

MAPPING THE CREATIVE ECONOMY OF GREATER BIRMINGHAM

DECEMBER 2017



BOP
Consulting

Greater Birmingham
& Solihull
Local Enterprise Partnership

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INTRODUCTION

Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) commissioned BOP Consulting to map the scale and output of the creative economy across the LEP area, comprising: Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Solihull, Tamworth and Wyre Forest.

This includes not just cultural organisations, creative and digital businesses and self-employed creative workers; but also the thousands of people deploying their creative talents in other sectors of Greater Birmingham's economy. We were excited to receive this commission. We believe it is a significant innovation in terms of studies of creative sectors in UK core cities, and one that provides policy makers, employers and investors with a clearer indication of the true scale and economic contribution of creative skills across the economy.

Our findings, summarised below, bear out the extent to which the LEP was right to take this wider view. Not only has our research and consultation shown the full scale and dynamism of a cultural and creative industries sector which is not always as celebrated as that of other cities; but it demonstrates the level to which creative and digital innovation is embedded in other sectors, enhancing the potential growth of the whole Greater Birmingham economy.

Key findings

CREATIVE ECONOMY

£4.1 billion in GVA

or 9% of total

50,000 Creative economy workers



of total workforce

5,100 → **6,150**



18,400 people employed in Creative Services, generating **£1.9 billion** in GVA

16,850 people employed in Creative Content Production sector generating



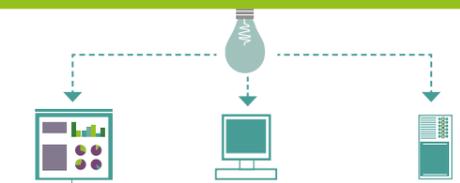
Birmingham Royal Ballet



City of Birmingham Symphony Orchestra

Some of the UK's leading cultural organisations

A nationally significant cluster of crafts businesses – over 11 times as concentrated in the centre of Birmingham as the national average



A talent pool of 32,000 people across Advertising & Marketing and IT, Software & Computer Services occupations, embedding innovation in all sectors of the GBSLEP economy

GROWTH OF THE CREATIVE INDUSTRIES

Our **definition of the creative industries** reflects that used by Department for Digital, Culture, Media and Sport (DCMS) in preparation of national economic estimates. This means that it includes the economic output of artists and cultural organisations, along with commercial enterprises in creative sectors ranging from advertising to television, and those sectors of the digital economy most reliant on creative inputs, including the production and distribution of video games and production of other kinds of entertainment software, and consultancy.

Therefore, we use the term 'creative industries' throughout this report to include artists and the cultural sector, and freelance workers and the self-employed as well as those in employment.

We have mapped the creative industries of the GBSLEP area across several dimensions:

Scale and Profile of the Creative Industries: we have mapped the number and size of creative industry enterprises in Greater Birmingham, and how these numbers have evolved since 2010.

Value and Significance of the Creative Industries: we have assessed the economic contribution of creative industries to the economy in Greater Birmingham & Solihull, including:

- The number of jobs within the creative industries in the GBSLEP area, broken down by sector and by local authority.
- Changes in employment between 2010 and 2015.
- The relative importance of self-employment and freelance working across cultural organisations and the commercial creative sector.
- An estimate of Gross Value Added (GVA) output of Greater Birmingham's creative and cultural industries.
- Estimates of the number of vacancies within these industries and their skill requirements.

Comparison of the GBSLEP offer with other core cities and knowledge clusters

We offer a comparison with the performance of other comparable and competitive LEP areas in supporting this high growth, high value sector of the knowledge economy.

The creative industries sector represents a significant proportion of the GBSLEP economy

But there are concerns about the scale of businesses within the creative industries in the GBSLEP area:

- The only sector in which more than 1% of businesses employed more than 50 people was crafts – which, as defined by DCMS, can be interpreted as the manufacture of jewellery.
- Only 1% of businesses in Film, Television, Video, Radio & Photography employ 10 or more people, and no independent production company employs more than 50.
- The average size of creative businesses fell between 2010 and 2015, from 6.4 to 5.4 employees, against a UK sector average of over 7 employees. This may be a sign of economic dynamism in the sector, as established professionals set up new firms to take advantage of new opportunities. It would explain, in part, why growth in jobs has been slower than growth in the number of businesses.
- But there is also a risk that the small size of creative firms in Greater Birmingham reflects potential instability and lack of resilience to further economic shocks within the sector.

How should we interpret these results?

Some creative sectors in the GBSLEP area showed falls in employment and number of enterprises between 2010-2015 (see figure opposite.) There are plausible reasons for falls in employment in all of these sectors:

- The audio visual sector has suffered from a lack of commissioning infrastructure (and, therefore, spend) resulting from decisions by both BBC and ITV to centralise capacity in London. There are, however, signs that this process is beginning to be reversed – as outlined in the *Rebirth of a sector* case study, below.
- Publishing has been disrupted by digital technology to a greater extent than other markets for creative content, and this is reflected in falls in company numbers across many core cities.
- Reductions in public sector expenditure have hit museums, galleries and libraries particularly hard: the direct impact on employment is reflected in a 'downstream' reduction in demand for other creative services.

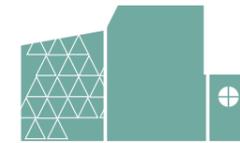
THE CREATIVE INDUSTRIES SECTOR REPRESENTS A SIGNIFICANT PROPORTION OF THE GBSLEP ECONOMY

Creative industries employed 27,500 people in 2015, representing 3.1% of total employment in Greater Birmingham, and generated £2.1 billion in GVA. Between 2010 and 2015:

Some creative sectors have experienced a fall in employment between 2010 and 2015 – these include:

↑ 26%

Number of businesses in the creative industries grew from 4,000 to 5,100



↓ 42%

Film, TV, Video, Radio & Photography 3,700 to 2,100 jobs

↑ 5%

Employment in the creative industries grew to 27,500 jobs (a net increase of 1,300 jobs)



↓ 28%

Publishing 1,200 to 900 jobs

↑ 10%

Employment within IT, software & computer services grew by 1,200 jobs



↓ 12%

Museums, Galleries & Libraries 1,700 to 1,500 jobs

↑ 238%

Employment within Design (including product, graphic and fashion design) increased by 1,100, from 450 to 1,550 jobs



↓ 5%

Music, Visual & Performing Arts 2,100 to 2,000 jobs

All company and job numbers are rounded to the nearest 50

- There is also a suggestion from consultation that increasing pressure on affordable studio space for artists and musicians may result in some displacement – reflected in the fact that falls in employment in Birmingham city centre are countered by growth in some of the outer towns.

