Building Creative Success

The State of Creative Industries in Devon and Torbay 2005

Perfect Moment

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Building Creative Success

Main Report:

Based on Economic & Skills Research carried out in 2005

Preface

Over 22,000 people work in creative industries across Devon and Torbay. And this number is set to rise in the coming years. So the Creative Industries sector is not just a key player in our overall quality of life. It also promotes the image of Devon nationally and internationally. And it is making a significant contribution to our local economy.

Our three organisations commissioned this research report in 2005 to improve our common understanding of the current state of Creative Industries in Devon and Torbay. We have been fortunate to be able to draw on the expertise of John Lancaster and his team at Perfect Moment for undertaking the research for us. He has also carried out a parallel piece of research on cultural tourism in Devon.

We would like to thank especially all those working in the Creative Industries who gave their time to taking part in the surveys and focus groups to inform this report. We feel sure it will help us chart the way forward to guide the future growth of the sector across Devon and Torbay.

We would welcome your comments on this report. Please send them to the contact address shown on page 2.

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April 2006

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Disclaimer

This report was commissioned by Devon County Council, Torbay Council, and Arts Council England South West with funding from the ESF Objective 3 programme. Our conclusions and recommendations are the results of our professional experience and judgement and are based on secondary data and information provided to us by a range of agencies plus primary research based on survey information provided to us by creative sector businesses in Devon and Torbay.

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Images

All images supplied by Torbay Council and Devon Artsculture. Devon Artsculture is a partnership between Devon County Council, Dartington Plus and Beaford Arts, part funded by the European Regional Development Fund, which is supporting the on-going economic development of creative businesses within rural Devon.

Cover montage design by AB Design Group, Exeter. Photo on Page 1 © Westcountry Theatre Company

Acknowledgements

In carrying out this work we have been supported by a range of people and organisations without whom this would not have been possible and whose unfailing goodwill and co-operation has been instrumental in pulling this work together:

- The Partnership Management Group
- Mark Painter, Corporate Projects Manager, Corporate Information Services at Devon CC for the Maps
- ArtsMatrix for analysis of their CPD beneficiary data and evaluation documentation
- Other members of the Perfect Moment team: Kevin Brownridge, Gareth Hart, Paul Richards, and associate adviser Colin Mercer
- The telephone survey team of Jane Val Baker, Rebecca Bernstein and Sue McNamara
- The staff at the focus group venues (Spacex Gallery in Exeter, Ockment Centre in Okehampton, and Blue Walnut Café in Torbay) who helped to make the evenings run smoothly
- The focus group participants who gave up an evening of their time to attend and contribute to the study
- The representatives of the 6 case study organisations who provided information and interview time (Nine Days of Art, Animated Exeter, Brixham Community College, Dartington Plus, Devon Guild of Craftsmen, and Juice Advertising Ltd). Case studies are included in the separate Skills Findings report.
- Consultees – for their meetings and telephone conversation time

Large Print and Downloadable Versions

Large print versions of this report are available from the contacts listed on this page. PDFs of all the research reports can be downloaded from the following web addresses:

Main report: www.devon.gov.uk/creative_industries_research.pdf
Economic Findings: www.devon.gov.uk/creative_industries_research_econ.pdf
Skills Findings: www.devon.gov.uk/creative_industries_research_skills.pdf

Feedback and comments

Comments on this report can be emailed to regeneration@devon.gov.uk.
For comments relating directly to Torbay, please send to arts@torbay.gov.uk

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Ben Hudson, alter ego DJ Psylage, in Brighton *Photo © Ebola Music*

1 Brief Overview

In terms of employment and economic growth, the Creative Industries in Devon are generally performing well – as well as, and often better than, the comparative figures for the South West and surrounding counties such as Cornwall and Somerset. In the tables on page 7, and in the bullet points below, we have set out some of the headline findings from the research.

- With 22,000 people in the workforce the sector is a major employer and employment has been growing in line with regional and national trends since 1998. In the Devon CC area there has been a remarkable growth of 25%. The strongest growth has been in the Audio-Visual domain but there has been a 12% decline in employment in Books and Press (which is replicated elsewhere in the region and is a result of the digital re-engineering of the sector). Around 6,000 of the workforce are individual freelancers and sole traders
- The strong growth in employment is not replicated uniformly across the county. The recent decline in manufacturing has impacted on Torbay's creative sector employment figures which, as a result of job losses in major telecommunications companies, have shown an apparent 50% decline since 1998. However, if the figures are adjusted to compensate for the specific companies and their relevant SIC codes then Torbay's employment growth would be similar to surrounding areas at around 10%
- There is a geographical disparity across the county as three quarters of employees and two thirds of workplaces are in the South Devon arc from Exeter round to Torbay and Plymouth taking in the more rural districts of Teignbridge and South Hams. Around 16% of businesses have moved into Devon (this rises to a fifth in rural areas) – around half of them within the last 6 years
- Total turnover for the Creative Industries across the whole of Devon is estimated at around £850 million to £950 million (although some scaled-up national statistics show a higher figure of over £1 billion, this figure is more difficult to substantiate when cross-matched with the research and survey findings)
- It is also a very productive sector with Gross Value Added per head for the whole of Devon at £33.5K which is higher than the sectoral regional average of £25.8K
- Since 1998 turnover growth has been strongest in the Visual Arts and Audio-Visual domains and 59% of businesses surveyed had seen turnover grow in the past three years (two thirds of them by more than 20%). Business optimism is high with 71 % of businesses anticipating turnover growth over the next 3 years
- However there is a great and potentially constraining reliance on local markets (Devon and Cornwall) for sources of income
- ICT is incredibly important to the sector which, in Devon, shows good take up of Broadband, a high percentage of businesses with websites, and encouraging numbers of websites with facilities for online sales and bookings
- In the area of business support, 62% of businesses had contacted a relevant agency and generally were satisfied with the quality of advice or service offered – although sector specific agencies were generally ranked higher by our survey respondents in their assessment
- Devon has a significant Higher Education sector with institutions of national and international repute in Plymouth, Exeter, and Dartington. These all deliver a wide range of creative sector courses at degree level and above, with particular strengths in the Visual Arts and Performance sectors. This is supported by provision at the lower qualification levels by the Further Education Colleges and Specialist Arts Schools
- This mainstream provision is supported by a range of programmes and sector-specific providers who significantly add to the education and training offer with a range of bespoke short courses, seminars, mentoring, continuing professional development and business support, all geared to individual and employer needs. These include ArtsMatrix, CCEP at Dartington, and Devon Artsculture
- The research does show, however, that despite the progress being made, there are clearly skills issues and challenges within Devon both for individuals and small companies and employers. The sector is highly qualified with around 60% of the workforce possessing a degree or equivalent qualification
- And yet, there is clearly a shortage or mismatch in terms of the skillsbase and candidates with the right skills portfolio available for jobs. 40% of employers reported skills gaps (mainly in core content and product creation) and 28% said that they had hard-to-fill vacancies within the previous 12 months, mainly caused by lack of applicants with the required skills

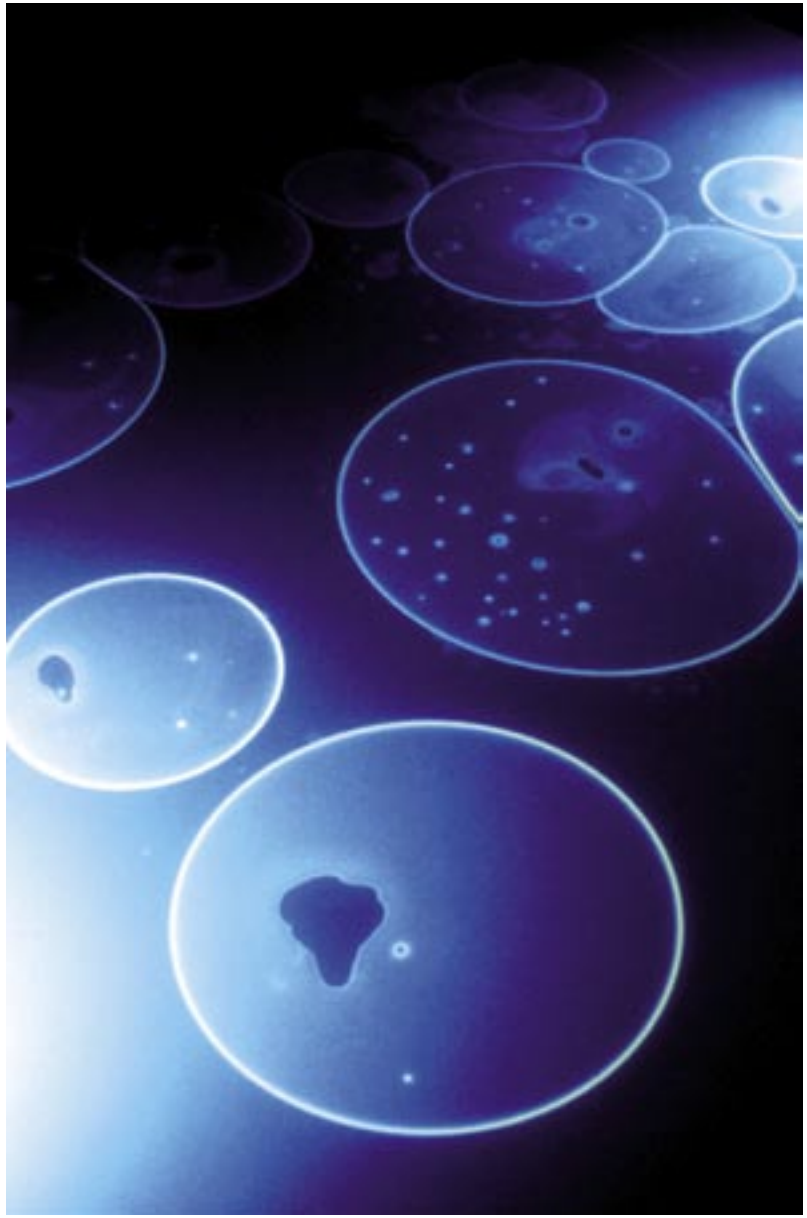
Sam Yeboah, Ghanaian drummer now based in Totnes *Photo © Samuel Yeboah*

Labour Market ➔	
Number of people in Creative Industries workforce in Devon	22,000
DEVON: Strongest employment growth between 1998-2003 is within the Devon CC area (i.e. excluding Plymouth and Torbay)	25%
TORBAY: Decline in employment in Torbay 1998 - 2003 (due to major job losses in one or two large companies). If figures are adjusted to compensate for the specific job losses mentioned above employment growth would be around 10%	(-50%)
Employment growth 1998-2003 (Devon CC area)	
• Audio-Visual domain	68%
• Performance domain	58%
• Visual Arts domain	36%
• Books and Press Domain	(-12%)
Percentage of workforce in the South Devon arc from Exeter round to Plymouth and including Torbay, Teignbridge, and South Hams	75%
Percentage of women within the workforce	47%
Number of workplaces – including those working from home	8,440

Economic and Business Findings ➔	
Estimated Creative Industries' total turnover for whole of Devon	£850 to £950 million
Gross Value Added per head – all creative sectors	£33,514
Turnover growth since 1998 (all Devon)	
• Audio-Visual domain	58%
• Performance domain	21%
• Visual Arts domain	73%
• Books and Press Domain	16%
% of businesses whose turnover had grown in last 3 years	59%
% of businesses earning a proportion of their income from within Devon	82%
% of businesses contacting business support or advice agencies	62%
% of businesses rating ICTs as crucial, very important or important	88%
% of businesses with website (and subscribed to broadband)	64% (70%)
% of businesses who own or rent their premises	54%
% of businesses that have moved into the county	16%
% of businesses formed within last 4 years	23%

Skills Issues for Employers ➔	
% of employers reporting skills gaps	40%
Highest reported skills gap: Creation of Service, Content, or Product. % of businesses with gaps reporting.....	50%
Highest reported measure to tackle skills gaps: Provide further training. % of businesses with gaps reporting.....	61%
Highest reported skills need by employers: Staff Creative and Technical Skills. % of employers reporting.....	32%
% of employers with training plan	35%
% of employers with training budget	19%
% of employers conducting regular staff appraisals	52%
% of employers reporting hard-to-fill vacancies within previous year	28%
Main cause of hard-to-fill vacancies: Low number of applicants with required skills. % of employers reporting.....	65%
Main impact of hard-to-fill vacancies: Increased workload for other staff. % of employers reporting.....	55%
Main measure to tackle hard-to-fill vacancies: Expand recruitment channels. % of employers reporting.....	55%
% of businesses with no formal quality assurance systems	77%

Skills Issues for Individuals ➔	
% of workforce with a degree or equivalent qualification	63%
% of individuals undertaking 5 days training per year	25%
Most popular methods of training by % of individuals reporting:	
• Short courses	41%
• Workshops	37%
• Networking	28%
Biggest Skills Needs by % of individuals reporting:	
• ICT & Technology	42%
• Marketing and Promotion	29%
• Business Planning	21%
Biggest Barriers to Improving Skills by % of individuals reporting:	
• Lack of time	45%
• Affordability	26%



Incunabula by Mat Chivers, Devon sculptor *Photo © Mat Chivers*

3 Introduction and Methodology

3.1 Introduction

This report focuses on the findings of the Devon and Torbay Creative Industries Research Study into the Economic Performance and Skills Issues for the sector in Devon and Torbay and what they mean in terms of future support and development.

