

# Select Committee on Communications

## Corrected oral evidence: Skills for the Theatre Industry

Tuesday 21 March 2017

4.35 pm

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Members present: Lord Best (The Chairman); Lord Allen of Kensington; Earl of Caithness; Bishop of Chelmsford; Lord Gilbert of Panteg; Baroness Kidron; Baroness McIntosh of Hudnall; Baroness Quin; Lord Sheikh; Lord Sherbourne of Didsbury.

Evidence Session No. 4

Heard in Public

Questions 28 - 37

### USE OF THE TRANSCRIPT

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### Examination of witnesses

Michelle Carwardine-Palmer, Managing Director, National Theatre Wales; and Dr Stephen Hetherington MBE, Chairman and Co-founder, HQ Theatres Trust.

**Q28 The Chairman:** We are very pleased to have with us Michelle Carwardine-Palmer from the National Theatre Wales and Dr Stephen Hetherington, chairman and co-founder of the HQ Theatres Trust, which covers a number of theatres across the country. Could you begin by saying a few words about yourselves and the work that you are doing before we get into the questions.

**Dr Hetherington:** I am indeed the chairman and a co-founder of the HQ Theatres Trust, and the original founder of Hetherington Seelig Theatres which was bought by Qdos Entertainment, which became HQ Theatres. It is very complicated and it does not really matter, but I have been there since the beginning. I have an academic career. I have also had a career in producing and presenting, for some 40 years, and running and building

venues, the largest of which was the Lowry. I was its first chief executive from concept through to completion and opening by the Royal Family. My interests are rather different from those of some of your other interviewees. I want to maintain a particular focus on operating practices, business models and the historical context. I am particularly interested in how the finance works.

**Michelle Carwardine-Palmer:** I am Michelle. I am managing director at National Theatre Wales. To give a bit of context about National Theatre Wales for those who might not know, we are one of the youngest national theatres in the world. We are just entering into our seventh year of programmed work, so we are still quite young and there are 15 full-time permanent members of staff. We are non-venue based, so we work out of an open plan office above PizzaExpress in Castle Arcade in Cardiff, but we service—or attempt to—Wales in its entirety. Just for the record, it is probably worth me saying that I am not representing Wales. I cannot speak on behalf of Wales, but I shall certainly try to give you a good insight from my perspective in the time that I have been there. Ironically, I started my life at the Wycombe Swan.

**The Chairman:** It all links up. Can we stay with you, Michelle? Wales has devolved responsibility for its culture, and it would be helpful to us to know what difference that makes and how it feels. Could you also draw, if you can, on knowledge of Scotland, what the Scottish Government are doing and what Creative Scotland is doing? This is a big ask, but can you compare and contrast England, Scotland and Wales?

**Michelle Carwardine-Palmer:** That is a big ask. I am afraid I have not done a comparison of Wales and Scotland. I anticipated that somebody from Scotland might have actually been sitting with me to balance it out.

**The Chairman:** They could have helped out.

**Michelle Carwardine-Palmer:** I can talk about Wales. From my perspective, having gone across the border from England into Wales, the thing that really struck me was the understanding that the needs and challenges are very different to those in England. In terms of geography, it is a fundamentally rural country. Poverty is quite significant in Wales. It is a bilingual nation, and it has touring challenges. Having a Welsh Government and an Arts Council Wales that are within the country and understand those dynamics has been really quite critical in terms of the conversations that we have with them. Something I found to be a strength for theatre in Wales is the close proximity to Assembly Members and the ability to talk to senior staff at the Arts Council and civil servants.

The other thing I identified as a stark contrast is that there is a genuine championing of the arts and their value in Wales, at quite a lot of the levels I have just mentioned. They are quite proud to compare and contrast, and to say that there are smaller cuts in comparison to England. In this financial year, we have had a 3.5% increase, which is a reinstatement because in the previous year we had a 3.5% decrease. These are all really positive messages.

Some very specific policies have been written for Wales, as a result of the challenges that we face, and they are very positive. The Well-being of Future Generations (Wales) Act is really positive, specifically stating that culture is an area that can contribute to the Act. The education agenda—creative learning—is probably something we will get on to later on, as is the poverty agenda and how it can be helped by active participation in the arts. Hopefully that gave you a little taste.

**The Chairman:** That is really helpful. Thank you.

Q29 **Earl of Caithness:** I want to follow up on the funding. Local authority funding is the greatest source for the creative arts. As we understand it, there has been quite a reduction in England, but not so much in Wales, as you have just said. How do you see this continuing in the future and what plans do you have to diversify your sources of income, in order to maintain the standards of national theatre and your organisation?

