

Economic Impact of Scotland's Museums and Galleries

Carried out by DC Research Ltd on behalf of
Museums Galleries Scotland

Summary Report – March 2023 (updated
September 2023)



Economic Impact of Scotland's Museums and Galleries (Summary Report)

Key Findings

- Museums Galleries Scotland (MGS) commissioned DC Research to carry out an **Economic Impact Assessment of Scotland's Museums and Galleries** with the aim of using the results from the National Survey of Scotland's Museums and Galleries to provide a desk-based assessment of the gross economic impact.
- The results show that the £132 million of turnover plus grants income for museums and galleries supports: a **total of £221 million direct, indirect, and induced output effects**; a **total of 3,689 direct, indirect, and induced FTE jobs**; and **£115.1 million direct, indirect, and induced GVA effects**.
- Combining the output effects result with the core grant findings from the Survey of Scotland's Museums and Galleries, shows that **£2.67 of direct, indirect, and induced economic output is generated for every £1 of core grant reported by museums**.
- In addition to these results, the scale of **volunteering** in Scotland's museums and galleries is **estimated to be more than 54,100 days per year** and, **as a minimum**, this is **valued at between £3.9 million and £4.4 million** per annum.
- **Visitors to Scotland's museums and galleries** also have a notable impact on, and make a clear contribution to, the economy. Whilst not all this impact can be directly attributed to museums and galleries, the **gross spending impacts** (both on-site at museums and off-site elsewhere in the economy) **of the 17.8 million visits in 2019-20, is estimated to be close to £900 million**.

Introduction

In January 2023, Museums Galleries Scotland (MGS) commissioned DC Research to carry out an **Economic Impact Assessment of Scotland's Museums and Galleries**. The aim of the commission was to use the results of the National Survey of Scotland's Museums and Galleries¹, to provide a desk-based assessment of the economic impact of Scotland's Museums and Galleries.

The Survey of Scotland's Museums and Galleries received a total of 177 replies from different museum organisations - a 62% response rate. These responses provide information about 271 different museum sites, a 60% response rate for museums.

Overview of Approach

It was agreed that the economic impact assessment would address the **gross impact** of Scotland's museums and galleries, and that the analysis would take place at the **national level only**².

One of the key sources for the analysis was the aggregated results from the Survey of Scotland's Museums and Galleries. This was supplemented by a range of data sources including the Scottish Growth Sector Statistics³, the Scottish Annual Business Survey

¹ <https://www.museumsgalleriesscotland.org.uk/research/national-survey-for-scotlands-museums-galleries/>

² Whilst attempts were made to assess the results at the subnational level, this was not possible based on the available data, and therefore it was agreed to focus on providing national level results only.

³ <https://www.gov.scot/publications/growth-sector-statistics/>



Economic Impact of Scotland's Museums and Galleries (Summary Report)

(SABS)⁴, and the Supply, Use and Input-Output tables (and multipliers) produced by the Scottish Government⁵.

In order to avoid the impact/influence of the Covid-19 pandemic on the data sources, as well as align with the visitor data provided by museum organisations in the survey results, it was agreed that 2019 would be the focus of the analysis.

The starting point for the analysis was the headline, aggregated results from the national survey (see Section 12 of the main report⁶). These results were based on the key findings from the survey, and on an aggregation process that was carried out to estimate the overall staff, volunteer, and visit numbers for the wider museums and galleries sector based on the survey results.

The same aggregation process was used for additional strands of analysis for this economic impact assessment. Most notably, it was used to provide an estimate of the total income/budget of Scotland's museums and galleries and the total labour costs (or spend on staffing) for Scotland's museums and galleries.

The economic impact assessment was therefore underpinned by the following headline aggregated results:

- Total number of staff at Scotland's museums and galleries (close to 3,800).
- Total number of visits to Scotland museums and galleries (17.8 million).
- Total number of volunteers at Scotland's museums and galleries (more than 4,900).
- Total income/budget for Scotland's museums and galleries (£132.8 million).
- Total spend on staffing by Scotland's museums and galleries (£67.9 million).

