

NORTH EASTERN LEP ECONOMIC REVIEW:

A SUBMISSION ON BEHALF OF NEWCASTLE GATESHEAD CULTURAL VENUES

Introduction

In 1990 the National Garden Festival was staged in Gateshead, giving the North East an opportunity to showcase various aspects of its cultural offer and, perhaps even more importantly, providing a demonstration of the potential of culture as an economic driver. Over the next few years, the development body for the arts in the region (Northern Arts) worked with its partners to explore how this agenda might be best taken forward.

In 1995 Tony Blair launched “The Case for Capital”, Northern Arts' £250m capital strategy for the arts. This set out a 10-year vision and ambition for the arts in the North-East and Cumbria and went on to underpin what many regard as having been the largest programme of cultural-led regeneration in Europe.

Subsequently, Arts Council England's Lottery Fund alone invested £0.6 million in the Angel of the North, followed by £46 million in the development of BALTIC Centre for Contemporary Art, £70 million in the development of The Sage Gateshead and £22 million in the Gateshead Millennium Bridge (with additional investments in each from a variety of other sources).

These investments were followed by other Lottery and other public sector investments which have delivered huge benefits for the North East economy, directly and indirectly. Indeed, Gateshead Quays alone has seen more than £1billion invested in cultural assets and other developments facilitated by the investment in cultural infrastructure.

Whilst it may now seem obvious that these investments were worthwhile, it is worth a reminder that these decisions were bold and involved no small amount of risk, reputational as well as financial. Taking the example of The Angel of the North, there was opposition from more than 4,000 signatories to a petition opposing the erection of the sculpture. A campaign by a local newspaper, critical of the proposal, encouraged people to write to Government Office - North East, prompting 2,000 letters of complaint and only 3 in support. As an example of policymakers having the courage of their convictions and helping to shape the regional economy, there can be none better.

Going forward, there is a need for a similar vision, strategy and action plan. Furthermore, the combination of identified investment opportunities and track record of success means that the sector offers great potential at relatively low risk.

NewcastleGateshead Cultural Venues¹ (NGCV) is a collaboration between 10 building-based cultural producers, operating 22 venues in Newcastle and Gateshead. The members of NGCV have liaised with cultural and creative partners across the North Eastern LEP area in preparing this submission and would be pleased to discuss any aspect of it with Lord Adonis and/or any of his colleagues undertaking this review.

¹ The 10 constituent organisations are: Baltic Centre for Contemporary Art; Centre for Life; Dance City; Live Theatre; Northern Stage; Seven Stories; The Sage Gateshead; Theatre Royal; Tyne and Wear Archives and Museums; and Tyneside Cinema

1. What is your sector?

1.1 This submission relates to the cultural and creative industries within the North Eastern LEP area. As such, it is an extension of the definition of creative industries by DCMS which covers the following sub-sectors:

- Advertising
- Architecture
- Art and Antiques
- Crafts
- Design
- Designer Fashion
- Video, Film and Photography
- Music and Performing and Visual Arts
- Publishing
- Software and
- Electronic Publishing
- Digital and Entertainment Media
- Radio and TV

1.2 In respect of NGCV, member venues play host to a variety of cultural activities, including visual arts, performing arts, music, dance, film, writing and literature, heritage, archives and museums and science communication

1.3 In addition to the above, the cultural and creative industries referred to in this submission cover museums and archives. One of the key characteristics that museums share with the major venues at which creative activities are undertaken (most notably, Music and Performing and Visual Arts) is that they also form a very significant part of the visitor economy.

1.4 Nationally, there are more people employed in the creative industries than the whole of manufacturing. Data from DCMS (December 2011) shows that around 1.5 million people are employed in either the Creative Industries or in a creative role in another industry sector. Previous research showed that around one third of those working in the sector are qualified to degree standard.

