

Creative Industries Economic Estimates Statistical Bulletin

October 2005 – Revised Version



Introduction

This bulletin is the fourth in the Creative Industries Economic Estimates series. The bulletin is the result of development work on official data sources, following a commitment in the 2001 Creative Industries Mapping Document¹ to consider how to provide more timely and consistent data on the activity of the Creative Industries.

Users should be aware that due to the practical challenges of measuring the Creative Industries², the figures throughout the bulletin are *estimates*. For this reason they are not classed as National Statistics. Further notes on how to interpret the figures are listed on page 4.

Headline Findings

1. Contribution to the economy – Gross Value Added (tables 1a and 1b)

- The Creative Industries accounted for 8% of Gross Value Added (GVA) in 2003.
- The Creative Industries grew by an average of 6% per annum between 1997 and 2003³. This compares to an average of 3% for the whole of the economy over this period.
- Three sectors showed growth above the average across all the Creative Industries: Arts and Antiques (+9% p.a.), Software (+11% p.a.⁴) and Radio and TV (+8% p.a.).

2. Exports (table 2)

- Exports by the Creative Industries contributed £11.6 billion to the balance of trade in 2003. This equated to around 4.1% of all goods and services exported.

¹ http://www.culture.gov.uk/global/publications/archive_2001/ci_mapping_doc_2001.htm

² The classifications used by international convention for official statistics do not accurately reflect the structure of the Creative Industries. As such it is difficult to capture the full extent of the activity in the Creative Industries. Given these constraints the estimates are the best possible with the available data.

³ Based on the 9 of 13 creative industries for which trend data is available

⁴ Data for 2003 not entirely consistent with previous years – see 'Note on changes to the Standard Industry Classifications (2003) on Page 3'

3. Employment (table 3)

In the summer quarter of 2004, creative employment totalled 1.8 million jobs. This included just over 1 million jobs in companies in the creative industries. There were a further estimated 0.8 million creative jobs within companies outside the creative industries.

Total creative employment increased from 1.5m in 1997 to 1.8m in 2004. Over the period 1997-2004, this grew at a rate of 3% per annum, compared to 1% for the whole of the economy.⁵

Both the Software sector and the Design, including fashion, sector have shown increases in employment above average for the whole of the creative industries over the period 1997-2004 - 8% per annum and 5% per annum respectively.

4. Numbers of companies (table 4)

In 2004, there were around 113,000 companies in the Creative Industry sectors on the Inter-Departmental Business Register (IDBR). It is estimated that the IDBR covers nearly 99%⁶ of all economic activity.

Nearly three quarters of these enterprises are accounted for by 2 sectors: Software and Electronic publishing (49,000 enterprises), and Music and the visual and performing arts (30,000 enterprises).

The 115,000 companies represent around 7.1% of all enterprises on the IDBR⁷. The true proportion of enterprises that are in the Creative Industries is likely to be higher, as certain sectors - e.g. craft - are predominantly small businesses. Businesses are included in the IDBR if they are above the VAT threshold or if they register voluntarily for VAT, and many do if they run a PAYE scheme.

Revisions to estimates published in August 2004

There are a number of revisions and one correction to figures released in the Creative Industries Economic Estimates in August 2004:

Gross value added (GVA) – There have been revisions to 2002 GVA data following the standard revision process by the Office for National Statistics which can affect the previous year's ABI data. This means associated figures in Tables 1a and 1b have been revised.

Exports – The 2002 Design figure has been revised from £1.4m to £1.2m due to a totaling error for 'Overseas Fee Income' in 2002 that appeared in publication for the Design Industry Valuation Survey⁸.

⁵ Total employment figures for the whole economy taken from Spring quarters (March to May)

⁶ IDBR – 2004 (*UK Business: Activity, Size and Location 2004 – formerly PA1003*)

⁷ Compared to equivalent figure for all of IDBR (1.6m VAT-registered businesses), IDBR - 2004

⁸ The British Design Survey <http://www.britishdesign.co.uk/newlook/d10.html>

Note on comparison to Input Output analyses figures for GVA (tables 1a & 1b)

The Creative Industries Economic Estimates differ significantly from those produced alongside [National Statistics Input-Output analysis](#) which is based on products rather than industries.

The most significant difference occurs from the input-output analysis not taking account of the fact that large proportions of data produced under the standard classification systems are not the result of creative activity. This causes some overestimation, for example since 'Clothing' is used in place of 'Designer Fashion'.

