Local Authorities, Entertainment and the Arts
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Almost half the adult population attend the theatre or other arts events at least once a year; theatre attendances are close to twice those at football league matches.

Some entertainment and arts provision, such as the West End theatre, is entirely commercial but much is subsidised by public and other bodies. There has been considerable debate about the level of public expenditure on the arts. Analyses by the Policy Studies Institute have suggested that per capita expenditure in the United Kingdom has been substantially lower than in Western European countries such as France, the Netherlands, the former West Germany and Sweden*. There have also been claims that the subsidised theatre is underfunded and in danger of collapse and the Minister for the Arts has recently announced an enhancement fund to strengthen leading arts companies.

Attention has been focused on the role of the Arts Council of Great Britain (ACGB), which spent about £140 million supporting the arts in England and Wales in 1989/90**, and of the Regional Arts Associations (RAAs), which have been funded largely by grants from the Arts Council and which, in turn, have distributed grants worth over £30 million a year.

At the request of the then Minister for the Arts, the structure of arts funding was reviewed in 1989 by Richard Wilding***. As a result significant changes are under way with new Regional Arts Boards (RABs) replacing Regional Arts Associations in England**** and a delegation of some funding responsibilities from the Arts Council to the RABs.

Local authorities play a significant part in supporting the arts and live entertainment both directly and indirectly, with net expenditure comparable to that of the Arts Council of Great Britain. Local authorities provide grants to arts organisations and themselves operate about 260 theatres, 100 concert halls and 50 arts centres. Local authority members serve on Regional Arts Associations and have a voice in their decisions about grant awards.

But there has until now been no comprehensive review of the way local authorities support entertainment and the arts. In early 1990 the Audit Commission therefore began a review of local authority expenditure as a continuation of its wider examination of local authority leisure services. The aim was to help authorities to ensure that their funding is spent effectively. (The study also examined local authority support for museums, which will be the subject of a separate paper).

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* See 'Cultural Trends 5 – Funding the Arts in Seven Western Countries', edited by Andrew Feist and Robert Hutchison, Policy Studies Institute, March 1990.
** The Welsh Arts Council (W.A.C), which had expenditure of about £9 million a year in 1989/90, is a Committee of the ACGB.
*** 'Supporting the Arts – A Review of the Structure of Arts Funding', by Richard Wilding, presented to the Minister for the Arts, September 1989.
**** The proposals do not directly affect Wales where the W.A.C. helps fund three RAAs.
This report is based on work carried out by a team led by Richard Shore and John Gaughan from the Commission's Directorate of Local Government Studies. The study team included David Bryant, formerly Director of Leisure for Westminster City Council. The team has also received helpful advice from a consultative group containing representatives of the ADC, ACC, AMA, ALA and LBA. It has also consulted the Department of Environment, the Welsh Office, the Office of Arts and Libraries (OAL), the TUC, the Arts Council of Great Britain, the Welsh Arts Council, some Regional Arts Associations and professional and other bodies including the Association for Business Sponsorship of the Arts (ABSA) and the Society of West End Theatre. The report also draws upon fieldwork with the local authorities listed in the Appendix. The Commission is grateful to all for the help and advice it has received. But, as with all its reports, responsibility for the interpretation of data and for conclusions and recommendations rests with the Commission alone.
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Local authorities play a vital, and often unsung, role in supporting entertainment and the arts. Their net revenue expenditure in England and Wales is broadly similar to that incurred by the Arts Council of Great Britain (ACGB). Some of the expenditure is on grants to arts organisations but the bulk is subsidy to over 400 theatres, concert halls and arts centres which authorities provide and run.

Local authorities provide and operate a majority of the theatres and concert halls outside London. Almost all of them subsidise their theatres and halls; the average recovery rate, ignoring debt charges, is 60% (Exhibit S1) which equates to an average subsidy of just over £3 per seat sold. Many of the venues offer a broad range of entertainments, including popular events such as rock concerts and pantomime. Plays, classical music concerts and other performing arts are often only a small part of their programmes.

Exhibit S1
RECOVERY RATES AT THEATRES AND HALLS
Recovery rates (ratios of income to expenditure) vary from authority to authority

* Debt charges excluded as they can depend on the age of the building and the funding method (e.g. whether capital receipts were used)

Source: CIPFA Leisure estimates, 1989/90

The structure of arts funding in England was reviewed in 1989, at the request of the then Minister for the Arts, by Richard Wilding. As a result significant changes are under way, with Regional Arts Boards (RABs) replacing Regional Arts Associations (RAAs) and delegation of some funding responsibilities from the Arts Council. But there has, until now, been no corresponding review of local authority support for entertainment and the arts.

There is no duty on local authorities to support entertainment and the arts. Some local authority expenditure, for example, on grants to new authors or composers, is a long term investment to encourage the continued supply of works and performers. But most seems
implicitly to be justified by reference to social or economic objectives – to improve the quality of life, or perhaps the alleviation of social deprivation, on the one hand, and place marketing on the other.

It is by no means always clear, however, why money is being spent. And even when the reasons are clear, achievement is rarely monitored. The multiplicity of funding sources and the complexity of support arrangements help explain this. Nevertheless more could be done; for example, audiences, rather than performers or buildings, are intended to be the ultimate beneficiaries of local authority subsidy, but many local authorities have little information about the composition of the audiences at events they support.

Local authority theatre and concert hall managers usually have great discretion in arranging the programme of events and negotiating deals with performers in a competitive market. A variety of financial arrangements are used. The detailed contractual basis of each event is usually different and commercially sensitive. Managers are often not given clear objectives. Some lack guidelines on the preferred types of financial arrangements to enter into with performers, the audiences to target, acceptable attendance levels and the programme mix to offer. Contracts can leave risk with the authority without members always being fully aware that this is so. Members typically receive little financial, or other, feedback.

Authorities often make little effort to monitor what they achieve with the grants they provide. Their practices compare unfavourably with those which have been adopted by the Arts Council and Regional Arts Associations. Grants from these bodies have become increasingly quasi-contractual, dependent upon recipients contributing to Arts Council and RAA objectives and having satisfactory financial and managerial arrangements. Some authorities, supporting bodies which are also funded by the Arts Council or by RAAs, are in danger of becoming milch cows, providing substantial funds but having little say over their use.

The need for clear objectives and systems to assess what is being achieved by both in-house operations and grant support has been accentuated by the introduction of the community charge. Expenditure on discretionary services is under scrutiny. Those services which have explicit objectives and can demonstrate what they are achieving will be better placed to justify themselves.

