

Written evidence submitted by Mid-scale Producing Theatres

Written evidence to the DMCS inquiry on the impact of Covid-19 on DCMS sectors

Our group of organisations

We are a group of regional producing theatres: organisations that produce our own work in venues from 200 to 800 seats across the country. As well as being part of the national theatre ecology, we draw our distinctiveness from the fact that each of us operates in a specific community where we are typically the only or largest arts provider. This brings a community and place-making responsibility as well as artistic and audience responsibilities.

Derby Theatre

Exeter Northcott Theatre

Hull Truck Theatre

Mercury Theatre, Colchester

New Vic Theatre, Newcastle-under-Lyme

New Wolsey Theatre, Ipswich

Octagon, Bolton

Oldham Coliseum

Queen's Theatre, Hornchurch

Stephen Joseph Theatre, Scarborough

Storyhouse, Chester

Theatre by the Lake, Keswick

Watermill Theatre, Newbury

Watford Palace Theatre

York Theatre Royal

Yvonne Arnaud Theatre, Guildford

What has been the immediate impact of Covid-19 on the sector?

- Immediate closure of theatres and productions meaning loss of box office income (and refunds) as well as loss of ancillary income. This typically represents 75% of turnover for a subsidised theatre (though can range up to 90%).
- Fundraised income has radically reduced: trusts/foundations are refocussing on other priorities or seeing their own decline in income; sponsorship is under review; events have been cancelled and individual giving is dependent on audience loyalty/household finances.
- Confusion over the place of charitable theatres e.g. assumed to be commercial, or part of local authority, or excluded from other charity conversations.
- Disruption to future business as theatres rely on collaboration to produce shows and the whole industry has paused until further notice. There will be time and cost in restarting the industry.
- The lack of any certainty on re-opening dates and regulations undermines all planning, financial decision making, contracts etc.
- Community and learning activity suspended or moved online in a limited way. Hugely reducing the education/social/health/wellbeing opportunities for participants, including vulnerable people.
- Immediate cost in moving to home working: closing buildings, new IT etc.
- Construction projects slowed or suspended, adding additional costs and delays to future trading.
- Investment, employment and support for freelance artists and practitioners has effectively stopped, undermining the viability and careers of a large portion of our industry workforce and lifeblood. New entrants to the industry are particularly hard hit.
- Concern for the welfare/income of our employed staff; wages are typically low and any reductions during furlough hit hard. Those who are still working are under significant stress/pressure. We're concerned about the emotional and mental health of the workforce overall.
- Loss of audience/consumer confidence – clear evidence that people will initially be reluctant to return. Efforts to grow audiences have effectively gone backwards, undermining real success over the last decade in both growing earned income and diversifying audiences.

- Public funders have generally been very supportive but face significant financial pressures that could threaten investment in the arts/culture in future years.
- Positive is finding new ways to engage audiences/participants/supporters online.

How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector's needs?

- Lack of clarity on theatre closures (PM's first announcement was phrased as advice) caused confusion and potential insurance issues. There remains no timeline for any effective re-opening planning; all scenarios are purely speculative.
- Job Retention Scheme has allowed us to save numerous jobs and also retain skills. Given the loss of income we face, redundancies would be inevitable without the JRS. However, our industry will not have recovered by 31 October when the scheme ends and we are deeply concerned about our continuing financial viability and employment after that date.
- The majority of our industry are freelance workers. The introduction of the Self Employed Income Support Scheme is very welcome and needed. Again though, our industry will not have recovered when this scheme is due to end and this will decimate the livelihoods of 70% of our industry.
- The loans scheme are not always a viable source of support as they could increase fixed debt that in turn would be difficult to repay on previously tight margins, never mind any future downturn in box office.
- Arts Council has been quick to respond for the sector overall, including valuable support for freelancers and non-regularly funded organisations.
- Arts Council support is available for NPOs who will run out of cash before 30 September. This will benefit some organisations. Many theatres and touring companies are not eligible though and expect to run out of cash by Christmas. There is no currently no support mechanism for these organisations.
- The majority of Arts Council funds are allocated towards London, national and larger organisations. Smaller theatres, such as ours, have less means to "scale back" on overhead costs: we already have very lean staffing when compared to larger organisations and it is impossible to make cuts with a "department" of one and still produce our work. Evidence shows we also have less access to philanthropy and sponsorship. We often operate in areas of deprivation and low wages. We face a different and harder route to recovery than larger organisations. Critically, our theatres are often the only major arts organisation in a large area and are therefore critical to the infrastructure for audiences and workforce.
- There is no commitment from Arts Council to support construction projects that were underway: Covid-19 is increasing construction costs and reducing fundraising opportunities, adding further financial pressures to organisations that were in the middle of construction work.
- The regular newsletter from the DCMS is appreciated.
- UK Theatre has offered good leadership, advocacy and kept the industry informed and engaged.
- Some local authorities have been very supportive in offering advice, advancing grant payments etc.

What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?

- Continued financial support from the Government will be essential to prevent the collapse of the industry. All current support ends on 31 October. Recovery will take years not months.
- We back the calls of others for the Government to consider the Cultural Investment

Participation Scheme and changes to the Theatre Tax Relief scheme.

