



Local economic impacts from cultural sector investments

A report to the Department for Culture, Media and Sport

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Executive summary

This summary is based upon the findings of research undertaken by Ecorys on behalf of the Department for Culture, Media and Sport (DCMS) to review the approaches taken and conclusions drawn by existing research on the economic benefits of investment in culture. A total of 40 studies were identified as being within the scope of the study and were selected for full review. All placed a focus on the assessment of economic impacts, the earliest was dated 2004 and the most recent was published in 2014, and the majority were focused on venues or events located within the UK.

Assessing economic impacts

The review of literature indicates a broadly similar approach has been taken to assessing the economic impact of a range of cultural venues, events and investment projects in recent years, which is focused on assessing the impact of expenditures related to the asset in question. This approach is centred on two strands: direct expenditures associated with the ongoing operation of the asset and indirect expenditures resulting from the spending of visitors to the site, in the wider local area.

The literature reviewed demonstrates a relatively consistent approach to the estimation of direct effects (based upon a review of the expenditure of the organisation(s) in question) and indirect effects (based upon visitor activity, profile and expenditure data obtained from venue records, bespoke survey findings and the import of findings from other research where available).

The literature shows some variation in the focus and scale of assessments, including the scale at which impacts are assessed (usually the local and/or regional level). There were also some differences in the amount of primary research which was undertaken by researchers and therefore the reliance on secondary evidence; this is to be expected given the likely variation in the resources made available for studies of this type and the extent to which relevant and useful data already exists.

However, the literature shows differences in the treatment of the key elements of additionality. Encouragingly, more recent work shows a higher level of recognition of the potential for deadweight (for example, in relation to visitor spend), which is positive, although it is not always clear if and how adjustments have been made. Leakage has generally been assessed based on a review of the location of suppliers and staff (for operational expenditure) and consideration of visitor behaviour (for visitor spend). There appears to be less recognition and therefore assessment of the potential for displacement. Multiplier values are most commonly obtained from existing sources (such as guidance produced by the Department for Business, Innovation and Skills) which is a sensible approach given that the resources required to produce bespoke values are often disproportionate to the task of undertaking a one-off impact assessment at the level of an individual facility or event.

Overall findings are generally expressed in terms of the estimated contribution to GVA, and sometimes in terms of the equivalent number of jobs supported using ratios derived from National Statistics data sources. The range of impact estimates presented in the literature reviewed as part of this study reflect variation in the type and scale of the assets and facilities assessed, but also differences in the assumptions and adjustments applied which reduces the potential to make meaningful comparisons of estimates between studies.

There has been limited exploration of wider economic effects in the literature identified for this study¹, such as the role of culture in improving liveability and therefore the attractiveness of a location as a place

¹ It is recognised that there is a large literature on agglomeration effects in the field of planning and regeneration, although this was outside of the scope of the initial search undertaken for this study.

to live, work or invest. Where these types of effects have been considered, it is generally by reference to the available literature rather than an empirical exploration of the effect on business location decisions or residential choices in a given location.

Wider effects (non-economic)

None of the studies reviewed were found to have made a comprehensive assessment of wider impacts, although this is to be expected given that the primary focus of this body of work concerned economic impacts. One area which appears to have received attention in a number of studies is media coverage, perhaps given the potential for positive messages to result in economic impacts at a later stage if this subsequently influences the destination choices of tourists, residential preferences of individuals and investment decisions of businesses. The opportunity for volunteering is another wider effect which was often noted and this contribution can be expressed in terms of an economic value, although this type of analysis was rarely undertaken in the studies which have been reviewed.

Environmental impacts were seldom considered in the literature reviewed for this study. However, as noted by one study, it is important to recognise that the environmental impacts of activity may be negative, particularly in the context of an event or festival which draws a significant number of people to an area, although travel impacts could be mitigated by encouraging or facilitating use of public transport.

Recommendations

Based on the review of available literature, it is suggested that future studies of this type should seek to adopt a more systematic approach.

- It is recommended that steps to assess (or evaluate) impact are built in from the outset of any significant investment in cultural assets/infrastructure, including ensuring that mechanisms are put in place to collect the required data.
- The framework set out in Section 1.4 of this report provides a checklist to inform this planning and also to guide systematic consideration of the different aspects of additionality.
- Exploration of and adjustment for additionality should be considered essential for each area of expenditure/impact.
- It is recognised that bespoke estimation of additionality adjustments is not always possible (particularly multiplier effects). In this case, researchers should aim to source appropriate, evidence-based adjustments from existing literature based on consideration of the project context and area of analysis, with a preference for more recent sources which are more likely to reflect current methodological expectations and evidence.
- The effect of cultural investment on agglomeration or clustering of activity is an area which would benefit from further research, particularly in the UK context, including testing Richard Florida's theory that the 'creative class' will migrate to areas which provide a high quality and diverse cultural offer and, in doing so, stimulate growth in creative and high-tech business activity, and the resulting economic impacts for a local economy of this effect.
- Similarly, there is scope to expand upon the recent interest in analysing media coverage to look at the consequences of any increase in the profile or change in the perceptions of an area on business or residential location decisions.
- In general, including at least some recognition of wider social, cultural and economic outcomes is desirable and, thought should be given to how acknowledgment and analysis of these wider (non-economic) effects may help to strengthen the economic case.

1.0 Introduction

This report presents the findings of research undertaken by Ecorys on behalf of the Department for Culture, Media and Sport (DCMS). The work was undertaken in March and April 2014.

1.1 Background

In recent years, the difficult economic climate and constrained funding environment have made it increasingly important for cultural organisations to be able to demonstrate the impact of their activity.

DCMS looks at the value of cultural investment in terms of economic, social and cultural impact and has recently published research that considers social impact² and cultural impact through wellbeing³. With this in mind, this study seeks to review the approaches taken and conclusions drawn by existing research on the economic impacts of investment in culture. Specific objectives are to:

- Synthesise the existing literature on local economic impact – to explore the impacts that cultural sector activity and infrastructure creates and to help understand the size of this effect.
- Produce case studies – to act as examples of successful cultural projects in economic terms and demonstrate what works in terms of policy interventions.
- Assess the quality of existing literature and studies – against the principles and techniques set out by relevant guidance.

It is intended that the findings of this study will then be shared with the sector in order to inform future research in this area.

1.2 Scope

It was agreed that the activity and assets to be encompassed by the review were arts, heritage, museums and galleries, and cultural events and festivals. Studies which looked at the impact of specific cultural (sub-) sectors as a whole were also included, with a particular focus on searching for evidence related to local development and agglomeration effects.

It was also agreed that the review would look for evidence from the UK and overseas (where this was published in English), with a focus on economies at similar stages of development to that of the UK such as Western Europe and North America to provide a comparable economic context, and only include literature which is up to ten years old (given that key pieces of guidance on undertaking economic impact assessment have emerged within this period). However, it was decided that there would be flexibility on the time period if an important or interesting study was identified which pre-dated this time.

The review focused on identifying studies which considered economic impacts with some degree of methodological rigour, although where these studies have also considered wider (social, cultural or environmental) impacts this has also been noted⁴. The review also focused on identifying reports which provided practical examples of research to estimate economic impacts, rather than more discursive documents such as policy and strategy reports, consultation papers or guidance notes. It is recognised

² Fujiwara et al (2014). Quantifying the social impacts of culture and sport.

³ Fujiwara et al (2014). Quantifying and valuing the wellbeing impacts of culture and sport.

⁴ However, where studies focused solely on assessing social or cultural benefits (with no real consideration of economic impacts) these were not included.

that this type of discursive material often contains case study examples; however, such examples were only included where the primary source document could be accessed and reviewed.

Discussions on scope were used to create the following initial screening tool which informed the selection of literature for the review.

Inclusion checklist	
Asset type	Arts, heritage, museums and galleries, cultural festivals and events
Date	Dated 2004 or later
Impacts	Economic impacts assessed
Method	Methodology explained/outlined
Geography	UK, Western Europe, North America

Initial searches identified over 80 items which appeared to be of interest. However, on closer inspection a significant number of these either did not provide practical examples of research to estimate economic impact or did not provide sufficient methodological detail to be of interest to this review.

In total, 40 studies were selected for full review (see Annex 1 for reference list). The earliest was dated 2004 and the most recent was published in 2014. The majority were focused on the UK although there were also examples from elsewhere in Europe and North America.

1.3 Methodology

The approach taken can be summarised as follows:

1.3.1 Synthesis of existing literature

The approach adopted aimed to facilitate a relatively systematic yet efficient assessment of the available literature, given the time available. This involved:

- Search and retrieval – the first source to be explored was the CASE database, this was followed by academic databases such as JSTOR, search of the websites of relevant Government departments and agencies, use of Google Scholar and Google. This was supplemented by citation tracking.
- Initial screening – using the checklist set out in Section 1.2 to establish whether identified items were in or out of scope.
- Full reviews – for items judged to have ‘passed’ the initial screening, full reviews were then undertaken which involved completion of a template to summarise relevant evidence.

Discussions were also undertaken with representatives of English Heritage and Arts Council England along with two academic experts in this field in order to increase understanding of research to assess economic impacts in the sector and identify the key sources which they felt should be included in the review.

Whilst every effort has been made to identify a comprehensive range of research in this field, it is inevitable that some readers may feel that there are other reports which merited inclusion. However, the studies which have been subjected to a full review were selected from a much wider list as representing those which best reflected the study objectives and agreed inclusion criteria.

1.3.2 Case studies

The literature review process was also used to identify examples to be developed as case studies in order to illustrate in more detail the application of economic impact methodologies to different types of cultural asset/venue. Selection was based on the requirement for case study subjects to provide a mix of different asset and location types. It was also agreed that case studies would focus on more recent research which had provided a comprehensive and robust analysis to demonstrate the success of an intervention.

Case studies were developed on the basis of information contained in the identified research report, supplemented by web searches⁵.

1.3.3 Assessment of quality

The assessment of quality was focused on the economic analysis, particularly the extent to which it had followed the principles set out in the Green Book and other relevant guidance. The assessment involved completion of a template (see below) which rated the research according to areas such as transparency (i.e. the extent to which the analysis is open to external scrutiny), robustness (i.e. the extent to which relevant principles such as deadweight, displacement, etc. have been applied) and accuracy (i.e. a sense check of the calculations/resulting figures).

Criteria	Assessment
Execution	
Transparency	Is the source open to external scrutiny (is it easy to tell how the evidence was generated)?
Accessibility	Is the information presented in a way which allows the reader to readily understand and use it?
Purposivity	Is the research design fit for purpose?
Utility	Is it incomplete or missing important information?
Accuracy	Are recommendations and conclusions valid and based on appropriate data/findings?
Technical aspects	
Specificity	Does the analysis follow the principles of relevant guidance? Have appropriate definitions of key terms been used?
Robustness	How has additionality been accounted for (deadweight, displacement/substitution, leakage and multiplier effects)?
Plausibility	Do calculations/figures seem plausible? Have caveats been clearly stated and steps been taken to avoid over-claiming?

1.4 Framework for assessing economic impacts

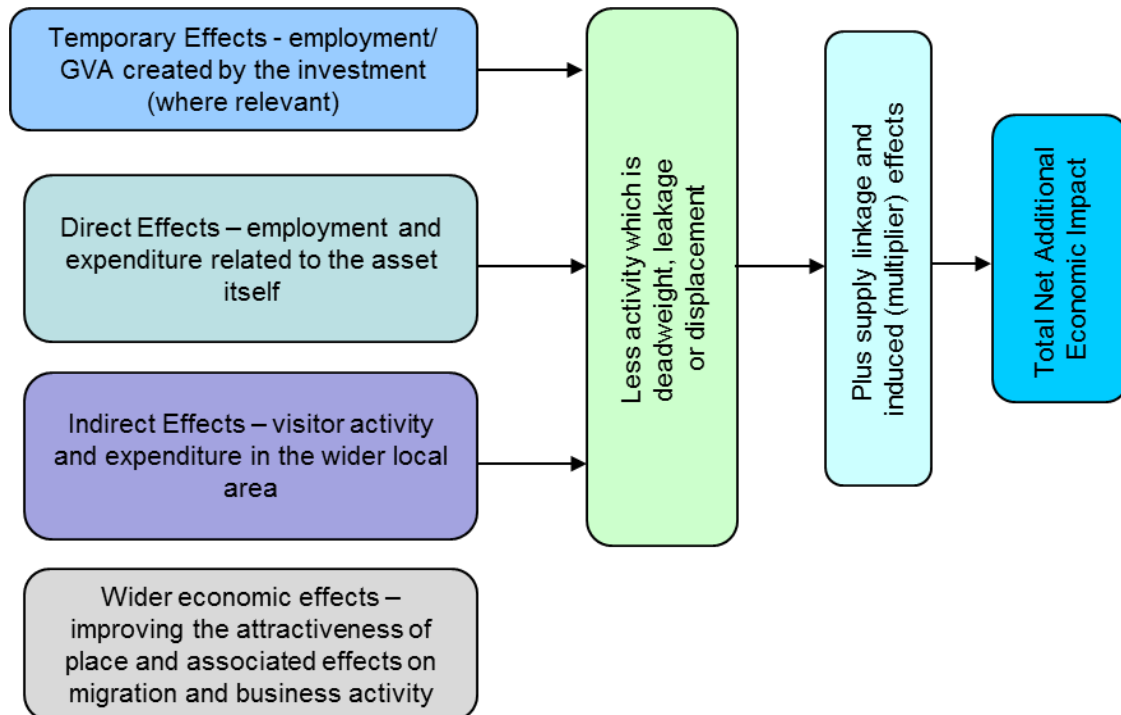
There are a number of distinct mechanisms through which cultural investments or facilities would be expected to impact on the economy; this impact can then be expressed in terms of employment and/or GVA. These mechanisms can be categorised as follows:

- Temporary effects – related to a specific investment or time-limited intervention, this will result in a temporary effect on employment (measured in person years) and a one-off impact on GVA.

⁵ No additional primary research was undertaken.

- Direct effects – related to the operation of a facility, impacts arise from the employment of staff and the procurement of goods and services from suppliers, resulting in an ongoing impact on employment (measured in FTE) and GVA.
- Indirect effects – arise from the visitor activity which is drawn to the site as a proportion of these visitors would be expected to also spend money off-site, in the local area.
- Wider economic effects – cultural facilities also have potential to impact on the image and perceptions of an area, increasing its attractiveness as a place to live, work and invest, influencing business and residential location decisions and helping to encourage growth in the local economy.

The framework for assessing these impacts is illustrated below.



Expenditure levels can be expressed in terms of gross employment⁶ and GVA by applying ratios sourced from national statistics (GVA per £1 output/turnover and gross outputs/turnover per FTE being the most useful).

Estimating the economic impacts of cultural assets/venues requires consideration of a number of issues, in particular the extent to which the investment is able to generate *net additional* economic benefits within the surrounding area, taking account of:

- Deadweight - the economic benefits which would be expected to accrue to the area regardless of the scheme, e.g. as a result of visitors who would have come to the area anyway.
- Displacement - the extent to which the investment generates economic benefits in the area at the expense of other businesses, e.g. as a result of visitors who visit a site instead of a nearby alternative venue⁷.

⁶ This provides an indication of impact expressed in terms of the number of jobs which would be expected to be supported by this expenditure.

⁷ Substitution is similar to displacement and relates to situations where firms may decide to substitute one input (e.g. a worker) at the expense of another as a result of an intervention. However, this concept is less relevant in the current context.

- Leakage – the extent to which benefits remain in the local area (e.g. whether any jobs created at the site are taken by local people or those from outside the area).
- Multiplier effects – spill-over or ripple effects to the wider local economy as a result of purchases of inputs by businesses who benefit from the investment (e.g. those within the supply chain of the asset in question) and the expenditure of those who derive incomes as a result of the scheme (by taking up jobs which are created at the site).

The adjustments applied will depend on the spatial level of analysis. Typically deadweight, displacement and multiplier effects are higher for analysis of the regional economy compared to the local area, due to the increased potential for expenditure to be retained in a larger economy and also the increased potential for activity to be displaced from elsewhere, and leakage effects are generally lower. In some cases it is possible to estimate these adjustment factors for the facility in question e.g. by analysing the location of suppliers and place of residence of staff to calculate leakage. Where this is not possible, appropriate benchmark figures can be imported from other research or available guidance.

1.5 Structure of report

The remainder of this report is structured as follows:

- [Section 2](#) discusses the assessment of economic impacts.
- [Section 3](#) considers the assessment of wider (social, cultural and environmental) impacts.
- [Section 4](#) provides a summary of case study findings.
- [Section 5](#) sets out conclusions and recommendations.

Further material (a reference list and case study reports) are provided in Annex 1 and 2. Annex 3 which contains summary literature reviews is published as a separate document.

2.0 Economic impacts

This section looks at how cultural facilities have set about demonstrating the economic case, followed by a review of the different types of economic impact which are typically associated with these assets, illustrated by examples from the literature.

2.1 Approaches to presenting the economic argument

Our review of the literature has revealed three approaches to making the economic case for culture⁸:

- Economic impact assessment.
- Economic contribution analysis.
- Economic valuation.

2.1.1 Economic impact assessment

Economic impact assessment is focused on estimating the *additional* expenditure which occurs as a result of the organisation or asset in question, including the spending by the organisation itself and its visitors/audience, and the effects of this spending on the local economy.

Economic impacts of HLF projects

The Heritage Lottery Fund (HLF) commissioned research to examine the economic impacts of a selection of HLF funded projects⁹.

The sample was comprised of 10 projects which had received funding of more than £250,000 from the Heritage Grants programme and which had completed in 2008. The sample was selected to be representative of the types of heritage project, geographic locations and sizes of grant awarded.

The analytical approach was based upon the hypothesis that projects part-funded by HLF have an impact on local economies both as a result of direct expenditures during the development phase and as a result of on-going expenditures made by the site and its visitors in the local economy. The core approach considered:

- The impact of project expenditure on the local economy.
- The impact on the local economy of on-going expenditure resulting from the operation of the funded assets.
- The impact of projects on visitor numbers and expenditures, and resulting economic impacts.

Project and operational expenditures fund direct employment of staff and provide revenues for contractors and suppliers of goods and services, supporting employment in these firms. There are then indirect effects as suppliers to the project purchase goods and services from other firms, and induced effects as employees of the project and its suppliers spend their wages in the local economy.

Similarly, the expenditure of visitors drawn to the area as a result of the project would be expected to support employment in other firms. The effects of these expenditures were expressed in terms of jobs and GVA by using standard ratios linking gross output, employment and GVA.

The authors recognised that the net impact depends upon the extent to which each project gives rise to additional economic activity, taking account of deadweight, leakage, displacement and substitution, and

⁸ Guidance produced for Arts Council England on measuring the economic benefits of art and culture (BOP Consulting, 2012) also identifies a fourth approach, Social Return on Investment, although no examples of studies of this type were identified as part of the review.