Therefore, falls in employment over the period 2010-15 do not necessarily indicate long term decline; and in some cases (particularly film and television), they may in fact be

the precursor of new investment opportunities. In drawing these conclusions, we would point out that these findings are the result of analysis of national statistics, not of a detailed census of companies in the sectors concerned. The mobile and contract-based nature of employment in film, television and other creative arts may also contribute to the variance in numbers year on year.

Creative freelancers and self-employed practitioners

We attempted to address concerns that employment data for the creative industries systematically under-reports the scale and contribution of freelance and self-employed workers in the creative industries – particularly those involved in ‘core’ artistic practice, crafts and other sectors known to rely heavily on short-term contracts, such as film and television. To do this, we compared official labour market statistics from the Office of National Statistics (NOMIS) with alternative data. We constructed a database of over 69,000 LinkedIn profiles that referred to the geographies that compose the GBSLEP area. We included both profiles labelled as ‘freelance’ and as ‘self-employed’.

- NOMIS showed a decline in the proportion of sole proprietors in creative industries, from 15 % of the creative workforce to 8 %, The LinkedIn data typically showed a higher proportion of freelance or self-employed workers in creative occupations and seems to more closely reflect observed patterns of employment in these sectors.

Unfortunately, it is not possible to bring together the NOMIS data and this alternative data in a way that provides a solid quantification of the number of creative freelancers in the GBSLEP area. This is because of the high risk of double counting when attempting such a consolidation. Nonetheless, the alternative datasets do indicate that freelancing is a significant activity within the creative industries of Greater Birmingham & Solihull.

It is clear that freelancing is particularly important in some sub-sectors of the creative industries but features, at least to some extent, across the whole sector. When we combine those that report themselves as ‘freelance’ and ‘self-employed’, we find that these forms of employment are particularly important in **Publishing; Film, TV, Video, Radio & Photography; Music, Visual & Performing Arts; and Crafts.**

	No. of LinkedIn profiles*	Number of freelance or self-employed	Proportion of freelance or self-employed	Proportion of ‘sole proprietors’ in NOMIS
Publishing	3,511	1,557	44%	13%
Film, television, video, radio & photography	2,651	956	36%	17%
Crafts	4,341	1,215	28%	22%
Music, visual and performing arts	8,253	1,570	19%	21%

* Recorded on 4 July 2017



The Sleeping Beauty: Natasha Oughtred as Princess Aurora, Iain Mackay as Prince Florimund and Jenna Roberts as the Lilac Fairy with Artists of Birmingham Royal Ballet (photo: Bill Cooper)

Birmingham’s strong core of arts and cultural organisations

Birmingham has arguably the strongest cluster of major arts organisations in any English city outside London. This includes the City of Birmingham Symphony Orchestra, Birmingham Repertory Theatre, Birmingham Royal Ballet and the Ikon Gallery. The cultural offer drives the visitor economy, enables knowledge transfer within and between creative sectors and has the potential to further catalyse efforts to develop greater diversity within the cultural leadership and creative workforce of the city and the wider West Midlands region.

Arts and culture (live performance, museums, libraries and galleries) are important, both in transactional, relational and reputational terms. They provide a bridge between community activity, the outstanding cultural offer and commerce. Moreover, they are an important representation of the youth and diversity of the local population. Birmingham is both the youngest and most diverse of any city in Europe, with 40% of its population aged 25 or under.

There is evidence of spillovers between cultural organisations and the commercial creative sector – including innovative and international business models of arts organisations such as Ikon Gallery, with its large international specialist publishing business, and Stan’s

Informal intermediaries

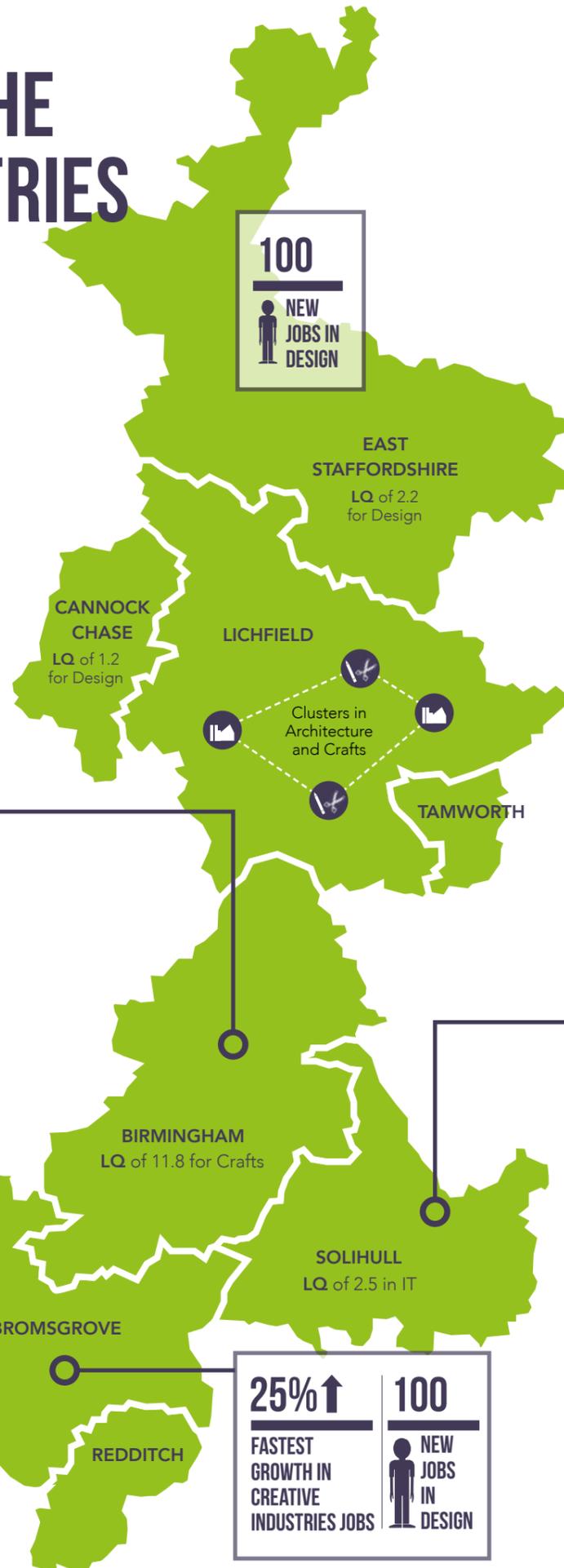
Leadership is not confined to large cultural organisations, nor to publicly funded ones. Birmingham Hippodrome is a commercial operation that plays a major role in offering greater access to its building and promoting diversity in cultural leadership and entrepreneurship amongst its neighbouring communities. Smaller festivals such as Flatpack and independent organisations such as Ikon and Stan’s Café act as informal intermediaries, providing mentoring and market information to less established companies and individual artists. They offer examples of arts organisations successfully diversifying their business model to reduce dependency on public subsidy, using a mix of subsidised and commercial activity to identify and develop new talent and help identify funding to secure and exploit IP created in the process. This expertise and knowledge is being transferred directly and indirectly to other creative practitioners and firms, through festivals, training programmes and workshops.

