

2024 Autumn Budget Representation

Society of London Theatre and UK Theatre



Rt Hon Rachel Reeves MP at the Kit Kat Club, at a SOLT roundtable with commercial producers from the Theatre Sector. (Dec 2023)

Who we are

The Society of London Theatre (SOLT) and UK Theatre are the Membership Organisations for Theatre Producers, Managers, Owners and Operators in London and across the UK.

Our Vision and Mission

Our Vision, and the world we want to see, is a dynamic, sustainable and world class theatre sector.

Our Mission, and what we do as an organisation, is to champion theatre and support our members to thrive.



Overview

British theatre is an economic powerhouse. The sector generates a turnover of £4.4 billion per annum, contributes £2.39 billion in GVA, and supports 205,000 workers. For every £1 spent on a theatre ticket, an additional spend of £1.40 is generated in the local economy. It is vital to the UK's thriving creative industries and key to the soft power of Global Britain, driving inbound tourism from across the globe and exporting productions worldwide.

Theatres play an essential role in local communities, delivering transformative social good. In addition to providing entertainment and cultural enrichment, theatres strengthen our sense of community and belonging, cornerstones of the cultural placemaking agenda. British theatre is leading the way for a greener future, pioneering initiatives such as the Theatre Green Book that is embedding sustainable practices within productions and organisations.

The permanent rates of Theatre Tax Relief (TTR) coming into force in April 2025 are a game changing policy for our industry which will ensure our members are able to create bigger, bolder productions; create more jobs; and increase access to theatre across the country¹.

However, even with the new permanent rates of Theatre Tax Relief, British theatre sector is still facing significant risks. Production costs continue to rise faster than inflation, with energy costs up 120% since 2019. Public investment in the arts has declined significantly in real terms over the past 14 years. Without serious investment in physical infrastructure in the next five years, nearly 40% of venues risk closure.²

Delivering on Labour's Mission Driven Government

We want to collaborate with the Government to safeguard the future and unleash the power of the theatre sector to support the delivery of its mission driven Government. In particular, the theatre sector is well placed to ensure growth in the economy because of our critical role within the creative industries. Being based in communities across the country mean that in addition to economic growth, we can also break down barriers to opportunity through providing children access to cultural experiences and high-quality training and jobs.

¹ Our policy briefing and impact report of TTR can be found here: [Theatre Tax Relief - UK Theatre](#)

² Details of our survey can be found here [Investing in Theatre - UK Theatre](#) There are also a number of case studies on our website that expand on the themes found in the research



We acknowledge the current challenging fiscal environment and are therefore narrowly focusing on measures on three areas that support the UK Government's key missions and are essential to the long-term health of our world class theatre sector.

Our key asks are as follows:

1. **Emergency capital investment pot of £30m for 2025/26** to enable essential repairs to ensure theatres can stay open³. We believe the overall sector need is circa £300 million over 10 years, however this short-term emergency fund will enable the most urgent repairs, without which some theatres would have to close. To meet the longer-term theatre building challenges, we would like the Treasury to commit to working with the Theatre sector and DCMS to devise long term funding options to meet the larger capital investment need ahead of the Comprehensive Spending Review in 2025.
2. **Strategically review public investment in performing arts** and collaborate with SOLT & UK Theatre and other stakeholders to co-create principles to guide good investment in the performing arts to ensure value of public investment is maximised.
3. **Contribute £1.5 million to pilot our Theatre for Every Child campaign in three areas of cultural deprivation to enable an improved understanding of the barriers to theatre attendance**, enabling the Government to meet its commitment to increasing children's access to culture and delivering on its mission to break down the barriers to opportunity.

³ Logic for this figure is set out in section 1 below

Our asks in more detail

1. Emergency Capital Investment Fund for Theatre Buildings and development of a Long-Term Funding Plan

Current Context

Vibrant, accessible theatres make cities, towns and regions a better place to live and work. However, SOLT & UK Theatre venues, which span the Victorian era through to modern buildings, have a range of immediate and longer-term infrastructure challenges.

Research published by SOLT & UK Theatre in July 2024 [demonstrates](#) the urgent need for sustainable and systematic investment in theatre buildings across the UK and highlights how investment in theatre and performing arts venues supports:

- Skills development and job creation
- Placemaking and urban regeneration
- Carbon emission reductions
- Excellence and innovation in cultural programming
- Audience development
- Creative exports.

Our survey of members found that:

- 1 in 5 venues require at least £5m each in the next 10 years just to continue current operations.
- Without significant capital investment in the next five years, nearly 40% of venues risk closure and 40% will become too unsafe to use.

However, if theatres can access the investment they need:

- 54% could provide more jobs for their local communities and 62% would increase or improve their outreach work.
- 100% of venues would improve their environmental sustainability.
- 57% would increase the variety of programming.
- 100% of buildings built in the Victorian period would be able to increase accessibility for audiences.

Whilst the capital investment announced for Theatr Clwyd and The National Theatre in the Spring Budget 2024 are welcome, we urgently need a systematic and strategic UK wide

approach to theatre infrastructure to maintain our cultural heritage and develop new infrastructure projects to meet the needs of today's increasingly discerning audiences and maintain our reputation as a global centre of creative excellence.

