



# SOLT & UK Theatre

## Priorities for an Incoming Government

October 2023

[www.solt.co.uk/manifestos](http://www.solt.co.uk/manifestos) | [www.uktheatre.org/manifestos](http://www.uktheatre.org/manifestos)

# SOLT & UK Theatre – About Us

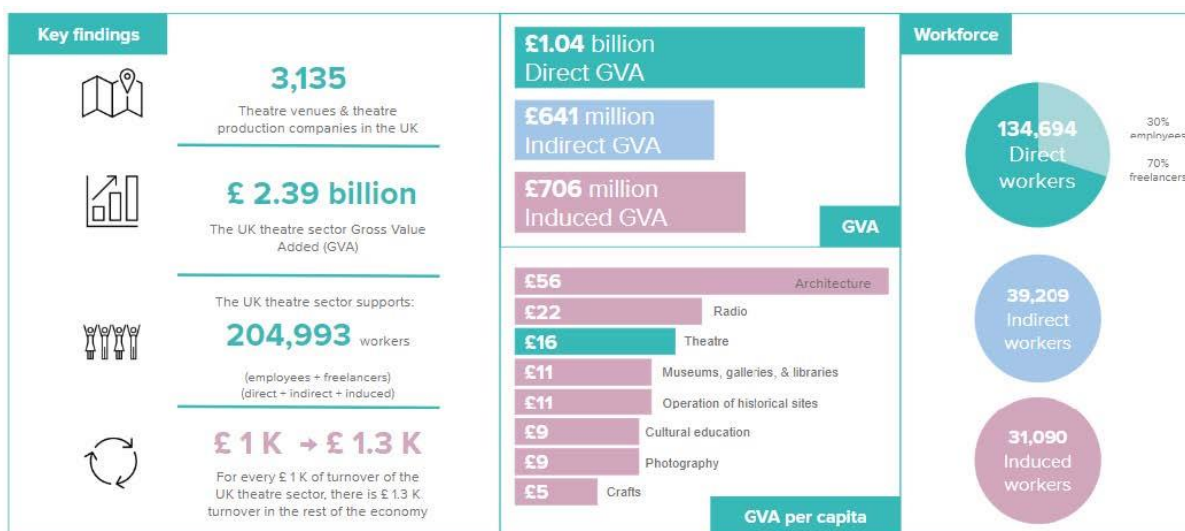
[Society of London Theatre](#) (SOLT) and [UK Theatre](#) are employer bodies for those who are actively producing or presenting theatre and manage or own theatres. Our memberships are made up of over 500 organisations and 1200 individual practitioners across the UK, predominantly presenting theatre in large and medium scale venues.

SOLT & UK Theatre's roles are to champion theatre and support our members to thrive, ensuring a dynamic, sustainable and world-class theatre sector in the UK.