Addressing Issues with Data Sources for Museums

In seeking to carry out a gross economic impact assessment of Scotland's museums and galleries, it is important to acknowledge that there are recognised issues with some of the official data sources in terms of the extent to which they fully capture the scale of the museums and galleries sector.

More information about this is provided in the annex to this report, however, the key issues relate to the fact that the Growth Sector Statistics record a 'negative GVA' for the Standard Industrial Classification relating to museums (i.e., SIC 91.02). This is recognised as being due to the fact that the Annual Business Survey from which the GVA data for 91.02 is sourced, does not cover the whole economy, with some of the omissions from this source including parts of the public sector. For museums, most importantly, turnover from this source does not include grants, which, according to information provided by Scottish Government, is likely to help explain the negative GVA

⁴ <https://www.gov.scot/collections/business-and-innovation-statistics/>

⁵ <https://www.gov.scot/publications/input-output-latest/>

⁶ <https://www.museumsgalleriesscotland.org.uk/wp-content/uploads/2023/02/Survey-of-Scotlands-Museums-and-Galleries-Final-Report-301122-CF.pdf>



Economic Impact of Scotland's Museums and Galleries (Summary Report)

figures for SIC 91.02.

Given the level of detail available from the results of the Survey of Scotland's Museums and Galleries, it was possible to cross-check the aggregated survey results against the data for museums (91.02) from the Growth Sector Statistics.

This showed a good match in terms of total spend on staffing (labour costs) and in terms of paid jobs (total employment). It also confirms the variance in total turnover in the Growth Sector Statistics compared to the results for total income/budget from the survey. If the survey results, which estimate a total aggregated income/budget of £132.8 million are disaggregated, it shows around £47 million of earned income, and almost £86 million of core grants and donations.

It is these grants and donations, totalling around £86 million, that will not be included in the turnover figure from the Growth Sector Statistics. This value can therefore be added to the reported turnover for 91.02 from the Growth Sector Statistics. In the analysis carried out, the Growth Sector Statistics turnover for SIC 91.02 was used alongside the £86 million in core grants and donations, providing an overall total of £132 million.

Given that there is therefore a close match between the survey results and the Growth Sector Statistics on employment (paid staff numbers from the survey), labour costs (total spend on staffing from the survey), and turnover (the various sources of earned income from the survey), it is reasonable to assume that this total income figure of £132 million can be used as the basis to assess the gross economic impact of Scotland's museums and galleries. This has been confirmed through discussions with the Scottish Government, who confirmed that this approach provides a 'good enough result', highlighting that *"...More technically "correct"/sophisticated approaches only end up giving very similar numbers at the cost of adding considerable complexity, and aren't worthwhile in this instance"*.

Additional information about the approach and the guidance received from Scottish Government on the nuances around this approach are set out in the annex to this report, including the process that should be adopted⁷.

⁷ i.e., as set out in the 'IO based economic impact assessment guidance' produced by the Input-Output Expert Users Group in 2015, see:

https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwebarchive.nrscotland.gov.uk%2F20191013021746mp_%2Fhttps%3A%2Fwww2.gov.scot%2FResource%2F0049%2F00495123.docx&wdOrigin=BROWSELINK



Economic Impact of Scotland's Museums and Galleries (Summary Report)

Results

This overall result of £132 million of turnover plus grants income is used as the basis for the economic impact assessment. Based on the approach and process recommended by the Scottish Government, the results show that the £132 million of turnover plus grant income (which is used as a proxy for total output) supports:

- £181 million in direct and indirect (i.e., supply chain) economic activity plus a further £39 million in induced effects (i.e., when the spending of wages and salaries is taken into account) – **resulting in a total of £221 million direct, indirect and induced output effects**. Combining this result with the core grant findings from the Survey of Scotland's Museums and Galleries, shows that **£2.67 of direct, indirect, and induced economic output is generated for every £1 of core grant reported by museums**.
- £71 million of income is generated within the museum sector and its supply chain, with a further £9.6 million when the spending of wages and salaries is taken into account – **resulting in a total of £81.2 million direct, indirect and induced income effects**.
- Around 3,375 FTE (full-time equivalent) jobs within the museum sector and its supply chain plus a further 314 FTE jobs when the spending of wages and salaries is taken into account – **resulting in a total of 3,689 direct, indirect and induced FTE jobs**.
- £91.6 million of GVA is generated within the museum sector and its supply chain, plus a further £23.5 million GVA when the spending of wages and salaries is taken into account – **resulting in a total of £115.1 million direct, indirect and induced GVA effects**.

