

ECONOMIC EAR

Classical Music: what's it worth?

In the first of a series of articles on the business of classical music in the UK, Antony Feeny looks at the overall size of the sector and its biggest players

Only the apocryphal Martian can have been unaware of the summer sale by the British government of a tranche of our shareholding in the Royal Bank of Scotland. This (initial?) 5.4% stake raised £2.1bn, which also represents a reported 'loss' of about £1.07bn compared with the RBS's original bailout price in 2008/9. Classical music lovers can only gawp at this sum: the cash raised from just this sale would pay for the entire UK classical music live performing industry for not one, not two, not three, but nearly four years! And the additional amount of the 'loss' would pay for another two years. So there's our choice: all tickets free to every live classical music event in the UK for the next half dozen years – or funding a tiny portion of the bank bailout.

Of course things are not so simple, but the relevant figures themselves are not so difficult to find. All you need to do is to trawl very, very patiently through the financial accounts of the more than 170 organisations of any size that perform or stage classical music in the UK, comprising opera companies, orchestras,

ballet companies, music festivals, concert venues and choral societies. And if that's not sufficient, then you can add in a further 60-odd organisations that form part of the whole classical music 'business ecosystem' including broadcasting, recording, music schools, other educational organisations, publishing, museums, and so on. Which is exactly what has been done for this article, in order to nail the argument about how much is or is not spent on classical music in the UK – in a way that to my knowledge has never been done before.

In the chosen year of 2013 there were (at least) 73 active opera companies, more than 60 active orchestral groups, 22 major venues promoting or receiving classical music performances, 14 classical music festivals, at least five major classical ballet companies, and choirs/choral societies too numerous to count, although one might not think so from the relatively scant media coverage that this abundance of artistic activity generally attracts. Collectively these live performing organisations attracted income of just under £550m in their respective financial years ending during

2013. Add in dedicated music schools, broadcasting and recording organisations, and this total figure rose to approximately £785m.

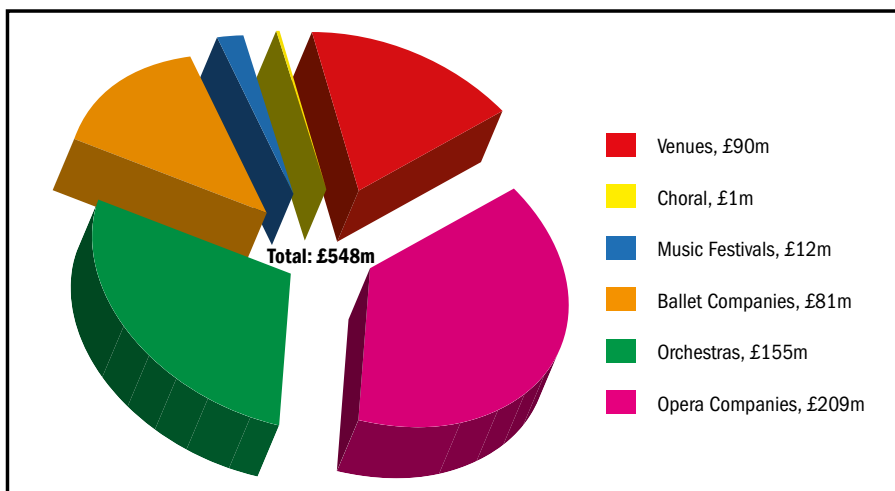
The chart (below left) shows the income in 2013 for each of the six main categories of classical music organisation. The largest was opera, which at £209m represented 38% of the total, followed by orchestras at £155m or 28% of the total. At the other extreme the financial income of the ten main choirs and choral societies was less than £1m, but this of course takes no account of their substantial amateur, voluntary and religious participation, which not surprisingly constitutes only a very small feature of operatic and orchestral performances.

As with most activities, a few large organisations accounted for most of the money. The top four organisations (the Royal Opera, English National Opera, Southbank Centre and the Royal Ballet) received nearly 35% of the income of the live performing organisations, with the 'Top Ten' (including all the BBC orchestras/performing organisations counted as one) together making up 57% of the total, as shown in the chart (right).