**Michelle Carwardine-Palmer:** In 2016, Arts Development UK published some statistics on the local authorities in Wales in terms of funding. There was a 5% decrease in 2016-17. The biggest one was the year before, which was 13%, which had quite a significant impact on the local authorities that operate within Wales. The difference, perhaps, in Wales as compared to England is that, while there have been some closures of theatres, the communities will quite often rally round and try to save those theatres, although we have seen a bit of a decrease in professionally-run venues. The new theatre in St David's Hall in Cardiff, which went out to tender from Cardiff Council, has now just been taken back. When you look at that in depth, the budgets are cut so it will be quite interesting to see how they will operate going forward. The Swansea Grand and Theatre Clwyd have also been under threat of funding cuts.

The more alarming thing is the gradual decrease in seniority that is running those venues. While the venues are still open, there is a gradual decline in terms of their emphasis. It is a very difficult circumstance. Local authorities have to provide fundamental services, so we can understand the challenges around that, but that is the landscape that we are working in at the moment.

**Dr Hetherington:** I have quite a different answer to that. First, I should perhaps tread more carefully than I am about to but, to your comment on local authorities being the largest source of funding, it says that in the preamble to the Committee's deliberations on the website, which calls it "the largest single source of revenue". That is only if you ignore earned income. The actual figures, from a report published by the Arts Council that looked into these numbers, show that privately earned money—mostly box office, but there are other sources—comes to £2.2 billion. The subsidy that goes into that is £363 million, and I can actually break out the local authority figure from that, but I would need a calculator to do it quickly.

The subsidy is about 14% of the income of British theatre, as best as we can tell. Incidentally, the way statistics are kept on this is diabolical. It is very difficult to know specifically and accurately what is what, due to the disparate ways records are kept. How the standard industrial classifications operate is not something I should go into now, but statistics is an issue. To take that further, local authority funding in all the theatres we operate has been cut. A few years ago, one particular venue I was operating at had a few hundred thousand pounds of subsidies, around £300,000 to £350,000. It now has no subsidy at all, but we are operating it profitably.

There is a big caveat to all this. The local authorities are coming to us more and more. They came to us about St David's Hall and about Swansea. We get constant requests: "Can you operate our theatre for a reduced subsidy, or, indeed, for no subsidy?" Often the answer is, "Yes, we can". We have done so. We have maintained those venues, often refurbishing them—Southend is a good example—and we make enough to live on in the process.

But there is a hidden subsidy in everything across British theatre. When a company comes to a theatre—ours are all receiving houses; we do not produce—it usually comes with some element of subsidy. I am going to take one of the larger examples to make this point. Birmingham Royal Ballet will come to one of our theatres or any theatre in the UK you care to mention. The deal that it makes with that theatre, in terms of the splits of revenue and the kind of contract it makes, allows the theatre to retain sufficient funds to cover its costs and make its profits, as it needs to do. The balance, then, is the company. Those deals are very traditional. You can trace them right back, at almost the same percentages, to the 16th century—there is an interesting history to all this. But that is not the actual cost to the company.

Rather than identify a theatre, let us call it Theatre X. Theatre X receives the Birmingham Royal Ballet. It puts the ballet on and receives a share of money, which is actually rather good, because ballet prices, like opera prices, are rather high, so its share of revenue is rather strong. It can only do it because the company is already subsidised. Practically every theatre in the UK, excluding a number of the West End theatres—not all of them—is subsidised to some degree, even though it might be quite a small degree. That position is getting tougher and, as somebody said previously, it is turning some producing theatres to presenting theatres. That is going to lead to considerable problems. If we do not have the product to put in front of the public, the whole thing breaks down, like a supermarket with nothing to sell. We must have the product, and I can see why your emphasis has been on that area.

**Earl of Caithness:** The first part of your answer was very interesting, and can I say congratulations on your honour in the new year? It is well deserved.

**Dr Hetherington:** That is very kind of you. Thank you very much.

**Earl of Caithness:** How do you get more transparency into these figures, because until you have the transparency, you cannot really address the problem?

**Dr Hetherington:** Yes. There are two areas to this. One is the statistics as they are kept: local authority spending, for example, as it is reported with CIPFA accounting processes and the standard industrial classifications. The different Arts Councils keep records of what they spend in each area, and the way in which they classify those areas are all different. If you go in, as I did, to say, "How much is being spent on theatre?", it is an enormously difficult task and a lot of it simply cannot be answered. You have to make guesses and aggregations.

The other side of it is whether the producers and presenters are prepared to declare what is actually going on. Of course, anybody who picks up a copy of *Variety* will know the Americans are absolutely gung-ho with this stuff. There it is, all laid out to the last penny. It has been tried a number of times by the Society of London Theatre, by UK Theatre, by all kinds of people, and every time it has failed. It starts off well and then, to put it bluntly, they get misinformation fed in, because nobody wants their theatre to be seen to be declining or having failed at this show. Nobody wants to put up this position when they know they have to negotiate with the same producer for another show. It all then goes back into the drawer and is closed tight.

**Earl of Caithness:** I would like to carry on, but there are other questions.

Q30 **Bishop of Chelmsford:** Michelle, this is probably more of a question for you, but do please chip in, Dr Hetherington. In your opening remarks, you reminded us that the National Theatre Wales does not have a building, which I think is also true in Scotland. How does this approach to doing theatre foster new audiences? How do you go about making the productions? How could these strategies be better understood and supported? If they are successful, how could they be extended?