⁹ GHK (2010).

multiplier effects, and a range of adjustments were made to account for these factors.

Expenditure on the ten projects was estimated to have supported 159 job years of work in local and 750 job years in regional economies, enhancing local GVA by £6.4 million and regional GVA by £33.9 million.

On-going expenditures by the ten sites and their visitors was estimated to support additional employment of 120 FTE jobs at the local level and 170 FTE jobs at the regional level. The on-going effect on GVA was estimated at £3.2 million locally and £4.7 million regionally.

2.1.2 Economic contribution analysis

Economic contribution analysis is designed to measure the *total* contribution of an organisation or sector (e.g. cultural and creative industries) to the national economy, measured in terms of GVA.

The contribution of the arts and culture to the national economy

This study was commissioned by Arts Council England and the National Museum Directors' Council in 2013, with the primary objective of estimating the size of the arts and culture sector and the related spill-over effects in other sectors¹⁰.

The arts and culture sector was defined using relevant four-digit SIC codes and the analysis was undertaken at the national (England) level. There were three primary strands to the work:

- Data collection and review: data on employment, turnover and value added for businesses within the sector compiled from Arts Council England funding data and various National Statistics sources (Annual Business Survey, Business Register and Employment Survey and Annual Survey of Hours and Earnings). Supplementary information was collected using a specially designed survey which was administered to relevant organisations. Data on household expenditures related to arts and culture were also drawn from National Statistics sources (Family Spending Survey and Consumer Trends dataset).
- Macroeconomic analysis: aiming to quantify direct, indirect and induced economic impacts in terms of GVA (and ultimately GDP), industrial output, employment and employment-related income expenditures. Distinct multipliers were constructed for each of those indicators, based on input-output modelling and supply-and-use tables.
- Spill-over analysis of the impacts of the sector on international tourism: the International Passenger Survey was used to give an estimate of the number of additional visitors who came to the UK as a result of the cultural offering.

The study estimated the turnover of the arts and culture industry as totalling £12.4 billion in 2011 and GVA at over £5.9 billion. Following application of multipliers, the aggregate effect of the sector was estimated to amount to GVA of £13 billion in 2010, or about 1% of UK GDP.

The study also estimated employment at 99,500 FTEs in England on average over the period 2008-2011, which represents 0.48 per cent of total employment in England. After applying an employment multiplier, a total FTE employment impact of 260,300 FTE jobs was estimated (equivalent to 1.1% of total UK employment).

2.1.3 Economic valuation techniques

The aim of economic valuation techniques is to measure the *total economic value* of goods or services. They are often applied in the case of non-market goods (which do not have a price) to provide an indication of their value in monetary terms.

The economic value of a good or service can be described as the 'extent to which people would be prepared to sacrifice something else in order to obtain it'¹¹. Total economic value is the sum of use and

¹⁰ CEBR (2010).

non-use values. Use values can be related to actual use (direct or indirect) or the option to use an asset in future (option value) or the option for the asset to be used by future generations (bequest value). Non-use values arise where a benefit is derived purely as a result of the existence of an asset (existence value).

Contingent valuation is the most common of these approaches and is known as a stated preference technique as it establishes how much individuals would be willing to pay (for more of the good or service) or willing to accept (as compensation for a reduction in current levels).

Bolton's Museum, Library And Archive Services

Inspired by a contingent valuation study carried out on behalf of the British Library in 2003, Bolton Metropolitan District Council and Museums Libraries and Archives North West commissioned a similar study¹² for the Bolton Museums, Libraries and Archives service.

The contingent valuation technique aimed to capture three types of value:

- Use Value – value created through direct use of Bolton's museum, library and archive services.
- Option Value – value derived from Bolton's museums, libraries and archives services being available for future use if the individual requires it.
- Existence Value – value generated by Bolton's museum, library and archive services by their existence, for both users and non-users.

Evidence was collected by administering questionnaires to a sample of both users and non-users of the service, as well as focus groups with local groups and residents.

The questionnaires made particular use of willingness to pay and willingness to accept questions which are core to the contingent valuation technique. Willingness to pay questions ask individuals how much they would be willing to pay to continue to access the service and directly measures the demand curve with a budget constraint. Willingness to accept questions ask individuals how much they would accept in compensation to forego the service and again directly measures the demand curve with a budget constraint.

Bolton's Museum, Library and Archive services were valued by users and non-users at £10.4 million. This estimated value is 1.6 times higher than the amount of public funding received (i.e. for every £1 of public funding the service receives it generates £1.60 of value). The majority (£7.4 million) of this value comes from the direct benefit enjoyed by users. This underpins the critical role that these cultural services play in many people's lives. Non-users value the museums, libraries and archives at £3 million.

The remainder of this section focuses on the first approach, economic impact assessment as this is the method most commonly used for assessing the economic impacts of specific interventions or assets at local or regional level.

2.2 Types of effect

This section identifies the different types of economic effect which would be expected to be generated by investment in culture and provides examples of how these have been estimated in the existing literature.

¹¹ DTLR (2001). Economic Valuation with Stated Preference Techniques: Summary Guide.

¹² Jura Consultants (2005).

2.2.1 Temporary effects

Expenditure on new build or restoration/refurbishment projects or on time-limited projects (such as a one-off exhibition, discrete activity or event) is likely to fund temporary employment of staff within the delivery organisation and/or provide revenues for contractors and suppliers of goods and services, which also supports employment in the supply chain and provides a boost to economic output.

This gross impact can be measured in terms of temporary impacts on employment (conventionally expressed in person or job years of employment) and a one-off impact on GVA.

The estimation of temporary effects was not relevant to many of the studies reviewed, as they were not concerned with quantifying the impact of a specific investment. However, where such temporary effects have been estimated they have followed the broad approach set out above, for example, work undertaken by GHK estimated the one-off impact of £23 million invested in the development of five heritage sites to be 57 job years of employment and £2 million of GVA in total for the local economies concerned (see box below for further detail).

The impact of historic visitor attractions

Research was undertaken to estimate the impact of investment in five historic sites operated by English Heritage and the National Trust¹³, this included desk-based analysis of the expenditure of the £23 million invested in the development of the five sites, supplemented by telephone calls with major suppliers, in order to establish the extent of temporary effects resulting from this spend.

The analysis found that this expenditure provided one-off impacts on the local and regional economies, by supporting employment and incomes on site and for suppliers and contractors.

Across the five sites this expenditure is estimated to have supported 57 job years of work and £2.0 million in GVA at the local level, and 278 job years of work and £11.2 million in GVA at the regional level.

Most of this impact is generated by the purchase of goods and services, especially construction related services, from contractors and suppliers. At Tyntesfield and Anglesey Abbey the project budgets also funded direct employment of National Trust staff on-site.

The impacts of investment by site vary according to the overall levels of expenditure (with Tyntesfield the largest investment) and the degree to which the project budget funded work by local and regional suppliers, as opposed to national or overseas firms. The analysis found that the local and regional impact of expenditure at Dover Castle was relatively low because of the high degree of sourcing of specialist services from suppliers based outside of the region.

Overall, there was a high level of leakage from local economies and a significant level of leakage at the regional level. The estimated impact on local GVA is less than 10% of the overall level of project expenditure, and the impact on regional GVA slightly less than 50% of the money invested.

The authors also noted that major contractors contacted as part of the case studies suggested that investment in the historic environment had provided an important source of revenue for the construction industry at the time when the industry was badly affected by the economic slowdown.

The following table summarises the findings of the literature review with regards to explicit consideration of temporary effects. It should also be noted that other studies are likely to have implicitly included the effect of one-off capital expenditures within the estimation of direct (operational) effects, although these findings were often not presented separately and so could not be included in the table.

¹³ GHK (2010).

Summary of temporary effects		
Study (reference ¹⁴)	Approach	Findings
Economic impact of HLF funded projects (GHK, 2010) (21)	Case studies of 10 funded projects, included consideration of the impact of project funding (based on a review of project records and locations of suppliers).	The 10 projects received total HLF grant funding of £36 million. This expenditure was estimated to have supported 159 job years of work in local and 750 job years in regional economies, enhancing local GVA by £6.4 million and regional GVA by £33.9 million.
The impact of historic visitor attractions (GHK, 2010) (22)	Case studies of 5 sites which had benefited from recent investment. The impacts of project expenditures during the construction phase were estimated using project expenditure records and supplier location details.	The £23 million invested in the five sites supported 57 job years of work and £2.0 million in GVA at the local level, and 278 job years of work and £11.2 million in GVA at the regional level.
NewcastleGateshead cultural venues economic impact assessment (ERS, 2013) (19)	Capital expenditure collected from venues (as part of the collection of operational data).	2 FTE jobs were created as a result of one-off capital spend of £1.6 million during 2012/13.

2.2.2 Direct ongoing effects

The operation of cultural assets generates a direct economic impact through the employment of staff and expenditure on the procurement of goods and services. Unlike the project-related impacts considered in Section 2.2.1, these operational effects are assumed to be ongoing with the impact on employment generally expressed in terms of full-time equivalent (FTE) posts and the impact on economic output measured in terms of annual expenditure (which can be converted to GVA). For example, the assessment of seven arts organisations in Lancaster in 2011 found that together the organisations directly provided 93 jobs¹⁵ while a study of the impact of the Lowry noted that direct employment was 373, or 225 when expressed in FTE¹⁶.

If the impact assessment is concerned with the development of an existing asset (e.g. assessing the impact on an existing asset of an investment in renovation/refurbishment or increased capacity), then there is a need to look at how the employment of staff and/or spending on goods and services has changed following completion of the project, compared to the situation prior to the development. The extent of any change will depend on the nature of the development (e.g. an extensive refurbishment of an existing attraction may or may not impact on the number of staff needed to work at the site post-completion).

The economic impact assessments reviewed for this study generally produced estimates of these operational impacts based on a review of financial and payroll information (see the following box for an example).

¹⁴ This corresponds to the reference number provided in Annex 1.

¹⁵ GENECON (2011).

¹⁶ New Economy (2013).

Chichester Festival Theatre

Academics from the University of Portsmouth undertook this study which aimed to determine the economic impact of the Festival Theatre upon the economy of Chichester District in both monetary and employment terms¹⁷.

The study calculates the value of three primary streams of expenditure, one of which is the value of the goods and services bought by the Theatre, including its associated food and drink outlets, from other businesses within the local economy.

In order to estimate this, the authors undertook a detailed examination of the Theatre's accounts to determine the precise value of the direct inputs made by the Theatre and its activities in the local economy.

It was found that around £3.3 million was spent by the theatre and the on-site restaurant during the 12 month period of analysis, approximately 13% of this spending occurred within the local economy.

It was also found that the theatre provides jobs for over 440 people, 155 of whom live within the district.

The box below provides examples from the literature of the estimation of direct effects, generally expressed in terms of the level of expenditure in the area of analysis (procurement expenditure and salary payments) and/or the number of people employed by the asset in question.

Summary of direct effects

Study (reference ¹⁸)	Approach	Findings
The economic impact of Anvil Arts (BOP, 2010) (05)	Information on goods and services bought and salary payments made was sourced from the Trust's accounts and interviews with senior staff.	Salary spend estimated at £1.01 million and procurement of goods and services at £0.27 million per year.
Cultural impact study: the impact of the arts in Birmingham (Morris Hargreaves McIntyre, 2009) (30)	Data on turnover, overseas earnings, salaries, subsistence allowances and expenditure on goods and services was captured from 12 of the 13 participating organisations.	The organisations made wage and salary payments of £31 million, along with personal expenses and subsistence allowances of almost £1.2 million. Expenditure on goods and services totalled £43.4 million.
Assessment of the economic impact of the arts in Ireland (Indecon, 2009) (25)	Data on direct expenditures and employment were gathered from arts organisations' financial accounts.	Expenditure by supported organisations was €177 million and direct employment was 2,042.
Beyond the arts: economic and wider impacts of the Lowry (New Economy Manchester, 2013) (32)	Information sourced from the venue.	The venue provides employment for 225 FTE.
The contribution of the arts and culture to the national economy (CEBR, 2013) (11)	Data on employment, turnover and value added for relevant organisations was obtained from various secondary data sources.	Turnover of the sector reached a total of £12.4 billion in 2011. Employment was estimated at 110,600 FTE.
De La Warr Pavilion economic impact evaluation (sam and	Financial audit of venue records.	The venue spent over £1.6 million between April 2006 and March 2007, £267,000 of this was retained within

¹⁷ Dent et al (2010).

¹⁸ This corresponds to the reference number provided in Annex 1.

Summary of direct effects		
Study (reference ¹⁸)	Approach	Findings
University of Brighton, 2007) (38)		the local economy. The venue provided regular employment for 77 staff.
Chichester Festival Theatre economic impact study (Dent et al., 2010) (14)	Detailed analysis of the theatre's accounts and payroll information.	The theatre provides jobs for over 440 people, 155 of whom live within the district.
The economic value of the independent museum sector (DC Research, 2010) (13)	A total of 78 AIM members were surveyed in 2010.	Direct spend by surveyed museums amounted to £59.2 million and direct employment to 1,646 jobs.
Economic value of arts activity in the district of Lancaster (Genecon, 2011) (20)	On site income, expenditure and employment data was drawn from the operational accounts of each of the 7 venues.	Estimated direct effects were £3.31 million in revenues and employment of 93 jobs (sub-regional level).
NewcastleGateshead cultural venues economic impact assessment (ERS, 2013) (19)	Operational data collected from venues.	NGCV organisations supported 423 direct jobs in the local area and a further 340 jobs in the region. Purchases of various supplies amounted to £28.2 million in the North East region (£43.0 million in total).
Economic, social and cultural impact assessment of heritage in the North East (Ove Arup, 2005) (33)	Direct employment and expenditure data was gathered from heritage sector organisations.	Around 1,520 FTE were employed in heritage sector organisations in the North East in 2002-03 and around £47 million expenditure was directly attributable to these organisations.
The economic, social and cultural impact of the City arts and culture cluster (BOP, 2013) (08)	Financial figures provided by organisations.	Direct GVA (revenue minus operating costs excluding wages, salaries and artists' costs).
A study of the economic impact of subsidised theatre in Northern Ireland (Millward Brown Ulster, 2005) (29)	Calculations were undertaken based on data provided by Arts Council Northern Ireland.	The sector spends in excess of £2 million per annum and provides direct employment opportunities for over 350 individuals.
Pallant House Gallery economic impact study (Clark et al, 2008) (12)	Examination of the Gallery's accounts.	Total expenditure of £1.29million in 2007/08 of which approximately £0.676 million was spent on supplies and services (around £0.133million of this was spent in the local economy).
Economic impact Study of UK theatre (Shellard, 2004) (36)	Information was collected using a questionnaire - 259 theatres from outside London and 49 West End theatres responded.	Responding UK venues (non-West End) employ 6,274 people on a full-time basis and offer 5,700 part-time contracts.
Museums and galleries in Britain (Travers, 2006) (39)	Data collected from a sample of venues, including the larger museums and galleries funded by DCMS.	Total expenditure of £678,812 in 2005/06, included £563,652 in operating expenditure. There were 8,221 full-time, 1,166 part-time and 1,289 other types of staff employed in participating venues.

With regards to adjusting for additionality, the literature reviewed generally implicitly assumed that none of this operational spend is deadweight (i.e. would not have taken place in the absence of the asset). Where consideration of leakage is explicit, this has been done by reviewing the location of key suppliers and the place of residence of staff in order to exclude the expenditures which leak outside of the area of analysis. The studies reviewed have also implicitly assumed displacement to be zero; however, there could be a scenario where a need for increased expenditures at one site (e.g. if a new building results in increased running costs) is funded by reducing expenditure (and therefore impacts) at another nearby operation. Supply chain and induced multiplier effects have been approximated by using existing estimates, as appropriate to the spatial area under consideration.

2.2.3 Indirect effects

By attracting visitors, and their expenditure, to an area, cultural facilities indirectly support employment and economic output in leisure and tourism-related sectors. For example, a study to estimate the economic impact of National Museums Scotland estimated the off-site net additional impact of leisure visitors as accounting for over £27 million of GVA in the Scottish economy (47% of the estimated total impact of the service) and that conference delegates accounted for approaching a further £7 million (12% of the total)¹⁹. A study of the De La Warr Pavilion in Bexhill estimated that in 2006/07, visitors added an additional £11.7 million of expenditure to the regional economy (excluding multiplier effects)²⁰.

Again, if the assessment of impact is concerned with the redevelopment of an existing facility then the analysis should focus on the change in visitor activity, compared with the level which would have been expected has the development not taken place.

Depending on the type of asset, indirect effects may also be generated by the spending of performers, artists and technical/production staff visiting an area as a result of their role in a show or event. For example, the assessment of the economic impact of Glyndebourne included an estimate of the impact of the expenditures of visiting artists, noting that during the festival many artists are resident locally and therefore spend money in the local economy. The per diem subsistence allowance provided to artists was used as the basis of this estimate²¹. However, care should be taken to avoid double-counting as it could be argued that the impact of the spending of those receiving an income as a result of the asset could be assessed as part of the estimation of induced (income-related) multiplier effects.

Measurement of visitor-related effects requires an estimate of the visitor numbers (or change in visitor numbers if looking at the effect of a specific investment or project) to the facility, including an assessment of the extent to which the facility has motivated these visitors to come to the area (either on a day trip or a visit involving an overnight stay). This latter point is used to calculate the additional visitor numbers, and therefore expenditure, attracted by the facility in question by subtracting those who would have been expected to come to the area anyway (i.e. deadweight). Work should also be undertaken to estimate the spending of visitors during their time in the area (this should focus on estimating expenditure undertaken off-site or outside of the event, excluding ticket purchases or other spending at the facility or event in question so as to avoid potential double-counting with the estimate of direct effects). Ideally this information would be obtained from a bespoke sample survey of visitors to the facility²², where this is not possible studies often rely on the import of key metrics (e.g. average visitor expenditure levels) from existing research. The evaluation of Liverpool's European Capital of Culture programme involved street interviews with a sample of over 2,000 visitors and this research was used to explore the origin and motivation of visitors in order to inform an estimate of deadweight (see box).

¹⁹ Biggar Economics (2010).

²⁰ sam and University of Brighton (2007).

²¹ BOP Consulting (2014).

²² The same principles apply to estimating the spending of artists, performers or other touring staff.

Liverpool European Capital of Culture

A significant body of work has been undertaken to explore the economic and wider effects of Liverpool's designation as European Capital of Culture in 2008 by a team from University of Liverpool and Liverpool John Moore's University²³.

The economic impact assessment was undertaken at three spatial levels: local, city region and region. The estimate of the effect of visitor volume and spend was undertaken as an iterative process which aimed to establish the number of additional visits created by the European Capital of Culture programme, the estimated spend from these visits and the jobs created or supported by this additional tourism activity.