## The Impact of the UK's World-Leading Theatre Sector

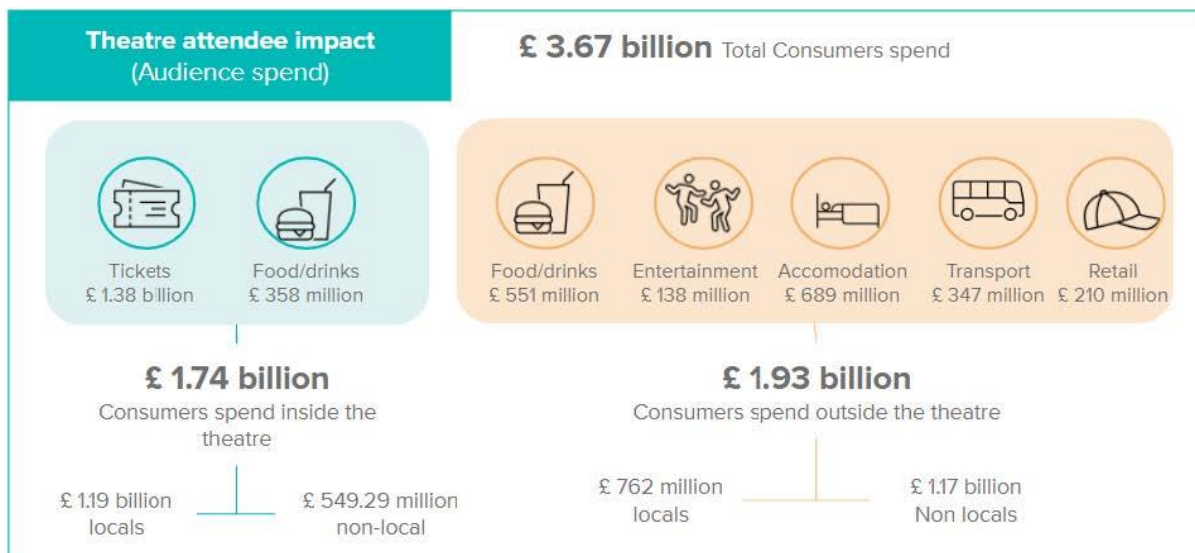
### Economic Impact

A recent study conducted on behalf of SOLT & UK Theatre suggests that the **UK theatre sector generates £2.39bn GVA and supports 205,000 workers**. This is made up of £1bn of direct turnover in the UK theatre sector, generating £1.3bn worth of turnover in the broader economy.



Source: Sound Diplomacy

Theatre audiences also contribute additional spending in local economies up and down the country when visiting a performance. **For every £1 spent on a theatre ticket, an additional spend of £1.40 is generated in local economies**, adding up to £1.94bn per annum of extra value added to local economies by theatre audiences.



Source: Sound Diplomacy

Sound Diplomacy's Economic Impact Assessment of UK Theatre Sector found that the countries/regions that display the highest effect are East Midlands, where, for every £1 spent in tickets, there is £2.32, North East, with a relationship of £2.11, and Northern Ireland with £1.92

Country/Region	Average Ticket Price (ATP) (£)	Average spend outside the theatre per person/ticket (£)	Ratio ticket price and spend outside the venue ("For every £1 spent on a theatre ticket, £ ... are spent in the local economy")
East Midlands	17.82	41.27	2.32
East of England	20.95	35.72	1.70
London	52.17	66.35	1.27
North East	16.55	34.88	2.11
North West	24.83	39.65	1.60
Northern Ireland	17.58	33.76	1.92
Scotland	21.74	31.37	1.44
South East	24.44	39.10	1.60
South West	24.18	30.15	1.25
Wales	20.02	34.74	1.74
West Midlands	22.71	41.95	1.85
Yorkshire and The Humber	23.71	23.86	1.01
UK	33.28	46.57	1.40

Source: Sound Diplomacy

# SOLT/UK Theatre Members' Sales Figures

In **2018**, the last year for which full figures from both organisations are available:

- 34 million tickets were sold to performances in SOLT & UK Theatre member venues
- 63,000 performances in SOLT & UK Theatre member venues
- £1.28 billion in box office sales at SOLT & UK Theatre member venues

## Soft Power and Overseas Impact

In economic terms, the combined gross revenue of five productions that originated in London's West End – *Phantom of the Opera*, *Mamma Mia!*, *Cats*, *Les Miserables* and *Miss Saigon* is over \$17.9bn<sup>1</sup>, exceeding that of the *James Bond* (\$7.8bn) and *Wizarding World (Harry Potter)* (\$9.7bn) film franchises<sup>2</sup> combined.

Theatre's contribution to the UK's soft power and international cultural projection is difficult to quantify. However, as a single example, *Phantom of the Opera* has been seen by over 140 million people in 183 cities across 41 countries.

Away from the stage, the UK Theatre sector is also a key contributor to the UK services export market, with British theatre architects and technical consultants involved in development and refurbishment projects at the Sydney Opera House, the Dr. Phillips Center for Performing Arts in Orlando and Wild Rice in Singapore to name but a few of the approximately three theatre projects completed monthly around the world by British led teams.

## Social Impact

According to research led by the Centre for Cultural Value, 57% of the UK population feel that taking part in arts and culture is important to their wellbeing, positively affecting their mood and helping them to manage anxiety. We saw how theatre and the arts offered joy, solace and escapism during the COVID-19 pandemic and research tells us that medical training programmes incorporating drama and theatre techniques, especially those that use role-play and improvisation, can improve students' understanding of patient perspectives and experiences, developing their empathy.