**Michelle Carwardine-Palmer:** This leads on to a question that might come up later as well. National Theatre Wales was set up on a completely different model in terms of the way that it operates. We have an ambition to always plough at least 70% of our funds into the creation of work, so minimising our overheads. Having no venue is good, because we do not have to think about bricks and mortar, leaking roofs and things like that. The other thing with National Theatre Wales is that we have made a name for ourselves for site-located work. We can put things on to mountains, on to beaches, into woods and suchlike, but that comes with infrastructure costs, so you have to reinvent theatre spaces into those environments.

The business model is fundamentally different, and it is seen to be a lean model. The reason that I say it will play into a conversation later on is the question of freelance and the world we have created in terms of freelancers. We rely, absolutely fundamentally, on that freelance world.

We breathe in and out according to the size of production. It is a very different model, and it works for National Theatre Wales.

To the second part of your question, about audiences and how to engage them, the way that National Theatre Wales does it is through a model called TEAM, which is our community engagement and leadership model. Quite often, we will go into a community where we anticipate creating work and converse with that community for a great length of time in order to get the connectivity and understanding around that community and its needs.

That has worked enormously well to date. For "City of the Unexpected", which was a citywide takeover of Cardiff, we had 7,000 participants who were part of that production. In our first year, we were also in Port Talbot with Michael Sheen's "The Passion", which was a three-day event and involved over 1,000 participants from that local community. It also generated audiences of 20,000 plus. It is a different model of working, but the audiences come. There is a real appetite for it. As we are conversing, there are challenges around funding and how to sustain these models.

**Bishop of Chelmsford:** What particular ones are you aware of that we should be aware of? What are the financial challenges associated with doing theatre this way? I imagine there must be some partnership challenges as well.

**Michelle Carwardine-Palmer:** Yes. The making of work is changing, so we look to do more co-production work in order to make finances go much further. Fundamentally, we are Arts Council Wales-funded, so 60% of our funding is subsidy directly from there, but we are still in that start-up phase. The diversification of income is still being developed. All the challenges in terms of the funds have already been described in the course of the conversations you had last week and earlier today.

**Dr Hetherington:** I would like to add one thing about the business models. There are many. Across the United Kingdom, they operate in a way that is unlike that of any other country. That is mostly because of their history. They are all, ultimately, trying to make as much money at the box office as they can. There are exceptions; there are always exceptions. There are people who are not so concerned about that and more concerned about getting a particular performance, play or whatever on to the stage at all. When it comes down to the vast majority of this world, everybody is trying to get a full house. The financial concerns remain paramount and they always have. Subsidy feeds into what you could call traditional commercial models. It has not canalised the operational models in a way that makes the subsidised model separate. Subsidy has moved into and enabled those traditional models to operate more effectively or operate at all. You have to look at individual companies. I mentioned Birmingham Royal Ballet. Its operating model is necessarily vastly different to that of a West End show or that of a touring play. It is very, very difficult to make quick comparisons, glancing at the clock.

**Q31 Lord Gilbert of Panteg:** I am interested in the creative process. There is something I did not quite understand. Are you going into communities and creating productions for those communities, which are just one-off productions exclusively for each community, and you have discussions with them, or do you put on a show, go and find 10 venues around Wales and play your show? Which is it?

**Michelle Carwardine-Palmer:** We do both. Leading on from that, the issue with the venues is that they are becoming increasingly risk-averse. In terms of taking on touring, quite often we will be offered two nights at a time and that is just not financially sustainable for an organisation of our size. The touring model favours small-scale fringe work that can be fleet of foot and can get in and out of venues very quickly and economically. That is quite particular to Wales

**Baroness Kidron:** Can I ask an additional question? I thought the explanation about product and subsidy of product was very good in the earlier question. Then you used the word “partnership”. I just wondered whether that was a euphemism for less work as well. There is less work going through because fewer people are producing it. Then people are making it in partnership. Are we are getting less work overall coming through? We may not be, but I was just curious.

**Michelle Carwardine-Palmer:** I do not think so. If anything, it is probably more work. It enables more work to happen.

**Dr Hetherington:** There is more and more co-operation between the completely privately funded risk money from private sources and subsidised theatre companies, which are offsetting their risks together by manipulating their respective benefits.

**Lord Allen of Kensington:** I would like to turn to the London-centric nature of arts funding. If you go back to 2013, *Rebalancing our Cultural Capital* talked about more funding coming into London than the nations and regions. I am particularly interested in where you both operate, in terms of the challenge of making theatre and creating careers outside London. I would like to pick up, specifically, on the point that you made, Dr Hetherington, regarding more receiving houses and potentially fewer producing houses. Therefore, it is not going to be driving career opportunities in the nations and regions. You also touched on the fact that it might be slightly better in the nations, but the challenge has to be in the English regions. I would welcome your views on those three issues.

