

Economic Contribution Study: An Approach to the Economic Assessment of Arts & Creative Industries in Scotland

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What we were asked to do...

- A full scale economic impact study (EIS) examining the A&CI in Scotland, their component sub-sectors and activities, and linkages to and influences on wider economic activity.

Aims

- Obtain a comprehensive and robust picture of the contribution of the Arts & Creative Industries (A&CI) to the wider Scottish economy; and,
- Develop a framework for Creative Scotland and partner organisations wishing to conduct their own economic impact assessments.

Guiding principles...

- Focus on economic impacts
- Transparent and replicable
- Engage with Arts and Creative Industries
- Need for an understanding of economic contribution across the whole of Scotland



What we did...

- **Phase 1:** Adopt the standard DCMS Methodology for assessing Arts & Creative Industries.
- **Phase 2:** Adjust standard methodology to more appropriately reflect A&CI in Scotland.
- **Phase 3:** Measure Indirect (Supply Chain), and Induced (Income) Effects of A&CI in Scotland.
- **Phase 4:** Assessing Wider Aspects of A&CI in Scotland.



DCMS 2011 changes 'reduced' impact

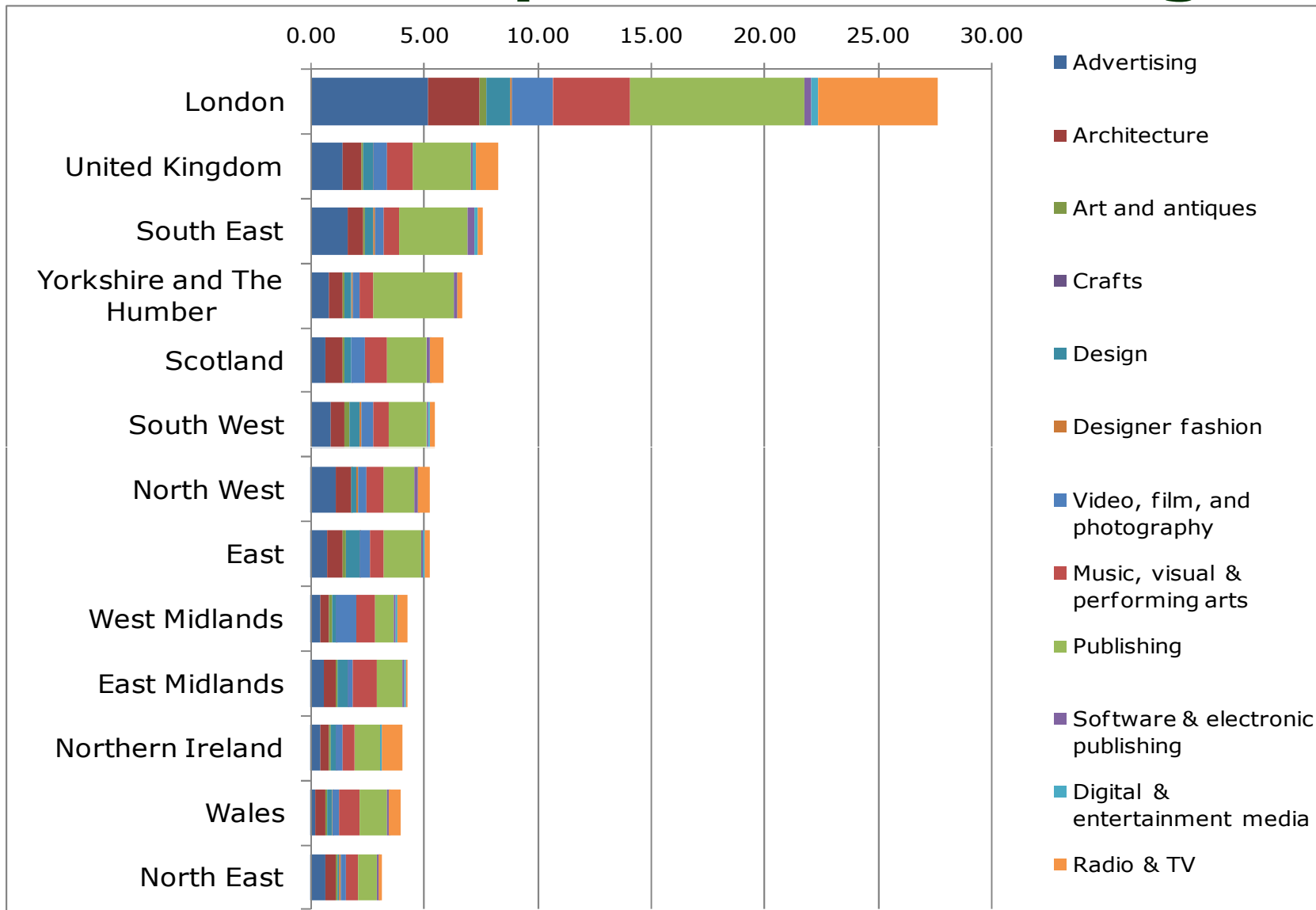
'industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property'

