



## **Rebooting the Economy: The Arts and Entertainment Sector**

### **The Impact on Funding from Business Partnerships**

Submission made to the Special Committee on COVID-19  
By *Business to Arts* (June 2020)

## **#SupportTheArts**





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### About *Business to Arts*

Established in 1988, *Business to Arts* is a membership-based, charitable organisation (CHY 9871, RCN: 20024741) that brokers, enables and supports creative partnerships between businesses, individuals and the arts.

We work with our corporate members on arts sponsorship, commissioning, corporate social responsibility programmes, internal and external communications and event programming. We also work with artists and arts organisations providing a range of training opportunities and coaching to help diversify income streams, grow audiences and improve strategic planning.

We are known for our in-house programmes, which include the [Business to Arts Awards](#), which is an annual showcase of leading corporate and cultural partnerships in Ireland; [Fundit.ie](#) our crowdfunding website; and [New Stream](#) our arts fundraising capacity-building programme.

Our corporate network ranges across the business sectors from local family-run companies, SMEs, semi-state companies to FDIs and corporate foundations. Our arts affiliate base extends from individual artists to the National Cultural Institutions, and includes all art forms. We have approximately 300 members and affiliates. A list of our members can be seen [here](#).



## Executive Summary

This written submission was prepared by *Business to Arts* in June 2020. It is submitted to the Special Committee on COVID-19 Response on the topic of the impact of COVID-19 on the arts and entertainment sector. Our submission specifically addresses the impact of funding from business partnerships.

Research published by *Business to Arts* identifies that arts sponsorship is a strategic decision made by businesses and that 72% of sponsors have multi-annual sponsorship durations with their arts partners. Research published by Onside Sponsorship in May 2020 reports that 60% of music and arts event-goers believe that in today's economy, it is more important than ever for companies to invest in sponsorship.

The impact of COVID-19 on the arts sponsorship market is significant. New sponsorship relationships and the renewal of existing sponsorship relationships are under threat. In the short-term, sponsorship of the arts by businesses from the Retail, Tourism and Transport sectors and from SMEs is expected to be negatively impacted. Further research into the outlook for arts sponsorship for 2021 and 2022 will be published by *Business to Arts* in autumn 2020.

Recommendations to enhance businesses and arts partnerships include:

- Government Departments and agencies re-establishing matched-funding schemes to enhance private sector support of the arts. Between the period 2020-2022, these should focus on incentivising
  - New and renewing corporate partnerships, particularly where the related activities
    - Include filming, online distribution and/or broadcast
    - Are focused on activities and touring outside of Dublin
    - Are focused on the night-time economy
- National and Local Government working in partnership with businesses to incentivise:
  - The use of buildings and outdoor locations for the programming of artwork in the public realm
  - Construction and placemaking projects integrating temporary outdoor artworks or commission new outdoor artworks
- The Revenue Commissioners and Charity Regulator working to modernise and simplify the qualifying criteria related to Section 848a of Taxes Consolidation Act 1997 by enabling friends and membership subscriptions received by arts organisations to qualify
- Investing in professional fundraising staff for medium-sized arts organisations
- Encouraging artists and arts organisations to consider the potential of businesses commissioning new art, contributing to online fundraising & crowdfunding campaigns, funding prizes for artists (e.g. awards & bursaries) and providing philanthropic gifts and patronage where audience reach through sponsorship may have become limited

A total investment of €3.3 million by Government in 2020/21 and 2021/22 in the above will stimulate private sector investment and leverage more than €13 million matched funding into the arts sector.

*Business to Arts* also endorses the recommendations made by the Arts Council of Ireland's COVID-19 Expert Advisory Group and those made by the National Campaign for the Arts.



## Current Arts Fundraising Environment

*Business to Arts* provide regular one-to-one meetings to our arts affiliates. This service has experienced increased demand since March 2020. 41 one-to-one meetings and two group meetings with 77 participants have mostly focused on sponsorship contract renewals, negotiations and changes; new or adapted fundraising strategies; arts fundraising resilience; and a mix of related business challenges caused by COVID-19.

Common challenges faced by arts organisations and arts fundraising staff are summarised below.

