



A Study of the Economic and Social Impact of the Ulster Orchestra



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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*

1.1 Introduction

In order to better support the development of all art forms and gain a better understanding of the contribution 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 Ulster Orchestra (UO) for the period 2000 to 2003.

1.2 Terms of Reference

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

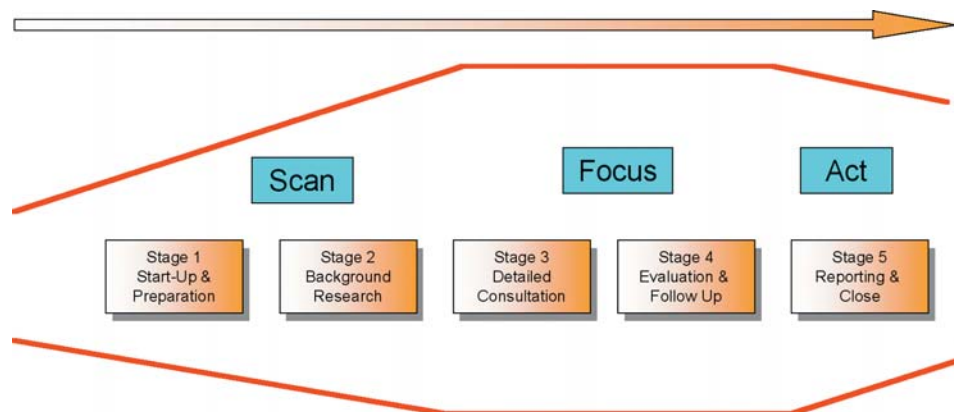
“To undertake an impact evaluation to demonstrate the contribution of the Ulster Orchestra to the economy, to the social well being of communities and to the sustainability of the arts in general”.

Specifically the research needed to:

- Cover all activities of the Ulster Orchestra;
- Look at the extended impact of the Ulster Orchestra through the activities of the musicians;
- Cover as far as possible all available data collected on a local, regional and national basis on the Ulster Orchestra, including data relevant to audience profiles, capacity and attendance;
- Consult with key stakeholders, venues, audiences, suppliers, the musicians and administrative employees associated with the Ulster Orchestra 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.



Consultation comprised a series of meetings, telephone interviews and surveys as outlined below:

Consultation Grouping	Consultation Method	Key Outputs
Ulster Orchestra Finance Manager – Colm Crummey	One-to-one interviews	• Evaluation of historic and future accounts; • Assessment of key income and expenditure streams.
Key suppliers, sponsors, statutory bodies and hospitality partnerships	Telephone interviews using structured questionnaires	• Level of direct and indirect job creation; • Impact on suppliers to the sector; • Customer effects, footfall, induced spending, value added; • Impact on the wider arts and cultural sector; • Education/Outreach Programmes; • Impact on Tourism, for example links with Belfast hotels, weekend breaks etc.
UO Employees	Employee Survey	• Value of secondary employment of musicians, for example tutoring; • Professional and diversified training opportunities; • New and transferable skills to other sectors; • Training ground for musicians in Northern Ireland.

Consultation Grouping	Consultation Method	Key Outputs
Friends and Subscribers	Survey	• Social Impact; • Volunteer input; • Impact of the various Ulster Orchestra schemes, such as Friends of the Ulster Orchestra, Instrument Clubs, Student Standby Schemes.
Audience	Self Completion Questionnaire	• Customer effects, footfall, induced spending, value added; • Impact on the wider arts and cultural sector; • Social Impact.
General Public	Omnibus Survey	• Social Impact.

Further detail on the process followed and the outcomes are provided in the relevant sections of this report, with a full consultation listing provided in Appendix B.

The data provided throughout this report has been compiled based on responses received from the Ulster Orchestra 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 Orchestra rather than statistics.

1.4 The Ulster Orchestra - An Overview

The Ulster Orchestra, Northern Ireland's only professional orchestra, was established in 1966 and is one of the UK's major symphony orchestras. Based in the Elmwood Hall at Queen's University Belfast, the orchestra comprises 63 full-time musicians, led by Principal Conductor, Thierry Fischer, and is supported by 19 administration staff.

The Ulster Orchestra's activities are wide-ranging and include its Belfast concert season, which runs from September to May each year. In 2002/03 this series comprised 24 concerts based in the Ulster Hall and the Waterfront Hall and involved the Orchestra working with many internationally acclaimed soloists and conductors. The Orchestra also participates annually in the Belfast Festival at Queen's and holds a number of regional concerts (21 in 2002/03).

