The Creative Economy in KETTERING

INTRODUCTION

This fact sheet has been produced as part of the East Midlands Creative Industries Rural Strategy study commissioned by Culture East Midlands. (Fact sheets are available for each of the 26 rural districts of the East Midlands.)

Creative industries are an increasingly significant element of the rural economy in the East Midlands. In 2005, 28,600 people were employed in creative industries throughout all rural districts of the region (3% of all employment). There were also 7,800 creative industries businesses in the region's rural districts (more than 8% of all businesses). In these districts, creative industries employment grew by 20% between 2001 and 2005 (compared to 8% employment growth in the whole economy), and the number of creative industries businesses increased by 23% (compared to 11% growth in businesses in the economy as whole). In 2004, average GVA per head in creative industries in the rural East Midlands was £24,500.

KEY FACTS – Kettering

- More than 1,500 people were employed in creative industries in Kettering in 2005 – representing more than 4% of employment in the economy of the district as a whole
- There were more than 280 creative industries businesses in Kettering in 2005, representing 8.5% of all businesses in the district's economy
- Creative industries employment grew by 25% between 2001 and 2005 – nearly two-and-a-half times the rate of growth in the district's economy as a whole
- The number of creative industries businesses in Kettering increased by 14% between 2001 and 2005 – broadly in line with the increase in businesses in Kettering's economy as a whole
- The largest sub-sector in terms of employment was Books & Press. Employment growth was strongest in Visual Arts & Design, which also accounted for the highest numbers of businesses.

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1 THE CREATIVE INDUSTRIES

The creative industries are defined by the Department for Culture, Media & Sport (DCMS) as "*those 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*". The definition of creative industries used in this paper is based on the DCMS Evidence Toolkit (DET)[1], a methodology for measuring creative industries using official government data.

The DET classifies creative industries into four sub sectors, or 'domains': Audiovisual, Books & Press, Performance and Visual Art & Design. Table 1 below indicates which industries are included in each domain:

Audio-visual	Books & Press
TV & radio Film & video Photography Advertising Music Interactive digital media (games, web, mobile etc)	Publishing (books, magazines, newspapers) Literature Printing
Performance	**Visual Art & Design**
Theatre Dance Circus Carnival Puppetry	Design Architecture Fine arts Crafts Art & Antiques Designer fashion

Table 1 - Creative Industries Domains

Source: DCMS Evidence Toolkit (2004)

Two sources of data were used in this paper. The first, the National Business Database (NBD), is commercially licensed information provided by Experian[2]. The second, the Annual Business Inquiry (ABI), is based on a national survey of businesses, conducted annually by the Office for National Statistics (ONS).

Analysis of NBD provided a detailed breakdown of the types of creative businesses in Kettering, which in turn made it possible to calculate employment and business numbers for specific years using ABI. NBD also provided information about the geographical location of businesses, and an indication of the proportion of freelance workers and sole traders in the workforce.

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[1] DCMS (2004), DCMS Evidence Toolkit – DET: Technical Report

[2] A commercial data provider

Analysis of ABI made it possible to calculate changes in creative industries employment and businesses numbers over time, and to compare data for Kettering with other districts and larger geographical areas.

Further information about data sources and methodology is provided in the APPENDIX.

2 CREATIVE INDUSTRIES EMPLOYMENT – ABI (2005)

Table 2 below shows creative industries employment in Kettering in 2005 (the most recent year for which ABI data are currently available from ONS). It shows that:

- More than 1,500 people were employed in creative industries in Kettering in 2005 – representing more than 4% of employment in the economy of the district as a whole. (This is a slightly higher proportion of all employment than in rural districts as a whole in the East Midlands).
- Books & Press was the largest domain in employment terms, representing around 50% of all creative industries employment. The district is distinctive in this regard, as the largest domains in most rural districts of the East Midlands are Audio-visual and Visual Arts & Design.
- The Audio-visual domain accounted for 24% of all creative industries employment, Visual Arts & Design 23%, and Performance around 2%.
- (Note that ABI data in the table below do not include sole traders or most micro businesses.[3])

	Employment	% of Employment in whole economy of district
Audio-visual	372	1.0%
Books & Press	779	2.1%
Performance	40	0.1%
Visual Arts & Design	356	1.0%
TOTAL	**1,547**	**4.3%**

Table 2 - Creative Industries Employment in Kettering 2005

Source: ONS ABI (2005)/BOP

[3] Note that ABI data does not include sole traders, freelancers and many small and micro companies (for example, those below the VAT threshold). It should also be noted that ABI is less reliable when looking at a single local authority district than when analysing a larger area, or at specific industrial sectors rather than the whole economy. The margin of error increases as the level of detail becomes more specific.

