



West Midlands Cultural Sector Economic Snapshot (Jan 2010)

Produced by the West Midlands Cultural Observatory in association with Advantage West Midlands (Tourism) and the Cultural Research & Intelligence Group (CRAIG).

1 Key Findings

1. Despite a positive performance in the last quarter of 2009, the region's cultural sector is facing a period of uncertainty. While most local cultural organisations remain optimistic about the short-term stability of core funding sources, evidence suggests that perception of funding security is low compared to confidence levels pre-recession.

2 Market Intelligence

2.1 Tourism / Visitor Attractions

2.1.1 Regional intelligence

2. [Quarterly England Attractions Monitor \(July - Sept 2009\)](#) - West Midlands visitor attractions recorded an increase in visitors (+12%) during the Jul-Sept quarter compared with the same quarter in 2008. This continues to compare favourably with the national average (+5%).

2.1.2 National intelligence

3. Recent [VisitEngland research](#) on holiday booking patterns has suggested that the 'holidaying at home' trend seen in 2009 may continue in 2010. 72% of respondents said they were 'very' or 'quite' likely to take a short break or longer holiday in England in 2010.

2.2 Sport

2.2.1 Sports clubs

4. The UK-wide [CCPR Survey of Sports Clubs 2009](#) found that, overall, sports clubs were financially stable on entering the recession, with the proportion of clubs making profits in 2008 similar to that seen in 2007. Furthermore, authors suggest that clubs may be less vulnerable to the effects of the recession because most are not reliant on large surpluses (in both 2007 and 2008 clubs' average surplus amounted to less than 12% of their yearly income).
5. In terms of major income sources, on average, the majority of clubs' income came from self-generated sources, including: annual membership fees (29% of overall income on average); bar, catering and hospitality (24%); match game tournament fees (12%) and the renting out of facilities (8%). Revenue from grants only amounted to 5% of clubs' income. Given the recent reduction in available income from grant-givers such as trusts, foundations and local authorities (see the [Apr-Jun snapshot](#) and section 3.2.3, para 27) sports clubs' self-reliance may lead to resilience to the some of the effects of the recession.

2.2.2 Gym membership

6. Anecdotal evidence suggests many local residents are opting to cancel private gym membership and move instead to local authority-run gyms in a bid to save money during the economic downturn¹.

2.3 Creative Industries

7. According to [intelligence](#) from [Grad Central](#), some of the region's creative businesses are seeing an upturn in sales and employment opportunities. This development is seen as particularly positive for graduate jobseekers, many of whom are interested in roles in the creative sector.

3 Cultural Facilities Survey (Oct - Dec 2009)

3.1 Profile of respondents

¹ West Midlands Cultural Research & Intelligence Group (November 2009)

8. A total of 30 West Midlands cultural organisations completed surveys this quarter: 5 museums; 5 performing arts organisations; 1 local authority culture & libraries division (including results from 1 art gallery and a 1 library service); 2 other library services and 2 other art galleries; 4 historic house/museums; 2 local authority arts and heritage divisions (responding on behalf of a range of venues); 1 cultural event organiser organisation; 1 visitor attraction; 1 archive centre; 1 arts centre; 1 creative media/screen venue; 1 local authority events and festivals division; 1 culture and arts youth group; 1 music gig organiser organisation and 1 arts development company.

