

Gross value added (GVA) in Dorset's creative industries

Key points:

Whilst the contribution of creative industries to the value of the Dorset LEP economy is below average, there is scope to grow and the above average growth seen recently has been led by Bournemouth & Poole.

- The contribution of creative industries to total GVA in the Dorset LEP area was below the UK average in 2012 but appears to be growing again after a dip in 2010.
- Annual average growth in GVA in the Dorset creative industries sector over the last five years was above the UK average.
- Annual average growth in GVA in the Dorset creative industries sector over the last five years was higher than total GVA growth here.
- Dorset LEP saw high growth in GVA in the creative industries over 2011-2012, considerably above the UK average and led by Bournemouth & Poole.
- In 2012, creative industries accounted for a larger proportion of the economy in Bournemouth & Poole than in DCC Dorset, but this was still below the UK average.
- Over the last five years DCC Dorset saw higher annual average growth in creative industries GVA than Bournemouth & Poole – but growth in 2011-12 was much higher in Bournemouth & Poole than in DCC Dorset.
- Over 2009-2010, creative industries GVA dropped in both sub-areas with Bournemouth & Poole being more badly hit than DCC Dorset but with stronger growth thereafter.
- Year to year comparison of creative industries GVA with total GVA suggests greater volatility in creative industries with firms perhaps being harder hit during the economic downturn than on average, but recovering more quickly.
- GVA per FTE in creative industries in Dorset is higher than the all industries average.
- However, GVA per FTE in creative industries in Dorset is lower than the average across all LEPs for this sector.

Contribution of creative industries

The latest dataset available for approximate GVA¹ in the creative industries is for 2012. This indicated aGVA of around £394.3m in the Dorset LEP area, accounting for about 2.9% of total GVA of about £13,411.4m (see notes at end). With a number of LEPs having a considerably higher contribution, this is lower than the UK average contribution of 5.2% of total GVA and it has been consistently lower for the last five years.

Ranking of contribution by LEP

Out of the 39 LEPs, Dorset ranked 23rd in terms of contribution of creative industries to total GVA, see chart 1 following.

¹ GVA is Gross Value Added: the contribution of each individual producer, or sector, to the economy. In this report, aGVA is used which is an approximation of GVA at sector level based on business survey data. aGVA is used for detailed industry analysis but is not quite the same as the published GVA data which is further adjusted with data from administrative sources and other surveys.

Over the last five years, whilst the order may have changed, the top six LEPs in terms of creative industries as a percentage of total GVA have consistently been:

- Thames Valley Berkshire LEP
- London LEP
- Oxfordshire LEP
- Enterprise M3 LEP
- Buckinghamshire Thames Valley LEP
- Coast to Capital LEP

For the Dorset LEP, its position in the ranked list has varied over the last five years, but it has generally fallen around the mid-twenties out of 39 LEPs:

Dorset LEP	2008	2009	2010	2011	2012
Creative industries as % of Total GVA	2.6%	3.0%	2.2%	2.3%	2.9%
Rank of LEPs	25	21	28	26	23

Of Dorset's neighbouring or nearby LEPs, Solent LEP ranked seventh out of 39 LEPs in 2008, 2011 and 2012 and 13th in 2009 and 2010 – in a consistently higher position than Dorset.

West of England LEP ranked 8th in 2008, 11th in 2009, 2010 and 2012 and 14th in 2011 – again, consistently above Dorset.

Swindon & Wiltshire LEP ranked 17th in 2008, but dropped below the Dorset LEP in 2009 ranking 23rd. However, from 2010 Swindon & Wiltshire shifted considerably higher in the ranks at 8th, 13th and 9th over 2010, 2011 and 2012 respectively – all considerably above Dorset. It would be interesting to know if any specific factor accounted for this step change.

The contribution of creative industries to total GVA over the last five years in the Heart of the South West LEP has been consistently lower than in Dorset LEP with this area ranking at best 30th (in 2011 and 2012) with Cornwall & Isles of Scilly similarly placed, ranking 32nd at best in 2011.

The actual value of both total GVA and GVA in the creative industries is higher in Dorset than in Cornwall & Isles of Scilly, but lower in Dorset than in the other four LEPs, as shown in the table below (ordered by GVA in creative industries):

£m (2012)	Creative industries GVA		Total GVA	
Cornwall & Isles of Scilly LEP	£	131.3	£	7,041.7
Dorset LEP	£	394.3	£	13,411.4
Heart of the South West LEP	£	583.8	£	27,376.5
Swindon & Wiltshire LEP	£	658.0	£	14,326.9
West of England LEP	£	1,156.7	£	26,734.2
Solent LEP	£	1,525.0	£	31,927.0

Average growth in creative industries GVA (current prices)

Over the five years 2008-2012, average growth per annum in the creative industries sector ranged from growth of 11.4% per annum in current prices in the Cornwall & Isles of Scilly LEP area to -7.8% in the Black Country LEP. Dorset LEP ranked 15th with annual average growth of 3.7%, see chart 2 following. This was above UK growth per annum of 2.2% over 2008-2012.

Over 2008-2012, in most LEP areas, including Dorset, annual average growth in creative industries GVA was higher than growth in total GVA. In Dorset, total GVA growth was 1.1% pa (in line with the national average), with creative industries growth about 2.5 percentage points higher, a bigger gap than the 1.2 percentage point difference seen nationally.

Looking at just the two most recent years for which data are available, the Dorset LEP area saw an increase of 31.0% in the creative industries with GVA up by about £93.2m (shown in Chart 8). This was much higher than the UK average of 9.9% growth in creative industries GVA over 2011-2012 and Dorset ranked seventh out of the 39 LEPs, see chart 3.

