1. Introduction

1.1 The North West has a wealth of museums and is able to offer a wide range of different types of museums of various scales. These museums provide a wide range of educational, cultural and social benefits and are a key asset to the region. However, these museums also produce an economic impact, which is often overlooked but which may be felt at local, regional and national levels. This section sets out to provide an indication of the nature and scale of this economic impact and the mechanisms through which it is produced.

1.2 Recently, there has been a renewal of interest in the economic impacts of a range of cultural institutions, including museums. A key piece of research is the report 'Valuing Museums'[1], commissioned by the Department for Culture, Media and Sport, and published in March 2004. This report, by the London School of Economics, examined the economic and wider benefits of museums in the United Kingdom and a number of the assumptions used in its research have been adopted here.

1.3 The report (which considered museums that are members of the National Museums Directors' Conference (NMDC) and therefore includes only the larger facilities in the UK) estimated that NMDC member institutions:

- produced an annual turnover of £715m
- resulted in spending by visitors of £565m, and
- produced a total economic impact of between £1.83bn and £2.07bn in 2003/4 (including indirect and induced effects).

1.4 These values demonstrate the scale of the economic impact of museums, and highlights the importance of recognising and understanding the economic impacts of facilities in the North West.

Our Approach

1.5 There is a great diversity of museums across the North West, with facilities varying according to focus (from national art works to local history or local historical figures), scale, ownership or control and location types (city centre, rural). These factors influence the nature and scale of economic impact and it is important that our approach to assessing economic impact recognises this diversity.

1.6 The data used in this report was collected through a survey of registered[2] museums in the North West. There are 165 registered museums which vary in size, location, ownership and operation. All of these museums were contacted and invited to participate in this survey.

1.7 A total of 38 museums responded and provided sufficient information on which to base our analysis, representing 23% of the total. However, the size and profile of this sample cannot be said to be representative of the total stock of registered museums in the region, since there was a disproportionately large response from the larger (better resourced) facilities (including local authority, National Trust and larger independents). It would therefore be

[1] 'Valuing Museums', National Museum Director's Conference, March 2004.

[2] Museums that are registered with the North West Museums, Libraries and Archives Council, formerly the North West Museums Service.

inappropriate to attempt to estimate the total economic impact of all museums in the North West based upon the data collected on this sample.

1.8 The sample data does, however, allow us to explore the ways in which economic impact is created and to provide illustrative examples of the nature and scale of the economic impacts arising from different types of museums across the region.

Museums in the North West

1.9 The great wealth and diversity of museums in the North West was discussed in the previous section. In this section we discuss in more detail the important ways in which museums vary and how these variations might affect the nature and scale of economic impact. We also set out the typology of museums that we use in this report.

1.10 Museums vary greatly across a range of factors, including:

- **Scale:** The number of visitors per annum, physical size, number of employees and so on may all impact upon the nature and scale of economic impact. Revenue and expenditure are, all things being equal, likely to increase in some relation to scale.
- **Location Type:** The location of a museum may have an impact on its economic impact in a number of indirect ways. City centre museums have stronger local catchment areas (being able to draw upon a greater number of potential day visitors) whilst museums in some non-metropolitan areas (for example in rural settings or towns in tourist centres such as the Lake District) are likely to attract a greater proportion of their visitors from outside the area (including people staying overnight), altering the nature of spending in the local economy. Museums in rural areas are also more likely to have to source more supplies from beyond the local area, reducing local income impacts.
- **Ownership or Control:** The ownership or control of a museum may affect the economic impact of a museum through its impact on the nature and direction of resource flows. For example, a museum that is owned or controlled through a national or regional organisation (such as the National Galleries and Museums on Merseyside) may receive payments from central government, a local authority owned museum may receive funds and transfer revenue to the local authority department, whilst an independent museum may attract funding from third parties or be financed solely from its own revenues.
- **Commercial Activities:** The level of commercial activity associated with a museum will help to determine the scale and nature of economic impacts through the generation of revenue and associated expenditure. The sale and purchase of merchandise, books and so on will support additional employment and income in the museum and beyond in the local or national economy.

Our Typology of Museums

1.11 In recognition of the variety within the North West museums sector we have created a typology of museums. This typology, set out in Table 2.1 below, provides coverage of the key broad types of museums in the region. Clearly, it does not fully describe a number of key factors by which museums, and the economic impacts they generate, may differ. However, it does provide a useful framework through which to illustrate the economic impacts of the North West's museums.

