

Does the City of Culture (COC) create long-term benefits? Comparing the performance of Derry-Londonderry to other short-listed cities

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Does the City of Culture (COC) create long-term benefits? Comparing the performance of Derry-Londonderry to other short-listed cities

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ABSTRACT

Evidence on the long-term effects of Cities of Culture (COC) is limited. Here, we compare the pre- and post-COC performance of the UK COC for 2013 Derry-Londonderry (D-L) with that of the other shortlisted cities. There is some evidence that despite weaker growth performance prior to the COC the post-COC GDP growth of D-L has been significantly stronger. This post-COC growth effect is particularly evident in Distribution, transport, accommodation and food and construction. The COC also led to a step-change in visitor numbers to D-L, a positive effect which persisted through to 2016 at least. Job creation through inward investment was also stronger in D-L in the post-COC period. We cannot establish any direct causal connection between COC 2013 and these trends but suggest that the evidence does at least suggest a prima facie case for the positive longer-term benefits of COCs.

Keywords: Economic impact, GVA, employment, tourism, UK City of Culture; planning

1. INTRODUCTION

Large cultural and sporting events can generate significant economic benefits such as increased GDP, employment, and retail opportunities (e.g. Agha and Taks, 2015; Gursoy et al., 2011; Langen, 2008; Langen and Garcia, 2009; Vetitnev and Bobina, 2015). Often, however, the measurement of impacts is limited to the analysis of visitor numbers or expenditure and to effects in the short-term. Here, we provide some initial evidence on the long-term economic effects of the D-L City of Culture in 2013 (COC2013) by comparing growth over the 2013-17 period to that of the other cities shortlisted for COC2013. This addresses a research gap, widely noted in the literature, relating to the absence of long-term impact assessments (Langen and García, 2009; Palmer, 2004; European Capitals of Culture Policy Group, 2010). We draw on data from Office of National Statistics (ONS), Marketing Birmingham and the Northern Ireland Statistics and Research Agency (NISRA).

2. BACKGROUND

Long-term evaluations of the impact of large-scale cultural events are few and far between (Langen and Garcia 2009; European Capitals of Culture Policy Group 2010; Gomes and Librero-Cano 2018). Instead evaluation studies have tended to be short-term with a focus on increased tourist activity or participant spend. Where studies have been undertaken they have often been based on survey-data (e.g. Steiner et al. 2015) or used the region or city as the unit of analysis (Gomes and Librero-Cano 2018). Generally, such studies have suggested positive impacts on local businesses but impacts which vary strongly by sector and firm location. For example, Gomes and Libreo-Cano (2018) use data on host and non-host regions of the European City of Culture and estimate that hosting regions' GDP per capita is 4.5 per cent higher than that in non-host regions and that this effect persists for five years after the European COC.

Research on the impacts of the D-L City of Culture has also been limited. The final Post Project Evaluation (2015) drew on survey data from individuals and other secondary data but concluded 'it is too early to assess the longer-term impact on the city's economy and labour market (D-L PPE, 2015, p. 6). Boland et al. (2016) in their provocatively entitled paper 'life or place changing [event] or a 12 month party' quote a number of actors within

