



SECTOR: CREATIVE INDUSTRIES

CREATIVE & DIGITAL D2N2

December 2015

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Commissioned by the Creative Quarter Company

On behalf of the D2N2 Creative and Digital Industries Working Group, formed of the organisations listed in Annex 1.



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D2N2 Sector Strategic Action Plan: Creative and Digital Industries

Executive Summary

Background

The report covers the Creative and Digital Industries (CDIs), previously commonly known as Creative Industries, and defined by DCMS as: Advertising and Marketing; Architecture; Crafts; Product, graphic and fashion design; Film, TV, video, radio and photography; IT, software and computer services (including games and apps); Publishing; Museums, galleries and libraries; Music, performing and visual arts.

The research set out to map the Creative and Digital Industries in D2N2, identify drivers and obstacles to growth and recommend improvements to support economic development.

The research involved identifying 4,376 registered CDI businesses from the FAME database, a detailed analysis of BRES official statistics at sub-regional and 4-digit SIC level and a survey of 190 CDIs businesses in D2N2.

The D2N2 economy

D2N2 LEP strategic priorities include developing skills for business, supporting innovation through new products and processes, organisational innovation new markets and alternative supply chains; finance to support innovation and a supportive physical and digital infrastructure.

According to a recent economic review¹ D2N2 is home to 2.1m people, with 900,000 jobs and a GVA of nearly £40 billion. D2N2 has the third largest economy of all the LEP areas outside London and the South East. However, the economy is associated with small firms – 89% and 9% of all businesses are micro or small; a low skills base and a low proportion of employment in knowledge based industries.

Of the total jobs, 150,000 (20%) are within 6 key sectors: the visitor economy, construction, transport equipment manufacturing, food and drink manufacture, medical and bioscience and low carbon goods and services. Some Creative and Digital Industry subsectors, notably ICT and digital related fields, are significant within the D2N2 economy in terms of the number of jobs and jobs growth. ICT and digital grew by 17.1% or 3,400 jobs from 2008–2010. As a result of these developments, which are echoed nationally, Creative and Digital Industries has become a priority sector in D2N2.

Strategic priorities for D2N2

Overall, the D2N2 strategic priority for the next 10 years is to generate 55,000 additional jobs, primarily in the private sector and in higher value occupations; to expand the business base and enhance workforce skills; and construct 77,000 houses with economic benefit to local communities.

¹ Ekosgen (2014)

Context: CDIs in the UK

Across the UK, jobs in the Creative and Digital Industries increased by 10.1% to 1.71 million from 2011 to 2013. Meanwhile UK employment in the Creative economy² has increased by 8.8%, from 2.4 million to 2.6 million jobs by 2013.

Creative and Digital Industries account for 5.6% of total employment in the UK, and contributed 5.2% (£71.4 billion) to the UK's GVA in 2012. The sector's GVA has increased by 15.6% since 2008 compared with a 5.4% increase for the wider UK economy³.

This growth is fuelled by a number of factors: growing demand for an increasing array of new digital products and services by both consumers and businesses in other sectors; greater availability of data to support strategic decision making, again across multiple sectors; government support for CDIs exports; and an increase in digital distribution platforms enabling the sector to enter new markets.

Furthermore the Creative and Digital Industries are seen as a way to enhance places by attracting more inward investment, driving socioeconomic change and creating a culture of innovation, enterprise and creativity across other economic sectors.

However, the sector also faces a number of limitations. Notably access to finance is a constraint where businesses often struggle to attract private investment for a number of reasons:

- difficulty in valuing intellectual property, limited management skills and focus on outmoded business-models, exacerbated in subsectors where growth is rapid.
- attracting and retaining talent, especially outside the CDIs hotspots of London and Manchester, compounded where skills needs are growing rapidly while evolving with new innovations in IT and digital activities;
- limited management and leadership skills, manifest in the difficulty faced by many SMEs to secure adequate protection for their intellectual property and exploit this commercially in existing and emerging markets.
- digitisation which opens up markets to global competition, while access to the latest digital infrastructure can be limited by location and cost – the sector needs better digital infrastructure and access to 'wired' and appropriate workspaces.

D2N2 CDIs: our report findings

Of the 4376 CDIs businesses identified in the D2N2 region, the largest subsector is IT, Software and Computer Services, with 48% of registered businesses, followed by Music, Performing and Visual Arts (13.2%) and Film, TV, Video, Radio and Photography (9.8%). There is an almost even split between Nottinghamshire (2346 businesses) and Derbyshire (2030 businesses). However, in Nottinghamshire the majority (80%) are registered within the City of Nottingham, whereas in Derbyshire this concentration is not evident.

There were an estimated 24,700 employees and self-employed (included if PAYE or VAT registered) in workplaces in the D2N2 LEP area in 2013, 2.7% of total workplace-based employment. These jobs are concentrated in small firms.

² DCMS, June 2014

³ Department for Culture Media & Sport (2014) Creative Industries Economic Estimates January 2014 Statistical release www.gov.uk/dcms

ICT, software and computer services are relatively over-represented in D2N2, accounting for 60% of CDI employment compared to 39% in Great Britain overall. Design, product, graphic and fashion design and Museums, galleries and libraries are also over-represented in D2N2, accounting for 5% and 6% of total CDI employment respectively.

All other sub-sectors are comparatively under-represented in D2N2 compared to GB overall, where activities such as Film, TV, video, radio and photography and Music, performing and visual arts are highly concentrated in London.

Local survey research shows a plethora of micro-enterprises, with some 12% not registered for either VAT or PAYE and therefore not otherwise visible in official statistics. Overall, businesses range in maturity, with 25% trading for 15 years or more and 27% having started trading within the last 3 years.

Despite the growth in digital platforms, most respondents (57%) provide products and services face to face, including by retail (33%). Some 30% also sell by online channels, but almost half predominantly supply to local markets within D2N2. Just over 20% each supply London & major cities, elsewhere in the UK and international markets. The sector is dominated by Business to consumer sales, sales within the Creative and Digital Industries and to arts, cultural and education organisations. Far fewer businesses (25%) sell into the construction and manufacturing sectors and even fewer to health sector organisations.

More than one third of CDI businesses work from home, and 31% from single dedicated premises. Only 9% use shared workspaces. Reports from Derby and Nottingham City Councils highlight a shortage of fit-for-purpose workspace to accommodate the growth anticipated within the sector, and access to quality premises is a growth limiting factor to one third of respondents. Connectivity remains an issue – especially outside of the Cities, though this is being addressed in much of D2N2.

Issues of workspace aside, the most popular reasons for businesses to locate within D2N2 are the strength of the creative and cultural community, cost factors and proximity to local trading networks and markets. Networking is important within the CDI sector, with 76% of businesses participating in social media networks, and more than 40% participating in each of local sector networks, generic growth networks and national specialist sector networks. Over 70% of respondents use their networks to gain information, while others gain skills and knowledge (64%) or generate ideas (58%).

Almost half of respondents report that their turnover has grown in the past 3 years, but only 23% report growth in employment and only 15% suggest that employment has grown by 10% or more. These are predominantly in the IT, software, gaming and apps and Advertising and marketing sectors. The most prevalent barrier to growth identified is still considered to be the economic climate – reflected in lack of confidence to hire new staff. Other limiting factors include lack of visibility, lack of finance or revenue to invest and, ironically, excessive workload.

Business innovation is focused on new products (48%), followed by new processes and services (35% each). Only 5% saw protecting IP as an innovation source and 18% had introduced innovative business models.

One third of businesses report a skills gap that limits business growth, and just over a quarter are held back by limited management skills. Most respondents employ both creative and technical skills in their businesses – the technical skills being hardest to find. For one third this is partly resolved by work placements and internships.

New enterprises enjoy the benefits of a number of targeted sector projects to support their early development, with a benefit in terms of place making and social inclusion arising from the plethora of small arts and crafts businesses. Faster growing sectors are more likely to access support from more generic management and leadership initiatives. Other programmes to support technical innovation, design, ICT, digital business and access to finance are delivered across D2N2 by a range of public and private sector organisations. On balance engagement with support for micro-businesses in art, craft and performance sectors appears to be better developed than with digital businesses and the IT, software and apps, marketing and architecture sectors. Initiatives to support access to finance and marketing, management skills and networking are the most sought after.

Subsector variations in D2N2

There are significant variations in growth patterns, business support and skills needs, engagement with organisations and networks across the sectors that comprise the Creative and Digital Industries. Those sectors demonstrating the most convincing signs of growth include:

- IT, software, games and apps: over-represented in D2N2 and growing in both employment and turnover. Firms are on average larger, even though more than half started since 2010. Innovation is in product, service and business model design and by establishing international markets, but there is an apparent lack of engagement in networks and with the business support environment. Future support reflects the need for finance, management and technical skills to facilitate growth.
- Marketing and advertising: under-represented in D2N2 but growing in turnover, with some businesses reporting employment growth. Support is needed to raise profile and networking, connectivity, management skills and IT support.
- Design: over-represented compared to the GB average. Businesses are very small, range from long-established to a plethora of new-starters and have a greater tendency for international sales (25% of businesses sell outside the UK). Turnover growth is not yet reflected in jobs growth.
- Publishing and printing: A small sector, under-represented in D2N2 but showing signs of growth, largely through product and service innovation and reinventing historic business models. Growth could be supported by access to finance and technical skills.
- Film, TV, radio and digital is a mature sector, characterised by long-established micro businesses and freelancers. Almost half report turnover growth, but there is limited engagement with organisations and networks outside specific sector and technical support.

The other sectors within the Creative and Digital Industries represent benefits other than growth:

- Music, performing and visual arts and Crafts: These are active sectors in terms of business start-ups, but most businesses are very small and few demonstrate turnover or employment growth. These are active networkers, well engaged and visible in the local cultural and creative community. However, growth is constrained by lack of credibility for finance/ investment, limited management skills and lack of visibility beyond the local area.
- Architecture: a small focused sector, mainly serving local markets and adversely affected by economic conditions. Growth could be supported by enhanced networking, management skills and better engagement in local economic development and construction projects.

- Museums, galleries and libraries: a small, but confident, sector that draws on some of the region's unique industry and cultural heritage and has developed some innovative approaches to maintaining this. Alternative business models, new processes and exposure beyond D2N2, supported by access to finance and management skills, could facilitate growth.

Overview of recommendations

The research has pointed to a series of policy and support recommendations that build on the current support available to Creative and Digital Industry businesses, while addressing any shortfalls and embracing emerging issues and opportunities for the sector. The final section lists these recommendations in which priorities include: renaming the sector as Creative and Digital Industries in D2N2 (as shown throughout this report); supporting initiatives across the whole D2N2 area; and focusing effort on those areas of activity such as IT, software and games development that have the greatest potential for jobs growth, except where there are good reasons not to do so, such as supporting social inclusion or enhancing the creative and cultural community.

Key requirements include support for sector marketing and visibility; enhancing leadership and management skills; improving access to sector appropriate financial instruments; boosting technical skills; improving access to networking; better connectivity and, for some subsectors, availability of appropriate workspace.

D2N2 Sector Strategic Action Plan: Creative and Digital Industries



Image: Portfolio Review Days, Format Photography Festival, at Derby Quad

1 Introduction

The project aims to establish a Sector Development Action Plan in support of the Creative and Digital Industries (CDI) across the D2N2 sub-region, which covers the geographical areas of Derby City and Derbyshire, Nottingham City and Nottinghamshire, administered by the four respective unitary authorities. As a result of rapid growth in Creative and Digital Industries nationally and in some specific areas of activity known to be well-represented in D2N2, Creative and Digital Industries has been identified as one of eight growth priority sectors in D2N2. The Sector Development Action Plan is therefore important to explore in more detail the growth opportunities and barriers of the sector and define how best public and private resources can be invested to support future sector growth.

For the purposes of this report, the definition of Creative and Digital Industries is derived from the current DCMS (2014) definition of CDI employment at the 4-digit SIC level (see Annex 3). This includes the following industry activities:

- Advertising and Marketing (A&M)
- Architecture (Arch)
- Crafts (Craft)
- Design: product, graphic and fashion design (Design)
- Film, TV, video, radio and photography (FTR)
- IT, software and computer services (including games and apps) (ITGA)
- Publishing (Pub)
- Museums, galleries and libraries (MGL)
- Music, performing and visual arts (MPVA)

The report and associated research has been designed to:

1. Develop an understanding of D2N2's Creative and Digital Industries within national and international contexts; taking into account sector development, political, economic and technological factors.
2. Undertake a statistical and qualitative mapping of the Creative and Digital Industries, and its constituent sub-sectors, across the D2N2 Region.
3. Explore the drivers for growth and innovation, skills and capability needs, as well as issues and opportunities facing the sector in terms of digitisation and infrastructure, knowledge transfer and innovation, business support and access to finance.
4. Map the provision of support for the industry in D2N2, including key stakeholders.
5. Collate an action plan, based on findings from the above and justified recommendations.

Key to compiling a Sector Development Action Plan is to understand the detailed economic profile of the sector and the trends behind this. At the outset it was estimated that the Creative and Digital Industries Sector has almost 25,000 employees⁴ and over 4000 businesses in the D2N2 sub-region, with the two cities accounting for some 40% of this total and an almost even split between Derby/Derbyshire and Nottingham/Nottinghamshire. These figures may under-estimate freelance and sole traders within the sector, likely to add a further 25-30% to the jobs total⁵. Particular employment specialisms in D2N2 lie in IT and software development (especially in computer gaming and medical technology applications), as well as sub-sectors including architecture, product design, photography, publishing computer games and 'apps', music, film and TV and the manufacture of craft and fashion goods. The DCMS Creative Industries Economic Estimates, 2014⁶ illustrate how Gross Value Added (GVA) and exports in these sectors of the creative industries have performed above the UK average since the onset of recession, but there is no reason to assume that all CDI sectors face the same issues.

Hence, the report that follows explores the background context to Creative and Digital Industries at local, regional and national level; the methodological implications of mapping economic activity in the sector at sub-regional level; provides an economic profile of the sector in D2N2; presents findings from a recent survey of Creative and Digital Industry businesses and the sectors that contribute to this activity; and concludes with a sequence of Policy and Skills recommendations that form the basis of an Action Plan for the sector specific to D2N2.

⁴ ONS Crown Copyright, 2014. 'Business Register and Employment Survey, 2013', from NOMIS

⁵ DCMS Creative Industries Economic Estimates, 2010

⁶ DCMS Creative Industries Economic Estimates, 2014,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271008/Creative_Industries_Economic_Estimates_-_January_2014.pdf

2 Methodology and Data

The project uses a mixed methodology based on previous experience and good practice identified in similar studies elsewhere. Activities that have contributed to the Action Plan include:

1. A review of existing literature to define and classify Creative and Digital Industries to reflect the national picture and that in D2N2 and compile a SWOT analysis to evaluate the strengths and weaknesses of the industry both nationally and locally.
2. Analysis of Companies House data from the FAME database from which 9 sub-sectors were analysed, consistent with DCMS 2014 classification, and 4,746 companies identified in the Creative and Digital Industries in Nottinghamshire and Derbyshire. After cleaning and deleting irrelevant SIC codes, 4,376 companies remained, which were classified into the different CDI sub-sectors using the SIC codes at the 4-digit level.
3. Analysis of September 2014 BRES data which provides official statistics of employment within the sector in 2013 based on companies with VAT and PAYE registration.
4. An industry survey, drawing on previous existing questionnaires (NTU Organza, Brighton Fuse) to produce a questionnaire that reflects the realities in D2N2 and covered a variety of areas highlighted as of interest to the research, such as detailed sub-sectoral involvement of businesses in the industry, the desirability of D2N2 location, business size and growth potential, networking, growth suppressors and suggested policy recommendations. The survey was administered using Qualtrics, piloted by stakeholders in the industry and agreed with the Creative Quarter, and subsequently modified. The final survey had 25 questions which took between 15 to 20 minutes to complete. The survey was mobile friendly and could also be completed on tablets and other devices.
5. The survey link was actively circulated by stakeholder organisations to their industry networks and promoted by social media, using LinkedIn, Facebook and Twitter feeds forwarded by CDI organisations and generic business facing networks as well as Nottingham Trent University's CRM contacts and newsletters. The survey was also sent direct to 901 companies with email addresses identified from the FAME database, a further 392 email addresses obtained from companies that had websites only listed; 153 emails from an earlier industry database. Out of 1,383 emails sent direct, 226 were undelivered. Overall, 190 useable responses were received, with the best response obtained from stakeholder networks and multiple approaches via email and social media.
6. Initial results from the survey showed that some sectors were under-represented, to overcome this bias reminder mails were sent to businesses in these sectors – IT, Software and Computer Services, Publishing, Architecture and Advertising & Marketing, and stakeholders helped to identify further contacts for businesses in the IT and gaming sector to have a better understanding of this sector.
7. Results of the survey were analysed and developed into the report and, combined with other findings, the Action Plan Recommendations. These recommendations were refined following initial consultation among the stakeholder group. Further consultation has involved circulating the executive summary and recommendations to industry representatives and through online feedback.

3 Overview of the D2N2 Economy



Image: A view of The Lace Market in Nottingham's Creative Quarter

The D2N2 Local Economic Partnership has set as its vision the development of a more prosperous, better connected, and increasingly resilient and competitive economy⁷.

The strategic priorities agreed by the LEP in order to achieve this include:

- **Developing Business Skills:** including those employability skills important in the workplace, as well as formal qualifications.
- **Supporting Innovation** or “the commercial exploitation of new ideas in the form of new products and processes, new organizational techniques, new markets and new sources of supply” that support competitiveness and characterise growing firms.
- **Business support and available finance** to enable firms to invest in additional capacity, innovative activities, skills development or new capital equipment; frequently cited as a constraint on growth, especially among the fastest growing firms.
- **Effective Infrastructure:** the transport networks, business premises, communications infrastructure and other utilities that underpin sustainable economic growth and contributes to economic prosperity.

⁷ <http://www.d2n2lep.org/Strategic-Priorities-> [last accessed 16.3.2015]

3.1 The state of the D2N2 Economy

As identified in the LEP evidence base⁸, D2N2 is home to 2.1m people, employing nearly 900,000, with a GVA of nearly £40 billion. Outside of London and the South East, this makes the D2N2 economy the third largest of all the LEP economies. Although there is no specific analysis of Creative and Digital Industries in this earlier report, it is stated that:

- Arts, entertainment & recreation is of ‘average’ representation in D2N2 accounting for 21,700 jobs, 2.5% of the workforce, compared to 2.4% nationally.
- Software consultancy and supply was the 4th fastest growing business activity in D2N2 between 1998 and 2008, with growth of 51.7%, albeit from a low base to reach 9000 jobs.
- In contrast sectors previously categorised as ‘creative’ or related to CDIs were among the fastest to decline in the same period. Jobs in textiles and clothing fell by 73.2% and 88.9% respectively to a combined total of just 2,700 jobs, though it is worth noting that very few of these jobs are included in DCMS definitions of CDIs.
- More recently, Arts, entertainment & recreation was one of the most resilient sectors in the UK economy, with an increase of just 0.6% jobs from 2008-10, but a decrease of 11%, or 2,700 jobs across D2N2.

The report identified 6 key sectors, representing 150,000 jobs, or 20% of the workforce, as shown in table 3.1 below.

Table 3.1 D2N2 Employment in Growth Sectors 2011

Sector	No. employed	% of total D2N2 economy	East Mids economy	England economy
Visitor Economy	70,100	8.0%	8.1%	9.2%
Construction	46,200	5.3%	4.9%	4.5%
Transport equipment manufacturing	18,400	2.1%	1.4%	1.0%
Food and drink manufacturing	16,400	1.9%	2.7%	1.3%
Medical/bioscience	4,000	0.5%	0.4%	0.7%
Total	156,100	17.8%	17.3%	16.8%
Low Carbon Goods and Services				
Source: BRES 2011 *Based on data difficulties in defining the sector, an accurate definition of Low Carbon Goods and Services is not possible				

Ekosgen, 2014:12

Of these sectors, only food and drink and medical/bioscience demonstrated employment growth from 2008-10. However, medical/bioscience is under-represented compared to the UK average, whereas the others are over-represented in D2N2. Like CDIs, the Low Carbon Goods and Services sector is hard to map and its precise impact on jobs and the economy difficult to calculate.

Creative and Digital Industries was not initially included among these 6 sectors, although jobs in creative, arts and entertainment activities and libraries, archives, museums & other culture

⁸ Ekosgen, 2014,

are included in the visitor economy sector. The former experienced considerable growth from 2008-10, as shown in table 3.2 below.

Table 3.2 D2N2 The Visitor Economy Sector

Sub sector	Total		Change 2008-2010	
	2008	2010	No	%
Accommodation	8,600	9,900	1,300	14.9
Food and beverage service activities	50,500	41,000	-9,500	-18.9
Travel agency, tour operator and other	2,200	2,300	100	3.9
Creative, arts and entertainment activities	1,600	2,100	500	31.0
Libraries, archives, museums & other culture	4,500	3,900	-600	-13.3
Sports activities, amusement & recreation	15,800	13,000	-2,800	-17.9
Visitor Economy	83,200	72,100	-11,100	-13.3

Source: BRES 2008 & 2010 consistent with earlier years

Ekosgen, 2014:16

Table 3.3 highlights 2011 employment in key activities from the creative and digital and financial and professional services sectors. Employment within the D2N2 area is over represented in architecture and engineering activities when compared with nationally, but under-represented in creative and digital industries and advertising and market research. The D2N2 ICT/digital sector is, however, over represented when compared with the East Midlands.

