Creative Industries
A Strategy for Creative Scotland 2016-17
Appendix 2

WHAT ARE THE CREATIVE INDUSTRIES?

This appendix details the history and development of the 'creative industries' in Scotland and sets out the methods used to support its development and assess its activity.

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There are many documents that detail the shape, size and composition of the creative industries. In Scotland a useful starting point is the 2010 Reform Bill that was passed by the Scottish Parliament. This Bill gave birth to a new organisation – Creative Scotland – and set out its remit. In doing this the Bill describes the creative industries as ‘those which have their origin in individual creativity, skill and talent. They also include industries that have the potential to create wealth and jobs through the development, production or exploitation of intellectual property. The sector is made up of 13 distinct industries – advertising, architecture, art and antiques, crafts, design, designer fashion, film, interactive leisure software, music, performing arts, publishing, software and computer services and TV and radio.’

A further step in developing the understanding of the sector in Scotland was subsequently made in 2012 when a study commissioned jointly by Creative Scotland and Scottish Enterprise was published. The aim of this research was ‘to obtain a comprehensive and robust picture of the contribution of the Arts and Creative Industries (A&CI) to the wider Scottish economy’ and it included the following statement that effectively expanded the way the sector was measured from 13 to 16 sub-sectors:

> The main adjustments made in order to develop this Scottish scope include: splitting out and rearranging some industries into more appropriate categories; adding in industries (or parts of industries) outside the DCMS[1] definition that are regarded as core parts of the A&CI in Scotland; retaining some categories recently removed by DCMS; and amending the DCMS weightings (i.e. the proportion of an industry that is defined as creative) for some specific industries in order to make them more relevant to Scotland at the current time.

These changes created a new list that comprised: advertising, architecture, visual art, crafts, fashion and textiles, design, performing arts, music, photography, film and video, computer games, radio and TV, writing and publishing, heritage, software/electronic publishing, cultural education.

1 UK Government Dept of Culture, Media & Sport

THE ROLES OF THE KEY AGENCIES SUPPORTING THE CREATIVE INDUSTRIES

In providing guidance around the application of the 2010 Reform Bill, the Scottish Government also recommended that the different organisations involved in support for the creative industries should have distinct complementary roles. It stated that:

> Creative Scotland's role will be to provide research, intelligence and advocacy across the creative industries. It will lead co-ordination activity in developing the creative industry sector.
>
> The Enterprise agencies' role will be to identify and develop growth sectors, sub-sectors and businesses, and to maximise the economic potential of businesses within creative industries.
>
> Local Authorities will support creative industries in their area and are responsible for the governance of the Business Gateway whose role will be to provide generic business advice and signpost to other sources of specialised support and advice.[2]

In addition to the above, a number of other agencies also have specific roles in relation to the Creative Industries:

> Skills Development Scotland's role is to lead with the implementation of the Skills Development Plan for the creative industries in partnership with the sector, the skills supply system, the public agencies and other key stakeholders. It also supports and promotes take-up of its products and services by creative businesses.
>
> The Scottish Funding Council is the national strategic body that is responsible for funding teaching and learning provision, research and other activities in Scotland's 25 colleges and 19 universities and higher education institutions (the role of Director of Creative Industries at Creative Scotland is also supported by the Scottish Funding Council and the focus for this partnership is to encourage world leading research and greater innovation in the economy).

2 www.gov.scot/resource/doc/244097/0077349.pdf

The Scottish Government also gave guidance as to how these relationships between these organisations should be managed:

> No organisation can fulfil its role in isolation and each will be required, as part of its remit, to work closely with others to ensure they learn from each other's expertise and knowledge so there is an effective interface, a genuine joined up approach and the right links are made to make sure that Scotland gets the best out of its creative sector.[3]

This close working is achieved through the mechanism of Scotland's Creative Industries Partnership (SCIP) which Creative Scotland chairs.

Work in Scotland is also undertaken in the context of wider UK initiatives led by bodies such as the Creative Industries Council, Creative England and the Creative Industries Federation. There is also the international context of the European Union, which invests in culture and the creative industries across a range of programmes, including its main cultural programme (Creative Europe). UNESCO also plays a leadership role in connecting culture and the creative industries to civil society and diversity agendas, and which is marked in Scotland by the three UNESCO designations for Edinburgh (Literature), Glasgow (Music) and Dundee (Design).

3 www.gov.scot/resource/doc/244097/0077349.pdf

MEASURING THE CREATIVE INDUSTRIES

In attempting to understand the ways in which the creative industries are measured, it is necessary to understand the role of the Standard Industrial Classification (SIC) codes and Standard Occupational Classification (SOC) codes that are used in defining the sector. SIC codes are used to classify business establishments and other statistical units by the type of economic activity in which they are engaged[4], while SOC codes are classified in terms of their skill level and skill content, and are used for career information to labour market entrants, job matching by employment agencies and the development of government labour market policies.[5] They provide a statistical reporting framework that allows for the assessment of economic value and time series data on the size and shape of the sector to be analysed. This is normally done through an assessment method known as Gross Value Added (GVA) that is defined as the difference between output and intermediate consumption.

