



House of Lords Library

Contribution of the arts to society and the economy

In Focus

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Heather Evennett

The government estimates that creative industries generated £126bn in gross value added to the economy and employer range of research is also examining the way in which creative industries and the arts can positively impact wellbeing, for health interventions. In June 2023, the government published a 'Creative industries sector vision' which included a commitment to £77mn in funding.

Table of contents

- [1. What are the arts and creative industries?](#)
- [2. Value of the arts to society and the economy](#)
 - [2.1 UK economy](#)
 - [2.2 Employment](#)
 - [2.3 UK cultural exports \(goods and services\)](#)
 - [2.4 Wider impacts](#)
- [3. Government policy](#)
 - [3.1 Creative industries sector vision](#)
 - [3.2 Opposition reaction and policy](#)

On 1 February 2024, the House of Lords is due to consider the following:

“Lord Bragg (Labour) to move that this House takes note of the contribution of the arts to the economy and society.”

1. What are the arts and creative industries?

The [Oxford English Dictionary](#) defines the arts as:

“The expression or application of creative skill and imagination, typically in a visual form such as painting, drawing, or sculpture, producing work their beauty or emotional power [...] it may sometimes be extended to include music, literature, dance, drama, etc., though the plural form arts is broader range of creative activities.”

The Department for Culture, Media and Sport (DCMS) produces statistics on the scale and impact of creative industries. Its definition has a greater focus on describing creative industries as:

“[...] those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through intellectual property.”

DCMS groups creative industries into nine sub-sectors:

- advertising and marketing
- architecture
- crafts
- design and designer fashion
- film, TV, radio and photography
- museums, galleries and libraries

- music, performing and visual arts
- publishing
- IT, software and computer services (including video games)

DCMS also considers the wider impacts of the arts, such as wellbeing and the importance of creative output to international soft power.

2. Value of the arts to society and the economy

In the foreword to its ‘Creative industries sector vision’, published in June 2023, the government stated:

“Our creative industries are world-leading, an engine of our economic growth and at the heart of our increasingly digital world. From 2010 to 2019, the creative industries grew 10 times faster than the wider economy and in 2021 they generated £108bn in economic value. In 2021, they employed 2.3 million people, a 49% increase beyond their borders to other sectors, with advertising, marketing and creative digital innovation supporting sectors across our economy.

The importance of the creative industries also goes well beyond the economy. They provide the news that informs our democracy, the designs that inspire and performances that enrich our lives and strengthen our global image. The sector has proved that it is an essential positive force for society, bringing opportunity to our lives. The creative industries form the national conversation through which we define our shared values.”

This positivity was echoed in the November 2023 report ‘The arts in the UK: Seeing the big picture’, by management consulting firm McKinsey and Company, which described the arts as a “cultural powerhouse” with a globally recognised arts sector and 91% of UK adults engaging with the arts in the previous 12 months. The report also highlighted the societal benefit of the arts, including the gross value added to the economy and research on the impact of arts on wellbeing. This section provides some context for the data presented in the following sections.

2.1 UK economy

DCMS figures show the contribution to the economy of each creative industries sub-sector in 2022. This is measured by gross value added (GVA) (£bn).

Table 1. UK gross value added (£bn) by creative industry sub-sector in 2022

Sub-sector	Gross value added (£bn)
IT, software and computer services	
Film, TV, radio and photography	
Advertising and marketing	
Publishing	
Music, performing and visual arts	
Architecture	
Design and designer fashion	
Museums, galleries and libraries	
Crafts	

(Source: House of Lords, ‘Written question: Arts: Employment (HL587)’, 6 December 2023)

The figures show that the largest proportion of GVA from creative industries, £55.4bn, is produced by the IT, software and computer services sub-sector. Publishing produces the next highest GVA at £20.8bn, followed by advertising and marketing at £18.8bn. Music, performing and visual arts produce a GVA of £11.5bn, and libraries produce £1bn and crafts £0.4bn.

Overall, DCMS estimates that GVA by the creative industries in 2022 was £126bn, 12% higher in real terms than in 2019, while GVA by the UK economy as a whole was 2% above 2019 levels in 2022.^[2]

DCMS also provides estimates for the cultural sector, which it defines as: arts; film, TV and music; radio; photography; crafts; museums and galleries; libraries; education; and operation of historical sites and similar visitor attractions. These show that in 2022, GVA by the cultural sector was £34bn billion—5% above 2019 levels in 2022.^[3] DCMS has noted considerable overlap between the creative industries, culture and heritage sectors, making it difficult to measure precise contributions of some sectors.^[4]

2.2 Employment

The government estimates that the creative industries employed 2.4 million people across the UK in 2022.^[5] Table 2 breaks down this figure by creative industry sub-sector.

