

Appendix 1: Draft Belfast City Council response to Committee for Culture, Arts and Leisure inquiry into the creative industries

Belfast City Council welcomes the opportunity to respond to the above inquiry.

In response to the question raised in the inquiry terms of reference document, the responses from Belfast City Council are attached for consideration.

	<p>(1) Identify the potential of the creative industries in Northern Ireland, with particular emphasis on the economic benefits.</p>
	<p>On the 20 October 2011, the Department of Culture, Arts and Leisure issued updated statistics for the Creative Industries in Northern Ireland, summarised below:</p> <ul style="list-style-type: none"> - Gross Value Added (GVA) for the creative industries was £737million in 2008. This was equivalent to 4.2% of the region’s total GVA. - The estimated number of businesses in the creative industries sector was 2,200 in 2010. This represented 3.2% of all business units. - The number of people in creative employment in 2009 was estimated at 31,000. This represented 4.1% of total employment in the region. <p>Previous research undertaken on the creative industries in Belfast (2008) show the importance of the creative industries to Belfast’s economic development, these are summarised as follows:</p> <ul style="list-style-type: none"> - Over 1,200 creative industries businesses based in Belfast. - 55% of creative industries businesses in Northern Ireland are based in Belfast. - 35% of creative enterprises in Belfast work in the Design related field (267 in total) - 61% of creative enterprises in Belfast work in the Media related field. (486 in total) - Average of 16,000 people employed in the creative sector (full-time, part-time & freelancers) - 68% of the Belfast companies are micro–businesses with less than 10 employees. - 10% of Belfast businesses have more than 50 employees. - 97% of jobs are full-time. - Turnover levels for Belfast companies ranged from between £30,000 to £14,300,000. <p>By creative industries, we mean 'those industries which have their origin in individual creativity, skill, and talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property'.</p>

Three key areas of intervention into the sector, under which the Council's programme of support is benchmarked are outlined as follows:

Business development and growth - '**Creative Economy.**' Covering issues such as increased start-up and growth initiatives for target companies.

Capability development – '**Creative Talent.**' Covering issues such as supply and demand, training services and facilities, increased liaison between university and industry, mentoring approaches, and attracting indigenous talent.

Infrastructure development – '**Creative Space.**' Covering issues such as incubation and all aspects of physical and cyber networking and clustering.

Since June 2004, Belfast City Council has made significant progress in developing and supporting this high growth industry in Belfast through a number of initiatives and actions.

Key results to date of that work include:

1. 35 Creative Industries Projects designed and developed.
2. 836 companies assisted.
3. 36 new positions created.
4. Estimated over £3,000,000 in sales generated by private sector.

Alongside, the above, numerous partnerships have been developed to help drive the creative agenda for Belfast forward and to ensure a collaborative and joined up approach to the development and support of this innovative sector.

Over the past 3 years, Belfast's creative industries have experienced unprecedented growth. From large scale Hollywood productions to innovative new company start-ups, from animation to comic book design, video games to documentaries, our creative sector is now considered key in relation to economic development, providing new jobs and spreading greater wealth around the city.

Our primary focus is on film and television, digital media, music and design. As well as providing a range of structured programmes of support, we play a key role in acting as a broker between the sector and other business support organisations at home and abroad.

The key benefit for Belfast from an expanding and developing creative industries sector is clearly an economic one. By playing a key role in the strategic support and development of Belfast based creative industries, local companies, providing jobs and spreading new wealth around the City, will establish a stronger economic base for all of the citizens of Belfast.

Belfast City Council is committed to the support and development of the creative industries and the impact they can have on Belfast both economically and socially. As a result, we are in the process of developing a new creative industries strategy and action plan, with the view of providing bespoke and fit for purpose support to the sector in Belfast, taking account of the interventions

	<p>of our partner organisations.</p> <p>We have identified four priority sub-sectors within the creative industries sector in which to focus our support. These sectors have been identified as those which will offer the maximum return on investment and are key to driving the local economy:</p> <p>Film and television Includes: feature film short films television production visual effects</p> <p>Digital media Includes: animation web development media technologies mobile content games design</p> <p>Music Includes: singers and songwriters bands music business distribution and promotion</p> <p>Design Includes: graphic design fashion design branding</p> <p>This research and action plan is scheduled to be complete by March 2012. We are keen to work with DCAL and other partners in both its development and implementation.</p>
	<p>(2) Identify the key challenges currently facing the sector.</p>
	<p>The most recent research carried out by Belfast City Council highlighted the challenges and barriers to growth for the sector such as access to funding, bespoke export initiatives, access to product development opportunities and specialist mentoring from business leaders in the creative sector. This is largely due to the nature of the sector and the fact that their needs and business structures are different to that of more traditional industries. While some support is available, such as through NI Screen and existing Invest NI programmes, the sector has issues in accessing this support given that it is still relatively new and given that it is still relatively new and under developed and companies tend to be micro businesses or sole traders.</p> <p>Key interventions and support required by the sector are as follows; Business Start; Sales and Marketing; Research & Development; Product / content</p>