**Dr Hetherington:** I have two points on this. The first is to bear in mind that the place in which money is awarded—the geographic location that it arrives at, where the cheque arrives from whomever—is not the point. The point is where the value is realised. If National Theatre Wales produces something that then appears in Manchester, Manchester gets the benefit of it. The concern about the audience and performers is substantially about where the performances actually take place, although not entirely, because there are lots of economic issues around this as well. That is a strong argument that well-funded companies—and the

National Theatre is a wonderful company and one of these—could do more in the regions. It is a personal view. That is a way of exporting value as well. That is one side of it.

The other side of it is the earlier point about reduced local authority spending. It is having an increasingly severe effect in this specific area as far as my business is concerned. It is driving producing theatres to become presenting theatres. Some always were, such as Chichester Festival Theatre, but they have extended their seasons of presenting. Birmingham Rep is introducing presenting periods in its work rather than producing. It is happening, and that is corrosive. Our ultimate aims are social, yes, economic, yes, because these are the so-called cultural industries—New Labour coined that term with the intent to show their economic power—but also to do with the fabric and well-being of our nation, what it means to us as individuals, how we live our lives and all those things that are packed into that idea of the arts. If those things are to continue to grow, succeed and not wither, there are particular areas that have to be addressed. One of them is this potentially serious decline in production as a result of reduced local authority spending.

**Q32 Baroness Quin:** My questions really relate to school and education policy and are rather similar to ones we asked our previous witnesses. I would like your thoughts about subjects at school level that are suited, in various ways, to lead to careers in the creative industries and how current education policy relates to these, whether it encourages them, discourages them or whatever. I would also like to throw in the point about careers guidance, which was mentioned by previous witnesses, as to how effective that seems to be in schools, in terms of encouraging and preparing people to pursue careers in the creative industries.

**Michelle Carwardine-Palmer:** It has been discussed at quite some length. The EBacc thankfully does not involve Wales. It is a very different model across the bridge. Having said that, the UK theatre industry will draw potentially 80% of its workforce from an English schooling, so it is of concern for the whole nation, even though it is not specifically related to Welsh pupils and how they are taught. A lot of it has already been mentioned. I would concur that, in our experience, careers advice is very, very poor. It leads on to the diversity question, because if people are not signposted to what the opportunities are, a bit like Donald Rumsfeld, there are the unknown unknowns. How can a child ask what is out there if they do not know what is out there? It is fundamentally important that careers advice is given very early on and there is really comprehensive signposting in terms of what the opportunities are. That will help with diversification of the workforce as well, because people will know that those opportunities are genuinely open to them.

It is a huge issue that we do not have arts identified specifically within the STEM subjects. Just to give you a quick overview, in Wales there is the Creative Learning through the Arts initiative. While that is not a STEAM initiative, it is about improving literacy and numeracy through creative learning. The creative learning is delivered by creative agents who are themselves practitioners. While they are not necessarily teaching

the subject, they are getting really good exposure in terms of what is actually happening in the workforce. Those are really positive things.

The Arts Council literally published the first annual report last night, and if I had had more time I could have given some statistics, but I was asleep so I was not able to do that. There have been some really positive findings already within its first year. If you want some examples, those are possibly good places to look.

**Dr Hetherington:** I will speak very, very quickly because I have no special expertise in this area, although I have views and a concern, not only for our future audiences, leaving aside the business. The narrowness of the curriculum has always worried me. I am with Matthew Arnold on this; the proposition of *Culture and Anarchy* is that we ultimately depend not only for the value of our lives, but for the operation of our society, on understanding. That understanding is more than selective facts. I believe we need a very wide educational process, but I cannot say it affects my business directly in a way I can measure.

**Baroness Quin:** In terms of the perception of the industry in the education system, do you think there is any difference between Wales and England in that area?

**Michelle Carwardine-Palmer:** The good thing is that the Government have embraced Professor Dai Smith's recommendations and the Donaldson report. That goes a very long way. The Minister has written it within his culture policy and there is the creative learning programme; these are all very positive things, but there is an awful lot still to do in terms of changing perception. Teachers are getting more confident about the delivery of creative learning through this process. There is still quite a long way to go for head teachers to understand its importance. It is just that messaging and seeing the evidence first-hand. That is one area that needs to be unlocked.

**Dr Hetherington:** I read in earlier minutes of a question around school visits to theatres, and that is something I can comment on, if it has relevance to your question. Across our stages, we have some 12 or 13 theatres across the UK, and they vary in the response of the local schools to the theatres, but they vary in direct relationship to the skill of our theatre managers. Where the managers are good, they build strong relationships with the schools and the community, and people come. Where they are not so good, the figures go straight down. I would not look to the schools and school funding entirely as the arbiter of how this works, although they are no doubt partially so. The theatres have a huge responsibility. Indeed, National Theatre Wales and most of our national theatre companies are showing they have the power to do this themselves.

