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LARC
Economic Impact of the Arts Scoping Study
Main Report: Final

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1. Background

Economic Impact in the Arts is a relatively new discipline with nationally recognised and accepted work first taking place in the late 1980's with detailed studies on Merseyside, Ipswich and Glasgow contributing to John Myerscough's seminal 'The Economic Importance of the Arts in Britain' (1988). This led to an opening up of potential for the arts to attract interest and investment from a wider range of sources and in particular, established , economic impact work as a part of the research fabric in the cultural domain.

A consequence of the arts moving into new areas and in particular into areas of economic development and regeneration, was a breaking down of the barriers between commercial and non-commercial, subsidised activity and an emergence of the notion of the cultural and then (in 1997) the creative industries as an industrial sector. This has led to work on the definition of the creative industries sector and a recognition that the arts sit within the creative industries and provide an intersection between the creative, the subsidised and the commercial. A new language of 'investment' has emerged in the arts to reflect this shift into new domains in public life.

It has also led to tensions with more recent debates attempting to shift the emphasis for the arts away from instrumental notions of value back to an idea of the intrinsic value of the arts.

A consequence of this shift towards a creative industries sector approach meant a focusing away from the arts *per se* as an economic driver and whilst work has taken place in relation to individual institutions (usually as a result of economic development funding requirements for capital projects) and festivals and events (again, increasingly funded through local and regional economic development programmes as having tourism and/or engagement value), the main focus on sectoral economic impact has been at a creative industries level.

Ironically, as the sector development focus has polarised around digital and creative industries over the past 3-4 years, this has provided a new space for the arts, and particularly the subsidised arts, to be seen again as a sub-sector that generates economic value in its own right. There has been a recent re-emergence of studies that attempt to evaluate the economic impact of the arts across a number of city regions (Newcastle/Gateshead, Birmingham) and market towns (East Midlands, Lancaster District).

In Liverpool, this impact work is framed by the major opportunity and undertaking that was Liverpool 08. The establishment of Impacts 08 in 2005 with the aim of developing a substantial toolkit that can usefully measure the impact of a large scale cultural event on a

longitudinal basis, there has grown up a culture for impact work in the city that, interestingly, echoes the groundbreaking work that Myerscough undertook in the 1980s.

2. Scoping Requirements

2.1 Brief for the work

LARC commissioned Burns Collett to undertake a scoping exercise to determine the extent and nature of an Economic Impact of the Arts study in Liverpool. This scoping work takes place in the context of a substantial amount of recent and continuing economic impact work in the city both as a consequence of the European Capital of Culture 2008 bidding and delivery process and as the result of individual institutional studies that have been undertaken to determine the value of arts organisations in the context of public investment in capital development projects.

LARC required the scoping consultancy to address and report on the following issues:

- To develop the parameters for and define the limitations of what is achievable through an Economic Impact of the Arts Study for Liverpool and the wider North West
- To develop a brief for the second stage work (the Economic Impact Study)
- To develop funding bids to key partners for the second stage piece of work

This process has engaged with a number of primary stakeholders to:

- Develop a clear and common understanding of the objectives for the study
- Establish the expectations, needs and limitations of primary stakeholders
- Seek support for the project from potential funders and advocates for the project
- Investigate the potential for developing a region-wide project through linking with similar projects taking place in the region

An underlying ambition for the work is to establish the parameters for a study that engenders a methodological approach that:

- Can be easily replicated by LARC partners and other arts organisations at an individual institutional level
- Can be applied in other geographic areas of the Northwest
- Can develop currency as a national model for economic impact of the arts studies

The scoping work has taken place throughout February, March and early April 2010.

2.2 Regional Dimension

An important element of the scoping work has been to consider how an economic impact of the arts study in Liverpool (or Merseyside) can link to a wider knowledge base for the sector in the Northwest. LARC (and NWRIU's) approach to this has been to see the Liverpool study as a sub-regional, city-region study that can link to place and activity-specific studies across the wider region.

Through common data collection methodologies, detailed case studies in a range of different environments and through shared methodological approaches, the series of studies will aim to develop a shared blueprint for understanding the economic value of the arts on a regional scale.

3. Our Approach

Summary of the methodology

Our approach to the work has been relatively straightforward and involves pretty standard activities to enable us to achieve the objectives of the study. These have included:

- Document review
- Primary stakeholder consultation
- Establishment of a set of issues that require interrogation
- Liaison with potential funders
- Iterative discussions with a small steering group for the scoping project
- Discussions with project leaders and researchers of parallel studies in the region

In detail this has involved review of:

- A substantial amount of material developed through Impacts 08 including reviews of economic multiplier effects and the economic impact of Liverpool's year as European Capital of Culture
- Early studies into impact (or value of) the arts with particular reference to John Myerscough's ground-breaking 1988 work 'The Economic Importance of the Arts in Britain' which includes a detailed study on Merseyside
- Current economic impact studies recently completed in Gateshead/Newcastle and in Birmingham
- A number of single institution economic impact studies (NML, Everyman Playhouse, Liverpool Philharmonic, Liverpool Biennial)
- Economic impact studies in the Northwest of other sectors (Voluntary & Community; Faith; Tourism; Heritage)
- Tender brief for Lancaster area economic impact of the arts study
- DCMS' 'Taking Part' Survey

Consultation with:

- LARC members, Liverpool City Council, Liverpool Vision, Northwest Regional Intelligence Unit, The Mersey Partnership,
- The Dukes - Lancaster, Manchester City Council, CRESC and Lakes Alive, Arts Council England North West, Manchester University Centre for Arts Management and Cultural Policy.

Establishment of a set of questions to address throughout the review and consultation process covering issues of:

- Definition
- Geography
- Economic impact modelling
- Scope and limitations of a study
- Value of existing data
- Efficacy of collecting primary data
- Timing
- Audience for a study

4. Findings

Current Economic Impact Work

4.1 Local

There has been a considerable amount of work undertaken around larger arts institutions including:

- NML
- Liverpool Philharmonic
- Everyman Playhouse
- Liverpool Biennial

This has been in response to funding applications for capital development (Liverpool Phil/Everyman Playhouse) - which required an economic impact assessment as part of the application and assessment process - and economic development funding (Biennial) which requires economic output data as a measurement of progress towards outcomes.

Each project has been carried out to a different brief and by different research and research consultancies.

Liverpool Everyman & Playhouse

Liverpool Everyman & Playhouse has undertaken two different studies, - one commissioned to support a capital funding application and undertaken by Experian and a regular evaluation undertaken using the Shellard method (see below). The two studies provide radically different results and have left the institution in a dilemma as to how to undertake future economic impact measurement.

The Experian Study undertook an analysis of 'off-site visitor spend' using the theatres data on adult audience attendances and STEAM data from 2005 and Liverpool Destination Benchmarking data from 2006. The Experian model applies displacement and leakage factors and 'bespoke' multipliers derived from their own impact model. The multiplier used in this study is 1.25.

Liverpool Philharmonic

Liverpool Philharmonic's economic impact study was completed by Regeneris Consulting in early 2009 as a study of the impact of the development of the proposed Philharmonic

Centre on Hope Street. The report covered a wide range of topics including cultural distinctiveness, catalytic impacts, area regeneration, learning and engagement as well as considering development options. To undertake an assessment of the net benefits of the proposed development, the study looked at current economic impact and assessed this in relation to impact within Liverpool City Region and impact on the regional (Northwest) economy.

The approach is similar to studies of this type using a model that captures four core economic effects - Direct effects, Secondary/external visitor effects, Indirect/supply chain effects, Induced effects. Secondary effects (visitor spend outside the Philharmonic) are calculated using visitor number data, multiplying by STEAM data on an average spend per day for types of visitor minus visitor spend within the Philharmonic. The study did not undertake separate primary research to assess the levels of Additional Visitor Spend.

The attribution levels are set out in the section below and the multipliers used were 1.15 for the Northwest and 1.1 for Liverpool City Region.

National Museums in Liverpool

National Museums in Liverpool commissioned an impact study of the museums for Liverpool 2008. The work, undertaken by ENRS identified NML's venues as producing an economic benefit to the region of £115 million from a turnover of £30 million. The detailed report attributes a high number of visitors (and therefore additional visitor spend) to NML museums and galleries and whilst this produces a large overall impact figure, the ratio of around 1:4 of turnover to impact is not in itself unduly high.

The research work undertaken to measure economic impact shares a common framework (with variations in the detail) to each study within that framework. This is essentially a review of direct and indirect (and where identifiable, induced) employment created; supply chain expenditure locally and regionally and audience profiling to develop an understanding of additional visitor spend (AVS) attributable to each institution.

A distinct feature of the study is the level of detail laid out in the report's technical indexes substantiating the levels of visitor spend, impact of major events and staff and supplier details.

Liverpool Biennial

Liverpool Biennial has undertaken economic impact review work to measure the impact of the Biennial during the last 3 festivals. Economic impact measurement was undertaken by England's Northwest Research Services (ENRS) and includes an element of primary research aimed at benchmarking additional visitor spend of arts audiences attending an event.

