



1) Mr Butler
for information

2) Pa.

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TF

24 March 1983

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Miss Mary Giles
Private Secretary to the
Rt Hon Paul Channon MP
Minister for the Arts

Jean Mary,

SPECIAL FINANCIAL SCRUTINY OF THE ROYAL OPERA HOUSE AND ROYAL SHAKESPEARE COMPANY

The scrutiny team has now completed a round of preliminary meetings with senior people in the Arts Council and the two companies, as well as in OAL and the Treasury. Its purpose has been to give the team a general understanding of the subjects of the scrutiny and to prepare a Study Plan as the basis of the main stage of the exercise.

2. I enclose the Study Plan for your Minister's agreement. My colleagues and I are available to discuss this with him, if he wishes.

3. Mr Haines has seen a copy and is in agreement with it. Copies have also been set to the whole Board of the Royal Opera House, with whom the team will be meeting at 5 pm on 29 March, and Sir John Tooley; to Sir William Rees-Mogg; and to Sir Kenneth Cork, Mr Geoffrey Cass, Mr Trevor Nunn, Mr Terry Hands, Mr David Brierley and Mr William Wilkinson at the Royal Shakespeare Company. I am explaining to them that it has yet to be agreed by the Minister and should be regarded as a draft at this stage.

4. Annex C of the study plan (the detailed timetable of who does what and when) has yet to be completed but we expect to do this within the next few days.

5. I intend to begin the main stage of the scrutiny immediately after Easter, starting with the Royal Ballet who go off on tour on 16 April; to complete the factual analysis by the end of June; to consult the Minister and others on emerging conclusions in July; and to write up the report as soon as possible thereafter.

6. This timetable may prove to be optimistic. I have felt able to tighten up however partly because I shall now be devoting

more of my own time to the scrutiny than originally envisaged. And partly because I intend to use a number of my assignment staff from here to cover such areas as production departments; transport and storage; publicity; and administrative overheads. I am also thinking of recruiting another full-time member of the team, from within government.

6. I am copying this to Tim Flesher (No 10) for information: to Mark Hodges; and to Joan Kelley (HM Tsy).

Yours ever,

C. Priestley
C. PRIESTLEY

Enc: Draft study plan

FINANCIAL SCRUTINY OF THE ROYAL OPERA HOUSE, COVENT GARDEN LTD
AND THE ROYAL SHAKESPEARE COMPANY

Preamble

1. The Minister for the Arts announced on 20 December 1982 that the grant proposed for the Arts Council for 1983-84 would be £92m, an increase of 9 per cent on 1982-83. He also announced that £5m supplementary provision would be taken during 1982-83 to enable the Arts Council to reduce deficits and contribute to towards other expenditure being incurred by many performing arts companies and that he proposed having a special financial scrutiny of the operations of one or more major companies.

2. The Arts Council announced its allocations of the supplementary grant of £5m on 12 January 1983. The largest part of this went to the "big four" national companies (the English National Opera, the National Theatre, the Royal Opera House and the Royal Shakespeare company), most going to the RSC, which received £850,000, and to the ROH, which received £450,000.

3. Later in January the Arts Council announced that of the £92m grant for 1983-84, £25.95m would be allotted to the "big four" as follows:

	<u>Main grant</u>	<u>Visit grant</u>	<u>%ge increase on 1982-83</u>
	<u>£m</u>	<u>£m</u>	
ENO	5.265	0.25 (Plymouth)	7.4
NT	6.39		7.4
ROH	10.245	0.2 (Manchester)	7.3
RSC	3.6		20.0

4. The Minister for the Arts announced on 7 February 1983 that the special financial scrutiny he had presaged in December 1982 would examine the financial affairs and prospects of the Royal Opera House and the Royal Shakespeare Company and make recommendations by the late summer.

