

DADA - ECONOMIC ASSESSMENT

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1. Summary of the Previous DADA Economic Assessment

In exploring the economic rationale for public intervention in the performing arts sector the following conclusions were reached in the contribution by Lindley (2001) to the DADA Phase 1 (DADA 1) evaluation by CEDAR:

- (a) the emergence of more performing artists capable of playing the role described earlier is unlikely to be generated spontaneously by the changing dynamics of the cultural sector and the evolving relationships between commercial, subsidised and hybrid activities;
- (b) the situation is one in which raising standards among the more able performing artists and strengthening the training of new entrants should be seen as a priority;
- (c) the economic case for raising the quality of labour supply is likely to be stronger than the social case because the sort of projects to which this group will contribute most are probably not likely to be primarily concerned with social exclusion;
- (d) this still leaves the issue of how people are chosen to receive support and the equity-efficiency issues which that raises. It is assumed that equal opportunity to enter the performing arts is both an end in itself as well as a means to the end of achieving a stronger performing arts sector.

In the light of the above and the analysis of policy objectives, factors likely to limit their achievement, and the forms of market failure present, the basic strategy as seen from the labour and training markets should be to respond to six imperatives:

- differentiate labour supply so as to make it easier for aspiring performing artists to assess their chances more realistically and for potential employers to identify more easily the most promising candidates;
- raise the quality of training and its relevance to product market requirements (as represented by the commercial and subsidised sectors taken together);
- make the quality of training transparent from the potential student's point of view;
- ensure that talent and competence determine access to initial training and CPD (continuing professional development);
- create a more effective market in CPD;
- differentiate labour demand so as to make it easier for performing artists to identify the better agents and employers.

The analysis presented in the paper led to the following conclusions.

The main case for DADA is via raising the *quality* of supply by:

- extending access to training according to ability - *equity*

- regulating the quality of provision, first, in funded institutions and, then, overall – *leverage*.

It *should* improve the operation of the labour market by:

- enhancing job-search and career skills - *employability*
- clearer quality standards - *transparency and credibility*.

It was felt that all four of these improvements, however, were unlikely to be sustained without continuing support. Certainly, there are aspects of the strategy represented by the scheme that could be seen as aiming to effect a *transition* to a higher quality regime for training. But this does not mean that the job is done and the market can or will take over, having seen a demonstration of the benefits of having much better prepared performing artists.

First, we have yet to see how DADA graduates fare in the labour market and how employers will react after the initial experience of recruiting them. Second, the sustainability of the higher quality has been crucially dependent not just on the need of the training providers to meet the eligibility criteria but on the firmer, more predictable funding that this then leads to. Third, difficult as this may be in practice, there is room for development, particularly in order to give stronger emphasis to meeting equity objectives as regards social class, ethnicity and disability.

Finally, the DADA scheme is also likely to make ‘demand-side’ and ‘supply-side’ measures in the *product* market more effective, i.e. improve the coherence and mutual consistency of cultural and educational policies. But this can only be achieved over the longer term with a sustained effort and will not become apparent soon given the relatively recent introduction of the scheme.

The outline proposals for monitoring have stressed that, in addition to on-going qualitative evaluation, there needs to be a sharper quantitative focus on the equity of entry to training in the performing arts and, given the approaching opportunity to collect new data on those emerging from the scheme, on the subsequent labour force experience of its graduates.

It was argued that the DADA scheme needs to be continued, not least because evidence of its effects on the labour market experience of its graduates and their impact on performance arts and the creative industries more generally have yet to be established. Moreover, on balance, short-term action which, for example, sought to cut the scale of expenditure on DADA or truncate it completely in say, three years (2004/05), would involve risks of failing to capitalise on an initially promising investment. At a more substantive level, the labour market for performing artists had needed a ‘regime change’. The DADA scheme clearly offers some leverage to achieve this and, whilst it is not a sufficient condition, it is almost certainly a necessary condition for doing so.