Museum Type	**Indicative Description**
Small Independent	Outside the framework of local and central government control, typically run as a small charitable company or trust, operated by volunteers and/ or a small core staff.
Medium-Large Independent	Outside the framework of local and central government control, typically run as a charitable company or trust. Likely to have a larger staff and well developed commercial operations
Local Authority Managed – small non-Metropolitan	Managed by the local authority museums service, with a small core staff. Typically in non-metropolitan areas but may also be found in metropolitan districts.
Local Authority Managed – large Metropolitan	Managed by the local authority museums service, with a larger core staff. Typically located within Metropolitan districts.
National Affiliate	The museums are funded directly through grants from central government and from their own revenue generation. Central government funding reflects the importance of their collections and the scale of their target audiences.

Understanding the Economic Impact of Museums in the North West

How do museums generate an impact?

1.12 Before presenting the results of our assessments of the economic impacts of different types of museums in the region it will be important to briefly set out in more detail the mechanisms through which museums may generate economic impacts.

1.13 Although museums and other cultural institutions differ in fundamental ways from many other organisations and commercial operations in particular, many of the mechanisms through which they generate economic impacts are similar. As with other organisations, museums employ people, buy in goods and services from local, national and international economies, sell goods and services and help to attract people to an area in which they may then spend money with other parties.

1.14 In order to assess the total economic impact of different types of museums we need to consider the following different types of impact:

- Direct
- Indirect
- Induced
- Catalytic

Direct impacts

1.15 These are the impacts arising from employment in the operation of the museums themselves. These might include museum guides, curators, and managers. They will also include staff in retail operations that may be attached to the museum. This employment is primarily on-site although it may include a proportion of off-site employment, and people are most likely to be directly employed by the owners and/or operators of the museum, unless activities such as retail have been contracted out to third parties.

1.16 Direct impacts would also include any central charges that a museum might pay to an umbrella organisation. For example, a local authority owned museum may pay administration fees for a range of local authority provided services which supports employment.

Key Assumption – Where do employees live?

We have assumed that all employees are residents of the North West.

1.17 Direct impacts also include those arising from spending by visitors to the museum that is placed with other businesses and organisations. In addition to any entrance fees and retail purchases made in the museum, visitors may also, for example, eat lunch in a local restaurant, use public transport or make purchases from other shops in the area. As part of the survey, respondents were asked to estimate the proportion of local, day and overseas visitors to their museum. In reality, spending levels and patterns vary between these types of visitors, and according to the types of locations in which a museum is based. However, in the absence of visitor survey information we have adopted a number of assumptions.

Key Assumption – Visitor Spending Levels

We need to attribute spending levels to different types of museum visitors (excluding any admission fee). This will help us to more accurately estimate the likely impact on the wider economy (including the tourism component). Having reviewed the NMDC report (which itself draws upon a number of recent relevant studies) we have adopted and adapted the approach applied by that report's authors. In doing so, we have erred on the side of caution in order to avoid overstating the impacts that may be achieved may such a wide variety of organisations.

In order to estimate the employment impacts arising from this spending the report's authors assume that 1 FTE job is created for every £100,000 of additional turnover. We believe this to be a very high figure, which may reflect the nature of operations of the members of the NMDC (which includes many of the leading facilities in the UK. In addition, many of these facilities are located in London and the South East – similar levels of spending are likely to generate higher levels of employment in the North West. We have therefore assumed that 1 FTE job is created for every £80,000 of additional turnover.

Table 2: Daily Spending Levels of Museum Visitors (excluding expenditure in the museum)

Type of Visitor	Assumed Average Daily Expenditure	Comments
Local	£3.75	50% of Day visitor expenditure
Day	£7.50	Based on a survey conducted by Culture South West and cited in the NMDC report.
UK Tourist	£11.25	150% of Day visitor expenditure
Overseas Tourist	£41.3	Average overseas spend per day[3] divided by 3 (assuming that each visit would account for a third of day).
School trip / other group	£2.0	Regeneris estimate

Note: Spending Levels for Local, Day, UK and Overseas tourists are based on data and adjustments as applied in the NMDC report. Spending levels for school trip and other group trip members are Regeneris estimates and may be seen as cautious.

