Appendix 2

CREATIVE INDUSTRIES IN GREATER BRIGHTON

DRAFT FOR CIRCULATION

A research note by the Creative Industries Policy and Evidence Centre

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HIGHLIGHTS:

- Creative industries firms in the Greater Brighton area generated £1.55 billion in turnover in 2018.
- Turnover of creative industries firms has increased in by 22% since 2014
- There were over 6,100 creative businesses in the Greater Brighton area in 2018
- More than 16,000 people were employed by creative businesses in 2018, a growth of nearly 20%.
- Performing arts organisations generated £329m in turnover, second only to software firms, which generated £785m.

1. Introduction and background

The Greater Brighton region consists of six local authorities, one of which – Brighton & Hove – is among the UK's most famous creative industries clusters. The high national profile of the cluster is due in part to a series of influential studies examining the Brighton cluster, particularly the £1m Brighton Fuse project[1] in 2013 and its follow-up, Fuse2 and the Brighton Fuse Freelancer Survey in 2015. These studies fed the national image of Brighton as a major UK cluster, one that was validated by the description of the Brighton cluster as an exemplar in Sir Peter Bazalgette's review of the creative industries[2] in 2017. However, despite the recognition of the strength of Brighton & Hove's cluster, have the areas surrounding Brighton also been able to take advantage of the opportunities posed by the growth in creative sectors?

This report presents an overview of the state of Greater Brighton's creative industries. The report draws upon official data from tax records to map the number of businesses and employees in the industry. The data provided here comes from the Business Structure Database[3], which is maintained by the Office of National Statistics and contains records of every firm in the UK that is registered for National Insurance and/or VAT. Importantly, the employment figures only capture those employees who are on the payroll and for whom NI is paid, and therefore do not count freelance activity in

[1] http://www.brightonfuse.com/brighton-fuse-reports-and-findings/

[2] https://www.gov.uk/government/publications/independent-review-of-the-creative-industries

[3] Office for National Statistics. (2018). *Business Structure Database, 1997-2018: Secure Access*. [data collection]. *9th Edition.* UK Data Service. SN: 6697, http://doi.org/10.5255/UKDA-SN-6697-9 This work contains statistical data from ONS which is Crown Copyright. The use of ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research datasets which may not exactly reproduce National Statistics aggregates

employment figures[4]. The report is largely organised around three questions: How many creative businesses are in Greater Brighton? How important are creative industries to the local economy? And how many people are employed in creative industries?

2. How many creative businesses are in Greater Brighton?

We can begin by considering the number of creative industries in the six local authorities that comprise the Greater Brighton area in 2019. Table 1 show the number of creative industries businesses in each area, as well as the percentage change between the period 2014-2018.

Table 1: Number of Creative Industries Firms in Greater Brighton, by Local Authority

Local Authority	Number of firms 2018	% Change 2014-2018
Adur	247	-0.0%
Brighton & Hove	3,100	15.4%
Crawley	457	21.0%
Lewes	676	16.6%
Mid-Sussex	1,123	10.0%
Worthing	511	17.2%
Total	6,114	14.3%

This table shows double-digit growth in the number of new businesses in nearly all local authorities in the area. While Brighton has a the largest number of creative businesses, growth rates in outlying areas, particularly Crawley, Lewes and Worthing, all outpace the growth rate in Brighton and Hove. The lowest growth rate in terms of number of firms is Adur, showed no increase in the time period, albeit also from the lowest starting place. Given this as a background figure we can then consider the growth trends of particular sectors in the region, as seen in Table 2.

Table 2: Number of Firms in Greater Brighton, by Sector[5]

Sector	Number of firms 2018	% Change 2014-2018
Advertising	598	16.6%
Architecture	305	16.7%
Crafts	27	-3.7%
Design	599	10.7%
Performing Arts	1,123	3.7%

[4] Some freelancers who are VAT registered may appear, but others may not, so employee counts should be understood to be a baseline, while the actual figure will be much higher.