Compiling this estimate involved combining two data sources:

- Secondary data on the overall volume of visits to the area, obtained from published sources.
- Primary data on the profile of visitors (in particular the extent to which their visit was influenced by the European Capital of Culture programme in order to estimate deadweight), obtained from street interviews with a sample of over 2,000 visitors. The data was then weighted according to STEAM data to ensure representativeness.

The process used for eliminating deadweight, then estimating spend involved eliminating visits which were not motivated by the Capital of Culture event (and therefore represented expenditure which would have been expected to take place within the area anyway).

The study found that the European Capital of Culture programme attracted 9.7 million additional visits to Liverpool (35% of all visits to the city in 2008), generating an economic impact of almost £754 million (in terms of additional visitor expenditure) across the region.

A summary of findings from the literature review in respect of indirect (visitor-related) effects is provided in the following box.

Summary of indirect effects

Study (reference ²⁴)	Approach	Findings
The economic impact of Anvil Arts (BOP, 2010) (05)	Audience numbers provided by venue and further detail from online survey of audience members (over 2,000 responses). Spending of performers/crew who stay in the area for the duration of their show was estimated based on venue data and estimates of subsistence allowances paid.	Audience spending was estimated at £4.79 million; spending of artists and crew was estimated at £0.17million.
Cultural impact study: the impact of the arts in Birmingham (Morris Hargreaves McIntyre, 2009) (30)	An estimate of additional visitor spend was derived from an e-survey of a sample of patrons who had booked tickets for a performance in the past six months (1,550 completed surveys were returned).	Visitor spend was estimated at £40 million.
Beyond the arts: the economic and wider impacts of The Lowry and its programmes (New Economy Manchester, 2013) (32)	The study reports the results of the 2012 Scarborough Tourism Economic Activity Monitor (STEAM) for the Quays and Greater Manchester (this does not specifically concern the Lowry's impact, rather the value of tourism in the wider area).	STEAM data shows that the economic impact of tourism in the Quays area is estimated at £251.6 million for 2012, which supports an estimated 3,048 full-time equivalent jobs.

²³ Garcia et al (2010).

²⁴ This corresponds to the reference number provided in Annex 1.

Summary of indirect effects

Study (reference ²⁴)	Approach	Findings
Understanding the impact of cultural tourism in Cornwall (Ekos, 2007) (18)	The survey was used to gain a profile of visitor types (day trips and overnight stays), their motivation for visiting and expenditure patterns.	Additional visitor expenditure was estimated at: £10 million.
Economic impacts of cultural heritage – research and perspectives (Bowitz and Ibenholt) (10)	Official data and a survey of tourists were used to estimate the local economic impacts from cultural heritage-based tourism.	Analysis suggests that 200 jobs are supported by tourism related to cultural heritage.
De La Warr Pavilion economic impact evaluation (sam and University of Brighton, 2007) (38)	Two rounds of surveys – one on the day of the visit and a follow-up online survey (sample size of approximately 900 and 1,000 respectively).	Visitors spent over £4 million in the local area.
Economic impacts of arts and culture in the Greater Edmonton Region (Edmonton EDC, 2006) (15)	Demand-side data for visitors were estimated using attendance figures and visitor expenditure patterns derived from Statistics Canada survey data.	Visitors to Edmonton that attended a cultural event provided by the participating organisations spent an estimated \$146.7 million in Edmonton.
The impact of historic visitor attractions (GHK, 2010) (22)	The study drew upon available visitor data and survey information.	The five sites are estimated to attract additional visitor expenditures of £7.1 million per year to their local economies and £5.5 million to their regions. This expenditure is estimated to support 121 FTE jobs in local economies and 136 FTE jobs at regional level.
The economic impact of the UK heritage tourism economy (Oxford Economics, 2013) (34)	Data were used to generate estimates of expenditure for three categories of tourism (international visitors, domestic overnight visitors and domestic day visitors).	Total heritage-based tourism expenditure was estimated as £8.5 billion (£16.1 billion including natural heritage). Employment generated by heritage tourism economy was 134,000 (253,000 including natural heritage).
Creating an impact: Liverpool's experience as European Capital of Culture (Impacts08 Team, 2010) (26)	Visitor surveys were undertaken and combined with analysis of secondary data and use of STEAM.	Additional visitor expenditure was estimated at £753.8 million across Liverpool, Merseyside and the wider North West region.
Economic value of arts activity in the district of Lancaster (Genecon, 2011) (20)	Visitor surveys were undertaken.	Visitor expenditure supports £2.08m in revenues and 51 jobs (sub-regional level).
The economic impact of the Louvre (Grefe, 2009) (23)	Expenditure by visitors to the Louvre was estimated using a range of data.	Visitor expenditure was estimated at between €250 and €535 million (depending on assumptions used).
Economic, social and cultural impact assessment of heritage in the North East (Ove Arup, 2005) (33)	Data from heritage organisations and a range of other sources.	Visitor spending was estimated at over £180 million.
The economic, social and cultural impact of the City arts and culture cluster (BOP, 2013) (08)	Survey of audience expenditure at arts and culture events (responses from over 800 individuals).	Gross audience spend was estimated at over £226 million.

A common criticism of impact studies occurs when they fail to take account of deadweight in visitor expenditure, although more recent studies tend to have explicitly incorporated this adjustment. There is also potential for displacement to occur, for example if an increase in visitors at one site results in a reduction in visitors (and revenue) at another location. This is more difficult to estimate and this difficulty is reflected in the fact that many studies do not acknowledge this effect. One approach to measuring displacement has been to discuss with stakeholders the extent to which a facility complements or competes with other attractions in the area and to use this as a basis for any adjustment factor; this is the approach taken in work to estimate the impact of historic visitor attractions which involved interviews with site managers and other stakeholders and found no evidence of any significant displacement effects²⁵. Another approach has been to assume that all spend made by local residents who visit the facility would have occurred in the area anyway (i.e. is all displacement) as in the assessment of the AV Festival²⁶, although this implicitly assumes that the concept of deadweight only applies to visitors from outside of the area. Other considerations are leakage (the extent to which outcomes benefit those outside of the target area, e.g. where jobs created in the local tourism sector are taken by residents from outside the area) and multiplier effects (to show the second and subsequent rounds of activity associated with the visitor spending).

2.2.4 Wider economic effects

Investment in culture is often associated with helping to improve the attractiveness of an area as a place to live, work or invest. In doing so, cultural investment can help to stimulate or support wider regeneration efforts and this is illustrated by the many millions of pounds invested in cultural facilities by England's Regional Development Agencies in the period between their establishment in 1999 and closure in March 2012. Notable examples include One North East's funding to support the set up of the BALTIC centre for contemporary art, a cornerstone in the regeneration of the NewcastleGateshead quayside and support from the South East of England Development Agency (SEEDA) for development of the Chatham Historic Dockyard as part of the wider Chatham Maritime regeneration project.

Work undertaken to assess the impact of the regeneration of the historic environment included an exploration of the impact of heritage on business location decisions in five case study areas²⁷. This study found that, across the five case studies, 25% businesses (n=122) either agreed or strongly agreed that a heritage setting was an important factor in the decision to locate within the area, ranking equally with road access as a determinant of location, but below quality of the environment, availability of premise, availability of labour and proximity to customers and suppliers. However, it was highlighted that the historic environment may be more important to certain types of business (for example, smaller, independent firms) than others.

The role of culture in helping to stimulate further investment in an area was not a focus of any of the empirical research identified by this review; at best this was explored through qualitative interviews with stakeholders, or analysis of media coverage or perception surveys (see Section 3.1)²⁸.

Some authors make a case for culture or creative industries helping to develop clusters or agglomerations of activity. A paper on arts and the economy from the United States²⁹ noted that arts and culture are important to state economies, not just because of the direct benefits but also because they

²⁵ GHK (2010).

²⁶ BOP Consulting (2013).

²⁷ Amion (2010).

²⁸ It is recognised that there is a large literature on agglomeration effects related to planning and regeneration research, although this was outside of the scope of the initial search.

²⁹ NGA Centre for Best Practices (undated). Arts and the Economy.

produce an 'array of other benefits, such as infusing other industries with creative insight for their products and services and preparing workers to participate in the contemporary workforce....enriching local amenities and attracting young professionals to an area'. The paper highlights that business location decisions are often influenced by the ready availability of a creative workforce and the quality of life available to employees.

In the European context it has also been noted that culture and innovation play an important role in helping areas to attract 'investment, creative talents and tourism' and that culture has become an 'important soft location factor', key for boosting the attractiveness of an area when competing to attract investment or talent³⁰. London, Berlin, Quebec and New York are highlighted as illustrative examples of where successful efforts have been made to foster creative hubs. Common features include a strong political will to support development of the sector and a wish to develop synergies amongst the creative sectors and other industries. The paper, undertaken on behalf of the European Commission, goes on to set out the challenges for developing a 'creative Europe;' the authors conclude that a cultural and creative sector is an essential element of local development, with a role to play in helping regions attract investment, manpower and tourism.

Research in Germany analysed the location of Baroque opera houses and share of 'high-human-capital employees' concluded that well-educated workers prefer to live close to cultural amenities and that proximity to cultural amenities can significantly increase regional growth³¹.

Recent work to quantify the contribution of the arts and cultural industries at the national level provides a review of literature on the benefits of cultural clusters. Some of the hypotheses put forward by such literature include the transfer of ideas between arts and culture and the commercial creative industries, the role in supporting commercial creative endeavour via networking events, cultural institutions as incubators for talent (by offering art-related traineeships). However, while this provides a theoretical account of potential agglomeration/clustering benefits, the authors conclude that the primary evidence to support this remains largely anecdotal.³²

The 'creative class'

Professor Richard Florida argues that the agglomeration of members of what he terms the 'creative class' in particular regions can stimulate economic development and prosperity and that these individuals are highly mobile but can be attracted by areas which are open and tolerant and provide a good quality of life. The resulting geographical agglomeration of members of the creative class draws high-tech-companies seeking human capital to the region, which in turn leads to higher start-up rates of technology-based companies³³.

Research into the social and economic returns on investment in cultural infrastructure³⁴ makes reference to earlier work which used occupational data to analyse the source of New York City's competitive advantage and concluded that it lies in its role as a creative hub, specifically in its arts, design, media, and entertainment industries.

Work to make the case for investment in the arts and culture in Victoria³⁵ argued that the liveability of a place depends on a combination of social, economic, environmental and cultural attributes, which

³⁰ KEA (2006).

³¹ Falck, Fritsch and Heblich. The phantom of the opera: cultural amenities, human capital, and regional economic growth. *Labour Economics*, volume 18, issue 6 (December 2011).

³² CEBR (2013).

³³ Florida (2002). *The rise of the creative class*.

³⁴ Jeannotte (2008).

³⁵ Arts Victoria (2008). *The role arts and culture in liveability and competitiveness*.

combine to create a good quality of life and a sense of local identity. It is this liveability that attracts new residents (particularly, the creative class) and business investment, and that arts and culture contribute directly to liveability, particularly through the quality and diversity of related activities and events.

Florida's research is also thought to apply in the European context. Work undertaken on behalf of the European Commission cites Florida's finding that creative people will seek out locations that offer cultural amenities, high-tech services, good living conditions and an atmosphere of freedom and respect and that the location will, in turn, benefit from this clustering of creative skills by becoming more attractive to high-tech businesses. The authors conclude that any city wishing to attract the creative class must provide an environment 'conducive to creation and innovation' including cultural amenities³⁶.

2.3 Quality of existing assessments

As part of the review, the quality of the identified studies has also been considered in terms of their adherence to principles set out in relevant guidance on economic impact assessment and additionality. This looked at both the quality of the execution of the study (including whether the reporting is accessible and transparent and whether the methodology applied is fit for purpose) and technical aspects of the methodology (primarily whether relevant adjustments have been made to assess the additional impact).

Overall, the economic impact assessments reviewed had adopted approaches which can be considered to be fit for purpose. The scope of the assessments varied with some focused on a single facility or event while others looked at a number of venues or a programme of events. The amount of primary research undertaken also varied, with a number of authors noting that this was due to resource and/or time constraints. This variation is to be expected from study to study, reflecting the focus of the study and any constraints experienced by those undertaking the research.

The reports demonstrated a good level of accessibility, containing material which would be understandable and of interest to the general (i.e. non-specialist) reader. However, there was a lack of consistency in the use and/or definition of key terms such as direct and indirect effects which creates potential for confusion for the reader.

There was also a high degree of transparency about the approach which had been taken to generate the evidence; however, some studies were not explicit about some of the values or adjustments used to generate key findings which impacts upon the utility of this information; it is recognised that further technical reports may exist which outline the methodology and calculations in more detail, although where this is the case it would be good practice to include a reference to this more detailed source. Another issue is that some studies did not provide a breakdown of the headline findings so it was difficult to separate out the contribution of the different impact mechanisms (e.g. direct effects, visitor-related, performer-related).

The robustness of the research has been assessed with reference to the approach to estimating the additionality of impacts. The remainder of this section considers the approach to assessing each of the different components of additionality in turn.

Deadweight

In order to produce a credible assessment of net impacts it is important to consider the extent to which the impacts would have taken place in the absence of the facility or event or investment being assessed. This is primarily an issue for visitor-related impacts as it is likely that a proportion of visitors would have come to, and spent money, in the area anyway. The most common approach was to estimate this level of

³⁶ KEA (2006).

deadweight by using a survey to establish the proportion or number of visitors who could be assumed to have visited the area anyway; a common assumption is that local residents do not bring any additional expenditure to the area while the additionality of spend by non-local visitors depends on their motivations for visiting the area.

The box below contains a summary of findings, highlighting studies which explicitly considered deadweight in their assessment. In some cases, deadweight has been interpreted as the extent to which an alternative provider of culture exists within the local area (thereby providing an alternative destination for visitors and their expenditure). However, to fully explore deadweight, researchers should also acknowledge the potential for visitors to have come to the area regardless of the nature of the cultural offer.

Deadweight		
Study (reference³⁷)	Adjustment/approach taken	Source
The economic impact of Anvil Arts (BOP, 2010) (05)	0 - Anvil Arts is the only major provider of performing arts in the local area it is assumed that no deadweight applies	Stakeholder consultations
Beyond the arts: economic and wider impacts of the Lowry and its programmes (New Economy Manchester, 2013) (32)	0 - acknowledgement that no other venue in the area provides similar cultural offer	Qualitative analysis, stakeholder consultations
Economic value of arts activity in the district of Lancaster (Genecon, 2011) (20)	0 (direct effects) – on the basis that withdrawal of funding from ACE would cause venues to close.	Stakeholder consultations
Evaluation of AV Festival 12 (BOP, 2012) (07)	33% - the proportion of visitors from the local area.	Visitor data
De La Warr Pavilion economic impact evaluation (sam and University of Brighton, 2007) (38)	Expenditure of local residents was excluded.	Visitor survey
The impact of historic visitor attractions (GHK, 2010) (22)	Various - based on comparison with counterfactual to establish additional impact of development.	Interviews/counterfactual for visitor numbers
Impact of historic environment regeneration (Amion, 2010) (03)	Various – in excess of 90% of spending by visitors, residents and local workers was considered to be deadweight.	Based on surveys which found that 0.7% and 3.2% of spend by local workers and residents were attributable to historic environment regeneration, and between 0% and 7.8% of visitor spend.
Economic impact of HLF funded projects – volume 1 (GHK, 2010) (21)	Various - based on comparison with counterfactual to establish additional impact of development.	Interviews/counterfactual for visitor numbers
Creating an impact: Liverpool's experience	Visits by those from the local area and/or which were not motivated by	Visitor survey

³⁷ This corresponds to the reference number provided in Annex 1.

Deadweight		
Study (reference ³⁷)	Adjustment/approach taken	Source
as European Capital of Culture (Impacts08 Team, 2010) (26)	the event were excluded.	
NewcastleGateshead cultural venues economic impact assessment (ERS, 2013) (19)	Assumed to be 19%	English Partnerships Additionality Guide
The economic, social and cultural impact of the City arts and culture cluster (BOP, 2013) (08)	Based on place of residence of visitors.	Visitor survey
The economic impact of Glyndebourne (BOP, 2014) (09)	Exclusion of all visitors who claimed they would have spent their money in the target area	Visitor survey
Understanding the impact of cultural tourism in Cornwall (Ekos Consulting, 2007) (18)	Based on extent to which a specific cultural attraction was the main motivation behind a decision to visit.	Visitor survey

Displacement

There are limited references to displacement in the studies reviewed. One approach was to discuss with stakeholders the likelihood that a facility was competing for visitors with other nearby venues. The conclusion drawn from this assessment was that the facilities in question were largely complementary to other aspects of the local visitor offer (implying that displacement was unlikely to be an issue).

A further approach is to follow the recommendations of available guidance, in one case to use an assumed rate of 20% which is at the lower end of a range provided by English Partnerships based on a review of existing evidence in the context of economic development and regeneration projects. More recently, guidance has been produced by BIS which also suggests displacement factors (for example, 37% for regeneration projects at sub-regional level).

The box below summarises the approaches to assessing displacement. The interpretation of this term can vary slightly, sometimes linked to the definition of deadweight which has been employed.

Displacement		
Study (reference ³⁸)	Adjustment/approach taken	Source
The economic impact of Anvil Arts (BOP, 2010) (05)	It was assumed that 35% of gross spend by audience members was displacement, based upon the proportion who said that they would have spent money elsewhere in the local area anyway had they not attended the theatre.	Stakeholder consultations
Evaluation of AV Festival 12 (BOP, 2012) (07)	Assumed that 100% of spending by local residents would have been spent elsewhere in the region if the AV Festival were not there.	Assumptions made by author

³⁸ This corresponds to the reference number provided in Annex 1.

Displacement		
Study (reference³⁸)	Adjustment/approach taken	Source
Understanding the impact of Cultural Tourism in Cornwall (Ekos, 2007) (18)	Displacement assessed based on the home location of those attending events, with spending made by those from Cornwall being excluded from the net impact total.	Visitor survey plus UK Sport Economic Impact Methodology guidelines
Edinburgh Festivals impact study (BOP 2011/SQW 2005) (06/37)	The study considered whether the sponsorship or other income attracted by the Festivals has been displaced from other projects.	Consultations.
The impact of historic visitor attractions (GHK, 2010) (22)	Assumed to be zero.	Consultation with beneficiaries and stakeholders
Impact of historic environment regeneration (Amion, 2010) (03)	Ranged from 37% to 66%.	Survey
Economic impact of HLF funded projects – volume 1 (GHK Consulting, 2010) (21)	Assumed to be zero.	Consultation with beneficiaries and stakeholders
The economic value of the independent museum sector (DC Research, 2010) (13)	25% - 37.5% depending on whether museums classified themselves as being of 'low or moderate' or 'major' significance in their local visitor economy.	Assumptions based on guidance from English Partnerships Additionality Guide and Scottish Enterprise Guidance Note (2008).
Economic value of arts activity in the district of Lancaster (Genecon, 2011) (20)	Assumed to be zero	Assumptions made by author.
NewcastleGateshead cultural venues economic impact assessment (ERS, 2013) (19)	Assumed to be 20%.	English Partnerships Additionality Guide
Study of the economic value of Northern Ireland's historic environment (eftec and RSM McClure Watters, 2012) (16)	Assumed to be 15%.	English Partnerships Additionality Guide

Substitution

Substitution is generally not thought to be an issue in the context of cultural investment, although was explicitly mentioned in a small number of studies as outlined in the box below.

