



A Study of the Economic and Social Impact of Subsidised Theatre in Northern Ireland



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Executive Summary

April 2005



Preface

The Arts Council's core business is providing grants to professional artists and arts organisations throughout the region in a wide variety of artistic disciplines and to act as the principal development agency for the arts.

The Arts Council is an executive Non-Departmental Public Body (NDPB). Its sponsor department is the Department of Culture Arts and Leisure (DCAL). It receives its principal core funding through public expenditure lines and is a National Lottery Distributor.

The Council delivers its functions and pursues its objectives by:

- Providing funding and developing contemporary arts in Northern Ireland;
- Providing information services to the arts community and encouraging support for the arts from others, including: local government; the education sector and development agencies;
- Supporting arts and arts activities wherever they occur including galleries, theatres, community venues, youth clubs, schools, hospitals and workplaces;
- Providing awards and bursaries, travel and research grants to artists and the arts community;
- Promoting the work of artists internationally by working with partners;
- Supporting the arts and providing opportunities for every citizen to develop their own creative talents and to benefit from those of others.

In July 2001, following a period of review and stakeholder consultation, the Arts Council published its five-year plan (The Arts: Inspiring the Imagination, Building the Future). This document sets out a vision for both the arts and our society within the context of the Programme for Government and the strategy of DCAL. The strategic objectives of the plan are to:

- Increase opportunities for artists working to the highest standards and in innovative ways;
- Strengthen the arts infrastructure;
- Engage with community arts to increase opportunities for creative participation, to develop new audiences and to expand the range of contexts in which artists work;
- Engage with voluntary arts to increase opportunities for creative participation, to develop new audiences and expand the range of contexts in which artists work;
- Increase the quality of access for disabled people to the arts;

- Enhance children and young people's access to creative expression through the arts, in contexts of their own choosing, and increase opportunities for participation as they grow and develop;
- Increase audiences for the arts by establishing measured baselines to track trends and measure progress; to tackle barriers that prevent people from accessing the arts; to implement innovative measures to develop new audiences.

This Report is one of three Occasional Papers to be published by the Arts Council presenting qualitative and quantitative evidence of impact emanating from a sustained Research Programme. The Research Programme is important for a number of reasons. Conducting original research is one of the ways in which the Council can become more strategic in its focus. It is important for the Arts Council to sustain a leadership role within the sector by being proactive in informing new policy which is evidence based.

The Council needs up-to-date and reliable information to support the developing work programme as it relates to the Council's key areas of responsibility and to the delivery of its five-year plan. An objective of the current Research Programme is to provide robust arguments for targeting resources to key policy areas. Another objective of the Programme is to construct with the sector new instruments to measure effectiveness. Organisations funded from the public purse are under increasing pressure to demonstrate that public money is spent on activities that provide the greatest benefits to society and that it is spent in the most efficient way. The Council has engaged with the community and voluntary sector to devise an evaluation framework that can help organisations ensure that action is continually refined to reflect what best achieves objectives, reflects best practice and promotes public interest. A survey of Regularly Funded Organisations (RFOs) has recently been designed to examine activity, employment and audiences levels. The survey will provide a barometer of artistic, managerial and financial capacity and assist the Council understand the strategic factors driving the sector. In addition, information from the Research Programme is used in presenting the case for the arts to government and can be an important advocacy tool.

The Council is committed to commissioning original research to inform the development of strategic policy for the arts in Northern Ireland and to make that information accessible. This Report is available on request in large print format, disk and audio tape and also on the Arts Council's website: www.artscouncil-ni.org.

Nick Livingston, *Director, Strategic Development*

Executive Summary

1.1 Introduction

In order to better support the development of all art forms and gain a better understanding of the contributions of arts organisations to the economy, community and sustainability of the arts in general, the Arts Council of Northern Ireland (ACNI) commissioned Cap Gemini Ernst & Young, in conjunction with Millward Brown Ulster to complete an Economic and Social Impact Study of Subsidised Theatre in Northern Ireland.

For the purposes of the review subsidised theatre refers to drama produced by local NI theatre production companies.

