

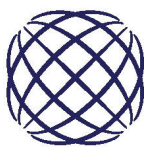
SPECIAL REPORT

Volume 1

An Exploratory Study to Identify Sustainable Funding Alternatives for Cultural Events in Edinburgh and Glasgow

by

**Dr. Rebecca Finkel, Dr. Joe Goldblatt, CSEP and
Kuan-wen Lin, MBA**



International Centre for
the Study of Planned Events



Queen Margaret University
EDINBURGH



Festivals' Millennium Clock

Photos from and provided by Ya-shyuan Jin, Taipei Representative Office in the U.K., Edinburgh Office and Kuan-wen Lin

*“Art for art’s sake
Money for God’s sake”
- Simon Raven, author, 1927-2001*

Table of Contents

Background and Purpose	1
Diagram 1. The Planning Cycle and Income Spectrum	2
<hr/>	
Previous Research	3
Diagram 2. Percentage of Festivals Funded by Different Sources	5
<hr/>	
Methodology	8
Diagram 3. Edinburgh and Glasgow Cultural Event Funding Stakeholders	8
<hr/>	
Findings	9
Current models of funding and long-term sustainability	9
Alternative models for sustainable funding streams	11
<hr/>	
Conclusions	15
The Potential Economic Impact of ACTS in Edinburgh	15
<hr/>	
Recommendations and Future Research	16
Diagram 4. The Finkel, Goldblatt and Lin ACTS Sustainable Funding Model	17
Diagram 5. Adapted Income ACTS Income Spectrum	18
Diagram 6. The Cultural Events Adapted Financial Planning Cycle	18
<hr/>	
The Authors	19
References	20
Further Resources	22

Background and Purpose

Currently, there have been reports of a “cold climate for charity fundraising”, as there has been no significant growth recently in charitable giving within limited business sponsorship (NCVO 2009). For cultural events, it has been recognised by some specialists that financial challenges are the number one problem leading to event failures (Getz 2002). Although most cultural events may not expect to make a profit, trying to break even in order to continue operating has become a major financial objective for many cultural events. However, as the funding environment becomes more and more uncertain, funding issues can decide the fate of the majority of cultural events.

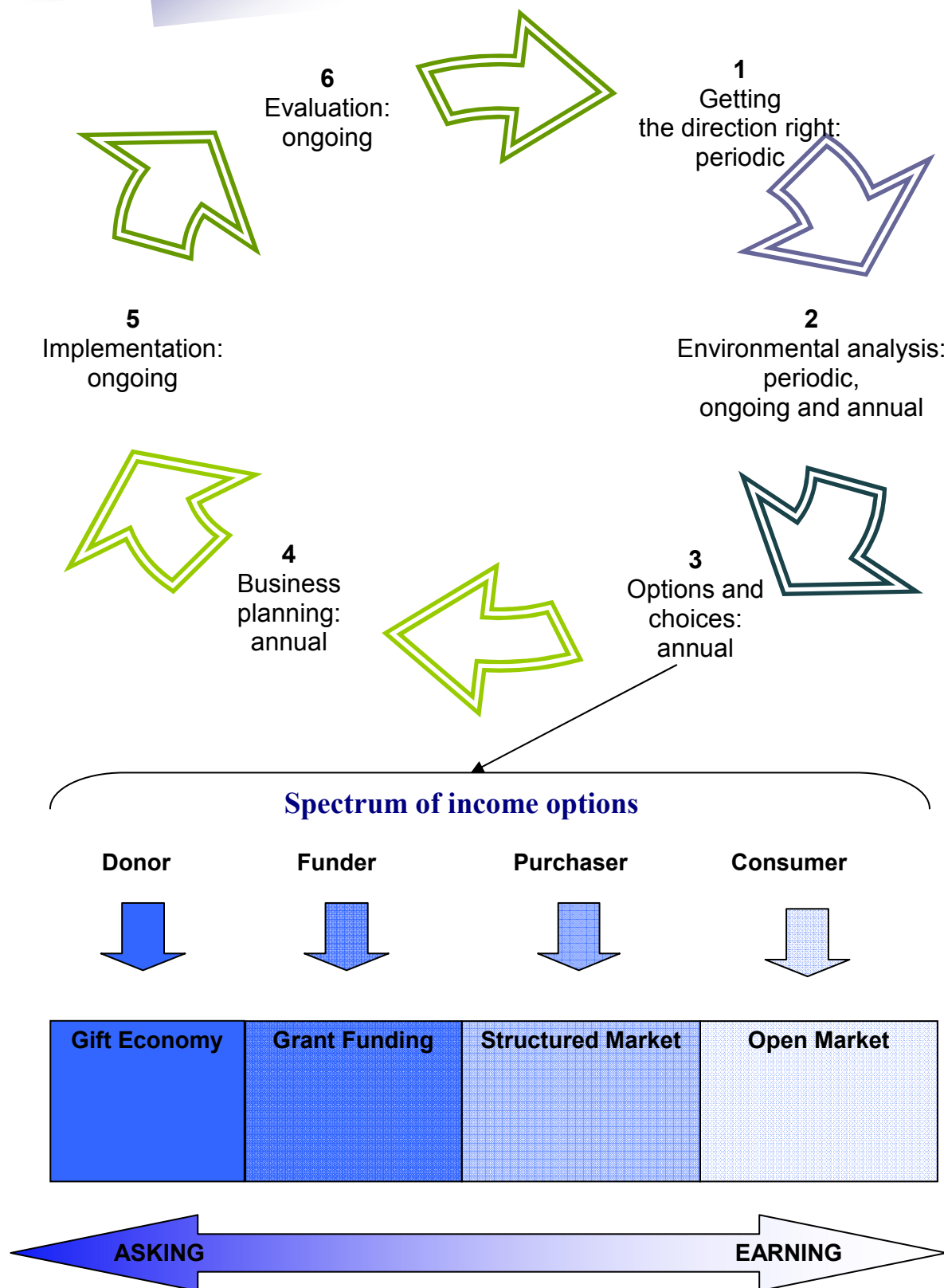
Although there is a plethora of relevant literature focusing on the cultural events industry, there is very little information specifically exploring sustainable funding alternatives for them. This study attempts to close this gap by focusing on Scottish cultural events examples in Edinburgh and Glasgow and seeks to identify possible new approaches for informing the issue of sustainable funding alternatives for cultural events.

There is a widely accepted definition of sustainability: the ability “[to meet] the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations General Assembly 1987). This definition provides a starting point of thinking about maintaining a balance in any system. In a voluntary and community sector (VCS), it has been regarded that money, resources and people are the main elements of sustainability; through managing these three, sustainability may be able to occur (NCVO 2006). In terms of sustainable funding for not-for-profit organisations or so-called “social enterprises”, it is “a process or approach to increasing an organisation’s financial sustainability that will help to ensure its long-term future” (WCVA 2009). In addition, it has been claimed that sustainability is not only achieved by “winning one large grant or by recruiting a number of rich donors” or “locating one ever-lasting source of income” (NCVO 2009).