Substitution		
Study (reference³⁹)	Adjustment/approach taken	Source
The economic impact of Anvil Arts (BOP, 2010) (05)	Assumed to be zero.	Assumptions made by author.
Evaluation of AV Festival 12 (BOP, 2012) (07)	Assumed to be zero.	Assumptions made by author.

³⁹ This corresponds to the reference number provided in Annex 1.

In addition, research to assess the impact of Edinburgh’s festivals explored substitution in respect of visitor accommodation in the city through consultations with a sample of hotels, although it is not clear whether this resulted in any adjustment being made to the impact calculation.

Leakage

Leakage has been accounted for in assessments of direct effects by exploring what proportion of ongoing expenditure benefits suppliers in the area of interest (with leakage being the value of expenditure which benefits suppliers outside of this area). In the assessment of visitor-related effects, similarly the focus is on establishing expenditure within the area of interest (with any spend beyond these boundaries being classed as leakage and not included in the analysis).

Leakage is also relevant to the assessment of on-site employment (and the associated expenditure on wages and salaries) as where staff reside outside of the area of interest then leakage of this expenditure can be said to occur. In some cases, it was not clear that studies had taken account of the potential for this latter effect; this reflects the fairly limited information which was provided on the reviews of operational expenditure.

As with displacement, another approach to assessing leakage is to apply recommendations provided by relevant guidance. One study in the sample explicitly referenced using a value of 5%, a median figure provided by BIS guidance. A further approach would be to base an estimate on available travel to work data (which shows the proportion of workers in the area of analysis who live within the area), although this was not mentioned in any of the studies which were reviewed.

The box below summarises findings with respect to leakage.

Leakage		
Study (reference⁴⁰)	Adjustment/approach taken	Source
The economic impact of Anvil Arts (BOP, 2010) (05)	Assumed to be 9%	BIS guidance (standard median leakage factor for programme intervention at sub-regional level)
Evaluation of AV Festival 12 (BOP, 2012) (07)	Assumed to be 5%	BIS guidance (standard median leakage factor for programme intervention at regional level)
Study of the economic value of Northern Ireland’s historic environment (eftec and RSM McClure Watters, 2012) (16)	Assumed to be 6%	English Partnerships Additionality Guide (environment and housing projects)
Economic, social and cultural impact assessment of heritage in the North East (Ove Arup, 2005) (33)	Assumed to be 25%	Standard Approach to Assessing the Additional Impacts of Projects, English Partnerships 2004

In addition, a number of studies adjusted for leakage (implicitly or explicitly) by excluding operational expenditure which benefited suppliers and/or employees based outside of the area of analysis. One example is the economic impact assessment of Chichester Festival Theatre⁴¹.

⁴⁰ This corresponds to the reference number provided in Annex 1.

⁴¹ Dent et al (2010).

Multipliers

All of the impact studies reviewed have used the concept of multipliers to illustrate how the effects of expenditure are multiplied throughout the economy of the area in question as a result of second and subsequent rounds of spending, creating further economic activity. There are two components of this effect: supply linkage effects relate to the spending of businesses (suppliers) which generate revenue as a result of the facility/event within their own supply chain and induced effects are associated with the spending of wages/salaries by those who gain employment (either directly or indirectly) as a result of the facility.

Establishing bespoke multipliers is a complex exercise and for this reason researchers usually, although not always, import a value from existing research; this is generally a composite (or type II) figure which accounts for both supply linkage and induced effects. The scale of the multiplier depends on the size and nature of the economy in question which impact on the extent to which businesses and employees are able to spend money locally, as a result multipliers for local/district level economies are lower than those which apply at the regional level.

At the regional level, the composite multipliers applied ranged from 1.4 (consistent with the recommendation of BIS guidance for projects involving regeneration through physical infrastructure⁴²) to 1.6 (the upper end of the range suggested by English Partnerships following a review of previous studies⁴³). In addition, a value of 2.24 was applied to estimate the multiplier effect in the North West region of the arts and culture industry (rather than the economy more generally); this was said to have been sourced from work the national assessment of the arts and culture sector undertaken by CEBR⁴⁴.

Local level multipliers used by the studies reviewed ranged from 1.15 (for the City of London, based on findings from earlier input-output modelling undertaken by Oxford Economic Forecasting⁴⁵) to 1.6 (based on bespoke input-output modelling of a district economy⁴⁶). Equivalent figures from available guidance are a range of 1.2 to 1.4 (English Partnerships) and 1.33 (for the sub-regional effects of projects involving regeneration through physical infrastructure, BIS).

Most studies in the review applied an output multiplier, which estimates the value of new sales that will be stimulated in the wider economy for each unit increase in demand. However, some research placed more focus on estimating the impact in terms of employment and used an employment multiplier to estimate the number of jobs that will be created in the wider economy for each new job created by a given asset/project.

Findings from the literature review are summarised in the box below.

Multiplier effects		
Study (reference ⁴⁷)	Multiplier used	Source
Assessment of the economic impact of the arts in Ireland (Indecon, 2009) (25)	1.28, type II	National Accounts
Evaluation of AV Festival 12 (BOP, 2012) (07)	1.4, type II, regional	BIS guidance
The economic impact of	1.21, type II, local	BIS guidance

⁴² BIS (2009). Research to improvement assessment of additionality.

⁴³ English Partnerships (2008). Additionality Guide (3rd Edition).

⁴⁴ CEBR (2013).

⁴⁵ BOP Consulting (2013).

⁴⁶ Dent et al (2010).

⁴⁷ This corresponds to the reference number provided in Annex 1.

Multiplier effects		
Study (reference⁴⁷)	Multiplier used	Source
Anvil Arts (BOP Consulting, 2010) (05)		
Beyond the Arts: economic and wider impacts of the Lowry and its programmes (New Economy Manchester, 2013) (32)	2.27, type II, regional	CEBR research
The contribution of the arts and culture to the national economy (CEBR, 2013) (11)	GVA multiplier: 1.43 Industrial output multiplier: 1.28 Employment multiplier: 1.37 Income multiplier: 2.01 (all type II, national)	Modelled
Understanding the impact of cultural tourism in Cornwall (Ekos, 2007) (18)	1.71, type II, regional	I-O tables
De La Warr Pavilion economic impact evaluation (sam and University of Brighton, 2007) (38)	1.38, type II, local	English Partnerships
Chichester Festival Theatre economic impact study (Dent et al., 2010) (14)	Output multiplier: 1.60 Employment multiplier: 1.39 (all type II, local)	Modelled
Edinburgh's year round festivals 2004-2005 economic impact study (SQW, 2005) (37)	Output multiplier: ranged from 1.39 to 1.74 (depending on sector and geographical scale)	Scottish Tourism Multiplier Study
The impact of historic visitor attractions (GHK, 2010) (22)	1.2, type II, local; 1.6, type II, regional	English Partnerships
The economic impact of the UK heritage tourism economy (Oxford Economics, 2013) (34)	GDP multiplier 2.2 Employment multiplier: 2.0 (all type II, national)	Modelled
Economic impact of HLF funded projects – volume 1 (GHK, 2010) (21)	1.2, type II, local; 1.6, type II, regional	English Partnerships
The economic value of the independent museums sector (DC Research, 2010) (13)	1.07, type I 1.2, type II	Scottish I-O tables
Economic value of arts activity in the district of Lancaster (Genecon, 2011) (20)	1.36, type II, local	English Partnerships
The economic impact of the Louvre (Grefe, 2009) (23)	1.53, type II	US study
NewcastleGateshead cultural venues economic impact assessment (ERS, 2013) (19)	1.4, type II, regional	Modelled
Study of the economic value of Northern Ireland's historic environment (eftec and RSM McClure Watters, 2012) (16)	Output multiplier: 1.6 Employment multiplier: 1.5 GVA multiplier: 1.5	Other research
A study of the economic and social impact of subsidised theatre in Northern Ireland	Employment multiplier: 1.47 (type II)	Myerscough study

Multiplier effects		
Study (reference ⁴⁷)	Multiplier used	Source
(Milward Brown Ulster, 2005) (29)		
Arts as an industry (Alliance for the Arts, 2006) (01)	1.77, local; 1.98, state-level	Modelled
Economic impact study of UK theatre (Shellard, 2004) (36)	Output multiplier: 1.5	Wyndham report
The economic, social and cultural impact of the City arts and culture cluster (BOP, 2013) (08)	1.13, local; 1.53, regional (London)	Oxford Economics

2.4 Summary

Estimation of direct and indirect (visitor-related) effects are core to the economic impact assessment of cultural facilities and events. Temporary effects are only relevant where an activity is time-limited (including the effects of a significant investment).

There has been limited exploration of wider economic effects, such as the role of culture in improving liveability and therefore the attractiveness of a location as a place to live, work or invest. Where these types of effects have been considered, it is generally by reference to the available literature rather than a practical exploration of the effect on business location decisions or residential choices in a given location. The effect of cultural investment on agglomeration or clustering of activity is therefore an area which would benefit from further research, particularly in the UK context.

The body of work in this area demonstrates a broadly consistent approach to the estimation of direct effects (based on a review of the expenditure of the organisation(s) in question) and indirect effects (based on visitor activity and expenditure obtained from venue records and/or bespoke survey findings and/or the import of findings from other research).

However, there are differences in the treatment of the key aspects of additionality across the literature which we have reviewed. Encouragingly, more recent work shows a higher level of recognition of deadweight in relation to visitor spend which is positive although it is not always clear if and how adjustments have been made. There appears to be less recognition and assessment of displacement and leakage. Multiplier values are most commonly obtained from existing sources (such as guidance produced by The Department for Business, Innovation and Skills) which is a sensible approach given that the resources required to produce bespoke values are disproportionate to the task of undertaking an impact assessment at the level of a facility or event.

Overall findings are generally expressed in terms of the contribution to GVA, and sometimes in terms of the equivalent number of jobs supported using ratios derived from National Statistics data sources. The range of impact estimates presented in the literature reviewed as part of this study reflect variation in the type and scale of the assets and facilities assessed, but also differences in the assumptions and adjustments applied which reduces the potential to make meaningful comparisons of estimates between studies.

A summary of the findings presented by studies included in the review is set out in the following box.

Summary of economic impact findings		
Study (reference ⁴⁸)	Adjustments	Impact
Arts and economic prosperity III (Americans for the Arts, 2006) (02)	Reference made to multipliers but values not explicit. Unclear if other adjustments have been made.	Non-profit arts and culture industry generated \$166.2 billion in economic activity every year and supported 5.7 million U.S. jobs.
The economic impact of Anvil Arts (BOP, 2010) (05)	Deadweight = zero; leakage = 9%; displacement = 35%; substitution = zero; multiplier = 1.21.	Net GVA contribution is estimated at £2.7 million per year, equivalent to sustaining 123 full-time jobs.
Cultural impact study: the impact of the arts in Birmingham (Morris Hargreaves McIntyre, 2009) (30)	Deadweight, displacement and leakage not considered. Multiplier = 1.5.	Output estimated at £271 million per annum regionally.
Assessment of the economic impact of the arts in Ireland (Indecon, 2009) (25)	Multiplier = 1.28; no adjustment for other additionality factors.	Total GVA contribution of the wider arts sector estimated at approx.. €782 million (or 0.5% of total national GVA).
Evaluation of AV Festival 12 (BOP, 2012) (07)	Deadweight = 33% of spending by those from outside of the region (plus all spending from those from within the region); displacement = 100% of spending of local visitors; substitution = zero; leakage = 5%; multiplier effects = 1.4.	Net economic impact of £516,000 in GVA, supporting the equivalent of 24 jobs in the region.
Beyond the Arts: economic and wider impacts of The Lowry and its programmes (New Economy Manchester, 2013) (32)	Deadweight and displacement not directly accounted for – other than by acknowledging that no other venue in the area could provide visitors with a similar cultural offer. Leakage has been taken into account by considering the place of residence of staff. Multipliers sourced from existing research (output multiplier = 2.27).	Total direct FTE jobs = 225 GVA attributable to direct jobs =£11.8 million. Total GVA contribution to region = £26.9 million.
The contribution of the arts and culture to the national economy (CEBR, 2013) (11)	GVA multiplier: 1.43 Industrial output multiplier: 1.28 Employment multiplier: 1.37 Income multiplier: 2.01	Aggregate effects of the sector amount to GVA of £13 billion in 2010, or about 1% of UK GDP, and a total FTE employment impact of 260,300 FTE jobs in 2010, equivalent to 1.1 per cent of total UK employment.
Understanding the impact of cultural tourism in Cornwall (Ekos, 2007) (18)	Additionality was estimated by excluding visitors based in Cornwall and weighting other visitors' expenditures (0-100%) based on the extent to which a cultural initiative represented a main driver for their visit. Multiplier effects – 1.7098.	Total impact of the considered events was estimated to be in the region of £17 million.
De La Warr Pavilion economic impact evaluation (sam and University of Brighton,	Deadweight – exclusion of spending by local residents; leakage – excluding of expenditure to suppliers/employees outside of the	From April 2006 to March 2007, DLWP and its visitors added over £11.7 million to the region's economy which, in turn, has generated another

⁴⁸ This corresponds to the reference number provided in Annex 1.

Summary of economic impact findings		
Study (reference ⁴⁸)	Adjustments	Impact
2007) (38)	area. Multiplier effects = 1.38.	£4.5 million through multiplier effects.
Chichester Festival Theatre economic impact study (Dent et al., 2010) (14)	Deadweight and leakage – as above. Multipliers = 1.6 (output), 1.39 (employment).	After accounting for the multiplier effect, the estimated value of the theatre to the local economy was £12.5 million. In terms of employment, the theatre generated an estimated 356 full-time equivalent jobs in the local area (direct, indirect and multiplier effects).
Edinburgh Festivals impact study (BOP, 2011) (06)	Deadweight, displacement and leakage investigated through surveys. The study used the same multipliers as used in the previous SQW study – updated for inflation (see below).	The total impact was estimated at £245 million (output); £59 million (Income) and 5,242 FTE (employment) in Edinburgh.
Edinburgh's year round festivals 2004-2005 economic impact study (SQW, 2005) (37)	Deadweight, displacement and leakage investigated through surveys. Substitution investigated through consultation with hotels. Multipliers = ranged from 1.39 to 1.70 by sub-sector for Edinburgh.	Output of nearly £170 million in Edinburgh and £184 million in Scotland. Support for 3,200 FTE jobs for a year in Edinburgh and 3,900 in Scotland.
Economic impacts of arts and culture in the Greater Edmonton Region 2005 (Edmonton Economic Development Corporation, 2006) (15)	Based on use of tourism impact model but details of parameters not given.	It is estimated that in 2005 the 126 cultural organisations accounted for \$177.7 million of Alberta's GDP, and \$123.7 million of Greater Edmonton's GDP.
The impact of historic visitor attractions (GHK, 2010) (22)	Deadweight and leakage based on site specific data; displacement = zero; multiplier effects = 1.2 at the local level; 1.6 at the regional level.	Net effects at local level: 109FTE and £3.3m in GVA (total for all 5 sites).
Impact of historic environment regeneration (Amion, 2010) (03)	Deadweight = over 90% based on survey findings. Displacement = 37% to 66%. Local multiplier = 1.1.	GVA and employment estimated for each casestudy, for example for Stourport Canal Basins the project was estimated to support 55 jobs and have a cumulative GVA impact of £11.5m.
The economic impact of the UK heritage tourism economy (Oxford Economics, 2013) (34)	Multipliers = 2.2 (GDP) and 2.0 (employment) (combined direct and indirect effects).	The combined value of heritage-based tourism GDP was estimated to be £14 billion (£26.4 billion with natural heritage). The sum of employment effects was 393,000 jobs (742,000 with natural heritage).
Economic impact of HLF funded projects – volume 1 (GHK, 2010) (21)	Deadweight and leakage based on site specific data; displacement = zero; multiplier effects = 1.2 at the local level; 1.6 at the regional level.	Ongoing expenditures by the 10 sites and their visitors were estimated to support additional employment of 120 FTE at the local level and 170 FTE at the regional level; impact on GVA was estimated at £3.2 million locally and £4.7 million regionally.
Creating an impact: Liverpool's experience as European Capital of Culture (Impacts08 Team, 2010) (26)	Deadweight examined by investigating the nature and purpose of the trips during primary research (interviews) and secondary analysis (including modelling). Multiplier	The Liverpool ECoC attracted 9.7 million additional visits to Liverpool. These visits generated a total impact of £960 million, supporting around 14,800 FTE.

Summary of economic impact findings

Study (reference ⁴⁸)	Adjustments	Impact
	values not explicit.	
Economic value of arts activity in the district of Lancaster (Genecon, 2011) (20)	Deadweight and displacement – assumed to be zero; leakage estimated based on location of suppliers and employees; multiplier = 1.36.	Net economic contribution of £7.56m in GVA and 199 jobs at sub-regional level.
NewcastleGateshead cultural venues economic impact assessment (ERS, 2013) (19)	Deadweight = 19%; displacement = 20%; leakage = not stated; multiplier = 1.4.	Total net additional impact was 1,302 FTE and £52.0 million of GVA.
The economic, social and cultural impact of the City arts and culture cluster (BOP, 2013) (08)	Multiplier = 1.13 (City of London); 1.53 (London).	Direct GVA (Revenue minus operating costs excluding wages, salaries and artists' costs) £134,460,383, (City of London), £133,802,877 (London). Indirect GVA generated: £14,357,846 (City of London); £17,843,240 (London). Induced GVA: £3,122,003 (City of London); £53,072,285 (London).
Economic impact study of UK theatre (Shellard, 2004) (36)	Deadweight, displacement and leakage not considered. Multiplier = 1.5.	Calculation of the economic impact of UK theatre (all venues): £ 2.6 billion.

3.0 Wider impacts

It is recognised that the economic argument represents only part of the case for investing in culture as it is only part of the total package of benefits associated with cultural activity.

Although this literature review has focused on identifying research into the economic benefits of culture, many of these studies have also considered and presented evidence of wider (non-economic) impacts to some degree, and a summary of the approaches used and resulting findings are presented in the sub-sections which follow.

3.1 Social and community impacts

A number of the studies had not undertaken primary research on the subject of social impacts but referenced evidence from other sources on the beneficial effects of arts and cultural activities (e.g. skills development, educational attainment, and health and wellbeing). Others set out frameworks highlighting the potential to achieve a range of social and cultural outcomes, such as creativity, social cohesion or crime reduction –noting that ultimately this could bring economic benefits such as improved productivity.

