

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee
Cyllid Celfyddydau nad yw'n Gyhoeddus / Non-public Funding of the Arts
CWLC(5) ART17
Ymateb gan Theatr Na nÓg / Evidence from Theatr Na nÓg

Our experience and thoughts about ways to increase income generation

Our remit as a charity is to provide a service, which like many other public services is not of a nature that would gain a return on investment by a commercial company. Much of our work happens with local communities and schools where a financial return would not be realistic.

With a staff team of 4 we have to spend our time wisely, ensuring we fulfil our purpose and create work of high quality. Without a specialised role in the staff team, the time allocated to look for commercial sponsorship, sourcing and applying for funding from Trusts and Foundations and philanthropic donations from individuals, equates to around 15% of one full time staff member.

Successfully achieving an income from these areas takes time to research potential matches, apply and nurture a relationship, as such the return on our invested time has to be carefully weighed up.

In order to increase earned income through ticket sales there are many contributing factors. From personal experience, having been a venue programmer, venues as still paying fees at a level as they were 10 years ago to the companies producing the work such as Theatr na nÓg. With the reduction and loss in many cases of Local Authority funding, venues are working to tight programming budgets. Guaranteed fees are becoming increasingly rare with venues opting to minimise risk by offering to split ticket sales with the company, meaning both the producing company and venue take equal risk. For us that means we are entirely dependent on the success of the venue marketing our show and selling tickets on our behalf.

The face value of the ticket is subject to VAT and then split with the hosting venue meaning an increase in ticket sales by £1 would see an actual increase of around 49p after royalties to us.

Tickets need to be priced at a level appropriate for the community in which the production is performed so that cost doesn't become prohibitive and the arts only for the elite.

The success of each local economy has a huge impact on how much audience members can afford and the price venues can charge.

Our recommendations

In the long term the infrastructure of small arts organisations would need to be reviewed to look at the feasibility of creating and supporting new specialist roles as well as the availability of successful fundraisers in the country to fill any new positions. It would be of benefit to companies such as ours if ACW were able to, via their Resilience programme, provide a regional resource of this nature to similar National Portfolio companies.

An analysis of each portfolio organisation by an expert with a proven track record of working with arts organisations to increase income would be welcomed.

A joined up approach to investing in audience development would support venues, see visitors attending their local venue more and with transport investment support communities to travel to other venues which on the map should be local but in reality are impossible to get to if reliant on public transport.

In return venues would generate more income not only on ticket sales but ancillary spend and in return have more flexibility in the fees available to pay the companies producing the work.

Arts Council National Portfolio Funding

The development of a new show typically takes between 2–5 years from the initial idea, development of the script, booking of venues (usually 1 year in advance) to the creation of the final production. Companies in Wales that rely on ACW funding work in a precarious way with an uncertain future due to grants only being awarded on an annual basis. Whilst we plan ahead for the next 3–4 years we never know if we will be successful in continuing to receive funding from our major funder until January for activities to begin in April.

Our recommendations

With a commitment to longer term funding over a period of 3 years plus for National Portfolio Organisations in line with Arts Council England, organisations would increase stability, security and the ability to plan further ahead. With funding secured for a longer term this would enable this to be used as match funding for

applications for Trusts and Foundations where applications would normally be submitted 6–12 months before required.

It may also offer more security if a potential investor could be found.

An innovative approach to raising non-public funding

Theatr na nÓg has experienced first-hand the challenges that come with diversifying our business model and producing commercial work.

Having toured a new musical 'TOM' about the early years of Tom Jones in 2014, the company redesigned the show to be a large scale production to tour the UK in 2016 with the aim to generate additional income to support the company and to take our work out to a wider audience.

'TOM The Musical' toured to 12 venues, played 83 performances to over 41,000 people and grossed over £1 million in box office but still didn't create a profit. We do believe there is a possibility of this model achieving what we set out to do from our findings and the things we have learnt on our first venture into the world of commercial theatre. It is a hugely competitive market which has a very different business model to that of a subsidised company as we are. It is a high risk model and only works with significant capital investment.

The tour was only possible with an investment of capital funds of £300,000, a combination of a bank loan and investment from Arts Council Wales. What we discovered during the process to find investment was that there were no investors in Wales used to the vagaries of theatrical productions. This difficulty in engaging the private sector is compounded because there are no major UK companies headquartered in Wales.

Whilst we would love to tour a show of this scale again the challenge to find capital investment again is hugely prohibitive and the amount of time invested in this and the creation of the production naturally takes priority over our other work as there is not a large enough team to run both concurrently. This then leads us to question whether we can fulfil our purpose as a charity and achieve commercial success.

Our recommendations

The Welsh Government, through the Economic Development portfolio of Ken Skates could look to developing a small group of investors initially encouraging

them to participate by offering incentives over an initial three-year period.

In conclusion

We do not wish to be negative about the possibilities of decreasing dependence on the public purse but as our response shows at our scale of operation and with our remit (As given by ACW) it is difficult to discern how we alone can devise, develop and deliver a diminution of our funding reliance.

Our staff team and board would be happy to engage further in the debate as it progresses.