

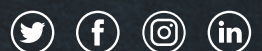
# A STUDY OF THE NIGHT TIME ECONOMY

Establishing the Economic, Cultural and Community  
Value of the Night Time Economy and the contribution  
of the night time cultural economy within the UK

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# FOREWORD

## **Michael Kill**

CEO of the Night Time Industries Association (NTIA)

I have worked in various capacities in the night time economy for more than 25 years. I am so proud to be able to represent this great industry, which isn't just the source of livelihoods for so many in the UK, but is also a cornerstone of communities up and down the country. But it has always struck me as odd that we didn't have true accounting of the size of this important industry. Well today, with the publication of this report, for the first time we are able to make right that omission.

This past year has been incredibly tough for the vast majority of night time economy businesses. The pandemic restrictions have had a devastating impact on a sector which has human interaction at the core of its offering. But now, as we move into a more hopeful period of rebuilding, I am proud to be able to present this report which shows for the very first time the true worth of our sector to the UK economy.

My hope is that this report will be considered by policymakers as they continue to chart the UK economy's recovery from the pandemic. After the 2008 economic crisis, it was hospitality that led the recovery, driving other forms of job creation and economic activity – the night time economy was a big part of that. The same can be true of this economic crisis, and clearly – on the basis of the evidence we present today – the night time economy will once again need to be at the heart of the recovery.

## **Jeff Smith MP**

Co-Chair of the All-Party Parliamentary Group for the Night Time Economy

The night time economy represents the cultural heart of many of our towns and cities; it is an economic multiplier and brings thousands of jobs, as well as talent, creativity and joy into our lives. Until now, this important industry had yet to be measured in terms of its specific cultural contribution to the UK. I am pleased, as Co-Chair of the APPG for the Night Time Economy, to see this significance quantified.

A vast amount of hard work and dedication goes into putting on a show, an event or night out. For every trip to a night time economy venue, there has been a committed team of operators, employees, freelancers and supply chain businesses acting to make the night run smoothly.

This work is a vital contribution to our cultural life, and fuels the wider music, leisure and hospitality industries we know and love.

I hope this report will mark the end of the sector's worth to the UK economy being underestimated.

## **Christian Wakeford MP**

Co-Chair of the All-Party Parliamentary Group for the Night Time Economy

When people from all over the world visit the UK, they note our vibrant nightlife culture – our community venues, social spaces, and fantastic creative talent. We are globally renowned for this, and yet the night time economy is rarely afforded the importance – economically or culturally – it deserves.

As Covid-19 has ravaged the sector, it is important, now more than ever, to recognize the significance of nightlife industries; this report is a timely contribution to the policy debate in this area. As we look to rebuild from the devastation of the pandemic, we must not leave this vital sector behind.

# **Executive Summary**

## **About the study**

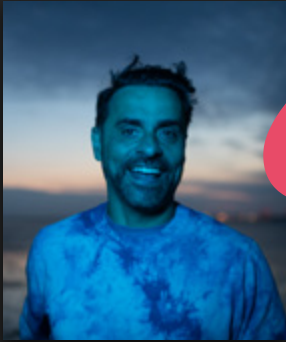
- This report was commissioned by the NTIA to fully understand, for the first time, the economic contribution and significance of the night time cultural economy (NTCE) to the UK economy. It also situates the NTCE within the wider night time economy (NTE) and the overall UK out of home leisure economy (OHLE).
- The definition used here for the night time economy includes all those sub-sectors within the OHLE that primarily serve the evening or night time consumer – i.e., 6pm to 6am. The NTCE includes those elements of the NTE that are driven by cultural and leisure activities – with less dependence upon retailing food and drink than the wider OHLE.
- As sectors that have been amongst the worst affected by the Covid 19 pandemic, the NTIA argues that the NTCE and NTE are rarely accorded the importance economically (or indeed socially and culturally) that they deserve.
- The leading leisure consultants CGA and night time economy researchers MAKE were asked to model these sectors to provide a baseline for a study that could be updated annually to measure their Covid recovery and track future performance.

## Findings

- Over the last decade the UK NTCE has shown a steady and sustained contribution to the UK's gross domestic product (GDP), generating 1.64% or £36.4bn in 2019.
- The UK NTE contributes 5.1% and £112.8bn of GDP; the OHLE 7.7% and £171.2bn.
- The NTCE is a significant and growing employment sector, supporting approximately 425k UK jobs and 38k businesses in 2018\* (\*latest figures). (The UK OHLE 2.92m of the country's 32.75m jobs, 2018).
- Overall, the NTCE contributes £10.6bn to HM Treasury through the payment of VAT, from national insurance and taxation, corporation tax and duty on alcoholic and non-alcoholic beverages. (The OHLE figure is £50.5bn).
- We estimate that overall Gross Value Added (GVA) of the UK NTE was £45.7bn in 2018 and the GVA of the UK NTCE was £10.7bn. OHLE was £71.1bn. This makes the NTE and NTCE and the wider OHLE key contributors to the UK economy.
- The NTCE has significant impact beyond the pure economic analysis in the areas of social cohesion, community engagement, mental health and well-being and positive image for the various sectors and the UK on a global scale.

## Covid-19 Impacts

- The UK economy lost around 2% of its jobs between Q1 2020 and Q2 2021. However, food and accommodation were the worst affected sectors of the UK economy, losing 20% of positions.
- The NTCE has lost proportionally more than other sectors in the OHLE. Overall the current estimate of lost trade for March 2020 to June 2021 is £36bn.
- This means an estimated loss of 589k jobs in the OHLE. In the night time economy an estimated 393k were lost. The night time cultural economy has lost an estimated 86k jobs.



**Yousef**

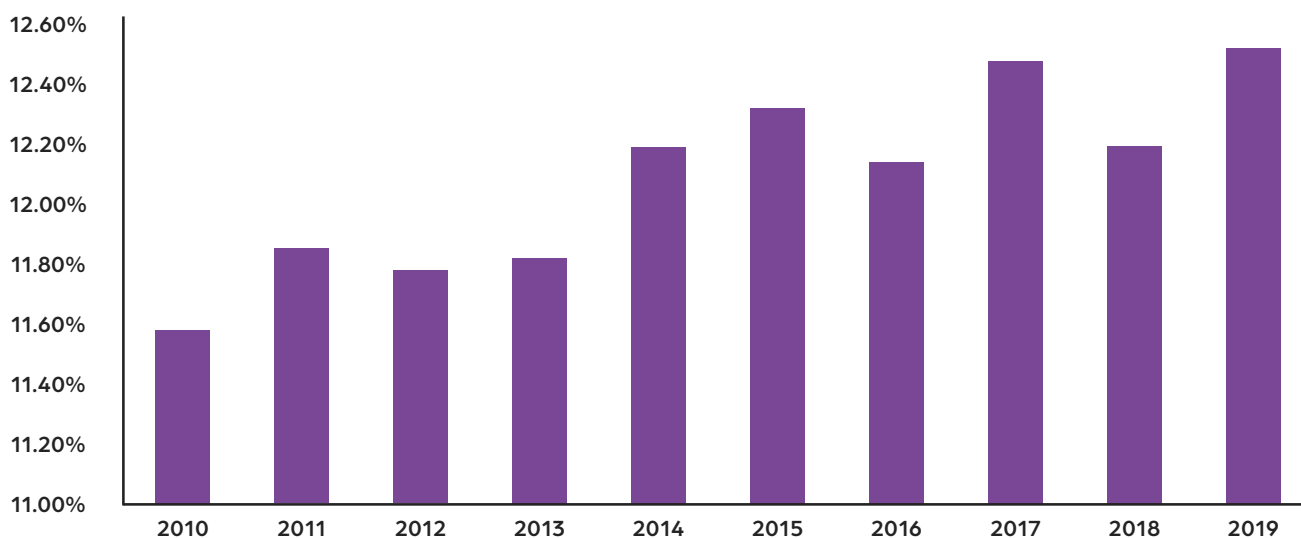
DJ, Producer, Event Organiser, Record Label Owner

These figures more than display the unbelievably powerful impact electronic music and the NTE has had on the UK culturally, economically and socially over the last 30+ years. It's genuinely fulfilling to see how the NTE has grown and developed as an almost exclusively independent entrepreneurial sector.

