

Committee for Culture, Arts & Leisure

Inquiry on Maximising the Potential of the Creative Industries Volume Three

Research Papers and Additional Information

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**REPORT EMBARGOED
UNTIL COMMENCEMENT OF
THE DEBATE IN PLENARY**

Membership and Powers

Powers

The Committee for Culture, Arts and Leisure is a Statutory Departmental Committee established in accordance with paragraphs 8 and 9 of the Belfast Agreement, Section 29 of the Northern Ireland Act 1998 and under Assembly Standing Order 48. The Committee has a scrutiny, policy development and consultation role with respect to the Minister of Culture, Arts and Leisure and has a role in the initiation, consideration and development of legislation.

The Committee has the power to:

- Consider and advise on Departmental budgets and annual plans in the context of the overall budget allocation;
- Approve relevant secondary legislation and take the Committee Stage of the primary legislation;
- Call for persons and papers;
- Initiate inquiries and make reports; and
- Consider and advise on matters brought to the Committee by the Minister of Culture, Arts and Leisure.

Membership

The Committee has 11 members, including a Chairperson and Deputy Chairperson, with a quorum of five members.

The current membership of the Committee is as follows:

Committee Chairperson: Michelle McIlveen

Deputy Chairperson: William Irwin

David Hilditch

William Humphrey¹

Oliver McMullan²

Cathal Ó hOisín

Rosie McCorley³

Karen McKeivitt

Dominic Bradley

Robin Swann

Michael McGimpsey

1 With effect from 01 October 2012 Mr William Humphrey replaced Mrs Brenda Hale

2 With effect from 12 September 2011 Mr Oliver McMullan replaced Mr Gerry Kelly

3 With effect from 10 September 2012 Ms Rosie McCorley replaced Mr Pat Sheehan

Table of Contents

List of Abbreviations used in the Inquiry	iv
---	----

Volume 1

Report

Executive Summary	1
Summary of Recommendations	4
Introduction	9
Consideration of Evidence	11
Context	11
Challenges and Barriers	19
European Union	34
Collaboration	37
Comparative Models	46
Prioritisation within the Sector	49
Issues Relating to Sub-sectors	52

Appendix 1

Minute of Proceedings	59
-----------------------	----

Appendix 2

Minutes of Evidence	103
---------------------	-----

Volume 2

Appendix 3

Written Submissions to the Committee	417
--------------------------------------	-----

Volume 3

Appendix 4

Northern Ireland Assembly Research Papers	883
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Appendix 5

Additional Information Considered by the Committee	971
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List of Abbreviations used in the Report

A&BNI	Arts and Business Northern Ireland
ABC	Arts/Business Commission
ACNI	Arts Council of Northern Ireland
AFTNI	Association of Film and Television Northern Ireland
BBC NI	British Broadcasting Corporation Northern Ireland
BCC	Belfast City Council
BMC	Belfast Metropolitan College
CAE	Culture Action Europe
CAFRE	College of Agriculture, Food and Rural Enterprise
CAP	Community Arts Partnership
CARL	Computer Animation Research Laboratory
CBI	Confederation of British Industry
CCEA	Council for Curriculum Examinations and Assessment
CCI	Creative and Cultural Industries
CCS	Creative and Cultural Skills
CIIF	Creative Industries Innovation Fund
COSLA	Convention of Scottish Local Authorities
CPD	Continuing Professional Development
DARD	Department of Agriculture and Rural Development
DCAL	Department of Culture, Arts and Leisure
DCMS	Department for Culture, Media and Sport
DE	Department of Education
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
ESA	Education and Skills Authority
ESF	European Social Fund
EU	European Union
FE	Further Education
FLGA	Forum for Local Government and the Arts
GCSE	General Certificate of Secondary Education
GLA	Greater London Authority

GVA	Gross Value Added
HE	Higher Education
ICT	Information and Communications Technology
ILBF	Irish Language Broadcast Fund
IOD	Institute of Directors
IP	Intellectual Property
KTP	Knowledge Transfer Partnerships
LDA	London Development Agency
LED	London Economic Development
LINI	Landscape Institute Northern Ireland
NESTA	National Endowment for Science, Technology and the Arts
NIDA	Northern Ireland Design Alliance
NILGA	Northern Ireland Local Government Association
NIMC	Northern Ireland Museums Council
NIMIC	Northern Ireland Music Industry Commission
NIPR	Northern Ireland Publications Resource
NITA	Northern Ireland Theatre Association
NITB	Northern Ireland Tourist Board
NMNI	National Museums Northern Ireland
OECD	Organisation for Economic Co-operation and Development
PATLIB UK	Patent Information Centre
PSB	Public Service Broadcasting
R&D	Research and Development
RDA	Regional Development Agencies
RPA	Review of Public Administration
SCIP	Scottish Creative Industries Partnership
SEED	South Eastern Economic Development
SME	Small and Medium Sized Enterprises
SROI	Social Return on Investment
SSC	Sectoral Skills Council
STEM	Science, Technology, Engineering and Mathematics
STEAM	Science, Technology, Engineering, Arts and Mathematics
TSB	Technology Strategy Board

USBF	Ulster Scots Broadcast Fund
UU	University of Ulster
VAT	Value Added Tax
WCBP	Weavers Court Business Park
WEA	Workers' Educational Association



Northern Ireland
Assembly

Appendix 4

Research Papers

Contents

1. 5 September 2011 The Creative Industries: background, definitions and recent policy development
2. 13 January 2012 A comparison of film tax relief schemes
3. 2 May 2012 Potential Options for a Creative Industries Committee Visit
4. 1 June 2012 The DCAL Creative Industries Framework and the Scottish Creative Industries Strategy
5. 25 June 2012 An update on the economic performance of the creative industries
6. 2 July 2012 An overview of Scottish creative industries policies



Northern Ireland
Assembly

Research and Information Service
Research Paper

5th September 2011

Dr Dan Hull

The Creative Industries: background, definitions and recent policy development

NIAR 412-11

This paper summarises the current state of the creative industries, sets out recent policy developments in this area, and provides an analysis of government strategies in relation to the creative industries in Northern Ireland, across the UK, and in Ireland. A summary of the key challenges identified in recent strategies is also provided.

Key Points

- The creative industries are usually defined as consisting of: advertising, architecture, publishing, radio and TV, design, film, music, software and computer services, computer games, designer fashion, crafts, performing arts, and the arts and antiques market.
- The creative industries rose rapidly from 1997 to 2007, growing by 5% over the ten years, compared to 3% for the economy as a whole. An additional 2.3 million creative jobs came into existence between 1997 and 2008, and the creative industries accounted for 5.6% of Gross Value Added in the UK.
- In Northern Ireland, there was a 24% growth in creative employment compared with an 11% increase in jobs as a whole. Growth was particularly marked here in video, film and photography, as well as software, computer games and electronic publishing, though fashion and design declined.
- However, the creative industries in Northern Ireland contributed just 2% to GVA, compared with 5.6% for the UK as a whole. In the Republic of Ireland, there were 95,649 creative jobs in 2006, contributing €5.7bn (or 3.5%) to GVA.
- In 2008, a Strategic Action Plan for Northern Ireland and a £5m Creative Industries Innovation Fund (CIIF) were launched. In July 2011, a new CIIF was announced, though with a reduced sum of £4m available for four years, and a new emphasis on digital industries. DCAL has yet to publish a more detailed and up-to-date strategy.
- At UK level, a number of key challenges for the creative industries have been identified, including access to finance, enhancing business skills, a high number of micro-SMEs, and the need for training and early career development.
- The Digital Economy Act 2010 sought to address some of the issues associated with online copyright infringement, and the recent Hargreaves Review has also recommended moves to protect intellectual property within the creative industries.
- The recession has posed a major challenge with a doubling of unemployment in the creative industries and uncertainty around the strength of re-growth.
- Wales and Scotland have both produced updated creative industries strategies recently, with a conspicuous focus on a strong support infrastructure.
- EU policy has sought to catch up and in 2010 published a Green Paper on the cultural and creative industries. A recent study makes a number of recommendations for the EU, including amendments to existing funding programmes so they are more focused on cultural and creative industries.
- Finally, a number of themes are highlighted as potentially useful lines of enquiry for the CAL Committee, including the effectiveness of public policy in the creative industries, gauging whether support arrangements in place in Northern Ireland are sufficient, examining cross-departmental collaboration, and identifying particular deficiencies such as financial and business support, training and skills development, leverage into international markets, and the protection of intellectual property.

Executive Summary

This paper summarises the current state of the creative industries, sets out recent policy developments in this area, and provides a brief analysis of government strategies in relation to the creative industries in Northern Ireland, across the UK, and in Ireland. A summary of the key challenges identified in recent strategies is also provided.

The creative industries are usually defined using 13 categories of business, originally outlined by DCMS in 2001 as consisting of advertising, architecture, publishing, radio and TV, design, film, music, software and computer services, computer games, designer fashion, crafts, performing arts, and the arts and antiques market. However, there remain difficulties in defining the creative industries in a way which is consistent across Europe, and therefore problems in establishing a reliable, commonly-understood and genuinely indicative statistical basis for assessing the creative industries. The creative industries rose rapidly as both an economic sector and a policy issue between 1997 and 2007. The industries grew by an average of 5% over the ten years, compared to around 3% for the economy as a whole. Software, computer games and electronic publishing showed the greatest growth, with employment growing by 5%. An additional 2.3 million creative jobs came into existence between 1997 and 2008, and the creative industries accounted for 5.6% of Gross Value Added in the UK.

In Northern Ireland, jobs growth was particularly marked, with a 24% growth in creative employment compared with an 11% increase for jobs as a whole. Growth occurred particularly in video, film and photography, as well as software, computer games and electronic publishing. However, jobs growth was not universal, with significant decreases in fashion and design jobs, partly as a result of the collapse of the textile industry. Although creative jobs overall had grown, the creative industries contributed just 2% to GVA in Northern Ireland, compared with 5.6% for the UK as a whole. In the Republic of Ireland, creative jobs numbered 95,649 in 2006, or 3% of employment, contributing €5.7bn (or 3.5%) to GVA.

Policy work relating to the creative industries has occurred in the UK since around 2000. Work has been conducted in Northern Ireland for a similar length of time, but intensified significantly from 2008 with the launch of a Strategic Action Plan, as well as the £5m Creative Industries Innovation Fund. This fund completed its first term in 2011 with £4.1m of funding awarded to sectoral bodies and individual companies: multimedia and music were the greatest recipients. In July 2011, a new Creative Industries Innovation Fund was announced for 2011–2015, though with a reduced sum of £4m available. This new fund will have an emphasis on digital industries in year one. The Strategic Action Plan is monitored by a Creative Industries Working Group, convened by DCAL with a range of representatives from other bodies, including Invest NI, the Department of Employment and Learning, and the three sector skills councils. DCAL has yet to publish a more detailed and up-to-date strategy, though in June 2011 the Minister of Culture, Arts and Leisure stated that a new strategy exists and that a synopsis will be sent to MLAs soon.

At UK level, the National Endowment for Science, Technology and the Arts (NESTA) has conducted a number important studies, and identified key challenges for the sector such as market volatility and copyright infringement, particularly through illegal filesharing. Many of these challenges were taken up by DCMS through the Creative Britain strategy. This is in many ways an England-specific document, though some of the legislative commitments, including attempts to curb illegal filesharing, were carried through by the Digital Economy Act 2010 and will affect Northern Ireland. Similarly, the recent publication of the Hargreaves Review, which recommended UK support for moves by the European Commission to establish a framework for cross-border copyright licensing, will have implications for Northern Ireland if implemented.

The greatest challenge affecting both the UK and Northern Ireland specifically has been the recession, with an estimated doubling of unemployment within the creative industries from 43,445 in April 2008 to 83,660 in April 2009. The two sectors hit the hardest in terms of job losses were advertising, which sustained a 15% drop in employment between June 2008 and June 2010, and programming and broadcasting where there was a drop of 23% over the same period. Analysis of the situation by Experian in 2009 forecast that the creative industries would see a 10% drop in employment in the UK from its peak, and that 'it would take until 2020 to recover its 2008 employment level'. Figures for Northern Ireland which will illustrate the effects of the economic downturn for 2008–2010 are expected soon.

Wales (in 2010) and Scotland (in 2011) have produced updated creative industries strategies. Wales was an early developer of creative industries policy with a strategy produced in 2004. This placed an emphasis on intellectual property, with a £7m fund established to enable the makers of creative content to own a greater proportion of their work. Creative industries policy in Wales was reviewed in 2010 and a conspicuous focus emerged on the digital industries. This review has recommended a firm structure of support with the creation of a Digital Wales Board, a Creative Industries Hub and 14 sub-sectoral 'spokes'. The review also proposed greater scrutiny of the £300m allocated to Welsh broadcast media direct from the UK government.

The Scottish strategy also presents a detailed model of support infrastructure, with clear roles outlined for central government, local government, sectoral bodies and others. Communication mechanisms between the various bodies is also well defined with the Scottish Creative Industries Partnership (SCIP) at the core; sub-sector reference groups are expected to return reports to a SCIP Coordination Group soon.

European Union policy-making has sought to catch up fast with what it terms the 'cultural and creative industries'. The Lisbon Treaty places some emphasis on research and innovation, and a Green Paper on the cultural and creative industries was released in 2010. This paper presents a number of fairly broad proposals, but is likely to lead to more tangible policy developments in the near future. A more recent study, *The Entrepreneurial Dimension of the Cultural and Creative Industries*, makes a number of more specific recommendations, including amendments to the FP7 and FP8 funding programmes to be more focused on cultural and creative industries, and using European Social Funds to finance a series of creative apprenticeships.

The research and policy work discussed in this paper highlights a number of commonly-identified challenges, including securing greater access to finance, enhancing business and entrepreneurial skills, securing more straightforward routes to market, and extreme contrasts in scale with a dominance by a small number of large enterprises but a very large number of micro-SMEs. Other challenges include the need for greater training and early career development, defining the sector more consistently to enable better monitoring of policy effectiveness, and protecting creative income streams from copyright abuse.

Finally, a number of themes are highlighted as potentially useful lines of enquiry for the Culture, Arts and Leisure Committee. These are as follows:

- Seek to examine the effectiveness of public policy in the creative industries, particularly from the point of view of those working, or seeking to work, in this area.
- Survey the nature of policy work on the creative industries within the wider context of UK, Ireland and the European Union.
- Gauge whether the overall support arrangements in place in Northern Ireland are sufficient and appropriate, and whether they are suited to the particular challenges faced by those working in, or working with, Northern Ireland.
- Seek to understand the likely challenges ahead and highlight any deficiencies in Executive support, particularly in terms of cross-departmental coordination.

- Examine the balance of support across the different creative industries and assess whether that balance is appropriate given the particular strengths in Northern Ireland.
- Identify any particular deficiencies in policy or support for the creative industries, particularly in areas such as financial and business support, training and skills development, leverage into international markets, the protection of intellectual property, and legislative developments.

Contents

1 Creative industries: definitions and overview

- 1.1 Definitions
- 1.2 UK overview
- 1.3 Northern Ireland overview
- 1.4 Republic of Ireland overview

2 Policy context: Northern Ireland

- 2.1 Early work on the creative industries
- 2.2 More recent creative industries development work: 2008–2011
- 2.3 A Creative Blueprint for Northern Ireland
- 2.4 Use of the Creative Industries Innovation Fund 2008–2011
- 2.5 Recent developments

3 Policy context: UK and Ireland

- 3.1 UK/England
 - (a) 2007: The Staying Ahead report
 - (b) 2008: The Creative Britain strategy
 - (c) 2010: A Creative Block? report, and the impact of the recession
 - (d) 2011: The Creative Industries Council
- 3.2 Scotland
- 3.3 Wales
- 3.4 Republic of Ireland

4 Policy context: European Union

- 4.1 Early developments
- 4.2 EU Green Paper: Unlocking the Potential
- 4.3 European Commission study: The Entrepreneurial Dimension
- 4.4 Northern Ireland Executive's European priorities

5 Legislative Developments

- 5.1 Digital Economy Act 2010
- 5.2 Hargreaves Review of Intellectual Property

6 Challenges ahead for the creative industries

7 Potential scope for a committee inquiry

- 7.1 Previous inquiries
- 7.2 Potential issues

Annexe 1: Bodies and organisation affecting the creative industries in Northern Ireland

Annexe 2: Summary of commitments set out in the Creative Britain strategy

1 Creative industries: definitions and overview

1.1 Definitions

The creative industries are usually described within the UK and Ireland as consisting of the following 13 sectors: advertising, architecture, publishing, radio and TV, design, film, music, software and computer services, computer games, designer fashion, crafts, performing arts, and the arts and antiques market. These sectors were first formalised as creative industries by the Department for Culture, Media and Sport (DCMS) 'Creative Industries Taskforce', and published in the Creative Industries Mapping Documents in 1998 and 2001¹. In more recent literature, and particularly in Northern Ireland, these 13 categories are often combined and rationalised to the following ten sectors²:

- Advertising
- Architecture
- Art & Antiques
- Crafts
- Design and Designer Fashion
- Video, Film & Photography
- Music and the Visual & Performing Arts
- Publishing
- Software, Computer Games & Electronic Publishing
- Radio and Television Activities

However, there are a number of ongoing difficulties in defining the creative industries. A 2010 study of the creative industries in Dublin³ summarised two distinctly different approaches, one based on standard industrial classifications (SICs) and another based on an occupations-based methodology. The former works well for those industries which produce actual 'goods', while the latter takes into account a larger number of jobs carried out by those working in a creative capacity but in a non-creative industry. The relatively clear definition of standard industrial classifications makes the production of statistics more straightforward, but factors such as the emergence of newer industries in a climate of rapid technological change may jeopardise their usefulness in the long-term.

Reaching an agreed and satisfactory definition for both the creative industries and the various sub-sectors will continue to be important for the purposes of deriving reliable, comparable statistics in the future, so is likely to be the focus of further study.

1.2 UK overview

In February 2010, DCMS provided a set of statistics which illustrated the rapid rise of the creative industries over the previous decade⁴. The creative industries grew by an average of 5% per annum between 1997 and 2007. This compares to an average of 3% for the whole of the economy over this period. Software, computer games and electronic publishing has had the highest average growth (9% per annum). Total creative employment increased from 1.6m in 1997 to nearly 2m in 2008, an average growth rate of 2% per annum, compared to 1%

1 Department for Culture, Media and Sport. 2001. Creative Industries Mapping Document: <http://nia1.me/d2>

2 These categories are used in, for example: Arts Council of Northern Ireland. 2010. Digest of Arts Statistics Northern Ireland.

3 Curran, D & van Egeraat, C. 2010. Defining and Valuing Dublin's Creative Industries. Dublin Council: Think Dublin! Research Series: p14–16.

4 Department for Culture, Media and Sport. 2010. Creative Industries Economic Estimates: February 2010.

for the whole of the economy over this period. The software, computer games and electronic publishing sector showed growth in employment of 5% per annum between 1997 and 2008, the highest across the creative industries.

A more recent set of economic estimates for the creative industries issued by DCMS in December 2010⁵ calculated that the creative industries, excluding crafts, accounted for 5.6% of Gross Value Added (GVA) across the UK in 2008. Software and electronic publishing accounts for the most GVA out of all the creative industries (2.5% in 2008). In the summer quarter of 2010, creative employment consisted of just under 2.3 million jobs. The software and electronic publishing sector had the highest number of employees out of all the creative industries, with over 600,000. The music and visual and performing arts sector had the highest numbers of self-employed people, with over 200,000. In 2010, there were an estimated 182,100 enterprises in the creative industries on the Inter-Departmental Business Register (IDBR), meaning they make up 8.7% of all enterprises. Nearly two-thirds of the businesses in the creative industries are contained within two sectors: software and electronic publishing (81,700 companies), and music and the visual and performing arts (30,800 companies). Exports of services from the creative industries totalled £17.3 billion in 2008, equating to 4.1% of all goods and services exported.

1.3 Northern Ireland overview

Between 2001 and 2007, the number of employee jobs in the creative industries increased by 24%, from 12,000 in 2001 to around 15,000 in 2007. Two sectors are of particular note in this overall increase: video, film and photography grew by 49%, and software, computer games and electronic publishing grew by 43%.

However, growth was not evident throughout all sectors, with design and designer fashion decreasing in jobs by 36% between 2001 and 2007. The Arts Council has attributed this decline to the fact that designer fashion jobs in Northern Ireland were largely located within the textile industry, which 'has seen a collapse in employment over the past decade'⁶. A full breakdown of the changes in employment in the creative industries is as follows:

Table 1: Employee jobs in the creative industries⁷

	2001	2007	Change (%)
Advertising	671	686	2.2
Architecture	1215	1581	30.1
Art & Antiques	154	179	16.2
Design and Designer Fashion	55	35	-36.4
Video, Film and Photography	717	1,068	49.0
Music and the Visual & Performing Arts	885	1,165	31.6
Publishing	2,416	2,224	-7.9
Software, Computer Games & Electronic Publishing	4,577	6,561	43.3
Radio and Television Activities	1,328	1,450	9.2
Total	12,017	14,950	24.4

5 Department for Culture, Media and Sport. 2010. Creative Industries Economic Estimates – Experimental Statistics: December 2010.

6 Arts Council of Northern Ireland. 2010. Digest of Arts Statistics Northern Ireland 2010: p91.

7 Figures from Department of Enterprise, Trade and Investment, Census of Employment; cited in Arts Council of Northern Ireland. 2010. Digest of Arts Statistics Northern Ireland 2010: p91; these figures do not include the self-employed, or those in creative occupations outside the creative industries.

The 24% growth in the creative industries compares with an 11% growth in employee jobs in general in Northern Ireland between 2001 and 2007.

In addition to the 15,000 jobs in creative industries in 2007, a further 18,000 jobs existed in creative occupations outside the creative industries (such as a graphic designer working within an engineering company), bringing the overall total number of jobs in creative occupations to 33,000. This accounted for around 4.2% of the regional economy in 2007, compared with, for example, agriculture at 4.0%. The largest sector within this 33,000 jobs was the software, computer games and electronic publishing sector, with 26% of the total across all creative industries.

There is marked variation among the creative industries and occupations of employed versus self-employed status. For example, the music profession and the visual and performing arts are represented predominantly by self-employment, while art and antiques, advertising and software, computer games and electronic publishing are all predominantly employed. A full breakdown of this variation is as follows:

Table 2: Type of employment in the creative industries and occupations⁸

	Employee %	Self-employed %
Advertising	90	10
Architecture	74	26
Art & Antiques	100	0
Crafts	76	24
Design & Designer Fashion	86	14
Video, Film & Photography	76	24
Music and the Visual & Performing Arts	45	55
Publishing	84	16
Software, Computer Games & Electronic Publishing	89	11
Radio and Television Activities	71	29
Total	79	21

In 2008, around 1,900 local ‘units’ (which includes both local enterprises, and local offices of a larger UK company) existed within the creative industries in Northern Ireland⁹.

In terms of the Gross Value Added (GVA) contribution made by the creative industries to the Northern Ireland economy, this was estimated to be around £582m in 2007, an increase of 14% since 2006¹⁰. When compared with the whole of the Northern Ireland economy, GVA in the creative industries amounted to around 2% of the total for 2007. More recent figures, which will show the impact of the recession on the creative industries, are expected to be published soon.

8 Figures from the NI Labour Force Survey and NI Census of Employment; cited in Arts Council of Northern Ireland. 2010. Digest of Arts Statistics Northern Ireland 2010: p94; figures include both those working in the creative industries, and those working outside the creative industries in the creative occupations.

9 Office for National Statistics. 2008. UK Business: Activity, Size and Location.

10 However, the Arts Council presents a number of caveats in interpreting these figures, particularly in that the Northern Ireland Annual Business Inquiry only supplies figures for firms in the creative industries (and not in all creative occupations). Also, for industries below a specified employment size threshold, a sample is used; fluctuations can therefore be evident, particularly where, as in the creative industries, the prevalence of self-employment is high.

1.4 Republic of Ireland overview

Estimates have placed the total number employed in Ireland's creative industries at 60,855 in 2006, generating a total Gross Value Added (GVA) of nearly €5.5bn in 2006 – approximately 3% of total Irish employment and 3.5% of total Irish GVA¹¹ (Arts Council, 2009). A wider interpretation of creative employment, including total creative jobs in all industries, produced a total of 95,649 jobs for 2006.

A report on the economic impact of the arts in Ireland produced a number of important indicators, although for the arts sector alone rather than the wider cultural or creative industries¹². This report estimated that in 2008 the total GVA of the arts sector to the national economy was approximately €782m, accounting for 0.5% of total national GVA. The largest sub-sector in terms of its contribution to arts is publishing and literature which accounted for €437m in 2006. Film and video contributed €71m in GVA, while libraries, archives, museums and other cultural activities contributed €75m. An attempt was also made to calculate the total economic impact of the arts sector using a multiplier figure. This produces a figure of 26,519 jobs supported by the wider arts sector, with a total GVA of €782m.

11 Indecon International Economic Consultants. 2010. Assessment of Economic Impact of the Arts in Ireland: Submitted to the Arts Council.

12 Indecon. 2008. Assessment of the Economic Impact of the Arts in Ireland: Submitted to the Arts Council by Indecon International Economic Consultants.

2 Policy context: Northern Ireland

2.1 Early work on the creative industries

In 2000, DCAL published a vision for the arts and culture in Northern Ireland called Face to Face. This identified the creative industries as an important sector requiring a policy framework of its own and appropriate development strategies.

Also in 2000, DCAL (in partnership with DE, DEL, DETI) published a consultation paper entitled Unlocking Creativity – a strategy for development. The paper set out an ambitious agenda for developing the creative and cultural resources of Northern Ireland. This was then used to create Unlocking Creativity – making it happen in 2001. The document considered the impact of creativity in its widest sense, and committed the various departments to a number of objectives, including the launch of a ‘Creativity Seed Fund’, a mapping of sources of financial investment, and a rolling programme of ‘strategic analysis, prioritization, resourcing, implementation and evaluation’. Beside the creation of the seed fund, many of these objectives were not achieved at the time.

In October 2004, Unlocking Creativity: a creative region was launched by DCAL, DETI and other departments. The document outlined a three year action plan for Northern Ireland, including 51 action points to be taken forward by departments and others up to March 2007.

In 2007, Belfast City Council and DCAL jointly commissioned a study of the creative industries in Northern Ireland. This study produced a number of important conclusions, particularly regarding the challenges facing creative businesses at that time. These included recruiting employees with sufficient skills; concerns over the affordability of training and education; the need for appropriate management and business skills development; the need for improved marketing know-how; and the perceived lack of understanding between creative entrepreneurs and financial and support institutions.

2.2 More recent creative industries development work: 2008–2011

In recent years, the creative industries have been included in key Executive-wide documents. The Northern Ireland Programme for Government for 2008–2011 states as a key goal the intention of ‘growing the creative industries sector by up to 15% by 2011’¹³. The draft Northern Ireland Executive Economic Strategy sets out five key priorities for the Executive to pursue its ‘long-term vision’ towards 2020. The first of these is ‘stimulating innovation, research and development, and creativity’¹⁴ – all themes which are often linked strongly with the creative industries. Indeed, section four of the draft strategy provides more detail on this:

(The strategy will) cover the promotion of a wider innovation agenda incorporating creativity/design and capture the impact that the creative industries make towards stimulating innovation. The strategy will include initiatives aimed at increased collaboration between businesses, higher and further education institutions and the public sector. Ultimately, it will include actions which develop the commercialisation potential of Innovation and R&D as well as programmes designed to promote innovation and the uptake of Science, Technology, Engineering and Maths (STEM) subjects in schools.

In 2008, it was announced that a £5m Creative Industries Innovation Fund (CIIF) had been created¹⁵, with funding acquired from the £90m Northern Ireland Innovation Fund. The CIIF

13 Programme for Government 2008–2011: p10.

14 Northern Ireland Executive. 2011. Economic Strategy: Consultation on Priorities for Sustainable Growth and Prosperity: p20.
Northern Ireland Executive. 2011. Economic Strategy: Consultation on Priorities for Sustainable Growth and Prosperity: p27.

15 http://www.northernireland.gov.uk/index/media-centre/news-departments/news-dcal/news-dcal-october-2008/news-dcal-171008-5million_fund_for.htm; the fund was initially called the Creative Industries Seed Fund.

was intended to 'support initiatives to increase the quality, visibility and value of the creative industries'. Initially, £660,000 of the fund was used for the development of a Strategic Action Plan for the Creative Industries, and in October 2008, the CIIF was launched with a fund of £4.34m¹⁶. It was designed to last for three years until 2011, and was administered by the Arts Council of Northern Ireland.

The Strategic Action Plan for the Creative Industries was launched to coincide with the Creative Industries Innovation Fund. It sets out a review of creative industries policy over the preceding decade, before presenting an interim strategic action plan for the creative industries. This plan is intended:

To contribute to the growth of Northern Ireland's cultural capital by supporting creativity and creative talents and in particular their expression in business activities.

The Plan identifies a set of priorities under three broad themes: innovation in business; innovation through people; and innovation through sectoral infrastructure & knowledge. Specific action points under these three themes include the following:

- **Innovation in business:** development of new products and content; the creation of new businesses; development and growth of existing businesses; increased collaboration between creative businesses; increased linkage with national and international best practice.
- **Innovation through people:** implementing the creative skills agenda set out by sector skills councils; identification of skills that are generic across all sectors or may go beyond those identified by the sector skills councils; spotting and supporting exceptional talent; encouragement of entrepreneurial activity; pathways into the labour market and career progression; identifying and supporting creative talent with traditional industries; drawing talented people back to Northern Ireland and showcasing the creative industries of Northern Ireland abroad.
- **Innovation through sectoral infrastructure and knowledge:** monitoring the creative industries and comparing performance with developments elsewhere; monitoring potential developments in related policy areas, such as intellectual property, taxation, and broadcasting policies; developing communication 'channels' so that sectors can be adequately supported, and to enable the sharing of knowledge.

The strategy is monitored and developed by the Creative Industries Working Group, an 'advisory group convened by DCAL to advise it on the development of policies for the creative industries in Northern Ireland', consisting of representatives from DCAL, Invest NI, DEL, the three Sector Skills Councils covering most of the creative industries, Northern Ireland Screen, the University of Ulster, Belfast City Council, CraftNI, and the Northern Ireland Music Industry Commission.

DCAL has yet to produce a more detailed and up-dated version of the 2008 Strategic Action Plan, though in June 2011, the Minister for Culture, Arts and Leisure stated that a synopsis of a new strategy will be forwarded to MLAs soon.¹⁷

2.3 A Creative Blueprint for Northern Ireland

Further developments in support for the creative industries involve the creation in 2008 of a Creative Blueprint by the skills agency, Creative and Cultural Skills. This plan is designed to consider 'how individuals either employed in, or running businesses in the creative and cultural industries, can access the training they need, find the job they want and employ skilled people who will be an asset to their business'. Although the Creative Blueprint is a UK-wide initiative, a dedicated office for Northern Ireland and Scotland exists in Edinburgh. A Northern Ireland-specific document was created in 2008, setting out the policy context, some problems

16 Minister for Culture, Arts and Leisure. 22.4.10. Response to Assembly Question AQO 1134/10.

17 Minister of Culture, Arts and Leisure. Response to Assembly Question AQO 212/11-15.

identified by a programme of research, and a number of measures to be addressed. Among the skills and training challenges specific to Northern Ireland, the document identifies that¹⁸:

- Most creative companies are small businesses, self-employed practitioners or freelancers;
- There are gaps in the skills of those currently employed;
- Employers find it difficult to recruit new staff with the right skills;
- Practitioners lack business skills;
- Volunteering is often the only way to ‘get a foot in the door’;
- There are many courses available but people are not clear about what course to take and what qualifications they need;
- Many businesses do not have a training budget;
- There is little opportunity for ongoing learning and development;
- More leaders are needed in the industries.

2.4 Use of the Creative Industries Innovation Fund 2008–2011

The Creative Industries Innovation Fund 2008–2011 has now come to a close. In total, £4.1m was spent throughout the course of the programme by the Arts Council. The following table sets out the overall allocation of expenditure. It should be noted that this excludes DCAL expenditure in overseeing the scheme.

Table 3: Total CIIF spending for 2008–2011

	£ Amount
Grants	3,676,999
Arts Council (administration and overheads)	290,551
Strategic Action Plan	23,735
Evaluation	53,135
Music industry (interim support arrangements for 2010/11)	50,000
Total	4,094,420

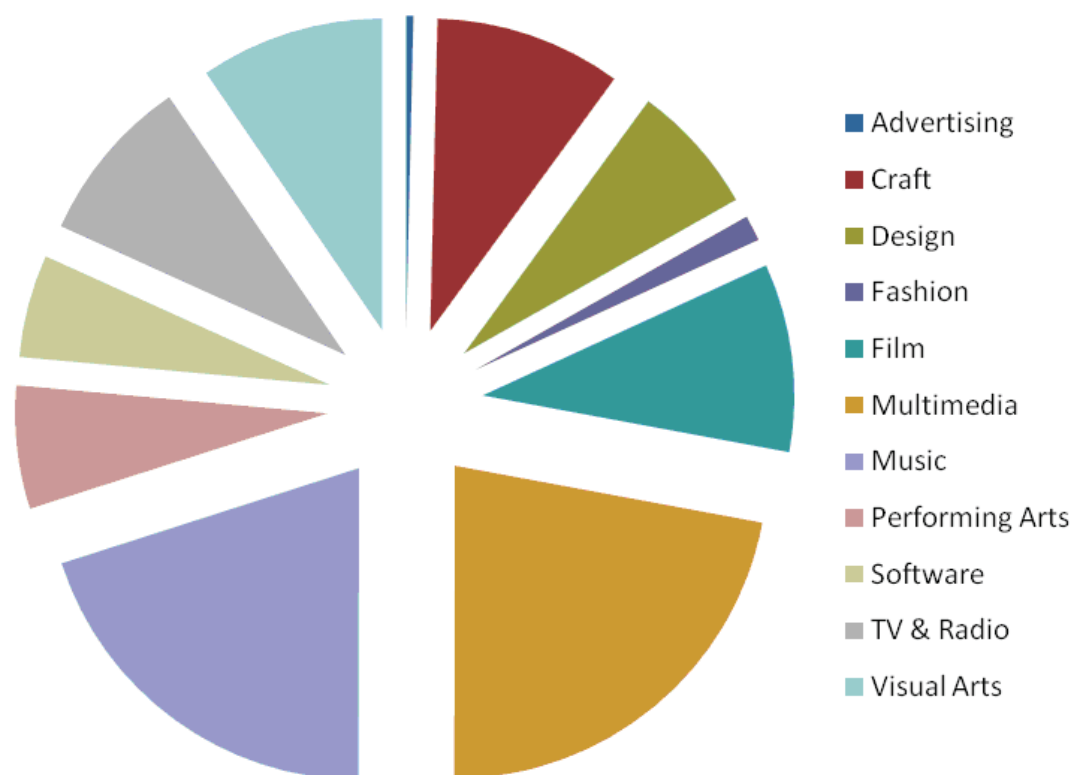
It can be seen from this that around £3.7m was allocated in grants. A breakdown of the allocation of these grants can be seen in the following table and chart:

18 Creative and Cultural Skills. 2008. Creative Blueprint Summary Northern Ireland: the Sector Skills Agreement for the creative and cultural industries: p5.

Table 4: Total CIIF grants allocated by sector, 2008–2011

CIIF Sector	No. of Awards	% of Awards	£ Mean	£ Total amount allocated
Advertising	1	0.75%	10,000	10,000
Craft	26	19.40%	10,062	261,618
Design	14	10.45%	13,082	183,148
Fashion	4	2.99%	9,008	36,030
Film	7	5.22%	37,760	264,320
Multimedia	20	14.92%	29,904	598,088
Music	24	17.91%	22,590	542,150
Performing Arts	9	6.72%	19,141	172,267
Software	10	7.46%	14,422	144,220
TV & Radio	6	4.48%	39,140	234,838
Visual Arts	13	9.70%	19,875	258,377
TOTAL	134		20,187	2,705,056

Figure 1: Allocation of CIIF funding by sector, 2008–2011



Funding was also allocated from the Creative Industries Innovation Fund to sectoral bodies. The balance of funding allocations per sector was as follows:

Table 5: CIIF funding awards to sectoral bodies, 2008–2011

CIIF Sector	No. of Awards	% of Awards	£ Amount Allocated
Advertising	1	4.55%	85,050
Craft	5	22.72%	240,720
Design	1	4.55%	10,000
Multimedia	7	31.81%	366,556
Music	3	13.63%	160,194
Performing Arts	4	18.19%	79,423
Software	1	4.55%	30,000
Total	22		971,943

An evaluation of the Creative Industries Innovation Fund is ongoing, with findings expected in the near future.

2.5 Recent developments

A continuation of the Creative Industries Innovation Fund was announced on 19 July 2011, with a budget of £4m over the next four years. Although the fund will continue to be administered by the Arts Council, this will now be done in collaboration with NI Screen and Digital Circle. Indeed, the new fund differs somewhat in emphasis from the previous one, in that the primacy of the digital industries is indicated. Roisín McDonough, Chief Executive of the Arts Council, stated that, ‘our new round of funding prioritises digital content projects but recognises that new business and global market opportunities can be found through collaboration between all types of creative businesses’. The Minister of Culture, Arts and Leisure has stated that Year 1 of the fund (2011/12) is ‘for businesses leading digital content development projects’, and that although Years 2–4 ‘will be open to all creative industries sub-sectors...digital content projects are likely to remain prioritised’¹⁹.

Since the previous fund of £5m ran for three years between 2008 and 2011, the new £4m fund could be viewed as a 40% reduction in funding.

3 Policy context: UK and Ireland

3.1 UK/England

Cultural policies at a UK-wide level are set by the Department for Culture, Media and Sport in Westminster. However, since policies relating to the creative industries are largely devolved, in reality DCMS work in this area relates to England only.

2007: The Staying Ahead report

In 2007, the National Endowment for Science, Technology and the Arts (NESTA) published an economic analysis of the creative industries in the UK²⁰. The report was commissioned by the Department for Culture, Media and Sport (DCMS), and the analysis was conducted by the Work Foundation. The report seeks to analyse the value of the creative industries, and also suggests a number of ways in which that value can be increased. In doing so, the report sets out in some detail the nature of the 'knowledge economy', the broader economic and social context which has led to a burgeoning of creative content, and defines the key drivers which could influence further success.

By 2004, the creative industries of the UK were at a stage where they accounted for 7.3% of gross value added (GVA) in 2004, making them comparable in size to the financial services industry. Indeed, until the recession began to have an effect in mid-2008, the creative industries were characterised by 'strong growth, intense innovation and creativity, and focus on the demands of consumers'. Although international comparisons can be problematic for reasons of definition and statistical categorisation, the UK had the largest creative sector in the EU, and relative to gross domestic product (GDP), probably the largest in the world (UNESCO).

The Staying Ahead report makes clear that there are some specific reasons why the creative industries were particularly strong in the UK at that time. Producers of creative content working in English as a native language is cited as a key advantage. Secondly, the strength, diversity and economic strength of London – a 'global creative powerhouse' – as a locus of creative producers is also described as contributing to rapid growth. A third advantage is cited as the 'propitious public infrastructure of support' and the 'rich institutional heritage', including the Arts Councils, BBC, art and design schools, museums etc. It is also clear that there was a rapid growth in the demand for creative products throughout the 1997–2007 decade, with a growth in disposable income. This increase in demand was particularly strong in the UK, so a thriving domestic market for products existed.

However, the Staying Ahead report also sets some of the key challenges for the creative industries. These can be summarised as follows:

- **Market volatility:** demand for creative products can be more unpredictable than for functional products. Some creative industries (for example, advertising, software and architecture) are pro-cyclical, growing well in an upturn and swinging quickly downwards in a downturn. Others (music, film) can be much more unpredictable, doing well on the basis of a relatively small number of 'hits', and growing consumer demand in niche areas.
- **Management challenges inherent in the sector:** introducing business imperatives to a creative product or process can be challenging, particularly where those responsible for making the products are primarily motivated by a desire to fulfil their art, rather than reproducing or monetising it.
- **Copyright and ownership:** loss of ownership can severely damage economic returns. This can be either as a result of piracy (digital products) or illegal imitations (design) made

20

The Work Foundation & National Endowment for Science, Technology and the Arts. 2007. Staying Ahead: The Economic Performance of the UK's Creative Industries. NESTA: p30.

elsewhere, or due to rights being sold along with the product (particularly the case with film, television and animation).

- **Rapid adaptation:** the market for creative goods can require fast adaptation as tastes and delivery requirements change. Digital and Internet products in particular have to adapt quickly to new platforms and devices, but the rewards for companies which are able to do so – and in so doing lead the market – can be considerable. Small companies and individuals may be more able to change rapidly than larger ones.

Staying Ahead also identifies eight key drivers of success in the creative economy, the monitoring and enhancement of which may lead to an increase in economic output. These are defined as follows:

- **Demand:** creating a greater domestic market for creative products is suggested as a significant driver in creating a larger and more innovative set of industries: ‘Early exposure to culture, higher levels of education, developing the capacity of the UK’s cities to offer the full spectrum of cultural and creative experiences and decentralising as far as possible the UK’s national cultural institutions to promote access will all contribute to this end.’
- **Greater diversity:** it is argued that greater diversity within the industries will lead to greater productivity, and a key way of increasing this is to foster interdisciplinary links between, for example, the arts, sciences and wider society.
- **A level playing field:** some industries – particularly television and radio, publishing and design – are dominated by a relatively small number of large companies. This factor may be restricting the range of creative products on the market, and inhibit the growth of small and medium-sized enterprises.
- **Education and skills:** the report argues that certain key skills are lacking, and that knowledge of how to commercialise creative ideas also needs to be spread more widely. Knowledge of career paths in the creative industries also needs to be improved.
- **Networks:** the importance of improving business knowledge is reiterated, and it is suggested that brokering links between small creative businesses and larger – potentially non-creative – companies may be a solution.
- **Public support, grants and institutions:** though there is a long tradition of public support for the arts, grants for the creative industries need to be more strategically organised and targeted to maximise connectivity between the ‘creative core’, the creative industries and the wider economy.
- **Intellectual property:** the ability to copyright creative content is described as ‘critical to the success or failure of the nation’s creative industries’, and that better legislation and stronger enforcement for infringement will improve financial yields.
- **Building greater business capacity:** the creative industries have a large number of medium and small businesses, as well as individuals working alone. Small businesses are particularly common in the music, performing arts, architecture, film, photography and fashion sectors. In order to grow the capacity of certain sectors within the creative industries, Staying Ahead argues that there are specific managerial and business discipline shortcomings which need to be addressed, as well as structural problems such as access to equity and debt finance.

2008: The Creative Britain strategy

In 2008, the Department for Culture, Media and Sport launched the Creative Britain strategy, which sets out ‘a vision of dynamic, innovative, successful creative businesses providing prosperity and fulfilling job opportunities right across the country’²¹.

This strategy drew together a number of initiatives and policy areas across the Department for Media, Culture and Sport, the Department for Business, Innovation and Regulatory Reform, and the Department for Innovation, Universities and Skills, building on many of the conclusions produced by the Staying Ahead report the previous year. A total of 26 commitments were made in the strategy, structured around the themes of education, the job market, research and innovation, business development and accessing finance, protecting intellectual property, and maintaining the right support structures for the creative industries. A summary of these commitments is given in Annexe 2.

Some of the legislative elements mentioned in the Creative Britain strategy, and particularly measures to tackle the safeguarding of intellectual property and the curtailing of illegal downloading activity, were subsequently addressed in Digital Britain²², a policy document produced by DCMS with the intention of drawing together a range of initiatives designed to update the UK's legislative and support structures in the light of rapid technological change.

2010: A Creative Block? report and the impact of the recession

Both the Staying Ahead report and the Creative Britain strategy became, in some ways, rapidly out-of-date as the recession took hold the following year. A follow-up assessment by The Work Foundation, *A Creative Block?*, was published in December 2010, providing some important corrective observations. In particular, *A Creative Block?* analysed the effects of the recession on the different sectors within the creative industries, and suggested some of the implications for UK-wide policy. The paper points out that the creative industries were particularly vulnerable to the effects of recession, partly because it has a large number of small businesses which are less likely to withstand financial shocks. Unemployment within the creative industries approximately doubled, from 43,445 in April 2008 to 83,660 in April 2009.

The two sectors hit the hardest in terms of job losses were advertising, which sustained a 15% drop in employment between June 2008 and June 2010, and programming and broadcasting where there was a drop of 23% over the same period. Taking the example of advertising, the *Creative Block?* report states that there had been some recovery as of July 2010, but that business confidence was taking some time to recover. A comparison of the performance of the creative industries in previous recessions indicates that 'those at the high-tech services like software have been less affected than earlier recessions, and those in arts and entertainment have been more seriously affected'. An analysis of the situation by Experian in 2009 forecast that the creative industries would see a 10% drop in employment in the UK from its peak, and that 'it would take until 2020 to recover its 2008 employment level'. Indeed the impact of public sector cuts, within both central and local government, across the UK is unlikely to be clear until the end of 2011.

A Creative Block? also warns of the vulnerability of the UK's strength in the creative industries to both international markets and government complacency. The growing strength of such industries in, for example, south-east Asia is cited, particularly in the context of the much lower levels of financial turbulence there. Furthermore, the report warns that:

'...we believe there is a danger that the creative industries is 'always the bridesmaid'; that is, although it is often invoked, there is a lack of follow through in a consistent (way) across policy areas and the creative industries as a whole – from successive governments'²³.

2011: The Creative Industries Council

Since the publication of this paper, and indeed the change of government in May 2010, the UK government has created the Creative Industries Council. This is a UK-wide body with membership formed from across the creative, publishing, broadcasting and new media

22 Department for Business, Innovation and Skills and the Department for Culture, Media and Sport. 2009. Digital Britain: Final Report.

23 Reid, B, Albert, A & Hopkins, L. 2010. *A Creative Block? The Future of the Creative Industries*. The Work Foundation: p43.

industries. Among the companies and bodies represented are the BBC, Google, Amazon, Arts Council England, ITV, and UK Music. Meetings of the council will be co-chaired by the Secretary of State for Culture, Media and Sport, and the Business Secretary. The purpose of the group is to ‘provide a forum for action by the industry and will ensure that it has a strong voice in developing a partnership with the Government’.

3.2 Scotland

The Scottish Government is the latest jurisdiction to publish a strategy for the creative industries, in March 2011²⁴. This followed reviews of both the sector and its challenges²⁵, and of key statistics and literature²⁶, in 2009. This new strategy attempts to address the following issues:

- **Establishing and improving structures** so that the public sector is as supportive as possible of those working in the creative industries. The key, central body is the Scotland’s Creative Industries Partnership (SCIP);
- **Ensuring that the right interface and monitoring groups** are in place, including the establishment of industry practitioner reference groups, each reporting back to a SCIP Coordination Group on what the specific challenges of each sub-sector are and proposed solutions to increase growth;
- **A set of recommendations** is set out, with recognition of the specific barriers which must be confronted in order for each to be implemented. The **key challenges** are identified as a lack of joined up approach; a lack of scale across much of the sector with small and micro enterprises predominating; intense competition in international markets; the difficulties of securing finance and investment; the need for constant ‘re-skilling’ and ‘up-skilling’ of workforces particularly in the light of rapidly changing technology; the need for improved, reliable market intelligence; and the need also for consistent approaches to the measuring of economic value and impact.
- The **role of key organisations** and bodies is set out, including the Scottish Creative Industries Partnership (SCIP), the National Endowment for Science, Technology and the Arts (NESTA), Skills Development Scotland, the Scottish Funding Council, and Creative Scotland.
- Finally, **‘next steps’** are defined, with each of the sub-sector reference groups expected to return reports to the SCIP Coordination Group soon. Specific commitments by a number of the bodies which are members of SCIP, including Creative Scotland, the Convention of Scottish Local Authorities, and Skills Development Scotland, are set out.

3.3 Wales

In 2004, the Welsh Assembly Government published a creative industries strategy for Wales. This focused on the digital creative industries, and also placed a strong emphasis on the issue of intellectual property. From 2005 an intellectual property fund of £7m was opened, offering funding to enable the makers of creative content to retain some or all of the rights to this work. The fund sought to address the issue of creative companies making content but then selling most, or all, of the intellectual property rights in selling on the product. It did this by providing ‘gap funding’ for individual creative projects, such as a TV series or film, and in return for this investment the fund took a share of the intellectual property generated by the project, and aimed to recoup the value of the original investment²⁷.

24 Scottish Government. 2011. Growth, Talent, Ambition: The Government’s strategy for the creative industries.

25 Scottish Government. 2009. Creative Industries: Key sector report.

26 Carr, J. 2009. Creative Industries, Creative Workers and the Creative Economy: A review of selected recent literature. Scottish Government Social Research.

27 Welsh Industries Strategy. 2005. ‘Creative industries fund’: <http://nia1.me/co> Accessed 18.7.11.

In the wider context of the UK and Ireland, the Welsh strategy was a relatively early and innovative one, and a number of aspects of it were later adopted elsewhere.

Following on from this, a further review of the creative industries was published by the Welsh government in 2010, which sought to address some of the perceived gaps in the sectoral coverage of the earlier strategy. This review has a conspicuous focus on digital content, in part perhaps because it was conceived and launched at around the same time as the UK government's Digital Britain strategy (referred to above). The 2010 strategy made ten recommendations, the essence of which is as follows:

- A **new strategic support structure** was proposed, with a Digital Wales Board, chaired 'by a suitably experienced person from outside Government'. The Board would support the work of a Creative Industries Board and a Creative Industries Hub, which would oversee 14 sub-sectoral 'spokes' and a Creative Industries Fund.
- The **Creative Industries Fund** would be 'based on an orderly transition from the current Creative IP Fund', and would have a wider base. The Fund would be accessible to 'all digital media industries', including film, television, music and interactive media, and potentially other industries in the future once further studies have been carried out.
- The strategy emphasises the importance of maintaining an adequate understanding of the sector by **mapping 'the scale and needs of each sub-sector'** and establishing up-to-date metrics 'against which the progress of Wales' creative economy can be measured'.
- The review proposes **greater scrutiny of the £300m allocated to the Welsh broadcast media** directly from the UK government. It is suggested that S4C, the BBC and Channel 4 deliver an annual audit of their economic impact on Wales, and Channel 4 should step up its commissioning of content from Wales. With regard to S4C specifically, their remit should be examined, and more regular dialogue between the National Assembly and the Creative Industries Board. The strategy calls on the Welsh government to do everything it can to secure greater capital investment in order to create 'a powerful creative industries cluster in south-east Wales'.
- Specific comments are made about the **Welsh film industry**, and the possibility raised of an amalgamation of the Wales Screen Commission and the Film Agency for Wales.
- The **music industry** requires a form of seed funding to allow commercial music businesses to retain a greater share of their intellectual property. It is also suggested that popular music be supported through, for example, events and the greater provision of rehearsal venues.
- The strategy argues for **a role for radio** in the digital agenda.
- A close equivalence is drawn throughout the strategy between **digital industries and the creative industries as a whole**, and indeed the recommendations state that 'building momentum in digital media is a top priority for the refreshed creative industries strategy and the Creative Industries Strategic Hub must make it a priority to understand how it can best make an impact'. The proposed Creative Industries Fund should be designed so that it 'responds decisively' to the needs of the digital media sector, and the Hub should establish a support structure which provides a 'sound basis' for digital industries. It is also suggested that the Hub undertakes a study of digital media procurement within the Welsh public sector.
- In terms of 'other' – or non-digital – industries, the strategy states that **Arts Council Wales should map what needs exist** and advise the Hub in due course.
- The strategy states that the Creative Industries Board should 'take a very close interest' in the issue of **skills and training**, and a careful assessment of courses and capacity should be made to examine what skills may not be addressed at present. University-level research and 'knowledge transfer' are also stated as important.

3.4 Republic of Ireland

Although the creative industries have not generally been classified in quite the same way in the Republic of Ireland, the economic potential of the 'creative sector' has been recognised by policy makers for some time. A key document is Building Ireland's Smart Economy produced by the Irish government in 2008 as a framework for economic renewal. The framework was intended to run from 2009 to 2014, and is based on five 'action areas'. One of these areas, 'Creating the Innovation Island', involves making use of the creative industries to create a 'world class business sector'. This recognises the creative industries as 'key and primary economic contributors', and acknowledges that the challenges for those industries differ from those in traditional export sectors.

The strategy differs from strategies in the UK in taking a slightly wider definition of the creative industries, including the wider arts and cultural sectors – presumably including additional categories such as cultural heritage. The document links, for example, thriving creative industries with a high level of cultural tourism. In terms of actions to follow from the strategy, the document identifies developing 'niche' cultural tourism markets, access to credit and business support services, intellectual property protection, and 'commercialisation' as important priorities. It also advocates a policy supporting research and development.

4 Policy context: European Union

4.1 Early developments

In 2006, the European Commission published the results of a study, *The Economy of Culture in Europe*. This was a first attempt to assess the direct and indirect socio-economic impact of the cultural sector of Europe, and particularly to suggest some potential direction in terms of EU policy-making. The document solidified the Commission's use of the term 'cultural and creative sector' as a coherent bloc, and began to grapple with some of the difficulties of defining statistical data for the sector.

The study included 'A strategy for a creative Europe', which outlined stark challenges for the European Union if it is to achieve a goal first set in 2000, to make the EU 'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion'²⁸.

The publication of the Lisbon Treaty the following year further consolidated the cultural and creative sector as a focus for policy, though the treaty places the sector firmly within the bounds of research and innovation leading to industrial output, rather than on the creation of cultural products for their own sake. The treaty identifies creativity and innovation as capable of providing industry with a competitive advantage. Article 173 states that the Union and Member States 'shall ensure the conditions necessary for the competitiveness of the Union's industry exist', and that action shall be aimed at 'fostering better exploitation of the industrial potential of policies of innovation, research and technological development'²⁹.

Furthermore, articles 179 to 190 contain a number of action points which specify the coordination of research into digital technology.

4.2 EU Green Paper: Unlocking the potential of cultural and creative industries

Published in 2010, this Green Paper was intended to stimulate debate and propose a number of ideas for the development and growth of what are termed the 'cultural and creative industries' (as opposed to simply the cultural and creative 'sector'). The paper discusses how these industries can contribute to local, regional and global development, and what kinds of investment would be needed to promote this further. The Green Paper sketches out a context for the cultural and creative industries, describing Europe as being characterised by a digital economy of some significance and with the potential to create further economic growth and jobs. A number of general proposals are then made, including³⁰:

- The creation of new 'spaces' for experimentation, innovation and entrepreneurship in the cultural and creative sector, such as 'laboratories' where different disciplines can work together, and intermediaries and brokers between different sectors;
- Better matching of the skills needs of the cultural and creative industries, communication of these skills to banks and financial institutions, and improving partnerships between schools, universities and businesses;
- Enhancing access to funding by, for example, educating banks and investors about the potential of the cultural and creative industries, and gathering cross-sectoral expertise to evaluate companies and their products;
- A number of proposals aimed at enhancing the potential of the cultural and creative industries to contribute to local and regional development. This section also stresses the

28 Directorate General for Education and Culture. 2006. *The Economy of Culture in Europe*: p1.

29 European Union. March 2010. *Charter of Fundamental Rights (The Treaty of Lisbon)*. Consolidated Treaties.

30 A useful summary of the Green Paper is provided by Volante QNB on behalf of [www.creativebusiness.org](http://nia1.me/d6): <http://nia1.me/d6>

importance of building strategies on a 10–20 year term, and not considering investments in the cultural and creative industries as a luxury or isolated policy option;

- Establishing a better understanding of how to improve the mobility of both artists and creative works;
- Providing support to small and medium-sized enterprises in order to help them to promote themselves abroad, and increase the levels of cultural exchanges and international trade in creative goods.

4.3 European Commission study: The Entrepreneurial Dimension of the Cultural and Creative Industries

In January 2011, the European Commission published a piece of research which assessed the ability of the cultural and creative industries to ‘bring essential change in non-technological innovation for products and processes, contributing to a more inventive Europe’³¹. The study attempted to provide ‘an understanding of the key determinants for strengthening entrepreneurship for cultural and creative industries, and involved a questionnaire and an extensive series of interviews throughout Europe.

The research produced a number of conclusions, some of which suggest that the cultural and creative industries have particular needs which will need bespoke solutions in order to address; for example, 80% of enterprises in the cultural and creative industries are small enterprises, with workers more than twice as likely to be self-employed than the average for the whole economy. Almost 60% of businesses consist of just one to three employees. However, around 1% of creative enterprises are very large and are responsible for more than 40% of annual turnover. The study concludes therefore that there is a ‘missing middle’, with medium-sized enterprises almost absent, and that ‘there is substantial difficulty for small enterprises to grow from small initiatives into medium-sized firms’. It was also found that many enterprises struggle to gain access to finance, and that they generally conduct low levels of financial planning, but that financial institutions such as banks often fail to recognise intangible, creative ideas as money-making assets. Public subsidy, through European, state-level or local authority funding, often attempts to bridge such financial challenges, but the study concludes that such subsidy often reaches ‘core’ cultural sectors more readily than cross-disciplinary or more commercially-focused sectors.

A series of recommendations are made by the European Commission research, focusing specifically on EU policy. These recommendations include the following:

- Data and statistics on the cultural and creative industries should be made more consistent and comparable across the EU to help in monitoring the success or otherwise of policy work.
- The Europe 2020 measures focused on SMEs should take micro-SMEs into account.
- The regulatory framework for companies should be addressed to examine where specific relaxations for creative industries can be made. Tax exemptions and other stimulation policies are suggested.
- The EU should encourage framework programmes for Research and Technological Development such as FP7 and FP8, or the Competitiveness and Innovation Programme, should be more focused on the cultural and creative industries, and that EU funding in general should be made more understandable and accessible.
- The success of the EU MEDIA funding programme, aimed at the audiovisual industry, is highlighted, and it is recommended that this should be repeated for other sectors.
- A ‘skills gap’ in entrepreneurial ability was found by the study, and it is suggested that the EU Lifelong Learning Programme could be focused on spreading business knowledge.

31 Utrecht School of the Arts, prepared for the Directorate General for Culture and Education of the European Commission. 2011. *The Entrepreneurial Dimension of the Cultural and Creative Industries*.

- European Social Funds could be used to finance a series of creative apprenticeships ‘in order to ease the transition from education to employment’.
- The EU could improve SMEs’ knowledge of, and access to, copyright instruments and facilitate easier use of IP instruments also.

4.4 NI Executive’s European priorities

The Executive’s European Priorities document acknowledges the significance of the 2010 EU Green Paper. The Executive sets out a number of key aims to help position Northern Ireland advantageously with regard to these European policy developments. These key aims are as follows³²:

- Promote greater private sector R&D investment;
- Encourage entrepreneurship, creativity and innovation;
- Promote science, technology, engineering and mathematics (STEM) and educational and creative industries that encourage young people to study STEM subjects;
- Promote translational research, knowledge transfer/exchange and STEM between firms and between the research base and firms;
- Promote cross-sectoral collaborations between the creative and cultural industries and with other business and research sectors to stimulate innovation, job creation and expert-focused growth;
- Nurture the development and exploitation of new technologies, ideas and ways of working in our companies, universities, the research base and elsewhere in the public sector;
- Make fuller use of information and communication technologies;
- Promote deployment and use of modern accessible online services;
- Leverage our significant public investment in the health sector, including in skilled employees and clinical trials infrastructure, to realise economic outcomes.

The paper then presents a number of objectives to address these aims, among which are the following intentions:

Stimulate growth of the creative industries by nurturing creative talent and creative enterprises and by encouraging innovative cross-sectoral collaborations.

Harness the potential of the creative and cultural industries to support export-focused economic growth, job-creation and positive spill-over impacts into areas such as health, education and social cohesion.

32

Northern Ireland Executive. 2011. European Priorities 2011–2012. pp8–10.

5 Legislative developments

5.1 Digital Economy Act

In 2010, the Digital Economy Act was introduced by the UK government and voted through in the last days before the general election. The Act sought to bring various aspects of the digital economy up-to-date in the light of technological change. With particular relevance to the creative industries, the act sought to address an evolution of consumer and ‘user’ behaviour, where the illegal exchange of digital versions of creative works via the Internet had grown rapidly in recent years. The Act sets out various methods which could be used to curb illegal filesharing, and charges Ofcom with the responsibility of conducting consultations with a view to establishing a code of conduct for both digital rights holders and Internet Service Providers. The first of various reports by Ofcom emerged in August 2011, and recommended that while the blocking of some illegal filesharing websites would be difficult to enforce, the sending of warning letters to persistent downloaders could be made to work effectively.

A follow-up report published by Ofcom in August 2011 focuses on the system outlined in the Digital Economy Act of Internet Service Providers notifying persistent illegal downloaders that they have been detected and may have their service connection restricted. The Ofcom report identified a risk of the system being overwhelmed by vexatious appeals to such notifications, but DCMS has stated that a £20 fee will be introduced for subscribers wishing to appeal after receiving a notification letter, which will be refunded if the appeal is successful. However, Ofcom has also recommended that the site blocking provisions set out in the Digital Economy Act – allowing sites used for illegal downloads to be blocked by Internet Service Providers – are not practical and should not go ahead.

5.2 Hargreaves Review of Intellectual Property

A review of intellectual property rights and copyright law was commissioned by the Prime Minister in November 2010, and conducted by Professor Ian Hargreaves³³. The review sought to identify legislation that has been out-dated by technological change. A report was published in May 2011 which concluded that the UK’s intellectual property (IP) framework, especially with regard to copyright, is ‘falling behind what is needed’. The review is also critical of the rigidity of current copyright legislation, concluding that ‘the UK cannot afford to let a legal framework designed around artists impede vigorous participation in these emerging business sectors’. However, it also concludes that a careful balance must be struck, and that the ‘hugely important’ creative industries should not be put at risk. The review makes a series of recommendations, including the following:

- **Evidence:** Government should ensure that development of the IP system is driven as far as possible by objective evidence, particularly regarding assessing future claims to extend rights or in determining desirable limits to rights.
- **International priorities:** The UK should pursue its international interests in IP, particularly regarding economies such as China and India. It should also attach the highest immediate priority to achieving a unified EU patent court and EU patent system, which promises significant economic benefits to UK business.
- **Copyright licensing:**
 - The UK should establish a cross-sectoral Digital Copyright Exchange in order to boost UK firms’ access to transparent, contestable and global digital markets. Government should appoint a senior figure to oversee its design and implementation by the end of 2012. Governance should reflect the interests of participants, working to an agreed code of practice.

- The UK should support moves by the European Commission to establish a framework for cross-border copyright licensing. Collecting societies should be required by law to adopt codes of practice to ensure they operate in a way that is consistent with the further development of efficient, open markets.
- **Orphan works:** The Government should legislate to enable licensing of orphan works. This should establish extended collective licensing for mass licensing of orphan works, and a clearance procedure for use of individual works.
- **Limits to copyright:** Government should firmly resist over regulation of activities which do not prejudice the central objective of copyright, namely the provision of incentives to creators. Government should deliver copyright exceptions at national level to realise all the opportunities within the EU framework, including format shifting, parody, non-commercial research, and library archiving.

On 3 August 2011, the UK government published its response to the Hargreaves Review³⁴. Among the recommendations to be carried forward by the government will be the abolition of rules outlawing the transfer of content from CDs or DVDs on to MP3 files and computers, though this change would not make it legal to make copies and then share them online. Further proposals to be implemented include relaxations on manipulating works for the purpose of parody, though not to the extent adopted in the USA where a substantial portion of works can be copied under the concept of ‘fair use’.

The Hargreaves Review also recommended the setting up of a Digital Copyright Exchange, where licences in copyright content can be readily bought and sold, and the government has indicated that it intends to take up this idea. It was recommended that procedures be put in place to allow the reuse of ‘orphaned works’, as dealing with this problem could potentially free-up the use of many older works of art, film and music to be adapted and reused by others.

Alongside the response to the Hargreaves Review, DCMS has also pledged to set out a new intellectual property crime strategy, and the next steps for implementing the mass notification system outlined in the Digital Economy Act, which involves letters being sent to internet account holders telling them their internet connection has been identified as linked to unlawfully shared copyright material.

34 Department for Culture, Media Sport: 3.8.11. ‘Reform to intellectual property laws aim to boost growth: Government responds to the Hargreaves Review’: http://www.culture.gov.uk/news/news_stories/8367.aspx

6 Challenges ahead for the creative industries

The Strategic Action Plan for Creative Industries in Northern Ireland identified in 2008 a number of key challenges for creative businesses here, particularly in the area of business support:

...the services provided to businesses are very constrained by the lack of resources of the delivery organisations. Unlike larger and more metropolitan regions, Northern Ireland does not have an agency providing a wide range of business development support specifically to creative businesses and it does not have an active business angel and venture capital market focused on the creative sectors. Invest NI provides a range of business, strategy, capability and financial supports to its client businesses, but many creative businesses find it difficult to meet Invest NI client criteria because of the particularly fragmented nature of the sector³⁵.

In terms of skills gaps, the Creative Blueprint for Northern Ireland identified five 'key challenges'³⁶:

- Technical and specialist skills gaps
- Higher skills needed in business and enterprise
- Confusion about what training is available and what qualifications are needed
- Workforce Diversity – there should be opportunities for everyone
- Employers and practitioners need to commit to training and development

In addition, studies of the creative industries in England, Scotland and Wales, as well as more widely in the European Union, identified a range of other problems in those areas. Together, some of the key challenges for the creative industries can be summarised as follows:

- **Access to finance:** particularly by educating financial institutions about the nature of creative products and convincing them of the productivity of the creative industries;
- **Business and entrepreneurial skills:** enabling creative individuals and micro-SMEs to successfully monetize their ideas, market their products, grow their businesses and build business relationships is a challenge, and many have seen a need to build such skills within the creative industries either through courses, or through linking creative enterprises with 'business angels' from more conventional industries.
- **Extreme diversity of scale problematic:** bridging the gap between a small number of very large enterprises and a large number of micro-SMEs by helping small businesses to develop into medium-sized enterprises.
- **Training and early career development:** in a context of rising tuition fees, a deflated job market, and areas of government policy focused on STEM subjects alone, some have argued for boosting the role of the relevant sector skills councils and growing the number of apprenticeship, or 'on the job' learning, programmes.
- **Routes to market:** securing a 'route to market' for creative ideas, partly by linking creative professionals with other industries to ensure that products are manufactured and marketed successfully, but also securing visibility within international markets.
- **Protecting creative income streams from copyright abuse:** the recent Hargreaves Review has highlighted the difficulties of balancing a need to protect copyright, particularly in the context of illegal filesharing, but enabling the sharing, reuse and development of ideas. Promoting knowledge of intellectual property protection (such as patents) and improving

35 Department of Culture, Arts and Leisure. 2008. Strategic Action Plan: Creative Business in Northern Ireland: p27

36 Creative and Cultural Skills. 2008. Creative Blueprint Summary Northern Ireland: the Sector Skills Agreement for the creative and cultural industries: p6.

the joined-up nature of these instruments across Europe, has been cited by some as key to protecting creative income streams. Implementing the measures outlined in the Digital Economy Act 2010 are likely to be challenging.

- **Definitions problematic:** achieving a set of reliable and comparable classifications across the UK, and potentially the EU, is problematic, but some have argued essential if policy work is to be monitored effectively.

7 Potential scope for a committee inquiry

7.1 Previous inquiries

There have been few inquiries conducted by parliamentary committees in the UK, Ireland or the European Parliament which have focused specifically on the issue of the creative industries. Two exceptions are a House of Commons inquiry into the New Media and Creative Industries in 2007, and a suspended inquiry into the Protection of Intellectual Property Rights in 2011.

The House of Commons Culture, Media and Sport Select Committee inquiry into the New Media and the Creative Industries in 2007 examined the impact on creative industries of developments in digital technology, and particularly the effects on the various creative industries of unauthorised reproduction and dissemination of creative content. The inquiry examined what steps could be taken, using new technology, statutory protection or other means to protect creators.

In 2011, the Culture, Media and Sport Select Committee began an inquiry into the Protection of Intellectual Property Rights examining, among other issues, the practicality of the various measures outlined in the Digital Economy Act, and whether the new framework has 'captured the right balance between supporting creative work online and the rights of subscribers and ISPs'. However, the inquiry was suspended in April 2011 due to ongoing court action concerning the provisions of the Digital Economy Act.

7.2 Potential issues

In the light of the strategy and policy work highlighted in this paper, along with the nature and scope of previous reviews and inquiries in this area, it could be suggested that the following issues may be worthy of exploration:

- Seek to examine the effectiveness of public policy in the creative industries, particularly from the point of view of those working, or seeking to work, in this area.
- Survey the nature of policy work on the creative industries within the wider context of UK, Ireland and the European Union.
- Gauge whether the overall support arrangements in place in Northern Ireland are sufficient and appropriate, and whether they are suited to the particular challenges faced by those working in, or working with, Northern Ireland.
- Seek to understand the likely challenges ahead and highlight any deficiencies in Executive support, particularly in terms of cross-departmental coordination.
- Examine the balance of support across the different creative industries and assess whether that balance is appropriate given the particular strengths in Northern Ireland.
- Identify any particular deficiencies in policy or support for the creative industries, particularly in areas such as financial and business support, training and skills development, leverage into international markets, the protection of intellectual property, and legislative developments.

Annexe 1

Bodies and organisations affecting the creative industries in Northern Ireland

Although this is not a comprehensive list, the following bodies have had, or are likely to have, an influence on the operation of the creative industries in Northern Ireland.

- **Arts Council Northern Ireland:** this is the 'lead development agency for the arts in Northern Ireland', and is the arms-length body responsible for administering the Creative Industries Innovation Fund, over-seen by DCAL.
- **Craft NI:** the 'sector-lead body for the promotion and development of the design-led contemporary craft industry in Northern Ireland'.
- **Creative Choices:** managed by Creative & Cultural Skills, Creative Choices provides information, advice and guidance to help individuals boost their career development in the cultural and creative industries.
- **Creative and Cultural Skills:** the sector skills agency for creative and cultural skills is the Sector Skills Council for craft, cultural heritage, design, literature, music, performing, and visual arts. Creative and Cultural Skills has produced a 'creative blueprint' for Northern Ireland.
- **Creative Industries Working Group (NI):** an advisory group convened by DCAL to advise it on the development of policies for the creative industries in Northern Ireland. Members include DCAL, Invest NI, DEL, the three Sector Skills Councils covering the creative industries, Northern Ireland Screen, the University of Ulster, Belfast City Council, CraftNI, and the Northern Ireland Music Industry Commission.
- **Creative Industries Council (UK):** created recently by the UK government, this is a UK-wide body with membership formed from across the creative, publishing, broadcasting and new media industries. Among the companies and bodies represented are the BBC, Google, Amazon, Arts Council England, ITV, and UK Music. Meetings of the council are co-chaired by the Secretary of State for Culture, Media and Sport, and the Business Secretary. The purpose of the group is to 'provide a forum for action by the industry and will ensure that it has a strong voice in developing a partnership with the Government'.
- **Digital Circle:** 'the representative organisation for digital content businesses in Northern Ireland', aiming to 'promote the digital content sector both within and outside of the Province'. The body covers web content, mobile content, film, television, digital animation, post-production, e-learning, games, serious gaming, and music.
- **Europe INNOVA:** supported by the Directorate-General for Enterprise and Industry of the European Commission, this body conducts research and provides information with the aim of becoming 'the laboratory for the development, testing and promotion of new tools and instruments in support of innovation, with a view to helping innovative enterprises to innovate faster and better'.
- **Invest NI:** part of the Department of Enterprise, Trade and Investment, Invest NI is the regional business development agency for Northern Ireland, 'responsible for the establishment and expansion of small businesses'. Invest NI is responsible for the Northern Ireland Innovation Fund which provides the funding for Creative Industries Innovation Fund. It sits on the Creative Industries Working Group.
- **National Endowment for Science, Technology and the Arts (NESTA):** an independent body funded by endowment with a mission 'to make the UK more innovative'. NESTA invests in early-stage companies, informs policy, delivers practical programmes, and conducts and publishes research.

- **Northern Ireland Design Alliance:** recently established, the purpose of the alliance is to ‘build a design community, encourage professional development and create a voice for the design industry within education and government’.
- **Northern Ireland Music Industry Commission:** this was set up in 2001 to provide support for the music industry in Northern Ireland, but folded in 2009.
- **Northern Ireland Screen:** formerly the Northern Ireland Film and Television Company, NI Screen is the body which supports the film, television and digital industries in Northern Ireland. Its mission is to ‘accelerate the development of a dynamic and sustainable film and television industry in Northern Ireland’
- **PLACE:** an architecture centre with a mission to ‘positively influence the creating and sustaining of excellent places and buildings, making Northern Ireland an environment of exceptional quality for all’. PLACE was established in 2004 by the Royal Society of Ulster Architects and Belfast City Council, with support from the Arts Council.
- **Technology Strategy Board:** a UK arms-length body over-seen by Department for Business, Innovation and Skills (BIS). Its mission is to ‘stimulate technology-enabled innovation in the areas which offer the greatest scope for boosting UK growth and productivity’.

Annexe 2

Summary of commitments set out in the Creative Britain strategy, by the Department for Culture, Media and Sport

Giving all children a creative education

1. We will establish the 'Find Your Talent' programme – piloting five hours of culture a week for children and young people

Turning talent into jobs

2. We will create a talent pathways scheme to support and inspire young people from all backgrounds to pursue careers in the creative sectors
3. The DCMS will work with its NDPBs, and through them its sectors, to agree actions to promote a more diverse workforce
4. We will conduct research to ensure that academia is equipping students with the skills they need to make the most effective contribution they can to the creative economy
5. We will encourage employers and skills providers to set up ground-breaking new innovative places of learning
6. We will explore the impact of a brand new 'Academic Hub' supporting collaboration between schools, further and higher education to provide end-to-end development of creative skills for people aged from 14 through to 25
7. Apprenticeships will be established across the creative industries for up to 5,000 people a year by 2013

Supporting research and innovation

8. The Technology Strategy Board will provide £10 million to inspire new collaborative research and development ideas for the creative industries
9. NESTA will launch a £3 million Creative Innovators Growth Programme
10. The Technology Strategy Board will launch a Knowledge Transfer Network for the creative industries
11. The Department for Innovation, Universities & Skills will commission research to better quantify the economic benefits of the creative industries, with special attention to the value added by innovation in those industries

Helping creative businesses grow and access finance

12. Arts Council England will help deliver the objectives of the Creative Economy Programme
13. The Regional Development Agencies will establish a network of regional beacons for the creative industries in the South West, South East, North West, North East and West Midlands
14. We will encourage bids for Enterprise Capital Funds from the creative industries and expect to see increased investment flows as a result

Fostering and protecting intellectual property

15. We will consult on legislation that would require internet service providers and rights holders to co-operate in taking action on illegal file sharing – with a view to implementing legislation by April 2000
16. UK-IPO will put into action a plan on IP enforcement
17. We will promote better understanding of the value and importance of intellectual property

Supporting creative clusters

18. The Regional Development Agencies will pilot regional creative economy strategic frameworks in two regions, the North West and South West
19. The Government will review what the barriers to investment in next generation broadband may be
20. Through the Local Government Association, and with the RDAs, we will develop a ‘menu for local infrastructure’
21. The UK Film Council, in association with Arts Council England and the Arts and Humanities Research Council, will help develop ‘mixed media centres’
22. In line with the recommendations of the Live Music Forum, we will encourage the protection of live music venues, building on the example set by the work of the Mayor of London

Promoting Britain as the world’s creative hub

23. UK Trade and Investment will lead a five-year strategy to enhance the international competitive position of the UK’s creative industries
24. We will initiate the launch of the World Creative Business Conference.
25. We will work with the Mayor of London and other partners to champion London’s many creative festivals – and forge better, mutually beneficial links with important festivals around the country

Keeping the Strategy up-to-date

26. We will put in place the right structures to ensure that the Creative Economy Programme keeps pace with developments on the ground



Northern Ireland
Assembly

Research and Information Service Briefing Paper

Paper 000/00

13 January 2012

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Dr Dan Hull

A comparison of film tax relief schemes

NIAR 499-12

A report commissioned by the UK Film Council has stated that the UK film industry contributes over £4.5 billion a year to UK GDP¹. The report states that a UK Film Tax Credit is 'vital to sustaining the competitiveness of the core UK film industry', and estimated that without it the film industry would be around 75% smaller. This briefing paper describes the nature of UK Film Tax Credit, and presents some comparisons with arrangements in other jurisdictions.

1 Oxford Economics. 2010. Economic Contribution of the UK Film Industry: <http://nia1.me/nu>

1 UK Film Tax Credit

In the UK, government fiscal support for the film industry underwent an important change with the introduction of the Finance Act 2006, which allows for a Film Tax Credit (FTC)¹. Under the provisions of the act, FTC is available for British films costing £20m or less at 20%, which means that tax is not liable to be paid on 20% of the UK expenditure on the film. For films which cost more than £20m, the level of eligible tax relief rises to 25%².

However, for films to qualify for a tax credit (or tax relief) they must conform to certain measures, including:

- be made by a UK film production company;
- be intended for theatrical release;
- pass a cultural test for 'British qualities', as set out in the Films Act 1985;
- be administered by the UK Film Council or be made under one of the UK's film co-production treaties.

The test of 'British qualities' ranges across four categories: cultural content (setting, characters); cultural contribution (heritage, diversity); cultural hubs (photography, post-production); and cultural practitioners (director, actors). A 'cultural test' is applied with scores attributed in each of these categories – for a film to qualify, it must score at least 50% overall³. The cultural test is administered by the UK Film Council. Films must also have at least 25% of their budget incurred on UK expenditure. John Woodward, CEO of the UK Film Council, stated at a House of Lords inquiry into the UK screen industry in 2010 that,

...Britain at 20 [per cent] is at the low end, but we have always maintained the argument that in the UK, the tax credit is there as a cushion and an incentive, but in the end, this is not a Third World economy, we are not going to compete as an industry internationally on price alone...⁴

The same House of Lords inquiry in its concluding report stated that⁵:

Most Western governments provide financial assistance to their film industries... One of the concerns voiced by the film industry is that film production support has become increasingly competitive between Western countries and, in the United States, between individual states, in an effort to attract foreign production. From a British perspective, there is a risk of British support becoming uncompetitive but also of accelerating competition.

The Committee also recommended raising the degree of support for small budget films through tax credits:

Given the problems faced by independent film makers in raising finance for their projects, particularly in the current recession, we recommend that the Government should consider raising the net rate of film tax relief for productions under £5m to 30 per cent.

However, no recommendation was made by the Communications Committee to extend the Film Tax Credit to the production of television programmes.

1 Magor, M & Schlesinger, P 2009. "For this relief much thanks". Taxation, film policy and the UK government'. Screen. 50:3.

2 HM Revenue and Customs. 'Film Tax Relief': <http://www.hmrc.gov.uk/films>

3 Department for Culture, Media and Sport. 2005. *Cultural Test for British Films: Final framework*.

4 John Woodward, UK Film Council, cited in: House of Lords Select Committee on Communications. 2010. *The British Film and Television Industries: Decline or Opportunity?* p27.

5 House of Lords Select Committee on Communications. 2010. *The British Film and Television Industries: Decline or Opportunity? Chapter2*: <http://nia1.me/nt>

2 Film tax relief in Ireland

The tax incentives provided by Ireland for film production are covered by Section 481 of the Taxes Consolidation Act 1997. This allows for 28% tax relief on the production costs of feature films, creative documentaries, television drama and animation, including on the cost of EU cast and crew working in Ireland, and goods and services purchased in Ireland. This is provided on the condition that there is an Irish co-producer who will provide the full range of production services, including locations scouting, scheduling, budgeting, casting, crewing and takes full responsibility for all production services carried out in the State throughout the life-span of the production⁶.

3 Film production in Northern Ireland

Films produced in Northern Ireland are covered by the same tax relief arrangements as for the rest of the UK.

Through the European Convention on Cinematographic Co-production, films which are funded by Northern Ireland Screen, and that carry out either principle photography or post-production in both Northern Ireland and the Republic of Ireland, can qualify for both Ireland's Section 481 tax relief for film and the UK's Film Tax Credit scheme (as long as they spend no more than 80% of their budget in one territory and no less than 25% of their budget in the UK and no less than 20% in the Republic of Ireland)⁷. However, producers can only receive the maximum benefit of one of the tax schemes.

During an oral briefing to the Culture, Arts and Leisure Committee on 13 October 2011, Northern Ireland Screen suggested that an extension of the UK Film Tax Credit to television productions would be advantageous⁸. The Chief Executive, Richard Williams, stated that:

*If we had that we could run riot in the international market place – I have no doubt about that. I have every confidence that our growth would be exponential.*⁹

4 Comparisons

A number of countries offer a degree of tax relief for film companies in an attempt to attract inward investment. The following table summarises a number of examples of such tax relief schemes.

United Kingdom	20% tax credit on local expenses if expenditure is below £20m, and 25% if above this level. Applies only to film.
Ireland	Allows for 28% tax relief on the production costs of feature films, creative documentaries, television drama and animation, provided on the condition that there is an Irish co-producer who will provide the full range of production services. There is a ceiling of €50m on qualifying expenditure per project.
France	Refundable tax credit of 20% on local expenses for film production.
Croatia	In the process of introducing a tax rebate for film and television productions; projects are likely to receive a 20% tax credit on 'qualifying expenditure'. Various categories of screen production will qualify, including film, television drama, documentaries and animation.

6 Irish Film Board. 'Section 481: A rough guide to the Irish tax incentive'.

7 Compendium: Cultural policies and trends in Europe: United Kingdom – 5.1.5: Tax Laws: <http://www.culturalpolicies.net/web/unitedkingdom.php?aid=515> Accessed 12.1.12.

8 NI Screen. 13.10.11. Oral briefing to the Committee for Culture, Arts and Leisure.

9 Chief Executive of Northern Ireland Screen. Oral briefing to the Culture, Arts and Leisure Committee. 13.10.11.

Hungary	A 20% tax break is available on film making expenses.
Italy	Tax credits of up to €5m are available for producers and distributors. The law also provides for the sheltering of profits. The limits for these shelters are at a maximum of €15m for 2010. The support is available for works of Italian nationality (involving minimum content shot or expenses incurred in Italy), those originally expressed in the Italian language, or those of cultural interest.
Isle of Man	The Isle of Man Media Development Fund provides equity investment to film and television productions, including ‘gap financing’ and tax credits. No upper or lower limits on investment, with projects considered on a case-by-case basis. Some conditions need to be fulfilled, including the stipulation that projects should be filmed wholly or in part on the Isle of Man (with at least 50% of all principal photography taking place on the island).
USA	On a federal level, ‘Section 181’ provides for the deduction of 100% of taxes on film production costs up to US\$15m (currently valid until the end of 2011). Various state tax incentives also exist; eg California offers a tax credit of up to 25%, and Georgia up to 30%.
New Zealand	Cash grant of 40% of local expenses for film production.
Australia	Cash refund of 15% on money spent on film production within the country.
Canada	Refundable tax credit of 16% on local labour expenses for film production. Various local tax incentives; for example, Toronto offers an 18% tax incentive.
Mexico	Refund of 7.5% of billed expenses in local products and domestic labour. Refund of 15% of value added tax (VAT).
Trinidad & Tobago	Tax relief for film production has recently increased from 30% to 35%.
Puerto Rico	Transferable tax credit of 40% of local expenses.

Table 1: Summary of tax incentives for the film industry in various countries¹⁰

Some European states – for example, Latvia, Lithuania and Spain – do not provide film tax incentives, but support the screen industry in different ways, including direct state funding for production. For European Union member states, any tax relief or other funding schemes which may be defined as ‘state aid’ must conform to EU competition law. A communication setting out how the funding which member states provide for the audiovisual industry may be made compatible with EU competition law was set out in 2001, and has since been revised¹¹.

¹⁰ Information taken from various sources, including: Compendium: Cultural policies and trends in Europe: www.culturalpolicies.net; Piva, JMM, Padilla Pérez, R, Schatan Pérez, C & Montoya, VV. 2011. ‘The Mexican film industry and its participation in the global value chain’, *Estudios y Perspectivas* 122: p31; Hrvatski audiovizuani centar. 2012. ‘Filming in Croatia FAQ’: <http://nia1.me/nm> Accessed 10.1.12; Irish Film Board. ‘Section 481: A rough guide to the Irish tax incentive’, *A Rough Guide to Filming in Ireland*; Italian Film Commission. ‘The Italian Tax Credit’: http://www.filminginitaly.com/tax_00.aspx; Isle of Man Film. ‘Media Development Funding’: <http://www.gov.im/ded/iomfilm/mediadevfund.xml>; News CARICOM Network. 30.9.11. Trinidad: TT offers 35% tax-rebate for film-makers: <http://nia1.me/np>. (Unless otherwise stated, all Internet sources were accessed on 10.1.12.)

¹¹ European Commission. ‘Audiovisual and media policies’: http://ec.europa.eu/avpolicy/reg/cinema/index_en.htm Accessed 11.1.12; also European Commission. ‘Competition’: <http://nia1.me/nr> Accessed 11.1.12.



Northern Ireland
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NIAR 305-12

Dr Dan Hull

Potential options for a creative industries committee visit¹

¹ The options presented here are not comprehensive and this paper should not be regarded as a complete list.

1 Sector organisations

1.1 Overview

In general, support for the creative industries across the UK and Ireland is provided by national arts councils or similar institutions. These include Arts Council England, Arts Council Wales, the Arts Council of Northern Ireland, and Arts Council of Ireland/An Chomhairle Ealaíon.

One particular example is given here – Creative Scotland – on the grounds that it has recently been the subject of a merger of the national arts and screen organisations and so has a unique role within the UK or Ireland. Scotland has also been the most recent creator of a creative industries strategy, and the only one across these islands to have created such a strategy following the onset of the economic downturn.

1.2 Creative Scotland

Creative Scotland was created through the Public Services Reform (Scotland) Act 2010, and is an amalgamation of the Scottish Arts Council and Scottish Screen. It was launched on 1 July 2010. Its remit is to be the national leader for Scotland's arts, screen and creative industries. The legislation sets out the role of Creative Scotland as follows:

- a) identifying, supporting and developing quality and excellence in the arts and culture from those engaged in artistic and other creative endeavours,
- b) promoting understanding, appreciation and enjoyment of the arts and culture,
- c) encouraging as many people as possible to access and participate in the arts and culture,
- d) realising, as far as reasonably practicable to do so, the value and benefits (in particular, the national and international value and benefits) of the arts and culture,
- e) encouraging and supporting artistic and other creative endeavours which contribute to an understanding of Scotland's national culture in its broad sense as a way of life,
- f) promoting and supporting industries and other commercial activity the primary focus of which is the application of creative skills.

Further information is provided in the organisation's Corporate Plan 2011–2014². This highlights parallel and subsequent developments regarding the creative industries sector. A Creative Industries Framework Agreement was published in 2009 setting out the relative responsibilities of Creative Scotland, Scottish Enterprise, Highlands and Islands Enterprise and Scottish Local Government. This was then followed by a Creative Industries Partnership Report, and the establishment of a Scottish Creative Industries Partnership. The Scottish Government created a strategy for the creative industries in March 2011, placing a strong emphasis on monitoring, reporting and over-sight through a Scottish Creative Industries Partnership. Creative Scotland is a member of this partnership.

1.3 Cultural Enterprise Office

The Cultural Enterprise Office provides a specialist business support and development service for creative businesses and practitioners in Scotland³. It is supported by Creative

2 Creative Scotland. Corporate Plan 2011–2014: <http://www.creativescotland.com/about/our-plans#Plan>

3 Cultural Enterprise Office: <http://www.culturalenterpriseoffice.co.uk>

Scotland, Aberdeen City Council, Dundee City Council, The City of Edinburgh Council and Glasgow City Council. Its services are delivered in partnership with the Business Gateway network.

The Cultural Enterprise Office is specifically geared towards supporting micro-businesses (defined as enterprises which employ fewer than 10 people and whose annual turnover or annual balance sheet total does not exceed 2 million euro). It also runs an enquiry line service, provides a programme of workshops and events, and will conduct one-to-one consultations with new and emerging creative businesses. The Cultural Enterprise Office operates a 'Starter for 6' programme with funding from Creative Scotland⁴, which offers up to £10,000 funding for creative businesses. The Cultural Enterprise Office is based in Glasgow, with regional advisers based in four regions across Scotland, in Aberdeen and Grampian, Dundee and Tayside, Edinburgh and East Central, and Glasgow and West Central.

4 The Start for 6 programme was initiated by the National Endowment for Science, Technology and the Arts, but has now been committed to by the Scottish Government to run, through Creative Scotland from 2009 to 2012: <http://nia1.me/us>

2 Creative industries hubs

2.1 Overview

The Arts and Humanities Research Council (AHRC), the government funding agency with a UK-wide remit, has recently providing £16m of funding to four ‘Knowledge Exchange Hubs for the Creative Economy’. These hubs link together academic and industrial centres across the region in an effort to ‘drive forward creative and digital innovation and bring benefits to education, society and business’. The four hubs which currently exist are as follows:

- **University of Lancaster Hub:** This Lancaster-led hub, called ‘The Creative Exchange’, is in partnership with Newcastle University and the Royal College of Art, and includes collaboration with the BBC, Microsoft, TATE Liverpool, SAGE Gateshead, Opera North and others, as well as over 30 small and medium-sized companies working in the sector.
- **University of Dundee Hub:** Dundee is leading a consortium, ‘Design in Action’, that includes all of the Scottish art colleges (Edinburgh College of Art, Glasgow School of Art and Gray’s School of Art), the University of Abertay Dundee, and the University of St Andrews. In addition, the project is supported by creative businesses, including SMEs, arts and culture organisations and other agencies.
- **Queen Mary, University of London Hub:** The consortium ‘Creativeworks London’ is being led by QMUL and the other higher education institutions involved in the Hub are Birkbeck College, Central School of Speech and Drama, City University, the Courtauld Institute, Goldsmiths College, Kingston University, Guildhall School of Music and Drama, King’s College London and others. Other partners include the British Library, the British Museum, the National Archives, the Victoria and Albert Museum and the BBC.
- **University of the West of England Hub:** UWE is leading a consortium that includes the Universities of Bristol, Exeter, Bath and Cardiff and the Watershed Arts Trust. The hub also involves a number of creative businesses.

There is no such hub in Northern Ireland, and none of the existing hubs involve Northern Ireland-based partners.

2.2 University of Dundee

Dundee has developed a strong reputation for innovation in the creative industries, particularly in terms of video games design.

One of the aforementioned ‘Knowledge Exchange Hubs for the Creative Economy’ funded by AHRC is led by the University of Dundee Duncan of Jordanstone College of Art and Design. ‘Design in Action’ also includes all of the Scottish art colleges (Edinburgh College of Art, Glasgow School of Art and Gray’s School of Art), the University of Abertay Dundee, and the University of St Andrews. This hub has received a grant of just under £5m as part of the overall £16m of AHRC funding. In addition, the project is supported by creative businesses, including SMEs, arts and culture organisations and other agencies. The lead contact is Professor Georgina Follett OBE, Deputy Principal of the University of Dundee, who has commented of the creation of the hub:

This is a project that will have a major impact on the creative industries and academia across Scotland. It will push design into areas it has not traditionally been associated with, such as sport, wellbeing, rural economics, and food and diet⁵.

5 BBC News website. 16.8.11. ‘Creative industry role for Dundee University’: <http://www.bbc.co.uk/news/uk-scotland-tayside-central-14533212>

As part of this hub, ten postgraduate places are being offered across five institutions, aimed at forming ‘a peer group with the collective task of understanding design at a strategic level’.⁶

One of the hub’s partners, the University of Abertay Dundee, run courses in video game design and production management, and computer games technology. Abertay has ‘an international reputation for excellence in computer games education and is recognised by the computer games industry through the SkillSet accreditation awards’⁷.

Dundee also hosts an annual video games festival, and the Video Games BAFTA competition is run by Abertay University.⁸

2.3 Research hubs elsewhere

No such hubs are present in the Republic of Ireland – in part perhaps because the creative industries have not had the same degree of policy and funding focus – though the Dublin Institute of Art, Design and Technology performs a hub-like role. The institute has a ‘Media Cube’, established in 2007, which is intended to provide ‘an environment for the growth and development of new businesses in Digital Media and creative industries’⁹.

The Media Cube has some similarities with ‘Digital Derry’: this is a project and venue involving private, public and academic organisations to ‘support, promote and grow’ the digital content sector in Derry/Londonderry and the North-West. Digital Derry has support from Londonderry Chamber of Commerce, Derry City Council, ILEX and others. Its stated aim is ‘to create the best place on the island to start and build a digital business’¹⁰, with a target of 100 new digital businesses by 2015¹¹.