The headline findings from this research place a value of the economic impact on the local economy of the Biennial at between £13 and £15 million. The study makes a clear attempt to identify the additional impact of the Biennial over and above the value that can be attributed to the activities of the partner organisations that provide venues for the arts activity. There is, however, some work to do to ensure that the figures used for the Biennial do not overlap with those that could also be claimed by partner venues.

The Biennial has also undertaken work around understanding the value of public art as a driver of economic impact. A considerable amount of work around public art and the digital realm has been undertaken by Annabel Jackson Associates for Liverpool Biennial and VAIL (Visual Arts In Liverpool). We are not, however, aware of any economic impact outcomes as a result of this work.

4.1.1 Impacts 08

Commissioned by Liverpool City Council, Impacts 08 - The Liverpool Model is an initiative that set out to evaluate the social, cultural, economic and environmental effects of Liverpool's hosting of the European Capital of Culture title in 2008. Analysis and reflection on the impacts of Liverpool's Capital of Culture year were carried out across a number of main research themes including Economy & Tourism. This thematic area mapped the impacts of the Liverpool ECoC on the economy of Liverpool, Merseyside and the North West. A project within this theme was the 'Economic Impact of ECoC (08) events and programming'

Economic Impact of ECoC (08) events and programming

The aim of the project was to gain a transparent and replicable figure for the total economic impacts of Liverpool 08. The project draws together data on economic impacts from a range of secondary sources and data being collected over the course of 2008, including data on events and visitor numbers. This data has been modelled to take into account potential overlap of data emerging from other Impacts 08 thematic clusters. It also uses comparable

and transparent methods to calculate additionality and multiplier effects and produces economic impact figures at Liverpool, Merseyside and North West levels.

A Review on the Literature concerning "Economic Multiplier", Phythian-Adams et al (2008)

A key report commissioned through this process and directly relevant to the proposed economic impact of the arts study is the review of economic multiplier effects as they apply to the arts sector, 'Considering the Economic Impacts of the 2008 European Capital of Culture: A Review on the Literature concerning "Economic Multiplier", Phythian-Adams et al (2008)'.

The report sets out recommendations for best practice in the use of economic multipliers based on a review of 40 case study economic impact assessments and reports which are relevant to the arts, cultural ad events sectors.

4.2 Regional

Across the Northwest region, a number of other research, evaluation and economic impact studies have been undertaken, are in progress or planning stages.

Lancaster Arts Partnership

LAP commissioned an economic impact of the arts study in March 2010 (continuing) which aims to deliver a study of six arts organisations in the Lancaster District area as well as an assessment of the sectoral value of the arts across the district. The study is supported by NWRIU and Arts Council England and has many similarities to a proposed Liverpool City Region study.

In particular, the Lancaster Arts Partnership study has a strong focus on collecting primary data through interviews with arts attenders during the time of the study. This primary research intends to capture information about additional visitor spend (AVS) in the local (and regional) economy as a result of attendance at an arts event. The project is intended to report in July 2010.

Lakes Alive Evaluation

Lakes Alive is a four year programme of outdoor arts events created and presented by Kendal Arts International (KAI) in association with Manchester International Arts. Its is commissioned by Legacy Trust and is a component of 'We Play', the North West legacy programme as part of the 2012 Olympic Games.

The Evaluation of the first year activity was undertaken by CRESC and focused on "the implementation and analysis of a face-to-face sample survey of audiences at Lakes Alive events'. A total of 888 surveys were completed that asked questions about their domicile, their co-attenders, their demographic and their spending patterns. A separate survey was undertaken to reflect the impact on Local Businesses. In addition, an estimation of the value of press coverage has been undertaken. Being outdoor events, box office income does not provide a measure of activity.

The CRESC report concluded that an additional £3m of additional expenditure in the local economy and a further £800,000 of media coverage. Visitors accounted for £1m to the NW Economy.

Manchester

Initial discussions have taken place with Manchester City Council Cultural Strategy team about a potential cultural economy study in Manchester and the benefits of linking into the developing series of studies across the region. Manchester City Council are planning to undertake an economic impact study, not of the Arts but of the Cultural Production of the City. This is as yet not defined but will go beyond the 'arts' in its focus.

Manchester's offer is substantially different to that available in Liverpool. It has fewer visual arts venues and more theatres and performing arts. Conceptually also they are less inclined to separate the field of cultural production and consumption from that of the popular culture that has been the strength of that city's renaissance.

Further meetings are planned before the Brief is issued. However it does highlight the problem of developing a methodology that is transportable between cities and regions. Each city will have its own strengths and weaknesses and its own funding priorities making a uniform methodology difficult to achieve.

4.3 National

Nationally, a number of recent studies have been carried out into the impact of the arts. These are notably:

GNAF

Economic Impact Assessment of GNAF Constituent Organisations (2009). A study carried out in Gateshead Newcastle by the Gateshead Newcastle Arts Forum (GNAF). GNAF is a similar organisation to LARC as a consortium of 11 of the larger and, perhaps, more

influential arts organisations in the Gateshead/Newcastle. All receive some form of public subsidy.

The economic impact assessment used a model based around the 11 constituent organisations and undertook an analysis of employment, turnover and spend in the local economy with a focus on direct employment and indirect (supply chain linkages) and induced (income multipliers) effects.

The GNAF study assesses additional visitor spend (AVS) from visitor numbers to the constituent organisations and using relatively cautious estimates of the percentage of visits to the region that can be directly attributed to the arts organisations. The average spend figures for visitors are taken from the Natural England Leisure Survey.

The study uses two different multipliers - a regional multiplier of 1.9 for induced and indirect employment in the regional economy (taking the lower end of a 1.8 - 2.5 scale) and a lower multiplier of 1.38 for effects at a local level. This is derived from ready reckoners in the Treasury Green Book and English Partnerships Additionality Guidance.

Birmingham Arts Partnership

The Impact of the Arts in Birmingham (2009). This study is again similar in ambition to the GNAF and proposed LARC studies but is wider in its remit than GNAFs study as it also addresses issues of image, potential collaboration and advocacy amongst its objectives. One of the objectives is to *"To develop a robust model that measures the economic and wider impacts of culture, with a focus on the impacts generated by the partner venues"*

The study focuses on 13 arts organisations involved in performing and visual arts delivery in the city using a methodology for assessing economic impact that looks at employment, turnover, supply chain and additional visitor spend amongst the 13 organisations. There is an emphasis on collection of data from primary sources using an online study for an audience survey (1,550 returns) and a telephone survey for a population study (1,000) returns.

The economic impact model used in the study is the Shellard model (see below) which is used across Arts Council funded theatres in England. The Shellard model proposes two formulae with the Birmingham study opting for an input/output approach using a turnover formula of:

Economic Impact = (Annual turnover + overseas earning + additional visitor spend + salaries + subsistence allowances + goods and services expenditure) x a multiplier of 1.5

The value of the sector is limited to the value generated by 13 arts institutions.

The study undertook a return on investment analysis (ROI) looking at Birmingham City Council spend and combined public sector (Arts Council/Local Authority) spend.

All thirteen organisations in the study receive public sector subsidy.

Arts Council England Shellard Report

Economic Impact Study of UK Theatre (2004). This study was commissioned by Arts Council England in 2003/2004 to develop both an understanding of the value of the subsidised theatre economy and a process for individual subsidised theatres to assess and report on their economic impact on a regular basis.

The study built on a number of individual theatre economic impact studies as well as a 'nations' study (NI). The project proposes two different formula for calculating economic impact of theatres as follows:

"...uses two main ways of defining economic impact. The first formula defines economic impact as being purely what a theatre contributes to the local and national economy and ignores turnover and overseas earnings.

Formula 1: Calculating the economic impact of theatre venues excluding turnover

(Additional visitor spend + salaries + subsistence allowances + goods and services expenditure) x a multiplier of 1.

(The multiplier takes into account the knock-on effect in the local economy.)

Formula 2 can be used to define economic impact as the total economic activity generated by a theatre (in other words, what economic activity an area would lose in total if the theatre was not there). This second, more comprehensive formula, also includes turnover (income).

Formula 2: Calculating the economic impact of theatre venues including turnover

(Turnover + overseas earnings + additional visitor spend + salaries + subsistence allowances + goods and services expenditure) x a multiplier of 1.5

(The multiplier takes into account the knock-on effect in the local economy.)

Including turnover in this formula establishes the scale of the economic activity related to the theatre, and economic impact is viewed as inputs and outputs, rather than profit and loss. So, for example, turnover is made up of money from customers, funders and businesses, and produces a specific economic effect, while a theatre's expenditure on wages and supplies produces a completely separate economic effect. It is not a strictly linear model.

This defines economic impact as what a theatre contributes to the local and national economy."

The multiplier of 1.5 was derived from the 1998 Wyndham Report by Tony Travers of the LSE for the Society of London Theatres (SOLT)

Shellard used the Formula 1 to estimate the value of UK theatres and whilst the study would have preferred to use Formula 2, there was insufficient data from SOLT organisations to enable the authors to do so. Using Formula 2 would produce a higher headline figure.

