

**Manchester City Council
Report for Information**

Report to: Economy, Employment and Skills Overview and Scrutiny
Committee - Monday 7 March 2011

Subject: The Cultural Strategy – Economic Impact and Job Creation

Report of: Virginia Tandy – Director of Culture
Lyn Barbour – Head of Cultural Strategy
Sarah Elderkin – Team Leader Cultural Economy

Summary:

This report outlines the contribution of culture and the creative industries to the city's economy including employment, the visitor economy and as a location for film and it outlines the priorities for future work.

Wards affected:

All

Contact Officers:

Virginia Tandy
Director of Culture
0161 234 8801
v.tandy@manchester.gov.uk

Lyn Barbour
Head of Cultural Strategy
0161 234 4260
l.barbour@manchester.gov.uk

Sarah Elderkin
Team Leader Cultural Economy
0161 234 4241
s.Elderkin@manchester.gov.uk

Background Documents:

None

1 Introduction

- 1.1 The cultural sector has a powerful impact on the city's economy and that of the wider city region. This report outlines the contribution of culture and the creative industries to the city's economy including employment, the visitor economy and as a location for film and it outlines the priorities for future work.

2 Background

- 2.1 In 2010, the Manchester Cultural Partnership launched the city's new Cultural Strategy, 'Manchester's Cultural Ambition'. The vision describes five key areas for the city and cultural sector: Culturally Distinctive, Community Inspired, Creative Investor, Talent City and Culturally Connected.
- 2.2 Creative Investor: this theme aims to position Manchester as, "the best city to start a business – small enough to navigate, but big enough to breed brilliance." The strategy focuses on the need to trigger more cross-sector innovation involving the city's creative entrepreneurs and graduates and to deepen the relationships between Manchester's creative businesses and other enterprises in the Manchester City Region Economy.
- 2.3 Talent City: makes the case for Manchester to be one of the world's top ten cities for nurturing, attracting and retaining creative economy talent and the UK's leading centre for cultural and creative economy skills training. This ambition is coupled with a vision to become a highly networked city where creative individuals can commercialise their innovative ideas.
- 2.4 Culturally Connected: underlines the importance of improving co-ordination in the marketing of the city's cultural offer and visitor experience.

3 The cultural sector and its impact on the city's visitor economy.

- 3.1 The visitor economy in 2009 was worth £2.7 billion to Manchester (Greater Manchester £5.5 billion). Across Greater Manchester, this represents a 6% increase over the last four years. 75,000 people are employed within the tourism industry across Greater Manchester and Manchester continues to be the third most popular destination for overseas visitors in the UK with 800,000 visiting Manchester, second only to the capital cities of London and Edinburgh. (See full overview report from Marketing Manchester attached as Appendix 1.)
- 3.2 Greater Manchester also hosts a significant number of national and international association conferences and is currently ranked 79th in the ICCA (International Congress and Convention Association) rankings, aspiring to a top-50 position.
- 3.3 Manchester's events profile is an important driver for the visitor economy with for example, the 2008 Year of Sport attracting an economic impact of £23 million and the last Manchester International Festival in 2009 sustaining and economic impact of £35.7 million.
- 3.4 Campaigns: led by Marketing Manchester, the city's visitor and conferences strategies reflect Manchester's cultural assets. These have included Creative Tourist - a pathfinder initiative where Manchester's museums and galleries

have worked together in order to develop the offer and to communicate with culturally-active tourism markets across the UK and overseas. Having achieved significant impact, the challenge now is to extend the initiative across the cultural and heritage sector so that the city's powerful and innovative offer reaches visitors nationally and international and Manchester continues to be recognised as a place for culture in the 21st century.

- 3.5 Visitor Attractions: Marketing Manchester is closely involved with supporting Chetham's School of Music in its development of part of the site as a visitor attraction alongside Manchester Cathedral to explore the potential of developing the Medieval Manchester offer. Marketing Manchester has also been working closely with the National Football Museum on the development of its marketing strategy in the lead-in to the opening and with MOSI which sits at the heart of the industrial heritage story.
- 3.6 Future Plans: The vision is to work towards 2012 and beyond, with the strategic development of Cultural Tourism that makes sense for visitors, drives the best value from investment by streamlining delivery, avoiding duplication and ensuring a continued focus on ambition, product and profile.
- 3.7 However, Marketing Manchester, along with many other NWDA-funded organisations, took a 20% in-year funding cut during 2010/11 and it has been advised to plan for no NWDA funding in 2012/13. With cuts taking place across all aspects of the business, Marketing Manchester's focus will continue to be on visitor economy strategic leadership, marketing, digital content/new media, business tourism and the development of its commercial operation.

