DCMS Sectors Economic Estimates

Request for user feedback

August 2016

Contents

Chapter 1 – Introduction

Deadline for responses: 14 October 2016

Feedback

This document accompanies the DCMS Sectors Economic Estimates publication. These statistics are experimental Official Statistics. This means the methodology is still under development and is subject to consultation with users. Experimental Official Statistics are defined in the Code of Practice for Official Statistics as "...new official statistics undergoing evaluation. They are published in order to involve users and stakeholders in their development and as a means to build in quality at an early stage."

DCMS aims to continuously improve the quality of estimates and better meet user needs. DCMS welcomes feedback on all aspects of this release and in particular on the topics outlined in this document (users are welcome to respond only to those questions they consider relevant to them). Feedback and responses should be sent to DCMS via email at evidence@culture.gov.uk by 14 October 2016.

Background

The DCMS Sectors Economic Estimates release provides an estimate of the contribution of DCMS sectors to the UK economy, measured by gross value added (GVA) (2010 - 2015), employment (2011-2015), exports of services (2010 - 2014), imports of services (2013 - 2014) and number of enterprises (2008 - 2014). The publication covers:

- Creative Industries
- Cultural Sector
- Digital Sector
- Gambling
- Sport
- Telecoms
- Tourism

It does not currently include the contribution of the sectors covered by the Office for Civil Society. A definition for each sector is available in the associated methodology note, along with details of methods and data limitations.

Chapter 2 – Summary of questions

Questions

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.

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?

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?

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?

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?

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.

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?

Chapter 3 – Definitions

Questions

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.

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?

To produce the economic estimates, DCMS has used agreed UK or international definitions for each sector where these are available. Where these are not available definitions have been proposed in the publication. As far as possible, definitions have all been based on Standard Industrial Classifications (SICs)[1] due to data availability and to allow international comparability.

DCMS does not propose any changes to the following definitions:

- **Creative Industries** – The Creative Industries were defined in the Government's 2001 Creative Industries Mapping Document as "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property". Based on this DCMS worked closely with stakeholders to produce a statistical defintion. The agreed definition is a UK definition based on international industrial classifications. See the Creative Indsutries Economic Estimates methodology note for a more detailed explaination of how the definition has been derived.

- **Gambling** – Estimates for gambling are based on the internationally agreed definition, SIC 92, Gambling and betting activities.

- **Telecoms** – Estimates for telecoms are based on the internationally agreed definition, SIC 61, Telecommunications.

- **Tourism** – Tourism is defined by the characteristics of the consumer in terms of whether they are a tourist or resident. This, therefore, differs from "traditional" industries such as gambling or telecoms which are defined by the goods and services produced themselves, and means that a different approach to defining the industry

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[1] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/455263/SIC_codes_V2.pdf

must be used. The UK estimates are based on the methodology and definition set out in the UN International Recommendations for Tourism Statistics 2008 (IRTS 2008).

See the accompanying methodology note for more details on each of these definitions.

Views are welcomed on the proposed definitions for the following sectors:

- **Cultural Sector** – There is currently no consistent, internationally agreed, definition of Culture[2]. DCMS has proposed a definition of the Cultural Sector that best reflects UK policy based on the availability of data through the existing standard industrial classification (down to 4 digits). DCMS have defined the Cultural Sector as those industries with a cultural object at the centre of the industry.

- **Digital Sector** – The definition for the Digital Sector used in the release was developed by the OECD using the UN Standard Industrial Classifications (SICs) and therefore has the advantage of international comparability. At present DCMS proposes to continue to use this definition while further discussions are ongoing at an international level to agree a definition for the Digital Sector.

- **Sport** – The DCMS official estimates for the contribution of sport to the UK economy are based on the EU agreed Vilnius definition, and published as the DCMS Sport Satellite Account. For the purposes of the DCMS Sectors Economic Estimates publication a more restricted statistical definition of sport has been used. It is proposed that the more comprehensive Vilnius definition is used in future (following work to develop more timely estimates which also allow a better understanding of overlap).

