



Estimates of Productivity of the 'Creative' and 'Tourism & Leisure' Industries

SR2004 PSA4 Progress Report: Revised Estimates for 2007

Statistical Release

30 June 2009

Background to SR2004 PSA4

This release outlines progress against the Department's Public Service Agreement target 4 (**PSA4**) for the 2005-08 spending period, agreed as part of the 2004 Spending Review (**SR2004**).

The aim of PSA4 is to *improve the productivity of the creative, tourism and leisure industries*.

The Indicator

For the purposes of this PSA, productivity is estimated by dividing gross value added (GVA) by total employment. Gross value added and total employment are both sourced from the [Office of National Statistics \(ONS\) Annual Business Inquiry](#). Baselines and progress against targets are reported under two headings: "Tourism and Leisure Related Industries" and "Creative Industries".

Performance is assessed by comparing annual percentage increases in the productivity figures against those for the UK service sector as a whole¹.

The base year for the data on productivity performance is 2004.

Revised 2007 Results

This report presents an update of the indicator based on revised results for 2007 from the Annual Business Inquiry (ABI)². The updates to the source data include:

- Revised data for 2007 at Standard Industrial Classification (SIC) 4 digit class level
- Revised data for 2006 at Standard Industrial Classification (SIC) 4 digit class level

¹ For further details regarding the target and its measurement, see the accompanying Technical Note.

² Annual Business Inquiry Statistical Bulletin, 16 June 2007
<http://www.statistics.gov.uk/abi/whatsnew.asp>

Measurement Limitations

The limitations of the measurement of this PSA are explained in full in the target's Technical Note. In particular, low-level results are used which are more prone to sampling variation, meaning that some fluctuations remain in the data. These may indeed be correct but it is nevertheless advisable to consider the trend and averages over several years, rather than solely the change between any two particular years.

Future Progress Reports

Progress against the target will next be assessed when the ONS release provisional results from the ABI 2008, scheduled for November 2009. A final assessment will then be published in summer 2010 upon release of the ABI 2008 revised results.

Report Structure

The report presents the latest data, in chart and tabular form, for the indices of productivity (based to 2004) for the creative and tourism and leisure related industries as well as for the service sector and UK economy as a whole.

For this progress report, the chart and table are displayed both as per the industry definitions set out in the PSA Technical Note, but also with a more limited definition of the Creative Industries. The limited definition excludes the Standard Industrial Classification for Radio & Television (SIC 2003 92.20, "Radio and television activities") due to concerns about the reliability of the GVA time-series for this industry. This is explained in more detail in the report below.

SR2004 PSA4: Improve the productivity of the 'creative' and 'tourism & leisure related' industries

Section A: Sectors as defined in the PSA Technical Note

- Although the estimated level of productivity in 2007 is above that of the base year for both the 'creative' and 'tourism & leisure' sectors, growth since the base year remains below that for the service sector as a whole.
- The sharp fall in productivity in 2006 for the creative industries has been caused by a significant revision to the turnover and GVA for the radio and television industry – GVA falling from £4.9bn in 2005 to £1.5bn in 2006. This revision to the ONS source data has been identified as due to changes in the nature of the reporting within the industry for 2006 onwards. This is in addition to a downward revision made – by DCMS - to the GVA series for this industry for the period 2000-2004 after over-estimation in the source data was identified³.
- For the tourism and leisure industries there has been continued productivity growth, driven by increased GVA for the combined sector - particularly for gambling activities, licensed restaurants and cafes, and travel agencies/tour operators - and steady employment levels.

