

# The social and economic impact of innovation in the arts

ERS Research and Consultancy

— The following report has been written and prepared by Dr Tim Dixon ([tdixon@ers.org.uk](mailto:tdixon@ers.org.uk)), Gordon Allinson ([gallinson@ers.org.uk](mailto:gallinson@ers.org.uk)), and Mair Smith ([msmith@ers.org.uk](mailto:msmith@ers.org.uk)) of **ERS Research and Consultancy** ([www.ers.org.uk](http://www.ers.org.uk)) for Nesta and Arts Council of Wales

— **The Digital Innovation Fund for the Arts in Wales** is a strategic partnership between Arts Council of Wales and Nesta. It is the successor to the Digital R&D Fund for the Arts in Wales that ran from 2013-2015. The fund has supported arts organisations to experiment using digital technology to enhance audience reach or to develop their business model.

---

## Table of contents

How to use this document	4
Spotlights	5
Diversity of arts audiences	9
Summary statement	9
Evidence of trends in engagements	9
Evidence on barriers to engagement in the arts	17
Overcoming barriers to engagement with the arts through digital technology	19
Overcoming barriers to engagement with the arts through other methods	21
Arts impact on tackling poverty and disadvantage	27
Summary statement	27
Impacts of participation in the arts in Wales	28
Impacts of participation in the arts in the UK	30
Impacts of participation in the arts around the world	36
Economic productivity of the arts sector	39
Summary statement	39
The overall output of the sector and its constituents	41
Skill levels in the arts labour market	45
Income for arts organisations	47
Investment	52
Bibliography	57
Study methodology	60

# 1

# How To Use This Document

- 1.1 This document is a quick reference point to assist with identifying an evidence base for strategic and project planning. It is our intention that making the available evidence more accessible and widely known will help us in our aim of fostering a culture of innovation in the arts sector in Wales. The structure and content has been guided by a set of research questions arising from the five projects funded by the Digital Innovation Fund for the Arts in Wales to carry out research and development.
- 1.2 It is our intention that the reader can ‘dip in and out’ of the document; thus, each section is standalone and can be read in any order. To this end, we have provided summary statements and appropriate tables and diagrams.
- 1.3 While there is known to be a growing collection of evidential documents and reports available for arts practitioners and organisations, in many cases these are known to be inaccessible or unobtainable (e.g. through paywalls or within archives). This document is designed as a selective review of evidence available, with a specific focus on what’s available within Wales. As such, it should be able to provide an easy-to-use, go-to reference source for individuals and organisations requiring evidence to support innovative arts projects.
- 1.4 Evidence gathered is also aligned (where possible and applicable) to research outside Wales. This comparative approach allows for the reader to pick out key statistics or descriptive findings for the Welsh projects and programmes and consider it in the wider international context. Where data or findings are missing or of lower quality we have aimed to highlight the dearth or lack of evidence.
- 1.5 Section 2 of the document provides three Spotlights, based on the evidence collected in the subsequent chapters. Section 3 describes the diversity of arts audiences and efforts to improve access for different groups. Section 4 examines the effects of arts participation on alleviating poverty and exclusion. Section 5 presents evidence on the economic footprint of the sector, the skills of the workforce and the challenges associated with revenue funding and access to investment capital. Some of the monetary aspects of economic impact, such as boosts to the visitor economy and gains to productivity are discussed in 5, while some of the same source material presents further evidence on spillovers in terms of improved outcomes in education, health and employability resulting from Arts consumption in Section 4.
- 1.6 Our detailed methodology is provided in the Annex.

## Diversity of Arts Audiences

### Situation in Wales

- 2.1 Audiences in Wales tend to be older than in other regions of the UK, with highest participation levels in higher social grades and holding higher levels of qualification. The evidence points to a number of underrepresented groups in arts audiences in Wales including people from lower socio economic groups, people with disabilities and people from black, asian and minority ethnic groups. Particular barriers to engagement evidently disproportionately affect a different groups including people with disabilities, young people and, in rural areas, particularly those without access to private transport. Financial barriers, in part linked to transport, and a person's disposable income are also significant factors in determining an individual's ability to access arts and cultural activities in Wales. Financial barriers linked to wider economic decline have even been suggested to be linked with a slight decline in participation noted in Wales and across Europe over recent years. In addition, a number of psychological factors act as barriers to engagement with the arts in Wales. This includes perceptions that the arts are 'not for' or 'not of interest' to certain groups, as well as fears of the unknown and a lack of awareness of social expectations within new experiences and unfamiliar spaces. The vocabulary used to describe and within such art forms can also serve to reinforce such perceptions and alienate potential new audiences.
- 2.2 The Arts Council of Wales, Arts Council England and Nesta have operated a number of programmes and offered a variety of support to encourage organisations and projects to tackle a number of these barriers. This includes funding programmes which incorporate digital technology as part of the solution. These programmes offer a number of good practice examples as well as important lessons learned in seeking to increase the diversity of arts audiences. Despite this, it is important to acknowledge that online experiences of various art forms have achieved limited success, particularly where payment is required and there are perceptions that these experiences are inferior to live experiences. Additionally, the evidence suggests that those who engage with online content tend to already enjoy the arts through live events and therefore the potential of digital access to the art to diversify audiences may be limited. The strengths of digital technologies appear to exist outside of the online sphere and tend to focus on improving access to arts and cultural institutions through allowing new methods of engagement and taking art into communities.

### Key evidence available to the Sector

- 2.3 The majority of evidence on the sector derives from the published results of the Arts Council of Wales as well as equivalent organisations elsewhere in the UK and internationally. Strong evidence available to the sector includes the following:
- Arts in Wales Survey: (2005, 2010, 2015) large scale survey of what arts and cultural activities mean to people;
  - Arts Council of Wales Omnibus Survey Report: (annual) on attendance to arts events and participation in artistic activities;
  - Audience Finder Survey: national (UK) and regional audience datasets enabling understanding, comparison and application of audience insight;
  - Digital Culture survey: (2013, 2014, 2015) survey conducted by Arts Council England on the importance, use and impact of digital technology within the arts and cultural sector.

### Gaps in evidence

- 2.4 Evidence of arts participation levels in Wales is collected and published by Arts Council Wales and is comparable to that provided by equivalent bodies elsewhere in the UK and internationally. The inclusion of participation and consumption of “digital arts” in the latest Arts in Wales Survey is a valuable addition given this is now an alternative method for accessing the arts. However, there remain a number of notable gaps in available evidence relevant to the diversity of arts audiences.
- 2.5 While the Arts Council of Wales national data allows for a breakdown by a variety of socio-demographic groups (with the absence of rurality), the availability of the complete dataset for barriers is more limited and does not allow for user comparison across all socio-demographic groups. Moreover, empirical evidence of tried and tested methods for overcoming such barriers and diversifying audiences is lacking and there is little data to prove or compare the relative success of interventions with different socio-economic groups. This includes a lack of data on the use of digital by arts organisations in Wales. This type of evidence would be valuable for establishing what works in terms of diversifying audiences, in what situations and with which groups of people in order to consider the potential for replicability and wider roll-out.

## Arts Impacts on Tackling Poverty

### Situation in Wales

- 2.6 There is currently a substantial push within Wales towards tackling poverty in general, led from the top-down by the Welsh Government’s Programme for Government, the Well-being of Future Generations (Wales) Act 2015; the Tackling Poverty Action Plan 2012-16. This has also been focussed specifically in relation to arts through reports from Dai Smith on the arts in school education in Wales, Baroness Andrews report on Culture and Poverty in Wales, and resultant initiatives such as the Fusion programme. Further, a range of projects and programmes such as Communities First have supported local communities to take action ‘on the ground’ in supporting arts activities and attendance in those that would not usually take part in such activities, or for whom there is little or no access.

### Key evidence available to the Sector

- 2.7 Key evidence within Wales comes from:
- Pioneer Programme Pilot Year evaluation, presenting a range of social impacts within Wales although much based on subjective and qualitative feedback (Amgueddfa Cymru - National Museum Wales (AC-NMW), 2016);
  - Reach the Heights programme evaluation, presenting evidence of two EU-funded projects (Aumeyr, 2013);
  - Guidance on using the Pupil Deprivation Grant for arts and cultural activities, presenting evidence of impacts on education (Welsh Government, 2013)

2.8 More widely, the Culture and Sport Evidence (CASE) programme has provided a detailed theoretical and conceptual framework as to how arts can impact on a range of social outcomes (Taylor et al., 2015). Meanwhile, a range of studies from London School of Economics has looked at specific, quantified relationships between arts and wellbeing (e.g. Fujiwara, Kudrna, & Dolan, 2014; Fujiwara & Mackerron, 2015). In one example, Fujiwara (2013) used the Mappiness app to test whether arts attendance or performance impacted on happiness, finding a direct relationship, particularly for attendance of arts.

#### Gaps in evidence

2.9 The research in Wales is however at an early stage. For example the Pioneer Area programme has finished its pilot year, which has been evaluated, but clearly one year is not enough time to generate lasting social impacts. Further, it is acknowledged that while subjective feedback and descriptions of impacts have gathered, there is little in the way of clear objective analysis of these impacts. This is despite some projects having target 'outputs' (indicators of immediate performance) of e.g. increasing skills or supporting people in the workplace. There is a need for more evidence that considers the theoretical means by which an arts activity can impact on people attending or performing the art form. This document provides the theories and framework for evaluating them in future studies.

2.9

There has been a recent announcement that Communities First will be phased out and a replacement is being considered.

## Economic Productivity of the Arts Sector

2.10 This section presents descriptive statistics outlining the economic footprint and skills of the sector, as well as challenges associated with balancing budgets and securing investment. There are also resources for Arts organisations and important messages for the sector.

#### Situation in Wales

2.11 There is evidence of a growing Arts economy in Wales, although the sector is only 0.3 per cent of the Welsh economy. Employment grew by 38 per cent from 2009-15. However, trends only show net growth for the sector as a whole and individual businesses may have contracted.

2.12 The apparent imperative for more income may be misleading and many organisations would do well to take stock and consider their holistic position with a diagnosis of their situation and how to best respond (Arts Portfolio Wales Resilience Programme).

2.13 Public sources of revenue funding for the sector continues to decline, with local authority spending falling by 13 per cent over 2014/15-2015/16. Any shortfall must be made up from earned income or contributed income. Encouragingly, consumer spending (i.e. by members of public) on recreation has increased by 17 per cent in Wales over 2006-13.

### Key evidence available to the Sector

- 2.14 There is healthy experimentation in the sector and acceptance of the need to have a test and learn approach to finding solutions. Proposed solutions are often linked to demonstrated need, but what is missing is demonstrating change and cause and effect.
- 2.15 A Pay what You Decide model responds to both financial and social inclusion agendas. By abolishing fixed prices, entry for those with lower incomes is possible, while also capturing higher value from those able to contribute more. In a six month pilot audiences increased by 34.5 per cent, income by 52 per cent, average ticket yield by 32 per cent and new audiences by 31 per cent.
- 2.16 New technology also has a role to play. Within Wales, Shifft, and more widely the LSO Student Pulse offers student discounts, rewards and other benefits via an app to reach out to a new audience. It helped sell 82 per cent of unsold tickets at discounted prices.

### Gaps in evidence

- 2.17 In terms of official statistics many of the information gaps for Wales would be true of any small sector in any region. Given the prohibitive cost of bespoke surveys then more mining of existing data such as Arts Portfolio Wales organisations presents a good way forward. This data should be publically released and would bolster the evidence base considerably.
- 2.18 Self-employment in the sector and the use of volunteers are notable data gaps, as are properly understanding skills needs and demand for finance from an employer perspective.
- 2.19 There will be more innovative developments in the near future and funders should be keen to support what works, seeking to use methods that make clear links between inputs and outputs, in short demonstrating replicability when others take up these new ideas.

# 3

# Diversity Of Arts Audiences

## Summary statement

- 3.1** There is substantial evidence across Wales and the UK indicating that the diversity of arts audiences remains limited and that both physical and societal factors continue to act as barriers to engagement with the arts. Reviewing evaluations of funding programmes indicates a range of examples of how some of these barriers are being challenged and overcome. Different approaches have been trialled in an effort to broaden and diversify audiences and while engagement with digital art itself is low, there are numerous reported examples of where digital technology has been applied successfully to overcome barriers to engagement in the arts, in Wales and further afield. Such examples are presented subsequently in this chapter, along with other approaches to overcoming barriers, including alternative payment models and 'taster' experiences within everyday public spaces such as businesses and community venues e.g. a library or GP surgery.
- 3.2** The majority of evidence on trends derives from the published results of Arts Council of Wales as well as equivalent organisations elsewhere in the UK and internationally. Understanding these trends relies significantly on the reported findings of the arts sector, non-academic surveys and evaluations of publicly funded programmes and projects such as Nesta's Digital R&D Fund for the Arts. Our understanding of arts sector trends is limited by the lack of publicly available raw data both specifically for Wales and the wider UK. It is also difficult to draw comparisons between data reports due to varying definitions of the arts (which can extend to visiting a museum and reading) and a lack of breakdown between individual art forms.

## Evidence of trends in engagement

### Trends in Wales

- 3.3** The results of the latest Arts Council of Wales annual arts attendance and participation survey (Arts Council of Wales Research Team, 2016)<sup>2</sup> indicate overall arts attendance (once a year or more) in Wales has remained relatively consistent, as shown by Figure 3.1. The annual survey indicates that, after 2010, the proportion attending fell by almost 5 per cent although by 2014 this proportion had returned to just above 2010 levels. Interestingly, observing data from an alternative source, specifically for revenue funded organisations (RFOs), indicates attendance at RFO activities in Wales increased by 22.5 per cent between 2010 and 2014 and participation increased by 15 per cent (O'Riada, 2015).
- 3.4** Observing attendance at more than one arts event a year provides further insights. According to the latest Arts in Wales survey (Beaufort Research, 2016) a lower proportion attended at least one arts activity 2 to 3 times a year or more often in 2015 (73 per cent), compared to 2010 (76 per cent). This decrease is particularly evident in the attendance of 16-24 year olds, those with a disability or long-term limiting illness and in the attendance of social grade C2 (skilled manual workers with responsibility for other people). These different levels of participation between socioeconomic groups are considered in more detail in the following section.

<sup>2</sup>

14 art forms are identified within the survey: a. Cinema b. Musical (not opera) c. Opera d. Ballet e. Contemporary dance f. Plays g. Classical music (concerts/recital) h. Jazz (concert/performance) i. Folk, Traditional or World Music j. Other live music k. Art or craft galleries or exhibitions l. Readings, Storytellings and other Literary Events m. Carnivals and street arts n. Arts Festivals (e.g. Music, Dance, Drama, Literature)

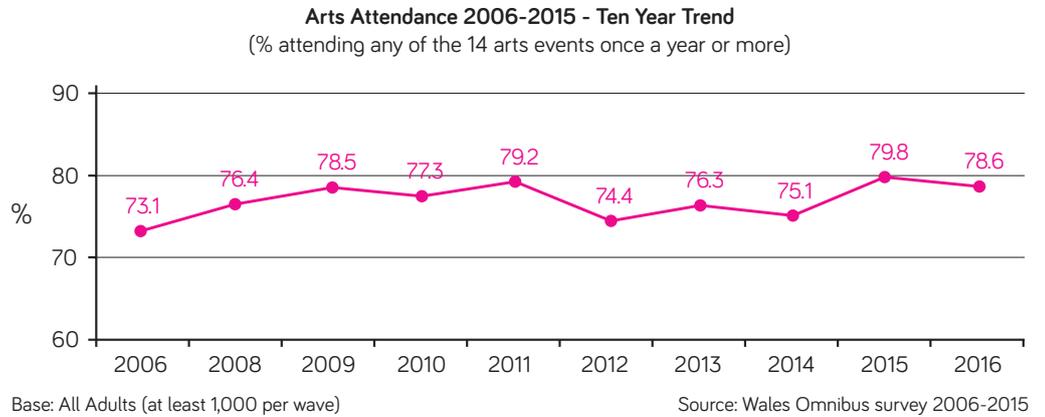


Figure 3.1 Trends in arts attendance in Wales Source: Arts Council of Wales Research Team (2016)

<sup>3</sup> creating and making original artwork or animation using digital technology

**3.5** In terms of participation in digital arts<sup>3</sup>, the same survey indicated that just 9 per cent had participated annually and 8 per cent 2 to 3 times a year or more often, with higher levels of participation in those under the age of 45, in South West Wales and not in Communities First Areas. Meanwhile, consumption of digital art, including purchasing of music and film or television drama via digital download was substantially higher (at 30 per cent and 29 per cent respectively) than that of participation.

Table 3.1 Comparison of arts audience data for Wales and other UK regions

	Wales	South West	Scotland	London
Total population	3,087,338	5,386,018	5,327,599	8,433,333
Average ticket yield	£26.13	£19.91	£29.07	£26.46
Total income	£14,398,582	£36,622,688	£2,064,692	£103,751,022
Dominant age category of attenders	65 or older	55-64	55-64	25-34
Average frequency of attenders	1.86	2.66	1.67	3.41
Average party size	2.7	2.36	2.20	2.24
Most popular art form (highest number of unique bookers) out of 13 defined by Box Office Data	Musical theatre (33 per cent)	Music (21.4 per cent)	Plays/Drama (29.3 per cent)	Plays/Drama (21.5 per cent)

## Trends in the UK, Europe and Internationally

- 3.6 Comparing data for Wales with evidence for arts engagement in England, shows a similar overall level and fairly stable long-term trend between 2005 and 2015 for the proportion of adult engagement (covering participation e.g. in circus skills and painting, as well as attendance at events e.g. music performances and plays) (Matthews, Xu, Matusiak, & Prior, 2016).
- 3.7 Results from the Audience Finder Survey provide a means of comparing cultural engagement data for Wales with other areas across the UK. Table compares data for Wales with that of the South West and Scotland, (due to similar rurality and low population levels), as well as contrasting it with London.
- 3.8 According to the data, Wales has the highest dominant age category of the four regions. This has implications for the type of audience organisations should expect to receive in Wales as well as the indicating that more effort may be required to target younger age groups, particularly when compared to other regions. Wales also shows the highest average party size. With people tending to engage with the arts with at least one other person, offers such as group discounts may prove appealing to Welsh audiences.
- 3.9 While the average ticket yield is greater than the South West and almost as high as London, Wales' total income is considerably less than both these areas, although remaining higher than that of Scotland. The most common motivation for visiting a cultural venue in Wales is "to be entertained". Audience Finder also shows a breakdown of bookers by defined segments for each region based on socio-demographic factors, interests, motivation and regularity of attendance. The free national tool also allows venues to understand their own audiences and compare their data with others.
- 3.10 Meanwhile, drawing comparisons internationally, a decline in audiences for visual and performing arts has been documented over the past two decades in the United States of America. The results of a survey undertaken across the USA population indicated that just over 60 per cent of US adults had attended at least one arts event (e.g. an exhibit, live music, theatre, dance performance) within the previous 12 months (National Endowment for the Arts, 2015). Similar recent reports on arts participation are also available for Australia (Australia Council for the Arts, 2014) and New Zealand (Arts Council of New Zealand and Toi Aotearoa, 2015). It is not possible to draw direct comparisons between arts attendance in Wales and other nations due to varying diversity of "arts" activities captured by each. However, it is interesting to observe that New Zealand recently (2014) recorded its highest level of engagement with the arts since the survey began in 2005, with 85 per cent of the population having attended at least one arts event in the previous year, an increase of 5 per cent on 2011.
- 3.11 It is also relevant to note that different socio-economic groups within these nations also demonstrated different levels of participation, as discussed in the subsequent section.

