



Thriving Theatre Plan – Growing the Sector for 2023 and Beyond

Recommendations to Support UK Theatres to Thrive About The Society of London Theatre and UK Theatre

The Society of London Theatre (SOLT) and UK Theatre work with and on behalf of our members to champion theatre and the performing arts and to create the conditions for theatre to thrive. Together, we represent 500 of the UK's leading theatre producers, venue owners and managers and performing arts centres, as well as 1,350 professional theatre makers across the UK.

The Value of Theatre

Theatre and the performing arts enrich our lives and strengthen our sense of community and belonging, cornerstones of the levelling up agenda. We are passionate about the life-affirming power of live performance, so, through our partnerships and programmes, we work to ensure theatre is accessible to all.

Theatre and the performing arts incorporate multiple technical and creative disciplines and art forms including music, dance, opera, visual arts, and film. Theatre making draws on a diverse skills base providing a range of career pathways, both creative and technical. As detailed in the Arts and Humanities Research Council's (AHRC) *Understanding the value of arts & culture*, the publicly funded and commercial arts world are interrelated, forming a complex ecology of

talent, finance, content and ideas.¹ We welcome the government's efforts to better appraise the value of our national culture and heritage and look forward to working with DCMS to contribute to this work².

Theatre is a powerful contributor to the UK economy

Our research indicates that the theatre alone generates £2.39bn Gross Value Added (GVA) and supports 205,000 workers. This is made up of £1 billion of direct turnover in the UK theatre sector, generating a £1.3bn worth of turnover in the broader economy.

Theatres attract new audiences and contributions to an area making them attractive to live, work. 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.

Theatre is a key component of the broader creative industries which, prior to Covid, contributed £116bn in GVA in 2019, growing twice as fast between 2011 and 2019 than the rate of the UK economy as a whole³. Creative UK estimates that the creative industries are on target to contribute £132 billion by 2025 with the right support⁴.

SOLT & UK Theatre's Recommendations to Government

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

¹ <https://www.ukri.org/publications/ahrc-cultural-value-project-report/>

² <https://www.gov.uk/guidance/culture-and-heritage-capital-portal>

³ <https://www.gov.uk/government/statistics/dcms-economic-estimates-2019-gross-value-added/dcms-economic-estimates-2019-provisional-gross-value-added>

⁴ <https://www.wearecreative.uk/wp-content/uploads/2022/08/Budget-Priorities-2022-Creative-UK-5.pdf>

- Stimulate economic growth.
- Boost tax returns.
- Encourage audiences to return.
- Widen access to theatre across the UK
- Prevent job losses and fill the sector's technical skills gaps.
- Promote a sustainable and energy efficient theatre economy.
- Increase the potential for inward investment and overseas growth.

To achieve these objectives, SOLT and UK theatre seek collaboration with the government to:

1. Support Growth and Economic Activity in the Theatre Sector

Maintain Theatre Tax Relief at the higher rate of 50/45% in perpetuity from 2025

SOLT and UK Theatre members state that the higher rate of Theatre Tax Relief (TTR), introduced by in October 2021, and extended at Spring Budget 2023 has been critical in driving economic activity and job creation by incentivising private 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

To drive demand, economic growth and boost regional employment in markets outside of London; and to maintain the sector's global competitiveness by ensuring parity against new incentives offered in New York.

Reintroduce a 5% VAT rate on tickets to live performances and cultural attractions.

By the end of September 2022, theatre audience attendance was at only 73% of the level recorded in official statistics from 2019 – 2020⁵ and attendance of West End theatres shows was down by 6% in January to March 2022 compared to 2019, with revenue down 3%, representing a real terms loss for the sector.⁶ Reintroducing the 5% VAT rate⁷ would help to increase affordability for our audiences in challenging financial circumstances and aid venues in stimulating ticket sales.

2. Promote a Sustainable and Efficient Theatre Economy

The theatre sector is keen to support the government's efforts to reduce energy consumption by 15% by 2030. UK theatres are leading international best practice on energy efficiency and in 2021 the industry worked with sustainability experts Buro Happold to develop the [Theatre Green Book](#), which sets out practical advice for the performing arts sector on achieving zero-carbon status in relation to productions, theatre buildings and front-of-house operations. Over one hundred theatre companies have already signed up for the Sustainable Production Standard.

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.⁸ In order to address this problem and empower the sector to adopt the practices outlined in the Theatre Green Book, **we are proposing, in partnership with the Theatres Trust, a Theatre Energy Efficiency Grant Scheme.** This initiative would provide theatres with capital to make immediate 'quick win' energy efficiency adaptations.

⁵ <https://www.campaignforthearts.org/wp-content/uploads/2023/01/Arts-attendance-in-England-Oct-2020-to-Sep-2022.pdf>

⁶ SOLT Box Office Data Report 2022

⁷ During the COVID-19 Pandemic, the government introduced a 5% VAT rate on tickets, to stimulate demand and energise the leisure and hospitality sectors.

⁸ <http://www.theatrust.org.uk/latest/news/1626-more-than-1bn-needed-to-make-the-uks-theatre-buildings-sustainable>

3. Support People In and Into the Theatre Sector

Theatre offers an exciting range of career opportunities, but we are facing labour shortages in a range of technical areas, such as lighting, wigs, and wardrobe. We are therefore calling on the government to work with us to **develop dynamic apprenticeships that meet the workforce demands of the theatre sector**, with a particular focus on addressing the backstage/technical skills shortage.

Improve educational opportunities

We look forward to the government's forthcoming Cultural Education Plan which aims to improve children's access to cultural opportunities. Improving pupils access to drama has a powerful role to play in supporting the government's levelling up agenda. To help realise the ambition of the Cultural Education Plan, **we ask that the government to honour its pledge to provide a £240 million arts premium for secondary schools.**

Enhance the Creative Visa Worker Scheme

We ask that the government work with SOLT & UK Theatre, alongside other creative and cultural trade bodies, to **improve the creative worker visa scheme, making it fit for purpose to enable UK theatres to fill essential roles**, especially backstage positions.

Helping older, skilled workers move into theatre

The nature of the labour force has changed, with portfolio careers representing a break from the past when employees would spend most of their lives working within a single industry. Today there is a theatre in almost every borough of the UK offering a diverse range of jobs, so we are keen to raise awareness of these and improve understanding about opportunities for employees seeking a new challenge.

