
**Impact of the Arts and Culture Sectors on the
Economy of York Scrutiny Review Task Group**

20 December 2016

Report of the Assistant Director Governance & ICT

**Impact of the Arts and Culture Sectors on the Economy of York Scrutiny
Review Update Report**

Summary

1. This report provides the Task Group with all the information gathered to date in support of the scrutiny review into the Impact of the Arts and Culture Sectors on the Economy of York.

Background

2. At a meeting of the Economic Development & Transport Policy & Scrutiny Committee (EDAT) in late June 2016 Members discussed potential topics for scrutiny review during the current municipal year. Members expressed an interest in a scrutiny review on the impact of the arts and culture sectors on the economy of York and asked for a feasibility report to help them decide whether such a review would add value to work already ongoing in the city.
3. This feasibility report was considered by the Committee in July 2016 when Members agreed it was a topic worthy of review and appointed a Task Group comprising Cllrs Cullwick, Looker and K Myers to undertake this work on their behalf. The Task Group was asked to agree a draft remit for the review, with an aim, objectives and timescales and report back to the Committee.
4. The Task Group met for the first time in August 2016 when Cllr Looker was appointed Chair. They also agreed a draft remit and resolved to work towards submitting an Interim Report for EDAT by February 2017. The draft remit is:

Aim

To understand the value and impact of the arts and culture sectors on the economy of York and examine how they can further increase their impact on economic development and create additional high-value jobs in the city.

Objectives

- i. To promote cultural amenities in the city for the purpose of attracting economic investment, leading to an increase in high-value jobs and the retention of high-quality employees.
 - ii. To examine the City Council's role within these sectors and assess what further interventions the Council could undertake to support these sectors.
 - iii. To identify ways to facilitate more and better joint working among cultural organisations.
5. The Task Group agreed that the focus of the review was not the quality and content of the city's arts and cultural offer, but the economic benefits they bring, particularly jobs. The arts and cultural offer is a driver for job relocation and York is keen to attract businesses to the city. The Task Group agreed that one of the things that helps encourage people to relocate is the attractiveness of the place they look to locate to. The intention is to maximise the benefits the city already has and seek to take that forward to develop these sectors over the next decade.
6. The draft remit was endorsed by the full committee at a meeting in early September 2016.

Information gathered

7. York's heritage continues to be the centrepiece of its cultural offer. York attracts more than 7 million visitors per year with associated economic benefits to the city and its residents.
8. In December 2014 York was designated as a UNESCO City of Media Arts and a member of the Creative Cities Network. Creative industries represent York's fastest growing sector and add balance to its heritage assets and identity.
9. The table below highlights the current level of employment in arts and cultural sector jobs as measured by Government data. This shows that

York has a strong advantage in employment in the IT and digital sectors and the museums and arts sectors. For both the sectors, employment is above the national average.

Creative Jobs Data			
Industry by SIC Code	Number of Jobs	Number of Businesses	Location Quotients
Publishing subtotal	200	30	0.40
Media subtotal	100	50	0.19
IT/digital subtotal	2000	295	1.10
Communication and design subtotal	600	190	0.60
Musuems, arts and culture subtotal	800	80	1.39
Source: ONS - Business Register and Employment Survey; UK Business Counts			
SIC Codes for Creative Industries based on codes by Department for Culture, Media & Sport. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394910/Creative_Industries_Economic_Estimates_-_January_2015.xlsx			

10. The figures do not capture the overall impact of these sectors on the local authority. For example, a proportion of the 7 million visitors to the city each year are drawn here by our museums and cultural attractions.
11. In mid-September 2016 the Task Group met with the Chairs of Make It York and York@Large.
 - **Make It York** is the city's destination management organisation and has the overarching remit to market the city and its surroundings as an exciting place to live, study, visit and do business. Its remit covers leisure and business tourism, city centre management, festivals and events, business support and inward investment. Visit York is a part of Make It York and is the leisure tourism brand. Under the brand Visit York, Make It York's aim is to market the city as a must-see world-class destination to the leisure visitor and ensure investment to develop the quality of tourism in York.
 - **York@Large** is the city's cultural partnership. Its members work together to communicate what's happening in York as a way of increasing participation. They also encourage investment in the city's attractions and new events in order to support the local economy and to make York a more lively, creative and active city. The operational plan of York@Large has two general objectives – to raise the wider awareness of contemporary culture and creative

industries as strengths of York, and to build more effective structures for delivery.

12. York@Large has a remit which defines the cultural sector as three mutually beneficial sub-sectors – heritage, arts and creative industries.

➤ Heritage

Heritage is positioned as main driver of tourism in York, but is over dependent on declining markets, with cultural tourism its biggest opportunity;

➤ Arts

York has an active and vocal arts community, including both individuals and organisations, but this is highly vulnerable to public funding cuts.

➤ Creative Industries

The city is strong in innovation and talent and has some star companies, but the sector is fragile as York lacks support for growth in a company's early stages.

13. The Task Group also learned about the newly formed 'Cultural Leaders Group' which pulls together high-level creative and cultural leaders and managers from the larger organisations in York, including English Heritage, York Museums Trust, Aesthetica, Make It York, the National Trust and the National Railway Museum.