- 1.5 In respect of Gross Value Added (GVA), the latest figures (2009) showed that the Creative Industries accounted for 2.89% of the UK total (£36.3 billion). In addition, the Creative Industries accounted for 10.6% of the UK's exports in 2009. These figures are much lower than previous estimates suggested, following the removal of two 'standard industrial codes' from the definition of the Software sector and a 'scaling adjustment' that the DCMS used to apply to the estimate of whole economy GVA.
- 1.6 Were the UK to be compared with other countries on a like-for-like basis, as per the United Nations Conference on Trade and Development (UNCTAD) Creative Economy Report 2010, the share of GVA accounted for by the creative sector in the UK would be 75% higher than in the USA and more than double that in France.
- 1.7 In 2011 there were an estimated 106,700 creative enterprises on the Inter-Departmental Business Register (IDBR) in 2010, meaning they make up 5.13% of all enterprises. The true number of enterprises in the sector is likely to be even higher, as certain sectors such as Crafts contain predominantly small businesses not picked up by the IDBR.

2. What is your sector's economic contribution to the North East and UKPLC?

- 2.1 Based on a narrower definition of the sector than is adopted here (i.e. the sub-sectors listed in 1.1), there are more than 6,000 creative businesses in the North East, employing more than 20,000 people and generating Gross Value Added (GVA) of more than £750 million².
- 2.2 Over the period 2005-2010, employment levels held up, with growth in some sub-sectors (most notably visual arts and interactive media) able to successfully compensate for the decline of others (in particular, advertising and design). Whilst GVA fell (by just under 5%), the number of businesses rose by 8%, with especially sharp rises in respect of the interactive media and visual arts and sub-sectors, of 86% and 72% respectively³ (See Appendix).
- 2.3 The quality and range of employment opportunities within the cultural and creative sector make it one of the more attractive areas for economic development. Whilst it includes specialist roles, it also embraces management functions, finance and IT, as well as a range of administrative occupations and front of house functions. This includes opportunities for those graduating from the region's universities with degrees that relate to cultural sector activities who have played an important role in diversifying and raising the region's skills base.
- 2.4 Furthermore, within the private sector there is extensive self-employment, in respect of which the North East economy generally is under-represented. The cultural industries have always included a high number of self-employed and freelance businesses who undertake a range of activities for cultural venues, including lighting, sound, make-up, costume design, stage sets, performers and artists. NGCV members offer a programme of enterprise support helping cultural freelancers and new businesses to start-up and grow. This results in the creation and growth of many new cultural enterprises each year.

² TBR (all statistics)

³ TBR (all statistics)

- 2.5 In 2012 NewcastleGateshead Cultural Venues (NGCV) members raised £5.9m in additional project funding for cultural activities beyond core programmes, including outreach, learning and participation and special projects. These programmes and projects aim to maximise the social impact of the area's cultural assets for the benefit of hard to reach, vulnerable and marginalised individuals, groups and communities. These can include young people who are not in education, employment or training, those in care or care leavers, ex-offenders, people with mental health problems, older people who may have significant health or mental health issues, as well as being at risk of isolation, people with disabilities, carers, people with drug or alcohol problems and a wide range of others who are all engaged proactively through arts, culture, science and heritage activities, directly and through partnership working.
- 2.6 In addition, NGCV provides work experience, apprenticeships and volunteering opportunities for people of all ages, who may not otherwise have the opportunities to gain skills, knowledge and experience. Collectively NGCV members provided formal and informal learning and participation activities for 613,645 children, and 298,400 adults and worked with 1026 schools in 2011-12.
- 2.7 In respect of volunteers, some participate as a way to progress to education, training or work, others engage as a way of giving back to the community and to share their passion for culture. In 2011-12, 854 volunteers gave 31,751 hours of their time to be involved with NGCV activities. Culture Track – the regional cultural volunteering project run by museums – targets recruitment on the unemployed (especially long term unemployed), aiming to improve confidence, basic skills and general employability.
- 2.8 The constituent organisations of NGCV cover a wide range of cultural forms and collaborate in order to maximise the artistic and economic potential of the cultural sector in the North East.
- 2.9 The latest of a series of annual studies conducted by ERS (2012) established that the total (direct, indirect and induced) economic contribution of NGCV to the North East region was estimated at £77.6 million of GVA during 2011-12, supporting up to 2,002.9 full time equivalent (FTE) jobs.