Café, whose innovative and scalable theatre show, “Of All The People In All The World” has been licensed as a format to other producers in New York, Melbourne, Buenos Aires and across Europe since its premiere in 2003.

CLUSTERING IN THE CREATIVE INDUSTRIES

Analysis of the concentration of businesses within and between creative sectors and local authorities within the GBSLEP area helps us to understand key strengths and the added value of the creative economy. We have used both Location Quotient (LQ) analysis of NOMIS and evidence from alternative data sources (eg, LinkedIn and Meetup) to establish the scale and location of creative clusters across Greater Birmingham.

Location quotient (LQ) is a way of quantifying how concentrated a particular industry, occupation, or demographic group is in a local geography, as compared to the nation. It is the standard technique for measuring the strength of an economic cluster. In this case, we have assessed employment by creative sectors in Greater Birmingham against national averages. LQ scores of above 1 are indicative of clustering.



THE CITY OF BIRMINGHAM

2,500

590 CREATIVE BUSINESSES added between 2010 and 2015

15,100 JOBS in the creative industries

CREATIVE FIRMS in the creative industries

Cluster analysis reveals that there are concentrations of most of the creative industries groups across the geography of the Greater Birmingham & Solihull LEP

Greater Birmingham has creative clusters in:

- Crafts, with an LQ of 6.2, is more strongly clustered in the GBSLEP area (and particularly in the city of Birmingham) than in any comparable LEP area;
- Design (comprising Product, Graphic and Fashion Design), which is showing extraordinary rates of growth in both the number of enterprises and employment in all local authorities in the GBS LEP area (averaging 238 % between 2010 and 2015);
- IT, Software & Computer Services - while this sector only just clears the threshold of 1.0 associated with clustering when analysed using the DCMS definition, the case that there is a digital cluster locally is strengthened by repeating the analysis on the Tech Nation sectors and deriving a score of 1.5.

We repeated the LQ analysis at the level of the local authorities that comprise GBSLEP. For the most part, we find that clustering is reasonably well dispersed across Greater Birmingham and Solihull, with the same sectors that appear at the LEP area level associated with particular local authorities; but we also note:

- The Design and IT clusters are more widely geographically dispersed than the Crafts cluster, which is very concentrated upon Birmingham itself - and most likely, attributable to the Jewellery Quarter.
- We do see some different kinds of clusters at this more local level, e.g. Architecture in Lichfield.

Creative industries strengths across the GBSLEP area

The economic contribution of creative businesses and workers is widely dispersed across Greater Birmingham and Solihull:

- Creative jobs and businesses are distributed across the whole area.
- The number of creative enterprises increased in every local authority within the GBSLEP area between 2010 and 2015.
- We found concentrations of different groupings of creative enterprises and workers within the local economies of most towns and local authority areas.

There are different strengths within the creative industries across most areas of the conurbation. See map (left).

Opportunity to drive inclusive growth

This distribution of sector specialisms and nascent clusters across the boroughs that make up Greater Birmingham and Solihull LEP area illustrate how some industries are increasingly looking outside the city centre for lower cost premises; but the continuing high rate of business and employment growth in the urban core suggests that this is part of a picture of more balanced growth, and not just displacement of arts and cultural businesses. As such, it represents a major opportunity for further, inclusive growth across Greater Birmingham.

SOLIHULL

37% ↑

FASTEST GROWTH IN CREATIVE BUSINESSES

200

more people working in music, performing and visual arts at the end of 2015 than five years earlier

25% ↑

FASTEST GROWTH IN CREATIVE INDUSTRIES JOBS

100

NEW JOBS IN DESIGN

CREATIVE ECONOMY

Value and Significance of the Creative Economy.

The economic impact of creative practice is not limited to either the cultural sector or the creative industries. Both within and beyond the creative industries, DCMS identifies Standard Occupation Codes (SOCs) associated with particularly creative practice to make an important distinction between the creative industries and the creative economy:

- The **creative industries** are composed of industries within a set of standard industrial classifications (SIC codes), in which the proportion of employees in creative practices passes a 30% threshold. Within these industries, there are both workers in the creative occupations and other so-called non-creative occupations.
- The **creative economy** includes the contribution of those who are in creative occupations (identified by SOCs) outside the creative industries, as well as within the creative industries.

We have analysed data on creative occupations held by the ONS Virtual Microdata Laboratory (VML). This allowed us to calculate the number of people in creative occupations outside the creative industries within the GBSLEP area. This is used as the basis of an analysis of the importance of the creative economy to Greater Birmingham and the wider West Midlands region, using national comparators. It also offers additional insight into the extent to which creative practice, and digital as an enabling technology within that, is a driver of innovation and growth across the whole economy of a city or city region.

The creative economy is a measure both of employment within the creative industries sector and the number of people in creative occupations in other sectors. This gives us a more accurate picture of the scale of the creative and digital talent pool across the GBSLEP area; and indicates the degree to which creative innovation is embedded within the economy as a whole.