	<p>development; Recruitment; Export development; Collaboration and networking; Business infrastructure; Funding.</p> <p>It is also important to note that ‘generic’ projects did not provide the support required and that focused and bespoke programmes relevant to the Film, TV, Digital Media, Music and Design sectors were essential.</p> <p>At present, the sector – like all business sectors – is finding it particularly difficult to access finance – given the often risky nature of the support and the fact that many companies are young and do not have a track record of business.</p> <p>While the Venture Capital support may be relevant, this too is reduced in the current financial climate.</p> <p>Skills is another key challenge for the sector particularly in some key sub-sectors such as gaming. There is a need for greater synergy between academia and industry on this challenge.</p>
	<p>(3) Investigate whether particular gaps exist in current policies, strategies and delivery mechanisms, in areas such as: financial and business support; tax credits; education, training and skills development; leverage into international markets; the protection of intellectual property; and legislative developments.</p>
	<p>Research undertaken by Belfast City Council in 2008 identifies areas where specific support is required and identifies some potential support mechanisms. These include:</p> <p>Marketing</p> <ul style="list-style-type: none"> - Need to provide support for accessing industry specific contacts in export markets; - Need to organise networking events with other businesses and areas outside Northern Ireland; - Need to bring new buyers to Northern Ireland to meet the industry and outline their purchasing criteria. - Need to provide support for product Marketing, since businesses lack specific in-house skills. <p>Recruitment</p> <ul style="list-style-type: none"> - Need to develop an apprenticeship model to give employers more confidence about making long term investments in new, inexperienced recruits; - Need to provide better incentives to retain the best talent within Northern Ireland e.g. competitions; awards. <p>Skills Development</p> <ul style="list-style-type: none"> - Skills development should include input from industry experts outside of Northern Ireland – this needs to happen on an ongoing basis, rather than ad-hoc interventions. <p>Funding</p>

	<ul style="list-style-type: none"> - Need to focus funding on R&D activity, as the ultimate growth and success of the sector will flow from its investment; - Need to improve private sector understanding of the creative industries to make investors less wary of the sector and promote more informed decision-making for both investors and business owners; - Need to help the industry to move away from its grant driven culture – to date there has been too much emphasis on finding a project to fit the fund, rather than a flexible funding arrangement where the fund can fit around the project. <p>Partnerships/Clusters</p> <ul style="list-style-type: none"> - Need to encourage collaboration as a way of reducing the individual business investment in R&D and creating a stronger proposition for both investors and clients; <p>Infrastructure</p> <ul style="list-style-type: none"> - Need to continue to invest in fibre optic network – rollout of Project Kelvin; - Need to create more shared resources for creative industries businesses e.g. shared working spaces; <p>Communication</p> <p>Need to develop specific channels to communicate to under-graduates and graduates – to excite them about the sector and stimulate increased interest from the best talent available;</p> <p>While there is some provision on these issues, support remains ad-hoc, patchy, inconsistent and subject to calls for application. The framework is reactive as opposed to having a forward-looking, developmental focus.</p> <p>With budgets to support the growth of the creative industries spread out across a number of government departments, we would advocate strongly for an integrated strategy to promote the sector, supported by ringfenced budgets at an enhanced level compared to the current provision.</p>
	<p>(4) Analyse and compare policies, strategies and delivery mechanisms in Northern Ireland with other UK regions and countries, in terms of their effectiveness in supporting the creative industries.</p>
	<p>Global Context</p> <p>The Lisbon European Council 2000 set out a ten-year plan of economic reform for the EU, which focused on developing a competitive, knowledge led economy. In 2005 the strategy was re-launched with increased focus on knowledge, innovation and human capital as the drivers for sustainable economic growth. In relation to knowledge and innovation, the Council called</p>

for development of innovation policies by member states.

The rationale for this focus on knowledge-led economic policy was to encourage the generation of increased demand for well-designed products and services. The 2005 plan encouraged member states to consider how to establish support mechanisms for innovative SMEs, promote better collaboration between the private sector and universities and promote better access to risk capital.

