

SOLT and UK Theatre response to Culture Media and Sport Select Committee Inquiry: Countries of Culture.

I write on behalf of **Society of London Theatre (“SOLT”)** and **UK Theatre Association (“UK Theatre”)**.

SOLT and UK Theatre are the trade associations representing the interests of those engaged in the production and presentation of medium to large-scale dramatic and lyric theatre in the UK. SOLT represents approximately 200 London-based producers, theatre owners and managers. UK Theatre represents approximately 220 theatres, concert halls, dance companies, producers and arts centres throughout the UK. UK Theatre also operates as a professional association, supporting over 1,000 individuals working professionally in theatre and the performing arts in the UK. Both memberships are drawn from subsidised and commercial theatre.

Combined annual attendance at our member venues exceeded 33 million people in 2013. This is more than the entire cumulative attendance at all English Premier League (13.6 million), English Football League (15.6 million) and Scottish Premiership (1.9 million) matches for the 2012/13 season.

1. Context

1.1 This submission to the Culture Media and Sport Select Committee Inquiry is made in the context of two recent and welcome interventions.

1.2 Firstly, the Government’s Culture White Paper. This publication was a clear statement of belief in the value of arts and culture, and particularly to the importance of improving the diversity of the industry and of putting culture at the heart of local place-making. However, it did not acknowledge the need for a cross-Government approach to ensuring the resilience of the Creative Industries, specifically in ensuring the need for a good arts education to be available for all.

1.3 Secondly, the Arts Council England and New Local Government Network (NLGN) report ‘Funding Arts and Culture in a time of Austerity’. This report, and accompanying speech from Sir Peter Bazalgette, set out the scale of the decline in Local Authority support for arts and culture, and a challenge to respond with imaginative, innovative ideas.

1.4 SOLT and UK Theatre welcome the focus on culture in the regions. Following the Government’s decision to protect funding for arts and culture in the November 2015 Spending Review it is clear that, if the UK is to retain its world-leading success in the creative industries, contributing £84.1 billion a year to the economy, attention and action must now be at local level.

1.5 It should also be noted that while the focus of concern is now outside of central London, at SOLT and UK Theatre our membership increasingly reflects the existence of one sector encompassing the regions and London. There is interdependency between theatre and performing arts organisations across the country, and between the funded and commercial sector. Our combined support is for one UK-wide theatre and performing arts industry, and

acknowledges that our national success in the creative industries is stimulated and sustained by a fabric of people, talent and audiences across the country.

2. Value and impact of culture in the regions

2.1 The UK's regional theatre and performing arts make an extraordinary contribution to the development of places; attracting employers, bringing a range of people to towns and cities, contributing to social cohesion and creating flourishing economies on local high streets.

2.2 As set out in the DCMS Culture White Paper and in the Arts Council and NLGN report, art and culture is integral to the identity of local areas. It has the potential to transform a place, and to reflect the diversity of our communities. Direct pledges from the Chancellor such as the £13m for Hull City of Culture (including a refurbishment of Hull New Theatre), the £5m for the Shakespeare North project in Knowsley in Merseyside, and £2 million for the Hall For Cornwall's redevelopment plans, show that the potential for theatre and performing arts to contribute to the vibrancy and health of our regions is well recognised at a national level.

2.3 SOLT and UK Theatre's 2014 analysis indicates that the appetite for theatre and the performing arts is strong. In 2014 UK Theatre's analysis of ticket sales for theatre and the performing arts showed 18 million ticket sales and £428 million in box office revenue. In the same year sales at SOLT member venues were £624m. That shows a combined box office income of more than £1 billion across London and the rest of the UK, with more than 32.5 million tickets sold.

2.4 In 2015 SOLT figures showed sales of £634m (up by 1.6%). UK Theatre will update its ticket sales later this year.

2.5 However, theatres outside London are facing a number of challenges. They include; serious reductions in local authority investment, the impact of reductions in Arts Council in funding over the last five years, and the limited availability of private or corporate money.

SOLT and UK Theatre asks the inquiry to add its voice to the call for local leaders to put culture at the heart of place-making, with more partnerships between the national and local levels, to benefit to our communities, our health and well-being and our economy.