- 2.10 This series of reports represents a unique collection of data gathering/analysis. In addition to the above, it has highlighted the high levels of visitor spend each year (£16.5 million in NewcastleGateshead and a further £8.6 million across the rest of the North East) and combined attendances of around 3.6 million. In addition, more than 1800 cultural and creative professionals are directly supported by NGCV through training, SME accommodation and business support each year, helping to create a stronger local economy.
- 2.11 To be clear, the above analysis does not include cultural venues within the North Eastern LEP area outside NewcastleGateshead, notably Sunderland Empire, The Gala Theatre (Durham), The Maltings Theatre and Cinema (Berwick), The Customs House (South Shields), The Playhouse (Whitley Bay), Alnwick Playhouse, The Alnwick Gardens, The National Glass Centre (Sunderland), Beamish Museum (County Durham), Bowes Museum (County Durham) or Woodhorn Colliery Museum (Northumberland).
- 2.12 For example, Beamish Museums employs 275 full time equivalents (FTE) and has created 100 new FTE jobs over the past four years. The sector helps support a broad range of businesses through the spending power of visitors and helps improve the image of the region to those outside the North East (65% of Beamish's audience comes from outside the region). Over the past four years, turnover at Beamish Museum (excluding grants) has increased by 49%, with turnover now standing at around £7 million. Similarly, Woodhorn Museum employs 43 FTEs and generates a turnover of around £1.6 million per annum. In both cases these museums offer a boost to the region's rural economies in particular.
- 2.13 In 2010 the Gross Value Added (GVA) of the creative industries in the North East was more than £755 million (see Appendix), a figure which excluded activity within the museums and galleries sub-sector. Were this sub-sector to be taken into account, and mindful of the expansion in activity at many cultural venues since 2010, **it might reasonably be suggested that the contribution of the cultural and creative industries in the North East to regional GVA is now approaching £1billion per annum.**

- 2.14 In addition to its direct economic impacts, the cultural sector also plays a highly significant catalytic role, in two key respects. Firstly, the enhancement to the built environment that has resulted from major capital projects has raised the profile of the area and has proved to be a major draw for visitors. Secondly, the provision of a wide variety of high quality cultural venues and activities is a major element of the quality of life offer that has helped to improve graduate retention and attract businesspeople into the region. Whilst the availability of skills and good communications typically top the list of site selection criteria, the quality of life on offer is commonly cited as a key factor in investment decisions.
- 2.15 The OECD's Territorial Reviews of Newcastle (2006) stated that: "Improved cultural dynamism has helped facilitate regional creativity.... What makes the city region gain more national and international attraction and recognition is its recent growing cultural amenities"⁴.
- 2.16 Similarly, the North East England ERDF Operational Programme 2007-2013 stated that the region had: "improved cultural facilities and activities which provide strong tourism potential..... there has been considerable change in external perceptions of the Newcastle city region's cultural vitality as a result of major investment in new visitor infrastructures, active cultural events and general image promotion".
- 2.17 Inward investment agencies all over the world recognise the importance of the cultural offer in attracting mobile investment. When the business case between competing locations is finely balanced, those decision makers charged with living with their decision (in terms of relocating to an area, often with families) are more likely to be persuaded to choose somewhere they perceive offers a good quality of life, to which the cultural offer is integral. Marketing information to draw in investment always sells the quality of life on offer, often using images of iconic cultural landmarks.
- 2.18 According to a report commissioned by One NorthEast (2006), one fifth of the relevant sample stated that arts and cultural provision was a significant influence on their decision to move to the region.

