West Midlands Regional Observatory
www.wmro.org

West Midlands Cultural Sector Economic Snapshot (July 2009)

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. Local cultural sector organisations are facing increased competition for diminishing pots of funding. Local authorities from across the region have made cuts to arts, culture and tourism budgets and/or small grants programmes. This coincides with a reduced Advantage West Midlands budget and reduced funding from private investment.

2. Compared to other regions, the West Midlands continues to be relatively resilient in terms of visits to visitor attractions and visits to the region by domestic tourists. This is balanced by a relatively significant decrease in trade from overseas tourists.

3. In common with previous quarters, evidence suggests that the recession may create favourable conditions for some types of cultural organisations (e.g. historic houses, museums, leisure centres, cinemas) and less favourable conditions for others (e.g. some performing arts organisations and arts centres).

4. However, overall, our research suggests that the economic situation for many West Midlands-based cultural organisations may have stabilised or improved since the onset of the recession. The average annual variation for revenue (+3%) and visitor numbers (+0%) amongst cultural facilities survey respondents has moved away from minus figures for the first time since the survey began in Oct-Dec 2008.

5. Levels of revenue reported by respondents of our cultural facilities survey this quarter have held up better than audiences. This could suggest an emerging trend for people to reduce the frequency of visits to cultural attractions, while increasing the quality of the visits they do make.

6. The number of advertised cultural sector vacancies has dropped again in recent months to nearly half what it was during the same period last year. The reining in of recruitment is likely to have an impact on jobseekers such as recent graduates.

7. Following discussions between West Midlands Cultural Observatory and the Birmingham Chamber of Commerce earlier this year, West Midlands Chambers of Commerce have now altered their Quarterly Economic Survey to include a 'cultural/creative' firm category. It is envisaged that this positive development will lead to a more detailed understanding of how the recession is impacting on the region's cultural sector in future.

2 Market Intelligence

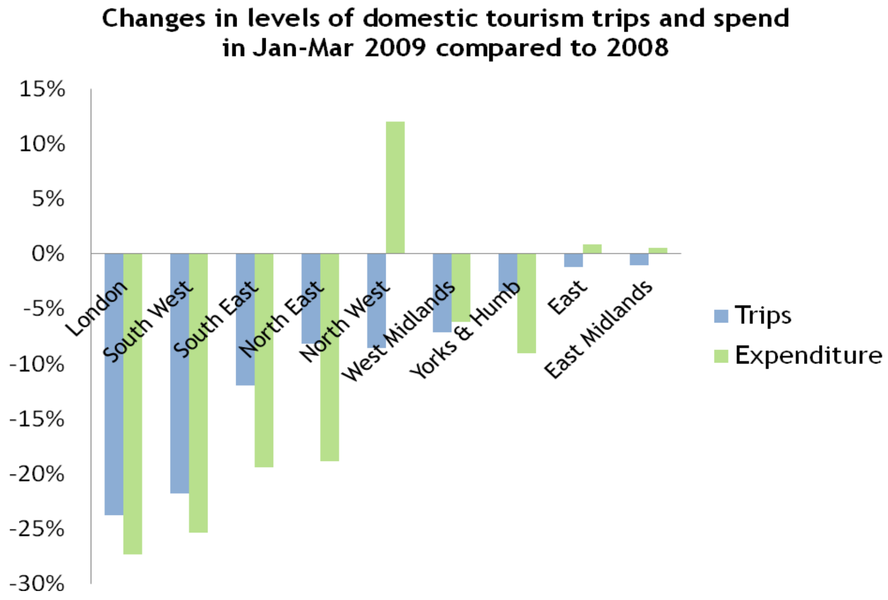
2.1 Tourism / Visitor Attractions

2.1.1 Regional intelligence

8. Quarterly England Attractions Monitor (Jan – March 2009) – despite a 15% increase in visitor numbers during January, West Midlands visitor attractions recorded an overall reduction in visitors (-3%) during the Jan-Mar quarter compared with the same quarter in 2008. This continues to compare favourably with the national average (-5%)[1]. Nationally, over half (59%) of attractions expected visiting for quarter 2 (Apr-Jun) to be higher than last year (up from 14% for Jan-Mar), with confidence in the West Midlands particularly high (62%). This '*sea change*' in business confidence was found to be associated with various factors, including a belief that domestic tourism will increase during the coming year.

[1] No region recorded an increase in visiting over the quarter, but this may be partly associated with the timing of Easter which fell in March in 2008 but not in 2009.

9. [UK Tourism Survey (Jan-Mar 2009)] – as shown in the graph below, the West Midlands saw a decrease in levels of overnight domestic tourism visits (-7%) and related expenditure (-6%) during the Jan-Mar quarter. This compares favourably to the national average in both cases. Other regions have been more adversely affected, with London, South West and South East regions experiencing more significant reductions. A number of factors may have contributed to West Midlands (relative) resilience such as the region's relatively small leisure tourism industry – the main reason that domestic tourists stay overnight in the region is to visit friends and family[2] (an area that people may be less likely to sacrifice than 'holidays'). The increasing trend for people to 'holiday at home' may also be benefitting the region (see paras 13 and 39). Average spend per trip in the region increased by 1% - possibly associated with the 1% increase in average length of stay.