The study was carried out on behalf of Devon County Council, Torbay Council, and Arts Council England South West and ran from May to November 2005. This research work was funded by project partners and the European Social Fund Objective 3 programme as part of its Adaptability and Entrepreneurship programme under the banner of Identifying and Meeting Skills Shortages. As part of assessing skills issues it was felt that this needed to be embedded within the economic performance aspect of the sector so that the interface between the two could be examined.

Creative Industries are a key component of the new knowledge economy. The purpose of this research is to examine the sector in the Devon County Council and Torbay areas (but excluding Plymouth which is conducting its own separate study).

For the first time we can get an understanding of the scale and economic value of the Creative Industries in this area and the key skills issues that affect businesses and individuals within the sector. Armed with such information, the major agencies can plan for future growth, and identify the correct business support and training interventions that will help to strengthen the performance of this important sector.

3.2 Structure of Report

In order to present the wide range of detailed findings in digestible chunks we have split the research into 3 reports:

- This Main Report (acting as an extended summary)
- Paper A: Economic and Business Findings (more detailed analysis)
- Paper B: Skills Findings (more detailed analysis)

For those wishing to read a more in-depth analysis, this report should be read in conjunction with the other two reports which contain all the detailed charts, data, survey findings, etc. These can be obtained from the web addresses listed on page 2.

3.3 Methodology

The methodology is explained in detail in Paper A: Economic and Business Findings but the main research tools are summarised here

- secondary desk research looking at national and regional statistics for the Creative Industries plus a literature review of key national, regional and local reports
- the construction of a project database of c5,000 creative businesses across Devon
- 'cluster, co-locational, or intensity maps' provided by Devon Corporate Information Services using Geographical Information System mapping software based on full postcode data from the project database
- a detailed economic and skills survey of 257 creative businesses of varying sizes across Devon and Torbay (sole traders, partnerships, micro businesses and SMEs)
- a consultation round involving a cross section of key stakeholders with an interest in the skills and economic development of the Creative Industries
- three focus groups – concentrating on issues concerning Exeter, Torbay, and rural Devon to draw out further useful strategic information

3.4 Statistical Health Warning

Full details of the statistical issues and difficulties encountered in using the Department of Culture, Media, and Sport's (DCMS) Evidence Toolkit to analyse national datasets[1] are contained in Paper A. It has been recognised in many other sectoral reports and studies that counting in the Creative Industries is not an exact science, particularly below regional level and specifically with the DCMS recommended Standard Industrial Classification (SIC) codes.[2] However, the convergence of the national figures with those taken from our project database, telephone survey and other sources have allowed us to calculate and provide figures which are accurate enough to support the development of strategies and policies in Devon and Torbay.

3.5 Study Definitions

Again, Paper A: Economic and Business Findings contains the detailed definitional statements but, to re-cap, the research is based on the following:

3.5.1 The Research Area

The research areas for this work were the administrative areas of Devon County Council and Torbay Council. Plymouth (as a separate unitary authority) was not included in this work as it is undertaking its own Creative Industries study but clearly reference has been made to its role and influence in the Creative Industries profile of Devon where relevant. In anticipation of Plymouth's own findings we have only looked at national datasets for Plymouth and have resisted drawing assumptions, conclusions, and implications for Devon and Torbay until the full facts and figures finally emerge.

So, in this report "Devon" generally means all of Devon including Plymouth. We use the words "Devon CC area" to refer to the current administrative area that excludes Plymouth and Torbay as unitary authorities.

3.5.2 The Creative Industries

In line with other studies and accepted practice we have adopted the Department for Culture, Media and Sport's (DCMS) definition. DCMS has defined the Creative Industries as: 'Those industries that 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 DCMS divides these into the following list of thirteen sub-sectors: Advertising, Architecture, Art and Antiques Markets, Crafts, Design, Designer Fashion, Film and Video, Interactive Leisure Software, Music, Performing Arts, Publishing, Software and Computer Service, Television and Radio.

For analysis purposes, the Creative Industries thirteen sub sectors have been combined by the DCMS into the following four domains which we have used as the principal units of analysis in this report:

- **Audio-Visual:** Includes film, TV, radio, new media, music and advertising. Encompasses interactive media, which covers leisure software, digital art and new media activities.
- **Books & Press:** Includes books, magazines, newspapers, press and literary agencies, literary festivals
- **Performance:** (Note: does not include music which comes under Audio-Visual above) Includes theatre, arts, dance, circus, agents, festivals
- **Visual Arts Domain:** Includes galleries, architecture, design and crafts, sculpture, fashion design, graphic design, interior design, creation of visual works, production of visual works, visual arts festivals

1 The main datasets examined were the Annual Business Inquiry (ABI) and the Inter-Departmental Business Register (IDBR). ABI is an integrated survey of employment and accounting information from businesses and other establishments in most industry sectors of the economy whilst IDBR is the comprehensive list of UK businesses that is used by government for statistical purposes.

2 The system of industry classification in the UK used in this study is contained in the Office for National Statistics publication UK Standard Industrial Classification of Economic Activities 1992 (SIC 92). Its purpose is to classify business establishments by types of economic activity. Minor revisions to SIC 92 were made in 2003 but these have yet to effect the presentation of data. The next major revision is in 2007.

Silk scarf by Hatherleigh artist Isabella Whitworth *Photo © Isabella Whitworth*

4 Setting The Context

In recent years the Creative Industries have become increasingly prominent in central government's economic planning and have been subject to much investigation and debate. Research in the last 10 years by national and regional government bodies and agencies (DCMS, Arts Council England, Sector Skills Councils, Regional Cultural Consortia, and Cultural Observatories) and respected economic writers such as Will Hutton (Leader writer of the Observer) have proved that the sector is a valuable part of our national and regional economies

It is also now identifiably a proven and valuable part of our emerging knowledge-driven economy. What is more, it is growing nationally, regionally, and across Devon at a higher rate than other sectors of the economy.

Globalisation and the rapid influx and influence of Information and Communications Technology have brought about a marked change in the UK economy. Labour and capital are still important but these have been joined by the more amorphous drivers of knowledge, ideas, intellectual property, and service provision.

It has become increasingly clear that the Creative Industries, which we know are growing, are at the heart of this emerging economy and one in which the UK already has some competitive advantage. The old economic model has been undermined by the availability of cheap labour in areas such as Eastern Europe and East and South East Asia. The UK must now increasingly compete on knowledge, skills, innovation, service, and creativity.

What is distinctive about the sector is its ability to originate creative content (of whatever type) and then sell it (now made easier by digitisation and ICTs). Many businesses rely on the ingenuity and creativity of their owners and small staff teams and pools of freelancers.

Apart from a few extremely large companies and agencies (e.g. the TV companies, large publishers) the predominant forms are the micro-business and the sole traders and freelancers often working together in clusters and networks. This 'micro-ness' has traditionally been frustrating for business support and skills agencies to get to grips with.

However, growth is being constrained in some sub-sectors and some geographic areas by a number of barriers and a shortage of people with the right skills, work culture, and attitudes to service to drive the sector forward.

In terms of building success for the Creative Industries across Devon we need to recognise that the skills and experience needed to thrive in the new knowledge-driven creative economy are different from those required by previous economic models. The creative sector does not just require high level technical skills (e.g. the ability to craft quality ceramic ware) but business skills of marketing, sales, and financial management, accompanied by softer skills such as working with others and customer service.

The sector has a high level of sole traders and freelancers (anywhere from 30% to 80% depending on the location and particular industry) who grapple with their own skills and continuing professional development in the face of the principal constraints of time and money. Meanwhile larger companies and employers can struggle with skills gaps and hard-to-fill vacancies as they experience difficulties in identifying and developing talent in a structured way.

The very fragmentation and diversity of the sector makes it difficult for policy makers to create any type of umbrella intervention or one-size-fits-all solution to support its growth and mitigate against areas of volatility. However, the research findings that follow allow us to draw some conclusions later in the report about how Devon and Torbay can best support growth and build success.

5 Economic and Business Findings

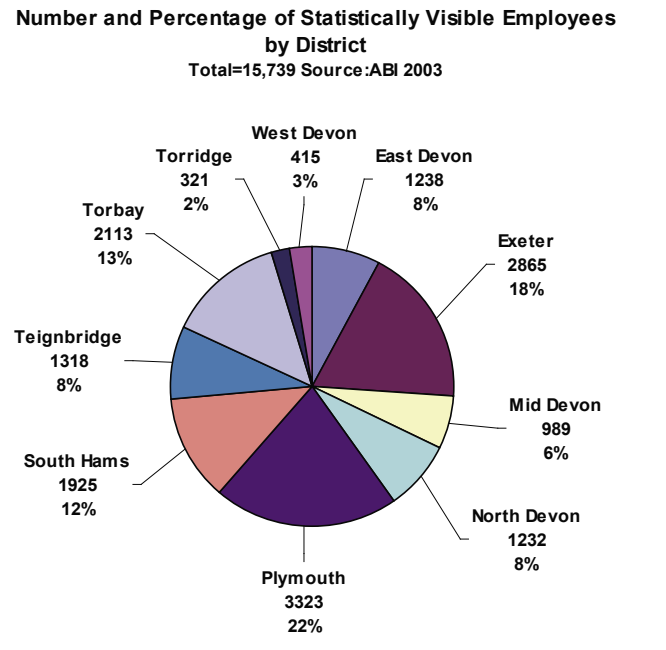
5.1 Employment

The creative industry workforce in Devon totals at least 22,000. This includes both the statistically visible and the invisibles[3] : i.e. those that fall below the national data capture mechanisms such as individual freelancers, small businesses below the VAT threshold etc. This figure also includes more than 700 FE and HE staff who are involved in the delivery of creative sector courses and training. The figure of 22,000 is around two thirds of the size of the important tourism sector in Devon.

The statistically visible workforce of 15,739 forms around 3.7% of the county workforce[4] . The national figure is closer to 5%, regionally it is 3.6% and in a comparative county such as Somerset it is 3.3%. In Devon this is more than Agriculture, Forestry & Fishing (1.4%) , Energy (0.5%), and closer to Construction (4.9%) and Transport and Communications (4.5%).

Just over half of these are in Plymouth, Exeter and Torbay. Nearly three-quarters of the workforce, though, are in the South Devon arc from Exeter, through Teignbridge, Torbay and South Hams to Plymouth. Fig 1 provides the detailed district breakdown of the workforce.

