



Department  
for Culture  
Media & Sport

# Economic Estimates: Consultation response summary

April 2017

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# Chapter 1 - Summary

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This report summarises feedback DCMS has received about the Economic Estimates user consultation<sup>1</sup> which ran from 4<sup>th</sup> August until the 14<sup>th</sup> October 2016. It has been structured to reflect the headings under which views were sought in the user consultation.

## Overall summary

DCMS received 17 responses to the user consultation. These were from a range of organisations, including umbrella organisations that represent and/or support large numbers of groups in the Creative Industries, Cultural and Digital sectors, Arm's length bodies and consultants and academics (see Annex A).

Respondents generally agreed with the Cultural Sector definition, defined as those industries with the cultural object at the heart of the industry and based on 4-digit SICs. However some felt that the definition should include video games and publishing. Respondents generally agreed that DCMS should continue to use an agreed international definition for the Digital Sector and use the Sport Satellite Account methodology for the contribution of sport in future publications of DCMS Economic Estimates.

There was support to use the new approach to measuring gross value added for DCMS sectors. There was strong support for dropping the December publication of Creative Industries Economic Estimates and moving directly to use of the new methodology.

In general, respondents agreed with the use of the Annual Population Survey for estimates of jobs. Respondents requested further breakdowns of the data by disability, socio-economic group, salary and skill levels by nationality of workers and country of origin of non-EU workers. There was also a request to split the enterprise data by sub-sector and SIC code.

Respondents identified that the number of enterprises data is actually referring to the number of establishments, and should therefore be correctly labelled in future publications.

Users agreed that productivity should be prioritised as the next significant development project.

Further details of the comments received and our response to these are set out below.

## Definitions

### 1. Do you agree:

- a. with the principle that the Cultural Sector is defined as those industries with the cultural object at the heart of the industry.
- b. with the proposal to base the definition of the Cultural Sector on 4-digit SICs?
- c. that the 4-digit SICs identified are the correct ones?

If not, please provide details of changes you would like to see.

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<sup>1</sup> Available at <https://www.gov.uk/government/consultations/dcms-sectors-economic-estimates-request-for-user-feedback>

**2. Do you agree with the proposal to use an agreed international definition for the Digital Sector in order to allow future comparability? If not, please provide details of your preferred approach.**

**3. Do you agree with the proposal to use the Sport Satellite Account methodology for the contribution of sport in future publications of DCMS Sectors Economic Estimates?**

#### Summary of feedback – cultural definition

- The majority of respondents who expressed a view agreed with the Cultural sector definition, based on 4-digit SIC codes and the principle that the Cultural Sector is defined as those industries with the cultural object at the heart of the industry.
- The idea of using a data driven method was raised. This would be a similar method to the one used to define Creative Industries, where occupations would be identified that are “cultural”. In order to define the Cultural Sector Industries, the cultural intensities of each industry would be calculated.
- A satellite approach was also raised. This would be a similar approach to DCMS use for Tourism, where the demand for goods and services associated with the activity of tourists in this case and the relationship of this demand to the supply of such goods and services within the UK economy.
- The majority of respondents agreed that the correct SIC codes had been allocated for the Cultural Sector.
- However, a few respondents argued that video games should be included in the definition.
- One respondent suggested having a moving image sub-group which excludes radio and photography. Another suggested adding publishing to the definition.
- The definition of Heritage was also raised, pushing for a more comprehensive definition of Heritage to be included.

#### Summary of feedback – digital definition

- Most respondents agreed with the proposal to use an internationally agreed definition for the Digital Sector to allow international comparisons. However there were some comments about whether the Standard Industrial Classification system was fit for purpose for the digital sector. For example, the current SIC codes cannot identify cyber security and the current digital definition includes book publishing but not the reproduction of media or video games.
- It was also mentioned that the definition should reflect the UK as a world-leader in this industry, even if this means we are not fully comparable on an international scene. It was suggested the UK could lead in pushing for changes to the current international definition.
- The idea of using a digital intensity approach was also raised by a couple of respondents. This would be similar to the Creative Industries method, as outlined above.
- The term ‘digital sector’ was also queried, with one respondent saying this was not useful for investors, who were more likely to recognise the ‘Tech sector’.