Table 2. Number of people working in each creative industry sub-sector (000s)

Sub-sector	Number of people (000s)
IT, software and computer services	
Music, performing and visual arts	
Film, TV, radio and photography	
Advertising and Marketing	
Publishing	
Design and designer fashion	
Architecture	
Museums, galleries and libraries	
Crafts	

(Source: House of Lords, 'Written question: Arts: Employment (HL587)', 6 December 2023)

The figures show that by far the greatest number of individuals, over 1 million, are working in the IT, software and computer services sub-sector. The m sector employs the next highest number of people at 283,000, followed by film TV, radio and photography at 280,000. In contrast, museums, galleries crafts 5,000.

DCMS figures provide an estimate of the number of people working in the cultural sector between July 2022 and June 2023 of 703,000. Of this figure, it employed and 336,000 were self-employed.^[6] The figures are made up of first and second jobs.

2.3 UK cultural exports (goods and services)

Figures published by the UN Conference on Trade and Development (UNCTAD) show:

- The UK was the fifth largest exporter of creative services in 2020, after the US, Ireland, Germany and China. It said the UK's creative services we of all creative services exports that year.
- The UK was the seventh largest exporter of creative goods, after China, the United States, Italy, Germany, Hong Kong and France. The total val year was \$15bn, 2.9% of all creative goods exports.^[7]

DCMS also publishes statistics for those sectors covered by the department's remit, which include gambling and sport. These estimates are provided b services. However, it should be noted that estimates are given in current prices and have not been adjusted for inflation. Year-on-year increases are th 'real' (inflation-adjusted) value. Consequently, changes over time are reported here as changes in the proportion of total UK imports and exports.^[8]

2.3.1 Goods

In contrast to the UK economy as a whole, exports of DCMS sector goods were consistently higher than imports between 2016 and 2021. In 2021, the val DCMS sectors exceeded the value of goods imported by £0.6bn (a trade surplus). The largest contributor to this surplus was the volume of exports in c particularly exports of goods in the music, performing and visual arts sub-sector.

In 2021 a £2.1bn net balance of trade in goods (in current prices) existed in the creative industries. This was higher than for DCMS sectors more general was £0.5bn.

Table 3. The value of goods traded by each DCMS sector (£bn), 2021

Sector	Exports	Imports	Trade balance
DCMS sectors	10.4	9.8	0.6
Creative industries	9.1	7.0	2.1
Cultural sector	7.2	6.7	0.5
Sport sector	1.1	1.7	-0.6

(Source: DCMS, '[DCMS sectors economic estimates: Trade, 2021—main report](#)', 10 November 2023. A negative net trade balance indicates that there is more goods imported than the value of goods exported.)

Comparing this to previous years, in 2021 trade in creative industries goods was estimated as:

- £7bn goods imports, 1.4% of UK goods imports (similar to 2020 and down from 2% in 2019)
- £9.1bn goods exports, 2.7% of UK goods exports (down from 2.8% in 2020 and 3.8% in 2019)

In 2021, trade in cultural sector goods was estimated as:

- £6.7bn goods imports, 1.3% of UK goods imports (similar to 2020 and down from 1.8% in 2019)
- £7.2bn goods exports, 2.1% of UK goods exports (similar to 2020 and down from 3.1% in 2019)

2.3.2 Services

Table 4 below highlights DCMS estimates of the value of services exported and imported by businesses in DCMS sectors. Estimates of trade in services include both goods and services involved in the trade and not the service provided.

Table 4. The value of services traded by businesses in each DCMS sector (£bn), 2021

Sector	Exports	Imports	Trade balance
DCMS sectors	50.8	28.1	22.7
Creative industries	45.6	26.9	18.7
Cultural sector	9.3	5.3	4.0
Sport sector	3.4	1.0	2.4

(Source: DCMS, '[DCMS sectors economic estimates: Trade, 2021—main report](#)', 10 November 2023)

The figures show that the trade surplus of £22.7bn in 2021 was predominantly driven by services provided by the creative industries, in particular, the IT sector.