As fundraising and applying for public grants has become more competitive in recent years, it has been suggested that sustainable funding requires more strategic, systematic and holistic approaches with a better understanding of what funding opportunities are obtainable in order to ensure the continuing viability of a not-for-profit organisations. Skills involving accessing and managing these funds are also needed in many of these organisations (NCVO 2006). Based on a series of investigations on WaterFire, a site specific urban art installation in New England, USA, it has been suggested that “a steward” is needed at events to tap into various opportunities for funding and to systematically plan and prepare for future requirements (Goldblatt 2008a). Creativity in terms of fundraising is becoming more important for events’ professionals. A planning cycle may help event managers to explore funding options more holistically based on resources (**Diagram 1**).

Diagram 1. The Planning Cycle and Income Spectrum

Source: NCVO (2006, p.5, 13) adopted by this report



Gift Economy:

Philanthropic giving, voluntary donations, pure charity. Provides unrestricted income for an organisation to use at their discretion to further their charitable aims.

Grant Funding:

Usually restricted funding provided to deliver specified outputs and/or mutually agreed outcomes. Grant funders are likely to want to monitor what is done with their investment and have clear expectations about what will be achieved.

Structured Market:

Payment for goods or services according to the terms set out in a contract between an organisation and a third party purchaser, be it from the public, private or voluntary sectors.

Open Market:

Within the overall realm of trading, the range of services and goods that can be sold is potentially endless. Some types of trading are undertaken purely to generate profit, while other types can also contribute to the delivery of an organisation's mission. Income generated in this way is unrestricted.

Previous Research

Getz (2002, p.217) argues that cultural festivals are often “not-for-profit in nature” and dependent on external sources of funding and other resources. Lin (2008) finds that the major cultural festivals in Edinburgh are also registered charities and the festivals included in the research from Glasgow are also charities. Goldblatt (2008b) suggests that due to the different purposes of event organisations, different financial philosophies are adopted. There are three main categories that apply to the different financial philosophies of event organisations: profit-oriented events, break-even events and loss leaders or hosted events. The financial philosophies of events from a charitable organisation and that of a commercial venture are very different. It can be seen that cultural festivals owned by private sectors “will not carry them for very long if they do not make a profit” (Getz et al. 2007, p.120). However, non-profit organisations:

seem to possess social capital through their networks and charitable status that enables some of them to continue to raise money, produce the event, and sell tickets even when they are financially very weak (Getz et al 2007, p.120).

Based on the context of non-profit organisations, Caves (2000) stresses the key point of financial management in the creative industries: total revenues are supposed to be equal to total costs. Non-profit organisations cannot “stay in the game” without covering their total costs (Caves 2000, p.225). Indeed, cultural events' organisers need to manage these costs to maintain the events' sustainability (Maughan 2007).

Caves (2000) has also recognised that developing new audiences and presenting high quality performances are two ways that non-profit managers in cultural sectors could increase their chances for future sustainability. For example, when conducting the research on members of the American Symphony Orchestra League, a statistical study has found evidence that more grant income was associated with improving quality rather than lowering tickets price (Lange et al. 1986).

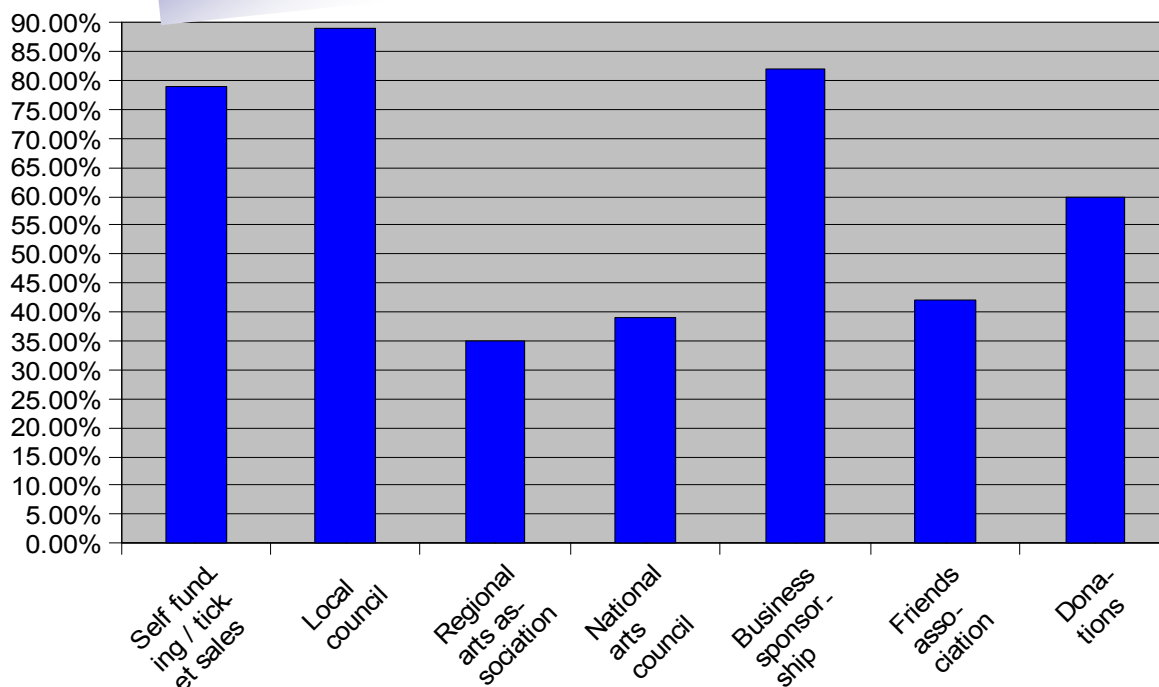
In addition, it has been recognised that improving the quality of performances is closely linked with festivals' infrastructures. Carlsen et al. (2008) indicate that new investments in festivals' infrastructures have to be justified by providing a return on investment and capacity utilisation. As a result, planning and management skills may be essential for cultural events managers for bolstering festivals' funding opportunities.

In order to become more informed about complex management environments, SWOT and PESTLE analyses have been regarded as useful tools for event organisers to evaluate the 'health' of their internal and external financial situations. It has been suggested these could be analysed from following viewpoints: government and emerging policies, economic trends, new government legislation, society and demographics, clients/beneficiaries and their needs, other market players, purchasers and suppliers (NCVO 2006).

