

ECONOMIC EAR

The gift of music

In this month's article, Antony Feeny trains the economic ear on the importance of donations in funding UK classical music

Russian tycoon takes control of prestigious team and announces plans to buy new players'. As you read this you simply can't prevent your thoughts instantly defaulting to football, conditioned by a long-standing and tireless media barrage about sports. But you can just about imagine a different world in which our tycoon had taken control of a symphony orchestra or an opera house, hired a big-name manager who was in the market for star players, and had plans to conquer the classical music world.

Ok, so it's true that this isn't likely to happen any time soon. Spectators love the tensions and clear winners in knock-out sports competitions, and the nearest that classical music can provide might be the nine high Cs in the big tenor aria in Donizetti's *La fille du régiment*. But then again maybe Raymond Gubbay missed a trick: perhaps he could have organised a High Cs challenge comparable to the famous piano duel between Franz Liszt and Sigismond Thalberg in Paris in 1837.

But fantasy competitions are not our concern here; profit-lite purchases are. Just as few buyers of football teams expect a financial return, so few people get involved in classical music for the money. In his introduction to Stefan Szymanski's recent book *Money and Football*, Simon Kuper describes a cycle of dominance and distress since 'very few football clubs are out to make profits'. As go football clubs, so go orchestras and opera companies. And yet both football clubs and classical music organisations survive, even thrive, albeit on a different scale.

The answer to this conundrum lies in non-market, or even non-monetised, contributions. Whereas most businesses expect to recover their costs through the sale of products and services created and distributed by paid staff, only some of the income of classical music organisations comes from ticket sales or other commercial sources and some of their services rely on unpaid labour ('non-monetised' in contemporary jargon).

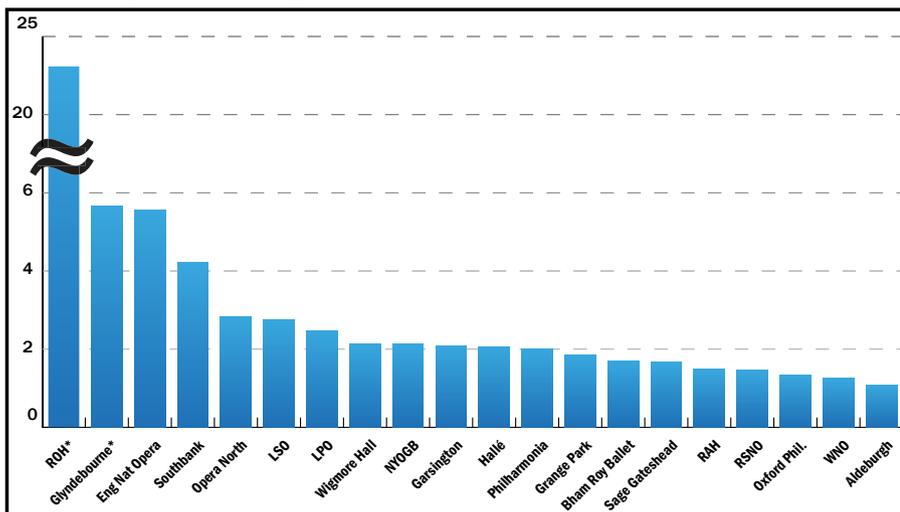
A previous article (*CM* November 2015) referenced the term 'earned income' to distinguish box office and commercial income from 'contributed income' (government subsidy, members, donations, etc). It calculated that in the UK in 2013 the latter amounted to some £287m, or 52% of the total income of live performing organisations. In the rest of this article I will focus on the £89m, or 16%, that came from individual donations (£64m or 12%), trusts & foundations (£12m or 2%), and friends/members (£13m or 2%).

The Rolls-Royce of fundraisers is the Royal Opera House (Royal Opera and Royal Ballet), which in 2013 raised £23m from 'memberships, events, donations, gifts, and legacies' – or over a quarter of the (non-governmental) total for all UK live classical music performing organisations. This figure left every other organisation trailing, with the next trio comprising English National Opera, Glyndebourne and the Southbank Centre, raising a 'mere' £4-5m apiece. Most of the other major opera companies and orchestras were among the 16 other organisations that raised more than £1m each from these sources, as shown in Chart 1.

Looking at donations, trusts and members' income as a proportion of total income, as in Chart 2, tells a rather different story. Instead of the big names, it is Garsington and Grange Park which were proportionately the most successful of the opera companies at fundraising and the National Youth Orchestra of Great Britain and the Oxford Philharmonic the outstanding orchestral ensembles.

