



The economic value of arts and culture in the North of England

A report for Arts Council England

July 2019

Disclaimer

While every effort has been made to ensure the accuracy of the material in this document, neither Centre for Economics and Business Research Ltd nor the report's authors will be liable for any loss or damages incurred through the use of the report.

Authorship and acknowledgements

This report has been produced by Cebr, an independent economics and business research consultancy established in 1992. The views expressed herein are those of the authors only and are based upon independent research by them.

The report does not necessarily reflect the views of Arts Council England.

London, April 2019

Contents

Executive summary	5
1 Introduction	10
1.1 Background and aims of the study	10
2 Scope and methodology	11
2.1 Scope of the study	11
2.2 Overview of approach and methodology	12
3 Contribution of the arts and culture industry to the North of England	13
3.1 Turnover	13
3.2 Gross value added	16
3.3 Employment	22
3.4 Funding of Arts Council England's National Portfolio Organisations	25
4 Contribution of the arts and culture industry to the North East	27
4.1 Turnover	27
4.2 Gross value added	28
4.3 Employment	32
5 Contribution of the arts and culture industry to the North West	35
5.1 Turnover	35
5.2 Gross value added	36
5.3 Employment	40
6 Contribution of the arts and culture industry to Yorkshire and the Humber	44
6.1 Turnover	44
6.2 Gross value added	45
6.3 Employment	49
7 Macroeconomic contributions of the arts and culture to the North of England	52

7.1	Embedding the arts and culture within our macroeconomic impacts framework	52
7.2	'Industrial' output multiplier for the arts and culture	52
7.3	The arts and culture industry's contribution to GVA	53
7.4	Contribution of the arts and culture to employment	53
7.5	Regional variation in our multiplier estimates	54
8	The role of the arts and culture in attracting tourism to the North of England	56
8.1	Domestic tourism to the North of England	56
8.2	International tourism to the North of England	62
9	Spillover impacts of the arts and culture in the North of England: Evidence from primary research	66
9.1	The arts and culture's role in developing skills, nurturing innovation and fostering growth in the commercial creative industries	67
9.2	Investments in the arts and culture as a catalyst for economic regeneration and improving community wellbeing	72
10	The impact of public funding cuts on the arts and culture: Evidence from primary survey	75
11	The arts, the Flat White Economy and economic growth in the North of England – area of future research	78
	Appendix I: SIC-based definition of the arts and culture industry	80
	Appendix II: Survey questions	82

Executive summary

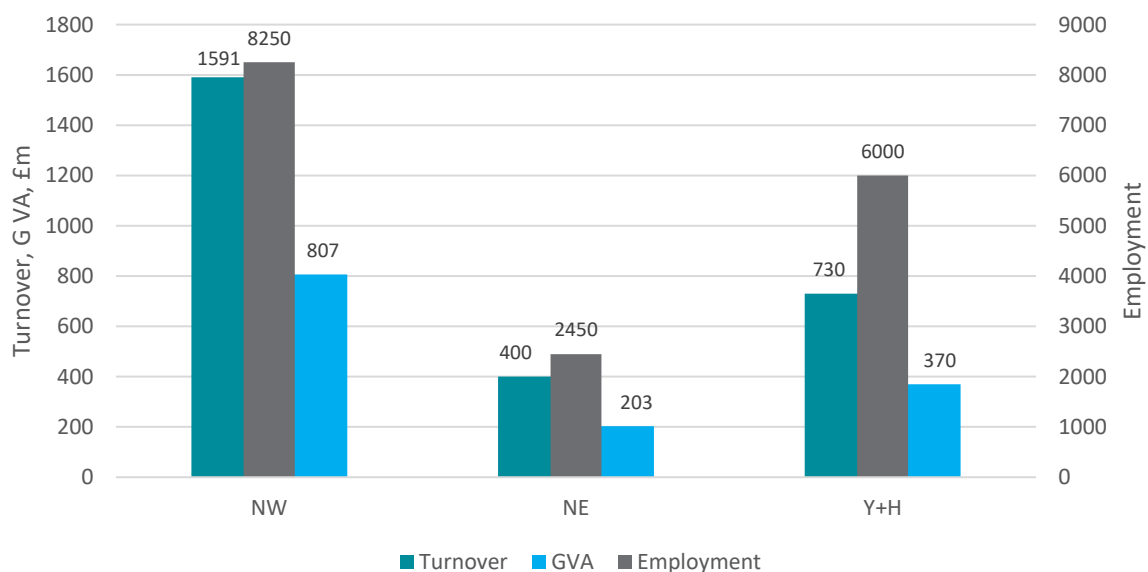
- This is a summary of the Centre for Economics and Business Research's 2019 study, on behalf of Arts Council England. Closely in line with our previous reports, which have presented the results of our assessment of the UK's arts and culture industry, this report is specifically focused on the economic value of arts and culture in the North of England and regions and constituencies within.

Scope and methodological overview

- The analysis of the 'business economy' and macroeconomic impacts of the arts and culture industry draws upon official data provided by the ONS. By using the SIC based definition of arts and culture defined in this report, we are able to estimate the contributions of the arts and culture industry in the North of England in terms of three key economic indicators, namely: turnover; gross value added (GVA); and employment.
- We estimate the wider multiplier impacts of the arts and culture industry using our UK and regional input-output models. These models are used to trace the industry's economic footprint through its supply chain relationships. This supports output and employment in those sectors (the indirect effect) and increases earnings and employee spending in the wider economy (the induced effect).
- The more qualitative intelligence obtained from our secondary research and from the survey responses and in-depth interviews are used to inform our analysis of the wider spillover effects associated with the arts and culture industry in the North of England.

'Business economy' highlights

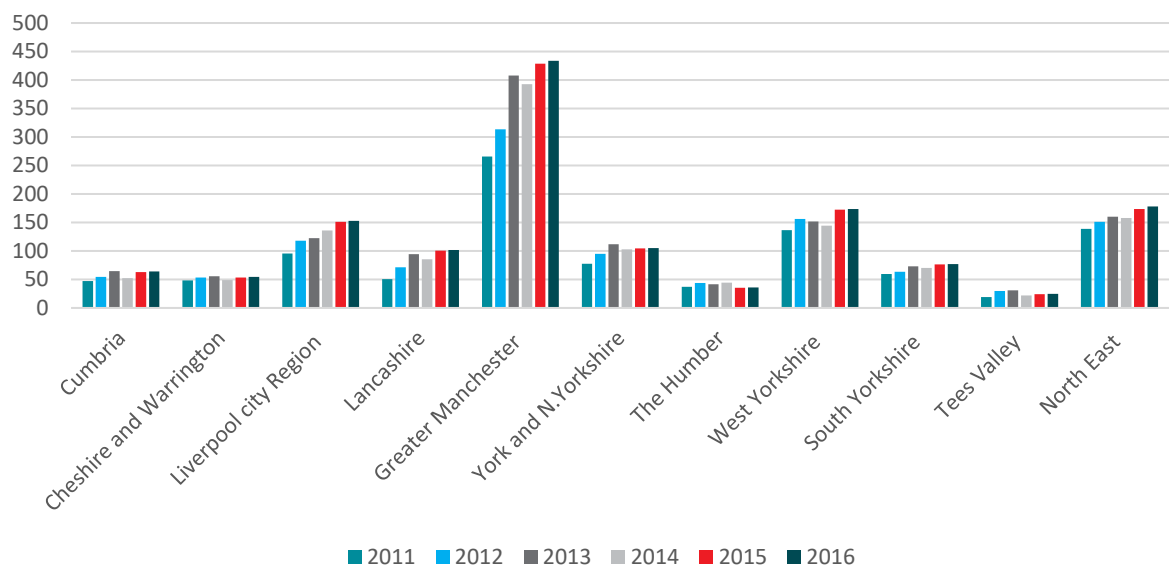
Figure A: The business economy contributions of the arts and culture industry in the North of England, 2016



Source: ONS, Cebr analysis

- In 2016, it is estimated that the arts and culture industry in the North of England generated:
 - **£2.7 billion in turnover** (£1.5 billion in the North West, £0.4 billion in the North East and £0.7 billion in Yorkshire and the Humber). Performing arts, artistic creation and support activities to performing arts were the three largest sets of productive activities. They accounted for 35%, 22% and 17%, respectively, of the turnover of the arts and culture industry in 2016.
 - **£1.4 billion in gross value added (GVA) contributions** (£0.8 billion in the North West, £0.2 billion in the North East and £0.4 billion in Yorkshire and the Humber). The largest GVA contributions were provided by performing arts, artistic creation and support activities to performing arts. These accounted for 35%, 22% and 17%, respectively, of the arts and culture industry's GVA in the North of England.
 - The **employment of 16,700 people** (8,250 in the North West, 2,450 in the North East and 6,000 in Yorkshire and the Humber). Performing arts and artistic creation subsectors were the largest contributors to employment. They accounted for 39% and 21% of employment in the arts and culture industry, respectively.
- In addition to the above, **the Flat White Economy** (an emerging sector which combines the creative sector with the tech sector) is estimated to have made GVA contributions in 2015 of £5 billion in the North East, £16 billion in the North West and £11 billion in Yorkshire and the Humber.
- **High productivity:** GVA per FTE worker in the arts and culture industry in the North of England averaged £100,000 over the period 2011-16.
- This report also provides a breakdown of the economic footprint of the arts and culture industry in the North of England by city region and LEP (Local Enterprise Partnership). These partnerships between local authorities and businesses aim to foster economic growth and development in local areas. In total, there are 11 LEPs in the North of England.

Figure B: GVA contributions of LEPs in the North of England, £m



Source: ONS, Cebr analysis

- The Greater Manchester LEP contributes the most to the arts and culture industry in the North of England: around £430 million in GVA and 4,000 jobs.
- In total, National Portfolio Organisations (including museums) received £360 million in the financial year 2017/18, an increase of 11% on 2016/17. Earned income contributed the biggest proportion to this income (£179 million in 2017/18). Arts Council England subsidies contributed £98 million in the same year.

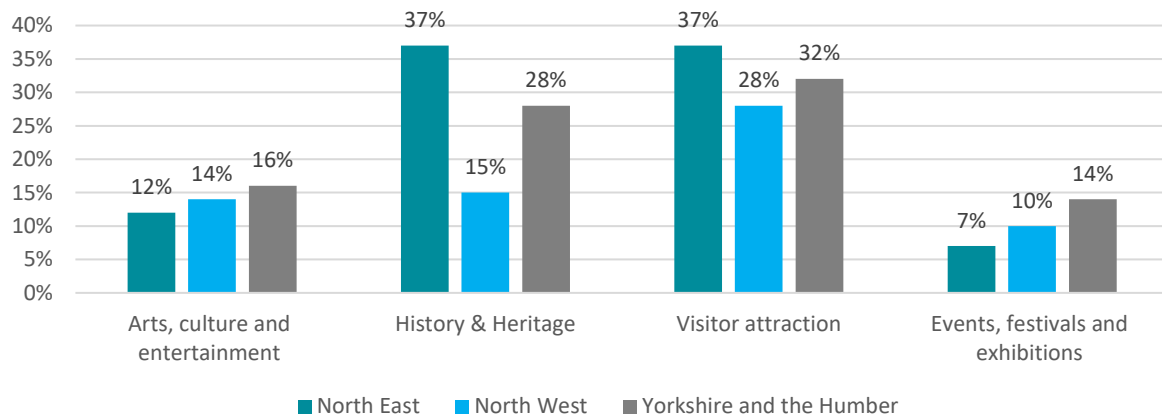
Macroeconomic impacts of the arts and culture

- When indirect (supply chain) and induced (wider spending) effects are considered, it is estimated that the arts and culture industry (including both market and non-market elements) **supported £6.4 billion in turnover, £3.3 billion in GVA and 37,000 jobs** in 2016. This implies that:
 - For every £1 generated in turnover by the arts and culture industry in the North of England, an additional £0.91 worth of turnover is supported in the wider economy through indirect and induced multiplier impacts.
 - For every £1 of GVA generated by the arts and culture industry in the North of England, an additional £0.91 of GVA is supported in the wider economy through wider indirect and induced multiplier impacts.
 - For every job generated by the arts and culture industry in the North of England, an additional 1.21 jobs are supported in the wider economy through wider indirect and induced multiplier impacts.

The role of the arts and culture in attracting tourism to the North of England

- The arts and culture industry can create additional spending by tourists in two ways. Some visit the North of England primarily to visit arts and cultural attractions, while others take part in arts and cultural activities during trips that are made for other purposes, potentially extending trips and generating additional spending as a result.
- Figure C illustrates the proportion of all domestic trips that involved arts, culture and entertainment activities. It is estimated that 16% of all domestic trips to Yorkshire and the Humber involved arts, culture and entertainment activities. The same figure for the North East and the North West was 12% and 14% respectively.

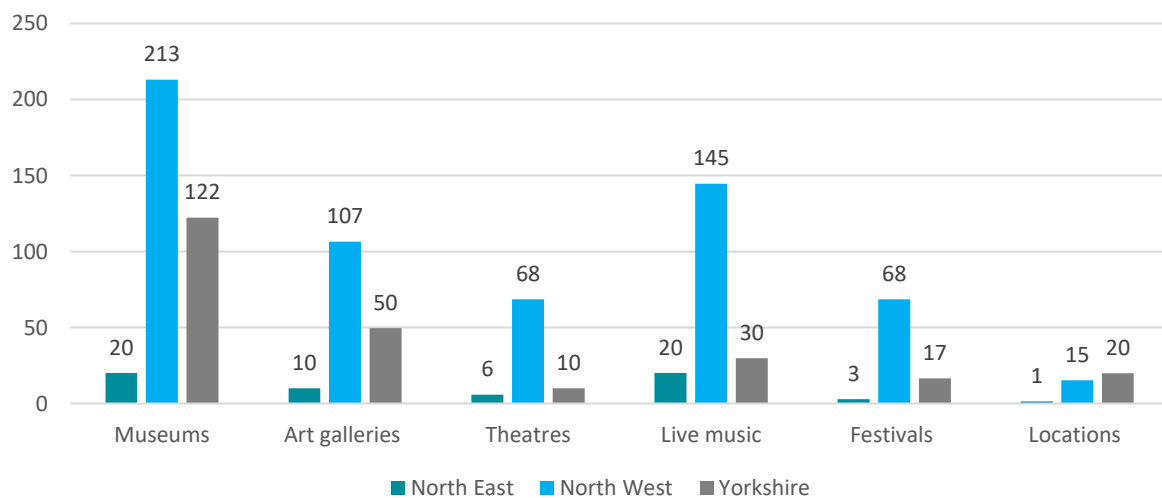
Figure C: Proportion of domestic tourism trips involving certain activities



Source: VisitBritain 2015, Cebr analysis

- It is estimated that these domestic trips involving arts, culture and entertainment generated £85 million worth of spending in the North East, £358 million in the North West and £308 million in Yorkshire and the Humber in 2015.
- Figure D illustrates the number of international tourism trips that contained arts and culture related activities.

Figure D: Number of international tourist trips involving certain activities, thousands



Source: VisitBritain 2016, Cebr analysis

- Considering spending generated by overseas visitors, we estimate that in 2016, the North West generated £322 million from visits involving museums in 2016, the North East £58 million, and Yorkshire £191 million.
- Furthermore, the North West generated £161 million from visits involving art galleries, the North East £29 million and Yorkshire £77 million. For visits involving live music, the North West generated £219 million, the North East £58 million and Yorkshire £46 million. Though significant, the remaining activities of theatre visits, festivals and locations accounted for lower shares of total spending.

Spillover impacts of the arts and culture in the North of England

- The evidence from our primary research demonstrates the apparent breadth of the links between the arts and cultural sector and the commercial creative industries. Numerous examples are provided in the report. For example, the arts and culture industry in the North of England is found to provide incubators for creative talent, giving people at the beginning of their creative careers opportunities to showcase their creations or perform while being exposed to the best of existing talent. Meanwhile, work placements and trainee schemes in the arts and culture help provide the skilled labour inputs that the regions in the North need to flourish.
- The arts and culture industry provides business support to new commercial creative enterprises. By providing mentoring, opportunities to network, low-cost work space and advice about intellectual property and business issues to commercial creative businesses, arts and culture make a vital contribution to the development of creative sectors in the North of England. 87% of the organisations surveyed indicated that they provide support to local artists or to creative commercial businesses in the local area.
- Over the past 30 years, significant investment has been made into arts and cultural projects with the aim of revitalising cities and neighbourhoods that are in decline. Many survey respondents acknowledged this. For instance, 80% of the organisations surveyed suggested that their collaborations and partnerships with creative digital industries amounted to them being part of a creative cluster and that these clusters are bringing employment and prosperity to the North.
- Approximately half of the organisations we surveyed reported that they were currently involved in regeneration networks. A further 11% reported that they were involved in local regeneration initiatives in the past. Many of these organisations surveyed also emphasised the importance of offering high quality culture to their local community. They particularly reported the importance in developing pride of place, thus enhancing community wellbeing.

The impact of public funding cuts on the arts and culture: Evidence from primary survey

- Our findings from the primary research suggest that the scale and speed of the public funding cuts presented new challenges to arts and culture organisations in the North of England. Several survey participants felt that this was particularly the case for organisations operating outside the larger cities.
- 62% of the organisations surveyed stated that they have not become more risk averse as a result of the public funding cuts. The organisations surveyed also suggested that the change in the way in which they operate as a result of the public funding cuts has not necessarily made them more economically efficient, but rather more entrepreneurial and business-like. In response to the public funding cuts, this anecdotal evidence suggest that many arts and culture organisations in the North of England are surviving and indeed thriving through new commercial practices and business models.

1 Introduction

This is a report by the Centre for Economics and Business Research (Cebr), on behalf of Arts Council England, on the economic contribution of the arts and culture industry to the North of England.

1.1 Background and aims of the study

The purpose of this study was to help Arts Council England develop an up-to-date picture of the contribution of the arts and culture to the North of England economy. It should be seen in the context of Cebr's research into the arts and culture sector more generally (reports on the UK's arts and culture sector as a whole in 2013, 2015, 2017 and 2018).

By way of background, Arts Council England is a public body that supports a range of activities across the arts, museums and libraries. Its remit for the arts includes a wide range of visual, performing and literary artforms. It has funding responsibilities for regional museums and a development role across libraries and the wider museum sector. Arts Council England is sponsored by the Department for Digital, Culture, Media and Sport (DCMS) in order to make the arts, and the wider culture of museums and libraries, an integral part of everyday public life, accessible to all, and understood as essential to the national economy and to the health and happiness of society.

Our analysis considers the direct contribution of the arts and culture industry, measured in terms of macroeconomic indicators such as turnover, gross value added (GVA) and employment.

In addition, we also consider the wider impacts that are supported through two key avenues:

- **The indirect impact** – Output, GVA and employment is supported in the wider economy through the arts and culture industry in the North of England placing demands on their supply chains.
- **The induced impact** – Employees gain additional earnings as a result of the direct and indirect impacts discussed above. These earnings are then spent in the wider economy, supporting further output, GVA and employment impacts.

2 Scope and methodology

The scope of the study and the methodology used are broadly the same as in the previous reports. This section recaps the definition we use for the arts and culture industry, and the scope of the study.

2.1 Scope of the study

For the purposes of this study, the six artforms funded by Arts Council England are covered. These are: theatre, dance, literature, visual arts, music, and combined arts. Libraries are not to be incorporated nor are creative industries such as film or video games. Museums also have to be excluded because much of the value generated by museums was not captured within the Office for National Statistics (ONS) Annual Business Survey (ABS) estimates for museum activities.¹

We consider the relevant set of activities that make up the arts and culture industry in the context of industrial classification and national statistics. The SIC system provides the underlying data collection framework for much of the economic data produced by the ONS. This includes the UK business economy and national accounting frameworks, which are the foundation on which the macroeconomic models, developed by Cebr, are used to estimate the impact of the arts and culture presented in this report.

The scope of this study follows the same set of productive activities captured by the arts and culture industry in the previous reports. This industry is made up of sets and/or subsets, dependent on the level of industry aggregation, of the product and industry groups defined under the SIC system.² Therefore our definition includes the following set of activities, identified by three- or four-digit SIC codes:

- J58.11 - book publishing
- J59.2 - sound recording and music publishing
- R90.01 - performing arts
- R90.02 - support activities to performing arts
- R90.03 - artistic creation
- R90.04 - operation of arts facilities

The final definition of the arts and culture industry used in this study, and a breakdown of the activities listed above, are provided in **Appendix I**. This traces the definition from the relevant one-digit broader sector SIC classifications through to the relevant five-digit activities.

¹ Museum activities are covered by the 91.02 SIC code.

² The SIC system breaks down the economy into 21 broad sectors (officially 'Sections' A to U) at the one-digit level. Section R, for example, is the 'Arts, Entertainment and Recreation' sector. However, Section R does not include a range of activities related to literature and music, two of the six artforms that the study was to cover. For these, we looked to Section J, the 'Information and Communications' sector. The next level of disaggregation is the two-digit divisions, however, this includes a range of industry groups that are not within Arts Council England's remit, such as gambling and betting and sports activities. Drilling deeper into the three- and four- digit SIC levels brought us closer to the required level of industry disaggregation.

2.2 Overview of approach and methodology

To undertake our analysis of the ‘business economy’ and macroeconomic impacts of the arts and culture industry, we have used official data provided by the ONS. Our analysis is provided for the years 2011 to 2016.

The ABS discloses economic indicators including revenues, costs of production and value-added across hundreds of disaggregated industries. These are broken down according to the SIC framework, as discussed above. By identifying arts and cultural activities within the SIC framework, and using the corresponding figures for these activities from the datasets, we can measure the economic characteristics of the arts and culture industry and its direct macroeconomic impacts on the economy. We then combine this with data from the Business Register and Employment Survey (BRES) to calculate impacts on employment and productivity.³

We estimate the multiplier impacts of the arts and culture industry using our input-output models, which draw on the ONS’ national accounting framework. The input-output models determine the sectors from which the arts and culture industry purchases its inputs (for example, advertising services). They trace the industry’s economic footprint through its supply chain relationships with other sectors. This supports output and employment in those sectors and increases earnings and employee spending in the wider economy.

Volatility of data

The nature of the analysis discussed above requires the use of ONS data disaggregated by region and, in some cases, given our definition for arts and culture, four-digit SIC codes. Regional economies (particularly at an industry and sub-industry level) are generally more volatile than the national picture. This, in part, reflects the high level of substitutability between regions given minimal frictions. To try and mitigate this volatility, where appropriate (e.g. concerning productivity) this report averages data across multiple years.

2.3 Primary data gathering

The study includes the results from a primary data gathering phase, the results of which have been employed in quantifying the wider contribution of the arts and culture to the economy of the North of England. There were two phases, including an online survey of 54 Arts Council organisations and a programme of in-depth interviews, with nine organisations selected to be representative of the regions in the North of England.

³ The productivity figures calculated in this report rely on both regional ABS and BRES data. The way in which each apportions the national impacts to constituent regions may not be identical and this is something that has not been fully explored within the scope of this study.

3 Contribution of the arts and culture industry to the North of England

This section provides an assessment of the importance of the arts and culture industry to the North of England in terms of turnover, GVA and employment. We examine the performance of these indicators over the period 2011-16.

This section is called a ‘business economy’ review because the data used is provided by enterprises. To provide the analysis to the same granularity as the previous study, the ONS datasets used include the Annual Business Survey (ABS)⁴ and the Business Register and Employment Survey (BRES).⁵

Subsidies and donations received by the arts and culture industry are transfers of value that has been generated elsewhere and are therefore excluded from the figures on turnover and GVA presented in this section. Despite this, Arts Council England as the non-departmental public body promoting the performing, visual and literacy arts in England, has played an important role in driving the profitability of enterprises in the arts and culture industry. For this reason, in the last subsection, we present the significant monetary contribution made by Arts Council England and other public bodies to organisations in the arts and culture sector.

3.1 Turnover

Turnover is defined as revenues generated by businesses as a result of undertaking productive value-adding activities.

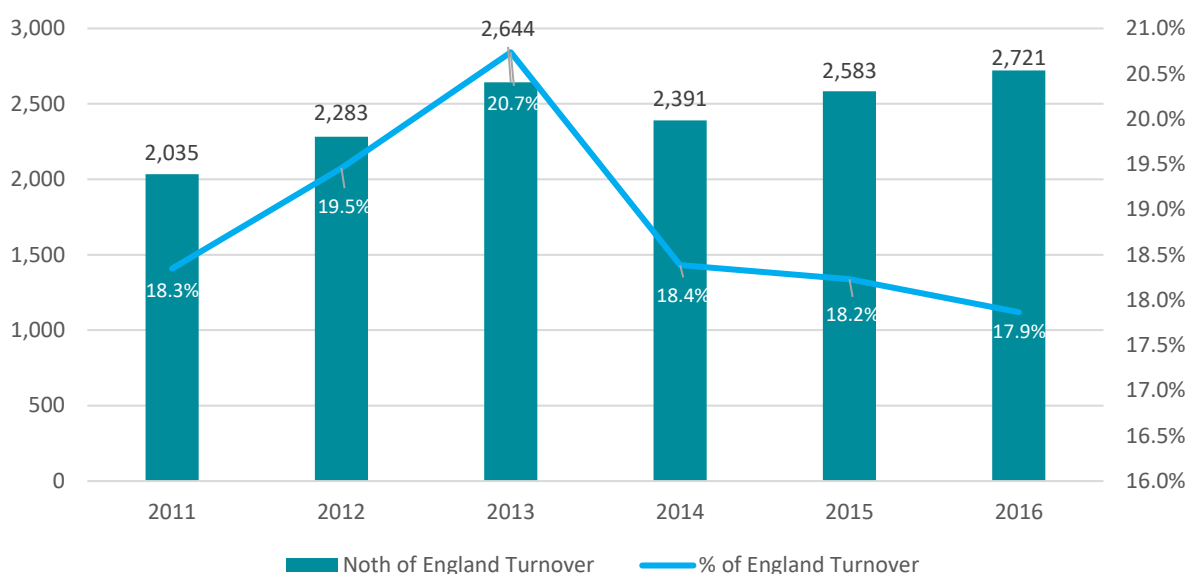
Figure 1 illustrates the turnover generated by the arts and culture industry in the North of England between 2011 and 2016. The general trend shows an increase in the turnover generated across the period (with turnover increasing from 2011 to 2013, before falling slightly in 2014 and then recovering in 2015 and 2016). In 2016, the arts and culture industry in the North of England generated approximately £2.7 billion in turnover – representing a 5.3% increase from 2015 and a 34% increase since 2011.

Throughout the period, the turnover generated by the arts and culture sector in the North of England has followed a similar trend to the turnover generated by the arts and culture sector in England as a whole. The turnover generated in the North of England as a percentage of the turnover generated in England as whole has remained relatively stable – only ranging between 17.9% and 20.7%.

⁴ <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/2013-provisional-results/index.html>

⁵ <http://www.ons.gov.uk/ons/rel/bus-register/business-register-employment-survey/2013-provisional/index.html>

Figure 1: LHS: Turnover generated by the arts and culture industry in the North of England, 2011-16, £m current prices; RHS: North of England's arts and culture turnover share of England's total turnover in the arts and culture industry



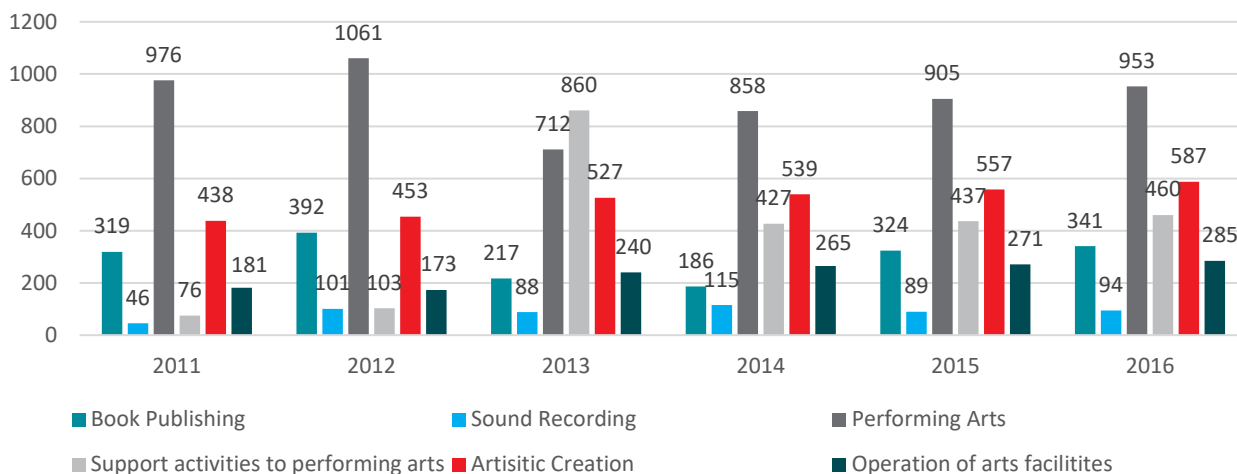
Source: ONS Annual Business Survey 2008-16, Cebr analysis

Figure 2 shows disaggregated estimates for the North of England by each of the activities that make up our definition of the arts and culture industry. Performing arts, artistic creation and support activities to performing arts were the three largest sets of productive activities. They accounted for 35%, 22% and 17%, respectively, of the turnover of the arts and culture industry in 2016.

Sound recording represented the smallest share of the sector's turnover at £94 million in 2016. This represents 3.4% of all revenue generated by the arts and culture industry in the North of England.

Support activities to performing arts saw the largest percentage increase in turnover between 2011 and 2016, increasing by 510% from £76 million to £460 million over the period. However, this increase is starting from a very low base, and given the size of this subsector, it is likely to suffer from some volatility.

