

**The Economic and Social Impact
of the Arts in the Highlands and Islands**

Final Report

by

Independent Northern Consultants

September 2001

**Report Produced by: Steve Westbrook, Economist
Bryan Beattie, Creative Services
Lorraine Mann Research & Analysis**

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Contents	Page Number
Executive Summary	
Section 1.0 : Introduction	1
Section 2.0 : Methodology	5
Section 3.0 : National and Regional Context	10
Section 4.0 : Thematic Case Studies	15
Section 5.0 : Aspects of Economic Impact	25
Section 6.0 : Economic Impacts by Local Enterprise Company Area	28
Section 7.0 : Overall Highlands and Islands Economic Impacts	45
Section 8.0 : Analysis of Voluntary Activity and Amateur Participation	48
Section 9.0 : Comparisons with the 1991 Impact Study	51
Section 10.0 : Comparisons with Other Areas	53
Section 11.0 : Analysis of Funding from the Scottish Arts Council, the Arts Lottery, and the European Union	57
Section 12.0 : Social Impacts	66
Section 13.0 : The Role of the Arts in Cultural Tourism	79
Section 14.0 : Overall Conclusions	84
Section 15.0 : Recommendations for Increasing Economic and Social Impacts	92
 Appendices	
Appendix 1.0 : Arts Activities Covered by the Study	
Appendix 2.0 : Copies of Survey Questionnaires	
Appendix 3.0 : Leader II-Funded Projects	

Executive Summary

Introduction

This study has assessed, quantitatively and qualitatively, the economic and social impacts of the arts in the Highlands and Islands at the beginning of the new millennium - drawing comparisons with a similar study carried out ten years previously.

The new study is more wide-ranging than the 1991 study, with increased coverage of the more popular arts, including music and small scale cinema. The analysis excluded certain activities, including museums, libraries, music and book retailing, and graphic design, that might be regarded as “creative (or cultural) industries”, but which do not fall within the remit of the Scottish Arts Council (SAC). Crafts were also excluded.

The information required for the study was compiled from source through extensive local contacts and analysis of databases and existing reports. Some activity will inevitably have been missed in the trawl, and the impacts that were calculated should therefore be regarded as the minimum.

Principal Economic Impacts

Information on arts activity was obtained for the year October 1999 to September 2000, and estimates of impact by art-form were made for individual Local Enterprise Company (LEC) areas, and for the Highlands and Islands as a whole.

As defined for the purposes of the study, the arts support more than 1,600 direct full-time equivalent jobs, equating to **2,500 full-time equivalent (fte) jobs** (direct, indirect and induced) including multiplier effects. 18% of this total is attributable to venues and galleries; 27% to work by individual artists; 23% to arts-related teachers and tutors; 10% to the spending of tourist visitors to events and exhibitions other than at the venue but attributable to the visit, 11% to the creative content industry, and 11% to other impacts. The **1991 study** attributed **700-825 direct fte jobs** to the narrower activities covered, and comparing like with like, the increase since 1991 in these activities is estimated at approximately 33% (**250 direct fte jobs**).

The **formal education sector** employs approximately **340 fte arts-related teachers** in the Highlands and Islands. Many schools specialise in music, including employing instrument tutors, but there is very little drama or dance tuition. There has been a reduction across much of the Highlands and Islands in visual art specialist teaching due in part to general class teachers in primary schools replacing visiting specialists.

The new study identified 250% more attendances at events and exhibitions than the 1991 study, and 130% more box office income/exhibition entry fees (at inflation-adjusted prices). Much of this increase is due to the wider coverage of the new study, but there have clearly been real increases over the past ten years in: visits to galleries (due to the increased number of galleries); attendances at concerts of traditional music; classical music audiences; the number of overall attendances at festivals; the total number and proportion of tourists visiting both exhibitions and events.

Across all art-forms covered, there were approximately **7,650 public performances** given in the Highlands and Islands over the year, attracting a total of **970,000 attendances**, of which **240,000 were made by tourist visitors** to the Highlands and Islands (25% of the total). In addition, **exhibitions** of art-work attracted approximately **660,000 visitors** over the year, of whom **405,000 were tourists** (61%), demonstrating the important role of galleries as an all weather facility for tourist visitors to the Highlands and Islands. In total, there were approximately **1,640,000 visits to events and exhibitions** over the year, of which **650,000 (40%)** were made by **tourist visitors**. Visits by residents to events and exhibitions totalled approximately **990,000**, which represents **2.6 visits per year per head** of the area's population. **Box office/entry fees** totalled more than **£4 million**.

These figures include **Eden Court Theatre** which, as in 1991, generates by far the greatest economic impact of Highlands and Islands arts facilities - receiving 26% of all box office/exhibition entry fees. Attendances and box office income are also calculated in the report exclusive of Eden Court Theatre.