3.12 Using data from the Eurobarometer additionally offers some level of comparison with other European nations, albeit through the lens of “cultural activities”. The results for 2013 show a small overall decline in participation in cultural activities by citizens of the 27 Member States since the previous survey in 2007 (TNS Opinion & Social at the request of the European Commission, 2013). While some of this change has been suggested to be related to the economic downturn affecting much of Europe, other factors may also have influenced trends as some activities included which experienced a decline involve little or no cost (e.g. cultural television and radio programmes and reading).

4 Activities included: attendance at and visits to ballet, dance and music performances, opera, cinema, theatre, concert, public library, historical monuments or sites, museums and galleries, cultural television and radio programmes, live performances, exhibitions and festivals, and reading.

3.13 Figure 3.2: *European Index of Cultural practice* Source: TNS Opinion & Social at the request of the European Commission 2013.2 compares the 27 Member States through use of the Index of cultural practice, developed in order to rank respondents and states based on their frequency of participation in, and access to cultural activities<sup>4</sup>. The Index gives each respondent to the survey a score based on frequency of attendance at 9 cultural activities which is used to identify their participation as “very high”, “high”, “medium” or “low”. The highest levels of cultural engagement are evident in northern European countries which show the highest combined “very high” and “high” scores: Sweden (43 per cent), Denmark (36 per cent) and the Netherlands (34 per cent). The UK shows reasonably high levels of engagement with a “very high” and “high” score of 26 per cent, placing them 6th overall for this combined score.

5 BE Belgium, LT Lithuania, BG Bulgaria, LU Luxembourg, CZ Czech Republic, HU Hungary, DK Denmark, MT Malta, DE Germany, NL The Netherlands, EE Estonia, AT Austria, EL Greece, PL Poland, ES Spain, PT Portugal, FR France, RO Romania, IE Ireland, SI Slovenia, IT Italy, SK Slovakia, CY Republic of Cyprus\*, FI Finland, LV Latvia, SE Sweden, HR Croatia, UK The United Kingdom.

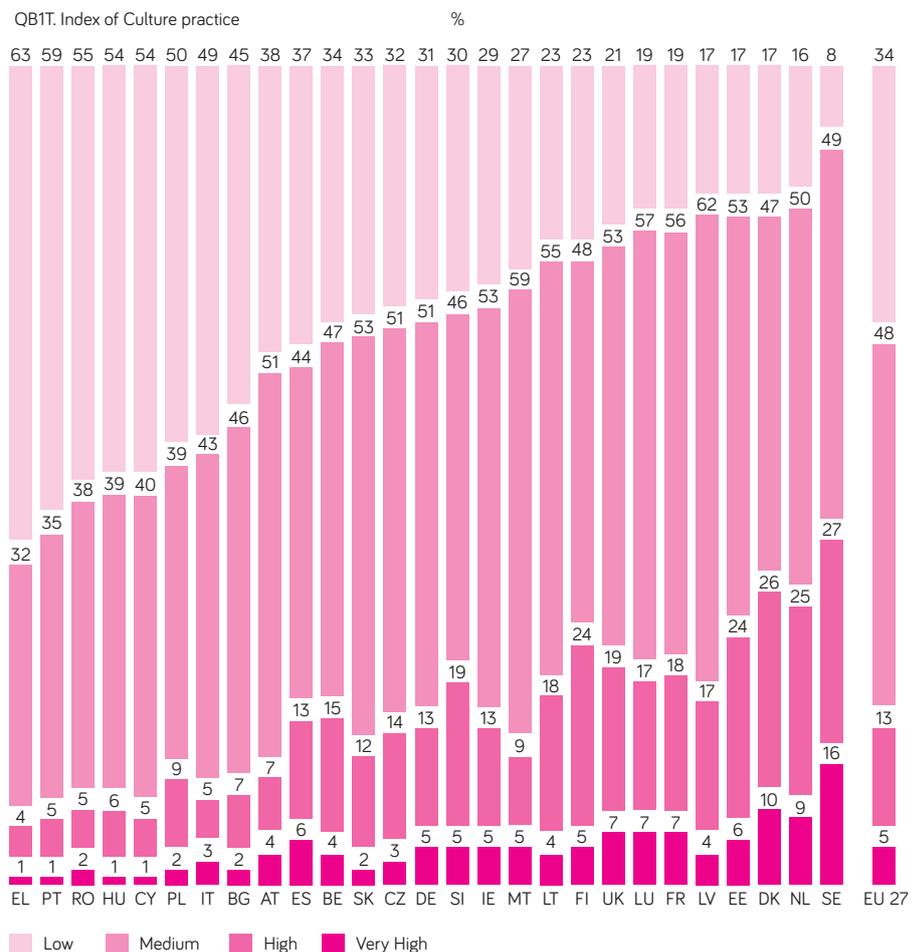


Figure 3.2: *European Index of Cultural practice*<sup>5</sup> Source: TNS Opinion & Social at the request of the European Commission 2013

## Levels of participation in the arts by different social groups

3.14 Reviews of UK survey data and consultation with arts practitioners indicate substantial differences exist between social economic characteristics and attendance and participation in the arts. The evidence suggests that social class, area of residence (rural/urban), race and disability all affect consumption. In a survey of arts professionals undertaken in 2016, almost all UK-based organisations said that increasing audience diversity was a top strategic priority. In Wales it was a priority for 93 per cent of respondent organisations compared to 86 per cent in England (Richens, n.d.). Respondents identified the audiences of their organisations as largely white, middle class and typically older than the population as a whole. Some attributed this partly to the lack of diversity in the workforce and its artistic work which were said by some to limit the diversity of performances and disenfranchise those who do not see themselves reflected in the arts.

**“When you are struggling to survive, your priorities and passions focus on playing to the paying gallery! We become risk-averse and for us, this means programming rich old white acts for a rich old white audience.” Survey respondent**

3.15 According to the latest Arts in Wales Survey (Beaufort Research, 2016) almost a quarter of DE social grades had not participated in any arts activity in the previous 12 months compared to just 5 per cent of AB social grades. Data for participation in at least one arts event 2 to 3 times a year or more in the last 12 months, similarly shows participation to be higher in AB social grades (57 per cent of AB social grades had participated 2-3 times or more compared to 31 per cent of DE social grades). Corresponding with social grades, 7 per cent less of the sample in Communities First areas were found to have participated 2 to 3 times a year or more than those not in a Communities First area.

3.16 Interestingly, the survey showed greater proportions of AB grades had attended the ballet, opera and classical music concerts while greater proportions of DEs had attended the circus, carnivals, cinema and pantomime. Those from lower socio-economic grades were also less likely than those from higher social grades to have travelled outside of their local neighbourhood or local authority to attend their most recent arts event (Beaufort Research, 2016). Particularly marked differences are also evident in education level with 76 per cent of those with no qualifications having not participated in any arts event in the last year, the highest proportion of any demographic sub-group identified by the survey. 57 per cent of those with a HNC, HND, degree or above had participated 2 to 3 times or more in the previous year compared to 22 per cent of those with no qualifications.

3.17 These findings resonate with others undertaken internationally. The Eurobarometer survey found that it is generally the most educated, those in high status occupations and who almost never experience financial difficulties who are most likely to participate in cultural activities (TNS Opinion & Social at the request of the European Commission, 2013). Similarly, the 2012 US NEA Survey found that individuals who self-identified themselves as “upper class” were more likely to attend arts events, particularly exhibits (National Endowment for the Arts, 2015).

<sup>6</sup>  
Including children's and youth theatre, pantomime and family film

<sup>7</sup>  
A robust sample of members of the BAME and Eastern European population was achieved through additional 'boost' interviews undertaken with this group.

- 3.18** Meanwhile among those of similar household income and education, those who self-identified as “middle class” were more likely than those self-identified as “working class” to attend an arts event. The survey revealed differences in motivations between such groups with working class adults more likely to attend an event in order to learn something new and to support a community or organisation.
- 3.19** A Eurobarometer survey on cultural participation indicated that young people (aged 15-24) and students demonstrated the higher levels of participation and greater diversity of activities than other age groups. It was consequently suggested that this age group might be the most receptive towards attempts to promote engagement. Meanwhile, other factors, such as relationship status and dependents are also important influencing factors for different age groups. According to a report on attendance at family performances and screenings<sup>6</sup>, ‘families just dip into the arts’ (Arts Council of Wales, 2015a) with family ticket buyers purchasing tickets for a total average of 2.8 family performances between 2012 and 2016 and just 36 per cent attending more than one event.
- 3.20** Evidence of long term trends in the participation in the arts of Black and Minority Ethnic groups in Wales, particularly variations between groups, is not readily available however the Arts in Wales Survey does provide some recent headline statistics (Beaufort Research, 2016). The results of the survey revealed that, for the majority of arts activities listed, the proportion of BAME groups (including Eastern European) taking part at least matched or exceeded their incidence in the general population (79 per cent had attended at least one arts event 2 to 3 times a year or more compared to 73 per cent of the whole sample). The exceptions included visual arts and crafts where around 4 per cent of participants were from these groups<sup>7</sup>. Additionally, fewer than one in twenty people attending musicals, plays and pantomimes were from BAME groups with a greater proportion represented in those attending literary events and folk, traditional or world music (where one in ten attendees was from a BAME group). The Taking Part Survey offers an overview of longer term trends in England and shows black and minority ethnic individuals continue to be underrepresented in arts audiences (Arts Council England, 2015b) but the data is insufficient to examine differences between ethnic groups that may mask variation in engagement across diverse groups.
- 3.21** Recent evidence suggests that people with disabilities are underrepresented in Welsh arts audiences. Just 50 per cent of those self-reported as having a disability or long term limiting illness had attended at least one arts event 2 to 3 times a year or more in the previous year compared to 80 per cent without a disability or long term limiting illness. This under representation was recognised in 2011, in an arts and cultural sector report on participation produced by the National Assembly for Wales (NAW), which observed that there was considerable room for improvement in making arts and cultural venues and performances more accessible, especially for people with hearing difficulties (NAW, 2011).
- 3.22** In response this, a number of schemes have been established in Wales with the aim of encouraging participation of people with disabilities e.g. Hynt (as subsequently discussed). It is worth noting that this underrepresentation is not unique to Wales. People with a disability in Australia also reported much lower levels of arts attendance, with just 59 per cent attending at least one arts event compared to 74 per cent of people not with a disability (Australia Council for the Arts, 2014).

3.23 No data could be found to compare engagement with the arts between rural and urban areas in Wales. In England recent data would suggest that across socio-demographic groups, people living in rural areas have higher rates of regular arts engagement than those residing in urban areas (Arts Council England, 2015a). However, according to a short Arts Professional article drawing on data drawn from the Audience Finder (covering the UK), of those who attend the arts, rural and urban bookers show little difference in their frequency of attendance and yet rural bookers were more likely to be loyal to one venue rather than showing a promiscuous approach to attending multiple venues (Sharrock, Palmer, Murphy, & Trinder, n.d.). It is thought this might be due to proximity to venues and the extent of choice and opportunities available in rural areas.

#### Propensity to attend of different socio-economic groups

3.24 Analysis for England from DCMS, based on the Taking Part survey, provides an indication of the extent to which different groups are engaged in visits to art galleries or museums (Buraimo, Jones, & Millward, 2011). This study first reports on a binary variable of attendance/non-attendance and then frequency of attendance. Using regression analysis the authors are able to provide insights into the propensity to attend. The virtue of using regression analysis is that it screens out the effects of other variables and isolates the effect of each variable for analysis. The table below replicates some of the results, in particular highlighting those that are statistically significant, while we also draw attention to some results which are surprisingly not significant. It is not possible to say whether these results would remain true for Wales, but it is more than likely that they would because some of the results are so striking that they are apparent in descriptive statistics for Wales from ACW (Non-attendance of arts was only 42 per cent in Social Class ABs, compared to 68 per cent of DEs and 41 per cent of degree educated, compared with 76 per cent of those with no qualifications).

3.25 Some of the results are expected, with significant differences for education, socio-economic group and early-age engagement with the Arts, but surprisingly no significant differences for income. Surveys of the Arts often show men to be a minority, but this evidence suggests the results are not statistically significant, although frequency of attendance is highly significant. Higher Education was significant: Individuals with a degree were 31 per cent more likely to attend than those with five GCSEs and those with some HE 16 per cent more likely. Surprisingly income was not significant at all, either as a scalar variables, nor were there any differences between income deciles of the index of deprivation.

Social-Economic Category	Attendance (marginal effect)	Frequency (Coefficient)
Female	0.0399	0.1318***
Fewer than five GCSEs	-0.0540	-0.0396
A levels	0.0745	-0.0711
Trade apprenticeships	0.0132	-0.0223
Other HE below degree	0.1581***	-0.1453*
Higher education	0.3126***	-0.3175***
Other quals unknown	-0.2022**	0.1180
Natural log of income	0.0301	0.0185
Employer	-0.0299	0.0510
Lower managerial	-0.0709	0.1673**
Intermediate occupations	-0.1142	-0.0086
Small employers and own account workers	-0.1824**	0.2039**
Lower supervisory	-0.2197***	0.1933*
Semi routine	-0.3550***	0.0134
Routine	-0.4374**	0.0631
Never worked or long-term unemployed	-0.1805	-0.1101
Long term unemployed	0.0133	0.0078
Part-time	0.1958***	0.1385
Asian	-0.3874***	0.3721***
Black	-0.3880***	0.1519
When growing up: Read books for pleasure	0.1349***	-0.0477
When growing up: Went to Museums or galleries	0.2154***	-0.1940***
When growing up: Wrote stories or poems	0.1261***	-0.1154**
When growing up: Went to historic sites	0.2590***	-0.0408

\* P<.1; \*\* P<0.05; \*\*\* p<0.01; Source: ERS Ltd using data from Taking Part Survey

### 3.26

Employment was used as a proxy for social class and found that those in routine jobs were 43 per cent less likely to attend than those in higher management, while those in semi-routine jobs were 36 per cent less likely. The availability of leisure-time is a factor though, with positive marginal effects for groups with more time (long-term unemployed, looking after home/ family), especially for part-time workers who were 22 per cent more likely to attend. The last set of variables relate to childhood engagement with arts, both in terms of attendance and participation, all of which were significant, but with stronger effects for attending museums (22 per cent more likely) or historic sites (26 per cent more likely).

- 3.27 The authors note that these results only describe propensity to attend, but do not explain behaviour and why choices are made, but advance some explanations in terms of i) availability of leisure time as seen in attendance patterns in the workforce; ii) a cultural literacy resulting from education; iii) early exposure to arts seeding later engagement. Evidence from ACW examines one of these hypotheses looking at time being at a premium for social classes AB, with 43 per cent reporting 'it's difficult to find the time', compared to just 30 per cent of DEs. At first this appears to confound the evidence, where ABs are most likely to attend, but it is clear that they have both push and pull factors that work together in explaining attendance.
- 3.28 The cultural literacy theory holds up, with only 11 per cent of ABs suggesting non-attendance is due to 'the arts are just not for me', compared to 19 per cent of DEs. Although the regression analysis indicates otherwise the ACW data suggests that income is a factor, with 18 per cent of non-attending ABs stating 'it costs too much', compared with 29 per cent of DEs. All of this ACW evidence in this paragraph is self-reported, and it is therefore not possible to have a clear understanding of the motivation for giving such responses. Further evidence is needed to understand how the views reported influence actual behaviour.

## Evidence on barriers to engagement in the arts

### Physical Access, Travel and Rurality

- 3.29 According to the Task and Finish Group on Participation in the Arts (National Assembly for Wales Communities, Equality and Local Government Committee, 2013) and an earlier review of the accessibility of arts and cultural activities in Wales (National Assembly for Wales Communities and Culture Committee, 2011), where an individual lives and their access to public transport are key factors in their ability to access cultural experiences. Rurality and transport, particularly to venues, were identified as major barriers to arts engagement linked with the closure of local arts organisations, rising fuel costs, reductions in local public transport and its limited availability in the evenings. These barriers were noted to be particularly prevalent for older and young people and people with a learning disability who are not able to travel by bus, afford mainstream venues or are anxious about travelling after dark. It was also suggested that budget reductions often lead event organisers to make cuts to accessibility.
- 3.30 Good practice identified within the Task and Finish Group report in relation to removing these barriers associated with geography and transport included:
- limited subsidy schemes,
  - use of digital technology,
  - sharing exhibits,
  - engaging in community-based activities, and
  - engaging with public transport providers when planning events.

**3.31** In 2014, identifying solutions to barriers around transport to cultural sites and events was identified as a recommendation for widening access and breaking down social exclusion in Baroness Kay Andrews report on Poverty and Culture (Andrews, 2014). The report emphasised that Wales' rurality can make access to venues near impossible without a car and also expensive. It was recommended that a task and finish group be set up and that finding a solution be prioritised in order to prevent cultural experiences from remaining a privilege.

