



House of Commons
Culture, Media and Sport
Committee

Theatre

Fifth Report of Session 2004–05

Volume I



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Report, together with formal minutes

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The Culture, Media and Sport Committee

The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Culture, Media and Sport and its associated public bodies.

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1 Introduction

The theatre

1. British theatre is vibrant, diverse and renowned across the world. It falls into two inter-linked spheres: the commercial sector—stereotypically populated by lavish musical spectacles—and the subsidised sector, more usually associated with challenging interpretations of existing work and innovative and risky new writing. According to Arts Council England, 79% of people in England believe that the arts should get public funding.¹ As the DCMS memorandum stated: “theatre and drama play an important role in the cultural life of the UK.”² Other recent trends are encouraging. Despite adverse media expectations, 2004 was the second best year on record for theatre attendance in London (around 12 million people) and recently there appeared to have been a stable picture across the UK with around 16 million seats filled per year.³

2. The theatre is invariably cited as one of the key attractions that the country has to offer to overseas visitors alongside national museums and galleries; and this is especially true of visitors to London, from both abroad and within the UK. Theatrical productions originating in this country tour the world and at times dominate Broadway. The most commercially successful entertainment of the 20th century was not a Hollywood blockbuster movie but a British stage musical, *Phantom of the Opera*.⁴

3. In addition to commercial success, British theatre also has an enviable record in terms of: the creativity and technical skills of its people on, off and behind the stage; critical acclaim and intellectual challenge; and taking risks in pushing the boundaries of national discourse. These elements are more likely to be evident, or originate, within the subsidised sector but, as we discuss below, there appears to be a symbiotic relationship between the subsidised and commercial sectors that can work to mutual advantage.

4. This inquiry was prompted by the dismay caused by the public expenditure settlement announced in late 2004 for the period 2005/06 to 2007/08. The allocation of resources to Arts Council England—the independent body responsible for funding theatre amongst other art forms—was announced as frozen for this period. This freeze was estimated to give rise to a real terms cut for the arts of nearly £34 million over the settlement period.

Terms of reference

5. The Committee issued a call for evidence setting out a number of issues as guidance for submissions in December 2004 (set out below). We received a large number of submissions from arts organisations, campaigns, theatres and a few individuals. There was a range of views on some of the issues but a surprising consensus on others. The issues identified and summary of responses was as follows.

1 Q 498

2 Ev 201

3 More than attend Premiership football games. Ev 158

4 *Act Now! Modernising London's West End Theatres*, The Theatres Trust, 2003, p18

a) *The current, and likely future, pattern of public subsidy for the theatre including both revenue support and capital expenditure.*

- i. There was a consensus that the funding uplift of 2002, following the Theatre Review debate and production of a National Policy, had revived British theatre with special emphasis on a regional renaissance. Equally, however, there was unanimity that the freezing of Arts Council funding for the next spending period threatened all that had been achieved. In addition, there was the concern that where the Government led, other sources of funding would follow.⁵
- ii. The achievements of National Lottery capital funding were welcomed but there was concern that an equivalent investment needed to be sustained into work to be undertaken in the buildings that had been created or re-created. The disparity between capital awards for museums and galleries and those for theatre was highlighted.⁶

b) *The performance of the Arts Council England in developing strategies and priorities and disbursing funds accordingly.*

- i. The Arts Council (ACE) received praise for its reorganisation, the National Policy for Theatre and the streamlining of funding systems.⁷
- ii. However, a debate emerged. On one side were those who saw ACE's distribution of funding as stagnant, unrelated to arts policy outcomes and general performance and slanted towards existing clients and 'buildings'.⁸ On the other were those who regarded the current pattern as appropriate given the existing investment in regularly funded organisations and the valuable critical mass of activities, including out-reach, and in-reach, taking place at a majority of subsidised theatres.⁹

c) *Support for maintenance and development*

Theatre buildings

- i. There was support for the establishment of a Lottery funding stream explicitly for regular maintenance for which no theatre seemed able to generate reserves. This appeared now to be regarded as a higher priority than grand re-development schemes.¹⁰

New writing

- ii. New writing was consistently emphasised as extremely important for the health of the art form and a number of theatres demonstrated their support for it (with the Royal Court as the obvious exemplar).¹¹ The writers' representatives suggested that

5 QQ 14 and 468, Ev 46, 156, 176-7.

6 Ev 11-12, Arts Council England, 17 March 2005

7 Ev 107, 110 and 156

8 Ev 55 and Q 388

9 QQ 317-319 and 398

10 Ev 142

11 Ev 76, 142, 169 and 179

some further practical measures were needed.¹² Most witnesses stressed that new work, and its attendant risks, required adequate subsidy for the sector.

- iii. There was strong evidence of markedly weaker support systems for new musical writing, and productions of new musicals, than for drama.¹³

New performing talent

- iv. Much stress was laid on the importance of reaching out to young people to develop new audiences as well as to inspire a new generation from whose ranks new talent would emerge (on and behind the stage).¹⁴ There was criticism of the perceived divide between professional and amateur theatre (despite the origins of many professionals in the latter).¹⁵
 - v. The need for more effort and initiatives to tackle the lack of diversity in the theatre workforce—as well as in new writing and in audiences—was also raised. There was a need to encourage the provision of appropriate opportunities and role models, as well as candidates for those opportunities, from amongst ethnic minorities.¹⁶ We note the Arts Council’s target that, by 2007/08, 14% of regularly funded organisations would be led by black and minority ethnic artists or key to the infrastructure that supported their work.¹⁷
 - vi. Concern was expressed about the lack of coordination of the training and development opportunities in drama and theatre and the relatively low incidence of accreditation by the National Council for Drama Training amongst the many related higher education courses offered around the country.¹⁸ More indirectly, the scarcity of large cast productions, low pay and poor advice were also identified as a significant barrier to developing careers in theatre.
- d) *The significance of the theatre as a genre (1) within the cultural life of the UK; (2) in the regions specifically, and (3) within the UK economy, directly and indirectly.*
- i. There was virtual unanimity over the centrality of theatre within British culture; the blooming of regional theatre since 2002; and the enormous contribution that theatre made to the economy at local, regional and national levels. However, it was clear that the formalisation of such findings, and their systematic use to forge partnerships with local and regional government, had yet to be undertaken successfully.¹⁹
- e) *The effectiveness of public subsidy for theatre and the relationship between the subsidised sector and the commercial sector—especially London’s West End.*

12 Ev 2-3

13 Ev 93-97 and see Volume III, *passim*

14 Q 190 (Ms Jones)

15 Ev 19-25

16 Ev 160 and 166, and Q 465

17 Arts Council England, 17 March 2005

18 Ev 170

19 Ev 109, QQ 320 (Mr Ormston), 323-4, 352 and 401

- i. It was clear from the emerging impacts of the funding uplift for theatre in 2002 that public subsidy for theatre was effective.²⁰ The debate, referred to above, between funding ‘people’ and funding ‘buildings’ was, however, relevant here too.
 - ii. The relationship between commercial and subsidised theatre, in terms of transfers of productions, was generally described as one of mutual benefit in some cases²¹ but the balance of power in negotiations was felt to be with commercial producers in most instances.²² A different type of mutually beneficial relationship was said to the management of theatres, on behalf of local authorities, by the larger commercial companies who could bring expertise and economies of scale to bear.²³
- f) *Progress with significant (re-)development projects.*
- i. Submissions dealt with plans and progress of a number of substantial re-development projects including at the Royal Shakespeare Company’s base in Stratford-upon-Avon, the Crucible in Sheffield and the Belgrade in Coventry.
 - ii. Proposals for a substantial public investment, over the next 15 years, in the commercially-operated theatres of London’s West End, and related arguments, were also set out.

Course of inquiry

6. At Westminster we took oral evidence during public hearings from representatives of:

- a) The Writers Guild of Great Britain; The Theatres Trust; and the Central Council for Amateur Theatre (CCAT), the National Operatic and Dramatic Association (NODA) and the Little Theatres Guild (LTG).
- b) The National Theatre; the Society of London Theatre (SoLT) and the Theatrical Management Association (TMA); and the Independent Theatre Council (ITC).
- c) The Almeida and Donmar Warehouse theatres; the London Old Vic and the Royal Court theatres; and the Ambassador Theatre Group (ATG), Clear Channel Entertainment, Delfont Mackintosh Theatres Ltd, and Really Useful Theatres.
- d) Equity, BECTU and the Musicians Union; the National Campaign for the Arts; the Arts Council England (ACE) and the Heritage Lottery Fund (HLF); and Rt Hon Estelle Morris MP, the Minister for the Arts, Department for Culture, Media and Sport (DCMS).

7. We also held a hearing—to which representatives of a selection of regional and local theatres and the Royal Shakespeare Company (RSC) were invited—at the Birmingham Repertory Theatre and took evidence from: the Rep itself, Birmingham City Council and the Manchester Royal Exchange; the Crucible and West Yorkshire Playhouse; Derby

20 Ev 188-9

21 Ev 82, 87-91

22 Ev 56

23 Q 290

Playhouse, Lichfield Garrick, Lichfield District Council and the Belgrade, Coventry; and the RSC.²⁴

8. In addition to the formal hearing at the Rep, this visit to the West Midlands included informal meetings and discussions at the Lichfield Garrick, at the Glasshouse College site in Stourbridge and at the RSC in Stratford-upon-Avon.

9. The Lichfield Garrick is a rare example of a new theatre developed on the back of the firm commitment of the district council to invest in, and fund, a sizeable theatre as the cultural hub of the local community. Discussion there centred around funding issues, especially for new and evolving arts organisations and initiatives, and the ambitions of the Garrick to itself move from receiving to production with a particular focus on creating a platform for local voices and providing opportunities for the development of local expertise (behind and above the stage).

10. At the Glasshouse College in Stourbridge—the second site of the developing Ruskin Mill Educational Trust—we were privileged to see and discuss an enormously impressive educational initiative, for young people with learning disabilities or other challenges to overcome, based around a holistic set of creative and cultural activities, including drama, founded upon the revitalisation of traditional skills of the locale; in particular glass-making. We also heard plans for a major arts and drama festival there in August 2006.²⁵

11. In Stratford we saw and discussed the RSC's final blueprint for the re-development of its main house, the Royal Shakespeare Theatre. We also had the opportunity of meeting an RSC ensemble who were in the midst of a national and international tour—including stops from Forres to Truro to Ebbw Vale and on to North Carolina in the USA—with *Two Gentlemen of Verona* and *Julius Caesar*. This tour was using a mobile self-contained studio theatre which could be erected within any large space, such as a leisure centre main hall, inside a day. This initiative, as one of the cast remarked to us, was genuinely taking the theatre to the people.

12. Previous work by this Committee in this area includes an examination of the reform of the Arts Council and initial proposals for re-developing the Royal Shakespeare Theatre in Stratford-upon-Avon.²⁶ We also took evidence on musical theatre—inspired by the plight of the Bridewell Theatre in the City of London—in 2003. The proceedings of that hearing on 14 October 2003, and relevant material accepted as formal memoranda, are published alongside this Report.²⁷ This is the first inquiry into theatre *per se* by this Committee or any of its predecessors.

13. We are extremely grateful to all our witnesses, and hosts, for their time and effort in contributing so effectively to our inquiries.²⁸

24 A full *dramatis personae* for the inquiry is set out at the back of this Report.

25 In August 2004, the Stourbridge Glasshouse College hosted the inaugural International Festival of Glass (incorporating the British Glass Biennale).