Scope of the scrutiny

5. The scrutiny will cover:

- (1) The policies and objectives determining the artistic work of the ROH companies (the Royal Opera, the Royal Ballet and the Sadler's Wells Royal Ballet) and the RSC.
- (2) The way the ROH and RSC are organised at the top to plan their activities and to achieve their objectives effectively and economically.
- (3) The ordering of priorities and the balancing of artistic objectives against the money available.
- (4) Procedures and systems for financial and other forms of management including the allocation of responsibilities; financial information; and budgetary planning and control.
- (5) The artistic standards and levels of productivity aimed at and their implications for eg the use of manpower; rates of payment and the range of works performed.
- (6) How and where the costs of the ROH and RSC arise; the cost-effectiveness with which resources are used; the relationship of costs to revenues.
- (7) How and where the revenues of the ROH and its constituent companies and RSC arise, including the determinants of box office and other House receipts (eg prices, balance of programme offered); initiatives to raise money from private sponsorship; and the negotiation of grants from the Arts Council.

- (8) How the recession is affecting the ROH and RSC and their considered view of future prospects; and how deficits have arisen in the past and the risk of their doing so in the current and future financial years.

6. It is also necessary to consider the broader context in which the companies operate, given their status as "national companies" and "centres of excellence" and their substantial dependence upon public sponsorship to complement the money they earn at the Box Office and by other means (eg transfer to commercial theatre, TV etc). The scrutiny will accordingly include:

- (1) Parliament's interests in and attitudes towards the performing arts in general and the ROH companies and the RSC in particular.
- (2) The Government's objectives in funding the performing arts in general and the ROH companies and RSC in particular.
- (3) The relevant functions, policies and assessments of the Arts Council in respect of the ROH companies and RSC and the translation of these into particular levels of grant.
- (4) The claims on Government funding for the performing arts which arise throughout the country and the relevant policies and attitudes of Local Authorities, regional arts bodies and other subsidised performing companies in respect of the present pattern of funding.
- (5) Similarly, the attitudes of the non-subsidised commercial theatre.

- (6) The level of support given to the ROH companies and RSC compared with other "national companies" in the UK and with the great national companies overseas.

7. The scope of the scrutiny as outlined above is set out in more detail in the schedule of work at Annex A. In devising a suitable plan of work, which is comprehensive without taking for ever, it is necessary to recognise that:

- (1) The Royal Opera House is not one, but three performing companies - the Royal Opera, the Royal Ballet and the Sadler's Wells Royal Ballet. Each has a distinct identity and serves somewhat different audiences, although operating under the umbrella of the ROH and sharing certain common facilities. In addition, the Sadler's Wells Royal Ballet is not housed in Covent Garden, its "home", when not on tour, being the Sadler's Wells Theatre.
- (2) The Royal Opera has a commitment to visit Manchester during 1983. The Royal Ballet will undertake a tour in the USA and the Far East. Similar plans are in prospect for later years. And the Minister has indicated that the national companies have an obligation to tour (House of Commons, 7 February 1983).
- (3) The Royal Shakespeare Company operates simultaneously from two bases - Stratford and London. It plays in four theatres, each serving different audiences. In addition the Stratford Company plays a seven week season in Newcastle-upon-Tyne in the late winter.

Conduct of the Scrutiny

8. The affairs of the ROH companies and RSC will be examined in parallel, partly in order to take advantage of emerging lessons and partly to advance the work at the fastest possible rate.

9. The working method will consist largely of interviewing and on-the-spot inquiries, making the maximum possible use of the professional and specialist knowledge and opinion of the personnel of the companies. The desired approach is very much one of getting out and about, talking to all levels in the performing companies and observing the work as it is done, but this will have to be made conformable to the amount of time available for each company.

10. The first stage of the study, now completed, has comprised preliminary discussions with the Minister for the Arts, Council/Board members of the ROH and RSC, the Chairman of the Arts Council and senior personnel of the Office of Arts and Libraries, the Treasury, the Arts Council and the ROH and RSC. A list of those seen so far is at Annex B.

11. The main purpose of these meetings has been to gain a broad understanding of the nature of the businesses; of the working environment; of the policies and objectives of the Government, the Arts Council and the performing companies; and of the planning and budgetary processes and management structure. They have also provided the opportunity to discuss the "work schedule" at Annex A.

