

The Eyre Review The future of lyric theatre in London

Return to an Address of the Honourable
the House of Commons
dated 30th June 1998

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Report on the future of lyric theatre in London

Sir Richard Eyre CBE

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Foreword

It is a far from universally acknowledged truth that public funding for the arts is essential. If scepticism has increased in the past few years it has much to do with the fact that the Royal Opera House has come to be seen as a barometer of the health of the world of the performing arts. That organisation has inspired righteous indignation, invited mockery, invoked accusations of irresponsibility, overspending, mismanagement and élitism, and begged questions about the validity of the principle on which all arts organisations receive taxpayers' money.

It seems vain now to assert that the "House", as it is so archly called, has presented many excellent evenings of opera and ballet, or to observe that the Royal Opera House has been under-funded in comparison with many European opera houses. It seems equally vain to point out that the public perception of arts organisations throughout the country who have not been feckless, who do excellent work to substantial audiences within an agreed budget has been tarnished by association. The damage has been done, and it is to be hoped that out of the recent débâcle, it is possible to extract lessons that will be of use in the future for all those who have an interest in the performing arts: the public, the politicians, the practitioners and the funding bodies.

Opera and ballet attract a far wider public than is often supposed. However, it remains a fact that many people have an indifference to these art forms bordering on distaste. They are put off, much as people are put off hunting, not by the activity itself, as by the perceived behaviour - or the social class - of some of its enthusiasts. It's unreasonable to judge an art by the company it keeps, and equally unreasonable to judge it by the criteria of other performing arts, such as theatre and television drama. Opera and ballet have their own attractions, their own criteria, and their own forms of truth and of excellence, no less exacting, and no less rare than in the theatre and in TV drama. It's as pointless to blame opera and ballet for not being like theatre as it is to blame theatre for not being film, or a melon for not being an orange.

Nevertheless many people are incurably uneasy about a live art form which at one end of the spectrum employs such large numbers of people to achieve its effects, and uneasy too about the cost, swollen not only by the numbers involved, but the need to submit to fees dictated by the international market, leading to grotesquely inflated seat prices.

All the performing arts provoke accusations of élitism: they are dedicated to creating work that can be performed by only a very few, very gifted and very skilful people to an audience limited by the number of people who can sit in a concert hall, a theatre, or an opera house at any one time. The use of 'élitism' as a pejorative is only justified if the work seeks to obscure rather than illuminate, and if the performers are reluctant to communicate - or if the concert hall, theatre or opera house appears to repel a prospective audience through excessively high prices or a selectively exclusive attitude to the public.

If it's in the nature of the performing arts that they can only be accessible to a few people at any one time, it's a tragedy that these people always seem to come from so limited a social and geographical spectrum. The choice of going to the theatre or the opera or an art gallery is an informed choice that has not been offered to many people in this country. Most young people are not taken to the theatre by their parents or their schools or their colleges, and going to the theatre is not their preference for something to do on their night out. Many people feel that theatre or concert or opera-going 'is not for us'; they don't feel comfortable in the buildings, and if they feel anything at all about theatre or opera or ballet, they feel disenfranchised.

In the face of this indifference, it is argued that market forces should be allowed to rule, both on economic grounds and on the grounds that the arts are an activity irrevocably distanced from the tastes and concerns of all but an educated élite: either way, it is argued, there is no case for subsidy. Arts practitioners are swept into the turbulent eddies of these arguments, seeking to square the funding circle by targeting the middle class audience and charging the 'market rate' for tickets, while at the same time trying to achieve greater access and audience development.

The power to engender real access can, however, only be achieved in one way: by reducing ticket prices - at the very least for first time audiences - and funding education so that the arts became a genuine 'choice', without carrying the baggage of class. In short, making the arts truly inclusive.

It can't be emphasised too strongly that the justification for the existence of our concert halls, theatres, and opera houses is not made by the organisations that run them, but by the work that they do: the important questions should be as much about art as about money - "Is what I see and hear any good?" and "What does it mean to me?" In simple terms, the overriding priority in the commercial world is the need to make a profit and be good; in the subsidised one it is the need to be good.

It is not boastful propaganda, but demonstrable truth to say we have a creative culture that is the envy of the world. We have an extraordinary wealth of artistic creativity in this country, and it is unusual both by European and American standards in that it is a plural culture: a mixture of subsidy and the free market. The point of subsidy is that it acts as investment, provides continuity, allows artistic risks, sustains the best of tradition, develops new talent, feeds the commercial entertainment economy, and does all this at reasonable seat prices.

We can justify the subsidised arts on the grounds of cost effectiveness, or as tourist attractions, or as investments, or as commodities that can be marketed, exploited and profited from, but the arts should make their own argument. They are part of our life, our language, our way of seeing; they are a measure of our civilisation. The arts tell us truths about ourselves and our feelings and our society that reach parts of us that politics and journalism don't. The arts entertain, they give pleasure, they give hope, they ravish the senses, and above all, they help us to fit the disparate pieces of the world together; to try and make form out of chaos.

Set against the claims of health, social services and education the arts can only ever end up looking like *Oliver Twist*. It's impossible to make any recommendations about arts funding without straying into politics, but it's also an affectation to pretend that the arts and politics aren't interconnected. We should take seriously what Auden said:

"In our age the mere making of a work of art is political. So long as artists exist, making what they please and think they ought to make, even if it's not terribly good, even if it only appeals to a handful of people, they remind the management of something managers need to be reminded of, namely, that the managed are people with faces, not anonymous numbers."

If the public is prepared to accept that subsidy is a price to be paid for the continuing health of our cultural anatomy, then we must recognise that the *quid pro quo* is that arts organisations must make their argument for continued existence in the quality and content of their work - and they must also make themselves accessible, accountable and cost effective.

There is a wealth of first class work in lyric theatre, ample to confirm that the claim of excellence is not a self-serving boast, even if extending access to this work has often been half-hearted at best. It is also true that there has been much mismanagement and lack of financial accountability in lyric theatre. In some cases, deficits were accumulated with knowing recklessness, and in others with a fatal blend of arrogance, naïveté and

wilful optimism. Like Mr Micawber, there has been a widespread assumption - without any supporting evidence - that something would turn up (in the shape of increased grants) to pull the companies back from the edge of the precipice of debt, and even bankruptcy. The Arts Council compounded the folly by not offering effective advice, or by exercising sufficient authority to preserve the companies from their excesses of self-mutilation.

Whatever the long or short term benefits of this Review, it is quite apparent that the existence of the Review itself has done much to galvanise remedial activity by all the companies. It has given a positive boost to ENO, and a stimulus to the Royal Opera House to put their house in order.

In the course of my Review, I have trekked through forests of paperwork, and I have soaked in the drizzle of countless litanies of complaint. I have been instructed, exhorted, cajoled and occasionally bored by a number of thoughtful, well-meaning, passionate and good-hearted experts. I have been diligently educated by a score of journalists, prescribing solutions with the confident certainty of 19th century statesmen, and I have often felt as if I've been listening to Gaev in *The Cherry Orchard*:

"If a lot of remedies are suggested for a disease, it's a sure sign that it's incurable. I've racked my brains trying to think of a way out and I've come up with so many schemes that it's obvious that there isn't one that will work. What we need is for someone to leave us some money."

I have been consistently attracted to the allure of positive solutions, to the illusion of action. I have been drawn to the neatness of structures that bind together all the lyric theatres in a single administration with common working agreements and a sense of common purpose, and with the eagerness of a zealot, I have been enticed by a plan to separate the management of buildings from the making of the art, and a scheme to separate the Royal Ballet from the Royal Opera.

I have toyed with the dissolution of the Arts Council, and the creation of a new funding body closer to the regulatory bodies that invigilate the utilities. I have longed frequently to turn the clock back, I have wished devoutly that the arts constituencies weren't so divided among themselves, and I have prayed fervently for deliverance from the unachievable task of trying to create true access to the performing arts without a wholesale reform of our educational system.

Whatever choices the Government makes in the light of this Review, it would be dishonest for me not to observe that opera and ballet are merely a small, but significant, part of the landscape of the arts in this country. It would be inequitable to attend to the needs of lyric theatre and its audience, without addressing the state of the other performing arts.

It might be tempting for the Government, as it is reaching the conclusion of its review of public expenditure, to regard the resolution of issues of management and accountability as providing the sole solution to the past problems of arts funding. It might also be tempting to regard the lack of financial accountability and the failure of control by management and the Arts Council as sufficient evidence that the arts world will mishandle whatever subsidy it gets, and should therefore be saved from its natural profligacy and fecklessness by being made to stand on its own feet, unsupported by state subvention.

The Government has three clear choices:

to discontinue subsidy and declare unambiguously that the performing arts do not merit government support;

to give the arts the same treatment - and funding - that they have had in the past and apply more pragmatic rigour and improved accountability; or

to make a commitment to realising the principles on which this Review is predicated: excellence, artistic integrity, accessibility, accountability and cost effectiveness. To achieve this, there would need to be a new contract with the arts world - one that had obligations and responsibilities on both sides. It would require a real investment. It would also require a sophisticated understanding from Government of the benefits of this investment, and an equivalent understanding from the arts world of what was expected from them in return. Above all, the wearying mutual animosity between artists and their funders would have to become a healthy and benign dialogue.

For the past four years grants have been at a standstill, and all arts organisations have been obliged to try to adapt to a real terms decrease in grant revenue by: attracting more audiences, (difficult if you're already playing near to capacity); attracting more sponsorship (in an ever more competitive market); pushing ticket prices higher; pursuing more cautious programmes; or cutting back activities. Paradoxically, unprecedented wealth has become available through the Lottery - but until recently for bricks and mortar alone. So the arts appear glutted with cash for

substantial capital developments while they are famished for funds to sustain the work for which arts organisations exist. They are the proud tenants of bright shining buildings in danger of becoming as redundant as stainless steel kitchens in a famine.

To achieve a stable ecology in the performing arts, adequate funds for revenue support need to be secured. It is not a matter of a huge, exponential injection of cash - even in percentage terms. But the attritional effect of a number of years of standstill funding needs to be reversed, and for the future, the Arts Council needs to look more intelligently at the total funding available to it - whether grant-in-aid or Lottery. It must ensure that funding is directed to activity, in support of a clearly articulated strategy of investment in talent, and in meeting the needs of audiences.

If in addition, educational initiatives went hand in hand with artistic ones, I believe that a profound change could be made in the arts and in our society. In return for the investment in talent, the Government must insist that artists have an obligation to create structures which ensure that their work is available to as wide a constituency as possible, that those structures are accountable and cost effective, and that quality never ceases to be the principal criterion of judgement.

All talk of transforming the arts and changing society can be dismissed as Utopian, and this century has taught us to be sceptical of offers of Utopia. I've nevertheless always felt depressed by people who aren't stirred by Wilde's epigram: "A map of the world that does not contain Utopia is not even worth glancing at."

In my modest Utopia, our corrosive class divisions would dissolve, crime among young men would be curbed, and unemployment would be eased. Our political immaturity would be cured, our insular attitudes towards Europe and our paranoia about our national identity would be dispelled. We would put an end to our ignorance and suspicion of science, our diffidence about learning, and abolish the cultural apartheid which divides the country between those who go to galleries, theatres and opera houses, and those who feel themselves excluded from them.

I know how to bring this Utopia into being, and so does the Prime Minister: education, education, education. Education could change the economy and employment and attitudes to class and to art and to leisure, to the state, to each other and to ourselves. "It is through education," says Tony Blair, "that the potential of each of us is fulfilled."

It is precisely that potential for fulfilment that is offered by the arts. Of course it can't be achieved by the application of money alone; money on its own never produced any art worth having. One can't legislate for talent: it is inequitable, unpredictable and finite. What money can do is this: help talent to breathe, be educated, be trained, be exercised, be recognised and be enjoyed.

The Government has identified the means of changing this country; the choice is theirs. "I do not believe in a fate that falls on men however they act," said Chesterton, "but I do believe in a fate that falls on men unless they act."

A handwritten signature in black ink, appearing to read "R. Eyre". The signature is written in a cursive, flowing style with a prominent initial 'R' and a long, sweeping tail.

Sir Richard Eyre

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The Review: Terms of reference & methodology

In his letter of 3 November 1997 inviting me to conduct this Review, the Secretary of State set out the objectives it should seek to address:

to ensure that the UK is able to sustain the highest standards of national and international excellence in performance;

to ensure that the distinctive artistic styles of each of the companies are protected and nurtured;

to look for ways in which the work of these national companies can become more accessible - through touring activity, education work, broadcast opportunities or by other means;

to ensure maximum public benefit from the use of public money. The issue is not about saving money, or cutting funding levels; it is about ensuring every pound of public funding that is invested works as hard as possible, and that its benefits flow back to as many as possible of the people who have contributed to it; and

to secure the financial stability of the companies and give them a firmer basis on which to plan, and efficient structures within which to operate.

I was supported in the Review by a Working Group and by a Secretariat of Department for Culture, Media and Sport officials. Representatives of the Royal Opera House, ENO and Sadler's Wells also participated. The membership of the Working Group is set out in Annex ii.

A wide-ranging consultation exercise to inform the Review was initiated on 6 November 1997 with the publication of my open letter inviting submissions from the public and interested parties (see Annex i). I received around 1,200 responses to my letter, and these were considered individually by the Working Group and Secretariat. A full analysis of the views expressed in the correspondence was also undertaken by the Policy Studies Institute, and a summary of their report is at Annex iii. The Working Group members and I undertook a programme of consultation meetings with key figures in the sectors both of the past and present, including representatives of the Royal Opera House and ENO companies, trades unions, representatives of arts organisations, arts practitioners, administrators, impresarios, critics,

donors, fundraisers, media representatives and politicians. In all we saw over 200 people. A list of those consulted is at Annex vi.

A large number of people made formal submissions to the Review, and I invited and received formal submissions from the Royal Opera House and ENO. I should comment that the Working Group members and I received full co-operation from the companies during the Review.

Given that the genesis of the Review was stimulated by a proposal focusing on the geographical siting of the companies, we began by looking at physical and structural matters, by identifying a number of models which involved different uses of what I've come to know as 'the lyric theatre estate' in London: the Royal Opera House in Covent Garden, the Coliseum, and the Sadler's Wells Theatre. There are of course other London lyric venues, in both the subsidised and commercial sectors, and I will refer to some of these in the body of this report. However, for the purposes of this Review, I will use the term 'lyric theatre estate' according to the narrow definition set out above.

It soon became apparent that the key issues at the Royal Opera House and at ENO, were less related to physical structures, and more to do with issues such as leadership, accountability, management and finance. This report therefore focuses on those issues. We have nevertheless conducted some useful work on a number of potential models against which we test the principles of the Review.

I would like to record my considerable thanks to all the members of my Working Group who gave extravagant amounts of time and thought, without reward, to the questions we were asked to consider. I can't claim that every word of this report represents a consensual view, but I can claim that I have not knowingly misrepresented the opinions of any member of the Group.

I also thank William Wilkinson, an independent producer and the former Director of Finance at the Royal Shakespeare Company, for his diligence and determination in support of the Working Group in analysing the companies' finances.

I would also like to record my gratitude to the officials at the Department for Culture, Media and Sport who worked on this Review: Emma Cockell, Duraid Silarbi and Fiona Whyte. They demonstrated that the stereotype of the civil servant as a mindless, faceless bureaucrat is a pernicious fiction. Their intelligence, enthusiasm, loyalty and hard work have been a constant inspiration and stimulation.

Summary of recommendations

Art (Part I, Chapter I)

“To ensure that the UK is able to sustain the highest standards of national and international excellence in performance.”

“To ensure that the distinctive artistic styles of each of the companies are protected and nurtured.”

Opera

Britain deserves to have an opera house in the first rank of international excellence. The Royal Opera House has established a justifiably respected international reputation, and the newly redeveloped building should help to maintain and enhance that position. (p.41)

Opera in English is an important element of the development of an indigenous tradition in opera, and ENO should continue to develop its role as national flagship for the development and presentation of British work, while delivering accessibility to its audiences through performances in English translation of the mainly non-English canon. (p.42)

For the health of the art form, it is essential that the Royal Opera and ENO develop and perform new and experimental work - particularly small scale work - at other venues, including Sadler's Wells and the Royal Opera House studio theatre. (p.42)

In this regard, I welcome the Royal Opera House's intention to appoint an artistic director for the studio theatre, but observe that he or she should have been in post before now. I recommend that the appointment is made as soon as proper process will permit. In developing the artistic vision for the studio theatre, the Royal Opera House must conduct extensive consultation with the Arts Council, potential users, audience and the local community to ensure that it enhances, rather than damages, existing provision. (p.42 - 43)

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The Royal Opera House needs visionary leadership by an Artistic Director of international repute in the opera and ballet worlds, underpinned by sound financial and management expertise. I exhort the Royal Opera House, while having regard to proper process, to expedite the appointment of its new Artistic Director. (p.43)

The artistic vision of both opera companies is not as distinctive as it should be. The Artistic Directors of both opera companies need to define clearly, and promulgate their distinctive artistic visions. (p.47)

I recognise the importance of the chorus as playing an integral and indispensable role in the life of an opera company. I recommend that the companies explore flexible options for the chorus, based around the maintenance of a core chorus, supplemented as appropriate with freelance singers. It is unlikely that this would create cost savings, but it should produce fresher work. (p.44)

The companies are required to embrace their responsibilities to develop the art form, through developing artists and repertoire, and above all to commit themselves to finding common cause with other lyric companies. I commend the training programmes each company undertakes, and exhort them to continue to develop their roles in this area - through use of the Covent Garden studio theatre, and other means. It is essential that the companies see themselves as a resource for the wider lyric arts sector. They must establish themselves as 'centres of excellence' and commit to working in new partnerships. (p.44 - 45)

Ballet

The Royal Ballet is recognised as one of the world's great classical ballet companies. The Royal Ballet offers a high standard of artistic and technical performance: it has dancers who are leaders in the international field and the company is celebrated on international tours. However, it is widely thought that the repertoire is not as rich as it should be. The Royal Ballet needs to develop a clear artistic vision and to draw on its own rich heritage. More significant new work is essential if the company is to maintain its leading presence in the international field and to continue to contribute to the advancement of the art form. (p.45 - 46)

If the Royal Ballet stays at Covent Garden, the Royal Opera House needs to commit itself to closer parity of the Ballet's status with the Royal Opera, including reviewing performance patterns between the Royal Ballet and Royal Opera. (p.46)

Recognition of the importance of music as integral to ballet needs to be reasserted at the Royal Opera House. The Music Director of the Royal Ballet and the Royal Ballet choreographers must work closely with the Royal Opera House Music Director to secure the best provision of music for the Royal Ballet. (p.49)

Orchestras

Opera and ballet are art forms driven as much by musical imperatives as theatrical ones. It is therefore essential that the Royal Opera House Music Director operates at the heart of all artistic planning. (p.43)

The disposal and working of the orchestra in each company must be settled by the relevant Music Director, working as a member of the core artistic leadership of the company. I am persuaded that a permanent orchestra at the Royal Opera House makes for high artistic standards. However, I recommend that the Royal Opera House explores introducing flexibility into the working practices of the orchestra, particularly to consider how it might bring specialist talent into the work of the Royal Opera House, involving the incomparable resource offered by the wider London orchestral scene. (p.49 - 50)

The Royal Opera House Music Director, working in collaboration with the Royal Ballet Music Director, must ensure that the orchestra works for the benefit of the Royal Ballet as much as for the Royal Opera. (p.50)

ENO's orchestra is an integral part of the ensemble company. It may not be appropriate for the ENO orchestra to work with all dance or other lyric companies visiting the Coliseum, but this avenue should be explored in each case. As at the Royal Opera House, flexible working agreements must be introduced to enable this and other forms of work, including education work and touring. (p.50 - 51)

I suggest there should be scope for more flexible working arrangements allowing more advantage to be taken of the context within which the companies are operating. It is hard to see precisely how these flexibilities might work, without knowing what additional demands are to be placed on the orchestras post re-opening of Covent Garden. I suggest that the arrangements for both orchestras should be subject to further study once plans have been finalised. (p.51)

Access (Part I, Chapter II)

“To look for ways in which the work of these national companies can become more accessible - through touring activity, education work or broadcast opportunities and by other means.”

Unless excellence is maintained, there is no case for access. Subsidy buys access to the arts, and access is the rationale for subsidy. It is the enduring belief in the civilising benefits that the arts bestow on a nation that has underpinned the development of the fertile cultural landscape we enjoy today, and which has allowed this country to thrive as a cultural force. The arts enrich all our lives, and it should be the birthright of all this country’s citizens to be able to fulfil their creative potential as participants and spectators. (p.52)

Audiences

Existing audience demand subsumes a substantial proportion of existing provision of lyric theatre in London, but post-redevelopment of Covent Garden and Sadler’s Wells provision risks outstripping demand. At the same time, the new theatres create an unprecedented opportunity to extend the audience base for lyric theatre. New audiences appear to be stimulated by new venues. Existing audiences demonstrate fierce loyalty to the theatres they have come to see as the companies’ ‘homes’ - Covent Garden and the Coliseum. Our knowledge of the audience for the Royal Opera House’s work during closure illustrates strong connections between audience and venue. It cannot be assumed that the companies can move freely from venue to venue or can easily share venues without the risk of confusing or fragmenting audiences. I am persuaded of the importance to maintaining audience loyalty that each company should have a ‘home’, with which it is closely identified. (p.52 - 54)

Recent successes have shown that audiences can be grown. It is imperative for the companies to do all they can to expand the audience for large scale opera and dance, and to exploit to the full the increased levels of performance that will be enabled by the redevelopment of Covent Garden and Sadler’s Wells. (p.54)

Education

There is universal agreement that the only way to grow a society that values the arts is through education. (p.55)

I commend the work of the companies' education departments. I applaud ENO's commitment to putting education at the heart of its activity and its 'contract with the people'. ENO needs to build on this, and demonstrate to the full a commitment to put education at the heart of its artistic mission. (p.55 - 56)

The Royal Opera House needs to integrate education work into the mainstream of its activities. I recommend that the Royal Opera House's education department is allocated a discrete programme budget, and that education is represented at a senior level within the management structure of the Royal Opera House. (p.56)

Co-ordination between the companies seems extremely limited on all levels, and with regard to education, there are considerable advantages to a more strategic and comprehensive approach. I recommend the establishment of a London-wide lyric theatre education strategy, and a co-ordination group drawn from the London lyric theatres to implement it, supported by representatives of London Arts Board and the Arts Council. (p.56)

It is essential that education policy makers and providers recognise the importance of the arts in education. The Department for Culture, Media and Sport must work closely with the Department for Education and Employment to ensure that the significance of the arts in schools is fully recognised, both in the National Curriculum and through the availability of a wide range of extra-curricular arts-based activities. (p.57)

Touring

Given constraints of scale, impact on companies whose mission is to tour, and cost, widespread regional touring of large scale opera and ballet by the Royal Opera House companies and ENO is unlikely to be the most effective way to achieve improved access to the art. However, options for the touring of smaller-scale work, launched from other venues such as Sadler's Wells, should be considered, particularly by ENO. The possibility of alliances or collaborations with other regional and touring companies should also be explored, particularly between ENO and English Touring Opera to develop medium scale work. (p.57 - 59)

I recommend that directors and designers are encouraged to create, on occasion, productions specifically for playing in a multiplicity of theatres. (p.58)

The Arts Council's Spheres of Influence policies in opera and dance are to be commended as highly effective in delivering a broad spread of large scale opera and dance in the regions. Measures to increase lyric activity in the regions should be guided by these strategies, which should be resourced appropriately. (p.58 -59)

The current principles governing UK cross-border touring are a bureaucratic nonsense. The four home country Arts Councils' policies in relation to touring across national borders need urgent, fundamental review, with a view to establishing an all-nation strategy for touring. (p.60)

Electronic media

The companies need to recognise the potential of electronic media to promote access to their work. The companies and public service broadcasters share the aim of improving access, and they should work together to develop long term strategic partnerships from which can be developed imaginative programming to attract a wider audience. Digital broadcasting should create increased opportunities for niche programming which the companies must grasp. (p.60 - 66)

Broadcasting is a complex area. The companies need to ensure that they have the expertise to deal with broadcasting issues, and that implications for broadcasting are taken into account at an appropriate point in the planning process, ie much earlier than is currently the case. In addition, they need to make progress in negotiations with unions to facilitate more broadcast access, and to ensure that public service broadcast transmission is allowed for in their negotiations with individual artists. Both companies should appoint an individual with the requisite expertise to take responsibility for broadcasting. (p.61 - 63)

The companies need to take a sophisticated approach to the value and exploitation of rights. As in other areas of their work, the companies should consider the scope for common cause and pooling resources - perhaps leading to the establishment of a consortium. (p.62)

The companies should consider ways to facilitate increased radio broadcasting, perhaps through sponsorship deals, and should look to work in partnership with the broadcasters to negotiate more free broadcasts to the UK. (p.64)

Narrowcast live performances to Covent Garden Piazza from the Royal Opera House, with the aid of sponsorship, should be resumed, and further opportunities explored for all the companies, both in London (including Somerset House) and to venues across the country. (p.65)

I recommend that the companies review their progress in this sphere, and devise practical action plans for implementation as an element of their access strategies, and that this is afforded significant priority. In particular, the Royal Opera House must grasp the opportunity offered by broadcasting to address some of its image problems, and turn its increased public profile to positive effect. It will be an inexcusable missed opportunity if the Royal Opera House's opening night is not broadcast, and if the Royal Opera House does not respond to that chance to present a rejuvenated, rehabilitated face to the public. (p.66)

The Internet offers opportunities for the companies to communicate directly with potential audiences. There are many pitfalls in developing an on-line presence, and both the Royal Opera House (in reviewing its site) and ENO (in seeking to establish one) must learn from best practice if they are to take full advantage of what is on offer. (p.65)

The companies should be proactive in negotiating deals with record labels and other commercial companies for the effective distribution of their artistic product. (p.65)

Perception

The companies must ensure that actual or perceived barriers to the art do not exist. (p.66 - 69)

The most obvious barrier is the price of a ticket. While the companies have wide-ranging ticket pricing structures, and low priced seats are available, they need audience development strategies which focus on attracting first time attenders, while maintaining an infrastructure which enables the new audience to become regular attenders. (p.66 - 67)

For all the companies, the imperative must be to sell tickets. I recommend the cessation of the practice of giving complimentary tickets as part of marketing strategy, with the sole exception of press for first nights. (p.69)

Summary of recommendations

The Royal Opera House faces particular challenges in relation to access, and especially perception. The Royal Opera House must seize the opportunity of its 're-birth' in the new Covent Garden to review fundamentally and address demonstrably the question of access for potential audiences, by evaluating:

- its education policy: how it will integrate education fully into the life of the companies
- its culture: it must demonstrate that it has the audience - both existing and potential - at the heart of everything it does
- its ticket pricing structure: ensuring that it continues to offer a wide range of ticket prices, while developing initiatives to target first time audiences
- how it receives visitors: is it approachable, welcoming, will first time visitors feel comfortable and want to return?
- how it will use the new building to enable inclusion, not perpetuate exclusion: there should be no space in Covent Garden created solely for the use of a privileged few based on status
- its brand image: while recognising its image needs to reflect artistic excellence, it must not contribute to a sense of exclusivity
- its relationship with donors and sponsors: could this be conducted on a more enlightened model of mutual benefit, rather than one that implies a straight transaction - cash for privileges?
- broadcasting: how it will grasp the opportunities offered by broadcasting to reach a wider audience and improve its image.

