

Headline: Industry will lose over £330mn over next 12 weeks, and same amount over next 26 weeks IF recovery begins immediately, if not losses will rise further.

Background

We remain extremely concerned about the lack of clarity of Government COVID-19 advice and measures on the performing arts sector.

As you know, the current situation means that as venues up and down the country and across the West End have closed.

We welcome the package of measures put in place last week (W/B 16 March 2020) by the Chancellor, including business rates holidays. But there is still more to urgently do. The performing arts industry needs urgent clarity on recent government announcements.

1. Issues on which government could do more and we still need clarity

- **Business continuity:** First and foremost performing arts venues, and those companies that perform in them, are heavily reliant on income, have fixed costs, and none or low reserves. There are business continuity concerns for organisations with scarce resources to continue trading and meeting ongoing committed costs. This is immediate (a matter of weeks) and of real concern. The situation in the part of the sector where trusts and charities own and operate venues is no less acute, with trustees of those organisations having to face difficult financial decisions soon.
- **Clearer guidance on what happens for those companies who suffer significant loss** of income both from engagement fees and from a downturn in box office. Some theatres already have begun to run out of money and resources.
- **Period of closure:** Crucially the sector also needs to understand the base scenario for how long closure might last while social distancing measures are in place – this timescale is essential for staff and planning.
- **Closures' advice:** Government should have been more explicit and ordered theatres to close, not just advise. This left the sector very concerned as to whether their insurance would cover the period of closure or not.
- **Insurance:** We were pleased to hear the subsequent clarification of mandated closure from government, which meant for those with relevant insurance, policies should pay out. However, we know that a large proportion do not have insurance that covers communicable diseases such as Covid-19. We urge government to think about other measures way to aid them in getting through the next few months.
- **Employment / freelancing**
 - **Self-employed workforce: 70% of the theatre workforce on average is self-employed/a freelancer.** The schemes announced to help businesses with employees on PAYE do not help this group of people – they desperately need direct income support now.
 - Support for casual/zero hours staff (who are not freelancers) - this does not seem to be getting any traction at many levels, but these are some of our most vulnerable staff where an immediate income solution is needed.
 - **Coronavirus Job Retention Scheme:** People who are not being completely furloughed but put on reduced hours (say so venues can actually be basically maintained) – can the scheme apply to them?
- **Recovery Period:** More information from government on recovery from this period is needed, especially for theatres. When the pandemic is starting to dip and the country recover, theatres will not automatically just be able to put on shows. Rehearsals have stopped, set are not being built etc. We also have serious concerns about how quickly supply chains can get up and running
- **Gift Aid / donations:** clearer, early guidance for theatres on what will happen to Gift Aid on those customers who ask for refunds or indeed those that offer their ticket price as a donation to the theatre. Will gift aid be allowed to be kept on these transactions?

- **Refunds/exchanges:** The Consumer Rights Act 1985 levies a statutory requirement to process a refund or exchange within 14 days – this is nearly impossible now due to the volume being processed and the lack of staff to do them (as more people start to self-isolate). We are lobbying hard for temporary stay of this requirement.
- **Moving forwards:** We urge you to consider that when the UK comes through the other side of these testing times, theatre and concert halls, large and small and other arts venues will have a key role in reuniting and healing communities. We fear many will have closed permanently by then if the above issues are not carefully addressed.

2. The financial loss modelling – Theatre Closures

The total loss of income to SOLT and UK Theatre member venues who provide weekly sales data from a 12-week closure is estimated as £630 million.

12 weeks modelling

Modelling using figures from 2018 as a base, a 12-week closure of SOLT and UK Theatre venues from w/c 15 March 2020 would lead to the **loss of:**

- **Over 15,000 performances**
- **Over 7.8 million ticket sales**
- **Over £303 million* in Box Office Revenue**

The collapse already witnessed in advance sales before the enforced closure means that it is highly likely that **theatres will be operating well below usual capacity for several months after re-opening.**

It will also take time to bring shows and programming back to many 'receiving houses' (touring venues). Given that many producers and promoters are already having to cancel or postpone productions, none of them are yet in a position to rebook their future tours, and it is likely to take several months from being given the coronavirus all-clear before touring productions will even be seen on stage.

