



# The arts in the UK: Seeing the big picture

A perspective on how to gauge and sustain the UK arts sector's full impact

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November 2023

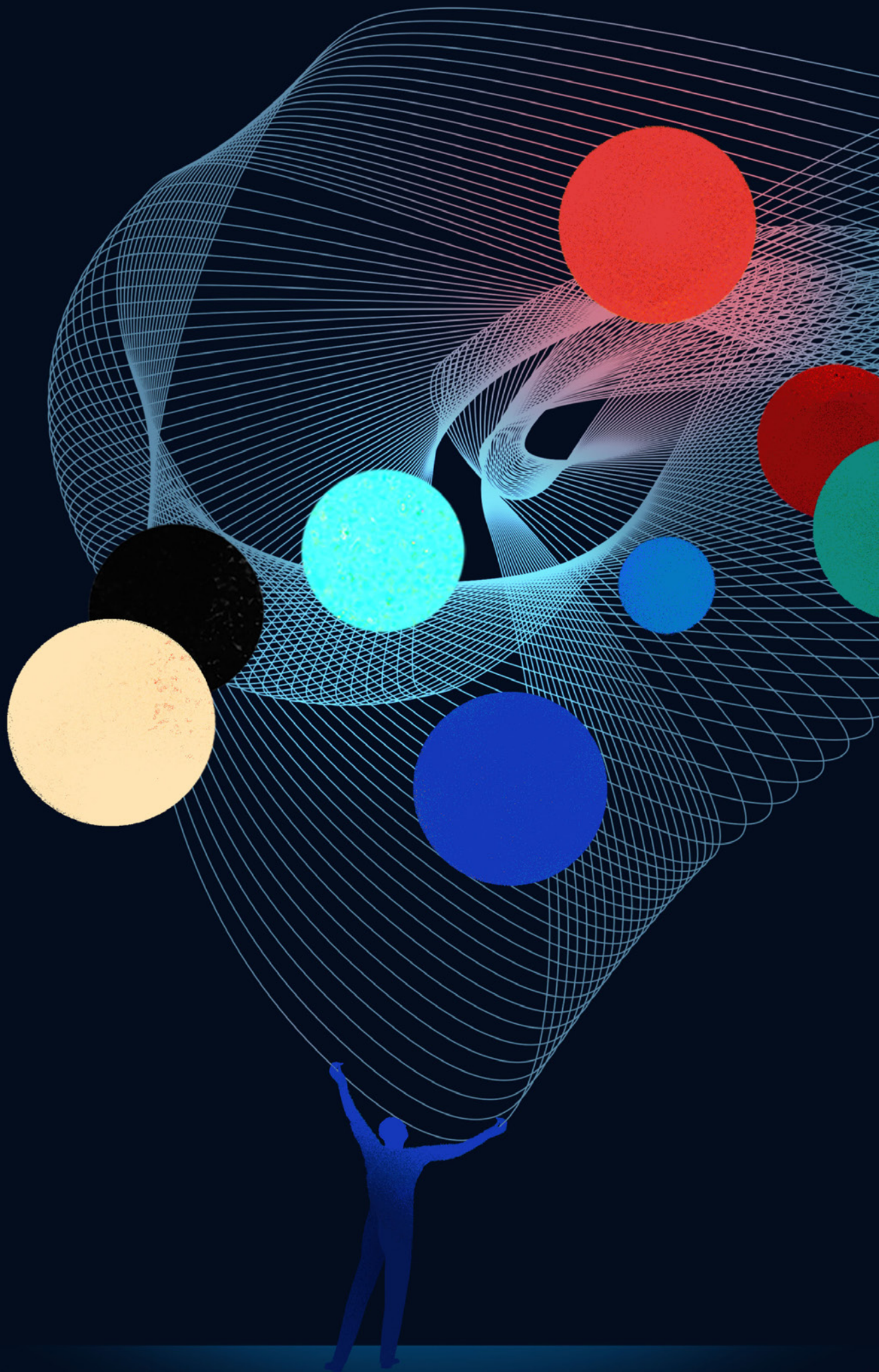
## **Authors**

Jonathan Deakin  
Tom Meakin  
Tunde Olanrewaju  
Van Nguyen



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# At a glance

- The United Kingdom is a cultural powerhouse—often punching above its weight—whose arts sector is recognised globally for its quality, diversity, and innovation.
- People engage with the arts in the United Kingdom on a large scale. Ninety-one percent of UK adults did so at least once in the previous 12 months, and ten million<sup>1</sup> of these are regularly involved with 63,000 voluntary leisure-based groups up and down the country.<sup>2</sup>
- They are drawn by art's intrinsic aesthetic value—its ability to entertain, stimulate the senses, and trigger a wide range of emotional responses. With so many people engaging with the arts, it has a much broader impact, too: on the economy, on individual lives, and on communities.
- The arts sector, including suppliers of goods and services, has 139,000 enterprises and 970,000 workers. Together they contributed £49 billion in gross value added (GVA) to the economy in 2022.<sup>3</sup> That's 50 percent larger than the contribution of the telecommunications industry and a significant part of the creative industries' GVA, which is estimated to have reached £126 billion in 2022<sup>4</sup> (according to the latest data), up from £115 billion in 2021.<sup>5</sup>
- Engagement with the arts has a positive effect on the lives of individuals, improving their skills, their wellbeing, and their health. Numerous studies have shown the positive impact the arts can contribute to managing conditions such as depression, dementia, and Parkinson's disease.
- Engagement with the arts enriches the fabric of local communities by encouraging sociable behaviour, contributing to the attractiveness of local communities, and stimulating discourse. Numerous studies have shown that participation in art programmes correlates with reduced levels of criminal behaviour.
- This impact depends not only upon the individual efforts of artists and arts organisations but also on an entire arts ecosystem—creators, educators, distributors and promoters, suppliers, funders, and audiences. The health of the ecosystem depends on five connections within it: (1) between different art forms; (2) between for-profit and not-for-profit organisations; (3) between different organisations working in different locations; (4) between arts organisations, local public bodies, and local businesses; and (5) between the arts sector and the broader creative industries.
- For the UK arts sector to continue to thrive, all individuals and organisations involved should recognise its dynamics as an ecosystem and look for opportunities to strengthen the connections upon which its health depends.

# Introduction

**The United Kingdom is a cultural powerhouse** whose arts sector is recognised globally for its quality, diversity, and innovation. It often punches above its weight.

Let's highlight just a few achievements. The United Kingdom is one of only three net exporters of music in the world.<sup>6</sup> It is the world's second-largest commercial market for visual art.<sup>7</sup> UK authors won the highest number of Nobel Prizes in Literature from 2000 to 2023 and UK actors the second-highest number of Academy Awards for acting. And the United Kingdom is home to five of the world's top 30 higher-education art and design institutions. The Royal College of Art (RCA) is number one.<sup>8</sup>

No less than 139,000 enterprises operate within the UK arts sector, along with 63,000 voluntary leisure-based groups. Together they engage millions of people, up and down the country, in the arts.<sup>9</sup> Indeed, a recent survey by the Department for Culture, Media, and Sport (DCMS) found that 91 percent of UK adults—around 51 million people—had taken part in one way or another during the previous year.<sup>10</sup> Art in the United Kingdom is a mass-engagement activity.

A good deal of work has been done examining the impact of so much art touching the lives of so many people. Often, however, this research looks at just a single section of the arts world—the theatre, say, or film—and tends to consider just one measure of impact. This independent report aims to take a wider lens. Drawing on existing data, new analysis, and interviews with more than 50 experts and arts leaders, the report looks at the entire arts sector across all four UK nations, gauging its impact both in economic and noneconomic terms. The report also seeks to understand what makes that impact possible.

The conclusions of the report are striking. Driven by the scale and quality of activity, the arts sector has an impact reaching way beyond its intrinsic value as a source of entertainment and stimulation. The sector contributes to the economy and to the lives of individuals—their health and education, for example—and helps improve the fabric of entire communities.

It does so not only because of the efforts of individuals in the sector—artists, teachers, funders, venue owners, and audiences, for example—but also because of the strength of a series of connections between them, in a complex and dynamic ecosystem. However, that ecosystem can be vulnerable. A decision taken in any one part of it can, intentionally or otherwise, reverberate elsewhere, strengthening or weakening the whole.

Understanding the sector's impact and the connections in the arts ecosystem could prove valuable—particularly at a time when the sector is still coping with fallout from the COVID-19 pandemic and other challenges. During the lockdown period, the arts and entertainment sector experienced the second-largest reduction in monthly GVA. The proportion of UK workers furloughed in the sector—70 percent—was second only to that in the accommodation and food services sectors.<sup>11</sup>

Although the government's £1.57 billion Culture Recovery Fund has been vital for many arts organisations, today's rising cost of living is impeding a return to full activity.<sup>12</sup> Many studies have found, for example, that while audience levels have picked up, revenues haven't, as organisations cannot bring prices into line with rising costs. Arts organisations, funders, and policymakers all face difficult prioritisation choices when budgets are tight.

The report does not make policy recommendations. Rather, it seeks to inform debate and thus to share a perspective helpful for all those working to ensure the sector's continued impact, in all its forms. It's a perspective that explores the connections within the arts ecosystem and where they could be strengthened.

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# Defining the arts sector: A dynamic ecosystem

To gauge the impact of the UK arts sector, we must first define it. There are many excellent existing frameworks and terminologies whose differences lie in nuances such as whether the literary arts ought to include all publishing or only fiction and whether the screen arts ought to include video games.

This report chooses to define the arts sector widely, as the goal is to gauge its impact as extensively as possible while maintaining focus on a coherent subset of the creative industries. Whether or not a specific art form is included in our analysis is not a judgement of its quality or aesthetics or of the degree of artistic or creative input required.