⁴ OECD Territorial Reviews: Newcastle (2006)

- 2.19 The Demos Report “Northern Soul (Culture, Creativity and Quality of Place in Newcastle and Gateshead)” showed that people choosing to live in the area had been attracted by: “a quality of place and sense of authenticity, magnified by the excitement of a place that is in the throes of change”. Importantly, this potential to stabilise (or even reverse) the migration of people from the North East to the South East, involves attracting and retaining people most likely to be able to have a positive impact on the area’s future economic performance.
- 2.20 A quality physical environment also has a significant role in retaining existing businesses in the region. It develops a sense of pride in the area when regional businesses are hosting customers or senior colleagues from outside the region.
- 2.21 It might reasonably be argued that a higher quality and more diverse cultural offer has contributed to improvements in graduate retention rates. Local Universities are now focussing upon delivering an improved teaching offer to attract students and also looking very closely at how they can best support students (both during and after courses) to develop business ideas into sustainable ventures (see sections elsewhere in this document for further information regarding this work).
- 2.22 More generally, the growing quality of the area’s cultural offer has helped to attract and retain highly skilled and creative individuals who are making a significant contribution to the cultural sector and the wider economy. The opportunities created in the sector are contributing to the continuing shift from low paid jobs, towards better quality, highly skilled employment. Graduates and other skilled professionals from all sectors are more likely to be attracted and retained in an area which is seen as culturally vibrant and dynamic.
- 2.23 Encouraged by the huge amount of public sector investment in cultural facilities, the private sector has been quick to respond to the opportunities created. A study by ERS for Gateshead Council (2008) showed that over the previous 5 years, NewcastleGateshead had welcomed more than a dozen new hotel developments, adding well over 1,000 additional bed spaces and with more in the pipeline. These developments had brought around 1,000 new jobs to the area. The arrival of Hilton Hotel alone represented a £25 million investment and created 250 jobs.

2.24 In respect of Gateshead, there are a number of examples of additional investment opportunities that can be linked directly to culture-led regeneration.

Baltic Quarter- Knowledge Campus & Baltic Business Park – a 100,000m² development over 10 years, representing an investment of £250m and creating an estimated 7,000 jobs.

Gateshead Quays Phase 2 - a mixed-use development comprising restaurants, cafes, bars, a cinema, a hotel, 55,000ft² of retail premises and a mix of 324 homes and apartments.

Baltic Quay - a mixed-use development comprising 12,000m² of bars, restaurants and nightclubs and a 200 bed 5 star hotel, as well as 584 riverside apartments.

2.25 The 6,000 jobs created and £1billion invested on Gateshead Quays alone would have taken a lot longer to generate, if ever realised at all, without the investment made in cultural assets. Furthermore, but for the recession it seems highly probable that all development opportunities on Gateshead Quays would have been fully exploited, creating even more jobs. Hence, the employment and investment figures quoted above will climb even higher once private sector confidence has been restored and again will be directly connected to the investments in the cultural assets that ignited regeneration on the south bank of the Tyne.

2.26 In addition, the sector has played a pivotal role in the regeneration of the Ouseburn area in Newcastle. Not only does it account for many of the businesses and jobs that are located in the area but it has helped to create a perception of the Ouseburn that is highly attractive to other businesses that want to be associated with the sector. This in turn has attracted investment from the leisure industry, house builders and commercial developers, all keen to take advantage of the positive associations the area has with the cultural and creative sector. It has also prompted private sector development at nearby Hault's Yard, with workspace aimed specifically at creative industries, especially media and digital businesses.

- 2.27 There is little doubt that the cultural infrastructure that has been developed and the use of images of key developments, perhaps most notably the Angel of the North, BALTIC, Gateshead Millennium Bridge and The Sage Gateshead and have promoted the positive external perceptions of the region that have encouraged greater numbers of visitors to the North East, both from other parts of the UK and internationally.
- 2.28 The visitor economy is of enormous importance to North East England. It accounts for an estimated £3.9 billion of annual expenditure in the regional economy (equating to 4.6% of the region's GVA) and directly supporting approximately 60,700 jobs – 5.2% of regional employment⁵. More recently, Tourism Tyne and Wear has published figures that put the value of tourism to the Tyne and Wear economy (2009) at £2.09 billion.
- 2.29 Outside of Tyne and Wear, Beamish Museum has seen visitor numbers increased by 65% over the past 4 years, from around 300,000 visitors to around 500,000 visitors.

