



OXFORD
ECONOMICS

THE PROJECTED ECONOMIC IMPACT OF COVID-19 ON THE UK CREATIVE INDUSTRIES

16 July 2020



OXFORD
ECONOMICS

EXECUTIVE SUMMARY

SCOPE

HISTORICAL DATA

NO-COVID PROJECTIONS

METHODOLOGY

COVID PROJECTIONS

SEGMENT-SPECIFIC RESULTS



The impact of Covid-19 on the UK creative industries

- The Creative Industries (CIs) are projecting a combined £77bn turnover loss over the course of 2020 compared to 2019 (-31%). This is expected to translate into a GVA shortfall of £29bn in 2020 compared to 2019 (-26%), over half of which is in London.
- The greatest turnover drop is expected to be experienced in Q2, but current projections suggest very modest improvements over Q3 and Q4 across the CIs.
- In 2020, CIs are projecting a 122,000 drop in employment among employees (despite the Coronavirus Job Retention Scheme—JRS) and a further 287,000 job losses among self-employed workers, compared to 2019 levels. In total, 409,000 CIs jobs are considered at risk, 27% of which are in London and 20% are in the South East.
- The greatest employment drop is expected in Q1 for self-employed, and Q2 for employees. This is because contract workers, freelancers, and the self-employed appear to have seen an immediate impact in March, while companies are expected to consider redundancies starting in Q2.



OXFORD
ECONOMICS

EXECUTIVE SUMMARY

SCOPE

HISTORICAL DATA

NO-COVID PROJECTIONS

METHODOLOGY

COVID PROJECTIONS

SEGMENT-SPECIFIC RESULTS

The impact of Covid-19 on the UK creative industries

Along with the tourism sector, creative industries (CI) are among the most affected by the current Covid-19 crisis. Creative workers—one of the more vulnerable sectors of the workforce—are already seeing devastating impacts on their income, not only in turnover terms, but also in their charitable contributions and sponsorships. Leaving behind the more fragile part of the sector could cause irreparable socio-economic damage.

This report explores the short-term effects of Covid-19 on the financial sustainability of the creative industries. It is structured as follows:

- We first introduce the UK creative industries using DCMS and trade bodies' data to illustrate recent developments in the sector until 2019*;
- We then employ Oxford Economics' forecasts to estimate the size of the industry at different points in 2020, in a scenario without Covid-19.
- Lastly, we use responses from CIF and a variety of organisations' surveys to understand the impact of the Covid-19 crisis on the creative industries.

*Employment data were available out to 2019, while GVA was estimated following year-on-year employment growth between 2018 and 2019.



OXFORD
ECONOMICS

EXECUTIVE SUMMARY
SCOPE

HISTORICAL DATA

NO-COVID PROJECTIONS

METHODOLOGY

COVID PROJECTIONS

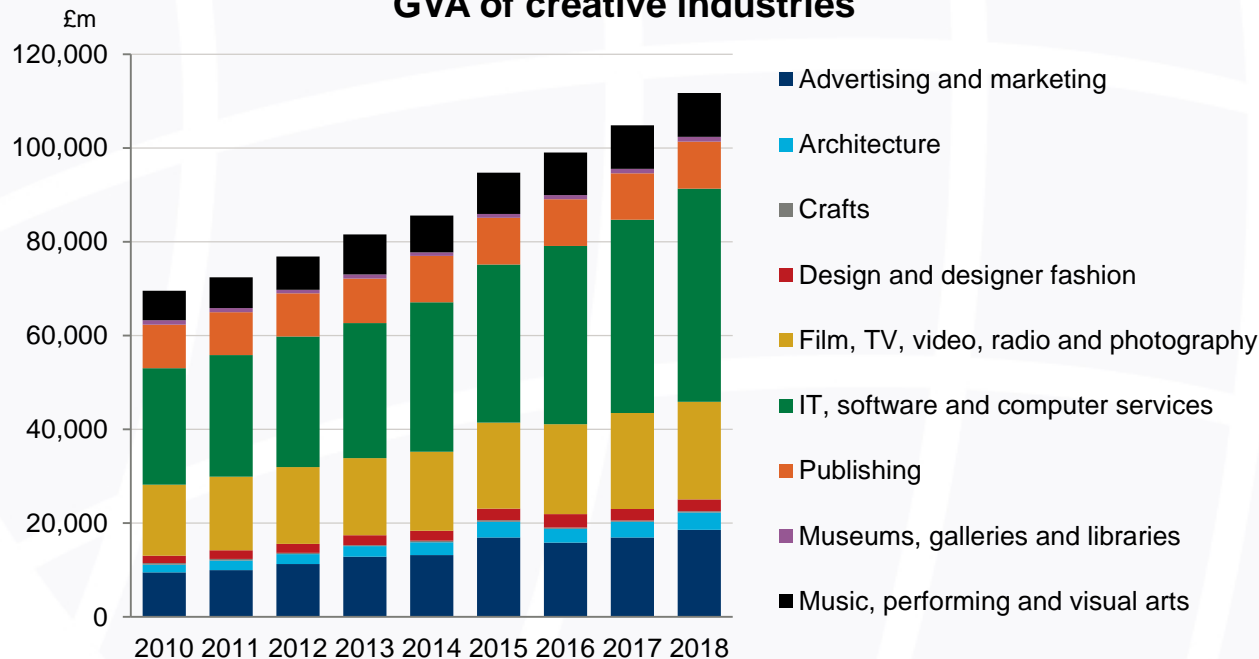
SEGMENT-SPECIFIC RESULTS



Creative industries directly contribute to UK GVA...

Creative industries contributed £111.7bn to the UK economy in 2018, a 43.2% increase in real terms since 2010. Between 2017 and 2018, the CI GVA grew by 7.4% in real terms, which is more than five times the growth rate of the UK economy as a whole (1.4% increase).

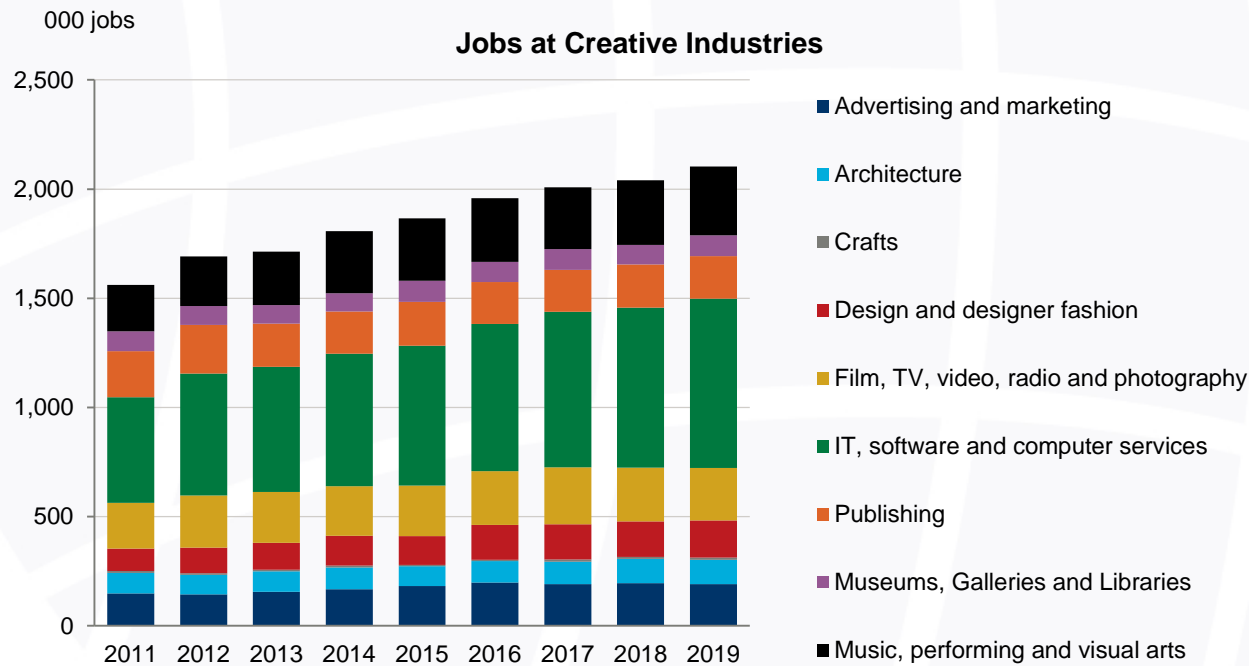
GVA of creative industries



Creative industries' GVA accounted for 5.8% of UK GVA in 2018

...while providing significant numbers of jobs...

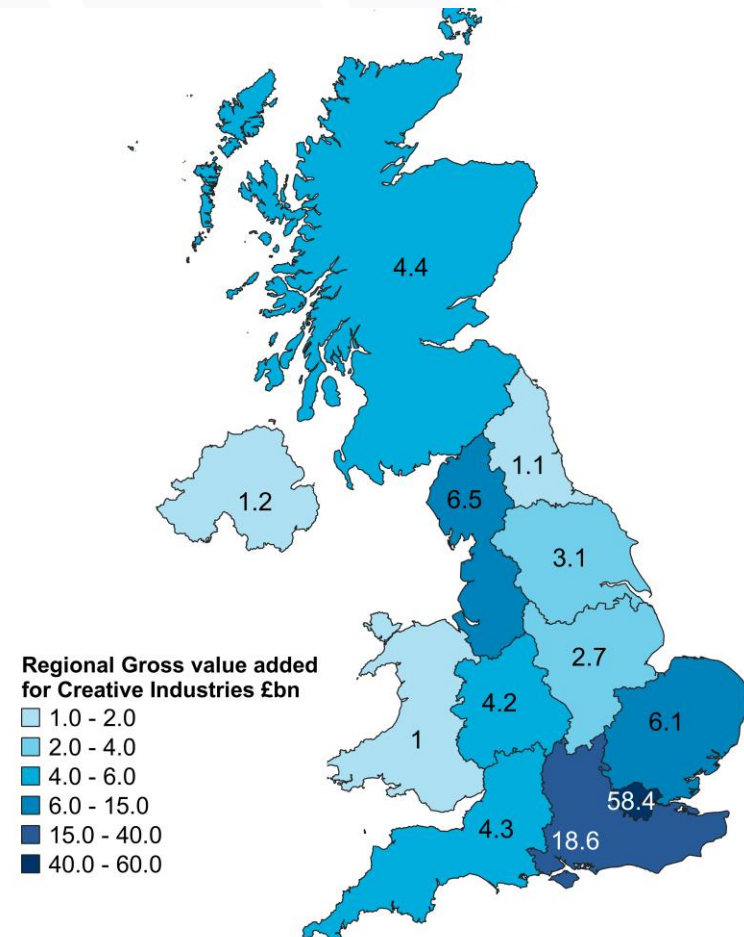
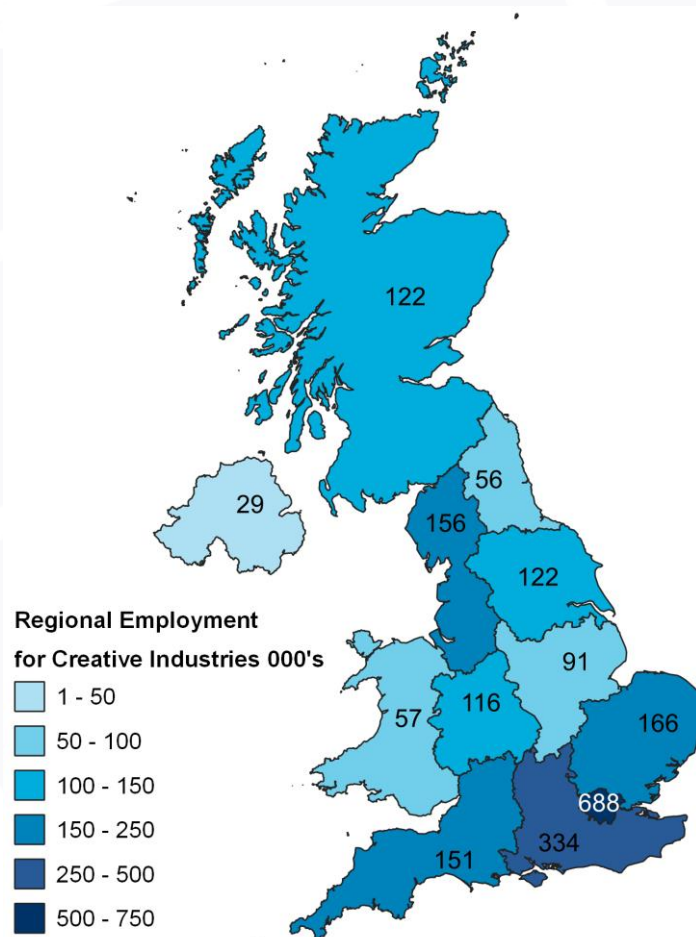
Creative Industries employed 2.10 million people in 2019, an increase of 34.5% from 2011. This is more than three times the growth rate of employment in the UK overall (11.4%), reflecting the growing economic importance of the sector.



Creative industries' employment accounted for 6.3% of UK jobs in 2019



...across all UK nations and regions



Note: employment data refer to 2019, while GVA data refer to 2018.