Volunteers

In addition to the above national, gross economic impact assessment, consideration can also be given to the contribution of volunteers within Scotland's museums and galleries.

As noted earlier in this report, and in the main survey findings report⁸, it is **estimated that there are 4,930 volunteers in Scotland's museums and galleries**.

Based on the survey results, on average (across all survey respondents) each volunteer provides almost 11 (10.97) volunteering days per year. Applying this average to the aggregated estimate of total volunteers shows that **volunteers in Scotland's museums and galleries contribute more than 54,100 volunteer days per year**.

The National Minimum Wage/National Living Wage (and the Real Living Wage) can be used to provide a total 'value' for this volunteering (i.e., if the activities provided by volunteers had to be provided by paid staff instead). Using the 2022 rates⁹ (and assuming a 7.5-hour volunteer

⁸ See Section 12 (and Section 6) of the full report of the Survey of Scotland's Museums and Galleries: <https://www.museumsgalleriesscotland.org.uk/wp-content/uploads/2023/02/Survey-of-Scotlands-Museums-and-Galleries-Final-Report-301122-CF.pdf>

⁹ <https://www.gov.uk/national-minimum-wage-rates> and <https://www.livingwage.org.uk/what-real-living-wage>



Economic Impact of Scotland's Museums and Galleries (Summary Report)

day) shows that the **value of volunteering in Scotland's museums and galleries is between £3.9 million and £4.4 million per annum.**

This can be regarded as a minimum value of volunteering. Given that the range of roles volunteers provide in museums covers the full range of activities, it is reasonable to assume that many of the paid positions to carry out these activities would be remunerated at levels above the National Minimum Wage/Real Living Wage.

Visits

A key aspect of the economic impact of Scotland's museums and galleries relates to the impact that visitors have via their spending in and around the places where Scotland's museums and galleries are located. Some of this impact (i.e., the onsite spending – spending of visitors during their visits to museums and galleries) has already been captured in the assessment above, and as such there is an overlap in these aspects of assessing the economic impact of museums and galleries.

More importantly, it should be noted that this is a gross impact assessment – and therefore whilst it provides an estimate of the overall spending impacts resulting from visitors to Scotland's museums and galleries, no information is available on the attribution or causation of museums and galleries as the driver or reason for these visits.

As such, these results should be regarded as an **estimate of the overall direct spending impacts from visitors to museums and galleries**, and whilst museums, galleries (and the wider cultural and heritage offer) is well-evidenced as a key driver for domestic and international visits¹⁰, it is not possible to quantify this, and as such the results below are the overall spending impacts of visitors whose trips include visits to museums and galleries, but the extent to which these spending impacts are a result of, or driven by, museums and galleries is unknown.

As noted earlier in this report, and in the main survey findings report¹¹, it is **estimated that the total number of visits to Scotland's museums and galleries in 2019-20 was 17.8 million.**

The survey results also provide an estimate of the different types of visitors¹², showing that in 2019-20, 28% were visits from local people, 38% were national visitors (i.e., from elsewhere in Scotland/UK), and 34% were international visitors.

In assessing the overall spend impacts, it is important that only adult visitors are included as the surveys from which the spend metrics are derived are surveys of adults aged 16 and over. Whilst data on the number of adults was not available from the

¹⁰ For example, see: <https://www.visitscotland.org/research-insights/about-our-visitors/why-people-choose-scotland>

¹¹ See Section 12 (and Section 7) of the full report of the Survey of Scotland's Museums and Galleries: <https://www.museumsgalleriesscotland.org.uk/wp-content/uploads/2023/02/Survey-of-Scotlands-Museums-and-Galleries-Final-Report-301122-CF.pdf>

¹² Again, see Section 7 of the full Survey of Scotland's Museums and Galleries report.



Economic Impact of Scotland's Museums and Galleries (Summary Report)

survey results, other evidence¹³ was used which provides an overall estimate of the split between adults and children for visits to museums in 2019.