Each company should be required to submit, as an element of its formal response to this report, a report on the measures already taken to improve access, and a plan for how it intends to enhance this work, against clear measurable targets and how it will evaluate the improvements. The Arts Council should monitor the companies' progress against these plans on a monthly basis. (p.66 - 69)

The London lyric theatre estate (Part II, Chapter I)

The Royal Opera House, the Coliseum and Sadler's Wells are landmark sites in their own right, as well as contributors to the artistic and cultural life of the capital. This status carries corresponding responsibilities, which each theatre must recognise. (p.71 - 73)

The theatres need to engage in a relationship with their local communities and to play a wider social, economic and civic role. The theatres should consider how to facilitate this: exemplary models exist. One specific approach which should be explored is the allocation of one Board appointment to be made through local community representation. Sadler's Wells already appoints two local councillors to its Foundation. (p.71 - 73)

The lyric theatre estate

In principle, there is no artistic reason that two opera companies and a ballet company could not share a 'home', given the right building, in the right context, with the right planning. However, we cannot deal from first principles. The physical constraints are: a rebuilt theatre for large scale lyric work designed for one particular opera and one particular ballet company; a state of art venue for dance and medium scale lyric work, (both theatres representing a total investment of £114.5m of Lottery funding); and a large scale lyric venue which has particular benefits for dance. (p.74)

The physical spaces

I acknowledge that the premise of the Covent Garden redevelopment was to create a permanent home for the Royal Ballet and am persuaded that it would be the best outcome for the company and for the art form for the Royal Ballet to remain at Covent Garden. (p.75)

I am persuaded that disposal of the Coliseum would not release sufficiently significant sums of money either to use for a useful one-off revenue injection, or to form the basis of an endowment, which would make a significant difference to the ongoing revenue requirements of the Royal Opera House or ENO. (p.76)

At the Coliseum, urgent investment in the fabric of the building is necessary; there is a strong case for its capital needs to be addressed through a Lottery award to refurbish the Coliseum. (p.75 - 76)

Artistic programming

If it stays at Covent Garden, the Royal Ballet must get the planned increase in the number of its performances to bring it closer to parity with the Royal Opera. (p.77)

There appears to be insufficient audience or product to justify turning the Coliseum into a national dance house. However, given its benefits for dance, it is important that greater access to the Coliseum by dance companies is achieved. (p.77 - 78)

To enable this, more needs to be done to welcome dance as a major element of Coliseum programming: if ENO is to stay at the Coliseum, it must recognise fully its responsibilities as steward of one of London's premier lyric theatre venues, and it should act as a receiving house to English National Ballet and other dance companies, during the seasons when ENO is performing elsewhere. (p.78)

Two particular issues militate against this. The first is the high rental which ENO needs to charge to balance its books. The Arts Council must confront the anomaly of exorbitant charges passing between its clients and address how buildings-based clients can enable other subsidised companies to access venues, perhaps through setting differential rental rates for commercial and subsidised companies. The second is the stage crewing practices at the Coliseum, which are geared to opera rather than dance. Negotiations are currently underway to create greater flexibility in working arrangements, and the outcome of these discussions must be to improve the position for dance. (p.78)

The redevelopment of Sadler's Wells will create first class facilities for dance and other lyric theatre. Recently negotiated flexible working agreements will enable an increased number of performances. It is essential that Sadler's Wells does not become simply a repository of artistic overflow from a heterogeneous mix of companies. It has its own artistic ethos which must be supported, although it should also work in partnership with others and in a realistic context. Given the costs of running the new building, set against the comparatively low level of subsidy it receives, Sadler's Wells will be unable to deliver a full programme and realise its artistic vision unless it is able to find additional resources. (p.79 - 80)

Management of theatres

I considered a number of different models for the management of the three performing companies and the venues. I concluded that, while attractive in theoretical terms, options such as a London lyric theatre trust to manage six buildings for the service of one ballet company, two opera companies and a heterogeneous mix of visiting lyric companies, was impractical. There is a strong risk that such a structure would simply create increased bureaucracy. (p.81 - 83)

The need for a common approach to issues of collective concern is, nevertheless, very strong. I recommend the establishment of a co-ordinating group looking at common issues for lyric theatre in London, including repertoire, labour relations, flexible use of estate, and broadcasting, with a view, inter alia, to creating joint working agreements. The group will be led by the theatres, working in conjunction with the existing national co-ordinating committees for opera and dance (the National Opera Co-ordinating Committee and the National Dance Co-ordinating Committee) and be serviced by London Arts Board and the Arts Council. It should be formed urgently, and I expect the theatres to co-operate. Failing that, participation should be a mandatory condition of public subsidy. (p.83)

The models (p.84 - 89)

Examination of the various models suggested by the known parameters leads me to the conclusion that:

- ENO should remain based at the Coliseum, but should release significantly increased time at the Coliseum for dance (up to 15 weeks) and fully meet its obligations as a receiving house for dance, both for British and overseas companies. English National Ballet should get additional weeks at the Coliseum to fulfil its artistic objectives, and ENO should encourage a wide range of dance companies to present work for the remaining weeks. During those weeks, ENO should take a season at Sadler's Wells for smaller-scale work, with the possibility of touring from there
- The Royal Opera and Royal Ballet should remain based at Covent Garden. The commitment to parity for dance at Covent Garden should be delivered, and further opportunities sought to open up the venue to a wider range of companies and work, including through the use of the studio theatre. The Royal Opera and the Royal Ballet should both consider the scope for expanding their audience by performing at other venues, eg Sadler's Wells

- While having regard to the need for developing partnerships and working in a realistic context, Sadler's Wells Theatre must not become simply a repository for work which cannot be accommodated elsewhere. It has its own artistic mission and strategy focusing primarily on dance, while offering opportunities for other lyric art forms. Visits from ENO and the Royal Opera House companies must be programmed within this context

- All the theatres should take a more flexible and adventurous approach to programming and use of the lyric theatre estate, in seeking innovation and new collaborations, and this will be delivered through the new co-ordinating body - the London lyric theatre co-ordinating group.

'Privatisation' of the Royal Opera House

I considered some models for 'privatisation' of the Royal Opera House. The Met is clearly operating in a quite different financial environment, and with 65% more seats than the Royal Opera House and sole occupation of its theatre, its earning power is considerably higher. Glyndebourne operates festival seasons, and while it produces excellent art, provides limited access. Other approaches, including stock market flotation and issue of debentures also risk compromising either excellence or access. In addition, there is the Lottery award to the Royal Opera House and decades of public investment which might be relinquished should the Royal Opera House be 'privatised'. My conclusion is that none of these 'privatisation' models would achieve all the aims of this Review. (p.90 - 93)

Value for public money (Part II, Chapter II)

Governance

The Board of any organisation is a key resource and its performance is vital to the health of the organisation. Board appointments to arts organisations have historically been made on too haphazard a basis. I recommend that all Board members of national arts bodies are appointed in consultation with the Secretary of State, the Arts Council, the Chair, and the artistic director of the organisation. No Board should be able to appoint its own members or Chair independent of external consultation. (p.94 - 95)

I recommend that the measures prescribed in the guidance issued by the Commissioner for Public Appointments are applied more widely in the arts sector. (p.95)

All Board appointments should be made against clear role descriptions which reflect the objectives of the organisation, and the Board should be integrated into the life of the organisation. I recommend that all new Board members must be given appropriate training. (p.95)

Given the responsibilities of the Board for overseeing and holding to account the executive of the company, it is not good practice for the chief executive to be a member of the Board. I recommend separation between the executive and the Board. (p.95)

The Board of the Royal Opera House has had tremendous success in fund raising, but in other areas of responsibility, particularly in exercising proper control over the executive, it has failed. It is an excellent illustration of the importance of proper governance. (p.97)

The structures supporting the Board of the Royal Opera House need review. I doubt the usefulness of the Opera and Ballet Advisory Boards at the Royal Opera House. I recommend separation of the main Royal Opera House Board from the Royal Opera House Trust, or the Royal Opera House must introduce greater transparency into the relationships between its supporting bodies. (p.97 - 98)

Accountability

I exhort all parties in the line of accountability from the Secretary of State to the Arts Council to the companies to take a fresh approach to how they inter-relate. (p.99)

I recommend that the Secretary of State, once he has decided the new role for the Arts Council to play, give it his full and demonstrable backing to deliver his objectives, in accordance with the arm's length principle. (p.100)

The Arts Council must respond to its new mandate and ensure that it has the expertise - particularly in the areas of financial and project management - to deliver it. The Arts Council must ensure that it can deal with clients from a position of authority. (p.100 - 103)

Art form panels are essential to give the Arts Council expert advice. However, they should be advisory only, and act as the servants of the Arts Council officers, rather than their masters. (p.101)

I am sympathetic to the Arts Council's concerns about an inherent conflict between the demands on it to be advocate for the arts, and mentor to its clients and its responsibility to administer limited funds and to police proper use of those funds. If the Arts Council does not, or cannot, re-establish authority, a more radical solution might be needed. There may be a case in due course for exploring some form of independent standard-setting/regulatory body to enable separation of responsibilities. (p.101 - 102)

In pursuit of improved rigour and transparency in its relationship with clients, I recommend the introduction of fixed term funding agreements between the Arts Council and its client organisations at fixed prices, index linked to inflation and assessed on quality of outputs, with the option of withdrawal of funding at the end of the agreement if standards are not met. I also recommend that the Arts Council explores the scope for splitting funding into separate streams for funding the art and the buildings. (p.102 - 103)

I recommend that arts organisations in receipt of high levels of subsidy should be required to submit monthly management accounts which will be subjected to scrutiny by the Arts Council. (p.102)

Historically, the Arts Council has been undermined, particularly by its largest clients, by direct contact and lobbying of Ministers by the organisations. I recommend that a condition of receipt of an Arts Council grant is for arts organisations to deal primarily with the Arts Council. Arts bodies will have to accept that the consequence of receiving public funding based on an arm's length relationship is that they will not be able to have a direct relationship with the Minister which undermines the one they have with the Arts Council. Ministers must ensure that they do not, unwittingly or otherwise, allow arts organisations to subvert their primary relationship with the Arts Council. (p.103)

In particular, the relationship between the Royal Opera House and its public funder has been characterised by arrogance and presumption on the part of the Royal Opera House Board. The Royal Opera House must develop a sense of respect for accountability for public funds, and a more constructive relationship with the Arts Council. Unless the Board of the Royal Opera House accepts that they are a part of the same economy as any other performing arts organisation, they cannot expect to be regarded as participants in a common cause and beneficiaries of public funding. (p.103)

Management & structures

It is imperative that the Royal Opera House appoints an Artistic Director and creates an artistically-led organisation, supported by a well-rounded and balanced management team. It will be essential that this individual's knowledge and experience of the unique demands of managing opera and ballet encompasses the ability to imbue the Royal Opera House with a respect for budget which has been lacking in the past. I cannot stress too strongly that an individual who is brilliant artistically, but who has no regard for financial imperatives, would make a disastrous appointment. (p.104)

The Royal Opera House has invested excessive faith in consultancy advice. They would be better advised to use these resources in building up strong leadership from within. (p.104)

I believe that autonomous status for the Royal Ballet is not desirable, but I seek proposals from the Royal Opera House for how it will resolve the Royal Ballet's inequitable status. There is an inherent tension between the two art forms at the Royal Opera House, and until the Royal Opera House Board and management recognise this formally in terms of strategic planning, the situation will not improve and will continue to corrupt the art. (p.104)

The Royal Opera House's planning procedures are deeply flawed. It is essential that productions are planned in a more structured and logical way, and with regard for budget built in at every stage. Much greater consultation and communication between all interested parties must commence at the earliest stage in planning a production. Everyone involved must feel ownership for the production. (p.105)

I offer the suggestion, rather than make the recommendation, that the Artistic Directorate should be perceived as a partnership - Artistic Director (Intendant) and Ballet Director - with the Intendant primus inter pares. To achieve this might be difficult, but unless it is achieved there will continue to be attritional territorial battles. The Royal Opera House Music Director must be involved closely with both Directors in the musical policy and artistic planning for the whole Royal Opera House. (p.106 - 108)

I suggest an Executive Management at the Royal Opera House, consisting of an Intendant, Ballet Director, Music Director, General Manager, Finance Director, and two subsidiary posts: Opera Administrator and Ballet Administrator. The General Manager should work in partnership with the Artistic Director and be responsible for administration and supervision of all departments working in support of the art. The Opera Administrator and the Ballet Administrator should both be regarded as 'producers' in the theatrical rather than the operatic sense. These seven people would attend Board meetings. I suggest that there should be an Executive Management which would include the seven people described above. In addition it would include the Head of Technical Department, the Head of Public Affairs (with responsibility for Marketing, Press and Box Office), the Head of Development, the Head of Education and the Royal Ballet Music Director. (p.106 - 108)

Finance & ensuring future financial stability (Part II, Chapter III)

“To secure the financial stability of the companies and give them a firmer basis on which to plan, and efficient structures within which to operate.”

Current financial status

The Royal Opera House and ENO do not operate user-friendly accounting systems. However, while not easy to extract, the necessary financial data does exist, so I do not accept any excuse for previous and current Boards and senior management of the companies not properly informing themselves of their financial position. I recommend that the companies introduce more transparent methods of financial reporting and monitoring, including the production of improved monthly management accounts to be submitted to the Arts Council for scrutiny. (p.109 - 110)

I recommend that the Royal Opera House reviews what controls and reporting systems are essential to effectively manage and administer the organisation. I recognise that this is a long and detailed task, but savings should be possible at the end of the process.

On subsidy, it is impossible to ignore international comparisons, eg La Scala (£34m subsidy pa) and Berlin Staatsoper (£30.7m subsidy pa). It is hard to escape the conclusion that, by international standards, British taxpayers are paying a comparatively small amount for quality work at both the Royal Opera House and ENO. (p.110)

Given the levels of private funding on which they are heavily dependent, I note the vulnerability of the companies' economies (particularly the Royal Opera House's), to changes in policy or ethos. The Royal Opera House generates relatively high levels of income from exploitation and merchandising, but there must be scope for further development. I recommend that the companies explore some examples of good practice in this area - possibly the New York Met - for imaginative ideas for exploitation of the brand. (p.111)

The Royal Opera House depends heavily on the high levels of income it generates through its box office. Any change in seat pricing structures to ensure more seats at lower prices cannot be achieved without assured compensating income in one form or another. One possibility, without compromising access, might be for all the companies to charge premium rates for special performances, like first nights. Sadler's Wells is already operating a structure of premium prices for first nights and Fridays and Saturdays while maintaining accessible prices. I recommend that all the companies explore this option. (p.113)

The production costs in each house do not, in my judgement, appear to be unreasonable, and are consequent of large scale work filling large stages, and the constraints of working in repertory. (p.110)

The new Covent Garden building is likely to incur greater running costs, at least initially, and this does not appear to have been budgeted for by the Royal Opera House. (p.116)

I recommend that Royal Opera House management salaries are brought in line with the rest of the subsidised sector; there is no justification for higher salaries than ENO - or for that matter the Royal National Theatre or Royal Shakespeare Company - simply because it is the Royal Opera House. (p.111 - 112)

Operation of the stages bears direct comparison between the companies. The Royal Opera House seems to have poor working agreements, but has recently made imaginative advances in more flexible use of labour, which should release some savings. The Royal Opera House's stage running costs were significantly higher than ENO's pre-closure, which suggests a need to further review working agreements. (p.112)

I recommend that the Royal Opera House and ENO conduct cost-benefit analyses of their marketing budgets, with a view to making substantial savings, perhaps through contracting out some functions, like design. (p.112)

The level of spend on guest artists at the Royal Opera House seems to be as expected given that, in the international market, the Royal Opera House is obliged to pay the market rate. The premium cost of guest artists appears to be cost effective; ie guest artists give the Royal Opera House greater earning power. (p.113)

I recommend further review of the productivity of the chorus in both the Royal Opera House and English National Opera companies, and the introduction of flexible working agreements that will enable an element of freelance to be introduced to create a fresher artistic product. (p.114)

At the Royal Opera House, I recommend further review of the orchestra's working agreements to increase flexibility and consideration of the cost of contracting out to outside orchestras to service increased demand at the Royal Opera House post re-opening. (p.114 - 115)

I recommend that both the Royal Opera House and ENO introduce a system of charging out all time spent by workshop staff on production and maintenance matters at labour rates to include all workshop overheads, including an element of unproductive time inherent in the system. Physical production costs per show can then be correctly calculated. I recommend that the companies then consider the scope for combining workshops, leading to economies of scale. In the interim, ENO needs to review workflow within its workshops, with a view to increasing efficiency. (p.115)

I recommend that as it will have a profound effect on the overall funding requirements of the Royal Opera House, plans are immediately researched and costed for the studio theatre. (p.116)

Future financial stability

Based on the data available to this Review, I had hoped to be able to cost the delivery of the Review's objectives by the companies, and to make a consequent judgement about existing and future resource needs. It is clear, however, that too many variables have not yet been quantified by the companies to enable this. In particular, the Royal Opera House has submitted no business plan for the re-opened Covent Garden. (p.117)

However, we do know the following: the companies are running substantial accumulated deficits. ENO's is being addressed as an element of stabilisation; it is not clear how the Royal Opera House intends to tackle theirs. Costs are not disproportionately high at any of the companies, but there is scope for making savings. There will be new calls on the budget and it is for the companies to find the resources they need to deliver their artistic objectives; by creating savings; reallocating resources; generating income; raising private funding; and growing the audience. (p.117)

I recommend the companies conduct fundamental reviews addressing the areas identified by this Review, setting out how they intend to implement the recommendations. The companies' reviews should be accompanied by an accurate and convincing assessment, which must satisfy the Arts Council, and ultimately Government, of the levels of funding required to deliver the Review's objectives. (p.118)

My belief is that at the end of this process, additional funds will be needed, if the companies are fully to deliver the objectives of this Review. If the companies can support this with rigorous budgets that the Arts Council considers to be indisputable, then it is for the Arts Council and ultimately Government to decide how to address this, within the context of its overall policy for the arts. (p.118)

Introduction

Brief history of the companies and the genesis of the review

The Covent Garden Opera Trust (later incorporated as the Royal Opera House, Covent Garden Ltd) was founded in 1944. Performances by the Royal Ballet began in 1946 and by the Royal Opera in 1947. The company is not for profit and limited by guarantee and has charitable status. It is accountable through a non-executive Board to its main funder - the Arts Council of England. Alongside the main Board is a Royal Opera House Trust, which also has charitable status and is responsible for raising private funds both to support the running of the Royal Opera House and the redevelopment of the Covent Garden site.

The need to restore and refurbish the Royal Opera House, and to improve and expand its facilities, has been recognised for decades. The land on the Covent Garden site was purchased by the Government from the Covent Garden Market Authority in 1975 to allow this, and in 1981 a Royal Opera House Development Land Trust was established as the legal vessel to facilitate the redevelopment. The Covent Garden site was transferred to this Trust, and the redevelopment has been progressing in stages ever since.

The Royal Opera House has direct links with Government. The Trust Deed under which the Development Land Trust was established stipulates that the land gifted to the Trust must be used for the benefit of the Royal Opera House, and includes provisions requiring Ministerial consent to any action whose effect might be to dilute that benefit (such as borrowing, or commercial development). In addition, the Secretary of State for Culture, Media and Sport is responsible for approving appointments to the Royal Opera House Board on the recommendation of the Chair, the latter having also consulted the Arts Council on suggestions for names. The Secretary of State has no additional formal role in the appointment of the Chair, who is chosen by the Board from among its own members.

The Royal Opera House receives £14.4m grant-in-aid from the Arts Council: revenue funding for the Royal Opera and Royal Ballet and to support the running of the Covent Garden building. In July 1995, the Royal Opera House was awarded £55m Lottery funding from the Arts Council towards the redevelopment of the Covent Garden site, with a further sum of £23.5m awarded in March 1997, the Royal Opera House having satisfied the Arts Council that certain additional conditions had been met. The Lottery award was for capital funding, and did not provide the Royal Opera House

companies with any additional revenue resources. The Royal Opera House has an accumulated revenue deficit of around £5m.

English National Opera is a company not for profit, limited by guarantee and with charitable status. Founded as the Vic-Wells Opera at Sadler's Wells in 1931 and reborn as the Sadler's Wells Opera in 1945, the company moved to the Coliseum in 1968 and was renamed the English National Opera in 1974. Although ENO has no direct links with Government, like the Royal Opera House it is accountable through its non-executive board to the Arts Council as its main funder. ENO receives £11.96m grant-in-aid revenue funding from the Arts Council for the company and to support the running of the Coliseum.

During the 1980s, ENO was widely acknowledged to have set new standards for productions of opera in Britain, under the direction the so-called 'powerhouse' triumvirate of Peter Jonas, Mark Elder and David Pountney. By the late 1980s the company was presenting over 200 performances a year, with a paid average attendance of over 2,000 per performance. ENO's audience numbers increased by 55% in the five years until 1991, and the company was also highly successful in raising income from private sources, doubling its income from sponsorship and donations in that time.

By the early 1990s, however, the company was facing increasing financial difficulties, with an accumulated deficit and falling audiences. An Arts Council appraisal report highlighted difficulties with sustaining the aesthetic that ENO had developed in the 1980s. The difficult economic climate exacerbated the trend of falling audiences, which by the 1992/93 season stood at just 56%. The appointments in 1993 of Sian Edwards as Musical Director, and Dennis Marks as General Director, sought to address the need to refresh the company's work, to raise audience numbers and secure a stable financial future.

ENO purchased the freehold of the Coliseum in 1992 with support from the then Department of National Heritage (through the Arts Council) and the Foundation for Sport and the Arts. Although the theatre is well situated in the heart of the West End, its severely restricted backstage area has always made it difficult and expensive to stage repertory opera. Moreover, the dilapidated state of the building has become an increasingly acute problem, with immediate work needed just to ensure compliance with domestic and EU health and safety legislation. In 1995 ENO secured Lottery funding for a feasibility study of the costs and benefits of refurbishing the Coliseum compared with building a new lyric theatre in central London. The KPMG study concluded that a new building would be the most artistically desirable and cost effective option.

However, even if this was a logical outcome of the study, there were clearly severe drawbacks. The abandonment of the Coliseum by ENO for reasons of that venue's unsuitability, so soon after the company had made the case for a large Government grant to secure its home there, would not have been looked upon favourably by interested parties. The potential loss of the Coliseum as an arts venue (particularly for dance); the willingness of ENO's audience to travel to an alternative location; and the wider ramifications of such a move on lyric theatre provision in London, were also issues which had not been fully explored.

Speculation about a move by ENO was overtaken by the company's successful application to the Lottery pilot stabilisation programme shortly after the KPMG study was completed. ENO and the Arts Council agreed that the first priority should be to restore the financial health of the company through the five year programme, and under the current stabilisation strategy, ENO are thus committed to remain at the Coliseum until at least 2001. Moreover, since the study was commissioned, the Lottery landscape has changed significantly, and it is unlikely that an award of the scale which might be sought by ENO for a new building (estimates for the cost of a new venue are in the £100-£130m range) either could or would be entertained by the Arts Council.

In October 1997, ENO was granted an interim award of £4.5m under the Arts Council's stabilisation programme to ensure that the company continued to operate while it recruited a new General Director and devised a final and long term stabilisation strategy. The award also allowed the company to upgrade box office systems, to invest more resources in marketing, to develop technology for a new planning and budgeting system, and to work on statutory health and safety requirements. Further to the company's completion of work on its programming and management proposals, ENO is expected to submit a final stabilisation strategy to the Arts Council by the end of June 1998, at which point the Arts Council will consider a final stabilisation award, including removal of the company's remaining accumulated deficit, which currently stands at around £2.5m.

Stabilisation has coincided with a strong return to artistic form at ENO which has developed over the last 18 months or so. Successful productions such as Janacek's *From the House of the Dead* and Verdi's *Falstaff* have been complemented by new works like Mark Anthony Turnage's *Twice Through the Heart* and the innovative production of Puccini's *Il Trittico*. The productions have been characterised by excellent orchestral playing and a strong sense of company spirit from the principals, chorus and orchestra alike.

At the Royal Opera House, artistic standards have been exceptional in recent years. Under the music direction of Bernard Haitink and the opera direction of Nicholas Payne, the Royal Opera has given some performances of truly international standard. *The Ring Cycle* conducted by Haitink was of international standing musically, and also notable has been the exploration of less familiar twentieth century opera in recent years, with productions of Tippett's *A Midsummer Marriage*, Alexander Goehr's *Arianna*, Hindemith's *Mathis der Maler*, Birtwistle's *Gawain* and a cycle of Britten operas. The orchestra has been on fine form, and casting lists have been consistently strong.

Offstage, however, the well documented problems which have dogged the Royal Opera House in recent times have been nothing short of a disaster. Well before the Lottery award was made to the Royal Opera House, both opera as an art form and the Royal Opera House itself had been subjected to increasing scrutiny and mounting criticism by the press and by the public. The art form's profile was raised (or lowered) in the public's consciousness when the then Housing Minister, Sir George Young, commented on homeless people as being "the sort of people you step on when you come out of the opera". Most of the damage wreaked by this remark was felt by the Minister himself, but the reputation of the art form was also tainted. For many, it caricatured what was becoming widely perceived as the élitist, exclusive attitudes of the followers of opera, with which the Royal Opera House itself had become inextricably linked.

The management at Covent Garden appeared to be unaware of this growing public unease, and the triumphalist celebration of their Lottery award - the largest to be made to the arts - only succeeded in exacerbating ill feeling. This was amplified the day after the Board toasted its Lottery success by the announcement that a key element of their popular education work - schools opera matinées - would be reduced due to lack of sponsorship. At the same time, repeated claims that the Royal Opera House was underfunded made the organisation and opera more generally become increasingly unattractive to large sections of the press and public, some of whom were already not instinctively sympathetic to the principle of public funding to the arts.

Schadenfreude became the most exercised public emotion: stories itemising the chaos at Covent Garden became regular fodder for arts pages, spilling over at times to news pages and television headlines. Lord Chadlington, who, as Peter Gummer, had chaired the Arts Council's Lottery Panel which recommended approval of the Lottery award, was appointed as the new chairman of the Royal Opera House in June 1996. The ill-conceived plans for the transition period during the redevelopment

came under wide scrutiny. The departure of Genista McIntosh within five months of her appointment as Chief Executive of the Royal Opera House, and her replacement with Mary Allen, the then Secretary General of the Arts Council, induced a torrent of rumour and speculation. And the continuing fluctuations in the Royal Opera House's financial status joined the list of very public problems that provoked the inquiry into the Royal Opera House by the Select Committee for Culture, Media and Sport which began in July 1997. It also provoked the Government to take a more direct role.

On 3 November 1997, the Secretary of State for Culture, Media and Sport invited me to conduct a review of the future of lyric theatre in London, focusing on the Royal Opera House companies and the redevelopment project, English National Opera, and the place of those companies within the wider lyric theatre and arts ecology. The Secretary of State tabled a proposal for the future of the companies which involved Covent Garden becoming a hosting house for all three companies, with increased touring. My understanding was that this suggestion was made in order to detonate debate; in this it triumphantly succeeded. He asked me to explore this plan, and as many other options as seemed appropriate, and to return to him with recommendations in spring 1998.

My review was announced by the Secretary of State at a hearing of the Select Committee for Culture, Media and Sport. In December 1997, the Committee published a profoundly critical report on the Royal Opera House. The findings of that report have helped to inform my Review.

During the life of the Review, events at the Royal Opera House have developed at a breathless pace. Lord Chadlington and the Board of the Royal Opera House resigned following publication of the Select Committee report. A new Chairman, Sir Colin Southgate, Chairman of EMI, was appointed, with the remit to take the Royal Opera House through a fundamental overhaul. Three members of the Board which resigned have since rejoined it: Vivien Duffield, now Deputy Chair, the composer Michael Berkeley and the Chair of the Friends, Carolyn Newbigging. Lord Eatwell, Sir David Lees and Stuart Lipton have also been appointed. The new Chairman's intention is to appoint further members, on the approval of the Secretary of State, up to a Board of ten. A number of additional changes in the executive have taken place, including the restructuring of the Finance and Marketing Departments, involving a number of redundancies. In March, Mary Allen, the Royal Opera House's Chief Executive of seven months, left following differences between her and the Chairman on the future of the organisation: in particular whether the organisation should be artistically or administratively led. The press release announcing her

departure stated that it was the Royal Opera House's intention to seek an artistic leader for the House. The Royal Opera House is currently being run by an Acting Chief Executive, Pelham Allen, and by an Interim Artistic Director, Richard Jarman. Both will stand down when the permanent Director takes up post.

At ENO, the pace of change has been somewhat less dramatic. In the month or so preceding the announcement of my Review, Dennis Marks departed from the post of General Director, leaving the recently appointed Music Director, Paul Daniel, in temporary sole charge of the company. Soon after my Review was announced, Russell Willis Taylor was appointed Interim Managing Director. At the beginning of January this year, it was announced that Nicholas Payne, Director of the Royal Opera, would leave the Royal Opera House to join ENO as its new General Director. Nicholas will take up the post this summer, and will renew a creative partnership with Paul Daniel which garnered considerable acclaim when both were at Opera North.

The case for subsidy and the conditions for continuation of subsidy

Every government since the war has been committed in principle to the belief that the arts are important, and each government is at some time obliged to ask itself how important? Are the arts simply the fuel that powers the engine of creative industry? Are they the sirens that attract inward investment through cultural tourism? Or are they educational tools, useful only in that the child who learns the piano finds it easier to do well in maths? I've asserted in my Foreword that the arts are an end in themselves: through participating and understanding the arts, we grow, we learn about ourselves. Unlike food, light, air and shelter, they are not essential to our existence, but they are central to it. They add to the sum of human happiness, knowledge and experience.

If the Government accepts this argument, as I believe it does, then the next question to ask is why should Government pay for it? The people vote with their feet - if they want art, surely they will put their hands in their pockets for it? The world of the arts is an alluring paradigm for the believer in the theocracy of the market. The dictates of artistic endeavour are very harsh. It's a Darwinian universe whose creatures are governed by the law of survival of the fittest: talent, skill, vision and will-power are the currency of this world and they regulate its fortunes ruthlessly. It is tempting therefore, to think that the funding of the arts should be made to float on the same principle. In the case of the performing arts, this is simply incompatible with survival.