2 CREATIVE INDUSTRIES BUSINESSES – ABI

Table 3 below shows the number of creative industries businesses[4] in Kettering in 2005, based on ONS ABI data. It shows that.

- There were more than 280 creative industries businesses in Kettering in 2005, representing 8.5% of the stock of all (VAT-registered) businesses in the district's economy.
- 47% of creative industries businesses were in the Visual Art & Design domain; 27% were in the Audio-visual domain; 22% in Books & Press; and 5% in Performance.
- Books & Press is thus only the third-largest in terms of numbers of businesses, despite being the largest employer. This reflects the fact that Books & Press businesses tend to employ more people than those in other domains.

	Number of business units	% of all businesses units in Kettering
Audio-visual	76	2.3%
Books & Press	61	1.8%
Performance	13	0.4%
Visual Art & Design	133	4.0%
Total	**283**	**8.5%**

Table 3 – Creative Industries Businesses

Source: ONS ABI (2005)/BOP

[4] Strictly speaking, these are 'data units' rather than individual businesses, as some companies may have several premises. However, most creative industries companies are relatively small, and only occupy one address.

3.1 TRENDS: EMPLOYMENT 2001 – 2005

ABI data for 2001 and 2005 was analysed in order to examine changes in levels of employment in Kettering's creative industries. Table 4 shows that:

- Creative industries employment in Kettering grew by 25% between 2001 and 2005 – nearly two-and-a-half times the rate of employment growth in the economy of the district as a whole.
- Employment growth across the four creative industries domains was uneven. Visual Arts & Design grew very strongly (by 56%), and growth was also high (29%) in the Books & Press sector (a domain in which employment is declining in many districts). Growth in the Audio-visual and Performance domains was more modest.

Employment	2001	2005	% change
Audio-visual	365	372	1.9%
Books & Press	606	779	28.6%
Performance	36	40	11.1%
Visual Arts & Design	228	356	56.4%
Total	**1,235**	**1,547**	**25.3%**
Whole Economy of district	32,677	36,223	10.9%

Table 4 – Creative Industries Employment in Kettering, 2001 – 2005

Source: ABI/BOP

Figure 1 below illustrates how employment in each creative industries domain has changed in Kettering between 2001 and 2005.

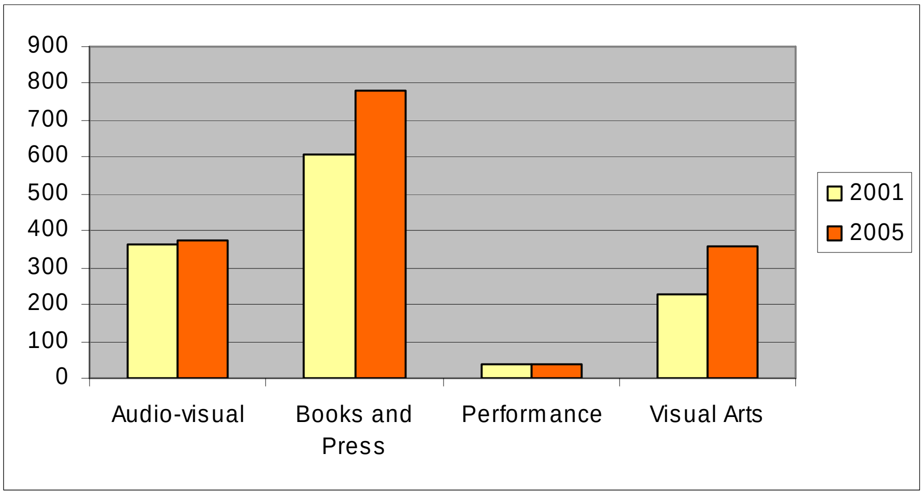

Figure 1 – Creative Industries Employment in Kettering, 2001 – 2005

Source: ABI/BOP

3.2 TRENDS: BUSINESSES 2001 – 2005

ABI data for 2001 and 2005 was analysed in order to examine changes in the numbers of creative industries businesses in Kettering. Table 5 below shows that:

- The number of creative industries businesses in Kettering increased by 14% between 2001 and 2005 – broadly in line with the increase in businesses in Kettering's economy as a whole.
- The most significant increase in businesses occurred in the Visual Arts & Design domain, which grew by 39%. The number of Books & Press businesses grew by a relatively modest 3%, despite very high employment growth. This suggests strong growth within existing companies, and/or the arrival of a small number of relatively large employers.
- The number of Audio-visual businesses actually declined between 2001 and 2005.