14. Also included in the Cultural Leaders Group is the Guild of Media Arts, which is York's first new guild in around 700 years. It was launched in 2015 and now has more than 200 members, including media artists, the heritage sector, cultural makers and creative industries.

15. It was created to recognise and build on York's status as the first UNESCO City of Media Arts in the UK. The guild's aim is to unlock the full benefits of UNESCO designation and to champion York's growing creative credentials, while providing a platform for members to help solve each others' problems.

16. One of the primary objectives of the guild, working with Make It York, is Mediale, a major international biennial festival to showcase media arts. This flagship initiative of York's UNESCO designation is due to take place in autumn 2018 and every two years thereafter. Plans for the inaugural

festival include major light commissions alongside interactive pavilions and exhibits that utilise the backdrop of the city. Its 20-day programme will be underpinned by year-long development activity with schools, communities and businesses.

17. The Task Group also noted that collaboration between arts and culture partners had led to events such as Vespertine, a two year project to stimulate the early evening economy through a series of musical performances, light projections and art installations which come to life as shops are closing. The aim is to provide more reasons for people to spend more time in the city in the early evening to get to know its culture in greater depth.
18. This initiative, launched in May 2015, is the result of a partnership established by York@Large, York Theatre Royal and Make it York encompassing 20 of the city's cultural organisations and managed by York Archaeological Trust.
19. Such an event was held in October 2016, combining architecture, archaeology, technology, music and art in a virtual reality experience at the National Centre for Early Music at St Margaret's Church in Walmgate.
20. The Task Group agreed that the city's heritage sector was a main motor for tourism and there is a need to look more at visitor enjoyment. This is being marred by incidents of anti-social behaviour in the city. The Task Group noted that when there are family events in the city, such as Sky Ride, instances of anti-social behaviour were greatly reduced.
21. They agreed that the city needs to be more ambitious and co-ordinated in terms of its arts and cultural offer and these need to be programmed better.
22. The cultural offer is incredibly strong with numerous heritage attractions. But, this could also be one of the problems as the city has such an array of riches. If the city had just one heritage asset then all the focus would be on that, but it has many – the city walls, the Minster, Clifford's Tower, the Shambles, museums, art gallery and historic buildings – as well as more recent additions to the offer such as the National Railway Museum and the Jorvik Centre.
23. Data produced by Make It York, using the latest annual figures available, shows that:
 - There were 3,057,097 visits to York's attractions;
 - 207,706 were educational visits (7.37%);

- 57% of York's residents have visited a museum / gallery in the last 12 months (51.5% is national average);
- 91% of leisure visitors to York enjoy the ambience of the city;
- 71% visited the attractions;
- 10% took in a festival or event while in York;
- 4% went to a cultural performance;
- 190,000 attended performances at York's National Portfolio Organisations (NPOs) – York Theatre Royal, the National Centre for Early Music and the Pilot Theatre Company;
- 50.3% of adults in York attended / participated in an arts event / activity at least three times in the last 12 months (national average 43.8%);
- Annual investment in York's three NPOs is £5,092,608 of which 57% is earned income, 8% is private giving and 37% is public subsidies;
- £1.84 per head of population is invested in arts and culture by City of York Council and £6.71 per head invested by Arts Council England;
- 71% of York residents say that cultural opportunities are important in making somewhere a good place to live;
- York's cultural, sporting and recreational economy is annually worth £75,092,608;
- £8.81 is the median hourly wage for someone working in arts, entertainment or recreation in York (compared to £8.50 in the retail sector, which employs more people than any other sector in York);
- 55% of residents have volunteered in the last 12 months;
- 33% do so at least once a month;
- Across 21 attractions there are estimated to be 2,100 volunteers in the tourism sector in York;
- There were 1,700 volunteers in the 2012 Mystery Plays and more than 700 in both Blood and Chocolate in 2013 and Fog and Falling Snow in 2015;
- There were 1,483 full time equivalent places on further / higher education courses relating to culture in York's universities and 677 of the students graduated;
- 412 businesses in heritage, creative industries and art sub sectors (6,489 York businesses = 6.4%)

- 3,200 jobs in heritage, creative industries and arts sub sector (101,300 total employee jobs = 3.2%).

24. Make It York also found that:

- 77% of visitors return to York;
- £84.8 is the average spend per staying visitor per day;
- There are more than 2,000,000 visitors to visityork.org annually;
- 500,000 visitors a year use the Visitor Information Centre.

Creative Industries

25. Department of Culture, Media and Sports defines the creative industries sector as including advertising, architecture, design, media, IT and computer services, music and publishing
26. Creative Industry is the fastest growing sector in York with more than 250 creative companies employing 3,000 people. More than £100 million has been invested in media arts facilities and resources to support the sector by York's two universities, including the new Department of Theatre, Film and TV in the University of York Campus. In addition the University of York launched the Digital Creativity Labs (DC Labs) in April 2016 – a major £18 million initiative for innovative research in the convergent area of digital and creative technologies.
27. However, figures released on 29 September 2016 show a small decline in the overall number of creative sector jobs:

Business Register and Employment Survey

Creative Industry – based on Department of Culture, Media and Sports definition

	2014	2015
Public relations and communication activities	0	0
Advertising agencies	300	500
Media representation	0	200
Architectural activities	200	300
Computer programming activities	300	200
Computer consultancy activities	1700	1200
Book publishing	0	0