4 Economic benefits of filming activities in Manchester

- 4.1 Vision+Media runs the North West Film Office promoting the region as a destination and supporting filming activities to ensure that local creative sector and ancillary services are bought locally and to maximise the impact of the direct and indirect spend. Manchester City Council works closely with Vision+Media to facilitate this filming.
- 4.2 In 2009/10, Greater Manchester attracted 47.9% of filming activity that took place in the region; Greater Manchester attracted 1070.5 days of filming, of which 49.5% of this activity took place in the city generating an estimated £11.6 million worth of inward investment.
- 4.3 Vision+Media receives support from NWDA and the national Film Council and will face significant cuts. Whilst the team is looking towards new ways of earning income directly for Film Office services, the organisation's capacity to champion the city is likely to be affected.

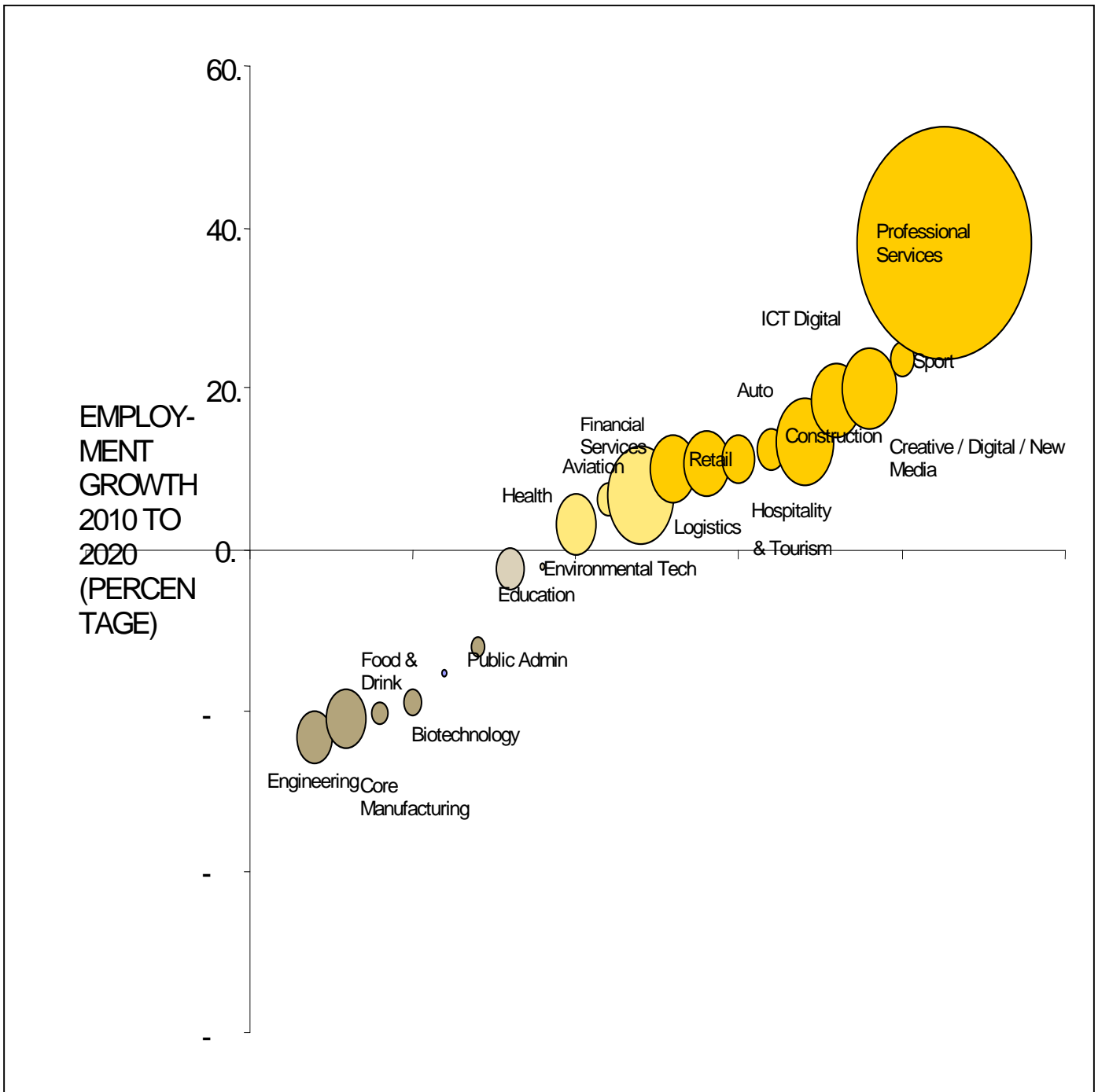
5 Economic importance of digital and creative sector

