

Summary of a Presentation at the UKSS Virtual Conference 2021

Funding UK Touring Dance Companies Using a Soft Systems Model

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Introduction

I am a mature PhD postgraduate student at Birkbeck College, University of London, doing a research project on the management and funding of performing arts companies. The particular focus of this presentation is an examination of the funding of the five largest touring dance companies of the UK over the period 2008 to 2019. The period, “from Global Financial Crash to Brexit” was selected as the most recent ten year period for which data was available. A data base has been developed from the annual company reports in the public domain. The analysis is primarily quantitative.

The Dance Companies

The five largest touring dance companies have been considered. Four are classical ballet companies, and one is a modern dance company. They are, in decreasing order of size according to income, performance numbers, audience numbers and the number of dancers employed:

English National Ballet (62 dancers) and Birmingham Royal Ballet (56 dancers) are the two largest companies, based in London and Birmingham respectively. They tour to major English towns and cities, have regular seasons in London, and also tour “cross border” and abroad.

Northern Ballet (45 dancers) and Scottish Ballet (40 dancers) are medium sized companies, based in Leeds and Glasgow and tour generally in Northern England and Scotland respectively, with occasional tours cross border, to London and abroad.

Ballet Rambert (20 dancers) is a modern dance company which tours to smaller venues, but is also one of the longest established dance companies in the UK.

The companies have their own individual headquarters and training facilities, but do not own the various theatres in which they perform. These are “receiving houses”, theatres hired by producers for performances of drama, dance, opera, musicals and other entertainments.

National Performing Arts Companies

The five companies are National Performing Arts Companies, and “Not for Profit” organizations which are required to balance their expenditure with their income over the short term. They are partly funded by the government with tax generated money as an element of the policy of welfare economics, the provision of public services which would not be supplied by the market. It is hoped that the subsidy will allow people to attend cultural events, art, drama, music, and the performing arts, etc., at affordable prices regardless of their income.

The companies operate on “Mixed Funding”, which means they have a plurality of funding sources. A model has been developed which categorises the funding as two major sources: Unearned (or Voluntary) Income: subdivided into Grants; and Donations; and Earned Income: subdivided into: Box Office; and Trading.

Funding

The value of the Grants supplied from government funds has been reduced substantially over the ten year period 2008 to 2019. In order to maintain the scale and the standard of their performances the dance companies have been forced to generate additional funds, and/or seek additional funding from current sources, and/or additional funding from new sources.

Approximate “ball park” collective total annual income figures in millions of pounds sterling (£m) for the first and last years of the study period were:

<u>Source</u>	2008/09	2017/18	
Unearned Income £m			
Grants	27 (66%)	25 (47%)	
Donations	1 (2%)	6 (11%)	
Unearned Income Subtotal	28 (68%)	31 (58%)	
Earned Income £m			
Box Office	10 (25%)	18 (35%)	
Trading	3 (7%)	4 (7%)	
Earned Income Subtotal	13 (32%)	22 (42%)	
Total Income	41	53	*(54)

Grants: Money received from national and local government sources.
This was 2/3 of total income in 2008/9, but less than half total income in 2018/19

Donations: Philanthropy and Sponsorship by arts supporting individuals and organizations.
This increased 5.5 times, but from a low base

Box Office: Tickets bought at the Box Office by audience members for the performance.
This increased 10%, compensating for the loss of unearned income.

Trading: Payment for performance related activity, and sale or hire of assets.
This remained approximately constant .

Notes: In 2008/9 audience members paid only a quarter of the cost of the performance, but this had increased to 35% by 2018/9.

Unearned Income fell 10% over the period, but Earned Income rose 10%

The total income rose from £41m in 2008/9 to £53m in 2018/9, which appears to be an improvement, but this was in nominal terms, and does not allow for inflation.

*When corrected using an inflation factor of 1.32, if the companies had kept pace with inflation, the value should have been £54m in 2018/9.

Thus the companies overall had not quite kept pace with inflation, but some companies did better than others.

The Production of Dance Performances

The generation of a dance performance is a process which requires many people with creativity and exceptional skills. It is also highly labour intensive, and finding a means of improving productivity is difficult. This generates ongoing funding problems which will be addressed later.

Once the performance has been created and developed, it needs to be transferred to the customers, the audience members. It is a batch process, and the vessel in which the batch is transferred is a theatre.