Average growth in creative industries GVA (volume)

Deflating GVA from current prices to remove the effects of price changes over time gives estimates in terms of the volume of economic activity by fixing the value at a reference year; in this case 2008 has been used. Ranking by LEP is the same as for current prices as the same deflator is applied throughout. Over the five years 2008-2012, average growth in volume terms per annum in the creative industries sector ranged from growth of 8.1% per annum in the Cornwall & Isles of Scilly LEP area to -10.5% in the Black Country LEP. Dorset LEP ranked 15th with annual average volume growth of 0.6%, compared with change in the UK of -0.8% pa.

Over 2008-2012, in most LEP areas, including Dorset, annual average growth in creative industries GVA volume was higher than growth in total GVA. In Dorset, total GVA volume growth was -1.8% pa (much in line with the national average), with creative industries GVA volume growth about 2.4 percentage points higher at 3.1%, a bigger gap than the 1.1 percentage point difference seen nationally.

Looking at just the two most recent years for which data are available, the Dorset LEP area saw an increase of 26.9% in the creative industries with GVA volume up by about £72m. This was much higher than the UK average of 6.5% growth in creative industries GVA volume over 2011-2012 and Dorset again ranked seventh out of the 39 LEPs.

Chart 1

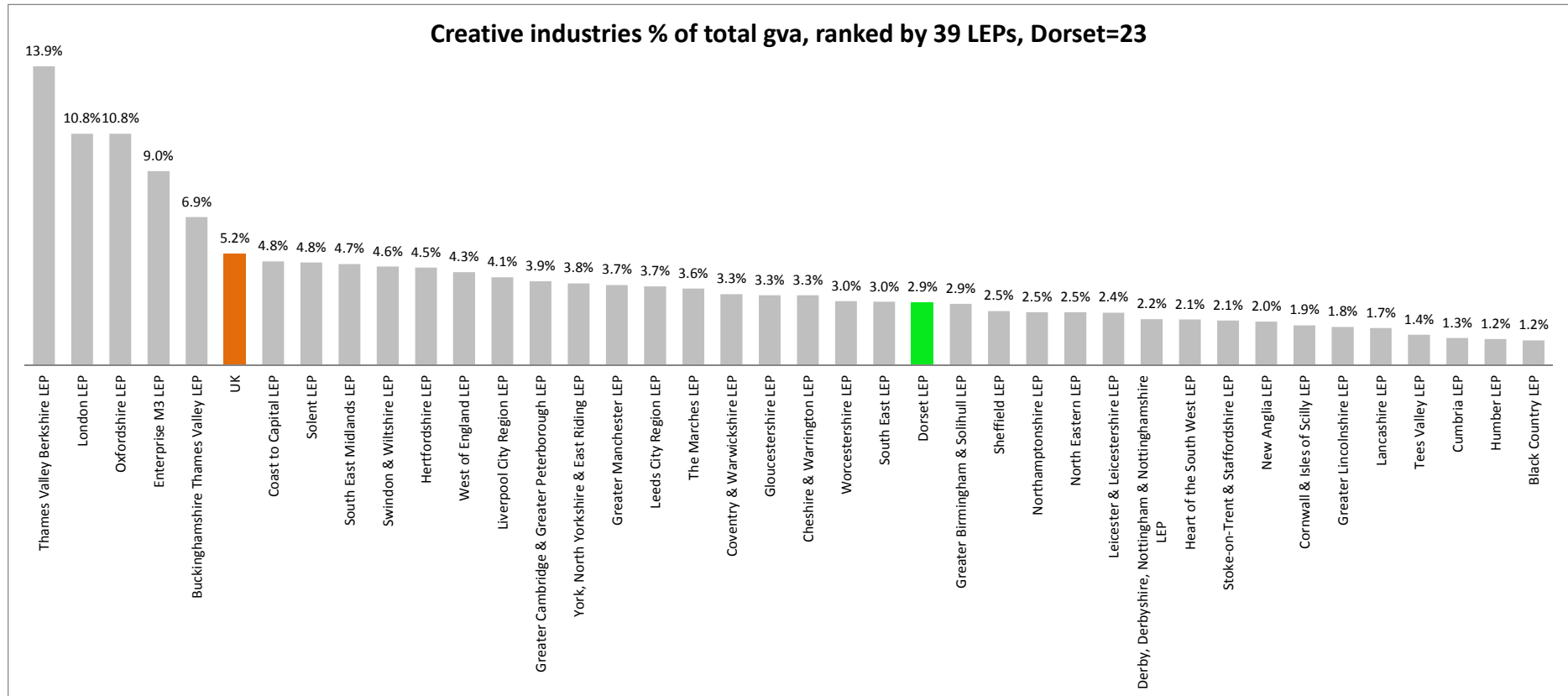


Chart 2

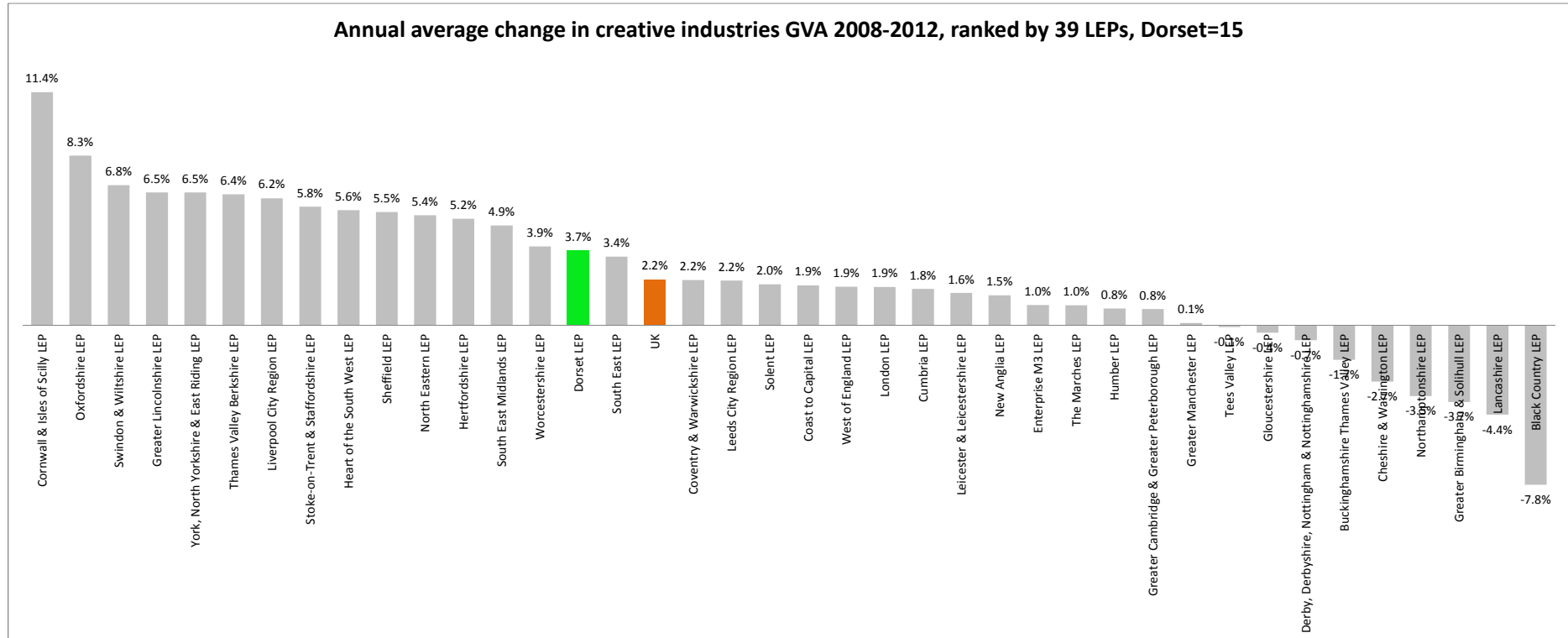
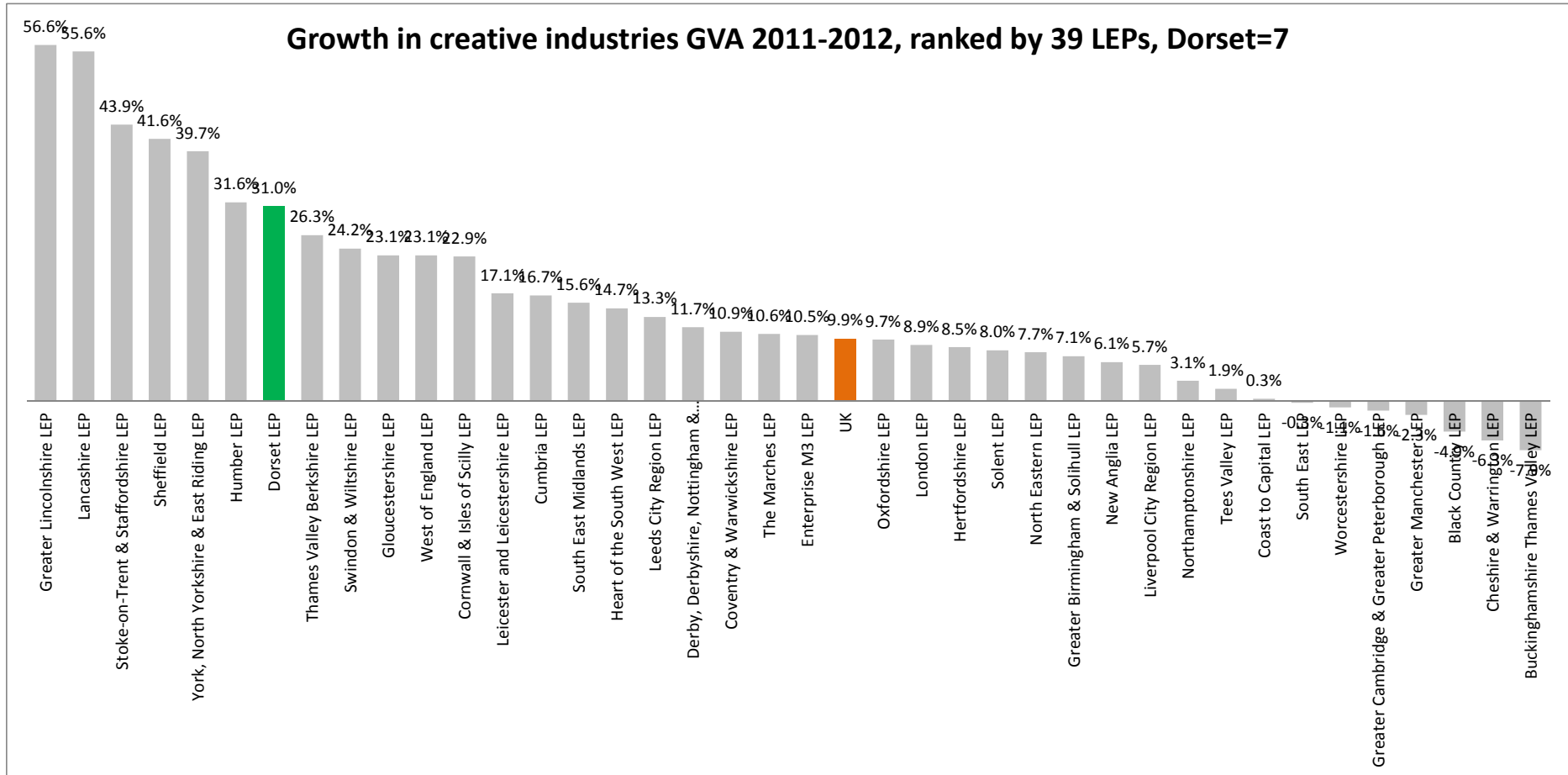


