

SERVICES AGREEMENT

BETWEEN:

- (1) **NESTA**, a company limited by guarantee registered in England and Wales with company number 7706036 and charity number 1144091 and registered as a charity in Scotland under charity number SC042833, with its registered office at 58 Victoria Embankment, London, EC4Y 0DS ("**Nesta**"); and
- (2) **Frontier Economics Limited**, a limited company registered in England and Wales with company number 03752719, whose address is Mid City Place, 71 High Holborn, London, WC1V 6DA (the "**Supplier**").

IT IS AGREED:

This Agreement is subject to the terms set out in the Schedules listed below which both Nesta and the Supplier undertake to observe in the performance of this Agreement. The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement.

Any term defined in a Schedule shall have the meaning given in that Schedule when used throughout this Agreement (unless the context requires otherwise). In the event of any conflict between the terms set out in the various Schedules, the Schedules shall prevail in the order in which they appear in this Agreement. For the purposes of the provision of the Services, the terms of this Agreement shall prevail over any other terms and conditions issued by either party (whether on a purchase order or otherwise).

Schedules

Schedule 1	Service Specification
Schedule 2	Charges
Schedule 3	Terms and Conditions
Schedule 4	The Proposal

IN WITNESS whereof the parties or their duly authorised representatives have entered into this Agreement on the date of signature below (or if different, the later of the dates of signature below).

This Agreement shall be effective from (the "**Commencement Date**").

Signed by the duly authorised representative of NESTA

Name:	Signature:
Position:	Date:

Signed by the duly authorised representative of Frontier Economics Limited

Name:	Signature:
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Position:

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Date:

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Schedule 1

Service Specification

1 Description of the Services

1.1 The Services are:

1.1.1 Updating the dataset Nesta used in Geography of Creativity 2016 (GOC 16) to cover the period 2015 – 2016 (the “**Considered Period**”) (the “**Dataset**”). In GOC’16, Nesta analysed data for the period 2007 – 2014 from the Business Structure Database (BSD) and the Annual Business Survey (ABS) to map economic activity in the creative industries and its constituent sub-sectors in the UK, including business counts, employment, turnover and estimates of local creative industries GVA and labour productivity. This analysis used the official definitions of the sector from DCMS, reported at the level of TTWAs (in their 2011 edition) and regions/nations.

1.1.2 Extracting VML data about the size distribution of creative industries in different locations and sub-sectors, and their evolution over the Considered Period.

1.1.3 Tracking creative scale-ups to provide evidence about growth dynamics and scale up activity in different clusters and sectors in the creative industries. This analysis must be based, inter alia, on statistics about levels of ‘scale-up activity’ in different clusters and sub-sectors, and how this has evolved over time based on VML (BSD) microdata. The analysis should also identify growth profiles or models and measuring their relative importance in different locations and creative sub-sectors.

1.1.4 The following deliverables shall also be provided by the Supplier:

- (i) A clean and clearly labelled dataset with all the relevant information in csv format;
- (ii) A data dictionary and scripts with the code used to process the data within the Dataset; and
- (iii) A research note describing the data sources used in the project and the processing methodology used to generate the data output for the Dataset.

1.2 Subject always to clause 1.3 below, the Supplier shall deliver the Services in accordance with this Agreement (including the Project Plan as set out below) and the Supplier’s proposal dated July 2017 attached as Schedule 4 (the “**Proposal**”). Time for delivery of the Services shall be of the essence.

1.3 Once the Supplier has completed the work required for each phase of work outlined in the Project Plan, the Supplier shall seek Nesta’s written authorisation to proceed to the next phase of work outlined in the Project Plan. Nesta shall not unreasonably withhold or delay its written authorisation to proceed to the next phase of work outlined in the Project Plan. The Supplier shall not proceed to the next phase of work outlined in the Project Plan without Nesta’s relevant written authorisation.

1.4 The Project Plan shall be as follows:

Phase of work	Date(s)	Services to be provided
1	22 September 2017	Interim dataset with 2015 data extracts, including information about business count, employment and turnover by creative sector and sub-sector at the travel to work area level.
2	20 November 2017	Final dataset including 2015 and 2016 data, including business count, employment and turnover data by creative sector and sub-sector at the travel to work area level, as well as the data about business growth dynamics and size-bands.

1.5 If the Supplier's performance of any of its obligations under this Agreement is prevented or delayed by any act of material breach by Nesta of the terms of this Agreement ("**Nesta Default**"):

- 1.5.1 the Supplier acknowledges and agrees that it shall only be entitled to rely on this as relieving the Supplier from the performance of any of its obligations to the extent a Nesta Default prevents or delays the Supplier's performance of any of its obligations and provided the Supplier has notified Nesta of the relevant Nesta Default in writing promptly after the actual or potential Nesta Default has come to the Supplier's attention;
- 1.5.2 the Supplier shall not be liable for any costs or losses sustained or incurred by Nesta arising directly from the Supplier's non-performance of any of its obligations as permitted under this clause; and
- 1.5.3 the Supplier shall use all reasonable endeavours to eliminate or mitigate the consequences and impact of the Nesta Default, including the duration and consequences of any delay or anticipated delay in delivering the Services.

1.6 For the purposes of this Agreement:

- 1.6.1 "**Approval**" means written approval by Nesta, acting reasonably and proportionately, confirming that the Project Plan is in accordance with Nesta's requirements as stated in any meeting (whether face to face or remotely via telephone or videoconferencing) attended by the relevant representatives of the parties or in email correspondence between the parties, and includes successful usability tests as specified by Nesta acting reasonably, and "**Approved**" shall be construed accordingly;

- 1.6.2 **“Project Plan”** means the timetable within which the Supplier will provide the Services, as set out in clause 1.4.

2 Key Personnel

- 2.1 The Supplier shall use the people set out in the Proposal to deliver the Services, unless otherwise agreed in writing by Nesta.

3 Nesta Data and security requirements

- 3.1 The Supplier shall not delete or remove any proprietary notices contained within or relating to Nesta Data.
- 3.2 The Supplier shall not store, copy, disclose, or use Nesta Data except as necessary for the performance by the Supplier of its obligations under this Agreement or as otherwise expressly authorised in writing by Nesta.
- 3.3 The Supplier shall preserve the integrity of all Nesta Data held and/or processed by the Supplier and prevent the corruption or loss of all Nesta Data at all times that the relevant Nesta Data is under its control.
- 3.4 The Supplier shall perform secure back-ups of all Nesta Data and shall ensure that up-to-date back-ups are stored off-site. The Supplier shall ensure that such back-ups are available to Nesta (or to such other person as Nesta may direct) at all times upon request and are delivered to Nesta at no less than six monthly intervals (or such other intervals as may be agreed in writing between the parties).
- 3.5 The Supplier shall ensure that any system on which the Supplier holds any Nesta Data, including back-up data, is a secure system that complies with Nesta Requirements reasonably notified to the Supplier.
- 3.6 If Nesta Data is corrupted, lost or sufficiently degraded as a result of the Supplier's breach of its obligations (including abandonment of this Agreement in breach of its terms, repudiatory breach or breach of a fundamental term) or any other default, act or omission, negligence or statement of any member of the Supplier's Team, in connection with or in relation to the subject-matter of this Agreement and in respect of which the Supplier is liable to Nesta, so as to make Nesta Data unusable, Nesta may:
- 3.6.1 require the Supplier (at the Supplier's expense) to restore or procure the restoration of Nesta Data and the Supplier shall do so as soon as practicable but not later than five Working Days from the date of receipt of Nesta's notice; and/or
- 3.6.2 itself restore or procure the restoration of Nesta Data, and shall be repaid by the Supplier any reasonable expenses incurred in doing so.
- 3.7 If at any time the Supplier suspects or has reason to believe that Nesta Data has or may become corrupted, lost or sufficiently degraded in any way for any reason, then the Supplier shall notify Nesta immediately and inform Nesta of the remedial action the Supplier proposes to take.
- 3.8 The Supplier shall, as an enduring obligation throughout the Term, use the latest versions of anti-virus definitions and software available from an industry accepted anti-virus software

vendor (unless otherwise agreed in writing between the parties) to check for, contain the spread of, and minimise the impact of Malicious Software in Nesta's computing environment (consisting of hardware, software and, or telecommunications networks or equipment used by Nesta or the Supplier in connection with this Agreement and the information and communications technology system used by the Supplier in implementing and performing the Services) (or as otherwise agreed by the parties).