Publishing of directories and mailing lists	0	0
Publishing of journals and periodicals	0	0
Other publishing activities	0	0
Publishing of computer games	0	0
Other software publishing	0	0
Specialised design activities	100	100
Photographic activities	0	0
Translation and interpretation activities	0	0
Museum activities	500	400
Motion picture, video and television programme production activities	0	0
Motion picture projection activities	100	100
Sound recording and music publishing activities	0	0
Cultural education	0	0
Support activities to performing arts	0	0
Artistic creation	100	100
Column Total	3300	3100

28. Figures used in the development of York’s Economic Strategy, which was launched in July 2016, show that:

- According to Business Register and Employment Survey (BRES) data from 2014, 3% of York’s population were employed in the creative, digital and media sectors. This accounted for around 2,470 people;
- This sector has higher wages than the national average, typically over £15 per hour;
- The creative, digital and media sectors make up 8% of York’s Gross Value Added (GVA)¹ ;
- 700 graduates per annum in York from this sector making up part of a growing network;

¹ Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the UK. It is used in the estimation of Gross Domestic Product (GDP). GDP is a key indicator of the state of the whole economy. In the UK, three theoretical approaches are used to estimate GDP: “production”, “income” and “expenditure”. When using the production or income approaches, the contribution to the economy of each industry or sector is measured using GVA.

- York's digital, creative and media sector (information & communication) is forecast to grow by over 20% during the five year period of the plan;
- Leading facilities for film production at University of York, with over 100 graduates and postgraduates each year from leading courses.

CYC

29. In October 2016 the Task Group met with City of York Council's Corporate Director Children, Education and Communities, to gather information to support Objective (ii) of the review.
30. The Task Group was specifically looking at strategies that could be put in place to help develop the impact of the arts and culture sectors on the city's economy and noted that CYC once had a significant arts and culture team, but this was no longer the case. However, arrangements are in place with other organisations and it is important for CYC to have a voice to avoid a situation whereby provision was too disparate.
31. Members were aware that although it is not the Council's responsibility to provide a cultural offer, it should have an overarching brief. CYC has a role in ensuring that a more coherent approach is taken. The biggest risk is if the Council does not continue to have an influence in the arts and culture sector – it is a pivotal interest for the city.
32. The Task Group noted that a lack of a strategy affects the ability to attract funding from organisations such as the Arts Council. When the Arts Council allocates funding it expects a financial contribution from the Council to demonstrate its commitment. The Task Group recognised that it needs to find out more about the form that this match funding might take.
33. Members agreed that the arts and culture sector is important not only for tourism and as an employer, but also in attracting jobs to the city. However, the sector in the city is "bumping along" in traditional ways and Members questioned whether York is underperforming in the arts and culture sector and agreed that the city's aspirations and profile should be raised.
34. Initiatives such as Mediale are one of the ways in which different types of people might be attracted to the city, but established events, such as the Mystery Plays, are not connected to anything else going on in the city and the Council needs to facilitate a co-ordinated, joined up approach.

35. Members considered whether it would be beneficial for a conference to be arranged to bring together those working in the arts and cultural sectors and encourage more coherent working.
36. They also considered what additional support can be given to start-up businesses in the media arts field and how media arts can be used to look at heritage in a different way. To help achieve this they agreed it would be useful to consider the city's skills strategy.
37. The Task Group agreed on the importance of CYC making a statement of commitment to the arts and culture sector – an articulated vision to recognise its importance to the economy of the city.

York Museums Trust

38. In early November 2016 the Task Group met with the Chief Executive of York Museums Trust (YMT), which runs York Art Gallery, York Castle Museum, Yorkshire Museum, St Mary's and Museum Gardens.
39. Two of York's museums, the National Railway Museum and York Castle Museum, are rated among the best cultural attractions in the country and are included in Trip Advisor's top ten museums. None of the others in the top ten are outside London.
40. However, the Task Group was informed that it is the Arts Council's view that York is not doing enough. Revenue funding is dropping, and whilst the Arts Council understands the reasons for this, there are concerns. YMT is seeking to persuade the Arts Council that the CYC contribution is reasonable but they were concerned about the situation.
41. The Arts Council do not view York in the same way as some other cities, for example those with high unemployment. YMT is making it clear that York is, however, a low income city. The Arts Council believe that they contribute a lot in view of the size of the city's population and YMT had to make clear that the city also has over 6 million visitors. Organisations working together is the best way to unlock funds and the approach needs to show strong collaboration and that York is a city that values culture.
42. The Task Group noted:

YMT's value and impact on the economy of York

- YMT employs about 100 FTE staff at any one time and all staff are paid the Living Wage.

- In 2015 the impact of spend was more than £13m and YMT had an indirect impact on the local economy worth more than 40 jobs.
- 70% of visitors to York Art gallery come from more than 20 miles away, bringing spend to the city.

YMT's direct impact on the visitor economy

- In 2015 the impact on the tourist economy was worth more than £15m.
- The five significant tourist attractions run by YMT mean visitors, businesses and residents are impressed by the quality of the city.
- YMT uses its assets to enable significant partnership events that bring people to the city:
 - Illuminating York 2015 culminated in Museum gardens
 - Eboracum Roman Festival, based in Museum gardens, was attended by 15,000 people
 - Playing a full part in the UNESCO City of Media Arts Mediale.