This document also refers to Finland as an example of a member state having developed innovation structures to encourage the development of collaboration within the creative industries, ultimately to contribute to stronger innovation performance at a national level.

Creative industries therefore must be recognised as an important driver for economic reform towards a knowledge-led economy; few other sectors embody all three of its characteristics – knowledge, innovation and human capital.

National Strategic Context

In *Staying Ahead: the Economic Performance of the UK's Creative Industries* - undertaken by The Work Foundation in 2007 – it is noted that the UK has the largest creative sector in the EU and probably in the world. This position is attributed at least partly to the positioning of London as a creative hub, as well as the undeniable advantage of English as the universal international language.

The creative and cultural industries in the UK employ circa 1 million people; a further 800,000 are employed in creative occupations. The report comments on the changes in the structure of consumer and commercial demand, contributing to the growth of the knowledge economy, which is closely linked with creativity.

The report goes on to identify 8 potential drivers of growth within the Creative Industries sector:

- i. Demand - Greater emphasis on distributing creative and cultural activity across the regions; the report also suggests that higher education levels also drives demand for more creatively discerning services.
- ii. Greater Diversity – This will result in greater inter-disciplinary innovation, but requires more systematic thinking about the internal processes that foster creativity.
- iii. A Level Playing Field – if distribution channels are too narrow or too few, the creative potential of SMEs is likely to be inhibited.
- iv. Educational Skills Ensuring Balance and the Appropriate Supply - there is a shortage of industry specific creative skills and of knowledge about how to commercialise creative ideas.
- v. Networks for Harnessing Capacity – the report points to unexploited market opportunities resulting from a lack of critical mass within individual creative industries businesses. This can only be overcome by joining forces with others to fill gaps in the knowledge and skills sets of creative industries SMEs.
- vi. Public Sector – Cox called for more encouragement of creativity in public procurement. The Work Foundation identifies the need for better developed

- public support and reform of some public support. It also calls for more strategically organized support to maximize the impact of grants.
- vii. Intellectual Property – The Staying Ahead report argues that a successful creative industries business model depends on capacity to copyright expressive value. At policy level decision-makers need to focus on implementation of existing copyright recommendations (e.g. Gowers report) and to continually review the copyright implications as new technologies emerge.
- viii. Building Greater Business Capacity – There are many creative industries businesses with potential to grow, but which cannot overcome blockages such as lack of management skills, lack of funding, limited resources.

Scotland is of interest because of the establishment of Creative Scotland. This is an umbrella initiative involving artists, cultural producers, the education sector, broadcasters, local authorities and Investment Agencies. In Wales a very technological sectoral definition of the creative industries is used, based on music, film & TV and digital content, but Wales has created a £7 million Creative IP Fund and the support to the creative industries in Wales has been brought together in a single 'Creative Industries Support Service', called 'The Hub'.

Ireland does not have a creative industries policy, as such, but gives extensive support to key sectors such as the crafts, film & TV, music and design related industries.

Best Practice Models for Creative Industries

Creative London

In London alone, creative industries generate some £21 billion each year and employ over half a million people. Not only is London the acknowledged leader in creative industries in the UK, and the major draw for creative industries talent, it is also recognized as (arguably) the global leader in stimulating economic performance from within the creative industries.

A good example of how support for the creative industries can be co-ordinated successfully is the Creative London strategy.

Creative London was launched in 2004 by then Mayor of London Ken Livingstone. Creative London was led by the London Development Agency and was established in recognition of the sector's importance to the city. The sector was and continues to be the third largest employment sector and growing in terms of employment numbers, sales and output in London.

Creative London was established to act as the strategic agency for creative industries. It was established to address some of the barriers identified for creative industries businesses:

- access to property on reasonable terms and negotiating those terms;
- access to markets, people and industry information;
- lack of showcasing and international promotional opportunities;
- lack of start-up and Intellectual Property advice; and
- lack of seed capital and mentoring to guide businesses and help them become investment ready.