- 3.9 Notwithstanding clause 3.8, if Malicious Software is found, the parties shall co-operate to reduce the effect of the Malicious Software and, particularly if Malicious Software causes loss of operational efficiency or loss or corruption of Nesta Data, assist each other to mitigate any losses, liabilities, damages, costs and expenses and to restore the Services to their desired operating efficiency.
- 3.10 Any cost arising out of the actions of the parties taken in compliance with the provisions of clause 3.9 shall be borne by the parties as follows:
 - 3.10.1 by the Supplier where the Malicious Software originates from the Supplier Software, third party software supplied by the Supplier (except where Nesta has waived the obligation set out in clause 3.8) or Nesta Data (whilst Nesta Data was under the control of the Supplier) unless the Supplier can demonstrate that such Malicious Software was present and not quarantined or otherwise identified by Nesta when provided to the Supplier; and
 - 3.10.2 otherwise by Nesta.
- 3.11 For the purposes of this Agreement, "**Malicious Software**" means any software program or code intended to destroy, interfere with, corrupt, or cause undesired effects on program files, data or other information, executable code or application software macros, whether or not its operation is immediate or delayed, and whether the malicious software is introduced wilfully or without knowledge of its existence.

Schedule 2**Charges**

In consideration for the provision of the Services, the Supplier shall be entitled to issue invoices in accordance with the requirements of clause 6.1 of Schedule 3 (Terms and Conditions) for the following sums payable by Nesta (the “**Charges**”) in the following amounts and on completion of all activities relating to the following milestones to Nesta’s satisfaction:

	Sum due (ex VAT)	Sum due (inc VAT)	Date due/Description of milestone
1.	£5,000	£6,000	Date Agreement signed
2.	£10,000	£12,000	Phase 1 completed (scheduled for 22 September 2017)
Total	£10,000	£12,000	Phase 2 completed (scheduled for 20 November 2017)

The Charges set out above are an all-inclusive fee except for those additional expenses specifically approved by Nesta in writing before they are incurred, and covers all travel and expenses and all preparation, report writing and all other work which is carried out under this Agreement. It is expected that the Supplier will meet all costs and expenses necessary to provide the Services under this Agreement, including, but not restricted to: the costs of salaries, bonuses, superannuation medical and travel insurance, insurance for personal possessions or of any fees payable to personnel employed, or engaged by the Supplier.

Where value added tax (VAT) is properly chargeable and identified in this Schedule, the Supplier shall issue a valid and accurate tax invoice (including the Supplier’s VAT registration number).

Schedule 3

Terms and Conditions

1 Definitions and interpretation

1.1 In this Agreement, unless the context otherwise requires the following words and phrases shall have the following meanings:

1.1.1 **“Confidential Information”** means any information which has been reasonably designated as confidential by either party in writing;

1.1.2 **“Control”** means the ability to direct the affairs of another party whether by virtue of the ownership of shares, contract or otherwise (and **“Controlled”** shall be construed accordingly);

1.1.3 **“Deliverables”** means the documents, products, data, information, devices, processes, hardware, software or other material to be provided by the Supplier to Nesta as part of the Services;

1.1.4 **“Good Industry Practice”** means the exercise of that degree of care, skill, diligence, prudence, efficiency, foresight and timeliness which would be reasonably expected at the time of relevant performance from a leading and expert supplier of services similar to the Services to a customer like Nesta, such supplier seeking to comply with its contractual obligations in full and complying with all applicable laws;

1.1.5 **“Intellectual Property Rights”** means any copyright and related rights, patents, rights to inventions, registered designs, database rights, design rights, topography rights, trade marks, service marks, trade names and domain names, trade secrets, rights in unpatented know-how, rights of confidence and any other intellectual or industrial property rights of any nature including all applications (or rights to apply) for, and renewals or extensions of such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;

1.1.6 **“Nesta Data”** means the (i) Personal Data (as defined in clause 11.1) and (ii) the data, text, diagrams, images or sounds (together with any database made up of these) which are embodied in any electronic, magnetic, optical or tangible media, and which are:

(i) supplied to the Supplier by or on behalf of Nesta; and/or

(ii) which the Supplier is required to generate, process, store or transmit pursuant to this Agreement.

1.1.7 **“Nesta Requirements”** means the instructions, requirements, policies, codes of conduct, guidelines, forms and other documents notified by Nesta to the Supplier in writing;

1.1.8 **“Personnel Vetting Procedures”** means:

- (i) obtaining satisfactory employment references in respect of the relevant individual, covering the individual's employment for the two year period up to the date of reference;
 - (ii) ensuring the individual has passed suitable checks to confirm that he or she is fit for work; and
 - (iii) ensuring the individual is lawfully entitled to work in the United Kingdom and that the Supplier has seen original documentation confirming such entitlement;
- 1.1.9 **"Relevant Conviction"** means any previous or pending prosecution, conviction, caution or binding-over order (excluding any spent conviction as contemplated by section 1(1) of the Rehabilitation of Offenders Act 1974 by virtue of the exemptions specified in Part II of schedule 1 of the Rehabilitation of Offenders Act 1974 (Exemptions) Order 1975 (SI 1975/1023) or any replacement or amendment to that Order), other than any minor road traffic offence, that is relevant to the nature of the Services;
- 1.1.10 **"Services"** means the services to be provided by the Supplier under this Agreement as set out in Schedule 1 (Service Specification);
- 1.1.11 **"Supplier's Team"** means all employees, consultants, agents and sub-contractors which the Supplier engages in any way in relation to the supply of the Services;
- 1.1.12 **"Term"** has the meaning given in clause 12.1; and
- 1.1.13 **"Working Day"** means a day (other than a Saturday or Sunday) on which banks are generally open for business in London.
- 1.2 In this Agreement, unless otherwise indicated:
 - 1.2.1 a reference to a Schedule is a reference to a Schedule to this Agreement; and
 - 1.2.2 a reference in a Schedule to a clause is a reference to a clause in that Schedule.
- 1.3 Where the words **"include(s)"** or **"including"**, or words of a similar nature, are used in this Agreement, they are deemed to have the words **"without limitation"** following them, and are illustrative and shall not limit the sense of the words preceding them.
- 1.4 Unless otherwise stated, a reference in this Agreement to a statute or statutory provision is a reference to the relevant UK statute or statutory provision as it is in force during the Term, taking account of any amendment, extension, or re-enactment and includes any subordinate legislation made under such statute or statutory provision and in force during the Term.

- 1.5 A reference to “**writing**” or “**written**” includes email (unless the context requires otherwise).