YMY's impact on inward investment – making the city a desirable place to live

- 1.7m people a year use Museum Gardens, which have won a Yorkshire in Bloom award four years running.
- Museum Gardens, Art Gallery, Yorkshire and Castle Museums are cultures attractions that impact on investment decisions.

43. It was noted that one of the challenges in York is property prices. The use of heritage buildings for businesses rather than apartments has a beneficial impact on the economy. More investment to create work space will benefit the economy, transforming them into flats will not.
44. The Task Group agreed that developing, shaping and retaining a knowledge base is vital for the city and this is where arts and culture play a part. Major infrastructure and capital projects that create anchor attractions have been shown to support regeneration and growth. Arts and cultural businesses, as compared to other tourism businesses, commission the creative industries such as exhibition designers, engineers, architects designers, IT and digital creative, set designers, and

film producers. YMT events and commissions help develop scientific, business and creative talent.

45. By partnering with cutting edge businesses and universities, arts and culture can provide testing grounds for products and the creative environment that enables ideas to be developed for markets.
46. YMT plays a role in commissioning high value jobs such as designers, architects and engineers while helping develop talent through initiatives such as Aesthetica and Mediale and by working with universities and businesses. These projects provide a safe testing ground to help develop scientific and creative talents, such as the collaboration between YMT and the University of York to create a Viking Virtual Reality environment.
47. The Task Group agreed that York has been branded “City of Festivals” and questioned whether this is a good thing. The Food Festival, for example, which although popular with local residents, does not attract visitors in the way that events such as the Ludlow Food Festival achieve. It was acknowledged that the festivals may be useful as a tool for community engagement but consideration could be given as to whether it would be better to hold fewer but better quality festivals. Quality control was important. Members suggested that festivals that disappoint may devalue the appeal of other festivals. It was noted that many of them are not known outside of the city, although others like Aesthetica do bring in visitors, as do events such as the Liverpool Biennial Festival and the Manchester International Festival.
48. YMT believes in strong collaboration between Arts and Culture organisations and they are working with York Chocolate Story and York Cocoa House on a project for the Castle Museum. However, they consider that Make It York is so big that it is not always the appropriate forum for decision making.
49. It was noted that consideration could be given to establishing two separate groups, one of which would be a broad group of representatives and another smaller group based around Arts Council funding. Make it York had an important role in terms of drawing people to the city. CYC needs to take a strategic role and decide what the city should be like. It is important not to just “let things happen” but rather to set the direction in order to inform decisions. As such it would be useful to appoint someone who could identify funding opportunities and then was able to bring a group together with the relevant skills.

York Archaeology Trust

50. In late November 2016 the Task Group met with the chief executive of York Archaeology Trust (YAT). The YAT portfolio includes city attractions such as the Jorvik Viking Centre, York DIG based in St Saviour's Church, Barley Hall, the Richard III Experience at Monk Bar and the Henry VII Experience at Micklegate Bar.
51. The Jorvik Viking Centre attracts around 400,000 visitors a year with the combined portfolio attracting around half-a-million visitors a year. The Trust also runs the annual Viking Festival, Europe's largest Viking festival, which attracts an estimated 40,000 visitors to the city.
52. To extend the scope and reach of its activities into Yorkshire, the Trust merged with the Sheffield archaeological unit, ArcHeritage, and in 2011 the Trust became even larger with the inclusion of Northlight Heritage in Glasgow and Trent & Peak Archaeology in Nottingham under its ownership, allowing it to spread its expertise across Northern Britain.
53. YAT employs around 200 people across the Trust with some 110/120 being employed in York itself.
54. The Task Group noted that while the Trust was set up in 1972 to help preserve the vast collection of archaeological deposits in response to threats posed to the city's archaeological heritage at the time, most archaeology happens in relation to developments and the Trust works with developers on the cultural impact of these developments.
55. Indeed, the Jorvik Viking Centre came into being as a result of a major development in Coppergate which gave archaeologists the opportunity to excavate an area of 1,000 square metres through 2,000 years of history. The Jorvik Centre is located on the very site of the Coppergate dig.
56. The Task Group agreed that York is a world-class archaeological city and it should use this as a driver for economic development as the past is a huge enabler of the future. York is an extraordinary example of a city with a rich history that is also modern and vibrant with a vision for the future. As such the Trust is not about stopping change, it is about managing change.
57. And while York is a flourishing heritage and destination tourism location the offer is not joined up. There needs to be more collaboration in promoting the value of the city as a place that is of world-class importance.