Source: VisitBritain (2009) UK Tourism Survey, Jan-Mar 2009 regional data

10. [International Passenger Survey (Jan – Mar 2009)] – provisional results for the Jan-Mar 2009 quarter suggest that the number of visits to the region made by overseas visitors is down compared to the same period last year by a margin that is in line with the England average (-15%). In contrast, trip expenditure is down (-28%) by a level which exceeds the England average (-1%). The reason behind this trend is likely to be associated with a shorter average trip length suggested by the relatively significant reduction in the number of 'nights' respondents spent in the region. (Number of nights spent in the West Midlands was down -37%, compared to the England average of -15%).

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[2] VisitBritain (2007) UK Tourism Survey

11. In their recent briefing paper[3], Advantage West Midlands (Tourism) draw attention to a number of trends currently affecting the region's tourism industry:

Positive trends include:

- Continuation of '*strong trading performance*' amongst some of the region's key visitor attractions in the final quarter of 2008 and early 2009. A 10% or more increase in visitors has been seen at: Dudley Zoo, Drayton Manor Park, West Midlands Safari Park, Cadbury World, Warwick Castle, Ironbridge Gorge and the Heritage Motor Museum.
- Optimism for the year ahead remains '*high*' for those working within theatres, cinemas and arts venues (although performance varies from venue to venue).
- Performance in the caravan and camping sector is '*positive*'.

Challenges include:

- Continued reduction in trade for firms reliant on business tourism (conference venues such as the NEC, hotels etc). Business confidence/ optimism within these firms is reportedly low. Nationally, swine flu is increasingly cited as a reason for cancelling business events, while event organisers are increasingly seeing events lose their sponsorship deals.

2.1.2 National intelligence

12. In their recent 'Industry Round-Up' paper, Advantage West Midlands (2009) provide an update on trends affecting national tourism:

- Within the hospitality industry, profitability is dropping within restaurants; 2010 is predicted to be a bad year for the catering industry, and motorway service station profits are down by around 10% (associated with a reduction in the number of lorries/vans on the road and the reduction in business travel by car); pubs are experiencing multiple problems including negative press coverage which is eroding their value as a 'tourism asset'.
- Various sources suggest that historic houses are seeing an increase in visitors compared to 2008 (associated with better weather). National Trust is '*ahead of budget*' so far this year. (*This corresponds with the results of our own survey – see section 3.2*).

[3] Advantage West Midlands – Tourism (July 2009) 'Industry Round-Up'

13. The results of wave 3 (June 2009) of the VisitEngland/VisitLondon research into the impact of the economic downturn on domestic tourism show an increase in UK residents planning to take short breaks in areas of the UK (not including London) (+8%) and an increase in respondents planning day trips to areas in the UK (not including London) (+6%) compared to Oct/Dec 2008.

14. Published in tandem with the VisitEngland/VisitLondon research, Olive Insight (2009) suggests that greater volumes of overseas tourists are being discouraged from visiting the UK than are being encouraged.

15. UK Occupancy Survey (April 2009) – bedspace occupancy in accommodation establishments in England in April was 1% higher than for the same period in 2008. Occupancy in April 2009 was at 43% (compared with 42% in 2008). The average margin of difference in occupancy during Jan-Apr 2009 (-2%) was not as stark as for Oct–Dec 2008 (-5%), suggesting that the situation is not worsening and may be improving.

16. Commentators continue to speculate about how the low value sterling will affect British tourism. In their recent Lifting People, Lifting Places publication, Department for Culture, Media & Sport (DCMS) suggest the low value pound could boost tourism by:

    - Making the UK a more attractive destination for international tourism
    - Making overseas destinations less attractive to UK holidaymakers (which may lead to an increase in holidaying at home)

    As the authors note however, the recent reduction in domestic trips made by UK holidaymakers suggests that a reduction in trips abroad has not (yet) translated into more holidaying at home, and therefore:

    > *'..any positive impacts of the exchange rate may not feed through until the economy recovers'*

2.2 Arts

17. Recent results of the Arts Council England (national) recession research with Regularly Funded Organisations (RFOs) show that in March 2009, more respondents had seen a reduction in money available from sponsorship deals and local authorities (compared to December 2008). There were also reports of growing pressure on staff costs - around a quarter of respondents had already made redundancies or taken measures to freeze staff pay. There had been some improvement in terms of how much money respondents had spent on utilities due to the decrease in energy prices, although this was one of the few areas where reports were more positive than in December.

18. Recent research published by Arts & Business (based on a sample of 250 arts organisations nationally) suggests that while revenue from retail, ticket sales and cafe and restaurant sales is holding up relatively well (the majority of respondents reported 'no impact' on these sources of income), funding from private investment (63%) and trusts and foundations (55%) has decreased for the majority of respondents. In terms of respondents' response to the recession, the majority had increased fundraising efforts (56%) and significant proportions had scaled back on projects/ exhibitions/ performances (40%), postponed projects/ exhibitions / performances (20%), launched special admission offers (19%) and/or had considered collaborating/ merging with other organisations (17%).