### Perceptions

**3.32** Perceptions of the arts and typical arts audiences also evidently play a role in levels of consumption and participation. Research by the Arts Council for Wales as well as anecdotal evidence from venues indicates perceptions of the arts as 'not for us' or 'not of interest or relevance' as a greater barrier to accessibility than costs or geography (National Assembly for Wales Communities and Culture Committee, 2011). This has been recognised as particularly prevalent in more deprived regions of Wales such as the South Wales valleys. Supporting this, an international survey of arts professionals revealed 51 per cent of respondents (the greatest proportion) noted 'perceptions that your organisation is only relevant to your established audience' as one of a series of barriers to becoming more diverse (Richens, n.d.).

**3.33** Psychological barriers to visiting arts institutions were also recognised in a recent Welsh Government published report on Poverty and Culture which referenced 'fear of the unknown' as one such barrier (Andrews, 2014). Recommendations made by the report in relation to this focussed around making institutions more child-friendly and attractive to families. The report also recognised that vocabulary used to describe various cultural or arts forms can serve to reinforce perceptions and be off-putting for some individuals who believe it is not for them (Andrews, 2014). Words such as 'high' or 'fine' arts are likely to be perceived very differently to 'craft', 'community' or 'grassroots' arts, and, in a recent Arts Council England Programme, some members of the public described feeling excluded by the repeated use of the word 'installation' (Consilium Research and Consultancy, 2016).

**3.34** Various wider research has also asserted that arts and cultural spaces are often associated with certain social expectations, behaviours and unwritten rules which can act to intimidate and deter some individuals from attending arts events. For example, the Poverty and Culture report notes how institutions can feel both "forbidden and forbidding" (Andrews, 2014). It has been suggested that feeling comfortable within such venues is often linked with a 'learned' set of skills (Morton et al 2004, cited in Consilium Research and Consultancy 2016).

**3.35** A United States survey found that for just over a fifth of those who wanted to attend an arts event but chose not to, a barrier to attendance was not having someone to go with (National Endowment for the Arts, 2015). This was also found to be a barrier for young people in England for whom going with friends and sitting together was important in attending the theatre (Sam Culture Ltd, 2012).

3.36 In response to a call for evidence in 2010, various suggestions were made for overcoming the ‘perception barrier’ and supporting a cultural shift in preconceptions of the arts (National Assembly for Wales Communities and Culture Committee, 2011). These included:

- presenting the arts and cultural experiences as ‘cool’, ‘family activities’ and as opportunities to develop skills and self-confidence;
- addressing media coverage of the arts, particularly challenging the perspective that it is for ‘an elite few’;
- targeted initiatives to increase the diversity of organisations and their work; and
- staff training, particularly to support the development of marketing and communication which is inclusive and welcoming to all members of communities.

#### Financial Barriers

3.37 Consultees of a Task and Finish Group highlighted the costs of activities as a barrier to participation and felt that those living in deprived communities were also likely to be particularly adversely affected by budget reductions due to their greater likelihood of depending on subsidised provision (Beaufort Research, 2016). Arts and cultural venues in Wales further expressed the belief that a person’s disposable income is a significant factor in determining their ability to access arts and cultural activities, referring not only to ticket prices but also the associated costs of transport, sustenance and childcare (National Assembly for Wales Communities and Culture Committee, 2011).

## Overcoming barriers to engagement with the arts through digital technology

<sup>71</sup>

<http://artsdigitalrnd.org.uk/projects/>

3.38 The Digital R&D fund for the Arts funded 69 projects in Wales, Scotland and England between 2013 and 2015.<sup>71</sup>

#### In Wales

3.39 Digital and mobile technology has also been identified as holding potential to diversify audiences through engaging with audiences in new and innovative ways. Nesta has played a key role in supporting a number of such projects across the UK. For example, in Wales, Nesta’s Digital R&D Fund for the Arts supported UCAN, a performance and creative arts cooperative, to tackle some of the barriers to engagement for visually impaired people. The project developed a mobile software app, “UCAN GO” to provide a verbal (and therefore mental) map of pilot arts venues to help navigate their complex public space independently.

## In the UK and internationally

<sup>8</sup>  
Tactile feedback technology based around the sense of touch which applies forces, vibration and motions to the user.

- 3.40** The Digital R&D Fund in England has similarly funded numerous projects aimed at increasing the engagement of partially sighted and blind audiences and performers. Extant's project uses digital technologies in the form of handheld haptic devices<sup>8</sup> to enable people to physically interact with theatre and create shared experiences. The project began by providing an interpretation of the book "Flatland" through sensorial performances based around touch and little or no visual stimuli.
- 3.41** Nesta's Digital R&D Fund for the Arts in England also supported numerous projects aimed at enabling new and non-traditional audiences to spontaneously engage with the arts and cultural sector. The fund supported Sing London to deliver the "Talking Statues" project which allows people to interact with selected statues in London and Manchester through use of Near Field Communication (NFC) technology which links with Smartphones. The idea was to animate public spaces in order to broaden engagement.
- 3.42** Another example is Cinegi Arts&Film which enables any venue (e.g. Church halls, pubs and clubs) to become a "cinema". With funding from Arts Council England and support from the British Film Institute, the Cinegi platform enables such venues to put on public screenings of selected theatre, opera, ballet and music recordings, including content from the National Theatre and Shakespeare's Globe, to paying audiences. These examples show how digital technology offers opportunities beyond the online sphere to reach new audiences and improve access to arts and cultural institutions.
- 3.43** While digital technology has also more widely been identified as a means to engage new audiences through making arts and cultural content available as a digital experience, there is little evidence to demonstrate its success in diversifying audiences. Arts Council England also acknowledges that there is a perception of online experiences as lacking a social element and as inferior to seeing or hearing a live experience (MTM London, 2010). As a result, there is a low willingness to pay for accessing arts experiences online (besides music) and few successful examples of people paying for such experiences to date. Additionally, the potential of such methods to diversify audiences at live performances has also been suggested to be limited due to findings that people who engage with arts content online tend to already enjoy and engage in the arts through live events.
- 3.44** The Digital Culture Survey provides valuable data on the sector in England's strategic and operational use of digital from almost 1,000 arts and culture organisations in England over each year between 2013-2015 (Nesta, Arts & Humanities Research Council, & Arts Council England, 2015). The results of the latest survey indicate that while 72 per cent report a major positive impact from digital technology on their ability to deliver their mission, there is evidence that the pace of change has slowed: several activities have become less widespread and levels of impact have dropped in certain areas. This includes the proportion perceiving digital to have a major positive impact on engaging with their audience. Based on analysis of qualitative responses, the report offers a number of reasons to explain the results. A lack of funding for digital is identified as a perceived barrier to organisational aspirations, as is a lack of digital leadership within organisations. There is also evidence to suggest that some organisations, having tested activities such as crowdfunding and livestreaming, have decided not to continue due to limited gains relative to costs.

- 3.45 Nevertheless, the survey indicates that almost three quarters (72 per cent) of arts and cultural organisations in England now regard digital as important for marketing. Digital presents opportunities to enable people (and potentially new audiences) to discover what's on, share content with others and plan attendance and participation online. This is recognised in Arts Council England's framework of the benefits of online engagement (MTM London, 2010).
- 3.46 A Eurobarometer report published in 2013 analysed a range of direct and indirect uses of the internet for arts and cultural purposes across Europe and suggested that the internet has the potential to transform the cultural sphere (TNS Opinion & Social at the request of the European Commission, 2013). Digital marketing presents a range of opportunities to reach audiences which might not otherwise be reached and social media, in particular Facebook is recognised as having become a major tool for people discovering information about arts and (MTM London, 2010). In a 2015 survey of arts and cultural organisations in England, 90 per cent reported digital as important to marketing (Nesta et al., 2015). The sharing of content between friends as well as by those outside of immediate social circles presents opportunities for engaging large and potentially new audiences with arts content and event marketing. Marketing partnerships with brands and websites outside of the arts sector also present opportunities for reaching audiences otherwise not engaged with the arts.

## Overcoming barriers to engagement with the arts through other methods

### Alternative Payment Models

- 3.47 Several projects and schemes have aimed to test and overcome (to some extent) the assumption that price is a real barrier to participation. Some have targeted specific groups e.g. people with disabilities or young people, while others have taken a broader approach. Hynt is/was a national scheme in Wales which began in 2014 to specifically target people who need the support of an assistant or carer to go to the theatre. The scheme allows those eligible (assessed based on Disability Living Allowance rate and other similar benefits) and holding a Hynt a second ticket free-of-charge for a personal assistant or carer at participating venues across Wales. By 2016, 39 theatres and arts centres were participating in the scheme and cards had been issued to over 7,000 people (Arts Council of Wales, 2016). The scheme aimed to build on previous access schemes developed by individual theatres and arts centres by offering greater consistency and a single, simple, central system, removing the uncertainty and complexity of a wider variety of smaller, less cohesive schemes. Data collected from select venues indicates that at least a third of cardholders used their cards over 18 months. The data shows that cardholders attended arts and entertainment events more often than audiences as a whole although 54 per cent went to just one event in the 18 months.

**3.48** Between 2009 and 2011, over 200 theatres, art centres and village halls in England took part in a scheme to test whether attendance by the under 26's could be increased if the price of a ticket was removed. The national scheme, A Night Less Ordinary, saw an estimated 80,000 children and young people visit participating theatres an average of five times each, 400,000 times in total (Sam Culture Ltd, 2012). Within these totals, 8.9 per cent of the young people who participated had never visited the theatre before and 36.6 per cent of respondents to a survey said they would probably or definitely not have gone to the theatre if it had not been for the free tickets. While the young people surveyed stated that cost was the most significant reason they did not go to the theatre, a number of other factors remained barriers for this age group, as discussed in the evaluation report. An important lesson learnt was that young people did not necessarily value the free entry, with the attractiveness of the offer also critically important. Significantly, it was found that part of the reason that ticket costs act as a barrier is the risk of spending money on the unknown. In this way, low cost or free tickets were found to be successful in encouraging people to go more often or try a different art form or venue.

9

[www.artsprofessional.co.uk/magazine/286/article/risks-worth-taking](http://www.artsprofessional.co.uk/magazine/286/article/risks-worth-taking)

**3.49** As part of its own initiative, ARC Stockton introduced a “Pay What You Decide” (PWYD) pricing model for a six month trial period across their theatre, dance and spoken word Programme. The model enabled customers to book a ticket without making any payment and subsequently decide an amount to pay based on what they thought a show was worth, post-performance. The aim was to remove the risk of a customer paying for something that they might not enjoy. The ARC found the PWYD model to be “the single most effective way of increasing audiences for new work” with audiences increasing by 34.5 per cent, income by 52 per cent, average ticket yield by 32 per cent and audiences new to ARC by 31.25 per cent (ARC, 2016). The scheme was consequently extended beyond the initial 6 month trial. As part of a similar scheme, West Yorkshire Playhouse trialled a “Pay What You Can” (PWYC) scheme for a preview performance, requiring audiences to give whatever price they were prepared to pay prior to attending the show. The scheme was reviewed as a successful experiment and encouragingly 100 per cent of the audience said they would return for another show. Further details can be found online<sup>9</sup>.

### Taking Communities to the Arts and the Arts to Communities

**3.50** Several examples are provided within the Kay Andrews’ report on Poverty and Culture (Andrews, 2014) of models in development to tackle access barriers related to transport and support communities to reach venues and events. This includes grant funding programmes offered to schools from Communities First areas and other groups to access venues.

- 3.51 As another example, RawFfest, a new youth arts festival in Wales supported by Arts Council Wales, offered young people a residential programme part grant-funded but also supported by sponsorship from businesses and a crowdfunding campaign. This enabled the festival to cover the cost of transport, accommodation and tickets for groups of young people from Communities First Areas to enable young people, who would not otherwise have been able to afford it, to attend the event. While the success of the first crowdfunding campaign was limited to some extent (the original target was not met due to a variety of reasons), this is a different approach to sourcing funding which could be explored more widely. It also demonstrates how specific groups were targeted and supported to access the arts, overcoming transport and financial barriers.
- 3.52 Meanwhile, an alternative approach involves taking the arts directly to communities themselves. Using non-traditional spaces (e.g. shops, pubs, social clubs and businesses) and taking performances to 'art neutral' public spaces can remove the barriers of travel, finance and unfamiliar environments presented by typical arts venues. The use of vacant shops as 'pop up' museums, or artist spaces can also serve to improve business and community morale with the Empty Shops Network making a strong case for art-based interventions in such spaces (Andrews, 2014). In addition, targeting outreach at locations which individuals visit in day to day life (e.g. job centre, library, GP surgery) also takes art to a broad range of people who might previously have had no engagement with the arts. Creating drop-in opportunities and 'taster' sessions can additionally enable a flexible level of engagement without the need for any commitment, alleviating some fears associated with more traditional art forms.
- 3.53 Evaluations of recently completed Arts Council England Programmes such as the Strategic Touring Programme (Annabel Jackson Associates, 2015) and Creative People and Places (CPP) (Robinson, 2016) provide a range of innovative examples of how unconventional spaces and formats can be used to engage new audiences in the arts. An evaluation of the Arts Council of Wales' Ideas: People: Places programme, which is currently forthcoming, will also be instructive. A review of the CPP Programme in 2016 asserted that "working where people already gather can work well" with project approaches including live public performances, digital installations, free concerts and tours (Robinson, 2016). The review indicated that locality and familiarity of venues made more difference than making events free or paid for. Other key lessons learnt included the importance of adapting materials and language to target appropriate audiences ("the language of excellence is described as unhelpful") and involving communities in decision making in order to improve perceptions of relevance and local connection.
- 3.54 However, the use of unconventional venues and community spaces also poses a number of unique challenges. An evaluation of the Strategic Touring Programme found that such sites, including outdoor spaces, posed additional challenges for health and safety, technical arrangements, sightlines, acoustics and gaining permission for activities which lacked precedent (Annabel Jackson Associates, 2015).

## Engagement through Business Collaborations

### In Wales

**3.55** In addition to proactively taking art to communities, collaborations between arts professionals and businesses have also engaged new audiences who might not otherwise have come across or chosen to engage with the arts themselves. In Wales, Arts and Business Cymru's role is specifically to facilitate this type of partnership while partnerships between artists and businesses have also been supported by Arts Council Wales' Ideas: People: Places (IPP) programme which encourages cross-sector collaboration with a focus on arts-led regeneration. An evaluation of IPP was commissioned in March 2016 and will be reporting close to the time of writing. It is noted that so far there has not been much evidence produced although a recent Q&A session between the Culture, Welsh Language and Communications and ACW produced evidence of the approach towards impact (National Assembly for Wales Culture, 2017).

### In England

**3.56** Meanwhile, Creative Scene's (the CPP programme for North Kirklees, West Yorkshire) project Artist@Work focused specifically on facilitating the hosting of artists in local businesses and found that the process not only engaged new audiences in the arts but also brought wide ranging benefits for both the artists and businesses. For example, artist residencies at a local market involved shoppers and traders in the construction of a pop up museum using products that could be purchased at the market. Engaging customers in creative activities allowed artists the opportunity to promote themselves and other arts events while also increasing dwell time for shoppers, associated with higher spend.

**3.57** Another CPP example of the arts engaging with people through business is a recent artist residency at Fox's biscuit factory where workers were engaged in conversations about their memories of the factory which were subsequently artistically represented on the exterior of the building. The project provided an opportunity for mass arts engagement, and gathering of employee feedback, raised the profile of activities and social opportunities for Fox's staff, and improved both internal and external perceptions of Fox's as an employer.

**3.58** A restaurant was also supported to benefit from an artist residency through the CPP programme with a digital artist creating caricature portraits of customers and animating them live at the restaurant. The animations were displayed on screens around the restaurant to create a gallery and customers given the opportunity to have their portrait e-mailed to them. This provided the incentive to disclose their contact details and agree to receive future communications which could be used to promote the business and future Creative Scene arts events.

### Community Outreach and Involvement

- 3.59 A model of grassroots development was taken by a number of CPP projects with the aim of closely engaging and targeting local communities and increasing participation in the arts. One such project is Appetite, a three year programme in Stoke-on-Trent which delivered a “Taster Menu” of a wide range of arts experiences to engage and inspire local communities identified as having generally low levels of engagement with the arts. The project found that their “Appetite Builders” role acting as brokers with community groups, was instrumental in engaging local communities through the relationships and trust they were able to foster with people who might not otherwise have been engaged (Arts Council England, 2013). Their role included setting up the Get Talking Network to engage people in conversations and involve them in decision making and a process of action research to inform future planning. Free and informal community events were thought to put people at ease and encourage participation.
- 3.60 Another CPP Programme, Doncaster’s Right Up Our Street, worked with a small but diverse group of people to develop a community team and network of opportunities combining arts and socialising. The aim was to challenge perceptions of the arts as “not for us” and enable individuals to act as advocates for the arts in their communities. A particularly successful element was found to be the development of projects through collaboration with local people and groups.



# 4

## Arts Impact On Tackling Poverty And Disadvantage

4.1 Arts activities impact on tackling poverty and disadvantage in many ways on a granular level, although often through similar socio-economic processes. This includes the ‘spillovers’ to society resulting from participating and interacting with the arts, although not producing art. More specifically, this includes activities such as attending a venue/performance, i.e. experiencing or consuming art, rather than writing poems/ playing music yourself, i.e. not performing or creating art. In other cases, impacts are derived from targeted activities, usually with ring-fenced funding, such as learning and participation programmes. This Chapter considers evidence of these impacts in Wales, the UK and internationally.

### Summary Statement

4.2 Within Wales, tackling poverty has been placed at the forefront of policy. Several key documents have paved the way towards arts provision impacting upon poverty. These include the Welsh Government’s Programme for Government: Taking Wales Forward 2016-21 (Welsh Government, 2016), the Well-being of Future Generations (Wales) Act 2015, the Tackling Poverty Action Plan (“Tackling Poverty Action Plan,” 2012); and Fusion: Tackling Poverty through Culture (Welsh Government), which built on Baroness Andrews, (2014) review Culture and Poverty. These include the following range of goals and aims:

- Programme for Wales 2016-21: “Work with communities to protect local facilities that bring people together, including pubs, libraries, museums, arts centres and leisure centres”
- Well-being of Future Generations (Wales) Act 2015: “A Wales of vibrant culture and thriving Welsh language; A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.”
- Tackling Poverty Action Plan 2012-16: “We will review the model for supporting social enterprise; considering how this sector can provide social services and cultural activities to build capacity and skills, and actively boost the economy through improving the employment prospects of the economically inactive and workless.”
- Fusion: Tackling Poverty through Culture (2014): “We want to empower and encourage people to take an active part in the arts, culture and heritage.”