Many local authorities therefore need to carry out a fundamental reappraisal of their involvement with entertainment and the arts, examining their objectives, the balance between grants and support for venues operated by the authority, the management and operation of venues, the selection of grant recipients and the monitoring of achievement.

Greater effort should be made to quantify subsidies and to identify the eventual beneficiaries. Peppercorn rents should, for example, be avoided; voluntary and other bodies using local authority premises and venues should be charged market rates and provided with grants if necessary. The fixed costs of venues should be recharged to events to reveal the true levels of subsidies and market research carried out to check on audience composition. Venue managers need the freedom to negotiate with performers and to arrange events. But they need more guidance on programme mixes, target audiences, pricing policies, expected attendances and the extent to which the authority is prepared to accept risk. To ensure probity, cash-in-hand payments to performers, and to roadies, humpers and other backstage staff, should be avoided.
Authorities should adopt a quasi-contractual approach to awarding grants, similar to that of the Arts Council and RAAs. Publicly stated plans and objectives which contribute to the authority's aims should be a prerequisite for support. The management information which recipients are to provide authorities should also be a condition for award as should co-operation with occasional audits and efficiency reviews.

Introducing the changes described in this report will take time, but the changes will improve value for money. The Commission's auditors will be reviewing arrangements in individual authorities in 1991 to help with the process of change.
1. Setting the Scene

1. Local authorities’ net expenditure on arts and live entertainment is broadly comparable with that of the ACGB. They make revenue grants worth £45 million a year to artists, performers and organisations. About £3 million of this has been via the London Boroughs Grants Scheme (LBGS), established following abolition of the GLC; equivalent arrangements have been set up in some of the metropolitan areas, following abolition of the metropolitan county councils. But local authorities’ major contribution to arts and entertainment is their provision and operation of over 400 theatres, concert halls and arts centres.

2. These premises are the essential infrastructure without which many people would have no access to live entertainment. Local authorities provide and operate the majority of theatres and concert halls outside London. These include important city centre venues such as the Colston Hall, Bristol, large post-war complexes such as the Fairfield Halls, Croydon, long-standing city centre venues like the Royal Centre, Nottingham, which have had major renovations and additions, and smaller venues such as the Gordon Craig Theatre, Stevenage. About a third are in seaside resorts and include large theatres such as the Winter Gardens, Margate and the Southport Theatre and Floral Hall Complex as well as smaller ones such as Cromer Pier Pavilion Theatre.

3. Events are also held in other local authority premises – in leisure centres, libraries, community centres and town halls – and local authorities promote events in premises owned by other organisations. Authorities are increasingly employing outreach and development officers who work with and in the community to try to increase involvement with, and participation in, the arts, often via small scale events. More attention is also being paid to facilitating access to entertainment and the arts in rural areas.

4. The broad range of live entertainments and activities which local authorities support means that this report has a wider remit than the arts as understood by the ACGB or an RAA. It does not, however, cover county shows and similar events and concentrates on the two main expenditure areas, venues and grants.

5. Local authorities’ gross revenue expenditure to support venues and entertainments in their premises is about £185 million a year. This excludes expenditure under local education authority, social services and library powers, which is not covered in this report. Income as a proportion of revenue expenditure on venues has been around 50% throughout the 1980s. Audiences at theatres and concert halls have received on average a subsidy of just over £3 per seat sold, though many smaller authorities outside London and the metropolitan areas provide subsidies above this level (Exhibit 1 overleaf). The combined net revenue cost of local authority venues and promotions in other premises is £115 million a year. Local authorities’ net revenue expenditure on theatres and halls rose in real terms during the early 1980s. It has fallen since 1982/3 but has remained above the 1980 level in real terms (Exhibit 2 overleaf). Abolition of the GLC and metropolitan counties was a factor because some funding responsibilities were
Exhibit 1

**NET COST PER ATTENDANCE AT THEATRES AND HALLS**

Net cost per attendance varies markedly from authority to authority

![Net cost per attendance chart]

*Source: CIPFA Leisure estimates, 1989/90*

Exhibit 2

**NET REVENUE EXPENDITURE ON THEATRES AND HALLS**

Net revenue expenditure increased in real terms in the early 1980s; it fell back later but still remains above the 1980/81 level

![Net expenditure at 1980 prices chart]


transferred from local government, for example the South Bank Centre in London which is now funded by the Arts Council. Capital expenditure has shown considerable year to year variation in real terms in the 1980s.

6. Support for entertainment and the arts is discretionary, under section 145 of the Local Government Act 1972; expenditure under the London Boroughs' Grant Scheme (LBGS) and other equivalent schemes is also discretionary under s48 of the Local Government Act 1985. Shire districts account for much of the expenditure; net expenditure by county councils is only £11 million a year, predominantly in the form of grants (Exhibit 3). Over 45% of the £55 million a year net expenditure by London authorities is by the City of London, with debt charges a major component.
County councils incur relatively little revenue expenditure; most of what they do spend is in the form of grants.

Exhibit 3

NET REVENUE EXPENDITURE PER YEAR BY TYPE OF AUTHORITY

Exhibit 4

NET EXPENDITURE PER HEAD OF POPULATION

Average expenditure per head is highest in London.

* Excludes City of London

Source: CIPFA Leisure estimates, 1989/90

7. Average net expenditure per head of population is highest in London (Exhibit 4). There are, however, great variations in expenditure from authority to authority; for example, about a quarter of districts account for half the total expenditure by authorities of this type, while 45% of authorities of all types in England and Wales have a net revenue expenditure of under £100,000 per annum.

8. In aggregate, therefore, local authority support for entertainment and the arts is highly significant in national terms. But much of what is spent cannot be seen as part of a national strategy for support of artistic excellence. The City of Birmingham supports the City of...
Birmingham Symphony Orchestra, an orchestra with a growing international reputation. Others target funding at small, local productions or at popular entertainments.

9. Though local authorities are often less than clear about their aims, five types of justification for supporting venues and events are typically advanced:
— the first is to promote artistic excellence and offer opportunities for innovation;
— the second might be described as the enhancement of the quality of life for local residents by facilitating the provision of a broader range of cultural and popular events than the commercial market could offer in the absence of subsidy. Linked with this is the idea that public sector support can help to reduce prices and allow lower income groups greater access to events which might otherwise be beyond their financial means;
— the third reason is related to the second, and is that a theatre or arts centre acts as a focal point for the community, bringing local people together and promoting social cohesion;
— the fourth reason has a more economic flavour. Authorities and others* argue that a flourishing artistic environment can attract tourists and day-trippers, on the one hand, and investment on the other as companies seek locations which provide a congenial working environment for their staff;
— a fifth argument often underpins the others. Much arts support is driven by the nature of the venue. Many older theatres or concert halls occupy a prominent place in the town centre and are seen as, in themselves, part of the local cultural heritage which should be sustained.