£300,000 of the £350,000 that performers are estimated to spend while visiting the Highlands and Islands is attributable to performances at Eden Court Theatre.

Relatively few artists resident in the Highlands and Islands are full-time, and, for a number of reasons, the area benefits from having a large number of part-time artists, some of whom earn only a small proportion of their living from the arts, and whose families are supported by income from other work that pays them more per hour. In particular, individuals can play important roles in community arts-related initiatives and through private tuition. In contrast, artists who become full-time or wish to pursue a successful career in the arts tend to leave the area (especially in drama, dance and certain forms of music) - beneficial for the individual, but not to local economic and social impact.

Tourism helps considerably in sustaining artistic activity in the Highlands and Islands through boosting demand, especially through attendances at festivals, galleries, and musical events. The area has not maximised the scope to promote the richness of its arts to the prospective visitor, however.

Case Studies

Three thematic case studies were carried out as part of the overall study, all relating to areas of growth within the arts in the Highlands and Islands over the past ten years.

Professional touring companies: with the help of project funding from HI Arts and the SAC, these have grown in number from 1 to 15, but there is a high degree of fragility. The companies provide a total of **44 direct fte jobs**, giving 279 performances at 40 different venues within the Highlands and Islands during the study year, and holding a further 66 events for more than 7,000 people (workshops, school projects, community drama, etc). Levels of support funding need to acknowledge the relatively high cost of touring to small, geographically dispersed venues in the Highlands and Islands.

Record labels: there are at least 30 record labels based in the Highlands and Islands, providing about **5 fte jobs**, and playing an important role in the developing music infrastructure in the Highlands and Islands. At present, the labels sell a total of around 33,000 albums per year.

Galleries: there are now more than 100 galleries established in the Highlands and Islands (excluding craft-only outlets), many of which are small-scale and seasonal. This sector provides about **55 direct fte jobs**, and has an additional importance as an outlet for the very large number of visual artists in the Highlands and Islands who would otherwise have great difficulty in exhibiting their work to prospective buyers.

Local Impacts

The Local Enterprise Company areas that generate the highest impacts from the arts per head of population are:

Box office/entry fees: Skye and Lochalsh; Inverness and Nairn; Argyll and the Islands

Audience numbers/exhibition visitors: Orkney; Skye and Lochalsh; Shetland

Total fte jobs supported: Skye and Lochalsh; Orkney; Shetland.

Areas where impacts are low, including Moray, Badenoch and Strathspey and Caithness and Sutherland, tend to lack promoters and suitable venues. Where new venues have been developed in local areas, impacts have tended to increase - due not only to the increased capacity to hold events, but to the new projects that are generated by such a local base.

External Funding Sources

Between April 1999 and March 2000, the **Scottish Arts Council grant-aided** 136 projects in the Highlands and Islands to the sum of **£1,196,574**. This represented £3.25 per head of population - 59% of the Scottish average - which was an improvement on the 50% figure ten years ago. If SAC grants to the four “national companies” are excluded from the Scottish total as they can be considered to have a national rather than regional role, however, the Highlands and Islands receives a higher per head share than the rest of Scotland (£3.25 compared with £2.64).

The difficulty that the SAC has nationally in rationing its financial support between an ever-increasing number of applicants for its different programmes was reflected in the adverse comments made by many of the people whom we consulted in the study. This is compounded by the reduced budgets that most of the Local Authorities in the Highlands and Islands have for supporting the arts since re-organisation.

Between the start of the Lottery in 1995 and October 2000, the Highlands and Islands received 152 Arts Lottery awards worth a total of **£12,478,045**. This represents £33.93 per head of population compared with £28.80 for Scotland as a whole, although the average for the Highlands and Islands will fall to £23.44 per head if the An Lanntair arts centre project in Stornoway does not proceed. This Lottery funding was not envisaged when HIE produced its arts strategy in the early 1990’s, and has helped greatly in implementing new projects consistent with the strategy. Approximately 190 small groups in the Highlands and Islands had received some **£530,000** in **Awards For All** Lottery funding by February 2001.

Arts projects received ERDF funding totalling **£1.65 million** through the **Objective 1 Programme** (1994-2000) for 11 projects, while arts training projects received **£533,672** in **ESF funding** over the period. 157 projects were assisted through the **Leader II Programme**, receiving EU funding totalling **£820,346**. The Western Isles and Skye and Lochalsh made particular use of this Programme to fund new arts initiatives.

The establishment of HI Arts as a partnership between Highlands and Islands Enterprise and the SAC to help increase and support arts activity in the area has been an important factor in generating demand for SAC, Lottery, and EU funding.

