

ECONOMIC EAR

Classical Music: where does the money come from?

In the second of a series on the business of classical music, **Antony Feeny** goes in search of the money

Your average British culture-vulture cheering on market economics must feel hopelessly discombobulated when gazing over the Crush Bar at musicophile Germany somewhere off in the distance. Not only is that country an economic powerhouse despite taking quite a different economic trajectory from the UK, but its Länder continue to pour taxpayers' money into the arts. One clear illustration of the results of this is that in 2013/14, according to operabase.com, its 83 or so publicly-funded opera houses staged more performances (7,565) than the next five nations combined (7,517 by Russia, USA, Italy,

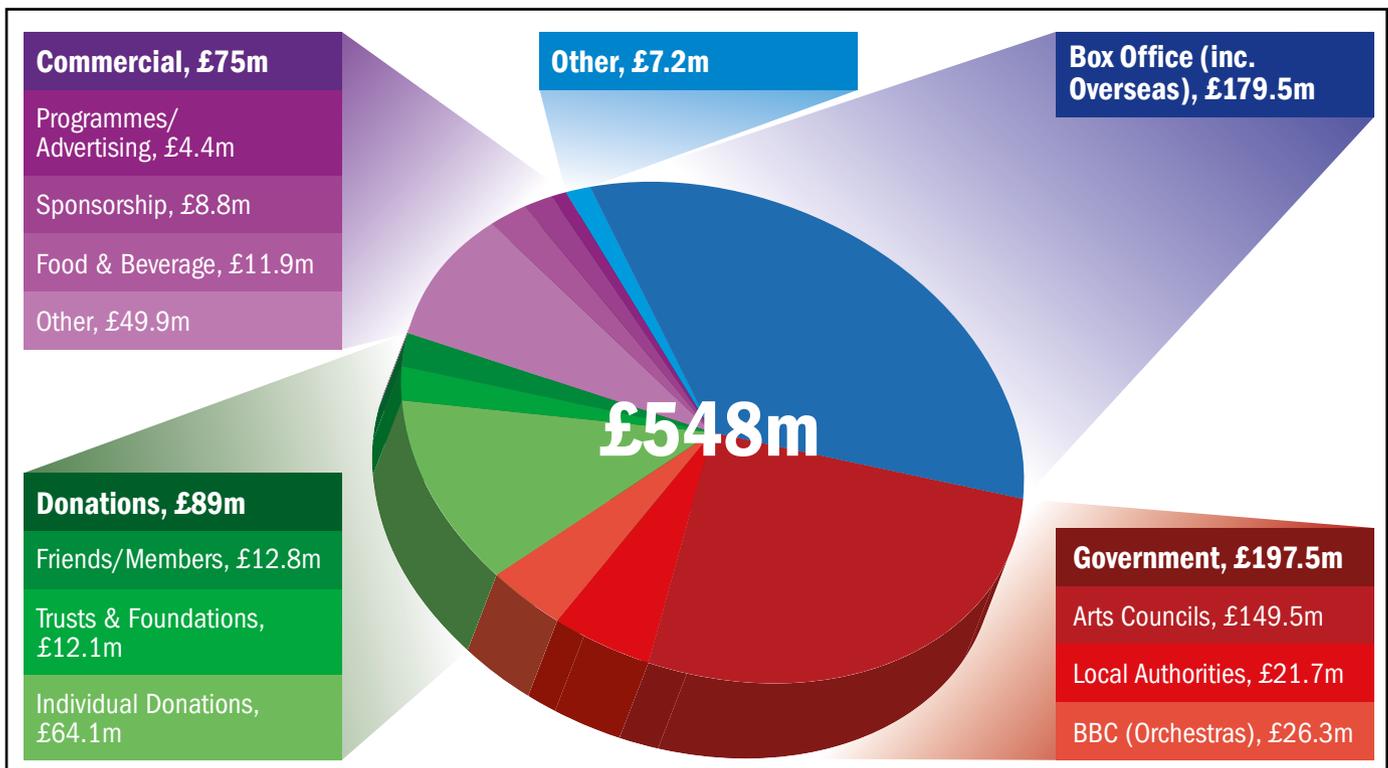
France and Austria), and nearly seven times more than the seventh-ranked nation, the UK, which at 1,127 was the only other country to stage more than 1,000 performances in a year. (The global total was 25,610, in case you were wondering, with the two performances apiece in Lebanon and El Salvador (at No 71) notably propping up the giants).

'So what,' you may ask. 'That's what happens when you pour public money into anything. In the UK we do things differently.' And – for better or worse – that's largely true. As a later article will explore, the UK does sit between the US's largely private funding and continental Europe's

substantial public funding. So what exactly does that middle position comprise?

I am going to focus on the classical music performing organisations here, because the educational, broadcasting, recording and other organisations that support classical music in various ways are different types of business. You will recall from my last article (*CM* October) that the income for the six types of performing organisation – opera companies, orchestras, ballet companies, music festivals, concert venues and choral societies – totalled just under £550m in the financial year ending during 2013.