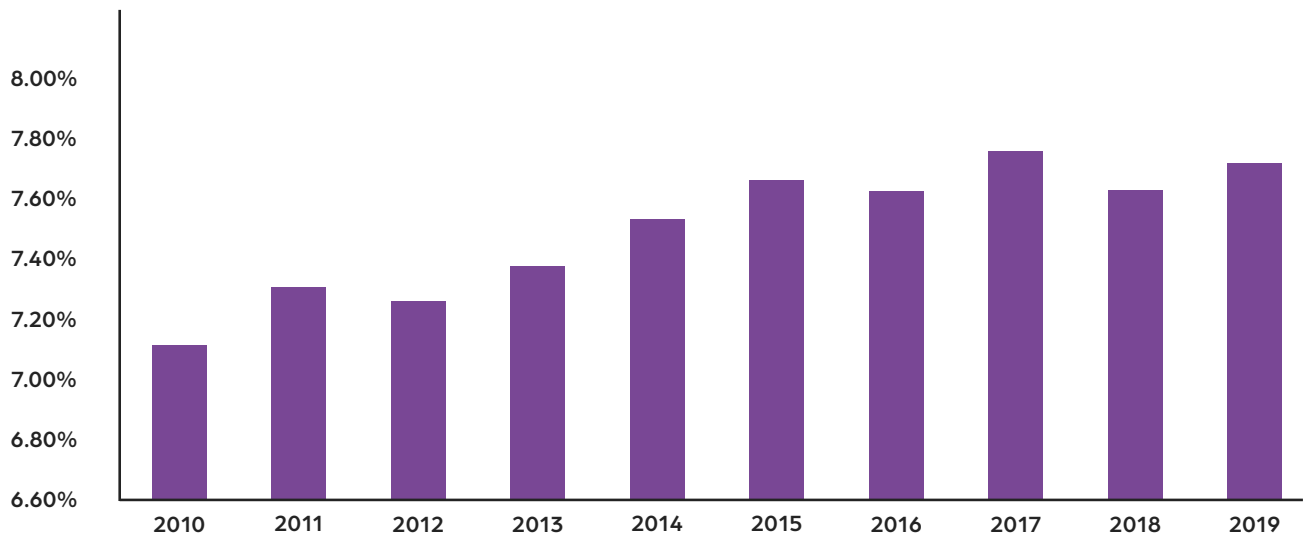
## Key Findings: Graphics, Charts and Tables

OHLE v GDP

### TOTAL OUT OF HOME LEISURE SHARE OF CONSUMER EXPENDITURE

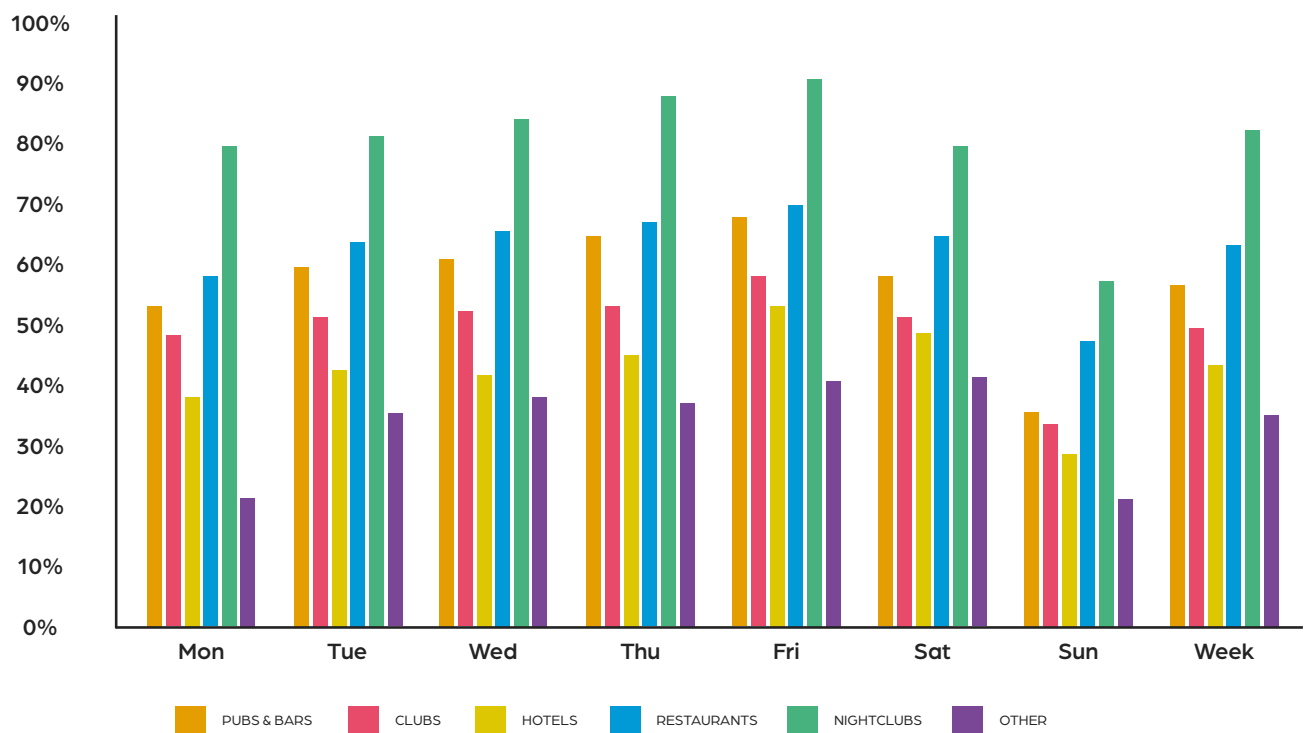


## TOTAL OUT OF HOME LEISURE SHARE OF GDP

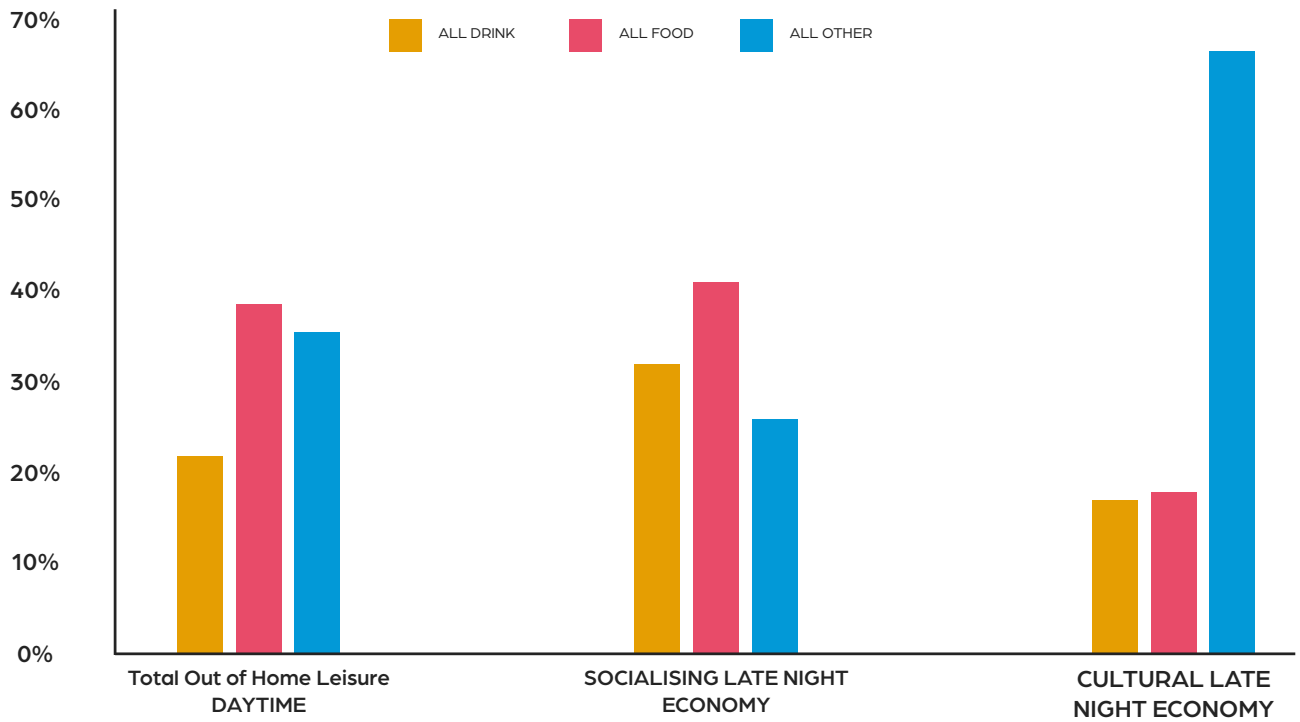


Night v Day: Customers visiting and the variation of their spend in the channels

## TOTAL OUT OF HOME LEISURE SHARE OF GDP

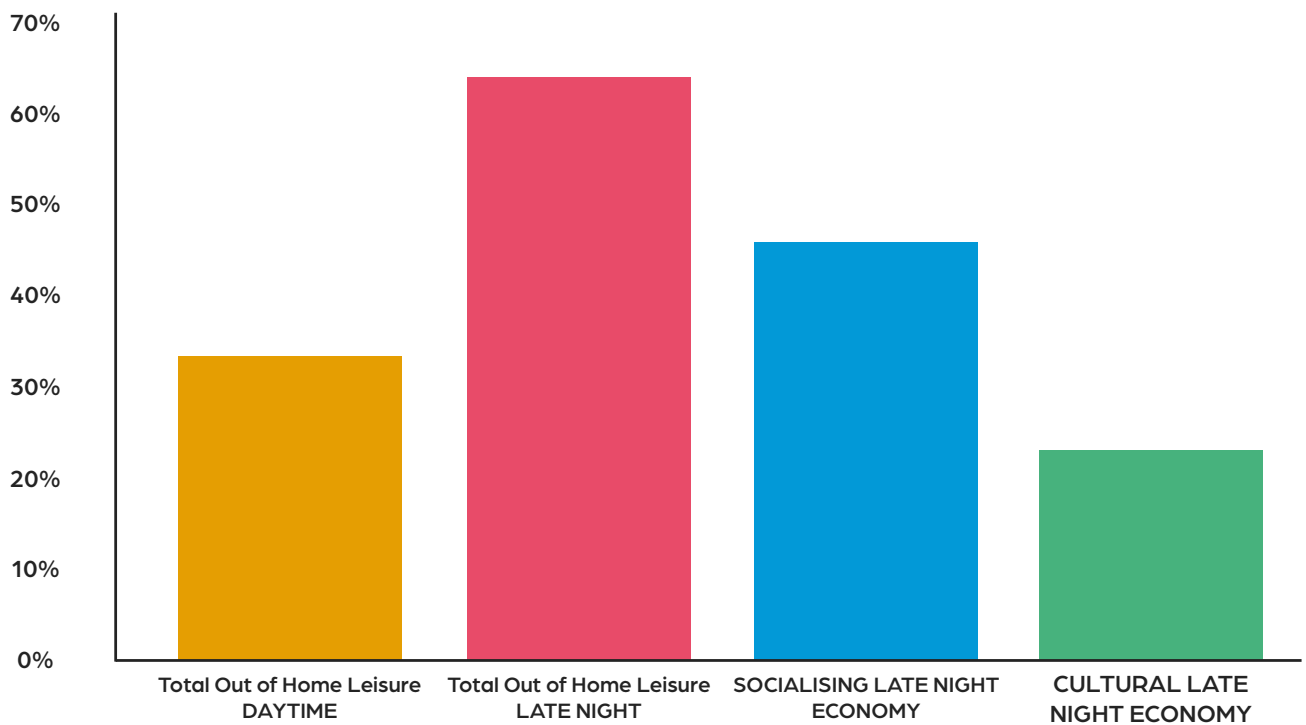


## TOTAL OUT OF HOME LEISURE SHARE OF GDP



Share of total leisure spend

## TOTAL SALES







## **Peter Marks**

CEO, Rekom UK

Given the spectacular return of guests to our clubs, at record levels for a summer, it just goes to show how important we are in the minds of young adults and how much we have been missed. We provide something different from the pubs, the big clubbing experience. We employ over 2000 young adults, many of which will be their first jobs. Economically we are also significant. As we employ large numbers of people, coupled with alcohol tax we are extremely profitable for the treasury too, with 33p in the pound going to government.