2 Supplier’s responsibilities

- 2.1 The Supplier shall provide the Services, and deliver the Deliverables to Nesta:
- 2.1.1 with reasonable skill, care and ability in accordance with the terms of this Agreement;
 - 2.1.2 without breaching or otherwise failing to comply with any applicable laws;
 - 2.1.3 in accordance with Good Industry Practice,
- and the Supplier shall allocate sufficient resources to the Services to enable it to comply with this obligation.
- 2.2 The Supplier shall comply with, and complete and return any forms or reports from time to time required by, Nesta Requirements.
- 2.3 The Supplier shall before the date on which the Services are to start, obtain and at all times maintain and comply with all licences and consents required to enable the Supplier to provide the Services in accordance with this Agreement.
- 2.4 The Supplier shall treat any equipment or materials provided to the Supplier by Nesta or its Partners for the purposes of providing the Services with reasonable care, only use such equipment and materials for the purposes of providing the Services, and on Nesta’s request, immediately return such equipment and materials to Nesta.
- 2.5 The Supplier shall not at any time during the Term do or say anything which damages or which could reasonably be expected to damage the interests or reputation of Nesta, or (in each case) its officers, employees, agents or contractors.
- 2.6 The Supplier shall use all reasonable endeavours to ensure that in the performance of its obligations under this Agreement it does not disrupt the operations of Nesta, its Partners, employees or any other contractor engaged by Nesta.
- 2.7 The Supplier shall use all reasonable endeavours to ensure that it is available at all times on reasonable notice to provide such assistance or information as Nesta may require.
- 2.8 The Supplier shall be entitled to use such parts of Nesta’s premises (where applicable) on a non-exclusive basis as Nesta may from time to time designate as are necessary for the performance of the Services provided that use of such premises is strictly in accordance with Nesta’s reasonable instructions and is to be solely for the purposes of providing the Services.

3 Quality and performance

- 3.1 The Supplier shall comply with any quality assurance procedure and provide any feedback or other form of reporting in connection with the Services that is reasonably requested by Nesta from time to time.
- 3.2 The Supplier shall meet with representatives of Nesta upon request to discuss matters relating to the Services and to review the quality of the Services and Deliverables provided.
- 3.3 Nesta reserves the right to reject or require re-performance (at no additional cost to Nesta) of any Services which are defective or which are otherwise not in accordance with the requirements of this Agreement.

4 Supplier's Team

- 4.1 The Supplier warrants that all personnel employed or engaged by, or on behalf of, the Supplier in the provision of the Services at the Commencement Date were vetted and recruited on a basis that is equivalent to and no less strict than the Personnel Vetting Procedures and throughout the Term the Supplier shall comply with the Personnel Vetting Procedures in respect of all personnel employed or engaged in the provision of the Services.
- 4.2 The Supplier shall ensure that no person who discloses that they have a Relevant Conviction, or who is found by the Supplier to have any Relevant Convictions (whether as a result of a police check or through the Disclosure and Barring Service procedures or otherwise), is employed or engaged in the provision of any part of the Services without Nesta's prior and express written consent.
- 4.3 If requested by Nesta, the Supplier shall provide documentary evidence of their (and/or the Supplier's Team members') eligibility to work in the UK. Nesta shall not be held responsible for securing work permits for potential members of the Supplier's Team who come from overseas.
- 4.4 Without relieving the Supplier of its duty to deliver the Services, Nesta reserves the right to refuse any employee, consultant, agent or subcontractor of the Supplier access to Nesta's premises where, in Nesta's absolute discretion, such person's behaviour is unacceptable or they have not satisfied or been subject to the relevant checks referred to in this clause 4.
- 4.5 If required by Nesta, the Supplier shall replace any person that has not satisfied the requirements set out in this clause 4 with another suitably qualified person and ensure that the provision of the Services continues without interruption in accordance with the terms of this Agreement.

5 Status

- 5.1 The relationship of the Supplier to Nesta will be that of independent contractor and nothing in this Agreement shall render the Supplier or any of the Supplier's Team an employee, worker, agent or partner of Nesta and the Supplier shall not hold itself out as such.

- 5.2 The Supplier shall be fully responsible for and shall indemnify Nesta for and in respect of any liability for any employment-related claim or any claim based on worker status (including reasonable costs and expenses) brought by the Supplier (or, where applicable, any member of the Supplier's Team) against Nesta arising out of or in connection with the provision of the Services, except where such claim is as a result of any act or omission of Nesta.
- 5.3 Where applicable (and subject to anything to the contrary in Schedule 1 (Special Terms)), the Supplier:
- 5.3.1 acknowledges and agrees that it is intended that all employees of the Supplier (if any) shall remain employees of the Supplier and that termination of this Agreement (or any part of it) shall not operate to transfer the contracts of employment of any employees to Nesta or any third party; and
 - 5.3.2 shall use all reasonable endeavours to ensure that no member of its staff is deployed in the delivery of the Services to such an extent that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (or any applicable equivalent legislation in any relevant jurisdiction) may operate to transfer the employment of such member of staff to Nesta or any successor service provider upon termination of this Agreement.
- 5.4 The Supplier acknowledges that in entering into this Agreement no form of exclusivity or future volume guarantee has been granted by Nesta for Services from the Supplier and that Nesta is at all times entitled to enter into other contracts and arrangements with other providers for the provision of any or all services which are the same as or similar to the Services.

6 Price and payment

- 6.1 The Supplier shall invoice for the Charges as specified in Schedule 2 (Charges) and all such invoices shall be accompanied by a statement setting out the Services supplied in sufficient detail to justify the Charges charged (including any timesheets or other information required by, and to be provided in the format set out in, Nesta Requirements)].
- 6.2 Subject to clauses 6.3 to 6.5 below, Nesta shall, unless agreed otherwise by the parties in writing, pay each of the Supplier's valid and accurate invoices by automated transfer into the Supplier's nominated bank account no later than 30 days after the invoice is received.
- 6.3 Provided that it notifies the Supplier in writing in advance, and works in good faith to resolve any issues or disputes within 30 days, Nesta shall be entitled to withhold payment of any sums in respect of any Services or Deliverables which have not been provided by the Supplier to Nesta's satisfaction and in accordance with the terms of this Agreement.
- 6.4 If Nesta makes any overpayment in connection with this Agreement (or any other agreement between the parties), Nesta may, upon written notice to the Supplier, deduct the amount of such overpayment from any future invoice or

require repayment of such sum within 30 days after the date on which it serves written notice on the Supplier.

- 6.5 Without prejudice to the other rights and remedies available to Nesta under this Agreement, Nesta shall be entitled (but not obliged) at any time or times without notice to the Supplier to set off any liability of the Supplier to Nesta against any liability of Nesta to the Supplier (in any case howsoever arising and whether any such liability is present or future) and may for such purpose convert or exchange any currency.
- 6.6 The Charges, together with any applicable VAT or equivalent sales tax, shall be the full and exclusive remuneration of the Supplier in respect of the supply of the Services (unless otherwise agreed in writing by Nesta).

7 Audit

- 7.1 The Supplier shall maintain complete and accurate records of the time spent and materials used by the Supplier in providing the Services in such form as Nesta shall approve. The Supplier shall allow Nesta to inspect and audit such records at all reasonable times on request.
- 7.2 If the results of an audit demonstrate that the Supplier has claimed any sums in respect of Charges or reimbursable expenditure in excess of their entitlement under the terms of the Contract, the Supplier shall within 28 days after a written demand by Nesta make reimbursement in full in respect of any such overpayment.
- 7.3 The Supplier shall bear its own cost in relation to any reasonable number of audits carried out by Nesta. Where any audit reveals any breach or non-compliance by the Supplier, the Supplier shall also bear the costs of Nesta carrying out such audit.