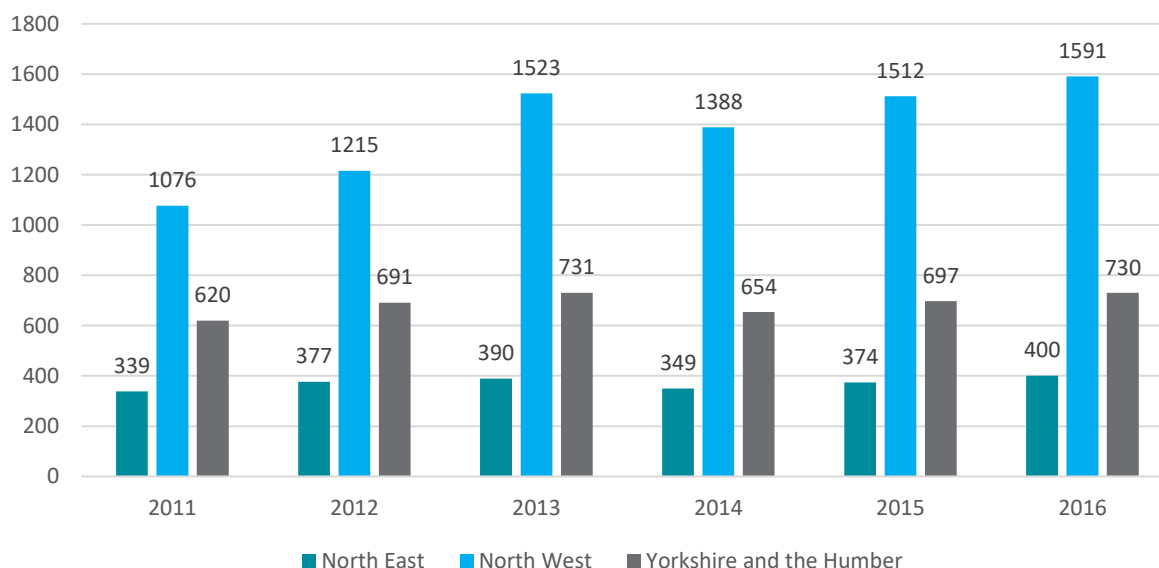
Figure 2: Turnover in the arts and culture industry in the North of England by SIC three- and four-digit productive activity, 2011-16, £m current prices



Source: ONS Annual Business Survey 2011-16, Cebr analysis

As illustrated in Figure 3 below, the North West's arts and culture industry generated substantially higher levels of turnover than the North East or Yorkshire and the Humber. The trend from 2011 to 2016 is characterised by an increase in the gap between the North West and the remaining regions of the North of England, especially the North East.

Figure 3: Turnover in the arts and culture industry, North of England's regions, 2011-16, £m current prices



Source: ONS Annual Business Survey 2011-16, Cebr analysis

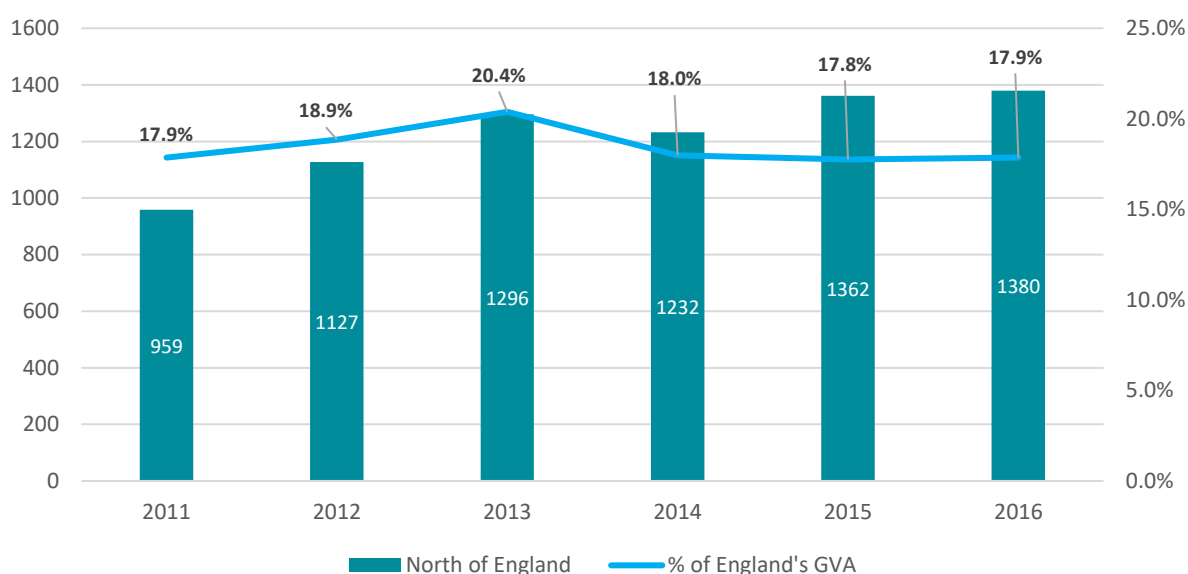
3.2 Gross value added

This section examines the economic contribution of the arts and culture industry in terms of gross value added (GVA).⁶ GVA is a measure of the value from production used in the national accounts and can be thought of as the value of 'industrial' output less the value of input used to produce that output.⁷

Turning to the North of England, Figure 4 illustrates that the GVA contribution of the arts and culture industry in the North of England amounted to £1.4 billion in 2016. This represents a 44% increase from the 2011 value of £959 million. The majority of this increase occurred between 2011 and 2013 (where GVA rose by 35% from £959 million to £1.3 billion). This was then followed by a small fall in GVA in 2014 (to £1.2 billion). GVA has since risen to £1.4 billion in 2016.

In 2016, the GVA generated by the arts and culture industry in the North of England corresponded to 18% of the total GVA generated by these industries in England. Throughout the period under consideration this share oscillated between 18% and 20%.

Figure 4: LHS: GVA at basic prices of the arts and culture enterprises in the North of England, 2011-16, £m; RHS: North of England's arts and culture GVA share of England's total GVA in the arts and culture industry



Source: ONS Annual Business Survey 2011-16, Cebr analysis

As with turnover, Figure 5: Gross value added at basic prices of the arts and culture in the North of England by SIC three- and four-digit productive activity, 2011-16, £m

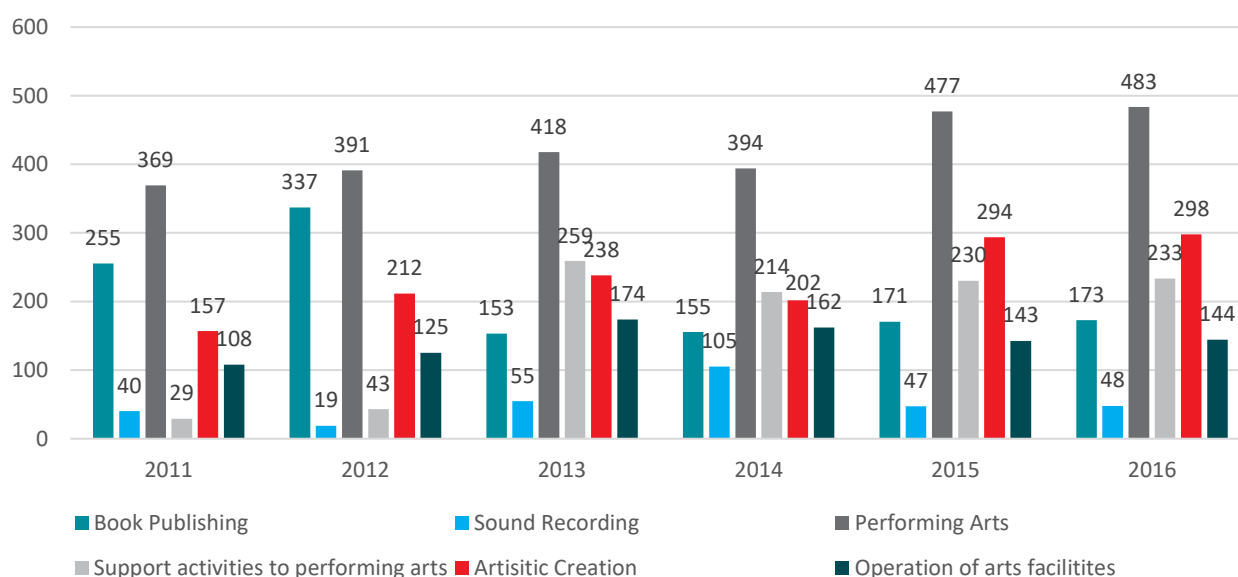
6 shows the GVA contributions made by the individual activities that constitute the arts and culture industry in the North of England, over the period 2011-16. In 2016, the largest GVA contributions were

⁶ The Annual Business Survey refers to this measure as 'approximate gross value added at basic prices'.

⁷ GVA or gross value added is a measure of the value from production in the national accounts and can be thought of as the value of industrial output less intermediate consumption. That is, the value of what is produced *less* the value of the intermediate goods and services used as inputs to produce it. GVA is also commonly known as income from production and is distributed in three directions – to employees, to shareholders and to government. GVA is linked as a measurement to GDP – both being a measure of economic output. That relationship is (GVA + taxes on products - subsidies on products = GDP). Because taxes and subsidies on individual product categories are only available at the whole economy level (rather than at the sectoral or regional level), GVA tends to be used for measuring things like gross regional domestic product and other measures of economic output of entities that are smaller than the whole economy.

provided by performing arts, artistic creation and support activities to performing arts. These accounted for 35%, 22% and 17%, respectively, of the arts and culture industry's GVA in the North of England.

Figure 5: Gross value added at basic prices of the arts and culture in the North of England by SIC three- and four-digit productive activity, 2011-16, £m



Source: ONS Annual Business Survey 2011-16, Cebr analysis

Figure 6 illustrates GVA figures for the arts and culture industry in the North of England's regions in context with other English regions. The arts and culture industry in London alone generated £2.7 billion in GVA in 2016. The North West generated the third largest GVA in England with its £807 million GVA. The North East's arts and culture industry is the smallest in England, generating £203 million in GVA in 2016.

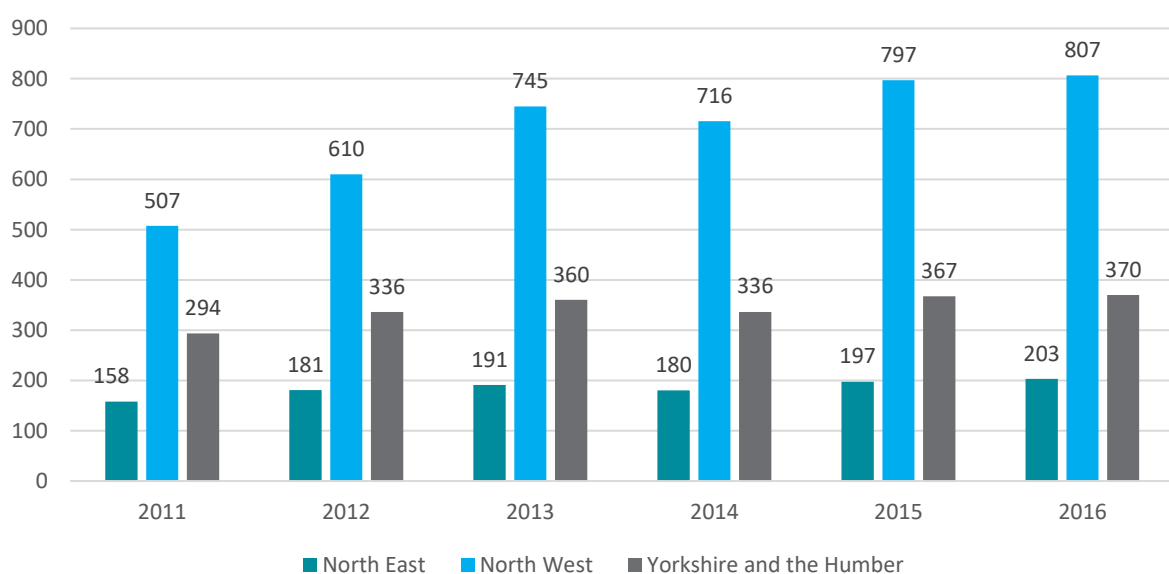
Figure 6: GVA in the arts and culture industry, regions in England, 2016, £m



Source: ONS Annual Business Survey 2016, Cebr analysis

As illustrated in Figure 7, the arts and culture industry generated substantially higher levels of GVA in the North West relative to the North East or Yorkshire and the Humber in all years under analysis. However, the gap is less steep than the one observed in turnover terms for the first two years of the analysis. Similarly to what was observed in turnover terms, the gap in GVA between North West and North East has consistently increased.

Figure 7: GVA in the arts and culture industry, North of England's regions, 2011-16, £m current prices



Source: ONS Annual Business Survey 2011-16, Cebr analysis

Figure 8 illustrates GVA contributions of the arts and culture industry by Local Enterprise Partnerships (LEP). These are voluntary partnerships between local authorities and businesses created to lead economic growth and job creation within the local area. It should be noted that West Yorkshire and South Yorkshire are not LEPs but are used for illustrative purposes to overcome aggregation issues related to local authorities in Leeds city region LEP and Sheffield city region LEP.

Greater Manchester generated the highest GVA contributions in arts and culture. In 2016, it generated £434 in GVA, a 63% growth from its £266 million contribution in 2011. The North East LEP generated the second highest level of GVA contributions (£178 million).

Tees Valley and the Humber LEPs generated the lowest GVA from arts and culture – £25 million in 2016.

Figure 8: GVA in the arts and culture industry, LEPs in the North of England, 2011-16, £m



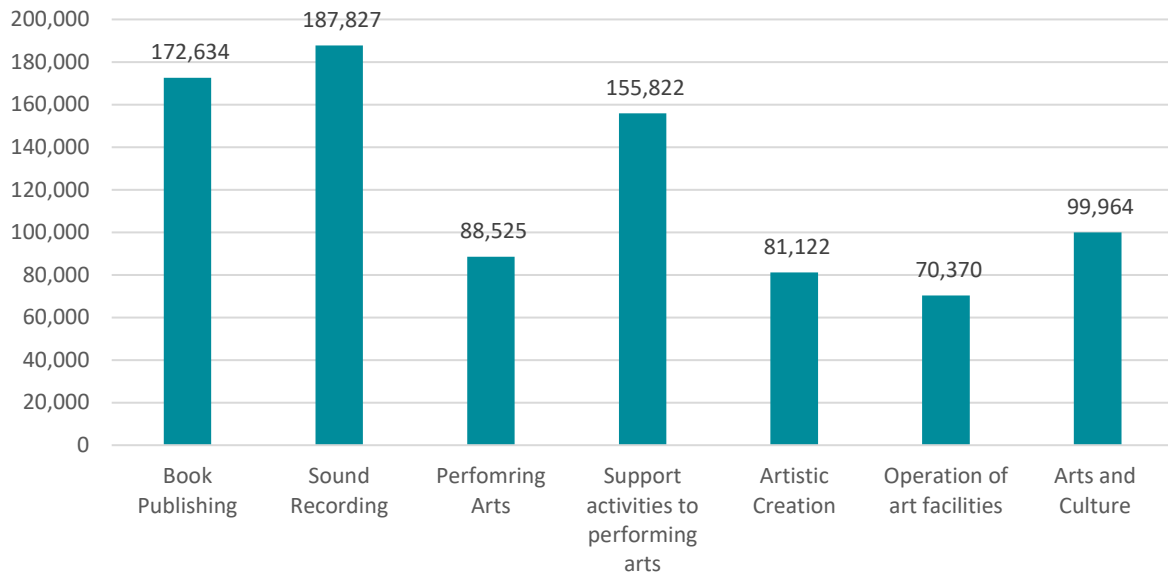
Source: ONS Annual Business Survey 2011-16, Cebr analysis

By combining these GVA contributions with BRES employment data, estimates of labour productivity are produced.

As illustrated in Figure 9, GVA per FTE worker in the arts and culture industry in the North of England averaged around £100,000 over the period 2011-16.

A number of segments of the arts and culture industry in the North of England have very high productivity compared to the industry as a whole. For example, labour productivity in sound recording and book publishing averaged £187,827 and £172,634 in the period 2011-16.

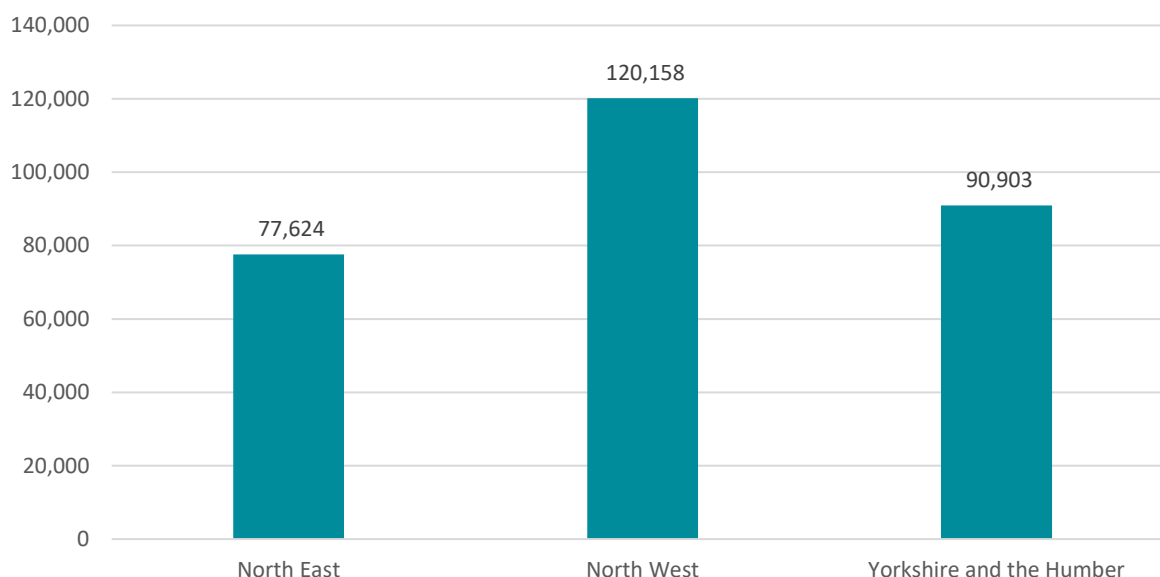
Figure 9: Average labour productivity (GVA per FTE worker) of the arts and culture industry and its subsets in the North of England, £ current prices



Source: ONS Business Register and Employment Survey and Annual Business Survey, 2011-16, Cebr analysis

Figure 10 illustrates the same productivity analysis but for each one of the regions in the North of England. The North West has the highest level of labour productivity (around £120,000 in GVA per worker).

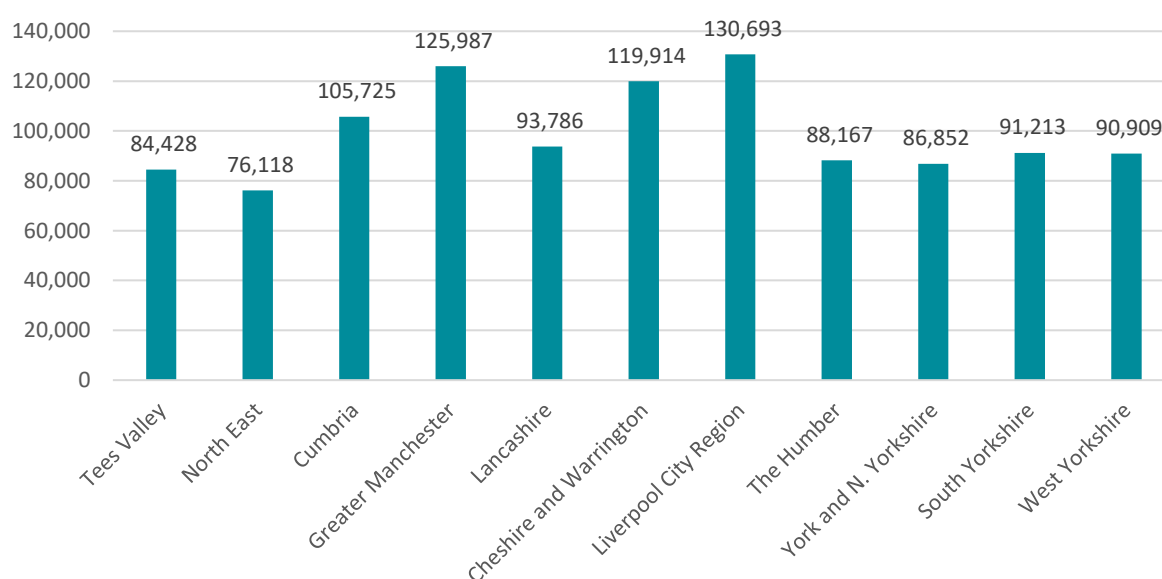
Figure 10: Average labour productivity (GVA per FTE worker) of the arts and culture industry, North of England's regions, £ current prices



Source: ONS Annual Business Survey 2011-16, Cebr analysis

Figure 11 illustrates the average labour productivity (in terms of GVA per FTE worker) disaggregated by the 11 LEP regions. The Liverpool City LEP has the higher productivity (GVA per worker averaged £131,000 between 2011 and 2016). The North East LEP had the lowest productivity (GVA per worker averaged £76,000 between 2011 and 2016).

Figure 11: Average labour productivity (GVA per FTE worker) of the arts and culture industry, LEPs in the North of England, £ current prices



Source: ONS Annual Business Survey 2011-16, Cebr analysis

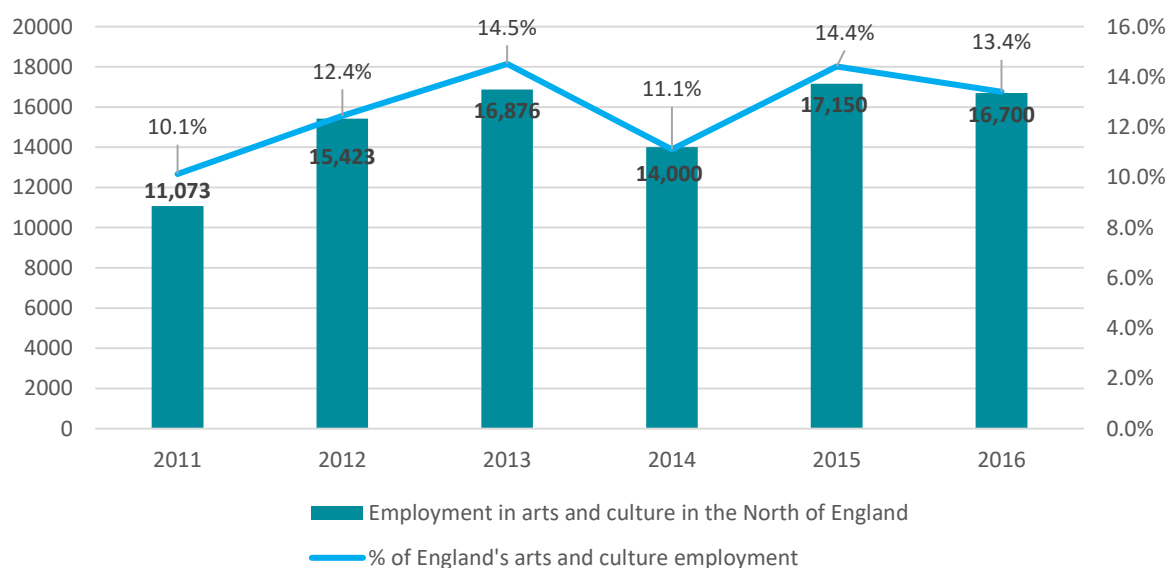
3.3 Employment

We have calculated employment in the arts and culture industry using the ONS Business Register and Employment Survey (BRES). Figure 12 shows the employment generated by the arts and culture industry in the North of England. In 2016, the arts and culture industry in the North of England was responsible for the employment of approximately 16,700 people.

The overall trend is quite volatile, with employment rising from 11,073 in 2011 to 16,876 in 2013. It then fell to 14,000 in 2014 before rising to a peak of 17,150 in 2015. It has since fallen slightly to 16,700 in 2016.

In 2016, employment in the arts and culture industry in the North of England corresponded to 13% of the total employment generated by these industries in England. Throughout the period under consideration this share oscillated between 10% and 15%.

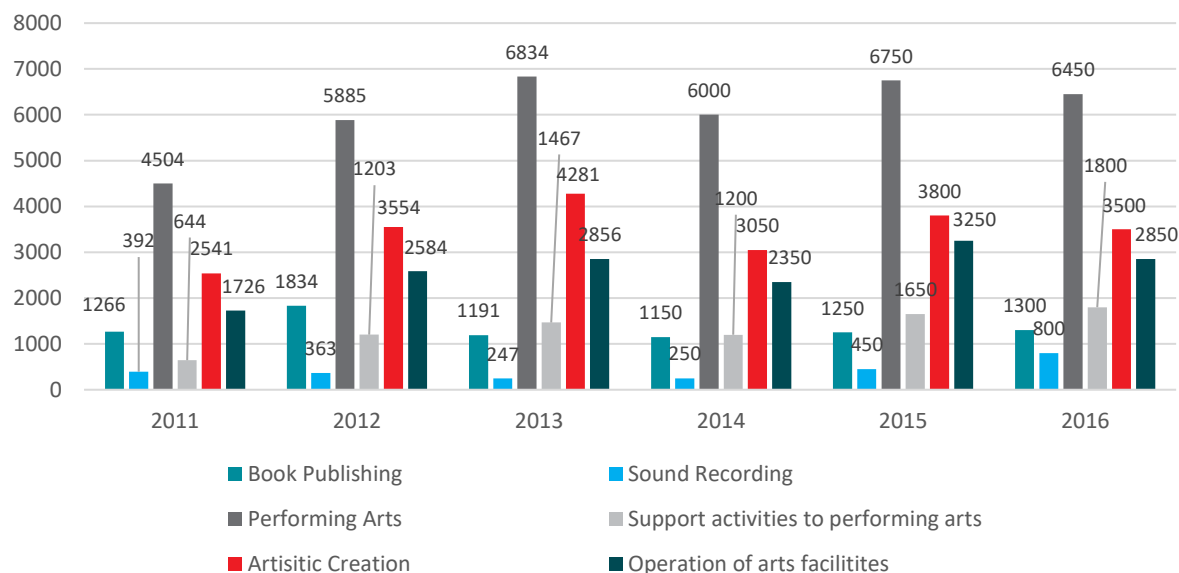
Figure 12: LHS: Employment in the arts and culture industry, North of England; RHS: North of England's arts and culture employment share of England's total employment in the arts and culture industry



Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

As illustrated in Figure 13, the performing arts and artistic creation subsectors were the largest contributors to employment in the arts and culture industry in the North of England, responsible for 6,450 and 3,500 jobs in 2016. This is equivalent to 39% and 21% of employment in the arts and culture industry, respectively. Operation of arts facilities was the third largest activity by employment, responsible for 17% of total employment in the industry in 2016, or 2,850 jobs. Book publishing was responsible for approximately 8% of employment in the arts and culture industry in 2016, or 1,300 jobs. The smallest activity by employment size in 2016 was sound recording. This activity was responsible for 5% of employment, or 800 jobs.

Figure 13: Arts and culture employment by activity in the North of England

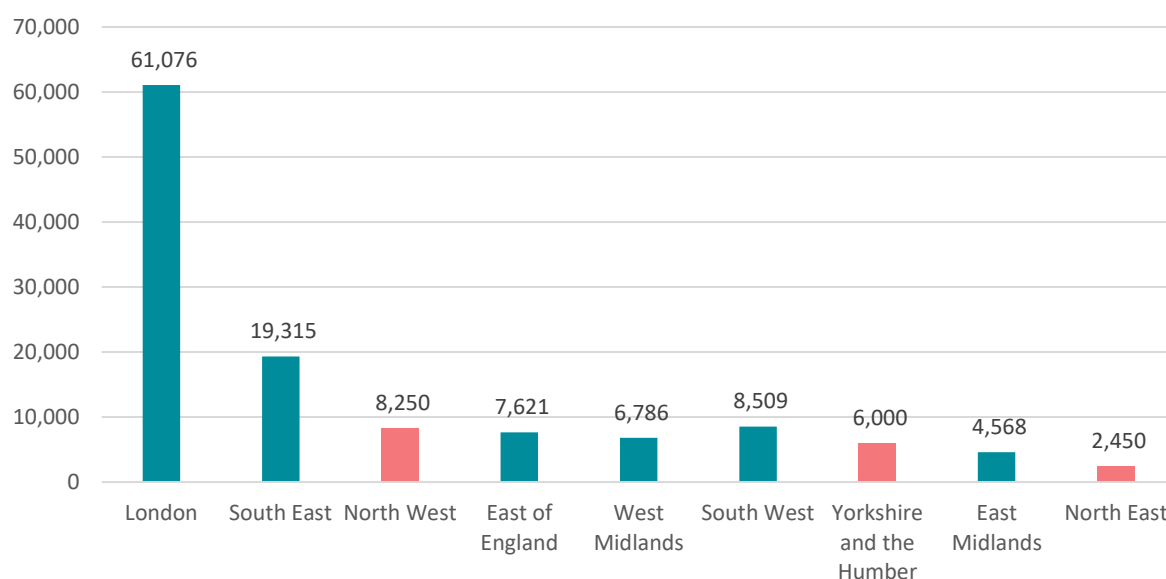


Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

Figure 14 presents employment in the arts and culture industry in English regions in 2016. London alone accounted for around 61,000 workers in the industry, followed by South East with around 19,000 workers in the arts and culture industry in 2016.

In terms of the standing of the northern regions, the North West employed the highest number of workers in the arts and culture industry in 2016 (at 8,250 workers). This was followed by Yorkshire and the Humber (6,000 workers) and the North East (2,450 workers).

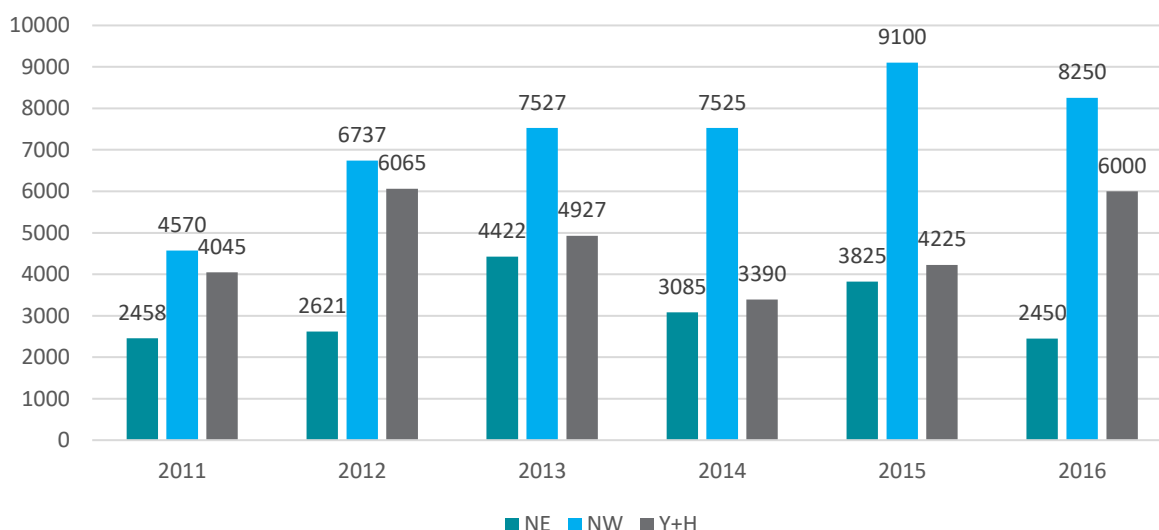
Figure 14: Employment in the arts and culture industry, regions in England, 2016



Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

Figure 15 illustrates employment across the North of England regions. The North West's arts and culture industry, once again, presented higher levels of employment than in the North East or Yorkshire in all years between 2011 and 2016. The gap between the regions is less steep than the one observed in turnover and GVA terms, especially in the first three years of the analysis.