In our definition, the arts sector has four subsectors, each of which includes multiple art forms (see sidebar “Methodology”):

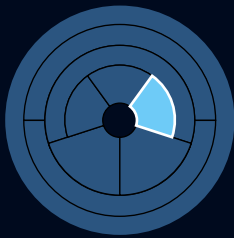
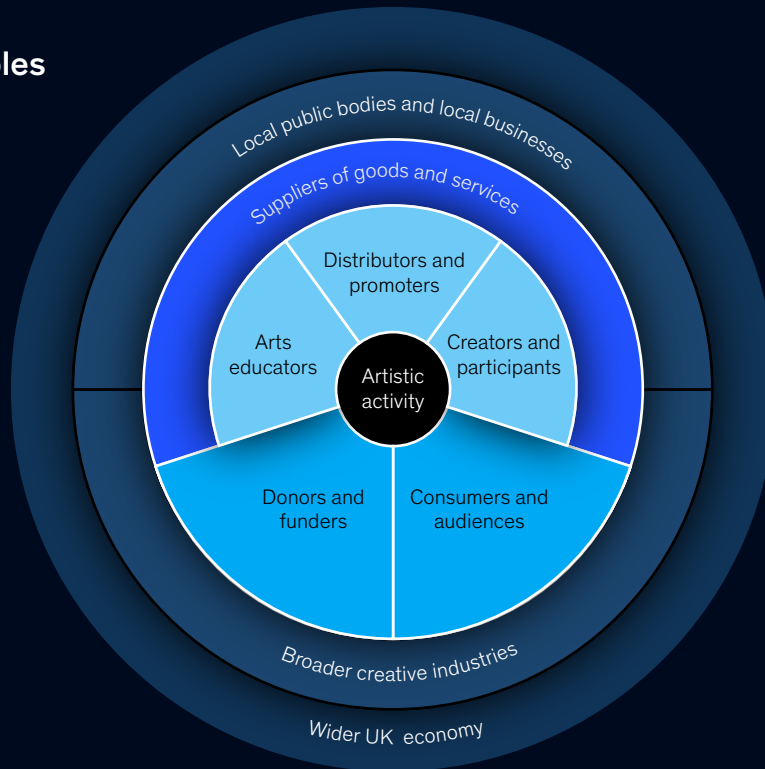
- *Visual arts*: painting, sculpture, digital art, performative art, and creative photography, for example (including galleries and museums)
- *Performing arts*: music, dance, theatre, comedy, and opera, for example (including production, recording, and live performances)
- *Screen arts*: scripted TV, film, and video games, for example (including production, postproduction, distribution, and projection)
- *Literary arts*: fiction writing, screenplays, and poetry (including publishing, libraries, and archives)

Within this definition of the sector, the report seeks to understand the different roles that individuals and organisations play. We define six roles common to all art forms: (1) creators and participants in an artistic activity, who, for example, play an instrument, write, or paint, whether professionally or as amateurs; (2) distributors and promoters; (3) arts educators; (4) donors and funders; (5) audiences; and (6) the suppliers of goods and services, such as wigmakers, caterers, and people who make musical instruments (Exhibit 1).

Throughout the report, the term *engagement* is used for the many different ways in which people are involved with the arts—for example, by composing music, taking part in a book club, attending an exhibition, or buying a work of art. The term *organisation* refers both to arts enterprises (sole traders or larger) and to voluntary leisure-based groups.

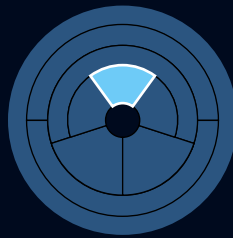
These definitions, and all others in this report, represent just one approach among many legitimate ways to define and analyse the sector. Note that the report does not cover important topics such as diversity and inclusion.

**In the UK arts ecosystem, six roles are common to all art forms.**



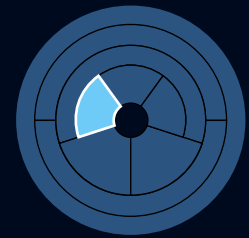
**1 Creators and participants**

Produce or take part in artistic activity for the benefit of themselves or others—this might include painting, composing, playing a musical instrument, writing a book, or performing a play. Creators and participants may be both professional or amateur.



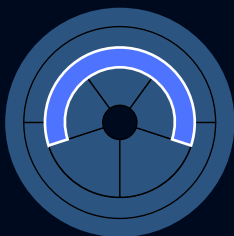
**2 Distributors and promoters**

Connect consumers and audiences to the arts by providing platforms for creators, participants, and their artistic activities—performance venues, galleries, streaming platforms, music or book publishers, for example. Some organisations may play a convening and promotional role for groups within the arts, such as award bodies for films, representative bodies for theatre, etc.



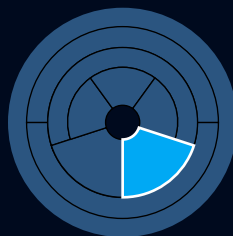
**3 Arts educators**

Provide training and teaching in the arts, including as part of schools' curriculums, higher education, learning programmes outside of schools, or as continuous professional development.



**4 Suppliers of goods and services**

Supply goods and services upon which the sector depends—the wigmakers and caterers and those who make musical instruments, for example.



**5 Consumers and audiences**

Audiences: engage with artistic activity by seeing a play, going to a concert, or visiting an art exhibition, for example.  
Consumers: involved in forms of ownership of artistic output, perhaps by buying a work of art, a book, or a movie on DVD.



**6 Donors and funders**

Finance and support artistic activities as philanthropists, foundations, corporates, or public bodies.

# Assessing the direct impact of the UK arts sector

People in the United Kingdom engage with the arts on a massive scale.

**A** 2023 survey by DCMS found that some 91 percent of UK adults had done so at least once, in one way or another, during the previous 12 months. Seventy-four percent had attended an arts event such as an exhibition or a theatre performance, for example.<sup>13</sup> (The sidebar “Mass engagement” gives a more detailed breakdown.)

## Mass engagement

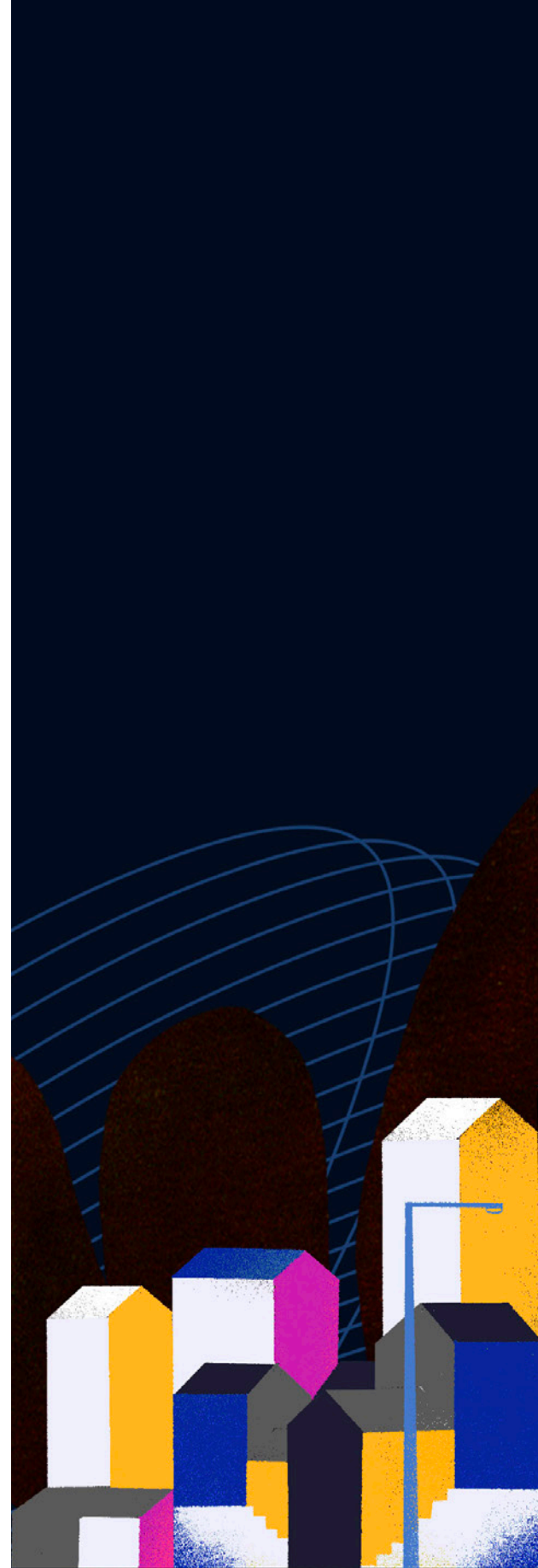
According to a 2023 survey by the Department for Culture, Media, and Sport (DCMS), reading books and magazines is the most popular arts-related activity in the United Kingdom, followed by visits to the cinema. Sixty-four percent of UK adults said they had read a book or a magazine in the previous 12 months, and 51 percent had visited the cinema. Thirty-four percent had attended a performing-arts event, and 22 percent an art exhibition.<sup>1</sup> All this translates into big numbers. In 2022, for example, some 180 million books of fiction were sold in the United Kingdom, and there were 117 million visits to the cinema, 30 million to live music events, and 30 million to art galleries.<sup>2</sup>

Technology, which often facilitates broader access, plays an increasingly important role in the way people engage with the arts. According to the DCMS survey, 16 percent of UK adults had watched prerecorded music or dance events online during the previous 12 months and 7 percent prerecorded theatre, visual arts, or literature events. Fifty-five percent had listened to music online, and 41 percent had paid to play online video games.<sup>3</sup>

<sup>1</sup> Participation Survey, January–March 2023.

<sup>2</sup> Porter Anderson, “Nielsen BookData 2022: A ‘slight decline’ in UK book sales,” *Publishing Perspectives*, March 22, 2023; UK cinema admissions and box office, UK Cinema Association, 2023; Hannah McLennan, *Here, There and Everywhere 2023*, UK Music, 2023; ALVA 2022 visitor figures, 2023.

<sup>3</sup> Participation Survey, January–March 2023.





Such figures attest to the intrinsic value of the arts. People engage with them because of their ability to entertain, stimulate the senses, and trigger a wide range of emotional responses, from enjoyment and awe to anger and fear. This is the basic premise of art and the primary benefit of engagement.

Recently, the London School of Economics (LSE) conducted a survey asking participants to rank 42 different activities by the relative perceived value they contributed to the participants' lives. The LSE equated this value with the degree of happiness these activities confer. Being sick in bed, queueing, and commuting were among those with a high negative value. Attending the theatre, singing, and visiting museums were among the most positively valued—second only to sports and intimacy.<sup>14</sup>

The LSE's happiness factor is one way of measuring the intrinsic aesthetic value of engagement with the arts. But engagement with the arts has broader impact which can be measured in three ways (Exhibit 2):

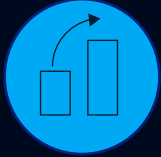
- the impact of the arts on the UK economy—the value of the goods and services the arts sector produces and the number of businesses and jobs it supports
- the impact of the arts on the lives of individuals by helping them to develop new skills or to improve their wellbeing and health
- the impact of the arts on communities: encouraging sociable behaviour, contributing to the attractiveness of local communities, and stimulating discourse

Indeed, the impact of the sector extends beyond even this. It is vital to the creative industries, for example, and contributes significantly to many other sectors of the economy. This indirect impact is explored later in the report.