8 Intellectual property rights

- 8.1 Where any Nesta Data or Intellectual Property Rights owned by or licensed to Nesta are required to be used in connection with the provision of the Services, the Supplier acknowledges that the Supplier shall have no right to use the same except to the extent necessary for the provision of the Services and subject to such consents and restrictions as may be specified by Nesta.
- 8.2 The Supplier assigns to Nesta with full title guarantee by way of present and future assignment any and all Intellectual Property Rights in the Deliverables upon their creation, and any other Intellectual Property Rights the Supplier creates during its performance of the Services.
- 8.3 Nesta grants to the Supplier a perpetual, irrevocable, non-exclusive licence to reproduce (without amendment or adaptation, unless otherwise agreed by Nesta in writing) the Intellectual Property Rights assigned to Nesta under clause 8.2 for:
- 8.3.1 the Supplier's internal business purposes; and

- 8.3.2 the purposes of delivering the Services in accordance with this Agreement.
- 8.4 The licence granted under clause 8.3 above shall terminate upon the expiry or termination of this Agreement.
- 8.5 The Supplier shall procure the waiver in favour of Nesta of all moral rights arising under the Copyright, Designs and Patents Act 1988 and, so far as is legally possible, any broadly equivalent rights such authors may have in any territory of the world, relating to the Deliverables.
- 8.6 The Supplier shall, at Nesta's request, execute all deeds and documents which may reasonably be required to give effect to this clause 8.
- 8.7 The Supplier warrants to Nesta that:
 - 8.7.1 the performance of the Services by the Supplier will not result in the infringement of any Intellectual Property Rights of any third party;
 - 8.7.2 any documents or other materials created by the Supplier in the provision of the Services for use by Nesta will be original and created specifically for Nesta;
 - 8.7.3 the Deliverables contain nothing libellous, obscene or unlawful and respect the privacy of any individual(s) named therein; and
 - 8.7.4 all statements in the Deliverables purporting to be facts are, to the best of the Supplier's knowledge and belief, true and accurate.
- 8.8 The Supplier agrees to indemnify Nesta, and to keep Nesta indemnified, together with its officers, directors, employees and agents, against all actions, claims, proceedings and all damages, losses, costs and expenses arising out of or in connection any infringement of the third party's rights, including any infringement of the Intellectual Property Rights of any third party, occurring as a result of or in the course of or in connection with the performance of the Services, except to the extent that such claims arise directly from the use in accordance with Nesta's instructions of any data, information or other resources provided by Nesta to the Supplier.
- 8.9 Nothing in this Agreement shall prevent the Supplier from using any techniques, ideas or know-how gained during the performance of this Agreement in the course of its normal business, to the extent that it does not result in a disclosure of Nesta's Confidential Information or an infringement of Intellectual Property Rights.
- 8.10 The provisions of this clause 8 shall survive the termination or expiry of this Agreement, however arising.

9 Limitation of liability

- 9.1 Nothing in this Agreement shall exclude or restrict the liability of either party to the other:

- 9.1.1 for death or personal injury resulting from negligence; or
 - 9.1.2 for fraud or fraudulent misrepresentation; or
 - 9.1.3 in any other circumstances where liability may not be limited under any applicable law.
- 9.2 Nothing in this Agreement shall exclude or restrict the liability of the Supplier to Nesta:
- 9.2.1 for any breach by the Supplier of:
 - (i) clause 10 (Confidentiality); or
 - (ii) clause 11 (Protection of Personal Data); or
 - (iii) clause 14 (Prevention of fraud, corruption and bribery); or
 - 9.2.2 under clause 8.8 (Intellectual property rights).
- 9.3 Subject to clauses 9.1 and 9.2:
- 9.3.1 neither party shall be liable to the other whether in contract, tort, negligence, breach of statutory duty or otherwise for any indirect loss or damage, costs or expenses whatsoever or howsoever arising out of or in connection with this Agreement; and
 - 9.3.2 the liability of the Supplier to Nesta, whether in contract, tort, negligence, breach of statutory duty or otherwise, in respect of any one claim or series of linked claims under or in connection with this Agreement shall be limited to the sum equal to 200% of the Charges properly paid and payable (plus any late payment interest properly chargeable thereon) during the period of 12 months immediately preceding the first occurrence of the event giving rise to the relevant claim or series of linked claims; and
 - 9.3.3 the liability of Nesta to the Supplier, whether in contract, tort, negligence, breach of statutory duty or otherwise, in respect of any one claim or series of linked claims under or in connection with this Agreement shall be limited to the sum equal to the Charges properly paid and payable (plus any late payment interest properly chargeable thereon) during the period of 12 months immediately preceding the first occurrence of the event giving rise to the relevant claim or series of linked claims.
- 9.4 Except where otherwise expressly stated in this Agreement, all remedies available to either party for breach of this Agreement are cumulative and may be exercised concurrently or separately, and the exercise of one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.
- 9.5 The provisions of this clause 9 shall survive the termination or expiry of this Agreement, however arising.

10 Confidentiality

10.1 For the purposes of this clause 10:

10.1.1 the “**Disclosing Party**” is the party which discloses Confidential Information to, or in respect of which Confidential Information comes to the knowledge of, the other party; and

10.1.2 the “**Receiving Party**” is the party which receives Confidential Information relating to the other party.

10.2 The Receiving Party shall take all necessary precautions, and apply the same security measures and degree of care to the Confidential Information as the Receiving Party applies to its own confidential information (which the Receiving Party warrants as providing adequate protection from unauthorised disclosure, copying or use) to ensure that all Confidential Information it receives under or in connection with this Agreement:

10.2.1 is given only to such of its staff (or, in the case of the Supplier, the Supplier’s Team) and funders, partners, professional advisors or consultants engaged to advise it in connection with this Agreement as is strictly necessary for the performance of this Agreement and only to the extent necessary for the performance of this Agreement; and

10.2.2 is treated as confidential and not disclosed (without the prior written consent of the Disclosing Party) or used by the Receiving Party or any member of its staff (or, in the case of the Supplier, the Supplier’s Team) or its funders, partners, professional advisors or consultants otherwise than for the purposes of this Agreement.

10.3 The Supplier shall ensure that all members of the Supplier’s Team or professional advisors or consultants are aware of the Supplier’s confidentiality obligations under this Agreement and shall immediately notify Nesta if the Supplier becomes aware of any unauthorised disclosure of any Confidential Information. The Supplier shall co-operate with Nesta in any investigation that Nesta considers necessary to undertake as a result of any such unauthorised disclosure of Confidential Information.

10.4 The provisions of clauses 10.2 and 10.3 shall not apply to any Confidential Information which:

10.4.1 is or becomes public knowledge (otherwise than by breach of this clause 10);

10.4.2 was in the possession of the Receiving Party, without restriction as to its disclosure, before receiving it from the Disclosing Party;

10.4.3 is received from a third party who lawfully acquired it and who is under no obligation restricting its disclosure;

10.4.4 is independently developed without access to the Confidential Information; or

- 10.4.5 is required to be disclosed by any applicable law or regulation, or any court, or governmental or administrative or regulatory authority competent to require such disclosure, provided that the Receiving Party has given the Disclosing Party reasonable notice (where legally permissible to do so) in writing of such required disclosure so that the Disclosing Party has had an opportunity to defend or apply to limit or protect such Confidential Information from disclosure and the provisions of this clause 10 shall not apply to that Confidential Information to the extent only that it is so required to be produced or disclosed.
- 10.5 The Confidential Information supplied by Nesta will be supplied solely to assist the Supplier to carry out the Services, and will be accepted by the Supplier on the basis that although Nesta has made reasonable efforts to ensure that such Confidential Information will be helpful, Nesta gives no assurance as to its accuracy, completeness or adequacy for that purpose.
- 10.6 This clause 10 shall remain in full force and effect in the event of any termination or the expiry of this Agreement.