Figure 1

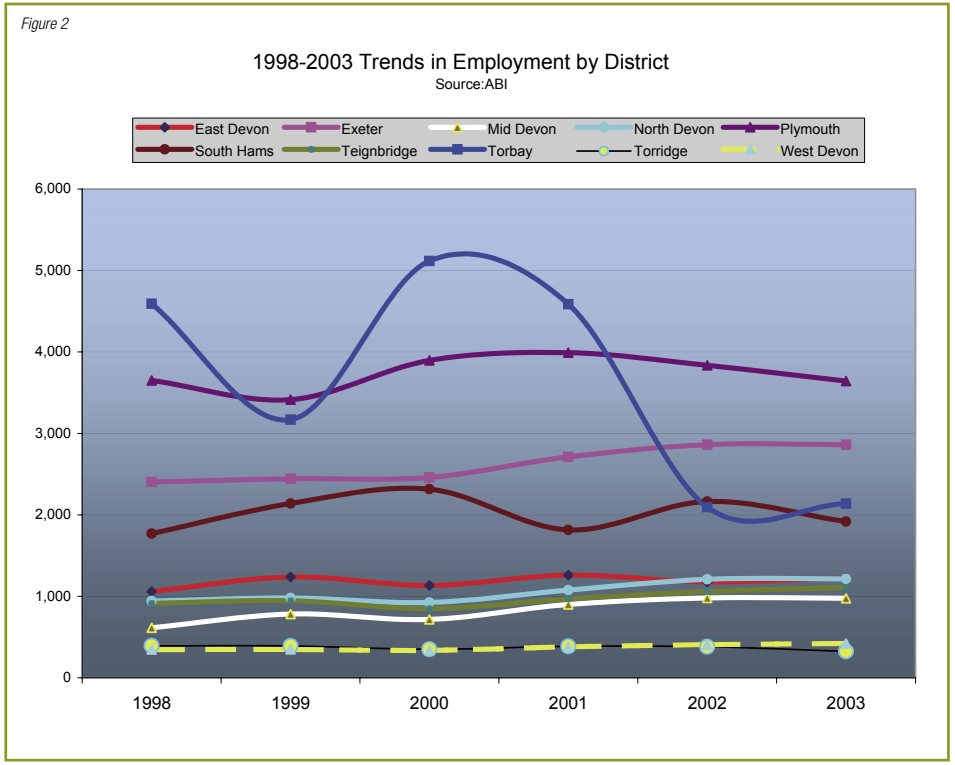


In line with the national and regional picture, employment in the Creative Industries in Devon has grown since 1998. Fig 2 shows the growth patterns for each district.

The amount of growth varies according to location. The Devon CC area has grown by 25% (the regional average was 8.2% between1998-2002 although Cornwall for the same period showed equally strong growth of around 29%).

Plymouth shows small growth whilst Torbay displays nearly a 50% decline in employment. This figure is the result of heavy job losses in one or two very specific telecommunications areas which masks an underlying growth across the rest of the sub-sectors of around 10%

Figure 2

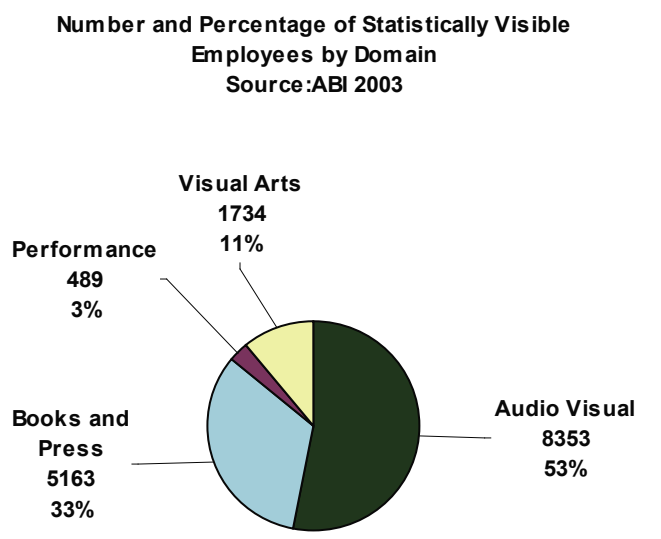


3 The statistically invisibles were added to the visibles by undertaking calculations based on the workforce results from our survey.

4 424,738 in 2003 according to The Devon Economy 1993-2003, Devon County Council 2005

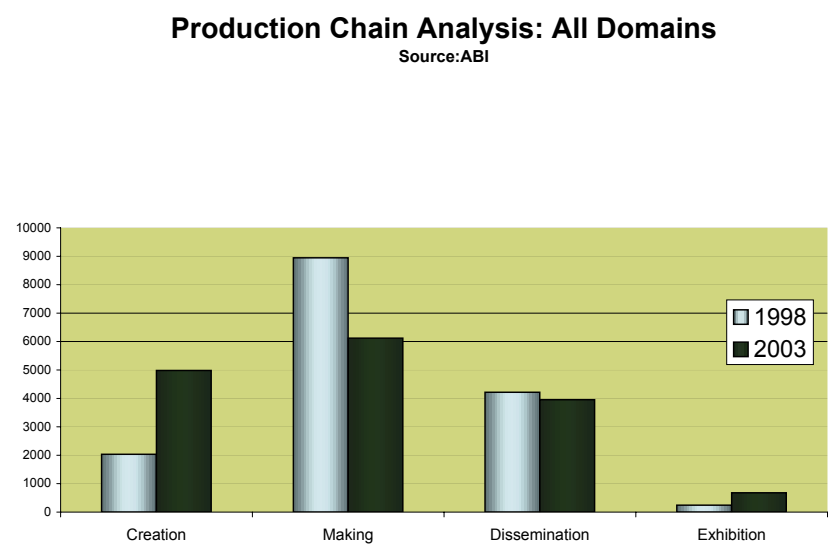
Employment is strongest in the Audio-Visual domain (see Fig 3) with 53% of the workforce. Audio-Visual, Visual Arts, and Performance have been growing strongly – particularly in the Devon CC area but Books & Press meanwhile has shown a decline in employment from 1998 of 12% (caused by the impact of new technology on the sector and consistent with other regional and sub-regional reports).

Figure 3



A value production chain analysis of employment figures or 'cultural cycle'[5] analysis as set out in the DCMS Evidence Toolkit produces the following findings. Fig 4 shows that across Devon (and in line with regional findings) there has been significant growth in employment in the 'content industries' (Creation stage), a decline in the Production and Reproduction (or Making) stage due to the structural decline in manufacturing accelerated by the development of less labour intensive digital technologies, and smaller growth in the demand side activities related to the distribution and consumption of cultural product.

Figure 4



Demographically, the creative sector workforce has fewer women than the general Devon workforce (47% compared to 53%). There is also a longer term issue to consider as some of the research identified age as an issue particularly as the general population gets older over the next 20 years. For example 26% of the ArtsMatrix[6] beneficiaries in their continuing professional development programme were over 50.

5 The notion of the culture cycle can be thought of as analogous to a production chain or network. This is basically the steps or cycle that any product or service goes through to transfer it from an idea through production, distribution and exchange to final consumption.

6 ArtsMatrix is the South West regional agency for the continuing professional development (CPD) of artists and creative people

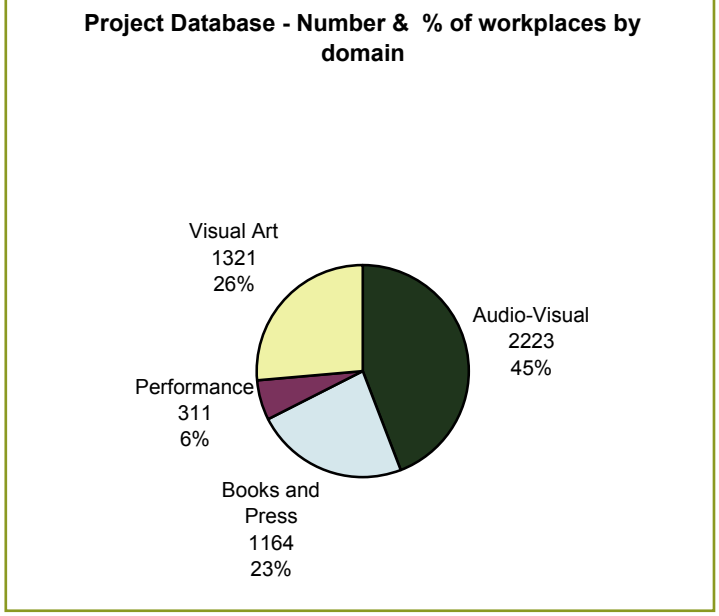
5.1 Supporting Data

- *The statistically visible number in employment across Devon (including Torbay and Plymouth) is 15,739 (3.7% of the county workforce)*
- *53% of these are in the Audio-Visual domain. Books & Press have 32%, Performance 3%, and Visual Art 12%*
- *53% are men, 47% women (both our survey and the ABI 2003 figures produced the same result)*
- *In the Devon CC area Audio-Visual employment has grown by 68% since 1998, Performance 58%, Visual Arts 36%. Books and Press has declined by 12%*
- *Employment in the Devon CC area has grown by 25% since 1998*
- *Overall employment in Torbay has declined by 50% (due to major telecoms job losses) but this masks a growth rate in the rest of sectors of around 10%*
- *With invisibles added, a county comparison with Cornwall, Somerset, and Gloucestershire[7] shows Cornwall with the highest number of jobs per 1,000 of the economically active population (46), followed by Torbay (43) and Devon CC (42).*
- *38% of businesses in our survey thought that they would be likely to take on more staff in the next three years – at an average of 1.2 Full Time Equivalent jobs per business.*

5.2 Workplaces and Location

The total number of statistically visible workplaces in Devon is 2,688 (ABI 2003). However we built a project database of around 5,000 businesses that included at least 2,800 companies with more than one person and 2,200 sole traders, freelancers, etc. If the workplaces of the statistically invisible are added, this would bring the number of workplaces to over 8,000 (although one should note that many of the extra 'invisibles' would often be working from home). Recent studies in Cornwall have put the number of creative industry workplaces within the county at around 4,000. Devon has twice the population of Cornwall plus the presence of cities and conurbations such as Plymouth, Exeter, and Torbay. The Devon figure of more than 8,000 workplaces would seem consistent with the Cornwall figures and indicates Devon's regional importance alongside major players such as Bristol.

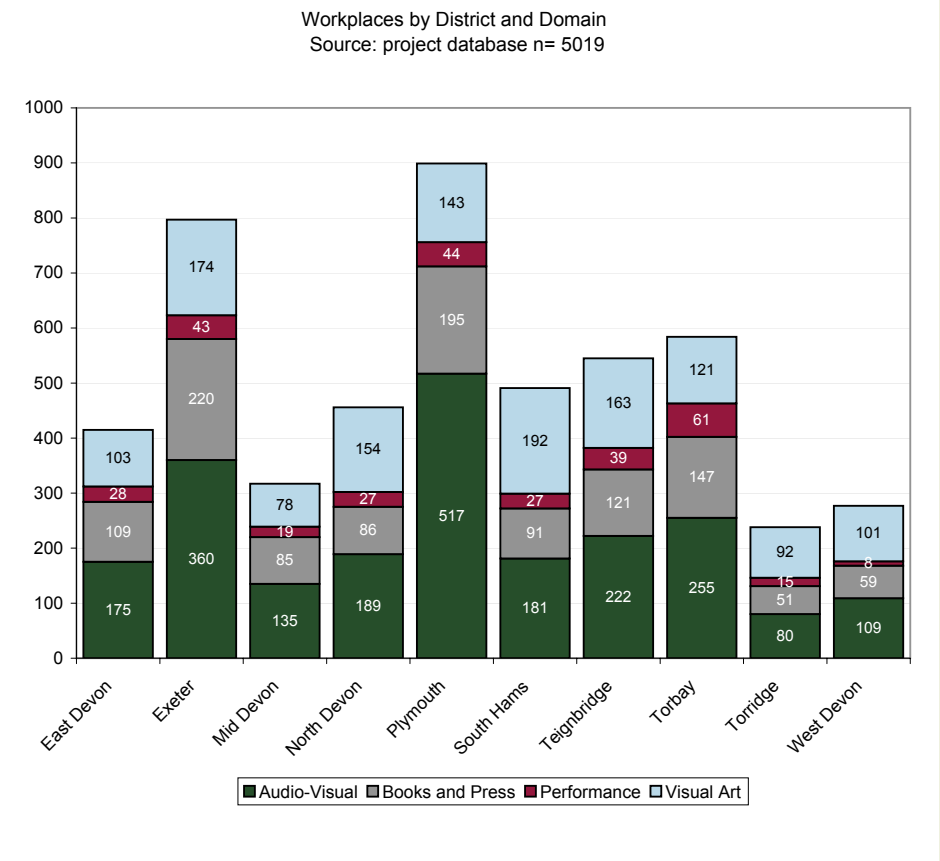
Figure 5



Analysis of the project database shows that nearly half the workplaces are in Plymouth, Torbay, and Exeter and two thirds are in the South Devon arc. Nearly two thirds of workplaces are in Audio-Visual and Books and Press but around a quarter are in Visual Arts (Fig 5). Most of the rural workplaces are in Visual Arts and Audio-Visual. Fig 6 provides a breakdown of workplaces by domain and district.

