



Department
for Culture
Media & Sport

Summary of Creative Industries Economic Estimates User Event, January 28th 2016

May 2016

Overview

On the 28th January 2016, the Department for Culture, Media and Sport held an event for users of the [Creative Industries Economic Estimates](#). The event included a number of presentations and discussion groups:

- Overview of Creative Industries Economic Estimates, Dr Niall Goulding
- Industry perspectives - Will Page, Director of Economics, Spotify
- Creative Industries statistics development (discussion)
- Official Statistics - Ed Humpherson, Director General for Regulation, UK Statistics Authority
- Panel Q & A, Moderator: Diane Coyle, OBE, Professor of Economics, University of Manchester

Panel members:

Ed Humpherson, Director General for Regulation, UK Statistics Authority
Gwyn Owen, Head of Creative Economy, DCMS
Mary Gregory, Head of Statistics, DCMS
Hasan Bakhshi, Director, Creative Economy in Policy & Research, Nesta
Will Page, Director of Economics, Spotify

Presentations from the event have been [published on GOV.UK](#) and a summary of discussions is provided below. Definitions of terms used are provided at Annex A.

The discussion groups were focused on developments proposed in Annex E of the [most recent statistical release](#). These developments were also open to public consultation which closed on 26 April 2016. A response to the consultation will be published on 9 June alongside the Focus on Creative Industries Employment and Focus on Export statistical releases.

To keep up to date with developments on the Creative Industries statistics sign up for the Creative Industries Statistics newsletters [here](#) or follow DCMS statisticians on Twitter via [@DCMSInsight](#).

Summary of Discussions

Estimates of GVA for the Creative Economy

- There was broad support for measurement of GVA for the Creative Economy.
- One comment indicated that GVA is not an appropriate metric to measure the output of publicly subsidised Creative Industries (e.g. museums). Instead they recommended a measure such as the Public Sector Efficiency measures of output.

Accounting for under coverage of microbusinesses and self-employed

- Users supported attempts to account for under coverage of microbusinesses and self-employed in the Annual Business Survey.
- Users wanted clarification on the proposed methodology (now available [here](#)).
- There was concern that using the suggested 10 per cent uplift across all industries was not appropriate as there would be variation between industries.
- It was suggested that DCMS could look at alternative sources of data to support assessment of under coverage.
- It was felt that improvements to the SIC and SOC system may support better classification for microbusinesses in the Creative Industries.

- Users predicted under coverage could become a growing problem as the number of microbusinesses and creative freelancers increased in the future.
- Users from agencies that support microbusinesses stressed the need for better evidence in order to understand whether there are market failures, and if so, make the case for government intervention.
- Some comments highlighted that funding bodies can only provide funding to enterprises which fit a narrow definition, although the digital sector entails a lot of cross-over in its classifications which this does not reflect. Funding bodies therefore lack the flexibility due to inflexibilities of the classification systems.
- Users reflected on the difficulties found by academic research on obtaining data on freelancers, but that university graduate data, either from administrative or survey sources, might be able to assist with this.
- It was suggested more research was needed in order to understand the scale of the problem and that there may be lessons from other countries (USA or Sweden) and/or other sectors with similar numbers of microbusinesses and self-employed.

Estimates of Productivity for the Creative Industries

- Users broadly saw productivity measures as a priority area for development.
- There was consensus that measures should be made at least at the Creative Industries Group level, in order to account for subsidised areas like museums.
- There was discussion on whether work on productivity analysis of the Creative Industries would lead or follow broader work on productivity statistics.
- There was a preference for the work to be done on a Creative Industries (not Economy) basis.
- Users suggested alternative measures such as Total Factor Productivity (TFP).

Inclusion of exports of goods in estimates of exports

- There was support for publishing statistics on the exports of goods.
- Some thought the Classification of Product by Activity (CPA) exports of goods classification codes do not align well with service sectors and might not account for all creative goods exports, but it was felt that initially at least it would be better to have an under estimate rather than an over estimate.
- It was suggested DCMS could look at whether other countries have existing definitions for exported creative goods.

Reviewing the industries included using the creative intensity approach

- Users did not feel a review was a high priority – given no definition would be perfect it was felt it was better to retain consistency.
- The group agreed the most pragmatic approach would be to review it and make changes when there were SOC revisions as this would be a good opportunity to review the SOCs which contribute as well.

Sub-national GVA estimates

- There was a general view that city geographies were more useful than former government office regions. Given the difficulties around deciding what cities boundaries were, LEPs were suggested as a potentially meaningful alternative.

- Users questioned the extent to which the statistics could be localised.
- It was felt that there would be a benefit to better coordination between the devolved administrations and UK government on these statistics.
- Welsh Government uses ASHE and IDBR and has identified issues with ABS.
- DCMS was asked if it could publish localised earnings and hours worked estimates.
- Users asked if a split between employed and self-employed could be published.
- Users were concerned about small sample sizes that could occur at increasingly smaller geographies, and the resulting volatility in the statistics.
- Users commented on their expectation that the independent review of UK economic statistics by Professor Sir Charles Bean would further highlight the need for subnational statistics.

Now-casting

- Users were broadly supportive of now-casting, though saw it as neither high nor low priority.

Other comments

- Users said that the SIC codes for music did not accurately reflect that industry.
- There was some interest in mapping policy incentives against areas of growth within the Creative Industries.
- Some users wanted more granular detail on what makes up the Creative Industries.
- British Institute of Interior Design did not think the SIC and SOC codes adequately classified their industry.

Summary of points from Q and As

Other points were raised during the event which were not captured in the group discussions:

- Exports of goods codes don't align well with service sectors, and it was considered by users that, initially at least, it would be better to have an under estimate rather than risk an over estimate.
- Consistency in estimates was important.
- The methodology note would be welcomed.
- The importance of having an international classification, even if it is not perfect, was highlighted.
- Some expressed the need to consider how to measure consumption, not just transactions (and is that actually what matters?).
- UK is probably more advanced than other nations in terms of its sector breakdown and therefore we should have a strong case to input into review of the SIC and make changes which reflect the direction of movement for rest of world. We should continue to be inputting into the issues and challenging for change.

Annex A - 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)

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