26 See Third Report, 2001-02, *Arts Development*, HC 489.

27 This material is set out in Volume III

28 The relevant evidence gathered during this inquiry is published in Volume II

2 The theatre estate

14. Theatre is about creativity and skill and people. But it is also about spaces to house those skilled people and identifiable, sometimes iconic, buildings in which to bring that creativity together with an audience not distracted by lumpy seats, poor sightlines and hot and airless conditions (not to mention a second mortgage taken out to pay for the evening). It would appear from our evidence that few if any theatre buildings, whether in public or private hands, subsidised or not, can generate sufficient revenue to meet the demands of significant renovation and refurbishment. Some, like the Old Vic in London, struggle to stop the rain leaking on to the stage. In addition to the importance of suitable venues for performances, theatre buildings can, and should, act as hubs for related arts activities at non-performance times and, as the DCMS wrote, “can provide an identity and vitality to local areas”.²⁹

The West End

The case for public investment

15. There is a concentration of over 40 theatres (mostly listed buildings), the majority of which are owned and managed by commercial operators, in the West End of London. The evidence is clear that these theatres, collectively, are a significant driver of economic activity in a number of ways—and not just for London—and, together, constitute a substantial amount of heritage. They are, as Mr Oliver Ford Davies, actor, said, “a kind of national treasure ... comparable to the national Gallery and the Tate and even to Westminster Abbey”.³⁰ However, these theatres are argued to be in need of extensive renovation and refurbishment if they are to remain fit for purpose into the future and if the best of that heritage is to be preserved. The economics of commercial theatre management were argued to mean that the industry could not meet the estimated bill.³¹ DCMS have advised the sector that it would not be “realistic” to expect grant-in-aid direct from Government and that the National Lottery is the principal remaining avenue.³² The issue is being considered by the DCMS.

16. The Theatres Trust, a statutory body established in 1976 specifically to protect theatre buildings, has conducted a major survey of the West End theatre estate. The Trust concluded that a major programme of renovation and adaptation was necessary. This initiative was needed to ensure that the theatres of the West End—mostly built, and re-built, on the cheap between 1880 and 1937—could meet the aspirations and ambitions of 21st century audiences, performers and staff as well as the requirements of 21st century legislation. The Trust estimated that a total of £250 million (at 2003 prices) would need to be spent over a period of some 15 years.³³

29 Ev 204

30 Q 456

31 *Act Now! Modernising London's West End Theatres*, The Theatres Trust, 2003 (hereafter the “Act Now! report”).

32 Q 152

33 *Act Now!* report

17. Representatives of the commercial sector were at pains to point out that the works identified by the Trust were not “needed at the moment” and that the theatres in question were licensed, safe and “perfect”. Millions of pounds had been invested by the companies concerned in compliance with the Disability Discrimination Act, health and safety and other regulatory requirements.³⁴ Ms Rosemary Squire, Executive Director of the Ambassador Theatre Group, explained that the improvements identified in the *Act Now!* report related to securing the future of what were, almost exclusively, very old listed buildings for the next 50 to 100 years.³⁵ The changing demands and expectations of audiences (including the fact that individuals were getting bigger) and the legacies of completely different social circumstances—for instance separate entrances for the cheaper seats and inadequate facilities for women—needed to be dealt with.³⁶

18. The West End’s commercial operators wanted half of this sum to come from a public purse; £125 million pounds over 15 years. The Theatres Trust report argued that commercial theatre, despite its wider economic impact, operates on extremely tight profit margins and is severely constrained by planning and usage restrictions so there was “no alternative but to look to Government or other outside agencies for some kind of matching assistance.”³⁷

19. Both the Trust and the Society of London Theatre highlighted the case of Sir Cameron Mackintosh’s recent refurbishment of the Prince of Wales Theatre to illustrate the problem. The Society reported that Sir Cameron spent some £8 million of his own money on the project, “not as an investment decision but as an act of personal philanthropy”.³⁸ Despite the expenditure, the market value of the building was said to be unlikely to be any more now than it was before the improvements. This situation was claimed to apply right across the programme of work outlined by the *Act Now!* report.³⁹ Sir Cameron had earmarked £35 million for the up-grading of his theatrical venues; but indications from his company were that the experience of work on the Prince of Wales Theatre suggested that this sum would not cover the wider programme of work originally envisaged.⁴⁰

20. The Society of London Theatre said that the industry was confident of its ability to contribute half of the total capital programme: “We are working on the assumption that the balance of the £125 million may be forthcoming over the same time period from a consortium of cultural, heritage and economic interests.”⁴¹ This grouping, however, was not expected to include businesses said to benefit significantly, but indirectly, from West End theatre such as hotels and restaurants.⁴² Despite the large headline sum, Sir Stephen Waley-Cohen, President of the Society, pointed out that, on current estimates and plans, the public commitment amounted to £2.5 million per year from each of the three prospective public sector partners—the Heritage Lottery Fund, the London Development

34 QQ 290 (Ms Squire) , 299 (Ms Squire) and 305 (Ms Callender)

35 Q 299

36 Q 299

37 *Act Now!* report

38 Ev 47

39 Q 300 (Mr Ptaszynski)

40 Q 304

41 Ev 47

42 Q 146

Agency and Arts Council England—for 15 years.⁴³ However, Mr Andre Ptaszynski, Chief Executive of Really Useful Theatres, conceded: “We have come up with a convenient number [£250 million] because the likely beneficial spend in the West End, if we could find it over the next 15 years, came to around that sum. ... We know that is not realistic, we think it may well be, in 15 years’ time, that we need to look again, at the phase two, or something, but it is the sensible number to be using as our target.”⁴⁴

21. The Society of London Theatre and the representatives of the West End theatres said relatively little about the means of ensuring accountability and oversight for any funding package and nothing positive about a *quid pro quo* for the public beyond the potential for people to enjoy the improvements themselves.⁴⁵ The Society envisaged establishing an independent charity for the receipt and disbursement of funds. The Society proposed that any grant would be made subject to the charity taking a lien on the theatre buildings concerned to be exercised in the event that they should ever cease to be used for theatrical purposes.⁴⁶

22. The evidence is clear that the West End is a significant economic powerhouse not least in terms of London’s tourist trade with benefits for the UK as a whole as amply set out in a number of studies.⁴⁷ In addition the commercial and subsidised theatre sectors are inter-dependent, with a plethora of more or less mutually beneficial relationships. To neglect the substantial national assets represented by the West End theatres—whoever actually owns them—would be negligent in the extreme; penny-wise but extremely pound-foolish. The DCMS wrote that it recognised the concerns highlighted in the *Act Now!* Report and that “Ministers set up a Working Group to investigate the issue.” This group made an initial report in December 2004 and plans to report again in Spring 2005.⁴⁸ We hope that all relevant parties are represented on this group and that it has effective administrative support. The last Government working group connected with one of our inquiries took four years to come to the startling conclusion that no action was necessary.⁴⁹ We would be disappointed not to receive an outline conclusion on the West End’s request as part of the response to this Report.

23. Ms Carole Souter, Director of the Heritage Lottery Fund (HLF), emphasised that responding to the West End’s request was a shared responsibility between her organisation, the Arts Council England and the London Development Agency. She also warned that while funding for privately owned buildings was within the HLF’s gift, it was currently a low priority. She told us “I am not intending to sound hesitant, but equally I do not want to suggest that as of tomorrow there will be a signed cheque because we are not at that point. There is an awful lot of work to do to be clear about the mechanics of how these would work. It would be a relatively new area for us to fund in this way, and I think we also need to talk to the theatres themselves about whether they are comfortable with the

43 Q 183

44 Q 306

45 Q 157

46 Q 156

47 *The Wyndham Report*, Society of London Theatre (SoLT), 1998 and see Ev 44-5 and 182

48 Ev 205

49 See First Report, 2003-04, *Cultural objects: developments since 2000*, HC 59; and Second Report, 2004-05, *Work of the Committee in 2004*, HC 253, paragraph 28.

requirements which we would have for access, involvement and public benefit to demonstrate that the public gain outweighs any potential [gain] privately.”⁵⁰

Safeguards, accountability and a return for the public

24. We were dismayed that the West End did not come to the table with more detailed proposals for how the money would be handled in an appropriate, transparent and accountable manner. The independent charity sounds worthy but in effect may simply be a way of simplifying the burdens of multiple lottery applications for a range of similar projects. But if a local village hall children’s playgroup has to go through the full process for a Lottery award, why should the renovation of large commercial theatres be treated any less rigorously? As Ms Charlotte Jones, Chief Executive of the Independent Theatre Council, said: “the concept of setting up a separate trust where the Lottery funding goes straight in, rather than having to comply with all the normal Lottery tick-boxing is an interesting suggestion. I would be amazed if the subsidised sector could get away with that.”⁵¹

25. In similar vein we were unimpressed by potential benefits for the wider lottery-playing public in return for its investment of £125 million in this particular good cause. In fact we could not identify any on offer nor under discussion. We would place the lien related to change of use firmly with the lottery distributors, rather than the proposed charity, and recommend that it be seen as a fundamental safeguard should the initiative proceed. **If a theatre, renovated and refurbished with the public’s money to be fit for purpose for future generations, changes use then it should be axiomatic that the full amount of lottery money absorbed by that building is repaid. The conditions of this repayment must be set down in black and white so there can be no repetition of the Wembley Stadium ‘handshake’ debacle.**⁵² In addition, we believe that if such a theatre is sold within 10 years of lottery-funded renovation then the Lottery should benefit to some degree.

Access

26. However, the more serious question is what is the public going to get for its investment? We believe that access to the theatre is the most important thing, and ticket prices and booking fees—in the West End—are significant barriers to that access. Perhaps a satisfactory return for the public’s investment would be a set proportion of “People’s Seats”, in all parts of the house, at a lower price. Alternatively, since the West End is to benefit from the Lottery perhaps it would be appropriate to run a free lottery with an agreed number of tickets put into the pot by theatres benefiting from the initiative.

27. We also took the opportunity to discuss the apparently invidious circumstances in which the price on the face of West End tickets was often not the full cost incurred at the point of sale, due to booking fees. Ms Squire, Ambassador Theatre Group, pointed out that face-value tickets were available from theatre box offices but that bookings, with relatively modest fees to cover costs, were now possible by phone and via the internet 24 hours a

50 Q 506

51 Q 200

52 See First Report, 2001-02, *Unpicking the Lock: the World Athletics Championships in the UK*, HC 264, paragraphs 75 and 95; and Fourth Report, 2000-01, *Staging International Sporting Events*, HC 286, paragraph 73.

day.⁵³ Mr Ptaszynski, Really Useful Theatres, told us that, unlike many subsidised theatres which control all their own ticket sales, ticketing arrangements in the commercial sphere were the result of agreements between theatre operators, out-sourced agencies and the particular show's producer. He gave the analogy of retail goods, M&S underwear for example, that could be priced to show separately the cost of production and the cost of distribution. Mr Ptaszynski said that one reason for the separation of these costs was that producers pay royalties based on "box office" income and a common way of reducing the total amount on which such royalties were payable was to separate out "legitimate" charges for the ticketing process. He told us that "we have not yet discovered, as an industry, ... the way not to wash that dirty linen in public."⁵⁴ Obviously not.

28. On this issue the Office of Fair Trading recently concluded that:

- i. overall, consumers did not suffer higher prices due to a lack of competition between ticket agents; but
- ii. consumer concern stemmed from inadequate information of the existence of fees, and where to buy tickets without them.⁵⁵

29. The Office of Fair Trading recommended that theatre advertising be required: to include the face value of the ticket; to indicate that additional fees may apply and could vary depending upon the sales channel and ticket seller used; and to indicate where tickets could be purchased at face value. We agree. A complaisant theatre-going public has for too long accepted this blatant rip-off and it is time it was brought to an end.

Working conditions

30. Representatives of Equity, BECTU and the Musicians Union argued that, if public money was to be invested in West End theatres, then remedying the poor backstage working environment should be included as a condition of the funding. Mr McGarry, General Secretary of Equity, told us "the backstage conditions are, frankly, quite appalling; there are not many other professional workers who would accept the conditions that even leading members of the profession have to experience behind the scenes, and if there is going to be investment in the refurbishing of theatres then that should be a priority".⁵⁶

Relationship with the subsidised sector

31. A further dimension to a return for the public from its potential investment in the West End is the relationship between the commercial and subsidised sector. As we have mentioned, there are mutually beneficial relationships between subsidised and commercial theatre although the balance of benefit varies markedly. **We recommend that the DCMS and the lottery distributors should give consideration to how the balance of benefits in that relationship might be shifted in favour of subsidised theatre as part of a deal with commercial operators over capital investment in infrastructure; extracting more 'bang'**

53 Q 294

54 Q 293

55 *Ticket agents in the UK*, Office of Fair Trading, OFT 762, January 2005

56 Q 456

for public ‘bucks’ from commercial transfers of productions that originate in the subsidised theatre sector (with all the risks shouldered therein).