Table 2.1: List of Creative Industries (DCMS, 2001)

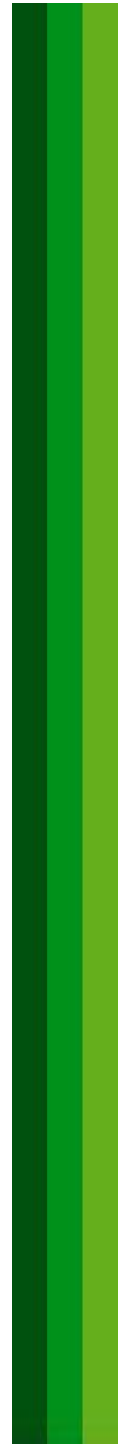
1.	Advertising
2.	Architecture
3.	Art & Antiques Market
4.	Crafts
5.	Design
6.	Designer Fashion
7.	Film & Video
8.	Interactive Leisure Software
9.	Music
10.	Performing Arts
11.	Publishing
12.	Software & Computer Services
13.	Television & Radio

- Employs 34,200
- in 4,740 'creative' businesses
- Worth £1.54 bn GVA (2010)

Scotland compared to other regions



Creative Industries Employment Intensity DCMS CIEE 2011 by region (employee jobs per '000 population), UK (2010)



Definitional issues very real for A&CI

Measuring only by GVA would ignore those who work for creative purposes- i.e. to share their creativity with others, rather than for profit

The changing measurements could severely weaken the case for funding as the creative industries are no longer as dominant a sector in national statistics

Most performers will be self employed, and would earn below the measured VAT Threshold

Using such broad categories makes it difficult to make the case for funding for particular sub groups

Textiles is of huge importance to Scotland, and is not considered in the DCMS definition

Some craft organisations, and the industry as a whole, are very large and clearly missed in official data

Analysis & consultation showed where DCMS scope doesn't reflect Scotland...

- Lack of ability for DCMS CIEE to provide any data on Crafts
- Use of weightings for some sectors (e.g. designer fashion) now regarded as outdated and not appropriately reflecting Scotland.
- Lack of inclusion of sectors accepted as core elements of A&CI within Scotland (e.g. heritage/museums, textiles).
- Identification of new, more specific, data on relevant industrial classifications that fall within A&CI (e.g. Cultural Education)
- Removal, in recent definition, of specific sectors from the (e.g. Software) where a rationale remains to support their retention
- Lack of inclusion of some sectors that, whilst not previously regarded as creative could now, be regarded as creative
- Use of broad sector groupings that restrict the usefulness of data to both policy makers and those active in A&CI.
- Difficulty in capturing 'portfolio lifestyles' / project based work
- Difficulties in capturing role of freelancers and sole traders

Developing Scottish scope for A&CI

Key adjustments (compared to DCMS):