11 Protection of Personal Data

- 11.1 In this clause 11, “Data Subject”, “Personal Data”, “Process”, “Processed” and “Processing” shall have meanings ascribed to them in the Data Protection Act 1998.
- 11.2 The Supplier acknowledges and agrees that Personal Data provided to Nesta by, or on behalf of, the Supplier will be Processed by and on behalf of Nesta in connection with this Agreement and the Programme and warrants that all relevant Data Subjects have given their informed consent for such Personal Data to be Processed by and on behalf of Nesta for such purposes.
- 11.3 If any Personal Data belonging to Nesta personnel or any third parties are disclosed to the Supplier pursuant to this Agreement, the Supplier shall, in relation to such Personal Data:
- 11.3.1 Process the Personal Data only in accordance with instructions from Nesta;
 - 11.3.2 Process the Personal Data only to the extent, and in such a manner, as is necessary for the performance of the Supplier’s obligations under this Agreement or as is required by law;
 - 11.3.3 implement appropriate technical and organisational measures to protect the Personal Data against unauthorised or unlawful Processing and against accidental loss, destruction, damage, alteration or disclosure. These measures shall be appropriate to the harm which might result from any unauthorised or unlawful Processing, accidental loss, destruction or damage to the Personal Data and having regard to the nature of the Personal Data which is to be protected;

- 11.3.4 not transfer the Personal Data to any country or territory outside the European Economic Area without the prior written consent of Nesta;
 - 11.3.5 take reasonable steps to ensure that such Personal Data are not unlawfully disclosed or Processed as a result of the Supplier's access to such Personal Data; and
 - 11.3.6 provide to Nesta such information regarding the Supplier's compliance with clauses 11.3.1 to 11.3.5 as Nesta may from time to time reasonably require to enable it to comply with its obligations as a data controller and, more generally, to ensure that Personal Data relating to Nesta personnel are appropriately protected.
- 11.4 The Supplier shall not perform its obligations under this Agreement in such a way as to cause Nesta to breach any of its applicable obligations under the Data Protection Act 1998 (or any legislation which supersedes or otherwise replaces the Data Protection Act 1998).
- 11.5 On the expiry or termination of this Agreement for any reason, the Supplier shall immediately cease to Process any Personal Data disclosed to the Supplier pursuant to this Agreement (subject to clauses 13.1.1 and 13.1.2).

12 Term and Termination

- 12.1 Unless terminated earlier in accordance with its terms, this Agreement shall continue in full force and effect until all Services have been completed and all Deliverables have been delivered to Nesta in accordance with the terms of this Agreement (the "Term").
- 12.2 Notwithstanding anything to the contrary elsewhere in this Agreement, Nesta shall be entitled to terminate this Agreement by serving not less than 14 days' written notice on the Supplier.
- 12.3 If Nesta terminates this Agreement under clause 12.2 above, Nesta shall reimburse the Supplier for all reasonable costs which the Supplier can demonstrate to Nesta's satisfaction (acting reasonably) are necessarily and properly incurred by the Supplier in relation to the orderly cessation of the Services, including any commitments, liabilities or expenditure which are reasonably incurred, and would represent an unavoidable loss by the Supplier by reason of the termination of this Agreement. For the avoidance of doubt:
- 12.3.1 Nesta shall not indemnify the Supplier against, or otherwise be liable to the Supplier for, loss of profit or any indirect or consequential loss arising out of such termination; and
 - 12.3.2 Nesta shall not in any case be liable to pay any sum under this clause 12.3 which, when taken together with any sums paid or due or becoming due to the Supplier under this Agreement, exceeds the total Charges paid or payable under this Agreement.

- 12.4 Without prejudice to any other rights or remedies which Nesta may have, Nesta may terminate this Agreement without liability to the Supplier immediately on giving notice to the Supplier if there is a change of Control of the Supplier.
- 12.5 Either party may give notice to the other terminating this Agreement with immediate effect if:
- 12.5.1 the other party commits any breach of any of the terms of this Agreement and that breach (if capable of remedy) is not remedied within 30 days after notice being given requiring it to be remedied (and where such breach is not capable of remedy, the terminating party shall be entitled to terminate the Contract with immediate effect).
 - 12.5.2 an order is made or a resolution is passed for the winding-up of the other party or an administrator is appointed by order of the court or by other means to manage the affairs, business and property of the other party or a receiver and/or manager or administrative receiver is validly appointed in respect of all or any of the other party's assets or undertaking or circumstances arise which entitle the Court or a creditor to appoint a receiver and/or manage or administrative receiver or which entitle the Court to make a winding-up or bankruptcy order or the other party takes or suffers any similar or analogous action (in any jurisdiction) in consequence of debt; or
 - 12.5.3 the other party ceases, or threatens to cease, to carry on business.
- 12.6 Nesta may at any time by notice terminate this Agreement with immediate effect if the Supplier is in persistent breach of any of its obligations under this Agreement, whether or not such breach is capable of remedy. For the purposes of this clause 12.6, three or more non-material breaches of the terms of this Agreement may together constitute a persistent breach.
- 12.7 In any circumstances where Nesta has the right to terminate this Agreement it may instead, by serving notice on the Supplier, opt to suspend the provision of the Services for a reasonable period and Nesta shall not be required to pay any Charges in respect of such period of suspension.

13 Consequences of termination

- 13.1 On termination of this Agreement for any reason the Supplier shall immediately delete or return to Nesta, at Nesta's request, all documents, materials, information and other resources provided to the Supplier for the purposes of or in connection with this Agreement, including any Confidential Information and any Personal Data, except that:
- 13.1.1 where expressly agreed in writing by Nesta, the Supplier shall be entitled to retain one copy of such documents, materials, information and other resources for audit purposes only; and
 - 13.1.2 the Supplier shall not be required to return or destroy any such documents, materials, information and other resources stored in its automatically archived electronic files, provided that such files are

accessible only to those persons engaged by the Supplier to be responsible for the safe and secure storage of such files,

and in each the provisions of clause 10 (Confidentiality) shall continue to apply to such retained documents, materials, information and other resources.

- 13.2 If the Supplier fails to fulfil its obligations under clause 13.1, Nesta may enter the Supplier's premises and take possession of any items which should have been returned under it. Until they have been returned or repossessed, the Supplier shall be solely responsible for their safe keeping.
- 13.3 During the period between service of a notice of termination and the effective date of termination, the Supplier shall provide Nesta with all reasonable assistance and information to enable an efficient handover to a new service provider (or to Nesta).
- 13.4 Termination of this Agreement, however it arises, shall not affect or prejudice the accrued rights of the parties as at termination or the continuation of any provision expressly stated to survive, or implicitly surviving, termination.
- 13.5 Upon the termination of this Agreement, Nesta shall pay the Charges (or such percentage of the Charges) properly incurred but previously unpaid up to the effective date of termination.

14 Prevention of fraud, corruption and bribery

- 14.1 The Supplier warrants that:
 - 14.1.1 neither it nor its employees or contractors have offered, given or agreed to give any gift or consideration of any kind as an inducement or reward in relation to the award of this Agreement;
 - 14.1.2 it has in place, and undertakes that it will comply with, policies and procedures to avoid the risk of bribery and fraud within its organisation and in connection with its dealings with third parties; and
 - 14.1.3 it has not colluded, and undertakes that it will not at any time collude, with any third party in any way in connection with this Agreement (including in respect of pricing under this Agreement). However, this clause shall not prevent the Supplier from discussing the terms of this Agreement and the Supplier's pricing with the Supplier's professional advisors.

15 Anti-slavery and human trafficking

- 15.1 The Supplier shall ensure that it has in place, and will comply with, policies and procedures to avoid the risk of slavery and human trafficking taking place in any part of its business or in any part of its supply chain.

16 Assignment and sub-contracting

- 16.1 The Supplier shall not, without the prior written consent of Nesta, assign, transfer, charge or deal in any other manner with all or any of its rights or obligations under this Agreement.
- 16.2 The Supplier may not sub-contract the provision of any part of the Services without the prior written consent of Nesta, such consent not to be unreasonably withheld or delayed.
- 16.3 Notwithstanding any sub-contracting permitted under clause 16.2, the Supplier shall remain wholly liable and responsible for all acts and omissions of its sub-contractors in the performance of the Services. Nesta reserves the right to request the replacement of any approved sub-contractor on reasonable grounds.

17 Variation

- 17.1 No variation of this Agreement shall be effective unless it is in writing and signed by a duly authorised representative from each party.

18 Waiver

- 18.1 A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the party to whom the waiver is addressed and the circumstances for which it is given.

19 Severability

- 19.1 If any provision (or part of a provision) of this Agreement is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force.
- 19.2 If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with whatever modification is necessary to give effect to the intention of the parties.

20 Third party rights

- 20.1 This Agreement does not create any rights or benefits enforceable by any person not a party to it.