Chart 3

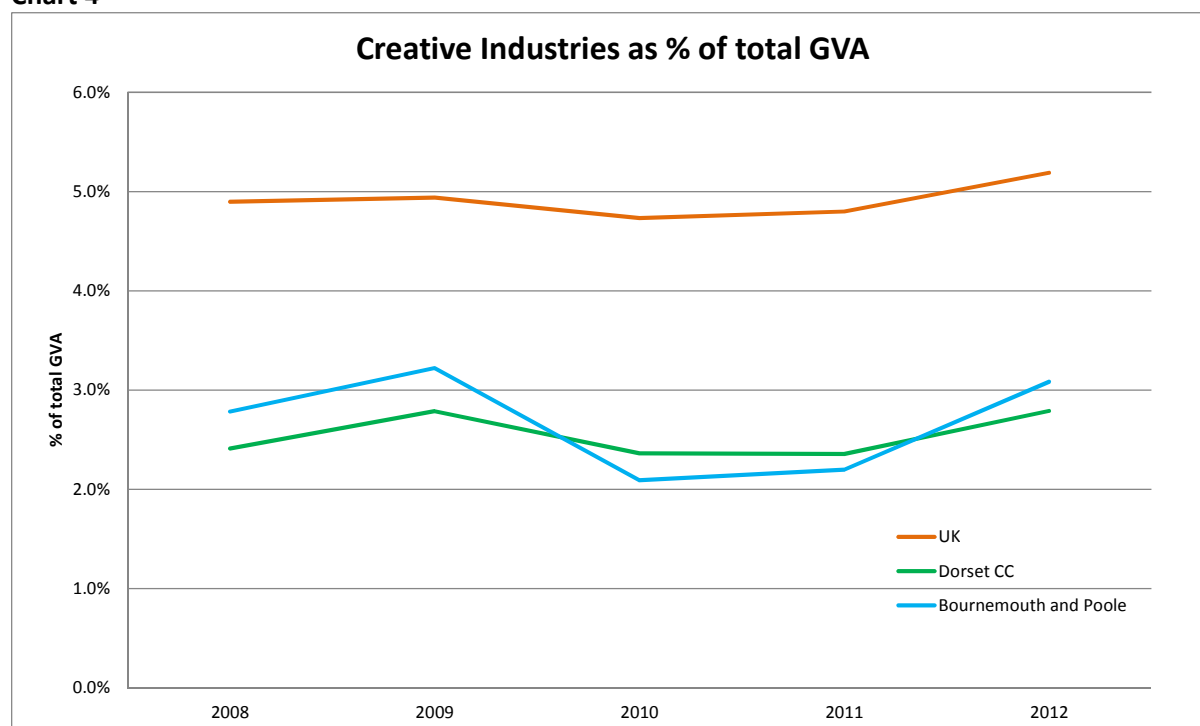


Dorset LEP sub-areas

Within the Dorset LEP area, data can be analysed to NUTS3² level ie DCC Dorset and Bournemouth & Poole.

In 2012, creative industries GVA was about £212.4m in Bournemouth & Poole compared with £181.9m in DCC Dorset. The contribution to total GVA was also higher in 2012 in Bournemouth & Poole at 3.1% compared with 2.8% in DCC Dorset. In both sub-areas, the contribution to total GVA has been markedly below the UK average for the last five years, see chart 4 below.

Chart 4



In 2008 and 2009, creative industries GVA was higher in Bournemouth & Poole than in DCC Dorset, see chart 5 following, but in 2010 and 2011 – presumably influenced by the economic downturn – Bournemouth & Poole saw a greater fall than DCC Dorset. However, the recovery in creative industries over 2011-2012 was considerably greater in Bournemouth & Poole than in DCC Dorset returning it to its earlier relative position. This place switch in 2010/11 was not reflected in the total GVA figures, although both sub-areas saw a dip in 2010, see chart 6.

Over 2011-2012, whilst creative industries GVA grew in both sub-areas, and total GVA rose considerably in Bournemouth & Poole (relative to the national average), in DCC Dorset total GVA fell. Comparing change in total GVA with change in creative industries GVA over time (see charts 8 and 9) suggests greater volatility in the creative industries sector than in the economy as a whole, particularly in Bournemouth & Poole. The composition of the sector in Bournemouth & Poole may affect this with creative industries firms here apparently hit harder by the economic downturn but then recovering more quickly. Correspondingly, the composition of the creative industries sector in

² The NUTS geography (Nomenclature of Territorial Units for Statistics) was created by the European Office for Statistics (Eurostat) as a single hierarchical geographical classification for statistical production across the EU. NUTS1 is regional level (Dorset is in the South West); NUTS2 comprises groups of counties (Dorset & Somerset is our NUTS2); and NUTS 3 is a lower disaggregation so Dorset & Somerset disaggregates to three NUTS3 areas: Bournemouth & Poole, DCC Dorset and Somerset.

the DCC Dorset area may have resulted in greater stability ie creative industries firms here apparently felt less impact from the economic downturn and recovery is at a steadier pace than in the conurbation. This is reflected in nearby and neighbouring LEPs, see charts 10 and 11.