⁵ Modelling the North East Economy – the impact of tourism on economic activity in the North East of England (Durham University - July 2007)

3. What are your sector's prospects for economic growth?

- 3.1 The creative sector in the North East is one which can truly boast world class credentials and which has already had a significant economic impact as described in the previous section. Just as importantly, there remains considerable potential for further development of the sector. Furthermore, the growth potential of creative industries is unique in that it draws on regional distinctiveness and is embedded within the local area hence, unlike other sectors, large parts of it are not readily re-locatable.
- 3.2 In order to deliver its ambition of making NewcastleGateshead the most culturally dynamic City in the UK by 2025, NGCV seeks to build on the past decade of investment, sustaining what is in place currently and investing further to take this to a new level. To achieve this, the partners have created a strategy for capital investment, which aims to consolidate the economic benefits of previous developments and deliver new benefits into the future.
- 3.3 To that end, the members of NewcastleGateshead Cultural Venues have identified a series of potential capital investments in infrastructure and property, business growth and enterprise and cultural workforce skills. These include major capital projects at Centre for Life, Hatton Art Gallery, Laing Art Gallery, Live Theatre, The Sage Gateshead, Theatre Royal and Tyneside Cinema. These include a proposed £30 million investment in a new Convention Centre alongside (and linked to) The Sage Gateshead.
- 3.4 Whilst prospective economic impacts from further investment in the sector have not been estimated, by way of a proxy, independent research suggested that had the region's Capital of Culture 2008 bid been successful that it would have created an additional **24,194 full-time jobs and boosted the regional economy by as much as £1.2 billion.**

- 3.5 There appear to be particular opportunities in the digital industries and the commercial visual arts sector. Digital industries are growing rapidly and they are also highly productive, with digital workers adding far more GVA per head than the average. (Digital North East - One NorthEast, October 2009). The Government Strategy - Digital Britain estimates suggest that growing these sectors to reach the UK average could add about 1.5% to the region's economy. According to the One NorthEast report referenced above, obtaining a growing share of high-productivity digital sectors and ensuring a greater use of digital technologies across the wider economy could together add an estimated 5% to the region's economy.
- 3.6 Film and TV is also now creating more opportunities, directly and indirectly. The income to the region, on the basis of television series filmed in the region is estimated at £65m. In addition, in 2011 Sky selected Tyne and Wear as the pilot area for its new local news sports and events service, available free on digital platforms, internet and mobile.
- 3.7 At regional level, growth has traditionally been led by Newcastle and Gateshead. This trend is broadly expected to continue, but there are signs that Sunderland City Council is seeking to attach a greater priority to the cultural/creative sector.
- 3.8 A recent study assessed the growth potential of the cultural/creative sector in Sunderland. The projections – which are based on linear regression and are likely to be conservative – stated that the sector is expected to employ an additional 780 people in the City between 2010 and 2015, as a result of expansion of existing firms and 100 new firms which are projected to be set up during this period.
- 3.9 At the heart of the sector in the City are the facilities at the University, which include the largest studio in the North East, the most advanced Green Screen in the region and editing facilities on a par with pretty much anywhere in the country. Although primarily for use by students, these facilities represent an under-utilised resource that current and new businesses could exploit.

3.10 The potential for economic growth for the sector at a regional level will be influenced by a number of factors:

- the creative industries are a broad grouping of sub-sectors with different routes to market, so different parts of the sector will be impacted in different ways,
- the general state and relative vibrancy of the overall UK economy and, how the North East region performs in that context;
- the potential for parts of the sector to be impacted by both local authority budgetary cuts and also continued impact of the Government's austerity measures;
- notwithstanding the above, broader growth (but also greater competition) will be impacted by technological change and adoption, continued opening up of international markets etc.