Measuring the Social and Economic Impact of the Arts - A Review. Michelle Reeves for Arts Council England, 2002.

Michelle Reeves' review of economic impact of the arts studies, definitions and issues provides a useful (if dated) review of issues around economic impact of the arts studies. It is dated in the sense that the references are older references - however, a number of issues highlighted remain issues today

The review covers issues within the sector around intrinsic and instrumental value of the arts as well as models and approaches to economic impact. It contains a section on multipliers that successfully highlights the continuing problems in agreeing appropriate multipliers for indirect and induced effects within the sector.

4.4 Definitions

The relationships between the arts, culture and the creative industries have been the subject of much debate over the past 25 years.

Unsurprisingly, there is no clear, common understanding of the definition of the arts either across LARC members or other stakeholders interviewed in the course of this work. An underlying requirement to guide the parameters of a proposed economic impact of the arts is an agreement around the definition of 'the arts' that has currency both with the stakeholders to the project and with the wider arts sector itself.

We posited a fairly straightforward question at the start of this process "How do we define the arts economy?"

As we undertook the background research and consulted with a wide range of stakeholders, it has become clear that even amongst experienced, influential arts managers, there is continuing difficulty in providing a practical definition of the arts that can be used to frame an impact study.

We tested notions of the arts through discussions of what might be included in the study and approached this through production chain analysis, arts versus popular culture and through discussions around amateur and professional value. These discussions have only proved conclusive in that they clearly indicate the lack of a workable definition.

The issue of definition is compounded (and highlighted) by the administrative differentiations between arts, heritage, museums, film, television and media with national and regional administrative bodies responsible for different areas. These administrative conveniences are not based upon a definition of the arts or culture but are organised around policy, investment and administrative necessities.

Museums is a clear case in point. NML is a partner within LARC and has the Walker Gallery and Lady Lever Art Gallery amongst its portfolio of museums and galleries. A study that includes all LARC members would naturally include NML. However, a wider arts sector study might naturally exclude museums where the content and curation of that content does not focus on the arts - for example, a photography museum is likely to have a high arts content, a boatbuilding museum might have a craft element to it whereas a science museum might reasonable not be included in a study of the arts.

The level to which museums housing arts collections and, indeed, other spaces that house or present art in one form or another becomes difficult to assess and leads to notions of curation, revolving exhibitions etc. In short, the issue becomes fragmented very quickly and does not support clear guidance for an arts impact study.

Equally, the level to which popular culture is considered to be a part of the arts varies radically from one commentator to the next. The test for our consultation was the Beatles Story - a local museum containing artefacts and telling the story of music in Liverpool in the sixties and the meteoric rise of The Beatles to global dominance of popular music. This question polarised opinion and, again, reflected the difficulty of finding a working definition.

In search of a definition for the arts, we have considered the activities that are included in the national Taking Part survey that DCMS carries out in the arts with a focus on both attenders and participants and we have had an initial stab at putting together a set of Yellow Pages classifications that include the primary and secondary arts activities by business classification.

We have also considered a number of models for the arts, creative and cultural industries that have been posted in recent years. These include:

Work undertaken on the DCMS Regional Data Framework (DET) which took years to be developed yet has been substantially under used. Creative Britain was presaged by Staying Ahead by Will Hutton who in turn borrowed from David Throsby's Cultural Industries Sector (2001) and the KEA Report-EU Cultural and Creative Sector (2003) LARC Members were keen to explore the usefulness of these models. With this in mind we have included a review of these in Appendix C.

Importantly, these discussions around definitions have had a substantial impact on what we consider to be realistically achievable through a proposed economic impact study and is reflected in the options as outlined below.

In considering definitions of the arts sector, we have naturally looked at the roles played by a wide range of institutions and practitioners and have been keen to include the breadth of arts activities within these discussions around a definition of the arts.

In doing so, we have considered both the subsidised and non-subsidised sectors. This has encompassed ACE Regularly Funded Organisations, DCMS funded organisations, local authority owned and promoted venues (ACC Arena/Echo Arena) and small-scale and large scale private sector activity. The private sector activity we have considered ranges from

self-employed arts practitioners, small private arts-based companies (dance and theatre schools, for example) through to large arts and entertainments organisations including Liverpool Empire (Apollo Theatres), The A Foundation, The Beatles Story and a range of music venues.

4.5 Geography

A Liverpool study immediately raises issues of the geographic area for such a study. As part of the consultation work, we discussed the issue with the range of potential stakeholders. There are two different approaches to geography and each is dependent upon the type of study that is undertaken.

There are also a number of ways of describing the geography of the Liverpool area. We have taken the following understandings:

- Liverpool = Liverpool City Council area
- Liverpool City Region = The six boroughs of Halton, Knowsley, Liverpool, Sefton, Wirral, St Helens
- Greater Merseyside = as Liverpool City Region
- Merseyside Sub-Region = as Liverpool City region

We use the term Liverpool City Region to describe the sub-region (6 boroughs) and Liverpool to describe the City Council area.

A sectoral study - that is, an attempt to understand the overall economic value of the arts within a specific area - requires a clearly specified geographic remit that provides absolute boundaries for the study. The vast majority of consultees understand the need for this type of study to be a Liverpool City Region study.

A study of Constituent Organisations. This study will by necessity focus on those organisations irrespective of their geographic location. However, in analysing leakage of direct jobs, supply chain benefits and Additional Visitor Spend, there needs to be an understanding of the geography within which the impact will be measured.

For example, a study of LARC organisations could assess economic impact within a series of related geographic areas starting with Liverpool, with secondary impact in the rest of Liverpool City Region and additional impact at a regional (Northwest level). Visitor activity would then be calculated with visits from the rest of the Liverpool City Region into Liverpool as Day Visits (and therefore provide some additional value)

The one issue with this approach is the location of NML's Lady Lever Art Gallery in Port Sunlight on the Wirral.

A further consideration of geography for this (and similar studies) is the effect and impact of 'clustering'. Liverpool is home to a reasonable number of large, medium and small-sized arts organisations located within a clearly defined and relatively small city centre. This not only makes accessibility to a wide arts experience relatively simple in terms of geographic location, it also raises questions of the relationship between clusters of arts organisations and its effect on audience draw, visitor attraction and related economic impact benefits to the city. This is a clearly a factor that needs to be considered alongside individual and collective 'attribution' of visitor activity in Liverpool.

4.6 Audience

Understanding who the audience is for the proposed study is critical to evaluating the type (and scope) of an economic impact study. We have taken soundings throughout the process with consultees and whilst there is an underlying anxiety amongst arts organisations that economic impact of the arts is not held in high esteem within public sector regeneration/economic development policy circles, there is a continuing need to develop a robust model with credible and digestible data that can demonstrate the role of culture within sub-regional and regional economies.

From these discussions, we understand that the core audience for the outcomes of the modeling and the headline figures are public sector organisations that:

- Invest (or potentially invest) in the arts
- Are influenced or driven by an economic development agenda

4.7 Data Gathering and Analysis/Limitations of data

Issues associated with data gathering in the arts, culture and creative industries sector have been well documented over the past decade and there are continuing limitations of using standard data sources including SIC and SOC codes. (Reference Impact 08 definition issues).

These issues are compounded by the definitional issues around the arts (see above). Whilst similar strategies for evaluating size, scope and changes within the creative industries can be used with the arts sub-sector, a satisfactory definition of the arts is a critical starting point.

These limitations are particularly acute where a sector scoping approach to economic impact is taken. To understand the role of the arts in generating direct employment and assessing levels of turnover and associated GVA requires access to reliable sources of baseline data from respected sources. Whilst some progress can be made in this direction through use of ABI, Betamodel and LMS sourced data, problems associated with SIC and SOC codes for the sector continue as does the reliability of ABI data at a regional and sub-regional level. This limits the effectiveness of a sub-regional, sectoral approach to a study.

Some useful work can be undertaken using Betamodel data based on Yellow Pages category codings but this needs to be in the context of a clear definition of 'the arts economy'.

4.8 Primary Research

A secondary issue around data gathering and analysis in relation to the visitor economy elements of arts presentation and participation activity are to do with the specificity of existing visitor spend figures. The accepted standards used in the Northwest for visitor spend in assessing economic impact of tourism-related activities is the STEAM economic model which provides, amongst other things:

- Day and staying visitors estimates: revenue generated, number of tourist visits, number of tourist days
- Estimates of employment supported by tourism
- Annual trend information

STEAM does, however, provide figures that are not segmented by sector and in this respect, there has been a move towards gathering primary data from arts attenders on Merseyside as part of the individual institutional studies to develop a more detailed understanding of the value of arts attenders to the local economy.

This trend is something that all consultees identified as a valuable element of an economic impact study and establishing an agreed format for collecting and presenting audience spend activity through primary research is considered an important element of the proposed study.