3. Physical and virtual accessibility of cultural sectors in the regions, including digital outreach and engagement

Regional Producing and Touring

3.1 Theatrical producing and touring is going through a process of considerable change, due to the challenges of reduced funding to touring companies and producers, and to receiving or presenting theatres. Theatres now present a more mixed programme of produced and received work, there is more emphasis on co-productions, and funded companies are becoming more commercial and entrepreneurial.

3.2 The availability of high quality and affordable product, particularly at the small-mid scale - is also impacting the health of the touring model, and the availability of good work for audiences to see. Venues and producers are working to tighter margins. The new emphasis on collaborations and co-productions is driven by financial necessity; for most shows box office income will not meet the expenditure involved.

3.3 Presenting houses play a strong role in providing the majority of theatrical experiences for audiences. In 2014 1,000+ capacity venues alone accounted for 9.2 million ticket sales. These venues present subsidised touring productions, however they largely do not receive public investment from national or local sources.

3.4 SOLT and UK Theatre welcome the Arts Council's current 'theatre research and analysis' which aims to understand how producing theatres, presenting venues and producers now interact. It is hoped this work will lead to more intelligent support during the next funding period that reflects the current needs and practice of the sector, to increase the availability of high quality work for audiences to see.

Digital

3.5 We know that digital technologies are changing the way theatre audiences engage with work, and are creating new opportunities for innovation. SOLT and UK Theatre are now exploring what impact digital screenings are having on audiences for live performances through a research project run in partnership with Arts Council England.

3.6 The research will address whether theatre touring patterns have been affected by broadcast events, the opportunities there may be to make event cinema, or to create content for digital devices, or to attract new audiences through a 'digital first' experience. A final report to be published in mid-2016.

3.7 Digital screenings may bring new audiences and innovative experiences, but we believe they complement, rather than replace, live theatre. The recent controversy surrounding the exam boards AQA and OCR's decision to do away with the requirement for GCSE drama students to see a live theatre performance is a relevant example.

3.8 Any measures that might encourage schools (particularly in more rural areas) to see GCSE Drama as an accessible and achievable course for students is to be encouraged. We also agree that the digital material provided by many companies are a valuable and high quality resource. However, an appreciation for the live experience is still essential, and school visits to local and national theatres are a vital part of the link between arts education and careers in the creative industries.

4. The current funding situation for cultural sectors in the regions and sub-regions

**The regional impact of local authority settlement on the cultural sector
Cultural partnerships in the regions, including with National Portfolio
Organisations and Major Partner Museums**

Local Authorities

4.1 Local authority funding is the single most important challenge facing arts and cultural organisations in England.

4.2 In his Autumn Statement the Chancellor described the prospect of making deep cuts in the small DCMS budget as 'a false economy'. The overall spend from local authorities on culture is just 0.6%. It is a vital investment in a high performing sector, and plays a critical role in ensuring communities have access to high quality theatre and other cultural activities. Making cuts to arts and culture budgets at a local level is also a false economy.

4.3 The impact of local authority settlement on the cultural sector has already been significant. As reported by the Arts Council and NLGN, Local authority investment in arts/culture has declined by £236 million, 17% since 2010.

4.4 Alternative analysis conducted for the National Campaign for the Arts (which excludes funding for libraries, and adjusts figures for inflation) sets out that in real terms English councils spent 27% less than they did in 2009/10.

4.5 While the Arts Council and NLGN report that the rate of reduction for arts and culture is lower than that for spending overall, the NCA analysis reports that culture took a disproportionate hit, with 35% cuts.

4.6 With such intense pressure on budgets Local Governments are already facing unenviable choices. Many of UK Theatre's members have seen significant or complete reductions in the support they receive. Between 2009-10 the local authority (and other public subsidy) income of Arts Council National Portfolio arts organisations (venue and non-venue based theatre) was £36m. By 2014-15 this had dropped to £16m.

4.7 As Local Government manages the £6.1 billion drop in central government grant between now and 2019-20 local authorities will need to find even more substantial savings. It will become increasingly hard for Councils to include arts and culture in their plans.

4.8 Many councils are still working hard to protect their valuable investment in the arts. As the Arts Council and NLGN report set out, some are finding new ways to keep arts and culture thriving.