10. The range of facilities, performers and events supported in pursuit of these objectives is wide (Exhibit 5). Local authority venues host events ranging from classical music concerts, opera and mainstream theatre to children’s shows such as Postman Pat or Button Moon. Popular entertainments such as pop concerts, comedians, Elvis Presley lookalike competitions, snooker tournaments and spiritualist evenings also feature. The next Chapter examines the extent to which local authorities’ objectives and the outcome of their expenditure are aligned and whether there are opportunities to improve value for money.

LOCAL AUTHORITY FUNDING OF ENTERTAINMENT AND THE ARTS

A wide range of facilities, performers and events is supported.
Exhibit 6
FUNDING OF THE ARTS
The process is complex, making it difficult to quantify the support received by particular audiences.
2. Current Problems

11. The Commission's examination of councils' funding of entertainment and the arts has highlighted a number of problems. The main ones are:
   — local authorities' reasons for expenditure on entertainment and the arts are not always clear;
   — their monitoring of the effects of grant awards sometimes compares unfavourably with approaches which have been adopted by the ACGB and RAAs;
   — venue managers are not given clear objectives against which their performance can be assessed.

SETTING OBJECTIVES AND MONITORING ACHIEVEMENT

12. Ideally, local authorities should be clear about their target audiences, the channels by which subsidy is to reach those audiences and the extent to which their objectives are being achieved.

13. Attention usually concentrates on the immediate recipient of support, for example a theatrical company, a performer or a theatre. But authorities normally give subsidies because they wish to reduce the prices audiences are asked to pay. It is unfortunate, therefore, that they typically have little information about audience composition, and thus little idea whether their subsidy actually reaches target audiences. Most local authorities which subsidise entertainment and the arts have mission statements which outline their reasons but many have not identified the audiences they intend to help.

QUANTIFYING THE SUBSIDY

14. It is difficult to quantify the subsidy received by a particular audience. A wide range of public and private sector bodies support the arts (Exhibit 6). Some of that support subsidises facilities, some takes the form of grants to artists and performers; in addition grants are made to events - tours, festivals, etc. Local authorities provide all these types of support but their greatest expenditure is on facilities – their own theatres, concert halls and arts centres.

15. Authorities usually distinguish between the fixed costs of the venue, which they are often prepared to meet in their entirety and which are not apportioned to individual events ('promotions') and the variable costs of, and income from, promotions. They usually try to break even or show a profit across the year as a whole on their trading account i.e. on the variable costs and income of promotions. Some are, however, prepared to underwrite a trading loss either on individual events or on whole seasons; seaside resorts, for example, may be prepared to accept a trading deficit on summer shows. Audiences therefore do not contribute to fixed costs and may also be subsidised on the variable cost of the event. Some members of audiences may even have tickets bought for them, for example social services' clients. Other members of an audience, holding 'Passports to Leisure', or otherwise entitled to discounts, may receive additional subsidy by paying lower admission charges than the general public.
16. The position is further complicated if the performers themselves receive a grant from the authority. They may charge a lower price for the performance than would otherwise be the case, again subsidising the audience.

17. There are yet more complications. Other bodies, including RAAs, may also have given grants to the performers. To add to the difficulty, RAAs have not been funded solely by the Arts Council; they have received part of their income in the form of annual subscriptions from local authorities. The Eastern Orchestral Board, which helps finance concerts mounted by local authorities in fifteen county areas in England, receives subscriptions from local authorities as well as income from other sources.

18. Touring theatre, opera and dance companies, orchestras and other grant recipients may receive awards from several authorities and from other sources such as the Arts Council. They may appear not only at venues in authorities from which they have received grants but at ones in authorities which are not contributing to their costs. For all of these reasons, it is difficult to disentangle the funding routes and identify the true subsidy which local authorities are providing for a particular performance.

AUDIENCE COMPOSITION

19. Few authorities collect systematic information about the composition of the audiences they are subsidising. Research by the British Market Research Bureau, which is examined regularly by the Arts Council, has shown that attendance at arts events is not spread evenly through society. This data covers attendance at all arts events, not just those supported by local authorities, but shows that people from professional and managerial backgrounds are most likely to be involved with the theatre and other arts (Exhibit 7). Involvement peaks in the 35-55 age band and is strongly correlated with the age of completion of formal education. For example, 64% of those whose full time education ceased at 19 years of age or over currently attend the

Exhibit 7
VISITING THE THEATRE AND SOCIAL BACKGROUND
People from the professional and managerial groups are most likely to attend theatrical events

Source: BMRB Target group index, 1989/90
theatre compared with only 31% of those who finished full time education at 16. People from high income households are more likely to attend than those from low income ones (Exhibit 8). The Association of Metropolitan Authorities has drawn attention to such imbalances in the social profiles of arts audiences*.

Exhibit 8

VISITING THE THEATRE AND HOUSEHOLD INCOME
People from high income households are most likely to attend theatrical events

Source: BMRB Target group index, 1989/90

20. It might be thought that the broader range of events sponsored by local authorities will tend to reach a wider audience than arts activities. But research carried out for Greater London Arts** has confirmed the overall picture for attendance at arts events and has also found that Londoners in the ABC1 groups are more likely to attend pop and rock concerts, musicals and comedies than those from the C2DE groups. The same work also suggests that people with Afro-Caribbean or Asian backgrounds may be under-represented among audiences for drama, musicals and comedies, classical concerts and opera.

21. Bias in attendance at subsidised arts events may not concern authorities whose support for the arts is intended to help with economic regeneration – they may want to provide facilities attractive to middle and senior managers and professional people to persuade them to move to the area. Imbalances in the backgrounds of users may, similarly, be of no concern to authorities supporting the arts and other entertainments to encourage tourism. Equity of access is, however, a major reason for many authorities' expenditure on the arts – ensuring that events are available in their areas at prices people can afford.

22. Some authorities have tried to extend involvement in the arts by supporting community arts programmes which try to break down barriers between arts providers and consumers and by devising and supporting programmes of events intended to interest the cultural and ethnic groups in the authority's area. Arts outreach and development work is similarly intended to broaden the base of participation. It often pays particular attention to participation, recognising that playing musical instruments or taking part in dance, mime, theatrical and other events offers fulfilling


ways of using leisure time. Educational projects, such as Theatre in Education (TiE), can introduce children from all sections of society to the arts and may also help break down barriers to participation.