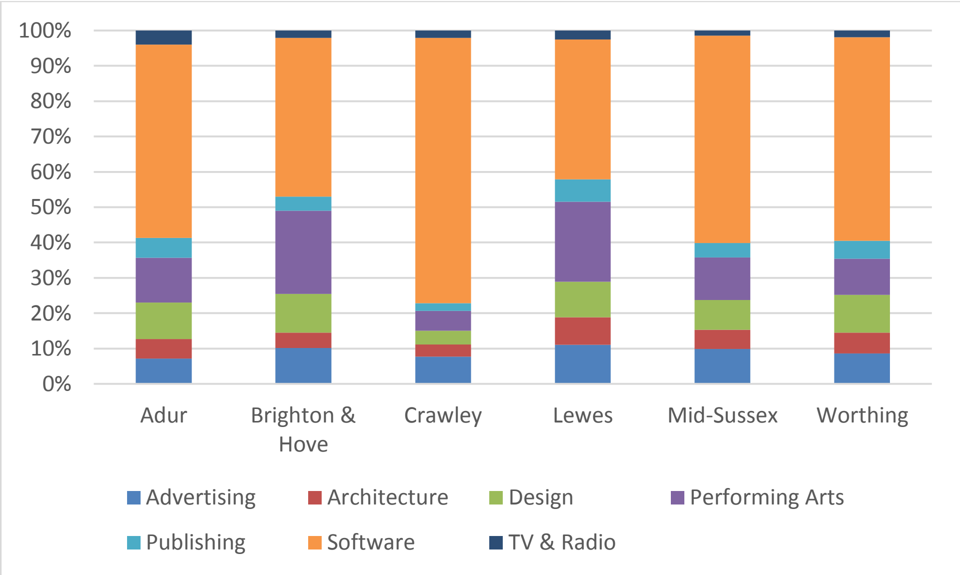
[5] It is worth noting that while crafts represents an important part of the creative industries, the vast majority of craftspeople operate as sole traders and are therefore not NI/VAT registered. Therefore the measure of the crafts sector presented here is not a meaningful proxy for crafts activity. Likewise, museums are included in standard definitions of creative industries but are not included here as the majority are organised as charities and are not counted in the dataset used here.

Publishing	259	17.0%
Software	3,087	18.4%
TV & Radio	122	11.5%
Total	6,114	14.3%

The table above shows the growth rates for the sector, and presents a number of interesting features. Software makes up the majority of creative industries firms in the region, which is broadly consistent with national figures. However, quite unusually, the second largest sector – in terms of number of firms – is the performing arts. This is considerably higher than the national average, highlighting the strength of the region in the breadth and quantity of arts organisations. All but two of the sectors showed double-digit growth over the 2014-2018 period, showing that the growth is not limited to one sector.

One subsequent question is whether particular local authorities specialise in some creative sectors but not others. Figure 1 below presents a measure of the composition of the creative industries in each of the local authorities. From this figure we can see similarities and differences between some of the local authorities; for instance, Crawley has a clear specialisation in software firms; Mid-Sussex, Adur and Worthing have virtually identical distributions of sectors, with a majority of software firms and similar distributions of performing arts, publishing, design, architecture and marketing; and Brighton & Hove and Lewes both have proportionately fewer software firms and larger populations of performing arts firms. Proportionately Lewes has a greater share of architecture firms.

Figure 1: Sector composition of Creative Industries in Local Authorities (by Number of Firms)



3. What is the economic contribution of creative industries to the overall economy?

Now we consider the economic impact of creative industries firms. In this case it is helpful to use turnover, which captures overall economic outputs as opposed to employment, which – due to the data being used here – does not include freelancers, who are a substantial part of the creative economy. However turnover does capture the activities that freelancers bring to the firms that hire them. Turnover is one measure that can be used to calculate GVA (gross value added), which is a measure of the overall value added specifically by a region. GVA is a useful figure but is difficult to calculate for smaller geographical regions (official statistics usually calculate at the region level, i.e. South East). We begin again by looking at the levels of total turnover in the local authorities and the rate of change over the past five years

Table 3: Total turnover of creative industries firms in Greater Brighton by Local Authority

Local Authority	Total turnover 2018 (£million)	% Change 2014-2018
Adur	55	29.5%
Brighton & Hove	682	20.4%
Crawley	225	59.6%
Lewes	142	22.8%
Mid-Sussex	344	5.3%
Worthing	111	6.1%
Total	**£1,558**	**22.3%**

This table shows substantial growth figures for the area. The total turnover of creative industries firms in the Greater Brighton region is £1.56 billion, a 22% increase over the same area in 2014. Four authorities have seen double-digit growth rates in turnover between 2014-2018. Of those that have lower rates, Worthing had a 27% growth rate between 2014-2018, and a net decrease between 2017 and 2018, which suggests there may be some underlying variation in the figures. Of the overall size of creative sectors in these areas, Brighton & Hove is the largest, with Mid-Sussex second largest.