Figure 15: Employment in the arts and culture industry, North of England's regions, 2011-16



Source: ONS Annual Business Survey 2011-16, Cebr analysis

In the LEPs of the North of England, presented in Figure 16, Greater Manchester commanded the highest employment number in the arts and culture industry, totalling about 4,000 workers in 2016. This is followed by West Yorkshire which had 3,640 workers in the arts and culture industry in 2016.

Figure 16: Employment in the arts and culture industry, North of England's LEPs, 2011-16



Source: ONS Annual Business Survey 2011-16, Cebr analysis

3.4 Funding of Arts Council England's National Portfolio Organisations

In this section we consider funding arrangements specific to the arts and culture industry. This analysis is based on data provided by National Portfolio Organisations supported by the Arts Council, which the Arts Council made available for Cebr's analysis. While these organisations may not represent the funding structure that is typical for arts and culture organisations, they nevertheless account for a significant proportion of the aggregate economic activities in the industry. In particular, they are unlikely to be representative of organisations operating within the book publishing or sound recording and publishing industries, which are likely to contain a much higher proportion of organisations that are less reliant on direct public funding.

Funding of the arts and culture sector is derived from three main channels: earned income, such as from ticket sales and merchandise; public funding, for example from Arts Council England, local authorities and other public bodies; and contributed income, which includes sponsorship, trusts and donations.

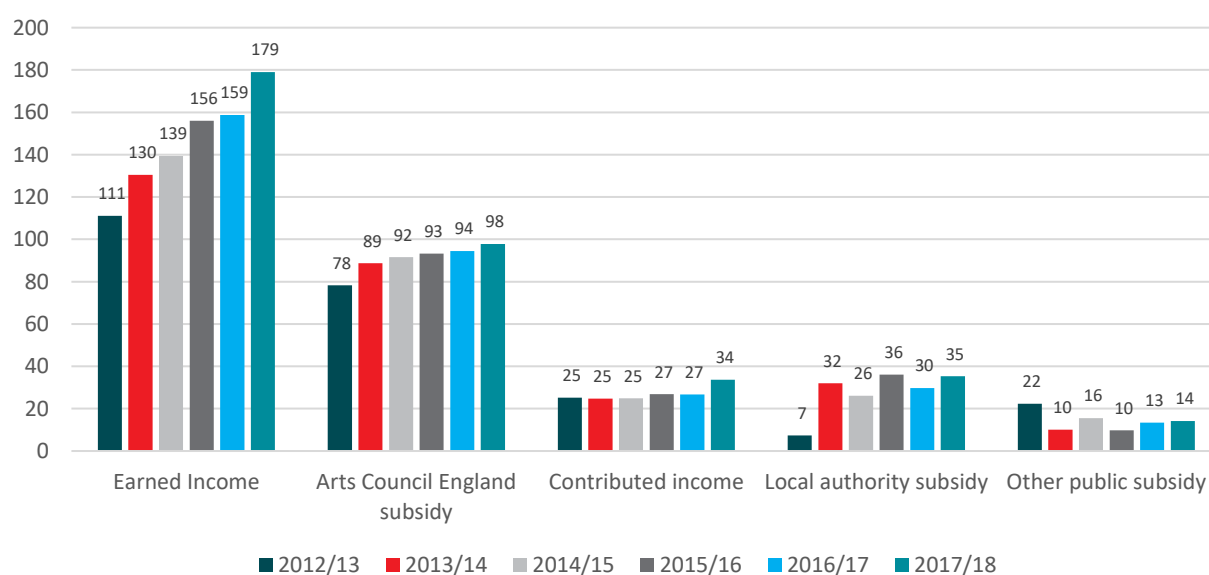
Figure 17 illustrates the importance of each of the income streams using data supplied by the arts and culture organisations that receive regular funding from the Arts Council, relating to the financial years between 2012/13 and 2017/18. This data covers the North of England and all types of organisations. For this section alone, this report includes museums within our definition of arts and culture.

In total, the National Portfolio Organisations received £360 million in 2017/18, an increase of 11% from 2016/17. The largest contributor to this was earned income, responsible for 50% of the total in 2017/18. Funding from earned income increased by 13% from 2016/17 to 2017/18, from £159 million to £179 million.

When taken together, Arts Council, local authority and other public subsidies make the next largest contribution, amounting to £147 million, 41% of total income in 2017/18.

Contributed income was the third most significant individual component of total income in 2017/18, accounting for £34 million of the total income (9%), an increase of 26% from 2016/17 figures.

Figure 17: Arts Council England's National Portfolio Organisations' income by source, North of England 2013-18, £millions



Source: Arts Council England, Cebr analysis

The National Portfolio and Major Partnership Museum awards are one strand of the total investment in arts and culture. For the most recent period of 2015-18, Arts Council England invested £229 million in National Portfolio Organisations based in the North.⁸ In addition to this, a further £28 million was invested in Northern Major Partnership Museums between 2015 and 2018.

⁸ This includes investment into Northern Major Partnership Museums which have been included in the National Portfolio since 2018.

4 Contribution of the arts and culture industry to the North East

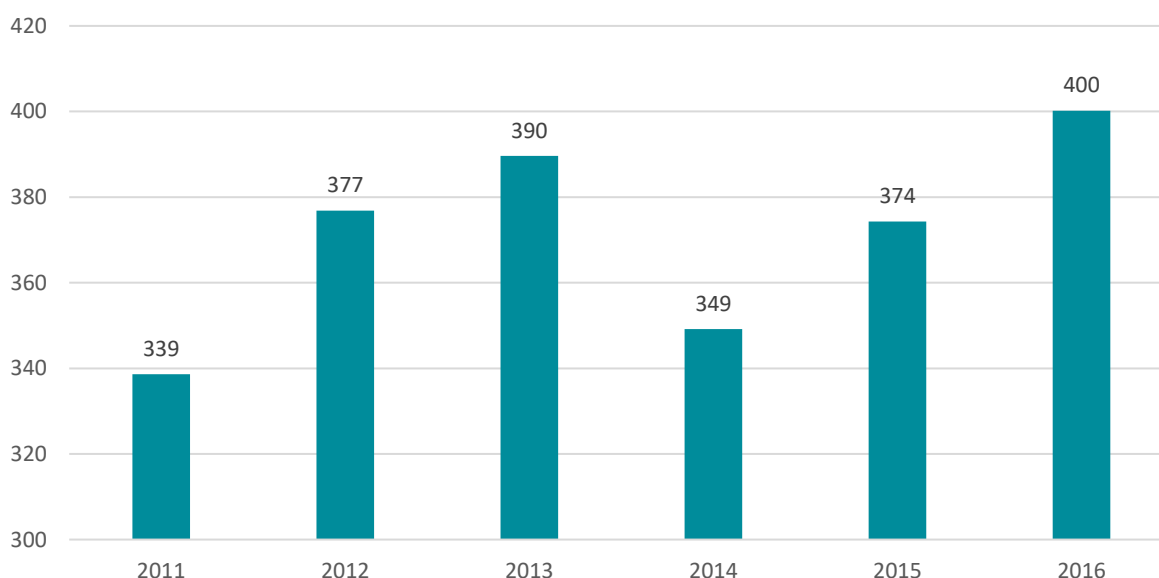
This section provides an assessment of the importance of the arts and culture industry to the North East in terms of turnover, GVA and employment. We examine the performance of these indicators over the period 2011-16, and when possible we present our analysis at a constituency level (NUTS3). The figures presented exclude non-market provision of arts and culture by arms of government and by the third sector.

4.1 Turnover

Figure 18 illustrates the turnover generated by the arts and culture industry in the North East from 2011-16. In 2016, the arts and culture industry generated £400 million in turnover, an increase of 7% from £374 million in 2015.

The overall trend is as follows. The turnover generated by the arts and culture industry in the North East increased by 15% between 2011 and 2013 (from £339 million in 2011 to £390 million in 2013). This was followed by a sharp decline of 10% in 2014 (turnover generated fell to £349 million). Between 2014 and 2016 turnover more than recovered, rising by 15% to reach £400 million by 2016.

Figure 18: Turnover generated by the arts and culture industry in the North East, 2011-16, £m current prices



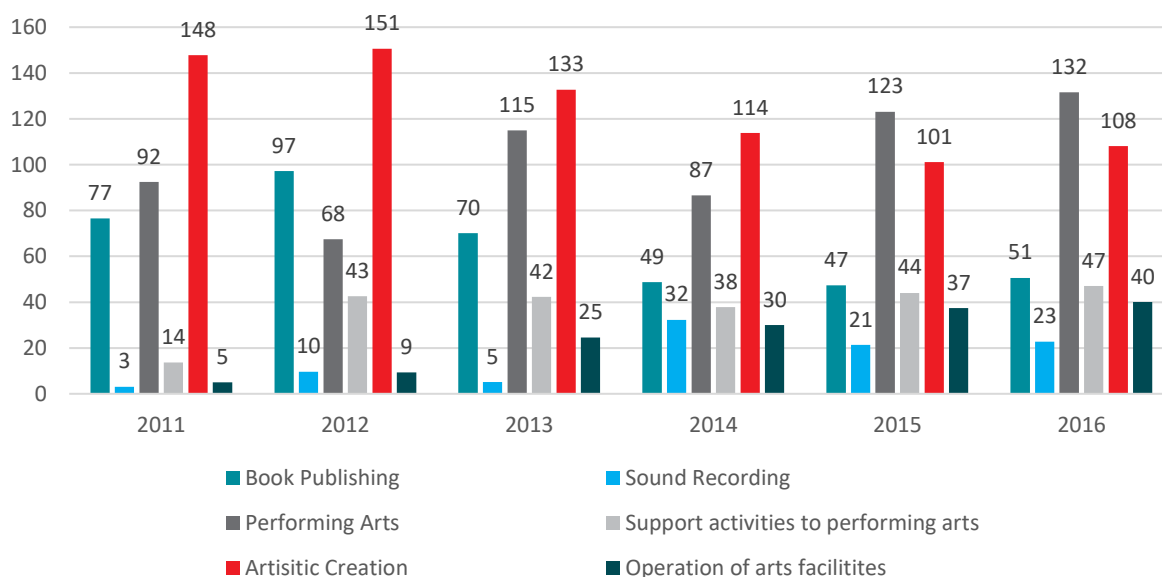
Source: ONS Annual Business Survey 2008-16, Cebr analysis

Figure 19 shows disaggregated estimates for each of the activities that make up our definition of the arts and culture industry in the North East based on the three- and four-digit SIC codes. Performing arts, artistic creation and book publishing are the three largest sets of productive activities. They accounted for 33%, 27% and 13% of all turnover generated by the arts and culture industry in the North East in 2016 respectively.

Sound recording represents the smallest share of the sector's turnover at £23 million in 2016. This represents 6% of all turnover generated by the arts and culture industry in the North East of England.

The operation of arts facilities saw the largest percentage increase in turnover between 2011 and 2016, increasing by 690% (from £5 million in 2011 to roughly £40 million in 2016). However, this increase is starting from a very low base, and given the size of this subsector, it is likely to suffer from some volatility in turnover.

Figure 19: Turnover in the arts and culture industry in the North East by SIC three- and four-digit productive activity, 2011-16, £m current prices



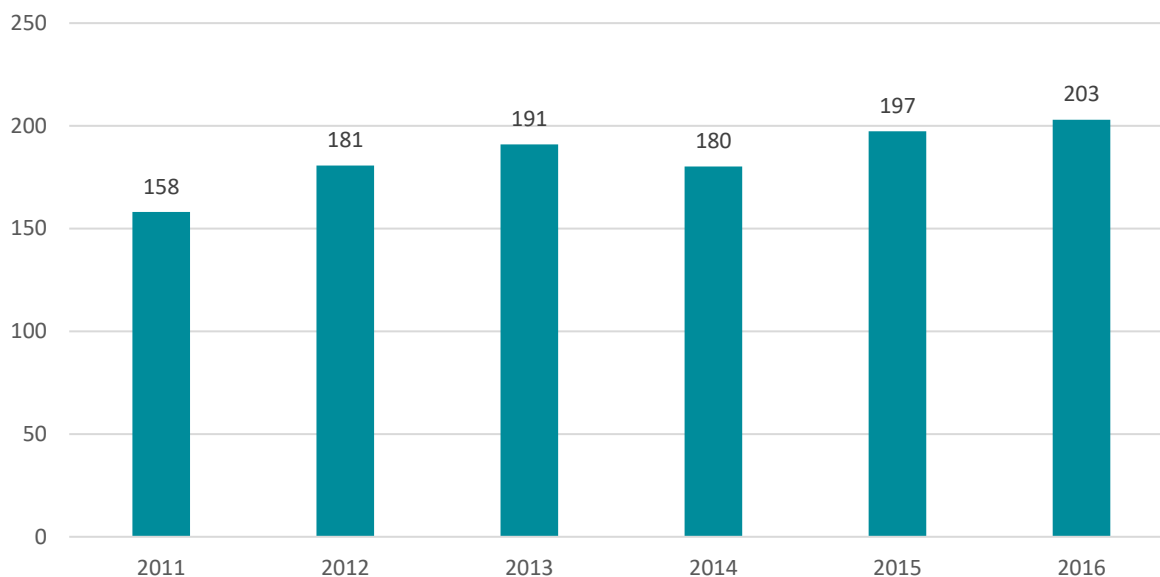
Source: ONS Annual Business Survey 2011-16, Cebr analysis

4.2 Gross value added

Figure 20 illustrates the GVA generated by the arts and culture industry in the North East from 2011-16. In 2016, the arts and culture industry generated £203 million in GVA, an increase of 28% from £158 million in 2011.

The GVA generated by the arts and culture industry in the North East rose £33 million between 2011 and 2013 (from £158 million to £191 million). It then fell slightly to £180 million in 2014, before rising to £203 million in 2016.

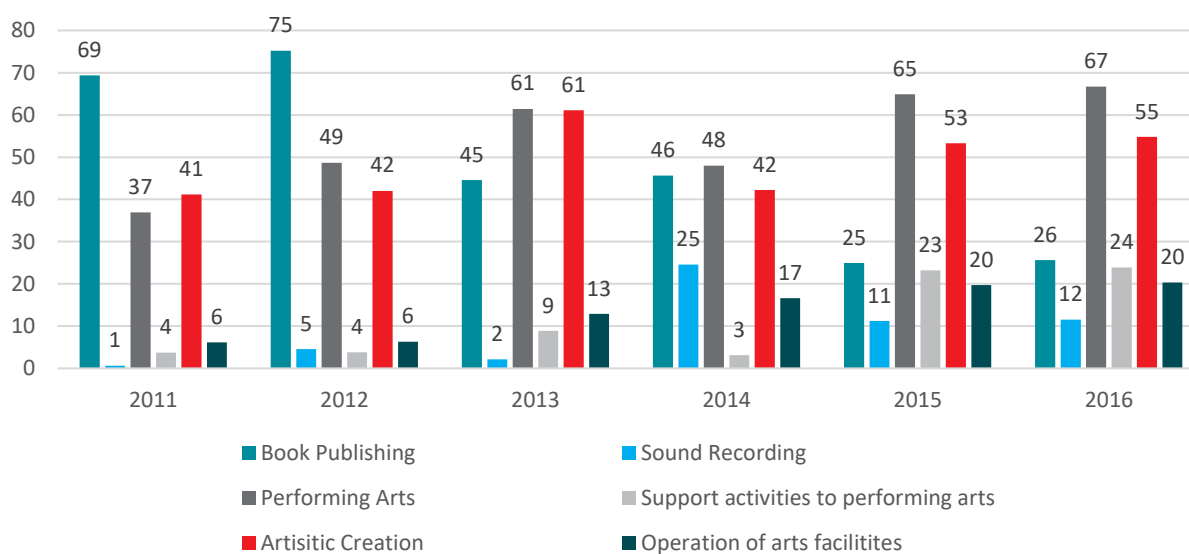
Figure 20: GVA at basic prices of the arts and culture enterprises in the North East, 2011-16, £m



Source: ONS Annual Business Survey 2011-16, Cebr analysis

As with turnover, Figure 21 shows the GVA contributions made by the individual activities that constitute the arts and culture industry in the North East, over the period 2011-16. In 2016, the largest GVA contributions were provided by performing arts, artistic creation and book publishing. These accounted for 33%, 27% and 13%, respectively, of the arts and culture industry's GVA in the North East.

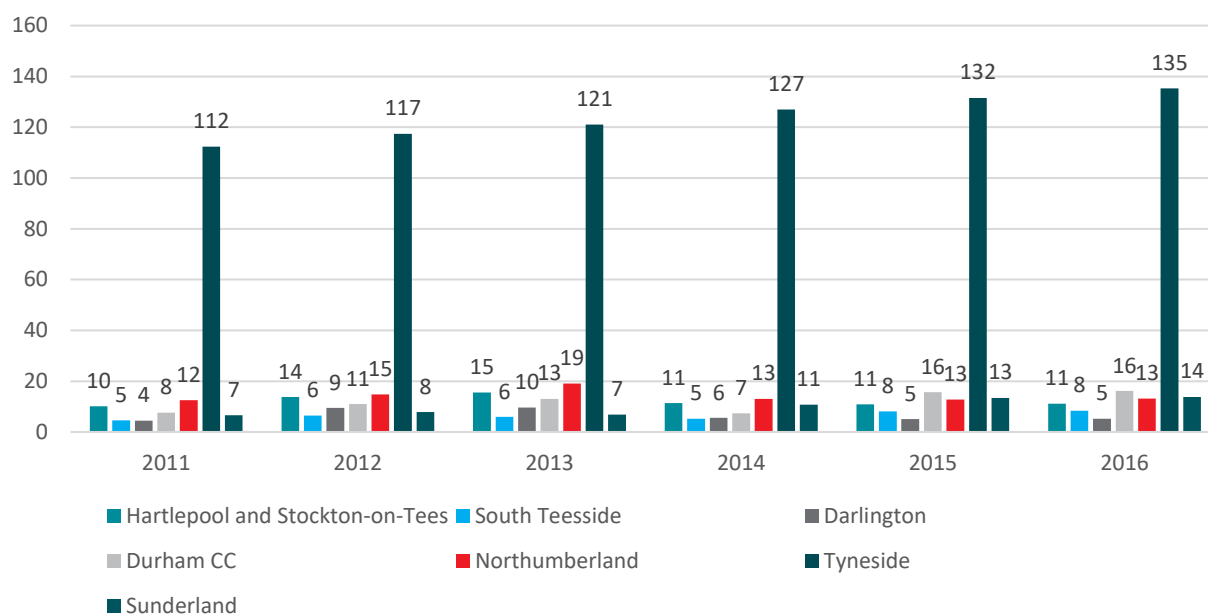
Figure 21: GVA at basic prices of the arts and culture in the North East by SIC three- and four-digit productive activity, 2011-16, £m



Source: ONS Annual Business Survey 2011-16, Cebr analysis

As illustrated in Figure 22, Tyneside arts and culture industry generated substantially higher levels of GVA than any other constituency in the North East. In 2016 Tyneside generated GVA to the value of £135 million, followed by Durham city council at only £16 million.

Figure 22: GVA in the arts and culture industry, North East constituencies, 2011-16, £m current prices



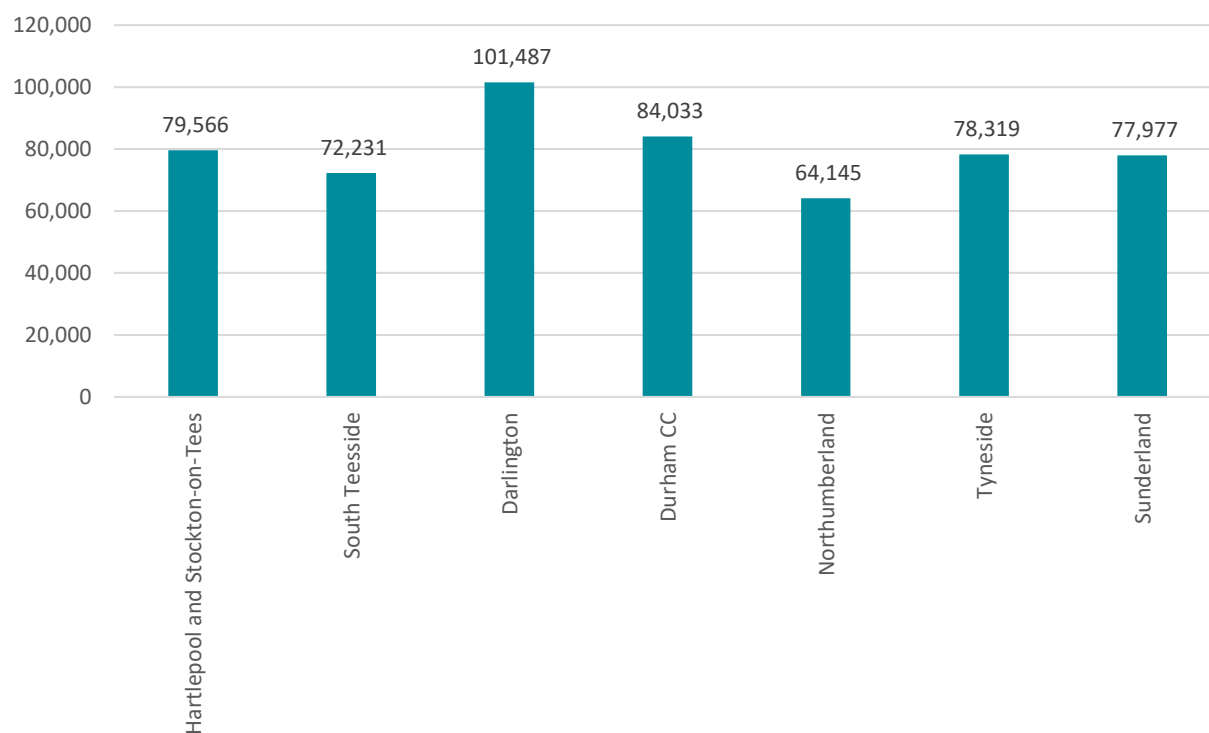
Source: ONS Annual Business Survey 2011-16, Cebr analysis

We have used the GVA contributions along with BRES employment data to produce estimates of the labour productivity of the arts and culture industry as a whole for each of the constituencies in the North East.

As illustrated in Figure 23, GVA per employee in the arts and culture industry in Darlington is the highest of all the constituencies, averaging at almost £102,000 over the period 2011-16.

Comparing Figure 22 with Figure 23, we can conclude that, despite having the largest GVA throughout the period under consideration, Tyneside comes far from having one of the highest levels of labour productivity, as it only ranks in the fourth position in this indicator. It should however be noted that, given the relatively small size of the industry outside of Tyneside, some of these measures may be relatively more affected by outliers and niche situations. The Tyneside measure below should therefore be treated as being more robust.

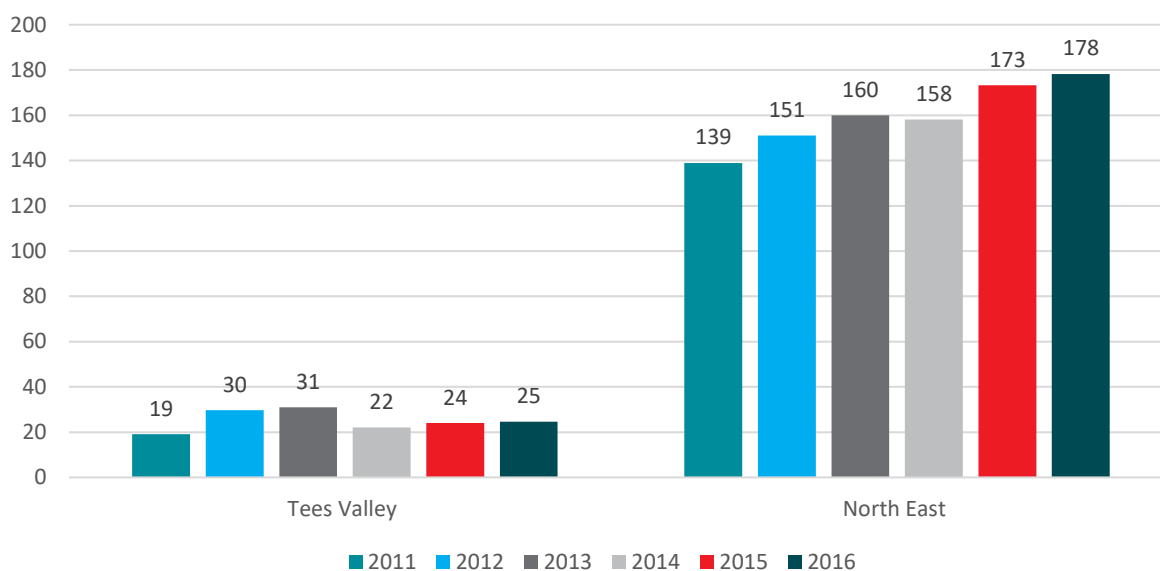
Figure 23: Average labour productivity (GVA per FTE worker) of the arts and culture industry and its subsets, 2011-16, £



Source: ONS Business Register and Employment Survey and Annual Business Survey, 2016, Cebr analysis

Using the information provided in Figure 22, the GVA of the arts and culture industry in the North East, disaggregated by LEAs, is calculated. This is presented in Figure 24 below. The North East region contains two different LEAs: the North East LEA (containing Durham, Northumberland, Tyneside and Sunderland) and Tees Valley (containing Hartlepool and Stockton-on-Tees, Darlington and South Teesside). The North East LEA was the larger of the two, contributing £178 million worth of GVA in 2016 compared to £25 million in the case of Tees Valley.

Figure 24: GVA of arts and culture industry in the North East, disaggregated by LEPs. 2011-16, £m

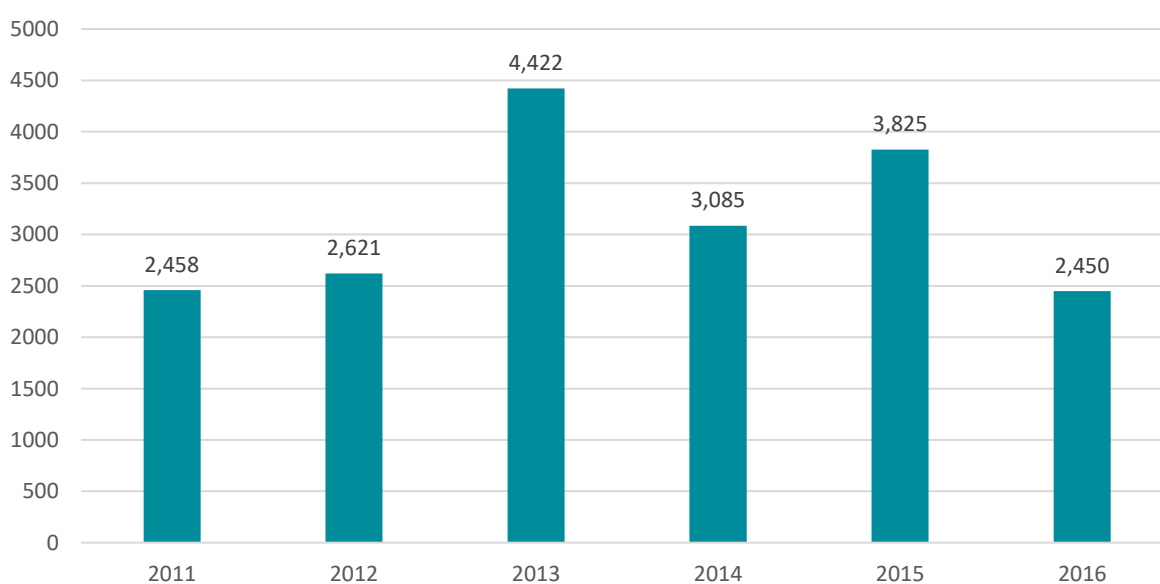


Source: ONS Annual Business Survey 2011-16, Cebr analysis

4.3 Employment

In 2016, the arts and culture industry in the North East was responsible for the employment of approximately 2,450 people. The trend in employment between 2011 and 2016, however, has been very volatile. Between 2011 and 2013, employment in the arts and culture industry increased from 2,458 to 4,222 (an increase of 80%). Employment then decreased to 3,085 in 2014 before rising to 3,825 in 2015. It then decreased once again to 2,450 in 2016.