Greater Birmingham has a large, growing and dynamic creative economy, employing nearly 50,000 people and generating £4.1 billion GVA per annum, 9% of the total GVA of £44.5bn. It employs 5.6 % of the total workforce in the Local Economic Partnership Area.

Comparing the Creative Economy with a breakdown of other industry sectors (provided by GBSLEP) suggests that it represents a larger share of employment in Greater Birmingham than either Advanced Manufacturing & Engineering or Transport & Logistics.

The balance of these occupations between the creative industries and the wider economy differed more than we expected. 80 % of roles in Advertising & Marketing were found outside the creative industries, reflecting the fact that many small businesses and nearly all medium and large companies in all sectors will retain some marketing capacity 'in house.' However, 80% of employment in IT, Software & Computer Services in Greater Birmingham and Solihull were within the creative industries, reflecting higher degrees of 'outsourcing' of technical, web design and analytical tasks to specialist agencies.

	Creative industries	Creative economy
Jobs (2015)	27,550	49,600
Proportion of total workforce in GBSLEP area (2015)	3.1%	5.6%
GVA (£m, 2015)	2,116	4,144

Why does this matter?

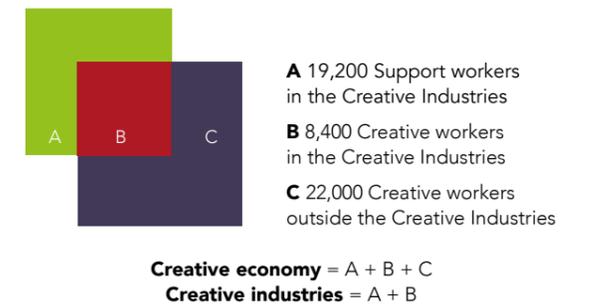
Creative services (such as Advertising and Marketing) and ICT, software and computer services have in common a core of high level specialist digital skills, from data analysis to visualisation. Dispersal of these skills across industry sectors is associated with higher levels of innovation and productivity, and is therefore critical to the competitiveness and growth both of the creative industries and the economy as a whole.



Zebra Digital, one of the region's production companies, now expanding into innovative digital content production

Employment in Creative Industries and Creative Economy in Greater Birmingham and Solihull (2015)

	Creative Industries Employment	Creative Economy Employment
Advertising & Marketing	2,900	14,350
Architecture	1,600	2,500
Crafts	900	2,050
Design	1,500	3,500
Film & TV	2,100	3,000
IT	14,100	17,900
Museums	1,500	1,700
Music	2,000	3,100
Publishing	900	1,350
Total	27,550	49,600



Design and crafts

The creative occupation with the next largest impact outside the creative industries was Design, with 2,000 employees in other sectors generating £138 million in GVA – 57 % of total Design output.

Perhaps more surprising is the impact of Crafts in the creative economy – 57 % of total output and employment, or £56 million per annum, and 1,150 jobs. This both reflects the narrow definition of Crafts applied by DCMS, and emphasises the relative strength of the Crafts cluster within Greater Birmingham's economy – explored in more detail below.

CREATIVE VALUE CHAINS

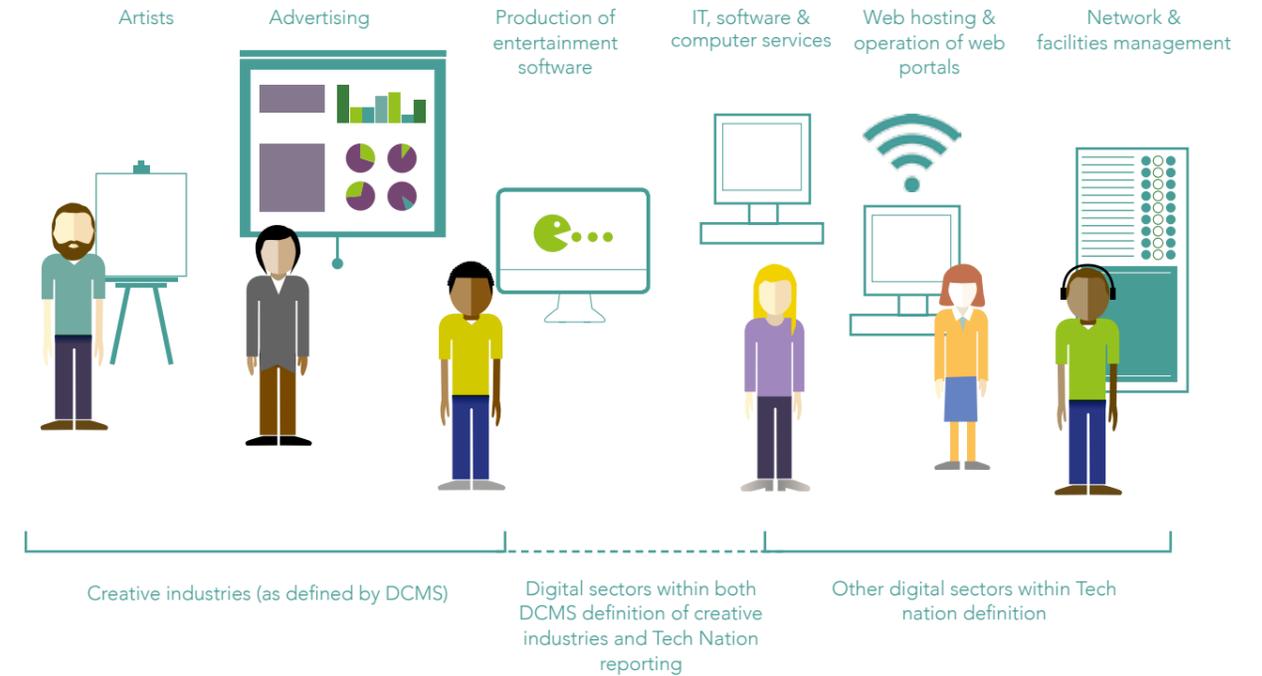
We have looked at our data results in another way to bring new insight to the strengths of the creative economy and industries in Greater Birmingham and Solihull.