Other issues

32. Sir Christopher Frayling, Chairman of Arts Council England, told us that, while the Arts Council had a long history of relationships between the public and private sectors, there were practical issues—which he suggested included access, what sort of stage there was to be and what went on stage—that must be settled before any kind of commitment, let alone to £125 million, was made.⁵⁷ In contrast Sir Stephen Waley-Cohen, Society of London Theatres, said that “to attach a condition of the kind of product that should be presented would be extremely difficult ... any suggestion of controlling what is presented would be a great pity.”⁵⁸ In addition, despite Sir Christopher’s remarks, Mr Richard Pulford, Chief Executive of the Society, told us that the Arts Council had “not so far raised that issue” and that “there would be very real difficulties if they did.”⁵⁹

33. West End commercial theatre has made a case for public investment in its infrastructure but it has failed to back this up so far with a convincing commitment to accountability during the process nor a return for the wider public. This is not a good start. In addition, we believe that the ‘West End’ initiative needs to embrace the Old Vic (if another solution is not found for its maintenance issues) as this theatre fits the profile set out in the *Act Now!* report: namely that it is theatrically significant, it is not subsidised, it is in urgent need and it is a national treasure.

34. We conclude that West End commercial theatre’s most compelling arguments rest on grounds of heritage and economic impact. Therefore we believe that the Heritage Lottery Fund, the GLA and London Development Agency should be the major partners in responding to the West End’s call. The Arts Council England should take a back seat, contributing to the structure of the funding package but reserving the bulk of its pressured capital resources for non-commercial theatre which itself has very pressing needs as we discuss in the following section.

35. We note the Arts Minister’s valedictory remarks on this topic: “This is probably a bit demob happy, but I personally would be disappointed if the efforts we had put in to the West End Theatre forum came to naught, but I just do not know – the Lottery distributors have a lot of pressures on their resource.”⁶⁰

The subsidised sector

36. The Theatres Trust, while author of the report on the West End, was equally concerned about the theatre estate as a whole across the country. The Trust told us that over 85% of the theatres standing in 1914 had been lost by the 1970s and very few theatre buildings had not closed for a period for one reason or another. Many existing theatres had been saved by a period in a alternative use, such as bingo or cinema, in areas where capital values did not

57 Q 507

58 Q 159

59 Q 160

60 Q 533

rise appreciably. However, the Trust said, once consent has been given for a change of use the land value increased so dramatically that return to use as a theatre was out of the question. The Trust argued that where a theatre site was lost, and land value increased, there was a case for a proportionate payment to help create or improve other theatre buildings in the vicinity.⁶¹

37. Some local authorities had planning policies which sought to protect theatres and even require theatres (and other cultural facilities) to be replaced in some circumstances. The relatively new Garrick Theatre in Lichfield, which we visited, is a rare example of a local authority making a significant commitment, in terms of capital and on-going revenue funding, to a new theatre created on the site of a civic hall.⁶² As in our recent conclusions on the public library estate,⁶³ we were interested in the use of “Section 106” agreements as a way of securing concrete benefits for the public from the planning process. Section 106 of the Town & Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement, known as a “planning obligation”, with a developer. Such agreements place either restrictions or obligations on developers for the benefit of the local community. **We believe that new public amenities, such as libraries and theatres, are legitimate planning gains to which local authorities should aspire via Section 106 agreements. However, there was little evidence of this route having been used to develop new theatre buildings with the exception of Sir Peter Hall’s new Rose of Kingston Theatre. We recommend that the DCMS, in cooperation with the Office of the Deputy Prime Minister, make a report to Parliament on the use made of this legislative provision to secure arts and other cultural amenities to improve people’s quality of life.**

38. Listing undoubtedly has saved many theatre buildings but it was, as the Theatres Trust pointed out, and the RSC has discovered, a double-edged sword. Once listed it is far harder to effect physical alterations to a theatre building to reflect changing patterns of use, new artistic sensibilities or audience expectations.⁶⁴ As the re-development saga of the Royal Shakespeare Theatre shows, obstacles to ambitious plans can have a very marked impact (as we discuss below).

39. Inevitably, the Theatres Trust, alongside other witnesses, identified a need for increased capital investment. In the early 1960s the Arts Council called for key theatres (including some in the West End) to be taken into public ownership for their protection of the overall network and for a programme of related public investment. Many former commercial theatres were acquired by local authorities, sometimes with help from the Arts Council, and then either directly run or let out to independent charitable trusts. Capital funding from the Arts Council was augmented with money from local authorities, public appeals and, later, from development agencies and Europe.⁶⁵ In 1992 a Theatres Trust study showed that, despite considerable investment since the 1960s, more than 40% of theatre

61 Ev 10-11

62 Garrick Theatre, Lichfield, 2004

63 See Third Report, 2004-05, *Public Libraries*, HC 81, paragraph 91

64 Ev 11

65 Ev 11

buildings were felt to be in only fair to poor condition with insufficient attention being paid to their upkeep.⁶⁶

40. A huge amount has been achieved by the National Lottery over the 10 years of its operation. However, over the last 5 years, the Arts Council has reduced the proportion of its lottery budget allocated to theatre building schemes. While some major projects remain in the pipeline, such as the RST, the number and size of new commitments to maintain or enhance theatre infrastructure has slowed to a trickle. The most recent allocations by the Arts Council a year ago included only three awards for existing theatre buildings. Overall, thirty-three awards were made while 132 applications were rejected. The total demand for grants had amounted to £255 million; four times the amount eventually allocated. This amounted to an average allocation to capital projects of just over £20 million per year. Apart from five schemes (which included one theatre) which received a maximum award of £5 million, the average allocation for the others was only £1.28 million.⁶⁷

41. On the plus side, the Heritage Lottery Fund (HLF) has felt able to support the heritage-related aspects of a number of theatre development schemes. Buildings like the Hackney Empire and London Coliseum would not have been refurbished otherwise. The Grade 1 listed Theatre Royals at Richmond, Yorkshire and Bury St Edmunds were among those that failed to obtain capital funding from the Arts Council. Many others, including the London Old Vic and Wilton's Music Hall, also seem to need to pursue the heritage route to stand any prospect of success. These are all important listed buildings, and there is a legitimate heritage dimension to the work that needs to be done. However, essential alterations backstage or the creation of new facilities may fall outside the purposes of the HLF.⁶⁸ The Theatres Trust pointed out that the HLF is clearly making significantly higher investments in improving museum and gallery buildings than Arts Council England is committing to arts buildings.⁶⁹

42. The Arts Council wrote that: "What is critical for the future health of theatre in England, is that infrastructure is not permitted to return to its previously run-down condition. New and re-furbished theatre buildings need continued investment to maintain their current condition and to keep pace with the changing demands of audiences, artists and regulators. Whether this demand will be met by the National Lottery is dependent on what happens to distribution decisions in 2009."⁷⁰ The Arts Minister, Estelle Morris, told us that "I do appreciate the difficulty that this is putting them in. ... We are just trying, within Government, to agree the timetable for making those announcements, but it has not actually been agreed yet. I do acknowledge the problems that that gives them and I think we owe it to them to do it as soon as possible."⁷¹

43. We recommend that the Government announces the scale, shape and share of the distribution of National Lottery funds for good causes as soon as possible and certainly by the time a response to this Report is due. We recommend that the arts remain one of

66 Ev 11

67 Ev 12

68 Ev 12

69 Ev 12

70 Ev 179

71 Q 527

the good causes—believing there to be strong public support for this—and that the Arts Council remains a distributor of a significant size.

44. A Theatres Trust survey of 200 theatre buildings across the UK revealed that 76% stated a wish to make a lottery bid during the next 5 years with only 34% believing their buildings to be in good condition. Some 72% receive regular complaints about heating, ventilation and air conditioning, 42% receive complaints about seating, and 37% on toilet provision. Apart from improvements to public facilities, there was demand for resources to meet the technical demands of modern production methods and to keep up with the changing requirements of health and safety regulations.⁷² Our evidence also contained many calls for the funding of theatre maintenance.⁷³

45. On a very rough basis the Trust calculated that around £1,000 million still needs to be spent to bring the UK's stock of theatre buildings, of all types (including those in London's West End), to an appropriate standard. The Trust estimates that at the current rate of lottery expenditure, with matching funds from other sources, it could well take 100 years to remedy this backlog (without accounting for further deterioration in building condition and inflation over that period).⁷⁴

46. The Arts Council pointed to the improvements it had funded in theatre buildings but said “we are encouraging the theatres we fund to establish reserves for the maintenance of theatre buildings as a more cost effective approach to retaining a healthy infrastructure.”⁷⁵ However, the evidence we received from virtually all subsidised theatres was that the generation of such reserves was impossible; indeed there was an almost palpable sense of fear amongst theatre representatives when referring to the possibility of something “going wrong” with their facilities.

47. The RSC said that “all theatre buildings need regular upkeep and maintenance. Stretched revenue budgets are rarely sufficient to cover maintenance and dedicated capital budgets should be introduced to cover the on-going maintenance of our theatres.”⁷⁶ We would agree if this meant extra resources but the Arts Council is under the increased pressure of a stand-still overall settlement. We doubt whether the inflexibility of split operational, and capital, funding streams would help theatres plan their budgets. Similarly, we doubt whether the enforced discipline of a top-sliced capital fund would be greeted with much enthusiasm.

48. In addition to the Arts Council's clients there are more than 100 theatre venues owned or controlled by amateur companies. The Little Theatres Guild told us that many are listed buildings and all need regular maintenance.⁷⁷ New legislation affects these buildings and much work has been undertaken in recent years to ensure compliance with the Disability Discrimination Act and now the new Licensing regime and additional health and safety requirements add to the burden. The Guild wrote that the voluntary sector has been as

72 Ev 12, paragraph 19

73 Ev 74, 179, 107, 110, 120, 125, 142 and Q 355

74 Ev 12, paragraph 20

75 Ev 178, paragraph 21

76 Ev 142

77 Ev 24

ready to meet all of these requirements but the virtual cessation of all Lottery capital grants of any significance has borne heavily on the progress that can be made.⁷⁸

49. The Theatres Trust wrote trenchantly that: “Nor should one forget that theatres in the UK include the important amateur sector.” The Trust pointed out the Government’s position that lottery money was the people’s money and commented that therefore it seemed “strange that [lottery money] should be denied to those theatre buildings that are used and enjoyed by the majority of the public. The need for capital investment, improvements and for proper working conditions is no less simply because a theatre building happens to be commercially or municipally owned, or providing popular entertainment.”⁷⁹ We note the evidence of Councillor Colin Ablitt, Lichfield District Council, suggesting that the Arts Council operates “an unwritten preference against funding local authority-owned venues.”⁸⁰

50. The evidence presented to us suggests that now is the time for the Arts Council to re-focus its lottery capital programme towards the provision of assistance to publicly-funded, as well as not-for-profit, theatres for the maintenance of their buildings; consolidation is needed not further expansion.