[3] Travel Trends, Fig. 4.05, Office for National Statistics.

Indirect Impacts

1.18 These are impacts generated through the supply chain from purchases made by the museum operators or their sub-contractors. For example, if a museum purchases services (for example, specialist cleaning, accountancy etc) or goods (display equipment, photocopying paper etc) from local firms the increase in demand may result in the supplier companies having to employ additional staff. Generally, the larger and more diverse a local economy the greater is the prospect of maximising these indirect impacts. If a local economy contains key specialisms required by the new company, the indirect impact may also be significant. As part of the survey, respondents were asked to estimate what proportion of total expenditure was placed with firms within the North West.

Key Assumption: A combined 'indirect and induced' multiplier will be applied in order to estimate the economic impacts. This is set out below.

Induced

1.19 These are impacts that are created by the spending of those individuals that are employed directly by museums (through the direct impacts) *and* by those that are employed in firms which supply museums (through the indirect impact) *and* by those firms and organisations that benefit from wider visitor spend. Induced impacts are those that are produced by an uplift in the level of demand in the local or regional economy.

Key Assumption – Indirect and Induced Multipliers

Having reviewed the approach adopted in the NMDC report (which itself reviewed and critiqued previous studies on the economic impact of a range of cultural institutions), and guidance on the application of regional multipliers we have selected two separate (combined indirect and induced) multipliers in order to provide a range of assessments of impacts.

The NMDC report sets out to assess impact in the UK as a whole and uses the multiplier range of 1.5 to 1.7 in order to give a range of possible impacts. However, since we are seeking to assess the impact at a regional level we have applied a lower range of multipliers – 1.3 to 1.5. These lower multipliers, which are based on guidance produced by HM Treasury and DETR, reflect the 'leakage' of spending beyond the North West. If we were to consider more local impacts we would in certain cases (such as museums in peripheral and remote locations) apply considerably lower multipliers.

Catalytic

1.20 Unlike the first three types of impact which can be quantified, catalytic impacts cannot readily be expressed numerically but nevertheless may be very significant (particularly over the longer term). These impacts arise from the impact on the decisions made by individuals or companies considering relocating to, expanding in, in or setting up in the local area.

1.21 There is a strong body of evidence to suggest that the 'cultural infrastructure' of an area is an important factor in its ability to attract people to live and work in an area[4]. Whilst this may apply to people in all walks of life and industries, a number of researchers have suggested that opportunities for the consumption (and also production and distribution e.g. workshops

[4] For example: Cwi, D and Lyall. K; *Economic Impacts of Arts and Cultural Institutions: A Model for Assessment.* Research Division, National Endowment for the Arts, 1997.

and exhibition space) of cultural 'goods and services' are particularly important for those working in the creative industries.

1.22 Museums in the North West, along with many other institutions and more informal networks, can be seen as important contributors to the generation of an attractive local milieu which will help to attract people and investment to the region. These effects are likely to be particularly pronounced where there is a critical mass of both demand for cultural goods and their supply.

1.23 Museums are also thought likely to produce significant economic impacts through their impact on education and through efforts to widen access and promote social inclusion. These impacts cannot be quantified or explored further in this report but do represent an important impact on the region.

Results

1.24 Here we set out a series of illustrative examples of the economic impacts associated with museums of different types. We consider only those effects that are derived from direct, indirect and induced impacts.

Small Independent

Example No. 1

1.25 Example No. 1 is a small independent museum located in a primarily rural and peripheral area. It focuses upon a distinct phase of the area's social history. It provides a range of exhibitions, guided tours around the area and a number of interactive features.

1.26 In the year before the survey, the museum attracted approximately 7,000 visitors. The visitor profile is set out below:

- 20% were from the local area
- 15% were day visitors (people visiting the area on a day out from home, with no overnight stay in the area).
- 40% were tourists from other parts of the UK and had overnight stays in the area
- 10% were overseas tourists
- 15% were part of a school, educational or other group visit.

1.27 Total annual income is approximately £28,000. Admission charges raise £6,500 (23%) of income, whilst a further £5,500 (20%) is derived from commercial activities. £16,000 (57%) of income is derived from a range of other sources (not specified through the survey).

