



A Study of the Economic and Social Impact of the Grand Opera House



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Executive Summary

April 2005



Preface

The Arts Council's core business is providing grants to professional artists and arts organisations throughout the region in a wide variety of artistic disciplines and to act as the principal development agency for the arts.

The Arts Council is an executive Non-Departmental Public Body (NDPB). Its sponsor department is the Department of Culture Arts and Leisure (DCAL). It receives its principal core funding through public expenditure lines and is a National Lottery Distributor.

The Council delivers its functions and pursues its objectives by:

- Providing funding and developing contemporary arts in Northern Ireland;
- Providing information services to the arts community and encouraging support for the arts from others, including: local government; the education sector and development agencies;
- Supporting arts and arts activities wherever they occur including galleries, theatres, community venues, youth clubs, schools, hospitals and workplaces;
- Providing awards and bursaries, travel and research grants to artists and the arts community;
- Promoting the work of artists internationally by working with partners;
- Supporting the arts and providing opportunities for every citizen to develop their own creative talents and to benefit from those of others.

In July 2001, following a period of review and stakeholder consultation, the Arts Council published its five-year plan (The Arts: Inspiring the Imagination, Building the Future). This document sets out a vision for both the arts and our society within the context of the Programme for Government and the strategy of DCAL. The strategic objectives of the plan are to:

- Increase opportunities for artists working to the highest standards and in innovative ways;
- Strengthen the arts infrastructure;
- Engage with community arts to increase opportunities for creative participation, to develop new audiences and to expand the range of contexts in which artists work;
- Engage with voluntary arts to increase opportunities for creative participation, to develop new audiences and expand the range of contexts in which artists work;
- Increase the quality of access for disabled people to the arts;

- Enhance children and young people's access to creative expression through the arts, in contexts of their own choosing, and increase opportunities for participation as they grow and develop;
- Increase audiences for the arts by establishing measured baselines to track trends and measure progress; to tackle barriers that prevent people from accessing the arts; to implement innovative measures to develop new audiences.

This Report is one of three Occasional Papers to be published by the Arts Council presenting qualitative and quantitative evidence of impact emanating from a sustained Research Programme. The Research Programme is important for a number of reasons. Conducting original research is one of the ways in which the Council can become more strategic in its focus. It is important for the Arts Council to sustain a leadership role within the sector by being proactive in informing new policy which is evidence based.

The Council needs up-to-date and reliable information to support the developing work programme as it relates to the Council's key areas of responsibility and to the delivery of its five-year plan. An objective of the current Research Programme is to provide robust arguments for targeting resources to key policy areas. Another objective of the Programme is to construct with the sector new instruments to measure effectiveness. Organisations funded from the public purse are under increasing pressure to demonstrate that public money is spent on activities that provide the greatest benefits to society and that it is spent in the most efficient way. The Council has engaged with the community and voluntary sector to devise an evaluation framework that can help organisations ensure that action is continually refined to reflect what best achieves objectives, reflects best practice and promotes public interest. A survey of Regularly Funded Organisations (RFOs) has recently been designed to examine activity, employment and audiences levels. The survey will provide a barometer of artistic, managerial and financial capacity and assist the Council understand the strategic factors driving the sector. In addition, information from the Research Programme is used in presenting the case for the arts to government and can be an important advocacy tool.

The Council is committed to commissioning original research to inform the development of strategic policy for the arts in Northern Ireland and to make that information accessible. This Report is available on request in large print format, disk and audio tape and also on the Arts Council's website: www.artscouncil-ni.org.

Nick Livingston, *Director, Strategic Development*

Executive Summary

1.1 Introduction

In order to better support the development of all art forms and gain a better understanding of the contributions of arts organisations to the economy, community and sustainability of the arts in general, the Arts Council of Northern Ireland (ACNI) commissioned Millward Brown Ulster, in conjunction with Amethyst Business Solutions to complete an Economic and Social Impact Study of the Grand Opera House (GOH) for the period 2000-2003.