21 Entire agreement

- 21.1 This Agreement contains all the terms agreed between the parties regarding its subject matter and supersedes any prior agreement, understanding or arrangement between the parties, whether oral or in writing. However, nothing in this clause 21 shall operate to limit or exclude either party's liability for fraudulent misrepresentation.

22 Notices

- 22.1 Notice given under this Agreement shall be in writing, sent, in the case of Nesta for the attention of the Company Secretary and in the case of the Supplier for the attention of the person named on the front page of this Agreement, and in each case to the address given on the front page of this Agreement (or such other address or person as the relevant party may notify to the other party) and shall be delivered either personally, by courier, or by recorded delivery. A notice is deemed to have been received on signature of a delivery receipt by an individual at the correct address for notices.

23 Governing law and jurisdiction

- 23.1 This Agreement and any dispute or claim (including any non-contractual dispute or claim) arising out of or in connection with it or its subject matter (a “**Claim**”), shall be governed by, and construed in accordance with, the laws of England and Wales and the parties agree irrevocably that the courts of England and Wales shall have exclusive jurisdiction to settle any Claim.

Schedule 4

The Proposal



Data analysis to inform research on UK creative clustering

A PROPOSAL PREPARED FOR NESTA

July 2017

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Data analysis to inform research on UK creative clustering

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Executive Summary

Nesta have issued a request to quote for data analysis to inform a new report on the state of the creative industries in the UK – “Creative Nation”. This proposal summarises how we would approach this analysis, along with the time and resources required.

This analysis will focus on the creative industries and on its component creative subsectors (e.g. Advertising, Architecture), as defined by the Department for Culture, Media and Sport in January 2016.¹

The objectives of this analysis are threefold:

1. To map economic activity in the creative industries in the UK, updating the analysis reported in “The Geography of Creativity”, a report published by Nesta in 2016 using data elaborated by Frontier Economics.
2. To describe the distribution of creative firms’ size in terms of employment and revenue. This analysis would expand on the Frontier report “Absorptive Capacity – Boosting Productivity in the Creative Industries”² - hereafter “Frontier Economics (2016)” - by exploring whether the size distribution of creative firms varies across locations.
3. To describe the growth dynamics of creative firms in the UK, across creative subsectors, and across different geographies, with a specific focus on ‘scale-ups’ or ‘high-growth’ firms.³

¹

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/523024/Creative-Industries-Economic-Estimates-January-2016-Updated-201605.pdf

² <http://www.frontier-economics.com/documents/2016/07/absorptive-capacity-frontier-report.pdf>

³ A detailed definition of ‘scale-up’ would be agreed with Nesta at project inception. We would propose starting from the definition of high-growth firms adopted by the OECD and Eurostat: enterprises with 10 or more employees in the beginning of the observation period with average annualised growth in employment or turnover greater than 20% over a three-year period. This definition could then be adapted if necessary to better suit the requirements of Nesta’s analysis.

Frontier will analyse three restricted-use business datasets located in the Virtual

Microdata Laboratory (VML) of the Office for National Statistics (ONS): the Business Structure Database (BSD) and the Annual Business Survey (ABS). We will agree with Nesta at project inception what outputs will be produced given available sample sizes and ONS rules on preventing disclosure of confidential information.

The data will be delivered to you in CSV files, along with documentation on the methodology that demonstrates how the data manipulation and tabulation procedures were performed.

We have an established record of delivering our projects on time and meeting the highest of quality standards. Once access to the data is approved by the ONS, our experience working with these microdata and in the VML environment will ensure that the data will be processed efficiently. Assuming commencement of the project on July 31st and swift approval of the research project from the ONS by September 4th (earliest likely date), we will be able to deliver (earliest feasible dates) initial outputs in the week of September 18th. Final outputs would be delivered in four weeks from the date 2017 BSD data will become available in the VML, which will be in October 2017.

Despite our extensive experience in applying for access to the VML, and the strong case for public benefit deriving from this project, a significant risk remains that access may not be granted until late in September 2017. Our recent experience suggests that VML approval may take up to ten weeks. We would discuss how to mitigate and adapt to this risk with Nesta during project inception.

We think our experience and professionalism make our offer a compelling one, and with a fixed fee of £25,000 (exclusive of VAT) for our services, we hope you'll find our within-budget proposal competitive as well.

We thank you for your consideration and look forward to speaking with you.

Executive Summary

1 Our understanding of your objectives

Nesta intends to update its earlier research on the geographic clusters of creative industry activity in the UK, and seeks assistance with the collection, tabulation, and analysis of certain business sector micro datasets.⁴

Within this definition and scope, Nesta is asking for the following elements of analysis.

1.1 *Mapping the creative industries*

This would involve updating the descriptive data produced by Frontier as part of our work for The Geography of Creativity. This includes:

- ▣ Business counts, total employment, and total turnover for creative industries as a whole and for each creative subsector by country (England, Northern Ireland, Scotland, Wales), in 2015 and 2016
- ▣ Business counts, total employment, and total turnover for creative industries as a whole and for each creative subsector by Government Office Region (GOR), in 2015 and 2016
- ▣ Business counts, total employment, total turnover, and employment and turnover location quotients (LQs) for creative industries as a whole and for each creative subsector, by Travel To Work Area (TTWA). To prevent the risk of disclosure of confidential data, these statistics cannot be produced at annual level. We outline our approach to overcoming these issues below.
- ▣ Average Gross Value Added (GVA) per employee in:
 - Creative industries as a whole, by GOR

⁴ Mateos-Garcia, J. and Bakhshi, H. (2016), “The Geography of Creativity in the UK”, available at <http://www.nesta.org.uk/publications/geography-creativity-uk>

- Creative industries as a whole and for each creative subsector, by country

Again, to prevent disclosure, these statistics cannot be produced at annual level, and we discuss this issue in section below.

For this element of the work, Nesta would like to proceed in two steps:

- Extract data on 2015, which is already available in the VML, by mid-September 2017. These data would inform events on the creative industries planned by the Arts and Humanities Research Council (AHRC) for end-September.
- Extract additional data on 2016 once it becomes available, in October 2017.

1.2 *Describing the size distribution of creative firms*

This descriptive analysis would add to the figures presented in Frontier Economics (2016). As we understand it, Nesta would be interested in analysing what share of the total number of businesses, total employment, and total revenues in creative industries and in each creative subsector is accounted for by:

- Micro enterprises (1 to 9 employees);
- Small and Medium enterprises (10 to 249 employees);
- Large enterprises (250 employees).⁵

This analysis would be first produced for the UK as a whole. Moreover, Nesta is interested in exploring whether there is geographic variation in the size distribution of creative industries and subsectors.

⁵ Categories based on the Eurostat definition of micro enterprises, SMEs, and large enterprises. This categorisation would be discussed and agreed with Nesta at project inception.

1.3 Describing firm growth dynamics in the creative industries

Recent research in the UK and abroad has highlighted the importance of 'highgrowth firms' or 'scale-ups' for employment creation. To inform policy around scale-ups, Nesta would like to explore:

- The prevalence of scale-ups in creative industries and subsectors: how many firms are 'scale-ups'? What proportion of the total number of firms in the sector do they account for?
- The importance of scale-ups for employment creation and revenue growth: what proportion of total employment and revenue growth is accounted for by scale-ups in creative industries and in creative subsectors?
- Whether there are typical growth patterns of scale-ups, and whether there are any differences in these patterns across subsectors.

Nesta would also be interested in understanding whether any of these elements vary over time, and across different geographies. Since scale-ups are typically only a small proportion of the total population of firms (around 6% across the

economy according to analysis by Nesta)⁶, this investigation may be limited by sample size limitations and risks of disclosure. We describe our approach to dealing with these issues in Section 2.2.3 below.

2 Our approach

Given your requirements, we propose the following analytical approach. In the sub-sections that follow, we provide a description of the datasets we will utilise, our approach to defining the creative industries and geographic areas of analysis, and the challenges and limitations to conducting this work.