- **Voluntary, Community and Social Investment** – The estimates do not currently account for the contribution of the sectors which the Office for Civil Society has responsibility for. DCMS is working to develop a statistical definition which can be used for future releases. This is not a traditional sector and cuts across a range of other sectors (including a number of those already set out as DCMS sectors), therefore it is not possible to base the definition on 4-digit SICs. Further work is required to establish an approach to allocating an appropriate proportion of each relevant SIC.

More details on the definitions for these sectors is outlined below.

Culture

Some work has been done internationally to look at producing a definition for Culture, but there is currently no consistent international agreement[3]. DCMS has proposed a definition of the Cultural Sector that best reflects UK policy based on the availability of data through the existing standard industrial classification (down to 4 digits). The Cultural Sector has been defined as those industries with the Cultural object at the centre of the industry. The Culture White Paper was used as a guide for which areas are considered part of the Cultural Sector.

Based on this, the 4-digit SICs which most closely map to the Cultural Sector were used for the statistical definition of culture. These are set out below along with proposed sub-sectors.

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[2] http://unstats.un.org/unsd/nationalaccount/workshops/2015/Montreal/Montreal-BK2.PDF
[3] http://unstats.un.org/unsd/nationalaccount/workshops/2015/Montreal/Montreal-BK2.PDF

In future publications estimates would be published for the Cultural Sector as a whole and for each subsector (where the sample sizes are larger enough, see section 5.2):

Sub-group	SIC code
Arts and Music	18.20 – Reproduction of recorded media
	32.20 – Manufacture of musical instruments
	59.20 – Sound recording and music publishing activities
	47.63 – Retail sale of music and video recordings in specialised stores
	90.01 – Performing arts
	90.02 – Support activities to performing arts
	90.03 – Artistic creation
	90.04 – Operation of arts facilities
Crafts	32.12 Manufacture of jewellery and related articles
Film, TV, Video, Radio and Photography	59.11 – Motion picture, video and television programme production activities
	59.12 – Motion picture, video and television programme post-production
	59.13 – Motion picture, video and television programme distribution
	59.14 – Motion picture projection activities
	60.10 – Radio broadcasting
	60.20 – Television programming and broadcasting activities
	74.20 – Photographic activities
Cultural education	85.52 – Cultural education
Museums, Galleries and libraries	91.01 – Library and archive activities
	91.02 – Museum activities
Heritage	91.03 – Operation of historical sites and buildings and similar visitor attractions

1. Where possible groups are the same as those used in the Creative Industries. However, due to different coverage, Arts and Music is not the same as the Creative Industries group "Music, performing and visual arts".

There are also indirect benefits from culture which are not captured with this measure (for example, hospitality or tourism associated with people going to cultural events, and manufacturing or production of items which support cultural activity).

It is hoped that the UK definition could be used to influence discussions at an international level as a definition is developed.

Digital

The definition used in this release was developed by the OECD using the UN Standard Industrial Classifications (SICs)[4] and therefore has the advantage of international comparability.

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[4] http://www.oecd.org/sti/sci-tech/38217340.pdf. This definition was also used by DCMS and ONS in 2015. ONS: What defines the Digital Sector? http://www.ons.gov.uk/ons/dcp171776_419158.pdf DCMS: GVA of DCMS Sectors. https://www.gov.uk/government/statistics/ad-hoc-statistical-analysis-2015-quarter-4-gva-of-dcms-sectors

It is important to note that the statistical release does not make an attempt to measure the GVA of the Digital Economy or the value added of digital to the wider economy. There are many people working in digital jobs (Digital Occupations) which are not part of the Digital Sector and many more making use of digital technology to do their work (e.g. through e-commerce) who do not work in Digital Occupations or the Digital Sector. Though some activities included in the Digital Sector, such as the manufacture of computers, relate to the infrastructure that is needed to enable the wider digital activity such as e-commerce to develop.

While DCMS would ideally also measure the contribution of digital to UK gross value added, at present the proposal is to continue to use the OECD definition (and previously used sub-groups) while further discussion are ongoing at an international level to agree a new definition for the Digital Sector. This will avoid multiple changes to the definition in close succession. For more information on the current definition see the methodology note.