3.2 Results snapshot

3.2.1 Visitor volume and sales

9. **Note: For the Oct-Dec facilities survey, respondents were asked to compare levels of visitors and sales in the last three months of 2009 to levels during the same period in 2008 and 2007. 2007 figures were sought to help gauge the difference in performance compared to a 'normal' trading year.**
10. During Oct-Dec 2009, the majority of respondents (54%) saw an increase in the number of visitors (compared to the same period 12 months ago), 29% saw a decrease in visitors and 18% maintained a similar level of visitors.
11. Revenue followed a similar pattern to audiences. The majority of respondents (53%) saw an increase in revenue, 40% saw a decrease in revenue and 7% maintained similar levels of revenue².
12. During 2009, the number of visitors increased or remained stable during 2009 (compared to 2008) for 71% of respondents. Compared to 2007, visitor numbers increased or remained stable for 82% of respondents. Changes in revenue were also broadly comparable. Compared to 2008, revenue from sales increased or remained stable for 60% of respondents. 58% upheld or increased 2007 levels of revenue. Thus, when the 'recession factor' is controlled for, the proportion of respondents experiencing increases/decreases in audience and revenue levels remains broadly similar, suggesting that the trends identified are not 'false'³.

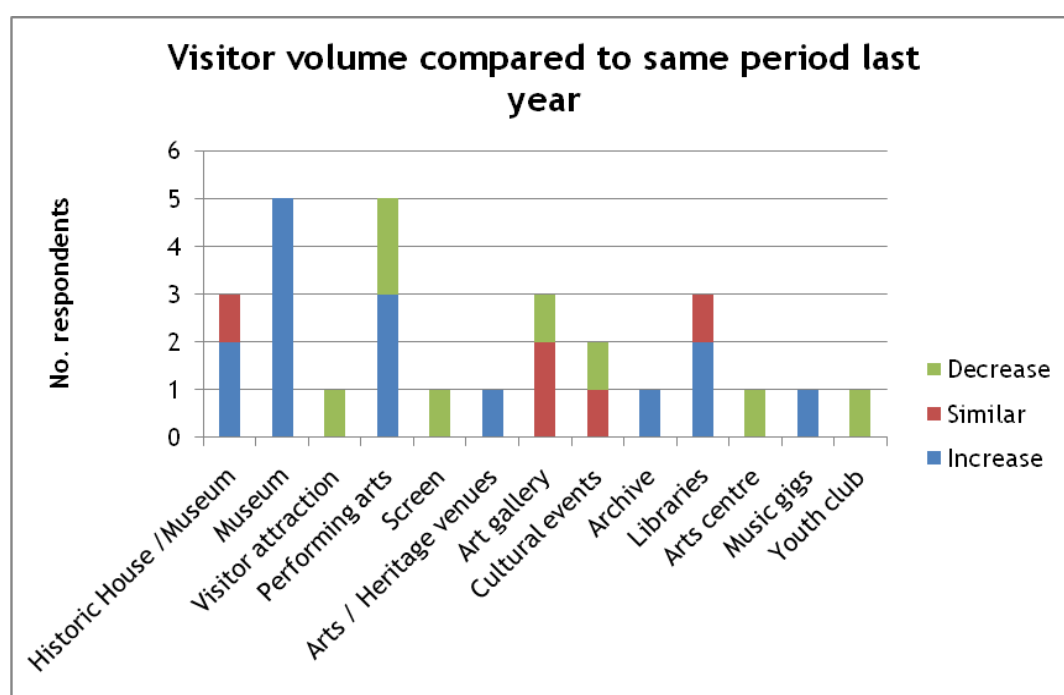
² Visiting and revenue has been classed as 'similar' to the previous year where there was no more than a 2% difference.

³ This refers specifically to the comparison of Oct-Dec 2009 results to Oct-Dec 2008 results. The recession began in October 2008 meaning that economic results for the last quarter of 2008 can not be deemed 'usual'. For example, at the time, [our own survey](#) highlighted stark decreases in visitors and revenue compared to the previous year. There is some risk,

13. As shown in the chart below, the following types of organisation tended to see visitor numbers increase⁴:

- museums,
- arts/heritage venues,
- archives,
- historic houses/museums,
- libraries.

Decreases in visitor volume occurred in the visitor attraction (1); 2 of the 5 performing arts organisations; the creative media/screen organisation (1); 1 art gallery; the arts centre (1); the culture and arts-led youth club (1), and 1 of the cultural event organisers reported a decrease in audience levels.