4.3 There is however an agreement within evidence drawn up that detailed analyses of these impacts is currently lacking, particularly within the Welsh context (e.g. Arts Council of Wales, 2015b; Amgueddfa Cymru - National Museum Wales (AC-NMW) / Welsh Government, 2016). Even at a UK-level there is a long-established understanding of the “difficulty of evaluating arts projects, particularly their long-term impacts, and the variation of impacts on multiple stake-holders, has been highlighted both by critics within the field of academia...and in policy documents” (Lees & Melhuish, 2015).

4.4 It is important to note that the evidence collected therefore falls into two types: objective ‘hard’ data usually relating to observable facts, which is often in short supply and more subjective thoughts and viewpoints as to the wider impacts of arts innovation on poverty, for which there is somewhat more evidence. This chapter therefore combines both types of data, although the majority of evidence is of the latter, subjective type.

4.5 Alongside evidence from Wales, this chapter includes UK and international data, such as the recent review of social impacts of Culture and Sport from DMCS, using the Culture and Sport Evidence Programme (CASE) (Taylor, Davies, Wells, Gilbertson, Tayleur, et al., 2015). This provides a conceptual framework for arts' impacts on participants and attendees, much of which is relevant in the following sections. This is explored in more detail below.

## Impacts of Participation in Arts in Wales

4.6 Whilst tackling poverty through art has been brought to the fore in Wales, there has only been a short time for current programmes to be implemented and for impact to be measured. Therefore, much of the evidence in this area within Wales is focussed on early stage evaluations and the justification for the policy approach itself.

### Fusion Programme

4.7 The initial phase of the 'Fusion: Tackling Poverty through Culture' initiative has involved the creation of six 'Pioneer Areas' within a programme of work to find ways of increasing participation in cultural activities within communities. It has specifically aimed to target those people that would not usually attend or engage in such cultural activities. The approach was set out in the Welsh Government's response (Welsh Government, 2014a) to Baroness Andrews report (Andrews, 2014).

4.8 The Pioneer area Programme Pilot year evaluation report (2016) provided both broad and focused research on outcomes relating to tackling poverty. Within the context of educational attainment, the Pioneer Programme (Amgueddfa Cymru - National Museum Wales (AC-NMW) / Welsh Government, 2016) provided anecdotal evidence that suggested many school pupils taking part had "shown improvements across a number of key skills underpinning the curriculum; including language, literacy and numeracy, communication, use of information technology, working with others, improving their own learning and performance and problem solving."

4.9 It was however stressed that the data gathered could not establish the extent and confirm causality of these outcomes. In addition, the authors noted that other factors outside the programme may have co-correlated with some of the impacts reported. This shows a clear need to put in place robust study methodologies that can be used to infer causal relationships within projects and programmes, ideally utilising a counterfactual or randomised control trial.

4.10 The Pioneer evaluation also revealed specific links between employability impacts and participation. This was seen in the opportunity to develop practical skills and provision of feedback on this process, with the findings suggesting increased confidence in undertaking learning. For example, it was found that there were examples of developing the 'critical' skills "essential to the development of effective working relationships and team-working with several of the participants, which indicated that the course had enabled them to develop their interpersonal skills." This included team working, developing rapport and empathy with other participants, negotiation, decision making, time management and delivery of a collaborative task.

4.11 It is noted within the Pioneer evaluation that health and well-being changes were not

as easy to assess as these are long-term impacts that were not likely to be identified within the first year of piloting. Instead, the Pioneer Area programme focussed on more immediate outcomes such as the softer skills identified above. More broadly, it was found that cultural organisations frequently highlighted activities as being considerably undervalued in terms of their ability to tackle the impacts of poverty. This was seen as due to previous programmes focussing on 'hard' outcomes such as accredited qualifications or employment within the Programme, a viewpoint supported in the conclusions of the Communities First process evaluation (Ipsos MORI & Wavehill Consulting, 2015).

- 4.12 A noted exception to this has been around European Social Fund (ESF) funded projects, which often have specific soft outcome targets, alongside harder targets. The Reach the Heights programme evaluation (Aumeyr, 2013) highlighted that softer outcomes were of importance, particularly as the lack of objective monitoring data did not allow for quantitative analysis of impacts.

#### Other Welsh Evidence

- 4.13 The Arts Council of Wales (ACW) provided feedback underpinning the Well-being of Future Generations Act (Arts Council of Wales, 2015b) which highlighted the need to evaluate and collect outcomes evidence for in order to demonstrate the longer term impacts of activities carried out. It also provided specific evidence of how ACW activities supported the 7 Goals of the Act, including the following related to tackling poverty:

##### A Healthier Wales

- the Arts Council funded Gwanwyn Festival promotes arts activity by and for older people across 11 local authorities in Wales
- Valley and Vale's Arts Council funded Person Centred Creativity programme is adopted in a wide range of healthcare and wellbeing settings with over 300 care professionals benefitting from the organisation's training
- Menu 4 Life is a programme of arts and mental health activities, to be delivered in two Communities First Clusters in the Ebbw Fach Valley. Programme is now integral to the Healthier Communities Action Plan

##### A More Equal Wales

- the Arts Council spent over £71m in 2014/15 in Communities First areas

- 4.14 The Welsh government has also introduced the Pupil Deprivation Grant (Welsh Government, 2014), which has been applied to supporting arts and cultural activities (Welsh Government, 2013). This guidance provides evidence of the impact that arts and cultural experiences can have on young people those from deprived backgrounds. It presents evidence (e.g. Estyn, 2012) that such activities can mitigate or reduce the effects of deprivation on young learners in schools, and can be seen as an indicator of a successful school. Positive outcomes that are identified include: "improve[d] attainment in a particular subject or to support the development of skills across the curriculum, such as in literacy or numeracy...improvements in behaviour, increase in learner attendance or improvements in learners' social and communication skills." It also stresses that an evidence-based approach is necessary to be able to show impacts of projects/ interventions carried out.

- 4.15 Going further back, Dai Smith's (2013) report and subsequently Baroness Andrews'

(2014) report laid the foundations for the current drive towards tackling poverty through art. While these reports have touched on the need for impactful projects to be carried out as covered previously in this chapter, they do also have a much wider strategic scope. They are therefore more fundamental to the policy background of evidence presented regarding Wales and should be read in this context.

## Impact of Participation in Arts in the UK

### Conceptual Framework for Social Impacts

- 4.16** The recent review of social impacts of Culture and Sport from DMCS, using the Culture and Sport Evidence (CASE) programme (Taylor, Davies, Wells, Gilbertson, Tayleur, et al., 2015) provided a conceptual framework for arts' impacts on participants and attendees, much of which is relevant in the following sections. This is shown in Figure 4.1, overleaf, which presents a connection between participation/attendance in arts, inspiration/connection, increased skills and engagement, reduction in risk factors particularly for those in deprivation, and intermediate longer term outcomes/impacts.
- 4.17** CASE is a largescale UK-wide programme of work looking to collect evidence of how partaking in a range of cultural activities can create social impacts. Taylor et al. (2015) provided a comprehensive literature review on social impacts (both positive and in some cases negative) across:
- Sport
  - Arts
  - Heritage
  - Museums, Libraries and Archives
- 4.18** As such, this report is provides an essential overview of secondary evidence in relation to Arts impacts in the UK, particularly as within the Arts evidence is broken down further, into Arts and...:
- ...Health
  - ...Wellbeing
  - ...Crime
  - ...Social Capital
  - ...Education
  - ...Multiple Impacts

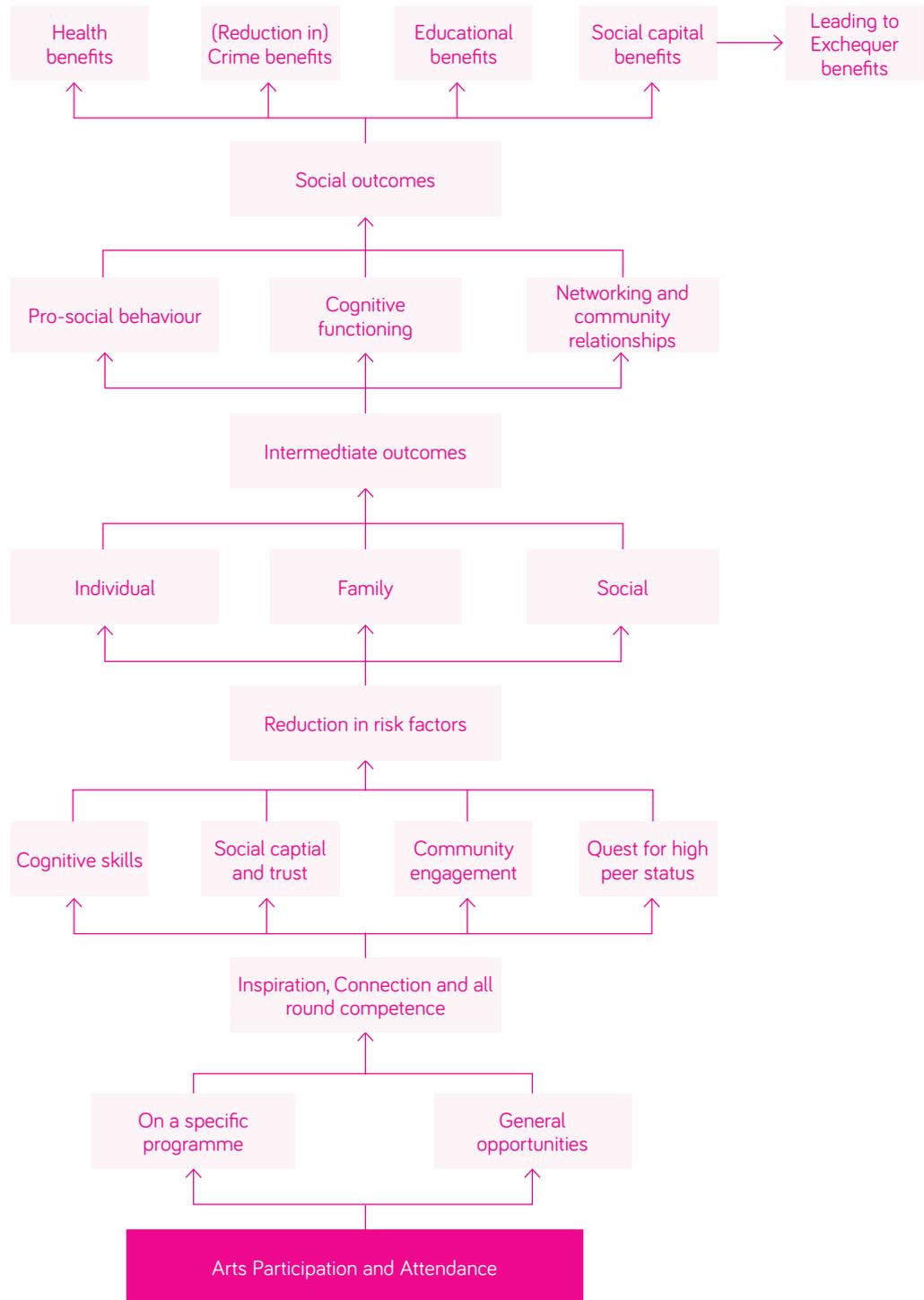


Figure 4.1: Social Impacts from the Arts (Taylor, Davies, Wells, Gilbertson, Tayleur, et al., 2015)

- 4.19 As shown in Figure 4.1, there is a conceptual and logical linkage uncovered in evidence relating to arts impact. As mentioned in the introduction, participation can either be through natural interest or a specific funded project/programme. This creates inspiration that leads the individual to a range of immediate personal outcomes. This in turn assists in reducing (personal, social and familial) risk factors of poverty and cultural exclusion, leading to intermediate outcomes for the person (e.g. cognitive, emotional and behavioural) and their immediate social network. This finally leads to social outcomes, such as health/wellbeing impacts, reduction in crime as well as educational and social capital impacts, which have a knock-on effect of savings to the exchequer.
- 4.20 A range of educational impacts have been reported from the CASE study, although again as secondary evidence rather than primary data. A number of studies were identified that support the correlation between culture and outcomes and impacts within an educational setting (Taylor, Davies, Wells, Gilbertson, Tayleur, et al., 2015). These included soft outcomes (e.g. confidence increased) and harder impacts (boosted educational attainment).
- 4.21 Taylor et al. (2015) put forward the framework for educational impacts shown in Figure 4.2. This presents two routes to educational impacts, through social/interactive development (the left route of the diagram) and through personal/psychological development (on the right), although it is noted that psychological 'distance travelled' can also impact on the societal achievement around gaining social capital and perceiving oneself within social norms.

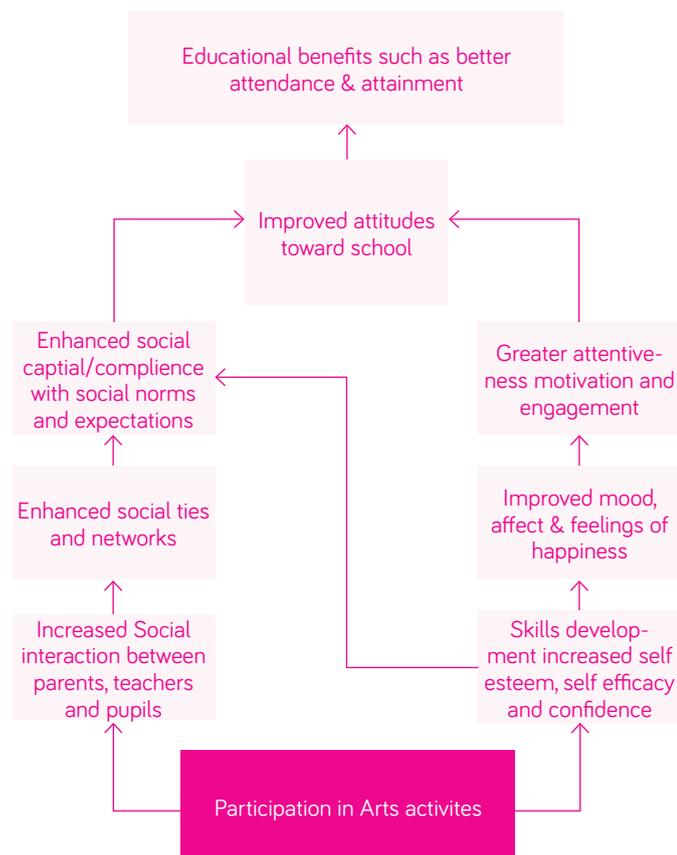


Figure 4.2: Education Impacts from the Arts (Taylor, Davies, Wells, Gilbertson, Tayleur, et al., 2015)

- 4.22 Further frameworks are put forward by Taylor et al. (2015) for health and wellbeing, shown in Figures 4.3a (below, for health: left) and 4.3b (well-being: right) impacts.
- 4.23 It is interesting to note that the evidence gathered for health benefits all relates to specific cultural programmes of activity, not from general interest. These have social or individual (person-specific) effects that increase confidence and other 'soft' outcomes, which in turn have therapeutic health benefits.
- 4.24 For wellbeing, evidence gathered shows that impact can depend on level of access to arts. Similar social and personal outcomes to 'health' can then generate greater self-esteem, which in turn assists in boosting life satisfaction ratings, lead to greater social awareness.
- 4.25 These conceptual frameworks are exceptionally useful when considering the logic of how a chosen intervention might impact on particular social outcomes. To this end, they can assist in the formulation of a 'logic model', based on a 'theory of change', the theory of change being one or more of the flowchart routes in the conceptual frameworks in Figures 4.1-4.3. As has been highlighted within reports and throughout this Chapter, there is a lack of clear understanding as to how to create a robust and testable logic model with specific indicators. Using the current overarching approach could go some way to resolving that. The logic model concept is explored further at the end of this chapter.