## People in the United Kingdom engage with the arts on a massive scale.

**Beyond its intrinsic value, the UK arts sector impacts the economy, the lives of individuals, and communities.**

## Impact on the economy



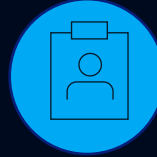
### Gross value added

The value to the UK economy of the goods and services produced in the sector



### Turnover

The revenues generated from the sale of goods and services in the sector



### Employment

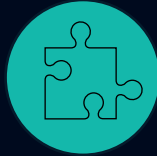
The number of jobs in the sector (including part-time, contractors, self-employed)



### Enterprises

The number of enterprises in the sector (that in turn create gross value added, and jobs)

## Impact on individuals



### Skills

Development of new skills, such as creativity and problem-solving



### Wellbeing and health

Contribution to improving wellbeing and health

## Impact on communities



### Sociable behaviour

Encouragement of sociable behaviour



### Place-making

Contribution to attractiveness and prosperity of communities



### Discourse

Stimulation of discourse and reflection

# Direct impact on the UK economy

**M**any UK arts organisations are not-for-profits: all national museums, for example, must provide free access to all visitors.<sup>15</sup> Yet the arts sector makes a significant direct economic contribution to the UK economy, as measured by the economic activity of the 139,000 enterprises active in the sector in 2022. About half were creators, distributors, promoters, or arts educators. The other half were suppliers of products and services.<sup>16</sup>

The 139,000 enterprises come in many sizes. Ninety-five percent are classified as sole traders or as small enterprises with no more than nine employees. The remaining 5 percent are large (Exhibit 3).<sup>17</sup> The British Broadcasting Corporation (BBC), for example, has nine production bases across the United Kingdom.<sup>18</sup> According to the BBC's 2022–23 report, it is the single biggest employer of musicians in the

United Kingdom and the country's single biggest commissioner of new music works, both in number and the amount of money involved.<sup>19</sup>

In all, the arts employ some 620,000 people. One-third of them are suppliers. A further 350,000 people in the sector are self-employed, for a total of 970,000 (Exhibit 4).<sup>20</sup> The proportion of self-employed workers is high compared with other sectors in the UK economy. So is the proportion of part-time workers (see sidebar "Comparison with other sectors").<sup>21</sup>

Note that the sector's 139,000 enterprises do not include voluntary leisure-based arts organisations, including leisure-based choirs and theatres and (for example) sculpting and painting classes.<sup>22</sup> The United Kingdom has some 63,000 such organisations, many run by volunteers.<sup>23</sup>

**The arts employ some 620,000 people. One-third of them are suppliers.**

Exhibit 3

### Most enterprises in the UK arts sector are sole traders or small enterprises.

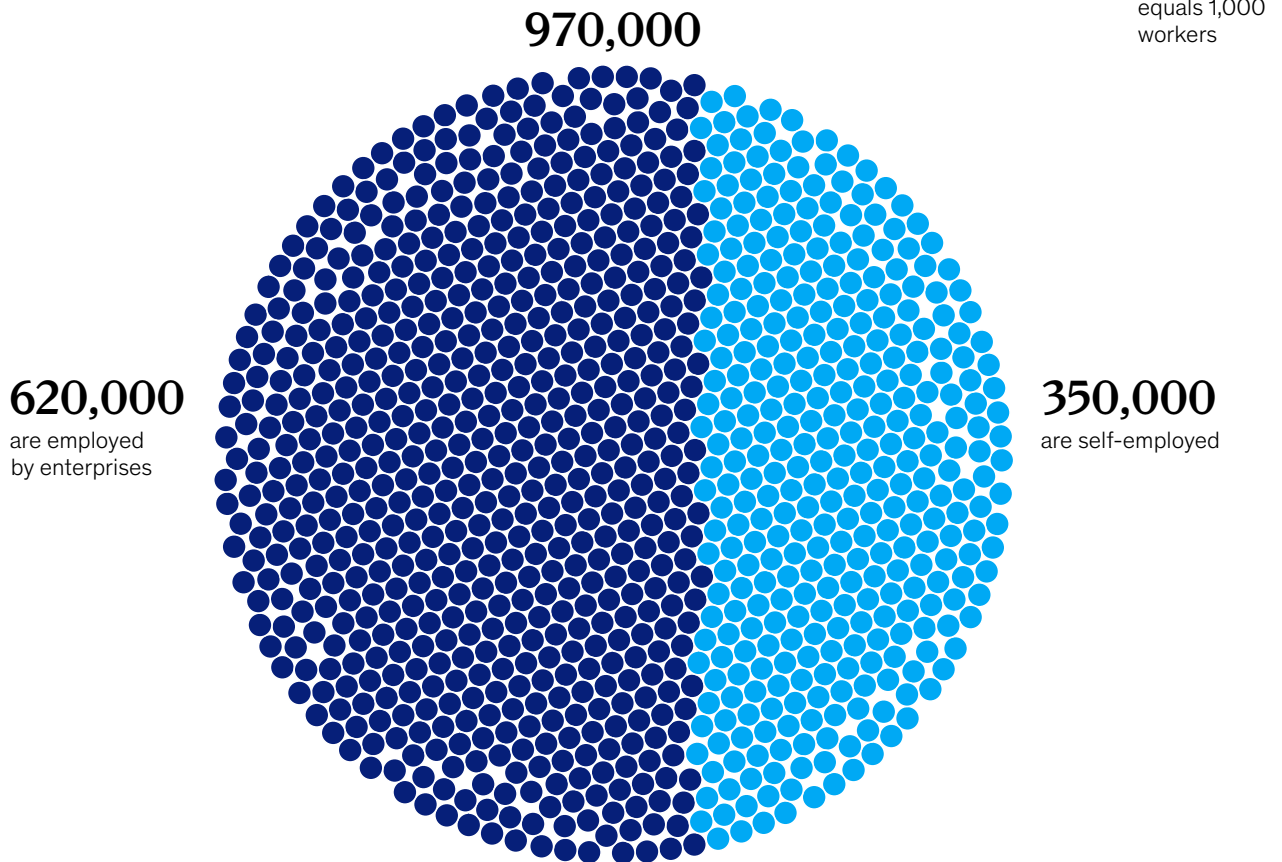


Source: McKinsey analysis, in part based on Annual Business Survey, Office for National Statistics, June 2022

Exhibit 4

### A total of 970,000 workers contribute to the UK arts sector.

Employed and self-employed workers in the arts sector in 2022



Source: McKinsey analysis, in part based on Business Register and Employment Survey, Office for National Statistics, 2021 revised release, and "All self-employed by industry sector: People" dataset, Office for National Statistics, February 2023



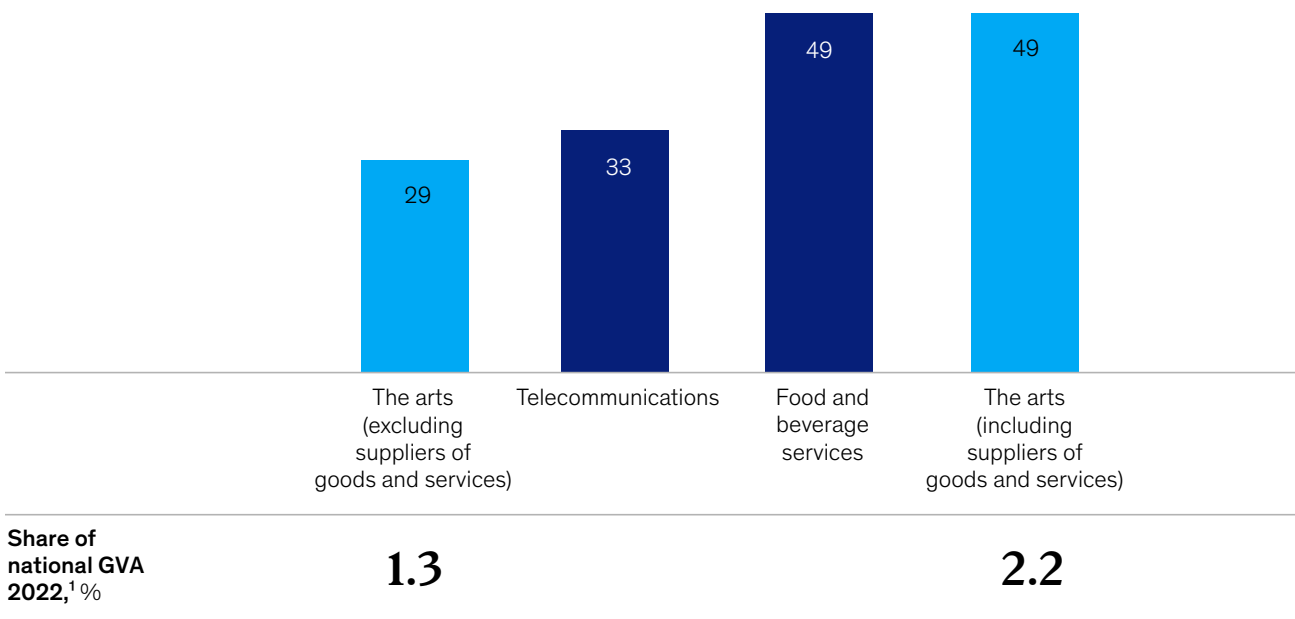
The total revenues of arts enterprises reached £140 billion in 2022, 40 percent of it generated by suppliers of products and services. This translated into a total gross value added (GVA)—a measure of the value to the economy of the goods and services a sector produces—of £49 billion,

including the £20 billion contribution by suppliers. That equals 2.2 percent of the national GVA.<sup>24</sup> To put this sum in context, it's similar to the GVA of the food and beverage services sector and 50 percent bigger than the GVA of the telecommunications industry (Exhibit 5).<sup>25</sup>

Exhibit 5

## The UK arts sector contributed £49 billion gross value added in 2022.

Gross value added (GVA) contribution, by sector, 2022,<sup>1</sup> £ billion



<sup>1</sup>As of November 2023.  
Source: McKinsey analysis, in part based on Annual Business Survey, Office for National Statistics, June 2022, and "GDP output approach—low-level aggregates," Office for National Statistics, November 10, 2023

## Comparison with other sectors

The number of enterprises in the arts sector resembles the number in hospitality but is lower than the number in retail, which includes more than 300,000 enterprises.<sup>1</sup> However, the share of both self-employed and part-time workers is unusually high in the arts sector—which underpins the way it achieves its impact.

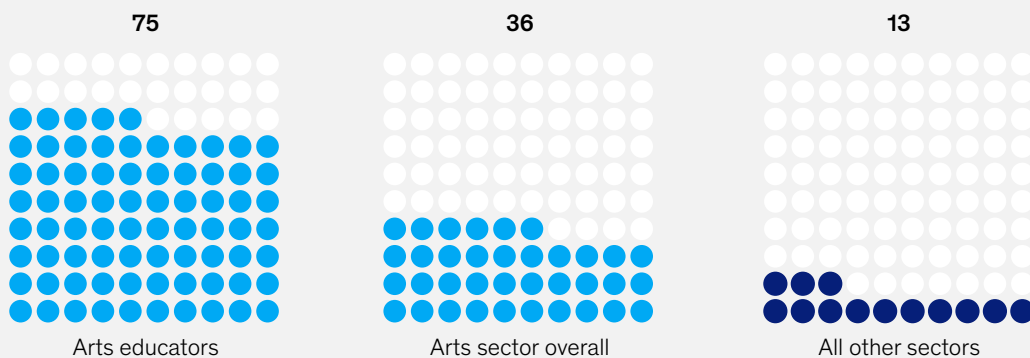
(For example, if everyone in the arts sector had a fixed job, the fluid connections that characterise the sector would be less likely. This is explained later in the report.) Thirty-six percent of people working in the arts are self-employed, compared with an average of 13 percent across all sectors.<sup>2</sup> The share is highest

among educators: up to three-quarters of them are self-employed (Exhibit A).<sup>3</sup> The arts sector also relies heavily on part-time workers. Excluding the self-employed, 32 percent work part-time, compared with an average of 23 percent across all sectors (Exhibit B).<sup>4</sup>

Exhibit A

## The UK arts sector has a high share of self-employed workers.

### Proportion of self-employed workers, 2022, %

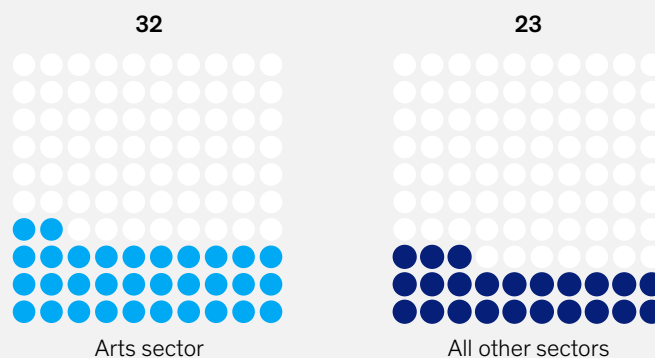


Source: McKinsey analysis, in part based on "All self-employed by industry sector: People" dataset, Office for National Statistics, February 2023

Exhibit B

## The UK arts sector has a high share of part-time workers.

### Proportion of part-time workers, 2022, %



Source: McKinsey analysis, in part based on "Full-time and part-time employment," gov.uk, September 2022

McKinsey & Company

<sup>1</sup> *Hospitality strategy: Reopening, recovery, resilience*, Department for Business & Trade, March 1, 2023; "House of Lords Economic Affairs Committee inquiry into UK labour supply: A response from the British Retail Consortium," British Retail Consortium, September 30, 2022.