In order to support older, experienced workers, SOLT & UK Theatre asks government to work with us to increase the visibility of mid-career opportunities in the theatre sector through targeted campaigns and support transition training to encourage new entrants into the creative industries at all levels of experience.

Supporting Freelancers in the Creative Workforce

71% of workers in the cultural sector are freelancers but their needs and contribution to the UK economy are poorly understood. We therefore join our cultural sector partners in calling on the government to **appoint a Commissioner for Freelancers** to champion the contribution of arts workers to the UK economy.⁹

4. Grow Our Audience to Support Regional Growth

Audiences are the lifeblood of theatre. The sector has the potential to be a powerful driver to rebalance cultural and economic opportunities across the nations and regions of the UK. Given the incredible draw of theatre for British and international visitors alike, we want to enhance promotions to engage existing and attract new audiences to enjoy the stage, whilst also supporting a drive for greater international tourism and export receipts.

Despite positive figures from the West End, the recovery of theatre audiences nationally has slowed since the first quarter of 2022, with no significant increase between the second and third quarters of 2022. Recent research from Data Culture Change notes that there is a shortfall of 10 percentage points between the government's latest [Participation](#) survey figures (Q3 2022) and the final [Taking](#)

⁹ This recommendation has been proposed by Creative Industries Policy and Evidence Centre, the All Party Parliamentary Group for Creative Diversity and the Centre for Cultural Value.

[Part](#) survey figures (2019-20), the largest of any art form. We look forward to working with government to address this downturn in audience figures.¹⁰

We call for government and arms-length bodies to support audience incentives and promotions which encourage participation in the arts and to fund national campaigns to drive attendance and engagement that SOLT & UK Theatre can deliver on behalf of the theatre sector.

To maximise international audience growth, we ask that the Government support SOLT & UK Theatre, in partnership with GREAT, VisitBritain and DMOs, to promote UK arts and cultural activities to overseas markets, driving greater inbound tourism and strengthening our 'soft' power.

5. Support the Development and Delivery of Touring Productions

Theatre touring lies at the heart of theatre's nationwide and international appeal, bringing the performing arts to diverse communities. We seek to engage government in a discussion **to develop an investment fund to promote growth and opportunity in the mid-scale theatre touring market, supporting the theatre sector's ability drive local regeneration and deliver against the government's levelling up priorities.**

The challenges presented to the touring economy post-pandemic are also exacerbated by the cultural funding envelope currently in place. Excepting the extraordinary intervention of the Cultural Recovery Fund during the pandemic, support available to theatres from Local Authority and Arm's Length Body funding has fallen significantly in the period since 2009/10. A recent analysis by Salvatore

¹⁰ <https://www.campaignforthearts.org/wp-content/uploads/2023/01/Arts-attendance-in-England-Oct-2020-to-Sep-2022.pdf>

Di Novo and Eliza Easton at the Creative Industries Policy and Evidence Centre suggests that between 2009/10 – 2019/20¹¹:

- Local Authority revenue expenditure on Theatre and Entertainment fell by 15%
- Arts Council England Grant-in-Aid funding fell by 7%

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 £163m¹².

Sadly, this reduction of the funding envelope is increasing the practice of not-for-profit organisations passing greater liability onto commercial producers.

To support touring, we ask that Arts Council England, Arts Council of Northern Ireland, Arts Council of Wales and Creative Scotland with SOLT & UK Theatre to identify and mitigate against the forced passing of commercial liabilities to other operators in the theatre sector from organisations they support.

¹¹ <https://pec.ac.uk/policy-briefings/three-ways-to-support-growth-in-the-creative-industries>

¹² <https://www.independent.co.uk/news/uk/politics/brexit-arts-creative-funding-eu-b2269175.html?r=58058>

SOLT & UK Theatre Are Committed to Achieving these Ambitious Goals

Our Thriving Theatre plan embraces a strategic mix of urgent and longer-term solutions to answer the main challenges facing our sector. Beyond pressing priorities such as tax reliefs and energy, the plan sets out a proactive path through 2023 to tackle labour shortages with a domestic and international response, as well as initiatives that will help government to 'level up' opportunities across the UK by the general election expected in 2024.

Looking over the longer horizon, our plan recognises the even greater challenges for the theatre sector, from meeting carbon commitments to exploring innovative schemes that tackle broader market failures. We will play our part in rising to the challenge of attracting and retaining a talented and motivated workforce, but we need the government to work with us to help create the right conditions for our sector to thrive. That is the scale of the ambition which SOLT & UK Theatre has set with our Thriving Theatre Plan.

We look forward to taking these discussions forward with government and widening the debate and support amongst stakeholders to foster a thriving theatre sector for the United Kingdom.

Claire Walker and Hannah Essex
March 2023

The Theatre Sector – Opportunity for growth & current risks

Theatre in the UK is an integral part of our innovative cultural and creative sector, making a significant contribution to the performance of Britain's economy. In 2018, the last year for which both SOLT & UK Theatre figures are available, our members' theatres welcomed audiences of over 34 million attendees, with ticket revenue valued at nearly £1.28 billion from a total of 62,945 performances across the UK.

The sector is a vital cultural, economic and social driver at local, regional, national and international levels. According to the Theatre Trust, there are over 940 theatres in towns, cities and rural communities across England with all but 16 local authorities hosting at least one active theatre. That helps to justify the Department for Digital, Culture, Media and Sport (DCMS) estimation that 29 per cent of adults in England attended a theatre production before the pandemic¹³.

The global centre of theatre activity is London's West End, where venues attracted audiences totalling over 15.5 million in 2018, resulting in box office revenue of over £765 million – both record figures. Beyond the capital, our vibrant regional and local theatres attracted audiences of £18.8 million, with a box office take exceeding £509m¹⁴. Experts estimate that the value of ticket sales to foreign visitors lies between £200-250 million¹⁵, demonstrating the sector's valuable role as an export industry, as well as a driver of inbound tourism.