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<sup>1</sup> [https://en.wikipedia.org/wiki/List\\_of\\_highest-grossing\\_musical\\_theatre\\_productions#Highest-grossing\\_musical\\_theatre\\_franchises](https://en.wikipedia.org/wiki/List_of_highest-grossing_musical_theatre_productions#Highest-grossing_musical_theatre_franchises)

<sup>2</sup> [https://en.wikipedia.org/wiki/List\\_of\\_highest-grossing\\_films#Highest-grossing\\_franchises\\_and\\_film\\_series](https://en.wikipedia.org/wiki/List_of_highest-grossing_films#Highest-grossing_franchises_and_film_series)

In 2020 DCMS published *Evidence summary for policy: The role of arts in improving health and wellbeing*<sup>3</sup> which found that:

- There is strong evidence that **music can support social development in infants** including enhancing infant attention, affect, and mother-infant bond.
- There is also promising evidence that **other arts activities can support child social development**, including improving prosocial skills, social competence and socio-emotional development.
- There is also strong evidence **that arts engagement can enhance aspects of social cohesion**, including reducing individual loneliness and isolation, increasing prosocial behaviours, reducing aggression and discrimination, and improving social consciousness.

## Tourism Driver

UK Theatre continues to act as a driver for inbound domestic tourism, with two times the number of visitors seeing a theatre production than a sporting event. 9% of overseas visitors saw a theatre production in 2019, with visitors who plan a trip to the theatre likely to be higher spending than average.

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<sup>3</sup> <https://www.gov.uk/government/publications/evidence-summary-for-policy-the-role-of-arts-in-improving-health-and-wellbeing>

# What Can the Next Government do to support this vital Creative Industry?

SOLT and UK Theatre are keen to work with the incoming government to deliver growth, not only in the theatre sector, but in the wider economy. Our recommendations are designed to:

- Stimulate economic growth.
- Boost tax returns.
- Encourage audiences to return to theatres.
- Widen access to theatre across the UK, particularly for children.
- Increase employment.
- Promote a sustainable and energy-efficient theatre economy.
- Increase the potential for inward investment and overseas growth.

We are asking parliamentary candidates and political parties to support and promote our three core objectives for the theatre sector:

## Endorse our “Theatre for Every Child” Campaign.

- our Theatre for Every Child campaign asks for a manifesto commitment to pledge that **all children have the chance to visit a theatre before they leave school.**
- A visit to the theatre provides **cultural enrichment** and **educational benefits, builds empathy, promotes wellbeing** and **highlights potential dynamic creative careers in a growing sector.**
- SOLT & UK Theatre’s initial policy costing suggests this would cost the government **A maximum of £42.33 per child, or a total cost of £34m per year.**

## Support and enhance our critical cultural infrastructure by increasing capital funding for the theatre estate.

Research shows that 86% of theatres said finance was a major barrier to making energy efficiency improvements, with this figure rising to 92% for historic theatres.<sup>4</sup> In order to address this problem we are proposing, in partnership with the Theatres Trust, a Theatre Energy Efficiency Grant Scheme. This initiative would provide theatres with capital to make

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<sup>4</sup> <http://www.theatrestrust.org.uk/latest/news/1626-more-than-1bn-needed-to-make-the-uks-theatre-buildings-sustainable>

immediate 'quick win' energy efficiency adaptations, such as the installation of LED lighting rigs. The total value, and support hoped for from the government, of the scheme would be £56.7m, and the grants would range from £50,000 to £300,000 depending on the size of the venue. The scheme would support 472 theatres, half of all theatres in England, and would save these venues between £4.3m and £6.2m per annum depending on future energy costs. We estimate that the scheme would provide a 100% return on investment in between 9 to 13 years, depending on energy price variations.

## Maintain the higher rate of theatre tax relief in perpetuity.

- The higher rate of tax relief, introduced in October 2021, has been pivotal in enabling the development of new theatre productions in the UK.
- Reducing the TTR rate in 2024 and 2025 would reduce the number of home-grown productions and risks stunting the growth of our world-class industry.
- An American Producer and investor based in the U.S. and producer or co-producer of over 60 productions on Broadway has increased investment in the UK by 250% since the introduction of the higher rate of Theatre Tax Relief. This increase in FDI will likely fall if the rate of relief tapers as planned
- Had TTR been at the current higher rate for its lifetime (since 2014), HMT would have still seen a ROI of 63%.