MONITORING ACHIEVEMENT

23. The monitoring of the results of grant awards by local authorities does not always compare favourably with approaches which have been taken by the ACGB and RAAs. The OAL placed the ACGB on a three year funding basis in 1986. In 1988 the ACGB published its first three year Business Plan for the years 1988/89 to 1990/91, which it has since rolled forward. The plan set targets for ACGB activities, including the development of performance measures for the arts. RAAs and other major recipients of ACGB grants have been required to prepare similar plans as a prerequisite for support. RAAs in their turn have been adopting similar policies towards the bodies they support.

24. There is a quasi-contractual approach to grant making – recipients have to meet specified requirements, both in terms of management arrangements and achievement, in return for the award. These measures introduce a businesslike approach to arts management and funding. They reduce uncertainty in the management of recipient organisations; there is an implicit assumption that, if performance is satisfactory, funding will normally continue throughout the period of a plan.

25. Some authorities monitor grants carefully but the weakness of others’ arrangements creates the danger that they might become milch cows, providing substantial funds but with limited influence on their use. Failure to set clear objectives and to monitor achievement has dangers. These are far from theoretical. One authority paid almost £1.5 million in capital grants to an arts project which subsequently collapsed. The organisation was found to have poor management arrangements, inadequate financial systems and controls. Local authorities themselves know that this is not an isolated example.

VENUE MANAGEMENT

26. Venue management absorbs the greater part of local authority subsidy; value for money is, therefore, essential. There are two main types of venue:

— a producing house, which sets up events, hiring directors, designers, arrangers and individual performers;

— a receiving house, which is visited by touring companies and by shows produced by someone else.

27. Repertory theatres, such as Clwyd County Council's Theatr Clwyd, are producing houses. Most reps are, however, managed by trusts. Though the building may be leased from a local authority, as with Nottingham Playhouse, and the trust in receipt of grant, the theatre is not managed by the authority.

28. The vast majority of the venues which local authorities provide and operate are receiving houses, though some produce their own pantomime and a few occasionally produce other events. Their managers often have a background in popular entertainment rather than the arts. The manager of one theatre visited during the study had once worked as a ventriloquist;
another had once managed a well known 1960s singing star. Such venues may host two to three hundred performances a year. Some performances will be one-off events, for example, one night stands by popular comedians, rock groups or touring dance companies or orchestras. Others may be short seasons, for example by touring theatre or opera companies. The venue may also be used by local amateur groups, for community activities, for sales exhibitions and other events.

29. Theatre trusts and theatres and other directly managed venues are aimed at different market segments. Trusts serve an audience interested in live drama; council venues largely serve audiences interested in a much broader range of entertainment.

SETTING TARGETS AND MONITORING PERFORMANCE

30. The range of events offered, and the need to respond quickly and flexibly to the market, both in terms of audience expectations and when negotiating with performers, and the commercial sensitivity of financial arrangements with performers, create unusual difficulties in setting objectives and in monitoring performance.

31. Few authorities set formal targets for minimum or maximum numbers of events of different types, for average ticket sales or for average income or subsidy per attendance. Guidelines on target audiences are also unusual. Performance bonuses for reaching or exceeding such targets are rare. There is, in consequence, little monitoring of venue managers' performance and little incentive to improve that performance.

32. Venue trading accounts often contain only a single line (e.g. giving gross variable cost, income, profit or loss) for each presentation; this is often the only financial information about events available to members. The trading account also contains variable costs of, and gross income from, bar, box office commission, catering and any other trading activities (for example, programme sales). These other activities can be of great importance. They are, for example, the major source of income in some theatres, offsetting losses on promotions themselves; some of these buildings are indeed best thought of as restaurant and bar complexes with venues attached. A few authorities raise more than half their income from catering (Exhibit 9). Fixed costs are added to the trading account to produce the full revenue account.

Exhibit 9

BARS AND CATERING AS A SOURCE OF INCOME
A few authorities raise more than half their income from catering
33. Many venue managers are not fully accountable for what they are doing. They see themselves as show business entrepreneurs, but do not have to work within the same 'bottom line' discipline as the commercial theatre. For example, attendances, and income/subsidy per attendance, at previous appearances by artists are not always considered before they are booked again. At one authority, auditors found that a well known singer had been booked in five successive years; the authority had made a loss on every occasion, ranging from £800 to £2,000 an appearance. The same authority had lost between £2,400 and £5,000 an appearance on another well known T.V performer over the same period.

34. Accountability problems arise partly because of the specialist nature of the work. No one in the authority, apart from the venue manager, may have any detailed understanding of what is involved. The lack of formal training and career structures for venue managers, and others involved with managing entertainment, exacerbates this; the entertainment industry has, for example, no equivalent of the Museum Training Institute.

35. This lack of performance monitoring is disturbing when set against the financial results reported by local authorities on their trading accounts. Analysis of the accounts for seaside and other resorts shows that most resorts subsidise promotions as well as the fixed costs of venues (Exhibit 10). In some cases, the losses are very significant.

Exhibit 10
TRADING ACCOUNTS IN RESORT VENUES
Most resorts subsidise promotions as well as fixed costs of venues

Source: British Resorts Association Municipal theatre accounts and statistics, 1988/89

36. On average, only 32% of seats in resort theatres owned and managed by local authorities are sold (Exhibit 11) and some authorities sell 20% or fewer of their seats in a typical year. Some of these theatres have large seating capacities which it may now be difficult to fill regularly given changes in when and where people take their holidays. The proportion of seats sold can still represent significant attendances – 20% of capacity in a 2000 seat theatre is an audience of 400 people. Clearly, poor relative attendances in themselves should not be taken as a reason to halt subsidies or curtail performances. Authorities support venues because they believe they attract holidaymakers who will contribute in other ways to the economy of the area. And shortfalls can occur during early and late season when venues attempt to kick-start the season or to prolong it.
Exhibit 11

AUDIENCES IN RESORT THEATRES

On average, only 32% of seats in resort theatres are sold

![Graph showing the percentage of seats sold in different venues.]

Source: British Resorts Association Municipal theatre accounts and statistics, 1988/89

But, while the figures must be interpreted with care, and a broad approach taken to the value of the subsidies revealed, there can be no justification for not reviewing performance in this way. Councils should take an explicit view on the level of subsidy for both venues and promotions which they believe to be justified in the light of other factors and hold venue managers accountable in that context.

37. On the cost side, there is also evidence of very large variations which look difficult to explain in a straightforward way. The variations in the ratio of attendance to staff numbers, for example, are striking (Exhibit 12). Some are undoubtedly attributable to different practices in the use of permanent and casual staff or voluntary help. But once again the figures suggest that each authority ought carefully to review staffing levels and conditions of service. Many have yet to focus on this issue.

