Economic Contribution Study:

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

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DC Research
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’

- 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 subgroups.

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

- Software/electronic publishing: 22.6%
- Writing and Publishing: 19.5%
- Heritage: 12.7%
- Design: 5.6%
- Radio and TV: 4.2%
- Performing Arts: 5.6%
- Music: 0.5%
- Film & video: 4.2%
- Photography: 1.1%
- Computer games: 0.2%
- Fashion and Textiles: 8.3%
- Crafts: 2.7%
- Visual Art: 1.0%
- Cultural Education: 0.4%
- Architecture: 7.3%
- Advertising: 4.2%
- Cultural Education: 0.4%
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

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<tr>
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<th>Direct (adjusted)</th>
<th>Indirect Effects</th>
<th>Induced Effects</th>
<th>Total</th>
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<tr>
<td><strong>Turnover (£ million excl. VAT etc.)</strong></td>
<td>£7,200</td>
<td>£3,060</td>
<td>£2,220</td>
<td><strong>£12,480</strong></td>
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<td><strong>GVA (£ million)</strong></td>
<td>£3,700</td>
<td>£1,346</td>
<td>£1,254</td>
<td><strong>£6,300</strong></td>
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<td><strong>Employment</strong></td>
<td>84,400</td>
<td>19,200</td>
<td>26,100</td>
<td><strong>129,700</strong></td>
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## 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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