Some critical issues raised in relation to gathering primary research are:

Timing

The timing of any primary data collection is critical as some events or festival-based activities are not year-round. Specifically, the Liverpool Biennial takes place on alternate even years with the next opportunity to survey attendees face-to-face being between September and November 2010. The opportunity will not come around again until 2012. Liverpool Everyman and Playhouse theatres are 'dark' in the summer (primarily in August).

There will be associated issues in extending primary data collection to a wider range of arts organisations (outside of the LARC consortium) as festival and events based organisations will have limited dates where opportunities for face-to-face survey work can be undertaken.

Sample size

Some work needs to be undertaken on appropriate sample sizes for primary research. ENRS has set out parameters for establishing sample sizes for this type of primary research in an appendix to their work with Liverpool Biennial (add reference). This draws on standard Statistical Confidence Levels tabulation.

Any study - whether for an individual institution, a group of arts organisations or a geographic sectoral study - would need to establish a clear set of parameters for the levels of confidence and sample size required to provide a robust set of outcomes from the primary research.

Replication

A core parameter proposed by some commentators for undertaking an Economic Impact of the Arts research project, is that the model and instruments used to deliver the economic impact, need to be consistent, acceptable and replicable. At one level, this is a commentary on the need to be able to update any economic impact work as and when necessary and for this to be undertaken on a like-for-like basis. At another, there is an underlying expectation that the process will deliver a model that can be used at a single institution level or be applied to different groupings of arts organisations and be:

- Easy to use
- Inexpensive
- Provide comparability
- Where possible, able to be undertaken in-house or with limited consultancy support

There are, however, sensitivities within the LARC grouping around establishing a common methodology particularly:

- Where organisations already have their own, well established research needs and methods
- Where these methods have been established across a wider corporate group
- Where the primary focus of an organisation's evaluation work is not on economic impact but upon participation, education and cultural value.

These sensitivities do not preclude undertaking a broader economic impact study but they do potentially present barriers for the adoption of a 'one-size fits all' model for future analysis.

Multipliers

An important aspect of a model that might be adopted more widely, is the development of an agreed set of multipliers and/or an input/output model that can be used as a 'standard' for the sector. In their paper on multipliers for Impacts 08, Phythian-Adams et al recommend the "development of an Input/Output Model to provide statistically legitimate estimates of multipliers which take into account the full impact of investments in cultural and related initiatives". The proposed development was for a model that addressed events and programming activities rather than arts institutions. Usefully, however, the paper does address arts institutions in its summary of best practice case studies.

The work recommends that Impacts 08 does not use existing "off the shelf" models/multipliers but that a preferred approach would be to undertake a calculation of Input-Output analysis based on best practice case studies that have been implemented in similar regions.

A similar approach for the proposed Economic Impact of the Arts study would establish a methodology that can be adapted elsewhere whilst recognising that input and output data needs to be specific to the activity and the demographics of the area rather than relying on generic conditions. This bespoke approach is reflected in the focus on primary data collection as one of the parameters of this study rather than simply relying on more generic STEAM data.

Any development of a model for a sub-regional economic impact study and a subsequent regional model, is likely to draw on the findings of the Phythian-Adams et al's paper.

Importantly, reviewing the studies that have been undertaken with arts organisations in Liverpool, Birmingham and Gateshead Newcastle over the past 3 years there is little consensus as to the level of multiplier to use and a range of multipliers have been used across the studies ranging from 1.1 up to 1.9 and most points in between.

Attribution and visitor spend

A critical issue that dogs sectoral, institutional and events-based studies is the level of attribution that can be claimed by an event or institution in attracting visitors to an area (and therefore any resulting spend by those visitors in the local or regional economy).

This is one of the key variables within any study and the extent to which this varies from study to study can be illustrated as follows:

Attributable to:	% in Serviced Accommodation	% in Non-Serviced Accommodation	% Seeing Friends and Relatives	% Day Visitors
Liverpool Philharmonic	75%	50%	50%	100%
NML (averaged)	56%	56%	56%	56%
Everyman/ Playhouse	Not defined (Nd)	Nd	Nd	Nd
Liverpool Biennial	63%	Nd	Nd	55%

Establishing a realistic estimate of visitor spend attributable to arts organisations and venues is a critical element in establishing the credibility of an arts economic impact study.

Double Counting

Double counting, like attribution is a complication that arises when attempting to assess the impact of an individual organisation or, indeed, the aggregate impact of a consortium of organisations.

The Liverpool Biennial study addresses this issue as the Biennial, as well as delivering content in non-arts spaces, works closely with the visual arts venues in the City. The Biennial works in partnership with other LARC members and elements of the content of the Bluecoat, FACT, The Tate and NML during the period of the Biennial are badged as Biennial exhibitions. They are also promoted and counted by the host venues as their own exhibitions and visitors to those venues will be counted by the venues as their own.

A second example of how arts visitors may be double counted is where a visitor to Liverpool attends more than one arts venue in the course of a visit with each arts organisation naturally counting the visit. An aggregation of visitor numbers to all LARC organisations, for example, will therefore include a substantial amount of double counting.

Any study that looks at visitor numbers, spend in the economy (AVS) and reasons for visits needs to be able to not only attribute visits to Liverpool as a result of an arts activity but also be able to disaggregate the overlaps in numbers that will naturally occur.

The Liverpool Biennial economic impact study provides a rationale for addressing double counting. Any study of LARC members needs to undertake a detailed examination of this approach and provide a clear rationale for disaggregating duplication amongst audience and visitor figures.

In contrast to potential issues of double counting, an economic impact study also needs to consider benefits arising from the geographic clustering of arts organisations in the city centre and the value of that clustering in attracting visitors to the city - over and above a simple aggregation of individual 'attraction' indicators.

Displacement and Deadweight

Any consideration of added value generated by arts attenders within both a city region or a wider regional context, needs to take account of displacement and deadweight factors. Some work has been undertaken in this area and different approaches are taken by different researchers with recent work by BDRC for Impacts 08 using a high displacement factor for spend in the local and regional economy by cultural visitors. EKOS work on cultural tourism in Cornwall uses a low displacement factor for visitors to the county whilst other researchers apply deadweight factors to local spend which obviates the need for displacement ratios.

This is clearly an area where additional work needs to be undertaken at the next stage of this study to define issues around displacement and deadweight and ensure that these are considered appropriately within any further impact modeling.

Timetable for primary research

As identified above, any primary research undertaken with audiences, participants and attenders at LARC consortium member events need to take place through September, October and November 2010.

Discussions by the Economic Impact Study steering group need to take place with TMP urgently to ensure that there is some linkage between the Visitor and Destination Surveys taking place this year (2010) and the collection of any primary data about arts visitor habits that will inform an arts economy study

4.9 Opportunities

In terms of commissioning, or undertaking a Liverpool or Liverpool City-region study, there are a number of opportunities that present themselves:

Liverpool Biennial. As well as an issue of timing (see above), the Biennial presents a real opportunity to undertake primary research across a broad cross section of arts attenders. Liverpool Biennial will be undertaking their own survey of attenders and this presents an opportunity to collect useful data for a wider economic impact study at the same time. This may require some additions to or refocusing of some of the questions in the survey (as well as an agreement about use of data owned by the Biennial).

The Bluecoat. The Bluecoat has traditionally held little formal data (contact or profiling data) in relation to its audiences and has a small database of arts attenders derived mainly from the audiences at ticketed events they undertake. They are currently planning an audience profiling research programme and this may provide an opportunity to collect appropriate data that will be useful for an economic impact study

TMP (The Mersey Partnership) commissions a number of visitor/tourism surveys including the 5 year visitor survey and a biennial destination benchmarking survey. These are both scheduled to take place in 2010 and will collectively generate 1,900 survey responses from across the Liverpool City Region area.

There is an opportunity for an economic impact of the arts study to utilise data derived from these surveys. The visitor survey is currently out to tender with a requirement to report

before the end of the calendar year. There is therefore a short window of opportunity to link with this survey to ensure that suitable data relating to the arts economy can be identified and utilised in LARC's work

There are clear benefits to the majority of LARC (and other arts organisations) in investing in primary research that interrogates arts attenders habits outside of the arts environment.

- For those organisations that have a considerable amount of non-ticketed events, it provides an opportunity to develop and improve their database of attenders and generate audience profiles where few exist
- For those organisations that already have a sophisticated understanding of their audience profile and arts-related interests, there is potential to extend the understanding they have of their audiences linking into a range of product and service development as well as cross marketing opportunities

4.10 A National Model

One of the ambitions for commissioning this scoping work is to establish a set of parameters and develop a brief that - along with the wider regional case studies - establish a model that can be adapted and adopted across the UK.

This ambition builds on the work that Impacts 08 has undertaken in establishing 'The Liverpool Model', a blueprint for assessing a wide range of impacts flowing from a large scale programme of events. It also reflects the ambitions of Liverpool's three universities to establish a nationally and internationally recognised Institute for Culture Research.

The proposition of establishing a national (or even regional) model, is, however, fraught with difficulties and needs to be set in the context of economic impact modeling which takes place in a wide range of sectors, at local, sub-regional, regional and national levels. There are established methodologies for measuring economic impact and whilst some sectors have established national and even international standards for measuring impact, activity, change etc (tourism, for example, with the internationally recognised tourism satellite accounts), an arts economic impact modeling has developed in a fragmented fashion with focus often falling on specific activities - festivals, theatre etc.