The Royal Shakespeare Company

51. The RSC is amongst the foremost arts institutions in the country; if not the world. We examined proposals for the re-development of its main theatre at Stratford in 2002—plans that had attracted a £50 million “in principle” lottery award—and we were keen to review progress as part of this Report.⁸¹ Following changes in leadership, the re-development has also gone through more incarnations as indicated by the new RSC Chairman, Sir Christopher Bland.⁸² The final proposal looks achievable and avoids many of the obvious pitfalls of the original plan. The key elements are as follows:

- a) a thrust stage, one room, 1,000 seat auditorium within the existing 1932 Royal Shakespeare Theatre retaining the important art deco elements of the building;
- b) the distance from the furthest seat reduced from the current 27 metres to between 14 and 16 metres;
- c) expansion of front of house facilities with improved provision for disabled access, bars, restaurants, toilets and exhibition space
- d) expansion of backstage facilities with improved dressing rooms and, crucially, greater separation between the main house and Swan theatres; and
- e) the preservation and restoration of the key heritage elements of the 1932 building (including the art deco façade, foyers and ‘fountain staircase’ and the Victorian gothic

78 Ev 24

79 Ev 13

80 Q 392

81 See Third Report, 2001-02, *Arts Development*, HC 489.

82 QQ 403 and 404

exterior of the former 1879 Memorial Theatre and key features at the front of the building identified by English Heritage).⁸³

52. The project requires a temporary theatre built adjacent to The Other Place during the works. The project is scheduled to start in Summer 2005 so that the temporary theatre will be available by April 2006. The main work on the Royal Shakespeare Theatre is planned for 2007 with completion in 2009. The RSC has now applied to Arts Council England for its £50 million earmarked funding and to its RDA, Advantage West Midlands, for financial support of £20 million. The rest of the project's £100 million 'envelope' is to be raised by the Company.⁸⁴

53. Dame Judi Dench, actor, reiterated the essential problem with the existing theatre, characterising the view of the stage on a recent visit (and presumably not from the worst seat in the house) as like "looking down the wrong end of a telescope".⁸⁵ Mr Michael Boyd, the RSC's new Artistic Director, conceded that the new plan was uncompromising to an extent in that the former attempt—which tried to have both a proscenium arch and a thrust stage—fell between the two stools. The RSC said that the plan was, in effect, a modern take on the kind of courtyard theatre that would have been familiar to Shakespeare.⁸⁶

54. We visited Stratford and saw the plans and model for a new interior for the Royal Shakespeare Theatre. The new theatre fits within the shell of the existing Elizabeth Scott building but does not match the ambition and vision of the original proposals.⁸⁷ **It is ten years since re-development of the RST was first conceived. It is high time the RSC took action before its lottery award is completely eroded by inflation. We trust that the Arts Council England will take all necessary steps to assay the robustness of the RSC's latest plan before handing over any funds. We shall follow progress with interest.**

3 Supporting theatre

The case for subsidy

55. The case for public subsidy of theatre is a strong one. Without public money many local, regional and national theatres would either have to pursue an entirely risk-averse artistic strategy; or raise their prices dramatically; or cut back on artistic standards. Maintaining a real diversity of theatre, from musicals to one-hander modern plays, large cast Shakespeare productions and untested new writing, requires not just artistic innovation and courage but also cash. Maintaining access to this wide diversity of theatre for people from any and every background similarly requires public subsidy.

83 Ev 145

84 Ev 146

85 Q 406

86 Ev 145

87 See Third Report, 2001-02, *Arts Development*, HC 489

56. Access to new work, challenging work, or forgotten parts of the dramatic canon, would be severely limited if the market was left to dictate that pantomimes and musicals should be the order of the day. This is not to say that these productions should not be put on by any means. However, any art form needs investment by somebody at its cutting edge to maintain the freedom for artists to create, re-create and refresh the formulas that provide the staple diet of the day (but that were the new and exciting ideas of yesteryear).

57. In addition to access to theatrical and dramatic forms in this wide sense, other factors are at play. Theatre is capable of being, at the very least, good fun and a competent production, whether intellectually challenging or not, provides a unique entertainment experience created between performers and audience (in a way that is not possible with TV or film). Theatre is inspiring in its immediacy and again in the unique interaction between stage and auditorium. In this sense, although one knows that Hamlet is always going to lose, there are strong resonances between theatrical events and sporting occasions such as a football match. As Mr Michael Pennington, actor, told us “the sense of being in the same space and breathing the same air as the actors and the sense of there being something unpredictable...subtly different from...the previous night...or the night after, is an irreplaceable thing. The theatre is the only performing art which makes its audience talented in that way...They know that they are necessary to the occasion, in a way that a cinema...or TV audience simply is not.”⁸⁸

58. Theatre can also encourage public discourse and debate, tackling subjects that feature films, and television, generally do not deal with. The long tradition of British theatre, and the enormous canon of dramatic literature in the English language, positions theatre firmly as part of Britain’s national identity. This therefore argues for it to be maintained near the heart of our education system and near the head of any list of cultural priorities; a body of work that should not be left to survive hand to mouth but must be put on a sustainable footing.

59. Participating in theatre and drama can also allow people, especially younger people (including those with developmental and behavioural challenges that mainstream schooling finds hard to cope with), the freedom to express themselves in ways they would find difficult in other contexts. The confidence that this sort of experience can bring should not be under-estimated. We have mentioned our visit to the Glasshouse College in Stourbridge and we were impressed by a rehearsal we saw there for a production of *Doctor Faustus* by the students.

60. There are a huge number of amateur dramatic groups in Britain serving almost every community. The National Operatic and Dramatic Association estimates that up to half a million people, including many young people, participate in amateur dramatics; many to a very high standard; some to go on into professional life in one capacity or other. This activity is largely unsupported by public funding and this demonstrates the depth and breadth of enthusiasm for, and commitment to, participation in the art form.

61. In addition there is the extensive economic significance that the sector plausibly claims both directly and indirectly. The economic impact of the West End theatre sector was most comprehensively studied for the 1998 *Wyndham* report. Together with some updates, the impact of West End theatre was as follows:

- a) ticket sales of over £300 million per year;
- b) tax revenues of £240 million;
- c) a £225 million surplus for the UK's balance of payments;
- d) 41,000 dependant jobs (directly and indirectly); and
- e) a total economic impact of over £1.5 billion.⁸⁹

62. Annual theatre activity outside London has been estimated to have an economic impact of about £1.1 billion, making the total £2.6 billion per year overall (to be set against the public subsidy via the four Arts Councils of around £120 million and an estimated contribution from local government of about £60 million).⁹⁰

63. An issue related to the further economic potential of theatre is that of Sunday performances. We heard from commercial theatre, in particular, that it would be keen to enable more Sunday performances; an innovation that has been both popular and lucrative for Broadway and described as now “absolutely a part of the theatrical week”. Ms Squire, Ambassador Theatre Group, told us that: “There are cost implications but I think it has to become the norm here. Just look at ... the trading figures with retail, how important Sunday trading is; the same must apply to us as well. It is a leisure day now and the Sunday matinee must become the norm and not to play Monday night.”⁹¹ The suggestion was that the relevant unions were the principal obstacle; an accusation that was hotly denied by representatives from Equity, BECTU and the Musicians Union.⁹² We very much hope that whatever difficulties there have been in coming to agreement on Sunday performances can be ironed out as soon as possible.

64. Overall, the Society of London Theatre reflected other witnesses' views in describing British theatre as an industry of very considerable cultural and economic importance reaching out to all parts of the UK sustained on a “modest” amount of public subsidy by Western European standards.⁹³

65. We agree with Mr Michael Attenborough, Artistic Director of the Almeida Theatre, and other witnesses, who argued that adequate levels of investment in both vital public services and significant cultural activities are needed; it should not be an either/or situation.⁹⁴ A civilised society has hospitals, schools, leisure centres, prisons and—if it is lucky and wise—a lively theatre tradition that can, amongst other things, be part of or reach out to these other institutions, and divert, inspire, enrich, even redeem, their inhabitants. **We believe that the overall case for substantial public investment in the theatre in this country is over-whelming and we note the evidence presented of high levels of support for this investment amongst the public.**

89 Ev 44-5

90 Ev 44-5

91 Q 288

92 Q 445

93 Ev 45, paragraph 27

94 Q 237

Channels and distribution of support

Arts Council

66. The distribution of subsidy to the arts, and to the theatre in particular, has long been a matter for the independent Arts Council, established by Royal Charter, and at “arms length” from Government. The Arts Minister, Estelle Morris, said that the arrangements were the right ones and “in terms of the strategic headlines, I do feel that I have got an involvement but, beyond that, no. So in terms of how they allocate their money or how they prioritise who they want to fund, I have never felt that that was part of my business. However, I do feel entitled to ask them, when they come in, for an explanation and a discussion with them.”⁹⁵

67. We note the evolving situation in Wales where the National Assembly has significantly altered the funding arrangements for the arts. Mr McGarry, Equity, told us that: “Recently the Welsh Assembly decided initially to abolish the Welsh Arts Council altogether as a process of eliminating quangoes ... They retreated from that but took to the Assembly itself the funding of the major clients of the Welsh Arts Council, the Welsh National Opera, Theatre Cymru and so on, and so those decisions about funding are determined by the politicians in the Assembly rather than the Arts Council. We think that is a dangerous precedent and would not want to see it happen in England, Scotland or Northern Ireland”.⁹⁶ **We believe that the arms length principle of distributing grant-in-aid and Lottery resources to the arts is important as well as practical. Fortunately we see no prospect of the Government seeking to replicate the steps taken by the National Assembly for Wales. However, this does not absolve the Arts Council England from a duty to account for its policies and performance; and its responsibility to put forward a robust case when challenged constructively from whatever quarter.**

68. One such challenge was made forcefully by the Independent Theatre Council (ITC) which represents 600 performing arts organisations and practitioners, most of whom are not based in their own venues. The ITC set out two key criticisms of current public funding from the Arts Council. First, public funding for theatre should be about people and not about costly buildings; and secondly, that the Arts Council was not sufficiently pro-active in losing low-performing clients and not quick enough at recognising and rewarding success in new practitioners.⁹⁷ The ITC wrote that common questions from members are “ ‘How good do you have to be before you can get Arts Council funding and how bad do you have to be before they will cut you?’ The sad answer to the former is ‘blinding brilliant and you still won’t get funded’ and to the latter ‘ill-managed, criminal, haven’t produced a good piece of work for five years—apply for stabilisation, have a consultant for six months!’ ”⁹⁸

69. In oral evidence Ms Charlotte Jones, Chief Executive of the ITC, told us that amongst organisations large and small “there are revenue clients who have been there for years who really are not being challenged and are not expected to be particularly accountable for the

95 Q 528

96 Q 449

97 Ev 55

98 Ev 55

way that they are conducting themselves.”⁹⁹ She suggested, in the light of the funding settlement for the Arts Council, that project funding would feel the squeeze first because revenue clients are “difficult to shift”. Building-based organisations were usually the safest because cutting the funding of an actual theatre left you with “a corpse to bury” in terms of disposal of the building.¹⁰⁰ Mr Gavin Stride, Chairman of the ITC, argued that the debate should be about whether buildings were the best way of attracting and developing new audiences. He said that “to an extent we are trying to adapt spaces that are not suited to the needs of the 21st century” and we should be looking at other ways of reaching people and expanding the body of work.¹⁰¹ He gave the example of Farnham where he had abandoned efforts to attract people to a particular building, used the space to develop work with four or five companies, and then toured it round the region using various sites and reaching all sorts of new audiences.¹⁰²

70. Ms Jones did suggest a middle way via an enhanced degree of collaboration between large buildings-based organisations and touring or other specialist companies. She said that this had been promised in the Theatre Review and gave examples of the Pentabus Theatre Company with the Birmingham Rep and Theatre Rights at the South Bank. She argued that, rather than reinventing the wheel with an outreach programme to tick the boxes of a funding body, large theatres should work with people and companies that already undertake such activities and do them very well.¹⁰³

71. Theatres themselves referred to examples of collaboration. Mr Nick Hytner, Artistic Director of the National Theatre, set out an impressive range of collaborative work undertaken at the National Theatre with small companies from all sorts of different disciplines.¹⁰⁴ Mr Hytner said “I am out the whole time seeing who is working at these smaller theatres, because the focus is on developing companies and artists not just filling buildings”.¹⁰⁵ Mr Nick Starr, Executive Producer of the National, described a system of “mentoring” whereby a small company got help with administration, fund-raising and marketing as well as the all-important sale of its tickets through the National’s box office.¹⁰⁶ Mr Stuart Rogers, Chief Executive of the Birmingham Rep, told us: “I think it is the responsibility of the larger regional theatres—and one that the majority of us grasp wholeheartedly—to work in partnership with those smaller developing companies and to make our resources available to them as well.”¹⁰⁷ Mr Rogers recognised that “the resources that are put into these large organisations are not just there for us but are there for all the wider theatrical community”.¹⁰⁸