12. Members of the team have, since beginning the scrutiny, attended performances of Carmen, The Sleeping Beauty and the MacMillan triple bill at Covent Garden; All's Well that Ends Well and Poppy at the Barbican; King Lear at Newcastle; Julius Caesar in Stratford. Other visits are planned to various theatres at which the companies perform including seeing the Sadler's Wells Royal Ballet on tour; and possibly the Royal Ballet and the RSC in New York. The team will also watch other companies.

13. The next stage will be the detailed examination of the work of the companies on the ground and the analysis of relevant financial information.

14. The overall approach of the scrutiny will be to question why things are done as they are; why they are done at all; and whether they could be done more effectively at less cost. The essential first step will be to obtain an overall picture of the structure of the costs and revenues of the companies - historically, now and expected.

15. The second step will be to evaluate the effectiveness of the existing financial controls at the various levels in the management of the ROH and its companies and the RSC. This will lead into the third step of talking to staff and performers in the performing companies and in those departments which support them with a view to appraising the management and control of resources both generally and in respect of components of particular interest eg production (property, scenic, costumes etc); technical and stage staffs; storage and transport; such aspects of administration as publicity, house maintenance, catering; and fixed and variable overheads (heating and lighting, telecommunications etc).

16. Simultaneously with the detailed examination of the companies there will be further interviews with Ministers and officials; the Arts Council; relevant Parliamentary Select Committees; Local Government and regional arts bodies; and visits to other theatre managements in the UK and overseas.

17. In addition the study team will be seeking the views of staff representatives in the ROH companies and the RSC (see below) and selected critics. Initial contact has already been made and some views received.

18. The objective is to build up the factual foundation on which to base the scrutiny's conclusions and recommendations.

Some Issues

19. Certain issues have already been identified, which the team wishes to examine in order to provide a thorough-going survey. These include:

- (1) Why subsidise the ROH companies and RSC at all? If a subsidy is paid, what should be its purpose and how can the relationship between the grant-maker and the grant-receiver best be devised?
- (2) What would be the effect of an increase/decrease in the grants to the ROH and RSC by, say, 5% in real terms or leaving the grant at its present level.
- (3) How much room for manoeuvre has the Arts Council in determining the grants to the ROH and RSC?
- (4) How reconcilable are the policies to enable the "national companies" to survive and thrive and to spread public support for the performing arts throughout the country?
- (5) Is there a case for separate funding of the "national companies" and should the principle governing such funding continue to be deficit financing rather than specifically targeted?
- (6) How can you achieve a greater level of national accessibility to the ROH and the RSC?
- (7) Is it prudent and fair economically and artistically, to require "national companies" to tour and if so are the present funding arrangements adequate?
- (8) What are the functions of the Boards of the ROH and RSC and how should they be exercised?

- (9) How do you reconcile the requirement for artistic planning several years ahead with annual budgeting?
- (10) Is it possible to get a company whose end is not wholly commercial to obey commercial disciplines?
- (11) At what point does the number of new productions in the repertoire become inadequate and begin to undermine the objectives of the companies as "centres of excellence"?
- (12) What substance, if any, have charges of extravagance against the ROH and RSC?

20. The study team will seek to answer these questions and others which emerge in the course of the scrutiny over the coming months.

Report

21. The report will cover the subjects noted above and in the work schedule at Annex A. The team will discuss its emerging conclusions and recommendations with the Minister for the Arts, the Arts Council and the Boards and management of the companies before finalising its report. No views will be attributed to those interviewed except where authorised to do so.

22. A final report will then be presented to the Minister for the Arts. Copies will be sent simultaneously to the Chairman of the Arts Council and the Chairmen of the Boards of the ROH and RSC.

Consultation with trades unions

23. The study team are in touch with the General Secretaries of Equity, the Musicians Union and NATTKE. The team will be

talking to representatives of the unions in the ROH and RSC and their members, in the course of the scrutiny.

Examining Officers

24. The report will be made by Mr Clive Priestley, Under Secretary, Management and Personnel Office. He will be assisted by Mr David Allen and Mr Ian Trumper, FCA. Mr Allen is a former Treasury Economic Adviser and member of the Rayner Unit, now an independent consultant. Mr Trumper is a chartered accountant on secondment to the Rayner Unit from Messrs Deloitte, Haskins and Sells.