6 University of Dundee press release. 22.3.12. ‘Exceptional PhD students sought for pioneering knowledge exchange project’: <http://nia1.me/uq>

7 University of Abertay Dundee. ‘Game design and production management’: <http://www.abertay.ac.uk/studying/find/ug/gdpm>

8 STV News. 12.8.11. ‘Scotland’s biggest computer games festival opens in Dundee’: <http://nia1.me/ut>

9 IADT Media Cube: <http://www.mediacube.ie>

10 Digital Derry: <http://digitalderry.org>

11 UTV News website. 20.10.11. ‘Digital Derry plan for 100 start-ups’: <http://nia1.me/ur>



Northern Ireland
Assembly

Research and Information Service
Research Paper

1 June 2012

Dr Dan Hull

The DCAL Creative Industries Framework and the Scottish Creative Industries Strategy

NIAR 370-12

This paper presents a comparison between the draft DCAL Creative Industries Framework and the Scottish Creative Industries Strategy.

Key Points

- Creative Scotland was established in 2010, bringing together the former Scottish Screen and the Scottish Arts Council. In March 2011, the Scottish Government published its strategy for the creative industries.
- In December 2011, a draft *Collaborative Framework to Support the Creative Industries* was created by the Department of Culture, Arts and Leisure, which takes the lead on the creative industries for Northern Ireland.
- Scotland's creative industries account for a higher proportion of registered businesses than in Northern Ireland, and creative employees produce £41,600 per head, compared with £23,774 per employee in Northern Ireland.
- The Northern Ireland document makes clear that it is not a strategy, and that an overarching collaborative framework has been preferred. Caution should therefore be exercised when drawing comparisons.
- Nevertheless, this research paper has attempted to draw broad comparisons between the approaches taken in the two documents, focusing on six areas: the nature of policy interventions, interaction with Europe, use of external networks, the degree of business support and skills development, the nature of internal networks, strategic planning, and next steps.
- Differences of approach evidenced by the two documents suggest a number of points:
 - It could be argued that the policy infrastructure for the creative industries in Scotland is already more developed, allowing for more specific and detailed references in their strategy.
 - Interaction with wider networks, such as with European and UK institutions, is more specifically defined, and arguably more ambitious. There is comparatively little reference made in the Northern Ireland document of themes such as north-south and east-west collaboration.
 - The nature of business support in Scotland is more specifically geared towards the creative industries, rather than relying on generic models and bodies for advice and financing. Greater use is made of the sector skills councils for enhancing skills and launching apprenticeships.
 - Internal collaboration within Scotland is defined very specifically, with a collaborative agreement signed by each of the relevant bodies in 2009.
 - References are made in the Scottish document to sector-specific reports being commissioned. Similar research is described in the Northern Ireland framework, though with less detail about the range or intentions of such analysis.
 - The next steps are defined in greater detail in the Scottish strategy, and contain a greater number of commitments.
 - Neither document presents a detailed budget or timeline.

Executive Summary

Creative Scotland was established in 2010, bringing together the former Scottish Screen and the Scottish Arts Council. In March 2011, *Growth, Talent, Ambition: The Government's strategy for the creative industries* was published.

In December 2011, a draft *Collaborative Framework to Support the Creative Industries* was created.

Scotland's creative industries accounted for 63,000 employee jobs in Scotland in 2008. In 2010, there were 9,010 registered businesses in Scotland, or around 6% of all businesses. In 2007, GVA for the creative industries in Scotland was £2.4 billion in that year. This equates to £41,600 per employee.

In Northern Ireland, there were 31,000 people in creative employment in 2009. There were 2,200 business units in Northern Ireland in 2010, or 3.2% of the total. In 2008, GVA for the creative industries was £737 million. This equates to £23,774 per employee.

The Northern Ireland document makes clear that it is not a strategy, and that an overarching collaborative framework has been preferred, with more specific strategies to be worked up for each sub-sector.

There are some areas of similarity between the two documents. Both the NI framework and the Scottish strategy draw attention to the fact that the creative industries have been shown to be an effective stimulant to the economy as a whole, and both identify the fragmented nature of the creative industries sector to be a barrier to development.

This paper focuses on six areas of comparison between the two documents:

Policy interventions: it could be argued that Scotland has a more developed policy infrastructure for a creative industries strategy to draw on. Their strategy contains a number of examples of such policies.

Interaction with Europe: the Scottish strategy identifies specific strands of European funding and projects which will be exploited. In the Northern Ireland document, developments at European level are referred to in broad terms only.

External networks: the Scottish strategy specifies a number of areas where the Scottish Government will seek to influence the UK Government. There are also a number of other UK-wide strategic links specified, such as the Technology Strategy Board and the National Endowment for Science, Technology and the Arts. The issue of enabling the international development of Scotland's creative industries are also addressed.

Business support and skills development: The Scottish strategy acknowledges the business and financial challenges, and goes on to present in greater detail models of financial support (such as incentive and development finance) than are evident in the Northern Ireland framework. The implication may be that business support will continue to be provided via generic mechanisms in Northern Ireland, rather than in a bespoke fashion designed specifically for the needs of the creative industries. Specific mention of the sector skills councils and the Sector Skills Agreements are made in the Scottish document, but not the Northern Ireland framework.

Internal networks: Fundamental to the approach taken by both documents is the definition of a collaborative structure, so that policy interventions and collaboration can be achieved. In doing this, both approaches build on existing structures and previous policy work. In Scotland, the responsibilities of different public sector agencies are set out in the Creative Industries Framework Agreement published in 2009, and the Scottish Creative Industries Partnership Report published in the same year. In Northern Ireland, previously a Creative Industries

Working Group existed and it is proposed that this be replaced by a new structure consisting of two groups: a Creative Industries Advisory Group and a Creative Industries Government Collaboration Group. This approach does not specify precisely what role is to be played in the collaborative network by bodies such as the Arts Council of Northern Ireland or Northern Ireland Screen.

Strategic planning: A clear process is defined in the Scottish strategy whereby reports are requested from each industry reference group, recommendations are made, and then SCIP 'will develop detailed actions to address the recommendations'. The Scottish strategy sets out goals, priority objectives for the sector, specific barriers to be overcome and recommendations in each area. In the Northern Ireland framework, a process is also set out for intelligence to be gathered, through the Subsector Action Teams. These teams will provide industry insight and analysis by gathering intelligence about the workings and challenges of each industry. However, it is not clear whether research agenda or funding have been identified for such exercises, and whether a consistent assessment template is to be applied across all sub-sectors.

Next steps: Both documents contain final sections which set out the next steps in achieving the objectives set out by the strategy/framework. While the Scottish strategy sets out a process by which each of the sub-sector reference groups is expected to return reports to the SCIP Coordination Group and specific commitments are set out in the Scottish Creative Industries Partnership Agreement, the final section of the Northern Ireland framework sets out in briefer terms four initiatives: Creativity Month, consideration of a Creativity Council, and working with the Culture Company 2013 to both enhance Derry-Londonderry 2013 and set up 'a digital platform to promote creativity'.

Contents

Key Points

Executive Summary

Contents

- 1 Creative Scotland
- 2 The Scottish Government's Strategy for the Creative Industries
- 3 DCAL's Creative Industries Framework
- 4 Comparisons**
 - 4.1 Policy interventions
 - 4.2 Interaction with Europe
 - 4.3 External networks
 - 4.4 Business support and skills development
 - 4.5 Internal networks
 - 4.6 Strategic planning
 - 4.7 Next steps

1 Creative Scotland

Creative Scotland was created through the Public Services Reform (Scotland) Act 2010, and is an amalgamation of the Scottish Arts Council and Scottish Screen. It has been stated that this merger saved around £720,000 in 2010/11¹. Creative Scotland was launched on 1 July 2010. Its remit is to be the national leader for Scotland's arts, screen and creative industries. The legislation sets out the role of Creative Scotland as follows:

- (a) identifying, supporting and developing quality and excellence in the arts and culture from those engaged in artistic and other creative endeavours,
- (b) promoting understanding, appreciation and enjoyment of the arts and culture,
- (c) encouraging as many people as possible to access and participate in the arts and culture,
- (d) realising, as far as reasonably practicable to do so, the value and benefits (in particular, the national and international value and benefits) of the arts and culture,
- (e) encouraging and supporting artistic and other creative endeavours which contribute to an understanding of Scotland's national culture in its broad sense as a way of life,
- (f) promoting and supporting industries and other commercial activity the primary focus of which is the application of creative skills.

Further information is provided in the organisation's Corporate Plan 2011–2014². This highlights parallel and subsequent developments regarding the creative industries sector. A Creative Industries Framework Agreement was published in 2009 setting out the relative responsibilities of Creative Scotland, Scottish Enterprise, Highlands and Islands Enterprise and Scottish Local Government. This was then followed by a Creative Industries Partnership Report, and the establishment of a Scottish Creative Industries Partnership. The Scottish Government created a strategy for the creative industries in March 2011, placing a strong emphasis on monitoring, reporting and over-sight through a Scottish Creative Industries Partnership. Creative Scotland acts as the chair of this partnership.

As part of the work flowing from this strategy, a number of sector reviews are being conducted, with the dance sector, music sector, and visual arts and crafts review currently live. Each study is intended to provide an overview of the state of each sector and provide the basis 'for a more strategic approach to investment and commissioning'³.

1 Scottish Government. 2011. *Growth, Talent, Ambition: The Government's strategy for the creative industries*: p8.

2 Creative Scotland. Corporate Plan 2011–2014: <http://www.creativescotland.com/about/our-plans#Plan>

3 Creative Scotland. 'Sector reviews': <http://www.creativescotland.com/about/sector-reviews> Page consulted on 1.6.12.

2 Scottish Government's *Strategy for the Creative Industries*

The Scottish Government published a strategy for the creative industries in March 2011⁴. This followed reviews of both the sector and its challenges⁵, and of key statistics and literature⁶, in 2009. This new strategy is intended to outline:

...what the Government is already doing to create the environment to ensure that the creative industries are able to flourish, and sets out our programme for action⁷.

In doing so, it attempts to address the following issues:

- **Establishing and improving structures** so that the public sector is as supportive as possible of those working in the creative industries. The key, central body is the Scotland's Creative Industries Partnership (SCIP);
- **Ensuring that the right interface and monitoring groups** are in place, including the establishment of industry practitioner reference groups, each reporting back to a SCIP Coordination Group on what the specific challenges of each sub-sector are and proposed solutions to increase growth;
- A **set of recommendations** is set out, with recognition of the specific barriers which must be confronted in order for each to be implemented. The **key challenges** are identified as a lack of joined up approach; a lack of scale across much of the sector with small and micro enterprises predominating; intense competition in international markets; the difficulties of securing finance and investment; the need for constant 're-skilling' and 'up-skilling' of workforces particularly in the light of rapidly changing technology; the need for improved, reliable market intelligence; and the need also for consistent approaches to the measuring of economic value and impact.

The strategy summarises the recent economic performance of Scotland's creative industries. The sector accounted for 63,000 employee jobs in Scotland in 2008⁸, equating to around 15.5% of total employment⁹. In 2010, there were 9,010 registered businesses in Scotland, or around 6% of all businesses. In 2007, GVA for the creative industries in Scotland was £2.4 billion in that year. This equates to £41,600 per employee¹⁰.

This compares with 31,000 people in creative employment in 2009, or 4.1% of total employment¹¹. There were 2,200 business units in Northern Ireland in 2010, or 3.2% of the total. In 2008, GVA for the creative industries was £737 million¹². This equates to £23,774 per employee.

4 Scottish Government. 2011. *Growth, Talent, Ambition: The Government's Strategy for the Creative Industries*.

5 Scottish Government. 2009. *Creative Industries: Key sector report*.

6 Carr, J. 2009. *Creative Industries, Creative Workers and the Creative Economy: A review of selected recent literature*. Scottish Government Social Research.

7 Scottish Government. *Growth, Talent, Ambition*: p5.

8 Scottish Government. *Growth, Talent, Ambition*: p7.

9 Scottish Government. 'Key sector statistics' : <http://www.scotland.gov.uk/topics/statistics/browse/business/keysectors/database>

10 Scottish Government. 2009. *Creative Industries Key Sector Report*: <http://www.scotland.gov.uk/Publications/2009/11/24133819/6>

11 DCAL. 2011. *Creative Industries Economic Estimates for Northern Ireland: Experimental Statistics 2011*.

12 DCAL. *A Collaborative Framework*: p6.

3 DCAL's Creative Industries Framework

A *Collaborative Framework to Support the Creative Industries* was published in draft form in December 2011. Previous documents have included *Unlocking Creativity: a creative region*, a document which outlined a three year action plan for Northern Ireland, including 51 action points to be taken forward by departments and others up to March 2007. This was followed by a *Strategic Action Plan for the Creative Industries*, launched to coincide with the Creative Industries Innovation Fund in 2008. This set out a review of creative industries policy over the preceding decade, before presenting a strategic action plan for the creative industries described as 'interim'. The plan had the following intention:

*The intention in developing the interim SAP was not to provide a prescriptive or rigid framework for creative industries policies in Northern Ireland, but rather to provide a flexible basis for the development and evolution of support actions for the creative industries sector*¹³.

The new, draft *Collaborative Framework* formed in 2011 sets out 'a framework to stimulate and nurture collaboration in support of the creative industries'. The intention is to do this by defining 'structures, roles and principles guiding strategic collaborations and investment across the creative industries'¹⁴. The framework seeks to achieve the following objectives:

- A **definition of the creative industries and brief figures** regarding its recent economic performance, and a brief assessment of his further potential.
- It then goes on to set out **a vision and a set of guiding principles**. The vision of the framework is defined as: 'Establish and sustain a creative industries pipeline from which creative people, creative ideas and creative businesses emerge and flourish'¹⁵.
- **Key barriers** are identified, including a fragmented industry with insufficient scale and engagement with international markets.
- A key focus of the framework document is the '**Triple Helix approach**', defined here as collaboration between industry, government and academia.
- The framework also sets out '**a way forward**' at the end of the document.

The document makes clear that it is not a strategy, and that strategic priorities are instead provided by the NI Executive Economic Strategy. Section one provides an explanation as to why a 'framework' has been preferred¹⁶:

*An over-arching creative industries strategy document, at this time, would not necessarily provide the means to tackle this fragmentation or sufficiently address the needs of specific sub-sectors. The creative industries are known for 'their ability to shape or amplify social and cultural trends.'*¹⁷ *Therefore a responsive and adaptive ability to support individual sub-sectors and the sector as a whole is vital.*

*For example, a creative industries strategy document published as recently as 2010 would not had incorporated the impact of products such as the iPad on consumer trends and the distribution of creative content. This is particularly relevant as 70 of the value and most of the growth potential of the creative industries sector lies in the content and advertising space*¹⁸.

13 Department of Culture, Arts and Leisure. 2008. *Strategic Action Plan: Creative Industries in Northern Ireland*: http://www.dcalni.gov.uk/strategic_action_plan_for_creative_industries.doc :p7

14 Department of Culture, Arts and Leisure. 2011. *A Collaborative Framework to Support the Creative Industries*: p5.

15 DCAL. *A Collaborative Framework*: p10.

16 DCAL. *A Collaborative Framework*: p9.

17 European Commission. 2010. *Unlocking the potential of the cultural and creative industries*.

18 UK Technology Strategy Board – 'Technology Strategy for the Creative Industries' (2009)

Strategies, it is implied, are a matter for the sub-sectoral:

The challenge is therefore to put in place a means to implement effective approaches and sub-sector strategies that grow and develop the creative industries while contributing to regional economic goals and priorities¹⁹.

Instead, a broader, framework approach is presented in order to address 'structural deficiencies in the relationships and interaction' between industry, academia and government.

19 DCAL. *A Collaborative Framework*: pp9–10.

4 Comparisons

In general terms, the documents take a different form and would seem to have markedly different intentions. While the Scottish document is certainly a ‘strategy’, setting out in detailed terms the actions to be taken in the years ahead and closely assigning responsibilities, the Northern Ireland document is an overarching ‘framework’. The draft framework is somewhat shorter, and ‘defines structures, roles and principles guiding strategic collaborations and investment across the creative industries’²⁰.

Nevertheless, there are some areas of similarity between the two documents. For example, both the NI framework and the Scottish strategy draw attention to the fact that the creative industries have been shown to be an effective stimulant to the economy as a whole²¹. Both documents also focus on the need for a strong structure of support and coordination²². Furthermore, both documents identify the fragmented nature of the creative industries sector to be a barrier to development²³.

4.1 Policy interventions

It could perhaps be argued that at the present time Scotland has a more developed policy infrastructure for a creative industries strategy to draw on, and that it follows that the Scottish strategy contains more detailed proposals.

For example, the Scottish strategy describes an ‘innovation voucher scheme’, which is a specific scheme used to support collaboration between SMEs and further and higher education.

Specific discussions are contained within the Scottish strategy about the role of the curriculum, and especially the relationship between culture, creativity and the curriculum. An *Education and the Arts, Culture and Creativity Action Plan* has been formed and is being implemented by Creative Scotland and Learning Teaching Scotland²⁴. A further example of a complementary policy is the launch of *Scotland’s Digital Future: A Strategy for Scotland* was launched²⁵, launched in March 2011.

4.2 Interaction with Europe

In the Scottish strategy, specific strands of European funding, whether current or forthcoming, are described with an intention that ‘Scotland’s public sector will seek to increase European funding applications’²⁶. For example, projects forming part of the European Regional Development Fund, INTERREG IVA Fund, and other opportunities offered by the three relevant EU directorates with responsibility for aspects of the creative industries are detailed²⁷. Scotland is also involved in a European funded project, Creative Growth, which will include groups looking at issues such as access to finance and business networks. Both Creative Scotland and the Scottish Government submitted responses to the consultation on a European Green Paper on Culture and Creativity.

In the Northern Ireland document, developments at European level are referred to on three occasions: with regard to the EU definition of smart specialisation, in relation to the EU Green

20 DCAL. *A Collaborative Framework*: p5.

21 DCAL. *A Collaborative Framework*: p7.

22 For example, Scottish Government. *Growth, Talent, Ambition*: p11; DCAL. *A Collaborative Framework*: p9.

23 DCAL. *A Collaborative Framework*: p8.

24 Scottish Government. *Education and the Arts, Culture and Creativity: An Action Plan*: <http://www.scotland.gov.uk/Resource/Doc/920/0104516.pdf>

25 Scottish Government. *Growth, Talent, Ambition*: p1.

26 Scottish Government. *Growth, Talent, Ambition*: p13.

27 Scottish Government. *Growth, Talent, Ambition*: pp16–17.

Paper on cultural and creative industries²⁸, and a general reference to working with ‘partners across Europe’²⁹.

4.3 External networks

The Scottish strategy specifies areas, such as tax incentives, where the Scottish Government will seek to influence the UK Government. Indeed, there is a dedicated section within the strategy on relations with the UK government regarding the creative industries³⁰.

There are also UK-wide strategic links specified in the form of the Technology Strategy Board’s (TSB) ‘Creative Industries Knowledge Transfer Network’. It is not clear to what extent DCAL is a participant in this network. TSB also has a creative industries strategy for the UK³¹.

Work with the UK-wide body National Endowment for Science, Technology and the Arts (NESTA) is referred to in the Scottish strategy, with specific examples of policy pilots and funding opportunities provided³².

There are references in the Scottish strategy specifically to the issue of supporting businesses in their efforts to build links with international markets. For example, Scottish Development International (SDI) works closely with the GlobalScot network to provide contacts for Scottish creative industries companies³³. Scottish Development International in turn works in partnership with UK Trade International (UKTI). It is not clear the extent to which Northern Ireland creative companies are able, or encouraged, to work with UKTI, though Invest NI supports businesses in building international links³⁴. One of the specific benefits of such a link highlighted by the Scottish strategy is use of the Overseas Market Introduction Service, as well as access to trade missions and trade fairs³⁵.

4.4 Business support and skills development

The Scottish strategy acknowledges the business and financial challenges, and goes on to present in further detail models of financial support (such as incentive and development finance) than in the Northern Ireland framework. For example, there is an acknowledgement of the barriers in assessing finance³⁶, but also specific details of the kinds of investment options which may be made available and which sub-sectors may benefit from such measures in particular³⁷. It is stated that the Scottish Creative Industries Partnership is ‘currently mapping the different types of financial support available across the public sector’³⁸.

There is a clear recognition in the Scottish strategy that creative businesses may not be compatible with standard enterprise agency models. For example, Highlands and Islands Enterprise (HIE) has appointed, in collaboration with Creative Scotland, a development manager specifically to support the creative industries sector. A Business Mentoring Scotland Programme is delivered through a partnership between the Scottish Chambers of Commerce, HIE and Scottish Enterprise with 600 mentors across Scotland. However, it is suggested in the strategy that a new initiative may be required targeting such mentoring specifically at creative entrepreneurs³⁹.

28 DCAL. *A Collaborative Framework*: p7.

29 DCAL. *A Collaborative Framework*: p5.

30 Scottish Government. *Growth, Talent, Ambition*: p12, 17–19.

31 Technology Strategy Board. *Creative Industries Technology Strategy 2009–2012*: <http://nia1.me/x6>

32 Scottish Government. *Growth, Talent, Ambition*. For example, p25.

33 Scottish Government. *Growth, Talent, Ambition*: p18.

34 Invest NI. ‘About us’: <http://www.investni.com/index/about.htm> Page visited on 1.6.12.

35 Scottish Government. *Growth, Talent, Ambition*: p19.

36 Scottish Government. *Growth, Talent, Ambition*: p13.

37 Scottish Government. *Growth, Talent, Ambition*: p16.

38 Scottish Government. *Growth, Talent, Ambition*: p17.

39 Scottish Government. *Growth, Talent, Ambition*: p25.

Some specific policy initiatives are described aimed at product development in the creative industries and business support.

In the Northern Ireland framework, the issue of business support is not addressed in detail. It is stated that ‘involvement of industry sectoral groups and representative bodies will harness established industry networks and maximise practitioner engagement’⁴⁰.

The implication may be that business support will continue to be provided via generic mechanisms in Northern Ireland⁴¹, rather than in a bespoke fashion designed specifically for the creative industries.

Specific mention of the sector skills councils and the Sector Skills Agreements. The sector skills councils are able to deliver sectoral labour market intelligence as well as well as qualitative information on the skills demands of each specific sector. A sector skills action plan has been presented by Skills Development Scotland (SDS) to the Scottish Creative Industries Partnership (SCIP). A number of policy initiatives have been commenced by SDS in response to identified needs. These include examples such as the following⁴²:

- Funding for 50 Creative Apprenticeships;
- Investing in a Drama Training Programme, in collaboration with BBC Scotland;
- Launch of a Flexible Training Opportunities fund , offering up to £500 per employee for companies with fewer than 50 people (this can include freelancers);
- Supporting Moray Firth Media Trust to deliver work-place training for radio producers and broadcasters.

In the Northern Ireland framework, the sector skills councils do not appear to be included. The theme of skills is mentioned, though it is stated that DE and DEL will be taking the lead, with improved links created with further and higher education.

4.5 Internal networks

Fundamental to the approach taken by both documents is the definition of a collaborative structure, so that policy interventions and collaboration can be achieved. In doing this, both approaches build on existing structures and previous policy work. In Scotland, the responsibilities of different public sector agencies are set out in the Creative Industries Framework Agreement published in 2009, and the Scottish Creative Industries Partnership Report published in the same year. The roles of both these key organisations, and some additional bodies, are then illustrated in further detail in the 2011 strategy. This provides examples of the role being played by such bodies as the National Endowment for Science, Technology and the Arts (NESTA), Skills Development Scotland, the Scottish Funding Council, Creative Scotland, and various key children’s and school organisations, particularly regarding their relationship to the Scottish Creative Industries Partnership (SCIP).

In Northern Ireland, previously a Creative Industries Working Group existed as an ‘advisory group convened by DCAL to advise it on the development of policies for the creative industries in Northern Ireland’, consisting of representatives from DCAL, Invest NI, DEL, the three Sector Skills Councils covering most of the creative industries, Northern Ireland Screen, the University of Ulster, Belfast City Council, CraftNI, and the Northern Ireland Music Industry Commission.

40 DCAL. *A Collaborative Framework*: p15.

41 DCAL. *A Collaborative Framework*: p5.

42 Scottish Government. *Growth, Talent, Ambition*: p29.

The new framework for Northern Ireland proposes a structure consisting of two groups: a Creative Industries Advisory Group and a Creative Industries Government Collaboration Group⁴³. These two groups will be structured as follows:

- Creative Industries Ministerial Advisory Group
 - This group will consist of a set of sub-sector action teams, for example craft, digital content, music and design. Pre-existing sectoral representative groups will be used as secretariat bodies for each sector.
- Creative Industries Government Collaboration Group
 - This group will consist of industry representatives and HE/FE representatives, and will be jointly chaired by the DCAL Minister and the DETI Minister.

While the Scottish strategy states the role of key organisations and bodies with case studies illustrating the nature of their contribution to the creative industries, the Northern Ireland document adopts a somewhat broader approach, defining instead a collaborative framework, particularly between industry, government and academia, but with overall fewer bodies specifically referenced.

This approach does not specify in clear terms what role is to be played in the collaborative network by bodies such as the Arts Council of Northern Ireland or Northern Ireland Screen. The structures outlined seek to link academia, government and industry, with a strong role allocated to Executive ministers through the Creative Industries Ministerial Advisory Group, and to departments through the Creative Industries Government Collaboration Group.

By contrast, the Scottish Creative Industries Partnership (SCIP) Co-ordination Group does not have direct government representation on it, though the Scottish Government has a standing invitation to attend meetings of the group.

4.6 Strategic planning

A clear process is defined in the Scottish strategy: reports are requested from each industry reference group, recommendations are made, and then SCIP 'will develop detailed actions to address the recommendations'.

The Scottish strategy sets out goals, priority objectives for the sector, specific barriers to be overcome and recommendations in each area.

Market intelligence is already forthcoming for some sub-sectors and is being acted on⁴⁴.

A recommendation is made that an economic impact study be conducted into the creative industries – thereby providing greater context than the standard GVA, employment and business statistics alone.

In the Northern Ireland framework, a process is also set out for intelligence to be gathered, through the Subsector Action Teams. These teams will provide industry insight and analysis by gathering intelligence about the workings and challenges of each industry. However, it is not clear whether research agenda or funding have been identified for such exercises, and whether a consistent assessment template to be applied across all sub-sectors will be created.

4.7 Next steps

Both documents contain final sections which set out the next steps in achieving the objectives set out by the strategy/framework.

43 DCAL. *A Collaborative Framework*: p19: Support will be provided by Invest NI, DEL and DE.

44 Scottish Government. *Growth, Talent, Ambition*: p14.

The Scottish strategy sets out a process by which each of the sub-sector reference groups expected to return reports to the SCIP Coordination Group soon. Specific commitments by a number of the bodies which are members of SCIP, including Creative Scotland, the Convention of Scottish Local Authorities, and Skills Development Scotland, are set out.

A set of commitments by each of the members of the Scottish Creative Industries Partnership is provided at the end of the strategy. For example, for the Convention of Scottish Local Authorities it is stated that it has responsibility for the Business Gateway. It is stated that the Scottish Funding Council will have joint responsibility for delivering the Creative and Cultural Sector Skills Action Plan, along with Skills Development Scotland.

The final section of the Northern Ireland framework sets out 'a way forward' which consists of a number of existing or potential policy initiatives. These include the following⁴⁵:

- Creativity Month, held annually each March.
- Working with the Culture Company 2013 to 'enable an enhanced profile for both Creativity Month and the build up to Derry-Londonderry City of Culture 2013'.
- Consideration will be given to a Creativity Council, to work closely with the Innovation Council.
- DCAL and the Culture Company will explore 'a digital platform to promote creativity'.



Northern Ireland
Assembly

Research and Information Service
Research Paper

25 June 2012

Dr Dan Hull

An update on the economic performance of the creative industries

NIAR 304-12

This paper provides an update on the available statistics indicating the performance of the creative industries, following a previous Assembly research paper on this issue in September 2011. In particular, some indication is provided of the performance of the creative industries through the economic downturn.

Key Points

- This paper provides an update on statistics indicating the performance of the creative industries, allowing some suggestions to be made of the effects of the economic downturn on the creative industries.
- Previous studies have highlighted the vulnerability of the creative industries to the effects of recession. However, statistics indicate that some sub-sectors within the creative industries have continued to do well throughout the economic downturn.
- Household-facing creative industries have remained strong, whereas business-facing creative industries declined in 2009. For example, the economic contribution of advertising and architecture fell in this year, whereas film, video and photography, music and the performing arts, digital and entertainment media, and designer fashion all increased.
- For Northern Ireland, figures published by DCAL in October 2011 indicate that there were 31,000 people in creative employment in 2009, or 4.1% of total employment. There were 2,200 business units in Northern Ireland in 2010, or 3.2% of the total. In 2008, GVA for the creative industries was £737 million. This is equivalent to 4.2% of Northern Ireland's total GVA, and around £23,774 per creative employee.
- Comparing the number of businesses in Northern Ireland in 2008 and 2010, it is possible to see that many industries have sustained a consistent number of units, with architecture and design appearing to grow markedly. However, film, video and photography, music and the visual and performing arts, as well as TV and radio have all declined slightly in terms of the number of businesses in existence.
- In terms of the relative performance of the creative industries in Northern Ireland compared with the rest of the UK, Northern Ireland has consistently held a 1.5% share of the UK-wide figures for the number of businesses. This is somewhat lower than Northern Ireland's population share which stands at 2.9%.
- Northern Ireland has a disproportionately large number of architecture businesses, of digital and entertainment media businesses, and of art and antiques businesses.
- Comparisons with Ireland are difficult as the Irish government does not categorise or collect data for the creative industries in the same way as the UK. However, a report on the Irish TV and film industry suggests that its economic contribution to the Irish Exchequer fell markedly in 2009, as did the total number of FTE jobs.
- Looking beyond the UK and Ireland, UNCTAD figures suggest that at the worldwide level most forms of creative goods have held their own in terms of import and export activity heading in to the recession. There has been growth in areas such as video games, but 2009 was a tough year for 'creative services' in many countries. Some began to show a marked recovery in 2010 with Brazil, Canada, Germany and the United States growing particularly strongly.

Executive Summary

This paper provides an update on statistics indicating the performance of the creative industries. These figures allow some suggestions to be made of the effects of the economic downturn on the creative industries.

Previously, it was established that the creative industries rose rapidly in UK terms from 1997 to 2007, growing by 5% over that ten year period, compared to 3% for the economy as a whole. An additional 2.3 million creative jobs came into existence between 1997 and 2008, and the creative industries accounted for 5.6% of Gross Value Added in the UK.

In Northern Ireland, there was a 24% growth in creative employment throughout this period compared with an 11% increase in jobs as a whole. Growth was particularly marked here in video, film and photography, as well as software, computer games and electronic publishing, though fashion and design declined.

However, the creative industries in Northern Ireland contributed just 2% to GVA, compared with 5.6% for the UK as a whole. In the Republic of Ireland, there were 95,649 creative jobs in 2006, contributing €5.7bn (or 3.5%) to GVA.

In December 2010, A NESTA/Work Foundation report highlighted the vulnerability of the UK creative industries to the effects of the recession. It was assumed that the creative industries are generally pro-cyclical, meaning that they are prone to growing faster than average in an upturn and swinging more quickly downwards when the economy slows or recedes.

However, subsequent statistics have indicated that some sub-sectors within the creative industries have continued to do well throughout the economic downturn. Household-facing creative industries have remained strong, whereas business-facing creative industries declined in 2009. For example, the economic contribution of advertising and architecture fell, whereas film, video and photography, music and the performing arts, digital and entertainment media, and designer fashion all increased. Indeed, during the downturn, household demand for creative goods has shown greater resilience than other household goods.

For Northern Ireland, figures published by DCAL in October 2011 indicate that there were 31,000 people in creative employment in 2009, or 4.1% of total employment. There were 2,200 business units in Northern Ireland in 2010, or 3.2% of the total. In 2008, GVA for the creative industries was £737 million. This is equivalent to 4.2% of Northern Ireland's total GVA, and around £23,774 per creative employee.

Comparing the number of businesses in Northern Ireland in 2008 and 2010, it can be seen that many industries have sustained a consistent number of businesses, with architecture and design appearing to grow markedly. However, film, video and photography, music and the visual and performing arts, as well as TV and radio have all declined slightly in terms of the number of businesses.

In terms of the relative performance of the creative industries in Northern Ireland compared with the UK, Northern Ireland has consistently held a 1.5% share of the UK-wide figures for the number of businesses. This is somewhat lower than the proportion of the population at 2.9%.

Northern Ireland has a disproportionately large number of architecture businesses, of digital and entertainment media businesses, and of art and antiques businesses. This could imply that Northern Ireland has particular strengths in these areas. Comparison with similar figures from 2009, 2010 and 2011 would imply that the level of creative businesses for most sub-sectors has been sustained reasonably well throughout the downturn.

Comparisons with Ireland are difficult as the Irish government does not categorise or collect data for the creative industries in the same way as the UK. However, in headline terms, such

industries had been performing well prior to the downturn, with €5.7bn (or 3.5% of total) GVA in 2006. This compared with 5.6% of GVA for the UK and 2% of GVA for Northern Ireland.

However, figures collated by the United Nations Conference on Trade and Development (UNCTAD) suggest that although Ireland's creative economy continued to do reasonably well through the economic downturn, 'personal, cultural and recreational services' fell consistently from 2008 to 2010. A 2010 report on the Irish TV and film industry suggests that its economic contribution to the Irish Exchequer fell markedly in 2009, as did the total number of FTE jobs.

Looking beyond the UK and Ireland, UNCTAD figures suggest that at the worldwide level, most forms of creative goods have held their own in terms of import and export activity heading in to the recession, though audio-visual goods (such as films) have suffered some turbulence. There has been growth in areas such as video games, but 2009 was a tough year for 'creative services'. In 2010, the creative industries have begun to show a marked recovery in some countries, with Brazil, Canada, Colombia, Germany and the United States all showing strong levels of growth.

Contents

Key Points

Executive Summary

Contents

1 Wider creative industries update

1.1 Summary of creative industries update

1.2 Worldwide picture

1.3 UK

2 Northern Ireland

3 Scotland

4 Ireland

Annex 1: Creative businesses by sub-sector across the UK

1 Wider creative industries update

1.1 Creative industries summary update

A previous research paper in 2011 summarised the overall economic significance of the creative industries¹. The creative industries rose rapidly in UK terms from 1997 to 2007, growing by 5% over the ten years, compared to 3% for the economy as a whole. An additional 2.3 million creative jobs came into existence between 1997 and 2008, and the creative industries accounted for 5.6% of Gross Value Added in the UK.

In Northern Ireland, there was a 24% growth in creative employment compared with an 11% increase in jobs as a whole. Growth was particularly marked here in video, film and photography, as well as software, computer games and electronic publishing, though fashion and design declined.

However, the creative industries in Northern Ireland contributed just 2% to GVA, compared with 5.6% for the UK as a whole. In the Republic of Ireland, there were 95,649 creative jobs in 2006, contributing €5.7bn (or 3.5%) to GVA.

This paper provides an update on the available statistics indicating the performance of the creative industries since the previous Assembly research paper in September 2011. In particular, some indication is provided of the performance of the creative industries through the economic downturn.

1.2 Worldwide picture

Figures collated by the United Nations Conference on Trade and Development (UNCTAD) suggest that most forms of creative goods have held their own in terms of import and export activity heading in to the recession, though audio-visual goods (such as films) have suffered some turbulence². Growth rates for creative services have continued to grow throughout the period 2006–2010, though not at the same rate as for 2002–2006. Growth has been particularly marked in areas of new media, such as video games. In terms of trade in creative services, the UNCTAD figures show that 2009 was a tough year for many countries, although some began to show a marked recovery in 2010. Countries such as Brazil (where even the audio-visual industry has shown growth), some of the newer EU member states (such as Bulgaria and Hungary), Canada, Colombia, Germany and the United States have all shown strong levels of growth.

The UNCTAD figures suggest that Ireland's creative economy has performed well throughout the economic downturn, especially in areas such as advertising, though 'personal, cultural and recreational services' have fallen consistently from 2008 to 2010. For the UK, the data available is incomplete, but the suggestion is that it has not performed as strongly in some areas, particularly compared with the USA, for example.

A key report on the UK creative industries in 2010 warned of the vulnerability of the UK's strength in the creative industries to both international markets and government complacency³. The growing strength of such industries in, for example, south-east Asia is cited, particularly in the context of generally lower levels of financial turbulence there.

1 Research and Information Service Research Paper. 5.9.11. *The Creative Industries: Background, Definitions and Recent Policy Development*. NIAR 412-11: <http://nia1.me/sj>

2 United Nations Conference on Trade and Development (UNCTAD). 'Creative economy': <http://nia1.me/vc> Figures derive from the period 2002 to 2010.

3 Reid, B, Albert, A & Hopkins, L. 2010. A Creative Block? *The Future of the Creative Industries*. The Work Foundation: p43.

1.3 UK

For the UK creative industries, a report was published in December 2010 by the Work Foundation and the National Endowment for Science, Technology and the Arts (NESTA). The report, entitled *A Creative Block?*, is a follow-up assessment to their earlier *Staying Ahead* report, and provides some important observations of the effects of the economic downturn on the creative industries. In particular, *A Creative Block?* analyses the effects of the recession on the different sectors within the creative industries, pointing out that the creative industries were particularly vulnerable to the effects of recession, partly because it has a large number of small businesses which are less likely to withstand financial shocks. For example, unemployment within the creative industries approximately doubled, from 43,445 in April 2008 to 83,660 in April 2009.

Up until mid-2010, the two sectors hit the hardest in terms of job losses were advertising, which sustained a 15% drop in employment between June 2008 and June 2010, and programming and broadcasting where there was a drop of 23% over the same period. Taking the example of advertising, the *Creative Block?* report states that there had been some recovery as of July 2010, but that business confidence was taking some time to recover. An analysis of the situation by Experian in 2009 forecast that the creative industries would see a 10% drop in employment in the UK from its peak, and that 'it would take until 2020 to recover its 2008 employment level'.

The previous Work Foundation/NESTA paper, *Staying Ahead*, drew attention to the 'pro-cyclicality' of some of the creative industries, meaning that they are prone to growing faster than average in an upturn and swinging more quickly downwards in downturns. The advertising, design, architecture and software industries have previously been particularly susceptible to this⁴. However, a more detailed look at the recent performance of the creative industries indicates that some sub-sectors have in fact continued to do well throughout the economic downturn.

In December 2011, the Department for Culture, Media and Sport (DCMS) published the latest of its creative industries statistical updates. These figures seem to indicate the relative resilience of household-facing creative industries and relative weakness of business-facing creative industries in 2009⁵.

Advertising GVA fell by 16.3% and architecture fell by 9.9% in 2009, where film, video and photography, music and performing arts and digital and entertainment media, and designer fashion all increased. However, this overall impression belies a significant degree of variation at sub-sectoral level. For example, in 2009 there was a large reduction in spending on advertising in the UK by almost 15% in real terms. There has since been a tentative recovery, with a 2.7% increase in advertising expenditure in 2011, though confidence within this sector remains low⁶.

For architecture, a survey by the Royal Institute of British Architects (RIBA) of architectural practices had indicated consistently low levels of confidence from January 2009 onwards, though there are some signs that architectural practices are beginning to feel more confident⁷.

However, there are indications that at the UK-level advertising has begun to recover while architecture continues to struggle. Creative industries' GVA data for 2010 have not yet been

4 The Work Foundation & National Endowment for Science, Technology and the Arts. 2007. *Staying Ahead: The Economic Performance of the UK's Creative Industries*. NESTA: p21.

5 Department for Culture, Media and Sport. December 2011. *Creative Industries Economic Estimates*: <http://nia1.me/y8>; especially table 1.

6 Advertising Association. 2012. *Expenditure Report: Executive Summary* <http://expenditurereport.warc.com/ExecutiveSummary.aspx>; IPA. *UK Advertising Statistics: Overview of UK adspend trends* <http://www.ipa.co.uk/Page/UK-Advertising-Statistics>

7 Royal Institute of British Architects. 2012. *Future Trends Survey: Memorandum*: <http://nia1.me/y9>

published, though DCMS employment data shows that employment was already increasing in advertising, but levelling off in architecture, in 2010.

For software, the latest estimates are that the sector shrank by over 3% in 2009, but returned to positive growth in 2010. The public sector is the biggest buyer of UK software (at around 20% of total market) so continued austerity in this sector is likely to be holding back growth⁸.

In terms of household-facing goods, annual UK cinema admissions increased by 1.4% to 171.6 million in 2011, the third highest total of the decade. The gross value of the box office was £1.040 billion, up by 5%⁹. Films produced in the UK had 17% share of global box office in 2011, up from 14% in 2010.

The video games sector was also resilient in the earlier part of the recession, though has suffered somewhat more recently. The UK spending on games, video and music fell by 3.3% to £4.8 billion in 2011¹⁰.

The music industry has experienced a more difficult period, partly because of structural changes as a result of increasing digitisation. UK music industry revenues fell by 4.8% to £3.8 billion in 2010, with both recorded and live music seeing significant declines¹¹.

Indeed during the downturn, household demand for creative goods have shown greater resilience than other household goods. For example, while household final consumption expenditure fell in real terms by 5.3% between 2008Q1 and 2011Q4, household spending on recreation and culture actually increased by 4.4% between 2008Q1 and 2011Q4¹².

8 Intellect UK. 2012. *State of the UK Technology Sector 2011*: <http://www.intellectuk.org/publications/intellect-annual-reviews>

9 British Film Institute. 2012. *The UK Box Office in 2011*: http://www.bfi.org.uk/filmtvinfo/stats/UK_box_office_2011.pdf

10 Entertainment Retailers Association. 2012. 'Games overtakes video as UK's biggest entertainment category in 2011, but video is fighting back': <http://nia1.me/ya>

11 PRS for Music. 2011. 'Economic Insight: Adding up the UK music industry for 2010': <http://nia1.me/yb>

12 Office for National Statistics. 2012. 'Consumer trends Q4 2011': http://www.ons.gov.uk/ons/dcp171778_261546.pdf

2 Northern Ireland

In 2011, DCAL published the latest set of figures regarding the Gross Value Added (GVA) contribution of the creative industries, the number of creative businesses, and the number of creative employees. These figures are derived from UK-wide figures, and rely on the Standard Industrial Codes (SICs) defined as being applicable to the creative industries by the Department for Culture, Media and Sport.

The 'headline' figures from this publication are that in Northern Ireland there were 31,000 people in creative employment in 2009, or 4.1% of total employment¹³. There were 2,200 business units in Northern Ireland in 2010, or 3.2% of the total. In 2008, GVA for the creative industries was £737 million¹⁴. This is equivalent to 4.2% of Northern Ireland's total GVA, and around £23,774 per creative employee. GVA across each of the creative sub-sectors is as follows:

Sector	GVA at basic prices £million	Proportion of total Northern Ireland
Advertising	85	0.5%
Architecture	149	0.9%
Art and antiques	*	–
Design	20	0.1%
Designer fashion	*	–
Film, video and photography	*	–
Music and visual and performing arts	27	0.2%
Publishing	110	0.6%
Software and electronic publishing	312	1.8%
Digital and entertainment media	*	–
TV and radio	19	0.1%
Total GVA for creative industries	737	4.2%
Total GVA for all industries	17,470	–

Table 1: Gross Value Added (GVA) of the creative industries in Northern Ireland in 2008¹⁵

Similar figures published by the Arts Council of Northern Ireland in 2010 aggregated several sub-sectors together making comparisons with these latest figures difficult. Furthermore, some of the sub-sector categories are now listed differently, with computer games no longer considered along with software and electronic publishing. However, some sub-sectors can be compared, and these provide an impression that at least some of the creative industries were still experiencing growth in 2008.

13 DCAL. 2011. *Creative Industries Economic Estimates for Northern Ireland: Experimental Statistics 2011*.

14 DCAL. *A Collaborative Framework*: p6.

15 This data was published by DCAL in October 2011 and derives from the Northern Ireland Annual Business Inquiry 2008; *=data suppressed to avoid disclosure; the sources states that it is not possible to measure GHVA for the craft sector.

	2006 £m	2007 £m	2008 £m
Architecture	60	80	149
Music and the visual & performing arts	37	20	27
Total	97	100	176

Table 2: A comparison between creative industries sub-sectors in 2006, 2007 and 2008¹⁶

In terms of the number of businesses operating in the creative industries in Northern Ireland, DCAL has provided figures for 2010 as follows:

Sector	Number of reporting units	As a percentage of creative industry reporting units	As a percentage of all reporting units
Advertising	195	8.9	0.3
Architecture	425	19.3	0.6
Art and antiques	70	3.2	0.1
Design	220	10.0	0.3
Designer fashion	15	0.7	0.0
Film, video and photography	125	5.7	0.2
Music and visual and performing arts	195	8.9	0.3
Publishing	140	6.4	0.2
Software and electronic publishing	740	33.6	1.1
Digital and entertainment media	0	0.0	0.0
TV and radio	70	3.2	0.1
Total GVA for creative industries	2,200	100.0	3.2
Total GVA for all industries	69,670		

Table 3: Number of businesses in the creative industries, 2010¹⁷

Comparing these figures with 2008, it can be seen that many industries have sustained a consistent number of businesses, with architecture and design appearing to grow markedly. However, film, video and photography, music and the visual and performing arts, as well as TV and radio have all declined slightly in terms of the number of businesses.

¹⁶ These figures are drawn from *Digest of Arts Statistics Northern Ireland 2010* (for 2006 and 2007), and *DCAL Creative Industries Economic Estimates 2011* (for 2008).

¹⁷ This data was published by DCAL in October 2011 and derives from the Inter-Departmental Business Register, March 2010. Figures have been rounded to the nearest five and so may not add to totals. A 'reporting unit' is the head office location that reports for all the individual sites in a business: a business that has more than one site may only be included once in the table.

Sector	Number of reporting units	
	2008	2010
Advertising	180	195
Architecture	160	425
Art and antiques	50	70
Design	20	220
Designer fashion	(two categories combined)	15
Film, video and photography	150	125
Music and visual and performing arts	210	195
Publishing	140	140
Software and electronic publishing	720	740
Digital and entertainment media	–	0
TV and radio	80	70
Totals	1710	2195

Table 4: Number of creative enterprises in Northern Ireland in 2008 and 2010¹⁸

In terms of the number of employee jobs in the creative industries, the latest DCAL publication describes the following:

	Number
Employees in the creative industries	16,000
Employees doing creative jobs outside creative industries	8,000
Self-Employed in creative industries	5,000
Self-employed doing creative jobs outside creative industries	3,000
Total creative employment	31,000
Creative employment as a percentage of all employment	4.1%

Table 5: Number of people in creative employment in Northern Ireland, 2009¹⁹

The 2009 figure of 31,000 for total creative employment compares with 32,900 for 2007, and 30,700 for 2005. However, since overall employment in Northern Ireland also fell between 2007 and 2009, the proportion of creative employment of total employment remained similar: creative employment accounted for about 4.2% in 2007, and 4.1% in 2009.

18 The figures for 2008 were published in the Arts Council of Northern Ireland's *Digest of Arts Statistics Northern Ireland 2010*, and the figures for 2010 were published by DCAL in *Creative Industries Economic Estimates 2011*; the figures describe business reporting units and not necessarily all local branches of a business.

19 This data was published by DCAL in October 2011. The figures are estimates made by DCAL produced using Census of Employment and Labour Force Survey.

There are various measures which could be used to compare the performance of the creative industries in the UK as a whole with Northern Ireland specifically. One up-to-date measure which could be used is an analysis of local business units by region. Such a comparison for 2011, using DCMS figures, is as follows:

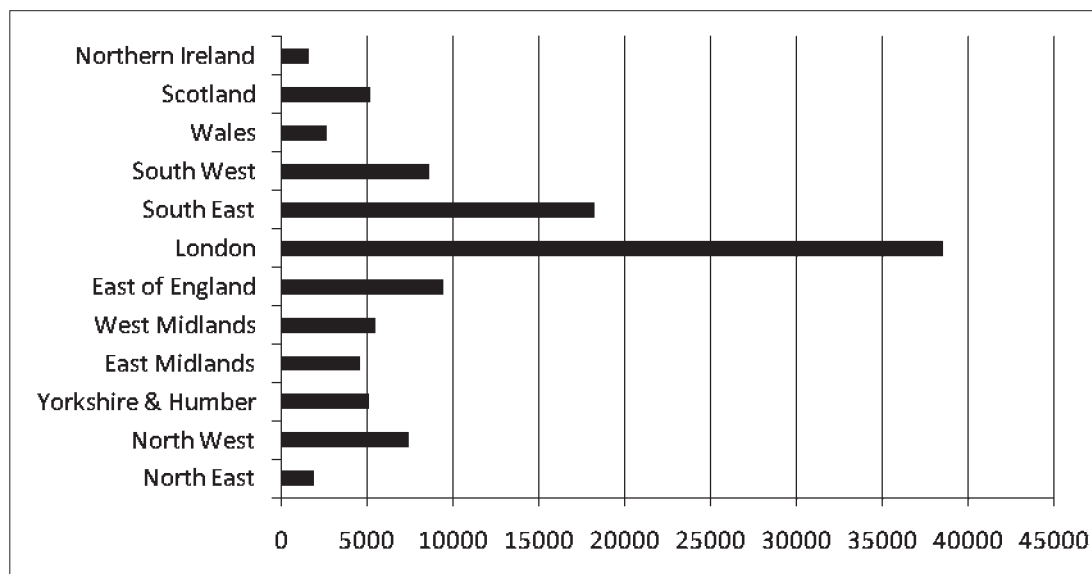


Figure 1: Number of creative local business units by region of the UK

A more detailed examination of the number of local businesses per creative sub-sector is presented in Annex 1. This shows that in 2011, Northern Ireland held 1.5% of registered businesses in the creative industries – somewhat lower than its population proportion of 2.9%. It can be deduced from these figures that for some sub-sectors, Northern Ireland holds a disproportionately high number of businesses, and for others a lower number of businesses:

Sub-sector	Proportion of total UK local business units		
	% 2009	% 2010	% 2011
Advertising	1.32	1.32	1.28
Architecture	3.61	3.61	3.55
Art & Antiques	2.29	2.29	2.56
Crafts			–
Design	1.53	1.53	1.54
Designer Fashion	1.05	1.05	2.02
Film, Video & Photography	1.3	1.3	1.37
Music & Visual & Performing Arts	0.67	0.67	0.65
Publishing	2.07	2.07	1.80
Software/Electronic Publishing	0.51	0.51	0.55
Digital & Entertainment Media	3.03	3.03	2.44
TV & Radio	1.25	1.25	1.33
NI's proportion of all creative local units	1.50%	1.50%	1.50

Table 6: Northern Ireland's creative sub-sectors as a proportion of UK creative businesses, 2011²⁰

For example, Northern Ireland has a particularly high number of architecture businesses, of digital and entertainment media businesses and of art and antiques businesses. It also has a disproportionately low number of software/electronic publishing businesses, and an especially low number of music and visual and performing arts businesses. For music and the visual and performing arts, the table in Annex 1 highlights the extent to which London dominates businesses in this sub-sector with all regions of the UK lagging behind their average proportion. However, some regions can be described as 'holding their own', with Wales in particular doing much better than Northern Ireland in terms of the number of businesses for these creative sub-sectors.

Although Northern Ireland's overall proportion of creative businesses within the UK has remained approximately unchanged at 1.5%, it can be seen from these figures that some sub-sectors have fluctuated in the years 2009, 2010 and 2011.

The above table also highlights some recent changes through the economic downturn. For example, in Northern Ireland advertising and architecture have sustained their number of businesses surprisingly well, designer fashion has performed well, art and antiques have risen in number, TV and radio have risen, and film, video and photography have risen slightly. These rises in proportionate terms have been at the expense of digital and entertainment media, for which the number of businesses has fallen, and publishing which has also fallen slightly.

20 It should be noted that these figures are 'local units' (ie including branches of a business in addition to head office); the figures will be slightly different to the

3 Scotland

The Scottish creative industries strategy summarises the recent economic performance of Scotland's creative industries sector. The sector accounted for 63,000 employee jobs in Scotland in 2008²¹, equating to around 15.5% of total employment²². In 2010, there were 9,010 registered businesses in Scotland, or around 6% of all businesses. In 2007, GVA for the creative industries in Scotland was £2.4 billion in that year. This equates to £41,600 per employee²³.

Scotland's creative industries account for a higher proportion of registered businesses than in Northern Ireland, and creative employees produce £41,600 per head, compared with £23,774 per employee in Northern Ireland.

The Scottish creative industries strategy stated the case for a Scotland-specific economic assessment of the creative industries. Creative Scotland indicated recently that it has conducted such an analysis and intends to publish results of this soon²⁴. This study has highlighted, for example, the nature of the craft sector in Scotland (which the DCMS analyses have consistently been unable to identify). It has also involved a much closer sub-regional assessment of the performance of different industries throughout Scotland highlighting, for example, the performance of the creative industries outside Glasgow, Edinburgh and Dundee in places like the Highlands and Islands, and in the Scottish Borders.

21 Scottish Government. *Growth, Talent, Ambition*: p7.

22 Scottish Government. 'Key sector statistics' : <http://www.scotland.gov.uk/topics/statistics/browse/business/keysectors/database>

23 Scottish Government. 2009. *Creative Industries Key Sector Report*: <http://www.scotland.gov.uk/Publications/2009/11/24133819/6>

24 A brief resumé of the Creative Scotland research was presented to CAL Committee members during a visit to Scotland on 15 June 2012.

4 Ireland

The Irish government does not categorize and collect data for the creative industries in the same way as the UK, so like-for-like comparisons between the jurisdictions are difficult. Indeed, previous descriptions of the creative sector in Ireland have indicated that a slightly wider definition of the creative industries is used, including the wider arts and cultural sectors, and presumably including additional categories such as cultural heritage.²⁵

However, in headline terms creative and cultural industries in Ireland contributed €5.7bn (or 3.5%) to GVA in 2006. This compared with 5.6% of GVA for the UK and 2% to GVA in Northern Ireland.

Previous estimates have placed the total number employed in Ireland's creative industries at 60,855 in 2006, generating a total Gross Value Added (GVA) of nearly €5.5bn in 2006 – approximately 3% of total Irish employment and 3.5% of total Irish GVA²⁶. A wider interpretation of creative employment, including total creative jobs in all industries, produced a total of 95,649 jobs for 2006.

A report on the economic impact of the arts in Ireland produced a number of important indicators, although for the arts sector alone rather than the wider cultural or creative industries²⁷. This report estimated that in 2008 the total GVA of the arts sector to the national economy was approximately €782m, accounting for 0.5% of total national GVA. The largest sub-sector in terms of its contribution to arts is publishing and literature which accounted for €437m in 2006. Film and video contributed €71m in GVA, while libraries, archives, museums and other cultural activities contributed €75m. An attempt was also made to calculate the total economic impact of the arts sector using a multiplier figure. This produces a figure of 26,519 jobs supported by the wider arts sector, with a total GVA of €782m.

Figures collated by UNCTAD suggest that Ireland's creative economy has performed well throughout the economic downturn, especially in areas such as advertising, though 'personal, cultural and recreational services' have fallen consistently from 2008 to 2010²⁸.

These figures are consistent with a 2010 report on the Irish TV and film industry which concluded that the net gain to the Irish Exchequer in 2009 was €11.8m, a reduction to pre-2005 levels²⁹. Although non-Irish funding for TV and film production stood at its highest ever levels in 2009, the level of Irish funding had seriously reduced. Furthermore, the number of FTE jobs in that sector declined from 1735 in 2007, to 1631 in 2008, and 1368 in 2009.

25 Irish Government. 2008. *Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal*: <http://nia1.me/yc>

26 Indecon International Economic Consultants. 2010. *Assessment of Economic Impact of the Arts in Ireland: Submitted to the Arts Council*.

27 Indecon. 2008. *Assessment of the Economic Impact of the Arts in Ireland*: Submitted to the Arts Council by Indecon International Economic Consultants.

28 United Nations Conference on Trade and Development (UNCTAD). 'Creative economy': <http://nia1.me/vc> Figures derive from the period 2002 to 2010.

29 IBEC Audiovisual Federation. 2010. *Film and Television Production in Ireland*: pp63–68.

Annex 1: Creative businesses by sub-sector across the UK

	North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland	UK Total
Advertising	350	1650	940	770	1000	1540	4820	2950	1240	290	620	210	16360
Architecture	290	1020	710	640	800	1110	2920	1900	1070	380	1100	440	12380
Art & Antiques	100	340	280	230	280	320	500	540	410	160	260	90	3510
Crafts													
Design	330	1080	870	880	950	1460	4300	2560	1210	340	700	230	14900
Designer Fashion	20	70	60	60	60	100	280	170	80	20	50	20	990
Film, Video & Photography	140	570	350	290	360	730	5280	1660	730	280	440	150	10970
Music & Visual & Performing Arts	390	1610	1160	1040	1170	2540	13460	5160	2330	710	1120	200	30880
Publishing	140	510	390	400	450	880	2380	1540	830	230	470	150	8350
Software/Electronic Publishing	30	140	110	100	140	210	360	430	150	40	100	10	1830
Digital & Entertainment Media	10	30	10	20	20	40	110	100	30	10	20	10	410
TV & Radio	90	400	220	200	270	520	4120	1250	530	240	310	110	8240
Total	1890	7400	5100	4610	5510	9450	38530	18260	8590	2690	5180	1600	108820
Proportion of all creative local units	1.70%	6.80%	4.70%	4.20%	5.10%	8.70%	35.40%	16.80%	7.90%	2.50%	4.80%	1.50%	100%

Data taken from Department for Culture, Media and Sport. December 2011. Creative Industries Economic Estimates: <http://www.culture.gov.uk/publications/8682.aspx>



Northern Ireland
Assembly

Research and Information Service
Research Paper

2 July 2012

Dr Dan Hull

An overview of Scottish creative industries policies

NIAR 499-12

This paper summarises the range of policies currently pursued by the Scottish Government in support of the creative industries

Key Points

The following is a list of some of the policies pursued by the Scottish Government to enhance the creative industries:

- In Scotland, there is a single arms-length body with responsibility for the creative industries sector.
- The overall level of investment in culture and the arts has been calculated to be significantly higher.
- Scotland has chosen to commission its own research into the creative industries, alongside that conducted by DCMS.
- In Scotland, business mentoring is available which is specifically tailored to the creative sector.
- The relevant sector skills councils are pursuing significant research programmes, and apprenticeship and training programmes.
- There is evidence of close collaboration between further and higher education institutions on programmes which are relevant to the creative industries.
- There is collaboration and communication between local and central government on cultural matters, particularly in the area of the creative industries.
- In Scotland, there are programmes which enable effective and ongoing collaboration between industry and training further and higher education institutions.
- Policy pilots and active experimentation are being pursued to discover where and how government intervention can be the most effective.
- These pilots have involved work in schools, and have explored ways of using the new Curriculum for Excellence framework to facilitate new ways of employing creative thinking in the classroom.
- Efforts are being made to expose the Scottish creative industries to international markets.

Executive Summary

This paper attempts to summarise the range of policies currently pursued by the Scottish Government in support of the creative industries.

In Scotland, there is a single arms-length body with responsibility for the creative industries sector. The CAL Committee heard during its recent visit to Scotland that this singular focus has enabled a number of cross-cutting projects to be carried out across all of the creative industries. Such projects include research on business development needs, setting up a series of talent incubators, and enhancing Continuing Professional Development support within the sector. The overall level of investment in culture and the arts has previously been calculated to be significantly higher in Scotland than elsewhere.

Scotland has chosen to commission its own research, alongside that conducted by DCMS. This work will produce a much closer sub-regional assessment of the performance of different industries in different areas of Scotland than has previously been possible.

Business mentoring is available in Scotland which is specifically tailored to the creative sector. Delivered through the recently formed Cultural Enterprise Office, support involves one-to-one mentoring service and start-up funding via the Starter for Six programme. Specialist advice is offered by a bank of creative industry experts, though the aim is to provide specialist advice before directing businesses in the longer term towards existing forms of generic business support.

The relevant sector skills councils are pursuing significant research programmes, apprenticeships and training programmes. A sector skills action plan has been presented by Skills Development Scotland (SDS) to the Scottish Creative Industries Partnership (SCIP), and a number of policy initiatives have been commenced including funding for 50 creative apprenticeships, and specific sub-sector programmes for industries such as drama and broadcasting.

There is evidence of close collaboration between further and higher education institutions on programmes which are relevant to the creative industries, particularly within the Skillset Media Academy network.

There is collaboration and communication between local and central government on cultural matters, particularly in the area of the creative industries.

In Scotland, there are programmes which enable effective and ongoing collaboration between industry and tertiary level institutions. The sector skills councils are integral to this collaboration in gathering intelligence from industry about the skills needed from new entrants, and liaising with educational institutions, trainers and placement providers. Examples of pilot projects and funds in place to further the links between industry and training/education institutions include the Dare to be Digital video games competition, and an innovation voucher scheme run by the Scottish Funding Council to enable links between universities and SMEs in Scotland.

Policy pilots and active experimentation are being pursued to discover where and how government intervention can be the most effective. Examples of this include schemes such as Starter for Six, idiscover, Gaming Mentoring, and in-depth Scotland-specific research by Creative Scotland.

These pilots involve work within schools also, and have explored ways of using the new Curriculum for Excellence framework to facilitate new ways of employing creative thinking in the classroom.

Efforts are being made to expose the Scottish creative industries to international markets. For example, Scottish Development International has recently been added as a partner to the

Scottish Creative Industries Partnership, and the CAL Committee heard on its recent visit to Dundee that the video games industry is used as a flagship product to attract wider foreign investment into Scotland.

Contents

Key Points

Executive Summary

Contents

- 1 Investment and policy work
 - 1.1 Investment in culture and the arts
 - 1.2 Evidence-based policy experimentation
 - 1.3 Economic appraisal of the creative industries in Scotland
 - 1.4 Creative policy and the classroom
- 2 Skills and training
 - 2.1 Sector skills councils
 - 2.2 Collaboration between further and higher education institutions
- 3 Business development
 - 3.1 Sector-specific business mentoring
 - 3.2 Creative industries and international markets
- 4 Collaboration
 - 4.1 Single arms-length body
 - 4.2 Local and central government collaboration
 - 4.3 Collaboration between industry and tertiary education

1 Investment and policy work

1.1 Investment in culture and the arts

Previous estimations of the overall level of investment in culture and the arts have suggested that Scotland spends more per capita than Northern Ireland.

Table 1: Arts spending per capita, 2008/09¹

	Northern Ireland	England	Scotland	Wales	Ireland
2008/09	£9.231	£7.89	£14.42	£10.42	€18.45

A more up-to-date figure is not available and there have been a number of significant budget reductions in each jurisdiction since 2008/09.

However, an approximate indication of the income of each of the main arts bodies for Scotland and Northern Ireland suggests that Creative Scotland now has a somewhat lower budget than Northern Ireland in proportional terms:

Table 2: Approximate comparison of the income of arms-length creative bodies in Scotland and Northern Ireland²³⁴⁵

Scotland		Northern Ireland	
Creative Scotland budget ²	£50.45m	Arts Council of Northern Ireland ³	£26.2m
		Northern Ireland Screen ⁴	£9.86m
Total cost per capita	£9.60		£14.96 ⁵

1.2 Evidence-based policy experimentation

Policy pilots and active experimentation are being pursued in Scotland to discover where and how government intervention can be the most effective. Examples of such policy work include the following:

- Starter for Six: A funding and mentoring programme for creative businesses, initially piloted in Scotland by the National Endowment for Science, Technology and the Arts (NESTA) in 2007-2009. but now adopted as mainstream Scottish Government policy, and administered by the Cultural Enterprise Office.
- idiscover: a NESTA project involving schools in England and Scotland, designed to encourage 'well-structured enquiry based learning' and group work, involving options such as podcasting, film-making and music production experiences.

1 This figure was described in an Assembly research paper in 2010: <http://nia1.me/yj> A different figure was provided by DCAL, £9.95, though this higher figure includes staffing costs which are not included in the calculations for other jurisdictions.

2 This estimate is for the year 2012/13 and derives from: Investing in Scotland's Creative Future: Corporate Plan 2011-2014: <http://www.creativescotland.com/sites/default/files/editor/Corporate-Plan-Singles-31-3.pdf>

3 This figure is for the year 2012/13 and derives from: Arts Council Budget 2012/13: <http://www.artscouncil-ni.org/departs/all/report/budget/budget.pdf>

4 The latest figure available is for 2011 so is not strictly comparable with the year 2012/13; it derives from: Northern Ireland Screen Commission Directors' Report and Financial Statements for the year ended 31 March 2011 pp21-22: http://www.northernirelandscreen.co.uk/DatabaseDocs/doc_2423437.pdf

5 This figure includes all of the income allocated to NI Screen for the year 2011; if only DCAL funds to NI Screen are included, this per capita figure reduces to £9.85.

- Gaming Mentoring: another NESTA pilot project, this seeks to pair experienced figures in the video games industry with emerging developers⁶.
- Creative Scotland research: the organisation is conducting its own research in order to clarify and bring greater depth to UK-wide figures. This research has involved an economic appraisal of the creative industries in Scotland, including estimates of the performance of each sub-sector in each area of Scotland. Household survey statistics and other public questionnaires are also produced, and further research into the nature of everyday participation in the creative industries, an Outer Hebrides economic impact study, and a study of intangible cultural heritage have also been proposed as aides to policy formation.
- Investing in Place: Creative Scotland has also started this new pilot programme which will 'explore the specific contribution that places make to a Creative Scotland through the arts, film and creative industries'⁷.
- Institute of Capitalising on Creativity: this partnership of researchers, educators and institutions has obtained an Economic and Social Research Council grant of £1.5m to research the creative industries in Scotland. The grant will support PhD studentships, knowledge transfer partnerships, business research and business vouchers⁸.

1.3 Economic appraisal of the creative industries in Scotland

The Scottish creative industries strategy states the case for a Scotland-specific economic assessment of the creative industries, building on a previous study which focused on Glasgow⁹. Indeed, Creative Scotland has now conducted such an assessment, with publication expected soon. There are a number of difficulties with the current form of the statistics produced by the Department for Culture, Media and Sport (DCMS); for example, figures for the craft sector have consistently been omitted, and a recent change to the way in which digital media is classified means that current figures are incomparable with those produced in the past. Furthermore, the Creative Scotland assessment sought to produce a much closer sub-regional assessment of the performance of different industries outside Glasgow, Edinburgh and Dundee in places like the Highlands and Islands, and in the Scottish Borders. Such an analysis allows for more nuanced planning of training, resources and investment for the various creative sub-sectors. The CAL Committee heard on a recent visit to Creative Scotland that this economic assessment will be published soon.

A recent Northern Ireland Assembly research paper highlighted some of the limitations of the current form of statistics for Northern Ireland, and also described some of the key ways in which the creative industries here differ in comparison to the rest of the UK¹⁰.

1.4 Creative policy and the classroom

Pilot projects are being conducted in schools to explore ways in which the new Scottish Curriculum for Excellence can be used to increase creative skills.

During the CAL Committee's visit to Scotland in June 2012, it heard about two projects conducted by NESTA which involved work in Scottish schools. The NextGen project focused on the extent to which the education system across the UK is capable of preparing pupils for a career in the video games and visual effects industries¹¹. Although the subsequent report found that, in general, schools do not understand the career options and needs of the video

6 Scottish Government. 2011. Growth, Talent, Ambition: The Government's strategy for the creative industries: p25.

7 Scottish Government. Growth, Talent, Ambition: p8.

8 Scottish Government. Growth, Talent, Ambition: p23.

9 Myerscough, J. 2011. Glasgow Cultural Statistics Digest. Prepared for Glasgow City Council and Glasgow Life, and co-funded by Creative Scotland: <http://nia1.me/yp>

10 Northern Ireland Assembly Research and Information Service. 25.6.12. An Update on the Economic Performance of the Creative Industries. NIAR 304-12.

11 Livingstone, I & Hope, A. 2011. Next Gen: Transforming the UK into the world's leading talent hub for the video games and visual effects industries. NESTA: <http://www.nesta.org.uk/library/documents/NextGenV32.pdf>

games industry, positive comments were made about some of the use being made of video games technology in Scottish schools as a teaching tool.

Indeed, Learning and Teaching Scotland is currently in the process of evaluating ways in which video games technology can be used to teach a variety of curriculum areas, including physics and maths¹². The NESTA NextGen report recommended that pupils and students showing an aptitude for both STEM subjects and art be made aware of the potential career options available in the video games and visual effects sub-sectors¹³.

The second project conducted by NESTA is 'idiscover', a policy pilot involving schools in the Highlands of Scotland¹⁴. The project is designed to explore the role of pupil choice, and of 'well-structured enquiry based learning and great group work, and the motivational power of real-world (authentic) learning experiences to engage young people in learning'. On the 'idiscover' programme, each young person is given up to £200 worth of credits to spend on learning experiences of their choice; the learning experiences available include options such as rocket and robot making, hands-on science experiences, podcasting, film-making and music production experiences.

Positive comments have been made by industry participants about the degree to which the new Curriculum for Excellence in Scotland allows the flexibility for cross-curricula learning to take place¹⁵. The Curriculum for Excellence framework was launched in August 2010, and is a new curriculum for Scotland based around four areas of learning: helping children to become 'successful learners, confident individuals, responsible citizens and effective contributors'¹⁶. One of the emphases of the new curriculum is that pupils continue to learn a full range of subjects for longer than previously, only beginning to specialise at S4 (or Year 11)¹⁷.

Linked to Curriculum for Excellence, an Education and the Arts, Culture and Creativity Action Plan is being led by Creative Scotland and Learning Teaching Scotland, with the aim of 'developing the role and impact of creativity within and across the curriculum'¹⁸.

2 Skills and training

2.1 Sector skills councils

The relevant sector skills councils covering the creative industries – Creative Skillset, Creative & Cultural Skills, Construction Skills, and 'eskills' – are pursuing significant research programmes, as well as apprenticeship and training programmes. In Scotland, the work of these councils is referred to extensively in the Scottish Government's creative industries strategy¹⁹. A sector skills action plan has been presented by Skills Development Scotland (SDS) to the Scottish Creative Industries Partnership (SCIP). A number of policy initiatives have been commenced by SDS in response to identified needs, including the following examples:

- Funding for 50 Creative Apprenticeships;

12 Livingstone & Hope 2011: p33.

13 The NESTA NextGen report recommended that pupils and students showing an aptitude for both STEM subjects and art be made aware of the potential career options available in the video games and visual effects sub-sectors.

14 NESTA. 'idiscover': http://www.nesta.org.uk/areas_of_work/public_services_lab/idiscover

15 During the CAL Committee's visit to Scotland, a meeting was held on 16.6.12 at Abertay University with NESTA, Scottish Enterprise, the Scottish Government, Proper Games, Dundee Contemporary Arts, and the Abertay University.

16 Scottish Government. 'Curriculum for Excellence': <http://www.scotland.gov.uk/Topics/Education/Schools/curriculum/ACE>

17 BBC Scotland. 'Scotland's Curriculum for Excellence': http://www.bbc.co.uk/scotland/learning/curriculum_for_excellence.shtml

18 Scottish Government. 2010. Education and the Arts, Culture and Creativity Action Plan: p2: <http://www.scotland.gov.uk/Resource/Doc/920/0104516.pdf>

19 Scottish Government. Growth, Talent, Ambition: p29.

- Investing in a Drama Training Programme, in collaboration with BBC Scotland;
- Launch of a Flexible Training Opportunities fund, offering up to £500 per employee for companies with fewer than 50 people (this can include freelancers);
- Supporting Moray Firth Media Trust to deliver work-place training for radio producers and broadcasters.

During its visit to Scotland, the CAL Committee received information from Creative and Cultural Skills that it is seeking to expand the number of apprenticeship providers further. A *Creative and Cultural Sector Action Plan* is being developed with industry agreement²⁰.

The committee also heard that the two sector skills councils liaise regularly with companies in order to ascertain their needs. Research has indicated that further and higher education courses which are accredited by one of the councils, Skillset, are three times more likely to gain employment.

2.2 Collaboration between further and higher education institutions

There are significant links between institutions in the teaching of creative courses at tertiary level.

During its visit to Scotland in June 2012, the CAL Committee was briefed on the nature of collaboration in Scotland between further and higher education institutions on programmes which are relevant to the creative industries²¹. For example, the Committee received information about the Creative Loop, 'a partnership that bridges the gap between Scotland's creative media industry and education'²². The loop currently has partnerships with six further education colleges, and is defined as a 'Skillset Media Academy'. There are currently 23 colleges and universities throughout the UK, all of which are recognised by industry as centres of excellence.

This wider media academy network was created by Creative Skillset in 2007. The CAL Committee heard how it has created a strong understanding of the 'learner journey', with students able to access a variety of linked institutions. The range of colleges involved in the partnership means that learners from a wide variety of different backgrounds can link in where they feel most comfortable, but then transfer elsewhere as appropriate; the Committee heard that this can be a good way to tackle diversity issues. Even with the creation of National Occupational Standards for media and screen vocations, it can be difficult to define a training and career journey in precise terms from the outset due to the fast-changing nature of many of the creative industries.

In addition to the Creative Loop academy, Scotland also has Screen Academy Scotland, Abertay University Dundee, and the University of the West of Scotland Skillset Media Academy. Wider collaboration between these institutions in Scotland would appear to be strong. For example, Screen Academy Scotland takes students for years two and three from Creative Loop colleges, and it was stated that a more 'federal' structure to media and screen courses throughout Scotland may eventually evolve.

The Scottish Funding Council has invested £5.8m in the Skillset network of Media Academies, including 40 postgraduate places for a new masters programme in Computer Games Development at Abertay University, infrastructure upgrades across all institutions to create professional studio facilities, and funding to develop a range of short courses to contribute to Continuing Professional Development²³.

20 Scottish Government. Growth, Talent, Ambition: p26.

21 Meeting at Edinburgh Napier University, 15.6.12: Louis Natansen (Abertay University), Robin MacPherson (Screen Academy Scotland) & Alaisdair Smith (Creative Skillset).

22 Creative Loop: <http://www.creativeloop.org/category/creativeloop>

23 Scottish Government. Growth, Talent, Ambition: p30.

3 Business development

3.1 Sector-specific business mentoring

In Scotland, business mentoring is available which is specifically tailored to the creative sector. This is delivered through the Cultural Enterprise Office, which is part-funded by Creative Scotland and various local authorities throughout Scotland. The Cultural Enterprise Office provides a one-to-one mentoring service, a telephone advice service, workshops and events, as well as start-up funding via the Starter for Six programme. Support is primarily given to micro-businesses (ie those which employ fewer than ten people and whose annual turnover does not exceed €2m). Indeed 44% of businesses supported by the Cultural Enterprise Office are at the 'pre-start' stage. Business advice is taken from the NESTA 'Enterprise Toolkit'²⁴, but also specialist advice is offered by a bank of 30 creative industry experts who are called on as and when they are needed. More straightforward signposting advice is provided by five in-house part-time advisers. In 2011/12, 5723 enquiries were made in all, with 818 referrals for advice, 679 for specialist advice, and 1006 event attendees.

However, the aim of the Cultural Enterprise Office is eventually to direct each business towards existing forms of wider business support, such as the Business Gateway and the Scottish Enterprise programmes. Creative Scotland is currently examining ways of developing businesses whose scale and turnover currently falls slightly short of eligibility for Scottish Enterprise support.

The Starter for Six programme is similar in size to the Creative Industries Innovation Fund (CIIF) in Northern Ireland, in that it offers up to £10,000 of funding to creative businesses. However, Starter for Six differs in that it also provides specialist business support and a peer mentoring service specifically designed for the creative industries. The aforementioned Creative Enterprise Toolkit was created specifically to accompany Starter for Six²⁵. The programme was commenced as a pilot project between the Scottish Government and NESTA in 2007, but since 2010 has been adopted by the government as an ongoing, mainstream policy.

3.2 Creative industries and international markets

Efforts are being made to expose the Scottish creative industries to international markets. Scottish Development International (SDI) has recently been added as a partner to the Scottish Creative Industries Partnership (SCIP). The Scottish creative industries strategy identifies the fact that SDI works closely with the GlobalScot network to provide contacts for Scottish creative industries companies²⁶. SDI also works in partnership with UK Trade International (UKTI). One of the specific benefits of such a link highlighted by the Scottish strategy is use of the Overseas Market Introduction Service, as well as access to trade missions and trade fairs²⁷. It seems that the creative industries are used as a flagship at such fairs with which to advertise foreign investment in Scotland more generally. The video games industry in Dundee, for example, is funded by the Scottish Government to attend the Game Developers Conference in San Francisco where it takes part in a Scotland-wide stand. Attendance at other international events, such as Shanghai Expo and the World Creativity Forum in Oklahoma, are referred to in the Scottish creative industries strategy²⁸.

24 NESTA. 'Creative Enterprise Toolkit': http://www.nesta.org.uk/areas_of_work/creative_economy/creative_enterprise_toolkit_startups

25 NESTA. Starter for 6: http://www.nesta.org.uk/areas_of_work/creative_economy/past_projects_creative_economy/starter_for_six

26 Scottish Government. Growth, Talent, Ambition: p18.

27 Scottish Government. Growth, Talent, Ambition: p19.

28 Scottish Government. Growth, Talent, Ambition: p21.

Furthermore, in terms of interaction with European partners the Scottish strategy identifies specific strands of European funding which are being used or pursued²⁹, including projects forming part of the European Regional Development Fund, INTERREG IVA Fund, and other opportunities offered by the three relevant EU directorates with responsibility for aspects of the creative industries are detailed³⁰. Scotland is also involved in a European funded project, Creative Growth, which will include groups looking at issues such as access to finance and business networks.

4 Collaboration

4.1 Single arms-length body

In Scotland, there is a single arms-length body with responsibility for the creative industries sector. Creative Scotland was created through the Public Services Reform (Scotland) Act 2010, and is an amalgamation of the Scottish Arts Council and Scottish Screen. It has been stated that this merger saved around £720,000 in 2010/11³¹. The body has around 100 staff, with approximately one third fewer employees than the two previously existing organisations. Creative Scotland was launched on 1 July 2010 with a remit to be the national leader for Scotland's arts, screen and creative industries. Its current corporate plan sets out the organisation's vision³²:

That Scotland is recognised as a leading creative nation – one that attracts, develops and retains talent, where the arts and the creative industries are supported and celebrated and their economic contribution fully captured; a nation where the arts and creativity play a central part in the lives, education and well-being of our population.

Since its formation, Creative Scotland has made 1263 awards and £65m grants in one year, although the budget settlement means that there will be a 21% reduction per year down to £34.8m.

Creative Scotland chairs the Scottish Creative Industries Partnership (SCIP) which is currently developing an action plan to address the needs identified by research within each sub-sector. The draft action plan will be taken on a 'roadshow' to test its approach, and a final plan is expected to be published in August 2012. Draft actions include:

- Carrying out a full economic impact study of the creative industries;
- A TV Production Investment Scheme of £1m;
- Research on business development needs;
- Setting up talent incubators (eg one for fashion and textiles);
- A 'design thinking' campaign leading to a possible design policy;
- Setting up a Scottish Album of the Year;
- Greater Continuing Professional Development (CPD) support within the sector;
- Training, for example, with leadership, company and talent categories;
- Creating a music portal;
- A system of paid internships
- Continuing to implement the AHRC hub in Dundee;

29 Scottish Government. Growth, Talent, Ambition: p13.

30 Scottish Government. Growth, Talent, Ambition: pp16–17.

31 Scottish Government. Growth, Talent, Ambition: p8.

32 Scotland's Creative Future: Corporate Plan 2011-2014: p5: <http://www.creativescotland.com/sites/default/files/editor/Corporate-Plan-Singles-31-3.pdf>

- Feasibility study for a film and TV studio in Glasgow.

4.2 Local and central government collaboration

There is collaboration and communication between local and central government on cultural matters, particularly in the area of the creative industries. A Creative Industries Framework Agreement was published in 2009 setting out the relative responsibilities of various key organisations, including the Convention of Scottish Local Authorities (COSLA). Each of the bodies identified in this agreement play a role in the Scottish Creative Industries Partnership (SCIP). The strategy states that local authorities ‘will support the creative industries in their area, and are responsible for the Business Gateway’.³³ The Business Gateway provides a range of support to businesses, including tools, advice, events and access to networks³⁴.

During their visit to Scotland as part of the creative industries inquiry, the CAL Committee was informed by the Cultural Enterprise Office, which offers advice and funding to creative companies, that some of their funding comes from local councils. It was also stated that Dundee City Council has its own cultural strategy, and takes a positive approach to supporting the creative industries sector there. For instance, the council is providing funding towards the Dare to be Digital project³⁵.

The Chief Executive of the Workshop and Artists’ Studio Provision Scotland (WASPS), a charity that provides ‘affordable studio space to enable artists and arts charities to carry out their work’,³⁶ stated that a supportive relationship with local councils has been crucial to their work, particularly in converting disused historic buildings into viable workshops, offices and gallery spaces.

The current Creative Scotland corporate plan describes a number of areas where strategic work between the organisation and Scottish local authorities is designed to take place, including investment, festivals, and the development of ‘place partnerships’. It is noted that the 32 local authorities in Scotland collectively contributed £210m to culture in 2008/09³⁷.

4.3 Collaboration between industry and tertiary education

In Scotland, there are programmes which enable effective and ongoing collaboration between industry and further and higher education institutions. As referred to above, Creative Skillset and Creative & Cultural Skills are integral to this collaboration in that they gather intelligence from industry about the skills needed from new entrants, and liaise with educational institutions, trainers and placement providers.

The CAL Committee heard during its visit to Scotland that the video games industry in Dundee relies on the provision of highly skilled graduates from Abertay University. Interaction between the university and local companies takes a variety of forms, both formal and informal. Some examples of formal participation routes are as follows.

Video games companies can make use of a ‘Prototype Fund’ through Abertay University, provided by the Scottish Executive. This fund aims to ‘foster economic growth, facilitate job creation, and improve skills development in the sector’, and provides funding of up to £25,000 without the need for match-funding. Industry experts are also provided by Abertay to advise on product development³⁸.

33 Scottish Government. Growth, Talent, Ambition: p34.

34 Business Gateway. ‘About us’: <http://www.yourbusinessgateway.co.uk/about> Accessed 26.6.12.

35 Dare to be Digital: <http://daretobedigital.com>

36 Workshop and Artists’ Studio Provision Scotland (WASPS). ‘About us’: <http://www.waspsstudios.org.uk/about-us> Accessed 26.6.12.

37 Scotland’s Creative Future: Corporate Plan 2011-2014: p10 <http://www.creativescotland.com/sites/default/files/editor/Corporate-Plan-Singles-31-3.pdf> The figure is derived from CIPFA Survey 2008/09: arts, heritage, museums, archives.

38 Abertay University Prototype Fund: <http://prototypefund.abertay.ac.uk>

The Dare to be Digital project is an example of a programme which prepares graduates for work in the industry. This is a video games development competition for students at universities and colleges of art. Teams of five students, usually a mixture of artists, programmers and audio, assemble at Abertay University for 9 weeks to develop a prototype video game, receiving mentoring from industry. At the end of the competition, the prototypes are displayed at a talent showcasing event Dare ProtoPlay, where the general public and industry experts play and vote for the games, with awards given to the highest scoring games.

The Scottish Funding Council runs an innovation voucher scheme to support universities and colleges in collaborating with small and medium-sized enterprises in Scotland³⁹.

39 Scottish Government. Growth, Talent, Ambition: p23.



Northern Ireland
Assembly

Appendix 5

Additional Information

Contents

1. CAL Committee Inquiry into Maximising the Potential of the Creative Industries Stakeholder Event – 23 February 2012
2. CAL Committee Inquiry into Maximising the Potential of the Creative Industries Stakeholder Event – 15 March 2012
3. Committee for Culture, Arts and Leisure Report on Visit to Edinburgh and Dundee
4. Correspondence from John Edmund
5. DCAL January Monitoring Briefing - 6 December 2012
6. DCAL Press Release 19 July 2011: Minister encourages industry to get creative as new fund is launched
7. DCAL Press Release 20 October 2011: Creative Industries Statistics Published
8. Defining and Valuing Dublin's Creative Industries, Dublin City Council
9. European Priorities 2011-12, Northern Ireland Executive
10. European Priorities 2012-13, Northern Ireland Executive
11. Executive Summary, HM Treasury Budget 2012
12. Executive Summary, The Entrepreneurial Dimension of the Cultural and Creative Industries
13. Follow up information from the Department of Enterprise, Trade and Investment following oral evidence session
14. Growth, Talent, Ambition – the Government's Strategy for the Creative Industries, The Scottish Government
15. Northern Ireland Executive, Economic Strategy
16. Oh Yeah Music Centre: Music Centres, Creative Hubs and Music Exhibitions June 2012
17. Northern Ireland Executive, Programme for Government 2011-15
18. Rural White Paper Action Plan, DARD
19. Workers' Educational Association – Notes on Stakeholder Events on 23 February 2012 and 15 March 2012

CAL Committee Inquiry into Maximising the Potential of the Creative Industries

Stakeholder Event - 23 February 2012

Summary Report following Stakeholder Event, Long Gallery

1. The first of the two stakeholder events held to further inform the Committee's inquiry into the *Potential of the Creative Industries* was held in Parliament Buildings on 23 February 2012. The event was well attended (29 people attended) and, based on the feedback forms, well received. An analysis of comments is attached to this paper as **Appendix 1**

Background

2. Stakeholders from various sectors were seated at each table to encourage cross sector discussion and output. To enable stakeholders to focus primarily on what was being discussed a note taker was provided at each table (a member of staff from the secretariat).
3. Each table was also asked to nominate one of the representatives as a rapporteur who provided feedback on behalf of the table at the end of the session, when a roving mike was circulated. This was recorded by Hansard to capture all the information shared on the day.
4. Members moved around the tables, as did facilitators, in order to listen and to encourage discussion rather than to participate, and their input was kept to a minimum.
5. To keep the process moving in a focussed way, 20 minutes was set aside for round table discussion of each of the inquiries terms of reference. A five minute warning was given before moving onto the next of the terms of reference (TOR), and a slide of the TOR under discussion was displayed to act as an aide memoire.

Outputs

TOR 1 – Identify the Potential of the creative industries (CI) in Northern Ireland, with particular emphasis on the economic benefits

6. There was consensus from all groups that great untapped potential existed within the CI particularly in terms of export, tourism and attracting investment from outside the region.
7. Several groups highlighted the need for further sub-sectoral analysis and data gathering before a detailed and effective "exploitation" plan could be devised. It was felt that as many sub sectors were not fully understood and neither was the nature of interactions between them these factors needed to be identified before potential of the sector as a whole could be realised.
8. In addition to the recognition of economic potential, there was also recognition (four of the five tables that reported) of the non-economic potential of the CI and a consensus that the value of this could not be underestimated. Examples cited were working with social problems such as addictions and creating vibrant societies that attracted investors and created places that were desirable to live.
9. Other areas where economic potential was recognised were in developing a taste for local product and in greater collaboration between sub-sectors so that "spill over" value from events of opportunities was maximised. It was felt that show casing indigenous talent could facilitate improvements in both these areas.

TOR 2 - Identify the key challenges currently facing the sector

10. One of the key challenges identified was the need to facilitate a more joined up approach within the sector, with two groups specifically stating that the size and breadth of the CI as a whole should be a great strength. However, there was recognition that the fractured nature of the subsectors and lack of collaboration made it a weakness instead.
11. Improving education and retaining talent were challenges mentioned by all groups. Stakeholders highlighted the importance of providing third level education, and particularly application of training to real life situations. The value in vocational training and apprenticeships were highlighted. Some groups also described a challenge around education systems that devalue arts and leisure suggesting this should instead be nurtured in order to encourage creativity in all subjects.
12. Linked in to education was the need for education in terms of business practices, which groups felt was sorely lacking in the sector at present.
13. Funding remains a challenge highlighted in many ways by all the groups. Stakeholders felt that grants and investment should be tailored to recognise the different stages of development of various industries and the varying requirements of all sectors, from the single person to the SME to larger more profitable business models, not just a one size fits all. There was also a feeling that the nature of creativity meant that applying pure business models to assess funding grants was not realistic and that an alternative fund, which invested perhaps smaller amounts with a higher risk tolerance, could be useful.
14. In terms of funding and strategy development, a key challenge was recognising the need to set clear objectives and also recognising how different the needs are, both within the different sectors and on an urban / rural basis.

TOR 3 - Investigate whether particular gaps exist in current policies, strategies and delivery mechanisms, in areas such as: financial and business support; tax credits; education, training and skills development; leverage into international markets; the protection of intellectual property; and legislative developments

15. Groups highlighted a number of points related to this TOR, but a consistent point was the lack of a joined up departmental approach in terms of strategy and funding and a need for more joined up, flexible, less risk averse models. One group highlighted their impression that there is a lack understanding of the skills and nature of the CI amongst policy makers and those dealing with funding applications, which limits the applicability of the policies and strategies themselves.
16. Stakeholders highlighted that funding and support networks are currently geared towards more traditional commercial and economic business models and that a gap therefore exists in strategies recognising and supporting the CI, which needs more speed and flexibility than many traditional business models simply because of the nature of creativity itself. Groups felt that models were designed to measure financial outputs, but the value of other outputs was not considered. (No detail was provided on what these other outputs were).
17. It was suggested that a strategic investment fund and a development body were needed rather than just a funding body.
18. This lack of applicability of existing models for measuring value for funding awards ties in with other groups comments around perceived gaps in training and support available for the development of business skills of CI practitioners (areas noted were tax returns, intellectual property rights, copyright issues, application processes and general business management).
19. One group suggested that the lack of applicable funding models meant that many CI practitioners remained dependant on part-time jobs and the benefits system – so that gaps and risks to benefits system policies could indirectly affect CI.

20. One interesting point was the need for a switch in perception, so that the distribution of money to CI becomes seen as investment NOT subsidy and to gear this to accessing under exploited business opportunities in the market.

TOR 4 - Analyse and compare policies, strategies and delivery mechanisms in Northern Ireland with other UK regions and countries, in terms of their effectiveness in supporting the creative industries

21. A number of interesting and varied points were raised in relation to this TOR.
22. Groups felt that more research on the CI in Northern Ireland was needed. At present a lot of research from other regions was being extrapolated to local CI and that this was not always applicable. If ground roots research was carried out here it would be easier to examine the offerings of other regions and have a more realistic indication of whether they would work in Northern Ireland. It was stressed that these decisions should be evidence based and not just taken on without detailed consideration.
23. There was some disappointment expressed that in the past Northern Ireland had been an industry leader particularly in terms of craft and music strategy, but that now we were having to rely on others and had fallen behind. It was suggested that other regions build on the cultural identity of their area and that, in some respects, Northern Ireland still has to do this, which is perhaps why it is not as far down the road as other regions.
24. One group highlighted the difference between quality of product and being able to access world markets, noting that while the CI could cry out for an infrastructure to market the region internationally, it was equally as important to ascertain whether the region had an offering worth taking to the international market place.
25. The need to streamline and mainstream Departmental strategies and policies was mentioned in terms of this TOR too, being seen as key to successful delivery within the sector. However, in contrast to this general feeling, one group did highlight the separate craft councils set up in ROI, England, Wales and Scotland and suggested these were instrumental in successful delivery in those areas.
26. Differences and gaps in policies around tax credits and tax systems were seen as detrimental to the region since more beneficial policies in other regions left them better situated to take advantage of the market. It was noted for example that in ROI there was no VAT on ticketing for cultural events and for the restoration of buildings and it was felt that things such as this prevented the CI from competing on a level playing field.

TOR 5 - Examine the extent and effectiveness of the collaboration and co-ordination between industry, government departments and academia, in maximising and harnessing the full potential of the creative industries in Northern Ireland

27. It was generally agreed that effective, joined up government support to CI is more of a dream than a reality and more effective collaboration between government departments, and between departments and the sector were needed. The groups had all noted in responses to previous TORs that more collaboration between the CI was needed.
28. Stakeholders suggested that more collaboration between industry and that a support infrastructure was needed to provide effective support to artists with their business management and delivery. Provision of spaces, networks, schemes and gatherings to prevent isolation of the small business was good but needed to be designed after collaboration with the businesses themselves. This was also mentioned by another group who suggested that there needed to be a partnering of cultural organisations with business.
29. Other suggestions were that career routes into the CI need to be more robust and better supported through collaboration with academia, so that students can see how the decisions they make may affect their job opportunities within the sector in later life. Creative processes

are, by their very nature, spontaneous so that strategies and collaborations must take account of this to be effective.

30. One group also highlighted that while the three main players are industry, government and academia, the community and voluntary sectors are important too and their offering should not be neglected when collaborating and formulating strategy.