¹³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/872080/Art_outside_the_home.xlsx

¹⁴ <https://uktheatre.org/theatre-industry/news/2018-sales-data-released-uk-theatre-and-society-of-london-theatre/>

¹⁵ SOLT UK Theatre board evaluation

In 2019 this economic activity supported an estimated 204,000 jobs¹⁶, with the sector almost entirely comprised of small and medium enterprises: economic powerhouses that drive growth, innovation, and job creation throughout the UK. No wonder then that Creative UK estimates that our wider creative industries are on target to contribute £132 billion by 2025 with the right support¹⁷.

Across the whole economy, the theatre sector generates additional impact by driving economic growth in towns and cities across the UK: multiplying local commercial activity. On average, **for every £1 spent on a theatre ticket as part of a visit to a production, a corresponding £1.40 is spent in the local economy** on food, drink, transport and other services. This adds up to theatre audiences delivering an **additional £1.94bn** to the UK economy each year.

In London, a significant proportion of international and domestic overnight visitors attend the theatre, helping to fill the West End's restaurants, shops, bars, hotels and other cultural attractions.¹⁸ This record of success benefits the British taxpayer by paying for essential public services out of VAT revenues valued at £213 million, in addition to the sector's wider corporation and employment tax take.

Recovery following COVID-19 Jeopardised by Economic Downturn

Unfortunately, despite the theatre sector's significant contribution to economic activity, the impact of COVID-19, high energy prices and the economic downturn has taken a significant toll on the work of theatres across the UK. Most theatres have still not yet recovered losses sustained during the COVID-19 pandemic, and

¹⁶ UK Theatre Sector Economic Impact Report for SOLT UK Theatre by Sound Diplomacy, December 2022

¹⁷ <https://www.wearecreative.uk/wp-content/uploads/2022/08/Budget-Priorities-2022-Creative-UK-5.pdf>

¹⁸ <https://www.london.gov.uk/sites/default/files/london-at-night-full-final.pdf>

alongside other businesses, now face significant inflationary pressure, which is driving up costs in the core areas of expenditure. Challenges include:

- Workforce salaries, benefits and recruitment costs increasing following labour supply contraction after COVID-19;
- Higher energy prices, with some electricity and gas renewal quotes up by over 500% and 1500% respectively;
- Materials costs for sets and maintenance rising, e.g., timber 34.5%, steel 17%;
- Ongoing COVID-19 mitigation costs, such as air conditioning required to maintain healthy airflow that in turn necessitates heating.

Uncertainty for theatres and producers deciding whether to greenlight new shows was exacerbated by the stop-start nature of the pandemic in the first quarter of 2022. Today, the outlook is worse, with the Bank of England forecasting the longest recession since the 1920s.

While the theatre sector is doing its best to ensure that theatre remains accessible and affordable to as broad an audience as possible, they are forced to balance rising costs against income sources, including ticket income. If financial circumstances are challenging for theatre owners and producers, the same goes for theatregoers. The cost-of-living increases and real terms fall in income experienced by audiences inflict a negative impact on public confidence when it comes to making ticket purchases.

This is a nationwide problem. Recent analysis of the DCMS Participation Survey suggests that, across the UK, participation in theatre up to September 2022 averaged 73% of the equivalent measure in 2019¹⁹. Our *State of the Industry* report demonstrated that attendance across the UK in the period January to August 2022 was nearly one-fifth lower than the corresponding period in 2019 with revenue

¹⁹ <https://www.campaignforthearts.org/wp-content/uploads/2023/01/Arts-attendance-in-England-Oct-2020-to-Sep-2022.pdf>

down by nearly one-tenth. In no month did attendances exceed their pre-pandemic equivalent. The data shows welcome increased attendances and revenues in London's West End, however, there remains a significant regional imbalance as all other regions outside London underperformed on a like for like basis²⁰.

Theatres are much more than entertainment venues, they are cultural anchors for communities, playing a central role in bringing people together to share experiences and connect. Whilst most areas of the UK have seen a reduction in Local Authority spending on culture and heritage, there are significant variations, with cuts ranging from 1% to 94%, with a minority increasing spending over time. In its recent *Cornerstones of Culture* report, the Commission on Culture and Local Government calls on local government, regional bodies, cultural arms-length bodies and national government to work with cultural organisations and communities to take action to safeguard the future of local cultural infrastructure in the context of rising costs. We welcome the Commission's plan to improve cultural access and inclusion, remove barriers to growth of creative industry clusters, improve cultural education and pathways to employment. To achieve this, the Commission recommends a shift towards place-led approaches that enable a greater diversity of communities, cultural providers and practitioners to shape local decision making.²¹

²⁰ Higher figures for Northern Ireland and the South West are accounted for by significant theatres closed for refurbishment in 2019, reopening by 2022.

²¹

<https://www.local.gov.uk/sites/default/files/documents/12.30%20Culture%20Commission%20Report%20AA.pdf>

1 - Supporting Growth and Economic Activity in the Theatre Sector

British theatre is an economic driver but there are clear challenges following the pandemic and into the downturn today, which is why we look to maintain the best of ministerial interventions that have worked to support the stage and cultural sector.

Theatre Tax Relief (TTR) was first introduced in 2014. Directly tied to the generation of economic and employment activity, it enables theatre producers to claim a proportion of qualifying production costs against corporation tax or against loss if the production does not make a profit. Faced with the challenge of COVID-19, the then Chancellor of the Exchequer, Rishi Sunak, announced in his October 2021 Budget that the rate of Theatre Tax Relief was to be increased from 20% and 25% to 45% and 50% for non-touring and touring productions respectively to boost investment and drive activity after the pandemic. This higher rate of relief was extended at the Spring Budget 2023.

Additionally, a new 5% VAT rate on tickets would stimulate demand and energise the leisure and hospitality sectors.

“Levelling up is also about protecting our unique culture and heritage ... And to support theatres, orchestras, museums, and galleries to recover from COVID the tax reliefs for all those sectors – from today until April 2023 – will be doubled and they won’t return to the normal rate until April 2024. That’s a tax relief for culture worth almost quarter of a billion pounds.”

Rishi Sunak, House of Commons, 27 October 2021

This was, and continues to be, a highly successful intervention. SOLT & UK Theatre members have variously praised the impact of the now Prime Minister’s intervention as “essential”, a “panacea” and “critical” in its cultural and economic

impacts²². Theatre Tax Relief is especially effective because it works in line with entrepreneurial activity to drive economic activity and job creation by incentivising private investment and amplifying the value of existing support mechanisms directed towards the not-for-profit sector. By lowering the cost of capital, the government can render prospective investment more attractive. Such a well-designed tax measure can also improve a company's cashflow, thus lowering the financial strain of making an investment.