25. Consideration is being given to the appointment of an additional full time member to the team from within Government. Assistance will also be given by members of Mr Priestley's assignment staff in the Management and Personnel Office, to cover in particular such areas as: production departments; transport and storage; publicity; and administrative overheads.

26. The broad allocation of work of the team will be:

- (1) Financial management and control: Mr Trumper
- (2) Management and control other than financial in the ROH companies: Mr Allen
[A N Other]
- (3) Management and control other than financial in the RSC: Mr Priestley
- (4) The broader context (OAL, ACGB, regions, comparisons with other companies, etc):
Mr Priestley

27. The team will consult Mr M G M Haines, a partner with Thomson McLintock & Co who has accepted the Minister's invitation to advise the team on financial matters. The Minister

for the Arts has also written to two persons of standing in the field of the arts asking if they will be available to give advice to the team. These are Mr Peter Diamand, former Director of the Edinburgh International Festival; and M Hugues Gall, Director of the Geneva Opera. At the time of writing only M Gall has accepted.

Timetable

28. A timetable of work is at Annex C. The second stage of the scrutiny begins with the Royal Ballet on account of their departure overseas on 16 April.

29. The intention is to complete the factual analysis by as soon as possible after the end of June; to consult on emerging conclusions and recommendations in July; and to report as soon thereafter as possible.

C Priestley
Head of the Rayner Unit
Old Admiralty Building
Whitehall SW1

23 March 1983

FINANCIAL SCRUTINY OF THE ROYAL OPERA HOUSE AND ROYAL SHAKESPEARE COMPANY

Preface

- The need for a scrutiny: recent history and prospects.
- Terms of reference and objectives of the scrutiny.
- Conduct of scrutiny.

Parliament's Interest

- Oversight of the financing of the arts by the Select Committee on Education, Science and the Arts and the Public Accounts Committee.
- The functions of the Exchequer and Audit Department in respect of ACGB grant-in-aid.

The Government at Arm's Length

- Government policies and objectives towards the subsidy of the performing arts.
- Policies for the arts in the context of their contribution to the cultural life of the nation, tourism, employment and government revenue.
- The functions of the Minister for the Arts and of OAL.
- Principles and practice determining the level of grant-in-aid to the ACGB; management of OAL's total budget (for museums, arts and libraries); and OAL's relationship with HM Treasury.
- Accountability of OAL for grant-in-aid to ACGB.
- OAL's relationship with ACGB, including the systems for the monitoring and control of ACGB activities.

Chairman & Clerk of the Select C'ttee.
and Mr Patrick Cormack.
Chairman of Public Accounts Committee.
Comptroller and Auditor General

OAL: Minister
Sir James Hamilton
Mr Hodges, Mr Stone & Mrs Bauer

HMT: Chief Secretary
Miss Kelley & Mr Faulkner

The Arts Council of Great Britain

- The ACGB's functions; the work of the relevant officers and panels, including the 'assessors' of performing companies; and accountability for grants disbursed.
- ACGB policies and objectives towards the funding of the performing arts and the "national companies" in particular, with special reference to the ROH and RSC.
- Principles and practice determining the ACGB's overall budget, the ordering of priorities and the allocation of grants amongst clients.
- The effect of annual budgets on ACGB freedom of manoeuvre in planning its support for the arts and in dealings with clients, and the timing of grants.
- The ROH and RSC grants: defining the purposes; determining the levels; and monitoring and controlling the use made of the money paid out.
- Separate budgets for touring.
- The ACGB's view of future prospects for the performing arts and their subvention, with special reference to the "national companies" and the ROH and RSC in particular.
- The ACGB's activities in the context of Local Authority and private sponsorship of the performing arts and of the non-subsidised commercial theatre.
- How the outsider (eg critics) views the operations of the ACGB and the attitudes also of the opera, drama and ballet companies who do not have 'National' status.

ACGB: Sir William Rees-Mogg (Chairman)
Sir Roy Shaw (Sec General)
Mr R Pulford (Dep Sec General)
Mr A Field (Finance Director)
Mr D Reid (Drama Director)
Dr B Deane (Music Director)
Miss J Nicholas (Dance Director)
Mr D Pratley (Regional Director)
Chairmen of Advisory Panels on
drama, dance, music, regions and
housing the arts.
Chairmen of Arts Council Scotland
and Wales.