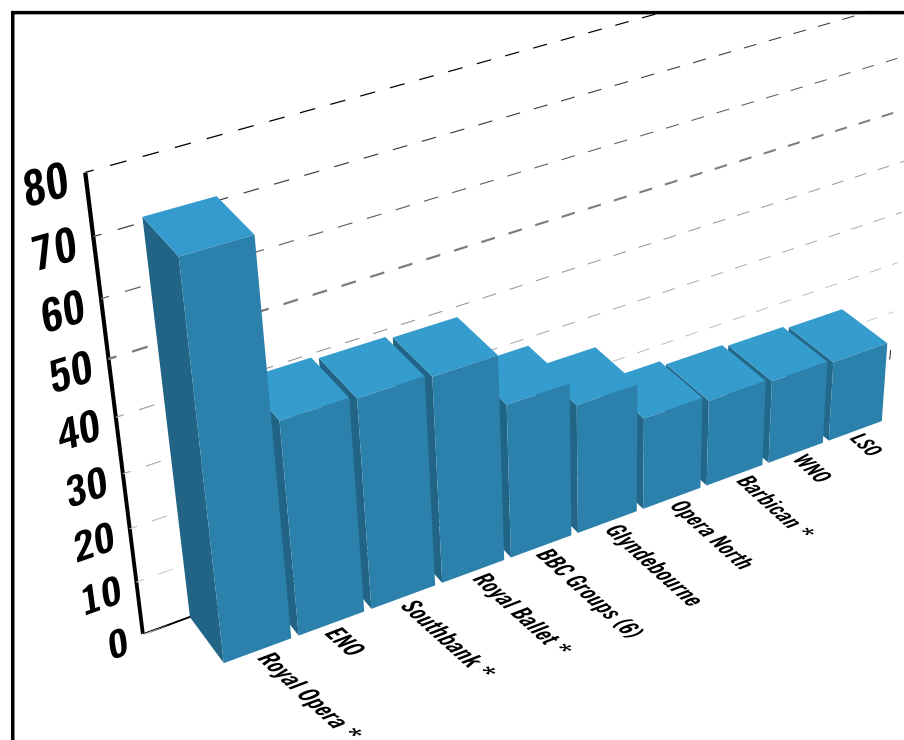
All these figures so far have been for live performing organisations. The picture changes once you include the dedicated music schools, broadcasting and recording organisations. On the basis of some hefty assumptions about what may or may not constitute classical music, relevant income for the 15 music schools included here (ranging from the Royal College to the National Opera Studio) in 2013 totalled around £149m, while Radio 3 and other broadcasting added another £65m or so. British Phonographic Industry sales figures show that classical music recordings (at a mere 3.2% of the total market) accounted for a further £23m. All three categories therefore added some £237m, bringing our 2013 total to around £785m.

Of course this was not the totality of the 'classical music economy'. All the figures so

2013 INCOME FOR LIVE CLASSICAL MUSIC PERFORMING ORGANISATIONS



TOP TEN LIVE CLASSICAL MUSIC PERFORMING ORGANISATIONS BY 2013 INCOME (£ MILLIONS)



▲ * Adjusted. See website methodology summary

far can be verified from the accounts of the organisations concerned, albeit incorporating some heroic assumptions, and the box (right) and website link give a very brief overview of the methodology used here. What follows is more speculative.

The 'classical music economy' is characterised by vast amounts of voluntary and unpaid contributions, which are not further considered, just as GDP economists acknowledge but blithely assume away housework and other regular non-monetised activities. Leaving this issue to one side, there is a lot of lower-level but critical work involved in areas such as music teaching, publishing, examining, and other activities which support performing organisations and classical music in general. Unlike most of the figures so far, estimating this involves some very broad assumptions, in particular about non-dedicated school and university education, for example allocating one third of music education hubs to classical music, assessing classical private teaching at 1.35 million hours per year, assuming 2,800 classical music university students, and so on. Along with other industry services such as publishing, these may have added another £140m to our previous total – although this element really is speculative. On this basis,

the total financial size of the classical music economy in the UK was approximately £925m in 2013.

Notwithstanding the uncertainty of these last sets of figures, one might wonder why no one (as far as I know) has done this type of calculation before when most other areas of our lives seem to be subject to endless accounting and quantification. Indeed, you would think that there would be a common interest in showing just how *little* money is required to maintain a healthy classical music industry in the UK, regardless of whether it is publicly, privately or commercially financed. Instead of which widely differing numbers are tossed around to suit the (often political) point of view of the speaker. So perhaps it is precisely because the funding of the arts is so politicised that these numbers remain obscure – which is why the next article will set out where all this money comes from. 🎵

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A NOTE ON THE METHODOLOGY

The reader will not be surprised to learn that the proverbial devil is in the detail. The basic approach used in this article is to use figures from the accounts of all relevant organisations for the year ending during 2013 as available from the website of the Charity Commission.

Along with its Scottish counterpart the Scottish Charity Regulator, this covers nearly all the relevant organisations in the UK since almost all are set up as charities. Since these are non-profit organisations, income and expenditure are roughly equivalent, and the figures used here are for operating income (excluding capital items) rather than expenditure

Beyond this, the reader is referred to the *Classical Music* website at www.classicalmusicmagazine.org/economic-ear-methodology

for more information about the approach used. There have been so many assumptions required to produce these numbers (in terms of isolating classical music, removing duplications, etc) that the very brief summary possible in the small space allowed in the pages of this magazine falls far short of what is appropriate

So if you want to know more about the numbers included in this article, please follow the link, and please feel free to provide feedback on any errors that may have been unintentionally made here – email classical.music@rhinegold.co.uk.

I am all too aware of the problems, but precision is well nigh impossible, so in that well-known aphorism variously attributed to Carverth Read and JM Keynes, 'it is better to be vaguely right than exactly wrong'.