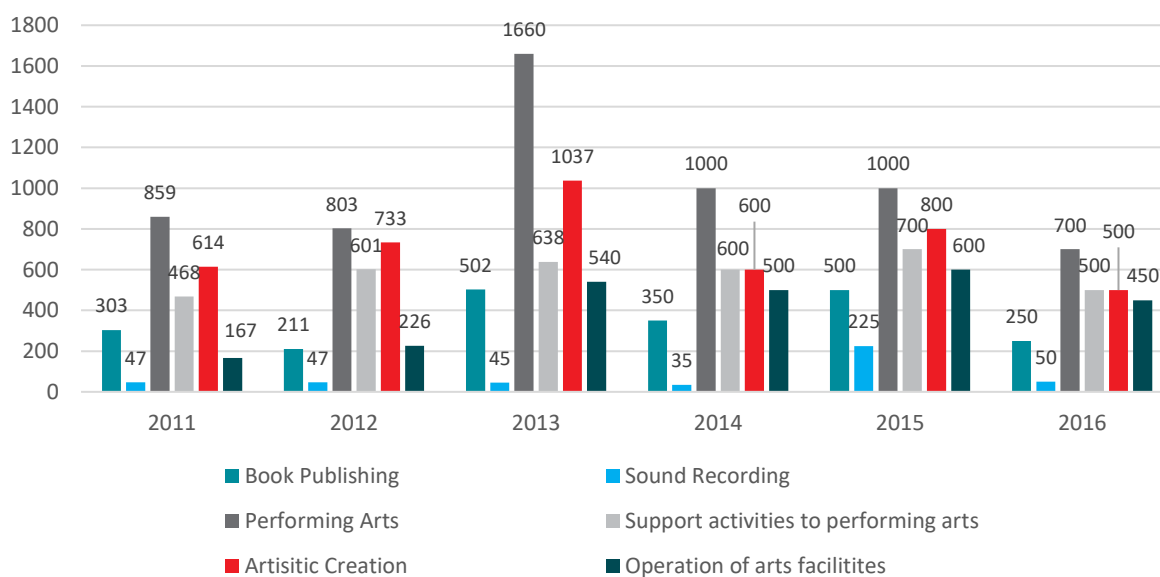
Figure 25: Employment in the arts and culture industry, North East



Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

As illustrated in Figure 26 below, the performing arts subsector was the largest contributor to employment in the arts and culture industry, responsible for 700 jobs in 2016 (equivalent to 29% of employment in the arts and culture industry in the North East). Artistic creation and support activities to performing arts are the next largest activities by employment, responsible for 20% of total employment in the industry in 2016 each.

Figure 26: Arts and culture employment by activity, 2011-16

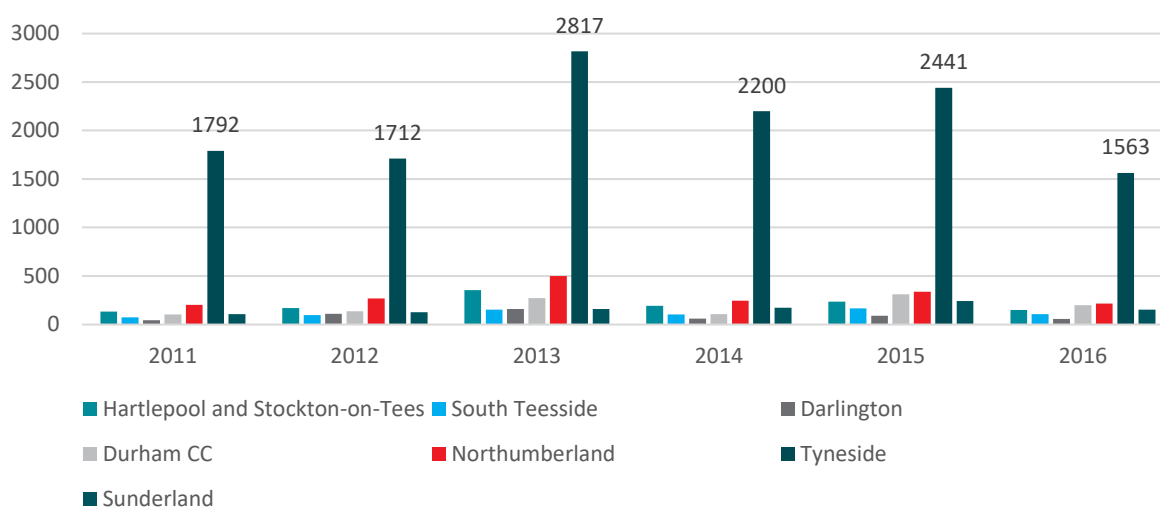


Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

The smallest activity by employment size in 2016 was sound recording. This activity was responsible for 2% of employment in the arts and culture in the North East (50 jobs).

Figure 27 illustrates the same comparison across the North East constituencies as before. Unsurprisingly given the GVA distribution, the arts and culture industry in Tyneside has a significantly higher level of employment compared to other constituencies.

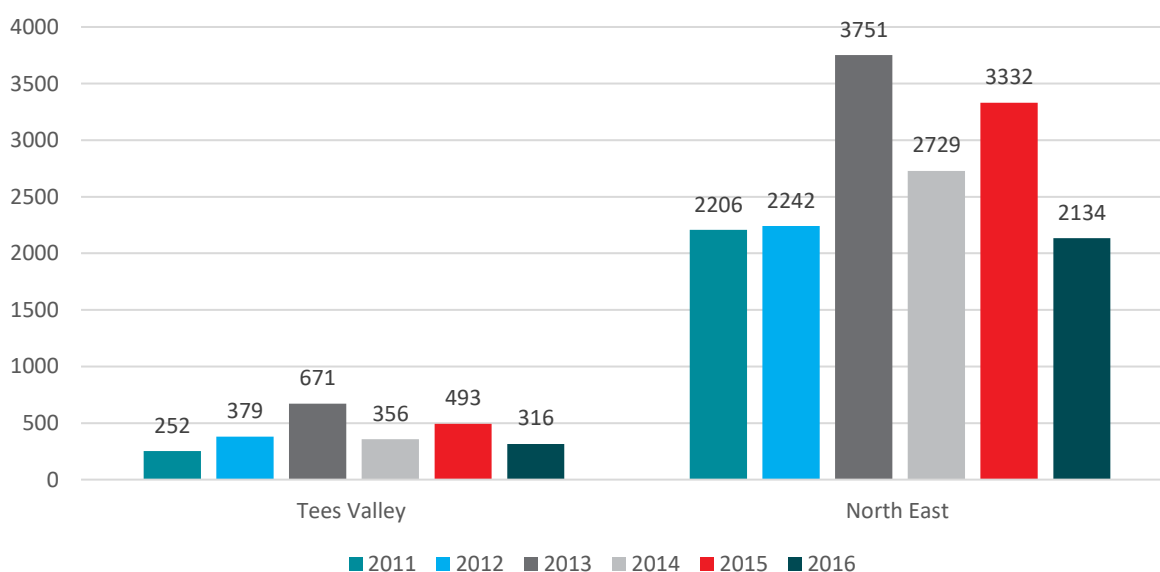
Figure 27: Employment in the arts and culture industry, North East constituencies



Source: ONS Annual Business Survey 2011-16, Cebr analysis

Figure 28 below illustrates the employment in the arts and culture industry in the North East, disaggregated by LEP. The North East region contains two different LEPs: the North East LEP (containing Durham, Northumberland, Tyneside and Sunderland) and Tees Valley (containing Hartlepool and Stockton-on-Tees, Darlington and South Teesside). Much like the case of GVA, the North East LEP is the larger of the two, with an employment of 2,134 in 2016 in comparison to 316 for the Tees Valley LEP.

Figure 28: Arts and culture employment by LEP in the North East, 2011-16, £m



Source: ONS Annual Business Survey 2011-16, Cebr analysis

5 Contribution of the arts and culture industry to the North West

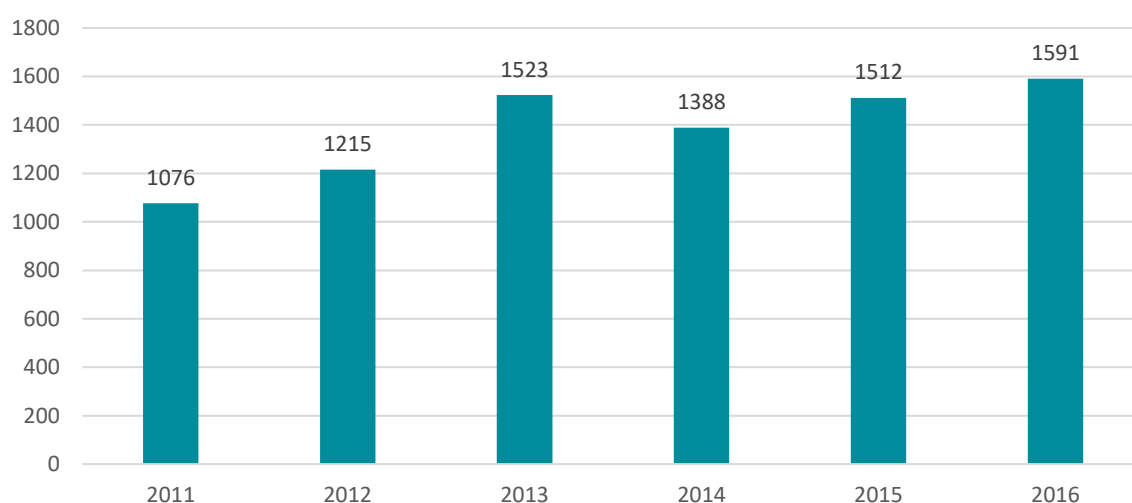
This section provides an assessment of the importance of the arts and culture industry to the North West in terms of turnover, GVA and employment. We examine the performance of these indicators over the period 2011-16, and where possible we present our analysis at a constituency level (NUTS3). The figures presented exclude non-market provision of arts and culture.

5.1 Turnover

Figure 29 illustrates the turnover generated by the arts and culture industry in the North West between 2011 and 2016. In 2016, the arts and culture industry generated £1.6 billion in turnover. This represents a 48% increase on the 2011 turnover of £1.1 billion.

The overall trend is as follows. Turnover increased by 42% between 2011 and 2013 (from roughly £1.1 billion in 2011 to roughly £1.5 billion in 2013). It then fell by 8.9% to £1.3 billion in 2014, before recovering to £1.6 billion in 2016.

Figure 29: Turnover generated by the arts and culture industry in the North West, 2011-16, £m current prices

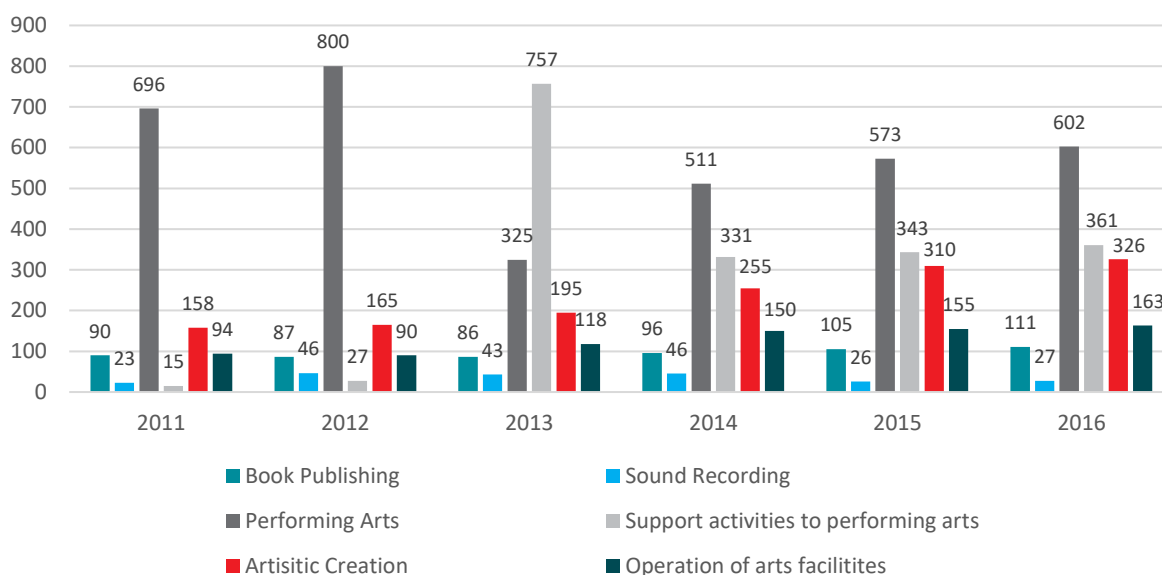


Source: ONS Annual Business Survey 2008-16, Cebr analysis

Figure 30 shows disaggregated estimates for each of the activities that make up our definition of the arts and culture industry in the North West. Performing arts, support activities to performing arts and artistic creation are the three largest sets of productive activities. They accounted for 38%, 23% and 21%, respectively, of the turnover of the arts and culture industry in the North West in 2016.

Sound recording represents the smallest share of the sector's turnover at £27 million in 2016. Support activities to performing arts was the sector which saw the greatest percentage increase between 2011 and 2016 (rising from £15 million to £360 million). Given the small starting point though, this is likely to be subject to high levels of volatility.

Figure 30: Turnover in the arts and culture industry in the North West by SIC three- and four-digit productive activity, 2011-16, £m current prices



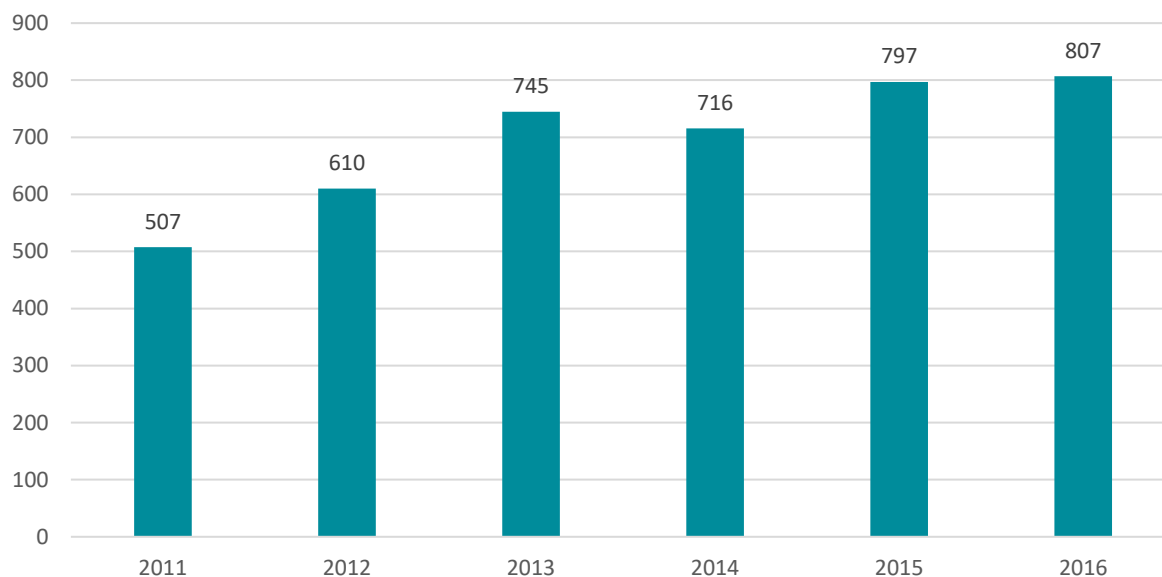
Source: ONS Annual Business Survey 2011-16, Cebr analysis

5.2 Gross value added

Figure 31 illustrates the GVA generated by the arts and culture industry in the North West from 2011-16. In 2016, the arts and culture industry generated £807 million in GVA. This represents a rise of 59% since 2011 (where the GVA generated by the arts and culture industry in the North West generated £507 million).

Overall the trend is as follows. GVA increased significantly from 2011 to 2013 (from £507 million in 2011 to £745 million in 2013). It then decreased to £716 million in 2014, before recovering to £807 million in 2016.

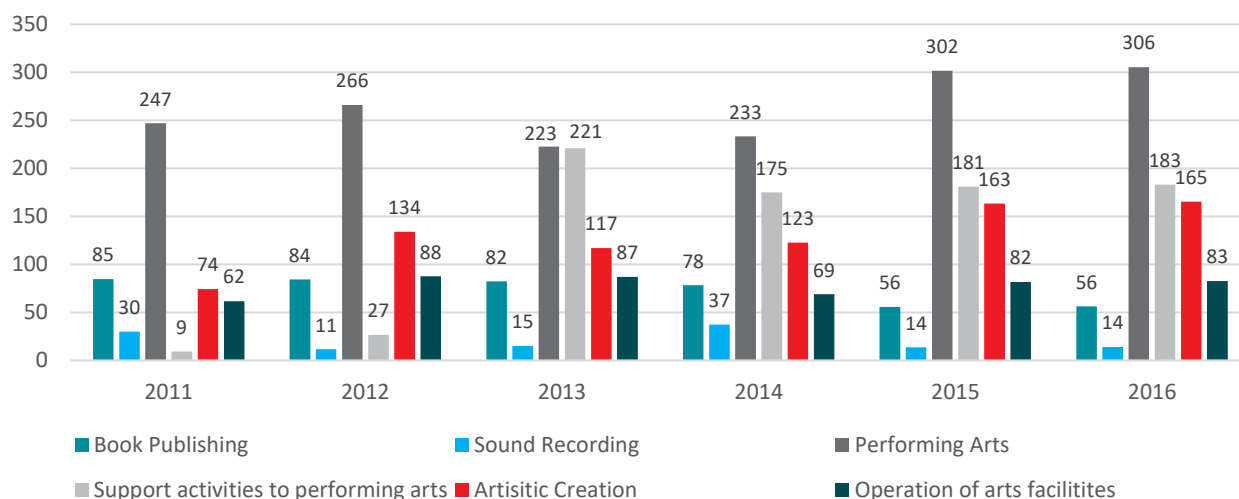
Figure 31: GVA at basic prices of the arts and culture enterprises in the North West, 2011-16, £m



Source: ONS Annual Business Survey 2011-16, Cebr analysis

As with turnover, Figure 32 shows the GVA contributions made by the individual three- and four- digit SIC activities that constitute the arts and culture industry in the North West, over the period 2011-16. Between 2011 and 2016, the sectors which provided the largest GVA contributions widely varied. While performing arts is consistently at the top, the remaining places vary every year. In 2016, performing arts, support activities to performing arts and artistic creation were the three largest GVA contributors in the North West. These accounted for 38%, 23% and 21%, respectively, of the arts and culture industry's GVA in the North West in 2016. In comparison, in the first two years presented, support activities to performing arts had one of the lowest GVA levels (contributing only £9 million and £27 million to GVA respectively).

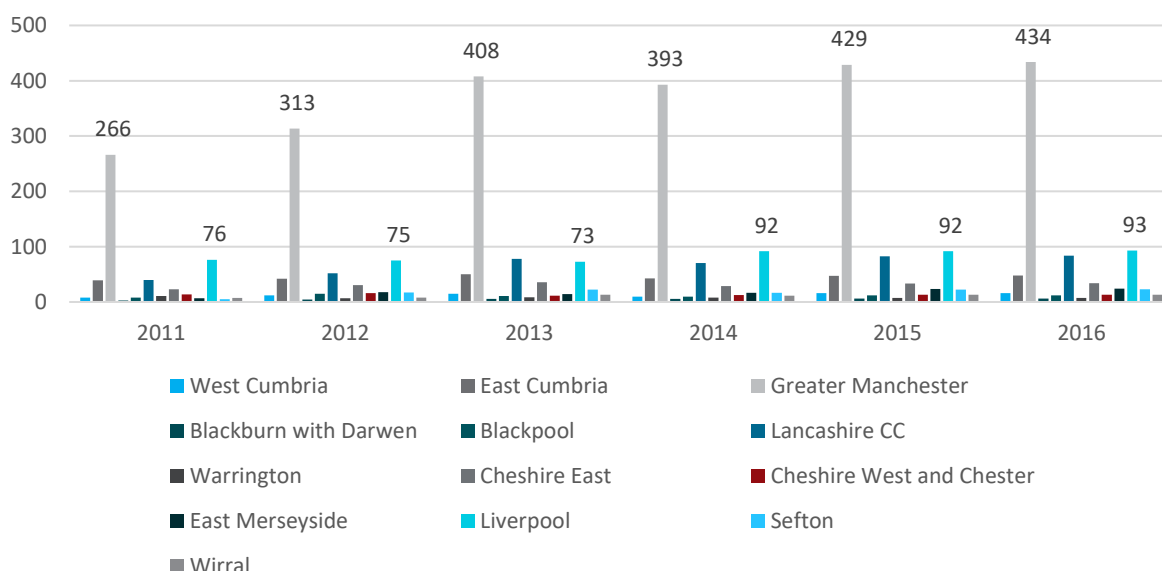
Figure 32: GVA at basic prices of the arts and culture in the North West by SIC three- and four-digit productive activity, 2011-16, £m



Source: ONS Annual Business Survey 2011-16, Cebr analysis

As illustrated in Figure 33, Great Manchester's arts and culture industry generated substantially higher levels of GVA than any other constituency in the North West – on average, almost five times higher than the second largest contributor, Liverpool. In 2016 Great Manchester generated GVA to the value of £434 million, while Liverpool stood at £93 million.

Figure 33: GVA in the arts and culture industry, North West constituencies, 2011-16, £m current prices



Source: ONS Annual Business Survey 2011-16, Cebr analysis

We have used the GVA contributions along with BRES employment data to produce estimates of the labour productivity of the arts and culture industry as a whole for each of the constituencies in the North West.

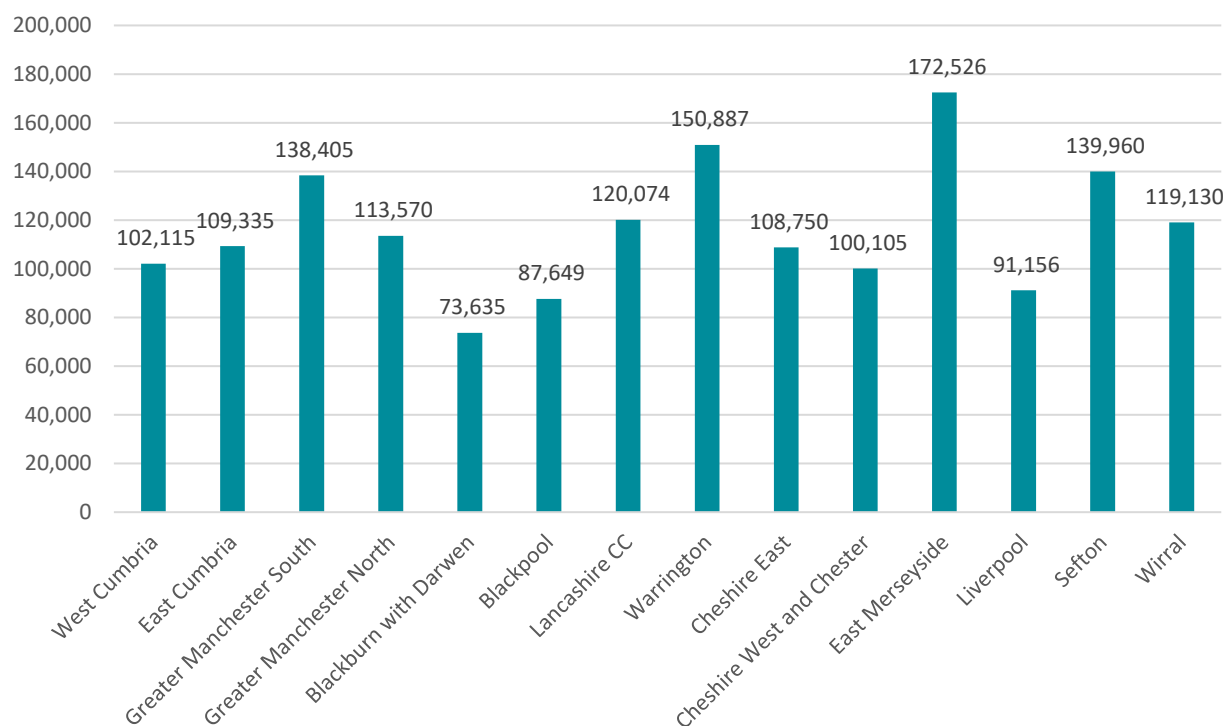
As illustrated in Figure 34, GVA per employee in the arts and culture industry in East Merseyside is the highest of all the constituencies, averaging around £173,000 over the period 2011-16. Warrington had the second highest GVA per employee, at around £150,000.

Similarly to what we have seen in the North East constituencies, when comparing Figure 35 with Figure 34: Average labour productivity (GVA per FTE worker) of the arts and culture industry and its subsets, £ current prices, 2011-16

we reach the same conclusion that the constituency which presents the highest GVA throughout the period under consideration – Great Manchester South – only yields the fourth largest labour productivity. Meanwhile Warrington persistently presents one of the lowest levels of GVA but comes second in terms of labour productivity.

Behind this trend is the fact that the higher GVA levels observed in Great Manchester are being counterweighted by the higher labour intensity levels observed in this area in the arts and culture industry.

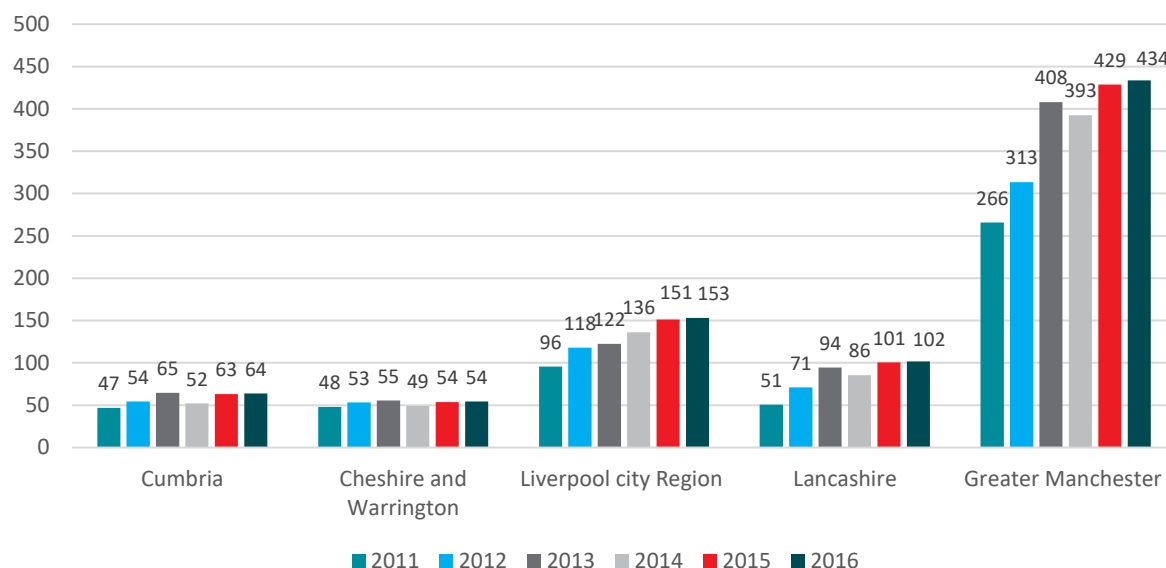
Figure 34: Average labour productivity (GVA per FTE worker) of the arts and culture industry and its subsets, £ current prices, 2011-16



Source: ONS Business Register and Employment Survey and Annual Business Survey, 2011-16, Cebr analysis

Figure 35 illustrates the GVA of the arts and culture industry in the North West disaggregated by LEP. The Greater Manchester LEP had the greatest GVA in 2016, at around £434 million. This was followed by the Liverpool City Region LEP, which has a GVA of around £153 million in 2016.

Figure 35: GVA of arts and culture industry in the North West, disaggregated by LEPs, £m



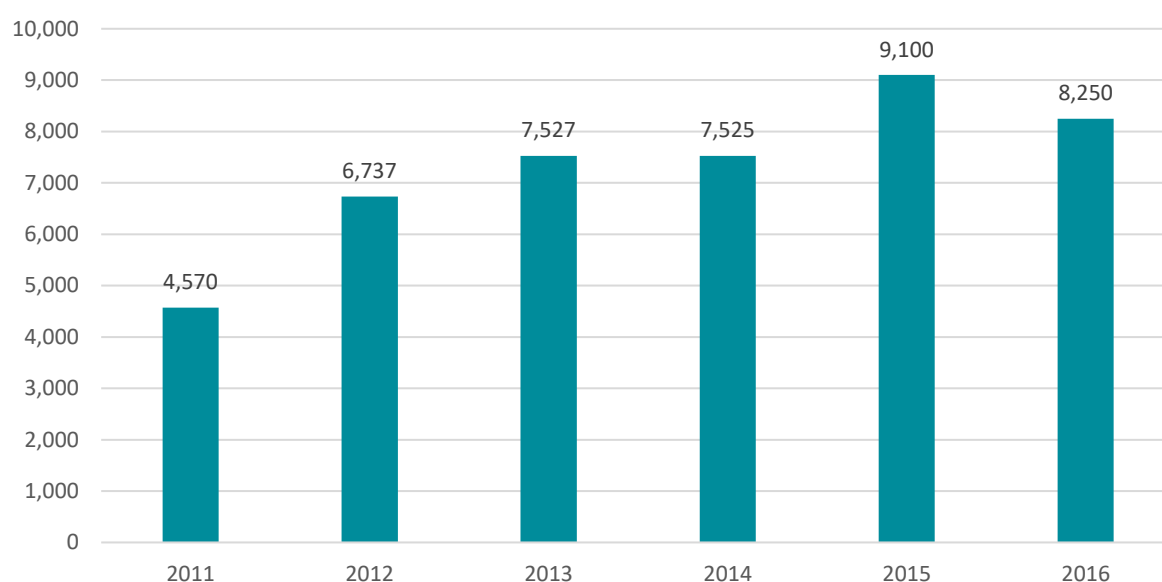
Source: ONS Annual Business Survey 2011-16, Cebr analysis

5.3 Employment

In 2016, the arts and culture industry in the North West was responsible for the employment of 8,250 people. This represents an 81% increase since 2011.

The majority of this increase occurred between 2011 and 2013, where employment in the arts and culture industry in the North West increased from 4,570 to 7,527. Employment reached its highest level in 2015 (at 9,100) before falling to 8,250 in 2016.