4. What barriers currently exist that are inhibiting this growth, and how can they be overcome?

4.1 There is general consensus, nationally as well as regionally, as to what barriers inhibit growth in the creative industries. They are:

- access to market/market opportunities – ability to expand business horizons, generate new sustainable revenue sources, and in so doing better benchmark against competitors (nationally and internationally);
- access to investment finance – a number of sector-targeted regional investment funds have now ceased following the closure of One NorthEast. These funds included the Northern Film & Media/North Star managed NE Creative Content Investment Fund, which was identified as national good practice by the CBI - <http://www.cbi.org.uk/media/943576/2011.02-priorities-for-improving-access-to-finance-for-the-creative-industries.pdf>
- access to skilled staff and personnel – often, though not exclusively, digital skills based, but also includes enterprise and entrepreneurialism knowledge;
- supporting and facilitating high quality and impactful collaboration and networking across the sector (and with the involvement and engagement of other sectors, where appropriate) – recent reports have shown that this is an area that requires support from the public purse without which levels of activity would likely be low and marginal;
- regional profile and ‘clout’ is often cited, something many people believe is currently missing from the North East following the RDA closure and the impact of other organisational changes e.g. Arts Council England. There needs to be alternative strong representation for the sector.

4.2 Specific barriers to growth identified by NewcastleGateshead Cultural Venues include:

- Difficulties in accessing investment capital
- Lack of suitable accommodation for cultural SMEs
- Access to specialist advice and support
- Maximising business efficiency

4.3 However, the important point is that these barriers are superable, provided the political will, institutional infrastructure and necessary resources are in place to unleash the energy, utilise capacity and exploit the potential that already exists.

4.4 Specifically, the barriers identified could be obviated were the following actions undertaken:

- An explicit statement to be made by the North Eastern LEP (and other partners) recognising the role of the cultural sector in the regional economy and a prioritisation of cultural industries as a key growth generator. This may in turn facilitate access funds such as Regional Growth Fund, other Whitehall business and enterprise funds and some EU resources currently unavailable to many organisations within the sector.
- A greater allocation of public and private sector resources/capital and revenue investment in cultural infrastructure and organisations to maximise the benefits from existing investment and to support the diversification of the cultural economy, through providing accommodation and business support, providing specialist advice and support to the creative sector, businesses and professionals and boosting the visitor economy.
- The further development/creation of networked groups across the sector/sub-sectors in order to enable more organisations to derive the same sorts of benefits as NGCV members have done, individually and collectively, as well as to the betterment of the wider regional economy.
- Greater investment in SME accommodation bespoke to the needs of different types of cultural/creative businesses.
- The development of specialist business support provided by the sector itself and therefore attuned to the needs of cultural/creative businesses.

5. How can your organisation and sector work effectively with other partners in the North East LEP area to maximise economic performance?

- 5.1 The North East is an unusually well networked and instinctively collaborative cultural community. Whilst there is still room for improvement, it is evident that clusters of cultural and creative businesses in the North East are collaborating and sharing resources, enabling some businesses to compete on a national and international scale. The strategy of supporting active and well-networked sector bodies, such as Sunderland Software City, remains critical if potential is to be realised. In that context, allowing Northern Film & Media to wither and die appears to be incredibly short sighted.
- 5.2 In addition, the major cultural venues in NewcastleGateshead have benefited from forming a collaborative group (NGCV), which is frequently referenced internationally as an exemplar in relation to complex cross-sector collaboration and productive networking.
- 5.3 NGCV has developed and influenced a range of regional activities and initiatives, including promoting learning around e-commerce for the creative sector, supporting a regional project to help cultural and digital creative professionals work together more productively, helping develop and launch a regional Artist Development Network to improve the infrastructure and support for cultural professionals.
- 5.4 The development of similar groups in other parts of the LEP area and across different parts of the cultural and creative industries could help businesses and other organisations to more effectively address common issues, such as recruitment, training, research, innovation, marketing etc.
- 5.5 Noting the success of NGCV (which has now extended to international networking), Sunderland venues are planning to launch their own version of this group. These institutions already engage in partnership working (for example, National Glass Centre has worked with Tyne and Wear museums). In addition, Sunderland University is working closely with Sunderland City Council to establish a new Cultural Partnership for the City, which will provide networking, bid-writing and strategic leadership for cultural/creative organisations and individuals in the Sunderland area. Similarly, County Durham also operates a cultural partnership which brings together a number of relevant organisations.