72. Ms Patricia Weller, Executive Director of the Royal Exchange Theatre in Manchester, said that: “We get into lots of relationships...particularly locally, developing individual

99 Q 184

100 Q 196

101 Q 191

102 Q 195

103 Q 194

104 Q 113

105 Q 114

106 Q 117

107 Q 317

108 Q 317

artists. In fact we help them to achieve what ITC are saying it is difficult to achieve.”¹⁰⁹ Ms Weller said that technical, creative and administrative assistance from the Exchange staff helped some people to the point where they could apply for Arts Council funding themselves “and not always, but often, achieve it.”¹¹⁰ Mr Andrew Ormston, Arts Directorate of Birmingham City Council, said that “theatres...have developed a role as a hub of theatre activity in their [regions]”. He recommended that this role should be more formally recognised for large producing theatres and reflected in their funding.¹¹¹

73. The Lichfield Garrick and the Derby Playhouse also raised the question of how to get on the Arts Council funding ladder. Mr Paul Everitt, Artistic Director of the Garrick, said that “if the whole culture is going to work, then we must be creating work that reflects our whole community and the only way to really produce work that reflects the local community is to produce it yourself”.¹¹² But he told us that: “at the point we came to the Arts Council for funding, the bank was dry.”¹¹³ Ms Karen Hebbed, Chief Executive of the Derby Playhouse, posed the fundamental question of how best to support emerging companies, artists, theatres and art “whilst not losing the fabric and the important companies and culture that already exist.”¹¹⁴ The Derby Playhouse itself grew from an amateur company in a building into a professional theatre company and producing house with Arts Council funding. Ms Hebbed said that, since the Playhouse was late coming to the table, it got less funding now than other theatres in the region: “As far as we can tell it is all based on a historical model”.¹¹⁵ Derby Playhouse’s submission called for measurable objectives to form part of funding agreements with theatres so as to highlight variations in the achievements of individual theatres.¹¹⁶

74. Ms Kim Evans, acting Chief Executive of Arts Council England (ACES), said that, in the light of the recent funding settlement from DCMS, “we are going to make real choices based on individual need and we are committed to rewarding the excellent whilst recognising that sometimes those who are failing need support to get to the next stage.”¹¹⁷ Sir Christopher Frayling, Chairman of ACE, claimed that the ebb and flow of funded organisations was greater than people realised and the funding ladder was a more open system than had been suggested. He cited the 34 new organisations taken on for regular funding after the spending settlement of 2002 and the system of project grants respectively as evidence.¹¹⁸

75. We share the concern expressed by the Independent Theatre Council, and by some of the theatres who gave evidence to us, that the Arts Council seems to be entrenched in its existing funding programme. We believe that a more dynamic approach is needed rewarding new entrants, and existing theatre groups, who have innovative ideas while

109 Q 318

110 Q 318

111 Q 319

112 Q 376

113 Q 375

114 Q 379

115 Q 381

116 Ev 133

117 Q 487

118 Q 487

being far more critical of those recipients of funding who have failed to develop their original potential or to fulfil their commitments.

Local and regional government

Subsidy

76. Local government is a significant source of support for theatre and second only to the Arts Council as a provider of funding. Of course levels vary markedly between authorities as the arts are not a statutory responsibility but are usually carved out of another budget such as tourism and leisure. Lichfield District Council, having created the Garrick out of its former civic hall, is the exception rather than the rule. Figures for the total investment by local authorities in theatre are therefore difficult to determine. In 2001–02, local authority investment in the regularly-funded theatre organisations of Arts Council England was £17.2 million.¹¹⁹ There was also investment in theatres not regularly funded by the Arts Council. The DCMS told us that local authorities invests £220 million per year in the arts “some of which goes to theatres”.¹²⁰

77. Ms Nicola Thorold, acting Executive Director (Arts) of Arts Council England, said that “local authority partnerships are essential for maintaining and developing theatres in their communities and we could not be where we are without that local authority investment.”¹²¹ Mr Hamish Glen, Artistic Director of the Belgrade Theatre in Coventry and, formerly, Dundee Rep, told us that: “At Dundee Rep I did an impact assessment ten years ago, and it became a crucial piece of evidence for me to take to Scottish agencies to attract money, which had previously thought it was an absurd idea that they should be investing money in theatre, until they had an economic impact, so they found they almost had to. I am less certain as to how well that has been done down south over the last ten years.”¹²² Mr Andrew Ormston, Arts Directorate of Birmingham City Council, said that “one of the things that is urgently needed is the justification for the local authority expenditure in the arts and related activity in education. Many areas of local authority service now have formal targets or are recognised in the Comprehensive Performance Assessment, whereas the arts still remain marginal to that. We do need to do some work fairly urgently that shows what impact investment in the arts has, in a way local authorities can use to justify their expenditure and investment.”¹²³

78. Ms Joan Bakewell, Chair of the National Campaign for the Arts, told us that an important factor in the re-location of business and industry was whether the selected sites have cultural facilities. The Central Council for Amateur Theatre supported this: “It is ... an established fact that the existence of a theatre in a community is a positive incentive to firms wishing to relocate. The town with a thriving theatrical scene will always win over the cultural desert other things being equal; and this was the experience of Lichfield leading to support for the Garrick there.”¹²⁴

119 Ev 181

120 Ev 202

121 Q 490

122 Q 401

123 Q 320 and see Q 325

124 Q 466

Regeneration

79. While, of course, regeneration is not the primary purpose of arts development, it has emerged as one of the huge successes of investment in arts projects. Previously derelict and desolate areas, sometimes written off, have emerged as sparkling venues for theatre, opera, ballet and fine art which have catalysed regeneration. People, and their spending power, drawn to these venues have attracted other services, facilities and businesses leading to jobs and demands for housing. Examples in this country include Salford Quays, the Baltic Centre in Gateshead, Cardiff Bay and Glasgow. This Committee has seen for itself the regeneration of Newark, New Jersey through the construction of a major arts centre and the beneficial effects of clusters of arts facilities in Melbourne and Brisbane.

80. The DCMS held a conference on culture and regeneration in 2003 at the Lowry Centre in Salford which concluded that the Department needed to consider “how best to progress ... this project, which will start to identify the measures and indicators we need to assess capital projects by, if we are to effectively prove that cultural projects have wide-ranging social and economic regenerative impacts that effectively deliver key government objectives.”¹²⁵ Subsequently the Department ran a public consultation on culture and regeneration from June to October 2004. In this exercise DCMS identified three priority areas which it described as: partnerships across central, local and regional government, private and voluntary sectors, culture and regeneration practitioners, and local people; supporting delivery by spreading good practice on instilling culture and measuring outcomes; and strengthening evidence and ways of measuring impacts. DCMS reported in February 2005 that “learning from the consultation will be taken forward to inform a Development Forum, being set up to develop the Department's future work”.¹²⁶

81. Ms Bakewell said that Regional Development Agencies had not even begun to engage with the debate and appreciate the “flourishing industry” that is theatre.¹²⁷ Ms Angela Galvin, Chief Executive of Sheffield Theatres Trust, commented that it was fair to say that “RDAs have not managed to get their heads round what ‘culture’ means. There is an interpretation of it as ‘leisure’ and so shopping centres and sports facilities are understood but there is a vacuum there and we have tried to fill that vacuum with our arguments, as have many arts organisations in Yorkshire.”¹²⁸ Mr Ormston, Birmingham City Council, said that “one of the things that really needs to be tackled is the view of Regional Development Agencies and their investment in culture and cultural infrastructure ... this infrastructure is an important part of the visitor economy and the economy of the city, and across the country there are varying degrees of success in introducing RDAs as partners for capital investment ... if these theatre buildings, venues and concert halls did not exist, then the RDA agenda of flourishing cities and economies would not exist either.”¹²⁹

82. A great many witnesses have stressed the economic importance of art and cultural developments in this and our other inquiries. **We were concerned at evidence that government at national, regional or local level, had not done any serious work to assess**

125 *Building Tomorrow: Culture in Regeneration*, conference summary, DCMS, 25 February 2003

126 *Culture at the heart of regeneration*, consultation summary, DCMS, 4 February 2005

127 Q 466

128 Q 352 and see Q 399 (Mr Glen)

129 Q 323

the real economic impacts of such investments. Funding is a major problem for theatres, and other arts bodies, and the economic regeneration argument is a very strong one in securing increased investment in the arts as the examples given above show. However, very little work seems to have been accomplished to produce the hard facts necessary to reinforce this case. We note some moves towards recognition of the unique contribution of arts investment to revitalising urban communities as part of what DCMS calls its “culture and regeneration agenda”. We recommend that the Department commissions a study of progress with this agenda so far and reports to Parliament on the potential for further benefits from a far more strategic approach to investing in the arts infrastructure as a catalyst for urban regeneration.

Sponsorship, business investment and donations

83. Theatres across the UK received nearly £11 million from business sponsorship and investment in 2002/03 (down from a high of around £20 million in 1997/98) according to evidence from Arts & Business. The top ten theatre organisations for business investment were: Derby Playhouse, Donmar Warehouse, Grand Opera House Trust, Hackney Empire, International Shakespeare Globe Centre, Open Air Theatre Regent’s Park, Royal Exchange Theatre Company Ltd, Royal National Theatre, Royal Shakespeare Company and Theatre Active Ltd.¹³⁰ Mr Eric Galvin, Vice-Chairman of Derby Playhouse highlighted the “successful efforts we have made to diversify our funding to bring in support from big private companies in the city and other institutions for particular parts of work in the social agenda as well as in the mainstream of what we do.”¹³¹ The Travelex £10 season at the National Theatre was just one example of business sponsorship, but a very successful one, with the theatre playing to 95% capacity for the productions in question. The National Theatre told us that 300,000 people had enjoyed £10 tickets over the two seasons so far, of whom one third were first-timers.¹³²

84. In 2002/03 theatre also attracted £17.4 million worth of support from individuals and trusts or foundations (with recipients in London and the West Midlands accounting for £14 million of this). The total represents 6.8% of the total income raised by the cultural sector from these sources. While museums and galleries raised £26.3 million—and “heritage” dwarfed all other sectors with over £150 million—theatre still managed to raise more than any other performing art form.¹³³ We were told that, while public support for the arts in the USA was limited to the relatively poorly resourced National Endowment for the Arts, business sponsorship and contributions from individuals were extremely lucrative sources of funding due to the tax incentives that were in place.¹³⁴

Performers and theatre staff

85. We were intrigued by the claims that actors, and presumably other theatre staff, “subsidise” theatre themselves by the remuneration they were often prepared to accept which is a good deal less than they could earn in other sectors or other industries

130 Ev 214

131 Q 388

132 Ev 34

133 Ev 214

134 QQ 14 and 20

altogether; and sometimes leaves them actually worse off after a run or a tour than they were before. Mr McGarry, Equity, told us that actors “felt, and still feel, that they are in fact the largest group of people subsidising our theatre in this country by accepting earnings and salaries well below those which the average white collar worker would expect, and they rarely get that and rarely get it for any length of time.”¹³⁵ Sir Peter Hall, director and Artistic Director of the Rose of Kingston Theatre, agreed that this was true “even at the highest level”. He said that “I was talking to a young man the other day, who is in the RSC playing leading parts in the group doing those Spanish plays. He is the only married man with children in that group of 25 young actors because no young actor can afford to be in that group and pay his digs at Stratford for the season, and that is the Royal Shakespeare Company ... the top of the tree.”¹³⁶

86. Salaries for stage work, even for relatively established actors in West End productions, do appear to be remarkably low. Ms Christine Payne, Assistant General Secretary of Equity told us that, for a week’s work (based on 8 performances), in “the West End the minimum is about £350; in subsidised theatres the minimum is £309; in small-scale theatre it is £310”.¹³⁷ Some will argue that this has been a factor in the economics of theatre since time immemorial. But **it is a scandal that one of the nation’s key cultural activities is in such a state that, at least in part, it relies on professional performers and technicians to pay such a high price by earning such low wages. It is a tribute to the power of theatre that so many of them will do so, but we believe that drama colleges and theatre companies should make a concerted effort to improve financial support and advice for actors and backstage staff alike.**

Other sectors

The amateur dramatic sector

87. As we mention above, there is substantial network of amateur dramatic groups and societies in the country. The Central Council for Amateur Theatre (CCAT) told us that the estimated 20% of amateur companies belonging to the two umbrella bodies present more than 30,000 performances each year to audiences totalling approximately 8 million and with an annual turnover of some £39 million. The National Operatic and Dramatic Association told us that the sector involves nearly half a million people a year of whom 30% are under 21 years of age.¹³⁸

88. Apart from funding given to the National Association of Youth Theatres, the voluntary theatre sector in England does not receive core funding from Arts Council England (while the situation in Wales and Scotland has been different). In England, the feasibility of establishing a national association for the whole sector is under examination. CCAT expressed frustration that, although Arts Council England seemed to have an understanding of the needs of the voluntary sector, the Council failed to understand why amateur music received core funding but amateur theatre did not. The Council said that: “some modest funding should be made available to assist us in the task we undertake in

135 Q 447

136 Q 464

137 Q 447 (Ms Payne)

138 Ev 21 and 19

giving advice, providing training opportunities and coordinating the effort of volunteers in the amateur theatre field.”¹³⁹

89. Amateur theatre contributes to the local and national economy because of its purchasing power. Playwrights, publishers, costumiers, stage lighting and sound equipment suppliers and all other trades connected with theatre depend significantly on the amateur theatre for income (nearly 20% of turnover is spent on purchase of scripts and royalties). Commercial theatres often rely on amateur companies to provide ‘safe’ weeks when their income is secured by hiring out the venue rather than having to take a risk on a professional show. In this way the amateur sector was argued to subsidise professional theatre.