Limitations of current funding mechanisms

Theatres and performing arts venues house and nurture our theatre makers, including emerging artists and highly skilled technical teams. The concept of museums and galleries acting as curators and guardians of important cultural assets is well understood by policy makers, however theatres do not generally enjoy equal status in this regard which is reflected in the discrepancy between Arts Council funding available for maintenance projects for museums as compared with theatres.

Existing funding streams for theatre infrastructure projects are piecemeal rather than a strategic and long-term approach to solving the problem. In July 2024 the Campaign for the Arts (CFTA) [published research](#) which found that the UK has one of the lowest levels of government spending on culture among European nations and was one of a small minority of countries to reduce total culture spending per person between 2010 and 2022.

Between 2009-10 and 2022-23, per person in real terms:

- Local government revenue funding of culture and related services decreased by 29% in Scotland, 40% in Wales and 48% in England, alongside rising cost and demand pressures on statutory services.
- The Department for Culture, Media and Sport (DCMS)'s core funding of cultural organisations decreased by 18% to only 0.17% of total public spending per person.
- The Arts Councils' core Government funding decreased by 18% in England, 22% in Scotland, 25% in Wales and 66% in Northern Ireland.

CFTA notes that local authorities' own buildings that are used for cultural purposes, and/or leased to cultural organisations at 'peppercorn' rents. The risk of a "fire sale" of public assets due to councils' multibillion-pound funding shortfall is therefore a serious risk to cultural provision. A 2023 study of government data and freedom of information requests found that an estimated 75,000 public assets had been sold by English councils since 2010, in part to plug holes in their budgets.

Our capital investment asks

As highlighted above, 1 in 5 venues require at least £5m each in the next 10 years just to continue current operations. If this is not urgently addressed, theatres across the country

will begin to close, which will have a devastating impact on local economies, community cohesion and access to performing arts and world class culture.

Leading players in the theatre industry have adapted in an agile manner to rising costs, finding innovative solutions to their financial challenges. SOLT & UK Theatre have worked with some of these organisations to develop principles for meeting the needs of theatres in relation to the maintenance and development of their buildings. We are currently working with our members, and wish to collaborate with Government, to develop mechanisms that would:

- Facilitate sustainable investment from central and local government
- Unlock investment from private sources
- Attract investment from within the sector.

We believe that we need a two-pronged approach to meet this need.

1. Urgent Investment pot

£30 million in 2025/26⁴ as an initial pot to meet the most urgent capital investment needs,⁵ which could be administered by Arts Council England. We estimate that this could support around 20 to 30 projects, depending on scale, across the country.

For some projects, secured Government funding would enable projects to attract additional investors as well as meet crucial RIBA stage two status, a requirement for many funding applications. Without this money, we believe a number of venues would have to close or cease operations within 2025/ 2026.

2. Commitment to develop long-term capital investment programme

If the Government was able to make £300 million available over the next 10 years, we estimate that the around 220 venues⁶ that have urgent need would be able to receive an

⁴ There are 1100 theatres in the UK. Our research suggests that 1/5 venues have an at least £5 million infrastructure investment need over the next 10 years to continue current operations

⁵ Case studies demonstrating the ROI that investing in theatre buildings can bring are on our website. They include Theatre Royal Plymouth, which is currently turning away high profile and financially lucrative UK and international projects due to the lack of physical space available and Hall for Cornwall that increase audience numbers by 54% after at £26m investment from 9 major sources. See [Investing in Theatre - UK Theatre](#)

⁶ 220 is based on 1 in 5 of 1100 venues needing capital investment of at least £5m over the next 10 years to continue current operations. The Theatres Trust estimate that there are 1100 venues across the UK.

enabling contribution towards their capital investment project. We would like the Treasury to commit to working with the Theatre sector and DCMS to devise long term funding options and mechanisms to meet the larger capital investment need ahead of the Comprehensive Spending Review in 2025.

In developing these proposed mechanisms, we suggest the following principles are adhered to:

- Investment in theatre buildings and performing arts venues should include a suite of financing models that meet the needs of the commercially and publicly invested parts of the theatre ecosystem.
- For the commercial sector, our members need consistency and clarity regarding business rates so that they can plan accordingly.
- Where appropriate, financing mechanisms should include public investment designed to unlock financing from other sources such as philanthropy and which could work with blended capital investment models. We can share project examples to demonstrate how this can work.
- For long term development projects, investment should be sustainable to enable the sector to move away from reliance on short-term, 'one-off' funding streams. The sector has been proactive in addressing its own maintenance challenges with the Restoration Levy being a good example of this.
- Infrastructure spend should be designed to support the UK Government in delivering on its following missions:
 - a. Local economic growth (Mission 1)
 - b. Reduction of carbon emissions (Mission 2)
 - c. Breaking down barriers to opportunity (Mission 4)

In summary, our priority for this Budget is an emergency capital investment pot of £30m for 2025/26 to enable essential repairs to ensure theatres can stay open⁷. We believe the overall sector need is circa £300 million over 10 years, however this short-term emergency fund will enable the most urgent repairs, without which some theatres would have to close. To meet the longer-term theatre building challenges, we would like the Treasury to commit

⁷ Logic for this figure is set out in section 1 below

to working with the Theatre sector and DCMS to devise long term funding options to meet the larger capital investment need ahead of the Comprehensive Spending Review in 2025.