It has been found that the majority of arts festivals and cultural events rely on a combination of public funding, ticket sales, business sponsorship and personal donations from individual and friend's association in order to cover costs (Finkel 2009). As a result, a range of income sources, which is often referred to as “diversification,” is often implemented. For an arts festival to be continuously successful financially, there are usually diversified financial stakeholders involved from governments to business sponsors to other resources in the private sector. In Finkel's (2007) research of 117 UK combined arts festivals, only 8% of the festivals surveyed reported receiving funding from only one source. Whereas, 85% responded that they are financially supported by more than two different funding sources, and 71% rely on a combination of more than four public and private funders (Finkel 2009). As **Diagram 2** below illustrates, the majority of arts festivals rely on the local council and business sponsorship for funding, followed by box office sales and donations. It was also found that changes in funding sources occurred on a case-by-case basis and often changed from year-to-year, which can have an impact on consistency and sustainability for future planning (Finkel 2009).

Diagram 2. Percentage of Festivals Funded by Different Sources

Source: Survey of UK Combined Arts Festivals (Finkel 2009)



The role of government is often mentioned in this kind of research. Since the 1980s, cultural events have been regarded by many European governments as vehicles to cultivate the competitive advantages of cities due to their potential economic and cultural impacts (AEA Consulting 2006; Paraskevopoulou 2006). Many city governments have supported cultural festivals in order to be platforms for creation and cultural experience, which can also be used to promote their cities. Many national, regional and local governments in the UK regard festivals as the mechanisms which can drive the economic development of cities and “city-repositioning” (Paraskevopoulou 2006, p.9). Cultural events may be employed as “tourism catalysts” by the municipalities, and, therefore, public resources are committed to them for “destination development” (Getz, 2007, p.120). In addition, Carlsen et al. (2008) found that with the development of festivals in Edinburgh, the influx of specialists for delivering cultural festivals and events and enhancing cultural products and quality brought a diversity of skills and ideas to the city.

It is argued that governments are important stakeholders in cultural events and government investment has a crucial role to play in the financial resources of cultural events. However, a study conducted by AEA Consulting (2006) found that the proportion of public grants for UK cultural festivals is decreasing compared to other sources of income. At the same time, cultural festivals continue to develop nationally and internationally. Even the main funding source for festivals from the public sector in the UK, National Lottery Funding, faces a growing range of demands including the coming Olympics in London (NCVO 2009).

Although there is a long history of cultural events competing for government subsidies, the effects of public grants for festivals in their organisational financial efficiency has rarely been properly examined. Lin (2008) examines 77 sets of financial data from eight of the major festivals under the Festivals Edinburgh umbrella from 1997 to 2006. This empirical study has revealed that there was no statistically significant association between the Net Profit Margin (financial results) and the Public Grants ratio among these financial figures. The result may imply the possibility that direct public funding could not effectively help festivals' ability to control their finances.

In a study of arts funding in Australia, Craik (2007) identifies a typology of five funding approaches for the public sector. Firstly, she argues that the *patron* approach is best exemplified in the Australia, Canada and the United Kingdom. The classic patron approach provides intrinsic support with the government acting as a patron of the arts. Secondly, she describes the *architect* approach wherein funding stems from an individual Ministry, such as Sports and Culture, to provide a designed outcome to meet a specific economic and / or social need. Thirdly, she identifies the *engineer* as a more rigid approach that firmly imbeds instrumental approaches through funding, as exemplified in government regimes such as North Korea. Fourthly, Craik identifies the hands-off approach known as a *facilitator* approach wherein the government provides stimulus for the arts with very few explicit requirements or outcomes expected from the recipients. Fifthly and finally, the *elite nurturer* is defined by Craik as a government that provides select funding for specific purposes in order to promote the tourism or social services sector in a very specific funding approach (Craik 2007).

In order to boost the rationale for public support, economic impact studies of cultural events have become very popular in recent years to try to 'justify' government subsidies. However, considering the cost of conducting these kinds of evaluation and feasibility studies, it has been claimed by some that this kind of study would be difficult to carry out effectively year after year (Williams and Bowdin 2007). Also, the so-called 'value' of cultural events is starting to be recognised beyond the economic, and social contributions are being considered as well. However, it has been advised that the evaluation of the festival-specific social benefits is complex tasks for researchers (Carlsen et al. 2008). Therefore, festival managers may encounter difficulties in obtaining more funding from the public sector on these grounds before meaningful measurement methods are developed and adopted in this respect.

There are success stories with regard to cultural events and public sector funding relationships. After years of searching for dependable funding resources from the public sector, the travel industry and the government in the U.S. state of Missouri have developed a successful funding mechanism model from 1993 known as House Bill 188 (HB 188). The legislation allocates a percentage of tourism-generated tax revenue to support tourism with no tax increases. The system has increased the budget of tourism subsidy in Missouri from six million US dollars in 1993 to 14.8 million US dollars in 1999, and eventually eliminated the need for campaigning for general public funding year after year in the industry (Missouri Division of Tourism 2000).

In the Missouri model, 17 categories of businesses which serve travellers and benefit from the growth of tourism industry were chosen as sources of income through working with the Missouri Department of Revenue. A small portion of the growth in the tourism-generated tax revenue from the 17 categories are reinvested each year in state tourism industry marketing. This innovative funding concept earned Missouri the Travel Industry Association of America's prestigious Odyssey Award for Tourism Awareness in 1993. This performance-based budgeting process has demonstrated its value for those which financially rely on dependable funding resources from government support.