Table 3.3 Extract from D2N2 Financial & Professional Business Services, Creative & Digital Employment 2011

Subsector	D2N2		East Midlands %	England %
	Number employed	%		
Architectural and engineering activities	14,700	1.7	1.5	1.5
Advertising and market research	2,000	0.2	0.2	0.6
ICT / Digital	22,400	2.6	2.0	3.2
Digital / Creative Content	5,000	0.6	0.7	1.7
Total Financial / Professional Business Services (excludes ICT/ Digital/ Creative	147,300	16.9	17.1	21.4

Source: BRES 2008 & 2010 consistent with earlier years

Adapted from Ekosgen, 2014:18

However, table 3.4 shows that while employment within digital and creative content declined between 2008-2010 (loss of 1,700 jobs), the ICT/digital sector grew by 17.1% equating to 3,400 additional jobs. This compares to a 2% loss in financial services and almost one third of all manufacturing jobs and shows early signs of growth potential in this CDIs activity.

Table 3.4 D2N2 Service Sector Employment Change 2008-2010

Sub sector	Total		Change 2008-2010	
	2008	2010	No	%
Digital / Creative Content	7,300	5,600	-1,700	-23.4%
ICT / Digital	20,100	23,500	+3,400	+17.1%
Financial / Professional Business Services	141,100	138,100	-3,000	-2.1%
Source: BRES 2008 & 2010 consistent with earlier years				

Ekosgen, 2014:18

Businesses size and skills

D2N2 is home to 260 businesses that employ over 250 people, whilst micro and small firms account for 89% and 9% of all businesses respectively, roughly in line with the UK. The region’s largest multi-national firms are in sectors such as manufacturing, food and retail, but there are very few large businesses in the D2N2 Creative and Digital Industries and no multi-nationals.

However, D2N2 is associated with lower than UK average employment in knowledge based industries and a low skills base, especially those with Level 4 and above qualifications.

3.2 Supporting Economic Growth

The Ekosgen report concludes that the D2N2 economy needs:

- An additional 42,390 jobs to close the gap with growing national employment rates by 2025.
- An additional 25,729 private sector jobs to close the gap with the national average, or an additional 59,429 private sector jobs (and 17,040 less public sector jobs) if the gap with the national employment rate was closed.
- Between 23,000 and 28,000 new jobs in private service sectors to match the likes of Greater Manchester, Greater Birmingham and Leeds City Region.
- Employment to support population growth of an additional 150,000 people (30,000 of working age) within the D2N2 area over the next decade.

Overall, the D2N2 strategic priority has been set as a target of 55,000 additional jobs, primarily in the private sector and including a large proportion of higher value jobs over the next 10 years. This is to be accompanied by expansion of the business base and enhanced workforce

skills. In addition 77,000 houses are to be built and other economic benefits shared with local communities.

4 Creative and Digital Industries – the national and international context



Proludic: Artist in Residence at NTU's C&VT Lab, supported by Future Factory

4.1 The UK Creative Industry Context

Creative and Digital Industries boast considerable untapped potential to drive economic growth, increase income and create jobs. According to the DCMS June 2014 publication, UK employment in the Creative economy has increased by 8.8%, from 2.4 million in 2011 to 2.6 million jobs in 2013. Meanwhile, jobs in the Creative and Digital Industries increased by 10.1% in 2011 to 1.71 million in 2013. To stress further the importance of the Creative and Digital Industries, it is worth knowing that employment in the UK economy grew by 2.4% between 2011 and 2013 while Creative occupations had an increase of 7.3%. East Midlands equally recorded an increase of 2.5% in employment within Creative and Digital Industries between the same period. Put simply, Creative and Digital Industries account for 1 in 18 of all jobs in the UK representing 5.6% of total employment, and it is estimated that the sector generated £8 million per hour in 2012.

Creative and Digital Industries is a leading sector in the UK, contributing 5.2% to UK's GVA or £71.4 billion in 2012. The sector's GVA has increased by 15.6% since 2008 compared with a 5.4% increase for the wider UK economy⁹. The size of UK's creative economy is now estimated to be greater than the financial services, manufacturing and construction sectors¹⁰. It is interesting

⁹ Department for Culture Media & Sport (2014) Creative Industries Economic Estimates January 2014 Statistical release www.gov.uk/dcms

¹⁰ The Brighton Fuse (2013) www.brightonfuse.com

to note that employment in the manufacturing sector in D2N2 between 2008 and 2010 fell by one-third while the construction sector fell by 16.8%¹¹.

In the same vein, the economic output in the Creative and Digital Industries has witnessed a steady increase – service exports from the sector increased by 16.1% between 2009 and 2011 as against 11.5% total service exports increase for UK¹². Locally, the 2014 report – the state of D2N2 economy¹¹ – also reckons that employment in the ICT/Digital/Creative economy grew by a combined 3.2% in Nottinghamshire and Derbyshire. In addition, Architecture and Advertising grew by a combined 1.9%.

4.2 Creative and Digital Industries – prospects and opportunities

Recent advances in technology and increasing globalisation has led to a remarkable shift towards innovation and services and away from traditional manufacturing. Modern business's now utilize their ability to innovate, create, and digitally represent raw materials – presenting a compelling case that the move to a digital economy is accelerating¹³.

In the new digital order, consumers are on the prowl for new and enriching “experiences”. Creative and Digital Industries are configured to create exciting experiences for consumers and networking helps to create a competitive edge.

Economically, the presence of Creative and Digital Industry clusters has a multiplier effect on the host economy; the values generated by the sector spill over to other sectors of the economy. Creative and Digital Industries help to attract enterprises into cities and regions by fostering and driving socioeconomic innovation. CDIs furnish national and regional innovation systems by encouraging an innovation-friendly climate, promoting the acceptance and development of ICT and contributing to innovation related activities of industries in other sectors. Even in sectors dominated by large firms, creative businesses play a vital and crucial role in creativity and innovation. They take risks, initiate new trends and they lead in creating a blueprint for new artistic taste. Further opportunities abound for the sector to explore its growth potential; increased data availability is helping to enhance the value of creative products and services provided; and with new approaches to generating data, better decisions can be made about market intelligence and targets¹⁴.

The government's decision to increase exports in the sector and create world class clusters in five major cities is a pointer to the level of importance now accorded to Creative and Digital Industries. The government plans to invest £500 million over the 3 years from 2014 to support the sector epitomizes the renewed policy interest and desire to transform the Creative and Digital Industries into a world-leading sector¹⁵. The enhanced complexity occasioned by the proliferation of digital platforms and continued digitization of the industry is also a signal to the abundant potential in the sector.

¹¹ EKOSGEN (2014) The state of D2N2 Economy

¹² Department for Culture Media & Sport (2014) Creative Industries: Focus on Employment June 2014
www.gov.uk/dcms

¹³ European Commission (2010) Unlocking the potential of cultural and creative industries
http://europa.eu/legislation_summaries/culture/cu0006_en.htm

¹⁴ Nesta (2013) A Manifesto for the Creative Economy www.nesta.org.uk

¹⁵ UK Trade & Investment (2014) UK Creative Industries – International Strategy. Driving global growth for the UK creative industries. www.gov.uk/ukti

Added to this is the adoption of a sector-specific value chain ensuring new models for content sharing and distribution and more importantly purposeful interaction with end-users (with less importance placed on distributors), which it is hoped will aid the sector in overcoming intellectual property challenges¹⁶.

4.3 Creative and Digital Industries – the challenges

However, despite the progress made by the sector in recent years there are still several overarching problems facing the sector. The current economic climate inhibits the growth of firms in the sector. In a sector dominated by small and medium size enterprises and start-ups, access to finance is a major determinant of firm growth and, in the face of competing financial needs, the growth of Creative and Digital Industries has been curtailed. There are some reasons advanced for the inability of creative businesses to attract private investment – the idea that creative businesses do not present their business plans in a convincing manner and the accompanying over reliance on not-too-successful business models; risks associated with the valuation of intellectual property and related content assets¹⁷; and the perceived deficit in business and management skills.

Drawing from these insights, it is important to state that the challenges posed to businesses in sourcing funds is not necessarily that of available funding sources. Most businesses appear to have a funding gap problem for business expansion that goes beyond initial start-ups because of the reasons mentioned above. Entrepreneurs (perhaps because of their size) find it hard to navigate the fragmented financing sources and options available to them and as a direct effect of their limited management experience, it is more of an arduous task for them to strategically provide a case for finance for their businesses. Also, the inability of investors and prospective lenders to quantify value in the sector due to lack of data and intellectual property risk inhibits businesses hoping to source funds for business expansion through debt capital or private funding¹⁸.

The Creative and Digital Industries also suffer from finding a matching skill-set, which creates excessive workload for most entrepreneurs. As a result of the level of innovation in the sector, it requires a high level of specialization which is often lacking. Locally, the EKOSGEN 2014 report suggests that the two Universities in Nottingham retain just 30% of their graduates within Greater Nottingham while a survey in the University of Derby reported a slightly better figure of 40%. For comparison, other core urban areas like Manchester and Birmingham boast of higher retention rates¹⁹. This is one of the results of the limited collaboration between – arts, academics, scientific institutions and public and private initiatives (PPIs) – limiting business incubation and the number of start-ups. A higher retention rate would ensure that creative businesses have a better pool of talent that they can employ, train and develop to the standard required by the sector.

These concerns are echoed by “e-skills UK²⁰”, the Sector Skills Council for Business and Information Technology, which has highlighted that there are problems recruiting into the IT & telecoms workforce. Employment in the IT industry is predicted to grow at almost five times the

¹⁶ Technology strategy board (2013) Creative Industries Strategy 2013 – 2016 www.innovateuk.org

¹⁷ Confederation of British Industry (2014) The Creative Nation – A growth strategy for the UK’s Creative Industries www.cbi.org.uk

¹⁸ Creative Industries Council (2014) Create UK – Creative Industries Strategy www.thecreativeindustries.co.uk

¹⁹ EKOSGEN (2014) The state of D2N2 Economy

²⁰ E-skills UK (2012) Technology Insights: UK, <http://www.e-skills.com>

average for England, which will affect graduate recruitment and how companies approach their Talent Pipeline. E-skills UK claim that if businesses optimised their use of ICT then that could generate £43.8 billion GVA across the English economy in a 5-7 year period. For nine out of ten firms suffering IT & Telecoms related skills shortages, delays in the development of new products or services are experienced. With rapid growth in IT vacancies, those most frequently advertised are in development, design and support roles, and the most common technical skills requirements are SQL, C, C#, .NET and Java. Furthermore, business skills, higher level technical skills and sector knowledge/experience are often thought lacking among applicants for IT & Telecoms positions.

Another challenge the CDIs sector faces is the exploitation of intellectual property across multiple platforms; to state in pure terms, it is unfavourable to the growth of the sector both nationally and in D2N2. A necessary condition for Creative businesses to thrive is a strong, stable and virile intellectual property regime, without which businesses would not be able to stake a claim for the commercial gains that their innovation generates. A stable legal framework that allows rights to be protected and commercialised, which businesses can understand and use, and provides for a fair return on investment and sufficient incentives for creators is essential for the growth of the creative sector²¹. However, entrepreneurs often suffer from lack of protection – intellectual property infringement has impacted on business models and pricing²² and these do not only serve as potential income losses but also as a barrier for UK businesses to enter other foreign markets.

Additionally, Creative and Digital Industries are a beneficiary of continued improvements in digitization, but while this has created a plethora of opportunities it also has its drawbacks – incumbent companies are exposed to increased competition from new entrants both locally and globally and this has led to shrinking of market size and depletion in revenue. Added to this is the spiralling cost of digitization incurred by businesses (content digitization, creative/design skills development and update of staff knowledge)²³ and the need to invest in and test new business models which only bring forth “pay-back” after some time. Operating under these circumstances could be challenging for creative and digital businesses and the ability to effectively respond to the ever-changing business trend depends on the company’s size.

It is widely believed that London and more recently Manchester is a hub for CDI businesses in the UK, as a result businesses outside these two major cities suffer from locational disadvantages. This can be traced to the limited opportunities available to firms outside London and the inequality that exists in the access to networks²⁴. It is hoped that the current government’s initiatives on creating clusters for CDIs in different cities will help to reduce the significance of the “London-effect” on firms operating outside London.

Regionally, CDIs are hampered by the absence of a defining local/regional strategy and creative partnerships. There is a need to broaden the discussion at the regional level to bring all the actors into play and strategize on effective ways to support the sector. In the prevailing climate, there is limited support for trade associations, the sector is characterised

²¹ Creative Industries Council (2014) Create UK – Creative Industries Strategy www.thecreativeindustries.co.uk

²² The Brighton Fuse (2013) www.brightonfuse.com

²³ European Commission (2010) Unlocking the potential of cultural and creative industries http://europa.eu/legislation_summaries/culture/cu0006_en.htm

²⁴ Creative Industries conference presentation by Caroline Norbury MBE – Chief Executive, Creative England

by fragile business-to-business relationships and non-existent fuse between firms²⁵, regions have outdated mapping of existing clusters, businesses lack requisite skills to drive hard bargains with clients and suppliers etc. These are all areas where local/regional economic partnerships, such as the D2N2 Creative and Digital Industries Working Group, can aid the Creative and Digital Industries to realise their full potential.

4.2 Creative and Digital Industries SWOT – based on UK policy and context

STRENGTHS	WEAKNESSES
<p>Globalisation (3)</p> <p>Cultural diversity (4)</p> <p>ICT/Digital renaissance (3), (6)</p> <p>Consistent job creation – accounts for 1 out of every 12 jobs in the UK (10), (9)</p> <p>A leading sector in the UK economy, contributing 5.2% to UK's GVA and 2.6% to the EU's GDP (8), (4), (6), (5)</p> <p>Encouraging growth prospects – better than the most sectors – Can further help to create sustainable economic recovery (3)</p> <p>Breeding and driving economic and social innovation (1)</p> <p>Increasingly important spill-over effects (1), (2)</p> <p>The sector helps to attract enterprises into cities and regions (11), (2)</p> <p>Creative industries are a magnet for tourism, to generate a creative buzz, to attract talents and to contribute to a positive image of cities and regions. (11)</p>	<p>Limited research and development capacity and matching skill-set (1), (2)</p> <p>Limited Collaboration – Arts, academic & scientific institutions and PPIs; in the process limiting the number of incubations and start-ups. (2)</p> <p>Access to funding – restricted access to private investment leading to many firms suffering from under-capitalization. (1), (3), (4)</p> <p>Lack of defining local/regional strategy and creative partnerships, and inadequate support for trade associations (1), (2)</p> <p>Limited trade contacts, restricted access to international markets (5)</p> <p>Skills gap, especially in IT and related skills, and most pronounced outside the hotspots of London and Manchester (17)</p> <p>Exploitation of intellectual property across multiple platforms (5), (4), (6), (2)</p> <p>Inability to present business plans in a convincing manner and over reliance on not-too-successful business models (1)</p> <p>Locational disadvantages and limited opportunities for firms based outside London (7), (2)</p> <p>Fragile business-to-business relationships and non-existent 'fuse' between firms (5), (2)</p> <p>Lack of bargaining power with clients and/or suppliers (2)</p> <p>Lack of astute business management skills (2)</p> <p>Outdated mapping of existing clusters (4)</p> <p>Lack of office space (2)</p>

²⁵ The Brighton Fuse (2013) www.brightonfuse.com

OPPORTUNITIES	THREATS
<p>Increased connectivity (3)</p> <p>Enhanced complexity, occasioned by the proliferation of digital platforms (3), (6)</p> <p>Huge growth potentials (5), (4), (6)</p> <p>Continued digitization of the industry (3)</p> <p>Changing user behaviours (3)</p> <p>Adoption of a sector-specific value chain ensuring new models for content sharing and distribution and more importantly purposeful interaction with end-users (less importance accorded to middlemen) (3)</p> <p>Increased data availability to help enhance the value of creative products and services (5), (3), (4), (9)</p> <p>Renewed government interest - the desire to transform creative industry into a world-beating sector (5)</p> <p>Abundance of untapped potential (5), (12)</p> <p>Government's decision to create World class clusters in 5 major cities (5)</p>	<p>The compromising view that the sector is dominated by creative interests rather than commercial interests (3), (4)</p> <p>Inadequate support (financial and otherwise) for start-ups and SMEs (4)</p> <p>Inconsistent valuation of content and intellectual property - unrecognized value of immaterial assets (1)</p> <p>Limitations of talent pipeline (17)</p> <p>Spiralling costs of digitization (1)</p> <p>Increased global and local competition (6), (2)</p>

5 Creative and Digital Industries in D2N2



Image: Antenna Business Centre

5.1 Creative and Digital Industry businesses in D2N2 by county and activity

Table 5.1 Distribution of FAME listed companies in Nottinghamshire and Derbyshire

Sector	Number of Companies in Sector	% of total
Advertising and Marketing	336	7.68
Architecture	316	7.22
Crafts	21	0.48
Design: Product, Graphic and Fashion Design	313	7.15
Film, TV, Video, Radio and Photography	428	9.78
IT, Software and Computer Services	2104	48.08
Publishing	253	5.78
Museums, Galleries and Libraries	27	0.62
Music, Performing and Visual Arts	578	13.21
Total	4376	100.00

Note: FAME data does not include freelance or self-employed individuals, and only the largest 200 listed companies include published details of turnover or employment.

Data from the FAME database which lists businesses registered with Companies House, yielded 4,376 companies in the Creative and Digital Industries in Nottinghamshire and Derbyshire in 2014 (after cleansing and deleting irrelevant business activities). These were classified into the different sub-sectors of Creative and Digital Industries using 4-digit SIC codes. Nine sub-sectors were identified, consistent with DCMS 2014 classification, and the breakdown of number of businesses is shown in table 5.1.

The data suggests that there are some 800 listed businesses in Derby, with 2030 in Derbyshire as a whole, compared to 1890 in Nottingham, and 2345 in Nottinghamshire overall, as shown in tables 5.2a, b and c.

Table 5.2a Registered Creative Businesses in Derbyshire and Nottinghamshire

Sector	All Derbyshire		All Nottinghamshire	
	Number of Companies in each Sector	% of Total number of Companies	Number of Companies in each Sector	% of Total number of Companies
Advertising and Marketing	158	7.78	178	7.59
Architecture	155	7.64	161	6.86
Crafts	13	0.64	8	0.34
Design: Product, Graphic and Fashion Design	147	7.24	166	7.08
Film, TV, Video, Radio and Photography	193	9.51	235	10.02
IT, Software and Computer Services	989	48.72	1115	47.53
Publishing	106	5.22	147	6.27
Museums, Galleries and Libraries	18	0.89	9	0.38
Music, Performing and Visual Arts	251	12.36	327	13.94
Total	2030	100.00	2346	100.00

Table 5.2b Registered Creative Businesses in Derby and Derbyshire

Sector	Derby		Other Derbyshire	
	Number of Companies in each Sector	% of Total number of Companies	Number of Companies in each Sector	% of Total number of Companies
Advertising and Marketing	61	7.61	97	7.90
Architecture	41	5.11	114	9.28
Crafts	2	0.25	11	0.90
Design: Product, Graphic and Fashion Design	50	6.23	97	7.90
Film, TV, Video, Radio and Photography	69	8.60	124	10.10
IT, Software and Computer Services	448	55.86	541	44.06
Publishing	33	4.11	73	5.94
Museums, Galleries and Libraries	5	0.62	13	1.06
Music, Performing and Visual Arts	93	11.60	158	12.87
Total	802	100.00	1228	100

Table 5.2c Registered Creative Businesses in Nottingham and Nottinghamshire

Sector	Nottingham		Other Nottinghamshire	
	Number of Companies in each Sector	% of Total number of Companies	Number of Companies in each Sector	% of Total number of Companies
Advertising and Marketing	142	7.60	36	7.55
Architecture	122	6.53	39	8.18
Crafts	6	0.32	2	0.42
Design: Product, Graphic and Fashion Design	126	6.74	40	8.39
Film, TV, Video, Radio and Photography	192	10.27	43	9.01
IT, Software and Computer Services	893	47.78	222	46.54
Publishing	107	5.72	40	8.39
Museums, Galleries and Libraries	6	0.32	3	0.63
Music, Performing and Visual Arts	275	14.71	52	10.90
Total	1869	100.00	477	100.00

5.2 Analysis of official Creative and Digital Industries employment data

Utilising the current DCMS (2014) definition of CDI employment at the 4-digit SIC level (see Annex 3), it is estimated that these sectors together account for 24,700 employees and self-employed in workplaces in the D2N2 LEP area in 2013. This is equivalent to 2.7% of total workplace-based employment in the LEP, slightly above the average for the East Midlands of 2.6%, but below the estimate for Great Britain, at 4.1%.