2. Strategically review public investment in performing arts

SOLT & UK Theatre want to ensure that the public funding that is invested in performing arts is used as effectively as possible to support the government's key missions of kickstarting the economy and breaking down the barriers to opportunity. We believe there is potential to collaborate in the run up to Comprehensive Spending Review to achieve more effective investment to ensure national, regional and local investment is fulfilling its potential and achieving the best return for taxpayers.

We would like to collaborate with government and other key stakeholders to ensure:

- All stakeholders have a shared understanding of the powerful role performing arts plays in British society and that it is rightly recognized as part of our national identity and a source of national pride.
- We develop a shared understanding of the contribution and value performing arts makes to civic life, such as its role in building human connection and social capital, which is particularly valuable in an increasingly digital world.
- We have a shared understanding of the purpose of public investment in performing arts, and what it is trying to achieve and public investment from national, regional and local sources is considered holistically, to ensure its effectiveness is maximized.

SOLT & UK Theatre are currently working with our members to develop a proposed set of principles for what good public investment in performing arts looks like. We would like to work with HMT and DCMS to refine and agree these principles so that together we can maximize the power of theatre to be a positive impact on British society, supporting the delivery of two key missions regarding kick starting the economy and breaking down the barriers to opportunity.

In summary, our priority for Government is to strategically review public investment in performing arts in the run up to the Comprehensive Spending review and collaborate with SOLT & UK Theatre and other stakeholders to co-create principles to guide good investment in the performing arts.

3. Breaking down barriers to opportunity via supporting pilot work to deliver Theatre for Every Child

In October 2023, SOLT & UK Theatre launched Theatre for Every Child with the aim of ensuring that every child goes to the theatre by the time they leave school.

Despite of the significant work our members do to engage young people, both parents and teachers have reported a decline in school visits, which is disproportionately affecting schools in deprived areas with rising transport costs being an additional barrier to schools and families. In 2019/20 only 26% of 5-10 years old and 54% of 11-15-year-olds engaged in theatre and drama activities.

This means that an increasing number of children are missing out on the benefits of theatre and its unique ability to offer a live shared experience of a story well told, particularly beneficial in an increasingly digital world. Theatre can also benefit children by promoting wellbeing and confidence and boosting education attainment.

SOLT & UK Theatre want to support the Government in delivering on its commitment to increase children's access to culture, which can be used as a mechanism to deliver on mission 4 to break down barriers to opportunity.

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 £34m⁸ per year.

However, given the current challenging fiscal environment we propose a more affordable interim measure in the form of pilot projects to test the viability of our proposals and develop a programme that could be rolled out nationally when economic conditions allow. We are proposing identifying three towns with cultural deprivation within three regional mayoral areas to act as pilot areas over the period of year at a cost of £1.5 million. We set out assumptions for the pilot below, which if flexed could reduce the cost of the pilot.

⁸ Based on 800,000 children a year visiting the theatre, including 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



Pilot areas	Three areas of cultural deprivation chosen by regional mayoral areas, to be established in collaboration with Department for Education
Age of children	14
Number of children involved	37,000 (which is 5% of total 14 year old population in England)
Length of pilot	1 academic year
Number of theatre visits	One
Cost of pilot	£40 per theatre visit (travel plus ticket) 40 x 37,000 = <u>£1.5 million</u> <i>This can be flexed by attracting match funding and/or changing the number of children involved</i>



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While researching the effective use of investment to increase children's access to performing arts, SOLT & UK Theatre and our members look forward to supporting DCMS and DfE on the forthcoming review of the national curriculum and extra curricula activity to find ways to bring schools and theatres together to help make this a reality for all children. Our members have a wealth of expertise in learning and participation methodologies which are well placed to break down barriers to opportunity.

In summary, our priority for this Budget is to contribute £1.5 million to pilot work to enable an improved understanding of the barriers to theatre, enabling the Government to meet its commitment to increasing children's access to culture and delivering on its mission to breakdown the barriers to opportunity.

Appendix

- 91% of UK adults engage with the arts at least once a year, with 74% attending an arts event such as an exhibition or theatre performance.
- For every £1 spent on a theatre ticket, an additional spend of £1.40 is generated in local economies.
- The sector generates £2.39 billion in GVA and supports 205,000 workers.
- The global gross revenue of Phantom of the Opera, Mamma Mia! and Cats is over \$13.6bn, exceeding that of each of the James Bond (\$7.8bn) and Wizarding World (Harry Potter) (\$9.7bn) film franchises.
- The average West End ticket price has decreased in real terms by 9.26% since 2019.
- In the West End, most tickets sold are under £55, with nearly a quarter below £30. Less than 5% exceed £150.
- The average theatre ticket sold outside London was £30 in 2023.

Visit our websites: [Advocacy Resources - UK Theatre](#) & [Advocacy Resources - SOLT](#)

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