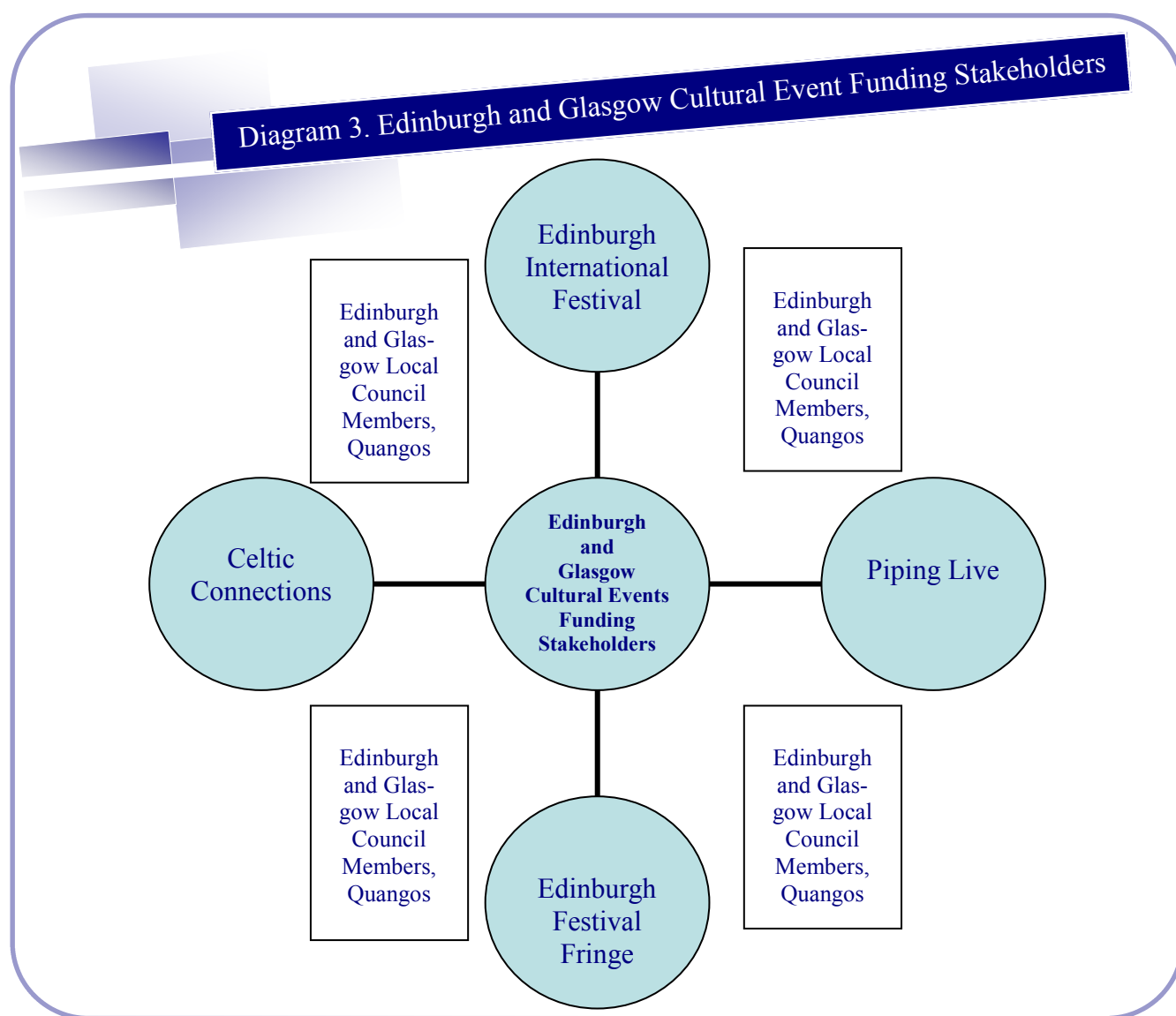
In terms of audience-based financial support, it has been considered that the *user-pays* approach may help to maintain the sustainability for cultural activities. In New York City, more and more theatre owners have decided to add the restoration, infrastructure and facility fees on to the ticket price in order to cover their "real costs," which includes the depreciation costs for the building and investment in new technology. The theatre owners in New York City grossed about 10.5 million U.S. dollars from these kinds of charges in 2006 (David 2007).

Some National Trust properties in the UK have been operated in a Gift Aid Admission scheme, which is similar to these charges. It is argued that the Gift Aid Admission is not only a 10 percent voluntary donation adding on the standard admission fee, but also enables the National Trust to reclaim tax from the Government (National Trust 2009). These ideas surpass beyond the traditional funding models and may inspire people to think about a full range of options for moving towards sustainable funding. The Fourth Floor Restaurant in Harvey Nichol in Edinburgh has conducted a charity scheme, which adds £1 voluntary donation to each check automatically, during August and December from 2004. The scheme is very successful and since 2004 they have raised approximately £17,500 for the charity. A voluntary collection scheme such as the one initiated at Harvey Nichol's in Edinburgh may provide a specific target market with an alternative opportunity to support cultural events if the scheme is properly communicated and well marketed. Of the 12 major Edinburgh festivals, the Edinburgh International Science Festival has incorporated a voluntary 10% donation for tickets sold through the City Art Centre. This generates £1.28 per ticket through Gift Aid for the festival.

Whilst there is strong evidence that cultural events must receive some level of core public funding, there is also a paradigm shift occurring within the cultural sector where the public sector is less capable of providing a long-term commitment to cultural events. Therefore, there appears to be a emerging need to identify alternative sources of funding in addition to the public 'purse' to provide sustainable funding for cultural events. Research regarding alternative funding sources for cultural events appears to be very sparse. As a result of the paucity of information and research concerning alternative founding sources for cultural events, a research strategy and plan was developed and implemented to further expand the potential for developing options for more sources of sustainable funding for cultural events in Edinburgh and Glasgow.

Methodology

Two approaches were utilised to achieve the aims and objectives of this study. First, a comprehensive financial analysis of the Edinburgh festivals was conducted by Kuan-wen Lin to provide a quantitative underpinning for this study. Second, qualitative in-depth semi-structured interviews were conducted with 18 people in Edinburgh and Glasgow who lead, fund or support cultural events in these two cities. Four major festivals, two in Edinburgh and two in Glasgow were selected for an in-depth comprehensive examination. Two local council members from Edinburgh and Glasgow were selected to provide a high level public funding perspective. Additionally, council staff in Edinburgh and quango staff members in Glasgow were interviewed to provide operational perspectives regarding the funding proposals. These 18 individuals were referred to the researchers by a senior central government official from the events sector in Scotland. The 'snowball' approach utilises expert referrals to identify the qualitative sampling frame for the interviews. **Diagram 3** depicts the conceptual framework that guided this research study.



Findings

The findings are based on the transcribed interviews with the leaders of four well-established major cultural events in Edinburgh and Glasgow, Scotland, senior local government council members, and local government and quango non-elected officials working in the event sector.

Current models of funding and long-term sustainability

The basic public funding arrangement for cultural events is based on three-year blocks, and according to a non-elected government official, there is a presumption this will continue with the caveat that there has to be ongoing greater resources. However, due to the global financial downturn of 2008-2009, this is becoming harder and harder, and many cultural events are being funded year-by-year for the most part (Cultural events director, 2009). To complicate matters, significant cuts in funding are being experienced across the board (Local council member, 2009). A non-elected government official sees the need to develop core funding from the council budget to increase reliability of funds for cultural events; for example, the entire events budget in Edinburgh is drawn from a small amount of money through the city capital supplement provided by the national government, and it is uncertain whether it will be there in two year's time. According to almost all interviewees, new sources of funding and new models for reliance on public funding are vital.

***“Times have changed. Governments are in trouble.
We could benefit from finding alternative funding methods for cultural events.”
- Local council member, 2009***

According to a local council member, sponsorship is essential and funding from quangos should be forthcoming, such as national lottery funding. Also, it was suggested by this local council member that earned income from event real estate holdings, such as the Hub in Edinburgh, could provide rental income as a new source of funding for cultural events. An cultural events director relates that there is a greater reliance on ticket sales, sponsorship and private donations to generate income. Some cultural events are trying new, creative ways of raising funds, such as commercial raffles, offering training workshops as well as Friend's schemes, private trust solicitation and aggressive ticket sale techniques. However, a local council member cautions that care needs to be taken that ticket prices are not raised too high. Further, a cultural events director cautions, “It is not always possible to increase ticket prices without potentially limiting access to your event” (Cultural event director, 2009).

