

# National Theatre

Wednesday 22 January 2025

## NEW NATIONAL THEATRE RESEARCH SETS OUT RECOMMENDATIONS FOR A MORE RESILIENT AND SUSTAINABLE FUTURE FOR THE PERFORMING ARTS

- Industry-wide study into the diverse business models within the performing arts.
- Series of recommendations developed in collaboration with over 140 UK arts organisations identify opportunities to ensure long-term resilience, sustainability, and innovation in the sector.
- 92% of respondents said undertaking business model innovation is important to their organisation's future.

The National Theatre today launches a major research report setting out a series of recommendations exploring how new approaches to traditional business models could unlock how performing arts companies in the UK create greater economic and social value.

***Scene Change: Optimising business model innovation in the performing arts*** is a nine-month research project, commissioned by the National Theatre and delivered in partnership with the Intelligence Agency and Erskine Analysis. The study provides a 'behind the curtain' look at performing arts business models - how they operate, the value they deliver, and the challenges they face. Recognising the need for a multifaceted approach to innovating business models in the performing arts, the study provides a novel response by recommending a series of measures the sector can implement alongside advocating for a suite of interventions and funding initiatives.

**Scene Change**, informed by data analysis alongside surveys, bilateral meetings, and in-depth interviews with more than 140 organisations of all sizes across the country, found that the business models being used in the non-profit part of the performing arts sector are no longer working: organisations delivering vital public benefit are struggling to survive, and depleted reserves post-pandemic mean there is no money available to fund much needed innovation or capital infrastructure upgrades.

The performing arts has a vast reach and global influence, with the top five musicals each surpassing the highest-grossing films. However, as this study makes clear, the performing arts are not simply a market force, they are a public good. The sector includes organisations that are finding innovative solutions to some of the UK's most pressing problems, including by combatting social isolation and improving educational attainment.

Through data analysis and detailed case studies, the study identified - for the first time - five prevailing business models in the sector. Each model offers unique strengths and opportunities for transformation through tailored interventions. Crucially, to address the factors constraining the business models of performing arts organisations, and to support opportunities for innovation, the report makes a number of recommendations. These are:

- calling for the **sector**:
  - to boost their technological capacity by creating the sector's first Technology Roadmap.
  - to unlock new opportunities for cost saving and revenue generation through a series of pioneering sector-authored playbooks.
- calling on **partners**:
  - to support a once-in-a-generation match fund which would drive long-term sustainability and decarbonisation in the arts through capital investment.
  - to help organisations across the country with their tech and financial expertise through the creation of a board bank of experts.
- asking **policymakers**:

- to save vital cultural infrastructure facing financial collapse due to local government and development agency funding cuts.
- to introduce an Arts Business Model Innovation Fund, providing seed funds to pilot new ideas and approaches.
- to enter into a service level agreement with the sector, speeding up tax credit processing timelines and developing cash flow finance solutions for the whole performing arts sector, thus stabilising finances and reducing vulnerability to cash flow issues.

The research study was overseen by an external research advisory group, comprised of leaders and experts from industry, policy, research and funding organisations, chaired by Sir Damon Buffini. The Advisory Group provided strategic direction and acted as a sounding board for emerging ideas. The insights from a wider research network, who fed into this research through seminars and subsequent bilateral meetings, ensured the report's recommendations are informed by real-life case studies and organisational needs.

**Sir Damon Buffini, Chair of the National Theatre Board**, said: *“The National Theatre, like many other publicly funded performing arts organisations, has a complex business model and over the last decade, we have developed and grown our programme and income streams to better achieve our mission, to increase impact for audiences and communities around the UK, and to take advantage of new technologies.*

*Given economic headwinds and a challenging fiscal outlook over the coming years, it is more important than ever that policy makers and arts leaders fully understand the effective and sustainable business models available for performing arts organisations and their potential. We commissioned this research to help shape policy that supports performing arts organisations to deliver efficiently and that directs funding where it has the greatest impact.*

*By investing in a deeper examination of these models, our aim with this sector-leading research is to foster a more sustainable and equitable ecosystem that supports both innovation and*

*accessibility. We hope that our recommendations help people working in the industry, funders, and policy makers to strengthen the sector and drive real change, together.*

*We are grateful to all contributors from inside and outside the performing arts who shared their data, experiences and ideas to deliver this important piece of work.”*

**Scene Change** is the first research piece commissioned under the National Theatre’s new research strategy. Each year, the National Theatre plans to undertake an agenda-setting piece of research to support, through evidence-based arguments, the development of industry, economic and policy needs of the performing arts sector.

