



Department
for Culture
Media & Sport

Creative Industries Economic Estimates: Consultation response summary

June 2016

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Chapter 1 - Summary

This chapter summarises feedback DCMS has received about the Creative Industries user consultation¹ which ran from 26th January until the 26th April 2016, as well as views expressed as part of the Creative Industries Economic Estimates user event² held on the 28th January 2016, and meetings with interested parties including the Creative Industries Technical Working Group and Creative Industries Metrics Group. 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 wide range of organisations, including umbrella organisations that represent and/or support large numbers of groups in the creative sectors, other devolved administrations and consultants. In addition DCMS had conversations with many different groups through the Creative Industries Economic Estimates user event and the Creative Industries Technical Working Group and Creative Industries Metrics Group. These are noted in Annex A of this report.

Users supported publishing estimates of GVA for the Creative Economy. It was felt that further analysis is required to identify whether productivity in creative and non-creative jobs outside the Creative Industries was the same.

It was agreed that under-coverage of microbusinesses was an issue although the proposed uplift at the overall level was not ideal. DCMS are working with ONS to look at using National Accounts to address this at an industry level.

Users were positive over the inclusion of exports of goods estimates, although had contrasting views over the definition of creative goods. Further work on data sources are required before agreeing a definition.

Users generally agreed that if the creative intensity methodology was reviewed it should be every three years or once the Standard Occupational Classification or Standard Industrial Classification codes are revised, although further engagement with key stakeholders is required over whether to revise the time series using the updated definition or not.

Creative Economy

Summary of feedback

- There was general support for publishing estimates of GVA in the Creative Economy to be included in future releases. The Creative Economy is made up of the contribution of the Creative Industries as well as the contribution of those in Creative Occupations outside the Creative Industries.
- The methodology proposed was generally agreed with. This is explained in more detail in the methodology note [here](#), but in summary GVA for the non-Creative Industries is allocated to the Creative Economy based on the number of jobs in Creative Occupations (on a per head basis).

¹ Available at <https://www.gov.uk/government/consultations/creative-industries-economic-estimates-proposed-developments>

² A note on the discussion is available at <https://www.gov.uk/government/publications/summary-of-creative-industries-statistics-user-event-january-28th-2016>

- Users felt that productivity in creative and non-creative jobs outside the Creative Industries was not the same, and therefore further work should be done to understand productivity of those in Creative Occupations outside the Creative Industries so a more sophisticated approach could be used.
- Some users suggested a better method would be using wage data from the [Annual Survey of Household Earnings](#) and simulating GVA estimates on an occupational basis or apportioning GVA to creative occupations on the basis of their share of gross earning within their industry (whether creative or non-creative).

Our response

- DCMS will continue to publish estimates for GVA in the Creative Economy, as well as for the Creative Industries.
- There is limited evidence on whether the productivity in creative and non-creative jobs outside the Creative Industries is in fact the same or not, and therefore DCMS propose doing more work to understand this.
- DCMS will provide an update in the 2016 GVA publication.

Under coverage of microbusinesses

Summary of feedback

- There were mixed views on uplifting GVA of the Creative Industries by 10 per cent to account for under coverage by the IDBR and uplifting the GVA from the ABS by 36 per cent to account for the under coverage by the ABS.
- It was agreed that under coverage is an issue and it is important to recognise the contribution of very small businesses, self-employed creative roles and freelancers in the Creative Industries, but concerns around using a different approach to National and Official statistics for economic statistics of other industries, for example ONS Blue Book statistics, were made. It was suggested that maintaining comparability is more important than improving the estimates for one sector in isolation.
- Users agreed that any uplift should be applied at the 4-digit SIC level, and not just at the total Creative Industries level.
- Scotland have an established [methodology](#) for estimating unregistered businesses, which could be considered for the UK.