Business Units	2001	2005	% change
Audio-visual	82	76	-6.4%
Books & Press	59	61	2.8%
Performance	11.5	13	13.0%
Visual Arts & Design	96	133	38.6%
Total	**248**	**283**	**14.1%**
Whole Economy of district	2,915	3,312	13.6%

Table 5 – Creative Industries Businesses in Kettering, 2001 – 2005

Source: ABI/BOP

Figure 2 below illustrates how the number of businesses in each creative industries domain changed between 2001 and 2005.

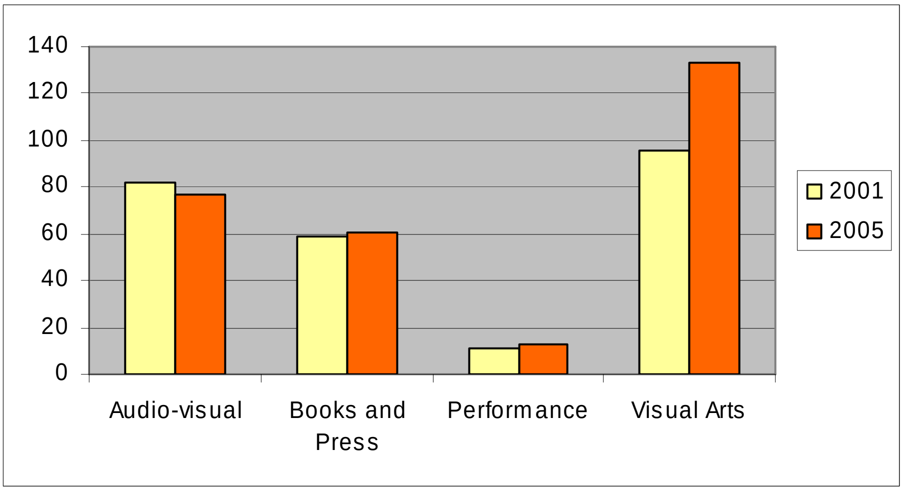

Figure 2 – Creative Industries Businesses in Kettering, 2001 – 2005

Source: ABI/BOP

4 KETTERING – COMPARISON WITH ALL RURAL DISTRICTS IN EAST MIDLANDS

DEFRA classifies local authority districts and unitary authorities in England[5] according to how rural or urban they are, based on the proportion of the population living in rural settlements. The three most rural classes are:

- **Rural 80** (the most rural); there are eight such districts in the East Midlands;
- **Rural 50** (the next most rural); there are ten such districts in the East Midlands;
- **Significant Rural** (a mixed rural/urban category); there are eight such districts in the East Midlands.

Kettering is classed as a 'Significant Rural' district, which means that more than 37,000 people, or more than 26 percent of the population, live in rural settlements and larger market towns; this category contains both rural and substantial urban areas. (See APPENDIX for a list of 'Rural 80', 'Rural 50' and 'Significant Rural' districts in the East Midlands.)

Employment and Businesses

When Kettering is compared to the aggregated data for employment and numbers of businesses for all Rural 80, Rural 50 and Significant Rural districts in the East Midlands[6], we can see that:

- Creative industries represent a slightly higher share of all employment in Kettering than in Significant Rural districts as a whole.
- The proportion of all businesses that are creative industries businesses in Kettering is broadly in line with Significant Rural districts as a whole.

	CI Employment	% of all Economy	CI Business Units	% of all Economy
Kettering	1,547	4.3%	283	8.5%
Rural 80	8,400	3.0%	2,800	8.2%
Rural 50	9,800	3.3%	2,800	8.6%
Significant Rural	10,400	3.6%	2,300	8.2%

Table 6 – Kettering in relation to rural categories in East Midlands (2005)

Source: ABI/BOP

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[5] Defra Classification of Local Authority Districts and Unitary Authorities in England: An Introductory Guide (2005), Rural Evidence Research Centre, Birkbeck College, University of London

[6] Note that the statistics for Significant Rural include those for Kettering.