58. The YAT Chief Executive stressed that the Trust is happy to collaborate with other city organisations and that was reciprocated after the Jorvik Centre suffered badly in the Christmas 2015 floods and other organisations, such as the Minster, YMT and the opera house, all offered their help.
59. But collaboration and joint promotion is key if the city is to continue to flourish as a destination. For example, YAT decided to promote the attractions at two bars – the Richard III Experience at Monk Bar and the Henry VII Experience at Micklegate Bar – on one ticket and the result was that footfall at Micklegate Bar increased enormously.
60. To help take things forward YAT is looking for a supportive local authority on projects that will be favourable for the city. At the forefront of this the challenge of trying to understand – and uncover – the city’s Roman history.
61. York’s international status is build on its Roman foundations and it is believed the city walls stand on the original Roman walls, although this has not been tested for a long time. A project to raise the profile of York’s Roman past could have huge benefits for the city.
62. YAS consider it unlikely that a city in which Constantine the Great was acclaimed emperor of the Roman Empire in 306AD would not have had a major palace somewhere in the city, although any remains will be around nine metres below the current ground level.
63. And work to redevelop the city’s Southern Gateway could open up exciting possibilities as the banks of the Foss would have been used by the Vikings and would have been an international gateway during York’s Viking era.
64. However, YAT is also concerned about instances of anti-social behaviour in the city centre, particularly at weekends
65. The Task Group agreed that York is a place of vision and that its rich heritage is not a barrier to change but is a driver for further development and that there is space for much more creative dialogue for using the past.

Regional

66. In October 2016 Historic England published Heritage and the Economy 2016 presenting key facts and figures which illustrate the benefits the historic environment brings to the economy.

67. The publication noted that the historic environment is intrinsically linked to economic activity with a large number of economic activities occurring within it; dependant on it or attracted to it. The headline statistics are:

- Heritage directly contributed over £756.5m in GVA in Yorkshire and the Humber in 2013;
- In 2013, there were over 14,400 people directly employed in heritage in Yorkshire and the Humber ;
- In 2014, heritage tourism generated nearly £1.1 billion in spending by domestic and international visitors in Yorkshire and the Humber;
- Repair and maintenance of historic buildings in Yorkshire and the Humber directly generated £682m in heritage-related construction sector output in 2015.

68. Historic England found that heritage directly contributed over £756.5m in GVA in Yorkshire and the Humber in 2013. This figure increases to over £1.6 billion when direct, indirect and induced heritage GVA is combined. This is equivalent to 1.6% of total GVA in Yorkshire and the Humber.

Total GVA (m) (Direct, indirect and induced

Area	2011	2012	2013
Yorkshire & the Humber	£1,980.7	£1,724.4	£1,638.4
% of total GVA for Yorkshire & Humber	2.0%	1.7%	1.6%
England	£21,363	£21.116	£21,697
% of total GVA for England	1.7%	1.7%	1.6%

69. In 2013, there were over 14,400 people directly employed in heritage in Yorkshire and the Humber. Including indirect and induced employment, this number increases to over 28,900. The number of people employed has declined from 32,600 in 2011 primarily due to a decline in heritage construction employment.

70. In 2014, heritage tourism generated nearly £1.1 billion in spending by domestic and international visitors in Yorkshire and the Humber. In total, it is estimated there were 1.6m domestic overnight trips, 15.5m domestic day trips and 710,000 international visits to Yorkshire and the Humber in 2014.

Heritage-related visitors (2014)	Heritage -related spend (m)	Heritage-related trips/visits (m)
Domestic overnight		
Yorkshire and the Humber	£342	1.60
England	£3,549	15.94
Domestic day		
Yorkshire and the Humber	£457	15.5
England	£4,978	156.43
International		
Yorkshire and the Humber	£295	0.71
England	£9,856	17.38
Total (domestic & international)		
Yorkshire and the Humber	£1,094	17.8
England	£18,383	192.7

71. Compared to the national average, as shown in the figures below, heritage-related domestic visit spending provides a proportionally higher source of tourism income in Yorkshire and the Humber than nationally. Consequently, heritage-related international visitor spend accounts for a significantly lower proportion of tourism income in the region.

Distribution of total heritage spend

% of total domestic and international spend

	England	Yorkshire and the Humber
Domestic overnight	19%	31%
Domestic day	27%	42%
International visits	54%	27%

Heritage Construction

72. Heritage-related construction plays an important part of Yorkshire and the Humber's construction industry and the historic environment forms a vital part of our nation's infrastructure, providing premises for businesses; homes for residents; and amenities and utilities for communities and visitors.
73. Repair and maintenance of historic buildings in Yorkshire and the Humber directly generated £682m in heritage-related construction sector output in 2015. This is equivalent to 7.1% of total construction output or 22% of the repair and maintenance output.

Yorkshire & the Humber construction output (m)	2011	2012	2013	2014	2015
Heritage-related construction	£734	£705	£720	£792	£682
All Construction	£8,967	£8,573	£8,974	£10,249	£9,584
Heritage as a % of total construction	8.2%	8.2%	8.0%	7.7%	7.1%

Nationally

74. Historic England noted that while Heritage is an important source of economic growth and prosperity it is difficult to monetise and isolate the added value or net impact of heritage from the activities attracted to it or embedded within it.
75. The economic value and impact of heritage can come from a variety of sectors and functions, including: tourism; the demand from the construction sector to service heritage buildings; conservation activity; economic activity in historic buildings; investment in the investigation, research and display of archaeological sites and structures and education.
76. In 2013, heritage directly generated £10 billion in GVA in England. If indirect and induced effects are considered, heritage sectors' contribution to GVA increases to £21.7 billion. This is equivalent to 2% of national GVA. In 2013, there were 164,100 direct heritage jobs in England. If indirect and induced heritage employment is included then this figure rises to 328,700 heritage jobs or 1% of total national employment.