1.2 Terms of Reference

As outlined in the tender documents the aim of this review is:

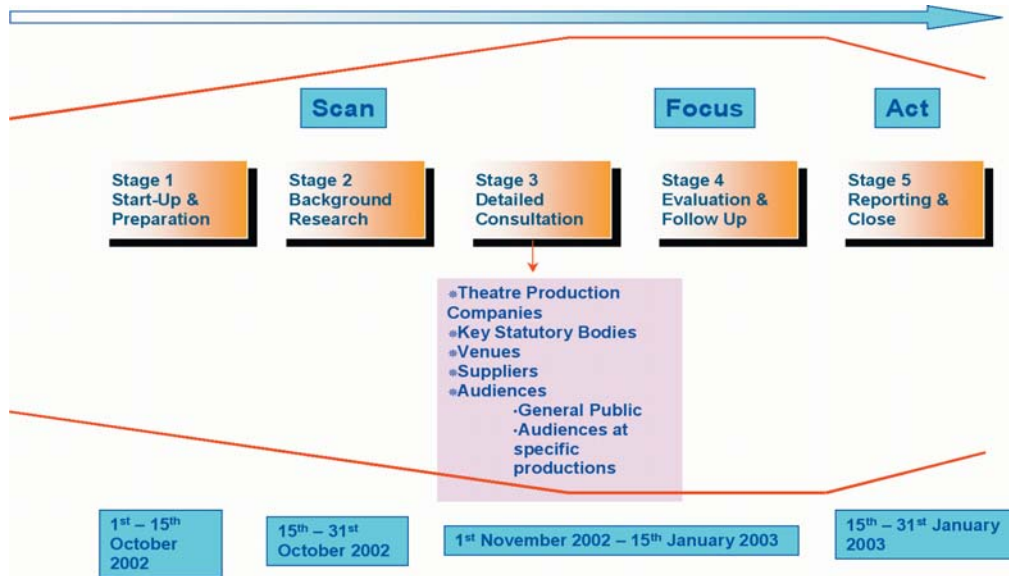
“To undertake an impact evaluation using a variety of qualitative and quantitative research methods, to demonstrate the contribution of subsidised theatre in Northern Ireland on local and regional economies, social well being and the sustainability of the arts in general.”

The scope of the review is:

- An audit of the current activity and collation of audience and product baseline data;
- An economic impact analysis;
- A social impact analysis.

1.3 Approach

The review was conducted in five key stages. These are outlined in the following diagram.



Consultation comprised a series of meetings, telephone interviews, surveys and focus groups.

The data provided throughout this report in relation to the theatre production companies has been compiled based on data held by ACNI on the relevant organisations supplemented by responses received from the production companies through the course of this review.

Difficulties were encountered during the course of the review in the collation of reliable data for a number of organisations. This arose due to:

- Gaps in ACNI records as a result of some companies failing to make the necessary returns to ACNI for the period under review;



- Inconsistencies between data sources (e.g. variations between Company Annual Returns to ACNI, Management Information and Annual Accounts as well as between ACNI and Belfast City Council (BCC) records);
- The fact that a number of companies chose not to participate in the review; and
- Changes in personnel, recording systems and processes within a number of production companies which limited the extent to which detailed analysis could be provided on income and expenditure.

In those instances where organisations chose not to participate in the review and where inconsistencies exist in available data, the Annual Return to ACNI and the Annual Report and Accounts have been used as the primary data source supplemented by further detail which has been made available from both ACNI and Belfast City Council records. For those companies where no data is available the analysis has been left blank and highlighted throughout the report.

It should be noted that no audit or verification work has been completed on the data provided by the theatre production companies, and as such it is intended to provide an indication of activity within the sector rather than definitive statistics.

1.4 Sectoral Overview

In order to provide a finite sample for review, and in an attempt to manage the data collection process, it was decided at the outset of the project that the study should focus on those theatre production companies in receipt of revenue funding from ACNI in the period from April 1999 – March 2001.

This resulted in 13 companies being identified for inclusion within the review. These were:

- JustUs
- Aisling Ghéar
- Big Telly Theatre Company
- Dubbeljoint Productions
- Prime Cut Productions
- Ridiculsmus
- Lyric Theatre Productions Company
- Sole Purpose Productions
- Belfast Theatre Company
- Centre Stage
- Kabosh
- Replay Productions
- Tinderbox Theatre

In order to fully understand the production companies in receipt of subsidy from ACNI in

the period under review, a high level sectoral overview was completed assessing individual company aims and objectives, product profiles, audience numbers and venue availability and suitability in NI. The key findings from this overview are that NI has an established theatre production sector offering a diverse range of product to an audience base in excess of 150,000 per annum (including children).