The Ulster Orchestra has a strong, long-standing relationship with the BBC and records 12 weeks of output for the BBC each year, comprising the broadcasting on Radio 3 and Radio Ulster of:

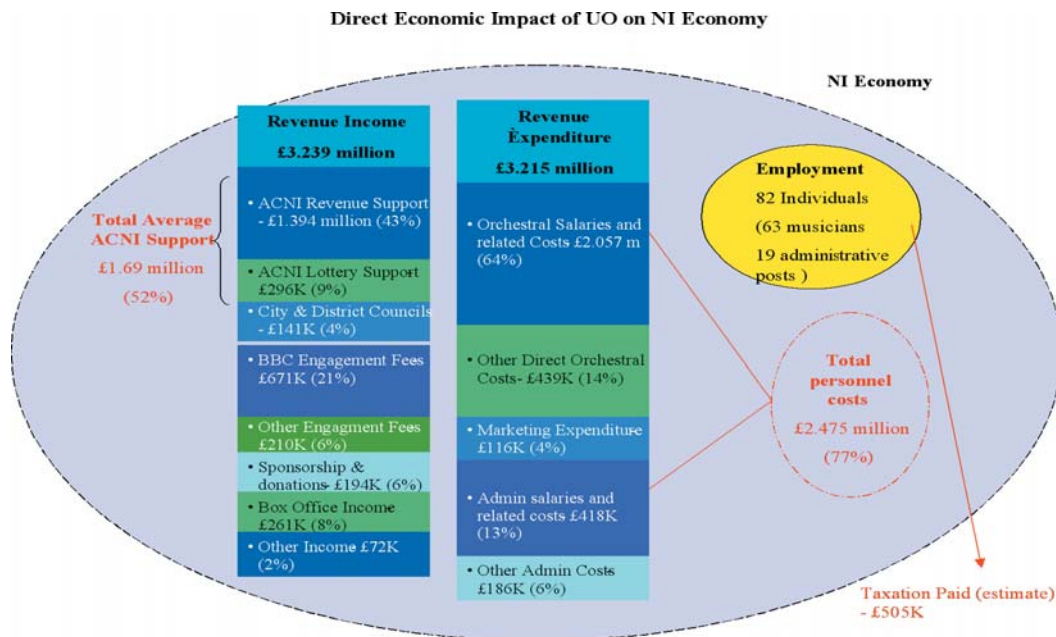


- 10 Ulster Orchestra Season concerts
- 17 BBC Invitation concerts (12 on BBC Radio 3 and 5 on Radio Ulster)
- 18 studio recordings
- 3 television concerts

The Ulster Orchestra is ACNI's largest revenue client, receiving in excess of £1.3 million per annum in the period from 2000–2003, from an overall ACNI revenue budget of approximately £5.7 million (22.8%).

1.5 Direct Economic Impact of the Ulster Orchestra

The Ulster Orchestra has a positive impact on the NI economy, the extent of which is summarised in the following diagram:



Notes - Revenue figures based on average income for period 2000-2003 excluding exceptional income

The majority of Ulster Orchestra's £3 million spend occurs within the NI economy – creating direct employment for 82 individuals (63 full-time musicians, 18 full-time administration staff and 1 part-time employee). This has the overall effect of generating direct spend of £1.90 within NI for every £1 of revenue subsidy provided by ACNI, as indicated in the following table:

	£
Total ACNI Subsidy	1,689,655
Direct Expenditure	3,215,016
Level of Direct Expenditure per £1 of ACNI subsidy	1.90

As is evident from this, both ACNI and the BBC are the main financial mainstay of the Ulster Orchestra (accounting for over 60% of annual income), while personnel related costs are the main expenditure item (accounting for in excess of 75% of annual spend).

Despite marginal surpluses being recorded in the past two years, forecast spend for 2003/04 predicts a loss. This is mainly due to:

- A decrease in forecast income arising from the cessation of the Orchestra's Advancement Programme which was funded through ACNI Lottery (approximately £200K per annum).
- An increase in costs given that the pay freeze has been lifted and the 2002/03 programme requires an increased number of extras and soloists.

The forecast position for 2003/04 highlights the vulnerability of the Ulster Orchestra to changes in funding, particularly when viewed against its increasing cost base which is mainly due to personnel costs representing a significant portion of spend.

Both reserves and cash balances are low for an organisation of this size, particularly when viewed against the extent of its monthly fixed costs (mainly wages and salaries). This has been highlighted by the auditors in recent years when assessing whether the Orchestra is a "going concern". A key recommendation arising from this is that the Orchestra should aim to increase reserves to at least £500,000.

A further issue impacting upon the overall sustainability of the Orchestra is the level of uncertainty surrounding future income sources – ACNI grants are awarded on an annual basis

and the BBC contract (as it currently stands) expires in 2006. While there is no indication at present that these funders will cease to support the Orchestra, there is no clear outline of future funding levels which limits the ability of the Ulster Orchestra to plan for the long term.