Sport

The DCMS official estimates for the contribution of Sport to the UK economy are based on the EU agreed [Vilnius definition](), and published as the [DCMS Sport Satellite Account](). For the purposes of the DCMS Sectors Economic Estimates publication a more restricted statistical definition of sport has been used, which incorporates only those 4-digit SIC codes which are predominately sport. This was done due to the time lag on the Sport Satellite Account and the difficulty in accurately measuring overlap with the currently available data.

It is proposed that in future the more comprehensive Vilnius definition is used for sport in the DCMS Sectors Economic Estimates. To enable this more timely estimates will be produced which will also allow a better understanding of overlap.

The Vilnius definition is a more comprehensive measure of sport which considers the contribution of sport across a range of industries, for example sport advertising, and sport related construction. It is based on an EU agreed methodology, and is the best headline measure of sport's contribution to the UK economy. Detailed sub-groups for sport are set out as part of the Vilnius definition.

Voluntary, Community and Social Investment

The Office for Civil Society (OCS) joined DCMS (from Cabinet Office) on 21 July 2016. The DCMS Sectors Economic Estimates do not currently account for the contribution of areas the Office for Civil Society has responsibility for.

There are a range of estimates published by other organisations, including [GVA for the voluntary sector published by NCVO](). However, this does not include all aspects of the work of OCS (e.g. social enterprises and mutuals) or make any attempt to assess things that are not priced.

DCMS will work with relevant groups to develop a statistical definition which can be used for future releases. It is not a traditional sector and cuts across a range of other sectors (including a number of those already set out as DCMS sectors), therefore it is not possible to base the definition on 4-digit SICs alone. Further work is required to establish an approach to allocating an appropriate proportion of each relevant SIC or an alternative approach.

Chapter 4 – Methodology

This section outlines key methodological issues DCMS would welcome feedback on. Further information on the methodology is available in the associated methodology note.

4.1 GVA

> **Questions**
>
> **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?**

The methodology used to estimate gross value added (GVA) has been developed to allow estimates for each sector to be produced on a basis which is consistent with each other and with national estimates.

The most reliable estimate of GVA comes from the annually produced Supply and Use tables (SUT), which contain balanced data drawn from many different sources, forming one robust estimate for each of the 112 Industries in the SUT matrix.

However, as many DCMS sectors are defined at 4-digit SIC level, and the SUT matrix is at a higher level, a method for breaking down the SUT estimates of GVA was applied. This was done using approximate Gross Value Added (aGVA) data from the UK non-financial business economy (Annual Business Survey).

DCMS considers this to be a more robust approach than solely using the ABS (as has previously been done for Creative Industries and Digital Sector), as it is consistent with national estimates, provides a more robust time series and includes accounts for areas not covered by the ABS (e.g. non-market and black market activity). Therefore, DCMS proposes this is used going forward. More details on the strengths and limitations of this approach are set out in the methodology note.

Tourism is an exception to this, where the current Tourism Satellite Account methodology[5] will continue to be used. This is necessary because of the different nature of tourism. The approach for Tourism is consistent with national estimates produced by the Office for National Statistics (ONS), and therefore for also allows for comparison with other sectors and an assessment of overlap with other sectors.

Working with ONS, "now-casting" has also been developed to allow more timely estimates (in mid-2016 estimates for 2015 have been published). It is proposed this will continue to be adopted for future publications, with latest year estimates published as provisional and revised in the following annual publication if required.

DCMS proposes ceasing the separate publications on Economic Estimates for each of the different sectors and publishing estimates for all sectors annually in a consistent way as part of one release. This means that, subject to responses from users, the Creative Industries Economic Estimates publication planned for December would not be published. Future updates of the Tourism Satellite Account and Sport Satellite Account would be commissioned by DCMS in timescales which would allow them to feed into the single annual release.

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[5] More details on the methods applied for the UK are included in the 2013 Tourism Satellite Account.

This change would not impact on the information which is available with detailed data tables published for each sector to complement the headline figures. For example, GVA by sub-group for the Creative Industries will be published at the end of October if this approach is agreed (see future publication plans for more details of future publication proposals).