4.9 Examples such as Dorset County Council's adoption of a public service mutual model, Liverpool City Council's work with the Liverpool Arts Regeneration Consortium (LARC) to develop new income streams, and Birmingham Culture Central's inquiry into how investment can be grown through public and private sources are welcome indications of the value local authorities place on this investment.

4.10 Further promotion and celebration of alternative funding models may encourage other Local Authorities to understand the potential of culture to help achieve the ambition they have for their areas; to drive economic growth, education and wellbeing.

4.11 In addition, the Great Place Scheme, launched in the White Paper, could do much to promote better collaboration between cultural organisations at a local, regional and national level, and to support the delivery of the full benefits of culture for all our communities.

4.12 It should also be noted that from 2019 local authorities will be able to retain 100 per cent of their business rates income. Many Local Authorities offer up to 100% relief on business rates for charities – including theatres. 80% of this relief is statutory, 20% is at the discretion of local authorities. We are concerned that as local councils find it harder to meet the costs of services, 100% local retention of business rates will mean they'll look to withdraw this discretionary relief, and that the statutory relief may also be at risk.

4.13 In addition, it is likely that over the next decade a number of regional theatres, many former or current local authority run, will require upgrades and re-development. This creates an opportunity – as many could be developed to bring more commercial value – but a basic level of capital investment will be required to ensure that these theatre buildings are sustainable in the future, and continue to be accessible to local communities.

SOLT and UK Theatre recognise that both approaches are valid and valuable. In order to better understand and support local investment in arts and culture we ask the inquiry to recommend that all future reporting on funding levels is drawn from the returns made by the Chief Financial Officer to Central Government.

SOLT and UK Theatre ask the inquiry to recognise the immediate and acute challenges local authorities' face in continuing to support arts and culture, and the impact this may have on local economies and communities in the regions, as well as on the health and success of the UK's creative industries.

SOLT and UK Theatre ask the inquiry to call for more local leaders to recognise the possibility of maintaining support for arts and culture, and for a national framework of advice, monitoring and support for alternative models of local authority support for arts and culture.

SOLT and UK Theatre ask the inquiry to recognise that cuts to business rate relief for theatres would tighten the squeeze on local theatres, undermining the benefits they bring to communities, also undermining local economies and business rates income overall.

5. New funding models in the cultural sector, including use of Lottery funding

Earned income

5.1 Many regional theatres now have a healthy and diverse income from commercial and philanthropic activity. The priority of many theatres has clearly been to replace lost public funding with new sources of income. As UK Theatre President Rachel Tackley remarked to The Stage, the industry has 'responded incredibly resourcefully' to reductions in public funding.

5.2 Between 2009-10 and 2010-14 the earned income of Arts Council National Portfolio arts organisations (venue and non-venue based theatre) rose from £233m to £291m, up 25%. Theatres earned 62% of their total income in 2014-15, compared to 56% in 2011-12.

5.3 Attendances have also climbed (up 33% between 2011-12 and 2014-15) and higher ticket prices have boosted earned income. It's also clear that some development departments at regional theatres are seeing great success, with contributed income rising from £31m in 2009/10 to £50m in 2014/15.

Higher Education

5.4 The higher education sector is also proving to be a resourceful partner for many theatres. For example, the Octagon Theatre Bolton and the University of Bolton have developed and now jointly run the University's new Theatre BA course. Students observe and learn about theatre theory and practice at the Octagon, which receives a percentage of their £9,000-a-year tuition fees. The University is the theatre's principal sponsor and funder of artistic development posts that work with professionals and students. The University has also contributed £100,000 to the budgets of two Octagon shows in 2015-16; a sum classified as a co-production fee (within earned income), and equivalent to 16% of the venue's core ACE grant of £614,000.

5.5 SOLT and UK Theatre have led the way advocating new models for investment and new sources of income for theatre, particularly touring productions. In 2014 UK Theatre commissioned Graham Devlin and Alan Dix to produce 'Theatre Touring in the 21st Century - An Exploration of New Financial Models' (<http://www.uktheatre.org/downloads/TheatreTouringinthe21stCenturyPublicationFINAL.pdf>).

5.6 This report explored whether there are untapped markets for commercial investment, social investment, or other ways for arts funders to supporting touring. It set out a range of new and different funding models and suggested options for future funding including the introduction of loans.

