Report to:	Culture, Heritage and Sport Committee
Date:	21 July 2022
Subject:	**Economic and Sector Reporting**
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Is this a key decision?	☐ Yes ☒ No
Is the decision eligible for call-in by Scrutiny?	☒ Yes ☐ No
Does the report contain confidential or exempt information or appendices?	☐ Yes ☒ No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	☒ Yes ☐ No

1. Purpose of this report

1.1 To provide an update on the latest economic data relating to the sector.

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 and timely context in terms of understanding the ongoing performance of the sector, albeit on the basis of broad sectoral categories.

2.2 The data shows that the impact of Omicron on the sector was short-lived, with strong performance seen across most indicators during early 2022. At this stage there is limited evidence within the published data that the cost of living crisis is having a negative impact on the sector.

Output (figure 1 of appendix)

2.3 The output of *Arts, entertainment and recreation*[1] and *Information and communication*[2] sectors recovered throughout 2020 and 2021, returning to pre-pandemic levels in late 2021. The output of *Arts, entertainment and recreation* peaked in March 2022 at around 3% higher than its average performance during 2019.

2.4 Recent news coverage has highlighted early signs of a slowdown in the economy. In April 2022 *Arts, entertainment and recreation* experienced a fall in output of 1.2% compared with the previous month, whilst the wider economy contracted by 0.3%. In contrast, *Information and communication* grew by 0.8% during April.

<u>Employment (figure 2)</u>

2.5 Seasonally adjusted employment in the *Arts, entertainment and recreation* sector saw little change between December 2021 and March 2022. As of March 2022, it remains 59,000 or 7% lower than in March 2020.

2.6 Employment in the *Information and Communication* sector grew by 1% between December 2021 and March 2022. Employment in the sector was at a very similar level in March 2022 compared to its March 2020 value.

<u>Productivity (figure 3)</u>

2.7 According to ONS' flash estimate productivity in *Information and Communication* was 8% higher in Q1 2022 than in Q1 2020 (pre-pandemic) and 4% higher in *Arts, entertainment and recreation.* This compares with growth of 2% across the whole economy for the same period.

<u>Pay (figure 4)</u>

2.7 At £1,007 per week, average earnings in the *Information and Communication sector* are 67% higher than across the *Whole Economy* (£603), based on figures for April 2022. Average weekly earnings for *Arts, entertainment and recreation* are, at £430, 29% lower than the *Whole Economy* average.

2.8 Average weekly earnings in *Arts, entertainment and recreation* fell by 7.4% year-on-year in nominal terms in April 2022, following year-on-year growth of 6% in the previous month. This is in contrast with year-on-year growth in nominal earnings of 5% across the whole economy in April 2022 and growth of 7% in the *Information and Communication* sector for the same period.

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[1] This category includes: Creative, arts and entertainment; Libraries, archives, museums; Gambling and betting activities; and Sports, amusement, recreation.

[2] This category includes: Publishing activities; Motion picture, video and TV programme production, sound recording and music publishing activities; Programming and broadcasting activities; Telecommunications; Computer programming, consultancy; Information service activities.

2.9 The monthly decline in earnings in the *Arts, entertainment and recreation* may reflect noise in the data, in view of the high level of vacancies in the sector (see below).

Vacancies (figures 5 and 6)

2.10 According to the ONS Vacancy Survey the number of UK vacancies in the *Arts, entertainment and recreation* sector increased by 16% in March to May 2022, as compared with the previous quarter, taking the level of vacancies to new highs. Growth was well above that seen for the wider economy, of 2%.

2.9 The number of vacancies recorded for the *Information and Communication* sector also grew during the same quarter, albeit by a much more modest 3%.

2.11 *Information and Communication* and *Arts, entertainment and recreation* are ranked second and third respectively in terms of the sectors with the highest ratio of vacancies to jobs, with only *Accommodation and food services* ranked higher. This shows the acute nature of the recruitment needs in these sectors at the current time.

2.10 Data from online job postings allows us to assess the vacancy situation in West Yorkshire (figures 7-9 of the appendix)[3]. The data show that recruitment activity has continued to strengthen during 2022. The number of postings for creative and cultural occupations in May 2022 exceeded the previous peak seen in January and was 163% higher than the monthly average for the January to March 2020 period. The biggest occupational categories in terms of online job postings are *IT, software and computer services* and *Advertising and marketing*.

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 Future reporting arrangements will provide a more developed picture of inclusive growth issues within the sector.

5. Equality and Diversity Implications

5.1 Future reporting arrangements will provide a more developed picture of equality and diversity issues within the sector.

6. Financial Implications

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

[3] Note that an occupational definition is used for the analysis of West Yorkshire online job postings whereas ONS' UK vacancy analysis uses industry sectors. Therefore, the basis for each analysis is different.

7. Legal Implications

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

8. Staffing Implications

8.1 There are no direct staffing implications directly arising from this report. However, the Committee should note our plans to increase capacity in this area.

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.
10.2 That the Committee notes the proposed reporting arrangements.
10.3 That the Committee notes the steps being taken to build analytical capacity in this area.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1: Supporting Economic Analysis