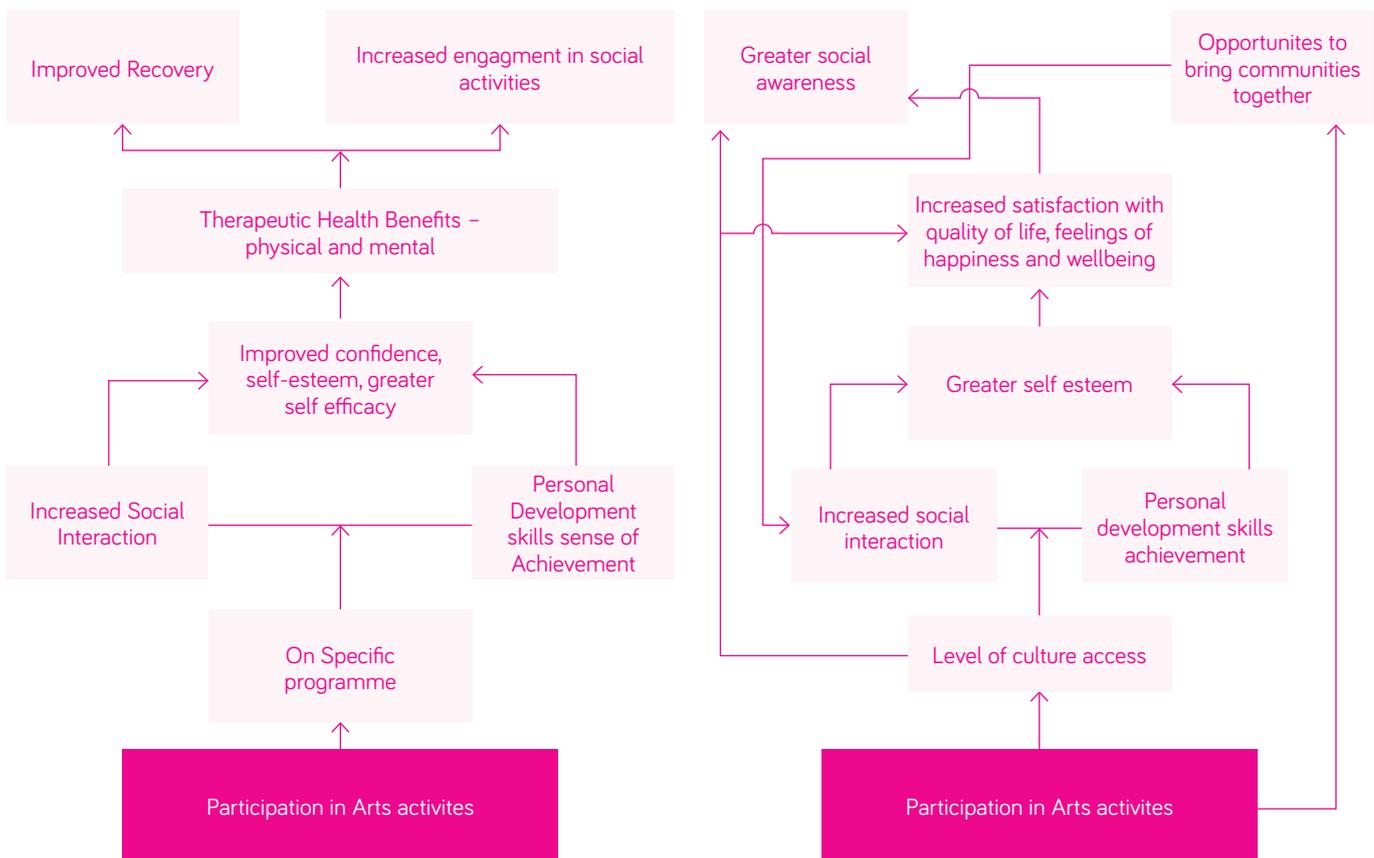


figure 4.3a (left): Health Impacts from the Arts; Figure 4.3b (right) Well-being Impacts from the Arts (Taylor, Davies, Wells, Gilbertson, Tayleur, et al., 2015)

### Subjective Wellbeing

- 4.26 Objectively measuring wellbeing is a difficult proposition in itself, but since the 1930s economists have accepted the idea of valuing non-market goods through the notion of the utility. Economics researchers at London School of Economics and Political Sciences (LSE), led by Daniel Fujiwara, have sought a more rigorous understanding of the quantitative 'hard' socio-economic impacts of the arts.
- 4.27 While not strictly within the remit of the current definition of 'arts', an innovative approach to measuring impact of museums on wellbeing was provided by the Happy Museums project. Fujiwara & Mackerron (2015) analysed data from an app (Mappiness) that records user happiness and sense of relaxedness at random times throughout the day and week, with the app enquiring what users were doing at the time. The app records location (based on Geographic Information System location), subjective response, activity, and who the person was with. It was therefore possible to statistically model different subjective moods with locations, whilst controlling for other factors that support wellbeing.
- 4.28 The study also considered whether the person performed or attended particular art forms. It was found that all arts and cultural activities were positively associated with feeling happy, most so theatre/dance/concert attendance.
- 4.29 Analysis of the Understanding Society survey provides some evidence of the contribution of arts to wellbeing, among a host of other explanatory variables (Income, health, gender, marital status, employment, age etc.) Additionally, income can be shown to be related to wellbeing and using this dataset it is possible to see how consumption of different activities presents an equivalent level of income. The value of this particular study is that it simulates laboratory conditions, in controlling for these other factors and isolating the effects of arts participation.
- 4.30 Using a regression model on a range of survey data, Fujiwara et al (2014) have shown that there is a statistically significant relationship between arts consumption and wellbeing, but not arts participation. This means that the greater that survey respondents rated their own wellbeing, the more they participated in arts, but this relationship was not present when people who did or didn't perform arts rated their happiness. The model has a significant coefficient of 0.043 for arts audiences, but a (non-significant) level of 0.03 for arts participation. This difference in findings may be due to the intrinsic psychosocial variance necessitated in performing arts, which could lead performers (overall) to not benefit from their art in the same way as consumers.
- 4.31 The effects were not universal across art forms: within arts audiences only music and plays showed a statistically significant relationship, while no such variation was found for films, exhibition or dance. Further, within arts performance, dance and craft were positively related to wellbeing, but performing music was actually negatively related to wellbeing, showing that people who performed a greater amount of music rated themselves as lower in wellbeing than those who played less. This is likely the reason that the overall arts performance correlation was non-significant, as the result for performing music was pulling the overall statistic in the 'opposite' direction. Ideally, if a testable intervention were to be set up to assist people in performing arts, ratings of wellbeing could be taken at the start and end of the intervention, for both the sample group doing

the intervention, a group asked to attend arts but not perform, and a 'control group' asked to actively avoid both. This could then give a number of participants different art forms to perform/attend in order to understand the causal differences between the art forms, and overall.

- 4.32 A final interesting finding from the research was that the model showed arts audiences are an equivalent of £90 per month (£935 per year) better off than if they had not attended the arts. This is the equivalent monetary gain someone would need to have in order to increase their wellbeing by the amount they gain from attending the arts. Previous work (Fujiwara, 2013) found even greater evidence of financial equivalence gains for museum and arts attendance, as well as less significant gains for performance.
- 4.33 A study that broadened this approach in relation to that arts, cultural hubs and the economy in locations of high cultural density in England (Bakhshi et al., 2014). This found a negative correlation between cultural clusters and income, suggesting that those in the creative economy were less likely to earn as much as those who were not. However, when accounting for interactions between cultural clusters and the wider creative economy there was some evidence "that creative workers in cities with high levels of cultural clustering enjoy a wage premium, which suggests that not-for-profit arts and cultural sectors may be generating knowledge spillovers into the commercial creative economy."
- 4.34 Another study that showed specific relationship between wellbeing/happiness and the arts was Culture, Sport and Wellbeing: An analysis of the Taking Part Survey (DMCS, 2014). This used a regression analysis and also uncovered a statistically meaningful direct correlation between (survey-reported) happiness and arts attendance. This provides further support for the CASE framework already mentioned above.

#### Other UK Evidence

- 4.35 Across the UK there has also been a range of studies considering arts impacts within wider cultural contexts. The logic model approach is evident within the initial insights from the Arts Impact Fund (Nesta, 2016). The Logic Model approach establishes a 'theory of change' which makes the logical connection between the context and rationale for investment, which justify the (financial and other) inputs into the project that then fund the activities carried out. Those activities have immediate outputs that are produced, as well as outcomes that logically result from the outputs, and longer term or larger scale impacts.

4.36 Importantly, outputs, outcomes and impacts will all have clearly defined targets against which success can be measured. The approach is used extensively and is UK government best practice in evaluating impacts of public investments in projects and programmes (HM Treasury, 2003; 2011). A recent review of the DCMS Taking Part survey (DCMS, 2016) established that more needed to be done in order to establish causal links to impact, including establishing good practice methods such as logic model framework based on a theory of change, while Arts Council England (ACE) also stated that more work needs to be done to formulate the ways in which arts can create added societal value.

4.37 Further support for the logic model approach within the arts comes from the Arts Impact Fund Insights from the first year (Nesta, 2016, p9):

“Robust theories of change and logic models around specific social outcomes remain unusual in the arts and culture sector compared with other social sector organisations. A generally low standard of evidence for the social impact produced by the sector is a barrier to keeping track of outputs and outcomes, the efficacy of particular interventions and the communication of impact. At the same time, some organisations have highly sophisticated approaches to capturing social impact data - typically these are the larger organisations with dedicated programme staff in place. Funders could have a convening role to share examples of best practice with those organisations that have less capacity; alternatively, organisations could consider how to sell their expertise to others through training programmes.”

“There is a need for more standardised metrics of artistic impacts that can fit into existing frameworks for measuring social and financial returns (thereby attracting social investment into the arts).”

#### Impact of Participation in Arts around the World

4.38 The Northern Irish assembly has collected evidence of impacts of art attendance for those who are socially excluded or from communities defined as working class (Northern Ireland Assembly, 2016). When considering international examples across the EU, we identified one paper with a particular focus on Belgium (Vermeersch & Vanderbroucke, 2014). They presented evidence that participation in the arts by poor children had especially significant effects, helping to counteract social isolation and engendering a sense of belonging. The causal mechanism was regarded as the mixing with other children from different backgrounds, thereby contributing to social innovation (evidence provided by Daly, 2012).

- 4.39 Recent work from Crossick & Kaszynska, (2016) for the Arts and Humanities Research Council has drawn out the differences that arise from alternative approaches to understanding arts impacts internationally. They mention a special issue of Cultural Trends journal dedicated to measuring cultural value, from which they found:

*Differences of emphasis and of substance are clear: the economic emphasis of Canada's Culture Statistics Program derives from its being based on satellite accounting data, and the focus on identity, social cohesion and diversity in the Cultural Indicators for New Zealand Project reflects a preoccupation with community outcomes, whereas Australia's Vital Signs was intended to accommodate social as well as economic impacts before being halted by political developments.*

- 4.40 While there has been some headway in unpacking and understanding the social impacts of the arts in Wales and the UK, and to some degree abroad, it is clear that much work needs to be done.



# 5

# Economic Productivity of the Arts Sector

## Summary Statement

- 5.1 The Arts sector is diverse and different art forms have different challenges in terms of their audience offer, which may be free or ticketed and differing needs in terms of working capital in set-up of performances. Challenges faced and relevant solutions therefore differ greatly, with some that are universal, but others more relevant to particular art forms.
- 5.2 Defining the Arts and delineating the boundaries of what constitutes the Arts sector is important. The recurring problem in studies of any sector, is that the organic real-world situation is not well suited to the official SIC statistical definitions. In considering the Arts there are confusion or conflation between definitions of Arts, Culture and the Creative industries. The creative industries have an agreed definition for the sector, which is used to produce regular statistical reports and the recent Culture White Paper has placed a requirement on DCMS to produce similar evidence for the Culture sector.<sup>10</sup> The essence of this issue is that definitions underpin debate and without clarity terms can be used too casually or interchangeably and consistent use of agreed definitions is important.
- 5.3 The Arts sector itself is small in Wales, representing just 0.3 per cent of the economy, represented by employment of 3,375 and a turnover of £123m. However the sector also creates further wealth through purchases of goods from other sectors and household spending, with a total footprint of 8,032 jobs and £234m in turnover after accounting for multiplier effects.
- 5.4 The Arts sector as a whole appears to be thriving, with strong growth in income and GVA and at higher rates than the rest of the economy.
- 5.5 However, this growth is not universal and it is likely that many organisations in Wales are contracting, drawing on reserves or requiring working capital to fill the gap, or reducing their costs and the service they offer.
- 5.6 Increasing the resilience of the sector is therefore a priority, rebalancing income streams and stabilising income. There are many examples of best practice, which help organisations to diagnose what intervention is appropriate (e.g. Arts Portfolio Wales Resilience Programme), as well as organisations sharing their own best practice (e.g. Pay what You Decide). Some of these solutions such as optimising ticket sales, or optimising assets only provide relevant solutions for some parts of the sector.
- 5.7 There are signs that the sector in Wales is, in some respects, rather better supported than England, with local authorities providing funding of £7.60 per head in Wales, compared with just £2.16 in England in 2015/16<sup>11</sup>.
- 5.8 Investment funding in the sector is needed for a variety of purposes including start-up, new projects, new processes, new buildings, R&D and working capital. Arts organisations are often unable to meet investment needs internally and require external support, mainly from grants, as most lack the ability to repay loans. Here, grant funders are offered the challenge of whether they are 'buyers or builders', with the implication that there should be rebalancing of funding to include ring-fenced budgets for investment.

<sup>10</sup>

Nesta (2016) Cultural Policy In The Time Of The Creative Industries

<sup>11</sup>

Wales Local Authority Arts Investment and Partnerships Survey 2015

12

www.artspromotional.co.uk/magazine/article/training-future-workforce

- 5.9 Although the sector relies on subsidies, it is worth remembering that it does contribute value to the rest of the economy through a multiplier effect and spillovers such as visitor spending. Spending in the supply chain and in households in Arts in Wales creates a further £0.99 in GVA for every £1 in the Arts Sector. There are also further spillovers in terms of potential gains to productivity, innovation and the visitor economy. The Arts workforce is well-paid and highly educated compared to the rest of the economy, and evidence suggests its training needs are also better met. Nevertheless the training offer has been criticised as being too supplier-led and off-the-shelf, rather than bespoke and responsive to employer (and self-employed) demand.<sup>12</sup>
- 5.10 For researchers, there are notable gaps in intelligence generally in the sector, with particular gaps in terms of an understanding of demand for training and demand for finance. In practice, this is circumvented by testing ideas in terms of finding out what works best, although gaps in assistance remain and overall we are ignorant of whether gaps are closing or widening. Furthermore, there is little official data available for Arts in Wales and much of this is the result of interrogating a large dataset for an incredibly specific purpose (Arts are only 0.3 per cent of the economy of Wales). Arts Council Wales hold a rich data on the Arts Portfolio Wales organisations they support and releasing this data in raw form would help answer many researcher questions. However, the gold standard of data for the sector would be a bespoke survey of all arts organisations, because data from supported organisations are by their nature exclusive.

## Introduction

- 5.11 This section draws together themes associated with the business of running businesses in the arts sector, including the scale of the economic contribution (4.1), the changing skills requirements (4.2), meeting the challenges of securing revenue income (4.3) and the supply and demand for finance (4.4). Much of this section draws on evidence from longstanding ONS time series for the UK, with tables for statistical regions including Wales and breakdowns by sector, including the Arts (SIC 90). These provide a consistent method over time against which to chart trends, but only produce survey-based estimates. This is especially true of the business economy and skills sections, where data collected for the whole economy can be compared with performance in the Arts. In the areas of revenue funding and investment finance reliance on Arts Council data is necessary, but this is very reliable, albeit excluding unsupported arts organisations. Relevant data sources include:
- Annual Business Survey (ABS) provides estimates of Employment, Turnover and GVA for the UK.
  - UK Business Register and Employment Survey (BRES) offers a better estimate for employment for Great Britain.
  - Annual Survey of Hours and Earnings (ASHE) provides estimates of hours worked and wage rates.
  - Employer Skills Survey (ESS) Probes employers on their skills of their workforce, skills gaps, Skills shortage vacancies etc.
  - Business Population Estimates (BPE) provides size band breakdowns and estimates of numbers self-employed.
  - Annual Population Survey (APS) is a household survey that includes questions from the Labour Force Survey and covers skills levels
  - Family Spending Survey (FSS) is a household survey charting family spending, including cultural consumption
  - Arts Council England NPO full dataset Raw data returns for NPOs

13

Sometimes so few observations are available that data is suppressed and where it is available estimates have large confidence intervals.

5.12 Overall a summary would be that the statistical evidence base for Wales, in terms of the business economy and skills profile, is sparse. In official ONS statistics this is because disaggregation for regions and specific sectors have very few observations<sup>13</sup>. Even though surveys such as ABS have more than 60,000 observations, estimates become unreliable for small areas for small sectors such as Arts. Data for the financial performance of the sector is available as the annual submission for NPOs for England, but parallel data for Wales is not publically available.

## The overall output of the sector and its constituents

5.13 The contribution of the Arts to the Welsh economy can be viewed in terms of the contribution of the organisations themselves, measured in terms of employment, turnover and GVA. However, focusing just on these direct economic benefits ignores the fact that Arts organisations also contribute to the rest of the economy, creating indirect benefits from their purchases and induced benefits from household spending.

5.14 The Annual Business Survey (ABS) provides a single standard source for commenting on trends in the UK for Turnover, GVA and a normal starting point for assessing the scale of any sector. ABS provides a time series from 2008, offering a pre-recession snapshot against which to compare current levels. This initial presentation of the business economy from ABS represents the direct economic benefits from the business itself and is discussed first, followed by the total economic contribution after adding multiplier effects and other spill over effects, especially those associated with visitors.

14

While some studies also include Book Publishing (58.11) and Sound recording and music publishing (59.2) we would view these as out of scope for this study. Similarly other related venues (Libraries and archives (91.01), Museum Activities (91.02), and Operation of Historic Sites (91.03)) are also out of scope.

5.15 An initial problem in any such study is that the Arts footprint is not neatly delineated in official statistical classifications and that there are crossovers in terms of creative and cultural industries. Overall, the guiding principles for inclusion are that the activity is eligible for support by Arts Council Wales and relates to the research themes of Sections 3 and 4 in either hosting art or producing art for live consumption by audiences<sup>14</sup>. The core activities for Arts are therefore given by the two-digit SIC 90, which comprises: Performing Arts (90.01); Support Activities (90.02), Artistic creation (90.03), and Operation of Arts facilities (90.04). The definition therefore describes Arts activities, but not cultural or creative industries. Insofar as creative industries are included, our approach is to recognise the synergies with creative industries in terms of exchanges with the sector including trading and shared skills development.

5.16 At the atomic level of individual entities, there is also the challenge of whether the Arts activity is separated from other commercial activity (on-site café, conference facilities etc.) in terms of an arts company registered as a charity with a separate trading company. Therefore the output of many arts organisations is systematically undervalued.

5.17 A further caveat is that data is mostly available for employers and their employees, while acknowledging that many jobs in the sector are self-employed and a substantial number of volunteers.

5.18 Although ABS is a survey designed for the whole UK economy, with a very large dataset of 62,000 it ceases to be reliable below 2 digit SIC divisions in regions, and even at this level there are large confidence intervals. In 2014, Welsh data was available for Creative, arts and entertainment activities, but for GVA this resulted in an estimate of £25m±£18.4m.

- 5.19 Despite, this problem in interpreting the data, it is evident that the sector has grown in Wales, with turnover doubling from £63m to £123m over 2008-14.
- 5.20 Employment in the Arts sector in Wales has increased by 38 per cent over 2009-15, compared with 17 per cent across the rest of Great Britain. Over the same period employment growth in the rest of the economy was only 4 per cent. Employment in the sector is also relatively low, accounting for as few as 0.3 per cent of jobs in Wales. The sector is also characterised as having a greater proportion of part-time jobs, with 39.3 per cent of the workforce working part-time in 2009, rising to 42.7 per cent in 2015.

