

A review of the  
**Creative &  
Digital Sector**  
in Cheshire East



**Executive Summary**

## 1.0 Executive Summary

In May 2015, Full Circle Management Solutions Ltd was commissioned, by Cheshire East Council, to undertake a review of the Creative & Digital sector in Cheshire East. From the outset it was understood that the creative sector employed over 7500 people in total in Cheshire, representing 4.4% of the total employment in the Borough, with particular concentrations focused in the northern towns and also Crewe. A number of recent Government reports have highlighted the growth potential of the sector, and as such, the Council was keen to understand it further.

**Cheshire East Council identified the Creative and Digital sector as an existing area of activity within the Borough which could represent a significant opportunity for growth.**

With action plans already in place for a number of other growth sectors, the Council was keen to develop and explore its evidence base for the Creative and Digital sector in order to identify particular sub-sector strengths and opportunities (based upon the DCMS definition of 13 sub sectors), and develop an action plan to guide its activity in relation to the sector.

The Creative Industries were defined in the Government's 2001 Creative Industries Mapping Document as "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".

The following sections provide an evidence base for the Creative and Digital sector in Cheshire East with an action plan outlining the core themes / priorities relating specifically to support and assistance for the creative and digital businesses in Cheshire East.

### 1.1 Overview of the Creative & Digital Sector

Cheshire East is a diverse area – economically, socially and physically with a population of 372,700 (2013). The Borough is mainly rural, with a rich and varied topography covering an area of 116,638 hectares. It is bounded by Cheshire West and Chester to the West, by Manchester to the North and Stoke-on-Trent to the South.

The area has some strong transport links (motorways, rail network, proximity to Airports), which make Cheshire East an accessible and attractive location for residents, visitors and businesses. However east-west transport links in the central and southern part of

Cheshire East are inadequate and are likely to be constraining growth potential.

Cheshire East has largely a successful economy with high rates of employment and a skilled working population, although pockets of underachieving areas exist, including the Crewe urban area.

The northern part of Cheshire East has a strong relationship with Greater Manchester in terms of journey to work, leisure and shopping patterns and housing markets. Its geographical advantages and environmental qualities make it a desirable place to live and work, and the area is the most economically successful part of the Borough.

The Cheshire East area is renowned for its highly educated and entrepreneurial workforce and the high quality of life enjoyed by its residents and workers.

Governments and policy makers are beginning to recognise the important role of the creative and digital industry in the economy and efforts are being made to foster and grow this sector. However, despite these efforts, there are still many barriers and challenges that can stand in the way of doing business.

The challenges faced by the Creative and Digital sector are replicated at both a European, national and regional level. In researching the sector in Cheshire East, the challenges and barriers to growth are the same faced by many businesses in Europe.

Representing 99.8% of all enterprises in Europe, SME's are the backbone of this service driven economy. It is clear that a typical EU enterprise is an SME, or more specifically, a micro enterprise with less than 10 employees. This is a very similar story to that of businesses within the Cheshire East region. In general, policy actions related to the promotion of an entrepreneurship culture will have the highest estimated impact on this sector.

Across the sector it would appear that low levels of entrepreneurship, lack of innovation support, access to finance and commercial business skills are impeding the growth of the sector. These are therefore the key areas of intervention required to help support businesses within the Creative & Digital Sector in Cheshire East.

## **1.2 Potential Funding Streams for the Creative & Digital Sector**

Funding for businesses is based on a mixture of sector and non-sector based initiatives. The funding is available as non-repayable grants and / or loan and equity funding.

Public sector intervention is largely driven by the various new rounds of EU funding 2014 – 2020, given we are only in 2015, Cheshire East are in a prime position time wise to access substantial funding opportunities within the next 5 years to support economic growth plans.

It is important to be aware of the EU State Aid implications in terms of funding. Cheshire East is in a non-assisted location and as such large companies cannot gain support through the Regional Aid block, although it is not the case for SME's.

From a regional point of view, Cheshire East is strongly linked into regional and sector initiatives which cover the North West.

The section has outlined a flavour of funding schemes on a national, regional and sectoral basis. The tables in Appendix II have shown the wide ranging sub-sectoral initiatives which are also in existence.

The key issue is from a Cheshire East / SME perspective first and foremost is the lack of a central signposting / alert system to all of the funds that are available.

Once the relevant funds have been identified it is crucial that businesses know how to apply for the support and can present their business case in the most effective manner.