19. To complement the research with arts organisations, Arts & Business also conducted a survey with (66) respondents working in the business sector. Confidence levels for investment in the arts were down in April 2009: 55% of respondents expressed confidence that their company's level of investment in the arts would increase or remain the same, compared to 82% in August 2008. On the plus side, respondents anticipated a long term increase (2011+) in their level of investment in the arts, and ranked investment in the arts over the next few years as more of a priority than investment in 'other charities', 'sports' and 'broadcasting'[4].

2.3 Museums

20. According to DCMS (2009), in 2008/09, visits to 18 DCMS sponsored museums had increased 1% on the same period in the previous year. As the authors note, the fact that these museums are free may be a '*major factor*' in this trend – borne out by the fact that 4 museum branches which charge people to enter have seen a 12% drop in visits[5]. (*Results of our own survey also support this finding – see section 3.2*)

2.4 Historic environment

21. Data from English Heritage (West Midlands) shows visits to English Heritage-owned properties in the region were up by 47% in June 2009 compared to June 2008. (*Results of our own survey also support this finding – see section 3.2*).

2.5 Creative industries

[4] Arts & Business (April 2009) Market Trends 2009
[5] DCMS (2009) 'Lifting People, Lifting Places', p31-2

22. Research commissioned by SEEDA into the impact of the downturn on creative industries based in the South East may provide a useful proxy for the West Midlands. Authors conclude that the sector will be '*hit harder than other sectors*' in the short term due to a relatively high number of micro-businesses (often the '*first casualties*') and supply chain linkages with some of the most severely hit sectors of the economy (such as 'construction' in the case of the architecture industry). In the medium to long term however, the creative industries are viewed as '*well placed to prosper*' if they collaborate and harness the catalytic capacity of the innovative industries such as software and computer gaming that are '*bucking the recessionary trend*'. This finding can be viewed as particularly notable given the strength of the West Midlands computer gaming industry.

2.6 Advertising, TV, radio, press

23. DCMS (2009) suggest that the shift towards online advertising (seen prior to the recession) may be accelerated by the recession, as firms cut back on advertising expenditure. Independent forecasters have projected UK advertising spend to fall by 6-12% during 2009. A '*difficult year*' is therefore predicted for both the advertising sector and for those sectors largely funded by advertising (TV, radio, press)[6].

3 Cultural Facilities Survey (Apr – June 2009)

3.1 Profile of respondents

24. A total of 31 West Midlands cultural organisations completed surveys this quarter: 8 performing arts organisations , 3 historic house/museums, 3 arts centres, 3 leisure centres, 2 creative media/screen venues, 2 museums, 2 arts development agencies, 2 art galleries, 2 cultural event management organisations, 1 library service (incorporating 55 libraries), 1 archive service, 1 sports project, 1 arts organisation.

25. This quarter's sample contains a relatively high proportion of arts-led organisations (52%) which should be taken into consideration when reading results.

3.2 Results snapshot

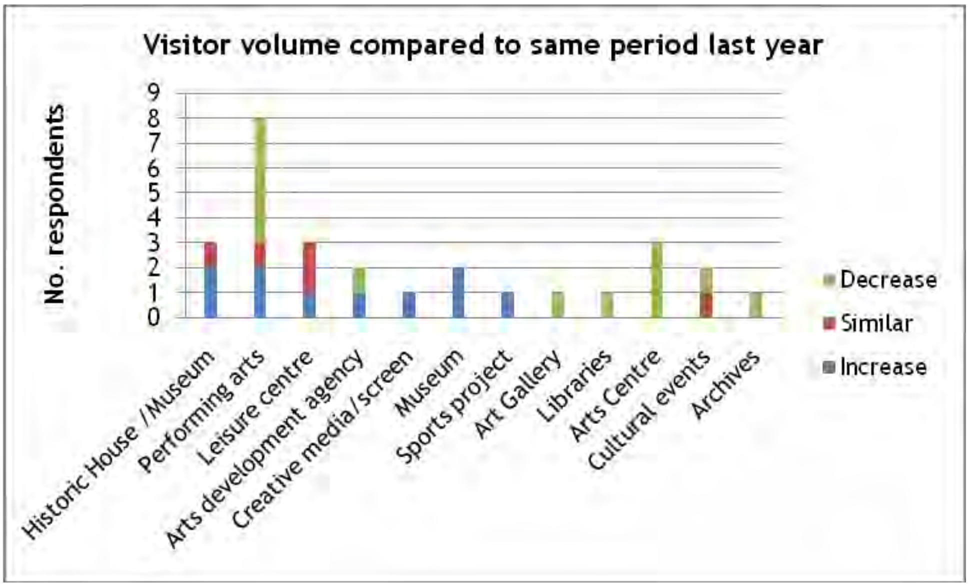
[6] DCMS (2009) Lifting People Lifting Places, p32

26. During Apr-June, 46% of respondents had a decrease in the number of visitors (compared to the same period 12 months ago), 36% saw an increase in visitors and 18% maintained a similar level of visitors. In contrast to previous quarters, revenue generated by respondents during the quarter held up better than audiences. 53% of respondents saw an increase in revenue, 32% saw a decrease in revenue and 16% maintained similar levels revenue[7].