- 5.6 There are strong links already between sector bodies and Universities/ Colleges, including each of the NGCV members. For example BALTIC is working in partnership with each University in the region. Northumbria University is increasingly committed to enhancing its offer across the visual arts, by appointing a BALTIC Professor, who is expected to significantly improve the profile and quality of the university offer. More generally, there is ongoing effort to work in partnership to maximise the level and relevance of skills for the sector, by using the expertise and knowledge of cultural organisations to inform and influence learning and practice.
- 5.7 In Sunderland, the University has taken over the ownership and management of the National Glass Centre. Under the leadership of the University within the Faculty of Arts Design and Media, the Centre is undergoing a £2.5m refit and redesign.
- 5.8 Nevertheless, there is a continued need to develop closer links to benefit the 16,000 students across the region studying subjects that relate to the cultural and creative industries. There is a clear benefit to the Universities in helping to develop businesses that will potentially provide employment opportunities for the next wave of graduates. One example is the proposed Digital Hub, a collaboration between Newcastle University and NE1 (the City's Business Improvement District body) to provide start-up accommodation for graduates wishing to launch digital businesses. (Sunderland University has developed a successful hatchery for new creative businesses – Creativitiworks).
- 5.9 Other opportunities for improved partnership work include
- better and optimised sharing of intelligence and information e.g. business opportunities
 - partnership-based business and skills support programmes
 - stronger networking across / with different sectors
 - improved sharing or access to facilities / technologies
 - joint promotional or profile raising initiatives
 - joint funding bids (where applicable) e.g. the University of Sunderland is currently leading on a bid to Arts Council England's Creative People and Places fund, partnering with a range of regional arts and cultural organisations

6. Which cross-cutting issues matter most to your sector's growth potential and why?

6.1 There has been a failure to recognise training and fast-changing employment requirements in a converged sector, with too much emphasis on the "old" ways instead of embracing the opportunities for new methods of working across disciplines (e.g. the impact of digital media on previously separate professions such as journalism, broadcasting, production, games development, animation and marketing).

6.2 Other issues mentioned by organisations consulted in the preparation of this submission included:

- Highlighting the importance of the sector in all relevant strategies (NE LEP, City Deal, Core Cities etc.).
- The influence of the cultural industries on the creative digital sector and wider sectors in terms of enhancing employment skills and creative thinking, innovation, graduate retention and attracting inward investment.
- Provision of specialist business support provided by the sector itself (rather than generic business support which can be ineffective).
- Access to investment finance (and associated investor and investment readiness) – to exploit creative IP, generate funded growth, provide the necessary capital asset infrastructure and facilitate the provision of SME accommodation.
- Improved/improving data infrastructure in-bound and out-bound in region – to remain competitive; some potential to develop USPs in particular localities by 'crowding-in' resources and assets or new streams of activity e.g. Sunderland Software City, open data etc.
- Access to markets – general cross-cutting issue, but will have specific elements pertinent to regional creative industries, and need to generate and win new contracts.
- Quality (and profile) of place – to attract and retain skilled staff.

7. Please provide three evidence based reasons for further public and private sector investment in the area from your perspective, and what you anticipate the return of investment will be in ten years' time.

7.1 For every £1 of grant/public subsidy invested in NewcastleGateshead Cultural Venues (NGCV), it is estimated that they generate £4.06 of GVA in the North East. This is the basis of a compelling argument for further investments in cultural assets and activities.