1.2 Terms of Reference

As outlined in the tender documentation the purpose of this assignment is:

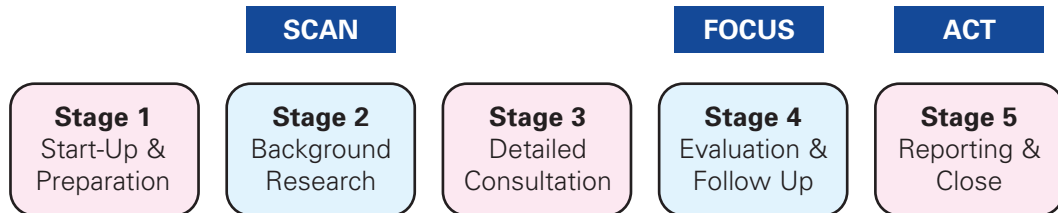
“To undertake an evaluation to demonstrate the economic and social impact of the Grand Opera House”

Specifically, the research needed to:

- Cover all activities of the Grand Opera House;
- Cover as far as possible all available data collected on a local, regional and national basis on the Grand Opera House, including data relevant to audience profiles, capacity and attendance;
- Consult with key stakeholders, audiences, suppliers, and employees associated with the Grand Opera House and any other useful sources where appropriate to the study.

1.3 Approach

The review was conducted in five key stages. These are outlined in the following diagram.



The detailed consultation stage comprised of a series of meetings, telephone interviews and surveys. A high level overview of the consultation process followed, together with an indication of outcomes which is provided in the following table:

Consultation Grouping	Form of Consultation	Key Outcomes
Grand Opera House Representatives	Series of one to one meetings with GOH Head of Corporate Services Review of GOH financial and management data	Assessment of GOH financial performance, including key income sources and Expenditure items; Assessment of overall financial viability of the GOH; Assessment of Direct Economic Impact of GOH.
Nottingham Theatre Royal	Telephone interviews and follow up with written communication	Updated Comparative Theatre Survey to facilitate assessment of extent to which GOH provides VFM.
Key GOH Suppliers	Telephone interviews utilising structured questionnaire	Assessment of wider economic impact of GOH on key suppliers.
Wider hospitality industry	Telephone interviews with selected organisations including local restaurants, hotels, car parks etc, utilising structured questionnaire	Assessment of working arrangements between GOH and wider hospitality sector.
Audience Survey	Self completion questionnaire distributed to 788 members of the audience across 21 performances at the GOH during May and June 2003	Estimation of induced spend associated with attending GOH performances; Profile of audience; Assessment of the non-economic impact of the GOH amongst audience members.

Consultation Grouping	Form of Consultation	Key Outcomes
Cast Survey	Self completion questionnaire distributed to 14 visiting artists performing at the GOH during May and June 2003	Estimation of induced spend associated with staging of GOH performances.
Public Survey	Programme of face to face interviews with 1000 adults (aged 16+) across 45 sampling points in Northern Ireland	Measurement of penetration levels within the Northern Ireland population; Profile of audience; Assessment of the non-economic impact of the GOH amongst the general public.
Key Statutory Bodies	Face to face in-depth interviews	Assessment of the impact of the GOH on the wider Northern Ireland economy & tourism development.
Education/Outreach patrons	Telephone interviews utilising structured questionnaire	Assessment of the impact of the GOH Education/ Outreach Programme.

The data provided throughout this report has been compiled based on responses received from the Grand Opera House and associated partners, sponsors, suppliers and audiences during the course of this review. It should be noted that no audit or verification work has been completed on the data provided, and as such it is intended to provide an indication of activity associated with the theatre rather than provide definitive statistics.

1.4 The Grand Opera House - An Overview

The Grand Opera House is Northern Ireland's main presenting theatre on the UK and Ireland touring circuit. Seating 1,001 patrons the theatre presented 387 performances in 2002/03 to an audience of almost 300,000. The theatre presents a wide-ranging programme of lyrical and dramatic theatre, musicals, opera, and ballet by visiting professional companies. It also stages an annual pantomime and acts as a host for indigenous professional and amateur production companies.

The theatre's predominant source of income is from ticket sales (approximately 70% of income in the 2000-2003 period) with further income being derived from bars and catering as well as sponsorship and other ancillary trading. However, despite recognition that the Grand Opera House Trust has made a success of the theatre in the past nine