“Stability is the key word. Success in art is always subjective.”

- Cultural events director, 2009

It is argued by many cultural event directors in both Edinburgh and Glasgow that there is a strong correlation between funding and programme quality. With more sustainable funding, one director says, “We would plan bigger and better projects further ahead and would commission new work. We would push the bounds of what we have done previously and get out and see a bit more”.

And this links to competition within the international cultural event marketplace. The Adelaide, Australia, and Salzburg, Austria, festivals were repeatedly cited by the cultural event directors and government leaders as significant international competition for Edinburgh's and Glasgow's cultural events. Manchester, England, was the main competitive threat in the United Kingdom, and it was noted by one local council member that Manchester has a dedicated funding stream through their airport, which benefits the city's cultural activities (City council member, 2009). It is generally perceived that adequate funding for cultural events is one of the key drivers for staying ahead of the 'thundering hooves' of other city's cultural events such as Manchester (AEA Consulting 2006).

“It is unrealistic to think that Scotland wants a world-class set of festivals without world-class funding to support them.... The world is catching up!”

- Cultural events director, 2009

The cultural events examined for this study are perceived to have strong brands due in large part to their longevity in the cultural event marketplace and which their directors have cultivated effectively over these many years. This is argued by the cultural event directors to have helped them to obtain funding and will continue to help them going forward. Promoting brand alignment is seen as important to the cultural events directors.

“It is really simple.

First, know your product.

Next, get more involved with your customers.

Third, always seek more funding from different sources.”

- Cultural events director, 2009

In terms of advice for the events industry, one cultural events organisation leader has found that “the real magic is people working together, facilities, teams that are multifunctional”. New ideas for funding models from Edinburgh's and Glasgow's successes may be applied to other destinations, according to government non-elected officials, and the templates can be used to help others in engagement and building an evidence base that may be used elsewhere to promote wider sustainability across the cultural sector.

Alternative models for sustainable funding streams

Three alternative models were presented to interviewees to gauge feasibility and success.

- ✂ **Model One:** *Ring fence and re-direct existing VAT for cultural event support scheme: Use of 1% of the Value Added Tax (VAT) that would be ring fenced for cultural events from local businesses that directly benefit from cultural events through increased tourist numbers and visitations that are caused by cultural events in their destination. This alternative funding technique is known in the United States as the 'Missouri Model' and has been described as a 'painless' tax because it does not increase taxes for residents or visitors. Rather, this system of funding re-directs funds that have been previously collected from businesses in sectors such as hospitality, entertainment and other services to provide specific new and increased financial support for the cultural events that were responsible for initially generating these financial resources.*
- The response from cultural events directors and government was mixed in response to the potential successful implementation of this method of alternative funding.

“It is hard to argue cultural policy. People do not realise how much culture impacts everyone. The message should be about quality of place. This is a very good idea because restaurants and pubs definitely benefit from our events. They would start to think what cultural events do for them. However, it would have to be without strings, no prescriptive outcomes.”
- Local council member, 2009

“Our event generates over £10 million in economic impact for our city. Therefore, 1% of the VAT would be a logical and reasonable way to fund this event and others.”
- Cultural events director, 2009

- The main drawback with this scheme was highlighted to be resistance or “push back” from local residents and merchants. Collection and fair dissemination of the funds were also issues raised about this potential scheme. In addition, some local council members stated that as a result of the limited number of devolved powers in Scotland, permission for this funding change may have to be approved by the Westminster government as well as the Scottish central government.

※ **Model Two: Voluntary Contribution Through Local Business Scheme:** *Generation of voluntary donations automatically added to the bill by customers through local businesses, such as restaurants, accommodations, entertainment and other sectors that benefit financially from cultural events income generation. Harvey Nichols' Forth Floor restaurant in Edinburgh has had success in collecting funds for Street Smart Edinburgh, which is part of the national Helping the Homeless organisation that raises over £300,000 annually through voluntary donations from restaurant patrons supporting the charity. In addition, according to The Yorkshire Evening Post, "In 2009, the generous diners (from Harvey Nichols Fourth Floor Restaurant in Leeds) defied the credit crunch to hand over £13,000 to the Leeds StreetSmart campaign. This represents an incredible £4,000 more than the previous year" (Leigh 2009).*

- The response from both the cultural event directors and local government officials was not favourable because they were concerned with the ability of local governments to insure that the funds collected by local businesses could be properly monitored once they have been collected. Furthermore, some cultural event directors were doubtful that customers would support the cultural sector at the same level as the social sector, such as Helping the Homeless.

“There is a question of whether diners and others would give to culture or prefer to give to a health or social charity. There is also the potential for fraud if the funds are not monitored after being collected.”
- Cultural events director, 2009

※ **Model Three: Audience Contribution Transfer System (ACTS Scheme):** *Automatic addition of £1.00 per ticket sold for each participating cultural event being deposited in a centralised cultural trust fund and the proceeds re-distributed to the cultural events organisations based upon the number of tickets sold by each organisation.*

- The majority of the cultural event directors and local government officials were favourable (90%) regarding future research potential testing and implementation of this scheme.

“In the United States, Broadway theatre owners automatically collect between \$1.25 and \$1.50 fee for every ticket sold. This fee is described as a theatre restoration or facility fee. People may be more willing to contribute money a pound if they believe they are supporting infrastructure.”
- Cultural events director, 2009

“The audience would be a natural target audience because they are already supporters.”
- Cultural events director, 2009

“Yes, this could work. Our trading company (for profit) is exploring a loyalty or affinity card for this purpose to solicit more income from our customers.”
- Cultural events quango, 2009

- For those cultural events that currently do not incorporate a ticket handling or transaction fee, the automatic addition of £1.00 per ticket was considered to have relatively little potential objection from current and new audience members.
- Implementation could happen through a central ticketing strategy through places like the Hub in Edinburgh.
- It was deemed that this could be a viable option because it allows opportunities for opting in or out.
- It was viewed to be the potential scheme with the most income generating potential. Indeed, one international arts festival could earn £10,000-£25,000 in new income, and another two could earn £50,000-£100,000 each year.
- An additional benefit of this potential scheme was the Gift Aid contributions, which would add between £1.20 and £1.40 to each donation.
- The only issue that was raised from this potential scheme was the possible creation of a hierarchy in the cultural sector due to uneven distribution.