- 5.1 Manchester has the largest cluster of digital and creative businesses outside London and the south east. It is made up of a very diverse spectrum across

art and design, broadcast media and digital content which are now converging to form an inter-related digital content sector.

- 5.2 Greater Manchester Economic Impact: Recent forecasting undertaken by the Commission for the New Economy illustrates the economic significance of the Creative/ Digital and New Media sectors and their importance as a growing sector. See Appendix 2 attached for an overview of the National and Regional economic significance of the sector.

Employment Growth 2010 to 2020



6 Access to creative industries employment

- 6.1 Some parts of the sector are extremely reliant on graduate recruitment and draw on a highly talented and skilled workforce. Many young people from Manchester schools do not progress to higher education and therefore miss out on these opportunities.
- 6.2 It is vital that Manchester residents are able to play an active role in the growth and development of the city's cultural economy and there are a number of initiatives and planned programmes in development to facilitate this.
- Over 60 Future Jobs Fund opportunities have been created, many providing continued employment.
 - New pathways are being developed through apprenticeships and The Manchester College is building its capacity to offer these.
 - Cultural Strategy has developed new employer engagement approaches to stimulate entry level employment in the cultural sector which have led to the city's first Creative Apprenticeship cohort.
- 6.3 To ensure the needs of the sector are recognised and the support and training available reflects the diversity of the creative industries it will be important to work with the Commission for the New Economy and the emerging Skills and Employment Centre of excellence and with FE colleges and training providers.
- 6.4 The sector in Manchester is strong and growing; awareness and understanding of job and career opportunities in the digital and creative sectors is poor and knowledge of it is often outside the family networks that our young residents have access to. Cultural Strategy will focus on the following priorities to facilitate this:
- Apprenticeships: enabling a greater level of employer engagement in the cultural and creative industries sector to make apprenticeships a viable and sustainable route.
 - The Work Programme: building on the success of FJF in relation to work with the Manchester Cultural Employers Forum, the Forum is currently focusing on volunteering and the role the cultural sector can play in creating opportunities for residents to gain new skills and employment experience.
 - Targeted work with schools and academies to build stronger industry and cultural sector links to engage employers in enhancing the creative curriculum and to provide positive role models for pupils.
 - Promoting creative careers: working with partners to improve awareness of careers support and events to promote career awareness to ensure the city has a well coordinated offer for young people.

7 Stimulating enterprise

- 7.1 Creating a positive enterprise culture and the capital infrastructure to encourage new businesses to start-up and grow is vital. The first phase of the development at the Sharp Project is now complete and the project is rapidly becoming home to a rich mix of creative and digital companies. Creative office

spaces, with carefully planned power and digital connectivity, have been designed to be flexible and to meet the needs of creative industries.

- 7.2 MediaCityUK is striving to attract large-scale inward investors to feature alongside the BBC's presence as a major catalyst for employment, commissioning opportunities and business growth in the broadcast and digital sector. MediaCityUK will be home to several BBC departments and ITV recently announced that it will be building a bespoke production and studio centre next to the Imperial War Museum North and joined by a bridge to the main MediaCityUK complex.
- 7.3 One of Manchester's most important assets is the Northern Quarter, which provides office accommodation for a wide cross-section of emerging and established creative companies, a place where networking and collaborations take place alongside a lively independent retail and café/bar culture.
- 7.4 University and sector partnerships: There has been some innovative work designed to stimulate creative and digital partnerships between cultural, academic and industry leaders. In 2010, Cultural Strategy commissioned the App School project as part of the 'Innoversity' partnership with MMU and Cornerhouse. Young participants were provided with training and development on key skills alongside the opportunity to develop their ideas for iPhone 'Apps'. There is a need for continued work with the Manchester Metropolitan University to; improve pathways to creative enterprise building on the success of pilot projects with Cornerhouse and other partners, exploring post graduate and knowledge transfer opportunities.
- 7.5 The New Enterprise Allowance scheme is proposed by the Government with early pilots currently underway. Research shows the significant impact the previous Enterprise Allowance Scheme in the 1980s had on stimulating the creative industries economy and there is an opportunity to draw on the city's alumni from that scheme to mentor a new generation of entrepreneurs.
- 7.6 Cultural Strategy is planning a high level 'Digital Content Summit' to raise awareness of Manchester's global opportunity in digital content in order to generate a shared vision across public, private and education sector leaders of what success would look like and to identify interventions that would deliver this vision: to stimulate growth in this dynamic sector and strengthen linkages with global niche markets.