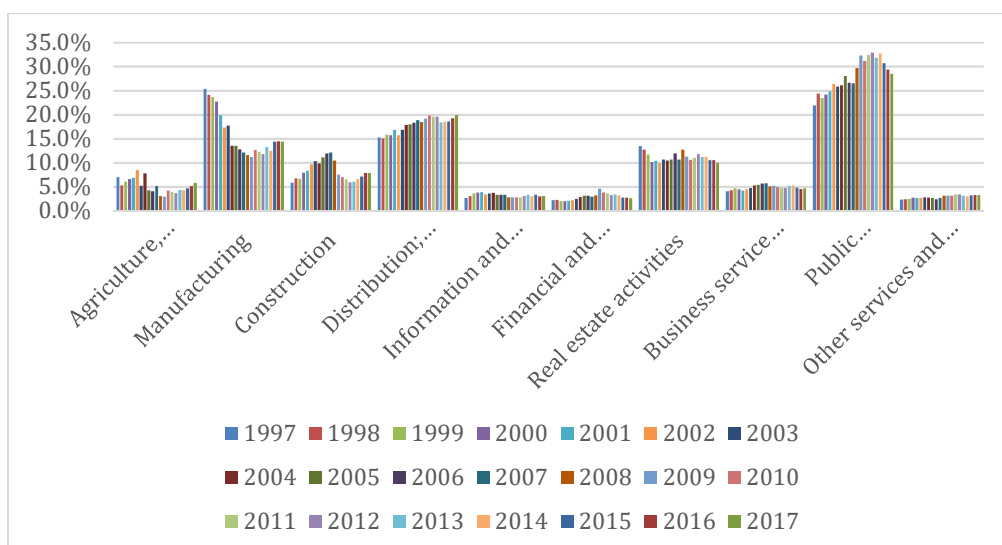
the City as well as commentators who reflect on the limited ‘legacy’ of the COC in terms of new jobs and growth. They conclude: ‘Moving beyond D-L we contend that it is possible for a major cultural event to be life and place changing ... However, we reserve judgement on the economic dimension’ (Boland et al. 2016, p. 14).

Our empirical approach here draws on the approach suggested by Gomes and Libro-Cano (2018) and compares the pre- and post-COC development of Derry to that of other areas. In particular we take as benchmarks the other three cities shortlisted for COC2013 (Birmingham, Norwich and Sheffield). We focus on the question of whether there is any change in the relative growth profiles of the four cities around the time of COC2013? If there is this creates at least a prima facie case that COC2013 may have had a positive growth effect. It does not of course prove any causal link. The results are important as they suggest what we might expect to observe as a consequence of COC2017 and Coventry 2021.

3. VALUE ADDED GROWTH PRE- AND POST-COC

As a starting point it is useful to consider the sectoral composition of value added (productivity) in D-L and Strabane over time. Figure 1 emphasizes the dominance of the public sector, distribution and manufacturing in generating income in the city with a more limited contribution made by financial and business services.