However, along with these potential schemes, it is argued by cultural event directors that long-term core public funding is still absolutely essential. The staff members at the cultural events quango also agreed with the need to find alternative funding streams, but they suggested that public funding “may still be best because there will be an absence of cynicism.” The city councils, on the other hand, warn of the annual battle they go through to decide how much funding to provide for cultural programmes. “Many say that the money should be spent on

schools. It is more and more difficult each year. Our annual survey of citizens tell us that culture is a low priority.” In response to this, a non-elected government official states:

“There is a stronger evidence base for the value of cultural events. There needs to be more assurances from government and more recognition of the beneficial nature of the city's festivals and events.”

Indeed, as one cultural events director states:

“We have the largest festivals in the world. What else does Scotland have that we are the biggest in the world? It is key to the identity of Scotland. Tourism is more important to this city than banking. It is a way of maintaining [the city's] economy in a recession. If the festivals fail, the economy collapses. There needs to be a wake up call! It's the arts, stupid. It's easier to sell (the arts) than Scottish football.”

Conclusions

- The Glasgow city council member and cultural events directors interviewed for this report appear to be more confident in identifying alternative funding approaches and relying on less support from public funding in the future.
- The Edinburgh cultural events directors and local council members interviewed for this report believe that core public funding must be provided and then other funding may be solicited to enhance the cultural events.
- Both cultural event leaders and local council members as well as government officials in Edinburgh and Glasgow who were interviewed for this report recognise the need for multi-year predictable and reliable funding to insure future quality of their cultural events.
- However, generally, the Edinburgh cultural event directors, local council members and government officials interviewed for this report believe this may only happen through establishment of multi-year core funding whereas the Glasgow cultural event directors, quango staff and local council member recognise the opportunity to generate sustainable funding through other alternative streams.
- Finally, both Edinburgh and Glasgow cultural event directors, local council members, quangos and government officials interviewed for this report recognise the need for improvement of infrastructure for cultural events as well as capacity building for cultural events. They concur that that future alternative funding may be tied to these needs to generate greater future support from the general public.

The Potential Economic Impact of ACTS in Edinburgh

It is estimated that the implementation of the ACTS scheme could potentially generate in excess of £2,500,000 per year in additional funding for the four cultural events in Edinburgh and Glasgow examined for this report (Lin 2009). Even with the allowance for an opt-out procedure for those ticket buyers who do not wish to provide the additional £1 of support per ticket purchased, this increased support could be substantial and provide new resources for infrastructure maintenance and expansion, programme development and greater access for new audiences. According to published reports from seven of the major Edinburgh Festivals, nearly 2,500,00 tickets were sold in 2007. If the ACTS model was instituted, based upon these transactions, the total potential new revenue available to support and sustain these events would be in excess of three million pounds per year. This income estimation includes funds from a one pound contribution per ticket and the resulting estimated Gift Aid contributions.

Recommendations and Future Research

The cultural event directors, local council members, quango staff and government officials interviewed for this report generally agreed that of the three schemes presented, the ACTS alternative was the most feasible, viable and sustainable – as long as people know where their money is going. For example, according to research that was conducted in the public museum sector in the 1990's in Scotland, implementation of admission fees did not meet with widespread resistance if the museum clearly stated what the funds were supporting (Bailey et al, 2004).

Therefore, if implemented, the ACTS scheme should be accompanied by a strategically well researched, tested and implemented marketing programme to notify the prospective ticket buyer of how their contribution is being used to support cultural events. Furthermore, the majority of cultural event directors who were interviewed stated that there is a significant need to improve the infrastructure for cultural events, and, therefore, this message may be one that is most desirous of audience members, as it clearly describes how the funds are being used to produce tangible outcomes. Potential marketing slogans may be developed, such as “Get in the ACT” or “ACT Now,” which may also be tested for understanding and their potential ability to persuade and inform current and future ticket buyers (ACTORS) prior to implementation.

In order for this scheme to be potentially successful, the following additional research may be conducted in the future. First, the cultural events sector should survey their audience and future audience members (non ticket buyers) to identify if this scheme would be accepted and embraced, as it is elsewhere. For example, according to the New York Times (David 2007), a random sample of 100 audience members attending the musical, “Jersey Boys,” provided evidence that the majority of those surveyed did not object to paying for building maintenance of the theatre.

Diagrams 4 and 5 demonstrate how this system could be adapted and adopted in Edinburgh and Glasgow to potentially provide additional sustainable funding for their cultural events. **Diagram 6** further demonstrates how the financial management planning cycle may be improved to enable cultural event leaders to more carefully monitor the opportunities and challenges that this system, if implemented, may create. This diagram recognises that future global economic fluctuations will continue and, therefore, requires cultural events leaders to adapt a new paradigm of continually monitoring on an ongoing basis every phase of the financial planning process.

Traditionally and historically, cultural events in Edinburgh and Glasgow have struggled due to short-term planning necessitated by unpredictable sources of income from public and earned income. Further, much of the physical infrastructure (especially in Edinburgh) for these events has suffered due to the lack of funding for

repair and modernisation. Through further research, testing and potential implementation of new forms of revenue generation, such as the ACTS model, the cultural events sector in Edinburgh, Glasgow and potentially other cities may benefit in the following ways.

First, cultural event managers will be able to estimate more precisely what the available funding will be, and this will allow for longer term planning in the future. Second, cultural events audiences will be able to benefit from improved infrastructure resulting from these funds. Third, cultural events and their audiences will become more closely aligned through increased mutual engagement in sustainable funding of these events. Fourthly and finally, cultural events may be able to refocus their fundraising efforts upon achieving core funding from the public sector whilst simultaneously engaging the audience to support their future sustainability. The new model introduced in this report may ultimately benefit cultural events, their audiences as well as the general public by providing a sustainable method generating more predictable long-term sources of funding for the future.