Each of these core objectives is covered in greater detail at [www.solt.co.uk/manifestos](http://www.solt.co.uk/manifestos). SOLT & UK Theatre stand ready to work with parliamentary candidates and parties to achieve these aims and deliver practical support to facilitate their introduction.

## Conclusion

The creative economy is a global success story, defined by a resilient and entrepreneurial spirit. Theatres create cultural and economic value for the communities they serve, working in symbiosis with our hospitality and tourism sectors. They are much more than entertainment venues, they are cultural anchors for communities, playing a central role in levelling up, bringing people together to share experiences and connect. The measures outlined above are carefully targeted to enable theatre organisations to navigate the challenges ahead, drawing on existing interventions that have been shown to stimulate economic growth, boost tax returns and encourage the return of audiences. Our energy efficiency grant scheme proposal represents an opportunity to fast-track efforts to decarbonise the arts, whilst cutting energy bills for half of England's theatres.

## Contact

For further details about this submission, please contact:

Society of London Theatre & UK Theatre

[publicaffairs@soltukt.co.uk](mailto:publicaffairs@soltukt.co.uk)

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# Theatre for Every Child

Society of London Theatre (SOLT) & UK Theatre want every child to attend the theatre by the time they leave school.

## The Current Context

In 2019/20 only 26% of 5-10 years old and 54% of 11-15 year olds engaged in theatre and drama activities. For 11-15 year olds, only 25% engaged in theatre and drama 'outside of school'<sup>5</sup>.

The National Curriculum requires every state-funded school to promote children's cultural development, preparing them for the experiences of later life<sup>6</sup>. Whilst the private school sector is able to invest in cultural education, the state sector has suffered a significant reduction in provision, due in part to the marginalisation of arts subjects in schools over the last twenty years<sup>7</sup>.

Children from low-income families are missing out the most because they are less likely to have access to cultural experiences outside of school<sup>8</sup>. Furthermore, the ongoing cost-of-living crisis has led to a reduction in school trips, including theatre visits. When surveyed by SOLT & UK Theatre, 42% of parents reported that their children had fewer school trips in the 2022-2023 academic year than in previous years<sup>9</sup>.

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<sup>5</sup> <https://www.gov.uk/government/statistics/taking-part-201920-annual-child-release/arts-taking-part-survey-201920>

<sup>6</sup> <https://www.gov.uk/government/publications/national-curriculum-in-england-framework-for-key-stages-1-to-4/the-national-curriculum-in-england-framework-for-key-stages-1-to-4>

<sup>7</sup> <https://pec.ac.uk/blog/class-inequality-in-the-creative-industries-is-rooted-in-unequal-access-to-arts-and-cultural-education>

<sup>8</sup> <https://www.ukonward.com/wp-content/uploads/2022/11/Beyond-school-enrichment-report-onward.pdf>

<sup>9</sup> Nationally representative by region survey of parents conducted by SOLT & UK Theatre between 30<sup>th</sup>-31<sup>st</sup> August using Find Out Now.

A recent report from the Sutton Trust states that since last year “reports of cuts to trips and outings have more than doubled, now standing at 50%, up from 21% – a proportion that is even higher in schools with the most disadvantaged intakes, at 68%, compared to 44% in the least deprived schools”<sup>10</sup>.

## Why does this matter and what can be gained?

To secure improved access to our cultural capital and sustain our world-leading theatre reputation, we must ensure all children have the opportunity to experience theatre. A visit to the theatre can:

### **Provide cultural enrichment**

Theatre broadens children’s horizons, shaping their sense of the world and their place within it.

### **Offer educational benefits**

The immersive experience of theatre helps children to learn<sup>11</sup>, whilst structured arts activities can increase cognitive skills across all subject areas<sup>12</sup>.

Children from low-income families who participate in arts at school are three times more likely to get a degree<sup>13</sup>.

### **Help build empathy**

Watching theatrical performances helps children to develop emotional intelligence<sup>14</sup><sup>15</sup>.

### **Promote well-being**

Children and young people report that engaging in cultural and creative activities, such as drama, helps them to “relax and de-stress”<sup>16</sup>.