Figure 1: Sectoral shares of value added in D-L

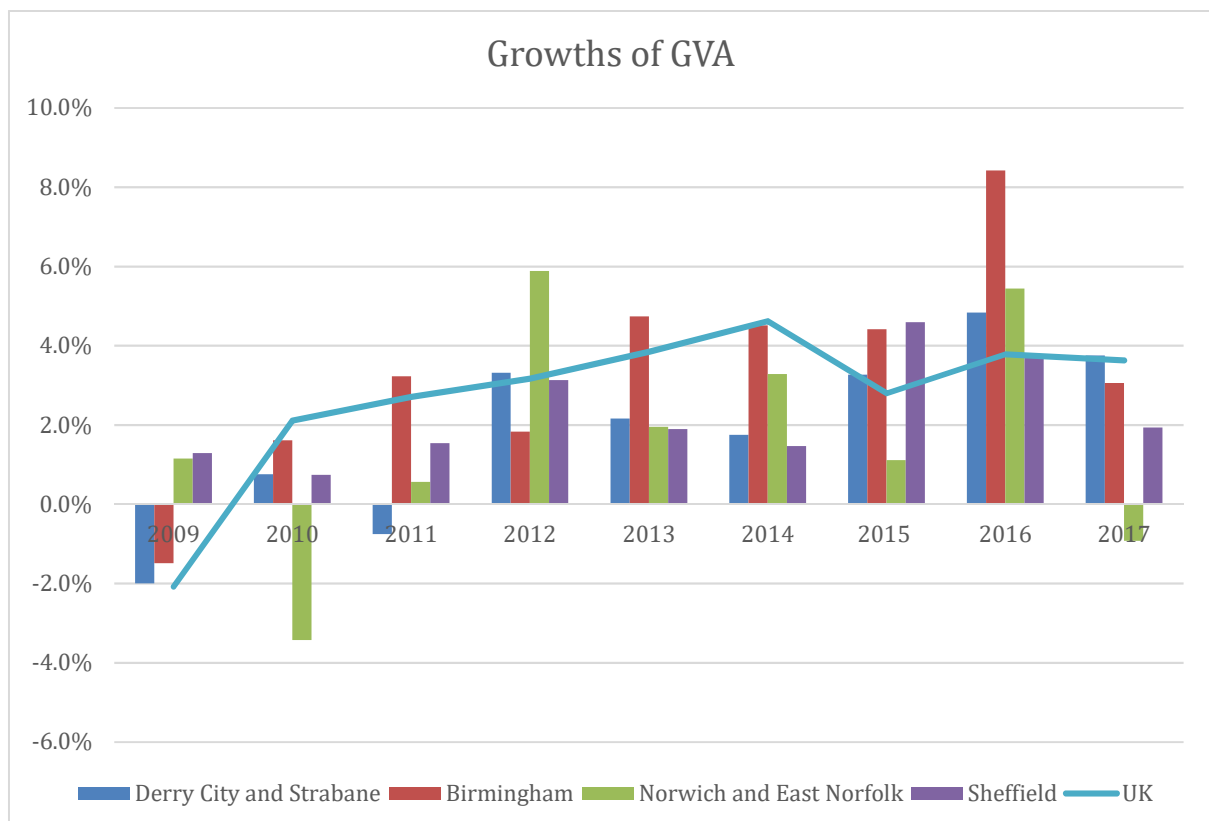


Source: Authors’ calculations based on ONS data

The growth of gross value added (GVA) provides an indication of the ability of a local economy to create wealth. Figure 2 compares GVA growth in D-L and other short-listed cities over the pre and post-COC2013 period. Prior to the COC D-L had a rate of GVA growth which was typically below that in the UK as a whole. Post COC – or at least post-2015 – we see a rather different pattern with GVA growth in D-L either matching or surpassing UK average growth. A similar pattern is also evident if we consider GVA per person – a measure of income (Figure 3). Labour productivity growth in D-L is at or above the UK level in the 2015 to 2017 period, a marked difference to the pre-COC pattern.

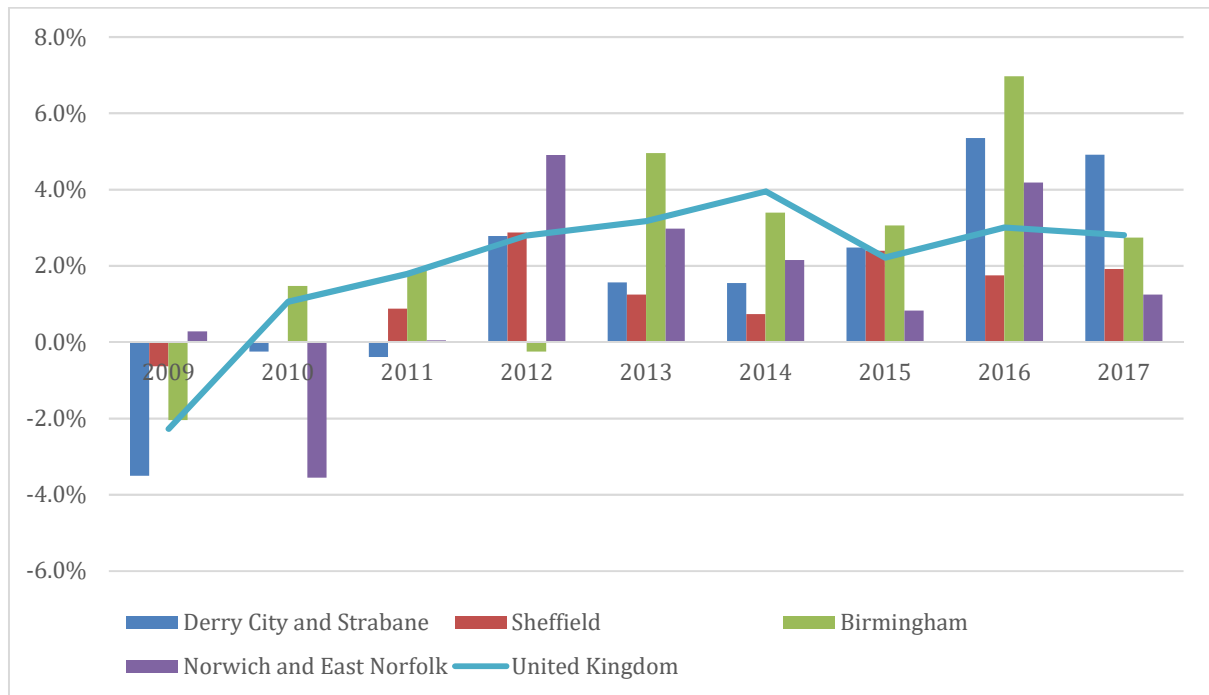
One potential issue here is the apparent lag between the 2013COC and improved productivity performance of D-L in the post-2015 period. This could reflect the period over which value added is measured and also the time taken for any benefits from the 2013COC to feed through to productivity.