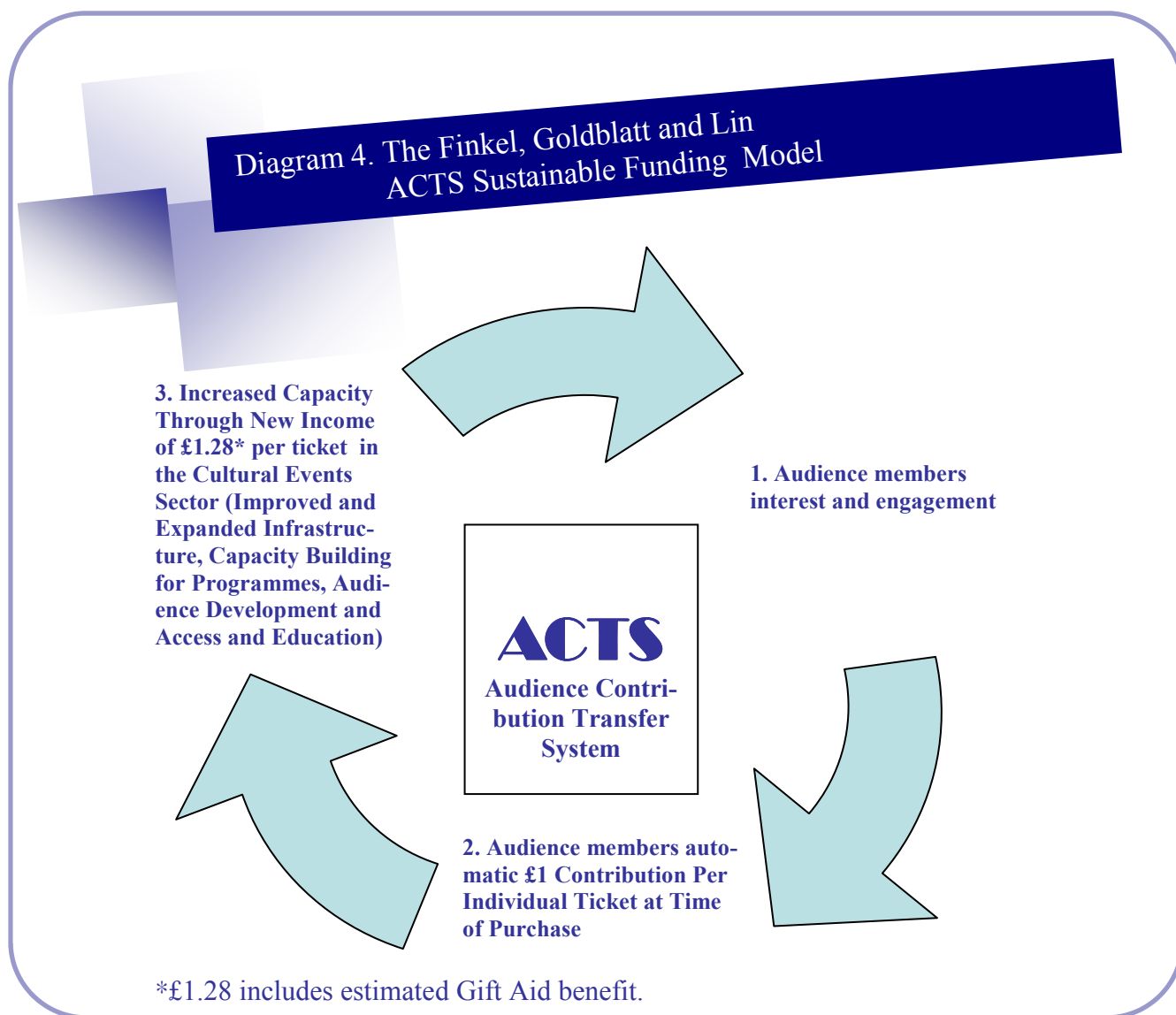


Diagram 5. Adapted Income **ACTS** Income Spectrum

Source: NCVO (2006) adapted by Finkel, Goldblatt and Lin

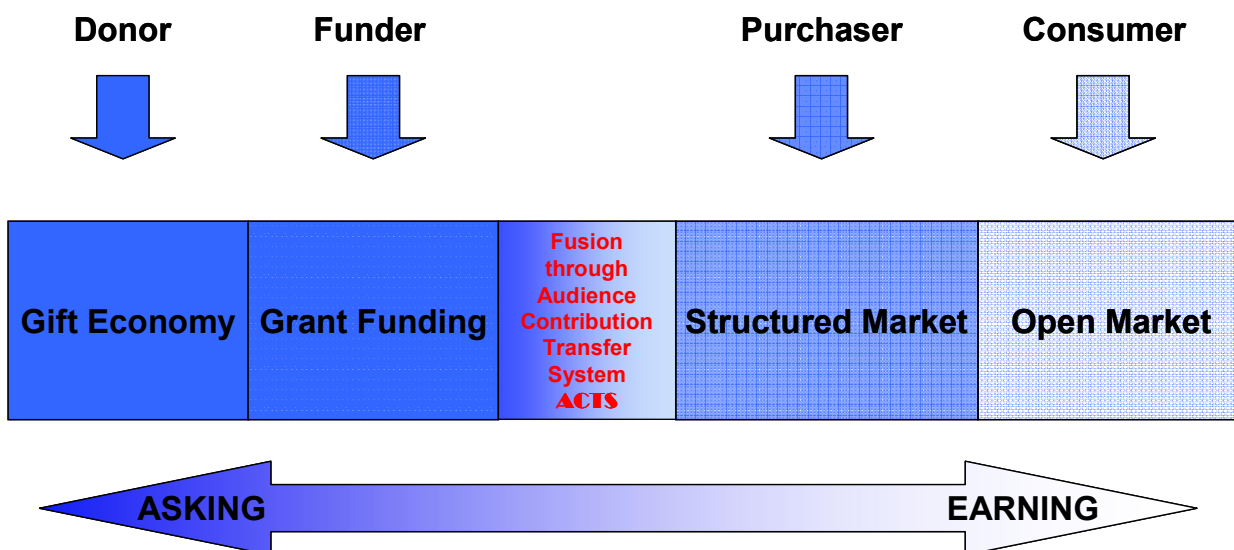
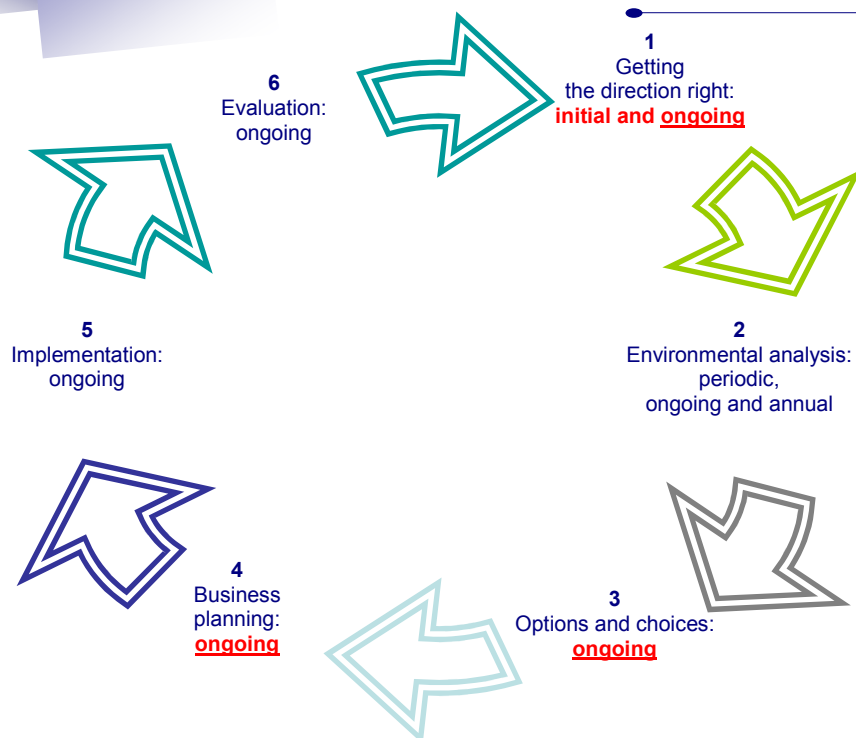