Clubs and dancing venues have been around in one form or another for 100 years, and there is no reason they cannot adapt and thrive for another 100.



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A photograph of a subway entrance at night. The entrance is framed by a red door with a large circular handle on the right. The door is open, revealing a set of stairs leading up. The walls are covered in graffiti. A large white number '1' is centered over the stairs.

1

## **BACKGROUND TO THE REPORT**

# 1 Background to the Report

Even before Covid-19, the Night Time Industries Association (NTIA) had wanted to collect in one place the data that showed, as definitively as possible, where the UK Night Time Cultural Economy lay within the UK Out of Home Leisure Economy and the UK economy more generally.

Night Time Industries Association believes that this offers a different perspective than the wider Out of Home Leisure Economy. It is distinctive by its direct association to the creative and performing arts. It is the creativity that provides that distinction as opposed to the general consumption and supply of its output by the wider market and economy as a whole.

Night Time Industries Association wanted to investigate the sectors' scale and performance over the past ten years. The expectation was to establish that the Night Time Cultural Economy has increased disproportionately. Furthermore, Night Time Industries Association wished to show how much the Night Time Cultural Economy has been increasing in importance and contribution to the national economy overall.



**Donald C MacLeod MBE**

Herald Columnist, Chair of NRS Events, Promoter

This report clearly shows the value of the NTE. Let no-one forget, least of all the UK Government, that the night time economy is a hugely important economic driver of music and cultural tourism, leisure, and business growth for our towns and cities, as well as a major national employer. The sector is in recovery mode with many businesses hurting badly. We need time, clear guidance and support to allow us to get back to the levels we are capable of in contributing to the UK economy.



A close-up photograph of a bartender's hand holding a small silver spray bottle, releasing a fine mist of blue liquid into the air. Below, a hand holds a glass of red wine on a dark, perforated metal tray. The scene is dimly lit with a strong blue color cast, creating a moody and artistic atmosphere.

## 2

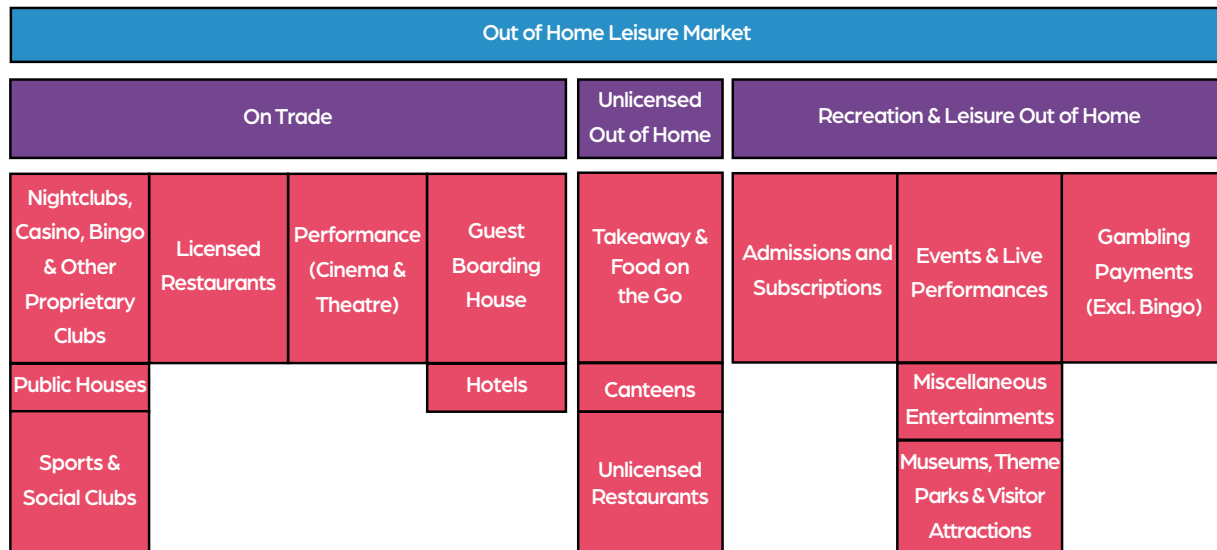
### **THE NTCE AND THE BROADER OUT OF HOME LEISURE ECONOMY**

## 2 The NTCE and the broader Out of Home Leisure Economy

### 2.1 Out of Home Leisure Economy and comparisons to other sectors

The organogram shown below in Figure 1 is a representation of the definition of the Out of Home Leisure Economy developed specifically for the purpose of this report.

**Figure 1** The Out of Home Leisure Economy by operational channel segments



The Out of Home Leisure Economy is widely recognised as having become the third largest sector in the UK economy. It is diverse and complex in its construction. It contains a number of distinct segments with an overarching commonality that is consumer leisure spending and behaviour.

It has grown steadily from 2000 and based on the Blue Book 2020 (the UK's National Accounts) and Consumer Trends (Quarter Three 2020) is consistently third largest market channel by consumer spend.

Using a unique definition developed for the NTIA for this study (which includes further cultural, recreational and leisure services – from attractions to casinos and bingo) – the **Out of Home Leisure Economy moves up to the second largest UK sector. Using this definition, we have valued it in 2019 at £171.2bn.**

This is a compound average growth rate (CAGR) of 4.6%. This places **growth in the OHLE ahead of the UK economy generally where over the same period CAGR for the UK's gross domestic product GDP was 3.7%.**

### 2.2 Total value of the Night Time Economy

The whole NTE has been evaluated and subsequently calculated as the revenue generated between 18:00 and 06:00. The On Trade and Late-Night Food establishments have since



2007 been able to trade 24-hours a day should they so wish. To do so they have had to gain appropriate licensing. Using this temporal calculation, the NTE is 50% of the available time. It does however have a disproportionately higher value compared to the simple time metric. Simply put, the primary factor that shapes the Out of Home Leisure market is its availability to many of its consumers outside of what is seen as "normal" working hours (09:00 to 17:00). The result of this economic shaping sees that the Night Time Economy accounts for around 2/3rds of the total Out of Home Leisure revenue.

**The Night Time Economy sees current worth stand at £112.8bn.** This market category shows a ten-year CAGR of 4.8%.

## 2.3 Employment in the OHLE, NTE and NTCE

The table below shows headline employment by sector.

Overall, the definition of the OHLE used for this study provided approximately 2.92m of the 32.75m jobs in the UK economy in 2019. This was an increase of 18.6% from 2010. This is 8.9% of all jobs in the UK.

**Figure 2** Employment by year by subsector (000s)

NTE Subsector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total OoH Leisure Industry	2460.3	2502.7	2512.5	2508.4	2571.4	2652.3	2812.0	2845.7	2866.3	2920.3
Total NTE	1630.5	1668.1	1668.2	1664.1	1709.9	1766.8	1871.9	1893.1	1902.6	1945.6

Within the 2.92m jobs in the OHLE of the UK economy, there are 1.95m jobs in the UK Night Time Economy. This was a 19.3% increase between 2010 and 2019. This is 6.0% of all jobs in the UK. [NB this will be uprated slightly to reflect N Ireland].

The UK NTE added 315k jobs to the UK economy over the past decade.

Comparison between job growth in the UK NTE and the UK economy over the past decade is positive at +18.7% vs +7.8%.

The largest subsectors in the UK NTE were *food-led* (780k), *drink-led* (429k), *accommodation* (390k), *sports and fitness* (214k) and *culture and the arts* (77k).

## 2.4 Firms in the OHLE, NTE and NTCE

In 2018/19 there were 217,462 out of home sector firms, worker owned businesses and public sector institutions serving the UK night time economy directly.

This is an increase of 21% since 2010, demonstrating that the UK NTE recovered well from the 2008 financial crisis. Further, the majority of this increase was between 2015/16 and 2018/2019 with the number of NTE direct contributing enterprises in 2016 growing 8% alone. This demonstrates the increasing importance of the NTE pre-Covid.

Of these it can be reasonably estimated that there are 147k businesses trading in the NTE and 38.2k businesses operating in the NTCE.

## 2.5 Segmentation and differentiation in the NTE and NTCE

The Night Time Economy, apart from being predominantly driven by occasion after dusk, has broadly two drivers that the research and analysis revealed.

