DRAFT NILGA Evidence to the Assembly – Committee for Culture, Arts and Leisure.

Inquiry into the Creative Industries

The Northern Ireland Local Government Association (NILGA) is pleased to offer written evidence as requested by the NI Assembly's Committee for Culture, Arts and Leisure, subject to the pre-emptory comment below in regard to NILGA's Executive corporate review of this submission in January 2012.

For further information or to discuss any of the issues highlighted, please contact Karine McGuckin at the NILGA Offices: Email: k.mcguckin@nilga.org Tel: 028 9079 8972.

Derek McCallan, Chief Executive

8th December 2011

PRE-AMBLE

NILGA, the Northern Ireland Local Government Association, is the representative body for district councils in Northern Ireland. NILGA represents and promotes the interests of local authorities and is supported by all the main political parties in Northern Ireland. The creative industries represents an important economic sector and it is supported by local government due to the potential for job creation and the positive impact this sector can have on the level of innovation and the internationalisation of its practices. NILGA is pleased to be able to have an opportunity to comment on the Inquiry into the Creative Industries and we trust that our comments will be taken into account when developing the final report.

NILGA is pleased to offer evidence as requested by the Northern Ireland Assembly's Committee for Culture, Arts and Leisure. Such written evidence pre-empts NILGA's Executive Meeting of 13th January 2012 and as such is offered pending corporate approval.

NILGA would succinctly respond to the issues referred to in the Inquiry as follows.

1. Identify the potential of the creative industries in Northern Ireland, with particular emphasis on the economic benefits.

A commonly held definition of "Creative Industries is the following:

Those activities 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. These have been taken to include advertising, architecture, the arts and antiques markets, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer services, television and radio.

Although not an exhaustive definition or list, this provides a benchmark for analysis.

The creative industries are emerging as one of the fastest growing and increasingly important **growth** sectors of the economy. The most recent estimates indicate that there are over 2,500 creative enterprises in Northern Ireland, employing some 36,000 people (4.6% of the workforce) source, DCAL.

The Northern Ireland Executive has stated that "growing a dynamic and innovative economy" is a primary strategic objective in the *current* Programme for Government.

This priority is further reinforced in the current *draft* Programme for Government being consulted upon at present. Within that, the increasing importance of the creative industries has been recognised, with a specific goal to grow the sector and to support 450 projects between now and 2015 under the Creative Industries Innovation Fund. To achieve this will require co-operation and collaboration between the many stakeholders in the sector. The Economic Strategy, also out to consultation at the time of submission, amplifies this ambition and determination.

It must be noted that the growth in employment in the creative industry sector has been driven mainly by some key accelerators, notably performing arts, visual arts and design. However, the digital arts sector is now a major investment and employment source.

Very large events such as the 2012 Olympics which will attract millions of people to the UK are largely run by cultural organisations and many NI companies have bid successfully to be part of this event.

Cities like Belfast have recently run the MTV awards and attracted international attention to our creative industries.

Derry- Londonderry and the opportunity presented to it through the City of Culture 2013 is another example of the potential that the creative industries can achieve. City of Culture 2013 will potentially offer the following opportunities:

- 1300 new jobs across all sectors including the creative industries
- Additional revenues of £100 million through wages and income
- Visitors numbers, overnight visits and visitors' spend are expected to double
- New infrastructures
- Potential to reach a global audience of 150 million

The local government sector has been very supportive of this industry and has developed it and supported it through different programmes and action plans to ensure its development, job and wealth creation as well as visibility both regionally and internationally.