2. The Economic Assessment under the DADA Phase 2 Project

Arrangements for the economic assessment under the DADA 2 project, led by CEDAR in collaboration with IER via the graduate destinations survey and via providing support for the Spending Review, have shifted significantly as DfES judgements about the need for evidence to support the Spending Review process have evolved, partly in discussion with the Warwick team. The original proposal for the DADA 2 evaluation envisaged an economic assessment drawing on the new primary data collected by the project and any other evidence available. In the first instance, this would be done in order to fit in with the next Spending Review. In autumn 2003, it was suggested that this would be required at a time which represented a compromise between the natural schedule of the preparatory work of the Department (including that of Analytical Services) for the Spending Review and availability of new data from the project. However, it was also recognised that this plan might be subject to modification depending on DfES views on the vulnerability or otherwise of the DADA Scheme to public spending cuts prior to the next main scrutiny of the scheme by HM Treasury.

In late January, a question was raised by the DfES Dance and Drama team about the appropriate timing and nature of the Warwick input and Analytical Services was asked to help in providing guidance to the researchers in these respects. The work on the economic assessment was then held back (rather than continued so as to provide an input for the spring 2004 interim report). Given the limited amount of time available for this part of the exercise within the DADA 2 project budget, it was important to concentrate the economic assessment work at the appropriate points in the project. A meeting (video conference) involving Michael Camillin, Beverley Walker and Andrew Mellor (Analytical Services) and Robert Lindley and Rhys Davies took place on 7th May to explore further the options.

In the light of the discussion, it was agreed that the Warwick input to the Spending Review process which follows a three-year cycle, should be postponed for completion by October 2005 by which time it would be the turn of DADA to come under more substantial scrutiny again. At that stage, the new primary data would include two full sets of quantitative data on graduate destinations. This implies that the effort devoted to the economic aspects of DADA would need to be concentrated within, roughly, the six-month period prior to October 2005. Note that the arrangements for conducting the second graduate destinations survey may involve collaboration with NCDT/CDET who have recently been engaged by DfES to assist in the collection of such data.

As set out above, the previous assessment (Lindley, 2001) concluded that the main benefits from DADA would come via the following routes:

(a) raising the *quality* of supply by:

- extending access to training according to ability - *equity*
- regulating the quality of provision, first, in funded institutions and, then, overall – *leverage*.

(b) improving the operation of the labour market by:

- enhancing job-search and career skills - *employability*
- clearer quality standards - *transparency and credibility*.

In reviewing these conclusions, in the context of the present economic and policy environment within which the latest DADA scheme now operates, there seem to be no substantial reasons for modifying them. The case for raising the *quantity* of labour supply was and still is likely to be relatively weak, given the overall state of the labour market for performing artists. A similar judgement applies to any case for DADA approached through *its contribution to social and economic regeneration*, notwithstanding the relevance of the cultural sector in the development plans of regional and local public agencies.

The possibility of calculating (a) private rates of return which capture the benefits in relation to the costs to the individual in participating under the DADA scheme and (b) social rates of return, which measure the return to society in general derived from the public investment, has been explored with DfES. It has been agreed that data would not be available to carry this out reliably especially in the case of (b) but also for (a). The benefits of the scheme are more likely, therefore, to hinge on evidence presented under the four categories noted above. This includes both qualitative and quantitative findings. Marshalling this evidence *for the purposes of the economic assessment* will be done progressively but with a principal reporting date in October 2005.

3. Relationship with Other DADA 2 Research

Meanwhile, following the spring 2004 interim report, the results of the other studies involved in DADA 2 could be explored to see how far they can be linked to the four potentially most important scheme outcomes of *equity – leverage – employability – transparency/credibility* as identified from the economic assessment perspective so far. This may, of course, give us cause to modify this characterisation of the scheme's effect but would provide a starting point for integrating some of the research findings and anticipating sooner rather than later the shape of the case likely to be put to the Spending Review, even if we actually have about 16 months in which to firm up that case.

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Lindley R.M. (2001). *Dance And Drama Awards: An Economic Perspective*. Report to the Department for Education and Skills. CEDAR/IER, University of Warwick.