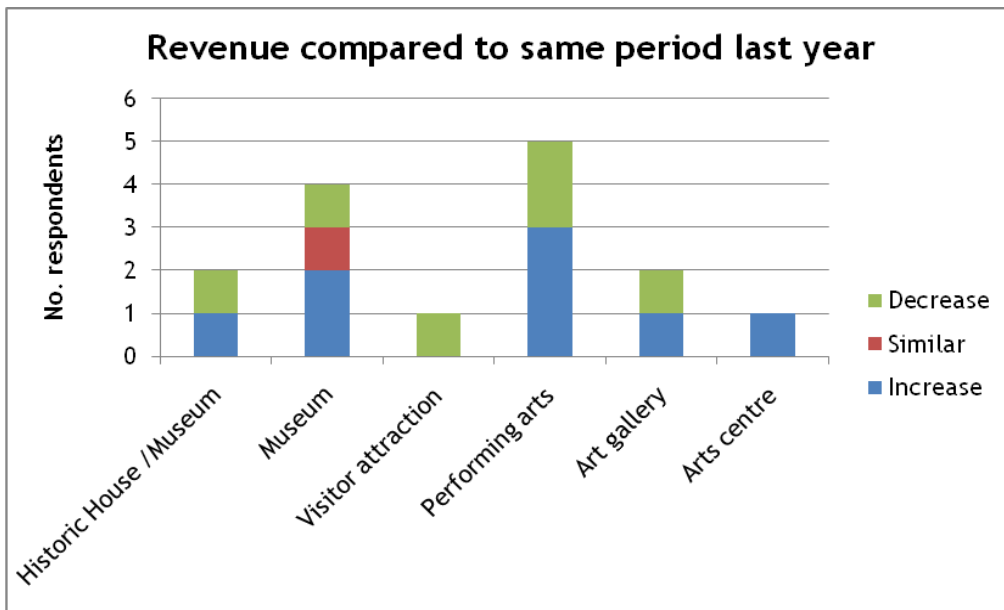


Source: West Midlands Cultural Observatory (2009) Cultural facilities survey, quarter 4

14. Revenue from sales followed a similar pattern to visitor volume with the exception of the arts centre (which saw a decrease in visitor volume but an increase in revenue), museums (2 of which did not see an increase in revenue despite all museums seeing an increase in visitors) and art galleries (1 of which saw an increase in revenue despite similar levels of customers).

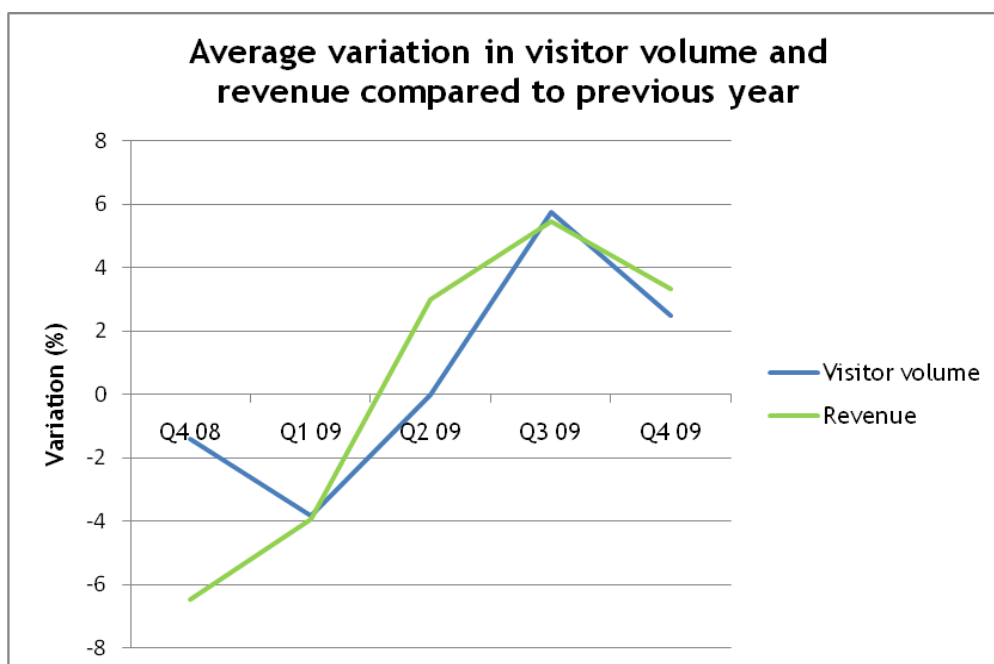
therefore, that 2009 performance will appear markedly different (improved) compared to 2008 performance, when, in reality, performance may still not be satisfactory by 'usual' standards.