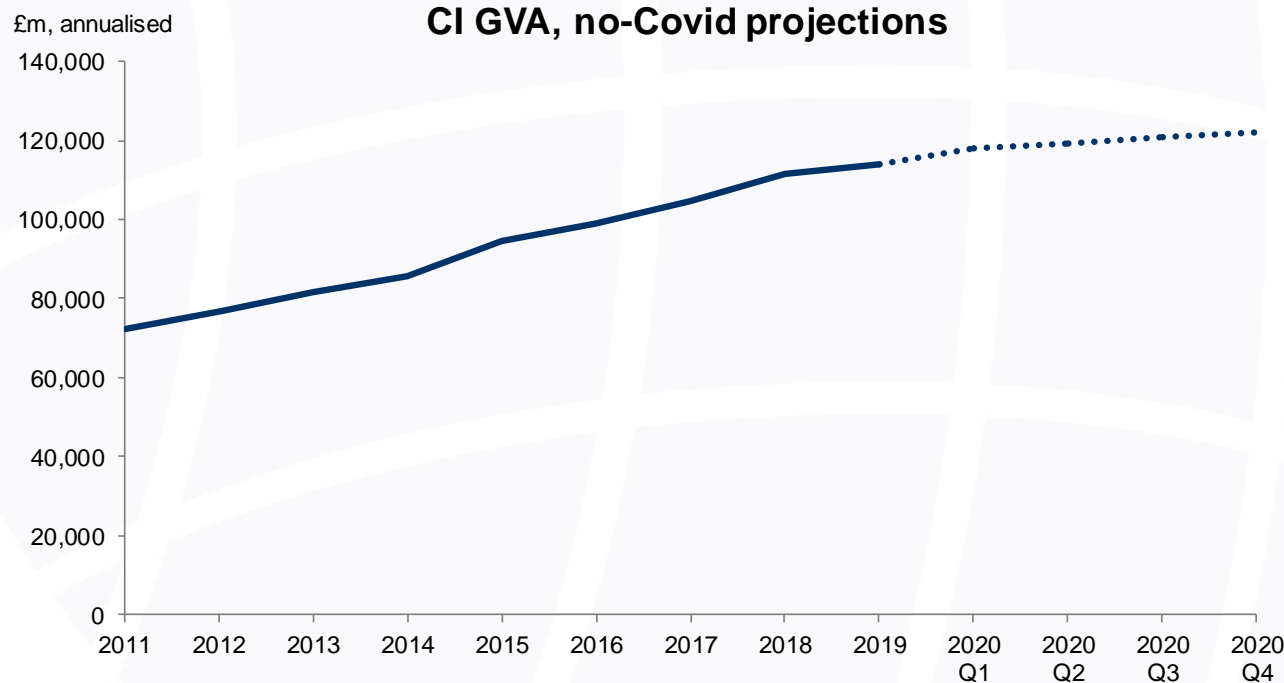
OXFORD
ECONOMICS

EXECUTIVE SUMMARY
SCOPE
HISTORICAL DATA
NO-COVID PROJECTIONS
METHODOLOGY
COVID PROJECTIONS
SEGMENT-SPECIFIC RESULTS



Before Covid-19, CI GVA was expected to grow...

Oxford Economics' Global Industry Model was used to produce GVA growth projections for the creative sector beyond 2019. The quarterly GVA figures for 2020 were annualised to allow comparability with previous years' data. This study refers to calendar year 2020, as opposed to financial year 2020.



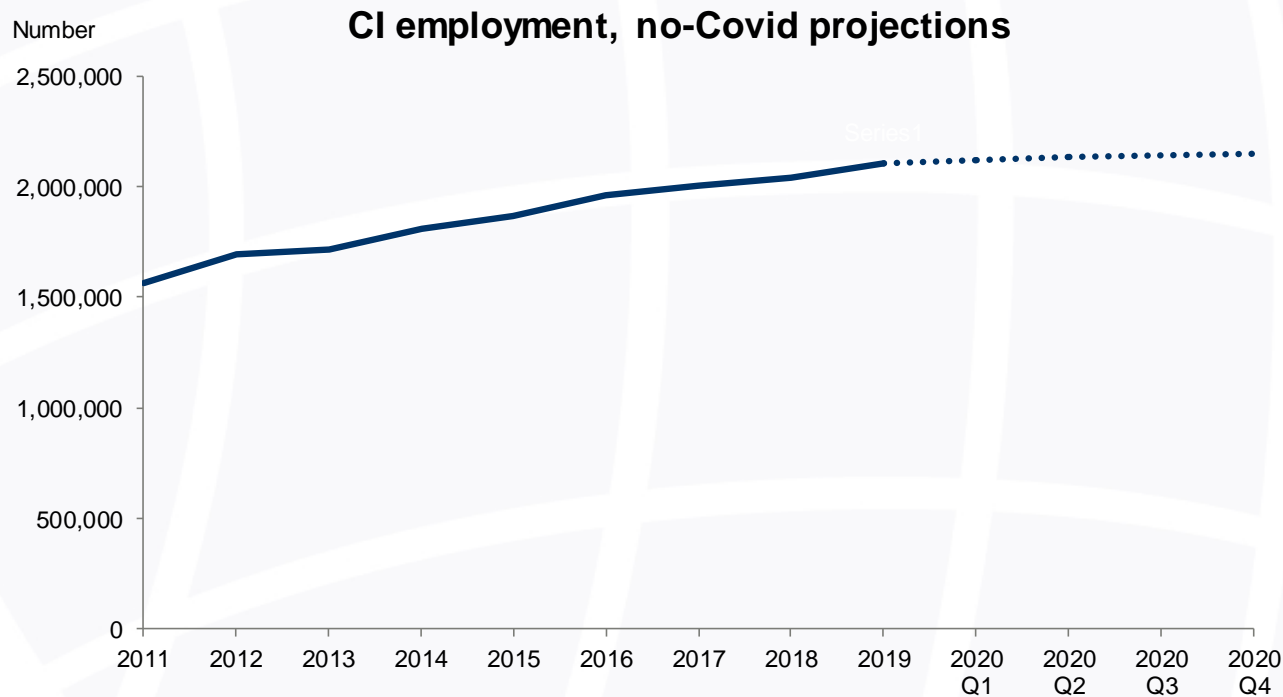
We project CI GVA would have reached £114bn in 2019 and £122bn* by the end of 2020 in a no-Covid scenario

* This is equivalent to £120bn over the course of 2020, which is in line with predictions of the University for the Creative Arts, which also project a £120bn GVA contribution in 2020.



...and so was CI employment

Creative Industries jobs were expected to grow, but at a slower pace, over the course of 2020 in a no-Covid counterfactual scenario.



We project CI employment would have reached 2.15m by the end of 2020 in a no-Covid scenario

Source: DCMS, Oxford Economics



OXFORD
ECONOMICS

EXECUTIVE SUMMARY
SCOPE
HISTORICAL DATA
NO-COVID PROJECTIONS
METHODOLOGY
COVID PROJECTIONS
SEGMENT-SPECIFIC RESULTS



CI are heavily affected by the Covid-19 crisis

CIF ran a survey of its members between 27 March-6 April 2020, which collated evidence on current and projected losses of the industry over the course of 2020. The survey was completed by over 2,000 creative organisations and freelancers. We have employed the following questions to determine impacts:

Survey question:	Used to estimate:	For time period:
How many employees have you had to make redundant?	Employed job losses	2020Q1
What percentage of your active freelance contracts (if applicable) have you had to terminate?*	Self-employed job losses	2020Q1
Due to the Coronavirus outbreak [...] do you estimate your monthly turnover/income has:	Turnover loss (and GVA in turn)	2020Q1
How many employees do you anticipate having to furlough?	Employed job losses	2020Q2
During 2020, due to the Coronavirus outbreak [...] do you predict your annual turnover/income (excluding grants) will:	Turnover loss (and GVA in turn)	2020 average

* In this work, we follow CIF's definition for 'freelancers' as people who are self-employed, including sole traders. We acknowledge that freelancers may be involved in multiple contracts at once, so this assessment focuses on the number of jobs at risk, rather than the number of people at risk of losing their jobs.



How we used the CIF survey

Turnover: predictions on annual turnover losses by segment were the key input into our models and determined the 2020 headline results. The quarterly profile was estimated combining the survey response to the monthly income question (used to inform Q1 results), and OE's quarter-on-quarter projections for the remaining quarters. Those two sources were constrained by the 2020 overall turnover projection results.

Employment: the questions on existing redundancies and freelance contract cancellations directly informed our employment estimates for Q1. The key assumption is that, absent of any government scheme, employment would fall in a similar fashion to turnover. However, the furlough scheme enables employers to retain some workers and this is why our employment projections are less negative than our turnover projections. We rely on the question about furloughed employees to estimate the projected adoption of the scheme. Quarter-on-quarter employment projections are drawn from Oxford Economics' forecasts.

Note: our estimates make no assumptions on what may happen after the furlough scheme closes.



A note on OE's industry models

OE is highly experienced at forecasting industry outlooks. Our econometric models are characterised by a top-down structure: sector forecasts are driven by national and trade-weighted global macroeconomic demand (consumer spending, investment, exports, government spending). In our baseline scenario, the economy grows at its weakest pace since the global financial crisis, before strengthening as coronavirus-related disruption fades.

The available Q1 GDP data show that the economy was already slowing sharply before the peak global lockdown was reached in April, partly reflecting shifting consumer behaviour prior to full lockdowns coming into force. And in April, a number of key surveys have plumbed new lows, suggesting that the downturn worsened in early-Q2 as lockdowns tightened.

We still expect a solid growth bounce in H2 as lockdown restrictions are gradually unwound, but consumer services involving social contact (such as those offered by the CI) will face a much slower recovery than other sectors that can more easily accommodate social distancing.

5 May 2020

OXFORD ECONOMICS

Coronavirus Industry Outlook – United Kingdom

Current state of the pandemic

The UK is among the world's most affected countries in the world from the coronavirus pandemic in terms of both the number of cases and the death toll. The number of new infections and deaths is still rising, but has peaked, and new daily cases have been slow to decline. Lockdown measures are in place across the country, with all non-essential businesses ordered to close. Unlike in some European countries, most operations and manufacturing work has been allowed to remain open assuming workers can abide by social distancing requirements. Lockdown measures will be reviewed again on 7 May, and we expect that some restrictions will gradually be removed from mid-May.

Sector outlook – baseline

Total industrial production is expected to fall 14.1% from 2019 Q4 to 2020 Q2. Production in the manufacturing sector is expected to shrink 17.7% over the same time period. Shipped orders by small business spending, business investment, and declining global demand. Within manufacturing, automotive production is expected to see the steepest decline. UK car manufacturing was already struggling ahead of the other crisis due to a combination of falling sales, a shift away from diesel, and uncertainty surrounding Brexit. Car factories have opened their doors in Britain, with OEMs vying for new dealership sales in the current economic environment. Heavy plant closures have been extended beyond their originally set date, including in Nissan's Sunderland plant, as target car factory in the UK where shutdowns are expected to last through June.

Figure 1: Evolution of the outlook

United Kingdom: Coronavirus cases

Figure 2: Shape of the industrial recovery

Industrial production: Forecast comparison

Table 1: Industrial production – expected to fall at a double-digit pace in 2020

Country	2019	2020
USA	1.1	-1.1
Germany	0.1	-1.1
France	0.1	-1.1
Italy	0.1	-1.1
Spain	0.1	-1.1
China	0.1	-1.1
UK	0.1	-1.1

Table 2: Industry Forecast for United Kingdom

Industry	2019	2020
Manufacturing	1.1	-1.1
Construction	0.1	-1.1
Retail	0.1	-1.1
Food & drink	0.1	-1.1
Healthcare	0.1	-1.1
Transport	0.1	-1.1
Energy	0.1	-1.1
Telecoms	0.1	-1.1
Financial	0.1	-1.1
Government	0.1	-1.1
Other	0.1	-1.1

Contact: Jeremy Leonard | jeremy@oxfordeconomics.com

Page 2

OXFORD ECONOMICS



This study takes a bottom up approach

The CIF survey constituted our main data source for creative segments' projections. However, the below organisations were also able to provide useful insight from their own survey data.

Additional survey sources:	Segment
Arts Council England	Museums, galleries and libraries
Advertising Association	Advertising and market research
Society of London Theatre - UK Theatre	Theatre (included in music, performing and visual arts)
Radiocentre	Radio
UK Screen Alliance	Post-production and VFX
RIBA	Architecture
AudioUK	Audio



OXFORD
ECONOMICS

SCOPE

HISTORICAL DATA

NO-COVID PROJECTIONS

METHODOLOGY

COVID PROJECTIONS

SEGMENT-SPECIFIC RESULTS

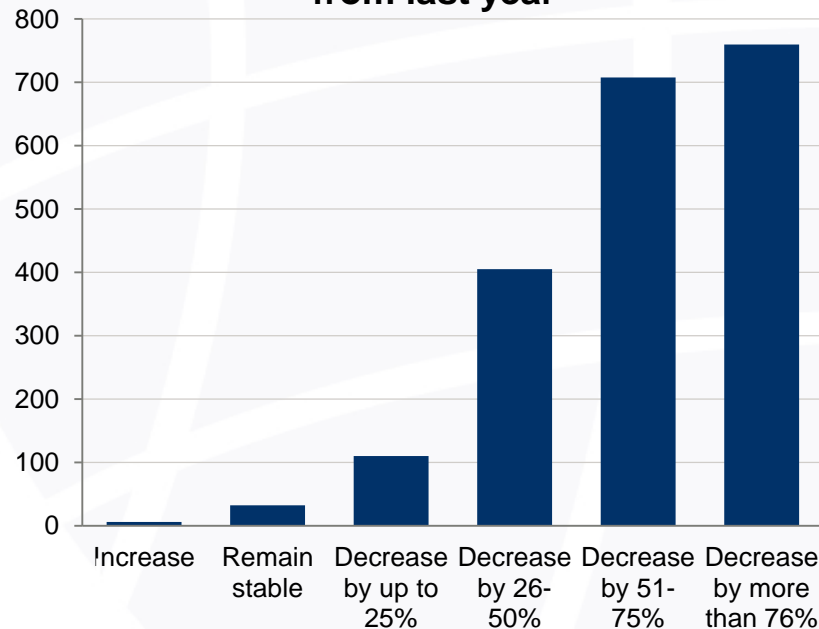


A sudden and massive turnover loss...

38% of respondents predict an annual income fall of over 75% in 2020 (compared to 2019), and 73% predict a fall in annual turnover of more than 50% (left hand side chart). Among self-employed, 42% expect a 75%+ loss and 78% a 50%+ loss (right hand side chart).