- The early evidence shows a short to medium term loss of audiences who are reluctant to return to venues until they are assured it is safe. Then there is the loss of quality of experience: theatre is based upon a shared live event and a poor experience will not encourage people to return again. Evidence also shows audiences are far less likely to book in advance and will want more flexible booking/refunding policies. This will impact on cash flow as theatres rely upon advance box office sales.
- Most theatres have peak seasons, typically Christmas or the summer. These peak audiences are crucial to the viability of a theatre for the year, and also cross-subsidise other work. It is looking unlikely that this model will be possible this year. We have very specific windows of time to generate maximum audiences and income.
- Guidance needs to be issued soon in order to be in time for Christmas planning (and must be a road map for future distancing guidelines as well as instructions for today). Decisions on proceeding with Christmas productions need to be made in July/August. After this point it may be too risky to sink funds into Christmas productions.
- We will need a strong message from the Government that venues are/can be safe, and a standards/kitemark scheme that is consistent across the cultural/tourism sectors and gives assurance to the public that they can and should visit.
- Social distancing is a serious financial challenge: our buildings and business models require maximum possible occupancy and our theatres expect to lose between half and two thirds of their occupancy through social distancing.
- As well as social distancing with audiences we will have to radically change our onstage, rehearsal and backstage practices. This will also bring costs and limit the repertoire. For example, using singing or instruments may be prohibitive and yet musicals are shows that generate large audience and box office takings.
- There will be one-off and ongoing additional costs due to Covid-19: cleaning, PPE, Perspex screens, technology infrastructure, antigen testing before rehearsals etc.
- Financial savings may reduce investment in productions, new work and/or force risk averse programming. The Theatre Review in the 1990s concluded such measures actually led to a long-term decline in audiences and revenue. It is imperative that if we are to rebuild our resilience, grow and diversify audiences that we have the means to continue broad, accessible and exciting programming that can engage everyone.
- Reliance of established and commercial titles inevitably reduces representation and diversity in our work. The established canon is overwhelmingly male with limited representation of female authors and roles. The Black Lives Matter campaign and the disproportionate impact of Covid-19 on BAME communities has created a transformational moment in our culture which cannot be addressed if we rely upon "safe" revivals and historical texts. Our response requires investment in new commissioned work and even more extensive community engagement.
- Our industry is exceptionally vulnerable to illness and quarantine issues. Rehearsal periods and live performance require specific people at specific times. Theatres of our scale do not have the resources for understudies and even if we did, a whole company need to be quarantined if one person become ill. An entire production might have been written off and no income received.
- There is potential for greater local partnership working and for theatres to play an even greater role in the ongoing local response, health and wellbeing. For example, one theatre's box office staff and systems have been used by their local authority to help with data planning and mapping.
- As well as productions, our theatres produce extensive participatory programmes. Funding for such programmes may be tougher to secure due to increased pressure on funders and demand. At the same time the need for such programmes is increasing as communities address isolation, emotional and mental health problems, and physical health problems that have built up over recent months. In 2017 the APPG on Arts, Health and Wellbeing published evidence that:

- Arts on prescription can reduce GP consultations by 37%.
- It can reduce hospital admissions by 27%.
- 77% of people participating in the arts also increase their physical activity.

What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with Covid-19?

- Strong initial leadership from Arts Council has been welcomed and needs to continue into longer term support.
- Sharing advice, best practice and new ways across the sector to speak as one voice and learn together.
- At present the Government task forces and consultation is focussed towards larger organisations/venues. Regional and community focused organisations need to be included. It's important that the guidance is relevant to all theatres, issued promptly and available to all venues at the same time. There must be a clear national date from which it is legal to reopen and that venues may then do so when they are ready. Smaller theatres can often be more flexible with spaces, and may have different solutions within the guidance than older larger venues.
- Guidance for open air theatre and cinema should also be covered and issued promptly.
- Government Communication with the theatre industry: if we have to live with Covid-19 for some time we need information on risks, plans and issues. Horizon scanning that would help with future preparation.
- Potential for theatres and non-statutory organisations to be part of emergency response – offering skills, resources and creative solutions; and part of the long-term response such as health and wellbeing projects that reduce demand on the NHS.

What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?

- More online engagement and expectations. Only the two major national companies – the National Theatre and Royal Shakespeare Company – currently have the resources to create and distribute high quality online streams. Investment is needed for the rest of the sector to catch up and in doing so, being able to reach new audiences and also cope with any future “lockdowns”.
- More demand for outdoor venues and outdoor work, and support towards this form of theatre which is typically a higher financial risk.
- Greater understanding and advocacy by local and national government as to where arts and culture are playing leading roles in community partnerships and disseminating good practice.
- A Government strategy for the theatre industry to recover: this will take much longer than 31 October when all current support runs out.
- In 2000, the Arts Council's Boyden Report and Theatre Review prompted Government to invest £25m extra into theatre. The Arts Council and Government should draw upon some of those previous lessons to support the rebuilding of a dynamic theatre industry. The challenge we face now is even greater than the one identified twenty years ago.