<sup>2</sup> "Understanding changes in self-employment in the UK: January 2019 to March 2022," Office for National Statistics, July 6, 2022.

<sup>3</sup> McKinsey analysis, based in part on the dataset for "All self-employed by industry sector: People," Office for National Statistics, February 2023.

<sup>4</sup> "Full-time and part-time employment," gov.uk, September 9, 2022.

# Direct impact on individuals

**T**he number of individuals who engage with the arts attests to their value as a source of entertainment and emotional stimulation. Beyond this, however, engagement with the arts can also have two tangible positive impacts on the lives of individuals: improving their skills and educational outcomes and improving their wellbeing and health.

## Skills and educational outcomes

Engagement with arts activities can help individuals develop a broad range of core skills, including memory, problem-solving, spatial-temporal performance, and executive function.<sup>26</sup> It can also boost the self-confidence of children. One University College London (UCL) study found that those who took part in arts activities scored from 16 to 32 percent higher on questions related to self-esteem than those who did not.<sup>27</sup>

Engagement with the arts can help improve educational outcomes, as well. The Cultural Learning Alliance (CLA),

for example, found that participating in structured art activities could boost young people's attainment in literacy and maths and increase their cognitive capabilities by 17 percent.<sup>28</sup>

In fact, the recognised impact of the arts on educational outcomes is so strong that the Welsh government, in partnership with the Arts Council of Wales, introduced the Creative Learning Through the Arts programme in schools across the country.<sup>29</sup> The aim was not only to improve children's experience of the arts but also to implement the curriculum more creatively by drawing in professionals such as musicians, writers, actors, and dancers.

What was the result? Teachers found that students' attainment across the five "creative habits of mind"—inquisitiveness, persistence, collaboration, discipline, and imagination—improved, on average over a four-year period, by six on a scale of one to ten (ten means a significant improvement).<sup>30</sup>



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## Wellbeing and health

Perhaps most easily understood is the impact that engagement with the arts can have on individual wellbeing. UCL's *Arts, Culture & the Brain* report (commissioned by Arts Council England) drew on findings from the Understanding Society survey of more than 100,000 people. The report concluded that attending arts events and venues correlates with greater happiness and a positive mood.<sup>31</sup> Listening to music, drawing, and writing as hobbies have a similar impact, the report noted: such activities can reduce stress levels by providing distractions from negative or irrational thoughts and emotions.<sup>32</sup>

The arts have been shown to influence health conditions as well. UCL's Social Biobehavioural Research Group conducted a major cohort study in the United Kingdom and the United States. It found that people over the age of 50 who visited cultural venues every few months had a 32 percent lower risk of developing depression over a ten-year period.<sup>33</sup> In addition, music-based interventions—group singing or drumming or listening to music, for instance—have been found to help manage depression and to help prevent other conditions, such as dementia.<sup>34</sup> Music activities can also improve balance, lung function, speech, and other physical functions in patients with Parkinson's disease.<sup>35</sup>

Recognizing the link between participation in the arts and improved wellbeing and health, the National Health Service (NHS) has now made art activities part of a social-prescribing programme: health professionals help patients to manage their conditions by, for example, attending poetry clubs, painting classes, or many other (often



© FG Trade Latin/Getty Images

community-based) arts events.<sup>36</sup> The ambition is to prescribe arts and other activities for more than 900,000 people by 2023–24. That goal will require substantial support from arts organisations and practitioners.<sup>37</sup>

Many of them already work with NHS trusts and healthcare providers. For 15 years, Royal Liverpool Philharmonic has been partnering with NHS Trusts, including original partner Mersey Care NHS Foundation Trust, for example. They support patients with a range of physical- and mental health conditions by offering them person-centred music activities and helping them attend performances and events at Liverpool Philharmonic Hall. The longevity and growth of the programme, and the number of

patients benefitting from it—18,000 to date—point to its success.<sup>38</sup>

In another such programme, the not-for-profit Artlift set up a scheme with nine GP surgeries in Gloucestershire: patients suffering from conditions such as depression, anxiety, chronic pain, and stroke were offered the chance to sign up for an eight-week course led by a professional artist working in poetry, ceramics, drawing, mosaics, or painting. The resulting health benefits were significant. In the year after the programme, GP consultation rates dropped among those taking part by 37 percent and hospital admissions by 27 percent relative to the previous year—equivalent to a saving of £216 per patient.<sup>39</sup> Artlift now runs similar schemes in partnership with the NHS.

# Direct impact on communities

**E**ngagement with the arts can have a positive impact on local communities and on the wider society in three ways: by encouraging sociable behaviour, making local communities more attractive places to live, and stimulating discourse.

## Sociable behaviour

Engagement with the arts can encourage sociable behaviour in several ways, such as fostering tolerance, compassion, and empathy. ArtsEkta, a cultural organisation in Northern Ireland, led some 440 arts workshops, attended by 13,000 participants, for a year in 2022–23. The goal was to promote multicultural engagement. Of those who participated, 82 percent said they came into contact with someone from another ethnicity, and 92 percent said they had greater appreciation of another culture as a result.<sup>40</sup> In a pilot US study, medical students took a one-month course

each year on art observation and reflective practice. Eighty percent of the participants improved their *perspective taking*—the ability to understand how a situation might feel or appear to another person.<sup>41</sup>

Engagement with the arts can also encourage individuals to play a more proactive role in society. A literature review by the CLA found that students from low-income families who participated in the arts at school were twice as likely to undertake voluntary work and 20 percent more likely to vote as young adults.<sup>42</sup>

Numerous studies have also shown that participation in arts programmes may help reduce levels of antisocial behaviour. The CLA, for example, found that young offenders who participated in such programmes were four times more likely to be highly engaged with education and training or to be employed post-



Family activities bringing local residents together at the Hepworth Wakefield. Photo by Nick Singleton.



© SeventyFour/Getty Images

programme and 18 percent less likely to reoffend upon release.<sup>43</sup> And reports indicate that an Artist in Residence scheme at HMP Grendon, which runs therapy programmes to help inmates understand and address their patterns of offending, promoted a sense of group cohesion that improved the prison environment and helped inmates to redefine themselves.<sup>44</sup> The programme has run since 2009.

### Place-making

A thriving arts sector plays an important role in what is often termed *place-making*—creating more attractive communities where people want to live, work, and do business. That

in turn makes these communities more prosperous. One reason is that engagement with the arts improves social connections. Some 82 percent of respondents in a large-scale qualitative survey by the Centre for Performance Science, for example, reported that artistic engagement (particularly live music events and theatre performances) made them feel more socially connected.<sup>45</sup>

In addition, a thriving arts sector can help foster a sense of pride in local communities. One survey showed that nearly 90 percent of Edinburgh residents felt that its annual festivals increased their pride in the city.<sup>46</sup> Helping people feel proud of the places

where they live is among the main aims of the government-funded High Streets Heritage Action Zone initiative, which is investing in cultural activities on local high streets over four years.<sup>47</sup> The aim is to make them more attractive, engaging, and vibrant places to live, to work, and to spend time.

Finally, a thriving arts sector can contribute to place-making by promoting greater economic prosperity in a community. When the Hepworth Wakefield opened, in 2011, it was the only cultural centre or visitor attraction of any kind in a town with high levels of deprivation. By 2019, the art museum was attracting some 200,000 visitors annually and played an important role

# Art can provide a safe and contained space for reflection.

in encouraging Tileyard, already a major provider of music and creative studios in the United Kingdom, to develop a creative hub in the city.<sup>48</sup>

Another example, HomePlace, is an arts and literary centre in Bellaghy, Northern Ireland. It is dedicated to the Nobel Prize-winning poet Seamus Heaney, who was born in the village, which has fewer than 2,000 people. Yet in the centre's first year of operation, in 2016, it welcomed more than 40,000 visitors. HomePlace now has annual revenues of around £800,000 and supports more than 20 employees.<sup>49</sup>

Thriving arts organisations can also have a positive impact on local communities in large cities. The Southbank Centre, along with other arts organisations, such as the National Theatre and British Film Institute, has played a pivotal role in the long-

term regeneration of London's South Bank area, for example. In 2018–19, it contributed to the vibrancy of the area by attracting a total footfall of 31.7 million, by mounting a public-festivals programme that attracted an audience of 42,800, by hosting 64 commercial partners on-site, and by reaching 13,600 students in the local area, including a 50 percent penetration rate in local schools. An “open foyer policy” provides an inclusive community space from 10 a.m. to 11 p.m. daily, attracting professional workers, students, homeless people, and social groups.<sup>50</sup>

Such is the contribution the arts can make to place-making that some communities are working to create thriving arts venues. Wigan Council, for example, is currently turning Haigh Hall into a beacon for the arts, culture,

heritage, and the environment through the Haigh Hall 3-H: humanities, hospitality, and horticulture. The project's master plan, inspired by local people, includes a space to ignite children's creativity through collaboration with artists-in-residence, writers, and poets, among others.<sup>51</sup>

## Discourse

The arts can raise awareness of sociopolitical issues by making powerful statements that encourage discourse and reflection. The *Understanding the value of arts & culture* report, for instance, discusses how art can provide a safe and contained space for reflecting on issues and creating “reflective individuals.”<sup>52</sup> Examples of art that seeks to raise awareness abound (see sidebar “Art that raises awareness”).



Little Amal during her walk in the UK. Photo by David Lan/The Walk Productions.

## Art that raises awareness

Much art seeks to raise awareness of sociopolitical issues:

1. The award-winning film *Aftersun* (2022), directed by Charlotte Wells, examined men's mental health and intergenerational trauma. It became the United Kingdom's highest-grossing independent debut film since 2011 and the most streamed release globally on the platform Mubi.<sup>1</sup>
2. The 2018 Ice Watch project was an art installation by Icelanders Olafur Eliasson and Minik Rosing. It raised awareness of climate change by grouping immense blocks of ice, harvested from a fjord in Greenland, outside the Tate Modern art gallery in London.<sup>2</sup> The blocks melted away.
3. A 2021 performance art project by the Walk Productions drew attention to the plight of child refugees. Little Amal, a 12-foot puppet of a ten-year-old Syrian refugee child, undertook a 5,000 mile "walk" across 13 European countries. More than one million people watched her journey in person and tens of millions more online.<sup>3</sup>

<sup>1</sup> Andreas Wiseman, "Aftersun' becomes Mubi's most streamed movie ever & crosses box office milestones," *Deadline*, February 8, 2023.