Exhibit 12

ATTENDANCE AND STAFFING LEVELS AT THEATRES AND HALLS

The ratio varies markedly from authority to authority

![Bar chart showing the ratio of annual attendance to full-time equivalent employees.]

Source: CIPFA Leisure estimates, 1989/90
FINANCIAL ARRANGEMENTS

38. Local authority venues are operating in a competitive commercial world. Artists' agents and managers do business not only with local authorities but with other subsidised theatres, with the commercial theatre and with football stadia and other arenas (e.g. for rock concerts), night clubs, record companies, radio and television etc. There is considerable scope for wheeling and dealing with rapid decision making, as well as considerable risk. For example, a promoter or agent may offer an act on favourable terms to fill a date on a national tour; on other occasions the offer of a less well known performer whose appearance involves financial risk may be linked to a future box office certainty from the same source.

39. The financial arrangements, and the distribution of risk, vary considerably. Four main methods are used:

— hire, under which the venue receives an agreed sum irrespective of the success or failure of the event. Here the venue bears none of the risk and its income is certain (Exhibit 13);

— box office split, in which income is shared between the authority and performers, outside promoters etc, usually on a percentage basis. Here risk is shared (Exhibit 14);

— first call, in which the venue pays an agreed sum irrespective of the success or failure of the event; any income above this level is shared, again usually on a percentage basis. Risk is shared, but the greater part falls on the venue (Exhibit 15);

— guarantee, where the venue pays an agreed sum to the performers irrespective of the outcome of the event, receives all of any profit but bears all the risk (Exhibit 16 overleaf).

The authority normally provides the box office, for which it receives a separate commission. Contracts usually cover details such as the numbers of complimentary tickets available to each

Exhibit 13
FINANCIAL ARRANGEMENTS – HIRE
The authority bears none of the risk and its income is guaranteed
Exhibit 14
FINANCIAL ARRANGEMENTS – BOX OFFICE SPLIT
The authority and promoter share income and risk

Exhibit 15
FINANCIAL ARRANGEMENTS – FIRST CALL
Here the authority bears the greater part of the risk
Exhibit 16

FINANCIAL ARRANGEMENTS – GUARANTEE

The authority does not simply provide the venue; it also promotes the event, bearing all the risks but taking all of any profit

party, and who is to bear certain costs such as the show 'rider' (e.g. refreshments or flowers in the dressing rooms). Authorities occasionally receive requests for cash-in-hand payments to performers or to roadies, humpers and other back of stage staff; these are normally resisted.

40. Some venues concentrate on particular types of arrangement; most have a mixture. Each event is usually priced separately. Seat prices are set by the venue under a guarantee arrangement, by the venue, following negotiations between it and the agent, manager or promoter, under box office split and first call, and by the hirer under a simple hire.

41. The approaches used in individual cases are strongly influenced by the market; for example, some major attractions will only accept guarantees. The detailed contractual basis of each presentation – for example the percentages used in a box office split or the guarantee paid – is likely to be different. It is also commercially sensitive. Within the profession popular entertainers' status is determined by the fees they can command and the basis on which they are paid; top names receive high guarantees or large (80% plus) splits of the box office. An entertainer's earning power could be badly damaged if, for example, it became known that the authority had by skilful negotiation obtained him or her for less than the usual fee. The venue would face great difficulty in future negotiations with performers and their representatives. Most local authority venue managers are, therefore, reluctant to release details of arrangements with performers. Officers who are not directly involved with the management of the venue, and members, rarely know the full financial details of an event.

42. The various financial arrangements each have advantages and disadvantages (Exhibit 17). Hire, for example, removes risk from the authority. But hire charges set below the market rate may not only deprive the authority of income but may deliver no financial benefits to the audience which the authority is trying to help; the hirer controls seat prices, may still charge what the market will bear and simply make a greater profit. If the authority has not provided a box office service it may have no information about the make up or size of the paying audience,
Exhibit 17
THE PROS AND CONS OF DIFFERENT FINANCIAL ARRANGEMENTS
Each type of arrangement has its advantages and disadvantages

<table>
<thead>
<tr>
<th></th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hire</td>
<td>No risk to the authority</td>
<td>Limited control over type of event put on</td>
</tr>
<tr>
<td></td>
<td>Guaranteed income</td>
<td>Only successful, well attended prime venues can regularly attract top acts on a hire basis</td>
</tr>
<tr>
<td>Box office split</td>
<td>Gives a greater choice of type of event</td>
<td>Involves some risk to the authority</td>
</tr>
<tr>
<td>First call</td>
<td>Increases the choice of type of event still further</td>
<td>Authority bears much of the risk</td>
</tr>
<tr>
<td>Guarantee</td>
<td>Authority receives all of any profit</td>
<td>Authority bears all of the risk</td>
</tr>
<tr>
<td></td>
<td>May be the only way to obtain some popular performers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gives the authority complete control over the programme (as long as it is willing to pay artists' fees and accept loss or the risk of loss)</td>
<td></td>
</tr>
</tbody>
</table>

other than a visual estimate by its own front of house staff. These will be unable to distinguish between paying customers and complimentary ticket holders; the latter can be a significant part of an audience if, for example, the promoter 'papers the house' (issues many complimentary tickets to ensure a reasonable audience at an event with poor sales).

43. Venue managers need the freedom to negotiate. Guarantees, first call and income share are a part of the industry and there inevitably will be many occasions when authorities have to bear some or all of the risk on an event. Members do not always, however, appreciate the extent to which the authority may be accepting risk and have not always given clear guidance about the levels of risk they are prepared to accept; for example, guidance on the preferred mix, across the year as a whole, of hire, guarantee and other arrangements is rare.

* * *

44. The main problems in funding entertainment and the arts are the lack of precise objectives in both making grant awards and managing venues and, in consequence, a failure to measure achievement. Venue managers rarely receive guidelines or targets. Failure to delegate has been a frequent criticism of local government by the Audit Commission. Here, however, delegation has sometimes gone too far. Though members should not become closely involved with individual presentations, some venue managers are not adequately accountable for their activities. Overcoming these deficiencies, and developing more coherent approaches towards
entertainment and the arts, is an important challenge to local authorities. The next Chapter describes the necessary responses to these challenges.
3. Recasting the Service

45. The review of national funding by Wilding and the subsequent statements by successive Ministers for the Arts have created a new structure for funding the arts in England (Exhibit 18); the position in Wales has not changed and local authorities continue to be strongly represented on RAAs in the principality. Many local authorities need to reappraise their involvement with entertainment and the arts. This reappraisal should address:

— policy formulation;
— the impact of subsidies, and whom they benefit;
— sponsorship;
— venue management;
— grants; and
— performance monitoring.