In 2021, trade in services by businesses in the creative industries was estimated as:

- £26.9bn service imports, 15.2% of UK service imports (up from 14.8% in 2020 and up from 10.1% in 2019)
- £45.6bn service exports, 14.6% of UK service exports (up from 14.2% in 2020 and up from 11.9% in 2019)

In 2021, trade in services by businesses in the cultural sector was estimated as:

- £5.3bn service imports, 3% of UK service imports (up from 2.8% in 2020 and up from 2.5% in 2019)
- £9.3bn service exports, 3% of UK service exports (similar to 2020 and down from 3.3% in 2019)

2.4 Wider impacts

The arts and creative industries have also been shown to have a broader impact beyond economic measurements. In the June 2023 '[Creative industries economic estimates: Wider impacts](#)' notes:

“Although they may rely more on subsidies than other sub-sectors, ‘performing and visual arts’ and ‘museums, galleries and libraries’ are also important sectors, delivering a significant return on that public investment, including wellbeing impacts and developing talent.”

Government statistics show the reach of these industries. Between July 2023 and September 2023, there were 12.5mn visits to DCMS-sponsored museums to recover following the Covid-19 pandemic.^[9]

A range of research has also examined the way in which creative industries and the arts can positively impact on wellbeing. In November 2019, the World Health Organization published a scoping review which sought to synthesize the global evidence on the role of the arts in improving health and wellbeing:

“Overall, the findings demonstrated that the arts can potentially impact both mental and physical health. Results from the review clustered under prevention, and management and treatment. In each theme, a number of sub-themes were considered:”

- within prevention and promotion, findings showed how the arts can:
 - affect the social determinants of health
 - support child development
 - encourage health-promoting behaviours
 - help to prevent ill health
 - support caregiving
- within management and treatment, findings showed how the arts can:
 - help people experiencing mental illness;
 - support care for people with acute conditions;
 - help to support people with neurodevelopmental and neurological disorders;
 - assist with the management of noncommunicable diseases; and
 - support end-of-life care.^[10]

In response to the research, the government commissioned a review with the following aims:

- to review the evidence on how arts engagement can impact on the following three DCMS policy-relevant outcomes: (i) social outcomes, (ii) young people's prevention of mental and physical illness
- to review the evidence on how social prescribing programmes that have used arts interventions can impact on the three outcomes above, against the quality of the evidence base
- to provide a series of recommendations for how DCMS might invest in future research or academic collaboration to build the evidence base on the three outcomes^[11]

The subsequent report, ‘[The role of arts in improving health and wellbeing](#)’, was published in September 2020. It included detail of the strength of evidence in different areas, and recommended areas which further research should focus on and how this should be conducted.

In October 2019, University College London (UCL) announced it would be involved in the world's largest study into the impact of arts on physical and mental health.

The study, ‘SHAPER: Scaling-up health-arts programmes: Implementation and effectiveness research’, will examine the impact and scalability of arts in improving health. The research also involves King's College London and is supported by a £2mn award from the Wellcome Trust. A key aim of the research is to “generate evidence on how arts can enhance health and wellbeing in larger cohorts than has hitherto been possible”.^[12] King's College London drew attention to the three arts interventions:

- ‘Dance for Parkinson's’, a 12-week programme designed and delivered by the English National Ballet for people with Parkinson's, their family, friends and carers
- ‘Melodies for mums with postnatal depression’, a programme based in Lambeth and Southwark providing 10-week singing and music sessions for mothers with depression and their babies in community children's centres.
- ‘Stroke odysseys’, a post-stroke performance arts intervention designed and delivered by arts organisation Rosetta Life within two London boroughs. The intervention, initially developed and funded by King's and Guy's and St Thomas' Charity, aims to improve recovery, agency and wellbeing after stroke.

In December 2023, the ‘[Creative health review](#)’ report was published. The report was a collaboration between the National Centre for Creative Health and the Parliamentary Group on Arts, Health and Wellbeing. It defined creative health as creative approaches and activities that have benefits for health and wellbeing, including performing arts, crafts, film, literature, cooking, and creative activities in nature, such as gardening. This report was based on a series of roundtable discussions with health practitioners, artists and service users gave their views on the impact of the arts on wellbeing.

The report argued that creative health could be applied in homes, communities, cultural institutions and healthcare sites. It stated that creative health can improve health, longer, reduces the pressure on health and social care systems and contributes to a healthy and prosperous society. The report identified key policy areas where creative health could make a real difference: mental health and wellbeing, health inequalities, the education system, social care, and end of life care and bereavement.

The report made a number of recommendations for government. These included calls for the development of a cross-departmental creative health strategy and co-ordinated by the Cabinet Office. In addition, the report outlined how government departments could support the creative health agenda.

3. Government policy

3.1 Creative industries sector vision

In June 2023, the government published its ‘[Creative industries sector vision](#)’. The government said it wanted to “leverage the UK's global technological and creative strengths to unlock the growth potential of the sector by unleashing the sector's full potential”.^[14] The sector vision set out how the government intended to work with industry “to unlock the growth potential of the sector by unleashing the sector's full potential”.

the creative businesses and jobs of the future”.