The higher rate of relief gives producers greater confidence in being able to 'cashflow' over touring weeks which perform less well. Our member Tom De Keyser, Co-Founder of ROYO, reinforces Rishi Sunak's message about the additional challenges posed in high-priority areas prioritised by ministers for rebalancing the UK and how TTR makes a direct difference:

"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."²³

Tom de Keyser, Co-Founder of ROYO

The scheme is proven to work and since 2014 it has successfully helped to attract direct inward investment and talent from all over the world. HM Treasury's support with TTR has led to shows being opened in the UK which experienced industry watchers believe would previously have been expected to open first in

²² Responses from SOLT & UK Theatre members for submission to HM Government, November 2022

²³ Case study response for submission to HM Government, November 2022

New York City including *'Tammy Faye'* (Almeida), *'Tina Turner the Musical'* (Aldwych Theatre) and *'Groundhog Day'* (Old Vic).

The recent West End transfer of political drama, *'Best of Enemies'*, also clearly demonstrates the marginal impact of the enhanced rate of TTR introduced by the Prime Minister:

"The existing higher rate of relief drives private investment to the benefit of the wider sector and UK economy. For example, *'Best of Enemies'* by James Graham originated at the Young Vic Theatre with Headlong which are Arts Council Funded National Portfolio Organisations. Both will benefit financially now that it has transferred into the West End in partnership with commercial producers for a limited, 14-week run. The production will directly employ a cast and crew of 26 in addition to a creative team of 19, freelance technical staff of 25, front of house, box office staff, marketing and press agencies, and the builders, costume makers, and hire companies located throughout the UK.

"The higher rate of Theatre Tax Relief makes a material difference to the ability to recoup the production's capital costs within such a limited period and therefore the attractiveness of the commercial proposition for investors."

Eleanor Lloyd, President of Society of London Theatre and independent theatre producer

Government intervention was indicated to be time-limited given the impact of the pandemic. However, today it is clear that the financial operating environment for producers has not improved. Indeed, with the economic downturn, rising industry production costs and audience demand impacted by cost-of-living increases, the outlook is getting worse.

Therefore, to maintain existing commercial activity and to help initiate new production activity made by ministers' previous intervention in support of the sector, SOLT & UK Theatre call for the following interventions to support growth, economic activity and protect tax returns:

- 1.** Maintain the Higher Rate of Theatre Tax Relief: a time-limited measure to maintain the level of relief at 50/45% in perpetuity from 2025 to facilitate growth in the sector
- 2.** Include 50% of marketing spend in the qualifying costs of Theatre Tax Relief to drive demand, economic growth and boost regional employment in markets outside of London; and to maintain the sector's global competitiveness by ensuring parity against new incentives offered in New York.
- 3.** Reintroduce the 5% VAT rate on tickets to live performances and cultural attractions to stimulate greater demand.

Such changes will incentivise private investment to return to the commercial sector and amplify the value of existing support directed towards the not-for-profit sector.

Leading commercial producers are clear about the economic potential, described here by award-winning producer, Sonia Friedman CBE:

"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 and reduction in VAT have 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

The benefits of this commercially focused approach are clear. Based on data collected from the last three years of productions in SOLT & UK Theatre member venues, there are on average 105 major regional commercial productions per year, including pantomimes. The majority of these – excluding pantomimes – are touring productions that move from venue to venue on a largely annual cycle, playing one week or more per venue. Capitalisation of these shows is estimated at over £75 million per year²⁴.

Economic activity in the theatre industry supports more than 200,000 jobs with over 7-in-10 staff self-employed. Delaying the TTR taper will protect jobs around the nations and regions of the UK given labour represents the core of theatre production costs.

Theatres and producers have made it clear to us that reduced TTR 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

²⁴ SOLT/UK Theatre survey and data from regional theatres

and many are already considering delaying new productions – especially tours – in the face of continued economic uncertainty.

Given clear evidence of the theatre sector’s additional economic benefit for related industries in hospitality and entertainment through high street spend as set out above, we are confident that upfront cost of interventions will be greatly exceeded by the sector’s tax contribution to HM Treasury and offset by the redeployment of allocated funds due to be spent in tax relief 2022-2023.

Indeed, figures from previous years of the scheme show that the VAT receipts from London theatres alone represented a significant return on investment to HM Treasury: **In 2018/19 TTR was funded at £85.69m nationally, and HM Treasury saw £133.17m in VAT returns from London theatres alone²⁵, representing a return on investment of at least 155%.**

TTR’s Boost for Inward Investment and Export Potential

Prime Minister Rishi Sunak describes Britain’s theatre reputation “as one of our great exports around the world”²⁶. 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 ensuring UK domiciled theatre producers can compete internationally against markets such as the USA and Australia, which offer similar tax incentives and grant structures to the UK.

²⁵ <https://solt.co.uk/EasySiteWeb/GatewayLink.aspx?allid=4003604> pg 9

²⁶ <https://hansard.parliament.uk/commons/2020-05-12/debates/7B585642-7EC5-456E-8CFF-AC3605AF5473/Covid-19EconomicPackage>

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)

The success of international touring where productions created and first staged in the UK are then taken overseas has been transformed by Theatre Tax Relief and government interventions to directly support international success²⁷:

“Our current tour of *Wuthering Heights* is a great example of how the current 50% rate of tax relief has allowed us to continue to tour high quality work internationally to the United States. If the rate had been at its original 25%, we simply would not have been able to afford the costs involved in remounting this production.

We anticipate our 2022/2023 production will attract 40,000 people to see the show across New York, New Jersey, California and Chicago, employing 22 freelance performers and backstage staff on tour for seven months, out of a total of 35 who worked on the project including the creative team and other production freelancers.

²⁷ Case study response for submission to HM Government, November 2022

As well as shining a light on the incredible talent and innovation of British theatre it is already clear that the relationships with international venues and audiences will feed into future work both digital and live.”