Number of responses

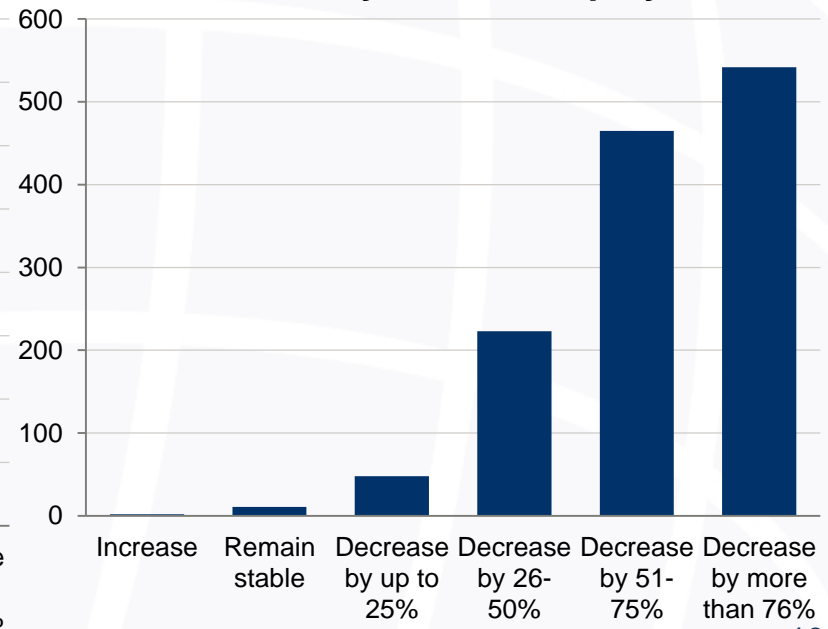
Projected 2020 turnover change from last year



Source: CIF. N=2,021

Number of responses

Projected 2020 turnover change from last year, self-employed

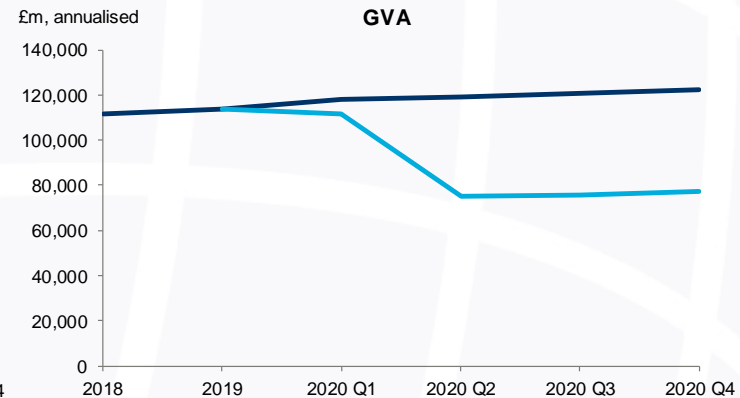
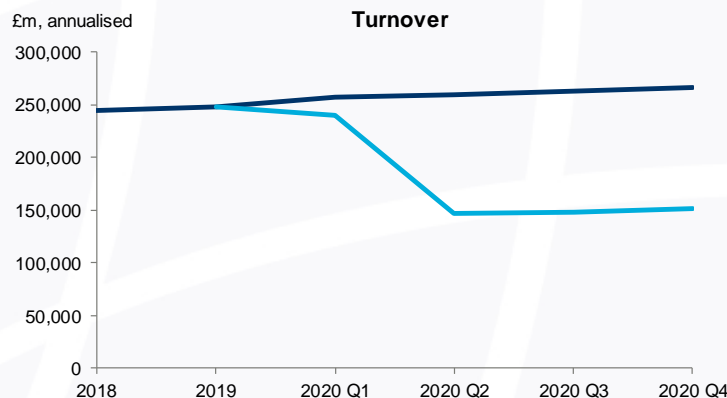


Source: CIF. N=1,291



...implies a drop in CI GVA in the Covid-19 scenario...

- The Creative Industries are projecting a combined £77bn turnover loss over the course of 2020 compared to 2019 (-31%). This is expected to translate into a GVA shortfall of £29bn in 2020 compared to 2019 (-26%).
- The greatest drop is expected to be experienced in Q2, but current projections suggest very modest improvements over Q3 and Q4 across the CIs.

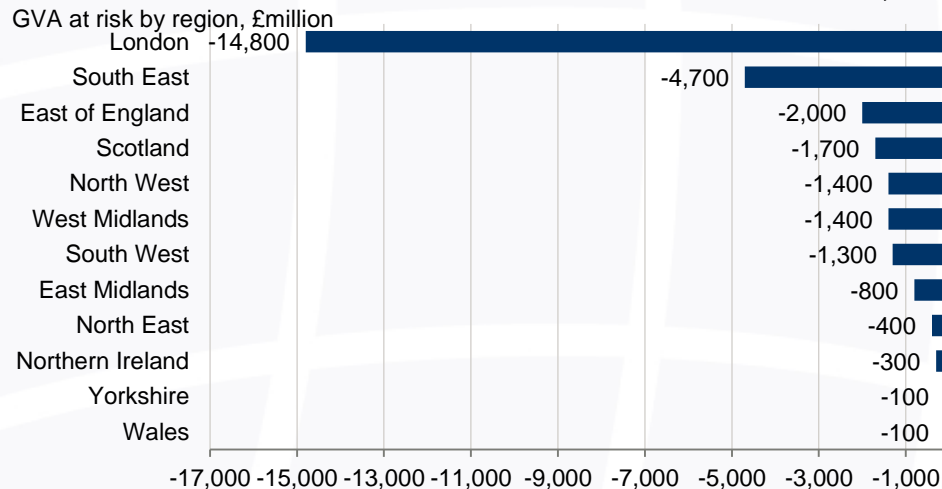


Source: Oxford Economics



...with losses felt particularly in Greater London...

- Of the GVA shortfall of £29 billion, the majority is projected to take place in London (51%), with a £14.8 billion CI GVA drop.*
- The second most affected region is the South East, expecting a £4.7 billion GVA decline, followed by the East of England and Scotland, with projected creative GVA losses of £2.0 and £1.7 billion, respectively.



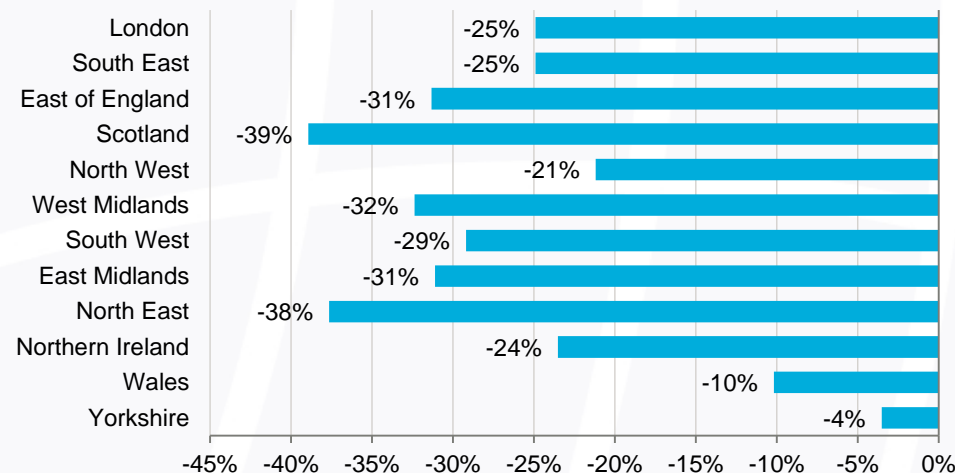
Source: Oxford Economics, CIF, DCMS

* All regional results are based on results from the CIF survey, combined with DCMS regional creative statistics. The survey had at least 30 responses for each region. Sample sizes were: London 868; South East 237; South West 186; North West 170; West Midlands 119; Scotland 102; Yorkshire 96; Wales 61; East Midlands 49; East of England 43; Northern Ireland 37; North East 34.

...with Scotland being the hardest hit in relative terms

- Relative to the size of the CI in 2019, Scotland is the hardest hit, with a projected 39% drop in creative GVA in 2020. Scottish respondents were the most pessimistic about the 2020 outlook from the CIF survey. North East follows as the second most affected region in relative terms.
- Yorkshire & the Humber is the least impacted region, expecting a 4% GVA fall over the course of 2020, as compared to 2019. These GVA results are based on turnover projections from the CIF survey.

GVA at risk by region, % change from 2019

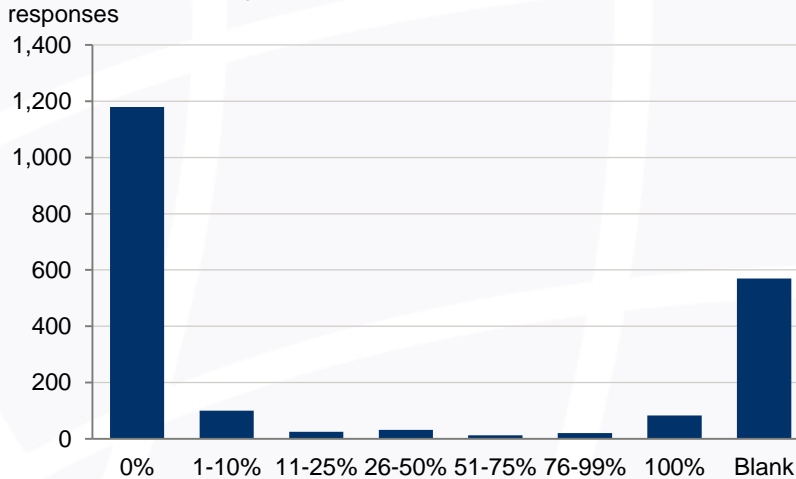




A significant share of CI jobs have already been lost...

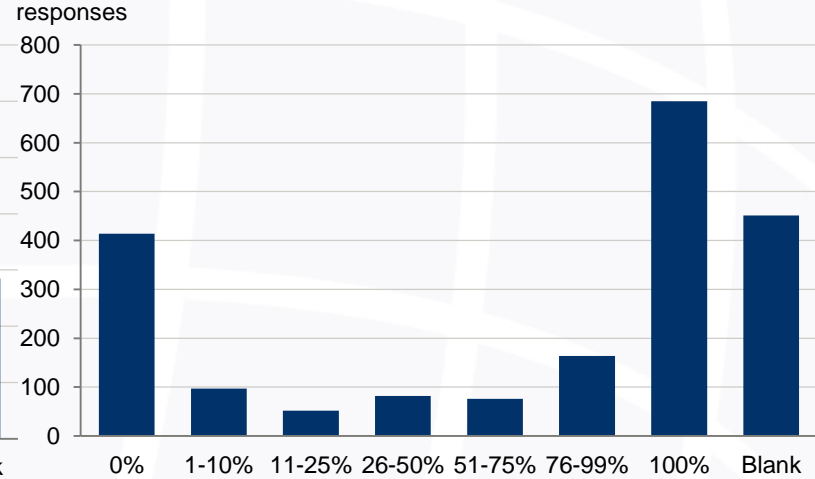
The impact on jobs has already kicked in. As of the end of March, 13% of respondents had made some employees redundant. However, the greatest impact to date has been felt by freelance workers; more than one in three respondents reported having had all their freelance contracts terminated by Q1 2020. 46% had experienced half of their freelance contracts terminated.

Number of responses **Employees made redundant as of Q1 2020**



Source: Cif. N=2,021

Number of responses **Freelance contracts terminated as of Q1 2020**

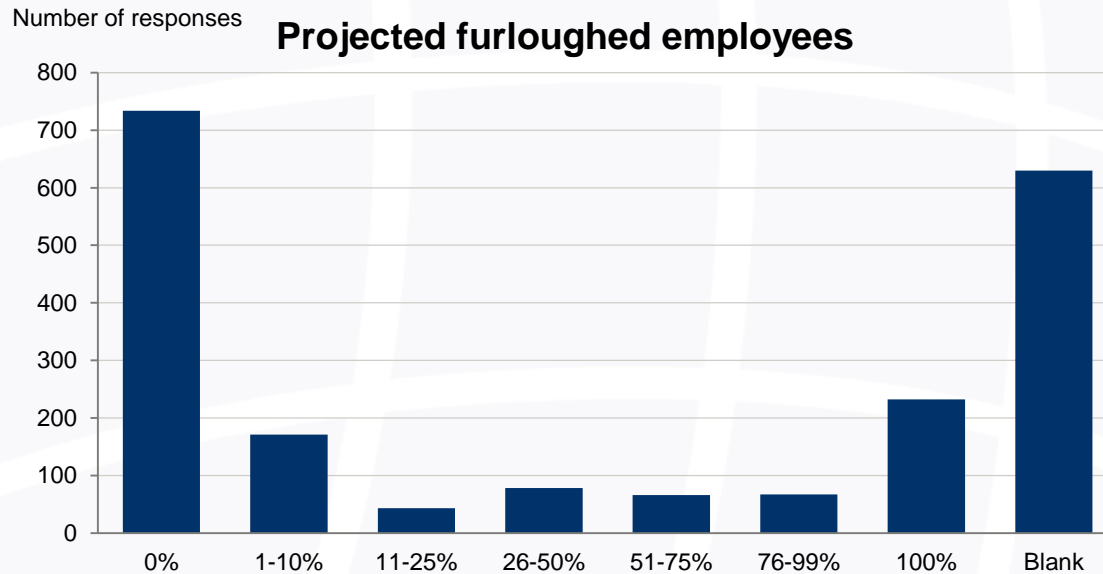


Source: CIF. N=2,021



...and more are expected to be lost...

Some 33% of the respondents expect having to furlough a portion of their workforce. However, in some cases furloughing workers will not be sufficient to make up for the turnover losses, implying more staff are expected to be made redundant.