Finally, the totals of the analyses are also affected by the lack of official data - for example for crafts and design. *Creative Industries Economic Estimates* uses the best available data for these, which are industry estimates.

Note on changes to the Standard Industry Classifications (2003)

This year is the first bulletin that includes the minor revisions that were made to the Standard Industry Classification (SIC) systems in 2003.

The following table shows the effect of changes between SIC (98) and SIC (03) for codes included in the definition of the Creative Industries [see Annex A for more detail]:

SIC (98)	SIC (03)
74.84 Other Business activities not elsewhere classified	74.87 Other Business activities not elsewhere classified
72.2 Software Consultancy and Supply	72.21 Software publishing 72.22 Other software consultancy and supply

The implications of the change from SIC(98) to SIC(03) for the Creative Industries Statistical Bulletin are minimal, but the definitions for the Designer Fashion and Software sectors are affected, so that data from 2003 are not entirely consistent with previous years.

Methodological Changes

This bulletin uses the same methodology as in previous years.

The 2004 Creative Industries Economic Estimates Bulletin had stated that the methodology used for future editions of this bulletin would be revised to be consistent with the DCMS Evidence Toolkit⁹ (DET).

However, given the limitations highlighted throughout this bulletin, we are continuing to assess the evidence that is available to most accurately reflect the economic contribution of the Creative Industries. Consequently, we have postponed any major methodological changes, such as incorporating the DET definitions, until a further assessment has been undertaken over the coming year.

⁹ DCMS Evidence Toolkit: <http://www.culture.gov.uk/global/research/det/>

This will include work that is required to develop the use of weightings for the relevant SIC codes identified within the DET. To include extra SIC codes into the definition of the Creative Industries without the use of weighting may lead to greater inaccuracy within the estimates produced. Please see section 2.6.2 of the DET Technical Report¹⁰ for further information on the use of weightings.

Tables 5 and 6 in the 2004 bulletin (showing Concentration Ratios and Herfindahl Indices) have not been updated for the 2005 bulletin due to a lack of user demand.

Notes on interpretation of the figures

All readers should be aware that:

1. All figures are estimates since they draw on fixed assumptions of the correspondence between the definitions of the Creative Industries and the definitions used in official sources. These are shown in Annex A.
2. As far as possible National Statistics (NS) sources are used as the basis for the estimates.¹¹ Where NS data are not available, other research is used. This may not have been subjected to the same quality checks as National Statistics data. It follows that these estimates, and the overall totals which necessarily include these estimates, may not be as reliable as National Statistics.
3. With the exception of the number of businesses counts, sources are sample surveys. Therefore too much emphasis should not be placed on fluctuations in the figures.
4. Employment figures are for Great Britain, while other sources are for the UK.
5. Because of changes in the Standard Industrial Classification systems between 1998 and 2003, comparisons between 2003 data and earlier years should be made with caution for some Creative Industry sectors. Notes have been included beneath the tables where applicable.

¹⁰ DET Technical Report: http://www.culture.gov.uk/global/research/det/7_full_Technical_Report.htm

¹¹ This ensures consistency and hence comparability between sectors. Furthermore National Statistics sources are regular outputs and so permit valid comparisons over time and will continue to be available in the future.