(a) *Datasets*

Accessing the VML, we will analyse the following datasets:



Business Structure Database (BSD): contains firm-level data on location, activity, age, ownership, turnover (sales), and employment of nearly all businesses in the UK (those subject to VAT or with employees under the PAYE scheme), and is derived from administrative data contained in the Interdepartmental Business Register (IDBR). Companies are classified at the level of “local units” (physical locations of activity) and “enterprises” (businesses with multiple local units organised under a common ownership structure), industry (5-digit SIC), geography (various regional and local granularities), activity status, year of birth (or death), ownership information, and relationship to a broader enterprise. We propose focussing on enterprise units for our analysis.

BSD data are available annually between 1997 and 2016. The 2017 edition of the dataset will become available in the VML in October 2017.⁷

⁶ Nesta (2009), “The vital 6 per cent”, available at <http://www.nesta.org.uk/publications/vital-6>.

⁷ Note however that due to lags between the recording of the data, the collection of the data in the IDBR, and the reporting of these data in the BSD, our experience suggests that data included in each year of BSD (e.g. 2016) are best thought of as representing information on the previous financial year (e.g.2014/15).



Annual Business Survey (ABS): a sample survey of approximately 70,000 businesses in the UK, which collects data on more than 600 variables to understand the detailed structure and performance of UK businesses (e.g. gross value add, cost structure, turnover). The survey includes variables on various characteristics of businesses (e.g. approximate employment size, 5digit SIC, detailed geography). Data are available annually between 2009 and 2015. The sample is drawn from businesses in the IDBR, and can be scaled up to represent various populations. ONS collect the data for Great Britain;

the Department of Finance and Personnel (DFPNI) collect the data for Northern Ireland.

Each of these datasets has advantages and disadvantages, as described further below.

(b) *Defining the creative industries*

As requested, we will define the creative industries in accordance with the latest classifications from DCMS, which were published in January 2016.⁸ These are detailed at Appendix A.

(c) *Defining geographic units*

Based on our experience of working with the data in previous projects, including our work feeding into “The Geography of Creativity in the UK”, we would focus on two definitions of geography:

- Government Office Regions (GORs)
- Travel To Work Areas (TTWAs), as defined based on 2011 census data.

2.2 Overcoming limitations posed by available sample sizes

Limitations in sample sizes available in the BSD and ABS datasets will determine which descriptive statistics can be produced robustly, and which

⁸ DCMS (2016), *Creative Industries Economic Estimates*, at Table 8.

statistics can be produced at all – given risks of statistical disclosure and strict rules put in place by the ONS to prevent disclosure. As you are well aware, the ONS have strict rules on what can leave the secure VML centre, with the aim of protecting sensitive information on individual companies. Based on our experience working with the VML, any statistical aggregation that relies on fewer than 10 observations likely will not meet these standards. ONS also scrutinise time series data to check whether year-on-year changes pose any risk of disclosure. This must be considered during any of our tabulation analyses.

We outline below which sets of statistics are likely to be affected and our approach to overcoming these challenges.

2.2.1 Mapping the creative industries

Sample size limitations are most likely to affect statistics on business counts, employment and turnover at TTWA level (from BSD data) and statistics on GVA (from ABS data). We propose the following approach:



2015 data from BSD:

- Focus on top 20 TTWAs by business count in creative industries; □ Rounding of business counts to nearest 5, of employment to nearest 10, of turnover to nearest £10,000.

This will allow us to produce statistics by TTWA for 2015 for creative industries as a whole. We will also explore the feasibility of this approach for creative subsectors.



2015 and 2016 data from BSD:

- Focus on 2016 only for data by TTWA for creative industries as a whole. This will complement the existing timeline in The Geography of Creativity, which uses data on 2007, 2010, and 2014. □ Aggregate 2015 and 2016 for data by TTWA and by creative subsectors. This will complement the existing timeline in The Geography of Creativity, which uses data on the 2007-10 and 2011-14 periods. A degree of rounding or

suppression of smaller areas is also likely to be necessary to prevent disclosure.



2015 data from ABS:

Our analysis used in The Geography of Creativity aggregated annual data in two periods: 2008-2010 and 2011-2014. We would propose using 2013-15 as the new period, as exporting data on 2015 only is unlikely to be feasible. A degree of rounding or suppression of smaller areas is also likely to be necessary to prevent disclosure.

2.2.2 Describing the size distribution of creative industries

Frontier Economics (2016) investigated the size distribution of creative firms using data on 2014 from the BSD. We would update and expand this analysis by:

- Producing figures for creative industries as a whole and creative subsectors using data on 2016;

- Exploring variation in size distributions by region and for top 20 TTWAs, using data aggregated across several years to prevent disclosure issues.

2.2.3 Describing firm growth dynamics in the creative industries

Given the proposed definition of scale-ups, this analysis will inherently need to use data from at least three years of data. Consistent with the approach chosen for The Geography of Creativity, we propose starting the analysis from 2007.⁹ This would allow us to describe data on firms that can be defined as scale-ups between 2010 and 2016. Feasible ways to investigate variation are likely to be the following:

- For the UK as a whole, by creative subsector;

⁹ Going further back in time would require a mapping of Standard Industry Classification codes from the current version to the 2003 version, which was in use up to 2007. This is feasible but would add considerable complexity to the analysis.

- For creative industries as a whole, by GOR or by a short-list of largest creative TTWAs (likely fewer than 20).

It could also be possible to explore variation over time for creative industries the UK as a whole, over two periods: 2010-2013 and 2013-16. However, this part of the analysis will likely be the most sensitive to sample size limitations and disclosure issues, as scale-ups are likely to represent only a small proportion (under 10%) of firms in creative industries. The following cuts of the data are examples of those that would be interesting but are **unlikely** to be feasible, based on our preliminary assessment:

- Variation by creative subsector and by geography, or by subsector and over time;
- Variation over time and by geography
- Variation by detailed geography, including for example all TTWAs in the UK;

Given the likely importance of sample size limitations, we will devote specific attention to this element of the analysis in the project inception phase, to agree priorities and discuss what might be feasible. We would also produce statistics on the number of scale-ups early on in the analytical phase, to update the initial discussion based on actual sample sizes available in the data.

2.3 ***Other challenges***



ABS in Northern Ireland (access): microdata for the ABS and BRES for Northern Ireland are not available in the VML (importantly, data for the BSD are). According to our discussions with authorities at the Department for Finance and Personnel Northern Ireland (DFPNI), access to these data, by law, are restricted to researchers who are engaged with

government agencies.¹⁰ As a result, we (or to our knowledge, anyone) are unable to access these data for Northern Ireland on our own.



ABS in Northern Ireland (suppression): in our discussion with the statistical authorities in Northern Ireland, they indicated that it is unlikely that geographic granularity below the level of all of Northern Ireland would be granted for this project for these two datasets because of small sample sizes (recall, the BRES and ABS are surveys). Furthermore, they noted that it wouldn't be a guarantee that all of the creative industry sub-groups would meet their confidentiality requirements—even at the geographic level of all of Northern Ireland.



BSD: while the most comprehensive of the available firm-level datasets in the UK, the BSD is not without challenge. For example, in our current work, we have found that data for employment and turnover can face one year lags. Part of this has to do with collecting data from a number of sources (e.g. HMRC VAT feeds and surveys; PAYE and surveys). Additionally, this means data are collected and input to the database at different times of the year. Further, some data values are imputed—though it is unknown which those are. Additionally, data values at the firm-level can be noisy from year to year.

2.4 *Approaches to overcoming obstacles*

Given some of the anticipated challenges, we propose the following solutions:



ABS in Northern Ireland (access): though we (nor anyone, to our knowledge) are unable to obtain lawful access to the Northern Ireland microdata for this particular project for the BRES and ABS, we have already established communications with the local statistical authorities, and they have agreed to produce the Northern Ireland tabulations and LQs on our behalf. A second approach to getting around this limitation is relying more heavily on the BSD, which we will have unfettered access to.