The performance of a romantic symphony requires upwards of 80 people, an opera sometimes twice that number, and while it may be cost effective to leave out the double basses in a performance of Tchaikovsky's *Pathétique*, it will be music only to the accountant's ears. If the only art available is the art that can "wash its own face" commercially, then we lose out. We lose diversity and experimentation, we lose access to levels of artistic excellence that cannot be sustained on the amounts people individually are prepared or able to pay - particularly in expensive art forms like opera and ballet - and we lose part of our heritage. We lose that heritage for future generations as well, given that we can't **own** art, we can only be its custodians. Art needs Government subsidy, and the Government, in giving it, has the right to demand some things in return.

Firstly: that the art it is getting for its money is truly **excellent**. This is not a comment on the genre of production, or its artistic style; simply, whatever is subsidised must be the best it can be. We must aim for the highest standards.

Secondly: those who pay for art through subsidy, must get **access** to the work. This means that the taxpayer, and the Lottery player, must be able to see performances at ticket prices which do not call for a second mortgage, in places which don't require epic travel over land and sea, in an atmosphere that makes them feel they belong and where they and their children are offered the chance to learn more about the work.

Thirdly: arts organisations must deliver excellent, accessible art within a context of **good value for public money**.

And, fourthly: arts organisations must recognise their **accountability** for the use of public funds.

The report

This report is in two parts. The first part addresses the principles of excellence and access as fundamental to the case for subsidy of opera and ballet, and their application to the Royal Opera House companies and English National Opera. The second part of the report addresses how the companies might deliver the twin objectives of excellence and access effectively, efficiently and with regard to giving value for public money. Taken together, both parts form a list of necessary and sufficient conditions and objectives that companies should satisfy in order to continue to receive public subsidy.

Part I: Excellence & access

The first part of this report addresses the principles of excellence and access as fundamental to the case for subsidy of opera and ballet, and their application to the Royal Opera House companies and English National Opera.

Chapter I: Art

“To ensure that the UK is able to sustain the highest standards of national and international excellence in performance”

The following factors impact on artistic standards:

- artistic direction and leadership
- creative invigoration and development
- technical standards of the artists
- provision of adequate facilities to develop and rehearse work.

Opera

Opera functions on an international stage, performed commonly in the language in which it was created. If the UK is to see the very best of the art form it needs to compete in the international market and enable international artists - singers, conductors, directors, designers - to present their work in this country. The Royal Opera at Covent Garden has established itself as the UK's representative in a small field of international excellence, including Vienna, Milan and New York and, particularly in the light of the major investment in new facilities at the new building, it is the obvious candidate to remain so.

The Royal Opera, however, inhabits the worst of all possible worlds: held to ransom by the fees set by a cartel in an artificial market boosted by subsidies and sponsorship arguably beyond its reach, it feels poverty stricken by international standards, yet it is castigated here for its ostentatious wealth. It needs solidarity from the world of the performing arts, but from the perspective of other art forms, it's hard to be sympathetic to a subsidised medium which pays its stars so extravagantly, however rare and luminous they are.

Britain is not just a recipient of European opera. It does not have a strong indigenous operatic heritage compared with, say, Italy or Germany, but the work of Purcell, Britten, Tippett and Birtwistle is now part of the repertoire of many if not most of the international opera houses. And

British singers take their place on the international circuit. The continuing development and success of British opera depends on the English language: it is therefore vital that British opera companies continue to develop English language performances - singing in English enables young British singers to focus on developing their technique and acting ability (for which the British are justly celebrated in the opera world) and it facilitates early and direct engagement with the text. The translation of libretti into English is an art form in its own right, and should be nurtured as such.

Opera in English also delivers, at least in part, a vital passport to access to the art form: many of those who wrote to the Review said that ENO's performances in English had facilitated their first engagement as an audience with opera. For many, surtitles cannot substitute for the immediacy of opera in the vernacular.

The development of new work and new approaches to the repertoire is a vital dimension of any art form that seeks to be part of a living culture. The complexity of programming places some constraints on the scope for innovation. At ENO, for example, the size of the production relative to the size of the work; the availability of voices; additional expenses like translations; and the need for the chorus to learn unfamiliar work, are all factors which must be taken into account. Programming at the Royal Opera House shares some of those demands, with the added imperative of attracting guest artists. Nevertheless, it is incumbent on the companies to ensure that new and experimental work is not neglected. At the Royal Opera House in particular, there is scope for more imaginative programming within the constraints of a classical repertoire.

Sadler's Wells will provide space for small and medium scale opera and ballet, and it would make sense for the new opportunities presented by the venue to be exploited by all the companies. In addition, the new studio theatre at Covent Garden could open up the opera and ballet establishment to new ideas and approaches from the wider lyric theatre world. For the new space to work effectively and justify its inclusion within the Royal Opera House redevelopment, it must be programmed on different aesthetic and logistic criteria to the main house, while at the same time remaining an integral part of the company's artistic vision. Its existence creates the possibility of making the Royal Opera House a centre of innovation for opera and ballet - much as the Cottesloe Theatre has done for drama at the Royal National Theatre - but it also has serious potential for negative impact on the balance of the wider London lyric arts community. It is essential that the artistic strategy for the new theatre is developed in close consultation with **all** interested parties. The Royal Opera House is planning to appoint a

dedicated artistic director for the studio theatre who will take this work forward. This appointment ought to have been made at a much earlier stage in the development, and it is imperative that it is made as soon as proper process will allow.

There is a tendency to believe that those involved in the arts are endemically feckless. That there has been mismanagement, indecision, financial recklessness, archaic planning, and arrogant resistance to progress in many arts organisations is undeniable. The same could be said of many utilities and commercial companies. The solution, however, is not to apply 'management' indiscriminately with a broad brush; it must be applied fastidiously, with regard to the specific and singular nature of the needs and aims of the organisation. To suggest that opera houses can be led by those with general 'managerial expertise' and an enthusiasm for the art, is to suggest that you might manage a racing stables on the grounds that you've often spent a day at the races. It is not for nothing that one of the best run opera houses in the world - the Met in New York - is led by a man who started off his professional life as a stage carpenter.

Strong, expert, creative, visionary leadership, underpinned by sound financial and management expertise, is the key to the success of all artistic enterprises, and in the case of opera and ballet companies the leaders can only come from the small body of men and women who have practical experience of working in opera and ballet. Moreover, opera and ballet are art forms driven as much by musical imperatives as theatrical ones. It is clearly essential, therefore, that the Music Director of an opera house is at the heart of all planning decisions, and the talent, taste and inspiration of the holder of that post will determine the character of that house.

Theatres can be exasperating creatures to manage. It's a popular myth that the loudest noise within any theatre is the clashing of egos, but it is true that the raw materials of the enterprise are talent, skill and personality, and those volatile commodities are tested and exploited to the highest degree possible in order to create the most successful work. Theatres have to march to exacting artistic and planning deadlines: a large production has to arrive on stage, fully prepared at the exact advertised time on the advertised date. In the case of an opera this can require the co-ordination of literally hundreds of singers, musicians, dancers, dressers, stage crew, stage managers, lighting technicians, administrators, accountants, répétiteurs, carpenters, costume makers, wig makers, designers, directors, and conductors. The wonder is not that all this comes together in a triumphant epiphany, but that this is expected and delivered as a matter of professional routine.

The position of the chorus within the opera company merits separate consideration. It is important to note that in both companies the chorus has a very distinct role. The chorus is not simply a backdrop to the performance of the principals - moving scenery - but a uniquely skilled musical and theatrical force, with acting abilities and, at the Royal Opera House, capable of singing in up to five different languages.

There was a difference of view within the Working Group and among the experts we consulted as to whether a full time permanent chorus was essential to the production of good opera. Some argued that only with a full salaried chorus could real continuity and artistic cohesion - key to artistic identity - be achieved. On balance, however, I found more compelling the argument that a partly freelance system introduced to the structure of the chorus of both companies would result in more flexible working arrangements and in fresher work, and that the present situation with the Royal Opera chorus offers a useful model for the future. It must be pointed out that a reduced chorus does not always produce a net saving in costs: extra rehearsal time and making new costumes are costs incurred by adding freelance members to an existing core chorus. All the companies should encourage and develop new artists and new repertoire. ENO has a more defined role in this area, but it is vitally important for the establishment and continuation of the art forms that all the companies take full responsibility for, and are active in, the development of the pools of artistic and technical talent at their disposal.

For example, ENO's current internal development programmes include vocal coaching for principal singers and chorus, opportunities for the chorus to undertake small principal parts, moving and acting skills classes run by the Baylis Programme, and opportunities for musicians to 'act-up' to higher positions within the orchestra. ENO also has a number of initiatives at the development stage, including a raft of skills classes for junior principal singers, new leadership skills workshops for the orchestra, and a wide-ranging management and technical training programme. The Royal Opera House has recently introduced initiatives for young choreographers and dancers to produce small scale works. It has also developed a system for the orchestra of scheduling preparatory section rehearsals with section leaders, allowing greater scope for nurturing individual players than would be the case if working solely with a Conductor. The Royal Opera House intends to utilise the new studio theatre at Covent Garden as a training ground for artists, directors, choreographers, designers and technicians to hone their skills working alongside established talents.

The companies should also consider other ways in which they can facilitate the development of emerging talent. They might seek to progress their current training strategies in partnership with Metier, the National Training Organisation for the arts and entertainment sector.

The Royal Opera House and ENO also have a wider responsibility to the arts sector. The companies need to recognise themselves as a resource, artistically and educationally, for the nation and for London. The national companies must be centres of excellence. This might manifest itself in a variety of ways, through setting standards to sharing of resources, advice, secondments of staff. Above all, it is essential that the companies actively and wholeheartedly commit themselves to working in partnership with other lyric companies.

Cross art form collaborations between opera and dance in both houses are lamentably rare, despite a number of successful examples in other countries. It was depressing in the course of the Review to encounter a consistent lack of mutual interest in the practical problems facing the opera and ballet worlds, exacerbated by an alarming lack of curiosity and respect for their respective art forms.

Ballet

The Royal Ballet offers a high standard of artistic and technical performance: it has dancers who are leaders in the international field and the company is celebrated on its international tours. The newly redeveloped Covent Garden has been designed to enable improved opportunities for making and rehearsing work and for the dancers' accommodation backstage. The new stage equipment should enable enhanced production values for dance.

However, despite high performing standards achieved by the current artistic leadership at the Royal Ballet, the programming has been conservative, with too few revivals of their own rich heritage or significant new works. The Royal Ballet is perceived as having made less contribution to the development of the art form for some time than might be expected, and few choreographers of acknowledged international significance have emerged from the institution in recent years. While acknowledging that experimentation is not a primary aim of the company, it is worth noting that 'workshopping' at the Royal Ballet was more prevalent 20 years ago than now, and that, with some notable exceptions, innovation within the classical language takes place largely away from the company. This is partly due to pressure to maximise box office take by performing long runs of 'safe' works. More significant new work is essential if the company is to

maintain its leading presence in the international field and continue to contribute to the advancement of the art form.

Consistently ballet has been given lower priority than opera at the Royal Opera House, and there is widespread concern that this may remain the case, even after re-opening. Cuts in performances, problems in the scheduling of opera and ballet, the financial imperative of the higher box office earning power of opera has been the pattern of the past. If the Royal Ballet stays at Covent Garden, will this change? Certainly, the redeveloped Covent Garden will provide much better facilities for the Royal Ballet than has ever been the case, and will at last firmly embed the company within the physical space of the theatre. More importantly, it was a specific condition of the Royal Opera House's National Lottery award that the House demonstrated a commitment to parity of performance opportunity for the Royal Ballet, and I understand that on current plans the Royal Ballet will give up to 140 performances at Covent Garden in the opening year.

In terms of its contribution to developing artists, the Royal Ballet School continues to produce some of the finest dancers in the world. In spite of recent criticisms, it is now committed to regular and careful consideration of teaching methods, and has just appointed a new director who enjoys a high international reputation from her achievements as director of the Australian Ballet School.

“To ensure that the distinctive artistic styles of each of the companies are protected and nurtured”

Opera

As part of my remit, I was not asked to justify the distinctive artistic identities and missions of the companies, but to look at ways in which they might be secured for the future. However, the Working Group found some difficulty in establishing agreed definitions of each company’s artistic style, and where the distinctions lay between them. It is not for this Review to attempt to prescribe artificial distinctions. However, the very fact that as a group we found it hard to pin down where each company’s artistic identity lay suggests that neither Royal Opera nor ENO has done enough to spell out its artistic vision to its audience.

Clearly, the Royal Opera is operating on the international stage and should provide a range of the best available opera in that context, whether it involves foreign or British artists. The Royal Opera is, or should be, more than the sum of its parts - a company composed of artists, chorus, orchestra, conductors, sharing a common purpose.

This is self-evidently part of ENO’s aesthetic philosophy, but at the heart of its aesthetic is immediacy of communication: opera sung in English. The company derives from Lilian Baylis’ Sadler’s Wells, and her original concept was to extend art to as many as possible. While it’s possible to resist the manifestly implausible label of ‘The People’s Opera’, ENO has made considerable strides in extending access and creating a company-wide culture of inclusion which has been warmly received by audiences. In focusing on opera in English, ENO is well placed to build a role as curator of the British operatic tradition, including the development of British talent, as well as improving accessibility to its audiences of the mainly non-English canon.

The corollary of ENO’s commitment to singing in English is that the company must concentrate on ensuring that the words are audible: care of diction and conducting that ensures a balance between singer and orchestra are essential, but often difficult to guarantee, in the large expanses of the Coliseum.

It has been made abundantly clear recently that for the audience, the response to what appears on the stage has a relationship to which stage it is. There are those who would say that if the audience has defected from the Royal Opera productions during the Covent Garden closure period, it's because they did not actually attend for the opera in the first place, but for the pomp and circumstance of a night out at the Covent Garden theatre. This is an extravagantly cynical view. The Royal Opera House is a perfect instrument for opera, and an imperfect but splendid instrument for ballet, and I believe that its audience is sufficiently knowledgeable and discerning to appreciate the venue's qualities in artistic terms, and to have developed loyalty to Covent Garden based upon this.

The audience for ENO's productions has amply demonstrated that its appreciation, and its sense of the quality of the experience, is bound up with the need for the company to have its own home. The strong reaction generated during the Review against any idea of the company moving from the Coliseum was a clear indicator of the sense of affection felt for that venue.

Ballet

The Royal Ballet is acknowledged as one of the world's great classical ballet companies. It has a reputation for high quality work in the international arena and is successful as an ambassador for Britain on its world tours. The company's mission centres on being accessible to all through a rich and varied repertory; to create new choreography, music and design; to provide a showcase for heritage repertory; and to breathe fresh life into the established classics, making them relevant and exciting for today's audiences.

The Royal Ballet performs a pivotal role in the British dance scene, where its focus on heritage works is complemented by the touring network of Birmingham Royal Ballet, English National Ballet and Northern Ballet Theatre. While the classical canon of works is central to all the companies, each strives to develop its own artistic style and emphasis, creating a network of access points to ballet for audiences nationally.

Notwithstanding the Royal Ballet's well-deserved international reputation, questions remain regarding how well the company is currently fulfilling its mission and succeeding in establishing a clear and distinctive artistic style. Part of the reason that the Royal Ballet's artistic style is not as clearly developed as it might be may be symptomatic of sharing a home with the Royal Opera. For example, the dilemma between marketing the Royal Opera, the Royal Ballet and individual productions has often resulted in the

simple promotion of the performing company giving way to more corporate priorities. So the Royal Ballet as a unique entity does not get the kind of exposure achieved by both English National Ballet and Birmingham Royal Ballet. The Royal Ballet urgently needs to spell out its artistic vision and build its identity from that.

The current stagione system of mixed opera/ballet repertory at Royal Opera House can detract from the establishment of a distinctive style and can confuse the audience. A more intensive dancing pattern of blocks of performances might help underscore its core artistic message.

Orchestral provision is another factor affecting style. The Royal Ballet dances with the Royal Opera orchestra and one should expect a high standard of playing. However, the current system of deputising alternative players is heavily prevalent within the orchestra when playing for the Royal Ballet, and with the best players absent, the standard can drop. The Royal Ballet's Music Director needs to secure the best provision for the company. It is vital that the Music Director of the Royal Opera House plays a leading part in the appointment of the Royal Ballet's Music Director, and that these two key staff work harmoniously in the interest of creating the best possible musical standards at Covent Garden.

I believe a properly collaborative arrangement could be established for the music policies of the two companies, with the Music Director of the Royal Opera House as *primus inter pares*, and I believe it should be an essential component of the artistic leadership of the House.

Orchestras

The position of the orchestra within an opera or ballet company merits separate consideration. As I have said earlier, it should be self-evidently true that music is the animating force of both opera and ballet. It ought to follow that the Music Director is one of the principal driving forces behind any opera and ballet company. Most Music Directors are of the view that a permanent orchestra is a *sine qua non* of a successful opera company. There was a difference of view within the Working Group and among experts we consulted as to whether a permanent salaried orchestra was essential to the production of good opera. Some felt very strongly that a permanent orchestra was critical to artistic excellence, others felt that alternative options should be pursued. In London we have a most extraordinary and incomparable range of orchestral talent. The opera world has not traditionally taken advantage of this. I am persuaded that a permanent orchestra at the Royal Opera makes for better artistic standards, and that the current orchestra has very high musical standards and a high

level of professional commitment. However, retaining a salaried orchestra might not necessarily exclude the possibility of creating flexible working arrangements with other orchestras. This would be particularly useful for specialist work (eg baroque opera), where arrangements might be made with a specialist orchestra to provide its services for a particular production.

The opportunity of the Covent Garden redevelopment permits the company to take a fresh look at working arrangements with a view to opening up the scope for more flexible options involving other London orchestras, including opportunities presented by the new studio theatre. Individual musicians could benefit from performing a mix of different types of work. This would have the added benefit of offering a positive development of the wider London orchestral life.

There is concern about the musical standard of the Royal Ballet's performances. The Royal Ballet Music Director, in consultation with the Royal Opera House Music Director must determine the policy for use of the orchestra within the Royal Opera House. It is possible that the increase in the number of Royal Ballet performances post re-opening might create scope for new collaborations, taking advantage of what other excellent London orchestras have to offer, some of whom will have the capacity within their schedules to undertake a contract for work with the Royal Ballet. However, it must be emphasised that the Royal Opera House orchestra must be made to work for the benefit of the Royal Ballet as much as for the Royal Opera.

ENO is an ensemble company. Within that, the orchestra has a central role and its players need to be full members of the company. However, the orchestral contract should have sufficient flexibility to cover studio work, education work through the Baylis Programme, and touring in a variety of venues.

We considered whether it would make sense for the ENO orchestra to support English National Ballet during its season at the Coliseum. This did not seem appropriate or sensible, because it would create a two-tier orchestral system for English National Ballet, and could lead to poorer standards overall. The ENO orchestra should, however, consider playing, if available, for short seasons with visiting dance companies at the Coliseum.

There should be scope for more flexible working arrangements allowing more advantage to be taken of the context within which the companies are operating. It is hard to see exactly how these flexibilities might work, without knowing precisely what additional demands are to be placed on the orchestras post re-opening of Covent Garden. I suggest that the arrangements for both orchestras should be subject to further study once plans have been finalised.

Chapter II: Access

“To look for ways in which the work of these national companies can become more accessible - through touring activity, education work or broadcast opportunities and by other means.”

Access to the arts is the rationale for subsidy, and the price of subsidy. It is the enduring belief in the civilising benefits that the arts bestow on a nation that has nourished the development of the fertile cultural landscape we enjoy today, and which has allowed this country to thrive as a cultural force. The arts enrich all our lives, and it is the birthright of all this country’s citizens to be able to fulfil their creative potentials both as participants and as spectators.

Audiences

It should be noted that there is a dearth of useful, in-depth, quantitative and qualitative analysis of audiences for opera and ballet, and that the companies need to address this if they are to respond to their existing and potential audiences.

In an excellent study undertaken for the Arts Council this year, *Opera and Dance in London: The 1994 Lyric Theatre Review Revisited*, Richard Pulford confirms a picture of fairly static demand for opera and dance over the last five years at around 1.1m attendances a year against a provision of around 1.4m seats. The redevelopment of Covent Garden and Sadler’s Wells will create, on current programming, around 150,000 additional seats for lyric theatre annually, bringing the total seats available to around 1.6m. This figure is based on the number of performances which can be supported on current levels of subsidy. Ignoring the issue of subsidy in relation to programming, and assuming each theatre is operating to maximum capacity, the theatres should have the potential to offer in the order of 1.8m seats post re-opening.

So, all things being equal, it might be reasonable to conclude that it is possible to close a venue without impeding access by the existing audience, and still have some capacity to accommodate a modest expansion in the audience. However, a number of factors raise serious doubts about this analysis.

The first is the attendance figures. It is dangerous to try to predict the future from an essentially static situation: without underlying trends there is no indication of what may happen. In addition, the figures reflect a static performing and presenting environment which bears no resemblance to the situation presented by the closure and redevelopment of Covent Garden and Sadler's Wells, and the new venues which have come on stream. We have already seen some interesting responses by audiences during the last year, in particular the response to the Royal Opera House companies performing at other venues, which indicated some strong connections between audience and venue which might not have been predicted. It is hard to believe that the changes to the London lyric theatre estate wrought by the redevelopments will not have some impact on attendance figures. If nothing else, the profile of the art forms, the theatres and the companies involved has been raised hugely in the last year, increasing awareness and stimulating interest.

Our knowledge of audiences for the Royal Opera House companies' work during the transition period illustrates that there appears to be a very strong connection between audience and venue. A continuing theme of the correspondence received by the Review was the insistence that the companies needed to have their own home. If we identified more radical solutions, would audiences transfer their loyalties between venues? Resident companies become intimately identified with their home venues, and it seems clear that where there is a marked mismatch between the public's perception of the venue and of the performing company, it becomes difficult to retain loyalty to the company. It cannot be assumed that companies can move more freely from venue to venue or can easily share venues without the risk of confusing and fragmenting the audience.

If the Coliseum were to close and ENO to perform at Sadler's Wells, we cannot assume that the current audience for ENO's work at the Coliseum would unquestioningly transfer its loyalties to Sadler's Wells. In terms of practicalities, 60% of ENO's audience comes from outside Greater London, and Sadler's Wells, even with the imaginative measures it is taking to facilitate travelling, is psychologically and actually one step removed from the Coliseum's central London location within five minutes' walk from Charing Cross.

Potentially more problematic is the degree of loyalty that ENO audiences seem to have developed for the Coliseum, which has been amply demonstrated by the response to this Review. The ENO audience has reacted fiercely to the perceived threat to the future of the Coliseum, and Royal Opera House audiences have demonstrated (at least passively) their loyalty to the Covent Garden theatre. The correspondence sent to the

Review indicated a degree of animosity from significant elements of ENO/Coliseum audiences towards the Royal Opera/Royal Opera House and what it is seen to represent. Equally partisan was the defence against allegations of Covent Garden's inaccessibility by Royal Opera House supporters.

Pulford confirms how the current experience of the Royal Opera House companies' peripatetic existence indicates a very strong connection between audience and venue: take the product to a different venue and much of the old audience does not follow at the same time. Newer audiences also seem to be stimulated by venue as opposed to company: eg at the Hackney Empire (for the Moldovan State Opera's *Carmen* in French with surtitles), the South Bank Centre (the Royal Ballet's Christmas season at the Royal Festival Hall) and at the Royal Albert Hall (60,000 attended Raymond Gubbay's fourteen performances of *Madam Butterfly* at the RAH this winter).

Ultimately, one of the key aims in investing Lottery funding in redeveloping Covent Garden and Sadler's Wells and supporting them with grant-in-aid is to improve access to those theatres and the work they present. But improving access means not just ensuring that existing audiences are able to continue going to opera and ballet, but growing new audiences; bringing the art forms to people who have yet to experience them. If our focus, therefore, remained on existing audiences, we would miss the unprecedented opportunity offered by these new buildings to stimulate new audiences. In closing one of the venues, we would acknowledge that we have lost the fight to ensure that opera and ballet are not just for the middle-class, middle-aged man from the home counties; we would confirm that it's not worth the effort trying to change that.

Both recent experiences and research suggest that existing audiences can be expanded, and new audiences created, and the extra capacity identified will be needed if new markets are to be catered for. The audience base for dance has extended in recent years in response to specific work - Riverdance, Adventures in Motion Pictures, Tap Dogs, English National Ballet's performances 'in the round' at the Royal Albert Hall and so on.

We believe there is potential to grow audiences by growing the work. Will audiences increase if you increase supply? This is difficult to predict, but the experience of Birmingham Royal Ballet and Opera North and increased opera provision in Paris (where following an increase in the number of seats available, alongside carefully targeted marketing, the audience doubled over ten years) suggests that it's possible.

There are other factors which make me question the degree of flexibility possible in the use of these theatres, including the constraints of the physical spaces and artistic programming, and these are addressed in Part II, Chapter 1, The lyric theatre estate.

Education

There is universal agreement that the only way to grow a society that values the arts is through education.

The capacity to inspire and enrich the lives of their audiences is something which should be developed in artists from an early age. Likewise, the capacity of their audiences to appreciate and be inspired by their endeavours is a facility which is embedded through exposure to the arts when young. Arts education is the key which unlocks the doorways to these life-enhancing aesthetic experiences, and experience tells us that the process must begin at as early an age as possible if it is to be effective. Recent research has also demonstrated the positive effects that schooling in music and the visual arts can have on results in other academic subjects, particularly maths, and on attitudes towards learning generally.

The education work by the Royal Opera House companies and ENO is of high quality, displaying levels of commitment, skill and imagination on a par with the best practice in the arts. Both programmes reach out and seek to extend the audience in a variety of imaginative ways. At ENO, the Baylis Programme has provided an entry point, not just for new audiences for opera, but for emerging artists and new approaches to the art form. For example, *Live Culture* and *Live Wires* - ENO's two long-running youth opera groups - aim to develop skills and explore the operatic form. More recently, additions to the Baylis Programme have included *The Works* (offering vocal skills training for young adults in the Hackney area) and *The Knack* (a one-year performance skills course for singers from a wide range of ages and musical backgrounds).

The Royal Opera House companies also run a number of education projects and initiatives to identify and develop young talent, such as the *Chance to Dance* programme (which offers initial dance training to children aged 7-8 from diverse social backgrounds in the Brixton and White City areas of London), and the ongoing *Centre Stage* initiative, under which the companies facilitate customised opera and ballet projects in local schools.

It is essential that education work is recognised as integral to the objectives of the organisations, rather than as an optional add-on, or an element of marketing strategy. Since the appointment of Paul Daniel, ENO has made considerable strides to enable greater integration of its education work, and has increased significantly the budget of the Baylis Programme through redistribution of budget, and through raising private sponsorship. Members of the company are directly and regularly involved in the work of the Baylis Programme, and Paul Daniel personally champions its cause at a senior management level. There is scope for the education work at the Royal Opera House to be brought into the mainstream too, and for the exciting opportunities for new work which the studio theatre will provide to be exploited. The Royal Opera House's education department is reliant on raising sponsorship funding on a project by project basis; it needs its own ring-fenced programme budget, and must be represented in its own right at a senior level within the management structure of the Royal Opera House.

Co-ordination between the companies' education departments appears to be extremely limited. This may result in piecemeal and patchily distributed work. If properly co-ordinated, it might be possible to achieve a more comprehensive spread of provision for London. Co-ordinating the education work of all these organisations would also enable dissemination of good practice, and would give each education department increased status within their parent organisation. I believe that a London-wide lyric theatre education group would be a powerful voice for arts education work in London.

The education departments' good work must be fully integrated with the companies' broader audience development strategies both for the companies and the art forms. The challenge must be to turn thrilled and imaginative schoolchildren into regular opera and ballet goers.

Important though this clearly is to the health of the arts however, companies' education work should not only be considered as part of a marketing and audience development strategy. The arts have a perhaps unique part to play in the personal development and education of young people, and in inculcating broader life skills. This is recognised in the emphasis given to the arts in the National Curriculum. Arts organisations' education work must recognise the part they should play in exposing young people to the benefits of the arts.

However, the companies' education work, important as it is, can only ever be supplementary (and complementary) to the core provision of those who deliver education in schools and colleges and to the existing range of extra-curricular arts activities which should be available to all. On these

institutions, and therefore on those who frame education policy, rests the responsibility for ensuring that current and future generations are given the opportunity to fulfil their creative potential.

The recent announcement by David Blunkett, the Education and Employment Secretary, that the National Curriculum's focus in primary schools will be shifted onto concentrating resources on standards of basic skills, like reading and writing, is a welcome sign of the Government's commitment to raising standards. However, it has been widely perceived as enabling hard-pressed schools to drop from the Curriculum the equally important arts, and I fervently hope that this will not translate into reality.