Table 1a - Contribution of Creative Industries to Gross Value Added

	Advertising	Architecture	Video, film & photography	Music and the visual and performing arts	Publishing	Software, computer games, & electronic publishing ¹	Radio and TV	Art & antiques	Designer fashion ¹	Crafts ²	Design ³	TOTAL
Gross Value Added (£ million)												
1997	3,400	3,100	1,900	2,700	6,500	9,800	3,500	300	280	n/a	n/a	n/a
1998	3,500	3,200	1,800	2,900	7,300	13,200	3,700	300	270	400	n/a	n/a
1999	5,500	3,200	2,100	3,100	8,000	13,900	4,600	300	300	n/a	n/a	n/a
2000	6,100	3,500	2,100	3,200	8,400	14,800	5,900	300	360	n/a	6,500	51,300
2001	5,500	3,600	1,800	3,100	8,800	16,300	6,700	400	320	n/a	6,700	53,300
2002	5,400	3,400	2,100	3,300	8,300	16,900	6,800	400	300	n/a	5,900	52,700
2003	5,000	4,000	2,200	3,700	8,600	20,700	6,200	500	330	n/a	5,300	56,500
% of GVA												
1997	0.6%	0.6%	0.3%	0.5%	1.2%	1.8%	0.6%	0.05%	0.05%	n/a	n/a	n/a
1998	0.6%	0.6%	0.3%	0.5%	1.3%	2.3%	0.6%	0.05%	0.05%	0.07%	n/a	n/a
1999	0.9%	0.5%	0.3%	0.5%	1.3%	2.3%	0.8%	0.05%	0.05%	0.07%	n/a	n/a
2000	1.0%	0.5%	0.3%	0.5%	1.3%	2.3%	0.9%	0.05%	0.06%	0.07%	1.0%	8.1%
2001	0.8%	0.5%	0.3%	0.5%	1.3%	2.5%	1.0%	0.06%	0.05%	0.07%	1.0%	8.1%
2002	0.8%	0.5%	0.3%	0.5%	1.2%	2.4%	1.0%	0.06%	0.04%	0.07%	0.9%	7.7%
2003	0.7%	0.5%	0.3%	0.5%	1.2%	2.8%	0.9%	0.07%	0.04%	0.07%	0.7%	7.8%

Source: DCMS based on Office for National Statistics Annual Business Inquiry except:

1. Due to changes in the SIC (2003), data from 2003 are not entirely consistent with previous years.

2. Creative Industry Mapping Document 1998

3. Turnover of Design Consultancies. Design Industry Valuation Survey, British Design Initiative.

These figures are used since, due to design not be separately identifiable in official sources, no GVA data is available. These figures may be an imprecise estimate of GVA for a number of reasons:

i) Turnover is being used in place of GVA. A turnover figure will always be greater than a corresponding GVA figure.

ii) Relevant to overall total figures, there may be some overlap in statistics with other of the creative industries.

iii) However, by contrast, the figures will under represent all design activity since design within large companies is not distinguished in official statistics from companies' main business, e.g. design in production companies. N.B. All businesses' design-related expenditure was estimated at £26.7bn in 2000 in a study for the Design Council.

Table 1b - Growth in GVA of the Creative Industries¹

estimated real³ growth

	Advertising	Architecture	Video, film & photography	Music & the visual & performing arts	Publishing	Software, computer games, & electronic publishing ⁴	Radio and TV	Art & antiques	Designer fashion ⁴	Crafts	Design	Total ²
1997-1998	0%	3%	-9%	4%	9%	31%	3%	0%	-7%	n/a	n/a	12%
1998-1999	52%	-4%	13%	4%	7%	3%	21%	17%	7%	n/a	n/a	10%
1999-2000	9%	8%	3%	3%	3%	5%	27%	8%	18%	n/a	n/a	8%
2000-2001	-11%	3%	-19%	-7%	3%	8%	10%	9%	-13%	n/a	1%	2%
2001-2002	-6%	-9%	12%	13%	-5%	0%	-1%	6%	-7%	n/a	-13%	-1%
2002-2003	-8%	15%	9%	8%	1%	21%	-9%	11%	8%	n/a	-8%	8%
Average 1997-2003	4%	2%	1%	4%	3%	11%	8%	9%	0%	n/a	n/a	6%

1. The caveat that 'too much emphasis should not be placed on fluctuations' (note on interpretation 3) is especially relevant to this table

2. Based on 9 of the 13 creative industries data for which trend data are available

3. These estimates of growth were calculated from figures in table 1a with implied GDP deflator (base = 2000) to remove the effect of inflation

4. Due to changes in the SIC (2003), data from 2003 are not entirely consistent with previous years.

Table 2 - Exports of creative industries

	1	2	7	9&10	11	8&12	13	3	6	4	5	£ million
	Advertising	Architecture	Video, film & photography	Music & the visual & performing arts	Publishing	Software, computer games, & electronic publishing ⁶	Radio and TV	Art & antiques ¹	Designer fashion ^{2,6}	Crafts ³	Design ⁴	TOTAL ⁵
1997	680	380	700	250	680	1,400	500	n/a	n/a	n/a	n/a	n/a
1998	630	470	700	250	830	1,700	600	n/a	350	40	n/a	n/a
1999	560	410	700	270	860	2,300	700	1,400	n/a	n/a	n/a	n/a
2000	710	420	900	300	950	2,500	700	2,000	n/a	n/a	1,000	9,500
2001	730	520	900	290	830	3,900	900	1,900	390	n/a	1,000	11,000
2002	890	510	800	280	790	3,500	1,000	2,300	n/a	n/a	1,200	11,300
2003	1,130	580	800	240	1,180	3,900	1,000	2,200	n/a	n/a	630	11,600