Q33 **Lord Gilbert of Panteg:** If we can move on to further and higher education, we are looking at the supply of skills to the sector. Is further and higher education providing the skills that your sector needs? We have heard a lot about the offstage roles, and I am trying to work out whether

the supply is not there and people are not being trained in the skills that your sector needs, or whether the skills are there and they are just not finding a pathway from the schools into your industry. The examples we were given of two skills that people do not immediately associate with your sector are accountancy and carpentry. Perhaps you could comment on that.

**Dr Hetherington:** We have a real problem here, and the problem is long-standing. I can trace it back in my own business for as long as I have been doing it; that is some 40-odd years. Can I add further education to higher education and do the two together?

**Lord Gilbert of Panteg:** Yes.

**Dr Hetherington:** The three blocks of the process in the theatre world are the creation process, the production process—where that creative work gets made into something physical and actual, ready to go on to stage—and the presentation. They are three different areas of work and they operate differently. The skills required for the presentation side are much underrated—hugely underrated—to the extent that we have, for as long as I can remember, always had to train our own managers. Even those who have come from courses that are reputed to be theatre management courses are really pretty useless to us.

That is not an exaggeration. We train them from scratch. They have to start off at the bottom. It is unfortunate that we cannot push them through faster. It can be five or seven years before they can even approach doing the senior jobs. They are also going through that process, and at all those stages they are learning, but it is a very, very complex task when, in an average receiving house, you are dealing with between 300 and 500 performances a year. That is a lot of contracts. Work out how many contracts are made a day just to get that done. Each one of them applies risk to the business; each one requires funding; and each one requires all the personnel of the building to be informed and to carry out their work appropriately to that production. It is very difficult and requires a lot of experience.

I have tried a number of times to get universities interested in MA courses, to add on to the courses they have. Every time, I get to a fairly high level and then it stalls. It stalls either because the programme is amalgamated into another programme that is not so specialised, or because the business department of the school refuses to have anything to do with it because it is the arts. Given the amount of money at stake here, it is a rather absurd thing. If I have one plea today that would free up an enormous amount of talent into the business, it is to somehow get through to the education process that not only is this a very good, lifetime career that is highly remunerative if you are good at it, but it lacks the training courses. That needs addressing.

**Lord Gilbert of Panteg:** I am very interested in your focus on theatre management, in this environment where there is going to be less subsidy. You have given the illustration of a good theatre manager locally

who develops skills. Presumably, a good theatre manager locally will develop other commercial partnerships in the community.

**Dr Hetherington:** Exactly, and I can give you some examples. The subject discussed is the mix of the community that responds to the theatre. Again, the theatre managers do it. We do not produce or buy things by the colour of the actors, dancers, or whatever. We go out to the local organisations, to the local communities, and have them relate back to us as a community. They very often bring their own productions and show us how it is done. Those relationships with the community are key to that. Again, it is not easy. It takes a lot of learning. That is exactly right: it is the skills of the managers. Nothing that is done in the creative process has any public value until it appears on stage. That appearance on the stage is dependent on the venue and the way the venue is managed.

**Lord Gilbert of Panteg:** That is very interesting.

**Michelle Carwardine-Palmer:** Going into the freelance world, the same thing applies. Many people are saying that they come out of college with no business skills. They do not know how to set themselves up as freelancers. They do not know how to do tax returns. That is the simple skills basis that would put them into a really good position. One person from our TEAM panel mentioned that he was told how to put a promotional video on, but then did not know how to do anything if someone said, "Yes, I want to hire you". What are the next steps? The technical skills side of it was pretty comprehensively covered by Brian last week. Those are the issues that we see.

**Lord Gilbert of Panteg:** Do you concur with that evidence?

**Michelle Carwardine-Palmer:** Absolutely, yes. The London-centric thing is an issue. Julian mentioned that a workforce survey is imminent. It is a fascinating read, and it highlights some of the things there. There is probably enough supply, but possibly not in the right areas. Coming back to clusters, do we look to city deals, regionalisation and devolving funds in order for people to have a better lifestyle because they can afford it in Cardiff or in Bangor? How are there different ways in which we can diversify that pot and help the industry still create excellent work?

Q34 **Lord Sherbourne of Didsbury:** Can I put this question to Dr Hetherington? Somebody coming from outside, looking at the creative industries in the UK, would see a tremendously vibrant, successful area of the economy, a big contributor to the economy. There are debates in this House talking about how successful they are. Yet we know from Equity that there is low pay and often no pay. How do you explain this paradox?

**Dr Hetherington:** You have to go back to economists such as Schumpeter—there is a list in my head somewhere but I cannot pull it forward—to look at the relationship between the creative process and the exploitation of the creative process. These are very different things. The life cycle of new ideas moves from very low-paid, high-risk and often

informal processes of creation before adoption and before they are brought into a high level of exploitation. Eventually, that cycle dies because the exploiters then tend to move away from those original creators, the whole thing slowly moves and they produce something else.