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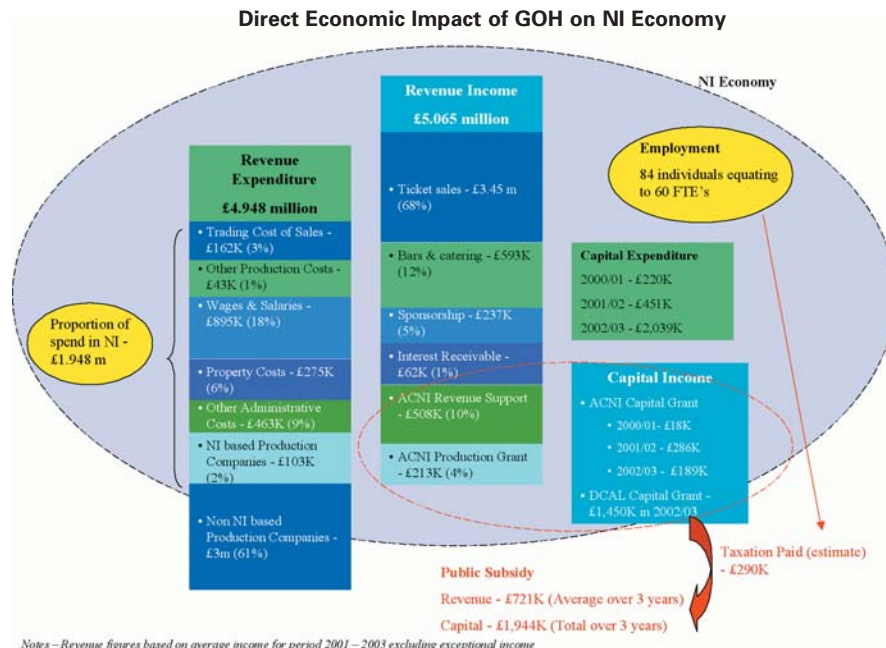
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years, it continues to rely on on-going revenue support from the Arts Council of Northern Ireland. The value of this funding has been reducing year on year from £600,000 in 1994/95 to £458,000 in 2002/03 – a reduction of 23.7%. Further funding support provided through Lottery funds in 2002/03 totalled £266,743 plus programme specific subsidy of £205,000 for the Welsh National Opera and Youth Opera NI.

It has long been recognised that the Grand Opera House’s building does not provide the facilities required by a modern theatre in its front-of-house and backstage facilities. However, the Grand Opera House has been successful in securing a significant proportion of the required funding to commence a project to extend the existing building and modernise the theatre to ensure the Grand Opera House’s future viability. This substantial building programme will take place during the next five years.

1.5 Financial Performance

The direct impact of the GOH on the NI economy can be summarised in the following diagram:



Notes – Revenue figures based on average income for period 2001 – 2003 excluding exceptional income

As is evident from this the GOH’s income covers expenditure year on year, after taking into account future investment requirements. The analysis provided in the above diagram includes an additional £170K profit earned in the 2002/03 year as a result of certain theatre activities becoming deregistered for VAT purposes. Surpluses of this nature will not continue into the future as this benefit will be offset in future years by VAT charged on production company costs which can no longer be reclaimed. The Trust has ring-fenced the “windfall” earned from the change in VAT classified activities for the purpose of the building development project.

The theatre’s ability to break-even year on year, allowing for the need to build reserves to meet major capital projects, is mainly attributable to the entrepreneurial and commercial skills of both its senior management team and Board of Directors. Income is maximised through effective working capital management, the utilisation of the theatre’s significant cash balances to derive an important on-going revenue stream and the leverage of sponsorship from large corporate clients and suppliers. On the other hand, efforts have been made to manage and control costs in many areas, including reducing employment levels and changing the programme mix to include a greater number of theatre hires which guarantee income with minimal risk.

Overall, an average of 40% of the theatre’s revenue expenditure (£1,948K) is spent within the NI economy – creating direct employment for 84 individuals (60 FTE’s). This has the overall effect of generating spend of £2.58 within NI for every £1 of revenue subsidy provided by ACNI, as indicated in the following table:

	NI	Outside NI	Total
Total ACNI Revenue Subsidy (£’000)	755	-	755
Direct Expenditure (£’000)	1,948	3,000	4,948
Level of Direct Expenditure per £1 of subsidy	£2.58	£3.97	£6.55