A National Advisory Committee on Creative and Cultural Education, chaired by Professor Ken Robinson of the University of Warwick, has been created to examine the creative and cultural development of young people in the education system. I hope that their findings will recommend some practical approaches to reflecting the essential part the arts play in our intellectual development from an early age, and I implore those in power not to allow the arts in education to be sidelined but to provide the framework which will enable high quality teaching in the arts. The present and future cultural fabric of our society is dependent upon the right balance of provision being attained.

Touring

I was asked to explore the possibility of increased regional touring by the Royal Opera House and ENO companies as a means to increase access. In doing so, I encountered three issues: scale; impact on companies whose *raison d'être* is to tour; and cost.

Birmingham, Bristol, Edinburgh and possibly Manchester have the only combinations of stage and auditorium size in the UK capable of faithfully re-presenting productions designed to the full scale of the exceptionally large Covent Garden and Coliseum theatres. To enable the Royal Opera House and ENO companies to tour, therefore, entails either: designing the original Covent Garden/Coliseum productions to a smaller scale than would be ideal for those theatres so that the productions may fit a greater number of regional theatres; or cutting back the scale of the productions after the London opening. The first approach could jeopardise the initial London success of a new production by arbitrarily limiting response to the natural dynamic of the originating theatre. The second could patronise regional audiences with a second rate version. One way round this problem would be for the companies to launch some of their productions from other, smaller venues in the London lyric theatre estate. An obvious

example would be Sadler's Wells, which, with its auditorium of up to 1600 seats will provide a much better match with a greater number of regional receiving theatres. This merits further exploration.

Having said this, I observe from personal experience that there can be artistic rewards from working within very strict design parameters, making a virtue out of creating a production which can play in a variety of different sized venues. In order for this to work, the criteria have to be described and accepted when the production is originally commissioned.

Secondly, adding the Royal Opera House and ENO companies to the mix of companies already specifically constituted to provide high quality opera and dance in regional theatres would need careful consideration in order not to compromise the delicate economic balance of those companies in their current circuits. Over a number of years the Arts Council has developed touring policies for large scale opera and for large scale dance (the Spheres of Influence policies). The object of these policies has been to maximise national coverage by the long term pairing of individual touring companies with individual receiving theatres. This has created a stable network which has successfully developed loyal audiences for the companies which have provided them with regular access. The Spheres of Influence opera companies have been Glyndebourne Touring Opera, Opera North, Welsh National Opera and up until recently Scottish Opera. The Spheres of Influence dance companies are Birmingham Royal Ballet, English National Ballet and the Northern Ballet Theatre. Between them, these companies have regularly been able to provide one or more weeks each year of large scale opera and/or dance for Birmingham, Blackpool, Bristol, Canterbury, Eastbourne, Hull, Leeds, Liverpool, Manchester, Newcastle, Northampton, Norwich, Nottingham, Oxford, Plymouth, Sheffield, Southampton, Sunderland, Woking and York. This pairing of companies and venues has, however, created a two-way dependency - the audiences have come to depend on the regular appearance of their designated companies, and the companies have come to depend on the revenue from the audience at those venues. It cannot be assumed that audiences would unquestioningly transfer their affections from the companies that currently serve them to ad hoc visits from cut-down versions of Covent Garden and Coliseum productions - but the financial stability of the touring companies would be instantly threatened if part of their revenue-earning potential from the larger regional theatres were to be transferred to the national companies.

However, the biggest obstacle to the Royal Opera House and ENO companies touring is cost. The touring companies present relatively short seasons each year at 'base' theatres which they do not own and are not otherwise required to operate on a day to day basis. Their central overheads, therefore, are low in comparison to the Royal Opera House and ENO companies. The greater parts of their annual programmes of work are spent on tour: their productions are designed for mobility, and their staff and companies are geared to and contracted for relatively low-cost nomadic operations. The Royal Opera House and ENO companies, on the other hand, must bear the overhead costs of running extensive repertoires in two of the largest theatrical venues in the country, which also, in their combination of seating capacity and pricing structure, have a unique earning power. For these companies, the gross additional touring costs of otherwise static orchestras, choruses, staff and physical productions would be a heavy burden. But possibly even more significantly, the revenue lost from each performance given by them not in their home auditoria but in smaller, lower-ticket-priced regional theatres would create a further financial imbalance which would inevitably produce a call for significant extra subsidy.

Requiring the Royal Opera House and ENO companies to tour large scale lyric work may not be the best way to achieve the objective of improved geographical access to high quality opera and dance. There are, however, a number of alternative approaches.

The continuing standstill in subsidy has impacted sharply on the Spheres of Influence policies and is beginning to erode the availability of lyric work across the nation, and is threatening to destabilise the producing companies themselves. At the same time, new Lottery-funded venues are widening the deficit between supply and demand. Were additional subsidy made available for touring, the Arts Council would be likely to argue that using it to deliver Spheres of Influence policy objectives might be a more strategic and cost effective approach.

There is demand for medium scale opera in the regions which is currently outstripping supply. It might be possible to address some of this under-provision through greater collaboration between existing regional touring companies and the national companies. An obvious partnership would be between ENO and English Touring Opera, a medium scale touring opera company, who share similar objectives, and who have already had some tentative discussions on closer working. In addition, ENO should consider how it could meet its artistic objective of developing some smaller-scale work by providing additional weeks of medium scale opera through residencies in regional theatres, launched from Sadler's Wells.

Lastly, we come to the issue of cross-border touring. I support the view expressed in the Arts Council's recent review of its large scale touring policy (April 1998), that the current principles governing UK cross-border touring are a bureaucratic and damaging nonsense which must be reviewed. The policies currently operated by the four home country Arts Councils effectively prevent touring companies' ability to tour freely across UK boundaries, except when funded on a project by project basis, thereby arbitrarily denying access to some of the nation's highest quality work. Again, the increasing demand for product created by new Lottery-funded venues makes it the more important to address this issue.

Electronic media

All theatres are finite spaces and tiny when compared with, say, football grounds or indoor arenas. Access by a much wider audience to the arts can, however, also be achieved, albeit vicariously, through electronic means. I would in no way advocate that access through electronic media should *replace* access to live performance. However, exploitation of the unique strengths of the various forms of media (broadcasting, narrowcasting, radio, Internet), can achieve access on a number of different and complementary levels.

Television

Broadcasters tell us that while ratings for opera and ballet are relatively low (from as low as 200,000, with anything above a million seen as very successful) and the audience's socio-economic and demographic profile is very close to that of attenders at live performances, broadcasting is reaching a wider geographical spread than would otherwise be possible. At its worst, it is still reaching nearly 100 times more people for one performance than can be accommodated at Covent Garden or the Coliseum. The electronic media can also be a useful means of raising the profile of the art forms, and can address some of the issues of perception as obstacles to access.

Broadcasters question the potential for electronic media to grow the audience in significant numbers. There is, however, a core of one million regular viewers/listeners, and broadcasters are concerned not to alienate these in attempting to expand this number further. At the same time, it is clear that larger audiences can be reached by programmes related to opera and ballet, even if straight transmissions seem to be attractive to smaller numbers. Audience viewing figures suggest that ballet can draw larger audiences than opera, and yet, it is clear that the potential of the Royal Ballet is not exploited as fully as this might advise.

It seems that historically the Royal Opera House and ENO companies have viewed the opportunities offered by the electronic media as being as much about income generation as about access. Given the costs involved, and the shrinking international market, it seems clear that generating income from broadcasting might not be the primary aim, and the companies are now beginning to understand that access is the more relevant opportunity presented. However, it is clear that the companies need to develop coherent strategies for embracing this imperative.

There appear to be two key factors reducing the ability of the companies to exploit the opportunities offered by electronic media. The first is cost, which is closely related to the price attached to artists' and others' rights. The second is the relationship between the broadcasters and the companies, and the willingness and ability of one to engage in an intelligent dialogue with the other.

The costs of broadcasting opera and ballet are high. Compare an estimated average cost of £50k per hour for live sport with £300k-400k per transmission of opera with co-producers (and this figure rises dependent on the number of stars performing). Set against low viewing figures, and coupled with the fact that this is broadcasting content that, by the time it reaches their screens, the public have already paid for three times over (through the licence fee, Arts Council subsidy, and Lottery funding), this does not look like value for money.

There are differing accounts of the implications for the companies and broadcasters on the rights of artists, publishers and others. On one level, it is clear that, as in other areas, working practices and contracts have created a less flexible and effective working environment which makes broadcasting expensive. We also heard that the main problem relates to the way in which the companies negotiate contracts with artists which can be over-generous, independent of consultation with the broadcasters, and sign away broadcasters' rights before discussions have even started. Some overseas opera companies include in artists' contracts a number of free broadcasts for public service broadcasters. For example, the Met gets a number of free broadcasts for the Public Broadcasting System when it signs artists. In addition, there may be lessons for the Royal Opera House and ENO in the approach taken by the management of Sadler's Wells towards broadcasting rights, where working agreements have been renegotiated to enable a more flexible response to broadcasting opportunities, and in particular, premium payments to staff made simply because a performance was being broadcast have been abolished.

The companies need to adopt a more sophisticated approach to the way they trade rights. The BBC suggests that the companies could take a three-tiered approach to their work in relation to broadcasting. The first tier would be work that is commercially attractive, ie of international value. An example of this might be a production that was cast with international stars, had an internationally-acclaimed director, and in terms of repertoire coordinated well with the international market. For such a production, the companies could charge broadcasters commercial rates. The second tier of production might be work of national significance - an opening or closing gala, or a showcase for young British talent. This work should be offered to broadcasters at reduced rates (possibly via the European Broadcasting Union). The last tier might be good examples of the companies' work, perhaps contemporary pieces, but which did not have widespread appeal. This work should be offered to broadcasters free of charge. It is important for the companies to recognise the range of work they are trying to sell and to negotiate accordingly.

The companies should also consider the scope for exploiting secondary rights (to overseas channels, satellite or cable) which potentially may have far more significant financial benefit. The companies could sell a broadcast of a ballet, say, to the BBC or Channel 4 at a loss, but retain the rights to sell it overseas, or, after an interval, to satellite/cable or video. In order to do this, the companies would need the expertise to negotiate lucrative deals, and working capital to enable them to carry the costs of loss-making productions until sales of secondary rights moved the operation into profit. The companies could share some of the costs if they formed a consortium.

Broadcasting is an extremely complex area. It is essential that the companies establish the expertise to understand broadcasting, particularly in the digital age. Recently there has been no-one in any of the companies to take active, informed and early responsibility for consideration of the implications for broadcasting in artistic policy decisions, and broadcasters tended to be involved far too late in the planning process. The broadcasters claim that the onus is always on them to initiate discussions with the companies about potential projects.

It is clear that the companies need to take the initiative in exploring the potential benefits of digital broadcasting. The increase in the number of services is likely to generate unprecedented demand for quality content, and increasing diversification. One likely consequence is an increase in the number of niche channels. These may offer an opportunity both to widen access and to generate income. Pay television providers have demonstrated that significant numbers of people are willing to pay a premium for

broadcast services of particular interest to them. Revenue from advertising targeted at the clearly defined groups who are attracted to this kind of programme might also be substantial.

All the companies are involved in negotiations with unions aiming to achieve flexible working practices which will enable broadcasts at reasonable costs. ENO is also trying to secure video rights of content, so that, in conjunction with distribution partners, there will be wider distribution, including use as teaching aids. ENO is currently in negotiation with the main broadcasters to replace the present practice of one-off relays from the Coliseum with a longer term relationship to be developed initially over a three year period. Starting with the season 1999/2000, ENO plans to present key operatic works in a series of full length relays from the Coliseum, and through a linked programme of documentaries about the operas. If successful, this seems a virtuous model for others to consider.

Perhaps an element of the apparent lack of attraction for the television viewer of opera and ballet is due to the approach taken in production of the programmes. Ratings for documentaries about opera and ballet (most markedly 'The House' and 'World in Action' on the Royal Ballet School - though this may say more about our interest in soap, rather than real opera) suggest that there is a larger audience who is potentially interested in the art forms. Many opera and ballet transmissions are just that - straight transmissions - sometimes with low production values by the standards of television drama and film musicals. They can appear to spring from the assumption that all that needs to be done to captivate an audience is to point cameras at the art and let them run. Any televised version of a live performance shot in this way can only have a virtue as an archive or as an educational tool. Only with considerable resources of talent, time, and money can live performances be successfully transferred to television, and there are several conspicuously luminous examples of this process.

It is imperative to recognise television as a unique medium with particular strengths which can be exploited for the treatment of opera and ballet. Television has the scope to take a more intimate look than is possible in live theatre, to 'anatomise' the work, and this facility should be explored. It is possible that the slightly primitive approach taken by the broadcasters to many transmissions of opera and ballet is symptomatic of a lack of commitment in spirit to showing these art forms.

Radio

Although the companies have taken some steps to extend access through radio, more regular live and recorded transmissions of performances by all the major opera companies should be well-received by a wide audience. There appear to be two issues creating obstacles to increased radio broadcasting of the companies' work. The first is again the cost of rights. However, it does not appear to be an unreasonable proposition for these rights to be waived in respect of UK broadcasts. The BBC and the opera companies are publicly funded bodies, and it should be possible for them to act in partnership to enable greater access to the art for the people who are funding them. Although I understand that the Royal Opera House has already negotiated with the Musicians' Union to allow for rights to be waived in respect of 12 different productions per annum relayed via BBC radio, the companies should consider what more can be done in this area.

Another avenue for exploration might be sponsorship deals. For example, BBC Radio 3 broadcasts a season of New York Met performances each year through an arrangement between the European Broadcasting Union (EBU) and the Texaco International Opera Radio Network. Fees and rights are negotiated by the EBU and the cost is passed onto the broadcasters. The member states benefit from bulk deals. As a very rough estimate, the BBC reckons that it costs them around 10% of what it would cost to take a live relay from Covent Garden. The Texaco/EBU deal, therefore, enables broadcasters to buy into transmissions at a much reduced rate which is unlikely to be available without this support. The companies and the broadcasters should explore the possibilities of similar deals with other sponsors.

The second issue is scheduling. The Met understands the imperative to programme in an audience-friendly way. To generate audience loyalty to a programme, it is important to offer continuity and predictability in scheduling; listeners need to know that 7.00pm on Saturday is when they can tune into the live broadcast from the Coliseum. Programming of repertoire at the Royal Opera House and the Coliseum does not automatically take into account this imperative, and the companies need to consider how this might be done, without undermining artistic objectives.

These areas would certainly seem to be ripe for further exploration by the companies, and I believe it is incumbent on them to do if they are to fully realise their commitments to the access principle.

Narrowcasting

Very well received in the past, the relay of big screen transmissions from the Royal Opera House into the Covent Garden Piazza in the summer helped new audiences access opera and showed the Royal Opera House as outward-looking and engaging with its immediate community. A further opportunity is now being presented for outdoor big screen transmissions at Somerset House, where a performance of *Fidelio* by the Vienna Staatsoper will shortly be relayed simultaneously across EU member states from Vienna. Indoor live transmissions to suitably-equipped theatres, halls and cinemas across the country should also be explored, particularly for big events, like first nights; the widespread adoption of digital projectors in cinemas might facilitate this. Issues on the costs of rights are likely to apply equally here.

Recordings

Again, I believe that it is important for the companies, both in terms of access and also in terms of their brand marketing strategies, to take the initiative in negotiating deals with record labels and other commercial companies for the distribution of their product.

The Internet

The information superhighway presents the opportunity for new approaches to reaching a wider audience, as a two-way conduit for interaction, and it is important that arts organisations respond to this opportunity. At the same time, there is enormous potential for taking the wrong approach - being technology rather than content-driven, and this is a mistake many organisations with websites have already made. It often results in attractively packaged material which raises the website visitor's expectations but then fails to fulfil them, due to inadequate supporting information or the opportunity to interact.

Visits to the Royal Opera House's website on a number of occasions throughout the Review have demonstrated the point. It looks sophisticated, with high quality images and ambitious intent, but is incomplete and often faulty. It does not offer any opportunities for interaction with the companies (eg booking tickets, joining Friends, buying merchandise), except subscription to an e-mail newsletter. ENO has no website currently, but is planning to open one within the year which it hopes will offer opportunities for interaction with the company. I hope that both companies will look to examples of good practice and learn from them.

Broadcasting offers a wide range of opportunities for improving access which the companies must seize. In addition, broadcasting enables the profile of an organisation to be raised exponentially with a wider audience - even among those who do not watch the programmes. The Royal Opera House in particular has the chance to seize the opportunities offered by its improved brand recognition to use broadcasting to turn this to positive effect. For example, it would be a tragically missed opportunity if the Royal Opera House's first night on re-opening were not given a very high profile on television - perhaps through an evening of related programmes and interviews. This will be a unique opportunity for the rejuvenated, rehabilitated Royal Opera House to open its doors and share with a much wider audience the wonders of its art.

Perception

Research has highlighted that disincentives to potential audiences for opera and ballet are often linked to negative perception. If new audiences are to be developed it is for the companies to confront and deal with issues of perception. They need to ensure that the audience is put at the heart of everything they do and that the whole experience of going to the theatre is positive - from the marketing which attracts the initial interest, to the price of tickets and the arrangements for booking them, to the welcome extended in the foyer, to the production itself, and beyond that, in the programmes, the bookshop, and the follow-up after the performance. It is particularly important for the Royal Opera House to grasp the opportunity presented by its 're-birth' in the new building actively to dispel the impressions of exclusivity which have become synonymous with its culture in the past.

There is clearly a potential audience for the arts which is excluded by affordability, and subsidy must be used where it can to address this issue directly. But potential audiences weigh the price of a ticket not only in absolute terms, but in terms of value for money. The higher the ticket price, the bigger the risk factor: will I spend all this money and then hate it or feel uncomfortable? Equally as important as the straight cost of the ticket is a lack of advance information on which to base the decision to attend and the fear of being imperfectly prepared. In addition, there is huge competition in London for the potential opera- or ballet-goer's disposable income. The biggest competitors are restaurants, bars, cinema, other theatre, concerts and weekend breaks, some of which cost significantly more than opera or ballet, but feel like 'safer bets'. Linked with fear of not understanding there is sometimes suspicion that there is an élite with certain knowledge and understanding of the arts that the average person does not possess. Research suggests that infrequent or non-attendance is largely based on lack of knowledge and the need for reassurance.

In the course of the Review, I have been offered any number of views on ticketing policy. Among these, there is consistent support for the view that offering a wide range of ticket prices helps to increase access. It seems clear that those committed to seeing opera or ballet are unlikely to be prevented by price alone - seat prices start as low as £2.50 at ENO, and £6 at the Royal Opera House, and both houses offer a wide range of prices and concessionary rates. Among the more imaginative suggestions put to me was the idea to offer cheaper seats at every performance in good parts of the house - side or front stalls - held back for sale on the day to those with the right 'arts card', sponsored by a private funder. Another idea was to capitalise on the diversity of performance offered by the companies, cross-subsidising regular cheaper evenings by charging extra for premium-price premières.

However, I found compelling the argument that this is really an issue of value for money and choice about how to dispose of limited leisure time. The question for those who want to widen the audience for opera and ballet is how to entice them to take the risk to choose opera and ballet for the first time. The more successful audience development initiatives combine a number of approaches, from sophisticated targeted marketing, to cheaper seats, to accessible work. It may be that reducing ticket prices alone is not the answer. It might be reasonable to conclude that as long as the companies continue to offer a wide range of seat prices, starting at very reduced levels, their efforts to widen the audience might best be targeted on first time attenders. Once having sampled the product, the potential opera- or ballet- goer can then make an informed choice about whether to continue attending, and will have access to do so through the range of tickets and concessionary schemes on offer. In a report for a consortium of the major opera companies, it is suggested that the approach taken by the Hallé Orchestra, in their 'Test Drive the Hallé Orchestra' scheme, could readily be translated to opera and ballet and might be worth further consideration. More details are given in Annex iv.

The perception of élitism is also a barrier to access. In this respect, the Royal Opera House must fundamentally review its position. I recognise that it is not starting from a clean sheet of paper: previous Governments have systematically under-funded the Royal Opera House, so it has been obliged to trade on the perception of élite status in seeking sponsorship from the private sector, and to accept the price for that in commitments such as mortgaged seats. Nevertheless, the Royal Opera House now has the opportunity to reform, and reform it must.

We know that venues play an important part in attracting audiences. The new Covent Garden will lend itself to increasingly flexible uses which have the potential to break down barriers of perception. There should be no space within the Royal Opera House front of house reserved solely for use by a privileged few based on status, for example, the Crush Bar. The Royal Opera House clearly has a responsibility to its funders to exploit its commercial appeal, but it must find ways to do this without perpetuating a form of social apartheid.

The new Covent Garden will be a stunning building in which there will be at least initially, a high level of public interest. This could be exploited through activities modelled by other cultural institutions, eg weddings at the Natural History Museum, exhibitions in the foyer of the Royal Festival Hall. De-mystifying the art form is another important factor and is an element of the objectives of the companies' education departments. However, much of the focus of education work is on children, and this work could usefully be extended more widely to include initiatives to tackle barriers of understanding for all ages, for example, through better interpretation and contextualising of the work in advance of, during and following performances. Both companies should offer regular open days - backstage tours, artists-at-work and so on. At Covent Garden, this could start before the new House opens. The new Covent Garden will be open during the day, like the South Bank Centre, as a place that the public feel comfortable visiting, even if not seeing a performance, but to use as a venue for meeting people, for having a coffee, for buying a book or video or CD.

The brand image of the companies is an inherently important element of this. With its red and gold corporate colours and its royal crest, its top-hatted doormen and bewigged footmen, the Royal Opera House seeks actively to convey an image of grandeur, expense and exclusivity. A recent Royal Opera House programme contained an advertisement, which read: *'Shoemakers to the few'*, without a trace of irony. While the auditorium of the Coliseum is certainly grand, ENO attempts through its corporate style to impart an image of approachability. Both brand images are, however, quite dated and, while hinting at the culture of each organisation, do little to advance the public's understanding of their specific artistic identities, even if they do indicate their social preferences.

Equally important is the approach taken by the companies in their relationships with donors and sponsors. I was particularly struck by the Royal Opera House's invitation to Founder Donors (those who donated more than £1m) to "join the Chairman's Circle...a privilege available only to the highest-level donors." While acknowledging the necessity of wooing private sponsorship - and for £1m you might reasonably expect to get a

decent return - this approach compares unfavourably with the Met's "Join the Met Family", which focuses through the "privileges" it offers on how donors can become more involved in life of the organisation, as opposed to what they can get out of it. It may be that useful lessons can be learnt from the approaches taken by other companies. For example, English National Ballet's approach focuses on involvement, commitment and prestige as opposed to exclusivity. It promotes the involvement with an exciting, acclaimed company, and the opportunity to play a part in fostering the development of a renowned arts organisation with a high public profile. The Royal Shakespeare Company encourages its corporate sponsors to broaden the use of benefits so that all employees can benefit, eg family days and artists' visits to company premises. While I accept that the suggestion of exclusivity may be a draw to potential funders, it may be equally alienating to others.

The priority for all the companies must be to sell seats. One specific practice which cuts across this imperative and risks conveying a sense of exclusion to ordinary people is the practice of the Royal Opera House and ENO in giving complimentary tickets, particularly on first nights. The companies offer an unusually large number of tickets to a wide variety of individuals and organisations as an element of their marketing strategies, to generate goodwill and raise awareness. I regard this practice as unjustifiable, indefensible, and ineffectual as a marketing strategy. The only exception I would make to this would be the offer of complimentary tickets for first nights to the press, to enable them to review the production.

Part II: The theatres, value for money & finance

The second part of the report addresses how the companies might deliver the twin objectives of excellence and access effectively, efficiently and with regard to giving value for public money.

Chapter I: The London lyric theatre estate

This chapter explores options for the companies working within the physical structures and other parameters described by the Review. It looks at: London and the context within which the companies and theatres are set; what is possible within the physical spaces available to the companies; programming within the buildings; the managements of the companies and of the buildings; and some possible models for use of the estate to deliver the objectives of the Review.

There are a certain number of venues within London which are suitable, both in terms of capacity and technical facilities, for large scale lyric theatre. For the purposes of the Review, we have focused primarily on the Royal Opera House, the Coliseum Theatre and Sadler's Wells Theatre. Other key venues are touched on where appropriate.

London

The companies' primary contribution to London is to artistic and cultural life, but the two houses - Covent Garden and the Coliseum - are also significant public buildings. They need to play a wider social, economic, educational and civic role and to engage in a relationship with their local communities.

London's population is around seven million and rising. It is a little younger than the UK average; it is affluent and well educated. At the same time, it has areas of extreme deprivation. 193 languages are spoken and there are 33 communities of more than 10,000 people. London's economy is larger than that of Austria or Sweden.

London will have a new strategic authority by 2000 which will have responsibility for culture, transport, tourism, economic development, regeneration, crime prevention and the environment.

It is vital that lyric theatre finds, articulates and promotes its place within this context if it is to be sustained and flourish. The companies need to establish clear, positive identities and a sense of purpose in the minds of the public. This will require new partnerships with a range of agencies for mutual benefit and to develop a role as key civic players.

There is a strong sense, endorsed by organisations such as London First, that the Royal Opera House and ENO are key assets in achieving and maintaining London's world class status, in attracting visitors and so boosting London's economy. Fourteen million tourists come to London

every year and one third give the arts and culture as a reason for their visit. Each year 700,000 overseas visitors state that they intend to attend opera and ballet, and although many do not implement their intentions, the very presence of the companies clearly acts as a draw and contributes to the wider reputation of the city.

The theatres

The present Royal Opera House was built in 1858. Designed by EM Barry, it is a Grade I listed building, recognised as an important piece of Victorian architecture and a fine example of theatre design. The redevelopment of Covent Garden will create one of the most advanced venues for lyric theatre in the world. It also has the potential to change fundamentally people's perceptions about the Royal Opera House and about opera and ballet more generally by becoming a more demotic building than its predecessor. It completes Inigo Jones's original vision for the Covent Garden Piazza and creates a stronger, outward-looking presence for the Royal Opera House in the heart of one of London's best-known and busiest public spaces. The new public entrance directly onto the Piazza, and the new arcade connecting Bow Street to the Piazza, hold out the potential to symbolise a new relationship between the Royal Opera House and its immediate community, which in its previous configuration showed an inaccessible back wall to Covent Garden visitors. The completion of the Covent Garden square creates additional retail spaces and regenerates a corner of the Piazza which has been neglected for some time.

The Coliseum Theatre occupies a prominent position in the consciousness of theatre-goers. It is situated at the heart of the West End's theatreland, in the middle of St Martin's Lane. The Grade II listed theatre was one of the most important achievements of its architect, Frank Matcham, who built it for the theatrical impresario, Oswald Stoll. When the Coliseum opened on Christmas Eve, 1904, it was the largest theatre in London. It has been very little altered since its days as the Edwardian "Theatre de Luxe of London", designed in free baroque style, with richly decorated interiors and a vast and grandiose auditorium containing a wealth of opulent, classical architectural detail.

The first theatre on the Sadler's Wells site was Mr Sadler's Musick House, established in 1683 in the pleasure gardens surrounding medicinal springs. Subsequently, five distinct theatres have existed on the site, the last being built by Lilian Baylis in 1931 as the north London home of her Old Vic Theatre Company. The very cramped stage and facilities in the Lilian Baylis building meant that, over the years, the ballet and opera companies based at Sadler's Wells sought to move out to new theatres.

The theatres have a significant physical presence within their communities. It is important that their response to this is not passive, but that they actively engage with their local communities in an outward-looking and positive way. The Royal Opera House appointed a community relations officer during the redevelopment of Covent Garden to act as a conduit between the companies and the local residential and business community, aiming to ensure that the theatre endows a sense of ownership to local people. This has clearly met with some success locally, and represents good practice for a major redevelopment project of this kind, however, it is important that the relationship between the theatres and their immediate communities is considered as an ongoing and integral element of planning.

Education work is the main conduit through which the theatres interact with London life, and here they have forged some very positive relationships. However, as I have observed, historically this has not been central to their work, and even now, it is rather piecemeal in distribution. It is clear that the theatres, and the Royal Opera House in particular, do not engage closely with, or contribute to, the public aspects of London life on a day-to-day basis and so miss the opportunity to make a positive mark on the consciousness of the city.

There is an enormous variety of ways in which the companies could engage more fully with their London context, and many are addressed in other chapters of this report. Other ideas include: collaborations with other art forms and organisations and with other cultural organisations; developing links with other agencies, eg retail outlets, transport providers, employers; links with local authorities; acting as a centre for debate on the state of the art form; developing training schemes with training and enterprise councils. An interesting model of a performing arts company which takes an active approach to working with its community is the Theatre Royal Plymouth, which has developed partnerships with local people and agencies to deliver a wide range of work, including establishing the South West Arts Festival, and commissioning large scale community theatre with local writers and artists working alongside schoolchildren and amateur participants.

One way to establish formally closer and more permanent links with the communities they serve might be to identify an appointment to each of the companies' Boards which could be filled by a representative of the local community. Sadler's Wells sets an example for the other lyric companies to consider: it appoints two local councillors to its Foundation.