TOR 6 - Consider the creative industries at sub-sector level in respect of any funding and support available; and assess the validity of prioritising particular industries within the sector for this support

31. Groups suggested that there is a danger when prioritising investment 'in the now' and leaving CI that are not currently high profile at risk e.g. digital media is exciting and "sexy" at the moment, but shouldn't be promoted at the expense of other areas as it will lead to a loss of resilience in the market if focus shifts. This also applies to targeting social need. There is a need to be aware of future legacy issues when considering prioritising sub-sectors.
32. Some suggested that while you need to prioritise some big projects to get big returns, there must also be some mechanism and infrastructure to facilitate all creativity. This is particularly important when bearing in mind that creativity is spontaneous and that the industry can never be certain where the next "big" idea will come from.
33. One comment was that there is a need for an audit of what is happening and who is involved so that a baseline could be established. It was felt that this needed to be in place before there is any feasibility of an effective prioritisation within the CI.

Key cross-cutting messages:

34. After considering the wealth of information provided by the stakeholder event, several themes seemed to cut across the responses to all TOR. For example:
35. There is a recognition that at all levels the various subsectors are interconnected and interdependent.
36. Joined up collaboration across the full spectrum of the CI will enhance the negotiating position of the sector and turn its breadth and depth into a strength not a weakness through effective use of economies of scale, shared resource, spill over business and access to markets.
37. The focus should be on STEAM not STEM, as arts and creativity are an essential part of entrepreneurship in any subject area.

Conclusions from S/H Event 1

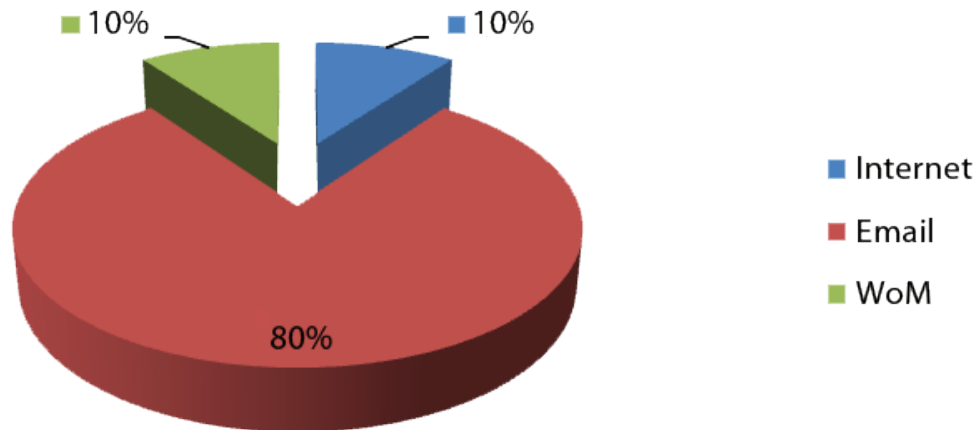
38. The sector itself appears very self aware in terms of the challenges and gaps it faces, but appears to lack a cross sectoral vision of how best to provide industry wide solutions.
39. There appears to be an awareness of and support for a cross sector forum which could act as an interface between individuals and business in all subsectors and funding sources and departmental groups. Perhaps such a forum could be manned on the "other side" by a representative panel from all the departments and funding institutions so that a robust, relevant and wide reaching exchange of ideas and feedback of information for policy making and exploitation of funding streams could be effectively achieved.

Creative Industries Inquiry

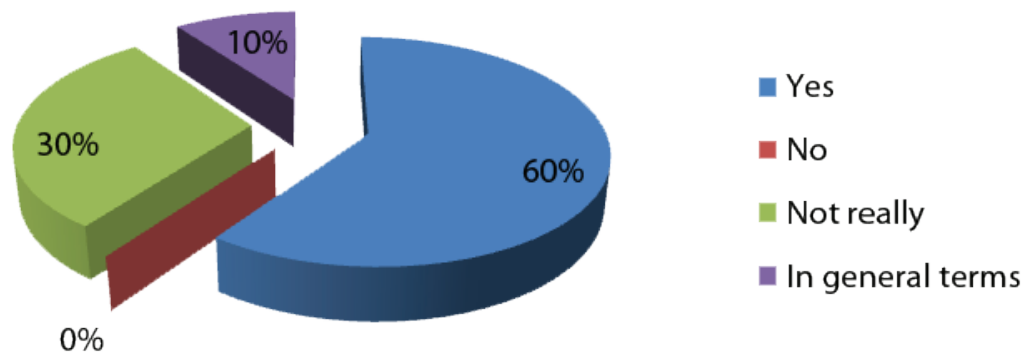
Analysis of Feedback from Stakeholder Event 1 – Parliament Buildings

Note: There was a 35% response rate for feedback forms

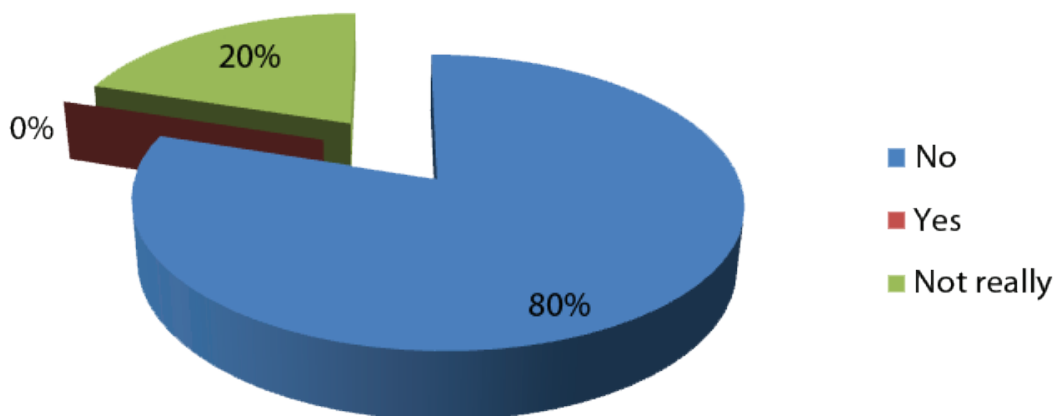
1. How were you made aware of the event?



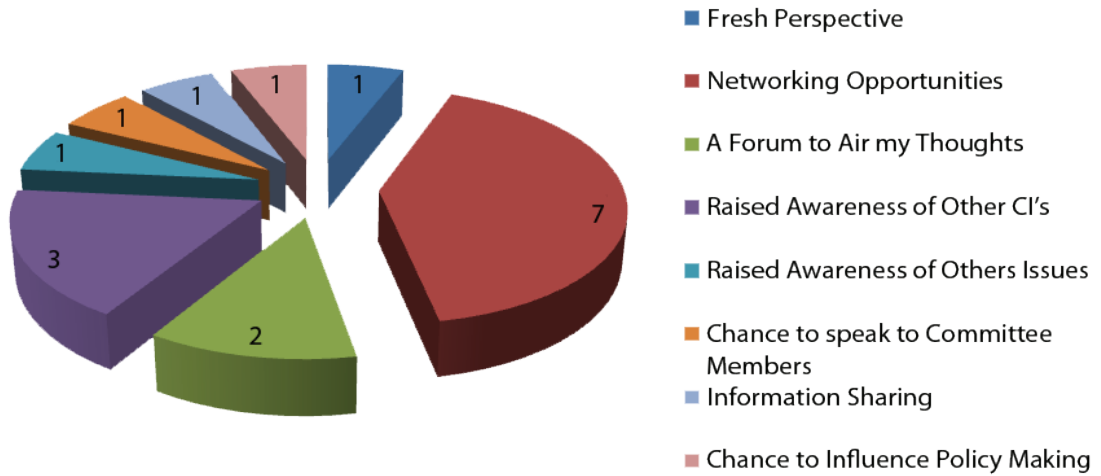
2. Was it clear what to expect from the invitation?



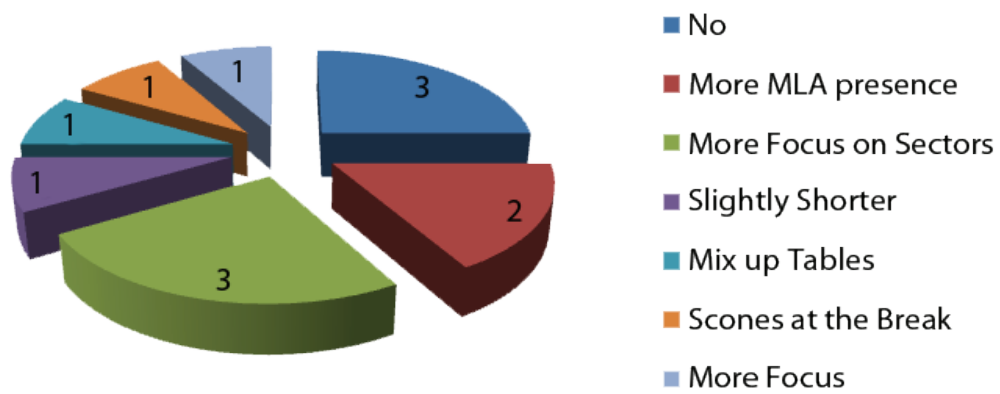
3. Did you have any preconceived ideas about outcomes?



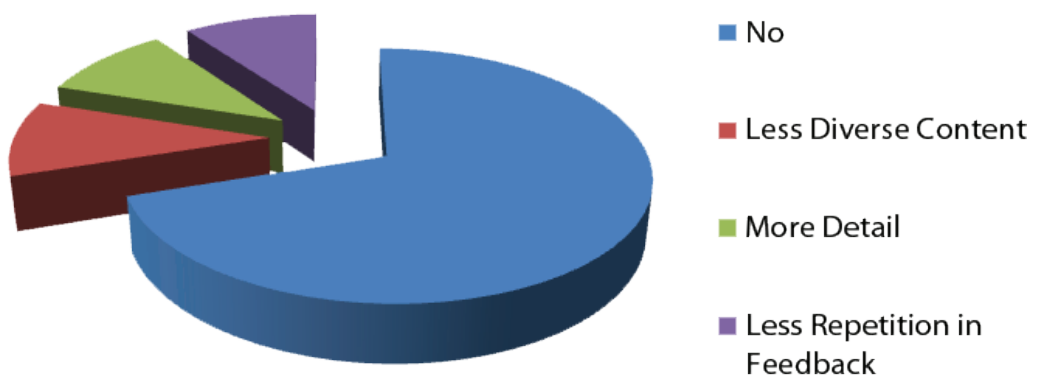
4. What benefit did you obtain from the event?



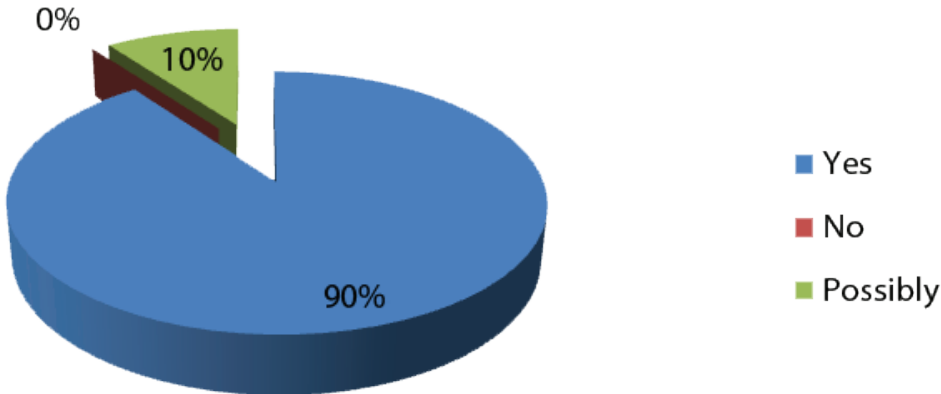
5. Do you have any suggestions to improve future events?



6. Were there any aspects of the event that could have been handled better?



7. Would you participate in similar events in the future?



CAL Committee Inquiry into Maximising the Potential of the Creative Industries Stakeholder Event - 15 March 2012

Summary Report following Stakeholder Event 2

1. The second of the two stakeholder events designed to further inform the Committee's inquiry into the *Potential of the Creative Industries* was held in the Strule Arts Centre, Omagh on 15 March 2012. The event was attended by 16 people and, based on the feedback forms, well received. An analysis of comments is attached to this paper as **Appendix 1**

Background

2. While this event was run along very similar lines to the first event, it was decided to try and group stakeholders according to the sub-sectors from which they came, instead of ensuring a mix of different sub-sectors at each table. This was due to feedback received from the first event, where several stakeholders suggested it may be more useful to drill down into the issues by sub-sector.
3. As with the first event, a note taker was provided at each table (a member of staff from the secretariat), to enable stakeholders to focus primarily on what was being discussed rather than on making notes of discussions.
4. Again, each table was asked to nominate one of the stakeholders as a rapporteur, to provide feedback on behalf of the table at the end of the session when, again, a roving mike was circulated and the summaries recorded by Hansard.
5. Members moved around the tables, but on this occasion the three facilitators were each assigned a specific table and stayed in place throughout the event.
6. The time limit on discussion around each of the TORs was retained, but discussion time was cut down to 15 minute slots at this event to keep the process more focussed. A five minute warning was still given before moving onto the next of the terms of reference (TOR), and a slide of the TOR under discussion was displayed to act as an aide memoire.

Outputs

TOR 1 – Identify the Potential of the creative industries (CI) in Northern Ireland, with particular emphasis on the economic benefits

7. There was consensus from all three groups that great untapped potential existed within the CI.
8. One group highlighted three specific areas where they felt potential could be developed with supporting policies.
9. The first of these was in relation to developing and promoting tourism, particularly in terms of introducing art and craft trails that appear to have been so successful in other regions. The second related to expanding export markets as it was noted that while some potential may still exist in indigenous markets, this was small and in most cases already saturated. The third area was around the subject of branding and the potential this would provide for increasing market share.
10. Export markets were also highlighted in terms of the value placed on craft. It was felt that the cost of producing art and craft was not appreciated locally, but that export market placed

a far higher value on art and craft and prices were far more realistic in terms of covering development costs.

11. It was also suggested that in order to maximise access to the export market, some sort of sales teams needed to be developed to go out and sell, as people creating the product do not always have the expertise, time and or skills base to be effective at it.
12. One group highlighted the need for sub-sectoral analysis and data gathering to be carried out before a detailed and effective plan to exploit potential could be devised.

TOR 2 - Identify the key challenges currently facing the sector

13. Funding was a challenge highlighted in many ways by all the groups. Some stakeholders expressed particular concern at the possibility of funding cuts when funding available was already viewed as somewhat less than ideal.
14. Another group felt a challenge existed in focussing investment correctly, and felt that achieving world standard skills that could be exported was a key area. There was some disagreement around this proposed focus, with a tension being highlighted between the more commercially minded in the CI and those who viewed themselves as purely artistic and wished to distance themselves from anything commercial.
15. Another key challenge identified was the need to facilitate a more joined up approach within the sector, particularly in terms of Councils and Departments and the support functions around the CI. For example it was suggested that in order to grow the CI it was vital for the travel sector to understand the needs and provide an effective service to support it. The general consensus was that at present these things didn't seem joined up enough.
16. Improving education was mentioned by one group as a key challenge, particularly in terms of entrepreneurial skills and skills to make entrepreneurs more commercially minded and commercially viable. The challenge of providing world class skill sets to be able to compete in global markets was also referred to again under this heading.
17. One group raised the creation of hubs or "centres of excellence" as a challenge, suggesting that skills and funding could transmit out in a balanced way from such hubs to individual artists and small entrepreneurs and could ensure they were not neglected.
18. Another challenge identified was ensuring that growth, development and any solutions or strategies were not made too "Belfast-centric" at the expense or exclusion of other areas within the region.

TOR 3 - Investigate whether particular gaps exist in current policies, strategies and delivery mechanisms, in areas such as: financial and business support; tax credits; education, training and skills development; leverage into international markets; the protection of intellectual property; and legislative developments

19. Groups highlighted a number of varied points relating to this TOR, but consistent among them was a lack of tax incentives for the creative arts in the region.
20. Another gap highlighted was that of inappropriate funding particularly in terms of "micro-finance", that is - small grants and funds released on a project basis rather than on the PAYE permanent employment type models that it was felt were really only appropriate in commercial business sectors.
21. At the tables that raised this issue there was consensus that entrepreneurs did not want to spend all their time chasing grants, but rather wished to focus on producing their product and developing as businesses. However, to do this there was a need for what they termed "seed funding" which could be used to develop sales skills or to employ a direct sales team for example. It was felt that this inability to access small amounts of targeted funding was largely

due to people falling beneath the thresholds set by Invest NI because they operate on too small a scale.

22. It was also felt that some of the grants available were for the wrong type of thing, or did not exist at all. For example, funding was available for leadership or management development whereas a lot of people within the sector needed grant aid to develop craft skills or to employ a direct sales team.
23. There was also a recognition in one group of a gap in provision of financial incentives for education, research and development, particularly in digital media, where a huge potential a few years down the road could exist for up and coming entrepreneurs. A policy to facilitate this was needed.

TOR 4 - Analyse and compare policies, strategies and delivery mechanisms in Northern Ireland with other UK regions and countries, in terms of their effectiveness in supporting the creative industries

24. Differences and gaps in policies around tax credits and tax systems were highlighted as being detrimental since more beneficial policies in other regions left them better situated to take advantage of the market. It was noted for example that in ROI there was no VAT on ticketing for cultural events and for the restoration of buildings and it was felt that things such as this prevented the CI from competing on a level playing field.
25. At this event also, there was some disappointment expressed that Northern Ireland had in the past been an industry leader in terms of craft and music strategy in particular, but that now we were having to rely on others to lead the way.
26. One reason suggested for this was that other regions build on the cultural identity of their area and that, in some respects, Northern Ireland still has to do this.

TOR 5 - Examine the extent and effectiveness of the collaboration and co-ordination between industry, government departments and academia, in maximising and harnessing the full potential of the creative industries in Northern Ireland

27. It was generally agreed that effective, joined up government support to CI is more of a dream than a reality and more effective collaboration between government departments, and between departments and the sector, and indeed between sub-sectors themselves, was needed. There was a feeling that a lot of duplication existed between agencies and not enough cross-pollination and collaboration between CI sub-sectors. There was very little suggestion as to how this could be achieved.
28. There was also a general consensus that far too much bureaucracy exists within the sector, and too much reliance on public sector funding. Private sector investment needs to be encouraged particularly during a time of economic change such as the one we now face.

TOR 6 - Consider the creative industries at sub-sector level in respect of any funding and support available; and assess the validity of prioritising particular industries within the sector for this support

29. Several groups suggested that there is a danger that prioritising could lead to a perception of elitism that could only harm the sector as a whole. However, if prioritisation was focussed on strategies rather than sub-sectors there may be value in this approach. The export and cultural tourism strategies were highlighted in this regard.

Key cross-cutting messages:

30. At this event, as for the previous one, several themes seemed to cut across the responses to all TORs. These were remarkably similar to those highlighted at the last event.

31. These included firstly a recognition that at all levels; the various sub-sectors are interconnected and interdependent.
32. Secondly it was recognised that joined up collaboration across the full spectrum of the CI will enhance the negotiating position of the sector and turn its breadth and depth into a strength not a weakness through effective use of economies of scale, shared resource, spill over business and access to markets.

Conclusions from S/H Event 2

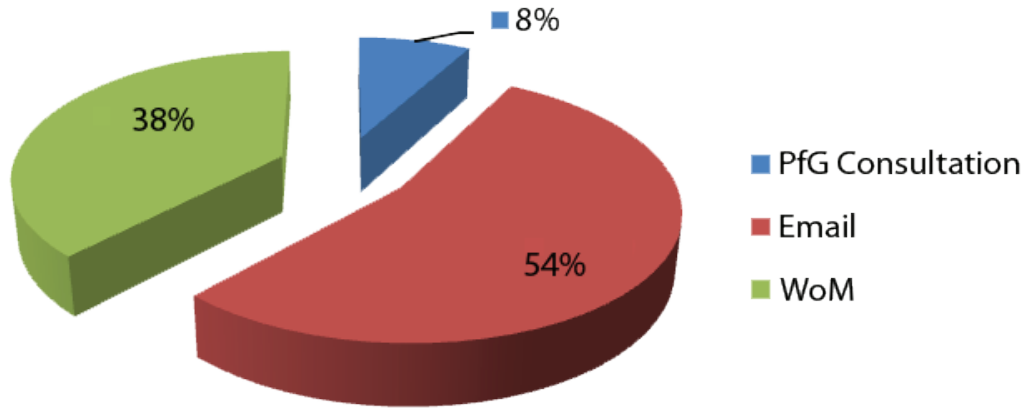
33. This event reiterated the findings from the last one, namely that the sector appears very self aware in terms of the challenges and gaps it faces, but appears to lack a cross sectoral vision of how best to provide industry wide solutions.

Appendix 1

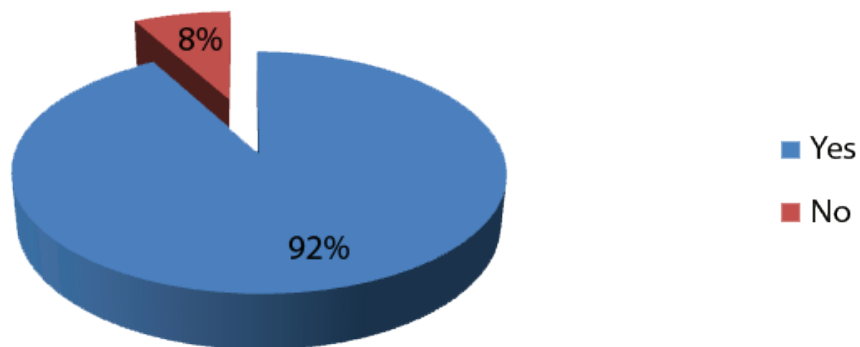
Creative Industries Inquiry

Analysis of Feedback from Stakeholder Event 2 – Strule Art Centre (Omagh)

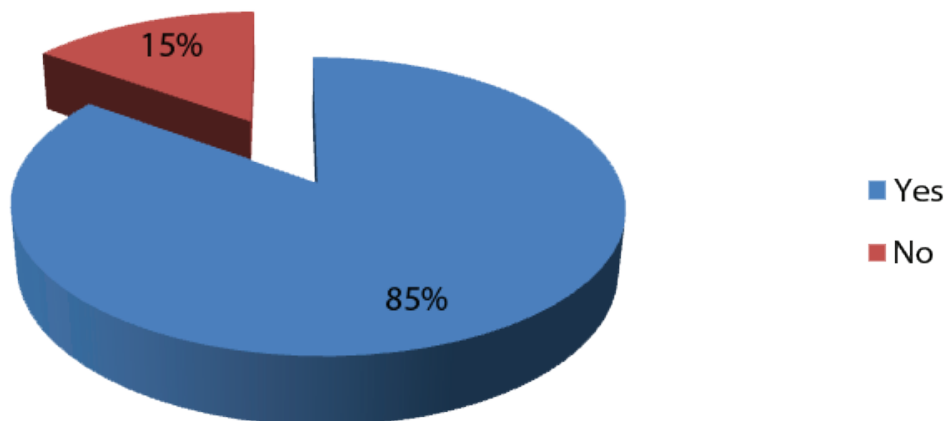
1. How were you made aware of the event?



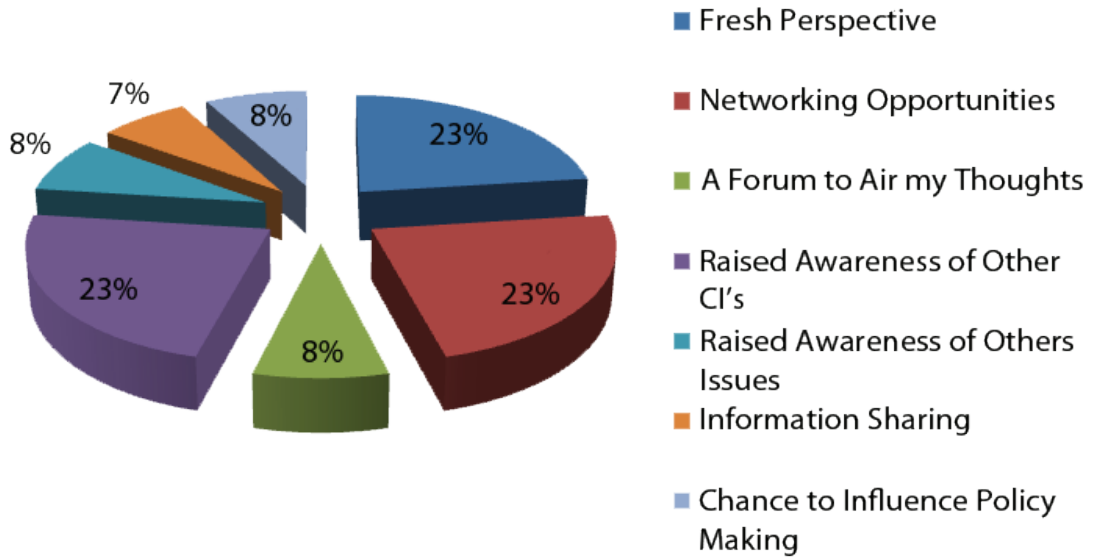
2. Was it clear what to expect from the invitation?



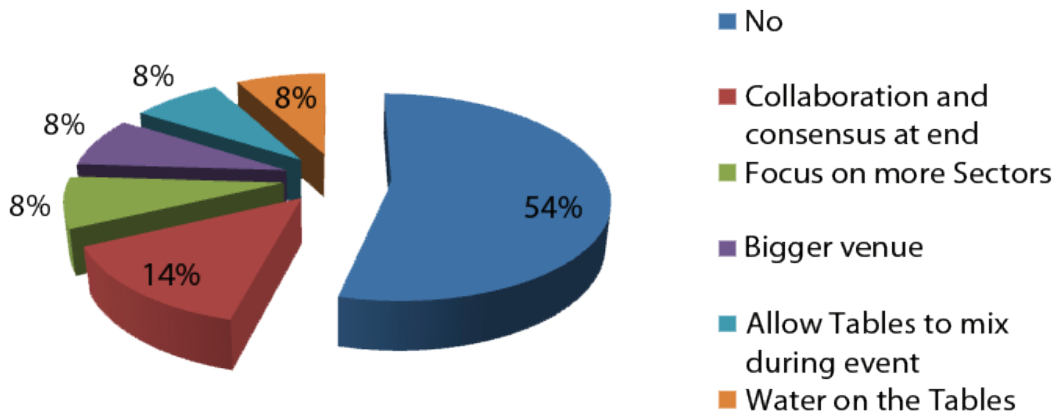
3. Did you have any preconceived ideas about outcomes?



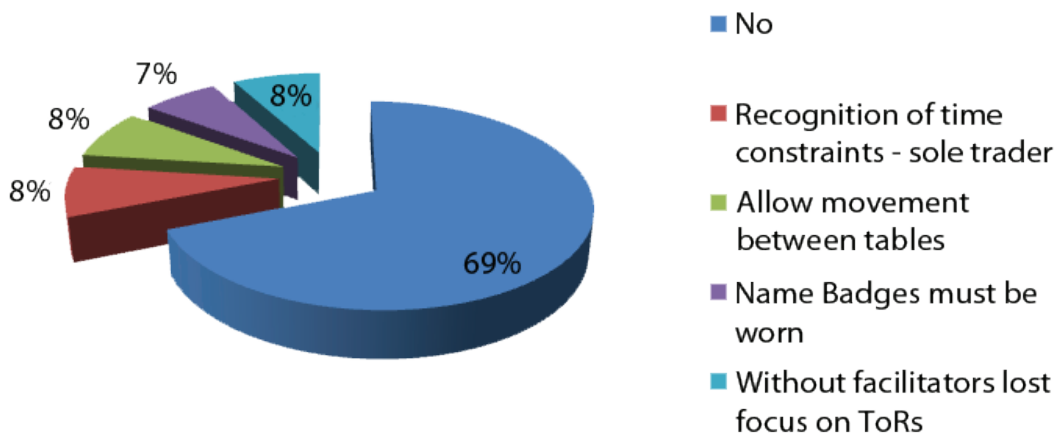
4. What benefit did you obtain from the event?



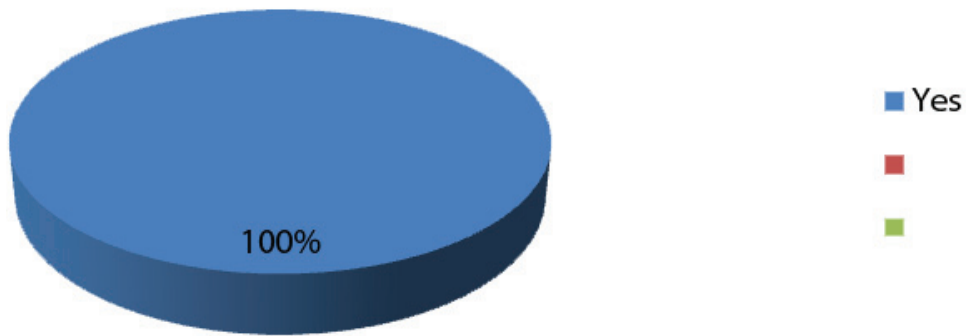
5. Do you have any suggestions to improve future events?



6. Were there any aspects of the event that could have been handled better?



7. Would you participate in similar events in the future?



Committee for Culture, Arts and Leisure Report on Visit to Edinburgh and Dundee

14-15 June 2012

1. Background of Visit

On 8 September 2011 the Committee for Culture, Arts and Leisure agreed to initiate an inquiry into the creative industries in Northern Ireland.

The purpose of the inquiry is to investigate the policies, strategies and frameworks which oversee the development and growth of the creative industries; examine whether these are fit for purpose and have effective delivery support mechanisms, which maximise and harness the economic benefits of the creative industries.

On 13 October the Committee agreed the terms of reference for the inquiry. As part of the inquiry, the Committee agreed to:

Analyse and compare policies, strategies and delivery mechanisms in Northern Ireland with other UK regions and countries, in terms of their effectiveness in supporting the creative industries.

On 25 October the Committee called for evidence and received 81 responses. The responses came from a range of stakeholders, including universities and colleges, government departments, arm's length bodies and from organisations that fall within the definition of the creative industries¹.

Since January 2012, the Committee has considered these written responses and has also taken oral evidence from many of these organisations. Many of the responses included an analysis of the policies and strategies in other areas, including Wales, Scotland, Republic of Ireland, Finland, Canada and Singapore.

The Committee also commissioned research to identify potential options for a Committee visit and considered this paper at its meeting on 17 May.

It became apparent that the Scottish Government's model of the establishment of one single body, Creative Scotland, to support its creative industries warranted further investigation, particularly as it is the only region to have done this.

Therefore, the Committee agreed to undertake a visit to Scotland, specifically Edinburgh and Dundee, to visit the recently established Creative Scotland and to see creative clusters in operation during 2012: The Year of Creative Scotland.

2. Objectives of Visit

The main objectives of the visit were that of fact finding and gathering information via a series of meetings and roundtable discussions with a variety of stakeholders, with a view to gaining a holistic picture of the support mechanisms available in Scotland.

In order to achieve this, the aim was to meet with Creative Scotland, Further and Higher Education providers, Skills Councils and media academies, Members of the Scottish Parliament, NESTA, and independent businesses leading the way in their field.

1 The Creative Industries consists of advertising; architecture; publishing; radio and TV; design; film; music; software and computer services; computer games; designer fashion; crafts; performing arts; and the arts and antiques market (DCMS 2001).

It was expected that the outcome from the visit would be that the Committee would expand its knowledge on key issues that are pertinent to the inquiry, including: learning about the challenges facing the industry in Scotland and how these were overcome; and identifying lessons or learning about programmes that would be beneficial if applied in Northern Ireland.

3. Day One – Edinburgh

The Committee arrived in Edinburgh on Thursday 14 June for meetings with the following organisations:

1. Screen Academy Scotland, Creative Skillset and the University of Abertay;
2. Creative Scotland, Creative and Cultural Skills Scotland, Cultural Enterprise Office and Workshop and Artist's Studio Provision Scotland;
3. Members of the Education and Culture Committee of the Scottish Parliament;
4. Cabinet Secretary for Culture and External Affairs, Ms Fiona Hyslop; and
5. Scottish Government officials.

3.1 Meeting with Screen Academy Scotland, Creative Skillset and University of Abertay

The Committee's first meeting was at Edinburgh Napier University where it met with:

- Prof. Robin MacPherson, *Director of both the Institute for Creative Industries at Edinburgh Napier University and Screen Academy Scotland; and Board Member of Creative Scotland and Creative Edinburgh;*
- Mr Alasdair Smith, *Scotland Director of Creative Skillset;* and
- Dr Louis Natansen, *Academic Director of the Institute of Arts, Media and Computer Games at University of Abertay, Dundee.*

At this meeting, the role that Creative Skillset has in linking Further / Higher Education institutions and the industry was discussed; and that the size of Scotland makes this co-ordination easier.

An example was provided of the outworking of this relationship: graduates within the computer games sector, who complete a Skillset accreditation programme, is **three times** more likely to gain employment.

The Committee heard about the Creative Loop partnership: a partnership with 6 colleges that bridges the gap between the creative media industry and education. Creative Loop is one of 23 Skillset Media Academies, recognised by industry as centres of excellence.

Creative Loop works closely with the education sector to further develop talent and skills for learners, independent producers and key media industry bodies. With established hubs across Scotland, it offers specialised training to further develop the skills for the creative media sector, utilising state of the art facilities and courses, delivered in partnership with the industry.

The creation of a wider media academy structure has shaped a strong understanding of the 'learner journey'. Students benefit from the partnership between media academies. An example of this was that Screen Academy Scotland, also a Media Academy, accepted students from Creative Loop at years 2 and 3. The range of colleges involved in the partnership means that learners can link in where they feel most comfortable but then **transfer** elsewhere where appropriate. It also provides a bridge for HE students that wouldn't otherwise be considered for a degree course.

There was discussion regarding the elements that make a successful partnership of this kind work: will; structures; resources; and a clear understanding of others strengths.

However, there was recognition that this 'sweetie shop' of options for learners is hard to achieve; and one of the challenges is the drive for competition between the institutions. In order to tackle this, there was a suggestion that a federal structure to courses might evolve in the future, but this would involve a high degree of trust between the colleges.

With regards to colleges and universities that operate outside of the Skillset Media Academies, there was recognition that in Scotland media courses were very good, however courses had to meet certain criteria in order to be Skillset accredited. A qualification in media studies does not necessarily lead to a career in media practice.

This prompted a discussion regarding the need for parents and teachers to fully understand the educational requirements for particular careers. Scotland's *Curriculum for Excellence* aims to achieve a transformation in education in Scotland by providing a coherent, more flexible and enriched curriculum from ages 3 to 18. The Committee heard that one of the key elements for Creative Skillset is to work with Skills Development Scotland to research job roles and educate careers teachers. However there was recognition that the creative industries sector is hard to predict as it is ever changing. The importance and benefit of Skillset accreditation courses were emphasised, as they are 'industry ready'. The University of Abertay and NESTA are also working together to tweak and clarify skills within schools.

Given the changing nature of the creative industry, there was discussion around how well Skillset Media Academies react to those changing demands. All recognised that this was a challenge for the sector and for government. Education providers do not change courses as quickly as industry demands change. In Scotland, the course outline is deliberately loose to adapt to industry needs. However there was also a suggestion that academia can influence the way that industry develops; and that the relationship between the two is fluid.

There was also discussion regarding how Scotland is tackling the issue of having 'oven ready' graduates with narrow skills, no longer needed by industry as their requirements have moved on. One such method to address this problem is the provision of CPD courses, which offer bespoke courses for graduates and also industry professionals.

Re-skilling tradesmen was also discussed within the context of the need for skills both at trade and degree level. An example was provided of tradesmen re-skilling to work on a film production set. This is not commonplace in Scotland.

The Committee heard that it would be advantageous for creative budgets to be mainstreamed. An example of Dundee Council which provides funding to the Dare to be Digital initiative was provided (see para. 4.3).

3.2 Meeting with Creative Scotland, Creative and Cultural Skills Scotland, Cultural Enterprise Office and Workshop and Artist's Studio Provision Scotland

At the Committee's second meeting at Creative Scotland's premises, the Committee met with the following:

- Ms Helena Ward, *Portfolio Manager of Creative Scotland*;
- Mr Alastair Evans, *Development Partnership Officer for Creative Scotland*;
- Ms Kirstin MacLeod, *Government Relations for Creative Scotland*;
- Ms Norah Campbell, *Manager for Creative and Cultural Skillset Scotland*;
- Ms Deborah Keogh, *Director of Culture Enterprise Office*; and
- Mr David Cook, *Chief Executive of Workshop and Artists' Studio Provision Scotland*.

Each of the organisations delivered a presentation to the Committee on the work of their organisations in relation to promoting and supporting the creative industries.

Helena Ward: Creative Scotland

Creative Scotland is the national leader for Scotland's arts, screen and creative industries. It was established in 2010 following a merger with Scottish Screen and the Scottish Arts Council.

The Committee heard that, following the merger, a third of staff were lost. However Creative Scotland still employs around 100 staff.

£65m of grants were paid out in one year, equating to 1263 awards. However the budget settlement has reduced this allocation to £34.8m, although lottery income is in the process of increasing. It is hoped that £14m will be secured through lottery income by 2014.

The Committee heard that Scotland's Creative Industries Partnership (SCIP) was established in 2009 and brings together Scottish Local Government, Creative Scotland, Scottish Enterprise, Highlands and Islands Enterprise and, more recently, Scottish Development International setting out recommendations on how creative industries can be supported in the future.

Cabinet Secretary, Ms Fiona Hyslop, is an observer with SCIP which meets on a quarterly basis. SCIP is informed by commissioned research and has recently developed an action plan to address the needs of the creative industries. The Committee heard that some of these needs are common across all of the creative industries sectors, while others are more industry specific. Creative Scotland is holding a series of roadshows to discuss the proposed action plan, which is expected to be published in August 2012.

The issues identified include: access to finance; networking profile; business development; access to markets; education; talent and skills; and new products and processes.

The Committee was advised that draft actions so far include carrying out a full economic impact study of the creative industries (which was due to be published imminently); a TV Production Investment Scheme of £1m; research on business development needs; setting up talent incubators (for example for fashion and textiles); a 'design thinking' campaign leading to a possible design policy; setting up a Scottish Album of the Year; MA and CPD support; training, with leadership, company and talent categories; creating a music portal; digital developments; paid internships with the European Social Fund / industry; the Arts and Humanities Research Council (AHRC) Hub in Dundee (which is already established); and a feasibility study for a film and TV studio in Glasgow.

Alasdair Evans: Creative Scotland

Recent research into the creative industries included Scottish household survey statistics and other public questionnaires. An economic impact report of the industries was due out imminently. The Committee heard that Scotland compares favourably with other UK regions.

The Committee also heard that the Department for Culture, Media and Sport (DCMS) research on the creative industries is of limited use in Scotland. An example of this is that there are discrepancies in the statistics of the number of craft workers in Scotland. Also, Creative Scotland prefers to use 16 sub-sectors within the creative industries definition, instead of the 13 outlined in DCMS' definition. Creative Scotland's definition includes heritage and cultural education.

Creative Industries contribute £3.2bn to the Scottish economy, however indirectly it is closer to £6.3bn with an estimated 100,000 people working in the industry, directly and indirectly.

Understanding the economic contributions of the creative industries **by place** has been of great value to Creative Scotland, and this work demonstrated that the Islands and border regions contributions toward the creative industries are important.

Creative Industries was described as pro-cyclical. In Scotland, they are hit harder and sooner than the economic average but recover quicker. This is especially true of sectors such as publishing, advertising and architecture.

The Committee heard that further research is planned for the creative industries, including evaluations of major funding programmes; some AHRC funded work on everyday participation; an Outer Hebrides economic impact case study; proposed work on intangible cultural heritage; and helping to deliver Scotland's cities strategy.

Norah Campbell: Creative and Cultural Skills

Creative and Cultural Skills works across England, Northern Ireland, Scotland and Wales. It is a member of the Alliance of Sector Skills Councils, representing the skills needs of the UK industry. It is also a Member of the National Skills Academy network, recognised by the Skills Funding Agency, as providing industry-led skills initiatives. In Scotland, it works with its partners through its Skills Academies to support the sector with skills and training.

Its work in Scotland includes:

- Supporting the creative sector to take on apprentices through the Creative Apprenticeships programme:

This was the first specialist apprenticeship framework within the creative industries, encouraging a change in recruitment culture through the take up of apprenticeships and paid internships

There was discussion regarding the success rate of the programme, and although the programme is in its infancy so far two apprentices have been retained by their employer;

- Providing information, advice and guidance for creative careers through the Creative Choices programme:

This is a careers programme that provides advice and information, through a combination of online resources and special events, designed by people who work in the creative and cultural industries. Its aim is to ensure every young person across the UK has access to accurate information about working in the sector, to identify the opportunities that exist and the skills and experience needed;

- Providing research and analysis into the skills needs of the industry through its Creative Blueprint programme:

This research programme looks specifically at the skills needs of the creative and cultural industries, and measures the size and shape of the sector. This research is used to understand the skills and gaps in the creative and cultural industries in order to target its efforts and support its partners in taking action;

- Supporting the creative sector to set the standards for high-quality work in the industry through Professional Standards programme:

Given the variety of specialist and technical skills needs within the creative industries, it may be necessary to set professional standards of practice. Creative and Cultural Skills support this process through: setting National Occupational Standards; Developing Vocational Qualifications; and providing accessible and high-quality professional development opportunities; and

- Delivering the Creative and Cultural Leadership programme in Scotland.

The Committee heard that Creative and Cultural Skills are undertaking work on a technical theatre programme, working with Scottish Theatres and the Scottish Drama training network, funded by Creative Scotland. It has also carried out targeted work with schools, identifying children aged 13+ who may benefit from more specific guidance on careers options and qualifications.

Deborah Keogh: Cultural Enterprise Office

Cultural Enterprise Office (CEO) is a not for profit organisation, and provides a client led service. Its range of business support services helps creative micro businesses in Scotland to build skills and knowledge needed to clarify their creative ideas and turn them into enterprises.

Some development funding is provided to CEO by local councils, but the bulk of funding comes from Creative Scotland.

CEO runs the Starter for 6 programme.

Starter for 6 is an enterprise training programme that supports up and coming entrepreneurs from the creative industries across Scotland. By helping to turn creative ideas into successful businesses, the programme not only contributes towards the success of the Scottish economy but also raises the awareness and profile of talented entrepreneurs in Scotland.

The programme was originally piloted by NESTA but has now been mainstreamed into Scottish Government policy and administered by CEO.

The Committee heard that the growth of micro creative businesses / enterprises² requires very specific support. CEO offers help at the 'pre-start' stage. At a later stage of development generic business support is available through resources such as Business Gateway³.

In addition, signposting and information provision is a major part of CEO's role. It measures its success, not just through the economic return but through artistic and social success.

CEO is not there for 'support junkies'. It believes that getting too much support can be a barrier to growth. It tries to prevent a dependency on support by **providing actions, end points and exit strategies** for the micro businesses at each of their meetings. The Committee drew comparisons with Northern Ireland, where micro businesses rely on a lot of support at the incubation stage of the business. For CEO, its focus is on getting micro-businesses to take action and move forward.

The Committee also heard about CEO's new project, Fashion Foundry, focusing on the development and route to market for designers. This project will be based on a Workshop and Artists Studio Provision Scotland building.

David Cook: Workshop and Artists Studio Provision Scotland (WASPS)

WASPS' is a company limited by guarantee and a recognised charity. For the past 34 years, it has supported the arts community and grown to become one of the UK's largest studio providers. It houses 750 visual artists and 22 art charities. In essence, it provides workspace for creative people and thereby elevating the status of artists through this shared space.

It rents out studio facilities for artists, runs gallery spaces and associated cafés, for example The Briggait in Glasgow. It has commercial contracts with local councils.

Its turnover is currently £1.8m, with 99% occupancy. It owns 9 out of the 20 buildings that it has. It has £5m assets. 99.7% of its income comes from trading, the remainder 0.3% from

2 EU Definition: micro enterprises employ fewer than 10 people and whose annual turnover or annual balance sheet total does not exceed €2 million.

3 An online resource for businesses provided by the Scottish Government, providing information, support and services

grant-based income. £15m has been raised and invested and it operates from the borders to Shetland. It charges £7-8 sq foot including all costs; or £8-15 sq foot for commercial businesses.

WASPS' success was attributed to its independence and the fact that it is not driven by the private sector. In this regard, the importance of building relationships with local councils was discussed in helping to identify, renovate and reuse historic buildings. Also critical to success is finding 'champions' to support the projects.

3.3. Meeting with the Education and Culture Committee

The Committee then visited the Scottish Parliament and met with Members of the Education and Culture Committee. The Members were:

- Mr Stewart Maxwell MSP, *Convenor*;
- Ms Clare Adamson MSP, *Member*; and
- Mr Liam McArthur MSP, *Member*.

There was a general discussion about the role of both Committees in their respective Assemblies, and of the work that each was undertaking.

The Education and Culture Committee advised that it had not examined cultural issues in much depth, apart from the National Libraries Bill, as education issues tended to take up the bulk of the Committee's time. However, after summer, the Committee intends to examine cultural activities more closely.

One of the issues that it is likely to consider is cultural provision by local authorities; The Convenor advised that the Cabinet Secretary is holding a meeting with local authority culture chairs at Creative Scotland. It was noted that a significant amount of support is by provided at local council level.

The Convenor referred to the tension with the Arm's Length Bodies principle and the importance of Government remaining outside of the business and cultural selection. He suggested that political interference in the arts is a sensitive issue and that there is a balancing act between the creative industries acting independently, but not acting contrary to government policy as it is in receipt of government funding.

The Committee discussed with their Scottish counterparts the benefits of having a creative industries strategy rather than a framework. The Convenor suggested that, in Scotland, the nervousness of government interference in the arts meant that it was preferable to have a strategy.

The Convenor also discussed the creation of the new Creative Scotland body, and suggested that unnecessary changes in the funding model had created difficulties. However despite this, the establishment of Creative Scotland was a positive move and it is now seen as the single, central focus of government support.

There was discussion regarding the impact of devolution on the creative industries; and that the debate about Scottish Independence will inevitably have an influence on the creative art forms over the next two years.

On 13-14 August 2012, the Cabinet Secretary will host an International Culture Summit at the Scottish Parliament.

3.4 Meeting with the Cabinet Secretary for Culture and External Affairs

The Committee remained at the Scottish Parliament for a meeting with:

- Ms Fiona Hyslop, Cabinet Secretary for Culture and External Affairs.

The Cabinet Secretary described the process in setting up Creative Scotland, and advised that the legislative programme particularly in relation to the financial provisions, was ‘tortuous’.

The Cabinet Secretary referred to the disjointed nature of the creative industries, and therefore the establishment of SCIP was important, as part of its role is identifying the needs of the sector and addressing them. She advised the Committee of her role as Chair when SCIP was first established. The addition of Scottish Development International within SCIP means that the internationalisation of Scotland’s creative work can be a priority.

She also referred to the Starter for 6 programme, which is not just about funding but mentoring also. She provided an example of a successful textiles company which had been mentored and is now highly sought after, and is now looking to become a large Scottish Enterprise-adopted company.

The Cabinet Secretary described her role as the Champion of the Creative Industries within Government, and specifically with the Enterprise Minister. The Government has deliberately been raising the status and profile of the creative industries. Cultural tourism is important for Scotland, and given the significance of ‘who we are’, heritage is cited as an important component of the creative industries. Her role as Cabinet Secretary for Culture and External Affairs is complementary. She also emphasised the importance of combining ‘new arts’ such as gaming technology with ‘old arts’ such as tapestry to exploit new opportunities for promoting Scotland’s cultural heritage in a digital age. An example of this was using gaming software to showcase historical events in visitor attractions.

The Cabinet Secretary emphasised that geographical mapping of the industries is an important tool to focus investment and highlight needs and priorities.

3.5 Meeting with Scottish Government Officials

The Committee visited St Andrews House, home to the Scottish Government, where it met with the following government officials from the broadcasting and creative industries unit:

- Mr Peter Willman, Government official; and
- Ms Diane Champion, Government official.

There was a discussion regarding the differences in Committee and Government structure between Scotland and Northern Ireland.

The Committee heard that cross-divisional working was common within the Scottish Government. Within the Scottish Government, creative industries are considered a part of the economic portfolio rather than the cultural portfolio.

There was discussion regarding the challenges for Creative Scotland as a new body, and this focused around a new ethos for the arts and screen sectors.

There was also discussion regarding the role of local councils and the Convention of Scottish Local Authorities (COSLA), the representative voice of Scottish local government. It was recognised that more work is still needed to be done in this area. Officials advised that funding provision and government interaction is not necessarily with the Councils directly, but often through Arms’ Length Bodies set up by the local Councils to run specific schemes.

There was also discussion around prioritising particular sectors within the creative industries. Officials advised that some sectors, such as publishing, do not have a strong degree of government involvement. There was an acknowledgement that there is a digital focused approach but that all sectors have an element of digital focus including craft.

Officials advised that the concept of developing a Design Policy was being discussed ahead of the 2015/16 year of design, however any discussions are very much in their infancy.

The Committee heard that the officials have an observer role in SCIP and that while other partners have Executive functions, the role of Government is purely in policy making.

The Committee also heard that Scotland has not tapped into European Funding as much as it would like to but Creative Scotland is working with DCMS on this.

4. Day Two - Dundee

On Friday 15 June, the Committee travelled to Dundee for meetings with the following organisations:

- NESTA and Proper Games; and
- NESTA, University of Abertay, Dundee Contemporary Arts, Scottish Enterprise, Creative Scotland and Proper Games.

A tour of *Dare to be Digital* was also scheduled.

4.1 Meeting with NESTA and Proper Games

The first meeting at Dundee was held at Proper Games' office, and was attended by:

- Mr Paddy Sinclair, *CEO of Proper Games*;
- Mr Grant Alexander, *Marketing Manager for Proper Games*; and
- Mr Graeme Downie, *Communications Manager for NESTA*.

Proper Games was founded in 2006. It is one of the leading independent game development studios in the UK, and is registered as an official developer across all major home console and mobile formats. It has 14 staff and is entirely a private company with no outside investment. It won a BAFTA for its X-Box title, FLOCK.

Proper Games has taken a varied approach to getting products to market, using publishing companies but also self-publishing mobile and facebook games. It is more frequently adopting the self-publishing model as publishers are not investing in companies as often as they used to.

The Committee heard that American trade shows are important in exposing Dundee companies to international markets, particularly the Games Developer Conference (GDC) in San Francisco. Proper Games often takes part in a Scotland-wide stand at the conference, which is funded by the Scottish Government.

Proper Games makes use of the Prototype Fund through Abertay University. This is a fund for both start-up and established companies, providing a maximum of £25k for the development of games or other forms of interactive content, without the need for match-funding.

The majority of Proper Games' employees are recruited directly from Abertay University. For example, six were recruited for a Prototype Fund project and all were subsequently employed.

Proper Games try to cover every console and platform to maximise opportunities, but this requires a complex range of skill sets. It discussed the close relationship it has with the University of Abertay and Skillset; and how both, particularly the University, understands its business needs. The result is that Proper Games has constant access to a recruitment pool of university graduates, as they are fully skilled upon completing their courses and ready to apply those skills in a work environment. The benefits to Abertay University from this relationship were also discussed. With its close links to industry, the University offers courses that are meaningful, and as such it is highly sought after by students. In fact, Abertay offers 4 out of 7 Skillset accredited courses.

The Committee also heard about the relationship between the gaming companies in Dundee. They regularly meet and discuss information about product development, potential publishers, ongoing deals, advertising, and contacts. In fact, a consortium of six companies has formed 'AppyNation' which creates and launches joint products. Abertay University helps to broker and encourage these relationships.

The Committee also heard that Creative Scotland is working with NESTA on a 'Digital R&D Fund'. A larger NESTA project ran in England. **NESTA had discussed a similar fund with DCAL, but DCAL could not provide the funds so discussions on that occasion did not continue.**

There were discussions regarding issues around intellectual property and an awareness of business and legal skills required. Proper Games advised that it has gradually gained those skills and now negotiates with larger publishers in relation to intellectual property rights. However, intellectual property is a difficult issue to resolve as many games are copies of each other. Often by the time you go through the process someone has already copied it or else the industry has moved on. Proper Games advise that it is difficult to protect but there are risk rewards in doing so. However, copyright is commonplace among games developers.

The Committee heard that Abertay University has now recruited an IP specialist.

The recent announcement regarding tax breaks for video games production will help to prevent a 'brain drain' (particularly to Canada).

4.2 Meeting with NESTA, University of Abertay, Dundee Contemporary Arts, Scottish Enterprise, Creative Scotland and Proper Games

The second meeting was at the University of Abertay with the following:

- Ms Jackie MacKenzie, *Head of Innovation Programmes Scotland, NESTA;*
- Mr Graeme Downie, *Communications Manager for NESTA;*
- Mr Paul Durrant, *Director of Business Development at University of Abertay;*
- Mr Clive Gilman, *Director of Dundee Contemporary Arts;*
- Ms Linda MacPherson, *Head of Creative Industries and East Director at Scottish Enterprise;*
- Morgan Petrie, *Portfolio Manager for Creative Scotland;*
- Mr Paddy Sinclair, *CEO of Proper Games;* and
- Ms Diane Champion, *Scottish Government official.*

Jackie MacKenzie: NESTA

NESTA is an independent charity with a mission to help people and organisations bring great ideas to life. It does this by providing investment and grants and mobilising research, networks and skills. It supports innovation on the following three areas: the economy; public services; and the creative economy.

The Starter for 6 programme was developed by NESTA, and was specifically designed for Scotland on the basis of identified need. The programme is now mainstreamed in Scotland through Creative Scotland and is administered by CEO.

The Committee also heard about the Peer Mentoring Programme, which was introduced to complement NESTA's Starter for 6 initiative, which has been used to help businesses export to overseas markets.

NESTA also discussed its Inside Out Programme regarding creative reform of public services, led by people who work in and use public services. **NESTA offered this programme to Invest NI during 2005/07, but it was never picked up.**

Linda MacPherson: Scottish Enterprise

Scottish Enterprise works in partnership with universities, colleges, local authorities and other public sector bodies to maximise its contribution to the Government's economic strategy by: stimulating economic growth; exploiting low carbon opportunities; improving Scotland's business infrastructure; and supporting business through tailored support.

Scottish Enterprise is funded primarily through the Scottish Government and its role on the creative industries is to help exploit and grow internationally. The Committee heard that Dundee is a great demonstrator when attracting inward investment to Scotland as a whole, as it is central to the digital media sector in Scotland.

Diane Campion: Scottish Government Official

The Committee were advised of the Dare to be Digital project, a video games development competition for extremely talented students at Universities and Colleges of Art. With a team of 5 students, usually a mix of artists, programmers and audio, they assemble at Abertay University for 9 weeks to develop a prototype video game, receiving mentoring from industry.

The project was formerly run by the Education Division within the Scottish Government but is now recognised as primarily a culture project.

Clive Gilman: Dundee Contemporary Arts

Dundee Contemporary Arts (DCA) is a world-class centre for the development and exhibition of contemporary art and culture. It has established itself as a major force in contemporary art, cultural cinema and community and education practice and as a vibrant social and cultural hub.

It is a building based body with galleries, workshops, bars and restaurants, facilities and an education programme. There is also a university search facility.

Together, these facilities mean that DCA is an important hub for discussions, socialising and incubation for Dundee's creative industries. It was set up by Dundee Council in partnership with the University of Dundee. The National Lottery supported the set-up of the building.

It has 300,000 visitors per year and a turnover of £4.5m.

Morgan Petrie: Creative Scotland

The role of Creative Scotland was briefly discussed, with an emphasis on the **mutual benefit of working in partnership**.

Paul Durrant: University of Abertay and Screen Academy

The Committee heard that Abertay University is a UK centre of excellence for computer games education and is a key provider of talent to the industry.

The Screen Academy has so far not funded a company from Northern Ireland, but some discussions have been had with Brendan McGoran (Belfast City Council) and Momentum (the trade association representing Northern Ireland's ICT industry).

Open Floor Discussion

There was an open floor discussion, and the following topics were discussed:

- The definition of the creative industries, and how the DCMS definition did not fit with the Scottish model;

- Scottish Development International's work is significant for the creative industries. Building up Dundee's success in this regard 'has been a sustained, ongoing effort'. In fact, the digital industry in Dundee was not an overnight success but took 15 years;
- Dundee City Council has its own cultural strategy – the council has taken a positive attitude towards converting historical industrial decline;
- There are spillovers from gaming technology into the wider creative (R&D) economy (for example, using video game technology to develop visualisation software for the healthcare sector). The sectors tend to be more fluid than the DCMS definition of the creative industries sub-sectors would suggest;
- The publishing sector in Dundee (eg DC Thompson) is very successful;
- In Scotland, they refer to STEAM not STEM; and
- The new Curriculum for Excellence in Scotland was described in positive terms. It is very positive, for example, that there is space in the curriculum for inter-disciplinary projects. The NESTA idiscover project is one such example:

idiscover project supports young people to develop one or more characteristics that are needed in an innovation world: creativity; self-efficacy; appropriate attitude to risk; energy; and leadership. It gives young people with a real world problem, and an opportunity to work alongside peers and support from professionals.

4.3 Tour of Dare to be Digital

The Committee had a tour of the Dare to be Digital project, and had an opportunity to speak to the students regarding their experience in participating in the competition.

5. Summary of Visit

From the visit, the Committee learnt that:

- a) Relationships and collaboration between academia, industry and skills sector councils are key to the success of the creative industries, and are mutually beneficial;
- b) The partnership between creative institutions, for example through *Creative Loop*, provides a coherent 'leaner journey';
- c) Work is ongoing to bridge the gap between skills taught at schools and the qualifications needed to work within the creative industries, despite the changing needs of the industry;
- d) The provision of CPD courses is one method for addressing skills gaps by offering bespoke courses to both graduates and industry professionals;
- e) There is a single body, Creative Scotland, offering a clear focus for the sector; and despite the view of some that it has made unnecessary changes in terms of funding models, a single, centralised focus of government support is seen as a positive step;
- f) There is an oversight, reporting and monitoring partnership, SCIP, overseeing the implementation of the Scottish Government's Creative Industries strategy;
- g) That Creative Scotland has redefined the term creative industries to reflect its own indigenous product; and has benefited from extensive research particularly in relation to economic contribution by place;
- h) Business mentoring and support is available through various programmes, including apprenticeships and internships and Dare to be Digital;

- i) That support is provided to assist entrepreneurs to turn creative ideas into successful business, with a series of actions, end points and exit strategies; and that generic business support is also available when needed;
- j) Scotland is home to one of the largest studio providers in the UK, providing facilities for artists and gallery space;
- k) The Cabinet Secretary is a Champion for the creative industries both locally and internationally;
- l) Another focus for the development of the creative industries in Scotland is to improve the relationship with local authorities and central government;
- m) NESTA plays a key role in the development of creative industries in Scotland, by active policy and funding pilot programmes;
- n) The relationship with NESTA and Northern Ireland government departments has not achieved its full potential;
- o) Some funding streams are available on a UK wide basis; and
- p) Dundee is an excellent example of how creative clusters are beneficial to both the industry, in this case the gaming industry, and the local universities, particularly Abertay.

6. Recommendations

As a result of the visit, the Committee may wish to further explore the following areas in its overall report into maximising the potential of the creative industries:

- a) Further developing Sector Skills Councils here and its links to other academic institutions and industry;
- b) Develop links between Further / Higher Education institutions to provide a coherent and meaningful 'learner journey';
- c) Develop an understanding of the skills that the creative industries need and provide a clear academic pathway to meet those needs;
- d) Provide schemes where graduates benefit from implementing skills in a work environment, whether that is through apprenticeships or internships, or through projects such as Dare to be Digital;
- e) Consider the merit of having a single body here providing a clear focus in developing the creative industries;
- f) Assess whether the development of a strategy for the industry, or an action plan outlining clear recommendations and timescales, would be more beneficial than a policy framework;
- g) Consider whether research is needed to fully understand the local needs of our creative industries;
- h) Consider whether there is sufficient priority and support given to develop creative industries here;
- i) Consider ways to fully benefit from all of the funding streams that are available locally, nationally and internationally;
- j) Develop a deeper working relationship with NESTA, to benefit from its innovative support and funding programmes;

- k) Develop inter-departmental and inter-agency collaborations;
- l) Improve local and central government partnerships; and
- m) Develop the right support at the right time for creative entrepreneurs, both in terms of pre-business and generic business skills.

Correspondence from John Edmund

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19th October 2011][2

Ms Michelle McIlveen MLA
Chairperson Culture Arts & Leisure Committee
Northern Ireland Assembly
Parliament Buildings
Stormont
BELFAST

Dear Ms McIlveen,

Failure to Move Forward With Structures for the Development of the Northern Ireland Music Industry

I have today had occasion to write to the Minister with responsibility for Invest Northern Ireland (Mrs Arlene Foster MLA) on the subject of their failure to progress structures for the development of the NI music industry. Mindful that your committee has a live enquiry into the creative industries, I felt that I should bring that communication to your attention.

Yours sincerely

John Edmund

R John Edmund
Formerly Chairman of the now defunct Northern Ireland Music Industry Commission

Copy

19th October 2012

Ms Arlene Foster MLA
Minister - Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
BELFAST
BT4 2JP

The Future Development of the NI Music Industry

On 12th October last year, in advance of the very successful MTV EMA Awards event in Belfast I wrote to you on the subject of structures for the development of the music industry. At that time I could but lament Invest NI's complete failure to deliver the support they promised would be made available when the Northern Ireland Music Industry Commission (NIMIC) was wound up and hope that by bringing the issue to your attention progress might be made. A year later, on the threshold of the Belfast's third 'Music Week' the industry is still waiting for something/anything to be done.

The Times today reports a domestic UK music market worth £1bn in 2011 with £796m in recorded music sales and £205m in sales of supporting merchandise including video games. More significantly perhaps in these troubled economic times, international revenues generated by British musicians, songwriters and publishers has doubled over the last 10 years from £85m in 2002 to £188m in 2011 (an extra £103m boost to the economy); royalty collections from around the world grew by 11% to £188m last year and over the longer term royalties from international live concerts boomed by over 1000% in 10 years. What of Northern Ireland's part of this; if we believe the lack of progress from Invest NI, they don't intend that it should ever have one, even if Snow Patrol, Two Door Cinema Club and all the others selling internationally would seem to disprove that? Music isn't like other businesses in NI, it doesn't have its own pre-existing business infrastructure, it needs to develop as an industry from the ground up, NIMIC showed what could be done and since its closure the commercialisation track has been ripped up.

I am of course aware that original responsibility for the creative industries rests with your colleague, the Minister for Culture Arts and Leisure and that the Assembly's CAL Committee has a live enquiry into the Creative Industries (to that end I am copying this letter to the Committee Chair, Ms Michelle McIlveen MLA) but as my concern is the waste of the economic and commercial potential arising

from the sector, I believe the first and most important person with whom this failure to develop should be raised is you as the Minister with economic development responsibility.

Minister, I can only hope, now that you have again been made aware of this failure, that you will be able unblock the present log jam of inactivity at Invest NI and that action to move the economic opportunity that is the NI music industry forward will break cover soon.

Yours sincerely



RJ Edmund

Former Chairman of the now defunct NI Music Industry Commission

DCAL January Monitoring Briefing: 6 December 2012

Members present for all or part of the proceedings:

Miss Michelle McIlveen (Chairperson)
 Mr William Irwin (Deputy Chairperson)
 Mr Dominic Bradley
 Mr William Humphrey
 Ms Rosaleen McCorley
 Mr Michael McGimpsey
 Mr Oliver McMullan
 Mr Cathal Ó hOisín
 Mr Robin Swann

Witnesses:

Ms Deborah Brown *Department of Culture,*
 Mr Mick Cory *Arts and Leisure*
 Mr Arthur Scott
 Mr Colin Watson

1. **The Chairperson:** I welcome Deborah Brown, who is director of finance and corporate services; Colin Watson, director of sports and stadia; Arthur Scott, director of the culture division; and Mick Cory, director of museums, libraries and recreation. Deborah, are you going to lead off?
2. **Ms Deborah Brown (Department of Culture, Arts and Leisure):** Yes, thank you. Good morning and thank you for inviting the Department to present its proposals for the January monitoring round. With me this morning are Colin Watson, director of sport; Arthur Scott, director of culture; and Mick Cory, director of museums, libraries and fisheries.
3. You will be aware that the Budget was set in 2010, covering 2011-12 to 2014-15. That was agreed by the Executive in March 2011. As part of that process, all Departments set out their strategic priorities aligned to the Budget. However, we recognise that, over a four-year period, priorities can change and there can be unforeseen pressures. Therefore, it is desirable that we have a process where Departments have the ability to adapt their budgets to their changing circumstances. The formal in-year monitoring rounds are the method of doing that.
4. This is the process by which we bid to the Department of Finance and Personnel (DFP) for additional resources to meet any unexpected pressures, surrender any reduced requirements, transfer de minimis budgets between service areas or submit a linked-bid reduced requirement for a larger amount.
5. So, this December/January monitoring round is the last opportunity for the Departments to make changes to their budgets. That informs the spring Supplementary Estimates, which are the method by which we obtain the statutory authority to spend and draw down our cash. It is, therefore, essential that, in this particular monitoring round, we include all our easements and internal reallocations.
6. As with last year, DFP has commissioned this final monitoring round in two stages. DFP has to be informed of all transactions that do not require Executive approval by 7 December, including internal reallocations or technical adjustments. All those transactions that do require Executive approval, namely bids, easements and reclassifications, have to be submitted to DFP by 3 January. Due to the timing of this, and the need to obtain the relevant approvals and to ensure that we reallocate our budget and spend it by the end of the year, the Department has treated this exercise as one, with all bids, easements, internal reallocations and technical transfers collected together. The results are in the paper that you have received. However, should any changes occur between the first deadline of 7 December and the second deadline of 3 January, we will inform the Committee and provide an update paper.
7. I will give you a quick outline of the structure of public expenditure. As you are aware, the departmental expenditure

- limit (DEL) is the key control for public expenditure, and it is within that control that resources are planned, managed and redistributed during the monitoring process. DEL is split into three categories that are budgeted and controlled separately: recurrent, which is your administration and your resource; capital, which is capital and capital grant; and other ring-fenced areas, which is things such as invest to save. Any movements between those three categories must be approved by DFP and are regarded as reclassifications.
8. Within recurrent, the budget for depreciation and impairments is ring-fenced, so movements in or out of those are subject to DFP approval. We also use the monitoring rounds as an opportunity to manage any emerging pressures through internal interventions by requesting that reduced requirements in one area are moved to an area that is experiencing a pressure. So, flexibility to move between service areas, such as sport or arts, is restricted by the de minimis rule, which is £1 million. During a monitoring round, we usually action a number of de minimis internal reallocations.
 9. Moving to the detail of the Department's proposals for this round, we do not propose to make any resource bids to DFP. On capital, there were some indications from Minister Wilson, on the back of the October monitoring round paper, that some capital might become available in January. We have had a look at our pressures and any new proposals. We are proposing to submit bids of £2.6 million as part of the January monitoring round. Those bids are for a specimen purchase at National Museums; the replacement of boilers at the Ulster Folk and Transport Museum; the purchase of some new storage by National Museums; the replacement of a Waterways Ireland towing vehicle; a mountain rescue vehicle for Sport NI; and some equipment for Parkrun, which is run by Sport NI.
 10. At this stage, the Department is not surrendering any reduced requirements. However, we have been given some indications that the City of Culture team may be unable to utilise its full £6.5 million budget this year. Officials are working closely with Derry City Council to ascertain the level of underspend that might occur. We will be working between now and Christmas to clarify that, and if we need to surrender any money, we will come back to the Committee with an update and will outline the implications of that for next year's budget.
 11. We are not proposing any reclassifications in this round, and we are not seeking any internal reallocations above the de minimis threshold. However, we are proposing a number of resource and capital reallocations below the de minimis threshold. This is a mixture of housekeeping and addressing the Minister's priority to tackle poverty and social exclusion. As part of that exercise, we have identified easements across a number of areas, amounting to approximately £1 million. The sorts of projects that we are proposing to take forward with that money to tackle poverty and social exclusion include: Sport NI's midnight soccer initiative; NI Screen's Cinemobile Science on Wheels and Beginner to Band projects; the creative industries' early years, stadium STEM and Fab Labs initiatives; and Disability Sports' 5 Star Disability Sports Challenge education project. Some money will also go to architecture and the built environment; the Sport NI promotional campaign on mental well-being in sport; feasibility studies on an Ulster Scots hub and the creation of an Irish language academy; the creative industries' regional Codea Dojo programme and traditional creative skills pilot. Those are projects that we have identified and agreed with the Minister that they could be taken forward to tackle poverty and social exclusion, and we continue to pursue those projects and new ideas to ensure that we maximise the use of that current underspend.
 12. We have one technical transfer for £362,000, which is to come from the Office of the First Minister and deputy

- First Minister (OFMDFM) and will be provided from the childcare strategy budget. That will be provided to NI Screen to extend its after-schools film club.
13. In the October monitoring round presentation to the Executive, Minister Wilson announced the allocation of £5 million of resource and £5 million of capital to meet jobs and economy proposals submitted by Departments. The Department of Culture, Arts and Leisure (DCAL) had submitted a number of proposals, and the following have been met: the apprenticeship scheme, the additional creative learning centre and the creative credits in Northern Ireland. There was also, as part of the October monitoring round, an announcement that £0.5 million would be allocated to the governing bodies of each of the three main sports: the GAA, IFA and IRFU. That will be allocated as part of the January monitoring round.
14. To summarise, our planned resource spend for the current financial year is approximately £116 million, which is set out in annex B. Our capital spend is approximately £25 million, and that is set out in annex A. That is a summary of the proposals from DCAL for the January monitoring round. We will be happy to take any questions that the Committee has.
15. **The Chairperson:** Thank you, Deborah, for your presentation this morning and the additional information to go with that paper. In relation to the additional moneys that went to the three main sporting governing bodies, we had a presentation last week from all three in relation to their stadia. Questions were asked of at least two of them about the money. Obviously, the GAA has indicated where its spend is going to be. The IFA said that it was surprised by the money coming to it, and was putting together some proposals, as was rugby. Why was the money allocated to those three governing bodies and not others? That is a question that the Committee is going to be asked.
16. **Mr Colin Watson (Department of Culture, Arts and Leisure):** The Minister sought funding from the Executive to tackle poverty and social exclusion through sport. A good place to start, when you are this late in the year, is with the three main sports. You can start there and see where you go with it. We are in the process of speaking to the three governing bodies to get a list of projects and to ensure that they meet those priorities and that they tackle poverty and social exclusion, neighbourhood renewal and even things such as suicide prevention. It is about trying to ensure that the projects that are coming forward will deliver on those. That was what the funding was for.
17. **The Chairperson:** I appreciate that, and I appreciate that they will reach a very considerable number of people. The Committee has had representations from various other sporting governing bodies, and the accusation could be made as to why those three and not others.
18. **Mr Watson:** Again, that is what the funding was allocated for, so you have to work within that.
19. **The Chairperson:** Can you talk to us a bit more about the detail of the creative learning centre and the creative credits in Northern Ireland? Who will administer that fund? Where will the centre be located?
20. **Mr Arthur Scott (Department of Culture, Arts and Leisure):** The additional money is for extra activities at the three creative learning centres. They will be used by Northern Ireland Screen to provide outreach opportunities from the three centres. Those will be targeted at hard-to-reach groups and people who do not normally come to the centre to avail themselves of the skills development training that is provided.
21. The creative credits are based on the Manchester experience through Nesta. It brings together two businesses, so you are bringing together, say, designers and engineering to add value and improve products. It is really to facilitate greater collaboration across the creative industries and other more traditional forms of business to help them to

- improve the quality and competitiveness of their product.
22. **Mr Humphrey:** Thank you very much for your presentation. I ask you two questions, one on Irish and one on Ulster Scots — that is “on”, rather than “in”. The Minister is very passionate about the Líofo website for the Irish language. She set it out as one of her goals and objectives. Is that website going to be run by the Department or will it be administered by Foras na Gaeilge or Pobal? How is it going to work?
23. **Mr Scott:** The Department is considering a detailed business case and a number of options as to how the website might be delivered, including some of those that you have just mentioned. The intention of the website is to provide a source of materials and support to those who have signed up to the Líofo campaign, which is now in excess of £3,000. It will involve the development of the site and the development of learning packages that will help people on that Líofo journey, be they a beginner or someone who is reasonably competent in Irish but wants to develop towards full fluency. No actual decision has yet been taken on that; we are still working through the business case. The aim will be to identify the most efficient way of delivering the service.
24. **Mr Humphrey:** Obviously, as with all things in government, it is important that there is no duplication. Those organisations already have websites and are administering them. They have lots of contacts and hits. It makes sense.
25. **Mr Scott:** Absolutely. There is a definite option. Foras na Gaeilge, as part of its preparations for the 2013 plan, has signalled its intention to develop a portal for Irish, which would be all-encompassing. That option is included in the business case. It is a question of going through the detail and looking at the various costs, such as the set-up costs and then the actual resource running costs when the site is developed for updating and running it.
- That will have to be considered as well. That option is clearly in.
26. **Mr Humphrey:** It is important, obviously, that it is value for money, cost-effective and not duplication. Can you expand on what the plans are for the Ulster-Scots hub?
27. **Mr Scott:** A business case for the Ulster-Scots hub is under preparation to engage consultancy support to prepare a detailed business case to consider the options, one of which is the potential use of the Oldpark library, which was previously part of the Libraries NI estate and is now surplus to requirement.
28. **Mr Humphrey:** Deborah, you said that you might not be able to spend the full allocation of £6.5 million for the City of Culture. Is there any reason for that?
29. **Mr Scott:** There was slippage in the amount of contracts that have been signed on the various elements of this extensive, 140-event programme over the 12 months. However, I am aware from my update meeting yesterday that there are emerging pressures, so the actual amount is yet to be identified in what will be, in a sense, not used this year. We are working to try to ensure that as much as possible is spent this year, and we are looking at what, if any, flexibility exists to carry that forward beyond this year.
30. **Mr Humphrey:** So, at this stage, we have no idea about the figures, even approximately.
31. **Mr Scott:** I cannot say exactly. Work is ongoing on that. The oversight meeting of the City of Culture is happening at this moment in the north-west. My colleague will be engaging with officials from Derry City Council and the Culture Company to try to ascertain the exact figures.
32. **Mr Humphrey:** Obviously, that is of concern, given that the council and the Culture Company were here and assured us that everything was on line. We need to watch that closely.

33. **The Chairperson:** Over the past number of months, the Committee has been concerned about the inability of the Culture Company to acquire the required level of sponsorship to deliver on the original programme. In our last conversations, it said that this would impact on the programme. The fact that there is now likely to be an underspend is a further concern.
34. **Mr Scott:** At this stage, it is a timing issue. We received assurances, which I previously indicated to the Committee, that this profile would be spent. There certainly appeared to be the volume of contracts to be let in relation to the programme to spend this money. We are working on it, but I do not believe that, even if we do not spend this money this year, it will detract from the programme that has been launched or the benefits that will be realised from the programme. We have explained in detail before the oversight arrangements and the scrutiny that we employ to keep a watch on the project and make sure that it delivers its outcomes, and that continues.
35. **The Chairperson:** Is it that the Department needs to take more control of the project, as opposed to having a watch on the project?
36. **Mr Scott:** I explained before that the senior responsible officer is the chief executive of Derry City Council. She will be reporting today to the OFMDFM oversight group, which includes the permanent secretary from the Department. I believe that the project is robust. It is a matter now of looking at what additional support is necessary in why this slippage occurred and —
37. **The Chairperson:** Sorry, Arthur, can you speak up? The Hansard staff are having difficulty.
38. **Mr Scott:** Sorry. It is a matter now of looking at the reasons why the slippage occurred and at what additional support is needed to ensure that the moneys that have been allocated by the Executive can be properly utilised to deliver the programme.
39. **Mr D Bradley:** William raised a point about the £60,000 for the Líofo website. One of the functions of Foras na Gaeilge is education, and its deputy chief executive's main responsibility is education. There is already a section on the Foras na Gaeilge website for education. Why can Líofo not be incorporated into it, rather than creating a separate website? Surely, the idea behind all those things is to have a one-stop shop where people who are learning Irish go to the same place and do not have to search through a variety of websites to get what they are looking for.
40. **Mr Scott:** What you have just described has not been ruled out in the business case. I briefed the Committee previously on why the decision was made for Líofo to be taken forward by the Department and not by Foras na Gaeilge. When Foras na Gaeilge was asked whether it could do it, it was not in a position to do it. That is why the Minister went ahead and launched it in the Department. Obviously, we are keeping that under review. The Líofo campaign has developed quite a bit since it was first launched. Now, we are looking at those options. Clearly, it would make sense to link it to the website where most organisations that are interested and actively engaged in the Irish language would go to look. Certainly, I have no difficulty with the principle of a one-stop shop. However, it is being kept actively under consideration as one of a number of options in the business case.
41. **Mr D Bradley:** OK. Is the £140,000 for Raidió Fáilte new funding?
42. **Ms D Brown:** We are reallocating that money at this time because of delays in funding for Raidió Fáilte.
43. **Mr D Bradley:** So, you are taking that back?
44. **Ms D Brown:** Yes. We are reusing it.
45. **Mr D Bradley:** Because of delays?
46. **Ms D Brown:** Yes.
47. **Mr D Bradley:** Right. What was it originally intended for specifically?

48. **Mr Scott:** It was a contribution towards Raidió Fáilte's desire to acquire new premises. Basically, it was based in Cultúrlann at Broadway, on the Falls Road. During the renovation and extension of that facility, Raidió Fáilte moved out and decided that it would be interested in finding newer and bigger accommodation to provide a vehicle for training and skills development as well as broadcasting in the Irish language. So, it is simply a timing issue as to when that money will be spent.
49. **Mr D Bradley:** Will that money be available to Raidió Fáilte in the future?
50. **Ms D Brown:** What we will do is have a look at the proposals when the business case is finalised. Then, we will have a look at our budget allocations to see how we would best meet that funding. It just depends what else is happening as to whether we could manage it internally or would have to consider a bid.
51. **Mr D Bradley:** Deborah, I think that you mentioned the CoderDojo. Can you give us more detail on the amount of funding for it and what exactly it will be used for?
52. **Ms D Brown:** I think that it is approximately £50,000. Arthur might be able to tell you a wee bit more about the initiative.
53. **Mr Scott:** The CoderDojo is a youth computer coding programming club. Its primary purpose is to spark an interest in software development at a young age. So, it is really an attempt to create the next generation of software engineers and creative entrepreneurs. It exposes children to those concepts at an early age and gets them interested in that whole angle.
54. **Mr D Bradley:** There is an educational aspect to that. I was wondering whether you have had any discussion with the Department of Education on that issue.
55. **Mr Scott:** DCAL has a learning strategy, which was developed in conjunction with the Department of Education and the Education and Training Inspectorate. The strategy seeks to provide lifelong learning with regard to achieving the aims of particular projects across all our arm's-length bodies and the bodies that we fund. Some of that could be fairly straightforward. Some of it could be linked into the STEM subjects — science, technology, engineering and mathematics. So, yes: we have those linkages through the creative industries and the learning strategy. Those contacts are being made.
56. **Mr D Bradley:** OK. Thanks.
57. **Mr Swann:** I am sorry that I missed some of your answers earlier. Perhaps, we could go over them. With regard to the £1.7 million for off-site storage for National Museums Northern Ireland (NMNI), how long is it since you sold the old Public Records Office of Northern Ireland (PRONI) offices?
58. **Ms D Brown:** The PRONI offices are still up for sale.
59. **Mr Swann:** Was there any business case that looked at other Executive facilities that could be put to use for that purpose?
60. **Mr Mick Cory (Department of Culture, Arts and Leisure):** That is a facility that is used for storage by National Museums. It has been extensively converted for that purpose in terms of security and climate control. NMNI rents that facility and is looking to purchase it in order to reduce its running costs; it will be part of its future savings. The business case looked at a number of options rather than purchasing the existing site, but the cost of moving the items in storage and converting other buildings would have been prohibitive.
61. **Mr Swann:** What was the rental cost for that?
62. **Mr Cory:** I do not know off the top of my head. I can come back to you on that.
63. **Ms Brown:** I think that it is £200,000 a year.
64. **Mr Swann:** Are there rates related to hiring the road as well?
65. **Mr Cory:** I think so, yes. I should just mention that it is actually under

- negotiation at the moment, so it may not be helpful for any further detail about costs, and so on, to be in the public domain.
66. **Mr Swann:** That saves you having to answer; is that what you are saying to me?
67. **Mr Cory:** It depends what your next question is. *[Laughter.]*
68. **Mr Swann:** I had my own personal website built for £500. What sort of website do you get for £60,000? I have never come across a £60,000 website.
69. **Mr Scott:** It is not just the website. The £60,000 is an estimate of the cost that will be required to develop the learning packages that will be hosted on the website. So it includes setting up the site, developing the packages and learning materials that will be available on the site, and it includes £5,000 for the resource running cost of operating and updating the site. It is an estimate. It will be refined as the business case is — *[Inaudible.]*
70. **Mr Swann:** If it is about learning and all the rest of it —
71. **Mr Scott:** Sorry, I did not catch your first point.
72. **Mr Swann:** Sorry, I am having trouble hearing you as well, Arthur. If it is in regard to learning, is there any engagement with the Department of Education?
73. **Mr Scott:** We have a learning co-ordinator who assists the Department and its arm's-length bodies in developing and providing the learning strategy. That person is a retired education and training inspector, so they are a professional educationalist. They have offered advice and have input to the business case for the Líofo website development.
74. **Mr Swann:** And they are from the Department of Education?
75. **Mr Scott:** They are an ex-employee of the Department of Education but are now retained by DCAL to advise the Department and its arm's-length bodies on our learning strategy. They are instrumental in helping the Department and all its arm's-length bodies in implementing the learning strategy.
76. **Mr Swann:** So are they there as a fixed cost already?
77. **Mr Scott:** The cost is shared across the Department and all of its arm's-length bodies. It is a part-time position. The cost is around £25,000 a year.
78. **Mr Swann:** So that will not be an additional cost to the £60,000?
79. **Mr Scott:** No, it is already there as an allied service.
80. **Mr Swann:** Can I ask about social inclusion? One of the other projects you mentioned was going to be brought forward. I was having trouble hearing your presentation, but I think you said it was an Irish language academy. Have you any further detail on that? It is not referred to anywhere in the paper.
81. **Mr Scott:** The Irish-language academy addresses the concern that there are a number of people who need help and assistance in standardising how the language is spoken. Quite a number of people speak Irish with English phonetics, but Irish phonetics are quite different. That is one of the concerns. What is being proposed with the money allocated towards that is a feasibility study to look in more detail at the needs, what an Irish-language academy might do, what it might look like and how best to go about it. At this stage, it is a feasibility study.
82. **Mr Swann:** I do not want to steal your thunder, Dominic, but is that not Foras na Gaeilge's remit, or am I wrong?
83. **Mr D Bradley:** I would have thought that the type of work you have described could be carried out by Queen's University or the University of Ulster.
84. **Mr Scott:** I have recently had discussions with some academics from those institutions. They described to me some of the current difficulties as they see them, notwithstanding the efforts that they make. There definitely appears

- to be a need, and the feasibility study seeks to address how best to meet that need.
85. **Mr D Bradley:** Can you send us a paper on exactly what you are about because it does not seem to be that clear?
86. **Mr Scott:** I am sorry, Chairperson, I thought that I had explained that. I would be happy to forward details to the Committee.
87. **Mr D Bradley:** You are calling it an Irish-language academy, which is specifically to address pronunciation?
88. **Mr Scott:** I am sorry; I said that that was just one of a range of things. I talked about the standardisation of language. That is one of the aspects that I am aware of.
89. **Mr D Bradley:** Standardisation of the language is done on an all-island basis.
90. **Mr Scott:** Yes. A new official written standard has just been agreed in the Dáil. One of the concerns, which I discussed with academics, was around the way in which Irish is spoken in the North. People are using English phonetics when they should be using Irish phonetics, so they are different.
91. That is just one aspect. I am not saying that that is the whole basis of it, but it is standardisation in that sense. There is a dictionary and a written standard, but, as I understand it, it is about how the language is to be spoken. The people who are teaching it are perpetuating the use of English phonetics and continuing to teach it in that way.
92. **Mr D Bradley:** So, we are all speaking it wrong, and you are going to teach us.
93. **Mr Swann:** I thought that for a long time. *[Laughter.]*
94. **Mr Scott:** I did not say that. That is what academics have told me. I will forward the correspondence on what the feasibility study in detail seeks to address.
95. **The Chairperson:** Where did those concerns around phonetics, and so on, originate, Arthur?
96. **Mr Scott:** They came from the Irish-speaking community.
97. **The Chairperson:** Was that from the consultation document?
98. **Mr Scott:** Well, as you know, the consultation closed on 27 November. There were discussions during the consultation. I was not involved in those, but representations were made to the Department during the consultation period. We are just beginning to examine the detail of the consultation, so I do not have that at this point.
99. **The Chairperson:** It seems a very swift action on the basis of a consultation that took place over only the past few weeks. You are pursuing something quite quickly.
100. **Mr Scott:** Well, yes, it is a swift action, but, in a sense, we are doing a feasibility study, and I am happy to share the detail of that with the Committee to give it a fuller understanding. I did not come here today fully briefed; I have only a broad outline. It is just one of the things that I am involved in. I am happy to provide fuller detail, which will set out better and more carefully to the Committee what it is about.
101. **The Chairperson:** Our experience of all Departments is that they do not usually work so quickly, but we will look forward to receiving your paper.
102. **Mr Swann:** I wanted to ask about the £100,000 to the mountain rescue and Parkrun.
103. **Ms D Brown:** I will ask Colin to deal with that.
104. **Mr Watson:** I am sorry; what was the question?
105. **Ms D Brown:** It is about the mountain rescue and Parkrun.
106. **Mr Swann:** It is not mentioned anywhere that I can see, apart from in the capital moves table.

107. **Mr Watson:** Oh, right. The Parkrun programme is already in place in some council areas. It is a free, 5km, or three-mile, timed walk, jog or run, which is open to everyone. It is an opportunity to get people to use the local parks. We want to extend it beyond the councils that already have it. There are already three Parkrun programmes in Belfast; in the Waterworks, Victoria Park and Falls Park.
108. **Mr Swann:** Is this money that councils can bid for?
109. **Mr Watson:** We have not yet worked out how that will be done. We do it through Sport NI, which already funds the Parkrun programme. This is just an attempt to extend it into other council areas. Sport NI will work out the details of that with the councils.
110. **Mr Swann:** What is the timeline, then?
111. **Mr Watson:** It will be in this financial year. We have to do it this financial year.
112. **Mr Swann:** This financial year ends in April.
113. **Mr Watson:** Yes.
114. **Ms D Brown:** It ends in March.
115. **Mr Swann:** So, we have three months for Sport NI to put out the consultation to councils and get the money spent?
116. **Mr Watson:** Well, it is a case of identifying which councils want to take it forward, after which we can see how quickly we can get things up and running. It does not involve major amounts of money, but it is a useful way of getting people out into the local parks to make use of them for healthy exercise.
117. **Ms McCorley:** Go raibh maith agat, a Cathaoirleach. My first point is about Líofo, which links into the further discussion about the acadamh. I am aware that well over 3,000 people have signed up to Líofo. Would that be right? I am not sure about what other methods could be used to communicate with them. However, there are clearly many people, from all walks of life and all communities, who are interested in learning Irish. It seems to me that a website would be the easiest way to convey information and communicate so that people know where to go to link in. I do not know whether other methods of communicating with that growing number of Irish-language enthusiasts have been considered, but I just feel that a website is a good way to do it.
118. I do not believe that Acadamh Gaeilge has arisen out of the consultation. This idea has been around in the Irish language community for a long time. I have been in discussions with people who have suggested that this would be a good idea. One of the main reasons is that there are so many people — I do not know how many but there are scores and scores — who do so many different adult language courses that go on throughout the North all the time. There is no standardisation of how all of those are taught, unlike in schools where there is a curriculum. It is about bringing some cohesion, co-ordination and standardisation to that learning experience so that people who go to night classes to learn Irish are able to avail themselves of the correct standard of excellence and be taught the Irish language in the way that it should be taught. The Acadamh Gaeilge is certainly one way of fulfilling that function. The acadamh would serve other functions, but I see that as a main one.
119. **Mr Scott:** To clarify, I said that it emerged during the consultation. You are right to say that it did not come out of the consultation. People who are interested in it mentioned it again when they were replying, so that was perhaps sparked by the consultation.
120. Yes; there are a range of standardisation issues. I recall that when Líofo was being set up, it was very difficult to establish just where Irish-language classes were being provided. Some are known about, but others are not because they are done at community level. It is about standards but also the materials that are available to support the people who deliver those classes. I have been approached by people who

- are actively involved and people outside the curriculum who teach Irish, and they say that there is no support. In some instances, there is demand that is not being met or is being met on a voluntary basis.
121. We are now beginning to get into the detail of what would be in any study. As I say, I am happy to send detailed correspondence to the Committee to outline in full what they want the feasibility study to address.
122. **The Chairperson:** The website will cost £60,000 and 3,000 have signed up to Líofa. That equates to around £2,000 per person, which does not really look like value for money.
123. **Mr Scott:** I do not have the breakdown of the business case with me today. However, as I outlined earlier, it is about the development of materials. It goes up to 2015, so those materials would have to be updated. It is an investment. There will be a distance-learning download. I assume that that will have to be of a particular standard and written in a particular way to achieve its purpose. It could include downloadable audio materials. The business case will set out the detail.
124. **The Chairperson:** Mick, in response to Mr Swann, you talked about the purchase of off-site storage for National Museums Northern Ireland. From our discussions about archaeological archives, and so on, we are aware that storage space is limited. Is there room for expansion on that site?
125. **Mr Cory:** I am not in a position to say, because I am not familiar with the site's specifics. However, I can certainly find out for you.
126. **The Chairperson:** OK. It is really about future-proofing such an investment for the museum.
127. **Mr Cory:** Yes, absolutely.
128. **The Chairperson:** Is there any interest in the Balmoral site currently?
129. **Ms D Brown:** There has been some interest but we have no agreed —
- [Inaudible.]* If and when — *[Inaudible.]* — we will make sure that — *[Inaudible.]*
130. **Mr Ó hOisín:** I am curious about the museum's purchase of the gold torc and the 'Northern Rhythm' painting. Presumably the gold torc aspect tied in with the Broighter hoard and the Broighter torc — *[Inaudible.]*
131. **The Chairperson:** Mr Ó hOisín, will you speak up?
132. **Mr Ó hOisín:** Sorry. An attempt was made to bring back the Broighter torc from the National Museum on temporary loan. I just wonder whether the gold torc is a replacement for that.
133. **Mr Cory:** This torc is one of 10 found in Ireland. The coroner has said that it is national treasure. It is being evaluated at the moment. As a national treasure, it will be offered for purchase to the National Museums in the first instance. It is one of only 10 of that nature found on the island. I am not familiar with the other torc, but I understand that it is a unique item. If the opportunity arises for us to retain it in the Ulster Museum, it would be good to do that.
134. **Mr Ó hOisín:** To go back, if the £60,000 being spent is divided between 3,000 people, that equates to £200 per person not £2,000 per person; not to question your maths.
135. **The Chairperson:** That was my Committee Clerk's maths.
136. Moving on, is the £50,000 for CoderDojo a bid or an allocation?
137. **Ms D Brown:** That is us using the easements that we have to redistribute money to manage the new projects that we have come up with. It is not a bid; it is us reallocating the money.
138. **The Chairperson:** Thank you.

DCAL Press Release - 19 July 2011

Minister encourages industry to get creative as new fund is launched

The Arts Minister has encouraged businesses specialising in digital content to submit innovative business ideas to the Creative Industries Innovation Fund.

~ Tuesday, 19 July 2011

The creative industries are recognised across the globe for their potential for job and wealth creation. DCAL is investing £4million over the next four years to support this key growth sector for the region. This will include grants to creative businesses through the Creative Industries Innovation Fund administered by the Arts Council, in association with NI Screen and Digital Circle.

Carál Ní Chuilín said: “A key aim of the Executive is to rebuild and rebalance our economy. We can do this by stimulating innovation, R&D and creativity to drive export focused growth. Almost 36,000 people are employed across the North in the creative industries or in creative occupations. This vibrant sector has huge potential and can have significant spill-over impact into other business areas such as manufacturing and tourism.

“In supporting local businesses and wider sectoral initiatives my goal is to create and sustain a creative pipe-line from which creative people, creative ideas and creative businesses emerge. This will help local businesses to develop content, products, services and experiences capable of competing on the world stage.”