We have subdivided the creative industries into groups reflecting their outputs and value chains, rather than their skills inputs:

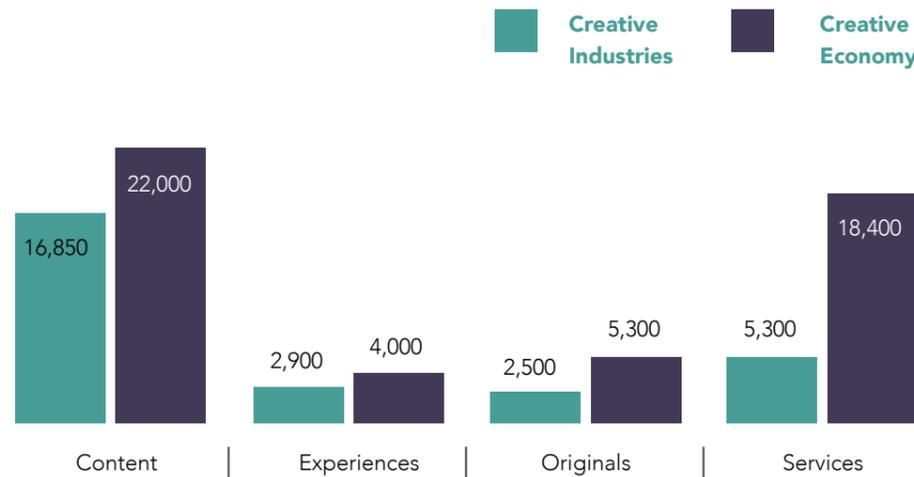
- **Creative content** – the audiovisual and publishing sectors, primarily concerned with production and distribution of entertainment content in either physical, broadcast or electronic form
- **Creative experiences** – live events, education, museums, libraries and galleries
- **Creative originals** – design and production of artefacts, including jewellery and fashion
- **Creative services** – advertising, marketing, architecture, graphic design, translation services and other publishing.

This analysis emphasises the scale, significance and value of the creative content production sector: despite recent falls in employment, it still accounts for more jobs (16,850) and output (£1.4 billion) than any other of the creative groupings.

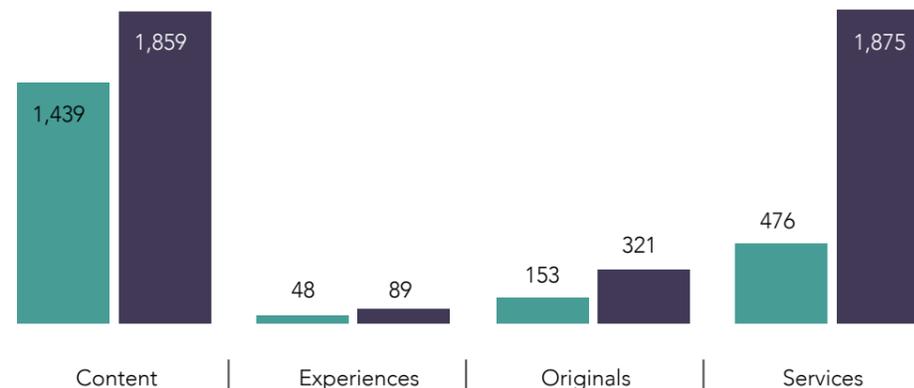
It further emphasises the significance of creative services in the wider economy, with an output of £1.9 billion GVA per annum.



Employment by Content/ Experience/ Original/Service Grouping (2015)



GVA by Content/ Experience/ Original/Service Grouping (£m, 2015)



Source: VML/NOMIS/BOP Consulting analysis

Digital Industries

We have also analysed the *Digital Industries*, following the definition used in compilation of the 'Tech Nation' report. This includes all the sectors of IT, software and computer services within the DCMS definition and adds other elements of manufacturing and repair of computer equipment, telecoms, network and facilities management, data processing, web hosting and operation of web portals.

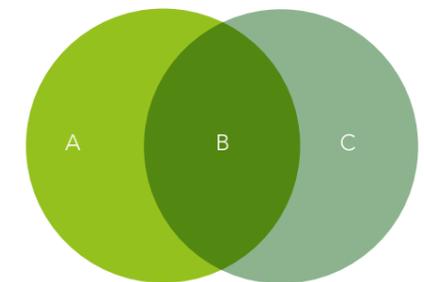
We have analysed the scale, profile and value of the digital sector to provide an insight into the dispersal of those industries across GBSLEP, and how that relates to concentrations of other creative industries. We have also weighted them as part of a merged 'digital and creative industries' sector', to give a more complete sense of the value of the whole supply chain of web-based creative content and professional services within the GBSLEP economy.

The picture for digital industries was mixed. The number of businesses in the digital sector has grown by 27% to 3,750; and output, at £2.3 billion in GVA, was higher than that of the creative industries.

However, employment within the digital sector was down, by 3%, to 22,350 – which reflects a steeper fall in average company size, from 7.8 to 5.9 employees, than that observed in the creative sector. We don't have enough evidence to establish the cause of the decline – but observe that it reflects a trend across both West and East Midlands, and in other comparator LEPs such as West

of England, but contrasts with strong growth in digital employment in Greater Manchester (51%) and Cambridge and Greater Peterborough (36%).

Digital & Creative Industries in GBSLEP area (2015)



- A** 2,350 – creative businesses other than IT, software and computer services within DCMS definition
- B** 2,800 – IT, software and computer services businesses
- C** 1,000 – other IT businesses within TechNation definition
- A+B** = DCMS Creative Industries
- B+C** = Tech Nation Digital Industries

Numbers are rounded to the nearest 50

REGIONAL CLUSTERS

There are three sectors of the creative industries which demonstrate scale, growth and clustering not only within the GBSLEP area but across the West Midlands:

IT, Software & Computer Services

Within the DCMS definition of IT, Software & Computer Services, there were 14,000 workers in Greater Birmingham and Solihull in 2015, generating 56 % of creative industries GVA - £1.2 billion - in Greater Birmingham and Solihull in 2015.

This is an important sector across the West Midlands, with a further 8,450 employees in IT, Software & Computer Service in Coventry & Warwickshire and 2,600 in the Black Country contributing to a digital talent pool of more than 25,000 people within an hour's travel time.

