SOCIETY OF LONDON THEATRE EST 1908

UK THEATRE EST 1894

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The higher rate of Theatre Tax Relief

Building a vibrant, dynamic and sustainable theatre sector:
Findings from Theatre Tax Relief higher rate survey

Foreword by Co-CEOs

There is nowhere else in the world that has a theatre sector like we do here in the UK. We are a world-leading, innovative, growing sector.

Theatre delivers enormous economic, social and cultural value in communities across the UK.

Our vibrant and dynamic theatre sector offers a place for discourse and debate via bold, diverse and entertaining programming. Through our craft, we help the UK earn its place on the global stage.

The introduction of Theatre Tax Relief (TTR) in 2014 was a game-changer, enabling theatre organisations to increase the number and scale of productions which in turn created jobs and opportunities across the UK.

The higher rate introduced in 2021 turbo-charged our sector's bounce back from the pandemic, enabling risk taking when the stakes had never been higher. The announcement of the extension of that higher rate last year immediately unleashed new, richer productions, creating new jobs and stimulating investment in our sector from within the UK from and from overseas.

In the year that the higher rate was first introduced, we estimate that at least £163 million was invested into theatrical productions as a result of £38 million of Theatre Tax Relief. This is a return of over 4 to 1 for the public investment.

As costs for our members have risen dramatically since the pandemic, it is harder to recruit and retain the skilled people we need to develop and present our shows and public investment is increasingly squeezed resulting in a more vulnerable theatre ecosystem. Maintaining the higher rate of TTR is essential to maintaining and growing the vibrancy and dynamism of our sector which gives us our world-leading status.

In February 2024, the Society of London Theatre (SOLT) & UK Theatre surveyed our members to find out just how the higher rate of TTR had been used and what will happen when it is expected to taper from April 2025 and return to the original rate in April 2026.

The results show that as a direct result of the higher rate, more and bigger productions have been made, with improved reach to audiences, resulting in more jobs in the sector. It has been hugely effective at driving economic growth and supporting the sector to deliver social good that would not have been possible otherwise.

However, the sector is already taking action in anticipation of the higher rate being lost, with a reduction of almost a third in total number of productions and playing weeks planned for 2026. This will have a direct impact on local communities. We know that for every £1 spent on a theatre ticket, £1.40 is spent in the local area, such as bars and restaurants. This is coupled with the job losses that will accompany the shrinking of productions and reduction in playing weeks.

Our members have the ambition and creativity to maintain and grow our dynamic, world-leading sector. We can only do this with the right fiscal and policy environment which enables us to unlock this potential. This is why we have written to the Chancellor ahead of the Spring Budget calling for **the higher rate of TTR to be made permanent.**

Claire Walker & Hannah Essex
Co-CEOs, Society of London Theatre & UK Theatre

About SOLT & UKT

The Society of London Theatre (SOLT) & UK Theatre are employer bodies for those who are actively producing or presenting theatre and managing or owning theatres. Our memberships are made up of over 500 organisations and 1200 individual practitioners across the UK, predominantly presenting theatre in large and medium scale venues.

SOLT & UK Theatre's mission is to champion theatre and support our members to thrive, ensuring a dynamic, sustainable and world-class theatre sector in the UK. As part of this mission, SOLT & UK Theatre work with our members and government to influence policy which has an impact on the UK theatre sector, providing the external conditions for theatre to thrive.

Contents

Background

The higher Theatre Tax Relief (TTR) rate (45/50%) was introduced in 2021 as a temporary measure. It is due to drop to an interim rate of 30%/35% on 1 April 2025 and return to 20/25% on 1 April 2026. In February 2024 SOLT & UK Theatre surveyed members to understand the impact of the higher rate and gather data on the anticipated impact of the rate reduction. The results are based on a representative sample of 75 organisations.

Findings Overview

- More employment and economic growth: **83% respondents are able to employ more people thanks to the current higher TTR rate** (Fig. 1) and 69% cite increased business for suppliers possible because of higher TTR rate. Our members also tell us that the higher rate also enables domestic and international investment.