The first round of the fund will focus on digital content projects and will include businesses involved in animation, web and mobile content, e-learning, film, television and music.

Roisin McDonough, Chief Executive of the Arts Council, said: “The inaugural Creative Industries Fund supported 133 businesses and provided many examples of the economic potential of our creative sector. Our new round of funding prioritises digital content projects but recognises that new business and global market opportunities can be found through collaboration between all types of creative businesses. I would encourage all sections of the creative industries to explore collaborative opportunities and apply for support.”

Notes for editors:

1. The Creative Industries Innovation Fund (CIIF) guidelines and application form can be accessed at <http://www.artscouncil-ni.org/award/innovation.html>
2. CIIF priorities over 2011-15 are:
 - a. Digital Content.
 - b. Export-focused activity.
 - c. Cross-sectoral collaboration.
 - d. Innovation and entrepreneurial potential of NI's culture, arts and leisure base.
3. The first call is for digital content projects completing by 31 March 2012. The deadline for applications is 25th August and 29th August 2011. Grants will be offered up to a maximum of £10,000.
4. Years 2-4 will be open to all creative industries sub-sectors. The majority of grants over 2011-15 will be for £10,000 or under. The second CIIF call will open in December 2012 for projects running over April 2012 – March 2013.

5. For further information please contact the Department of Culture, Arts and Leisure Press Office on (028) 9051 5047 or email communications@dcalni.gov.uk Out of office hours please contact the duty press officer via pager number 07699 715 440 and your call will be returned.

DCAL Press Release - 20 October 2011

Creative Industries Statistics Published

The Department of Culture, Arts and Leisure today published economic estimates for the creative industries in the north of Ireland.

~ Thursday, 20 October 2011

In summary

- Gross Value Added (GVA) for the Creative Industries was £737million in 2008. This was equivalent to 4.2% of the region's total GVA.
- The estimated number of businesses in the creative industries sector was 2,200 in 2010. This represented 3.2% of all business units.
- The number of people in creative employment in 2009 was estimated at 31,000. This represented 4.1% of total employment in the region.

Minister Carál Ní Chuilín said: "The creative industries are recognised across the world for their potential for job and wealth creation. The sector can help to rebuild and rebalance our economy by stimulating the innovation, R&D and creativity needed to drive export focused growth."

She added: "The creative industries can also support the wider economy by collaborating and adding value to other business sectors. The Executive is committed to supporting the creative industries and developing an environment from which creative ideas, creative talent and creative entrepreneurs emerge and flourish."

Notes to editors:

1. In December 2010, the Department for Culture, Media and Sport (DCMS) released creative industries economic estimates based on the new Standard Industries Classification (SIC). These do not include separate estimates for the north of Ireland.
2. The figures released by DCAL use, where possible, the same definitions and methodology adopted by DCMS. Both sets of data are experimental statistics as they are still in the development phase. Definitions and methodology may be further refined after consultation with users.
3. The figures represent a snapshot of the creative industries in the north of Ireland using the most recent data available and should not be compared with previous estimates due to the change of Standard Industrial Classification codes used.
4. Technical discussion and research findings in full can be accessed at http://www.dcalni.gov.uk/arts_publications.htm

Defining and Valuing Dublin's Creative Industries

DUBLIN CITY COUNCIL – THINK DUBLIN! RESEARCH SERIES

DEFINING AND VALUING DUBLIN'S CREATIVE INDUSTRIES

Dublin City Council
Declan Curran and Chris van Egeraat

2010



OFFICE OF INTERNATIONAL RELATIONS AND RESEARCH

May 2010

This report forms part of the Think Dublin! Research Series that encourages an evidence-based approach to developing policy in the city while also highlighting the key role of Dublin in the national and international context.

The Office of International Relations and Research is responsible for the development of economic indicators that monitor and benchmark Dublin's performance. The Office also develops and commissions research that yields a better understanding of the key strategic areas that influence future city success.

Jamie Cudden
Research Manager
jamie.cudden@dublincity.ie

Helen O'Leary
Research Officer
helen.oleary@dublincity.ie





Authors:

Dr. Declan Curran declan.g.curran@nuim.ie

Dr. Chris van Egeraat chris.vanegeraat@nuim.ie

NIRSA, NUI Maynooth

May 2010

Challenges and Opportunities: A reflective view of possible actions arising from this report

The importance of innovation and creativity in the future economic development of Dublin and Ireland cannot be overstated. The creative industries have received increased attention from policymakers in recent times and can include a wide range of sub-sectors from digital media to theatre to advertising. This report helps establish the size and value of the creative industries in Dublin and suggests how we might further research the needs and requirements of this sector. It finds that creative industry clusters tend to locate naturally around urban centres, specifically Dublin.

This research arises from the work of the **Creative Dublin Alliance**, which is a unique leadership network of local government, Universities, NGOs, private business and the state's economic development agencies. The Alliance has succeeded in creating an agenda for action focused on developing the innovation economy in the Dublin Region. This agenda recognises the importance of linking research to business opportunities to societal needs. A major role of the Creative Dublin Alliance is to directly promote Dublin as the international gateway region for Ireland – island of innovation.

Some critical reflections on the report and its subject area of the Creative Industries offer the following challenges and ideas for future action.

1. The report examines **how we define and measure the creative industries as a sector**. It highlights the difference between using the industrial classification based approach to one that focuses on individual activity and contribution. This approach recognises the role of creativity across all aspects of the Dublin economy. There is a need to agree a definition for creative businesses within the emerging Innovation economy of Dublin.
2. The **importance of global networking and connections** for the creative business sector should not be ignored. The nature of many creative industries is such that products and innovations require adequate connections with international markets. A policy priority must be to develop the **communications and broadband infrastructure** within the Dublin region to surpass that of other global hubs of innovation such as Seoul in South Korea. In tandem with this infrastructure development, the city region must deepen its international links with a number of key cities recognised as world centres of excellence in the creative industries.

3. The further development of the creative industries will depend on the local and national capacity to provide a workforce with the necessary **skills and competencies** to fuel the sector and to bring innovation and creativity to more traditional jobs and sectors. New programme initiatives are needed that could:
- Extend **schools based innovation and creativity programmes** and projects that promote creative thinking and problem solving in industry and community and support entrepreneurial thinking.
 - **Develop programmes in business that provides opportunities for the unemployed to be “placed” in a business in a creative capacity.** This could involve specific skills training with a focus on creativity and innovation, followed by an industry or public sector placement of a year where a team is formed to address a business or societal challenge that requires a creative/innovative solution. This programme should be open to unemployed graduates. Ideally the programme would be developed and managed through FÁS and could work with organisations promoting creativity and innovation such as Designing Dublin.
 - **Acknowledge creativity.** The Creative Dublin Alliance should explore the development of a **Creative Achievement Award** for the Dublin Region that recognises individuals, communities, companies and institutions where a creative idea has become an innovative solution that improves lives, creates commercial opportunity and addresses a modern urban challenge.



Peter Finnegan
Director
Office of International Relations and Research
Dublin City Council
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Table of Contents

EXECUTIVE SUMMARY	6
1. INTRODUCTION	10
2. METHODOLOGY	13
3. ESTABLISHED DEFINITION OF THE CREATIVE INDUSTRIES	14
3.1. DEFINITION BASED ON STANDARD INDUSTRIAL CLASSIFICATIONS	14
3.2. MEASUREMENT OF DUBLIN'S CREATIVE INDUSTRIES	16
4. ALTERNATIVE DEFINITIONS OF THE CREATIVE INDUSTRIES	22
4.1. CREATIVE ACTIVITIES DEFINITION.....	22
4.2. APPLYING AN OCCUPATIONS-BASED CREATIVE ACTIVITIES METHODOLOGY	24
4.3. EMERGING DEFINITIONS AND METHODOLOGIES	25
5. CONCLUSIONS, RECOMMENDATIONS AND SUGGESTIONS FOR FURTHER RESEARCH....	26
REFERENCES	32
APPENDIX 1. CREATIVE INDUSTRY DEFINITIONS	34
APPENDIX 2. NESTA (2008) CREATIVE OCCUPATIONS	35
APPENDIX 3. INTERVIEWEES	36

EXECUTIVE SUMMARY

Creative industries are high on regional, national and international policy agendas. The creative industries have been high on the agenda of policymakers in recent years, as is evidenced by the European Union's Lisbon Strategy, which identifies creativity and innovation as a means to enhance competitiveness through quality and differentiation. Recent Irish policy documents, including "Building Ireland's Smart Economy" (2008), have also emphasised this role of creativity and innovation in providing industry with a competitive advantage. At a regional level, The Dublin Economic Development Action Plan (2009) includes measures to support the role of the creative industries in developing the knowledge economy through the delivery of local cultural/economic strategies in recognition that culture is essential to Dublin's economic vitality.

The Creative Industries make a significant contribution to the Irish Economy. The growing interest in the creative industries is partly driven by an increasing appreciation of the value of the creative industries to national and regional economies. The creative industries have come to be regarded as a significant contributor to the Irish economy. Existing estimates have placed the total number employed in Ireland's creative industries at 60,855 in 2006, generating a total Gross Value Added (GVA) of nearly €5.5bn in 2006 – approximately 3% of total Irish employment and 3.5% of total Irish GVA (Arts Council, 2009).

Research has been unable to accurately determine the contribution of the creative industries to the economy of the Greater Dublin Area. There are also real challenges in measuring and defining the creative industries. Establishing the contribution of Dublin's creative industries, in terms of employment or GVA, is not a straightforward task. Apart from data limitations, the creative industries have been hampered by multiple definitions and a lack of consistent treatment on what is classified as creative activity. This report provides insights into the challenges in, and possibilities of, measuring the scale and scope of the creative sector and its value to the economy of the Greater Dublin Area.

Traditionally the creative industries have been defined and measured on the basis of industrial classifications. These approaches have important limitations, namely:

- Approaches centred on industrial classifications characterize the creative industries as being orientated towards the production of final goods, whereas in reality creative industries produce goods and services that are intermediary inputs into an economy-wide innovation process.

- The progressive convergence of the information technology, communications, cultural and content industries makes it difficult to accurately differentiate between different economic and industrial activities.
- Standard industrial classifications do not always capture emerging industries, such as digital content industries.
- Industrial classification data tends to be released with a significant time lag. In the Irish case, official census publications containing detailed industrial data for disaggregated geographical units is released at five year intervals.

Despite these serious conceptual and methodological challenges, the widespread use of industrial classification-based approaches to measuring the creative industries makes them useful as a benchmark for comparison across cities or regions.

The creative industries in the Greater Dublin Area employ just over 77,000 people - 59% of the national total with a GVA of approximately €3.25 billion (2006). On the basis of a newly available spatially disaggregated Central Statistics Office dataset called POWCAR (Place of Work – Census of Anonymised Records) this report estimates that the creative industries in the Greater Dublin Area employ just over 77,000 people or 59% of the national total (10% of total regional employment). The GVA of the creative industries in the Greater Dublin Region is estimated to be in the region of €3.25 billion. This is the first study that provides an estimate of the economic value of the creative industries to the Greater Dublin Area using an industrial classification approach.

Creative Industries are strongly clustered in the Greater Dublin Area. The Greater Dublin Area far exceeds other Irish cities, in terms of employment, in the creative industries. Further analysis of employment levels in the creative sector in a selection of Irish urban centres shows that, more than industry on average, the creative industries appear to be disproportionately attracted to the largest urban centres in the urban hierarchy. This may suggest that, more than most industries, creative industries derive important benefits from being located in metropolitan centres. The policy of dispersal of industrial activities, along the lines of the National Spatial Strategy, may therefore be less appropriate in the context of the creative industries (especially in the case of Dublin).

There are alternative ways of measuring the Creative Industries through an ‘activity based’ approach. Acknowledging the limitations of the industrial classification-based methodology, we promote an “activity based approach” to defining the creative industries and measuring their economic value. While industrial classification-based approaches tend to characterize creativity as being orientated towards the production of a final good, an alternative occupation-based

measure of creative activities - activities that are inputs in an economy's innovation process – allows one to distinguish between specialist creative workers within the creative industries, support staff in the creative industries, and embedded creative workers within the broader economy. This methodology moves beyond the creative industries to the broader creative economy, and is more in line with the view of creative activities as an economy-wide enabler in the innovation process.

There are a number of areas where we can improve our measurement of creative industries.

A number of new Irish datasets, in particular the CSO POWCAR dataset, offer great potential for undertaking such an occupations-based study of the Greater Dublin Area creative industries. However, serious data challenges remain. In particular, we lack average income data for detailed occupation groups. At present, earnings data released as part of the National Employment Survey are only provided for broad occupation categories.

In order to address issues of data availability we recommend:

- Approaching the CSO with a view to ascertaining the possibility of accessing a more detailed breakdown of National Employment Survey average income data.
- Exploring the possibility of obtaining Annual Business Inquiry data at NUTS 3 (or Dublin Region) level. This dataset is currently only available at NUTS 2 (South and East Ireland) level.
- Further developing the spatial dimension of the detailed industry data available in the Census of Industrial Production.

Areas for further study are identified:

Building on the definitional and methodological work. Most obviously, building on the definitional and methodological work contained in this report, further research should provide elaborate and multi-faceted estimates of the economic value of the creative industries and its sub sectors to the GDA, using an activity based approach. Amongst others, the CSO POWCAR dataset contains both the detailed occupations and industrial data required for such a study.

Comparing spatial patterns of Creative Industries across European Countries. The findings in this report also form the basis from which an internationally comparative investigation of the creative industries could be undertaken, in which the creative industry's tendency to gravitate towards the largest centres of the urban hierarchy could be further explored.

Exploring the regional sectoral system of Innovation. The research on methodologies and datasets also highlights the possibilities of investigating the spatial distribution of the creative industries *within* the GDA. Two data releases the CSO POWCAR dataset and GeoDirectory, both containing geo-coded data, present an opportunity to conduct this much-needed study of the spatial concentration of Dublin’s creative industry and its sub-sectors.

Such knowledge of the co-location patterns provides an important platform for an investigation of the factors underpinning future competitiveness of the creative industries in the GDA. Analysis of the spatial patterns of firm location in the creative industries can identify established or emerging “clusters” and the related backward and forward linkages within the GDA. This, in turn, could form the basis of a broader study into the functioning of the regional-sectoral system of innovation paying attention to all important economic, political, organizational, institutional and other factors that influence the development, diffusion and use of innovations in the industry. As a component of this, social network analyses, based on original survey data, can establish the extent to which knowledge flows within the local concentration, between local firms and universities and other institutions, and between local firms and other national or international firms.

1. INTRODUCTION

The creative industries have been high on the agenda of policymakers in recent years, as is evidenced by the EU Lisbon Strategy, which identifies creativity and innovation as a means to enhance competitiveness through quality and differentiation.¹ Recent Irish policy documents have also emphasised this role of creativity and innovation in providing industry with a competitive advantage. The Irish government's policy document entitled "Building Ireland's Smart Economy" (2008), sets out a framework for sustainable economic development over the 2009-2014 period based on five action areas.² One of these action areas, *Creating the Innovation Island*, involves leveraging the Arts, Culture and Creative Sectors as world class business sector. This recognizes the arts, cultural and creative industries as key and primary economic contributors, and acknowledges that the challenges for creative industries differ from those in traditional export sectors. The action area identifies intellectual property protection and commercialisation as top priorities, and advocates a policy supporting research and development (R&D) investment in human and creative capital. The Dublin Economic Development Action Plan (2009) also places a strong emphasis on creating a vibrant city, and attaining and retaining creative people.³ Among the report's action plans are measures to support the role of the creative industries in developing the knowledge economy through the delivery of local cultural/economic strategies in recognition that culture is essential to Dublin's economic vitality.

The creative industries have come to be regarded as a significant contributor to the Irish economy. Recent estimates place the total number employed in Ireland's creative industries at 60,855 in 2006, generating a total Gross Value Added (GVA) of nearly €5.5bn in 2006 – approximately 3% of total Irish employment and 3.5% of total Irish GVA (Arts Council, 2009). However, existing research has been unable to accurately determine the contribution of the creative industries to the economy of the Greater Dublin Area.⁴ Given the dominance of the Greater Dublin Area in the national economic context, it is important to establish the characteristics and scale of the creative industries currently located in the Greater Dublin Area.⁵ Doing so can help both policymakers and industry professionals to communicate key concepts,

¹ See http://europa.eu/lisbon_treaty/full_text/index_en.htm for full text of the Lisbon Treaty.

² *Building Ireland's Smart Economy (2008)* http://www.taoiseach.gov.ie/eng/Building_Ireland's_Smart_Economy/

³ Dublin Economic Development Action Plan (2009):

http://www.dublincity.ie/Press/PressReleases/PR2009/Press_Releases_July_2009/Pages/DublinEconomicDevelopmentActionPlan.aspx

⁴ The Greater Dublin Area includes the counties Dublin, Kildare, Meath, and Wicklow. Within County Dublin, four areas are identified separately: Dublin City and the three administrative counties of Dún Laoghaire-Rathdown, Fingal and South Dublin.

⁵ In 2006, the Greater Dublin area accounted for 41% of total Irish employment and 48% of total Irish GVA. See http://www.cso.ie/releasespublications/documents/economy/2006/regincome_2006.pdf.

share reliable data and make the case for greater investment. This task, however, is complicated by definitional and methodological challenges.

An initial sense of what the term “creative industries” refers to can be gleaned from Potts (2009). Potts notes several ongoing transformations in the technological and industrial composition of modern economies, including the rise of the “post-industrial society” and the “knowledge-based economy”, the systematic growth of the service sector, and the rise of what Richard Florida (2002) has labelled the “creative class”. It is in this context of a shifting knowledge-base of modern economies that the idea of “creative industries” has emerged.

Establishing the contribution of Dublin’s creative industries, in terms of employment or GVA, is not a straightforward task. The creative industries have been hampered by multiple definitions and a lack of consistent treatment on what is classified as creative activity (NESTA, 2009). It is important that the methodology chosen to delineate and value the creative industries is robust. Undervaluing the sector affects its ability to secure supportive policy measures or to attract additional investment, while overvaluing the sector’s significance (with too broad a definition) can lead to a loss of credibility.

The National Institute for Regional and Spatial Development at the National University of Ireland, Maynooth was commissioned by Dublin City Council in 2009 to conduct a research project entitled “*Measuring the Scale and Value of the Creative Industries: Possible Methods*”. The aim of the study was to provide insight into the challenges in, and possibilities of, measuring the scale and scope of the creative sector and its value to the City’s and Nation’s economy. The primary objectives of the study were:

- to define the creative sector
- to identify the challenges in, and possibilities of measuring the value of the creative sector to the City’s and Nation’s economy
- to identify the limitations in the data currently available from official sources
- to identify data requirements, or changes in the current data collection processes, that would support the monitoring of the performance of the sector and related evidence-based policy-making.

Researchers who have studied the creative industries have been keen to point out that the sector should be seen not as a traditional industry, whereby inputs are transformed into output to be consumed by an end user, but rather as an industry-wide enabler of innovation. One pertinent example is that of the green economy. Given the breadth of the green economy, encompassing subsectors such as waste management, water and wastewater, renewable

energies, energy efficiency and consultancy, and the high degree of technological convergence occurring (especially in key nexus points like energy and ICT), industry-wide creative activities will need to be embedded in potential growth areas such as sensor technologies, wind and ocean energy deployment.⁶ In these fields, industry-wide enablers, such as innovative ICT solutions and agri-business methods, may well create the creative edge that policymakers speak of.

This study examines existing creative industry definitions and methodologies, and discusses how they can be applied to the Greater Dublin Area creative industries. We discuss established templates for measuring the creative industries based on industrial classifications and provide estimates for the Greater Dublin Area on this basis. However, we acknowledge the limitations of this particular type of methodology and therefore also provide a discussion of some alternative methodologies and emerging definitions that strive to address these methodological challenges.⁷

The next section elaborates on the methodology underlying our study. The report continues in section 3 with a discussion of existing creative industry definitions and methodologies based on industrial classifications, and how they can be applied to the Greater Dublin Area creative industries. We provide estimates for Greater Dublin Area creative industries employment and gross value added (GVA) using an established industrial classification-based template for measuring the creative industries.

Subsequently, in Section 4, we provide a discussion of some alternative methodologies and emerging definitions that strive to address the methodological challenges inherent in industrial classification-based measures of the creative industries. In particular we outline an alternative occupation-based measure of creative activities, which allows one to distinguish between specialist creative workers within the creative industries, support staff in the creative industries, and embedded creative workers within the broader economy. We then consider how this approach could be applied in the Greater Dublin Area and identify the data requirements of such an approach. Finally, section 5 provides conclusions and recommendations, as well as avenues for further research. It therefore moves beyond simply measuring the economic value of the Greater Dublin Area creative industries and outlines a number of possible research opportunities for analysing the drivers for competitiveness in the creative industries, and the functioning of the regional-sectoral system of innovation. These

⁶ The Department of Enterprise, Trade, and Employment report “Developing the Green Economy in Ireland”: http://www.entemp.ie/publications/trade/2009/developing_the_green_economy_in_ireland_01.12.09.pdf

⁷ For a critique of creative industry definitions based on industrial classifications, see for example Ross (2007).

potential avenues for future research are illustrated with maps, based on geo-coded firm-level datasets, which identify the location of the creative industries in the Greater Dublin Area.

The report was prepared by Dr. Declan Curran and Dr. Chris van Egeraat at NUIM guided by a steering committee that included Mr. Peter Finnegan, Mr. Jamie Cudden, Ms. Helen O’Leary, Ms. Izaskun Arrieta (all Dublin City) and Ms Clodagh O’Brien (Creative D Network). The authors would like to thank the members of the steering committee for their guidance and the experts who agreed to be interviewed for this study (see Appendix 3 for a list of the industry experts who participated in this study).

2. Methodology

This study undertakes a number of research actions that involves a range of methodologies, including an analysis of secondary literature and interviews with industry experts.

This input has formed the basis of our discussion of definitional issues relating to the Creative industries. We then explore how various definitions can be made operational in the Dublin context. We begin by utilising an industry classifications-based approach to delineating the set of 13 creative industries and estimating the total employment associated with these industries for the Greater Dublin Area. Based on this total employment figure and Arts Council (2009) calculations of the total level of GVA generated by the Irish creative industry in 2006, we estimate Greater Dublin Area creative industries GVA in 2006. The methodological and data limitations of this approach are then discussed.

In order to move beyond a selected group of creative industries and towards a measure of “creative activity” across the broader economy, we discuss an alternative occupation-based measure of creative activities. This approach allows one to distinguish between specialist creative workers within the creative industries and embedded creative workers within the broader economy. We then consider how this approach could be applied in the Greater Dublin Area. Finally, we outline a number of possible research opportunities for analysing the drivers for competitiveness in the creative industries, and the functioning of the regional-sectoral system of innovation. These research opportunities are illustrated using maps of the Greater Dublin Creative industries, and the methodologies underpinning these maps are outlined in the text.

3. ESTABLISHED DEFINITION OF THE CREATIVE INDUSTRIES

In this section we outline two methodologies based on similar definitions and industrial classification-based methodologies of the creative industries: DCMS (1998) and KEA (2006). The advantages and limitations of these methodologies are discussed, and we provide initial estimates of employment and GVA for the Greater Dublin Area creative industries based on these methodologies.

3.1. Definition based on standard industrial classifications

The Creative Industries Mapping Document by the UK Department for Culture, Media, and Sport (DCMS), published in 1998 and further developed thereafter, has established itself as a template for subsequent national, regional, and city-level studies of the creative industries worldwide. The DCMS study built on earlier attempts to study the size and impact of the cultural industries, and established the approach of measuring employment and business activities within selected industrial classifications. DCMS (1998) defines the creative industries as *“those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.”*

The DCMS (1998) definition characterises “creativity” as a central input to the production process, with intellectual property (and not only copyright) being the identifying characteristic of creative industries’ output. The methodology developed by DCMS (1998) involves a measure of creative industries that comprises of 13 different industrial sectors: advertising; architecture; the arts and antique market; crafts; design; designer fashion; film and video; interactive leisure software; music; performing arts; publishing; software and computer services; and radio and television.

A study undertaken by KEA (2006) further develops the DCMS (1998) definition and methodology. The DCMS (1998) approach serves as the starting point from which KEA (2006) develop their methodology, and they incorporate “cultural industries” and “experience industries” definitions emanating from France and the Nordic countries, respectively, as well as a number of related UNESCO, Eurostat, and OECD measures (See Appendix 1 for details).⁸

⁸ DEPS Aperçu statistique des industries culturelles, no. 16-January 2006; Denmark in the culture and experience economy- 5 new steps, The Danish growth strategy, Danish Ministry of Culture, Copenhagen, September 2003; UNESCO developed its Framework for Culture Statistics (FCS), 1986; OECD definition of the ICT sector) available at the OECD website:<http://www.oecd.org/dataoecd/49/44/35930616.pdf>

KEA (2006) distinguish between a “cultural sector” constituted of traditional art fields and cultural industries, whose outputs are exclusively “cultural”, and the “creative sector”, which gathers the remaining industries and activities that use culture as an added-value for the production of non-cultural products.

A core “arts field” of creative ideas that radiate out to “cultural industries”; these two layers in turn radiate out into the sphere of “creative industries and activities”, whose outputs are functional (distinction between activities and industries); **(1)** A core “arts field” of non-industrial cultural products, such as visual arts, performing arts, and heritage. This core “arts field” of creative ideas radiates out to **(2)** cultural industries (film and video; television and radio; video games; music; books and press. These two layers in turn radiate out into the sphere of **(3)** creative industries, such as design, architecture, advertising. Common to first three circles is copyright. All their outputs embody ideas, values and creativity which become concrete and tradable once protected by copyright. In the words of Andari (2008), *“the common denominator of all creative industries is that all use copyright in their business”*. KEA (2006) also includes an additional layer in their delineation of the creative industries: **(4)** “related industries”. This “related industries” layer captures industries that depend on cultural or creative products as they specialise in the “production, manufacture and sale of equipments whose function is wholly or primarily to facilitate the creation, production or use of works and other protected subject matter”. Examples of these industries include the manufacture of mobile phones and MP3 players.

Despite the widespread acceptance of the DCMS (1998) and KEA (2006) templates for measuring the creative industries, a number of serious limitations inherent in methodologies based on industrial classifications have also been acknowledged in existing literature and by the experts interviewed in this study:

- Approaches centred on industrial classifications, such as DCMS (1998), characterize the creative industries as being orientated towards the production of final goods. However, Potts (2008) argues that in reality creative industries produce goods and services that are intermediary inputs into an economy-wide innovation process. This view of the creative industries as an economy-wide “enabler” has had notable consequences for measurement/empirical work concerning the creative industries. Much of the recent creative industries empirical research seeks to measure creative industries in terms of the innovation it contributes to the wider economy through, for example, backward and forward linkages with other industries, and the implications of this for economy-wide innovation policy.

- A further limitation of industrial classification-based approaches arises due to ongoing technological progress and changing industry boundaries (NESTA, 2008). The progressive convergence of the information technology, communications, cultural and content industries makes it difficult to accurately differentiate between different economic and industrial activities.
- What is more, standard industrial classifications do not always capture emerging industries, such as digital content industries. As a result, many specialist creative activities may get lost among broad industry categories such as “business activities, not elsewhere classified”.
- Finally, Industrial classification data tends to be released with a significant time lag. In the Irish case, official census publications containing detailed industrial data for disaggregated geographical units is released at five year intervals.

Despite these serious conceptual and methodological challenges, the widespread use of industrial classification-based approaches to measuring the creative industries, and the adoption of a similar template in many of these studies, makes them useful as a benchmark for comparison across cities or regions. We therefore suggest a parallel approach to measuring Dublin’s creative industries: we utilise an industrial classification-based measure of the Greater Dublin Area’s creative activities in this section, and in the next section we present a more refined occupations-based methodology which we feel may provide additional insights into both the set of creative industries identified by DCMS (1998) and creative activities embedded in the broader economy.

3.2. Measurement of Dublin’s Creative Industries based on standard industrial classifications

A number of studies have attempted to implement the DCMS (1998) definition and methodology at a national level (Crossa et al., 2007, Murphy and Redmond (2008), Arts Council, 2009). However, prior to this study, the DCMS (1998) approach has not been applied to the Greater Dublin Area. Crossa et al. (2007), as part of the ACRE project, illustrate this lack of accurate information about the size and value of Greater Dublin’s creative industries:

“The Greater Dublin Area accounts for 40% of the population and the country’s economic output. Consequently we will proceed with the assumption that figures on the creative and knowledge-intensive sector represent 40% of the Irish total.”

Crossa et al. (2007 p.2)

However, the subsequent release of the 2006 CSO POWCAR dataset, which contains a detailed industrial breakdown at NUTS 3 (Dublin) and city/town level, allows for a more detailed study of the Greater Dublin Area creative industries employment as per DCMS (1998). We use this creative industries employment breakdown to estimate the proportion of national creative industries Gross Value Added (GVA) attributable to the Greater Dublin Area.⁹ This is the first study, to our knowledge, to provide estimates of the Greater Dublin Area creative industries employment and Gross Value Added.

Table 1: Employment in the subset of industries delineated as creative industries (Greater Dublin Area and National Total), 2006

NACE Code (Rev 1.1)	Industry	Greater Dublin Area	National Total	GDA as a % of National
74.4	Advertising	3,736	5,173	72%
742	Architectural and engineering activities and related technical consultancy	10,718	21,106	51%
17	Manufacture of textiles	1,355	3,921	35%
18	Manufacture of clothes; dressing and dyeing of fur	1,237	2,854	43%
19	Tanning and dressing of leather; manufacture of luggage, handbags	88	328	27%
921	Motion picture and video activities	1,462	2,202	66%
923	Other entertainment activities	3,168	6,156	51%
927	Other recreational activities	2,597	5,257	49%
	Publishing, printing and reproduction of recorded media	10,366	16,661	62%
924	News agency activities	262	392	67%
	Computer and related activities	23,562	36,656	64%
922	Radio and television activities	3,580	5,070	71%
748	Miscellaneous business activities nec	14,895	25,050	59%
	Total Creative Industries	77,026	130,826	59%
	Total All Industries	800,240	1,930,042	
	Creative Emp as % of All Industries	10%	7%	

Source: Own calculations based on CSO POWCAR dataset, available from www.cso.ie.

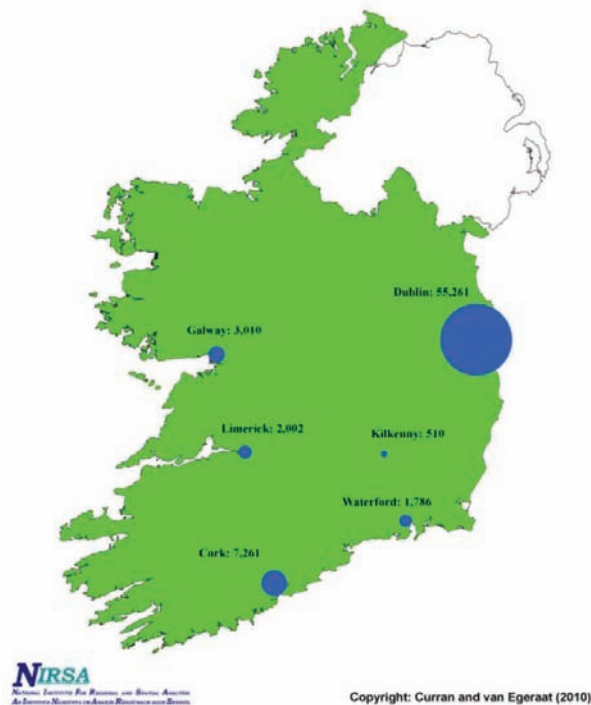
⁹ Based on the 2001 UK Household Census, DCMS (2001) were able to quantify 11 of the 13 creative industries: 1. Advertising; 2. Manufacture of jewellery and related items; 3. Architecture and engineering activities and related technical consultancy; 4. Motion picture and video activities; 5. Radio and television activities; 6. recreational, cultural and sporting activities nec; 7. Other entertainment activities; 8. news agencies; 9. Publishing; 10. Library, archives and other cultural activities; and 11. Computer and related activities. In our estimates for Greater Dublin Area creative industries employment, we follow this template where possible. We also include "other business activities, not elsewhere specified", as per Murphy and Redmond (2008). According to NESTA (2008), it is common for creative specialist industries to be subsumed in this industrial category.

Note 1: The CSO POWCAR 2006 figure for Irish computer and related activities employment in Table 1 above (36,656) is broadly in line with data from the 2007 Annual Business Inquiry, where the sum of Hardware consultancy, Software consultancy and supply, Data processing, Database activities, and Other computer related activities gives a total of 32,897. CSO POWCAR data is used here as a breakdown for Greater Dublin area is available. Annual Business Inquiry is only available at NUTS 2 level. **Note2:** Arts Council (2009) estimates total Irish direct, indirect, and induced creative employment to be 95, 649. The difference between this and our total Irish creative employment figure of 130,826 may be due to our inclusion of all of NACE 748 and 742, rather than just a proportion of these categories. Our calculations have shown that the Greater Dublin Area percentage of national creative employment (circa 60%) is not greatly affected by this choice.

The Arts Council (2009, p34 Table 3-30) estimate the total level of GVA generated by the Irish creative industry in 2006 to be €5.5 billion, applying the UK DMCS methodology to data available from the CSO Annual Services Inquiry, Census of Industrial Production, and Census of Population. An estimate of Greater Dublin Area creative industries GVA can then be deduced if one assumes that, as Greater Dublin Area accounted for 59% of Irish creative industries employment in 2006, 59% of this GVA can be attributed to Dublin. This approach suggests that the Greater Dublin Area creative industries' GVA in 2006 was in the region of €3.25 billion. Of course, numerous caveats must be attached to such an estimate due to both the methodological and data limitations discussed above.

Figure 1 below places Dublin's employment in the subset of industries delineated as creative industries in the context of other Irish cities. It should be noted that in order to facilitate meaningful comparison, Figure 1 refers to the Dublin city region as defined by the CSO (rather than that of the Greater Dublin Area). Importantly, the employment figures are work-place based, i.e. they include all commuter flows by creative industry employees into the respective cities from outside areas. Figure 1 therefore indicates the location of the jobs.

Figure 1: Employment in subset of industries delineated as creative industries (2006)



Source: CSO POWCAR dataset, available from www.cso.ie

As illustrated in Figures 1 above, a comparison across Irish cities of the total number of employees in the subset of industries delineated as creative industries by the DCMS (1998, 2001) template indicates that Dublin far exceeds other Irish cities, in terms of employment, in these sectors. Table 2 further examines this point by expressing each city's employment in the subset of industries delineated as creative industries in as a percentage of that city's total employment. Dublin's employment in the creative industries in 2006 was over 12% of its total employment, with Cork and Galway being the next largest (8.41% and 7.37%, respectively).

Table 2: Employment (2006) in subset of industries delineated as creative industries expressed as a % of total city employment, and Location Quotient (LQ).

	Dublin	Cork	Galway	Waterford	Limerick	Kilkenny
Employment in creative industries as % of city total	12.14%	8.41%	7.37%	6.91%	5.56%	4.69%
Location Quotient (LQ)	1.79	1.24	1.09	1.02	0.82	0.69

Source: Own calculations based on CSO POWCAR dataset, available from www.cso.ie

The location quotient (LQ) is an index for comparing an area's share of a particular activity (in this case, Dublin's employment in the creative industries expressed as a share of national employment in the creative industries) with the area's share of an aggregate phenomenon (Dublin's total employment in the creative industries expressed as a share of national total employment). The question can be re-expressed as follows: Is employment in the creative industries more or less concentrated in Dublin than total employment? Location quotients can be interpreted by using the following conventions:¹⁰

1. If $LQ > 1$, this indicates a relative concentration of the activity (employment in the creative industries, in our case) in area i , compared to the region as a whole.
2. If $LQ = 1$, the area has a share of the activity in accordance with its share of the base (total employment, in our case).
3. If $LQ < 1$, the area has less of a share of the activity than is more generally, or regionally, found.

From Table 2 it can be seen that Dublin's location quotient is far in excess of 1 and relatively higher than those of Cork, Galway and Waterford, whose location quotients are also greater than 1. This indicates that Dublin possesses a relatively larger share of employment in the creative industries relative to the nation as a whole, as well as relative to other main cities such as Cork, Galway, or Waterford.

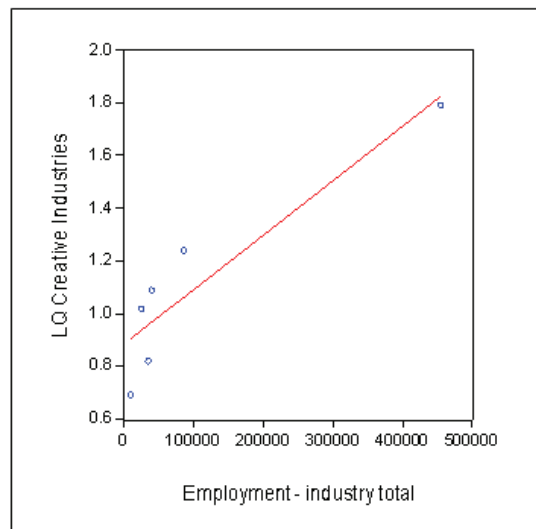
In fact, the findings emanating from the location quotients in Table 2 above reveal a near perfect relationship between the size of the location quotient and city size (see Figure 2). This

¹⁰ The location quotient for a given activity for area i is the ratio of the percentage of the total regional activity in area i to the percentage of the total base in area i . If A_i is equal to the level of the activity in area i and B_i is the level of the base, then $LQ_i = (A_i/A) / (B_i/B)$, where A and B are the totals of the activity and base, respectively. The numerator is the percentage of the activity in area i , and the denominator is the percentage of the base. A location quotient is thus the ratio of two percentages and is therefore dimensionless.

means that the larger the size of an urban centre, the greater the importance of this urban centre to the creative industries, not only in absolute terms, but also in relative terms. In other words, more than industry on average, the creative industries appear to be *disproportionately* attracted to the largest urban centres in the urban hierarchy. The policy implications of this will be discussed in the final section of the report.

Given the intensity of debate surrounding these methodologies based on industrial classifications, the following section provides a discussion of some alternative methodologies and emerging definitions that strive to address these methodological challenges.

Figure 2: Creative industries location quotient versus urban industry employment (with regression line)



Note: The red line represents a regression line fitted from a linear regression where the creative location quotients are the dependent variable and total industry employment is the explanatory variable. The blue circles indicate the Irish cities listed in Table 2, above. Dublin is indicated by the blue circle furthest to the right.

4. ALTERNATIVE DEFINITIONS OF THE CREATIVE INDUSTRIES

In recent years the DCMS (1998) template for mapping the creative industries has been refined in order to develop a more comprehensive approach, which includes an examination of specific creative occupations. Studies of this nature have been undertaken in Australia, New Zealand, Singapore, France and the UK, among others. Here we illustrate these recent developments through the UK example of NESTA (2008).

Industry-centric approaches, such as that of the DCMS (1998) template, are based on the creative output within industry segments and analyse data based on standard industrial classifications relating to specialist firms within each specific segment. However, Pratt (2004) puts forward a more refined characterization of the creative economy, as one where creative activities are generated through (i) individuals (as sole traders or producers) (ii) groups working within specialist organisations (often as consultants), and (iii) individuals in creative occupations working in non-creative occupations. Methodologies based on standard industrial classifications are not suited to measuring creative activities. Creative workers frequently move between these three employment situations or modes, as they change their employment status within the creative industries or move temporarily to non-creative organisations. As NESTA (2008) note, examples of this type of movement abound: an independent film producer may take up a position with a government film agency; a designer may be working for a non-creative organisation. This movement of creative workers between these three modes is particularly difficult for methodologies based on standard industrial classifications to capture.

Also, many specialist creative activities may get lost among broad industry categories such as “business activities, not elsewhere classified”. As a result, estimates of such specialist creative activities are often based on a proportion of the larger industry, but these proportions/factors can be difficult to accurately estimate and need to be revised over time. In response to these methodological challenges, methodologies based on combining creative occupations and industry data have been developed.

4.1. Creative activities definition

The “Creative Trident” methodology of NESTA (2008) aims to move beyond creative industries to the broader creative economy, or “creative activities”. The methodology brings together those employed in the creative industries and those working in specialist creative jobs in other firms and organisations. The objective is to analyse the true number of people employed in creative activities and industries, and their average incomes. The methodology recognises the three distinct employment situations (modes) of Pratt (2004): (i) *Specialist mode*: creative workers in defined creative industries; (ii) *Support mode*: non-creative workers in creative

industries; and (iii) *Embedded mode*: creative workers in non-creative industries. These three employment modes together comprise the Creative Trident, and analysis can focus on employment (of each mode, or intra- and extra- creative industry employment) and income generated by each mode (where a breakdown of average income by occupation is available). This focus on creative activities is supported in practice as NESTA (2008) find that in the UK more creative people work outside of the creative industries segment than within it.

In this approach “creative activities” are defined as activities that are inputs in economy’s innovation process. While the methodology can be applied any well-articulated definition of activities, according to NESTA (2008) it works best conceptually where there is a concentration on what is referred to as the “pre-creation and creation” stages of the value chain (“the creative core”), so that the essential starting points of creative activity (both within the creative industries and the wider economy) are captured. Frontier Economics (2007) argue that it is in these this is where most of the creative value-added occurs. This focus on the creative stages of the value change implies that distribution and retail activities are excluded. The pre-creation stage of the value chain includes preservation, access, collecting and licensing activities. The creation stage can be defined in terms of a set of creative activities, as per Throsby (2001) definition of creative occupation:

1. Producing primary creative output (e.g. writers, musicians, visual artists, film and TV producers, sculptors, craftspeople)
2. Interpretive activity (e.g. performers, live or digital transmission)
3. Supplying creative services in support of artistic or cultural production (e.g. book editors, lighting designers, music producers, etc).

Implementing the “Creative Trident” methodology essentially involves compiling a list of “creative core” occupations and establishing to what extent these occupations are present in the creative industries (however one chooses to delineate these) and in the wider economy. The data requirement for this approach is a census-based matrix of detailed occupations and detailed industry classifications, from which both creative/non-creative occupations and creative/non-creative industries can be identified. In order to pinpoint the relevant occupations and industries in the census data, NESTA (2008) utilises a selection rule whereby creative occupations typically have at least 25% of their employment in creative industries and creative industries have at least 25% of employment in creative occupations. By way of illustration, the resulting list of occupations (26 in total) is reproduced in the appendix 2. The industry segments identified by NESTA (2008) are broadly in line with those of DCMS (1998, 2001).

NESTA (2008) cite a number of advantages associated with the occupations-based approach over existing industrial classification-based approaches: (i) the occupations-based approach avoids overreach, as it focuses on employment at early stages of the value chain (ii) it identifies creative employment embedded throughout the wider economy; (iii) it differentiates between specialist and support roles within the creative industries; (iv) it is based on population-based datasets, rather than sample-based estimates. However, the occupations-based approach also suffers from a number of limitations: (i) it is unlikely that a single dataset that contains both employment and average income data; (ii) the population census (in Ireland) is conducted with 5-year intervals (with the most recent release in 2006 and the forthcoming release due in 2011) (iii) the success of the methodology is dependent on the availability of detailed occupations and industry data.

4.2. Applying an occupations-based creative activities methodology to measuring Dublin's Creative Industries

As discussed above, the data requirement for an occupations-based approach to measuring the creative industries is a census-based matrix of detailed occupations and detailed industry classifications, from which both creative/non-creative occupations and creative/non-creative industries can be identified. As a result, the success of the methodology is dependent on the availability of detailed occupations and industry data. In the Irish context, the construction of the CSO POWCAR dataset presents a great opportunity to undertake an occupations-based measurement of the Greater Dublin Area creative industries, as the dataset contains both detailed occupation and industry data and is disaggregated to small geographic units (electoral divisions) for 2006, with a further release due after the 2011 population census. In addition to this, the POWCAR dataset links the occupation and industry data with education levels and nationality, which would facilitate an in depth profile of the creative workers.

NESTA (2008) also utilises average income data for each occupation in order to distinguish between income earned by creative and non-creative employees. While the POWCAR dataset itself does not contain average income data, a combination of Irish datasets may provide such data. The National Employment Survey (available from www.cso.ie) contain earnings data disaggregated employment type (managers and administrators; professional, associate professional and technical; clerical and secretarial; craft and related; personal and protective service; sales; plant and machine operatives; and other broad occupational groups). While this occupation breakdown in itself is not sufficiently detailed to distinguish between creative and non-creative occupations, the CSO may be willing to provide a more detailed breakdown of this occupations data.

4.3. Emerging Definitions and Methodologies

One criticism repeatedly levelled against industrial classification-based approaches to measuring the creative industries is that creativity is ill-suited to being shoe horned into industrial categories. Industry-centric methodologies, do attempt to address questions such as “what is creativity” but inevitably find the concept difficult to fully operationalize in their methodology. For example, KEA (2006) makes a useful distinction between “artistic creativity”, as discussed in Throsby (1998) and the “economic creativity” or innovation outlined by Schumpeter (1943). KEA (2006) then envisages that both feed into a definition of creativity, where creativity is multi-sectoral and cross-disciplinary, and mixes elements of artistic and economic creativity. Creativity is characterised as a complex process of innovation, benefiting almost all economic sectors, and creative industries use culture as a source of intermediate consumption in the production process that strives to produce functional innovation and creative output.

We now briefly outline an alternative definition of creative industries that attempts to incorporate a fuller understanding of the nature of creativity in the creative industries. Potts *et al.* (2008) propose a definition of the creative industries in terms of social network markets. They see creative networks as part of the innovation system of the entire economy, and whereby the adoption of novel ideas, and the value of these novel ideas, is determined by a social network of agents as they produce and consume these novelties. In these creative industries, social network feedback through direct contact between producers and end-users, reviews, and observation remove uncertainty as to whether an innovation will be accepted by the public and what value the public places on it.

Creative industries are composed of both systems that build and maintain social networks (such as advertising, architecture, media, and ICT software) and systems that create value on these social networks through content (such as film, TV, music, fashion, and design). While Potts (2008) admit that this distinction may not be clear cut, they set out one basic principle:

“The creative industries are a set of economic activities that involve the creation and maintenance of social networks and the generation of value through production and consumption of network-valorised choices in these networks”
Potts. (2008 p.10)

Their creative industries definition can be placed in an analytical framework of social network analysis.¹¹ However, the development of a robust methodology for measuring the creative industry along these lines is still a work in progress

5. Conclusions, Recommendations and Suggestions for Further Research

This study examines existing creative industries definitions and methodologies, and discusses how they can be applied to measuring the economic value of the creative industries to the Greater Dublin Area. As a starting point, we provide estimates for the Greater Dublin Area creative industries using an established template for measuring the creative industries based on industrial classifications.

Our estimates, based on the CSO POWCAR dataset indicate that 2006 Greater Dublin Area employment in the subset of industries delineated as creative industries was in the region of 77,000 (59% of national employment in the subset of industries delineated as creative industries). Based on this figure and Arts Council(2009) estimates the total level of GVA generated by the Irish creative industry in 2006, we estimate that Greater Dublin Area creative industries GVA in 2006 was in the region of €3.25 billion. The above figures are associated with the benign economic climate of the mid-2000s. It is reasonable to assume that the current economic downturn will have put downward pressure on these figures.

The Greater Dublin Area far exceeds other Irish cities, in terms of employment, in the creative industries. In fact, analysis of employment levels in the creative sector in a selection of Irish urban centres shows that, more than industry on average, the creative industries appear to be disproportionately attracted to the largest urban centres in the urban hierarchy. This may suggest that, more than most industries, creative industries derive important benefits from being located in metropolitan centres. The policy of dispersal of industrial activities, along the lines of the National Spatial Strategy, may therefore be less appropriate in the context of the creative industries.

Of course, numerous caveats must be attached to the above estimates due to both the methodological and data limitations. With regard to methodological and data challenges associated with defining the creative industries, we identify the main issues as being:

- Industrial classification-based approaches to defining and measuring the creative industries characterize the creative industries as being orientated towards the

¹¹ For an application of social network analysis in the Irish biotechnology industry see Van Egeraat and Curran (2010).

production of final goods, rather than as a source of intermediary creative inputs into an economy-wide innovation process.

- Industrial classification-based approaches limit the discussion to a selection of “creative industries” rather than the “creative economy” as a whole, which would include creative activities embedded across the entire economy.
- Industrial classification data tends to be released with a significant time lag. In the Irish case, official census publications containing detailed industrial data for disaggregated geographical units is released at five year intervals.
- The ongoing technological progress and changing industry boundaries, which sees progressive convergence of the information technology, communications, cultural and content industries hinder accurate differentiation of different economic and industrial activities.
- Standard industrial classifications do not always capture emerging industries, such as digital content industries. As a result, many specialist creative activities may get lost among broad industry categories such as “business activities, not elsewhere classified”.

We acknowledge the limitations of the industrial classification-based methodology and we provide a discussion of some alternative methodologies and emerging definitions that strive to address these methodological challenges. While industrial classification-based approaches tend to characterize creativity as being orientated towards the production of a final good, an alternative occupation-based measure of creative activities - activities that are inputs in economy’s innovation process – allows one to distinguish between specialist creative workers within the creative industries, support staff in the creative industries, and embedded creative workers within the broader economy. This methodology moves beyond the creative industries to the broader creative economy, and is more in line with the view of creative activities as an economy-wide enabler in the innovation process.

A number of new Irish datasets offer great potential for undertaking such an occupations-based study of the Greater Dublin Area creative industries. In particular, the CSO POWCAR dataset contains both the detailed occupations and industrial data necessary required for such a study at disaggregated geographical units. Average income data for detailed occupation groups would also greatly enhance this type of study. At present, earnings data released as part of the National Employment Survey are only provided for broad occupation categories. In order to address issues of data availability we recommend:

- Approaching the CSO with a view to ascertaining the possibility of accessing a more detailed breakdown of National Employment Survey average income data.

- Exploring the possibility of obtaining Annual Business Inquiry data at NUTS 3 level. This dataset is currently only available at NUTS 2 level.
- Further developing the spatial dimension of the detailed industry data available in the Census of Industrial Production.

The definitional work in this report and the new insights regarding measurement and data open several areas of further research, some of which would move beyond the simple measurement of economic value and in the direction of analysing the drivers for competitiveness and innovation in the creative industries in the GDA.

Most obviously, building on the definitional and methodological work contained in this report, further research should provide elaborate and multi-faceted estimates of the economic value of the creative industries and its subsectors to the GDA, using an activity based approach. The CSO POWCAR dataset contains both the detailed occupations and industrial data required for such a study. In addition, the FAME database provides opportunities. This publicly available dataset provides detailed business and financial information such as turnover, number of employees and year of establishment for each company in Ireland.¹²

The findings in this report also form the basis from which an internationally comparative investigation of the creative industries could be undertaken, in which the creative industry's tendency to gravitate towards the largest centres of the urban hierarchy could be further explored.

The research on methodologies and datasets also highlights the possibilities of investigating the spatial distribution of the creative industries *within* the GDA. Previous research on Dublin's Creative industries has been unable to ascertain the spatial distribution of creative enterprises within the GDA due to the unavailability of sufficiently disaggregated data (Crossa et al., 2007). As a result, an analysis of the spatial concentration of these creative enterprises has not been undertaken.

Two recent data releases (the CSO POWCAR dataset and Geodirectory), both containing geo-coded data, now present an opportunity to conduct this much-needed study of the spatial concentration of Dublin's creative industry and its sub-sectors. To illustrate the possibilities, Figures 3 and 4 present an example in the shape of the spatial concentration of the advertising industry in the Greater Dublin Area and in Dublin County. The high concentration of advertising

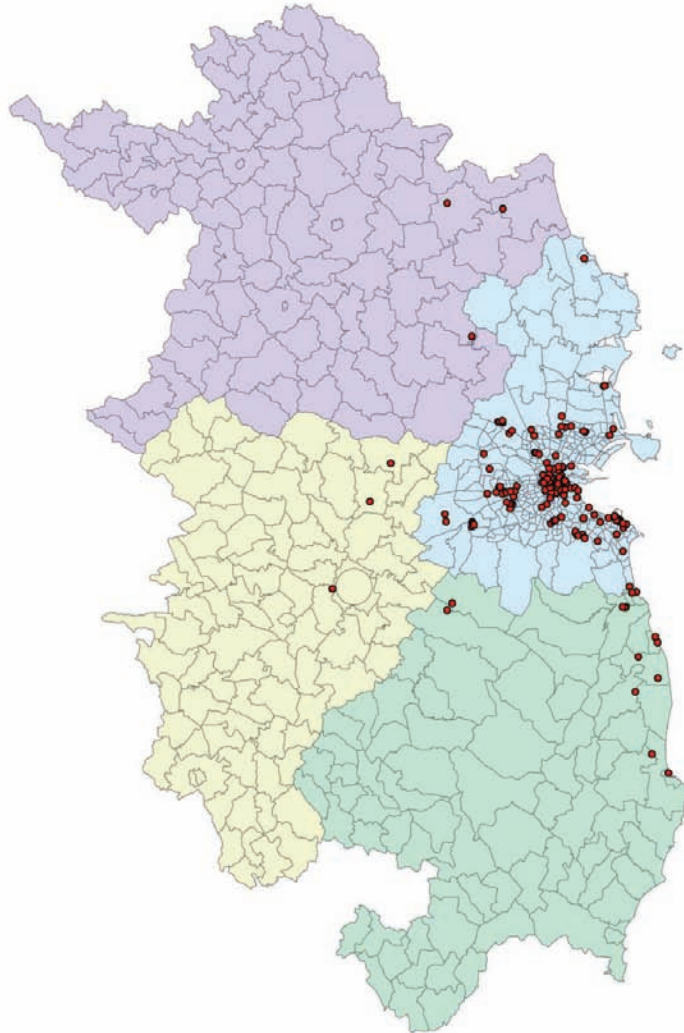
¹² For further details about the FAME Business database, see <http://www.bvdinfo.com/Products/Company-Information/National/FAME.aspx?gclid=C1rhuuLsnKACFQeElAodEnrAdA>.

firms in the urban centre of Dublin is clearly visible in the maps, as well as pockets of firms located in the periphery to the North and South of the city centre. From this starting point, it is possible to discern from the underlying data which firms are located in specific electoral divisions (EDs).

Such knowledge of the co-location patterns provides an important platform for an investigation of the factors underpinning future competitiveness of the creative industries in the GDA. Analysis of the spatial patterns of firm location in the creative industries can identify established or emerging “clusters” and the related backward and forward linkages within the GDA. An example of this type of research for Ontario, Canada, is provided in Davis (2009) and for Singapore by Gwee (2009).

This, in turn, could form the basis of a broader study into the functioning of the regional-sectoral system of innovation (Edquist, 2005; Malerba, 2005) paying attention to all important economic, political, organizational, institutional and other factors that influence the development, diffusion and use of innovations in the industry. Such a study would focus in particular on the spatiality of knowledge flow and technological spillovers and the role of formal and informal networks of actors located in firms, universities and other relevant institutions in the GDA. A social network analysis of the various actors (as per Guilianini and Bell, 2005), based on original survey data, can establish the extent to which knowledge flows within the local concentration, between local firms and universities and other institutions, and between local firms and other national or international firms.

Figure 3: Spatial Concentration of Advertising firms (216) in Greater Dublin Area, 2009

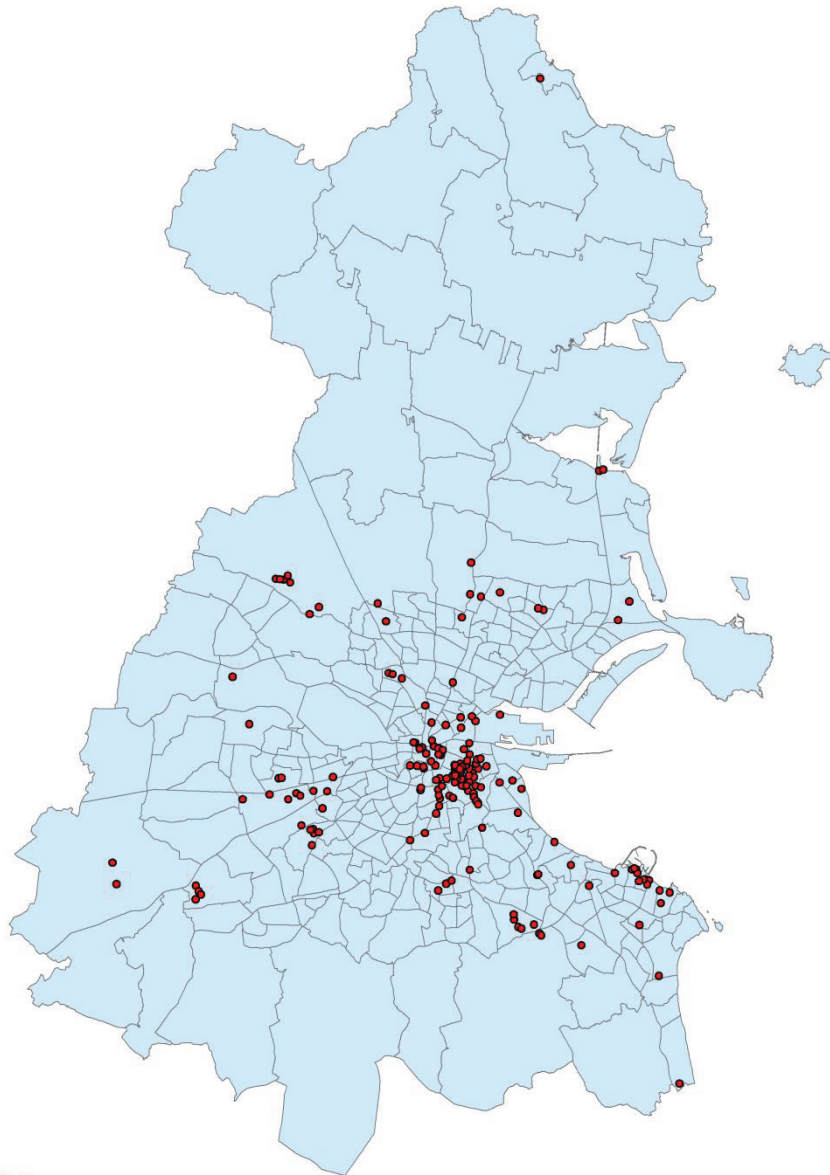


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Source: GeoDirectory (<http://www.geodirectory.ie/>)

Figure 4: Spatial Concentration of Advertising firms (194) in Dublin County, 2009



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1. APPENDIX 1. CREATIVE INDUSTRY DEFINITIONS BASED ON INDUSTRIAL CLASSIFICATIONS AND INTELLECTUAL PROPERTY

Source: Based on KEA (2006, pp. 48-56)

Country/Definition	Approach	Definition	Criteria	Scope	Comparison with other Defi
UK "Creative Industries"	Economic	"Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property"	"Creativity" as a central input to the production process. Intellectual property (and not only copyright) as a characteristic their outputs	Advertising, architecture, the arts and antique market, crafts, design, designer fashion, film and video, interactive leisure software, music, performing arts, publishing, software and computer services, radio and television. Activities include: creation, production, distribution,	The scope of the DCMS defi the approaches reviewed
France: "Cultural Industries"	Economic / Statistics	"A set of economic activities that ally conception, creation, and production functions to more industrial functions of manufacturing and commercialising at large scale, through the use of material supports or communication technologies"	Outputs aimed at massive reproduction. Outputs are characterised by copyright (and not intellectual property)	Publishing (book, newspapers, magazines and periodicals, music) as well as trade in books, sound recordings and press. Audiovisual activities (production of films for television, production of institutional and advertising films, production of theatrical films, technical activities related to cinema and television, theatrical film distribution, video publishing and distribution, theatrical film exhibition, radio, production of TV programmes, TV channels editing, distribution of radio and TV satellite package programmes); and directly related activities (press agencies, multimedia, advertising).	In contrast to other definition activities, or the activities of not taken into account under
Sweden and Denmark: "Experience Economy"	Economic	n/a	"Experience" or what is considered as such by the consumer.	Fashion, visual arts, music, toys and amusement, tourism, books, theatre, radio and television, architecture, sports industries, design, printed media, film and video, advertising, edutainment, content production, events, cultural institutions.	In addition to "creative indust arts and antique market, craft video, interactive leisure soft publishing, software and com the experience economy incl edutainment.
UNESCO's Framework for Cultural Statistics	Statistical	n/a	n/a	Nine categories: (1) cultural heritage; (2) printed matter and literature; (3) music; (4) performing arts; (5) audio media; (6) audiovisual media; (7) socio-cultural activities; (8) sports and games, and (9) environment and nature. Five cross-cutting "processes of cultural production": (1) creation, (2) production, (3) distribution, (4) consumption and (5) preservation.	Like other approaches having defines both sectors and cross definition including environme cultural sector.
Eurostat LEG-Culture delimitation of the cultural field	Statistic led, with the objectives of defining a common set of core areas for activities recognised as being cultural without disqualifying national interpretations, identifying and listing the activities in each area.	n/a	n/a	The LEG Group identified 8 domains (artistic and monumental heritage, archives, libraries, books and press, visual arts architecture, performing arts, audio and audiovisual media/multimedia), 6 functions designed to situate economic activities (preservation, creation, production, dissemination, trade/sales and education).	Started from the UNESCO delimitation of the sector d games. It must be stressed t goods and services as well a
WIPO Copyright Industries	Economic	Those industries that are engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter	Copyright is a characteristic of their outputs	Press and literature, music, theatrical productions, operas, radio and television, photography, software and databases, visual and graphic arts, advertising services, copyright and collective management societies.	Software and databases are the definition of cultural inc addition of copyright and co Interestingly, WIPO recomm economic impact of the cop by the assessment of "non-i Those that support core cop for examples: TV sets, VCRs computer and equipment, p services; - And those that ar industries such as for instan architecture, jewellery, furr footwear, wall coverings, ar
OECD Content Industries	Technology-driven	The definition needs to be further elaborated	The expression "content industries" is used to describe the industries which produce "information content"	It needs to be further elaborated.	The approach is useful in a c the need to take fully account not grasped by traditional stat
KEA Cultural and Creative Sectors	Based on the existing definitions above, distinguishes between (1) arts (non-industrial cultural products); (2) cultural industries; (3) creative industries and activities		all the outputs can be protected by copyright;	(1) visual arts, performing arts, Heritage; (2) Film and video, television and radio, video games, music, books and press; (3) design, architecture, and advertising + related industries (MP3 and mobile manufacturing etc)	

2. APPENDIX 2. NESTA (2008) CREATIVE OCCUPATIONS

SOC Code	Occupation	SOC Code	Occupation
1134	Advertising and Public Relations Managers	3415	Musicians
2131	IT strategy and planning professionals	3416	Arts officers, producers and directors
2132	Software professionals	3421	Graphic Designers
2431	Architects	3422	Product, clothing and related designers
2432	Town Planners	3431	Journalists, newspaper and periodical editors
2451	Librarians	3432	Broadcasting Associate professionals
2452	Archivists and Curators	3434	Photographers and audio-visual equipment operators
3121	Architectural technologists and Town Planning technicians	3543	Marketing associate professionals
3122	Draughtspersons	4135	Library Assistants/clerks
3411	Artists	5421	Originators, composers and print preparers
3412	Authors, writers	5491	Glass and ceramic makers, decorators and finishers
3413	Actors, entertainers	5492	Furniture makers, other craft woodworkers
3414	Dancers and choreographers	5495	Goldsmiths, silversmiths, precious stone workers

Source: NESTA (2008)

3. APPENDIX 3. INTERVIEWEES

The following industry experts were consulted:

- BOP Consulting (London, United Kingdom)
- Stephen Brennan (Director of the Digital Hub);
- Patrick Collins (Centre for Innovation and Structural Change, NUI Galway)
- Aphra Kerr (NUI Maynooth);
- Philip Lawton (University College Dublin and ACRE);
- Enda Murphy (University College Dublin and ACRE);
- Michael Söndermann, (Büro für Kulturwirtschaftsforschung, Germany)

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European Priorities 2011-2012

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Winning in Europe

FOREWORD

25 June 2011

When the President of the European Commission, José Manuel Barroso, announced his special Task Force to help underpin change in our region in May 2007, he made it clear that he viewed this work as a long-term engagement with Europe—a marathon rather than a sprint.

The people have now entrusted us with a new four-year term of office. The economy continues to be the single greatest challenge facing Europe and governments across the globe. Growing a sustainable economy and investing in the future is the Executive's most important priority. Despite the difficult economic circumstances in which we now find ourselves, we will continue to build on our political, economic and social progress, addressing poverty and disadvantage in pursuit of a shared and better future for all.

Our proactive and forward-looking engagement in European policies, funding programmes and knowledge networks will help us meet the challenges in the Executive's Programme for Government – and the delivery of the European Union's 2020 Strategy for smart, sustainable and inclusive growth.

'Winning in Europe' marks a step-change in the Executive's European engagement, broadening and deepening our interaction with the European Union institutions. It seeks to generate momentum in the early years of economic recovery by targeting growth enhancing European initiatives across a range of policy areas. It sets out our direction of travel in Europe and facilitates speaking with a unified voice on the issues that matter most to our citizens and businesses. We will participate in ways that further enhance the Executive's positive profile in Europe, sharing our knowledge and experience.

We commend our European priorities to you.



A handwritten signature in black ink, appearing to read 'Peter D. Robinson'.

Rt Hon Peter D Robinson MLA
First Minister



A handwritten signature in black ink, appearing to read 'Martin McGuinness'.

Martin McGuinness MP MLA
deputy First Minister

OVERVIEW

Growing a dynamic, innovative economy that supports a peaceful, fair and healthy society is our top priority.

This is made much more challenging with ever increasing global competition and the international economic and financial crisis. More than ever it is imperative that we create conditions where enterprise can flourish and our private sector can grow. To achieve this we need to pursue an innovative and productive economy that supports a fair society, promoting social inclusion and sustainable communities.

We need to increase innovation, improve productivity and increase workforce skills to deliver employment, productivity and social cohesion and reduce inequality and fight poverty. We must do this in ways that protect and enhance the physical and natural environment, using resources as efficiently as possible.

Key aims

We will use EU policies, networks and programmes to realise our goals. We will work to strengthen our European engagement, to fully realise the opportunities which the European Union presents, influencing and shaping future policy and building our positive profile. We will also look for opportunities to share our own experience with others and learn from working with other regions and Member States.

Key European policies and programmes

The European Commission's Legislative and Work Programme 2011 and the Europe 2020 Strategy provide a strategic framework to help shape and focus our work. The Europe 2020 Strategy is about more and better jobs and better lives. We need to deliver smart, sustainable and inclusive growth.

Smart growth means strengthening knowledge and innovation as drivers of our economy and future growth.

Sustainable growth means building a resource efficient, sustainable and competitive economy, exploiting new processes, technologies and EU networks.

Inclusive growth means empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems so as to help people anticipate and manage change and build a cohesive society.

We must continue to be involved in the debate around the Multi-Annual Financial Framework 2014-20, which outlines the EU budget. We are committed to increasing our uptake of European funding by twenty percent over the period 2011-2015. With a significantly decreased level of Structural Funds anticipated, it is essential that we build networks and increase our capacity to access competitive European funding programmes in order to maximise the drawdown of funds. We will work with key stakeholders to achieve this.

The President of the European Commission, José Manuel Barroso, has personally demonstrated his commitment to assist us by renewing a unique Commission Task Force to help us make the most of EU policies, programmes and networks. Such a facility is unique across the European Union and is one that we should take full advantage of to maximise the benefit for the region.

Our European policy priorities

There is a need to focus on fewer priorities to concentrate limited resources and maximise impact. The priority policy areas we will focus on reflect the Commission's Work Programme for 2011 and more generally the European Union's Europe 2020 Strategy. Our four European thematic priorities are:

- Competitiveness and Employment;
- Innovation and Technology;
- Climate Change and Energy; and
- Social Cohesion.

COMPETITIVENESS AND EMPLOYMENT

Our economy has historically suffered from under-investment and high levels of unemployment. Although we have achieved economic growth in recent years, the global and economic crisis has increased the challenges for our small business economy and the unemployed, particularly young people.

Our goal is to create wealth and opportunity for the benefit of the whole community by strengthening the economy and helping it grow. We can do this by supporting business development, helping to increase exports, attracting high quality inward investment and stimulating a culture of entrepreneurship and innovation. By creating wealth and a strong community we will fight poverty and inequality in our society.

We need to decrease the productivity and skills gap between ourselves and other regions. Our prosperity is dependent on the skills of our workforce and our ability to meet the needs of the local economy, to support a strong export-oriented market and to secure the wealth-creating opportunities of the future.

We need to challenge growing unemployment by creating new sustainable and innovative job opportunities. There is a need to focus on young people to equip them with skills and ambition, which will in turn drive the economy.

Key aims

We will work to:

- Encourage lifelong learning and the acquisition of new technology skills
- Support our SMEs to grow and prosper
- Attract and encourage investment
- Increase sustainable employment in high value-added sectors
- Raise labour productivity
- Create a more inclusive labour market
- Contribute to reducing poverty amongst the most vulnerable in society
- Promote tourism

Key EU policies and programmes

Employment

- European Employment Strategy
- European Social Fund
- PROGRESS
- Public Service Employment Network
- EURES(European Employment Services)
- EURES-T(Cross Border Partnership)
- EU Employment networks
- ESF transnational networks
- Employment policy peer reviews
- European Learning Network on Empowerment and Inclusion
- Europe 2020 Flagship: 'An agenda for new skills and jobs' which will facilitate labour mobility, skills development and better matching of labour supply and demand.

Vocational Education and Training

- Bruges Communiqué on enhanced European Co-operation in Vocational Education and Training
- 'A new Impetus for European Co-operation in Vocational Education and Training to support the Europe2020 Strategy'
- Leonardo da Vinci programme for vocational education and training
- Gruntvig programme for adult education
- Mobility and Lifelong Learning Programmes
- Education and Training 2010 Work Programme – Peer Learning Clusters
- European Qualifications Framework
- European Quality Assurance Framework for VET (EQAVET)
- European Credit System for Vocational Training (ECVET)
- Europe 2020 Flagship: 'An agenda for new skills and jobs' which will facilitate labour mobility, skills development and better matching of labour supply and demand'.

Higher Education

- Higher Education Policy priority reform areas
- Reform of universities in the framework of the EU2020 Strategy and the Education and Training 2020 initiatives
- Bologna Process – Towards the European Higher Education Area
- ERASMUS – The EU's Flagship education and training programme enabling students to study and work abroad
- Europe 2020 Flagship: 'An agenda for new skills and jobs' which will facilitate labour mobility, skills development and better matching of labour supply and demand'

Education and Youth

- Review of the EU education and youth programmes
- Europe 2020 Flagship: 'Youth on the Move' which will raise the quality at all levels of education and training and promote mobility for students and trainees

Inclusion

- Green Paper 'Towards adequate, sustainable and safe European pension systems'
- Europe 2020 Flagship: 'European Platform against Poverty' which aims to ensure economic, social and territorial cohesion, building on the current European year for combating poverty and social exclusion

Enterprise and Economic Development

- Single Market Act (and proposals for a common Consolidated Corporate Tax Base)
- State Aid
- Legislative measures to improve Work Life Balance (2011 LWP)
- Working Time Directive
- European Regional Development Fund
- Europe 2020 Flagship: 'An industrial policy for the globalisation era' which will improve the business environment, especially for small and medium

sized enterprises (SMEs), and support the development of a globally competitive and sustainable industrial base

Key Objectives for 2011-12

Equip young people with the skills and ambition needed to contribute to the economy.

Create new sustainable and innovative job opportunities.

Reduce poverty and inequality with programmes to increase skills and employment.

Identify and reduce the barriers to work for the long-term unemployed, lone parents, and people with disabilities and health conditions.

Optimise European programmes and policies for employment, learning and social inclusion.

Optimise European programmes and policies for economic development.

Improve the business environment, especially for SMEs, to promote enterprise.

Longer Term Objectives

Prepare for and influence the 2014-2020 Structural Funds Programmes.

Encourage greater participation in the INTERREG programme for interregional cooperation.

Increase regional involvement in the Public Service Employment Network and EURES (EUROpean Employment Services).

Explore the possibility of seconding a National Expert to the European Commission.

Engage in Europe on skills.

Facilitate access to finance for SMEs.

Share best practice in economic development.

Use the Small Business Act to promote SME's growth.

INNOVATION AND TECHNOLOGY

A strong science base is vital to delivering an innovative economy which will create new opportunities for higher value-added employment. This is essential if we are to retain our young people and highly skilled employees and attract the people and investment required to drive an increasingly knowledge-based economy.

While research and development and investment in new technologies are important to the future of our economy, long-term strategy is often undervalued in difficult financial times, especially by the small businesses which our regional economy depends on.

We spend approximately 1.2% of GDP on research and development, which is well below the EU target of 3%. The volume and quality of research, innovation, and levels of commercialisation are crucial components in determining regional competitiveness and promoting sustainable economic and social development. More needs to be done to support our SMEs and to ensure that key sectors continue to invest in innovation and technology to create economic growth.

The Executive's draft Economic Strategy includes a strategic priority of stimulating innovation, R&D and creativity. It also aims to capture the impact that the creative industries make towards stimulating innovation. A 2010 EU Green Paper identified the creative industries as important drivers of economic and social innovation and as having considerable 'spill over' impacts on wider society which *"offer a path towards a more imaginative, more cohesive, greener and more prosperous future"*.

We will increasingly target our support to encourage the development of high value-added industry sectors and cross-sectoral collaborations that will introduce new technologies, processes and skills into our workplace thereby helping to expand the export base, grow and strengthen the local supply chain and secure the long-term future of our economy. A strong science base is promoted by STEM expertise and by initiatives that fuel the emergence of a creative, innovative and entrepreneurial workforce.

We are emerging as a major player within the connected health sector in Europe. With strong links between academic, business and clinical partners throughout the United Kingdom, Europe and the United States, we are an ideal hub to explore international best practice in health care delivery. Investments made in R&D, together with the depth of capabilities present in academia, the information and communication technology (ICT) and engineering sectors, will continue to serve the economy as we shift towards research-intensive activities. The sector has real opportunities for growth and aligns particularly well to both the EU's Digital Agenda and the Active and Healthy Ageing challenge.

Key aims

We will work to:

- Promote greater private sector R&D investment
- Encourage entrepreneurship, creativity and innovation

- Promote science, technology, engineering and mathematics (STEM) and educational and creative industries that encourage young people to study STEM subjects
- Promote translational research, knowledge transfer/exchange and STEM between firms and between the research base and firms
- Promote cross-sectoral collaborations between the creative and cultural industries and with other business and research sectors to stimulate innovation, job creation and expert-focused growth
- Nurture the development and exploitation of new technologies, ideas and ways of working in our companies, universities, the research base and elsewhere in the public sector
- Make fuller use of information and communication technologies
- Promote deployment and use of modern accessible online services
- Leverage our significant public investment in the health sector, including in skilled employees and clinical trials infrastructure, to realise economic outcomes

Key EU policies and programmes

Research and Innovation

- 7th Framework Programme for Research and Development (FP7)
- Competitiveness and Innovation Framework Programme (CIP), which includes the Enterprise Europe Network
- Europe 2020 Flagship: 'Innovation Union,' which will improve access to finance for research and innovation and boost levels of investment throughout the Union
- Proposal for a multi-financial framework, currently referred to FP8, which combines CIP and FP7
- Competition Policy
- Europe 2020 Flagship: 'A Digital Agenda for Europe', which will speed up the roll-out of high-speed internet and promote the value of a digital single market for households and firms

Creative Industries

- EU Green Paper 2010 - Unlocking the potential of cultural and creative industries

Agriculture

- The Commission Communication on the Common Agricultural Programme (CAP) towards 2020: Meeting the food, natural resources and territorial challenges of the future

Key Objectives for 2011-12

Facilitate access to European funding (structural funds, rural development funds and R&D framework programmes) to support innovation.

Encourage greater participation of SMEs in the Framework Programme.

Encourage universities, the Agri Food and Biosciences Institute (AFBI) and the public and private Health and Life Sciences sectors to increase their applications to the Framework Programme.

Encourage universities and AFBI to increase the involvement of our SMEs in Framework applications.

Increase the number of assessors from our region on Framework 'calls.'

Strengthen our targeted research performance and research base to create a stronger push towards knowledge transfer/exchange.

Raise the profile of our capacity for clinical trials through participation in emerging EU infrastructure networks.

Stimulate growth of the creative industries by nurturing creative talent and creative enterprises and by encouraging innovative cross-sectoral collaborations.

Promote STEM subjects to young people through creative and inspirational initiatives which can involve industry, academia and government.

Establish a smart specialisation platform.

Longer Term Objectives

Contribute to and prepare for the development of the Multi Financial Framework (Framework 8 Programme for Research and Development).

Increase business expenditure on research and development.

Facilitate peer learning in relation to Framework Programme participation.

Develop a mentoring programme for Framework Programme applicants.

Develop a more effective process to support the widespread adoption of research findings in the publicly-funded health sector.

Harness the potential of the creative and cultural industries to support export-focused economic growth, job-creation and positive spill-over impacts into areas such as health, education and social cohesion.

Enhance STEM initiatives to fuel the emergence of creative people and innovative businesses.

CLIMATE CHANGE AND ENERGY

We are committed to protecting and enhancing our environment and natural resources. In so doing, we need to reduce greenhouse gas emissions and mitigate the impacts of climate change. Key energy goals will be to build competitive markets, enhance sustainability, ensure security of supply and enhance our energy infrastructure.

We need to pursue these goals and increase diversity in our energy supply while at the same time reducing carbon emissions. We are committed to reducing greenhouse gas emissions by 25% by 2025 (from 1990 levels). Our main sources of emissions are transport; agriculture, forestry and land use; power; and homes and communities.

Diversifying energy sources is a priority. We have low levels of electricity generated from renewable sources and a dependence on gas, coal and oil for 90% of our power generation leaves us vulnerable to fluctuations in both supply and pricing. We have set ambitious targets of 40% renewable electricity and 10% renewable heat by 2020.

We currently have very high levels of fuel poverty and need to ensure that increasing renewable energy and reducing carbon emissions is not cost prohibitive. We also need to reduce our overall energy demand. Improving resource efficiency will help limit emissions while boosting economic growth. While pursuing a resource efficient and low carbon economy we must, however, remain competitive in international markets. We will look to prevent waste and to promote recycling, as well as increasing resource recovery and energy from waste.

Europe's current focus is on energy infrastructure and efficiency, which offers immediate environmental, economic and energy security benefits; and potential for job creation. Europe 2020 provides a resource efficiency framework which will position sectoral policies on energy, transport and management of natural resources (such as agriculture and fisheries) within a long-term sustainable framework.

We will work to strengthen our agri-economy and its international competitiveness. Agriculture is much more important here than in other regions. CAP support is critically important to our rural areas. Single Farm Payments account for approximately 54% of our farmers' income while the Rural Development Programme provides some £500m to support rural areas. The addition of climate change to CAP priorities for 2014-2020 will encourage the agriculture sector to further reduce carbon intensity for the future.

Transport is critical to our efforts to build a cohesive and competitive economy, but it is one of our largest users of energy and sources of greenhouse gas emissions. We are committed to a more sustainable and integrated transport infrastructure, however, future transport policies at local and EU level must not reduce our internal or external connectivity or disproportionately impact upon our competitiveness. The promotion of more efficient and sustainable transport

solutions and choices, in-line with Europe 2020, will require investment in new technologies and smart transport infrastructure.

Aims

We will work to:

- Promote resource efficiency and a low-carbon economy
- Increase our use of renewable energy sources
- Exploit new technology, including developing smart transport and energy infrastructures, to reduce congestion and overall emissions
- Promote smarter and more sustainable transport choices
- Use environmentally sensitive material and methods in transportation schemes
- Promote the use of alternative and renewable fuels and offer advice on vehicle choice
- Influence the Common Agricultural Policy and Common Fisheries Policy
- Take advantage of opportunities under the Common Agricultural Policy and Common Fisheries Policy
- Comply with industrial and agricultural regulations

Key EU policies and programmes

Energy

- The European Energy Efficiency Plan (until 2020)
- The Renewable Energy Directive
- Smart Grid

Resource Efficiency

- Low-carbon Economy 2050 Road Map
- Europe2020 Flagship: 'Resource Efficient Europe' which will support the move to a low-carbon economy, increased use of renewables, modernising of our transport sector and increased energy efficiency

Transport

- White Paper on the Future of Transport

Agriculture and Rural Development

- Common Agricultural Policy and the Rural Development Programme
- Common Fisheries Policy

Innovation

- Europe2020 Flagship: 'Innovation Union' which will improve access to finance for research and innovation, ensuring innovative ideas lead to products and services which create growth and jobs

Key Objectives for 2011-12

Maximise drawdown and source match funding for delivery of the 2010 Strategic Energy Framework actions, specifically targeting key infrastructure projects to facilitate an increasing amount of energy and heat from renewable sources by 2020.

Contribute to the UK Energy Efficiency Action Plan across all sectors.

Seek to communicate more effectively with the public on sustainable energy and climate change issues through increased engagement.

Exploit any available opportunities to engage with domestic retrofit programmes, where there is added value.

Support the water industry's uptake of EU funding to improve resource efficiency, energy efficiency, increased use of renewable energy and sustainability.

Source funding for key rail projects designed to reduce congestion and emissions.

Obtain support for a feasibility study for the Belfast/Dublin rail upgrade.

Seek Trans-European Transport Network(TEN-T) and INTERREG for interregional cooperation funding to enhance the road network and share best practice.

Longer Term Objectives

Ensure that climate change mitigation and adaptation measures are soundly based on scientific research to avoid unintended consequences.

Reduce congestion and emissions by encouraging better use of public transport.

Optimise European funding for waste programmes.

Optimise European funding opportunities in relation to science and research and development of measures relevant to climate change mitigation and adaptation.

Seek EU support to reduce carbon intensity at product level in the agriculture primary production sector, better nutrient, land and livestock management coupled with better sequestration and adoption of land-based renewable energy.

Optimise European funding for smart grid development.

SOCIAL COHESION

In a European context, Cohesion Policy is the second largest budget line for community funding and the largest source of EU investment in the real economy, helping to drive growth, jobs and solidarity. We benefit greatly from Structural and Cohesion funds and the Executive supports the continuation of cohesion funding for the region. We want to share our experience with these funding programmes, especially PEACE, with others.

Developing a cohesive, shared and integrated society is an imperative for the Executive. We aspire to an inclusive society where persistent inequalities in health, education and labour market outcomes for disadvantaged groups are reduced through sharing opportunities.

We also use European policies and funding programmes to promote social cohesion within the region. However, we recognise the challenge we face when these policies are translated into a culturally different context.

Advancing social transformation and the inclusion of all our people is essential if we are to deliver the peaceful, prosperous, fair and healthy society we all want. Real progress has been made in recent years and our society is being transformed. But significant challenges remain to be addressed if everyone is to be given the opportunity to contribute to, and benefit from, a shared and better future.

To promote social cohesion we need to build on the platform of public services developed to grow our economy, create employment, build a shared community and protect the vulnerable in our society.

The public services include regional and local government, the European institutions and the wider voluntary and community sector. By working together, we will continue to build a society where everyone shares in and enjoys the benefits of peace, exploiting the opportunities offered by peace and tackling continued division. This means tackling poverty and social exclusion as well as promoting integration and reconciliation.

We understand that social cohesion is strengthened through the generation of social capital. This is progressive. It begins with *bonding*, developing strong relationships within communities. This provides the basis for *bridging*, developing strong relationships between communities. This in turn enables *linking*, developing strong relationships with the public services that support communities and in linking communities to economic opportunities elsewhere.

Key aims

We will work to:

- Use structural funds to facilitate social cohesion
- Reduce poverty
- Address inequality and disadvantage
- Promote equality and human rights
- Address the needs of groups at risk and protect the interests of children, older people and other socially excluded groups
- Maximise EU funding for the region (PEACE IV)

- Promote cohesion, sharing and integration

Key EU policies and programmes

Cohesion, Sharing and Integration

- PEACE funding
- North-West Europe – Atlantic Strategies (Interreg IVB & IVC)
- European Social Fund

Youth

- Europe 2020 Flagship: ‘Youth on the Move,’ which will enable our young people to gain the knowledge, skills and experience needed to make their first job a reality and encourage transnational mobility

Poverty

- Europe 2020 Flagship: ‘European platform against poverty,’ which aims to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society

Key Objectives for 2011-12

Establish linkages with other thematic strategies (eg Competitiveness & Climate Change).

Engage in communities (the ‘other’ perspective).

Build on and share our experience of conflict resolution (peace-keeping, peace-building and peace-making) with other regions.

Explore best practice for tackling disadvantage in other regions.

Source economic support for tackling poverty and disadvantage.

Align with the Europe2020 Flagship initiative ‘Youth on the Move.’

Align with the Europe2020 Flagship initiative ‘The Platform Against Poverty.’

Build on exemplar strategies and delivery mechanisms (ie the Child Poverty Strategy).

Longer Term Objectives

Embrace an integrated, cross-departmental approach to seeking and managing European funding.

Facilitate an inter-departmental approach to European engagement in relation to social cohesion.

Focus on prevention and early intervention.

Develop sustainably active communities and individuals.



Cover Key:

1. Gondolas, Venice; 2. Town Hall, Krakow; 3. Sagrada Família, Barcelona; 4. Waterfront Hall, Belfast;
5. Eiffel Tower, Paris; 6. Circle of Thanksgiving, Belfast; 7. Atomium, Heysel, Brussels; 8. Windmill, Netherlands;
9. Brandenburg Gate, Berlin; 10. The Parthenon, Athens; 11. The Little Mermaid, Copenhagen.

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Office of the First Minister and deputy First Minister
European Policy and Co-ordination Unit
Room E5.27, Castle Buildings
Stormont
Belfast BT4 3SR
email: info.europe@ofmdfmi.gov.uk
Telephone: (028) 9052 3125

European Priorities 2012-2013

European Priorities 2012-13



Winning in Europe

EUROPEAN PRIORITIES 2012-13

OVERVIEW

We want to build a shared and better future for all. This means a safe, peaceful, fair and prosperous society where everyone can enjoy a better quality of life now and in the years to come. We need a strong economy to deliver this goal. Growing a dynamic and innovative economy is our top priority.

This is a challenging time worldwide. The economic recession and resulting financial constraints are difficult for us all, but have a particular impact on some of our most vulnerable people and communities. We need to make the most of our assets: peace; political stability; a young, skilled and increasingly diverse population; increased tourism potential; a growing creative industry and a strong entrepreneurial tradition. Given the opportunity, we can all make a tremendous contribution to creating a better future.

A strong, modern economy is built upon a healthy, well-educated population and a commitment to use prosperity as a means of tackling disadvantage. This, in turn, will lead to a tolerant, stable and inclusive society that has the skills necessary to attract investment and promote growth.

We cannot simply grow the economy while disregarding our endeavours to transform society and enhance our environment. We are committed to building an economy that provides opportunities for the present, without compromising the ability of future generations to meet their own needs. It is imperative that economic growth and wealth creation is achieved in a way that is both fair and sustainable if we are to meet the needs of today as well as those of the future.

Key aims

We will use EU policies, networks and programmes to realise our goals. We will work to strengthen our European engagement, to realise fully the opportunities which the European Union presents, to influence and shape future policy and build our positive profile. We will also look for opportunities to share our own experience with others and learn from working with other regions and Member States.

Key European policies and programmes

The President of the European Commission, José Manuel Barroso, has personally demonstrated his commitment to assist us by renewing a unique Commission Task Force to help us make the most of EU policies, funding programmes and networks.

The European Commission's *Legislative and Work Programme 2012* and the *Europe 2020 Strategy* provide a strategic framework to help shape and focus our work. The European Union's current priority to foster a sustainable and job-rich economic recovery fits well with our own aims and objectives.

The *Europe 2020 Strategy* for smart, sustainable and inclusive growth recognises the interdependence of Member States and sets out how we can work together to deliver agreed goals and to return the economy to growth and job creation, while laying foundations for a sustainable future.

Smart growth means strengthening knowledge and innovation as drivers of our economy and future growth. Sustainable growth means building a resource efficient, sustainable and competitive economy, exploiting new processes, technologies and EU networks. Inclusive growth means empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems, so as to help people anticipate and manage change and build a cohesive society.

We must continue to be involved in the debate around the *Multi-Annual Financial Framework 2014-20*, which determines the EU Budget. We are committed to increasing our uptake of European funding by twenty percent over the period to 2015.

The new generation of cohesion policies target tomorrow's jobs and growth. *Horizon 2020*, the next framework programme for research and innovation, will carry the EU's knowledge base into business growth, while action on competitiveness will be targeted to support SMEs. *Erasmus for All*, the new programme on education, training and youth will boost work to ensure that Europe's young people have the skills and aptitudes they need to compete in the global economy. The *Connecting Europe Facility* leverages funding to projects with the greatest pay-off for the European economy and underpins infrastructure as a tool for growth. We must prioritise growth-friendly expenditure, such as education, research, innovation and energy, which sustain future economic growth.

Our European policy priorities

There is a need to focus on fewer priorities to concentrate limited resources and maximise impact. The priority policy areas we will focus on reflect the Commission's Work Programme for 2012 and more generally the European Union's Europe 2020 Strategy. Our four European thematic priorities are:

- Competitiveness and Employment;
- Innovation and Technology;
- Climate Change and Energy; and
- Social Cohesion.

COMPETITIVENESS AND EMPLOYMENT

Our most immediate challenge lies in economic recovery and, in particular, the need for more and better jobs. We will focus primarily on job creation, improving employability and skills levels.

In this time of rising unemployment, our top commitment is to promote employment and labour market participation. Addressing wider barriers to employment, especially those facing the economically inactive, is essential. In particular, we must focus on maximising employment opportunities for young persons and other identifiable groups who are at most risk of entering prolonged periods of inactivity. We need to support people, in particular our young persons as well as those who are long-term, difficult to reach and benefit-dependant unemployed, into employment by providing skills, work experience and training.

A sustained focus on skills and employability is critical. We have a relatively high number of people of working age with poor qualifications. Raising the skills level for the least skilled has been shown to help them move into employment and to progress within the work place. We must improve employability and the level, relevance and use of skills. We need to ensure that people can progress up the skills ladder, thereby delivering higher productivity and increased social inclusion. Investment in Science, Technology, Engineering and Mathematics (STEM) and management and leadership skills will also form a critical foundation for economic growth.

We must be able to compete in the global economy and be internationally regarded as a good place to live and do business. We want to become an economy where a greater number of firms compete in global markets and where there is growing employment and prosperity. We have a great many local firms who are already competing successfully overseas. We will continue to do all that we can to assist these companies and also work with new exporting businesses to increase and diversify our export base. We must focus on attracting foreign direct investment and growing and diversifying our exports. We will build on the work of MATRIX, the Northern Ireland Science Industry Panel, to identify unique opportunities for growth within the global economy.

We need to encourage business growth, increase the potential of our local companies and develop a modern and sustainable economic infrastructure that supports economic growth. Challenges remain in the continued uncertainty of global and national economies and their impact on our own regional economy, including the capacity for companies to access suitable finance, the impact of UK-wide budget cuts and the long standing structural issues which continue to hamper our economic growth.

We will look to Europe for assistance in meeting these challenges. Job creation remains one of the greatest challenges for Europe today. The Europe 2020 flagship initiatives *Youth on the Move*, the *Agenda for New Skills*

and Jobs and the *Platform against Poverty* have highlighted the need to direct European renewal to those most in need. The *European Social Fund* will support our efforts to increase workforce skills and reduce economic inactivity. *Erasmus* will support strategic partnerships between higher education and business to ensure that young students can acquire the mix of skills that the labour market demands. Engagement in these initiatives and other EU actions can help to tackle unemployment, as well as social exclusion and poverty.

We will also seek to develop new relationships with partners in other Member States, and actively participate in EU-wide networks and platforms to share knowledge, experience, innovation and learning so that there can be shared improvement and growth.

We recognise the importance of Regional Aid as a tool to grow and improve our economic competitiveness. We will continue to work to ensure that post-2013, when the new Regional Aid guidelines will be put in place, that we are able to provide the necessary support for economic development.

The targeting of our activities and resources in priority areas will ensure that we stimulate action and interventions to increase productivity and competitiveness, and enable local companies to grasp opportunities. These will, in turn, generate employment and wealth and also ensure that everyone, including the most vulnerable within our society, will have the opportunity to contribute to, and benefit from, increased prosperity.

Key aims

We will work to:

- Promote growth, reduce economic inactivity and improve productivity within the local economy by enhancing the skills profile of the workforce, supporting our SME's and attracting foreign investment;
- Improve the inclusiveness of the labour market by addressing barriers to participation (particularly for young people);
- Improve access to the single market by investing in our economic infrastructure; and
- Maximise our contribution to EU policy and programme development and the benefits from programme participation.