The document set out the government’s “2030 goals and objectives” to deliver growth:

- Goal one: grow creative clusters across the UK, adding £50bn more in GVA by 2030. The strategy includes objectives to:
 - increase private and public investment in creative industries’ innovation
 - grow regional investment
 - grow creative industry exports to £1tn per year
- Goal two: build a highly skilled, productive and inclusive workforce for the future, supporting 1 million more jobs across the UK. This included:
 - fostering creative talent from an early age
 - ensuring the UK’s creative workforce can access vocational training and skills at all stages of their career
 - working with all parts of the creative industries to set a benchmark for what ‘good work’ looks like
- Goal three: maximise the positive impact of the creative industries on individuals and communities, the environment and the UK’s global standing
 - ensuring all individuals and communities are able to consume creative content and participate in creative industries
 - creative industries minimising their own environmental impact and playing a growing role in tackling environmental challenges
 - creative industries communicating climate science and the opportunities to mitigate climate change
 - creative industries increasing their reach to global audiences and strengthening the UK’s soft power and influence on the world

To achieve the goals, the government stated that it was committing an additional £77mn in funding to the approximately £233mn of existing public funding pending review. Amongst the announcements were:

- £50mn for the next wave of the ‘Creative industries clusters programme’
- an additional £10.9mn for the next round of the ‘Create growth programme’, supporting creative business in English regions outside London
- £5mn each for the grassroots live music venue fund, which supports venues and promoters of live music, and the UK games fund, which supports
- a new cultural education plan in 2023, delivering the ‘National plan for music education (NPME) including £25mn for musical instruments, and enrichment activities as part of the government’s wraparound childcare provision
- an action plan, produced with industry, in response to the ‘Independent review of job quality and working practice in the creative industries
- the introduction of an industry-led creative climate charter
- £2mn to London Fashion Week to support five fashion weeks from 2023–25 and £1.7mn to the London Film Festival 2024

Responding to the sector vision, the House of Lords Communications and Digital Committee said it welcomed the government’s adoption of several recommendations in its January 2023 report ‘[At risk: Our creative future](#)’. These included:

- prioritised funding for creative industries clusters, which have demonstrated value for money and exceeded expectations in promoting innovation and delivering SME growth
- improved early career routes for young people interested in working in the creative industries
- boosting support for businesses by scaling up the ‘Create growth programme’
- supporting skills development and life-long learning in the creative industries to harness the benefits of technological change
- demonstrating senior political leadership and commitment to the creative industries.^[15]

The committee’s report also included recommendations regarding intellectual property law and tax reliefs for research and development. The committee detail in the House of Lords Library briefing ‘[Our creative future: Communications and Digital Committee report](#)’.

The Local Government Association (LGA) also welcomed the strategy. Councillor Julie Jones-Evans, vice chair of the LGA’s Culture, Tourism and Sport E to see the government prioritising the creative industries, one of the fastest growing sectors of our economy”.^[16]

However, the Arts Professional industry journal argued that the cultural sector had missed out. It noted that no new funding was set aside for the wider sector relates to objectives of improving health and wellbeing.^[17]

3.2 Opposition reaction and policy

The Labour Party has criticised the government’s record on support for the creative industries. Lucy Powell, then shadow culture secretary, criticised the complacency of the government, saying creative industries had often been an “afterthought in government”.^[18] She said a future Labour government “compact” to drive investment and innovation in the sector. Ms Powell committed to putting arts and culture “centre stage”, through access to music, for all children and by closing “huge skills gaps” in the creative industries and cultural sectors.^[19]

The Liberal Democrats have criticised the government for what it described as the downgrading of the status of arts subjects at school, decreased funding, erecting new barriers to British museums and actors performing elsewhere in Europe. It has said it would invest in “our cultural capital and nurture the particular, it pledged to:

- protect the BBC and Channel 4 as independent, publicly owned, public service broadcasters

- promote creative skills, address the barriers to finance faced by small businesses, and support modern and flexible patent, copyright and licen
 - negotiate free and simple short-term travel arrangements for UK artists to perform in the EU, and European artists to perform in the UK
 - protect sports and arts funding via the National Lottery^[20]
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Cover image by [Caleb Oquendo](#) on [Pexels](#).

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Current page URL

<https://lordslibrary.parliament.uk/contribution-of-the-arts-to-society-and-the-economy/>

Links on this page

- https://www.oed.com/dictionary/art_n1?tab=meaning_and_use#38718727
- <https://www.gov.uk/government/publications/creative-industries-sector-vision/creative-industries-sector-vision-a-joint-plan-to-drive-growth-l>
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