27. As shown in the graph below, the following types of organisation saw visitor numbers remain the same or increase:

- historic houses / museums,
- museums,
- leisure centres,
- creative media/screen venue[8],
- sports project.

Decreases in visitor volume occurred in all 3 arts centres, the majority (5) of the performing arts organisations, the library service, the archive service, in 1 art gallery[9] and in 1 of the 2 cultural event management organisations. Of the 2 arts development agencies, 1 had seen an increase in take-up and the other saw a decrease.



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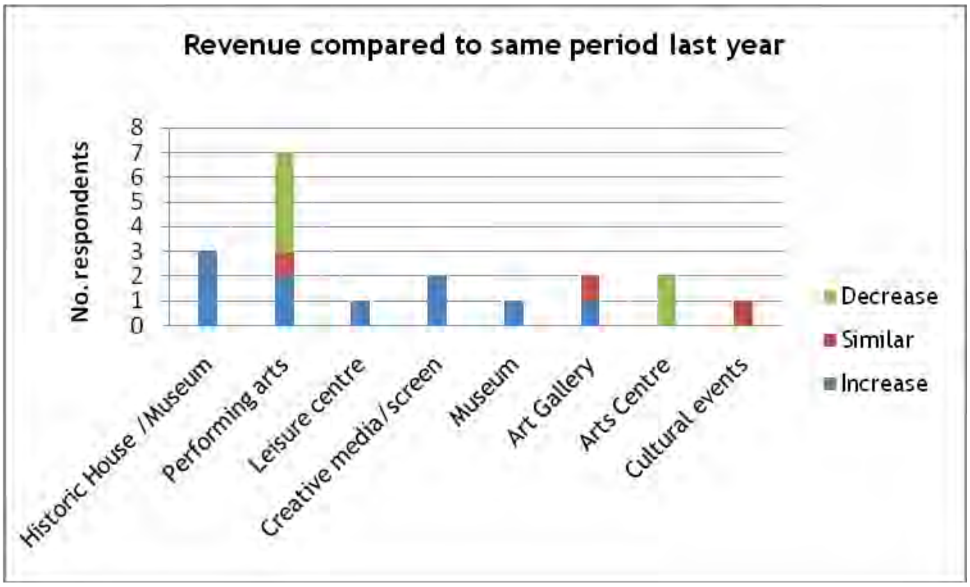
[7] Visiting and revenue has been classified as 'similar' to the previous year where there was no more than a 2% difference.
[8] Note: only 1 of the 2 creative media/screen venues provided audience figures. The other venue indicated that there had been a slight decrease in audiences overall, but a 29% increase in cinema admissions.
[9] Note: only 1 of the 2 art galleries provided audience figures

Source: West Midlands Cultural Observatory (2009) Cultural facilities survey, quarter 2

28. Revenue followed a similar pattern to visitor volume with the exception of art galleries:

- Revenue taken by the art galleries remained similar or increased, whereas visitor numbers had decreased in 1 of the galleries. This could suggest an increase in spend per visit for people attending art galleries, possibly associated with the trend for people to reduce the frequency of visits while increasing the quality of the experiences that they do have (see para 31).



Source: West Midlands Cultural Observatory (2009) Cultural facilities survey, quarter 2

29. In common with previous quarters, results suggest that the recession may create favourable conditions for some types of cultural organisations (e.g. historic houses/museums, museums, leisure centres, cinemas) and less favourable conditions for others (e.g. some performing arts organisations and arts centres). Due to the small sample size however, more research is needed to establish how representative this trend is.

30. For the Apr-June 2009 quarter, the average (median) change in levels of revenue (+3%) and visitors (0%) were in positive numbers for the first time since the survey began. The shift away from minus figures suggests that the situation for many cultural organisations in the West Midlands may have stabilised or improved since the onset of the recession in October 2008.

31. The median changes for the Apr-June 2009 quarter also differ from previous quarters because, for the first time, changes in revenue are more positive than changes in visiting. This apparent shift could suggest a change in consumption patterns. When the recession began, evidence suggested that people were spending less when they visited cultural venues[10]. Now, 9 months in, the trend predicted by Olive Insight (2008) for people to reduce the frequency of visits while increasing the quality of the experiences that they do have[11] may be taking effect. This is borne out by the recent West Midlands UK Tourism Survey results which show an increase in average spend per trip (see para 9).

3.3 Case studies

32. This section documents information on visitor numbers and revenue within a handful of case study organisations (6) that have completed the survey from the start. By tracking (in detail) the trends for a few organisations, it is possible to appreciate the effect of the recession on individual organisations over time, showing some of the 'stories behind the trends'.

33. Notable trends (demonstrated in the results table below) include:

- Overall improvement in levels of revenue for the majority of organisations compared to last quarter.
- Visiting not as strong as for the previous quarter for the majority of organisations.

These trends are consistent with the overall survey findings (see para 26).