▼ 2013 income for live classical music performing organisations by source



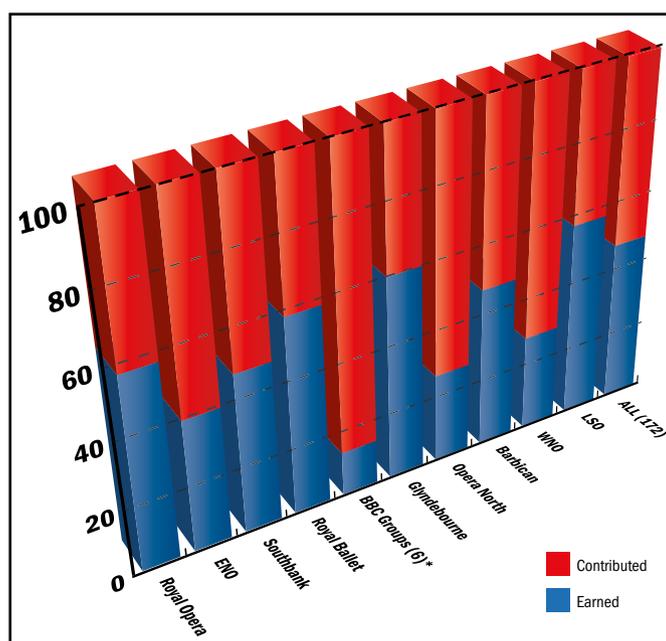
This income derived from five main sources:

- 1 Box office, ie ticket sales including both domestic and overseas
- 2 Government, including arts councils, local government and the licence fee allocation for BBC orchestras
- 3 Commercial, ie corporate sponsorship, recordings, catering, programmes, parking fees, and similar items for which there is a clear and specific benefit
- 4 Private donations, including trusts, foundations, friends' schemes and other donations which are largely philanthropic and without obvious private gain
- 5 Other, such as interest on investments (obviously currently tiny).

Total income is fairly evenly divided between the three overall groupings of Government (36%), Box Office (33%), and Commercial & Donations (30%), but let's look briefly at each of the main components.

Money from the **government** (otherwise known as taxpayers' money) was the largest at 36%, but this came from three major sources. The main public providers by far, and the largest single source of funds for classical music in the UK, were the four Arts Councils (Arts Council England, Arts Council of Wales, Scottish Arts Council (now Creative Scotland), and Arts Council of Northern Ireland) accounting for 76% of government funding and 27% of total income. The BBC's support for its orchestras and performing groups accounted for another 13% of this government figure. The remaining 11% came from local authorities, which in 2013 were still providing some £22m, although it is worth noting that nearly half of that figure came just from the City of London Corporation, which in 2013 provided over £17m to the LSO and Barbican for all its musical and other activities.

Box office takings accounted for nearly a third of total income, including both domestic and overseas income. The source data are not sufficiently detailed to identify separately all the overseas income, but there are indications that it could have been at least 10% of total box office. **Commercial** income was another 14%, made up of a wide variety of musical and non-musical ancillary services. These range from making recordings, to programmes and adver-



▲ Earned and contributed income for live classical music performing organisations (2013)

tising, car parking fees (don't laugh – concessions and car parking raised over £7m for the Southbank Centre alone in 2013), sponsorship (£9m) and food & beverage (£12m).

I have left till last what is perhaps the most remarkable source, namely **donations**. While the £12m deriving from trusts and foundations was of course of enormous value, ordinary members of the public contributed donations amounting to some £77m (14% of the figure for total income), £13m of which was as friends and members of organisations, with the remaining £64m apparently as entirely philanthropic gifts. And remember that this £77m was in addition to what people were already paying at the box office and for programmes, food and beverage, etc. So in total, private individuals may have provided up to half of all classical music performing income. Although this is impressive and in one sense something of a rebuttal to those who criticise classical music's 'dependence' on the public purse, we should remind ourselves that these payments by private individuals represent less than £4 per head of the population – and indeed that the income to classical music live performing organisations as a whole is still only around £8.50 per capita.

Commentators in the USA commonly distinguish between 'earned' and 'contributed' income, ie between what organisations are able to finance themselves in exchange for a service and what is gifted by others, and these terms are gradually seeping into British

parlance. Not all items can be classified so simply, of course, but broadly speaking we could say that box office, commercial and investment are 'earned', while government and donations are 'contributed'.

There appears to be quite a wide variation in the proportion of income 'earned' and 'contributed' by the ten organisations with the highest incomes which I identified last month – with the average of all 172 performing organisations being 48% earned income. It makes no sense to see this as a ranking since sources of income tell you nothing about the value of the work that gets done, the different cost structures and catchment areas, the relative attractiveness to the donor classes, and so forth. What it

may indicate is the degree of financial resilience of these organisations since those relying heavily on contributions could be more vulnerable in a tougher economic climate or less artistically aware times. However, it is still the case that what people spend on classical music is miniscule compared to some other economic activities – which will be the subject of the next article. ^{CM}

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NOTE ON METHODOLOGY

I explained last month about the overall approach used here and some of the methodological problems involved in assembling these data. All the same explanations and caveats apply to these data so I won't repeat them. Your attention is again referred to the *CM* website at www.classicalmusicmagazine.org/economic-ear-methodology for more information about the approach, assumptions and caveats