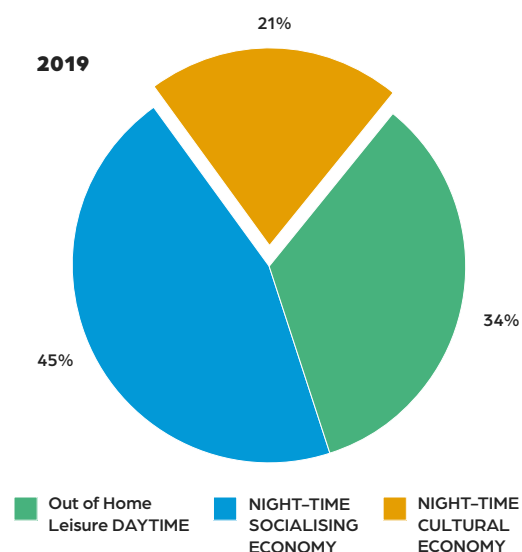
The two key drivers of Night Time Economy are “socialising” and “consuming culture”. The hypothesis view taken was that socialising can be seen as largely passive and driven by the simple need to meet and be with other people.

“Socialising” in the Night Time Economy is conducted in free to enter premises or places where one holds a membership. A “socialising” occasion does not require pre-planning in terms of going for a night out, although some planning or habitual practice may be found and take place. Revenue is created by what an individual consumes on the evening of socialising in the premise.

## 2.6 Key differential of the Night Time Cultural Economy

The Night Time Cultural Economy is driven by a third party providing an event at which consumers choose to attend. This sees consumers undertaking often pre-planning going out to an occasion. It is highly likely that this will require pre-payment or as a minimum reservation for the event. At the event, the consumer will be entertained or consume others work and effort.

During this event driven occasion the consumer will often consume other products, like food and drink, that are widely available across, and largely the core of the whole of the OHLE. These other products are still an essential part of the overall experience in the NTCE. They are a critical part for both the economic viability for an event, the outlet in which the event takes place and are expected items for consumption by the consumer that attend the event in the Cultural Night Time Economy. The simplest analysis indicates there is significant interdependency at play.



In summary one can see that relative scale of the three elements of the OHLE in Figure 3.

It emphasises that the OHLE is predominated by consumer activity at night time – between 18:00 and 06:00.

The NTCE stands overall at 21% of the whole. However, based on analysis of the core activities and premises, it has a much broader activity inspired base than the Socialising Night Time or Daytime Economies.

**Figure 3** Figure 3 Relative share of the three elements of the Out of Home Leisure Economy

## 2.7 NTCE, the NTE and OHLE: comparisons with other sectors

Overall, the NTCE accounted for 21.3% of total OHLE. In terms of the mix of revenue the NTCE primary stream is the cost of participation. This includes typically the cost of an event ticket, membership supplementary material, such as programmes or memorabilia, and entry fees. Overall, that contributes 67% to the total market value. The other two elements of consumer spend are food (17%) and drink (16%). These values are consumption estimates that take place in a premise that is delivering a Night Time Cultural Economy event.



**Carly Heath**

Night Time Economy Advisor (Bristol)

The city doesn't stop at 6pm, and our economy keeps ticking well into the night. Our night time businesses are not only the lifeblood of our communities, but they also produce a significant portion of our GDP. In Bristol alone the night time economy is responsible for a third of all jobs. Our sector is valid, vibrant, and essential for social life in our cities.

A photograph of two women sitting on a wooden bench on a rooftop terrace at night. The woman on the left is wearing a light blue short-sleeved shirt and dark sunglasses, laughing with her mouth open. The woman on the right is wearing a black halter-neck top, a teal skirt, and large hoop earrings, also laughing and holding a glass of beer. In the background, there is a glass railing and a view of a city skyline with lights. The image has a dark, moody overlay.

**3**

**DETAILED BREAKDOWN  
OF THE NIGHT TIME  
CULTURAL ECONOMY**

## 3 Detailed breakdown of the Night Time Cultural Economy

### 3.1 Overall value

The NTCE sector pre Covid-19 Pandemic was £36.4bn at current prices non-seasonally adjusted. In essence 2019 saw the sector at its highest point over the ten years. The sector has over ten years grown by 4.6% CAGR, with Late Night Socialising at 4.9% and Day-Time element was 4.4%.

Overall, OHLE is at its highest worth, £171.1bn with it the growth over ten years of 4.6% (CAGR).

### 3.2 Employment

**Figure 4** Employment by year by subsector (000s)

NTE Subsector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total OoH Leisure Industry	2460.3	2502.7	2512.5	2508.4	2571.4	2652.3	2812.0	2845.7	2866.3	2920.3
Total NTE	1630.5	1668.1	1668.2	1664.1	1709.9	1766.8	1871.9	1893.1	1902.6	1945.6

The UK NTCE provides 425k jobs (289k full time equivalents). This was a 12.2% increase between 2010 and 2019.

The 2019 year-end data showed that the total employment of the OHLE was 2.92m. This figure includes full and part-time workers.

### 3.3 Gross Value Added

Gross Value Added (GVA) is the ONS and HM Treasury's key measurement of the economic value created by a firm, sector or the UK economy as whole over and above its inputs. It can be seen as a more valuable measure than turnover or gross domestic product (GDP) because it better reflects the productivity of a particular sector.

The overall GVA of the OHLE in 2018 (latest available figures) on a turnover of £171.1bn is £71.1bn.

The overall GVA of the UK NTE was £45.7bn in 2018 and the GVA of the UK NTCE was £10.7bn. This makes the NTE and NTCE a key contributor to the UK economy.

**Figure 5** UK GVA by subsector by year (£m)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
GVA Out of Home	44650	49952	52493	56687	63278	66413	65283	69481	71081
GVA NTE	29069	32126	33940	34938	38697	40681	42731	44928	45727
GVA NTCE	6947	7779	8174	9323	10316	10777	10033	10613	10656

The increases over the past decade in GVA between the OHLE, the NTE and NTCE are relatively similar at 59.1% / 57.3% / 53.4% respectively.

### 3.4 Supply chain

The supply chain is calculated by grossing up all the goods and services purchased by companies in a particular industry, region, or country.

**Figure 6** UK supply spend by subsector (£m)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Supply chain Out of Home	108758	115275	128381	130903	125655	114749	124100	129393	124444
Supply chain NTE	47791	49524	53191	53722	52955	50560	54857	58345	57788
Supply chain NTCE	22939	24389	27511	28570	26928	24328	26202	26907	25767

Overall, the OHLE increased its spend on suppliers over 2010–18 by 14.4% (from £108bn to £124bn). But there were fluctuations year on year rather than a linear trend.

The NTE sector of the UK economy increased its spend on suppliers over 2010–18 by 21.9% (from £48bn to £58bn). The trend here was more linear than OHLE.

The NTCE grew its spend on suppliers by 12.3% from £23bn to £26bn.

Without further analysis it is not possible to definitely conclude why the NTCE spent similar amounts over this period but in terms of productivity (inputs vs value added), increased its output by a similar level of the rest of the OHLE and NTE generally. This is worthy of future research.

### 3.5 OHLE, NTCE, NTE tax contribution to UK Treasury

Almost all product in the OHLE has a VAT obligation, although this has changed for some product types recently but up to 2019 the rate was ubiquitous across the sector. As of 2019 the VAT rate stood at 20%, thus the whole sector paid approximately £28.5bn, with the NTCE standing at £6bn.

There are, in addition, HMRC excise duties. This contribution is estimated at £2.8bn for alcoholic and non-alcoholic drinks, plus £0.3m Machine Gaming Duty and then the overall Gambling Duty, which for 2017/18 was £2.9bn.

Taxes from Employment and National Insurance contributions for 2018 was approximately £7.2bn for the OHLE, £4.7bn for the NTE and £1.5bn for the NTCE.

Corporation Tax for 2018 is estimated at £1.2bn for the OHLE, £0.8bn and £255m for the NTCE.

In terms of Business Rates, it is estimated that the whole OHLE economy pays in the region of £7.6bn, the NTE £5bn and the NTCE £1.6bn.

The total tax contribution to HM Treasury by the OHLE is estimated at £50.5bn, with the NTCE contribution at £10.6bn.



### 3.6 In-Bound Tourism

Tourism, at £54bn has long been an important contributor to GDP (£26bn \*GB Tourism Survey resident spend and £28bn \*IPS inbound tourist expenditure 2019) and is a sizeable element of the NTCE. Around 10% of tourists will attend the theatre, musical and sports events during their stay in the UK. On an essential element 63% are visiting restaurants, 41% going to pubs and 29% visiting museums and galleries. All of these activities are contributing heavily to the NTCE.



#### **James Lindsay**

CEO/Managing Director of the Royal Vauxhall Tavern, an iconic London cabaret, performance and club night venue

The pandemic has had a dramatic effect on almost every aspect of our business and its operational capability as it has across the hospitality sector

In the year 2019/20 our turnover was over £2m and for the year 2020/21 it was reduced to £350K.

Since March 2020 we have been either closed or open but under restrictions with reduced capacity and reduced curfewed hours. We were closed down for most of December, our busiest month of the year, and we were only able to hold seven out of twenty-seven planned performances of our annual panto. We were unable to host our Christmas and New Year events.

The constantly changing rules and guidelines made planning our reopening and the schedule for the second half of 2021 very difficult. All of this also has a massive effect on all the performers, promoters and freelancers who rely on The RVT for work, many of whom are from marginalized groups within the LGBTQ+ community.