From computer games to digital manufacturing

One key sub-sector within this grouping is the development and publishing of computer games. Analysis carried out on behalf of Coventry & Warwickshire LEP and UK Interactive Entertainment (UKIE) identified a national and internationally significant cluster of around 130 businesses, employing 3,500 people and generating £188 million in GVA, centred on Leamington Spa.

Within GBSLEP, games forms an important and growing component of the high-end production sector for original digital content. And across the West Midlands, other industries, such as the advanced manufacturing and engineering sector, are making increasing use of augmented and virtual reality (AR and VR) tools, often born out of games development skills and processes, to accelerate the growth of high value digital manufacturing.



Birmingham's planned 'Smithfield Entertainment Quarter' (artists impression)

Creative services

We have already commented on the significance and scale of Advertising & Marketing within Greater Birmingham's creative economy. Employment within the creative industries, i.e. within specialist Advertising, Marketing and PR agencies, in the GBSLEP area rose by a third – 700 jobs – between 2010 and 2015. The number of Advertising & Marketing workers within the creative industries also increased by 93% in the Black Country, and 114% in Coventry & Warwickshire over the same time period.

Design

Employment in Design has increased by 238% - to over 1,500 jobs - between 2010 and 2015 in Greater Birmingham & Solihull. And we have observed that 57% of design jobs and output in GBSLEP occur outside the creative industries. The number of designers in the creative industries has also increased in the Black Country LEP (245 % increase between 2010 and 2015) and Coventry & Warwickshire LEP (239% between 2010 and 2015).

Production of creative content

There are 22,000 jobs in creative content production across Greater Birmingham, generating £1.859 billion in GVA. Production of television, games and other creative content is concentrated in Birmingham's city core and in Solihull. When added to the games sector around Leamington Spa, it forms part of an emerging cluster of high-end content production that is significant at a national level.

Independent production in the West Midlands – rebirth of a sector

The closure of BBC Pebble Mill in 2004, following the closure of Central TV's Broad Street studio in 1997, heralded a difficult decade for broadcast production in the West Midlands. The loss of BBC's English Regions Drama hub, and an iconic location for daytime and news programming, and the dwindling of ITV Central to a single news studio, seemed to symbolise a loss of confidence in the region's TV production sector.

The decline began to be arrested by local indie production company, Maverick TV. As well as originating well known shows such as *Embarrassing Bodies*, Maverick produces BAFTA and Emmy award-winning interactive formats, chart-topping apps and games, innovative branded content and some of the UK's biggest YouTube channels, for broadcasters, agencies and brands including Channel 4, ASOS, Sky, AMVBBDO, Syco, Film4 and Microsoft.

In the last few years, a raft of returning industry veterans and new arrivals have bolstered the sector. Alex Fraser and Liza Abbott left Maverick in 2014 to establish 7 Wonder, a producer of non-scripted TV including new Channel 4 medical series, *The Untreatables*.

Another former Maverick TV executive producer, Colette

Foster, whose track record includes *10 Years Younger*, *How to Look Good Naked*, *Embarrassing Bodies*, *Supersize versus Superskinny*, *The Sex Education Show*, *Gok's Fashion Fix*, *Secret Eaters*, *Mary's Bottom Line*, *Superscrimpers*, *Katie Piper's Bodyshockers*, and BBC 2's *The House That £100K Built* and *Restoration Home*. Brummie born-and-bred, she returned from London to set up Full Fat TV in September 2015. Its website proudly proclaims that it is, 'A factual entertainment TV company based in Birmingham.' Full Fat produces award winning shows including *Joe Hicks: The Body Coach* for Channel 4 and *Tony Robinson's Coast to Coast* for Channel 5.

To this we can add the efforts of BBC's much-expanded (and still growing) Midlands operation, centred on the Mailbox in Birmingham. The long-running daytime serial drama, *Doctors*, has given BBC Studios experience of producing many hours of drama at low cost – which it is able to pitch to other UK and international broadcasters. *Father Brown*, also produced in Birmingham, now sells to an extraordinary 220 territories. The arrival of BBC3 in 2018 will be a magnet for young content makers across a variety of genres, including comedy and factual programming.

The independent production sector itself is aware that it has turned a corner; and the wider digital sector in the West Midlands is keen to seize the wider opportunities for commissioning of new forms of content and technical services that a relocation of Channel 4 would present.

Comparison with other UK core cities and LEP areas

We use a combination of measures of the scale, significance, output and clustering to compare and contrast the performance of the creative industries in Greater Birmingham with other urban centres in the UK.

We compared GBSLEP with a basket of other cities, composed of English core cities outside of London with established creative sectors, including Manchester, Bristol and Leeds, and city regions with strong innovation infrastructure, such as Oxford and Cambridge. We find that while Greater Birmingham & Solihull outperforms some other geographies on a range of indicators, performance elsewhere exceeds that of Greater Birmingham, suggesting some degree of unfulfilled potential for GBSLEP to address.

- Greater Birmingham and Solihull outperforms a number of LEPs but lags behind Oxfordshire, West of England (including Bristol), and Greater Cambridge and Greater Peterborough in the proportion of local enterprises that operate within the creative industries.
- Although the proportion of creative enterprises within GBSLEP's economy is on a par with many comparable city regions, including Greater Manchester and Leeds, if it were to match the performance of Oxfordshire, it would add 3,965 enterprises to the business base of Greater Birmingham and Solihull.
- If job creation in Greater Birmingham's creative industries were to match the performance of the strongest LEP (Oxfordshire), it would add just over 30,000 jobs to the GBSLEP area economy.*

* This is the total number of workers in Greater Birmingham and Solihull multiplied by the proportion of creative industry workers in Oxfordshire minus the number of such workers already in Greater Birmingham and Solihull.

SKILLS

Low levels of qualifications may be limiting growth

The proportion of the population of the West Midlands with qualifications at level 4 and above correlates with our finding that qualification levels are typically lower in cultural and creative businesses in the West Midlands than elsewhere in the UK. At 36 % of cultural and creative businesses across the UK, more than 80 % of staff hold Level 4 qualifications. In contrast, in only 25 % of such businesses in the West Midlands is this the case. This would suggest that there are fewer highly skilled individuals in the jobs market in Greater Birmingham than in some comparable cities.

