An Audit of the Creative Industries in Medway

Prepared for Medway Council by Tom Fleming Creative Consultancy, July 2004

(*to view the complete report please contact Tom Fleming Creative Consultancy on 07989 950 112*)

tom fleming /**creative consultancy**/ specialist research and support for the cultural and creative industries sector.

1. Introduction

"From the War Memorial the town looks like a Welsh valley. Bill Lewis described the terraces as 'brick trains' being shunted up the hill. I think of this when I look at the landscape. You can actually see what people are writing about. There's a lot of energy here. A huge musical scene. This is one of the best places in the country for creative talent" (Joe Machine, 2004, in '*The Arts in Medway, Volume 1*', p.233-4).

This report summarises the key findings of an audit of the Creative Industries in the Medway local authority area; undertaken by Tom Fleming Creative Consultancy, with the support of Trends Business Research (TBR), May-July 2004. The report is divided into 3 main sections:

- Key statistical findings, including estimated numbers of businesses, numbers of employees, sub-sectoral profiles, and geographical concentration
- Analysis of sector strengths, weaknesses and opportunities, including a focus on supply chains and network
- A large section of technical appendices. This includes a database of Creative businesses and organizations for practical use by Medway Council and partners (which represents a significant proportion of this research); the TBR report in full; an overview of consultees and their potential support needs; and literature consulted. The database provides the major 'output' of the research, offering significant opportunities for Creative Industries support services in Medway.

The report is structured respond to the main criteria outlined in the research Brief:

" To conduct an audit of the Creative Industries sector in Medway to include:

- Business profiles (to include number of employees in the sector and estimates of contributions to the local economy);
- Sector capacity, strengths and specialisms;
- Identification of markets;
- Flagging of supply-chains; and
- Aspirations within the sector

Required outcomes

Review current market intelligence data and research data for Medway in order to establish a comprehensive overall picture of the current position and longer-term economic viability of Creative Industries in the area.

Produce a 'map' of the Creative Industries sector to form the basis of a Medway Creative Industries directory.

Provide in report form a realistic assessment of economic impact and the potential for development opportunities within the Creative Industries sector".

This research builds on research undertaken by Tom Fleming in 2003, which outlined the significant potential of the Creative Industries sector to Medway – as an economic driver, a key agent of social and cultural transformation, and as vital for an appealing and innovative physical landscape. A key recommendation of this research is for the introduction of a specialist intermediary support service to drive sector development across

Medway by building networks; championing the sector to markets elsewhere; offering specialist advice; and building sustainable strategic links between the city's expanding Higher Education sector as a way of releasing expertise into the city and attracting alumni to set up Creative businesses in Medway. This service is soon to be established.

The audit therefore provides vital sector intelligence for the forthcoming (yet to be named) Creative intermediary service, as well as aiding local and regional partners to better understand the sector and be in a position to make a stronger and/or clearer case for improved support and increased investment in the sector.

A Larger Sector than Anticipated?

This audit provides evidence of a larger Creative Industries sector than that estimated through the previous work of Tom Fleming Creative Consultancy. This can be attributed to 2 key factors:

- The audit focuses specifically on finding, identifying and 'mapping' Creative businesses and organisations in Medway. This included very intensive 'snowballing' to find very small and in some ways 'hidden' businesses. Previous research had a wider strategic approach.
- The audit is expansive in its definition of Creative Industries. Included are businesses with a supply-side relationship with Creative content producers (such as printing). In addition, engineering companies that include a design focus (however emergent) are included. Finally, not-for-profit cultural/Creative organisations are included (if formally constituted) – as a way of presenting a broad overview of the Creative 'ecosystem' of Medway.

1.1 Headline Figures: The Importance of the Creative Industries to the Medway Economy

The Creative Industries in Medway:

- **Is made up of 792 Firms and organisations (including design-led engineering, culture organisations, and a range of sole trader practitioners). This includes 101 cultural voluntary organisations and practitioners**
- **It employs approximately 3118 people**[1]
- **Is concentrated in central Rochester and Chatham, plus the Medway City Estate. However, none of these areas constitute high level 'clusters' of Creative Industries activity**
- **Key Sub-sectors are Digital/new media, Software, Music, Performing Arts, Design and Visual Arts. Each plays a very different role in the Creative ecosystem of Medway**
- **Sub-sectors such as Digital/new media are growing much faster than the rest of the local economy, though the Creative Industries sector as a whole is growing more slowly than the wider local economy**

[1] Based on estimated employment in firms added by Tom Fleming to the total identified by TBR: based on an estimation that these firms employ an average of 2 people each (see Sections 2 and 3 for more detail). If staff working in Creative professions in educations institutions and other areas of the public sector (such as in the theatres) were included, this figure would be much greater.