1.28 Total annual expenditure is balanced with income at approximately £28,000, of which £15,000 is for the purchase of goods and services. The museum estimates that 95% of purchases made are sourced from within the North West.

1.29 **Direct Impacts:** The museum supports a total of 2 Full-Time Equivalent posts, with an annual pay roll of £13,000[5] (including employment costs such as National Insurance Contributions).

1.30 In addition, spending by visitors is estimated at £70,500, supporting a further 0.9 jobs in the region.

1.31 **Indirect and Induced Impacts:** The indirect and induced impacts of spending by the museum, by museum staff and by the employees of firms or organisations trading with the museum is estimated to be between £29,550 and £39,250, and will support between 0.4 and 0.6 FTE jobs.

Table 3: Economic Impact – Small Independent Example No. 1		
	Expenditure/ Income	Employment
Direct	**£98,500**	**2.9**
- Museum	£28,000	2.0
- Visitor spending	£70,500	0.9

[5] This would appear to be low but was the figure provided by the museum itself.

Indirect and Induced		
Multiplier @ 1.3	£29,550	0.4
Multiplier @1.5	£39,250	0.6
Note: Each £80,000 of turnover (outside museum) is assumed to support 1 FTE.		

1.32 Adding together the direct, indirect and induced effects we estimate that this museum supports a total of between 3.3 and 3.5 FTE jobs, and creates between £128,050 and £137,750 of income in the region.

Example No. 2

1.33 Example No. 2 is a slightly larger museum. It is located in northern Cheshire, within close proximity to the major conurbations in the region and a number of other important centres of population. The museum focuses on the industrial and transport heritage of the region and provides opportunities for visitors to board working vehicles, a number of interactive displays, lecture rooms and a number of small retail/ catering operations.

1.34 In the year before the survey, the museum attracted approximately 40,000 visitors. The visitor profile is set out below:

- 7% were from the local area
- 45% were day visitors (people visiting the area on a day out from home, with no overnight stay in the area).
- 10% were tourists from other parts of the UK and had overnight stays in the area
- 0% were overseas tourists.
- 38% were part of a school, educational or other group visit.

1.35 Total annual income is approximately £547,000. Admission charges raise £100,000 (18%) of income, whilst a further £236,000 (43%) is derived from commercial activities. £159,000 (29%) of income is derived from a range of other sources (not specified through the survey).

1.36 Total annual expenditure is approximately £645,000, of which £308,000 is for the purchase of goods and services. The respondents estimate that 70% of purchases made are sourced from within the North West.

1.37 **Direct Impacts:** The museum supports a total of 23 Full-Time Equivalent posts, with an annual pay roll of £337,000 (including employment costs such as National Insurance Contributions).

1.38 In addition, spending by visitors is estimated at £219,000, supporting a further 2.7 jobs in the region.

1.39 **Indirect and Induced Impacts:** The indirect and induced impacts of spending by the museum, by museum staff and by the employees of firms or organisations trading with the museum is estimated to be between £259,000 and £432,000, and will support between 3.2 and 5.4 FTE jobs.

Table 4: Economic Impact – Small Independent Example No. 2		
	Expenditure/ Income	Employment
Direct	**£864,000**	**25.7**
- Museum	£645,000	23

- Visitor spending	£219,000	2.7
Indirect and Induced		
Multiplier @ 1.3	£259,000	3.2
Multiplier @1.5	£432,000	5.4
Note: Each £80,000 of turnover (outside museum) is assumed to support 1 FTE.		

1.40 Adding together the direct, indirect and induced effects we estimate that this museum supports a total of between 28.9 and 31.1 FTE jobs, and creates between £1,123,000 and £1,296,000 of income in the region.

Large Independent

Example No. 1

1.41 Example No. 1 is one of the largest facilities in the region, and is located in a major city centre. It focuses primarily on contemporary art and design, with well developed commercial (retail and leisure) operations. It also provides space for a range of meetings, events and seminars. Collections are refreshed and changed at regular intervals.

1.42 In the year before the survey, the museum attracted approximately 530,000 visitors. The visitor profile is set out below:

- 26% were from the local area
- 42% were day visitors (people visiting the area on a day out from home, with no overnight stay in the area).
- 20% were tourists from other parts of the UK and had overnight stays in the area
- 8% were overseas tourists
- 4% were part of a school, educational or other group visit.