Voluntary Input and Social Impacts

We identified a total of 615 arts-related organisations active in the Highlands and Islands, with a total estimated membership of 15,980. Grossing-up from our survey evidence, the members of these organisations contributed a total of 27,300 days of unpaid time in promoting/organising events and a total of 23,320 days in giving performances for the public over the course of the year. At a modest rate of £5 per hour, this represents a financial value of £1.9 million p.a., and is equivalent to 220 full-time jobs. Many individual artists also help in their local communities through unpaid work in schools, etc. Voluntary work underpins much artistic activity in the Highlands and Islands. This has generally proved sustainable over the past ten years, but volunteers are becoming increasingly stretched.

Social impacts and trends, and difficulties that voluntary organisations have in providing artistic activity in local areas were explored through case studies in Caithness and Stornoway, and through other research. Key points included the following:

- Despite progress over the past ten years, the arts have not yet realised their full potential, and weaknesses in public sector funding support are an important aspect of this failure.
- Increased awareness of Gaelic and the recognition of this by funding bodies have been important positive factors (eg. in supporting the growth of feisean).
- The lack of a customised multi-purpose arts venue in particular areas (eg. Caithness, Lochaber and Lewis) has held up progress in arts development.

- Arts organisations have had contrasting experiences over the past ten years (positive and negative), although in many cases the same key people have kept up high levels of commitment.
- There is limited networking within and between areas by arts-related organisations (although PAN is a notable exception, and MIDAS has promoted co-ordination in the music sector).
- There is a continual struggle to obtain sufficient funding to survive/develop.
- There has been an increasing appreciation of the personal enrichment that participants in arts events and their audiences can gain.
- Traditional music has undergone a renaissance, attracting a new generation of young people.
- The built infrastructure of the rural Highlands and Islands has been boosted by a number of strategic village hall developments that enable higher quality arts activity to be held.

Future Arts Development

Factors that will influence arts development in the Highlands and Islands in future years include:

- The commitment of the new Scottish Parliament to education and social inclusion, with scope to raise the profile of the arts in both spheres.
- Implementation of the National Cultural Strategy, which should support new creative industry initiatives.
- Tighter Lottery funding, more highly prioritised, which means that projects will need to source more diverse sources of funding.
- Opportunities through the developing UHI, in particular through new arts-related further and higher education courses.
- The phasing out of EU assistance during the next decade.
- The need for the Highlands and Islands to develop niche tourism in an increasingly competitive international industry.
- Scope to specialise further in music, a sector that is likely to receive continuing attention as a potential growth industry nationally (and in other cultural industry sectors with national/international growth prospects - including film).

Increasing Economic and Social Impact

There should be a co-ordinated effort to inform policy makers within the public sector about the benefits of the arts so that their potential might be more fully realised. This should be achieved *nationally* within the framework of the Cultural Strategy, *regionally* within the policy framework of the HIE Network, and *locally* within the strategic community planning of Local Authorities. There should be clear links between these three levels.

A Strategy for Advocacy of the Arts to lobby and influence policy and decision makers should be established and implemented. In addition, guidelines for good practice should be established to encourage local networking and strategic sharing of resources.

A key challenge is to find ways of recycling the economic benefits that the arts can generate to reduce dependence on ongoing public funding. This could entail greater partnership between local arts

promoters and artists and the tourism establishments that benefit from the spending of visitors drawn to an area (at least partially) to enjoy its artistic activity. A clear and accepted format for self-evaluation and independent evaluation of arts organisations and events in terms of social and economic impact should be introduced as an integral part of public sector financial support.

In response to these needs, key actions for the public sector funding bodies should include:

- Acknowledge the value of investment in the arts infrastructure across a range of social and economic objectives. Plan to increase significantly their financial investment in the sector incrementally over the next ten years. Actively encourage an increase in human resources support to the sector.
- Continue to focus on music as a sector in which many parts of the Highlands and Islands have a comparative advantage in terms of technical skills, enthusiasm, and the involvement of young people.
- Encourage the growth of the Highland Arts Partnership to include the Islands (and other parts of the HIE area), and to assist in developing more focussed, shared aspirations and strategies.
- Work with the area's Tourist Boards and tourism industry to ensure that the arts are seen, and promoted, as an integral part of the area and a strong reason for people to visit.

The arts community should undertake the following activities to complement the public sector measures:

- Increase collaborations within the arts sector, with other creative industries, and with the tourism industry in order to develop innovative projects that will attract support funding, and to develop larger projects than would be possible for a single organisation that can achieve economies of scale.
- Develop new audiences through programming that will attract young people, people with an interest in popular art and entertainment, elderly people, etc (as applicable in local areas where particular groups are not catered for). Initiatives that address social exclusion will often attract support funding (from a range of potential sources), and should be based on market research.
- Encourage volunteers and part-time staff to attend relevant training courses - eg. in aspects of effective administration, marketing, recruitment of new volunteers, use of new technology, working with young people, etc.