Fig. 1: 83% of respondents are able to employ more people

- More and bigger productions: **83% of respondents say current TTR rates enable greater scale of productions** (Fig. 2) **and 65% are producing more shows than would be possible at a lower TTR rate.**
- **A more vibrant and dynamic theatre sector** via bolder programming and talent pipelines: a respondent said, 'The higher rates gave us the confidence to continue being bold and also invest in

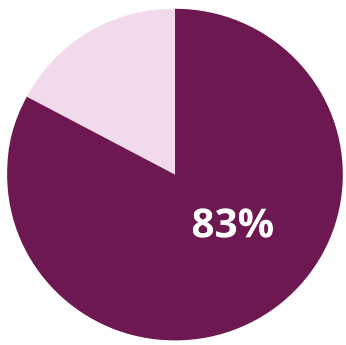

Fig. 2: 83% of respondents say current TTR rates enable greater scale of productions

commissioning new writing to ensure there are more new plays in the canon of work.'

- **Improved audience reach**: a respondent said, 'Touring children's theatre would be less able to go to many of the levelling up regions where guarantees tend to be lower.'

Direct benefit to organisations from claiming TTR in the last full Financial Year

- Number of productions claimed against: 558
- Total playing weeks: 3,561
- Number of people directly employed: 14,712
- Total value of relief claimed: £85,686,881

Higher rate of TTR greatly boosts the theatre sector's ability to deliver positive results for the economy and society

Our survey findings show that the higher rate of TTR has been hugely effective in providing financial stability, driving growth and creating employment. With the recent news of the recession in Q4 2023, SOLT & UK Theatre believe these findings demonstrate the great potential for growth in the theatre sector as a key component of the wider creative industries, one of the five pillars of growth for the UK economy; for every £1 spent on a theatre ticket, £1.40 is spent in a local area (Fig. 3).

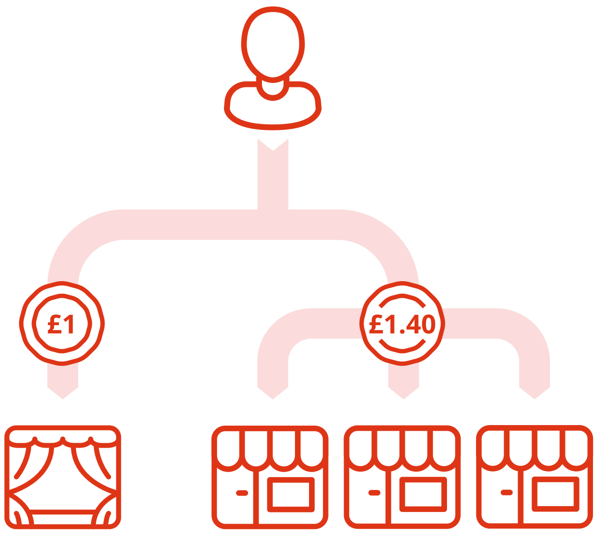

Fig. 3: For every £1 spent on a theatre ticket, £1.40 is spent in a local area

The theatre sector is an economic powerhouse, a driver for transformative social good, as well as building pride in place and a key player in cultural placemaking. Theatres are therefore uniquely placed to benefit individuals (well-being and social capital), communities (improved highstreets and local economies) and society (what we say about ourselves, Global Britian, economic growth and foreign direct investment).

Reducing the current rate of TTR will have a detrimental impact on local economies, particularly in Levelling Up areas

SOLT & UK Theatre members are already taking action in anticipation of the reduction in the rate of TTR. In 2026, organisations anticipate a 28-30% reduction in the total number of productions and playing weeks if the TTR rate is reduced. This will have a direct impact on local economies with a disproportionate impact on Levelling Up areas and lead to job losses that will accompany the shrinking of productions and reduction in playing weeks.

Findings in full

Greater number and scale of productions

- For 83% of respondents current TTR rates enable greater scale of productions.
- 65% are producing more shows than would be possible at a lower TTR rate.
- In anticipation of TTR tapering:
    - Number of productions created is expected to be 20% down and number of playing weeks 17% down next FY on last FY.
    - In 2026, organisations anticipate a 28-30% reduction in total number of productions and playing weeks if TTR rate is reduced (Fig. 4).

Fig. 4: In 2026, organisations anticipate a 28-30% reduction in total number of productions and playing weeks if TTR rate is reduced

> "The higher rate of TTR allowed us the flexibility to consider new emerging work which has a higher investment cost mitigated by higher TTR rate. It also allowed us to work with other producing theatres in a co-producing partnership on productions much larger than we would consider on an individual basis."