In order to measure the extent to which the UO offers Value for Money (VFM) - a comparison was completed between it and similar sized orchestras throughout the British Isles. Key findings from this analysis include:

- Income levels for the Ulster Orchestra are lower than for all other orchestras included within the comparative analysis. Levels of grant subsidy (as a proportion of total income) is relatively consistent across all orchestras – with the Liverpool Philharmonic the lowest at 51.79% and the Ulster Orchestra the highest at 59.42%;
- Ulster Orchestra engagement fees are significantly higher than for all others – signifying the importance of the arrangement with the BBC (which provides approximately 20% of Ulster Orchestra annual income). This is offset by the Ulster Orchestra box office levels being lower than for all other orchestras;
- Sponsorship levels vary across all orchestras – with the Scottish National Orchestra having sponsorship levels at almost twice that of the Ulster Orchestra and the Halle Concert Society. Full details on this are provided in Section 3.6;
- Operating performance is strongest in the Halle with a surplus of 25% of income, while Liverpool reported a deficit in excess of 11% of its income. The Ulster Orchestra made a marginal surplus of 1.72%;
- Ulster Orchestra has the smallest staffing complement – with 63 musicians and 19 administration staff compared to 87 staff in Halle and 107 in Bournemouth Symphony Orchestra.

1.6 Wider Economic Impact

- The Ulster Orchestra has an impact on the wider NI economy through spend incurred by patrons as a result of a visit to an UO event, the employment of external artistes and additional programming costs incurred by orchestral sponsors and funders in staging events. An overview of the scale of this wider impact is summarised below;
- Further induced spend of £855,659, made up of:
 - Induced spending by patrons visiting the Orchestra on food, drinks and transport - £292,409;
 - Staff cost incurred by the BBC estimated to be at least £80,000 per annum;
 - Additional Programming Costs incurred by the BBC, Belfast City Council and Bank of Ireland - £380,000;

- Hotel accommodation for visiting artistes – estimated at £11,250;
 - Employee spend on instruments and clothing – estimated at £92,000;
- This results in a further £0.51 being leveraged for each £1 of ACNI subsidy
- The UO provides a corporate sponsorship package which is perceived to aid local businesses in providing high quality entertainment for clients, contributing to the cultural infrastructure of NI and meeting their community investment initiatives through the Education/Outreach programme;
 - The UO provides musicians with a stable employment base from which to build and develop their professional skills as musicians, as well as providing them with the opportunity to put these skills to use in other areas, as outlined in the following point;
 - The UO enables musicians to develop secondary income streams – 82% of all musicians employed by the UO within the past 12 months had one or more additional income streams. Key sources of additional income are:
 - Private Tutoring;
 - Performing in a classical music ensemble;
 - Teaching in the City of Belfast School of Music;
 - Playing in a band.

Discussions with both Belfast City Council (BCC) and Belfast Visitor & Convention Bureau (BVCB) did however identify that there is considerable scope for a better co-ordination of marketing and communications between all arts organisations and the hospitality trade. It is acknowledged by both BCC and BVCB that in this area it may be the hospitality trade that has been less enthusiastic.

1.7 Social Impact of the Ulster Orchestra

Ulster Orchestra concert audiences are skewed towards older age groups (particularly the over 55s) and the upper ABC1 socio-economic group. This pattern mirrors interest in classical music. Typically, three quarters of the adult general public in Northern Ireland and over 9 in 10 of the UO audiences agree with the positive social impact statements included in this study, in particular the statement regarding the importance of the Ulster Orchestra running subsidised community concerts and free workshops to enable the elderly/disabled and less well-off.

Only one of the twelve positive social statements was supported by less than the majority of the general public. This was in relation to the contribution of the UO in

providing a pool of top ranking music tutors. Although UO audiences are aware of this spin off benefit arising out of the existence of the UO, the majority of the general public (57%) are unaware of this social impact.

Statements relating to personal social impacts indicate that approximately one third of the general public in Northern Ireland regard the concept of an UO concert as potentially personally beneficial. Conversely, two thirds of the general public perceive an UO concert as outside their considered social repertoire. The major barrier to greater involvement in UO events is the perceived “intellectual barrier”, with 50% of the general public anticipating that an UO concert would be too “high brow” and that requiring a prior knowledge of classical music would be to be a prior requisite to attending a concert.

The views of Ulster Orchestra audiences are consistently and markedly more positive in relation to the personal social benefits of attending a concert; that is, those relating to the enjoyment and relaxation to be had from attending an Ulster Orchestra concert.

In most respects, the views of Subscribers and Friends of the Ulster Orchestra are similar to that of Ulster Orchestra audiences. However, the inherent conservatism of this core of Ulster Orchestra audiences is evident in that they appear to be slightly less open to the widening of the Ulster Orchestra repertoire both in geographic and creative terms.