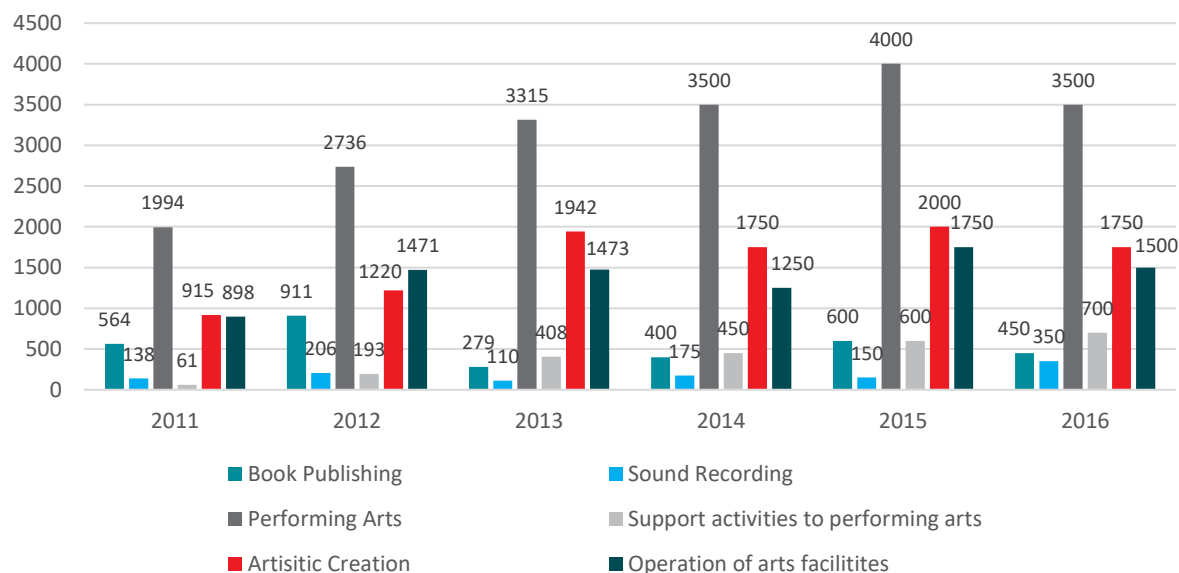
Figure 36: Employment in the arts and culture industry, North West



Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

As illustrated in Figure 37, the performing arts subsector was the largest contributor to employment in the arts and culture industry, responsible for 3,500 jobs in 2016. This is equivalent to 42% of employment in the arts and culture industry in the North West. Artistic creation and the operation of arts facilities are the next largest activities by employment, responsible for 21% and 18% of total employment in the industry in 2016, respectively. The smallest activity by employment size in 2016 was sound recording. This activity was responsible for 4% of employment (around 350 jobs) in the arts and culture in the North West.

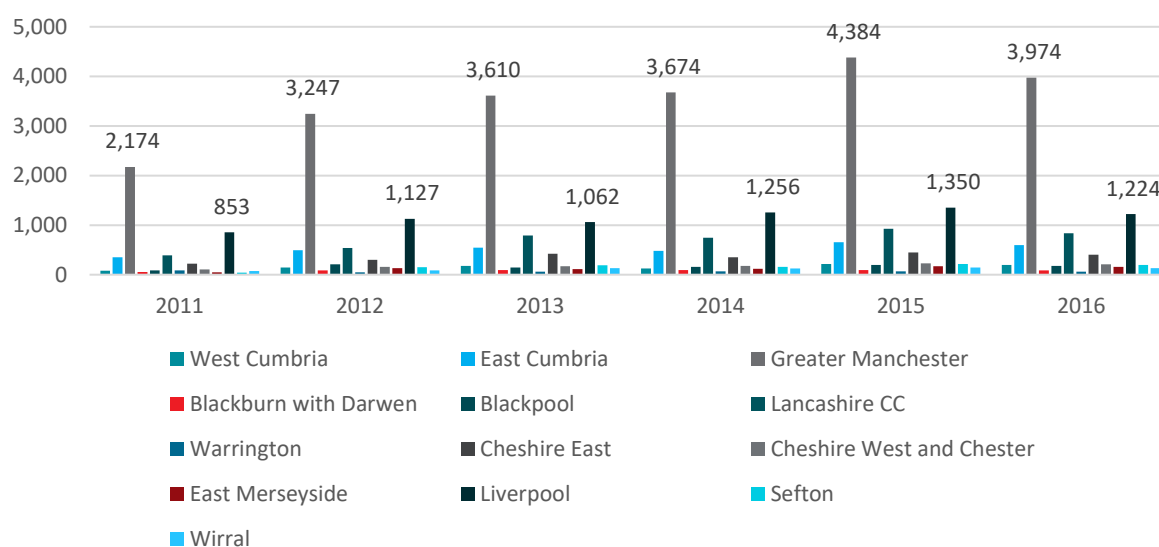
Figure 37: Arts and culture employment by activity, 2011-16



Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

Figure 38 illustrates the same comparison across the North West constituencies as before. Unsurprisingly given the GVA distribution, Great Manchester arts and culture industry had a higher level of employment than any other constituency in the North West (3,974 workers in 2016). As with the GVA ranking, Liverpool is the second highest contributor (1,224 workers in 2016).

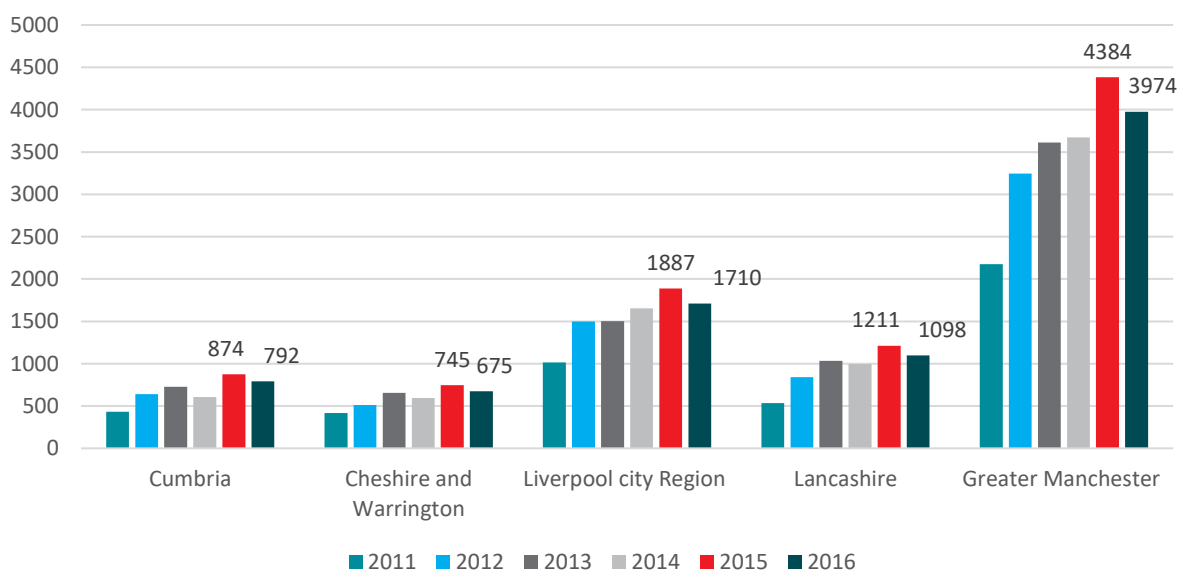
Figure 38: Employment in the arts and culture industry, North West constituencies, 2011-16



Source: ONS Annual Business Survey 2011-16, Cebr analysis

Much like in the case of GVA, employment in the arts and culture industry in the North West is also calculated disaggregated by LEPs. Greater Manchester had the higher employment out of any LEP in the North West, around 4,000 in 2016. This was followed by the Liverpool City Region which had an employment of 1,710 in 2016. The Cheshire and Warrington LEP had the lowest employment in 2016, around 675.

Figure 39: Employment in the arts and culture industry in the North West, disaggregated by LEP, 2011-16, £m



Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

6 Contribution of the arts and culture industry to Yorkshire and the Humber

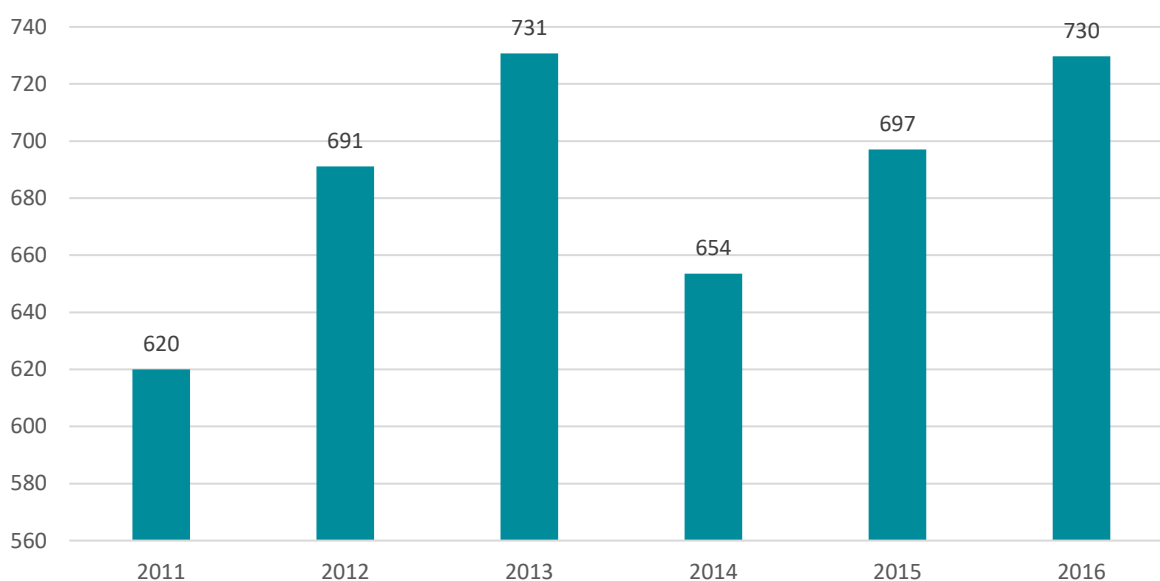
This section provides an assessment of the importance of the arts and culture industry to Yorkshire and the Humber in terms of turnover, GVA and employment. We examine the performance of these indicators over the period 2011-16, and where possible we present our analysis at a constituency level (NUTS3). The figures presented exclude non-market provision of arts and culture.

6.1 Turnover

Figure 40 illustrates the turnover generated by the arts and culture industry in Yorkshire and the Humber from 2011-16. In 2016, the arts and culture industry generated £730 million in turnover, an 18% increase on the £620 million worth of turnover generated in 2011.

The overall trend is as follows. Turnover rose from £620 million in 2011 to £731 million in 2013 (representing a rise of 18%). It then fell sharply to £654 million in 2014, before rising to £730 million in 2016.

Figure 40: Turnover generated by the arts and culture industry in Yorkshire and the Humber, 2011-16, £m current prices

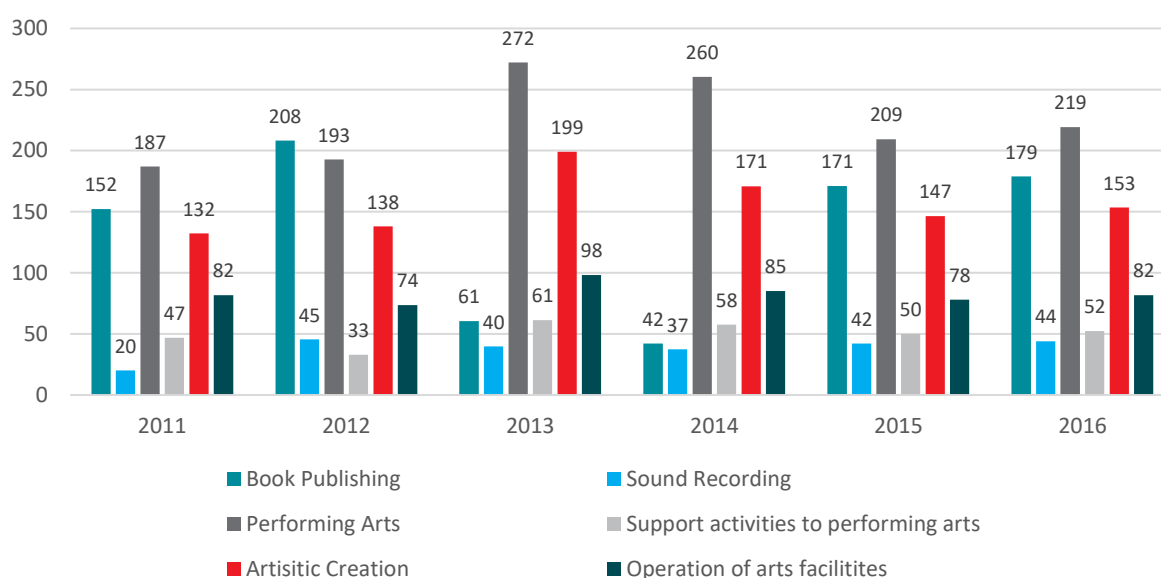


Source: ONS Annual Business Survey 2008-16, Cebr analysis

Figure 41 shows disaggregated estimates for each of the activities that make up our definition of the arts and culture industry. Performing arts, book publishing and artistic creation are the three largest sets of productive activities. They accounted for 30%, 25% and 21%, respectively, of the turnover of the arts and culture industry in Yorkshire and the Humber in 2016.

Sound recording represents the smallest share of the sector's turnover at £44 million in 2016. However, this sector saw the largest percentage increase in turnover between 2011 and 2016, increasing by 120% from £20 million to £44 million over the period.

Figure 41: Turnover in the arts and culture industry in Yorkshire and the Humber by SIC three- and four-digit productive activity, 2011-16, £m current prices



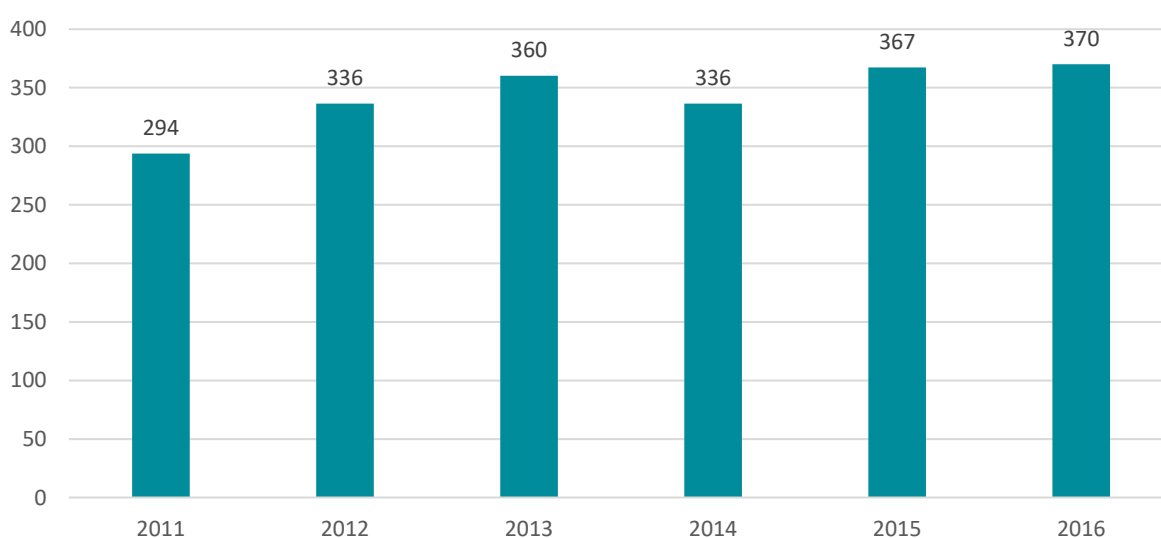
Source: ONS Annual Business Survey 2011-16, Cebr analysis

6.2 Gross value added

Figure 42 illustrates the GVA generated by the arts and culture industry in Yorkshire and the Humber from 2011-16. In 2016, the arts and culture industry generated £370 million in GVA. This represents a 26% increase since 2011.

The overall trend is as follows. The GVA generated by the arts and culture industry in Yorkshire and the Humber increased significantly between 2011 and 2013 (from £294 million in 2011 to £360 million in 2013). It then declined slightly to £336 million in 2014, before rising to £370 million in 2016.

Figure 42: GVA at basic prices of the arts and culture enterprises in Yorkshire and the Humber, 2011-16, £m

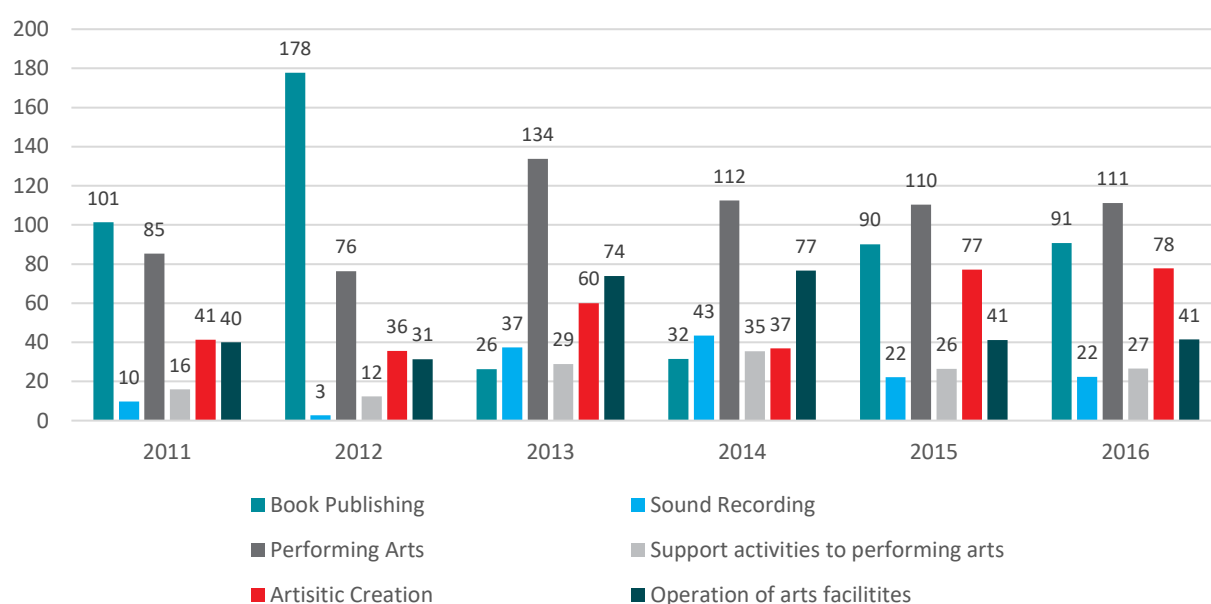


Source: ONS Annual Business Survey 2011-16, Cebr analysis

Figure 43 shows the GVA contributions made by the individual three- and four- digit SIC activities that constitute the arts and culture industry in Yorkshire and the Humber, over the period 2011-16. In 2016, the subsectors of arts and culture which provided the largest GVA contributions were performing arts, book publishing and artistic creation (which contributed 30%, 25% and 21% of the total GVA respectively).

The trend for book publishing is particularly volatile. In 2011 and 2012, it was the biggest contributor to arts and culture GVA in Yorkshire and the Humber (contributing £101 million and £178 million respectively). Its contribution fell significantly in 2013 to £26 million before somewhat recovering to £91 million in 2016.

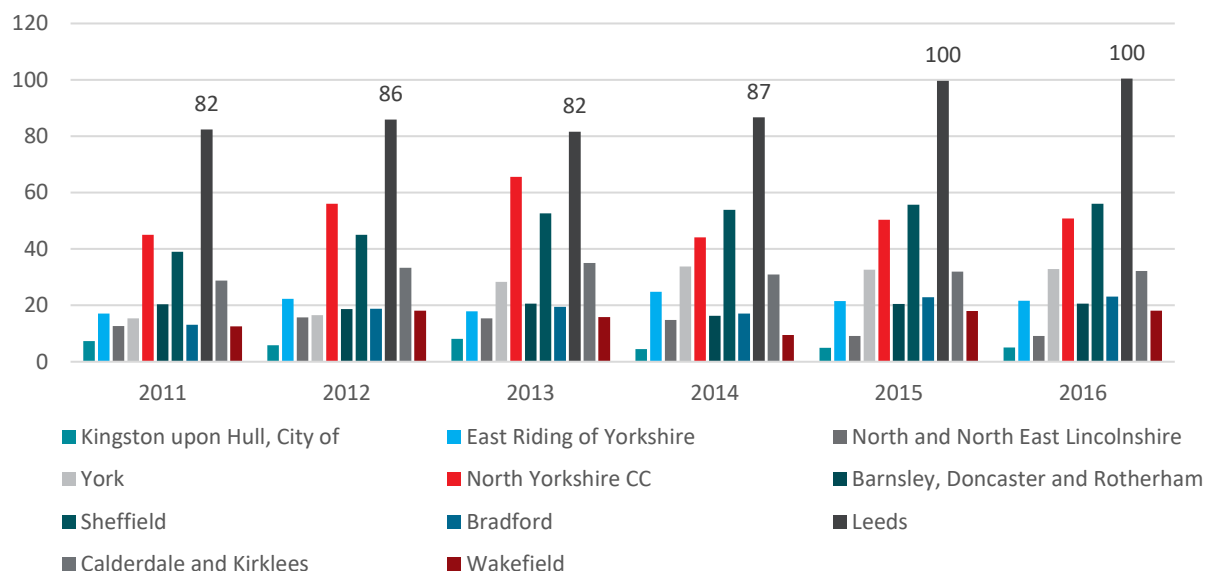
Figure 43: GVA at basic prices of the arts and culture in Yorkshire and the Humber by SIC three- and four-digit productive activity, 2011-16, £m



Source: ONS Annual Business Survey 2011-16, Cebr analysis

As illustrated in Figure 44, at the start of the period in particular, the arts and culture industry in Leeds generated substantially higher levels of GVA than any other consistency in Yorkshire and the Humber. The gap has narrowed in later years though. In 2016, the arts and culture industry in Leeds generated around £85 million in GVA contributions.

Figure 44: GVA in the arts and culture industry, Yorkshire and the Humber, 2011-16, £m current prices



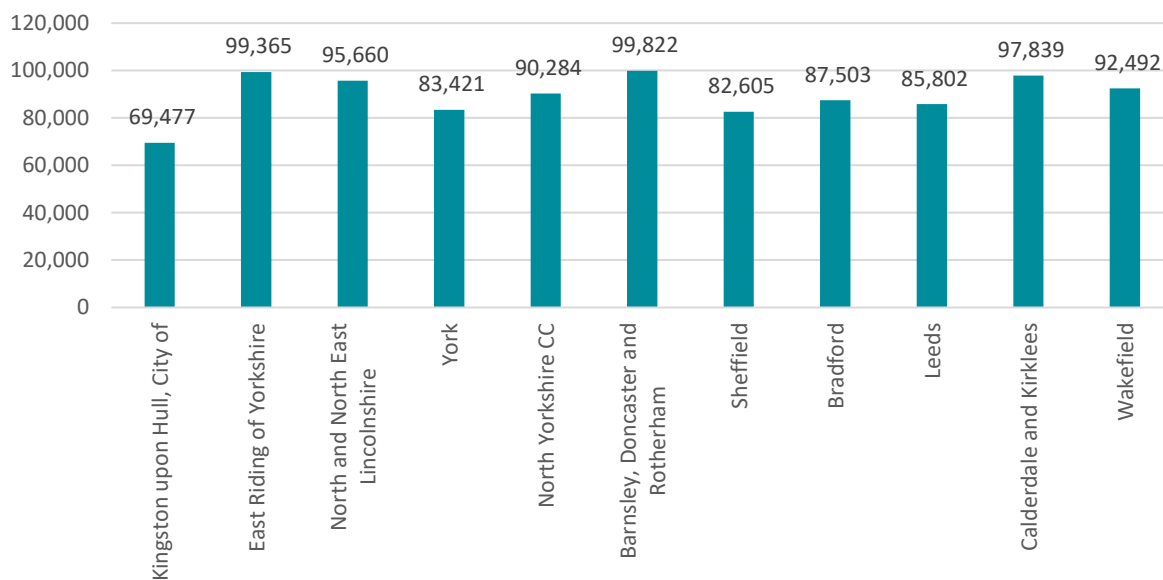
Source: ONS Annual Business Survey 2011-16, Cebr analysis

We have used the GVA contributions along with BRES employment data to produce estimates of the labour productivity of the arts and culture industry as a whole for each of the constituencies in Yorkshire and the Humber.

As illustrated in Figure 45, GVA per FTE worker in the arts and culture industry in Barnsley, Doncaster and Rotherham is around £100,000. This was followed by East Riding of Yorkshire.

Similarly to what we have seen in the North East and North West constituencies, when comparing Figure 44 with Figure 45 we reach the conclusion that the constituency which presents the highest GVA throughout the period under consideration – Leeds – yields one of the lowest in terms of labour productivity. Yet Wakefield persistently presents one of the lowest levels of GVA, but comes fifth in terms of labour productivity. Driving this is the labour intensity in the arts and culture sector in each one of these constituencies.

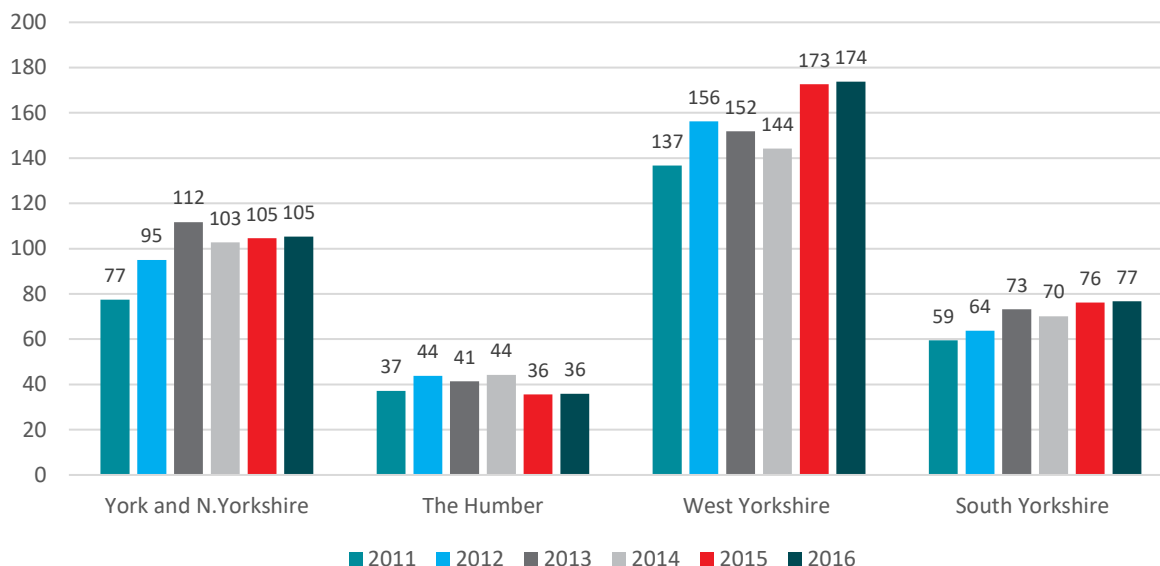
Figure 45: Average labour productivity (GVA per FTE worker) of the arts and culture industry and its subsets, £



Source: ONS Business Register and Employment Survey and Annual Business Survey, 2011-16, Cebr analysis

We also calculate the GVA produced by the arts and culture industry in each LEP in Yorkshire and the Humber. Our results are presented in Figure 46 below. The West Yorkshire LEP produced the highest GVCA in 2016, around £174 million in 2016. This was followed by York and North Yorkshire LEP, which produced £105 million worth of GVA in 2016.

Figure 46: GVA produced by arts and culture industry in Yorkshire and the Humber, disaggregated by LEP, 2011-16, £m



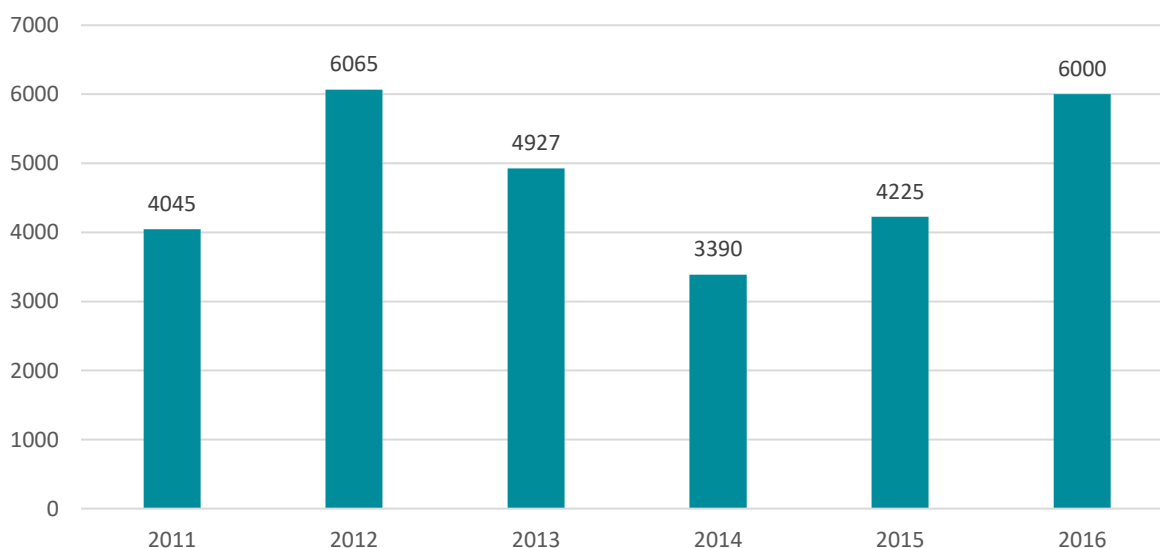
Source: ONS Annual Business Survey 2011-16, Cebr analysis

6.3 Employment

In 2016, the arts and culture industry in Yorkshire and the Humber was responsible for the employment of 6,000 people.

After reaching a peak in 2012 (6,065) the employment levels persistently decreased every year until 2014. The sharpest decline was observed in 2014, when employment in the arts and culture industry in Yorkshire and the Humber declined by 31%. Since then, employment levels have almost recovered to their 2012 peak, reaching 6,000 in 2016.