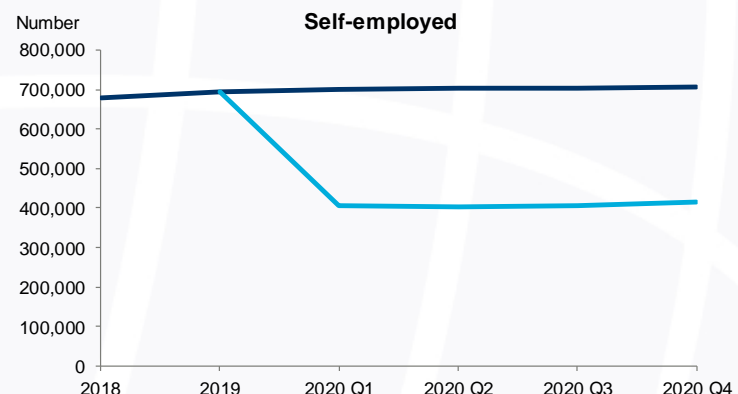
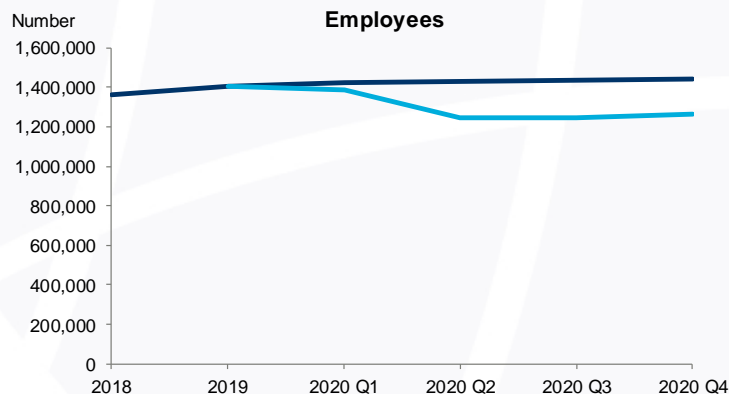


Source: CIF. N=2,021



...resulting in a 409,000 CI employment drop over 2020

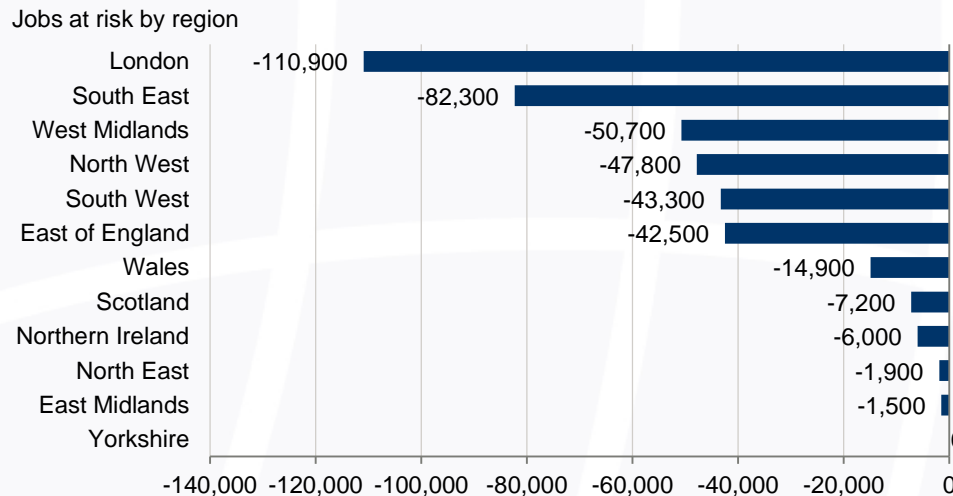
- In 2020, the CIs project a 122k drop in employment among employees (despite the Coronavirus JRS) and 287k job losses among the self-employed, compared to 2019 employment levels.
- The greatest drop is expected in Q1 for self-employed, and Q2 for employees. This is because contract workers, freelancers, and the self-employed appear to have seen an immediate impact already in March, while companies are expected to consider redundancies starting in Q2.
- Assuming constant average company size, the number of creative businesses could fall from 296k in 2019 to 280k in 2020.





...with major job losses in London & the South East...

Across the UK, the CIs are projecting a 409,000 (19%) drop in employment. 27% of this, or 110,900 jobs, are expected to be in London, followed by the South East with 82,300 and the West Midlands with 50,700 jobs at risk. Regions including the East Midlands, the North East, Scotland and Yorkshire & the Humber are making substantial use of the furlough scheme and are therefore expecting fewer redundancies. These regions, however, will likely be the hardest hit once the JRS is withdrawn.

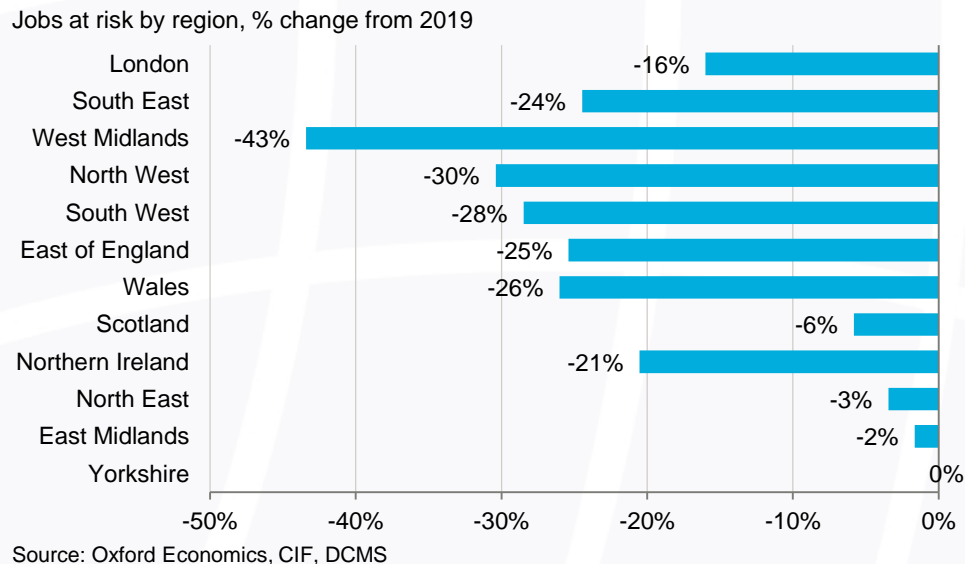


Source: Oxford Economics, CIF, DCMS
Figures may not add due to rounding



...and West Midlands as the hardest hit in relative terms

- Relative to the size of the CI in 2019, the West Midlands is the hardest hit in employment terms, with a projected 43% drop in creative jobs in 2020. In this region, we find the lowest recorded JRS uptake across the UK.
- Yorkshire is the least impacted region, expecting no employment fall in 2020, as compared to 2019. East Midlands follows as the second least affected region, with a 2% CI jobs fall.



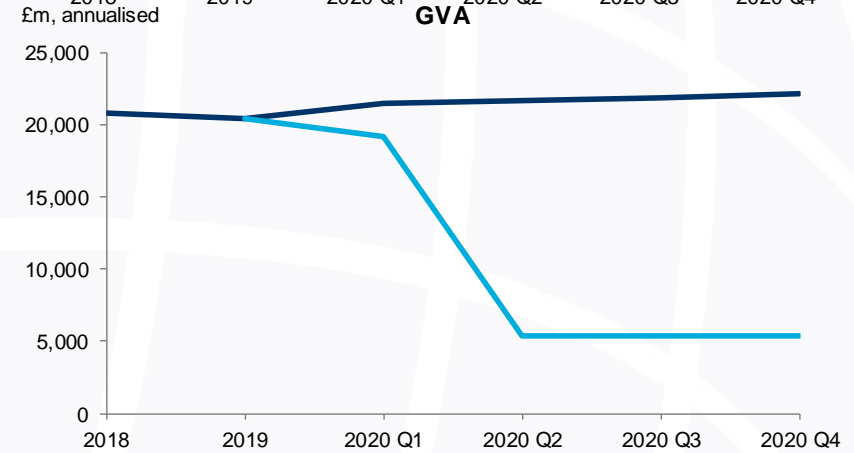
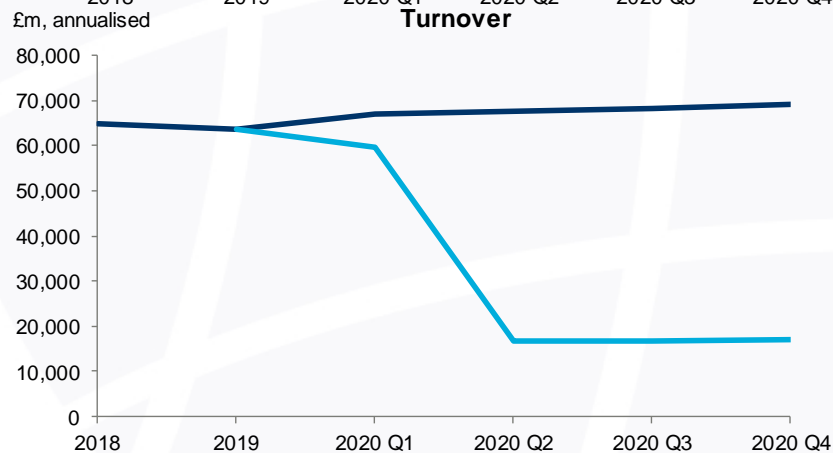
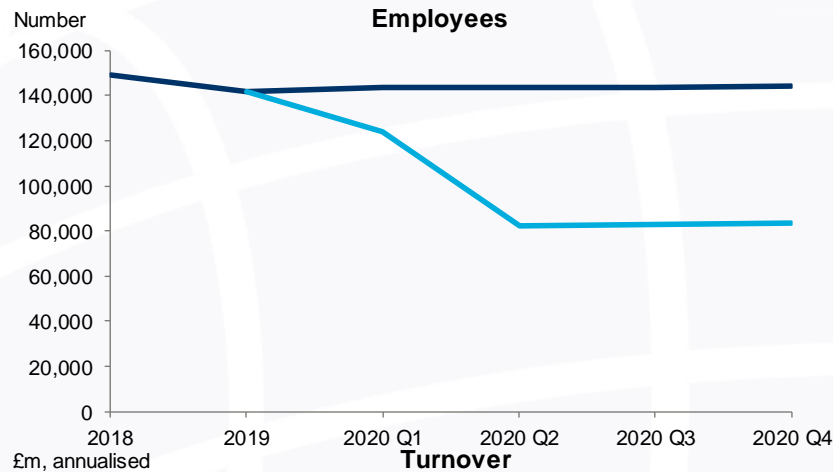


OXFORD
ECONOMICS

EXECUTIVE SUMMARY
SCOPE
HISTORICAL DATA
NO-COVID PROJECTIONS
METHODOLOGY
COVID PROJECTIONS
SEGMENT-SPECIFIC RESULTS



In 2020, the industry might lose £36bn in turnover compared to 2019 (-57%)



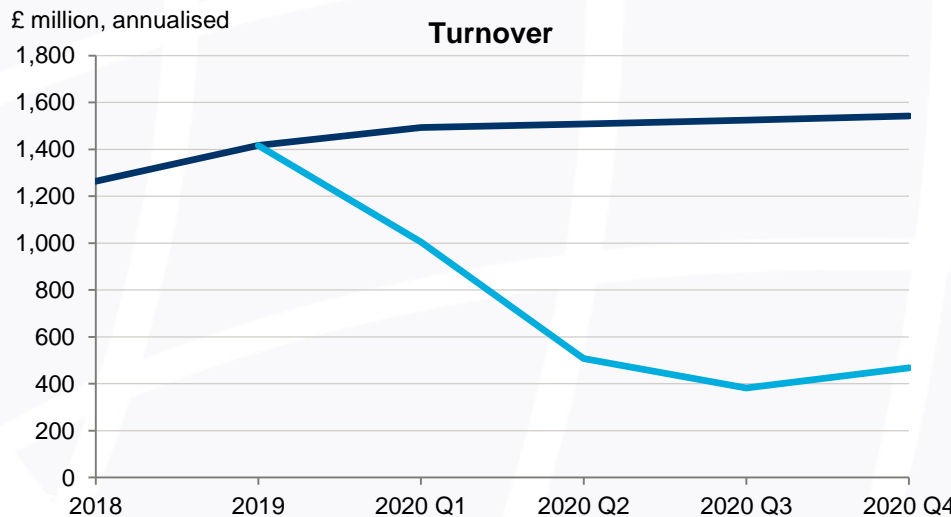
Source: Oxford Economics

The BFI reported last month that 65% of film and high-end TV production had to be put on hold during the shutdown, though film and TV production is now restarting following the introduction of extensive social distancing guidance.



In 2020, the sector might lose £827m in turnover compared to 2019 (-58%)

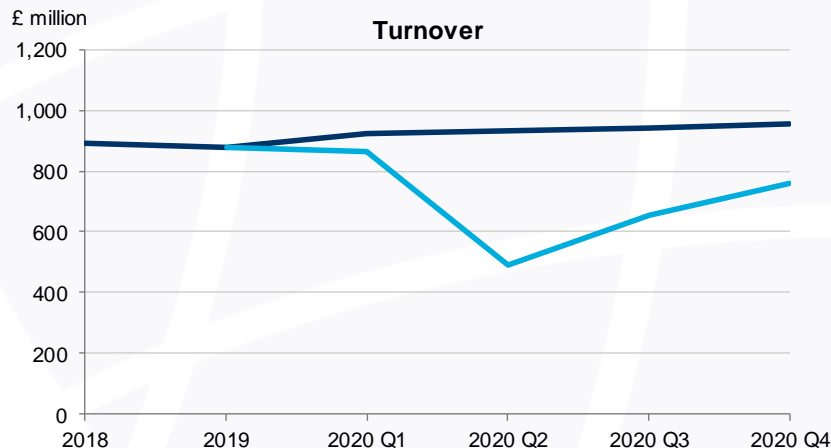
- The post-production industry employed some 13,000 people and generated a £1.3 billion turnover in 2018 (according to ONS' Annual Business Survey). The employment figure excludes self-employed.
- Using early survey results produced by the UK Screen Alliance, we estimate that the industry's turnover could drop to £591 million in 2020 (equivalent to a seven month-long turnover hiatus).



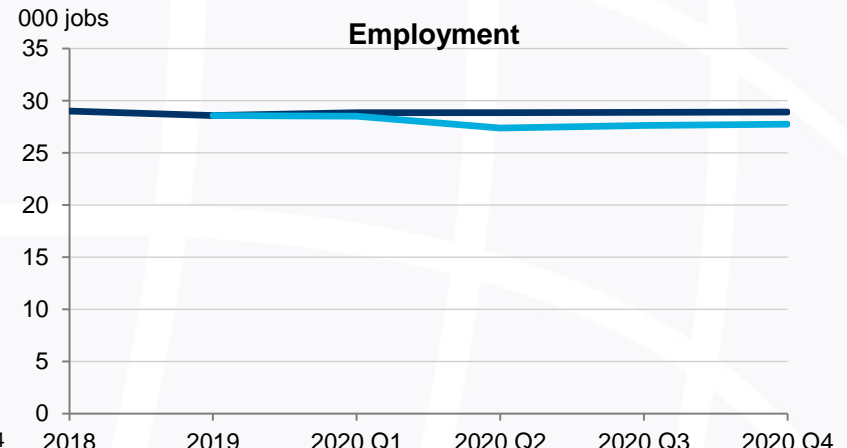
Animation, while included within the ONS post-production definition, has had much more positive outcomes so far through a smoother transition to home-working. However, in the longer-term, the sector may experience difficulties with reduced commissions, both in the UK and globally. The industry has also experienced some costs and delays with the transition to home working.