Sources: DCMS based on Office for National Statistics Inquiries with the following exceptions:

1. Antiques Trade Gazette analysis of HM Customs and Excise data
2. Design Fashion Report 1998, A study of the UK designer fashion sector, 2003 (both for DTI)
3. Creative Industry Mapping Document estimate (1998)
4. Overseas fee income to British Design Consultancies, Design Industry Valuation Surveys, British Design Initiative
5. Total excludes Designer Fashion and Crafts as figures are not available for every year.
6. Due to changes in the SIC (2003), data from 2003 are not entirely consistent with previous years.

Table 3 - Creative employment¹

Great Britain

1. These data show the numbers of people employed in the creative industries or creative occupations in Great Britain. The coverage of these data is broader than for elsewhere in the bulletin. This is since; unlike for exports and GVA, it is possible to count jobs in creative occupations in companies which are classed as being outside of the Creative Industries, e.g. design engineers or graphic designers who work in a large company whose main activity is manufacturing.

All summer quarters (Jun - Aug)	Advertising	Architecture	Crafts	Design & designer fashion	Film, video & photography	Music & the visual & performing arts	Publishing	Software, computer games, & electronic publishing	Television & radio	Art / Antiques trade	TOTAL est. for Creative employment in Great Britain
Employment in Creative Industry companies											
2004	72,800	76,700	-	n/a	46,400	191,600	196,900	354,100	92,700	22,500	1,057,400
Employment in creative occupations in businesses outside the Creative Industries											
2004	127,200	25,800	112,900	n/a	7,500	52,300	77,400	239,800	17,800	0	767,600
Total Creative Employment											
1995	189,100	97,300	115,300	79,500	53,100	227,900	327,200	285,900	96,500	19,800	1,491,600
1996	173,000	106,100	97,400	85,500	47,500	224,300	314,400	318,600	96,800	19,400	1,483,000
1997	201,000	95,800	95,000	80,700	52,700	237,800	308,500	379,400	97,600	20,200	1,568,700
1998	204,200	101,500	119,800	88,800	52,500	229,500	317,100	426,000	101,500	19,800	1,660,700
1999	200,900	101,500	96,800	93,500	51,500	266,100	317,000	488,600	92,500	20,800	1,729,300
2000	206,000	102,600	111,300	98,500	58,500	233,300	283,900	544,600	109,800	20,900	1,769,400
2001	220,500	103,400	115,100	103,000	64,300	235,800	293,300	567,700	104,100	20,900	1,828,100
2002	215,400	102,900	114,100	115,000	58,900	250,800	286,800	556,700	108,800	21,400	1,830,700
2003	213,800	103,100	108,700	113,200	65,900	254,200	305,200	581,200	110,900	22,500	1,878,800
2004	200,000	102,600	112,900	110,400	53,900	243,900	274,300	593,900	110,600	22,500	1,825,000
Annual growth											
1995-2004	1%	1%	0%	4%	0%	1%	-2%	10%	2%	2%	3%
1997-2004	0%	1%	3%	5%	0%	0%	-2%	8%	2%	2%	3%
2003-2004	-6%	0%	4%	-2%	-18%	-4%	-10%	2%	0%	0%	-3%

Source: Analysis of National Statistics Labour Force Survey

Table 4 - Numbers of businesses in the Creative Industries¹

	Advertising	Architecture	Art & Antiques	Designer Fashion ²	Video, film & photography	Music and the visual & performing arts	Publishing	Software, computer games, & electronic publishing ²	Radio and TV	TOTAL
1996	10,600	3,700	1,400	1,400	4,100	33,100	7,200	48,100	2,300	111,900
1997	10,400	3,400	1,500	1,400	4,800	32,600	7,000	49,500	2,300	112,900
1998	10,300	3,300	1,600	1,300	5,500	32,500	6,800	52,600	2,300	116,200
1999	10,000	3,400	1,700	1,300	6,000	32,200	6,800	55,700	2,700	119,800
2000	10,000	3,300	1,800	1,300	6,500	32,500	6,700	56,700	3,000	121,800
2001	10,100	3,100	1,800	1,300	6,800	32,600	6,700	56,100	3,400	121,900
2002	10,100	3,000	1,800	1,300	7,400	32,300	6,700	55,800	3,600	122,000
2003	10,100	3,500	1,800	1,300	7,900	31,500	6,700	53,700	4,000	120,500
2004	9,800	4,100	1,700	1,400	8,000	30,100	6,500	49,100	4,200	113,300