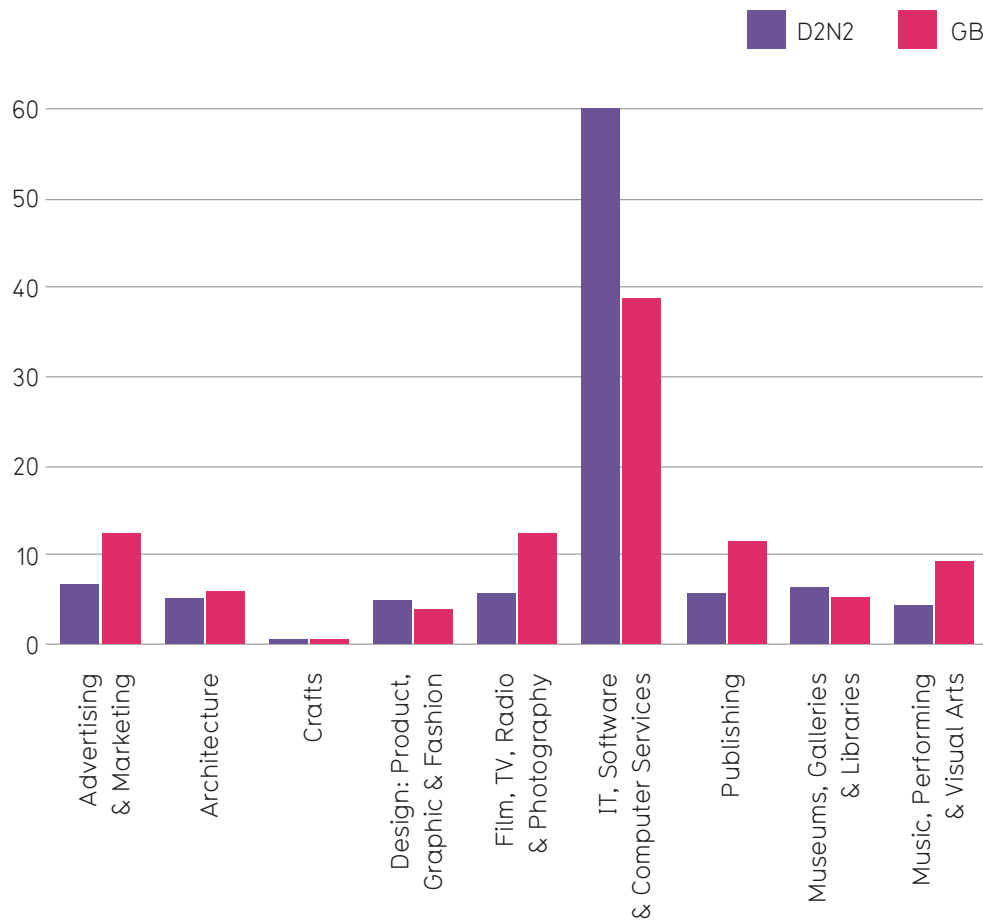
This is not unexpected, given the concentration of CDI employment in London compared to other regions. This was observed in the DCMS *'Focus on Employment'* report for 2014, where 11.4% of jobs were in London compared to a UK total of 5.6%²⁶.

Figure 5.1 and Table 5.3 show how the structure of CDI employment by DCMS sub-sector varies in the D2N2 area compared to the national average. In the D2N2 area:

- IT, software and computer services are relatively over-represented in their share of local CDI employment – accounting for 60% of total D2N2 employment in all CDI sectors, compared to 39% in Great Britain overall. This is likely to capture activity identified in the initial FAME analysis – such as Experian etc. – some of which may overstate the actual extent of creative employment;
- Design, product, graphic and fashion design and Museums, galleries and libraries are the only other CDI sub-sectors that are relatively over-represented within total CDI employment in the D2N2 area, and both are relatively small: accounting for 5% and 6% of total CDI employment respectively; and
- All other sub-sectors are comparatively under-represented in the D2N2 area, notably: Advertising and Marketing; Film, TV, video, radio and photography (highly concentrated in London); and Publishing and Music, performing and visual arts (both also highly concentrated in London).

²⁶ note that the *'Focus on Employment'* estimates are based on the LFS, and thus vary significantly from the BRES-based estimates in this note

Figure 5.1: Workplace Employment (% of total Creative and Digital Industries), DCMS 2014



Source: ONS Crown Copyright, 2014. 'Business Register and Employment Survey, 2013', from NOMIS [accessed 6th October 2014], analysed under Chancellor's Notice: NTC/BRES13-P0083; SIC Classification, 2013

**Table 3: Workplace Employment (% total Creative and Digital Industries)
DCMS 2014 SIC Classification, 2013**

Creative and Digital Industries Group	SIC	D2N2	East Mids	GB
Advertising and Marketing	7021 : Public relations and communication activities 7311 : Advertising agencies 7312 : Media representation	7%	7%	13%
Architecture	7111 : Architectural activities	5%	6%	6%
Crafts	3212 : Manufacture of jewellery and related articles	0%	0%	0%
Design: product, graphic and fashion design	741 : Specialised design activities	5%	6%	4%
Film, TV, video, radio and photography	5911 : Motion picture, video and television programme production activities 5912 : Motion picture, video and television programme post-production activities 5913 : Motion picture, video and television programme distribution activities 5914 : Motion picture projection activities 6010 : Radio broadcasting 6020: Television programming & broadcasting activity 742 : Photographic activities	6%	6%	12%
IT, software and computer services	5821 : Publishing of computer games 5829 : Other software publishing 6201 : Computer programming activities 6202 : Computer consultancy activities	60%	55%	39%
Publishing	5811 : Book publishing 5812 : Publishing of directories and mailing lists 5813 : Publishing of newspapers 5814 : Publishing of journals and periodicals 5819 : Other publishing activities 743 : Translation and interpretation activities	6%	9%	12%
Museums, galleries and libraries	9101 : Library and archive activities 9102 : Museum activities	6%	6%	5%
Music, performing and visual arts	5920 : Sound recording and music publishing activities 8552 : Cultural education 9001 : Performing arts 9002 : Support activities to performing arts 9003 : Artistic creation 9004 : Operation of arts facilities	4%	5%	9%
Total %*		100	100	100
Total Creative and Digital Industries Employment*		24,700	51,500	1,161,800
% of all Workplace-based Employment in area		2.7	2.6	4.1

Source: ONS Crown Copyright, 2014. 'Business Register and Employment Survey, 2013', from NOMIS [accessed 6th October 2014], analysed under Chancellor's Notice: NTC/BRES13-P0083

*note: CDI sub-sector percentages and total CDI absolute values rounded up to nearest 1 percent/100. Only CDI % of total employment expressed as a percent to one decimal place, to meet disclosure control requirements.

Table 4 presents estimates for workplace-based employment in the Creative and Digital Industries applying a version of the approach recommended by Creative Skillset (2013). This shows that, prior to adjusting by SOC, estimates of employment are similar to those generated using the 2014 broad DCMS sectors, at 23,000 compared to 24,700 respectively in the D2N2 area. When employment in each sub-sector is adjusted for the proportion estimated to be working in creative occupations (an average of 52.9% of employment across all the broad sectors below), the employment estimate is significantly reduced – to 10,400 in the D2N2 area. However, the difference between the LEP, regional and national shares of employment is much less: on this basis, creative employment accounts for 1.1% of employment in the D2N2 area and the East Midlands region, compared to 1.9% in Great Britain.

Table 4: Workplace Employment (% of total Creative and Digital Industries), Creative Skillset 2013

– recommended sectors and 2011 LFS-based % of employment in creative SOCs

	% of Employment in Creative Occupations	% of total Creative and Digital Industries		
		D2N2	East Midlands	GB
Publishing of books etc.	51.3	7	10	12
Software Publishing	42.9	1	2	1
Motion pictures, TV and Video	56.6	4	4	9
Sound recording and music publishing	43.1	0	0	1
Radio and TV Broadcasting	57.4	1	1	4
Computer programming activities	54.9	22	18	14
Computer consultancy activities	31.4	32	29	18
Public relations and communication activities	63.3	1	1	2
Architecture	63.0	8	8	8
Advertising	45.5	7	7	11
Design activities	59.0	7	8	5
Photography	73.9	4	4	3
Translation and interpretation activities	83.6	0	0	1
Cultural education	43.9	0	2	1
Creative arts and entertainment	72.5	7	6	12
All Creative and Digital Industries	52.9	100	100	100
Total CDIs Employment (without adjusting by SOC)		23,000	48,500	1,096,700
CDIs Employment (adjusted by SOC)		10,400	22,100	543,400
Adjusted CDIs employment as a % of all Workplace-based Employment in area		1.1	1.1	1.9

*note: CDI sub-sector percentages and total CDI absolute values rounded up to nearest 1 percent/100. Only CDI % of total employment expressed as a percent to one decimal place, to meet disclosure control requirements.

Source: ONS Crown Copyright, 2014. '*Business Register and Employment Survey, 2013*', from NOMIS [accessed 6th October 2014], analysed under Chancellor's Notice: NTC/BRES13-P0083

In terms of the sub-sectoral structure of the Creative and Digital Industries according to the Creative Skillset approach, Computer programming and Computer consultancy activities are together the largest (as in the DCMS approach in 2014) - accounting for 55% of CDI employment in the D2N2 area and 32% in Great Britain. Design activities are again relatively over-represented in the D2N2 area, accounting for 7% of CDI employment compared to 5% nationally.



Image: Develop element of Departure Festival, Derby Theatre

6 Understanding Creative and Digital Industries in D2N2

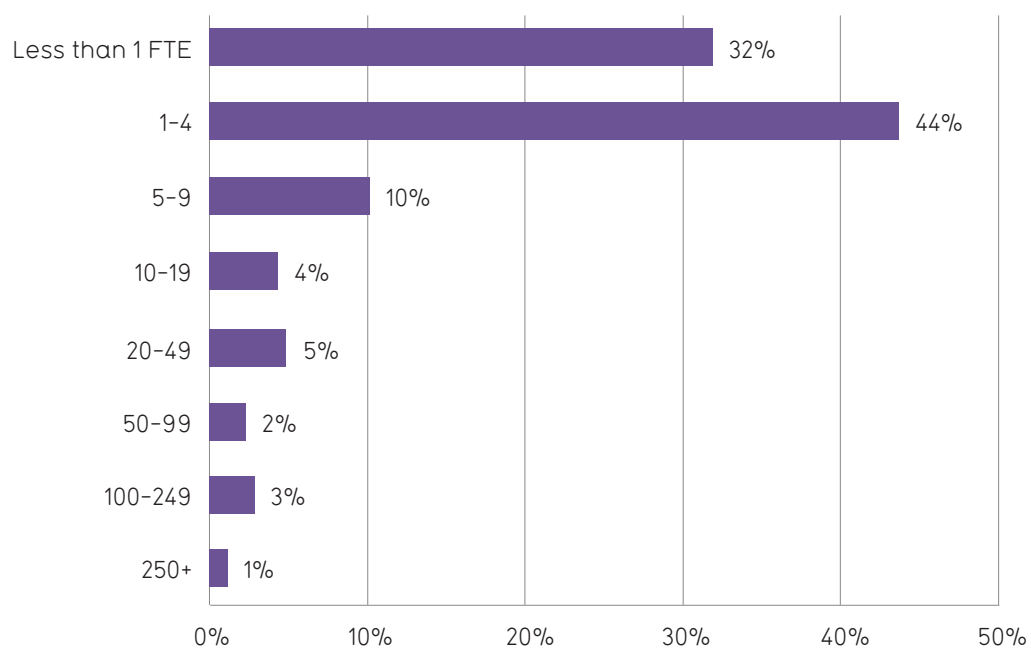


Image: Broadway’s Projector Project

6.1 Profile of CDIs in D2N2

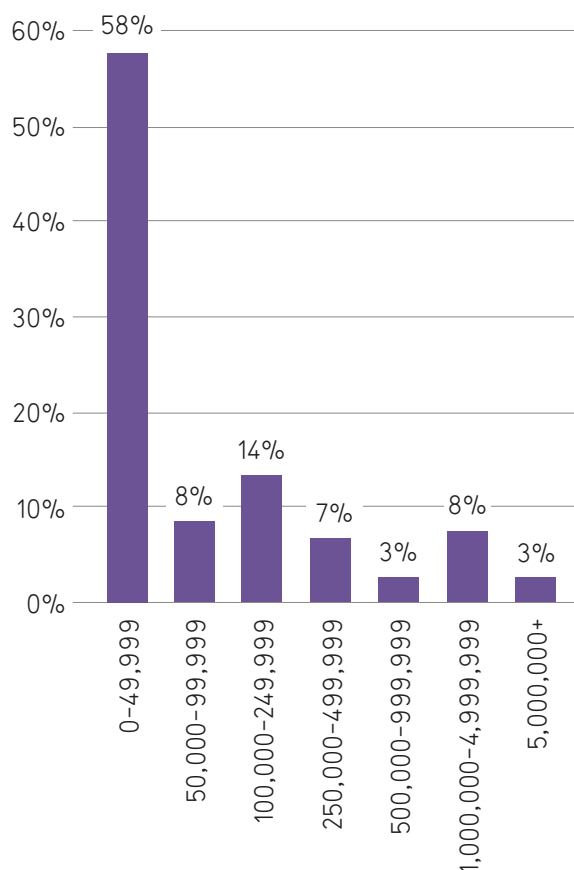
The majority of survey responses are from very small, micro enterprises. Almost one third of respondents employ fewer than one full time role, suggesting that some freelance activity is part-time or that workers are under-employed or in portfolio careers. Businesses employing fewer than 5 people account for 76% of respondents, and those employing fewer than 10 account for 86%, showing that the sector is dominated by micro businesses (see figure 6.1), significant numbers of which may not be reported in official statistics, since they are not registered for VAT or PAYE.

Figure 6.1 Respondent size of firm by employment



Similarly, annual turnover illustrates the small size of the respondent firms, with 58% reporting turnover of less than £50,000 pa (see figure 6.2). There are larger firms, with 21% reporting turnover in excess of £250,000 and 11% of more than £1 million.

Figure 6.2 Respondents by turnover band



The plethora of small firms that do not appear to be represented by the official business activity figures is explained by the VAT and PAYE status of respondents. More than 40% of firms are not registered for VAT, particularly in crafts and music, performing and visual arts, consistent with their relatively modest turnover. Some 12% are not registered for PAYE, with over-representation in the same sectors, as well as film, TV and digital. Those registered for neither would be excluded in BRES data.

Although the Creative and Digital Industries are associated with new-start enterprises it is interesting to note that only 27% of firms have been trading for 3 years or less, with almost as many (25%) trading for 15 years or more, demonstrating a higher than expected level of stability in the sector, and showing some resilience to economic influences as seen in Table 6.1.

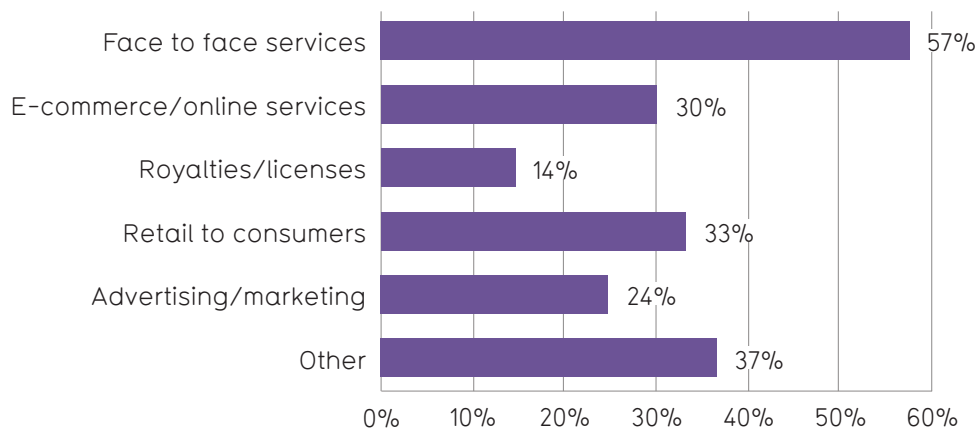
Table 6.1 Age of Firm

Year founded	Before 1990	1990 - 1994	1995 - 1999	2000 - 2004	2005 - 2010	2009 - 2010	2011 - 2014	Total
Business age (years)	25+	20 to 24	15 to 19	10 to 14	6 to 9	4 to 5	0 to 3	
No.	30	6	12	35	32	21	50	186
%	16%	3%	6%	19%	17%	11%	27%	

6.2 Products, main clients and markets supplied by CDIs in D2N2

The majority of respondents (57%) are providing face-to-face services, reflecting the plethora of music, performing and visual arts responses. There is also a high level of retail trade (33%), particularly evidenced by craft respondents. However, almost as many respondents (30%) are trading online. While 24% of respondents provide advertising and marketing services, only 14% generate business mainly from royalties and license sales (see figure 6.3). Those that selected ‘other’ include a number of respondents who sell artworks, tickets to live performance and consultancy services. A small number also provide educational services.

Figure 6.3 Revenue generating products/ services



Principal markets

The majority of respondents supply local markets within the D2N2 area, with the remainder evidently spread between those supplying mainly regional markets in the East Midlands, major cities or elsewhere in the UK. Some 20% of respondents supply international markets, as seen in figure 6.4.

Figure 6.4 Markets supplied by CDIs businesses

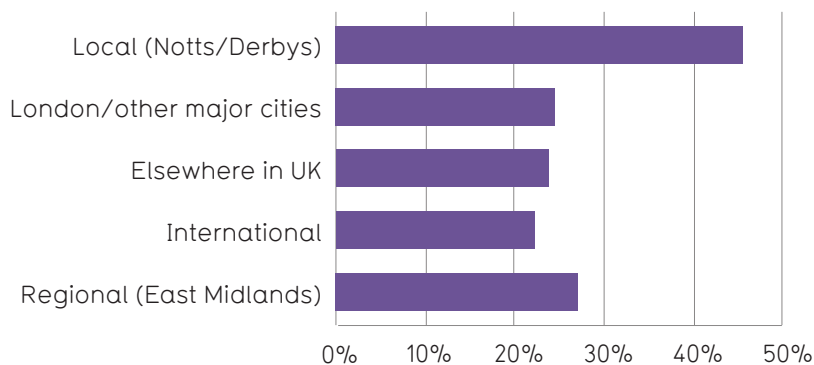
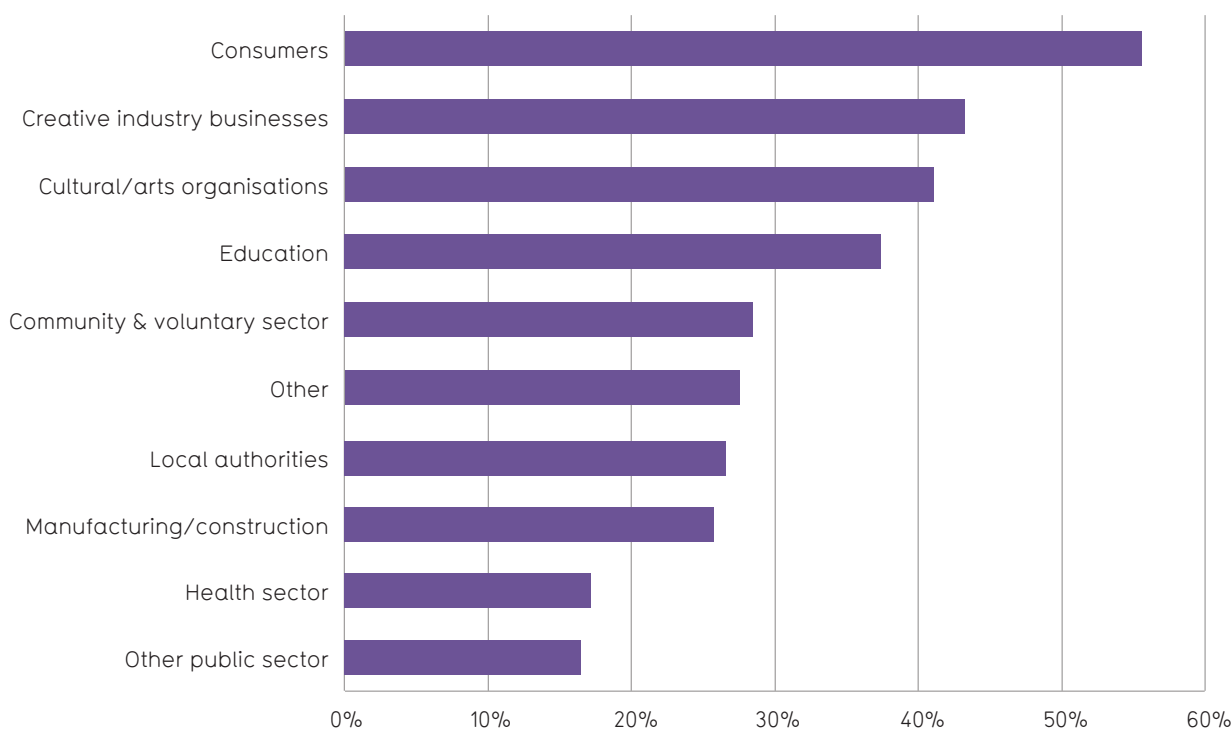


Figure 6.5 shows that the nature of the customers supplied varies considerably within the Creative and Digital Industries. More than 50% supply direct to the public, while more than 40% sell within the Creative and Digital Industries and a similar proportion sell to arts and cultural organisations. The remainder supply to public and voluntary sector organisations, such as education, health sector and local authorities. Around 25% of respondents supply into the manufacturing or construction sectors. The ‘other’ category illustrates respondents supplying to SMEs and large corporate clients in a range of sectors and in equal proportions.

Figure 6.5 Principal markets for CDIs products and services



Policy: Work with UKTI to grow international markets for firms with relevant capability/ products. Work strategically with destination management organisations and Visitor Economy sector to create and grow UK and international markets for non-export craft and music performing and visual arts businesses.

Policy: Support public procurement strategies to create opportunities for CDIs SMEs and associated capacity building to enable SMEs to achieve relevant standards in procurement, tender successfully and deliver to the specification required by public and private sector organisations.

Policy: Partner with professional and membership organisations to create opportunities for CDIs businesses to work with construction/ manufacturing and other sectors across the region. Promote cross-sector innovation opportunities from which CDIs businesses can derive benefit.

Policy: Enhance CDIs profile in all markets by working with business support, professional, member and Destination Management Organisations to provide platforms, visibility and showcase opportunities. This needs to take into account diverse and changing needs of B2C and B2B markets.

Policy: Support initiatives and programmes that enable CDIs businesses to enhance their skills, capabilities and capacity in marketing, PR and promotion, including the use of digital and conventional methods.