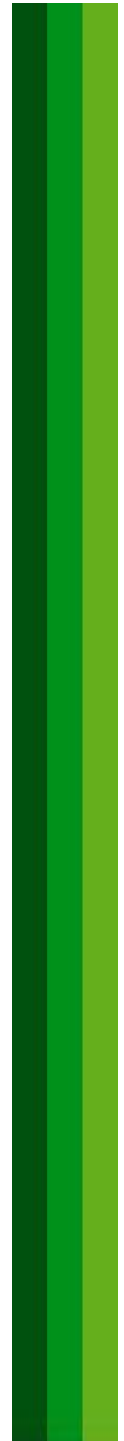
- Splitting out industries into more appropriate categories
- Adding in industries regarded as part of scope of A&CI
- Retention of some categories recently removed by DCMS
- Attempting to capture the 'Crafts' sector
- Amendments to DCMS weightings for specific industries
- Inclusion of some sectors not previously considered creative

16 industries, organised into 7 'cultural domains'

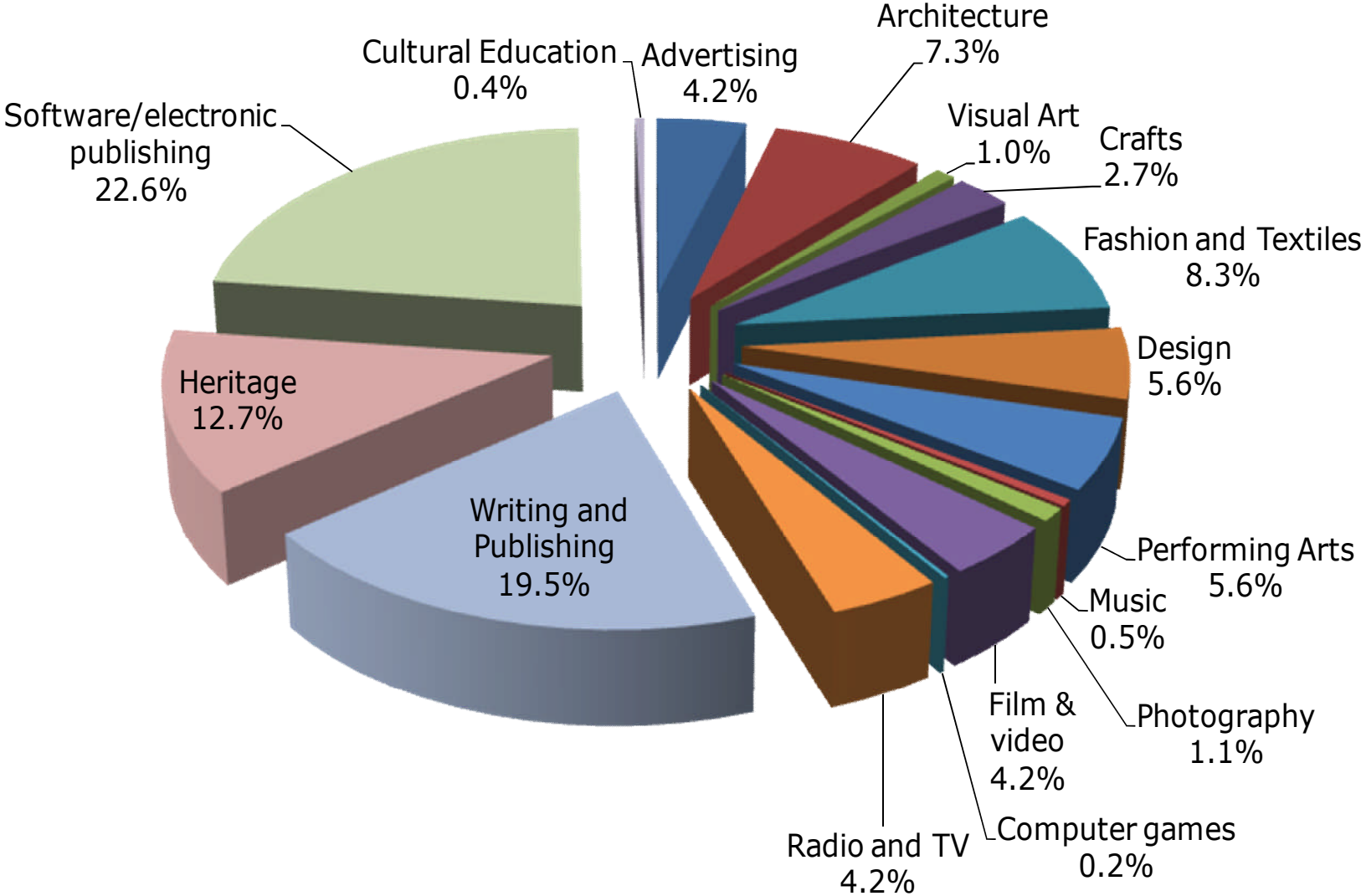
Key results :

