/ Producing	Delivery	
			Performance	Venue
Activities	Writing plays Choreography Writing book and score for musicals	Negotiating with content originators Casting Marketing	Costumes Sets Lighting Sound	Selling Tickets Selling Merchandise
Example of players	Patrick Marber Andrew Lloyd Webber Complicité	Cameron Mackintosh The Really Useful Group John Newman RSC ENO		Cambridge Corn Exchange West End Theatres RSC in Stratford

The performing arts sector is highly diverse, including players ranging from large commercial companies to small groups wholly dependent on public or private financial support.

There are around 300 professional *theatres* in the UK, 83 of which are in London. Throughout the UK there are some 200 multi-purpose venues such as concert halls, open-air theatres and community centres where performances are held.

The majority of theatre venues are owned either by local authorities or by non-profit making organisations. However, most are commercially run and are self-financing. Over 40 theatre venues have resident theatre companies.

There are 1,600 subsidised performing arts *companies*, over a third of which are based in London. Fifty-nine percent of these companies have an annual income of less than £200,000 while only 15% have an annual income of over £1m.

There are well over 550 regular arts *festivals* in the UK. In 1992 paid admissions to festivals were close to 4.2m and turnover was £41m.<sup>9</sup>

*Central Government* revenue support for the performing arts is delivered principally through the four UK Arts Councils. Around 40% of total Arts Council of England grants and guarantees each year go to the six national companies: the English National Opera, the Royal National Theatre, the Royal Shakespeare Company, the Royal Ballet, the Royal Opera and the Birmingham Royal Ballet.

<sup>8</sup> O'Brien J and Feist A: *Employment in the arts and cultural industries: an analysis of the 1991 Census*

<sup>9</sup> Rolfe H: *Arts festivals in the UK* (London: Policy Studies Institute, 1992)

## SECTION 10 | PERFORMING ARTS

There is a vital synergy between the commercial and the subsidised sector. *Les Misérables*, for example, was originally an RSC production. Its long commercial run in the West End continues to yield significant returns to the RSC's core budget. Many of the leading artists who work in the commercial sector learned their trade in the subsidised companies.

*Local authorities* have a long tradition of supporting the performing arts through a mixture of grants to independent organisations and direct funding for performing arts venues. Some 12% of all drama companies' income (including the nationals) is from local authorities.

*Business sponsorship* has been an increasingly important source of income for the performing arts sector since the 1980s. Sponsorship, however, is unevenly shared across the performing arts sector. The majority of funding is received by a handful of larger arts organisations.

The *National Lottery* has been a significant new source of support, initially for capital projects only. The Lottery Directions were changed in April 1996 to allow the Arts Council to fund one-off revenue projects, with a specific emphasis on young people, access and participation and new work, resulting in the *Arts for Everyone* schemes. Lottery funding has also been provided to help organisations in financial difficulty, through the *Pilot Stabilisation Programme*.

### INTERNATIONAL CRITICAL ACCLAIM

The UK's performing arts are generally perceived abroad to be of the highest standard. The persistent run of Broadway shows which started life in the West End and the touring undertaken by our theatre, opera and ballet companies are testament to the high regard in which our artists are held.

### SECONDARY ECONOMIC IMPACT

The live performing arts are an important training ground for participants in other creative industries, whether content creators, performers or producers, including film, television, radio, the music industry and advertising.

The UK performing arts are a key supporter of inbound tourism. Some 35% of overseas tourists in London state that arts and cultural activities have greatly influenced their decision to come to London, and 10% specified theatre, opera and ballet as the types of activity which made London particularly attractive for them. Festivals have also been an integral part of the growth in cultural tourism.

The London performing arts also attract visitors from the rest of the UK, with consequent benefits to the travel and hotel industries. Theatre-going is often accompanied by visits to restaurants, pubs and cafés.

### POTENTIAL FOR GROWTH

The potential for growth is inevitably dependent on the continuing quality of the artistic experience and its reputation at home and overseas. The sector's fortunes are also intertwined with that of the tourism industry, and in turn dependent on the macro-economic position, particularly the strength of sterling.

In the short to medium term, the public subsidy position has improved significantly, with the announcement of an additional £125m for the arts generally, to create stability, fund new productions and increase access over the next three years. The split in funding between the various art forms has yet to be determined. This will allow artistic excellence to be sustained: key arts organisations around the country will have the chance to get on an even keel after years of difficulty and uncertainty. It will also enable new audiences to be developed and educational work to be transformed.

### GROWING THE SECTOR – ISSUES FOR CONSIDERATION

Consideration of ways of growing the sector would be aided by improvements to the range and quality of the available data.

Other key issues are:

- ✦ stimulating and supporting the creation of new content
- ✦ the development and retention of talent
- ✦ the efficient use of public subsidy, including the National Lottery
- ✦ the encouragement of private sponsorship
- ✦ support for touring and the promotion of exports
- ✦ ensuring access to overseas markets
- ✦ improving access to private venture finance