Key EU policies

- EU Flagship Initiatives:
 - *Innovation Union*
 - *Agenda for New Skills and Jobs*
 - *Youth on the Move*
 - *European Platform against Poverty*
 - *Industrial Policy for the Globalisation Era*
- European Commission White Paper 2011: Roadmap to a single European Transport Area – towards a competitive and resource efficient transport system

- Single Market Act
- State Aid

Participation in EU Networks/Consortia

- Empowerment and Inclusion Learning Network
- European Regional Skills Network
- Partnership between European Services Stakeholders (PARES)
- Public Employment Services Network (PES)
- Peer Learning Clusters

Targeted EU competitive funding streams

- *PROGRESS*
- *INTERREG*
- *Trans-European Networks* (Transport, Communication and Energy)
- *Framework 7 Programme*
- *Lifelong Learning Programme*
- *Youth in Action*

Other key EU Funding Programmes

- *European Social Fund*
- *European Regional Development Fund*

Key Objectives for 2012-13

Facilitate access to finance for SMEs.

Promote participation by our students in the *Erasmus* programme and other lifelong learning programmes.

Ensure the European Commission's proposed revisions to the state aid rules consider our needs.

Enhance our ability to assist indigenous companies and attract greater levels of Foreign Direct Investment.

Promote the region as a tourist destination to other Europeans.

Increase the skills profile of the local population.

Support people, particularly young people, under the *European Social Fund* and other relevant programmes, into employment.

As lead Partner of the EU Empowerment and Inclusion Learning Network, produce a tool to help measure empowerment, for potential use by other Member States.

Explore *INTERREG* programme for interregional cooperation funding opportunities.

Explore *Trans-European Transport Network* funding opportunities.

Prepare for and influence EU decision making processes in respect of the 2014-20 *Structural Funds Programmes*, the *Trans-European Networks* and the *Connecting Europe Facility*.

Encourage greater participation of our universities and further education colleges in European funding programmes.

Longer Term Objectives

Use European assistance to help support our commitment to promote 25,000 new jobs by 2015.

Use the *European Social Fund Programme* as a building block in our work to upskill the working age population by delivering over 200,000 qualifications by 2015.

Use the *European Social Fund Programme* as a building block to help us meet our commitments to move 114,000 working age benefit clients into employment by March 2015.

Improve the strategic transport network by the advancement and completion of a range of major works projects.

INNOVATION AND TECHNOLOGY

Encouraging greater investment in creativity, innovation and research and development is key to developing our economy.

In 2010, regional business expenditure on R&D (expressed as a percentage of GDP) was the highest on record and was close to the UK average. However, we recognise that we have historically trailed behind on this measure and, in turn, the United Kingdom itself significantly lags behind the most innovative economies, such as Finland and Sweden, on overall R&D spend. Furthermore, in terms of our wider innovation performance, regional firms have not engaged well in innovation activity in comparison to other UK regions. It is particularly difficult, yet vitally important, to promote and support investment in innovation and technology in today's challenging economic climate.

We should continue to direct significant expenditure towards creativity, innovation and R&D, with much of this aimed at improving research capability, increasing our capacity and promoting the commercialisation of research. The majority of research activities in advanced innovation economies take place on a collaborative basis between businesses, higher education and public research institutes.

Given the structure of our economy and the risk involved in undertaking high-level R&D, support for industry, particularly our SMEs, is vital to ensure that they continue to invest in innovation and technology to create economic growth.

In preparation for *Horizon 2020*, the Executive will play an active role in the UK's negotiations on *Horizon 2020*. Invest NI is represented on the UK's *Horizon 2020* Steering Group, as well as the *Horizon 2020* working group and various sub-groups including: Rules of participation, Synergies with Structural funds, Societal challenges and Review of support system for EU funding programmes.

Statistics indicate that we spend around the UK average supporting Science and Technology. However, much of this spend is in one sector – agriculture. While we will continue to invest in science and technology to support the development of the agri-food sector, there is a need to expand further into other areas including biotechnology, health research, engineering and other science-based activities.

In terms of supporting export growth, the focus needs to be as much on raising company productivity through investing in innovation, research and development and creativity, as well as encouraging local firms to enter new markets - this requires a stronger, more modern infrastructure. Increasing investment in areas such as telecommunications, improving capacity for digital and knowledge based companies, is critical to building the economy.

We will increasingly target our support to encourage the development of high value-added industry sectors and cross-sectoral collaborations that will introduce new technologies, processes and skills into our workplace, thereby helping to expand the export base, grow and strengthen the local supply chain and secure the long-term future of our economy. A strong science base is promoted by STEM expertise and by initiatives that fuel the emergence of a creative, innovative and entrepreneurial workforce.

The creative industries sector is an important driver of economic and social innovation. The global market outlook for agricultural commodities and foodstuffs also indicates a favourable market balance and a much higher priority for global food security over the coming decade and beyond. The agri-food industry is well-positioned to capitalise on these emerging opportunities, and the reform of the EU *Common Agricultural Policy* will create additional opportunities to enhance the competitiveness agenda for the sector, including through knowledge transfer and innovation. In addition to ongoing work to ensure that our interests are robustly represented in negotiations with the European Union, we will seek to ensure that we make full use of the opportunities presented by CAP and CFP reforms.

There is also scope for our health services to drive innovation by engaging more with high-technology companies. Given that the health sector typically has a highly skilled workforce, including many from STEM disciplines, enhanced opportunities for closer working will help the private sector to prosper through leveraging of public sector skills and expertise. We wish to continue to play an active role in the connected health sector in Europe. With strong links between academic, business and clinical partners throughout the United Kingdom, Europe and the United States, we are an ideal hub to explore international best practice in health care delivery.

Key aims

We will work to:

- Promote greater private sector R&D investment;
- Promote science, technology, engineering and mathematics (STEM), and educational and creative industries that encourage young people to study STEM subjects;
- Encourage R&D, creativity and innovation;
- Promote translational research, knowledge transfer/exchange and STEM between firms and between the research base and firms;
- Promote cross-sectoral collaborations between the creative and cultural industries and with other business and research sectors to stimulate innovation, job creation and expert-focused growth;
- Nurture the development and exploitation of new technologies, ideas and ways of working in our companies, universities, the research base and elsewhere in the public sector;
- Make fuller use of information and communication technologies;
- Promote deployment and use of modern accessible online services; and

- Leverage our significant public investment in the health sector, including in skilled employees and clinical trials infrastructure, to realise economic outcomes.

Key EU Policies

- *Horizon 2020 Framework (2014-20)*
- *Europe 2020 Flagship: Innovation Union*, which will improve access to finance for research and innovation and boost levels of investment throughout the Union
- Competition Policy
- *Europe 2020 Flagship: A Digital Agenda for Europe*, which will speed up the roll-out of high-speed internet and promote the value of a digital single market for households and firms
- *Common Agricultural Policy and the Rural Development Programme 2014-20*

Participation in EU Networks/Consortia

- Agriculture, food security and climate change (FACCE) Joint Programming Initiative (JPI)
- European Innovation Partnership (EIP) on agricultural productivity and sustainability (ERANETs)
- Enterprise Europe Network
- European Regions of Research and Innovation Network (ERRIN)

Targeted EU competitive funding streams

- *Framework 7 Programme* (final call July 2012)
- *Competitiveness and Innovation Framework Programme (CIP)*, which includes the *Entrepreneurship and Innovation Programme* and the *Enterprise Europe Network*
- *Connecting Europe Facility*
- *INTERREG IVC Programme*
- *Horizon 2020*

Other Key EU Funding programmes

European Agricultural Fund for Rural Development 2014-20

Key Objectives for 2012-13

Promote increased participation in EU research, technology and innovation programmes by companies, universities, research base and elsewhere in the public sector.

Engage in the policy debate around the *Connecting Europe Facility* to ensure that funding is available for the region.

Aid liquidity of SMEs.

Develop a more effective process to support the widespread adoption of research findings in the publicly-funded health sector.

Promote and enhance effective technology and knowledge transfer arrangements in the agri-food sector.

Explore the scope for involvement in the European Innovation Partnership, relevant Joint Programming Initiatives (JPIs) and European Research Area Networks (ERANETs).

Increase our role in the European connected health sector.

Harness the potential of the creative and cultural industries to support export-focused economic growth, job-creation and positive spill-over impacts into areas such as health, education and social cohesion.

Enhance STEM initiatives to fuel the emergence of creative people and innovative businesses.

Develop a draft smart specialisation strategy.

Longer Term Objectives

Use European resources to help us meet our commitments to support £300 million investment by businesses in research and development by 2015, with at least 20% coming from SMEs.

Increase NI drawdown from EU R&D and innovation funding programmes.

Increase uptake in economically relevant Science, Technology, Engineering and Mathematics (STEM) places.

Support 200 projects through the *Creative Industries Innovation Fund* by 2015.

Increase business expenditure on research and development.

Facilitate peer learning in relation to participation in EU research and innovation programmes.

Influence and seek to optimise opportunities for promoting knowledge transfer and innovation within the *Common Agricultural Policy 2014-20* and the associated NI Rural Development Programme.

CLIMATE CHANGE AND ENERGY

It is imperative that economic growth and wealth creation is achieved in a way that is both fair and sustainable if we are to meet the needs of today as well as those of the future. We need to strike an appropriate balance between the responsible use of natural resources in support of a better quality of life and the protection of natural resources in order to maintain or enhance a high quality environment. This includes ensuring reliable, affordable and sustainable energy provision and reducing our carbon footprint.

Climate change is a fundamental concern and is a high priority area across Europe. Mitigating actions to reduce greenhouse gas emissions and the introduction of adaptation measures to deal with predicted climate change, as a result of historic emissions, are essential if we are to progress towards a low carbon sustainable society. Key to this will be ensuring reliable, affordable and sustainable energy provision and reducing carbon footprint.

Individuals, organisations and communities must all be encouraged to contribute actions and activities that will deliver real change in both the short and long-term. Innovation will be key to helping minimise the harmful impacts of the changing climate while maximising the potential opportunities which change may bring. Businesses and organisations which decrease their emissions tend to be more efficient and hence more competitive while those who adapt can help ensure their position in the market.

Natural resources underpin our economy and our quality of life. Increasing resource efficiency is crucial to securing growth and jobs. It will bring major economic opportunities, improve productivity, drive down costs and boost competitiveness. In particular, an emphasis on resource efficiency, in areas such as energy efficiency and reducing waste, can not only improve competitiveness and create new jobs but also help the environment.

Balancing the needs of the economy with the environment is a key challenge. In acknowledging the benefits of an improved transport infrastructure, we recognise that road transport is now the single largest source of emissions, accounting for 32% of our CO₂ emissions. Meeting the future needs of the economy and facilitating higher levels of economic growth, particularly in export oriented sectors, will necessitate increased capacity on our transportation network and improved connectivity. While this requires continued investment to improve our infrastructure, we can also dramatically increase capacity by using infrastructure in a smarter way, improving our competitiveness and reducing the environmental impact of transport.

We need to ensure an integrated and accessible transport infrastructure that promotes competitive economic growth and social inclusion across all areas, while reducing emissions and adverse impacts. We will seek to minimise the environmental impact of the transport sector by developing a range of sustainable transport initiatives. The promotion of more efficient and

sustainable transport solutions and choices, in-line with *Europe 2020*, will require investment in new technologies and smart transport infrastructure.

It is not just transport which can benefit from using infrastructure in a smarter way, but also other infrastructure such as that associated with water and sewerage provision which have a high carbon footprint. The future regulation, planning and delivery of water and sewerage services have a major role to play in contributing to sustainable economic growth through: improved resource efficiency; protecting and enhancing the fresh water and marine environment; and reducing greenhouse gas emissions through energy efficiency and the use of renewable energy. Sustainability will continue to be a common theme of future water and sewerage investment plans. The introduction of carbon costs in the planning of all significant water and sewerage projects will require more sustainable and innovative solutions to be employed.

We also have low levels of electricity generated from renewable sources, with gas, coal and oil accounting for 90% of power generation. This leaves the region vulnerable to fluctuations in supply and pricing, and it also presents important environmental considerations. We are committed to increase the amount of electricity consumption and heat from renewable sources to 40% and 10% respectively by 2020. In addition to addressing energy diversity and security of supply, higher levels of renewable energy, including bio-energy, will play a very positive role in climate change mitigation.

Our economy faces a major energy challenge over the next decade. We need to build competitive markets, ensure security of supply, enhance sustainability and develop our energy infrastructure. Meeting carbon budgets and emission targets can create job opportunities, for instance with the growth of the renewable energy market. We need to take advantage of the opportunities which are available.

The *Europe 2020* flagship initiative for a *Resource Efficient Europe* supports the shift towards a low-carbon economy to achieve sustainable growth, providing a long-term framework supporting policy agendas for climate change, energy, transport, industry, raw materials, agriculture, fisheries, biodiversity and regional development. In this context we should explore options for economic growth that are consistent with our commitment to reduce greenhouse gas emissions.

Improving energy efficiency by investing in energy-efficient buildings and transport can make the biggest contribution to reducing emissions. Clean electricity – produced almost entirely without greenhouse emissions – will also have a major role to play, partly replacing fossil fuels for heating and transport.

We currently have very high levels of fuel poverty and need to ensure that increasing renewable energy and reducing carbon emissions is not cost prohibitive. Further extension of the natural gas network will reduce carbon

emissions and help alleviate fuel poverty. We also need to reduce our overall energy demand. Improving resource efficiency will help limit emissions while boosting economic growth. While pursuing a resource efficient and low carbon economy we must, however, remain competitive in international markets. We will look to prevent waste and to promote recycling, as well as increasing resource recovery and energy from waste.

The development of rural communities will be crucial in sustaining a thriving rural environment in which we can work and live, and protect our own natural heritage. In addition to being hugely important sectors in their own right, the agriculture, forestry, fisheries and food industries are, and will continue to be, key players in protecting our natural environment.

We will work to strengthen our agri-economy and its international competitiveness. Agriculture and food processing are much more important here than in other UK regions. *Common Agricultural Policy (CAP)* support is critically important to our rural areas. Single Farm Payments account for approximately 54% of our farmers' income while the *Rural Development Programme* provides some £500 million to support rural areas. The addition of climate change to CAP priorities for 2014-20 will encourage the agri-food sector to further reduce carbon intensity for the future, underpinned by research and development to enable the sector to contribute to greenhouse gas abatement targets.

Key Aims

We will work to:

- Tackle climate change by improving our evidence base and finding innovative ways to both reduce greenhouse gas emissions and develop and implement adaptation proposals;
- Improve resource efficiency with an emphasis on energy efficiency, waste reduction and recycling;
- Develop energy infrastructure to support both EU and Strategic Energy Framework objectives;
- Increase the amount of energy and heat obtained from alternative and renewable sources;
- Develop smart transport infrastructure to reduce congestion and emissions and promote smarter, more sustainable transport choices;
- Strengthen the agri-food sector by supporting its efforts to further reduce the carbon intensity of its produce;
- Encourage R&D, creativity and innovation across sectors; and
- Build capacity to enable us to make use of opportunities to help influence key EU policies and funding mechanisms related to climate change and energy issues.

Key EU policies

- Europe 2020 Flagship: *Resource Efficient Europe*, which will support the move to a low-carbon economy, increased use of renewables, modernising our transport sector and increased energy efficiency
- Low-carbon Economy 2050 Road Map

- The European Commission White Paper 2011: Roadmap to a single European Transport Area
- The European Energy Efficiency Plan (until 2020)
- *Common Agricultural Policy and the Rural Development Programme*
- *Common Fisheries Policy*
- Innovating for Sustainable Growth: a Bio-economy for Europe, Strategy and Action plan

Participation in EU Networks/Consortia

- Environment Conference of the Regions of Europe (ENCORE).
- Agriculture, Food Security and Climate change (FACCE JPI).
- European Innovation Partnership (EIP) on Agricultural Productivity and Sustainability.
- European Regions of Research and Innovation Network (ERRIN).

Targeted EU competitive funding streams

- *Framework Programme 7 for Research and Innovation*
 - *CONCERTO*
- *European Energy Programme for Recovery*
 - *EU Energy Efficiency Fund*
- *Horizon 2020*
- *Trans-European Networks Transport (TEN-T)*
- *Competitiveness and Innovation Framework Programme*
 - *Eco-Innovation*
- *Smart Cities and Communities Initiative*
- *LIFE+*
- *CIVITAS*
- *European Energy Efficiency Fund*
- *INTERREG IVB*
 - *Atlantic Area Programme*
 - *Northern Periphery Programme*
 - *North West Europe Programme*
- *NER 300*
- *Entrepreneurship and Innovative Programme*
- *Intelligent Energy Europe*
 - *ELENA*

Other key EU Funding programmes

- *European Agricultural Fund for Rural Development*
- *European Agricultural Guarantee Fund*
- *European Maritime and Fisheries Fund*
- *European Regional Development Fund*

Key Objectives for 2012-13

Engage with European Union on priorities for *Horizon 2020* and *LIFE+* Funding Programmes.

Identify opportunities to work with the European Union on proposals to develop and deliver climate change mitigation policies or projects to reduce greenhouse gas emissions.

Identify opportunities to work with the European Union on proposals to develop and deliver climate change adaptation policies or projects which will assist either the communication of the risks (and measures to deal with them) or which demonstrate how adaptation can be achieved.

Contribute to the Member State Working group on the TEN-T and CEF.

Identify opportunities to work with the European Union on proposals to develop and deliver policies or projects relating to congestion reduction and overall emissions reduction from transport.

Identify and develop potential project proposals to engage with domestic retrofit programmes where there is added value aligned to EU policy or funding opportunities.

Through NI Water, identify and develop potential project proposals aligned to EU policy or funding opportunities to support resource efficiency, energy efficiency, increased use of renewable energy or sustainability.

Identify key infrastructure projects which align with EU energy policy and funding opportunities and support the delivery of the Strategic Energy Framework.

Identify and develop potential project proposals which will draw down funding for waste or energy efficiency.

Work with the European Union to identify policies and project proposals which would help to develop and support research and demonstration projects to promote greater use of renewable energy technologies.

Encourage greater participation in research funded through EU sources (such as the *Framework Programme*) by universities, other research-based institutions and particularly SMEs.

Provide input to the *Common Agricultural Policy*, the *Rural Development Programme* and the *Common Fisheries Policy*.

Engage with the European Union to identify and develop research projects to investigate how to improve resource efficiency and reduce greenhouse gas emissions at product level in the agriculture primary production sector.

Identify and develop potential project proposals which would be seen as innovative and could be developed to access EU finance for research and innovation.

Build capacity by engaging with key sectors, disseminating information, working with Commission officials and staff seconded to Brussels.

Ensure regular Ministerial involvement in the work of the Climate Change and Energy Thematic Group and engagement with the European Commission.

Longer Term Objectives

Be in a position to be able to contribute to and influence discussions on key EU policies and the priorities of associated funding programmes.

Optimise EU funding to support delivery of a range of projects which are aligned to key EU and NI policy objectives in areas such as climate change, energy, transport, agriculture, renewables and innovation.

Through innovative research and demonstration projects, showcase the region as an exemplar and share our experience with other EU regions.

Maintain regular Ministerial contact with the Commission and ensure at least annual exchange visits.

SOCIAL COHESION

Our aim is to build a shared and better future for all. We will work to strengthen society so that it is more tolerant, inclusive and stable and permits positive progress in quality of life for everyone. We are determined that the wealth and prosperity that we are seeking will be used to help reduce poverty, create safer communities, promote equality, divert young people away from offending behaviour and tackle existing patterns of disadvantage and division. One of our key challenges is to deal with the legacy of division in our community – and we are determined to break down these barriers.

We are committed to delivering a vibrant economy which can transform our society while dealing with the deprivation and poverty which has affected some of our communities for generations. Actions to address poverty and tackle disadvantage are prerequisites for social progress and are intrinsic to the creation of a peaceful, fair and prosperous society.

Equality is an important issue for the Executive and society alike. Inequalities do exist and we will work hard to eliminate these. Our policies and programmes will be designed in ways that ensure we can address inequality and unfairness, reduce offending behaviour and create conditions that support inclusion and equality of opportunity.

We are working to tackle disadvantage and build communities that are confident, safer, vibrant and sustainable. We need to reduce deprivation and the incidence of social exclusion and poverty, especially child poverty, and increase opportunities for all children and young people, particularly the most disadvantaged, to reach their full potential.

Poverty has for too long blighted the lives of whole neighbourhoods and is one of the primary causes of disadvantage. Helping the people who live in the most deprived neighbourhoods to get jobs will be one of the best ways of tackling this malaise.

EU funding has played an important role in conflict management and conflict resolution. *PEACE* and *INTERREG* funds are seen as key EU programmes for promoting social cohesion, reinforcing progress towards a peaceful and stable society by promoting reconciliation. The implementation of a unique *PEACE Programme* was the direct result of the European Union's desire to make a contribution to the opportunities presented by developments in the peace process.

We will continue to seek European assistance to solidify this peace and to address current barriers to reconciliation, including youth unemployment. We will also compete for assistance from elective funding streams, such as *INTERREG*.

Key aims

We will work to:

- Reduce poverty;
- Address inequality and disadvantage;
- Promote equality and human rights;
- Address the needs of groups at risk and protect the interests of children, older people and other socially excluded groups;
- Assist young people marginalised through poverty and unemployment;
- Promote cohesion, sharing and integration;
- Reduce anti-social behaviour;
- Reduce offending through early intervention - addressing the root cause of offending behaviour; and
- Provide early assessment for reintegration interventions with identified offenders.

Key EU policies

- Europe 2020 Flagship: *Youth on the Move*, which will enable our young people to gain the knowledge, skills and experience needed to make their first job a reality and encourage transnational mobility.
- Europe 2020 Flagship: *European platform against poverty*, which aims to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.
- 'European Year of Active Ageing and Solidarity Amongst the Generations', which will seek to: promote active ageing in employment, both paid employment and community service through volunteering and caring; promote healthy ageing and independent living; and to enhance solidarity between generations in order to create a society for all ages.

Participation in EU Networks/Consortia

We will seek to identify EU networks and consortia and, through these, gain partners in bidding for competitive European funding.

Targeted EU competitive funding streams

- North-West Europe – Atlantic Area (*INTERREG IVB & IVC*)
- *PROGRESS*
- *Youth in Action Programme*
- *Lifelong Learning Programme*
- *Erasmus for All*

Other key EU programmes

- *PEACE*
- *European Social Fund*

Key Objectives for 2012-13

Engage in the *European Year of Active Ageing and Solidarity Amongst the Generations 2012*.

Secure European recognition for the Maze/Long Kesh project.

Share our experience of conflict resolution to assist others.

Seek opportunities to contribute to the development of policies and practices that contribute to positive change.

Secure *INTERREG* funding.

Work with existing programmes covering the re-integration of offenders and ex-offenders.

Maximise resources to create accessible and universally available services for young people to reduce offending and improve outcomes.

Work with the Competitiveness and Employment thematic group on a project which uses European assistance, financial or otherwise, to address youth unemployment.

Promote the use of the *Youth in Action Programme* to organisations within the region who are working with disadvantaged, difficult to reach young people.

Use European funding to reduce poverty, support social inclusion and combat discrimination.

Identify *PROGRESS* funding and suitable delivery partners in the region and the other thematic groups to drawdown additional funds.

Use best practice in tackling disadvantage from other EU regions to our benefit, and work collaboratively across all government departments to improve the quality of life and life chances for individuals living in areas of multiple disadvantage.

Engage in the European *Platform Against Poverty and Social Exclusion*.

Promote the use of European funding programmes to organisations within the region who are working in the area of social cohesion.

Engage with the PSNI to deliver social cohesion projects funded through the European Union and share the experience of peace building and conflict resolution with other regions.

Engage with the Northern Ireland European Regional Forum (NIERF), led by Belfast City Council, to identify further funding partnerships and opportunities.

Build a Social Cohesion thematic communication network with the aim of developing funding partnerships to deliver services.

Longer Term Objectives

Develop sustainably active communities and individuals.

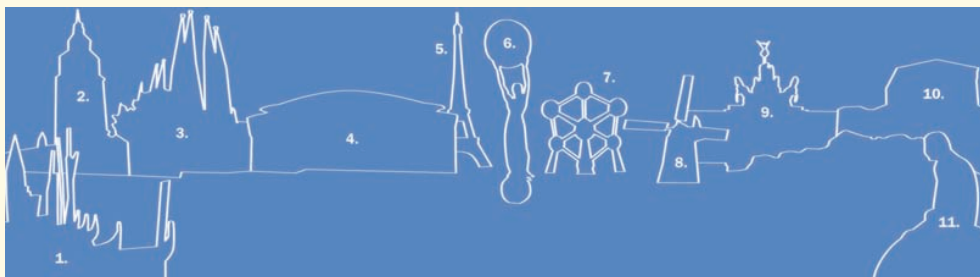
Influence and prepare for the next round of EU Funding Programmes (2014-20).

Reduce overall levels of poverty, especially child poverty.

Reduce levels of offending behaviour, with young people directed to more positive and socially constructive pathways.

Share our experience of peace building and conflict resolution with other regions worldwide as part of the wider European Peace Initiative.

Develop a pipeline of projects and applications which we can support.



Cover Key:

1. Gondolas, Venice;
2. Town Hall, Krakow;
3. Sagrada Família, Barcelona;
4. Waterfront Hall, Belfast;
5. Eiffel Tower, Paris;
6. Circle of Thanksgiving, Belfast;
7. Atomium, Heysel, Brussels;
8. Windmill, Netherlands;
9. Brandenburg Gate, Berlin;
10. The Parthenon, Athens;
11. The Little Mermaid, Copenhagen.

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Office of the First Minister and deputy First Minister
European Policy and Co-ordination Unit
Room E5.27, Castle Buildings
Stormont
Belfast BT4 3SR
email: info.europe@ofmdfmi.gov.uk
Telephone: (028) 9052 3125

Executive Summary, HM Treasury Budget 2012

Executive Summary

This Budget announces wide reaching reforms to the tax system to reward work and support growth. These reforms will lower headline rates, diversify and broaden bases and limit reliefs — based on the principle that the tax system should be fair, efficient and simple.

Budget 2012 also announces the next stages in the Government's plans for the supply side of the economy. The Government is committed to driving through the measures announced in *The Plan for Growth* and Autumn Statement 2011, and is taking further steps in this Budget to stimulate investment, exports, enterprise and the labour market.

The action the Government has taken since the June Budget 2010 has restored and maintained stability and positioned the UK as a relative safe haven, with market interest rates near record lows. Budget 2012 maintains the Government's strategy and sets out the further action the Government will take in three areas:

- a stable economy;
- a fairer, more efficient and simpler tax system; and
- reforms to support growth.

A stable economy

The financial crisis of 2008 and 2009 exposed an unstable and unbalanced model of economic growth. As a result of that crisis, and unsustainable levels of public spending, the Government inherited the largest deficit since the Second World War and the UK experienced the biggest recession of almost any major economy.

Over the course of 2010 and 2011, the UK economy was hit by a series of further shocks — with commodity price driven inflation reducing real incomes, the impact of the euro area debt crisis damaging confidence, and the ongoing structural impact of the financial crisis weakening economic recovery.

The Government has taken decisive action to protect the economy and has set out a comprehensive strategy to achieve strong, sustainable and balanced growth, based on:

- fiscal consolidation to return the public finances to a sustainable position and meet the Government's fiscal mandate;
- monetary activism to support the recovery, focused on meeting the inflation target and increasing the availability of credit;
- financial sector reform to build resilience and reduce risks to taxpayers;
- tax reform to make Britain one of the most competitive places to do business; and
- microeconomic reforms to strengthen the economy in the medium term.

In line with this strategy, **this Budget's policy decisions have a neutral impact on the public finances, implementing fiscal consolidation as planned.** The costs of policy

decisions announced in this Budget are offset by measures to reduce borrowing. They result in a reduction in taxation and spending of over £2 billion across the forecast period.

The Government is also taking action to tackle long-term fiscal challenges associated with an ageing population. **Budget 2012 announces that the Government will commit to ensuring the State Pension age is increased in future to take into account increases in longevity and will publish proposals at the time of the Office for Budget Responsibility's (OBR) 2012 Fiscal sustainability report.**

Economy and fiscal forecasts

While euro area growth forecasts have been revised down significantly since Autumn Statement 2011, **the OBR forecast for UK growth and inflation is broadly unchanged from its November 2011 forecast. It continues to forecast subdued but positive growth, consistent with experience from past financial crises, with the recovery likely to be particularly uneven this year.** The OBR forecasts the economy will avoid recession, as does the Bank of England's February 2012 *Inflation Report*.

The OBR's fiscal forecasts are also broadly in line with those presented at Autumn Statement 2011:

- **public sector net borrowing will fall from its post-war peak of 11.1 per cent of GDP in 2009–10 to 4.3 per cent in 2014–15 and to 1.1 per cent in 2016–17;**
- **borrowing is £11 billion lower over the forecast period than was predicted at the Autumn Statement 2011.¹ The deficit in the cyclically-adjusted primary balance has been halved over the last two years, falling from -7.0 per cent of GDP in 2009–10 to -3.4 per cent of GDP in 2011–12.** This measure of the deficit is expected to approach balance in 2014–15;
- **public sector net debt is forecast to peak at 76.3 per cent of GDP in 2014–15, falling to 74.3 per cent in 2016–17, lower than forecast in November 2011.**

Implementation of the Government's fiscal consolidation plan is under way and on course. **By the end of 2011–12, almost 40 per cent of the annual fiscal consolidation planned for the Spending Review 2010 period will have been achieved.**

The Government will reduce the Special Reserve to reflect the end of UK combat operations in Afghanistan by the end of 2014. This is funding held over and above the Ministry of Defence budget. The cost of operations will continue to be paid on the same basis. At the same time, **the Government will reinvest £115 million of the reduction in the Special Reserve provision to improve service accommodation and support military personnel and their families.**

As set out in the OBR's March 2012 *Economic and fiscal outlook* the OBR's judgement is that the policies set out in this Budget are consistent with a roughly 60 per cent chance of achieving the Government's fiscal mandate in 2016–17, and with meeting the supplementary target for debt in 2015–16.

Against the backdrop of historically low long-term interest rates and in light of evidence of strong demand for gilts of long maturities, **in 2012–13 the Debt Management Office will consult on the case for issuance of gilts with maturities significantly longer than those currently in issue, that is in excess of 50 years, and/or perpetual gilts.**

The first section of Chapter 1 sets out the Government's economic and fiscal plans in more detail.

¹Excluding the transfer of Royal Mail assets and liabilities. See Chapter 1.

A fairer, more efficient and simpler tax system

The Government is committed to creating a more sustainable tax system that is fair and supports growth. The Government will: reward work and support families; reduce tax rates to increase the competitiveness of the UK tax system; restrict tax reliefs and ensure everyone pays the tax they owe; and make the tax system simpler and more sustainable overall.

Greater rewards for work

The Government has a stated objective to support those on low and middle incomes and reward work by making the first £10,000 of income free from income tax. This Budget announces that **the Government will increase the personal allowance by a further £1,100 in April 2013, taking it to £9,205 in total.** This is the largest increase in the level of the personal allowance in both cash and real terms for the last thirty years and the largest real personal tax cut for the median earner in over a decade.

A proportion of the benefit will be passed on to higher rate taxpayers. Rather than pass on the full benefit, an equivalent amount of funding will be provided to assist in the fair implementation of Child Benefit reform.

Budget 2012 announces that Child Benefit will be withdrawn through an income tax charge, and that the charge will only apply to households where someone has an income over £50,000 a year. For households where someone has an income between £50,000 and £60,000 the charge will apply gradually, preventing a cliff edge effect. Only households where someone has an income in excess of £60,000 a year will no longer gain from Child Benefit.

In addition the Government will:

- **provide additional funding of up to £325 million across the Spending Review 2010 period for the Department for Work and Pensions to implement its strategy for tackling fraud and error in the benefit system;** and
- **reform the State Pension into a single tier pension for future pensioners.** The new system will be set at a level above the means tested standard Guarantee Credit, and all State Pension records will be recognised.

Reducing headline tax rates

The Government's ambition is to create the most competitive tax system in the G20. Budget 2012 announces reforms that will lower headline tax rates to support enterprise, aspiration and growth, while ensuring that tax revenues from the best-off are higher in each year. The Government will:

- **reduce the top rate of income tax from 50 per cent to 45 per cent from April 2013;** and
- **reduce the main rate of corporation tax by an additional one per cent from April 2012. The rate will therefore fall by two per cent, from 26 per cent to 24 per cent in April 2012, to 23 per cent in April 2013 and to 22 per cent in April 2014.**

A fairer tax system

The Government is committed to a fair tax system in which those with the most contribute the most. To ensure it receives more revenues from the highest earners, the Government will:

- introduce a limit on all uncapped income tax reliefs. **For anyone seeking to claim more than £50,000 of relief, a cap will be set at 25 per cent of income.** This will increase effective tax rates and help ensure that those with the highest incomes pay a fairer share;
- increase the tax charged on high value properties, by **introducing a new Stamp Duty Land Tax (SDLT) rate of 7 per cent for residential properties over £2 million.** This will apply from 22 March 2012;
- tackle the ‘enveloping’ of high value properties into companies to avoid paying a fair share of tax. **The Government will introduce a 15 per cent rate of SDLT to be applied to residential properties over £2 million purchased by non-natural persons, such as companies.** This new rate will take effect on 21 March 2012. In addition, **the Government will consult on the introduction of an annual charge on residential properties valued at over £2 million owned by these persons** with the intention of legislating in Finance Bill 2013 for commencement in April 2013;
- **extend the capital gains tax regime to gains on the disposal of UK residential property by non-resident, non-natural persons, such as companies,** to support these changes. This will commence from April 2013, following consultation on the details of the measure; and
- **accept the recommendation of the Aaronson Report that a General Anti-Abuse Rule (GAAR) targeted at artificial and abusive tax avoidance schemes would improve the UK’s ability to tackle tax avoidance** while maintaining the attractiveness of the UK as a location for genuine business investment. The Government will consult with a view to bringing forward legislation in Finance Bill 2013.

A simpler and more sustainable tax system

To simplify the tax system while diversifying the tax base and improving medium-term sustainability the Government will:

- move towards a simpler, single personal allowance regardless of age **by freezing existing age-related allowances (ARAs) from 6 April 2013 at their 2012–13 levels (£10,500 for those born between 6 April 1938 and 5 April 1948, and £10,660 for those born before 6 April 1938) until they align with the personal allowance. From April 2013, ARAs will no longer be available, except to those born on or before 5 April 1948. The higher ARA will only be available to those born on or before 5 April 1938.** These changes will simplify the system and reduce the number of pensioners in Self Assessment;
- **correct certain anomalies in the VAT system that cause very similar products to be taxed differently. The Government will also close loopholes in the VAT system to prevent avoidance and ensure compliance;**
- **introduce from April 2013 a new cash basis for calculating tax for small unincorporated businesses,** following consultation. This will reduce the time it takes for these businesses to calculate their tax;
- **provide from 2014–15, a new Personal Tax Statement for around 20 million taxpayers.** This will detail the income tax and National Insurance contributions (NICs) they have paid, their average tax rates, and how this contributes to public spending; and
- **launch a detailed consultation on integrating the operation of income tax and NICs.** This will be published after the Budget and build on extensive work undertaken with stakeholders through 2011. It will set out a broad range of options for the operation for employee, employer and self-employed NICs.

The second section of Chapter 1 sets out the Government's reforms to the tax system in more detail.

Reforms to support growth

The Government has set out its plan to put the UK on a path to sustainable, long-term economic growth. As part of this, *The Plan for Growth*, Autumn Statement 2011 and *The National Infrastructure Plan 2011* announced a wide-ranging programme of over 250 economic reforms and investment in infrastructure to help achieve the Government's ambitions for the UK economy.

The Government has made significant progress in delivering these reforms. In addition the Government will:

- **take forward many of Alan Cook's recommendations for the roads, including developing a national roads strategy and setting a renewed focus on the level of performance expected from the Highways Agency. The Government will also consider whether to go further and will carry out a feasibility study into new ownership and financing models for the national road network, learning lessons from the water industry, to report on progress by Autumn Statement 2012;**
- **make Belfast, Birmingham, Bradford, Bristol, Cardiff, Edinburgh, Leeds, London, Manchester and Newcastle super-connected cities, as part of the £100 million investment announced at Autumn Statement 2011.** By 2015 this will deliver ultrafast broadband coverage to 1.7 million households and 200,000 businesses in high growth areas as well as high-speed wireless broadband for three million residents. **The Government will also provide an additional £50 million to fund a second wave of ten smaller super-connected cities;**
- **invest £60 million to establish a UK centre for aerodynamics which will open in 2012–13 and support innovation in aerospace technology, commercialise new ideas and spin-off technologies with wider applications in other sectors;**
- **support Network Rail to invest a further £130 million in the Northern Hub rail scheme, subject to value for money, to improve transport links between Manchester and Sheffield, Rochdale, Halifax, Bradford, Bolton, Preston and Blackpool, and to increase capacity on the Hope Valley line between Manchester and Sheffield, which will enable the number of fast trains to double;**
- **support the establishment of a new Pension Infrastructure Platform owned and run by UK pension funds, which will make the first wave of its initial £2 billion investment in UK infrastructure by early 2013.** A separate group of pension fund investors has also presented proposals to the Treasury for increasing pension plan investment in infrastructure in the construction phase;
- **relax Sunday Trading laws from 22 July 2012 to 9 September 2012 inclusive,** recognising that the Olympics and Paralympics represent a unique opportunity for UK business;
- **introduce corporation tax reliefs from April 2013 for the video games, animation and high-end television industries, subject to State aid approval and following consultation, as part of a new ambition to make the UK the technology hub of Europe;**
- **improve and reform the Enterprise Management Incentive scheme (EMI), which helps SMEs recruit and retain talent, by providing additional support to help**

start-ups access the scheme, consulting on amending restrictions that currently prevent the scheme being used by academics employed by start-ups, and more than doubling the individual grant limit to £250,000, subject to State aid approval;

- **introduce an 'above the line' R&D tax credit from April 2013 with a minimum rate of 9.1 per cent before tax.** Loss-making companies will be able to claim a payable credit. The Government will be consulting on the detailed design of the credit shortly and final rates will be decided following consultation;
- **publish a strategy for gas generation in autumn 2012, recognising that gas-fired electricity generation will continue to play a major role in UK energy supplies over the next decade and beyond;**
- **introduce a package of oil and gas tax measures to secure billions of pounds of additional investment in the UK Continental Shelf;**
- later this year, **pilot the best way to introduce a programme of enterprise loans to help young people set up and grow their own businesses,** building on the support already available including the National Enterprise Allowance;
- **accept the Low Pay Commission's recommendation for below inflation increases to the National Minimum Wage** to support employers and help protect jobs;
- **conduct an internal review to examine the role of employee ownership in supporting growth and examine options to remove barriers, including tax barriers, to its wider take-up.** The review will also consider the findings of the work on employee ownership being led by the Minister for Employment Relations, Consumer and Postal Affairs, due to report in summer 2012, and will conclude ahead of Autumn Statement 2012; and
- **consult on simplifying the Carbon Reduction Commitment (CRC) energy efficiency scheme to reduce administrative burdens on business. Should very significant administrative savings not be deliverable, the Government will bring forward proposals in autumn 2012 to replace CRC revenues with an alternative environmental tax, and will engage with business before then to identify potential options.**

The third section of Chapter 1 sets out further information on these and other announcements and on the progress made in implementing the reforms set out in *The Plan for Growth* and Autumn Statement 2011.

Annex A sets out further information on spending in the next spending review period.

Annex B presents further information on the estimated cumulative distributional impact of measures introduced by the Government.

Annex C presents financing information.

Annex D presents selected tables from the OBR's *Economic and fiscal outlook*.

Budget decisions and Government spending and revenue

A summary of Budget policy decisions is set out in the table below. Chapter 2 provides more information on the fiscal impact of the Budget, and sets out all new Budget announcements in full.

Table 1: Summary of Budget policy decisions¹

	£ million				
	2012–13	2013–14	2014–15	2015–16	2016–17
Total tax policy decisions	+560	-1,550	-520	-500	-30
Total spending policy decisions	-90	-160	+755	+960	+1,170
TOTAL POLICY DECISIONS²	+470	-1,710	+235	+460	+1,140

¹ Costings reflect the OBR's latest economic and fiscal determinants.

² Forestalling impact of additional rate reduction and cap on unlimited tax reliefs is set out in Table 2.1.

Chart 1 presents public spending by function. Total Managed Expenditure (TME) in 2012–13 is expected to be around £683 billion. TME is divided into Departmental Expenditure Limits and Annually Managed Expenditure. TME is reduced by £28 billion in 2012–13 as a result of the one-off transfer of assets from the Royal Mail Pension Plan to the public sector. This is reflected as a reduction in the 'Other' category. For more detail see box 4.1 of the *Economic and fiscal outlook* published alongside Budget 2012.

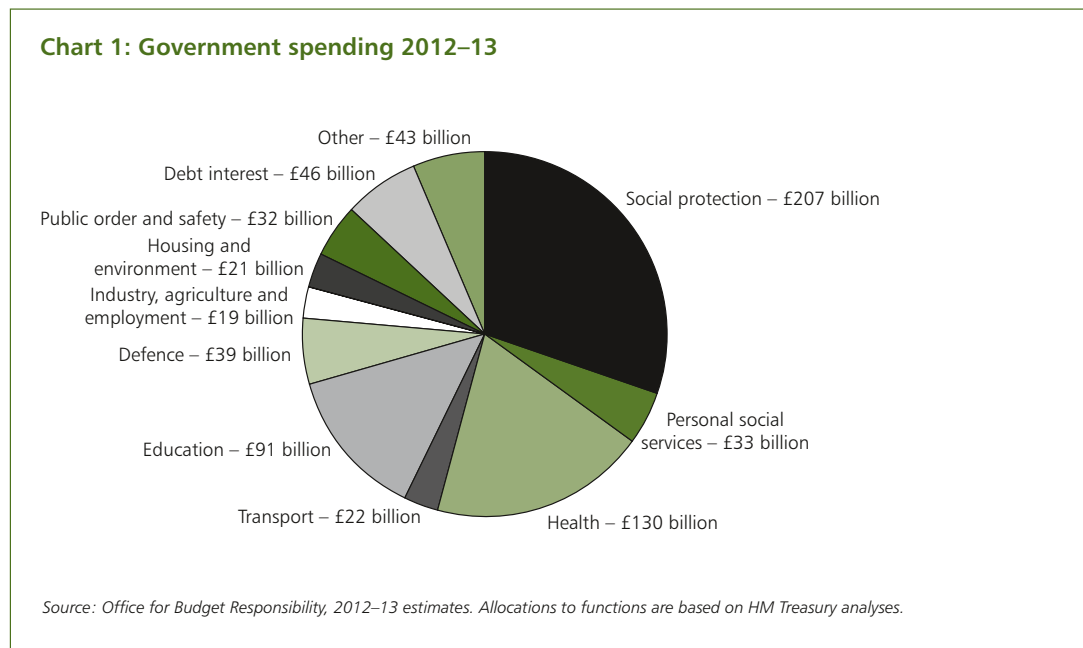
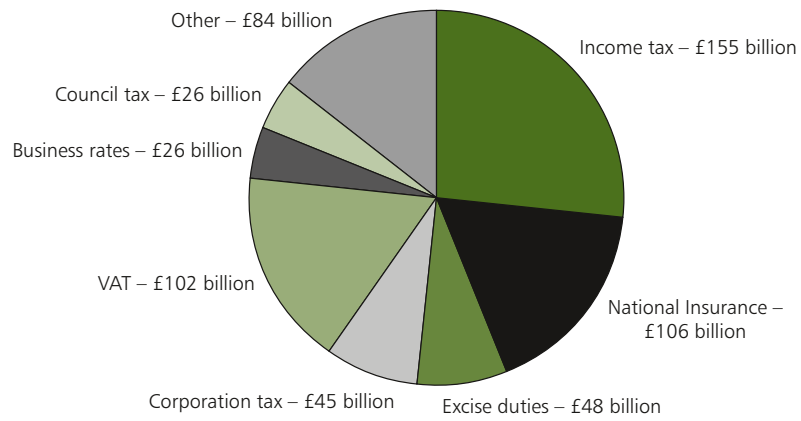


Chart 2 shows the different sources of Government revenue. Public sector current receipts are expected to be around £592 billion in 2012–13.

Chart 2: Government receipts 2012–13

Source: Office for Budget Responsibility, 2012–13 estimates. Other receipts include capital taxes, stamp duties, vehicle excise duties and some other tax and non-tax receipts – for example, interest and dividends. Figures may not sum due to rounding.

Executive Summary, The Entrepreneurial Dimension of the Cultural and Creative Industries

the **entrepreneurial** dimension
of the cultural and creative industries



Prepared by Utrecht School of the Arts (HKU), with K2M Ltd and Eurokleis S.r.l., for the Education & Culture DG of the European Commission.

Available online at:

http://ec.europa.eu/culture/key-documents/doc3124_en.htm

Printed copies available on request from: pierre.mersch@kmt.hku.nl



Utrecht School of the Arts



Education and Culture DG



executive summary

Context

1.0 The impact of culture and creativity or *'culture-based creativity'* has attracted much attention in the debate on fostering and unlocking the potential of a European *'creative economy'* thriving on its innovative potential. This study, commissioned by the European Commission, responds to the growing importance of the creative economy, and more specifically of the role of the Cultural and Creative Industries (CCIs), as tools to tackle Europe's current and future challenges. Indeed, innovation is now acknowledged as encompassing more than just technological and scientific changes. The cultural and creative industries offer the opportunity to bring essential change in non-technological innovation for products and processes, contributing to a more inventive Europe.

1.1 The aim of this study is to provide a better understanding of the operations and needs of companies in the CCIs, especially small and medium-sized enterprises (SMEs). The intention is not to provide a comprehensive overview but rather to describe some of the problems and provide recommendations. The study highlights transversal problems common to all these cultural and creative industries. It indicates specific challenges that could hamper entrepreneurship and prevent cultural and creative industries from benefiting from the internal market and the digital shift.

1.2 The study describes the main characteristics of the cultural and creative industries and considers national environmental factors that influence the development of these enterprises. The study provides an understanding of the key determinants for strengthening entrepreneurship for cultural and creative industries, such as access to finance; market barriers; intellectual property rights; education and training; innovation; and collaborative processes. From these key challenges, the study suggests general approaches for developing a conducive environment as well as specific recommendations to provide support for each determinant, highlighting best practices and considering sectoral differences, the different levels of policy as well as the different development phases in which the enterprises find themselves.

Creative Entrepreneurship & Characteristics of the CCIs

2.0 There is a no general agreement on how to define entrepreneurship, whether as risk-bearing, enterprise creation or stimulation of innovation, and even less agreement on how this can be defined within the cultural and creative sector. However, given the strong economic contribution made by the cultural and creative industries to GDP in EU Member States, defining the entrepreneurial dimension of this sector is clearly important. 2.1 With this focus on entrepreneurship, the question arises under what circumstances entrepreneurs can flourish or are hindered in their operations. The OECD/EUROSTAT Entrepreneurship Indicator Project has identified six themes that describe the determinants affecting entrepreneurial performance. In other words, *six major areas that determine the landscape of entrepreneurship*: access to capital, technology and R&D, entrepreneurial capabilities, market conditions, regulatory framework and an entrepreneurial culture.

2.2 At the same time CCI enterprises, in particular SMEs, have specific characteristics that may separate them from 'regular' entrepreneurship. They frequently operate in specific market conditions, produce goods that are 'cultural' by nature, work with people who are often more content-driven than commercially oriented and usually create very small enterprises (micro-SMEs) that may exist on the basis of permanent networks.

2.3 A *cultural and creative entrepreneur* can be understood as someone who creates or brings to market a cultural or creative product or service and who uses entrepreneurial principles to organise and manage this creative activity in a commercial manner. However, achieving a balance between creativity and entrepreneurship is not straightforward and entrepreneurs differ according to their motivations and the sectors in which they operate. The term thus refers to the fact that these enterprises have certain characteristics that will affect the management of their entrepreneurial activity.

2.4 The term is not always well accepted in the cultural sector as it is still overly associated with a financial dimension while not sufficiently recognising the cultural and social values behind this. On the other hand, the cliché of the artist who cannot manage a business and lacks financial skills is still commonly held among economic policy-makers and influences the ongoing division between entrepreneurship policies and cultural policies.

2.5 Just as artists are often reluctant to describe their individual expressive processes, so too are entrepreneurs often reluctant to divulge their individual paths to innovation. If we accept that all of these processes are important, there is a clear need for them to be considered explicitly in order to forge more creative paths to growth. The term cultural and creative entrepreneurship thus attempts to draw these worlds together: recognising the latent entrepreneurial spirit of an artist, the latent creative spirit of the entrepreneur.

2.6 The tension between the creator of a cultural work and the entrepreneur, typical of many cultural and creative enterprises, is often seen in the desire to prioritise the cultural value of the creation with little motivation for generating economic value (creation-oriented), while the entrepreneur will prioritise the economic exploitation over its cultural value (growth-oriented).

2.7 The diversity of cultural and creative industries is reflected in its range of businesses. This includes every type of enterprise from multi-national corporations to sectors characterised by a high proportion of SMEs (for example, architecture, fashion, crafts) and others that include a broader spread of large and small businesses (notably software, publishing and media).

2.8 However, the majority of the cultural and creative industries consist of very small enterprises. Around 80% of enterprises in the CCIs are SMEs with many sole traders or micro-SMEs employing only a handful of people. In fact, CCI workers are more than twice as likely to be self-employed than the average for the whole economy. Although the vast majority of cultural and creative industries businesses are micro-enterprises (smaller than 10 people), they are responsible for only a modest percentage of the total turnover of the CCIs (18 %). Within this majority of 'micro-enterprises' almost sixty percent consist of very small micro-businesses with only 1 to 3 employees.

2.9 The number of large-scale enterprises is marginal at less than one percent, but they are responsible for more than 40 % of the annual turnover. These statistics confirm an important basic characteristic of the cultural and creative industries: namely that while the vast majority

of enterprises are SMEs and micro-enterprises, the larger enterprises (with more than 50 employees) contribute a substantial part of the overall revenues. Not surprisingly this characteristic has important implications for policy-makers.

2.10 This characteristic linked to size and the composition of cultural and creative industries is often called the 'missing middle': medium sized enterprises seem to be almost absent. In view of the statistical observations and the interviews conducted, there is substantial difficulty for small enterprises to grow from small initiatives into medium-sized firms. The gap between the 'bigger players' and the micro-SMEs renders the growth of micro-SMEs difficult and increases the difficulty in accessing markets for the 'smaller players'. A very small number of large-scale enterprises have long-established infrastructures for research and development activities while, on the other hand, micro-SMEs do not have access to similar paths to sustainability and growth.

2.11 The use of different strategies by these micro-SMEs is necessarily small-scale, highly dynamic and requires risk-taking in order to compete with more established enterprises that do not require such flexibility. The structural characteristics of these micro-SMEs impose a requirement for dynamic entrepreneurial skills but do not seem to provide clear paths to enterprise growth. Smaller enterprises tend to adopt a more flexible and dynamic attitude when responding to market opportunities. This may involve outsourcing, taking up of multiple projects or clustering with different organisations in order to benefit from a larger collective structure.

2.12 In addition to facing uncertainty and high competition, digital convergence has also modified the distribution process of cultural and creative products and services. The 'digital shift' is changing the pattern of distribution and disturbing traditional production value chains. The increase in the speed of communication channels and technological improvements have opened up many opportunities to reach a wider audience and a much broader range of culturally diverse products and services can be offered. The traditional value chain of creation and consumption is being actively reshaped by these changes and in many instances it is SMEs in the cultural and creative industries that are at the forefront of these changes.

2.13 The traditional concept of the production chain is now in question, given the possibility to bypass intermediaries. Taking its distance from the uni-linear production process implied in the concept of a value chain, the term '*value creating ecologies*' encompasses the idea of a 'constellation of firms that are dynamic, with value flow being multi-directional and working through clusters of networks'. Often the cultural and creative entrepreneurs have to create direct user-producer interaction. They have to interact closely with their target audience so that they can monitor trends or initial reactions by early consumers of their own products.

2.14 Considering the specific characteristics of the cultural and creative industries, with regard to size, composition and product creation, the cultural and creative industries have many complex challenges to face. They are also working in an environment that is not always prone to rewarding risk taking behaviour, but which puts further complications on their paths to sustainability and growth.

Main Thematic Outcomes

3.0 In view of the characteristics of the CCIs, a framework was developed to elicit pointers for blending new models of collaborative and competitive advantage for CCIs in order best to

support them and embed CCI support within Innovation, SME, Entrepreneurship and Cultural Policies.

3.1 From the interviews conducted across Europe for this study, one of the general findings that quickly emerged was the overriding need to gather more consistent data regarding cultural and creative industries. National statistics are not homogeneous and this means that any comparison is flawed.

Access to Finance

3.2 Perhaps the greatest obstacle faced by entrepreneurs and enterprises in the cultural and creative industries is how to locate the funds to finance their endeavours. The perceived lack of finance for the cultural and creative industries was further exacerbated by the effect of the recent financial crisis.

3.3 Most of the cultural and creative industries consulted have a short-term span of financial planning. The online questionnaire revealed that 22% of the cultural and creative industries had no financial and economic planning, while 53% had a one-year forecast. Only 4% had a financial forecast of up to 5 years. Moreover, considering the necessity to combine administrative tasks with the creative process, the online survey showed that 75% of these companies elaborated their forecasts themselves, as opposed to 20% that used a professional consultancy service.

3.4 One characteristic that sets the cultural and creative industries apart and, in many ways, impedes their access to finance, is the dependency on intangible assets. The creative entrepreneur combines traditionally tangible information with intangible information products; cultural qualities and 'media content'. However, intangible assets such as novelty, soft innovation, copyright and creativity are often not reflected in accounts. Financial institutions such as banks often fail to sufficiently recognise their economic value.

3.5 While many similar types of support are offered throughout Europe, the level at which they are offered and the sectors to which they are made available may differ considerably. Findings from the study's online questionnaire reveal that the most important financing source is undoubtedly self-financing. Public and private grants have a residual role, while the other sources are secondary. Bank loans remain one of the most important ways to finance SMEs.

3.6 However, due to the financial recession, many banks have become more risk-averse and, as a result, are increasingly less likely to support businesses in the cultural and creative industries due to their perceived high-risk characteristics. Investment in the cultural and creative industries often needs to be longer-term than other venture capital investments. For the micro, small and even medium sized enterprise, it is exceptionally difficult to attract strategic investment. Similarly, many cultural and creative entrepreneurs are generally nervous about partnerships with investors, fearing loss of control of their company, and are reluctant to share profits in return.

3.7 While subsidies from the public sector may assist in the start-up and funding of SMEs, they are often more accessible to the core cultural sectors than to the cultural and creative industries as a whole. In addition, responses from experts suggest that public initiatives seem unable to meet the expectations and needs of entrepreneurs in the cultural and creative

industries because they are complicated to understand, often detached from the territory in which the company operates and are not necessarily long term financial support.

3.8 Many experts suggested the use of tax credits and fiscal exemptions. Tax exemptions and bank loan guarantees were, overall, the most favoured means to provide financial support. Other sources such as business angels, venture capital and innovation vouchers were also put forward as providing effective financial support. Greater understanding of the particular needs of cultural and creative industries was crucial when providing the correct funding mechanisms, such as the need to recognise the value of intangible assets in funding programmes. For this reason, the region, as an intermediary level provider of financial support, is often 'not sufficiently developed'. Regional instruments were reportedly a better option to adequately implement funding.

Market Access

3.9 Being able to access a market is necessary for the build up of the activity and is essential for the growth and the sustainability of the cultural and creative enterprise. The markets for cultural and creative products and services are often characterised by unpredictable demand conditions. Entrepreneurs have to take heterogeneous, changing tastes into account. This means that at virtually no stage in the production sequence can the project's final outcome be predicted with any degree of certainty: sleepers inexplicably turn into smash hits, and sure-fire successes flop.

3.10 The position of the micro-SME entrepreneur has to be taken into account in this context. The main barriers to entering the market are in great part due to the exclusive agreements with key distributors and access to knowledge on market opportunities. The presence of large and multiple competitors was also a complementary impeding factor. Micro-SMEs main concerns relate to knowledge about new external market opportunities and the competitive environment typical of the cultural and creative industries sector. The importance of access to knowledge about market opportunities is key to enabling micro enterprises to flourish.

3.11 The prevalence of SMEs in the cultural and creative sector highlights the need for policy-makers to address size-related constraints in the market. The absence of medium-sized enterprises increases the impact of the gap between the micro-SMEs and the big majors in certain sectors. The asymmetry in the market position between the two extremes is striking. Enabling access to the market for start-up SMEs and, at the same time, working on potential paths to growth in the market for 'growth oriented' cultural and creative enterprises, can thus ensure a cultural diversity.

3.12 The key challenge is also to find appropriate new business models. The overall consequences of ICT for culture are ambivalent. On the one hand technology opens up new opportunities for creators to produce and distribute their works to a wider public, independently of physical and geographical constraints. On the other hand ICT disrupts traditional content. While new models struggle to emerge, the risk is that cultural content may be considered as any other commodity traded in the virtual world and may be devalued.

IPR instruments

3.13 From the online survey, a majority of SMEs did not receive any IPR advice before the start of their entrepreneurial activity. It was also reported that one third of the CCI SMEs did not

use any specific instrument for protection. Informal IPR, namely confidentiality agreements, were used by one fifth of CCI SMEs.

3.14 Future policies to support the development of cultural and creative industries will have to take into account the changing IP environment and changing business models, while keeping in mind the importance of IPR as an incentive for cultural and creative entrepreneurs and the reward for their creation. Moreover, as many cultural and creative SMEs do not presently make use of IPR, the question of how to best make use of IPR in their entrepreneurial activity comes to the fore.

3.15 The relatively low use of protection measures can demonstrate the need to increase awareness on the use of IPR regime and to facilitate its access by CCI SMEs for which such systems are still complex. The issue of IP management for the cultural and creative industries is a central determinant to their entrepreneurial drive as it gives the cultural and creative industries entrepreneur the opportunity to be rewarded and can act as an enabler for their activity. The availability of IPR advice to cultural and creative entrepreneurs is critical and the moment when it is given is important.

Entrepreneurship education, skills and training

3.16 There is a general lack of entrepreneurial skills within all sectors of the CCIs. Despite the dramatic increase in entrepreneurship and education programmes in recent years, there is relatively little data and evaluation on the outcomes of these programmes. The narrow model of entrepreneurship focused solely on commercial success does not seem to correspond to the cultural and creative industries for whom critical creative and cultural achievements are often more important. However, stimulating the development of entrepreneurial skills is needed for enterprise growth, market orientation, return on creativity, communication skills, networking, and team-building within the entrepreneurial lifecycle.

3.17 A specific skill set ranging from basic business planning skills to presentation (i.e. pitching an idea) and management skills are critical for the cultural and creative entrepreneurs. From the expert questionnaires, it appears that market entry, as well as other determining barriers to success, is directly inhibited by knowledge-obstructing factors such as the lack of business skills and lack of knowledge about market opportunities.

3.18 The difference between formal and informal entrepreneurship education is a recurrent discussion in the cultural and creative industries. For some of the interviewees, there is a lack of integration of entrepreneurship education in national curricula and arts education. According to some of the respondents, support to develop entrepreneurial skills should come as early as possible, and the question of the desirability of becoming an entrepreneur should be addressed very early. For some of the respondents, classes in financial or administrative management should be incorporated within the educational curriculum to address the lack of entrepreneurial skills.

3.19 Conversely, some experts claim that competence building and skills in entrepreneurship are irrelevant. Against the lack of evaluation of educational programmes, there are suggestions to redirect the present educational micro efforts aimed at stimulating entrepreneurship (both governmental and non governmental programmes) to instead develop macro policies that are deemed more effective in the long run to support entrepreneurship for

SMEs. According to such arguments, macro measures such as taxation and state regulations are what influence levels of entrepreneurship.

3.20 This tension between the micro and the macro 'interventionist' initiatives is reflected in cultural and creative industries' support programmes, tilting the balance towards intermediary and complementary solutions that combine 'learning by doing' and 'peer to peer' coaching. Indeed, rather than focusing on education curricula, a complementary alternative to support sustainability and growth could be to bolster the connections between the cultural and creative entrepreneurs and individuals experienced in business. Multidisciplinary projects between businesses and educational institutions could be helpful in increasing the interaction between the 'business' and the 'creative' worlds.

3.21 From simple to complex financial support, the cultural and creative entrepreneurs are responsible for their own business model and financial resources: bank loans, guaranteed loans by governmental or non-profit agencies, crowd-sourcing, grants and subsidies. Business models are focused mainly on components of value propositions, relationships with visitors and clients, cost structures and value chains. Due to the involvement of cultural values, business modelling based on cultural and creative industries is an essential competence. Formal education systems do not provide the proper entrepreneurial and business tools. Early integration of creativity and entrepreneurship in the educational system curriculum is important. Thereafter Life Long Learning programmes can provide valuable on-demand support.

Access to innovation

3.22 The acknowledgment of innovation, incorporating hidden innovation, soft innovation, or design processes as a driver of user-centred innovation are signs of the potential role that the cultural and creative industries could have in enabling innovation in Europe. Open innovation methods that include collaboration between different sectors can be enablers in promoting cultural and creative industries to engage in innovation. Triangulation of methods and knowledge between academia, cultural and creative industries SMEs, and businesses, as well as engaging with other sectors can be another prompt for cultural and creative industries to access innovation.

3.23 Design is increasingly seen as a particular strength for Europe and a source of competitive advantage. The Commission staff working document on Design as a driver of user-centred innovation showed that non-technology R&D was as competitive as technology R&D and could be seen as a solution for low technology SMEs to increase their competitiveness. This was confirmed in the results of the open consultation on design which led user-centred innovation to be integrated in the future innovation policy. However, one of the greatest barriers is the lack of awareness of policy makers and CCI SMEs themselves of the economic and innovative potential of design.

3.24 Many cultural and creative enterprises deploy user-oriented strategies. Despite often being associated with a specific sector linked to 'product aesthetics', the EC recognises design as a potential instrument for innovative solutions and products. The changing dynamic between audience and content creator, especially with the rise of digital content, is strongly influencing the distribution and business models of creative industries. Enabling such exploratory environments to emerge is vital for unlocking the potential of cultural and creative industries to innovate and consequently spread their innovation to other sectors.

3.25 Access to external knowledge is also a key factor for a firm's competitiveness. There is a need to promote knowledge sharing and stimulate new skills and cross-sector collaboration in order to promote open innovation processes and develop new brands, products and services. As the differences between sectors become blurred, cross-sector knowledge transfer can take place more easily. The exchange of knowledge between various actors such as academia, business and creative industries can enhance the potential of innovation. At a national level, the use of alternative options such as innovation vouchers could be promoted by regional and national governments. Regions are encouraged to work with intermediaries in order to link CCIs, in particular CCI SMEs, with other businesses so as to foster innovative platforms and processes to emerge.

3.26 Fostering a culture of innovation through non-technological drivers such as entrepreneurship requires more attention to the skills gap and the relationship between the Applied Research sector and SMEs. In order to enable SMEs to locate sustainable paths to growth, they must be able to tap into specific skills more-or-less as they are required, or on-demand. SMEs are themselves often unaware of their applied research needs and are unable coherently to express them. A mediating intermediary level is clearly required to negotiate between the educational and training perspective and the economic perspective. Such a layer could be provided on a regional basis to support small scale, practice-oriented business innovation.

Clusters and collaboration

3.27 In order to increase the capacity to experiment, to innovate, to grow as successful cultural and creative entrepreneurs with the right skills and sources of finance, there is a need to foster conducive environments where cultural and creative industries will prosper with a certain security and with access to the right information and knowledge. In this regard, collaboration and networking is a key enabler to strengthen all of the issues mentioned above.

3.28 Collaboration and networks can allow cultural and creative industries SMEs to enter a pool of information. Networking can allow a greater exchange of information and is key in enabling innovative processes, but working in a collaborative manner also implies exchanging practical information that might serve the company, especially the start ups that need guidance in administrative, financial and innovation measures. Placing cultural and creative industries SMEs together can enable them to not only benefit from each other's resources, but also pool their efforts for working space, for accounting services and other required support for entrepreneurship.

3.29 There is now a conflation of producer and consumer and different sectors are adapting their processes to integrate these changes through applied research. However, the sectoral concerns and processes of adaptation are more difficult to explain and to map across academic approaches and disciplines. Knowledge can lead to experience but in the case of creative processes, experience also leads to new knowledge, which may not be efficiently captured.

3.30 The use of collaborative processes found in multi-disciplinary environments where cultural and creative industries, academia and private sectors work within a dynamic framework, where products and processes can be constantly evaluated and can benefit from support (research as well as financial), is clearly to be encouraged. This can enable the cultural and creative entrepreneur to benefit from training and learning processes as part of the

interaction with the other stakeholders. Cultural and creative industries are highly dynamic in merging the creation of experience, as well as knowledge, in terms of new processes and products by designing, developing and producing efficient new instruments. Associating venture capital strategies with such collaborative processes can secure a return on investment for the funders as well as securing funds for the cultural and creative industries SMEs and entrepreneurs.

3.31 From the statistics of the study, it can be seen that in the beginning of the entrepreneurial activity the cultural and creative entrepreneur will mostly rely on informal and personal networks and collaboration while in the later stages of its activity, such as in the build up and build-out phase, the cultural and creative SMEs make greater use of cluster initiatives. This suggests that personal, on demand support such as matching and coaching, might be more useful in the beginning; while more formal collaborative schemes such as clusters may be more suited to the cultural and creative industries that are looking to grow to a broader market and benefit from the initiatives of the surrounding partners.

Main Recommendations

4.0 On the basis of the work undertaken a number of general and specific recommendations were made. These recommendations cover the general European context, the wider innovation agenda and the need to stimulate entrepreneurship as a non-technological driver of innovation.

4.1 In order to correctly target the needs of cultural and creative industries, more data and statistics are needed for the cultural and creative industries, and especially for each individual sector.

4.2 Targeted support needs to be matched with the characteristics of cultural and creative industries and most importantly with their structure. Targeted measures for SMEs and micro-SMEs that will be developed through the various flagship initiatives of the Europe 2020 Strategy should take into account the specific needs of micro-SMEs in the formulation for SMEs.

4.3 As seen from countries that have advanced support mechanisms for cultural and creative industries and strong innovation results, the co-ordination of several Ministries to formulate policy for cultural and creative industries support mechanisms can serve to target the efforts and enable better coherence. As the cultural and creative industries are cross disciplinary and address both cultural and economic factors, the collaboration between Ministries, especially Culture and Economic ministries, should be encouraged and co-ordination and coherence of multi layered policies should be reinforced to achieve efficient supporting schemes.

4.4 Stimulation policies are needed, on regional, national and European levels, in order to fully address the specific characteristics of the CCIs. All levels of policy governance should acknowledge the contribution of CCIs to the new economy and help ensure a level playing field for the CCIs. National bodies shape the regulatory framework in which CCIs work. Tax exemptions for CCI products or services could encourage the production and distribution of CCIs products and services and stimulate growth across many sectors. Similarly, the mobility of artists could be encouraged by facilitating the regulatory procedures for cross border initiatives. As CCIs prefer to have close interaction and support on demand, regions could act as intermediaries between the CCIs and other policy levels such as the national or the

European. Regions could encourage regional clusters and sectoral networks to be platforms of innovation, encouraging CCI SMEs to be integrated within clusters.

4.5 The EU should encourage existing and future framework programmes for Research and Technological Development such as FP7 and FP8 or the Competitiveness and Innovation Programme (CIP) as well as the Cohesion Policy to be more targeted towards CCIs inter alia by including non technological innovation projects and incorporating CCI SMEs (not only in the ICT sector). It should also increase the visibility of ongoing activities at regional and national levels and encourage their networking.

Recommendations on accessing finance

4.6 Lack of finance is a recurrent issue for CCIs and especially for micro-SMEs. Provision of finance should respond to the different phases of the entrepreneurial life cycle according to the needs of the CCI SMEs. The use of regions to channel the funds and the use of financial intermediaries that are aware of the characteristics of CCI SMEs is essential in targeting support for the CCIs.

4.7 The large funding schemes for supporting innovation are too complex for CCIs. At the EU level, the funding schemes should be made less complex so as to allow CCI SMEs to apply more easily. Existing programmes (FP7, CIP) should be strongly targeted at CCI SMEs. The MEDIA programme gives specific support to a particular sector in the different stages of the 'value chain'. Similar support opportunities should be developed for other sectors of the CCIs at crucial points of their respective value chains.

4.8 At the EU level, the EIB and EIF funds, that also promote innovation, could be used to fund CCIs debt financing or venture capital for development of non technological innovation. They could also back national or regional initiatives aimed at developing guarantee schemes. In this regard, due attention should be paid to the example of the guarantee fund for the audiovisual sector soon to be introduced in the MEDIA programme for digitalisation of cinema. In coordination with the Member States, it is recommended that the EU consider the creation or strengthening of lower VAT rate and other tax incentives for both online and off-line labour intensive creative services and products.

4.9 National States are encouraged to consider tax shelter measures for other sectors and support the development of Venture Capital Funds (such as public venture capital funds), the investment of Business Angels in CCIs and micro credits to fund CCIs. Similarly, the national level could stimulate financial support structures through specific measures such as bank guarantees. The investment of the European Structural Funds in CCIs should be encouraged, with special support for regional networking initiatives and platforms for CCIs.

Recommendations on accessing the market

4.10 The EU should promote the opportunities for CCIs to access the market by using public procurement measures that hold untapped potential to support innovation. Public procurement requests could be targeted at innovative non-technological processes, products and services to which CCIs, and especially micro-SMEs, could apply.

4.11 The Lead Market Initiative (LMI) launched by the EU in 2008 was set up to identify new needs and new markets for innovative products or services. This can help target future demand and thus offer an experimental playing field for innovators. In order to target societal

needs, the EU should consider opening up LMI to non-technological innovation and innovation in services to tap into CCI's innovative potential.

4.12 Accessing the market remains difficult for CCI SMEs, especially where a few large companies dominate the market. The EU should consider adapting competition policy to CCI's characteristics to avoid excessive market concentration. This could ensure that all cultural players have a minimum access to all distribution channels, including on the online market to offer real cultural diversity and choice for consumers.

4.13 CCIs and especially micro-SMEs do not have sufficient information on market opportunities both in their region but also more specifically across regions and for cross-border markets. Regions should promote the dissemination of information about cross-sectoral and cross-border market opportunities to CCIs through a regional network. Regions can act as a platform for exchange of best practices on both technological and non-technological issues. Regions could encourage a minimum access to the market by setting up platforms where CCI SMEs could showcase their products/services and as such promote the visibility of the CCIs in the region.

Recommendations on bridging the entrepreneurial skills gap

4.14 There is a general lack of entrepreneurial skills within all sectors of the CCIs. Despite the importance of the topic, there is still little integration of entrepreneurship education in general curricula, and particularly in arts education. With a budget of € 7 billion for 2007-2013, the Life Long Learning Programme is the EU's main funding programme for education and training projects and activities. It is suggested that the programme prioritise the development of creativity and support for entrepreneurship training including in the creative sector.

4.15 European Social Funds could be used to help strengthen employment in CCIs by, for example, channelling the funds into creative apprenticeships in order to ease the transition from education to employment by promoting 'on the job' learning. ICT skills training should be included or strengthened in the curriculum of arts institutions in order to foster the innovative potential of CCIs and help them further exploit the opportunities offered by the digital shift.

4.16 CCIs are also producers of knowledge through applied research processes. Linking collaborative work between knowledge institutions and local SMEs could act as a complementary catalyst to innovative capacities in the region. Universities of Applied Science (UAS) could play a valuable role in linking regional activities to other European regions and networks of CCIs. Further linking CCI entities and applied research institutions would also contribute to the professional skills-upgrading of SMEs in the region regarding professionally oriented innovation, entrepreneurship, creativity and research competencies.

Recommendations on developing entrepreneurship as non-technological driver of innovation

4.17 In order to stimulate the innovation potential of CCIs, and develop entrepreneurship as a non-technological driver of innovation, consideration should be given to the widening of the definition of innovation in the up-coming review of innovation and research policy to encompass all forms of innovation, both from the public and private sector, including processes of soft and hidden innovation and recognise R&D in some of the processes typical of the CCIs, such as design processes or talent scouting.

Recommendations on supporting the use of copyright

4.18 The EU should improve SMEs' access to copyright instruments and facilitate easier use of IP instruments for SMEs. The digital environment has brought some challenges in terms of IPR in the digital world. Creative solutions that reward the rights-holders but ensure flexibility and easier applicability should be sought at the European level.

4.19 CCIs face new opportunities as well as challenges with the 'digital shift' and they need to be adequately supported to take advantage of them. Special funds should be allocated to CCIs, especially SMEs, to ensure greater media literacy and take-up of digital tools within their enterprises.

4.20 One of the key outcomes of this study is the realisation that cultural and creative entrepreneurs rely heavily on the use of networks within highly innovative and risk-oriented environments. This shapes the need for CCI SMEs to look for collaborative solutions in terms of organisation, business support or production. Developing an entrepreneurial activity in this context requires a certain degree of flexibility, risk oriented solutions and cross-disciplinary skills that can also provide a non-technological innovation driver for the rest of the economy. In order to support the CCIs, collaboration and networks need to be supported.

Follow up information from the Department of Enterprise, Trade and Investment following oral evidence session

To: Peter Hall
Clerk of the CAL Committee

From: David McCune

DETI DALO

Date: 13 December 2012

Subject: Inquiry into Maximising the Potential of Creative Industries

As requested, please find below some clarification to the issues raised in the DETI oral evidence session.

1. DETI in oral evidence said they were trying to put some of the infrastructure in place and that they were looking at creating some hubs.

A number of feasibility / market opportunity projects are currently in progress with regard to the potential for Creative Media and Digital Hub development. Principal amongst these would be the relocation study by BBC regarding potential relocation/refurbishment of its Belfast Headquarters and Belfast City Council's investigation of the potential for a digital hub within the Belfast region as part of the roll out of its successful Super Connected Cities bid. There is also provision for the creation of a digital hub at the Ebrington Barracks site in Derry / Londonderry following conclusion of the City of Culture activities.

2. Reference was made by one stakeholder of work to progress a media hub and that this work was being led by David Sterling with involvement from DCAL and NI Screen. Would it be possible to get more information on this?

This comment refers to the potential relocation of the BBC's Belfast operations as referenced above. Work is ongoing to establish whether such relocation may present wider opportunities for NI through potential leveraging of combined facilities, shared space or learning / knowledge transfer. This work is ongoing.

3. Invest NI also referred to the Paint Hall and building infrastructure in the Titanic Quarter, e.g. DETI is currently considering a proposal to develop additional sound stage facilities in the Titanic Quarter.

In August 2012 Invest NI invested £3.4m, by way of a term loan, in the £8.3m investment to build 42,000sq ft of high end sound / film studio space at the Titanic Quarter in Belfast. The MacQuitty and Hurst studios were officially opened by the First and Deputy First Minister in October 2012 and provide state of the art creative film space to complement the existing PaintHall studio site at the Titanic Quarter. The studios have already been utilised by HBO in shooting of Series 3 of the highly acclaimed TV drama production Game of Thrones and further support the reputation of Northern Ireland as a location for high end television and film production.

4. Finally is Invest NI involved in the Belfast City Council project to develop a creative hub?

Invest NI is aware that Belfast City Council is currently assessing the potential for creation of a digital /creative hub in Belfast. Following development of proposals by Belfast City Council, Invest NI expects to receive a funding application under the European Local Enterprise Development Fund (LED) for assistance with the Council's preferred option.

(Expected timeframe is Dec 12). On receipt of the full application, an Economic Appraisal will be undertaken prior to seeking all necessary approvals. The potential for utilisation of LED funding in this type of development project has also been flagged with other Councils throughout Northern Ireland.

Growth, Talent, Ambition - the Government's Strategy for the Creative Industries

Growth, Talent, Ambition – the Government's Strategy for the Creative Industries



Growth, Talent, Ambition – the Government’s Strategy for the Creative Industries

The Scottish Government, Edinburgh 2011

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GROWTH, TALENT, AMBITION – THE GOVERNMENT’S STRATEGY FOR THE CREATIVE INDUSTRIES

MINISTERIAL FOREWORD



This Government has a clear purpose – to create a more successful country, where all of Scotland has the opportunity to flourish, through increasing sustainable economic growth. To achieve this purpose, it is committed to supporting the key economic sectors which have the potential to deliver economic growth in the future. The Government Economic Strategy stressed the creative industries as a priority sector for Scotland, on the basis of Scotland’s existing skills, reputation and infrastructure, and on the basis of the sector’s potential for future growth.

As the Minister with lead responsibility for the creative industries, I have seen many examples of the excellent work which is taking place across the country. These examples demonstrate that our excellence in the creative industries can have a direct impact on other sectors of the economy. For example, at Dundee’s Jordanstone College, NHS Tayside is working with someone from the local video games industry to create three dimensional representations of the results of magnetic resonance imaging scans. The results allow patients to see and understand more clearly what the results of the scans mean. Similarly, the work of Glasgow School of Art’s Digital Design Studio potentially has significant implications for medical training and teaching, and has also, through Glasgow School of Art’s collaboration with Historic Scotland, led to ground-breaking innovations in the scanning and visualisation of historic sites.

On 24 February 2011, the Scottish Government published its revised *Economic Recovery Plan*, which sets out how the Scottish government will act to promote growth as Scotland emerges from recession. On 3 March 2011, I launched *Scotland’s Digital Future: A Strategy for Scotland* at the Digital Design Studio, highlighting how we will develop the digital economy which is now an essential foundation for developing and distributing creative content. These documents demonstrate that the Scottish Government is doing everything it can to make Scotland an attractive place to do business, and to encourage and attract companies from sectors of the economy with high growth potential.

This creative industries strategy sets out how we are working to promote growth in the creative industries. The creative industries are full of people with skills and passion for what they do. We want to help them to make the most of those skills and that passion, to help them fulfil their own ambitions and our ambitions for Scotland. This strategy sets out how the Scottish Government will work to achieve that. It will require work across the Scottish Government – involving, for example, active collaboration with the Finance and Sustainable Growth and Education and Skills and portfolios.

Implementing this creative industries strategy also requires work across the wider public sector. The Scottish Creative Industries Partnership Co-ordination Group, chaired by Creative Scotland, is central to the co-ordinated approach which we will take to developing the creative industries.

Finally, of course, the strategy will only work if it is implemented in collaboration with the creative industries themselves. That is why I welcome the approach taken by the Scottish Creative Industries Partnership Co-ordination Group of establishing reference groups of practitioners from the creative industries sector. And it is why I welcome the Co-ordination Group's commitment to respond to the recommendations made by the reference groups. As this strategy is implemented, and revised, the expertise of the reference groups, and of the wider creative industries sector, will be central to ensuring that it continues to meet the needs of the sector.

Scottish creativity is already world renowned, and names such as Grand Theft Auto and Harry Potter have highlighted that products of the Scottish creative imagination can be massive global success stories. I am confident that we can build on that reputation, and the talent that already exists in Scotland, to secure growth in Scotland's creative industries.



Fiona Hyslop MSP

Minister for Culture, External Affairs and Tourism

CONTENTS

INTRODUCTION

- What this document does
- The creative industries' role in delivering the Government's purpose
- What is a creative industry?
- Recent trends in the creative industries
- Business and employment in the creative industries

PART 1 - AMBITION – Achieving our ambition

- Putting in place the right structures – better alignment of the public sector
- Ensuring effective engagement with creative industries
- Goals for the sector
- Priority objectives for the sector
- Barriers to growth and recommendations to tackle them

PART 2 – GROWTH – Growing Businesses

- Finance
 - Accessing finance
 - Implementing the Scottish Investment Bank
 - Ensuring businesses can access the right advice
 - Relations with the UK Government
- Internationalisation
 - Ensuring our businesses are supported in internationalisation
 - Building international networks
 - Taking opportunities to showcase our industries
 - Relations with the EU
 - Using the Scottish Government's international offices to support the creative industries
- Innovation
 - Supporting innovation
 - Scottish Government promotion of innovation
 - Innovation Support Service
 - Research and development
 - Linking with the Technology Strategy Board
 - Working with the National Endowment for Science, Technology and the Arts (NESTA)
 - Innovative business support for the creative industries
 - Starter for Six
 - Gaming mentoring

PART 3 - TALENT – Developing Talent

- Introduction
- Supporting skills development
 - Working together
 - Identifying the skills needs of the sector
 - Working with Skills Development Scotland
 - Working with the Scottish Funding Council
 - Management and leadership skills
- Developing creativity in our young people
 - Culture, creativity and the curriculum
 - GLOW
 - CANVAS
 - Co-Create
 - Youth Music Initiative
 - World of Work online
 - Computer games based technology
 - Entrepreneurial Learning Focus Group
 - Expressive arts
- Attracting talent to Scotland

CONCLUSION AND NEXT STEPS

- Commitments of members of the Scottish Creative Industries Partnership Co-ordination Group (SCIP)

INTRODUCTION

What this document does

This document explains what the Government is already doing to create the environment to ensure that the creative industries are able to flourish, and sets out our programme for action. We are working closely with local government and other public sector agencies to ensure that they are providing the support that is needed. We are determined to work closely with those involved in the sector to ensure that we can be responsive to their changing needs.

The creative industries' role in delivering the Government's purpose

The Government has a clear purpose: - to create a more successful country with opportunities for all of Scotland to flourish through increasing sustainable economic growth. In our Government Economic Strategy, we identified 7 key sectors where Scotland has a comparative advantage over other countries or regions. These have the potential to make a significant contribution to increasing Scotland's growth because:

- Scotland has distinctive capabilities and businesses with the potential to be internationally successful in areas of global demand.
- They currently account for a significant part of the Scottish economy and reflect the contribution of all areas of Scotland
- Government intervention can make a significant difference to future success where the market alone cannot deliver the best outcome.¹

The creative industries, including digital content and technologies, is one of these sectors. Research has shown that the UK has the largest creative sector in the EU and possibly the largest in the world relative to GDP². Internationally, a UN report found that between 2000 and 2005, that global trade in creative goods grew at an annual rate of 8.7%.³ We want to build on this potential.

The creative and cultural industries are not just economically beneficial in their own right; they have "spillover" effects which mean that they also act as catalysts for growth in other areas. For example they spur on technological innovation, while a strong cultural and creative sector can help to make regions more attractive living places for highly skilled workers in other sectors of the economy. While we recognise and appreciate the much wider contribution this sector makes to the wellbeing of people in Scotland, and to

¹ The Government Economic Strategy 2007
<http://www.scotland.gov.uk/Publications/2007/11/12115041/0>

² Staying Ahead: The economic performance of the UK's creative industries – the Department of Culture Media and Sport 2007:
http://www.theworkfoundation.com/assets/docs/publications/176_stayingahead.pdf.

³ The Creative Economy Report 2008 – UN Conference on Trade and Development and UN Development Programme

economic growth in other sectors, this document specifically looks at how we support economic growth within the creative industries.

What is a creative industry?

The creative industries are those which have their origin in individual creativity, skill and talent. They include industries that have the potential to create wealth and jobs through the development, production or exploitation of intellectual property. In line with standard definitions used by DCMS, we consider there to be 13 distinct industries making up the sector:⁴

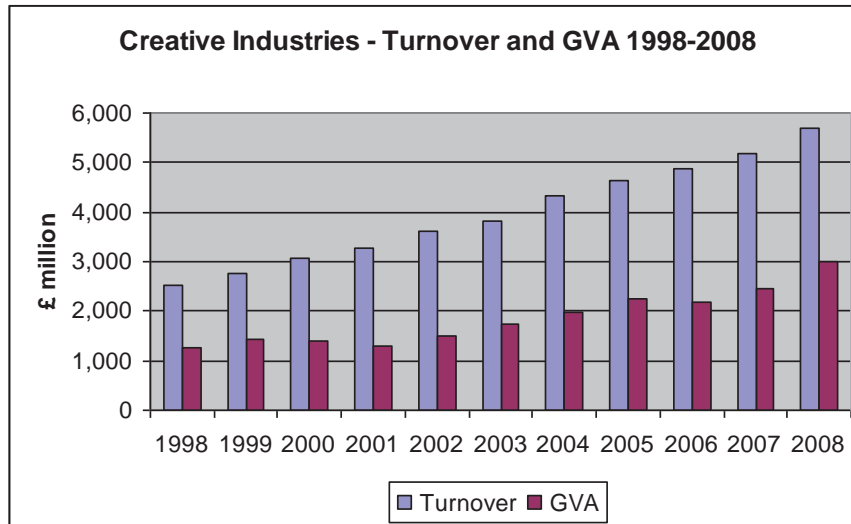
• Advertising	• Interactive Leisure Software
• Architecture	• Music
• Arts and Antiques	• Performing Arts
• Crafts	• Publishing
• Design	• Software and computer services
• Designer fashion	• TV and radio
• Film	

Recent trends in the creative industries

The creative industries sector in Scotland experienced significant growth over the last decade. In 2008, turnover in the creative industries stood at £5.7 billion, while GVA was £3.0 billion⁵. Between 2000 and 2010 GVA in the sector increased by 25% in real terms, compared to 14% in the economy as a whole.

⁴ Creative industries cannot be easily defined using standard industrial codes. For consistency across the UK, we have adopted the same approach as the UK Department of Culture Media and Sport (DCMS) in using a measure that takes pre-specified proportions of the relevant industry groups. We recognise that the picture this gives is incomplete. The classification codes are being updated and Scottish Government statisticians are working with the DCMS to ensure that they more accurately reflect creative industries as they are today.

⁵ All statistics used in the remainder of this section can be found here: <http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/KeySectors/Database>



Exports from the sector have also shown strong growth over 2002-2009, and in 2009 the creative industries accounted for 6% of Scotland's total export sales to the UK and the rest of the world. Despite the strong performance over this longer period, more recently, as the UK and countries around the world entered recession in 2008, output in the creative industries in Scotland has fallen. The most recent data available to the third quarter of 2010 shows a decline of 0.1% in year on year terms, following a sharper fall in the preceding year.

Business and employment in the creative industries

In 2010, there were 9,010 registered enterprises operating in the creative industries sector, representing 6% of all registered businesses in Scotland. The number of enterprises in the sector has increased by 29% over the last decade compared to a growth of 3% across all industries in Scotland.

The sector accounted for a total of 63,000 employee jobs in Scotland in 2008. The creative industries sector is characterised by small businesses. In 2009, 97% of enterprises were small (0-49 employees). Despite accounting for the majority of enterprises however, small firms accounted for just 36% of employment in the sector. Conversely, whilst large firms (250+ employees) represented just 1% of enterprises in the sector, they accounted for 51% of employment in 2009. Medium sized firms (50 - 249 employees) accounted for 2% of enterprises and 13% of employment.

PART 1 - AMBITION – ACHIEVING OUR AMBITION

Scotland’s creative industries and public sector share an ambition to grow significantly the country’s creative industries sector, and to work in partnership to achieve the goals of increasing Gross Value Added and employment within the sector.

Partnership working is already the key principle behind Scotland’s Creative Industries Partnership, and needs to be maintained by the creative industries and the public sector. Creative Scotland is taking the lead co-ordination role.

The Government is ambitious for our creative industries. We want to see them succeed. We have established Creative Scotland and brought together the key public sector organisations involved in providing support to the creative industries in the Scottish Creative Industries Partnership. We believe that this creates the right structure to ensure effective, joined up support.

Creative Scotland – a champion for creativity

Promoting and supporting the creative industries is a core part of Creative Scotland’s remit. In supporting these industries, Creative Scotland will:

- provide research, intelligence and advocacy;
- contribute to policy development; and
- work in partnership with other bodies delivering support to creative industries.

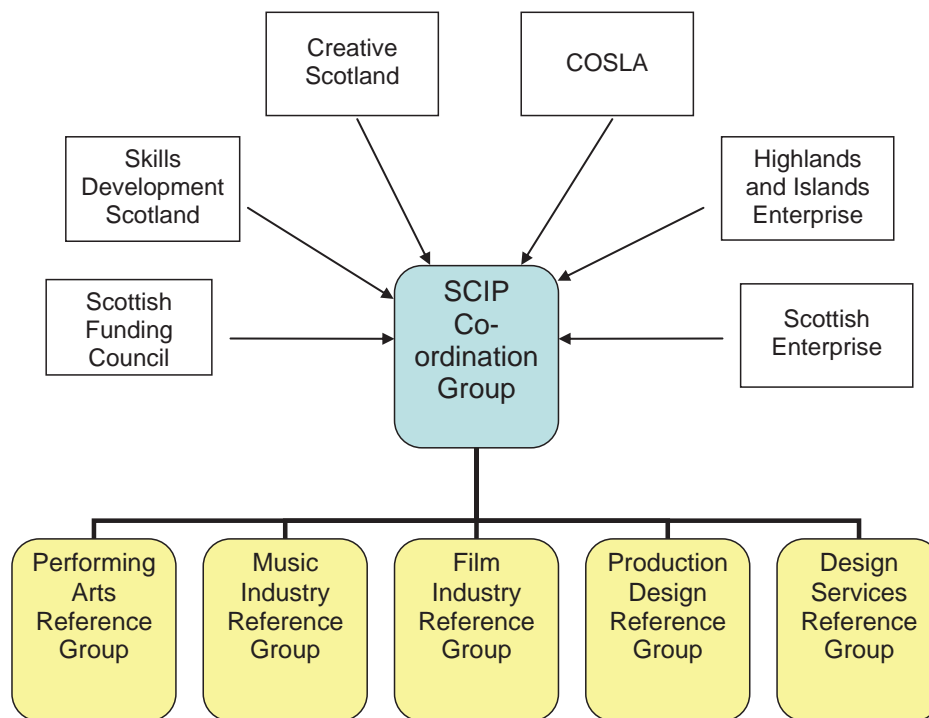
Since its establishment, Creative Scotland has:

- Merged and streamlined the Scottish Arts Council and Scottish Screen saving circa £720,000 in 2010/11;
- Maximised the success of the Made in Scotland programme at The Edinburgh Festival – promoting to international buyers;
- Planned a new artist fellowship programme Creative Futures – which will invest in 200 artists residencies per year, with an alumni of 1000 in the next five years;
- Established a new Film Investment Fund - £1.1 Million to invest in new models of equity finance;
- Increased Investment in promotion of Scotland as a film location.
- Started to pilot a new programme ‘Investing in Place’ which will explore the specific contribution that places make to a Creative Scotland through the arts, film and creative industries.;
- Invested in a new fund for project development for 2012 – Creative Scotland Year and Cultural Olympiad;
- Responded to the Traditional Arts Review with new investment;
- Negotiated Broadcasting Partnerships with STV, BBC, Channel 4 and BBC Alba;
- Identified the need for a Scotland-wide economic impact study that builds on Glasgow’s research and other sector specific studies; and
- Commissioned an audit into international connections through culture.

Putting the right structures in place – better alignment of the public sector

The Government recognises that public sector support to the creative industries must be delivered in partnership, with organisations responding according to skills, expertise and knowledge. The key roles and responsibilities of different public sector agencies are set out in the Creative Industries Framework Agreement⁶ published in February 2009, and the subsequent Scottish Creative Industries Partnership Report, which was published in June 2009⁷. The Partnership builds and maintains effective working relationships, brings together substantial budgets and ensures that we get the maximum impact for public sector resources.

Membership of Scottish Creative Industries Partnership (SCIP) Co-ordination Group



⁶ <http://www.scotland.gov.uk/Topics/ArtsCultureSport/arts/creative-industries/framework-agreement>

⁷ <http://www.scotland.gov.uk/Topics/ArtsCultureSport/arts/CulturalPolicy/creative-scotland/partnership-report>

The Scottish Creative Industries Partnership Report advocated the formation of a Creative Industries Coordination Group. It was to be convened and chaired by Creative Scotland, comprising a core membership of senior level representatives from Scottish Enterprise, Highlands and Islands Enterprise, Scottish Local Government, Skills Development Scotland and the Scottish Funding Council.

This co-ordination group was established in 2009 and meets approximately every three months. The Scottish Government has a standing invitation to attend meetings of the group, which has three main outputs:

- providing information, analysis and strategic advice about the creative industries to policy makers, especially the Scottish Government;
- looking at the opportunities for growth and barriers to success being faced by the sector; and
- exploring innovative approaches to developing the sector.

Ensuring effective engagement with the creative industries

In order to achieve these outputs, Scotland's Creative Industries Partnership Co-ordination Group has established industry practitioner reference groups for:

- film;
- music;
- product design;
- design services; and
- the performing arts.

In addition, a publishing group has recently been set up and has had held two meetings. Groups typically have 15-20 members, and are able to bring a range of experience to bear across the different sub-sectors.