1.43 Total annual income is approximately £2,810,000. Admission charges raise £63,000 of income, whilst a further £165,000 is derived from commercial activities. The greatest part (85% or £2.4m) of income is derived from donations and funding programmes.

1.44 Total annual expenditure is balanced with income at approximately £289,000, of which £1.5m is for the purchase of goods and services. No estimate of the proportion of this expenditure that is made with regional firms and organisations is provided. We will therefore adopt what we believe to be a cautious estimate of 50%.

1.45 **Direct Impacts:** The museum supports a total of 66 Full-Time Equivalent posts, with an annual pay roll of £1.4m (including employment costs such as National Insurance Contributions).

1.46 In addition, spending by visitors is estimated at £5,200,000, supporting a further 65 jobs in the region.

1.47 **Indirect and Induced Impacts:** The indirect and induced impacts of spending by the museum, by museum staff and by the employees of firms or organisations trading with the museum is estimated to be between £2,403,000 and £4,005,000, and will support between 30.0 and 50.1 FTE jobs.

Table 5: Economic Impact: Large Independent Example No.1		
	Expenditure/ Income	Employment
Direct	**£8,010,000**	**131**
- Museum	£2,810,000	66
- Visitor spending	£5,200,000	65.0
Indirect and Induced		
Multiplier @ 1.3	£2,403,000	30.0
Multiplier @1.5	£4,005,000	50.1
Note: Each £80,000 of turnover (outside museum) is assumed to support 1 FTE.		

1.48 Adding together the direct, indirect and induced effects we estimate that this museum supports a total of between 161 and 181.2 FTE jobs, and creates between £10,413,000 and £12,015,000 of income in the region.

Example No. 2

1.49 Example No. 2 is again one of the most significant museums in the region and is located several miles from the centre of a major urban area. This museum has a strong thematic theme and uses a range of techniques and approaches (including interactive and audio-visual) in order to bring to life the historical experiences of people in the region, and in other parts of the world.

1.50 In the year before the survey, the museum attracted approximately 470,000 visitors. The visitor profile is set out below:

- 30% were from the local area
- 20% were day visitors (people visiting the area on a day out from home, with no overnight stay in the area).
- 24% were tourists from other parts of the UK and had overnight stays in the area
- 6% were overseas tourists
- 20% were part of a school, educational or other group visit.

1.51 Total annual income is approximately £2,040,000. No income is raised through admission charges. £165,000 (8%) of income is derived from commercial activities. The greatest part (93% or £1.9m) of income is derived from donations and funding programmes.

1.52 Total annual expenditure is balanced with income at approximately £2,038,000, of which £1,525,000 is for the purchase of goods and services. The respondents estimate that 50% of purchases made are sourced from within the North West.

1.53 **Direct Impacts:** The museum supports a total of 40 Full-Time Equivalent posts, with an annual pay roll of £515,000 (including employment costs such as National Insurance Contributions).

1.54 In addition, spending by visitors is estimated at £3,875,000 supporting a further 48.4 FTE jobs in the region.

1.55 **Indirect and Induced Impacts:** The indirect and induced impacts of spending by the museum, by museum staff and by the employees of firms or organisations trading with the museum is estimated to be between £1,773,900 and £2,956,500, and will support between 22.0 and 30.7 FTE jobs.

Table 6: Economic Impact: Large Independent Example No.2		
	Expenditure/ Income	Employment
Direct	**£5,913,000**	**88.4**
- Museum	£2,038,000	40
- Visitor spending	£3,875,000	48.4
Indirect and Induced		
Multiplier @ 1.3	£1,773,900	22.2
Multiplier @1.5	£2,956,500	37.0
Note: Each £80,000 of turnover (outside museum) is assumed to support 1 FTE.		

1.56 Adding together the direct, indirect and induced effects we estimate that this museum supports a total of between 110.6 and 125.4 FTE jobs, and creates between £7,686,900 and £8,869,500 of income in the region.

Local Authority Managed – Small (often non-Metropolitan)

1.57 Small local authority managed museums are most commonly found in non-metropolitan districts, particularly in areas in which there is a strong emphasis on tourism. However, they may also be found in metropolitan districts.

Example No. 1

1.58 Example No. 1 is a small local authority managed museum located in a small settlement within a primarily rural and peripheral location. The museum uses a combination of traditional exhibits, audio-visual installations and interactive features in order to present the social and industrial history of the town and surrounding area, including the impact of local environmental and geological conditions.