<sup>2</sup> "Ice Watch," Olafur Eliasson, 2014.

<sup>3</sup> Harriet Sherwood, "Little Amal in Britain: Giant puppet of Syrian girl reaches her journey's end," *Guardian*, October 17, 2021.



# Five connections that underpin the impact of the UK arts sector

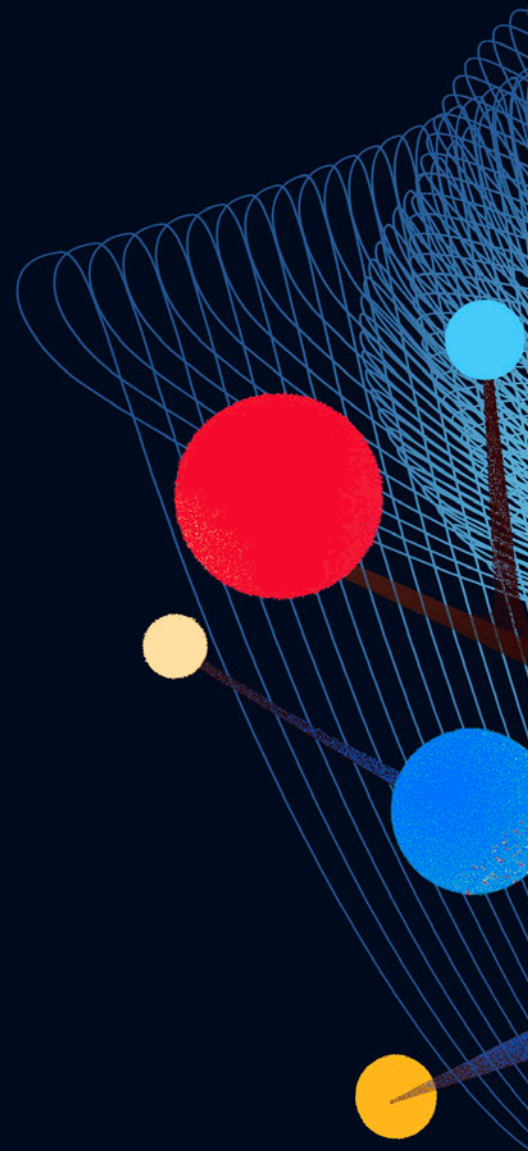
As we have seen, the arts sector has a direct economic and noneconomic impact on society, beyond the intrinsic value of the arts.

**H**ow does the sector achieve this impact, and how can it be sustained? Our analysis shows that it depends not only on the individual efforts of those in the arts ecosystem but also on important connections between them—sometimes in the form of collaboration, sometimes codependencies, and sometimes reinforcing mechanisms.

At the simplest level, this impact might result from individuals and organisations working together by playing different roles within an art form. For example, a composer, an orchestra, a funder, and a concert hall (with their different providers and suppliers) might work together to create and perform the world premiere of a new symphony to a capacity audience.

But the connections reach far beyond this. Through a steadily widening lens, the remainder of this report examines five other connections that underpin the ability of the sector to achieve and sustain its impact. The connections link the following:

1. different art forms
2. not-for-profit and for-profit arts organisations
3. artists and arts organisations in different locations
4. arts organisations, local public bodies, and local businesses
5. the arts sector and the broader creative industries





# Connection #1:

## Between different art forms

Individuals and organisations aren't bound within a single art form—film, dance, or music, for example. They work fluidly between them, forming strong connections that create resilience and foster innovation. Sometimes, the success of a work in one field depends on the creative activity of another. Such is the strength of the connections. They are essential to sustaining the high-quality artistic activity responsible for the sector's impact.

No single form of art operates in isolation. Many venues work across the arts: for example, London's Southbank Centre, the Warwick Arts Centre, the Strule Arts Centre (in Omagh), and the Barn (in Aberdeenshire) all programme events across the visual, performing, literary, and screen arts. They gather artists, audiences, and funders from all these arts under a single roof.

Many individuals work across art forms, too. The costume designer Sandy Powell is renowned for her work in film, opera, and theatre.<sup>53</sup> John Butt is the musical director of the Dunedin Consort, as well as professor of music at the University of Glasgow. Wayne McGregor, the Royal Ballet's resident choreographer, is recognised for his groundbreaking collaborations across the arts. He has worked, for example, as a movement coach on the film *Fantastic Beasts and Where to Find Them* and produced the motion capture for the augmented reality ABBA Voyage concert.

It's not just well-known individuals who work fluidly across art's boundaries. The high share of self-employed workers and the relevance of many roles—actors, lighting technicians, and directors, for instance—in multiple art forms mean that it's common among people at every level. One-third of those working in theatre, for instance, also work in music and live events, 29 percent also in TV, and 26 percent also in film.<sup>54</sup>

These connections help to make the arts ecosystem more resilient—for example, by giving people within it more employment opportunities. And they foster innovation as artists and arts organisations draw creative inspiration from different art forms. In 2017, for instance, as part of the London International Mime Festival, the Barbican hosted *Kiss and Cry*. This collaboration between film, dance, music, and theatre told the story of an old woman's doomed first love through dancing hands and a roving camera.<sup>55</sup> A new, unique piece of art was created at every performance. Since the show

was first devised, in 2011, it has been performed 300 times in eight different languages and been watched by some 180,000 people.<sup>56</sup>

Sometimes, the connections are so strong that the success of one art form depends significantly on the creative output of another. From 2014 to 2023, for instance, seven of the ten films that won the Outstanding British Film award of the British Academy of Film and Television Arts (BAFTA) also won Best Original Score in prestigious music awards.<sup>57</sup> Likewise, film production depends on the literary arts for screenplays. Half of the 20 top-grossing films produced in the United Kingdom from 2007 to 2016 were based on previously published literary works. These films accounted for 60 percent of total UK box office sales over the same period.<sup>58</sup> The benefits flow both ways. *Harry Potter* book sales, for example, more than tripled in the month following the release of the film adaptation of *Harry Potter and the Philosopher's Stone*, in 2001.<sup>59</sup>

One-third of those working in theatre also work in music and live events, 29 percent also in TV, and 26 percent also in film.

# Connection #2:

## Between for-profit and not-for-profit organisations

The tight connections between for-profit and not-for-profit arts organisations can go unrecognised. They work in unison to fund and promote projects, and they share skills, experience, ideas, and knowledge. The result? More high-quality artistic activity.

**A**t first glance, there seems to be a clear separation between not-for-profit and for-profit organisations. The primary purpose of the first is social benefit; that of the second, profit. A closer look, however, uncovers similarities and connections.

To begin with, though not-for-profit organisations depend on government and philanthropic funding more than for-profit ones do, as much as 50 percent of the not-for-profits' income is derived from earned and commercial sources (see sidebar "Not-for-profit versus for-profit organisations").<sup>60</sup> Moreover, the two types of organisations often work in unison to fund artistic projects, and there is extensive sharing of skills, experiences, ideas, and knowledge. In other words, the connections facilitate more (and high-quality) art activity.

### Funding

Much artistic activity is funded both by for-profit and not-for-profit organisations—a model that improves the commercial viability of successful projects that might otherwise not go ahead.

For instance, *The Fall*, first released in 2013, was a popular, award-winning TV crime drama series set in Northern

Ireland. It was co-funded by Ingenious (the producer behind the science fiction film franchise *Avatar*) and by several not-for-profit organisations,<sup>61</sup> including Northern Ireland Screen, the European Regional Development Fund, and the Northern Ireland Development Corporation. Likewise, Re-Bourne, a charity that runs dance and theatre workshops for young people, receives funding from both its parent for-profit company, New Adventures, and from the Arts Council England, which made grants totalling £5 million from 2018 to 2022.<sup>62</sup>

Many for-profit organisations also directly fund or support not-for-profit activities to incubate new talent or support local communities, either through partnerships or their own not-for-profit foundations or organisations. These are examples:

- In 2022, Channel 4 contributed £5 million to the 4Skills training programme, aimed at young people aspiring to work in television and related fields. That year, 19,000 students aged 11 to 14 took part in the programme, which also found industry placements for some 200 young people through internships, apprenticeships, and enrolment on production training schemes.<sup>63</sup>



*The Lehman Trilogy* at the National Theatre. Photo by Mark Douet.

# Not-for-profit organisations act as repositories of knowledge and inspiration for profit-making organisations.

- Pinewood Studios distributed £500,000 over ten years to support youth education in the screen arts.<sup>64</sup>
- The foundation of artist Tracey Emin supports emerging artists through residency programmes and the provision of free studio space at her newly built art facility (in Margate) and through promotional activities.<sup>65</sup> The sale of her artwork finances the foundation.

## Skills and experience

Not-for-profit organisations are often an essential training ground for artists who subsequently engage in both for-profit and not-for-profit activities. The National Youth Theatre's not-for-profit performing-arts training scheme, for example, boasts alumni such as Helen Mirren, Daniel Craig, and Colin Firth.<sup>66</sup> In a survey of more than 1,000 people working in the theatre, 62 percent of the respondents said that they considered experience in the not-for-profit sector as critical to successful theatre careers, not least because it offered the opportunity to work on new and challenging productions.<sup>67</sup>

But it is not just a question of moving from the not-for-profit to the for-profit world. In the arts sector, people constantly move back and forth

between the two: a recent survey found that 32 percent of theatre performers and 29 percent of stage managers worked in both.<sup>68</sup> The fact that work in the arts sector is often project based explains this to-and-fro. But people in the sector also regard it as a way of working with a more diverse group of collaborators and performing for different types of audiences.

## Artistic content and knowledge

Much artistic activity depends on the exchange of content and knowledge between for-profit and not-for-profit organisations. Productions that begin in the not-for-profit world, where organisations can take more risks with creative content, often become commercial hits once they prove their financial worth. The West End theatre hits *Six*, *The Lehman Trilogy*, and *Matilda* were among these productions: *Six* was a university-society musical at the Edinburgh Fringe, *The Lehman Trilogy* began at the National Theatre, and *Matilda*, which debuted at the Royal Shakespeare Theatre,<sup>69</sup> has since become a global phenomenon watched by 11 million people.<sup>70</sup> Without the space, time, experimentation, and risk-taking that the not-for-profits afford, some of the best and most popular art produced by for-profits might not exist.

Not-for-profit organisations also act as repositories of knowledge and inspiration for profit-making organisations. Commercial art dealers and auction houses, for example, use the collections and the expertise of not-for-profit galleries, museums, and libraries in their research. The British Film Institute (BFI) curates the BFI National Archive, one of the world's largest moving-image archives, used by people in film production and by educators.<sup>71</sup>

People in the not-for-profit world often contribute to such repositories by donating their works and archive materials. For instance, the estate of the musician and actor David Bowie, together with donations from corporate and private philanthropists, supported the Victoria and Albert (V&A) Museum in acquiring more than 8,000 items, including handwritten lyrics, costumes, set designs, and instruments.<sup>72</sup> And the publishers of any literary work published in the United Kingdom must provide a copy to six major not-for-profit libraries: the British Library, the National Library of Scotland, the National Library of Wales, the Bodleian Libraries (Oxford University), the Cambridge University Library, and the Trinity College Dublin Library.<sup>73</sup>

## Not-for-profit versus for-profit organisations

Not-for-profit arts organisations get their income from three sources: earned and commercial income, including ticket sales, trading activities, and investment income; philanthropy, such as backing from foundations, trusts, and private companies; and public bodies, such as arts councils, the National Lottery, local authorities, and the Department for Culture, Media, and Sport.