3.1.1 Participation

A key aim of many cultural facilities is to encourage participation from a diverse audience, often with a focus on currently under-represented groups. As we have seen in Section 2, data on visitor numbers and origin is generally used to inform the assessment of economic impacts and a number of the studies reviewed have also provided more detailed information relating to the socio-economic profile of visitors which offers an insight into the diversity of the visitor population.

Some studies have provided data on the take-up of specific activities, for example the assessment of NewcastleGateshead cultural venues reports that the venues had facilitated both formal and informal learning and participation activity with almost 590,000 children and young people and over 280,000 adults in the year in question⁴⁹.

Taking this further, a study of the impact of the arts in Birmingham⁵⁰ explored the benefits of the city's arts provision using a telephone survey of a sample of residents (encompassing both those who had attended events at the venues in question and those who had not). The survey asked people to respond to a range of statements about the impact of Birmingham's cultural provision on their perceptions of the city and also the impact on them as an individual. The authors concluded that arts organisations in the city were having a positive impact on the image of the Birmingham and the region, as well as impacting on the lives of individuals, contributing to a range of outcomes including social cohesion, life-long learning, broadening experiences and understanding of other cultures.

3.1.2 Volunteering

Many cultural organisations benefit greatly from the input of volunteers and there is also a significant research literature to suggest that the volunteers themselves can benefit from this experience in terms of personal and professional development, and wider wellbeing effects.

⁴⁹ ERS (2013).

⁵⁰ Morris Hargreaves Macintyre (2009).

Evidence of the scale of volunteer inputs if provided by recent work to assess the impact of the City of London's arts and creative cluster⁵¹ which reported that, in 2010/11, over 1,100 people volunteered with the organisations surveyed, contributing almost 38,000 hours of their time. Volunteering was frequently cited as providing a route into employment although there was also recognition that the sector often attracts a certain type of person (often well-educated, older people) and many organisations had taken steps to counter this by introducing a more structured and inclusive approach to volunteering.

Work with cultural venues in Newcastle and Gateshead⁵² found that approaching 900 volunteers provided in the region of 35,000 hours of support during 2012/13. The number of volunteer hours donated equated to 18.1 FTE jobs. These hours were estimated to be equivalent to £277,603 of wages.

One study which explored the benefits for volunteers was the evaluation of the AV Festival⁵³. This was done by distributing a survey to festival volunteers which yielded 40 responses (from a total of 117 volunteers). The large majority of volunteers reported improvements in their communication skills, self-confidence and willingness to try new things. They also reported feeling that they were making a useful contribution, that it provided an opportunity to make some useful contacts and meet likeminded people, and that as a result they were more employable.

3.1.3 Media and image

The area of social impact which has been most commonly assessed by studies in our sample is that of the effect of a cultural event on the image and perceptions of an area, including the volume and tone of media coverage.

Work to assess the impact of Liverpool's time as the European Capital of Culture in 2008⁵⁴ included an extensive analysis of media coverage and found that, perhaps unsurprisingly, national and local media coverage on Liverpool's cultural offer more than doubled and in 2008, positive stories on the city's cultural assets dominated over the traditional emphasis on (negative) social issues. Culture stories also diversified from the traditional focus on popular music and the built heritage to the visual and performing arts, and growing references to Liverpool's creative industries.

Analysis of the impact of Edinburgh Festivals⁵⁵ on place-making was undertaken using a survey of local residents and also those from outside of the area (tourists, performers, delegates and journalists) to explore whether there had been a change in perceptions of the city as a result of the festivals; whether the festivals add to the city and contribute to likelihood of re-visiting the city for non-locals; also the extent to which the festivals showcase the city and promote an outward-looking, positive Scottish identity.

The survey revealed that festivals have a strong and positive impact on the way that Edinburgh and Scotland more widely are perceived by local people and visitors alike. Local residents were shown to take great pride in the festivals and the value they provide to Edinburgh as a city while visitors believed that the festivals make the city distinctive and are more likely to revisit as a result of attending. The authors note that the image that the festivals present of Edinburgh and Scotland is one of diversity and openness; showcasing a positive national identity.

The media attention generated by the festivals was also found to be positive, exceeding that of other comparable events (although it should be noted that this analysis was focused on estimating volume rather than assessing the tone of such coverage).

⁵¹ BOP (2013).

⁵² ERS (2013).

⁵³ BOP (2012).

⁵⁴ Impacts08 Team (2010).

⁵⁵ BOP (2011).

Analysis of press and media coverage was undertaken both before and after refurbishment of the De La Warr Pavilion in East Sussex to estimate the volume of articles dedicated to the venue and its events and the value (using advertising value equivalent/AVE and perceived editorial value metrics)⁵⁶. This was combined with a more qualitative analysis whereby the articles were assessed against a set of 'key messages' framing the new mission of the venue. Higher scores were assigned to pieces containing more references to such key messages. The analysis found that the venue had generated media coverage with a value of over £2.2 million (measured in AVE) with over 350 pieces of coverage since October 2005 (compared to press and media coverage in the pre-opening of £1.35 million AVE).

3.2 Environmental impacts

Although some studies made a passing reference to the environmental credentials of a venue or facility (e.g. in the context of it being an outcome of a redevelopment or other investment project), environmental impacts were rarely considered explicitly. One exception is the Edinburgh Festivals Impact Study⁵⁷ which attempted to measure the environmental impacts and carbon footprint of the festivals. The researchers collected data (where available) from organisers to estimate direct emissions associated with the events and included questions in audience surveys to establish indirect emissions (e.g. as a result of travelling to the event). The extent to which audience travel was additional to what would have taken place anyway was also considered based on the response given when asked what they would have done instead if not attending the festival). The data collected was then inputted into an online tool which converted each aspect into a CO₂ equivalent amount.

Attempts were made to collect data on a wide range of outcomes, including resource use, waste production and staff/volunteer travel. The framework also considered indirect emissions associated with audience travel, non-directly managed venues, production and travel undertaken by performers and crew. However, the authors note that it was not possible to collect a complete set of data, covering all of these areas, which meant that only a partial assessment was possible. This suggested that audiences, and in particular staying visitors, accounted for the biggest proportion of the overall carbon footprint.

Recent work to assess the contribution of the arts and culture to the national economy⁵⁸ (CEBR, 2013) set out a theoretical framework which highlighted the mechanisms through which the arts and culture sector would be expected to generate economic, social and environmental outcomes. In contrast to the above interpretation which focused on resource use, the environmental outcomes section of this framework took a regeneration or place-focused viewpoint, highlighting the potential role of arts and culture in reuse of redundant buildings, reduced vandalism, increased perceptions of safety and feelings of pride in the area.

3.3 Summary

None of the studies reviewed were found to have made a comprehensive assessment of wider impacts, although this is to be expected given that the primary focus of this body of work concerned economic impacts. One area which appears to have received attention in a number of studies is media coverage, perhaps given the potential for positive messages to result in economic impacts at a later stage if it influences the destination choices of tourists, residential preferences of individuals and investment decisions of businesses. Volunteering is another social or community benefit which can also be presented in terms of an economic value.

⁵⁶ University of Brighton and SAM (2007).

⁵⁷ BOP Consulting (2011).

⁵⁸ CEBR (2013).

It is important to recognise that the environmental impacts of activity may be negative, particularly in the context of an event or festival which draws a significant number of people to an area, although travel impacts could be mitigated by encouraging or facilitating use of public transport. The work undertaken by LOCOG and others to minimise the environmental impacts of the London 2012 Olympic and Paralympic Games provides a wealth of good practice in this area and valuable information for anyone concerned with reducing the environmental impact of an activity or asset.

A summary of approaches and findings in respect of wider effects (where considered) is provided in the box below.

Wider impacts		
Study (reference⁵⁹)	Approach	Findings
Cultural impact study: the impact of the arts in Birmingham (Morris Hargreaves McIntyre, 2009) (30)	Telephone survey	<ul style="list-style-type: none"> • (73%) 3.2m people said the cultural provision makes the city vibrant and exciting. • (76%) 3.3m believed the arts provide opportunities for people to come to together and share experiences. • (78%) 3.4m believed the city's arts provide opportunities to learn new things. • (44%) 2.0m believed it improves the quality of their life. • (48%) 2.1 million people in the West Midlands agreed the city's cultural provision is an extra reason for friends and relations to come and visit them.
Evaluation of AV Festival 12 (BOP, 2012) (07)	Media analysis, volunteer survey	<ul style="list-style-type: none"> • AV Festival 12 generated significant news coverage, in national publications including the Guardian, the Sunday Times and the Independent to more specialist outlets such as Sight & Sound, as well as local coverage. • The median length of time spent volunteering for the festival was around 20 hours.
Beyond the Arts: economic and wider impacts of The Lowry and its programmes (New Economy Manchester, 2013) (32)	Project monitoring data, stakeholder consultation	<ul style="list-style-type: none"> • Role in developing a new University Technical College at MediaCityUK. • Volunteers have provided 37,500 hours of service. • The Inspired to Aspire project has been commissioned by Salford City Council as a model of increasing the economic prosperity of young people in Salford. • Around a quarter of shows are either world or UK premieres and/or international calibre only available to audiences in the North West because of the presence of The Lowry. • Over 1,500 hours of Studio time was provided by The Lowry to new and emerging artists. • The Lowry is working to increase interaction with the arts in Salford and in 2012/13 it subsidised theatre tickets for Salford residents to the value of £135,000.
Edinburgh Festivals impact study (BOP, 2011) (06)	Surveys, qualitative methods	<ul style="list-style-type: none"> • Positive outcomes in terms of personal development, cultural participation, 'place-making', social capital formation. • Environmental impacts and footprint analysis.

⁵⁹ This corresponds to the reference number provided in Annex 1.

Wider impacts		
Study (reference ⁵⁹)	Approach	Findings
Impact of historic environment regeneration (Amion, 2010) (03)	Surveys of residents	<ul style="list-style-type: none"> 93% of respondents rated the projects as making a good or very good contribution to the local environment. 92% had the same view in regards to raising pride in the local area. 93% rated the projects this way in terms of creating a sense of place.
Economic impact of HLF funded projects – volume 1 (GHK, 2010) (21)	Stakeholder consultation	<ul style="list-style-type: none"> Benefits for nature conservation and archaeology, improvements in the urban environment, in the environmental performance of buildings and equipment, and enhancing public awareness of environmental issues. Community outreach and engagement, enhanced communal areas and meeting places, improved educational and recreational facilities, stronger partnerships, enhanced civic pride, and enhanced awareness of key social issues.
Creating an impact: Liverpool's experience as European Capital of Culture (Impacts08 Team, 2010) (26)	Surveys, consultations, media coverage analysis.	<ul style="list-style-type: none"> Beneficial impacts on cultural participation, cultural sustainability, perceived image of the city, governance processes and media coverage.
NewcastleGateshead cultural venues economic impact assessment 2012-13 (ERS, 2013) (19)	Monitoring data from venues	<ul style="list-style-type: none"> In 2012-13 NGCV facilitated formal and informal learning and participation with 589,220 children and young people and 283,577 adults. Collectively 894 volunteers supported the organisations, equating to an estimated 35,296 hours of support, equivalent to an estimated £277,603 of wages on an annual basis or 18.1 FTE jobs.
Study of the economic value of Northern Ireland's historic environment (eftec and RSM McClure Watters, 2012) (16)	Stakeholder survey	<ul style="list-style-type: none"> The most common wider benefits acknowledged by respondents included: <ul style="list-style-type: none"> Sense of identity and history (84%). Preservation of heritage for future generations (79%). Provision of a better living environment (79%). Economic regeneration through heritage conservation and renovation.
Study of the economic and social impact of subsidised theatre in Northern Ireland (Milward Brown Ulster, 2005) (29)	Survey, focus groups	<ul style="list-style-type: none"> High rates of approval for public subsidies to the theatre by general public and theatregoers. Positive perceptions by the public of the impact of the subsidised theatre.
The economic impact of Glyndebourne (BOP, 2014) (09)	Volunteers, residents and business surveys	<ul style="list-style-type: none"> Positive impacts on volunteers' skills. Engaging schools and youth in educational and cultural activities.
The economic, social and cultural impact of the City arts and culture cluster (BOP, 2013) (08)	Surveys, case study analysis, secondary evidence	<ul style="list-style-type: none"> Employability benefits identified (volunteering as route to employment). Educational and outreach outcomes, particularly for young people.

4.0 Case studies

This section provides a summary of findings related to the five examples which have been developed into more detailed case studies to highlight the application of economic impact methodologies to different types of asset. Full case study write-ups (including consideration of wider effects where applicable) are provided in Annex 2.

4.1 Anglesey Abbey

English Heritage and the National Trust commissioned research to examine the economic and social impacts of a sample of five recent investments in historic properties using a case study approach. One of the case studies concerned the development of a new visitor centre at Anglesey Abbey⁶⁰.

The approach focused on assessing the effect of the new visitor centre (compared to the economic impacts which would have been generated by the site anyway had the investment not taken place), in terms of the temporary effects of the capital expenditure but also the ongoing effect of the investment on staffing, site expenditure, visitor numbers (and associated expenditures) and local businesses. Analysis was undertaken at both the local and regional level. Information was obtained through a review of project files, financial and employment information and visitor data. A site visit was also undertaken, along with follow-up interviews with contractors and local stakeholders.

The temporary impacts of construction expenditure undertaken as part of the project were estimated in terms of job years of employment and one-off impacts on GVA. A review of the project records was used to identify how much each supplier received, the nature of the goods and services provided and their location (using postcodes). It was estimated that construction related expenditures supported an additional 8 job years of work and GVA of £363,000 in the local economy, and 60 job years of work and GVA of £2.5 million in the regional economy.

The impacts of operating and visitor expenditures were measured in terms of ongoing full time equivalent (FTE) jobs and annual GVA effects as follows.

- The effect of the project on staffing and operating expenditure was assessed by comparing figures pre and post-completion of the new visitor centre.
- The effects of both temporary and ongoing expenditure on employment and GVA in supplier firms were assessed using standard ratios linking gross output, employment and GVA provided by the Office for National Statistics.
- The effect of the project on visitor numbers was assessed with reference to projected numbers in the absence of the investment. An adjustment was also made to account for the general trend of increased visitors to historic sites in 2009, which was attributed to the boost in domestic tourism caused by the recession.
- Available visitor survey evidence provided information on the origin and type of visitors. In assessing visitor impacts, the study was concerned with the additional visitors (and associated expenditure) attracted to the area by the abbey. It was assumed that any expenditure by local people or those visiting the area for other reasons would not be additional and so this was excluded. Visitor expenditures of those from outside the area were estimated based on averages from previous surveys of historic sites. These estimates take account of the degree to which the site attracts individual visitors to the area.

⁶⁰ GHK (2010).

Displacement was explored through interviews with site managers and stakeholders. These discussions found that the project has not had a significant effect on other heritage sites in the local area as these sites were thought to be successful in their own right and also catering for slightly different markets. Finally, the authors applied a multiplier value of 1.2 for the local level and 1.6 for the regional level, based on the findings of a review of evidence undertaken by English Partnerships.

The additional net impact of the investment was to support an estimated 16 FTE jobs and GVA of £320,000 at the local level, and 20 FTE jobs and GVA of £399,000 at the regional level. The largest effects were found to result from additional staffing on site, and to a lesser extent from increased visitor spending.

4.2 AV Festival

AV Festival is a biennial festival of contemporary art, film and music which takes places every two years at locations across the North East region. Research was commissioned to examine the economic impact of the 2012 festival on the region⁶¹, following similar studies which had been undertaken in previous years.

The research followed the approach set out by the Impact Evaluation Framework (IEF) and therefore focused on measuring only the additional impact of the festival. Data was gathered on:

- The expenditure on goods and services bought by AV Festival from suppliers within the region, including the services of its employees (resulting in expenditure on wages and salaries). This financial information was obtained from AV's accounts. An estimate of the monetary value of in-kind support provided by festival partners was also included as this is considered essential in enabling the festival to go ahead.
- The spending of AV Festival visitors at other establishments in the North East (e.g. hotel accommodation, shopping or eating out). This was obtained through surveys (both paper and online format) of visitors. A total of 705 responses were received which can be considered statistically robust. The survey also explored visitor profile, motivations and experience of the festival. Visitor spend was calculated separately for those from the North East and those who came from outside the region. Visitors were asked to include ticket purchases in their expenditure figures, although the value of ticket sales was then subtracted from these figures as this provides income to the organisers.

The report also recognised the potential for further impacts to arise as a result of the spending of artists who attended the festival although an estimate of this impact was not included due to data limitations.

In order to calculate the net economic impact, gross expenditure figures were adjusted to take account of the various components of additionality as follows:

- Deadweight – spending by visitors from within the region was excluded along with 33% of spending by those from outside of the region (based on evidence from the survey which suggested that 67% of visits by those from outside of the region were motivated by the festival).
- Displacement – it is assumed that local visitors would have spent money elsewhere in the region had the festival not taken place, so 100% of the estimated spend by local visitors is excluded. It is further assumed that no adjustment for substitution is required.

⁶¹ BOP Consulting (2012). Evaluation of AV Festival 12.

- Leakage – it is assumed that 5% of all expenditure related to the festival leaks outside of the region (based on application of the standard median estimate of leakage for an intervention at regional level as recommended in BIS guidance).
- Multiplier effects - a composite regional multiplier of 1.4 was applied (again following the recommendation of BIS guidance).

The net economic output was estimated at £1.09 million. This estimates was translated into employment and GVA impacts by applying ratios which reflect the relationship between turnover/output, GVA and employment in the North East for different sectors (based on data collected by the Office for National Statistics for relevant sectors). This resulted in an estimated GVA contribution of £516,000, which would be expected to support 24 jobs in the region.

4.3 Chichester Festival Theatre

In 2010, the Centre for Local and Regional Economic Analysis at the University of Portsmouth was commissioned to undertake research to determine the economic impact of the theatre on the local economy for the period September 2009 to August 2010⁶².

The approach involved calculating the value of three primary streams of expenditure:

- Goods and services purchased by the theatre and its associated food and drink outlets, along with purchases made by theatre employees from other businesses within the local area. The precise details and value of purchases made by the theatre and the location of suppliers was obtained through detailed analysis of the theatre's accounts. Payroll information was also used to provide details of the place of residence of staff and the salary payments made to both those who live inside and outside of the district. It was assumed that all wages and other income to individuals living in the district are spent in the local area. Net pay figures (i.e. excluding tax and national insurance payments) were used as the basis for estimating household expenditure. It was assumed that the average consumer expenditure patterns used in the UK input-output tables applied to Chichester (where a sector did not exist locally then this expenditure was assumed to leak out of the district). Local expenditure by staff who resided outside of the district was estimated by drawing upon the results of a staff expenditure survey undertaken in 2004 (updated to take account of inflation as defined by the Consumer Price Index).
- The additional expenditure in the local economy made by those visiting the theatre from outside of the district. Box office records provided information on the number and postcode of visitors which was then combined with the results of a 2004 survey which explored the spending patterns of theatregoers in the local area (updated to reflect recent movement in the Consumer Price Index for the relevant categories of spend). The authors note that, although conducting a new survey of visitors would have been a preferable way to estimate expenditure, this was not possible and the previous survey results provided the next best alternative source of information.
- The proportion of the net salaries of actors, musicians and crew members, who are contracted for specific shows, which is spent in the local economy (i.e. while they are living and/or working in the area). It was assumed that staff associated with productions spent 60% of their net income in the local area during the period in which they were employed.