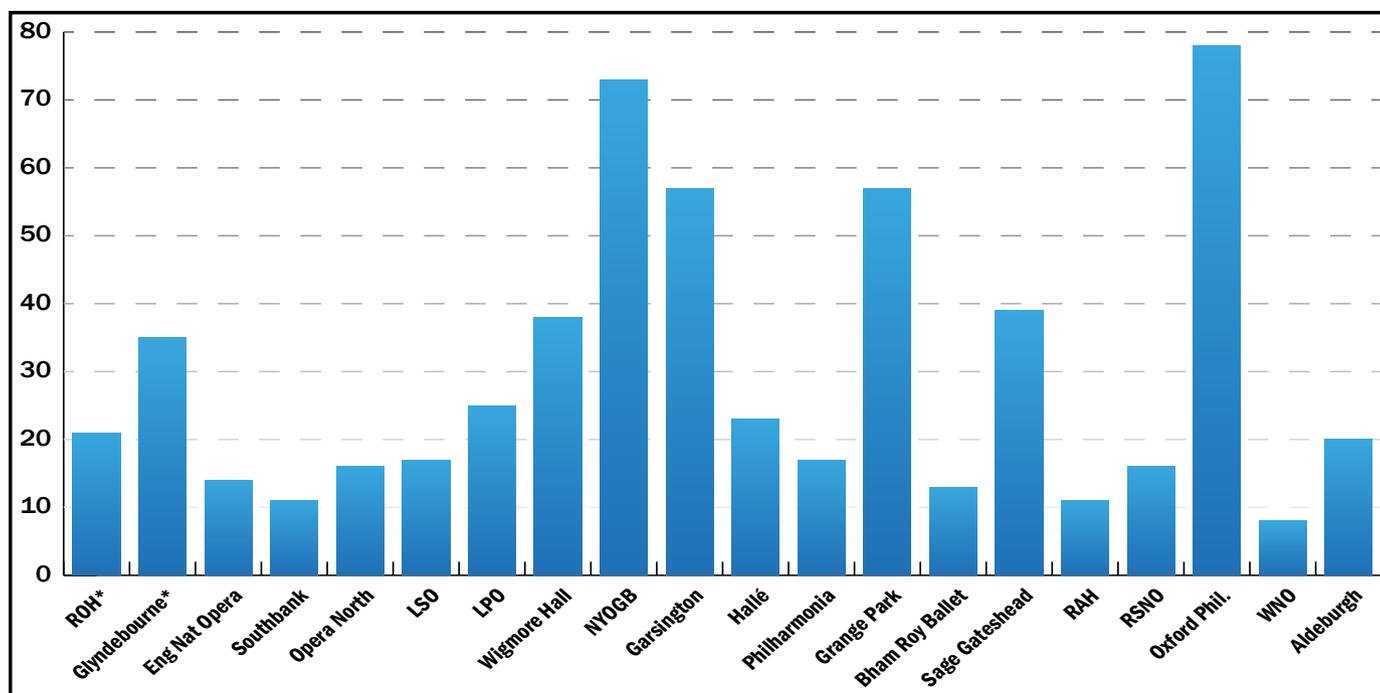
Neither measure (the absolute amounts shown in Chart 1 nor the proportions of total income in Chart 2) tells the full story. Even a small amount given by a single donor to a tiny organisation can dramatically raise its proportion of donated revenues, while such an

CHART 1: DONATIONS, TRUSTS & FRIENDS INCOME FOR THE LARGEST LIVE CLASSICAL MUSIC PERFORMING ORGANISATIONS IN 2013 (£ MILLIONS)



◀ * ROH includes both the Royal Opera and the Royal Ballet. Glyndebourne includes Festival and Tour

CHART 2: DONATIONS, TRUSTS & FRIENDS INCOME FOR THE LARGEST LIVE CLASSICAL MUSIC PERFORMING ORGANISATIONS IN 2013 (% OF TOTAL INCOME)



▲ * ROH includes both the Royal Opera and the Royal Ballet. Glyndebourne includes festival & tour

amount might be a rounding error for a large organisation. And that's before even considering the challenges: for example, the prosperity of the relevant catchment area or demographic segment is likely to be key, which immediately favours wealthy urban areas and especially London.

Individual donations accounted for 72% of the total amounts illustrated in these charts, with a further 14% for friends or membership schemes, meaning that contributions from individuals represented some 86% of the total of all donations. The Royal Opera House was even more dominant in the case of friends' and related income, with its £7m membership revenues accounting for more than half of the total, although some organisations such as Glyndebourne don't list this item separately.

Neither the ROH nor Glyndebourne publishes its exact membership figures, although anecdotally the former is said to be around 30,000 and the latter perhaps a third of that. Although these numbers may seem high to most other classical music organisations, they pale in comparison to the leaders in the wider arts and leisure sector. The Royal Academy (of Arts), for example, in 2013 had 94,000 members contributing over £10m. Even this is tiny, however, compared to the National Trust which in 2013/14 had 4.1 million members

subscribing a whopping £150m, which was just under 50% of its total income.

The other 14% of the donations to live classical music performing organisations come from trusts and foundations. Anyone who scans the front and back pages of concert programmes and other advertising literature will be familiar with the main names here, quite a few of which started as family offshoots. Many a music (and arts and other social) organisation has reason to be grateful to the likes of the Paul Hamlyn Foundation, the Esmée Fairbairn Foundation, the various Sainsbury trusts (including Linbury, Monument, Gatsby, etc), the Clore Duffield Foundation, the Peter Moores Foundation, and a host of others.

Those six named above (excluding the recently closed Peter Moores Foundation) were all in the top 25 donors to all causes among UK trusts & foundations in 2014, with the six of them together making donations of £155m out of their total assets of some £2.1bn, according to the Association of Charitable Foundations. Information in each of their annual reports suggest that the grants to the arts totalled just over £50m, although classical music would appear to be less than a tenth of that. Since the amount of all trusts and foundations' donations to live classical music in 2013 summed to not much more than £12m,

at a macro level the contribution of trusts and foundations appears not so important – but this belies their importance as catalysts or anchor-donors to a wide variety of smaller and fringe musical organisations as well as the education and outreach activities of larger ones.

And now I've reached the end and failed to identify why Russian tycoons aren't (yet) buying orchestras as freely as they're buying football teams with similarly abysmal financial track records, nor yet donating bucket-loads of money to classical music. Since this article has but scraped the surface of the complicated issue of philanthropic donations to classical music, the next article will continue with this theme, but place the British classical music experience of donations in the wider social and international context. 🍷

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SOURCES & ASSUMPTIONS

See www.classicalmusicmagazine.org/economic-ear-sources