NILGA asserts that:

(a) Councils have a key intervention role through local economic development and the creation of indigenous, artisan based collectives which are locality based yet which can sustain regional wide, branded partnerships to consolidate and brand sub regions;

(b) Councils themselves have a creative industry role in terms of promoting urban regeneration (Belfast, Derry/Londonderry), Christian Heritage (Armagh / Down),

Natural Resources and Heritage (Fermanagh/Ards), Industrial Heritage (Strabane/Antrim/Ballymena),Cultural Heritage (Limavady/Moyle/Banbridge) and Social / Contemporary Events and Festivals (Newry/North Down)

The Councils referred to above are simply examples – all Councils are proactive in the sector**.**

2. Identify the key challenges currently facing the sector

In Skillsets consultation (2011) with employers and Creative Media representatives, there was agreement that the growth of digital communications and global supply networks presented major opportunities for strong to medium term growth across the sector if some of the barriers listed below can be overcome.

The major opportunities for the sector as a whole are hampered by current silos between some parts of the Creative Media sector. For example, more established Television and Film companies are not fully embracing new digital content areas as quickly as they perhaps should. Digital Content providers for broadcast, web, mobile phones and Computer Games industry are restricted by the small size of too many companies and a lack of development opportunities. Too many people are reliant on too few resources. Business leadership and management skills are too often lacking.

The main areas of skills needs and shortage are as follows:

- Creative technology multi-skilling
- Multiplatform skills
- Management, leadership, business and entrepreneurial skills
- IP and monetisation of multiplatform content
- Sales and marketing
- Diagonal thinking

In the creative textiles sector 11% of employees in the fashion and textiles sector were reported as suffering from proficiency based skills gaps which was above the 8% reported by the wider workforce.

According to the Skillset's findings, the sector will continue to lose a substantial amount of jobs within the operative elements of the sector to 2017, although the pace of change will be less pronounced than seen in previous years.

The current recession seems to have had an impact in terms of the speed at which the creative industries are developing, but recessionary times can also provide opportunities for creative people. The innovative nature of this particular sector is one driver of its success, however it needs to be ever more entrepreneurial and its workforce needs to hone its business and negotiation skills if it wants to develop internationally.

There is also a need for cross- fertilisation between the creative industries and traditional industries in order to grow the smaller "artisan" player. The establishment of commercial partnerships between larger companies and smaller ones will allow micro companies to develop and market further their products by proposing innovative products and concepts which can be further developed and marketed by a larger company, for example, a textile designer developing an exclusive line for a large retail store.

NILGA asserts that market forces will determine the sustainability of such partnerships and that grant aid is not the answer – self determined entrepreneurial flair is.

Increasing levels and standards of global competition are expected in the creative and cultural industries, as other countries recognise the economic value of creativity as a significant driver of growth. This has particular relevance during the current period of recession as the UK and Ireland have been 'hit' especially hard due to the rise in the prominence of 'emerging economies' in Eastern Europe and Asia.

To manage competition on this global scale, the industry requires the best possible structures in place to develop the pool of talented people needed in the UK and Ireland, attracting the best from across the world to work in UK/Ireland and to provide the right skills to meet the needs of the expanding creative sector.

The increasing importance of the knowledge economy is recognised as essential to economic growth and wealth creation. Creative and cultural businesses are a crucial element of the UK's knowledge economy; as such it is essential to sustain high-level skills to support local, regional, national and international growth.

The emerging economies of India and China are having the greatest impact on the Creative Industries in Northern Ireland.

The growing populations of both countries will help to ensure that they maintain their emerging roles as both suppliers and consumers.
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In addition, though high level technical functions such as design, product development, production management and quality control have typically been retained by NI suppliers or retailers, as the capability of overseas producers improves, there is a threat that these functions will also be transferred.

The increasing importance of the knowledge economy in Northern Ireland is essential to economic growth and wealth creation. To retain this skills and wealth generation and manage competition on this global scale, the creative and cultural industries require appropriate workforce development, training and skills structures in place to develop the pool of talented people operating in the UK, and to attract the best from across the world to work in Northern Ireland and in the UK in general.

NILGA would assert that incentives are required to enable artisan skills and marketable heritage brands to be transferred and developed, creatively and contemporaneously, by future generations, with Councils engaged in the supply chain for such "handed down" skills, folklore and renaissance, as is the case in World heritage towns such as Toledo, Spain. Inspiration and radical vision is needed and as

such the public sector can provide the platform and conditions for the private sector to deliver sustainable employment and revenue.