The theatre provides jobs for over 440 people, 155 of whom live within the district (35%). In addition, more than 180 visiting actors and crew, as well as people supplying other artistic services, spend a proportion of their time working and living in the area.

⁶² Dent et al (2010). The Chichester Festival Theatre Economic Impact Study 2010.

All expenditure data was broken down to show that which benefits businesses within the area and that which leaks outside of the local economy. Expenditure was also broken down by sector to provide a detailed analysis of the first-round effects of the identified spending flows.

It is estimated that the activities of the theatre (including the associated food and drink outlets), its staff and patrons generated first round expenditures of £7.8 million in the local economy over the period under analysis. Most of this is estimated to result from the spending of theatregoers in retail, hotels and catering businesses in the area.

The first round expenditure data was then run through a bespoke input-output model of the local economy. This allowed estimation of the output and employment multiplier effects which apply in the area.

After accounting for the multiplier effect, the estimated value of the theatre to the local economy was £12.5 million. In terms of employment, the theatre generated an estimated 356 full-time equivalent jobs in the local area (direct, indirect and multiplier effects). The output multiplier calculated by the model was 1.6 and the employment multiplier was 1.39.

4.4 Liverpool 08

Liverpool City Council commissioned a major 5-year evaluation of the economic and social impacts generated by the European Capital of Culture event. The study was implemented by the Impacts08 Team and included research which explored the economic impacts resulting from the effect on local and regional tourism⁶³, which was done by estimating the number of additional visits created by the event, the estimated spend associated with these visits and the number of jobs created or supported by this additional tourism activity.

The impact assessment methodology combined two data sources:

- Secondary data from publicly available datasets to quantify the overall volume of visits to the Liverpool city region.
- Primary data to determine the profile of visitors (based upon which spend was estimated), and the extent to which their visit was influenced by the European Capital of Culture event. Street interviews were undertaken (sample size of 2,017) at multiple locations. Responses were then weighted according to temporal visitor trends, and findings compared with generalised visitor trends modelled through STEAM.

Deadweight was assessed by investigating the nature and purpose of the trips using a visitor survey. The study also used a local version of the Cambridge Model, which provided multipliers for relevant sub-sectors (such as accommodation, retail, food and drink) to help quantify the total jobs supported by tourism (although the value of these multipliers is not explicitly stated). The study does not appear to account for displacement or leakage of employment outcomes at the different spatial levels.

The research estimates that the event attracted 9.7 million additional visits to Liverpool during 2008 and an additional 1.14 million staying visitor nights in Liverpool hotels, 1.29 million in the rest of Merseyside, and 1.7 million for the rest of the North West.

⁶³ England's Northwest Research Service (2010). The Economic Impact of Visits Influenced by the Liverpool European Capital of Culture in 2008.

It is estimated that these visits generated direct economic impacts of £754 million (additional visitor spend) across Liverpool, Merseyside and the wider North West region, and £201 million in indirect spend, creating 14,912 jobs overall.

4.5 The Lowry

Research was commissioned by The Lowry and its Trustees with the aim of providing a more precise understanding of the magnitude of the different types of impact generated⁶⁴. The work undertaken followed the principles set out in the White Book (DCMS’s interpretation of HM Treasury’s Green Book), and the framework published by Arts Council England. The research considered a range of impacts including economic impacts resulting from the venue’s operations and effects on tourism.

In order to assess economic impact, information on the number of people directly employed at the Lowry and its annual expenditure on goods and services was sourced from the venue. A regional employment multiplier was then applied to the estimate of direct employment to account for supply chain effects. This multiplier was sourced from input-output modelling to estimate the economic impact of the arts and culture sector undertaken on behalf of Arts Council England).

The contribution to GVA was then calculated by multiplying the number of direct jobs supported by the venue by an estimate of average levels of GVA per employee in the arts and culture sector, and then applying a GVA multiplier to account for the indirect and induced impacts. These benchmarks were again drawn from research undertaken on behalf of Arts Council England. The estimated contribution is set out in the following table taken from the report.

GVA contribution	
Total direct FTE jobs	225
GVA per employee of direct jobs	£52,600
GVA attributable to direct jobs	£11.8million
Total annual GVA contribution to North West (multiplier of 2.27)	£26.9million
Total annual GVA contribution to UK (multiplier of 2.43)	£28.8million
Contribution to North West GVA over next 10 years	£223million
Contribution to UK GVA over next 10 years	£239million

Source: *New Economy (2013)*

No primary research was undertaken to assess visitor-related effects, although results were presented from 2012 Scarborough Tourism Economic Activity Monitor (STEAM) analysis. This provided data on:

- Visitor numbers – both day and staying visitors.
- Economic impact (expressed in terms of revenues generated by tourism activity).
- Jobs supported by tourism.

However, it should be noted that this analysis does not specifically concern the Lowry’s impact, but the value of tourism in the wider Salford Quays area. As a result, changes in the variables above cannot be attributed solely to the Lowry.

STEAM data shows that, in 2012, Salford Quays saw a year-on-year growth in visitors of 10% (from 3 million visitors in 2011 to 3.3 million in 2012). The economic impact of tourism in the Quays area is estimated at £251.6 million for 2012 (an increase of 8.5% compared to 2011) which supports an estimated 3,048 full-time equivalent jobs (an increase of 12.4%).

⁶⁴ New Economy (2013). *Beyond the Arts: Economic and Wider Impacts of the Lowry and its Programmes*.

Overall, it appears that the methodology for assessing economic impact has not addressed additionality in a systematic way. Deadweight and displacement are not directly accounted for – other than by acknowledging that no other venue in the area could provide visitors with a similar cultural offer. Leakage has been taken into account by considering the place of residence of staff and also through the use of multipliers sourced from input-output models.

4.6 Summary

The case studies illustrate the potential to apply an economic impact methodology to a range of different types of cultural assets/investments. The examples also illustrate the potential for such studies to vary in terms of focus, approach and research undertaken. All of the chosen examples made an attempt to assess net economic impacts although it was not always clear if and how adjustments had been made for the various additionality factors, which underlines the importance of transparency when reporting to ensure that all steps in the economic impact assessment are clearly described.

5.0 Conclusions

This section summarises the key findings of the review and follows this with some recommendations for future studies of this type.

5.1 Key findings

The review of literature has indicated a broadly similar approach has been taken to assessing the economic impact of a range of cultural venues, events and investment projects in recent years. The economic impact methodology is focused on assessing the impact of expenditures related to the asset in question and this is centred on two strands: direct expenditures associated with the ongoing operation of the asset and indirect expenditure resulting from the off-site spending of visitors to the facility, in the local area.

The literature shows some variation in the focus and scale of assessments, including the scale at which impacts are assessed (usually at the local and regional level). There were also some differences in the amount of primary research which was undertaken and therefore the reliance on secondary evidence; this is to be expected given the differences in resources made available for studies of this type and the extent to which relevant and useful data has already been collected.

Not all studies appear to have undertaken a comprehensive assessment of additionality which systematically considers and estimates all of the different factors set out in relevant guidance, with deadweight and multipliers the factors which are most commonly accounted for. Furthermore, in some instances, different aspects of additionality have been considered but it is not clear if an adjustment has been made and on what basis. A key lesson is that studies of this type should ensure systematic consideration of the different aspects of additionality and ensure that any adjustments, and the accompanying rationale, are clearly set out.

None of the studies reviewed were found to have made a comprehensive assessment of wider social and environmental impacts, although this is perhaps unsurprising given that the primary focus of this body of work concerned economic impacts. Some studies had looked at media coverage which is an area which could support future economic impacts, particularly relating to effects on business or residential location decisions. The impact of cultural investment upon these locational decisions and the realisation of agglomeration effects is an area which appears to be under-researched in empirical terms in the UK context.

5.2 Recommendations

5.2.1 Assessing impact

It is recommended that steps to assess (or evaluate) impact are built in from the outset of any significant investment in cultural assets/infrastructure, including ensuring that mechanisms are put in place to collect the required data.

The framework set out in Section 1.4 provides a checklist to inform this planning and also to guide systematic consideration of the different aspects of additionality. Consideration of additionality should be considered essential for each area of expenditure/impact.

It is recognised that bespoke estimation of additionality adjustments is not always possible (particularly multiplier effects). In this case, researchers should aim to source appropriate, evidence-based

adjustments from existing literature based on consideration of the project context and area of analysis, with a preference for more recent sources which are more likely to reflect current methodological expectations and evidence.

5.2.2 Other research

One area where limited empirical research appears to have been undertaken, particularly in the UK context, is the effect of cultural investment on agglomeration including testing Richard Florida's theory that the 'creative class' will migrate to areas which provide a high quality and diverse cultural offer and, in doing so, stimulate growth in creative and high-tech business activity.

Similarly, there is scope to expand upon the recent interest in analysing media coverage to look at the consequences of any increase in the profile or change in the perceptions of an area on business or residential location decisions.

In general, including at least some recognition of wider social, cultural and economic outcomes is desirable and, in some instances, may help to strengthen the economic case.

Annex One: Reference list

Ref.	Author	Title	Date
01	Alliance for the Arts	Arts as an industry	2006
02	Americans for the Arts	Arts and economic prosperity III	2006
03	Amion	Impact of historic environment regeneration	2010
04	BiGGAR Economics	National Museums Scotland economic impact study	2010
05	BOP Consulting	The economic impact of Anvil Arts	2010
06	BOP Consulting	Edinburgh Festivals impact study	2011
07	BOP Consulting	Evaluation of AV Festival 12	2012
08	BOP Consulting	The economic, social and cultural Impact of the City arts and culture cluster	2013
09	BOP Consulting	The economic impact of Glyndebourne	2014
10	Einar Bowitz & Karin Ibenholt	Economic impacts of cultural heritage – research and perspectives	2008
11	Centre for Economics and Business Research	The contribution of the arts and culture to the national economy	2013
12	Dave Clark, Alexandros Apostolakis & Pamela Dent	Pallant House Gallery economic impact study	2008
13	DC Research	The economic value of the independent museum sector	2010
14	Pamela Dent, Alex Apostolakis & Shabbar Jaffry	Chichester Festival Theatre economic impact study	2010
15	Edmonton Economic Development Corporation	Economic impacts of arts and culture in the Greater Edmonton region 2005	2006
16	eftec	Study of the economic value of Northern Ireland's historic environment	2012
17	EKOS	Scoping study into the economic impact of the arts and creative industries in Scotland	2011
18	EKOS	Understanding the impact of cultural tourism in Cornwall	2007
19	ERS Research and Consulting	NewcastleGateshead Cultural Venues economic impact assessment 2012-13	2013
20	Genecon	Economic value of arts activity in the district of Lancaster	2011
21	GHK	Economic impact of HLF projects	2010
22	GHK	The impact of historic visitor attractions	2010
23	Xavier Greffe	The economic impact of the Louvre	2009
24	Dr Dan Hull	Assessing the value and impact of museums	2011
25	Indecon International Economic Consultants	Assessment of economic impact of the arts in Ireland	2009
26	Impacts08 Team	Creating an impact: Liverpool's experience as European Capital of Culture	2010
27	Jura Consultants	Bolton's Museum, Library And Archive Services	2005
28	KEA European Affairs	Culture in Europe	2006
29	Millward Brown Ulster	A study of the economic and social impact of subsidised theatre in Northern Ireland	2005
30	Morris Hargreaves McIntyre	Cultural impact study: the impact of the arts in Birmingham	2009
31	National Museums Liverpool	The power of museums – economic impact and social responsibility at National Museums Liverpool	2013
32	New Economy Manchester	Beyond the arts: economic and wider impacts of The Lowry and its programmes	2013
33	Ove Arup & Partners	Economic, social and cultural impact assessment of heritage in the North East	2005
34	Oxford Economics	The economic impact of the UK heritage tourism economy	2013

35	M Sharon Jeannotte	Shared spaces: social and economic returns on investment in cultural infrastructure	2008
36	Dominic Shellard	Economic impact study of UK theatre	2004
37	SQW	Edinburgh's year round festivals 2004-2005 economic impact study	2005
38	Sussex Arts Marketing and the University of Brighton	De La Warr Pavilion economic impact evaluation	2007
39	Tony Travers	Museums and galleries in Britain - economic, social and creative impacts	2006
40	Alexandros Vrettos	The economic value of arts and culture festivals: a comparison of four European economic impact studies	2006

Annex Two: Case studies

Anglesey Abbey	
Sector	Heritage
Location	East Cambridgeshire
Background	<p>Anglesey Abbey is a National Trust property located a few miles outside of Cambridge. The country house was formerly a priory and is surrounded by 98 acres of landscaped grounds.</p> <p>A review of the property in 1999 concluded that a new visitor centre was required to cater for expected growth in visitor numbers and provide more up to date facilities.</p> <p>Following a tender exercise, work on a new build visitor centre began in October 2005. Unfortunately, a short time later, the chosen contractor went into administration and a new company had to be found. However, despite this setback, the project was still completed within the budget of £4.1 million and the new building was officially opened in December 2007. The majority of the required funding was provided by the National Trust (£3.2m) with other funding provided by the East of England Development Agency and a legacy contribution to the property.</p>
Research approach	<p>English Heritage and the National Trust commissioned GHK to examine the economic and social impacts of a sample of five recent investments in historic properties⁶⁵; this included the development of a new visitor centre at Anglesey Abbey.</p> <p>The approach to the case studies was to examine the expenditures involved in each investment, and the effect of the investment on ongoing staffing, site expenditure, visitor numbers (and associated expenditures), and local businesses.</p> <p>The analysis considered the effect on both the local and regional economies. Following English Partnerships guidance, the local area was defined as being within 10 miles of the site, while the region was defined as being within 50 miles (and the estimated regional impacts encompass those at the local level).</p> <p>In order to generate the evidence needed to model the economic impacts of the investment, the researchers undertook a review of project files, financial and employment information and visitor data (including available surveys). A site visit was also undertaken along with follow-up interviews with contractors and local stakeholders.</p> <p>Importantly, the analysis attempted to assess the additional economic impacts resulting from the investment in the visitor centre. This involved firstly estimating the gross effects and then calculating the net effect, taking into account the likely trends which would have happened in the absence of the investment (the counterfactual) and adjusting for deadweight, displacement, leakage and multiplier effects.</p> <p>The impacts of construction expenditure undertaken as part of the project are temporary and therefore estimated in terms of job years of employment and one-off impacts on GVA. A review of the project records was used to identify how much each supplier received, the nature of the goods and services provided and their location (postcodes were used to determine whether suppliers were located in the local area or wider region as defined above). In order to simplify this task, only invoices of over £1,000 were included in the analysis (previous work undertaken by the authors indicated that invoices above this threshold are likely to represent more than 90% of total expenditure).</p> <p>The impacts of operating and visitor expenditures are were measured in terms of ongoing full time equivalent (FTE) jobs and annual GVA effects. The effect of</p>

⁶⁵ GHK (2010). The Impact of Historic Visitor Attractions.

the project on staffing and operating expenditure was assessed by comparing figures pre and post-completion of the new visitor centre.

The effects of both temporary and ongoing expenditure on employment and GVA in supplier firms were assessed using standard ratios linking gross output, employment and GVA provided by the Office of National Statistics.

The effect of the project on visitor numbers was assessed with reference to projected numbers in the absence of the investment. An adjustment was also made to account for the general trend of increased visitors to historic sites in 2009, which was attributed to the boost in domestic tourism caused by the recession.

Available visitor survey evidence provided information on the origin and type of visitors. In assessing visitor impacts, the study was concerned with the additional visitors (and associated expenditure) attracted to the area by the abbey. It was assumed that any expenditure by local people or those visiting the area for other reasons would not be additional and so this was excluded.

The authors note that ideally visitor expenditure would have been estimated by collecting data from visitors to the site. However, this type of survey evidence was not available so visitor expenditures of those from outside the area were estimated based on averages from previous surveys of historic sites. These estimates take account of the degree to which the site attracts individual visitors to the area.

The authors also note that the possible displacement of economic activity from other sites is more difficult to assess. In this study displacement was explored through interviews with site managers and stakeholders. These discussions found that the project has not had a significant effect on other heritage sites in the local area as these sites were thought to be successful in their own right and also catering for slightly different markets.

The employment and GVA impacts of the estimated visitor spend were calculated with reference to the findings of other studies (e.g. use of the Cambridge and STEAM models).

In order to assess the multiplier (indirect and induced) effects of the project and ongoing expenditures, the authors applied a multiplier value of 1.2 for the local level and 1.6 for the regional level, based on the findings of a review of evidence undertaken by English Partnerships.

Research findings

Economic impacts

Construction impacts - the research found that most of the project budget was spent on purchased goods and services, while 4% was spent on direct employment of staff.

The large majority (87%) of the budget went to businesses located outside the immediate local economy but within the wider region; 11% was spent in the local economy within 10 miles of the site, mainly with suppliers located in Cambridge. It is estimated that construction related expenditures supported an additional 8 job years of work and GVA of £363,000 in the local economy, and 60 job years of work and GVA of £2.5 million in the regional economy.

Ongoing impacts - the operation of the new visitor centre resulted in an increase in expenditure of £190,000 per year. It has allowed the property to open to visitors seven days a week (from January 2010) and extend its on-site catering and retail offer.

The new building (and longer opening hours) led to a requirement for more permanent **staff**. The research found that the investment created ten new FTE jobs at the site during 2008 and 2009. It is not clear from the report how many of

the new staff were resident in the local area (which has potential implications for induced effects from the spending of staff wages/salaries).

The business plan predicted that without the investment in the new building, **visitor numbers** would peak in 2007/08 before slowly decreasing and levelling off at 155,000 per year. It was also estimated that the building project would result in a gradual increase in visitor numbers, with an additional 31,500 visitors predicted in 2010. However, visitor numbers were found to be significantly higher than anticipated - in 2009/10, there were approximately 205,000 visitors, nearly 50,000 more than were predicted with no investment, and 20,000 more than estimated with the investment. This increase is likely to be due, at least in part, to the move to seven day opening. Recent data from ALVA (the Association of Leading Visitor Attractions) suggests that visitor numbers at the abbey have continued to grow.