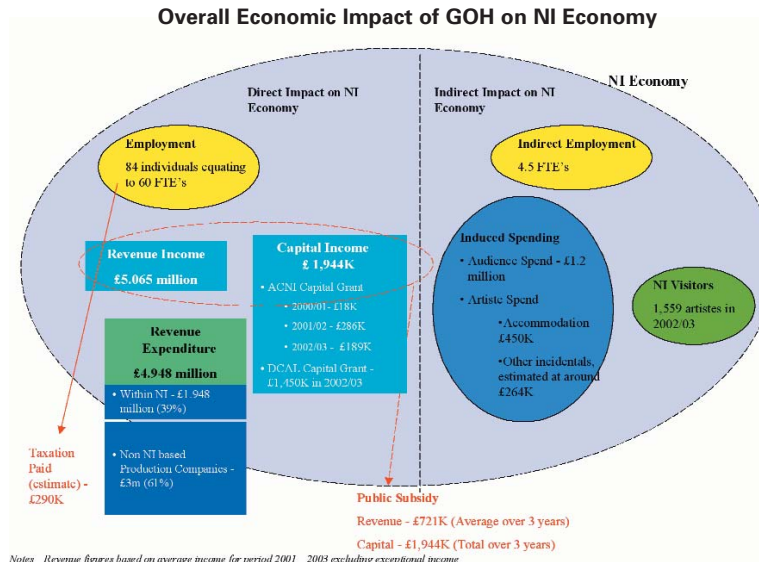
Expenditure outside NI occurs as a result of the fact that the GOH brings to the NI Market productions and promoters which are not available locally. The theatre relies on public subsidy from ACNI to enable it to provide a varied programme of activities, which include ballet and opera, and manages its annual programme in order to break even while taking into account current and future investment requirements.

The direct impact of the theatre on the NI economy is expected to increase in the short term as a result of its proposed £8m building development project – the bulk of which will be spent within the NI economy.

1.6 Wider Economic Impact

The GOH has an indirect impact on the wider NI economy as a result of:

- Indirect employment created within the economy by GOH suppliers and hospitality providers within the vicinity of the theatre;
- An estimated £2m induced spending by artists and patrons visiting the theatre. This is made up of:
 - Estimated spend of £4.56 per patron on a visit to the theatre, which, based on 282,804 patrons in 2002/03, equates to an approximate spend of £1.29 million. This spend suggests a beneficial impact on businesses within the vicinity of the GOH, as evidenced by comments received by local business and GOH sponsor and partner organisations;
 - An estimated spend of at least £450K per annum on accommodation as a result of artistes visiting NI to perform within the theatre;
 - Attracting 1,559 visiting artistes to NI, who spend on average 8 nights each within NI incurring expenditure within the wider economy estimated at £169 per head within NI during a visit (this equates to spend of £263,471);
- Providing a key element of Belfast's cultural infrastructure, thus contributing to the overall attraction of Belfast as a city to visit;
- This is summarised in the following diagram:



A key indicator of the economic effectiveness of ACNI subsidy to the GOH is the extent to which this subsidy leverages additional spend within the economy. Based on the data collected as part of this review, it is estimated that for every £1 of revenue subsidy provided by ACNI, £5.23 is spent within the NI economy. The make-up of this is shown in the following table.

	NI	Outside NI	Total
Total ACNI Revenue Subsidy (£'000)	755	-	755
Direct Expenditure (£'000)	1,948	3,000	4,948
Level of Direct Expenditure per £1 of subsidy	£2.58	£3.97	£6.55
Indirect Expenditure (£'000)	2,003		2,003
Level of Indirect Expenditure per £1 of subsidy	£2.65		£2.65
Total Expenditure (£'000)	3,951	3,000	6,951
Level of Total Expenditure per £1 of subsidy	£5.23	£3.97	£9.20

However, based on discussions with both Belfast Visitor & Convention Bureau (BVCB) and Belfast City Council (BCC), along with data available from the Belfast Tourism Monitor (courtesy of BCC), despite its prominence in tourist literature it is apparent that the GOH has a minimal direct impact on tourist activity within Belfast, with under 3% (Belfast Tourism Monitor 2002; Millward Brown Ulster) of out of state tourists¹ outside of the Belfast Festival period² taking in a show whilst visiting the city.

Whilst half of the number of tourists visiting the city visit Belfast City Hall (inside & outside) and a quarter take a taxi or bus tour of Belfast, the limited and sporadic schedule of theatre tours does not lend itself to incorporation into the visitor's tourism agenda. If tourist access to the auditorium was facilitated at certain times of the day, it is conceivable that this would not only enhance the cultural tourism product offered by the city, but also potentially generate revenues through entrance fees, souvenir sales, light refreshment sales and the opportunity to encourage ticket sales for the evening performance. In respect of the latter, it is to be acknowledged that the programming of the GOH largely features shows that out of state tourists may have had exposure to elsewhere in GB or the Republic of Ireland. Further, the high levels of occupancy for shows leaves the GOH with a more limited capability to exploit last minute sales via hotel concierge services or other routes compared to many other UK theatres.