4.2 Employment

Questions

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?

DCMS has used the Annual Population Survey (APS) to produce estimates of jobs across DCMS sectors. While DCMS continues to acknowledge the limitations of this approach, particularly in respect to the accuracy of the industry breakdowns, it considers that the benefits of this approach out way any weaknesses.

Most importantly there is a significant benefit to a transparent approach to production of the estimates so that strengths and limitations are clear. The Labour Force Survey, which the Annual Population Survey is derived from, is considered the best headline measure of UK employment, while the larger sample size of the APS allows for breakdowns by industry and demographics. Business surveys such as the Business Register and Employment Survey provide more accurate industry breakdowns, but do not include coverage of self-employed or demographic information, which are critical to understanding the sectors.

DCMS has considered more complex approaches to measurement of jobs, such as combining different survey data (most notably BRES and APS). However, it is currently the DCMS view that the additional complexity of the methodology and uncertainty this adds to the estimates outweighs the potential benefits of improved industry classification. Therefore DCMS proposes to continue using the APS for jobs estimates across DCMS sectors.

However, DCMS will continue to review the approach to measurement of jobs on a regular basis and work with ONS to ensure the best estimates are used for the DCMS sectors (particularly as part of the work to develop a measure of productivity).

Where possible, for each sector DCMS plans to publish a headline figure of jobs (covering 1st and 2nd jobs) as well as the following breakdowns:

- o Employed/self-employed
- o Full time/part time split
- o Region and Devolved Administration
- o EU-non/EU nationals
- o Gender
- o Ethnicity
- o Age
- o Highest qualification

Socio-economic class has not been included due to its limited value given its close links to occupation. However, views on this would be welcomed.

At a minimum these breakdowns will be produced for the Creative Industries, Cultural Sector, Digital Sector, Gambling and Telecoms. DCMS will also look at whether these breakdowns are possible for Sport (when using the Sport Satellite Account approach) and Voluntary, Community and Social Investment sectors, though it is anticipated demographic breakdowns may not be possible on a consistent basis.

For Tourism a slightly different approach is used. Tourism estimates are produced by ONS on behalf of DCMS. The headline measure for tourism jobs will continue to cover direct tourism only (consistent with GVA estimates). These data are primarily based on the Annual Population Survey (1st and 2nd jobs), but totals are aligned with Workforce Jobs estimates. "Touirsm Ratios" are used to determine how many of the jobs in each industry are "direct tourism jobs". It would not be appropriate to apply the tourism ratio to the detailed breakdowns, so to give an indication of the demographics for tourism data are provided for the broader "tourism industries" (see methodology note for details of tourism industries). These breakdowns are based on the APS.

4.3 Exports and Imports

Questions
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?

Export and imports of services will continue to be measured using the International Trade in Services (ITIS) data. Despite its weaknesses it is the best available data for measurement of trade in services at the detailed industry level and allows comparisons which are consistent with national estimates.

DCMS will develop a measure of exports of goods to compliment the exports of services data. In order to make data available following requests, an ad-hoc release has been produced based on the ONS UK Trade in Goods by Classification of Product by Activity CPA(08). While this does not provide a perfect comparison of the products exported by the relevant industries it provides an indication of exports, based on the products most closely linked to the industries (there are no products associated with Gambling or Telecoms). DCMS is also looking at the potential to use the VAT Mini One Stop Shop data to enable more granular estimates of imports and exports of goods. DCMS will continue to investigate the feasibility and quality of using this approach and provide an update in a future publication.

Imports and exports estimates are currently broken down by continent and EU/non-EU. Views on key countries of most interest to users are welcomed so that these estimates can also be included in future publications (where there is no risk of disclosure of commercially sensitive data due to small sample sizes).

Again, a different approach is taken for tourism. Estimates of imports and exports for tourism are based on the assumption that exports of tourism are equal to the spend by overseas residence during visits to the UK and imports of tourism are equal to the spend of UK residence overseas. These figures represent exports of goods and services combined. The data on spend by tourists are taken from the International Passenger Survey.