Exhibit 18
THE PROPOSED FEDERAL STRUCTURE
The membership of local authorities, Regional Arts Boards and the Arts Council will overlap

POLICY FORMULATION

46. Each local authority requires a clear understanding of what it is trying to achieve in supporting entertainment and the arts. A full review of policy, to ensure it is meeting local needs, should be carried out every three to five years (Exhibit 19 overleaf). Some authorities already carry out regular reviews. Authorities which have not set policies or which have not carried out a review recently should begin to do so. The complexity and length of the exercise will depend upon local circumstances and need not be a time consuming exercise in smaller authorities. Reviews should be supplemented by shorter annual reappraisals.

47. Authorities should identify:

— why they are involved with this area (e.g. improving the quality of life, promoting equity of access to cultural and popular events, fostering a sense of community, economic promotion or conservation of local cultural buildings);
Exhibit 19
REVIEWING POLICY TOWARDS ENTERTAINMENT AND THE ARTS
Market research is a key part of policy review
— the people they are trying to serve. Are services directed towards local residents, the region or a wider national and even international tourist market? Is attention to be paid towards particular age groups or other groups such as ethnic minorities and the less well-off?

48. Policy aims should not be decided without undertaking an analysis of the current provision and use of services, and should take into account market research and feedback from monitoring the performance of the existing services. For example, if market research shows that the types of firms likely to be interested in relocating to the area do not put much emphasis in their evaluation on the presence of local arts facilities, then it may be inappropriate to set economic development as one of the authority’s arts objectives. Similarly, for a venue located in an almost exclusively well-off area of the authority, it may be ineffective to regard equity of access as one of its main purposes.

49. Associated with each policy aim there should be measurable objectives, with targets and timescales within which they are to be met. For example, the authority may set itself the target of increasing the level of attendances by people from C2DE social backgrounds by a specified percentage over a period of three years. Methods of monitoring achievement will need to put in place (Exhibit 20 overleaf). Detailed feasibility studies should be undertaken whenever major new facilities are planned. These should include careful examination of location and size, as these are critical to usage levels, and sensitivity analyses to identify the financial consequences if public uptake is lower than expected.

50. The review should culminate in an entertainment and arts development plan. Authorities should not concentrate their attention solely on the facilities they provide and run; their primary need is to reach their target audiences in the most efficient and effective ways. Grant aid and co-operation with other authorities, with RAAs and RABs, with voluntary bodies and with the private sector also offer ways of giving people a range of affordable events. In London and the metropolitan areas attention will also need to be paid to contributions to s48 schemes. Negotiations will be needed, and compromise may be necessary, if co-operative approaches are to succeed. But negotiations are best approached with a clear view of the services the authority wishes to see provided and the audiences and groups it wishes to use those services.

51. Authorities can also expand their promotion or sponsorship of events held in commercial theatres or come to arrangements whereby discounts are available to targeted groups. Direct provision need not concentrate on theatres and concert halls run by the authority; events held in libraries are, for example, part of the arts programme in Clwyd and many other library authorities.

THE IMPACT OF SUBSIDIES

52. There are difficulties in quantifying the subsidy received by particular audiences, but market research and performance monitoring will assist. Attention may need to be paid to the types of event to support. Subsidies may decrease seat prices but may also increase earnings for well paid stars, their agents and managers. This is not necessarily wrong; the entertainer is able to command a particular fee elsewhere and a broad range of events contributes to meeting the authority’s objectives. But authorities spending money in this way should do so as a result of conscious decisions.
**Exhibit 20**

**SETTING AND MONITORING OBJECTIVES IN SUPPORTING ENTERTAINMENT AND THE ARTS**

Local authorities should relate their objectives for entertainment and the arts to market research analyses and feedback from performance monitoring as well as their overall policy aims.

<table>
<thead>
<tr>
<th>Possible aims</th>
<th>Measurable performance – examples of indicators</th>
<th>Questions to ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>To foster artistic excellence</td>
<td>No of performers supported</td>
<td>Are we supporting deserving companies and performers?</td>
</tr>
<tr>
<td></td>
<td>No of other engagements and recording contracts by those performers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assessments of newspaper reviews of performances</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No of groups applying for and receiving grant aid</td>
<td></td>
</tr>
<tr>
<td>To improve the quality of life</td>
<td>The use made by the local population of facilities</td>
<td>What are the public’s views on the quality of life and the authority’s facilities?</td>
</tr>
<tr>
<td></td>
<td>No of performances by type (e.g. cultural, popular)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The proportion of people from different groups of the population using the facility (participation rates)</td>
<td></td>
</tr>
<tr>
<td>To promote equity of access</td>
<td>Breakdown of audience by social background</td>
<td>Are we reaching the audiences we intend to attract?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>What is the average subsidy per seat sold?</td>
</tr>
<tr>
<td>To foster a sense of community</td>
<td>% of residents aware of the facilities</td>
<td>What does market research reveal of local residents’ views of the facilities?</td>
</tr>
<tr>
<td></td>
<td>No of hires by local groups</td>
<td></td>
</tr>
<tr>
<td>Economic promotion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Tourism</td>
<td>Total no of visits, length of stay and total expenditure</td>
<td>What image do people have of the area?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Is that image significantly enhanced by the existence of local authority supported facilities?</td>
</tr>
<tr>
<td></td>
<td>% of audience from outside the authority</td>
<td></td>
</tr>
<tr>
<td>– Long term economic development</td>
<td>Total number of enquiries received, who makes them and the eventual result</td>
<td>What image do prospective employers have of the area?</td>
</tr>
<tr>
<td>Conservation of local cultural buildings</td>
<td>Trading profit/loss on promotions</td>
<td>Are there less costly ways of preserving the buildings?</td>
</tr>
<tr>
<td></td>
<td>Cost of building maintenance</td>
<td></td>
</tr>
<tr>
<td>To increase participation in the arts by supporting local arts groups</td>
<td>No of groups supported</td>
<td>Do these groups need grants?</td>
</tr>
<tr>
<td></td>
<td>No of groups using council facilities</td>
<td></td>
</tr>
</tbody>
</table>
53. Subsidies should be explicit wherever possible. As the Commission has elsewhere recommended*, voluntary and other groups should be required to pay market rents for property; if the council wants to support the group it should provide a grant. The money for the grant need not leave the council's possession; the sum can simply be debited from the appropriate grants account and credited to the property account. As well as disguising subsidies, peppercorn rents lead to poor property management.