A national model generally needs national buy-in to establish it as such and regional and sub-regional sign-up to a national strategy. Even then, there need to be real incentives for commissioners to adopt a specific methodology over and above other variants of the same methodology. We have seen with the DET (DCMS Evidence Toolkit), originally developed

nearly 10 years ago, that even with a strong departmental lead (DCMS), the approach to each new study into cultural or creative industries was dictated by the level of knowledge and understanding that both the commissioner and preferred contractor had of the DET process.

In general, the approach in the Northwest is developing as a regional experiment with Economic Impact of the Arts studies taking place in different parts of the region with different geographic and demographic attributes - a City-region, a market town/seaside study, an events-based study across a large rural area. This case study approach - which echoes the Tourism approach - may provide a useful 'model' for other regional studies. Coupled with a new look at acceptable multipliers, this may provide the basis for a model that is useful for policy-makers, arts consortia, commissioners and contractors alike. However, it may be better positioned as a regional model that can be adapted in other geographic areas rather than a standard for all studies to comply with.

In essence, a model that has national significance, is likely to be based on a segmented case-study approach to a region, provide a clear methodology for establishing multipliers, generate primary research that contributes to an input/output model and is cautious in its approach to attribution and double-counting. The model needs to be sufficiently robust to be credible with economists at a regional and national level.

4.11 Stakeholder engagement

A core purpose of the scoping activity has been to gauge and, where possible, build stakeholder support for the proposed study.

We (consultant team and Steering Group members) have undertaken this through a number of one-to-one meetings and attendance at LARC group meetings.

These have included one-to-ones with a number LARC Chief Executives, attendance at LARC Chief Executives' meeting, attendance at the Thrive Steering Group, meetings with Liverpool Vision, Liverpool City Council and Arts Council England and TMP.

Discussions and steering group meetings with NWRIU, consultation with Lancaster Arts Partnership, Lakes Alive and an initial discussion with Manchester City Council.

We gauge from these consultations that there is a substantial level of support for the project but with provisos around the effectiveness of the work in making a strong case for the credibility of an economic impact model for the arts sector.

The consultation process primarily focused on establishing the value that stakeholders place on economic impact work and the types of information they are keen to see coming out of this type of research work. It did not focus strongly on financial buy-in to the process as potential sources of finance for the work were established early on in the consultation process.

The next step will be to establish a Working Group and a wider Steering Group to engage with the project and take forward the next stages of brief sign-off, procurement and strategic management of the project.

See Appendix A for a list of consultees

4.12 Costs and finance

One of the tasks of the scoping work has been to identify, and where possible, to fundraise for the funds to undertake the proposed study.

This aspect of the consultancy has proved relatively simple with finance for the project earmarked or committed from two primary sources.

LARC has £30,000 of its Thrive budget set aside to undertake an economic impact study

North West Regional Intelligence Unit (NWRIU) has had funds within the 2010/2011 budget earmarked for regional economic impact of the arts studies of which the proposed LARC study is a major component. Initial indications were that a substantial budget may be allocated to the LARC study with certain provisos. These include the need for the LARC study to link to other studies taking place in the region (namely Lakes Alive evaluation and the Lancaster Arts Partners Study) and to effectively develop a regional study through both 'modeling' and by drawing together core data from 'partner' studies in the region.

There was also an indication that there is scope within the NWRIU budget to include elements of Manchester's proposed Culture and Cultural Production study within the overall budget allocation, again providing this ties in with other studies within the region.

However, with the changing macro political climate (general election in early May 2010), Northwest Development Agency is undertaking a review of the funding and priorities for research set out by NWRIU for the coming 12 months. This process will not only take time - a 'matter of weeks' from early May into June 2010 - there is also a strong indication from NWRIU that funding for a regional arts impact study will not be high on the list of priorities put forward by the department. This impacts substantially on the options available to LARC

and also irons out some of the potential complexities of trying to combine a Liverpool study within a broader regional research project.

4.13 Digital Online consumption and placemaking

'Digital Changes Everything'. OnLine Digital consumption is becoming increasingly important to arts organisations just as it is to all other aspect of society. Importantly it is transforming the way that people 'find' and are 'exposed' to art, culture and entertainment. 'Our Website is vitally important to the way we project our work to the public both here and overseas. It is a window into our world and the work of our artists'. Digital is therefore a great opportunity for Arts venues and the city. However, it also poses a series of challenges for impact researchers.

As a medium it confounds traditional valuation either being measured on the number of 'site visits' or page clicks. Either way the impression made and the length of time or quality of engagement is impossible to measure. Traditional measurement of 'press or page value' become virtually impossible to track never mind measure. The proliferation of Website, Blogs, Fan Pages, Twits and networks is incalculable and invaluable. Anecdotally though the importance of that online experience and and exposure lies at the heart of the modern day Art business operation - especially when that venue is communicating to visitors that may be out of the region and overseas ie the most valuable to the city.

The online presence of LARC members will impact upon the brand value of Liverpool outside of Liverpool especially in the wake of 08. Liverpool Vision are undertaking work on this at present and, whilst this is not an area for inclusion in the next stage study, a watching brief by the study Working Party could usefully maintain some link between the economic impact study and associated work on image and place-making benefits generated by the arts economy in Liverpool.

4.14 Tourism

A recent tourism impact report by Regeneris notes that "There is . . . an internationally agreed methodology for establishing the economic importance of tourism at national level – the tourism satellite account (TSA). Some of the approaches of the TSA are being applied to regions to estimate tourism's economic importance. These approaches have been adopted here to create a tourism economic account for the Northwest (NW-TEA).

Thus, the majority of the concepts and classifications of the TSA are used, but the structure is changed to make estimation of tourism value added and tourism dependent employment easier in the English regional statistical context."

Tourism has attempted to develop a sub-regional model but, due to "data constraints", these are considered experimental to act only as a "gap analysis" to guide future work. Nevertheless, we feel that the wider study of the economic impact of the Arts could borrow from this framework.

5. Options

We have reviewed a number of options and in discussions with the scoping study's steering group, have identified a number of options as follows.

As a starting point we have considered the two positions: Do Something or Do Nothing.

5.1 Do Nothing

Pros:

- Short-term savings with no human resources or Thrive expenditure required. Reallocation of Thrive budget to alternative activities.

Cons:

- Does not meet the needs of a number of stakeholders to improve intelligence about the arts sector in Liverpool (and potentially regionally)
- Does not fulfill LARCS commitment to deliver economic impact work as part of its wider research agenda
- Fails to address issues raised by individual economic impact studies by Liverpool arts organisations in an attempt to develop a common and credible methodological approach to economic impact of the arts studies.

5.2 Do Something

Pros:

- LARC has a commitment to undertake economic impact work as part of its wider research role. Through Thrive, resources are available to undertake a study
- There is a clear commitment from a range of stakeholders to improve the level of economic impact intelligence about the arts in Liverpool and to develop a methodology that can be used to track impact over time
- Work by LARC can provide a proven methodology for a range of smaller arts organisations to assess economic impact more widely in the arts sector in Liverpool
- There has been mix of methodologies used to date on the economic impact of a number of individual institutions. A collective study will create an opportunity for learning by all members of LARC and inform future impacts work

- Other city regions are forging ahead with cultural economic impact work (Gateshead/Newcastle, Birmingham, Manchester). A city-region study would maintain equilibrium between a number of core cities in this area

Cons:

- The level of resources available for the study and efficacy of the consultancy work is critical to deliver a credible methodological approach. Doing something is not the equivalent of 'doing anything' and any study needs to be adequately resourced and properly managed within realistic stakeholder expectations

Given the ambition of LARC's research agenda, the support for the development of an intelligent and credible economic impact study from a wide range of stakeholders and the benefits that may accrue to the arts sector from undertaking a study, we have considered options for how best a study might be approached. This splits into two distinct options - with a third option combining elements of the two approaches:

Option 1: A Sectoral study

A sectoral approach to a Liverpool (city-region) study potentially provides the best outcome for the arts sector as a whole. It would provide an overview of the economic value of the arts in their widest sense within the city region and would provide comparability with other sector-based studies.

There are, however, fundamental problems with this approach which have been detailed above. These are principally:

- **Definition:** There is no single definition of the arts sector. Amongst the potential partners to this study there is divergence of opinion as to the definition of the 'arts'. An accepted, credible definition is an essential starting point for a sectoral study both to ensure buy-in from local partners and to ensure comparability with other sector-based studies that may take place in other regions, sub-regions or cities.

Arriving at an accepted definition is a substantial piece of work in itself and is likely to both increase cost and delay the delivery of a study within a reasonable timescale. It also leaves any study open to an additional critique of its sector definition from a range of quarters.