ROH: As below

RSC: As below

External: Chairmen and General

Managers of ENO and NT.
Selected critics and commentators
Selected commercial theatres.
Selected other ACGB grant
supported opera, ballet and drama
companies.
Selected Local Authorities
ABSA (incl Mr Luke Rittner) and
selected other private sponsors.
BBC, IBA and selected recording
companies.
British Council.

THE ROYAL SHAKESPEARE COMPANY

Introduction

- A potted history, with particular reference to the last 25 years.
- The nature of the business and its organisation.
- A 'National Company' with a Stratford HQ; a London branch; and a 'little theatre' at each.
- Policies and objectives determining RSC activities.
- Facing up to hard times.

Planning With Limited Resources

- Estimating the budget for the financial year ahead.
- Planning the work of and setting up the 'Companies' for the year ahead.
- Balancing commercial and budgetary considerations against artistic objectives.
- Setting ticket prices.
- Squaring the circle of forecast 'house' receipts and total expenditures, including coping with "inflation plus"
- The implications of annual ACGB grants for artistic and financial planning.
- Ordering priorities within budgetary constraints and allocating out budgets to productions and service departments.
- Centrally held contingency reserves.

Sir Kenneth Cork
Mr Dennis Flower
Mr Geoffrey Cass
Mr Trevor Nunn & Mr Terry Hands
Mr David Brierley
Mr William Wilkinson
The Trades Unions (as necessary on this and other subjects noted below).

Sir Kenneth Cork
Mr Geoffrey Cass
Mr Trevor Nunn & Mr Terry Hands
Mr David Brierley
Mr William Wilkinson
Miss Jane Jacomb-Hood

Living Within Budgets (Who Does What and How?)

- Exercising the responsibilities allocated for monitoring revenues and expenditures against plan.
- Using information systems for monitoring and reporting on deviations from plan.
- Ensuring that budgets once allocated are made to stick.
- Managing cash flow.
- Accountability for and responsiveness to cost over-runs and revenue short-falls.
- Scope for trimming expenditures and boosting revenues in-year.

How and Where the Expenditures Arise

- Profile of total expenditure 1972/73-1982/83 (in money and real terms).
- Profile of the main elements of expenditure, by type (eg salaries, accommodation, materials) 1972/73 to 1982/3, in money and real terms.
- Allocation of total expenditure between the four theatres and touring 1979/80-1983/84
- Allocation of total expenditure between the various 'activities' (eg players, stage, workshops, publicity, theatre management etc) 1979/80-1983/84.
- For each of the 'activities', disaggregation of expenditure by type 1979/80-1983/84
- Comparing forecast against actual expenditures.
- Capital purchases, maintenance & repairs and investing to save.

Mr Geoffrey Cass
Mr Trevor Nunn & Mr Terry Hand
Mr David Brierley
Mr William Wilkinson
Selected directors and designers
Planning Controller, Production
Controller and other senior managers
with budgetary responsibilities.

Mr David Brierley
Mr William Wilkinson
Production and Planning Controllers
Production and Company Managers
London and Stratford Managers
'Little Theatre' and tours
Administrators.
Heads of workshops (Stratford)
Selected directors, designers and
performers.

- Analysis of the costs of a representative selection of productions 1982/83 and 1983/84

How and Where the Revenues Arise

- Profile of 'house' receipts, sponsorship, grants and other income 1972/73-1982/83 (in money and real terms)
- Allocation of 'house receipts between the four theatres and touring 1979/80-1982/83.
- The determinants of 'house' receipts: pricing policy, critical and public response, mix of productions etc.
- Analysis of the revenues of a representative selection of productions (as above).
- Sponsorship: sources; how generated; prospects.
- ACGB grants: how much; how negotiated; how essential; how compared with grants to other theatre companies.
- Other income (eg TV, West End transfers): how much; how negotiated; how dependable; prospects.