Once again, adopting a cautious approach to the assessment, it has been assumed that local people visiting museums would most likely have spent the money in the local area anyway, therefore, these are not included in the results provided. As such, the results below only include the estimated spending of national and international visitors, not visits made by local people.

Taking all of this into account, it is **estimated that the overall gross spending of visitors to Scotland's museums and galleries in 2019-20 was close to £900 million** (at £895.6 million) if both on-site and off-site spending is considered.

If only off-site impacts are considered (i.e., the spend by visitors in the wider economy beyond any spend that takes place within museums) **it is estimated that this equates to around £831 million in 2019-20.**

Summary and Reflections

These results have provided an assessment of the gross economic impact of Scotland's museums and galleries, using the results from the Survey of Scotland's Museums and Galleries alongside relevant official data sources (most notably the Growth Sector Statistics and Scottish Government Supply, Use and Input-Output tables).

It has shown that: £132 million of turnover plus grants income for museums and galleries supports: **a total of £221 million direct, indirect, and induced output effects; a total of 3,689 direct, indirect, and induced FTE jobs; and £115.1 million direct, indirect, and induced GVA effects.**

Combining this output result with the core grant findings from the Survey of Scotland's Museums and Galleries, shows that **£2.67 of direct, indirect, and induced economic output is generated for every £1 of core grant reported by museums.** Whilst comparisons can be difficult due to different approaches and methods being used, and different data sources being relied upon, these results are comparable to previous research about the economic impact of museums¹⁴ and, whilst lower than results for sports¹⁵, the sports assessment captures both social and economic value rather than just economic.

These results help address the recognised issues with some of the official data sources in terms of underestimating the scale of economic activity from Scotland's museums and

¹³ The results from the Scottish Visitor Attraction Monitor 2019, available at: <https://www.d-tag.co.uk/sites/default/files/2020-06/Scottish%20Visitor%20Attraction%20Monitor%202019%20Edition%20-%20compressed.pdf> show that for Museums/Arts Galleries 81.2% of visitors were adults, and 18.8% were children.

¹⁴ https://www.nationalmuseums.org.uk/media/documents/publications/museums_matter/economics.pdf

¹⁵ https://www.sportengland.org/guidance-and-support/measuring-impact?section=social_and_economic_value_of_community_sport and specifically [Social and economic value of sport and physical activity - summary.pdf](https://www.sportengland.org/guidance-and-support/measuring-impact?section=social_and_economic_value_of_community_sport) (sportengland-production-files.s3.eu-west-2.amazonaws.com)



Economic Impact of Scotland's Museums and Galleries (Summary Report)

galleries, showing that the impact is notably greater than that captured by these sources. This includes findings that show a positive overall contribution to GVA rather than the 'negative GVA' result from the Growth Sector Statistics.

Such results help to provide evidence of the overall economic impacts and contributions of Scotland's museums and galleries. As a comparator, these results also suggest that the estimated GVA per head (employment) for museums activities (i.e., SIC 91.02) may be close to £21,000 per annum, showing that the GVA per head (employment) for museum activities is likely to be close to the overall average for the Sustainable Tourism Growth Sector, rather than the negative value indicated by the Growth Sector Statistics.

In addition, the scale of **volunteering in Scotland's museums and galleries is estimated to be more than 54,100 days per year** and, as a minimum, this is valued at **between £3.9 million and £4.4 million per annum**.

Finally, visitors to Scotland's museums and galleries also have a notable impact on, and make a clear contribution to, the economy. Whilst not all of this impact can be directly attributed to museums and galleries, the **gross spending impacts** (both on-site at museums and off-site elsewhere in the economy) **of the 17.8 million visits** to Scotland's museums and galleries in 2019-20, is **estimated to be close to £900 million** (at £895.6 million).



