

West of England Local Enterprise Partnership Workshop

Workshop D

Sector Skills & Competitiveness Statement

Creative Industries

Definition

1. The relative newness and rate of growth of what are broadly defined as the creative industries in the UK has given rise to a lively and continuing debate as to how the sector is defined. The Department for Culture, Media and Sport (DCMS 2006) for example recognised the following eleven sectors under the broad banner of creative industries. They are:
 - Advertising *
 - Architecture
 - Arts and antique markets
 - Crafts
 - Design (see also communication design) *
 - Designer Fashion
 - Film, video and photography *
 - Software, computer games and electronic publishing *
 - Music and the visual and performing arts
 - Publishing *
 - Television and radio *
2. It is also worth noting that the electronic publishing category has a wide definition including creating web and mobile content. This is also part of the communication design area in the form of user interfaces and graphics. Also included within publishing are PR and journalism.
3. There is a move to recognise the role of digital in all sectors by redefining it as CDIT – Creative, Digital and Information Technology. We are aware of the ongoing lively debate about defining this sector and in the West of England our proposed priority sub-sectors will be the ones asterisked above reflecting their significance in this city-region and the significance in particular of digital technologies across some of the sub-sectors specified. This report focuses primarily on the digital and media sub-sectors within Creative Industries. It is these knowledge-intensive companies, which are widely seen as the most likely to pull the UK and this region in particular out of the difficult economic conditions we currently face.

* Proposed priority sub-sectors. Further details in paragraph 3.

Background

4. Creative Industries is increasingly cited as one of the sectors likely to be a future source of jobs, innovation and productivity as well as to enhance the quality of life in an area and stimulate new ideas and thinking within communities (Investing in Creative Industries, Idea, 2009). Their contribution to the economy is around 7.9% of GVA. The CIHE Fuse report (Sept 2010) estimates there are 25,200 Creative Media companies (not including sole-traders) across the UK. The vast majority (77%) of companies are small (fewer than 10 people) employing a fifth (19%) of the workforce; 1% of companies are large (200 people and more) employing 35% of the industry's workforce. Half a million people work in the industry and a further 130,000 are employed in Creative Media occupations in other industries.
5. In early 2009, NESTA released a forecast that, between 2009 and 2013, the UK Creative industries, including Creative Media, would grow on average at 4%, more than double the rate of the rest of the economy, and by 2013 would employ 1.3 million people. In this forecast, the Creative Industries are expected to contribute £85 billion to UK GVA in 2013, up from £57 billion in 2006.
6. The main skills gaps within the existing workforce in the UK relate to working with, and exploiting, digital technological advances, business skills generally, and management and leadership in particular. Higher and further education provision often does not provide sufficient specialism and commercial awareness.
7. Creative Industries was one of the ten areas identified by SWRDA as being a priority for the region. Gross Value Added (GVA) has been used as a measure of the contribution of the Key Sectors in the West of England to the South West region as a whole. The sub-region accounts for some 25% of the South West region's GVA.
8. In the West of England, Creative Industries employs about 17,980 employees - in publishing (3,180), advertising (1,950), architecture/engineering (8,960), arts and crafts (1,060), audio and video (2,830). It is made up of a complex of largely independent supply chains. A common feature is the importance of small firms and freelancers clustering around Bristol and Bath. There are a few significant dependencies such as the BBC (750 to 1000 employees) and other key employers in the sub-region include Aardman Animations, Future PLC, and IOP publishing. The breakdown within the West of England shows Bath & North West Somerset employing 992 people, Bristol 2,277, North Somerset 425 and South Gloucestershire 389. However a significant number of people working in this sector are self-employed and thus do not feature in these statistics.
9. The sector is dominated by SMEs and start-up companies, of which there are 1,014 in the West of England, with 70% of businesses operating in the 15 postcode areas covering the city centres of Bristol and Bath. Employment in the digital media industries is estimated at 17,300 FTE employees including freelancers and collectively these generate a £1.1bn turnover for the sub-region. This would not include Arts & Crafts, or Architecture.
10. The diversity of the sector also means that it is covered by three distinct sector skills councils:

- Creative and Cultural Skills (CCS) is the Sector Skills Council for Crafts, Cultural Heritage, Design, Literature, Music, Performing, and Visual Arts.
- Skillset (the only one that has a representative based in the sub-region) is the Sector Skills Council for Creative Media, which comprises TV, film, radio, interactive media, animation, computer games, facilities, photo imaging, publishing, advertising and fashion and textiles.
- E-Skills. A national body specialising in the Digital and ICT area.