¹⁰ According to the DFPNI, the law reads, that use of the microdata by a consultant must be “appointed by a Government department or by a public body for the purpose of enabling that consultant to advise, or report to, that Government department or public body on any matter related to the exercise by that department or body of its functions.”

- **ABS in Northern Ireland (suppression):** as a result of what we expect to be severe geographic limitations for creative industries figures in Northern Ireland, we suggest that an increased reliance on the BSD could get us around these issues because of the substantially higher number of observations. Doing so would necessarily exclude GVA data from being included, and presents several other challenges (see below).¹¹ Still, we think it is the most robust dataset for this work.
- **BSD:** applying the knowledge we've obtained from working with these data, we will work carefully to ensure that the data are constructed with the highest of quality standards. We have established relationships with researchers in the VML, who can also help guide us to optimal outcomes. We think that in general, some of the issues of noisiness and inconsistent lags in the data that we encounter in firm-level analysis, will present fewer problems when tabulating industry/sub-industry and regional aggregates.

2.5 *Outputs*

Per your instructions, we will deliver to you tabular (rectangular) data for each of the above-referenced data points. The data will be transmitted to you in a CSV format. Included will be documentation on our methods and procedures.

¹¹ Again, as we noted earlier, it is unclear to us if you want GVA data included or not

3 Timetable and budget

3.1 *Timetable*

We have designed the project to keep within your final delivery data as requested by Nesta in the ITT. However, in our experience in working with the VML, it is not possible to start working right away—it typically requires two to three weeks to get approval for any new project. As a result, we need to move around some of your internal deadlines, as they won't be feasible. That said, we are committed to delivering to you the final product on time by your final deadline.

Timetable	
Inception meeting	July 24 (or about)
File application with VML	Week of July 24
Commence analysis**	Week of September 4 earliest
Delivery of initial outputs: mapping creative industries using 2015 BSD data	Two weeks from start of analysis (September 18 earliest)
Analysis of data availability for size distribution and growth dynamics analysis	Two weeks from delivery of initial outputs (October 2 earliest)
Presentation of interim results to Nesta including 2016 BSD data	Two weeks from date BSD 2017 first available in VML (week of November 13 latest)
Final dataset and documentation to Nesta	Four weeks from date BSD 2017 first available in the VML (week of November 27 latest)

**In our experience, it can take up to ten weeks to receive project approval from the VML

3.2 *Budget*

We have calculated a budget using a team of one project director, one project manager, one consultant, and one advisor, for the duration of the project, at a fixed fee of £25,000 (excluding VAT).

3.3 *Project Management*

At the core of our approach is building a strong and effective relationship with you, facilitated by clear and frequent communication. This allows clarity over expectations; clear links of communication to provide updates; knowledge

Timetable and budget

transfer from us to you as the project progresses; and a means to discuss the inevitable challenges along the way. Federico Cilauro, a senior consultant at Frontier, will be the project manager. He will lead on day-to-day project management, and will be the key point of contact for you and your team (for more on the Frontier team, see Section 5.1.2 at Annex B).

Thank you for considering our proposal. We are hopeful to be working closely with you soon.

Timetable and budget

4 Annex A: Creative Industries Defined

DCMS' Definition of Creative Industries (January 2016)

Creative Industries Group	SIC	Description
Advertising and marketing	70.21	Public relations and communication activities
	73.11	Advertising agencies
	73.12	Media representation
Architecture	71.11	Architectural activities
Crafts	32.12	Manufacture of jewellery and related articles
Design: product, graphic and fashion design	74.10	Specialised design activities
Film, TV, video, radio and photography	59.11	Motion picture, video and television programme production activities
	59.12	Motion picture, video and television programme postproduction
	59.13	Motion picture, video and television programme distribution
	59.14	Motion picture projection activities
	60.10	Radio broadcasting
	60.20	Television broadcasting
	74.20	Photographic activities
IT, software and computer services	58.21	Publishing of computer games
	58.29	Other software publishing
	62.01	Computer programming activities
	62.02	Computer consultancy activities
Publishing	58.11	Book publishing
	58.12	Publishing of directories and mailing lists
	58.13	Publishing of newspapers

	58.14	Publishing of journals and periodicals
	58.19	Other publishing activities
	74.30	Translation and interpretation activities
Museums, galleries and libraries	91.01	Library and archive activities
	91.02	Museum activities
	59.20	Sound recording and music publishing activities
	85.52	Cultural education
Music, performing and visual arts	90.01	Performing arts
	90.02	Support activities to performing arts
	90.03	Artistic creation
	90.04	Operation of arts facilities

Source: DCMS (2016), *Creative Industries Economic Estimates*, at Table 8.

Annex A: Creative Industries Defined

5 Annex B: Frontier and the team

(d) 5.1.1 Frontier Economics

Frontier Economics is Europe's leading economic consulting firm. We specialise in the application of innovative analytical techniques to deliver robust analysis of a wide range of policies and regulatory frameworks. Our clients include governments across Europe, the wider public sector, charities and private sector firms. Our analysis is in line with HM Treasury appraisal and evaluation guidelines set out in the Green Book and Magenta Book. Particular areas of expertise include big data analysis, economic growth, social welfare analysis (cost-benefit analysis of policies and programmes and ex post evaluation of interventions), critical evaluation of evidence and the design of policies and regulatory frameworks.

We have worked with Nesta contributing to The Geography of Creativity, and to the Tech Nation 2016 report, prepared by Tech City UK in collaboration with Nesta.

The company has 200 employees and is led by Lord Gus O'Donnell, the ex-Cabinet Secretary.

5.1.2 The proposed team

(e) *Project Director*

Sarah Snelson is an Associate Director in Frontier's Public Policy practice with over 15 years-experience, and throughout this time, she has worked extensively across the public sector, providing economic, evidence-based advice with a focus on health, education, skills and labour markets. Sarah has particular expertise in evaluating the effectiveness and value for money offered by government policies. She has worked for all major government departments and has particular experience in healthcare and in education, skills and labour market policies.

(f) *Project Manager*

Federico Cilauro is a Consultant in Frontier's public policy practice. He joined Frontier in 2012, after completing a Master of Science in Economic and Social Sciences at Bocconi University in Milan, Italy.

Federico has experience in working with large micro-datasets, carrying out evaluations of public policy, and conducting industry analysis on the impact of technology. He was analytical lead for the team that provided descriptive analysis of ONS data feeding into The Geography of Creativity, and was part of the team that produced Frontier's Absorptive Capacity report on productivity in the creative industries.

Annex B: Frontier and the team

(g) *Consultant*

Eli Rezinsky has advised a range of clients in various industries and currently works in Frontier's Public Policy Practice. He was part of the team that analysed ONS data for the Tech Nation 2016 report, prepared by Tech City UK in collaboration with Nesta.

During his time at Frontier, Eli has focussed mostly on public policy, competition economics and data analysis. Prior to joining Frontier, Eli has worked as an analyst in the public, private and non-profit sectors.

Eli has advised public sector clients on issues related to healthcare and labour markets. He possesses substantial modelling and econometric experience, having implemented a variety of quantitative methods.

Expert Advisor for Quality Assurance

Andrew Leicester is an experienced Manager in Frontier's Public Policy practice. His areas of expertise include the economic analysis of innovation, tax policy and consumer demand. Andrew's core skills are around the use of quantitative methods to inform policy. He is an experienced econometrician, with peer-reviewed publications in areas such as energy, housing and consumer behaviour which make use of robust analysis of microdata. Since joining Frontier, his experience has covered areas including innovation and growth, economic development, education and taxation. Prior to joining Frontier, Andrew spent 12 years at the Institute for Fiscal Studies, one of the world's leading independent microeconomic research institutes.