

# GLAE Consultation Response

## OSR Assessment of DCMS Sectors Economic Estimates

April 2018

Greater London Authority (GLA) Economics welcomes this opportunity to engage with the Office for Statistics Regulation (OSR) and provide comment on their [assessment of DCMS Sectors Economic Estimates statistics](#). As regular users of this [suite of statistics](#), we would welcome their classification as National Statistics, providing they meet the necessary requirements. Additional certainty that these statistics are trustworthy and of high quality is vital if we are to make greater use of them in planning and policy design and we would further encourage the OSR to continue the work they are doing to ensure this in all areas.

### 1. For what purpose do you use the statistics?

GLA Economics primarily uses these statistics to monitor the sectors and for benchmarking purposes. These statistics and associated analysis feeds into policy development in London and contribute to various strategies by the Mayor of London such as the draft [Culture Strategy](#) and the draft [Economic Development Strategy](#).

### 2. a) Are the statistics of sufficient quality for your needs?

GLA Economics has long been producing statistics that relate to the same DCMS sectors. For example, we have been estimating regional GVA and employment for the creative and cultural industries since 2002<sup>1</sup> and we have used the same definitions as DCMS since 2011<sup>2</sup>. We have worked alongside the Office for National Statistics (ONS) London Statistical Support team in producing these estimates. In [our latest report](#), we were also able to look at other variables including earnings, employment status and socio-economic characteristics within the creative and cultural industries at the regional level<sup>3</sup>. Indeed, we have published a couple of reports looking at [London's architecture sector](#) specifically – a sub-sector of the creative industry in line with DCMS definitions.

Given this, we have some concerns about the quality of the DCMS Sectors Economic Estimates, including:

#### Methodological differences between GLA Economics and DCMS estimates

There are methodological differences in the way that regional estimates are calculated by GLA Economics and DCMS. For example, regarding estimating regional GVA for these sectors, we apportion

<sup>1</sup> GLA Economics (2002). [Creativity: London's core business](#), October 2002.

<sup>2</sup> GLA Economics (2011). [London's creative industries 2011 update](#), Current Issues Note 33, October 2011.

<sup>3</sup> GLA Economics (2017). [London's creative industries – 2017 update](#), Working Paper 89, July 2017.

ONS Regional GVA data<sup>4</sup> to 4-digit SIC using the share of employee jobs taken from the ONS Business Register and Employment Survey (BRES). In contrast, the DCMS approach uses a share of approximate GVA (aGVA) from the ONS Annual Business Survey (ABS). For us, our approach is preferable as BRES has a larger sample size than the ABS making it more appropriate for regional analysis.

Although the different methodologies yield similar headline GVA estimates for the creative industries, there are notable differences when looking at the sub-sectors. This is in terms of absolute number, the share of the creative industries total and annual growth rates. It is a similar issue when looking at the number of jobs. Consequently, this will have an impact on how we use these statistics.

### Regional ABS data

The DCMS methodology note is not clear as to whether DCMS use regional data from the ABS. If this is the case, then at 4-digit SIC, the estimates may have large margins of error and it is not clear how DCMS have accounted for this. If they have not used regional ABS data, then the DCMS estimates may not be accounting for regional differences in economic structures.

### Level of detail

As well as questions over methodological quality, these statistics do not provide us with the same level of detail as our own analysis. For example, regional employment data is limited to the total number of employee and self-employed jobs for all DCMS sectors. There are no breakdowns for socio-economic characteristics. The business demography data has similar limitations.

Given the importance of DCMS sectors to the London economy, particularly the creative industries, these statistics do not provide enough detailed information at a regional level to meet our needs. GLA Economics believes that the published data overlooks some important differences in the creative industries between London and the rest of the UK – for example, in growth rates, the composition of the workforce by certain characteristics, etc.

In addition, there are limitations in using the National Statistics Socio-economic Classification (NS-SEC) of people doing jobs in DCMS sectors to analyse socio-economic class. This definition is highly based on current occupation and, as a result, does not provide a robust indication of the socio-economic background (class) of those entering the sector. This is important considering concerns about social mobility and DCMS sectors.

## **b) How clear is the advice from DCMS about the strengths and limitations of the statistics?**

GLA Economics believes that the advice given by DCMS about the strengths and limitations of the statistics is generally good. However, as mentioned above, the DCMS methodology note is not clear as to whether DCMS use regional data from the ABS. If this is the case, then at 4-digit SIC, the estimates may have large margins of error and it is not clear how DCMS have accounted for this. If they have not, then the DCMS estimates may not be accounting for regional differences in economic structures. In addition, we do not believe DCMS have, yet, published advice relating to the experimental GVA(b) estimates, which is something we would like to see in the future.

## **c) What further information would you like?**

As implied from our responses to sections a) and b), GLA Economics would like to see more detailed analysis of the creative industries sector at the regional level, particularly for London (and accepting

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<sup>4</sup> Previously we have used the ONS Regional GVA (income approach) estimates, but we are now looking to use the newly released ONS Regional GVA balanced estimates.

there may be disclosure issues for some regions). This would include further statistics on trends over time, pay, and social-economic characteristics; as well as a geographical analysis of business demography and ownership. Also, we would like to see more information about the socio-economic origin of those entering the sector, with more consideration given to the limitations of the NS-SEC measure (although accepting that this is the official measure used in the UK).

The approach used by GLA Economics to estimate regional sector GVA enables us to publish figures in both constant and current prices. That is because we use the ONS Regional GVA balanced estimates which publishes regional deflators. We would like to see DCMS to do the same, using regional deflators, to show the real trend over time.

We would also like to see these data made available at lower level geographies (again accepting disclosure issues). For instance, GLA Economics' approach to GVA estimates using BRES employee data, means that it would be theoretically possible to produce analysis at the NUTS2 level and potentially lower. This would be useful as it would allow us to show the concentration of the creative industries within London itself.

Finally, we are aware that productivity estimates were never published due to '[underlying data issues](#)'. Should these data issues be resolved, we would be interested to see the results of these estimates.

### **3. a) Is the statistical commentary helpful to you?**

GLA Economics finds the statistical commentary broadly helpful.

### **b) How could it be improved?**

No comment.

### **4. If you have requested additional data or raised queries with DCMS about these statistics, or of the statisticians have sought your views about any aspects of the statistics, please tell us how well DCMS engaged with you.**

We have not previously engaged with DCMS regarding these statistics.

### **5. Other comments**

As noted above, GLA Economics has been estimating the GVA of the creative industries for some years. We use this same methodology to provide estimates of GVA for other non-DCMS sectors such as life sciences and digital technologies. If GLA Economics was to switch from our approach to using the DCMS methodology, this would create inconsistencies within our wider work looking at London's economy. One potential mitigating factor would be for the ONS to publish detailed regional ABS data that would allow us to replicate the DCMS methodology for other sectors. This forms part of our wider call to make more regional data be made available.