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<sup>10</sup> <https://www.suttontrust.com/news-opinion/all-news-opinion/cost-of-living-crisis-hits-school-spending/>

<sup>11</sup> <https://journals.sagepub.com/doi/10.3102/0013189X18761034>

<sup>12</sup> <https://www.culturallearningalliance.org.uk/evidence/key-research-findings-the-case-for-cultural-learning/>

<sup>13</sup> <https://www.culturallearningalliance.org.uk/evidence/key-research-findings-the-case-for-cultural-learning/>

<sup>14</sup> <https://bmcpublihealth.biomedcentral.com/articles/10.1186/s12889-021-11233-6>

<sup>15</sup> <https://www.sciencedirect.com/science/article/abs/pii/S002210312100038X#bb0050>

<sup>16</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/childrenviewsonwellbeingandwhatmakesahappywifeuk2020/2020-10-02#what-children-told-us>

## Spark a lucrative career and address skills shortages

This campaign will raise awareness of the highly skilled off-stage STEM orientated theatre jobs open to young people at a time when the industry is facing significant skills shortages<sup>17</sup>.

## Boost audience figures

This initiative would help to raise audience figures over the long-term, boosting economic activity, resulting in more jobs across the UK.

## Support the growth of our economy

- Theatre is a key component of the broader creative industries which, prior to Covid, contributed £116bn in Gross Value Added (GVA)<sup>18</sup>.
- Our research indicates that the theatre industry alone generates £2.39bn GVA and supports 205,000 workers.
- For every £1 spent on a theatre ticket, an additional spend of £1.40 is generated in local economies<sup>19</sup>.

# Our Proposal: ring-fenced funding to ensure all children can attend the theatre before they leave school

For the reasons set out above, we want children and young people to experience as much theatre and live performance as possible at every age.

As a minimum benchmark, our Theatre for Every Child campaign asks for a manifesto commitment to pledge that **all children have the chance to see a professional theatre production before they leave school.**

This initiative has widespread support.

In a recent, nationally representative poll, carried out on behalf of SOLT & UK Theatre, 84% of parents were either very supportive or supportive of a government programme to ensure at least one free trip to the theatre for every child before they leave school<sup>20</sup>.

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<sup>17</sup> [https://www.nordicity.com/de/cache/work/15/Nordicity\\_UK\\_Theatre\\_Workforce\\_Review\\_Report\\_2017.pdf](https://www.nordicity.com/de/cache/work/15/Nordicity_UK_Theatre_Workforce_Review_Report_2017.pdf)

<sup>18</sup> <https://www.gov.uk/government/statistics/dcms-economic-estimates-2019-gross-value-added/dcms-economic-estimates-2019-provisional-gross-value-added>

<sup>19</sup> Economic Impact Assessment of UK Theatre Sector, Sound Diplomacy, June 2023.

<sup>20</sup> Nationally representative by region survey of parents conducted by SOLT & UK Theatre between 30<sup>th</sup>-31<sup>st</sup> August using Find Out Now.

# Costing

SOLT & UK Theatre stand ready to work with the government to develop and implement this pledge. Our initial policy costing work suggests that to provide annual funding for approx. 800,000 children a year to visit the theatre, covering transport, theatre tickets and teacher supervision would cost:

| A maximum of **£42.33 per child**, or a total cost of **£34m** per year.

This figure assumes that theatres charge £25 per ticket. However, costs could be reduced further through voluntary contributions from theatres and private sector sponsorship. With these contributions from theatres and the wider private sector, we believe that the maximum cost would fall to around **£14-18m per year**. Further, when surveyed by SOLT and UK Theatre, a majority of

parents said they would contribute between £5-£10 to the cost of seeing a professional performance, which is not currently accounted for in our costings<sup>21</sup>.

## Theatre for Every Child - Conclusion

Theatre should be for every child. Funding a minimum benchmark would help to vastly improve access to the theatre for all children, providing cultural enrichment and an investment in the future workforce of the creative industries, one of the fastest growing parts of the UK economy.

SOLT & UK Theatre call on all parties to include this ambitious yet deliverable pledge in their manifestos ahead of the 2024 General Election.

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<sup>21</sup> Nationally representative by region survey of parents conducted by SOLT & UK Theatre between 30th-31st August using Find Out Now.