90. The lack of public funding for amateur dramatic activity highlighted by witnesses is curious when compared, for example, to the strategy of support for sport. In sport, a great deal of emphasis and resources are attached to grassroots activity. One could not imagine a public investment made to enable people solely to watch sports, with participation encouraged only later in life after one had found one’s own way to meeting professional standards. It is not simply the healthy and active lifestyle agenda that has driven the participatory element of sports funding, but a different set of aims and objectives altogether.

91. We believe that, as in sport, consideration should be given to the public policy gains that can be demonstrated as a result of participation in drama and a strategic approach to the funding of grassroots, or community, theatre should be developed. This should take place as a partnership between the sector, the Arts Council England, regional theatres, local government and schools. As a first step, proposals for a National Drama Association—with public funding—to bring the amateur sector together should be properly formulated and given serious consideration. A further initiative might be the development of local arts forums, including theatre and amateur theatre, aimed at maximising the use of local arts expertise and facilities for the benefit of the community.

Theatre and young people

92. Watching a classic play in the theatre—whether it is Arthur Miller’s *The Crucible* or Shakespeare’s *Henry V*—can transform radically a young person’s understanding of their set text. Dame Judi Dench told us that she had: “an enormous trunk of letters from schoolchildren ... who have come on school visits to the theatre [mostly to the RSC]. The gist of a great deal of them is that they did not want to come at all and were very ambivalent about it, but they say, ‘having seen the thing we are totally changed’ ... I could not feel more excited about ... going out into schools and talking to people, and actors working with young people.”¹⁴⁰ We received a great deal of evidence on the educational programmes of the subsidised theatre sector and efforts made by commercial theatres as

139 Ev 21

140 Q 436

well.¹⁴¹ We heard also, however, of the increasing burdens of cost and regulation involved in schools organising visits by pupils to the theatre.¹⁴²

93. In addition to links between stage and school, we heard, for example, from Ian Brown that “the theatre is one of the few places where a wide cross-section of the community comes together on a regular basis for the telling of a story, either through music, dance or drama. I think there is nothing like that for capturing kids’ imaginations. So when you see a five-year old at a Christmas show on the edge of their seat, that for me [is what] drives me forward to make sure that it can continue.”¹⁴³ Mr Roger Lang, Youth Theatre Co-ordinator at the ITC, told us: “Children are not just an audience of tomorrow; they are an audience of today.”¹⁴⁴ We also received evidence, moreover, that the opportunity to take part in a production, at school or in a local theatre or other venue, can enable a young person to grow in self-confidence and develop vital new skills of self-expression and team-working.¹⁴⁵

94. We note the Government’s commitment to drama in schools, but were concerned by those who told us that there is a short supply of high quality drama teachers. We were also concerned that youth theatre has so often fallen foul of funding cuts. Youth theatre and drama in schools should be a priority for funding and not a cinderella.

95. As specialist schools in the arts develop, they should seek twinning with local, regional and national theatres, as well as other theatre companies not necessarily based in buildings, and should see themselves as a resource for other schools.

Levels of subsidy

96. As many of our submissions make clear, the recent history of support for British theatre has been a picture of long-term decline, more recent renaissance and, most recently, an apparent return, without warning, to real terms cuts. Mr Hytner, National Theatre, told us that the performing arts were subsidised to a much lesser extent than in the rest of Europe. He described the National as “generously, heavily subsidised” but asserted that it was accepted that to achieve the kind of critical mass which can survive the vicissitudes of individual directors, and other ups and downs of repertory theatre, the kind of subsidy received by the National was essential.¹⁴⁶

141 Ev 169 and see Q 172 (Mr Nicholls)

142 Q 341 (Mr Brown)

143 Q 342

144 Q 202

145 Ev 169, 181 and Q 474

146 Q 107

97. The table below sets out the position in England over the last 20 years.

Year	Amount (£)	Amount (real terms £)
1986/87	29,765,000	57,207,812
1989/90	36,029,000	57,268,044
1994/95	45,559,000	58,857,895
1998/99	27,128,000	31,230,483
1999/00	29,987,000	33,785,364
2000/01	29,946,700	33,352,554
2001/02	30,288,800	32,896,338
2002/03*	74,629,940	78,372,141
2003/04*	89,566,873	91,481,813
2004/05*	95,601,602	95,601,602
2005/06	93,969,133	--
2006/05	97,431,332	--
2007/08	98,900,000	--

*Prior to 2002/03 funding listed do not include awards made by regional arts boards

Source: DCMS and Arts Council England

98. Prior to July 2000, the future of theatre had looked “bleak”. According to the Arts Council, under-funding for over two decades had left the industry with limited opportunity for innovation, risk-taking or creativity owing to a stop-start-stop pattern of funding. Many arts organisations were on the edge of insolvency. Due, not least, to the pressing priorities of upkeep there had been a concentration on the survival of buildings and institutions. The Council’s analysis argues that investment in the art form and its practitioners had become secondary. The sector had become inward-looking, was losing audiences and failing to engage its surrounding communities (despite ever-increasing demands to do so in order to demonstrate value-for-money).¹⁴⁷

99. In 2000 the Arts Council published the *National Policy for Theatre in England*. The policy was the result of the Theatre Review process, which had identified a sector in crisis with poor morale, reduced productivity, lowered standards and declining audiences. This document provided a strategic framework for the sector and identified clear priorities for action for both Arts Council England, the sector itself and other potential partners.¹⁴⁸

100. The key barrier to change was identified by the Theatre Review process as a lack of funding. The Arts Council had estimated that, at the very least, the sector needed an

147 Ev 176

148 Ev 176-7

additional £25 million annually to be invested in regional theatre. The Government accepted this recommendation. This represented a 72% increase in the budget for theatre between 2000/01 and 2003/04 and brought grant-in-aid up to £75 million. This allocation of resources meant that some organisations were able to receive grants that were more than doubled.¹⁴⁹ Ms Joanna Reid, Executive Director of the Belgrade Theatre Company, told us “theatre ... is at a really exciting stage. It is incredibly vital and the work is fantastic. We have seen Schiller on the West End ... and it is wonderful what is happening at the National. Actually that is a direct result of the Theatre Review money that came in two or three years ago.”¹⁵⁰ In the regions the effect was said to have been even more marked. Mr Hytner, National Theatre, told us: “revitalisation has been even more dramatic outside of London, in the regions, where £25 million extra was specifically diverted. I mentioned the Birmingham Rep earlier. The Birmingham Rep’s story is more dramatic than the National’s success story: 100% rise in audiences at Birmingham Rep, infinitely more exciting work, directly attributable to the raising of grants.”¹⁵¹

101. The Government’s recent increases in arts funding were estimated to have almost redressed erosion over previous years. Between 1993/94 and 2001/02, the total core grant-in-aid received by Arts Council England was some £120 million less (at 2001/02 prices) than it would have been had grant-in-aid kept pace with inflation. Despite the increases in the last two spending rounds, the Arts Council pointed to a remaining notional shortfall of some £54 million, which would be restored finally this year, 2005/06.¹⁵²

102. However, the Arts Council emphasised to us the fragility of the progress made up until now. Many theatres had got into a very poor financial position and, although the resources from Government helped them to stabilise and invest in the future, ACE argued that the extra funding had not yet been adequate “to reverse the damage of decades of under-investment.” ACE went on to say that “a significant proportion of the additional money for theatre of the last two rounds has gone into remedial support” and that this is before taking into consideration effects of inflation, reductions in local authority funding or a decline in income from other streams such as the National Lottery.¹⁵³

103. The funding allocations within Spending Review 2004 did not, as the sector and ACE had hoped, signal a sustained investment. As we have mentioned, this inquiry was prompted by disappointment with the potential implications for theatre of the 2004 funding settlement. **Mr Hytner said: “We did not expect or feel we deserved a huge raise. I think we were disappointed that a commitment was not made to keep us up with inflation ... cash standstill is effectively a cut. And a cut seems to us to be a mistake.”**¹⁵⁴
We agree.

104. The Arts Council’s total grant-in-aid was frozen at £412 million for 2005/06, 2006/07 and 2007/08. This overall cash standstill will mean a real terms reduction in total funding of the order of £33.8m over the period of the spending round. The DCMS’s memorandum

149 Ev 177

150 Q 402

151 Q 126

152 Ev 177

153 Ev 177

154 Q 126

stated that: “the Department is working with ACE to ensure that the funding available for arts organisations and artists does not fall in real terms.” The elements of this effort are: further efficiency savings; re-shaping arts education spending; and using budgetary flexibilities.¹⁵⁵ To us this sounds like cost-cutting, budget raiding and lightly cooking the books. If the Government does not wish real terms funding for arts organisations and artists to fall, the obvious question arises, why then freeze the budget?

105. The Arts Minister, Rt Hon Estelle Morris MP, told us that she thought the settlement secured from HM Treasury had been “very good”. She emphasised that, while the allocation of resources to the Arts Council as a whole was stand-still—and a reduction in real terms—this did not mean that funding for theatre would necessarily be reduced *pro rata*.¹⁵⁶ As we have discussed, the Arts Council has asserted a determination to target its funding by giving priority to good performance, and claimed that it would not be a case of “equal misery for all”.¹⁵⁷ The Minister explained: “I do not accept that there will be a real terms cut [for theatre]. There is, if you look at ACE’s budget in total, because it is a standstill budget of £412 million, but ...the reassurance they have given is that their central core will take most of the cut, the administration.” The Minister concluded: “I accept that ... it is a real terms cut for ACE. What I do not accept is that, at the end of the day when the theatres know what their individual funding settlements will be, all of them will get a real terms cut. Some may; many will not.”¹⁵⁸ **Given the announcement of an overall funding cut in real terms, the Government and the Arts Council need a far more effective communications strategy if avoidable anxieties are not to be raised within particular art forms.**

106. After giving evidence, the Arts Council wrote in confidence to the Committee giving some details of its conclusions on its funding allocations within the global sum granted-in-aid by the DCMS.¹⁵⁹ ACE wrote that its priorities were:

- a) to provide financial stability for the majority of arts organisations;
- b) to ensure that organisations with major capital developments received revenue funding to reach their potential;
- c) to develop the infrastructure for black and minority ethnic artists; and
- d) to review the range of organisations receiving regular funding and redirect funding to priority areas.