**The full research report is available on the National Theatre’s website (live from 18:00, 22 January 2025): [bit.ly/409DBo2](https://bit.ly/409DBo2)**

The National Theatre and research team will be rolling out sessions for arts organisations to discuss the recommendations of the research and how they can help futureproof the sector. Details of these will be shared on the National Theatre website.

**ENDS**

### **Supportive Sector Quotes**

**Doreen Foster, Director, Warwick Arts Centre**, said: *“Like many organisations, we have faced significant challenges in recent years – from the impacts of the pandemic to inflationary pressures and reduced funding. This makes research like the National Theatre’s all the more crucial for organisations like ours and the wider sector. It highlights the importance of collaboration—not only within our sector but also with corporate partners and government stakeholders. By working together, we can create a more resilient and sustainable future for the arts, ensuring that creativity continues to thrive across the country.”*

**Caroline Norbury OBE, Chief Executive, Creative UK**, said: *“As we navigate an increasingly complex landscape, the National Theatre’s new research offers invaluable insights into the evolving business models of the performing arts. By providing a ‘behind the curtain’ look at*

*what difficulties these organisations face and how they deliver value, this report underscores the transformative potential of business model innovation. The challenges surrounding access to funding for the wider cultural and creative sector are a blocker for so many organisations so an approach that tackles this for the performing arts is very much welcome. The recommended measures have the potential to drive positive change, helping the sector thrive, adapt, and unlock new opportunities for creativity and growth."*

**Andrea Sullivan, International Executive, Head of Social and Environment Group at Bank of America**, said: *"We welcome this research from the National Theatre, which provides important insights into how business model innovation can strengthen the performing arts sector. The mutually supportive relationship between public arts organisations and corporate partners is essential to fostering a resilient and thriving creative ecosystem. This study's systemic approach to innovation and its recommendations for collaboration across sectors will help us work together to ensure the long-term sustainability and continued impact of the arts, benefiting both the cultural and economic fabric of society."*

### **Notes to Editors**

The research considered the impact of current challenges on freelancers. However, whilst freelancers do have their own business models, the report recognises that considerations of scalability are different when looking at the freelance workforce. By narrowing the focus to organisations in the performing arts, the study has been able to provide deeper insights into organisational business models which we hope will help both these organisations and the freelancers who work with them.

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### **About the National Theatre**

The National Theatre makes theatre that entertains and inspires using its creativity, expertise and unique reach. The National Theatre shares unforgettable stories with millions of audience members across the UK and around the world – on its own stages, on tour, in schools, on cinema screens and streaming at home.

World-leading artists make their best work at the National Theatre with the widest possible audience and impact. The National Theatre invests in talent and innovation on stage and off, taking seriously its role as the nation's theatre. Of the new productions developed each year with a wide range of theatre companies, a third of that research and development resource is dedicated to shows staged at theatres outside London.

Through touring our work to local theatres and schools and nationwide education and community programmes, we are active in every local authority in the UK. A registered charity with deeply embedded social purpose, the National Theatre works with hundreds of schools and communities across the UK to fire imagination and inspire creativity, and to develop skills and pathways for careers in theatre.

For more information, please visit [nationaltheatre.org.uk](https://nationaltheatre.org.uk)

### **About Erskine Analysis**

Erskine Analysis, launched by Eliza Easton in June 2023, is a think tank dedicated to exploring soft power, the global creative industries, and the future of the UK economy. Recent papers have included 'Ambition to Reality: The Case for Creative Education' with Heatherwick Studio and 'Keeping the UK's creative industries globally competitive: a playbook to protect our future prosperity and security' with University of the Arts London. For more information, please visit [ErskineAnalysis.com](https://ErskineAnalysis.com)

### **About Intelligence Agency**

Intelligence Agency is led by John Knell and combines the best traditions of thought leadership and strategic consultancy. Over the last 20 years it has built an international reputation in

strategy development across the public, private and third sectors; and for high level public policy work particularly in the cultural and creative economy sphere with Intelligence Agency regularly working with governments, funders, cities and major cultural institutions around the world.