



The creative and cultural industries are booming. These sectors have undergone rapid growth and are bright prospects for future economic prosperity in the UK. They make an important contribution to the economy, comparing favourably to the financial services sector. The cultural economy of the UK is leading the way on the global stage.

Public subsidy is vital to the ongoing success of museums and galleries, and public support for this funding remains high. Public expenditure on culture is a small fraction of overall government spending, but reaps dividends. The mixed economy model adopted by most museums and galleries sees them draw on a variety of income streams, including private investment, individual giving and earned income.

With this income museums and galleries generate vast economic benefits, through areas such as jobs, tourism, inward investment and regeneration. This economic return often levers significantly higher economic benefits - putting more in than it takes out. Museums and galleries are a sound investment and well placed to help the UK recover from a recession that has profoundly changed the economic landscape.

Museums and galleries have not been immune from the impacts of the recession, but are still delivering impressive economic benefits thanks to increased tourism in the UK and an ever-growing public appetite for culture. Further financial support for museums and galleries will be needed into the future to ensure this economic growth continues apace.

"In a world where we're going to have to increasingly put a financial price in things in the year ahead, a society which truly values people who are creative and appreciate creativity will be a better place to be." *Ed Vaizey MP (January 2010)*

The creative and cultural industries:

- The UK has the largest cultural economy in the world relative to GDP.¹ The UK has the largest creative sector in the EU, and relative to GDP, probably the largest in the world.²
- In 2007, the creative and cultural industries accounted for 7.3% of the economy (comparable in size to the financial services industry).³
- The cultural and creative industries accounted for £59.9bn or 6.2% of UK Gross Value Added (GVA) in 2007.⁴
- The cultural and creative industries account for £16.6 billion in exports and nearly 2 million jobs.⁵

- The cultural and creative industries grew by an average of 5% per annum between 1997 and 2007. This compares to an average of 3% for the whole of the economy over this period.⁶
- The National Endowment for Science, Technology and the Arts (NESTA) predicts that, with government support, the cultural industries can achieve a 9% annual growth rate by 2013. This would boost GVA to £85 billion and create 185,000 jobs.⁷
- HSBC commissioned Martin Raymond to look at the 'Future of UK Business' (2009). 500 entrepreneurs and business decision-makers were asked what should UK business be about? World-class creative industries were the top choice (56.5%).⁸

Public expenditure:

- The sector covered by the Department for Culture, Media and Sport (DCMS) accounts for 10% of GDP.⁹
- Total cultural spending represents only 1% of the overall NHS budget.¹⁰ *The Guardian* calculated that in 2007/08 spending on museums and galleries represented only 0.08% of total government spending.¹¹
- Total public expenditure on cultural, recreational and sporting services has increased by nearly 30% over the past ten years, standing at £5.8 billion in 2007/08. DCMS funding for museums has increased by 40%.¹²
- Every £1 invested in culture produces £2.¹³
- 88% of visitors to lottery funded heritage attractions said funding was 'good' or 'excellent' value for money.¹⁴

The economic impact of museums:

- In 2006 a report, jointly commissioned by the National Museums Directors' Conference, the Museums, Libraries and Archives Council and written by Tony Travers of the London School of Economics, examined the economic, creative and social impact of major UK museums and galleries. The economic benefit of the 22 organisations surveyed was estimated to be £1.5 billion per annum, taking into account turnover and visitor expenditure.¹⁵
- In the same report, the annual turnover of Britain's major museums and galleries was said to exceed £900 million. Broadly speaking, £1 in every £1000 in the UK economy can be directly related to the museum and gallery sector. The major museums and galleries spend over £650 million a year.¹⁶
- The museums sector in Scotland is worth an estimated £800 million to the Scottish economy.¹⁷
- It is estimated that the economic impact of the museum sector in Northern Ireland is around £16.8 million.¹⁸
- Privately owned historic houses generate an economic contribution of over £1.6 billion.¹⁹
- Heritage tourism contributes over £20 billion to UK GDP, more than the advertising or car industry.²⁰

- Museums and galleries are major employers. There are around 2000 museums in England, employing over 27,600 people, with over 4300 employed in local authority museums.²¹
- Volunteers make a vital economic contribution too. The National Trust has over 43,000 volunteers that provide an economic value of £16.3 million.²²

National museums:

- National museums use public money to generate £240 million of additional funding.²³ This includes £120 million in donations and sponsorship, over £50 million in trading income and £26 million in ticket sales.²⁴
- On average, national museums generate almost half of their own income (45.6%).²⁵
- It is estimated that Amgueddfa Cymru's (National Museum Wales) total economic impact is £83 million of output and £53 million of gross value added – associated with over 2,000 full-time equivalent jobs.²⁶

Independent museums:

- Visitors to independent museums (estimated to be over 9 million) are said to deliver £364 million of gross impacts from visitor spending.²⁷
- At least 5,800 full time equivalent direct, indirect and induced jobs supported by the independent museums sector, equivalent to a further £122 million.²⁸
- The total impact of the independent museum sector is estimated to be at least in the order of £610 million (although it could be as high as £930 million).²⁹

Cultural heritage:

- The cultural heritage sector contributes £1.01 billion to the UK economy³⁰, an increase from £952 million in 2006.³¹
- 9% of cultural heritage organisations have a turnover equal to or more than £1 million.³²
- In 2008 the sector employed over 57,000 people with museums accounting for 59% of the workforce.³³

Investment in the Cultural Sector – a changing picture:

- Between 2003 and 2008 private investment in culture (business support, private donations, trusts and foundations) rose from £454 million to a record £687 million. During the recession sponsorship of culture was down by 7% to £655 million.³⁴
- An Arts and Business report 'Private Investment in Culture 2008/09' showed that cultural organisations were subject to a 7% decrease in income from trusts and foundations, a 6% decrease in business investment and 7% decrease in individual giving.³⁵
- Around 40% of the sector actually receives no private investment.³⁶

- Business investment now accounts for close to a quarter (24%) of private investment received in the sector. The top three artform recipients of business investment were museums, visual arts and festival organisations.³⁷
- There has been an 11% drop in individual giving for the whole charitable sector.³⁸
- Individual giving still accounts for the majority (55%) of private investment received in the sector. Heritage organisations, visual arts and museums accounted for the majority of individual giving received in the sector.³⁹
- Funding from trusts and foundations accounts for 21% of the total private investment received in the sector, and now stands at £134.5 million. The single artforms to receive most funding from trusts and foundations in 2008/09 were museums, visual arts and theatre organisations.⁴⁰
- The majority of the investment received, was highly concentrated within the top 50 organisations, which accounted for 64% of all total investment received in the sector from businesses, individuals and trusts and foundations.⁴¹
- 70% of investment was concentrated in London.⁴²

The impact of the recession – Art Fund Museum Survey (March – September 2009):

- Between March and September 2009 one in four museums saw public funding levels drop. Local authority museums were harder hit – with 34% taking a cut in council funding.⁴³
- In the same period 41% of museums saw a fall in investment income, with two-thirds of national museums affected by this drop.⁴⁴
- 30% of museums acknowledged that expenditure had soared as their running costs had risen. As a consequence, less than half of survey respondents attempted to acquire works for their collections.⁴⁵
- 22% of museums saw a fall in the number of paid staff, while 25% saw an increase in the number of museum volunteers.⁴⁶
- In this survey period, 7% of museums had already cancelled a programme or event, and many were reconsidering their future plans in light of the recession.⁴⁷

Economic impact - good examples:

- Liverpool European Capital of Culture 2008 generated an estimated £800 million for the regional economy.⁴⁸
- The Banksy exhibition at Bristol Museum generated 50,000 bed space bookings.⁴⁹
- Heritage in the North West supports over 39,000 jobs and contributes around £1.6 billion a year to the economy.⁵⁰
- Locomotion, the national railway museum at Shildon, pumps around £3.6 million into the local economy and around £3 million into the North East region.⁵¹
- Tate generates over 60% of income from sources beyond government grant-in-aid.⁵²

- The Ashmolean raised £30 million in private funding on the back of a Heritage Lottery Fund grant of £15 million.⁵³
- The Renaissance Yorkshire hub found that £3 million of Renaissance Yorkshire investment directly attracted a further £10 million of external investment.⁵⁴
- Tyne and Wear Archives & Museums secured support for a £25 million capital project to build The Great North Museum, drawing in funds from a wide variety of public and private sources.⁵⁵
- From October 2006 – September 2007 the National Media Museum in Bradford attracted over 500,000 additional visitors into the Bradford district who may otherwise not have visited. Additional tourism expenditure in this period is estimated to be £28.8 million, supporting an estimated 536 jobs.⁵⁶
- In Manchester, the Renaissance Joint Retail Initiative is helping the Hub venues to increase their income from commercial activities. Shop products are aligned with the venues' collections. Total sales at museums and galleries in Manchester have increased by 16%, whilst the spend per transaction has increased by 62%.⁵⁷
- A 2008 economic impact study in the South East in 2008 found that museums employ around 4000 full time equivalent posts in the region; visitor spend to museums generates around £224 million which directly supports 3224 posts in businesses in receipt of visitor expenditure (e.g. from staying visitors); and indirectly supports a further 1224 posts.⁵⁸

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² The Work Foundation, 'Staying ahead: the economic performance of the UK's creative industries' (2007): http://www.theworkfoundation.com/assets/docs/publications/176_stayingahead.pdf

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⁴ Financial Times, 'Special Report: Culture and the UK Economy' (May 2010): <http://www.ft.com/reports/uk-culture-2010>

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⁷ Cultural Capital: A Manifesto for the Future' (2010): http://www.mla.gov.uk/news_and_views/press/releases/2010/~media/Files/pdf/2010/news/Cultural_Capital_Manifesto

⁸ National Museum Directors' Conference, 'Museums Deliver' (2010): http://www.nationalmuseums.org.uk/media/documents/what_we_do_documents/museums_deliver_full.pdf

⁹ 'Cultural Capital: A Manifesto for the Future' (2010): http://www.mla.gov.uk/news_and_views/press/releases/2010/~media/Files/pdf/2010/news/Cultural_Capital_Manifesto

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¹⁴ Cultural Capital: A Manifesto for the Future' (2010):
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¹⁷ Museums Galleries Scotland, 'How museums can help you: Government summary' (2010):
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¹⁹ English Heritage, 'Valuing our Heritage' (2007):
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