# 4

## **EVALUATING THE INITIAL IMPACT OF COVID-19 TO Q2 2021**

## 4 Evaluating the initial impact of Covid-19 to Q2 2021

### 4.1 Postscript on Covid-19 Impact to date

As the report was drafted the necessity to evaluate the impact of the Covid-19 pandemic became a must-have. As such this section has been added. It will estimate and establish the loss incurred for the OHLE and specifically NTCE. The loss is not blanket across all channels as the various trading impositions have affected some business types more severely than others. Across the Government and reporting media there have been numerous and varied estimations made. The thrust of this analysis is to provide an estimate of commercial revenue loss, impact on job losses and taxation. It is the aim to keep these estimation in line with the reporting of calendar years as has been done throughout.

However as Covid-19 does not recognise any lunisolar calendar year, a view will be developed for revenue losses, up to the general lifting of lockdown restriction in July 2021, and presented as losses experienced throughout a period of trading influenced strongly by Government. It should in no way be considered as a final definitive loss as has already been seen, subsequent Covid-19 impacts continue to influence trading capability and consequent performances.

### 4.2 Estimation of lost trade

As with an analysis of this kind there is an element of finding hard data, applying statistical analysis and trends, leading to projections, plus that other aspect of interpretation. To set the bounds for the estimated loss analysis the period covered is 30th March 2020 to 30th June 2021. For the record this is total of 458 days and it should be remembered that there are some businesses that are potentially been closed for the entire period. At this point it must be noted that more losses will be incurred as trading conditions are still under constraints and Covid-19 impacts persist.

Overall the losses have been calculated at £136bn across the whole Cultural Out of Home Economy. This is equivalent 80% of its annual value in 2019. This has been calculated from a sector and product category level upwards.

The situation is summarised in terms of the separate market channels in the table below.

£M	2020 Loss	2021 H1 Loss	March 20 to June 21	% of 2019
Cultural Out of Home	-£77,948	-£58,467	-£136,414	-80%
Daytime	-£21,914	-£13,891	-£35,805	-61%
Night Time Economy	-£56,034	-£35,322	-£91,355	-81%
Night Time Cultural Economy	-£23,160	-£13,683	-£36,843	-101%
Night Time Social Economy	-£32,874	-£21,638	-£54,512	-71%

All the channel calculations are historic proportionality using 2019 as a basis. As can be seen the Night Time Cultural Economy has the most grievous loss when expressed as a percentage of its market size in 2019. This is simply a facet of its nature being substantially larger pre-planned events that have simply been unable to adapt to the constrictions of the numerous and various Covid-19 protocols that have been operated by authorities in their attempts to reduce the impact of this novel virus – Covid-19.

### **4.3 Jobs projections and losses**

#### **4.3.1 Projections**

Based on historic trends, the modelling estimates that from 2020 to 2024 there would have been an increase in jobs in the OHLE from 2.92m to 3.26m. This would have been 340k additional jobs, or an increase of about 11%.

From 2020 to 2024 the modelling predicted a rise in NTE job numbers from 1.95m to 2.17m, also an increase of about 11% (there is a very close relationship between OHLE and NTE). The estimates for 2020 to 2024 were of a 9% increase in the NTE employment, up from 425k to 465k jobs. This slightly slower projected growth in the NTCE reflects the greater pressures that this sector has been under over the past decade.

A note of caution must be struck as this modelling cannot take account of the real-world effect of Brexit and the departure of EU nationals who make up a significant proportion of the OHLE and NT(C)E workforce. This may have also impacted employment numbers in the subsectors.

Also, there are limitations on how much further expansion was feasible in an industry that had seen such growth over the past decade (despite the shrinkage of certain elements such as nightclubs, gambling, and the multiple casual dining sector). However, the industry has been broadly resilient in the face of the last recession and outgrew the UK jobs market over the same period, so it is reasonable to assume that it would continue to grow from the last ONS figures in 2019 in the absence of a recession.

#### **4.3.2 Job losses**

Yet, this is now quite different in the post-Covid. Overall, the Labour Force Survey 2021 (the most contemporary data set on employment) showed the UK jobs market shrunk by -1.5% between the first quarter 2020 and the same quarter 2021.

This is a surprisingly small fall given the seismic impact of Covid but is almost certainly due to the Coronavirus Job Retention Scheme (furlough) and other government loans, deferrals and landlord deals offered to support employers.

However, despite these schemes, the 'food and accommodation' sector fell -20.2% over the same period, making it the worst affected sector of the UK economy. This is despite the high take up of furlough in this sector.

Also there has been a displacement out of certain badly hit industries, particularly hospitality (-20%), construction (-7%) and manufacturing (-8%) into other sectors that expanded, such as finance (+20%), real estate (+15%) and public sector (+12%).

The OHLE, the NTE and NTCE include jobs that are in other subsectors beyond 'accommodation and food' such as cinema, museums, events, performers, theme parks. However, the data does not give us this granularity to measure job losses in these professions.

Instead, a reasonable assumption is made that because all these subsectors have been subject to similar (and sometimes greater) restrictions than 'accommodation and food' (and that many of these jobs are often reliant on venues that are within the accommodation and food sector, e.g., pubs, bars etc.) that we can use this -20.2% figure as a proxy for job losses in those other associated industries.

Because the official data does not offer the granularity for the study's specific subsectors, the factoring established in the remainder of the study has been used to generate some estimates of the real world Covid-induced losses of the NTE and NTCE.

The table shows the numbers of jobs in each subsector as follows:

- a. 2019 (actual).
- b. 2020 (estimated using Labour Force Survey factoring).
- c. The third column shows the most defensible estimate of job losses between 2019 and 2020.
- d. The fourth column shows the projection for 2020 based on the last five years (nearly all components of the industry were predicted to grow apart from gambling and nightclubs).
- e. the final column shows how many jobs have been potentially lost against the position the industry could have found itself in had the trends in employment continued into 2020 as per the last five years. This is a larger loss because it considers the lost opportunity for growth as well as the real-world losses imposed by Covid.



**Ojay McDonald**

CEO of the Association of Town & City Management

The numbers paint their own picture. There should be no doubting the contribution of our night time economy. Behind these statistics are so many jobs, livelihoods and businesses that depend on this sector. We need to get much better at supporting this industry rather than fearing or neglecting it. The UK's economic recovery depends on it.

The commentary uses the more conservative loss figures of the 2019 vs the 2020 LFS estimates.


**Figure 7** Jobs in the OHLE, NTE and NTCE subsectors – actual, estimates and change

Subsector	x 000 Jobs				
	2019 Actual	2019 LFS est	Overall Loss	2020 Projection	Loss v Projection
Total Food-led	1,196	955	241	1,236	281
Total NTE – Food-led	780	623	157	806	183
Total NTCE – Food-led	117	93	24	121	27
Total industry – Drink-led	527	420	106	528	108
Total NTE – Drink-led	429	342	87	430	88
Total NTCE – Drink-led	94	75	19	93	18
Total industry – Culture & Arts	199	158	40	204	46
Total NTE – Culture & Arts	77	61	15	80	19
Total NTCE – Culture & Arts	77	61	15	80	19
Total industry – Bingo / Casinos / Betting shops	85	61	17	84	16
Total NTE – Bingo / Casinos / Betting shops	21	68	4	21	4
Total NTCE – Bingo / Casinos / Betting shops	21	17	4	21	4
Total industry – Sports and Fitness	389	17	79	396	85
Total NTE – Sports and Fitness	214	311	43	218	47
Total NTCE – Sports and Fitness	43	171	9	44	9
Total industry – Amusement and recreation	69	34	14	68	13
Total NTE – Amusement and recreation	34	55	7	34	7
Total NTCE – Amusement and recreation	34	27	7	34	7
Total industry – Accommodation	456	27	92	468	104
Total NTE – Accommodation	390	364	79	400	88
Total NTCE – Accommodation	39	311	8	40	9
Total – OoHLE	2,920	312,331	589	2,984	653
Total – NTE	1,946	1,553	393	1,988	435
Total – NTCE	425	340	86	432	93

There were 2.92 million jobs in the OHLE in 2019. In 2020 almost 600,000 have been lost. In the night time economy around 400,000 have been lost in 2020. The night time cultural economy has lost almost 90,000 jobs.

The largest job losses are in the food, drink and accommodation industries as these are the largest subsectors of the OHLE, NTE and NTCE. The two NTE subsectors that were already under pressure and had lost jobs over the past decade include gambling venues and nightclubs. These losses have been compounded and accelerated by the pandemic.



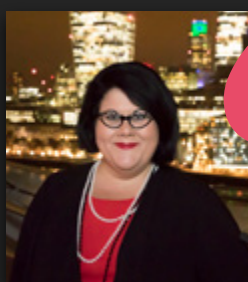


# **5**

## **CONCLUSIONS**

## 5 Conclusions

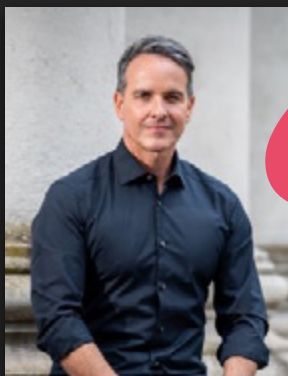
- The Night Time Cultural Economy has many and varied parts to it. These range in size and popularity.
- The Night Time Cultural Economy is ubiquitous but has substantial diversity in appeal but reaches all parts of society. Compare the profile of consumers that typically visit “Popular” Music Festivals is quite different to that of say Classical Opera. The former is predominantly younger across all social class whereas the latter is older and those in the higher social grades. Look at the delivery achieved by the theatre where we see it range from Local Community Theatre to London’s worldwide West End. The former opens up theatrical performance to local markets nationally whereas the West End is a tremendous in-bound tourism attraction and substantial employer
- There is a common theme of performance at a singular event. It is possible that an event is repeated (see Mousetrap 28,000 plus performances since 1952) but each are unique and special for all participants, watchers and support staff. It is that which is the crucial aspect and consequently Night Time Cultural Economy’s vulnerability in terms of the pandemic in particular. The linkage across society, the interdependency of all of those involved and the fact that it is millions of single special events every year, that collectively give us much joy and pleasure as watchers and listeners, sense of achievement as performers and engagement as support team staff. Ultimately the Night Time Cultural Economy contributes substantially to the country’s economy, as said earlier it is 1.64% of GDP, but also to the health, well-being and sangfroid of the population as a whole. It is felt quite strongly that the Night Time Cultural Economy bats much higher than just its economic contribution.