Of course, it is the case that many people make fantastic contributions to the creative industries without holding Level 4 qualifications, but we also take higher level qualifications as a proxy for skill and adaptability. With Greater Birmingham also showing lower concentrations of creative businesses than comparator LEPs – reflecting a less strongly ‘clustered’ sector, with less potential for exchange of knowledge and skills to promote innovation – this carries the risk that employers in the region will continue to struggle to identify and recruit people with relevant skills and experience for the new jobs that will emerge over the next two decades.

The final risk attached to lower levels of creative skills – particularly when combined with observed lack of scale within creative businesses in Greater Birmingham & Solihull – is an increased threat from automation of more ‘process driven’ jobs within the sector.



Jaguar Land Rover production line, part of the region's strong manufacturing sector

Current vacancies in the creative economy

We have analysed LinkedIn to better understand the volume and context of current vacancies within three sectors of particular importance to the Greater Birmingham and Solihull: Advertising & Marketing, Design, and IT, Software & Computer Services.

- Of the three sectors analysed, the largest number of vacancies were in IT, Software & Computer Services - which is consistent with its position as the largest creative sector in Greater Birmingham & Solihull, both in terms of number of workers and enterprises.
- Design vacancies speak to the relevance of this discipline across a wide range of settings - engineering, mechanical, architectural, web.
- Marketing seemed to be generating many more vacancies than Digital Marketing or Public Relations, reflecting the high levels of demand for people with general marketing skills in companies outside the creative industries (as opposed to the more specialist roles that exist mostly within advertising and marketing agencies).

Despite the low skills levels, we were unable to find evidence that creative businesses within Greater Birmingham encounter greater problems in recruitment than their peers in comparable cities.

Future jobs growth/future skills needs

We would single out three areas in which trends analysis suggests there will be continuing growth in jobs:

- Data analysis and behavioural insights, already identified as a strength within the region, will become increasingly important in the context of rising adoption of artificial intelligence and machine learning
- IT, software development and computer services
- Multitalented and multiplatform content producers

These ‘horizontal’ capabilities will be increasingly important in the production of creative media. The availability of people with a mixture of data and creative skills has been critical in developing expertise in ‘programmatic’ advertising, using algorithms to automate the buying, placement, and optimisation of media inventory that works in real time. Multiplatform skills are essential to the development of newer immersive forms, both for entertainment and other industrial and social applications. As market demand for augmented and virtual reality grows, producers will increasingly depend on ‘hybrid’ skills of analysis, insight and software development.

Trends analysis

The creative economy in Greater Birmingham is relatively well positioned to take advantage of some trends affecting the sector. The focus that local universities have given to data analysis, behavioural insights, human computer interaction and machine learning, if transferred through graduate recruitment and collaborative research, should allow businesses across all sectors to address:

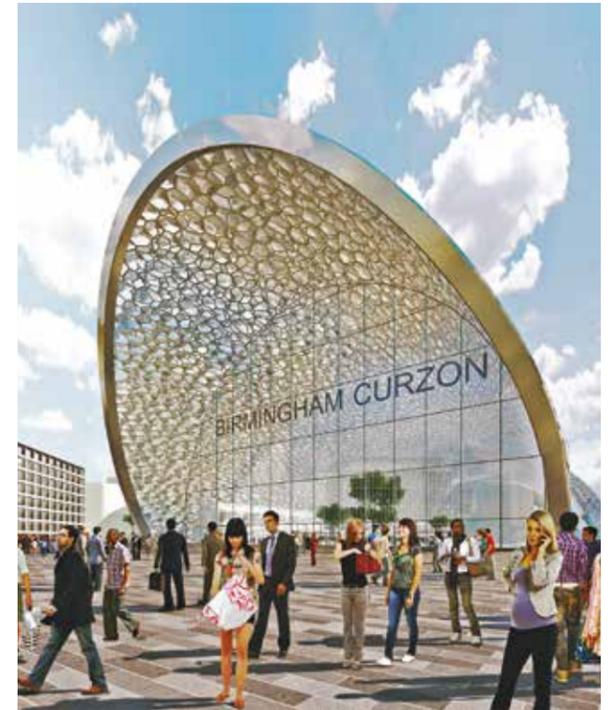
- Digital disruption of **production**: e.g., data analysis and artificial intelligence (AI) dramatically changing patterns of work in advertising; and digital manufacturing (‘fab labs’) transforming design, prototyping and production processes. The largest effect will be felt in sectors other than creative and digital: agencies and individuals with those skills are already an indispensable part of the supply chain for Advanced Manufacturing & Engineering.
- Digital disruption of **consumption**: consumers of entertainment content are moving relentlessly online, with fragmentation of audiences across platforms. Although often accompanied by growth in overall audiences, online revenues do not yet replace those in ‘traditional’ media – sectors such as music, journalism, publishing are having to find new business models to adjust to those changes
- Much greater interest in **‘immersive tech’** from government and private investors. Immersive tech describes hardware and software used to create the perception that a digitally-created experience is ‘real’ - including augmented reality (AR), virtual reality (VR) and haptics (touch). It has applications both in entertainment and other high growth verticals (advanced manufacturing & engineering, transport & logistics, health & life sciences) and the visitor economy

The existing sector mix in Greater Birmingham favours disciplines such as Advertising & Marketing, IT, Software & Computer Services, Design and specialisms in games and serious games that should all be able to adapt quickly to these new demands, and catalyse adoption of innovation in areas such as digital manufacturing.

Threats in an uncertain external environment

In an increasingly straitened investment climate, there is a risk that the city region’s lack of a defined image as a creative hub, comparative lack of highly qualified people and scarcity of examples of businesses which have successfully ‘scaled’ will hinder attempts to attract new businesses to invest in the area.

And whilst investment in new infrastructure may bring jobs and opportunity, there is no strategy or policy in place to



Birmingham Curzon Station for HS2 (artists impression)

deal with disruption and displacement brought about by large scale plans for new infrastructure and commercial pressure on affordable workspace in existing clusters. That includes the risk that HS2 may accelerate a ‘brain drain’ to London, accentuating shortages of key skills and inflating salaries, that could offset any potential gains from inward investment.

The uncertainties of Brexit present some specific and painful risks to creative businesses, whether they export or not. Should Brexit result in restrictions on freedom of movement, it may further reduce access to talent, accentuate skills gaps and shortages, and inflate salaries as employers in Greater Birmingham and across the UK compete for a narrower pool of skilled employees.