Changes to visitor volume and revenue (Apr-June 2009)

Case study organisations	% variation in visitor volume compared to the same quarter 12 months ago	% variation in revenue compared to the same quarter 12 months ago	Visitor numbers better or worse than last quarter?[12]	Revenue better or worse than last quarter?
Performing arts organisation 1	-3	-4	Better	Better

[10] West Midlands Cultural Observatory (June 2009) West Midlands Cultural Sector Recession Research Update, 2.2
[11] Olive Insight (December 2008) *The Economic Downturn and Domestic Tourism*, for VisitBritain, VisitLondon and enjoyEngland
[12] Note: visitor numbers have been classified as 'better' if visitor numbers for this quarter are either closer to the 'norm' than they were last quarter (i.e. closer to visiting figures for the same quarter in the previous year) or if they exceeded the norm to a greater extent than they did last quarter. Organisations classified as having 'similar' visiting pattern to the previous quarter are those which reported a similar rate of variation (no more 2% difference). The same principles apply in the revenue column on the far right of the table.

Performing arts organisation 2	+2	+3	Similar	Worse
Performing arts organisation 3	+6	+9	Worse	Better
Art Gallery	-9	+8	Worse	Better
Museum	+14	+15	Worse	N/A (no data last quarter)
Creative media/screen venue	Slight decrease (no exact figures)	+11	Worse	Better

Source: West Midlands Cultural Observatory, Cultural Facilities Survey (2008/09)

3.4 Trading conditions overview

3.4.1 Customer confidence

34. To gauge audience 'confidence' a question was included which asked if there had been any change to the ratio of people just 'turning up', compared with those booking ahead (if confidence was low, a decrease in advance bookings could be expected). Of the 13 organisations that supplied information, 6 reported no change in booking patterns (46%), 4 organisations reported a decrease in advance bookings (31%) and none of the remaining respondents reported a straightforward increase in advance bookings, as the following statements testify:

"*Advance bookings have increased however so have cancellations*"

(Creative media/screen venue, The Black Country)

"*Indications are that ticket buyers are booking earlier than before*"

(Performing arts venue, Warwickshire)

"*More enquires and bookings but some [are] taking less frequent lessons*"

(Performing arts organisation, Worcestershire)

35. These results suggest that customer confidence may have reduced since the Oct-Dec quarter (in Oct-Dec 2008, 91% of respondents saw no change or an increase in advance bookings, compared to 69% in Apr-June 2009).

3.4.2 Supplier behaviour

36. Of the organisations that provided information about supplier behaviour, 9 reported that there had been no change in behaviour (36%). Remaining respondents mentioned various changes including suppliers chasing payment more promptly (5), increasing prices (3), going into administration (3) and increasing their efforts to win new business (2).

3.4.3 Sector response

37. The majority of respondents (17) reported that they had made changes to their service / launched new products and projects in order to attract more custom (55%)[13]. Changes made by multiple respondents included: new or revamped services (6), increased audience development activity such as marketing (3), keeping ticket prices low (2), introduction of new ticket packages to encourage block-booking (2) and new special offers (2).

3.4.4 Anecdotal insights

38. 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:

39. "*We have noticed an increase in locally based visitors, which may suggest that tourists are not travelling so much*"

(Museum, Staffordshire)

40. "*Libraries are experiencing more use by customers who are using the public access computers to search for jobs*"

(West Midlands-based library service)

41. "*We have found that there has been a drop in the number of requests to use our paid research service and [..] people are less willing to purchase publications at events*"

(West Midlands-based archive service)

42. "*..our regular users have not been able to access grants to book our services*"

(Arts development agency, Birmingham)

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[13] Note: this includes one organisation that talked about sticking to products and services that have a '*track record of success*' that do not carry '*financial or audience development risk*'. This has been interpreted as a change from normal (more speculative) programming.

43. "*Discretionary spending in the £15-20 range is certainly more robust than that in the £25-30 range*"

(Performing arts venue, Worcestershire)

44. "*Our organisation [..] has seen a 300% increase in volunteers which has led to increased organisational capacity*"

(Arts development agency, Birmingham)

45. "*What appears to be emerging is that light-hearted [..] events with a feel-good-factor tend to be the most popular*"

(Creative media/screen venue, Birmingham)

46. "*More people [are] attending free events*"

(Cultural event management organisation, Worcestershire)

4 Local authority budget cuts

47. Anecdotal evidence from CRAIG members[14] suggests that cuts to local authority culture budgets have already begun to have adverse effects on the sector:

- Cuts to the Community Services budgets at one city council have directly affected maintenance payments to some of the region's key museums (one of which houses one of the region's 12 collections of national importance).
- Cuts at two Black Country-based local authorities have resulted in reductions to the library service in one case and a cut in subsidies for some museums in the other. Another Black Country council is anticipating efficiency savings in the library service at for 2010/11.
- Cuts to tourism budgets have been seen in several of the region's local authorities. For example, Town Centre Management & Attraction budgets have been reduced and staff have been cut or not replaced, leading to a lower level of service.
- Cuts in funding for arts projects/organisations and arts posts have been seen in multiple West Midlands local authorities. For example, one unitary authority based in Coventry & Warwickshire has cut its arts budget by 82%.
- Local authorities, including one in Staffordshire and one in Herefordshire & Worcestershire, have made significant cuts to small grants programmes - the lifeblood of small-scale, community-led cultural projects.
- Nationally, there is evidence to suggest that local authorities may make cuts to historic environment services

[14] CRAIG (July 2009)

48. In his recent essay, National Advisor at IDeA, Martyn Allison (2009), argues that a presenting a coherent, '*clear and evidenced set of justifications and arguments demonstrating the contribution the [cultural] sector can make to delivering council[s] longer term priorities*' will be the most effective way of protecting local authority culture budgets. Allison calls for the sector to '*come together*' to present its case.