The lyric theatre estate

In any review it is important not to lose sight of the pragmatic realities. Throughout this Review, we have tried to ask the unaskable and to think the unthinkable. In many cases, the answer to the question, “How do we find a solution?” is, “We wouldn’t start from here”. This applies nowhere more acutely than with the issue of the physical parameters of the lyric theatre estate. So, the question, “Can two opera companies and a ballet company share one venue?”, must be a perfectly legitimate proposition. The answer is that there is no artistic reason to prevent it, given the right building, in the right context, with the right planning.

However, we cannot deal from first principles. We have certain givens:

- an opera house in which £78.5m of Lottery money has been invested to custom-rebuild with one particular opera company and one particular ballet company in mind;
- another lyric theatre, imperfect but serviceable, which can accommodate lyric work and is widely recognised as a superior venue for dance;
- a newly rebuilt theatre in which £36m of Lottery money and private funds have been invested to build a middle-scale venue primarily for dance; and
- three companies - the Royal Opera, the Royal Ballet and ENO - which have developed relationships within their ‘homes’ and evolved their work within them.

The physical spaces

The Royal Opera House

Covent Garden post-redevelopment will be one of the most advanced facilities for lyric theatre in the world, with state of the art theatre technology and backstage facilities which should ultimately permit more efficient and cost effective productions. The improved facilities should enable artistic standards to grow and develop. On current plans, the accommodation enables the Royal Ballet to relocate from its present inadequate home at Baron's Court, avoiding risk to dancers from changes in temperature, saving travelling time and expense and allowing additional rehearsal time. The new opera rehearsal room will be able to accommodate full size sets. One of the rehearsal studios will accommodate performances. Technical improvements will allow more stage time for rehearsal and for matinée and early evening performances. Sunday performances may also be possible. Around 48 additional annual performances will be possible. The Royal Ballet Upper School will be moved to close proximity with the Royal Ballet in Floral Street.

The pre-closure Royal Opera House auditorium of 2,188 seats will be slightly expanded to around 2,270, with improved sightlines and leg room.

The new 420 seat studio theatre will provide the opportunity to workshop and perform small scale and experimental work. This facility should be available to other lyric (and non-lyric) companies and could act as a proving ground for new artists, directors, choreographers, designers and technicians. The studio theatre can function on a stand-alone basis, having its own entrance, and will be able to operate independently of the Covent Garden building, allowing ready access to visiting companies. The theatre may appear to have some drawbacks - it does not permit the flying of scenery, and the pit accommodates only 45 players - but to my eyes it seems a very attractive space, exactly comparable with the Cottesloe auditorium at the Royal National Theatre. More problematic is that the size of the auditorium will not enable the studio theatre to break even, and so represents an additional call on the Royal Opera House's budget for which provision does not appear to have been made to date.

The Coliseum

There is a general consensus that the Coliseum offers good facilities for large scale dance; it has superior sightlines and the stage space to allow the most ambitious programmes. The size of the stage is also conducive to spectacular operatic productions, but the volume and design of the auditorium means that it is a challenging venue for inexperienced voices. At 2,350 seats, the Coliseum is one of the largest venues for lyric theatre in London. It does not, however, have any rehearsal space, and facilities

backstage are woefully inadequate. It is also clear that urgent investment is needed in the fabric of the building if the Coliseum is to continue to play its key role in London's lyric theatre estate.

Vacation of the Coliseum is likely to have the following implications. Due to the terms on which the Coliseum was purchased, the Arts Council would be obliged to run it as a lyric theatre or to take the proceeds of the sale of the freehold. The £2m granted by the Foundation for Sport and the Arts was also attached to a condition that ENO stay at the Coliseum for at least ten years (the money would otherwise revert to the Foundation). It has been suggested that the remaining sum could be retained by the Arts Council to form the capital of an endowment, which might provide a source of ongoing revenue funding. However, an endowment based on circa £12-15m capital could not generate anything like the revenue to make a significant difference to the Royal Opera House companies or ENO - assuming a 5% return, this would work out at £750,000 pa at the top end.

We approached a number of commercial theatre interests privately, to get a very rough feel for the level of interest in buying the Coliseum were it to come on the market shortly. Views were mixed, but not entirely negative, though much would clearly depend on price and how much would need to be invested to put the structure right. There was clear apprehension about how such a large venue might be programmed.

Sadler's Wells Theatre

Sadler's Wells Theatre is funded by London Arts Board with an annual grant of £220,000, £30,230 from the London Borough of Islington and £72,604 from the London Borough Grants Committee: a total public subsidy of £302,834. I observe in passing that this equates to less than 2% of the subsidy of the Royal Opera House, and less than 3% of the subsidy to ENO.

The Arts Council granted Sadler's Wells a Lottery award of £36m towards the cost of the redevelopment of the Theatre. The new Sadler's Wells will seat up to 1,600, with the facility to close down to 1,000 for smaller scale work, and will have first class new facilities for dance and lyric companies. The refurbished Lilian Baylis studio will seat 160. New working agreements negotiated by Sadler's Wells management will enable an additional 20 to 24 performances a year on the main stage. There will be space for community, education and training facilities. Sadler's Wells, when completed, will be an attractive venue for a wide range of productions and companies, including for repertoires which would be better played in a smaller auditorium.

Artistic Programming

Royal Opera House

On current plans, the redeveloped Covent Garden will present around 300 performances of large scale opera and ballet a year. The Royal Ballet has been pressing for greater parity with the Royal Opera for some time. It is planned that when Covent Garden reopens, the Royal Ballet will increase its output to around a total of 130-140 performances a year. This expansion could be accommodated at Covent Garden by the planned improvements in technical facilities and working practices.

Based on Birmingham Royal Ballet's historic relationship with the Royal Opera House, there has been a tradition of offering them a short annual run at Covent Garden. The opening season at the Royal Opera House should include 10 performances by Birmingham Royal Ballet, and it is intended that this arrangement will continue in the future.

Plans for programming the Royal Opera House's studio theatre have not been developed, but it is clear that it will be an attractive venue for small scale work by the Royal Opera House companies and by other lyric and non-lyric companies, provided that it is available at a competitive rate.

The Coliseum

The Coliseum currently presents around 250 performances a year. ENO currently performs for around 30 weeks a year at the Coliseum. English National Ballet has just entered into an agreement to perform annually at the Coliseum for a 5-6 week season at Christmas, and ENO offers a further five weeks in the summer to dance.

It has been widely suggested that, given the Coliseum's suitability for dance, it might become a national dance house. However, support for this concept is not as strong, even among the dance community, as might be expected. There are serious question marks over whether there is sufficient product available to fill 40 weeks of large scale dance, and it is equally doubtful whether there is sufficient audience for that level of large scale dance activity in London. English National Ballet has expressed an interest in increasing its presence at the Coliseum in addition to its Christmas slot, but its requirements are unlikely to stretch to more than eight weeks in total. The remaining weeks would need to draw on visits from British or foreign touring dance companies, perhaps including the Royal Ballet for a short season. However, few large scale foreign companies could attract sufficient audiences to fill the Coliseum on a regular basis, with perhaps the exception of the Kirov. For international companies, the costs of touring into London are a major disincentive, although recent visits by the Mark Morris Dance Company and Baryshnikov's White Oak Dance Project show

the potential for ad hoc, well marketed work. Dance would then need to draw upon the sporadic successes from the commercial sector for a significant number of weeks annually. Smaller dance companies are more likely to be interested in taking weeks at Sadler's Wells, which is likely to represent financially a more attractive option.

An element of ENO's artistic vision is the aim to develop a range of smaller scale, more developmental work. This is clearly difficult in a theatre the size of the Coliseum, but Sadler's Wells and the Royal Opera House studio theatre offer alternative possibilities for this breadth of work. If ENO stayed at the Coliseum, but took some weeks at Sadler's Wells or other smaller venues to present this work, it would enable a number of weeks to be freed at the Coliseum for dance. Sadler's Wells would lend itself well, for example, to pre-classical and contemporary opera, and ENO could use it as a base from which to launch medium scale residencies at regional theatres. The Royal Opera House studio theatre should be open to ENO for small scale work, as well as to other lyric and non-lyric companies. The extra weeks freed at the Coliseum by ENO's season at Sadler's Wells or on tour would provide English National Ballet, other dance companies, or indeed other lyric companies, increased access to the Coliseum.

More needs to be done to enable dance at the Coliseum. ENO has demonstrated increasing goodwill towards dance, combined with enlightened self-interest by offering English National Ballet a Christmas season and a summer season for dance. However, current rental costs, at £75,000 a week, are disproportionately high. It is quite anomalous for Arts Council clients to be passing exorbitant charges between each other, and the Arts Council needs to confront this and address how buildings-based clients can enable other subsidised companies to access venues, perhaps through setting differential rates for subsidised and commercial companies. In addition, at the Coliseum stage crewing practices are geared entirely to opera schedules. Negotiations have begun to create greater flexibility to accommodate dance's needs for the duration of its run. The aim is to establish a nucleus of staff based at the Coliseum, to whom incoming companies will add their own supplementary staff.

ENO is not only a performing company but the steward of one of London's premier lyric theatre venues. It needs to embrace this responsibility fully and to ensure that the Coliseum can act as a receiving house to other companies, offering appropriate facilities and technical support. ENO should revise its business plan on this basis to include a strategy for the weeks when it performs at other venues.

Sadler's Wells Theatre

Sadler's Wells Theatre's long-standing vision is to receive 70-80% dance with an international bias. Sadler's Wells sees itself primarily as a dance house, with an additional role in supporting a wider range of lyric work. It aims to extend the range of choice to London audiences of lyric theatre at 'affordable prices'. Sadler's Wells' main function is as a presenting house, although it and its funders believe that there is considerable potential for creating new work as demonstrated by the huge success of Adventures in Motion Pictures' *Swan Lake*, commissioned by Sadler's Wells Theatre with funds from London Arts Board. It has also been developing its own partnerships, the first of which is with Rambert Dance for between six to eight weeks a year.

It is important that the Sadler's Wells 'ethos' is properly recognised in considerations about the future for London lyric theatre. Over an extended period, there is a danger that the theatre could lose its identity by simply presenting whichever company cannot be accommodated elsewhere. Of particular importance to Sadler's Wells is its "editorial imprimatur of quality" which identifies the very wide range of work it presents on the main stage (when open) and at other venues - the Peacock and the Lilian Baylis theatres - as being of a standard on which its audience can rely. This is key to audience development work; if the audience is assured of a standard, it is more likely to experiment.

The Lottery project to redevelop Sadler's Wells will create a state of the art receiving venue for dance and other lyric arts which has the potential to position the Theatre at the very forefront of modern lyric theatre experience. Sadler's Wells has programmed an ambitious and exciting opening season, combining some of the very best British and foreign companies, including Frankfurt Ballet and Pina Bausch. Technical improvements and more flexible working agreements negotiated during closure mean that Sadler's Wells has the potential to operate year-round, if it had the subsidy to support this. However, the new Sadler's Wells will cost in the region of £45,000 a week to run, before paying incoming companies' fees, travel, freight etc. At the same time, income generation is constrained by Sadler's Wells' laudable commitment to an 'affordable prices' policy setting a lower ceiling on box office yield. It will not be possible for Sadler's Wells to repeat this standard of artistic programming unless it is able to make an exponential leap in terms of its income. On its current level of subsidy, the Theatre has programmed around 40 weeks of performances, and a significant proportion of the remaining weeks will be let commercially for conferences, trade shows etc, which are necessary to help balance the Theatre's budget. The Theatre is also likely to be closed for

some of these weeks. Sadler's Wells would be unable to programme more lyric arts unless substantial additional subsidy were available to support it. If this is not forthcoming, Sadler's Wells is increasingly likely to need to pass on its running costs to incoming companies, with the result that it may become inaccessible to companies operating in the subsidised sector.

Other London lyric venues

Commercial venues for lyric theatre in London could provide a match for the companies looking for an alternative venue. In terms of geography, technical facilities and earning power, a number of venues might be suitable. However, commercial ownership and management dictate an operational imperative of presenting long, uninterrupted runs. The flawed arrangements for the Royal Opera House's closure period are a graphic illustration of the difficulties the companies might encounter in trying to secure limited numbers of weeks from the commercial sector.

Management of the theatres

Each of the three managements - the Royal Opera House, the Coliseum and Sadler's Wells - is responsible for both the buildings management and artistic programming (in the first two cases based around the resident companies).

We considered whether the responsibilities of building management and managing artistic product and companies should be split. In this case, management (or indeed ownership) of the Coliseum, the Royal Opera House and Sadler's Wells might be vested in a single new body - a London Lyric Theatres Trust (LLTT) - which would take responsibility for the maintenance and services of the buildings, while the companies were left to focus on the art. The LLTT would require a revenue stream, which could be derived in a number of ways: straight extraction from existing subsidy currently going to the companies for buildings and art; share of box office take; from direct funds from the Arts Council, or from a yet to be appointed administration for London.

Severance of the building costs from the costs of the art could introduce enhanced transparency about the real costs of operating the companies.

Perhaps more importantly, the managements of the performing companies do not believe that the present arrangements provide the best conditions in which their companies can flourish. At the Royal Opera House in particular, concerns were voiced about a central technical service bureaucracy which imposed itself between the performing companies and the providers of the services. At the Royal Opera House, the Royal Ballet also feels that its contribution to the cost of the stage technical establishment is disproportionately high. The present arrangements at the Coliseum, whereby the senior management team feels a sense of ownership for the running of the building, seem to work well. However, the deterioration of the Coliseum building is likely to increase calls on artistic management time and if ENO is to contract its season and act as a receiving house for incoming companies, this is something which the artistic management might prefer to vest in a distinct house management. Sadler's Wells has no resident company, but if it were to join a LLTT, a small specialised team responsible for programming could take on the role at Sadler's Wells which is played by the artistic managements at the other theatres. There is an attractive logic to this structure, but there are also considerable disadvantages.

Overseas comparisons suggest that establishing happy working relationships is more difficult than it might seem. The Amsterdam Musiektheater created difficult relationships by forcing together the artists, management and staff of two well established performing companies to become the joint occupants of the independently constituted and managed new theatre. Over time, the authority of the house management gradually returned to the artistic side, and the Theater Board now comprises all the Board members of the performing companies. Strictly due to goodwill and co-operative working between the four individuals involved, the Musiektheater has been able to negotiate a way through. It is not safe to assume that such pragmatic arrangements can be replicated.

The New York State Theater at the Lincoln Center houses the New York City Opera and the New York City Ballet. Each organisation is independently constituted, with its own Board and with representatives of the Opera and Ballet on the Theater Board. The Opera and Ballet present sequential seasons, but even so, the Theater Board still has difficulty adjudicating between the conflicting demands of the two companies. An additional tension is that the performing companies feel that the Theater management has entered over generously into labour deals over which the companies have no control, and of which the costs are passed on to them to meet.

The model of management we considered is a LLTT managing six theatre spaces (the main Covent Garden theatre, the Covent Garden studio theatre, the Coliseum, Sadler's Wells, the Peacock and the Lilian Baylis Theatre), for the service of one ballet company, two opera companies and a heterogeneous group of visiting lyric companies, between them performing an enormous range of product, from one night chamber pieces to repertoire seasons. Add into this mix the existing range of working practices and union agreements across these various entities, and this model starts to look even less plausible.

There are, however, other less radical options to consider which do not throw up quite as many problems. A Theatre Operating Trust (TOT) could be established to run each building in a relationship with each independently created performing company. The obvious dynamics would be: the Royal Opera and the Royal Ballet (together or disaggregated) in a relationship with a TOT running Covent Garden; and, in a separate TOT, given the historic and existing affinities, between Sadler's Wells and ENO and the Coliseum. The added value of the TOT might be: the maintenance of the buildings; pooled marketing resource; sensible revision of union labour agreements (unlikely to produce immediate and significant cost savings but helpful to the culture of the organisations); pooled catering and

hospitality resources. There is also scope for joint box office, financial management and production facilities. These are all complex areas, with as many obvious obstacles as advantages, not least touching again on the question of maintenance of individual identity of each of the companies.

Ultimately the issue is, how do we create better co-ordination and support between organisations whose interests are so clearly intertwined and yet who currently operate so independently, often to mutual disadvantage? While I am not attracted to the establishment of formal joint management mechanisms - the LLTT or TOT - I conclude that there is an overwhelmingly strong case for working together more co-operatively through the creation of a co-ordinating group to address issues like repertoire, labour relations, working practices and broadcasting. Above all, I feel that all the companies must be made to see that they should share common cause, and that they would be stronger if they regarded themselves as allies rather than rivals. During its closure for redevelopment, Sadler's Wells has effected a culture change within the organisation's staff structure. The negotiations which have recently concluded will enable an additional 20 to 24 performances a year through more flexible working agreements. There may be lessons here for the other companies in negotiating new working agreements, and this is the sort of issue that the co-ordinating group should explore.

It is vital that such a coordinating group is theatre led; the companies should take responsibility for setting strategy. It would, however, benefit from some support from London Arts Board and the Arts Council. It should work in conjunction with the existing nationwide co-ordinating groups for lyric theatre - the National Opera Co-ordinating Committee and the National Dance Co-ordinating Committee. The formation of the new co-ordinating group is urgently needed; participation should be through co-operation, but, failing that, it should be a mandatory condition of receipt of subsidy.

There is a risk, in an exercise of this kind, to seek the more radical solution as a panacea. It's my conviction, having examined these options, that the potential gain in separating management of the buildings from that of the companies was outweighed by practical difficulties, and it risks weighting the power in decision making disproportionately towards managerial rather than artistic imperatives. I also fear that, in reducing the responsibilities of performing arts companies, rather than giving them a greater freedom in which to create the work for which they exist, you simply create a less responsible organisation, with a reduced grasp of pragmatic and political realities.

The models

Having considered some broad principles in relation to the London lyric theatre estate and how it can be used to deliver the objectives of the Review, I considered a number of different models which might deliver the objectives. As part of my remit, I was asked to consider a model which turned the Royal Opera House into a hosting house for all three companies - the Royal Opera, the Royal Ballet and ENO. During the course of the Review, I distilled the logistical and planning issues raised by these alternatives into three models: the 'One House' model (all three companies at Covent Garden); the 'Dance House' model (ballet companies at the Coliseum and the two opera companies at Covent Garden); and the 'Three House' model (the three companies staying where they are, but with more flexible use of the lyric theatre estate). Alongside these, I also considered a proposal to form a 'Performing Arts Centre' (five venues joined in a single trust for flexible use by lyric companies); and some forms of privatisation of the Royal Opera House.

1. The One House Model: *Royal Opera, Royal Ballet & ENO at Royal Opera House. The Coliseum is vacated, and possibly sold. All companies should consider use of other venues, including Sadler's Wells Theatre and touring.*

The advantages of this model are wholly financial. To eliminate the operating costs of one theatre must produce significant economies, and the sale of the Coliseum would release funds which might be used to support the arts in a variety of ways.

The first question in assessing the possibilities of this model is whether it compromises the objective of improved access. Clearly, if the three companies could only perform at Covent Garden, this model would struggle to meet the current demand and so would significantly reduce access. This would clearly cut across our objective to increase access, and the benefit in creating new venues of reaching new audiences.

In exploring the scope for performance by the three companies in a theatre designed for one opera company and one ballet company, we considered three potential performance patterns: **options A, B and C** as shown in the table below:

Month	Option A			Option B			Option C		
1	ENO	RB	RO	ENO	RB		ENO		
2	ENO	RB	RO	ENO	RB		ENO		
3	ENO	RB	RO		RB	RO	ENO		
4	ENO	RB	RO		RB	RO	ENO		
5	ENO	RB	RO	ENO		RO		RB	
6	ENO	RB	RO	ENO		RO		RB	
7	ENO	RB	RO	ENO	RB			RB	
8	ENO	RB	RO	ENO	RB			RB	
9	ENO	RB	RO		RB	RO			RO
10	ENO	RB	RO		RB	RO			RO
11	ENO	RB	RO	ENO		RO			RO
12	ENO	RB	RO	ENO		RO			RO

Option A would be impossible without reducing the amount of performances given by each company and without significantly worsened working conditions. If use of the house was split three ways, not one of the companies would be able to generate sufficient revenue from a one third split in take alone.

Options B and C would avoid the difficulties of handling concurrently on one stage the physical productions of three companies, but it would mean each company having to find alternative accommodation for the weeks when it was not at Covent Garden to sustain continuity of operation and income. The problems for each company in identifying economically viable performance options for the time not at Covent Garden are almost certainly insurmountable. All the suitable venues are commercially-owned, where the imperative is for long uninterrupted runs, and it would be virtually impossible to identify the right pattern and scheduling of weeks. We have already discussed the difficulties with regional tours for these companies; this would be impossible without additional resources.

Sadler's Wells would, of course, be an option for the companies to consider for the weeks when not at Covent Garden. The space would accommodate medium scale work, and the management is interested in working with the Royal Opera House and ENO companies. However, **option B** would require the two opera companies to identify up to an additional 34 weeks at other venues, and Sadler's Wells, with its commitment to 70-80%

dance, will have the capacity to accommodate less than half these, even if Sadler's Wells received additional subsidy to enable it to drop its commercially-let weeks. Given the reduced earning power of Sadler's Wells, it might not be possible for the companies to consider this without additional resources.

English National Ballet, to whom a recently established relationship with ENO for annual presentations of English National Ballet's seasons at the Coliseum is of utmost importance, would be seriously disadvantaged.

The One House model would also clearly close off opportunities to open up Covent Garden to other work: Birmingham Royal Ballet - to whom their brief London run at the Royal Opera House is financially important - would be pushed out, and likewise no other visitors - either opera or ballet companies - could be accommodated on the Covent Garden main stage.

Aside from the logistical and financial difficulties, we have already discussed the artistic importance of having their own 'home' to each of the companies. With two opera companies housed under one roof, there is a risk of confusion by audiences of the companies' artistic identities, and indeed, this model has already been widely construed as a step towards merger. How easy would it be for each company to hold on to its identity when welcoming its audience into the same foyer, the same auditorium?

We cannot ignore that the new Covent Garden theatre was custom-designed to meet the needs of the Royal Opera and the Royal Ballet. To overthrow the basis on which the redevelopment has been planned and funded over a period of many years would require some powerful incentives.

In summary, I rejected the One House model because, while there would undoubtedly be financial savings:

- It would not be possible to find appropriate, alternative, economically viable venues for sufficient weeks for the three companies when not performing at Covent Garden
- This many touring weeks would require substantial additional resources
- If alternative venues cannot be found, access is severely compromised by cuts in performances, and earning potential is compromised to the extent that the companies may no longer be viable

- English National Ballet would lose its annual season at the Coliseum, and with no other obvious venue, access to large scale dance would be diminished
- Birmingham Royal Ballet would lose its run at Covent Garden
- The Royal Opera and ENO risk losing their identities if working from the same venue
- The sale of the Coliseum would achieve very little gain for the arts, and considerable loss to dance

2. Dance House Model: *Royal Opera and ENO at Royal Opera House, with possible use of Sadler's Wells and touring, Royal Ballet at Coliseum, with other dance companies. Royal Opera and ENO to tour.*

The advantages of this model for dance might appear significant. However, we have already discussed the difficulties in finding sufficient product for the weeks, and sufficient audience to demand this much dance.

I am also persuaded of the importance of the relationship between the Royal Ballet and Covent Garden, and the illogicality of the company rehearsing at the purpose-built Covent Garden and having a performance base at the Coliseum.

In addition, the Coliseum is too large for many forms of dance, both in stage and auditorium.

The establishment of a dance house would create direct and unhealthy competition for Sadler's Wells, with both it and the Coliseum fighting to attract the same companies and audiences. This might split the product and the audience for dance - with the likelihood that only the large scale productions would stay at the Coliseum. Alternatively, competition might result in Sadler's Wells revising fundamentally its core artistic rationale, moving away from being a dance-focused venue and looking for alternative art forms or other sources of income generation, like hosting conferences, thereby cutting across the basis on which its Lottery grant was awarded.

We have discussed above the potential disadvantages of the two opera companies sharing a 'home'.

In summary, I reject this model because while it potentially creates a great opportunity for dance:

- There is no evidence of sufficient product to fill a dance house at the Coliseum
- There is no evidence of sufficient audience demand for this much large scale dance
- It is illogical for the Royal Ballet to perform primarily at one venue and rehearse at another
- The Coliseum is too large for many dance productions, and these are likely to go to Sadler's Wells
- Two dance houses in London - the Coliseum and Sadler's Wells - are likely to split the product and the audience and undermine both operations
- The Royal Opera and ENO risk losing their identities if sharing the same 'home'

3. Three House Model: *Royal Opera & Royal Ballet at Royal Opera House; ENO at the Coliseum plus season at Sadler's Wells. Longer season for English National Ballet at the Coliseum. Wide lyric and non-lyric use of the Covent Garden studio theatre.*

This model would mean that the Royal Opera House companies remained in the custom-built Covent Garden. The increased opportunities for rehearsal and performance would allow the Royal Ballet the additional weeks it wants, and the chance to establish equal status with the Royal Opera.

If ENO were to reduce its season at the Coliseum, but take most of Sadler's Wells' non-dance weeks, it would achieve its artistic objective of developing some smaller scale work, and enable it to increase access by reaching new audiences. The extra weeks freed at the Coliseum by ENO's season at Sadler's Wells would enable greater exploitation by dance of the Coliseum by giving English National Ballet additional weeks and providing other dance companies with increased access to the Coliseum.

This model seemed the most attractive in logistical and planning terms. Combined with the measures I outlined under *Management of the theatres* (p.81) - the establishment of a London lyric theatre coordinating group and a better deal for dance at Covent Garden and the Coliseum - I concluded that this was my recommended model, because:

- The companies would be able to reinforce their artistic identities by being firmly established in their 'homes'
- The Royal Ballet would get closer to parity at Covent Garden
- The Coliseum would be retained and made more accessible to dance, and English National Ballet would get an extended season at the Coliseum with improved working arrangements
- ENO would be able to develop smaller scale work at Sadler's Wells and Sadler's Wells would benefit from the long term partnership
- Flexible use of the lyric theatre estate and more cooperative working would be facilitated through the coordinating group

Performing Arts Centre : The Council for the Advancement of the Arts, Recreation and Education (CAARE) proposed the creation of a world class arts centre combining the Royal Opera House, the Coliseum, the Theatre Royal Drury Lane, the Lyceum Theatre and Kingsway Hall under a single new trust, with the aim to present lyric companies in the theatres to which each production was most suited. This proposal was originally considered alongside a number of others. Following meetings with the CAARE team and consultation with the Working Group, the companies and other experts, it quickly became apparent that this option was unlikely to work. At the outset of the Review, the redevelopment work at Covent Garden was already so far advanced that any option involving interruption or cessation of the work would have incurred costs to the Lottery and the public purse which could not be justified. Kingsway Hall has subsequently been demolished. I was also unconvinced that a single management involving five buildings and any number of companies could overcome the management and logistical difficulties involved in such a complex operation without adding to the bureaucracy, and therefore detracting from the art.

'Privatisation' of the Royal Opera House

Whenever events at the Royal Opera House in recent months have taken a turn for the worse, there has always been a constituency calling for 'privatisation'. One argument is that if the Royal Opera House wants to operate as an exclusive and élitist club, then by all means let it, but don't allow it any further support from the taxpayer. This argument is worth further exploration.

One of the immediate problems encountered when considering the question of 'privatisation' is how to define it. La Scala Opera House in Milan was widely reported in the press to have been 'privatised' last year, and the Royal Opera House was being exhorted to follow suit. The truth was that they had adopted a modified form of the British system of funding: sponsorship from a limited number of corporate and private patrons and diminished state funding. There are any number of different approaches which could be taken to 'privatisation', and to explore a series of models of reduced or withdrawn subsidy would have consumed more time than was available to me. The simplest approach was to consider some obvious comparisons with established organisations and to address some of the suggestions proposed during the course of the Review.

The Metropolitan Opera, New York

The Met gets around two-thirds of its turnover (c\$80m) from private sponsorship and donations, largely from private and corporate foundations. There are vastly more of these foundations in the US than in the UK, and their assets - built up over decades of investment benefiting from US fiscal incentives for giving - tend to be huge in comparison to British examples.

The US tax regime allows for all donations to not for profit organisations to be tax deductible for both individuals and corporate donors. A recent US study estimated that, for every \$1 given to a not for profit body, the US government foregoes 40-45 cents in tax: applied to the Met, this equates to over \$30m in foregone tax. Tax concessions are another form of public subsidy, therefore, it could be argued that the Met is actually in receipt of considerably more public subsidy than the Royal Opera House.

The Met's auditorium seats 3,774, as opposed to the Royal Opera House's 2,270. Multiply by the number of performances the Met is able to give as the sole occupier of the Metropolitan Opera House, as opposed to the restricted number that the Royal Opera can play, (given that Covent Garden also serves the Royal Ballet), and the resulting equation shows that the Royal Opera can muster little more than one third of the Met's earning potential. Adding in the revenue of the Royal Ballet's performances still leaves the Royal Opera House in a significantly different financial league.