77. In total, domestic and international heritage-related visits generated £18.4bn in expenditure in England in 2014. This level of heritage tourism expenditure contributed £11.0bn in GDP and 285,700 jobs. If indirect effects are included this rises to £24.2bn in GDP in 2014. Heritage tourism expenditure accounted for 22% of all tourist spending in 2014.
78. Domestic overnight visits: 17% of all domestic overnight trips in England in 2014 or 15.7 million trips were heritage-related trips. Domestic overnight visitors spent £3.6bn on heritage-related trips in 2014.
79. Domestic day visits: In 2014, it is estimated that 12% of the total or 159.4 million day visits were motivated by heritage-related activities. Domestic Day visitors spent £4.97bn on heritage-related day visits in 2014.
80. International visits: There were 15,392,000 heritage-related international visits in 2014. There has been a steady increase since 2010. International tourists spent £9.86bn on heritage-related visits in 2014.
81. Historic England noted the ways in which heritage tourism generates benefits in the local economy. These include:
- Investing in the historic environment generates economic returns for local places. On average, £1 of public sector expenditure on heritage-led regeneration generates £1.60 additional economic activity over a 10-year period.
 - Visiting heritage generates money for the local economy – for every £1 spent as part of a heritage visit, 32p is spent on site and the remaining 68p is spent in local businesses: restaurants, cafes, hotels and shops.
 - On average, half of the jobs created by historic visitor attractions are not on the site, but in the wider economy.
 - UNESCO estimates the financial benefit of World Heritage Sites (WHS) to the UK to be £85 million per year. The WHS brand is a significant marketing tool, which increases tourist numbers and spend, local employment, house prices and local economies.
 - 14% of visitors stayed in the area as a result of a historic houses/castles attraction, while 15% stayed in the area as a result of visiting other historic properties.

- Three-quarters of adults (73.2%) in England, or approximately 40 million people, visited a heritage site at least once in 2015/ 16, compared to 69.9%in 2005/06.
- When asked about their most recent UK holiday in 2015, 63% domestic travellers cited being able to visit a historic building or monument as their 'sole reason' or a 'very important reason' why they took their holiday.
- Heritage tourism is more popular in Britain, compared with most of Europe – UK citizens have the 4th highest participation rates for visiting a historical monument or archaeological site in the past 12 months (65%) –13 percentage points higher than the EU average.
- 30%of overseas visitors cite heritage as the biggest single motivation for their visit to the UK – the largest single factor for non-business visitors.
- Only shopping (71%), visiting parks or gardens (54%), or going to the pub (50%) were as, or more, popular activities among visitors.
- Heritage-related construction plays an important part in England's construction industry and heritage construction output is estimated at £9.7 billion for 2016.

82. Historic England concludes that tourism is expected to grow in the future. It was estimated in 2013 that the UK tourism economy would grow by 3.8% a year between 2013 and 2018, which is higher than sectors such as manufacturing, construction and retail. By 2015, the total contribution of tourism was forecast at £324 billion and 4.6 million jobs.

83. The Culture White Paper produced by the Department for Culture, Media and Sport and published in March 2016 put the 2014 economic contribution of culture to be £5.6 billion. This contribution from museums, galleries libraries and the arts represents 0.3% of the total UK economy, up 59% (in normal terms) since 2010, a massive increase compared to total economic growth of 16% (in normal terms) over the same period.

84. The number of people employed in the cultural and creative sectors has been increasing since 2011 and now stands at 321,000.

85. The fact that the UK's culture is seen so positively around the world increases its contribution to the economy beyond its direct impact. This is

evident in tourism. Research by the British Council shows that cultural attractions are the most commonly mentioned factor in terms of what makes the UK an attractive place to visit while the arts was the third most commonly mentioned reason.

86. The White paper specifically mentions Hull as an example of how cultural place-making can shape the fortunes of regions, cities, towns and villages. Having been chosen as the UK City of Culture 2017, it is now on the Rough Guide list of the top 10 world cities to visit. It is no coincidence that Hull is attracting new business and jobs. The award of UK City of Culture is expected to be worth some £60 million to the local economy in 2017.
87. A January 2016 government briefing paper on support for the UK's creative industries and their contribution to the economy defined creative industries sector as including advertising, architecture, design, media, IT and computer services, music and publishing.
88. The economic output in the creative industries was £84.1 billion in 2014. Growth in the creative industries has been faster than the overall economy in recent years. Between 2009 and 2014 economic output (in cash terms) of the creative industries increased by 45.9% in total compared with 20.0% for the economy as a whole.
89. There were 1.9 million jobs in the creative industries in 2015, an increase of 3.2% compared with 2014 and up by 19.5% since 2011. An estimated 640,000 of these jobs are in 'IT, software and computer services', with a further 286,000 in 'music, performing and visual arts' and 231,000 in 'film, TV, video, radio and photography'. Creative industries accounted for 5.8% of all jobs in the UK in 2015.
90. 60% of jobs in the creative industries were filled by people who have at least a degree-level qualification compared to 33% for all jobs in the UK.