Together, not-for-profits generated an estimated 49 percent of their £2 billion total income from earned income in 2019–20. (In the performing arts, the share was 56 percent.) Some 15 percent of the remainder came from philanthropy and 36 percent from public bodies. (The figures include England, Scotland, and Northern Ireland but not Wales, because of a lack of data.) COVID-19 lockdowns have since altered the balance. In 2021–22, earned income dropped by £0.6 billion, so that it accounted for an estimated 35 percent

of the £1.8 billion total. Income from public bodies rose by £0.2 billion, to 47 percent of the total.<sup>1</sup>

Public bodies support for-profit organisations as well as not-for-profit ones, though through different mechanisms. The film industry consists primarily of for-profit organisations, and public funds accounted for just 1 percent of their income: £18.8 billion in 2019.<sup>2</sup> However, a government tax relief scheme reduced expenditures by the equivalent of some 3 percent of the UK film industry's total income in 2019–20.<sup>3</sup> The scheme also supports the early stages of the creative process and, in a competitive global market, attracts producers to the United Kingdom. Seven further tax relief schemes are targeted, for example, at orchestral concerts, theatrical productions, and museum or gallery exhibitions.<sup>4</sup>

<sup>1</sup> McKinsey analysis, based in part on the Arts Council England's *Annual funding survey (2022)*, Creative Scotland's *Annual review of performance 2021/22 (2022)*, and the Arts Council of Northern Ireland's *Annual review 2021–22 (2022)*.

<sup>2</sup> The UK film industry, BFI, 2021; *Public investment in film in the UK*, BFI, 2022.

<sup>3</sup> "Creative industries statistics," HM Revenue & Customs, August 13, 2020.

<sup>4</sup> "Creative industry tax reliefs for corporation tax," HM Revenue & Customs, February 15, 2018.



# Connection #3:

## Between arts organisations in different locations

Collaboration between arts organisations in different places helps bring art to the broadest possible audience across the United Kingdom and spreads skills, knowledge, and artistic content. More engagement and more high-quality artistic activity ensue.

**I**n the arts sector, as in any other, organisations tend to concentrate in certain regions or localities. Eight of the United Kingdom's biggest cities—Belfast, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, London, and Manchester—have an estimated 44,000 arts enterprises among them. That leaves an additional 95,000 outside these cities, in communities that are home to upward of 54 million people, or 80 percent of the UK population.<sup>74</sup> At a more granular level, the Creative Industries Policy and Evidence Centre has identified 709 distinct microclusters where creative individuals and companies mingle, share ideas, and innovate.<sup>75</sup>

Art often reaches the broadest possible audience when artists and arts organisations based in different locations across the United Kingdom collaborate:

- ARTIST ROOMS presents the work of international artists in solo exhibitions drawn from a national touring collection jointly owned by Tate and the National Galleries of Scotland. Since 2009, it has been shown in 209 exhibitions at 94 museums and galleries across the United Kingdom, attracting nearly 60 million visitors.<sup>76</sup>

- Scottish Opera, Scotland's largest performing-arts organisation, aims to give people in the nation's 32 local authorities an opportunity to attend an opera performance within a 30-minute commute. From 2019 to 2021, it staged more than 75 pop-up operas in arts venues and other spaces, as well as 100 school performances. Altogether, more than 40,000 people attended.<sup>77</sup>
- The Southbank Centre's Hayward Gallery Touring programme creates exhibitions that expand and complement the programmes of partner galleries for venues such as museums, galleries, art centres, libraries, universities, schools, and hospitals. These exhibitions are seen by up to half a million people each year, in more than 45 cities and towns across the United Kingdom.<sup>78</sup>

Art organisations do not have to tour to extend their reach. The National Theatre, for instance, broadcasts productions from its stages and other theatres to cinemas around the world. Since the programme's launch, in 2009, nearly 100 productions have been seen by more than 11 million people in 2,500 cinemas in 65 countries.<sup>79</sup>

# In the museum and gallery sector, curators often move from one location to another, bringing their valuable expertise and networks.

Arts organisations in different locations also share skills and knowledge. For example, the Roundhouse (a music, performing-arts, and concert venue in North London) partnered with the Gloucester Culture Trust to enrich the city's cultural life.<sup>80</sup> Together, the two organisations worked on Gloucester's strategic approach to audience development and participation, funding, and the improvement of cultural infrastructure. They also designed additional ways to engage local children and young people with

the arts and established the Future Producers scheme, which teaches participants how to set up a festival, create events, and run and promote their own events.<sup>81</sup> And the Royal Opera House has partnered with Doncaster Council to implement the Create Learn programme, which provides free teacher training courses and digital-curriculum resources to 100 schools in the local area.<sup>82</sup>

The flow of talent between arts organisations in different locations

supports the spread of skills and knowledge too. That's apparent in the museum and gallery sector, where curators often move from one location to another, bringing their valuable expertise and networks. Clarrie Wallis, now director of the Turner Contemporary in Margate, was formerly the senior curator of contemporary art at the Tate.<sup>83</sup> Anne Barlow, now director of the Tate St Ives, also worked as a curator at Glasgow Museums.<sup>84</sup> And Simon Wallis, director of the Hepworth Wakefield, has held positions at the not-for-profit Chisenhale Gallery in London, the Institute of Contemporary Arts, and Tate Liverpool.<sup>85</sup>

Finally, arts organisations in different locations benefit from the sharing of artistic knowledge and content. For example, in the last 18 months, regional collaborations at the National Theatre have included co-productions of *Romeo and Juliet*, with Sherman Theatre in Cardiff; *Our Generation*, with Chichester Festival Theatre; and the Olivier Award-winning musical *Standing at the Sky's Edge*, with Sheffield Theatres. The National Theatre benefits from diverse creative content and partner theatres from a broader audience reach.<sup>86</sup>

# Connection #4:

## Between arts organisations, local public bodies, and local businesses

A good deal of artistic activity depends on collaboration among arts organisations, local public bodies, and local businesses. Without it, much activity—particularly big events—wouldn't happen. Collaboration is therefore essential to the sector's impact.

**S**trong connections among local arts organisations, local public bodies, and local businesses are critical for supporting the art sector's impact. Often the connection is financial. In 2019–20, for example, local authorities accounted for some 40 percent of all public funding for arts and culture projects in England, according to the Policy and Evidence Centre.<sup>87</sup> Without that support, many projects would not be viable.

Public bodies and businesses play other supportive roles, beyond funding. Public bodies enable and convene community-wide arts initiatives and programmes by providing space and venues and by offering planning and policy support—for instance, arranging parking facilities, extending drinking licences, and providing public toilet facilities. The involvement of public bodies is particularly important for major events, such as the 2023 Eurovision contest, in Liverpool.<sup>88</sup>

Businesses not only fund community programmes but implement them too: for example, Burberry, the luxury fashion house, which manufactures some of its collection in West Yorkshire,

has funded and helped mount workshops in film, dance, theatre, and the visual arts in partnership with local schools and leading arts organisations in the area. These organisations include the Hepworth Wakefield, the Leeds Playhouse, Leeds Young Film, and Northern Ballet. The programme, implemented by the Burberry Foundation, has involved 10,000 students in 15 schools over four years.<sup>89</sup> In the next three, the foundation hopes to involve 500,000 more around the world.

Businesses also offer strategic advice. Besides sponsoring Sunflowerfest, a three-day music and arts festival held in Belfast from 2017 to 2020, the Forestside Shopping Centre gave the organisers advice on budgetary control, strategic planning, and site and infrastructure improvements.<sup>90</sup> Such joint efforts can prove particularly powerful when arts organisations, local public bodies, and local businesses work together closely. The Manchester International Festival, for instance, is a biennial event for music, theatre, dance, and the visual arts. It exists thanks to a partnership among the



© RWP UK/Getty Images

Manchester City Council, the Factory (an arts and culture venue), local businesses (such as Electricity North West, which provides the power), and local volunteers. The festival not only increases the impact of the UK arts sector but also contributes to local investment and Manchester's economic growth by raising the city's national and international profile. Today, the festival is a leading cultural destination for showcasing major events. In 2019, its

economic impact was estimated, across a range of measures, at £50 million.<sup>91</sup>

StartEast, which provides grants, business support, and training for arts practitioners and art businesses in Norfolk and Suffolk, has had a similarly high impact. The organisation was set up by the Norfolk and Suffolk Culture Board, which brings together leaders from local arts organisations (such as Britten Pears Arts and the Norwich Theatre), local councils, local business leaders, and the Arts Council

England. The programme ended in 2019. By 2020, one-third of the more than 350 local businesses StartEast had engaged with reported higher turnover and productivity. SubMotion Productions, a film production company, is among the success stories. StartEast helped SubMotion to set up an editing suite and provided financial and administrative support for one of its films, *Sylvia*, shown in 2019 at the Cannes Film Festival,<sup>92</sup> where it won the Best Short Film award.<sup>93</sup>

# Connection #5:

## Between the arts sector and the broader creative industries

Connections linking the arts sector to the broader creative industries are everywhere to be seen. Skills, knowledge, content, and services flow constantly between them, sustaining high-quality and often innovative activity in both sectors.