Initial findings indicate that product is in many ways supply driven rather than demand led. This is causing problems in selling product to venues that will have wide appeal to audiences, thus restricting the production companies ability to cover fixed costs and operate in a more stable and secure financial environment.

A balance must be struck between developing a financially stable and secure subsidised theatre sector with the need for the sector to retain its level of creativity, integrity and independence, and its ability to produce innovative, experimental product.

1.5 Economic Impact

The findings from the economic evaluation completed confirm expectations that the subsidised theatre sector, as defined, does not make a significant contribution to the NI economy¹. However it can be concluded that the sector does spend in excess of £2 million per annum within NI and provides direct employment opportunities for at least 87 Full Time Equivalents (which translates into over 350 individuals within the sector on a full time, part time and contract basis).

While approximately 60% of sectoral income is derived from public subsidy (95% from ACNI and 6% from BCC) this income enables the sector to leverage a further £854K from other sources – that is £0.86 per £1 of subsidy. The level of direct expenditure per £1 of ACNI subsidy equates to £1.97.

Based on the analysis completed it is evident that the main expenditure item for the sector is personnel costs (averaging almost £1.3 million in the 1999-2001 period), of this an estimated £369K (28%) relates to PAYE and NIC costs and is returned to the Exchequer.

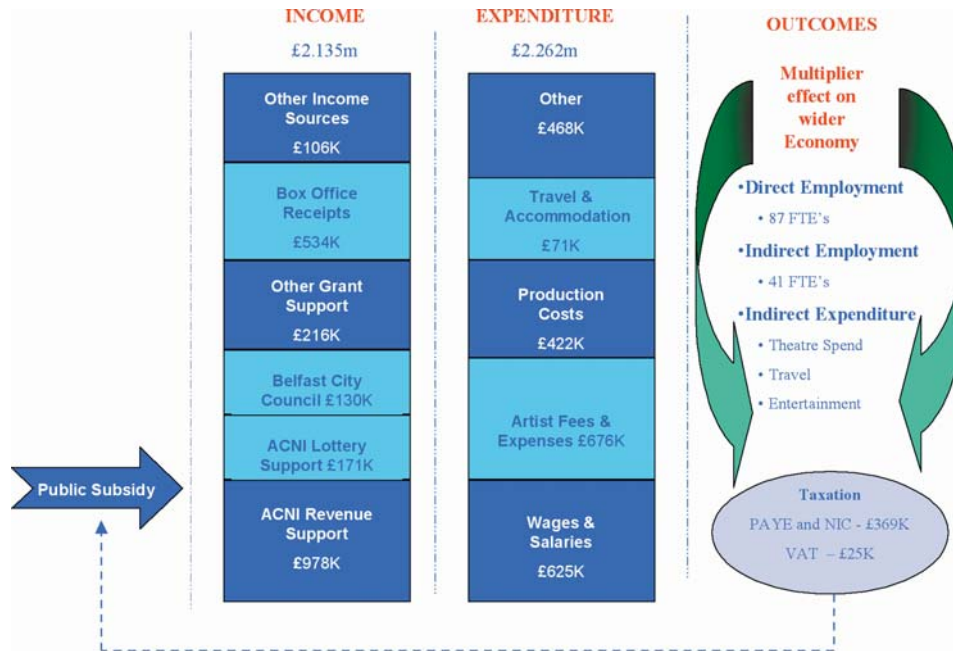
Overall profitability within the sector is low. While it is appreciated that the sector does not exist to generate profits, and that most of the organisations included within this review are charities, the low levels of profitability do impact upon the extent to which the organisations which make up the sector can build reserves to secure longer term

viability and facilitate future planning.

Wider economic impacts include:

- Supply linkages, associated with purchases made by the sector to local firms and businesses (estimated at approximately £1.5m pa, which in turn creates employment and further spend); and
- Income or consumption multipliers associated with local induced expenditure by those deriving their income directly or indirectly from the sector. Applying the composite employment multiplier utilised in John Myerscough’s Economic Impact of the Arts in NI of 1.47, this provides an estimate of a further 41 indirect jobs arising from the subsidised theatre sector in NI (i.e. direct employment of 87 X 1.47 less 87)².

A summary of the direct and indirect economic and financial impact of the subsidised theatre sector in NI, over the period 1999/2001, is provided in the following diagram.