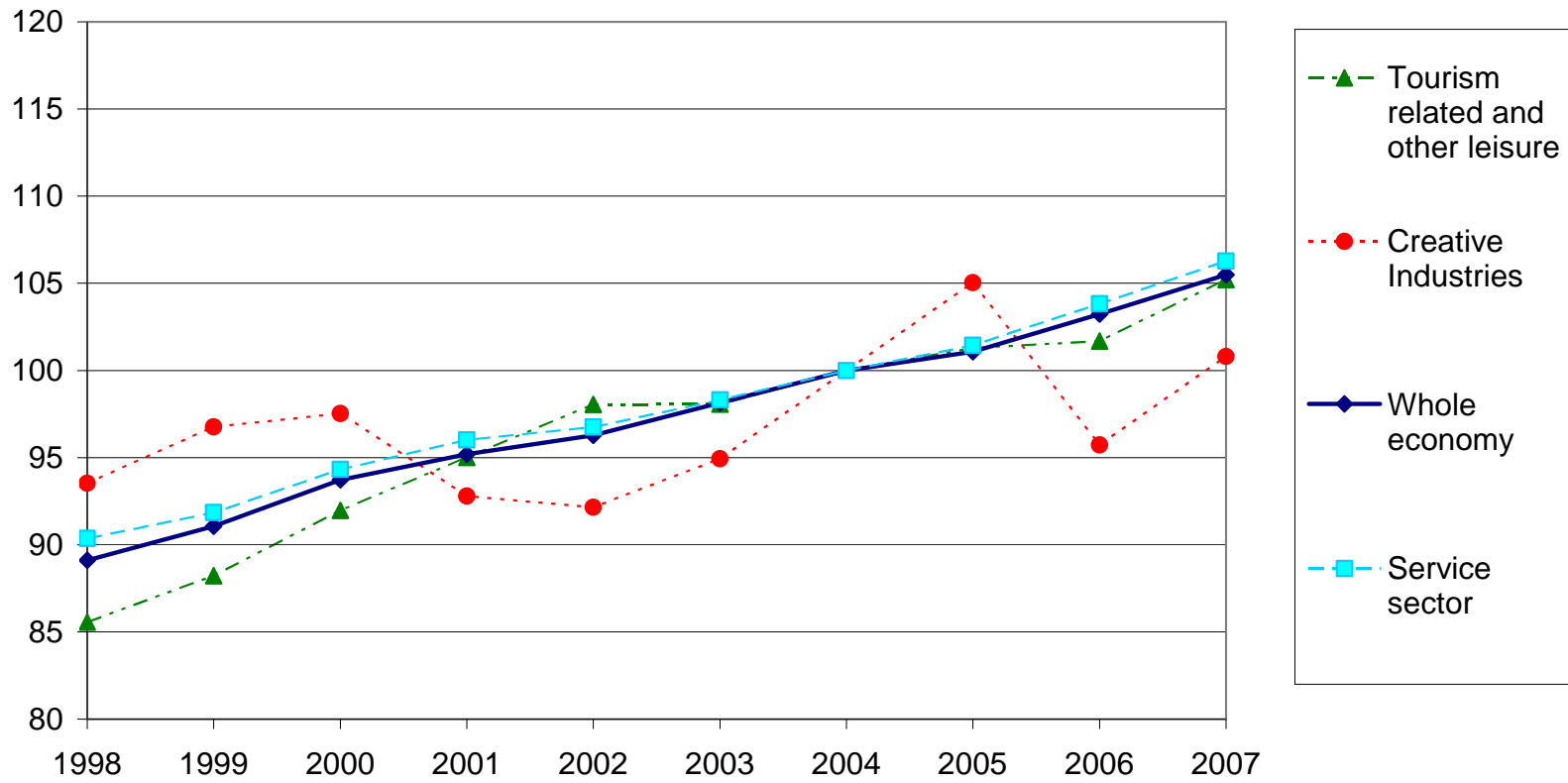
Table A: Indices of productivity for DCMS sectors, service sector & whole economy (base = 2004)