5 Household expenditure

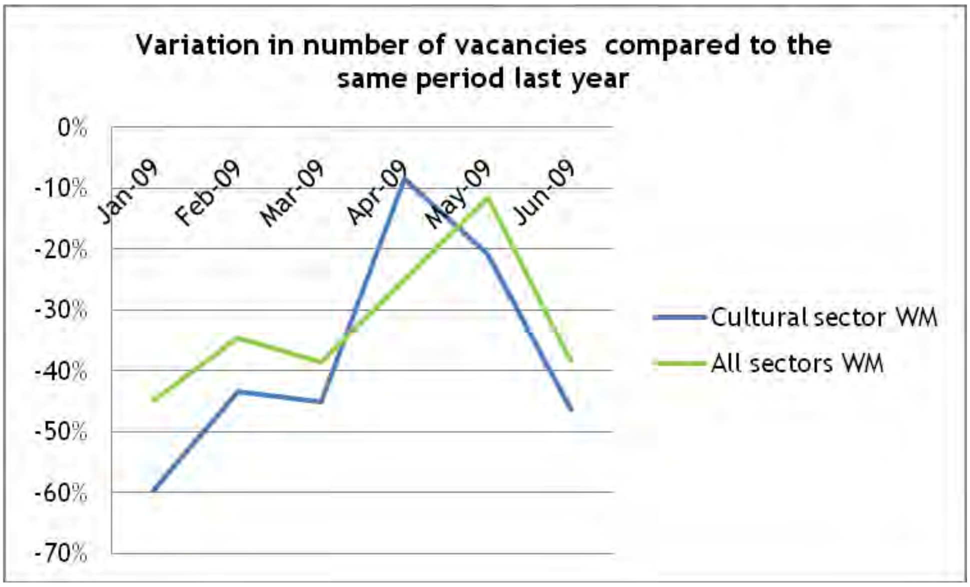
49. Consumer Trends (Jan-Mar 2009) – expenditure by UK households on 'recreation and culture' in Jan-March 2009 decreased by -4%, a rate which exceeded the average for all items (-2%). There has been a particularly marked decrease in spend on 'musical instruments and major durables for indoor recreation' (-27%), 'gambling' (-16%), 'recreational and sporting services' (-13%) and 'audio-visual equipment' (-13%). In contrast, there has been a marked increase in spend on 'maintenance of major durables' (+45%), suggesting consumers are increasingly looking to repair existing products rather than purchase new ones.

6 Vacancy Count

50. The table in Appendix 1 gives a breakdown of recent vacancy results for the West Midlands cultural sector. In common with previous months, the drop in cultural vacancies advertised through *JobCentre Plus*[15] in June 2009 compared to June 2008 (-46%) exceeded the average for all sectors (-38%).

51. As shown in the graph below, although the variation in number of vacancies in the cultural sector (and all sectors) compared to the same period in 2008 has not slipped to the same level seen in January, the '*signs of renewed recruitment activity*' reported in the Jan-Mar snapshot appear short-lived. The number of advertised vacancies has dropped again in recent months to nearly half what it was during the same period last year.

[15] Note: only certain cultural jobs are likely to be advertised through *Jobcentre Plus*. For example, the vacancy data may be particularly useful in determining the availability of low-skilled jobs in the hotel and restaurant industry, but less useful in determining the availability of high-skilled / senior job vacancies.



Source: Jobcentre Plus, January – June 2009

52. The reining in of recruitment is likely to have an impact on jobseekers such as recent graduates, and also suggests that there is a likelihood of a momentary halt in the growth of the region's cultural workforce.

7 Cultural Shopping Basket – March 2009

53. The two tables in Appendix 2 and 3 show how the cost of goods and services in June 2009 compared to figures from May 2009 and June 2008.

54. Notable differences compared to the February 2009 results (published in the Jan-Mar snapshot) include:

- Prices for 'reception and reproduction of sound pictures', 'data processing equipment' and 'audio-visual equipment', although still down, are now closer to 2008 prices, suggesting the beginnings of an upward trend in price levels for some audio-visual goods.
- In contrast to February, the price of books is now down on 2008 prices. It seems probable that this dip in price is associated with a dip in demand for books (suggested by the -5% decrease in household expenditure on books seen in Jan-March 2009[16]) – the '*gloomy*' possibility hinted at by Chair of Tindal Street Press, Caroline Griffin, in her blog back in January).