The final reports of these reference groups will be published in due course, and the public sector, through the Scottish Creative Industries Partnership Co-ordination Group, will develop detailed actions to address the recommendations. It is already possible, however, to identify key themes from the meetings of the different sub-sectors.

Goals for the sector – these have been agreed by all of the reference groups:

- Increase the annual GVA of the sector; and
- Increase employment within the sector.

Priority objectives for the sector – these have been agreed by all of the reference groups:

- To improve Scotland's competitive position at UK and international levels;
- To build the scale of businesses, business activity, skills and investment;
- To attract business activity, businesses, skills and investment to Scotland; and
- To develop creative leadership and build the talent base in Scotland.

The reference groups have also undertaken analyses of the strengths, weaknesses, opportunities and threats facing each sub-sector. As part of this process, a number of barriers to growth have been identified, and general recommendations have been made to address these barriers. These are listed below.

Recommendations to tackle barriers to growth

Recommendation 1: Shared ambition, co-ordinated action

Scotland's creative industries and public sector to share the ambition to grow significantly the country's creative industries sector, and to work in partnership to achieve the goals set out. Partnership working is already the key principle behind Scotland's Creative Industries Partnership, and needs to be maintained by the creative industries and the public sector. Creative Scotland should take the lead co-ordination role, acting as custodian of the partners' agreed action plan.

Barrier 1: Lack of joined up approach to sector's growth

There are growth opportunities for each of the sectors within the creative industries. However, unless the whole of the industry with the public sector approaches these opportunities in a co-ordinated way, gaps may remain and opportunities to realise the sector's potential may be lost.

Recommendation 2: Increase scale, capacity and commercialisation

Scotland's creative industries should collectively support a number of companies of scale for the contribution they will make to the sector's health and seek to encourage companies with this ambition and ability to consider increasing their scale. Simultaneously the public sector should investigate mechanisms including, if necessary, incentive and development finance to enable the companies who wish to grow to achieve this. The public sector should seek to support and, if necessary, establish networks to help the creative industries to draw upon expertise and skills.

Barrier 2: Lack of scale of businesses, business activity and investment

As across Europe, the sector's ecology is a collection of small and micro enterprises and sole traders working, at times, collegiately. The volume and value of business activity and investment as a sum of all these parts delivers critical mass. The industry grows predominantly by increasing the numbers of companies, and companies tend to grow to an optimal size and stop. Companies scale up for a project adding the exact skills and experience they need for that project, then scale back down to the core company team. For this reason, networks are important; so that companies can draw upon expertise and skills when necessary. The core strength of the sector is its ability to generate unique intellectual property (IP) and sell it nationally and internationally. The main weakness of the sector is the inability to retain a significant proportion of these rights in order to bring sustainable income streams and strengthen the company's base. In order to strengthen the ecology of the Scottish creative industry sector, more companies of scale with sufficient strength to negotiate retention of these IP rights are required. They bring inward investment, new and challenging creative work, increased reputation, higher employment, greater supply chain potential and higher returns. This creates strong sustainable businesses that are able to trade with their IP, and retain it and maximise it. In this way smaller companies and freelancers also benefit from the activity of the companies of scale. A lack of companies of scale means that the sector is often unable to capitalise on market opportunities or maximise its overall potential.

Recommendation 3: Improve international competitiveness and access to markets

Scottish Government to consider influencing the UK Government's use of tax incentives or using the limited taxation powers currently available to it in Scotland, to increase the competitiveness of Scotland's creative industries. The public sector to collaborate to increase and improve international marketing to attract business activity, businesses, and investment to Scotland and to ensure that there is effective access to international markets for Scottish talent, businesses, ideas, services and content.

Barrier 3: International competitiveness and access to markets

The sector operates in a global marketplace. International and domestic UK competition for attracting talent, production, businesses and investment is severe, through intense international marketing, the offer of financial incentives and the provision of effective support mechanisms, including appropriate physical infrastructure. One example of this is the film industry, where Scotland competes with regions inside and outside the UK which offer significant incentives for film production, including Northern Ireland, the Isle of Man and Canada. Canada for example offers a 40% tax credit (double the UK tax credit). The market is highly competitive – for ideas, talent, businesses, content and investment – and Scotland needs to be more proactive in positioning itself within that international arena, and in making sure that it

takes full advantage of its strengths (such as locations and skilled crew, in the case of films).

Recommendation 4: Improve access to finance

Scotland's public sector will seek to increase European funding applications, increase information available to companies regarding funding available, and increase investor awareness of the creative industries. It will also, where necessary, investigate appropriate financial mechanisms that would assist businesses, business activity and investment, increasing Scotland's competitive position at a UK and international level.

Barrier 4: Access to finance

Perhaps the key structural weakness that impedes growth across the creative industries as a whole is access to appropriate investment at the critical stages of product and business life cycles. This includes a lack of access to working capital – individual enterprises do not have the scale to attract sufficient equity investment and are unattractive to commercial lenders and are therefore unable to fulfil their growth ambitions. Other barriers to finance include poor information, lack of awareness amongst investors of funds available and of the creative industries, and a lower application rate for European funding.

Recommendation 5: Improve industry skills base

Scotland's creative industries and public sector to commit to implementing the industry endorsed Sector Skills Agreements of the Sector Skills Councils (Creative & Cultural Skills and Skillset) to increase and improve the scale and capacity of skills and businesses in Scotland, to foster and develop creative leadership and to retain skills in Scotland. Enterprise skills are a significant part of this – it is important that talented individuals have access to the support and training which will help them to establish successful businesses. Skills Development Scotland, the Scottish Funding Council and the two sector skills councils have been working on a Creative Industries Skills Action Plan. The creative industries and public sector are committed to implementing the recommendations of that plan.

Barrier 5: Access to appropriate industry skills

The creative industries sector is being transformed by changes in working practices, advances in technology, internationalisation and the digital revolution. These all demand a constant re-skilling and up-skilling of existing workforces and better links between education and industry. Critically, they also require leadership across the sector in driving the change needed to seize market opportunities.

Recommendation 6: Improve access to market intelligence

Scotland's public sector to investigate the role it can play in supporting the creative industries as a whole to be more market aware and competitive by looking at options for the effective gathering and dissemination of relevant market intelligence. This is being pursued by the SCIP Research Group. Action has already been taken to provide better market intelligence in relation to the television production industry following the recommendations of the television and broadcast industry advisory group⁸. In addition digital media companies can access in-depth market research and intelligence together with product and technology support through initiatives like the Interactive Scotland service funded by Scottish Enterprise.

Barrier 6: Access to market intelligence

All businesses need access to up-to-date and relevant market intelligence. However, affording that intelligence is usually beyond the ability of small and micro enterprises. When the sector is by its nature comprised of such enterprises, this poses major issues for the sector as a whole in identifying market opportunities and then being able to exploit them.

Recommendation 7: Measuring success

Scotland's public sector to investigate options for a shared measurement methodology for the value of the sector, and to conduct an economic impact study of the creative industries.

Barrier 7: Measuring success

The public sector does not have a consistent approach to measuring the economic value, impact and success of the creative industries. The nature of the sector makes this a task that the creative industries themselves do not have the capacity to achieve.

This highly adaptable, resilient, and growing sector to date is not immune to the current economic climate and global threats to their industries. The creative industries, by their very nature, experiment and innovate. Although this can bring high rewards, new approaches and benefits to society it also, inevitably, exposes businesses to risk. The current fragility of elements of the sector and the potential loss of talent/skills from the sector could undermine the ambitions set out in this paper. Unlike other sectors, such as manufacturing, the variability of the flow of business activity (for example the fact that some sub-sectors come together for fixed-life projects and then disband) poses challenges for the sustainability of the sector. This reinforces the need to support the sector's growth through the co-ordinated actions of

⁸ [Market Assessment of Broadcast and Television Production in Scotland](#), August 2010

the partners to help businesses and workers to remain active within the sector during and after the recession and go on to maximise their potential.

PART 2 - GROWTH - GROWING BUSINESSES

The Scottish Government is committed to creating a supportive business environment as one of the critical factors for ensuring economic growth. The Scottish Government's growth strategy, as set out in the recently revised *Economic Recovery Plan*, stresses the importance of building up the sectors of the Scottish economy that have the potential to drive future growth. We are therefore working with public sector partners to:

- increase the number of highly successful, competitive businesses;
- provide targeted support to business to help them pursue opportunities outside Scotland and to develop internationally competitive firms;
- provide advice and information to new businesses in the creative industries sector; and
- support a broader approach to business innovation in Scotland, focusing on the link between Scotland's research base and business innovation, addressing low levels of business research and development.

FINANCE

Accessing finance

We recognise the difficulties that those involved in the creative industries may have in securing finance. However, businesses in this sector are among those which will best support Scotland's economic recovery and growth.

We will continue to analyse the trends in lending and maintain our dialogue with banks and the business community to ensure that all viable business have appropriate access to finance in order to meet their needs and ensure a sustainable recovery for the Scottish economy.

Recognising that need, the East of Scotland Investment Fund project has been accelerated and fast tracked through the European Regional Development Fund (ERDF). This means that companies in the east of Scotland will have the same opportunity to access local debt finance as companies in the west, south and highland areas of Scotland.

Implementing the Scottish Investment Bank

The Scottish Investment Bank (SIB) will deliver finance to help those companies that can contribute most to Scotland's economic recovery and growth. We are considering the potential for additional resources to deliver a range of financial products to growing and exporting Scottish SMEs who are already established but which are finding it difficult to secure the funding they need from traditional sources.

Initial SIB activity will comprise Scottish Enterprise's three existing, mainly equity based, funds:

- the Scottish Venture,
- Co-investment and

- Seed Funds.

The three funds have a combined spending power of around £150 million, currently being invested alongside the private sector in a number of young, innovative and high growth potential Scottish SMEs. The funds can therefore benefit businesses in the digital media sub-sector of the creative industries, in particular, although they are less likely to make a significant impact in other sub-sectors.

Since 2003, when the Co-investment fund was introduced

- the number of Scottish Enterprise private sector investment partners (Business Angels and Venture Capital companies) has increased from 15 to over 80 partners working across the three funds;
- Around 75% of these partners are willing to invest in the digital media and enabling technologies (DMET) sector in Scotland;
- Statistics show that 52% of all investments are in DMET (130 companies), compared to 22% in life sciences (55 companies) and 8% in energy including renewable (19 companies).

We are pursuing a range of potential opportunities to access additional resources for the SIB, including European funding and potential partnering in SIB activities by the private sector banking and investment community.

Ensuring businesses can access the right advice

The Scottish Government recognises the heightened importance of ensuring that the right advice is readily available to businesses. We need to ensure that the creative industries can access the support on offer from the enterprise agencies. They can currently be excluded because they do not qualify in terms of size, turnover and growth potential. As part of this, the Scottish Creative Industries Partnership is currently mapping the different types of financial support available across the public sector in order to ensure that advice to the creative industries, from any of the public sector agencies, is as clear and comprehensive as possible.

There are four different creative industries programmes currently being taken forward in Scotland under the European Union's INTERREG IVA Fund, which looks to promote projects between Northern Ireland, the border region of Ireland and Western Scotland. In addition, work relevant to the creative industries is currently being taken forward by three EU Directorates (Education and Culture, Enterprise and Industry and Research), It is important that additional opportunities for funding arising from these workstreams are identified, publicised and seized.

Relations with the UK Government

We work to build effective working relations with the UK Government to ensure that a Scottish perspective is taken into account in policies in reserved areas which affect our creative industries. Scotland's creative industries are

entitled to their share of funding from the Strategic Investment Fund run by the Department for Business Innovation and Skills. We highlighted the strength of our computer industry in Dundee, and the University of Abertay was successful in securing an investment of £2.5 million to develop a unique new build facility to support games development. We will continue to ensure that our creative industries do not lose out and make sure that, where powers are reserved, the UK Government is aware of the Scottish perspective and takes it into account.

We will continue to press the UK Government to introduce tax incentives for computer games companies. We will also seek to work with the UK Government to ensure that the Scottish Digital Network, recommended by the Scottish Broadcasting Commission and unanimously supported by the Scottish Parliament, is established. The recent report by the Scottish Digital Network Panel⁹ gave clear recommendations on how such a network could be funded, and we will seek to ensure that those recommendations are adopted by the UK Government.

INTERNATIONALISATION

Ensuring our businesses are supported in internationalisation

The Government has a key role in making links outside Scotland to ensure that others are aware of our creative industries, their potential and the impact that others' policies might have on them.

The creative industries already account for 6% of Scotland's total export sales to the UK and the rest of the world. We have the opportunity to expand our international trade and develop new sources of international demand, taking advantage of the increasing demand for creative content in English and a lower exchange rate which enables Scottish businesses to be more competitive in foreign markets.

Scottish Development International (SDI) works closely with the GlobalScot network to provide contacts for Scottish creative industries companies. GlobalScot seeks to develop and expand Scotland's standing in the global business community by using the talents of leading Scots and people with an affinity for Scotland, to establish a worldwide network of individuals who are outstanding in their field. They can provide practical, professional assistance that businesses need to engage with the global market place. SDI supported 15 companies to attend the Games Development conference in San Francisco (the biggest games development conference in the world) and set up networking opportunities with 16 GlobalScots. These GlobalScot contacts are invaluable to businesses, since they help them to build on the links established at conferences and events. In February 2011, SDI led a

⁹ <http://www.scotland.gov.uk/Publications/2011/01/19140602/0>

delegation of 20 Scottish companies to the GSMA Mobile world conference in Barcelona,¹⁰ helping them to highlight creative content and technological innovation to a global audience.

SDI is boosting its international activity to support more Scottish businesses to trade globally, to engage more broadly with Scottish businesses and to focus on helping those businesses understand the international market opportunities in their sector. This work, which is being taken forward in partnership with the Scottish Council for Development and Industry and the Chambers of Commerce, will help businesses to improve their competitiveness, expand into new markets (especially emerging economies) and increase their exports. It is accompanied by a renewed strategy to target inward investment opportunities in sectors, such as the creative industries, where Scotland has a strong global position.

SDI works in partnership with UK Trade International (UKTI) to ensure that companies based in Scotland benefit from an integrated package of SDI and UKTI trade and investment services. UKTI has a network of international specialists through the UK and across the world. It brings together the work of the Foreign and Commonwealth Office and the Department for Business, Innovation and Skills. Through this partnership, companies based in Scotland benefit from UKTI's national trader services such as the Overseas Market Introduction Service, trade missions and trade fairs as well as from SDI support.

The rest of the public sector also has a role in supporting internationalisation. For example, Creative Scotland has a key role in the promotion of Scotland's film industry abroad, and Creative Scotland, Scottish Enterprise and HIE all contribute to helping businesses within the creative and cultural industries to market and promote themselves abroad. HIE, Scottish Enterprise, SDI and Creative Scotland frequently work together to ensure strong Scottish representation at key international showcases such as the South by Southwest music festival, the Tokyo and Toronto Book Fairs, London Fashion Week and the Toronto and London Film Festivals.

¹⁰ <http://www.scottish-enterprise.presscentre.com/Content/Detail.aspx?ReleaseID=829&NewsAreaID=2&ClientID=1>

Marketing development of the Edinburgh Festivals

The Edinburgh Festivals are Scotland's world-leading cultural brand and collectively they attract audiences of four million and have an economic impact of £184 million, generating £61 for every £1 of public investment.

The 12 major festivals account for the delivery of over one-fifth of the city's total tourism income annually. These important contributors to Edinburgh's and Scotland's economies are supported by Scottish Enterprise (SE) in a number of different ways. Supporting the general co-ordination and management of the festivals, SE provides input through representation on the Festivals Forum and working groups. SE contributed towards the 'Thundering Hooves' research on maintaining the global competitive edge of Edinburgh's Festivals, commissioned jointly with Event Scotland, Festivals Edinburgh, the City of Edinburgh Council, the Scottish Government and the Scottish Arts Council, and subsequent monitoring and evaluation work. SE also contributed £132,000 between 2008-2010 towards the development and implementation of a Festivals Joint Marketing Strategy and further support has been made available for 2011/12.

Creative Scotland (and through its predecessors Scottish Arts Council and Scottish Screen) is a key investor in the Edinburgh Festivals, through foundation, flexible and project funding.

Edinburgh's major festivals have continued to grow in numbers and in strength over the past 60 years. Since the creation of Festivals Edinburgh, the strategic body created by the directors of Edinburgh's 12 major festivals to take the lead on their joint strategic development and to look at over-arching areas of mutual interest, the Festivals have been working more closely than ever before and the scale and ambition of the work being achieved is unique in the world.

Building International Networks

The Government looks to build links to showcase Scotland's creative industries and to learn from others' approaches. For example, Scotland was one of the founder members of the Districts of Creativity. This organisation comprises 14 creative districts from across the world – stretching from the USA, through Europe and India to China (Baden Württemberg, Catalunya, Central Denmark, Flanders, Lombardia, Nord-Pas de Calais, Rhône-Alps, Rio de Janeiro, Scotland, Tampere, Oklahoma, Karnataka, Shanghai and Qingdao). It aims to promote the exchange of best practices and experiences in business, culture and education to advance a creative and entrepreneurial culture. Members also participate in programmes directed towards fostering innovation, entrepreneurial creativity, internationalisation and entrepreneurship.

Scotland is also involved in Creative Growth, a European funded project that will include groups looking at access to finance, incubators, science and industry and business networks. We believe that these sorts of networks and projects have the potential to reinforce Scotland's position on the creativity world map and we will continue to develop these opportunities.

Taking opportunities to showcase our industries

Scotland has world renowned creative industries and the Government is committed to showcasing these to as wide an audience as possible. For example, Scotland's digital skills will be on show for the 2014 Commonwealth Games. The Scottish Government is currently organising a competition to develop a video game for the 2014 Games. Scotland had an active presence in the UK Pavilion at the 2010 Shanghai Expo, and was represented at the World Creativity Forum in Oklahoma in November 2010. The World Creativity Forum included a showcase of the work of the Digital Design Studio - a highly successful collaboration between Historic Scotland and the Glasgow School of Art.

We also continue to ensure that Scottish culture is showcased as well and as widely as possible. For example, Scotland Week in Brussels in 2009 included the opening of the As Others See Us photographic exhibition at Scotland House, a policy seminar relating to Scotland's festivals and a performance of Midsummer which had previously appeared on the Edinburgh Fringe as a result of backing from the Scottish Government's Expo Fund. The Royal Scottish National Orchestra was supported by the Scottish Government's touring fund to perform in six European venues in five countries in February 2010.

Relations with the EU

The European Union, under the Spanish presidency, published a European Green Paper on Culture and Creativity¹¹ on 27 April 2010. The consultation, to which the Scottish Government responded¹², ran until 30 July 2010, and responses are still being considered. Key issues raised by the Green Paper were:

- new spaces for experimentation, innovation and entrepreneurship in the cultural and creative sector;
- better matching the skills needs of the creative and cultural industries;
- access to funding;
- the local and regional dimension;
- mobility and the circulation of cultural and creative works;
- cultural exchanges and international trade.

The Enterprise and Industry Directorate General is working on the establishment of a European Creative Industries Alliance to design better policies and to make strategic use of initiatives that support the creative industries.

¹¹ The paper can be found here: http://ec.europa.eu/culture/our-policy-development/doc2577_en.htm.

¹² See response from the Minister for Culture and External Affairs in the "United Kingdom" section of this page: http://ec.europa.eu/culture/our-policy-development/doc2795_en.htm

This initiative was discussed at a creative industries event organised by the Scottish Government's EU Office on September 27 September 2010. This event, which included permanent representatives from 9 countries, was addressed by Fiona Hyslop, the Minister for Culture and External Affairs, who highlighted the strengths of Scotland's creative industries, and the similarities between Scottish policies for developing the creative industries and the themes outlined in the Green Paper on Culture and Creativity. In addition to a presentation by EU officials, it included sessions on Creative Scotland and creative industries policy in Flanders. It is an example of how the Scottish Government's EU office can raise the profile of Scotland's creative industries among EU policy-makers, and facilitate discussions about common areas of interest.

Using Scottish Government's international offices to support the creative industries

The Scottish Government has three offices overseas - in Beijing, Washington and Brussels. These will be used to champion the creative industries and showcase products. The work of the Scottish Government's EU Office in Brussels has already been noted in this paper.

INNOVATION

Supporting innovation

Through the Framework for Innovation¹³ published in 2009 we have focused our innovation support on improving links between businesses and the research base and encouraging more businesses to create more competitive products and services. We deliver additional advisory support through the new innovation support service with Scottish Enterprise and the partnership between Highlands and Islands and the Massachusetts Institute of Technology (MIT) which will help business to implement innovative opportunities.

Scottish Government promotion of innovation

The Scottish Government has promoted innovation through schemes such as Proof of Concept which takes ideas from universities and other research establishments and helps them into the market place. It also funds the Innovators Counselling and Advisory Service Scotland (ICASS). ICASS provides advice and support for creative people, such as inventors and innovators with new ideas on how to exploit them for economic impact. ICASS signposts innovators to advice on sales, marketing, company formation, access to capital, protection of intellectual property and other areas that are vital to starting up and profiting from new ideas.

¹³ <http://www.scotland.gov.uk/Publications/2009/06/26143501/0>

Innovation Support Service

Following the publication of the Innovation for Scotland Framework and Growing Innovation, Scottish Enterprise has launched its Innovation Support Service. The Service is free, available to all businesses in Scotland so that they can gain access to impartial advice and guidance on innovation projects and activities. Scottish Enterprise is promoting the importance of innovation through its Winning Through Innovation events delivered across Scotland.

Research and development

We want the creative industries to benefit from the world class research and expertise within Scotland's universities and colleges. The Scottish Funding Council runs an innovation voucher scheme to support universities and colleges in collaborating with SMEs in Scotland.

The Institute of Capitalising on Creativity has been awarded a grant from the Economic Social and Research Council (ESRC) of £1.5 million for research into the creative industries in Scotland. The grant, running between 2009 and 2013, will support PhD Students, Knowledge Transfer Partnerships and business research and consulting, including business vouchers. It is intended to ensure that Scotland has the capacity to sustain and enhance a vibrant creative industries sector and to develop sustained research which provides a strong knowledge base for the creative industries in Scotland. The Government is working to develop a Knowledge Transfer Partnership which looks at how creative practitioners can commercialise intellectual property, the business models needed to ensure maximum returns on that intellectual property, and how the public sector can shape its support to help businesses achieve that return.

Linking with the Technology Strategy Board

The Technology Strategy Board (TSB) was established in 2008. It is a UK body aiming to stimulate technology enabled innovation in the areas which offer the greatest scope for boosting UK growth and productivity. It promotes, supports and invests in technology research, development and commercialisation for the benefit of business. It brings together people to solve problems and to make new advances.

We are working to strengthen links with the TSB to increase the opportunities for Scottish organisations to benefit from the programmes and initiatives sponsored by the TSB. The TSB launched a strategy for the sector in November 2009, and has established a Creative Industries Knowledge Transfer Network driving forward its strategies. In March 2010, we showcased what was on offer in Scotland and will build on these links to ensure that Scottish creative industries benefit from the resources, expertise and connections.

Working with the National Endowment for Science, Technology and the Arts (NESTA)

The National Endowment for Science, Technology and the Arts is a UK organisation that fosters and provides expertise in innovation. Through a blend of practical programmes, investment in early stage companies and research, it looks at creative approaches to challenges. The Government works with NESTA on projects to raise awareness of innovation in the creative industries. We learn from its pilots and look to mainstream successful ones where funding can be found.

Innovative business support for the creative industries

Creative Scotland works in collaboration with many organisations both in Scotland and UK wide to support digital initiatives. It currently works closely with Scottish Enterprise and HIE to support the strategy for growth of the Scottish creative industries sector in collaboration with the Scottish Digital Media Industry Advisory Group and Interactive Scotland.

Developing the publishing sector in the Highlands and Islands

Background - Studies of the economic impact of Creative Industries in the Highlands and Islands have emphasised the value of the writing/publishing sector in the region. The industry is going through a period of change with technology offering the potential to review the role of the publisher and offering authors direct access to their readers. This offers business opportunities to current writers and publishers and new entrants to the sector.

What we have done - HIE, in partnership with Creative Scotland funds a development manager to support this sector. This post is housed within the arts development agency Highlands and Islands Arts.

What the impact has been - Along with one to one advice and a programme of workshops and networking events, the project established the "Work In Progress" critical reading service that covered the whole of Scotland. Providing detailed professional critiques of nearly 500 unpublished works in progress, it has produced notable local successes, including Janis MacKay (Caithness) whose book won the Kelpies Prize and a publishing contract with Floris Books. Lewis writer Billy Matheson went on (with mentoring from the Comedy Unit provided through the project) to have a Gaelic comedy series commissioned and broadcast on BBC Alba.

Creative Scotland's investment in digital collaboration is exemplified by the £1.5 million it contributed from its Innovation Fund to the Digital Media IP Fund, designed to maximise the creative, cultural and commercial opportunities presented by new and emerging technologies. This was created in partnership with Scottish Enterprise, who also invested £1.5million.

Starter for Six

NESTA piloted a 3 year programme, funded by Scottish Enterprise, supporting creative entrepreneurs across Scotland. After a successful evaluation, the Government worked to ensure that the approach continued. We were pleased that in targeting its Innovation Fund to help creative practitioners survive the recession, Creative Scotland was able to fund the project, which is delivered by the Cultural Enterprise Office. It provides tailored business support, including enterprise training, peer mentoring and grants of up to £10,000. By helping to turn creative ideas into successful business, the programme not only contributes to the success of the Scottish economy but also raises the awareness and profile of talented entrepreneurs in Scotland.

In 2010, 27 Scottish companies or entrepreneurs were awarded a share of £150,000 from the Starter for Six main programme, and a further 6 were awarded a share of £50,000 from the fast track programme. The products covered in the fast track programme (for ideas which were closer to commercial application than those in the main programme) included an e-health application, a new film distribution tool and the development of a newly created stringed musical instrument.

Gaming Mentoring

As part of its programme of work to support the games industry, NESTA has been piloting Gaming Mentoring, pairing well known and respected figures from the industry with emerging developers. This has enabled early stage developers to benefit from the experience of relevant business leaders who were able to provide invaluable advice on business growth. We are keen to build on the success of the programme. We believe that to be successful such a programme needs to run on a UK level.

The Scottish Chambers of Commerce, in partnership with HIE and Scottish Enterprise, delivers the Business Mentoring Scotland Programme, supported by Scottish Enterprise and European Social Fund (ESF) funding. Businesses are matched with experienced business people who volunteer their time and are committed to sharing their skills, knowledge and experience. This enables individual entrepreneurs or business owners to develop their knowledge, leadership skill, competence and confidence to grow sustainable businesses. There are currently around 600 mentors across Scotland. A new initiative targeted at creative entrepreneurs could complement this programme to increase the pool of mentors and widen the delivery of the scheme.

GROWTH, TALENT, AMBITION

PART 3 - TALENT – DEVELOPING TALENT

The Government is committed to supporting learning and developing skills. We want to ensure that all people in Scotland develop the skills for learning, life and work they need. We are working with public sector partners to improve the creative industries skills base. The skills action plan being developed jointly by Skills Development Scotland and the Scottish Funding Council will be central to achieving this.

SUPPORTING SKILLS DEVELOPMENT

The Government has made considerable investment in skills development in the sector, and we are committed to doing more.

We published our Skills Strategy in 2007 and have recently published a refreshed *Skills for Scotland*¹⁴ strategy that aligns the skills of individuals with the needs of business and industry and, in particular, the Government Economic Strategy key sectors, including the creative industries.

We work closely with Skills Development Scotland (SDS) and the Scottish Funding Council (SFC) as the major public supporters of learning and skills development in Scotland. In the letters of guidance issued to both bodies, the Government invites them to develop their own plans within the context of the national outcomes and, specifically, to consider how these support Scotland's key economic sectors, including the creative industries.

The government also works closely with the sector skills councils (SSCs) representing this sector: Creative & Cultural Skills (the SSC for the Creative and Cultural Industries); Skillset (creative media, and fashion and textiles industries); Construction Skills (architecture); and e-skills (IT).

Working Together

The Government's ambition is to deliver a skill system fully aligned to the future growth objective of the creative industries sector, addressing the demographic profiles within the current workforce and anticipating the future skills challenges which new technologies and business growth opportunities will present.

The Scottish Creative Industries Partnership (SCIP) raised the issue of skills development across the creative industries in January 2010. SDS and SFC agreed to work with Skillset and Creative & Cultural Skills to take forward the development of a Creative and Cultural Sector Skills Action Plan.

¹⁴ <http://www.scotland.gov.uk/Publications/2010/10/04125111/0>

Identifying the skills needs of the sector

Working with the SSCs has ensured that we have been able to build on firm strategic foundations; making use of the latest sectoral labour market information and intelligence, as well as accessing a high level of qualitative input directly from leading industry practitioners. This firm foundation is considered essential to ensure the plan's credibility with industry.

This collaborative approach has ensured that actions are based on a sound demand statement, and that the overall effort is strategically focussed and aligned to the ongoing work of the SSCs.

The overall vision is to support greater productivity and growth across Scotland's Creative Industries through skills development.

This will be achieved by:

- improving the support for learning and skills development for Scotland's creative industries and practitioners;
- clarifying routes to funding skills and learning interventions that satisfy the often unique requirements of the sector and;
- supporting collaboration across all partners and stakeholders.

In the context of this industry-backed plan, the joint Skills Committee of Skills Development Scotland and the Scottish Funding Council will provide advisory support to guide strategic development and new forms of collaboration across vocational, further and higher education.

Film G and new commissions

Background – BBC Alba has provided Scotland with a new TV Channel and commissioner, based in the Highlands and Islands. As well as opportunities for existing TV production companies, this offers new writers and producers the chance to develop a track record with commissions from the Gaelic language channel.

What we have done – The Gaelic short film competition, Film G, was established by BBC Alba managers MG Alba, with the intention of discovering and developing new talent in writing, directing, content and craft and design to feed into the channel.

Through HI Screen, the organisation funded by HIE to support the region's broadcast sector, HIE has been involved in the development and delivery of training to new and existing film makers as part of the competition. This is carried out in partnership with MG Alba, Skye business Canan, who administer the training elements of the competition, and Creative Scotland's new Gaelic Arts officer.

In 2010 the scope of the training was expanded to include story development days and 1:1 seminars on directing and design.

What the impact has been – Film G is creating invaluable links with programme makers and broadcast professionals, and has resulted in competition winners gaining commissions and bursaries for the MA degree in TV Fiction Writing with Shed Media.

Ongoing practical support continues to be offered by HIE and HI Screen for

- producing programmes and short films;
- supporting programme makers to successfully participate in short film programmes such as Digital Shorts and Bridging the Gap;
- premiering films at a range of major international film festivals;
- creating partnerships offering access to commissioners such as the Sheffield Documentary Festival; and
- real world training including the new internship programme. supported by Creative Scotland, Channel 4, production company, Matchlight, and HIE.

Progress to date

Working with Skills Development Scotland

SDS recruited a creative industries key sector manager in early 2010 to work for a year to lead its focus on this important part of the Scottish economy. The sector manager has led the development of the sector skills action plan presented to SCIP.

Responses from SDS to the needs of the sector already include:

- Funding for 50 Creative Apprenticeships in 2009/10 and funding for a further 50 in 2010/11;
- Investing £250,000 in Skillset's Drama Training Programme which is delivered in a unique partnership with the media and entertainment union BECTU and BBC Scotland. Focussed on developing high-level skills in drama series production for UK-wide network commissions, this project will help deliver the Scottish Broadcasting Commission's target to treble the volume of television production by 2012. This two-year, work-based training programme began in April 2010 with an overall budget of £540,000, match funding of £210,000 from BBC Scotland and the balance from the STUC's learning fund;
- SDS launched the Flexible Training Opportunities fund in summer 2010. This initiative allows for investment of up to £500 per employee (to a maximum of 10 employees) in companies employing fewer than 50 people – ensuring the majority of Scotland's creative enterprises in Scotland qualify. In particular response to the significant freelance population of the creative industries, SDS also agreed that bona-fide freelancers and sole-traders are eligible for this support.
- Supporting Moray Firth Media Trust to deliver work-place based training for aspiring radio producers and broadcasters from its base in Inverness. This well respected industry course has delivered a host of new voices across Scotland's Independent local radio network over the last 10 years. Funding of £20,000 from SDS for 2010 is helping to match a significant ESF grant secured to help the trust run its courses until 2012.

Working with the Scottish Funding Council

The Scottish Funding Council (SFC) is the national and strategic body that is responsible for funding teaching and learning provision, research and other activities in Scotland's 43 colleges and 20 universities and higher education institutions.

General action being undertaken by the SFC to support the creative industries skills action plan includes:

- Brokering deeper relationships with employers and sector skills council to ensure that demand for skills is articulated clearly;
- Supporting the development of enterprise education and entrepreneurship;
- Aligning its knowledge exchange activities and investment with those of key partners, recognising the demand from business;
- Promoting a culture whereby students pursue entrepreneurial

- opportunities, start companies and exploit intellectual assets; and
- Developing funding arrangements that strengthen and develop specialisms.

Specific support includes:

- The Skillset Network of Screen and Media Academies – after discussion with Skillset, the SFC provided £5.8 million to support this network of excellence in Creative Media Education. Comprising the University of Abertay, Edinburgh Napier University, Edinburgh College of Art and a partnership of colleges known as Creative Loop (Aberdeen, Adam Smith, Cardonald, Dundee, Perth and Reid Kerr), the Skillset academies are industry endorsed and actively engaged in addressing the immediate and emerging skills needs in Scotland's creative economy. The University of West of Scotland was approved by Skillset as a Skillset Media Academy to join this network in summer 2010. The investment focussed on:
 - 40 post-graduate places for a new masters programme in Computer Games Development at the University of Abertay Skillset Media Academy;
 - 40 post-graduate places at Screen Academy Scotland, the Skillset Screen and Media Academy at Edinburgh Napier University in partnership with Edinburgh College of Art;
 - infrastructure upgrades across all institutions to provide purpose-designed, professional studio environment across the network, including specialist centres of excellence across the Creative Loop Skillset Media Academy;
 - funding to develop a range of off-the-shelf short courses to deliver targeted Continuing Professional Development; and
 - support for Skillset to manage the development of the network and facilitate enhanced education/business partnerships with leading employers and practitioners.
- £2.5 million over 5 years to Queens Margaret University and Edinburgh Napier University to deliver an innovative two year course in professional acting training, and around £1.5 million per annum to RSAMD to support its professional training for actors;
- Around £100,000 per annum to support additional postgraduate places in the creative industries;
- Support for the Scottish Academy of Fashion led by Edinburgh College of Art;
- Around £2.5 million per annum to RSAMD to support specialist music provision; and
- A total of £1.7 million per annum to support Small Specialist Institutions (Edinburgh College of Art, Glasgow School of Art, RSAMD).

Management and Leadership Skills

The Government is placing a renewed focus over the coming months on supporting and developing leadership and management skills in Scottish businesses. We are already supporting the development of leadership skills in this sector through a bespoke leadership programme being delivered by Creative & Cultural Skills.

DEVELOPING CREATIVITY IN OUR YOUNG PEOPLE

Government wants to develop creativity in future generations. Through the development of Curriculum for Excellence and the publication of *Building the Curriculum 3 and 4* we recognise that all young people are entitled to develop the skills for learning, life and work needed to deal flexibly with the challenges of the 21st century. We are embedding Determined to Succeed – our enterprise in education strategy – within Curriculum for Excellence. This will ensure that our young people are enterprising and prepared and ready for the world of work, including self employment.

Culture, Creativity and the Curriculum

Ministers hosted an Education and Culture seminar in December 2009, developing connections between culture, creativity and the curriculum. A programme of action is being developed to drive the agenda forward.

The Education and the Arts, Culture and Creativity Action Plan, being led by Creative Scotland and Learning Teaching Scotland, focuses on building collaborative approaches to improve young people's experiences within the curriculum. The aim is to impact positively on their achievements and career paths. As well as new areas of focus the plan acknowledges the many models of good practice already happening in schools the length and breadth of the country and seeks to make more effective use of existing rich resources, creative expertise and experience in the wider cultural arena.¹⁵

GLOW

With Learning Teaching Scotland and the Scottish Arts Council, we have developed GLOW, the World's first national online platform for education. It offers opportunities for schools to work directly with artists, enriching creative learning experiences, sharing resources and communication opportunities.

Children's Art at the National Virtual Arena of Scotland (CANVAS)

GLOW has enabled the development of a virtual art space, Children's Art at the National Virtual Arena of Scotland (CANVAS), for pupils to exhibit their art and discuss it online. CANVAS works with the National Performing Companies to produce a menu of resources and activities which they provide for schools.

¹⁵ <http://www.scotland.gov.uk/Resource/Doc/920/0104516.pdf>

Co-Create

Co-Create provides funding to arts organisations to bring arts education resources on line across Scotland. It enables artists, performers, writers and Scotland's schools to work and learn together in new ways, adopting and sharing innovative approaches to learning and teaching through the arts.

Youth Music Initiative

The Youth Music Initiative is a national scheme managed by Creative Scotland with a budget of £10m. All 32 local authorities are partners. The programme is delivered through a range of partnerships and projects designed to engage young people in music and music tuition. The current funding from the Government is due to end in March 2011. A detailed evaluation has shown that the scheme has exceeded a number of key targets for engagement. The programme is currently being reviewed by the government and we would hope to have an indication of future direction shortly.

World of Work online

With Learning Teaching Scotland, we have developed the World of Work Online, a virtual work experience resources created to support the development in young people of skills for learning, life and work. The resources are available to students, practitioners and parents.

Computer Games Based Technology

Scotland is leading the way in using computer games based technology in learning, in particular through the Learning and Teaching Scotland Consolarium – the national centre for games and learning that explores and supports game-based learning in the classroom. A survey of games based learning in Scotland noted that *“Greatly increased motivation, engagement and enthusiasm are strongly identified as benefits, as well as social interaction, problem-solving, communication, co-operation, collaboration, planning, responsibility and increased confidence and self-esteem. Improvements in writing and numeracy skills are regularly mentioned. Opportunities arise for multisensory learning and provision can be made for a range of learning styles.”*¹⁶

Entrepreneurial Learning Focus Group

We want to develop entrepreneurial attitudes and skills in our young people. We have formed an Entrepreneurial Learning Focus Group which is looking at how to enhance entrepreneurial learning within the curriculum and to provide the right information to young people to help them make informed decisions.

¹⁶ Futurelab, *The Impact of Console Games in the Classroom: Evidence from schools in Scotland*, <http://archive.futurelab.org.uk/projects/console-games>

Expressive Arts

With the National Theatre of Scotland, we have supported a major collaborative education project, “Transform”, which enables schools and communities to transform their approaches to developing skills for learning, life and work. It empowers young people to create memorable and innovative theatre involving them in aspects of theatre making and event management

ATTRACTING TALENT TO SCOTLAND

Through our Fresh Talent Initiative and our wider work to increase Scotland’s population, we will also seek to support the creative industries’ skills needs by encouraging the brightest and best creative talent to live and work in Scotland. The Relocation Advisory Service will provide first hand advice to employers and potential migrants, including on immigration matters. We will also aim to build on work already underway to provide greater support to those migrants already here to make better use of their qualifications and talent. The Fresh Talent Initiative has also provided ongoing funding to the Dare to be Digital computer gaming competition to highlight Scotland as a centre for computer games education and to showcase Scotland as a leading player in the global computer games industry.

CONCLUSION AND NEXT STEPS

This document sets out the broad strategic direction which it will be necessary for the public sector to adopt in order to help our creative industries to grow. Translating this direction into specific, well co-ordinated actions is already well under way.

The sub-sector reference groups established by the Scottish Creative Industries Partnership Co-ordination Group have recently concluded their work. The completed reports of the reference groups are being considered by the co-ordination group and the public sector agencies will agree on the actions necessary to implement relevant recommendations. More detailed reporting on the public sector response will take place during the summer of 2011.

COMMITMENTS OF MEMBERS OF THE SCOTTISH CREATIVE INDUSTRIES PARTNERSHIP CO-ORDINATION GROUP (SCIP)

COSLA

COSLA, the Convention of Scottish Local Authorities, represents the local authority interest in Scotland. Local authorities will support the creative industries in their area, and are responsible for the Business Gateway. COSLA is committed to promoting partnerships among the local authorities and between authorities and other organisations to deliver shared agendas and deliver value.

Creative Scotland

Creative Scotland is the national leader for Scotland's arts, screen and creative industries. Creative Scotland are committed to investing in talent, education and places to develop the arts, screen and creative industries in Scotland and playing a lead role in promoting the value and importance of these to everyone – both nationally and worldwide.

Highlands and Islands Enterprise (HIE)

HIE help businesses and communities to develop through investment and support to businesses. HIE are committed to equipping people with the skills, expertise and knowledge to succeed, and ensuring their full and productive use.

Scottish Enterprise

Scottish Enterprise's role is to maximise the economic potential of all of the creative industries but in particular those companies operating in the high growth area of Digital Media. SE is also to helping to improve the business environment in which they operate. Both Scottish Enterprise and Highlands and Islands Enterprise are committed to supporting the creative industries in their areas and identifying and developing growth sub-sectors and businesses to maximise the economic potential of businesses within the creative industries.

Scottish Funding Council (SFC)

SFC invests in the development of a coherent college and university system which, through enhanced learning, research and knowledge exchange, leads to improved economic, educational, social, civic and cultural outcomes for the people of Scotland. Together with Skills Development Scotland it will play a lead role in implementing the Creative and Cultural Sector Skills Action Plan.

Skills Development Scotland (SDS)

SDS works to enable people to fulfil their potential, make skills work for employers, and be a catalyst for positive change. They are committed to achieving this vision through developing local and national partnerships. Together with the Scottish Funding Council it will play a lead role in implementing the Creative and Cultural Sector Skills Action Plan.



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APS Group Scotland
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Northern Ireland Executive, Economic Strategy



Economic Strategy Priorities for sustainable growth and prosperity



building a better future



Contents

Economic Strategy

Priorities for sustainable growth and prosperity

Ministerial Foreword	4
Section 1 Economic Vision for Northern Ireland	7
Section 2 The Northern Ireland Economy: Performance & Challenges	19
Section 3 Growing the Economy: Lessons from Global Best Practice	31
Section 4 Framework for Economic Growth	39
Section 5 Priorities for Growth and Prosperity: Rebalancing the NI Economy	43
Section 6 Priorities for Growth and Prosperity: Rebuilding the NI Economy	79
Section 7 Indicators and Targets	85

ECONOMIC STRATEGY



MINISTERIAL FOREWORD

This Economic Strategy has been developed by locally elected politicians to meet the particular needs of our economy. It follows two periods of public consultation where we have set out the Executive's vision and priorities for sustainable economic growth and prosperity. I am pleased that various organisations and people have taken the time to respond to our draft Economic Strategy. I have separately published a paper which summarises the responses and how they have informed this final Economic Strategy.

The Strategy is being launched at a time of sustained uncertainty in the global economy and we recognise the impact this continues to have on businesses and individuals throughout Northern Ireland.

The overarching goal of this Strategy is to improve the economic competitiveness of the Northern Ireland economy. In order to achieve this, we are committed to strengthening our competitiveness through a focus on export led economic growth. This means we are prioritising the need to deepen and diversify our export base in order to increase employment and wealth across Northern Ireland. The key drivers of this will be innovation, R&D and the skills of our workforce. As the Strategy outlines, there are certain sectors and markets where we



believe we have the greatest potential to succeed. Equally, we recognise the need to be responsive to national and international market opportunities and we will therefore keep the Strategy under review to ensure that we identify emerging market and technology opportunities.

We also need the right mix of policies to boost our competitiveness and export performance and this includes the power to vary the rate of corporation tax. That is why the Programme for Government and Economic Strategy contain a commitment to secure these powers in a timely and affordable manner. However, irrespective of the outcome on corporation tax, we are confident that the actions outlined in this Strategy will strengthen our economic competitiveness.

Notwithstanding the external threats that may hamper economic growth, we have outlined the strengths and opportunities of the Northern Ireland economy that give us confidence for the future. In developing a more competitive economy, we have identified the twin goals of rebalancing the economy towards higher value added private sector activity, and the need to undertake a more immediate rebuilding phase to address the impact of the global downturn on the local economy and labour market. In Sections 5 and 6 we outline the actions and investments we are taking forward to strengthen our competitiveness under these twin goals.

Following the conclusion to the public consultation on the Economic Strategy, we have included additional actions and targets, particularly in the areas of youth unemployment, investment and exports, which reinforce our ambition to strengthen and grow the private sector in Northern Ireland. All of the targets will be rigorously monitored to ensure implementation of

ECONOMIC STRATEGY

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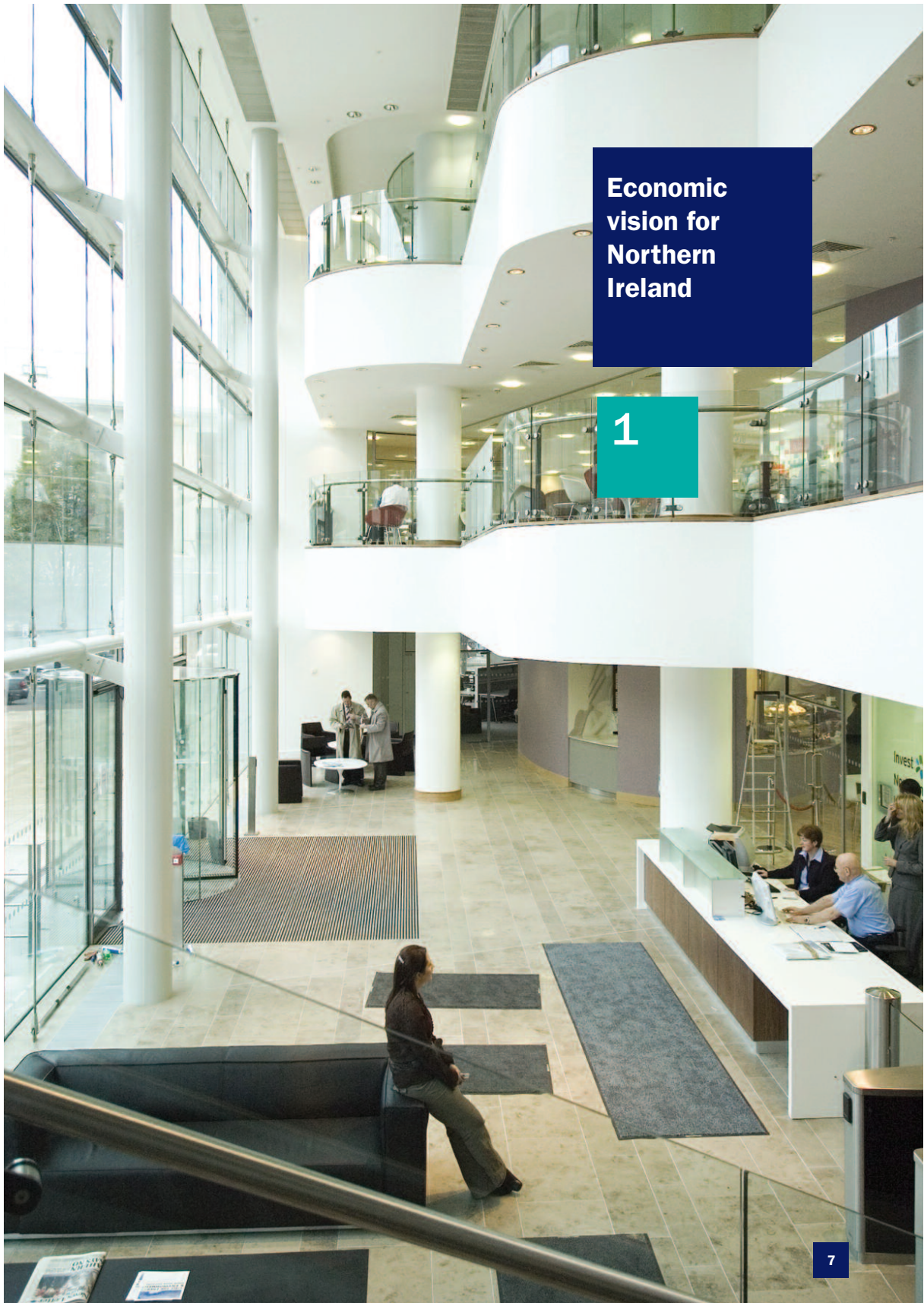
our commitments. Furthermore, once the outcome in devolving corporation tax powers is known, we will reassess the degree to which we can further strengthen the ambitious nature of our overarching economic goals.

The Economic Strategy has been developed by a Sub-Committee of the Executive to prioritise action on the economy. I chair the Sub-Committee in my capacity as Minister of Enterprise, Trade and Investment and other members comprise the Ministers involved in key aspects of economic development policy (the Ministers for Employment and Learning, Education, Finance and Personnel, Regional Development and the Junior Ministers from OFMDFM).

But such partnership needs to be wider than the Executive and public sector. It also needs to include companies and the workforce within the private and community and voluntary sectors, for it is these groups who remain the key drivers of economic growth, particularly with the ongoing pressures on consumer and public expenditure. It is only as we work together, toward our shared Economic Vision, that we will be able to transform our local economy for the benefit of everyone in Northern Ireland.



Arlene Foster
Minister of Enterprise, Trade and Investment
March 2012



**Economic
vision for
Northern
Ireland**

1

7



1

ECONOMIC VISION FOR NORTHERN IRELAND

INTRODUCTION

- 1.1 The Executive is committed to working in partnership to build a safe, peaceful, fair and prosperous society where everyone can enjoy a better quality of life now and in the years to come. We need a strong economy to deliver this goal and this Economic Strategy sets out how we plan to grow a prosperous local economy over the short, medium and longer term to 2030.
- 1.2 Building growth and prosperity requires co-ordinated action from all sectors. It will require assistance from across government, and we acknowledge the continued support of the UK Government to help rebalance the economy. However, we recognise that companies and the workforce remain the key drivers of economic growth, particularly with the ongoing pressure on consumer and public expenditure.
- 1.3 Significant volatility remains throughout the global economy and we must keep the Strategy under review. As we move closer to the end of the current budget period, an updated version of the Strategy will be launched to ensure we have the right actions and targets for the period beyond 2014/15.



VISION FOR 2030

1.4 The ultimate aim of this Strategy is to improve the economic competitiveness of the Northern Ireland (NI) economy, as this remains the international benchmark against which developed economies continue to be measured. To that end, we are determined to increase employment and wealth opportunities for all.

1.5 Our economic vision for 2030 is:

'An economy characterised by a sustainable and growing private sector, where a greater number of firms compete in global markets and there is growing employment and prosperity for all'

1.6 The vision is long term in nature and reflects the reality that it will take some time to rebalance our economy and build a stronger private sector.

1.7 Our commitments are built on an extensive assessment of global best practice in economic development. A summary of this work has been included in Section 3. This research leads us to conclude that we will not be able to make the necessary step change in our economy without significant new policy levers. That is why this Strategy assumes a successful outcome to the current negotiations with the UK Government on granting the Executive powers to vary the rate of corporation tax. In parallel, we recognise the need to progress the measures within our own control to make the NI economy more competitive. Therefore, irrespective of the outcome on corporation tax, we are confident that the actions outlined in this Strategy will strengthen our competitiveness.

ECONOMIC STRATEGY

1.8 We have set out our framework for growth (Section 4) and the economic priorities that will help deliver the economic vision (Sections 5 and 6). In addition, and unlike previous economic strategies, we have separately published a comprehensive action plan to emphasise our commitment to implementing change.

EXECUTIVE'S ECONOMIC PRIORITIES

1.9 The strategic framework for growth is outlined in Section 4. This shows that the path we have chosen to economic competitiveness is to increase employment and wealth by building a larger and more export-driven private sector. Increased prosperity will create opportunities for all sectors of the economy and we also believe that this approach will tackle disadvantage and help address our wider issues of social deprivation and division.

1.10 We have summarised below our key economic priorities. They are aimed at **rebalancing** the economy to improve the wealth, employment and living standards of everyone in NI. Alongside this, we are taking a number of immediate and complementary actions aimed at **rebuilding** the economy to address the impact of the global economic downturn, particularly on employment.

Rebalancing the NI Economy

1.11 The NI economy has been overly dependent on our public sector for too long. We need to rebalance our economy by growing the private sector and in order to achieve this we plan to:

- stimulate *innovation, R&D and creativity* so that we widen and deepen our export base;
- improve the *skills and employability* of the entire workforce so that people can progress up the skills ladder, thereby delivering higher productivity and increased social inclusion;
- compete effectively *within the global economy* and be internationally regarded as a good place to live and do business;
- encourage *business growth* and increase the potential of our local companies, including within the social and rural economies; and
- develop a modern and sustainable *economic infrastructure* that supports economic growth.

1.12 A summary of the key rebalancing initiatives is outlined in the table below, with further detail provided in Section 5. This includes how we might exploit the benefits from securing additional policy levers such as corporation tax and air passenger duty.

Key Rebalancing Measures

Innovation, R&D and Creativity

- Support £300m investment by businesses in R&D, with at least 20% coming from SMEs
- Support 500 businesses to undertake R&D for the first time and secure 120 Collaborative Projects in R&D
- Support 200 projects through the Creative Industries Innovation Fund by 2015
- Support our Universities to establish 8 spin-out companies by 2013
- Support our Universities and Further Education colleges to undertake 155 knowledge transfer projects on behalf of local businesses by 2014

Skills and Employability

- Increase to 70%, the proportion of young people leaving school having achieved at least 5 GCSEs at A*-C (or equivalent) including English and Maths by 2020
- Deliver 210,000 qualifications at Levels 2, 3, 4 and above by 2015, through Higher Education, Further Education, Essential Skills and Training
- Increase skills in subject areas important to the NI economy such as STEM (implement the actions within the STEM Strategy) and Sales & Marketing
- Improve support to companies and increase the number of people gaining skills in management and leadership

Business Growth

- Promote £400m of investment and 6,300 jobs in locally owned companies (with 50% paying salaries above the Private Sector Median) and a further 6,500 new jobs in new start-up businesses
- Increase visitor numbers and revenue to 4.2m and £676m respectively by December 2014
- Support projects that improve competitiveness, encourage diversification of the rural economy, improve quality of life in rural areas and that protect and enhance the environment, including through the introduction of National Parks
- Reform planning by introducing spatial Local Development Plans; a marine spatial plan and deliver faster and more predictable processing of planning applications
- Invest in social enterprise growth to increase sustainability in the voluntary and community sector

Competing Globally

- Agree with the UK Government on devolving the power to vary corporation tax in a timely and affordable manner to the NI Executive / Assembly
- Develop direct air links with international long haul markets by eliminating Air Passenger Duty on direct long haul flights departing from NI
- Promote £375m of investment and 5,900 jobs from inward investors with 75% paying salaries above the Private Sector Median
- Allocate £3m per annum for the Assured Skills programme to help attract and embed FDI and meet the skills needs of indigenous companies creating new employment
- Increase the value of manufacturing exports by 20% and the value of exports to the emerging economies by 60% by 2014/15
- Develop an agri-food strategy and action plan to drive export led growth in the agri-food sector to 2020

Economic Infrastructure

- Progress the upgrade of key road projects and improve the overall road network to ensure that by March 2015 journey times on key transport corridors are reduced by 2.5%
- Encourage the achievement of 20% of electricity consumption from renewable sources and 4% renewable heat by 2015
- Improve the landscape in public areas to promote private sector investment in towns and cities across Northern Ireland
- Develop Regional Sports Stadiums as agreed with the IFA, GAA and Ulster Rugby

ECONOMIC STRATEGY

Prioritisation

1.13 Our Economic Strategy recognises the need to build on our existing strengths as well as exploit new opportunities in the global economy. We have a great many local firms who are already competing successfully overseas. We will continue to do all we can to assist these firms and also work with new exporting companies to increase and diversify our export base. To that end, and following a recommendation made in the Independent Review of Economic Policy (IREP), Invest NI will work to support the entire business base to help drive forward the priorities of innovation, R&D and exports.

1.14 Equally, we recognise the need to target those areas which have the greatest potential for growth. The science/industry MATRIX panel has identified a number of markets which we will look to further exploit. These are:

- **Telecommunications & ICT**
- **Life & Health Sciences**
- **Agrifood**
- **Advanced Materials**
- **Advanced Engineering**

1.15 It is within these areas where we already have considerable strengths on which to build. For example, based on the companies identified by the MATRIX panel, the identified markets account for almost 80% of manufacturing exports and 77% of Business Expenditure on R&D (BERD). Therefore, it will be through further investment in these areas that we will be able to build on the progress made in the previous Programme for Government (PfG), which had growing a dynamic and innovative economy as its top priority.

1.16 In addition, MATRIX is conducting further analysis into the market opportunities presented by the green economy sector, with a view to informing how the Executive can further support businesses in this area. The first stage will examine the emerging market opportunities presented by the **sustainable energy** sector and subsequent phases will include transport and construction.

1.17 Although the above areas are mainly manufacturing based, they rely on other sectors of the economy to fully exploit their potential opportunities. For example, the services sector is, and will remain, a key sector including:

- **Business Services**
- **Financial Services**

1.18 It is also important to develop the potential of other sectors that have and will continue to make important contributions to the development of the NI economy. They include:

- **Creative Industries**
- **Tourism**
- **Social Economy**
- **Rural Economy**

1.19 While we will be focusing on these areas, we recognise the need to be responsive to new national and international market opportunities. That is why the Department of Enterprise, Trade and Investment (DETI) has established a unit which will work closely with business leaders, academia and other departments to identify emerging market and technology opportunities. It will identify the likely challenges and opportunities which lie ahead for our economy over the next decade and more, and develop a strategic approach to exploiting these.

Rebuilding the NI Economy

1.20 We are rebalancing our economy to create jobs, wealth and prosperity. However, the global downturn has had a sharp impact on the local labour market and we have decided to take some extra steps to help boost business activity and rebuild the economy. Specifically, we are taking action to:

- promote accessible employment opportunities particularly in areas of economic disadvantage; and
- provide training and re-skilling to those who are unemployed or inactive because of the downturn and address wider barriers to employment so that people do not become detached from the labour market.

1.21 We also recognise the particular impact that the recession has had on young people and we have included a range of additional measures to directly address this issue. They are aimed at encouraging young people to enter employment, education and training.

1.22 We have undertaken a number of actions with further initiatives already underway as shown overleaf.

ECONOMIC STRATEGY

Short to Medium Term Rebuilding Measures

- Promote £225m of investment and 6,300 jobs with 4,000 to be created by March 2014 under the Jobs Fund
- Develop and implement a strategy to reduce economic inactivity through skills, training, incentives and job creation
- Help the construction industry by delivering key road and rail projects and approximately 8,000 social and affordable homes over the budget period
- Deliver 6,000 work experience and training opportunities for young people by 2015 in priority sectors
- Stimulate 1,150 new employment opportunities in rural areas under the Rural Development Programme by 2015
- Develop and start to implement a Childcare Strategy with key actions to provide integrated and affordable childcare
- Implement the Social Investment Fund to improve pathways to employment, tackle systemic issues linked to deprivation, increase community services and address dereliction
- Increase the number of working age customers in receipt of work-focussed benefits to support them to move into work
- Move 114,000 working age benefit clients into employment by March 2015
- Provide an Employer Subsidy for businesses to recruit individuals who have been unemployed or economically inactive for a period of more than 13 weeks
- Offer a period of supported self-employment for those interested in running their own business
- Explore options to further address graduate unemployment, with a particular focus on ensuring that our actions assist with the longer term rebalancing agenda

Cross Cutting Principles

1.23 We are determined that the wealth and prosperity we are seeking will be used to help reduce poverty, promote equality and tackle existing patterns of disadvantage and division. We are also committed to building an economy that provides opportunities for the present, without compromising the ability of future generations to meet their own needs. We will be guided by the following principles when rebalancing and rebuilding our economy:

- **Balanced sub-regional growth:** we will ensure that all sub regions are able to grow and prosper, whilst recognising the importance of Belfast and Derry/Londonderry as key drivers of regional economic growth;
- **Equality:** we will ensure that no section of the community is left behind; and
- **Sustainability:** we will ensure that we provide prosperity and opportunities for both present and future generations.

INDICATORS & TARGETS

1.24 We are determined to implement the actions set out in this Strategy and to measure performance regularly and transparently. There will be full accountability for those charged with delivering the various actions. We have also sought to rationalise and significantly reduce the number of indicators and targets we use to measure our performance. We also recognise that, in certain areas, there is a need to improve the coverage and timeliness of indicators so that we can effectively report on performance.

1.25 The key performance indicators for the short, medium and longer term are outlined in Figure 1, with more detail provided in Section 7. We will publish an updated Economic Strategy, including a detailed list of actions and targets for the post 2014/15 period, when the outcome of the UK Government's next Spending Review is known.

Overarching Economic Goals

1.26 We are proposing to measure our long term performance against the following strategic indicators:

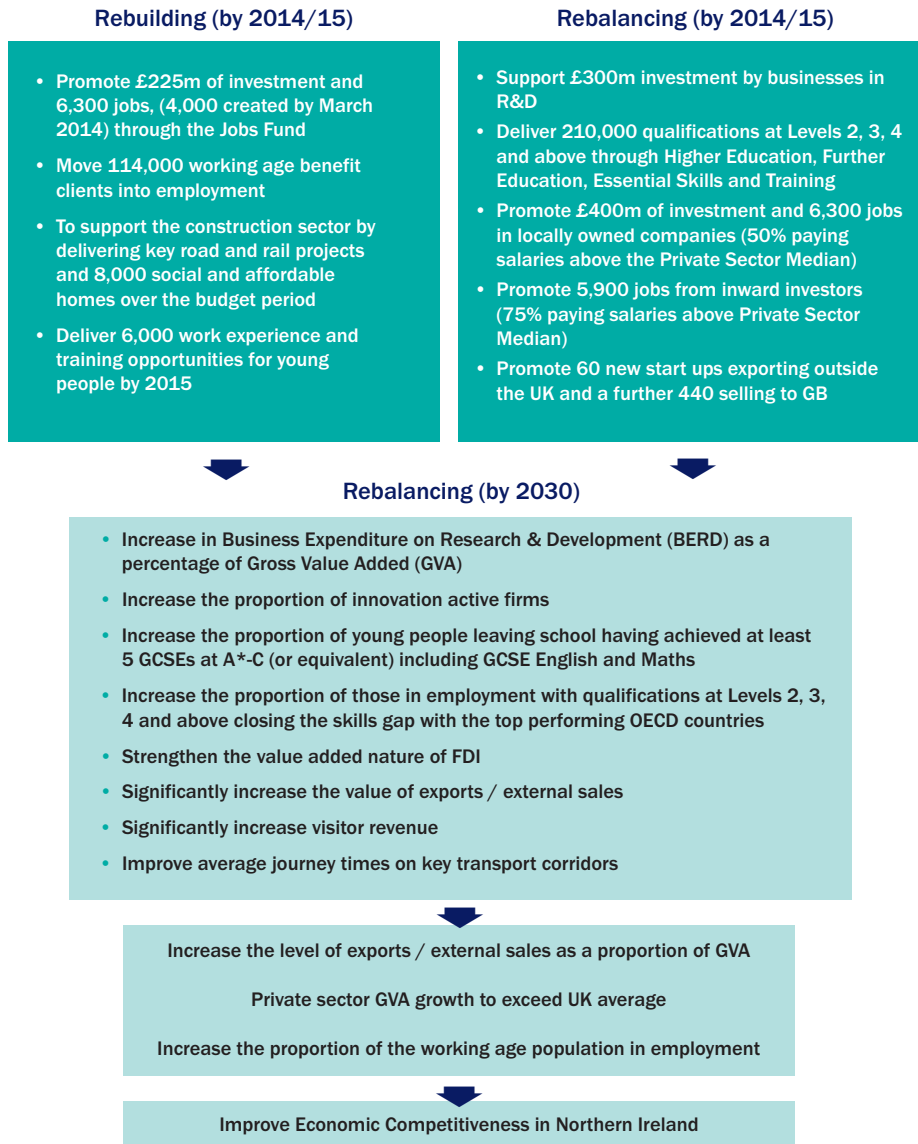
- increase the level of exports and external sales as a proportion of NI output;
- increase the proportion of the working age population in employment;
- NI private sector output growth to exceed the UK average; and
- NI's economic competitiveness to improve relative to other developed economies.

1.27 We have already undertaken work to benchmark our performance on economic competitiveness relative to other countries and regions. We are continuing to refine our approach to this and the Economic Advisory Group, working with the Department of Enterprise, Trade and Investment, is undertaking further analysis on NI's competitiveness during 2012.

1.28 We have also published short and medium term targets for each of the identified key indicators on the NI Economic Strategy website¹. Once the outcome of the ongoing work on devolving corporation tax powers is known, we will reassess the degree to which we can further strengthen the ambitious nature of these overarching economic goals. We are also working to ensure that we are able to respond quickly and decisively. For example, we are concluding research that quantifies the specific implications of a reduced rate of corporation tax on the demand for skills, work readiness and Research & Development (R&D) in NI.

¹ This material is accessible at: www.northernireland.gov.uk/economic-strategy

Figure 1: Key Performance Indicators & Targets



1.29 It is also important to recognise that we cannot, in isolation, tackle the economic challenges we face. To help deliver on our priorities, we are committed to fostering and promoting our North/South and East/West linkages through day to day contact between the relevant administrations, and through the North South Ministerial Council and the British Irish Council.

1.30 We will also continue to support the work of Invest NI and InterTradeIreland in delivering economic growth. This includes the promotion of a competitive enterprise environment and co-operating to ensure the optimal utilisation of economic resources to drive trade and wealth creation.

IMPLEMENTATION

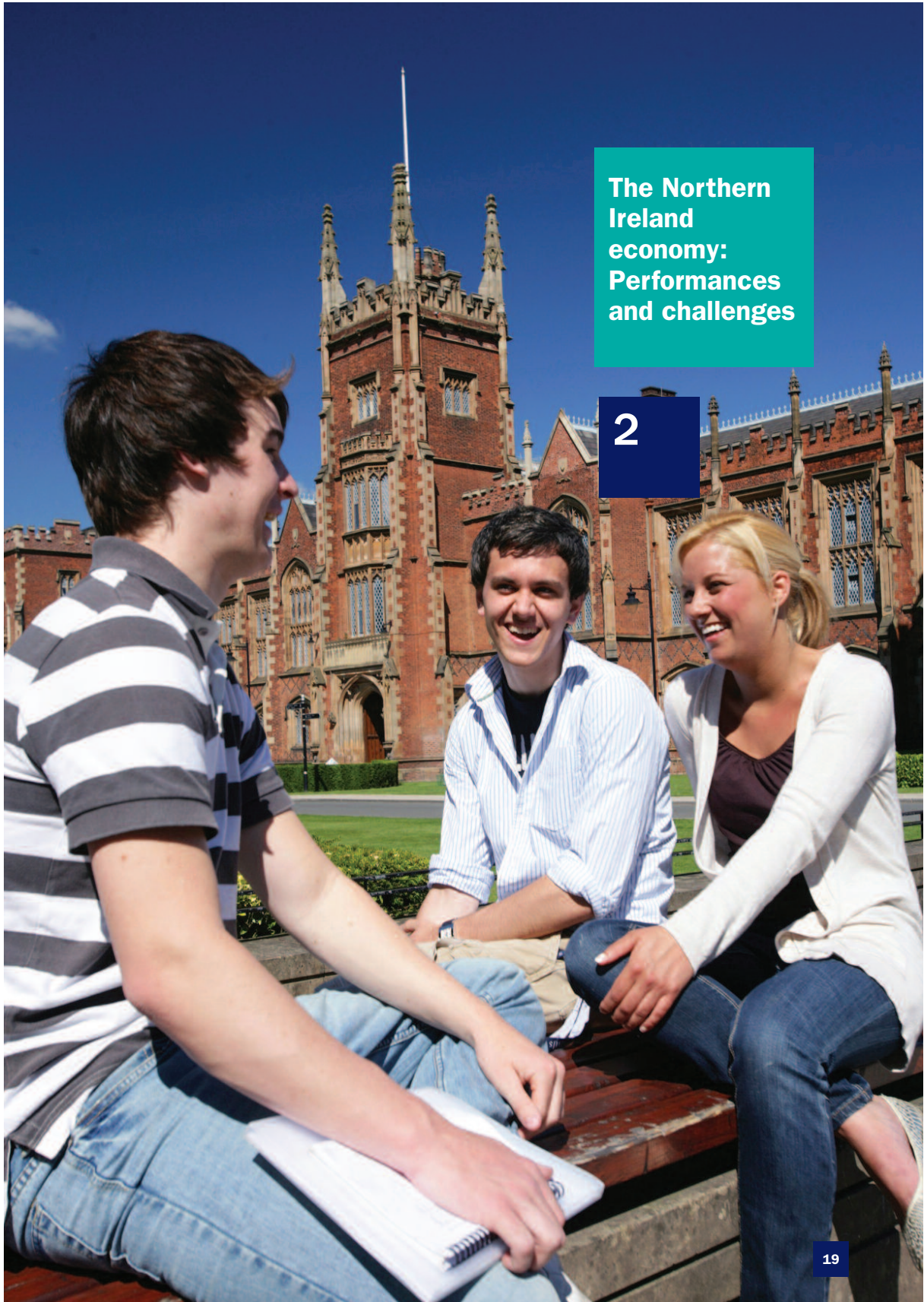
1.31 The Strategy has been developed by a Sub-Committee comprising the Ministers in charge of the departments with greatest responsibility for economic growth. The committee is chaired by the DETI Minister and the group will continue to play a key role in overseeing implementation.

1.32 Performance will be tracked, and regularly updated against the Key Indicators set out in Figure 1. We will publish annual reports on progress against the actions we are committed to deliver, as outlined in the Comprehensive Action Plan. This will include an annual assessment of the wider health of the NI economy.

1.33 The Strategy will also be underpinned by relevant strategies and related action plans to progress each of the Executive's economic priorities. We are currently engaging with key stakeholders to produce supporting strategies covering Innovation / R&D and Enterprise / Business Growth and an Employer Engagement Plan has been published to support the delivery of the NI Skills Strategy.

1.34 This Strategy also represents the economic pillar of the Executive's Programme for Government (PfG). The arrangements put in place to monitor implementation of the PfG will also cover the PfG actions outlined in Sections 5 and 6. In addition, we recognise that the actions will be supported by a wide number of cross-cutting strategies and Departmental Corporate Plans.

ECONOMIC STRATEGY



**The Northern
Ireland
economy:
Performances
and challenges**

2

ECONOMIC STRATEGY



2

THE NORTHERN IRELAND ECONOMY: PERFORMANCE AND CHALLENGES

INTRODUCTION

- 2.1 The economic performance of the Northern Ireland (NI) economy has been extensively documented in the earlier consultation on the framework for growth². This included an assessment of the impact of the global recession on the local economy and the wider structural challenges that remain. This analysis has been further developed in an overview of the NI economy which is available on the Economic Strategy website³.
- 2.2 In light of the above, the aim of this section is threefold. Firstly, it highlights the economic context within which the strategy is being framed. Secondly, it summarises the main strengths and opportunities that the strategy is seeking to develop and exploit. Thirdly, it concludes on the need to deepen and diversify our export base in order to improve our economic competitiveness.

² http://www.detini.gov.uk/northern_ireland_economic_strategy_-_initial_consultation_paper__priorities_for_sustainable_growth_and_prosperity.pdf

³ A comprehensive evidence base has been developed to inform this Economic Strategy. This material is accessible at: www.northernireland.gov.uk/economic-strategy



ECONOMIC CONTEXT

2.3 A number of critical factors combine to set the context for this Economic Strategy. They include:

- the continued uncertainty in the global and national economies and the impact on the NI economy;
- the capacity for companies to access suitable finance to fund their business plans;
- the impact of the UK-wide welfare reform agenda on the local labour market and wider NI economy;
- the scope for the NI Executive to support company development under revised EU Regional Aid guidelines; and
- the long standing structural issues that continue to hamper economic growth in NI.

The Global Economy

2.4 The majority of the advanced economies have suffered significant declines in economic output and the recovery remains slow. Furthermore, there are significant uncertainties which continue to limit the scale and speed of the global recovery. One of the most significant risks is the high levels of public sector debt in developed economies which have necessitated significant reductions in public expenditure. Several countries have had their credit rating downgraded and, in the most severe cases, EU and wider international support has been needed to keep certain economies afloat. This debt, along with weak economic growth, has led to uncertainty on the forecasts for global and national economic recovery.

ECONOMIC STRATEGY

- 2.5 The NI economy is inevitably influenced by these developments, with external trade and Foreign Direct Investment (FDI) remaining important sources of employment and wealth.
- 2.6 The region has also been impacted by the UK Government reductions in public spending, with the 2010 Spending Review reducing the resources available to the Executive. The total fall in the Executive's Departmental Expenditure Limit over the current budget period is 2.9%, with resource spending remaining relatively flat and capital spending falling by more than one-third. These figures are net of inflation which will further erode our spending power.

The Economic Downturn

- 2.7 The accompanying overview of the NI economy highlights the degree to which the local economy has been affected by the global recession. The majority of sectors have experienced falls in output, with the construction sector particularly hit (output has fallen by 30% since the start of 2008 and 37% since its peak at the beginning of 2007). Other sectors have also experienced reductions, with business & financial services contracting by around one-quarter (26%) since 2008. Retail and manufacturing have also reported large reductions in output, although the pattern is not universal. For example, some sectors, most notably the agri-food sector, have reported increases in output during the downturn.
- 2.8 The slowdown in the private sector has had a significant impact on the local labour market, with the number of employee jobs in NI falling by almost 35,000 since the employment peak in June 2008. The construction and manufacturing sectors have experienced the largest overall falls in job numbers. Retail has accounted for the largest decrease within services, followed by business & finance (where the job losses have not been in the same order of magnitude as the decline in output).
- 2.9 The scale of total job losses in NI – equivalent to 4.9% of workforce jobs in June 2008 – has been reflected throughout the UK, with Scotland (-5.7%) and Wales (-3.2%) also reporting significant reductions. English regions have also fallen, although the reductions have, on average, been much less (the average fall for English regions was 2.0%).
- 2.10 The job losses in NI have resulted in a significant rise in the number of persons claiming unemployment benefits (which has increased by almost 38,000 since the beginning of 2008, or 161%). Although the percentage increase is much greater than for Great Britain (GB), the unemployment rate of 7.2% remains below GB (8.4%) and significantly below the RoI (14.6%) and EU average (9.8%).

- 2.11 The level of economic inactivity experienced a sharp rise at the beginning of the downturn, although the rate has subsequently fallen back to 27.2%. While this remains above GB, the gap is now narrower than it has been over much of the past two decades. This recent decline has been mainly due to fewer persons sick or disabled (which increased at the start of the downturn) and those looking after the family or home.
- 2.12 The rise in unemployment is an unwelcome but expected consequence of the global downturn. An important element of this Economic Strategy is therefore to ensure that employment opportunities are maximised, not least because recent research⁴ highlights that the longer a person remains unemployed, the less likely they are to find employment. This is especially true for young persons (aged 18-24) who are at most risk of entering prolonged periods of inactivity. For example, between 2007 and 2011 the number of under 25s out of work in NI increased by 155%, which represents the largest increase of all the UK regions. There is therefore an imperative to ensure that those seeking employment have the necessary skills to take advantage of the potential opportunities.

Access to Finance

- 2.13 Following the public consultations, a large proportion of respondents highlighted the ongoing issue of access to finance. Data provided by the British Banker's Association shows that new lending by the main NI banks is decreasing. This is further reinforced by a survey which showed a marked decline in the ability of companies in NI to access finance (the success rate of loan applications in NI fell from 92% in 2007 to 65% in 2010). This trend appears to stem from reduced resources being available for lending within local banks as they seek to repair their balance sheets. Alongside this, many companies who invested in property assets outside their main business are now finding it difficult to access capital to fund their core activity.
- 2.14 The Executive continues to press our local banks to play an active role in initiatives aimed at improving business access to finance. In addition, we continue to press the UK Government on the need to find a way of separating bad property loans from the core business lending of banks. However, despite these efforts, we recognise that credit for business expansion remains both constrained and expensive. Furthermore, in common with many other UK regions, NI has traditionally lacked the vibrant venture capital and debt finance markets that are necessary to support economic growth. It is in response to this, and also recognising the constraints identified previously, that we have outlined actions in Section 5 that will help address this key strategic issue.

⁴ Stam & Long (2010) *Explaining Exits from Unemployment in the UK, 2006-09* Economic & Labour Market Review, Vol 4, No 9.

Welfare Reform

- 2.15 The Coalition Government has introduced a Welfare Reform Bill which aims to introduce changes to the benefit system throughout the UK. We continue to assess the impact of the welfare reform initiatives on our economy, but already it is clear that it will significantly increase the number of people registered as unemployed and hence an increase in the pool of labour available for work.
- 2.16 These reforms will create a major challenge for the economy, particularly in terms of ensuring that we promote employment opportunities and improve the employability and skills of the labour force. That is why stimulating employment is a key aspect of this strategy, not just in terms of the rebuilding phase but also as we work to rebalance the economy over the longer term.
- 2.17 We recognise that many of those joining the labour market as a result of the welfare reform process will be far removed from being job ready and will require significant practical help and support to ensure they are able to fully engage in the labour market. The challenge in preparing such groups for work of any kind is significant and requires new thinking and the development of innovative and flexible responses from the Executive, supported by the business community and the third sector. However, successfully addressing these issues, while difficult in the short term, will lay the foundations for sustainable economic growth in the longer term.

Changes to Regional Aid

- 2.18 The Independent Review of Economic Policy (IREP) outlined the nature and extent of the changing rules on Regional Aid which set the maximum level of financial support that the Executive can provide to individual projects (as a proportion of total investment or equivalent project costs).
- 2.19 Although the limits for aid relating to areas such as innovation / R&D and training remain unchanged, the changes to Regional Aid⁵ from 1 January 2011 have significantly limited the scope for the Executive to support businesses, with permissible aid ceilings being reduced for projects within Belfast and across the rest of NI.
- 2.20 With further potential changes to Regional Aid, the implications for local economic development are very significant. We are therefore committed to ensuring that we achieve the best possible outcome for Regional Aid ceilings and coverage for the post 2013 period and Section 5 highlights the ongoing efforts we are taking in this regard.

⁵ Regional Aid is assistance for investment in the setting up of new business, the expansion of an existing business or business diversification into new products.

Longer Term Challenges

2.21 Alongside the impact of the recession, NI continues to face a range of long term challenges that hamper economic growth. These issues are more fully outlined in the accompanying overview of the NI economy, but they are summarised below:

- living standards have persistently lagged behind GB, with the main factors being lower levels of **employment** and **productivity**. The economic forecasts for these variables, as highlighted in figure 2, also show the scale of the challenge ahead;
- growth in output and jobs has tended to be in relatively low value added areas, which has resulted in **average wages** remaining significantly below the UK;
- an over reliance on the **public sector** as a driver of economic growth in NI. The comparatively small private sector also contributes to a very large fiscal deficit⁶;
- the economy has historically been **under-represented in higher value added sectors** such as finance and business services;
- a large proportion of the population is registered as **economically inactive**, with social exclusion levels well above other parts of the UK;
- almost half of the working age population in receipt of **incapacity benefit** have been diagnosed with mental and behavioural disorders; and
- significant numbers of households which have experienced intergenerational **poverty** or joblessness and are far removed from job readiness and the labour market.

2.22 Recent economic forecasts suggest that the local economy will grow on average by 2.0% per annum up to 2020, compared with UK growth of 2.4% per annum⁷.

2.23 As shown in Figure 2, without the concerted action proposed, Oxford Economics consider that the comparatively low levels of economic growth are not expected to lead to any convergence with the UK. Relative living standards are expected to decrease to around 75% of the UK average by 2030. Productivity is also forecast to continue to decrease, to stand well below its late 1990s peak. Job growth is anticipated on a lower scale in NI than in the recent past which results in a slight fall in the forecast for the relative employment rate.

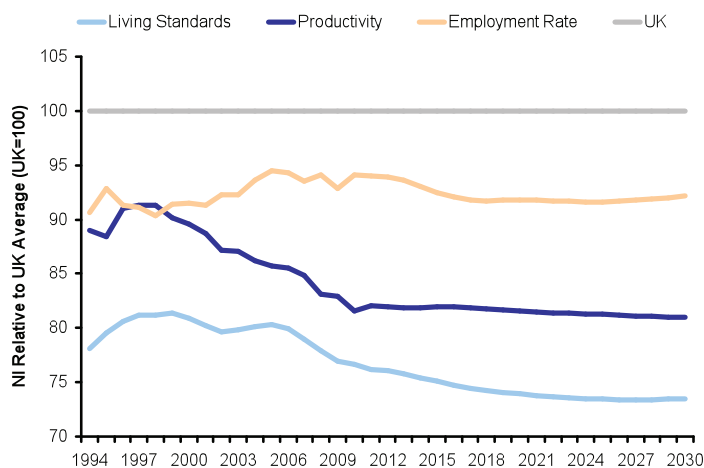
2.24 It is in light of these structural challenges that the strategic goals of rebalancing and rebuilding the economy have been developed to help grow the economy and strengthen competitiveness.

⁶ <http://www.dfpni.gov.uk/northern-ireland-net-fiscal-balance-report>

⁷ Oxford Economics

ECONOMIC STRATEGY

Figure 2: Economy Forecasts (NI v UK)



Source: Oxford Economics

THE NI ECONOMY: STRENGTHS & OPPORTUNITIES

- 2.25 This section of the Strategy has outlined some of the external and internal factors that impede economic growth in NI. These and other issues are included in the chart overleaf (Figure 3). In outlining the Strengths, Weaknesses, Opportunities and Threats (SWOT) facing the NI economy, we place a particular focus on those factors we need to develop and exploit in order to accelerate economic growth and competitiveness.
- 2.26 The aim is to rebuild and rebalance the economy based on the skills and strengths of our people. We have one of the youngest and fastest growing populations in Europe. Our students continue to outperform their counterparts elsewhere in GB, with literacy levels similar to the OECD average, although we also recognise the long tail of underachievement. Nevertheless, the performance of our school leavers continues to improve with 59% achieving at least 5 GCSEs at A*-C (or equivalent) including English and Maths in 2009/10 (compared to 52.6% in 2005/06). Only 1.7% of school leavers had no formal qualifications in 2009/10 (down from 3.2% in 2005/06). Although the skills profile of the workforce remains weaker than many other OECD countries, this largely reflects a historical outward migration of skilled people as they seek opportunities elsewhere.
- 2.27 We therefore need to ensure that opportunities exist which will encourage our talented people to remain in NI for employment and to progress up the skills ladder. For those who have moved abroad, there is the potential to attract them back by

Figure 3: SWOT Analysis of the NI Economy



ECONOMIC STRATEGY

creating high-value job opportunities. We also need to bring back into employment those who have lost their jobs during the recession or have become detached from the labour market.

- 2.28 The economy has a strong indigenous Small and Medium Enterprise (SME) base, with many becoming involved in high-value activities such as exporting and investment in Research & Development (R&D) and innovation. As a result, we have the opportunity to further develop these areas and work towards an economy based on innovative firms competing in export markets. The MATRIX report has already shown the strengths that NI has in high-technology areas and the market opportunities that are available to us. Moreover, NI's Universities and Further Education colleges are increasing the range and depth of their interaction with business, which is helping to underpin the commercialisation of the NI research base.
- 2.29 To complement our local SME base, we also have a strong track record in attracting Foreign Direct Investment (FDI) in both manufacturing and services. Many large multinational employers have invested in the local economy and they continue to be attracted by the improving skills base, the increasing speed and flexibility with which we are meeting company skill requirements and the cost-competitive environment. We are also clear that the ability to vary our own rate of corporation tax would help us attract more value added FDI and integrate these companies into the local economy through supply chain and other linkages. Further detail on this is provided in Section 5.
- 2.30 The tourism sector also provides enormous opportunities for our economy. We have set out ambitious targets to further grow the sector and the revised Regional Transportation Strategy recognises the need to improve connections to key tourism sites. The announcement by the UK Government that Air Passenger Duty (APD) will be reduced on direct long haul flights from NI (and the decision to commence the process of devolving APD to the NI Assembly) will also be used to strengthen the attractiveness of the region as a business and tourism destination.
- 2.31 In the short to medium term, 2012 is a critical year with key events such as the 100th Titanic anniversary, the Cultural Olympiad and other events around the Olympics/Paralympics, as well as the completion of several key capital projects such as the Metropolitan Arts Centre and hosting the Irish Open at Royal Portrush in Summer 2012. A total of £300m of infrastructure investment will come on stream, including the completion of key tourism attractions at Titanic Belfast and the Giant's Causeway Visitor Centre. In 2013, the World Police and Fire Games will be held in Belfast and Derry/Londonderry will also be the UK City of Culture. This offers further opportunities to showcase the region to visitors from across the world and change the global perceptions of NI as a place to live, work, invest and visit.

2.32 The global market outlook for agricultural commodities and foodstuffs also indicates a very favourable market balance over the coming decade and beyond. The agri-food industry is well positioned to capitalise on these emerging opportunities, and the reform of the EU Common Agricultural Policy will create additional opportunities to enhance the competitiveness agenda for the sector.

2.33 There is also scope for the NI Health Services to drive innovation by engaging more with high-technology companies. Furthermore, given that the health sector typically has a highly skilled workforce, including many from STEM disciplines, enhanced opportunities for closer working will help the private sector to prosper through leveraging of public sector skills and expertise.

EXPORTS AND REGIONAL ECONOMIC GROWTH

2.34 The public sector remains an important part of the NI economy. That is why the Executive remains committed to securing the necessary public sector reforms as outlined in the Programme for Government. However, as this section highlights, the constraints on public expenditure mean that the public sector cannot deliver the levels of growth necessary for a major improvement in economic performance. The onus for growth therefore rests with the private and the community / voluntary sectors, working in partnership with the public sector.

2.35 In the responses to the public consultations, there was overwhelming support for the priority attached to exports. This was expected given the size of the domestic market and the reality that exporting (including supply chain support to companies that export) represents an important means of improving economic growth and competitiveness. This export-based approach has been followed by many other successful small open economies internationally.

2.36 It is well established that economies benefit from external trading⁸. At the firm level, there are also a number of studies which highlight that exporting companies are larger, more productive, pay higher wages and are more capital intensive than those which focus mainly on domestic markets⁹. Evidence also suggests that there are benefits not just from entering export markets, but also from increasing export-intensity¹⁰.

2.37 While companies benefit from being in more competitive external markets¹¹, evidence suggests that it is the best performing and most competitive firms that will look to expand into export markets themselves¹². In terms of supporting export

8 Krugman and Obstfeld (2002) *International economics: Theory and policy*, Addison Wesley, 6th Edition

9 Bernard, A.B. and Jensen, J.B. (1999) *Exceptional exporter performance: Cause, effect or both?*, *Journal of International Economics*, 47

10 Greenaway, D. and Kneller, R. (2008) *Exports, productivity and agglomeration*, *European Economic Review*, 52

11 Wagner, J. (2002) *The causal effects of exports on firm size and labor productivity: First evidence from a matching approach*, *Economics Letters*, 77

12 Wagner, J. (2005) *Exports and productivity: A survey of the evidence from firm level data*, *The World Economy*, 30

ECONOMIC STRATEGY

growth, the focus therefore needs to be as much on raising company productivity through investing in innovation, R&D and skills as well as encouraging local firms to enter new markets.

- 2.38 We need to significantly increase our export focus if we are to achieve our economic goals, but the challenge is to both grow exports and diversify into new markets. A large majority of sales outside NI are presently destined for either GB or the RoI, which is too narrow. The EU and North America represent large markets to further develop export sales, but we also need to build much greater trade alliances with the fast growing emerging economies such as Brazil, Russia, India and China.
- 2.39 There is also a close link between exports and FDI. In small economies, foreign companies generally use their base to export goods and services. For example, 78% of NI manufacturing exports came from externally-owned companies in 2009/10¹³. Similarly, RoI exports from its Industrial Development Agency (IDA) clients totalled €11.0bn in 2009 and accounted for over 75% of total Irish exports. The key routes for NI to deliver export-led growth are therefore to ensure local companies are internationally competitive through investing in areas such as innovation, R&D and skills, whilst also attracting export-focused foreign investors.

SUMMARY

- 2.40 The economic challenges facing the NI economy are significant. We continue to feel the impacts of the downturn in the global economy and it will be some time before economic performance and employment returns to pre-recession levels.
- 2.41 The economic forecasts suggest that, unless immediate and co-ordinated action is taken, there is unlikely to be any material convergence to living standards experienced elsewhere in the UK. However, the preceding analysis has identified a range of strengths and opportunities – both local and external – that, if harnessed, could create a step-change in economic performance.
- 2.42 Given the constraints facing the public sector, the onus for economic growth is very much with the private and community / voluntary sectors. Ultimately it will be companies, the workforce and other organisations that will make the necessary investments to increase employment and wealth. However, the Executive has an important role to play in setting the framework for growth and outlining the necessary actions to stimulate growth in areas such as innovation, R&D, skills, education, exports, FDI and entrepreneurship. This also means identifying and supporting business growth in areas where there is the greatest potential, whilst ensuring that the necessary economic infrastructure is in place to capitalise on the existing strengths and opportunities.

¹³ This figure refers to all companies with ownership outside NI (if GB-owned firms are not included the equivalent figure is 53%)



**Growing the economy:
Lessons from
global best
practice**

3

ECONOMIC STRATEGY



3

GROWING THE ECONOMY: LESSONS FROM GLOBAL BEST PRACTICE

INTRODUCTION

- 3.1 Our economy faces a unique set of economic strengths and weaknesses. Nonetheless, as we work toward our economic vision, there is still much to learn from the experience of other developed economies.
- 3.2 As part of the work in developing this strategy, we have carried out an extensive review of global best practice in economic development. We have sought to identify the particular success factors that have stimulated economic growth and investment. An important element of this work has been to consider the applicability of various policies and programmes to the challenges facing us.
- 3.3 From the evidence gathered, the clear conclusion is on the need to strengthen our competitiveness by improving export performance. There is no single route map to export success, with certain economies, particularly in Sweden and Finland,



achieving success by investing heavily in innovation and R&D. Other countries such as Singapore and the Republic of Ireland (RoI) have developed their economies on the basis of a low corporation tax strategy and a pro-business regulatory environment. In all cases, the need to develop a world class education and skills system is critical for economic growth.

FRAMEWORK FOR ECONOMIC GROWTH

- 3.4 The work on global best practice was used by the Executive Sub-Committee on the economy to develop the framework for economic growth (outlined in section 4). This framework has been endorsed by all key stakeholders during the consultation exercises and has helped inform and prioritise our collective actions, initially over the short to medium term, as we work toward securing our economic vision.
- 3.5 In the medium to longer term, the framework will remain in place, not least because one of the features of other successful economies is that they ruthlessly pursue an economic growth agenda, with the economy consistently regarded as the top priority.

Executive's Economic Priorities

- 3.6 The evidence base has also helped to identify the key actions under each of the pillars that underpin the economic framework, both in terms of the rebalancing and rebuilding agendas. The aim of this section is therefore to summarise, under each of our economic priorities, the key findings from the review of global best practice. Thereafter, we outline the actions being taken by the Executive to achieve our vision for the economy to secure sustainable growth and prosperity.

- 3.7 It should be recognised that this section represents a brief summary of a very extensive work programme. Therefore, as part of launching this Economic Strategy, we have also included access to the full research projects that can be accessed on our dedicated Economic Strategy website: www.northernireland.gov.uk/economic-strategy.

Stimulating Innovation and R&D

- 3.8 The review of best practice illustrates the vital role innovation and R&D plays in economic development. One important feature of this priority is that it can only be successful if it is allowed to develop over the longer term. The key lessons are as follows:
- significant government expenditure needs to be directed towards innovation and R&D, with much of this aimed at developing research capacity and the commercialisation of research;
 - small economies have focused innovation policy on sectors where they have competitive advantages and historic strengths;
 - the majority of research activities in advanced innovation economies take place on a collaborative basis between businesses, higher education and public research institutes;
 - countries are moving beyond providing support for individual company R&D projects;
 - government support for innovation and R&D is mainly targeted at SMEs that lack the resources and capabilities to take forward projects;
 - a competitive approach for research funding is often followed with companies and research institutes showing the economic impact and technological novelty of a project requiring support; and
 - most successful small, open economies have a dedicated innovation agency, and many are setting up public research institutes.

Investment in Skills and Employability

- 3.9 Investment in skills and employability is a vital part of economic success in the countries reviewed. For example, a skilled and employable workforce has provided the bedrock for growth in countries / regions such as Singapore, Sweden, Finland, New Zealand and North Carolina.