8 Conclusions

- 8.1 There are opportunities to harness the cultural sector to support economic growth in Manchester and the city region. With the current economic climate, supporting this growth sector is as important as ever, especially if it can be coupled with initiatives which drive employment opportunities and improve the education, skills and ambitions of the city's young residents.

8.2 The challenge is how to ensure that investment is strategically placed, adds value to those programmes that are likely to be retained or sustained or where there are new initiatives, in response to new funding priorities.

- Continue to celebrate and promote the city's cultural and heritage assets in targeted visitor and conference marketing campaigns.
- Continue to promote Manchester as a film-friendly location in partnership with Vision+Media and the new Creative England.
- Continue to develop initiatives and partnerships with employers that provide routes to employment in the creative industries and cultural sector for Manchester residents, especially apprenticeship pathways.
- Encourage cultural partners to collaborate more closely to align their volunteer programmes, support for the development of talented individuals, identifying pathways to further participation and employment opportunities.
- Work with cultural partners to encourage the sector to respond to the worklessness agenda and seek opportunities to deliver programmes alongside the Work Programme.
- Focus on relationships with targeted schools and academies to enhance curriculum development and opportunities for industry engagement whilst working with schools, FE and HEI partners to ensure a joined up approach to progression.
- Lead the development of a Digital Content Summit to raise awareness of Manchester's global opportunity and work with Manchester Digital on plans for a Digital Skills Summit.
- Ensure there are opportunities for the sector to assert its needs in the development of;
 - new enterprise and business development programmes,
 - the newly proposed Skills Centre for Excellence
 - and enable the creative industries sector to play a more active role in new market led approach to 14-19 provision.
- Continue to develop partnerships and models for skills development and support innovation and entrepreneurship, especially in the areas of digital convergence.

Appendix 1 - Report to the Economy, Employment and Skills Overview and Scrutiny Committee - Development of Tourism including conferencing

Introduction

The visitor economy in 2009 was worth £2.7 billion to Manchester (Greater Manchester £5.5 billion). Across Greater Manchester, this represents a 6% increase over the last four years. 75,000 people are employed within the tourism industry across Greater Manchester and Manchester continues to be the third most popular destination for overseas visitors in the UK with 800,000 visiting Manchester, second only to the capital cities of London and Edinburgh.

Greater Manchester also hosts a significant number of national and international association conferences and is currently ranked 79th in the ICCA (International Congress and Convention Association) rankings, aspiring to a top-50 position.

This report will focus upon the areas of tourism particularly around, visitor information, sector development, tourism marketing and business tourism (conferencing).

Visitor information

- The main area of focus in this area over the last twelve months has centred around the relocation and refurbishment of the Manchester Visitor Information Centre (MVIC) from St.Peter's Square to the corner of Portland Street and Piccadilly Gardens (Parker Street). The MVIC (funded 60% by Manchester City Council and 40% NWDA) opened on Manchester Day (20th June 2010) and has been nationally acclaimed as the 'future of tourism information' (*James Berresford, Chief Executive, Visit England*). With an emphasis on providing visitor information through all forms of new media including Microsoft interactive surfaces as well as through traditional means of face-to-face and print, the MVIC has struck a balance that has been held up as an exemplar model. Visits to the MVIC have been made from the national tourist boards of Britain, England, Wales, Scotland, and Northern Ireland, from Visit London as well as from the Tourism and Heritage Minister – John Penrose MP. It has also received national press coverage.
- Marketing Manchester, in conjunction with the development of the MVIC, has also completely redeveloped its tourism website www.visitmanchester.com. Launching in May 2010, the website has been developed so that it is user content generated and reflects what people are saying about Manchester rather than official tourist board 'speak'. Again, as with the MVIC, the website has been very positively received by the industry and visitors and includes live twitter feeds, You Tube clips and fully embraces social media unlike most other 'official' tourism websites. Unique visitors to the site topped 1.3 million during 2010, an increase of 30% on the previous year with 50% of all traffic to Northwest official tourism websites in December 2010 coming through visitmanchester.com.