In 2020, the sector might lose £186m in turnover compared to 2019 (-21%)

- The radio broadcasting industry employed some 29,000 people and generated a £890 million turnover in 2018 (according to ONS' Annual Business Survey). The employment figure excludes self-employed.
- Using a combination of CIF, Radiocentre, and WARC data, we estimate that the industry's turnover could drop to £691 million in 2020 as a result of the collapse in advertising turnover, particularly in Q2, and employment could be as low as 28,000 as a result of Covid-19.*



Source: Radiocentre, WARC, Oxford Economics



Source: Radiocentre, Oxford Economics

*WARC data suggests an uptick in radio ad revenues in Q3 and Q4, which drives our turnover outlook.

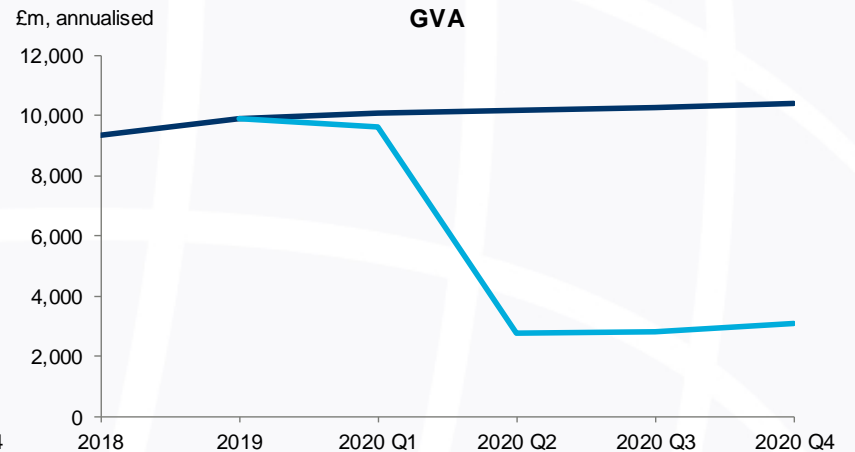
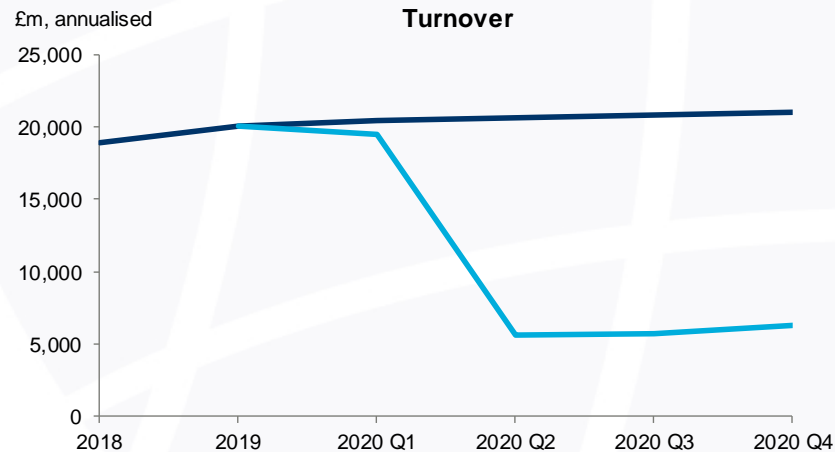
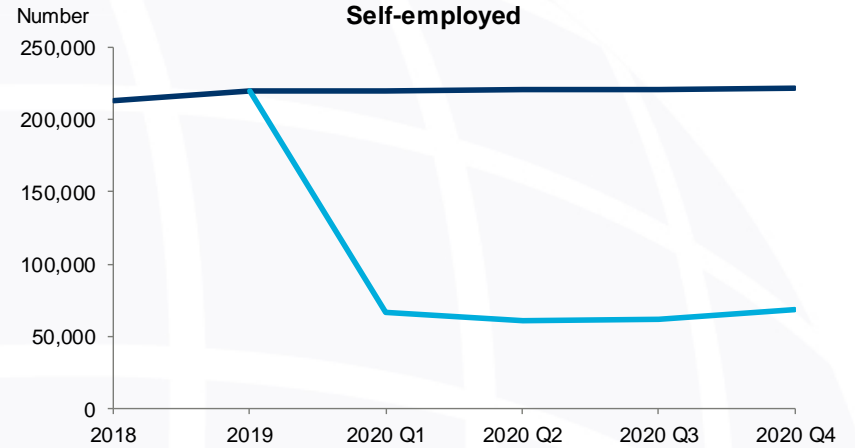
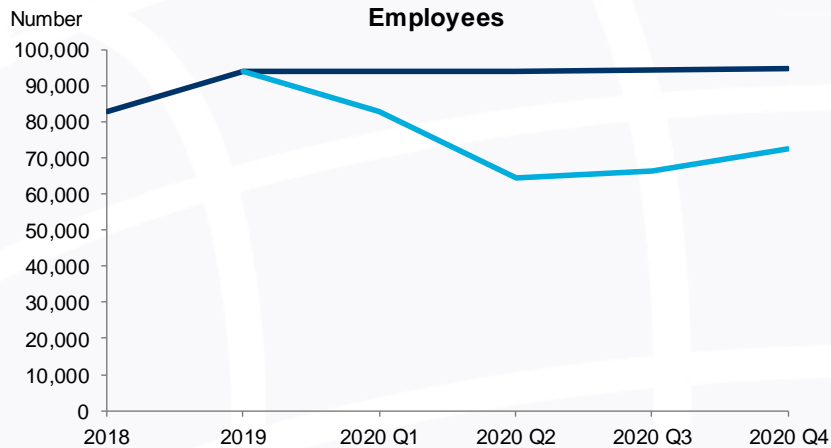


72% of audio firms have seen a business reduction

- The UK audio production sector is comprised of SMEs making radio programmes, podcasts, audiobooks, as well as a range of other content.
- A survey by AudioUK carried out between 12-24 April found that 72% of the respondents had seen a reduction in their business, with around half of those (34% of the total) saying the reduction had been large.
- The AudioUK survey estimates some 25% of freelancers have had current working arrangements suspended or cancelled. Around 4% of PAYE staff are on furlough, although most respondents to this question had 5 or fewer employees pre-Covid.
- Overall AudioUK's understanding is that a fair proportion of radio/audio production has continued, albeit with some disruption and additional expense. However companies covering areas like sports and live musical events have been disproportionately affected. There is also concern that postponed commissioning processes by broadcasters and others could cause difficulty later on in Q4 2020 and Q1 2021.



In 2020, the industry might lose £11bn in turnover compared to 2019 (-54%)



Source: Oxford Economics

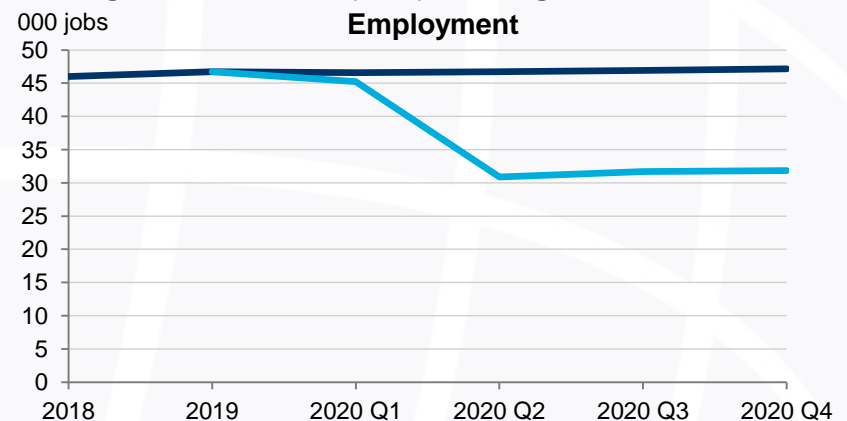
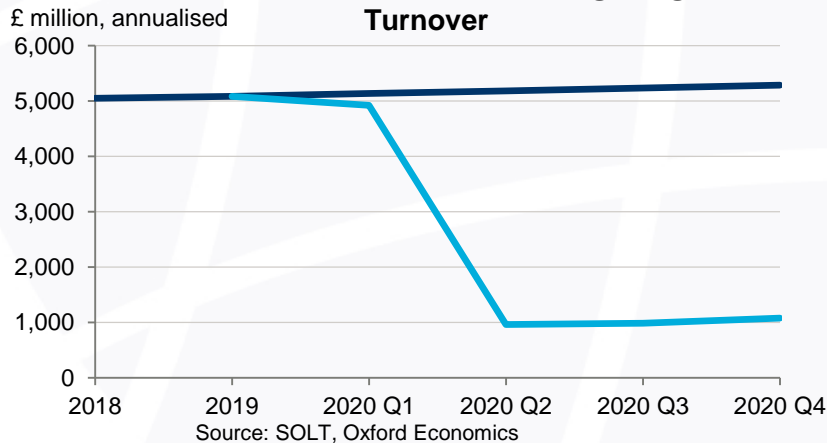


In 2020, the industry might lose at least \$3bn in GVA, compared to 2019

- In 2018, UK Music estimates the music sector produced some £5.2 billion in GVA and created nearly 191,000 FTE jobs. Music creators represent almost half of the UK music industry GVA contribution and almost $\frac{3}{4}$ of the industry's FTE jobs. The vast majority of music creators are self-employed.
- Using CIF survey results, we estimate GVA could drop by at least £3bn in 2020, and employment to be as low as 77,000 FTE as a result of Covid-19.
- The collapse in live music and touring is the single largest factor contributing to this decline, with live music effectively decimated across the whole of 2020. It is anticipated that recovery will take at least 3-4 years to get back to 2019 levels of business.
- Recording studios, physical retail, performance income from shops, restaurants etc have also collapsed, with the prospects for recovery still very uncertain.
- Longer term consequences are harder to predict across the music industry as a whole, but disruption to recording and promotion, depleted cash reserves, especially for SMEs, and delays in investment decisions will leave gaps in release schedules, directly impacting rights-based revenues further down the line.

In 2020, the industry might lose £3bn in turnover compared to 2019 (-61%)

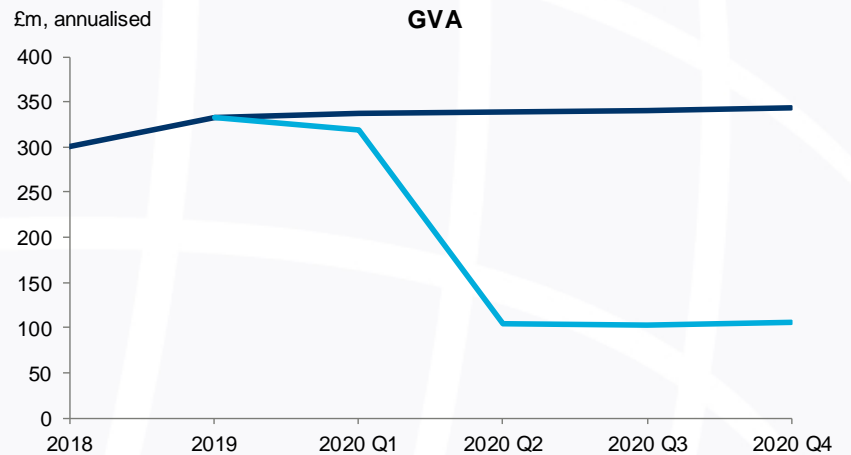
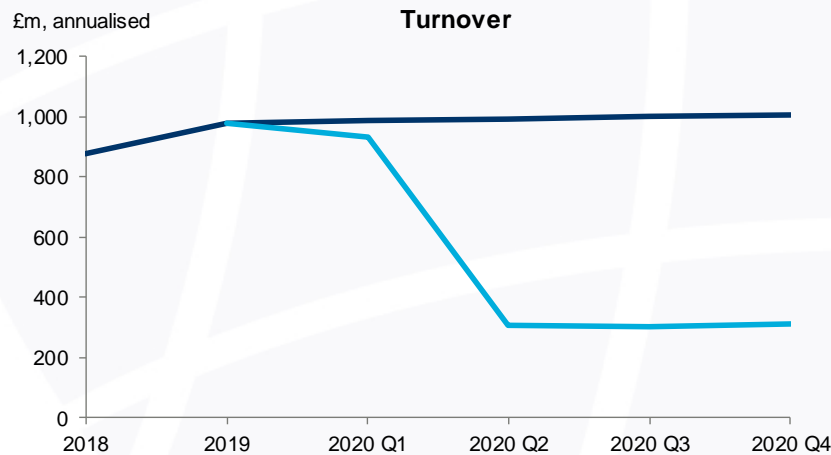
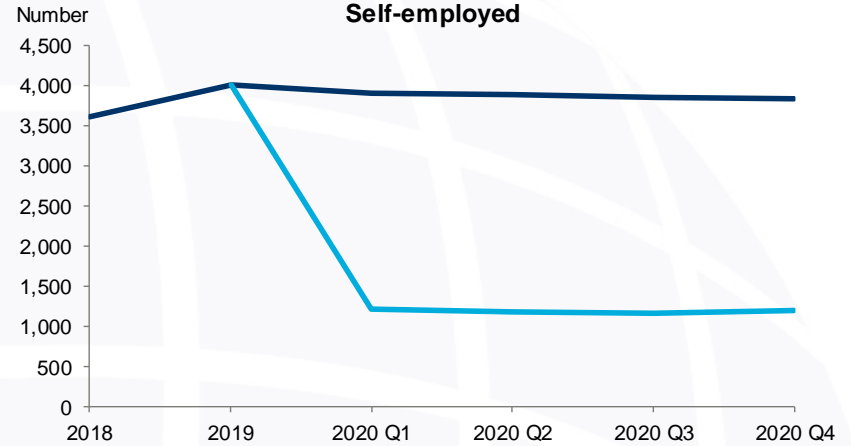
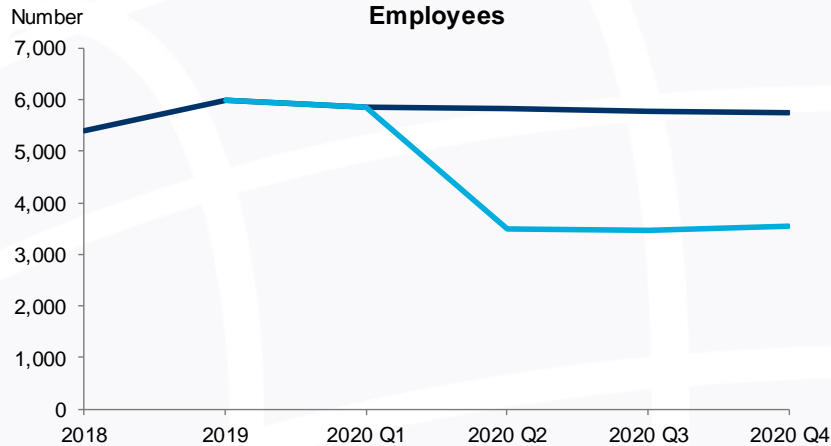
- The performing arts sector (incl. live theatrical presentations) employed 46,000 people and generated a £5.1 bn turnover in 2018 (ONS).*
- Using SOLT data, we estimate that the industry’s turnover could drop to £2.0 billion over 2020 as a result of cancelled performances, and employment could be as low as 35,000 as a result of Covid-19.* This estimate only takes into account current cancellations and does not account for the reluctance of audiences to return to venues (only 20% would return on opening night according to a survey by Indigo)



* This employment figure does not include self-employed and freelancers.