7 These are all counties that have produced Creative Industries economic reports within the past two years

Figure 6



The lower numbers and the wider dispersal pattern in the more rural areas outside of South Devon has implications for design and delivery of business support and training. Most of the businesses are small with three quarters having fewer than 5 employees and 90% of businesses employing less than 10 employees.

5.2 Supporting data

- *ABI shows 2,688 statistically visible creative industry workplaces across the whole of Devon*
- *49% of these are in the Audio-Visual domain. Books & Press have 30%, Performance 5%, and Visual Art 16%*
- *IDBR figures show 92 % of businesses have less than 10 employees (compared to 87% in our Devon survey), 82% less than 5 (72% in survey)*
- *Plymouth, Torbay, Exeter, and South Hams are home to the larger companies*
- *Performance and Books and Press businesses are generally in the main towns and cities whilst Audio-Visual and Visual Arts have a wider dispersal pattern across the whole of the county including the rural areas*
- *The Performance and Books & Press sectors clearly have distribution and exhibition patterns rooted around cities, towns and good transport. By examining the project maps on the following pages one can clearly see the proximity effects on clustering both in the urban and rural parts of Devon and the hot spots (Plymouth, Exeter, Torquay, Totnes, Newton Abbot)*

The two maps displayed in this report (Figs 7 and 8) are based on a postcode analysis of the 5,000 businesses in the project database and show:

1. *The dispersal patterns of the creative industry businesses across the county and*
2. *The density of businesses by ward*

Figure 7

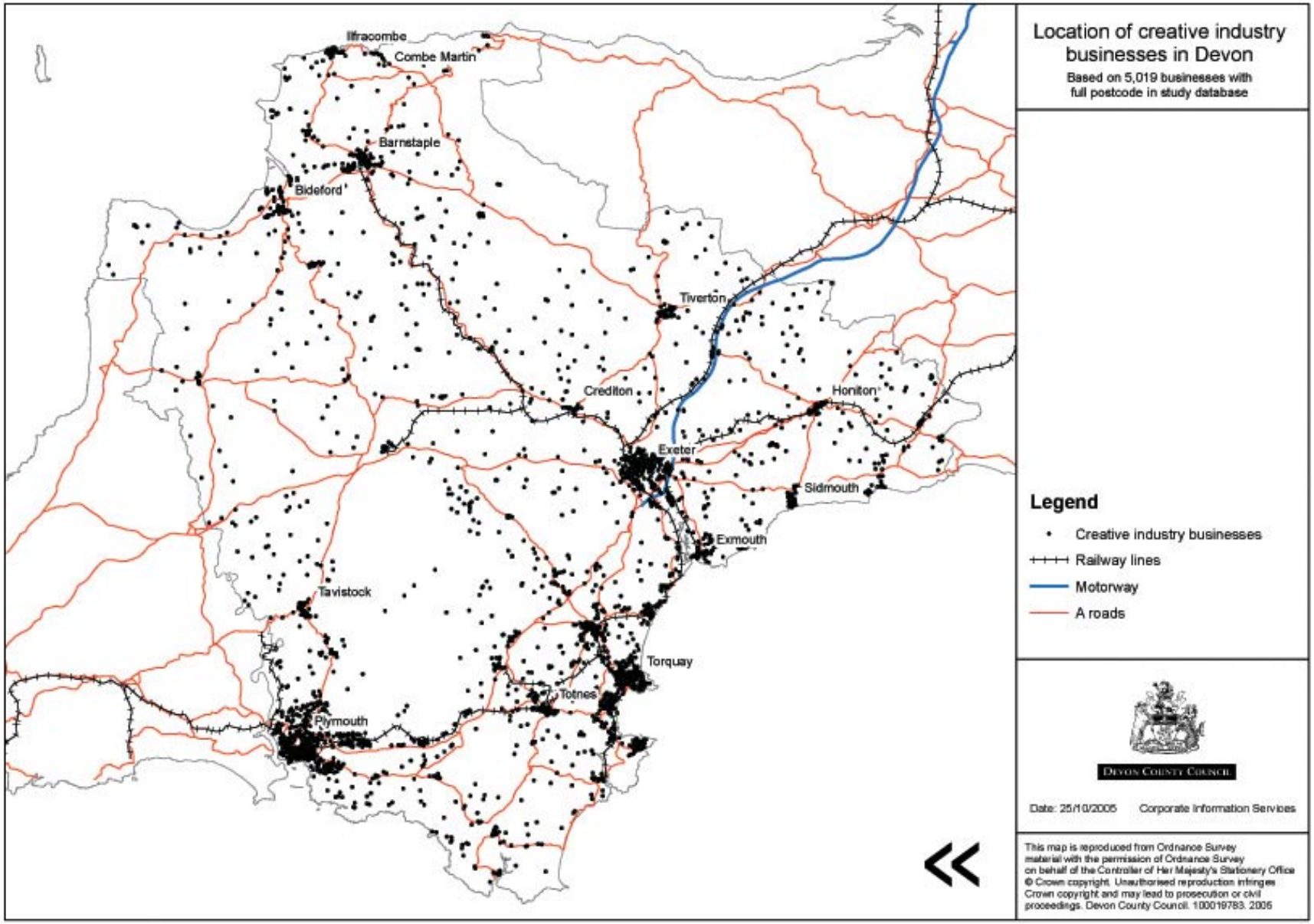

Location of creative industry businesses in Devon
Based on 5,019 businesses with full postcode in study database
Ilfracombe
Combe Martin
Barnstaple
Bideford
Tiverton
Crediton
Honiton
Exeter
Sidmouth
Exmouth
Tavistock
Torquay
Totnes
Plymouth
Legend
Creative industry businesses
Railway lines
Motorway
A roads
Devon County Council
Date: 25/10/2005
Corporate Information Services
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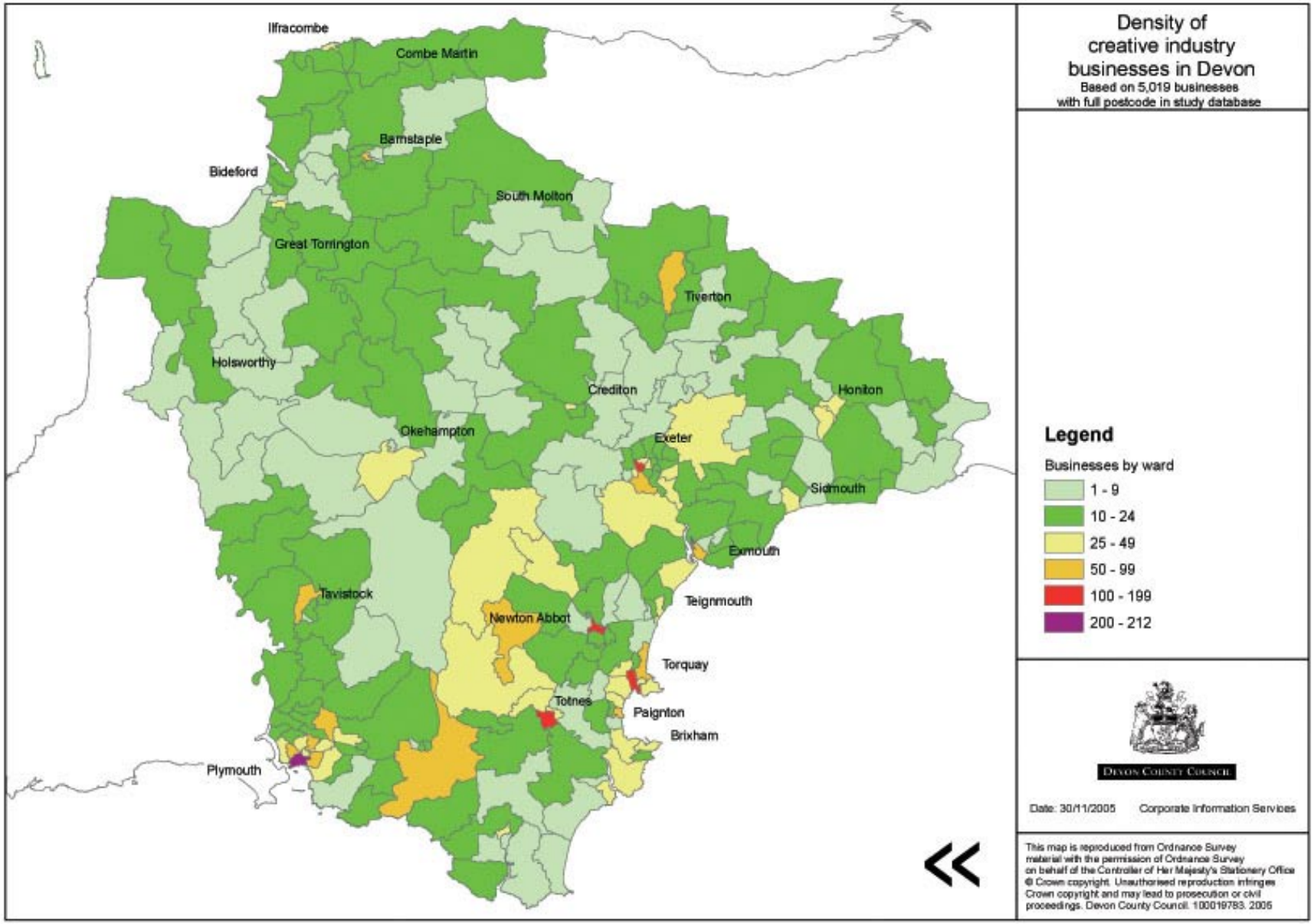
Figure 8


Density of creative industry businesses in Devon
Based on 5,019 businesses with full postcode in study database
Ilfracombe
Combe Martin
Barnstaple
Bideford
South Molton
Great Torrington
Tiverton
Holsworthy
Crediton
Honiton
Okehampton
Exeter
Sidmouth
Exmouth
Tavistock
Teignmouth
Newton Abbot
Torquay
Totnes
Paignton
Brixham
Plymouth
Legend
Businesses by ward
1 - 9
10 - 24
25 - 49
50 - 99
100 - 199
200 - 212
Devon County Council
Date: 30/11/2005
Corporate Information Services
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5.3 Characteristics of Creative Businesses in Devon

5.3.1 How long have businesses been in Devon

Most businesses have always been based in Devon but there is a pattern of inward migration emerging which, in the rural areas, shows that 21% of businesses have moved into Devon – more than half of them in the last 6 years.

Interestingly, little mention is made of business environment reasons for moving. Most people moved for family, personal, or quality of life reasons – indicating a pattern of downshifting away from London, the South East, and other parts of the UK. This trend was also picked up in a recent Somerset Creative Industries study.

This has implications for Devon and its inward investment initiatives in the sector. It would seem that flagship developments along the lines of Plymouth University's Innovation Centre for Creative Industries (ICCI), Dartington Art Park, and Devon Artsculture, could help to change the 'business' image of Devon and attract businesses and perhaps graduate returners to Devon for both the quality of life and the business facilities and opportunities.

5.3.1 Supporting Data

- *16% of businesses have relocated to Devon.*
- *The pattern of inward migration shows that the businesses generally move into the rural areas of Devon and not the cities.*
- *21% of the businesses surveyed in the rural areas of Devon have moved from elsewhere into Devon, often from London and the South East – more than half of them in the last 6 years. Over half are from the Visual Arts domain.*

5.3.2 Length of Time in business

New business formation is good with around a quarter being formed within the last 4 years which is close to the regional figure for Creative Industries.

5.3.2 Supporting Data

- *The figure of 23% for new businesses (under 4 years) is close to the regional figure of 25%*
- *Within our survey, the sector showed maturity with over 77% having been in business for longer than 3-4 years. 57% have been going for longer than 10 years*

5.3.3 Sectors worked in

Our survey showed that, although the majority of businesses work in the private sector (58%), the remaining 42% provide strong evidence of cross-flows between commercial and public funded sectors because of the portfolio nature of employment in the creative sector. Understanding the differences in culture and the requirements in different sectors needs a reasonably sophisticated skillset.

5.3.4 Premises

Given the large numbers of freelancers, visual artists, craftsmakers etc within the workforce it is not surprising that around 44% of all businesses surveyed were home based (in the case of the individual traders and small partnerships this rose to 63% whilst only 17% of businesses with employees were home-based). However, nearly half of those working from home had plans to move premises within the next 5 years.