5.7 Loans might ease cash-flow pressures on a short-term basis (for example at the beginning of tours when the capital production costs have been expended and there is a delay in settlement of the box-office), or to provide longer-term security where a company, venue or network is engaged on a long-term initiative to develop its business

5.8 Loans might also enable public funding to support a model where organisations thought of as 'subsidised' might interact successfully with the commercial sector to ensure that more, high quality work is available for audiences across the country.

5.9 The Arts Council's Arts Impact Fund could be developed to offer a specific opportunity for touring theatre and performing arts - doing away with the need for higher-interest loans from finance houses or other longer-term financial commitments. This could be funded by flexible use of National Lottery income to the Arts Council.

SOLT and UK Theatre ask the inquiry to call for funders to better understand how public funding can better support regional producing theatres to work with commercial producers to ensure the availability of high quality theatre for audiences.

Theatre Tax Relief

5.10 SOLT and UK Theatre worked with Government to support the introduction of the Theatre Tax Relief which, since its introduction in September 2014, has provided a much needed a boost to theatres and producers. In our recent survey on the take-up of the relief we asked what the income had enabled claimants to do; many replied to say the relief had allowed them to be more adventurous, to undertake audience development work, to employ more people, and simply to offset reductions in their funding from other sources.

5.11 HMT reported that £25m was claimed in the first year, and our research shows that many more theatres and companies could yet benefit from the Theatre Tax Relief. SOLT and UK Theatre will run further seminars across the UK this autumn to help more people understand how to access it.

6. Skills, management and infrastructure of regional cultural institutions

Education

6.1 A good arts education is the basis for the UK's world-leading success in the creative industries. It is the basis for a vital pipeline of creative talent, drawn from across the country and across society. A high quality arts education is essential for progress in the creative industries, and to our economic progress as a country. There is a need for a strong, visible national commitment to cultural education. SOLT and UK Theatre were deeply disappointed not to see this recognised in the recent Culture White Paper.

6.2 The Department for Education's current proposals to implement the English Baccalaureate (EBacc) would result in 90% of pupils taking a minimum of seven, narrowly defined, GCSEs. There would be little room left for pupils to study creative industry relevant subjects, narrowing a skills base in an area crucial to the success of theatre and the performing arts in the UK, and the creative industries as a whole.

6.3 The emphasis on the EBacc will also have the effect of marginalising arts education in schools – for all but the most privileged. If we are to maintain and develop our global economic standing and success in the creative industries a good arts education should be prioritised for all.

6.4 While we support the Department for Education's stated aim to ensure that young people develop the knowledge and skills to allow them to succeed in the modern world, it should also be noted that the CBI has said that "To continue to be the world's leading creative hub, our creative industries must have access to a broad talent base... The creative industries also need to be more accessible - particularly to young people from different backgrounds - if they're going to attract the talent they need."

SOLT and UK Theatre asks the inquiry to recognise that to continue to build a thriving creative economy, the need for arts education must be recognised and supported by Government at a national level.

Workforce

6.5 The UK's creative industries are world-leading. New Government figures show they employ more than 1.7 million (more than 1 in 20 UK jobs). Using recent Department for

Culture Media and Sport figures it can be estimated that the current workforce of the UK's performing arts sector is 224, 000.

6.6 As the performing arts in the UK continue to perform well it is clear that the future workforce for theatre and the performing arts must continue to develop and change. It is vital that the right training and development support is in place to ensure our sector stays resilient and relevant.

6.7 SOLT and UK Theatre are now commissioning research to allow us to develop a workforce strategy for the theatre and performing arts sector. The research will enable SOLT and UK Theatre to work with industry employers to put measures in place to ensure that our theatre and performing arts workforce continues to be as highly skilled and effective as possible.

6.8 The work will include theatre management and technical skills. It will explore any gaps arising in traditional skills, and the developing need for a workforce skilled in new technologies. The work will cover the full range of the workforce; starting from careers advice in schools and colleges, entry level roles, progression routes and apprenticeships, mid-career development, and considering the needs of the sector's future leaders.

6.9 The work will give full consideration to improving the entry and development routes for people from black and minority ethnic groups and for disabled people, with a view to increasing diversity across the workforce.

SOLT and UK Theatre asks the inquiry to note this work and the impact it may have on developing an effective workforce and industry strategy for theatre and the performing arts.