As a way of exploring these further, we can explore the average firm turnover in these local authorities, as seen in Table 4. Of the sectors listed, all showed double-digit growth in the period from 2014-2019. Consistent with Table 2, software and performing arts generated the highest levels of turnover in the region, while crafts represented the smallest (though again the undercounting of freelance/sole trader craftspeople makes this figure less reliable). Architecture, publishing and advertising had the highest growth rates.

Table 4: Total creative industries turnover in Greater Brighton, by Sector

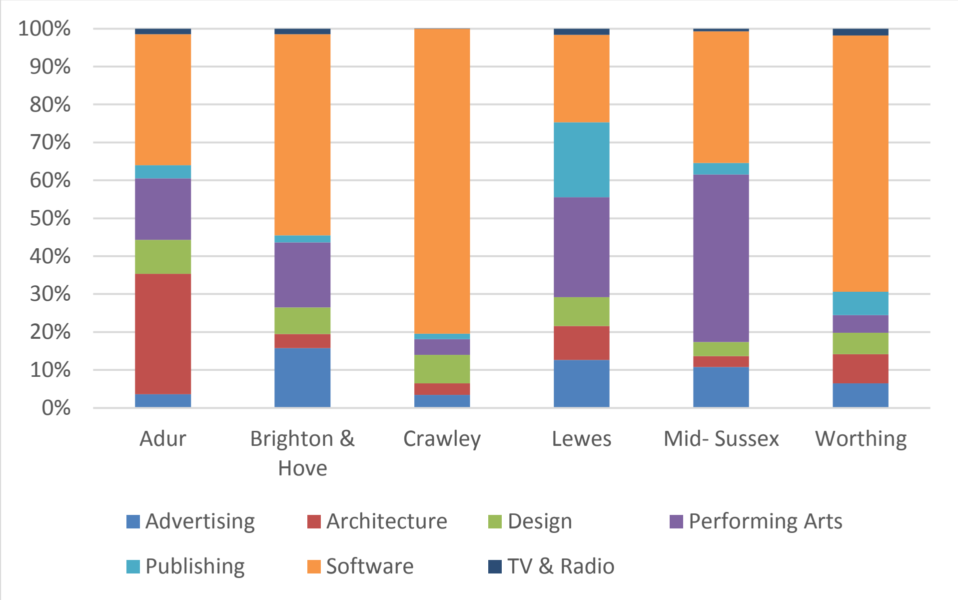
Sector	Total turnover 2018 (£million)	% Change 2014-2018
Advertising	£178	32.5%
Architecture	80	39.4%
Crafts	7	25.0%
Design	99	20.3%
Performing Arts	329	12.2%
Publishing	62	37.0%
Software	785	22.0%
TV & Radio	18	-[6]
Total	£1,558	22.3%

Finally we can consider the share of turnover made by the various sectors to the local authorities in the Greater Brighton area. These are presented in Figure 2 below. Here we can see

[6] We do not include a change figure here as this sector, as one that is highly project-based, has the most significant fluctuation of all sectors, ranging from values from £17m to £80m over the five year period. This is consistent with the project-based nature of the sector.

substantial heterogeneity, in line with the previous discussion, from Crawley – dominated by the software sector – to Mid-Sussex, where performing arts play a larger share of the sector than software. It is important to note that these figures are relative, but they serve to demonstrate the different creative sectors seen in the local authorities.

Figure 2: Sectors' share of turnover 2018, by local authority.



4. How many people are employed in creative industries in Greater Brighton?

We now consider employment in the Greater Brighton area. As mentioned above, the figures below represent only formal employment in terms of National Insurance, and do not count freelancers, who make up a very substantial amount of UK creative employment. Still they do provide some baseline insights about the general distribution and relative levels of employment in the region.
Looking again at local authorities, Table 5 shows total salaried employment by local authority. Brighton & Hove and Mid-Sussex have the most employed workers in the creative industries, while Crawley has the highest level of growth. One area – Worthing – has a negative growth rate but this value should be treated with significant caution, as values for Worthing show substantial, unexplained year-on-year variation that does not keep with other trends. This may be due to issues with the underlying data and does demonstrate the limits of these types of data, which are passively collected from HMRC records and are partially cleaned but may require further validation.

