

**Report to:** Culture, Arts and Creative Industries Committee

**Date:** 18 January 2022

**Subject:** **Economic and Sector Reporting**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input type="checkbox"/> No

## 1. Purpose of this report

- 1.1 To provide an update on the latest economic data relating to the sector.
- 1.2 To respond to comments made on additional information needs raised at the previous meeting of the Committee.

## 2. Information

### Update on economic data

#### National economic context

- 2.1 There is relatively little regular official economic data available for the sector at West Yorkshire level. In most cases key indicators can only be refreshed on an annual basis. However, the available national data provides important context in terms of understanding the ongoing performance of the sector. The data point to a strong recovery for the sector across a range of indicators during quarter 3 of 2021, although the latest published figures do not capture the impact of the recent “Plan B” announcement.
- 2.2 With regard to economic output, the largest contributors to the overall 1.1% increase in output across the economy in Quarter 3 2021 was the *Arts*,

*entertainment and recreation* (18.7%) sector and *Hospitality* (30.7%), following the lifting of restrictions in the summer. At the same time construction and production output fell.

- 2.3 Within *Arts, entertainment and recreation* there were the following sub-sector contributions to output growth in Q3:
- Creative, arts and entertainment activities saw 40% growth in output
  - Libraries, archives, museums and other cultural activities +28%
  - Sports activities and amusement and recreation activities +24%.
- 2.4 Output in *Arts, entertainment and recreation* was 2.4% higher than its pre-pandemic (Q4 2019) level during Q3 2021, whilst the overall output of the economy remained 1.1% below its pre-pandemic level. Within *Arts, entertainment and recreation* there was variable performance across sub-sectors. Although output in *Sports activities and amusement and recreation activities* was 8% above pre-pandemic and *Creative, arts and entertainment* was 3% above, *Libraries, archives, museums* remained 8% below its Q4 2019 level.
- 2.5 The level of output in the *Information and communication* sector grew by 1% during Q3 of 2021, although the previous impact of the pandemic on this sector during 2020 had been modest. At sub-sector level there were increases in *Publishing* (+1%), *Programming and broadcasting activities* (+8%) and *Motion picture, video and TV programme production, sound recording and music publishing activities* (+2%). Output in this latter sector remains 8% below its pre-pandemic value, however.
- 2.6 Turning to **employment**, the seasonally-adjusted number of workforce jobs in the broad sector of *Arts, entertainment and recreation* remains 9% or 95,000 below its pre-pandemic level (comparing figures for September 2021 with those for December 2019), with self-employed jobs in the sector 13% lower. The number of total jobs in the *Information and communication* sector is similar to the pre-pandemic picture, although self-employed jobs are 9% below the December 2019 figure.
- 2.7 More detailed information is available for employee jobs (not seasonally adjusted). This shows that within the *Creative, arts and entertainment* sub-sector, the count of employee jobs as of September 2021 is 25% below the pre-pandemic (December 2019) figure. In the *Libraries, archives, museums* sub-sector employee jobs are 5% lower.
- 2.8 The ONS Vacancy Survey indicates that **vacancy** levels have reached record levels in the period since restrictions were lifted in the summer. This is the case for the wider economy and for the *Arts, entertainment and recreation* and *Information and communication* sectors. Provisional figures for September to November 2021 show that vacancies in *Arts, entertainment and recreation* were 73% higher and in *Information and communication* 67% higher than pre-pandemic (Q4 2019), compared with a figure of 52% for the wider economy.

Impact of "Plan B" restrictions

- 2.9 Restrictions were imposed in early December in response to the Omicron variant. They include increased requirements for mask-wearing, more working from home and proof of vaccination or Covid status at nightclubs and crowded indoor spaces. People are also responding to the new variant and restricting their own behaviour. Although the available information is limited at this early stage even at national level, there is evidence that Omicron has had an impact on elements of the arts, culture and creative sector. The implications have been more severe because the Plan B restrictions were introduced at the beginning of a critical trading period for the sector.
- 2.10 According to Pantheon Macroeconomics, a consultancy, the negative effects of Omicron are likely to be concentrated in the hospitality, entertainment and travel industries, while other sectors remain largely unaffected.
- 2.11 According to [Creative UK](#), the Omicron variant has already led to significant financial pressures for the creative industries, arising from the following:
- A significant drop in both ticket sales and visitor numbers for those businesses reliant on audiences and footfall, including performing arts venues as well as museums and galleries.
  - High isolation rates among staff and performers leading to the cancellation of many live shows and events.
- 2.12 This is supported by other evidence:
- The Night Time Industries Association, which represents nightclubs, has warned of a "devastating impact".
  - Live music industry body LIVE report a no-show rate of 27% at events in the days following the Plan B announcement whilst the Music Venue Trust (MVT) reports an average gross income decrease across venues of 27% between 6 December and 13 December 2021.
- 2.13 The impact of Plan B on recruitment activity in the sector remains largely unclear. The number of job vacancies in the *Arts, entertainment and recreation sector* in West Yorkshire fell by 27% in December, although it should be noted that this was from the very high levels seen in November and that a fall in vacancies is usual during the festive period. The count of vacancies for December 2021 is still considerably higher than in December 2020 or December 2019. Performing Arts vacancies also saw an increase in December 2021 compared with the previous month, albeit from a small base.
- 2.14 Although a decision has been made not to introduce further restrictions at the present time (4<sup>th</sup> January) ongoing uncertainty and instability during 2022 could lead to questions marks over exhibitions and performances, leading to a loss of work for artists, performers and other creative practitioners. A number of industry bodies have called for urgent action from government in the form of

financial assistance for freelancers, extension of the Culture Recovery Fund, extension of the business rate relief exemptions and reintroduction of the 5% emergency VAT rate for live events.