107. In order to meet these objectives the Arts Council said it was: cutting on the development of new opportunities for the arts (by £13 million); reducing the number of regularly funded organisations (121 organisations gone by March 2008; although 34 new clients appeared this year); targeting funds (54 organisations will receive below inflation increases or no increase at all); reducing its funding for the Creative Partnerships

155 Ev 201

156 Q 516

157 Q 487

158 Q 517

159 This information was announced on Thursday 17 March 2005 by Arts Council England.

programme (by £23 million across 2005/06 and 2006/07); and freezing its administrative budget for three years.

108. The breakdown for different art forms was given as set out below.

	Theatre	Music	Visual arts	Combined arts	Dance	Literature
£m in 2007/08	98.9	67.5	38.9	37.3	34.9	5.8
£m increase on 2005/06	5.9	4.6	5.1	4.4	2.7	0.4
% increase on 2005/06	6%	7%	15%	13%	8%	7%
RFOs in 2007/08*	246	128	204	191	85	78
Change in RFOs 2005/06	-18	-15	-18	-21	-1	-14
% change in RFOs 2005/06	-7%	-11%	-8%	-10%	-1%	-15%
£k average grant 2007/08	50	88	38	40	36	15
% rise in average grant on 2005/06	14%	20%	25%	26%	10%	26%

*Regularly funded organisations

Source: Arts Council England, March 2005

109. The Chairman of Arts Council England wrote that the Arts Council had ensured a degree of stability for most of its arts organisations but that this stability was “fragile” built, as it was, on “one-off flexibility and a reduction in other areas of our budget”. Sir Christopher set down a marker in saying that: “if there is not a better settlement in the 2006 Spending Review it will mean real cuts to more arts organisations”. He added that a strong case for the arts needed to be developed now to put to the Government for the 2006 funding process.¹⁶⁰

110. On the last occasion we examined the operation of the Arts Council, in 2002, it was poised to reform itself; principally by absorbing the Regional Arts Boards. Cost savings of between £8–10 million were cited amongst other benefits. The DCMS told us at that stage that it had “emphasised” that it wanted to see administrative savings throughout the system allowing increased funding for arts organisations. Mr Charles Morgan, independent arts consultant, has questioned the performance of the Arts Council in achieving efficiencies citing, principally, substantial rises in senior salaries, numbers of both permanent and especially temporary staff and spending on consultants.¹⁶¹ Evidence from ACE in the current inquiry asserted that the organisation was “ahead of its target to reduce...overheads by around £8 million”¹⁶² with administrative costs currently representing 7.2% of resources. **Sustainable efficiency savings by public bodies must**

160 Arts Council England, March 2005

161 See *Arts Professional*, 31 January 2005, p 7

162 Ev 178

always be sought with vigour. However, it seems invidious for the DCMS to press the Arts Council for such savings on the grounds that the money saved can then go direct to the arts; only to reduce the Council's grant-in-aid by roughly the same amount a couple of years later. No matter what the allocation to specific art forms, the Arts Council's efforts to increase efficiency have been rewarded with an equivalent real terms cut in baseline funding.

111. Government has many competing demands for public expenditure. Theatre got a good deal in 2002 and the sector was undoubtedly revived by that action. Arts Council England should take the pragmatic approach outlined by the Minister and continue the effort of streamlining its administration and reducing overheads. We believe ACE must also be prepared to take tough decisions to encourage, and preserve, the best and most fruitful organisations and curtail poorly performing organisations and less effective activities. Subsidy for the arts as practised by most governments is hardly a matter of bottom-up, assessed-need but rather what the Chancellor decides can be afforded. Like other areas of life supported by public funds, the theatre must be prepared to try and demonstrate value-for-money and make effective arguments for more investment. This seems not to have been done on this occasion with a breakdown somewhere along the chain between arts organisations and theatres, Arts Council England, DCMS and HM Treasury.

112. However, funding creativity is unlike other spheres of activity. Hard and fast principles of value-for-money are harder to develop and apply in this markedly diverse and challenging area. It is somewhat like the debate over whether the BBC should be chasing ratings; with popularity potentially breeding contempt. The investment in theatre however is not simply a measure of the cultural qualifications, or otherwise, of Ministers. This investment needs to be maintained for economic and financial reasons in addition to any arts policy objectives. **Theatre is important to the economic life of the country and generates a significant return for the Exchequer as well as showcasing the UK to the world. The commercial theatre sector often rests on work that originates, is developed, tested and proven within the subsidised sector.**

113. **The investment made since 2002—and the resulting virtuous circle of better productions and bigger audiences—needs to be protected and built upon. A policy of stop-go-stop, eschewed by the Treasury in macro-economic terms of 'boom and bust', is not a prudent approach to the long term investment in the arts to which the Government claims to be committed.**

114. **The Government needs to re-evaluate its allocation of resources to the arts, taking a long term view, to ensure that real terms cuts are avoided where no compelling arguments or evidence are presented for their necessity. In our view no such arguments have been made. The Government should re-consider and find the £34 million needed to keep the Arts Council's funding in line with inflation over the period of the 2004 spending settlement.**

Conclusions and recommendations

1. If a theatre, renovated and refurbished with the public's money to be fit for purpose for future generations, changes use then it should be axiomatic that the full amount of lottery money absorbed by that building is repaid. The conditions of this repayment must be set down in black and white so there can be no repetition of the Wembley Stadium 'handshake' debacle. In addition, we believe that if such a theatre is sold within 10 years of lottery-funded renovation then the Lottery should benefit to some degree. (Paragraph 25)
2. The Office of Fair Trading recommended that theatre advertising be required: to include the face value of the ticket; to indicate that additional fees may apply and could vary depending upon the sales channel and ticket seller used; and to indicate where tickets could be purchased at face value. We agree. A complaisant theatre-going public has for too long accepted this blatant rip-off and it is time it was brought to an end. (Paragraph 29)
3. We recommend that the DCMS and the lottery distributors should give consideration to how the balance of benefits in that relationship might be shifted in favour of subsidised theatre as part of a deal with commercial operators over capital investment in infrastructure; extracting more 'bang' for public 'bucks' from commercial transfers of productions that originate in the subsidised theatre sector (with all the risks shouldered therein). (Paragraph 31)
4. West End commercial theatre has made a case for public investment in its infrastructure but it has failed to back this up so far with a convincing commitment to accountability during the process nor a return for the wider public. This is not a good start. In addition, we believe that the 'West End' initiative needs to embrace the Old Vic (if another solution is not found for its maintenance issues) as this theatre fits the profile set out in the Act Now! report: namely that it is theatrically significant, it is not subsidised, it is in urgent need and it is a national treasure. (Paragraph 33)
5. We conclude that West End commercial theatre's most compelling arguments rest on grounds of heritage and economic impact. Therefore we believe that the Heritage Lottery Fund, the GLA and London Development Agency should be the major partners in responding to the West End's call. The Arts Council England should take a back seat, contributing to the structure of the funding package but reserving the bulk of its pressured capital resources for non-commercial theatre which itself has very pressing needs (Paragraph 34)
6. We note the Arts Minister's valedictory remarks on this topic: "This is probably a bit demob happy, but I personally would be disappointed if the efforts we had put in to the West End Theatre forum came to naught, but I just do not know – the Lottery distributors have a lot of pressures on their resource." (Paragraph 35)
7. We believe that new public amenities, such as libraries and theatres, are legitimate planning gains to which local authorities should aspire via Section 106 agreements. However, there was little evidence of this route having been used to develop new theatre buildings with the exception of Sir Peter Hall's new Rose of Kingston

Theatre. We recommend that the DCMS, in cooperation with the Office of the Deputy Prime Minister, make a report to Parliament on the use made of this legislative provision to secure arts and other cultural amenities to improve people's quality of life. (Paragraph 37)

8. We recommend that the Government announces the scale, shape and share of the distribution of National Lottery funds for good causes as soon as possible and certainly by the time a response to this Report is due. We recommend that the arts remain one of the good causes—believing there to be strong public support for this—and that the Arts Council remains a distributor of a significant size. (Paragraph 43)
9. The evidence presented to us suggests that now is the time for the Arts Council to re-focus its lottery capital programme towards the provision of assistance to publicly-funded, as well as not-for-profit, theatres for the maintenance of their buildings; consolidation is needed not further expansion. (Paragraph 50)
10. It is ten years since re-development of the RST was first conceived. It is high time the RSC took action before its lottery award is completely eroded by inflation. We trust that the Arts Council England will take all necessary steps to assay the robustness of the RSC's latest plan before handing over any funds. We shall follow progress with interest. (Paragraph 54)
11. We believe that the overall case for substantial public investment in the theatre in this country is over-whelming and we note the evidence presented of high levels of support for this investment amongst the public. (Paragraph 65)
12. We believe that the arms length principle of distributing grant-in-aid and Lottery resources to the arts is important as well as practical. Fortunately we see no prospect of the Government seeking to replicate the steps taken by the National Assembly for Wales. However, this does not absolve the Arts Council England from a duty to account for its policies and performance; and its responsibility to put forward a robust case when challenged constructively from whatever quarter. (Paragraph 67)
13. We share the concern expressed by the Independent Theatre Council, and by some of the theatres who gave evidence to us, that the Arts Council seems to be entrenched in its existing funding programme. We believe that a more dynamic approach is needed rewarding new entrants, and existing theatre groups, who have innovative ideas while being far more critical of those recipients of funding who have failed to develop their original potential or to fulfil their commitments (Paragraph 75)
14. We were concerned at evidence that government at national, regional or local level, had not done any serious work to assess the real economic impacts of such investments. Funding is a major problem for theatres, and other arts bodies, and the economic regeneration argument is a very strong one in securing increased investment in the arts as the examples given above show. However, very little work seems to have been accomplished to product the hard facts necessary to reinforce this case. We note some moves towards recognition of the unique contribution of arts investment to revitalising urban communities as part of what DCMS calls its "culture and regeneration agenda". We recommend that the Department commissions a study of progress with this agenda so far and reports to Parliament on

the potential for further benefits from a far more strategic approach to investing in the arts infrastructure as a catalyst for urban regeneration. (Paragraph 82)

15. it is a scandal that one of the nation's key cultural activities is in such a state that, at least in part, it relies on professional performers and technicians to pay such a high price by earning such low wages. It is a tribute to the power of theatre that so many of them will do so, but we believe that drama colleges and theatre companies should make a concerted effort to improve financial support and advice for actors and backstage staff alike. (Paragraph 86)
16. We believe that, as in sport, consideration should be given to the public policy gains that can be demonstrated as a result of participation in drama and a strategic approach to the funding of grassroots, or community, theatre should be developed. This should take place as a partnership between the sector, the Arts Council England, regional theatres, local government and schools. As a first step, proposals for a National Drama Association—with public funding—to bring the amateur sector together should be properly formulated and given serious consideration. A further initiative might be the development of local arts forums, including theatre and amateur theatre, aimed at maximising the use of local arts expertise and facilities for the benefit of the community. (Paragraph 91)
17. Mr Hytner said: “We did not expect or feel we deserved a huge raise. I think we were disappointed that a commitment was not made to keep us up with inflation ... cash standstill is effectively a cut. And a cut seems to us to be a mistake.” We agree. (Paragraph 103)
18. Given the announcement of an overall funding cut in real terms, the Government and the Arts Council need a far more effective communications strategy if avoidable anxieties are not to be raised within particular art forms. (Paragraph 105)
19. Sustainable efficiency savings by public bodies must always be sought with vigour. However, it seems invidious for the DCMS to press the Arts Council for such savings on the grounds that the money saved can then go direct to the arts; only to reduce the Council's grant-in-aid by roughly the same amount a couple of years later. No matter what the allocation to specific art forms, the Arts Council's efforts to increase efficiency have been rewarded with an equivalent real terms cut in baseline funding. (Paragraph 110)
20. Theatre is important to the economic life of the country and generates a significant return for the Exchequer as well as showcasing the UK to the world. The commercial theatre sector often rests on work that originates, is developed, tested and proven within the subsidised sector. (Paragraph 112)
21. The investment made since 2002—and the resulting virtuous circle of better productions and bigger audiences—needs to be protected and built upon. A policy of stop-go-stop, eschewed by the Treasury in macro-economic terms of ‘boom and bust’, is not a prudent approach to the long term investment in the arts to which the Government claims to be committed. (Paragraph 113)
22. The Government needs to re-evaluate its allocation of resources to the arts, taking a long term view, to ensure that real terms cuts are avoided where no compelling

arguments or evidence are presented for their necessity. In our view no such arguments have been made. The Government should re-consider and find the £34 million needed to keep the Arts Council's funding in line with inflation over the period of the 2004 spending settlement. (Paragraph 114)

Formal Minutes

Tuesday 15 March 2005

Members present:

Sir Gerald Kaufman, in the Chair

Mr Chris Bryant

Mr Nick Hawkins

Mr Frank Doran

Alan Keen

Michael Fabricant

Derek Wyatt

The Committee deliberated.