Chart 5 (GVA shown £000s)

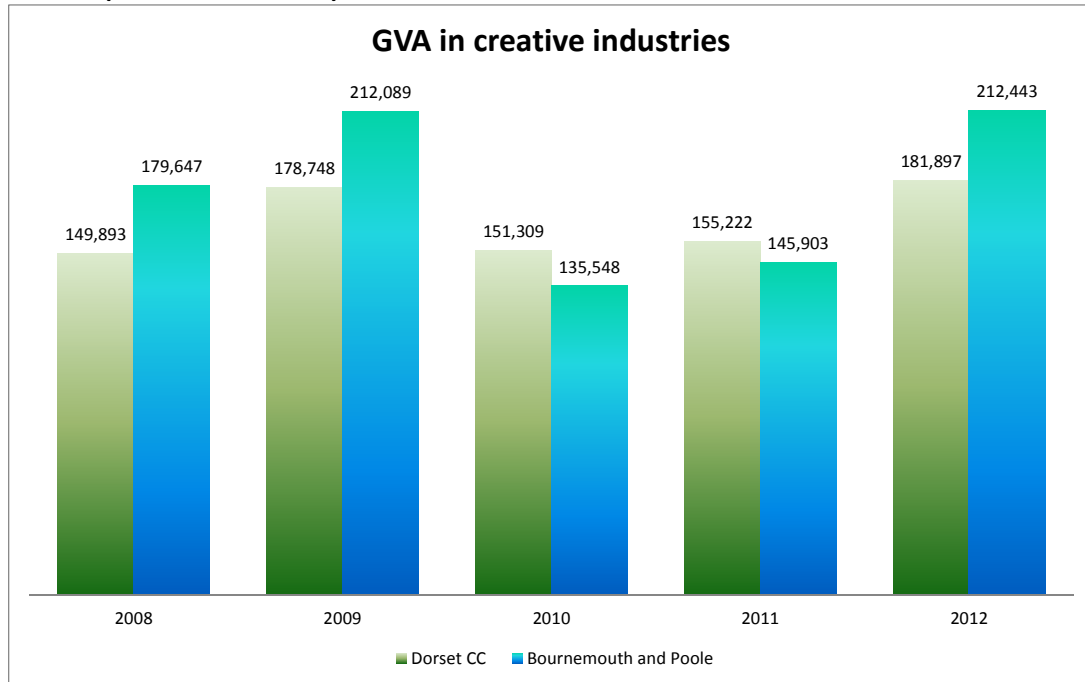
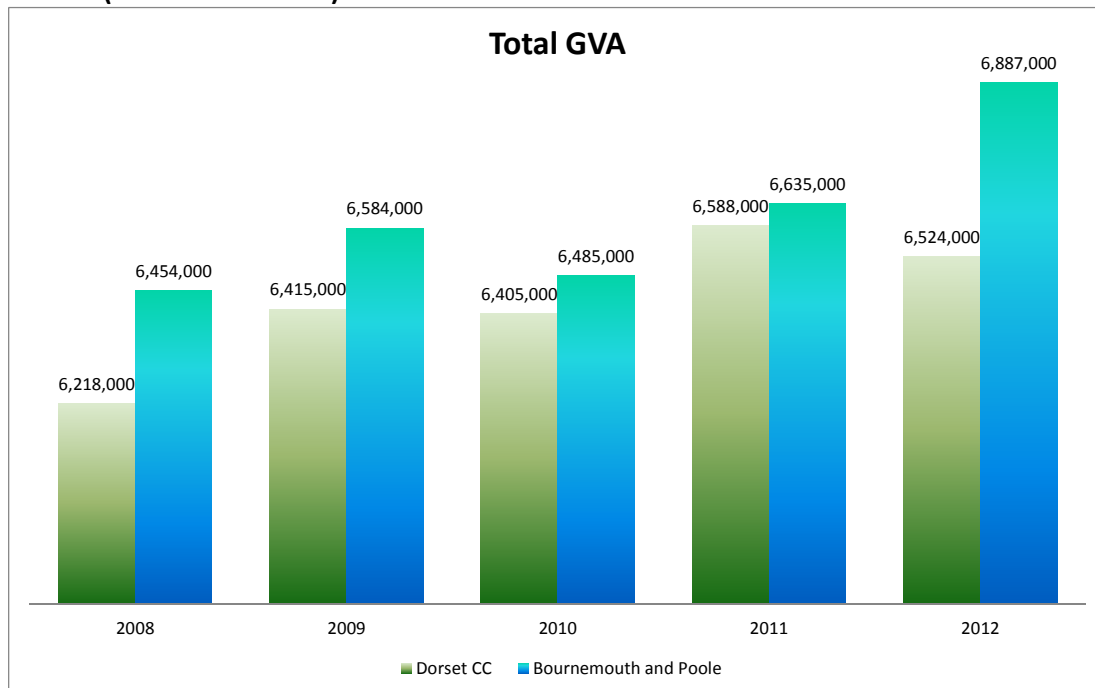
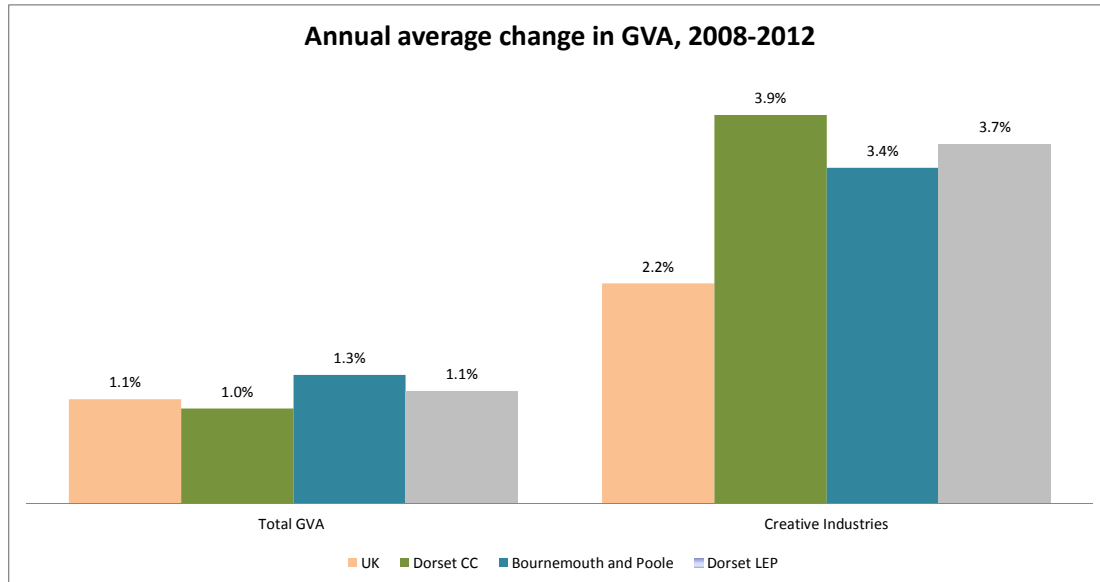