Economic Impact of Scotland's Museums and Galleries (Summary Report)

ANNEX 1 – ADDITIONAL INFORMATION ABOUT THE APPROACH TO ASSESSING THE ECONOMIC IMPACT OF SCOTLAND'S MUSEUMS AND GALLERIES AND THE SOURCES USED

Key Data Sources:

The key data sources used in the economic impact assessment included:

The results from the Survey of Scotland's Museums and Galleries:

<https://www.museumsgalleriesscotland.org.uk/research/national-survey-for-scotlands-museums-galleries/>

Scottish Growth Sector Statistics:

<https://www.gov.scot/publications/growth-sector-statistics/>

Scottish Annual Business Survey:

<https://www.gov.scot/collections/business-and-innovation-statistics/>

Scottish Government Supply, Use and Input-Output tables (and multipliers):

<https://www.gov.scot/publications/input-output-latest/>

Visit Scotland Data on the spending patterns of domestic and international visitors:

<https://www.visitscotland.org/research-insights/regions> (local authority data was used where possible, with national data being used as a substitute where local data was based on a small samples or was not available).

Scottish Visitor Attraction Monitor 2019, Moffatt Centre for Travel and Tourism Business Development:

<https://www.d-tag.co.uk/sites/default/files/2020-06/Scottish%20Visitor%20Attraction%20Monitor%202019%20Edition%20-%20compressed.pdf>

Additional information about the Approach:

In seeking to carry out a gross economic impact assessment of Scotland's museums and galleries, it is important to acknowledge recognised issues with some of the official data sources in terms of fully capturing the scale of the museums and galleries sector.

The key issues relate to the fact that Growth Sector Statistics record a 'negative GVA' for the Standard Industrial Classification relating to museum activities (i.e., SIC 91.02).

Liaison and discussion with Scottish Government representatives to confirm the issues with the Growth Sector Statistics, and the possible approach that could be taken to address this, took place during February and March 2023.

These discussions confirmed that GVA data for SIC 91.02 in the Growth Sector Statistics is from the Scottish Annual Business Survey, which is mainly sourced from the Annual Business Survey.



Economic Impact of Scotland's Museums and Galleries (Summary Report)

The Annual Business Survey does not cover the whole economy, with some of the omissions from this source including parts of the public sector. For museums, most importantly, turnover from this source does not include grants, which, according to information provided by Scottish Government, is likely to help explain the negative GVA figures for SIC 91.02.

In order to try and address this omission, the aggregated results from the Survey of Scotland's Museums and Galleries were cross-checked against the data for museum activities (91.02) from the Growth Sector Statistics.

This cross-check showed a good match in terms of total spend on staffing (labour costs) and in terms of total employment. It also confirmed the variance in total turnover in the Growth Sector Statistics compared to the results for total income/budget from the survey. If the survey results, which estimate a total aggregated income/budget of £132.8 million are disaggregated, it shows around £47 million of earned income (which is a good match for the turnover reported in the Growth Sector Statistics for 91.02), and almost £86 million of core grants and donations.

It is these grants and donations, totalling around £86 million, that will not be included in the turnover figure from the Growth Sector Statistics. Following further communications with Scottish Government representatives it was agreed that this value could be added to the reported turnover for 91.02 from the Growth Sector Statistics. In the analysis, the Growth Sector Statistics Turnover for SIC 91.02 was used alongside the £86 million in core grants and donations, providing an overall total of £132 million.

This total income figure of £132 million can then be used as the basis to assess the gross economic impact of Scotland's museums and galleries. This was confirmed through discussions with Scottish Government representatives, who confirmed that this approach provides a 'good enough result', highlighting that *"More technically correct"/sophisticated approaches only end up giving very similar numbers at the cost of adding considerable complexity, and aren't worthwhile in this instance"*.

It was important for the analysis to reflect the data that was available and the approach being taken, and as such, Scottish Government representatives highlighted that the process set out in the 'IO based economic impact assessment guidance' produced by the Input-Output Expert Users Group in 2015, should be used, especially in relation to 'the importance of final demand'¹⁶, where any multipliers to be used had to be adjusted to develop hypothetical extraction multipliers. This was carried out, and it is these hypothetical extraction multipliers for Cultural Services (SIC 91) that have been used in the analysis.

¹⁶ See:

https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwebarchive.nrscotland.gov.uk%2F20191013021746mp_%2Fhttps%3A%2Fwww2.gov.scot%2FResource%2F0049%2F00495123.docx&wdOrigin=BROWSELINK