Our response

- DCMS are currently working with ONS on a project to bring the estimates in line with National Accounts, which should also ensure any under coverage in the estimates is picked up. It is not possible to do this at the 4-digit SIC code, but we are doing this work at the level of the Input-Output Supply and Use tables.
- The National Account approach is a more comprehensive data source, making estimates for wider under coverage, e.g. – micro-business and black market activities, as well as improving consistency of the Creative Industries Economic Estimates to other Economic Estimates.
- 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.
- DCMS will review this work to see if it is a viable approach and will report on any proposed changes in the December 2016 publication.

Productivity

Summary of feedback

- In general, users would like to see productivity expressed as GVA for the Creative Industries per hours worked, not per head approach given the large proportion of part time workers in the industries.
- It was felt that work was required to ensure that consistent data sources for employment and GVA are used.

Our response

- DCMS will look at the three approaches to productivity used by ONS: per worker, per job and per hour. The productivity per hour approach is preferred as the best reflection of productivity and will be the focus of development work.
- Discussions have begun with ONS to agree how to produce estimates of productivity which are consistent with ONS national measures of productivity.
- For accurate measures of productivity it is important to have a measure of output (in this case GVA) which has been adjusted for inflation (constant prices), otherwise changes in productivity may in fact be a result of inflation rather than productivity. DCMS is investigating the viability of getting a robust deflator for the Creative Industries which would also support a robust measure of productivity.

Exports of goods

Summary of feedback

- Users agreed that exports of goods would be useful, but there were mixed views on what should be deemed a creative good.
- Some users raised using the UN Commodity Trade Statistics database (Comtrade) or HMRC VATMOSS (Value Added Tax Mini One Stop Shop) data sources to provide a more granular breakdown of products, rather than the proposed Trade in goods, by CPA.
- It was felt that a transparent methodology and criteria of what is included as creative and what is not, should be published alongside any published figures.

Our response

- DCMS have discussed these proposals further with the Creative Industries Metrics Steering Group. Further feedback suggested that greater granularity of the data is desired. DCMS have therefore decided not to publish estimates of exports of goods for the Creative Industries in the publication in June 2016 and will undertake further work to investigate the feasibility of VATMOSS as a data source.
- If this is viable, we will undertake further discussions with industries groups to agree a transparent approach to determining what is classified as a creative product.
- DCMS will aim to publish estimates of exports of goods in December 2016.

Creative Industries Intensities

Summary of feedback

- Users generally agreed that the creative intensities should be reviewed on a regular basis to see if there are any industries which no longer meet the threshold criteria, or others which may now warrant inclusion.
- However it was agreed that the need for current definitions should be balanced with the need for consistent time series.
- Some users recognised that with the data being volatile, at least a two year average should be used to assess the distribution of creative intensity, and whether an industry is deemed creative or not (as it was previously).
- Some users suggested that reviewing the definition to coincide with SIC or SOC classification changes would be the most sensible approach going forward – as this would provide a regular review, but not lead to constant change to the time series.
- There were mixed views on whether historic data should be revised to reflect a new definition or whether we should retain the definition of Creative Industries associated with the period when it was published. Some suggested running both time series in parallel. Others urged for comparability in the data to enable long term trends to be identified, whilst some felt it would be more useful to have a time series for industries that were objectively considered creative during the years to which the economic estimates apply.
- It was generally agreed that if the creative intensities were to be reviewed periodically, it should be reviewed every three years or after a SIC or SOC code revision.

Our response

- DCMS will continue to review the Creative Intensities on an ongoing basis to ensure they remain relevant.
- DCMS remains committed to the dynamic mapping approach. However unless there are significant changes then revisions will only be made when there are revisions to SOC or SIC codes.
- Given SOC codes are currently being reviewed, DCMS will wait for the outcome of that consultation (i.e. whether changes will be made and on what time scale) before deciding whether/when to make any changes to the occupations which contribute to the Creative Industries. DCMS will sit on the ONS steering group for the SOC review. The timing of the Creative Industries intensity work will therefore be dependent on the SOC review.