	<p>The role of the agency was to:</p> <ul style="list-style-type: none"> - Support Creative Industries businesses; - Promote and showcase the sector nationally and internationally - Strategically plan for the sector and represent the sector to training and education bodies. <p>Its key services involved introducing creative talent to business mentors, investors, providing affordable studio space and free temporary venues to exhibit work and perform live.</p> <p>In June 2010 the Government announced that Regional Development Agencies (RDAs) were to be abolished, including the London Development Agency (LDA) by 31 March 2012.</p> <p>In response to the Mayor of London's proposals on devolution, the Government agreed that the functions of the LDA should be folded into the Greater London Authority (GLA) along with its assets and liabilities.</p> <p>The Economic Development strategy of the GLA has identified the creative industries as a key sector for the economy and states that 'over the span of this strategy, new global markets, and new opportunities and threats will emerge. A key aim of London's promotion efforts will be to ensure that business decision-makers around the world are fully aware of the breadth and depth of London's advantages as a business location.'</p> <p>Should Belfast begin to brand itself as a creative city – Creative Belfast – and raise the profile of creative industries here on a national and international basis? The Council has already committed significant resources and support to the sector. Should it follow in London Development Agency's footsteps and develop a separate brand for the sector, which would have its own website and separate resources for the sector e.g. a free recruitment / matching service similar to that provided by Creative Ireland?</p>
	<p>(5) Examine the extent and effectiveness of the collaboration and co-ordination between industry, government departments and academia, in maximising and harnessing the full potential of the creative industries in Northern Ireland</p>
	<p>The creative industries has been identified as one of the key sectors for growth over the coming years and as a key sector to help tackle the issues surrounding the current economic climate by many organisations in Northern Ireland. Belfast City Council see the creative industries key to the development of not only the City but to the wider region.</p> <p>In light of the current economic climate, it is now more crucial that future support is designed to address the common needs of the creative sector on a collaborative and cross cutting basis. The overall aim – to provide an integrated support programme from SME's and graduates, through the provision of a unique and highly innovative programme to ensure economic growth and sustainability within the creative industries.</p> <p>Belfast City Council has been successful in developing and running effective collaborative projects ranging from film and television projects with Northern</p>

	<p>Ireland Screen, Music projects with Invest Northern Ireland, DCAL, Arts Council and FFWDNI and digital media projects with Digital Circle, Queens University, University of Ulster, Belfast Metropolitan College and Skillset.</p> <p>The key element of the above collaborations is that of integrated development and delivery, not only in the management and implementation of the project, but between the participants on the various programmes, creating new networks, product ideas, companies and collaborative working infrastructures, which will lead to a highly innovative, creative and lucrative private sector,</p> <p>With the economy still very much in recovery, it has become vitally important that local regions work together to assist with the development of their key sectors in terms of economic growth.</p> <p>While the creative sector has been identified as key to economic growth by Government departments locally, nationally and internationally, for it to grow, measures need to be put in place to ensure that the right support is given at a time when they require it.</p>
	<p>(6) Consider the creative industries at sub-sector level in respect of any funding and support available; and assess the validity of prioritising particular industries within the sector for this support</p>
	<p>As stated earlier, Belfast City Council has been supporting the creative industries since 2004 and is identified as a priority action area for the Council.</p> <p>Three key areas of intervention into the sector, under which the Council's programme of support is benchmarked are outlined as follows:</p> <p>Business development and growth - 'Creative Economy.' Covering issues such as increased start-up and growth initiatives for target companies.</p> <p>Capability development – 'Creative Talent.' Covering issues such as supply and demand, training services and facilities, increased liaison between university and industry, mentoring approaches, retraining and attracting indigenous talent.</p> <p>Infrastructure development – 'Creative Space.' Covering issues such as incubation and all aspects of physical and cyber networking and clustering.</p> <p>Since June 2004, Belfast City Council has made significant progress in developing and supporting this high growth industry in Belfast through a number of initiatives and actions reinforcing Belfast City Council's role in the Creative Industries.</p> <p>Initially, Council support focussed on all areas of the creative industries, ranging from art and crafts to film and e-learning products. At the end of the first three year period of interventions, an evaluation was carried out in relation to the impact of these interventions and in turn highlighting the sectors which benefited most and offered the best return on our investment.</p> <p>Coupled with the emphasis and changes in digital platforms and technologies and the investments made by HBO, Playtone and MTV, it has become clear that for the sector to fully develop and be in a position to compete with the likes of London, San Francisco, LA, New Zealand and Scotland, bespoke support</p>

should be targeted at the following key sectors:

- Digital media

Includes:

- animation
- web development
- media technologies
- mobile content
- games design

- Music

Includes:

- singers and songwriters
- bands
- music business
- distribution and promotion

- Design

Includes:

- graphic design
- fashion design
- branding

These sectors are considered to present greatest opportunity for return on investment and are also those which demonstrate the greatest potential for growth.