### Summary of feedback – sport satellite account

- Both the respondents that expressed a view on this agreed that the Sport Satellite Account methodology should be used in future publications for the contribution of sport.

#### **Our response**

- DCMS will continue to use the Cultural sector definition, based on 4-digit SIC codes and the principle that the Cultural Sector is defined as those industries with the cultural object at the heart of the industry.
- DCMS are still consulting internally on the change to include video games in the Cultural sector definition and are considering the wider implications.
- We recognise that for some purposes users may want a wider definition for Heritage, but for the purpose of the Economic Estimates we will continue to use the SIC code methodology.
- DCMS will continue to use the agreed international definition for the Digital Sector, although will look into the definition in more detail over the upcoming year.
- DCMS will continue to feed into any future discussions on revising the Standard Industrial Classifications, highlighting how the current classification does not reflect changes in our sectors, for example video games, music industry and cyber security.
- DCMS will continue to refer to the Digital Sector, and not the Tech sector.
- DCMS will use the Sport Satellite Account methodology to account for the contribution of sport in future publications providing comparable data is available in time to feed into the publication.

### **Methodology**

#### **Questions - GVA**

**4. Do you agree with the approach to measurement of gross value added (GVA)?**

**5. Do you agree with the proposal to drop the December publication of Creative Industries Economic Estimates and move directly to use of the new methodology?**

### Summary of feedback

- There was support for the approach to measuring gross value added for DCMS sectors.
- Further work assessing the level of congruence between the Annual Business Survey and National Accounts was suggested.
- All respondents who expressed a view supported dropping the December publication of Creative Industries Economic Estimates and moving directly to use of the new methodology. One respondent added a caveat, noting it was important that the same level of detail would be available on creative industries in the overall publication covering all DCMS sectors.

#### **Our response**

- DCMS will continue to use the GVA approach in line with National Accounts. The Annual Business Survey will continue to be used to allocate the 4-digit SIC level to the less granular Input-Output Supply and Use table level.
- The separate Creative Industries and Digital Sector Economic Estimates publications will be dropped, and these data will be published within the DCMS sector Economic Estimates publications.

### **Questions - Employment**

**6. Do you agree with use of the Annual Population Survey for estimates of jobs?**

**7. Are the demographic breakdowns the priorities you want to see published? Are there any others that should be included or any proposed that are not useful?**

#### Summary of feedback

- In general, respondents agreed with the use of the Annual Population Survey for estimates of jobs.
- There was a suggestion of using the Business Register and Employment Survey, or presenting the data as Full Time Equivalents, rather than the number of jobs.
- One respondent commented that using the APS may miss freelancers, which are likely to be increasing in parts of the digital economy.
- Respondents requested further breakdowns of the data by disability, socio-economic group, types of role, salary and skill levels by nationality of workers and country of origin of non-EU workers. There was also a request to split the enterprise data by sub-sector and SIC code.

### **Our response**

- DCMS will continue to use the Annual Population Survey for estimates of jobs. This allows us to extract data for employed and self-employed jobs and by industry breakdown, which other sources do not allow.
- DCMS will look to provide further breakdowns of data at the time of the next publication. This will be dependent on resources and on data disclosure rules.

### **Questions – Exports and Imports**

**8. Do you have views on the benefits of CPA (08) or VATMOSS for imports and exports of goods?**

**9. Would you like to see import or export figures for specific countries? If so, which countries are of most interest?**

**10. Do you agree with the approach to measuring imports and exports for Tourism?**

#### Summary of feedback

- There were limited views from respondents on whether CPA (08) or VATMOSS would be the most appropriate source for imports and exports of goods.
- There was keen interest for further imports and export figures for the USA, China, Japan, Germany, France, Australia, Brazil, Canada, Russia, Italy, India, Singapore, Hong Kong, Spain, Middle East, Mexico and South Korea.
- It was also raised that export figures would be useful for G8, G10 and BRIC countries.
- There were no views on whether the approach to measuring imports and exports for Tourism is appropriate, although one respondent commented that the contribution of locations in books and films as a draw for tourism should be recognised.