Table 5: Creative Industries employment 2018, by local authority

Local Authority	**Total Employment 2018**	**% Change 2014-2018**
Adur	503	5.0%
Brighton & Hove	8,346	21.1%
Crawley	1,817	47.9%
Lewes	1,913	20.2%
Mid-Sussex	2,848	16.6%
Worthing	1,518	-12.1%
Total	16,945	19.7%

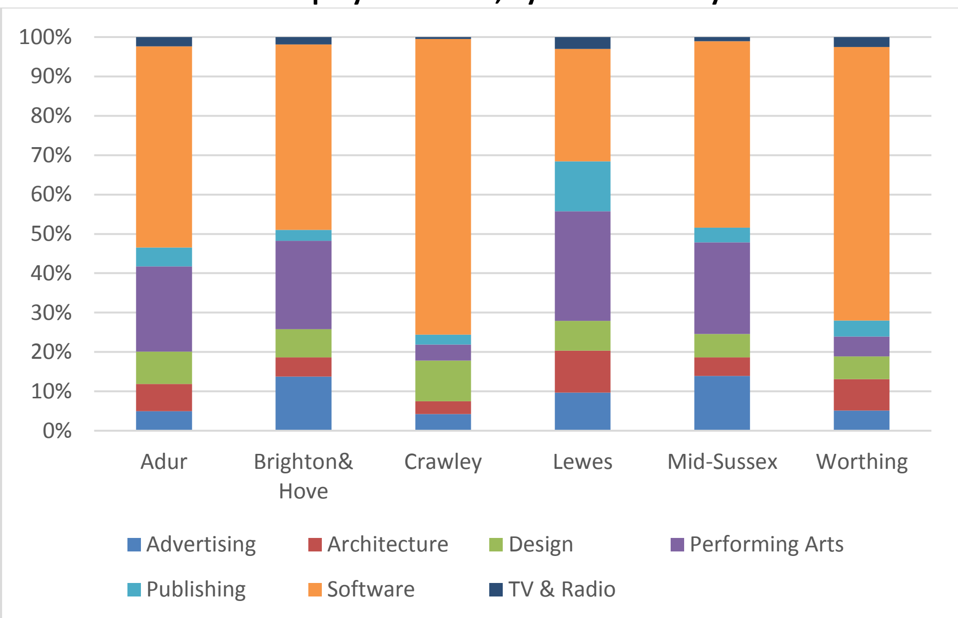
When we consider sectors, in Table 6, we see the highest levels of employment in software and performing arts, as in the other measures used. The growth rates of all but two sectors are double digits, with publishing in particular showing employment growth of nearly one-third in the timeframe. Even advertising and architecture, the sectors with lower levels of employment have shown substantial growth in real terms, adding 121 and 69 new salaried employees in aggregate in the time period.

Table 6: Total creative industries employment in Greater Brighton, by Sector

Sector	Total Employment 2018	% Change 2014-2018
Advertising	1,903	6.4%
Architecture	952	7.2%
Design	1,223	17.5%
Performing Arts	3,307	18.7%
Publishing	704	31.1%
Software	8,467	23.8%
TV & Radio	307	20.5%
Total	16,945	19.7%

Figure 3, as above, breaks these figures down by sector and local authority to show relative composition of employment in creative sectors. Here the distinction appears to be between Crawley and Worthing, which – as discussed above – have concentrations in the software sector, and the other areas, which appear to have broadly similar distributions, with software, followed by performing arts, employing the most workers.

Figure 3: Sectors' share of employment 2018, by local authority.



5. Summary and Conclusion

This report has presented new evidence about the level and distribution of creative industries firms in the Greater Brighton region. It shows that in 2018 creative industries firms generated £1.55 billion for the local economy. At the same time these firms showed double-digit growth across multiple metrics, consistently outpacing the growth rates of the Greater Brighton area as a whole.

The findings presented here also point to the differences in the local authorities that make up the Greater Brighton area – there is substantial heterogeneity in the composition of creative sectors. This allows us to document that the creative industries cannot only be associated with Brighton & Hove alone, but are a source of economic growth for the entire region.