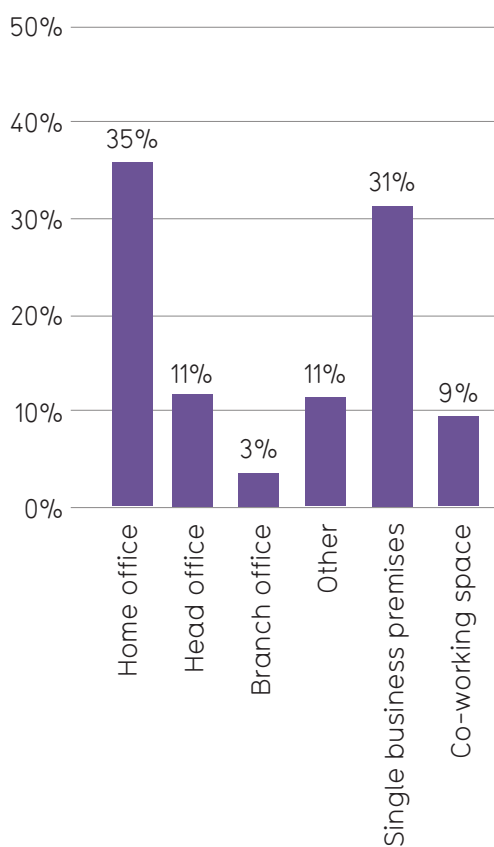
6.3 Creative and Digital Industries – What does D2N2 offer?



Image: Ben Harriott, Photographer, with his exhibition at New Art Exchange by Bartosz Kali

Infrastructure and workspace

Figure 6.6 Workspaces used by CDI businesses



The growth of digitisation, combined with cost savings, the number of very small businesses and workspace capacity in some areas, has resulted in over one-third of firms working from a home office (see figure 6.6). Almost as many (31%) work from single offices or workspaces. A relatively small number of firms indicate that they operate both within and outside of D2N2: only 3% have branch offices in the area, while 11% run their networked operations from a D2N2 head office. Some 9% operate from shared workspaces, including incubation centres, enterprise centres and shared studios and workshops.

The distribution of businesses using home offices, dedicated business premises and co-working spaces varies across the Creative and Digital Industry sectors, with design, publishing and museums and galleries most likely to use single business premises, while MPVA, TV and film, and architects are most likely to use their homes as business premises. MPVA is the sector most likely to access co-working space as shown in Table 6.2.

Table 6.2 Type of business premises used by Creative and Digital Industries Sector (% respondents)

	Home office	Head office	Branch office	Single premises	Co-working space	Other
MPVA	38	4	0	19	17	21
Design	16	12	0	60	8	4
TV film	43	10	5	29	5	10
Craft	52	4	4	22	7	11
Publishing	33	0	0	50	0	17
Museums & galleries	17	8	0	58	0	17
Architecture	40	30	20	10	0	0
All	35	11	3	31	9	11

A survey by Derby City Council²⁷ found that provision of suitable sector specific workspace lagged behind latent demand; that Creative and Digital Industries had specific needs for appropriate workspace, beyond the provision of basic office space or Business Centres; and that businesses that compromised by entering generic workspaces missed out on the accompanying specialist business support services available in resources targeted towards Creative and Digital Industry subsectors. These points are consistent with findings from a Nottingham City report²⁸ that elaborates on some of the workspace needs identified by CDI businesses. Most important was exhibition/ display space, with specialist IT equipment and software and retail/ selling space also high on the list. Other preferences included shared studio space and areas where creative work could be observed, while a very small proportion of respondents (<10%) sought access to specific product preparation areas such as rehearsal space, wet-rooms and shared kilns. The report also noted that high levels of working from home could constrain growth in Creative and Digital Industries, and future success would compound pressure for suitable external workspace.

Connectivity

Improving digital connectivity is seen as crucial to the future economic success of the D2N2 area, and broadband connectivity has been highlighted as a key priority in both Derbyshire and Nottinghamshire resulting in two major Superfast Broadband programmes supported by BDUK²⁹. The Superfast Nottinghamshire Programme will deliver high-speed broadband (24 mbs/second*) across 90 per cent of the county by 2015. Funding from local and national government and ERDF has realised an investment of £10.5m.

Digital Derbyshire aims to deliver superfast broadband (up to 30mbs) to 90% of premises, through an investment of £15m public funding. Both projects deliver slower speed links to remaining outlying areas. Alongside the infrastructure investment, a £25m ERDF grant will

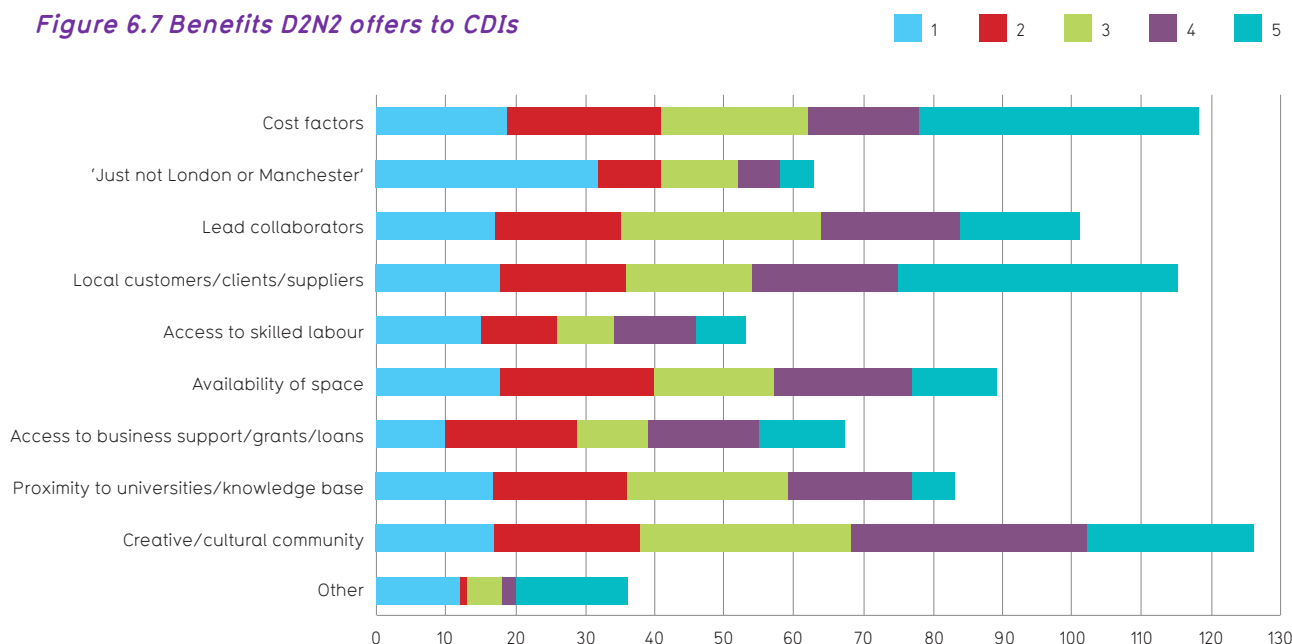
²⁷ Thomas Lister, 2013, Assessment of the market relating to the provision of managed workspace/innovation schemes within Derby; report for Derby City Council.

²⁸ Focus Consultants, 2010, Creative Industries Needs Analysis

²⁹ Ekosgen, 2014, *ibid*

deliver focused solutions to business in Derbyshire, whilst the “Broadband Champions” campaign continues to stimulate demand for internet services amongst businesses and local communities.

Figure 6.7 Benefits D2N2 offers to CDIs



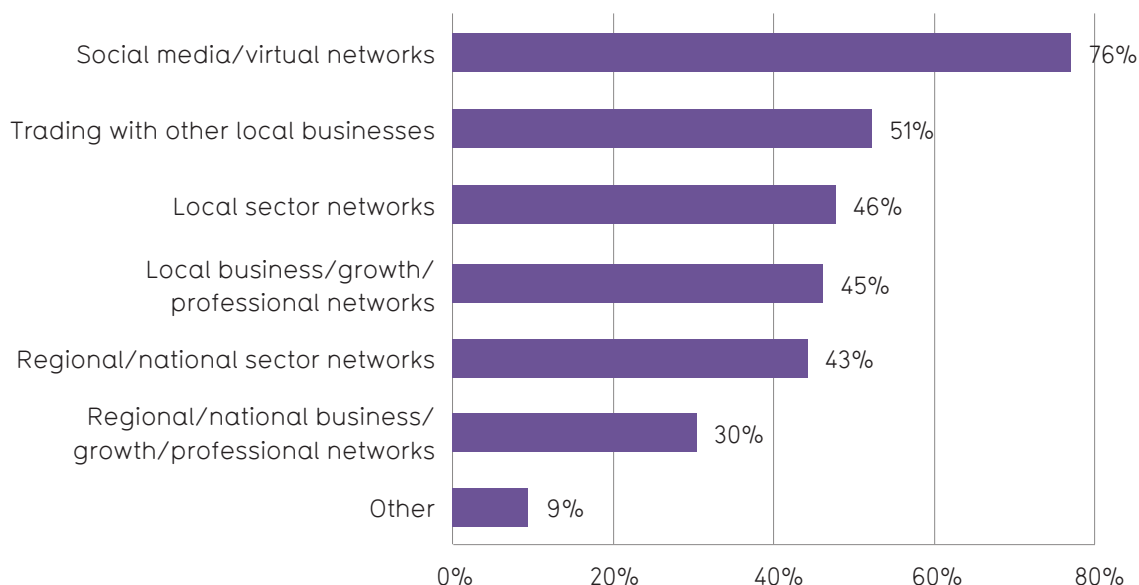
Asked to rank the top 5 criteria in answer to the question: “why run a creative industry business from within the D2N2 region”, the most popular overall response was the strength of the creative and cultural community (See figure 6.7). However, the greatest priority shown by the responses (ranked as 5, most important) was awarded to cost factors and proximity to local customers and suppliers. This latter, combined with local collaborators, emphasises the importance of local trading networks. Other important factors were identified as availability of space and proximity to universities and the knowledge base.

Policy: ensure that the anticipated capacity needs for high quality and flexible tenancy workspace specifically appropriate for Creative and Digital Industries can be addressed; including flexible creative spaces combined with offices, networking spaces and associated business support activities.

Policy: Facilitate links to the enhanced broadband provision being funded by D2N2, covering all areas of D2N2, not just urban hotspots.

Policy: promote craft, cultural and MPVA sectors as ‘place-making’ to support creative community of D2N2. Facilitate cross-sector networking and opportunities for subsector integration to take place.

CDIs network participation in D2N2

Figure 6.8 Networks used by CDIs businesses

A high proportion of respondents are involved in some networking activity (see figure 6.8), not surprising since they were invited to participate primarily through stakeholder networks. More surprising is the growth in social media and online networks, in which 76% of respondents claimed to participate. While 45% of respondents network with their own sector groups locally and a similar number with more generic local business and growth networks. As many as 43% do, however, participate in national specialist sector networks while a smaller number (30%) participate in business and professional networks nationally to support their growth. The benefits of networking are evident, as seen in figure 6.9. Over 70% of respondents use their networks as a way to gain information, while others gain skills and knowledge (64%) or generate ideas (58%). On the other hand, 68% expect to find new collaborators and 58% hope to win new business through their networks. Access to finance and recruitment are not generally dealt with through networks, but, reflecting the nature of running a micro-enterprise, 52% join business networks to socialise.

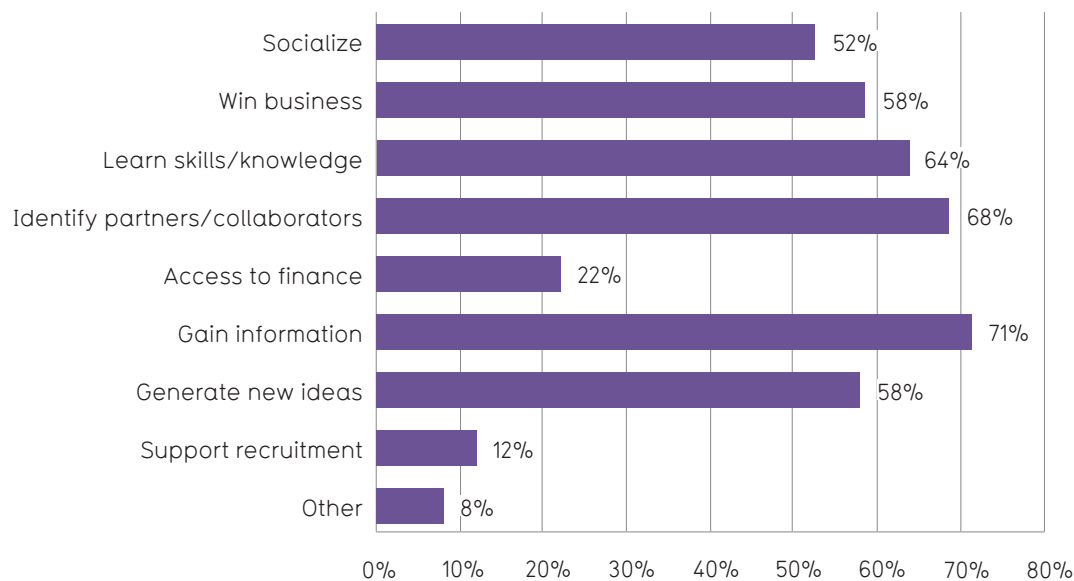
Policy: Enhance support for organisations and initiatives that offer innovative networking activity which encompass:

- Online and virtual networking activity;
- Sector specific and cross-sector networking;
- Local interaction with professional bodies and links to specialist and professional networks at national and international level/ events.

Policy actions need to ensure that networks enable CDIs businesses of all sizes and sectors to benefit from:

- knowledge and experience sharing,
- sharing of skills and expertise
- awareness raising, ideas generation and the development of 'new to sector' or 'new to business' approaches to innovation.

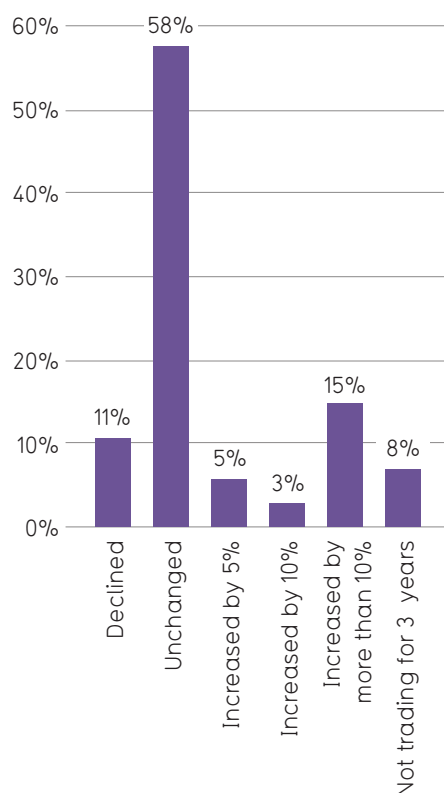
Figure 6.9 Benefits of CDIs networking in D2N2



6.4 Growth of CDIs in D2N2 - employment and turnover growth

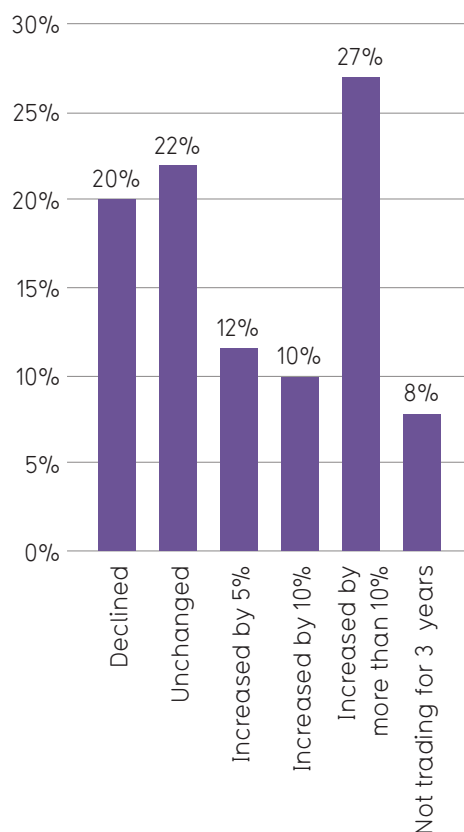
Responses to the survey, from all sectors, are consistent in that businesses are not reporting strong employment growth (see figure 6.10). Asked how their employment has changed in the previous 3 years, 58% report no change. At the extremes, 11% report falling employment over 3 years, while 15% report employment growth of 10% or more, with 23% reporting growth to some degree.

Figure 6.10 Changes in employment over 3 years



There is a contrasting picture from respondents asked how their turnover has changed (see figure 6.11). In this case, only 22% report no change, while 47% report turnover growth over 3 years, with 27% reporting growth of more than 10%. Some 20% of respondents report turnover decline in the period. These figures could be signs of a number of factors: turnover growth may not be mirrored in profit growth which would enable investment in additional jobs; in the years following recession, businesses may have been operating below capacity and able to absorb additional workload; price increases rather than business volume could account for turnover change; or businesses lack the confidence or ability to recruit, and may be 'making do' by taking on additional work, or contracting with local collaborators to provide flexible capacity. Whatever combination of factors is limiting employment growth, the opposite is also true, in that those firms reporting falling turnover also appear less likely to have adjusted their employment levels accordingly.

Figure 6.11 Changes in turnover over 3 years



Policy: Support businesses to grow economically and sustainably through initiatives that support leadership development, risk and project management, strong financial management skills and effective marketing and recruitment to reduce failure rates and enhance employment potential.

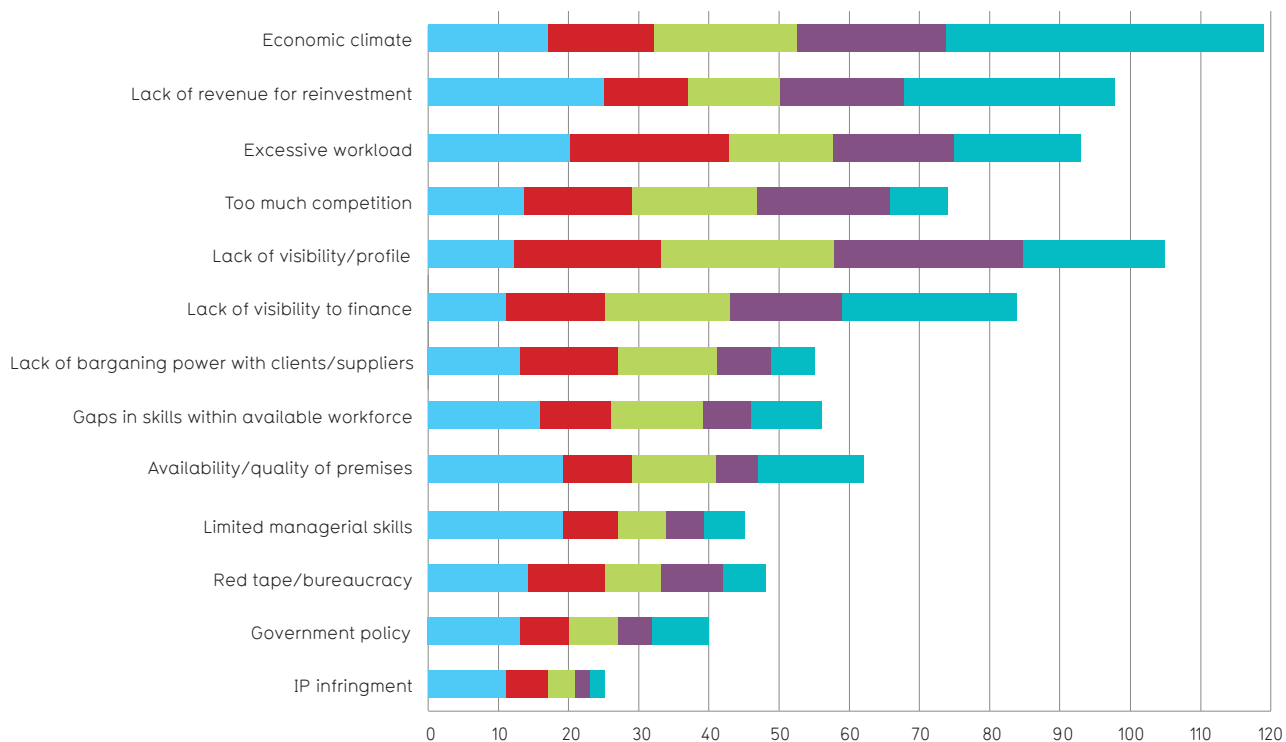
Facilitate activity to enable CDIs managers to think strategically about job creation and business planning. Working with FE, HE and recruitment services to facilitate activities that enhance employer readiness and recruitment effectiveness – especially where IT skills are required.

Prioritise support programmes for high growth businesses, including the IT, software and digital sectors, which demonstrate potential for significant job creation.

6.5 Barriers to Growth of CDIs in D2N2

There is little doubt that respondents from the D2N2 Creative and Digital Industries are still feeling the impact of tough economic conditions. Figure 6.12 shows that this was both the most prevalent and highest priority, barrier to growth and identified by two thirds of respondents. Those growth limiting factors more specific to the Creative and Digital Industries include lack of visibility or profile, the second most prevalent response, followed by lack of revenue for investment and limited access to finance – both high priority. Excessive workload, ranked 4th most common answer, was consistent with the disparity between turnover and employment growth, and with strong competition, ranked 6th in priority. Gaps in skills and access to quality premises are less important, but still identified by around one third of respondents as limiting to their business growth, while lack of management skills was identified by more than a quarter of respondents.