# Capital Funding for the Theatre Estate

The historic nature of Britain's theatre stock poses particular challenges for a sustainable green transition in venues which, as the government's Levelling Up White Paper makes clear, represent vital cultural assets which enhance a community's sense of local pride and heritage.

Research undertaken by the Theatres Trust has found that British theatres are not equipped for the climate emergency and will need substantial upgrades to align them with government targets for decarbonisation. Industry data from site surveys conducted by the Theatres Trust have identified the following issues common to most theatre buildings:

- Uninsulated roofs and walls.
- Single-glazed windows, unsealed doors and entrances without draught lobbies.
- Ageing machinery and equipment powered by fossil fuels.
- Lack of services controls enabling efficient building management.

Furthermore, many venues have switched their air conditioning systems to 100% fresh air mode to improve air circulation and help prevent the spread of COVID-19. As this makes the venues cooler, turning up the heating is necessary to ensure their venues are comfortable. This, in turn, leads to higher energy bills.

## Capital Grant Scheme Proposal

SOLT & UK Theatre and the Theatres Trust are proposing a capital grant scheme to enable theatres to make sustainability improvements to their buildings, thus improving long-term efficiencies and cutting energy costs.

Finance is a major barrier to energy efficiency in the sector with 86% of theatres reporting that they are unable to meet the costs of energy efficiency adaptations, with this figure rising to 92% for historic

theatres.<sup>22</sup> A Theatres Trust survey of theatres, including many SOLT & UK Theatre members, showed that a quarter of theatres have carried out no sustainability improvements over the past 15 years. Most theatres do not carry big reserves and are unlikely to have the funds to invest in making their buildings more energy efficient.

In order to empower the sector to make immediate 'quick win' energy efficiency adaptations to their buildings, we propose a Theatre Energy Efficiency Grant Scheme, a low-cost intervention which will contribute to the Treasury's aim to reduce energy consumption from buildings and industry by 15% by 2030.<sup>23</sup> To qualify for the grant, theatres would use the [Theatre Green Book Home Survey Tool](#) to identify improvements that would make their buildings more energy efficient. The tool identifies 'quick wins,' such as the installation of LED lighting, insulation of doors and windows, and the installation of smart building management systems such as motion sensor heating and lighting systems. The tool is already being used for this purpose by the Greater London Authority for its Creative Enterprise Zones sustainability improvement grant scheme. We believe that using the tool as a qualifier to access this support will minimise compliance concerns and speculative use.

The total value and support hoped for from the government of the scheme would be **£56.7m**, and the grants would range from £50,000 to £300,000, depending on the size of the venue.

The scheme would support 472 theatres, half of all theatres in England, and would save these venues between £4.3m and £6.2m per annum, depending on future energy costs. We estimate that the scheme would provide a 100% return on investment from between 9 to 13 years, depending on energy price variations (see Figure below).

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<sup>22</sup> <http://www.theatrust.org.uk/latest/news/1626-more-than-1bn-needed-to-make-the-uks-theatre-buildin>

<sup>23</sup> <https://www.gov.uk/government/speeches/the-autumn-statement-2022-speech>

Theatres Trust & SOLT/UKT Theatre Energy Efficiency Grant Scheme Proposal:					Summary Cost Benefit - 50% THEATRES (ENGLAND) FINAL Jan 2023							
					Energy Cap continued but price ceiling doubled (i)				No Business Energy Cap (ii)			
Theatre capacity	No. in this category (50% of all theatres in England at this scale)	Grant range	Average grant	Tot value of grants	Cost Savings per annum	Cost Savings over 10 years	Cost Savings per annum	Cost savings over 10 years	Cost savings per annum	Cost savings over 10 years	Cost savings per annum	Cost savings over 10 years
					PER THEATRE	PER THEATRE	ALL THEATRES	ALL THEATRES	PER THEATRE	PER THEATRE	ALL THEATRES	ALL THEATRES
< 400 seats	312	£50-£100k	£75,000	£23,400,000	£6,561	£65,610.00	£2,047,032.00	£20,470,320	£10,368	£103,680	£3,234,816	£32,348,160
400-800 seats	94	£100-£200k	£150,000	£14,100,000	£17,158	£171,580.00	£1,612,852.00	£16,128,520	£27,114	£271,140	£2,548,716	£25,487,160
> 800 seats	66	£200-£300k	£250,000	£16,500,000	£35,789	£357,890.00	£2,362,074.00	£23,620,740	£56,558	£565,580	£3,732,828	£37,328,280
		EST ADMIN / DELIVERY COSTS @ 5%:		£2,700,000								
<b>TOTAL THEATRES:</b>	<b>472 theatres</b>	<b>TOTAL VALUE OF GRANTS PROGRAMME:</b>		<b>£56,700,000</b>			<b>£6,021,958</b>	<b>£60,219,580</b>			<b>£9,516,360</b>	<b>£95,163,600</b>
<b>NOTES:</b>												
(i) Electricity capped at £422 /MWhr & Gas capped at £150 /MWhr												
(ii) Government market comparator figure of £600 /MWhr (Electricity) & £180 /MWhr (Gas) plus 10%												