Sector development

- Marketing Manchester has continued to be closely involved with supporting Chetham's in its development of part of the site as a visitor attraction. Working closely with Chetham's and Manchester City Council, Marketing Manchester has also worked closely with Manchester Cathedral to explore the potential of developing the Medieval Manchester offer.
- Closely aligned to the above is the development of the National Football Museum and Marketing Manchester have been working closely with the senior management team at the NFM on the development of its marketing strategy in the lead-in to the opening of the NFM. As a new major visitor attraction opening in Manchester, Marketing Manchester will ensure that NFM is featured extensively in its own marketing activity pre and post-launch and will also ensure that the message is carried to the national and international travel trade and press.

Leisure Tourism

- Marketing Manchester is leading on the development of the regional Modern History marketing programme which is ERDF funded and will run to 31 March 2012. Previously called Industrial Powerhouse, the project seeks to ensure that the industrial heritage story of Manchester and the Northwest is joined up and is underpinned by the industrial heritage attractions across the region. MOSI sits at the very heart of the industrial heritage story and is positioned as an anchor site within the marketing programme.
- Marketing Manchester continues to work closely with Manchester Airport on the international promotion of Manchester in target overseas markets. Working closely with targeted airlines, specific marketing campaigns have been developed to build up in-bound routes. Marketing Manchester also manage the NWDA funded ASDF (Airline Services Development Fund) programme on behalf of Manchester Airport which seeks to develop new routes in targeted long haul markets (notably the US and India) as well as supporting existing strategic routes through advocacy work, tourism and inward investment support activity. The programme will run through to 31 March 2012.
- Seasonal domestic marketing campaigns have been developed throughout the year including a Summer family friendly campaign as well as the Manchester Christmas campaign, both of which were developed in conjunction with City Co. Whilst both were successful, the Christmas campaign attracted over 155,000 unique visitors to the landing pages within visitmanchester.com, an increase of 37% from the Christmas campaign in 2009.

Creative Tourist

- Marketing Manchester has been working with the Manchester Museum Consortium and Manchester City Council to develop Creative Tourist. Creative

Tourist has been a pathfinder initiative for the city, whereby museums and galleries have worked together in order to enhance the destination sell of Manchester, to develop the offer and to communicate with culturally-active tourism markets across the UK and overseas. The project has achieved a considerable amount of impact over its short time, and the challenge now is to extend this initiative across the cultural and cultural heritage sector, so that the city's powerful and innovative offer reaches visitors nationally and internationally, and Manchester continues to be recognised as a place for culture in the 21st century.

- The vision is to work towards 2012 and beyond, with the strategic development of Cultural Tourism that makes sense for visitors, drives the best value from investment by streamlining delivery, avoiding duplication and ensuring a continued focus on ambition, product and profile. There are opportunities for a partnership with the accommodation, visitor information and hospitality sector; creating narrative tours and journeys that connect Manchester's public realm, histories and contemporary culture, bringing them together to create a 'cultural concierge' that delivers an exciting, edgy, alternative welcome and after-care service to visitors. There are also opportunities to ensure that the 'cultural voice' of Manchester which has been captured by Creative Tourist is woven into the strategic marketing of the city, in support of the thematic, spatial and asset-led framework being developed by Marketing Manchester.

Business tourism

- Conference and business tourism continues to be of vital importance to Manchester's economy. The business visitor will, on average, be worth three times more than the average leisure visitor to the city in terms of economic benefits brought to the city. Such high profile events also generate significant national and international media coverage and, furthermore, promote Manchester on the world stage as one of the best places in the UK to do business.