17% own their work premises whilst another 37% of all businesses rent (56% of businesses with employees and 23% of individual traders and partnerships). Two thirds of rents are below £600 per month with a half being below £415. Interestingly, and possibly because of Devon's transport and road problems, two thirds of those who do not work from home have a travel-to-work time of less than 20 minutes.

Overall a third of businesses are thinking of moving premises within 5 years with business expansion given as the prime reason. This has demand-side implications for proposed projects such as Dartington Art Park, Princetown Duchy Square development, Clovelly Arts Village and business units within the larger urban areas such as Exeter, Plymouth, and Torbay. Some sub-sectoral clustering – particularly around visual arts and crafts is therefore already underway or in the pipeline in the rural areas.

5.3.4 Supporting Data

- *For those who do not work at home the travel to work times are: 45% less than 10 mins, 23% 10-20 mins, and 23% 20 to 40 mins, 8% 40-60mins, and only 1% more than an hour*
- *45% of those planning to move within the next 5 years currently work from home*
- *34% are thinking of moving premises within the next 5 years*
- *Main reasons cited for moving are: expanding business (18%), end of tenure (13%), better location required (10%) current premises too small (9%) or sub-standard (9%)*
- *The average monthly rent from the survey (including business rates) is £537, median monthly rent is £415*
- *A percentile analysis of the survey figures shows that 67% of the rents are below £600, 50% below £415 and 40% are below £360 per month*

5.3.5 Marketing and Promotion

In common with other areas of the UK, the marketing and promotion of the Creative Industries in Devon varies in the level of investment, quality, and impact. The smaller businesses appear to be hampered by a lack of suitable skills. The Regional Mapping Study[8] in 2004 noted a number of skills gaps in marketing, client-customer relationships, identifying sales, and selling products.

8 Regional Mapping and Economic Impact Study of the Creative Industries (2004) carried out by Burns Owen Partnership and University of Leeds for Culture South West

Marketing at both micro and macro level is a major issue for the Creative Industries. Programmes and initiatives that deal with improving skills levels at an individual or business level will be of great benefit to businesses as there is some evidence from the survey that those who had conducted market research or spent more on marketing had seen greater growth in turnover.

Equally, larger scale initiatives, such as an Arts Marketing agency or programme, could bring the advantages of partnership working and economy of scale to large profile-raising and sales campaigns.

5.3.5 Supporting Data

- *74% said that they assessed customer satisfaction but only a quarter of this was through any formal means. Mostly this was done through an informal feedback system*
- *Only 27% of businesses conducted some form of market research and, of those, only a third said that it involved any element of formal market research.*
- *20% said they spent no money on marketing*
- *36% said that they spent 1-4% of turnover on marketing, 14% spent 5-9%, and 20% spent more than 10% (10% were unable to answer the question)*

5.3.6 Role and Importance of ICTs

In terms of working with new technology and websites the picture was certainly rosier and slightly higher than the Regional Mapping Study findings.

ICTs were incredibly important to creative businesses (88% of survey respondents) particularly for administration, creation of product, marketing, distribution, and sales.

Broadband is also having a major impact on the sector with nearly three quarters of businesses subscribed. Website development and the use of websites to sell or make bookings was also encouragingly high

5.3.6 Supporting Data

- *In terms of importance of ICTs to their business: 88% of our survey respondents said they were crucial, very important or important. The main role of ICTs was for Business Admin (84% of businesses), Marketing (70%), Creation of Product/Service (60%), Distribution (48%) and Point of Sale (26%)*
- *Broadband is also having a major impact on the Creative Industries. In our survey: 70% had access to Broadband and had subscribed,14% had access to Broadband and had not subscribed, 16% said that they did not have access to Broadband*
- *64% of businesses had a website which compares very favourably to the 40% figure for businesses in the South West noted in the SWRDA 2004 ICT research*[7]
- *20% do not have a website but plan to have one in the next year whilst 16% said they had no plans to have one*
- *Of those with websites 34% had websites that allowed customers to make online bookings or purchases*

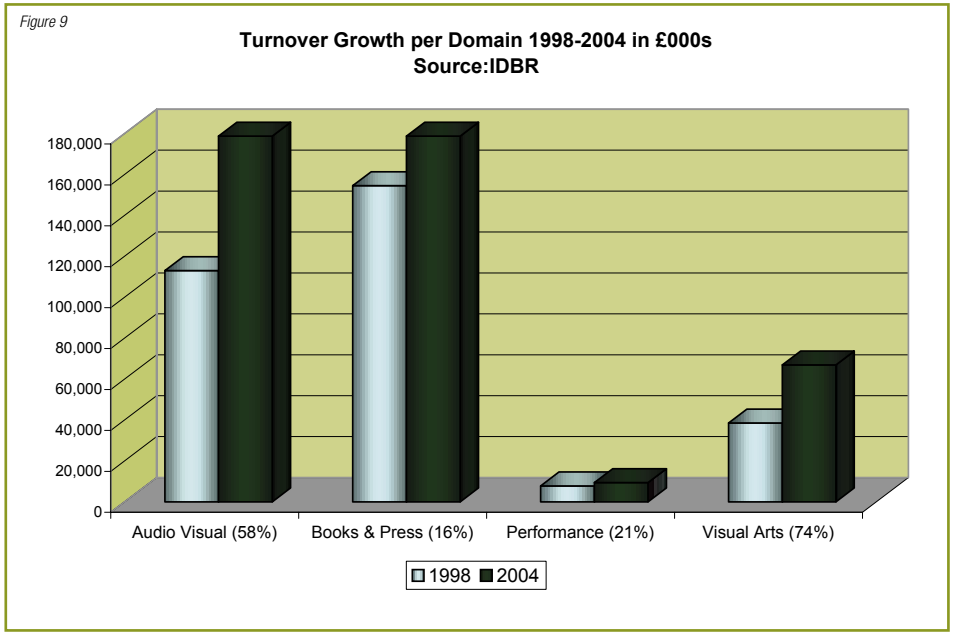
5.4 Turnover and Economic Impact

We have previously alluded to the problems of using national datasets for analysis. With turnover there are great variations in estimates of the total turnover of the sector in Devon from different government statistical sources. These range from nearly £0.5 billion (IDBR figures) to over £1 billion (ABI figures). These differences can be explained by the suppression of data for confidentiality reasons in the lower IDBR figure and by issues of scaling and SIC Code problems with the higher figure from ABI.

Calculations based on extrapolating our survey turnover findings and estimating total turnover from the number of businesses in each turnover band in the national datasets (See Fig 10), show that the Creative Industries in Devon are worth a minimum of £650 million to the economy but are likely to be in the region of £850 million to £950 million.

The Audio-Visual and Visual Arts Domains have shown the strongest turnover growth since 1998 (See Fig 9).

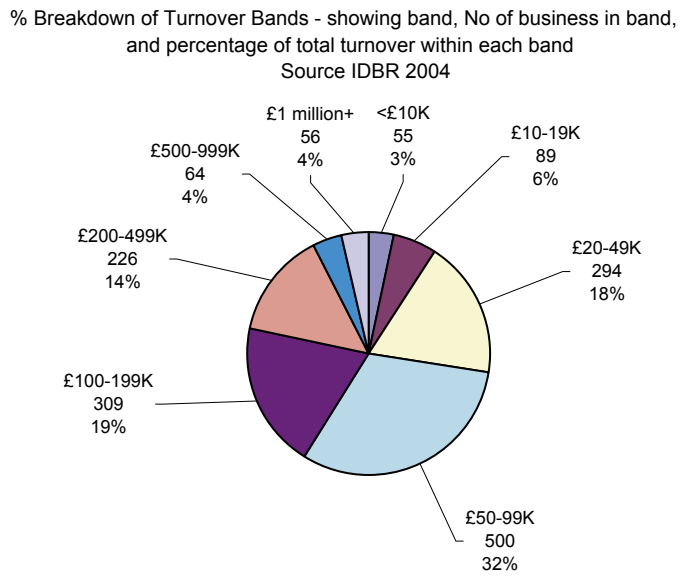
Figure 9



7 Research Project into Business Uptake, Understanding, and Awareness of ICT and Broadband in South West England: An Overview May 2004: SWRDA

59% of businesses turnover under £100K which is similar to the regional figure. Most of those businesses are in the more rural areas. Visual Arts has a high percentage of businesses (74%) turning over less than £50K.

Figure 10



In terms of business optimism, 59% of businesses in Devon and Torbay had seen their turnover increase over the previous 3 years (nearly two thirds of those by more than 20%). Nearly, three quarters of businesses thought that their turnover would increase in the next 3 years.

Gross Value Added (GVA)[10] per capita (the principal economic indicator) is consistently higher in the Creative Industries than in other industry sectors. In terms of productivity, GVA per capita in both the Devon CC and Torbay areas shows they are both performing well compared to the regional figures. GVA for the sector across the whole of Devon is £33,514 (Devon CC area £28,874, Torbay £34,993) compared to the sectoral regional average of £25,800 mentioned in the Regional Mapping Study.

10 Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. It is used in the estimation of Gross Domestic Product (GDP) which is a key indicator of the state of the whole economy.

5.4 Supporting Data

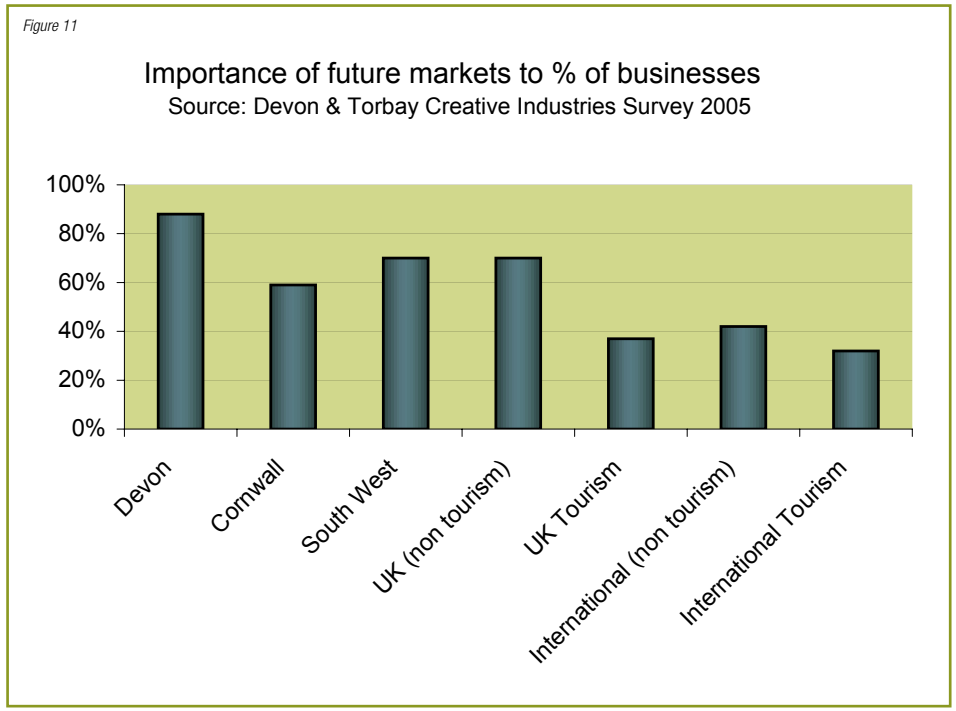
- *IDBR figures (which were scaled in line with DCMS methodology) show an total turnover for the sector of £444 million for 2004 (an increase of 39% since 1998) whilst ABI figures show £1.3 billion*
- *IDBR shows turnover growth for each domain for the same period as follows: Visual Arts 73%, Performance 21%, Audio Visual 58%, Books & Press 16%*
- *Exeter appears to have the largest percentage of businesses with a high turnover (more than a half are earning over £100K per year)*
- *In the rural areas most businesses are turning over less than £100K*
- *74% of Visual Arts businesses in the survey have a turnover below £50K (Books & Press 33%, Performance 58%, Audio-Visual 43%)*
- *The under £50K turnover band is mainly populated by those working from home*
- *The vast majority of businesses earning above £50K rent or own their own premises*
- *72% of those who earn all their money within Devon are earning below £100K*
- *59% of businesses' turnover has increased in the past 3 years, 26% stayed the same and 15% have decreased*
- *Of the businesses whose turnover had increased: 36% had increased by under 20%, 33% had increased by 20-49%, 30% by over 50%*
- *71% thought that turnover would increase in the next 3 years*

5.4.1 Markets & Sources of Income

Similar to regional and other county findings Devon's creative businesses tend to be very locally focused in their markets with at least 82% earning some of their income within Devon. Half of the businesses earn at least half of their income from within Devon

However, the UK market appears to be strong for Devon compared to the regional mapping study findings (39% versus 25%) which may suggest that some of Devon's Creative Industries have achieved some success in selling products and services outside of the region. Fig 11 shows how businesses in Devon rated the future importance of a number of markets.