### **Response to comments raised at meeting of 4<sup>th</sup> November**

- 2.15 During the previous meeting of the Committee on 4<sup>th</sup> November 2021 a number of points were raised with regard to information gaps relating to the Culture, arts and creative industries sector. An initial response is provided to these points below.

#### **Freelancers**

- 2.16 The committee highlighted the important part played by freelancers in the sector and commented on the need to capture further information on their impact. The term freelancer is not always clearly defined. IPSE (the Association of Independent Professionals and the Self-Employed) have defined freelancers as those self employed people working in highly skilled managerial, professional and technical occupations. In the context of the creative and cultural economy freelancers constitute a network of skilled people who work within a project-based production system. However, for practical purposes freelancers are often treated as being synonymous with the self-employed and this is the approach adopted below.
- 2.17 Only limited information is available on the self-employed / freelance workforce at West Yorkshire level. At Yorkshire and the Humber level self-employment accounts for 17% of filled jobs across the DCMS sectors (excluding Tourism), somewhat higher than the average for all industries of 14%. This is lower than the respective UK average figures of 22% and 16%. Self-employment is particularly prevalent in the Creative industries (32% of all filled jobs) and the Cultural sector (50%). The self-employed proportion for creative and cultural activities in combination is 33% (UK average: 37%). Self-employment is less prevalent in other DCMS sectors in Yorkshire and the Humber with rates of 14% in Sport and 13% in Digital, although this is lower than at UK level where self-employment accounts for 23% and 18% of jobs in respectively in these sectors.
- 2.18 The crucial role of freelancers to the operation of the creative industries is reflected in [findings](#) from the Creative Industries Policy and Evidence Centre's Creative Radar survey, which found that:
- 76% of creative industries companies in the survey had worked with a freelancer in the past year
  - 41% of companies worked with as many or more freelancers than they had employees
  - 47% of the smallest companies (1-5 employees) worked with more freelancers than they had employees.
- 2.19 The specific needs of freelancers are also considered within the report on business models.

## Volunteers

- 2.20 The important role of **volunteers** in parts of the sector's footprint was also raised at the meeting. Limited data are available on this topic but the Department for Culture, Media and Sport (DCMS) *Taking Part* survey includes questions on volunteering within DCMS sectors. These are only available down to Yorkshire and the Humber level rather than for West Yorkshire. The data show that 9% of adults in the Yorkshire and the Humber region volunteered in one of the DCMS sectors in the previous 12 months, compared with an England average of 11%. Adults were most likely to have volunteered in Sport (5%), the Arts (3%) and Heritage (2%). Applying the 9% volunteering proportion to West Yorkshire gives an estimated figure of 168,000 volunteers across the DCMS sectors. A [report](#) looking at the culture, arts and heritage sector in South Yorkshire estimated that volunteers make a time contribution to sector that is on a par with that of paid workers.

## Student destinations

- 2.21 In response to data presented at the last meeting showing the level of participation in creative subjects in higher education in West Yorkshire, the Committee requested analysis of the destinations of those students.
- 2.22 Analysis of data from the Graduate Outcomes Survey for UK-domiciled learners at West Yorkshire higher education institutions who completed their studies in 2017/18 shows that 21% of respondents who undertook a course in a creative subject were in employment at a location within West Yorkshire 15 months after graduation. A further 20% were in employment elsewhere in Yorkshire and the Humber. This is similar to the average position for all subjects of 22% employed in West Yorkshire and 23% employed in the rest of Yorkshire and the Humber.
- 2.23 Turning to specific creative subjects, Computer Science graduates were much more likely to be employed in West Yorkshire (30%) after 15 months than graduates in Architecture, building & planning (19%), Mass communications & documentation (19%), Languages (19%) and Creative arts and design (20%).
- 2.24 Due to the limitations of the survey data, detailed information on the sector and occupation of employment of West Yorkshire's creative graduates is not available. However, it is known that 70% of graduates from creative disciplines employed in West Yorkshire were in high-skilled jobs, slightly below the 75% of graduates from all subjects in employment in West Yorkshire.
- 2.25 [Analysis](#) of national data by the Creative Industries Policy and Evidence Centre, shows a strong and consistent link between creative education and employment in the creative industries. This study found that 37% of creative graduates are working in the creative industries three and a half years after graduation, with 52% of graduates working in a creative role of some kind including jobs outside the creative industries. The study also finds a strong match between creative graduates' specific subject choices and their future employment: the highest proportion of workers in each creative occupation are

those with a degree in a subject which aligns with that occupation. This indicates that the skills they develop at university are highly relevant and applicable to their chosen career.

### **3. Tackling the Climate Emergency Implications**

3.1 There are no climate emergency implications directly arising from this report.

### **4. Inclusive Growth Implications**

4.1 The impact on the culture, arts and creative sector of the Omicron variant is likely to disproportionately affect low paid workers. This is of particular concern during a time of rising living costs.

### **5. Equality and Diversity Implications**

5.1 There are no equality and diversity implications directly arising from this report due to a lack of current data.

### **6. Financial Implications**

6.1 There are no financial implications directly arising from this report.

### **7. Legal Implications**

7.1 There are no legal implications directly arising from this report.

### **8. Staffing Implications**

8.1 There are no staffing implications directly arising from this report.

### **9. External Consultees**

9.1 No external consultations have been undertaken.

### **10. Recommendations**

10.1 That the Committee notes the evidence presented in the report.

### **11. Background Documents**

There are no background documents referenced in this report.

### **12. Appendices**

None.