7.2 Examples of some of the main opportunities are as follows:

Capital Investment in Infrastructure and Property

- ***Beamish Museum Expansion*** - Over the next decade a proposed £20 million investment in capital development, increasing turnover from £7 million to £11 million and creating a further 128 jobs, and a further 60 apprenticeships.
- ***Live Theatre Quayside Park*** - Re-developing and opening up an area of brownfield land to create a park and open air performance space linked to Newcastle Quayside. The development will generate sustainable sources of income through a writing centre and SME accommodation, as well as improving its capital base and balance sheet in the long-term.
- ***Northern Stage and Tyne & Wear Museums Production and Rehearsal Facility*** - Developing a major production hub for the creation of large stage sets, exhibitions and associated creative products, as well as providing much needed rehearsal and studio space. It will offer a pool of technicians and technical apprentice training facilities and provide SME accommodation for creative sector companies and individuals. In so doing it will attract new business and income from outside the area.
- ***The Sage Gateshead Convention Centre*** – A proposed £30 million development, meeting the region's evident need for dedicated convention space and one which would be developed to the highest quality standards. This would build on The Sage Gateshead's established international reputation as a conference venue.
- ***Tyneside Cinema's Digital Media Arts Project*** – Involving a £1.3m investment delivering one new business, 22 new jobs and generating £1m annual turnover

Business growth and enterprise

- **Accommodation**- The provision of SME accommodation for start-up and move-on cultural businesses.
- **Clustering** - Providing opportunities for cultural SMEs to co-locate with other SMEs, freelancers and larger cultural businesses, as well as building networks and relationships, resulting in opportunities for collaboration, innovation and trading.
- **Business support** - Specialist advice and support for cultural businesses on all aspects of business start-up and growth, delivered in partnership with existing business support providers and cultural specialists.

Cultural workforce skills

- **Enterprise development training** - for those interested in working as self-employed freelancers.
- **A cultural apprenticeship programme** - to attract young people to work in the sector.

7.3 **Based on the benefits delivered by previous investments in NGCV, the total planned capital investment just relating to the examples above of £77 million has the potential to generate more than £300m of additional GVA for the regional economy.** Further support would enable the NGCV partners to continue to invest in their venues and facilities, making the best possible use of physical assets, helping to diversify and generate additional income streams and improving long-term financial resilience and sustainability. This would help to sustain the significant economic benefits delivered already by investment over the past 10 years, as well as creating additional economic benefits in the future.

7.4 Furthermore, capital investment in the NGCV partners has proven benefits for other cultural businesses, creating opportunities for small SMEs and freelancers to supply to and trade with NGCV organisations. In addition, through its Talent Development Programme, NGCV supports the creation of new cultural businesses and the growth of existing ones. Additional capital investment would also enable the NGCV partners to provide accommodation for cultural SMEs and to offer specialist support and advice to improve business performance and efficiency.

APPENDIX: SECTOR STATISTICS (COURTESY OF TBR⁶)

Employment in the Cultural and Creative Sector in the North East		
Sub-Sector	2005	2010
Advertising	2,080	1,760
Architecture	1,570	1,420
Arts and Antiques Market	1,030	1,250
Crafts	1,400	1,310
Design	1,200	960
Film	530	470
Interactive Media	410	560
Music	530	620
Performing Arts	2,200	2,290
Publishing	3,650	4,050
Radio	770	640
Software	3,970	3,770
Television	350	450
Visual Arts	860	1,100
Sector Total	20,540	20,650

⁶ www.tbr.co.uk

GVA Generated by the Cultural and Creative Sector in the North East		
Sub-Sector	2005 (£m)	2010 (£m)
Advertising	90.1	88.6
Architecture	55.6	59.4
Arts and Antiques Market	28.5	17.8
Crafts	50.7	44.1
Design	44.0	31.8
Film	19.1	21.4
Interactive Media	16.1	20.6
Music	14.9	12.1
Performing Arts	35.5	33.4
Publishing	156.5	134.0
Radio	60.8	55.0
Software	167.3	132.3
Television	7.0	36.5
Visual Arts	47.7	68.3
Sector Total	793.6	755.3

Number of Cultural and Creative Firms in the North East		
Sub-Sector	2005	2010
Advertising	405	405
Architecture	285	230
Arts and Antiques Market	360	350
Crafts	310	275
Design	370	285
Film	360	340
Interactive Media	145	270
Music	305	400
Performing Arts	1,015	1,200
Publishing	335	315
Radio	115	130
Software	1,165	1,135
Television	70	80
Visual Arts	360	620
Sector Total	5,595	6,040