The production capability of batch processes depends on the size of the vessel and the frequency of its use. For theatres this depends on the seating capacity of the theatre, the number of performances possible per week, and the occupancy rate. A large theatre may seat an audience of over 1,000, but it is difficult to schedule more than 7 or 8 performances per week, 6 evenings Monday to Saturday, with possible matinees mid week and on Saturday. Many dance performances achieve an occupancy rate of over 90%, which means the theatre is full on some nights.

Box Office Income

Box Office income is the funding source over which the company managements have the most influence. How might this be increased?

Could more performances be given? No, it would be difficult to fit more performances into the "window" of availability of the customers, the audience members, and the capability of the performers.

Could ticket prices be raised? No, classical economics suggests that a price increase will reduce the number of customers, and that prices should be set to maximise the income produced by the price multiplied by the number of customers.

Could a larger theatre be used? It is unlikely that a larger theatre could be found, or would be available. The cost of renting it would be higher, and the availability of customers might not be sufficient to make it worthwhile.

Could more tours be undertaken? Time and venues might not be available, and audiences might be inadequate to justify the extra performances.

Could new popular shows be devised or selected to compete more effectively with other entertainments? It might be difficult to create suitable shows. Over-exposure of popular shows could cause a loss of audience in the medium term. Lack of innovative programs might cause the loss of grants and sponsorship.

If a large potential audience is available for a popular work, for example performances around Christmas of the ballet *The Nutcracker*, would it be possible to use a larger auditorium, a concert hall or a stadium for example? This idea has been tried with mixed success, concert halls positive, stadia less so. Availability of both types of venue is very limited, and there is a need to adapt the performance to the venue, or the venue to the performance, or both. Adapting a venue is difficult.

Availability of customers will inevitably be the ultimate problem, as with the attraction of customers by commercial enterprises, so the need is for audience building.

Use of Digital Technology

Digital technology, the theme of this conference, provides examples of digital based approaches to finding a solution to this problem. Some are well established, others are of more recent origin.

Performances of classic drama, classical ballet and grand opera have been relayed to cinemas for some years. Theatres may not be available, but even most small towns have a cinema.

The show can be recorded on DVD, and many people have access to DVD players.

More recently, shows have been “streamed” to customer’s homes to be watched on computer screens for a small fee, and most people have computers.

The primary advantage of these options is that they take the show to the home of the customer, rather like a mail order delivery, so the operation is independent of location.

There are disadvantages: the set-up costs for the dance companies are significant, and there is top quality international competition. Opera is streamed from the Metropolitan Opera House in New York, and ballet from the Bolshoi Theatre in Moscow and the Opera Theatre in Paris.

Academic Theories

Academic theory has been surveyed to find an appropriate theoretical basis to structure and illuminate this research. Some helpful theory has been identified.

Baumol’s Cost Disease, (so called), the “Economic Dilemma” identified by Baumol and Bowen [1966], shows that the highly labour intensive needs of the process of creation and production of dance performances inhibits the productivity gains achieved by other activities. The latter causes an increase in the general level of the income of the community with commensurate increases in prices and costs. This causes inexorable cost increases for the performing arts organizations.

Stakeholder Theory is applicable to this case. With a plurality of funding, the complexity of the operation increases the number of stakeholders well beyond the normal level of other organizations.

Resource Dependency Theory is closely followed in practise by dance company managers, who make decisions on artistic matters, but relate them to the availability of resources to complete the artistic projects to an acceptable standard.

However, the “best fit” is Soft Systems Theory, particularly the CATWOE model of Peter Checkland.

Soft Systems Theory

The CATWOE model is applied to the activities of dance companies:

C: Customers The need for customers and to build audiences has been emphasized earlier.

A: Actors These are not actors in the usual theatrical sense, but the extensive body of individuals required to mount a dance performance, and who contribute to the high labour intensity of the operation.

T: Transformation The operation has been presented earlier as a transformation process.

W: World View Subsidy of the dance performances from tax generated funds follows the principle of welfare economics and particularly that exposure to arts culture is a desirable feature of an advanced society.

O: Owners There is no one specific owner of a performing arts organization, but the funders would be recognized by Agency Theory as the controllers of the operation. If one or more were to withdraw their support the operation would become non-viable.

E: Environmental Constraints Many constraints have been discussed in the text.

Conclusions

The main features of the operation of the dance companies have been reviewed.

Problems created by the reduction of government funded grants have been identified.

The dance management of the companies have been very successful in expanding existing funding sources, and developing new sources.

Digital methods have made and continue to make a contribution to funding, and may turn out to be a life-line to rectify the serious difficulties the companies have encountered due to the pandemic.

The academic theories quoted all provide insight and structure for the research, particularly Soft Systems Theory and the CATWOE model of Peter Checkland.