Glyndebourne Festival Opera

Glyndebourne operates on a festival rather than on a year round basis. This model could apply to international opera with imported stars engaged for a limited run of performances. Glyndebourne presents a consistently high standard of work, but it is not the nation's premier international, world class opera house - in spite of the very high standards of music and production. Its approach is to hire emerging young performers, and it plays an invaluable role in the development of international talent. Incidentally, Glyndebourne demonstrates - in the person of Sir George Christie - the virtues of artistic vision married to hard headed business sense.

Clearly a festival approach would contract, rather than expand, opportunities for access. It would also raise questions for the Royal Ballet, which by definition, needs to maintain its existence continually, both in rehearsal and performance.

Perhaps most telling would be the resulting under utilisation of the newly rebuilt Royal Opera House. If the companies shifted to festival seasons, Covent Garden would be dark for a significant proportion of the year, but would still demand maintenance year-round. Moving to festival seasons would also compromise one of the aims of the redevelopment - to enable, through improved facilities like air-conditioning, year-round performances.

Other approaches

During the course of the Review, other approaches to 'privatisation', or reduction or withdrawal of public subsidy have been proposed, including public share flotation (eg on the London Stock Exchange) to raise equity capital. Such a flotation would require three years of previous information and evidence of a sound financial base and performance as well as future prospects, and so may not lend itself readily to the Royal Opera House's situation. More realistic would be a private company limited by shares (as opposed to guarantee) which would enable capital to be raised without a fixed/guaranteed return. However, it is almost certain that the main shareholders would expect to nominate directors or have seats on the Board. Their shares, AGM votes or seats on the Board would allow them to direct company policy, and if this meant artistic policy, this may not fit well with artistic imperatives.

An alternative approach would be to issue debentures (fixed return bonds due for repayment in, say, 20 years) with all or part of the fixed return to the debenture holders as seats at performances in lieu of interest. In essence these schemes sell the rights to future seats for a capital sum up front, so they represent a real foregone future income and are not cost free. However, the seats could be time-limited eg for ten years, after which the right to the seats expires, and could be resold. Debentures are bonds with no equity voting rights and so no control issues arise. However, in order to raise significant sums, a substantial number of seats might need to be tied up in this way, reducing revenues from ticket sales to the market, and compromising access imperatives.

I have concluded that neither the Met nor Glyndebourne are helpful models for imitation. Nor, it seems, would the other approaches we have touched on provide an ideal solution. Alongside what we can see as the difficulties thrown up by these models for application to the Royal Opera House, there are a number of effects of reduced or withdrawn subsidy upon which it is reasonable to speculate.

Withdrawal or reduction of subsidy would severely imbalance the Royal Opera House's delicate economy, and the first likely outcome would be a significant increase in ticket prices to fill the deficit, thereby increasing exclusivity. Any capital or endowment fund set up to replace public subsidy would need to be substantial. To provide £20m in revenue funding would require £400m in perpetual endowment.

With the Royal Opera House focusing even more efforts on raising box office income and private funding to meet deficits, the possibility of a more conservative repertoire seems stronger. Artistic risk would be minimised by default.

We must also remember that, even before the substantial Lottery grant, one of which abiding principles is public good, decades of public subsidy has been invested in the establishment, growth and development of the Royal Opera House. All this would effectively be handed over should the Royal Opera House be privatised.

It is also important to recall some of the messages under the London heading at the beginning of this chapter: the Royal Opera House is more than just an arts institution - the new building is a prominent piece of London's landscape, an emblem at the centre of Covent Garden, set conspicuously at the geographical heart of our capital city. It is a building of historic significance, and its fate has a wider significance than the concerns of funding and running an arts organisation in the late 1990s.

I return to the original premise of this Review: if the Government believes in the importance of maintaining the highest standards of excellence in opera and ballet in this country, with access for the audiences of this country, these models of 'privatisation' will not achieve those aims.

Chapter II: Value for public money

“To ensure maximum public benefit from the use of public money.”

In looking at ways to deliver the objectives of excellence and access, I have said that the need to ensure good value for public money has been a guiding principle. The Government is accountable through Parliament to the taxpayer to ensure that every pound of public funding is used effectively and efficiently. Organisations in receipt of public funding share these responsibilities.

All the companies employ many excellent people doing excellent work, from the artists, to the technical and creative departments, to the front of house staff. Most of these people are highly skilled and widely experienced. Many have been in lyric theatre for years. Many accept rates of pay well below the average because of their devotion to the work; they work for sentimental reasons, for reasons of the heart. As a workforce, they are extraordinarily highly motivated and focused, and have a level of commitment and a comprehensive knowledge of the end product that would be the envy of many commercial organisations.

The problems which have engulfed the Royal Opera House and, to a lesser degree, ENO in recent times, are not, on the whole, to do with what happens on the stage. The companies have been producing high standards of work which have been appreciated by their audiences. The problems have arisen behind the scenes - in their management and their Boards.

In considering the particular management issues in these companies, it became apparent that there were general lessons which could be drawn out which had application across the wider arts sector.

Governance

Governance is the system by which the companies are directed and controlled by their Boards.

Boards

The Board of any organisation is a key resource, and its performance is vital to the health of the organisation. The performance of the Boards of the lyric theatres in question has been variable. The role of the Board in an arts

organisation should not be hugely dissimilar to that in a commercial business. The responsibilities of Boards should include setting the company's strategic aims, providing the leadership to put them into effect, and supervising the executive of the company. The Board has to oversee, support, direct, hold to account and when necessary, criticise the work of the person they have employed to run the organisation. Above all, it has the power to hire and fire: a Board must commission an Artistic Director to make artistic policy. If the policy is unsuccessful, then the Board has a right - and sometimes a duty - to find a new Artistic Director. A Board has to allocate limited resources, monitoring the way in which the management uses those resources to meet objectives set out in the business plan, drawn from the artistic policy. The Board needs to work together as a team. A well-balanced and effective Board is an essential ingredient in the composition of a healthy and well-run organisation. There should be clear separation between the Board and the Executive.

Arts organisations can be more challenging to govern than many businesses, and arguably, given the element of public subsidy involved, getting it right is more important. New appointees to Boards should be given training appropriate to the organisation they will serve.

Appointments to Boards

The appointment of Board members must be transparent, fair and democratic. They should be made against clearly defined role descriptions which relate to the objectives of the organisation. Following the report of the Nolan Committee on Standards in Public Life, the Commissioner for Public Appointments issued a Code of Practice, supplemented by procedural guidance, which must be reflected in each Government Department's practice, to enable improvements to the way in which public appointments are made. This guidance does not apply formally to appointments to all organisations in receipt of Government funding, but I advise that it should be applied in spirit, if not possible formally, then as widely as possible.

There may be practical, and even legal/constitutional objections to all Board appointments being made by the Secretary of State. However, I feel strongly that **all** appointments to Boards of national arts organisations must be made in consultation with the Secretary of State, the Arts Council, the Chair of the organisation - and the Artistic Director. If this sounds a clumsy procedure, I should point out that it is the procedure that has been followed by the Royal National Theatre - without visible damage - for the entire period of its existence.

My own experience of working for the Royal National Theatre Board might be of interest. I found the Royal National Theatre Board consistently helpful and supportive. They never sought to make artistic policy, but were vigilant over the execution of policy and its financial management. Individual members brought their expertise in a number of areas - legal, financial, administrative, managerial, and artistic - to bear on the management of the theatre, trusted the executive (composed of four people) to keep them informed, and to run the Theatre on their behalf. It seemed to me at the time, and it seems to me now, the proper way for the Board of a national organisation to be appointed and to operate. I do not believe that national arts organisations in receipt of substantial sums of public funds should be run by Boards that are, in essence, self-appointed oligarchies.

Sadler's Wells Theatre

Having said that, there are organisations with successful Boards who are self-appointing, and I mention Sadler's Wells here because it appears to be working towards a model of how an arts Board should be composed. (At the same time, it is dangerous to assume that what works in one organisation will always translate to others). Sadler's Wells's Board is of a manageable size - around ten members - all are selected with one objective in mind: to assemble the skills needed to help make the organisation effective. The Sadler's Wells Theatre Board also takes on an advisory role: individual Board members make available their specialist skills to the executive in a form of mentor relationship. Board members do not get involved in decisions which are for the executive, but provide support on demand. This enables closer, more constructive working between the Board and the management, and the Board feels it is part of the creative and administrative process.

English National Opera

ENO has had historic problems with governance. The relationship between the executive and the Board had become an adversarial one. However, in recent months, ENO has taken measures to put this relationship right, and the Review was presented with a paper by the Chairman, which proposed a series of practical measures to improve governance at ENO. The paper proposes a smaller, more policy-oriented Board, meeting more regularly and working within a closer structure with the executive. Thought is also being given to the appointments the ENO Board will need to make in the future, looking at matching skills to the needs of the company.

Royal Opera House

There is a well-aided history of inadequacy on the part of successive Boards of the Royal Opera House. The only reason I can ascribe to this inadequacy is that there was such a strong social cachet attached to being a member of the Royal Opera House Board that membership was seen as being an end in itself, and that this encouraged Board members to be diffident about their responsibilities. It seems, as Brecht complained about theatre audiences, that they “left their wits with their hats”.

The Board has had tremendous success in fund raising for the Royal Opera House, but in other areas of its responsibility, particularly in exercising any proper control over management, it has failed. An effective Board should have prevented the situation that the Royal Opera House now finds itself in. While the management has become ever more deeply mired in ever more insoluble financial problems, the work on the stages has shone. It was as if a de facto policy had emerged - excellence at any price. This situation is an excellent illustration of the importance of proper governance.

The Royal Opera House appoints a separate Board for each company: an Opera Board and a Ballet Board, who advise both the artistic leadership and the main Board on artistic standards, repertoire and appointments. I question the role in artistic policy for the Opera Board or the Ballet Board apart from advising on repertoire, although since the repertoire both in opera and ballet is a finite one, even this might appear to be a redundant layer of advice. Samuel Butler’s aphorism: “The history of art is the history of revivals” was never truer than in opera and ballet. The artistic personnel are employed to make artistic choices. The main Board are not experts and are not qualified to make artistic policy. The policy should be explained to the Board and debated by them and the artists they have entrusted to make decisions. If the artistic decisions turn out to have been wrong, or inadequately executed, the Board is perfectly within their rights to dismiss them. In no circumstances should the main Board, or the advisory Boards, attempt to act as surrogates for the artistic leaders. If the main Board is composed of the right people and if it is doing its job properly, then it seems to me that the advisory Boards are superfluous elements of artistic planning.

The Royal Opera House is supported by a convoluted structure of bodies with tasks which inter-relate. The potential for conflicts of interest is enormous, and I would advise the Royal Opera House, so far as possible, to keep formal responsibilities separate, while keeping informal channels of information open. Particularly difficult is the lack of clarity between the Royal Opera House Board and the Board of the Royal Opera House Trust,

where conflicts can arise between the Trust's twin responsibilities of supporting the capital redevelopment of the building, and supporting the Royal Opera House's revenue needs. It is characteristic of the Royal Opera House Board that such a lack of clarity in the structures and relationships has been allowed to continue.

Accountability

Parliament is mandated to vote public funding for use within allocated remits. The Secretary of State for Culture, Media and Sport is accountable to Parliament for the funds voted for use in support of the cultural sector in England. The Arts Council is accountable to the Secretary of State for funds allocated to it for supporting arts policy. The Royal Opera House and ENO companies are accountable through their non-executive Boards to the Arts Council. Virtually every point in this line will have been subject to change within the year, and these changes represent an opportunity for a fresh new relationship between the bodies in the accountability chain. I exhort all those within it to grasp this opportunity to take a more positive and constructive approach.

Since the inception of the Review, the Royal Opera House has appointed a new Chairman, Sir Colin Southgate. The Arts Council also has a new Chairman, Gerry Robinson. Both now have the opportunity to bring about change within their organisations. At the same time, the Department for Culture, Media and Sport, in common with the rest of Government, is conducting a departmental spending review, looking from first principles at how it uses its resources to deliver its objectives. The work of the Department is due to be presented in the summer, and it is hoped that the findings of this Review will be absorbed in the final deliberations.

There have also been a number of changes in the executive staff of the Royal Opera House and ENO in recent months. Mary Allen has left the Royal Opera House, and Sir Colin Southgate has begun the process of restructuring the executive of the company. The Royal Opera House is currently being run by Pelham Allen as Acting Chief Executive, and by Richard Jarman as Interim Artistic Director, and this will continue until a permanent Artistic Director can be identified. At ENO, Russell Willis Taylor and Paul Daniel have recently filled the posts of Executive Director and Music Director respectively, and Nicholas Payne will shortly be joining the company as its new permanent General Director. All these changes are timely, and the opportunity should now be grasped to shape better organisational structures informed by the lessons of past problems.

The Department for Culture, Media and Sport

At the time of writing, the Department is about to announce the findings of its comprehensive review of expenditure. Arts policy and the respective roles of the Department and the Arts Council within that, are clearly key elements of the review. Whatever the structural outcome, there must be a more positive and constructive approach to delivering arts policy objectives. The Secretary of State must give the Arts Council full backing to allow it to fulfil the role he defines for it.

The Arts Council

Like the Royal Opera House, the Arts Council is changing. It will need to respond to its new mandate, and ensure it has the expertise in place to deliver it. It will be important for the Arts Council to ensure that it can deal with its clients from a position of authority and strength.

The Arts Council has historically been anxious about getting too closely drawn into the running of its clients, partly out of an anxiety about being too interventionist in artistic policy, and partly for fear of becoming a shadow director. This anxiety and caution has progressively increased: an organisation which is responsible for the distribution of funds is bound to have its destiny shaped by the quantity of funds allocated to it, and the respect accorded to it by the government of the day. The decline of both funds and respect has sapped its will and encouraged it to dabble in the shallows of social engineering, sponsorship, and marketing initiatives; the business of business rather than the business of art. The proliferation of planning initiatives, incentives, scrutinies, and strategies can't help but make one think that, like a dog barking in a large field, it is being done to remind us that it is there.

The only way for the Arts Council to re-establish its authority and effectiveness is for the Government both to allocate an appropriate level of funding for it to perform its remit, and to ensure that the Arts Council has a clear mandate, and support to exercise that remit. The 'arm's length' principle will only work if there is mutual respect between the Department and the Council - and indeed between the Council and its clients. The respect from the clients for the officers will only develop if the officers are seen to possess sufficient expertise in their respective art forms, and the decision making process is transparent, and clearly based on the quality of the work.

In this respect the influence of the art form panels - committees composed of practitioners - is indispensably important. The panels, however, should be advisory rather than prescriptive. They should, in short, be the servants of the officers rather than their masters. After taking advice from the panels, decisions must be made by the Council on the recommendations of the officers. It must be emphasised that unless all funding decisions are perceived by the respective art forms as having been made after taking the advice of experienced practitioners on the panels and the Council, and made on the criteria of quality, they will be vulnerable to incessant disputatious lobbying.

A further element which has weakened the Arts Council's position is the running down of its financial expertise and authority, both of which are necessary to enable it to confront its clients from a position of knowledge. If skills in financial supervision can be brought anew to the work of the Arts Council, and allied to expertise in making artistic judgements, it should be possible to develop an organisation which is properly able to supervise the ability of the organisations being funded to be excellent, accountable, accessible and cost effective.

The Arts Council must accept some responsibility for what has happened at Covent Garden, and to a lesser extent, at the Coliseum. It allowed the Royal Opera House to operate without a Finance Director for a year, and although unhappy with the closure plans, it failed to overturn the decisions made by the management of the Royal Opera House. It has played a more positive role at ENO, but even here, more judicious advice might have been offered when ENO began considering the possibility of moving from the Coliseum to a new theatre. The considerable financial difficulties which had been plaguing ENO for some time should have led ACE to advise the company to narrow its considerations to the immediate needs of refurbishment. Instead, ENO received a £1.38m Lottery award for the KPMG feasibility study to examine the wider options for a new theatre.

There has been a lack of rigour in the relationship between the Arts Council and its clients, which requires a serious overhaul. A contributing factor is the inherent conflict between the demands on the Arts Council to be advocate for the arts, and to give its clients day to day mentoring and guidance; and its responsibility to administer the sums of money available properly and to hold those clients accountable for the use of public funds. The Arts Council has argued that there are times in the relationship with funded clients when the contradiction between these functions makes its position virtually untenable. This can only be improved by the recognition of Arts Council officers as authoritative, qualified assessors, who are

licensed to demand straight answers to difficult questions, and through a demonstrably improved relationship with those to whom the Arts Council is accountable - the Department and the Secretary of State.

If the Arts Council does not, or cannot, re-establish authority, then a more radical solution might be the establishment of a body which has powers to facilitate the separation of the Arts Council's conflicting responsibilities. Such a body might provide the Secretary of State with independent advice about the standards of delivery against his policy objectives for the arts, in a relationship akin to OFSTED's with the Education Secretary. This merits further consideration, but the first priority must be to clarify existing roles and responsibilities.

The Arts Council needs to take a more strategic approach to its relationship with funded clients. Where there are weak Boards and management, and a lack of accountability, this must be rooted out. The Arts Council must not be afraid to tackle this task, nor to reward good performance. It must take positive, strategic choices and learn from the legacy of 'equal misery', and indeed of exacerbating it by extending commitments in an environment of shrinking funds.

A practical approach to increasing rigour in the Arts Council's relationship with its clients would be the introduction of fixed term funding agreements for periods of more than 12 months. I would argue strongly for three or four year index linked funding contracts, to be reviewed at the halfway stage with no **guarantee** of renewal unless the agreed criteria were being fulfilled. Such a structure would facilitate a more strategic approach to arts policy by the Arts Council by enabling it to link funding more directly to output. From the client's perspective, it would create a more stable, structured funding environment in which to plan, and would encourage a sharper, more focused relationship between the two bodies. It would allow the arts ecology to evolve; good performers could be rewarded, and weak ones would be replaced by new organisations.

On a month by month basis, rigour and accountability could be improved by arts organisations in receipt of significant levels of subsidy being required to submit monthly management accounts for scrutiny by the Arts Council.

I also believe it is possible for the Arts Council to achieve greater transparency and accountability by splitting the funding of its clients between the cost of the buildings and the cost of the arts they serve. This approach is increasingly adopted by London Arts Board with its funded

clients. Taking this a step further might lead to consideration of whether the funding should come from two different sources, eg art funded by Arts Council, buildings by another body - perhaps the new Greater London authority. Even if this route is not pursued, I recommend that subsidy is targeted and accounted for with increased precision. It is important that the companies - as well as the public and the Government - have a clear idea of what the buildings cost to maintain and what the art costs to sustain.

Royal Opera House

The relationship between the Royal Opera House and the Arts Council has epitomised how the accountability structure can fail. It has been characterised by arrogance on the part of the Royal Opera House and by a lack of assertiveness on the part of Arts Council. The Royal Opera House has claimed more autonomy from its major funder than was its right, and it has only been able to do so because it was allowed to.

There has been a long tradition of the Board and executive of the Royal Opera House using direct access to Ministers and senior civil servants, and on occasion to Downing Street, to subvert the relationship with the Arts Council. Ministers have always entertained lobbying from the Royal Opera House, partly because they feel compelled to have a direct relationship with all the national companies, and partly for policy reasons - the Secretary of State is involved in a direct relationship with the Royal Opera House relating to the freehold of the Covent Garden site. On a political level, Ministers are unwilling to be seen to be standing idle while the biggest client of the Arts Council is in difficulties. While recognising that Ministers will always have a relationship with the national institutions, it will be important in future for them to take care not to allow these organisations, consciously or otherwise, to subvert the primary relationship with the Arts Council.

It is my impression that the relationship between the new Board of Royal Opera House and its Arts Council monitors is already in danger of declining on a similar trajectory. There appears to be a reluctance to accept that the Royal Opera House, like all other arts organisations, is obliged to deal with those responsible for distributing the funds for its operation. It would be tragic if the relationship between the two bodies were to become corroded once again by bad faith. It is essential that the Royal Opera House develops a sense of respect for accountability for public funds, and a more constructive relationship with its main funder, and it is fruitless to imagine that they might be better off receiving their funds directly from the Department for Culture, Media and Sport or from the Treasury. Unless the Board of the Royal Opera House accepts that it is a part of the same economy as any other performing arts organisation it cannot expect to be regarded as participant in a common cause and beneficiary of public funding.

Management & structures

English National Opera

ENO is in a transitional period. The management structures we observed at the start of the Review were confused. Under the new interim Managing Director, Russell Willis Taylor, and with the clear sighted artistic vision of Paul Daniel, things are changing, and I am optimistic that, with a new group of people questioning how management works within ENO, further improvements will ensue. The completion of the senior management team with the arrival of Nicholas Payne this summer should allow for further cementing of the new foundations already in place.

Royal Opera House

To say that the Royal Opera House is in a transitional period is an understatement. The problems of reckless financial management, the incompetent plans for the closure period, the factional in-fighting within the organisation, are all well publicised, and do not merit further comment here, except to say that if the experience of the last ten years has taught us anything, it is that the challenges of running a lyric theatre, and particularly one as complex as the Royal Opera House, go beyond that which can be tackled using generic management skills. The Royal Opera House desperately needs a strong artistic leader, who understands these problems, and who can pull together and harness the Royal Opera House's limited resources in order to get the best out of them.

I should observe that, in my view, the Royal Opera House has invested excessive faith - and expenditure - in the use of consultants. It is a measure of the insecurity and inadequacy of the Royal Opera House that help has been all too frequently sought from those who are by definition not experts in the fields they are examining. It has not led to a greater clarity of thinking or efficiency of operation, and has succeeded in further disabling and demoralising organisations which need to be given strong leadership and built up from within. The fees paid have undermined the worth of those within the organisations who are, in common with all those involved in managing and administering the arts, derisorily badly paid in comparison with the 'experts' who have been invited in to analyse their problems.

We have already discussed the position of the Royal Ballet, which feels marginalised within the Royal Opera House, and resents what it perceives as a punitive contribution to overheads that it is expected to find (though the situation is a little more complex than that, and is considered in more detail in Part II, Chapter 3, Finance & Ensuring Future Financial Stability).

It is a commonplace to observe that the Royal Opera House is a dysfunctional organisation. To be more specific about the nature of this dysfunction: there are excellent departments in the technical area - costume, make-up, workshops, lighting and stage, and there is excellent support from the staff producers, production management, and stage management. Those responsible for the planning in the opera are skilled and imaginative but wholly incapable or unwilling to connect their planning decisions with those who are going to have to execute them. All too often the situation resembles a First World War battlefield, where the poor bloody infantry are trying to fulfil a strategy about which they haven't been consulted, and whose outcome is simply a matter of wilful optimism or blithe unconcern to its creators. I cannot emphasise too strongly that the endemic lack of communication within the Royal Opera House is the cancer that will destroy the organisation unless it is treated.

I realise that I am making observations about the management of the Royal Opera House which are derived from my experience in dramatic rather than lyric theatre, but - to paraphrase Gertrude Stein - a theatre is a theatre is a theatre, regardless of whether presenting plays, operas or ballets. While making comparisons with straight theatre, I might observe that at the Royal Opera House there tends to be a planning philosophy which appears, at least to me, to demonstrate a disregard for everything but the music. The way in which directors are expected to mount their productions, and substitute frenzied, wilful optimism for proper rehearsal time on stage is the ethos of the amateur. Most operas demand the stage resources of huge musicals and most operas are given less stage rehearsal time than would be considered essential for a two-hander in a single set in the theatre. The lighting is barely completed, the design is compromised, and directors dash for the short cuts in staging and characterisation. This is exacerbated by the often sporadic availability of singers for rehearsals. It seems common for guest singers to be booked with an apparent indifference to their availability to rehearse, and without consultation with those who are going to rehearse them. This is a serious and symptomatic failure of consultation.

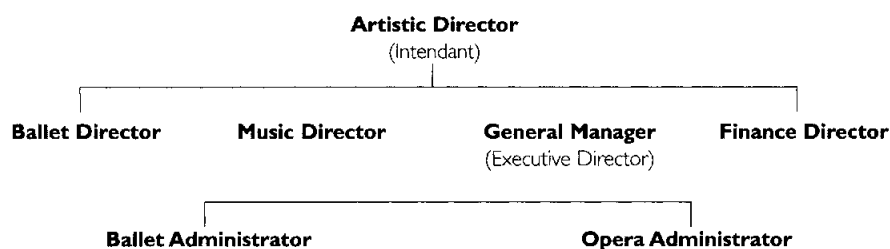
On the virtuous side it should be observed that there have been considerable and imaginative advances made in the working practices of the stage and lighting crews, and that there has been a determined and highly successful initiative to involve the technical staff in the design and operation of the new opera house. Consequently the technical staff feel that they 'own' the new building. This cannot but have long term benefits. If the same kind of admirable collaboration can be evolved between those who are responsible for artistic planning and those who are responsible for executing it, the re-developed opera house will be a thing of wonder.

In the course of the Review, I heard from many who had inside knowledge of the workings of the Royal Opera House, both in the past and currently, of the historic disregard for financial matters. It is clear that to improve efficiency, it will be essential to introduce a new culture of accountability and regard for a finite budget. This is a formidable task, but it has been achieved in other art forms: television, theatre and occasionally in film. In these art forms many managements have demonstrated that prestigious and high-budget productions can be compatible with financial sanity.

Cost control is one of the first essentials of a responsible financial culture. An approach which the Royal Opera House might consider would be to establish a line of accountability through the cost clerk attached to each production direct to the Finance Director producing regular - possibly daily - budget variance reports for the consideration of the Finance Director and the Artistic Director.

I have already discussed the importance of artistic leadership to the health of an opera house. The Royal Opera House is too diffuse a body to be managed by one person. I am aware that there may be a variety of different ways of structuring the management, and I am proposing the following model for debate rather than as a prescriptive recommendation. It may be presumptuous and beyond my remit; it is a personal view and has not been discussed in detail with my Working Group.

I propose a structure of **Executive Management** along the following lines:



It cannot be emphasised too strongly that in order for this structure to work, the Artistic Director and the Ballet Director would have to evolve a relationship that ensured parity for ballet. Without this guarantee, no management structure can be successful while the two companies occupy the same building.

The **Artistic Director (Intendant)** could be from the opera or ballet worlds, but the probability would be that he or she is from opera, in which case he or she should be thoroughly experienced in administering and programming opera companies, and have experience and knowledge of the working of ballet companies. He or she must have had experience of running a first rate opera house. Alongside artistic expertise and knowledge, the Intendant must possess clear and demonstrable management skills to enable him or her to deliver artistic objectives within a finite budget. I cannot stress too strongly that an individual who was artistically brilliant, but had no regard for financial imperatives, would be a disastrous appointment. The Intendant would be responsible with the **Opera Administrator** for running the opera company.

The **Ballet Director** would be a dancer or choreographer of international repute. It is vital that the Artistic Directorate is perceived as a partnership - Artistic Director (Intendant) and Ballet Director - with the Intendant *primus inter pares*, otherwise the inherent inferiority of the Royal Ballet will be perpetuated. To achieve this might be difficult, but unless it is achieved there will continue to be attritional territorial battles.

The **Music Director** should be a conductor of international repute. He or she would actively participate in all decisions relating to artistic policy, and would take responsibility for musical standards throughout the whole repertoire, including ballet. The Music Director must participate with the Artistic Director, the Ballet Director and the Royal Ballet Music Director in making the artistic policy for the whole Royal Opera House. The Royal Ballet Music Director should collaborate closely with the Music Director. They would be jointly responsible for music policy, with the Royal Opera House Music Director *primus inter pares*.

The **General Manager (Executive Director)** would be responsible for administration and supervision of the technical departments, building services, maintenance, front of house, personnel, catering, and developing relationships with other organisations - arts, business, and local. The General Manager must work in partnership with the Artistic Director.

The **Finance Director** should have had experience of financial management in an arts organisation. He or she would have responsibility, authority, and accountability for all spending within the Royal Opera House, and would work closely with all members of the Executive to ensure that the artistic policy was properly translated into financial terms, and as a corollary, that artistic ambitions were contained within the limits of revenue expectations. The Finance Director should have a special responsibility for fund raising, and a close relationship with the Development Trust.

It is clear that the Finance Director would have a very considerable task to introduce a culture of judicious financial control and responsibility, in particular in relation to the costing of all internal labour. This task could not be achieved unilaterally. Without the participation of the Intendant and the General Manager it would be unachievable.

The **Opera Administrator** and the **Ballet Administrator** would be responsible for the administration and welfare of their respective companies. They would work with the Intendant and the Ballet Director in creating artistic policy and would be responsible for executing that policy. They would, in effect, be what we would describe in the theatre and in TV as 'producers' - a word that, archaically, in the world of opera applies to directors. As 'producers' they would be responsible for the logistics, budgetary control and artistic health of every production.