Outlook

11. Creative Industries, like Information and Communication Technologies (ICT), is a sector expected to recover quickly from the recession. The UK is a major exporter of goods and services in these sectors and so must take advantage of the opportunities this recovery will bring. More critical is that both sectors also act as enablers to other economic activity.
12. Moreover the two sectors overlap – in this sub-region as elsewhere and there are real opportunities for collaboration with the ICT sector (there are more silicon designers in SW than anywhere else in the world outside the USA) and also in selling to emerging markets - a direct result of the widening use of mobiles. There is also the potential for advertising and marketing through social networks and via mobiles.
13. Whilst Bristol undoubtedly has the largest number of Creative Industries businesses in the South West, it is followed closely Bath which has a particular concentration of both businesses and employment in the sector.
14. A key complaint from these businesses within the West of England is a lack of financial support. SWRDA is seen as comparing unfavourably with other regions' agencies in this respect. It may be that the recently announced government changes will remove disparities in sectoral funding across regions, but it is also probable that any funding for this kind of work will now be extremely limited. The key for the future is identifying ways in which some of the initial cash or equity can be found on a commercial basis through better case making and perhaps through e-development of new and local financial instruments to attract investors. An initial cash injection is often pivotal to jump-starting growth in these developing businesses.
15. There are other issues to address, for example in Publishing, arising out of the need to diversify out-of-print media or to find protected niches as a result of a declining market from publishers and foreign competition. This will require knowledge sharing from the Universities. The C-Media Business Technology Centre bid highlights this. The introduction of new technologies and indeed new platforms like the iPad could enable more individualised (and profitable) publishing services. Further opportunity may be secured by encouraging the export of design and technical services to strong emerging markets and developing close associations with the environmental technology sector.

Local Support Infrastructure

16. Bristol Media was established in 2005 and is managed by a team of some of the city's leading industry heads. With over 3,500 members from 2,000+ companies it is one of the biggest creative networks in the UK.
17. Creative Bath - a similar but more recently established organisation - aims to promote and support the creative industries in Bath and the surrounding areas to facilitate growth and development.
18. Bristol Media -Talent Retention Scheme. The key aim of the Talent Retention Scheme is to pool talent in order to redeploy and retain skills and jobs across this key economic sectors within our city-region.
19. Skillset invests in locally delivered training and new entrants schemes. Examples include: Microlights (a new entrants scheme for filmmakers) and TV Skills Futures (a new entrants scheme for TV professionals). Both these schemes are delivered by South West Screen and funded by Skillset. Local businesses also benefit from Skillset's TV Multiplatform Bursaries scheme and high level leadership and mentoring schemes.
20. South West Screen (SWS) supports and develops creative media industries in the South West. They can offer funding and assistance to encourage innovation, grow creative businesses, develop talent, reach new audiences and develop the skills necessary to move forward.
21. The Pervasive Media Studio, based at the Watershed, is a multi-disciplinary lab exploring and producing pervasive media content, applications and services. They work within a community of artists, creative companies, technologists and academics. Projects include gaming, projections, location-based media, digital displays and new forms of performance. Some are commercial, some are cultural.
22. Knowle West Media Centre is a managed workspace providing business support and digital connectivity for creative businesses ultimately supporting young people into employment.
23. The Bristol-BBC-Anchor project was formed in October 2009 and is the new formal collaboration between the BBC, Bristol City Council, SWRDA, South West Screen and other local organisations. It is looking at how the BBC can work more closely with small creative businesses to exploit the local innovative potential in order to mine the creative talent locally and benefit all.
24. Spike Design is the largest design incubator in the South West. Based within the acclaimed contemporary art and design centre, Spike Island offers a highly creative business environment in an open plan studio/office space.
25. UWE Ventures supports scalable, innovative businesses from across the full range of social and cultural sectors and serves a wide diversity of clients locally.
26. iNet. This will be the major engine of support for Creative Industries over the next three years. The Creative Industries iNet is a service to help SMEs