It was also found that the new building had led to the site becoming a more of a 'destination' with local people using the facilities for refreshments or to meet their friends.

It was estimated that the investment has attracted additional visitor spending of £215,000 to the local economy and £139,000 to the regional economy.

Overall, the site was estimated to support 60 FTE jobs and GVA of £1.3 million in the local economy, and 72 FTE jobs and GVA of £1.6 million in the regional economy, on an ongoing basis (gross effects).

The **additional net impact** of the investment was to support an estimated 16 FTE jobs and GVA of £320,000 at the local level, and 20 FTE jobs and GVA of £399,000 at the regional level. The largest effects were found to result from additional staffing on site, and to a lesser extent from increased visitor spending.

Wider effects

It was also reported that the new centre created a significant improvement in the working environment which has supported improved staff **retention**.

The investment also improved the quality of the **visitor experience** and this is reflected in visitor feedback over the period considered by the study: in 2005, 51% thought that the overall facilities were either very good or exceptional and this had increased to 93% by 2009.

Key success factors

It is clear that the investment in the new visitor centre has had a positive impact on the local area and wider region, directly and indirectly supporting jobs and economic activity.

A **local sourcing** policy and good links with businesses in the area are likely to have been important factors. The researchers found that the abbey sourced goods and services from the local economy, in accordance with the National Trust's 'Going Local' strategy and local businesses, for example the suppliers of fruit and vegetables for the abbey's catering operation, had experienced increased business.

It was also reported that the site maintains good links with the local community, including informing local pub owners about busy periods and special events, helping them to plan accordingly and benefit from this activity.

As a result of the improved quality, staff believed that visitors were spending more time in the reception, retail and restaurant areas and were more inclined to purchase goods (a view supported by average on-site visitor spend figures).

AV Festival 12

Sector	Arts (festival/event)
Location	North East of England
Background⁶⁶	<p>AV Festival is a biennial festival of contemporary art, film and music which takes places simultaneously across the region in around 30 venues/sites, primarily in Newcastle, Gateshead, Sunderland and Middlesbrough.</p> <p>The festival works with both established and emerging artists and is committed to working with those who are innovative and experimental in their approach to contemporary visual art, film, moving image, media art, music and sound.</p> <p>After a pilot programme in 2003, the first AV Festival took place in 2006, and has been held every two years since. AV Festival 12 was therefore the fourth edition of the festival and saw the remit broadened from electronic art to contemporary art more generally, across visual art, film and music.</p> <p>AV Festival 12 was titled 'As Slow as Possible', exploring how artists had marked and measured the passage of time, and took place during March of that year, lasting for one month (an increase on previous editions which has lasted for ten days). It comprised a range of exhibitions, film screenings, new commissions, concerts, seminars, talks and workshops.</p> <p>AV Festival 12 achieved an estimated 94,096 visits, a 33% increase on 2010.</p>
Research approach	<p>A study was commissioned to examine the economic impact of the AV Festival 12 on the North East region, as well as some of the wider social and cultural impacts⁶⁷.</p> <p>The research followed the approach set out by the Impact Evaluation Framework (IEF), a framework developed by the then Department of Trade and Industry for assessing the economic benefits of sub-national interventions. A key feature of the IEF approach is a focus on measuring only the 'additional' impact of an intervention and it is therefore more robust than methodologies which do not explore additionality.</p> <p>Data was gathered on two streams of expenditure:</p> <ul style="list-style-type: none"> • The expenditure on goods and services bought by AV Festival from suppliers within the region, including the services of its employees (resulting in expenditure on wages and salaries). This financial information was obtained from AV's accounts. An estimate of the monetary value of in-kind support provided by festival partners was also included as this is considered essential in enabling the festival to go ahead. • The spending of AV Festival visitors at other establishments in the North East (e.g. hotel accommodation, shopping or eating out). This was obtained through surveys (both paper and online format) of visitors. A total of 705 responses were received which can be considered statistically robust. The survey also explored visitor profile, motivations and experience of the festival. <p>Visitor spend was calculated separately for those from the North East and those who came from outside the region. Visitors were asked to include ticket purchases in their expenditure figures, although the value of ticket sales was then subtracted from these figures as this provides income to the organisers.</p> <p>The number of visits recorded by the festival was converted into an estimate of the number of visitors using information from the survey.</p>

⁶⁶ <http://www.avfestival.co.uk/about>

⁶⁷ BOP Consulting (2012). Evaluation of AV Festival 12.

The report recognises the potential for further impacts to arise as a result of the spending of artists who attended the festival. A survey of artists was undertaken, although only a relatively small number of responses were received (16) so an estimate of spending by artists was not included in the impact calculation.

Data from the analysis of both expenditure streams was summed to provide an estimate of the **gross economic impact** of the festival. In order to calculate the **net economic impact**, these figures were adjusted to take account of the various components of additionality as follows:

- **Deadweight** – spending by visitors from within the region was excluded along with 33% of spending by those from outside of the region (based on evidence from the survey which suggested that 67% of visits by those from outside of the region were motivated by the festival).
- **Displacement** – it is assumed that local visitors would have spent money elsewhere in the region had the festival not taken place, so 100% of the estimated spend by local visitors is excluded. It is further assumed that no adjustment for substitution is required.
- **Leakage** – it is assumed that 5% of all expenditure related to the festival leaks outside of the region (based on application of the standard median estimate of leakage for an intervention at regional level as recommended in BIS guidance).
- **Multiplier effects** - a composite regional multiplier of 1.4 was applied (again following the recommendation of BIS guidance).

Research findings

Economic impacts

The report concludes that the economic benefits for the region of the AV Festival 12 were substantial.

The gross economic output – comprised of spending on wages/salaries, the artistic programme and business supplies, in-kind support leveraged by the festival and estimated spending by visitors (from both within and outside of the region) – was estimated at over £1.87 million.

The net economic output (calculated by adjusting for additionality and multiplier effects as set out above) was estimated at £1.09 million.

These estimates have also been translated into employment and GVA impacts by applying ratios which reflect the relationship between turnover/output, GVA and employment in the North East for different sectors (based on data collected by the Office for National Statistics). As the resulting expenditure is likely to support a wide range of sectors, it was necessary to make some simplifying assumptions: that salaries and net procurement supports jobs in 'creative, entertainment and arts activities' and additional spending by visitors and residents supports jobs in the 'food and beverage' and 'accommodation' sectors. As a result, the data used was that derived for these three sectors.

This resulted in an **estimated GVA contribution of £516,000, which would be expected to support 24 jobs in the region.**

There is also evidence that the festival is encouraging further visits to the region as over 70% of visitors from outside the region agreed or strongly agreed that the festival had made them more likely to re-visit the region in the future.

The economic impact findings represented an increase on those associated with the 2010 festival.

Wider effects

A number of wider cultural and social impacts were also explored:

- **Media impacts** – the festival was found to have generated significant news coverage, in publications ranging from the Guardian, the Sunday Times and

	<p>the Independent to more specialist outlets such as Sight & Sound, Artforum, as well as local coverage (Newcastle Journal, the Teesside Evening Gazette and the Northern Echo). The festival also received mentions in online-only sources (including The Arts Desk and Culture24). This media coverage was estimated to be worth almost £400,000.</p> <ul style="list-style-type: none"> • Social impacts – a survey of festival volunteers elicited 40 responses and the majority reported improvements in their communication skills, self-confidence and willingness to try new things. Also, that their volunteer experience made them feel that they were making a useful contribution and provided an opportunity to make useful contacts and to meet like-minded people, with some reporting that this has increased their employability. • Participation - there is evidence that the festival is likely to impact positively on participation in the arts as more than 60% of respondents also agreed or strongly agreed that the festival had made them more likely to attend other arts events, especially less well-known events, in future. Survey data also shows that the festival attracted a significant proportion of new audiences to the participating venues; even for relatively high-profile venues like Newcastle's Centre for Life just over half of visitors said they had not been there before. At least in part, this is thought to be due to festival activities being not typical of the 'normal' programme of activity at these venues. This originality is also reflected in the finding that almost four-fifths (79%) of survey respondents felt that the event they attended was either very or fairly different from other arts events they had experienced. In addition, more than 80% of audiences agreed or strongly agreed that the festival had given them a chance to attend high-quality or innovative events that they would not otherwise get to experience, and to discover new types of art and artists.
<p>Key success factors</p>	<p>The AV festival is built on collaboration and partnership working and is noted to have a strong network of supporters locally, nationally and internationally. Partners include major regional visitor attractions and venues, artist-led spaces, universities, and heritage sites. This support is reflected in the significant amount of in-kind support which is provided by partners, estimated to be valued at £137,000 for AV Festival 12.</p> <p>The festival maintains a focus on innovation and experimentation:</p> <p><i>'One of the most imaginative festivals to be staged in the UK for many years.'</i> (Sukhdev Sandhu, The Guardian)</p> <p>This is likely to play a key role in the festival's success in attracting a growing audience. The visitor survey undertaken in 2012 found that audiences were very appreciative of the quality of AV events and exhibitions with 92% rating both the choice of venue and the overall experience as good or outstanding, while 88% said the same about the programming.</p> <p>The festival is also providing support for and helping to increase the profile of innovative and experimental art. The artists who participated in AV Festival 12 were highly complimentary about its programming, venues and overall experience. The report notes that the long-term success of the festival depends in part on being able to attract the best artists therefore this feedback is a positive sign.</p>

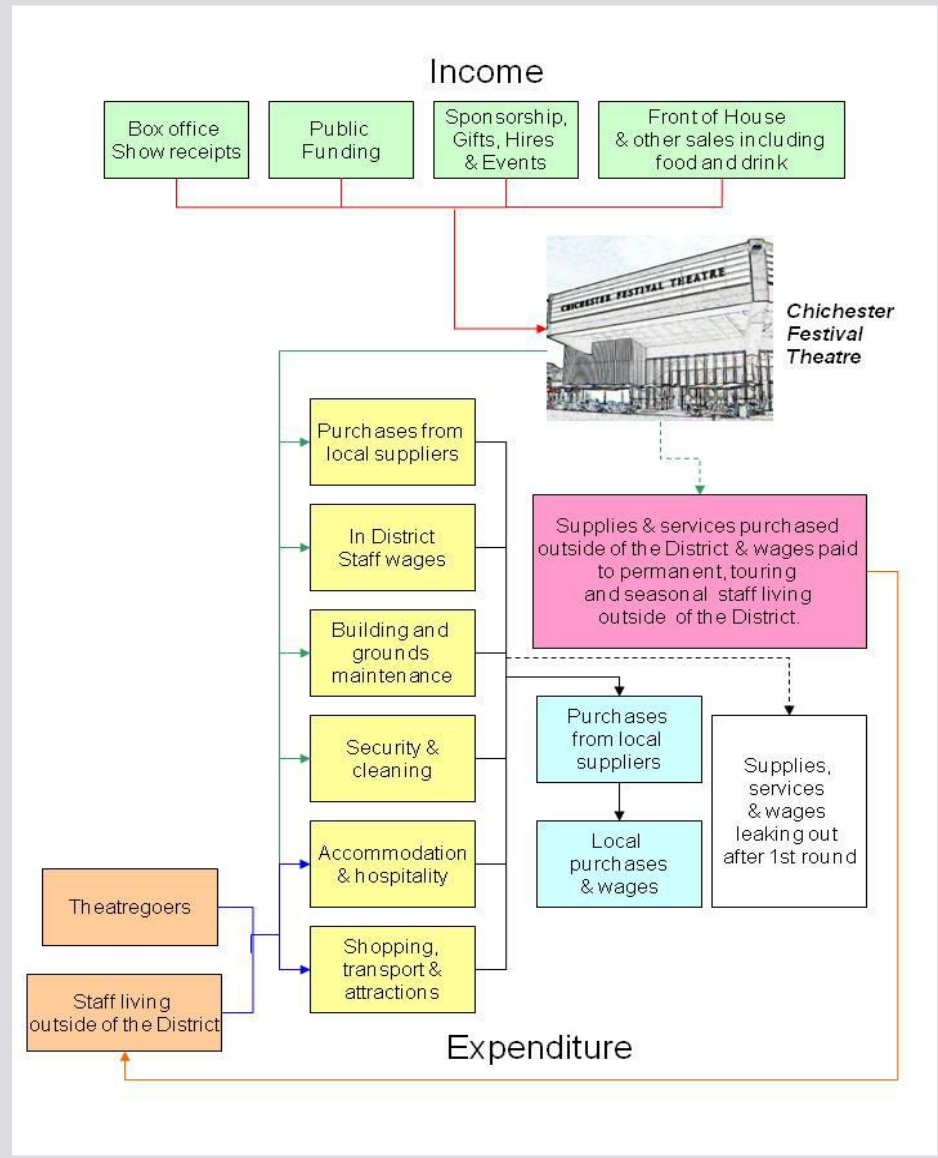
Chichester Festival Theatre	
Sector	Performing arts
Location	Chichester, West Sussex
Description⁶⁸	<p>Chichester Festival Theatre was founded by local optician and former mayor Leslie Evershed-Martin and opened in 1962. Laurence Olivier served as the inaugural Artistic Director and implemented the vision of a theatre which produced several shows to run in repertoire with the same ensemble cast.</p> <p>Today it comprises the Festival Theatre and the Minerva Theatre (which opened in 1989 with a focus on exploring new and exciting work) with capacities of 1,206 and 283 respectively. There is also a café and restaurant which were run under contract to the theatre.</p> <p>The 50th anniversary of the opening of the festival theatre in 2012 marked the start of a £22 million refurbishment to improve the Grade II* listed building which, as a result, was closed throughout 2013 but has since reopened for the 2014 season.</p>
Research approach	<p>In 2010, staff from the Centre for Local and Regional Economic Analysis at the University of Portsmouth were commissioned to undertake research to determine the economic impact of the theatre on the local (Chichester District) economy. This followed an earlier impact study which had been undertaken in 2004⁶⁹.</p> <p>The approach involved calculating the value of three primary streams of expenditure:</p> <ul style="list-style-type: none"> • Goods and services purchased by the theatre and its associated food and drink outlets, along with purchases made by theatre employees from other businesses within the local area. The precise details and value of purchases made by the theatre and the location of suppliers was obtained through detailed analysis of the theatre's accounts. Payroll information was also used to provide details of the place of residence of staff and the salary payments made to both those who live inside and outside of the district. It was assumed that all wages and other income to individuals living in the district are spent in the local area. Net pay figures (i.e. excluding tax and national insurance payments) were used as the basis for estimating household expenditure. It was assumed that the average consumer expenditure patterns used in the UK input-output tables applied to Chichester (where a sector did not exist locally then this expenditure was assumed to leak out of the district). Local expenditure by staff who resided outside of the district was estimated by drawing upon the results of a staff expenditure survey undertaken in 2004 (updated to take account of inflation as defined by the Consumer Price Index). • The additional expenditure in the local economy made by those visiting the theatre from outside of the district. Box office records provided information on the number and postcode of visitors which was then combined with the results of a 2004 survey which explored the spending patterns of theatregoers in the local area (updated to reflect recent movement in the Consumer Price Index for the relevant categories of spend). The authors note that, although conducting a new survey of visitors would have been a preferable way to estimate expenditure, this was not possible and the previous survey results provided the next best alternative source of information. • The proportion of the net salaries of actors, musicians and crew members, who are contracted for specific shows, which is spent in the local economy

⁶⁸ <http://www.cft.org.uk/>

⁶⁹ <http://www.chichester.gov.uk/index.cfm?articleid=4975>

(i.e. while they are living and/or working in the area). It was assumed that staff associated with productions spent 60% of their net income in the local area during the period in which they were employed.

The analysis covers the period 1st September 2009 to 31st August 2010. All expenditure data was broken down to show that which benefits businesses within the area and that which leaks outside of the local economy. Expenditure was also broken down by sector to provide a detailed analysis of the first-round effects of the identified spending flows.



Source: Dent et al (2010).

The study also recognises the multiplier effect which occurs due to the subsequent purchases and payments to staff made by the businesses which experience an increase in demand for their goods and services as a result of the presence of the theatre, a proportion of this will also be spent in the local area. There is also an induced effect associated with household income which is derived from the theatre being spent by the recipients on the purchase of goods and services in the local area.

The first round expenditure data was run through a bespoke input-output model of the local economy, created by the authors to simulate the structure of and

	<p>interactions within the district economy using the latest statistical data to roll forward and weight the national input-output tables. This allowed estimation of the output and employment multiplier effects which apply in the area.</p>
<p>Research findings</p>	<p>The study reports that 2010 was a very successful season for the theatre, with total attendance at the Festival Season alone exceeding 202,000 and representing a 20% increase on that recorded the previous year. Box office records suggest that approximately 40% of sales were to residents of the district. The theatre provides jobs for over 440 people, 155 of whom live within the district (35%). In addition, more than 180 visiting actors and crew, as well as people supplying other artistic services, spend a proportion of their time working and living in the area.</p> <p>It is estimated that the activities of the theatre (including the associated food and drink outlets), its staff and patrons generated first round expenditures of £7.8 million in the local economy over the period under analysis. Most of this is estimated to result from the spending of theatregoers in retail, hotels and catering businesses in the area.</p> <p>After accounting for the multiplier effect, the estimated value of the theatre to the local economy was £12.5 million. In terms of employment, the theatre generated an estimated 356 full-time equivalent jobs in the local area (direct, indirect and multiplier effects). The output multiplier calculated by the model was 1.6 and the employment multiplier was 1.39.</p>
<p>Key lessons</p>	<p>Overall, it was found that approximately 13% of the total spending by the theatre and its restaurant on goods and services benefited suppliers based in the local area with much of the remainder being spent on highly specialised items which cannot be sourced locally or payments to national suppliers (e.g. utilities). However, the authors note the overall impact of the theatre could increase dramatically if it was able to undertake more procurement locally and that this represents a potential opportunity for local suppliers.</p> <p>The study does not appear to consider the additionality of visitor activity (i.e. the extent to which visitors from outside of the district came to the area because of the theatre) or the potential displacement effects. This could have been done by surveying visitors to establish their motivations for coming to the area and asking them to consider what they would have done had a visit to the theatre not been an option.</p> <p>The authors also note that, although no attempt has been made to measure this in monetary terms, the critical success of the theatre and the impression made on its visitors would be expected to play a part in raising the profile of the area at both national and internal level and boosting its tourism offer. The wider cluster of cultural assets which are located in Chichester is highlighted as a key strength as, when combined, this is thought to give the district a unique selling point in terms of cultural tourism. The educational outreach programme provided by the theatre to raise awareness of the arts amongst young people also provides additional benefits which have not been monetised.</p>

European Capital of Culture 2008	
Sector	Arts (cultural event/festival)
Location	Liverpool
Description	<p>The European Capitals of Culture (ECoC) is the flagship action within the European Union's Culture Programme. Its overall objective is to 'highlight the richness and diversity of European cultures and the features they share, as well as to promote greater mutual acquaintance between European Citizens'. Each year, cities in two designated countries develop a cultural programme, supported by 1.5m of EU funding plus varying levels of co-financing from private, public and charitable sources. In 2004, Liverpool was selected to be the 2008 ECoC for the UK. Today, the Liverpool ECoC is viewed as a positive reference point for future ECoC cities, and is presented as an exemplar by the European Commission in areas such as volunteering, community involvement and evaluation.</p>
Research approach	<p>Overview</p> <p>Liverpool City Council commissioned a major 5-year evaluation⁷⁰ of the economic and social impacts generated by the ECoC event. The study was implemented by the Impacts08 Team (University of Liverpool, Liverpool John Moore's University and independent researchers). The evaluation explored a range of economic and social outcomes across Liverpool and Merseyside, as follows:</p> <ul style="list-style-type: none"> • Economic: impacts on local and regional tourism - additional visitors, spend and jobs supported. • Social: increased access to and participation in cultural activities by local residents; cultural vibrancy and sustainability; image and perception of the city on the part of local and international citizens; and governance and delivery processes (including the emphasis placed on culture within the political agenda). <p>The methodology for the evaluation involved a combination of review and analysis of secondary data, primary research (interviews plus surveys) and economic modelling (based upon the STEAM model).</p> <p>Economic impacts</p> <p>A separate thematic report, The Economic Impact of Visits Influenced by the Liverpool European Capital of Culture in 2008⁷¹, outlines the economic evaluation methodology adopted as well as providing detailed findings.</p> <p>The Impacts08 study considers economic effects principally induced via tourism, as follows:</p> <p>1. Direct effects: volume of visitors and direct spend</p> <p>The economic assessment sought to ascertain three measures at local, city region and regional levels:</p> <ol style="list-style-type: none"> I. The number of additional visits created by the Liverpool ECoC. II. The estimated spend from these visits. III. The jobs created or supported by this additional tourism activity. <p>The impact assessment methodology combines two data sources:</p> <ul style="list-style-type: none"> ○ Secondary data from publicly available datasets to quantify the overall volume of visits to the Liverpool city region. ○ Primary data to determine the profile of visitors (based upon which spend was estimated), and the extent to which their visit was influenced by the Liverpool ECoC. Street interviews were undertaken (sample size

⁷⁰ <http://www.liv.ac.uk/impacts08/>

⁷¹ http://www.liv.ac.uk/impacts08/Publications/Economic_Impact_of_Visits.pdf

of 2,017) at multiple locations. Responses were then weighted according to temporal visitor trends, and findings compared with generalised visitor trends modelled through STEAM.