- **Measurement Tools.** The tools available to measure the arts sector are extremely limited with SIC SOC codes historically proving inadequate within the arts and wider

creative industries sectors. Some progress can be made using Betamodel, LMS and ABI data but there are considerable limitations in applying these tools at a sub-regional or city-region level.

Use of SIC/SOC codes and Yellow Pages categories (as a proxy for SIC codes) also link back to issues around definition of the arts. Some work using ABI, Betamodel, SIC/SOC and YP categories can be usefully undertaken at a regional level for broadbrush stroke information but not at a regional level.

Option 2: An Institution-based study

An institution-based study would focus on the collective impact generated by a limited number of the largest arts organisations in the city/city-region. Whilst not providing a comprehensive look at the impact of the wider sector, it avoids complications of definition and inadequacies of SIC/SOC and related codes whilst providing a clearly delimited study around the organisations that can claim to have the biggest potential impact within the city.

An institution-based model can provide a snapshot of the role larger arts institutions play within an area and work on clustering impacts can demonstrate the added value created from having a larger grouping of significant institutions in a city. Similar approaches have been taken in Gateshead/Newcastle and in Birmingham over the past two years.

Some mechanism for agreeing which institutions should be included needs to be in place as an institution-based model can include private, subsidised and public sector organisations of varying scales and types of activity.

In reviewing the options, there is a naturally selecting group of 8 organisations that make up the LARC Partnership and, given the core funding available for a Liverpool study (Thrive), a study limited to these 8 organisations appears to be the most straightforward and politically sensitive way to proceed. Without additional resources from external partners, there is limited value in considering widening the group of organisations.

Options 3: A combined Sectoral and Institutional study

This elements that make up this option has been the basis on which much of the scoping work has been undertaken. This includes:

- A detailed modeling of a methodology with clear consideration of multipliers, displacement factors, supply-chain benefits and additional visitor spend values. The

ambition would be to develop a 'calculator' that enables comparable, replication of the study in different locations and across different timespans.

- Development of a Liverpool study based around the 8 LARC organisations as a pilot to test the modeling and calculator. To include a substantial element of primary research.
- Linkage with a number of other studies in the Northwest to further test the model and start to create a regional map of economic impact in different locals for varying types of arts activity

Within the budget constraints of funding available to undertake a proposed study - and within the timescale constraints for LARC² - there is little prospect (or substantial benefit for LARC) in combining a Liverpool Arts Impact Study with a regional study and national modeling. With no substantial financial support from NWRIU, a larger, regional study utilising Liverpool as a primary case study, is not achievable. This points clearly to Option 3 being discounted.

Equally, once a regional study is no longer a focus of the research project, the study becomes a LARC project and, in essence, needs to sit with the objectives of LARC and the Thrive Steering Group.

Considering, therefore, the options for either a sectoral or an institution based study, the benefits to LARC partners of an institution-based study that focuses around the collective economic impact of the LARC partners - funded primarily (if not exclusively) through the Thrive programme - becomes the only credible and useful option.

Within this option (Option 2), there are varying degrees of depth and breadth of study, depending on the financial resources allocated to the project by the Thrive Steering Group.

Funding

Currently, Thrive has indicated that £30,000 is available to support an economic impact of the arts study.

This provides a number of options within (or around this budget) as follows:

Option 2 (a): Liverpool study of LARC organisations using a similar model to the Gateshead Newcastle (GNAF) study. Approximate cost: £15,000-£20,000.

This is a relatively inexpensive, with no requirement for primary research (using STEAM data for visitor spend) and comparable multipliers to the GNAF study.

This will provide relatively crude baseline data. It will not provide:

- More detailed market intelligence about the behaviour of arts audiences
- A sophisticated approach to multipliers, displacement, double-counting and related factors which underpin the credibility of economic impact studies
- Evidence of additionality arising from the 'clustering' effect on visitor/potential visitor behaviour

Comparability with the GNAF (or Birmingham) studies is limited as the cohort of organisations within each study is not directly comparable.

Option 2 (b): Liverpool study of LARC organisations using similar methodology to 2 (a) plus additional primary research. Approximate cost: £25,000-£30,000

This approach fits within the budget available with the level of primary research undertaken based upon a number of factors including the ability to 'piggy back' on current activity (Biennial survey work in the autumn; Bluecoat impact work and visitor profiling; potential for larger organisations to undertake small scale visitor surveys etc)

There is potential to undertake some 'modeling' to ensure buy-in to the process by a wider range of stakeholders and establishment of a process that can be adopted and adapted by LARC partners and the wider arts community.

There is unlikely to be a facility to undertake an analysis of the benefits arising from the clustering effect on visitor/potential visitor behaviour.

Comparability with the GNAF (or Birmingham) studies is limited as the cohort of organisations within each study is not directly comparable.

Option (c): Liverpool study of LARC organisations based on more sophisticated modeling and more substantial primary research. Approximate cost: £40,000-£45,000

This is outside the current budget available and requires speedy fundraising to put resources in place to enable the project to go to tender within the required timescales.

This approach will complete the activities set out in 2 (b) with the benefit of clustering effect analysis to be undertaken, a more detailed primary research programme and a better resourced approach to the overall study.

Comparability with the GNAF (or Birmingham) studies is limited as the cohort of organisations within each study is not directly comparable.

5.3 Project Management

The options for project management of the proposed study have changed throughout the course of the scoping work and are dictated by availability of resources and involvement of the NWRIU. When considering the wider regional project substantially funded through NWRIU, there was a clear indication from NWRIU that their Senior Policy Analyst with responsibility for this area of work would be prepared to take on the role of Project Manager supported by a small working group and wider steering group of advisers.

This would relieve the LARC team of either the burden of managing a substantial project in-house and obviate the need to attach additional resources to cover project management costs.

However, with no NWRIU involvement in the project, and assuming the development of Option 2 (a,b or c above), the project management of the study needs to be managed by LARC. The proposal discussed with the Working Party is that this should not fall to the main LARC secretariat but should be part of the remit of LARC's Research Adviser.

5.4 Steering Group, Working Party and Advisers

We have considered a range of options for the wider management and advisory work around this project and the final arrangements will be dependent upon the scope of the study.

We have discussed two tiers of support for the study as follows:

- A small Working Group that oversees the procurement and day-to-day management of the study. To meet regularly (as defined by the group) and provide project leadership for the study. make-up of the Working Group to reflect the current working party - LARCs Research Advisor, LARC Director, Abi Gilmore (Manchester University). Group to include a Head of Marketing and or Head or Research from one of the LARC partners
- Wider advisory group drawn from a wider set of stakeholders to add value to the study and to act as a means of disseminating the process and the findings. The Advisory Group can be relatively large and fluid, may meet only once or twice during the process but members of the group may be called upon individually for their input.

This group to consist of (in addition to the Working Group), Impacts 08/Liverpool City Council, Northwest Regional Intelligence Unit, Representative/s from comparable studies (Helen Corkery/ Sian Johnson from the Lancaster study, CRESC), Arts Council England (Regional Office), Liverpool Vision, All About Audiences, MLA Northwest. There is an advantage in including an economist with credibility in this area to act as an adviser - one or two specific names have been put forward.

Depending on the breadth of the study (i.e. which option is adopted), there may be an advantage to invite NWDA (Tourism), Arts Council England Head of Research, DCMS.

6. Recommendation/s

Our recommendation to the scoping study Working Party and Thrive Steering Group is to progress an economic impact study of the arts in Liverpool through Option 2 (b). We believe this is realistic, achievable and with careful briefing, consultancy selection and management, could produce a useful study with a level of credibility as well as additional audience intelligence benefits for LARC members.

Should additional funds (£10,000-£15,000) be secured before the end of May 2010, we do believe that the study can be extended to consider additional elements including analysis of clustering effect and extended primary research as well as having additional resources to put towards the modeling element of the project.

At this stage, the Working Party does NOT recommend pursuing online and media valuation measurement as part of an economic impact study.

Marc Collett and Andy Lovatt

13th May 2010

7. Appendices

Appendix A

Consultees

Michael Eakin, Liverpool Philharmonic
Deborah Aydon, Liverpool Everyman and Playhouse
Alastair Upton, The Bluecoat
Paul Smith, Liverpool Biennial
Andrea Nixon, Tate Liverpool
Alex Addyman, NWRIU
Ian Raymond, ENRS
Abigail Gilmore, Manchester University
Justin O'Connor, QUT
Deborah Best, Arts Council England
Helen Corkery, AAA
Jim Gill, Liverpool Vision
Martin Thompson, Liverpool City Council
Richard Nutter, Liverpool City Council
Kevin McManus, Merseyside ACME
Sian Johnson, The Dukes, Lancaster
Andy Miles, CRESC
Lyn Barbour, Manchester City Council
Heads of Marketing, LARC Partners

Appendix B

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Appendix C

Definition Models

One influential model for understanding the sector has been that of concentric circles, with a 'creative (arts) core' surrounded by the 'cultural industries' and then the 'creative industries'. In Summary these are:

David Throsby (2001) *Cultural Industries Sector*

- **Core Creative Arts:** Music, Dance, Theatre, Literature, Visual Arts, Crafts, Video Art, Performance Art, Computer and Multimedia Art
- **Wider Cultural Industries:** Book and Magazine Publishing; Television and Radio, Newspapers and Film
- **Related Cultural Industries:** Advertising, Tourism, Architecture, Design, Fashion

Will Hutton: *Staying Ahead*

- **Creative Core:** all acts of original creation of expressive values.
- **Cultural Industries:** commercialisation of expressive product (TV, Radio, Film, Music, Computer Games etc.
- **Creative Industries:** combination of expressive and function values (architecture, advertising, fashion, design)
- **Wider Economy:** expressive input into manufactured and service goods (Dyson, Virgin)

KEA: *EU Cultural and Creative Sectors*

- **Core Arts Fields:** Visual arts; Performing Arts; Heritage (Sub-sectors: crafts, painting, sculpture, photography)
- **Cultural Industries:** Film and Video; TV and Radio; Videogames; Music; Books and Press (Sub-sectors: Recorded and Live music, Collecting Societies, Books and Magazine publishing)
- **Creative Industries:** Design, Architecture, Advertising (Sub-sectors: fashion, graphic, interior and product design)
- **Related Industries:** Manufactures of MP3s, PCs, Mobile Phones etc.