Rate of Growth

When Kettering is compared to the aggregated data for growth in employment and business numbers for all Rural 80, Rural 50 and Significant Rural districts in the East Midlands[7] between 2001 and 2005, we can see that:

- Creative industries employment growth in Kettering was broadly in line with that for Significant Rural districts as a whole.
- The rate of growth of creative industries businesses was lower than for Significant Rural districts as a whole.
- The rate of employment and business growth in Kettering's entire economy was higher than in Significant Rural districts as a whole.

	CI employment growth, 2001-2005	CI business unit growth, 2001-05	Whole economy employment growth, 2001 – 2005	Whole economy business unit growth, 2001 - 2005
Kettering	25.3%	14.1%	10.9%	13.6%
Rural 80	7.4%	20%	8.7%	12.2%
Rural 50	24.6%	24.9%	8.1%	13.1%
Significant Rural	26.1%	24.5%	6.4%	7.6%

Table 7 – Creative industries growth, 2001-2005

Source: ABI/BOP

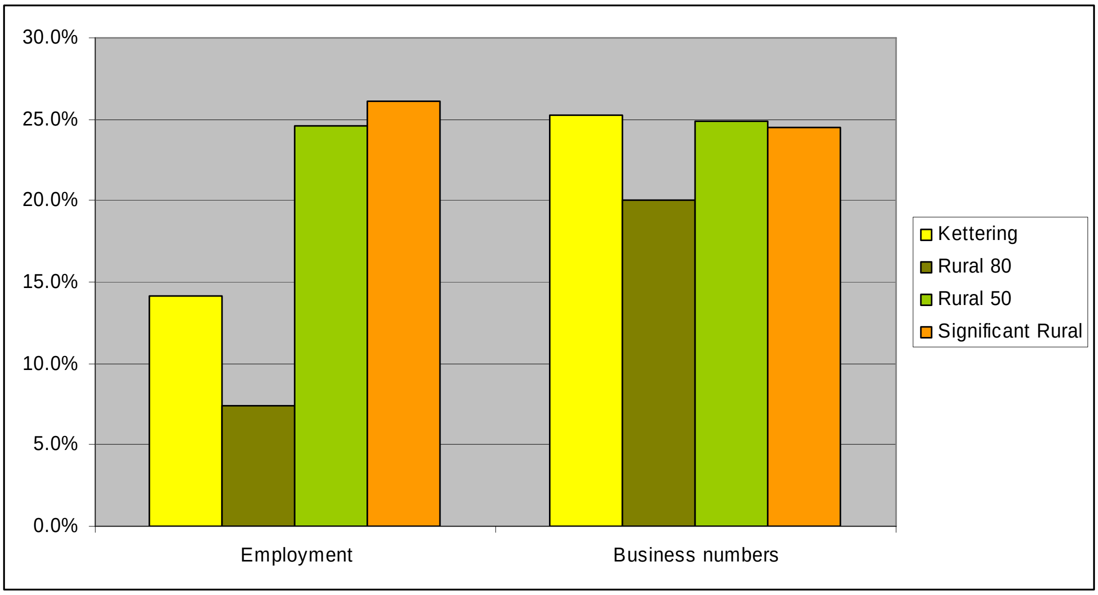

Figure 3 – Creative Industries employment and business growth in East Midlands rural districts 2001 - 2005

Source: ABI/BOP

[7] Again, statistics for Significant Rural include those for Kettering.

APPENDIX

Definition of Creative Industries

Creative Industries are defined according to the DCMS Evidence Toolkit (DET), published by the Department for Culture Media and Sport in 2004 (DCMS Evidence Toolkit: Technical Report – see http://tinyurl.com/huocg). The DET organises the cultural sector into 7 thematic domains: Audio Visual, Books & Press, Performance, Visual Art & Design, Heritage, Sport & Tourism (of which the first four constitute the creative industries, and have been analysed in this fact sheet). The 4 creative industries domains include the following sectors:

Table 8 – Creative Industries Domains

Audio-visual	Books & Press
TV & radio Film & video Photography Advertising Music Interactive digital media (games, web, software development, mobile etc)	Publishing (books, magazines, newspapers) Literature Printing
Performance	**Visual Art & Design**
Theatre Dance Circus Carnival Puppetry	Design Architecture Fine arts Crafts Art & Antiques Designer fashion

(Note that sectors that could appear in more than one domain are only counted once. Music, for instance, is not counted in performance as well as audiovisual.)