Chart 6 (GVA shown £000s)



Looking at annual average change over the last five years, Bournemouth & Poole saw growth of 3.4% pa in creative industries GVA, which was above the UK average of 2.2% pa but lower than the 3.9% pa growth seen in DCC Dorset. For the economy as a whole, Bournemouth & Poole saw higher GVA growth than DCC Dorset, see chart 7 following:

Chart 7



Over the two most recent years for which data are available, the above average growth in creative industries GVA in the Dorset LEP area was led by Bournemouth & Poole with growth over the year of about 46%. Growth in DCC Dorset was closer to the UK average. In 2009-2010, both sub-areas had seen decline in creative industries GVA with Bournemouth & Poole much harder hit than DCC Dorset, as seen in chart 8 below.

GVA per full time equivalent employee (FTE)

Using an estimated number of full time equivalent employees in creative industries³, in the Dorset LEP area the sector creates about £52,260 GVA per FTE. This is above the Dorset LEP all industry average of £24,470 GVA per FTE, but low compared to the £73,560 per FTE average for creative industries across all LEPs⁴. Neighbouring LEPs are shown in the table below. Dorset ranks 20th of the 39 LEPs. The two Dorset sub areas are much in line with DCC Dorset at £52,800 and Bournemouth & Poole at £51,800.

³ Calculated using Cambridge Econometrics original data and BRES/aGVA 2012 datasets from ONS giving an estimated 7,550 full time equivalent employees in Creative Industries in Dorset (about 4,100 in Bournemouth & Poole and 3,450 in DCC Dorset).

⁴ Whilst this is likely to be an over estimate as BRES figures are likely to exclude some employment, it is a consistent methodology for comparison of the LEPs.

£m (2012)	Creative industries GVA per FTE
Swindon & Wiltshire LEP	£ 86,270
Solent LEP	£ 77,070
West of England LEP	£ 59,340
Dorset LEP	£ 52,260
Heart of the South West LEP	£ 47,330
Cornwall & Isles of Scilly LEP	£ 31,100