Figure 11



5.4.1 Supporting Data

- *88% thought that Devon was an important future market, 59% thought Cornwall was important*
- *The UK market was important to 70% of businesses*
- *Awareness of the importance of the tourism market was good with c 35% of businesses marking it as important*

5.4.2 Purchasing

In terms of supplies, 67% of businesses make their purchases within Devon. Of those who purchase outside of Devon the majority (74%) purchase outside of the region in the UK. Some businesses state that they now use online purchasing to purchase from the cheapest supplier where location and delivery is not a purchasing factor. This increasing influence of online purchasing has implications for supply chains and local circulation of money within Devon.

5.5 Access to Finance

The creative sector has traditionally had problems accessing mainstream finance. Over three quarters of businesses have relied heavily on personal and family funds plus overdrafts to provide finance. This is an area which is beginning to be addressed by initiatives such as Creative Credit, recently launched by Wessex Reinvestment Trust. This is a loan programme designed for the creative sector, jointly badged with Arts Council England South West, and with input from Culture South West. Examples such as this and other community investment funds will constitute the way forward in terms of financial opportunities for the smaller businesses.

5.5 Supporting Data

- *In terms of accessing finance at start up or since: 14% said that they had not needed finance, 31% of respondents had had a bank loan or an overdraft facility, 48% had used personal or family funds, and 17.5% had accessed a grant (ACE, Lottery, Princes Trust, Business Link, New Deal, Leader, South West Screen, Local Authority etc)*

5.6 Barriers to Growth

In terms of perceived barriers to growth, recent Cornwall and Somerset creative industry studies have confirmed a number of common themes such as appropriate, affordable training, access to finance, premises issues, sector-specific business support, and improvement of marketing and sales skills. The Devon rankings from our survey (based on the percentage of businesses who identified each barrier) were as follows:

5.6 Supporting Data

General economic situation	*23%*
Marketing Problems	*19%*
Finance – access to finance	*17%*
No Barriers	*14%*
Perception of region among potential customers	*12%*
Premises - lack of appropriate workspace or inadequate premises	*11%*
Competition - Local	*10%*
Skills Issues	*9%*
Inward investment – the lack of	*9%*
ICT or Technology Issues	*8%*
Business support issues - lack of or inadequate	*7%*
Transport issues	*7%*
Competition - from other parts of the UK	*5%*

Untitled (Ring) with Abraxus in background – Mat Chivers *Photo © Mat Chivers*

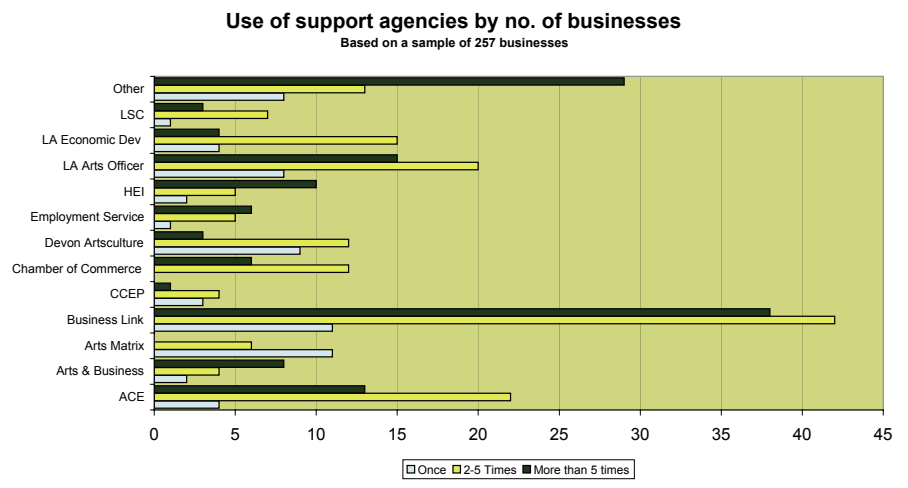
Apart from the 'general economic situation' all of the barriers cited are responsive to intervention. Marketing is a familiar issue which can be addressed by a range of interventions from individual training through to the setting up of a county-wide arts marketing body or programme. This could operate along the lines of other models of successful Arts Marketing agencies that can be found around the UK.

5 .7 Business Support, Advice, and Networking

Devon has a range of business support providers including a number of sector specific organisations such as Devon Artsculture and the Centre for Creative Enterprise and Participation (CCEP) at Dartington. However, over a third of businesses surveyed had never had contact with any business support or advice agency. See Fig 12 for an overview of which agencies had been contacted once, 2-5 times, or more than 5 times.

Of the two thirds who did contact an agency at least 60% thought that the service was "excellent" or "good" but it was apparent from our survey that sector specific agencies such as Arts Council England, Arts & Business, ArtsMatrix, CCEP, Devon Artsculture, and local authority arts officers gained a higher satisfaction rating than the more generic agencies.

Figure 12



There was a concern expressed during the research that the current business support offer was potentially confusing and not coherent to many businesses. A vital step will be to bring business support, workforce development and skills training closer together. For the majority of creative businesses, these are one and the same, but they are each delivered by a complex range of private, public and voluntary sector organisations through separate programmes funded by different agencies. Simplifying and extending access to provision will more effectively meet the needs of the sector and provide more relevant sub-sector support to businesses and employees over periods closely linked to their commercial and individual development needs.

This situation should be assisted greatly by the introduction of the regional Creative Enterprise Gateway telephone service which will be launched by Business West in 2006 to provide advice and signposting to the most appropriate provider.

The sector is also strengthened by networks and the quality of relationships and transactions within those networks to create strong supportive communities and trading opportunities. Networking and networks, both formal and informal, are an important part of a healthy creative sector ecology. Nearly 40% of Devon businesses said that they were members of business networks whilst nearly one fifth said that they were members of Devon specific networks.

5.7 Findings

- *In our survey 38% of businesses had had no contact with any business support agency or officer. Of the remaining 62% who had contacted a business support agency or had sought advice from various agencies or local authority officers, the following agencies had been contacted by the % of businesses shown in brackets: Business Link (57%) Local Authority Arts Officers (27%), Arts Council England (24%), Devon Artsculture (15%) and ArtsMatrix, Arts & Business, and local HEIs (9% each)*
- *Once businesses had made contact with an agency they were generally very satisfied. At least 60% of the businesses who contacted them at least once, rated them "Excellent" or "Good"*
- *In terms of accessing business support – 39% had travelled up to 20 mins, 33% up to 40 minutes, 14% up to 1 hour and 14% more than an hour*
- *62% of businesses were not members of any business bodies or support network (this compares to 54% in a recent small survey of Devon's arts organisations in 2004)[11]*
- *38% of businesses stated that they were members of 40 business networks: highest membership occurrence amongst that group was for Federation of Small Businesses (41%), Local Chambers of Commerce (31%), and Professional Trade Bodies and Associations (13%)*
- *18% stated that they were members of 22 Devon specific networks with Devon Guild of Craftsmen, Plymouth Media Partnership, and Devon Artsculture featuring prominently*

11 A Review Of Arts Networks In Devon by Peter Mason for Devon County Council in 2004

6 Skills Findings

6.1 Qualifications of Workforce

Higher skills levels and qualifications are at the heart of the Creative Industries' agenda and operations. It is a highly qualified sector with regional studies showing 45% to 56% of the workforce possessing a degree or equivalent qualification. Our Devon survey returned even higher figures (63%).

Over half of the employers within our survey thought that qualifications were not as important as demonstrable ability which means that there is clearly potential for people to enter and progress within the sector via non-traditional routes.

The relevant Sector Skills Councils (Creative and Cultural Skills and Skillset) and the Qualifications Curriculum Authority have been working to create a more accessible framework of qualifications for the sector with strong academic and vocational routes.

Higher Education providers within Devon have a high national profile and reputation and offer a wide range of degree and post-graduate qualifications in Creative Industries activities.

6.1 Supporting Data

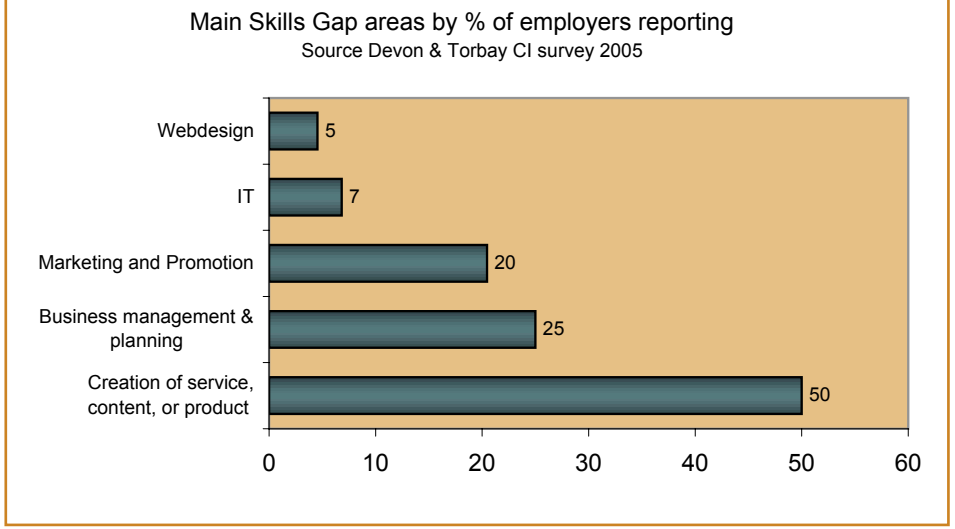
- *In the South West at least 43% of FTE workers in the Creative Industries have a degree or an equivalent higher education qualification according to the Arthur D Little Report for SWRDA although the Metier Artskills 2000 survey showed that in the South West 45.5 % of practitioners had Level 6 Qualifications and 34.6% Level 7/8*
- *In the ArtsMatrix CPD programme across the South West the majority of beneficiaries were qualified to degree level or above (56% Level 6 and 23% Level 7/8)*
- *14% of employers thought qualifications were important or very important*
- *27% of employers thought a combination of qualifications and experience was the most important*
- *54% of employers thought qualifications were not as important as demonstrable ability*

6.2 Skills Gaps

In terms of Skills Gaps, the Devon survey reported a higher number of internal skills gaps than either the regional or national figures (almost twice as high). But this is consistent with consultation and focus group feedback on the difficulty of getting the right blend of people and skills in a sector dominated by micro-businesses. The Skills Gaps were largely within the area of content, product or service production (with business management and planning, marketing and promotion, and IT ranking high as well). See Fig 13.

They were mainly caused by lack of experience, recruitment problems, failure to train staff, not keeping up with change, and time and cost of training. Overwhelmingly the main solution was to provide further training (nearly two thirds of businesses).

Figure 13



The key gap here is in the ability of the staff to be able to fully engage in the core process of the business: i.e. creating the content, the product, and the service which indicates that the level of skills and experience within the workforce across Devon may not be as high as it needs to be.

A third of the employers had a training plan and conducted training needs analyses but only a fifth had a dedicated training budget. Only a half of employers conducted regular staff appraisals which is below the national average of 70% for the sector.

Time and money were cited as the most common barriers to skills development.

These findings highlight a need to promote and support programmes which can work with small businesses to assist them in putting in place proper planned training systems and appraisals. The new RDA funded Skills Development Programme for the sector (led by Culture South West in collaboration with a range of sectoral partners) will be an important step to embedding a culture of diagnosis and planning within the training environment. Devon CC and Torbay Council need to examine how best to support and fit within this initiative.