Figure 2: GVA growth in D-L and other short-listed cities (% pa)



Source: Authors calculations from ONS data

Figure 3: GVA per person growth in D-L and other short-listed cities (% pa)

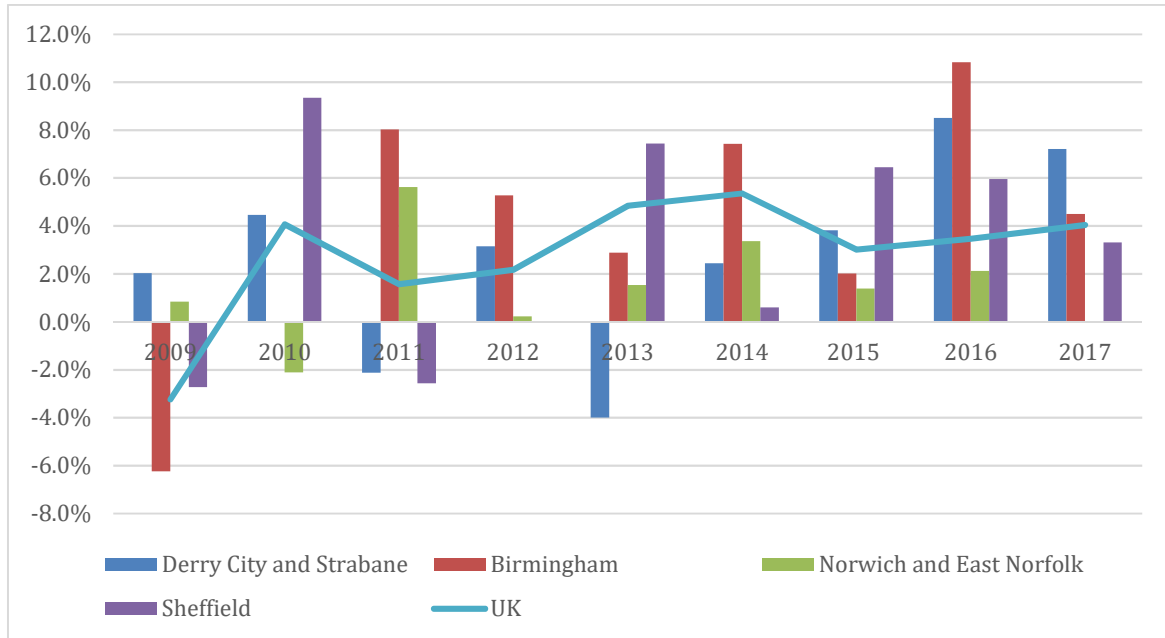


Source: Authors calculations from ONS data

More detailed sectoral analysis suggests that the sharp increase in GVA and GVA per employee in D-L in the post-COC period was due primarily to performance improvement in two sectors: Distribution, transport, accommodation and food and construction. For distribution etc. the growth profile is very similar to that of the city as a whole: particularly rapid growth over the post-2015 period (Figure 4). This marks a notable change of fortunes for the distribution etc. sector in the city. In the 2009-13 period the Distribution, transport, accommodation and food sector in D-L grew 1.2 per cent compared to 13.2 per cent in the UK