Table 5.1 Employment in Arts businesses in Wales

	2009	2015	per cent Change 2009-15
Performing arts	1,000	1,250	25 per cent
Support activities to performing arts	40	225	463 per cent
Artistic creation	500	900	80 per cent
Operation of arts facilities	900	1,000	11 per cent
<b>Total Arts</b>	<b>2,440</b>	<b>3,375</b>	<b>38 per cent</b>

Source: ONS Business Register and Employment Survey (2009-15), ERS Analysis

- 5.21 Evidence from ACW Arts Portfolio Wales suggests a very different picture, whilst also providing data on volunteers. In their 2013/14 Arts Portfolio Wales survey, returns suggest that 22 per cent of the total workforce are volunteers, with growth of the volunteer workforce of over 25 per cent. They suggest a substitution of volunteers for paid staff, with 3 per cent fewer paid staff over the same period. If this is a trend, it is distinctly different from the ABS data for the sector and may just be a brief blip in the snapshot resulting from comparison of two successive surveys and scrutiny of a longer time-series would reveal the longer term trends. One might also specifically investigate which jobs volunteers were taking and whether they were filling the posts of those previously employed. This did, however, become a news story that reported the facts, but may be somewhat alarmist in not contextualising the data.

## Context of recovery after recession in UK

5.22 Much richer data is available for the UK, relating to the number of establishments, income and GVA. This presents a clear narrative of a sector, that was affected by the recession, but has since recovered and is now performing much better than pre-recession levels. The headline figures for the sector, showed a growth in establishments of 2 per cent, compared with pre-recession levels, but an increase in income of 34 per cent and an increase in GVA of 58 per cent. Arts employment in Great Britain grew by 17 per cent, compared to 38 per cent in Wales. Therefore, there is much to be encouraged about for the sector as a whole and if employment in Wales is representative of other performance then the sector as a whole in Wales appears to be thriving.

Table 5.2 UK Arts sector performance (2008-15)

	2008	2009	2010	2011	2012	2013	2014	2015	per cent Change 2008-15
Establishments	28,550	28,483	28,129	28,371	28,652	28,429	28,379	29,932	2 per cent
Income (£m)	7,403	6,446	6,329	7,085	7,457	8,367	7,933	9,911	34 per cent
GVA (£m)	3,305	3,348	3,039	3,633	3,796	4,072	3,985	5,214	58 per cent

Source: ONS Annual Business Survey (2008-15), ERS Analysis

5.23 Importantly, the sector also prospered in comparison with the rest of the economy. For the rest of the economy one of the major stories has been the growth in the numbers of smaller businesses, such that the stock of businesses increased by 12 per cent across 2008-15, while there were only 2 per cent more arts businesses.

5.24 While the number of organisations has not grown substantially, the nominal income of the sector has grown considerably between 2008 and 2015. In 2015, the income of arts businesses was £9.9bn, a nominal increase of 34 per cent since 2008. The increase is obviously more modest in real terms, but over the same time turnover across sectors excluding financial services only increased by 15 per cent overall. The recession did affect the sector though, with recovery of 2008 income only being achieved by 2012 and total income has picked up considerably in the following years.

5.25 The Gross Value Added (GVA) represents the economic value created by the sector itself and shows that GVA increased by 58 per cent over 2008-15, compared with only 28 per cent for the rest of the economy, excluding financial services. A further observation is possible by examining turnover and GVA together to calculate the amount of GVA created per £1 of turnover. This shows the sector to be stronger in creating more direct GVA within organisations. In 2008, there was 44.6p per £1 of turnover, but by 2015 this had increased to 42.6p per £1.

## Indirect and induced effects

- 5.26** In addition to the direct economic effects of the trading of arts businesses, there are also further benefits associated with the indirect and induced spending of these businesses. Indirect benefits relate to the procurement activities of organisations and the extent to which their purchases help support other businesses, while induced benefits see further boosts to the economy through spending by employees. These multipliers are always estimated for the sector and not produced as a series of official statistics and some of the best evidence for the sector comes from the CEBR reports.
- 5.27** The multiplier for output (similar to, but not the same as turnover) for Wales was 1.90, with £0.90 of indirect and induced benefits for every pound. The multiplier for GVA was £1.99, with £0.99 of indirect and induced benefits for every pound. The multiplier for employment was £2.38, with £1.38 of indirect and induced benefits for every pound. The important message here, is that the economic value of the sector should be conceived of in this broad sense of how arts connects with other parts of the economy and provides additional benefits beyond its direct impact.
- 5.28** English regions such as the East of England and North West manage to retain more of their spending in the region, suggesting that they have more of a self-contained economy. This may be due to availability of suppliers, rather than an absence of a 'buy local' ethos. Either way the Welsh Arts economy would be strengthened by a wider range of suppliers and local buying which would improve the multiplier.

## Economic Spillovers

- 5.29** In addition to some of the societal benefits discussed in Section 3 (education, health, employability) that have been attributed to the arts, it is also possible to discuss more readily quantifiable economic impacts. CEBR (2013)<sup>15</sup> put forward three possible contributions: increased productivity of the workforce; strong synergies of Arts supporting other creative industries and benefits to the visitor economy. Intuitively, one can accept a contribution in each of these areas and some tangible links can be made. However, reliable measurement of productivity gains or synergies with creative industries has not been conclusively demonstrated, whereas visitor impacts are routinely measured across the sector.
- 5.30** Much of the argument concerning gains to creativity concern arts education and partnership with schools, where deeper links are made with participants than with general audiences. The idea of developing a workforce with improved creative thinking is all the more important in the new knowledge economy. Higher cognitive abilities at age 10, have been demonstrated to pay wage premiums at age 30, 34 and 38<sup>16</sup>. In terms of arts education, this is demonstrated by a return from higher education, where graduates earn a premium of 35 per cent more than non-graduates<sup>17</sup>. Causality has been demonstrated to some extent, but accurate estimation of the value for the arts economy is not possible.
- 5.31** Naturally, there are transactions between arts and creativity and these are quantified by CEBR, but these are also already captured in purely economic terms by the multipliers. The suggestion for synergies with the creative sector are that there are spillovers, helping to drive practice in the creative sector through arts-inspired innovation. The influences of the arts here can be clearly attributed, but less easily measured.

15

Centre for Economics and Business Research. (2013). The Contribution of the Arts and Culture to the National Economy, (May), 114. Retrieved from [http://www.artscouncil.org.uk/media/uploads/pdf/CEBR\\_economic\\_report\\_web\\_version\\_0513.pdf](http://www.artscouncil.org.uk/media/uploads/pdf/CEBR_economic_report_web_version_0513.pdf)

16

Crawford, C. and Cribb, J. (2013), 'Reading and maths skills at age 10 and earnings later in life: a brief analysis using the British Cohort Study', Centre for Analysis of Youth Transitions Impact Study: REPO3.

17

ONS Labour Force Survey (2012), Graduates in the Labour Market Report and Cebr analysis.

5.32 The case for the contribution to the visitor economy is much stronger in terms of the ability to measure impacts and the frequency with which this is undertaken, for individual organisations and the arts sector as a whole. Underpinning these impacts are assumptions made from survey responses that indicate that tourists indicated their main reason for their visit was attending an arts or cultural attractions, or that this formed an important part of their trip that served to increase the length of visit. Analysis draws together the number of additional visitors that result from tourism and their average spend and credits this and a multiplier to the sector.

5.33 Estimates of the size of the visitor economy resulting from the arts<sup>18</sup> was £860m in 2011, increasing to nearly £1bn, based on 2013 evidence. CEBR note that London captures much of this benefit, but that growth outside the capital is also evident. A parallel exercise for Wales has not been undertaken, but the data exists to do so.

#### Conducting your own Economic Impact Analysis

5.34 Although resource intensive it is possible for organisations to do their own Economic Impact Analysis. In its simplest form this involves taking the organisations own financial performance data and applying proxies, using secondary data, but this could also involve more time-consuming calculations to calculate bespoke multipliers for the organisation itself. There exist some guides to help organisations do this themselves<sup>19</sup>.

## Skill levels in the arts labour market

5.35 There is some value in further exploring the anatomy of the labour market of the Arts sector before considering skills and skills development. Unfortunately, most of this data is not available for Wales and instead insights must be gleaned from a more general survey of Arts vis-à-vis the rest of the economy in the UK. The broad story here is of a highly educated and well-paid workforce, but working mainly in a self-employed capacity or in smaller businesses.

5.36 BIS Population estimates<sup>20</sup> show that the sector is characterised by having a very high proportion of self-employment, with 94.2 per cent of UK Arts businesses having no employees, compared with 75.9 per cent in the rest of the economy. This contrast is clearer expressed as the proportion of individuals working in the sector, where 74.4 per cent work for themselves, compared with just 17.3 per cent in the rest of the economy. The implications for training are that the workforce is largely responsible for its own skills development, rather than having the driving impetus of an employer.

5.37 Furthermore, there are no large employers in the sector, compared with 40 per cent in the rest of the economy. Instead employment in the sector is also characterised by working in SMEs, especially micro businesses, which are known to face challenges in accessing external training and tend to underinvest in this area.

5.38 The workforce does tend to earn more, with average annual salaries being £32,029, compared with £28,296 for the rest of the economy (ASHE, 2015). Part of this explanation of higher earnings is related to a graduate premium. The arts workforce are more highly skilled than the rest of the workforce and on a par with others in the creative sector. Data from the Annual Population Survey While only 32 per cent of the whole workforce have a degree, 57 per cent of staff working in Museums, galleries and libraries and 61 per cent of music, performing and visual arts employees are degree qualified.

<sup>18</sup> England, A. C. (2015). Contribution-of-the-arts-and-culture-sector-to-the-national-economy-CEBR-July-2015.pdf. Contribution of the Arts and Culture Industry to the National Economy, (July). Retrieved from [www.artscouncil.org.uk/media/uploads/Contribution-of-the-arts-and-culture-sector-to-the-national-economy-CEBR-July-2015.pdf](http://www.artscouncil.org.uk/media/uploads/Contribution-of-the-arts-and-culture-sector-to-the-national-economy-CEBR-July-2015.pdf)

<sup>19</sup> [www.artscouncil.org.uk/sites/default/files/download-file/Measuring\\_the\\_economic\\_benefits\\_of\\_arts\\_and\\_culture.pdf](http://www.artscouncil.org.uk/sites/default/files/download-file/Measuring_the_economic_benefits_of_arts_and_culture.pdf)

<sup>20</sup> Only available for Wales for broad sector of Arts, Recreation and Culture (SIC 90-96)

## Skills development

5.39 Clearly the Arts workforce are highly educated, but these HE qualifications are often entry-level qualifications for many jobs, with subsequent development of the workforce presenting a challenge for employers. Ultimately there is something of a mismatch between supply and demand, with there being demand for specialised training, but off-the-shelf generic training offer.

5.40 Evidence from DCMS<sup>21</sup> provides an analysis of the Employer Skills Survey (ESS) for Creative Industries in the UK, suggesting that the uptake of training is high for some parts of the sector and that skills gaps are less than other parts of the economy. It reports that businesses in the Creative Industries were slightly less likely to have provided internal or external training for employees in the past 12 months, compared with organisations outside the Creative Industries (63.4 per cent compared with 65.9 per cent). This varied across the sector, with 85 per cent of museums, galleries and libraries organisations providing some training in the past 12 months, compared with 24 per cent of Crafts businesses providing training over the same period. However, it is far from certain that this training is targeted and relevant, although ESS also finds that businesses in the sector reported fewer problems in employees carrying out their work, with 12.0 per cent reporting a skills gap compared to 15.6 per cent of businesses outside the Creative Industries. Ultimately, the sector may face challenges in sourcing appropriate training, but it would appear not to face relative disadvantages compared to the rest of the economy.

5.41 Creative and Cultural Skills (CCSkills) is the Sector Skills Council with responsibility for the sector and covers the much larger footprint of the whole of creative industries. As an employer-led body they are critical of the status quo and want more demand-led provision:

“Our sector does not use qualifications or accredited training to up-skill its workforce, but much of the funding available to employers, via initiatives such as Train to Gain, is linked to qualifications. CCSkills wants to change this. Our NSA is trying to solve a number of problems: the over-supply of further and higher education courses for performers and artists, with little provision that meets real skills gaps and employment needs; the lack of industry wide influence on higher and further education provision; and the lack of industry endorsed professional development frameworks across the sector.”<sup>22</sup>

5.42 New work by CCSkills has seen the development of apprenticeships for the sector, to provide alternative entry points, other than the graduate route<sup>23</sup>. Other important streams of activity include: professional development, management and leadership, diversity, careers advice, creativity education in schools, qualifications reform and business and entrepreneurial skills and the need for ongoing labour market information, especially regarding the demand for skills.

21

DCMS (2015) Creative Industries: Focus on Employment. The employer skills survey provides publicly released data that is too generic (SIC 90-96) and consequently secondary sources are used instead in the rest of this section.

22

[www.artsprofessional.co.uk/magazine/article/training-future-workforce](http://www.artsprofessional.co.uk/magazine/article/training-future-workforce)

23

[ccskills.org.uk/supporters/advice-research/article/building-a-creative-nation-putting-skills-to-work](http://ccskills.org.uk/supporters/advice-research/article/building-a-creative-nation-putting-skills-to-work)

- 5.43 This last point is pertinent for the Arts sector in particular, where more demand-side labour market information would be helpful and in a disaggregated form for the Arts, rather than for the overarching grouping of the Creative sector in order to inform the development of relevant training for the sector.

## Income for arts organisations

- 5.44 The sector typically classifies income sources as falling into three distinct categories: Earned Income, Contributed Income and Grants. While the analysis of section 5.1 showed only income totals, it is possible to draw on Arts Council returns and other data to comment on the relative contribution of different sources of income. This section presents analysis on the changes over time for elements of income, including some analysis by art forms.
- 5.45 ACW data is collected from participating organisations, but not available in the same accessible form as ACE data. Simply tabulating results in a spreadsheet as ACE do, showing the columns of data for each survey question and individual responses from each NPO/RFO as rows. This would enable access for researchers and interested practitioners to conduct their own analysis. A tendency within the research community is to tend to offer relatively expensive front-end interfaces to data and pre-programmed crosstabulations, but this serves to limit access and limit interrogation of the data. Arts in Wales would be better served by simply releasing the raw data for participating Arts Portfolio Wales.
- 5.46 One advantage of analysis of microdata is the ability to view the components of change, to show a more nuanced picture of the sector, which reports average growth, but hides contraction for a substantial proportion of the sector. Overall, the 700 ACE supported organisations had an income of £1.7bn in 2014/15, growth of £25m (1.5 per cent) on the previous year. At a headline level results are therefore encouraging, but income only increased for 56 per cent of supported organisations. For those with increased income the additional income was an increase of £101m, equivalent to a 13 per cent rise. For those with less income, they had £76m less than in 2013/14, equivalent to an 8 per cent decrease. Reporting of performance might also usefully report this sort of analysis, alongside the headline figures to show some organisations do face challenges.

### Analysis by art forms

- 5.47 As in the previous section, only England data is readily available by art form; the following analyses could be replicated for Wales if ACW data were made available. The Arts sector comprises a diverse range of businesses, some of which sit at the commercial end of the spectrum (e.g. some theatres) and are fully able to meet outgoings through income from their audience, whereas others operate in a medium where a free good is expected by the audience (e.g. art gallery) and some subsidy is necessary.
- 5.48 The richest data on the sector comes from Arts Council England supported organisations, which present a standard time-series and with a 99 per cent return and recurrent funding for organisations, effectively creating a panel-survey. Inevitably, reliance on this means that some of the more commercial providers are excluded, creating a false picture of the sector, which suggests rather greater dependence than is the case. Nevertheless the results of this relatively large scale study correspond to other findings elsewhere regarding total income and the different sources of income.

- 5.49 In the sector breakdowns are generally presented for some of the main funders and then the share from earned income from sales for services, and contributed income resulting from donations (individuals and corporations) where a service has not been rendered.
- 5.50 Data from ACE NPOs shows that across the three years from 2012/13 to 2014/15 total income had increased by only 2.9 per cent, while earned income had increased by 5.2 per cent. Contributed income had also increased by 8.2 per cent suggesting a good response from the public in making up what would otherwise be a shortfall. Public funding had decreased overall, with local authority subsidy falling by 12.8 per cent and other public subsidy by 7.1 per cent. Funding cuts from central government have affected most budgets to support frontline delivery.
- 5.51 Arts Council England data also provides a breakdown of the different shares of income by type of art forms. Across all art forms, the average level of earned income was more than 50 per cent and was very close to 50 per cent for each art form, except for some of the miscellaneous group (13 per cent) and visual arts (34 per cent). The balance of incomes is sought from other sources and the precise mix varies, with local authority subsidy varying from just 1.0 per cent (non-art form specific) to 8.9 per cent (visual arts) and contributed income varying from 9.0 per cent (Dance) to 16.8 per cent (Theatre) and other funding generally smaller from 0.5 per cent (Theatre) to 16.6 per cent (non-specific art forms). Naturally, the Arts Council contribution is somewhat overstated for in this analysis, but serves to make up the shortfall, with contributions of between 23.6 per cent (Theatre) and 58.3 per cent (Non art form-specific).

#### Earned income

- 5.52 Earned income, covers one-off transactions associated with consumer ticketing, purchases etc. and sales to business, as well as some service contracts, notably for the purposes of education. As above, the following analysis use England data and could be replicated in Wales given access to ACW datasets.
- 5.53 Between 2013/14 and 2014/15 earned income had increased by 3.5 per cent across ACE NPOs. Again, just like the headline figures this was not universal, with only 56 per cent experiencing an increase. Again, drilling down into the components of change saw those growing increasing by £77m (13 per cent), with those contracting, seeing income fall by £45m (-15 per cent).
- 5.54 Another way to consider earned income purely from the view of consumers is to move away from funders' own surveys and consider the amount that households spend on arts. The ONS Family Spending Survey is a standard resource for examining household expenditure, but uses instead a slightly larger category of recreation and culture, including a similar type of discretionary leisure spending, albeit on a slightly different basket of goods.
- 5.55 Spend on recreation and culture took a noticeable dip after the recession (2008-10), with a recovery to higher levels than pre-recession levels in real terms by 2011, which has been sustained. The nominal household expenditure in Wales on recreation and culture shows an increase from £52.60 to £61.50, an increase of 17 per cent, growing faster than the England average, which remains higher at £64.30, but grew by only 10 per cent over the same period and surprisingly higher than London £60.50.