- 84,400 employed across these industries
- £3.2bn Gross Value Added (GVA)
- c.12,000 business units with £6.3bn turnover

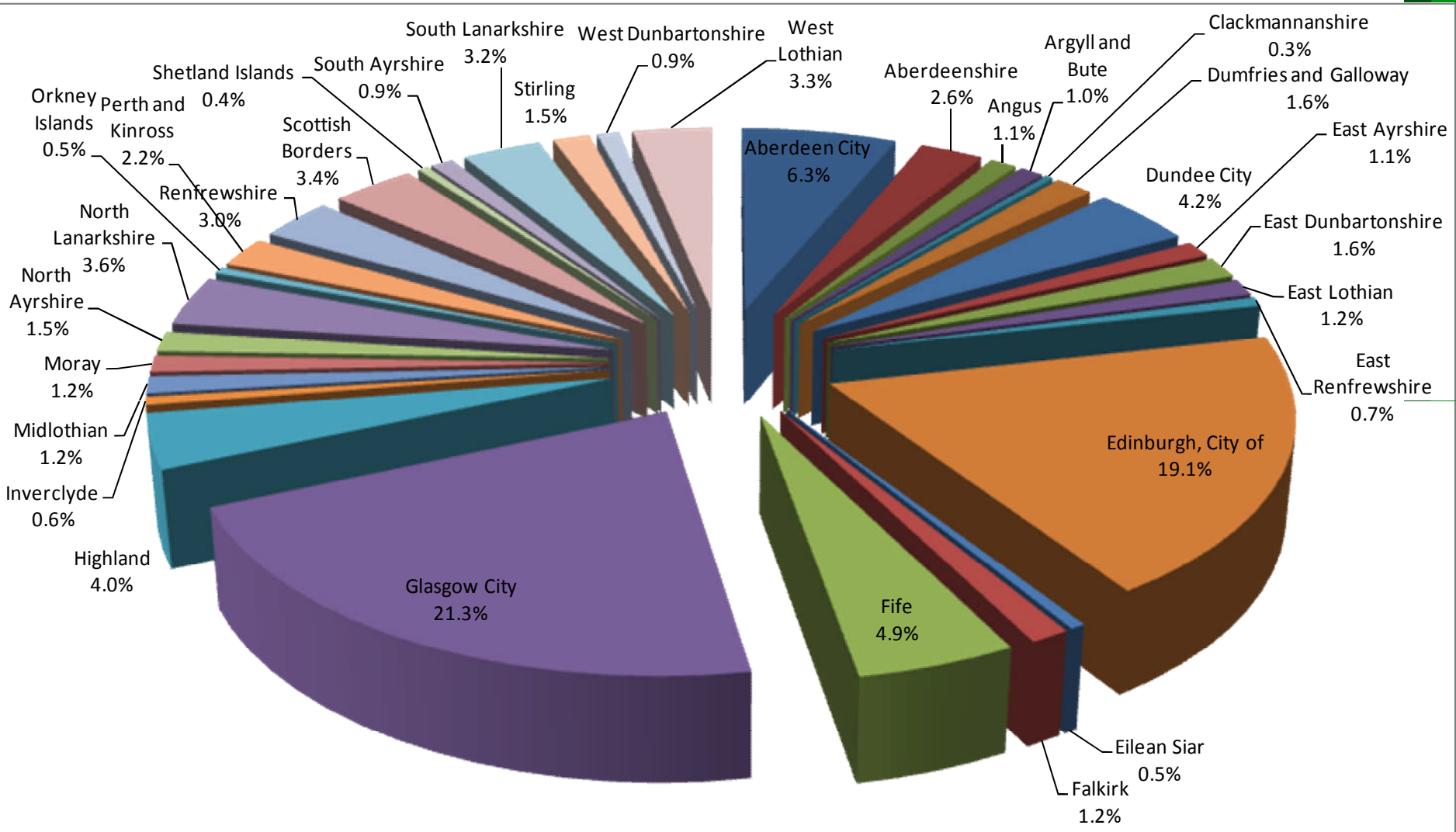
DCMS CULTURAL DOMAINS	SCOTTISH ARTS AND CREATIVE INDUSTRIES	
Visual Art	1) Advertising	
	2) Architecture, planning and building design	
	3) Visual art and art dealers/ commercial galleries	
	4) Crafts	4a) Furniture and wood crafts
		4b) Jewellery
		4c) Pottery
		4d) Glass
		4e) Textile craft goods
		4f) Other crafts
4g) Antiques markets		
5) Fashion and Textiles (includes designer fashion)		
6) Design and design-dependent industries		
Performance	7) Performing arts including arts facilities and support	
Audio-Visual	8) Music including sound recording, music publishing and distribution and instruments	
	9) Photography	
	10) Film and video	
	11) Computer games etc	
	12) Radio and TV	
Books and Press	13) Writing and Publishing	
Heritage	14) Museums and galleries, archives, libraries, historic sites	
Digital Industries (Formerly in DCMS Creative Industries but not in Cultural Domains)	15) Software/electronic publishing	
Cultural Education	16) Cultural education	