Wise Children touring theatre, Bristol

NEW INTERNATIONAL COMPETITOR SCHEME

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>

2 – SUSTAINABILITY & GREENING THE THEATRE ECONOMY

Theatre is especially vulnerable to the impact of increased electricity and gas costs. The energy demands of our sector are significant due to the size and nature of our venues, some of which are historic and listed buildings. Lighting and heating requirements are high in these complex buildings which are often ranged across several tiers with a large open performance space and auditorium. Furthermore, theatres must provide energy for their in-house bars and their energy consumption is often comparable to similarly energy-intensive hospitality venues such as pubs and cafes. Our members have reported electricity and gas renewal quotes increasing by over 500% and 1500% respectively. This is hurting the industry as illustrated by recent research from Ecclesiastical Insurance, which found that 9 out of 10 theatres in the UK fear for their future survival due to the cost-of-living crisis.²⁸

SOLT / UK Theatre Utilities Survey, September 2022

Compared to 2020

18% of respondents expected to be paying over 500% more for electricity.

23% of respondents expected to be paying over 1,500% more for gas.

55% were very likely or likely to consider changes that will affect staffing levels.

7% of respondents were likely to consider ceasing trading

²⁸ <https://www.thestage.co.uk/news/nine-out-of-10-theatres-face-closure-due-to-rising-costs-survey>

82% were very likely or likely to consider increasing food and drink prices.

63% were very likely or likely to consider increasing ticket prices.

50% of respondents could not confirm whether their Business Interruption Insurance would cover loss of performances due to energy shortages/power outages. Only 28% could confirm that it would.

Many theatre businesses, which sustained losses whilst striving to survive and protect their workforces through COVID-19, have experienced electricity and gas suppliers categorising them as a 'risky'. This has resulted in a lack of competing quotes, making it difficult to negotiate on energy deals. Theatres have been forced to accept vastly higher or out of contract rates with current suppliers. Even major theatre groups have been asked to pay a year's expected bills in advance in order to switch deals. Theatres are also having trouble negotiating green energy deals and, in some cases, recent tendering processes have resulted in no viable green energy supplier.

The National Theatre is one of Britain's best-known theatres and its financial challenges in relation to energy costs reflects the experience of many others the length and breadth of Britain:

"In the three years to October 2022 our annual energy costs as part of the Arts basket were circa £0.8m per annum but we were facing a new contract after renewal of £4.3 million a year – over 500 per cent.

National Theatre

Switch from Energy Bill Relief Scheme to New Discount Scheme

SOLT & UK Theatre took part in the consultation run by the Department for Business, Energy and Industrial Strategy (BEIS) at the end of 2022 in order to share details on the extent to which increased energy prices affect our sector. We were

[disappointed](#) by the government's decision to scrap the energy price cap for businesses from April 2023. This means that theatre venues and productions will lose vital support in a challenging and inflated market. This makes measures such as the higher rate of Theatre Tax Relief, detailed above, even more important to the health of our sector.

Responsible custodians – collaboration for Net Zero theatres

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. Stage lighting represents a significant energy cost. Shifting to more energy-efficient LED lighting systems is prohibitively expensive. For example, a new LED lighting rig for a large musical production can cost approximately £2.5 million to buy and another £0.5 million to install (because its installation requires the closure of the theatre receiving the rig). 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.

We therefore welcome discussions with ministers and officials at HM Treasury, DCMS, BEIS and the Department for Levelling Up about how we can collaborate in the medium-term to deliver Net Zero theatres.

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.

In 2021 UK theatres worked with sustainability experts Buro Happold to develop the [Theatre Green Book](#), which sets out practical advice for the performing arts sector on achieving zero-carbon status in relation to productions, theatre buildings and front-of-house operations. Over one hundred theatre companies have already signed up for the Sustainable Production Standard.

Capital grant scheme proposal

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.²⁹ 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 2030.³⁰ 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

²⁹ <http://www.theatrust.org.uk/latest/news/1626-more-than-1bn-needed-to-make-the-uks-theatre-buildings-sustainable>

³⁰ <https://www.gov.uk/government/speeches/the-autumn-statement-2022-speech>

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.

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.

3 – SUPPORT PEOPLE IN AND INTO THE THEATRE SECTOR

The cultural industries are known for attracting entrepreneurial, dynamic and creative workers. and theatre offers an exciting range of career opportunities. However, theatres are facing a recruitment crisis with skilled back-of-house staff in particularly high demand. Our members cite shortages in technical and production teams, specifically those working in lighting, sound and music, rigging, automation, costume, wigs, hair and make-up.

COVID-19 and the economic impact of subsequent lockdowns resulted in the loss of thousands of staff across the sector since 2020. In 2019, 315,000 people worked in music, performing and visual arts. In 2021, this figure was 296,000, a 6% drop in the workforce, including a decrease of 17,000 (-7.7%) in self-employed roles. Many have chosen not to return since the end of the pandemic, with evidence from the music, performing and visual arts sectors suggesting that the self-employed have been disproportionately affected. More than ever, theatres are now competing for talent against other entertainment, hospitality and retail industries.

The problem is particularly acute for highly skilled back-of-house roles where theatres are competing against a growing Film and High-End TV (FHETV) production market in the UK. Screenskills research shows that, since 2018, direct employment in FHETV has grown by 48%, with forecast growth of another 35% between 2022 and 2025³¹. For other essential roles including marketing, finance and HR, our members find professional services outbidding, particularly in the capital.

The is great commercial potential of the theatre industry, which has the potential to provide creative and technical jobs for over 200,000 employees and freelancers across the UK. With experience and skills honed over decades, benefiting from the expertise passed down by previous generations, excellence has always been

³¹ <https://www.screenskills.com/media/5559/2022-06-23-labour-market-shortages-and-training-investment-needs-research.pdf> p. 18

complemented by international colleagues who contribute fresh approaches which combine to make the British stage globally renowned.

Action SOLT, UK Theatre and Our Members Are Already Taking

Tackling Bullying and Harassment

The COVID-19 pandemic shone a light on the need to improve working practices in our industry, both for employees and freelancers, so that we can attract and retain a talented and motivated workforce. We are therefore working with the newly established Creative Industries Independent Standards Authority (CIISA), to prevent and tackle bullying and harassment in the theatre sector and across the wider creative industries.