Figure 47: Employment in the arts and culture industry, Yorkshire and the Humber, 2011-16

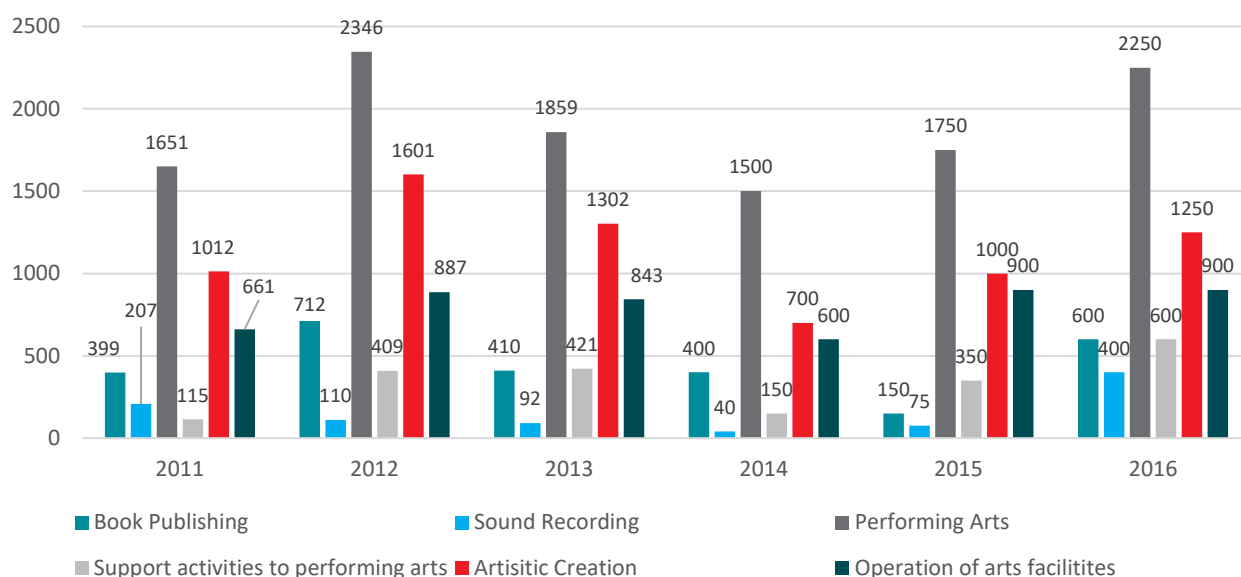


Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

As illustrated in Figure 48, the performing arts subsector was the largest contributor to employment in the arts and culture industry, responsible for 2,250 jobs in 2016 (equivalent to 38% of employment in the arts and culture industry in Yorkshire and the Humber). Artistic creation and the operation of arts facilities are the next largest activities by employment, responsible for 21% and 15% of total employment in the industry in 2016, respectively.

The smallest activity by employment size in 2016 was sound recording. This activity was responsible for 7% of employment in the arts and culture in Yorkshire and the Humber. This represents a significant growth since 2015 though, with employment in this industry rising from 75 to 400 jobs.

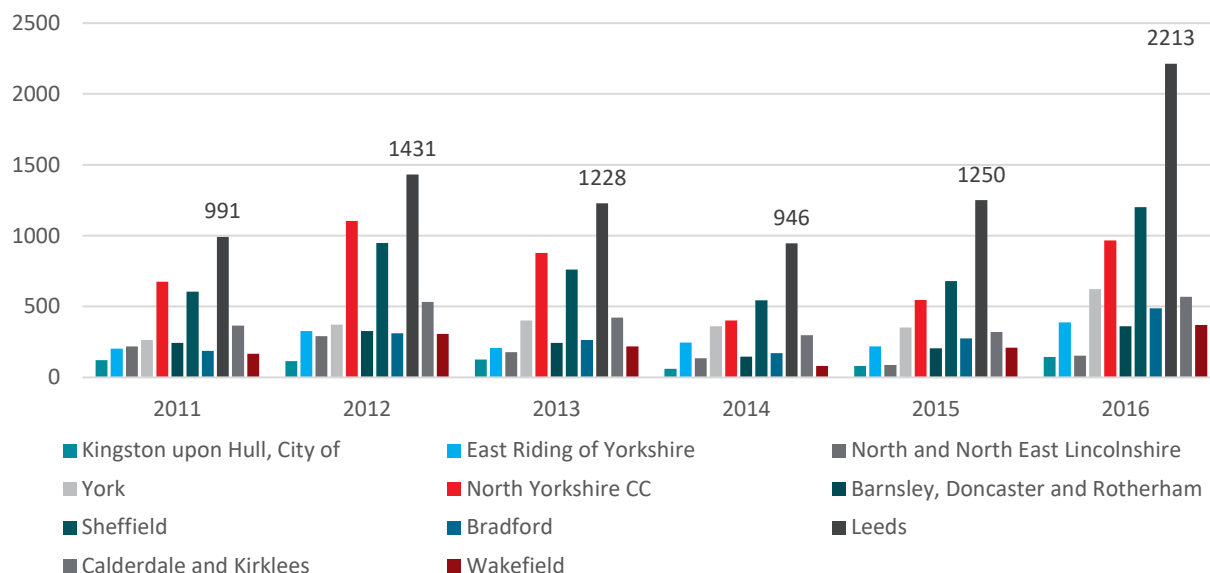
Figure 48: Arts and culture employment by activity, 2011-16



Source: ONS Business Register and Employment Survey 2011-16, Cebr analysis

Figure 49 illustrates the same comparison across Yorkshire and the Humber constituencies as before. Unsurprisingly given the GVA distribution, Leeds' arts and culture industry presented once again higher levels of employment than any other constituency in Yorkshire and the Humber.

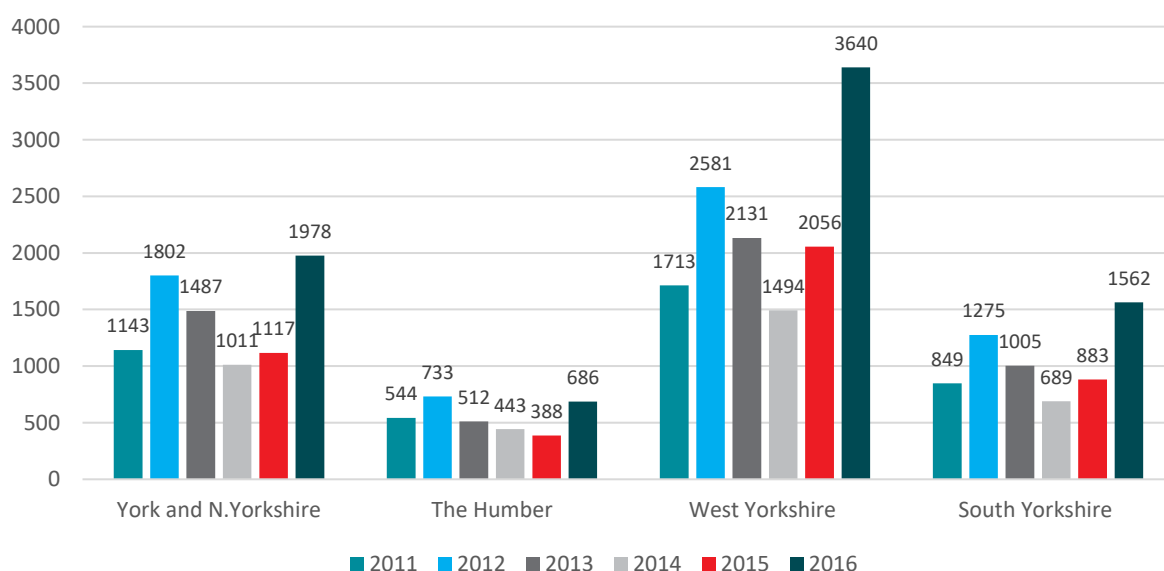
Figure 49: Employment in the arts and culture industry, Yorkshire and the Humber constituencies, 2011-16



Source: ONS Annual Business Survey 2011-16, Cebr analysis

We also calculate the employment generated by the arts and culture industry in each one of the LEPs contained within the Yorkshire and the Humber region. The West Yorkshire LEP (containing Bradford, Leeds, Calderdale and Kirklees and Wakefield) had the highest employment in 2016, approximately 3,640. This was followed by the York and North Yorkshire LEP, which had an employment of around 2,000 in 2016.

Figure 50: Employment in the arts and culture industry disaggregated by LEP, Yorkshire and the Humber, 2011-16



Source: ONS Annual Business Survey 2011-16, Cebr analysis

7 Macroeconomic contributions of the arts and culture to the North of England

In this section we set out our findings on the macroeconomic contributions of the arts and culture industry, including indirect and induced multiplier impacts.⁹ We outline the estimated contributions made by the arts and culture industry to GVA and 'industrial' output at basic prices using the national accounting data. We also look at the contributions made to employment using the Business Register and Employment Survey (BRES), examining the impacts across the North of England.

7.1 Embedding the arts and culture within our macroeconomic impacts framework

In this subsection we give a broad overview of the way in which we embed arts and culture within our macroeconomic impacts modelling framework. We adopt the framework provided by ONS supply-use tables to establish the size and economic impact of the arts and culture. Using this framework to analyse the arts and culture is one of the best means of ensuring consistency with the national accounting framework. The process of embedding a specific subset of productive activities within the framework involves assigning the arts and culture industry an explicit role within the supply-use tables and Cebr's input-output models. By doing this we provide the foundation for establishing the economic size (direct impact) of the arts and culture, and the wider economic impact of the arts and culture industry.

We then use the multipliers along with the direct impacts data to produce estimates of the total impacts of the industry through the supply chain response (indirect impacts) and through the income from employment generated and spent in the wider economy (induced impacts). We produce these impacts for the North of England as a whole before analysing regional differences.

7.2 'Industrial' output multiplier for the arts and culture

Conceptually, 'industrial' output is similar to turnover in business accounting. It is comprised of all revenues earned before any costs are subtracted. Excluding taxes and subsidies, these revenues must cover wages paid to employees, a reasonable rate of return on capital and what is paid to suppliers for the inputs required for the relevant industry's production process. This measure is typically larger than GVA as it still includes the costs of intermediate inputs.

As outlined in Section 3, based on ABS data, we estimate that the market-segment of the arts and culture industry in the North of England generated approximately £2.7 billion in turnover in 2016. This turnover figure excludes non-market provision of arts and culture though. Accounting for this non-market provision (by arms of government and non-profits serving households) it is estimated that in 2016 the arts and culture industry in the North of England generated £3.4 billion in turnover.

However, in supplying its products, the arts and culture industry draws upon inputs from many sectors of the economy. Our input-output modelling suggests that the arts and culture industry's output multiplier for the North of England is 1.91, as illustrated in Figure 51. This means that for every £1 increase in the

⁹ Note that the estimates of the macroeconomic impacts of the arts and culture industry presented in this section do not take into account 'additionality'. The concept of 'additionality' in this context would be concerned with the impacts that are additional as a result of the existence of the arts and culture industry and that would not have been generated elsewhere in the absence of the industry.

arts and culture industry's output, the economy-wide impact including direct, indirect and induced impacts is £1.91.

Figure 51: 'Industrial' output multiplier for the arts and culture in the North of England



Source: Cebr analysis

Based on this multiplier effect, the arts and culture industry's output contribution to the North of England economy of £3.4 billion in 2016 is consistent with an aggregate output supported, including indirect and induced multiplier impacts, of approximately £6.4 billion in the UK economy.

7.3 The arts and culture industry's contribution to GVA

Our input-output modelling has also produced estimates of the indirect and induced multiplier impacts of the arts and culture industry's contribution to GVA. This is presented in deconstructed form in Figure 52.

We estimate that for every £1 of GVA generated by the arts and culture industry in the North of England, an additional £0.91 of GVA is supported in the wider economy through indirect and induced multiplier impacts.

Based on the arts and culture industry's direct GVA impact in 2016 of £1.7 billion including both market and non-market provision, we estimate that its aggregate GVA including direct, indirect and induced impacts, amounted to £3.3 billion in the same year.

Figure 52: The arts and culture industry's GVA multiplier in the North of England



Source: Cebr analysis

7.4 Contribution of the arts and culture to employment

Our estimate of the direct employment contribution of the arts and culture industry to employment in the North of England is outlined in Section 3, where we presented an estimate of 16,700 in employment in 2016. However, the employment impact of the arts and culture industry is not confined to these direct job contributions.

As illustrated in Figure 53, using our input-output models, we find that the arts and culture industry in the North of England has an employment multiplier of 2.21. This means that for every job supported by the arts and culture industry, an additional 1.21 jobs are supported in the wider economy, through indirect

and induced multiplier impacts. This employment multiplier produces an estimated total employment impact of 37,000 jobs in 2016.

Figure 53: The arts and culture industry's employment multiplier in the North of England



Source: Cebr analysis

7.5 Regional variation in our multiplier estimates

Using our multiplier modelling we have been able to estimate the contribution made by the arts and culture industry to the regional economies across the North of England in 2016. Table 1 illustrates the importance of the arts and culture industry across the North in terms of its contribution to regional GVA. The largest absolute regional contribution of the arts and culture is in the North West, estimated at approximately £1 billion. Meanwhile, the smallest contribution of the arts and culture to the economy is in the North East, estimated at £254 million. These figures include both market and non-market provision of arts and culture and are thus somewhat higher than the ones reported in the direct contribution sections.

Table 1: Direct GVA contributions of the arts and culture industry to England and the North of England, 2016

UK nation/English region	GVA (£m)
England	9,653
North West	1,009
North East	254
Yorkshire and the Humber	462

Source: Cebr analysis

Table 2 gives the results of our input-output modelling at the level of England and the North of England regions. Separate (Type II) multipliers¹⁰ are shown for GVA, industrial output and employment and are ordered according to the magnitude of the GVA multiplier. These estimates suggest that the arts and culture industry in Yorkshire and the Humber has the largest multiplier impacts in the North of England. The North East has the lowest multiplier impacts.

¹⁰ Type II multipliers capture direct, indirect and induced impacts.

Table 2: Type II multipliers in England and North of England regions, 2016

UK nation/English region	GVA	Output	Employment
England	2.00	1.99	2.31
North East	1.83	1.83	2.10
North West	1.91	1.91	2.21
Yorkshire and the Humber	1.95	1.95	2.26

Source: Cebr analysis

8 The role of the arts and culture in attracting tourism to the North of England

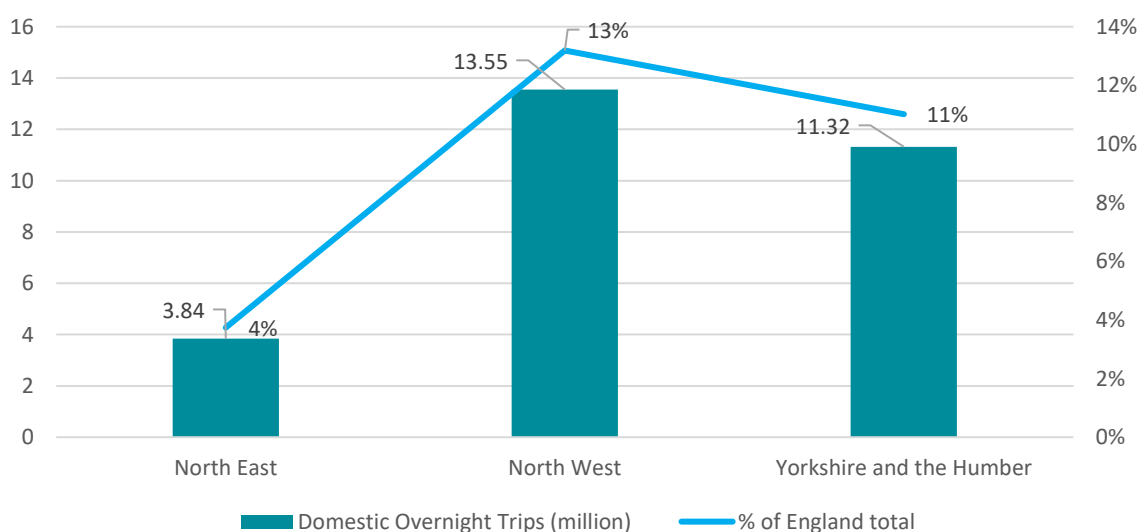
The arts and culture industry can create additional spending by tourists in two ways. Some visit the North of England primarily to visit arts and cultural attractions, while others take part in arts and cultural activities during trips that are made for other purposes, potentially extending trips and generating additional spending as a result. Spending by tourists who come to the North of England with the sole purpose of undertaking activities related to arts and culture may be considered additional – that is, they can be expected not to have visited had it not been for the arts and culture offering.

Besides these tourists, survey data tells us that people visiting the North for a whole variety of reasons have also taken part in arts and culture activities during their stay. In this section, we present a series of descriptive statistics on overnight trips and visits taken to regions in the North of England and the corresponding spending generated by these trips. An attempt is also made in capturing the impact on rural areas.

8.1 Domestic tourism to the North of England

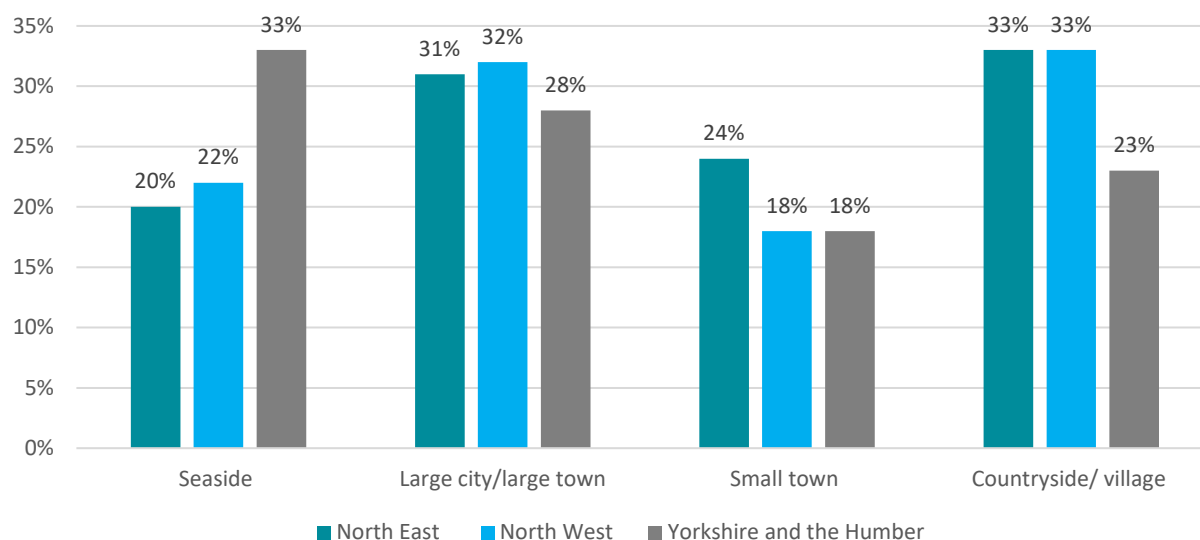
Domestic residents alone made 13.6 million trips to the North West, 11 million trips to Yorkshire and the Humber and 3.8 million trips to the North East. Figure 54 shows that these trips accounted for 13%, 11% and 4% of the total domestic trips undertaken in England, respectively. ‘Trips’ are defined as journeys away from home involving an overnight stay. Figure 55 further illustrates the type of destination involved in these trips. Interestingly, one third of the trips made to the North East and North West were categorised to be made to the countryside or rural villages in 2015, while Yorkshire only had 23% in the same category. It should be noted that trips can involve more than one destination type and so the figures presented are not additive nor comparable across destination types.

Figure 54: Domestic overnight trips (million) to the respective region



Source: Visit England, 2015, Cebr analysis

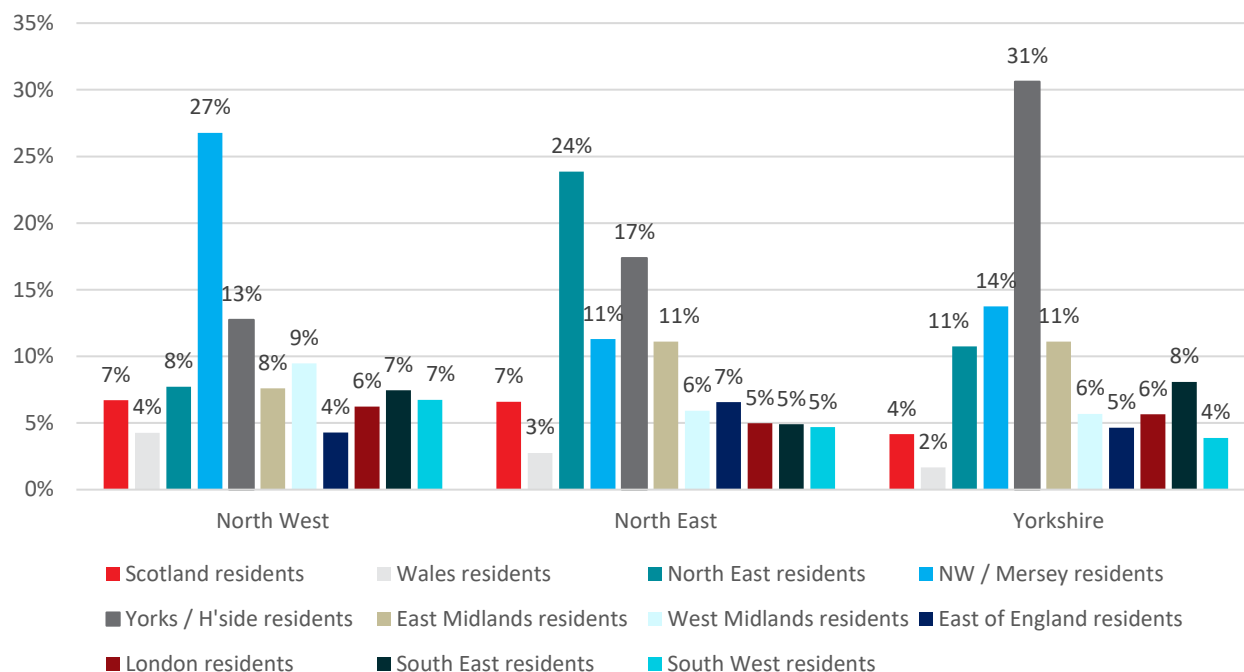
Figure 55: Destination type



Source: Visit England, 2015, Cebr analysis

Figure 56 illustrates a breakdown of where these domestic trips to the three regions in the North of England were made from. Local residents of Yorkshire and the Humber accounted for the highest share of total domestic trips to Yorkshire; over one-third of total domestic trips were made within the region, while 14% and 11% of the total domestic trips to Yorkshire were made by residents of the neighbouring North West and North East, the second and third highest contributors. Similarly, in the North West, local residents accounted for 27% of total domestic trips to the region, while 13% were made by residents of neighbouring Yorkshire and 8% by residents of the North East. A similar pattern emerges for the North East, though trips made by local residents were somewhat lower in the North East.

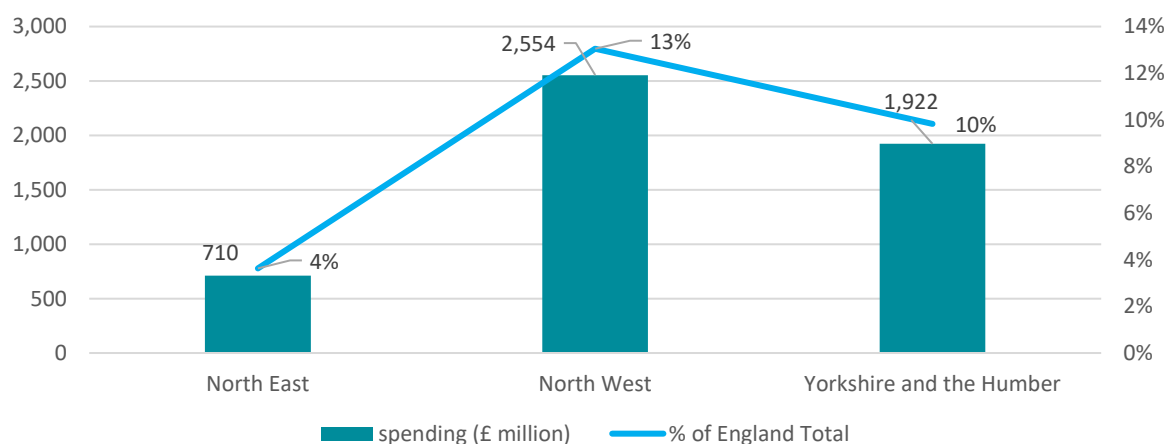
Figure 56: Trips to the respective region, by region of residence



Source: Visit England, 2015, Cebr analysis

The corresponding spending estimates generated by the above domestic overnight trips in 2015 are illustrated in Figure 57. The North West saw £2.6 billion spending as a result of domestic overnight trips to the region, while Yorkshire and the Humber and the North East saw £2 billion spending and £710 million spending, respectively. These spending figures accounted for 13%, 10% and 4% of the total spending generated by domestic trips in England.

Figure 57: Spending that took place during trips to the respective region (£millions)

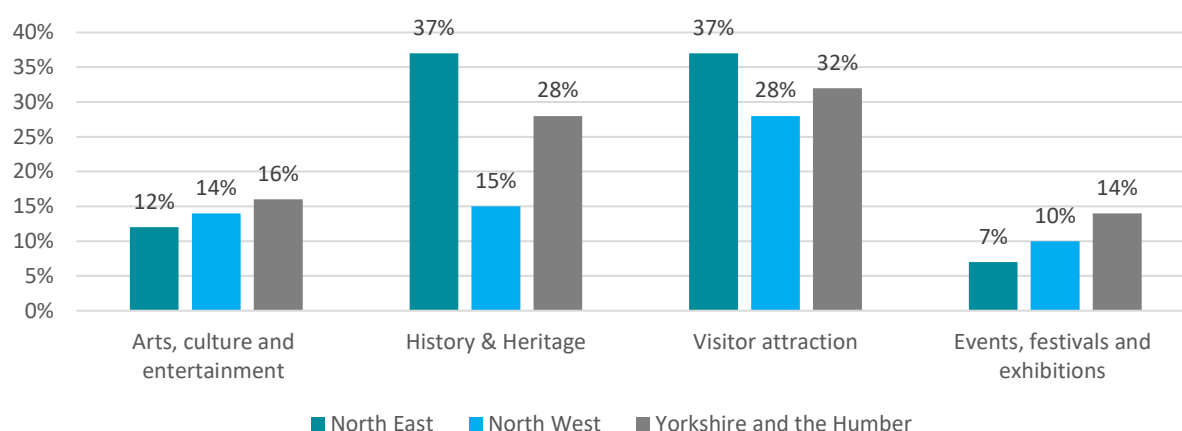


Source: Visit England, 2015, Cebr analysis

Figure 58 illustrates that of the 3.8 million overnight trips to the North East in 2015, 12% were thought to involve arts, culture and entertainment activities, 37% history and heritage, 37% visitor attractions and 7%

events, festivals and exhibitions. A somewhat similar breakdown of domestic trips can be seen in the North West and Yorkshire and the Humber. An exception is the relative low share of trips categorised as history and heritage in the North West. It should be noted that these were trips where an activity was undertaken at least once. A single trip can involve multiple activities and so the shares of each of the activities listed are non-additive. Arts and culture activities might also not necessarily have been the main purpose of a trip.

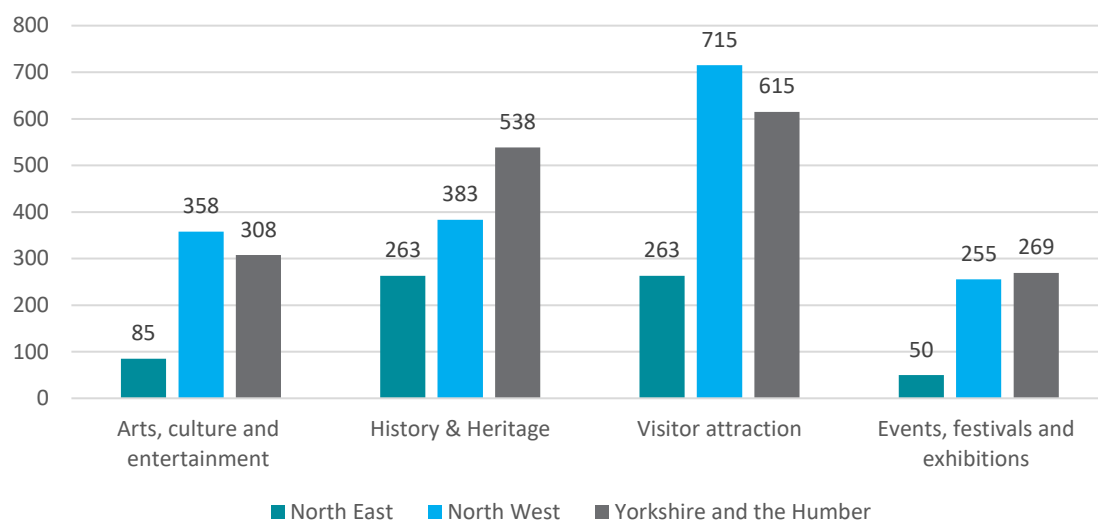
Figure 58: Arts and culture related activities undertaken as a percentage of total trips to the respective region



Source: Visit England, 2015, Cebr analysis

More importantly, Figure 59 presents spending generated from trips involving arts and culture related activities. Again it should be noted that a single trip can involve multiple activities. These spending figures cannot solely be attributed to arts and culture. The figures are also non-additive and cannot be compared across activities. Despite this, considering each category on its own, the North West generated £358 million spending from trips involving arts, culture and entertainment, Yorkshire £308 million and the North East £85 million. Interestingly, Yorkshire and the Humber generated higher spending figures from trips involving history and heritage and from events, festivals and exhibitions than the North West. The North East generated the lowest spending from overnight trips in each of the categories considered.

Figure 59: Spending generated from trips involving arts and culture related activities (£millions)¹¹



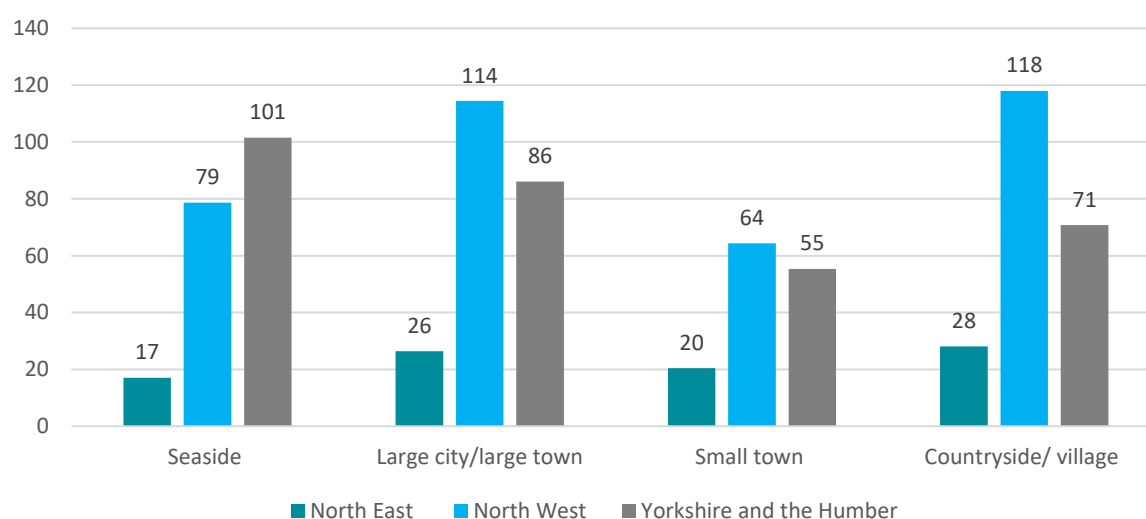
Source: Visit England, 2015, Cebr analysis

In Figure 60, the spending estimates generated from trips involving the arts, culture and entertainment category from Figure 59 above are mapped into the percentage breakdown of the destination type of the trips from Figure 58.