- **Network/supply-chain development, and specialist business support are vital for future sector growth**
- **The Higher Education sector can be the major driver for the local Creative economy – even if just 20 graduates per year are encouraged to set up Creative businesses locally, this will result in an additional £24 million per year in 20 years (without factoring-in inflation)**
- **Some Creative businesses and organisations express negative perceptions of certain parts of Medway, such as the low quality physical environment in Central Chatham – a focus for much forthcoming change**
- **Few Creative firms have more than 50 employees. Most have between 1 and 4 employees**
- **Creative content producers are under-connected with Creative service providers.**

2.0 The Creative Industries in Medway: Key Statistical Findings

2.1 The Regional Dimension

The Creative Industries represent one of the South East of England's largest and fastest-growing business sectors. A 2002 report by David Powell Associates, commissioned by the South East England Cultural Consortium (SEECC) and the South East England Development Agency (SEEDA), maps out the contribution that this sector makes to the region's economic success. The report shows the South East to be one of the major international centres of cultural and Creative activity. With London (which provides significant market and supply chain relations), the region is part of perhaps the greatest Creative Industries cluster in the world. Medway is in a strong position to benefit from and drive growth in the Creative Industries because the sector in the South-East includes the following characteristics (see DPA 2002):

- Employment in the Creative Industries grew by 28.4% in the South East of England between 1995 and 2000; almost double the average for England as a whole
- About 560,000 people are employed in the sector in the South East, 19% of England's total employment in this sector
- The South East and London together account for over 50% of England's Creative Industries employment
- Employment in this sector accounts for 13.2% of the regional workforce
- An additional 100,000 self-employed people work in the Creative Industries sector in the region
- On average, people employed in the South East Creative Industries sector earn more than the regional workforce as a whole, and 17.5% more than Creative Industries workers in the UK as a whole

- The Creative Industries in the South East generate a turnover of £46.5bn
- About 51,000 VAT registered Creative Industries businesses and organisations are located in the region.

Furthermore, the Creative Industries sector in the South East is in a strong position to grow and to lead national growth. This is because, for example:

- Over half of the Creative Industries workforce in the region focuses predominantly on content production and are thus leading edge
- Much of the sector is 'future orientated': i.e. it utilises and explores new technology for creation, production and distribution. For example, media and digital sub-sectors generate 85% of sector turnover in the region and are growing at the fastest rates
- These newer and emerging sub-sectors are underpinned by very strong and established sub-sectors, including visual arts and design, of which there are 6,600 companies, with an annual turnover of over £1.4 billion
- The region benefits from macro and cross-sectoral economic factors, with an expanding and wealthier population, a highly skilled and educated population, high level communications links bringing access to huge national and international markets; all contributing to the health and wealth-generating capacity of the Creative Industries sector.

However, previous research undertaken by Tom Fleming Creative Consultancy indicates that the Creative Industries sector in Medway is not as strong and fast-growing as the headline regional figures might suggest. In an urban area of this size, in this region, so close to London, with an expanding Higher Education base, a distinctive physical environment, space for business development – and so on – Medway might be expected to have a strong and flourishing Creative Industries sector. However, research prior to this audit shows that:

- The sector is relatively under-developed in Medway, with lower than expected levels of employment, no significant clusters, and little evidence of strong emerging sub-sectors
- The sector operates through relatively weak networks, with insubstantial supply chain relationships (within Medway and with elsewhere), and under-developed markets
- Levels of skills amongst the existing workforce and potential employees are lower than is necessary for a flourishing and dynamic Creative Industries sector
- The sector suffers from the often negative identity afforded Medway and its constituent towns (with the possible exception of Rochester)

Yet the research also showed that the sector has enormous potential in Medway. Reasons for this include the existing and expanding Higher Education sector (which includes the Kent Institute of Art and Design – KIAD – and the University of Greenwich); proximity to London (and thus the potential to build markets and attract Creatives 'displaced' from an increasingly expensive Capital); the transferable skills of the local engineering sector (including considerable design potential); relatively affordable property; a rich and historically embedded 'underground' – especially in music, visual arts and literature; and – significantly – political support and vision for the Creative Industries in Medway.