## **Our response**

- DCMS plan to look at the VATMOSS data and compare with the CPA (08) to identify the most appropriate source for imports and exports of goods. The findings of this will be published in July 2017.
- Exports and Imports of services by country have been published as an ad hoc release in March 2017. We will include similar breakdowns in future publications providing sufficient resource is available.
- DCMS will continue using outbound and inbound spend data for measuring imports and exports for Tourism.

## **Questions – Number of enterprises**

**11. Do you have any views on the best source for Tourism data? Are estimates for “tourism industries” or “direct tourism” more helpful?**

**12. Are the employment size bands used the right ones? If not, please set out the changes you would like to see.**

## **Summary of feedback**

- One respondent identified that the number of enterprises data is actually referring to the number of establishments, and should be correctly labelled.
- It was also noted that we should not be applying the tourism ratio to the establishment numbers to produce a direct tourism establishment number.
- No responses were received on whether tourism industries or direct tourism is more helpful.
- Further breakdown for the 50-249 employment size band was requested.

## **Our response**

- DCMS will refer to the number of establishments, not enterprises in future releases.
- DCMS will continue to publish direct tourism as the preferred measure for tourism but will not apply the tourism ratio to the number of establishments to produce a direct tourism establishment number.
- DCMS will look to see whether the data can be published at a more granular employment size bands and, if so, will publish this within the 2017 publications, depending on available resource.

## **Other**

### **Questions**

**13. Do you agree that DCMS should prioritise deflators and productivity as the next two significant development projects?**

**14. Do you agree with proposals on future publications?**

**15. Do you have any other feedback on the content, presentation or associated documentation for the DCMS Sectors Economic Estimates?**

### Summary of feedback

- Users agreed that productivity should be prioritised as the next significant development project. Several respondents also supported the prioritisation of producing deflators alongside this work.
- One respondent noted that the contribution of unpaid labour should be a priority.
- There was strong support for the proposal for future publications.
- Respondents were positive about the publication, stating that the methodology was clear and easy to understand. It was also felt that the stats handbook is a good complement to the DCMS Economic Estimates publication.
- In terms of other feedback, one respondent commented that the creative intensity definition is too wide and should not include ICT.

### **Our response**

- DCMS have met with productivity leads in ONS and agreed the approach forward. DCMS plan to publish provisional productivity estimates in November 2017 and will consult on the methodology at this stage.
- DCMS are currently working with ONS leads to produce deflators for its sectors, in order to produce real GVA (currently we only publish GVA in current prices).
- DCMS will look into separating future publications so that employment and exports/imports are published in Summer 2017, and GVA/number of establishments/productivity are published after Blue Book is published (November 2017).

# Annex A – User engagement

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## **User consultation responses received**

DCMS received 17 user responses to the consultation that ran between August 2016 and October 2016. These are listed below, and include: umbrella organisations that represent and/or support large numbers of groups in the creative, cultural and digital sectors, Arm's length bodies and consultants and academics.

### ***Industry body (representative of sector)***

1. Advertising Association
2. Arts Council England
3. British Film Institute
4. Historic England
5. Pact
6. Publishers Association
7. Sport England
8. Tech City UK
9. Tech Partnership
10. UKIE
11. Visit England

### ***Consultants***

12. Themis Kokolakis, Sheffield Hallam University

### ***Government***

13. DCMS Cyber Security Skills team
14. DCMS Digital Economy Unit

### ***Other***

15. BBC
16. Nesta
17. The Ingenious Group

# Annex B - Background Information

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