Yorkshire and the Humber had the highest spending figure of approximately £100 million generated from visits to the seaside involving arts, culture and entertainment activities, while the North West generated approximately £80 million and the North East £17 million. Interestingly, all three regions generated a considerable amount of spending from trips to rural areas involving arts, culture and entertainment activities. The North West generated £118 million, Yorkshire and the Humber £71 million and the North East £28 million.

¹¹ These figures are estimated by mapping the total spending generated by trips into the shares of total trips involving arts and culture activities.

Figure 60: Spending generated from trips involving arts, culture and entertainment activities by destination type (£millions)¹²



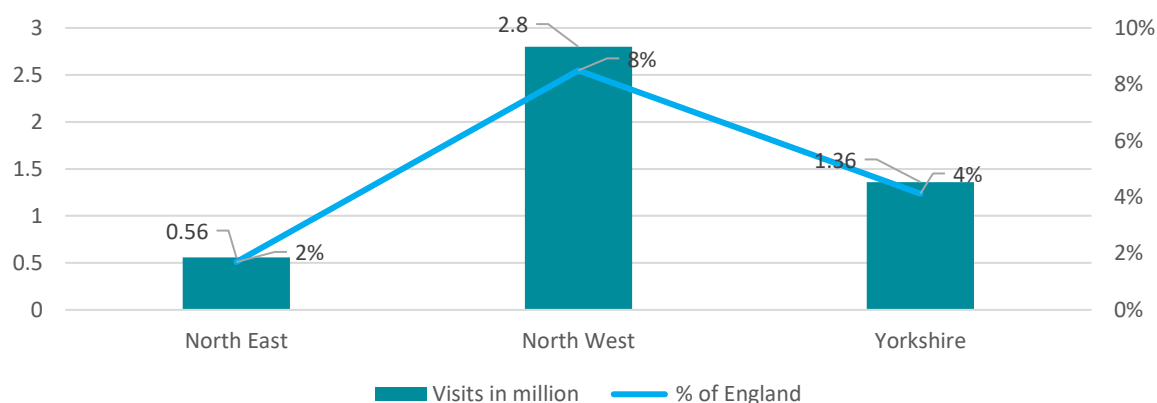
Source: Visit England, 2015, Cebr analysis

¹² These figures are estimated by mapping the total spending generated by trips into the shares of total trips involving arts and culture activities as well as the percentage breakdown of total trips by destination type.

8.2 International tourism to the North of England

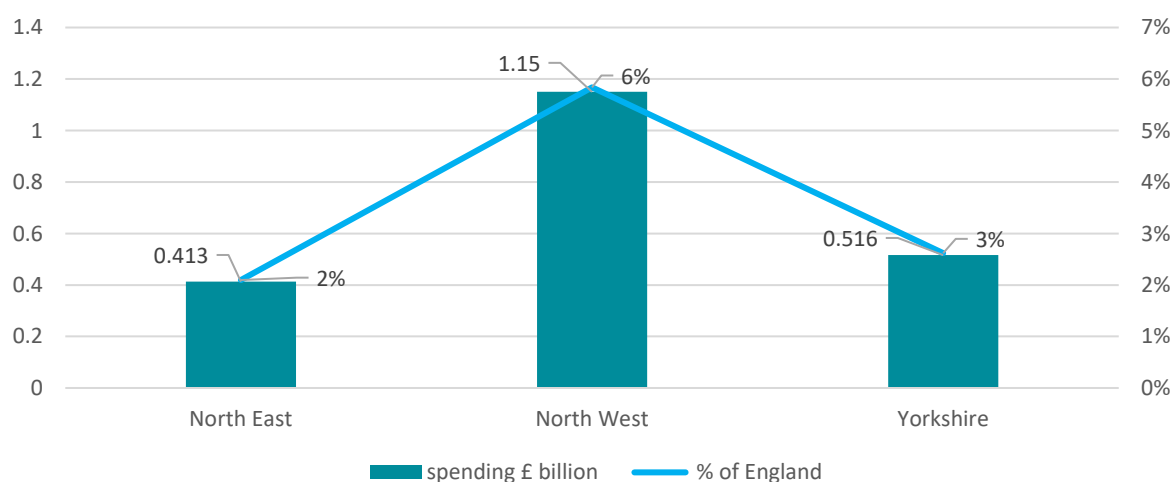
While a large share of the North of England's tourists come from a range of regions across the UK, the North also draws visitors from much further afield. The total number of overseas visits including both day and night trips to the three regions in the North of England were estimated to be 4.45 million in 2016, a 4.74% increase from 2015, while the total spending amounted to £2.08 billion, about a 4% increase from 2015. The North West commanded the largest number of visits and spending – 2.8 million visits and a total spending of £1.15 billion. Yorkshire and the Humber saw 1.36 million visits, a 5.6% increase from 2015 and £516 million in total spending from overseas visitors, while the North East saw 560 million visitors and a total spending of £413 million. This suggests that the North East attracted the lowest numbers of international visitors despite having the highest average spend per trip relative to the two other regions.

Figure 61: Total visits to the regions in the North of England (million)



Source: Visit Britain, 2016, Cebr analysis

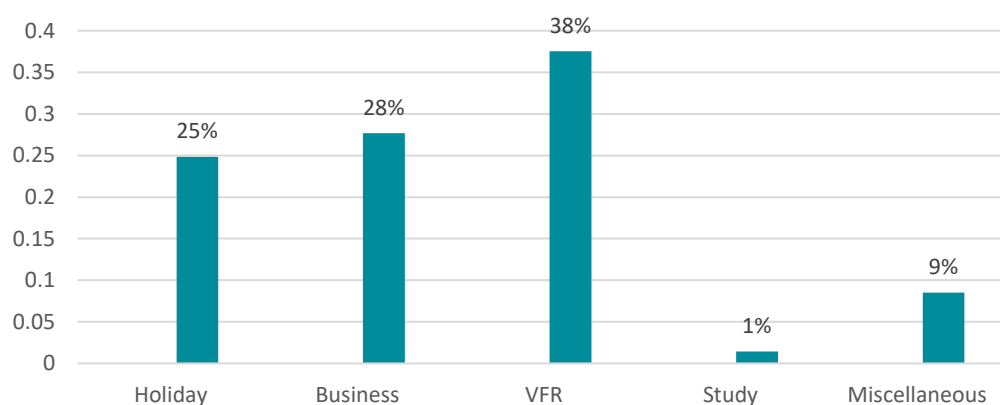
Figure 62: Total spending generated by visits to the regions in the North of England (£billion)



Source: Visit Britain, 2016, Cebr analysis

Figure 63 shows the purpose of visits as a percentage of total overseas visitors to the North of England. The 'visiting friends and relatives' (VFR) category was the largest subsector, accounting for 38% of the total visitor number of 4.45 million in 2016. Business visits accounted for 28%. The categories 'holiday' and 'miscellaneous' stood at 25% and 9% respectively.

Figure 63: Purpose of visits as percentage of total overseas visitors to the North of England, 2016



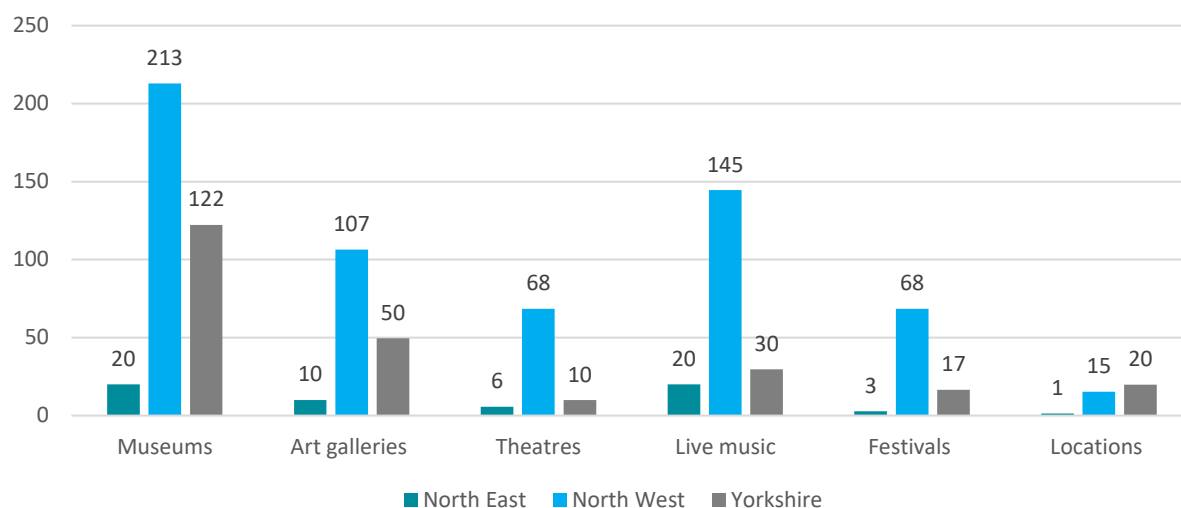
Source: Visit Britain, 2016, Cebr analysis

In 2016, the North East had 143,000 holiday visits, the North West had 761,000 and Yorkshire had 331,000 holiday visits. Based on estimates from Visit Britain,¹³ 24% and 22% of all overseas holiday visits to the North East and North West, respectively, were to the countryside. A much larger share (55%) of all overseas visits to Yorkshire and the Humber were to the countryside. It should be noted that these visits could involve multiple destination types.

Figure 64 illustrates holiday visits involving arts and cultural attractions. For all categories except visits to cultural locations, the North East had the highest number of visitors. In the case of visiting cultural locations, Yorkshire had the highest number of visitors (20,000 in 2016).

¹³ https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/Regional_Activities_report_FINAL_COMPRESSED.pdf

Figure 64: Holiday visits involving arts and cultural attractions (thousands) ¹⁴



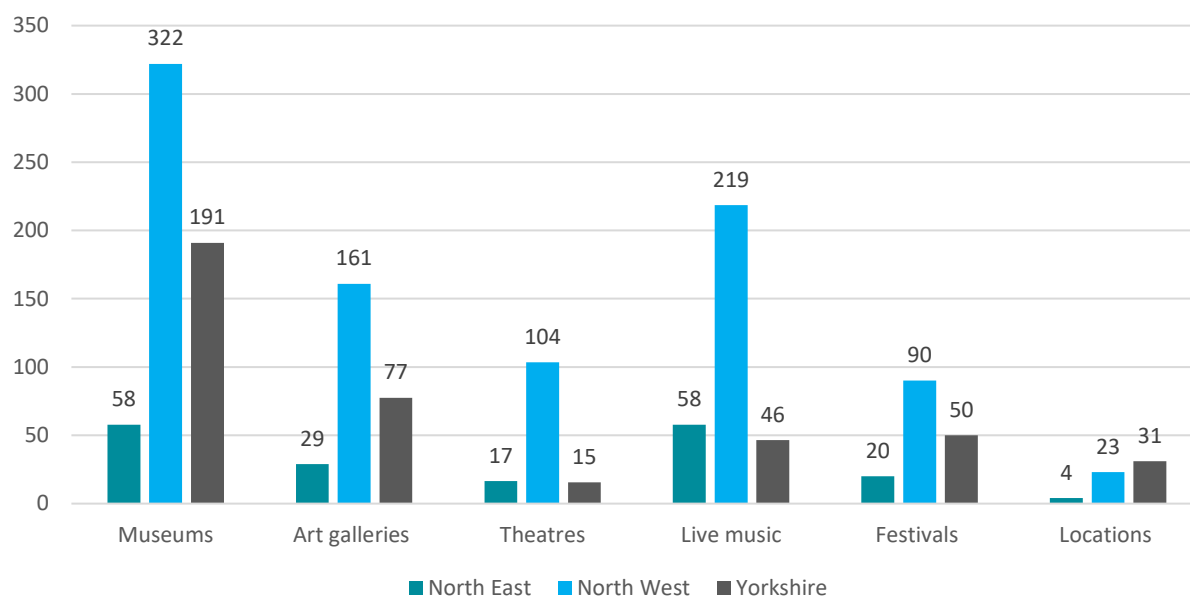
Source: Visit Britain, 2016, Cebr analysis

Turning to the spending generated by these overseas visits, Figure 65 illustrates that the North West generated £322 million from visits involving museums, the North East £58 million, and Yorkshire £191 million.

The North West generated £161 million from visits involving art galleries, the North East £29 million and Yorkshire £77 million. For visits involving live music, the North West generated £219 million, the North East £58 million and Yorkshire £46 million. Though significant, the remaining activities of theatre visits, festivals and locations accounted for lower shares of total spending.

¹⁴ These figures are estimated by mapping the total visits into the shares of these trips involving arts and culture activities.

Figure 65: Spending generated by holiday visits involving arts and culture activities (£millions)¹⁵



Source: Visit Britain, 2016, Cebr analysis

¹⁵ These figures are estimated by mapping the total spending generated by visits into the shares of total trips involving arts and culture activities.

9 Spillover impacts of the arts and culture in the North of England: Evidence from primary research

In this section we set out our findings on the spillover impacts of the arts and culture in the North of England. These spillover impacts come, for example, through the role of the arts and culture in developing skills, nurturing innovation and fostering growth in the commercial creative industries and through regeneration and community wellbeing.

In this section, and those that follow it, we draw upon a variety of data sources. Specifically, we draw on existing research and support this with case studies drawn from the survey and in-depth interviews carried out in the North of England as part of this study. This primary research involved a survey of 54 Arts Council organisations and a programme of in-depth interviews with nine organisations selected to be representative of the regions of the North of England. The survey questionnaire is presented in Appendix II.

Before presenting the various spillover impacts of the arts and culture in the North of England, a short summary of Arts Council England funding of initiatives in the North is provided below. These funding provisions highlight the important role played by the Arts Council in promoting creative work and industries involved in the arts and culture offering in the North of England.

Since 2015, Arts Council England has invested £25 million in the North of England through its capital programme, including £500,000 towards a dedicated creative learning and making hub for outdoor arts and £435,000 to one organisation for building developments to make them more resilient.

Furthermore, Arts Council England has invested £9 million in the North through its Ambition for Excellence programme which helps develop arts talent and leadership across England and encourages work with an international element. Examples include: £595,190 to Newcastle Gateshead Initiative, in partnership with Northern Roots and Newcastle University, to deliver a three year programme creating a step change in the way artists and organisations programme and present diversity in their work; £750,000 to Site Gallery for City of Ideas, a major programme that connects communities, artists, young people, technologists and academics to develop new approaches to art and culture in the public space; and £750,000 to support the delivery of outdoor spectacle and site specific work as part of Hull UK City of Culture 2017. The programme focuses on creating and delivering major world-class commissions, to increase the quality and ambition of the outdoor arts sector, particularly across the North, building local, regional and UK-wide capacity and skills.

Since 2015, Arts Council England has invested £5,833,782 in Strategic Touring funding. In addition, the Arts Council's Lottery-funded Grants for the Arts programme supports individuals, arts organisations and other people who use the arts in their work. Since 2015, the Arts Council has awarded £42 million to projects of such nature in the North of England. The Arts Council also supports music education for all children and young people through grants totalling roughly £65 million in 2015-18 to the Music Education Hubs across the North of England.

As the national development agency for libraries, in 2016, Arts Council England invested £820,953 in the North of England through the Public Libraries fund, enabling libraries to offer faster free Wi-Fi to their

visitors. Arts Council England's Libraries Opportunities for Everyone Innovation Fund awarded a total of £494,333 to support activity in England's public libraries, benefiting disadvantaged people and places.

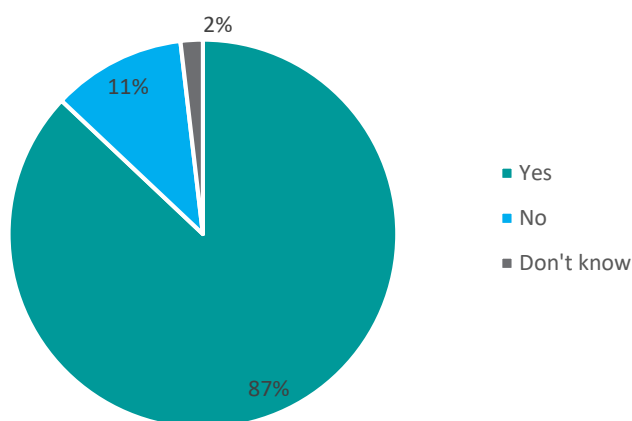
9.1 The arts and culture's role in developing skills, nurturing innovation and fostering growth in the commercial creative industries

Arts and culture play an important role in supporting commercial creative industries, such as film production, advertising, design and crafts, as well as showcasing creative talent. The commercial creative industries are largely made up of self-employed individuals and small and medium-sized enterprises who often face numerous challenges in developing their businesses, managing their intellectual property, raising adequate funds, and providing training provisions, etc.

The arts and culture industry consumes many of the outputs of these creative businesses. These can include website design activities, the work from freelance artists, sound engineers and directors, as well as crafts sold in galleries and museum shops. Organisations in the arts and culture industry thus indirectly contribute to these industries through employment opportunities, training provisions and active support in the day-to-day activities of these creative businesses.

The evidence from our primary research carried out as part of our study demonstrates the apparent breadth of the links between the arts and culture and the commercial creative industries in the North of England. For instance, 87% of the organisations we surveyed indicated that they provide support to local artists or to creative commercial businesses in the local area.

Figure 66: Provide support to local artists or creative commercial businesses in the local area



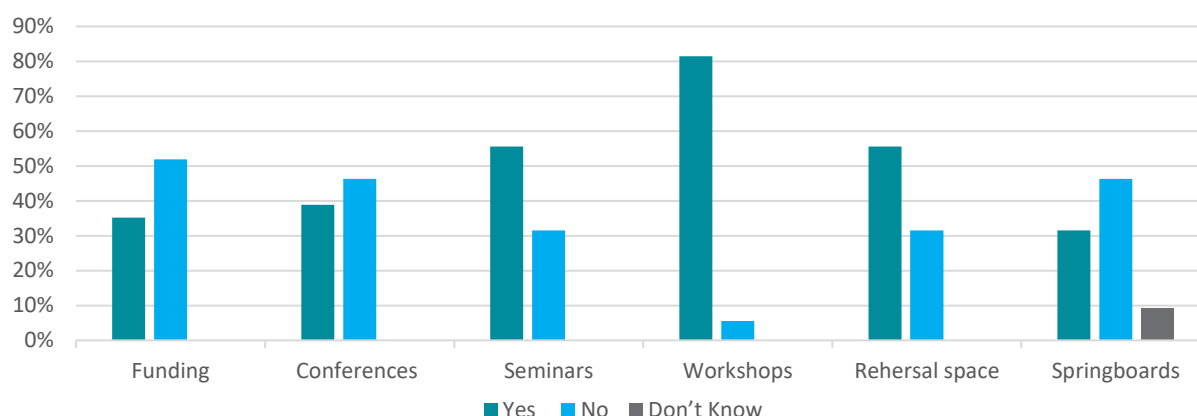
Source: Cebr survey and analysis 2017

Figure 67 below shows a breakdown of the range of services offered by arts and culture organisations to local artists and creative small enterprises. 80% of the organisations surveyed stated that they provide workshops to local artists and creative enterprises. Over half of the survey participants indicated that they provide seminars and rehearsal spaces to local artists. When asked what prompted them to start offering these schemes, most of the organisations surveyed reported that the development of next generation talent and providing opportunities to local artists are at the heart of their mission.

For example, one organisation cited providing community gallery space for local artists, community groups and creative organisations. Another cited a learning-disabled theatre group, and reported, 'talent development is a part of our mission; it is, in part, what we exist to do'. Another organisation noted the

importance of making research and development opportunities available in the local areas where artists live in order to minimise travel and accommodation expenses incurred to take advantage of these opportunities elsewhere.

Figure 67: Support provisions to local artists or creative commercial businesses in the local area

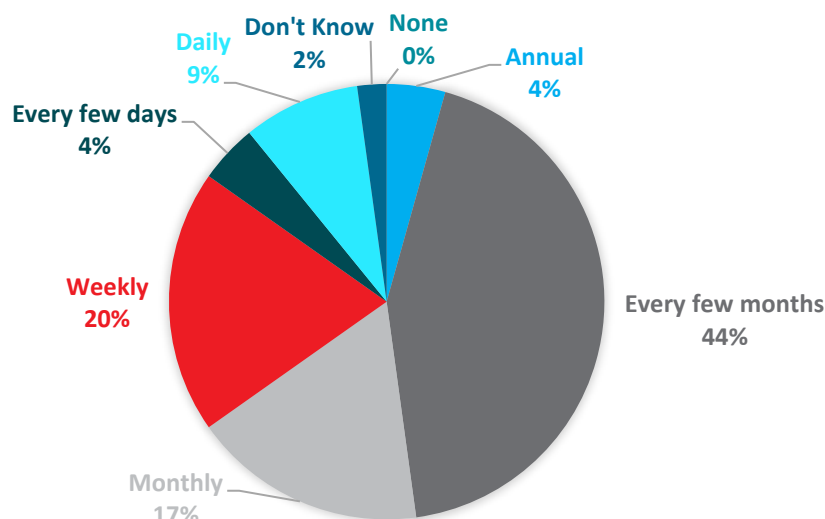


Source: Cebr survey and analysis 2017

Participating in collective activities such as arts festivals and exhibitions can improve the skills and knowledge of local artists and help them develop professional networks. A significant part of innovation in the commercial creative industries can be defined as 'soft innovation', i.e. unobservable or at least less observable than when we consider tangible products. For this reason, networking is likely to be a key source of innovation. Arts and culture institutions can help creative businesses develop these vital networks by providing meeting spaces and opportunities, either physically or online, for artists and entrepreneurs to meet. Some organisations are also able to provide low-cost space to commercial creative start-ups. Given that many commercial creative industries struggle with access to finance, low-rent office space is an important form of support.

The frequency of the services and support offered to local artists and creative enterprises by the organisations surveyed is shown in Figure 68 below. 44% of the organisation surveyed provide services and support every few months, while 17% indicated that their provisions were on a monthly basis and a further 20% had weekly provisions.

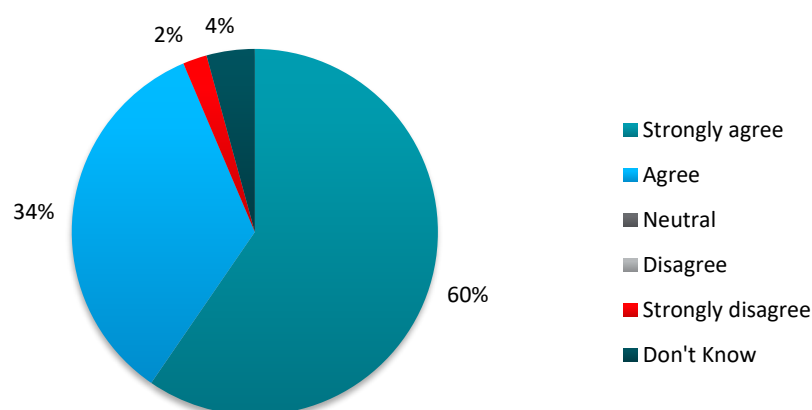
Figure 68: Frequency of support provided to local artists or creative commercial businesses in the local area



Source: Cebr survey and analysis 2017

As shown in Figure 69, these organisations stated that by and large they tend to receive a positive feedback from the local artists and businesses that benefit from their services and support provisions. Provisions of this kind appears to be common throughout the arts and culture ecosystem, with several other organisations we contacted offering space to other creative organisations through similar arrangements.

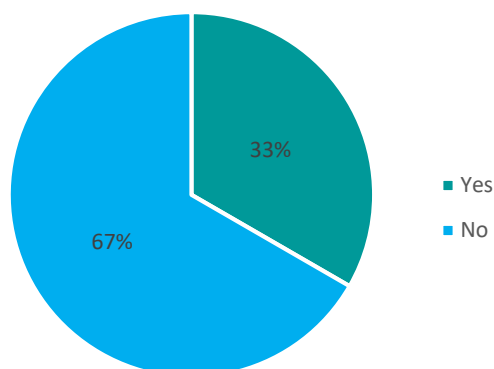
Figure 69: Received positive feedback from local artists and businesses



Source: Cebr survey and analysis 2017

Furthermore, 33% of the organisations surveyed indicated that they are in partnership with one or more creative digital businesses. While we did not find systematic evidence to confirm the assertion, anecdotal evidence suggests that the arts and culture industry is a particularly important source of ideas for the creative industries. Partnerships also help to spread knowledge of opportunities and available resources, helping micro businesses in the sector to coordinate their activities.

Figure 70: In partnership with creative digital businesses

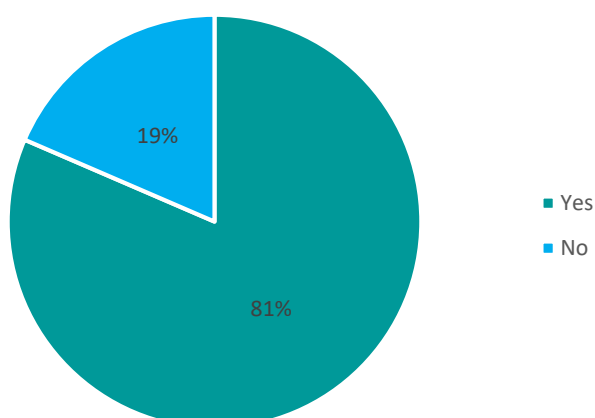


Source: Cebr survey and analysis 2017

This further demonstrates the role arts and culture organisations in the North of England play in supporting the growth of local creative industries. For instance, one organisation which took part in our in-depth interview commissioned a creative digital business to create an animation for one of their projects, while one museum interviewed indicated that they work with a range of digital businesses and artists to create new content.

At a macro level, about 81% of the organisations surveyed suggested that their collaborations and partnerships with creative digital industries amounted to them being part of a creative cluster. This evidence is not surprising given that a variety of studies have already established that commercial creative industries have a tendency to cluster.¹⁶

Figure 71: Part of a creative cluster



Source: Cebr survey and analysis 2017

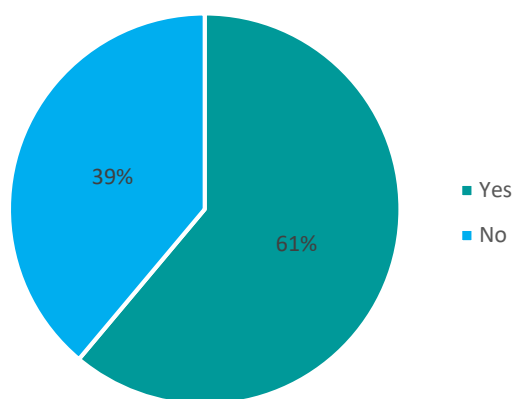
Similarly, in an in-depth interview, one organisation pointed out that given their base in Salford's Media City they strongly considered themselves to be part of a creative cluster. To quote, 'We came here earlier

¹⁶ Chaplain et al (2010), *Creative clusters and innovation: Putting creativity on the map*, Nesta.

than most organisations, but we are now surrounded by a large number of organisations working in arts and tech including the BBC. We formally work with organisations across the media city as part of this creative cluster’.

The organisations surveyed were also asked to state whether they considered their organisation to be important in maintaining a flow of talent to the commercial creative industries. “The arts and culture are important for the development of creative talent. Artists, actors, musicians and dancers at the start of their careers are given opportunities to create or perform and are exposed to the best talent of experienced artists. The exposure they are given through these organisations leads, in some cases, to individual artists gaining further work.” Julia Fawcett, Chief Executive of the Lowry. 61% of respondents considered their organisation to be important for talent development in the commercial creative industries. This is not surprising as the arts and culture are essential parts of any person’s education. They teach intellectual rigour and practical skills as well as allowing young people to express themselves and develop imagination and creativity.

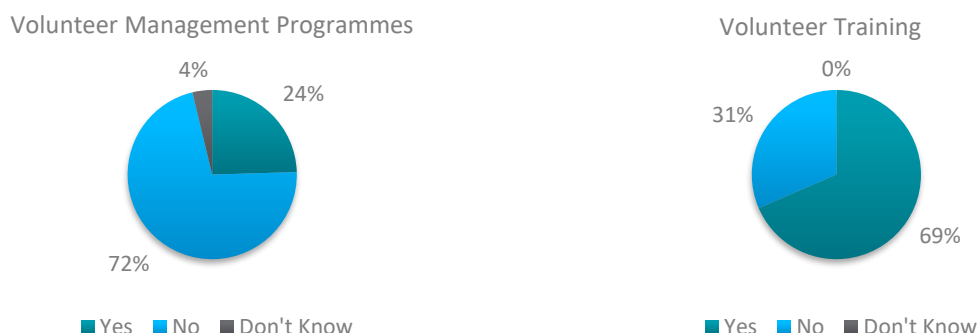
Figure 72: Important in maintaining a flow of talent to the commercial creative industries



Source: Cebr survey and analysis 2017

More importantly, volunteers supported by the arts and culture play a key role in facilitating the operation of the industry. Volunteering, in addition to the wellbeing effects, can help in the development of skills which support employability. Findings from our previous study suggest placements in the arts and culture such as these would appear to have an impact on the employment prospects of graduates of creative subjects. A considerable share of the organisations surveyed in the arts and culture industry offer volunteer schemes aimed directly at helping people move towards employment. Of the organisations we encountered through our survey and in-depth interviews, 24% reported to offer volunteer management programmes, while 69% provided volunteer training. In essence, placements allow graduates to develop the skills required to work in a creative industry and thus help to further unlock the benefits of their education. Programmes such as this offer young people a role in leading and shaping their own lives and activities, allowing them to take responsibility for their own learning.