1.59 In the year before the survey, the museum attracted approximately 30,000 visitors. The visitor profile is set out below:

- 10% were from the local area
- 50% were day visitors (people visiting the area on a day out from home, with no overnight stay in the area).
- 20% were tourists from other parts of the UK and had overnight stays in the area
- 15% were overseas tourists
- 5% were part of a school, educational or other group visit.

1.60 Total annual income is approximately £230,000. No income is raised through admission fees or commercial activities, with 100% of income being channelled through the local authority.

1.61 Total annual expenditure is balanced with income at approximately £230,000, of which £87,000 is for the purchase of goods and services. The respondents estimate that 80% of purchases made are sourced from within the North West. A further £18,000 is paid out to cover central charges within the local authority management system.

1.62 **Direct Impacts:** The museum supports a total of 12 Full-Time Equivalent posts, with an annual pay roll of £125,000 (including employment costs such as National Insurance Contributions).

1.63 In addition, spending by visitors is estimated at £377,900 supporting a further 4.7 FTE jobs in the region.

1.64 **Indirect and Induced Impacts:** The indirect and induced impacts of spending by the museum, by museum staff and by the employees of firms or organisations trading with the museum is estimated to be between £182,370 and £303,950, and will support between 2.3 and 3.8 FTE jobs.

Table 7: Economic Impact: Local Authority Managed (Small) Example No.1		
	Expenditure/ Income	Employment
Direct	**£607,900**	**16.7**
- Museum	£230,000	12
- Visitor spending	£377,900	4.7
Indirect and Induced		
Multiplier @ 1.3	£182,370	2.3
Multiplier @1.5	£303,950	3.8
Note: Each £80,000 of turnover (outside museum) is assumed to support 1 FTE.		

1.65 Adding together the direct, indirect and induced effects we estimate that this museum supports a total of between 19.0 and 20.5 FTE jobs, and creates between £790,270 and £911,850 of income in the region.

Example No. 2

1.66 Example No. 2 is a small local authority managed museum located in a town (with no strong tourism tradition) within a metropolitan local authority. It focuses on the social and economic history of the local area, including key industries that once thrived there. The permanent exhibition is supplemented by a number of special exhibitions (for example of borrowed collections), activities and events.

1.67 In the year before the survey, the museum attracted approximately 13,000 visitors. The visitor profile is set out below:

- 66% were from the local area
- 20% were day visitors (people visiting the area on a day out from home, with no overnight stay in the area).
- 2% were tourists from other parts of the UK and had overnight stays in the area
- 2% were overseas tourists
- 10% were part of a school, educational or other group visit.

1.68 Total annual income is approximately £227,000. No income is raised through admission fees or commercial activities, with 100% of income being channelled through the local authority.

1.69 Total annual expenditure is balanced with income at approximately £227,000, of which £48,000 is for the purchase of goods and services. The respondents estimate that 50% of purchases made are sourced from within the North West. A further £39,000 is paid out to cover central charges within the local authority management system.

1.70 **Direct Impacts:** The museum supports a total of 9 Full-Time Equivalent posts, with an annual pay roll of £141,000 (including employment costs such as National Insurance Contributions).

1.71 In addition, spending by visitors is estimated at £69,000 supporting a further 0.9 FTE jobs in the region.

1.72 **Indirect and Induced Impacts:** The indirect and induced impacts of spending by the museum, by museum staff and by the employees of firms or organisations trading with the museum is estimated to be between £88,800 and £148,000, and will support between 1.1 and 1.9 FTE jobs.

Table 8: Economic Impact: Local Authority Managed (Small) Example No.2		
	Expenditure/ Income	Employment
Direct	**£296,000**	**9.9**
- Museum	£227,000	9
- Visitor spending	£69,000	0.9
Indirect and Induced		
Multiplier @ 1.3	£88,800	1.1
Multiplier @1.5	£148,000	1.9
Note: Each £80,000 of turnover (outside museum) is assumed to support 1 FTE.		

1.73 Adding together the direct, indirect and induced effects we estimate that this museum supports a total of between 11.0 and 11.8 FTE jobs, and creates between £384,800 and £444,000 of income in the region.