Musicians working for the UO indicated that the strongest personal benefit derived from working in this area would appear to be the sense of fulfilment of working in an area that brings pleasure to others. In addition to the sense of pleasure derived from playing with the UO, the other key personal impacts arising out of employment as a musician in the UO revolve around the opportunity to pursue other creative outlets, for example, to be involved in BBC and commercial recordings and to continue to develop professional musical skills.

Amongst administrative staff the two strongest personal benefits derived from involvement with the UO are the sense of fulfilment of working in an area that brings pleasure to others and the pleasure taken from working with the Ulster Orchestra itself. The other key personal impacts arising out of employment with the UO come in the form of a sense of professional fulfilment and the development of self-confidence along with planning and problem solving skills.

A key barometer of the support for the Ulster Orchestra is whether public expenditure is supported or not. Almost two thirds (62%) of the adult general public approve of such funding with only 1 in 20 (5%) disapproving, most of the remainder of the general public being ambivalent about public funding with only 5% overall disapproving of ACNI funding for the Orchestra. Amongst audiences, approval of public funding via ACNI was almost unanimous with 95% stating that they approved of such funding and the remaining 5% being neutral on the subject. An almost identical pattern of views was derived from the Subscribers/Friends, where 96% approved of ACNI funding for the Ulster Orchestra, the remaining 4% being neutral about such funding.

1.8 Conclusion

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

- While dependent on public subsidy for its ongoing viability, the Ulster Orchestra has a positive impact on the NI economy by generating direct spend of over £3 million, equating to £1.90 for every £1 of revenue subsidy received;
- An additional source of income to local businesses is provided through incurred spend by patrons attending an Ulster Orchestra event, by visiting external artistes and through additional programming costs. This amounts to a further £550,659 resulting in an additional £0.51 being leveraged for each £1 of ACNI subsidy;
- The Ulster Orchestra provides direct employment for 82 individuals (63 full time musicians, 18 full time administration staff and 1 part time employee);
- The Ulster Orchestra provides a stable source of income for its 63 musicians and a platform to develop their professional skills. Many of the musicians are able to put these skills to use in other areas and develop secondary income streams, such as private tutoring and teaching;
- Sponsorship of the Ulster Orchestra provides local businesses with high quality entertainment for clients, a method through which they can meet their community investment initiatives and contribution to the cultural infrastructure of NI;
- Based on attendance figures and the Millward Brown Ulster Omnibus Survey, the number of adults attending an Ulster Orchestra concert within the preceding 12 months falls within the range of 2 per cent and 6 per cent;
- The NI public is supportive of the principle of the Orchestra's existence and its activities with three quarters of the general public supporting the educational and outreach activities of the UO;

- The principle of continued public funding support for the Ulster Orchestra is demonstrated by the fact that almost two thirds of the general public approve of public funding of the UO, whilst only 5% disapprove of public subsidy.

The research conducted also highlighted a number of issues facing the Ulster Orchestra and its ability to contribute positively to the economic and social well being of NI.

These are:

- The overall sustainability of the Ulster Orchestra is dependent on the level of future income sources from its key funders – ACNI and the BBC. The Orchestra's vulnerable position is highlighted by its 2003/04 forecast which predicts a loss partly due to the cessation of the Orchestra's ACNI Lottery funded Advancement programme which previously accounted for an income of £200K per annum. Although the BBC contract has been extended until 2006, there is no clear outline of future funding levels, limiting the ability of the Ulster Orchestra to plan for the long term;
- The Orchestra's reserves and cash balances are low for an organisation of this size particularly when viewed against the extent of its monthly fixed cost commitment in wages and salaries. As recommended by the auditors, the Orchestra should aim to increase its reserves to at least £500,000;
- In comparison with other similar sized orchestras based in the British Isles, the Ulster Orchestra receives a similar level of grant subsidy, but box-office and sponsorship income levels are lower than other orchestras. Engagement fees are significantly higher, highlighting the importance of the arrangement with the BBC which provides approximately 20% of the Ulster Orchestra's annual income;
- The audience catchment area in Northern Ireland is small in comparison to other UK regions. This, coupled with the general reluctance of Northern Ireland patrons to travel into Belfast, impacts on potential audience numbers;
- Discussions with Belfast City Council and Belfast Visitor and Convention Bureau highlighted that there was considerable scope for further co-ordination of marketing and communications between arts organisations, including the Ulster Orchestra and the hospitality trade;
- The audience for UO concerts reflects the audience for classical music generally: as such it is older and more up-market than the population as a whole. Widening interest in this art form, particularly to a younger market, has to be a key objective to sustain audiences for the future;

- There is an apparent perception of a significant intellectual barrier to participation in UO events. The increasing introduction of a repertoire with more familiar and accessible music will be necessary to widen exposure to the Ulster Orchestra and live orchestral music.



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