### Challenges Registered

- When arts organisations begin to re-open (in July - August 2020), they will have significantly reduced audience capacities and revenue streams (e.g. ticket sales and fees from venue hire/usage)
- Venues will have new compliance-related infrastructure changes, which require budget allocation. These changes may cause certain buildings/parts of buildings to be unable to reopen and/or become unviable as arts spaces
- Arts organisations in Ireland do not have the budget available for regular professional quality filming and/or broadcast of their productions / events. Their online content also faces competition for audiences from Irish and International arts institutions
- Audiences are expected to focus more on high-quality online programming
- Audience purchasing power is expected to contract and there will be greater competition for disposable household income and corporate sponsorship budgets
- Medium-sized arts organisations (with two – six FTEs) have insufficient time and human resources to create or adapt and implement fundraising plans
- Artists and arts organisations have emphasised the importance of enhancing their communications, digital technology and fundraising skills
- Some arts organisations and sponsors have been analysing force majeure clauses in their contracts should they be required. These clauses relieve a party from strict compliance with its contractual obligations where a force majeure event occurs, and any such non-performance does not constitute a breach of their contract



## Ways Business support the Arts

Businesses support the arts in ways other than purchasing tickets or artworks. An overview of current/active business partnerships and business-focused revenue streams that are used by arts organisations is below.

Type of Business Support & Examples
<p><b>Commissions of new art</b> – proving fees to artists/arts organisations to create new work</p> <ul style="list-style-type: none"> <li>• <a href="#">Accenture's 'Women on Walls' &amp; DCU</a></li> <li>• <a href="#">Dublin Port Company, Bitter Like A Lemon &amp; Abbey Theatre</a></li> </ul>
<p><b>Membership</b> - annual giving campaigns targeted at businesses</p> <ul style="list-style-type: none"> <li>• <a href="#">Druid Theatre Corporate Membership</a></li> <li>• <a href="#">Galway International Arts Festival Business Friends</a></li> </ul>
<p><b>Corporate Citizenship / Social Responsibility</b> - programmes that address specific issues (e.g. education and access)</p> <ul style="list-style-type: none"> <li>• <a href="#">KPMG &amp; Children's Books Ireland Awards</a></li> <li>• <a href="#">'Art-in-Residence' with BHP Insurance, LK Shields Solicitors, Walkers Global</a></li> </ul>
<p><b>Gala Events / Table Sales</b> - fundraising events that have businesses are among target supporters</p> <ul style="list-style-type: none"> <li>• <a href="#">RHA Annual President's Dinner</a></li> <li>• <a href="#">Dublin Theatre Festival Gala Night</a></li> </ul>
<p><b>Partnerships (In-Kind)</b> – where expertise/services/venues reduce costs for artists/arts organisations</p> <ul style="list-style-type: none"> <li>• <a href="#">Axonista &amp; Irish Film Institute</a></li> <li>• <a href="#">Gate Cinemas &amp; Cork International Film Festival</a></li> </ul>
<p><b>Philanthropy / Patronage</b> – large donations that enable arts organisations and missions</p> <ul style="list-style-type: none"> <li>• <a href="#">Bank of America &amp; National Gallery of Ireland</a></li> <li>• <a href="#">Ballymore &amp; Dublin Fringe Festival</a></li> </ul>
<p><b>Prize Funds</b> – donations that support or enable artists/arts organisations</p> <ul style="list-style-type: none"> <li>• <a href="#">Jim McNaughton / TileStyle Bursary for Artists</a></li> <li>• <a href="#">Kerry Group &amp; Listowel Writers Week</a></li> <li>• <a href="#">Zurich Ireland &amp; Dalkey Book Festival</a></li> </ul>
<p><b>Sponsorship (Title)</b> – large-sized 'named' sponsorship relationships</p> <ul style="list-style-type: none"> <li>• <a href="#">An Post Irish Book Awards</a></li> <li>• <a href="#">Bord Gáis Energy Theatre</a></li> <li>• <a href="#">ESB Centre for the Study of Irish Art</a></li> <li>• <a href="#">Three Arena</a></li> <li>• <a href="#">Virgin Media &amp; Dublin International Film Festival</a></li> <li>• <a href="#">Zurich Portrait Prize</a></li> </ul>
<p><b>Sponsorship (Event)</b> – medium sized sponsorship relationships</p> <ul style="list-style-type: none"> <li>• <a href="#">Aviva &amp; Cork Opera House</a></li> <li>• <a href="#">BDO &amp; The Ark</a></li> <li>• <a href="#">Davy &amp; National Concert Hall</a></li> <li>• <a href="#">Mazars &amp; Druid Theatre</a></li> </ul>
<p><b>Venue Hire / Rental</b> – hire of venues that have businesses among target clients</p> <ul style="list-style-type: none"> <li>• <a href="#">Cork Opera House</a></li> <li>• <a href="#">Crawford Art Gallery</a></li> <li>• <a href="#">Museum of Literature Ireland</a></li> </ul>