The methods used for assessing the size and value of creative industries in Scotland now use a 16 sub-sector approach with proportionate weighting built in to some industries. The figures derived from this definition are maintained by the Scottish Government in the Growth Sector Database[6]. These Scottish Government Growth Sector statistics give us a useful reference tool for monitoring trends within the sector and understanding the make up of this diverse and complex sector from an economic perspective.

However, even with the improved model, it is thought that there continue to be underestimates in several sub-sectors, notably crafts, computer games and music. Consistent anecdotal evidence suggests that there are high numbers of sole traders and project-based workers across the creative industries that may not be picked up in official statistics. Further work is ongoing to better understand the implication of this.

Since the Scottish Government adopted the current definition there have also been changes to the assessment methods used across the rest of the UK following work by NESTA on 'dynamic mapping' of the creative industries. A method which used the 'creative intensity' of different occupations and industries to define the size and economic scale of the sector.

4 www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html
5 www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/soc2010/index.html
6 www.gov.scot/Topics/Statistics/Browse/Business/Publications/GrowthSectors

In 2014 the DCMS adopted their new methodology for determining which occupation and industry codes are classified as 'creative', a method that differs in some areas from the Scottish model. The DCMS now produce statistics for both the Creative Industries (industries identified as having a high creative intensity) and the wider Creative Economy (which includes occupations with a high creative intensity outwith the defined creative industries).[7]

Although both the Scottish Government and DCMS use the same primary data for their statistics, the differing classifications and methodologies mean that the two sets of data are no longer comparable. Recent work by the UK Government Scottish Affairs Committee[8] has led to a call for greater consistency between the methods used.

Overall it is reasonably safe to assume that most people understand that the creative industries centre on a core of business practice in which individual creativity is used to generate commercial trading activity. However it is important to also understand that the sector has very porous boundaries that can lead to differing assessments over exactly what may be in or out of the sector and therefore also over the size and value of the sector.

To support the development of the creative industries it is important to be able to make informed judgements that are not always bound by the existing classifications. These classifications are designed to aid assessments of economic impact, but may not be quite so useful when undertaking development work that is intended to capture and amplify the innovation that often drives creative businesses.

7 www.gov.uk/government/uploads/system/uploads/attachment_data/file/271008/Creative_Industries_Economic_Estimates_-_January_2014.pdf

8 www.parliament.uk/business/committees/committees-a-z/commons-select/scottish-affairs-committee/inquiries/parliament-2015/creative-industries-in-scotland

INTERNATIONAL CONTEXT

Given Scotland's place in the world it is important to position this work in an international context and UNESCO provide some guidance for this. The UNESCO Creative Economy report of 2013 states:

> A much greater proportion of the world's intellectual and creative resources is now being invested in the culture-based industries, whose largely intangible outputs are as 'real' and considerable as those of other industries. Human creativity and innovation, at both the individual and group level, are the key drivers of these industries, and have become the true wealth of nations in the 21st century. Indirectly, culture increasingly underpins the ways in which people everywhere understand the world, see their place in it, affirm their human rights, and forge productive relationships with others.
>
> Unlocking the potential of the creative economy therefore involves promoting the overall creativity of societies, affirming the distinctive identity of the places where it flourishes and clusters, improving the quality of life where it exists, enhancing local image and prestige and strengthening the resources for imagining diverse new futures. In other words, the creative economy is the fount, metaphorically speaking, of a new 'economy of creativity', whose benefits go far beyond the economic realm alone.

UNESCO's focus on local development pathways is critical – that it is via bespoke, sector-driven and locally embedded activities that meaningful growth can take place.

This international perspective is appropriate given the desire to grow the global reach of Scotland and we are well placed as a nation to progress this. Alongside the international success of our arts and screen industries, many aspects of our creative industries enjoy a strong international reputation and it is in this area where some consultation work undertaken by Tom Fleming Creative Consultancy identified significant potential for growth in Scotland.

TRIPLE BOTTOM LINE

Specific sub-sectors of the creative industries in Scotland are highly regarded and internationally recognised, and work from bases in both urban and rural locations and on all scales.

It is also recognised that these businesses have the capacity to generate strong value for other business sectors – being directly or indirectly linked to tourism, education, health, energy and food – and are often informed by a strong social ethic that echoes that of UNESCO cited above. This ethos defines a new kind of sector with a rich ecology of micro-businesses who are fleet of foot and informed by a strong understanding of community interest as well as commercial ability, many working to a triple bottom line of economic, social and cultural value.

"It wasn't until I started working in industry my eyes opened up to the whole process of developing an idea and taking it to market...I really admire designers who have built their companies up from modest beginnings and maintained their creative integrity and ethics"[9]

9 Hilary Grant, quoted in *Scotland on Sunday* feature 13/9/15

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This appendix was written in support of the Creative Scotland Creative Industries Strategy 2016-17. The strategy and all supporting appendices and resources is available at www.creativescotland.com/creativeindustries

Waverley Gate
2-4 Waterloo Place
Edinburgh EH1 3EG
Scotland UK

The Lighthouse
Mitchell Lane
Glasgow G1 3NU
Scotland UK

Reception +44 (0) 330 333 2000
Enquiries +44 (0) 845 603 6000
enquiries@creativescotland.com

www.creativescotland.com
@creativescots

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