In 2020, the sector might lose £513m in turnover compared to 2019 (-53%)

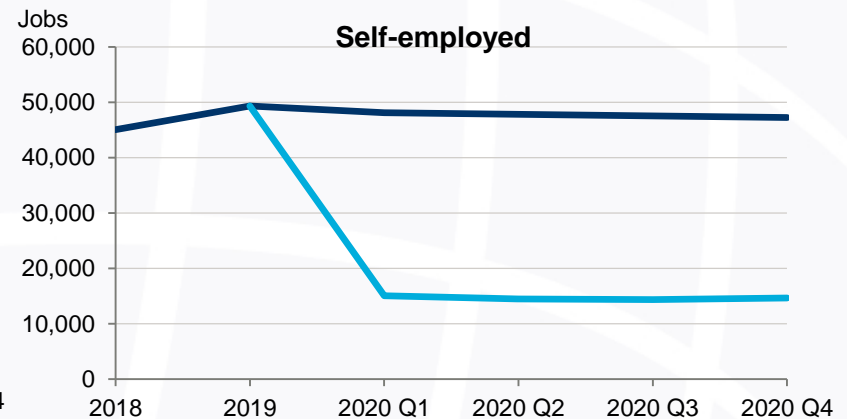
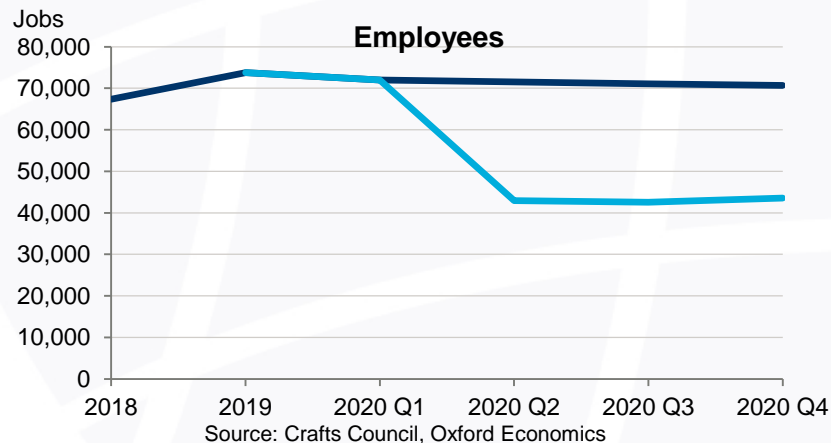


Source: Oxford Economics



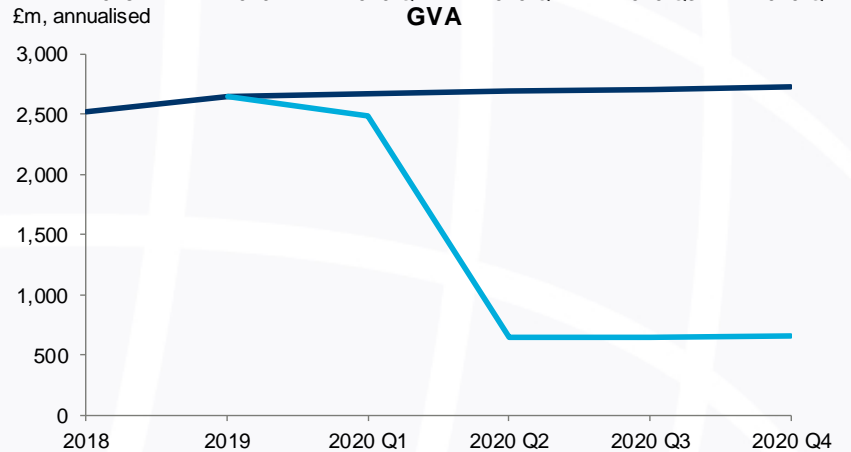
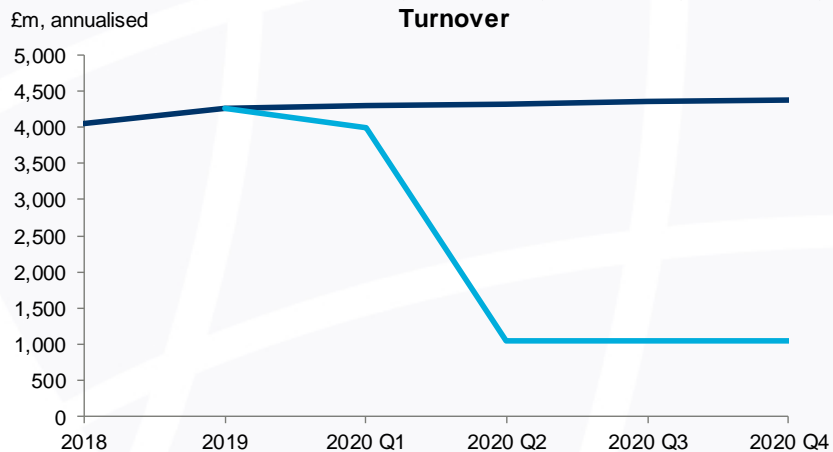
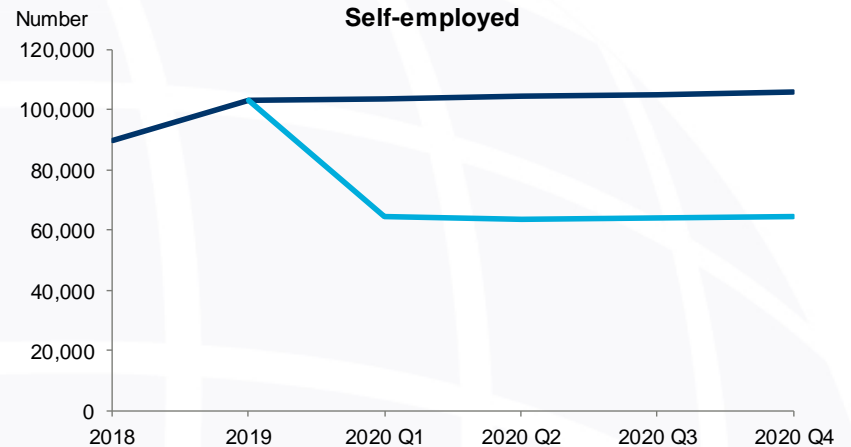
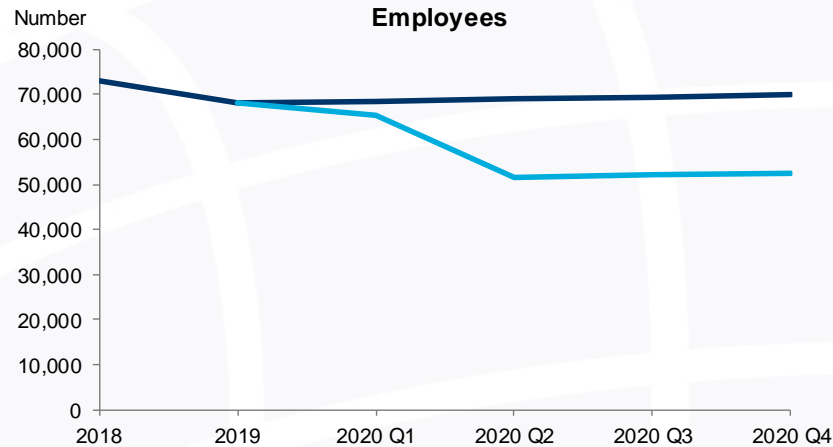
In 2020, the sector might lose 58,000 jobs compared to 2019 (-47%)

- In 2017, the Crafts Council estimates some 129,000 people were employed in crafts occupations across the creative economy, 77,000 of which were employed and 52,000 of which were self-employed.
- Using CIF survey results for craft companies, we estimate that employment in craft occupations could be as low as 65,000 as a result of Covid-19 during 2020, including both employees and self-employed.





In 2020, the sector might lose £2bn in turnover compared to 2019 (-58%)

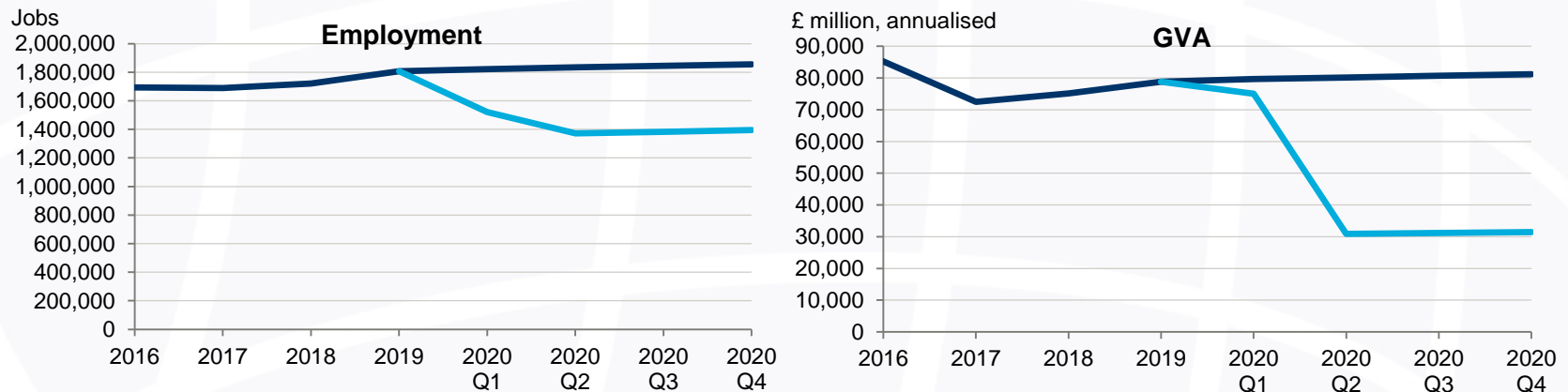


Source: Oxford Economics



In 2020, the design economy might lose £37bn in GVA compared to 2019 (-47%)

- The design economy stretches across many sectors. In 2016, the Design Council estimates some 1.7 million people were employed in the design economy, contributing £85 billion in GVA.
- Using CIF survey results for design companies, we estimate that, over the course of 2020, employment in the design economy could drop to 1.4 million and GVA to £42 billion as a result of Covid-19.