## Recent Research

Business to Arts research focuses on arts sponsorship, commissioning, corporate citizenship / social responsibility and corporate philanthropy / patronage. In November 2019, the *Business to Arts* annual 'Arts, Festival and Music Sponsorship Report' found:

- The average spend on an arts sponsorship by a businesses was €119,360. This figure includes the rights fee (contribution to the arts organisation) and the amount used to activate or communicate their partnership
- The total value of sponsorship rights fee and activation among the sample surveyed in 2019 was €8.5 million
  - 41% of sponsors said their sponsorship spend would increase in 2020
  - 50% of sponsors said their sponsorship spend would stay the same in 2020
  - 6% of sponsors said their sponsorship spend would decrease in 2020
  - 3% of sponsors said their sponsorship would cease
- 72% of respondents had multi-annual sponsorships i.e. sponsorship durations that last for more than one year. Specifically:
  - 28% of sponsorship contracts had durations of less than 1 year
  - 38% of sponsorship contracts had durations of 1 – 3 years
  - 9% of sponsorship contracts had durations of 3 – 5 years
  - 25% of sponsorship contracts had durations of 5 years or more
- 64% of respondents reported that the sponsor had a portfolio of arts relationships

In May 2020, 'Onside Sponsorship Market Monitor' reported a cautious approach by the Irish public to returning to live music, arts and theatre performances at major indoor venues in 2020.

- 1 in 4 respondents were in favour of reduced capacity or digitally streamed music concerts
- Approximately 6 in 10 would rather see events in major indoor entertainment venues hold off on a return until 2021
- 60% of music and arts event-goers believe that in today's economy, it is more important than ever for companies to invest in sponsorship
- 44% of Irish adults claim that they will only attend live sports events or concerts when a vaccine is available for Covid-19

*Business to Arts* will publish up-to-date research into the arts, festival and music sponsorship market in autumn 2020.



## Outlook

Based on feedback from our arts affiliates between March and May 2020, the sentiment toward fundraising methods used by arts organisations is below. This indicates where opportunity exists and where success is being generated by arts organisations. This is covered in detail in [‘Fundraising in a Crisis – Lessons learned and tactics deployed during and after the last global financial crisis’](#) convened by the development managers forum in April 2020.

<b>Outlook for 2020/21</b>	<b>Fundraising Method</b>
<b>Negative / Restricted</b>	Gala Events / Fundraisers <b>Membership (Corporate Renewals)</b> Merchandise <b>Sponsorship (New &amp; Renewing)</b> Ticket Sales Venue Hire
<b>Neutral</b>	Auctions of art <b>Corporate Social Responsibility</b> <b>Corporate Sponsorship (Ongoing)</b> Donations Friends Membership (Individual) SLAs/Licencing
<b>Positive</b>	Annual Campaigns <b>Commissioning</b> <b>Prize Funds (Awards &amp; Bursaries)</b> <b>Philanthropy / Patronage</b> Legacy Gifts Online Campaigns / Crowdfunding

This table indicates that there is a more positive/favourable outlook toward businesses commissioning new works of art, providing prize funds (e.g. awards & bursaries), contributing to online fundraising campaigns and committing to philanthropy and patronage instead of other methods (e.g. new corporate sponsorship). Reasons cited for this include the fact that these types of fundraising activities benefit artists and arts organisations and that metrics related to audience reach and stakeholder engagement are less important when compared to sponsorship.

*Business to Arts* believes that business partnerships with the Retail, Tourism and Transport sectors and contributions from SMEs to corporate membership campaigns will reduce in 2020 - 2022.