as a whole. Post-COC from 2013-17 growth in L-D was 23.7 per cent compared to 16.8 per cent in the UK as a whole. Compared to the other shortlisted cities D-L was the slowest growing in Distribution etc. in the pre-COC period but the fastest growing (apart from Birmingham) in the post-COC period¹. We see an essentially similar pattern in the Construction sector with D-L growing value added significantly faster than the UK average and other shortlisted cities in the 2016-17 period (Figure 5).

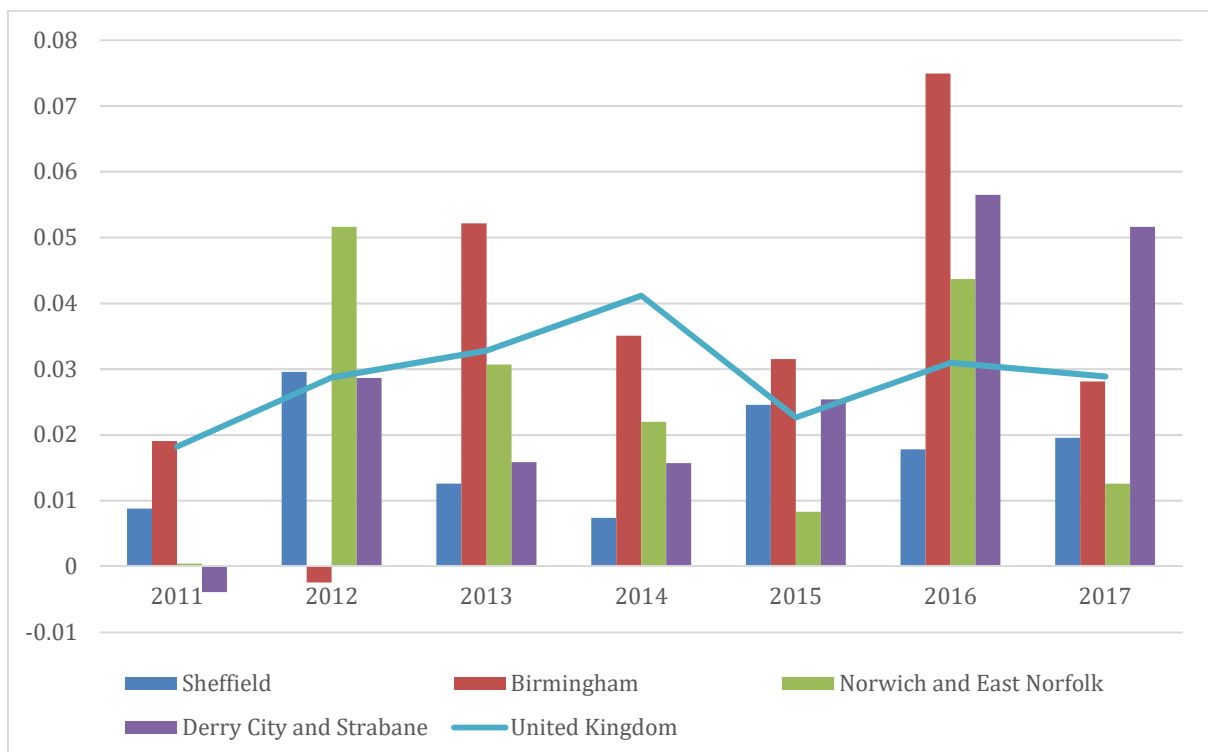
¹ GVA growth rates for Distribution, transport, accommodation and food were for 2009-13: D-L, 1.2 per cent; Birmingham, 17 per cent; Norwich 5.2 per cent; Sheffield, 14.5 per cent; and the UK, 13.2 per cent. For the 2013-17 period: D-L, 23.7 per cent; Birmingham, 26.9 per cent; Norwich 7.0 per cent; Sheffield, 17.2 per cent; and the UK, 16.8 per cent. Source: ONS.