I should drop that line for a moment and go back to the arts and to theatre. The number of shows that succeed is not high. The highest percentage I have heard from my colleagues is about 50% that succeed and do not go bust. I should say all theatre productions go bust in the end, because they run them until they do. As long as they are making money, it will keep going. That aside, the success level of productions is quite low. A lot of things go out and do not attract audiences. A lot of things start to be produced, then fail and never reach the stage. One has to start off by saying that there is an enormous number of people and effort in that low area. If you think of it as a pyramid, the number that get to the top and actually make money is rather small.

This is the point made, incidentally but not intentionally, by the National Theatre talking about their commercialisation. They have made enormous amounts of money in the last few years on a few productions, but they cannot be sure that is going to happen next year. It may not. They cannot rely on it; they need the subsidy. The reality is that we depend on this informal society. I should say that, inside HQ Theatres, we do not have any unpaid people at all. We pay as we should pay, all proper rates and competitive with the industry generally, not just the theatre industry. The theatre world depends, as do most of the arts, on this lower level of activity, sometimes fired by genius, which eventually makes it through to high levels.

**Lord Sherbourne of Didsbury:** This leads into another question, perhaps for both of you. We kept hearing from people in the theatre in London about the difficulties of getting younger people into theatre, because the costs in London of travel and accommodation, if you are coming from outside, are prohibitive. Is the low-pay issue the same kind of barrier to entry for people coming into the theatre outside London as in London?

**Dr Hetherington:** I am sorry to keep talking. I would say, no, it is not because the tickets are much cheaper, but it is still a barrier. The extent to which that is an effective barrier is questionable. I am sure that I will not be alone in having experience of offering free seats. As an example, some years ago, we had a radio quiz. The winner got 20 seats or so for one of our shows in the West End. An enormous number of people applied for this thing. The winners were announced and off they went. None of them came. There is a big difference, if you drop the ticket price to a certain level, between selling the same tickets to the same people at a lower price and bringing in new people. The French went through this experience with the creation of the Maison de la Culture—if you look at the history and their surveys—where they discovered exactly that. They were regionalising and reducing costs of theatre productions, and finding

that the same people were going and just paying less for it. It is a more complicated question than just price.

**Lord Sherbourne of Didsbury:** I would like to hear from the Welsh perspective.

**Michelle Carwardine-Palmer:** Do you mean audiences or creators of work?

**Lord Sherbourne of Didsbury:** It is not audiences. I mean people you want to attract from schools and places of further education to come in. We have been concerned about low pay and, certainly in London, the costs being a big barrier.

**Michelle Carwardine-Palmer:** The main responsible employers will not go down the track of free. National Theatre Wales does not do that. It is there to shine as an exemplar to those who perhaps do, to try to eradicate it. It has already been mentioned that where it happens is on the fringe things. It is this DIY culture of freelancers who want to create work, and they will create work at any cost or, in this case, at no cost. There is a vicious cycle that we have been touching on: if you have no track record, how can you create a track record? You have to do it for free. Then you get your CV up and running; you get people to come in and see what you are doing. You then get endorsement before you attract money. There is a real vicious cycle there, which is the issue with no pay at the subsidised end of the spectrum, before it becomes your *War Horse* at the other end of the spectrum.

**Lord Sherbourne of Didsbury:** Is there a perception in schools and further education that the pay and the freelance nature are really off-putting for people to come into the theatre?

**Michelle Carwardine-Palmer:** It is high risk.

**Lord Sherbourne of Didsbury:** What can be done about it? Can anything be done?

**Michelle Carwardine-Palmer:** More money would help. It all comes down to that cycle of funding. One of the issues, in terms of the diversification of the sector, is the risk, the culture of your upbringing and where you place value.

**Dr Hetherington:** Lord Sherbourne, I apologise for misunderstanding your question. Could I just add a further point? Within our theatre group, we do not have that problem. We pay everybody. People apply to us for jobs from across the country, and they are paid the appropriate wages. It is not the same as the production field. The management field is much more like a traditional business. It does not have those same difficulties. They are there in part because we employ freelancers for particular jobs, but it is usually because we need this day or that week, and that is it. They are very specific tasks. On the whole, we employ more on salaries.

Q35 **Baroness Kidron:** This leads on, because we have had quite a lot of

discussions with others about apprenticeships, how they work, that they appear not to be working and how they might work. I would like to add into that, Michelle, this idea of the lean model. In a lean model, bringing in apprenticeships and skills goes out of the window, because you do not have the big organisation to do it. Could you comment?

**Michelle Carwardine-Palmer:** I was pondering this when the National Theatre was talking about it. National Theatre Wales has not had any apprenticeships to date. One of the specific challenges is that we do not produce work all year round, so that cycle of an apprenticeship model would not quite work for us, if it was purely for our organisation. One thing we are talking about is how we might collaborate with other organisations so that we can share apprentices. That is still in development. I feel less able to specifically answer against the apprenticeship question, because we have not had any specific experience.