Chart 8

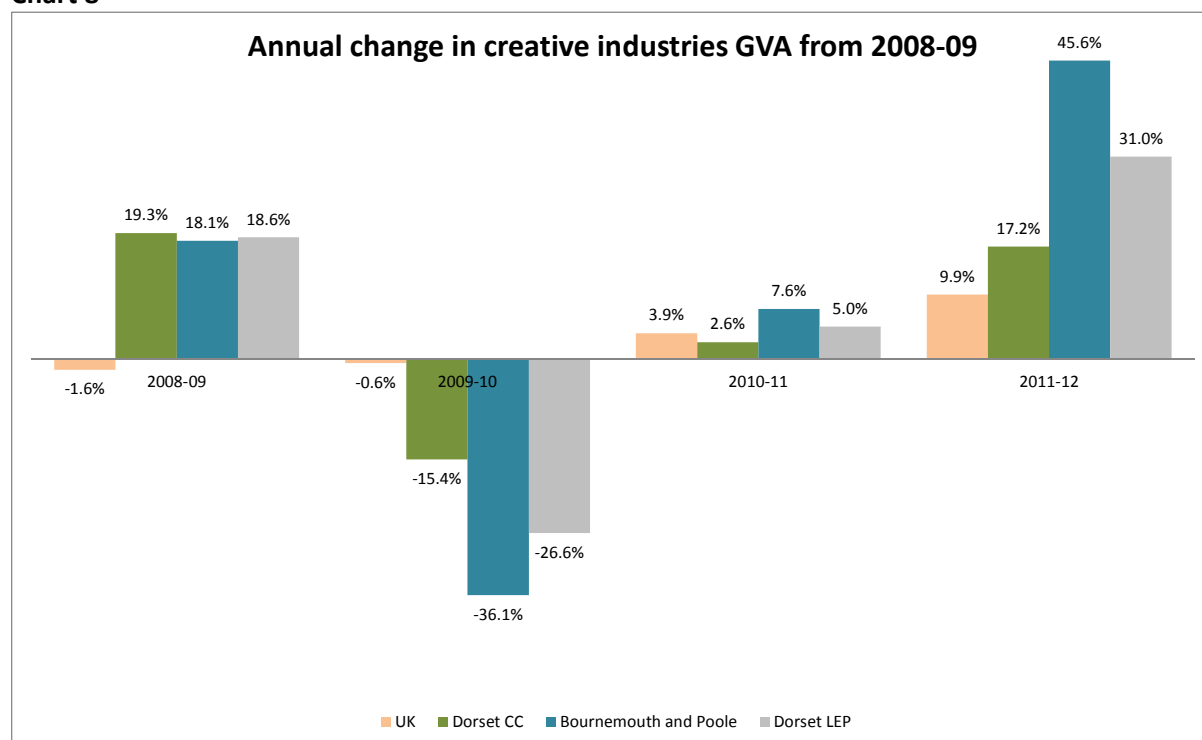


Chart 9

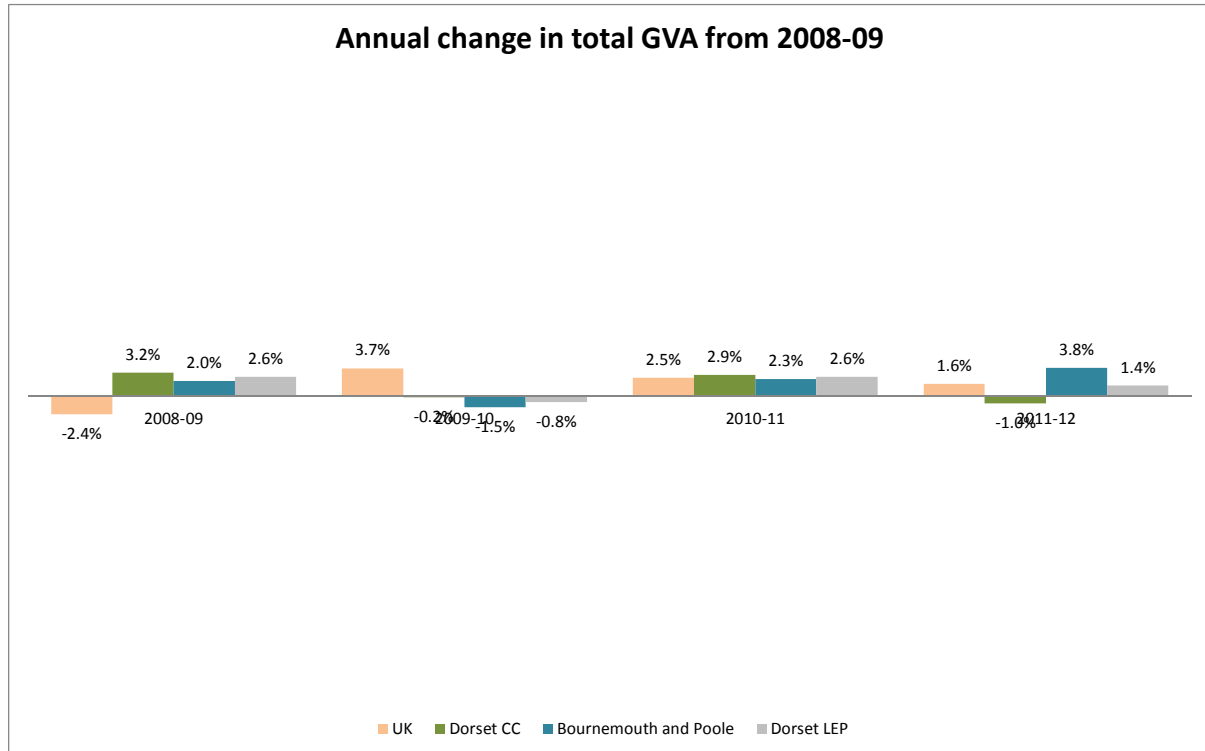


Chart 10

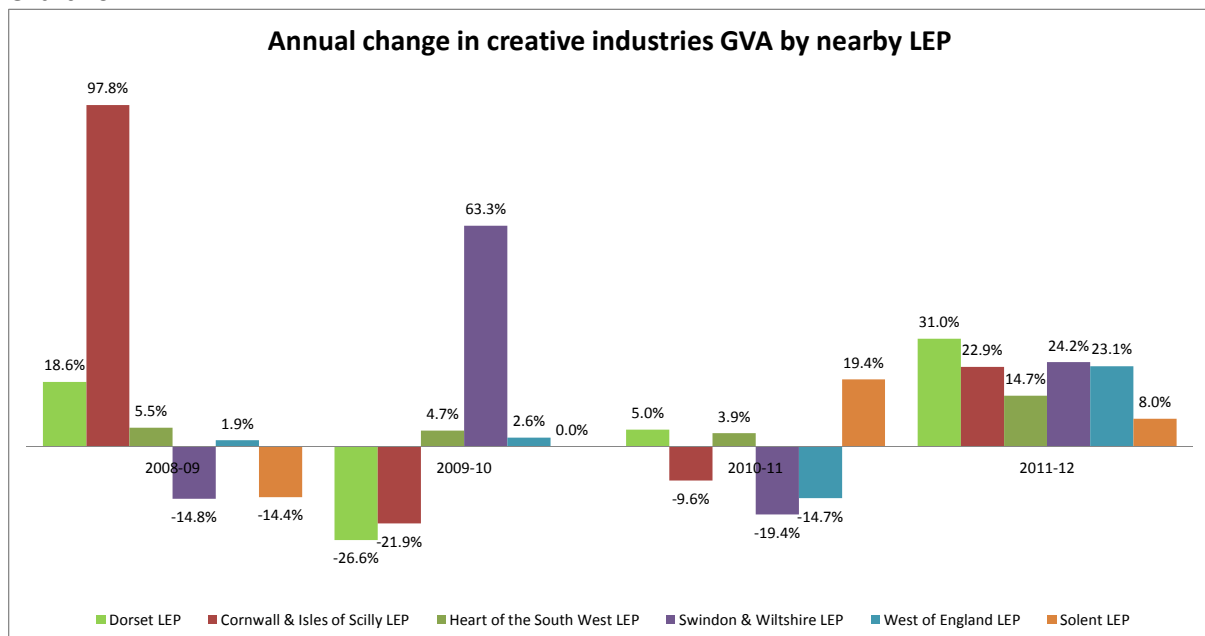
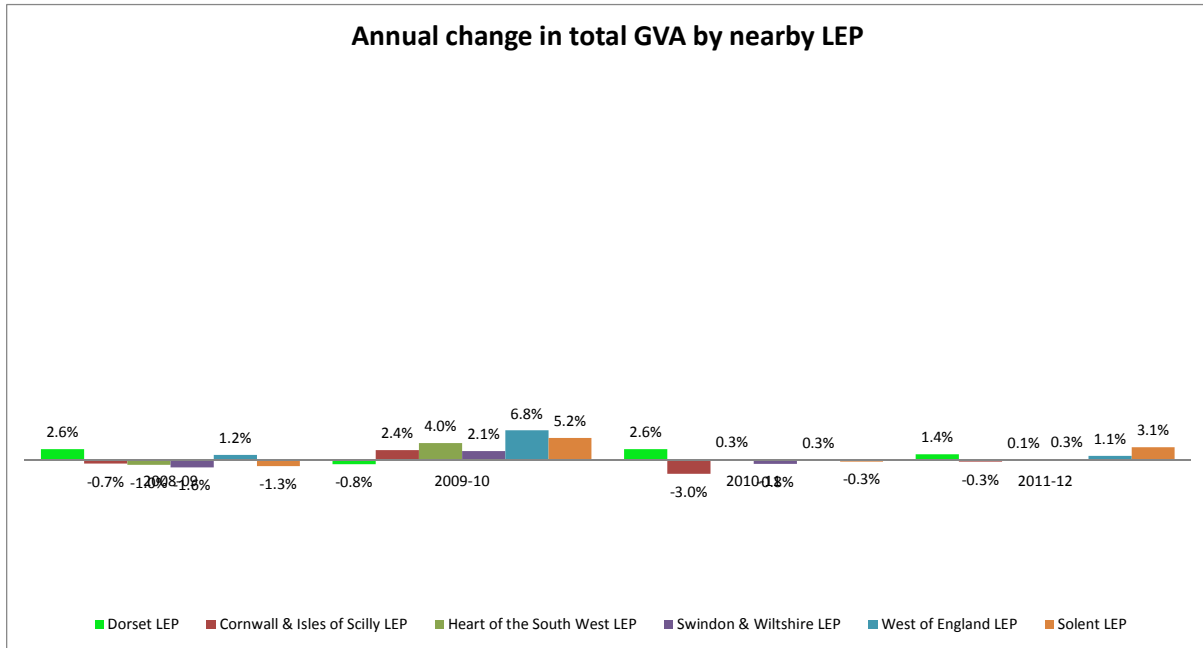


Chart 11



Notes:**Source data:**

Annual Business Survey (ABS) 2008-2012, Office for National Statistics – commissioned for Dorset LEP. This dataset has now been made publicly available, see [Creative inds aGVA by LEP](#) , table reference 003531.

Workplace based GVA at current basic prices, Office for National Statistics

Business Register and Employment Survey 2012, Office for National Statistics, with FTE estimates by Dorset County Council using Cambridge Econometrics data

Definitions:

The components of the ‘creative industries’, as defined by DCMS, have been grouped to give an aggregated total. The following are therefore included, based on Standard Industrial Classification (SIC) codes:

SIC		Creative Industries grouping description
32.12	Manufacture of jewellery and related articles	Crafts
58	Book publishing	Publishing
59.1	Motion picture, video and television programme	Film, TV, video, radio and photography
59.2	Sound recording and music publishing activities	Music, performing and visual arts
60	Television/radio programming and broadcasting activities	Film, TV, video, radio and photography
62.01	Computer programming activities	IT, software and computer services
62.02	Computer consultancy activities	IT, software and computer services
70.21	Public relations and communication activities	Advertising and marketing
71.11	Architectural activities	Architecture
73.11	Advertising agencies	Advertising and marketing
73.12	Media representation	Advertising and marketing
74.1	Specialised design activities	Design: product, graphic and fashion design
74.2	Photographic activities	Film, TV, video, radio and photography
74.3	Translation and interpretation activities	Publishing
85.52	Cultural education	Music, performing and visual arts