Figure 5.1 Weekly expenditure on recreation and culture, 2006-13 (2013 prices) [ONS Family Spending Survey UK]

## Grants

- 5.56** The richest data for grants is from funders, although this only reports on ‘winners’, rather than unsuccessful applicants. Data from ACE and local authorities are however very thorough and provide a picture of the resource available to the sector in England.
- 5.57** Local authorities are regularly surveyed in the Arts Development UK/Arts Council of Wales Local Authority Arts Investment & Partnership Survey. The findings in 2015/16 show some levels of divergence between England and Wales. Not only are they substantial funders and shapers of their local arts ecosystem, but they are also often directly involved in the operation of venues and services in the locality. The overall challenge for local authorities is that this is not a statutory service where they face the challenge of meeting targets and consequently the service in some instances has ceased, freeing up resource for those departments which are obliged to provide statutory services (e.g. transport, social care etc.). In August 2015, 136 local authorities in England (39 per cent) had no dedicated arts officer and no direct arts service compared with only two services in Wales (9 per cent), suggesting greater resilience in maintaining a service in the face of austerity.
- 5.58** Changes in budgets are best interpreted in terms of arts spend per head. In England this had changed very little, from £2.17 in 2014/15, to £2.16 in 2015/16. However, in Wales the relative changes are more severe, with a fall of 13 per cent from £8.74 in 2014/15 to £7.60 in 2015/16. Taking the same panel of ten Welsh authorities responding to surveys in 2013/14-2015-16, the average budget had fallen by 32 per cent, from an average of £780,000 to £530,000.

5.59 Staffing and the costs of operating council-run venues absorb much of these costs. The amount spent on directly managed venues increased from 37 per cent to 45 per cent, perhaps because their own venues were less able to source finance from elsewhere. This had resource implications for other venues, with smaller shared of the decreased budget going to ACE/Arts Portfolio Wales (18.6 per cent to 15.7 per cent) and other organisations (10 per cent to 5.1 per cent). Community Arts also suffered with a fall from 6.3 per cent to 2.8 per cent of budgets.

#### Project finance and alternative finance

5.60 In addition to securing ongoing revenue for maintaining core services, Arts organisations also engage in other time-limited projects, which need to be supported financially. Some of this discretionary activity will be directed specifically towards achieving educational, health or other outcomes, but will usually be funded by an additional grant that is ring-fenced for this purpose.

5.61 Social impact bonds represent an emerging area of policy where funding is provided conditional on the achievement of social outcomes. This is relatively untested for the arts, although in Section 4 we identified some improvements in outcomes resulting from arts interventions and ultimately this may become a method of funding some aspects of the arts, albeit through project work, rather than as core-funding.

5.62 A new Challenge Fund for the Arts in Wales is to be launched soon, which builds on the existing WCVA Wales Wellbeing bond. This would be an outcome-based funding scheme and present new opportunities for the sector to provide an innovative revenue stream and explore the links between improved social outcomes and arts participation.

#### Impacts within the sector

5.63 Where the hosting of arts faces financial challenges, their role in the supply chain can also be considered in terms of how they are able to continue working with artists across this time. Better data exists for venues than for individual employees working within the sector and there are complications in interpreting data in the absence of fixed points of reference and a time series.

5.64 One source of evidence is local data from our own annual Economic Impact of Newcastle Gateshead Cultural Venues. In calculating economic impact, a wide range of data is sought from members which includes value of contracts with artists and technicians. The same venues have been members across this time, so this shows the changes in their purchasing behaviour. In nominal terms there has been a slight increase in income over this time, but more importantly for artists, their share has increased, meaning that value is being passed through the supply chain.

Table 5.3 Spending in the supply chain on artists

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Expenditure on artists	28,550	28,483	28,129	28,371	28,652	28,429	28,379
Income	7,403	6,446	6,329	7,085	7,457	8,367	7,933
Artists share ( per cent)	3,305	3,348	3,039	3,633	3,796	4,072	3,985

Source: ONS Annual Business Survey (2008-15), ERS Analysis

24

[www.missionmodelsmoney.org.uk/sites/default/files/28029099-Case-Story-Part-1-How-a-group-of-organisations-can-grow-income-streams-MMM-2010\\_3.pdf](http://www.missionmodelsmoney.org.uk/sites/default/files/28029099-Case-Story-Part-1-How-a-group-of-organisations-can-grow-income-streams-MMM-2010_3.pdf)

### Increasing and diversifying income

- 5.65 Advice from Missions Models Money<sup>24</sup> presents five ideas on how organisational behaviour might be changed to diversify or increase flows of money. These and other ideas can be somewhat exclusive, ruling out the majority of organisations who lack land and buildings or intellectual property.
- 5.66 The short section on contributed income showed that 19 per cent of ACE NPOs did not record any form of donations, 23 per cent received no gifts from Trusts and 51 per cent did not secure any funds from sponsorship. Any money sought from philanthropy requires time and effort, which is possible in a larger organisation with a dedicated resource. Smaller organisations lack the resource or expertise to secure such funds, giving rise to the idea of collective effort and pooling of resources across members.
- 5.67 Marketing expertise and Intellectual property is another route to earned income. Where organisations own commissioned work they can exploit this asset through licensing, although this can in practice be difficult.
- 5.68 Developing new customer offers in the form of cafes and shops has for some time been a successful strategy for many organisations and there may be limited scope for further exploitation.
- 5.69 Acquiring an investment property portfolio can help provide an alternative income stream, but this is difficult in that it requires a sufficient surplus and also brings new problems of additional maintenance and insurance and finding tenants and managing the property.
- 5.70 Collaborative working is also possible in exploring new income streams. This can be within the sector or in other sectors, such as partnerships with education in the development and delivery of new courses, which provide additional income to both parties.
- 5.71 Ticketed performances offer several different opportunities for earning more, principally selling higher volumes of tickets and extracting more value from sales. Two good examples are from ARC Stockton and LSO Student Pulse.
- 5.72 One idea for ticketing is the adoption of a Pay what You Decide model, which serves to respond to financial and social inclusion agendas. By abolishing fixed prices, entry for those with lower incomes is possible, while also potentially capturing higher value from those able to contribute more. An exercise carried out by ARC Stockton found that audiences increased by 34.5 per cent, income by 52 per cent, average ticket yield by 32 per cent and new audiences by 31 per cent and the six month trial was extended.
- 5.73 Shiftt in Wales (and LSO Student Pulse in England) provides access to student discounts, rewards and other benefits in an effort to reach out to a new audience. In England, a new mobile app was developed for this purpose and has helped sell 82 per cent of unsold tickets at discounted prices. The initial design for London Symphony Orchestra and the Aurora Orchestra is now offered through twelve different orchestras and venues.

- 5.74** A final remark is that much of the support landscape requires almost perfect knowledge of organisations to both diagnose their problems and articulate their proposed solutions to funders. This presumes that organisations have the management capability to already undertake such an exercise. It also presumes that the support offer meets the needs of the applicant. Initiatives such as the Arts Portfolio Wales Resilience Programme take a demand-led approach by allowing the organisation to explore how they might be best helped, which could mean advice, rather than financial support.
- 5.75** While each of these ideas work towards an agenda of improving income, advice in this area can have a myopic focus that may neglect the unintended consequences of adopting any of these ideas. Adoption of new activity and additional income streams can potentially cause mission drift in arts organisations, as their essential purpose becomes compromised by following this income generation agenda. In this respect, both management and trustees may be correct in being cautious of potentially destabilising effects of pursuing an agenda of diversifying income.

## Investment

- 5.76** While the previous section dealt with the recurring issue of securing revenue year-on-year, this section addresses the need for financial investment in the sector and the associated challenges of raising finance.
- 5.77** The fundamental nature of the sector in being heavily dependent on subsidies for revenue, spills over into the demand for finance and because of the constraints of revenue there can be issues with low margins and therefore small reserves and an inability to reinvest surpluses and a need for external finance. There are also issues with financial literacy as well as governance issues and the attitude of trustees.
- 5.78** Although external finance is only necessary where organisations are unable to support activity from their own funds, there is evidence that arts organisations lack substantial reserves and face cashflow challenges that mean that external finance is the only viable option.
- 5.79** Overall, knowledge of the supply and demand for finance for arts is relatively limited, with scant research on the finance market for the sector. The weak evidence base is in turn reflected in the approach of strategies for the sector, which advance propositions and pilot schemes to help test and develop new forms of finance to establish an evidence base of what works.
- 5.80** Our review of literature and support programmes is only partial but would suggest that some of these funds are highly specific (e.g. Digital R&D Fund for the Arts). Although such schemes would appear to have good outcomes they do not address more generic and typical investment that all businesses face and to the extent that there are gaps in access to finance it may be the more mundane areas such as working capital and renewing the fabric of buildings and there may be a special gap with regard to start-up finance.
- 5.81** The weak evidence base also means that it is difficult to gauge the unmet demand for finance, but there is certainly some market failure and a need for further intervention by public funders. Some of this could take the form of new models of funding, such as matched crowd funding or Arts Impact Bonds, analogous to social impact bonds.

5.82 Finally, there is work to be done with arts businesses themselves. Research from Mission Models Money suggests “arts and cultural organisations tend not to think in terms of investment or the financial dynamics of their organisations”. Some of these demands include the scope for increasing working capital, development capital and provision for the worst case scenario of winding up the organisation.

#### What is finance used for?

5.83 A useful starting point is to consider the typical demand for finance from arts organisations, and what they need finance for, rather than starting with the supply of finance.

5.84 The Nesta/ACE Art Impact Fund has been able to help a small number of Arts organisations, across a range of settings with a variety of finance needs. These examples are illustrative and serve to show the broad variety of purposes to which finance may be put:

- Theatre refurbishment and introduction of renewable energy heating systems
- Bridging finance for a new venue capital project.
- 24-month credit facility to be used for property acquisitions.
- Refurbishment of gallery space as well as updating and repurposing retail and catering spaces to drive revenues.
- Fit-out costs for a commercial hospitality venture wholly owned by a theatre charity
- Start-up working capital for a commercial IP licensing venture wholly owned by a gallery charity.
- Development capital for a multi-purpose arts centre spinning out from the local authority.
- Property refurbishment creating a venue for a new education programme.
- Start-up working capital for a digital content production venture wholly owned by a theatre charity.

5.85 There are also R&D funds for the sector<sup>25</sup> and this is justified as it represents a major area of market failure, since by its nature it includes risk, with both uncertain outcomes and uncertain returns. Supporting experimentation, does mean some failure, but the successes move the sector forward by trialling innovative ideas that would not have otherwise been considered.

5.86 Capital Matters notes that more nuanced data is necessary to build an understanding of particular circumstances in terms of “different stages of their life cycle, such as start-up or growth, and different types of activities such as touring or education and training.”

#### Constraints within the arts investment landscape

5.87 Some of the issues in arts investment are concerned with the constitution of arts organisations themselves. These barriers include restrictions on making a financial profit, restricted revenues, holding excessive reserves as a charity, prohibitions on borrowing, and the need to create a new venture in order to enable third-party investment. Yet it is also recognised that it is “rare for people working in charitable arts organisations to launch entirely new ventures in a way that enables third-party investment”<sup>26</sup>. Resources (time and money) need to be allocated by organisations to make this transition, or else lose out on some of the opportunities available.

<sup>25</sup>  
Nesta offers several R&D schemes, some specifically targeted on Welsh Arts businesses. Digital Innovation Fund for the Arts in Wales

<sup>26</sup>  
Nesta (2014)  
The New Art of Finance

- 5.88 From a funders' perspective it is clear that a grant should cover specific activities and support those, rather than permit a surplus for the host and this is a common approach across similar enterprises (e.g. Universities). However, from an organisational perspective earned income from grants does not help build a surplus.
- 5.89 Restricted revenue can be an issue where some portion of income comes from particular sources it is specific about what expenditure is permissible. While earned income offers some freedom, grants from the public sector and trusts may not, and this therefore disproportionately affects those with the lowest earning potential.
- 5.90 Not only are there actual barriers from the constitution of Arts organisations but there can also be psychological barriers, where trustees have been described as being too conservative and business plans also too cautious:

“The arts and cultural sector on the whole tends to exhibit an excess of conservatism in its business modelling, which may be a factor in precluding investment. Whilst business modelling designed to attract commercial venture investment can occasionally err on the side of exuberance, it would be detrimental for arts and cultural organisations to move too far in the other direction, and underexplore or undersell an idea to their Board and/or funders, thus potentially narrowing their financing horizons.”

- 5.91 There are also some other fundamental structural barriers such as the inability of the sector to secure conventional R&D tax relief, given HMRC rules, which exclude arts:

“Your company or organisation can only claim for R&D Relief if an R&D project seeks to achieve an advance in overall knowledge or capability in a field of science or technology through the resolution of scientific or technological uncertainty<sup>27</sup>... Science does not include work in the arts, humanities and social sciences (including economics)”

- 5.92 More generally though, this ethos is applied across government, such that innovation schemes to provide grants for R&D follow the same basic principle of supporting science and technology, but not the Arts<sup>28</sup>.

#### Demand for Arts funding

- 5.93 The main evidence for the demand for arts funding in England comes from bespoke analysis of the ACE NPO surveys<sup>29</sup>. This presents evidence for several important questions testing the extent to which arts organisations are financially fit. They considered working capital, development capital and reserve capital and access to external investment.

<sup>27</sup>

Corporation Tax: Research and Development tax relief

<sup>28</sup>

Gov.UK Innovation

<sup>29</sup>

Mission Models Money  
Capital Matters ACE NPO  
dataset analysis

- 5.94 Levels of working capital were very low. The likelihood of having less than 12 weeks of cash was between 40 per cent and 70 per cent.
- 5.95 For external finance, the adopted measure was expressed as a percentage of turnover, which stood at less than 5 per cent for most organisations and this was viewed as low.
- 5.96 A ratio of unrestricted reserves to turnover is a crude measure of self-funding ability. Across art forms almost 70 per cent of organisations hold less than 12 weeks turnover in reserves. The judgement of MMM was that this would require levels of at least 12 weeks to wind up and in excess of 20 weeks in order to withstand change and provide some scope to safely make an investment using their own resources and fewer than 20 per cent were in this fortunate position.
- 5.97 This all varies across different art forms as a direct function of how they operate. Music and dance companies often retain a group of professionals as a fixed cost, which drives the need for increased levels of working capital. Theatre and Dance companies need to commit significant development capital to develop new productions before they can receive income. Visual Arts are require less people to produce and might require less working capital. Art forms with few substantial outputs across the year will have very irregular income flows and need working capital to see them through the lean months.

#### Supply of Arts Investment funding

- 5.98 In considering the supply of finance, grants again form a logical starting point. It remains the case though that they are largely for revenue purposes, not for investment, but research calls for a rethink, with the suggestion that funders should consider whether they are 'builders' or 'buyers'. All funders should therefore reflect on helping build the financial resilience of organisations they want to support, alongside the revenue funding. This may include the development of ring-fenced budgets and the creation of new schemes with this very purpose in mind.
- 5.99 A further point relating to grants is the fact they are very often paid in arrears, which in effect means the arts organisations help cashflow the funders. Again this is not unusual in the public funding realm, but some accommodation would greatly help arts organisations.
- 5.100 In those few cases where there is a development prospect with commercial potential then grants have been converted into other products, namely profit-sharing agreements, loans or equity.
- 5.101 In the wider economy loans would be the default means of seeking external finance, but present some problems for the arts sector, in terms of few funders making such an offer and few organisations seeking it. The Arts Impact Fund is in part a normal loan scheme, offering repayment of the capital plus interest at 4-7 per cent per annum. The loan has important features for borrowers, with a below market interest rate and the fact that it is an unsecured loan, meaning that no assets are required as an offer of security.

5.102 We observe that the loan repayment term may be too short at five years and that the minimum amount of £150,000 is too high for many smaller organisations. However, longer repayment terms and lower loan amounts could affect the viability of the fund.

5.103 The loan also has some aspects of a social impact bond, in that some evidence of demonstrable social impact is required, which in part justifies the lower interest rate.

5.104 Crowdfunding is also discussed as an option for the sector, in particular the matching of crowdfunding with public support and Nesta is currently offering to support such proposals. Although untested Nesta speculate<sup>30</sup> that there are impacts beyond finance, suggesting that there may be spillovers, in terms of opening access to networks, skills and volunteer work from the crowd itself.

---

<sup>30</sup>

[www.nesta.org.uk/blog/matched-crowdfunding-arts-and-heritage-sectors#sthash.veS3Shjz.dpuf](http://www.nesta.org.uk/blog/matched-crowdfunding-arts-and-heritage-sectors#sthash.veS3Shjz.dpuf)

# Bibliography

Amgueddfa Cymru - National Museum Wales (AC-NMW). (2016).

*Pioneer Area Programme Pilot Year Evaluation Final Report*. Retrieved from <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>

Andrews, K. (2014).

*Culture and Poverty Harnessing the power of the arts, culture and heritage to promote social justice in Wales*. Retrieved from <http://gov.wales/docs/drah/publications/140313-culture-and-poverty-en.pdf>

Annabel Jackson Associates. (2015). *STRATEGIC TOURING PROGRAMME: FINAL EVALUATION REPORT TO ARTS COUNCIL ENGLAND*. Retrieved from [http://www.artscouncil.org.uk/sites/default/files/download-file/ST\\_Evaluation\\_Report\\_final\\_small.pdf](http://www.artscouncil.org.uk/sites/default/files/download-file/ST_Evaluation_Report_final_small.pdf)

ARC, S. A. C. (2016). *Pay What You Decide -A Toolkit*. Retrieved from [http://arconline.co.uk/sites/default/files/images/ARC Stockton - Pay What You Decide Toolkit 2016\\_0.pdf](http://arconline.co.uk/sites/default/files/images/ARC Stockton - Pay What You Decide Toolkit 2016_0.pdf)

Arts Council England. (2013). *Appetite (Stoke-on-Trent): Engaging Communities in Arts Events*. Retrieved from [http://www.creativepeopleplaces.org.uk/sites/default/files/EcorysCaseStudyCPP\\_Appetite.pdf](http://www.creativepeopleplaces.org.uk/sites/default/files/EcorysCaseStudyCPP_Appetite.pdf)

Arts Council England. (2015a). *Arts Council England Rural evidence and data review*. Retrieved from [http://www.artscouncil.org.uk/sites/default/files/download-file/Rural\\_evidence\\_and\\_data\\_review.pdf](http://www.artscouncil.org.uk/sites/default/files/download-file/Rural_evidence_and_data_review.pdf)

Arts Council England. (2015b). *Equality, Diversity & the Creative Case: A Data Report, 2012-2015*. Retrieved from [http://www.artscouncil.org.uk/sites/default/files/download-file/Equality\\_Diversity\\_and\\_the\\_Creative\\_Case\\_A\\_data\\_report\\_2012-2015.pdf](http://www.artscouncil.org.uk/sites/default/files/download-file/Equality_Diversity_and_the_Creative_Case_A_data_report_2012-2015.pdf)

Arts Council of New Zealand and Toi Aotearoa. (2015). *New Zealanders and the arts: Attitudes, attendance and participation 2014*. Retrieved from [http://www.creativenz.govt.nz/assets/paperclip/publication\\_documents/documents/391/original/new\\_zealand\\_and\\_the\\_arts\\_research\\_publication\\_-\\_final.pdf?1437364227](http://www.creativenz.govt.nz/assets/paperclip/publication_documents/documents/391/original/new_zealand_and_the_arts_research_publication_-_final.pdf?1437364227)

Arts Council of Wales. (2015a). *Audience Insight Wales: Family Audiences*.