Source: Estimates based on Interdepartmental Business Register (IDBR), Office for National Statistics

1. The IDBR covers all UK businesses registered for Value Added Tax (VAT), Pay As You Earn (PAYE) and/or registered at Companies House.
2. Due to changes in the SIC (2003), data from 2003 are not entirely consistent with previous years.

Annex A – Mapping the Creative Industries to official data classifications

1. Assumptions for correspondence between Creative Industries and SIC Codes

<u>Mapping document chapter</u>	<u>Sector</u>		<u>Standard Industrial Classification (SIC)</u>
1	Advertising		74.4 advertising
2	Architecture		74.2 architectural (+)*
3	Art/antiques trade	[52.48/9 retail sale in specialised stores nec (+) 52.5 retail sale of second/hand goods in stores (+) <i>majority of businesses too small to be picked in business surveys</i>
4	Crafts		<i>no codes match this field</i>
5	Design		<i>no codes match this field</i>
6	Designer fashion	[9 subsectors clothing manufacture (+) 74.87 Other business activities nec (+)
7	Video, film, music & photography	[22.32 reproduction of video recording (+) 92.11 motion picture and video production 92.12 motion picture and video distribution 92.13 motion picture projection 74.81 photographic activities (+)
9&10	Music and the visual and performing arts	[22.14 publishing of sound recordings 22.31 reproduction of sound recording (+) 92.31 artistic & literary creation & interpretation 92.32 operation of arts facilities 92.34 other entertainment activities nec (+) 92.72 other recreational activities nec (+)
11	Publishing	[22.11 publishing of books 22.12 publishing of newspapers 22.13 publishing of journals & periodicals 22.15 other publishing (+) 92.4 news agency activities
8 & 12	Computer games, software, electronic publishing	[22.33 reproduction of computer media (+) 72.21 Software publishing 72.22 Other software consultancy and supply
13	Radio and TV		92.2 radio & television activities

+ denotes that a proportion of this industry group is included to estimate the creative element

* Number of architecture businesses has been calculated using code 74.20/1 from the IDBR

2. Best-fitting SOC2000 codes for Creative Occupations outside the creative industries

Used to estimate number of creative jobs outside businesses in the creative industries

<u>Mapping document chapter</u>	<u>Sector</u>	<u>Standard Occupation Classification (SOC)</u>
1	Advertising	none
2	Architecture	<ul style="list-style-type: none"> 2431 Architects 2432 Town Planners 3121 Architectural technologists and town planning technicians
3	Art/antiques trade	none
4	Crafts	<ul style="list-style-type: none"> 5491 Glass and ceramics makers, decorators and finishers 5492 Furniture makers, other craft woodworkers 5493 Pattern makers (moulds) 5494 musical instrument makers, tuners 5495 Goldsmiths, silversmiths, precious stone workers 5496 Floral arrangers, florists 5499 Hand craft occs nec 8112 Glass and ceramics process operatives 9121 Mates to woodworking craftsmen/women
5 & 6	Design & Designer fashion	<ul style="list-style-type: none"> 2126 Design & development engineers 3411 Artists 3421 Graphic designers 3422 Product, clothing and related designers 5411 Weavers and knitters
7	Film & video	3434 Photographers and audio-visual equipment operators
9&10	Music and the visual and performing arts	<ul style="list-style-type: none"> 3412 Authors, writers, journalists 3413 Actors, entertainers 3414 Dancers and choreographers 3415 Musicians 3416 Arts officers, producers and directors
11	Publishing	<ul style="list-style-type: none"> 3431 Journalists, newspaper and periodical editors 5421 Originators, composers and print preparers 5422 printers 5423 Bookbinders and print finishers 5424 Screen printers
8 & 12	Software (incl Interactive leisure) & computer services	<ul style="list-style-type: none"> 1136 IT/Comms managers 2131 IT professionals
13	Radio and TV	<ul style="list-style-type: none"> 3432 Broadcasting associate professionals 5244 TV, video and audio engineers