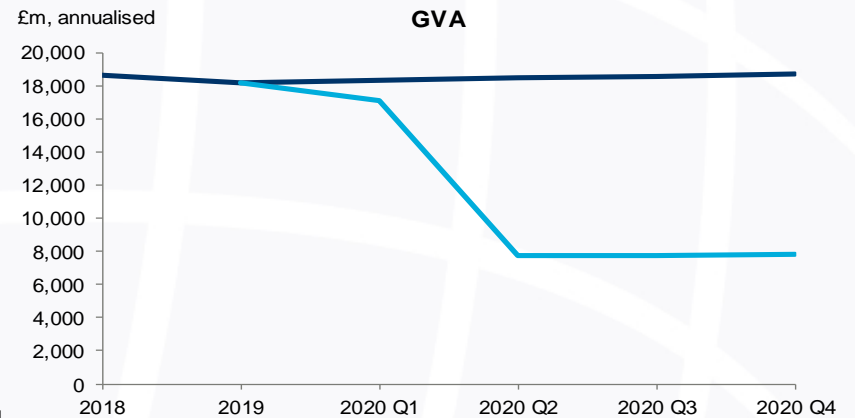
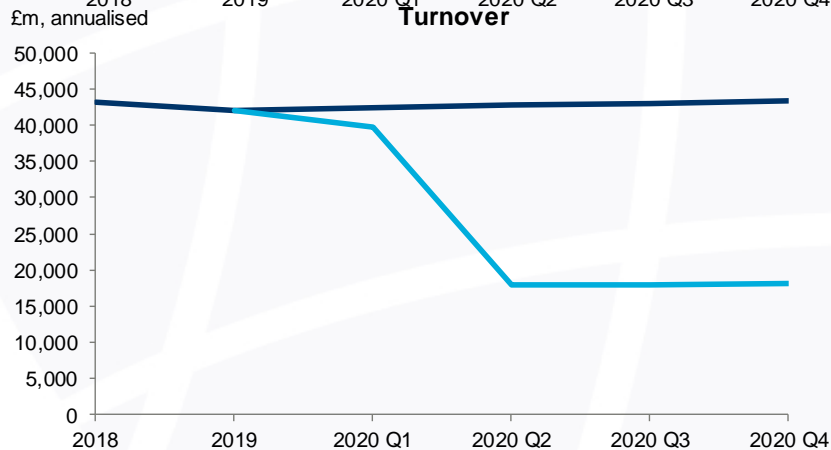
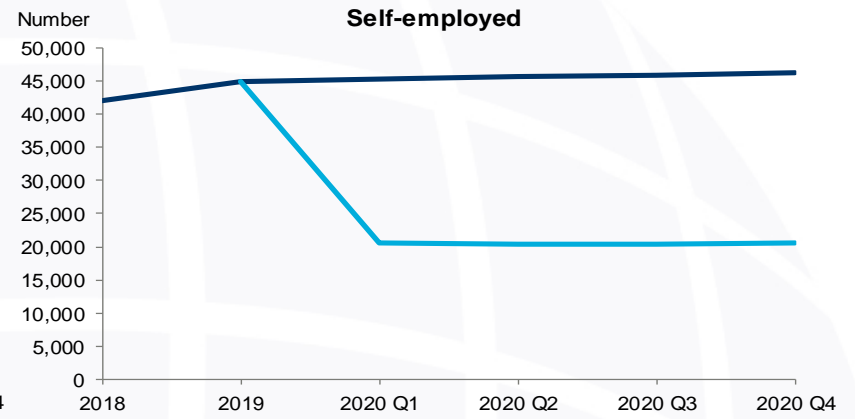
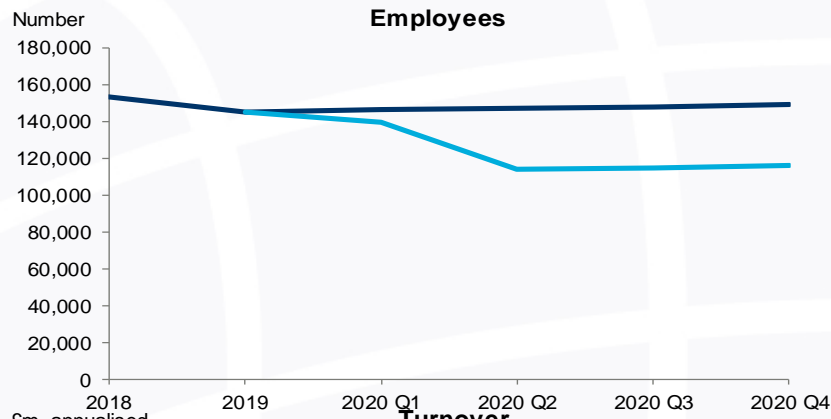


Source: Design Council, Oxford Economics

* The design economy spans across different sectors—from architecture and craft, to other sectors of the economy, such as designers working in banks, consultancies, automotive or aerospace companies (Design Economy 2018). However, the CIF survey only allowed respondents to select their main sector of operation. Therefore, this analysis is only based on those respondents who selected design as their main sector.



In 2020, the sector might lose £19bn in turnover compared to 2019 (-44%)

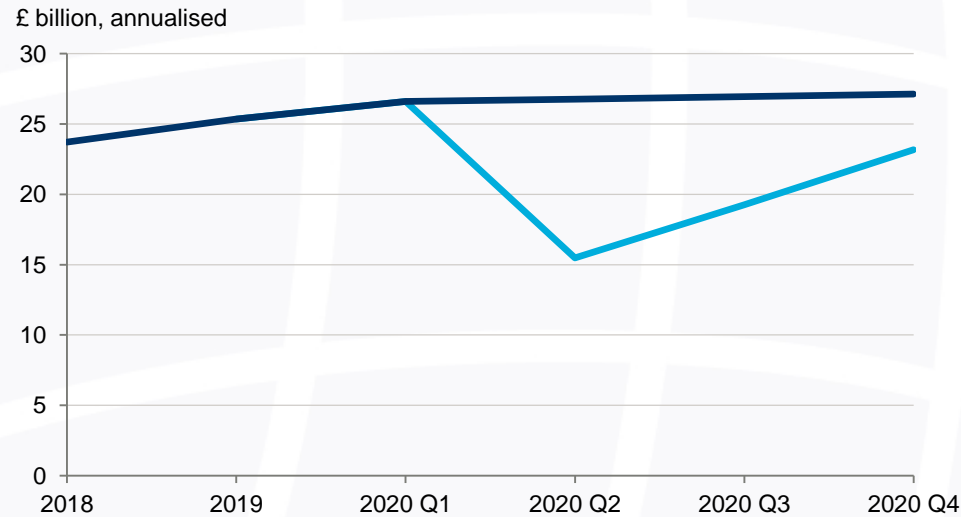


Source: Oxford Economics



UK advertising spend could drop by £4.2bn in 2020 compared to 2019

AA/WARC figures show that UK advertising spend rose 6.9% year-on-year to reach £25.4bn in 2019—the tenth consecutive year of ad market growth. The projected figure for 2020 is for advertising spend of £21.1bn, meaning a year-on-year reduction of 17%—or £4.2b—from 2019. The most severe drop is expected during Q2, while improvements are predicted for Q3 and Q4.*

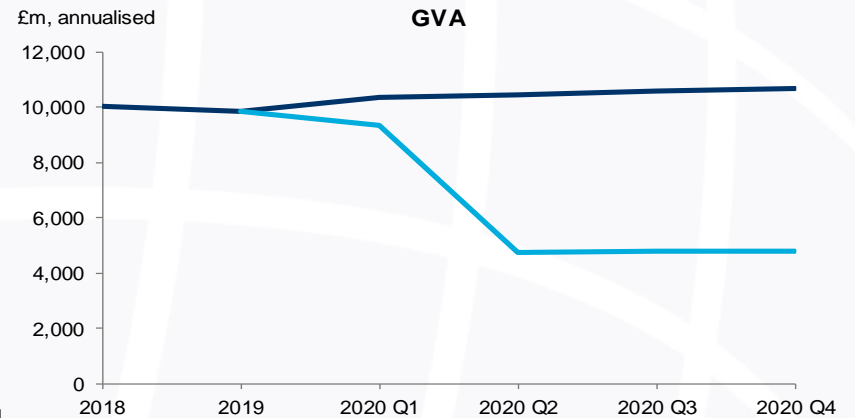
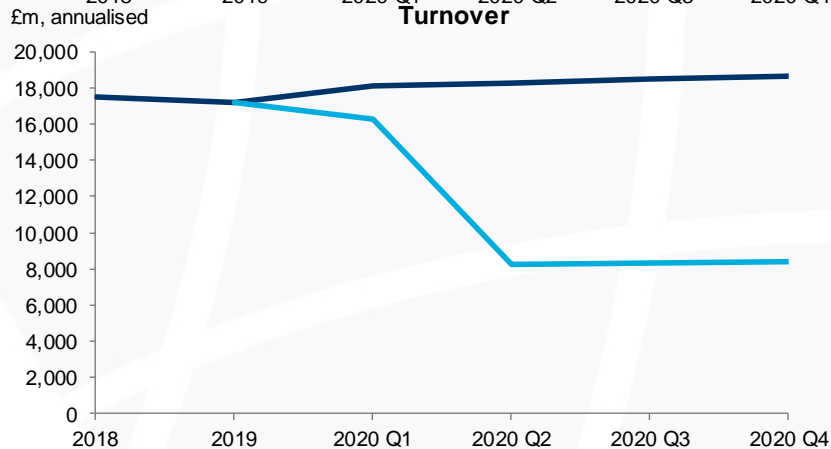
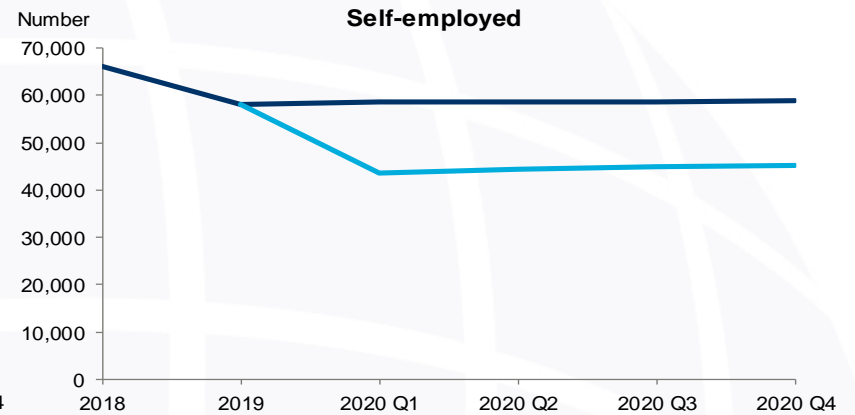
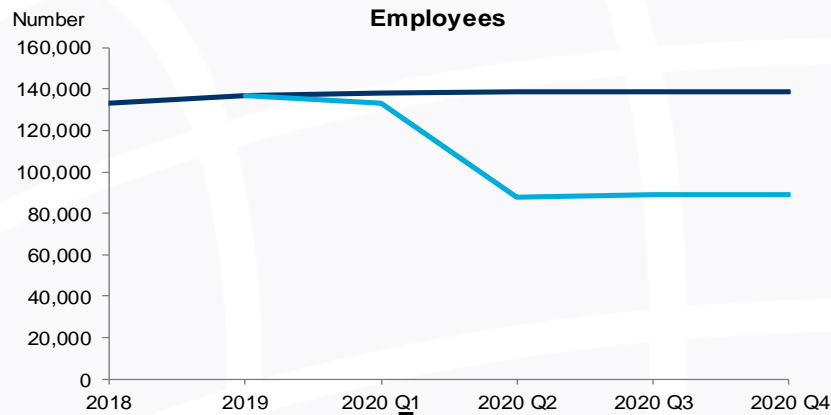


Source: Advertising Association, WARC

*WARC data suggests an uptick in advertising spending in Q3 and Q4, which drives our outlook.



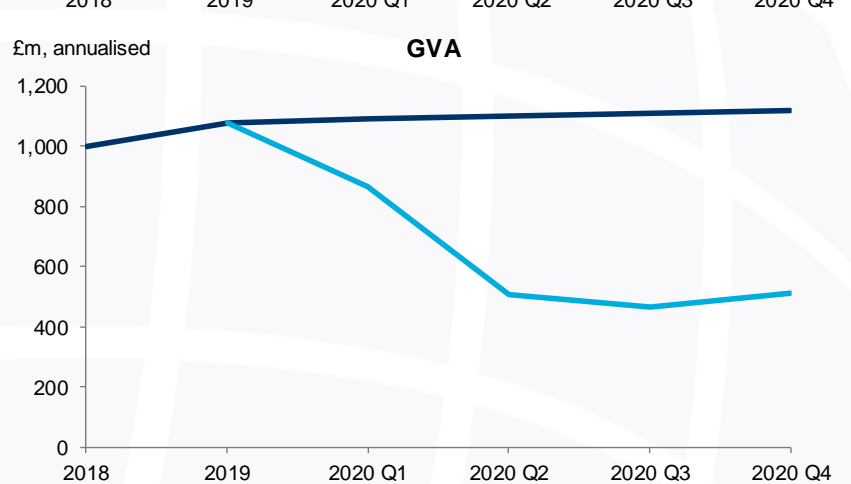
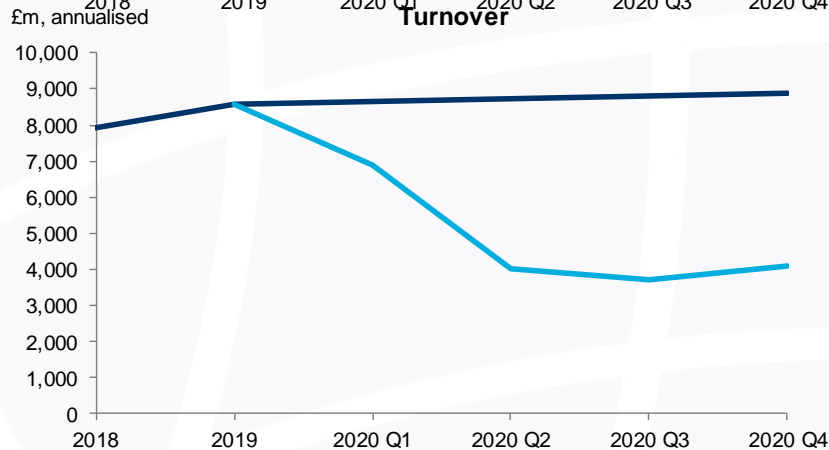
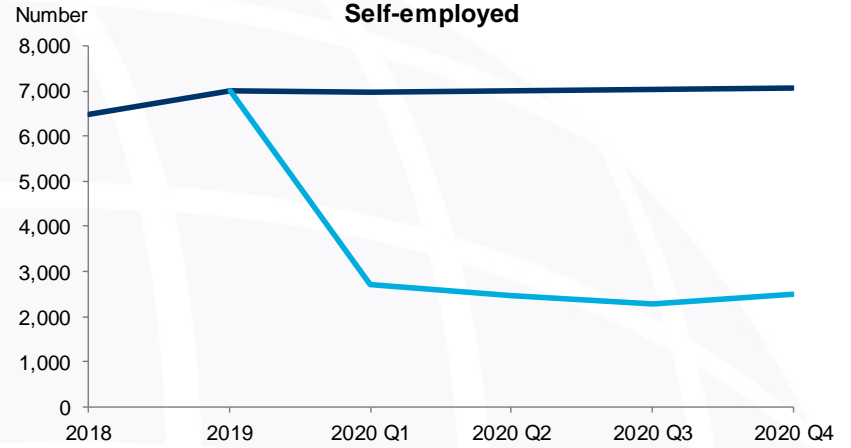
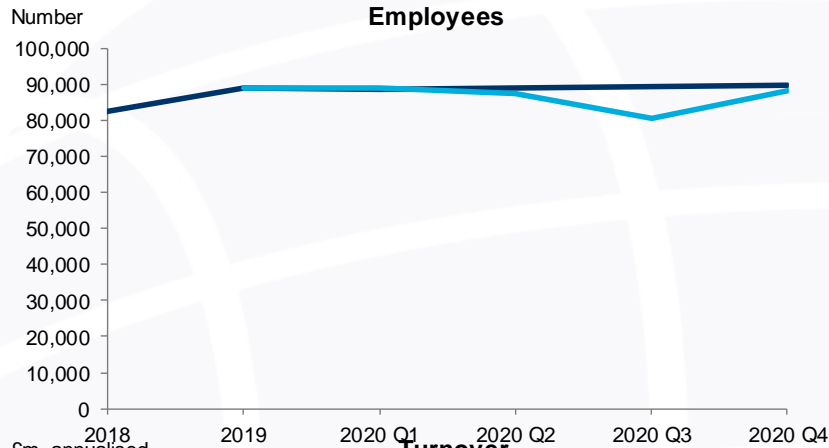
In 2020, the sector might lose £7bn in turnover compared to 2019 (-40%)