90	Creative arts and entertainment	Music, performing and visual arts
91.01	Library and archive activities	Museums, galleries and libraries
91.02	Museum activities	Museums, galleries and libraries

Other notes:

The industries covered by the ABS are:

- Agriculture (support activities), forestry and fishing - part of Section A
- Production industries - sections B-E
- Construction industries - section F
- Distribution industries - section G
- Other service industries - sections H, I, J, K (insurance and re-insurance 65.1 and 65.2 only), L, M, N, P (excludes public sector), Q (excludes public sector and medical and dental practice activities , group 86.2), R, S

The main industries omitted by the survey are therefore:

- Agriculture - part of section A (crop and animal production, groups 01.1, 01.2, 01.3, 01.4, and 01.5)
- Financial activities - section K (groups 64, 65.3, 66)
- Public administration and defence; compulsory Social Security - section O
- Activities of households as employers; undifferentiated goods and services-producing activities of households for own use - section T
- Activities of extraterritorial organisations and bodies - section U

Whilst this is not a problem for estimating GVA in the aggregated creative industries sector, it does mean that 'total' GVA given in the ABS derived dataset does not include all sectors and therefore does not match the 'official' current basic price GVA figure given in other ONS datasets.

To give a better picture of the contribution of the creative industries to the whole economy, current price GVA data have been used as the denominator in this piece of work rather than the partial aGVA data provided in the ABS dataset. This piece of work **does not** compare creative industries with any of the ABS excluded sectors such as financial activities, so there is consistency.

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