Deadweight is assessed through investigating the nature and purpose of the trips during primary research (interviews) and through secondary analysis (including modelling).

2. Indirect effects: indirect spend and jobs supported

The study employs a local version of the Cambridge Model, which provides different multipliers (multipliers not explicit) that are specific for the each of the following sub-sectors, to help quantify the total jobs supported by tourism:

- Accommodation
- Attractions
- Food and drink
- Retail
- Transport

Economic modelling using STEAM is presented with several caveats, the primary one being that – whilst providing an estimate of trends in the visitor economy – it is not considered to be a valid source for the precise measurement of tourism in any given year. The study also does not appear to account for displacement (and the potential that tourists attracted by the ECoC may have visited other attractions in the Liverpool area).

Research findings

Economic impacts

The Impacts08 team estimate that the ECoC attracted 9.7 million additional visits to Liverpool during 2008 (constituting 35% of all visits to the city). Amongst European and global visitors, 2.6 million visits to Liverpool were attributed to the ECoC (positively, 97% of these were first-time visits to the city).

The ECoC generated an additional 1.14 million staying visitor nights in Liverpool hotels, 1.29 million in the rest of Merseyside, and 1.7 million for the rest of the North West. Merseyside’s seven largest attractions experienced a 50% rise in visitor figures since 2004, peaking at 5.5 million people in 2008. Further analysis of secondary data found that there were 1,683 creative industry enterprises in Liverpool employing 11,000 people. This represented a growth of 8% in the number of enterprises since 2004.

It is estimated that these visits generated direct economic impacts of £754 million (additional visitor spend) across Liverpool, Merseyside and the wider North West region, and £201 million in indirect spend, creating 14,912 jobs overall.

Visitor Type	Liverpool City	Elsewhere City Region	Elsewhere North West	Outside North West England
Direct spend	£521,630,000	£130,566,000	£49,113,000	£52,538,000
Indirect spend	£141,383,000	£33,597,000	£12,699,000	£13,403,000
Total	£663,013,000	£164,163,000	£61,812,000	£65,942,000
Jobs supported (FTE)	10,225	2,632	991	1,065

Source: England's Northwest Research Service and Impacts 08 (2010) – Economic Impact of ECoC Visits

The following figure illustrates, step-by-step, how these economic impacts were calculated.



Source: England's Northwest Research Service and Impacts 08 (2010) – Economic Impact of ECoC Visits

Wider effects

A meta-report is also available from the evaluation, *Creating an impact: Liverpool's experience as European Capital of Culture*⁷², which synthesises findings from the various research projects conducted by the Impacts08 Team. The remainder of the findings summarised in the case study are derived from this report.

1. Cultural participation

During 2008, one third of the audience was local, and their socio-economic profile largely matched that of the city. There was a 10% rise in arts audiences

⁷² http://www.liv.ac.uk/impacts08/Papers/Creating_an_Impact_-_web.pdf

across Liverpool between 2006 and 2008. Linked to this, there was found to be higher levels of interest in going to museums and galleries in Liverpool than elsewhere in the UK, sustained across the ECoC period, as well as a drop in the proportion of people in Liverpool who claimed to have no interest in culture.

2. Volunteering

Over the 2005-2008 period, 971 active volunteers were recruited to assist with the Liverpool ECoC. They provided 6,974 days of volunteering time, with a value equivalent to over £0.3m. Volunteers and other participants in the programme reported a range of social outcomes from their involvement including increased social interaction, the chance to welcome overseas visitors to their city, and satisfaction from promoting Liverpool's culture and heritage.

3. Perceptions and image

National and local media coverage on Liverpool's cultural offer more than doubled and in 2008, positive stories on the city's cultural assets dominated over the traditional emphasis on social problems in the city. 65% of UK residents were aware that Liverpool was European Capital of culture. 77% of visitors felt the city was 'safer than expected'. 51% of local cultural sector peers surveyed agreed that by the end of the ECoC year, Liverpool had been repositioned as a 'world class city'. 68% of UK businesses surveyed believed the ECoC had a positive impact on Liverpool's image. Finally, Liverpool residents showed much higher levels of agreement with the claim that the city was a better place than before the ECoC award (85%, a 20% rise on 2007).

4. Governance

Liverpool's approach to ECoC governance built upon extensive partnership working across the public, private and third sectors. This contributed towards the repositioning of culture within Liverpool City Council and its partners as more central to cross-sector policy agendas, exemplified by the development of a new city-wide cultural strategy for 2008-2013. The city's cultural sector also developed stronger networks (which resulted in organisations securing multimillion pound national grants). These include the Liverpool Arts Regeneration Consortium and the Small and Medium Arts Collective, in addition to the previously established Arts and Culture network.

Key success factors

Liverpool ECoC stakeholders agreed that the event was a success, that it added value to existing regeneration programmes, and that there was great potential associated with its legacy. In their meta-report, *Creating an impact: Liverpool's experience as European Capital of Culture*, the Impacts08 team identified a number of success factors derived from this experience, including the following:

- One of the features of ECoC as a cultural event is that it does not involve overly restrictive guidelines for delivery (from the European Commission); this allows host cities to shape the title according to their own priorities, and encourages innovative responses. Liverpool saw the ECoC title as an opportunity for celebrating the city and its ways of life, as well as for repositioning the city. The flexible framework allowed the city to develop an ambitious approach that combined staging a large-scale artistic event, with support for the development of the local creative sector and embedding the ECoC within the city's wider economic regeneration programme.
- Diverse public, private and third sector partnership working was key to the delivery of Liverpool's broad vision. There was also an ambition for the programme to be locally owned, involving communities from across the city. This resulted in a complex network of partners and framework for operations, and new structures of management which needed to be built for the city (and indeed refined over the ECoC period). Conflicting demands, project delays and controversial moments were to be expected, and these need to be carefully managed. However, the Impacts08 team concluded that this also led to significant arts sector involvement and strong leadership of the programme, and ultimately to "a potentially more sustainable collective approach to culture in the city".

Lessons learned

- Whilst being ambitious, there is a need to manage expectations around what cultural events can achieve, including at the bid stage. The success of the Liverpool ECoC came to be judged against progress in areas as diverse as the physical transformation of the city, job creation, and the reduction of anti-social behaviour. The Impacts08 team concluded that this goes far beyond what it is realistic to expect from a programme of cultural events alone. It can risk generating negative media narratives, which endangers public confidence in an event. Distinctions should be made between outcomes that are associated with the event delivery process and can be directly impacted by it and those that may arise from a range of factors, of which the cultural event is one component. Leaders (such as the event's Artistic Director) are required who can garner local support and facilitate positive media narratives, as well as having the authority to make rapid decisions to help manage such risks.
- The fact that the programme of activity extended over several years, and was embedded within a longer-term regeneration strategy, posed two challenges for impact evaluation. According to the Impacts08 team, determining what was and was not integral to 'Liverpool 08' was challenging in terms of establishing the boundaries for assessment. Secondly, as with the London 2012 Games, it takes time for many elements of an ambitious cultural or sporting event to bear fruit, and generate measurable effects. By early 2010, six years after the title was awarded, it was possible to provide a robust assessment of interim impacts, for example in terms of changes in perceptions of the city and resident and business confidence. However understanding the full impact and legacy of hosting a major cultural event such as the ECoC requires on-going measurement (for at least a decade), as well as approaches to counterfactual assessment to disaggregate direct event impacts from the impacts of other local and global trends.

The Lowry	
Sector	Performing and visual arts
Location	Salford Quays, Greater Manchester
Description⁷³	<p>Opened in April 2000, the Lowry brings together a variety of performing and visual arts in a landmark building in the redeveloped Salford Quays.</p> <p>The venue consists of two theatres (the larger of which has 1,730 seats and the smaller 466 seats) and a studio space (with 180 seats) presenting a range of material including drama, opera, ballet, dance, musical theatre, children's shows, comedy and music. In 2012/13 the venue's theatres hosted 323 different shows (including 34 world or UK premieres) and staged 900 performances.</p> <p>The building also houses a gallery featuring the largest publicly-owned collection of works by the artist L.S. Lowry anywhere in the world, alongside modern and contemporary art exhibitions. Each year, it is estimated that over 100,000 people visit exhibitions in the gallery space. The galleries also welcome over 8,000 school children a year; this is one element of the wider education and training offer which the venue provides.</p> <p>The Lowry also provides numerous workshop and creative spaces, along with bars, cafés, restaurants, conference facilities and retail offer.</p> <p>The Lowry has been described as the 'cornerstone' of the broader £1.4 billion regeneration of Salford Quays, a project which began in the mid-1980s, when Salford City Council bought land in the area and adopted a plan for development. Following the award of planning permission and confirmation of National Lottery funding, construction of The Lowry building started in 1997 and was completed three years later. Regeneration of the area has continued more recently with the MediaCityUK development.</p> <p>Since it opened, the Lowry has attracted 11 million visitors, averaging an annual total of 820,000 visitors in recent years making it the most popular visitor destination in Greater Manchester and one of the most popular destinations across the North West region as a whole.</p> <p>The venue directly employs over 370 people and has also developed strong links to local communities, which is evidenced by the support provided by 265 volunteers and the fact that 12,000 Salford residents took advantage of free or discounted tickets and special event offers through the 'Our Lowry' scheme.</p>
Research approach	<p>An impact assessment was commissioned by The Lowry and its Trustees with the aim of providing a more precise understanding of the magnitude of the different types of impact generated⁷⁴.</p> <p>The research followed the principles set out in government guidance, particularly the White Book (DCMS' interpretation of HM Treasury's Green Book), and research undertaken by Arts Council England. It considered economic, tourism, cultural, social and regeneration impacts as follows.</p> <p>Economic impact</p> <p>Information on the number of people directly employed at the Lowry and annual expenditure on goods and services were sourced from the venue (which supports indirect employment in the supply chain). A regional employment multiplier was applied to the estimate of direct employment to account for multiplier effects (this multiplier was sourced from input-output modelling to estimate the economic impact of the arts and culture sector undertaken on behalf of Arts Council England).</p>

⁷³ <http://www.thelowry.com/>

⁷⁴ New Economy (2013). Beyond the arts: economic and wider impacts of the Lowry and its programmes.

The contribution to GVA was then calculated by multiplying the number of direct jobs supported by the venue by an estimate of average levels of GVA per employee in the arts and culture sector, and then applying a GVA multiplier to account for the indirect and induced impacts. These benchmarks are again drawn from research undertaken on behalf of Arts Council England.

Tourism impact

The study reports the results of the 2012 Scarborough Tourism Economic Activity Monitor (STEAM) for the Quays and Greater Manchester. STEAM provides data on:

- Visitor numbers – both day and staying visitors.
- Economic impact (expressed in terms of revenues generated by tourism activity).
- Jobs supported by tourism.

However, it should be noted that this analysis does not specifically concern the Lowry's impact, but the value of tourism in the wider area. As a result, changes in the variables above cannot be attributed solely to the Lowry.

Cultural impact

The research draws upon a combination of venue monitoring data and online surveys of ticket purchasers to gain a better understanding of the Lowry's audience including volume of visitors, motivation for visiting and distance travelled.

Surveys of staff, volunteers and local residents were also used to assess the extent to which the venue's 'Our Lowry' helped to encourage visits from Salford residents.

Social impact

Venue data was used to profile staff and volunteers. The economic value of the time contributed by volunteers was also estimated by multiplying the total number of hours by the median hourly wage for the Greater Manchester area.

The report also presented monitoring data relating to education and training opportunities, including the number of participants.

Regeneration impact

The report provides an overview of regeneration activity and investment at Salford Quays and considers the impact on business activity with reference to data from the Business Register and Employment Survey.

Statistical data is also used to demonstrate changes in the size of the local population and number of households.

Changes in the local business base and population are benchmarked against changes seen elsewhere in Salford and Greater Manchester, as well as regional and national averages.

Research findings

Economic impacts

After accounting for direct, indirect and induced effects, the authors estimated that the Lowry's activities support the equivalent of 533 full-time jobs across the UK, the majority (504) in the North West region.

The report also draws upon the results of input-output modelling undertaken on behalf of Arts Council England to calculate the contribution to economic output at local and regional level in terms of GVA. The estimated contribution is set out in the following table.

GVA contribution

Total direct FTE jobs	225
GVA per employee of direct jobs	£52,600
GVA attributable to direct jobs	£11.8million
Total annual GVA contribution to North West (multiplier of 2.27)	£26.9million
Total annual GVA contribution to UK (multiplier of 2.43)	£28.8million
Contribution to North West GVA over next 10 years	£223million
Contribution to UK GVA over next 10 years	£239million

Source: *New Economy (2013)*

STEAM data shows that, in 2012, Salford Quays saw a year-on-year growth in visitors of 10% (from 3 million visitors in 2011 to 3.3 million in 2012). The economic impact of tourism in the Quays area is estimated at £251.6 million for 2012 (an increase of 8.5% compared to 2011) which supports an estimated 3,048 full-time equivalent jobs (an increase of 12.4%).

Overall, it appears that the methodology for assessing economic impact has not addressed additionality in a systematic way. Deadweight and displacement are not directly accounted for – other than by acknowledging that no other venue in the area could provide visitors with a similar cultural offer. Leakage has been taken into account by considering the place of residence of staff and also through the use of multipliers sourced from input-output models.

Wider effects

The report draws upon a variety of quantitative and qualitative evidence to conclude that the cultural offer provided by the Lowry is ‘more than the sum of its parts’. It has played an important role in broadening the range and quality of cultural events that local and regional audiences are able to access, also provided an environment in which new artistic ventures can flourish, and helped other cultural venues to become sustainable in their own right.

In the 12 months preceding the research, the Lowry’s volunteers had provided 37,500 hours of service, with an estimated economic value of £450,000.

Analysis of statistical data showed that the Quays area accounted for almost 75% of new employment opportunities created in Salford between 2003 and 2008. In the period from 2001 to 2011, the resident population of Salford Quays grew by 31%, which far exceeds the growth seen in Salford as a whole (8%) and the regional and national averages (both 7%).

Key success factors

A holistic regeneration strategy - efforts to redevelop the area, which had been left derelict for several years following the closure of the docks, commenced in the early 1980s, when the 10-year Salford/Trafford Enterprise Zone was introduced. This attracted new businesses and started the transition of the Quays from its previous use. Having purchased the docks, Salford City Council developed a masterplan and framework for the area. A number of infrastructure works were then undertaken, bringing new bridges for road and pedestrians, and renewing the frontage, basins and other cosmetic works, in order to attract visitors for leisure, water sports and boating.

In the mid-1990s, the masterplan moved into its next phase and a proposed centre for performing arts was subsequently rebranded as ‘The Lowry’, after the artist synonymous with Salford.

The Lowry has clearly been of huge importance for Salford Quays and the wider area. As the first major visitor development in the regenerated Quays, it has catalysed the transformation of the area to one that is a major part of Greater Manchester’s cultural offer, and an emerging centre for the conurbation’s digital sector.

The Lowry project was embedded in a long-term regeneration strategy that was

able to factor in business, social and cultural elements. While it is difficult to disentangle the individual contribution of the various components of the regeneration strategy (including that attributable to the Lowry), it is clear that the long-term integrated strategy has generated significant benefits for the area, spanning several dimensions: economic (employment, business environment and attractiveness), cultural (increased opportunities to participate in arts and culture), demographic (population increase driven by rise in young people), social (opportunities for learning and volunteering).

Ties with the local community. The economic links to the local and regional economy are substantial, with the majority of jobs accruing to Salford and the North West; similarly, a sizeable share of GVA is estimated to be retained in the region.

The venue launched the 'Our Lowry' scheme to attract more Salford residents, especially those who may not have previously participated in cultural activity, by distributing free or discounted tickets. Whilst the majority of scheme members still come from the more affluent parts of the city, it has managed to attract over 2,000 members from more deprived Salford neighbourhoods.

Partnerships with local and national organisations. The Lowry partner companies have ensured that a consistent, high-quality cultural offer has been present in Salford since the venue opened. For example, the partnership with the National Theatre has resulted in the staging of 13 drama productions. This partnership approach is particularly valuable for smaller and newer artistic companies who may lack wide audience recognition and gain reputational benefits from being linked to the Lowry. In 2012/13 there were 53 performances by partner companies.

Financial sustainability. The research found that only 11.3% of the Lowry's income comes from public funding and the authors noted that this is less than a third of the proportion of income from public funding received across the sector as whole (estimated at 40%).