Addressing the lack of diversity in our sector

There is a growing body of evidence demonstrating that the arts are not a meritocracy and much remains to be done to improve our record on diversity, equity and inclusion. We welcome the work of the All-Party Parliamentary Group on Creative Diversity and are guided by the five guiding principles of their Creative Majority report; ambition, allyship, accessibility, adaptability and accountability.³² Our work in this area is also informed by the November 2020 conference, 'Speak – Listen – Reset – Heal' that we hosted in partnership with Inc Arts and the dance sector. At this event we learned about and acknowledged the systemic and structural racism in the performing arts.

We are addressing these concerns by taking a number of proactive steps: SOLT is currently introducing an Associate Membership Programme, designed to broaden access to the range of SOLT services and benefits that are currently offered to full members.

Aside from the obvious morale imperative to develop a more inclusive industry, there is a powerful business case to be made for recruiting a diverse workforce

³² <https://www.kcl.ac.uk/cultural/projects/creative-majority>

so we have developed an inclusive recruitment guide³³ which aims to ensure that our sectors' recruiters reach a wider talent pool.

Initiatives to foster a more inclusive sector include [Stage One](#), a charity supported by the Theatre Development Trust and SOLT & UK Theatre Members amongst others. Since 2018, their [Bridge the Gap programme](#) has been nurturing and training 11 emerging producers from underrepresented groups each year. We look forward to growing this scheme with partners, including government, to a foster a more diverse, equitable and inclusive sector.

Areas Where we Seek Support

SOLT and UK Theatre would welcome the opportunity to collaborate with government and other partners in the following key areas:

Developing Home-Grown Skills for Britain's Creative & Cultural Future

SOLT & UK Theatre are determined to increase the supply of British workers through proactive measures on skills, education and retraining that would create exciting and fulfilling opportunities for young people throughout the country. Theatre offers an exciting career for people passionate about the arts and we are eager to work with government on unblocking the talent pipeline. Theatres already undertake training and work with apprentices across a variety of skills sets, from technical and marketing through to learning and participation, at entry and advanced levels. This is part of the long-established commitment that theatre already makes to our communities across Britain.

The recent House of Lords report *At risk: our creative future*, states "post-16 education plays a critical role in developing skills for the creative industries. But training pathways are confusing for students and employers. Clearer routes into the industry are needed".³⁴ Given the challenge of recruiting specialist skilled staff, developing new tailored apprenticeships that cater directly to the creative

³³ <https://solt.co.uk/what-we-do/industry-resources-guidance/inclusive-recruitment-guide/>

³⁴ <https://committees.parliament.uk/publications/33536/documents/182541/default/> p.53

industries' needs would help deliver homegrown talent into the industry with relevant and long-term transferable skills. We are also interested in exploring opportunities with the Department for Education to inform the content of theatre sector-specific Skills Bootcamps.

We therefore seek to work with government to introduce dynamic and flexible apprenticeships, suited to the working practices of the Creative Industries, and occupations which generally lead to self-employed freelance roles and later portfolio careers.

Improving educational opportunities

As well as addressing the current skills gaps, we are keen to ensure that children and young people are introduced to the diversity of technical and creative career paths within our sector through the National Curriculum and extra curricula activities. In its recent report, *At risk: our creative future*, the House of Lords Communications and Digital Select Committee recommends that the Department for Education tackle the decline in take up of school subjects relevant to the creative industries, urging the department to promote “the value of creative subjects and highlighting the rewarding career opportunities they can offer”.³⁵

We believe that all children and young people should have the opportunity to learn about and engage in the performing arts and theatre making and we look forward to the government’s forthcoming Cultural Education Plan which aims to improve pupils’ access to cultural opportunities. There is a growing body of research which indicates that participation in the arts makes children and young people happier and healthier.³⁶ **To help realise the ambition of the Cultural Education Plan, we ask that the government honour its pledge to provide a £240 million arts premium for secondary schools.**

³⁵ <https://committees.parliament.uk/publications/33536/documents/182541/default/> p.42

³⁶ <https://www.culturallearningalliance.org.uk/how-cultural-learning-can-be-used-to-overcome-the-current-crisis-in-young-peoples-mental-wellbeing/>

We will also engage with the growing group of Metro Mayors who are responsible for skills and further education in combined authorities that cover many of the great regional theatre powerhouses in Birmingham, Manchester, Leeds, Sheffield, Liverpool, Newcastle, and Bristol.

Trade unions representing theatre staff are already engaged in widening opportunities for young people moving into our industry, so our plans would be formulated in partnership with Equity, BECTU and the Musicians' Union.

Helping older, skilled workers move into theatre

The nature of the labour force has changed, with portfolio careers representing a break from the past when employees would spend most of their lives working within a single industry. Today there is a theatre in almost every borough of the UK offering a diverse range of jobs, so we are keen to raise awareness of these and improve understanding about opportunities for employees seeking a new challenge. We propose two solutions that would help to attract experienced, mid-career workers with transferable skills to our sector and help ministers meet levelling-up commitments.

Promoting the variety of roles available and signposting retraining opportunities would unblock the talent pipeline and tackle the misconception that it is difficult to work in theatre without a previous career in the arts. As carbon-intensive industries transition and restructure, experienced workers are more exposed. Back-of-house production and technical vacancies requiring advanced technical, project management and risk and safety expertise would provide a good fit in what might seem an unlikely new career path.

In order to support older, experienced workers, SOLT & UK Theatre asks government to work with us to increase the visibility of mid-career opportunities in the theatre sector through targeted campaigns and support transition training to encourage new entrants into the creative industries at all levels of experience.

Reciprocal Benefits – the International Pipeline

Theatre is a key part of the experience economy, and we look forward to working with the Department for International Trade on securing opportunities to promote our sector globally. UK theatre has always relied on international experience to meet supply-side gaps. With acute shortages in highly specialised areas such as wig-making and back-of-house technology, urgent intervention is required to ensure Britain maintains its international reputation.

Brexit led to a reduction in workers from the European Union; this situation has been exacerbated by the exceptional challenges of COVID-19. As a result, visa restrictions have inhibited British artists and technical staff from touring, gaining skills and developing partnerships on the continent. Now that there has been some settling down and learning from initial agreements with EU partners, we believe there is a new opportunity to look again at the Creative Worker Visa scheme to ensure that it empowers British venues and talent to thrive with a new reciprocal agreement.