Sector		2000	2001	2002	2003	2004	2005	2006	2007	Average 1998 - 2007	Average 2005 - 2007
Creative industries	<i>Index</i>	97.5	92.8	92.2	94.9	100.0	105.0	95.7	100.8		
	<i>Change</i>	+0.8%	-4.9%	-0.7%	+3.0%	+5.3%	+5.0%	-8.9%	+5.3%	+0.8%	-2.0%
Tourism & leisure related industries	<i>Index</i>	92.0	95.0	98.0	98.1	100.0	101.3	101.7	105.2		
	<i>Change</i>	+4.2%	+3.3%	+3.2%	+0.0%	+2.0%	+1.3%	+0.4%	+3.5%	+2.3%	+1.9%
Service Sector	<i>Index</i>	94.3	96.0	96.8	98.3	100.0	101.4	103.8	106.4		
	<i>Change</i>	+2.7%	+1.8%	+0.8%	+1.6%	+1.7%	+1.4%	+2.3%	+2.4%	+1.8%	+2.4%
Whole Economy	<i>Index</i>	93.7	95.2	96.3	98.1	100.0	101.1	103.2	105.5		
	<i>Change</i>	+2.9%	+1.6%	+1.1%	+1.9%	+1.9%	+1.1%	+2.1%	+2.2%	+1.9%	+2.2%

³ For further information on the revisions made to the GVA for the period 2000-04, see: http://www.culture.gov.uk/reference_library/publications/5727.aspx

Chart A: Indices of real changes in productivity

Indices of real changes in productivity



Section B: Revised definition of the 'Creative Industries', excluding the Radio & Television sector

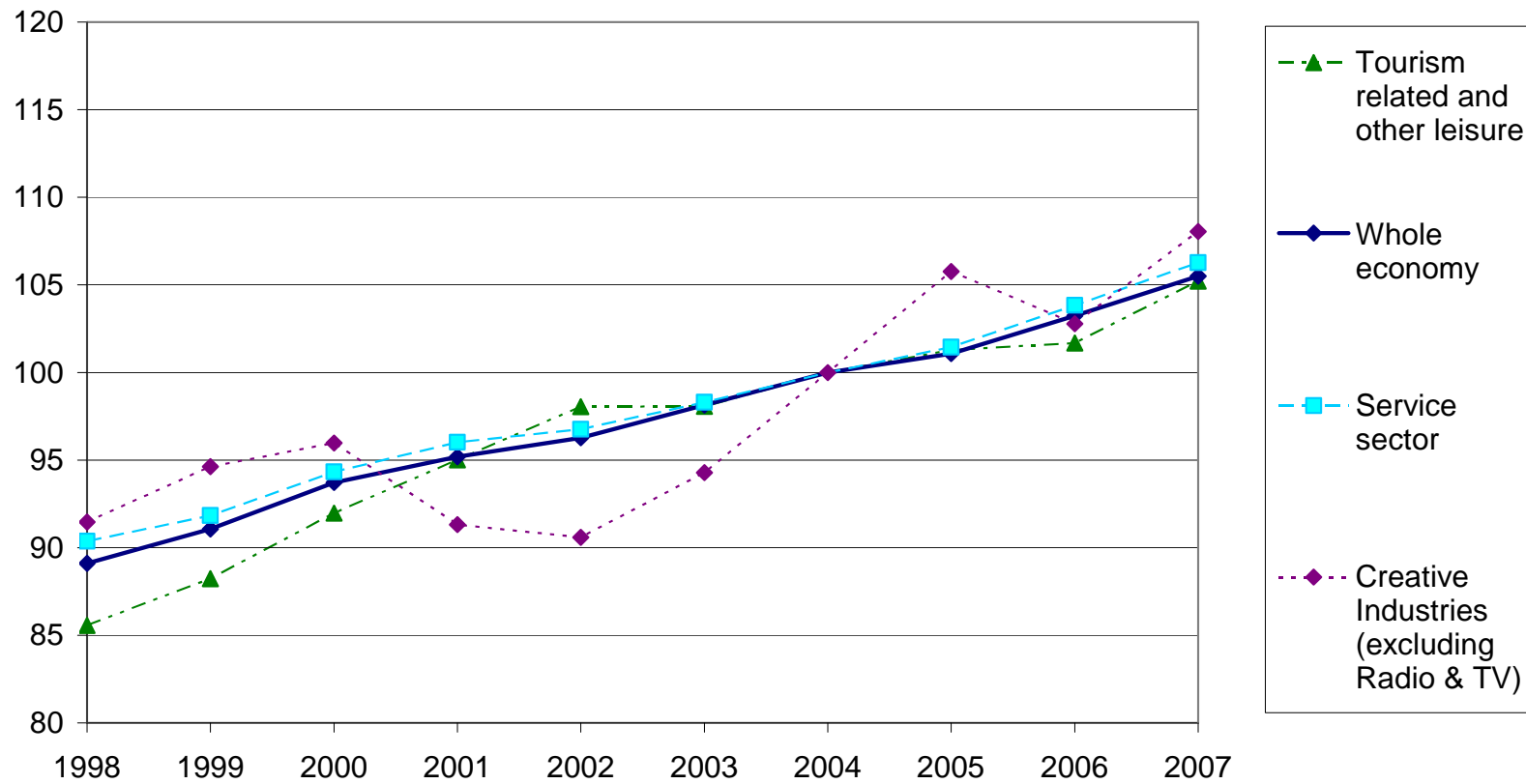
- Excluding the radio & television industry (for the reasons outlined above) means that the estimated growth in productivity between 2006 and 2007 is above that for the service sector as a whole.
- Whilst a fall in productivity is still evident in the creative industries series between 2005 and 2006 – caused by minor decreases in GVA in other sectors including 'advertising' – the subsequent rise in 2007 has been driven by increased GVA across many of the other creative industries sectors, particularly for 'software consultancy and supply'.
- For the tourism and leisure industries there has been continued productivity growth, driven by increased GVA for the combined sector - particularly for gambling activities, licensed restaurants and cafes, and travel agencies/tour operators - and steady employment levels.