**I**n the United Kingdom, the creative industries are large and growing fast: by 32 percent from 2010 to 2019.<sup>94</sup> The GVA of the UK economy as a whole increased by 20 percent during the same period.<sup>95</sup> In 2022, according to the latest data, the sector's GVA is estimated to have reached £126 billion, up from £115 billion in 2021.<sup>96</sup> The creative industries therefore account for 5.7 percent of the United Kingdom's total GVA—close to the contribution of the construction industry and three-quarters of the contribution of the financial-services industry.<sup>97</sup> In addition, the creative-industries sector has some 2.46 million jobs (Exhibit 6).<sup>98</sup>

The arts sector and the broader creative industries collaborate extensively and share connections and dependencies. These can be seen everywhere. Skills, knowledge, content, and services flow constantly between the two, often promoting innovation. Arts educators bring together students and teachers from both spheres. The University of the Arts London and the RCA, for instance, provide programmes across the visual arts, as well as in design and architecture, creating plentiful opportunities for exchange and collaboration.<sup>99</sup> The V&A Museum

collections span the visual arts, design, crafts, fashion, and architecture. Exhibitions often combine curatorial expertise from across these art forms and disciplines in the creative industries.<sup>100</sup>

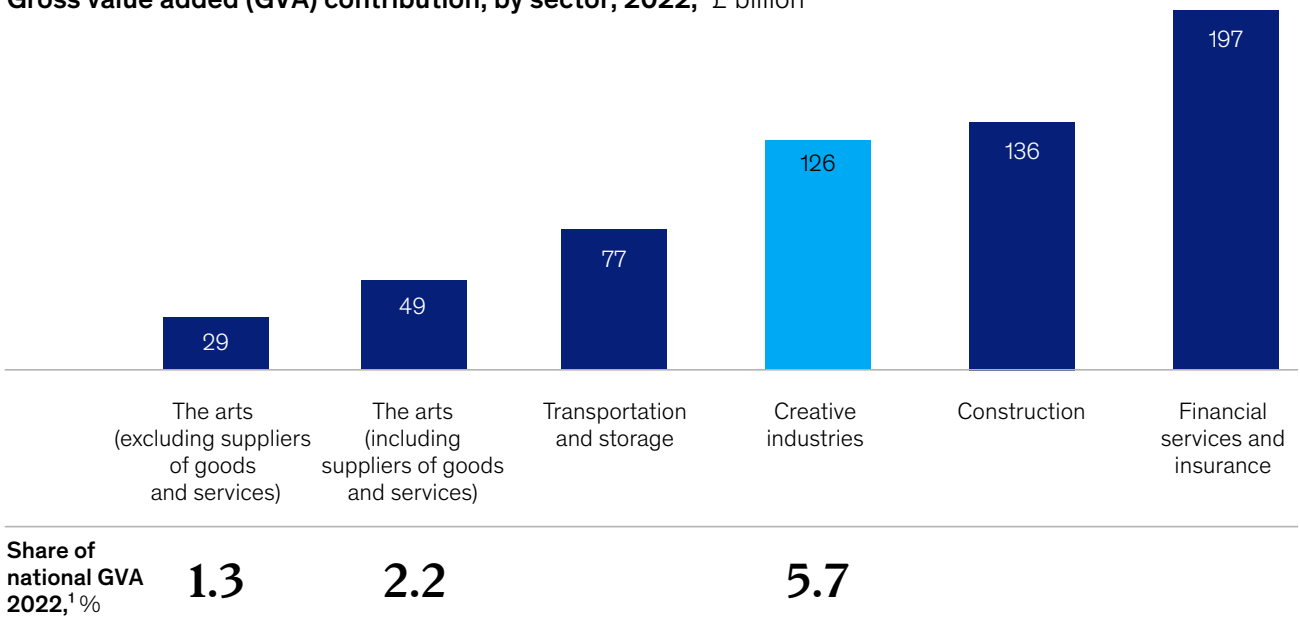
The connection between organisations working in advertising content and production (worth some £20.6 billion in GVA in 2022) and the screen arts is particularly strong.<sup>101</sup> Many organisations work in both. So do directors, actors, and music producers. For example, MPC, one of the United Kingdom's largest visual-effects (VFX) companies, is recognised for its work on films such as *Harry Potter*, *1917*, and *Life of Pi*. It also runs an advertising arm that produces content for many global brands.<sup>102</sup>

Often, artistic activity directly supports the creative industries. Arts collections, museums, and archives are essential references for designers and architects. Music and visual art are fundamental to the creative processes of industries such as advertising or fashion. Examples of collaboration and cross-inspiration between fashion and the arts include these:

Exhibit 6

**The creative industries in the UK contributed £126 billion in gross value added in 2022.**

Gross value added (GVA) contribution, by sector, 2022,<sup>1</sup> £ billion



<sup>1</sup>As of November 2023.  
 Source: "DMCS and digital economic estimates: Monthly GVA (to September 2023)," DCMS, November 15, 2023; "GDP output approach—low-level aggregates," Office for National Statistics, November 10, 2023; McKinsey analysis

McKinsey & Company

- In 2017, Burberry creative director Christopher Bailey joined forces with the Henry Moore Foundation. Bailey's collection at London Fashion Week, inspired by the British sculptor's work, used fabrics to sculpt the body and to change proportions. The same week, a new exhibition of Moore's sculptures opened in London.<sup>103</sup>
- Lovers Rock was the name of the 2020 autumn menswear collection by Grace Wales Bonner. She took inspiration from the work of photographer John Goto (who documented the lives of young British Afro-Caribbeans in London in the 1970s) and from Lovers Rock music (a laid-back, romantic form of reggae).<sup>104</sup>
- In 2022 a project called Process, by fashion label Alexander McQueen, invited 12 artists from around the world, working in different mediums, to reinterpret pieces from the autumn–winter collection. The aim was to celebrate the creativity that comes from diverse perspectives. The result was artwork ranging from epoxy resin sculptures to embroidered Polaroids.<sup>105</sup>

# The broader creative industries are critical partners for the arts sector in the use of new technologies.

The United Kingdom has such a strong VFX industry thanks to the success of the UK film industry—production spending rose by 600 percent in ten years, to reach £6.3 billion in 2022.<sup>106</sup> In the early 2000s, when VFX was still a very young industry in the United Kingdom, the *Harry Potter* series provided steady demand for the services of what have since become major VFX companies, such as DNEG, Framestore, and MPC.<sup>107</sup> In turn, the VFX industry has fuelled demand for software for the film industry, developed by UK companies such as Foundry. Foundry's software—for 3-D modelling, painting, and special effects lighting, for example—is used across the creative industries, including architectural modelling and product design. In film, Foundry's clients

include Disney, DreamWorks, and Framestore.<sup>108</sup>

Similarly, the success of the film and television industry has propelled significant capital investment in soundstages. From 2021 to 2026, the soundstage sector's capacity is expected to grow by 11 percent a year, to reach 245 million square feet.<sup>109</sup> Existing facilities at Leavesden, Pinewood, and Shepperton will be extended, and US companies will build new ones.

The broader creative industries are also critical partners for the arts sector in the use of new technologies. These offer new opportunities for the creative process. Technology can transform audience reach through digital platforms, increase the share

of collections available for public consumption, and create opportunities for personalised experiences through the use of augmented reality (AR), virtual reality (VR), mixed reality, and artificial intelligence (AI). In 2020, for example, the Royal Opera House produced *Current, Rising*, billed as the first hyper-reality opera, in collaboration with Figment, a London-based AR–VR and computer-generated-content producer, which works mainly in the entertainment sector. Its clients include Legoland, Madame Tussauds, and Thorpe Park.<sup>110</sup> See the sidebar “Technology meets the arts” for more examples of how technology organisations collaborate with those in the arts to create and help people experience art in innovative ways.



## Technology meets the arts

Collaboration between art and technology organisations is transforming the ways in which art is produced and audiences engage with it. Here are some examples:

- *The Keeper of Paintings*, an immersive exhibit, results from a collaboration between the National Gallery and Arcade, a technology company that uses augmented and virtual reality (VR) to produce immersive experiences. With a mobile app, children explore the gallery's collection by helping a fictitious "keeper" find a lost magical object. Arcade also works with major consumer brands.
- *Aamir*, a VR film, follows the journey of a refugee girl escaping Sudan. It was directed by Rufus Norris, the director at the National Theatre, in collaboration with Erfan Saadati from Surround Vision, a London-based AR-VR production studio that specialises in 360-degree films, VR, and other immersive experiences. Surround Vision also works with leading companies in diverse sectors.<sup>1</sup>
- Civilisations AR is an app the BBC created in collaboration with Nexus Studios, a UK animation studio producing content for advertising and films. It was developed in conjunction with a BBC documentary series that traced the development of art and creativity through the ages. The app explores artworks and artifacts from leading institutions, including the National Museum of Wales and the National Museum of Scotland. Nexus Studios also works with many leading technology companies.<sup>2</sup>

<sup>1</sup> "Home: *Aamir* Documentary," Surround Vision, accessed October 26, 2023.

<sup>2</sup> "BBC—Civilisations XR," Nexus Studios, accessed October 26, 2023.





# The indirect impact of the arts sector on the UK economy

The arts sector also contributes indirectly but significantly to the UK economy.

A comprehensive analysis of this subject would be too large a topic for this report. Rather, to convey the importance of the arts sector's impact on the wider economy, we point briefly to three examples: how the sector attracts overseas visitors to the United Kingdom, supports its soft power, and helps build the skills required in a thriving 21st-century economy.

## Overseas visitors

The United Kingdom's arts sector is a powerful attraction for overseas tourists. Seventy-three percent of those surveyed in 80 countries identified the UK "cultural offer" as a key motivation for visiting the country, according to one report. An estimated 30 percent of all inbound tourists participate in UK arts and culture activities.<sup>111</sup> They directly support the UK economy through arts and culture spending worth £1 billion.<sup>112</sup>

Take, for instance, Edinburgh's 11 major festivals, nine of which are arts festivals. In 2022, these 11 festivals attracted 3.2 million people—31 percent of them visitors to Scotland. The economic impact for Scotland was £367 million.<sup>113</sup> And *Game of Thrones*, a TV series filmed in Northern Ireland, prompted some 350,000 tourists to visit the United Kingdom in 2018, spending an estimated £50 million.<sup>114</sup>

# UK arts organisations and artists, often invited to perform abroad, build cultural relationships and a positive view of the United Kingdom's contributions to global society.

Beyond tourism, the global reputation of the UK arts sector helps attract temporary and permanent residents from overseas, who contribute to the wider UK economy. The United Kingdom regularly appears among the top ten countries on the Anholt-Ipsos Nation Brands Index (which measures perceptions of different countries around the world) and among the top five on its "contemporary cultural" index.<sup>115</sup> London was ranked number one out of 48 cities in the 2022 Global Power City Index, which gauges the ability of urban areas to attract people and businesses on a range of measures.<sup>116</sup> London outscored all other cities on the "cultural interaction" one.

## **Soft power contributor**

The reputation of the UK arts sector also contributes to the country's soft power overseas. UK arts organisations and artists, often invited to perform abroad, work with their international counterparts, take part in exchanges, and build cultural relationships and a positive view of the United Kingdom's contributions to global society.

For example, the London Symphony Orchestra and Australia's Melbourne Symphony Orchestra have reciprocal touring arrangements and co-commission performances.<sup>117</sup> Broadway transfers of National Theatre productions bring them to US audiences. And after COVID-19 restrictions lapsed, many UK arts organisations and artists have resumed touring abroad, often in collaboration with international co-production partners.