Narrowing the Expenditure-Revenue Gap

- Holding down costs and raising productivity.
- Good house-keeping initiatives.
- 'Economy' productions.
- Spreading overheads.
- Box office initiatives and special fund-raising activities.
- Effective use of assets, including disposals.

Mr Geoffrey Cass
Mr David Brierley
Mr William Wilkinson
Miss Jane Jacomb-Hood
City of London
GLC and Stratford upon Avon DC
Selected private sponsors

Mr David Brierley
Mr William Wilkinson
Selected budget holders and managers

UK Comparisons

- Costs
- Grants
- Productions
- Attendances
- Seat Prices

Conclusions

THE ROYAL OPERA HOUSE

Introduction

- A potted history, with particular reference to the period since 1945.
- The nature of the businesses (one opera and two ballet companies, one of which is based at Sadlers Wells) and their organisation.
- A National and international company.
- Policies and objectives determining the activities of the performing companies.
- The redevelopment programme.
- Facing up to hard times.

National Theatre
Selected commercial and regional theatres.

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Sir Claus Moser
Sir Joseph Lockwood
Lord Drogheda
Sir Isaiah Berlin
Sir Denis Forman
Lord Gibson
Sir John Sainsbury
Sir Francis Sandilands
Miss Colette Clarke
Sir John Tooley
Sir Colin Davis (RO)
Mr Norman Morrice (RB)
Mr Peter Wright (SWRB)
Mr Robin Dartington
The Trades Unions (as necessary on this and other subjects below).

Planning With Limited Resources

- Planning the work of the performing companies for up to four years ahead, including the balance between new productions and revivals.
- Estimating the budget for the year(s) ahead.
- Balancing commercial and budgetary considerations against artistic objectives.
- Negotiating the appearance of visiting performers.
- Setting ticket prices.
- Squaring the circle of forecast 'house' receipts and total expenditure, including coping with "inflation plus".
- The implications of annual ACGB grants for artistic and financial planning.
- Ordering priorities within budgetary constraints and allocating out budgets to productions and service departments.
- Centrally held contingency reserves.

Living Within Budgets (Who Does What and How)

- Exercising the responsibilities allocated for monitoring revenues and expenditures against plan.
- Using information systems for monitoring and reporting on deviations from plan.
- Ensuring that budgets once allocated are made to stick.
- Managing cash flow.
- Accountability for and responsiveness to cost over-runs and revenue short-falls.

Sir Claus Moser
Sir Denis Foreman
Sir John Sainsbury
Prof. Wynne Godley
Sir John Tooley
Mr Adrian Doran & Mr David Pilcher
Mr Richard Wright
Mr Paul Findlay
Sir Colin Davis & Miss Jennie Selby
(RO)
Mr Norman Morrice & Mr Anthony Russell
Roberts (RB)
Mr Peter Wright & Mr Christopher
Nourse (SWRB)

Sir Denis Forman
Sir John Tooley
Mr Adrian Doran & Mr David Pilcher
Mr Richard Wright
Mr Paul Findlay
Technical Director, Production
Manager and other ROH managers with
budgetary responsibilities.
Sir Colin Davis, Miss Jennie Selby
and Miss Linda Duxbury (RO)
Mr Norman Morrice, Mr Anthony Russell
Roberts & Mr Peter Brownlee (RB)
Mr Peter Wright & Mr Christopher
Nourse

- Scope for trimming expenditures and boosting revenues in-year.
- Feed-back of monitoring and control into the planning process.

How and Where the Expenditures Arise

- Profile of total expenditure 1972/73-1982/83 (in money and real terms).
- Profile of the main elements of expenditure, by type (eg salaries, accommodation, materials) 1972/73-1982/83.
- Allocation of total expenditure amongst the three performing companies and the ROH overhead. 1979/80-1983/84.
- Allocation of total expenditure between the various activities (eg performers, orchestra, stage, workshops stores, admin. etc) 1979/80-1983/84.
- For each of the 'activities', disaggregation of expenditure by type 1979/80-1983/84.
- Analysis of the costs of a representative selection of productions 1982/83 and 1983/84.
- Comparing forecast against actual expenditure.
- Capital purchases, maintenance and repairs and investing to save.