Local Authority Managed – Large (Metropolitan)

Example No. 1

1.74 Example No. 1 is a large local authority managed museum located within a major city centre. It focuses on historic and contemporary art and design and offers a range of traditional and audio-visual exhibits.

1.75 In the year before the survey, the museum attracted approximately 336,000 visitors. The visitor profile is set out below:

- 27% were from the local area
- 46% were day visitors (people visiting the area on a day out from home, with no overnight stay in the area).
- 14% were tourists from other parts of the UK and had overnight stays in the area
- 8% were overseas tourists
- 5% were part of a school, educational or other group visit.

1.76 Total annual income is approximately £4.9m. No income is raised through admission charges. A small proportion of total income (£360,000 or 7%) is derived from commercial activities, with 93% of income being received directly from the local authority.

1.77 Total annual expenditure is balanced with income at approximately £4.9m, of which £1.9m is for the purchase of goods and services. The respondents estimate that 60% of purchases made are sourced from within the North West. A further £740,000 is paid out to cover central charges within the local authority management system.

1.78 **Direct Impacts:** The museum supports a total of 90 Full-Time Equivalent posts, with an annual pay roll of £2.2m (including employment costs such as National Insurance Contributions).

1.79 In addition, spending by visitors is estimated at £3,183,000 supporting a further 39.8 FTE jobs in the region.

1.80 **Indirect and Induced Impacts:** The indirect and induced impacts of spending by the museum, by museum staff and by the employees of firms or organisations trading with the museum is estimated to be between £2,691,500 and £3,768,100 and will support between 30.3 and 50.5 FTE jobs.

Table 9: Economic Impact: Local Authority Managed (Large) Example No.1		
	Expenditure/ Income	Employment
Direct	**£8,083,000**	**129.8**
- Museum	£4,900,000	90.0
- Visitor spending	£3,183,000	39.8
Indirect and Induced		
Multiplier @ 1.3	£2,424,900	30.3
Multiplier @1.5	£4,041,500	50.5
Note: Each £80,000 of turnover (outside museum) is assumed to support 1 FTE.		

1.81 Adding together the direct, indirect and induced effects we estimate that this museum supports a total of between 148.7 and 159.5 FTE jobs, and creates between £10,507,900 and £12,124,500 of income in the region.

Example No. 2

1.82 Example No. 2 is also a large local authority managed museum and is located in the town centre within a metropolitan district. It provides a wide range of thematic, historic and art & design exhibitions and draws collections from around the world as well as from the region.

1.83 In the year before the survey, the museum attracted approximately 232,000 visitors. The visitor profile is set out below:

- 50% were from the local area
- 40% were day visitors (people visiting the area on a day out from home, with no overnight stay in the area).
- 4% were tourists from other parts of the UK and had overnight stays in the area
- 1% were overseas tourists
- 5% were part of a school, educational or other group visit.

1.84 Total annual income is approximately £1.5m. Admission charges raise £40,000 of income, whilst a further £59,000 is derived from commercial activities. The greatest part (£1.36m or 89%) is received directly from the local authority.

1.85 Total annual expenditure is balanced with income at approximately £1.53m, of which £452,000 is for the purchase of goods and services. The respondents estimate that 70% of purchases made are sourced from within the North West.

1.86 **Direct Impacts:** The museum supports a total of 41 Full-Time Equivalent posts, with an annual pay roll of £770,000 (including employment costs such as National Insurance Contributions).

1.87 In addition, spending by visitors is estimated at £1,355,000 supporting a further 16.9 FTE jobs in the region.

1.88 **Indirect and Induced Impacts:** The indirect and induced impacts of spending by the museum, by museum staff and by the employees of firms or organisations trading with the museum is estimated to be between £865,000 and £1,442,500, and will support between 10.8 and 18.0 FTE jobs.

Table 10: Economic Impact: Local Authority Managed (Large) Example No.2		
	Expenditure/ Income	Employment
Direct	**£2,885,000**	**57.9**
- Museum	£1,530,000	41.0
- Visitor spending	£1,355,000	16.9
Indirect and Induced		
Multiplier @ 1.3	£865,000	10.8
Multiplier @1.5	£1,442,500	18.0
Note: Each £80,000 of turnover (outside museum) is assumed to support 1 FTE.		