55. Prices for 'photographic, cinematographic and optical equipment' remain markedly low compared to last year (-23%). Prices for 'CDs and tapes', although closer to 2008 prices than in February, remain down (-9%).

[16] ONS (2009) Consumer Trends Quarter 1 2009, p91

8 Overview of Wider Economic Trends

56. The results of the Birmingham Chamber of Commerce Quarterly Economic Survey (QES)[17] for quarter 2 (Apr-Jun 2009) are summarised in the table in Appendix 4.

57. **Following discussions between West Midlands Cultural Observatory and the Birmingham Chamber earlier this year, West Midlands Chambers of Commerce have now altered their QES survey to include a 'cultural/creative' firm category. Additionally, the former 'hotels/catering' category has been expanded to 'tourism, hotels and catering' in order to capture a broader range of firms e.g. theme parks and other visitor attractions. Our aim in future is to use this new category to report specifically on cultural sector respondents. Given that 115 firms (14%) responding to the QES this quarter (across the West Midlands) were 'cultural/creative', it is envisaged that this positive development will lead to a more detailed understanding of how the recession is impacting on the region's cultural sector in future.**

58. Notable trends for this quarter include:

- Signs that issues with domestic and export sales may be stabilising, with an increase in the proportion of firms that have maintained or increased sale levels compared to last quarter.
- Diminishing rate of workforce growth within the Manufacturing sector. Having remained relatively stable over the previous two quarters (compared to other variables), this quarter, nearly half of Manufacturing firms (47%) reported a workforce decrease (compared to 31% last quarter).
- Signs of increased cashflow stability within the Service sector contrasts with the Manufacturing sector. This quarter, more than half of Manufacturing respondents (51%) reported a decrease in cashflow (compared to 40% last quarter).
- Signs that profit margins may be improving within both sectors, with a quarterly increase in firms reporting consistent or increased profits (compared to the past two quarters where there has been a quarterly decrease across both sectors). However, compared to last year, growth in profit remains comparatively low.

[17] The QES forms part of the biggest independent business survey in the UK. This quarter's survey is based on data from 206 respondents (55 from the Manufacturing sector and 151 from the Service sector).

9 Media Round-Up

9.1 Creative industries / museums

59. According to a recent Birmingham Post article, following the £48 million reduction to the Advantage West Midlands (AWM) budget, funding to the Advantage Creative Fund has been withdrawn. In addition, the next phase of a £7.1 million Creative Industries Centre in Wolverhampton now looks uncertain after the withdrawal of AWM funds, as does the proposed 1930s high street development at Black Country Living Museum which was also reliant on AWM funding[18].

9.2 Business tourism

60. NEC facing worst crisis for decades – in an interview with the Birmingham Post, the NEC's Chief Operating Officer confirmed that the NEC Group has been forced to make 82 staff redundancies following concerns that there will be a significant decrease in revenue from exhibitions in the year ahead.

10 Government initiatives to support the cultural sector through the recession

61. Various cultural sector support programmes have been launched in response to the downturn:

- Arts Council England's Sustain programme - will provide financial support for key arts organisations suffering as a result of the recession (nationwide).
- DCMS 'Lifting People' programme - will provide up to 10,000 job opportunities in the cultural sector for disadvantaged groups (nationwide)[19].
- DCMS 'Lifting Places' initiative, which aims to utilise empty High Street shops for cultural community activities (nationwide)[20].
- Advantage West Midlands action plan for tourism - £25 million, seven-point action plan to boost regional tourism (to include regional TV advertising campaign).
- West Midlands Taskforce market town investment package – includes an extra £100,000 investment in the promotion and marketing of festivals and events, with the aim of driving additional trade and visitors to towns including Evesham in Worcestershire and Leek in Staffordshire.

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[18] Birmingham Post (21 July 2009) Groups are forced to get creative as funds dry up
[19] DCMS (2009) Lifting People Lifting Places, p6-7
[20] DCMS (2009) Lifting People Lifting Places, p7-8

- West Midlands graduate internships scheme – graduate work experience placement scheme launched in response to the downturn to 'retain talent' and 'support business'. Supported by Advantage West Midlands, Graduate Advantage, Jobcentre Plus and the European Union. (Potentially beneficial to cultural graduates / cultural businesses).

11 Post recession recovery

11.1 Creative industries 'after the crunch'

51. In a reflective collection of articles, contributors to 'After the Crunch' (2009) suggest that the recession presents an opportunity to overhaul the way UK businesses operate, including the potential for an increase in innovation and creativity. It is suggested that creative industries can contribute to this overhaul in various ways, not least by providing an alternative model of success[21].

11.2 The potential role of culture in the region's post-recession recovery process

52. In response to a recent West Midlands Select Committee enquiry, the West Midlands Cultural Observatory (in collaboration with CRAIG) submitted evidence on the potential role of culture in the region's post-recession recovery process. Key areas identified included:

- **Boosting morale** - people turn to culture for comfort[22] and evidence such as the shorter average drive time radius of visitors to West Midlands Safari Park[23] / increase in museum visitors (see sections 2.3 and 3.2) suggest that West Midlands residents may be turning to culture as an antidote to the downturn.