**Amy Lamé**

London's Night Czar

London's cultural life after 6pm is something that defines the character and identity of our city like no other sector. A city that is as alive, vibrant and diverse at night as it is during the day attracts tourism, creates jobs and helps drive local growth. The economic, social and cultural value of the nightlife is undeniable and until now remained largely unmeasured. The work the NTIA has done in bringing this report to life is welcome, particularly at a time when the sector – one of the hardest hit by the devastation of the pandemic – is ready to play its part in our economic and social recovery.



## Sacha Lord

Night Time Economy Adviser for Greater Manchester, Co Founder of The Warehouse Project, and Parklife

When I started the midweek Hacienda nights in 1994, little did we know the nightlife industry was in its heyday. As organisers and as ravers, we partied without a care, absorbing the music and atmosphere oblivious to the culture we were creating. We had no idea that those years would be marked down as one of the greatest periods in nightlife history.

Today we're in a very different place. The sector is balancing precariously on the edge, already distressed from the economic uncertainty of the past 15 years and the Brexit-inspired visa issues of late. The Covid-19 pandemic only exacerbated these cracks, and as a result we have seen many of our favourite venues unable to survive.

Twenty per cent of the workforce in the sector have lost positions during the past year, and as the NTIA points out in this report, overall the current estimate of lost trade is £36bn (March 2020 to June 2021). It's clear that our sector has been overlooked and undervalued during this crisis, and as Night Time Economy Adviser, like my counterparts across London, Bristol and Aberdeen, I have received daily messages, emails and phone calls from operators struggling in the face of overzealous regulation and limited financial support.

We're in a dire position and in order to recover to pre-pandemic levels, we need investment, strategy and most importantly, top level acknowledgment of the industry's contribution to the UK economy. Take any city, town or village in the UK, and you'll find its pubs, bars, clubs and restaurants are central to its recovery. The nightlife scene is critical to our post-Brexit, post-Covid future and economic growth, and to ignore it would be a devastating blow to our cultural reputation.

Luckily, we have passionate entrepreneurs and industry bodies such as the NTIA providing a voice for us all, and this voice has never been louder than in the past 18 months. There will be tough times, difficult decisions and even longer nights ahead as we work to revive the nightlife scene but if the current crisis has taught us one thing, it's that as a sector, we are stronger together.



A low-angle, dark photograph of a crowd at a concert or festival. Many hands are raised in the air, some making peace signs or pointing. Confetti is falling from above. The background is filled with warm, out-of-focus lights, creating a bokeh effect. The overall mood is celebratory and energetic.

# 6

## APPENDICES

## 6 Appendices

### 6.1 National Account data

The primary source of the estimates for the OHLE, NTE and NTCE are based on the UK National Accounts (see Methodology below).

**Figure 8** GDP change (£m) by year and by sector

Primary Data to estimate the Night Time Cultural Economy				NTIA Estimation
All Value in £M CP NSA	09.4 Recreational and cultural services	11 Restaurants and hotels	Total of selected Nat Accts Channels	Out of Home Leisure Economy
2010	£34,730	£90,468	£125,198	£114,075
2011	£37,132	£95,685	£132,817	£121,067
2012	£38,570	£100,169	£138,739	£124,630
2013	£41,404	£105,810	£147,214	£131,105
2014	£44,605	£110,667	£155,272	£140,466
2015	£47,375	£114,900	£162,275	£146,313
2016	£48,819	£119,507	£168,326	£151,409
2017	£49,380	£126,914	£176,294	£160,532
2018	£50,192	£129,392	£179,584	£162,720
2019	£52,922	£133,779	£186,701	£171,106
2020	£40,039	£82,759	£122,798	£93,158

Source: UK National Accounts, the Blue Book time series (BB) ADGY & ADIF

Source: ONS et al (see Methodolgy)

### 6.1.1 Market demand context comparisons

The table below sets out the Cultural Late-Night Economy, the wider Late-Night Economy within the Out of Home Market in context to GDP.

**Figure 9** GDP change (%) by year and by sector

Share of GDP					
All Value in £M CP NSA		Out of Home Leisure Economy	Out of Home Leisure Daytime	Night Time Economy	Night Time Cultural Economy
Total Sales	2010	7.10%	2.48%	4.62%	1.52%
	2011	7.29%	2.52%	4.77%	1.56%
	2012	7.28%	2.50%	4.78%	1.50%
	2013	7.36%	2.53%	4.84%	1.47%
	2014	7.54%	2.60%	4.94%	1.57%
	2015	7.62%	2.62%	5.00%	1.58%
	2016	7.59%	2.61%	4.98%	1.57%
	2017	7.76%	2.66%	5.10%	1.61%
	2018	7.60%	2.59%	5.00%	1.57%
	2019	7.72%	2.63%	5.09%	1.64%
	2020	4.41%	1.72%	2.69%	0.63%

Cultural Late-Night Economy, the wider Late-Night Economy within the Out of Home Market in context to Total Consumer Spend

**Figure 10** Share of consumer spend change (%) by year and by sector

Share of Consumer Spend					
All Value in £M CP NSA		Out of Home Leisure Economy	Out of Home Leisure Daytime	Night Time Economy	Night Time Cultural Economy
Total Sales	2010	11.59%	4.05%	7.54%	2.49%
	2011	11.86%	4.10%	7.75%	2.54%
	2012	11.77%	4.04%	7.73%	2.42%
	2013	11.82%	4.06%	7.76%	2.36%
	2014	12.18%	4.20%	7.98%	2.53%
	2015	12.32%	4.24%	8.08%	2.56%
	2016	12.13%	4.17%	7.96%	2.51%
	2017	12.47%	4.27%	8.20%	2.59%
	2018	12.19%	4.16%	8.03%	2.51%
	2019	12.51%	4.26%	8.25%	2.66%
	2020	7.72%	3.01%	4.71%	1.10%

Source: ONS et al (see Methodology)



A third overview of the Night Time Cultural Economy, the wider Late Night Economy within the Out of Home Market.

As additional presentation of the Markets source and across the each of the segmented market sectors.

The table below shows the relationships the relative mix by revenue stream for 2019.

**Figure 11** Share of consumer spend (%) 2019 by food / drink / other

		% Share by Year				
% Share of Value £M CP NSA		Out of Home Leisure Economy	Out of Home Leisure DAYTIME	NIGHT TIME ECONOMY	NIGHT TIME SOCIALISING ECONOMY	NIGHT TIME CULTURAL ECONOMY
Total Sales	2019	100.00%	34.05%	65.95%	44.65%	21.29%
Drink Sales	2019	100.00%	29.56%	70.44%	57.02%	13.42%
Food Sales	2019	100.00%	37.41%	62.59%	52.48%	10.11%
Other Sales	2019	100.00%	33.96%	66.04%	29.00%	37.04%

Source: ONS et al (see Methodolgy)

This table shows the internal product mix within each segmented market.

**Figure 12** Share of consumer spend (%) 2019 by food / drink / other

		% Mix of Revenue by Year				
% Mix of Value £M CP NSA		Out of Home Leisure Economy	Out of Home Leisure DAYTIME	NIGHT TIME ECONOMY	NIGHT TIME SOCIALISING ECONOMY	NIGHT TIME CULTURAL ECONOMY
Total Sales	2019	100.00%	100.00%	100.00%	100.00%	100.00%
Drink Sales	2019	25.92%	22.50%	27.68%	33.09%	16.34%
Food Sales	2019	35.75%	39.27%	33.93%	42.01%	16.98%
Other Sales	2019	38.34%	38.23%	38.39%	24.90%	66.69%

## 6.2 Employment tables

**Figure 13** Employment (000s) by key sector

NTE Subsector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total OoH Leisure Industry	2460.3	2502.7	2512.5	2508.4	2571.4	2652.3	2812.0	2845.7	2866.3	2920.3
Total NTE	1630.5	1668.1	1668.2	1664.1	1709.9	1766.8	1871.9	1893.1	1902.6	1945.6
Total NTCE	379.1	375.2	381.1	379.3	382.3	397.6	415.2	425.5	422.0	425.4

Source: BRES / ONS

- Overall, the Out of Home Leisure Economy provided 2.92m of the 32.75m jobs in the UK economy in 2019. This was an increase of 18.6% from 2010. [NB this will be uprated slightly to reflect N Ireland].
- This is 8.9% of all jobs in the UK.
- Within this sector of the UK economy, there are 1.95m people in the UK Night Time Economy. This was a 19.3% increase between 2010 and 2019.
- This is 6.0% of all jobs in the UK.
- The UK NTE added 315k jobs to the economy over the past decade.
- The UK NTCE provides 425k jobs. This is a 12.2% increase between 2010 and 2019.
- Comparison between job growth in the UK NTE and the UK economy over the past decade is positive at +18.7% vs +7.8%.