Notes: All figures are averages for the 2 years under review

² Economic Impact of the Arts – John Myerscough (January 1996) which studied the impact of the arts on the NI economy in the 1993/94 period. This estimates that for every one job created within the arts sector, a further 0.47 are created within the wider economy

1.6 Social Impact of Subsidised Theatre

In early November 2002 a series of questions were placed on the Millward Brown Ulster Omnibus in order to facilitate the collation of data on the general public's view of the social impact of subsidised theatre in NI. This delivered a representative sample of just over 1000 adults across 47 sampling points in Northern Ireland.

The purpose of the general public research was twofold, that is, to measure and profile the incidence of exposure to subsidised drama and to examine views on the social contribution of drama, regardless of whether people choose to attend such performances.

The key findings from the survey are as follows:

- In relation to **audience profiles**, there are clear differences in the levels of participation in theatre-going between socio economic groups, with professional and white collar workers (ABC1) being twice as likely to attend the theatre than manual workers. Attendance is more likely in the south and west of Northern Ireland with Catholics being significantly more likely to have attended a subsidised drama presentation in the period under review;
- Overall the **impact of subsidised theatre** in NI was viewed positively by both the general public and theatre audiences alike, with all outcome statements being agreed to by the majority at various levels. Variations occurred in relation to the level of agreement/support, with marked differences occurring in some cases between gender, geographical location, religion and age. These variations were in line with the variations in audience profile outlined above; and
- Approval for the **provision of public subsidy** to the theatre was high, with two thirds of the general public, and 86% of theatre goers approving. ABC1's and Catholics were most supportive.

1.7 Qualitative Assessment of Key Issues facing Subsidised Theatre in NI

A further consultation exercise was completed with representatives from the production companies and theatre venues in the form of two focus groups held on the 14th and 15th January 2003.

The key objective of these groups was to obtain the views of the production companies and venues on the findings from the general public surveys, as well as to gain a

thorough understanding of the key issues facing the sector.

In summary these focus groups agreed with the positive findings from the consultation completed with the general public. However it was highlighted that these must be viewed in conjunction with a number of issues currently facing the sector, which impact on its ability to further grow and develop to meet its economic and social impact targets.

These key issues, and where available necessary actions, include:

- The need for a strategic approach to audience development, linking production companies, venues and the Arts Council;
- Increased working between production companies, or their representatives, and the education sector;
- Design, development and introduction of a more co-ordinated approach to product and audience development including sharing booking information, a more secure funding network and the introduction of promotional offers; and
- The need for a more structured approach to the provision of training/support for the organisations in relation to developing the administrative skills required to manage and control the business.

1.8 Conclusion

The findings from this review highlight that, while the subsidised theatre sector does not contribute significantly to the economy of NI³, it does incur direct spend of approximately £2million per annum, of which at least 58% goes to meet employment costs generating the equivalent of at least 87 full time posts directly and an estimated 41 FTE positions in the wider economy.

The sector, as defined, comprises 13 organisations, the majority of which are charities existing to further a range of artistic and creative objectives. These organisations are heavily reliant on public subsidy (ACNI and BCC provide at least 60% of annual income) and operate at low levels of profitability. While it is recognised that profit maximisation is not the key aim for these organisations, the low profit margins which exist do limit the ability of these organisations to build the reserves necessary to provide a level of stability to facilitate long term planning.

The output from the social impact evaluation completed within this review highlights the positive contribution that the sector makes to the development of NI society in the areas of:

- Education and professional development;
- The promotion of NI and its people;
- Developing and building Northern Ireland's cultural identity and assisting in creating enhanced social cohesion; and
- Enhancing regional infrastructure and pride.

One of the key findings from this review is the extent to which product produced by the sector is supply led rather than demand driven. This, coupled with a lack of overall co-ordination between the theatre production companies and venues, has resulted in a limited audience base for subsidised theatre in NI. This is evidenced in the proportion of the NI adult population that attend subsidised theatre (5% based on Omnibus Survey results) and further enforced through discussions with both venues and producing companies where it is apparent that NI demand only facilitates "one night stands" in regional venues, thus restricting the ability of the production companies to cover fixed costs.

The conclusion to be derived from this is that NI currently has either an excess supply of product or an underdeveloped audience base. Given that the results of the Omnibus survey find that 18% of the NI adult population attend theatre, with only 5% attending subsidised theatre, it is reasonable to assume that the audience could be further developed through active and co-ordinated product development and promotion between the venues and production companies.



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