We ask for government to work with SOLT & UK Theatre to create more visible routes into employment in the theatre sector from overseas, including a reform of the Creative Worker Visa scheme.

Supporting Freelancers

Recent research from Sound Diplomacy found that in 2019, the theatre industry was responsible for a total of 134,694 direct workers, with 40,322 employed and an additional 94,372 self-employed or freelancers.³⁷ Across the whole cultural sector, 71% of workers are freelancers but their needs and contribution to the UK economy are poorly understood. We therefore join our cultural sector partners in calling on the government to ***appoint a Commissioner for Freelancers*** to champion the contribution of arts workers to the UK economy.³⁸

³⁷ Economic Impact Assessment of UK Theatre Sector, Sound Diplomacy on behalf of UK Theatre and The Society of London Theatre, December 2022.

³⁸ This recommendation has been proposed by Creative Industries Policy and Evidence Centre,

4 – GROW OUR Audience TO SUPPORT REGIONAL GROWTH

Theatre audience levels have not fully recovered since the onset of the COVID-19 pandemic and this trend is particularly acute outside of London. By the end of September 2022, theatre participation was at only 73% of the level recorded in official statistics from 2019 – 2020³⁹ and attendance of West End theatres shows was down by 6% in January to March 2022 compared to 2019, with revenue down 3%, representing a real terms loss for the sector.⁴⁰

The government’s own assessment of theatre’s reach demonstrated how nearly 3 in 10 Britons attended a performance before the COVID-19 pandemic⁴¹. Even though the downturn and uncertainty have negatively impacted theatregoers and theatres, new audiences have responded positively to initiatives developed in response to COVID-19 restrictions.

In early 2021, UK Theatre and the National Lottery ran its first national business-to-consumer promotion with over 60,000 tickets sold in total as part of the ‘*Love Your Local Theatre*’ initiative. Over three-quarters of the 97 participating venues attracted new audiences, evidencing positive industry outreach that supports the rebalancing of cultural and social opportunities across the UK. This is a strong example of the way in which theatres contribute to the government’s Levelling Up mission to restore a sense of “community, local pride and belonging”.

³⁹ <https://www.campaignforthearts.org/wp-content/uploads/2023/01/Arts-attendance-in-England-Oct-2020-to-Sep-2022.pdf>

⁴⁰ SOLT Box Office Data Report 2022

⁴¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/872080/Art_outside_the_home.xlsx

In one of his first responses as Chancellor to the impact of COVID-19, Rishi Sunak stated that “the creative industries play an incredibly important part in our economy in this country, and they are also one of our great exports around the world and add to our soft power. [My Rt Hon Friend] is right that we should do everything we can to preserve the jewel that is that industry.”⁴²

Theatre venues are already anchor institutions in their regions, delivering world class arts for theatregoers. Boosted by interventions such as the extension of Theatre Tax Relief, they attract diverse audiences and deliver new cultural and economic benefits far beyond the capital city.

“For over half a century, Leeds Playhouse has created world class, relevant and compelling theatre. By engaging local people and visitors alike through an innovative and popular arts programme enhanced by our record of outreach with diverse communities, the theatre has turned the concept of place making into something tangible and meaningful for West Yorkshire. TTR has enabled us to engage on great touring productions like ‘Charlie and the Chocolate Factory – The Musical’, which will not only benefit the Leeds City Region but also towns and cities across the UK.”

James Brining, Artistic Director and CEO, Leeds Playhouse, West Yorkshire

Our *State of the Industry* report illustrated the uneven impact of the COVID-19 pandemic. Whilst the West End has benefited from a stronger recovery, attendance across the UK’s nations and regions in the period January to August 2022 was 17% lower than the corresponding period in 2019, with revenue down 9%. Attendance was down every single month, and only exceeding its 2019 figure for revenue in May 2022. Our survey found that over 8% of the audience prior to

⁴² <https://hansard.parliament.uk/commons/2020-05-12/debates/7B585642-7EC5-456E-8CFF-AC3605AF5473/Covid-19EconomicPackage>

the pandemic is still choosing not to return to theatre so there is still more to do to bring theatregoers back.

The Northeast, Northwest, Yorkshire and the Humber, and Wales lie at the bottom of relative regional deprivation tables and have been spotlighted by ministers for facing persistent disadvantages that underpin the Levelling Up agenda. All saw lower audience figures in 2022 compared to 2019.

Building audiences across Britain

To truly enable theatre to play its role restoring community, pride, belonging as well as fulfil its economic potential for communities, then additional intervention will help to build audiences and rebalance Britain. We know that targeted interventions work so SOLT & UK Theatre work in collaboration with venues and producers to develop campaigns to attract new engagement in these vital anchor institutions with the knowledge of what works best in their communities. Through initiatives, such as 'Love Your Local Theatre', venues are reaching out to communities and attracting new audiences who were not brought up attending theatre.

"The promotion allowed us to fill a number of potentially unsold seats, without losing income, at a time when customer confidence is still not 100% after the pandemic. Following on from this, the offer helped us boost sales for some of the lesser known and 'risky' visiting company shows and customers felt able to 'take a chance' on something they might not usually."

UK Theatre Member Venue

We look forward to working with government to develop and enhance initiatives delivered by the devolved administrations, executive mayors in the great conurbations and local councils promoting community assets. This approach will help to rebalance cultural and economic opportunity across the UK.

We call for government and arms-length bodies to support audience incentives and promotions which encourage participation in the arts and to fund national campaigns to drive attendance and engagement that SOLT & UK Theatre can deliver on behalf of the theatre sector.

The international opportunity

Many of the UK's most globally recognised and decorated actors, producers, directors, technical staff and writers started their careers on the stage. These include household names such as Sir Ian McKellen, Dame Judi Dench, John Boyega, Stephen Daldry and Phoebe Waller-Bridge. The global reputation of the UK theatre sector delivers tax receipts from the sale of tickets to international visitors whilst simultaneously increasing the reach of Britain's "soft power".

Britain's balance of payments is enhanced by UK theatre through exports to overseas visitors, who make up 28% of West End theatregoers⁴³. Defining the value of sales to international purchasers is necessarily complicated, but industry experts suggest export value of at least £200 million by conservative estimates, potentially rising to £250 million if tickets sold were priced at the high end⁴⁴. Harnessing the international reputation of theatre as part of the unique suite of attractions not available elsewhere can attract foreign visitors to the UK with benefits for the wider economy.