Sub-national GVA estimates

Summary of feedback

- Users agreed that sub-national estimates for Creative Industries GVA would be useful.
- Some users felt that sub-national estimates are critical in understanding how different areas are performing, although this needs to be balanced with the need for robust data at a low level.
- Generally, views were that regional level estimates would be more valuable than city level, but this was deemed to be more task specific and the need for city level may develop over time.

Our response

- DCMS hopes to take forward producing sub-national estimates, although it will be done once we have addressed the other issues set out in this document.

Nowcasting

Summary of feedback

- Some users said that nowcasts would be useful, but others had concerns over the data accuracy and consistency with other years.
- Some users recommended that DCMS work closely with ONS to take this forward and discuss more widely with the Creative Industries Technical Working Group to highlight developments and progress.
- Scotland produce a quarterly GDP index for the Creative Industries to get round the need for more up to date data. Due to the lack of fine SIC resolution in the GDP volume series, Scotland use an approximation of Creative Industries.

Our response

- As part of our project with ONS, DCMS are looking at nowcasting the GVA estimates to 2015 (In 2016, we would have estimates of 2014 GVA and nowcast 2015 GVA). DCMS will publish these nowcast estimates if the quality are sufficient to make them helpful and useful to stakeholders.

Annex A – User engagement

User consultation responses received

DCMS received 17 user responses to the consultation that ran between January 2016 and April 2016. These are listed below, and include: umbrella organisations that represent and/or support large numbers of groups in the creative sectors, devolved administrations and consultants

Industry body (representative of sector)

1. Crafts Council
2. Design Council
3. Historic England
4. Northern Ireland Screen
5. British Film Commission
6. UK Music
7. IPA
8. Arts Council England
9. British Film Institute
10. British Council

Consultants

11. BOP Consulting
12. Trends Business Research Ltd
13. Spils Research

Government

14. DCMS Evidence and Analysis Unit
15. Scottish Government
16. Welsh Government

Other

17. Nesta

Engagement with steering groups

In addition to the user consultation, DCMS attended meetings with key stakeholders including via the Creative Industries Technical Working Group and Creative Industries Metrics group. The purpose of these meetings was to discuss issues and views on the proposed changes. Views from these meetings have been fed into the summary of responses in this document.

Engagement via a user event

On the 28th January 2016, the Department for Culture, Media and Sport held an event for users of the Creative Industries Economic Estimates. The discussion groups were focused on the consultation. A summary of these discussions is available in a separate [report](#), but have also been included in this document's summaries.

Annex B - Glossary

Standard Occupational Classification SOC 2010

The Standard Occupational Classification is a means of classifying the occupation of a person according to the work they do and the skill level required. The latest version (SOC 2010) is available [here](#).

The Standard Industrial Classification SIC 2007

The Standard Industrial Classification, a means of classifying businesses according to the type of economic activity that they are engaged in. The latest version (SIC 2007) is available [here](#).

Creative Intensities methodology

This methodology which is used to determine industries which make up the Creative Industries. The methodology comprises 3 steps.

1. A set of occupations are identified as creative.
2. Creative intensity is calculated for all industries in the economy.
3. All industries with a creative intensity above a certain “threshold” are classified as Creative Industries.

Further explanation can be found in the accompanying [methodology note](#).

Creative Occupations

Creative Occupations are a set of roles considered Creative on the basis of the skills required for the role (see Annex B).

Creative Industries

The Creative Industries are those industries with a high intensity of Creative Occupations. It include those in Creative and non-Creative jobs within the Creative Industries and is a subset of the Creative Economy.

Creative Economy

The Creative Economy includes the contribution of all those employed in the Creative Industries as well as the contribution of those who are in Creative Occupations outside the Creative Industries.

Gross Value Added

Gross value added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. GVA is closely linked to the more commonly used gross domestic product (GDP)

$$GVA + Taxes\ on\ products - Subsidies\ on\ Products = GDP$$

Annex C - Background Information

The responsible statistician for this release is Penny Allen. For enquiries on this release please contact Penny on 020 7211 2380 or evidence@culture.gov.uk.

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