The UK government acknowledges the importance of the arts sector's contribution in this respect. Its 2023 refresh of the Integrated Review, which sets the country's national-security and international strategy, noted that arts and culture were among several areas that help the United Kingdom forge strong reciprocal relationships around the world.<sup>118</sup>

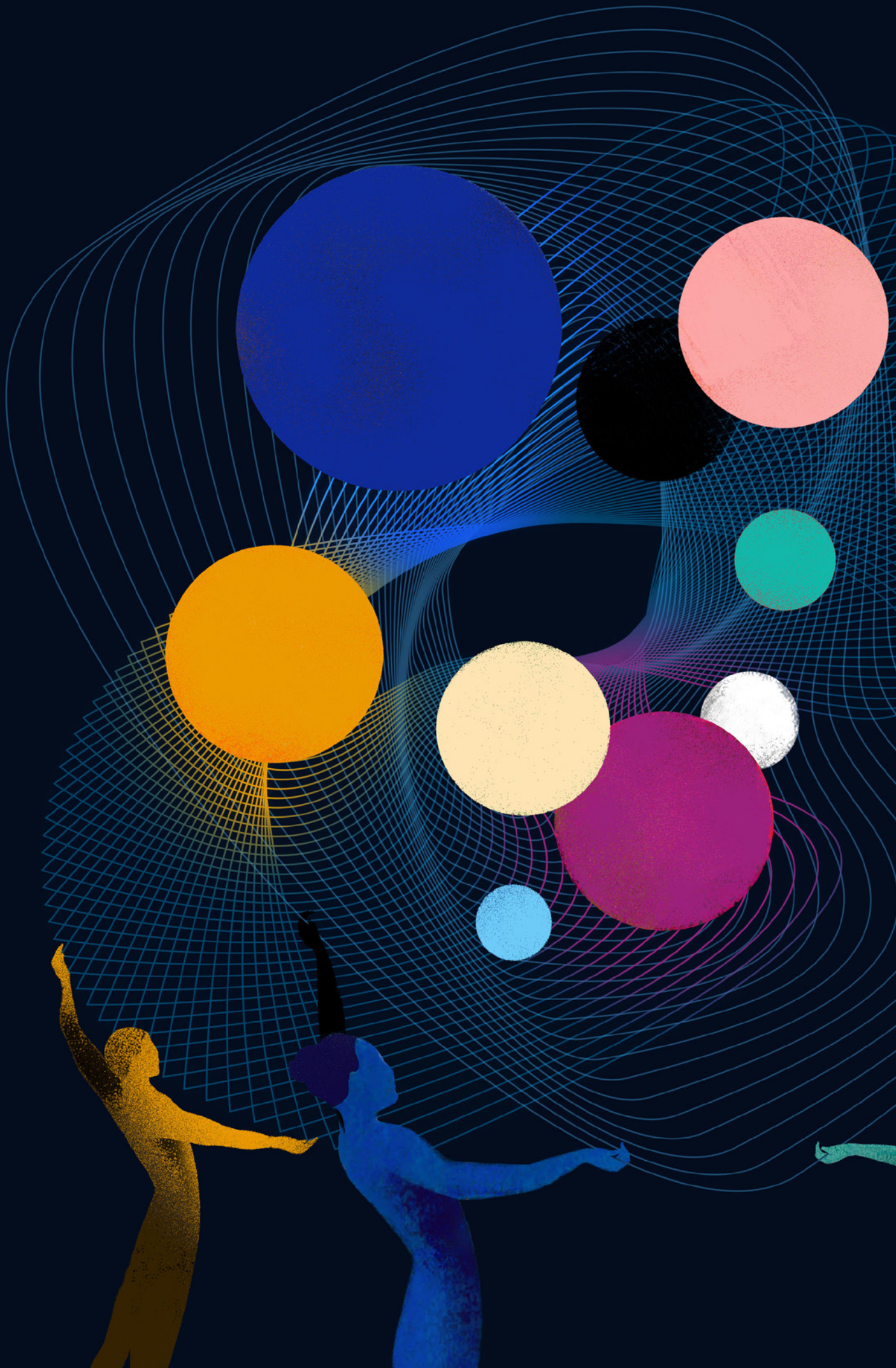
## Skills of the future

The arts sector can make a powerful contribution to building the skills required by a thriving 21st-century economy, in which artificial intelligence will do much of the knowledge-based work previously undertaken by humans. In the future, the skills in demand will be those centred on creative thinking and self-efficacy skills.<sup>119</sup> A World Economic Forum report, *New vision for education*, identified 16 such skills, including creativity, problem-solving, adaptability, persistence, and sociocultural awareness.<sup>120</sup> Many of them can be developed through engagement with the arts.

Business schools and companies are taking note. Four of the top five MBA programmes in the United Kingdom (as ranked by QS Universities and the *Times*) now include arts-oriented curriculums.<sup>121</sup> The London Business School and the Royal College of Art, for example, have a course-sharing partnership, and Imperial College Business School and the Royal College of Art run a joint research and entrepreneurship lab (Wicked Acceleration).<sup>122</sup> As for technology companies, Amazon, Google, and Meta have all engaged improvisation-training companies and comedy clubs to help their UK employees build communication skills.<sup>123</sup> Arts organisations such as the Old Vic Theatre and the National Theatre run corporate-communication training courses that help participants build a personal presence, rapport, and leadership skills.<sup>124</sup>

The arts sector has much to offer for developing the skills and qualities that well-rounded 21st-century leaders require.

**Four of the top five MBA programmes in the United Kingdom now include arts-oriented curriculums.**



# Implications

The UK arts sector is a dynamic ecosystem of individuals and organisations renowned globally for the quality, diversity, and innovation of their work.

**E**ngaging with the arts has intrinsic aesthetic value: it entertains, stimulates the senses, and triggers a wide range of emotional responses. But it has a broader impact too. The ecosystem contributes to the strength of the UK economy by supporting thousands of enterprises and hundreds of thousands of workers. It has a positive effect on the lives of individuals, improving their skills, wellbeing, and health. And it improves the fabric of UK communities—for example, by bringing people closer together.

This broader impact depends not only upon the efforts of the people and organisations involved but also on the health of the ecosystem that includes them. This in turn depends on the strength of the connections within the ecosystem—between different art forms; between for-profit and not-for-profit organisations; between arts organisations in different locations; between local arts organisations, local public bodies, and local businesses; and between the arts sector and the broader creative industries.

A healthy ecosystem sets in train a virtuous cycle: more high-quality artistic activity inspires more engagement, which further increases the impact of the arts. But neglect the ecosystem's health, and the effects can be just as powerful. The loss of an arts venue in a local community, for example, could prevent its next generation of creative leaders from emerging and weaken its social fabric. Small stimuli can have a far-reaching impact on the ecosystem.

These realities have implications for the art sector's future. Decisions and actions must recognise how it functions as an ecosystem—taking care not to weaken the connections essential for its health but looking instead for ways to strengthen them. There are opportunities to achieve precisely this.

First, there is an opportunity to better measure and communicate the sector's impact. Many not-for-profits already demonstrate their impact as part of funding applications. But new, data-driven methodologies capable of measuring impact across a full range of measures could be a powerful strategic tool for all arts organisations. Such methodologies could help to inform planning decisions and organisational priorities, to identify new partnership opportunities and potential donors, and to engage with a broader range of audiences and communities.



Earlier this year, McKinsey research, in partnership with seven leading US arts institutions, explored the challenges and opportunities of pursuing such a data-driven approach to measure the impact of arts organisations.<sup>125</sup> The DCMS's ongoing Culture and Heritage Capital Programme, launched in 2021, uses one such approach. It aims to create publicly available statistics and guidance that will permit a more accurate articulation of the value of services provided by culture and heritage.<sup>126</sup>

Organisations with strong methodologies and metrics could share them with others, helping these to measure and articulate their impact too. Adopting a common, consistent metric would have even wider benefits: each organisation's measurements could be brought together to form a single coherent view of the ecosystem's impact—perhaps in a particular art form, in a certain region, or in relation to a certain impact measure.

Second, artists and arts organisations have an opportunity to explore how they might work together in new ways to harness the potential of rapidly evolving technologies. Artists already use AI to enhance the creative process and create entirely new art. Arts organisations already use digital technology to promote greater engagement with the arts, especially by younger audiences—through immersive storytelling, digital education resources, and online streaming, for example.

Artists and organisations in both the arts sector and the broader creative industries, as well as the technology sector, may have opportunities to enhance innovation through even greater collaboration. Arts organisations could, for example, collaborate to develop cutting-edge digital tools to catalogue the collections of museums around the world and to help people engage with them virtually. Or they might explore ways to establish a common framework for using blockchain technology to protect intellectual property or to develop techniques for creating highly personalised user experiences. In all these examples, the sharing of resources—and costs—could speed a project's development. Arts educators too would have an important role to play by working with innovators to inspire their students and to equip them with the tools they need to begin innovating themselves.

Third, arts organisations could work together to scale up their impact on society. Several of them in a community or region might join forces to achieve a bold ambition—perhaps improving the wellbeing of a meaningful number of residents over five years or contributing to the creation of a more prosperous and attractive community. The pioneers of successful programmes could share their knowledge with other organisations and perhaps form pan-regional groups.

With greater scale, arts organisations would be in a better position to realise their ambitions by drawing in partners and support from beyond the arts—technology companies or organisations in the health or the social-care sectors, for example. New funders that typically would not support an individual arts organisation might be inspired to invest in efforts to pursue a bold societal ambition through the arts. They might even consider making longer-term funding commitments. Local public bodies and businesses in a region or community might sign up, too—some, perhaps, contributing their expertise to help arts organisations develop new capabilities in areas such as impact measurement, technology, or real estate and infrastructure management. Many do so already.

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This report has explained the achievements of the UK arts sector, how those achievements are sustained, and how they could reach still greater heights. The result could be more high-quality art in all its forms. Let's not forget how that can contribute to strengthening the economy, improving the health and education of individuals, and creating more cohesive communities. The arts have the power to affect both lives and livelihoods.

*The research is independent and the views expressed entirely McKinsey's own.*

# About the authors

**Jonathan Deakin** is a partner in McKinsey's London office, where **Tom Meakin** and **Tunde Olanrewaju** are senior partners; **Van Nguyen** is an alumna of the London office.

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# Methodology

A great deal of research has been published on the UK art sector's scope and impact. Wherever possible, the insights in this report draw on existing research, supplemented by interviews with more than 50 experts and arts leaders.

To assess the economic impact of the arts sector, we have used publicly available data from the Office for National Statistics (ONS) for the Standard Industrial Classification (SIC) codes that match our definition of the arts sector. That definition, and therefore the choice of SIC codes for aggregating economic-impact figures, broadly matches the Department for Culture, Media, and Sport (DCMS) definition of the arts and culture sector, with small differences. For example, our definition does not include heritage, whereas DCMS includes this for the cultural sector. Given our ecosystem approach to analysing the arts sector, we include those aspects of higher education relevant to the arts, whereas DCMS does not.

In a small number of cases, only part of one SIC code is relevant for our definition of the arts sector. In such cases, we estimate the share of the SIC code attributable to that sector and apply this share to any economic metrics for that specific SIC code. For example, to estimate the gross-value-added (GVA) contribution from higher education in the arts, we start from the GVA for the higher-education SIC code, which includes arts and non-arts organisations, and take only the share of this GVA that corresponds to arts organisations, estimated to be the same share as the proportion of students enrolled in arts-related courses versus overall student enrolment numbers.

If published data exists only for 2021 or earlier, our new analysis typically estimates the 2022 figures by taking historical data for the SIC codes matching our definition of the arts sector and projecting this data forward to 2022 using the appropriate metric. These are examples:

- Estimates of 2022 gross value added are projected using nominal GDP growth.
- Estimates of 2022 employment are projected using full-time employment growth for the full economy.
- Estimates of the total number of arts enterprises in 2022 are projected using growth in the total number of UK businesses.

In addition, the report estimates the proportion of the not-for-profits' total funding from earned or commercial income and from philanthropy and public bodies by using 2019–20 and 2021–22 data from the Arts Council England, the Arts Council of Northern Ireland, and Creative Scotland. Equivalent data from the Arts Council of Wales is not available.

The report also estimates the number of arts enterprises in the major cities of the United Kingdom by using ONS data on the number of enterprises by industry (SIC codes) across parliamentary constituencies.

All definitions and methodologies used in this report represent just one approach among many legitimate ways to define and analyse the sector. Our report makes no claim to be comprehensive or more correct than other approaches.

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