Figure 6.12 Barriers to CDIs growth in D2N2

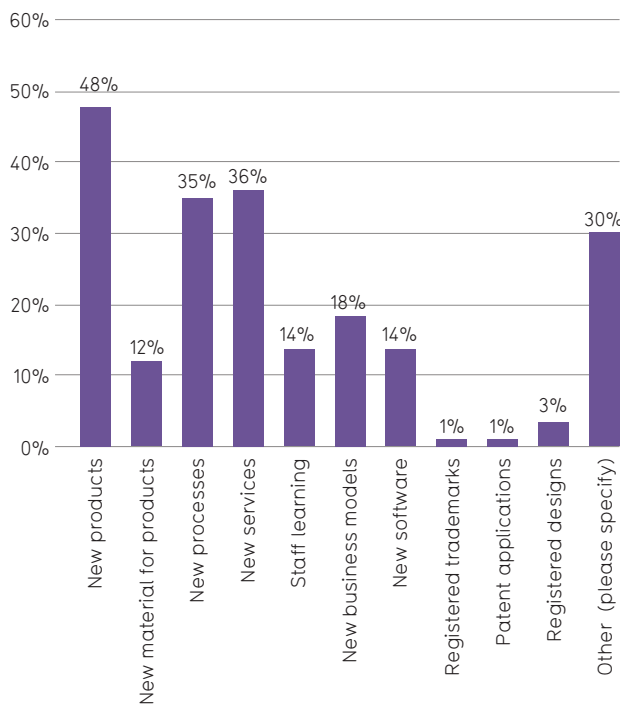


Policy: Support a range of access to finance programmes, of different scales, that represent the specific needs and context of the various CDI sectors and leverage significant external investment.

Innovation activity in D2N2

When asked to identify what was innovative about their products and services, nearly half of all respondents identified their new products as their source of innovation. New processes and new services were also popular responses selected by 35 and 36% respectively (see figure 6.13). Consistent with reference to dependence on tired business models (CBI) only 18% identified innovation of their business models, and very few firms (5%) saw formally protected intellectual property (IP) as a source of innovation. This is borne out by revenue streams which are heavily dependent on project contracts and direct product sales.

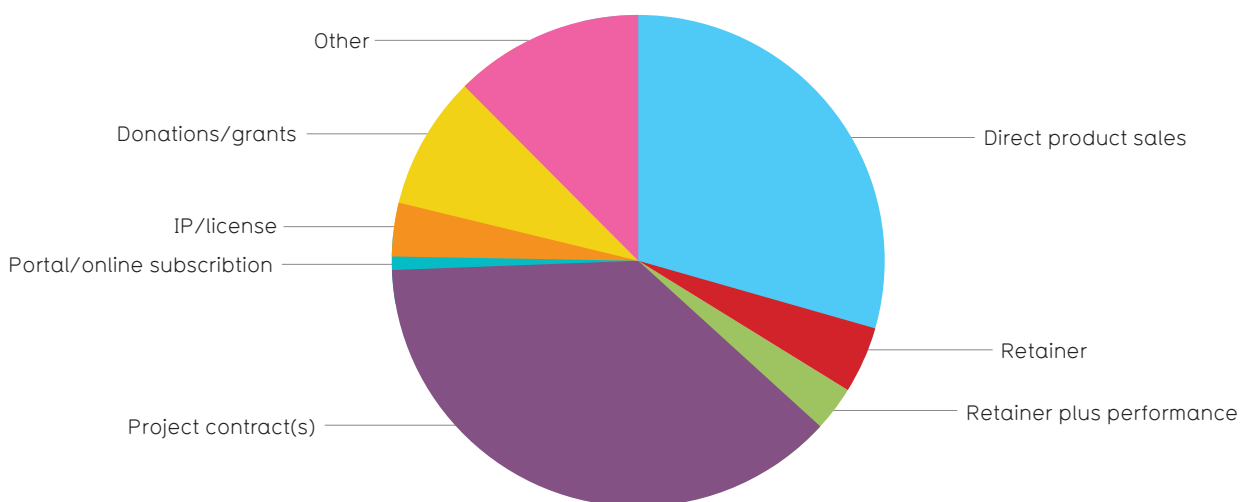
Figure 6.13 How do CDI businesses innovate?



Policy: Support for activities that inspire and enable new product development and product/service innovation in and between CDIs and other sectors.

Policy: Support for activities that promote adoption of innovative business models and new ways to generate revenue in B2B and B2C markets – including exploiting IP value, protection and commercialisation and online platforms.

Figure 6.14 Principal CDIs revenue streams



6.6 Creativity and Technical skills

Skills and Continuous professional development

Table 6.3 Main sources of skills gaps identified by respondents

ITS = IT Skills/Support	40	33%
MAR = Marketing	28	23%
BIZ = Business Planning/Management	24	20%
HUM = Human Resources	22	18%
TEC = Technical Knowledge	15	12%
SOC = Social Media	9	7%
DES = Design	8	7%
FIN = Finance	6	5%
LEG = LEGAL	4	3%
None	17	14%
Total	123	

Both creative and technical skills are important to most respondents. However, the feedback suggests that it is technical skills, particularly in IT, which are hardest to find (See table 6.3), while creative skills are either inherent within businesses or can be recruited or contracted to a plethora of small suppliers. The Sector Skills Council, “e-skills UK³⁰” suggests that the most common technical skills requirements are SQL, C, C#, .NET and Java. However, skills needs in the sector are changing quickly as technologies and software change, and an ongoing local dialogue is required to ensure provision for core and emerging needs.

Fusion

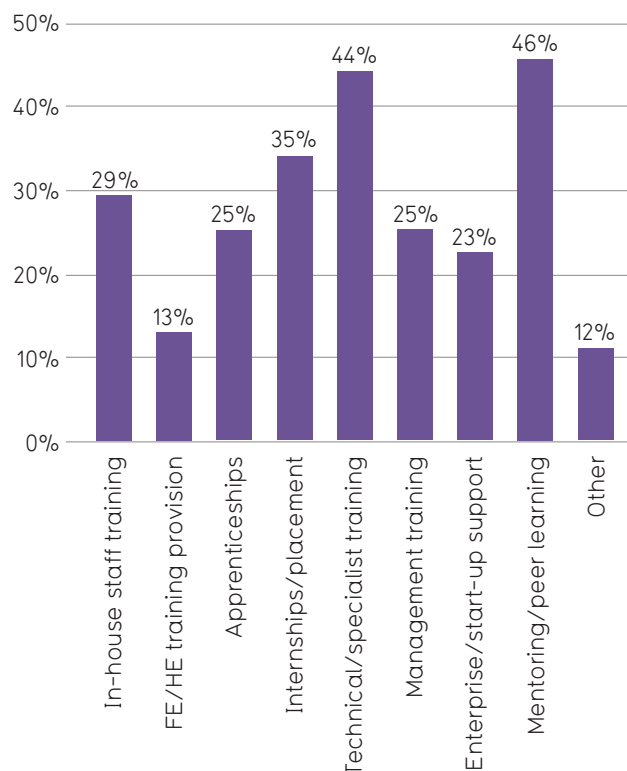
Consistent with the Brighton Fuse report, there are signs that the fusion of creative and technical skills is important to respondents, but compromised by the difficulty of finding technical skills and expanding small teams. This is, therefore, one area in which micro firms can benefit from networking between sector groups, forming short or long term working relationships and virtual, project specific, alliances.

Management skills

In line with the excessive workload and difficulties reported in marketing and organising their businesses, compounded by difficulty recruiting in some sectors, management skills are evidently lacking. The needs identified include managing growth specifically, together with enhancing marketing and promotion, financial management and accessing finance. However, the perpetual lack of time means that management skills development is often not given the priority it deserves.

³⁰ E-skills UK (2012) Technology Insights: UK, <http://www.e-skills.com>

Figure 6.15 Support to bridge the skills gap



Bridging the skills gap

Reflective of this reluctance to invest in formal training, mentoring and peer-to-peer learning is identified as the single most important way to overcome the skills gap (46% respondents), closely followed by technical training specific to industry subsector (See figure 6.15). More than one third of respondents see internships and placements as a way to top-up skills. This could reflect the project nature of many business models, or a way to overcome lack of business confidence by ‘trying out’ prospective employees before hiring more permanently.

Policy: Explore new ways to deliver accessible peer learning, pro-actively linking into sector and technology specific platforms, online networks, specialist sources and international expertise.

Policy: Ensure key growth sectors work with FE/HE to enhance employability of graduates and employer readiness among SMEs.

Support local dialogue to identify current and emerging skills needs and update strategies for integrating these into training and educational programmes.

Work to support the FE/HE sectors to maintain internship and placement programmes, including alternative models such as *learning companies*, that provide access to short-term project-based skills and skills and knowledge transfer.

7 D2N2's main Creative and Digital Industry sectors



Image: Broadway's Know How Programme by Ashley Bird

7.1 Activity sector and business size

There are clear differences between CDI sectors when explored by size of business. Of the craft and MPVA businesses, 92% employ fewer than 5 people, with half of those providing less than 1 full time job. This contrasts to 46% of IT sector businesses which employ less than 5 workers. Half of the publishing firms, 30% architecture, 20% of design employ between 5 and 19 people, most of the remaining businesses are smaller. Few sectors have businesses employing more than 20 people. Film, TV and digital, architecture and IT, software and apps are the main sources of these larger SMEs.

The pattern is echoed when the sector is profiled by turnover. However, most sectors, except marketing, do contain businesses with turnover in excess of £1 million, while architecture, film, TV and digital and IT, software and apps are also represented by businesses with turnover in excess of £5 million.

The dominance of small firm respondents is symptomatic of the reality that the Creative and Digital Industries lack a central and influential large firm. Because of the very small size of most firms, some sectors are under-represented by official data. The survey suggests that as many as 12% of firms overall are not registered for PAYE and therefore are unlikely to appear in BRES data. However, this rises to 15% in crafts, 17% in publishing, 18% in film, TV and digital and 20% in music, performing and visual arts. These sectors are associated with high levels of freelance activity, in which jobs are often self-employed.

Table 7.1 Employment band by sector

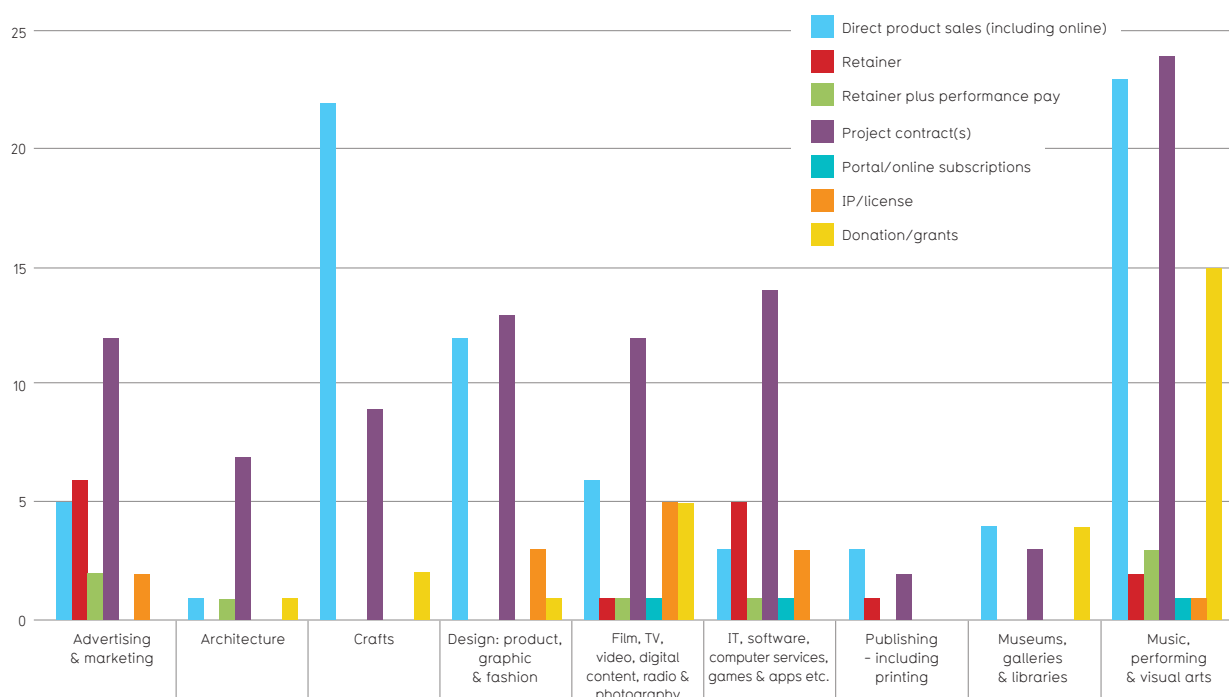
Employment	Advertising and marketing	Architecture	Crafts	Design: product, graphic and fashion design	Film, TV, video, digital content, radio and photography - FTD	IT, software, computer services, games and apps etc	Publishing - including printing	Museums, galleries and libraries	Music, performing and visual arts - MPV	Other	Total
Less than 1 FTE	13%	40%	44%	20%	38%	5%	33%	25%	49%	0%	60
1 - 4	69%	10%	48%	56%	43%	41%	17%	33%	43%	0%	82
5 - 9	19%	20%	0%	12%	5%	23%	33%	8%	2%	50%	19
10 - 19	0%	10%	0%	8%	0%	14%	17%	0%	2%	0%	8
20 - 49	0%	0%	4%	4%	5%	14%	0%	25%	0%	0%	9
50 - 99	0%	10%	0%	0%	5%	5%	0%	8%	0%	0%	4
100 - 249	0%	0%	4%	0%	5%	0%	0%	0%	4%	50%	5
250+	0%	10%	0%	0%	0%	0%	0%	0%	0%	0%	1
Total	16	10	27	25	21	22	6	12	47	2	188

Table 7.2 Turnover band, by activity sector

Turnover	Advertising and marketing	Architecture	Crafts	Design: product, graphic and fashion design	Film, TV, video, digital content, radio and photography	IT, software, computer services, games and apps etc	Publishing - including printing	Museums, galleries and libraries	Music, performing and visual arts	Other	Total
0 - 49,999	50%	44%	85%	50%	57%	23%	50%	36%	76%	0%	105
50,000 - 99,999	19%	0%	0%	8%	14%	9%	0%	18%	7%	0%	15
100,000 - 249,999	31%	11%	11%	13%	5%	32%	33%	0%	7%	0%	25
250,000 - 499,999	0%	11%	0%	17%	5%	9%	0%	18%	4%	100%	13
500,000 - 999,000	0%	0%	0%	8%	0%	9%	0%	9%	0%	0%	5
1,000,000 - 4,999,999	0%	22%	4%	4%	10%	14%	17%	18%	4%	0%	14
5,000,000+	0%	11%	0%	0%	10%	5%	0%	0%	2%	0%	5
Total	16	9	27	24	21	22	6	11	45	1	182

Examining different revenue streams by sector also highlights differences in the business models associated with the various products and services (See figure 7.1). The most striking contrast is dependence of the craft sector on product sales, but there are 25% of craft businesses who depend on project contracts for revenue. At the other extreme, Film, TV and digital, advertising and architecture are particularly dependent on project contracts, which present different challenges, with evidence of service retainers being paid in the latter two. TV, film and digital, IT software and apps, and design generate some IP related income, but the former, along with music, performing and visual arts also have some dependence on donations and grants.

Figure 7.1 Revenue streams, by activity sector



However, the most evident contrasts between sectors are in the signs of turnover and employment growth. Asked about growth over a 3 year period, the dominant response in all sectors is one of stability rather than growth. However, in advertising and marketing and IT, software and apps there are signs of businesses growing in employment, and for some by more than 10% (See figure 7.2). Few firms report declining employment, with the greatest impact felt in the museums and galleries sector.

Analysing turnover change creates a very different picture, with decline dominating in the Craft and film, TV and digital sectors, while stability dominates in design and music, performing and visual arts. This is not to say that there are no growing firms in each of these sectors – indeed, design and music, performing and visual arts have healthy signs of firms growing at more than 10%. However, IT, software and apps and the marketing and advertising sectors are dominated by growth, with the majority of firms having experienced turnover growth of 10% or more. In conclusion, those sectors where turnover has decreased have not yet reflected this in staff cuts, but those sectors where there is marked turnover increase have not reflected this fully in increased employment, even where there are signs of employment growth as in the IT sector (figure 7.3).

Figure 7.2 Employment change by activity sector (3 years)

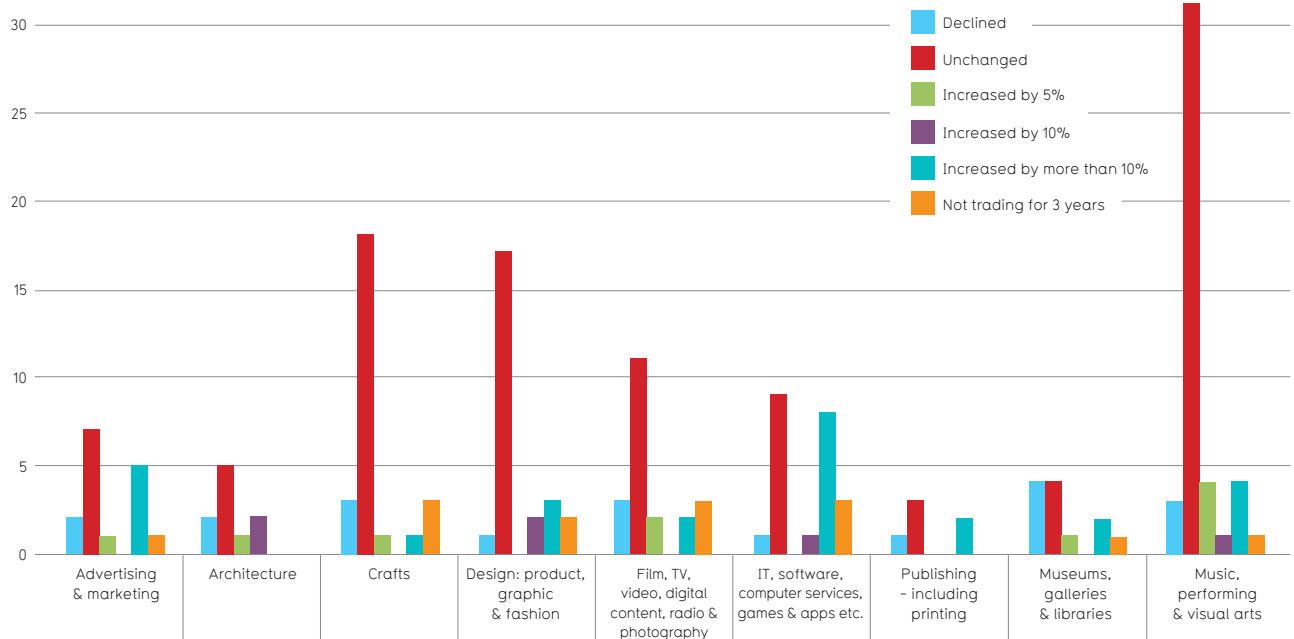
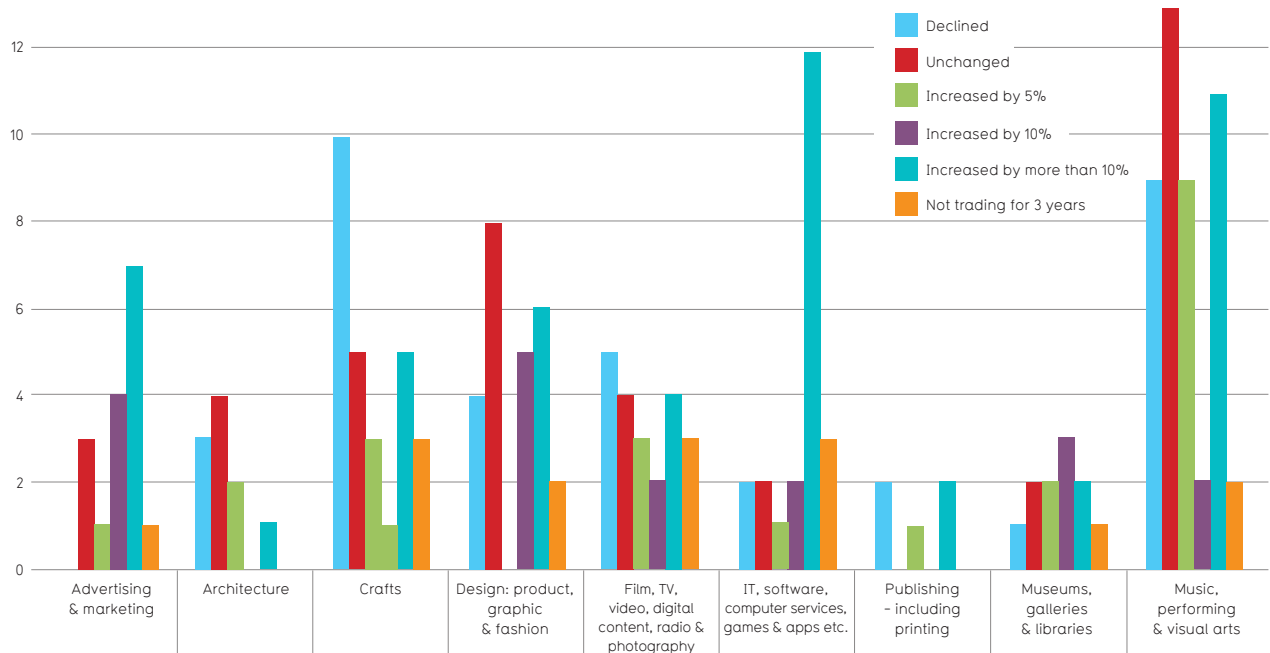


Figure 7.3 Turnover change by activity sector (3 years)

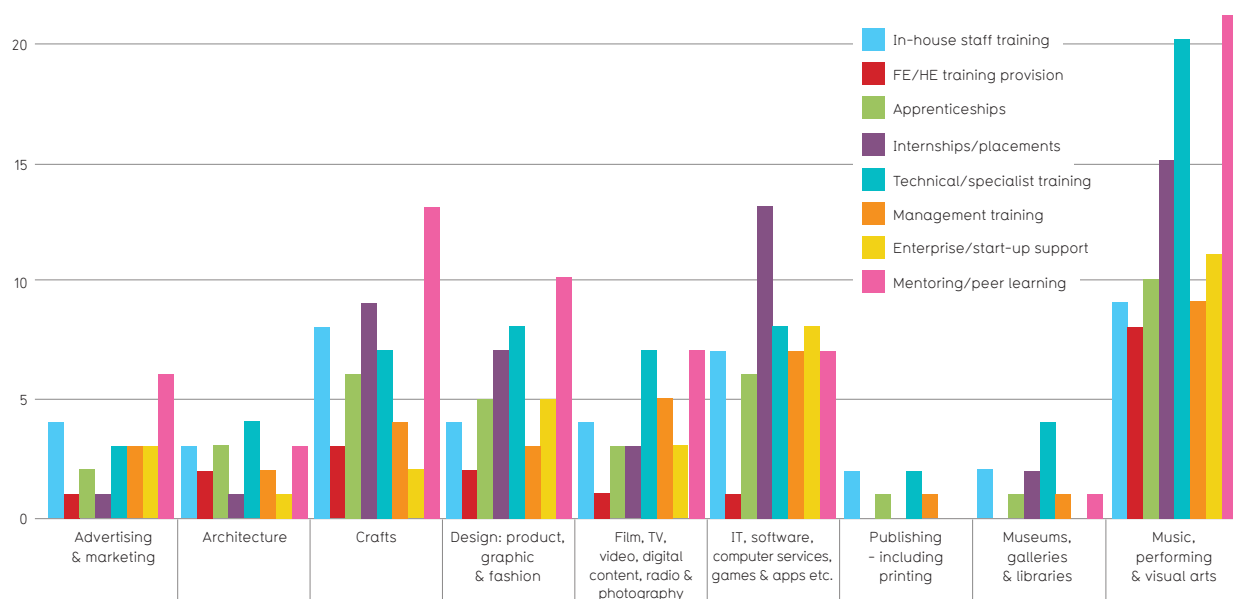


7.3 Bridging the skills gap by sector

The findings above are inconsistent across the respondent groups. Mentoring and peer learning are most important solutions for the craft, design and MPVA sectors. In contrast internships and placements are most important to IT respondents. Specialist technical training is important to MPVA respondents and among a number of popular solutions for design, IT, crafts and FTD sectors. Enterprise or start-up support is most significant to MPVA, IT and

design firms, while management training is of moderate importance across the board (See figure 7.4).