Conference volume and value

- In 2010, Marketing Manchester commissioned a major piece of research on business tourism: *The Conference Volume and Value Study*. Conducted by TEAM Tourism Consulting, the study quantified the volume of conference delegates to Greater Manchester as well as the generated income to venues and, furthermore, evaluated the economic impact of the conference sector to Greater Manchester.
- The headline findings were that, in 2009, £573 million economic impact from conferences was generated for Greater Manchester. £289 million (50%) of this was generated by Manchester city centre based conference venues with 42% of all conferences being held within Manchester city centre. All together, 4.2 million delegates stayed for 6.9 million 'delegate days' and 56,900 business events were hosted across Greater Manchester during the year.

- 64% of the total economic impact was attributable to delegates from outside of the Northwest with 88% of the total economic impact attributable to staying delegates.
- The largest sector of business was the corporate sector (55%), followed by public government (32%), national association (11%) and international association (2%).
- The study has provided an excellent insight into the market breakdown and will help Marketing Manchester both with baseline information but also where the potential for growth is.

Marketing Manchester business tourism support

- Marketing Manchester has a dedicated business tourism team (7 staff) who have developed and maintained strong working relationships with over 360 partners across the city region. It also offers a comprehensive range of services to conference organisers looking to host a conference in Manchester and these include:
 - Free venue location service
 - Free accommodation booking service
 - Free bid preparation
 - Letters of support
 - Advice on civic receptions/funding
 - Marketing support including literature and images for publicity material and maps for delegates
 - Hosting site visits
 - Ideas and proposals for social and partner programmes
- Marketing Manchester also introduced a Conference Ambassador programme in 2007 which has helped to identify key high-level individuals working across Manchester (mainly in the field of academia) who can help influence decisions around association conferences and meetings coming to Manchester. With over 100 Ambassadors now in regular contact with the Business Tourism team, a number of conferences have been generated as a result of this activity. Marketing Manchester, in turn, provide a high level of support for each of the Ambassadors.

Upcoming conferences

- Major upcoming conferences for Manchester include:
 - Chartered Institute of Personnel Development (CIPD) – 2011, 2012, 2013
 - Soccerex European Forum 2011, 2012, 2013
 - Conservative Party Conference 2011
 - Labour Party Annual Conference 2012 and 2014

Impact of NWDA funding cuts

- Marketing Manchester, along with many other NWDA-funded organisations, took a 20% in-year funding cut during 2010/11 – this amounted to £290,000 across core funding and project activity. The net result of this has been that Marketing Manchester, as with the other four Northwest tourist boards, has significantly reduced its sector development role i.e. tourism skills support and business support. The rationale behind this has been that these services can more effectively be carried out by other agencies. However, Marketing Manchester retains its strategic leadership role within the sector as well as its capacity for carrying out domestic marketing and the development of visitor information through new media.
- With regards to 2011/12, Marketing Manchester, along with the other tourist boards, does have a funding contract with the NWDA. We have also led on the development of a Northwest Tourism Transition paper which received approval at the Regional Leaders Board in November. The paper sets out a business case for NWDA investment in tourism during the transitional year of 2011/12. However, we have been told to plan for no NWDA funding and, at the time of writing, have still not been informed of any settlement for next year. We have, therefore, planned for a budget with no NWDA funding at all. With cuts taking place across all aspects of the business, Marketing Manchester's focus will continue to be on visitor economy strategic leadership, marketing, digital content/new media, business tourism and the development of its commercial operation.
- Within the Greater Manchester LEP and, as part of the Manchester family review, Marketing Manchester will be the centre of excellence for marketing, communications and tourism and will ensure that it is fit for purpose through a proposed restructure of the organisation from 1 April 2011.

Appendix 2

Economic importance of digital and creative sector

National impact

National industry level research demonstrates how the sector is now a major contributor to the UK economy:

- Accounting for 5.6% of GVA in 2008;
- Growing by an average of 5% per annum between 1997 and 2008 compared to an average of 3% for the whole economy over this period;
- In 2010 creative employment totalled 2.3 million jobs;
- Exports from across the creative industries are worth £16 billion annually to the UK economy, 4.3% of all goods and services;
- There is strong evidence that the UK had developed a leadership position within Europe with the UK having a 60% share in exploiting digital content;
- While growth is driven by digital content, there has been significant growth in other sectors including performing arts, visual arts and design;
- Employment is expected to increase by 32% over the next ten years.

Regional Impact

Regional industry research demonstrates the growing impact of the sector:

- In the North West the share of GVA from digital and creative industries is 9.3%;
- The sector employs 320,000 in the North West.