As well as the traditionally popular productions such as musicals and drama, the diversity of UK theatre allows organisations like VisitBritain to engage with new markets in South Asia, the Far East and South America forging less established tourism trends to the UK and fostering fresh perceptions of Britain.

⁴³ Ipsos MORI, 2008, The West End Theatre Audience: A Research Study, for the Society of London Theatre (SOLT)

⁴⁴ SOLT UK Theatre board evaluation

Our proposals also seek to reassure and re-engage overseas customers, given that international tourism was 20% down in 2022 compared to 2019 and dropped by 40% in August, in part due to reduced flights.

To maximise the opportunity, we ask that the Government support SOLT & UK Theatre, in partnership with GREAT, VisitBritain and DMOs, to promote UK arts and cultural activities to overseas markets, driving greater inbound tourism and strengthening our 'soft' power.

5 – SUPPORT THE DEVELOPMENT AND DELIVERY OF TOURING PRODUCTIONS

In 2018, independent commercial theatre producers presented 1,700 weeks of theatrical productions in the West End and 3,900 weeks in theatres across the UK. Whilst many of these producers are headquartered in London, these touring productions are vital to the health of regional theatres. In 2018, 71% of all performances at SOLT and UK Theatre member venues, including those that are managed by Local Authorities and Arts Council supported, were produced by independent and commercial producers. This generated 80% of all box office income (£1.015 billion) including commercial transfers to the benefit of National Portfolio Organisations such as Nine Night (National Theatre) and Touching the Void (Bristol Old Vic).

This level of interconnectivity between the commercial and not-for-profit sector is crucial to the performance of the sector, which sees predominantly commercial productions supporting a range of receiving venues, both commercial and not-for-profit. However, this interconnectivity has been negatively affected by the current financial challenges facing all businesses in the cultural and creative sectors.

The variable nature of productions' success in different towns and cities means productions have to 'cashflow' across touring weeks that perform less well, thereby increasing financial exposure. Whilst this was a calculated risk in the pre-pandemic market, the current economic uncertainty and fall in demand previously mentioned means that producers are carrying greater risk on productions. Not only does this impact the profitability of a touring production, but the increase in risk profile is dampening investment in the core touring market.

This lack of confidence in the market also impacts venues, as they struggle to secure productions. As the director of one major regional theatre in the North of England, which has staged productions for over a century, puts it:

“As a large-scale receiving house, the supply of quality shows, and whether producers have the confidence to produce large scale tours, directly impacts us. The volatility of future programming schedules is very different to pre-Covid. Commercial producers are shifting and changing tour schedules at late notice making it very difficult to plan and budget going forward with any certainty.”

North of England Theatre Venue

The touring sector faces acute risks to its viability in an increasingly hostile financial climate. Particular issues arise where the business model assumes additional risks as productions were especially badly affected by the impact of uncertainty amongst the ticket-buying public across the UK’s nations and regions. In order to tackle this newly enhanced risk coming out of the COVID-19 pandemic, we are keen to work with government so that they understand the vital role of touring theatre to rebalance the UK at this difficult time.

We ask that the Government work with SOLT & UK Theatre to develop an investment fund to promote growth and opportunity in the mid-scale theatre touring market, supporting the theatre sector’s ability drive local regeneration and deliver against the government’s levelling up priorities.

The challenges presented to the touring economy post-pandemic are also exacerbated by the cultural funding envelope currently in place. Excepting the extraordinary intervention of the Cultural Recovery Fund during the pandemic, support available to theatres from Local Authority and Arm’s Length Body funding has fallen significantly in the period since 2009/10. A recent analysis by Salvatore Di Novo and Eliza Easton at the Creative Industries Policy and Evidence Centre suggests that between 2009/10 – 2019/20⁴⁵:

⁴⁵ https://cdn2.assets-servd.host/creative-pec/production/assets/publications/PF2C-dataset_11Jan23.xlsx

- Local Authority revenue expenditure on Theatre and Entertainment fell by 15%
- Arts Council England Grant-in-Aid funding fell by 7%

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 £163m⁴⁶.

Sadly, this reduction of the funding envelope is increasing the practice of not-for-profit organisations passing greater liability onto commercial producers.

To support touring, we ask that Arts Council England, Arts Council of Northern Ireland, Arts Council of Wales and Creative Scotland with SOLT & UK Theatre to identify and mitigate against the forced passing of commercial liabilities to other operators in the theatre sector from organisations they support.

Without change, the increased risks could lead to shows closing or companies falling into risky levels of debt. Producers may look to mount smaller productions leading to less employment and economic activity in addition to a reduction in cultural opportunities for audiences across the nations and regions.

⁴⁶ <https://www.independent.co.uk/news/uk/politics/brexit-arts-creative-funding-eu-b2269175.html?r=58058>

CONCLUSION

What can be achieved if we work together?

Theatres are vital drivers of the local, national and international economy, and 'Brand Britain' on the global stage.

£1.40 is spent by audiences outside the theatre venue on food, drink and transport to every £1 spent inside a venue. That's an extra £1.93 billion delivered by theatres to local economies.

Overseas, the world-leading UK Theatre sector is a key contributor to the exports of the creative industries, both in terms of economic benefit and soft power.

In economic terms, the combined gross revenue of 3 UK led and originated productions – *Phantom of the Opera*, *Mamma Mia!* and *Cats* is over \$13.6bn, exceeding that of the James Bond (\$7.8bn) and Wizarding World (Harry Potter) (\$9.7bn) film franchises.

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. More broadly:

"The UK's greatest soft power strengths remains in the Culture and Education sub-indices. British art, film, music, and sport continue to hold enormous global appeal – from Ed Sheeran to Harry Potter and the Premier League – and tourism continues to flourish with its abundance of museums, galleries, and **theatres.**" – The Soft Power 30 by Portland⁴⁷.

⁴⁷ <https://softpower30.com/country/united-kingdom/>

With the right support from Government, the theatre sector can grow local economies, deliver on the aspirations of 'Brand Britain' and continue to provide social good in our communities. We hope we can count on you to support us in working to promote and deliver our Thriving Theatre plan.