Figure 4: Growth of GVA in distribution, transport, accommodation and food (% pa)



Source: Authors calculations from ONS data

Figure 5: Growth of GVA in Construction (% pa)



Source: Authors calculations from ONS data

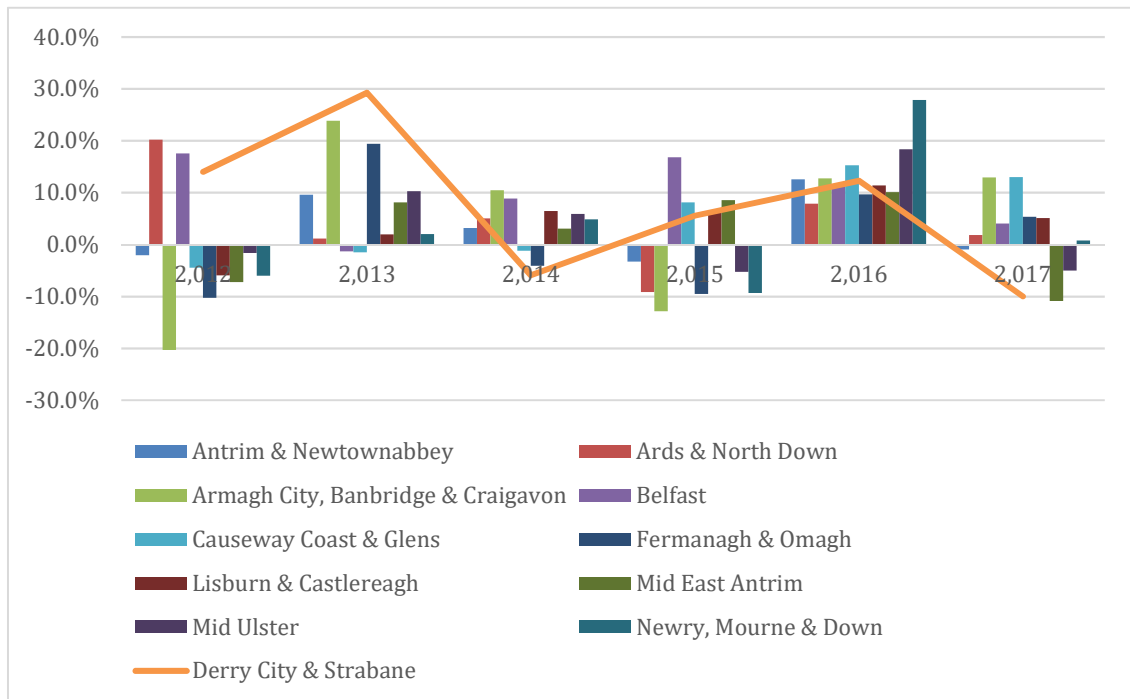
4. DISCUSSION

Comparing GVA growth in D-L to the UK average and other short-listed cities does suggest an improvement in the relative growth performance of D-L pre- and post- COC. This effect is not immediately evident but becomes observable two years after the COC itself. Two broad sectors dominate the effect: distribution, transport, accommodation and food and construction. Both have significantly outperformed the UK average in D-L and most of the other short-listed cities during the post-COC period. We have no evidence which directly links the COC to the improvement in GVA performance but the timing is perhaps indicative.