transform ideas into new products and services, which will help drive economic growth. It is being delivered by a consortium across the public and private sector consisting of 9 partners including Bristol Media and the iShed with South West Screen as the lead partner. The iNets are a £13 million investment over 3 years and are provided free of charge to the business. iNets are funded by the European Regional Development Fund (Competitiveness), SWRDA and the private and public sector organisations involved.

27. Clearly much of this infrastructure of support is at risk in the context of serious reduction in public sector funding and particularly the removal of regional funding administered by SWRDA. A key task for the partnership going forward will be to identify means of sustaining these networks and clusters of companies and if possible a measure of the support to sustain their growth.

Inward Investment

28. Inward investment is a function largely covered by SW Screen and Bristol Media in the sub-region. The Creative Industry is well resourced by both Bristol Media and South West Screen who promote inward investment. The West of England Partnership concentrates on actively promoting these industries as a key strength in the region but is not active in promoting to inward investors particularly because most of this industry is 'home grown' and any inward investment from abroad can be handled through the networks noted above. One of the few known recent inward investors is Endemol, now based at Paintworks.
29. Although not inward investment in an international sense, there is continued scope for attracting companies out of London. We know from registrations to the Invest West service through the property search facility that creative industries are active and, in 2009, were the 4th most represented sector in terms of the number of enquiries recorded.
30. A key issue affecting attraction and growth of the creative industry sector is the availability of suitable and / or low-cost, high flexibility commercial space. Some commercial developments have sought to address this issue and have met with varying levels of success. The economic downturn may in the short term present some additional opportunities for the development of this kind of commercial space.

Skills Issues

31. Demographics (reported by Skillset Strategic Skills Assessment January 2010):
- Only 38% of audio visual employees are women
 - Only 6% of employees (cf 9% for the economy as a whole) are from ethnic minorities
 - Employees with disabilities account for only 1% of the workforce
 - Those aged 50 years and over make up only 15% of employees; 42% are under 35.
32. Skillset's Strategic Skills Assessment December 2009 states: the Creative Media sector is highly skilled and one of the most highly qualified in the economy; 57%

of people in Creative Media have a degree or equivalent level 4 qualification compared with 35% of the population of working age across the economy.

33. For too many talented young people, getting a start in the creative and cultural industries is not an option. Part of the problem lies in the qualifications that are designed for these careers. The rising cost of degree courses means that the decision to study cannot be taken lightly, especially when 73% of employers say that graduates still lack the right skills or creative and entrepreneurial flair. A culture of unpaid work experience dominates the creative and cultural industries. For employers, someone with relevant on-the-job experience is more valuable than an untested graduate. This discriminates against those who cannot afford to work for free and the impact is significant. (CCSkills.org.uk).
34. In order to begin to address this, apprenticeships in the creative industries will be established nationally for 5,000 people by 2013. Creative Apprenticeship pathways will be offered in the following areas: Live Events & Promotion, Music Business (Recording Industry), Technical Theatre (Rigging, Lighting & Sound), Costume & Wardrobe, Cultural and Heritage Venue Operations/Community Arts Management and the new Advanced Apprenticeship in Creative and Digital Media (CDMA). Currently being piloted with businesses in Bristol this is a highly flexible qualification that can be adapted to the multiplatform digital and media job roles that now characterise the industry.
35. National Skills Academy. NSA's are employer-led independent organisations that have attracted significant employment investment in skills over the last 3 years in key areas of the economy such as creative industries. They provide services and standards for training and skills development, endorsed by industry employers and professionals. The NSA for Creative & Cultural Skills is a network of creative and cultural employers, industry trade associations and freelancers, working with twenty Founder Colleges to develop, improve and recognise skills - initially for 'backstage' and 'offstage' roles in theatre and live music events. During 2010, the NSA will widen its remit to include all the industries represented by the Sector Skills Council, turning the campaign for employer-led workforce development into action and fulfilling its mission to 'turn talent into productive skills and jobs'. Priorities for increased funding include digital media and technology (BIS November 2009). The founder colleges in the South West (Plymouth and Bridgwater) are working in partnership with Filton College (West of England) to provide a brand new innovative framework for their apprentice learners. Currently it is small in number (six apprentices and three employers)
36. Businesses need multi-platform skills and individuals need to understand how to repurpose their content e.g. how to shoot film for the Internet rather than television.
37. High entrepreneurial skills are in plentiful supply with people passionate about starting their business. However, for them to continue to add value as their companies grow, there is a great need for leadership and management skills including people management, managing a team and Intellectual Property.
38. Women are well represented at approx 50%, for example, working in the legal departments in media companies. However, when it comes to the core roles such as writers and editors this drops to approximately 25%. In TV nationally during