This **Executive Management** (with the occasional exception of the Opera and Ballet Administrators) should attend **all** Board meetings. The relationship of the Executive Management to the Board would have to be clearly explained to the staff.

There should be a Board of Management which would include the seven people described above. In addition it would include the **Head of Technical Department**, the **Head of Public Affairs** (with responsibility for Marketing, Press and Box Office), the **Head of Development**, the **Head of Education** (as discussed in Part I, Chapter 2, Access) and the **Royal Ballet Music Director**.

Chapter III: Finance & ensuring future financial stability

“To secure the financial stability of the companies and give them a firmer basis on which to plan, and efficient structures within which to operate.”

Current financial status

It should be recorded that the Working Group received every assistance from the companies in accessing financial data. However, the lack of a business plan for the Royal Opera House post re-opening, covering the costs of operating in the new House, and in the studio theatre, has strictly limited my ability to assess the Royal Opera House’s financial position.

Financial systems

The designs of the accounting systems in each company do not make for quick and precise understanding of the operations the figures are meant to reflect, although this is better at ENO. In both companies, the style of reporting financial performance to the Board is less than ideal. Data exists in the system, which if presented and reported more precisely by reference to the operating activities of the organisations, would be beneficial to management and Board in understanding overall performance. It would be infinitely easier for the companies to evaluate budgets for future activities if current data was presented in a more operational mode.

The published reports, while meeting company and charity law requirements, are unhelpful in assessing the operating performance of either company. Auditors have compounded this by making adjustments in the treatment of figures at the Royal Opera House when preparing published accounts that diverge from the principles adopted in the management accounts. There should always be a reconciliation between the published accounts and the internal management accounts, which are intended to provide an important management tool. The internal management accounts do not lend themselves to easy understanding of the operational units and cost centres within the organisation. Consequently proper appreciation by management and the Board of the financial progress of the organisation is not facilitated.

Conflicting figures in differing forms of accounting submitted to the Board and to funding bodies lead to unclear and imprecise thinking. Not all of these people will be accountants, and should not have to attempt their own reconciliation of divergent results.

I would recommend a redesign of internal financial reporting in each organisation so that it is more comprehensive, showing the costing and revenues of identifiable units of the organisation. Each organisation should then submit monthly management accounts to the Arts Council for scrutiny.

Combined financial statement

The combined financial statement in Annex v provides at a glance as accurate an overview as we have been able to construct both of the companies, and a meaningful comparison between them. To reach conclusions about the efficiency or effectiveness of any operating area, judged only from a simplistic comparison of costs and revenues would be facile and unhelpful. However, the statement does enable comment on certain areas of operation that may benefit from a detailed appraisal of methods and costs beyond that which has been possible in the course of this Review.

Production costs

There is little that was surprising in the physical cost of mounting productions of the scale demanded by the work and the venues. In my judgement, the costs, which cover labour-intensive and highly skilled crafts demanded by innovative design and assembly, do not appear to be unreasonable, and are a consequence of large scale productions filling a large stage. Importantly they cover the needs of working in repertory, where there are special construction demands of sets required to be installed, dismantled and transported with considerable frequency during their lifetime.

Subsidy

In looking at levels of public subsidy, it is impossible to ignore comparisons with other major opera houses world-wide attempting to deliver a similar service, if we are assessing the resources needed to deliver the twin objectives of excellence and access.

The annual subsidy from the Arts Council to the Royal Opera House (Royal Opera and Royal Ballet) for 1998-99 is £14.4m. For ENO the figure is £11.96m. That can be contrasted, for example, with La Scala (opera), which alone receives ITL 99 billion (around £34m) in public funding per annum; the Berlin Staatsoper (opera/ballet), which has a state subsidy of DM 86.8m (around £30.7m) for 1998-99; and the Hamburg Staatsoper (opera/ballet), which has been allocated DM 80.8m (around £28.6m) for

1998-99. By international standards, therefore, it is difficult to escape the conclusion that the taxpayer has been paying a comparatively small amount for a product of the quality which is being delivered by the Royal Opera House and ENO.

Private funding

Private funding to both companies is substantial, (34% at Royal Opera House, 13% at ENO), effectively providing a subsidy of over £10 per seat occupied at Royal Opera House and £5 at ENO. There is also a heavy dependency on merchandising and exploitation at the Royal Opera House (average over £5 per seat occupied).

Exploitation of the brand and net income from sales of goods at the Royal Opera House (£2.6m) is a major source of self-generated revenue, but there should be scope for further development. Both private donations and the ability to market the organisation are dependent on the identity the organisation establishes. Perceived or actual threat to that identity diminishes the potential for such support and so these factors are sensitive to policy changes. It may be unwise to assume major increases in the future. ENO may have greater potential for expansion here, particularly in merchandising, but they do not have the same 'names' to sell, or the same profile.

Premises

There may be scope for modest rationalisation of the use of premises, some of which should flow from the modernised Covent Garden theatre. It may be possible to give consideration to sharing some facilities, such as storage and construction, with consequent reductions in cost. However, no detailed costings have been seen of the operation of the new building in Covent Garden, and in particular the studio theatre. Experience suggests that the operation of a new building is likely to add to the cost of premises, at least initially (even if operational savings are made elsewhere).

Administration

One area where there appears to be clear and inexplicably dramatic differences between the companies was administration, where the Royal Opera House spends almost double that spent by ENO. Further research on this revealed that the levels of pay for senior management posts differ very considerably between the companies, with the Royal Opera House paying significantly higher salaries in some key areas than those at ENO. This may well be indicative of a culture that expects exceptionally high rates of pay for all senior staff, simply because it is the Royal Opera House. The same is true of creative personnel - directors and designers - who are paid considerably more than they would get in the dramatic theatre for the same

amount of work. I imagine it is a question of scaling up to approach the very large market-led fees of singers and conductors, but perhaps it is only a manifestation of the palpable sense of being part of an organisation that perceives itself to be *sui generis*.

At the same time, ENO has many more staff posts in the creative field (albeit at lower rates of pay than at the Royal Opera House). The Royal Opera House, by contrast, is inclined to use freelance artists to cover some, but not all, (eg music administrator, casting, dramaturge) of the tasks. ENO should review the services of those permanent members of staff in the creative management/administrative areas that do not seem to be required at Royal Opera House.

Stage running

Stage running costs in the companies are under review. ENO is negotiating new labour agreements, but the short term financial return may be modest. Stage operation in the new Covent Garden House will be significantly different, and it is impossible to estimate the financial impact this will have. There should be savings, particularly from the reduction of night working, but at the same time higher skills will be required, and a greater level of activity is planned. Recently negotiated BECTU agreements allow more flexible use of crews which will release some savings. Detailed operating schedules need to be produced and costed in the light of programming plans for the new house before the impact of these matters can be judged accurately. Pre-closure the Royal Opera House stage running costs were significantly higher than at ENO for a not dissimilar workload, which suggests a need to consider further working agreements and structures.

Marketing

There is a close similarity between the organisations on the amount of marketing spend, given the more complex programming of the Royal Opera House. However, if calculated on a marketing spend per ticket sold basis, ENO spends around 28% more than Royal Opera House, which makes the Royal Opera House's spend appear more economical, but probably reflects the harder job ENO has to reach its audiences. The total figure for marketing spend for both organisations seems high when compared to other performing arts companies, and there should be scope for rationalisation, perhaps through contracting out certain functions, like design. I advise that the companies should undertake in-depth cost-benefit studies of the techniques deployed.

Box office

The disparity in earning power between Royal Opera performances and those of the Royal Ballet and ENO is enormous. For every Royal Ballet performance there is likely to be a drop in income of between £55k and £65k, against a Royal Opera take of £100k (a similar figure would apply to ENO performances compared with the Royal Opera's). There will also, of course, be savings in performance costs, but these are unlikely to exceed £30k per performance. The consequential cost implications of any one of the companies doing less performances at the home base are intricate: what does the company do to earn enough to sustain itself elsewhere?

Given the dependency on present earning power at the box office, there are serious implications for any consideration of pricing changes to promote greater accessibility. Any change in seat pricing structures to ensure more seats at lower prices cannot be achieved without assured compensating income in one form or another. Shifting price barriers to provide additional lower price seats means that the fewer top price seats would need to be very substantially increased in price. However, there appears to be little price resistance at the top prices for Royal Opera performances. There should be scope, without compromising access, for increasing box office take by charging premium prices for special performances, like first nights; a model adopted on the continent. Sadler's Wells is charging premium prices for certain first nights, and for Friday and Saturday nights when the market will bear higher prices, while maintaining 10% of seats at their 'accessible' prices. The Royal Opera House and ENO should consider this approach.

Guest artists

Guest artists are the largest single disparity between the houses. The comparative costs, other than guest artists, of the Royal Opera and ENO are broadly similar, but the cost of guest artists is the premium that the Royal Opera pays to operate in the international market. They also provide it with a higher earning power and this must be taken fully into account in any assessment of the economic impact of the scale of fees for guest artists.

It has been widely alleged that the fees paid by the Royal Opera House for guest artists are higher than those paid by continental opera houses. This is untrue for the majority of fees, which we understand to have been negotiated at the same or lower levels, and to be, broadly speaking, on a par with other European houses. However, a small proportion of deals have been adversely affected by currency fluctuations.

Chorus

The costs of the choruses may warrant further study. For the most part these are annual contract posts (60 at the Royal Opera (reduced to 35 during closure) and 63 at ENO) and the productivity of each needs to be examined.

Orchestras

The agreement between ENO and the Musicians' Union is under review and if negotiations are successful, a more flexible arrangement for use of the players' time will be secured. While this should reduce overtime and extra session players, there is likely to be some quid pro quo and the final net saving has not been quantified. The Royal Opera House needs to undertake a similar process with its orchestra.

At the Royal Opera House the current arrangements provide that ten sessions may be called in any one week, provided not more than 14 are called in over two consecutive weeks, before extra payments are triggered. These are likely to become a little more flexible (possibly measured over a four week period), which should produce some modest savings subject to scheduling. In 1996-97, 256 performances (with 262 rehearsals) were given by the orchestra. Productivity of individual players is variable (as would be expected in a permanent contract orchestra meeting a range of scoring demands), but out of a possible maximum 314 available sessions within the annual basic fee, on average across the whole orchestra 247 were worked in 1996-97; 79% productivity. There were 32,990 contractually available sessions (105 players x 314 sessions) of which approximately 26,000 were worked against a total of probably 30,000 needed to service 256 performances and 262 rehearsals. Sessions additional to basic, and overtime, are expensive. I have no evidence to compare these factors with other orchestras.

In the refurbished Covent Garden, performances are likely to rise to nearer 300 (with approximately an equal number of rehearsals) for which it is estimated an additional eight players will need to be engaged. There will then be 41,448 basic contractual sessions available against a possible demand for 35,000/40,000 sessions. In simple arithmetical terms, and based on current practice, this suggests that above the cost of the additional players there will be a considerable increase in the number of extra sessions needed beyond current levels (even if productivity within the basic time is improved beyond 79%), of probably 3,000 to 5,000 sessions.

In looking at alternative models for orchestral provision the demand for time from any other existing orchestra, or orchestras, is considerable. The cost per performance (including rehearsals) for opera is £19,422 and for ballet £12,079 on the evidence of 1996-97 figures and call schedules. This will need to be compared with the cost of contracting outside orchestras to service these high demands.

Production workshops

In my judgement from knowledge of other similar establishments, the workshops seem reasonably costed. There are certainly periods of low activity, but this must be weighed against the undoubted quality and immediate availability of the product, particularly for design developments and costume fittings, and the experience and skill in construction for repertory working conditions. Neither organisation currently charges out time spent by workshops on production matters, and so it is extremely difficult to establish the likely comparative financial efficacy of other ways of working, eg contracting out. That said, workflow at ENO did not seem to make the best use of the facilities and staff in the year examined. There may be scope for exploring combined shops for both organisations, but this cannot be properly assessed until the companies introduce a system of charging out time spent on production at labour rates which include overheads, including an element of unproductive time that is inherent in the system. It is unlikely that outsourcing would be either satisfactory or viable, particularly with current supply difficulties.

Royal Ballet

The most significant and obvious cost is that of the permanent company of dancers. There is, as a consequence, a logical incentive to derive the maximum productivity from this creative unit. Over half the Royal Ballet direct costs are non-variable, and while on the indicators table (Annex v) I show Royal Ballet costs per performance of £143,062 (based on the 111 performances given in 1996-97) incremental performances would not rise at this per performance figure. A diminution in number of performances would not save costs at this rate, but at a much reduced figure.

In management accounts, general overheads are not apportioned between the Royal Opera and the Royal Ballet. It is probably true that the administration, marketing and stage running costs, if apportioned in a ratio of Royal Opera/Royal Ballet performances would result in charges to the Royal Ballet higher than, in isolation, the operation of the Royal Ballet would warrant. However, 55% of private revenue funding attracted in 1996-97 was in respect of the Royal Opera House Covent Garden, from which the Royal Ballet benefits and this would not necessarily be the case in any other location or situation.

Covent Garden studio theatre

The Royal Opera House Lottery bid indicated a break even operation for the new studio theatre. It is difficult to believe this target can be reached if the plans mooted - to offer small scale, specialist opera and innovatory dance and provide a venue for mid-scale touring companies - are to be implemented. As no fully developed plans for this space appear to have been formulated - and indeed the Board of the Royal Opera House is only now talking about appointing an artistic director for the studio - nor any research undertaken into the market for the work the space can accommodate, it is impossible to prepare even broad-brush estimates of its operating costs and revenues.

Future financial stability

Based on the data made available to and analysed by this Review, we had hoped to be able to give a clear costing for the companies delivering the objectives set out for them by this Review, and to make a consequent judgement about existing and future resource needs. However, it is clear that there are too many variables which have not been quantified by the companies to enable this to happen. In particular, **the new Royal Opera House Board has submitted no business plan for the re-opened Covent Garden theatre, and no artistic or business plan for the studio theatre.**

We do know the following: the companies are running substantial accumulated deficits - ENO's is being addressed through stabilisation funding; it is not clear how the Royal Opera House intend to tackle theirs. The costs of productions at each house do not appear to be disproportionately high, although both houses might occasionally experiment with an aesthetic that does not require elaborate and expensive design - in spite of the large and demanding stage spaces. Both organisations can make savings. The Royal Opera House must be able to make savings in its administration salary bill, its orchestra planning and in its marketing spend. It should be able to make savings in stage running costs. ENO will make some savings on stage running and on marketing, and may be able to make savings on some creative management/administration staffing levels, on the orchestra and on a more effective use of workshop time.

There will be new calls on the budgets of the companies and greater pressures due to changing patterns of activity. None of these is yet precise and some might be affected by changes in Arts Council policy. The priority will be to produce firm figures and artistic plans which are realistic and entirely persuasive to potential funders. Public funders may expect that private sponsorship, marketing, trading and other avenues have been fully explored and exploited before any consideration is given to the appropriateness of public funding levels. While not disagreeing with the principle of plural funding, I would say that the challenge is for Government to back arts organisations to enable them to attract private resources.

But once the companies have been through this process, the question for Government is a simple one: can resources be found to enable the desired activities to take place? It will come as no surprise if I record that I believe the relatively small sums likely to be involved would repay their value many times over in such an equation.

There is an identifiable funding gap, and it is fruitless at this stage to exhume the causes. In the future policy could be driven solely by the intention to support the arts on the principles on which this Review is based, delivering the highest levels of artistic excellence and the widest breadth of accessibility. In allocating public funds in support of this policy, it should be recognised that true access would be unachievable without considerable expenditure on educational initiatives as well as artistic ones. Alternatively, policy could be driven entirely by existing levels of funding, without consideration for the benefits of a healthy artistic ecology. Without greater investment in the arts there will inevitably be a compromise in one principle or the other - or more likely both. If excellence cannot be maintained there is no argument for access.

It ought to be possible to evolve a strategic approach - an agreed programme of activity against objectives and standards. Such an approach would attempt to balance the objective of excellence against the imperative of access within available revenue - self-generated income from box office and sponsorship, and improved subsidy. This option would recognise that a huge increase in funding is unrealistic, but that a substantial increase is essential. It would be an improved version of existing financial conditions, with a corresponding improvement of accountability and cost effectiveness.

DCMS 111/97



3 November 1997

EMBARGO: Not for publication, broadcast or use on tapes before 00.01 hrs on Tuesday 4 November 1997

SIR RICHARD EYRE TO LEAD REVIEW OF COVENT GARDEN

Culture Secretary Chris Smith today appointed Sir Richard Eyre to lead a review team looking at the future of the Covent Garden site.

In a letter to Sir Richard setting out the basis of the review, Mr Smith asked the team to consider a radical re-assessment of the Covent Garden site. He suggests that Covent Garden might be established as an independent receiving house. It would also act, on a contractual basis, as the London base for large-scale performances by three companies - The Royal Opera, the Royal Ballet and English National Opera.

On this model, the companies would carry out other activities elsewhere in London and throughout the UK, increasing their touring and educational activities.

Mr Smith made clear that the objective of the review was not to reduce funding - the total funding levels for the three companies would be unaffected by these plans - but to improve the value for taxpayers' money and to seek to ensure the long-term financial viability of the companies. He would consider other options from the review.

Notes to Editors

1. The text of Mr Smith's letter to Sir Richard is attached.
2. Sir Richard Eyre is a theatre, film and TV director. He was Artistic Director at the Royal National Theatre from 1988 until September 1997. He has been a Governor of the BBC since 1995.

Press Enquiries: 0171-211 6273
 (Out of Hours Telephone Pager No: 01399 751153)
 Public Enquiries: 071-211 6200
 Internet: <http://www.coi.gov.uk/coi/depts/GHE/GHE.html>

Department for Culture, Media and Sport

2-4 Cockspur Street, London SW1Y 5DH

NEWS RELEASE



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From the Secretary of State for Culture, Media and Sport
THE RT HON CHRIS SMITH MP

C97/09867

Sir Richard Eyre

November 1997

I am very grateful to you for agreeing to chair a working group to look at the future of the Royal Opera House companies and English National Opera. I recognise that this is an issue on which there are a range of views - many of them deeply rooted and firmly held. Let me start by saying that I believe strongly that this country deserves the highest standards of artistic activity, and we have been fortunate over the years to have companies including the Royal Opera and Royal Ballet, and English National Opera which have scaled the heights of excellence and more than earned their world reputation.

Equally for many years funding problems have bedevilled the companies. It is no secret that large scale opera in particular is an expensive artform, but the companies have also had to cope with less than ideal working and performance conditions, and of course audiences too have suffered some of the constraints of the current sites.

We now have a perhaps unique chance to look to the longer-term, and secure the future of all three companies at a time when fundamental change is in any case inevitable and is indeed already happening. The Covent Garden site is in the midst of redevelopment and the Royal Opera House companies are temporarily displaced. English National Opera is seeking a new General Director and is in the process of re-evaluating its mission and operations through the Art Council's stabilisation process - a process that creates a real opportunity to set in place a framework for long-term stability and viability.

I believe the time is right to seize these opportunities as a chance to crystallize and resolve the long-standing debate over the provision of large-scale lyric theatre in London, and in particular over the role of the Royal Opera, Royal Ballet and English National Opera.

My objectives can be simply stated:

I want to ensure that we are able to sustain the highest standards of national and international excellence in performance;

I want to ensure that the distinctive artistic styles of each company are protected and secured;

and I believe there is a cultural gain to be secured in re-evaluating the current balance of work of the companies.

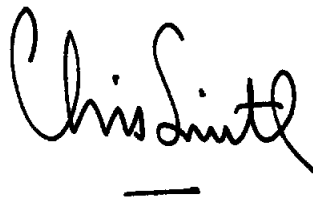
In particular I would like to see that work become more accessible to all of us - whether through more touring activity, through education work or broadcast opportunities. I believe that it is also right to ask hard questions about value for money. I want to be sure that we are getting the maximum public benefit from the substantial sums of money that are currently committed to the Royal Opera House companies and to English National Opera. The issue is not saving money, or cutting funding levels; it is about ensuring that every pound of public funding that is invested works as hard as possible, and that its benefits flow back to as many as possible of the people who have contributed to it. It must also be right to try to secure the financial stability of the companies and give them a firmer basis on which to plan, and efficient structures within which to operate.

My initial view is these joint objectives might be achieved through a radical re-assessment of the use of the Covent Garden site. I would welcome some detailed consideration of a possible new arrangement in which the Covent Garden site acted as the London base - a hosting house - for large scale performance by all three companies - as equal parties and with clearly defined contractual arrangements to ensure this. The site would be run separately from the performance activity of the companies and this could release creative activity to be channelled in different ways - into other London venues, and national touring, into education work and enhancing access. Maintaining grant-in-aid funding at the current level for the three companies while removing the burden of maintaining two sites would also release substantial sums for direct investment into that creative work.

I should like the working group to consider, and make recommendations, on how this model might work in practice. I hope you will feel able to comment also on the possibilities for greater presentation of the companies' work in other London venues and nationally, taking account of the existing pattern of activity and possible implications for other companies; and on other ways - given the new funding opportunities which will be created - in which the companies might develop their access and outreach remit including through their education programmes. Alternative models may of course occur to you: you might wish to consider the case for a smaller scale permanent base for the work of one or more of the companies as well as the opportunities for guest seasons elsewhere. I shall be

happy to receive the Working Group's recommendations, and I encourage you to think freely and creatively about the options. You may also wish to comment on whether the current redevelopment plans for the Covent Garden site are ideally structured to enable greater flexibility in its use in the future, on the model I have set out or others which may occur to the Group. You may also wish to comment on the value of the current spread of assets and liabilities of the companies.

The Group you will chair will comprise officials from my Department, and representatives of the Arts Council of England, the Opera House companies and English National Opera. We have agreed that the group will report to me by 1 May 1998.



Chris Smith

CHRIS SMITH

DCMS 116/97



6 November 1997

SIR RICHARD EYRE ISSUES CONSULTATION INVITATION

Sir Richard Eyre, chairman of the team reviewing the future of lyric theatre in London, is inviting representations from interested parties.

In an open letter, which the Department for Culture, Media and Sport is publishing today on his behalf, Sir Richard asks for submissions by the end of December.

A copy of the open letter is attached.

Notes to Editors

The Arts Division of DCMS is providing the secretariat to the team, as set out in Chris Smith's letter to Sir Richard of 3 November 1997.

Press Enquiries: 0171-211 6273
(Out of Hours Telephone Pager No: 01399 751153)
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Department for Culture, Media and Sport

2-4 Cockspur Street, London SW1Y 5DH

NEWS RELEASE

FROM SIR RICHARD EYRE

THE FUTURE OF LYRIC THEATRE IN LONDON

It was announced on 3 November that I had agreed to chair a working group to look at the future of the Royal Opera House companies and English National Opera, to report to the Secretary of State for Culture, Media and Sport by 1 May 1998.

I accepted Chris Smith's invitation because I care about the arts, and about the future of three great arts institutions - the Royal Opera, the Royal Ballet and English National Opera.

I recognise that - as Chris said in his letter asking me to undertake the review - that this is an issue on which there are a range of views, many of them deeply rooted and firmly held. I am keen that everyone who wishes to do so should have the opportunity to contribute to the debate, and to give their views on how the principles he has set out can best be achieved.

The objectives set for the review are:

- * to ensure that the UK is able to sustain the highest standards of national and international excellence in performance
- * to ensure that the distinctive artistic styles of each of the companies are protected and nurtured
- * to look for ways in which the work of these national companies becomes more accessible - through touring activity, education work or broadcast opportunities and by other means
- * to ensure maximum public benefit from the use of public money. The issue is not saving money, or cutting funding levels; it is about ensuring that every pound of public funding that is invested works as hard as possible, and that its benefits flow back to as many as possible of the people who have contributed to it
- * to secure the financial stability of the companies and give them a firmer basis on which to plan and efficient structures within which to operate

The Secretary of State said in his letter to me 'I encourage you to think freely and creatively about the options'. I hope that you will also take up this invitation in your response. The Secretary of State has floated one possible option - an arrangement in which the Covent Garden site acts as the London base for large scale performance by all three companies - as equal parties and with clearly defined contractual arrangements to ensure this. He has asked me to look at this option in more detail, and to advise him whether it is practicable and feasible. Your views on this would be welcome, but I will explore other options and you should not feel constrained from offering views on different ways forward, taking account of

the principles set out above.

If you would like to make a contribution to this important debate, please write to:

Sir Richard Eyre
c/o Arts Division
Department for Culture, Media and Sport
Room 112
2-4 Cockspur Street
London SW1Y 5DH

I should be grateful to receive your response by 31 December 1997.

A handwritten signature in black ink, reading "Richard Eyre". The signature is written in a cursive style with a large, prominent 'R' and 'E'.

Annex ii

The review working group & support

The Review Working Group: David Brierley CBE
Hilary Carty
Mark Elder CBE
Matthew Evans
Gavin Henderson
Melanie Leech
Deborah MacMillan
Kathryn McDowell
Colin Nears CBE
John Newbigin
Trevor Phillips
Michael Ratcliffe
Graham Vick

The following also participated in the review:

Royal Opera House	Michael Berkeley Mary Allen Pelham Allen
English National Opera	Bob Boas Paul Daniel
Sadler's Wells Theatre	Ian Albery
English National Ballet	Carole McPhee
Secretariat	Emma Cockell Duraid Silarbi Fiona Whyte

The Working Group and Secretariat were grateful for the support of:

Rachel Gibson
Diana Hirst
Sara Selwood
Nicola Thorold
William Wilkinson

In addition, my particular thanks go to Clive Parritt, Richard Pulford and Sue Robertson who gave freely of their time and whose experience was invaluable.

Annex iii

Analysis of Eyre Review Correspondence

Sara Selwood
Policy Studies Institute, 1998

Symbols, conventions and abbreviations

- * less than 1%
- zero

ACE Arts Council of England
DCMS Department for Culture, Media and Sport
ENO English National Opera
RB Royal Ballet
ROH Royal Opera House

Executive summary

Introduction

Sir Richard Eyre's open letter of acceptance to the Secretary of State's invitation, which was press released, invited responses to the review from members of the public. This Annex summarises the responses received. Its aims are to:

- i. present a fair representation of attitudes expressed and to describe whose opinions these are; and
- ii. draw out an overview of all the substantive ideas proffered.

It should be noted that this is not intended to be a scientific piece of research. The sample which responded to Sir Richard's call for comments is unrepresentative of the population as a whole. Moreover, at least one in five (21%) of the respondents could be identified as writing in response to an organised lobbying campaign.

The ROH/RB and ENO, their Friends' organisations and at least one theatre union - BECTU - lobbied in support of the continued independent existence of both houses. The analysis sought to consider whether respondents might have been responding to such lobbying. If they said they had been asked to write, or acknowledged copying their letters to ENO and/or ROH/RB, it was taken as evidence of lobbying.

There was some evidence of lobbying in the responses of all groups of respondents (shown in Table 1), except for the arts funding bodies, consultants and unions.

1. The number of responses and types of respondents

Sir Richard received over 1,200 responses from members of the public who wished to contribute to the consultation about lyric theatre in London.

As Table 1 shows, 45% of respondents referred to themselves as 'members of the audience', and 30% described themselves as Friends of ENO and ROH/RB - including 7% who belonged to both. Sixteen per cent of respondents gave no indication as to their status. The remaining 25% were classified by small groups which accounted for between 1 and 3% of respondents overall. Such groups included trustees, committee or board members; artists and practitioners; patrons; representatives of sponsors and charitable trusts; employees of ROH/RB/ENO; other arts workers and representatives of other arts organisations; union representatives; consultants; and educationalists.

The present analysis of the Eyre correspondence focuses on the four largest groups: audiences; Friends of ROH/RB; Friends of ENO; and Friends of both ROH/RB and ENO. Together, these represent 75% of all respondents.

Table 1: Type of respondents	base number	base percentage	evidence of lobbying - percentage
Audience	549	45	20
Friend ROH/RB	143	12	29
Friend ENO	135	11	27
Friend of both ROH/RB and ENO	80	7	25
Trustee/board/cmte member of ROH/RB	7	1	14
Trustee/board/cmte member of ENO	2	*	50
Other friends organisation of cmte	10	1	20
Artist/practitioner	10	1	10
Sponsor/Patron/Charitable trust	32	3	28
Employee of ROH/RB/ENO	11	1	9
Other arts worker/organisation	24	2	4
Arts funding body	5	*	-
Union	4	*	-
Consultant	7	1	-
Educationlist	8	1	25
Other/Unknown	193	16	12
Total	1,219	100(a)	21

note: a) Figures add up to more than 100 due to rounding

2. Responses addressing particular issues

Sir Richard specifically outlined the five objectives, or principles, set for the review in his invitation for consultation. But, as Table 2 shows, not all those responding necessarily considered all these. Many did not fully understand the proposals, and several wrote to Sir Richard only addressing one particular issue.