Heritage buildings and modern businesses

91. A Heritage Lottery Fund study "New Ideas Need Old Buildings" published in 2013 following research across 56 different towns and cities, including York, noted that historic buildings and the historic quarters of major towns and cities are the places where new ideas and new growth are most likely to happen. The research shows that the commercial businesses based in the historic buildings of major cities are more productive and generate more wealth than is the average for all commercial businesses across the whole economy.

92. The research findings back up an idea about economic development that has been understood for some decades – that innovation, new products, new services – indeed, new economic growth – flourish best in cities possessing a good stock of historic, distinctive buildings. It found that businesses can set up in older buildings with lower risk because of lower costs. Older buildings are suitable for a huge variety of business use. They have character and colour, so creating the distinctive leisure quarters of cities and an atmosphere that fosters creativity. All of this forms to create a ‘mosaic’ of economic activity that is attractive to workers, visitors and to business owners alike – a rich diversity of use from which the new ideas that economic development depends upon can flow.

93. The research found that:

- More than 130,000 businesses operating in listed buildings in the UK.
- In major cities, historic buildings have a greater concentration of businesses linked to the creative and knowledge economy than across the UK as a whole.
- The areas of cities where there is a higher density of listed buildings also have a higher concentration of businesses linked to the creative and knowledge economy.
- Listed buildings are far more likely to be occupied by the types of independent non-branded business that give places a sense of distinctiveness, authenticity and diversity.
- Listed buildings are highly attractive to entrepreneurs and start-up businesses in the creative and cultural sector. Creative industry businesses based in historic buildings that were surveyed for the research included a very high proportion of start-ups – with over 60% established in the past three years.
- Listed buildings are three times more likely to be used as a fashion retail shop than non-listed.
- Historic buildings are highly suited to a great variety of uses and are now used for a wide range of manufacturing activities from publishing to jewellery and clothing factories – whilst former industrial heritage buildings have been re-used for residential, office, retail and leisure.
- Across the UK, the businesses based in listed buildings are highly productive and make an estimated annual contribution to UK GDP of £47billion and employ approximately 1.4 million people. This represents 3.5% of the UK’s GVA and 5% of total UK employment. Not all historic buildings are listed – adding the non-listed would make these figures even higher.

- In the places surveyed, a commercial business based in a listed building generates an average of £308,000 in GVA per year – 4.4% higher than the average for all commercial businesses across the UK. Rather than being a drag on productivity, listed buildings attract businesses in the most productive sectors of the economy.
- The ‘heritage premium’ associated with the occupation of these listed buildings – the extra GVA they generate over and above the amount generated by an equivalent number of businesses in non-listed buildings – is £13,000 per business per year.

Heritage as a selling point

94. At the meeting with YMT it was pointed out to the Task Group that the richness of York’s heritage had formed a significant part in the marketing of the restored St Leonard’s Place – a grade II listed Regency building within the city walls.
95. Its sales brochure states: “York is a forward-looking City that maintains a perfect balance between the charm of a rich heritage and the virtues of modern lifestyle amenities, with fantastic connectivity to London, Edinburgh and beyond. Embedded in the City’s historic heart, St Leonard’s Place enjoys exceptional views and is well placed to take advantage of York’s best assets. The development, within the ancient Roman Walls, rubs shoulders with stunning landmarks, venues of culture, seductive eateries, quality shopping and grand parks, all within the environs of York Minster”
96. It adds: “Founded by the Romans in about AD 71, the City has a historic legacy which is of international significance. As an ancient centre for trade, York had long achieved standing as an important commercial hub. During the Georgian and Regency Periods, arising from the coming of the railways, the City rose to become one of England’s most affluent social and cultural focal points, making it a grand and fine place to live. The contemporary York preserves, and builds upon, all of these qualities. It also retains much of its historic character and enjoys a vibrant community spirit.
97. “A collection of beautiful parks and green spaces provide the backdrop for the City, offering peaceful places to relax and stroll. Alongside St Leonard’s Place lie the Museum Gardens, a ten-acre botanical park, which was planted as St Leonard’s Place was being built and now offers a sense of “country in the City”. The nearby Dean’s Park, one of York’s best-loved spots, offers a quiet and reflective space from which to

experience the magnificent Minster. The River Ouse is just minutes away with the infamous New Walk; a stately, tree-lined avenue created during the reign of George II. An artists' garden behind York Art Gallery, linking to the Museum Gardens, Marygate and Exhibition Square, forms part of this fine array of exquisite spaces.

98. "For those with a love of the arts, there's much to discover on a short stroll, with York Art Gallery and its national collections of paintings and ceramics, and Yorkshire Museum, which digs deep into the City's ancient and Roman history. The Theatre Royal, one of the country's leading producing theatres, is so close it shares your address."

Major Arts and Culture Related Festivals

99. **Aesthetica Short Film Festival** is a celebration of independent short film from around the world. It supports emerging and established filmmakers by giving them a platform to showcase their work. It is a hub for the film industry and a must-attend festival in the film world calendar. For those working in the industry, it provides a chance to hear from leading international film organisations, discover emerging talent and build future collaborations.
100. The BAFTA qualifying festival returned for its sixth year in November 2016 and screened 400 films as part of its Official Selection and presented a number of Showcase Screenings from leading cultural institutions.
101. **Mediale** is the flagship initiative of York's UNESCO designation. The first is to take place in autumn 2018 and every two years thereafter. Plans for the inaugural festival include major light commissions alongside interactive pavilions and exhibits that utilise the backdrop of the city. Its 20-day programme will be underpinned by year-long development activity with schools, communities and businesses.
102. In enabling as many people as possible to experience the transformative power of culture first hand, the aim is to build media arts into everyday life in York and to reposition the profile, ambition, excellence and impact of the UK's programming in media arts. A commitment to the next generation of talent will be at the heart of the festival as they work alongside leading artists.
103. Above all, the proposed festival is about the city coming together to make a statement about its future. A festival of partnerships, it will take a united York to the world and bring the best of the world to York.

