

Cynulliad Cenedlaethol Cymru / National Assembly for Wales  
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee  
Cyllid Celfyddydau nad yw'n Gyhoeddus / Non-public Funding of the Arts  
CWLC(5) ART26  
Ymateb gan Opera Cenedlaethol Cymru / Evidence from Welsh National Opera (WNO)

## WNO – an overview

Welsh National Opera exists to bring the power, drama and raw emotion of opera to as wide an audience as possible in performances marked by an uncompromising quest for artistic quality.

As a national company with international status, we sit at the heart of music-making in Wales, reaching all corners of the country, and play a valuable role in the communities we serve in England. We work with our partners to discover and nurture young operatic talent, and provide the springboard for international careers. Touring is our lifeblood and we strive to present the highest quality work across our artistic programme, entertaining and inspiring audiences at our operas and concerts and providing transformative experiences through our youth, community and digital programme. Building on our 70 year history and our roots in the communities of South Wales, we aim to demonstrate to future generations that opera is a rewarding, relevant and universal art form.

## WNO - Finances

Welsh National Opera's turnover for the 2015/16 financial year was £17.7 million. We currently achieve an average of 46% of turnover from non-public funding. Of this around 35% is from earned income including box office and commercial income and 11% from fundraised income (sponsorship and philanthropic donations).

We receive public funding from both Arts Council of Wales (2016/7 £4.4m) and Arts Council England (2016/17 £6.123m): the latter enables our substantial touring activity in England).

## WNO – Earned Income

### 1. Box Office

The majority of our earned income comes from our Box Office. Last year (2015/6) we brought in £2.3 million from this source and in 2016/17 it is predicted to be £2.2 million. This is a significantly lower percentage of income than that of the London opera companies, but similar to Opera North in Leeds. We need to grow this amount over the next five years and in our business plan we aim to get up back up to over £3 million from this source by 2021/22, a figure we last achieved in 2009/10. We aim to do through a combination of increased volume and gradual but sustained increases in pricing, in collaboration with the venues we tour to, whilst also ensuring that a good selection of tickets are available at affordable prices.

### 2. WNO – Commercial Income

In 2015/6 we earned £229k in commercial income. This came from a variety of sources but mostly consists of fees for “commercial” concerts, co-production fees and set hires from European opera houses. Over the past six years our Artistic Director, David Pountney, has raised well over £1 million in co-production fees and set hires from his connections at international opera houses. Co-productions with other opera houses mean that the costs of building the sets and making the costumes are shared with one or two other organisations.

### 3. Cardiff Theatrical Services (CTS)

CTS – a commercial subsidiary of WNO – is a scenery and set-building workshop employing 35 people. CTS not only builds the sets for Welsh National Opera but also for a variety of other arts organisations and commercial theatres. Its client list including many of the UK’s leading theatre, opera, musical, dance and performing arts companies, visitor attractions and exhibitions. Its turnover in 2015/6 was £2 million and contribution back to WNO was altogether £200k (total profit of £34k). The challenge for CTS is to build its business and ensure that it increases its margins.

## WNO – Philanthropic Income/Sponsorship

Fundraised income makes up 11% of total income for WNO. Fundraised income is broken down as:

Individual donations – 45%

Trust and foundation donations – 45%

Corporate sponsorship – 10%

Around 44% of fundraising income is raised in Wales and 56% in England.

It may at first glance seem surprising that less of our fundraised income is raised in Wales. But WNO is a touring organization so is likely to attract support beyond Wales. Also – as other submissions will no doubt be pointing out – the fundraising potential is significantly lower in Wales than other parts of the UK, notably London, and so we actively seek income beyond Wales.

On individual giving we have a base of regular income coming from our Friends (groups based in Cardiff and the areas we tour to) for which members pay an average of about £40 per year, and also from our Partners Scheme, which is individual giving at a higher level, from £200 – £3000 per year. In addition to these schemes, we create “syndicates” for particular new productions and commissions, who become closely involved with a production as a result of a significant donation.

The challenge is of course finding these individuals. A figure recently brought to our attention is that there are only 4,000 people who are above the threshold for 45% tax in Wales and fewer than 10% of taxpayers in Wales qualify for the 40% threshold. We are fortunate to receive grants from many different Trusts and Foundations, but this territory is becoming increasingly competitive as, over the past seven years all arts organisations across the UK have been encouraged to raise more of their own funds. Trusts and Foundations are usually the first port of call. There is also a tendency for Trust and Foundations to want to support new projects and work, and hence sourcing funding for regular, sustained work, is becoming more difficult.

Corporate funding and sponsorship is by far the lowest proportion of our fundraised income. It is an extremely difficult environment and statistics show that corporate funds to the arts have plummeted since 2008.

## Possibilities for increasing non-public funding

In terms of how Welsh National Opera, and indeed other organisations, could increase their non-public funding within the existing climate, there are several points and suggestions we would ask the Committee to consider:

1) WNO senses a general lack of corporate responsibility to support culture and the arts in Wales among those businesses that it encounters, which is very different to some parts of the UK. There appears to be an understanding and belief in the value of the arts but this does not translate into investment. Would it be possible to promote a collective value and sense of civic pride in supporting the arts because they are important to the economic and cultural well-being of Wales? The lack of this results in a transactional approach to sponsorship which makes it difficult to raise funds beyond the cost of delivering the actual benefits to the business. Could Welsh Government lead on a messaging and public profile campaign to promote the responsibility of and value of corporate support for the arts across all of its activities to change the face of business support for the arts – this could culminate in an annual event or awards process that recognizes business support for the arts at Government level. Could this be incentivized by a match-funding programme? Arts & Business Cymru run a matched-funding programme which rewards business investment in several specific strands of work – this is valuable but also means that arts organisations could be tempted to create work to qualify for the funding rather than unlocking funding for important existing work. A system of more general matched funding to reward any new business sponsorship, long-term business sponsorship, corporate and social responsibility initiative and so on could encourage a greater number of companies to support existing activity.

2) For individual support, there is probably a long-term requirement to demonstrate how important arts/culture is as a charitable cause which could be introduced in schools and beyond.

- 3) There remain ongoing obstacles in terms of conflicting (and unclear) HMRC rules on VAT and Gift Aid which cause problems for arts organisations seeking to increase individual giving across the UK.
- 4) General cross-government messaging (perhaps in partnership with the media and other partners) about the importance and value of the arts to our economy, well-being, creativity and education could be more consistently and publicly delivered.
- 5) In terms of earned income, a key area of increased revenue for WNO could be through our wholly owned subsidiary, Cardiff Theatrical Services. CTS at the moment finds it difficult to secure work from the big studios, eg Pinewood in South Wales which have been supported by Welsh Government. It appears to us as if much of the freelance labour force they use is imported rather than using local workers. Could Welsh Government require or incentivize Welsh businesses to use local suppliers? This could enable us to grow the business, employ more people and potentially increase our existing use of apprenticeships.

Leonora Thomson

Managing Director

Welsh National Opera