Draft Report (*Theatre*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 4 read and agreed to.

Paragraphs 5 to 11 read, amended and agreed to.

Paragraphs 12 and 13 read and agreed to.

Paragraph 14 read, amended and agreed to.

Paragraphs 15 to 28 read and agreed to.

Paragraphs 29 and 30 read, amended and agreed to.

Paragraphs 31 and 32 read and agreed to.

Paragraph 33 read, amended and agreed to.

Paragraphs 34 to 36 read and agreed to.

Paragraph 37 read, amended and agreed to.

Paragraphs 38 to 48 read and agreed to.

Paragraph 49 read, amended and agreed to.

Paragraphs 50 to 53 read and agreed to.

Paragraphs 54 and 55 read, amended and agreed to.

Paragraphs 56 to 62 read and agreed to.

Paragraph 63 read, amended and agreed to.

Paragraphs 64 to 74 read and agreed to.

Paragraph 75 read, amended and agreed to.

Paragraphs 76 to 78 read and agreed to.

Paragraphs 79 to 82 read, amended and agreed to.

Paragraphs 83 and 84 read and agreed to.

Paragraphs 85 and 86 read, amended and agreed to.

Paragraphs 87 to 90 read and agreed to.

Paragraphs 91 to 95 read, amended and agreed to.

Paragraphs 96 to 99 read and agreed to.

Paragraph 100 read, amended and agreed to.

Paragraphs 101 and 102 read and agreed to.

Paragraph 103 read, amended and agreed to.

Paragraph 104 read and agreed to.

Paragraphs 105 to 110 read, amended and agreed to.

Paragraphs 111 to 114 read and agreed to.

Resolved, That the Report, as amended, be the Fifth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (reports)) be applied to the Report.

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

[Adjourned till Wednesday 23 March at 10.30 am

Witnesses (Volume II)

Tuesday 25 January 2005

Mr David James, Chairman, The Writers' Guild of Great Britain Ev 3

Mr Rupert Rhymes, Chairman, **Mr Peter Longman**, Director, and **Mr Mark Price**, Planning Officer, The Theatres Trust Ev 14

Mr Tom Williams, Chairman, Central Council for Amateur Theatre; **Mr Mark Pemberton**, Chief Executive, National Operatic and Dramatic Association (and Secretary of CCAT); **Mr Niall Monaghan**, Chair, Little Theatre Guild of Great Britain; and **Mr Aled Rhys Jones**, Director, Drama Association of Wales, Vice Chair of CCAT, and English speaking Secretary of the International Amateur Theatre Association. Ev 25

Tuesday 1 February 2005

Mr Nicholas Hytner, Artistic Director, and **Mr Nick Starr**, Executive Producer, National Theatre Ev 36

Mr Richard Pulford, Chief Executive, Society of London Theatre and Theatrical Management Association; **Sir Stephen Waley-Cohen**, President, Society of London Theatre; and **Mr Derek Nicholls**, President, Theatrical Management Association Ev 47

Ms Charlotte Jones, Chief Executive, **Mr Gavin Stride**, Chair, and **Mr Roger Lang**, YPT Coordinator, Independent Theatre Council Ev 57

Tuesday 8 February 2005

Mr Michael Attenborough, Artistic Director, and **Mr Neil Constable**, Executive Director, Almeida Theatre; **Mr Michael Grandage**, Artistic Director, and **Mr Nick Frankfort**, Executive Producer, Donmar Warehouse Ev 65

Ms Sally Greene, Chief Executive and Trustee, **Mrs Joyce Hytner**, Trustee, **Ms Joan Moynihan**, Executive Director, The Old Vic, and **Ms Diane Borger**, General Manager, Royal Court Theatre Ev 77

Ms Rosemary Squire, Executive Director, Ambassador Theatre Group; **Ms Catie Callender**, Managing Director, UK Theatrical Venues, Clear Channel Entertainment; **Mr Andre Ptaszynski**, Chief Executive, Really Useful Theatres; and **Mr Richard Johnston**, Chief Executive, Delfont Mackintosh Theatres Ltd Ev 97

Tuesday 22 February 2005

- Mr Stuart Rogers**, Chief Executive, Birmingham Repertory Theatre;
Mr Andrew Ormston, Arts Directorate, Birmingham City Council;
Ms Patricia Weller, Executive Director, and **Mr Greg Hersov**, Artistic Director,
 Royal Exchange Theatre, Manchester Ev 111
- Mr Ian Brown**, Artistic Director, **Mr Michael Pennington**, actor, and
Ms Henrietta Duckworth, Producer, West Yorkshire Playhouse; and
Ms Angela Galvin, Chief Executive, Sheffield Theatres Trust Ev 127
- Mr Paul Everitt**, Artistic Director, Lichfield Garrick Theatre; **Mr Colin Ablitt**,
 Portfolio Holder for Culture, Lichfield District Council; **Ms Karen Hebbed**, Chief
 Executive, and **Mr Eric Galvin**, Vice-Chairman, Derby Playhouse;
Mr Hamish Glen, Artistic Director and Chief Executive, and **Ms Joanna Reid**,
 Executive Director, Belgrade Theatre Company Ev 135
- Sir Christopher Bland**, Chairman, **Dame Judi Dench**, Honorary Associate Artist,
Mr Michael Boyd, Artistic Director, and **Ms Vikki Heywood**, Executive Director,
 Royal Shakespeare Company Ev 146

Wednesday 2 March 2005

- Mr Ian McGarry**, General Secretary, **Mr Harry Landis**, President;
Ms Christine Payne, Assistant General Secretary (Theatre and Variety), and
Mr Oliver Ford Davies, Council Member, Equity; **Mr Willy Donaghy**, Supervisor,
 Arts and Entertainment Division, BECTU; **Mr Horace Trubridge**, Assistant General
 Secretary, The Musicians' Union Ev 160
- Ms Joan Bakewell CBE**, Chair, **Ms Victoria Todd**, Director, National Campaign
 for the Arts; **Mr Giles Croft**, Artistic Director, Nottingham Playhouse;
Sir Peter Hall, theatre, film and opera director and Artistic Director, Kingston
 Theatre; and **Ms SuAndi OBE**, Cultural Director, Black Arts Alliance Ev 170
- Sir Christopher Frayling**, Chair, **Ms Kim Evans**, Acting Chief Executive,
Ms Nicola Thorold, Acting Executive Director (Arts), Arts Council England; and
Ms Carole Souter, Director, Heritage Lottery Fund Ev 194
- Rt Hon Estelle Morris**, a Member of the House, Minister for the Arts, and
Ms Grace Carley, Head of Arts Funding, Department for Culture, Media and Sport Ev 208

List of written evidence

1	Writers' Guild of Great Britain	Ev 1
2	The Theatres Trust	Ev 9
3	National Operatic and Dramatic Association	Ev 19
4	Central Council for Amateur Theatre	Ev 21, 23, 33
5	Little Theatre Guild of Great Britain	Ev 24
6	National Theatre	Ev 34
7	Society of London Theatre/Theatrical Management Association	Ev 43
8	Independent Theatre Council	Ev 45
9	Almeida Theatre	Ev 63
10	Donmar Warehouse	Ev 64
11	Old Vic Theatre Trust	Ev 73
12	Royal Court Theatre	Ev 75
13	Ambassador Theatre Group	Ev 82
14	Clear Channel Entertainment	Ev 85
15	Lord Lloyd Webber	Ev 86
16	Cameron Mackintosh Ltd	Ev 87
17	Birmingham Repertory Theatre	Ev 106
18	Birmingham City Council	Ev 108
19	Manchester Royal Exchange Theatre	Ev 109
20	West Yorkshire Playhouse	Ev 119
21	Sheffield Theatres	Ev 123
22	Derby Playhouse	Ev 132
23	Belgrade Theatre Coventry	Ev 133
24	Royal Shakespeare Company	Ev 141
25	Equity	Ev 155
26	BECTU	Ev 159
27	National Campaign for the Arts	Ev 166
28	Arts Council England	Ev 176
29	Heritage Lottery Fund	Ev 192
30	DCMS	Ev 201,213
31	Arts and Business	Ev 214
32	Joanne Benjamin	Ev 218
33	Contact Theatre Manchester	Ev 220
34	Guildhall School of Music and Drama	Ev 221
35	Michael Holden Associates	Ev 222
36	Lyric Theatre	Ev 226
37	Charles Morgan	Ev 227
38	National Council for Drama Training	Ev 230
39	New Vic Theatre	Ev 230
40	Norwich Theatre Royal	Ev 231
41	Pilot Theatre	Ev 231
42	Royal Society of Arts	Ev 233
43	Save London's Theatres Campaign	Ev 236

44	Scottish Arts Council	Ev 235
45	Theatre by the Lake	Ev 237
46	Unicorn Theatre for Children	Ev 238
47	The Young Vic Company	Ev 240

Witnesses (Volume III)

Tuesday 14 October 2003

Mr Robert Cogo-Fawcett , Chairman, Ms Carol Metcalfe , Artistic Director, Mr Tim Sawers , Executive Director, Ms Janie Dee , Artiste, The Bridewell Theatre	Ev 7
Ms Caroline Underwood , Chairman, and Ms Georgina Bexon , Chief Executive, Mercury Musical Developments	Ev 16
Dr Maggie Semple , Chairman, The National Youth Music Theatre	Ev 20
Ms Sarah Weir , Executive Director, Arts Council London; and Ms Nicola Thorold , Director, Theatre, Arts Council England	Ev 33

And appendices thereto.

Reports from the Committee since 2001

Session 2004–05

First Report	A public BBC	HC 82
Second Report	Work of the Committee in 2004	HC 253
Third Report	Public Libraries	HC 81
Fourth Report	Maritime Heritage and Historic Ships	HC 296

Session 2003–04

First Report	Cultural Objects: developments since 2000	HC 59
First Special Report	Privacy and media intrusion, replies to the Committee's Fifth Report, 2002–03	HC 213
Second Report	DCMS Annual Report: work of the Department in 2002–03	HC 74
Third Report	Broadcasting in transition	HC 380
Fourth Report	Work of the Committee in 2003	HC 404
Fifth Report	Reform of the National Lottery	HC 196
Second Special Report	Broadcasting in transition: replies to the Committee's Third Report, 2003–04	HC 585
Sixth Report	Arts development: dance	HC 587
Seventh Report	Drugs and role models in sport: making and setting examples	HC 499

Session 2002–03

First Report	National Museums and Galleries: funding and free admission	HC 85
Second Report	The work of the Committee in 2002	HC 148
Third Report	A London Olympic bid for 2012	HC 268
Fourth Report	The structure and strategy for supporting tourism	HC 65
Fifth Report	Privacy and media intrusion	HC 458
Sixth Report	The British film industry	HC 667

Session 2001–02

First Report	Unpicking the Lock: the World Athletics Championships in the UK	HC 264
Second Report	Testing the waters: the sport of swimming	HC 418
Third Report	Arts development	HC 489
Fourth Report	Communications	HC 539
Fifth Report	Revisiting the Manchester 2002 Commonwealth Games	HC 842
Sixth Report	Wembley National Stadium Project: Into Injury time	HC 843
Seventh Report	The Government's proposals for gambling: nothing to lose?	HC 827