104. Partnership with the UK Mediale 2018 offers the opportunity to present world-class arts programming, build relationships and international brand awareness, inspire staff and customers, and be a part of an exciting moment in York's history.
105. **Vespertine** is an innovative and accessible programme of intriguing, spectacular and unique art events taking place monthly in the early evening gap between work and play. The audience of residents and visitors to York can experience a range of art forms from music and performance to light projections and art installations.
106. As well as offering inspiring experience to the audience Vespertine aims to stimulate the early evening economy by providing more reason for people to spend more time in the city to get to know its cultural depth. It emerged from a partnership established by York@Large, York Theatre Royal and Make it York encompassing 20 of the city's cultural organizations and managed by York Archaeological Trust.
107. **Illuminating York** is the city's biggest annual night-time festival. It enables residents and visitors to explore the city through the imagination of artists, using the medium of light in all its forms. The festival opens up some of York's most famous, most interesting and intriguing buildings by night, to experience them in a completely new way. Outdoors, buildings, spaces and places host installations using light and projection.
108. **York Viking Festival** is recognized as the largest Viking festival in Europe and it a city-wide celebration of York's Viking heritage. Taking place every February half-term, the festival programme of family-friendly events, lectures, guided walks and battle re-enactments attracts 40,000 visitors a year from across the globe.
109. The festival has its roots more than 1,000 years ago when York was under Viking rule and celebrations took place to herald the coming of spring and the end of winter hardships. These celebrations were long forgotten until the 1980s when York Archaeological Trust revived the tradition. It is now in its 32nd year and has become a firm fixture in the York calendar.
110. **York Mystery Plays** have entertained residents and visitors to the city since the 1300s. In 2016 the Mystery Plays returned to York Minster for only the second time in their near 700-year history and attracted more than 26,000 people over the course of a five-week run.
111. The plays are essentially a community production, featuring just one paid actor working alongside an army of volunteers, and previous years have seen outdoor performances on pageant wagons at various locations throughout the city.

Consultation

112. To progress the review the Task Group agreed to invite representatives from various city organisations for discussions, including York@Large; Make it York; York Museums Trust; York Archaeological Trust; the Centre for Cities, the Chamber of Commerce; York Theatre Royal and City of York Council.

Options

113. The Task Group can:

(i) Note the information in this report and:

a) Agree any additions to the list of consultees;

b) Agree an updated timetable of meetings in order for an interim report to be ready by February.

Initial Analysis

114. The historic environment is intrinsically linked to economic activity, with a large number of economic activities occurring within it, dependent on it or attracted to it. There is a need to unravel the complex relationships and interdependencies between heritage and economic activity to understand and estimate the value added of heritage.

115. York is a city with a high quality of life to which millions of visitors a year are attracted by its culture and heritage offers. It is also one of the best connected cities through its ultrafast broadband network. This combination makes it an idea for people working in the creative sectors who look to their environment for creativity.

116. York is a world-renowned centre for heritage and culture. It is famous not just for its walls, museums and historic buildings but also for the diversity of its creative industries and the artists, businesses, entrepreneurs, festival organisers and retailers who make the city such an economically successful and exciting place to live.

117. The arts and culture sectors can create additional spending by tourists in two ways. Some visit York primarily to visit arts and cultural attractions, while others take part in arts and cultural activities during trips that are made for other purposes, potentially extending trips and generating

additional spending as a result.

118. The direct impact of arts and culture activities has wider economic benefits to other sectors such as those businesses that benefit from spending by visitors and audiences, including shops, restaurants and hotels.
119. Make it York had an important role in terms of drawing people to the city while CYC needs to take a strategic role. Difficulties arise when people are asked to identify opportunities and are then expected to deliver. However, the richness of York's heritage makes it difficult to find a particular focus.
120. York has cultural attractions that are among the best in the UK and these can be used to attract inward investment as well as tourism. Hiscox demonstrates a higher value job opportunity that came to York because of the lifestyle offered to the families of staff members including the culture and potential knowledge economy in the city.
121. York should look to protect and utilise its stock of historic buildings so as to attract more growing business that will help drive the city's economic development.

Council Plan

122. This report supports A Prosperous City For All; A Focus on Frontline Services and A Council That Listens to Residents elements of the Council's Plan 2015-19.

Risks and Implications

123. There are no known risks or implications associated with the recommendation in this report. Implications arising from the recommendations in the draft final report will be addressed accordingly.

Recommendation

124. Members are asked to note the information in this report, indicate any additions to previously agreed consultees and agree an updated timetable.

Reason: To enable the Task Group to proceed with work on the agreed scrutiny review.

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Wards Affected:

All

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