Figure 7.4 What measures would help to overcome the skills gap in your sector?



‘Employability’ support for IT recruitment

Through working with the ERDF supported projects “Working with you” and “Future Factory” to facilitate graduate placements, Nottingham Trent University’s Employability team found that many SMEs were struggling to recruit – especially in IT related roles such as software development. Hiring managers spoke of a lack of interest from graduates, poor interview technique, inability to show off their skillset and of talented IT graduates going to London where salaries are higher.

As part of the support provided to them, businesses were invited to NTU’s Computer and Technology Degree show, which allows final year students to showcase their project work for assessment. It enabled employers, both large and small, to meet students and staff, view student work and discuss opportunities.

As a result, several SMEs have hired recent graduates, some with support from the Working with you... project, which provides a subsidy for SMEs employing graduates on work-based placements. Others are designing student projects that enable them get to know potential candidates early and help them develop commercial skills. Those businesses with the most challenging skills gaps are liaising with academic teams to explore ways to meet these needs in the future.

Intensive work with this group of companies is leading to a much more positive recruitment experience, is helping to ensure that graduates have the skills needed by industry and that employers in D2N2 offer an attractive alternative to London for talented graduates.

8 Exploring the Creative Industry sectors



Image: Next Business Generation accelerator, Nottingham

8.1 Advertising and Marketing

Although growing, advertising and marketing accounts for only 7% of jobs in D2N2, 7% of jobs in the East Midlands but 13% of GB based Creative industry jobs.

D2N2 businesses in this sector provide a range of services including PR, strategic marketing advice, support with websites and social media, graphic design, print and organising events. Some specialise in support for specialist sectors, such as transport or oil, others spread their services across a range of clients to avoid competition, while others work for specific clients or a range of SMEs. Advertising and marketing businesses are particularly successful at creating links between Creative and Digital Industries and other sectors, with markets that include manufacturing, education and charities. However, the majority serve mainly local markets, with on average 55% of all products and services sold in the D2N2 region. Other than cost factors, it is the presence of local clients that benefit advertising companies within D2N2.

Service innovation, new processes and business models are the main sources of innovation in the sector, evidenced by the growth in digital services. The majority of revenue is generated from project contracts, with some longer term retainers, commission and license sales. Unlike other sectors, entrepreneurs in advertising and marketing are keen networkers, and from this gain both business contacts as well as sources of information and new collaborators.

Katapult

Katapult is a top 100 creative marketing agency based in Derby working with clients across the world. Katapult use method & magic to build brands that make a difference commercially, culturally & socially. With strategic, creative and technical expertise across Branding, Inbound Marketing, Design, Digital, Video Production & Motion Graphics, the agency deliver results, visibility, engagement and innovation for their clients.

Katapult is a Hubspot Gold Partner, in the Drum Top 100 and the Recommended Agency Register (RAR) Top 100 based on client ratings for performance across a range of measures such as revenue, client service, creativity and profitability. Clients are predominantly in the Hi-Tech Engineering and Manufacturing, Leisure & Entertainment, Not for Profit and Education sectors.

Katapult has previously supported the Creative Industries Network in Derbyshire and as a result the agency is seen to represent the wider creative industries needs in Derbyshire.

www.katapult.co.uk



Image: Katapult

Our respondents show that there are both established and new firms within the sector, with one third creating additional jobs, even though three quarters are increasing their turnover, the majority by more than 10%. However, most of the respondents employ between 1 and 4 people, with turnover below £50,000 per year, so growth is from a relatively low base for some companies. Barriers to growth include fierce local competition, combined with high workloads and, surprisingly, lack of profile. As advertising and marketing businesses are spread across the region, broadband speed is an issue in some areas – especially for exchanging high quality design files and digital content. However, the highest priority support demanded by businesses in this sector include management skills development, networking and help with IT and communications.

Policy: Engage marketing and advertising businesses in activities to enhance the profile for D2N2's Creative and other industries, such as through competitions and place marketing. Enhance links to industries outside Creative and Digital Industries, as above.

Policy: Facilitate links to the enhanced broadband provision being funded by D2N2, covering all areas of D2N2, not just urban hotspots.

Policy: update skills related to use of latest and emerging digital and IT systems and management skills development to enhance growth in micro-enterprises, as previously stated.

8.2 Crafts

Although more or less invisible in official statistics because of low rates of VAT/ PAYE registration, the craft sector in D2N2 appears to be thriving, with a range of products and services from lace and knitting to illustration and ironwork. Most firms are very small, almost all have fewer than 5 employees, and there is little sign of growth in employment. However, markets are also predominantly local, and lack of profile beyond the local area is one of the limiting factors to growth. Again, being located in D2N2 provides access to collaborators and clients locally, while businesses clearly benefit from the local creative community, as well as contributing to it through their involvement in permanent and pop-up retail, delivering open workshops and events, and active participation in networks. There is also a sense of being close to home and family and as such D2N2 is a location of convenience.

Because the sector is characterised by so many micro businesses, skill shortages revolve around the breadth of activities that each business needs – from creativity and product development to sales, finance, web-design and cleaning up – so businesses lack breadth of skills and are dependent on collaboration or support through internships and placements to help them progress. The main areas of potential support are access to appropriate finance, since financial credibility is often lacking, along with marketing and networking.

Across the sector, businesses benefit from a range of initiatives such as sector based CPD, along with arts based business support such as Real Creative Futures and place marketing such as Destination Chesterfield, but there is also a surprising level of evidence of engagement in generic support through schemes such as the eBusiness Club, Let's Do Business at the University of Derby, and other start-up support.

Detta Textiles

Detta Textiles was recently launched by University of Derby Graduate Berni Raeside. Berni specialises in designs for knit and print combining both to create functional, aesthetically pleasing, tactile products for interiors. Talking about the launch of her business and the support she has received, Berni says :

"It was in the final year of my degree at the University of Derby that the ideas for the business really started to take shape. Being a member of the business incubation community, with a studio space at Banks Mill, helped me to get my ideas off the ground early. It meant that when I graduated I was able to hit the ground running. I was also given access to a business mentor through the Let's Do Business project. This has been invaluable as I've been able to take a step back and look at the business with a fresh set of eyes, it's really helped me keep focussed on where I want the business to be in a year's time."

www.facebook.com/dettatextiles

Policy: maintain support for entrepreneurship coaching for microbusiness, knowledge sharing and networking activity that enhances creative and cultural ecosystem.

Ensure that micro-business have access to promotional platforms, marketing and advertising expertise or support, to benefit place marketing and tourism. Facilitate interconnectedness, enhance local representation on online platforms and links to Visitor Economy.

Policy: Put in place micro funds and alternative forms of funding to support small scale product innovation and collaborative marketing and promote initiatives through the D2N2 Growth Hub.

8.3 Design: fashion, product and graphic design

Design: fashion, product and graphic design accounts for 5% of D2N2 Creative and Digital Industries employment, 6% across the East Midlands, but only 4% in GB as a whole. D2N2's design strengths range from textile and jewellery design, furniture and product, to digital and graphic design and specialist design services.

Innovation is in new products and processes – eg digital design and visualisation, sustainable design, 3D; along with new services, such as the servitisation of design principles through workshops, training and consultancy. Sales are global, with an average of 33% sold locally and 28% internationally. The major market is direct to the consumer, through retailers and wholesalers, with manufacturing and construction following, along with other Creative and Digital Industries. Income streams are dominated by project contracts and product sales – in almost equal measure, with additional sales of IP.

The design sector utilise networks for new knowledge skills and information, which is particularly important since this is a mature sector with one quarter of businesses being more than 25 years old. However, a similar number have started within the last 3 years. Again the sector is dominated by micro-firms, with 60% reporting that they employ between 1-4 people, with the balance made of a few slightly larger firms. More than half report that their turnover has increased, for one quarter by more than 10% in 3 years. However, there are few signs that this is reflected in employment growth.

D2N2 is rich with local customers, suppliers and collaborators, together with a stimulating creative and cultural ecology. However, obstacles include lack of time or over demanding workload; poor visibility and lack of finance for investment. Most businesses work from dedicated business units and therefore quality space is a further limiting factor.

Design businesses are engaged with a wide range of activity, including sector specific support through Real Creative Futures and Design Factory; start up support from Hive and Evolve, design support from Future Factory and generic support from the eBusiness club, Growth Accelerator, Next Business Generation and UKTI. Further support with management and growth, marketing, workspaces and social media are prioritised, followed by a range of specialist support requests for access to technology, finance, design support and IP advice.

Hosta Consulting

Hosta Consulting is a design consultancy offering practical and realistic greening solutions to bring creative landscape design to urban spaces. Initially having been supported by the Hive and now located in Nottingham's Cobden Chambers, Hosta Consulting has gone from strength

to strength, winning a number of prestigious projects to improve the environment in and around Nottingham.

However, this success has been accelerated since Helen Taylor, founder and director, accessed a 'Connect' through the Creative Quarter in order to upgrade IT equipment and software. This has enabled Helen to achieve better results more efficiently, securing new projects in the process.

www.hostaconsulting.co.uk

Policy: enhance national and international visibility through marketing, linked to export and tourism, as outlined above.

Skills: Support initiatives that help CDIs businesses to enhance management skills for growth and commercialisation of IP; update technical skills and knowledge of emerging products and processes as outlined above. Links with National and specialist organisations such as the Design Council should be promoted.

8.4 Film, TV, radio, digital content and photography

This is a diverse sector with activity ranging from puppetry, photography, TV and film production for educational resources and emerging internet TV as well as traditional media outlets. The sector accounts for 6% of creative industry employment in D2N2 and across the East Midlands, but 12% nationally, being heavily concentrated in London and Manchester.

Revenue is mainly dependent on project contracts, but 24% of respondents also report sales of IP and receipt of donations and grants. Innovation in the sector is largely due to new products and services, such as archiving and internet TV production, so IP can be based on product content or concept as well as emerging processes. Networking is dominated by social media for information and new ideas, together with finding new collaborators. Broadway is in the process of launching a £100,000 scheme funded by BIS to support a number of small investments in feature length films and documentaries that have a relationship with the East Midlands.

www.broadway.org.uk/news/2014/06/broadway_to_launch_p100000_film_investment_fund

Film, TV and radio is another mature sector with 1 in 3 respondents having been established for 20 years or more, and only a handful of respondents having started in the last 3 years. Furthermore firms are very small: 38% employ less than 1 full time person, with 81% employing less than 5. Turnover is proportionately low, but with 44% reporting an increase over 3 years.

Notts TV

Notts TV was launched in May, 2014 as part of a big move in British media to create a brand new network of local television stations across the UK.

Broadcasting on Freeview Channel 8, Notts TV delivers daily News, Sport and Weather, as well as a range of quality programmes from music and comedy, to history and documentary into thousands of homes across the County. Content reflects the interests of Nottingham people and the communities within, and provides a platform to communicate local events and news stories and promote local business.

Notts TV is delivered by a consortium including the Nottingham Post Group, Confetti Media, Nottingham Trent University and Inclusive Digital. This secures the engagement of professionals from across the media industry, as well as providing placement and internship opportunities for Broadcasting and Journalism students from NTU and film and TV students from Confetti.

www.nottstv.com



Image: Notts TV

D2N2 provides a low cost environment for local customers, collaborators and access to an active creative and cultural ecology. The central location is also of notable benefit for some respondents. However, as with other sectors, limitations include lack of visibility and intense competition, with access to finance also highlighted as an issue. Poor broadband speed is also limiting in some areas.

There is very limited evidence of engagement with the support environment, with most activity being sector specific, such as Real Creative Futures, or access to technical support for specific systems. Businesses are almost as likely to give support as take it, by sharing their experience with others. Future engagement is most likely to focus on access to finance and marketing

Policy: Enhance links with marketing and advertising sector and connections with destination management/ marketing programmes; Foster collaborations that exploit local, national and international opportunities to promote sector strengths, as identified above.

Policy: Provide or facilitate Access to Finance schemes empathetic to the specific nature of the sector and its funding requirements/ risks, consistent with previous indications.

Skills: Support programme that deliver management development and entrepreneurial skills for freelancers; update and enhance technical and creative skills of the existing sector workforce; and provide access to apprenticeships and work-based training that support growth.

8.5 IT, software, computer services, games and apps



Image: Playtonic Games Ltd.

Playtonic Games

Games develop video games for various platforms. Popular games can be adapted to new platform applications and this business model enables Playtonic to exploit its IP to the fullest.

Started in 2014, Playtonic already employ a team of 7, with over 80% of sales to markets outside the UK. This said, engaging with potential clients is a challenge, due to the virtual nature of many networks, which affect all materials and needs high speed broadband.

Playtonic previously benefitted from the Evolve programme and now need to access finance to achieve their future growth potential. As a growing firm, skills needs are creative as well as technical and the expanding team now incorporates story tellers and contributors to audio, music and animation.

www.playtonicgames.com

The IT, software, computer services, games and apps sector is over-represented in D2N2, accounting for 60% of jobs in Creative and Digital Industries in D2N2, 55% in the East Midlands, but only 39% in GB.

This sector is significant and growing in the D2N2 area. On average firms are larger, and some operate a head office or branch office in the region. The sector has a number of strengths, particularly in Intellectual Property, service and customisation of products to client needs. Innovation is therefore in product, process and service design, as well as some innovative business models.

Growth and confidence of the sector is represented by a high level of international marketing activity - overseas markets represent on average 38% of their sales for our respondents, with an average of 25% each to local and national markets depending on the context. Typical markets include other Creative Industry businesses, consumers and manufacturing and construction, including high tech industries and other priority sectors. Revenue is based on project fees and retainers, but there is also a significant proportion of consumer sales for example, direct sales of apps and games.

For this sector, networking is largely through virtual and social media, such as user forums for specific software, while less than half of the respondents participate in face-to-face networks, which are driven by trading relationships. Benefits of networking include new collaborators, gaining information and winning business.

This is an emerging and growing sector. More than half of the respondents have started their business since 2010, and more than half range in size from 5 to 99 employees, with a significant proportion increasing by 10% or more in 3 years. More than half claim that their turnover has also grown by 10% or more.

Locating in D2N2 provides cost advantages, access to universities and colleges, as well as exposure to the creative and cultural community. These potentially go some way to addressing the limitations faced, such as excessive workload, visibility, a persistent skills gap, and limited access to finance. The sector lacks engagement with the wide range of support available to other branches of the Creative and Digital Industries, but there is evidence of participation in generic programmes, such as Growth Accelerator, Evolve, UKTI and specific online communities of expertise. Going forwards, access to finance is the top priority for almost all respondents, with support needed to develop management skills for growth, marketing and training for existing staff.

Policy priority: Support initiatives that prioritise the development of technical skills and ongoing staff development in the IT, Games and Apps sector.

Policy: Facilitate engagement between support organisations and the ITGA sector, including support for activities that enable access to sector specific networks and platforms for information and knowledge exchange on specific technical applications and enhancing the opportunity for staff training.

Policy: Facilitate cross-over activities that bring IT, creative and Film/ TV/Digital SMEs together around themed events. To provoke effective cross disciplinary 'Fusion', activities should focus on problem solving and innovation in response to key societal challenges, [such as artists, designers, IT specialists and clinicians exploring ways to address the needs of an elderly and infirm population; or other D2N2 priority sector issues]

Policy: Enhance broadband in all areas of D2N2, not just in hotspots, consistent with previous reference.

Policy: Design and implement access to finance schemes for medium and high growth, young companies in emerging sectors and support commercialisation of IP, business model innovation and scaling up, as referred to above.

Skills: Promote High Growth and Accelerator Programmes that enhance employment readiness and management skills for fast growing businesses.

Ensure that High Growth and Accelerator Programmes are linked to FE/ HE and recruitment services to facilitate access to graduate talent, placements and internships and engage High Growth and Accelerator businesses in employer forums to ensure the relevance of course delivery and content in fast changing sectors.

Support schemes that enhance skills within the existing workforce and ensure good levels of awareness and access to flexible, expert delivered workshops and online fora from both public and private providers. This is consistent with previous recommendation, but specifically prioritises the ITGA sector.

8.6 Music, performing and visual arts

This diverse sector represents 4% of CDI jobs in the D2N2 region, 5% in the East Midlands but 9% across GB. The strong response suggests that these are businesses well engaged with the CDIs support networks. In D2N2, this sector represents a diverse range of activity from theatre premises to performing poets and artists and this is reflected in the sector characteristics.

The primary business model is dominated by sales of products/ services, with a supporting retail element and an 'other' category characterised by education, training and demonstration activities. Dominant markets are local, with additional sales generated regionally and in London, with the main customers characterised by cultural and arts organisations, consumers, CDI businesses and education. Less than 20% of organisations are exporters.

Revenue generation is dominated by project funding and direct product/service sales, although some 32% of respondents are in receipt of grants and donations, while others receive rent or commission. New products and processes represent the most significant innovations, with strengths reflecting a sense of uniqueness and targeted specialism. Networking is dominated by social media, followed by regional sector networks, supplemented by local sector networking. The main driver is finding partners and collaborators, but there is also a strong sense of sharing knowledge and information, but also a high priority in winning new business.

Other than one large CDI business, the sector is dominated by very small organisations and freelance businesses, with few changes reported during the period. Similarly, comparatively few organisations have increased turnover.

Location in D2N2 mainly provides advantages through the cultural and creative community, though local collaborators, customers and suppliers, and cost factors are also important. However, growth is limited by economic factors, with finance for reinvestment, access to finance and visibility also important limitations. To overcome these respondents are active participants in a number of initiatives such as Real Creative Futures, Future Factory and Derby's Enterprise Centre being popular. The support required to overcome obstacles is dominated by access to finance activity, followed by a combination of marketing, access to workspace and networking. While dependent on creative skills, it is evident that there is a shortfall in relevant technical skills, though both are evidently bought in on a project by project basis.

Policy: Access to relevant and empathetic finance and mentoring schemes for venue based organisations to effectively compile and implement financial plans and innovative business models to ensure long-term sustainability.

Policy: Promotion and marketing activity to enhance visibility, particularly in combination with place making schemes with tourism and cultural community benefits, as previously indicated previously.

Policy: Commission a review of appropriate workspace for performing and visual arts across D2N2.

8.7 Architecture

Architecture and related activity accounts for 5% CDI jobs in D2N2, and 6% in both the East Midlands and GB. Ten survey respondents represent a relatively concise range of business services, mainly for local markets, but for a range of clients from construction industry and local government, other public bodies to private consumers. Revenue is almost entirely through project contracts.

Business characteristics range from very small, less than one person employed (and 40% with no VAT registration) to one large company. There are few signs of growth in either employment or turnover. Beyond doubt the most significant benefit of location in D2N2 is customers and suppliers, with others including cost and local collaborators. Exceptionally, the limitations to growth are dominated by economic factors which have affected the construction industry especially hard, but also overly high levels of competition and adverse government policy. Opportunities arising from D2N2's priority action to improve and expand local housing stock should therefore aim to engage with local knowledge and talent from within this sector.