¹ Tourists visiting Belfast City who normally reside outside Northern Ireland)

² Data covers the period July to September 2002, during this period the GOH is dark for a 4 week period. Data from the Belfast Tourism Monitor 2002 is not available for the first half of the year

In addition to this, apart from those selected partner organisations, limited activity has taken place to co-ordinate and develop the wider strategic links between the GOH and the hospitality sector in order to take full advantage of the opportunities to regenerate the city centre and encourage tourists to visit Belfast. Initial steps have taken place in relation to this and the GOH has expressed its willingness to develop partnerships and growth in this area.

1.7 Social Impact of the Grand Opera House

The Grand Opera House has been visited by over half of the Northern Ireland population, with 1 in 8 adults having visited the theatre within the last year. GOH audiences feature a disproportionately higher focus on females, the middle age groups and the upper socio-economic group. We understand that this is in line with the audience profile of other theatres across the UK. Nevertheless, 2 in 5 of the lowest socio-economic group have been to the theatre at some time in the past. The theatre's intention to serve the entire community is supported perceptually in the minds of the general public and factually in terms of the profile of audiences.

Typically, between two thirds to three quarters of the adult general public in Northern Ireland and 9 in 10 of the GOH audiences agree with the positive social impact statements included in this study. In particular, the statements regarding access to theatre programming for young children and the icon of the theatre in the landscape of Belfast City attracted the strongest levels of agreement. There is a manifest sense of pride in the building and the history of the building is a significant asset adding to the experience of both the NI public and tourists. There is considerable acknowledgement of the breadth of programming that attracts people from all walks of life.

Consistently, younger people are less sure of the social role of the Grand Opera House; however, in all instances negative impressions of the GOH were virtually absent.

Statements designed to elicit barriers to the use of the Grand Opera House indicate that to non-users there is a limited sense of elitism as manifested in the sense of the GOH being only for the well-off. Twice as important as a barrier is the sense of live theatre as an activity that is not within some people's entertainment or social repertoire.

1.8 Conclusions

Based on the research conducted it can be concluded that the provision of public subsidy to the Grand Opera House is both economically and socially effective. The key rationale behind this conclusion is the fact that:

- While dependent on public subsidy for its ongoing viability, each £1 of revenue subsidy provided by ACNI to GOH has resulted in over £5 being spent within the wider NI economy. Further spend is also caused as a result of current and planned capital projects;
- The GOH provides direct employment for 84 individuals, equating to 60 FTE's;
- Discussion with suppliers and partner organisations indicates that, while few are wholly reliant on the GOH for their existence, the theatre provides an important source of revenue;
- Footfall induced by a visit to the GOH, totalling almost 290,000 individuals in the 2001/02 year, provides an important source of income to businesses within the vicinity of the theatre, resulting in an estimated spend of over £1.2million by patrons visiting the theatre;
- The results of the consultation with the general public, and with GOH patrons, indicates that while the theatre's audience is predominately female, from the middle age groups and the upper socio-economic groups, the theatre has been visited by over half of the NI population. In addition to this the consultation findings highlight that the theatre's intention to serve the entire community is supported perceptually in the minds of the general public and factually in terms of the profile of audiences;
- Some two thirds to three quarters of the general public in Northern Ireland and 9 in 10 of the GOH audiences agree with the positive social impact statements included in this study. In particular the statements regarding access to theatre programming for young children and the iconography of the theatre within the landscape of Belfast City attracted the strongest levels of agreement;
- There is a manifest sense of pride in the building and the history of the building is a significant asset adding to the experience of both the NI public and tourists;

- Responses from non-users of the theatre indicated a limited sense of elitism associated with the GOH, but a greater sense that going to this theatre is outside their normal leisure repertoire.

However, the research conducted for this study also highlighted a number of issues facing the GOH and its ability to positively contribute to the economic and social well being of NI. These are:

- A potential decline in the availability of corporate sponsorship opportunities, given a contraction in the corporate sponsorship market. While the GOH has one of the highest levels of sponsorship amongst comparable theatres across the UK, the theatre's management agree that levels are likely to have plateaued. This is partly due to restrictions in the theatre's ability to offer corporate hospitality as a result of limitations in its front of house facilities which are unlikely to be addressed before the theatre's new building development project is completed;
- The fact that the GOH focuses on serving the needs of the indigenous NI population with limited effort on targeting visitors to NI, for example through the development of "theatre break" packages, enhanced promotion of theatre tours or access to the auditorium;
- The contribution that the GOH could make to the wider regeneration of Belfast City Centre. There appears to be a gap in this area, with limited activity taking place on developing a wider strategic approach to developing Belfast through linking important historic visitor attractions such as the GOH and the wider hospitality sector. Any activity in this area must be led by local government with the involvement of all relevant parties.





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