Table B: Indices of productivity for DCMS sectors, service sector & whole economy (base = 2004)

Sector		2000	2001	2002	2003	2004	2005	2006	2007	Average 1998 - 2007	Average 2005 - 2007
Creative industries (excluding Radio & Television)	<i>Index</i>	96.0	91.3	90.6	94.3	100.0	105.8	102.8	108.0		
	<i>Change</i>	+1.4%	-4.8%	-0.8%	+4.1%	+6.1%	+5.8%	-2.8%	+5.1%	+1.9%	+1.1%
Tourism & leisure related industries	<i>Index</i>	92.0	95.0	98.0	98.1	100.0	101.3	101.7	105.2		
	<i>Change</i>	+4.2%	+3.3%	+3.2%	+0.0%	+2.0%	+1.3%	+0.4%	+3.5%	+2.3%	+1.9%
Service Sector	<i>Index</i>	94.3	96.0	96.8	98.3	100.0	101.4	103.8	106.4		
	<i>Change</i>	+2.7%	+1.8%	+0.8%	+1.6%	+1.7%	+1.4%	+2.3%	+2.4%	+1.8%	+2.4%
Whole Economy	<i>Index</i>	93.7	95.2	96.3	98.1	100.0	101.1	103.2	105.5		
	<i>Change</i>	+2.9%	+1.6%	+1.1%	+1.9%	+1.9%	+1.1%	+2.1%	+2.2%	+1.9%	+2.2%

Chart B: Indices of real changes in productivity

Indices of real changes in productivity - exc. radio & tv



Background note

1. For more information about the target and its measurement, including the Standard Industrial Classifications used to define the industries, please see the accompanying Technical Note.

http://www.culture.gov.uk/reference_library/research_and_statistics/6241.aspx

2. For more information about the Department's current targets, see:

http://www.culture.gov.uk/about_us/our_priorities_and_targets/default.aspx

3. This report has been produced by the DCMS Evidence & Analysis Unit. For enquiries contact:

Evidence & Analysis Unit
Department for Culture Media and Sport
2-4 Cockspur Street
London SW1Y 5DH
evidence@culture.gsi.gov.uk

For general enquiries telephone: 0207 211 6200