NTE Subsector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Food-led Total	895.6	954.2	972.6	951.0	977.7	1031.7	1106.4	1132.3	1195.8	1195.9
Food-led NTE	592.2	630.0	641.6	622.1	639.6	675.1	723.1	739.6	780.4	780.2
Food-led NTCE	88.8	94.5	96.2	93.3	95.9	101.3	108.5	110.9	117.1	117.0
Drink-led Total	533.7	497.0	484.6	485.4	511.3	520.6	537.6	546.7	517.8	526.7
Drink-led NTE	438.0	407.4	397.1	396.8	417.2	425.2	438.9	446.3	421.8	428.7
Drink-led NTCE	110.5	100.7	97.6	94.0	95.6	99.1	101.4	102.9	94.0	94.1
Culture & Arts Total	178.8	172.0	179.8	168.5	178.8	173.7	184.4	175.5	179.7	198.5
Culture & Arts NTE	56.9	58.3	62.6	60.3	65.5	63.6	68.0	67.0	68.8	76.8
Culture & Arts NTCE	56.9	58.3	62.6	60.3	65.5	63.6	68.0	67.0	68.8	76.8
Bingo / Casinos / Betting Total	100.2	97.1	98.7	96.5	93.2	92.6	92.6	92.2	91.0	85.1
Bingo / Casinos / Betting NTE	25.1	24.3	24.7	24.1	23.3	23.2	23.2	23.1	22.8	21.3
Bingo / Casinos / Betting NTCE	25.1	24.3	24.7	24.1	23.3	23.2	23.2	23.1	22.8	21.3
Sports and Fitness Total	344.1	344.3	338.5	349.3	360.7	394.7	394.7	402.6	380.9	389.3
Sports and Fitness NTE	189.3	189.4	186.2	192.1	198.4	217.1	217.1	221.4	209.5	214.1
Sports and Fitness NTCE	37.9	37.9	37.2	38.4	39.7	43.4	43.4	44.3	41.9	42.8
Amusement and recreation Total	60.2	52.8	60.2	71.7	56.9	67.9	67.9	83.8	83.5	68.7
Amusement and recreation NTE	30.1	26.4	30.1	35.9	28.5	34.0	34.0	41.9	41.8	34.4
Amusement and recreation NTCE	30.1	26.4	30.1	35.9	28.5	34.0	34.0	41.9	41.8	34.4
Accommodation Total	347.7	385.3	378.1	386.0	392.8	428.4	428.4	412.6	417.6	456.1
Accommodation NTE	298.9	332.5	326.0	332.8	337.5	367.8	353.9	353.9	357.6	390.3
Accommodation NTCE	29.9	33.2	32.6	33.3	33.7	34.6	36.8	35.4	35.8	39.0

Source: BRES / ONS

### **6.3 Food-led subsector**

- The food-led subsector of the Out of Home Leisure Sector includes licensed and unlicensed restaurants, but also cafes, takeaway food, street food vendors and catering operators for events such as weddings, parties and other functions.
- Overall, the 6pm to 6am food-led subsector is that largest jobs market within the UK NTE. It employs 780k of the 1.2m people in the food-led subsector making up the Out of Home Leisure Sector.
- Over the past decade the number of jobs in the NTE food-led subsector increased by 32% – well above the 18.7% increase in the number of jobs in the wider NTE.
- This was also four times the job growth rate of the UK economy more generally (+7.8%).

### **6.4 Drink-led subsector**

- The drink-led subsector of the Out of Home Leisure Sector includes all types of pubs, bars and wine bars but also those licensed clubs (nightclubs and social clubs) which may range from traditional working clubs to Fabric, the latter being programming-led rather than drink driven.
- The drink-led subsector is the second largest industry within the UK NTE, employing 429k out of a total of 527k workers from this sector of the Out of Home Leisure Sector.
- Unlike the food-led subsector, the drink-led (and nightclub sector) has remained relatively static in terms of employment over the past decade with a small fall of -0.2% jobs. This reflects well known challenges with the nightclub sector (e.g. licensing laws, gentrification etc.) and general downwards trends of alcohol consumption amongst young people more generally.
- Of greater concern is that the drink-led subsector of the night time cultural economy (NTCE) element of the UK night time economy has seen a fall of 15% in jobs. This reflects a very specific change based on the loss of many well-known nightclubs with strong artistic programming or which serve specific communities, e.g. LGBTQ+ clientele.

### **6.5 Culture and the arts subsector**

- Employment in the culture and arts subsector of the Out of Home Leisure Sector includes the staff of theatres, concert halls, live music venues, cinemas but crucially also those who work in them indirectly, such as freelancers with roles varying from actors to musicians, to DJs.
- Within the culture and arts subsector an allowance has been made for the staff required for the later opening of the libraries, museums and galleries (e.g., late night opening is typical one night a week at many small libraires, whilst many large galleries open until late most days of the week, with special nights once a month e.g.' Lates'). It is for this reason that the proportion of NTE workers in this subsector is lower as a proportion of the Out of Home Leisure Sector than in the food and drink-led subsectors.

- Overall employment in the *culture and the arts subsector* of the Out of Home Leisure Sector was 199k in 2019.
- The culture and the arts subsector as a whole has grown strongly since 2010 – at a rate of 11%. However, the night time cultural economy (NTCE) element has grown even more aggressively – 35% over the past decade. This culture and arts subsector has grown the most amongst all the elements making up the NTCE.
- This is primarily driven by the rise in festivals (which often fall into this category), live music, theatre, dance, immersive and experiential firms creating new jobs, as well as the freelancers who work within them.
- Of this 199k, we estimate 77k are employed in the NTE and NTCE sectors (for the purposes of this study all NTE workers and firms are also NTCE workers).

## **6.6 Gambling subsector**

- Casinos, bingo and bookmakers are the main *gambling subsector* operations open at night. Though this subsector does also apportion a night time factor for everything from amusement arcades to evening betting at race events.
- The gambling subsector of the Out of Home Leisure Sector as a whole employed 85k employees in 2019 (down 15% on 2010). Overall, this gambling subsector has lost considerable employment since the introduction of new legislation that radically reduced the number of fixed odds betting terminals in high street bookmakers.
- The NTE/NTCE element of the gambling subsector is much smaller as it includes only those operations that attract visitors into town centres, such as casinos and bingo and excludes the likes of online gambling (albeit much of this takes place at night, it is not the 'night time economy' per se). We estimate employment in the NTE/NTCE to be approximately 21k jobs.

## **6.7 Sports and fitness**

- The sports and fitness subsector of the Out of Home Leisure Sector includes the operation of sporting facilities and the activities of sports clubs, gyms and fitness centres. In reality this includes everything from football clubs to public leisure centres, swimming pools to boxing clubs. An apportionment has been made for these opening up in the evening and, increasingly in the case of gyms, for 24hrs.
- Overall, the sports and fitness subsector provides 389k jobs, but we estimate about 43k of these employees are concerned with cultural evening and night time economy. Overall, employment in this subsector has grown 13% in the past 10 years, indicative of the increasingly role of health and fitness facilities catering to modern lifestyles.

## **6.8 Amusement and recreation subsector**

- The amusement and recreation subsector of the Out of Home Leisure Sector includes festivals (they fall between this subsector and the culture and arts subsector, depending on how each company classifies itself on its annual return to Companies House), amusement parks, fun fairs and public parks which are increasingly rented out for evening events and festivals.
- The overall employment numbers in this sector were 69k in 2019 (up from 60k in 2010).
- The NTE / NTCE portion of this amusement and recreation has grown 14% since 2010 but it is a subsector that fluctuates considerably year in year out. For example, in 2014 the number of employees was 29k, by 2016 it had grown to 42k and three years later – in 2019 – had shrunk to 34k employees. It is not clear why this amusement and recreation subsector is so much more volatile than other night time economy sectors without further work.

## **6.9 Accommodation subsector**

- The accommodation subsector is the third largest Out of Home Leisure Sector in terms of jobs created.
- The overall number of employees in the accommodation subsector was 456k in 2019 (up from 348k in 2010). This increase reflects the growth in both the depth and breadth of visitor accommodation now available in the UK, particularly the growth of urban hotels and private visitor accommodation via booking platforms such as Airbnb.
- Our definition for the purpose of this does not include all SIC codes for the accommodation subsector, so as to keep the definition focused on the hotels, holiday accommodation, resorts and hostels that can be reasonably associated with the night time economy.
- The NTE element of accommodation subsector (thus factored to exclude an apportionment for the daytime activities of hotels) is around 390k employees – a rise of 31% from 2010.
- There is a small Night Time Cultural Economy (NTCE) element to the accommodation subsector, with some hotels being venues in themselves, e.g., the rise of boutique hotels with bars or nightclubs (which would not feature in the drink-led subsector above). To this end, we estimate the number of NTCE jobs in those accommodation subsector businesses to be around 39k in 2019, up from 29k in 2010.



## **6.10 Methodology**

There is no government definition of a night time economy (NTE) of industry sectors or occupations. However, the Mayor of London's 24-hour London project defines the night time as between 6pm and 6am. This time frame has also been used in other studies around the world, including MAKE's own NightMix methodology for measuring the costs and benefits of the night time economy. For the purposes of this study, we have also adopted this definition as the operating period of the night time economy. However, for this study this does not mean every activity that operates within the 6 till 6 time frame is included. What industries are included in the modelling is defined by the most relevant activities within the three 'economies' that the study measures: the Out of Home Leisure sector, the night time economy and night time cultural economy. This has been undertaken in conjunction with the report commissioner.

### **6.10.1 Demand-Side Market Modelling Inputs**

The provision and establishment of specific market data has been the result of extensive research of publicly available data, application of private data, facts derived from desk research and company reported data.

The base data used was ONS category data as reported in the National Account – Blue Book. The establishment of the Out of Home Leisure market has been developed based on aggregating and subsequent selective sub-division of specific series.