⁴ 'Music gigs' have not been included in the list because the survey respondent made it clear that the increase in audience numbers is associated with poor audiences in 2008 (rather than an increase in performance).



Source: West Midlands Cultural Observatory (2009) Cultural facilities survey, quarter 4

15. As shown in the chart below, for the Oct-Dec 2009 quarter, the average (median) change in levels of revenue (+3%) and visitors (+3%) remained positive. As reported in the [previous snapshot](#), after an initial dip (Oct 2008 - Mar 2009), many (customer-facing) cultural organisations in the West Midlands saw an unusually high increase in footfall over the summer months. The results for the final quarter of 2009 appear to be more 'usual' for the time of year.



Source: West Midlands Cultural Observatory (2009) Cultural facilities survey, quarter 4 (2008) - quarter 4 (2009)

3.2.2 Stability of core funding

16. For the Oct-Dec facilities survey, respondents were asked how far they agreed with the following statement:

'I am optimistic that our core funding source(s) will remain secure during the first 6 months of 2010'

17. The majority of respondents (65%) either agreed or strongly agreed they were optimistic funding sources would remain secure, although just over a quarter of respondents actively disagreed with the statement (26%), with around a tenth remaining neutral (9%).
18. Respondents were then asked to rate whether they were 'more' or 'less' optimistic than they had been during the same period in 2008 and 2007.
19. Only a third of respondents (33%) stated they were 'more' optimistic about the stability of core funding compared to last year, with even less (22%) 'more' optimistic compared to 2007.
20. The majority of respondents (72%) were actively 'less' optimistic about funding compared to the same period during 2007. Half of respondents were 'less' optimistic compared to 2008 (50%).
21. From these results, it can be suggested that while most cultural organisations are optimistic about the security of (short term) core funding, a significant proportion are not, and, most are less optimistic than they were pre-recession.

3.2.3 Anecdotal insights

22. Respondent organisations provided the following qualitative comments, all of which provide further insight into how the recession has influenced trading conditions for the region's cultural sector:
23. *"Local Jobcentres are referring people to libraries to use the free computers to compile their CVs, search and apply for jobs"*
(West Midlands-based library service)
24. *"We have taken on volunteers who have lost their jobs"*
(Archive centre, Coventry & Warwickshire)

25. *“We have seen an increase in visitors, which we think is due to that fact that we are free entry and people are looking for somewhere to take their families which won't cost a lot of money - this is also shown in the fact that although we have an increase in visitors, our takings on the shop have slightly decreased”*

(Art Gallery, Worcestershire)
26. *“Increasing visitor numbers have resulted in strong councillor support at the current time and continued commitment to revenue funding”*

(Museum, Worcestershire)
27. *“The recession has affected the Trusts & Foundations sector badly and we have felt the effect of not achieving our fund-raising targets”*

(Performing arts organisation, Birmingham)
28. *“It is much harder to raise project funding and takes up far more time”*

(Performing arts organisation, Wolverhampton)
29. *“As a local authority organisation we do not expect funding to remain at current levels. Staffing and opening hours will need to be reviewed”*

(Museum, Staffordshire)
30. *“We are losing a bit of money every quarter”*

(Performing arts organisation, Birmingham)