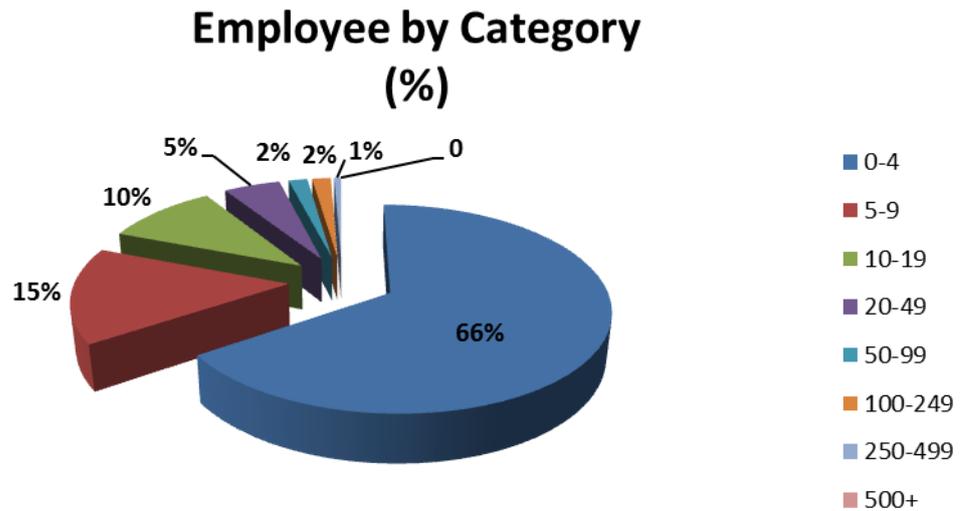
## **1.3 Snapshot of the Current Positioning of the Creative & Digital Sector in Cheshire East**

At the outset of this Review a key priority was to determine the evidence base for the creative and digital sector within the Creative and Digital industry in Cheshire East. The consultancy team were involved in the development and cleansing of a database of businesses operating within the Creative and Digital Sector in Cheshire East.

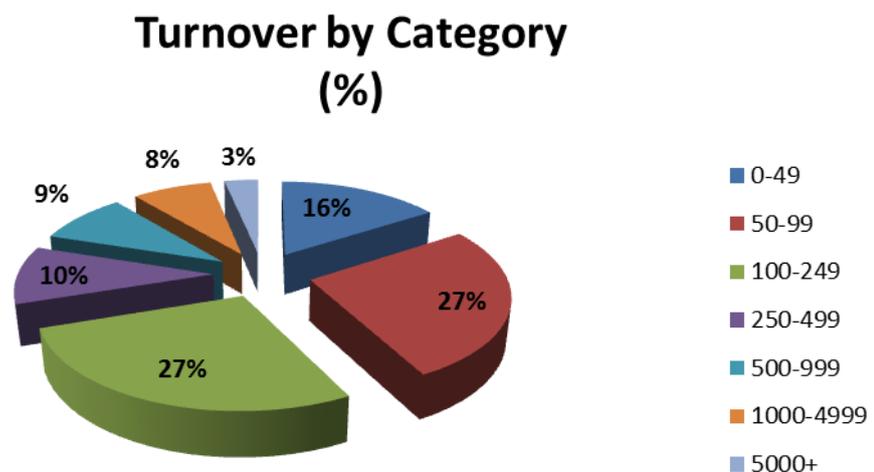
The final database holds a total of 1,932 businesses operating within the creative and digital sector in Cheshire East. Those businesses that provided employee figures have a total of 4,942 employees and an accumulated turnover of £248,599,241. This is

a highly conservative figure for the sector and has been based on data available.

The sector is centered on SME's with a total of 81% of businesses within the Cheshire East area employing less than 10 people, the greatest percentage of these are within the 0-4 category accounting for 66%.