2006 – 2009, 5,000 women left this industry compared with 750 men. Two international organisations exist to redress this balance, Women in Film & TV and Women in Games.

Key Challenges

39. Employers need to collaborate with ICT as a result of increasingly sophisticated graphic design input particularly in gaming through latest mobile devices. There is the potential for advertising and marketing through social networks e.g. Facebook and My Space and GPS applications.
40. In part as a result of strong growth the sector does experience a number of problems. The moving image part of the sector suffers from a shortage of specific skills as graduates and the most qualified are lost to London. However, graduate retention in Bristol is amongst the highest in the country, and the concept behind the Talent Retention programme is to ensure that talented individuals drawn from London can create a portfolio of work in the area.
41. Premises are also seen as a problem as moving image businesses need to cluster and co-operate. Communities of small businesses such as at the 'Paintworks' are seen as an ideal solution but more affordable space is also required.
42. Creative Industries employs 35% of its workforce (e.g. graphic designers) outside of Creative Industries organisations who may not know how to access appropriate training and support for CPD. Graphic designers, whether working for TV, digital, animations or games are a key part of the Creative Industry mix, and arguably the best example of a multiplatform approach.
43. The Skills and Competitiveness Board will need to work with colleges to ensure available public funds are targeted on this sector which can make a real difference in supporting skills that will help drive economic growth. This should be by closer linkage between education providers and the industry.
44. Media industries will become predominantly web-mediated, and delivered to smart devices. This requires the convergence of skills in storytelling, direction, editing and quality imagery & sound that are central to the TV & film industry with the workflow, user interface design, user community development and technological delivery that are central to digital agencies. There are limited individuals with a combined skillset at a deep level, so the brokerage and knowledge sharing element of the convergence is important.
45. The flow of information from R&D into the industry is also vital, both in terms of knowledge exchange, and the supply of graduates.
46. There is an opportunity to further support businesses by providing skills training at board level on leadership and company development, to assist micro and small enterprises to become investment ready.

Priorities for Action

47. Develop key areas of expertise with a national and international reputation, working with technology research centres. Whilst graduate retention is excellent, the need is to provide the same attraction to young professionals.
48. Improve the development of placement and entry level schemes offered by UWE and Bath Spa University.
49. HE Institutions to respond more directly to business skill needs and CPD opportunities. Locally they do not provide work ready students leaving courses. School and college leavers are not attracted to higher level study in creative subjects.
50. SMEs need to improve their business and management skills. Specifically help with business development, mentoring schemes and IP (intellectual property) knowledge training.
51. Larger companies need more R&D collaboration with local universities to help the commercialisation of business ideas and maintain firm's technical skills and help them become more upmarket. The proposed Business Technology Centre collaboration between the University of Bristol, the BBC and Bristol Media will address this.
52. Develop a co-ordinating body working directly with the creative community to broker Scrum - a digital project-development tool that is widely used for the rapid prototyping of software applications.

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