Source: Oxford Economics



In 2020, the sector might lose £3.9bn in turnover compared to 2019 (-45%)

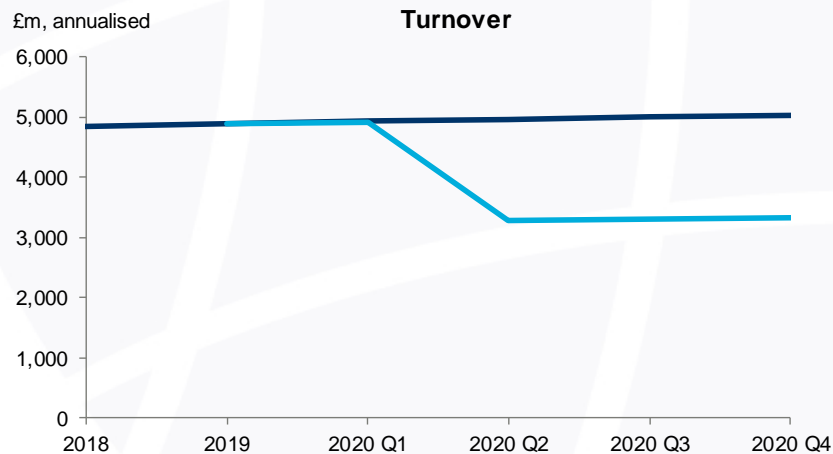


Source: Oxford Economics

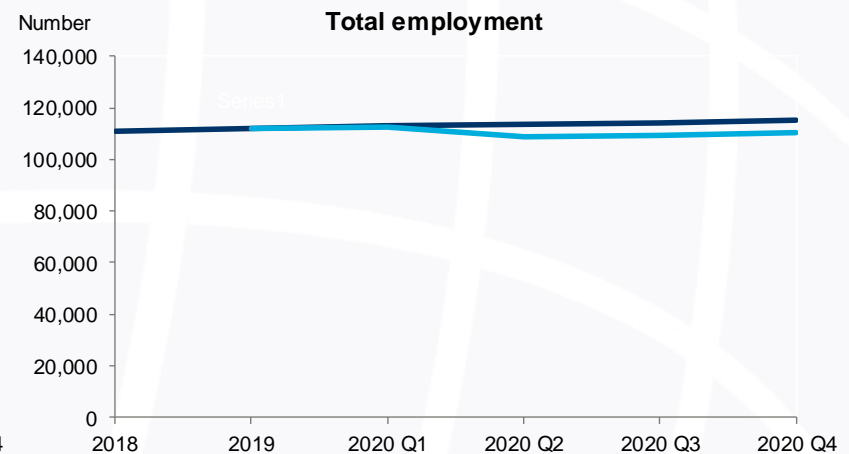
NEMO UK data suggest that almost half of museums plan to re-open in Q2, one in four in Q3, and the remaining don't know. NEMO data were received on May 13 and they comprised ~20 responses from UK institutions. The NEMO survey questioned respondents about expected re-opening dates and results suggest that about half of the UK respondents were expecting to re-open before the end of June. The UK government only allowed museums and galleries to re-open in early July, suggesting the sample of UK respondents was initially more optimistic about the development of the pandemic, but had to subsequently revise their projections.

In 2020, the sector might lose £1.2bn in turnover compared to 2019 (-24%)

- RIBA figures show that, as of April, practices workloads were just 67% of what they were 12 months before. We used this to estimate the turnover shortfall in Q2, then applied Oxford Economics' forecast beyond Q2.
- Using a combination of RIBA and OE data, we estimate that the industry's employment could be as low as 110,000 as a result of Covid-19, down from 112,000 in 2019. Job losses may be significantly higher if the construction sector does not quickly rebound



Source: Oxford Economics



Source: Oxford Economics



Not all sectors are well represented in CIF's survey

- Only 31 responses were gathered from **IT, software and computer services** companies, including only 6 from the video games sector.
- Conversations with Ukie suggested that results from this low sample size of games companies were not reflective of broader games industry findings. We therefore used OE's baseline forecasts for the sector, which project a slightly stronger employment growth in the Covid scenario.
- After further consideration, the same approach was applied to the wider IT sector, given the low sample size of the remaining 25 respondents.

The **UK games sector's** rapid shift to remote working has enabled businesses to remain resilient during lockdown, maintaining high levels of productivity with minimal disruption to most roles. At the same time, increased consumer demand in lockdown and the social nature of many games has expanded audiences across a broad demographic. However, in the mid-to-long-term, many games businesses are reporting concern about impacts on their ability to access talent, finance, investment and business deals, risking a slowdown or bottleneck in the pipeline for new content, especially impacting new UK-made IP.

Source: Ukie



OXFORD
ECONOMICS

APPENDIX: DEFINING CREATIVE INDUSTRIES



DCMS defines CI using SIC codes...

A number of organisations have highlighted the limitations in using solely the Standard Industrial Classification codes to define an industry. For this reason, some organisations have commissioned research to further investigate the actual size of the sector they represent. UK Music's Music By Numbers is an example.

Employment in
the music
industry hit
190,935 in
2018 (in FTE)



The music
industry
contributed
£5.2 billion to
the UK
economy in
2018

...and this is not always suitable...

Another example is the Crafts Council industry definition. DCMS definition includes just those working in creative industries (SIC code), irrespective of their occupation (SOC code). Crafts Council's data instead includes all those employed in creative occupations, even if outside the creative industries.

	Creative industries (SIC)	Non-creative industries (SIC)
Creative jobs (SOC)	DCMS & Crafts Council definition	Crafts Council definition
Non creative jobs (SOC)	DCMS definition	Not creative

Total employment in craft occupations was 129,000 in 2017)

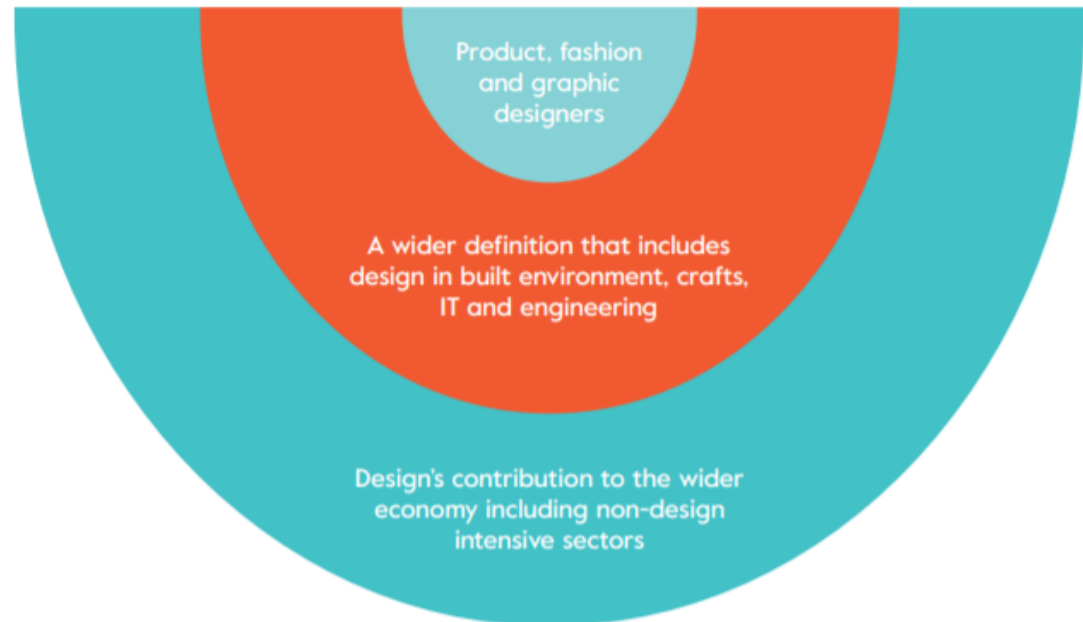


Some 40% of them were self-employed



...as CI span beyond industry boundaries

Another example is the Design Council industry definition. DCMS definition includes just those working as product, fashion, and graphic designers. Design Council's data instead adopts a broader definition, including design in built environment, crafts, IT and engineering, as well as design's contribution to the wider economy including non-design intensive sectors. .



129,000 in
(2017)



OE is grateful for additional insight from...

Name	Role	Association
Andy Edwards	Director of Research and Analysis	UK Music
Luke Hebblethwaite	Insight & Innovation Manager	UKIE
Hannah Gagen	Advocacy Manager	Society of London Theatre UK Theatre
Julia Bennett	Head of Research and Policy	Crafts Council
Sian Whyte	Head of Research and Insight	Design Council
Julia Lamaison	Head of Research and Statistics	British Film Institute
Philippa Childs	Head of BECTU	BECTU
Adrian Malleson	Head of Economic Research and Analysis	RIBA
Matt Payton	Director of External Affairs	Radiocentre
Louise McMullan	Policy Development Officer and Head of the General Secretary's Department	Equity
Tim Wilson	Policy and Communications Adviser	AudioUK
Elizabeth Rosenberg	Project Assistant	NEMO - The Network of European Museum Organisations



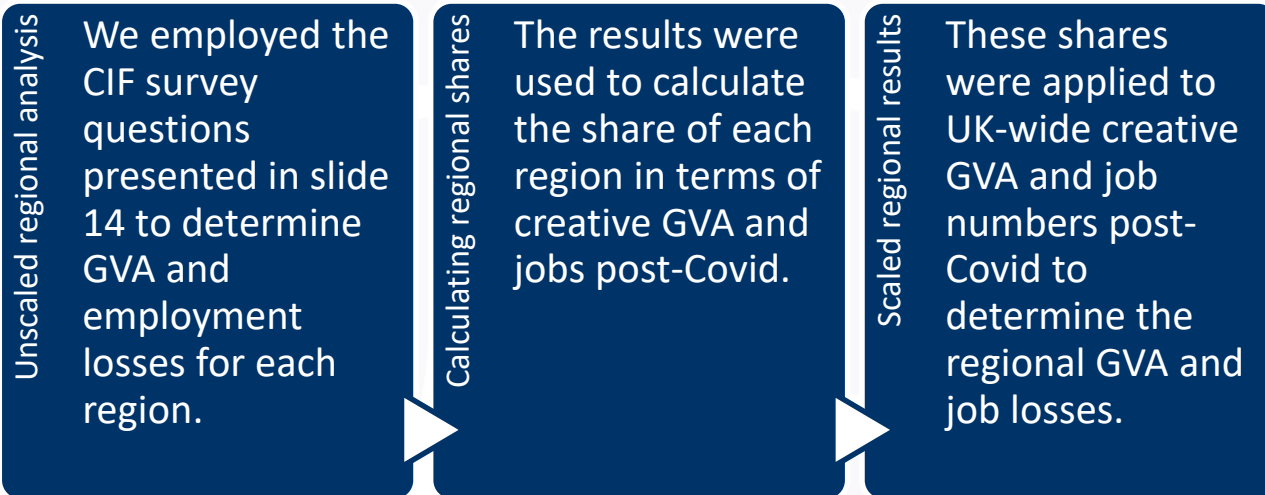
OE is grateful for additional insight from...

Name	Role	Association
Owen Meredith	Managing Director	The Professional Publishers Association
Neil Hatton	Chief Executive	UK Screen Alliance
Kate O'Connor	Executive Chair and Director	Animation UK
Isabelle Gutierrez	Head of Communications and Government Relations	The Musicians' Union
Matthew Evans	Head of Corporate Affairs	Advertising Association
Andrew Mowlah	Director of Research	Arts Council England
Cat Hammersley	Senior Manager, Data Analysis and Reporting	Arts Council England
Jude McArdle	Membership Manager	Association of Independent Music
Sophie Jones	Director of Public Affairs	BPI
Maeve Dunne	Policy and Public Affairs Manager	Publishers Association



Jobs and GVA losses by region were estimated using a similar approach to jobs and GVA losses by creative segment. However, regional results had to be rescaled so that the sum of all regional losses matched UK-wide jobs and GVA losses.

For example, the West Midlands hosted 6% of creative jobs in 2019, but as a result of Covid-19 we estimate it would represent only 4% of creative jobs in 2020. This is then multiplied by the UK-wide post-Covid creative jobs in 2020, and subtracted from the regional employment in 2019 to estimate the job losses in the region.





Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts, and analytical tools on more than 200 countries, 250 industrial sectors, and 7,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social, and business impact.

Headquartered in Oxford, England, with regional centres in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Melbourne, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ 400 full-time staff, including more than 250 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities, from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

Oxford Economics is a key adviser to corporate, financial, and government decision-makers and thought leaders. Our worldwide client base now comprises over 1,500 international organisations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.



OXFORD
ECONOMICS

Global headquarters

Oxford Economics Ltd
Abbey House
121 St Aldates
Oxford OX1 1HB
UK
Tel: +44 (0)20 185 268 900

London

4 Millbank
London SW1P 3JA
UK
Tel: +44 (0)20 3910 8000

New York

5 Hanover Square (8th floor)
New York NY 10004
USA
Tel: +1 646 503 3050

Singapore:

6 Battery Road
~38-05
Singapore 049909
Tel: +65 6850 0110

**Europe, Middle East
and Africa**

Oxford
London
Belfast
Frankfurt
Paris
Milan
Stockholm
Cape Town
Dubai

Americas

New York
Philadelphia
Boston
Chicago
Los Angeles
Toronto
Mexico City

Asia Pacific

Singapore
Hong Kong
Tokyo
Sydney
Melbourne

Email:

mailbox@oxfordeconomics.com

Website:

www.oxfordeconomics.com

Further contact details:

www.oxfordeconomics.com/about-us/worldwide-offices