This support is being expressed through initiatives such as the Enterprise Gateway, Innovation Centre, and ambitious plans for Chatham Maritime and Rochester Riverside – where cultural and Creative components are being developed. Yet perhaps the most significant expression of this support is the forthcoming introduction of the Creative Intermediary Service, which will provide specialist support, advice, project development and advocacy for the Creative Industries sector in Medway.

Such an initiative is dependent upon a clear and advanced understanding of the sector in Medway and a strong and distinctive approach to its development. This audit will assist intermediaries and partners to appropriately target their resources and energy; to make establish contact with the sector; and to prioritise services relative to weaknesses and opportunities as highlighted. Therefore, though the Creative Industries sector in Medway may currently be operating below its potential, this audit and the progression of support that it leads, will help Medway to build towards the potential it undoubtedly has of a Creative Industries cluster of regional significance.

2.2 Creative Industries Firms and Organisations in Medway

Total Numbers of Creative Firms and Organisations

This audit has identified a total of:

- 792 Creative Industries firms and organisations in Medway
- 691 Creative Industries firms in Medway
- 101 Creative/Cultural organisations in Medway[2]

[2] It is likely that this is an under-estimation, with some organisations probably 'hidden'.

Total Creative Industries Employees

It is estimated that 3,118 people are employed in the Creative Industries sector in Medway. This is based on TBR research, which identifies 2,336 jobs in the sector. Added to this are is employment in a further 391 firms and organisations identified by Tom Fleming Creative Consultancy. It is estimated that the average size of these firms is 2 employees (this average excludes companies on the database that are described as sole traders – here 1 employee per firm was added to the total), so unless stated by the firm, 2 employees per firm is added to the 'total number of employees'. The estimation of an average of 2 employees per firm is made because it is likely that average firm size will be smaller for firms found through the post-TBR qualitative approach due to the disproportionate number of smaller firms that will not have been identified by TBR. A figure of 2 firms per employee is consistent with Creative Industries mapping research findings in emergent Creative milieu elsewhere – such as Lewisham and North London[3].

[3] See Fleming 2003

The aggregate figure of 3,118 includes employment in the voluntary sector. Indeed, it is likely that the figure would be higher if employment in arts administration, public sector support (such as the municipal galleries) and education (such as at the Kent Institute of Art & Design). **A total Creative sector employment figure of 4,000 is probably not an over-estimation.**

By regional comparison, Creative Industries employment in Medway is far below the level of the wider South East region. In the South East as a whole, Creative Industries accounts for 19% of total employment. Of the total workforce employed in Medway, the Creative Industries accounts for approximately 3.5%[4].

[4] Based on an estimation by Medway Council that 90,000 people work in Medway (using 2001 Census figures).

2.3 Creative Industries Distribution in Medway

The Creative Industries sector is clearly concentrated in the central urban areas of Medway: Rochester and Chatham town centres, the Medway City Estate, and a less dense concentration in central Gillingham. On a ward basis, key concentrations are in Frindsbury Extra and Chattenden, Town, and St. Margarets & Borstal[5]. A more qualitative 'mental mapping approach' would show the sector to be most intensively focused along and close to Rochester High Street, in Chatham Dockyard, and on the Medway City Estate.

[5] Ward boundaries have recently changed, but figures are not available according to these boundaries.

In addition, specific sub-sectors are relatively concentrated in specific locations. For example, the area close to Rochester High Street and in Chatham Dockyard contains a predominance of content-producing firms (such as design companies, musicians and visual artists). By contrast, the Medway City Estate provides a base for businesses that are more likely to be service providers and suppliers – such as printers, software companies, CD-manufacturing/distribution. More suburban areas are characterised by some service provision (such as print and graphics shops), and home-based sole-traders (such as visual artists, music teachers etc.). The development implications for this concentration are discussed in Section 4, where the potential for targeted cluster initiatives are recommended as key drivers of Creative regeneration.

Currently, however, no single area of Medway could be defined as housing a strong and sustainable Creative Industries cluster. With no single ward containing more than 70 Creative firms, even the areas of strongest concentration are weak by comparison with Creative clusters that are increasingly common elsewhere in urban Britain.

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