4.4 Number of enterprises

Questions

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.

Data for number of enterprises are from the Annual Business Survey (ABS) and are based on the ABS definition of enterprises[6]. ABS data are published at the 4-digit level and the relevant SICs have been aggregated to get estimates for each DCMS sector and for all DCMS sectors.

However, a different approach has been taken for tourism. For tourism, data have been aggregated to get an estimate of the number of enterprises in the broad group of "tourism industries". The tourism ratio has then been applied to get an estimate of the number of tourism enterprises. There are a number of limitations to this approach, but it is a more accurate estimate than using the broader definition of tourism industries without any adjustment. DCMS will be working with users to determine the best long term definition for tourism enterprises which allows consistency between organisations and sectors, while ensuring a robust estimate is being used.

Size of enterprise (employment band)

Information on size band of enterprises for each sector is not publicly available from the ABS at the 4-digit level, so the Inter Departmental Business Register (IDBR) has been used. The data on the IDBR are a "snapshot", which shows the position of businesses that have registered for VAT and/or PAYE as of March of each year. This differs slightly from the ABS (which is an annual survey sent out in January/February each year) and therefore the totals from the two sources, while similar, do not exactly match. For these reasons all employment band estimates are provided as a percentage of all enterprises (for the relevant sector).

The breakdowns by number of employees included in the DCMS Sectors Economic Estimates are:
- 0-4
- 5-9
- 10-49
- 50-249
- 250+

The full set of size bands available from the IDBR data are:
- 0-4
- 5-9
- 10-19
- 20-49

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[6] The enterprise is the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit. So an enterprise brings together legal unit information such as PAYE, VAT, company registration to create a statistical unit.

- 50-99
- 100-249
- 250+

DCMS welcomes views on which breakdowns users would like to see included in the DCMS release in future.

Chapter 5– Other

This section sets out other areas DCMS would welcome feedback on.

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<u>Questions</u>

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?

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5.1 Additional developments

DCMS plans to enhance the publication in future by including real terms (constant price) estimates for GVA, exports and imports. To do this DCMS will work with ONS to develop deflators for DCMS sectors.

In addition, understanding of productivity is of critical importance to understanding the economic impact of DCMS sectors. DCMS plans to publish estimates of productivity (on a per hour and per job basis) for DCMS sectors in future. It is important that real terms GVA is produced before productivity to ensure any observed changes in productivity are real rather than a result of inflation.

5.2 Future publications

DCMS will publish the DCMS Sectors Economic Estimates on an annual basis to fit in with the timing of the ONS Blue Book (this will be autumn in 2017 and 2018). Future publications will take on feedback from users and include some of the developments outlined in this document.

It is also intended that, in addition to the headline estimates for each sector which will be published as part of the annual publication, follow up data tables will be published approximately eight weeks after the initial release each year. These will provide further detailed breakdowns, such as GVA, employment and exports by sub-groups. Where possible data will be published down to 4-digit SIC. For smaller groups, these will need to be excluded to avoid a risk of identifying commercially sensitive information. Any suppression will be applied in line with guidance for the relevant dataset/economic measure.

The data release following the headline publication will also include additional demographic information for jobs by sector (as proposed in section 4.2).

It is intended that economic estimates for all DCMS sectors would be released via this single publication and DCMS would no longer publish separate publications (e.g. for Creative Industries, Digital Sector or Sport).

Annex A – Background Note

1. The responsible statistician for this release is Penny Allen. For enquiries on this release, please contact Penny on 0207 211 2380 or evidence@culture.gov.uk.

2. For general enquiries contact:
   Department for Culture Media and Sport
   100 Parliament Street
   London
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   Telephone: 020 7211 6000

3. DCMS statisticians can be followed on Twitter via @DCMSInsight.

4. Sign up here to receive email updates on DCMS statistical outputs.

5. The DCMS Sectors Economic Estimates release is an experimental Official Statistics publication and has been produced to the standards set out in the Code of Practice for Official Statistics. For more information, see http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf. Details of the pre-release access arrangements for this dataset have been published alongside this release.

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