1.89 Adding together the direct, indirect and induced effects we estimate that this museum supports a total of between 68.7 and 75.9 FTE jobs, and creates between £3,750,000 and £4,327,500 of income in the region.

National Affiliate

1.90 The survey did not receive a response from any facilities that are national affiliates.

Summary of Impact Estimates

1.91 The above analysis has demonstrated that there is a considerable breadth of range of impacts in the North West region. Table 11 overleaf provides a summary of the estimates of economic impact for each facility.

Table 11: Summary of Impacts							
Museum	Location	Focus	Visitor Numbers	Employment Impact		Additional Income	
				Low	*High*	*Low*	*High*
Small Independent No. 1	Peripheral, mainly rural area	Local social history	7,000	3.3	3.5	£128,050	£137,750
Small Independent No. 2	In-Town, close to conurbations	Industrial heritage	40,000	28.9	31.1	£1,123,000	£1,296,000
Large Independent No. 1	City Centre	Art & design	530,000	161	181.2	£10,413,000	£12,015,000
Large Independent No. 2	Close to City Centre	Historical experience	470,000	110.6	125.4	£670,000	£8,869,500
Local Authority -Small No.1	Village, peripheral area	Local social history	30,000	19	20.5	£790,000	£911,900
Local Authority -Small No.2	In-Town, metropolitan district	Local social history	13,000	11	11.8	£484,800	£444,000
Local Authority -Large No.1	City Centre	Art & design	336,000	148.7	159.5	£10,507,900	£12,125,000
Local Authority -Large No.2	In-Town, metropolitan district	Historical experience, general	232,000	68.7	75.9	£3,750,000	£4,327,500

Key Messages

1.92 Although this review has focused on the economic impacts of the region's museums, there are a range of other, difficult to quantify, economic impacts that we have not considered in detail here. These include:

- Contributing to the 'cultural infrastructure' and to a milieu that will prove attractive to some investors and highly skilled people who may consider moving to the region.
- In some cases, providing an opportunity for local residents and volunteers to build skills and confidence through supporting the museum. Musuems (particularly larger ones) may also have a programme of activities and events intended to boost accessibility, social inclusion and regeneration.
- Educational benefits – many museums have strong links with schools and other educational establishments

1.93 These impacts are in addition to the important non-economic impacts discussed in Section 1.

1.94 Our review of the economic impacts of a selection of museums in the North West demonstrates that the level of impact varies widely between different institutions. This reflects the wide range of museums in the region, from large facilities in city centre locations to small facilities in largely rural or smaller town locations. In a number of cases, the economic impact is considerable and these museums are major sources of employment and income.

1.95 Those museums with the greatest impacts are primarily centred in metropolitan locations and are able to attract larger numbers of visitors. Although these are comparatively few in number, our analysis has shown that they are indeed of considerable economic significance, providing significant direct employment but also serving to attract visitor spending locally and in the region and to place significant expenditure with firms in the region.

1.96 In other cases, impacts are more modest, reflecting the lower visitor numbers each is able to attract or accommodate, although may still be significant within their locality. However, it should be noted that there are many such museums and other facilities in the region and whilst the local and regional impact arising from each individually may be modest, when combined they are likely to have a major impact. For example, if we assumed that, say 140 of the 165 registered museums in the region supported only 3.3 FTE jobs (as does Small Independent Example No. 1) then the combined employment would be 460 FTE jobs. This is a highly conservative estimate since many museums will support considerably more employment given the higher visitor numbers they attract. In this report, we have also adopted a conservative approach to converting spend into employment.

1.97 Clearly, scale (visitor numbers) is a key determinant of economic impact. However, the types of visitors a museum is able to attract is also an important factor. Those museums that are able to attract a high proportion of tourists from outside the region, particularly where this involves an overnight stay, have the greatest impacts since these visitors have the highest expenditure. Using the approach adopted in the NMDC report, we have assumed that the UK tourists spending is considerably lower than that of overseas visitors. However, the difference in spending may not be as significant as this supposes, in which case economic impact will be increased further.

1.98 Museums that are major attractions may have particularly high impacts in reality, with spending in the area having greater levels of 'additionality'. We have assumed that one-third of the spending of overseas visitors is related to the museum in question. However, if the museum is the sole or main reason why that person has visited the region, the museum would be responsible for significantly greater impact. We cannot measure this here but it is important to recognise the special importance of high quality 'destination' museums.