Producing theatres are in a similar position, with their original in-house productions on hiatus until after the coronavirus pandemic subsides.

If after a 12-week closure, theatres on average operated at only 60% of their usual capacity for the next 6 months (26 weeks) after re-opening this would lead to 6.8 million fewer admissions and a reduction of £255 million in revenue. This situation is unprecedented and achieving 60% of usual capacity may prove optimistic.

Ticket revenue is augmented by secondary customer spend on everything from bars to programmes and merchandise. A major theatre operator has calculated this to equate to £4.20 per ticket holder. With an estimated total reduction of 14.9 million ticket holders in the period before, during and after a 12-week closure, this equates to a further reduction in income of £64 million.

The total loss of income to SOLT and UK Theatre members who provide weekly sales data from a 12-week closure is therefore estimated as £630 million.

	Admissions	Box Office Income	Secondary Spend
Loss for prior 4 weeks at 93%	185,394	£ 7,332,146	£ 797,196
12-week closure	7,859,984	£ 303,553,944	£ 33,797,931
Loss for next 6 months at 60 %	6,836,872	£ 255,223,701	£ 29,398,550
Total	14,882,250	£ 5 566,109,790	£ 63,993,677

Revenue Grand Total		£ 630,103,467
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* = Average ticket price paid estimated to have risen by 5% from 2018 to 2020. The above analysis performed by TRG Arts based on UK Theatre and SOLT box office data.

2. UK Theatre / SOLT survey Economic Impact of COVID-19 on theatre venues

UK Theatre and SOLT sent out a survey last week to understand the immediate financial impact on theatres' operations and income due to government's suggestion (and now demand) for closures.

- **77% of respondents said their ticket sales revenue (on day and advance) is** down for the last four weeks compared to the same period last year
- **60% of ancillary venue sales are down** the last four weeks compared to this period last year
- **58% cancelled a performance on the night of Monday 16 March**
- **As of 10am Tuesday 17 March, 82% of theatres were closed for business**
- Many theatres are suggesting audience members who have booked for performances cancelled as a result of Coronavirus, **donate**, as well as refunds and exchanges
- For the question about workforce, because the respondents were both from venues as well as producers, the figures have included production staff, e.g. actors, musicians, technicians, creative, etc. We will separate these figures out to distinguish between venues and producers. **73% of the roles were identified as potentially being at risk, which is obviously of huge concern.**
- 97 organisations have responded to date
- 47% of respondents are from London. The rest are spread across the UK, with every region represented except for Northern Ireland

As you might imagine, the sector is in shock and is looking for reassurance, so that they can in turn communicate as best as possible with their staff and customers. These are clearly unprecedented and difficult times, and we appreciate the landscape is changing rapidly. As one of the subsectors of the creative industries, which is worth £111.7 billion, are seeking immediate reassurance as to how you can support the sector today, tomorrow and over the coming months.

About us

- [SOLT](#) and [UK Theatre](#) are the trade associations and members' organisations representing the interests of those engaged in the production and presentation of medium to large-scale dramatic and lyric theatre in the UK. Their memberships are drawn from both subsidised and commercial theatre.
- The combined box office income of SOLT and UK Theatre's membership was more than £1.28 billion across London and the rest of the UK, with 34 million tickets sold in 2018.
- SOLT represents approximately 230 London-based producers, theatre owners and managers, including all the major subsidised theatrical organisations in London.
- UK Theatre represents approximately 240 theatres, concert halls, dance companies, producers and arts centres throughout the UK. UK Theatre also operates as a professional association, supporting over 1,400 individuals working professionally in theatre and the performing arts in the UK