3.10 It is the skills base that has provided the platform for successful innovation, export focus and productivity growth. Investment in skills has also acted as a powerful magnet for high value investment, particularly inward investment. The central messages are:

- a sustained focus on skills and employability is critical;
- education and training should be of a high quality with outputs focused on economic needs;
- the skills that are produced must be relevant, and harnessed and utilised to their full potential;
- strong management and leadership skills are important to improve firm level and sectoral productivity and growth;
- investment in vocational and technical training ensures the economy can rapidly respond to changing skills needs;
- building research capacity in the economy requires improvements in research skills, which has been achieved through funding long-term research programmes and attracting leading external researchers to work alongside domestic researchers;
- supporting top-performing international companies requires highly-skilled public sector agencies, as well as sufficient autonomy and incentives to promote a pro-business ethos;
- barriers to employment and employability must be addressed comprehensively; and
- stakeholder engagement is essential to deliver the employability, skills and economic growth agenda.

Connections to the Global Economy

3.11 Successful regions / countries all have strong and growing connections to the global economy. The key lessons include:

- successful small open economies have an intense focus on export markets, achieved through a combination of developing globally competitive indigenous firms and attracting regional headquarters and subsidiaries of foreign-owned companies;
- a low rate of Corporation Tax is a key policy tool used by small economies successful in attracting value added Foreign Direct Investment (FDI);
- all economies were found to explicitly target high value FDI sectors based on key industry strengths in the local economy;

ECONOMIC STRATEGY

- the research strengths of the economies are viewed as a key part of the value proposition to attract high value FDI companies;
- small economies often base economic activity around anchor institutions, which can be either indigenous companies supported to grow into large multi-nationals, key FDI companies or public sector organisations (Universities and medical research institutes); and
- ensuring that the skills system matches the current and future needs of the economy and can act as a central lever in attracting, retaining and growing high value inward investment and supporting the development of globally competitive firms.

Encouraging Business Growth

3.12 In all of the countries / regions reviewed, they each recognise the need to develop competitive indigenous companies. The key routes to growing successful businesses include:

- working closely with large and often foreign owned companies to develop and strengthen local supply chain linkages;
- ensuring SMEs have adequate access to finance to support their business plans;
- improve the regulatory environment to ensure that it is efficient and pro-business; and
- recognition that every country and region needs to specialise in certain niche areas / sectors.

Developing Economic Infrastructure

3.13 Best practice economies have also worked to ensure that there is strong infrastructure in place to support economic growth. Common policy approaches include:

- building a modern and efficient transportation system to strengthen connectivity within and between countries / regions which is essential for moving both goods and people;
- increasing investment in areas such as telecommunications to improve capacity as digital and knowledge based economies; and
- investing in public infrastructure (eg health and education projects) to improve the standard of living and the attractiveness of the country / region to internationally mobile investment and workers.

Promoting Employment and Improving Employability

3.14 Given the instability in the global economy, the review of best practice also considered actions being undertaken to promote employment and strengthen employability. Some examples of the approaches being taken include:

- incentives are used to promote employment in areas of economic disadvantage;
- promoting the social economy and its contribution to economic growth, particularly in targeting disadvantaged groups, neighbourhoods and individuals;
- provide incentives aimed at getting disadvantaged people into work; and
- linking employers and the unemployed through promoting available incentives (to both local and foreign owned companies) as well as ensuring employment agencies and the public Employment Service are pro-active in working with firms.

SUMMARY

3.15 This section of the Strategy has set out our approach in reviewing global best practice in economic development, the key priorities identified and the type of actions being undertaken by other successful countries / regions. This work has informed our framework for economic growth and the actions we are pursuing with our economic stakeholders.

ECONOMIC STRATEGY



**Framework
for economic
growth**

4

39

ECONOMIC STRATEGY



4

FRAMEWORK FOR ECONOMIC GROWTH

INTRODUCTION

- 4.1 The focus of our strategy is on developing export-led economic growth as the best means of increasing employment and wealth in Northern Ireland (NI) and improving our overall competitiveness.
- 4.2 Based on the research undertaken by the Executive Sub-Committee on the economy, an overarching framework for economic growth has been developed. Feedback from the public consultations has indicated strong support for the framework and the proposed priorities.
- 4.3 Figure 4 provides a graphical representation of the framework and how the themes interact to deliver the NI Executive's vision of the economy for 2030.



EXECUTIVE'S ECONOMIC PRIORITIES

4.4 In order to deliver the longer term priority of the Executive, five strategic **rebalancing** themes have been developed. These themes are:

- Stimulating innovation, R&D and creativity;
- Improving employability and the level, relevance and use of skills;
- Competing in the global economy;
- Encouraging business growth; and
- Developing our economic infrastructure.

4.5 The targeting of resources under these themes will bring forward actions and interventions which deliver increases in the size, structure and strength of our private sector. This should enable local companies to exploit opportunities and compete successfully in export markets, delivering both wealth and employment creation. It is recognised that none of these strategic themes operate in isolation, rather they are inter-dependent and action is required across each if our vision for the economy of 2030 is to be delivered.

4.6 As the recession has had a significant impact on our economy, in particular on the local labour market, the Economic Strategy also includes the following short to medium term labour market **rebuilding** themes:

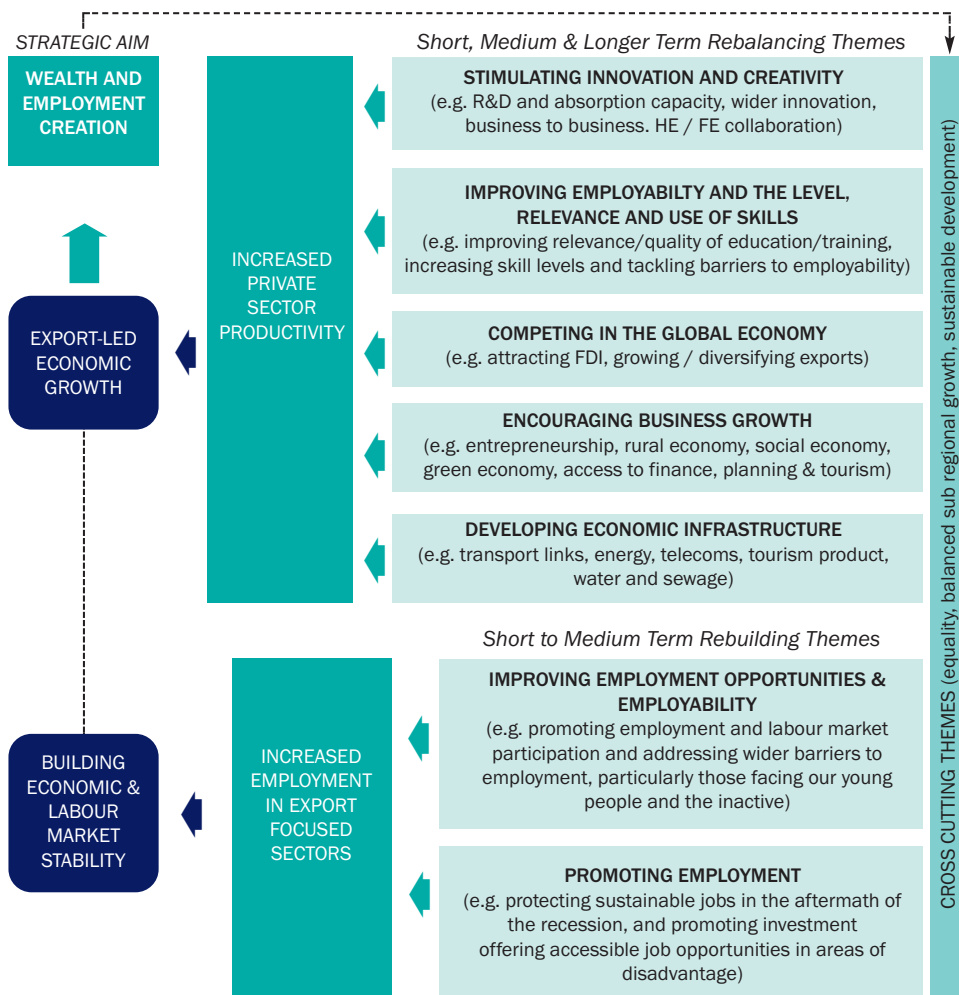
- Improving employment opportunities and employability; and
- Promoting employment.

4.7 These themes are designed to promote economic and labour market participation, while at the same time building capability in the labour force which will be the foundation of future export-led economic growth in the economy.

ECONOMIC STRATEGY

4.8 During the public consultations, it was proposed that an additional theme should be included, namely public sector reform. We recognise and accept that maximising public sector efficiency is vitally important, not least given the size of the sector relative to the overall economy. However, the emphasis of this Strategy is on developing a stronger and more export based private sector. The wider issue of public sector reform is addressed within the Programme for Government which sets the Executive’s commitments to deliver high quality and efficient public services.

Figure 4: Strategic Framework for the Economic Strategy





**Priorities
for growth:
Rebalancing
the NI economy**

5

ECONOMIC STRATEGY



5

PRIORITIES FOR GROWTH: REBALANCING THE NI ECONOMY

INTRODUCTION

- 5.1 We need to rebalance the Northern Ireland (NI) economy by growing a stronger private sector which will deliver value-added economic growth. This section outlines the steps we are taking to achieve this and the 2030 vision for the NI economy. In the section that follows, we outline the shorter term actions being taken to rebuild the economy in the aftermath of the global economic downturn.
- 5.2 We require access to the right mix of policy levers if we are to rebalance the economy and this includes more fiscal flexibility. In particular, we have concluded that the single measure that would have the most transformative impact on the economy would be the ability to lower the rate of corporation tax. We have welcomed the UK Coalition Government's commitment on this and we have a Programme for Government (PfG) commitment to secure a successful outcome to the ongoing negotiations. We look forward to this power being devolved to the NI Executive in a timely and affordable manner.



- 5.3 In outlining the steps we are taking to rebalance the economy over the short, medium and longer term, we have included a brief assessment of the impact of devolving corporation tax powers to NI, alongside the other complementary measures required to maximise its impact on the economy. In summary, this section illustrates how we will work to harness our own initiatives, alongside those from the UK Government, to rebalance the NI economy toward stronger private sector and value added growth. Indeed, irrespective of the outcome on corporation tax, we are confident that the measures outlined in this Strategy will strengthen our competitiveness.
- 5.4 In identifying our economic priorities, we realise that economic growth must create a fairer and more equitable society for all our citizens and sub-regions. We have therefore identified a number of cross cutting themes that have helped inform the priority actions outlined in the Strategy. These themes cover the need for balanced sub-regional growth, equality and sustainability and they are outlined at the end of this section.

Independent Review of Economic Policy

- 5.5 Prior to outlining our rebalancing priorities, it is important to recognise the important role that the Independent Review of Economic Policy (IREP) has played in determining our Economic Strategy.
- 5.6 The Review was commissioned by the Minister of Enterprise, Trade and Investment and the majority of the recommendations were accepted for implementation. While the review was focused on the policies and activities of DETI and Invest NI, the panel made several recommendations which impacted on the responsibilities of other Departments. They are currently being taken forward by DETI and other

ECONOMIC STRATEGY

relevant Departments involved in economic development and significant progress has been made in several key areas including:

- establishing an Executive Sub-Committee on the Economy to prioritise cross-departmental action on the economy;
- improving the co-ordination of economic policy between DETI, Invest NI and DEL to ensure that the demand and supply of skills are aligned to the needs of business;
- forming an Economic Advisory Group, chaired by Kate Barker, a former member of the Bank of England's Monetary Policy Committee, to provide the chair of the Executive Sub-Committee on the Economy with independent economic advice;
- granting increased autonomy to Invest NI, in line with the approach adopted by other successful economic development bodies;
- enabling Invest NI to support the entire business base in NI and to prioritise growth in the key areas of innovation, R&D and exports; and
- making the Planning Act (NI) 2011 and introducing operational changes to streamline planning processes to allow for faster and more predictable decision making.

5.7 The DETI Minister also outlined in her statement to the NI Assembly in March 2011 that the remaining IREP recommendations would be progressed within a comprehensive Economic Strategy and we have published a paper providing an update on the IREP recommendations and how they influenced the development of the Economic Strategy¹⁴.

REBALANCING THE ECONOMY

5.8 The public consultation on the framework for economic growth confirmed the need to invest in innovation, R&D and the skills of our workforce in order to rebalance the NI economy. We begin by outlining the key actions and commitments in these areas and then follow with our remaining economic priorities.

STIMULATING INNOVATION, R&D AND CREATIVITY

5.9 As part of our review of global best practice, we gathered extensive evidence which demonstrates the strong links between innovation and value-added economic growth. The key lessons have been outlined in Section 3, and we are clear on the need to devote significant resources to develop our capacity, particularly in the key MATRIX market sectors¹⁵. This prioritisation recognises the need to develop our existing strengths as a comparatively small regional economy. This includes an

¹⁴ This material is accessible at: www.northernireland.gov.uk/economic-strategy

¹⁵ MATRIX' twenty-three recommendations for accessing market opportunities relate to the wider areas of Telecommunications & ICT; Life & Health Sciences; Agrifood; Advanced Materials and Advanced Engineering. Full details can be found in the [MATRIX](#) reports.

increased focus on supporting and growing our areas of excellence in advanced manufacturing and engineering over the next decade and beyond.

- 5.10 As part of addressing this priority, we recognise that encouraging companies to embrace ambitious growth plans, including increased emphasis on exports and external sales, is a critical part of stimulating innovation and R&D. This highlights how our priorities interact with each other in order to drive forward sustainable growth and prosperity.

Progress to Date

- 5.11 We have made some progress in building the dynamic innovative economy that was at the heart of the previous Programme for Government (PfG). In summary, this includes:

- supporting an unprecedented 52% rise in total R&D expenditure since 2008, rising to £521m which is the highest figure on record;
- leveraging £327m in additional Business Expenditure on Research & Development (BERD), with 341 companies engaging in R&D for the first time;
- launching a research challenge fund which encourages the agri-food industry and public sector research establishments to collaborate on innovative, high quality technological development projects;
- establishing a Creative Industries Innovation Fund which has made awards to date totalling £3.7m to 134 business projects and 22 sectoral body projects;
- establishing the Innovation Fund & Employer Support Pilot Programme to assist the Further Education sector deliver a skilled workforce and provide a vehicle for other aspects of innovative FE college support for industry and entrepreneurship;
- supporting our local Universities by increasing mainstream research funding by over 11% between 2007/08 and 2010/11; and
- funding Knowledge Exchange in our Universities and Further Education colleges through the HE Innovation Fund and Connected programme at an annual rate of £4m since 2007.

Challenges that Remain

- 5.12 Notwithstanding the progress to date, it is clear that much remains to be done in order to stimulate innovation, R&D and creativity. For example, although R&D performance in 2010 was close to the UK average, we recognise that NI has historically trailed behind the UK average on this measure and, in turn, the UK itself significantly lags behind the most innovative economies such as Finland and Sweden on overall R&D spend. Furthermore, in terms of NI's wider innovation performance, slightly over half of our local firms were active in innovation during the 2006-08 period, which is the lowest figure for all the UK regions.

ECONOMIC STRATEGY

5.13 In addition, HM Treasury public spending statistics indicate that NI spends about the UK average supporting Science & Technology. However, much of this spend is in one sector, agriculture, and there is a need to expand into other areas including biotechnology, health research, engineering and other science-based activities. Furthermore, we must also ensure that, over the coming decade and beyond, greater emphasis is placed on supporting high technology manufacturing industries and the MATRIX reports have identified some of the key areas on which to build.

Related Strategies

5.14 A number of strategies and action plans are helping to drive forward progress in this area, they include:

- DARD's Evidence and Innovation Strategy identifies the key strategic research areas for the agri-food and rural businesses sector;
- DCAL's Strategic Action Plan for the creative industries recognised the sector as an important driver of economic and social innovation. A framework for future growth and development of the creative sector will be published early in 2012;
- DEL's Success through Skills – Transforming Futures recognises that skills are the bedrock of an innovation-based knowledge economy, from the schools system, to further and higher education and lifelong learning;
- A Higher Education (HE) Strategy for NI is scheduled for publication early in 2012 and this will highlight the importance of the HE sector to R&D and innovation; and
- DHSSPS's R&D Strategy Research for Health and Wellbeing identifies the need to support and develop the clinical research capacity and infrastructure.

Innovation and R&D: Key Actions

5.15 In addition to the above strategies, DETI is currently developing an Innovation, R&D and Creativity Strategy which will underpin this key economic priority. Work on this is already well advanced and discussions are being held with various stakeholders. The key priorities will include steps to strengthen collaboration and the commercialisation of knowledge. The Strategy will be launched later in 2012.

5.16 We have outlined in the summary box a list of the **key** actions we are undertaking in the current budget period to stimulate innovation, R&D and creativity. However, we recognise that building a more dynamic and innovative economy is a long term project and one which requires significant investment over the lifetime of this Strategy. Indeed, as our review of global best practice has highlighted, it is through sustained investment in innovation and R&D that countries such as Finland and Sweden have been able to emerge as world leaders in this area.

In working to **rebalance** the NI economy during the current budget period, and to stimulate Innovation, R&D and Creativity, **we will:**

- Support £300m investment in R&D, with at least 20% from SMEs
- Support 500 businesses to undertake R&D for the first time and secure 120 Collaborative Projects in R&D
- Expand the Collaborative Network Programme targeting future market opportunities
- Provide £54m funding for University research and investing in collaborative HE/FE engagement with business in 2011/12
- Support our Universities to establish 8 spin-out companies by 2013
- Support our Universities and FE colleges to undertake 155 knowledge transfer projects on behalf of local businesses by 2014
- Support businesses and academia to apply for national and EU funding / programmes. Ensure 100 applications for transnational R&D funding
- Invest £4m via the Creative Industries Innovation Fund and wider sectoral initiatives to stimulate innovation, R&D and creativity
- Significantly increase cross-border innovation and trade activity
- Provide funding of up to £3m per annum for new R&D projects through the Agri Food and Biosciences Institute Research Programme
- Secure up to £5.6m additional investment in agri-food R&D through the DARD Research Challenge Fund by March 2015
- Ensure the adoption of at least 1,500 technologies in the land based and food sectors on an annual basis

5.17 Given the importance of this priority, we will continue to identify how best we can support investment in innovation and R&D. To this end, we have identified a number of complementary actions which we will seek to pursue over the medium to longer term as we build a more knowledge based NI economy. These include:

- exploring how the NI Science Park can further evolve into an Open Innovation Centre that could create the environment where partnerships and collaboration can flourish across sectors;
- progressing the alignment of publically funded research with our economic priorities in order to increase the potential for greater knowledge transfer between business and academia;
- examining ways to increase the rate of commercialisation of publically funded research and public sector Intellectual Property;
- fostering the degree of innovation through increased use of innovative forms of public procurement;
- enhancing the support to companies and research organisations who wish to participate in EU R&D and Innovation funding programmes such as Framework 7 and its proposed successor Horizon 2020;

ECONOMIC STRATEGY

- working to identify areas where there can be greater collaboration between the health sector and business in order to improve patient care and develop economic development opportunities; and
- examining the need for the establishment of an Innovation Council to ensure that, at the highest level, the Executive, Academia and Business work together to further embed innovation across the NI economy.

5.18 The Strategy for Innovation, R&D & Creativity will outline in greater detail the actions we are undertaking, both for the current budget period and also over the medium to longer term.

IMPROVING EMPLOYABILITY AND THE LEVEL, RELEVANCE AND USE OF SKILLS

5.19 The most important asset for the NI economy remains our people. As we work to progress the skills priority, we recognise there are various dimensions that need to be pursued in tandem. For example, we need to develop further our understanding of the changing demand for skills and ensure that our skills system can respond to that demand. In doing so, we recognise that a flexible and responsive skills system acts as an increasingly important influence on decisions by firms about where to locate and how much to invest.

5.20 To enhance employment and productivity, we need to develop skills at all levels in NI, including employability and essential skills, to ensure that people can progress up the skills ladder. Raising the skill levels for the least skilled has been shown to help them move into employment and also progress within the work place. Investment in Science, Technology, Engineering and Maths (STEM) skills; improved management & leadership; and, sales & marketing skills will also form a critical foundation for economic growth.

5.21 At the school level, we need to deliver a renewed focus on raising standards in literacy, numeracy and ICT capabilities. We also need to develop pupils' wider interpersonal and problem solving skills to equip them for the workplace. At the post-primary level, we need to ensure that all our young people have access to a broader and better range of academic and applied courses that meet their needs and aspirations, and lead to clear progression routes in educational achievement.

5.22 We also recognise the critical importance of good health at an early age in enhancing cognitive functions and in reducing school absenteeism and early drop-out rates. This enables higher educational attainment, a more fulfilling life for the individual and a greater contribution to the local economy.

Progress to Date

5.23 We have made good progress in improving employability and the level / utilisation of skills within the NI economy. For example:

- since April 2008, the number of adult learners achieving a qualification in literacy, numeracy and ICT skills has increased by over 80,000;
- in the three years to March 2011, the Employment Service helped almost 97,000 people find work;
- the numbers of working age that are qualified to levels 2, 3, 4 and above has increased by 51,000 since 2008 improving the NI skills profile;
- we are on target to have created an additional 300 PhD graduates in economically relevant subjects by July 2013;
- we have helped leverage over £160m of skills investment within export focused companies, including investment in management and leadership of some 800 companies and over 3,000 individuals;
- we have delivered the 'Made not Born' events throughout NI to promote the importance of management and leadership in business;
- we have worked to strengthen the rural workforce by securing over 1,600 FE & HE enrolments in programmes offered by the College of Agriculture, Food and Rural Enterprise (CAFRE), as well as delivering industry training programmes to over 10,000 participants per annum;
- we have introduced a school improvement policy (Every School a Good School), a new Literacy and Numeracy Strategy (Count, Read, Succeed) and a revised curriculum, all aimed at improving literacy, numeracy and ICT skills; and
- we worked with the ICT, Tourism and Financial Services sectors to put in place Future Skills Action Plans to address specific skills issues within each of these sectors.

5.24 We have made good progress on educational attainment. Between 2006 and 2010, the proportion of school leavers achieving at least 5 GCSEs A*-C including GCSE English and Maths has increased by 6.4 percentage points from 52.6% to 59.0%, and the proportion of school leavers achieving 3 or more A Levels at grades A*-E has increased by 11 percentage points from 39.8% to 50.8%.

Challenges that Remain

5.25 The accompanying economic analysis outlines a range of significant challenges that remain. For example, many of the countries identified in our review of global best practice have skills profiles that are much stronger than in NI. While, a recent OECD assessment¹⁶ showed that our young people performed significantly above the

¹⁶ The Programme for International Student Assessment (PISA), OECD 2009

ECONOMIC STRATEGY

OECD average in science and in line with OECD averages in reading and maths, several countries (including Finland, New Zealand, Australia, Singapore and Canada) significantly outperformed NI pupils in these disciplines.

- 5.26 There is a clear need to continue increasing the attainment of those entering the NI labour market and, since over 60% of the 2030 workforce has already completed compulsory education, we also need to up-skill those that are already of working age. Recent research has shown that the skill requirements of jobs in NI will change over the next decade. Over half will require higher level professional and technical skills and HE level qualifications (up from around one third currently) and the number of jobs requiring low level qualifications will subside significantly¹⁷.
- 5.27 There are also pressing issues relating to economic inactivity, with NI continuing to have the highest levels in the UK, with around 40% of the inactive having no qualifications. It is recognised that many of those who are economically inactive face significant barriers to employment, including skills and accessibility issues. These barriers must be overcome so that all sections of our community are able to benefit from growing economic prosperity.
- 5.28 There are similar challenges as we work on the relevance and utilisation of skills within the NI economy. Just over a fifth of recent graduates in employment in NI were shown to be working in what could be regarded as non-graduate jobs¹⁸. In addition, there is evidence that around one quarter of new NI domiciled graduates live, work and / or study outside the region. Some of this can be attributed to the labour market impact of the economic downturn, but graduate underutilisation has been a longer term phenomenon.
- 5.29 We therefore need to ensure our skills resource is deployed more fully in this regard. Employers have a significant role to play, particularly in terms of developing management and leadership practices and skills. Recent research indicates that management and leadership practices in NI are below Italy, GB and Poland¹⁹. The challenge will be to encourage companies and individuals to strengthen their management capabilities to improve skills utilisation, productivity, growth and competitiveness. We must also work to develop sales & marketing professionals, alongside foreign language skills, if NI companies are to compete successfully in global markets.
- 5.30 In relation to tuition fees, maintaining the current balance between public funding and user contribution reflects the Executive's priority to grow the local economy through maximising participation in higher education. Our policy in this area also

¹⁷ Forecasting Future Skill Needs in Northern Ireland (DEL, 2009)

¹⁸ Higher Education Statistics Agency (HESA)

¹⁹ Management Matters (2011)

recognises the critical role that local Universities play in producing graduates to meet existing and new economic opportunities.

5.31 It is recognised that healthier people are more productive and securing good health and well-being can also lead to wider benefits for society as a whole. That is why we are working to implement health strategies which will enhance people's opportunities to secure employment and make a positive contribution to the economy.

Related Strategies

5.32 There are a number of strategies and action plans that outline the sustained emphasis we place on improving employability and the level, relevance and utilisation of skills. They include:

- The NI Skills Strategy – Success through Skills – Transforming Futures remains the key document in driving forward the skills agenda in NI;
- Component strategies include Preparing for Success which outlines the actions being taken to improve the provision of careers education, information and advice;
- Success through STEM outlines how STEM skills will be increased in line with demand;
- 'Working for Success' (the forthcoming Employment Service Strategy) will seek to help people into employment and assist employers fill vacancies;
- Leading to Success – the Management and Leadership Strategy;
- FE Means Business – the Further Education Strategy for NI;
- The emerging HE Strategy which will outline how Higher Education can contribute to the strengthening of NI's position as an outward-looking innovative economy;
- Pathways to Success – the Executive is bringing forward a Strategy to address the issue of those young people not in Education, Employment or Training (NEETs); and
- The school improvement policy (Every School a Good School), Literacy and Numeracy Strategy (Count, Read, Succeed), the Entitlement Framework and a revised curriculum will continue to ensure a focus on raising literacy and numeracy standards in schools and the availability of a wider range of applied and academic courses to assist progression in educational attainment.

Skills: Key Actions

5.33 Despite the progress to date, it is evident that key challenges remain. More must be done to better anticipate and deliver the strategic skills and employability requirements and to respond to future economic challenges and opportunities. We

ECONOMIC STRATEGY

also need to continue encouraging employers to engage fully in the skills agenda so they can see the merits of raising the skill levels of their employees and utilise those skills effectively. This approach will help employers to capture gains in productivity and competitiveness. Action in these areas will remain important as we move beyond the current budget period.

5.34 We have outlined in the summary box a list of the **key** actions we are undertaking to progress the skills priority. In recognising that a sustained policy focus on skills and employability is critical to long term economic success, we will continue to prioritise

In working to **rebalance** the NI economy, and improve the employability and the level, relevance and use of skills, **we will:**

- Maintain HE tuition fees for local students studying here at current levels subject only to inflationary uplifts, while providing additional student places in areas of economic relevance
- Deliver 210,000 qualifications at Levels 2, 3, 4 and above through Higher Education, Further Education, Essential Skills and Training encouraging people to move up the skills ladder
- Secure over £110m of investment in skills from companies
- Increase skills in subject areas important to the NI economy such as STEM (implement the actions within the STEM Strategy) and sales & marketing.
- Improve support to companies and increase the number of people gaining skills in management and leadership
- Introduce by summer 2012 a framework that assists companies and individuals to identify their key management development needs
- Introduce a single point of contact for employers so that they can identify and access the relevant support
- Increase the number of people graduating with Foundation Degrees
- Continue to invest £18m per annum in education, knowledge and technology transfer in the land based food and rural sectors
- Increase the number of people completing qualifications/attaining skills as they move from benefits into employment
- Work across departments to tackle the increasing issue of those Not in Employment, Education and Training (NEETs)
- Work with Belfast and Derry City Councils and other stakeholders to develop strategic employment strategies for each city
- Work with employers in the priority sectors, and with education and training stakeholders, to address current and future skills issues (including the ongoing work with the ICT sector)

activity in this area over the medium to longer term with a view to improving the skills profile of the work force at all levels. In particular, we will ensure a larger proportion of school leavers have the literacy and numeracy skills required to contribute effectively to economic growth in NI. Our ambition is to close the skills gap with the top performing countries and regions across the globe.

5.35 Building on what has already been achieved, alongside the investments we are committed to deliver over the immediate budget period, we will also seek to develop additional initiatives which will:

- maintain our strategic focus on improving the international standing of the NI skills profile by moving people up the skills ladder and enhancing STEM, management and leadership, employability and the essential skills of literacy, numeracy and ICT;
- through the Assured Skills programme, support FDI and the expansion of existing businesses by assuring companies that the skills they require will be available;
- develop further our understanding of the changing demand for skills and ensure that the skills system can respond to that demand with speed and flexibility;
- contribute to the delivery of the European Union's 2020 strategy for smart sustainable and inclusive growth by developing a European Social Fund (ESF) 2014-2020 programme aimed at enhancing employability and increasing the overall employment rate, in particular for those groups at a disadvantage in the labour market;
- drawing from the experience of other countries, we will work with employers to help them maximise the utilisation of skills within their existing workforce and so improve competitiveness;
- help prepare our young people for the future world of work by ensuring that materials and teaching resources have a much greater focus on the NI business and science base;
- examine ways of encouraging employers to offer appropriate work placements and scholarships particularly in STEM subjects;
- as the economy grows, encourage skilled people (including those non domiciled in NI) to consider NI as a place to live and work;
- promote early resolution of workplace disputes as an alternative to formal litigation through employment tribunals;
- ensure our health strategies and actions (including the new Public Health Strategy) contribute to developing and supporting a healthy and productive workforce; and
- ensure we equip those detached from the labour market with the necessary skills required to fully engage with the world of work.

ENCOURAGING BUSINESS GROWTH

- 5.36 In order to secure our vision for the economy, it is vital that we grow the private sector and make it easier to do business in NI. This theme covers initiatives which will benefit businesses across all sectors of the economy, including the steps being taken to improve access to finance, the planning system and business regulation.
- 5.37 This priority includes initiatives aimed at promoting enterprise and business start-ups. It also covers actions aimed at exploiting market opportunities in emerging sectors, including the low carbon / green economy, in order to meet the key global challenges such as climate change and waste management.
- 5.38 We also recognise that there are unique challenges faced by businesses operating in specific sectors. This priority therefore includes actions aimed at promoting the social economy, tourism and initiatives designed to contribute to the development of competitive and sustainable rural businesses.

Progress to Date

- 5.39 The importance of this priority is shown by the substantial investment delivered in recent years. For example, this includes:
- securing £1.2bn investment commitments by both foreign and locally owned businesses, which helped lever approximately £345m in annual salaries over the last PfG period;
 - supporting almost 8,000 new business starts and 600 companies were assisted to take their first steps in exporting;
 - implementing a £100m package of measures under the Rural Development Programme to improve economic opportunities and the quality of life in rural areas;
 - implementing a £49m package of support for investments in skills and capital equipment to enhance the competitiveness of the agri-food sector under the Rural Development Programme;
 - exploiting the opportunities associated with the development of the sustainable energy sector through capital investment, information provision, skills development and research;
 - developing – in association with companies – world class research capabilities within our Universities in areas such as marine energy, solar, clean energies, bioenergy, turbines and environmental technology;
 - building the capacity of local businesses to sustain new technologies through the Further Education's Carbon Zero initiative;

- supporting 90 projects (including the Signature Project schemes), of over £160m to stimulate tourism revenue and visitor numbers;
- supporting new social economy businesses with the potential to grow, helping them to build the skills and capabilities to make an impact on the local economy;
- increasing the speed and predictability of decision making on planning applications, particularly on regionally significant projects;
- working to improve the overall regulatory environment in NI; and
- Executive Ministers meeting with local banks to stress the importance of bank lending on a competitive basis to SMEs, including the launch of an independent appeals process for those who feel they have been unfairly denied credit.

5.40 These efforts have laid the foundations for encouraging business growth in NI but we recognise that there is further work to do.

Challenges that Remain

- 5.41 As the accompanying analysis has shown, NI has proportionally the fewest business start-ups (but the highest survival rates) of all the UK regions. This indicates the lack of competition in the local business base; an issue which has been a longstanding concern.
- 5.42 The IREP report also identified that while industrial support had helped enhance the growth of small businesses, especially within manufacturing, NI had not been able to sufficiently create many exceptional 'high-flying' companies.
- 5.43 As outlined in Section 2, access to finance remains a key issue for business growth across the UK, but especially within NI. For example, our local banking sector is in a unique position in that it lacks a major indigenously owned institution with each of our four main high street banks being externally owned. This can mean that UK initiatives to increase access to finance may be less effective in NI. Also, relative to the UK average, we have a higher proportion of SMEs who, due to their size, tend to be more reliant on bank lending as a source of finance.
- 5.44 In addition, as with many other UK regions, NI has suffered from a lack of venture capital and debt finance markets. This can be attributed to a number of factors, including the relatively small size of the region, a historically conservative approach to business growth, reluctance by some business owners to sacrifice equity and the relatively modest size of potential deals.
- 5.45 We have ensured that over 85% of businesses across NI have access to broadband services of up to 40Mbps and we invested in a number of small localised networks

ECONOMIC STRATEGY

offering fixed wireless broadband services. However, we recognise that with three quarters of NI's 69,000 VAT/PAYE registered businesses located in rural areas, there is a particular need to improve access to and speed of broadband in those rural areas that remain un-served by our previous investments. In addition, it is also necessary for us to address rural transport needs. These and other related issues such as the changes to Regional Aid present an enormous challenge as we endeavour to stimulate a pro-business environment within NI.

Related Strategies

5.46 Given the importance of this area to the overall strategy, the Executive, through DETI and Invest NI, is working to develop an accompanying Enterprise Strategy. Work is already underway and we have begun discussions with local Councils and other stakeholders with an aim to publishing later in 2012.

5.47 Within the various areas covered under this priority, there are a number of related strategies which include:

- Invest NI's Access to Finance strategy makes available over £100m of equity and debt funding, financed from a combination of government and private sector sources, to help many of our innovative and high growth potential companies secure the necessary funding streams;
- The Executive's Rural White Paper aims to provide a strategic framework for rural policy, in particular to provide rural businesses with appropriate support and maximise the employment opportunities for rural dwellers;
- The Executive's Strategic Energy Framework identifies a number of key challenges such as fuel diversity, cost and security of supply for power generation and the need to reduce emissions, which points to the need for further development of the Green Economy;
- The Social Economy Enterprise Strategy set out a range of areas for action which supported the growth of the sector;
- The NI Better Regulation Strategy sets out the key strategic actions for regulatory reform. In addition, there are key regulatory reform initiatives being taken forward by DARD to reduce the regulatory burden on the agri-food sector; DOE in developing an environmental better regulation white paper; and DEL in undertaking a review of employment law; and
- Development of a range of priorities for the tourism sector which will provide the policy direction for the sector to 2020 and include a series of ambitious targets to increase the contribution of the sector to the NI Economy.

Business Growth: Key Actions

5.48 In recognition of the progress to date and the challenges that remain, we have outlined in the summary box a list of the **key** actions we are undertaking to progress this priority. The forthcoming Strategy for this priority will also provide greater detail on the actions we are undertaking, both for the current budget period and also over the longer term.

In working to **rebalance** the NI economy, and encouraging business growth, **we will:**

- Promote 6,300 jobs in locally owned companies, with 50% paying salaries above the NI private sector median
- Support £400m of investment in locally owned businesses
- Promote 6,500 jobs in new start-up businesses
- Enable 300 SMEs to access funding through INI's Access to Finance Strategy – to include a £50m loan fund for SMEs
- Support 160 Social Economy start ups
- Invest in social enterprise growth to increase sustainability in the voluntary and community sector
- Work to ensure that NI achieves the best possible outcome in relation to Regional Aid ceilings and coverage post 2013
- Support the implementation of the 'One Plan' in the regeneration of the North-West
- Maximise expenditure under the existing EU Sustainable Competitiveness Programme and prepare for future EU funding
- Encourage rural businesses through diversification into non-agricultural activities, by supporting 1,200 micro-enterprises
- Encourage and develop the green economy and develop the sustainable energy sector
- Deliver faster and more predictable processing of planning applications and achieve new, more stretching performance targets
- Improve the regulatory environment of NI through the NI Better Regulation Forward Work Programme and key strategic reform initiatives in DARD, DEL and DOE
- Deliver key tourism events for 2012 & 2013, to help increase visitor numbers to 4.2m and revenue to £676m by end of 2014
- Successfully conclude on the negotiations with the UK Government to secure the power to vary the rate of corporation tax in a timely and affordable manner

ECONOMIC STRATEGY

- 5.49 As we seek to position NI as one of the best regions in Europe to start and grow a business, we accept the need for sustained action and reform to create the conditions that will allow businesses across the whole economy to flourish. We also recognise the need to tackle particular barriers to growth in specific sectors.
- 5.50 We will build on existing initiatives that seek to ensure NI businesses, at all levels of development, have the finance necessary to support their growth ambitions. We will also work to further improve the regulatory environment, including taking forward a review to ensure an effective employment law framework which will stimulate business confidence while maintaining the rights of individual employees. This will build on the ongoing work to develop employment relations best practice.
- 5.51 As with the other economic priorities, the actions we will take under this theme will contribute to greater export-led economic growth and strengthen the relative competitiveness of the NI economy. As we move beyond the immediate budget period we will:
- continue to support local businesses to develop linkages with globally competitive companies and research organisations;
 - further develop the Venture Capital (VC) market in NI, by developing ways of increasing the level of investments from externally based VC companies into NI companies;
 - develop a 2014-2020 Rural Development Programme (co-financed from the EU) that supports economic growth in NI through measures addressing innovation, knowledge transfer, improved competitiveness and job creation in rural areas; and
 - support the tourism sector, focusing investment on strategically significant areas including developing the capability of the industry and the quality of the visitor experience and delivering sustained marketing programmes to priority customers.

COMPETING IN THE GLOBAL ECONOMY

- 5.52 We need to compete more effectively within the global economy. This means attracting and embedding greater levels and higher quality inward investment into NI and also extending the vision of many of our local companies to expand their operations globally, including on a North-South and East-West basis.
- 5.53 We also need to ensure our workforce has the necessary skills to facilitate international trade, and this includes developing our multi-lingual skills and improving the professional sales and marketing abilities in an international context. It includes approaches which will ensure a flexible and timely response to deliver the skills base required by inward investors and expanding locally based companies.

Progress to Date

- 5.54 We have made significant progress in this priority and we remain an attractive region for business investment. For example, we have been able to secure significant first time investments and business expansion projects from companies such as Bombardier, Almac, Seagate, NYSE, Allstate, Caterpillar and Citi.
- 5.55 The increasing speed and flexibility with which we are meeting company skill requirements is becoming a particularly strong and unique selling point for NI. This is also something we will enhance further through investment in the Assured Skills programme.
- 5.56 Despite the downturn in the global economy, we have been able to secure some notable successes over the previous PfG period:
- promoting over 7,500 new FDI jobs, with over 40% providing salaries 25% above the NI private sector average;
 - securing 7% of FDI attracted to the UK, well in excess of our economy share (2.5%);
 - establishing Belfast as an internationally recognised city for financial services technologies;
 - supporting over 700 firms to enter export markets for the first time and over 1,500 companies diversifying into new markets;
 - providing specific programmes aimed at company directors' export leadership skills;
 - deploying an Assured Skills programme to ensure the delivery of a range of interventions that guarantee potential inward investment companies, or existing companies wishing to expand, that we are able to meet future skills and training needs (supporting the training of 400 newly recruited staff at a cost of just over £1m);
 - providing companies (particularly SMEs) with skills expertise and, if necessary, bespoke training through a specialised team of skills advisers; and
 - supporting ambitious businesses in exploiting trade opportunities in various emerging markets.

Challenges that Remain

- 5.57 With reduced public expenditure, due to the UK Government's deficit reduction plans, and declining consumer expenditure, the onus for economic growth remains on company investment, especially to increase exports. As we later outline, this is an important consideration in devolving the power to vary corporation tax to the NI Executive / Assembly. This is because the evidence outlined in Section 3 and

ECONOMIC STRATEGY

elsewhere highlights that corporation tax remains a key tool to attract value-added FDI, which typically is export-intensive.

5.58 This Economic Strategy prioritises export-led economic growth and we need to be clear on the scale of the challenge ahead. For example:

- Countries such as Belgium (with exports of goods and services comprising 80% of GDP in 2010), Singapore (211%²⁰), the RoI (99%), Switzerland (54%) and Finland (40%) have achieved high living standards and productivity by focusing on external economies in the absence of a large domestic market;
- comparable export data is not available for NI, but exports of goods (at 19% of GVA) are broadly the same as the UK average. The overall export performance of the UK (at 29% of GDP) is significantly below other successful economies, which indicates that NI also lags well behind these export-focused countries;
- over two-thirds of manufacturing sales made outside NI were destined for either GB or the RoI. NI clearly needs to diversify its export base;
- many NI companies with an exportable product or service are reluctant to take the first step; and
- any further reductions in Regional Aid would limit the ability of the Executive to attract mobile investment projects.

Related Strategies

5.59 The Enterprise Strategy currently being developed to encourage business growth will also cover initiatives to strengthen our capacity to compete globally.

5.60 Within the various areas covered under this priority, there are a number of related strategies and they include:

- Invest NI's Trade Strategy seeks to increase the number of exporters and encourage those already exporting to diversify into new markets; and
- Focus on Food – A Partnership Strategy for the Food industry to help drive growth and greater internationalisation through innovation, supply chain management, improvements in market understanding, capability development and sustainable waste and energy management.

Competing Globally: Key Actions

5.61 We are working through a much wider business base to encourage NI companies to become more integrated into the global economy. In order to achieve this, we will:

²⁰ Exports exceeding GDP indicates that multi-national firms are exporting goods not produced in the source country

- increase the volume of exports from NI-based enterprises, and raise the number of companies exporting by providing market development and capability support to help companies enter and succeed in their chosen markets;
- create the necessary conditions, including further development of a flexible and responsive skills system, to increase the level and quality of international investment entering NI; and
- develop supporting supply chains around key anchor companies (whether indigenous or internationally owned) which embed economic activity within NI.

5.62 We have outlined in the summary box a list of the **key** actions we are undertaking to deepen and diversify the export base in NI, particularly in terms of targeting trade opportunities in the emerging markets.

5.63 The supporting Enterprise Strategy will also outline in greater detail the actions we are undertaking, both for the current budget period and also over the longer term. Our investments in this budget period are aimed at ensuring that we place the NI economy on a higher growth path over the medium to longer term and it is vital that we maintain this focus throughout the lifetime of this strategy.

In working to **rebalance** the NI economy, and improve NI's ability to compete globally, **we will**

- Promote 5,900 jobs from inward investors with 75% paying salaries above the NI Private Sector average
- Allocate £3m per annum for the Assured Skills programme to help attract and embed FDI and meet the skills needs of indigenous companies creating new employment
- Secure total investment of £375m by establishing and growing externally owned companies
- Encourage first time exporters by promoting 60 start ups selling outside UK markets
- Promote 440 new start ups selling to GB
- Increase the value of manufacturing exports by 20% and the value of manufacturing exports to the emerging economies by 60% by 2014/15
- Develop an agri-food strategy and action plan to drive export led growth in the sector to 2020
- Develop direct air links with international long haul markets by eliminating Air Passenger Duty on direct long haul flights departing from NI
- Explore the market opportunities for export growth in fast growing developing economies
- Successfully conclude on the negotiations with the UK Government to secure the power to vary the rate of corporation tax in a timely and affordable manner

ECONOMIC STRATEGY

5.64 Therefore, as we seek to further improve the attractiveness of NI as an inward investment location and encourage companies based here to become more focused on external markets, we will:

- further hone the focus of our FDI effort to target investment aligned to global market opportunities and our research strengthens as identified by MATRIX and our ongoing foresight work;
- improve our support to assist local companies compete internationally by forging strategic partnerships/relationships with specified regions in fast growing emerging economies, where there are alignments with NI research capabilities and global market opportunities;
- work in collaboration with partners (local government and business organisations) to develop and deliver a full range of support, and remove unnecessary duplication, for companies throughout the export lifecycle covering those who are already competing in international markets to those considering exporting for the first time;
- support the development of local export-focused clusters targeting niche global markets; and
- work with the UK Government to devolve corporation tax varying powers in a timely and affordable manner (as outlined later).

DEVELOPING ECONOMIC INFRASTRUCTURE

5.65 We need a modern and sustainable economic infrastructure to support economic growth and help realise our 2030 vision for the economy. Investment in areas such as transport, energy, telecommunications, water and sewerage, tourism and cultural venues have all become important factors within developed economies.

5.66 The positive relationship between a modern and sustainable economic infrastructure and economic growth has been well established²¹. The quality of the business environment, including transport infrastructure, has been identified as a significant factor alongside issues such as access to markets, labour supply and business accommodation²², all of which impact on the ability of locations to attract, develop and retain competitive businesses. We also recognise that it is the major urban centres which provide the catalyst for growth in NI and a modern infrastructure is necessary to ensure that the benefits of economic growth are accessible to all.

21. Balázs Égert, Tomasz Kozluk and Douglas Sutherland, Infrastructure and Growth: Empirical Evidence, OECD Economics Department Working Papers, No. 685, OECD Publishing, Paris, 2009

22. McQuaid et al, The Importance of Transport in Business' Location Decisions, DfT, London, January 2004

5.67 We previously illustrated that a skilled workforce, over-and-above natural resources, are vital for business success. Therefore, the ability to attract and retain a highly qualified workforce from an increasingly mobile pool has led to increased importance being attached to quality of life issues in business location decisions²³.

5.68 In light of the above, this priority covers initiatives aimed at improving transport, energy, communications and water and sewerage infrastructure, as well as our tourism and cultural products. It includes urban and town centre regeneration initiatives which provide the infrastructure to stimulate private sector investment. In particular, it recognises the importance of Belfast and Derry/Londonderry as important drivers of regional economic growth. This priority is also about ensuring improved linkages within NI, as well as improved connectivity, including on a North-South and East-West basis.

5.69 We also recognise the important role that capital expenditure by the public sector plays in supporting the construction sector. For example, some 80% of DHSSPS capital funding is directed towards construction and this plays an important role in underpinning the sector during the current downturn.

Progress to Date

5.70 The Executive continues to invest in the economic infrastructure of NI, and aspects of our existing infrastructure are justifiably recognised as world class. For example:

- Since 2002, we have delivered, to date, over £3.2bn in transport investment, resulting in significant improvements to regional and local transport linkages;
- the €30m Project Kelvin initiative has delivered direct international connectivity to North America, improved connectivity with mainland Europe and enhanced cross-border telecommunications with the RoI;
- the quality of our internal connectivity has been lifted significantly with almost £51m investment in fibre to cabinet technology, making available broadband services of up to 40Mbps to at least 85% of the business community across NI;
- we have invested in our health infrastructure, including the new South West Hospital at Enniskillen; the Critical Care Unit at the Royal Victoria Hospital; the Neurology Unit, Musgrave; the Mental Health Unit, Gransha; and the Sexual Assault and Referral Centre at Antrim Hospital;
- during the period 2008-2011, we have invested £67m in our Higher Education infrastructure;
- we have invested in the IT infrastructure in the higher and further education institutions to allow an integrated download connectivity of 1GB across all campuses;

23 Salvesen and Renski, The Importance of Quality of Life in the Location Decisions of New Economy Firms, Centre for Urban and Regional Studies, University of North Carolina, January 2003

ECONOMIC STRATEGY

- the creation of the Single Electricity Market (SEM), which began cross-border trading in wholesale electricity in November 2007 is already promoting greater competition, enhancing security and diversity of supply and bringing efficiencies through economies of scale;
- we have invested in various water and sewerage projects, with £1bn capital investment up to 2010 and a further £488m planned up to 2013;
- we have invested £42m to help councils divert waste from landfill through reuse and recycling. NI is now recycling an extra 9,939 tonnes of household waste every year;
- we have legislated to reform the planning system and consulted on a new framework for local government in which planning and other powers will be devolved to councils;
- through our Local Air Quality Grant Scheme, we have granted £1.7m to Councils;
- by 2012 almost £300m will have been invested in our tourism infrastructure; and
- we have invested in our clinical research infrastructure to enable the undertaking of research and clinical trials by locally-based investigators which supports inward investment across a range of disciplines.

Challenges that Remain

- 5.71 Notwithstanding the progress to date, much remains to be achieved, particularly in terms of prioritising investment in our 'economic' infrastructure. This was a key finding from the Independent Review of Economic Policy (IREP), which highlighted that investment in infrastructure tended to have a greater focus on education and health, although they recognised the increases in the 'productive' sector (see paragraph 5.74 for definition).
- 5.72 The tighter public expenditure environment is presenting challenges for all public services, but particularly for capital investment. In the 2010 Spending Review, the NI Executive's resource Departmental Expenditure Limit (DEL) budget is forecast to rise by 1% (between 2010/11 and 2014/15), whereas the capital DEL budget is planned to fall by over 34%. This pressure, alongside rising inflation, has meant that we have had to delay certain capital investment projects.
- 5.73 There is also the challenge of balancing the needs of the economy with the environment. For example, in acknowledging the benefits of an improved transport infrastructure, we recognise that road transport is now the single largest source of emissions, accounting for 32% of all CO₂ emissions in NI. However, meeting the future needs of the economy and facilitating higher levels of economic growth, particularly in export orientated sectors, will necessitate increased capacity on the transportation network across NI and improved connectivity. While this requires continued investment to improve our infrastructure, we can also dramatically

increase capacity by using the infrastructure in a smarter way, improving our competitiveness and reducing the environmental impact of transport.

5.74 NI has also low levels of electricity generated from renewable sources, with gas, coal and oil accounting for 90% of power generation. This leaves the region vulnerable to fluctuations in both supply and pricing, and it also presents important environmental considerations.

Related Strategies

5.75 The overarching policy document for this economic priority remains the Investment Strategy for NI (ISNI). This sets out the investment programme of over £5 bn that will be injected into the local economy over the current Programme for Government period and which directly assists the construction and related sectors of our economy. The Investment Strategy identifies the priority areas for investment. They are:

- **Networks:** Roads, Public Transport, Gateways, Telecoms & Energy;
- **Skills:** Schools, FE & HE, Youth Services, Libraries;
- **Health:** Primary Care, Public Safety & Technology, Hospitals, Fire & Rescue, Modernisation;
- **Social:** Regeneration, Social Housing, , Culture, Arts, Sports & Inland Waterways;
- **Environment:** Water & Waste Water, Waste Management, Flood Risk Management, Climate Change;
- **Productive:** Enterprise & Innovation, Tourism, Rural Development & Primary Industries, Public Sector Reform; and
- **Justice:** Police, Prison, Forensic Services.

5.76 In addition to ISNI, DRD's Regional Development Strategy sets out how future growth is to be focused on the urban areas of Belfast and Derry/Londonderry, supported by key centres across NI with an emphasis on co-operation between places rather than competition. This is consistent with the IREP report which outlined the need to identify major (urban) centres as catalysts for growth across the region, while ensuring strong linkages between where firms are best located and where workers wish to live.

5.77 Our Marine Bill provides for a marine spatial planning system, with our first marine plan due in 2014. This will increase competitiveness and benefit all users of our seas by providing a mechanism for balancing competing priorities. The marine plan will provide greater certainty as to what uses (eg renewable energy) are likely to be acceptable and where.

ECONOMIC STRATEGY

- 5.78 In light of the changing context, and taking account of recent trends in transport, DRD are proposing a new approach to regional transportation. This new approach seeks to build on what has been achieved to date and suggests a better way of prioritising strategic transportation interventions. It provides for a refocusing of transport policy that concentrates on moving people and goods rather than vehicles, with a complementary focus on better maintaining our existing infrastructure and using it in a smarter way.
- 5.79 Through the Telecommunications Action Plan for NI we will seek to build upon our early mover status as one of the first regions of the UK to deliver extensive next generation broadband rollout. To ensure our competitive advantage in this area is not eroded, we will continue to work with the telecommunications industry to explore options which build on previous investments that have delivered an extensive fibre-access platform, which is important to delivering next generation services across all of NI.
- 5.80 We have already secured funding under the UK Government's Broadband Delivery UK (BDUK) strategy which will ensure that all premises in NI will be able to access a service of at least 2Mbps. In addition, we are working to determine how best we can rollout the next generation of services involving the upgrade of mobile networks to improve 3G coverage and to support delivery of 4G services from 2013 onwards.
- 5.81 The NI economy faces a major energy challenge over the next decade and needs to overhaul the energy infrastructure to ensure it will be fit for purpose through to 2050 and beyond. Our Strategic Energy Framework outlines the direction for NI energy policy over the next ten years, and sets out four key energy goals of:
- Building competitive markets;
 - Ensuring security of supply;
 - Enhancing sustainability; and
 - Developing our energy infrastructure.
- 5.82 The SEF also sets new and ambitious renewable energy targets for 2020, while also recognising this brings significant implications for investment in new energy infrastructure.
- 5.83 We have set a collective goal for the tourism sector 'to double the income we earn from tourism by 2020'. We recognise the ambitious nature of this goal and there is a continued need for public investment in many areas, and across a range of partners, to deliver a distinctive world class tourism product throughout NI.

- 5.84 In recognising the role of urban and town centre regeneration initiatives to overall economic growth, DSD's draft framework for Urban Regeneration and Community Development aims to boost the economy and tackle disadvantage through the creation of confident, competitive and connected communities. In addition, DOE's new approach to urban planning and design will help revitalise urban centres, making them more attractive places to live, work and invest.
- 5.85 In terms of planning and regeneration, our Councils will lead a community planning process and work with a range of agencies and interests to develop and implement a shared vision for promoting the well-being of their area. They will create spatial Local Development Plans, providing a realistic vision of how their areas should change and what they should be like in the future. They will also manage most development in their areas and enforce planning decisions which will help place a sharper focus on local economic development.

Developing Economic Infrastructure: Key Actions

- 5.86 In recognising the challenges and opportunities presented by investment in our economic infrastructure, the summary box outlines some of the **key** actions we are undertaking to progress this priority.

In working to **rebalance** the NI economy, and develop our economic infrastructure, **we will:**

- Maintain, manage and improve the road network with an aim of reducing journey times on key transport corridors by 2.5% compared with 2003 by 2015
- Spend over £500m on a programme of measures to secure more sustainable modes of travel and achieve an annual average of 77m passenger journeys by public transport
- Improve the strategic transport network by the advancement and completion of a range of major works projects, such as sections of the A5 & A8 and upgrade of the Coleraine to Derry/Londonderry railway line
- Maintain a high quality of drinking water and improve compliance with waste water standards by investing over £600m in water and sewerage infrastructure
- Deliver the objectives of the Strategic Energy Framework
- Ensure that all premises in NI have access to broadband services of at least 2 mbps; increase 3G mobile coverage and optimise mobile networks for delivery of superfast mobile broadband services (4G) and increase access to high-speed telecoms services
- Develop an holistic approach to urban planning which fosters vitality, viability and excellence in urban design, making our towns and cities better places to live, work and invest

ECONOMIC STRATEGY

- Create sustainable, welcoming and accessible urban centres by having up to date masterplans for each city & town in NI
- Complete key Tourism Signature Projects and exploit the 2012 and 2013 tourism opportunities for NI
- Develop Regional Sports Stadiums by 2015 as agreed with the IFA, GAA and Ulster Rugby
- Devolve to councils responsibility for creating spatial Local Development Plans to manage most development within their areas
- Increase certainty for investors in the marine area by developing a marine spatial plan and further streamlining certain energy licences
- Provide new opportunities for sustainable economic development in our most scenic areas by legislating for the designation of National Parks
- Legislate to modernise the planning system, resulting in faster decisions on planning applications, faster and fairer appeals, and stronger and simpler enforcement and a new duty to further sustainable development and well being
- Maintain and improve the Health and Education Estate infrastructure

5.87 By its nature, the planning and delivery of infrastructure investment takes place over the medium to longer term. We also recognise the need to manage our investments without negatively impacting on the environment and quality of life.

5.88 Building on what we have delivered to date, we will seek to:

- ensure that spatial Local Development Plans are developed and implement our reformed, plan-led development management system;
- implement our marine spatial plan;
- invest to improve our transport infrastructure, and do so in a smarter and more sustainable way;
- overhaul our energy infrastructure to ensure it will be fit for purpose through to 2050. This will include long term investment in the electricity grid, exploring prospects for further development of the natural gas network, encouraging proposals aimed at increasing the security of our energy supply and underscoring our commitment to further integration of EU gas and electricity markets;
- continue to make targeted interventions in telecommunications infrastructure to ensure that we keep ahead of our competitors;
- continue to explore options for further investment in our tourist / cultural amenities, including a fully integrated conference & exhibition facility, development of a new links golf course, upgrading our museums and cultural assets and creating efficient visitor friendly gateways; and
- continue to undertake Urban Regeneration Schemes in areas experiencing dereliction and neglect and redevelop underused sites.

CORPORATION TAX

- 5.89 In conjunction with the commitments already outlined, we believe that securing the ability to vary (and significantly lower) the rate of corporation tax would also enable us to rebalance the NI economy toward greater private sector and value added growth.
- 5.90 In working to secure this lever in a timely and affordable manner, it is clear that this would represent an unprecedented investment in our private sector. As key agents in economic growth, the companies in receipt of such support must ensure that they make the corresponding investments in jobs, skills, innovation and other areas in order to further strengthen their economic competitiveness.
- 5.91 We also recognise that lowering corporation tax would be an important but, by itself, insufficient measure to transform the local economy. In parallel, we must work to improve other areas to grow the private sector in NI and ensure greater export led economic growth. We have therefore outlined other measures that would exploit the benefits from this and other policy initiatives.

Potential Impact on Local Companies

- 5.92 Before considering the impact of lower corporation tax on FDI companies, it is important to recognise the additional benefits that this policy measure could have for indigenous firms in NI. A lower corporate tax rate would allow local companies to retain more of their profits, which could then be re-invested into business expansion plans.
- 5.93 A lower rate of corporation tax would also have the effect of reducing the cost base of local companies, which will make them more competitive in export markets. Indigenous firms face intense competition in these global markets, therefore improvements to their export competitiveness may help secure additional orders. This again would help local businesses grow and create enhanced employment opportunities.

Importance of Corporation Tax for FDI

- 5.94 Research highlights the impact that Foreign Direct Investment (FDI) can have on the economy. Multi-national firms tend to be larger and more productive than domestic firms, and they operate in high-skill / high-wage areas. Attracting FDI, and building it around existing and indigenous companies, is central to achieving our economic vision.

ECONOMIC STRATEGY

- 5.95 A range of studies have demonstrated the importance of corporate taxes in attracting FDI. Key factors influencing FDI decisions include corporate taxes, market size, labour costs and agglomeration (FDI track record)²⁴. These, alongside a well skilled and educated workforce, are vital if a country or region is to compete effectively for value added FDI.
- 5.96 The experience of the RoI is also relevant, with low corporation tax being a key attribute of their value proposition to internationally mobile FDI. Despite the recession and the fiscal crisis, the RoI remained second only to Singapore in its ability to attract inward investment in 2010²⁵. The Irish government's commitment to maintaining its low corporation tax at a time of major spending cuts and tax increases is also indicative of the importance attached to this as a policy lever to grow the economy.

Potential Impact on FDI into NI

- 5.97 The research undertaken by the NI Executive, and the independent Economic Advisory Group, highlights the impact that lower rates of corporation tax could have on the NI economy²⁶.
- 5.98 Corporate tax is a fundamentally different policy lever to what has previously operated within NI. Currently our value proposition, to attract FDI, remains our skilled workforce and competitive environment (supported by a range of financial incentives that are permissible under Regional Aid guidelines). A lower rate of corporation tax would not only increase the volume of FDI, but also allow us to better compete for higher value added investments that were previously beyond our grasp.
- 5.99 There are already a number of relatively high value areas where NI has demonstrated that it can effectively compete, and where low corporation tax could help stimulate further investment. To help identify the potential sectors, an analysis of NI FDI against RoI FDI, by sector during 2003-10, was carried out²⁷ and supplemented by market intelligence from Invest NI. The sectors and activities where NI could potentially attract additional FDI with low corporation tax are outlined below in Table 1.

24 DETI Sponsored Research – full research paper available later in 2012

25 <http://www.nationalirishbank.ie/PDF/About-the-Bank/Press-release/NIB-fDI-Investment-Performance-Monitor.pdf>

26 In these studies, it was assumed that corporation tax was reduced significantly to 12.5% (<http://www.eagni.com/fs/doc/publications/impact-of-corporation-tax-on-ni-eag-report-final-report.pdf>)

27 Internal DETI analysis

Table 1: Potential Areas for Additional FDI with Low Corporation Tax

	Sectors	Activities / Sub-Sectors
Build on existing successes in some sectors	<ul style="list-style-type: none"> • Software & IT • Aerospace 	<ul style="list-style-type: none"> • Design, development & testing • Technical support centres • R&D
Become much more competitive in other sectors	<ul style="list-style-type: none"> • Financial services • Business & professional services • Life & health sciences • Advanced manufacturing • Creative industries 	<ul style="list-style-type: none"> • Fund management, Mergers & Acquisitions, Private equity • Headquarters, Sales & Marketing, Account management & support • Medical devices, Pharmaceuticals, Biotechnology • Electronic components, Semiconductors • Social media / gaming customer support, Advertising Mobile app development

Implementing a Low Corporate Tax Rate

5.100 Securing the powers to lower the rate of corporation tax rate in NI represents our clear commitment to grow the private sector and expand job opportunities. In lowering the rate of corporation tax, we would continue to demonstrate that the economy remains the top priority. As we pursue this agenda, we need to implement the deployment of corporation tax in a planned, transparent and affordable manner.

5.101 In such a crucial area, where investments are long term in nature, businesses need a high degree of certainty. Setting out our intentions in advance of implementation would provide that certainty. It would also enable DETI, DEL and Invest NI to adapt their policy approach and target new opportunities. Any announcements on corporation tax will set out the following:

- The goal / level to lower the rate of corporation tax;
- The timing of any steps towards that goal;
- Our plans to ensure the impact on the public finances is managed; and
- Our work to reassess all aspects of the NI economic / value proposition to maximise the return on our investment.

Taking Advantage of Lower Corporation Tax

5.102 We have always been clear that lowering corporation tax will not be sufficient on its own to transform our economy and we need to take complementary measures which will further develop and diversify our export base. These measures are outlined below (Figure 5).

Figure 5: Taking Advantage of Lower Corporation Tax



5.103 In advance of devolving the powers to vary corporation tax, we will undertake further in-depth analysis on maximising the impact on the NI economy. However, the section below represents our initial assessment of what steps we need to take in order to fully exploit the opportunities presented by lowering the rate of corporation tax in NI.

Research Capabilities

5.104 While low corporation tax would make NI more competitive in attracting investment across all sectors, the impact on R&D facilities may be lower as these typically incur costs rather than generate profits. Therefore, our ability to attract

high value R&D investments is also reliant on ensuring that NI has a strong research base for both new FDI firms and local companies looking to grow through innovation.

- 5.105 NI currently has a wide variety of research strengths which can be utilised by the sectors likely to be impacted by lower corporation tax. This is evident in our Universities, as well as in public research institutes and local industry. For example, we have proven strengths in aerospace, advanced manufacturing, agri-food, life sciences, software & IT and financial services. The challenge is therefore not so much to develop new research capabilities but rather ensure that NI can better utilise its current research strengths.

Skills

- 5.106 Having the appropriate skills to meet the needs of companies is a vital part of ensuring that NI can take full advantage of a low rate of corporation tax. NI needs to have a skills base which is sufficiently flexible and responsive to the needs of globally competitive employers. While the new Assured Skills programme is already delivering in that regard, demand for this type of response will only increase in a lower corporation tax environment. The sectors likely to create jobs from a low tax rate require a wide range of skills, including:
- **Business services:** sales & marketing, business studies, law, IT, management, languages;
 - **ICT:** software development, computer science, engineering;
 - **Financial services:** finance, accountancy, law, computer science;
 - **Advanced manufacturing:** engineering, chemistry, composites, electronics, computer science;
 - **Health & life sciences:** biological sciences, physics, chemistry, technology, engineering; and
 - **Creative industries:** design, animation, visual effects, software.
- 5.107 Notwithstanding corporation tax, the demand for higher level qualifications in areas such as STEM, law and market facing creative arts & design is likely to increase. In addition to specific technical skills, companies will also require high standards of literacy, numeracy and ICT, as well as greater management and leadership competencies. Given these issues, we are assessing how the demand for skills and innovative capacity will alter in a lower corporation tax environment. This includes identifying the lessons we can learn from how the skills systems in other economies have altered to best drive the benefits of a lower tax regime.

ECONOMIC STRATEGY

- 5.108 As the demand for skills increases in a lower corporation tax environment, the opportunities to market NI as an attractive place to live and work will also increase, giving strength to the drive to attract skilled people into the local labour market.

Local SMEs

- 5.109 Local SMEs will gain from working with new and multinational companies attracted by low corporation tax. NI currently has a strong local base within software, business services, pharmaceuticals and advanced manufacturing which can link into the supply chains of foreign companies. There is also the potential to support the development of innovative clusters between local SMEs in key FDI sectors, particularly in pharmaceuticals and semiconductors.

Competing in the Global Economy

- 5.110 Although NI has managed to achieve successes in attracting FDI, a low rate of corporation tax would significantly increase our competitiveness across a much broader range of sectors. This has implications for how we promote NI globally as a location for investment and jobs. Existing relationships with multi-national companies could be used to leverage additional investment from companies already located in NI. However, significant promotion would also be needed in areas where NI has not previously been competitive for inward investment to develop expertise and build contacts with potential new investors.

Economic Infrastructure

- 5.111 Growing new and existing sectors through lower corporation tax would require the appropriate economic infrastructure to be in place to support investments. We must ensure that, across key infrastructure areas such as energy, transport, water, property and telecommunications, we have the necessary capacity and capability to absorb increasing levels of economic activity.
- 5.112 To realise our ambitions, we need to continue investing in our strategic network and gateways to improve our connectivity. That includes working closely with other administrations on these islands and engaging with Europe to ensure that our infrastructures join together for the benefits of local businesses and people.
- 5.113 Telecoms is a further area where NI's economic infrastructure needs to meet the demands of companies, not just within ICT firms but across all sectors. While our telecommunications infrastructure is significantly ahead many of our competitors, potential investments, such as Tier 4 data centres to host advanced large-scale

systems for web-based and data-intensive companies, may require the further upgrading of our current telecoms infrastructure.

INTERNATIONAL AIR ACCESS

- 5.114 As part of rebalancing the NI economy, we need to ensure quick and easy access for international investors. Clearly the demand for this will increase significantly with the growing business base that would follow with reductions in corporation tax in NI. The same issue is true for indigenous companies and for visitors travelling to NI for pleasure.
- 5.115 The recently announced reduction in Air Passenger Duty (APD) for direct long haul flights will assist in retaining the existing flight from Belfast to Newark. However, over the longer term, NI's ability to compete globally can be improved by developing new direct links with international long haul markets that will ultimately support increased inward investment, exporting and in-bound tourism. The UK Government will devolve APD powers to the NI Assembly through the 2012 Finance Bill and this will allow the Executive to bring forward legislation to reduce the rate of APD for direct long haul flights departing from NI to zero.

REGIONAL AID

- 5.116 As outlined earlier, Regional Aid plays a key role in attracting new FDI, as well as encouraging indigenous and foreign owned companies to expand or re-invest. As the Independent Review of Economic Policy highlighted, the changes in Regional Aid from January 2011 have necessitated a new approach to supporting company investment.
- 5.117 In part, these changes have strengthened our resolve to secure the powers to vary corporation tax in NI. However, we also recognise the importance of Regional Aid as a tool to grow and improve the economic competitiveness of NI, particularly our sub-regions. We will therefore continue to work to ensure that post 2013, when the new Regional Aid guidelines will be put in place, that we are able to provide the necessary support for economic development. However, the onus will remain on companies to bring forward viable business plans for assistance.

CROSS CUTTING THEMES

- 5.118 In developing actions and initiatives under the identified themes, we have been guided by the principles of Balanced Sub-Regional growth, Equality and Sustainability.

ECONOMIC STRATEGY

- 5.119 Many of the actions identified in this section will ensure that economic growth is spread across NI. This does not mean that each place will perform the same role, or that economic growth will be uniform. Rather we will work to ensure that each part of NI is able to realise its full potential, and the distinctive strengths and opportunities of our sub-regions are fully exploited.
- 5.120 The actions identified will also ensure that economic growth is spread to all sections of our society. This goes beyond ensuring that initiatives do not discriminate against any section of society, but rather we have included actions which will be taken to address particular challenges. The most immediate and effective way out of deprivation is through employment and our collective actions will promote equality by increasing opportunities and addressing barriers to employment that impact individuals and communities. These steps must also be seen alongside the broader Executive initiatives that are aimed at tackling disadvantage.
- 5.121 The principles of sustainability also cut across all aspects of this Strategy. Our actions are aimed at providing economic prosperity and opportunities for current generations, without compromising the ability of future generations to enjoy a quality of life that is both positive and rewarding. By 'sustainability proofing' the actions identified in this strategy, we will ensure the NI economy retains and improves its competitiveness over the longer term.



ECONOMIC STRATEGY



6

PRIORITIES FOR GROWTH: REBUILDING THE NI ECONOMY

INTRODUCTION

- 6.1 In our accompanying economic analysis on the Northern Ireland (NI) economy, it is clear that we have been hit hard by the global recession and banking crisis. Economic output has fallen significantly across all sectors, and the construction industry has been particularly impacted. The slowdown in the private sector has also had an adverse and ongoing impact on the local labour market.
- 6.2 It is for this reason that we have identified the need to take some urgent actions to rebuild the local labour market in the aftermath of the recession. We recognise that the type of support under this theme is, in some aspects, distinct from our mainstream focus outlined in the previous section. This is to support indigenous firms to be more competitive through improvements in innovation and workforce skills, as well as the attraction of high value added FDI projects. However, we believe the current labour market conditions provide a strong rationale for short-term interventions focused primarily on job creation, improving employability and re-skilling / up-skilling.



- 6.3 In pursuing this approach, we recognise the significant negative impacts that arise from protracted periods of unemployment, as individuals lose their skills and become less employable. We believe it is better to provide some form of employment, even on a short-term basis, to avoid the risk that those made unemployed as a result of the downturn are permanently detached from the labour market and unable to take advantage of the opportunities arising from the economic recovery. We also recognise the need to provide opportunities to re-skill and up-skill with a view to building capacity for future growth as recovery takes hold.
- 6.4 We also recognise our younger people will be particularly impacted by the economic downturn. By taking measures to reduce the exposure of young adults to sustained periods of unemployment, we are working to improve their economic prospects, and ensure that their knowledge and energy is retained for the good of the NI economy.
- 6.5 The rebuilding initiative is also supported by the Independent Review of Economic Policy (IREP) which outlined that forecasts for employment pointed to job creation being slower in the short to medium term. As a result, the report highlighted the need, during periods of recession, for the Executive to make certain interventions to support employment and other considerations.
- 6.6 Within the rebuilding priority, there are two issues that our actions seek to address – the need to increase employment levels and improve employability. Together these themes will ensure that individuals impacted by the recession are provided with the necessary opportunities to seek and secure suitable employment. They also cover investments that are aimed at increasing employment through promoting accessible job opportunities, particularly within areas of economic disadvantage.

Progress to Date

6.7 Prior to outlining our actions, it is, of course, important to recognise that this priority marks a sustained effort by the Executive to address the challenges facing the NI economy following the global downturn. For example, some of the steps we have already taken include:

- Establishing an accelerated support fund to assist businesses affected by the downturn;
- Delivering a series of ‘Challenges and Opportunities’ seminars for businesses throughout NI;
- Introducing a Short Term Aid Scheme to provide businesses with support in maintaining significant employment and retaining key staff as they planned and restructured for the future;
- Rolling out a ‘Pathways to Work’ initiative to engage or re-engage those inactive due to health conditions and/or disabilities;
- A Business Improvement Technique programme delivered by Further Education (FE) colleges to assist businesses increase their productivity;
- Introducing an ‘Employment and Support Allowance’ to create a gateway to work for participants;
- An Apprenticeship Scheme allowing redundant apprentices to complete their training;
- The Graduate Internship Programme (GIP) and Graduate Acceleration Programmes (GAP) which provided over 300 graduates with valuable work experience and additional training opportunities;
- The Intro Programme provides 100 places a year for graduates to develop their management skills with NI companies (89% of these graduates have been employed at the end of the programme);
- The Young Persons Employment Initiative (YPEI) offered 50 unemployed young people opportunities to gain valuable work experience in a local government setting;
- Launching initiatives on neighbourhood renewal to help target those communities throughout NI suffering most from deprivation; and
- Delivering increases in professional and technical enrolments and higher education enrolments across the FE sector.

6.8 The above measures were also supplemented with other initiatives outlined in Budget 2010 and include:

- Holding rate relief at 70% for the manufacturing sector until March 2015;
- Limiting business regional rate increases to only 2.7%;

- Bringing forward proposals to double relief provided through the small business rate relief scheme;
- Transferring over £250m from current expenditure to capital investment; and
- Allocating some £1.5bn of capital investment for roads, public transport and water & sewerage over the budget period.

Related Strategies

6.9 One objective of this Economic Strategy is to identify complementary strategies and action plans that are already progressing certain economic priorities identified by the Executive and it's Sub-Committee on the economy. In terms of the rebuilding theme, key related strategies include:

- The NI Success through Skills – Transforming Futures which aims to raise the skills levels of the whole workforce and increase the levels of social inclusion by enhancing the employability of those currently excluded from the labour market;
- DEL's forthcoming 'Working for Success' will seek to transform the quality and effectiveness of the Employment Service;
- DSD's Neighbourhood Renewal Strategy which aims to tackle disadvantage and build communities that are confident, vibrant and sustainable by encouraging investment, skilling people and supporting social economy programmes;
- DARD's Rural Development Programme which includes an objective to create employment opportunities through promoting entrepreneurship and developing the economic infrastructure in rural areas; and
- DHSSPS's Investing for Health Strategy which aims to improve the health and well being of the population recognises the interrelationship between improved health and well being and economic development. A successor to Investing for Health is currently under development and this will further emphasise this interrelationship.

Rebuilding the Economy: Key Short to Medium Term Actions

6.10 We have outlined in the summary box a list of the **key** short to medium term actions we are undertaking to progress the rebuilding theme. More detail is provided in the implementation plan that will be launched shortly.

6.11 We recognise that ongoing volatility within the global economy creates further uncertainties for local business. We will therefore continue to keep these short term measures under review and, when necessary, we will move swiftly to take action to support local businesses.

ECONOMIC STRATEGY

In working to **rebuild** the NI economy, **we will**

- Support investment of £225m and promote 6,300 jobs (4,000 to be created by March 2014) through the Jobs Fund
- Develop and implement a strategy to reduce economic inactivity through skills, training, incentives and job creation
- Move 114,000 working age benefit clients into employment by March 2015
- Deliver 6,000 work experience and training opportunities for young people by 2015 in priority sectors
- Help the construction industry by delivering key road and rail projects and approximately 8,000 social and affordable homes over the budget period
- Maximise the social benefits of investment through the use of social clauses in construction, supplies and services contracts
- Stimulate 1,150 new employment opportunities in rural areas under the Rural Development Fund by 2015
- Develop and start to implement a Childcare Strategy with key actions to provide integrated and affordable childcare
- Implement the Social Investment Fund to improve pathways to employment, tackle systemic issues linked to deprivation, increase community services and address dereliction
- Increase the number of working age customers in receipt of work-focussed benefits to support them to move into work
- Develop and implement a Financial Capability Strategy for consumers
- Provide an Employer Subsidy for businesses to recruit individuals who have been unemployed or economically inactive for a period of more than 13 weeks
- Offer a period of supported self-employment for those interested in running their own business
- Publish for consultation a Public Health Strategy in 2012, recognising the interrelationship between improved health and well being and economic development
- Explore options to further address graduate unemployment, with a particular focus on ensuring that our actions assist with the longer term rebalancing agenda

6.12 In light of the above, we have recently announced the ‘Boosting Business’ initiative which will put in place a comprehensive range of measures to assist companies throughout NI. While this new initiative will be short term in nature, many of the wider objectives are also consistent with the longer term rebalancing priorities required to support business growth. Further detail on the ‘Boosting Business’ initiative can be accessed www.boostingbusinessni.com.

7

INDICATORS AND TARGETS

INTRODUCTION

- 7.1 We recognise the importance of monitoring the progress of this Economic Strategy to ensure that the Executive's actions are contributing towards a more competitive economy and achieving the ultimate Economic Vision of this Strategy.
- 7.2 The monitoring of indicators and targets will allow us to gauge the effectiveness of these actions. It also allows for any reprioritisation of resources and interventions, particularly given the continued uncertainties in the global economy.
- 7.3 Section 1 details an intentionally focused set of key performance indicators which are structured to help achieve our overarching economic goals. This section details a more comprehensive and wide-ranging set of indicators and targets, inclusive of the priority targets described previously, and specifies how these indicators will be measured and the regularity of their assessment.

ECONOMIC COMPETITIVENESS

- 7.4 Economic competitiveness can be defined as 'the set of institutions, policies and factors that determine the level of productivity of a country²⁸'. The level of productivity sets the prosperity that a particular economy can achieve, the return from investments and ultimately the rate of economic growth.
- 7.5 In prioritising economic competitiveness, it is important to understand the key factors underpinning this and overall economic growth. Central, but not exclusive, to the overall achievement of improved competitiveness for the economy will be the successful

²⁸ World Economic Forum

ECONOMIC STRATEGY

and appropriate introduction of devolved corporation tax powers to the Northern Ireland (NI) Executive/Assembly. This measure will help boost business investment and enable us to attract a much wider range of Foreign Direct Investment (FDI) that will contribute to export led economic growth.

- 7.6 To assess the competitiveness of the NI economy we will implement a comprehensive and widely-recognised assessment methodology. This will allow for the effective benchmarking of the local economy against our competitors and highlight progress over time as the Executive's strategy is put into action. As with the other performance measures, the process of measuring NI's competitive position will be taken forward annually and reported on by the Executive.

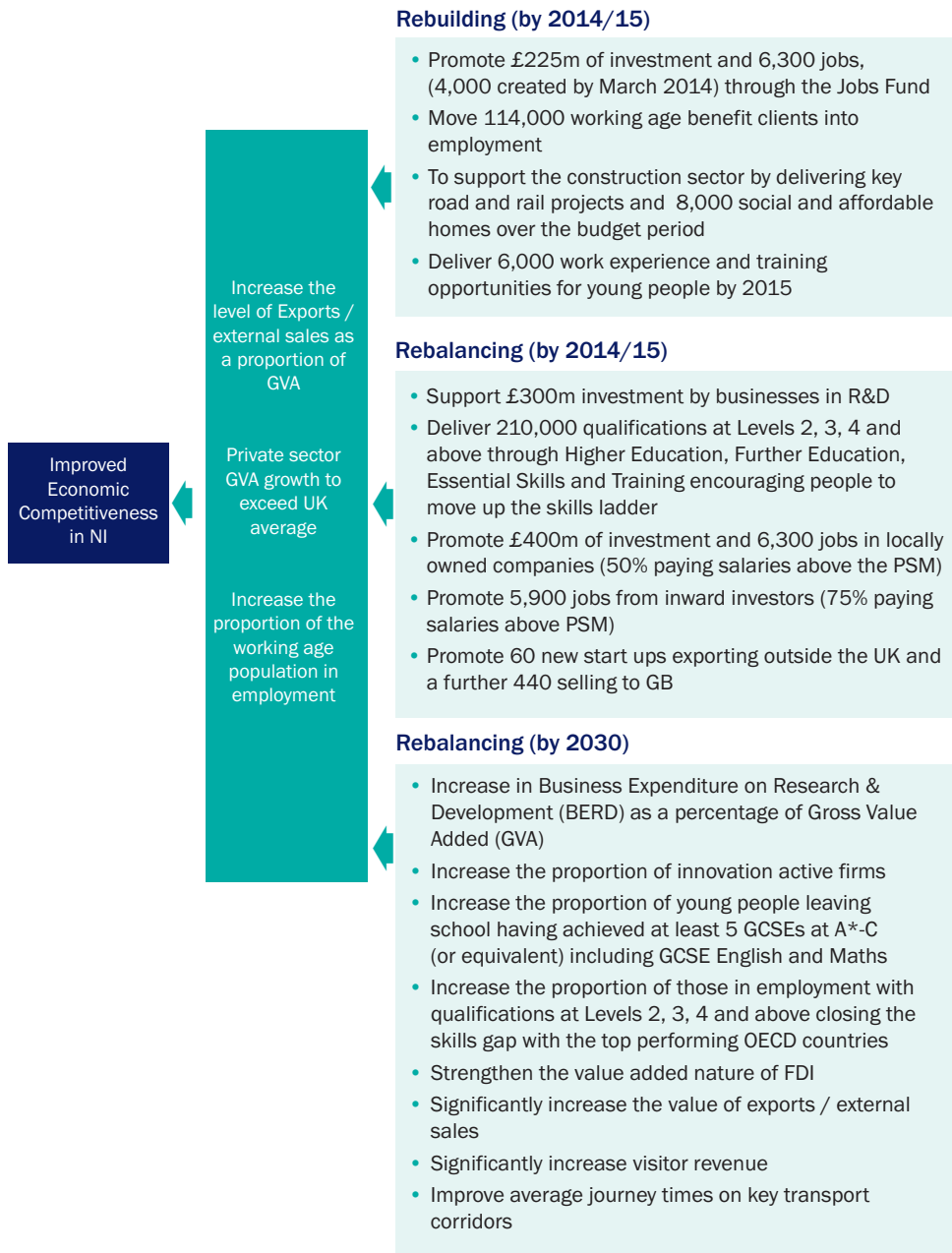
Export Performance and GVA Growth

- 7.7 As recognised in Section 2, given the size and structure of the local economy it is imperative that we target the benefits that can be achieved through an increased focus on private sector exporting. This includes deepening the export base, and the targeting of developing and fast-growing economies, as well as more established countries / regions, as destinations for our products and services.
- 7.8 The emphasis on exporting in the Economic Strategy is illustrated in **Figure 4**. The rate of growth in exports compared to the overall growth in the economy will be a key indicator for this strategy. Securing this will provide the evidence that we are rebalancing the NI economy away from its traditional dependence on the public sector toward greater private and export-led growth.
- 7.9 Currently, the data collected on the level of exports from the local economy is largely restricted to the manufacturing sector, with limited information collated from the services sector. To ensure the appropriate measurement of exports, we are taking the necessary steps to improve the coverage and, where possible, the timeliness of our current surveys on export performance.
- 7.10 Achieving the target of greater private sector output growth, relative to the UK average, will also be an important indicator on rebalancing the NI economy. Given that current economic forecasts suggest that, without a step change in economic policy, the local economy will grow on average by 2.2% per annum up to 2020, compared with UK growth of 2.7% per annum, we believe this is a challenging but realistic target.

Contributing Indicators

- 7.11 The momentum for the improved economic outcomes detailed above will rely on the successful resourcing, implementation and achievement of a number of targets by the Executive and wider stakeholders. These Key Performance Indicators are detailed in **Figure 6**.
- 7.12 Progression of our economic performance indicators will be transparently monitored and regularly updated as new data becomes available. We will publish annual reports on progress against the actions we are committed to deliver. This will include an annual assessment of the wider health of the NI economy.
- 7.13 Once the outcome of the proposal to devolve corporation tax powers is known, we will undertake further work to reassess the degree to which we can further strengthen the ambitious nature of these overarching economic goals.

Figure 6: Performance Indicators





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Oh Yeah Music Centre

Music Centres, Creative Hubs and Music Exhibitions June 2012

This report is a combination of visits, networking and desk research.

The BRIT School, Croydon

<http://www.brit.croydon.sch.uk>

Founded in 1991. The school's alumni have sold over 65 million records. These include Adele, Leona Lewis, Katy Melua, Amy Winehouse, The Kooks, Kate Nash, Rizzle Kicks, Jessie J.

The British Record Industry has contributed £7 million to the school.

In 2011, Lord Baker announced plans to roll out a similar project in Salford.

They say: "The BRIT School is Britain's only free Performing Arts and Technology School. It is an independent, state funded City College for the Technology of the Arts, the only one of its kind dedicated to education and vocational training for the performing arts, media, art and design and the technologies that make performance possible.

"As a school for 14-19 year olds, we recognise that most of our students intend to make a career in the arts, entertainment and communications industries, but the school expects all to follow full time courses to completion. It is a vocational school; if an applicant is determined on a life devoted to art, dance, music, radio, television/film or theatre, then this could well be the right place.

"BRIT stands for the British Record Industry Trust. Without the generosity of the record industry, the school would never have been built and our superb facilities would never have been installed.

"Our achievements at both Key Stage 4 and Post-16 in vocational and academic qualifications testify to our success, as do the range of successful ex-students now working and studying in the creative industries."

Liverpool Institute For Performing Arts

<http://www.lipa.ac.uk>

Opened in 1996 at a cost of £20 million. Co-founded by Paul McCartney and Mark Featherstone-Witty. In March 2012, LIPA announced that it had purchased John Lennon's old art school building, for £3.7million to expand its teaching space.

"They say:

"LIPA is an acknowledged part of the UK's higher education provision for the performing arts. LIPA provides education and training for the main skills needed for putting on a show (performers and those who makes performance possible), uniquely blending specialist and generic skills.

"LIPA offers degree courses in Acting, Community Drama, Dance, Music Theatre and Entertainment Management, Music, Sound Technology, Theatre and Performance Design and Theatre and Performance Technology. We also run full-time one year Foundation Certificates in Performing Arts (Acting); Performing Arts (Dance); Performing Arts (Singing); and Popular Music and Sound Technology.

“We train students for a future of sustained employment. Most recent figures have shown that over the most recent four year period, 96% of LIPA’s graduates are in work three years after leaving, while 87% work in the performing arts. To achieve this, our curriculum is constantly being revised.”

- For background on the formation of the BRIT School and the Liverpool Institute for Performing Arts, there is a useful book called ‘Optimistic Even Then’ by Mark Featherstone-Witty (SPA, 2001)

Academy of Contemporary Music, Guildford

<http://www.acm.ac.uk>

Established in 1997. Alumni include Newton Falkner and Ed Sheeran. Awarded the Queen’s Awards for Enterprise: Innovation 2008.

In 2009, the model was imported to Oklahoma City. There are also alliances with Johannesburg, Pretoria and Bologna.

Generator, Newcastle

<http://www.generator.org.uk>

“Based in Newcastle Upon Tyne, Generator is the UK’s leading Music Development Agency.

“Originally starting out to serve the needs of the North East and Cumbria, the agency expanded its role nationally when asked by Arts Council England to assist other fledgling agencies, organisations and groups in policy, programme development, governance and funding. As such, Generator has represented the music development sector at Government level with membership of both the Live Music Forum and Music Education forums. The agency also leads the Music Industry Development Association, a body set up to establish common aims amongst similar organisations in the UK.

“Generator currently produces robust programmes in the areas of music business development in a regional context, musician support (including the development of commercial viability of artists). Live music (most significantly in supporting promoters) and in supporting and representing the music development sector.”

Brighton Institute Of Modern Music

<http://www.bimm.co.uk>

“BIMM provides a wide variety of music courses from level 3 diplomas to post graduate level for guitar, bass, drums, vocals, live sound, tour management and music business. Even if you’re not a playing musician, we can teach you everything there is to know about the music industry.

“BIMM music colleges in Brighton, Bristol and Dublin believe in setting the highest standards for our students in the classroom, on stage and in the studio. We believe in excellence in music alongside excellence in education. Our tutors are experienced music industry professionals who are committed to helping you succeed.

Dublin BIMM college: <http://www.bimm.co.uk/dublin>

British Music Experience

<http://www.britishmusicexperience.com>

“Relive the glorious history of British popular Music at the British Music Experience. With over 3,000 images, 600 video clips, 3,000 artist videos and over 600 items of artist and music memorabilia, the British Music Experience is a must see for any music fan.

“From the classic, era defining sounds of The Beatles, Rolling Stones and Dusty Springfield... stadium filling giants like The Who and Queen... the irresistible anarchy of bands like The Specials and the Sex Pistols... right up to recent crowd-pleasers such as Spice Girls, Oasis, Coldplay, Radiohead, Arctic Monkeys and much, much, more.”

International Projects

Harris Institute, Toronto

<http://www.harrisinstitute.com>

“Harris Institute is an internationally recognized leader in audio production and music industry education. Founded in 1989, the college was the first to introduce accelerated one-year Diploma programs taught by active industry leaders. “

<http://www.youtube.com/watch?v=b6FTcdbahVc>

New Orleans Center For The Creative Arts

<http://www.nocca.com>

“The New Orleans Center for Creative Arts is a regional, pre-professional arts training center that offers students intensive instruction in culinary arts, dance, media arts, music (classical, jazz, vocal), theatre arts (drama, musical theatre, theatre design), visual arts, and creative writing, while demanding simultaneous excellence. NOCCA was founded in 1973 by a diverse coalition of artists, educators, business leaders, and community activists who saw the need for an institution devoted to our region’s burgeoning young talent. Wynton and Branford Marsalis, Harry Connick, Jr. and Terence Blanchard are only a few NOCCA graduates who can attest to the extraordinary educational opportunity the Center represents to the children of Louisiana.

“NOCCA’s track record over the past quarter-century speaks for itself: every year a remarkable 95 - 98% of NOCCA graduates go on to college and conservatory programs across the country—compared to only 56% of local non-NOCCA graduates. Furthermore, approximately 80% of NOCCA students receive scholarships to pursue such higher education.”

State Of Creativity, Oklahoma

<http://stateofcreativity.com>

Supported by Sir Ken Robinson.

“Formed in 2006, Creative Oklahoma is a state-wide non-profit organization advancing Oklahoma’s creative economy through creativity and innovation based initiatives in education, commerce and culture. The mission is to transform the state of Oklahoma through projects and collaborative ventures that help develop a more entrepreneurial and vibrant economy and an improved life quality for its citizens.

“Creative Oklahoma is the first state-wide non-profit organization in the nation that encourages and supports creativity in the multiple arenas of education, commerce, and culture.”

This includes the Academy Of Contemporary Music at the University of Central Colorado. Their CEO is Scott Booker, manager of The Flaming Lips.

<http://acm-uco.com>

Districts Of Creativity Network

<http://www.districtsofcreativity.org>

“Founded in 2004, the District of Creativity (DC) Network unites 12 of the most creative and innovative regions around the world. Our international orientation makes us a unique network of regions that put creativity and innovation high on our agendas as multiply factor for sustainable growth and development. We believe that trans-regional collaborations contribute to advance a creative and entrepreneurial culture.

“Therefore the DC Network was formed to foster the exchange of best practices and experiences of stimulating creativity and innovation in business, culture and education.

“From the USA to China and Scotland to India, the Districts of Creativity Network spans the globe and continues to grow.”

Berlin Music Commission

<http://www.berlin-music-commission.de>

“The Berlin Music Commission (BMC) is the first all-embracing network representing Berlin music businesses. We bring together the potential of Germany’s most important music location. Our members hail from all areas of the music business including live entertainment, music software, club culture, recorded music, and music media.”

Memphis Music Foundation

<http://www.memphismeanismusic.com>

“The Memphis Music Foundation is dedicated to working with the community to cultivate a viable economic engine for Memphis by providing musicians and the music industry with resources and opportunities for growth and independence.

“The Memphis Music Foundation exists to educate the music community about music business systems and trends, help artists develop plans for future business growth, and create dynamic marketing and promotional opportunities for Memphis music.

“The Foundation’s anchor programme, the Memphis Music Resource Center is an interactive, living library and workspace that offers a dedicated staff, tools and resources to help area musicians and music professionals be successful in the ever-changing music industry.”

<http://www.memphismeanismusic.com/programs/music-resource-center/>

Mississippi Blues Trail <http://www.msblustrail.org>

“Your unforgettable journey into the land that spawned the single most important root source of modern popular music. Whether you’re a die-hard blues fan or a casual traveler in search of an interesting trip, you’ll find facts you didn’t know, places you’ve never seen, and you’ll gain a new appreciation for the area that gave birth to the blues.”

Part of the Mississippi Development Authority (<http://www.visitmississippi.org/>), which also covers the BB King Museum, the Delta Blues Museum, Elvis Presley Birthplace & Museum, Highway 61 Blues Museum and Howlin’ Wolf Museum. <http://www.msblustrail.org/museums>

Rock And Roll Hall Of Fame And Museum, Cleveland, Ohio <http://rockhall.com>

Opened in 1995. It has welcomed 8 million visitors and 50,000 students and educators.