6.2 Supporting Data

- *40% of employers said they had skills gaps within their business – this is higher than the SW findings from the National Employers Skills Survey of 18%*
- *Skills gaps were largely caused by: lack of experience, recruitment problems, failure to train staff, not keeping up with change, time and cost of training*
- *The main measures taken to tackle these gaps are:*
    - *Provide further training (61%)*
    - *Expand recruitment channels (16%)*
    - *Reallocate work (16%)*
    - *Increase recruitment (14%)*
    - *Muddle through (7%)*
    - *More staff appraisals and performance reviews (5%)*
- *In terms of immediate skills needs identified by employers the following were ranked highest:*
    - *No skills required (37%)*
    - *Staff creative & technical skills (32%)*
    - *Staff communication and customer handling skills (23%)*
    - *Staff entrepreneurial and business management skills (18%)*
    - *Staff management skills (13%)*
    - *Staff personal skills (13%)*
- *Key barriers to developing skills in employees were:*
    - *No barriers (47%)*
    - *Lack of time for training (24%) – national figure (54%)*
    - *Lack of funding for training (18%) – national figure (54%)*
    - *Lack of cover for training (14%)*
    - *Lack of suitable courses in the area (12%)*
    - *Training too generic and not sector specific (11%)*
    - *Quality of available training poor (7%)*
- *33% of employers conduct Training Needs Analyses*
- *35% have a training plan (higher than national creative sector figure of 25%)*
- *19% have a training budget (lower than national figure of 26%)*
- *52% conduct staff appraisals (lower than national figure of 70% which is below the national average figure of 75% for all industries)*

6.3 Hard-to-fill Vacancies

This is an area where Devon and Torbay vary most from regional and national findings which show a low level of hard-to-fill vacancies within the sector.

However, in Devon just over a quarter of employers within the survey admitted to a vacancy problem within the previous 12 months.

The principal causes were the low number of applicants (generally) and those with the required skills, attitude, motivation, and personality (Fig 14).

The biggest impact was to increase the workload on other staff. In trying to tackle the hard-to-fill vacancies over half of employers expanded their recruitment channels or increased their advertising and recruitment spend. Only 16% increased the training within their workforce.

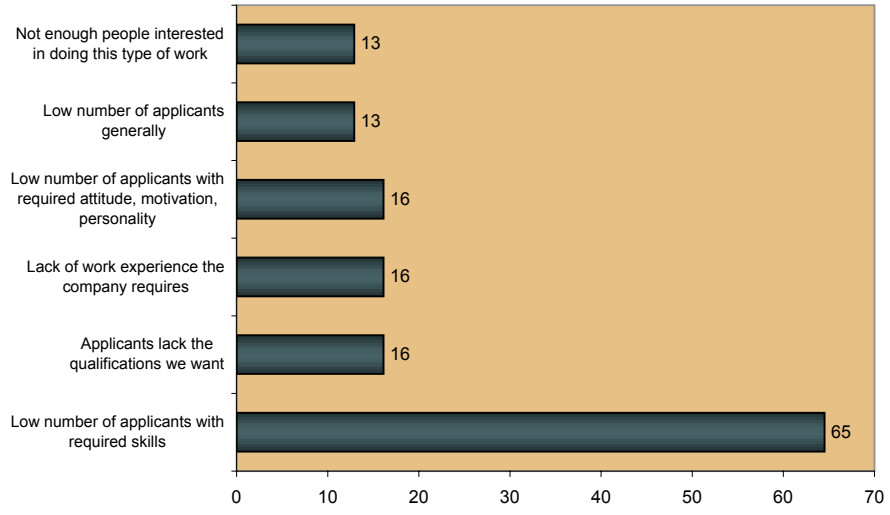
Both our survey and consultation meetings highlighted the recruitment problems that the creative sector has within Devon. In the short term, expanding recruitment channels may solve the immediate problems but the better and longer term solution is to increase the skills of the workforce to plug skills gaps and provide high quality local candidates for jobs.

6.3 Supporting Data

- *In terms of hard-to-fill vacancies 28% of employers in the survey admitted to them in the previous 12 months*
- *The main impact of hard-to-fill vacancies are:*
    - *Increased workload for other staff (55%)*
    - *Delays in developing new products and services (13%)*
    - *Increased running costs (13%)*
    - *Difficulties in introducing new work practices (10%)*
    - *Difficulties in meeting customer service objectives (10%)*
    - *Restricted growth (10%)*
    - *Withdrawal from offering certain products and services altogether (10%)*
- *The main measures used to tackle hard-to-fill vacancies are:*
    - *Expanded recruitment channels (55%)*
    - *Increased advertising and recruitment spend (16%)*
    - *Increased training within workforce (16%)*
    - *Highlight problem to local training providers (10%)*

Figure 14

Main causes of hard-to-fill vacancies by % of reporting employers
Source: Devon & Torbay CI Survey 2005



6.4 Quality Assurance and Planning Systems

Due to the micro-business nature of the creative sector it has never been characterised by a high level of quality assurance mechanisms and awards. The Devon survey confirmed this and highlighted that half of businesses do not even have a written business plan. The challenge for business support and training providers here is to encourage the wider adoption of planning systems and help businesses that are ready for more formal mechanisms to make the transition towards schemes such as Investors in People, PQASSO (the Practical Quality Assurance System for Small Organisations), and other accredited systems.

6.4 Supporting Data

- *77% of employers have no formal mechanisms*
- *5% have Investors in People and 5% have ISO9000/1/2*
- *Most other systems are trade or professional systems : e.g. RIBA systems for architects*
- *50% of employers' businesses have a written business plan*

6.5 Current Individual Skills Needs and Training

Nearly half the individuals surveyed said that they have skills needs around ICT and Technology. This was followed by Marketing/Promotion (nearly a third of individuals), Business Planning and Financial Skills (Fig 15). These are all skills needs that are suitable to a mixed offer incorporating online learning, seminars and workshops, short courses, business coaching and mentoring. Some of this is being addressed already by providers such as Devon Artsculture, CCEP and ArtsMatrix but programmes such as the new regional Skills Development Programme will assist greatly. Devon CC and Torbay will need to examine how best to link into and support this regional programme.

Figure 15

Skills needs and % of individuals who expressed those needs
Source: Devon & Torbay CI Survey 2005

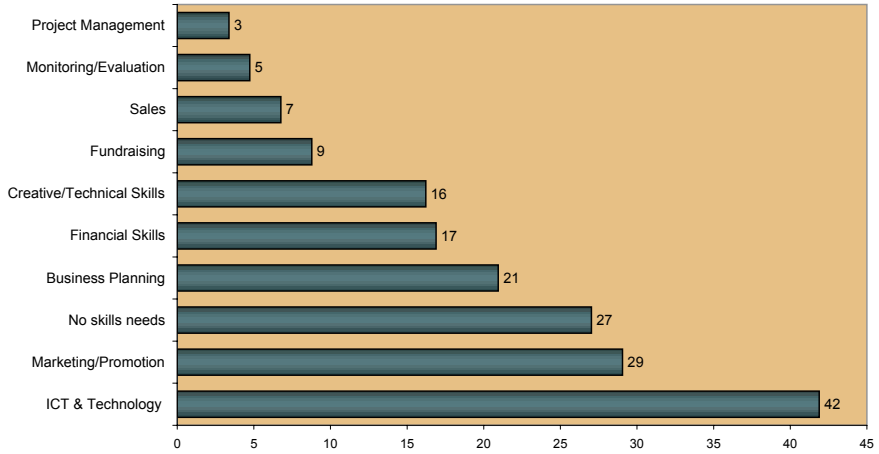
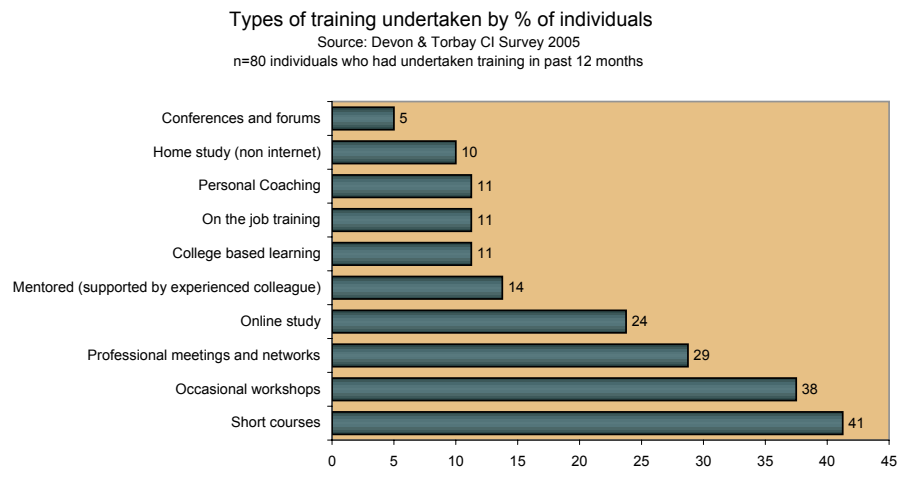


Figure 16



A quarter of individuals undertake at least 5 days annual training in connection with their work although hardly any have undertaken a training needs analysis or have an individual training plan.

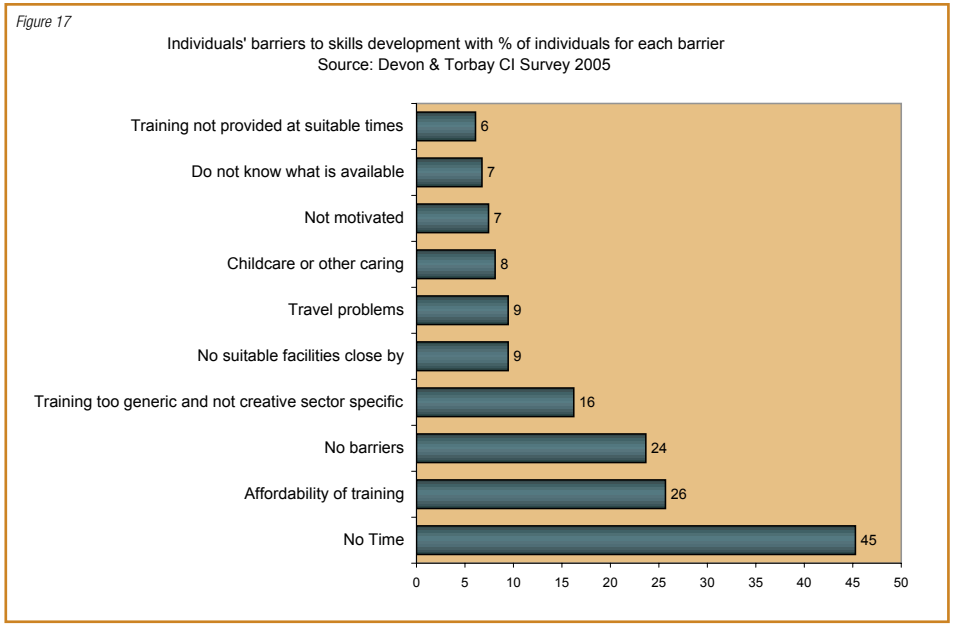
Despite the apparent willingness to use online methods, the preferred method is still the short course and workshops (Fig 16). The biggest barriers to training are still the often voiced twin whammy of "Time and Money". The challenge for providers is to design appropriate and accessible programmes/methods of training whilst attempting to educate and persuade creative individuals of the wisdom and economic benefits of 'investing in themselves'.

Other Supporting Data

- *1 in 4 individuals undertake at least 5 days annual training in connection with their work*
- *15% of individuals surveyed had undertaken Online training in the previous 5 years*
- *Only 4% of individuals have ever undertaken a Training Needs Analysis*
- *Only 3% of individuals have a training plan*

In terms of barriers to improving skills the following key barriers were mentioned by the following percentage of individuals (Fig 17):

Figure 17



Totnes Sculptor Robin Lacey at work on 'Sacrifice' *Photo © Clive Austin*

6.6 Education and Training Offer

Culture South West believes that the creative sector is moving up the agenda of education institutions within the South West whilst the SWRDA *State of the Key Sectors* report (2004) from Arthur D Little notes a 'formidable set of strengths' in the area.

We know that the sector is highly qualified and Devon itself has a significant Higher Education sector with institutions of national and international repute in Plymouth, Exeter, and Dartington. These all deliver a strong and wide range of creative sector courses, with particular strengths in the Visual Arts and Performance sectors. An analysis of creative sector course provision in Devon shows that 65% of courses are at degree level and above.

To support this strong educational offer across Devon at the higher qualification levels, the HE sector needs to make strong links with industry and develop a culture within their students of entrepreneurial skills and work-readiness for their transition into the workforce.