Post-Brexit tariff and non-tariff barriers may limit growth of exports to Europe, and make overseas touring more expensive and difficult. Similarly, cultural organisations may find it harder to attract international talent, and to get the necessary visas for them to perform.

Compliance with multiple regulatory regimes post-Brexit - specifically, the EU’s General Data Protection Regulation (GDPR) - and conflicting requirements for managing customers’ data in a cross-border environment, particularly with US platforms, could increase costs and risks for IT, advertising and marketing businesses.

CONCLUSIONS

Our overall assessment is that **the potential of the cultural and creative sectors in Greater Birmingham & Solihull remains unfulfilled**. The rate of employment growth within these sectors between 2010 and 2015 was 8% lower than in comparator cities. However, we see no reason why Greater Birmingham and Solihull could not raise its rate of employment growth to match that achieved in other equivalent city regions.

Facing up to challenges

But GBSLEP and its partners in the Combined Authority and local authorities still need to commit to shared actions to address some shortcomings.

- The **diversity** of Greater Birmingham's population is not fully reflected by or taken advantage of in its cultural and creative industries. Cultural and creative employers of all sizes need help, first to acknowledge their shortcomings in this respect, and then to act on them.
- **Uneven growth** between sectors and across geographies means that the benefits of inclusive growth are not equally shared. Participants in our consultation workshops complained that transport and communications within and across the LEP area are less coordinated than the national and trunk routes in and out. A better integrated strategy for transport, housing, culture and liveability could point up the 'quality of life' benefits for both existing residents and inward investors. Within that lies the opportunity to spread the benefits of inclusive growth to the other boroughs of GBSLEP, and to address the shortfall in residents with Level 4+ skills.
- The **lack of large businesses**, especially indigenous ones, presents barriers to the growth of microbusinesses, both in a constricted value chain, increased price competition, lack of role models for creative business leaders and fewer examples of successful entrepreneurs who have exited and are able and willing to invest in other new business propositions.

Some of these shortcomings can be addressed through inward investment, though not all: the city region's self-image is defined by a lack of self-confidence amongst creative businesses and cultural organisations.

Addressing weaknesses

To address this, steps need to be taken to address:

- **Productivity and skills**, building on strengths in key creative industries sectors, mitigating risks of further decline in weaker sectors and addressing the need to

build social capital to promote inclusive growth. This calls for focused investment to increase the diversity of the cultural and creative industries.

- **Infrastructure** - workspace, planning of new developments, transport and digital connectivity - including that linked to development of new cultural quarters across Greater Birmingham.
- **The culture of the cluster**, including addressing the confidence of the sector, increasing its diversity and convening new and more representative sector structures across the West Midlands.

Greater Birmingham & Solihull – a great location

The GBSLEP area's central location offers a large hinterland, which in turn presents great opportunity to advertising and marketing businesses, reflected in the scale of their contribution to the creative economy. Birmingham has a nationally significant cluster of major arts organisations – the strongest of any English core city outside London.

And it enjoys great transport connectivity – it is at the centre of national road and rail networks

Greater Birmingham offers much lower business premises costs than other comparator creative cities (eg London, Bristol, Oxford, Cambridge, Edinburgh, even Manchester and Leeds), making it cheaper to set up and run a business; whilst a mix and sufficient supply of different types of housing at affordable prices make it possible for young people to purchase a family home near to their place of work.

Capturing the momentum in high end content production

The **high-end content production sector** remains a strategic priority for Greater Birmingham and the West Midlands. LEPs across the region worked closely together in preparation of the response to consultation on the relocation of Channel 4. There is a shared understanding that this sector plays a key role in catalysing the aspiration of the region's 'young, diverse and digital' population; and that public service broadcasters, in particular, have a responsibility to offer better representation of the region and its citizens. This increased engagement has at once raised the profile of Greater Birmingham as a cultural catalyst, and a potential source of new audiences and new business models; and the awareness of politicians and people alike of the economic, social and cultural dividend that can result from investment in jobs and skills in this industry.



Developing new talent during the '2Weeks2Makeit' production competition

Turning 'good' into 'great'

In our view the situation around high end content production is a barometer for Greater Birmingham's creative economy. That sector has reached an 'inflection point'. The official statistics end at a point where the independent television and film sector was just starting to witness a rebirth. The area has seen both a resurgence in confidence, new investors (BBC THREE), skills (BBC Academy), start-ups (7Wonder, Full Fat and many others) and plans for big capital investments that together have the potential to re-establish Birmingham and the surrounding city region as one of the major centres of content production outside London. It is now critical that policy should address how contraction can be reversed. To that end, GBSLEP and other actors should combine to deliver a strategy for growth including some or all of: West Midlands Film Fund, Mercian Studios, expanded production capacity at the BBC and UK Central, relocation of Channel 4 and lobbying for higher and more tightly enforced quotas for out of London production.

During the time that Greater Birmingham laboured under a relative lack of opportunity from 'mainstream' commissioning, businesses, universities and the public sector combined to address that challenge in new ways. This resulted in innovative and important new business models for the creative industries and the economy as a whole. Lack of commissioning infrastructure forced creative content companies to work with a wider range of partners, and across digital platforms, in a way that represents

the future of TV, rather than its past. Games companies forced to develop their own tools to create immersive experiences in augmented and virtual reality have found a market for those applications and processes in the wider digital manufacturing sectors. And local advertising and marketing professionals have translated expertise in data analysis and behavioural insight into a business model better suited to programmatic advertising, which it will take an increasing share of revenue from advertising that sits along video content across a range of platforms.

In the same way, taking a regional view of creative and digital sectors across the West Midlands can help turn some 'good' investment propositions into 'great' examples of smart specialisation - for example an internationally competitive games cluster and capacity with the innovative content production across a range of platforms. Whether Channel 4 relocates to the region or not, Greater Birmingham's creative economy reflects the alignment of a high value and innovative production sector (from animation and games through to independent television production and film) with a 21st century, digital way of doing things. This, added to the advantage of a young, diverse talent pool capable of understanding the differing needs of international markets, should make location in Greater Birmingham and Solihull an attractive option for forward-looking content businesses.



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