Diagram 6. The Cultural Events Adapted Financial Planning Cycle

Source: NCVO (2006) adapted by Finkel, Goldblatt and Lin



The Authors

Dr Rebecca Finkel is Programme Leader and Lecturer of Events Management in the School of Business, Management & Enterprise at Queen Margaret University, Edinburgh. Her main field of study is the role of arts festivals in the cultural economy and their social, economic and political impacts on communities and places. She has researched and consulted on an Institute of Contemporary Arts (ICA) and King's College London project for Hong Kong University to inform the Hong Kong Government about developing cultural industries and policies based on the UK model. Also, she has consulted with the London Development Agency (LDA) on a research project informing the development of and investment in creative industries and creative entrepreneur programmes in South London.

Dr. Joe Goldblatt, CSEP is the author, co-author and editor of 18 books in the field of event management. He is the executive director of The International Centre for the Study of Planned Events. Dr. Goldblatt served as the founding president of the International Special Events Society. He has consulted or delivered speeches in over 50 countries throughout the world.

Kuan-wen Lin, MBA is a research assistant in the International Centre for the Study of Planned Events whose research expertise involves finance and funding issues related to cultural events.



References

- AEA Consulting. 2006. *Thundering Hooves: Maintaining the global competitive Edge of Edinburgh's Festivals- Full Report*. [electronic book] Scotland: Scottish Arts Council. Available from: <<http://www.scottisharts.org.uk/1/information/publications/1003373.aspx>> [Accessed on May 16 2009].
- Bailey, C., Miles, S. and Stark, P. 2004. Culture-led urban regeneration and the revitalisation of identities in Newcastle, Gateshead and the North East of England. *International Journal of Cultural Policy*, 10 (1), 47-65.
- Carlsen, J., Ali-Knight, J. and Robertson, M. 2008. Access - A Research Agenda for Edinburgh Festivals. *Event Management*, 11 pp.3-11.
- Caves, R. E. 2000. *Creative Industries: Contracts between Art and Commerce*. London: Harvard University Press.
- Craik, Jennifer. 2007. *The Convergence of Arts and Cultural Policy*, Re-visioning the Arts and Cultural Policy, Canberra, Australia: ANU E Press
- David, C. J. 2007. How Much Does It Cost to Buy a \$110 Theater Ticket? *The New York Times*. Available from: <<http://www.nytimes.com/2007/02/10/theater/10fees.html>> [Accessed on May 16 2009].
- Finkel, R. 2009. A Picture of the contemporary combined arts festival landscape. *Cultural Trends*, 18 (1) pp.3-21.
- Finkel, R. 2007. Tensions between Ambition and Reality in UK Combined Arts Festival Programming: Case Study of the Lichfield Festival. *International Journal of Events Management Research*, 2 (1).
- Getz, D., Andersson, T. and Larson, M. 2007. Festival Stakeholder Roles: Concepts and Case Studies. *Event Management*, 10 pp.103-122.
- Getz, D. 2002. Why Festivals Fail. *Event Management*, 7 pp.209-219.
- Goldblatt, J. 2008a. *WaterFire: A Study of Urban Regeneration and Renewal*. UK: Leisure Studies Association
- Goldblatt, J. 2008b. *Special Events: The Roots and Wings of Celebration*. 5th ed. Hoboken, N.J.: John Wiley & Sons.
- Lange, M., Luksetich, W. and Jacobs, P. 1986. Managerial Objectives of Symphony Orchestras. *Managerial and Decision Economics*, 7 pp.273-78.
- Leigh, D. 2009. Leeds Diners Defy 'Crunch' to Help Homeless. *The Yorkshire Evening Post newspaper*: Leeds, UK
- Lin, K. 2008. *A quantitative analysis of the public grants and the time factor involved in reducing the financial risk to the festivals belonging to Festivals Edinburgh*. Master thesis, Queen Margaret University.

References

- Maughan , C. 2007. The life cycle of a festival: preliminary thoughts. [online] *Exploring Festival Economies*, Oct. 26, 2007, City University, London, UK. Available from: < http://www.city.ac.uk/celeb_ent/events/Exploring%20festival%20economies.html> [Accessed on May 19 2009].
- Paraskevopoulou, S. 2006. *Modern Cultural Festivals in Greece and Barriers to their Development*. Master thesis, Queen Margaret University College.
- The National Council for Voluntary Organisations (NCVO). 2006. *Introductory Pack on Funding and Finance*. London: NCVO. Available from: < www.ncvo-vol.org.uk/sfp > [Accessed on May 16 2009].
- United Nations General Assembly. 1987. *Report of the World Commission on Environment and Development: Our Common Future*. Available from: <<http://www.un-documents.net/wced-ocf.htm>> [Accessed on May 16 2009].
- Williams, M. and Bowdin, G. 2007. Festival evaluation: An exploration of seven UK arts festivals. *Managing Leisure*, 12, pp.187-203.

Internet Sources

Missouri Division of Tourism
<http://www.missouritourism.org>

The National Trust
<http://www.nationaltrust.org.uk>

The National Council for Voluntary Organisations (NCVO)
<http://www.ncvo-vol.org.uk>

The Wales Council for Voluntary Action (WCVA)
<http://www.wcva.org.uk>

Further Resources

Burns, S. and Turton, D. 2006. *Distance Travelled: The experience of outcome monitoring within NCVO's Sustainable Funding Project*. NCVO. London.

Copeman, C. et al. 2004. *Tools for Tomorrow – A practical guide to strategic planning for voluntary organisations*. NCVO. London.

Cuppitt, S. and Ellis, J. 2003. *Your Project and its Outcomes*. CES. London.
Available at: www.biglotteryfund.org.uk/project_outcomes.pdf

From Asking to Earning – Experiences of trading. 2005. NCVO, RISE and South West Forum.

Full Cost Recovery: A guide and toolkit on cost allocation. 2005. New Philanthropy Capital and ACEVO. London.

The guide includes a cost allocation template to help organisations calculate the full costs of their projects and services in an easy step-by-step process. It is available in hard-copy or as an interactive CD-Rom from www.acevo.org.uk

Palmer, P. 2006. *Introductory Pack Guide to Financial Management*. NCVO. London.

Palmer, P., Young, F. and Finlayson, N. 2005. *The Good Financial Management Guide*. NCVO. London.

Voluntary Sector Strategic Analysis (annually). NCVO. London.