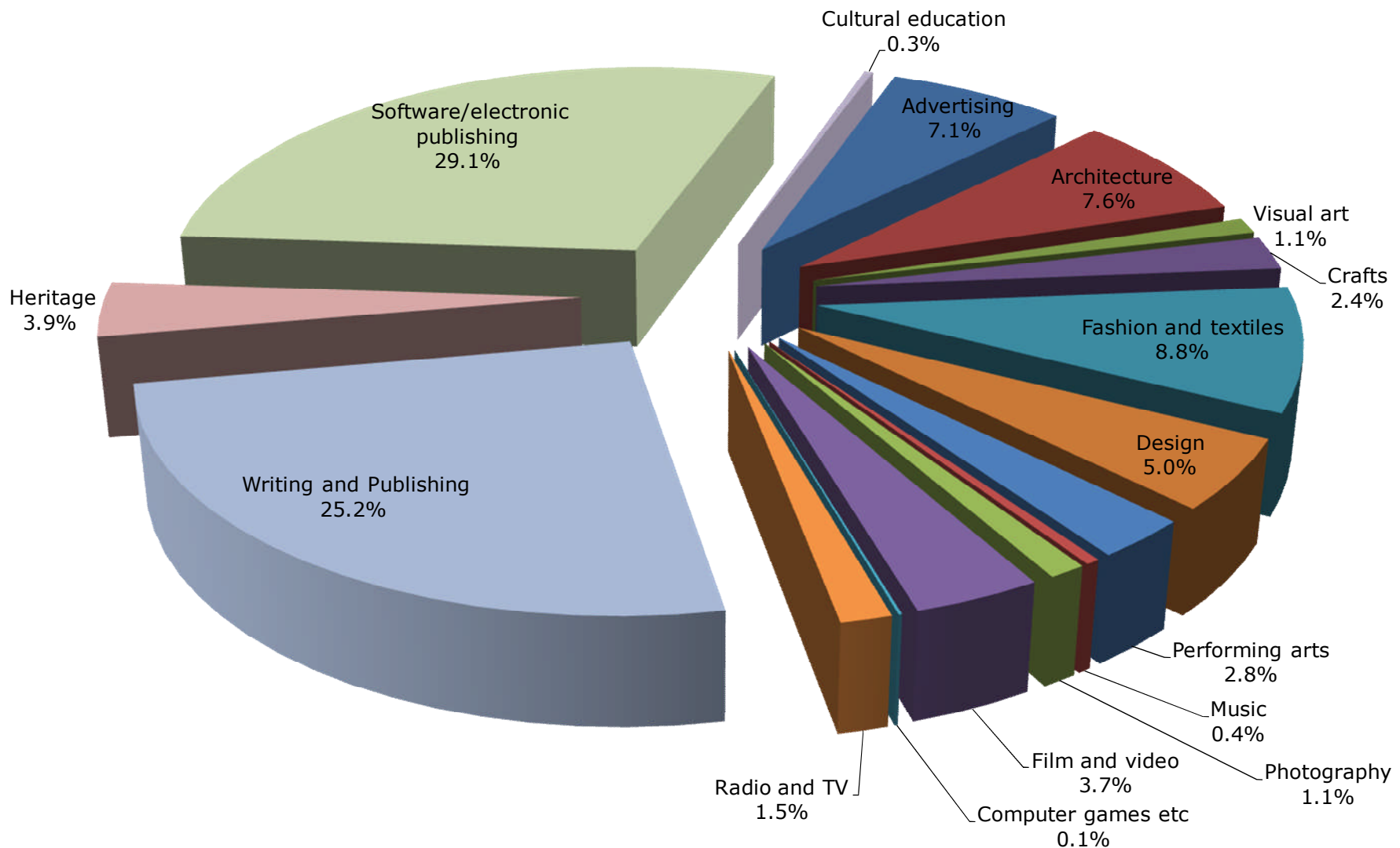
Employment – by sector



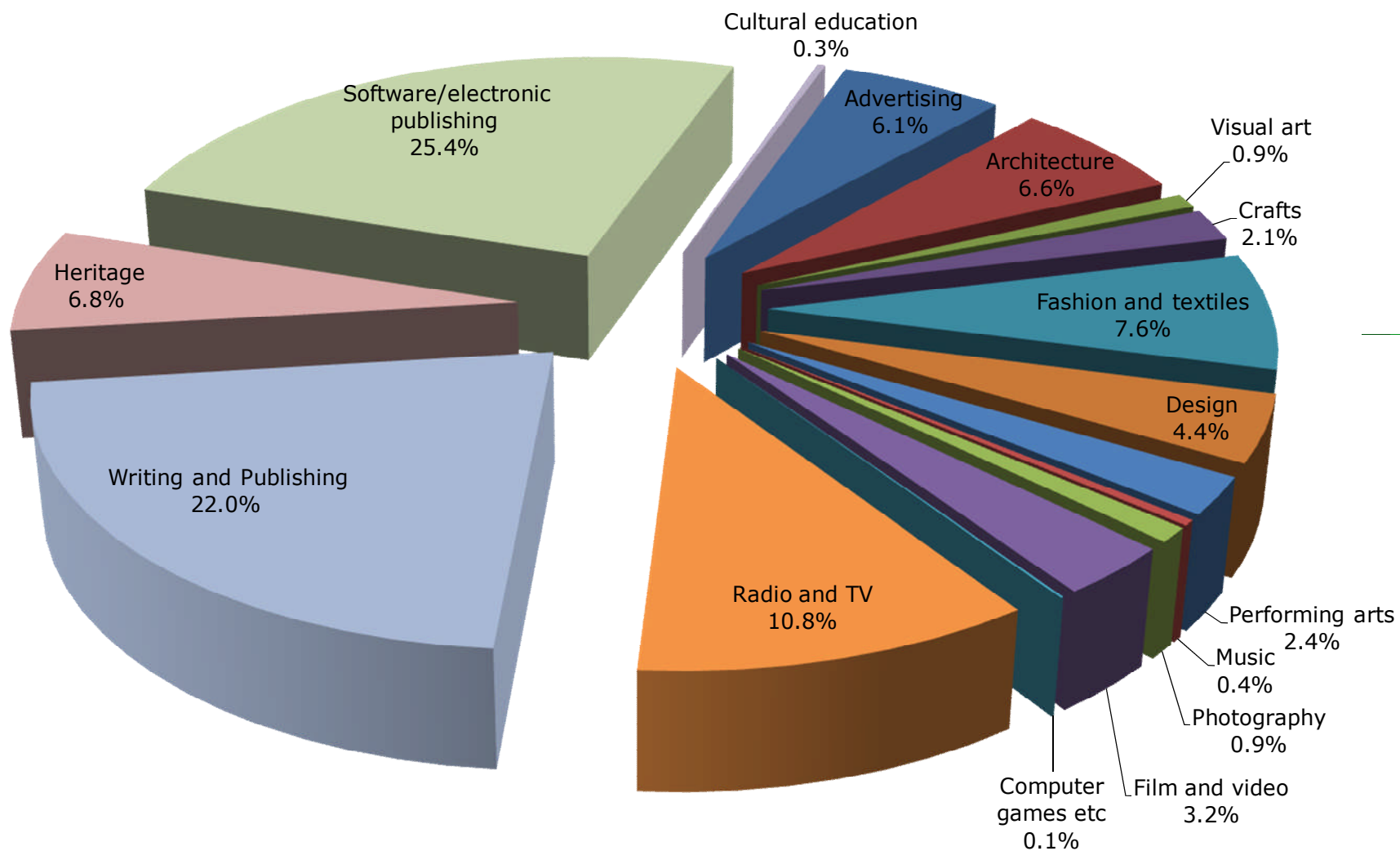
Employment – by geography



A&CI direct contribution of £3.2 bn



Adjusted approach results in £0.5bn increase



Wider Impacts – indirect & induced

Summary of direct, indirect and induced effects				
	Direct (adjusted)	Indirect Effects	Induced Effects	Total
Turnover (£ million) excl. VAT etc.	£7,200	£3,060	£2,220	£12,480
GVA (£ million)	£3,700	£1,346	£1,254	£6,300
Employment	84,400	19,200	26,100	129,700

Wider Impacts – A&CI Tourism

- Assessment of tourism role shows A&CI works both directly and indirectly in attracting visitors - strongest effects in Heritage and Performing Arts sectors.
- Tourism spend of over £1 billion can be ascribed to overnight tourism motivated by A&CI, giving rise to a direct GVA of £280 million.

Associated Impacts of A&CI

- Also tried to capture the wider, associated impacts of A&CI – sole traders/freelancers, A&CI in education and public sector.

Estimates:

- | | |
|----------------------------------|-----------------|
| ▪ Creative Occupations: | 21,000 (approx) |
| ▪ A&CI in HE (Employment): | 2,300 (approx) |
| ▪ A&CI in FE (Employment): | 1,800 (approx) |
| ▪ Public Sector/local authority: | 1,500 (approx) |

Summary

- The study has assessed, on a Scotland wide basis the economic contribution of the A&CI
- It developed an A&CI scope that reflects Scotland and included elements not previously captured
- Approach has informed the Scottish Government Growth Sector definition for Creative Industries
- There remains areas for further work – including freelancers/sole traders across the A&CI and issues around specific sectors – e.g. games, music, crafts.
- Understand that the Growth Sector definition will be used by Scottish Government going forward as the 'industry standard' and Creative Scotland will contextualise these core statistics.

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