Figure 73: Volunteer management programmes and volunteer training



Source: Cebr survey and analysis 2017

Furthermore, the organisations surveyed were asked to provide the number of volunteers they employed in the latest available financial year. 57% of the organisations surveyed employed between 1 to 50 volunteers. Our survey evidence also suggests that volunteers in the arts and culture industry either perform one-off tasks, help with administrative duties or are involved in outreach activities. 79% of the organisations surveyed reported that, on average, each volunteer worked approximately between one and 10 hours per week.

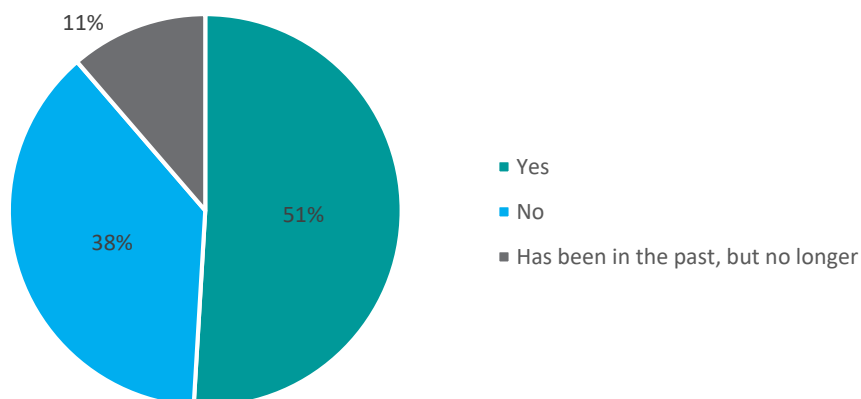
9.2 Investments in the arts and culture as a catalyst for economic regeneration and improving community wellbeing

There are many case studies of the regeneration effects of the arts and culture, their institutions and events. The arts and culture industry has often been seen to be effective in stimulating local economic development and regeneration with the premise of creating local areas that attract skilled artists and creative businesses needed to fuel the local economy.¹⁷

The emergence of new and successful local creative industries helps to rebalance regional economies that have seen traditional industries decline. Particularly, over the past 20 to 30 years, long-term economic decline in cities and neighbourhoods in the North has led to large funding of arts, cultural projects and buildings on the basis of revitalising local communities to bring about economic prosperity and employment. Evidence from our primary research suggests that the benefits of arts and culture-led regeneration can be large when related to place. Approximately half of the organisations we surveyed reported that they were currently involved in regeneration networks. A further 11% reported that they were involved in regeneration in the past.

¹⁷ Northall, P (2008) *Culture Led Regeneration & Local Art Communities*, Centre for Local Economic Strategies: Manchester, p.1.

Figure 74: Involved in any local regeneration networks



Source: Cebr survey and analysis 2017

For example, one organisation in South Yorkshire indicated that as part of the local council's economic partnership, they are involved in a major redevelopment project in the borough, including a town centre redevelopment project and a new commercial business space creation. Another organisation reported that they were part of a strategic partnership of large arts organisations working together, initially in Liverpool but increasingly across the Liverpool City Region. Another organisation pointed out that in the late 70s they played a major role in securing the conservation of a quayside area against the policy of the local authority at the time. In addition to strongly supporting regeneration work in the local area, some of the organisations surveyed occupied either previously unused buildings or a building that has undergone regeneration. Regeneration efforts are also often part of a broader strategy including, for example, the development of green spaces or revitalising commercial districts.

Anecdotal evidence from our primary research also suggests that, as a catalyst for change creating a lasting legacy, improved amenities were frequently observed in and around areas with good arts and culture venues. For example, a museum in Manchester reported that they have seen increased numbers of restaurants and bars, the construction of new office space buildings, and ongoing transport infrastructure projects including rail links being established and developed. Another organisation based in Hull indicated that being based in the UK City of Culture, they have seen a noticeable change in the local area through numerous business start-ups and significant capital investment in the city centre area. Indeed, a study by the University of Hull found that during its City of Culture year, Hull attracted 5.3 million visitors. It also partly attributed Hull's status as the UK City of Culture to total investments of around £220 million in the cultural and visitor economy of the city.¹⁸

Regular activities in the arts and culture can have a substantial effect on subjective wellbeing. Many of these organisations surveyed also emphasised the importance of offering high quality culture to their local community. They particularly informed us about the importance of developing pride of place, and the feeling that their 'place' has something to offer, thus enhancing local pride and raising self-esteem. For instance, an art gallery in a deprived area will have a limited impact if it is not seen to belong to the community. Thus, the organisation, amenity or attraction must be seen as a part of its community if it is to contribute to improvements in the quality of life of local residents. Evidence collected during our primary research found that even the largest organisations in the arts and culture industry play an

¹⁸ University of Hull (2018), '[UK city of culture 2017 evaluation](#)'.

important role in their community, through outreach work, partnerships with local schools and support for local businesses.

For example, one organisation informed us that their venue is a cultural, civic and community focal point providing social capital for local communities and improving people's wellbeing. A Lancaster based theatre cited promoting health and wellbeing through cultural offers including dementia-friendly arts and film. Similarly, one organisation surveyed emphasised their use of participatory arts in supporting the wellbeing of marginalised communities in their local area.

10 The impact of public funding cuts on the arts and culture: Evidence from primary survey

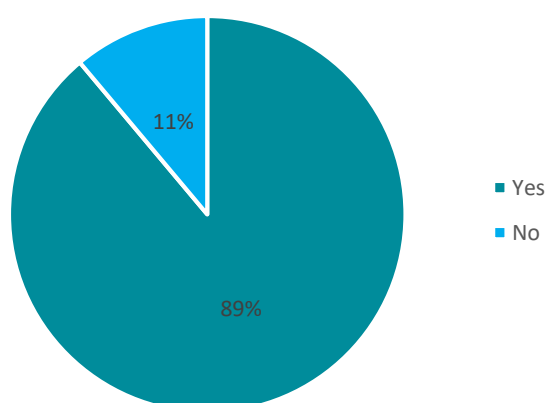
Public funding plays a vital role in encouraging creative innovation. Financial risks go hand-in-hand with innovation: developing new content or methods will almost inevitably entail financial costs, but with completely new ideas it is difficult to determine beforehand whether they will be successful and whether the costs will be recouped. This creates a gap or failure in the market: projects which cannot demonstrate a reasonable likelihood of covering their costs will struggle to secure financial support from commercial lenders.

Public funding in the arts and culture industry is thus often considered to create a seed-bed for innovation, enabling risk-sharing across a variety of projects. That is, a range of ventures and projects are supported despite the expectation that only a minority will in time enjoy a major commercial success. Despite this, in recent years, against a backdrop of large cuts in local government spending, investing in arts and culture has been a challenging task for most local authorities. This general insight has been echoed by a majority of the organisations interviewed for this project.

Evidence from our primary research suggests that the scale and speed of the public funding cuts presented new challenges to arts and culture organisations in the North of England, and several survey participants felt that this was particularly the case for organisations operating outside the larger cities. Among the many issues raised, the intense pressure to generate additional income streams in an increasingly competitive market, and the constant struggle of matching the scale of ambitions to resources available and against audience expectations, were frequently reported.

The organisations also reported that funding cuts were putting pressure on their ability to support innovative work, and that despite their willingness to be experimental and take risks, the extent to which they can do so is limited by their financial circumstances. Generally, as shown in **Error! Reference source not found.** Figure 75 89% of the organisations surveyed indicated that the public funding cuts affected them. To quote one of the organisations we surveyed, ‘Attracting sufficient funding for our work [...] is the first, second and third difficulty. All else is wallpaper’.

Figure 75: Affected by public funding cuts

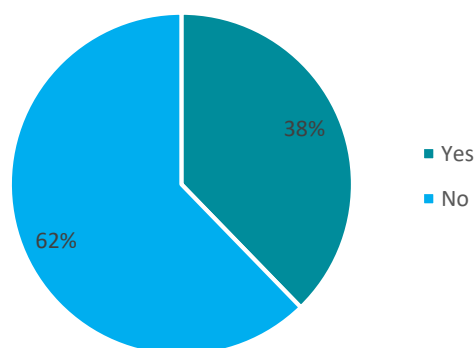


Source: Cebr survey and analysis 2017

To gain a deeper understanding of how the public funding cuts affect arts and culture organisations in the North of England, we also asked them to list the programmes affected. Approximately 60% of the organisations surveyed cited educational provisions and outreach activities to have been most affected.

For example, a theatre company surveyed stated that public funding cuts ‘resulted in a significant marginalisation of the arts in schools’. This may suggest that given the level of cuts occurring, there is a pressure on organisations to prioritise revenue generation over engagement activities and the production of more innovative content. Yet 62% of the organisations surveyed stated that they have not become more risk averse as a result of the public funding cuts.

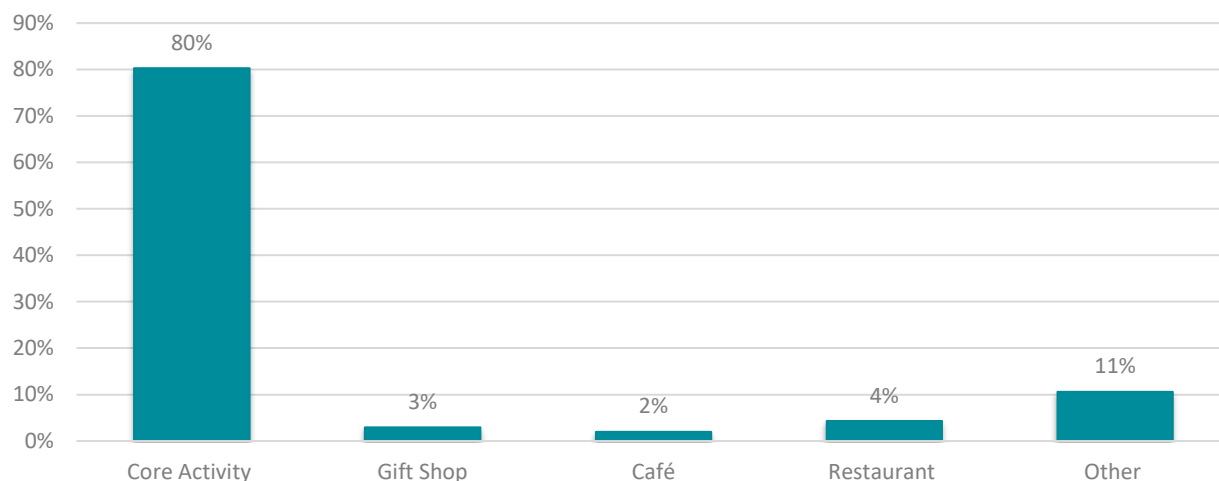
Figure 76: More risk aversion due to funding cuts



Source: Cebr survey and analysis 2017

In terms of turnover figures for the 2015/16 financial year, arts and culture organisations in the North of England that provided responses to our survey reported to have a relatively good share of turnover generated from ancillary activities. As shown in the Figure 77, 20% of total turnover was generated from ancillary activities of which 4% was from restaurants, 3% from gift shops and 2% from cafés. Despite not having the corresponding figures for the previous financial year to make a judgement, the share of turnover generated from non-core ancillary activities is likely to have increased in recent years, based on anecdotal feedback from the survey analysis.

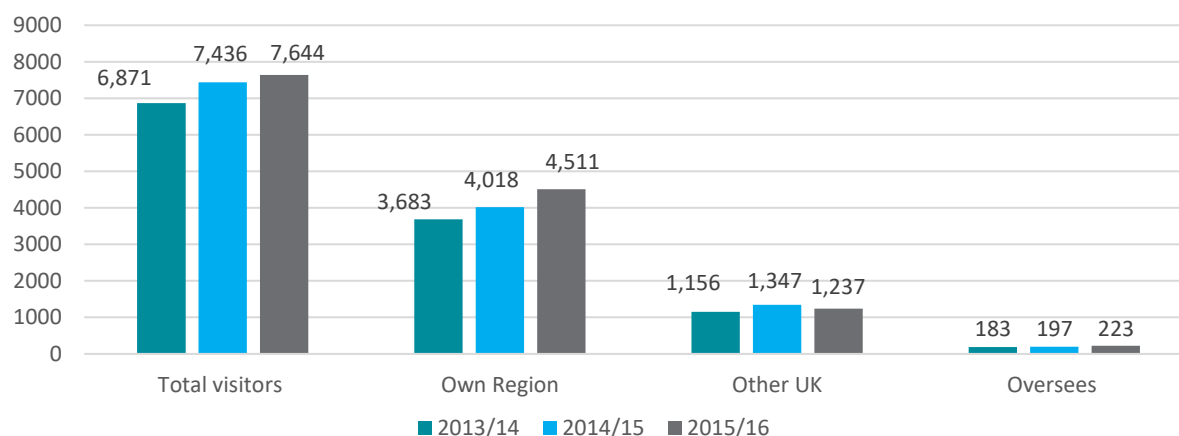
Figure 77: Economic activity by share of total turnover



Source: Cebr survey and analysis 2017

Evidence from our primary research also suggests that for the organisations surveyed, on a yearly average, visitor numbers have steadily increased between the financial years 2013/14 and 2015/16. Total visitor numbers increased by 11%, from 127,000 in 2013 to 142,000 in 2016. Visitors from the home region increased by approximately 11%, while overseas visitors increased by 20% during the same period.

Figure 78: Composition of average visitors/audiences, 2013-16, £ thousands



Source: Cebr survey and analysis 2017

11 The arts, the Flat White Economy and economic growth in the North of England – area of future research

Cebr founder and Deputy Chairman, Douglas McWilliams, in his book *The Flat White Economy* has argued that the Flat White Economy, an emerging sector which combines the creative sector with the tech sector, is likely to be the UK's top performing sector over the next 20 years. He projects that the share of the sector in the GDP will double from approximately 10% in 2015 to 20% in 2025 (and as much as a third if wider multiplier effects are taken into account).¹⁹

Douglas further argues that this sector is likely to be by far the most dynamic driving force for economic development in the North of England.²⁰ Based on this insight, in addition to the part of the arts and culture sector that shows up in SIC codes or other official statistics as presented in the present study, the Flat White Economy is estimated to make up £5 billion of the total GVA of the North East in 2015, £16 billion in the North West and £11 billion in Yorkshire and the Humber. In 2025, this sector could account for as much as £11.6 billion of the total GVA in the North East, £37 billion in the North West and £26 billion in Yorkshire and the Humber. These 2025 figures should be seen as hypothetical 'ceiling' impacts.

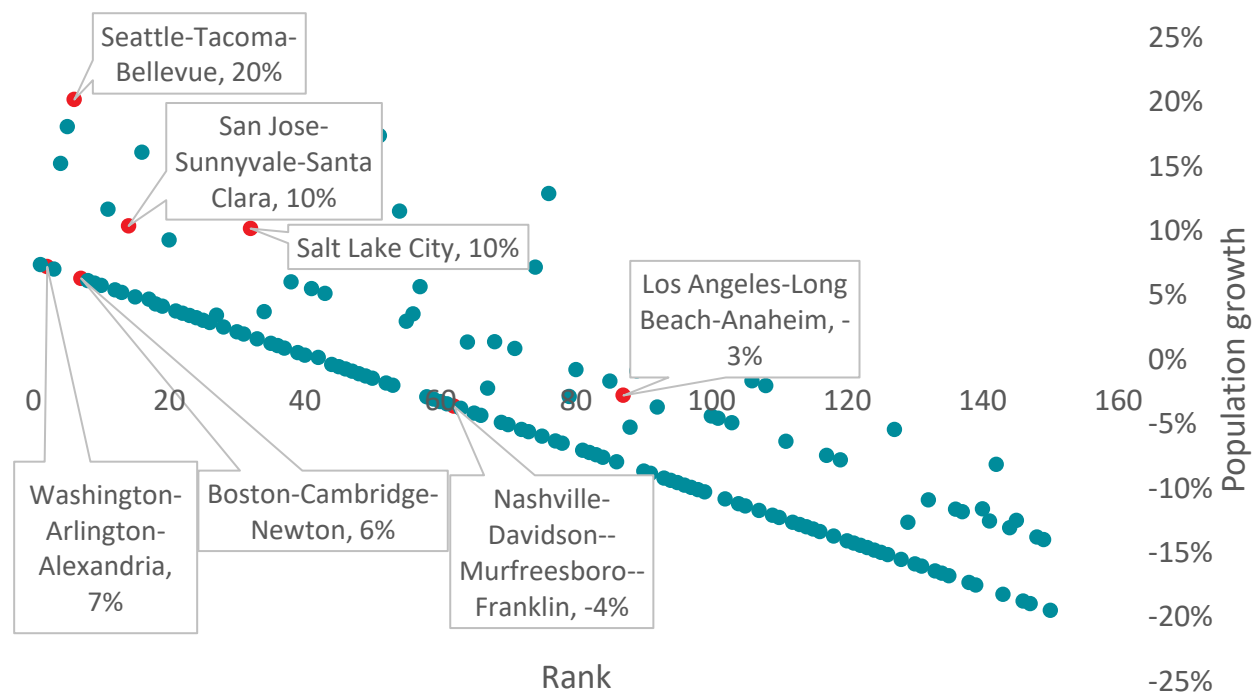
The central implication of this significant economic contribution is to further support and foster the linkage between creative industries and the tech industry. Particularly, the arts and culture industry is seen as the incubator for nurturing innovation and fostering future growth in the commercial creative industries. This can be done through public funding initiatives, spearheaded by organisations such as Arts Council England who play a fundamental role in linkages between these sectors.

Furthermore, a rather more exciting preliminary analysis that McWilliams and his colleagues have carried out seems to indicate that the arts and culture play a major role in driving local economic development. Figure 79 illustrates early work carried out using US data which suggests that improving the educational and arts rating for cities in the US is highly important in making a significant difference to the pace of local economic development. The chart shows the correlation in what is a very preliminary study. There is however scope for more research into the correlation between the Flat White Economy and the arts and culture sector, particularly in the North of England.

¹⁹ McWilliams D (2015) *The Flat White Economy*, p176

²⁰ See interview in *Sunday Times*, 22 January 2018: <https://cebr.com/reports/the-times-douglas-mcwilliams-commenting-the-growth-of-the-flat-white-economy/>

Figure 79: Role of arts and culture: evidence from US metropolitan areas



Source: Cebr analysis

Appendix I: SIC-based definition of the arts and culture industry

Sector	Division	4-digit SIC	5-digit SIC
J Information and communication	58 Publishing activities	58.11 Book publishing	58110 Architectural drawing publishing 58110 Atlas publishing 58110 Audio book publishing 58110 Book publishing 58110 Brochure publishing 58110 Chart publishing 58110 Dictionary publishing 58110 Electronic publishing of books 58110 Encyclopaedia publishing 58110 Engineering drawing publishing 58110 Geographical publishing 58110 Leaflet publishing 58110 Map and plan publishing 58110 On-line book publishing 58110 Pamphlet publishing 58110 Publishing on CD- ROM 58110 Religious Tract publishing 58110 The Stationery Office
	59 Motion picture, video and television, sound recording and music publishing activities	59.2 Sound recording and music publishing	59200 Compact disc sound recording publishing 59200 Copyright acquisition and registration for musical compositions 59200 Gramophone record publishing 59200 Matrice for record production 59200 Music (printed) publishing 59200 Music downloads (on-line publishing with provision of downloaded content) 59200 Music tape publishing 59200 Printing of sound tracks 59200 Publishing of music and sheet books 59200 Recording studio (radio) 59200 Sound recording publishing 59200 Sound recording studios 59200 Taped radio programming production
R Arts, entertainment and recreation	90 Creative, arts and entertainment activities	90.01 Performing arts	90010 Actors 90010 Aerobatic display 90010 Animal training for circuses, etc. 90010 Ballet company 90010 Band (musical) 90010 Circus 90010 Concerts production 90010 Conjuror 90010 Dance band 90010 Dance productions 90010 Impresario 90010 Lecturers 90010 Musicians 90010 Opera production 90010 Orchestras 90010 Organist (own account) 90010 Pop group 90010 Public speaker 90010 Repertory company 90010 Revue company

Sector	Division	4-digit SIC	5-digit SIC
			90010 Singer (own account) 90010 Speakers (after dinner, etc.) 90010 Stage productions 90010 Street musician or singer 90010 Theatrical presentations (live production) 90010 Theatrical touring company 90010 Travelling show 90010 Variety artiste (own account) 90010 Ventriloquist
		90.02 Support activities to performing arts	90020 Direction, production and support activities to circus performances 90020 Directors (theatre) 90020 Performing arts support activities 90020 Scene shifters and lighting engineers 90020 Stage set designers and builders 90020 Support activities to performing arts e.g. stage set-up, costume and lighting design etc.
		90.03 Artistic creation	90030 Art expert 90030 Artist 90030 Author 90030 Cartoonists 90030 Copper plate engraver (artistic) 90030 Designing (artistic) 90030 Engravers 90030 Etchers 90030 Fine art expert 90030 Freelance journalist 90030 Heraldic painting 90030 Illuminating (illustrating) 90030 Journalists 90030 Librettist 90030 Lithographic artist (own account) 90030 Lyric author 90030 Music composer 90030 Music copyist and transcriber (own account) 90030 Painters (artistic) 90030 Picture restoring 90030 Playwright 90030 Poet 90030 Repair and restoration of works of art 90030 Scenario writer 90030 Scenic artist 90030 Sculptors 90030 Song writer 90030 Technical and training manual authors 90030 Wood engraver (artistic)
		90.04 Operation of arts facilities	90040 Arts facilities operation 90040 Concert halls operation 90040 Local authority concert halls and theatres 90040 Music hall 90040 Opera house 90040 Theatre halls operation

Appendix II: Survey questions

Section 1: Identifier questions

Details will be used for the purposes of this study only.

1. Please provide the name of your organisation.
2. Please indicate whether your organisation is a regularly-funded organisation of Arts Council England:

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

3. Please provide the **postcode** of your venue(s).

4. Please indicate whether your **principal activity** can be categorised as one of the six artforms listed below or as museums or libraries.

Principal activity	Please tick relevant box
Theatre	<input type="checkbox"/>
Dance	<input type="checkbox"/>
Literature	<input type="checkbox"/>
Visual arts	<input type="checkbox"/>
Music	<input type="checkbox"/>
Combined arts	<input type="checkbox"/>
Museums	<input type="checkbox"/>
Libraries	<input type="checkbox"/>

5. What functions in the list below does your organisation fulfil? Please select all that apply.

Function	Please tick relevant boxes
Performance venue	
Gallery/museum	
Cultural centre	
Heritage site	
Artist live-work space	
Education providers	
Community hub/venue	
Production of art	
Other (please provide details)	

Section 2: Questions about economic activities

6. Have public funding cuts affected your organisation?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No (please go straight to question 10)

7. Which parts of your programme have been affected? **Please select all that apply.**

<input type="checkbox"/>	Educational programs
<input type="checkbox"/>	Online offering
<input type="checkbox"/>	Outreach
<input type="checkbox"/>	Other (please specify):

8. Please provide the **number of volunteers** (if any) working for your organisation in the latest available financial year.

<i>Number of volunteers</i>	2015/16 (or latest available)
None	
1 to 5	
6 to 10	
11 to 25	
25 to 50	
More than 50	
Don't know	

9. If possible, please also select the approximate **number of hours** worked 'on average' per volunteer per week.

<i>Average hours per week worked by volunteers</i>	2015/16 (or latest available)
None	

1 to 10	
11 to 20	
21 to 30	
30 +	
Don't know	

10. Do you provide any of the below services?

	Yes	No	Don't know
Volunteer management programmes			
Volunteer training			

11. What sort of tasks do volunteers undertake? Please select all that apply.

<input type="checkbox"/>	One-off event help
<input type="checkbox"/>	Help with administrative duties (office work)
<input type="checkbox"/>	Other (please specify):

12. Please indicate **a breakdown of your turnover by core activity and by each ancillary activity, as applies to your organisation**. If these facilities are provided through concessions, please use the rental revenues for the space as the turnover for secondary activities. If you do not know the exact monetary values, please provide an approximate percentage split.

Ancillary activity	Latest available year
Core activity turnover (arts and culture)	
Gift shop	
Café	
Restaurant	
Other non-core activities	

13. Has your organisation become more risk averse as a result of public funding cuts, such that revenue from ticket sales must take priority over the pursuit of innovative content that is less likely to yield revenues in the short term?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

If you have any further comments on the effect of public funding cuts on your organisation, please detail below. For example, exploratory artistic/cultural programmes that have had to be postponed or abandoned.

14. If your organisation has experienced a loss in funding, have you been able to compensate for some of this funding loss by seeking private donations or corporate sponsorship?

<i>Alternative funding sources</i>	
Yes, through both <i>private donations</i> and <i>corporate sponsorship</i>	<input type="checkbox"/>
Yes, chiefly through <i>corporate sponsorship</i>	<input type="checkbox"/>
Yes, chiefly through <i>private donations</i>	<input type="checkbox"/>
No, we have been unable to compensate for the loss of funding	<input type="checkbox"/>
Not applicable	<input type="checkbox"/>
Don't know	<input type="checkbox"/>

Section 3: Questions about your organisation's activities

We would welcome any and as much information as you can provide in answer to the following questions.

15. Please provide details of the **composition of your visitors/audiences** by indicating, if possible, the number or proportion that were:

- From your own **region** (e.g. North West, Yorkshire and Humber, North East)
- From **elsewhere in the UK**
- **International** visitors

Visitor type	Visitor breakdowns					
	2013/14		2014/15		2015/16	
	Number	Proportion (percent)	Number	Proportion (percent)	Number	Proportion (percent)
From your own region						
From elsewhere in the UK						
International visitors						
Total						

16. Do you provide any support to **local artists**, or other **creative commercial businesses** in the local area?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No (please go straight to question 17 on the next page)

If so, do you provide...

	Yes	No	Don't know
... funding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
... networking space, such as... (select all that apply)			
Conferences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Seminars	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Workshops	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rehearsal space	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Entrepreneurship springboards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How frequent are these provisions?

None	One per year	Every few months	Monthly	Weekly	Every few days	Daily
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

What prompted you to start offering these schemes?

Please indicate the extent to which you agree or disagree with the following statement
'The feedback from the businesses that use these services is positive':

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. Is your arts and culture organisation currently in partnership with any creative digital businesses?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No (please go straight to question 18)

If yes, please provide some details of the partnership. We are interested in how arts and culture organisations are supporting the growth of these industries. For example, our previous research revealed Tyne and Wear Museum's support of a 'hackathon' event, during which artists and computer programmers collaborated to repurpose existing data in a way that 'shocks, surprises or inspires'.

18. Would you say that your arts and culture organisation is important in maintaining a flow of talent to the commercial creative industries?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No (please go straight to question 19 on the next page)

If yes, please provide any comments. Do you have any evidence of the employees of your organisation leaving to work in commercial creative industries?

19. Do you consider your arts and culture organisation to be part of a creative cluster?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No (please go straight to question 20)

If yes, please provide any comments. How do you think your organisation benefits from this creative cluster?

20. Is your organisation involved in any local regeneration networks?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	Has been in the past, but is no longer
<input type="checkbox"/>	No (please go straight to question 21)

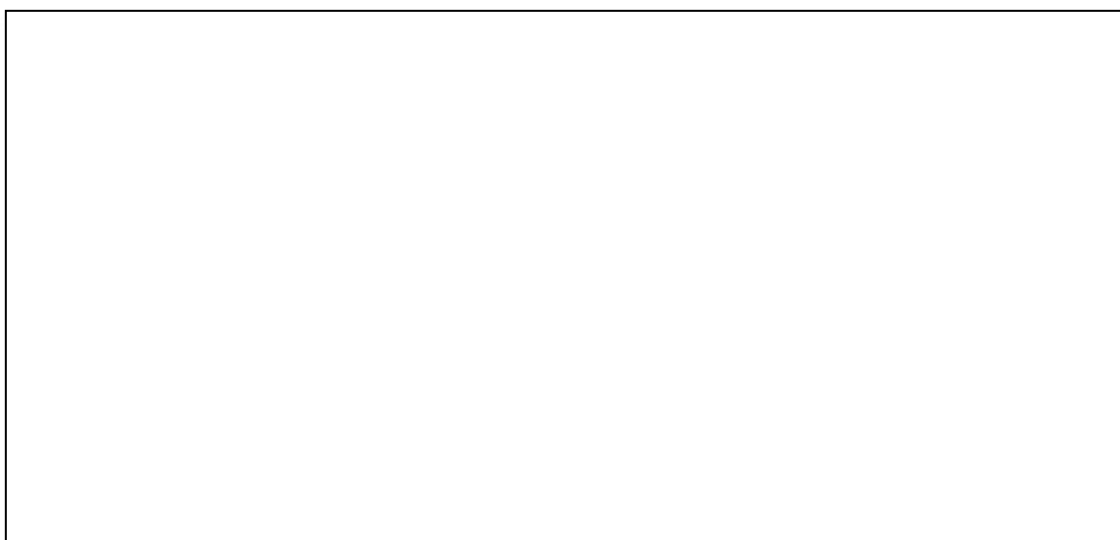
Please provide any comments. What is/was the nature of the involvement?

21. Please take a moment to describe any changes you observed in the amenities in the area surrounding your organisation since its opening date. If possible, please specify. For instance, have you noticed an increase in the quality of transport links, or in the number of restaurants?



22. Please describe what you consider to be the greatest difficulties your organisation faces, including:

- How your organisation is seeking to meet those challenges; and
- Whether you believe the Northern Powerhouse initiative will do anything to help your organisation meet these challenges



23. Please provide details of the **buildings** and **physical spaces** in which your organisation operates.

	Yes	No	Don't know
Do you occupy or utilise any previously unused buildings or spaces that have been regenerated?			
Have any physical locations or buildings undergone regeneration due to your organisation's activities?			
Was regard given when you were planning the redevelopment of buildings to how it would fit with the regeneration of local areas?			

24. Please take a moment if possible to briefly describe what role you believe your organisation plays in the local community. For instance, do you think that by providing the opportunities described in questions 21-25, your organisation has a role to play in supporting commercial creative industries or in the community wellbeing?

--END OF SURVEY--

Thank you for taking part in this survey, and for contributing to our research. The information you have provided will be used to inform economic modelling and analysis of the full impacts of the arts and cultural sector in the North of England.

Please use this sheet, and any additional sheets you may require, to continue any answers from earlier in the questionnaire. If you have done so, please note which questions they are responses to.