**Baroness Kidron:** You are expressing the need for it to be a bit malleable because you would need to job-share an apprentice in order to have one at all. Is that correct?

**Michelle Carwardine-Palmer:** The model would have to change slightly for organisations such as ours, which are of a smaller nature and do not present all year round.

**Dr Hetherington:** We have something like six at the moment, as I speak. We are trying to increase them. What holds us back is the amount of time that staff have to spend teaching and training apprentices, which means that we are losing that person's work. We are not just employing the apprenticeship, but we have to find additional hours of labour for other staff. That is why they are limited to that number. As a matter of principle, if we could have more we would because, coming back to the training programme, we want to train people. If we could collaborate with training organisations, universities or colleges, that would be one way to solve it, but we want to do it. Apprenticeships are the closest we get at the moment to a viable method.

**Baroness Kidron:** Is the amount of time they spend because the programme is designed badly, or is spending that staff time what the programme actually is?

**Dr Hetherington:** It is more the latter. We want them to learn and be useful. We do not do the photocopier thing; nor do we do that with work experience. They have proper programmes of work and we allocate people to train them in that work so that they have a full and valued experience. We value that experience.

**Baroness Kidron:** One thing we have heard from other organisations is the proposal that the Government, on the revenue they get from creative industry at the very top end, where it does make money, ring-fence some of that back to training. You are laughing. This was a suggestion that was made.

**Dr Hetherington:** That is only because straying into policy opens up an entirely different box in my head and it is full of things. I would be reluctant, as a matter of principle of government, to intervene to the extent of taking money from one place, ring-fencing it and putting it into another. The market has worked quite well for 400 or 500 years but, like all markets, it needs control and adjustment all the time. The area of education is a bit outside that market, or at least our direct market, and it is one that we are not fully equipped to deal with, and never have been. Hence this issue: you staff your business to do the job you have to do. You recruit those skills and you train those skills. If you then have to take on another task, you do—we actually do—but you have to accept that it requires an expansion of that core reserve of skills. That is where the difficulty lies.

If it is a co-operation with educational institutions, which benefit from more students, I would see that as a very positive kind of relationship, one where we could bring students to the university. The university can make what it will of those extra numbers, which is what it needs, and at the same time we can provide curricular experience and, as necessary, training to some of the lecturers and others. We could participate in that, which would not be so work-heavy for us.

**Baroness Kidron:** Meanwhile, as designed, it works in your organisation, with the caveat that you have already given.

**Dr Hetherington:** I would say it does, given that everything is full of compromises everywhere. There is no perfect solution.

Q36 **Baroness McIntosh of Hudnall:** Dr Hetherington, you and I are probably the only two people around this table who have been around the theatre long enough to remember when the idea of continuity and permanence was part of the way that theatres thought about themselves. The idea of a workforce that belonged was commonplace 40 years ago and it is not commonplace now. Picking up your earlier point, Michelle, about your dependence on freelance workers and the fact that you do not have productions all the year round, it is probably worth saying that this is a model that is not only increasingly common in the theatre, but is increasingly common everywhere. Thinking about how people not only acquire skills but develop and sustain them so that you, when you go out into that freelance market, can expect to continue drawing down a reliable and consistent level of skill, how can we, in your view, support people to develop their own practice when they are not employed, other than job by job?

**Michelle Carwardine-Palmer:** Indeed, how? Continued professional development is probably one of the biggest challenges. Once you go into the workforce, if you are not a permanent employee with a professional development plan and the support of an organisation that hopefully still has its training budgets fully intact, it is a challenge. We have a funded scheme through the Esmée Fairbairn Foundation, which is a creative development framework. Part of that is around the continued professional development of freelancers to give them the skills that they are asking

for. We have run, for example, sessions on VAT, tax returns and how to set yourself up as an organisation, as well as the more vocational side of things.

There are concerns in the technical areas. Brian was talking last week about how we square that, because the real issue is that, if you are on a freelance contract, you will not get pay in order to then go into a training workshop, so you have to do it for free. How we square that I am not entirely sure, but it sounds like there needs to be some sort of freelance training subsidy, to enable these freelancers to that on a paid basis so they are not losing money by taking a day off.

**Baroness McIntosh of Hudnall:** Just pulling the thread of that out a bit, where would you anticipate that funding coming from or who should be in charge of determining that it is made available?

**Michelle Carwardine-Palmer:** That is a very good question.

**Baroness McIntosh of Hudnall:** I am glad it was a good question.

**Michelle Carwardine-Palmer:** There are a number of ways of cutting that down. If you are holding to account organisations that are employing freelancers on a regular basis, is there some sort of levy, as happened with the apprenticeship scheme, that is paid into and is ring-fenced accordingly? That could be a method of looking into that. Are there commercial ways in which we can find tax benefits or whatever, so that VAT from tickets sold in London theatres is used in a what-next benchmarking?