*Summary Cost Benefit of The SOLT UK Theatre & Theatres Trust Theatre Energy Efficiency Grant Scheme*



# Theatre Tax Relief

## Theatre Tax Relief – an Introduction

- Theatre Tax Relief (TTR) is a creative industry tax relief incentive funded by the UK government.
- TTR offers Theatre Production Companies a corporation tax rebate against the money spent on qualifying costs of productions – currently 40% - or 45% for touring productions – against 80% of the total qualifying costs.
- The higher rate of tax relief, introduced in October 2021, has been pivotal in enabling the development of new theatre productions in the UK.
- Reducing the TTR rate in 2024 and 2025 would reduce the number of home-grown productions and risks stunting the growth of our world-class industry.
- An American Producer and investor based in the U.S. and producer or co-producer of over 60 productions on Broadway has increased investment in the UK by 250% since the introduction of the higher rate of Theatre Tax Relief. This increase in FDI will likely fall if the rate of relief tapers as planned
- Had TTR been at the current higher rate for its lifetime (since 2014), HMT would have still seen a ROI of 63%.

## The current economic situation facing theatres:

- A January 2023 analysis by Salvatore Di Novo and Eliza Easton at the Creative Industries Policy and Evidence Centre suggests that between 2009/10 – 2019/20<sup>24</sup>:
  - Local Authority revenue expenditure on Theatre and Entertainment fell by 15%
  - Arts Council England Grant-in-Aid funding fell by 7%

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<sup>24</sup> [https://cdn2.assets-servd.host/creative-pec/production/assets/publications/PF2C-dataset\\_11Jan23.xlsx](https://cdn2.assets-servd.host/creative-pec/production/assets/publications/PF2C-dataset_11Jan23.xlsx)



- Further to the fall in UK funding, a recent report has highlighted the opportunity cost of the loss of Creative Europe funding since the UK's departure from the EU. The UK Trade and Business Commission analysis suggests this figure could be as high as £163m<sup>25</sup>.

## How can an incoming government support and enhance TTR?

Maintain Theatre Tax Relief at the higher rate of 50/45% in Perpetuity.

SOLT and UK Theatre members state that the higher rate of Theatre Tax Relief (TTR), introduced in 2021, has been vital in driving economic activity and job creation by incentivising increased private investment, including Foreign Direct Investment, and amplifying the value of existing support mechanisms directed towards the not-for-profit sector.

## Include 50% of marketing spend in the qualifying costs of Theatre Tax Relief

Including 50% of marketing spend in the qualifying costs of TTR would drive demand, economic growth and boost regional employment in markets outside of London and help to safeguard the sector's global competitiveness by ensuring parity against new incentives offered in New York.

"British theatre generates significant revenues for HM Treasury, both directly and by drawing people into the night-time economy of towns and cities across the country. The increased rate of Theatre Tax Relief has proven critical for the sector as it recovers from the pandemic, driving economic activity and creating jobs. In light of increasing costs and an extraordinarily challenging economic outlook, such continued measures are essential to support growth."