Businesses are notably poor networkers beyond routine trading relationships, and most networking is driven by the potential to find new collaborators. Future support identified as being most beneficial includes staff training support, networking, management skills and marketing.

Policy: Develop sector specific networking, perhaps with RIBA, national sector organisation as well as cross-sector networking and knowledge sharing

Policy: Management development with skills and talent, leadership and marketing support

Policy: Enhance links to FE and HE or private provision for skills training and access to trained recruits as identified above.

Promote links with other sectors, especially those leading to opportunities for collaboration, public procurement and new business

8.8 Publishing and printing

Publishing and printing accounts for 6% of CDI jobs in D2N2, 9% in the East Midlands but 12% GB wide and is therefore under-represented in D2N2.

The sector combines the traditional and exclusive with new techniques for production and distribution, which is now dominated by online channels. Respondents include specialist publishers of material for specifically segmented interest groups, themes and processes. Those that have been in business longest have demonstrated that innovation in product and business models can be a recipe for success, leading to stability in employment terms and signs of growth from more than half of those that responded. Local collaboration is one of the

most important factors to this sector, with networking to win business, find collaborators and generate new ideas.

Although this is a small sample, lack of revenue for investment is the most pressing limitation, but there is also concern over skills availability. Businesses participate in a range of local and national initiatives from Future Factory and Banks Mill to UKTI, while future support is targeted at marketing and branding, access to finance and overcoming the skills gap, particularly for technical skills.

The Linney Group

From its early days in the 1850s as a bookshop, then a printer and, by 1874, a newspaper publisher, the Linney Group has grown to be one of the biggest family-owned companies in the UK print industry. With approaching 1000 employees it is also one of the largest CDIs businesses in D2N2. The group incorporates new media, mobile communications design, digital print and fulfilment into the services offered to customers in retail, leisure, pharmaceuticals and the third sector.

The Linney Group strongly believes that investment in new developments can really pay off. Innovations that are wowing customers include 3D animation technology, an onsite film studio and 3D printing, which have enabled new services to be offered to clients. But Linney have also invested in the latest printing technology to enable a traditional business to be transformed into the largest privately owned business in its field in the UK.

www.linney.com



Image: Linney.com

8.9 Museums, galleries and libraries

This sector accounts for 5% CDI jobs across GB, but 6% in both the East Midlands and D2N2 specifically. Jobs are more likely to be formal and based in single premises as this is the CDI sector most likely to operate from one key facility.

Activity is dominated by face-to-face services (67% respondents), with a high level of retail activity to complement this activity (50% of respondents). A dominant 'Other' category reflects the focus on education, digital, curation and emergency support for art, culture and heritage projects. Asked about their main strengths, respondents used the words 'unique' referring to both their heritage or artistic collections, contributors and the properties they inhabit and maintain, as well as referring to their international reputation and expertise, creative solutions and innovative approaches. Overall, the responses portray a confident sector of the Creative and Digital Industries.

Dominant markets include not only consumers, but also other cultural and Creative and Digital Industries and education, although there is limited penetration to markets beyond the local area. While the business model is heavily dependent on grant aid and donations, the dominant revenue streams are 'other' including door receipts and rental income, and product sales. There is a healthy flow of project income to complement these, reflected in suggestion that products and services in some respondents are considered to be innovative. However, again the main 'innovation' is seen to be the uniqueness of the collections.

Nottingham Contemporary

Nottingham Contemporary opened its doors in 2009, and is one of the largest contemporary art centres in the UK. Alongside its 4 galleries, the Contemporary houses a performance and film Space, a Learning room, The Study, The Shop and Café Bar.

The Building was designed by the award winning architects Caruso St John, and to reflect the history of Nottingham's Lace Market is shrouded in a lace pattern surface finish.

Nottingham Contemporary organizes four to five major exhibitions a year, bringing the work of the world's contemporary artists to Nottingham. These exhibitions then inspire educational and community programmes.

www.nottinghamcontemporary.org



Image: Nottingham Contemporary

Networking at local level and beyond is focused on sector specific networks which are seen to help find collaboration, new ideas and sharing of information and knowledge, an interesting concept when the age of these facilities varies from 1 year to over 130 years, and their size, while dominated by small organisations, also includes four respondents (33%) employing 20-99 staff and two with turnover in excess of £1million.

In spite of dependence on grants and donations, the majority of respondents (7 organisations) report that their turnover has increased to some extent in the last 3 years, but this is not reflected in increased jobs.

The main advantages of location in D2N2 is the cultural community, this being both the dominant answer by some margin and also the highest priority criteria. Other considerations include local collaborators, the second most commonly cited answer, and cost factors, the second most important. Meanwhile, lack of revenue to reinvest, lack of visibility and excessive workload are the barriers to growth identified as most important. The economic climate is also commonly cited, but carries less overall significance as a limiting factor. Support for access to finance and enhancing management skills are considered the priorities for future support. Creative and technical skills are both considered important, but mechanisms are in place to buy-in skills when required.

Policy: Leadership and management programme for arts and cultural sectors.

Policy: Profile raising to build on the unique art and heritage offer of this group of organisations, in alternative industry and sectors markets, especially beyond the D2N2 region.

Policy: Access to finance initiatives targeted at museums and arts organisations, combined with research into new business models to maximise opportunities and create alternative revenue streams.

Policy: Link to Destination management organisations as in MPVA above.

9 Creative and Digital Industry Support activities



Image: Lockwood Publishing based in Nottingham's Creative Quarter

9.1 Existing activities that support CDIs

The Creative Quarter

The Creative Quarter is Nottingham's hub for innovation and enterprise and is the city's flagship project for economic growth. It is focussed around the historic Lace Market, Hockley, the city's primary independent retail and leisure district, Sneinton Market and the area around Biocity. The aim of The CQ is to create a favourable environment for businesses in five key priority sectors to start-up, grow and thrive. The creative industries are a key sector in the area, where there was already a cluster of creative, digital and IT-businesses, and give the area its unique and distinctive character. Businesses in the area are supported through a suite of access to finance schemes, a host of business support and business engagement programmes, local peer-to-peer learning networks and ongoing innovation and technology events. The Creative Quarter Strategy is to be found here:

www.creativequarter.com/about/creative-toolkit-2014-2023

The Creative Quarter area is supported by a unique development agency The Creative Quarter Company which acts as a development agency and support for businesses in the area.

www.creativequarter.com

Information from respondents about the business support activities that they have engaged with highlights the diversity of support for some activities within the sector and across the region. Generally speaking, support can be grouped into a number of clusters of activity,

including support for new start and emerging businesses, growth and management support for established businesses, access to technology and specialist knowledge, support to adopt and use IT and software. Other support addresses skills and finance requirements, such as placements and apprenticeships and grant or loan funding. Because of the range of specific services on offer it is hard to provide detailed information about their uptake and benefits, but considering clusters of activity can provide a more meaningful analysis. Some 50% of the sample provided details of business support activities they had accessed, and some had themselves provided support to others. Further details of the primary service providers across D2N2 are listed in Section 9.3.

Businesses in the sample had benefitted from a range of new-start support, both generic and sector specific. In Nottingham, several new start respondents had been supported by The [Hive](#) - Nottingham Trent University's purpose-built centre for entrepreneurship and enterprise- which provides support for proof of concept and new start businesses through core programmes, and The Hive@Mansfield, an outreach project in North Nottinghamshire. The Hive participates in 'Inspired in Nottingham', a collaboration between Nottingham's two universities and two FE colleges. Hive participants can access hot-desking and office space for up to 3 years. Evolve at the University of Derby provides support for new start businesses in Derby's travel to work area through the '[Lets Do Business](#)' ERDF programme, and provides access to various sheltered offices including [Banks Mill](#) in Derby, home to 38 workshop spaces that can be used as clean or 'messy' creative studios.

The Smallprint Co.

The Smallprint Co. was established in Derby in 2013 by husband and wife team Hannah and Chris Barker. Since starting the business, Smallprint Co. has been able to benefit from shared studio space at Banks Mill, as well as advice to get started from 'Let's Do Business' at the University of Derby. The company has been able to develop its reputation as a unique artisan letterpress business offering bespoke and quirky products. As a result The Smallprint Co. is as likely to sell products across the UK and overseas as in the D2N2 area. As a growing micro business, Smallprint Co. are working with the Banks Mill team to access finance for further growth and to secure larger premises, but so far Hannah says: 'The support we've received from the University and the Let's Do Business project has been invaluable in moving the business forward'.

www.smallprintcompany.co.uk

For new start Creative and Digital Industry businesses, specialist support provided within the creative and cultural community is also very attractive, and several respondents have engaged with support to start their businesses through targeted programmes such as [Real Creative Futures](#), delivered by the New Art Exchange which provides free services such as inspiring practitioner workshops, networking, and coaching to nurture and inspire creative as well as commercial needs for businesses in Nottingham. Business Experts NBV also offer business advice and mentoring to participants. Also in Nottingham, [Projector](#), Broadway's business development programme supports new creative or digital businesses in Nottingham and Nottinghamshire through accessible workshops, events, networking, and peer support to enhance creativity, profile and marketing confidence. [Creative Greenhouse](#), facilitated by Nottinghamshire County Council provides signposting, information and events to businesses to the north of D2N2, and promotes the work of creative entrepreneurs. Because of the relatively

low barriers to entry of some creative industry sectors, initiatives such as these are considered to support craft and arts based enterprise that contributes to the local creative and cultural community, as well as supporting D2N2's [Social Inclusion Framework](#) by particularly embracing the needs of women returners and other disadvantaged groups and supporting businesses that generate employment among such excluded groups.

In contrast, fast growing businesses from the sample had been supported mainly by generic programmes such as [Lets do Business](#) workshops and seminars at the University of Derby Enterprise Centre or [Growth 100](#) at the University of Nottingham. Several respondents had also accessed the national [Growth Accelerator](#) programme targeted specifically at high growth firms, and facilitating access to innovation coaching and finance for growth, as well as subsidised leadership skills. Further locally delivered high growth support is delivered through Derby's [Coaching for Success](#) project, which is available to eligible growing businesses and delivered by a consortium including the Chamber of Commerce and University of Derby. Similarly, [Next Business Generation](#) adopts an innovative coaching approach to supporting lifescience, biotech and digital entrepreneurs and progressive businesses in Nottingham to foster an idea through to delivery, with investor pitches and market testing opportunities. Several respondents referred to the support received from mentors and coaches, whether associated with specific programmes or arranged privately.

Access to more specialised technical support is provided mainly by Nottingham Trent University's [Future Factory](#) project which operates across the East Midlands to deliver short collaborations, workshops and international expert events that support sustainable design and innovation. While Future Factory does not specifically focus on Creative and Digital Industries, its theme means that a high proportion of participants are from creative businesses. The project, funded by ERDF, also runs a successful graduate placement programme. An emerging alternative is Broadway's [Know How](#) project which uses design thinking as a central theme to promote creativity and innovation, culminating in a 'build weekend' for selected participants from the arts, culture and heritage sectors to develop product, pitch to potential funders and market test new ideas.

For some businesses, access to specialist help with Information and Communication Technologies (ICT) has been provided by the [eBusiness Club](#), a Chamber of Commerce project extending across the East Midlands to provide a virtual support network enhancing the use of ICT to boost business performance. eBusiness facilitates fast-paced events and action planning workshops to provide tools and techniques and share knowledge and experience. Grants are also available towards the cost of transformational technology. Other projects, including Working with you... , another Nottingham Trent University ERDF project, provide interactive workshops on a range of social media and communications interfaces to maximise 'new to the business' innovation.

However, for technology focused businesses in the IT, software gaming and app sector more advanced technical support is required to raise skill levels, share knowledge of available and forthcoming technologies and address issues. Two privately sponsored projects aim to fill this gap. [Nott Tuesday](#) organizes stimulating speakers to discuss the challenges of starting and running a technology business, accessing funding and exploring future technologies and is aimed at technology people, startups and established companies. Meanwhile [Second Wednesday](#) is a monthly meet-up for digital and creative practitioners of the 'web world' to listen to inspiring talks from local legends and the wider industry, and connect with others in the web community. Both initiatives are based at Antenna in Nottingham, are privately

sponsored by leading businesses, and operate an accessible monthly, 'after-hours' format that facilitates networking.

Other support has been accessed through schemes to facilitate placements, such as from all 3 of the region's universities, and apprenticeships, for example from Confetti Media training Centre. A few respondents had accessed grants and loans, for example from [N'Tech](#), the eBusiness Transformational Technology grant, [Nottingham Business Venture](#) or Arts Council England.

Second Wednesday

As its name suggests, Second Wednesday is a monthly networking event aimed specifically at digital creatives. Each meeting provides a high-level speaker from industry and enables delegates to gain new knowledge, keep up to date with the latest technical developments and opportunities, and learn how others work. Networking is high on the agenda too, with a mixed audience of up to 130 individuals drawn mainly from local businesses and freelancers and the D2N2 student population.

The events are free to attend, and the network is run on a not-for-profit basis with support from key sponsors and the Creative Quarter. The award winning activity has been so popular that a wider range of events and workshops are planned from 2015.

www.secondwednesday.org.uk

In conclusion, there appears to be good engagement between the Creative and Digital Industries and the business support on offer, and this is clearly valued by many of those that participate. However, there are inconsistencies across the diverse sectors that make up the Creative and Digital Industries with initiatives aimed at the micro businesses in craft, design and music and performing arts sectors, and a growing array of projects to support digital industries, but limited generic support for other sectors such as architects, marketing and IT, software, gaming and apps.

Policy: Promote activity that supports start-up and early stage businesses to become sustainable and identify early growth opportunities.

Policy: Ensure adequate provision of high quality business and growth support for all CDIs sectors, while ensuring that specialist support is available for high growth businesses as well as continuity support and succession planning for the sector's many mature businesses.

9.2 Future provision of support

From the survey, the most significant support activity identified to overcome barriers to growth is access to finance which is both most popular and the highest priority choice. This is closely followed by marketing/ branding support, networking activities and management and growth initiatives. Support for social media and access to workspaces are the next in priority, but somewhat lower in importance. Other support initiatives identified by 25 to 30% of respondents include access to technology, IT, staff training, apprentices and design (see figure 9.1), but these need to be understood at sector level.

Figure 9.1 What support activities could overcome barriers to growth?



9.3 Current Support for Creative and Digital Industries in D2N2

This section describes the current landscape of CDI support across the region.

Broadway Media Centre

Located in the heart of the Lace Market and Creative Quarter of Nottingham city centre Broadway, is a not for profit charitable organisation, which celebrates its 25th birthday in 2015 and is recognised as one of the leading regional independent cinemas and creative hubs in the UK. It attracts 400,000 visitors each year and has two key strategic UK stakeholders, in the Arts Council England as a National Portfolio Organisation and the British Film Institute as a delivery partner for its 2012-17 *Film Forever* plan.

Broadway recently completed a £628k refurbishment with funding from ERDF and Arts Council England to provide the space and resources to deliver an increasing portfolio of creative enterprise, technological innovation and talent development initiatives. Partnerships with the University of Nottingham and Nottingham Trent University enabled Broadway to launch the *Know How* innovation, knowledge transfer, postgraduate research and graduate placement programme aimed at increasing digital and design thinking across the creative sector. Broadway is therefore a strong advocate for the positive role that the arts can play across social, educational and economic agendas, ensuring it provides access to the same opportunities for people who are disadvantaged and currently under represented, and working alongside technology and innovation partners in business and HEIs to deliver this support.

Know How

Broadway's *Know How* programme aims to stimulate knowledge transfer between Higher Education Institutions and East Midlands-based Small to Medium Enterprises in the arts, culture and heritage sector. *Know How* has helped 24 organisations to conceive new ideas using service design and digital technology, exploring their potential before refining them through prototypes. Participants have the opportunity to apply for a £5,000 grant to enable continued development, and support for paid graduate placements / postgraduate research assignments.

Based at Broadway, Know How is a programme for the cultural sector in the East Midlands, designed to help organisations to adopt digital and design thinking.

www.nearnow.org.uk

Projector

Broadway's *Projector* programme provides intensive support to create new and sustainable creative and digital businesses residing within disadvantaged areas of the city. The project works closely with young people within the creative and digital content industries, offering them support and opportunities to develop their skills into successful businesses. Eligible applicants receive free one to one business support, as well as the chance to attend industry specific events and workshops.

www.shinewithprojector.org.uk

Creative Quarter Company Ltd.

The CQ Company was set up by Nottingham City Council as an independent body to deliver the objectives of Nottingham's Creative Quarter and funding from the City Deal. To do this the Creative Quarter Company aims include supporting the development of Creative Enterprise, Creative People and Creative Places.

The enterprise theme focuses on a range of activities delivered directly or through partners to create employment and prosperity through high-quality business support programmes; 'access to finance' schemes appropriate to the priority CDI sectors; a pro-active inward investment approach and a pipeline of new businesses likely to locate in the CQ.

www.creativequarter.com

Confetti Media Group

Nottingham-based Confetti Media Group is a unique family of six creative industry businesses working together to drive new and innovative approaches to education and business. The CMG story began with the establishment of the Confetti Institute of Creative Technologies in 1994 – the first specialist establishment of its kind in the region. Confetti's success led to the formation of the other key commercial businesses, all working together under the umbrella of the Confetti Media Group.

Operating alongside Confetti is the joint-venture Notts TV, Antenna Media Centre, Constellations, Spool Films and Denizen Recordings. The Confetti Media Group is now one of the main CDI employers in the region. It has over 200 employees and it further supports an industry membership of over 450 creative businesses ranging from PR firms to Games Developers.

Confetti Media Group consists of:

Confetti Institute of Creative Technologies www.confetti.uk.com

Antenna Media Centre www.antenna.uk.com

Constellations www.constellations.uk.com

Denizen www.denizen.uk.com

Spool Films www.spool.uk.com

Notts TV www.nottstv.com



Image: Future Factory annual showcase

Future Factory

[Future Factory](#), is based at Nottingham Trent University and supported by the European Regional Development Fund, to enable East Midlands SMEs to adopt more sustainable and innovative products and processes. The project started in 2009, and upon completion in 2015 will have delivered over £4.5million in overall value. Since 2009, Future Factory has engaged with more than 860 SMEs, many of these in the Creative and Digital Industries and others which have been encouraged to adopt more creative practices. Future Factory has provided business assistance to more than 330 of these SMEs, many through customised projects

delivered by NTU's academics, technical experts, external and international specialists and students.

Future Factory has developed an excellent track record at helping SMEs to develop improved [products](#), processes, [marketing](#) and obtain new orders; access specialist [technology](#), [testing](#) and skills for innovation; and improve their business [confidence](#) and networks. The project has also helped some 200 recent graduates to gain paid or project-related experience of working with SMEs.

FutureFactory@ntu.ac.uk

www.ntu.ac.uk/future_factory



Image: Evolve programme, University of Derby

Evolve

Evolve is the University of Derby's business support and incubation service, established to give new start businesses the best possible chance of success and access to the support needed to establish and grow.

Support for potential entrepreneurs starts at the pre-start stage, where an idea is the seed of something great, and guides participants through business planning, launch and expansion. Evolve offers support and guidance, with dedicated business advisors and resident entrepreneurs on hand to help, with most services also available online, by phone or Skype.

Evolve clients can build an online presence for their business through the dedicated area on its website. This unique platform allows businesses to take advantage of e-commerce facilities to promote products and services, workshops and events. Evolve can also offer space for new businesses in one of several incubation units based in Derby city centre, and which include Banks Mill Studios, specifically designed for Creative Industry businesses.

Evolve's 'Let's do business' programme provides free access to vital support for growing businesses and 'Enterprise stars' – individuals with a ready to roll business idea and growth potential. The extensive programme includes a combination of business mentoring ; enterprise support groups, masterclasses and topical seminars; access to a financial planning tool and a free hot-desk area with equipment; co-working events to encourage collaboration and an annual exhibition and trade fair.

evolve@derby.ac.uk

www.evolvederby.co.uk

Creative Greenhouse

Creative Greenhouse is a network for creative businesses in Nottinghamshire, Derbyshire and the wider East Midlands, run by the Arts service of Nottinghamshire County Council. It is free to join and members can upload and edit their own profile on the site's online directory. The network offers opportunities to attend networking and training events, lists opportunities on its website and sends occasional newsletters to over a thousand signed up members.

At the time of publishing, the Arts Service has a Strategic Arts Officer with a specific remit for Creative and Digital Industries and the running of Rufford Craft Centre in North Nottinghamshire. However, the long term future of this role is in jeopardy from mid 2015.

info@creativegreenhouse.org.uk

www.creativegreenhouse.org.uk



Image: The Hive - Debbie Bryan Studio and Shop

The Hive

The Hive is Nottingham Trent University's (NTU) centre for entrepreneurship and enterprise. The Hive primarily supports NTU students and graduates who wish to follow a career in self-employment, however Nottinghamshire residents with business ideas who wish to follow the same path can also benefit. Approximately 400 varied and innovative businesses have been started and supported by The Hive over the past decade, with many of these falling within the Creative and Digital Industries. A range of 'creatives' from illustrators to graphic designers, and artists to craft artisans have all been helped, whether they are intending to set up as a freelancer or as a full blown commercial or social enterprise company; and through our city centre outlets (Cavology & 5 Dots) at Cobden Chambers, many of them have the opportunity to showcase and sell their products to the general public.

Next Business Generation - Accelerace Management Profile

Next Business Generation supports quality start-ups with high growth potential in the clean tech, digital and life sciences sectors. Accelerace Management were asked to contribute specifically on the digital front, and the Launch programme is derived from their highly successful work in Denmark. Launch aims to engage with businesses from an early stage in their idea formation and provide them with intensive support.