KEA identified the core as 'the arts' in the traditional sense, and they are defined as "non-industrial activities" i.e. – non-commercial or subsidised, and not involving mass reproduction. Here then we have an extremely conservative version of the creative arts which associates them with pre-mechanical reproduction art forms and non-commercial, subsidised activities. This is a somewhat naive approach that ignores major new dynamics involved when technologies of mass reproduction open up increased levels of profitability. To refuse these forms any status as 'art' is highly questionable. This 'purist' approach ignores the complexities of production – organised around a mosaic of companies and freelancers, and driven by the need to produce new cultural value – and of consumption, which becomes increasingly literate as well as highly niched.

"..to suggest the arts are not a commercial 'industry' ... ignores their connections - through recording, film, radio and television, publishing and so on – to mass reproduction and, more importantly, mass distribution. The traditional arts certainly have a 'live' or 'unique' presence upon which they thrive and which to some extent restrict productivity gains, but they are no strangers to the possibilities these industries and technologies open to connect with a wider audience. The internet has merely underlined this. But there are organisational innovations such as franchising, which have become huge money earners...musicals and circuses, operating at global multi-troupe levels, for example, or the Tate, MOMA and Guggenheim brands" O'Connor 2009

The arts and cultural industries share skills and personnel, ideas and aspirations, and often the social spaces in which these circulate. Their 'art worlds' or 'creative fields' – those complex ecosystems of economic and cultural value creation which mark the traditional arts as well as the newer cultural forms – overlap and intermingle.

There are differences between these different art practices, and between them and the larger media companies with whom and for whom they often work; but it is simply not possible to separate 'art' from 'live and recorded music', or from a film, or TV mini-series, in such a way.

David Throsby has a 'creative arts core' which is "the locus of origin of creative ideas, and radiating outwards as those ideas become combined with more and more other inputs to produce a wider and wider range of products" (112). This is echoed by Will Hutton's 'creative core' whose "commercial outputs possess a high degree of expressive value and invoke copyright protection". Hutton notes:

“Importantly creation... should not be interpreted solely in terms of traditional artforms. The writing of computer software, the establishment of a 2.0 website or the evolution of a new character in a video game all belong here”.

There are two problems with this. First, though inventing a new game character involves ‘expressive value’, it is not clear that writing a piece of software or establishing a website does. They might, yet there are websites and codes which are original and protected by copyright but which could not be described as having ‘expressive’ or ‘cultural value’. Here Hutton is confusing ‘creative ideas’ in general (inventive, original, rule pushing) with creative cultural ideas.

This relates to the second, bigger, problem. Hutton’s ‘creative core’ is not about industries *per se* but creative acts or inputs into cultural products. A new game character is certainly a creative input, but it would most likely be produced within a cultural industries company. Similarly musicians are placed at the creative core but music *industries* are in the cultural industries circle. What appears initially as a way of categorizing different kinds of industries is here being used to identify different inputs or activities. Hutton’s model is a kind of value chain: from creation, to reproduction/ commercialization, to incorporation into functional product. In reality, those creatives in the creative core are actually employed throughout the various circles, they do not form a determinate set of industries in themselves.

There are then severe shortcomings with this model. Not only does it mean that the arts cannot be an industry – just pure creativity – it presents creativity as providing the raw material subsequently ‘commercialised’ by the cultural industries. But as we noted above, these creatives are employed within the creative industries (directly salaried or as sub-contracted), and these industries actively commission, seek out, produce, co-develop – as such co-create – much of the content that they commercialise. This separation of a creative core from the industries which then commercialise fails to register either then real position of the arts nor the actual operation of the creative industries.

Compare this with Throsby. His ‘core creative arts’ – suitably expanded to include contemporary forms of digital/ non-digital practices – are *industries* not just ‘creative input’.

“Each of these art forms on its own can be regarded as an industry, and is frequently referred to as such, although such a usage usually embraces more than just the original producers.... [T]he ‘music industry’ refers to an enormous range of participants, including composers, performers, publishers, record companies, distributors, promoters, retailers, collecting societies and so on”(112)

That is, Throsby's core identifies a group of industries which centre on the creative arts. In this sense they might be seen precisely as that extension of the traditional arts to embrace new forms of contemporary popular culture to which Williams and others looked. There seems no reason why computer games might not fall within this sector. The creative arts core therefore includes the traditionally state subsidised arts *and* those more commercial sectors which rarely receive such funding. Throsby's designation of the 'core creative arts' as a distinct set of industries is thus much more useful than KEA or *Staying Ahead*.

However, the core problem remains and will only get worse as digital convergence accelerates the collision of skills, practice, distribution channels and markets. The problem is with the drawing of lines and boundaries. Who draws them and where to draw them often relies more on taste, distinction and politics rather than the supremacy of an intellectual argument.

Appendix D

Arts Sector: Definition Categories

1. Yellow Pages Categories

The Yellow Pages listed below represent a rough approximation of what may be included within an 'arts' definition. This is a starting point for further discussion.

Probable

- 00099 Calligraphy
- 00113 Antique & Art Valuers
- 00124 Art & Craft Equipment & Materials
- 00125 Art & Craft Shops
- 00128 Art Galleries & Dealers
- 00129 Art Galleries-Public
- 00131 Art Publishers & Dealers
- 00139 Artists' Agents
- 00180 Ballet Shoes
- 00262 Bookbinders
- 00263 Bookbinders' Equipment & Supplies
- 00264 Bookbinding Machinery Mfrs
- 00266 Booksellers
- 00541 Make Up Artists and Services
- 00577 Arts Organisations
- 00927 Piano Mfrs
- 01118 Cabinet Makers
- 01204 Carvers & Gilders
- 01275 Church Craftsmen & Restorers
- 02221 Copyright Agents
- 02259 Publishers & Publications
- 02279 Dancewear
- 02298 Designers-Textile
- 03376 Etchers
- 04433 Glass Workers & Blowers
- 04435 Glass Decorators
- 04622 Potters' Materials & Services
- 04629 Instrument Cases
- 04695 Knitwear Design & Patterns
- 04890 Printers & Lithographers
- 04991 Instrument Makers & Repairers
- 05588 Literary Agents
- 05760 Music Arrangers & Composers
- 05761 Music Publishing
- 05762 Music Studios & Practice Rooms
- 05764 Music Teachers
- 05770 Musical Instrument Tuning & Repair
- 05781 Musicians
- 06665 Packers-Fine Art
- 07880 Art & Design Schools
- 07883 Art & Handicraft Schools

07889 Dancing Schools
07890 Drama Schools
07900 Music Schools
07912 Authors & Script Writers
08188 Stained Glass Artists
08191 Stained Glass Suppliers
08390 Speech & Drama Teachers
08777 Artists
08779 Sculptors
08812 Theatres & Concert Halls
09635 Theatrical & Variety Agents
09636 Theatrical Services
09639 Theatrical Supplies
09640 Theatrical Companies
09844 Weavers
09891 Wood Carvers

Possible

00138 Artists-Commercial & Industrial
00146 Auction Rooms
00173 Bagpipe Makers
00194 Basketware Suppliers
00265 Books-Rare & Secondhand
00499 Comics
00544 Music Management and Promotion
00545 Record Companies
00586 Print Finishers
00963 Facilities Management
00967 Photographic Studio Hire
01235 Ceramic Products & Services
01292 Clay Producers & Merchants
01293 Clay Products
01453 Wedding Services - Music & Entertainment
02324 Display Artists & Designers
02328 Display Model & Figure Mfrs
02364 Dress Agencies
02369 Dressmakers
02478 Acoustic Engineers
03362 Entertainers
03363 Entertainment Agencies
04230 Textile Services
04623 Pottery Manufacturers & Suppliers
04624 Ink Manufacturers
04663 Accessories - Fashion
05589 Lithographic Plate Makers
05757 Museums
05769 Musical Instrument Mfrs & Wholesale
06745 Photographic Processing & Printing
06834 Potters' Equipment Mfrs
08218 Musical Instrument & Music Shops