3. **<u>Investigate whether particular gaps exist in current policies, strategies and delivery mechanisms, in areas such as: financial and business support, tax credit, education, training and skills development; leverage into international markets, the protection of intellectual property and legislative developments.</u>**

The Department of Cultural Arts and Leisure is the Government lead on the creative industries, working closely with the Department of Enterprise, Trade and Investment, the Department for Employment and Learning, Invest NI, the Arts Council, local universities, Sector Skills Councils and other sectoral bodies (including to map out how best to support and develop the creative industries in Northern Ireland.

This partnership should identify market gaps and attempt to find solutions through appropriate measures aimed at stimulating the growth of the sector.

The 2009 BIS report "Digital Britain" – which can be readily applied to Northern Ireland - highlights the need to develop and maximise digital skills so that (NI) will be a "global centre for the creative industries in the digital age". Technological advancements have a massive impact on professions in this industry; this includes a variety of practitioners who use digital technology in other roles.

<u>NILGA would assert</u> **that changes in the funding structure of higher education and in the arts sector will require individuals to make more informed decisions regarding qualifications, to pursue creative industry employment and self employment. Therefore, bursaries and other incentives should be offered to at least in part offset the wider policy changes which will materially affect the take up of so called employment based qualifications and the take up of so called artistic, vocational subjects.**

The current CIIF programme has partly addressed this issue at end user level, but it has focussed primarily on support to the digital industry within the creative industries. The wider sector should be celebrated and promoted, if not with disproportionate investment, then with key marketing and information campaigns.

<u>NILGA asserts that</u> **bodies such as the Forum for Local Government and the Arts and Council co-ordinated Crafts and Arts collectives could be utilised, at low cost and high impact, to develop creative means to engage young people and artisans of all ages, using examples of good practice locally in the form of creative entrepreneurs living and working in a given locality.**

In terms of skills, the following statements (Oxford Economics) highlight that the Universities, the Colleges and the Department for Education and Learning (The Sector Skills Council) in cooperation with Local Councils need to work closer together to address the skills challenges faced by the Creative Industries sector:

Those working in the creative and cultural industries tend to be more highly qualified than the general UK workforce and are becoming more highly qualified over time and at a higher rate.

• First degrees are the most commonly held highest qualification in the creative and cultural industries in Northern Ireland between 2004-2009 (24%)

• Those working in the sector in Northern Ireland are more likely to leave than those in employment in general

• Only 19% of those employed in the industry in Northern Ireland in 2008 have subsequently left the sector, this compares to 12% across Northern Ireland in general and leaving the sectors they are in.

It is clear therefore, that the proportion of jobs requiring higher levels of qualifications has been rising whilst the proportion requiring low or no qualifications has been declining. The creative and cultural industries currently have low job vacancy numbers compared to the UK in total and reasonably low hard to fill vacancies in comparison with other industrial sectors. This is potentially driven by the perception within the industry that there is a need for 're-skilling' as opposed to 'up-skilling', with new skills acquired in post and 'on the job'.

<u>NILGA would assert that</u> the availability of contemporary, sector driven training to meet high skills demands is potentially a problem and would suggest that Workforce development Forums and Sector Skills Councils consider the issue in tandem (and with leadership from) the sector itself. Again, private sector means to private sector ends, conditioned by the public sector, will be the only way to break silos as referred to above and produce outputs / results not structures and processes populated by often duplicating NGOs and government bodies.

New 'digital' business models are increasingly viewed as the future in terms of both production and revenue. <u>However, control over assets is problematic</u>, with traditional approaches to copyright and intellectual property rights <u>not necessarily effective</u> in the online environment. Creating sustainable businesses in a world where many expect unlimited access to content without being charged is <u>a major challenge</u>.