**Baroness McIntosh of Hudnall:** I hear the dread word "hypothecation" hanging in there.

**Michelle Carwardine-Palmer:** Let us move away from that then. Is there support from trusts and foundations in that regard? Weston Jerwood is doing a fantastic bursary scheme, looking at socioeconomic targets and providing bursaries in that regard. Can that be rolled out? That is another way.

**Dr Hetherington:** That was rather sound, especially done off the hoof like that. It was rather good. The VAT question is pretty pernicious in the theatre world. This may be in common with lots of industry things, but I am not contemplating those at the moment. We try to price our tickets at a level, all the time, where we will get the maximum revenue, given that the productions often cost more than can be achieved by the ticket revenue. We try to get as much as we can. If you are charging VAT, you are reducing that figure by the amount of VAT you pay. If the VAT is not there, such as with the cultural exemption, the ticket price rises and that money comes straight back into the industry, to counter the effects of reductions in subsidy from local authorities or wherever. That might be a source of funds for this kind of training.

Given the cultural exemption, I do not know where the value of that goes. Presumably it goes into the companies that are able to claim it, and

the claims on that are pretty minimal. It may be that somewhere along that route lies some way of taking what would probably be quite a small amount of money in order to gain that idea of training freelancers for skills. I speculate.

**Baroness McIntosh of Hudnall:** The use of the cultural exemption is more often seen in capital projects than in revenue projects, is it not? However, it is a perfectly fair point.

**Dr Hetherington:** It is. It appears in regular weekly performances as well in certain instances, yes. Birmingham Hippodrome received funds from it and Birmingham Hippodrome makes profits. It gets subsidies as well, mind you.

Q37 **Lord Sheikh:** The points I wish to raise relate to diversity. When I go to see a play in the West End, one thing I notice is the lack of actors and audiences who are from the BME community. It appears to me that there is a lack of diversity. It also appears to me that people from the BME community are stereotyped. There are people from the BME community who are successful in every walk of life. They are professionals; they are, like me, politicians; they are business people. The Asian community have their own production teams; they have their own companies; they have their TVs and they have their radios. I would like to see more of these people in the mainstream, particularly in the theatre, because there is talent there. I am sure you agree that there is a need for greater diversity. How can we achieve this? How can we encourage people of different backgrounds to come into the theatre? What would you like us as politicians to do? How can we encourage more people from the BME community to go and see the mainstream plays?

**Michelle Carwardine-Palmer:** Yes, diversity needs to be increased within the theatre sector. I would like to broaden that to disability, alongside Parents in Performing Arts and the poverty element as well. Diversity is a broad church on that front. In all instances, you are right: the representation is poor and, quite often, is stereotyped. We need to be more complex about the way that we present our work and we need to challenge the traditions that have happened to date.

**Lord Sheikh:** Is it dependent on the production company, on your theatre or on the plays you pick, for example?

**Michelle Carwardine-Palmer:** There is a dynamic ecology that needs to be interrogated. This was raised earlier by the National Theatre: who is writing the scripts? What are the scripts saying? Are they talking to the audiences that we want to present to? Why do we have to cast the way that we cast? Should we have policies about colour-blind casting or, indeed, in terms of disability and all the other areas?

**Lord Sheikh:** Would you, for example, have a black man playing Othello? Have you done that?

**Michelle Carwardine-Palmer:** We do not really do *Othello*.

**The Chairman:** We are going to have to speed this through. Perhaps Dr Hetherington will give a response.

**Dr Hetherington:** First, in the theatre presentation field, I have never met any prejudice, to address that directly. I have never met intentional prejudice; it is always possible that it is more hidden. We get presented with productions and they are as they are. We measure them against what we think the public demand is and, eventually, what that public demand actually is. The problem starts further down the road. That "further down the road" is a long way down the road. It starts right at the beginning, in terms of how our society relates to others from childhood upwards. It is a much bigger problem we can directly address. If you could get Idris Elba to come and play in your theatre tonight, it would sell every ticket. There is no sense of prejudice here at all as regards colour. He is a great actor and a terrific person; it will sell. It is really about market forces. If the producers of things are saying, "Here is your show. It is cast this way", we judge only to say whether that is going to sell tickets. That, at the moment, is limiting us in the extent to which we can influence what happens before it ever gets to the drama schools and so on. It is a much deeper social issue.

**Michelle Carwardine-Palmer:** I agree. Madani from the Bush did quite a good interview in the *Guardian* at the weekend. He was saying that it is not about a shift in policy; it is a fundamental shift in culture. It is a fundamental shift in our perception. When we cast a black Hermione in a West End production and there is outcry, why? There should not be. We can cast however we want to cast. It should be about the strengths of the individual and their ability to undertake the role. For the subsidised arts, we need to constantly challenge that because it is not about government policy; it is about shifting culture, and the best place to shift culture is through the arts.

**The Chairman:** That is a great note to end on. It was wonderful to hear the contrast with the commercial sector, which we have not heard so much from. It has been really helpful. Thank you, Stephen. It has also been really good to catch up on the things the National Theatre Wales is doing. Thank you both very much indeed. It was really good.