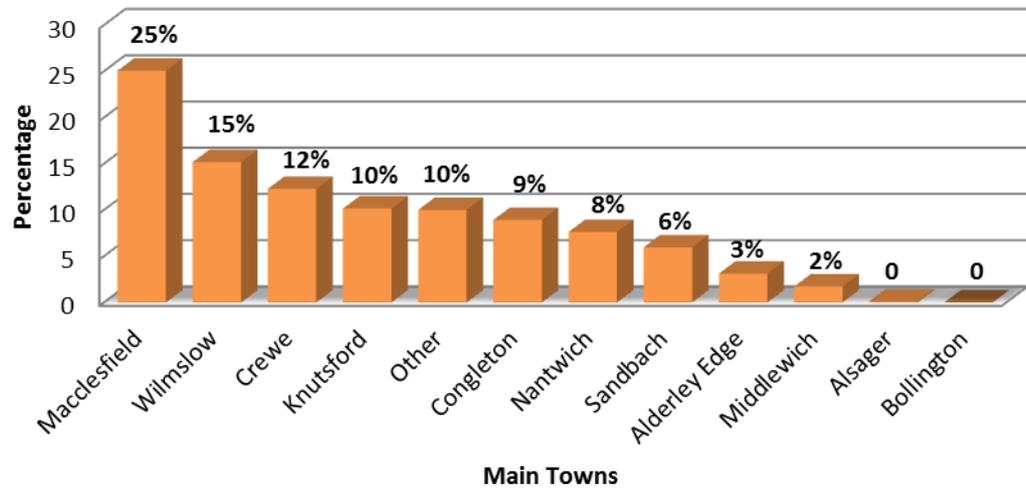


Just under half of the businesses in the sector (43%) have generated a turnover below £100k.



The top 3 areas where the creative and digital businesses are located include: Macclesfield area (25%), followed by 15% in Wilmslow, 12% in Crewe and 10% in Knutsford.

## By Geographic Region (%)



The table below provides a breakdown per market segment.

Creative & Digital Sector	Percentage
Other information Technology	35.2%
Software & Computer Services	16.6%
Advertising	10.0%
Arts & Antiques	7.2%
Architecture	6.0%
Design	5.4%
Film & Video	5.1%
Publishing	4.5%
Performing Arts	2.6%
Television & Radio	2.0%
Music	1.9%
Crafts	1.7%
Interactive Leisure Software	1.5%
Designer Fashion	0.4%

As the table above shows, the top 3 sub-sectors within creative and digital include: Other Information Technology accounting for 36.2%, followed by software & computer services (16.6%) and finally advertising accounting for 10% of businesses within this industry. The digital sector is performing strongly in Cheshire East and should be considered a key growth sector for the region.

With regard to the supply and demand for property in the area, there were mixed views in relation to this. There appears to be a strong supply of available office space in the region for the next 4-5 years to meet the demand of businesses seeking space in excess of 200 sq mtrs. The research has highlighted that 66% of businesses operating within the creative and digital sector employ between 0-4 people. Therefore a potential shortfall with regard to property may be around the area of smaller offices or incubator space. **The potential capital investment in providing incubator space would not been seen as a priority for Council.** However, there may be opportunities to work with private sector businesses that wish to lead in the development of such sites.

**In the short to medium term we would propose the development, delivery and management of a “Pop-up Shop” Scheme as an incubator for new innovative retail concepts or businesses. Over the next three years the Council should monitor the number of businesses applying for the “Pop-up Shop” Scheme assessing the level of demand and industry sectors/sub sectors. Evaluate and review the levels of sustainability as a result of the “Pop-up Shop” Scheme.**

#### **1.4 SWOT Analysis for the Sector in the Cheshire East Region**

Cheshire East is in an ideal position to take advantage of the growth in the creative and digital sector. There are approximately 1,932 businesses currently operating within the sector covering a broad range of sectors, most notably ICT, software and advertising. With notable clusters of activity around Macclesfield, Wilmslow, Crewe and Knutsford.

The region has the added benefits of not only being an attractive place to live, work and visit, it also offers easy access to major cities in the North West as well as its proximity to MediaCity. The area is easily accessible by road, rail and air transportation. However, as the area is a predominantly rural area, public transport to some locations is poor, this may be an issue for some businesses bringing in staff from other areas. Furthermore, mobile coverage in certain regions is also poor and these are a few of the factors that may deter inward investment as well as enterprise.

Cheshire East Council has been investing significantly in both the infrastructure and capital investments and by 2016, the aim is that 96% of homes and businesses will have access to high speed broadband. In addition to this major infrastructure developments are planned.

There is overwhelming support for the Creative & Digital sector from a European, National, Local and Central Government level. This also filtered through to private sector level with a strong appetite to grow the sector collaboratively.

This is an exciting time for the creative and digital sector with the backing from both public sector and private businesses to build and grow the industry. A range of opportunities have been identified to help bring local businesses to the next stage of growth and in turn generate employment opportunities in the region.

### **1.5 Establishment of clear strategies, resources and tactics required to realise the aforementioned objectives**

Through our consultations with a range of creative and digital owner-managers and with a diverse spread of stakeholders across the Cheshire East region, we have identified 3 distinct but interlinked cross-cutting themes that encapsulate the priority areas of support for creative and digital businesses in Cheshire East.

These 3 cross-cutting themes are presented diagrammatically below:



Within the 3 aforementioned cross-cutting themes, we have pinpointed 8 distinct priorities relating to the support requirements of individual creative and digital owner-managers and the support requirements of the sectors as a whole.