**Sonia Friedman CBE, Producer and Founder, Sonia Friedman Productions Limited**

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<sup>25</sup> <https://www.independent.co.uk/news/uk/politics/brexit-arts-creative-funding-eu-b2269175.html?r=58058>

“While sales have gradually strengthened in some places, less affluent areas have failed to achieve pre-covid sales levels and are a long way off. We have used the additional TTR to subsidise operating losses in these smaller theatres. Most of these theatres are in the areas identified by ministers as key to the “Levelling Up” agenda and would be disproportionately affected by a reduction in the volumes of content being produced.”<sup>26</sup>

**Tom De Keyser, Co-Founder of theatre company, ROYO.**

## Supporting Data

Between its introduction in 2014 and 2019 (the latest year with non-provisional figures) **TTR was funded at £280m** nationally. In the same period, HM Treasury saw **£910m in VAT returns from SOLT and UK Theatre members** alone, representing at least a **225% return on investment** (Figure Below). This is before any of the wider impact of increased direct economic activity and the spending of theatre audiences is considered. **Had TTR been at the current higher rate for its lifetime (£280m x 2 = £560m), HMT would have still seen a ROI of 63%.**

	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21 (P)	FY 21/22 (P)	TOTAL
TTR	12	42	76	79	71	75	38	393
SOLT VAT	106	107	118	128	133			592
UK THEATRE VAT	76	79	78	85				318
<b>TOTAL VAT SOLT &amp; UK THEATRE</b>	<b>182</b>	<b>186</b>	<b>196</b>	<b>213</b>	<b>133</b>			<b>910</b>
	<b>Unit = £millions, nominal</b>							

*TTR Funding & SOLT UK Theatre VAT Contributions 2015-22*

## Higher Rate of TTR Boosts Inward Investment and Export Potential

Prime Minister Rishi Sunak describes Britain’s theatre reputation “as one of our great exports around the world”<sup>27</sup>.

Theatre productions attract inward investment from a global pool of predominantly private investors, with some productions achieving over a third of their capitalisation from overseas investors. The higher rate of relief offers a greater incentive to invest. It positions the UK market as a leading investment environment for theatre products enabling UK domiciled theatre producers to compete

<sup>26</sup> Case study response for submission to HM Government, November 2022

<sup>27</sup> <https://hansard.parliament.uk/commons/2020-05-12/debates/7B585642-7EC5-456E-8CFF-AC3605AF5473/Covid-19EconomicPackage>

internationally against markets such as the USA and Australia, which offer similar tax incentives and grant structures to the UK.

“Although I am based in the U.S. and have produced or co-produced over 60 productions on Broadway, since the introduction of the higher rate of Theatre Tax Relief I have concentrated my focus in the UK, increasing my investment by over 250%. The appeal of the higher rate has also meant I am more likely to develop new productions in the UK, thus engaging the services of more British creatives. This includes an original commission by an Academy Award-nominated playwright based on an iconic moment in U.S. history. Despite the uniquely American subject matter, the increased rate of Theatre Tax Relief makes it more appealing to engage a British creative team and actors to launch it in the West End rather than on Broadway”.

**Scott M. Delman (Tony and Olivier Award-winning Producer)**

## Impact of not maintaining the higher rate of TTR

Theatres and producers have made it clear to us that reducing TTR from the higher rate would limit the size and number of productions with commensurate impacts on employment, tax returns, and local economies. Uncertainty and the downturn could lead to shows closing or companies falling into risky levels of debt. Even if companies do not close, current pressures mean producers may look to mount smaller productions and many are already considering delaying new productions – especially tours – in the face of continued economic uncertainty.

# Competitor Schemes Introduced in Overseas Markets

## **New York City Musical and Theatrical Production Tax Credit**

This scheme was introduced to jump-start the New York entertainment and tourism economies post COVID-19 and applies to productions opening after 1 January 2021 and runs until June 2023, but may extend.

Qualified production companies can receive tax credits of 25% of qualified production expenditures, up to \$3million per production. **This includes 50% of marketing spend in New York State.**

<https://esd.ny.gov/new-york-city-musical-and-theatrical-production-tax-credit>

## Theatre Tax Relief - Conclusion

SOLT and UK Theatre are keen to work with the incoming government to deliver growth, not only in the theatre sector, but in the wider economy. Our recommendations are designed to:

- Stimulate economic growth.
- Boost tax returns.
- Increase employment.
- Increase the potential for inward investment and overseas growth.