How and Where the Revenues Arise

- Profile of 'house' receipts, sponsorship, grants and other income 1972/73-1982/83 (in money and real terms).
- Allocation of 'house' receipts between the performing companies 1979/80-1982/83.
- The determinants of 'house' receipts: pricing policy, critical and public response, mix of productions etc.

Mr Adrian Doran & Mr David Pilcher

Mr Richard Wright

Mr Paul Findlay

Production Manager, House Manager,
Technical Director.

Heads of wardrobe, scenic, props and stores.

Mr Bram Gay & Miss Honor Thackrah.

RC, RB & SWRB Directors, managers,
Producers and selected performers.

Sir Claus Moser

Sir Francis Sandilands

Sir John Tooley

Mr Adrian Doran & Mr David Pilcher

Mr Paul Findlay

ROH Trust, Friends of Covent Garden.

Marketing Manager

Selected business sponsors: Midland Bank & Barclays International.

- Analysis of the revenues of a representative selection of productions (as above).
- Sponsorship: sources; how generated; prospects.
- ACGB grants: how much; how negotiated; how essential; how compared to grants to other opera companies.
- Other income (eg TV, recordings): how much; how negotiated; how dependable; prospects.
- Financing capital projects.

Narrowing the Revenue-Expenditure Gap

- Holding down costs.
- Raising "productivity".
- Good house-keeping initiatives.
- Box office initiatives and special fund-raising activities.
- Effective use of assets.

The Redevelopment Programme

- Planning and budgeting for redevelopment

UK and Overseas Comparisons

- Costs
- Grants
- Productions
- Attendances
- Seat prices

Sir John Tooley
 Mr Adrian Doran & Mr David Pilcher
 Mr Richard Wright
 ROB, RB & SWRB Directors and
 General Managers
 Organising Director of ROH Trust

Mr Robin Dartington
 Development Appeal Directors

English, Scottish and Welsh National Operas.
 Berlin Staatsoper; Paris Opera;
 Munich Hof- and Nationaltheater;
 Vienna Staatsoper; New York Met.;
 La Scala, Milan.

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Local Authorities

Greater London Council
City of London
Stratford upon Avon DC
Warwickshire County Council
Greater Manchester Council
City of Manchester
Tyne and Wear County Council
City of Birmingham
City of Plymouth
City of Cardiff

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Other ACGB Grant-Aided Companies

Opera

Scottish Opera
Welsh National Opera
Kent Opera
English National Opera
Opera North Ltd

Ballet

Ballet Rambert
London Festival Ballet Trust
Northern Ballet Theatre Ltd
Contemporary Dance Trust Ltd

Drama

Birmingham Repertory Theatre
Bristol Old Vic Trust Ltd
Leeds Theatre Trust
Leicester Theatre Trust
Liverpool Repertory Theatre
English Stage Company Ltd
Royal Exchange Theatre (Manchester)
Nottingham Theatre Trust
Crucible Theatre Trust (Sheffield)

ANNEX B

People interviewed by 22 March 1983

1. Government

The Rt Hon Paul Channon, MP, Minister for the Arts
Mr M W Hodges, Mr R H Stone and Miss H Bauer (OAL)
Miss J Kelley and Mr M J C Faulkner (HMT)

2. Arts Council

Sir William Rees-Mogg
Sir Roy Shaw
Mr Richard Pulford
Mr Anthony Field

3. Royal Opera House, Covent Garden Limited

Sir Claus Moser
The Hon Colette Clark
Sir Denis Forman
Lord Gibson
Sir Francis Sandilands
Sir John Tooley
Sir Colin Davis
Mr Norman Morrice, Royal Ballet
Mr Peter Wright, Sadler's Wells Royal Ballet
Miss Jennie Selby
Mr Anthony Russell-Roberts
Mr Christopher Nourse
Mr Richard Wright
Mr Adrian Doran

4. Royal Shakespeare Company

Sir Kenneth Cork
Mr Geoffrey Cass
Messrs Trevor Nunn and Terry Hands
Mr David Brierley
Mr William Wilkinson

5. Trades Unions

Mr Peter Plouviez, Equity