- **Festivals and events** - anecdotal accounts from people close to the region's cultural sector suggest that there is widespread interest in using cultural events to draw in visitors and provide a relative swift, cost-effective boost local economies[24].

[21] After the Crunch (2009) Edited by: Wright, Newbigin, Kieffer, Holden and Bewick
[22] BMG Research (2009) Cultural demand in the West Midlands, for Culture West Midlands, section 5.3
[23] Advantage West Midlands (Tourism), April 2009
[24] CRAIG (June 2009)

- **Creative industries** - the creative industries have already been identified by government as 'key to economic recovery', by virtue of their significant economic output (in the West Midlands alone, creative industries turnover is around £7 billion[25]), and their role in creating a digital infrastructure described as 'fundamental' to the future competitiveness of British business[26].

[25] ONS (2004 & 2007) Inter Departmental Business Register
[26] DCMS (2009) Lifting People Lifting Places, p24

APPENDICES

1. Vacancy count results, June 2009

Sector	Vacancy count (June 2009)	% variation (compared with June 2008)
All sectors in WM	25,133	-38
Cultural sector WM total[27]	1,443	-46
Recreational, cultural and sporting activities	249	-42
Hotels and restaurants	1,088	-49
Manufacture of radio, television and communication equipment and apparatus	37	+270
Publishing, printing and reproduction of recorded media	69	-34

Source: Jobcentre Plus, June 2009

2. Consumer Price Indices (CPI): Annual changes in the cost of cultural goods (June 2009)

Category	Type of Goods	% change in price compared to last month	% change in price compared to last year
Audio visual equipment / products	Reception and reproduction of sound and pictures	+0.2	-3.5
	Photographic, cinematographic and optical equipment	-2.5	-22.5
	Data processing equipment	-0.9	-13.9
	Recording media	+3.5	-12.5
	Repair of audio-visual equipment & related products	No change	+0.7
Recreation & Culture[28]	Major durables for in/outdoor recreation	No change	+3.8

[27] 'Cultural sector WM total' refers to the amalgamated results for the four cultural sub-sectors shown in the final four rows of the table

[28] The definition adopted by the West Midlands Cultural Observatory excludes: 09.3.1 Games, toys and hobbies; 09.3.3 Gardens, plants and flowers; 09.3.4/5 Pets, related products and services; 09.5.3/4 Misc. printed matter, stationery, drawing materials.

	Equipment for sport and open-air recreation	+0.3	+1.4
	Recreational and sporting services	+0.1	+3.8
	Cultural services	+0.2	+4.8
	Books	-2.1	-5.8
	Newspapers and periodicals	+0.1	+3.8
	Package holidays	+0.4	+6.9
Restaurants and hotels[29]	Restaurants & cafes	+0.1	+2.9
	Accommodation services	No change	No change

Source: ONS, February 2009, Focus on Consumer Price Indices

3. Retail Price Indices (RPI): Annual changes in the cost of cultural goods (June 2009)

Category	Type of Goods	% change in price compared to last month	% change in price compared to last year
Catering[30]	Restaurant meals	No change	+2.2
Leisure Goods[31]	Audio-visual equipment	-0.9	-8.1
	CDs and tapes	+2.7	-9.4
	Toys, photographic and sports goods	+1.9	-0.1
	Books and newspapers	-0.7	+0.9
Leisure services	Television licences and rentals	No change	+1.3
	Entertainment and other recreation	No change	+1.3
	Foreign holidays	+0.5	+7.8

[29] The definition adopted by the West Midlands Cultural Observatory excludes: 11.1.2 Canteens
[30] The definition adopted by the West Midlands Cultural Observatory excludes: Canteen meals; Take-away meals and snacks
[31] The definition adopted by the West Midlands Cultural Observatory excludes: Gardening products

	UK holidays	No change	+1.7

Source: ONS, February 2009, Focus on Consumer Price Indices

4. Quarterly Economic Survey - Quarter 2 (Apr-June 2009)

	Service Sector[32]			**Manufacturing Sector**[33]		
	%	% change compared to last qrtr	% change compared to same qrtr in 08	%	% change compared to last qrtr	% change compared to same qrtr in 08
Domestic Sales (increase/ remained constant)	70	(+9)	(-16)	44	(+7)	(-22)
Export Sales (increase/ remained constant)	72	(+12)	(-15)	55	(+3)	(-30)
Workforce (increase/ remained constant)	83	(+1)	(-8)	53	(-16)	(-25)
Cashflow (improved/ the same)	80	(+14)	(-5)	47	(-13)	(-29)
Profits (improved/ the same)	68	(+8)	(-19)	50	(+10)	(-16)

Source: Birmingham Chamber of Commerce, 2009

[32] 10% of Service sector respondents hailed from ‘Tourism, hotels and catering’ firms, 6% from ‘Marketing and media’ and 3% from ‘Cultural/creative’ firms.
[33] 56% of Manufacturing sector respondents hailed from ‘Other manufacturing’ firms (i.e. not ‘Raw materials, agriculture, fishing, mining or utilities’), 15% were manufacturers of ‘electronic or information technology goods’ and 7% were ‘Construction’ firms.