The DET also includes within its definition of each domain the entire production chain: Creation, Making/ Manufacturing, Dissemination, Exhibition, Archiving /Preserving and Education/Understanding. This means that as well as core creative activities, such as writing a screenplay, other related activities are also included, such as the manufacture of film cameras or wholesale of computer games, CDs and DVDs.

Data Analysis Methodology

The DET supplies a list of Standard Industrial Classification (SIC) codes with which to identify the industrial sectors that contain the creative industries. Using these codes it is possible to extract data on creative industries from Office for National Statistics (ONS) data, such as the Annual Business Inquiry (ABI). However, there is not a direct match between all creative sub sectors and the corresponding SIC codes that are used to identify them. Some creative sub sectors are included within SIC classes that also contain non-creative-industries sectors. Architecture, for example, is included in 74.20, but this code also includes quantity surveying and a wide range of engineering activities.

The solution is to attribute a proportion of the data in these SIC classes to creative industries. This is done by applying weightings to the statistics; the difficulty lies in calculating what the weightings should be.

For this study, a second data source was used to calculate weightings for creative industries – Experian's National Business Database (NBD). The NBD provides commercially licensed data on businesses in a given geographic area, derived from a range of sources, including Yellow Pages, Thomson and Companies House. These data are mapped against SIC codes, but also a number of other classificatory systems that allow a more detailed, 'finer-grained' analysis of creative industries sectors. By analysing NBD, it is possible to calculate accurate weightings for creative industries in a specific region. These weightings can then be applied to ONS data such as ABI to provide an estimate of the size and growth of the creative industries sector.

For this study, Experian NBD data for each of the rural districts was analysed in its own right, and then used to produce weightings to apply to relevant SIC codes, as specified in the DET.

These were then applied to ABI (Workplace Analysis) data for the district for the years 2001 and 2005, to produce an estimate of employment and business numbers in creative industries.

Note on accuracy

It should be noted that ABI data does not include freelancers, sole traders and a high proportion of micro businesses (those beneath the VAT threshold, for example). Yet a significant proportion of those working in creative industries work in these kinds of businesses[8], and this should be taken into account when considering the ABI data presented above.

It should also be noted that ABI data is derived from an annual survey of a sample of businesses in the overall economy, and for statistical reasons it is more accurate when the sample size is larger – as in the accompanying report on all rural districts in the region. Examining only specific industrial sectors in a single local authority district (as we have been done here) involves a margin of error. The figures presented in this report should be regarded as indicative only. Where the variation between 2001 and 2005 appears particularly pronounced, this could be sampling variations.

Rural Districts in East Midlands

When considering the wider economy of the East Midlands, we have employed DEFRA's urban–rural classification for local authorities in England[9] to identify the rural districts. This complements EMDA's work on the rural economy, which also uses this classification system in some of its analyses. The three

[8] On average, around 8% in rural districts of the East Midlands, according to our analysis of Experian NBD data.

[9] Defra Classification of Local Authority Districts and Unitary Authorities in England: An Introductory Guide (2005), Rural Evidence Research Centre, Birkbeck College, University of London.

most rural classes of district were examined: Rural 80, Rural 50 and Significant Rural.

Rural 80 districts are those in which at least 80 percent of the population lives in rural settlements and larger market towns. There are 8 such districts in the East Midlands, and 73 in England.

Rural 50 districts are those in which at least 50%, but less than 80%, of the population lives in rural settlements and larger market towns. There are 10 such districts in the East Midlands, and 52 in England.

Significant Rural districts are those in which more than 37,000 people, or more than 26 percent of the population, live in rural settlements and larger market towns. This category is a mixed urban/rural class that contains both rural and substantial urban areas. There are 8 such districts in the East Midlands, and 53 in England.

Under this classification system, the following districts in the East Midlands can be regarded as 'rural':

Rural 80

Daventry
Derbyshire Dales
East Lindsey
Harborough
Melton
North Kesteven
Rutland
South Holland
South Northamptonshire
West Lindsey

Rural 50

Bassetlaw
East Northamptonshire
High Peak
Newark and Sherwood
North East Derbyshire
North West Leicestershire
Rushcliffe
South Kesteven

Significant Rural

Amber Valley
Bolsover
Boston
Charnwood
Hinckley & Bosworth
Kettering
South Derbyshire
Wellingborough

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