- 11. Restaurants and hotels
- 9.4 Recreational and cultural services

The Gross Domestic Product data was sourced from the ONS.

Additional insight, research and published facts were drawn from a variety of sources that included:

- Arts Council – Box Office Sales Reports
- Arts Council Report – Museum Events and places
- Bingo Association
- CGA BrandTrack Consumer Research
- CGA Festivals Reports
- CGA Foodservice
- CGA OPMe™ On Premise Measurement Service GB & Ireland
- CGA Outlet Index GB & Ireland
- CGA Trading Index
- Gambling Commission reports and licensing registers
- Google Places data
- Home Office Premises Licenses Report
- Live Music Value 2019
- NTIA membership information

- Office for Budget Responsibility
- ONS – International Passenger Survey
- ONS Consumer Trends
- ONS Household Family Expenditure Survey
- Society of London Theatre and the National Theatre – Annual Reports
- UK Cinema Association – Annual Reports
- UK Hospitality / Christies Benchmarking Report
- Visit Britain – Activities in Britain's nations and Regions.

The above helped focus on the critical types of businesses defined in the headline classification

### **6.10.2 Employment Modelling**

We have predominantly used the employment data from within the Inter-Departmental Business Register (IDBR) – see below. We have then cross-checked this with the LFS (Labour Force Survey). Unlike the LFS, the IDBR does not have the specific hours when employees typically work (e.g., day, evening or night). It simply gives the number of employees – full and part time – who work within businesses in each sector and subsector of the UK economy. (These sector categories are known as SIC codes – see explanation below).

The reason for primarily using the IDBR in this first iteration of this study is one of expediency given resources and timeline. So, rather than examine every sector and subsector of the UK economy for the number and percentage of employees who say they work in the evening or at night, we instead used the spend factoring from the CGA data for each sector (e.g., 'licensed restaurants', 'nightclubs' the 'public houses' etc.) from the demand side modelling above. Applying this factoring gives us an approximate percentage of those employed in each sector.

In future iterations of this study additional detail will be added from the LFS that gives a more granular picture of the working patterns and employment levels down to the lowest level sectors that make up the OHLE, NTE and NTCE.

It is also worth noting, even with the LFS, there can be no 'perfect' definition of night time activity in terms of specific industries and occupations, since many people working in these industries and occupations also do so during the day, hence the use of market spend factoring to produce realistic extrapolations.

#### ***What is the Inter-Departmental Business Register?***

The IDBR is a comprehensive list of UK businesses collected by the UK Government for statistical purposes. It covers 2.7 (2020) million businesses in all sectors of the UK economy, other than the very smallest businesses (those with no employees and whose turnover is beneath the tax threshold). It also excludes some not-for-profit organisations.

For our purposes, the vast majority of the businesses within the night time economy and the night time cultural economy will be found in this database. However, it must be acknowledged that those freelancers that are an important part of the supply chain will not be fully captured by the IDBR. Those freelancers that run their own limited companies and have a turnover above the VAT threshold of £85k (as of 2020) will be captured by it, but those beneath this (which will be a large proportion). A future research task will be to provide a further sub-analysis of freelancers given how important they are to the NTCE.

The IDBR is primarily based on two main datasets: Value Added Tax (VAT) records from HMRC and Pay As You Earn (PAYE) data from HMRC. Additional verification and granularity come from Companies House, data provider Dun and Bradstreet and ONS business surveys.

#### **6.10.2.1 What is the Labour Force Survey?**

The LFS is a study of the employment of the UK population. It is the largest household study in the UK, providing the official measures of employment and unemployment. The sample consists of around 35,000 households in the UK. The LFS is undertaken each quarter asking some of the same and some unique questions. Participants are asked about their usual pattern of work in the April to June edition of the survey each year.

- Whether usual or not usual to work during the day
- Whether usual or not usual to work during the evening
- Whether usual or not usual to work during the night.

As there are three separate questions it is – in principle – possible to ascertain whether an individual is working days, evenings, and nights. The LFS, though, does not use fixed definitions of evening and night time, and it is for individual respondents to decide how they respond – workers in similar circumstances may respond differently. In future iterations of this study, we will add to the model an analysis of those respondents to the LFS (in the relevant sectors) those who say they work during either the evening or night, or both, as we would consider them to be the primary workers supporting the functioning of the NTE and NTCE. This will also allow us to drill down into the balance between employees and the self-employed which the LFS, unlike the IDBR captures.

#### **6.10.2.2 What are SIC codes?**

The Standard Industrial Classification (SIC) is the government system used to categorise all industries and their subsectors in the UK. SIC codes start out at industrial sector level e.g., section I is the Accommodation and Food and Beverage sector. (there are 21 sectors). After 'sector' it then provides a progressively more granular classification:

- *division* (two digits, e.g., 56 Food and Beverage Serving Activities)
- *major group* (three digits, e.g., 563 Beverage serving activities)
- *class* (four digits) e.g., 5630 Beverage serving activities)
- *subclass* (five digits). e.g., 56302 Public houses and bars).

For the purposes of this study, we used the following SIC codes to define the NTE and NTCE. They mirror as closely as possible the categories used in the demand analysis.

**Figure 14** SIC codes used to build employment, firm, GVA and supply data

SIC	Subsector
<b>Food-led</b>	
56101	Licensed restaurants (Total)
56102	Unlicensed restaurants and cafes
56103	Take away food shops and mobile food stands
56210	Event catering activities
<b>Drink-led</b>	
56301	Licensed clubs
56302	Public houses and bars
<b>Culture and the Arts</b>	
90010	Performing Arts
90020	Support activities
90030	Artistic creation
90040	Operation of arts facilities
91011	Library activities
91020	Museums activities
59140	Motion picture projection activities
<b>Bingo / Casinos / Betting shops</b>	
92000	Gambling and betting activities
<b>Sport and fitness</b>	
93110	Operation of sports facilities
93120	Activities of sport clubs
93130	Fitness facilities
93199	Other sports activities
<b>Amusement and recreation activities</b>	
93210	Activities of amusement parks and theme parks
93290	Other amusement and recreation activities n.e.c
<b>Accommodation</b>	
55100	Hotels and similar accommodation
55201	Holiday and other short stay accommodation
55202	Youth hostel
55209	Other holiday and other collective accommodation

A careful decision was made in this first version of the study to exclude retail from the NTE (by definition it is excluded from the NTCE). However, it is important to note that a broader definition of the night time economy could reasonably include those shops that open later – particularly in London and larger cities – such as clothing, home stores and electrical etc. which are often part of the consumers' evening out (e.g. shopping followed by drinks, food and a visit to a cultural attraction).

There is also considerable benefit to UK convenience store and small supermarket operators from the later evening, night time and early morning economy when drinks and food are often purchased those on their way to, between and return from nightlife venues. Future versions of the study will seek to apportion figures from these sectors as part of the secondary spend that is currently not captured in the ONS figures for supply chain.

### 6.10.3 Firm numbers

To provide the number of firms operating in the OoH, NTE and NTCE, a mixture of ONS and government data including the IDBR,

the annual business survey (ABS) from 2018 (revised May 2020) has been used. At the time of the research the 2019 ABS results had not been published.

### 6.10.4 Gross Value Added (GVA)

Most simply put, gross value added (GVA) is the additional value created by firms or an economy over its inputs. The OECD defines GVA as "the value of output minus the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector."

Whilst the detailed methodology of producing the data is more complex than this definition implies, the reason it is preferred to turnover or gross domestic product (GDP) by statisticians, government and global economic organisations is that it is a much better measure of the productivity of a sector. So, for example, much of the NTE and NTCE is relatively lower in GVA simply because it involves high levels of labour, supplies and property to deliver its services which are, in the main, sold at a relatively lower cost. Whereas an industry like financial services creates much higher GVA (in total, per £ invested and per employee) because it is delivering very high cost services with relatively fewer employees. This leads much greater output per individual employed (even if these employees are paid at a much higher rate).

However, any economy needs a mix of industries and whilst economic strategy tends to prioritise the growth of high GVA industries (finance, tech, pharmaceuticals, biosciences, aerospace etc) these industries alone could not function without the full range of other industries that make up a mixed economy. For example, it's hard to imagine that London's financial services sector would exist in its current form without the restaurants, pubs, clubs, music, arts and leisure activities that co-exist alongside it. It would simply be impossible to attract and retain the firms and talent that demand these quality-of-life services.

The GVA figures in this study are taken from the most recent annual business survey ABS from 2018 (revised May 2020).

## **6.11 Supply chain**

Beyond the firms, jobs, GVA and tax paid, supporting a large supply chain is a significant contribution of the UK NTE and NTCE to the UK economy. Because the night time industries are an almost wholly 'business to consumer' subsector (B2C) they are in effect a 'tip of the iceberg' or 'front end industry' of the UK economy. That is, consumers spend directly in these businesses and the supply chain (and jobs) that stands behind them then benefits from the industry's purchasing decisions.

In future iterations we plan to explore this supply chain further using data from the NTIA's own surveys with members to understand where the NTE and NTCE industry spends its money and through which suppliers. However, this will require detailed survey data so that we are able to apportion proxy values to the overall spend in each supply sector.

For example, we know from previous industry surveys which provided indicative information on purchasing decisions show that the likely main suppliers to the NTE include drinks and food wholesalers, sound and lighting installers, live musicians, artists, agents, professional services (such as insurance, legal and banking), as well as marketing and creative services and design, build and fit-out firms.

In the absence of this detailed data, we have used the figures from the ABS from 2010 to 2018 (revised May 2020) to provide an overall figure for the supply chain spend by the SIC code sectors in our model of the NTE and NTCE.



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