However, research undertaken by Higher Education Institutions (HEIs) in the region show that there are serious graduate retention problems in the South West which is, in effect, a net exporter of graduates. By providing a range of incentive facilities and programmes such as supported incubator/ starter units, start-up business support, mentoring etc the graduate leak can be plugged and the number of returners to Devon can be increased if they feel Devon is a good place to further their creative career or develop a creative business.

The Higher Education offer is supported by provision at the lower qualification levels by the five Further Education Colleges within the county and the county's schools. Devon has 118 Artsmark schools and 9 specialist arts schools.

This overall mainstream provision is supported by a range of programmes and sector-specific providers who significantly add to the education and training offer with a range of bespoke short courses, seminars, mentoring, continuing professional development and business support, all geared to individual, employer, and membership needs.

Continuing Professional Development is strong in Devon with initiatives such as ArtsMatrix (first-stop shops in Bovey Tracey and Plymouth) and CCEP at Dartington (Centre for Creative Enterprise and Participation) offering a range of services to support creative practitioners at various stages within their careers.

It should be noted, though, that the valuable role of the specialist networks and training providers who work outside of mainstream education can be undermined or made more difficult by the fact that they are often unable to access mainstream funding (such as Learning and Skills Council monies). This is because much of their work is short, non-accredited training which is geared to the demands of their particular sub-sectors and constituencies.

6.6 Supporting Data

- *The total number of Artsmark schools in England now stands at 3,067. Devon has 78, Plymouth 26, Torbay 14*
- *There are currently 2,576 operational or designated specialist schools in England of which 476 are specialist arts or music schools or those with a combined specialism involving arts or music (e.g. Business Enterprise and Arts). Regionally there are 52 arts schools, 9 of these in Devon, Torbay and Plymouth*
- *There are 3 Centres of Vocational Excellence (CoVEs) within Devon: North Devon College, Exeter College, and Plymouth College of Further Education. None of these offer a Creative Industries specialism*
- *There are 5 HEIs and 5 FEs across Devon offering creative sector courses*
- *An analysis of 526 HE and FE creative sector courses across Devon (taken from UCAS and Online Prospectuses for the 10 institutions in the area) shows that 65% are at degree level and above with over half focused on Visual Arts and Performance*

7 Conclusions

"Creativity is vital for every part of the economy. The ability to generate a diverse set of business options through new ideas is a central feature of innovation in all firms and, as such, is central to sustained economic growth… But the challenge, as noted by the Chancellor [Gordon Brown], is not just to encourage Creative Industries, our priority is to encourage all industries to be creative".
Creativity, Design and Business Performance: DTI 2005

The Creative Industries in the UK, the South West, and across Devon are experiencing well above average rates of growth. Growth is potentially sustainable due to increases in disposable income world-wide pushing up levels of spending on leisure services and goods, thereby creating long-term growth in demand.

These macro-economic conditions are reflected by the high level of business optimism for the near future reported by the majority of businesses in the Creative Industries sector in Devon.

However this is not a time to be complacent. The world-wide demand for goods and services provided by the Creative Industries is being matched by a world wide growth in supply of these goods and services – especially from the Far East and Eastern Europe.

To succeed in the new knowledge economy the Creative Industries must continually take risks to produce new ideas, develop new creative product, and learn how to protect that intellectual property. If Devon's Creative Industries are to flourish in the highly competitive UK and international market places then they need to operate in a business environment which supports this continual development of new products and services. The high levels of innovation and risk which this involves, for predominantly micro-businesses, will require a degree of on-going public sector investment. As well as assistance with research and development and infrastructure, support is needed to develop the key skills portfolio required by the creative sector – namely: creative, business, marketing, and ICT skills.

This report is a first important step in intelligence gathering on the sector in the Devon County Council and Torbay Council areas. It is an initial analysis of the key issues at the macro level of the four DCMS domains: Audio-Visual, Books and Press, Performance, and Visual Art. Using the information contained within this research, Devon CC and Torbay Council can begin to identify a range of sophisticated and targeted interventions from direct investment in key business infrastructure through to facilitating the work of intermediary organisations, agencies, and support programmes.

Due to the differing characteristics of the many sub-sectors and their wide range of skills requirements a one-size-fits-all solution to support and development is not a realistic option. Future research (including the current Plymouth study) will be required in Devon to deepen the understanding of the various sub-sectors in order to ensure that investment and intervention are well targeted and bring high returns.

7.1 Conditions for Success

From this work and other regional reports we can identify a number of conditions for building creative success. Devon is not starting from a barren baseline. Some of the conditions already exist to varying degrees and in various places but others need carefully planned long-term strategic support. Previous research into the sector shows that the key conditions for supporting growth and building creative success are:

Vision and Strategy: A strategic organisation or partnership is needed to drive forward key support programmes. Such a body would be able to react quickly to opportunities which present themselves. This organisation/partnership would need to work to a vision, agreed by all the key stakeholders, as to how both creativity and the Creative Industries could be best supported and promoted in Devon and Torbay.

Intelligence: A good knowledge base is required to underpin the successful development and promotion of the Creative Industries. This requires ongoing intelligence on UK and international markets and trends and a deep understanding of the strengths and weaknesses of the different sub sectors in Devon and Torbay.

Advocacy: The concepts of the Creative Industries and the knowledge economy are relatively new and advocacy work is required so that the sector's crucial role is recognised by key players involved in the development of economic, social and cultural strategies.

Business Support: The sector is dominated by SME's and micro-businesses which lack the human resources to provide a wide range of high-level business skills. To turn creativity and innovation into economic success it is vital to provide a coherent and targeted approach to business support that meets the needs of creative businesses.

Access to Finance: this is important, as a poor understanding by financial institutions of the potential rewards of investing in the Creative Industries coupled with the failure of many Creative Industries to present themselves as being "ready for investment" has resulted in a lack of commercial investment in the sector.

Risk management: Creativity and innovation involve relatively high levels of risk. To continually innovate, the Creative Industries must continually take risks to produce new ideas and new creative product. In Devon, with an industry dominated by sole traders and micro-businesses, there is a danger that risk taking is always minimised. Longer term public sector support and intervention to support high levels of innovation and consequent risk levels can help with the ability to take risks and 'ride' failure.

Marketing: as in all business, the Creative Industries sector in Devon needs to establish good access to local, regional national and international markets. The evidence from our survey is that marketing, market research, and the development of national and international markets is a key issue for Devon's creative sector.

Premises and Clustering: There is a need to increase access for micro-businesses to suitable workspaces and to shared equipment/services/resources. There is much evidence to support the crucial importance of clustering in the Creative Industries. The provision of workspace and resources should support the development of significant clusters across the area. These should be based on a hub and satellite strategy (i.e. core larger facilities supporting smaller linked outposts and projects) to cope with the geographical dispersal patterns within the rural areas.

Additionally, since many rural businesses work from home or close to home, it would be beneficial to review planning regulations regarding conversions of property for creative industry use – for example, for small groupings of studios or art-farms.

Information and Communication Technologies (ICTs): a strong ICT infrastructure and skill base is required. In addition to good broadband, website, and e-commerce initiatives, both individuals and employers in our survey highlighted ICT skills as a key demand. Businesses are already well aware of their potential as tools for business management, creation and production, marketing and distribution, and as a point of sale. ICT is a key factor in attempting to consolidate Devon's Creative Industries as part of the national and global creative economy.

Networking: it is important to develop strong and dynamic networks which encourage and support the sharing of skills, knowledge and resources. Networking is part of the lifeblood of successful Creative Industries businesses. This is not only for business-related purposes but also to encourage the sense, especially among individual rural-based practitioners in the field of the often solitary occupations of visual arts, crafts, and literature of being part of a creative community with common aims and experiences. The development of clusters (see above) will help facilitate this.

Skills Development: a number of key factors need to be in place to create the right skills landscape to underpin a successful creative sector:

- Support for the development of a flexible and talented workforce which is continually developing cutting edge skills
- Clear academic and vocational progression routes with a variety of entry points
- Support for the development of high level entrepreneurial skills coupled with the intellectual property knowledge required to fully exploit products and services
- Tackling the main causes of skills gaps and hard-to-fill vacancies: in Devon's case providing the combined skill sets that are necessary for Creative Industries in an increasingly converging economy
- Access to sector-led continual professional development programmes and overcoming the time and affordability barriers that block training and skills development in micro-businesses
- Responding to the significant demand from the sector for "bite-sized" (one or two day) courses focused on very specific skill areas. The traditional accredited offerings from FE and HE institutions tend not to correspond to the business requirements of the Creative Industries. Training funders need to be lobbied to recognise the need for short, flexible, low cost accredited and non-accredited support particularly for freelancers/self-employed

Links to Tourism: the innovative use of Creative Industries in developing the cultural tourism market. Cultural Tourism is now a huge market (up to 37% of world travel) and is growing at 15% per year.[12] Tourism trends suggest that it will become more evident that areas with cultural tourism programmes will have an effective edge over those that just rely on traditional approaches to tourism marketing. With Devon CC and Arts Council England we have been conducting a parallel study[13] looking at the cultural tourism opportunities in Devon. Devon has the largest market share of tourism in the South West Region and the benefit of a wonderful environment, but neither the current visitor profile nor the current cultural offer strictly map to the definition of the 'standard' cultural tourist and their needs.

In the medium to long term, the development of more innovative cultural product and packages coupled with more accurate research to find out what the high spending, long staying, cultural tourist wants would allow Devon to move centre stage within the region and take a stronger competitive position alongside other areas such as Cornwall. An area cannot rely on selling its past: it needs to be innovating and producing new product and experiences. This innovation is the key. Devon's Creative Industries are important because they are the production-oriented counter-balance to the selling of older or more established tourism and heritage assets and destinations. A vibrant Creative Industries sector will be vital for tourism in Devon's cities, resorts, market towns, and rural areas.

Attractive business environment: using all the elements mentioned above to create a business environment that can rival "quality of life" as a principal attractor of inward business migration to Devon and Torbay

7.2 The Future

With the right strategy and tools in place, with political and economic will and policy sensitivity, there is every reason, in principle, for Devon and Torbay to build on their substantial current level of creative sector activity and growth.

Recommendations (under separate cover) have been made to Devon and Torbay as a starting point for discussion and are currently under consideration. These would offer Devon the opportunity to sustain and grow a Creative Industries sector which would play a substantial role in the Devon and Torbay economies and link into regeneration, tourism, and social inclusion initiatives.

Other regions and sub-regions in the UK and Europe are moving there quickly at present. On the basis of the evidence from this and other recent relevant research we believe that Devon and Torbay can join them and continue building creative success in both the economic and cultural spheres.

12 World Tourism Organisation figures
13 Cultural Tourism – a Devon Perspective (2005) – Perfect Moment

8 Appendix

In order to provide a comparative overview of the 4 main sectors we have brought together a number of the key statistics for each of the four DCMS domains in the following table.

	Audio-Visual	Books and Press	Performance	Visual Arts
Includes the following activities	Film, TV, radio, new media, music and advertising, interactive media, which covers leisure software, digital art and new media activities	Books, magazines, newspapers, press and literary agencies, literary festivals	Note: does not include music which comes under Audio-Visual above. Includes theatre, arts, dance, circus, agents, festivals	Galleries, architecture, design and crafts, sculpture, fashion design, graphic design, interior design, creation of visual works, production of visual works, visual arts festivals
Statistically visible workforce (ABI 2003)	8,353	5,163	489	1,734
Percentage of workforce	53%	32%	3%	12%
Employment Growth 1998 – 2003	68%	(-12%)	58%	36%
Turnover Growth 1998 – 2004	58%	16%	21%	73%
Percentage of statistically visible workplaces (ABI 2003) – number of workplaces in brackets	49% (1,327)	30% (799)	5% (133)	16% (429)
Percentage of workplaces according to the Project Research Database	45% (2,223)	23% (1,164)	6% (311)	26% (1,321) (due to the high numbers of individual artists we identified during the research)
Location of workplaces	South Devon arc plus dispersal of smaller businesses across rural Devon	Largely centred around South Devon arc and the major urban areas	Centred around cities, towns, and market towns	Widely dispersed with a high presence in the rural areas
Percentage with turnover below £50K	43%	33%	58%	74%
GVA per capita Devon County Council (ABI 2003)	£32,659	£27,734	£13,028	£23,809
GVA per capita Torbay (ABI 2003)	£44,265	£23,331	£21,467	£16,927
GVA per capita Plymouth (ABI 2003)	£59,968	£28,205	£19,306	£26,339

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