A large percentage of respondents made ‘no comment’ on particular issues. Moreover, very few disagreed with most of the review’s objectives.

Table 2: Percentage of respondents addressing the five objectives	percentage
ensuring that the UK is able to sustain the highest standards of national and international excellence in performance	41
protecting and nurturing the distinctive artistic identity of each of the companies	61
considering how the work of these companies might become more accessible	27
guaranteeing maximum public benefit from the use of public money	20
securing the financial stability of the companies concerned	27
base (number)	1,219

3. The principles

3.1 Ensuring that the UK is able to sustain the highest standards of national and international excellence in performance

37% of respondents agreed with the principle that the UK should sustain the highest standards of national and international excellence in performance. While the greatest number who agreed with this were members of the audience (197 out of 455 respondents), they only represented 36% of that group. A rather higher percentage of Friends of the ROH/RB (55%) and Friends of both the ROH/RB and ENO (51%) agreed with this proposition.

Management of the houses

About one in 20 respondents (6%) considered that ensuring that the UK sustains the highest standards was related to a change in the artistic management of the companies. The Friends of ROH/RB were most likely to agree with this (11%), as were the union representatives and the employees of the lyric theatre companies. Members of the audience who commented on potential changes in the artistic management of the companies tended to be critical of the 'freedom' granted directors and designers in the past.

In general, respondents were more concerned about the overall management of the houses, the ROH in particular. Most believed that failure of management had led to the present situation, and some criticised the management currently in place. Many preferred to focus on the future management of the companies, and the role that the companies' artistic leadership might play in this. Several proposed that the companies should be run by 'a first class musician, with administrative help, not the other way around'. Respondents also addressed the composition of the ROH board, which it was generally felt should be more representative.

3.2 Protecting and nurturing the distinctive artistic identity of the companies

More respondents addressed this than any other principle. Nearly 60% agreed it was important. A particularly high percentage of the groups committed to ENO agreed that the distinctive artistic identity of the companies should be protected and nurtured - 68% of the Friends of ENO, and 100% of the trustees, board and committee members of ENO.

Amongst those groups committed to both houses, 63% of Friends of ROH/RB and ENO and 67% of the audience also agreed with this principle. In contrast, less than half (45%) of the Friends of the ROH/RB were wedded to the principle.

Many respondents celebrated what they saw as the complementary differences between the houses, citing their distinct ethos, programmes and audiences. In making a case for the protection of the artistic identities of the two houses, writers expressed their fears about the potential implications of bringing the companies together and the establishment of a new dance centre.

About a quarter (23%) of all respondents considered that mounting opera in English was necessary - not only to the distinctive identity of ENO, but to encouraging access. Over half the respondents (51%) regarded ENO as access oriented. Many stressed that the presentation of opera in English was valuable in introducing people to lyric theatre and exciting their interest. However, others were more sceptical about claims made for ENO's use of English, and described a preference for sur-titles.

3.3 Consideration of how the work of the companies might become more accessible

Less than one in five (18%) respondents agreed that it was important to consider how the work of these companies might become more accessible. This principle was supported by a high percentage of those committed to the ROH/RB - almost one third (31%) of Friends of ROH/RB, and 43% of those serving as trustees, board and committee members. By comparison, relatively few Friends of ENO (5%) thought this important, and none of the company's trustees, board or committee members commented on it. Many of those committed to ENO believed that the company's work was already characterised by its accessibility. Respondents concerned with increasing access tended to focus on ROH/RB.

Only around one in ten respondents suggested how the work of the companies might be made more accessible as a result of touring, lower seat prices, educational activities and broadcasting. Amongst the largest groups of respondents, the Friends of the ROH/RB were the most likely to agree that greater access might be achieved through touring (17%), lower seat prices (20%), education activities including school matinées (18%) and broadcasts (24%). Amongst the smaller groups, representatives from arts funding bodies and the unions were the most likely to agree with these possibilities.

Five per cent of respondents considered that access could be increased in other ways. Suggestions included opportunities offered by new-technologies, and ticket and travel schemes.

Touring

Opinion about touring increasing access was divided. 8% of respondents thought the companies should tour. 10% were against it. Those in favour thought that the work of the national companies should be accessible throughout the UK. It was even suggested that ENO should change its remit and have a permanent London and regional presence. Many of those who disagreed with the notion that touring would increase access associated it with 'reduced' performances. They doubted that these would serve to increase access. Several writers made the point that the UK already has regional opera companies which serve audiences outside London. If the ENO and ROH/RB toured, it might possibly have negative consequences for these regional companies.

A further 21% of respondents considered other aspects of touring. These included the cost and the lack of a necessary infrastructure.

Lower ticket prices

Many respondents felt that lowering ticket prices might be synonymous with increasing access. Several proposed that subsidies (or sponsorships) should be earmarked for lower prices. However, several correspondents maintained that tickets could be purchased for less than was generally supposed. They, therefore, proposed that access might be increased if the full range of ticket prices was better promoted.

Broadcasting

Much correspondence addressed the issue of increasing access through the use of broadcast opportunities. Indeed, some regarded it as a moral imperative that the work of national companies - funded by public subsidy - should be available to a national audience. Some felt that it was only through sustained broadcasting that peoples' interest in lyric theatre could be nurtured. Respondents suggested that the possibilities of non-terrestrial channels should be exploited.

At least one writer observed that Britain's poor record of broadcasting lyric theatre productions meant that there was little documentation of past performances. There were also several criticisms of the BBC's current broadcasts of live opera from the Met, New York and other houses, rather than from the ROH or ENO.

Many respondents proposed live relays as a means of increasing access. Moreover, such relays should not be restricted to the London companies, but should include productions by regional companies.

Several correspondents were, however, sceptical about the value of broadcast opera or ballet, which they felt should not be seen as an alternative to the live experience. The unions, in particular, were concerned as to whether artists would benefit from the increased broadcasting.

Education and outreach work

Respondents were very positive about the companies' existing education work in relation to increasing access. It was important that this aspect of their programmes should not suffer as a consequence of any re-organization.

3.4 Guaranteeing maximum public benefit from the use of public money

20% of respondents considered guaranteeing maximum public benefit from the use of public money. The majority (15%) felt this should be ensured. The issue particularly concerned ROH/RB supporters. Nearly a quarter (24%) of the Friends of ROH/RB, and one in five (19%) Friends of ROH/RB and ENO agreed with it, as did 16% of the 'audience'.

Several correspondents drew unfavourable comparisons between the value for public money provided by the ROH and ENO. The ROH in particular was heavily criticised for its financial mismanagement. A higher proportion of Friends of ROH/RB considered this issue to be important than Friends of ENO.

Others believed that public benefit could be maximised through changes of management and programming. Just over one in five respondents (21%) thought the companies required better financial management. Only 3% of respondents thought that there was a requirement for better stewardship by the ACE, or DCMS. It was fully expected that the companies' managers and artistic directors would be more accountable in future.

Some respondents were enormously sympathetic to the plight of the companies, and felt that this had to be understood in the light of their administrative burdens - including the time spent on grant applications and fund raising.

Several writers considered that public bodies were, in some part, responsible for the current financial difficulties of the companies. ACE was singled out. Its bureaucracy came in for particularly stinging criticism, as did its inability to offer longer-term funding commitments. Writers believed this left organisations unable to make any coherent medium or long term plans.

3.5 Securing the financial stability of the companies

There was no disagreement about the need to secure the financial security of the companies. Around a third of the Friends of the ROH/RB (34%), and about the same proportion of Friends of ROH/RB and ENO (29%) regarded this as important. However, less than 10% of Friends of ENO considered this vital. This may reflect the fact that many supporters of ENO felt that the debate about the companies' financial stability had little to do with that company. Respondents resented the possibility that the ENO might suffer as a result of Covent Garden's financial problems. Several writers regarded the financial stability of the companies as synonymous with public subsidy. Some felt that revenue funding should be provided through the Lottery. At base, many described it as the Government's responsibility to secure the financial stability of the companies. Its support of the companies would be regarded as signifying its commitment to the arts, in terms of both its domestic and international reputations.

This analysis considered three ways in which the financial stability of the companies might be secured: maintaining public subsidy; increasing public subsidy; and increasing private sector support and income generation. Many correspondents thought that public subsidy should be continued, but that it should be subject to various conditions and more specifically directed (ie on direct activities, rather than building maintenance). Others thought that the objectives of Sir Richard's review (ie accessibility, cheaper seats, highest standards) could only be met by increased funding. Several respondents proposed that the private sector should ultimately assume responsibility for the ROH.

4. Models for future operation

The vast majority of respondents (83%) disagreed with the proposal that the ROH might function as a hosting house for opera, and as a base for the three companies' large scale performances. However, there was some manifest confusion amongst respondents as to whether such an option might constitute a merger of companies. Between 82 and 93% of the four largest groups of respondents - the audience, Friends of the ROH/RB,

Friends of the ENO and Friend of the ROH/RB and ENO - disagreed, as did all the trustees, board and committee members of ENO and the union representatives. By comparison, the trustees, board and committee members of ROH/RB and sponsors, patrons and representatives of charitable trusts and arts funding bodies were less likely to disagree with this model.

Virtually all the respondents considered maintaining the status quo. As many as 68% agreed that things should be left as they are.

Other possible models were addressed by far fewer of the respondents. 6% considered the possibility of privatisation. Only 2% agreed with it. The proposition mainly concerned the unions, three quarters of whom raised objections to this model. Little interest was evinced in the prospect of establishing a dance centre at the Coliseum. Seven per cent of respondents considered the matter, and 4% agreed with it. Artists/practitioners were the most supportive of the idea. 2% of respondents addressed the prospect of separating the management of the buildings from the management of the companies. However, the idea found favour with 29% of the Friends of ROH/RB and ENO.

Use of other London venues by companies

6% of respondents thought that the lyric theatre companies should use other London venues. The Friends of ROH/RB were particularly supportive of this idea. Although the analysis considered London theatres in general, several correspondents alluded to Sadler's Wells. Many believed that Sadler's Wells would make a good permanent venue for ENO. Others objected to the use of Sadler's Wells by either ENO, ROH or RB. As was the case with Covent Garden, they protested on the grounds that this was not what its current redevelopment was intended for. Other venues specifically referred to included: the Palace Theatre, Shaftesbury Avenue; the Lyceum (ENO/ROH/RB); the Coliseum (RB) and Earls Court and Olympia (ENO). Several respondents objected to the lyric theatre companies using other venues per se.

5. Other themes

Metropolitan role of companies

The theme most frequently addressed by respondents (35%) was that of the companies' presence in London. It was assumed that they contributed to the capital being the centre of cultural excellence in the UK, if not the world. The audiences and Friends of the three companies attached more importance to this than other groups of respondents. Most felt that the

continued existence of the three companies was vital to London's cultural pre-eminence, and that their presence was vital to the critical mass of arts and cultural industries in the city. Around 1 in 10 respondents (9%) considered the importance of the companies to tourism. Only 7% of respondents were concerned about the relationship of provision in London and the rest of the country.

The position of dance

About 1 in 6 respondents addressed the theme of ballet (16%). Many of their letters were exclusively concerned with dance. The writers were anxious that this art form should not be overlooked. Several respondents felt that the RB was competing for its survival with the ROH. They believed that its neglect would be strategically disadvantageous to the ROH.

Élitism

One in five (21%) of respondents raised the issue of élitism. They were more likely to be ROH than ENO supporters. Large numbers of those who attended the ROH sought to defend themselves against accusation of belonging to an élite, although others preferred to flaunt their élitist pursuits. Many, including opera professionals, blamed the ROH for promoting if not perpetuating the image of opera as élitist.

Other issues

Other issues raised by correspondents included the potential loss of seats resulting from any changes (9%), and what appeared to be the Government's desire for cost cutting (4%).

Nearly a quarter of respondents raised other issues. These included comparisons with other countries (lyric theatre provision); threats to future funding (mostly in relation to Covent Garden); the impact of any changes upon employment of musicians, artists and technicians; the relationship between ENO and ROH and their very different ethos; and comments about the ROH's mismanagement of its media relations. The theme of professional development was also raised, with many respondents praising ENO for its training of young singers, producers and conductors. The company's fostering of young talent was seen as a specific strength of ENO, which should not be lost.

Methodological note

The present analysis of the correspondence was carried out in four stages:

- Stage 1** the design and production of a pre-coded pro forma transfer data sheet which was intended to record aspects of each response to be punched for Quantum analysis;
- Stage 2** the completion of transfer data sheets for each response, and the marking up of relevant comments on the original responses;
- Stage 3** the analysis of data to produce basic frequencies and cross-tabulations showing the recurrence of particular responses; and
- Stage 4** the collection of examples of 'typical' and 'atypical' responses from the original responses.

Annex iv

'Test drive the Hallé Orchestra'

In 1997 the Hallé Orchestra obtained a grant from the Granada Foundation to encourage a wider range of customers to attend its performances and to address the problem of unsold capacity for some concerts. The Hallé approached Arts About Manchester, a regional arts marketing agency for the North West, for advice to develop this programme.

Two contrasting market research methods were used to identify and follow up potential attenders, which increased the number of customer leads and allowed comparison of the response rates and cost per response of the different methods. A large potential market was identified: people with a high consumption of broadcast and recorded classical music who were not attending live classical music. This potential market comprised two distinct sets of people:

(a) residents of particular postcode areas with high potential but low attendance. This information was obtained by comparing local census and residential classification data with the orchestra's existing customer box office database. Printed invitations to claim free tickets by telephoning the box office were issued to these people by door-to-door drops.

(b) a list, collated by Arts About Manchester, of people who had completed forms indicating their leisure interests and who were existing and potential arts attenders from other theatre, dance, cinema and art gallery lists. These leads were screened and followed up through a telemarketing campaign focused on customer care.

The potential audience's reasons for not attending live performances included:

- live concerts were not part of their usual routine;
- reluctance to pay for an experience they might not enjoy;
- the belief that sound quality at a live concert could not match recorded quality;

- enjoyed classical music but had no peers who shared their interest and so were reluctant to admit they liked it; and
- lack of preparation - enjoyed classical music but were inexperienced and were concerned that the rest of the audience would be more knowledgeable.

The Test Drive the Hallé scheme was tailored to this audience. It was felt that if these potential customers could try out attending live performances the intangible benefits of the experience would sell it. A direct marketing programme of a progression of linked sampling initiatives offered them the opportunity to experience the benefits of attending live orchestral concerts, with adequate preparation and without commitment, with the aim of weaning them onto full price attendance. They were encouraged to climb a loyalty 'ladder' of diminishing discounts on which each successive 'rung' represented increased frequency of attendance, commitment, product knowledge and customer loyalty, as follows:

1. free tickets for unsold seats for an accessible Foundation Concert of well known pieces;
2. a series of up to three Primary Offers designed to encourage a modest financial commitment, eg two tickets for the price of one and a two-concert package for the price of one concert. The names of those who did not respond to Primary Offers were moved to an archive mailing list;
3. (for those responding to a Primary Offer) a series of up to three Secondary Offers of various discounted subscription packages, designed to encourage longer-term commitment. The names of those who did not respond to Secondary Offers were moved to lists for occasional mailings;
4. the customer moves to the main full-price audience.

Results

1,344 potential customers took up the offer and a further 115 were put on a reserve list. Although retention of the new audience can only be measured in the longer term, 35% have been retained from early sales promotions and the Hallé are confident of exceeding the target of 20%. 78% of leads have expressed an interest in future attendance. The box office income has exceeded the cost of the scheme.

Combined financial statement and indicators

The figures used in this report provide no more than an *approximate indication* of:

- the total current operating costs and revenues of the Coliseum, English National Opera, the Royal Opera House, the Royal Ballet and the Royal Opera; and
- the comparative current operating costs, revenues and performance indicators of each of the companies and theatres.

This is because:

- the last year of “normal” operation of the Royal Opera and the Royal Ballet at the Royal Opera House was the financial year 1996/97. Thereafter, the organisation entered a first transitional year during which the Royal Opera House closed, and the costs and revenues of 1997/98 bore no relation to the historic operating costs and revenues before closure, or to the prospective operating costs and revenues after reopening. The basis of the historic figures in this report relating to the Royal Opera House operations is, therefore, the management reports from which the 1996/97 statutory accounts were prepared.
- the historic figures referred to for English National Opera operations are based on the most up-to-date management forecasts for 1997/98 that were available for analysis at the start of the Review late in 1997. Some, but not all of these figures were adjusted during the course of the Review. The figures do not, therefore, present a definitive picture of the English National Opera costs and revenues at any conventional reporting date, and may vary significantly from the final 1997/98 operating figures.
- the figures for the two organisations refer, therefore to two different operating years.

- the two organisations use different methods to analyse and categorise their figures in the compilation of their management reports. Moreover, the same classification headings are often used to identify very different information. This is a perfectly normal phenomenon among arts organisations of even very similar operating characteristics. For the researcher, however, such divergences make line-by-line comparisons exceptionally difficult, and in the attempt to show the most illuminating comparisons, many figures and indicators in this report are presented in a form which is strange to the organisations themselves.

THE FIGURES ARE NOT, THEREFORE, TO BE TAKEN AS DEFINITIVE FIGURES, AND THEY MUST NOT BE USED FOR ANY PURPOSE OTHER THAN TO ILLUSTRATE THE CONCLUSIONS OF THIS REPORT.

Royal Opera House Covent Garden Ltd and English National Opera Combined Financial Statement

	ROH Actual to 31/3/97		ENO Actual to 31/3/98		TOTAL	
Funding						
ACE		-14,549,000		-12,114,500	-26,663,500	
Private		-4,959,769		-1,617,200	-6,576,969	
Exploitation		-1,359,250		-214,900	-1,574,150	
Sales-Net		-1,258,328		-262,200	-1,520,528	
Sundry Income		-98,181		-146,400	-244,581	
		-22,224,528		-14,355,200	-36,579,728	
Establishment Cost						
Premises		3,828,026		1,792,000	5,620,026	
FOH		437,568		222,400	659,968	
Administration - General	3,127,501		1,624,800			
Administration - Development			467,600			
Finance Costs	485,539	3,613,040	95,500	2,187,900	5,800,940	
Stage Running		5,408,383		2,938,100		
Marketing		2,378,186		1,849,900		
		15,665,203		8,990,300		
Balance available for Product		-6,559,325		-5,364,900	-11,924,225	
Opera Performances						
Box Office Income		-14,402,160		-6,927,800	-21,329,960	
Guest Singers	6,410,208		1,527,300		7,937,508	
Actors	550,412		450,300		1,000,712	
Extra Orchestra	222,633		150,600		373,233	
Extra Chorus	320,808		127,200		448,008	
Prod Teams - free lance	505,361		616,200		1,121,561	
Royalties	177,404		208,300		385,704	
Physical Production						
(ex own labour)	825,014		1,477,800		2,302,814	
Labour allocation	600,656		0		600,656	
Notional Labour	148,516		547,727		696,243	
Total Production Costs	9,761,012		5,105,427		14,866,439	
Management	558,203		611,100		1,169,303	
Contract Performers	295,493		503,400		798,893	
Chorus	1,509,589		1,899,300		3,408,889	
Music Staff	319,303		218,100		537,403	
Music Library	72,782		35,100		107,882	
Prod. Teams Resident	220,055		78,600		298,655	
Stage Management	220,128		301,200		521,328	
Running Wardrobe	545,266		457,800		1,003,066	
Press Rep	64,291		0		64,291	
Surtitles/Signed perfs	60,109		16,900		77,009	
Rehearsal Rooms	75,078		0		75,078	
	13,701,309	-700,851	9,226,927	2,299,127	22,928,236	
Royal Ballet (see attached schedule)		2,196,023	Visitors B.O. Costs	-858,000 119,800	-738,200	2,196,023
Orchestra	4,118,332			2,564,500		
Orchestra Management	176,468	4,294,800		120,000	2,684,500	4,294,800
Production Departments - Gross cost	2,387,779			1,129,200		3,516,979
Less charged out	-875,422			0		
charged notional	-208,074	1,304,283		-547,727	581,473	-1,631,223
Royal Ballet Touring		444,831				
Education		219,113		298,300		517,413
Redundancy		449,000		0		449,000
Deficit (surplus) for year		1,647,874		-239,700	1,408,174	

Opera	Performances	143	193
	Productions	4	7
	Revivals	17	13
	Concerts etc	2	
	Attendances	277,000	342,335
Ballet	Performances	111	78
	Productions	3	
	Revivals	13	9
	Attendances	221,000	143,516
Royal Ballet			
Box Office Income		-4,812,536	
Guest Dancers	414,640		
Actors	131,584		
Visiting Orchestra	110,549		
Extra Orchestra	111,992		
Chorus	36,541		
Production Teams	242,042		
Royalties	233,431		
Physical Production			
(ex own labour)	587,072		
Labour allocation	274,766		
Notional Labour	59,558		
<i>Total Production costs</i>	2,202,175		
Management	422,133		
Company	3,129,113		
Equity Staff	436,119		
Music Staff	166,638		
Stage Management	96,563		
Running Wardrobe	487,110		
General Expenses	42,414		
Press Rep	26,294		
		7,008,559	
		2,196,023	

Revised 15th April 1998

INDICATORS

	ROH Year to 31/3/97		£	ENO year 31/3/98		£
Opera						
Box Office per perf.	<u>14,402,160</u>			<u>6,927,800</u>		
	143		100,714	193		35,895
Attendances	277,000			342,335		
Average price paid			51.99			20.24
Average attendance			1937			1774
Ballet						
Box Office per perf.	<u>4,812,536</u>			<u>858,000</u>		
	111		43,356	78		11,000
				(ENO Share only - Total Box Office £3.9 m)		
Attendances	207,000			143,516		
Average price paid			23.25			27.17
Average attendance			1864			1840
Product cost per perf. - Opera						
Direct costs	Non variable	<u>3,940,297</u>		<u>4,121,500</u>		
		143	27,555	193		21,355
	Variable	<u>9,761,012</u>		<u>5,105,427</u>		
		143	68,259	193		26,453
Orchestra (Total sessions 516 - Opera 348)						
<u>4,294,800</u>	348	<u>2,896,493</u>		<u>2,684,500</u>		
516		143	20,255	193		13,909
Establishment						
<u>15,665,203</u>				<u>8,990,300</u>		
254			61,674	271		33,175
W/shops						
<u>1,304,283</u>				<u>581,473</u>		
254			5,135	193		3,013
				net income from	<u>-738,200</u>	
				visiting cos.	193	-3,825
				182,878		97,905
Product cost per perf. - Ballet						
Direct Costs	Non variable	<u>4,806,384</u>				
		111	43,301			
	Variable	<u>2,202,175</u>				
		111	19,839			
Orchestra (Total sessions 516 - Ballet 168)						
<u>4,294,800</u>	168	<u>1,398,307</u>				
516		111	12,597			
Establishment						
			61,674			
W/shops						
			5,135			
			142,547			

Cost per seat sold - Opera					
Direct			13,701,309		9,226,927
Orchestra	143	20,255	2,896,465		2,684,500
Establishment (b)	<u>143</u>	<u>15,665,203</u>	<u>8,819,386</u>		<u>8,990,300</u>
	254			net income from	
				visiting cos.	
W/shops	<u>143</u>	<u>1,304,283</u>	<u>734,301</u>		<u>8,252,100</u>
	254				<u>581,473</u>
			26,151,461		20,745,000
		<u>26,151,461</u>	<u>94.41</u>		<u>20,745,000</u>
		<u>277,000</u>			<u>342,335</u>
					60.60
Cost per seat sold - Ballet					
Direct			7,008,559		
Orchestra	111	12,597	1,398,267		
Establishment	<u>111</u>	<u>15,665,203</u>	<u>6,845,817</u>		
	254				
W/shops	<u>111</u>	<u>1,304,283</u>	<u>569,982</u>		
	254				
			15,822,625		
		<u>15,822,625</u>	<u>76.44</u>		
		<u>207,000</u>			
Subsidy per perf.		<u>14,549,000</u>			<u>12,114,500</u>
		254	57,279		193
					62,769
Subsidy applicable to Opera					
Total costs					
Opera	26,151,461				
Ballet	15,822,625				
	<u>41,974,086</u>				
Total subsidy	<u>14,549,000</u>	26,151,461	9,064,561		
	41,974,191				
Subsidy applicable to Ballet					
	<u>14,549,000</u>	15,822,625	5,484,403		
	41,974,191				
Subsidy per seat sold					
Opera		<u>9,064,561</u>	32.72		<u>12,114,500</u>
		277,000			342,335
Ballet		<u>5,484,403</u>	26.49		
		207,000			
Private funding per seat sold					
		<u>4,959,769</u>	10.25		<u>1,617,200</u>
		484,000			342,335
Other Income					
Exploitation	1,359,250			214,900	
Sales of goods	1,258,328			262,200	
Other	98,181			146,400	
	<u>2,715,759</u>			<u>623,500</u>	
		<u>2,715,759</u>	5.61		<u>623,500</u>
		484,000			342,335

Summary of funding per seat sold

Opera	Box Office	51.99		20.24
	Subsidy	32.72		35.39
	Private funders	10.25		4.72
	Other income	5.61		1.82
		100.57		62.17
	Costs	94.41		60.60
	Surplus	6.16	Surplus	1.57
Ballet	Box Office	23.25		
	Subsidy	26.49		
	Private funders	10.25		
	Other income	5.61		
		65.60		
	Costs	76.44		
	Deficit	-10.84		

Other indicators (all included in above figures)

Costs per perf.

Guest Artists	6,410,208		1,527,300	
Contract artists	295,493		503,400	
	6,705,701		2,030,700	
	<u>6,705,701</u>		<u>2,030,700</u>	
	143	46,893	193	10,522
Chorus (all)	<u>1,830,397</u>		<u>2,026,500</u>	
	143	12,800	193	10,500
Stage run.	<u>5,408,383</u>		<u>2,938,100</u>	
	254	21,293	271	10,842
Marketing	<u>2,378,186</u>		<u>1,849,900</u>	
	254	9,363	271	6,826**
Marketing (per ticket sold)	<u>2,378,186</u>		<u>1,849,900</u>	
	484,000	4.91	485,851	3.81**
Marketing % of takings				
Opera	9%		Opera & Ballet	17.10%**
Ballet	21.60%			

** Plus expended by visiting companies

Annex vi

Acknowledgements

I am grateful to the following for their contributions to the Review:

All-Party Parliamentary Opera Committee	Thomas Allen CBE
John Allison	Bruno Amarre
Councillor Bernard Atha	Jane Attenborough
David Bain	Alan Baker
John Baker	Prof. Christopher Bannerman
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George Dzikunu	Wayne Eagling
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Andrea Hazell	Sarah Hickson
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Laurence Holderness	Jaap Hülsmann
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Richard Jarman	Simon Jenkins
Peter Jonas CBE	Michael Kaiser
Peter Katona	Rt Hon Gerald Kaufman MP
Charles Kaye	Don Keller
Alice King-Farlow	Heather Knight
Alison Latham	Jeanetta Laurence
Sir David Lees	Louise Levene
Paul Lewes	Carol Lingwood
Stuart Lipton	Theresa Lloyd
Trudze Lodder	Christopher Mackenzie
Ruth Mackenzie OBE	Judith Mackrell
Fiona Maddocks	George Magan
Sir John Manduell CBE	Emma Manning
Richard Mantle	Graham Marchant
Dennis Marks	Monica Mason
Sofie Mason	Ian McGarry
Genista McIntosh	Brian McMaster CBE
Libby McNamara	Dr Jonathan Miller CBE
Anne Millman	Rodney Milnes
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Tony Norton	Christopher Nourse
Dame Merle Park DBE	Jan Parry
Fred Payne	Nicholas Payne
Stephen Phillips	Tom Phillips
David Pickering	Yvonne van Popta
David Pountney CBE	Derek Purnell
Patrick Pursey	Dan Quinton
Tony Ratlin	Seona Reid

Rupert Rhymes	Mark Richardson
Alan Riches	Phyllida Ritter
Luke Rittner	Nicholas Roberts
Gerry Robinson	John Rockwell
Norman Rosenthal	Anthony Russell-Roberts
Ann Sacks	Lord Sainsbury of Preston Candover KG
Bruce Sansom	Dennis Scard
Sir Bob Scott	Maggie Sedwards
John Seekings	Louise Shand-Brown
Graham Sheffield	Dame Antoinette Sibley DBE
Prudence Skene	Malcolm Smith
Nicholas Snowman	Lady Solti
Sir Colin Southgate	Sir James Spooner
Lord Sterling CBE	Sir Dennis Stevenson CBE
Sir Angus Stirling	Margaret Stonborough
Ed Straw	David Sulkin
Tom Sutcliffe	Richard Sweden
Pauline Tambling	Robert Tear CBE
Oliver Timms	John Tomlinson
Sir John Tooley	Horace Trubridge
John Tusa	Richard Van Allan
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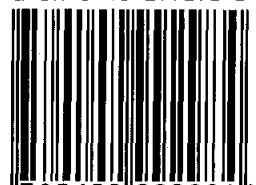
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