These 8 distinct priorities form the basis of our proposed sectoral strategy for Cheshire East for the period to 31 December 2020 and are summarised in diagrammatic form below.



## 1.6 SMART objectives for Cheshire East Council to support the Creative & Digital sector over the next 3 years

The following is a summary of the key objectives to support the creative and digital sector for the period from 1 July 2015 to 31 December 2019.

1. To assist creative and digital owner-managers to secure a minimum of £3.5 million in external finance [in the form of loans, equity investment or grant assistance per annum. This to equate to £14 million in external finance by 31 December 2019.

2. To create a minimum of 30 short term work placements per annum – either paid or unpaid – involving undergraduate / postgraduate students with creative / digital businesses in Cheshire East. This to equate to 135 placements over the implementation period to 31 December 2019.
3. To create a minimum of 15 new jobs per annum as a result of more formalised links with the educational sector in the region. This to equate to 60 new jobs over the implementation period to 31 December 2019.
4. To facilitate the establishment of a minimum of 5 substantive engagements / collaborations between Cheshire East creative / digital businesses and academic staff with specific creative and digital expertise per annum, equating to 20 engagements / collaborations over the implementation period to 31 December 2019.
5. To create a minimum of 445 new jobs in Cheshire East by 31 December 2019 across the businesses that avail of the various interventions available under the sectoral strategy.
6. To generate a minimum of £5.6 million in new sales by 31 December 2019 across the businesses that avail of the various interventions available under the sectoral strategy.
7. To create a minimum of 160 new creative / digital businesses in Cheshire East by 31 December 2019 as a result of the various interventions rolled out as part of our proposed sectoral strategy.
8. To develop, deliver and manage a Pop-Up shop scheme as an incubator for new businesses over the course of the implementation period. This to create a minimum of 30 new businesses by 31 December 2019.
9. To massively facilitate and expedite the level of networking and in-sectoral collaborations in Cheshire East by rolling out a wide range of activities including Best Practice visits and networking events.

## 1.7 Anticipated Key Success Factors

Our experience is that the development of any strategy is relatively straight-forward; it is the implementation of the strategy that presents the real challenges. Consequently, our firm view is that **the following 4 steps are individually and collectively absolutely fundamental to the successful implementation of the project:**

1. The creation of a steering committee of 10 people by the end of Quarter 3 2015 that will be made up of creative / digital owner-managers, creative / digital stakeholders and council representatives. It is crucial that this strategy is driven by the sector and that creative and digital owner-managers take ownership of the implementation process from the outset.
2. The creation of an industry body whose role will be to represent the interests of creative and digital businesses in the Cheshire East area. This to be in place by Quarter 1 2016.
3. The recruitment of a dedicated managerial resource who will be in place by early Quarter 4 2015. This individual will play a central role in the implementation of significant parts of the proposed sectoral strategy over the next 32 months.
4. Securing the full buy-in of a minimum of 100, 170, 210 and 250 paid-up members of the aforementioned industry body by 31 March 2016, 2017, 2018 and 2019 respectively.

## 1.8 Summary of the projected economic impacts of the strategy implementation process

We would highlight the projected economic impacts of this project if the strategy for the development and support of the creative and digital sector in Cheshire East is implemented in full by its key stakeholders.

More specifically, the 4 primary economic impacts that we anticipate are summarized as follows:

1. Injection of **£14 million** into the local economy in Cheshire East in the form of **external finance** provided to

creative and digital businesses over the implementation period.

2. Creation of **445 new jobs on the part of both existing and newly established businesses** in the creative and digital sector in Cheshire East over the planning period as a direct result of the proposed interventions that will be rolled out during the implementation period. Based on an estimated average salary for each new job of £25,000, this equates to an injection of **£11.25 million per annum into the local economy once all of these jobs are created.**
3. Provision of **135 work placements for students / graduates** within the creative and digital sector in the region as a direct result of much closer contacts between the sector and academic institutions during the implementation period.
4. Generation of **an additional £5.6 million in new sales** on the part of creative and digital businesses in Cheshire East as a direct result of participation on the proposed suite of capacity building programmes to be delivered during the implementation period.
5. Creation of **a minimum of 155 new creative / digital businesses in Cheshire East.**

**Whilst we envisage that all of the above economic impacts are realistic and achievable during the implementation period, we would also highlight that there will inevitably be many other indirect economic impacts in terms of for example supply chain opportunities and greater disposable income being spent across Cheshire East as a result of new jobs being created and new businesses being established.**

For more information, please contact the Business Engagement Team on  
0300 123 5001 or [business@cheshireeast.gov.uk](mailto:business@cheshireeast.gov.uk).