08813 Entertainments
08992 Photographers-General
09634 Ticket Agencies

2. National Taking Part Survey – Methodological Note

Arts attendance events – the arts events included are as follows:

1. Exhibition of art, photography or sculpture
2. Craft exhibition
3. Video or electronic art event
4. Event connected with books or writing
5. Street arts
6. Carnival
7. Culturally specific festival
8. Play or drama
9. Theatre performance (excluding plays or drama)
10. Opera or operetta
11. Classical music performance
12. Jazz performance
13. Live music event (excluding jazz or classical)
14. Ballet
15. Contemporary dance
16. African people's dance or South Asian and Chinese dance
17. Other live dance event

Arts participation activities – the arts activities included are as follows:

1. Ballet
2. Dance (not for fitness) (excluding Ballet)
3. Singing to an audience
4. Playing a musical instrument to an audience
5. Playing a musical instrument for pleasure
6. Writing music
7. Rehearsing or performing in a play or drama
8. Rehearsing or performing in an opera
9. Painting, drawing, printmaking or sculpture
10. Photography as an artistic activity
11. Making films or videos as an artistic activity
12. Creating original artworks using a computer
13. Textile crafts
14. Wood crafts
15. Crafts (excluding textile and wood crafts)
16. Bought any original works of art for yourself
17. Bought any original/handmade crafts such as pottery or jewellery for yourself
18. Writing stories or plays
19. Writing poetry

3. SIC Codes: 2007

Listed below is the primary section of SIC codes (2007) that covers the arts. There is a range of other arts activities covered in other sections – for example, Commercial art galleries (47.78), Cultural education (85.52) and various music related activities.

Section R Arts, Entertainment and Recreation

This section includes a wide range of activities catering for various cultural, entertainment and recreational interests of the general public, including live performances, operation of museum sites, gambling, sports and recreation activities.

90 Creative, arts and entertainment activities

This division includes the operation of facilities and provision of services to meet the cultural and entertainment interests of the general public. This includes the production and promotion of, and participation in, live performances, events or exhibits intended for public viewing; the provision of artistic, creative or technical skills for the production of artistic products and live performances.

This division excludes:

the operation of museums of all kinds, botanical and zoological gardens; the preservation of historical sites; and nature

reserves activities, see division 91

-- gambling and betting activities, see division 92

-- sports and amusement and recreation activities, see division 93

Some units that provide cultural, entertainment or recreational facilities and services are classified in other divisions, such as:

-- motion picture and video production and distribution, see 59.11, 59.12, 59.13

-- motion picture projection, see 59.14

-- radio and television broadcasting, see 60.1, 60.2

90.0 Creative, arts and entertainment activities

This group includes activities in the creative and performing arts and related activities.

90.01 Performing arts

This class includes:

-- live theatrical presentations, concerts and opera or dance productions and other stage productions:

■ activities of groups, circuses or companies, orchestras or bands

■ activities of individual artists such as actors, dancers, musicians, lecturers or speakers

This class excludes:

-- activities of personal theatrical or artistic agents or agencies, see 74.90

-- casting activities, see 78.10

90.02 Support activities to performing arts

This class includes:

-- support activities to performing arts for production of live theatrical presentations, concerts and opera or dance productions

and other stage productions:

■ activities of directors, producers, stage-set designers and builders, scene shifters, lighting engineers etc.

This class also includes:

-- activities of producers or entrepreneurs of arts live events, with or without facilities

This class excludes:

-- activities of personal theatrical or artistic agents or agencies, see 74.90

-- casting activities, see 78.10

90.03 Artistic creation

This class includes:

- activities of individual artists such as sculptors, painters, cartoonists, engravers, etchers etc.
- activities of individual writers, for all subjects including fictional writing, technical writing etc.
- activities of independent journalists
- restoring of works of art such as paintings etc.

This class excludes:

- *manufacture of statues, other than artistic originals, see 23.70*
- *restoring of organs and other historical musical instruments, see 33.19*
- *motion picture and video production, see 59.11, 59.12*
- *restoring of furniture (except museum type restoration), see 95.24*

90.04 Operation of arts facilities

This class includes:

operation of concert and theatre halls and other arts facilities

This class excludes:

- *operation of cinemas, see 59.14*
- *activities of ticket agencies, see 79.90*
- *operation of museums of all kinds, see 91.02*

91 Libraries, archives, museums and other cultural activities

This division includes the activities of libraries and archives; the operation of museums of all kinds, botanical and zoological gardens; the operation of historical sites; nature reserves activities. It also includes the preservation and exhibition of objects, sites and natural wonders of historical, cultural or educational interest (e.g. world heritage sites, etc.).

This division excludes:

-- *sports and amusement and recreation activities such as the operation of bathing beaches and recreation parks,*
see division 93

91.0 Libraries, archives, museums and other cultural activities

91.01 Library and archive activities

This class includes:

- documentation and information activities of libraries of all kinds, reading, listening and viewing rooms, public archives providing service to the general public or to a special clientele, such as students, scientists, staff, members as well as operation of government archives:
 - organisation of a collection, whether specialised or not
 - cataloguing collections
 - lending and storage of books, maps, periodicals, films, records, tapes, works of art etc.
 - retrieval activities in order to comply with information requests etc.
- stock photo and movie libraries and services

91.01/1 Library activities

This subclass includes:

- selection, acquisition and organisation of a collection which may be specialist or general, for lending or reference
- cataloguing and preservation of collections
- lending and storage of books, periodicals, CDs, DVDs, maps, music etc including materials in alternative formats
- offering access to IT facilities including Internet
- retrieval activities in order to comply with information requests, reference enquiries etc, in person, via telephone, letter or Internet

- making services available to general public or particular groups of users of the organisation e.g., students, members, researchers, Members of Parliament
- additional services such as training courses (IT, information literacy, basic skills), user groups (reading, family history etc)
- organisation and running activities outside the library building for groups of users e.g. schools, conferences

91.01/2 Archive activities

This subclass includes:

- archive activities are about managing a unique accumulation of records (which can be paper, parchment, audio visual, digital) representing the transactions of an individual, family, organisation (including records of government, courts, businesses, charities) or society
- appraising and selecting archives to be kept for posterity on the basis of their continuing value as primary source material documenting the culture and history of an individual, organisation and society
- preserving/conserving archive records (ranging in age from 1000 years old to 21st century emails) protecting them from the main threats (poor environmental conditions, theft)
- making available archives of all kinds to general public or to a special clientele such as students, scientists, through providing physical access in search rooms or remote access via the Internet
- documenting archives according to the way they were organically created maintaining the original order, links between records and evidence of provenance
- managing and implementing information policy (such as Freedom of Information, Data Protection, and enabling citizens to exercise their rights to access information), and managing current records

91.02 Museum activities

This class includes:

operation of museums of all kinds:

- art museums, museums of jewellery, furniture, costumes, ceramics, silverware
- natural history, science and technological museums, historical museums, including military museums
- other specialised museums
- open-air museums

This class excludes:

- *activities of commercial art galleries, see 47.78*
- *restoration of works of art and museum collection objects, see 90.03*
- *activities of libraries and archives, see 91.01*

91.03 Operation of historical sites and buildings and similar visitor attractions

This class includes:

- operation and preservation of historical sites and buildings

This class excludes:

- *renovation and restoration of historical sites and buildings, see section F*

93.2 Amusement and recreation activities

This group includes a wide range of units that operate facilities or provide services to meet the varied recreational interests of

their patrons. It includes the operation of a variety of attractions, such as mechanical rides, water rides, games, shows, theme exhibits and picnic grounds.

This group excludes sports activities and dramatic arts, music and other arts and entertainment.

93.21 Activities of amusement parks and theme parks

This class includes activities of amusement parks or theme parks. It includes the operation of a variety of attractions, such as

mechanical rides, water rides, games, shows, theme exhibits and picnic grounds.

93.29 Other amusement and recreation activities

This class includes activities related to entertainment and recreation (except amusement parks and theme parks) not elsewhere classified:

- operation (exploitation) of coin-operated games
- activities of recreation parks (without accommodation)
- operation of recreational transport facilities, e.g. marinas
- operation of ski hills
- renting of leisure and pleasure equipment as an integral part of recreational facilities
- fairs and shows of a recreational nature
- activities of beaches, including renting of facilities such as bathhouses, lockers, chairs etc.
- operation of dance floors

This class also includes activities of producers or entrepreneurs of live events other than arts or sports events, with or without facilities.

This class excludes:

- *operation of teleferics, funiculars, ski and cable lifts, see 49.39*
- *fishing cruises, see 50.10, 50.30*
- *provision of space and facilities for short stay by visitors in recreational parks and forests and campgrounds, see 55.30*
- *trailer parks, recreational camps, hunting and fishing camps, campsites and campgrounds, see 55.30*
- *beverage serving activities of discotheques, see 56.30*
- *theatrical and circus groups, see 90.01*

END/