54. A similar philosophy should be applied to local authority venues. A venue's fixed costs should be apportioned to events and presentations. The account for each should show variable costs, income, trading profit/loss, fixed cost apportionment and net income/cost. The final apportionment of fixed costs can be made at year end but a working figure can be calculated at year start, based on budgets and expected number of presentations. This calculation should be drawn upon when setting hire charges, though hirings at below this rate may be necessary if market conditions dictate (i.e. discounts offered to obtain business, providing the income still covers variable costs and contributes to fixed ones). Voluntary and other groups hiring the venue can pay the full rate, but receive a grant. Again the grant need not pass through the voluntary group's hands; as at Brentwood, a direct transfer can be made from a grants account to the venue account.

55. Effectively the approach means that the venue has an account which is expected to break even or show a profit over the year as a whole. That account can include subsidies paid from a separate arts and entertainment account maintained by the authority (Exhibit 21), but the subsidy will now be made explicit. Some of those subsidies might compensate the venue for hiring itself at a discounted rate, to ensure that events take place when promoters are unwilling

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**Exhibit 21**

SEPARATING THE VENUE AND ARTS AND ENTERTAINMENT ACCOUNTS

The venue can be asked to cover all its costs but receives an agreed, quasi-contractual payment from the arts and entertainment account in return for having a particular programming policy or following a specified pricing policy.

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* See paragraph 56 of the Commission's report, 'Local Authority Property - A Management Handbook', HMSO, 1988
to pay the full price, or for similarly accepting a loss on a guarantee, first call or income share arrangement. Subsidies from a separate arts and entertainment account can also compensate it for offering low ticket prices to Passport to Leisure holders or other target groups; this approach might even be used with events put on by the private sector (Exhibit 22). Linked to market research these methods will help identify the subsidies received by different audiences.

Exhibit 22
SUBSIDIES TO TARGET GROUPS VISITING THE COMMERCIAL THEATRE
Commercial theatres can offer reduced prices to target groups identified by the authority (e.g. passport to leisure holders); the authority makes payment to the theatre to compensate it for its reduced box office income.

56. This approach is analogous to the way in which leisure centres are to be managed under the compulsory competitive tendering requirements of the Local Government Act 1988. Authorities' recreation direct service organisations will have to break even on an account which includes expenditure on running the centre, income from users plus any contractually agreed subsidy from the authority; the admission prices set by the authority and its guidance on the programme of events will be taken into account when agreeing the contractual subsidy. Authorities considering actual contract management of their venues need however, to ensure that the ways in which hire prices, box office commission rates and, for box office split, first call and guarantee events, seat prices are set are lawful; these decisions cannot be devolved to contractors.

SPONSORSHIP
57. The government is encouraging arts organisations to obtain sponsorship. But many local authorities are finding it difficult to attract significant amounts of sponsorship. Many also argue that sponsorship cannot be a substitute for long-term core investment and support. The Director General of ABSA said in October 1990 that 'I cannot overstate the potential damage to arts
sponsorship if sponsors are perceived by any part of the public sector as alternative core funders of the arts’. Sponsors usually prefer to be associated with one-off events rather than offer long-term, core support to facilities (e.g. to sponsor a play not the theatre it appears in). They also often prefer artistically established works and performers and may be less interested in innovative activities. Though popular entertainments such as rock tours and pantomime have attracted sponsorship, sponsors’ attention often focuses on arts events rather than the broader range of events supported by local authorities. Major sponsorship also tends to be concentrated in London and the larger provincial cities. The level of support from sponsors may also change as the economic climate alters.

58. Though sponsorship is unlikely to remove the need for subsidy, it can help provide quality shows without increasing seat prices. Sponsorship is not charity. Sponsors are paying for services from the authority – for favourable publicity and a contribution to their corporate image, for the ability to invite staff and clients to premieres and first night parties and so on. In order to attract sponsorship, authorities should identify the potential sources and develop marketing strategies which identify the benefits to offer sponsors. The 'ABSA/W.H. Smith Sponsorship Manual' contains detailed advice on how to obtain business sponsorship.

59. Authorities unsuccessful in attracting sponsorship tend to be those that contain their effort merely to writing identical letters to hundreds of potential sponsors. Authorities need to identify what they have to offer and match that to what sponsors find attractive. For example, Croydon has developed a practical initiative with The London Mozart Players (who are resident at the Fairfield Halls) and Nestle, a multi-national firm whose UK headquarters are based locally.

VENUE MANAGEMENT

60. Each theatre, concert hall, etc. should have its own policy objectives, set during the authority’s overall review. Venue management should have guidance on the types of programme to offer, on the prices to charge and have financial and attendance targets for the year as a whole (Exhibit 23 overleaf). Subsidies should be based on these and modified, in a quasi-contractual way, when and if members' objectives alter. The guidance should provide a framework within which managers can operate, avoiding excessive member involvement in day to day operations. Success should not be penalised; venues which exceed their income targets should, for example, be allowed to invest at least some of the extra income in improved facilities or to support a higher quality or larger programme of events. Personal incentives for venue managers, via performance related pay for meeting or exceeding targets, may be useful.

61. It is not enough simply to require that a venue’s account breaks even or shows a profit once any quasi-contractual subsidies have been included. Members should provide guidelines on the types of event to hold and on the overall mix of financial arrangements with performers; it is the type of event which helps determine whom the authority is subsidising while the risk borne by the authority depends on the type of financial arrangement. Clear advice is needed on cash-in-hand payments, which should be avoided. Authorities need not only to comply with taxation and other legislation; they should not make payments without proper documentation as such practice may lead to abuse and to potential problems with the tax authorities.
62. Venue managers should, however, retain freedom of action within guidelines. Programming usually involves both exploration as to the availability of performers and responding to approaches from promoters, agents, managers, etc. Some parts of the programme of events may be arranged well in advance; for example, touring opera and dance companies can plan two or more years ahead. Other events may be arranged at very short notice, if, for example, promoters or venues have spare dates.

63. Arranging events, and negotiating with agents, promoters, managers, etc. requires experience and knowledge of the outcome of previous events and of the overall market. Venue managers need to be in close touch with agents and promoters and with colleagues in the profession; informal contacts and networking are important.