Over three months, start-ups test and refine their business plans based on experiments which generate evidence, and learn to pitch effectively to investors. The programme is funded by Nottingham City Council, and run in partnership with BioCity. Ultimately, the aim is to create companies that have a scalable business model, and know how to get their product or service to market quickly, generating new customers in the process, and attracting growth capital or sustaining a positive cash flow.

www.nextbusinessgeneration.org

New Art Exchange

New Art Exchange (NAE) is a contemporary visual arts space in Nottingham that celebrates the region's cultural richness and diversity. It is the largest gallery in the UK dedicated to culturally diverse contemporary visual arts. The venue presents an ever-changing programme of art exhibitions, creative activities for families and young people, film screenings, symposia, lectures, festivals and a live performance programme of music, dance and theatre. The programme of activities is dedicated to stimulating new perspectives on the value of diversity within art and society and the galleries present the work of world renowned British and international artists.

NAE also jointly delivers the Real Creative Futures project.

www.nae.org.uk

NTU Working with you...

A project supported by the European Regional Development Fund to help small businesses to access talent through academic expertise, recent graduates and external experts. Working with you... is based at Nottingham Trent University, runs a series of business workshops, leading edge 'Futures' events and exhibitions and has facilitated a range of collaborative projects with creative industry businesses and graduate placements in small companies. While the project does not specifically target Creative and Digital Industries, a high proportion of clients are from Creative sectors as diverse as Games and App development to arts and crafts.

www.ntu.ac.uk/services_for_business

Derby Quad

QUAD combines an urban arts cinema with a community arts programme, in the heart of Derby. Quad is funded by Derby City Council and Arts Council England, among others, and supports exhibition, outreach, education and community work, providing creative opportunities for thousands of people every year.

QUAD exists to make art and film accessible to all, to improve the cultural life of the city and to celebrate Derby to the world and its activities generate millions of additional and direct spend with local suppliers as well as positive national and international media coverage for the City.

www.derbyquad.co.uk



Image: Real Creative Futures

Real Creative Futures

Real Creative Futures is a transformational programme of support for Nottingham's creative businesses and practitioners. Through a range of workshops, one to one activities and opportunities to share work with industry experts, RCF enables practitioners to explore new perspectives, drive creative success and build long-term networks. As part of Real Creative Futures, New Art Exchange provides free services to help nurture and inspire the rich mix of existing creative businesses in Nottingham. Business Experts NBV support people to realise their aspirations and assist them to start up their own creative company.

www.nae.org.uk/page/real-creative-futures

10. Conclusions and Policy Recommendations

Overall the report demonstrates the growth potential for Creative and Digital Industries in D2N2. Growth is supported by opportunities for new and innovative products, services and business models in some sectors, but constrained by lack of skills, access to finance, visibility and (in some places) infrastructure. Growth is not universal across the Creative Industry sectors, but those sectors with limited growth potential contribute to the valued cultural and creative community in D2N2, providing additional advantages in place-making, attracting inward investment, retaining talent and supporting inclusion.

The existing support for Creative and Digital Industries is highly dependent on time limited EU funding, is concentrated in the Cities, specifically Nottingham, and does not fully address the needs of the growing sectors. The recommendations below highlight potential to support sector growth more effectively across the whole D2N2 region until 2020.

10.1 Overall priorities

No	Policy recommendation	Specific Sector focus
P1	Change the name of the sector to Creative and Digital Industries (CDI) to reflect the current sector profile and its growth opportunities, and to enhance engagement from all areas of activity.	All
P2	Support facilitation and co-ordination of activity specifically for CDIs across the whole D2N2 region, to enhance the reach of CDI interventions throughout.	All
P3	Prioritise support programmes for high growth businesses, including the IT, software and digital sectors, which demonstrate potential for significant job creation.	ITGA, TFV, A&M

10.2 Enterprise

No	Policy recommendation	Specific Sector focus
E1	Promote activity that supports start-up and early stage businesses to become sustainable and identify early growth opportunities.	All
E2	Ensure adequate provision of high quality business and growth support for all CDI sectors, while ensuring that specialist support is available for high growth businesses as well as continuity support and succession planning for the sector's many micro and mature businesses.	All
E3	Maintain support for entrepreneurship coaching for microbusiness, and for knowledge sharing and networking activities that enhance the creative and cultural ecosystem and support D2N2's Social Inclusion Framework by creating opportunities for employment among disadvantaged groups.	Craft, MPVA & others

10.3 Access to Finance

No	Policy recommendation	Specific Sector focus
F1	Design and implement access to finance schemes for medium and high growth, young companies in emerging sectors and support commercialisation of IP, business model innovation and scaling up, as referred to in I2.	ITGA
F2	Support a range of access to finance programmes, of different scales, that represent the specific needs and context of the CDI subsectors and leverage significant external investment. This should include but not limited to:	All
F2a	<ul style="list-style-type: none"> access to Finance schemes empathetic to the specific nature of film and TV organisations and their funding requirements/ risks 	FTR
F2b	<ul style="list-style-type: none"> access to relevant and empathetic finance for venue based organisations to effectively compile and implement financial plans and innovative business models that ensure long-term sustainability 	MVPA
F2c	<ul style="list-style-type: none"> promote access to finance initiatives targeted at museums and arts organisations, combined with research into new business models to maximise opportunities and create alternative revenue streams. 	MGL
F3	Design and implement micro funds and alternative/ innovative forms of funding to support small scale product and service innovation for micro- businesses, and which combine with collaborative marketing and the promotion of initiatives through the D2N2 Growth Hub.	Craft and other micro-businesses

10.4 Innovation Leadership

No	Policy recommendation	Specific Sector focus
I1	Support for activities that inspire and enable new product development and product/ service innovation in and between CDI and other sectors.	All
I2	Support for activities that promote adoption of innovative business models and new ways to generate revenue in B2B and B2C markets – including exploiting IP value, protection and commercialisation and online platforms.	All

10.5 Infrastructure and workspace

No	Policy recommendation	Specific Sector focus
IW1	Facilitate links to the enhanced broadband provision being funded by D2N2, covering all areas of D2N2, not just urban hotspots.	All especially those with digital content, such as A&M, ITGA and FTR
IW2	Ensure that the anticipated capacity needs for high quality and flexible tenancy workspace, specifically appropriate for Creative and Digital Industries, can be fulfilled; including flexible creative spaces combined with offices, networking spaces and associated business support activities.	All
IW3	Review availability and quality of appropriate workspace for performing and visual arts across D2N2.	MVPA and other sectors
IW4	Enable businesses to access grants to improve connectivity or upgrade the technical, equipment and software resources necessary to facilitate business growth.	All

10.6 Marketing

No	Policy recommendation	Specific Sector focus
M1	Support initiatives and programmes that enable CDI businesses to enhance their skills, capabilities and capacity in marketing, PR and promotion, including the use of digital and conventional methods.	
M2	Work with UKTI to grow international markets for firms with relevant capability/ products. This should include but not be limited to: <ul style="list-style-type: none"> Enhancing national and international visibility through marketing, export and tourism, for innovative design-orientated businesses and service providers (as outlined in MP1 below) Working strategically with Destination Management Organisations and the Visitor Economy sector to create and grow UK, tourism and international markets for non-export craft and music, performing and visual arts businesses (see MP1). 	All
M2a		Design
M2b		Craft MPVA
M3	Ensure that CDI marketing is tied into place making strategies through Destination Management Organisations, marketing and advertising expertise or support to benefit inward investment, place marketing and tourism. Facilitate inter-connectedness, enhance local representation on online platforms and links to Visitor Economy, as in MP1. This should include but not be limited to: <ul style="list-style-type: none"> Fostering collaborations that exploit local, national and international opportunities to promote sector strengths relevant to film and TV. Initiatives that provide micro-businesses with access to promotional platforms Promotion and marketing activity to enhance visibility, and place making schemes with tourism and cultural and community benefits. 	FTR
M3a		
M3b		Craft MPVA
M3c		
M4	Engage D2N2's own marketing and advertising businesses in activities to enhance the profile and maximise visibility of D2N2's Creative, Digital and other industries, such as through competitions and place marketing. This should include promotion for individual businesses, creating opportunities in markets within and outside CDIs, as well as contributing to destination management/ marketing programmes as M3;	A&M as providers; all as beneficiaries

M5	Partner with professional and membership organisations to create opportunities for CDI businesses to work with construction/ manufacturing and other key sectors across the region. Promote cross-sector innovation opportunities from which CDI businesses can derive benefit, including in delivery of D2N2 priority actions.	B2B service providers; Arch
M6	Support public procurement strategies to create opportunities for CDI SMEs and offer associated capacity building to enable SMEs to achieve relevant standards in procurement, successful tendering and delivery to the specifications required by public and private sector organisations.	B2B service providers

10.7 Marketing as Place Making

No	Policy recommendation	Specific Sector focus
MP1	Enhance CDI profile in all markets by working with business support, professional, member and Destination Management Organisations to provide platforms, visibility and showcase opportunities. This needs to take into account the diverse and changing needs of B2C and B2B markets.	All
MP2	Promote craft, cultural and MPVA sectors as ‘place-making’ to support the creative community of D2N2. Facilitate cross-sector networking and opportunities for other subsector integration to take place (linked to M2b, MP1)	Craft, Cultural and MPVA
MP3	Raising local, national and international profile of organisations to build on the unique art and heritage offer from within D2N2, in tourism and B2C as well as alternative industry and sector markets especially beyond the D2N2 region.	MGL

10.8 Networking

No	Policy recommendation	Specific Sector focus
N1	<p>Enhance support for organisations and initiatives that offer innovative networking activity which encompasses:</p> <ul style="list-style-type: none"> • Online and virtual networking activity; • Sector specific and cross-sector networking; • Local interaction with professional bodies and links to specialist and professional networks at national and international level/ events. <p>Policy actions need to ensure that networks enable CDI businesses of all sizes and sectors to benefit from: knowledge and experience sharing; sharing of skills and expertise; awareness raising; ideas generation; and the development of ‘new to sector’ or ‘new to business’ approaches to innovation.</p>	All
N2	Facilitate engagement between support and delivery organisations and the ITGA sector, including support for activities that enable access to sector specific networks; platforms for information and knowledge exchange on specific technical applications and enhance the opportunity for staff training and development.	ITGA
N3	Facilitate engagement between support and delivery organisations and the architectural services and product/ interior design sectors to develop local and national sector specific networking (for example with RIBA, Design Council) and cross-sector networking and knowledge sharing to raise profile and create opportunities	Arch; Design

N4	Facilitate cross-over activities that bring IT, creative, design and Film/ TV/Digital SMEs together around themed events. To ensure effective cross disciplinary ‘Fusion’, activities should focus on problem solving, innovation and potential multi-disciplinary responses to key societal challenges or other D2N2 priority sector issues.	All
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10.9 Management and Leadership

No	Policy recommendation	Specific Sector focus
L1	Support for businesses to grow economically and sustainably through initiatives that facilitate leadership development, management skills, risk and project management, virtual teams, strong financial management skills and effective marketing and recruitment to reduce failure rates and enhance employment potential. To include but not limited to:	All
L1a	<ul style="list-style-type: none"> Management development with skills and talent, leadership and marketing support for practice based organisations such as Architects 	Arch
L1b	<ul style="list-style-type: none"> Leadership and management programmes for arts and cultural organisations 	MGL
L2	Facilitate activity to enable CDI managers to think strategically about job creation, business planning and their own capability to identify and foster talent. Working with FE, HE and recruitment services to enable activities that enhance employer readiness and recruitment effectiveness – especially where IT skills are required and for fast growing businesses.	All especially those with high growth potential, such as A&M, ITGA and FTR
L3	Ensure that High Growth and Accelerator Programmes are linked to FE/ HE and recruitment services to facilitate access to graduate talent, placements and internships and engage High Growth and Accelerator businesses in employer forums to ensure the relevance of course delivery and content in fast changing sectors as above.	Those with high growth potential, such as A&M, ITGA and FTR

10.10 Skills and training

No	Policy recommendation	Specific Sector focus
S1	Priority action: Support initiatives that prioritise the development of technical skills and ongoing staff development in the IT, Games and Apps sector.	ITGA
S2	Initiate and support schemes to develop and/or enhance access to IT skills (including aspects of programming, app and website development), technical skills and specialist training across the CDI sectors to update skills related to use of the latest and emerging digital and IT systems.	All, but especially ITGA and digital sectors. A&M
S3	Support schemes that enhance skills within the existing workforce: CPD and staff development, ensuring good levels of awareness and access to flexible, expert delivered workshops and online fora from both public and private providers. This is consistent with S2 above, but specifically prioritises the ITGA sector.	ITGA
S4	Support initiatives and organisations that enable CDI businesses to develop leadership, management and team development skills (incorporating both internal and freelance/virtual team leadership) as in L1 and alternative business models as identified in Action I2 above. Training provision should address:	All
S4a	<ul style="list-style-type: none"> sector needs and new/ online/ accessible and flexible delivery 	

S4b	<p>methods.</p> <ul style="list-style-type: none"> management skills development to enhance growth in micro-enterprises, as in Action E2 above. 	
S5	Specifically support initiatives and organisations that enable specific CDI sector businesses to develop leadership, management and team development skills that provide:	
S5a	<ul style="list-style-type: none"> management skills for growth and commercialisation of IP; updated technical skills and knowledge of emerging products and processes as in I1 above. 	Design
S5b	<ul style="list-style-type: none"> entrepreneurial skills for freelancers; updated and enhanced technical and creative skills among the existing sector workforce; and access to apprenticeships and work-based training that support growth. 	FTR
S6	Explore new ways to deliver accessible peer learning, pro-actively linking into sector and technology specific platforms, online networks, specialist sources and international expertise.	
S7	Ensure key growth sectors work with FE/HE to enhance employability of graduates and employer readiness among SMEs, consistent with L4/L5	
S8	Enhance support to enable the FE/HE sectors to maintain internship and placement programmes, including alternative models such as <i>learning companies</i> , that provide access to short-term project-based skills and skills and knowledge transfer.	
S9	Encourage local dialogue between businesses, FE/HE and private sector providers to identify current and emerging skills needs and update strategies for integrating these into training and educational programmes	All, but especially ITGA and digital sectors.

Sector Guide

- Advertising and Marketing (A&M)
- Architecture (Arch)
- Crafts (Craft)
- Design: product, graphic and fashion design (Design)
- Film, TV, video, radio and photography (FTR)
- IT, software and computer services (ITGA)
(including games and apps:
- Publishing (Pub)
- Museums, galleries and libraries (MGL)
- Music, performing and visual arts (MPVA)

Technical Annex:

Annex 1 Creative and Digital Industries Working Group

The group is comprised of the following organisations:

Accelerace	Katapult
Broadway	Marketing Derby
Confetti Media Group	New Art Exchange
Creative Derbyshire	Next Business Generation (NBG)
Creative Quarter Company	NBV Enterprise Solutions Ltd.
Deda	Nottingham City Council
Derby City Council	Nottingham Trent University (NTU)
Derbyshire County Council	Nottinghamshire County Council
Derby Theatre	The Hive
Derby Quad	University of Derby
Evolve	University of Nottingham

Annex 2 EU Structural Fund Outputs

ID	ERDF Indicators (X indicates which programme themes these are applied to)	SME Competitiveness Theme	Research/ Innovation Theme
C1	Number of enterprises receiving support	X	X
C2	Number of enterprises receiving grants		X
C3	Number of enterprises receiving financial support other than grants	X	
C4	Number of enterprises receiving non-financial support		X
C5	Number of new enterprises supported	X	X
C6	Private investment matching public support to enterprises (grants)	X	X
C7	Private investment matching public support to enterprises (non-grants)	X	
C8	Employment Increase in supported enterprises (FTE for 1 year or more) ³¹	X	
C26	Number of enterprises cooperating with research entities		X
C28	Number of enterprises supported to introduce new to the market products	X	X
C29	Number of enterprises supported to introduce new to the firm products	X	X
P1	Number of researchers working in improved research or innovation facilities		X
P2	Public or commercial buildings built or converted	X	X

³¹ SOLE TRADERS who have been counted as a business created CANNOT be counted as an increase in employment.

ID	ESF Indicators	Promoting Social Inclusion and Combating Poverty Indicators - Priority Indicators
I1	Unemployed participants	Number of inactive participants newly engaged in job search on leaving
I2	Long-term unemployed participants	Number of participants gaining a qualification on leaving
I3/ I4	Inactive participants (includes f/t students and those on parental leave ³²); Those not in education/training (NEETS)	Number of participants engaged in positive activities that address barriers to work or widen participation in training
I5	Employed/ self employed participants	Number of participants in employment on leaving
I6/I7 /I8	Those below 25 years old; above 54 years old; or above 54 years old and unemployed, long-term unemployed, inactive or NEET	Priority targets ³³
I11	Those with tertiary education – provided with professional knowledge, skills and competencies	Women returners: e.g. lone parents and ethnic minorities with particular cultural barriers d
I23	Directly supported micro/ SMEs and social enterprises.	Older (over 40) long term unemploye
		NEETS
		Those with multiple and complex needs or the financially excluded

Supplementary indicators

P1 Additional Businesses with broadband access of >30mbps

PS1 Number of potential entrepreneurs assisted to be enterprise ready (3 hours min)

³² Unless during maternity leave or registered unemployed

³³ Others such as BMEs those with disabilities or living in rural communities etc. are not priorities and are covered in other schemes, in some cases by law.

Annex 3 DCMS 4-digit SICs (2014)

Table 88: Creative Industries

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 post-production
	59.13	Motion picture, video and television programme distribution
	59.14	Motion picture projection activities
	60.10	Radio broadcasting
	60.20	Television programming and broadcasting activities
	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
Museums, galleries and libraries	74.30	Translation and interpretation activities
	91.01	Library and archive activities
Music, performing and visual arts	91.02	Museum activities
	59.20	Sound recording and music publishing activities
	85.52	Cultural education
	90.01	Performing arts
	90.02	Support activities to performing arts
	90.03	Artistic creation
90.04	Operation of arts facilities	

Source: DCMS, June 2014. 'Creative Industries: Focus on Employment'

Annex 4 Creative Skillset recommended CI SICs and % of SOC-based creative employment (2011 LFS)

Figure 8: Proposed list of creative industries

Code	Description	Employment		
		Sector (000s)	Creative (000s)	% creative
58.1	Publishing of books, periodicals and other publishing activities, to include	177	91	51.3
	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			
58.2	Software publishing, to include	18	8	42.9
	58.21 Publishing of computer games			
	58.29 Other software publishing			
59.1	Motion picture, video and television programme activities, to include	98	55	56.6
	59.11 Motion picture, video and TV programme production activities			
	59.12 Motion picture, video and TV programme post production activities			
	59.13 Motion picture, video and TV programme distribution activities			
	59.14 Motion picture projection activities			
59.2	Sound recording and music publishing activities	13	5	43.1
60	Programming and broadcasting activities, to include	60	34	57.4
	60.1 Radio broadcasting			
	60.2 TV programming and broadcasting activities			
62.01	Computer programming activities	215	118	54.9
62.02	Computer consultancy activities	255	80	31.4
70.21	PR and communication activities	22	14	63.3
71.11	Architectural activities	99	62	63.0
73.1	Advertising, to include	123	56	45.5
	73.11 Advertising agencies			
	73.12 Media representation			
74.1	Specialised design activities	103	61	59.0
74.2	Photographic activities	47	35	73.9
74.30	Translation and interpretation activities	20	16	83.6
85.52	Cultural education	28	12	43.9
90.0	Creative, arts and entertainment activities, to include	140	101	72.5
	90.01 Performing arts			
	90.02 Support activities to performing arts			
	90.03 Artistic creation			
	90.04 Operation of arts facilities			
All (*)		1,415	749	52.9

Source: LFS, authors' own calculations

* Totals may not sum due to rounding

Source: Creative Skillset, February 2013. 'Classifying and Measuring the Creative Industries'

Annex 5 Comparison between DCMS (pre-2013 consultation) CI sectors and Creative Skillset recommended sectors

Figure 10: Comparison between DCMS broad sectors and proposed broad sectors

DCMS sectors	Proposed sectors	Changes
Advertising	Advertising and marketing	Widened to include marketing
Architecture	Architecture	Same
Arts and antiques	None	Does not figure
Crafts	None	Does not figure
Design	Design and designer fashion	Conflated to form a single sector
Designer fashion		
Film and video	Film, TV, video, radio and photography	Conflated to form a single sector
Television and radio		
Interactive leisure software	IT, software and computer services	Conflated to form a single sector
Software and computer services		
Music	Music, performing and visual arts	Conflated to form a single sector and defined differently in terms of SIC codes
Performing arts		
Publishing	Publishing	Same

Source: Creative Skillset, February 2013. 'Classifying and Measuring the Creative Industries'

Annex 6 Ideal Approach 'Creative Trident' LFS-based approach

The proposal is that the DCMS adopts a different approach to classifying the creative industries – that of calculation of Creative Intensities, which is done by:

1. identifying creative occupations (from SOC estimates in the LFS);
2. measuring employment in these creative occupations in each sector (SIC from the LFS) to identify those that can be classified as creative industries;
3. once we have identified the relevant sectors by the use of Creative Intensities, we group these SIC sectors into broad Creative Industry groups; and
4. We can then add the employment levels of creative occupational employment lying outside the creative industries to calculate the numbers employed in Creative Occupations employed outside the defined Creative Industries to re-create the previous DCMS estimates. This will produce separate employment estimates for within the 'Creative Industries' (Creative Occupations in Creative Sectors) and in the wider 'Creative Economy (Creative Occupations in non-Creative Sectors).

Source: DCMS, April 2013. 'Classifying and Measuring the Creative Industries – Consultation on Proposed Changes'