Other indicators – not all of which are available on a comparable basis for the other shortlisted cities – reinforce the evidence of a positive long-term effect. For example, Figure 6 compares the growth in the number of overnight trips to different parts of Northern Ireland over the pre- and post-COC periods. Overnight trips to D-L increased around 30 per cent in the year of the COC. They fell back slightly in 2014 but in 2015 and 2016 grew further over and above the level achieved in the COC year (Figure 6). The implication is that the step change in visitor numbers achieved in the COC year was sustained at least until 2016. The picture for 2017 suggests some weakening of this legacy effect.

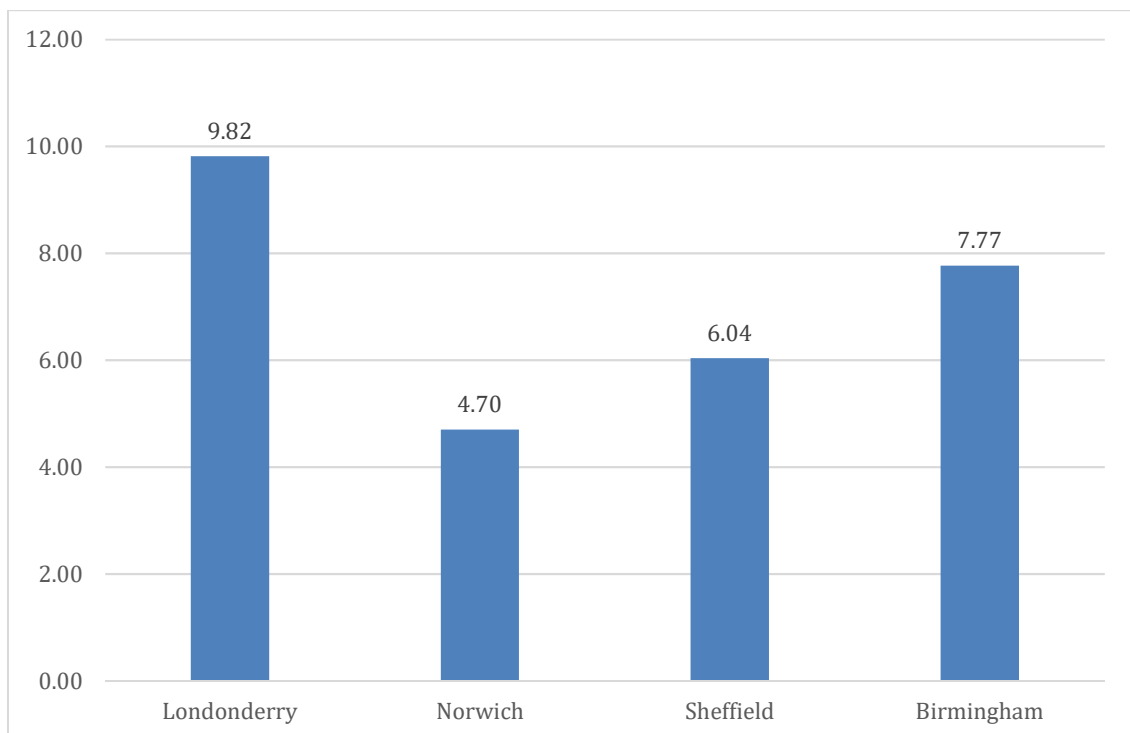
Another, potentially positive, long-term indicator relates to job creation through inward investment (Figure 7). Here, it is difficult to get comparable data on a long-term basis but comparing the performance of D-L over the post-COC period with other short-listed cities presents a positive picture which is consistent with the GVA and tourism statistics.

Figure 6: Growth of overnight trips to D-L and other parts of Northern Ireland



Source: Northern Ireland Statistics and Research Agency (NISRA)

Figure 7: Jobs created per thousand inhabitants by foreign investment 2013-17



Source: Marketing Birmingham

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