64. Venue managers should determine the staffing they need and be able to negotiate conditions of service. They should also be responsible for minor building repairs and redecoration and for building cleaning, acting as the clients for whom building maintenance and cleaning DSOs, or outside contractors, carry out work. The venue should not be charged for central services which it does not need, but may require improved support in other areas – for example on-line financial systems which include commitment accounting. It should determine the support services it needs and then negotiate service level agreements with in-house suppliers (finance, personnel, legal services etc). In principle the venue should be able to buy in services if in-house support is more expensive than that available from other suppliers. These changes in management style are similar to those being made in other local government services, particularly ones affected by compulsory competitive tendering. The changes will make new demands on venue managers and, as with other services, training needs may have to be identified and met.
GRANTS AND OTHER SUPPORT

65. Grants to outside organisations should be related to the authority's overall policy objectives (Exhibit 24). The authority should have a clear idea of what it expects to achieve, in

Exhibit 24

AWARDING GRANTS

Awarding grants, and subsequent monitoring, involves a number of stages

[Diagram of awarding grants process]
terms of numbers of people from different target groups attending or participating. It should recognise that repertory theatres are producing houses and that their operations, and those of touring companies, orchestras, etc., can involve considerable financial risk. This accentuates the need for good management.

66. Authorities should avoid open ended commitments to fund deficits, whatever their size. Closed commitments to meet or contribute to a deficit up to some maximum are preferable. Grant awards should depend not only on evidence that an organisation is well managed and financially accountable – which should be a prerequisite for any grant – but that it has clear, publicly stated aims and objectives which contribute to the authority’s own objectives.

67. Many authorities make grants year in, year out to the same organisations. Provided this is a deliberate decision rather than habit, authorities can offer a commitment in principle to on-going support as have the Arts Council and RAAs. Though grants will need to be set annually in the light of political and financial realities, confidence in recurrent funding will help recipients plan in a structured way, help them raise money from other sources and attract and retain good managers and staff. On-going support will then depend on continued evidence of good, financially sound management and continued contributions to meeting the authority's objectives. Management information, fed back to the authority, is an essential part of the process and should be a condition for support. Co-operation with occasional audits and efficiency reviews, carried out by the authority, should also be required.

68. Project funding – revenue contributions to the costs of specific events or activities such as concert seasons or festivals – can be handled in a similar quasi-contractual way.

69. The effort expended in examining applications and monitoring outcomes must, of course, be commensurate with the level of grant involved. Some groups supported under community arts and other initiatives to broaden the base of arts participation receive project grants of only a few hundreds, or even tens, of pounds. Complex application procedures might even deter such groups from making applications. Simplified procedures supported by clear written guidance may be needed.

70. Authorities can also consider co-operating with Regional Arts Associations/Regional Arts Boards to standardise aspects of the grant application procedure, so that, wherever possible, background information on an organisation’s constitution and finances are presented in a standard way to different funding bodies. Arts outreach officers have a role in identifying potential applicants for small grants and helping them prepare their case. Arts outreach officers can also check that events have taken place; this, plus submission of accounts for an event, signed by the responsible officer of the body involved, and a detailed audit of a sample of awards may sometimes be all the monitoring required.

PERFORMANCE MONITORING

71. The authority needs to monitor whether it is achieving its aims and also needs to monitor the efficiency of its services and venues. Some possible indicators for overall policy aims were set out in Exhibit 20; some indicators for reviewing venue management and the outcomes of events are set out in Exhibit 25. These should be related to the programme, pricing, attendance and other targets the authority has set. Performance will, however, need to be appraised across the
programme as a whole and from year to year; the success or failure of an individual event can be affected by many factors outside the authority's control – for example the weather or a clash with a live television showing of an important FA cup replay. Grant recipients can be asked for similar data to the authority's own venues. Here too authorities can consider co-operating with the Arts Council and RAAs/RABs, which are seeking to develop a national database of indicators covering bodies they support; this might reduce duplication of effort and the burden on grant aided bodies.

Exhibit 25
PERFORMANCE INDICATORS FOR VENUES AND EVENTS
A range of indicators may be used to measure the efficiency and effectiveness of venues

<table>
<thead>
<tr>
<th>Programme</th>
<th>Number of events (performances/hirings)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of different productions/presentations</td>
</tr>
<tr>
<td></td>
<td>Mix of events (number and percentage of different types)</td>
</tr>
<tr>
<td>Pricing</td>
<td>Admission prices charged</td>
</tr>
<tr>
<td></td>
<td>Average ticket price</td>
</tr>
<tr>
<td></td>
<td>Discounts offered to target groups</td>
</tr>
<tr>
<td></td>
<td>Take up by target groups</td>
</tr>
<tr>
<td></td>
<td>(number of such admissions; proportion of people eligible for a discount who attend; whether they obtain the discount; frequency of attendance)</td>
</tr>
<tr>
<td>Attendance</td>
<td>Total number of attendances</td>
</tr>
<tr>
<td></td>
<td>Frequency of attendance by people from different segments of the population</td>
</tr>
<tr>
<td></td>
<td>% of seats sold</td>
</tr>
<tr>
<td>Financial</td>
<td>Average ticket yield</td>
</tr>
<tr>
<td>Per event and in total</td>
<td>Performance on trading account (variable costs compared to income)</td>
</tr>
<tr>
<td></td>
<td>Performance on revenue account (income compared to all costs)</td>
</tr>
<tr>
<td></td>
<td>Trading subsidy per attendance</td>
</tr>
<tr>
<td></td>
<td>Trading subsidy per paid attendance (i.e. excluding 'comps', etc.)</td>
</tr>
<tr>
<td></td>
<td>Revenue subsidy per attendance</td>
</tr>
<tr>
<td></td>
<td>Revenue subsidy per paid attendance (i.e. excluding 'comps', etc.)</td>
</tr>
</tbody>
</table>

72. A limited number of core indicators should be selected for presentation to members; other indicators should be used to help officers with their day to day management of the services or activities for which they are responsible or to help diagnose and solve problems revealed by the core indicators. Quantifiable indicators should be used wherever possible and individual staff should be set targets as part of the authority's staff appraisal scheme.
CONCLUSION

73. Local authorities play an important, and often unsung, role in supporting entertainment and the arts. Entertainment and the arts make important contributions to the quality of life, can help attract tourists and day trippers and contribute to place marketing and the attraction of new investment to an area. The Audit Commission is concerned that authorities should be clear about why they are spending money and should assess the effectiveness of their expenditure.
The following authorities were visited during the fieldwork:

- Allerdale District Council
- Birmingham City Council
- Brentwood District Council
- Canterbury City Council
- Carlisle City Council
- Clwyd County Council
- Croydon Borough Council
- East Lindsey District Council
- Glasgow City Council*
- Gloucestershire County Council
- Hillingdon Borough Council
- Kirklees Borough Council
- Lewisham Borough Council
- Nottingham City Council
- Southend-on-Sea Borough Council
- Swansea City Council
- Thanet District Council

* The Audit Commission has no responsibilities in Scotland. Glasgow was visited to provide comparisons with approaches used in England and Wales.
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