Arts Council of Wales. (2015b). *Well-being of Future Generations (Wales) Act*.

Arts Council of Wales. (2016). *Audiences for Hynt*. Retrieved from [http://www.clearviewbusiness.com/files/6814/8214/0876/Audience\\_Insight\\_Wales\\_Hynt\\_Bulletin\\_-\\_English.PDF](http://www.clearviewbusiness.com/files/6814/8214/0876/Audience_Insight_Wales_Hynt_Bulletin_-_English.PDF)

Arts Council of Wales Research Team. (2016). *2015 Omnibus Survey Report on main findings*. Retrieved from <http://www.arts.wales/what-we-do/research/annual-surveys/wales-omnibus-survey>

Aumeyr, M. (2013). *Final Evaluation of Reach the Heights*. Welsh Government Social Research.

Australia Council for the Arts. (2014). *Arts in Daily Life: Australian Participation in the Arts*. Retrieved from <http://www.australiacouncil.gov.au/workspace/uploads/files/research/arts-in-daily-life-australian-5432524d0f2f0.pdf>

Bakhshi Neil Lee Juan Mateos-Garcia, H., Bakhshi Nesta Neil Lee, H., Mateos-Garcia Nesta, J., & Bakhshi, H. (2014). *Capital of culture? An econometric analysis of the relationship between arts and cultural clusters, wages and the creative economy in English cities*. Retrieved from [www.nesta.org.uk/wp14-06](http://www.nesta.org.uk/wp14-06)

Beaufort Research. (2016). *Arts in Wales Survey 2015*. <https://doi.org/10.1111/j.1467-9639.1991.tb00167.x>

# Bibliography

- Buraimo, B., Jones, H., & Millward, P. (2011). *Participation and engagement in cultural activities Analysis of the Taking Part Survey*.
- Consilium Research and Consultancy. (2016). *Creative People and Places (CPP) Thematic Research "WHAT IT DOES TO YOU" Excellence in CPP*.
- Crossick, G., & Kaszynska, P. (2016). *Understanding the value of arts & culture | The AHRC Cultural Value Project. Culture, Sport and Wellbeing: An analysis of the Taking Part Survey. (2014)*.
- Culture and Poverty Harnessing the power of the arts, culture and heritage to promote social justice in Wales. (2014).
- Daly, M. (2012). Combating Child Poverty through Measures Promoting the Socio-Cultural Participation of Clients of the Public Centres for Social Welfare - Synthesis Report. – *Host Country Paper - Peer Review 20–21 September 2012 Brussels*. Retrieved from <http://ec.europa.eu/social/main.jsp?catId=89&langId=en&newsId=1427&furtherNews=yes>
- DCMS. (2016). *Taking Part: the next five years*.
- Estyn. (2012). Effective practice in tackling poverty and disadvantage in schools, (November). Retrieved from <http://www.estyn.gov.wales/sites/default/files/documents/Effective practice in tackling poverty and disadvantage in schools - November 2012.pdf>
- Fujiwara, D. (2013). Museums and happiness: The value of participating in museums and the arts, 1–42.
- Fujiwara, D., Kudrna, L., & Dolan, P. (2014). Quantifying and valuing the wellbeing impacts of culture and sport. Retrieved August, (April). Retrieved from <http://scholar.google.com/scholar?hl=en&btnG=Search&q=intitle:Quantifying+and+Valuing+the+Wellbeing+Impacts+of+Culture+and+Sport#0per cent5Cnhttp://scholar.google.com/scholar?hl=en&btnG=Search&q=intitle:Quantifying+and+valuing+the+wellbeing+impacts+of+culture+an>
- Fujiwara, D., & Mackerron, G. (2015). *Cultural activities, artforms and wellbeing*. <https://doi.org/ISBN: 978-0-7287-1550-9>
- Government, W. (n.d). *Tackling Poverty through Culture\_Delivery Plan*.
- Government, W. (2014a). Baroness Andrews' report Culture and Poverty – Response by the Welsh Government. Digital ISBN, 978(5).
- Government, W. (2014b). Pupil Deprivation Grant, (May).
- Government, W. (2016). *Taking Wales Forward*.
- HM Treasury. (2003). The Green Book : Appraisal and Evaluation in Central Government. Evaluation, (October 2002), 118. <https://doi.org/http://greenbook.treasury.gov.uk/index.htm>
- HM Treasury. (2011). The Magenta Book: Guidance for evaluation, (April), 141.
- Ipsos MORI, & Wavehill Consulting. (2015). Communities First: A Process Evaluation, 1–124. Retrieved from <http://gov.wales/docs/caecd/research/2015/150226-communities-first-process-evaluation-en.pdf>
- Lees, L., & Melhuish, C. (2015). *Arts-led regeneration in the UK: The rhetoric and the evidence on urban social inclusion. European Urban and Regional Studies* (Vol. 22). <https://doi.org/10.1177/0969776412467474>
- Matthews, P., Xu, D., Matusiak, M., & Prior, G. (2016). *Taking Part Findings from the longitudinal survey waves 1 to 3*.
- MTM London. (2010). *Digital audiences: Engagement with arts and culture online*. Retrieved from [http://webarchive.nationalarchives.gov.uk/20160204101926/http://www.artscouncil.org.uk/media/uploads/doc/Digital\\_audiences\\_final.pdf](http://webarchive.nationalarchives.gov.uk/20160204101926/http://www.artscouncil.org.uk/media/uploads/doc/Digital_audiences_final.pdf)
- National Assembly for Wales Communities and Culture Committee. (2011). The accessibility of arts and cultural activities in Wales. Retrieved from <http://www.assembly.wales/Laid Documents/CR-LD8392 - Communities and Culture Committee Report - The Accessibility of Arts and Cultural Activities in Wal-03022011-209211/cr-ld8392-e-English.pdf>
- National Assembly for Wales Communities Equality and Local Government Committee. (2013). *Report by the Task and Finish Group on Participation in the Arts*. Retrieved from <http://senedd.assembly.wales/documents/s13684/Participation in the Arts in Wales - Report - January 2013.pdf>
- National Assembly for Wales Culture, W. L. (2017). Submission to the National Assembly for Wales Culture, Welsh Language and Communications Committee Arts and Business Cymru.
- National Endowment for the Arts. (2015). *When Going Gets Tough: Barriers and Motivations Affecting Arts Attendance*. Retrieved from <https://www.arts.gov/sites/default/files/when-going-gets-tough-revised2.pdf>

# Bibliography

Nesta. (2016). *Arts Impact Fund: insights from the first year 1*.

Nesta, Arts & Humanities Research Council, & Arts Council England. (2015). Digital Culture 2015: How arts and cultural organisations in England use technology. Retrieved from <http://is.jamu.cz/el/5453/leto2016/DDML410/um/2172830/Digital-Culture-2015-Final.pdf?lang=en>

Northern Ireland Assembly. (2016). *Inclusion in the Arts of Working Class Communities*.

O'Riada, G. (2015). *The State of Play: Investment Review 2015: an interim statement from the Arts Council of Wales*. *Revista Tradumàtica* (Vol. Núm 5: "La"). Retrieved from <http://www.fti.uab.es/tradumatica/revista/num5/articles/01/art.htm>

Richens, F. (n.d). Pulse report – part 3: Diversity in audiences – what needs to change? Retrieved from <http://www.artsprofessional.co.uk/pulse/survey-report/pulse-report-part-3-diversity-audiences-what-needs-change>

Robinson, M. (2016). *Faster, but slower, slower, but faster. Creative People and Places Learning 2016*. Retrieved from [www.creativepeopleplaces.org.uk/map](http://www.creativepeopleplaces.org.uk/map)

Sam Culture Ltd. (2012). *A night less ordinary: the free ticket scheme for under 26's (2009-2011) Evaluation*. Retrieved from <http://culturehive.co.uk/wp-content/uploads/2013/04/A-Night-Less-Ordinary-evaluation.pdf>

Sharrock, L., Palmer, H., Murphy, C., & Trinder, J. (n.d). Rural versus urban: Audience Finder data | ArtsProfessional in partnership with The Audience Agency. Retrieved January 4, 2017, from <http://www.artsprofessional.co.uk/magazine/article/rural-versus-urban>

Tackling Poverty Action Plan. (2012).

Taylor, P., Davies, L., Wells, P., Gilbertson, J., & Tayleur, W. (2015). A review of the social impacts of culture and sport, Project Report. Department for Culture, Media and Sport. Retrieved from <http://shura.shu.ac.uk/9596/>

Taylor, P., Davies, L., Wells, P., Gilbertson, J., Tayleur, W., Christy, E., ... Dumas, V. (2015). A review of the Social Impacts of Culture and Sport The Social Impacts of Engagement with Culture and Sport The Social Impacts of Engagement with Culture and Sport 3.

TNS Opinion & Social at the request of the European Commission. (2013). *CULTURAL ACCESS AND PARTICIPATION REPORT Special Eurobarometer 399 / Wave EB79.2 – TNS Opinion & Social Cultural access and participation*. Retrieved from [http://ec.europa.eu/public\\_opinion/index\\_en.htm](http://ec.europa.eu/public_opinion/index_en.htm)

Vermeersch, L., & Vandenbroucke, A. (2014). Is social, cultural and recreational participation a luxury for people living in poverty? An analysis of policy intentions and measures. *Journal of Social Intervention*, 23(1), 53–71. Retrieved from <http://www.journalsi.org>

Welsh Government. (2013). *Using the Pupil Deprivation Grant in support of arts and cultural activity - guidance for practitioners*.

# Annex: Study Methodology

**A.1** In November 2016 ERS was commissioned by Nesta to undertake an evidence review on the social and economic impact of innovation in the arts in Wales and internationally. The aim is to provide an insightful, accessible overview of Welsh, UK and international evidence on trends in the diversity of arts audiences, impacts of participation on tackling poverty and disadvantage and economic productivity of the sector. The purpose is to directly support arts organisations in Wales, contextualising the research and development being carried out by those funded by Nesta/Arts Council Wales (ACW), and ultimately informing ongoing strategic planning.

What are the long- and medium-term trends in the diversity of arts audiences?	Access to the arts across the income spectrum Levels of active participation in the arts by different social groups
What evidence is there of long- and medium-term impact of arts activity on tackling poverty and disadvantage?	Educational attainment Mental and physical health Employability
What are the long- and medium terms trends in the economic productivity of the arts sector?	The overall output of the sector and its constituents Skill levels in the arts labour market Earned versus grant income for arts organisations Levels of investment and risk-based finance

**A.3** We have devised a more detailed approach to our Research, based on the original Research Questions provided by the client and what is actually feasible within the time available. Our Research Framework is shown in Table A.1 overleaf. This study is not intended to be a comprehensive literature review

**A.4** Overarching this Framework is the notion of the study being accessible for the Arts organisations that will engage with this type of work. It is acknowledged that this study is part of a wider process looking towards making better use of research evidence to support innovation in the arts.

**A.5** The Digital Innovation Fund for the Arts in Wales offers support and a staged grant Programme for organisations to work with digital technologies to enhance audience reach and develop their business model. We know from our understanding of other Welsh funds dedicated to enhancing the use of digital technology that this opportunity for experimentation is rare and can be highly beneficial to both organisations and technology developers.

# Annex: Study Methodology

Table A.1 Research Framework

Question	Sub-question	Approach	Key Evidence Base
What are the long- and medium-term trends in the diversity of arts audiences?	Access to the arts across the income spectrum	Exploring where audiences are physically in relation to art, how they are reached, art being taken to them (e.g. touring art: does 'good art' go to 'poor places?'), their sense of being entitled to art ('It's not for the likes of me'), communication of the arts offer, electronic access. Literature-based review.	<ul style="list-style-type: none"> <li>— Baroness Kay Andrews Culture and Poverty Report and the recent evaluation of the Fusion program pilots.</li> <li>— The Warwick Commission</li> <li>— A review of the social impacts of culture and sport, Sheffield Hallam University</li> <li>— The Arts in Wales survey</li> <li>— Omnibus survey</li> <li>— Local authority investment survey</li> <li>— Audience Insights – a data sharing projects across 12 arts venues in Wales</li> <li>— Arts and education: Creative Learning through the Arts.</li> <li>— Arts and regeneration: Ideas: People: Places (artist led), an overall evaluation is currently underway.</li> <li>— Arts and health: referred to as a priority area in the most recent remit letter.</li> <li>— Arts Impact Fund: insights from the first year</li> <li>— Cultural Policy in the time of the Creative Industries</li> <li>— Capital of Culture?</li> <li>— Current Arloesiadur project with Welsh Government</li> <li>— Current crowdfunding pilot for Arts and Heritage organisations (based in turn on a broader initiative looking at funding for social projects/organisations).</li> </ul>
	Levels of active participation in the arts by different social groups	DCMS and others analyse survey data with a probit regression for participation expressing likelihood of participation. Results indicate social class, income and education all affect consumption. However, some measures of disadvantage such long-term unemployment, increase participation because of increased leisure time. More simply, prevalence ( per cent) would also be captured. Literature-based.	
What evidence is there of long- and medium-term impact of arts activity on tackling poverty and disadvantage?	Educational attainment	Exploring Literature including the contribution of regression analysis. This will include the work of economists such as Fujiwara (2014 and 2015) using econometric analysis of wellbeing for specific art forms, where significance and coefficients establish the robustness and scale of effects. Repeated studies have observed positive but only slightly better outcomes for education, weak effects have been found for health and employment. These are methodologically complex and attribution is an issue.	
	Mental and physical health		
	Employability		
What are the long- and medium terms trends in the economic productivity of the arts sector?	The overall output of the sector and its constituents	ABS provides time-series of turnover and GVA, FTE. Arts Council and other sources would enhance this with direct and multiplier (indirect and induced) effects and contribution to the visitor economy and other spill over effects.	
	Skill levels in the arts labour market	Annual Population Survey/Labour Force Survey would provide the baseline with additional projections. This would be accompanied by commentary and interpretation.	
	Earned versus grant income for arts organisations	This tends to vary considerably between art forms, including profit/non-profit distinctions. Disaggregation of data will be vital.	
	Levels of investment and risk-based finance	Data sources of conventional finance might include Financial Analysis Made Easy (FAME), but this could include social finance.	

## A.6

Our overarching inclusion/exclusion criteria are presented in Table A.2. In the initial search there are several exclusion criteria, such as publications not written in English and preference for more recent (last four years) publication. Lastly we consider the quality of the literature, which we assess through the quality assessment scheme in Table A.3.

Table A.2 Inclusion and Exclusion Criteria

Criteria	Inclusion	Exclusion
Geographical coverage	UK research (incorporating national and regional studies), international research	None
Sectors	Businesses that satisfy the Arts Council Wales criteria for applicants. For statistical purposes in working with ONS data, SIC 90 classifications of Performing Arts, Support activities to Performing Arts, Artistic creation, Operation of Arts facilities and SIC 91.02 Museum activities.	Other sectors
Date	Published in last 4 years, Looking forward 5 years (in first instance)	Literature before 2011
Language	English	Any other language.
Type of literature & Data source	Literature across range of research approaches but must include empirical evidence: peer reviewed papers, research reports, conference papers, professional reports and articles; grey literature; government and non-governmental datasets. Peer reviewed & government data prioritised over grey literature and non-government data.	Book reviews and discursive opinion.
Quality of literature: 1 (low) to 7 (high)	Preferably 4-7 (i.e. a detailed methodology is included), however may be widened depending on results.	1-3

A.7 Table A.3 shows our scheme for assessing the quality of publications, serving as a helpful guide to weighing the veracity of findings. Inclusion recognises a more rigorous methodology with results that may be replicable.

Table A.2 Inclusion and Exclusion Criteria

Table A.3 Quality Assessment Score	Score	Category
<b>Peer-reviewed</b> research using <b>experimental methods, meta-analyses</b> (randomised control trials, quasi-experimental). Government-issued datasets	7	High
<b>Peer-reviewed</b> research using <b>non-experimental methods and review papers</b> (e.g. Quantitative and qualitative research such as cohort studies, observational studies, case studies etc. but unable to fully determine cause and effect'). Datasets gathered by non-governmental bodies but using Government best practice methods.	6	High
<b>Non-peer-reviewed</b> research using <b>experimental methods</b> (e.g. use of control groups). Datasets gathered by non-government organisations using robust, verified methods.	5	Medium
<b>Non-peer-reviewed</b> research using <b>non-experimental methods or reviews</b> with a clear and defensible research design (e.g. Quantitative and qualitative research such as surveys. Focus groups/case studies but unable to fully determine cause and effect'. This could include evaluation.) Datasets gathered using well explained and replicable methods.	4	Medium
<b>Non-peer-reviewed</b> research with a clear, defensible research design but only reflecting <b>anecdotal evidence</b> or opinion	3	Low
<b>Non-peer-reviewed</b> primary research but <b>without clear and defensible research design</b>	2	Low
<b>No primary research</b> or detailed methodology (e.g. blogs, opinion pieces)	1	Low