## Recommendations

Recommendations made by *Business to Arts* to enhance businesses support of the arts include:

1. Government Departments and agencies re-establishing matched-funding schemes for private sector support of the arts. Examples include the 2012 and 2013 [Philanthropy Leverage Initiative](#) by the Department of Culture Heritage & Gaeltacht and the Department of Rural and Community Development's '[Arts Impact Fund](#)' in 2019. Between the period 2020-2022, these should focus on incentivising
  - a. New and renewing partnerships
  - b. Partnerships that include filming, online distribution and/or broadcast
  - c. Partnerships that are focused on activities and touring outside of Dublin
  - d. Partnerships that are focused on the night-time economy
2. National and Local Government working in partnership with businesses to incentivise:
  - a. Businesses with large outdoor campuses to programme artworks in the public realm. Examples include Dublin Port and Cliona Harmey's [Dublin Ships](#), Dublin Airport and NCAD's [Creative Journeys](#)
  - b. Construction and placemaking projects to commission outdoor artworks. Examples include [Cork City Council's Placemaking Fund](#) with Brown Thomas and Shane O'Driscoll, [IPUT and RHA](#) with artists Leah Hewson and Eilis O'Connell and [Draw me Docklands](#) by Dublin City Council, The Docklands Arts Fund and Chris Judge
3. The Revenue Commissioners and Charity Regulator working to modernise and simplify the qualifying criteria related to [Section 848a of Taxes Consolidation Act 1997](#) (Charitable Donations) for registered arts charities. Currently, contributions made by individuals to Friends and Membership Schemes of arts organisations do not qualify for this tax incentive due to the 'no benefit clause'. By making these types of contributions qualify, the relevant arts organisation can reclaim c.30% of the value of the contribution from the Revenue Commissioners each year
4. Invest in fundraising staff/capacity in small to medium-sized arts organisations, where time and human resources available to allocate to fundraising is restricted. Investing in this skills area has many benefits for organisations, including freeing-up time for artistic programming and management. On average, €5 is generated by every €1 invested in this area. See case studies of:
  - a. [Cork International Film Festival](#)
  - b. [Druid Theatre](#)
  - c. [Dublin Theatre Festival](#)
  - d. [Fishamble: The New Play Company](#)
  - e. [Helium Arts](#)
  - f. [Temple Bar Gallery & Studios](#)
5. Encouraging artists and arts organisations to consider the potential of businesses
  - a. Supporting the commissioning of new art
  - b. Contributing to online fundraising & crowdfunding campaigns
  - c. Funding prizes for artists (e.g. awards & bursaries)
  - d. Moving toward philanthropic gifts and patronage where audience reach may not be not guaranteed to justify sponsorship



## Estimated Costs & Leverage Return

Many arts and business partnerships have reduced the scale of their activities in 2020 and/or postponed their activities until 2021. While the scope and timescale for activities in 2021 are unclear, the pandemic will end and sentiment toward attending sponsored events and venues will change.

There is a need to plan scaled investment in arts and business partnerships and the gradual reopening of the arts sponsorship market. In order to incentivise this, we have presented a small number of recommendations above. These are accompanied with measures and costs below. In each case the costs are benchmarked and have realistic measures of leveraged investment generated from businesses (and individuals in the case of measure 3).

A total investment of €3.3 million by Government in 2020/21 and 2021/22 will stimulate private sector investment and leverage more than €13 million matched funding into the arts sector.

Measure No. Description / Target	Costs 2020/21 (€)	Cost 2021/22 (€)	Leveraged Investment in Arts Sector (€)
1. Matched Funding Scheme a. New (& renewing) partnerships b. Regional-focused partnerships c. Night-time Economy Partnerships	€500,000	€1,000,000	€5,000,000
2. Matched Funding Scheme (Outdoor venues & programming) a. Public realm partnerships b. Online partnerships	€500,000	€1,000,000	€5,000,000
3. Modernise Section 848a TCA 1997 to qualify arts charities' a. Friend Subscriptions b. Membership Subscription	€0	€0	€2,000,000
4. Invest in Fundraising Capacity a. Expand Fellowship Programme	€165,000	€165,000	€1,650,000
<b>Total</b>	<b>€1,165,000</b>	<b>€2,165,000</b>	<b>€13,650,000</b>



### Further Information

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