> "We couldn't [sic] have been able to produce the number of shows if TTR had been lower."

> "Programming productions with larger cast sizes is more viable because of the contribution TTR will make. It allows for an increase in scale, scope and size."

Bolder programming and variety of work

- For 83% of respondents, current TTR rates help create more opportunities for the next generation of talent.
- 39% would need to change the type of work produced if current TTR rates were tapered.

> "TTR is fundamental to the survival of our long established and respected experience of creating high quality, home-grown theatre productions. Since the pandemic, the cost of creating new work has risen exponentially, so it is simply more expensive to make work now and without TTR it may be impossible."

> "The higher rates gave us the confidence to continue being bold and also invest in commissioning new writing to ensure there are more new plays in the canon of work."

Creating employment and wider economic impact

- 83% of respondents are able to employ more people thanks to current TTR rates.
- 72% are more able to invest in skills development.
- 69% cite increased business for suppliers made possible because of higher TTR rates.
- In anticipation of TTR tapering:
    - Total number of people employed expected to reduce by 23% next FY on last FY (Fig. 5).

Fig. 5: In anticipation of TTR tapering, the total number of people employed is expected to reduce by 23% next FY on last FY

- In 2026, they anticipate a 29% reduction in total number of people directly employed if TTR rate is reduced.

> "Having the higher rate of TTR was crucial to ensure the production was viable financially. This production was successful in many ways, including the training and development of in-house staff on top of course [sic] employing many freelancers."

> "[If the higher TTR rate had not been available] The majority of productions would [sic] significantly decreased in scope - with lower spends on set and costume in particular and increased risk taking with understudies not being employed. Both of these would reduce the number of people employed directly or indirectly by the production."

Greater audience reach and touring opportunities

- Higher TTR rates enable 37% of respondents to tour the UK. 46% of touring organisations would have less capacity to export/tour internationally if rates were reduced.
- If TTR rates were tapered in 2026, an average 27% decrease in audience reach is anticipated (Fig. 6).

Fig. 6: If TTR rates were tapered in 2026, an average 27% decrease in audience reach is anticipated

> “Touring children’s theatre would be less able to go to many of the levelling up regions where guarantees tend to be lower. Wales and Scotland involve higher transport costs so we would likely avoid with less TTR.”

> “Our existing tour is able to visit smaller venues that would otherwise be loss-making if not for the enhanced TTR.”

> “[Production] would not have been possible without the higher rate of TTR and we would not have been able to tour it. The mix and amount of productions for young people would have also been affected.”

Attracting domestic and international investment

- With current (higher) TTR rates, 44% of organisations feel more able to raise domestic investment and 29% are more confident about attracting international investors.
- 29% of respondents secured funding from outside of the UK for productions which benefited from TTR in the past FY (Fig. 7).
- 59% believe that TTR was an essential factor in being able to secure this capital investment, a further 27% said it was important.
- On average, 38% of total investment came from funding outside of the UK.

Fig. 7: 29% of respondents secured funding from outside of the UK for productions which benefited from TTR in the past FY

> "The higher TTR rate has meant that we were able to proceed with our new productions as they were more attractive to investors."

> "It would have been harder to raise investment [if the higher rate had not been available]. The enhanced relief has made productions more financially viable."

> "[Higher TTR rate] has led to much greater investment in each production."

> "The higher TTR rate is critical to us. It has made it possible for us to continue producing when box office is unpredictable and costs are increasing. All of our produced work post covid would have been impossible without the higher TTR rate. I am unsure how we will continue to produce when the rate drops in a climate of increasing costs."

Fostering the sector's financial resilience

- Current higher TTR rates mean that 85% of respondents are better able to absorb cost shocks, e.g. fuel, energy, production (Fig. 8).
- For 77% it also means that they have so far avoided depleting their financial reserves.

Fig. 8: Current higher TTR rates mean that 85% of respondents are better able to absorb cost shocks (e.g. fuel, energy, production)

> "Lower TTR would have resulted in the theatre being in deficit for the year. The whole producing strategy would have had to have been different if TTR had been lower."

> "TTR has been a lifeline for the sector over the last few years. We are all battling inflationary pressures and a challenging economic environment which impacts on box office and the potential to raise funds elsewhere."