In the music industry for example, the effects of digitisation are numerous, from convergence of product delivery onto digital platforms, to the ease of creating and recording new music, to digital publishing and marketing. 95% of all UK single sales are now digital, and the future is likely to be driven by the adoption of music delivery platforms which enable on-demand access regardless of location.

Digital technology has also had a major impact on the design sector, including shortened design timescales, faster communication, the emergence of rapid prototyping and businesses requiring fewer people carrying out more tasks. The majority of designers <u>think skills needs are changing and the most commonly cited reason is technological advance.</u>

4. **<u>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.</u>**

It is felt that Northern Ireland provides a lot of **quantity and in some of these cases quality** support to the creative industries and this has been re-emphasised through the new draft programme for government.

<u>NILGA would assert that</u>

(i) A thorough, independent, clinical scoping of the interventions presently in place is dynamically presented and waste, duplication and mediocre initiatives eliminated;

(ii) A smaller, creative enterprise unit is set up, at no additional net cost to the public purse, to develop partnerships through fixed term, contemporary initiatives;

(iii) Councils are offered, consistently and within the RPA process, a key intervention role through local economic development and the creation of indigenous, artisan based collectives which are locality based yet which can sustain regional wide, branded partnerships to consolidate and brand sub regions and feed into and take from (ii) above.

Similarly, the role of Councils should be expressed in regard to importing good practice and (literally) exporting Northern Ireland - developing transnational cooperation with other parts of Europe and with North America, China and elsewhere to promote good practice and exchange of experience. This is a niche role which complements Invest NI, in as much that particular elements of the creative industries take part. Glass workers in Comber, for example, have displays of Irish / Native American and Mexican influenced municipal art in Phoenix, Arizona. This potential can be rolled out globally, yet simply, without complex structures or lavish grants.

This has resulted in the identification of concepts and practices in Finland, Spain, Italy and Ireland that could be applied to the NI creative industries in order to re-skill its workforce, to provide commercial international opportunities to individual companies and to forge partnerships which are supported through digital media such as the Ards Creates Web tool which provides a platform for NI creative companies to discuss opportunities, publicise their work or seek supply chain partners.

In Canada, Provincial Governments, which hold all skills in innovation and economic development, have also largely capitalized on the creative industries. Ontario, British Columbia and Quebec are the figureheads. They act as catalysts of energy through multiple tools: tax credits, support for marketing events and international trade shows, flexible financing to start business activities, support programs based on logic of projects, involved in all phases of the chain of creative industries (business development, production, marketing / distribution). Funds dedicated to marketing the products, intellectual property fund, supporting the development of academic and professional training, funds for emerging technologies, are among the devices born in the last ten years.

Finally, they invest heavily in clusters dedicated to creative industries. They encourage the development of niche and specialty chains based on local factors (industry / training / community / technology talent pool): **Halifax** has developed a strong specialization in film production, **Victoria** in the literary arts, the performing arts, visual arts and information services, **Ottawa-Gatineau** in the area of information services and performing arts, Winnipeg in the field of performing arts, while **Calgary** has strengthened its capacity to engineering and architectural design and **Toronto** and **Vancouver** have turned to IT, digital media, animation and video games. Flexibility, opportunism, reactivity, which are also the main lines of Canadian policy, characterize these areas: there is not a "creative cluster" similar to another in Canada.

5. **<u>Examine the extent and effectiveness of the collaboration and coordination between industry, government departments and academia in maximising and harnessing the full potential of the creative industry in Northern Ireland</u>.**

NILGA would assert that the clinical, independent, scoping exercise referred to above would be beneficial in this regard. It believes that the evidence sought will bring forth opinions, which is necessary, but must also bring forth actions.

In conclusion, it looks forward to furthering the rise of the creative industries and will, both as an Association and through Councils, provide creative projects, technical assistance through its EU Knowledge Bank and its evidence based lobbying to provide solutions, as a part of contemporary, regional – local government economic partnership now, and in the Economic Strategy / Programme for Government period ahead.

Derek McCallan
Chief Executive
Northern Ireland Local Government Association

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