“The Rock and Roll Hall of Fame and Museum, Inc. is the non-profit organization that exists to educate visitors, fans and scholars from around the world about the history and continuing significance of rock and roll music. It carries out this mission through its operation of a world-class museum that collects, preserves, exhibits and interprets this art form and through its library and archives as well as its educational programmes.”

A recent addition is the Library and Archives building, a \$12 million building located on the Metro Campus of Cuyahoga Community College in Cleveland, approximately two miles from the Museum.

The Library and Archives also houses a growing library collection that includes thousands of books, sound recordings, and video recordings.

<http://library.rockhall.com/home>

Country Music Hall Of Fame, Nashville <http://countrymusichalloffame.org>

“The Country Music Hall of Fame and Museum is operated by the non-profit, educational Country Music Foundation (CMF). The mission of the Country Music Hall of Fame and Museum is to identify and preserve the evolving history and traditions of country music and to educate its audiences. Functioning as a local history museum and as an international arts organization, the Country Music Hall of Fame and Museum serves visiting and non-visiting audiences including fans, students, scholars, members of the music industry.

“The Country Music Hall of Fame and Museum has been the home of America’s music since 1967. In keeping with the cultural significance of the music and the heroic achievements of those who form its membership, the Museum opened in a \$37 million landmark, new building in May 2001.”

Programme for Government 2011-2015



Programme for Government 2011-2015

Final draft agreed by the Northern Ireland
Executive

CONTENTS

1.	Our Commitments
2.	Where We Are
3.	Our Approach
4.	Our Priorities
Annex 1:	Programme Arrangements
Annex 2:	Equality and Sustainability

1. OUR COMMITMENTS

Devolution means local people setting the priorities for the future. The primary focus of your Executive for the next four years will be to grow the economy and tackle disadvantage. Through the consultation period we have listened and ensured that our priorities are your priorities.

In this document we make 82 commitments. Through consultation with you, we recognise that there are particular commitments that matter most.

- Contribute to rising levels of employment by supporting the promotion of over 25,000 new jobs;
- Achieve £1 billion of investment in the Northern Ireland economy which includes £375 million of Foreign Direct Investment; £400 million from indigenous businesses supported by Invest NI and £225 million injection in to the Jobs Fund;
- Increase visitor numbers to 4.2 million and tourist revenue to £676 million by December 2014;
- Support young people into employment by providing skills and training;
- Reform and modernise the delivery of Health and Social care.

We will;

- contribute to rising levels of employment by supporting the promotion of over 25,000 new jobs;
- achieve £1 billion of investment in the Northern Ireland economy which includes £375 million of Foreign Direct Investment; £400 million from indigenous businesses supported by Invest NI and £225 million injection in to the Jobs Fund;
- press for the devolution of Corporation Tax and reduce its level;
- include Social Clauses in all public procurement contracts for supplies, services and construction;
- increase the value of manufacturing exports by 20%;
- support £300 million investment by businesses in R&D, with at least 20% coming from Small and Medium sized Enterprises;
- increase visitor numbers to 4.2 million and tourist revenue to £676 million by December 2014;
- aid liquidity of Small and Medium Size Enterprises through a £50 million loan fund;
- facilitate delivery of the Executive's 20% target for increased drawdown of competitive EU funds;
- develop and implement a Strategy to reduce economic inactivity through skills, training, incentives and job creation;
- ensure 90% of large scale investment planning decisions are made within 6 months and applications with job creation potential are given additional weight;
- support 200 projects through the Creative Industries Innovation Fund;
- develop sports stadiums as agreed with the IFA, GAA and Ulster Rugby;
- deliver 8,000 social and affordable homes;
- introduce extension of Small Business Rate Relief Scheme to 2015;

- hold the Regional Rate increases to the rate of inflation;
- eliminate Air Passenger duty on direct long haul flights;
- invest in social enterprise growth to increase sustainability in the broad community sector;
- establish the new 11 council model for Local Government by 2015;
- make the Education and Skills Authority operational in 2013;
- implement a levy on single use carrier bags by 2013 and extend this to reusable bags from 1 April 2014;
- continue to work towards a reduction in greenhouse gas emissions by at least 35% on 1990 levels by 2025;
- encourage achievement of 20% of electricity consumption from renewable sources and 4% renewable heat by 2015;
- work towards halting the loss of biodiversity by 2020;
- achieve a household recycling or composting rate of 45% by the end of March 2015;
- host the World Police and Fire Games in 2013;
- support the successful hosting of the 2012 Irish Open and build on that success to secure a further international golf event;
- introduce and support a range of initiatives aimed at reducing fuel poverty across Northern Ireland including preventative interventions;
- improve thermal efficiency of Housing Executive stock and ensure full double glazing in its properties;
- deliver at least 30 Schemes to improve landscapes in public areas to promote private sector investment in towns and cities across Northern Ireland;
- establish an advisory group to assist Ministers in alleviating hardship including any implications of the UK Government's Welfare Reform Programme;
- develop Maze/Long Kesh as a regeneration site of regional significance;

- develop the 'One Plan' for the regeneration of Derry/Londonderry, incorporating the key sites at Fort George and Ebrington;
- provide financial and other support across government to ensure the success of the Derry/Londonderry City of Culture 2013;
- provide financial and other support across government to ensure the success of the Our Time Our Place Initiative in 2012 including marking the centenary of Titanic's Maiden Voyage;
- provide £40 million to address dereliction and promote investment in the physical regeneration of deprived areas through the Social Investment Fund;
- invest £40 million to improve pathways to employment, tackle systemic issues linked to deprivation and increase community services through the Social Investment Fund;
- publish and implement a Childcare Strategy with key actions to provide integrated and affordable childcare;
- deliver a range of measures to tackle poverty and social exclusion through the Delivering Social Change delivery framework ;
- agree any changes to post-2015 structures of Government in 2012;
- publish the Cohesion, Sharing and Integration Strategy to build a united community and improve community relations;
- use the Social Protection Fund to help individuals and families facing hardship due to the current economic downturn;
- improve online access to government services;
- extend age discrimination legislation to the provision of goods, facilities and services;
- fulfil our commitments under the Child Poverty Act to reduce child poverty;
- substantially complete the construction of the new Police, Prison and Fire Training College;
- actively seek local agreement to reduce the number of 'peace walls';

- tackle crime against older and vulnerable people by more effective and appropriate sentences and other measures;
- reform and modernise the Prison Service;
- reduce the level of serious crime;
- improve community safety by tackling anti-social behaviour;
- improve access to Justice;
- upgrade the Coleraine to Derry/Londonderry railway line;
- for households, ensure no additional water charges during this Programme for Government;
- maintain a high quality of drinking water and improve compliance with waste water standards by investing £668m in water and sewerage infrastructure;
- ensure there are no increases in student fees beyond the rate of inflation for Northern Ireland students studying here;
- progress the upgrade of key road projects and improve the overall road network to ensure that by March 2015 journey times on key transport corridors reduce by 2.5%;
- invest over £500m to promote sustainable modes of travel;
- by 2015 create the conditions to facilitate at least 36% of primary school pupils and 22% of secondary school pupils to walk or cycle to school as their main mode of transport;
- introduce a package of measures aimed at improving Safeguarding Outcomes for Children and Vulnerable Adults;
- increase uptake in economically relevant Science, Technology, Engineering and Mathematics (STEM) places;
- significantly progress work on the plan for the Lisanelly Shared Education campus as a key regeneration project;

- increase the overall proportion of young people who achieve at least 5 GCSEs at A* - C or equivalent including GCSEs in Maths and English by the time they leave school;
- improve literacy and numeracy levels among all school leavers, with additional support targeted at underachieving pupils;
- upskill the working age population by delivering over 200,000 qualifications;
- support people (with an emphasis on young people) into employment by providing skills and training;
- ensure that at least one year of pre-school education is available to every family that wants it;
- establish a Ministerial advisory group to explore and bring forward recommendations to the Minister of Education to advance shared education;
- ensure all children have the opportunity to participate in shared education programmes by 2015;
- substantially increase the number of schools sharing facilities by 2015;
- reconfigure, reform and modernise the delivery of Health and Social Care services to improve the quality of patient care;
- by the end of 2014/15, to have implemented new structures to support the improved delivery of housing services to the citizens of Northern Ireland;
- allocate an increasing percentage of the overall health budget to public health;
- improve patient and client outcomes and access to new treatments and services;
- further reduce the levels of sick absence across the Northern Ireland Civil Service
- enrol people who have a long-term (chronic) condition, and who want to be enrolled, in a specialist chronic condition management programme;
- invest £7.2 million in programmes to tackle obesity;
- bring forward a £13 million package to tackle rural poverty and social and economic isolation in the next three years;
- eradicate brucellosis in cattle by March 2014;

- develop a strategic plan for the Agri-food sector;
- advance the relocation of the Headquarters of the Department of Agriculture and Rural Development to a rural area by 2015;
- develop and implement a Financial Capability Strategy for consumers.

This Programme for Government is a visible commitment by the Executive to work with you through the issues which we all face and to provide the groundwork for economic and social recovery. It aims to highlight the actions we will take to deliver our number one priority – a vibrant economy which can transform our society while dealing with the deprivation and poverty which has affected some of our communities for generations.

The Executive is faced with significant financial constraints due to a substantial reduction in the block grant. This is the backdrop against which we have to operate. The consequences on funding and investment will be severe. However, we are committed to mitigating the worst impacts of these imposed cuts and to ensuring that the most vulnerable and disadvantaged in our society are protected.

We are also committed to addressing regional imbalance as we move ahead.

Equality is an important issue for the Executive and society alike. Inequalities do exist and we will work hard to eliminate these. Our policies and programmes will be designed in ways that ensure we can address inequality and unfairness and create conditions that support inclusion and equality of opportunity.

As a practical expression of this commitment, we have undertaken a strategic Equality Impact Assessment (EQIA) on this Programme for Government. The EQIA has also been issued for public consultation and, when finalised, it will be used to inform the delivery, and where necessary, any review of this Programme for Government.

Over the past three years, the previous Executive made significant progress towards the achievement of its Key Goals and Commitments and Public Service Agreements set out in the previous Programme for Government. That work forms the basis for the next four years. We intend to repay the trust you have placed in us as elected

representatives by doing all we can to tackle the difficult issues and deliver results for all our people.

This new Programme for Government offers a fresh opportunity to look at the Executive's policies and programmes. We want a Programme for Government which contains a clear set of commitments with an emphasis on delivering results that everyone can see in their daily lives.

This is a challenging time worldwide. The financial constraints, economic recession, and other issues which affect people's day to day lives and which have a particular impact on some of our most vulnerable people and communities are a challenge for us all. However, we need to appreciate and make the most of our assets: peace; political stability; a young, skilled and increasingly diverse population; increased tourism potential; growth in creative industries and a strong entrepreneurial tradition. Given the opportunity, we can all make a tremendous contribution to creating a better future.

In tackling this challenging agenda, we have consciously set ourselves ambitious and stretching commitments and milestones. This determination to make a real difference demands effective collaboration and, within the Programme, as well as working more effectively across Government Departments, we are signalling our intention to work in partnership with the private and the voluntary and community sectors in ways that will deliver tangible outcomes. While the Executive has a central role in transforming our society, we recognise that the public sector cannot achieve this transformation singlehandedly. Our aim must be to both secure reforms, where they are needed, and also to ensure that we recognise the importance of those who are already working hard to change the communities in which they live and work.

In the course of consulting with you on this Programme for Government, we have been encouraged to learn that there is a broad recognition that our priorities and actions are well focused and capable of stimulating growth, creating opportunity, nurturing talent and, where required, providing care and support. Your voice has formed the narrative of this document; you have spoken, and the Executive has listened.

The Committee for the Office of the First Minister and deputy First Minister led in the co-ordination of responses to the draft Programme for Government from Assembly

statutory committees and, usefully, highlighted areas for consideration that has led to improvements in this final version. We would like to extend our sincere thanks to everyone who has contributed in the shaping of this document, and we look forward to working together in delivering its outcomes.

Our aim is to build a **shared and better future for all**. The vast majority of people here want us to succeed in delivering on our commitments and improving the opportunities available to this generation and the next. We do not intend to let them down.

First Minister

**deputy First Minister
Minister**

2. WHERE WE ARE

In reading the Programme for Government, it is important to understand what has already been achieved and what needs to be done. During the term of the previous Executive, a range of important initiatives were delivered which will benefit people now and for many years into the future. These included: the devolution of policing and justice powers; significant foreign and local investment in jobs; the delivery of major infrastructure projects including roads, water, hospitals, housing, schools and public transport; the physical regeneration of cities and towns; the development of urban and rural communities and the roll-out of broadband networks. Some specific examples include:

- We delivered gross capital investment of £1.4 billion in 2007-08, £1.7 billion in 2008-09 and £1.7 billion in 2009-10 through our Investment Strategy (ISNI). This compares to just £1 billion in 2003-04;
- InvestNI secured almost £2.6 billion in investment commitments and £487 million in annual salaries; promoted 15,565 new jobs; safeguarded 5,329 existing jobs; and supported 8,267 new local business starts between 2007/08 and 2009/10;
- Over £140 million spent on the continued regeneration of our most disadvantaged areas through the Neighbourhood Renewal Programme over the last 7 years to improve economic, social and physical conditions;
- £77.5 million spent in 2008-11 on urban regeneration projects which include the transformation of the City Centre of Derry/Londonderry, the new Peace Bridge over the Foyle, the Belfast Streets Ahead project (implemented to transform Belfast City Centre) and major public realm improvements;
- In 2010/11, 50% of all planning applications were decided within 11 weeks, and 89% of all applications decided were approved;
- Improved journey times and safety on Key Transport Corridors due to completion of a number of major road schemes, including: the M1 / Westlink project; the M2 improvement scheme; improvements on the A1 Belfast-Dublin road; dualling of the A4 Dungannon to Ballygawley; new dual carriageway on the A2 from Broadbridge / Maydown to City of Derry Airport; and a dual

carriageway link facilitating through traffic on the A26 / M2 Ballee Road East, Ballymena;

- 2010 saw the lowest number of road deaths since records began in 1931. Figures show that there were a total of 55 road deaths in 2010, 60 fewer than in 2009 and equating to an unprecedented fall of over 50%. The fall in serious injuries was around 14%;
- A range of new Health and Social Care developments, including: Altnagelvin £33 million South Wing; Down new £64 million hospital; Craigavon Area Hospital new £9.4 million trauma and orthopaedic facility; £17 million capital investment in 60 new ambulances and a range of Primary Care infrastructure projects; work continues to progress well on the construction of the £235 million new hospital at Enniskillen, which is due for completion in the early summer of 2012 and the £143 million new critical care block at the Royal Victoria Hospital, which is due for completion by the end of 2012.
- In the 3 years ended March 2011, the Employment Service helped 96,626 people find work, which exceeded by 38% their 3 year target (to assist 70,000 people into work);
- Introduced a new school improvement policy which has seen the percentage of school leavers achieving at least 5 GCSEs at A*-C (or equivalent) including GCSE English and Maths increasing from 53% to 59%;
- Since May 2007 to April 2011, 53 major capital school projects have been completed representing an investment of £492 million in our schools estate;
- Investment of more than £1 billion in improvements to water infrastructure and completion of the £160 million Belfast Sewers Project resulting in improvements to water quality in the River Lagan and reducing the risk of flooding;
- The passage of the Justice Bill, the first justice legislation to be passed by the Assembly in over 40 years, and an important milestone in reshaping the justice system to better meet local needs and conditions;
- 10 year Victims Strategy published and agreed and £36 million was secured for work with victims and survivors for the period 2008-11;
- Through the Rural Development Programme DARD has invested over £250 million in protecting and enhancing the rural environment and contributing to the

development of competitive and sustainable rural businesses and thriving communities;

- £17.7 million refurbishment of the Ulster Museum – over one million visitors since re-opening and success in a number of prestigious awards including the UK-wide Art Fund Prize in June 2010 and the Sandford award for Museum and Heritage Education;
- £97 million Titanic Signature Building will be completed in 2012 as will the Giants Causeway Visitor Centre;
- NIDirect established as the premier online platform for government information and services – nearly 6 million visits since launch.

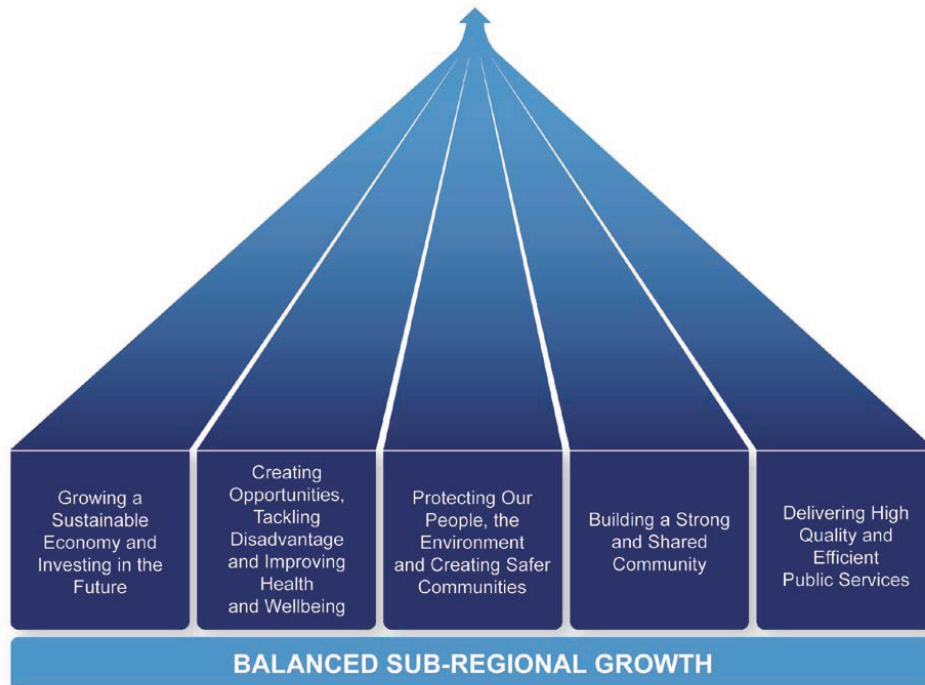
3. OUR APPROACH

The Executive has taken the important step of making the economy the top priority in this Programme for Government. The most immediate challenges lie in supporting economic recovery and tackling disadvantage. In particular, we need to rebuild the Northern Ireland labour market following the impact of the global economic downturn while also continuing to rebalance the economy to increase living standards. While doing this, we are committed to growing a sustainable economy and investing in the future; tackling disadvantage; improving health and wellbeing; protecting our people and the environment; building a strong and shared community and; delivering high quality services. Equality of opportunity and sustainability are our underpinning principles.

It is by adherence to these principles that we will work towards our goal of *a shared and better future for all*; all of our policies and programmes across Government will be built upon the values of equality and fairness and the ethics of inclusion and good relations. Since coming into Government, much progress has been made, and we remain as committed as ever to achieving this goal. The Executive has an overarching responsibility - and the collective will - to proactively change the patterns of social disadvantage that have existed historically, and remain today, by using increased prosperity and economic growth as mechanisms to tackle ongoing poverty.

The challenge of delivering on these goals rests with all of us, and we must develop new and innovative measures in response. This may be through the evolution of policies or the creation and delivery of new programmes to support the fight against socio-economic disadvantage. The primary objective of these efforts remains the effective targeting of resources towards those in greatest objective need.

PEACE • PROSPERITY • FAIRNESS • WELLBEING



The aim of the rebuilding and rebalancing of the Northern Ireland economy, in the aftermath of a sustained global economic downturn, will remain the principal goal of the Executive's collective efforts.

Our vision for the Northern Ireland economy is based on a sustainable and growing private sector, with a highly skilled and flexible workforce operating in productive and innovative firms that are competitive in global markets.

We must also recognise the challenges we face in the coming years, particularly when set against the reduction in public expenditure available to the Executive. The constriction of public spending will mean tough choices will have to be made.

The targeting of our activities and resources in priority areas will ensure that we stimulate action and interventions to increase productivity and competitiveness, and enable local companies to grasp opportunities. These will, in turn, generate employment and wealth and also ensure that everyone, including the most vulnerable within our society, will have the opportunity to contribute to, and benefit

from, increased prosperity. We also recognise that actions to address poverty and tackle disadvantage are prerequisites for social progress and are intrinsic to the creation of a peaceful, fair and prosperous society with respect for the rule of law in Northern Ireland.

We are determined that the wealth and prosperity we are seeking will be used to help reduce poverty, promote equality and tackle existing patterns of disadvantage and division. We are also committed to building an economy that provides opportunities for the present, without compromising the ability of future generations to meet their own needs. We will be guided by the following principles when rebalancing and rebuilding our economy:

- **Balanced sub-regional growth:** we will ensure that all sub regions are able to grow and prosper;
- **Equality:** we will ensure that no section of the community is left behind; equality of opportunity, fairness, inclusion and the promotion of good relations will be watchwords for all our policies and programmes across Government and;
- **Sustainability:** sustainability policy is driven by intergenerational equity – securing a positive quality of life for present and future generations. To realise this, and to make sustainable development a hallmark of 21st Century government here, we will work together, across and beyond organisational and social boundaries to promote and encourage its recognition and acceptance.

Our North/South and East/West links are important in helping us to deliver our priorities and we are committed to developing these through day-to-day contact between administrations as well as formal structures such as the North South Ministerial Council, the British Irish Council and the Joint Ministerial Council. Through these activities and mechanisms, we will continue to work closely with the British and Irish Governments and other administrations in ways that are both practical and mutually advantageous.

This will bring benefits in terms of transport, infrastructure, trade and enterprise and support progress across important sectors such as agriculture, tourism and health. It will also help us to tackle major issues such as social exclusion, barriers to mobility and fighting crime.

4. OUR PRIORITIES

The Executive faces many challenges in delivering the kind of future that we all want and deserve. To address these, and to make the most of the opportunities available to us now and in the future, we intend to focus our time and energies in delivering five key strategic, interconnected and inter-dependent priorities.

We regard our priorities as collectively contributing to, and consolidating, both effort and effect. We recognise that we cannot simply grow the economy at the expense of disregarding our endeavours to transform society and enhance our environment. A strong modern economy is built upon a healthy, well-educated population backed by high quality public services and a commitment to use prosperity as a means of tackling disadvantage. This, in turn, will lead to a tolerant, stable and inclusive society that has the skills necessary to attract investment and promote growth. This is why the Executive – and the vast majority of those responding to the Programme for Government consultation – consider it imperative that economic growth and wealth creation is achieved in a way that is both fair and sustainable if we are to meet the needs of today as well as those of the future.

Our priorities are:

- ***Growing a Sustainable Economy and Investing in the Future***
- ***Creating Opportunities, Tackling Disadvantage and Improving Health and Wellbeing***
- ***Protecting Our People, the Environment and Creating Safer Communities***
- ***Building a Strong and Shared Community***
- ***Delivering High Quality and Efficient Public Services***

It is essential to recognise the inter-relationships that exist between our priorities. It is not intended that these are looked at hierarchically, but rather that they are seen as being a suite of complementary areas for action; each of which has the potential to positively impact on others.

All departments of Government must work together to produce policies, plans and strategies – the *building blocks* – that are consistent with the priorities we have

identified and with a focus on delivery. In addition, Government, as a whole, must act collaboratively with partners in the private, community and voluntary sectors to assure, and positively maximise, the impacts of our work.

Priority 1: Growing a Sustainable Economy and Investing in the Future

The primary purpose of this Priority is to achieve long term economic growth by improving competitiveness and building a larger and more export-driven private sector. To do this we must *rebuild* the labour market in the wake of the global economic downturn and *rebalance* the economy to improve the wealth and living standards of everyone.

PRIORITY 1: GROWING A SUSTAINABLE ECONOMY AND INVESTING IN THE FUTURE

This means:

- **more jobs**
- **more people in work**
- **a better educated and more highly skilled workforce**
- **a healthier population, and a competent and confident well-educated and more highly skilled workforce**
- **acting to improve the mental health and wellbeing of our people**
- **enhanced economic infrastructure**
- **encouraging innovation and R&D**
- **developing the Green economy**
- **growing the private sector**

Our Building Blocks include:

- The Economic Strategy
- The Investment Strategy (ISNI)
- The Skills Strategy
- The Essential Skills Strategy
- Employment Service Strategy
- The Revised curriculum and the Entitlement Framework
- Every School a Good School – A Policy for School Improvement
- The Higher Education Strategy
- The Regional Development Strategy
- The Tourism Strategy
- Regional Transportation Strategy
- NI Rural Development Plan
- Common Agricultural and Common Fisheries Policies
- 'European Priorities'
- The Social Economy Enterprise Strategy
- Success through Science Technology Engineering and Mathematics
- Assured Skills Programme
- Strategic Energy Framework
- Investing for Health
- Innovation Strategies
- All-Island Animal Health and Welfare Strategy
- Agri-Food Strategy
- Creative Industries Innovation Fund
- World Police and Fire Games 2013
- European Social Fund Programme
- New Urban Regeneration and Community Development Framework
- Health and Safety at Work Strategy
- Planning Reform Programme
- Marine Planning
- Sustainable Development Strategy
- Sustainable Rural Communities

PRIORITY 1: GROWING A SUSTAINABLE ECONOMY AND INVESTING IN THE FUTURE

- £4 million research programme with the aim of eradicating Tuberculosis in cattle

KEY COMMITMENTS	MILESTONES / OUTPUTS		
	2012/13	2013/14	2014/15
<p>Once the outcome in devolving corporation tax powers is known, we will undertake further work to reassess the degree to which we can further strengthen the ambitious nature of the overarching economic goals set out below</p> <p>Contribute to rising levels of employment by supporting the promotion of over 25,000 new jobs (DETI)</p> <p>*2012/13 milestone includes 2011/12 figures</p> <p>Press for the devolution of Corporation Tax and reduce its level (DFP / OFMDFM / DETI)</p>	<p>Promote 13 300* jobs</p> <p>Press for a UK government decision, through participation in Joint Ministerial Working Group</p>	<p>Promote 19 500 jobs (cumulative)</p> <p>Work to ensure that required Westminster and Assembly legislation is in place to give effect to any Executive decisions</p>	<p>Promote 25 000 jobs (cumulative)</p> <p>Executive announcement of rate of corporation tax for Northern Ireland</p>
<p>Achieve £1 billion of investment in the Northern Ireland economy (DETI)</p> <p>(This includes £375 million of Foreign Direct Investment; £400 million from indigenous businesses supported by Invest NI and £225 million injection in to the Jobs Fund)</p> <p>*2012/13 milestone includes 2011/12 figures</p>	<p>Secure total investment of £550.0m*</p>	<p>Secure total investment of £320.5 m</p>	<p>To have secured total investment of at least £1 billion.</p>
<p>Increase the value of manufacturing exports by 20% (DETI)</p>	<p>Increase the value of manufacturing exports by 6 percentage points</p>	<p>Increase the value of manufacturing exports by 7 percentage points</p>	<p>Increase the value of manufacturing exports by 7 percentage points</p>
<p>Support £300 million investment by businesses in R&D, with at least 20% coming from Small and Medium sized Enterprises (DETI)</p> <p>*2012/13 milestone includes 2011/12 figures</p>	<p>Support £150m investment in R&D*</p>	<p>Support £75m investment in R&D</p>	<p>Support £75m investment in R&D</p>
	<p>Increase tourism</p>	<p>Increase tourism</p>	<p>Increase tourism</p>

PRIORITY 1: GROWING A SUSTAINABLE ECONOMY AND INVESTING IN THE FUTURE			
Increase visitor numbers to 4.2 million and tourist revenue to £676 million by December 2014 (DETI)	revenue to £591m and tourism visitor numbers to 3.47million	revenue to £625m and tourism visitor numbers to 3.6 million	revenue to £676m and tourism visitor numbers to 4.2 million
Aid liquidity of Small and Medium Size Enterprises (SMEs) through a £50 million loan fund (DETI) (£28 million in the three years covered by the Programme for Government)	Support 50 SMEs by providing loans valued at £8million	Support 50 SMEs by providing loans valued at £10million	Support 50 SMEs by providing loans valued at £10million
Ensure 90% of large scale investment planning decisions are made within 6 months and applications with job creation potential are given additional weight (DOE) (This commitment is made subject to external factors such as Judicial Review which could impact on performance)	60% of large scale investment planning decisions are made within 6 months	75% of large scale investment planning decisions are made within 6 months	90% of large scale investment planning decisions are made within 6 months
Introduce extension of Small Business Rate Relief Scheme to 2015 (DFP)	Ensure legislative and operational changes will be effective		Review operation of scheme
Hold the Regional Rate increases to the rate of inflation (DFP)	Secure approval to Rates Order	Secure approval to Rates Order	Secure approval to Rates Order
Eliminate Air Passenger duty on direct long haul flights (DFP)	Agree policy, administrative and financial arrangements with UK Government and EU (as appropriate) Work to ensure that required Westminster and Assembly legislation is in place to devolve power to Assembly to set Air Passenger Duty on direct long haul flights	Work to ensure progress of Assembly Bill in order to reduce the Northern Ireland rate of APD on direct long haul flights to zero	
	Develop and	Baseline existing	Commence

PRIORITY 1: GROWING A SUSTAINABLE ECONOMY AND INVESTING IN THE FUTURE

Invest in social enterprise growth to increase sustainability in the broad community sector (DSD)	<p>implement policy framework on Community Asset Transfer with support from DFP.</p> <p>Provide opportunities to support social enterprise growth.</p>	<p>social enterprise activity with the voluntary and community sector in Northern Ireland, identifying opportunities for growth and communicating these across Government and the sector through such channels as the Joint Voluntary and Community Sector Forum</p>	<p>implementation of Community Asset Transfer policy and opportunities identified</p>
Encourage achievement of 20% of electricity consumption from renewable sources and 4% renewable heat by 2015 (DETI)	<p>12% electricity consumption from renewable sources - subject to adequate grid reinforcement being approved by NIAUR 2% Renewable Heat</p>	<p>15% electricity consumption from renewable sources - subject to adequate grid reinforcement being approved by NIAUR 3% Renewable Heat</p>	<p>20% electricity consumption from renewable sources - subject to adequate grid reinforcement being approved by NIAUR 4% Renewable Heat</p>
Support 200 projects through the Creative Industries Innovation Fund (DCAL)	<p>100 projects overall</p>	<p>150 projects overall</p>	<p>200 projects overall</p>
Develop Maze/Long Kesh as a regeneration site of regional significance (OFMDFM)	<p>Launch of Development Plan for Maze/Long Kesh</p>	<p>"Balmoral Show" at Maze/Long Kesh Commencement of site infrastructure works at Maze Long/Kesh</p>	<p>Private sector development partner appointed by Maze/Long Kesh Development Corporation</p> <p>Peace building and Conflict Resolution Centre complete</p>

PRIORITY 1: GROWING A SUSTAINABLE ECONOMY AND INVESTING IN THE FUTURE			
Develop the 'One Plan' for the regeneration of Derry/Londonderry, incorporating the key sites at Fort George and Ebrington (OFMDFM)	1175 jobs promoted through the public, community and private sectors	1670 jobs promoted through the public, community and private sectors	1200 jobs promoted through the public, community and private sectors
	Development framework completed, and outline planning approval for Ebrington and Fort George secured	Decontamination programme at Fort George complete Regeneration of key buildings and places at Ebrington completed	£23m infrastructure investment programme at Ebrington complete
	Opportunities for development at Ebrington opened to the market		
Provide financial and other support across government to ensure the success of the Derry/Londonderry City of Culture 2013 (OFMDFM)	Creative industries hub in place at Ebrington	Visitor numbers to the City and visitor spend doubled	City of Culture programme supported and delivered
Provide financial and other support across government to ensure the success of the Our Time Our Place Initiative in 2012 including marking the centenary of Titanic's Maiden Voyage (DETI)	<p>Support the 2012 Events including:</p> <p>Titanic Festival to mark the opening of the new visitor attraction and the centenary of Titanic's Maiden Voyage;</p> <p>Clipper Maritime Festival;</p> <p>Opening of the new Giant's Causeway Visitor Centre;</p> <p>The 2012 Irish Open and;</p> <p>The 50th Belfast Festival at Queen's</p>	<p>Achieve legacy benefits from Our Time Our Place including change in perception/image both internally and externally and contribute to PfG targets of increasing the visitor number to 3.6 m and tourist revenue to £625 million</p> <p>Deliver at least one significant tourism event</p>	<p>Achieve legacy benefits from Our Time Our Place including change in perception/image both internally and externally and contribute to PfG targets of increasing the visitor number to 4.2 m and tourist revenue to £676 million</p> <p>Deliver at least one significant tourism event</p>

PRIORITY 1: GROWING A SUSTAINABLE ECONOMY AND INVESTING IN THE FUTURE			
Progress the upgrade of key road projects and improve the overall road network to ensure that by March 2015 journey times on key transport corridors reduce by 2.5% - against the 2003 baseline (DRD)	Improve the strategic road network by achieving 85% of our major works milestones	Improve the strategic road network by achieving 85% of our major works milestones	2.5% reduction in journey times
Increase uptake in economically relevant Science, Technology, Engineering and Mathematics (STEM) places (DEL)	233 additional places	467 additional places	700 additional places
Increase the overall proportion of young people who achieve at least 5 GCSEs at A* - C or equivalent including GCSEs in Maths and English by the time they leave school. (DE)	61%	63%	66%
<i>Including:</i>			
Increase the proportion of young people from disadvantaged backgrounds who achieve at least 5 GCSEs at A* - C or equivalent including GCSEs in Maths and English (DE)	42%	45%	49%
Allocate an increasing percentage of the overall health budget to public health (DHSSPS) (This should contribute to society and the economy by tackling disadvantage)	Strengthen the cross-sectoral/cross-departmental drive on improving health and mental wellbeing and reducing health inequalities by setting new policy direction and associated outcomes based on the most recent bodies of evidence available	The HSC will have in place, all the arrangements necessary to extend bowel cancer screening to everyone aged 60-74 from 1 st April 2014	Invest an additional £10m in public health (increase based on 2011/12 spend)
Eradicate brucellosis in cattle by March 2014 (DARD)	0.03% (confirmed annual herd incidence expressed as a percentage)	0.00%	0.00%
Develop a strategic plan for the Agri-food sector (DARD / DETI)	New Food Strategy Board in place and operational;	Strategic vision implemented via the Food Strategy Board and	Strategic vision implemented via the Food Strategy Board

PRIORITY 1: GROWING A SUSTAINABLE ECONOMY AND INVESTING IN THE FUTURE			
	strategic vision completed and agreed; funding options explored and identified	performance against targets reviewed	and performance against targets reviewed
<p>Upskill the working age population by delivering over 200,000 qualifications (DEL)</p> <p>*includes 2011/12: figures rounded</p>	105,000* qualifications	53,000 qualifications	53,000 qualifications
<p>Facilitate delivery of the Executive's 20% target for increased drawdown of competitive EU funds (OFMDFM)</p> <p><i>(Covers the following European thematic priorities: Competitiveness and employment; Innovation and technology; Climate change and energy; and Social cohesion.)</i></p> <p>*2012/13 milestone includes 2011/12 figures.</p>	Establish baseline figure for annual drawdown of funds	Effective drawdown of competitive EU funds	To have achieved 20% over the period
<p>Develop and implement a Strategy to reduce economic inactivity through skills, training, incentives and job creation (DEL/DETI)</p>	Develop Strategy	Implement key actions from the Strategy	Further implementation of key actions from the Strategy

Priority 2: Creating Opportunities, Tackling Disadvantage and Improving Health and Wellbeing

This priority seeks to address the challenges of disadvantage and inequality that afflict society and to address the relatively poor health and long-term shorter life expectancy of our population; its purpose is to stimulate interventions that break the cycle of deprivation, educational under-achievement, and to address health inequalities and poor health and wellbeing as well as economic disengagement.

PRIORITY 2: CREATING OPPORTUNITIES, TACKLING DISADVANTAGE AND IMPROVING HEALTH AND WELLBEING

This means:

- *less deprived communities*
- *increased provision of decent, affordable, sustainable housing*
- *introducing changes to the welfare system*
- *closing the gap in educational underachievement between those who are least and most disadvantaged and improving the participation of young people in education, employment and training*
- *greater equality of opportunity in economic participation*
- *improved health and wellbeing for people from deprived areas*
- *cross-departmental work to reduce suicides*
- *reduced health inequalities*
- *encouraging innovation and Research and Development*
- *integrated transport infrastructure and improved public transport*

Our Building Blocks include:

- Social Investment Fund
- Social Protection Fund
- Child Poverty Strategy
- Economic Strategy
- Anti Poverty and Social Inclusion Strategy
- Young People Not in Education, Employment, or Training (NEET) Strategy
- Neighbourhood Renewal Strategy
- Benefits Uptake Strategy
- Investing for Health and its subset of public health strategies e.g alcohol and drugs, teenage
- Maternity Strategy
- Stroke Strategy
- National Institute for Clinical Excellence approved guidance for Health and Social Care Services
- Long term conditions policy framework
- Fuel Poverty Strategy
- European Social Fund Programme
- The Skills Strategy
- Count, Read: Succeed – A Strategy to Improve Outcomes in Literacy and Numeracy
- Rural White Paper
- Sustainable Development Strategy
- Regional Transportation Strategy
- The Investment Strategy (ISNI)
- Social and Affordable Housing Programme

PRIORITY 2: CREATING OPPORTUNITIES, TACKLING DISADVANTAGE AND IMPROVING HEALTH AND WELLBEING

Provide £40 million to address dereliction and promote regeneration of deprived areas through the Social Investment Fund (SIF) (OFMDFM)

Produce Strategic Action Plans identifying and prioritising needs in 8 regions of disadvantage and poverty

Establish a monitoring framework and baseline targets to promote physical regeneration of the identified areas

To have met all key milestones for physical regeneration

To have achieved agreed milestones and completed an evaluation of expenditure

To have achieved £40 million of programme expenditure

To have evaluated the impact of expenditure

Invest £40 million to improve pathways to employment, tackle systemic issues linked to deprivation and increase community services through the Social Investment Fund (SIF) (OFMDFM)

Produce Strategic Action Plans identifying and prioritising needs in 8 regions of disadvantage and poverty

Establish a monitoring framework and baseline targets which support identification of demonstrable improvements in levels of education, health and employment in areas experiencing high levels of deprivation

To have demonstrated improvements on all short term or lead measures

To have demonstrated positive trends on lead measures relating to levels of education, health and employment in areas experiencing high levels of deprivation

To have achieved £40 million of programme expenditure

To have evaluated the impact of expenditure

Publish and implement a Childcare Strategy with key actions to provide integrated and affordable childcare (OFMDFM)

Develop and begin to implement strategy. Design programme to achieve £12 million of additional expenditure on improving childcare provision over

Achieve at least £3 million of expenditure and the key milestones in the Strategy

Achieve remaining expenditure and the key milestones in the Strategy. Evaluate the Strategy

PRIORITY 2: CREATING OPPORTUNITIES, TACKLING DISADVANTAGE AND IMPROVING HEALTH AND WELLBEING

the
Comprehensive
Spending Review
period

<p>PRIORITY 2: CREATING OPPORTUNITIES, TACKLING DISADVANTAGE AND IMPROVING HEALTH AND WELLBEING</p>			
<p>Deliver a range of measures to tackle poverty and social exclusion through the Delivering Social Change delivery framework. (OFMDFM)</p> <p><i>(By coordinating actions between Departments, this framework aims to achieve a sustained long term reduction in poverty and an improvement in children and young people's health, wellbeing and life opportunities. The framework will include key actions to develop an integrated policy framework to tackle multi-generational poverty, a new Victims and Survivors Service, a review of Historical Institutional Abuse and actions to ensure compliance with the United Nations Convention on the Rights of Persons with Disabilities; measures to promote the rights of people from an ethnic minority background)</i></p>	<p>Establish and begin to implement the Delivering Social Change framework which will include projects to deliver:</p> <ul style="list-style-type: none"> an integrated policy framework and supporting research to tackle multi-generational poverty and social exclusion; the £80 million Social Investment Fund; the £20 million per annum Social Protection Fund; a new Victims and Survivors Service; compliance with the United Nations Convention on the Rights of Persons with Disabilities; a review of Historical Institutional Abuse; a range of measures in support of Cohesion, Sharing and Integration to improve community relations; and a Childcare Strategy with key actions to provide integrated and affordable childcare 	<p>Implement key milestones across all of the projects and monitor performance through lead indicators.</p> <p>Ensure that these results feed into OFMDFM budget plans, including the Area Plans being developed for the £80 million Social Investment Fund, the £12 million Childcare Fund and the £20 million per annum Social Protection Fund</p>	<p>Evaluate performance of the Delivering Social Change projects in terms of early indicators and assess the likely impact on longer term trends</p>

PRIORITY 2: CREATING OPPORTUNITIES, TACKLING DISADVANTAGE AND IMPROVING HEALTH AND WELLBEING

<p>Use the Social Protection Fund to help individuals and families facing hardship due to the current economic downturn (OFMDFM)</p>	<p>Develop proposals which can meet immediate needs for individuals and families. Ensure that some longer term programmes are developed which can have a lasting impact as well as meeting immediate needs</p>	<p>Implement longer term programmes with the Fund as well as addressing immediate problems</p>	<p>Implement longer term programmes with the Fund as well as addressing immediate problems</p>
<p>Support people (with an emphasis on young people) in to employment by providing skills and training (DEL)</p>	<p>65,000*</p>	<p>89,000 cumulative</p>	<p>114,000 cumulative</p>
<p>*includes 2011/12 figures</p>			
<p>Fulfil our commitments under the Child Poverty Act to reduce child poverty (OFMDFM)</p>	<p>Develop an action plan to address child poverty in the context of an integrated policy framework to tackle multi-generational poverty and social exclusion. Design actions on the basis of a Poverty Outcomes Model to show which interventions will have the most significant effect in tackling child poverty. Ensure that the action plan is consistent with commitments under the Child Poverty Act</p>	<p>Implement key milestones and monitor performance through lead indicators. Ensure that this feeds into the Area Plans being developed for the £80 million Social Investment Fund and the £20 million per annum Social Protection Fund as well as the £3 million per annum Childcare Fund</p>	<p>Evaluate performance in terms of early indicators and likely impact on longer term trends</p>
<p>Extend age discrimination legislation to the provision of goods, facilities and services (OFMDFM)</p>	<p>Develop and consult on proposals to extend age discrimination legislation on the provision of</p>	<p>Progress legislation through the Assembly</p>	<p>Complete legislation</p>

PRIORITY 2: CREATING OPPORTUNITIES, TACKLING DISADVANTAGE AND IMPROVING HEALTH AND WELLBEING

	goods, facilities and services			
For households, ensure no additional water charges during this Programme for Government (DRD)	Pay annual customer subsidy to NIW	Pay annual customer subsidy to NIW	Pay annual customer subsidy to NIW	Pay annual customer subsidy to NIW
Ensure there are no increases in student fees beyond the rate of inflation for Northern Ireland students studying here (DEL)	Apply policy	Apply policy	Apply policy	Apply policy
Establish an advisory group to assist Ministers in alleviating hardship including any implications of the UK Government's Welfare Reform Programme (OFMDFM)	Establish advisory group and provide report			
Improve literacy and numeracy levels among all school leavers, with additional support targeted at underachieving pupils (DE)	Develop proposals to significantly improve literacy levels and thereby contribute to addressing multi-generational disadvantage	Implement and monitor programme	Implement and monitor programme	Implement and monitor programme
Ensure that at least one year of pre-school education is available to every family that wants it (DE)	Identify reasons why parents do not avail of places Commence implementation of the Review of Pre-school Admissions	Based on findings, implement changes to encourage parents to take up places Continue to implement Review of Pre-school Admissions		Review progress and take further actions as necessary
Enrol people who have a long-term (chronic) condition, and who want to be enrolled, in a dedicated chronic condition management programme (DHSSPS)	Identify and evaluate the current baseline of patient education and self management support programmes that are currently in place in each Trust area	Health and Social Care Board / Public Health Agency should work with key stakeholders to develop and secure a range of quality assured education, information and support programmes to help people manage their long term conditions effectively, alongside full application of the Remote Telemonitoring contract		People with a long term condition will be offered access to appropriate education, information and support programmes relevant to their needs, including innovative application of connected health

PRIORITY 2: CREATING OPPORTUNITIES, TACKLING DISADVANTAGE AND IMPROVING HEALTH AND WELLBEING

Invest £7.2 million in programmes to tackle obesity (DHSSPS)

	Invest £2 million in tackling obesity through support of Obesity Prevention Framework	Invest £2.4 million in tackling obesity through support of Obesity Prevention Framework	Invest £2.8 million in tackling obesity through support of Obesity Prevention Framework
Bring forward a £13 million package to tackle rural poverty and social and economic isolation in the next three years (DARD)	Finalisation of programme to tackle poverty and isolation. Completion of necessary financial work and agreement with other Departments as necessary Implementation of various programmes Spend of £4 million	Implementation of programmes. Spend of £4 million	Implementation of programmes. Spend of £5 million
Advance the relocation of the Headquarters of the Department of Agriculture and Rural Development to a rural area by 2015 (DARD)	Carry out the necessary appraisal processes to decide on the most suitable accommodation for the DARD HQ in the future	Implement a programme for securing the appropriate accommodation for the future DARD HQ	Continue to implement a programme for securing required accommodation for the future DARD HQ
Develop and implement a Financial Capability Strategy for consumers (DETI)	Develop Strategy	Implement key actions from Strategy	Further implement key actions Assess and report on impacts of Strategy implementation

Priority 3: Protecting Our People, the Environment and Creating Safer Communities

This priority focuses on making real improvements to people's health and wellbeing, both physically and mentally, enhancing community safety, achieving improved safeguarding outcomes for children and adults most at risk of harm and protecting and improving the environment in which we live.

PRIORITY 3: PROTECTING OUR PEOPLE, THE ENVIRONMENT AND CREATING SAFER COMMUNITIES

This means:

- ***improving health (mortality and morbidity) and wellbeing (including social inclusion and safeguarding)***
- ***working together to reduce offending***
- ***improving community safety***
- ***strengthening legal safeguards for people who lack capacity to take decisions themselves***
- ***improving access to justice***
- ***promoting social guardianship***
- ***more people recycling waste and adopting sustainable lifestyles***
- ***improving water and sewerage services***
- ***adapting to/mitigating the risks of climate change***
- ***more people using sustainable modes of transport***
- ***preserving and improving the built and natural environment***
- ***a reduction in the number of people killed or seriously injured on our roads***

Our Building Blocks include:

- Investing for Health
- Access to Justice
- Strategic Framework for Reducing Offending
- Community Safety Strategy
- Neighbourhood Renewal Strategy
- Sustainable Development Strategy
- Social and Environmental Guidance for Water and Sewerage Services
- Common Agricultural and Common Fisheries Policies
- Sustainable Rural Communities
- Environmental Programmes / Directives
- Strategic Energy Framework
- Road Safety Strategy
- Cross-Governmental approach to Reducing Offending
- Regional Transportation Strategy
- Salmon and Eel Management Plans
- Waste Management Strategy
- Greenhouse Gas Emissions Action Plan
- Climate Change Adaptation Programme
- Air Quality Strategy
- Biodiversity Strategy
- Environmental Noise Directive
- Water Framework Directive
- Floods Directive

PRIORITY 3: PROTECTING OUR PEOPLE, THE ENVIRONMENT AND CREATING SAFER COMMUNITIES

- Public Safety policies and legislation
- Cohesion, Sharing and Integration Programme
- Tackling Sexual Violence and Abuse – A Regional Strategy 2008-2013
- The Investment Strategy (ISNI)
- European Priorities'
- Strategy for Addressing Domestic Violence and Abuse

KEY COMMITMENTS

MILESTONES / OUTPUTS
2012/13 2013/14 2014/15

<p>Implement a levy on single use carrier bags by 2013 and extend this to reusable bags from April 1 2014 (DOE)</p>	<p>Operational arrangements in place by 31 January 2013</p> <p>Subordinate legislation made under the Climate Change Act 2008 (as amended for Northern Ireland) in place by 31 January 2013 to allow the levy on single use carrier bags to be introduced by April 2013</p>	<p>Primary legislation and amended subordinate legislation made in time to enable full charging for single use and reusable carrier bags to commence by April 2014</p>	<p>Implement levy</p>
<p>Continue to work towards a reduction in greenhouse gas emissions by at least 35% on 1990 levels by 2025 (DOE)</p>	<p>To continue to project at least a 35% reduction in greenhouse gas emissions by 2025 based on 1990 baseline</p>	<p>To continue to project at least a 35% reduction in greenhouse gas emissions by 2025 based on 1990 baseline</p>	<p>To continue to project at least a 35% reduction in greenhouse gas emissions by 2025 based on 1990 baseline</p>

PRIORITY 3: PROTECTING OUR PEOPLE, THE ENVIRONMENT AND CREATING SAFER COMMUNITIES			
Work towards halting the loss of biodiversity by 2020 (DOE)	<p>Declare 15 additional Areas of Special Scientific Interest</p> <p>Complete and publish a statutory management scheme for Rathlin Island marine N2K site</p> <p>Publish an Invasive Species Strategy</p> <p>Make an interim set of amending Conservation Regulations by 30 April 2012, and a further set of revised Regulations by 31 March 2013 that meet the EU requirements of Birds and Habitats Directives</p>	<p>Designate a further 15 Areas of Special Scientific Interest</p> <p>Publish a revised Biodiversity Strategy</p> <p>Consolidate Conservation Regulations</p>	<p>Designate an additional 15 Areas of Special Scientific Interest</p>
Achieve a household waste recycling or composting rate of 45% by end of March 2015 (DOE)	<p>Recycling rates of 41% for household waste</p>	<p>Recycling rates of 43% for household waste</p>	<p>Recycling rates of 45% for household waste</p>
Substantially complete the construction of the new Police, Prison and Fire Training College (DOJ)	<p>Award construction contract</p>	<p>At least 25% of the Programme Capital Budget will be utilised</p>	<p>At least 70% of the Programme Capital Budget will be utilised</p>

PRIORITY 3: PROTECTING OUR PEOPLE, THE ENVIRONMENT AND CREATING SAFER COMMUNITIES			
Reduce the level of serious crime (DOJ)	<p>Publish final cross-departmental Strategic Framework on Reducing Offending</p> <p>Deliver against Protection and Justice elements of 12/13 domestic and sexual violence action plan and contribute to development of new domestic and sexual violence strategy and action plan.</p>	<p>Implement 90% of agreed Youth Justice Review recommendations</p> <p>Finalise, and deliver against Protection and Justice elements of new Domestic and Sexual Violence Strategy</p>	<p>Deliver joined up oversight, evaluation and publication of reducing offending interventions.</p> <p>Deliver against Protection and Justice elements of new Domestic and Sexual Violence Strategy</p> <p>Develop and action a desistance strategy for offenders to cover custodial and non-custodial settings</p>
Tackle crime against older and vulnerable people by more effective and appropriate sentences and other measures (DOJ)	<p>Consult Lord Chief Justice on inclusion of older and vulnerable people in sentencing guidelines initiative</p>	<p>Any necessary legislative changes taken forward as part of DOJ legislative programme</p> <p>Develop programme of measures to reduce fear and increase confidence in older and vulnerable people</p>	<p>Implement programme of measures</p>

PRIORITY 3: PROTECTING OUR PEOPLE, THE ENVIRONMENT AND CREATING SAFER COMMUNITIES			
<p>Improve community safety by tackling anti-social behaviour (DOJ)</p> <p>* Statistically significant change</p>	<p>Policing and Community Safety Partnerships (PCSPs) fully operational.</p> <p>Establish baseline for percentage of people affected by Anti-Social Behaviour (ASB)</p>	<p>Monitor quarterly and publish annually NI Crime Survey findings in respect of:</p> <p>Percentage who agree that police and other agencies are dealing with ASB and crime issues that matter in their local area;</p> <p>Percentage who perceive the level of ASB in their area to be high;</p> <p>Percentage whose quality of life is affected by ASB</p>	<p>Increase the percentage of people who agree that police and other agencies are dealing with ASB and crime issues that matter in their area;</p> <p>A reduction in the percentage of people who perceive the level of ASB in their area to be high and;</p> <p>An improvement in the percentage of people whose quality of life is affected by their experience of ASB</p>
<p>Improve access to Justice (DOJ)</p>	<p>Publish Departmental response to Access to Justice Review and associated Departmental Action Plan</p>	<p>Introduce legislation to give effect to reforms requiring primary legislation</p>	<p>Implementation of reforms</p>
<p>Upgrade the Coleraine to Derry/Londonderry railway line (DRD)</p>		<p>Complete Phase 1 - re-lay end sections at Coleraine and Derry and complete essential bridge works (subject to no legal challenge to procurement exercise)</p>	<p>Phase 2 – new signalling and passing loop – substantially complete (subject to no legal challenge to procurement exercise)</p>
<p>Invest over £500m to promote sustainable modes of travel (DRD)</p>	<p>£298 million invested</p>	<p>£389.5 million invested</p>	<p>Over £500 million invested</p>
<p>By 2015 create the conditions to facilitate at least 36% of primary school pupils and 22% of secondary school pupils to walk or cycle to school as their main mode of transport (DRD)</p>	<p>33% (Primary School) 21% (Secondary School)</p>	<p>34% (Primary School) 21% (Secondary School)</p>	<p>36% (Primary School) 22% (Secondary School)</p>

PRIORITY 3: PROTECTING OUR PEOPLE, THE ENVIRONMENT AND CREATING SAFER COMMUNITIES

Introduce a package of measures aimed at improving Safeguarding Outcomes for Children and Vulnerable Adults (DHSSPS)

Develop a Strategic Plan for Adult Safeguarding in Northern Ireland and produce a joint Domestic and Sexual Violence and Abuse Strategy

Open new Sexual Assault Referral Centre at Antrim Area Hospital

Develop an updated inter-departmental Child Safeguarding Policy Framework

Maintain a high quality of drinking water and improve compliance with waste water standards by investing £668m in water and sewerage infrastructure. (DRD)

Compliance with regulatory targets: 99.7% water 96.5% Wastewater

Compliance with regulatory targets for water and Wastewater

Compliance with regulatory targets for water and Wastewater

Priority 4: Building a Strong and Shared Community

This priority focuses on building relationships between communities, encouraging active citizenship, reducing the incidences, and impacts, of domestic and sexual violence and abuse, elder abuse and harm directed to other vulnerable groups, wherever it occurs and whoever is responsible, and unlocking the potential of the culture, arts and leisure sectors as instruments for positive change. Additionally, it seeks to encourage greater involvement in sporting and pastoral activities to advance social cohesion and integration.

PRIORITY 4: BUILDING A STRONG AND SHARED COMMUNITY			
<p>This means:</p> <ul style="list-style-type: none"> - <i>better relations between communities</i> - <i>promoting volunteering</i> - <i>improving community and personal wellbeing</i> - <i>unlocking the potential of the culture, arts and leisure sectors</i> - <i>increasing participation in sport and physical recreation</i> - <i>collaborative working</i> 			
<p>Our Building Blocks include:</p> <ul style="list-style-type: none"> • Cohesion Sharing and Integration Programme • Equality and Good Relations Programme • Anti Poverty and Social Inclusion Strategy • Community Relations, Equality and Diversity in Education Policy • Alcohol and Drug Strategies • Volunteering Concordat • New Urban Regeneration and Community Development Framework 		<ul style="list-style-type: none"> • Volunteering Strategy • Annual Funding Programme (Arts) • 'Sport Matters' – Strategy for Sport and Physical recreation • Rural White Paper / NIRD • Sustainable Development Strategy • Sustainable Rural Communities • Arts and Older People Strategy • Strategy for the Irish Language • Strategy for Ulster Scots Language, Heritage and Culture • The Investment Strategy (ISNI) • Northern Ireland Museums Policy 	
KEY COMMITMENTS		MILESTONES / OUTPUTS	
	2012/13	2013/14	2014/15
Develop sports stadiums as agreed with the IFA, GAA and Ulster Rugby (DCAL)	Develop and agree programme of developments and specific project plans	Implement key milestones and initiate development programme	Implement key milestones

PRIORITY 4: BUILDING A STRONG AND SHARED COMMUNITY			
Host the World Police and Fire Games in 2013 (DCAL)	Develop plans and project arrangements	Host the Games	
Support the successful hosting of the 2012 Irish Open and build on that success to secure a further international golf event (DETI)	Successfully host the 2012 Irish Open Golf Championship at Royal Portrush	Secure the Irish Open for Northern Ireland in 2015	Develop plans and project arrangements to host the Irish Open in 2015
Deliver at least 30 Schemes to improve landscapes in public areas to promote private sector investment in towns and cities across Northern Ireland (DSD)	10 Public Realm Schemes delivered	10 Public Realm Schemes delivered	10 Public Realm Schemes delivered
Publish the Cohesion, Sharing and Integration Strategy to build a united community and improve community relations (OFMDFM)	Finalise strategy and agree early actions. Develop a change management plan for organisations with a specific interest in this area of work	Achieve early milestones in the plan and monitor performance on early or lead indicators	Achieve milestones and review performance against the Strategy
Actively seek local agreement to reduce the number of 'peace walls' (DOJ)	Establish inter-agency collaborative approach to addressing interface structures	Implementation of action plans	Implementation of action plans
	Review existing arrangements for engagement with communities	Reduction in the number of interface structures	Reduction in the number of interface structures
	Identify funding gaps and seek partnership funding opportunities		Ongoing monitoring of community tension and residents' concerns
	Develop action plans for individual areas involving stakeholders		Review of progress to identify further opportunities for change and lessons learned

PRIORITY 4: BUILDING A STRONG AND SHARED COMMUNITY			
Reform and modernise the Prison Service (DOJ)	<p>To have a new Operating Model in place and ready to launch</p> <p>To have a new Training and Development Package for all operational staff in place and ready to launch</p> <p>To have completed the selection of new Custody Officers to replace Prison Officers</p>	To have new certificates and licenses for professionalising the Service	Implement 90% of the recommendations contained in the Prison Review Action Plan within the agreed timescales
Significantly progress work on the plan for the Lisanelly Shared Education campus as a key regeneration project (DE)	Develop a business case and plan for the new campus	Secure funding and initiate the development programme	Complete procurement process and initiate first phase of construction.
Establish a Ministerial advisory group to explore and bring forward recommendations to the Minister of Education to advance shared education (DE)	Establish group and produce report with recommendations		
Ensure all children have the opportunity to participate in shared education programmes by 2015 (DE)	Define the objectives in terms of children participating in shared education programmes	Put in place measures to achieve objectives	Achieve overall commitment objective
Substantially increase the number of schools sharing facilities by 2015 (DE)	Define the objectives in terms of children sharing school facilities	Put in place measures to achieve objectives	Achieve overall commitment objective

Priority 5: Delivering High Quality and Efficient Public Services

Citizens have, whether in times of recession or not, the right to expect excellent public services and value for money. As an Executive, we are acutely aware of the need to deliver, and this is why we have identified this as a priority.

PRIORITY 5: DELIVERING HIGH QUALITY AND EFFICIENT PUBLIC SERVICES			
<p>This means:</p> <ul style="list-style-type: none"> - <i>less cost to the taxpayer</i> - <i>resource releasing savings</i> - <i>cash releasing savings</i> - <i>review and rationalisation of arms-length bodies</i> - <i>improved access to services and information</i> - <i>a rationalised government office estate</i> - <i>reformed local government with enhanced powers delivered through a reduced number of councils</i> 			
<p>Our Building Blocks include:</p> <ul style="list-style-type: none"> • NI Direct • Northern Ireland Act 1998 • Budget 2011-15 • Planning Reform Programme • Health and Social Care Reform Programme • Procurement Board Strategic Plan • Schools for the Future: A policy for Sustainable Schools 		<ul style="list-style-type: none"> • Review of Public Administration (including in Education and Local Government) • Assembly Legislative Programme • Managing Public Money NI • Corporate Governance Code • Ministerial Code • Departments (Northern Ireland) Order 1999 • Rural White Paper • (Establishment of) Education and Skills Authority • The Investment Strategy (ISNI) • Modernisation of Public Library Service 	
KEY COMMITMENTS		MILESTONES / OUTPUTS	
		2012/13	2013/14
		2014/15	
<p>Include Social Clauses in public procurement contracts for supplies, services and construction (DFP)</p>		<p>Develop a Procurement Guidance Note on social clauses</p> <p>Modify the Procurement Board Strategic Plan to incorporate targets for the implementation of social clauses by Departments</p>	<p>Monitor implementation</p>
			<p>Monitor implementation</p>




PRIORITY 5: DELIVERING HIGH QUALITY AND EFFICIENT PUBLIC SERVICES			
Establish the new 11 council model for Local Government by 2015 (DOE)	Progress legislation (to include Local Government Reorganisation Act) and a programme structure necessary to manage change	Arrangements in place for the shadow Councils Deliver year 2 of implementation programme	Arrangements in place for the transfer of powers to councils
We will make the Education and Skills Authority operational in 2013 (DE)	Bring forward for scrutiny and approval by the Assembly, the legislation necessary to establish a single education authority Take forward the organisational, financial and other actions necessary to prepare for the establishment of the ESA, and for winding up the eight existing bodies it will replace	Take forward structural, financial and other actions required for establishing a new non-departmental public body and for winding up existing Non-Departmental Public Bodies	Single Education Authority established and fully functional
Agree any changes to post-2015 structures of Government in 2012 (OFMDFM)	Consider relevant reports from the Efficiency Review Panel and Assembly and Executive Review Committee Engage with UK Government on any necessary amendments to Westminster legislation	Introduce any necessary Assembly legislation to implement agreed changes	Complete administrative and legal preparations for post-2015 structural changes

PRIORITY 5: DELIVERING HIGH QUALITY AND EFFICIENT PUBLIC SERVICES			
<p>Improve online access to government services (OFMDFM/DFP)</p>	<p>Develop plans and specific targets to significantly increase the use of online services</p> <p>Identify services which will transfer during the course of the Programme for Government</p>	<p>Monitor early progress to ensure key milestones in the plans are being met.</p> <p>Monitor the planned tranche of services to be delivered online and consider if others can be added.</p>	<p>Review level of access of online services</p> <p>Monitor the planned tranche of services to be delivered online and consider if others can be added.</p>
<p>Improve patient and client outcomes and access to new treatments and services (DHSSPS)</p>	<p>Enhance access to life-enhancing drugs for conditions such as rheumatoid arthritis, cancer, inflammatory bowel disease and psoriasis and increase to 10% the proportion of patients with confirmed Ischaemic stroke who receive thrombolysis</p>	<p>Improve long-term outcomes relating to health, wellbeing, education, and employment for the children of teenage mothers from disadvantaged backgrounds by rolling out the Family Nurse Partnership Programme beyond the first test phase to one further test site</p>	<p>Expand cardiac catheterisation capacity to improve access to diagnostic intervention and treatment and further develop a new primary percutaneous coronary intervention (PPCI) service model to reduce mortality and morbidity arising from myocardial infarction (heart attack)</p>
<p>Reconfigure, reform and modernise the delivery of Health and Social Care services to improve the quality of patient care (DHSSPS)</p>	<p>Development of a clear implementation and Population plan to ensure delivery of the new model of care as set out in the <i>Transforming Your Care</i> report</p>	<p>As part of a shift in the delivery of services to primary and community settings reduce by 2013/14 the number of days patients stay in acute hospitals unnecessarily (excess bed days) by 10% compared with 2011/12</p>	<p>Secure a shift in from hospital based services to community based services together with an appropriate shift in the share of funding in line with the recommendations of <i>Transforming Your Care</i></p>
<p>By the end of 2014/15, to have implemented new structures to support the improved delivery of housing services to the citizens of Northern Ireland (DSD)</p>	<p>To develop and consult on service delivery structures and develop implementation programme</p>	<p>Deliver year 1 of implementation programme</p>	<p>Implement new structures</p>

PRIORITY 5: DELIVERING HIGH QUALITY AND EFFICIENT PUBLIC SERVICES			
Further reduce the levels of sickness absence across the NICS (DFP)	Reduce the average annual days sick absence per employee to 9.5 days	Reduce the average annual days sick absence per employee to 9.0 days	Reduce the average annual days sick absence per employee to 8.5 days

ANNEX 1: PROGRAMME ARRANGEMENTS AND DELIVERY FRAMEWORK

It is intended that the Programme for Government will be managed at three levels; Programme, Delivery and Operational. Each level will have a managing authority with clearly defined functions. These are illustrated below:

LEVEL	AUTHORITY AND FUNCTION(S)
<p style="text-align: center;">PROGRAMME</p> 	<p style="text-align: center;">PfG PROGRAMME BOARD</p> <p>The Programme Board is chaired by the First and deputy First Minister, attended by the Minister of Finance and Personnel and supported by the Head of the Civil Service.</p> <p>FUNCTION: To consider and approve the strategic direction of the Programme and to manage the Programme in the interests of our people.</p>
<p style="text-align: center;">DELIVERY</p> 	<p style="text-align: center;">PfG DELIVERY OVERSIGHT GROUP</p> <p>The Delivery Oversight Group is chaired by the Head of the Civil Service and supported by the Permanent Secretaries Group.</p> <p>FUNCTION: To drive Programme delivery and ensure constancy of direction and purpose.</p>
<p style="text-align: center;">OPERATIONAL</p> 	<p style="text-align: center;">DEPARTMENTS</p> <p style="text-align: center;">SENIOR RESPONSIBLE OFFICERS</p> <p style="text-align: center;">PARTNER ORGANISATIONS</p> <p>FUNCTION: Tactical delivery of outputs and achievement of targets, through programme and project management approach.</p>

The Executive has agreed on the approach to delivery of this Programme for Government and the mechanisms to support this. Clearly defined lines of accountability, supported by effective monitoring and regular reporting are a prerequisite of this Programme for Government and reports on progress against commitments will be produced on a quarterly basis..

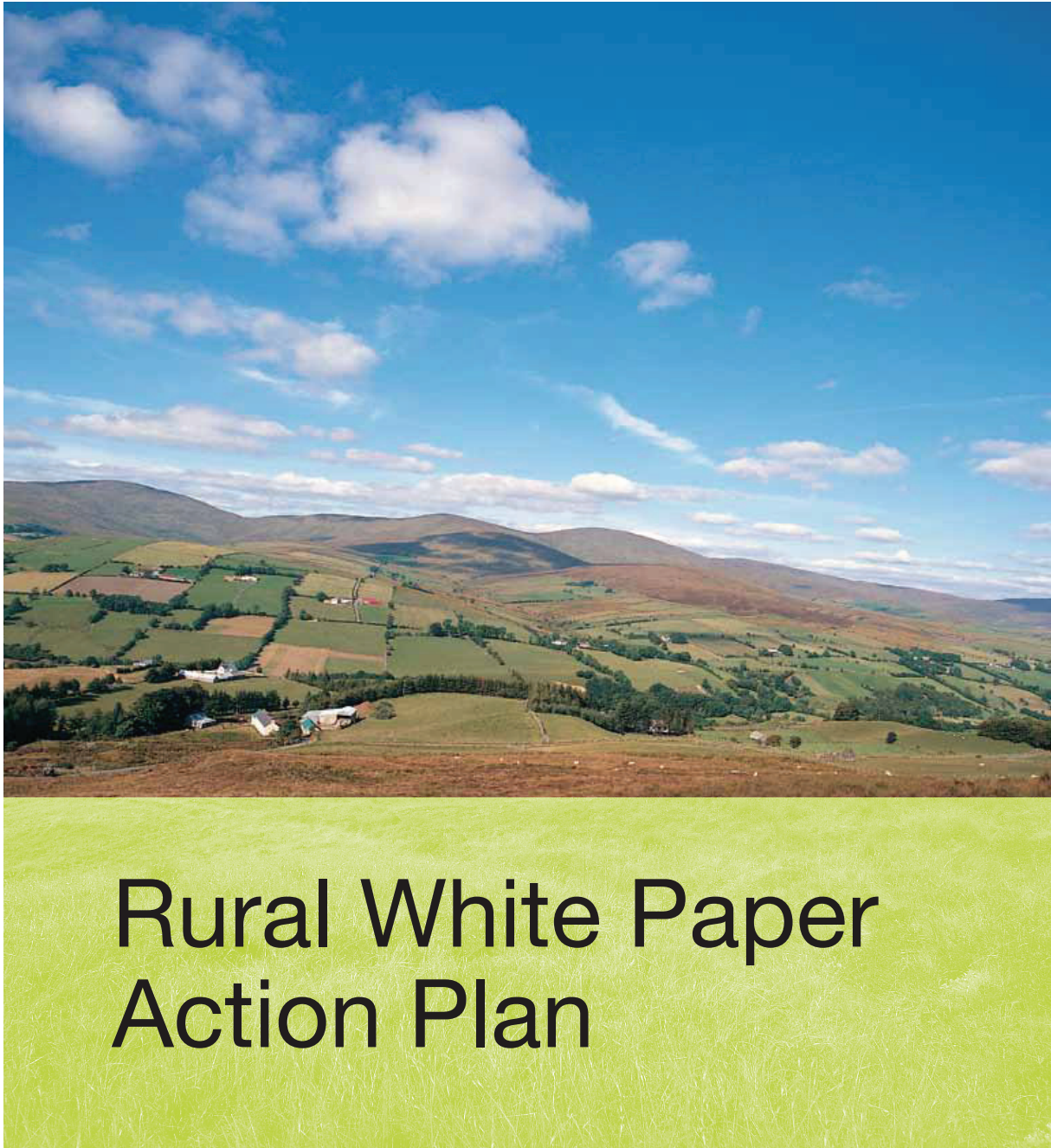
It is intended that this Programme for Government will be supported by a legislative programme that complements its delivery objectives.

ANNEX 2: EQUALITY AND SUSTAINABILITY

This Programme for Government (PfG) has been informed by the analysis and findings of a strategic level Equality Impact Assessment (EQIA) and a detailed Sustainability Scan.

These documents are available online at www.northernireland.gov.uk

Rural White Paper Action Plan



Department of
**Agriculture and
Rural Development**

www.dardni.gov.uk

AN ROINN

**Talmhaíochta agus
Forbartha Tuaithe**

MANNYSTRIE O

**Fairms an
Kintra Fordèrin**

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Sustainable Rural Communities Branch,
Department of Agriculture and Rural Development,
Room 404,
Dundonald House,
Upper Newtownards Road,
Ballymiscaw,
Belfast
BT4 3SB

Tel: (028) 9037 8530
Fax: (028) 9037 8322

Email: ruralpolicy.branch@dardni.gov.uk



Rural White Paper Action Plan

Contents

Foreword by the First Minister and deputy First Minister	Page 2
Foreword by the Minister of Agriculture and Rural Development	Page 3
Background	Page 9
Rural Vision	Page 10
Thematic Approach	Page 10
Policy Priorities	Page 11
Setting the Scene	Page 12
North/South	Page 13
Equality	Page 13
Budgetary Issues	Page 14
Implementing the Action Plan	Page 14
Conclusion	Page 15
Action Plan:	
Urban/Rural Linkages	Page 17
Access to Services	Page 19
Rural Communities	Page 23
Rural Economies	Page 28
The Countryside	Page 32
Glossary of terms/Abbreviations	Page 35
Acknowledgments	Page 36

A banner image showing a rural landscape with rolling hills and a field under a bright sky. A dark green rectangular box is overlaid on the left side of the banner, containing the text 'Rural White Paper Action Plan' in white.

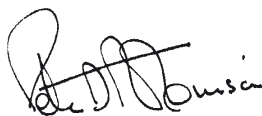
Rural White Paper Action Plan

Foreword by the First Minister and deputy First Minister

We are pleased to present the Executive's Rural White Paper Action Plan. This Action Plan is a first in that it contains commitments on rural issues by all Departments and provides a framework for a more integrated approach by the Executive in seeking to address the challenges facing our rural communities.

We recognise the importance of our rural areas as places to live and work and we value the contribution that our rural areas make, particularly in respect of tourism, recreation, employment, food production and the conservation of our cultural heritage and the natural environment. We also understand the challenges for the Executive in ensuring the future sustainability of our rural communities, including those relating to the delivery of quality key services in rural areas, the provision of affordable rural transport and the tackling of rural poverty and social isolation. We want to help create a living countryside with strong, vibrant rural economies and we are committed to working together within the Executive to improve the quality of life for rural dwellers, to increase the public benefits of the rural environment and to support sustainable rural development.

The Rural White Paper Action Plan is an important building block in the Executive's Programme for Government and, together with our commitments to rural proofing and tackling rural poverty and social and economic isolation, will help ensure that we deliver on the Programme for Government's main priorities in respect of our rural areas.

Handwritten signature of Peter D. Robinson in black ink.

Rt. Hon. Peter D Robinson MLA
First Minister

Handwritten signature of Martin McGuinness in black ink.

Martin McGuinness MP MLA
deputy First Minister



Rural White Paper Action Plan

Foreword by the Minister of Agriculture and Rural Development

As Minister of Agriculture and Rural Development, I am delighted to endorse the publication of the Executive's Rural White Paper Action Plan.

This Action Plan is the outcome of an initiative launched by my predecessor, Michelle Gildernew, during the period of the previous Assembly and has involved a substantial consultative process with a wide range of stakeholders. I am extremely grateful to stakeholders for their work in identifying some of the key challenges facing rural dwellers. As an Executive we have listened carefully to those views and this Action Plan is our collective response.

The Action Plan has been developed to provide a framework for the Executive in seeking to address the key challenges in rural areas both now and in the future. In essence this document says a number of things - that our rural areas and people are important and have rights that must be respected, that they provide enormous value and untapped potential, and that government will do what it can to help recognise those rights, support that potential and address the very real challenges that exist in our rural communities.

The Executive acknowledges that no one Department has exclusive responsibility for rural areas and that it is important that all government Departments acknowledge their responsibilities in rural areas. This Rural White Paper Action Plan outlines the commitment of government to supporting and developing our rural areas.

Our rural areas face particular challenges as regards growth, jobs, infrastructure provision and access to services. The provision of good communication infrastructure and connectivity are vital for the sustainability of our rural areas and are important in providing much needed access to those in our community who are isolated and vulnerable. Our rural areas also offer real opportunities in terms of their potential for growth in new sectors, the provision of rural recreation and tourism, their attractiveness as places to invest, live and work, and their role as a reservoir of natural resources and highly valued landscapes. In this context, they will play a central role in contributing to the increasingly important sustainability agenda and represent a valuable asset for the region as a whole.

This Action Plan provides an opportunity to look at what we do to support our rural areas and think innovatively as to how best we target our limited resources for the betterment of our rural communities. It is an initiative which is very close to my heart, not only as a rural representative but as a rural dweller who understands the challenges that living in rural areas can bring.

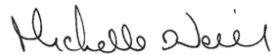
However, as many of you will know, living in rural areas also brings with it a sense of pride, of belonging and a link to the land that cannot be broken and I for one wouldn't want to live anywhere else.



Rural White Paper Action Plan

This is a vital document which sets out a wide range of actions aimed at supporting those living in rural areas and creating better linkages between our urban and rural areas. For the first time we have a document that, in one place, shows the responsibility that all Departments have in considering rural issues and rights and explains the commitments they are making to help address the challenges facing our rural communities.

Our focus must now move to the implementation of the Action Plan. I believe that this is what rural dwellers want. I and my Executive colleagues are committed to ensuring that the actions contained in this document make a meaningful contribution to improving the quality of life of those living and working in our rural areas.



Michelle O'Neill MLA
Minister of Agriculture and Rural Development

Rural White Paper Action Plan

Réamhrá An Aire

Mar Aire Talmhaíochta agus Forbartha Tuaithe, tá lúcháir mhór orm tacú le foilsiú Pháipéar Bán an Fheidhmeannais ar an Phlean Gníomhaíochta Tuaithe.

Tá an Plean Gníomhaíochta seo mar thoradh ar thionscnamh a sheol mo réamhtheachtaí, Michelle Gildernew, le linn tréimhse an Tionóil roimhe seo agus bhí próiseas mór comhairliúcháin le réimse leathan páirtithe leasmhara i gceist leis seo. Tá mé an-bhuíoch do na páirtithe leasmhara as a gcuid oibre ag sainaitheint cuid de na príomhdhúshláin atá roimh mhuintir na tuaithe. D'éist muid go cúramach, mar Fheidhmeannas, leis na tuairimí seo agus is é an Plean Gníomhaíochta seo ár gcomhfhreagra.

Ullmhaíodh an Plean Gníomhaíochta le creat a chur ar fáil don Fheidhmeannas agus é ag iarraidh tabhairt faoi na príomhdhúshláin i gceantair thuaithe anois agus amach anseo araon. I bhfírinne, tá roinnt rudaí ráite sa doiciméad seo - gur tabhachtach ár dtuathcheantair agus muintir na tuaithe agus go bhfuil cearta acu a gcaithfear meas a bheith orthu, go gcuireann siad luach ollmhór agus cumas nár comhlíonadh ar fáil, agus go ndéanfaidh an rialtas cibé is féidir mar chuidiú leis na cearta sin a aithint, le tacú leis an chumas sin agus le tabhairt faoi na dúshláin fhíora inár bpobail tuaithe.

Admhaíonn an Feidhmeannas nach bhfuil aon Roinn ar leith freagrach go heisiach as ceantair thuaithe agus gur tábhachtach go n-aithníonn gach Roinn rialtais a bhfreagrachtaí i gceantair thuaithe. Tugtar gearrchuntas sa Pháipéar Bán seo ar an Phlean Gníomhaíochta Tuaithe ar thiomantas an rialtais do thacú lenár gceantair thuaithe agus iad a fhorbairt.

Tá dúshláin ar leith roimh ár gceantar tuaithe i dtaca le fás, poist, soláthar bonneagair agus teacht ar sheirbhísí de. Is ríthábhachtach soláthar bonneagar maith cumarsáide agus nascachta inbhuanaithe ár gceantar tuaithe agus is tábhachtach iad i dtaca le rochtain, a bhfuil géargha léi, a sholáthar dóibh siúd inár bpobal atá scoite agus leochaileach. Tairgeann ár dtuathcheantair fosta deiseanna fíora i dtaca lena gcumas fáis in earnálacha úra de, le soláthar caitheamh aimsire agus turasóireacht tuaithe de, lena meallacacht mar áiteanna le hinfheistiú, cónaí agus oibriú iontu de agus lena ról mar thaisce acmhainní nádúrtha agus tírdhreacha de. Sa chomhthéacs seo, beidh ról lárnach acu i gcur leis an chlár inbhuanaitheachta atá ag éirí níos tábhachtaí in aghaidh an lae agus beidh siad ina mbuntáiste luachmhar don réigiún ina iomláine.

Tugann an Plean Gníomhaíochta seo deis dúinn dearcadh ar a ndéanimid le tacú lenár gceantair thuaithe agus smaoineamh go nuálach ar an dóigh is fearr lenár n-acmhainní teoranta a dhíriú le leas ár gceantar tuaithe. Is tionscnamh é atá in aice le mo chroí, ní hé amháin mar ionadaí poiblí ach mar dhuine de mhuintir na tuaithe a thuigeann na dúshláin a bhaineann le cónaí i dtuathcheantair.

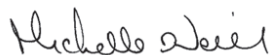
Ach, mar atá a fhios ag cuid mhór agaibh, baineann mothú bróid, mothú comhfhuintearais agus nasc dohriste leis an talamh le cónaí faoin tuath agus níor mhaith liom féin, ar scor ar bith, cónaí a dhéanamh in áit ar bith eile.



Rural White Paper Action Plan

Is doiciméad rithábhachtach é seo a leagann amach réimse leathan gníomhaíochtaí a dhíríonn ar thacú leo siúd atá ina gcónaí i gceantair thuaithe agus ar naisc níos fearr a chruthú idir ár gceantair uirbeacha agus ár gceantair thuaithe. Don chéad uair, tá doiciméad againn ina léirítear in aon áit amháin an fhreagracht atá ar gach Roinn i dtaca le ceisteanna agus cearta tuaithe de, agus ina mínítear na gealltanais atá á dtabhairt acu le cuidiú linn tabhairt faoi na dúshláin atá ag ár gceantar tuaithe.

Caithfidimid anois díriú ar chur i bhfeidhm an Phlean Ghníomhaíochta. Creidim gur seo an rud a ba mhaith le muintir na tuaithe. Tá mé féin agus mo chomhghleacaithe ar an Fheidhmeannas tiomanta dá chinntiú go gcuirfidh na gníomhaíochtaí sa doiciméad seo go suntasach le feabhsú cháilíocht saoil na ndaoine a chónaíonn agus a oibríonn inár gceantair thuaithe.



Michelle O'Neill CTR



Rural White Paper Action Plan

Männystèr's Innin

Sin A'm Männystèr o Fairms an Kintra Fordèrin, A'm hairt-gled til homologate tha ootset o tha Heich Cooncil's Lanwart White Paiper Jeein Rede.

This Jeein Rede bes tha owercome o an ingang stairtit wi ma forerinner, Michelle Gildernew, throch tha day o tha last Semmlie an haes haudit til a muckle throch-pittin o apen discoorse wi a hale clattèr o fowk 'at leuks tha gate o't. A'm gye an ableeged tae thae fowk fur thair wark in ootwalin a wheen o tha foremaist hobbles 'at yins leevin in lanwart airts rins agin. Tha Heich Cooncil haes taen eident tent o thae thochts an this Jeein Rede is oor claught repone.

Tha Jeein Rede is graithed got furtae gie intimmers fur tha Heich Cooncil whan it's leukkin tae yokk til tha foremaist hobbles in lanwart airts baith thenoo an in tha oncum. Short an lang, this rede sayes a wheen o things - 'at oor lanwart airts an fowk recks gyely an haes richts 'at maun be thocht weel o, 'at the'r o muckle warth an unkent offer, an 'at governmenn wull ettle at ownin wi thae richts, uphaud that offer an cum agin tha hobbles 'at in troth bes tae tha fore amang oor lanwart resydentèrs.

Tha Heich Cooncil jubes 'at thar's no yin Männystrie 'at haes tha hale ontak o lanwart airts aa tae itsel an 'at it recks gyely 'at aa tha governmenn Männystries owns wi thair ontaks in lanwart airts. This Lanwart White Paiper Jeein Rede gies wittins o tha thirlin o tha governmenn til uphaudin an graithin oor lanwart airts.

Oor lanwart airts cums agin sindèrie hobbles adae wi grouth, wark, intimmer aisement an ingang til fettlin. Aisin guid awnin intimmers an aise o threvel bes maun-daes fur tha throu-bearin o oor lanwart airts an recks gyely in giein ingang the'r in sair waant o tae crettèrs amang oor resydentèrs 'at's twinit an onaisy. Forbye, oor lanwart airts gies braw inlats adae wi thair offer fur grouth in new shaidins, tha layin on o lanwart spoartin an sichtseein, thair brawness as pairts fur fowk tae siller, leeve an wark, an whut the' gie bae wye o a pose o naitrel plenishment an bonnie sights fowk thinks richt an weel o. In this set o things, the'll hae a muckle pairt in makkin an inpit tae whut's daen fur throu-bearin, 'at recks mair an mair thenoo, an wad be brows o muckle warth tae tha kintrie-pairt oweraa.

This Jeein Rede gies an inlat furtae leukk whut we'r fit tae dae tae uphaud oor lanwart airts an gie likelie thocht tae tha best wye o dalin oor scrimp plenishment fur tha guid o oor lanwart resydentèrs. It's an ingang A hae ma hert an ma ee in, not jist as forespaiker fur lanwart pairts, but as yin bidin in tha kintrie 'at kens richtlie tha hobbles 'at's like tae cum wi leevin in lanwart airts.

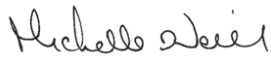
Hooanivver, as a feck o yeas wull ken yersels, leevin in lanwart airts cums wi mense, wi belangin, an a cleek wi tha lan 'at cannae be rived, forbye, an A haud ye A wudnae be leukkin tae leeve ithergates.



Rural White Paper Action Plan

This is a richt necessar rede 'at pits forrits a hale clattèr o daeins mintit at uphaudiv yins leevin in lanwart airts an kipplin oor toon an lanwart airts thegither. Fur tha furst, we hae a rede 'at, in yin pairt, kythes tha ontak aa Männystries haes in takkin tent o lanwart maittèrs an richts an pits thaim throch thair thirlins tae mak an inpit in cummin agin tha hobbles oor lanwart resydentèrs rins agin.

Noo we maun cheynge oor foremaist mintin tae tha implimentin o tha Jeein Rede. A trow 'at this is whut tha lanwart resydentèrs is leukkin us tae dae. Masel an ma marrows on tha Heich Cooncil is thirlt tae makkin siccar 'at tha daeins lapt intil this rede maks a wechty inpit tae makkin a bettèr o tha wye o leevin o tha fowk bidin an warkin in oor lanwart airts.



Michelle O'Neill MLS

A banner image showing a rural landscape with rolling hills and fields under a bright sky. A dark green rectangular box is overlaid on the left side of the image, containing the text 'Rural White Paper Action Plan' in white.

Rural White Paper Action Plan

Background

The DARD Rural Strategy 2007-2013 sought to provide a strategic framework for rural development policy and to facilitate a more co-ordinated and co-operative approach to rural development over the period 2007-2013.

While the DARD Rural Strategy focussed on DARD's role in relation to rural policy, the Programme for Government 2007-2011 contained a commitment to obtain approval from the Executive for the development of a Rural White Paper. It was recognised that while DARD had responsibility for rural development, other government departments had functions in respect of rural areas and therefore other departments would be required to contribute to the development of the Rural White Paper.

The Executive approved proposals for a thematic approach to the development of the Rural White Paper in July 2009 following which a Stakeholder Advisory Group (SAG) was established to assist with the development of the Rural White Paper. The Group reported back to DARD in early 2010 following which its recommendations were considered by DARD and the other Departments and presented to the Agriculture and Rural Development Committee. A full list of the stakeholders and copy of the SAG reports can be found on the DARD website (www.dardni.gov.uk)

Following the completion of the stakeholder work, DARD worked with other Departments to agree realistic and meaningful proposals for inclusion in the Rural White Paper Action Plan. In parallel with this process the Minister of Agriculture and Rural Development undertook a series of bi-lateral meetings with Ministerial colleagues to ensure high level support for the proposals.

The result of this intensive work by all involved is this Rural White Paper Action Plan which sets out the **vision** for our rural areas and the **actions** which Departments will take in support of achieving that vision and to help ensure the future sustainability of rural areas.

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Rural Vision

Our vision is of a fair and inclusive rural society where rural dwellers enjoy the same quality of life as all others in the region. We envisage **vibrant, strong rural communities**, resilient and receptive to global trends through **strong inter-linkages with urban areas** and market towns.

Our vision is for rural economies adapting to global trends and **improved infrastructure and transport systems** to ensure rural dwellers can avail of employment opportunities and **key services**.

Our vision is for rural areas that maintain their distinctive features as places of agricultural production, areas of outstanding beauty, places of social, historic and cultural uniqueness and places with a **strong community infrastructure** which can avail of **economic, social and cultural opportunities**.

Our vision is for the continuing development of **linkages between rural and urban** areas so that everyone can enjoy the beauty and uniqueness of rural places and the facilities and services of larger towns and cities.

Thematic Approach

A thematic approach was adopted throughout the development of the Rural White Paper Action Plan taking account of the challenges facing rural areas and linking with the broad messages emanating from the work of the Stakeholder Advisory Group. The Rural Vision as shown above provides a clear long-term view of where we want our rural areas to be. From this vision five key themes were identified; 1) Urban/Rural Linkages; 2) Access to Services; 3) Rural Communities; 4) Rural Economies and 5) The Countryside.

The policy priorities (set out on page 11) were developed which supported the thematic approach and link directly to the vision which provides the overarching image of how we view our rural areas.



Rural White Paper Action Plan

Policy Priorities

1) Urban/Rural Linkages

- **Policy Priority** - To support the development of an efficient transport and infrastructure system that facilitates effective rural - urban inter-linkages;

2) Access to Services

- **Policy Priority** - To promote fair and equitable access to key services for all rural dwellers;

3) Rural Communities

- **Policy Priority** - To promote tolerance, health, well-being and inclusion for rural dwellers;
- **Policy Priority** - Seek to minimise, where it exists, disadvantage, poverty, social exclusion and inequality amongst those living in rural areas and in particularly amongst vulnerable groups;
- **Policy Priority** - To maintain a viable economic, social, cultural and physical infrastructure in rural areas and seek to ensure that regional infrastructure disparities are minimised;
- **Policy Priority** - To preserve the cultural and social uniqueness of rural community life linked to its smaller population settlement;
- **Policy Priority** - To promote the development of effective and inclusive rural governance structures and sufficient community capacity to engage in these structures;
- **Policy Priority** - To enhance and refine the Rural Development Programme to ensure the maximum benefit from future Programmes for rural communities;

4) Rural Economies

- **Policy Priority** - To provide rural businesses with appropriate support to ensure the development of dynamic and innovative rural economies;
- **Policy Priority** - To seek to maximise employment opportunities for rural dwellers;

5) The Countryside

- **Policy Priority** - To support the development of a more sustainable agricultural sector, a more competitive agri-food sector and enhanced agri-environmental links;
- **Policy Priority** - To safeguard the beauty and fabric of our rural areas and increase opportunities for all to enjoy the benefits of the countryside.

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Setting the Scene

The meaning of the term 'rural' may seem self-evident. For most people it is associated with the countryside and open spaces, low population density, extensive land use for agriculture and forestry, places of relative tranquillity and pleasing landscapes. For some it conjures images of the rural idyll which embody romantic notions of country life and society, often from a bygone era.

These perceptions of 'rurality' are deeply embedded in our culture, however, the lines between rural and urban are being blurred and we are seeing increasing integration of rural and urban issues and areas. Many people who live in rural areas work, go to school or college and access services in an urban environment. Many urban dwellers are now sophisticated consumers of rural goods and services, for example locally produced food products, commercial recreation, or public goods such as attractive rural landscapes. In this respect the integration of rural and urban has never been greater in the modern era.

There have been long debates and much statistical analysis in attempting to define rural. The need for a definition of rural may not seem obvious. Yet when it comes to the development and implementation of government policies that focus specifically on rural or urban issues it is helpful to have workable definitions of these two terms. There is no single definition of rural that is universally accepted or relevant for all purposes. For classification and comparative purposes, government departments here have made use of two main definitions of rural areas; namely by 'settlement patterns' and by 'Local Government District'. These definitions are considered in more detail in recent research work carried out by the Agri-Food and Biosciences Institute which can be found on the DARD website (www.dardni.gov.uk)

As part of the Rural White Paper process we have promoted the 'settlement patterns' definition whereby those settlements defined as small towns and above (i.e. a population above 4,500) would be classified as urban and those settlements with populations below 4,500 would be classified as rural. This equates to around 35% of the population living in rural areas.

It is widely accepted that there can be a great deal of difference between and within rural areas; for example not all rural areas suffer the same degree of disadvantage in terms of accessing services and isolation. The notion of the degree of rurality - accessible and remote - can therefore be an important concept, especially for rural residents and hence for rural policy. The relatively small geographic scale of the region and our dispersed settlement structure means that few areas arguably could be regarded as truly 'remote' as compared to some other parts of the EU. However, it must be remembered that we do have some areas - for example Rathlin Island - where the concept of remoteness can feel very real and depending on the policy to be implemented can require special consideration to be given by policy makers.

Whilst the previous paragraphs set the scene in relation to the definition of rurality, what is clearly important is that Government has a collective responsibility to ensure that our



Rural White Paper Action Plan

rural communities are vibrant places in which to work and live. We live in a relatively small geographical island and rely heavily on linkages to our cities and urban centres but we must also strive to keep our rural areas sustainable and ensure that those people who live there either through choice or birth rightfully have access to services on an equitable basis and are offered opportunities in terms of accessing education, jobs, healthcare and leisure.

This Action Plan provides an opportunity to support growth, jobs and sustainable development in our rural areas. It advocates a strategic approach to improving competitiveness, fostering job creation, maintaining and investing in the region's natural, cultural and community assets and supporting innovation in rural areas. By helping our rural areas fulfil their potential, rural development policy can play its part in the sustainable development of the entire region.

The current economic climate brings with it a range of challenges, but there are also opportunities for our innovators in rural areas. Government has a responsibility to demonstrate leadership in these tough times and work on a joined-up basis for the support of our rural communities.

North South

Research has consistently shown that the north and south are similar in terms of the social fabric of rural settlements, connections to the larger growth areas, rural community infrastructure, patterns of agriculture and food production and environmental issues. It follows that there is much learning to be done in relation to how best to support and maximise the contribution of our rural communities. The EU Commission Report of the Barroso Taskforce (2008) specifically recommends increased synergies to enable both regions to make greater future use of programmes specifically targeting co-operation. This Action Plan therefore includes specific actions which aim to maximise learning and sharing of approaches to supporting rural communities north and south.

Equality

The equality impact of individual policies and programmes that departments have committed to delivering as part of the Rural White Paper Action Plan will continue to be subject to equality screening and, where appropriate and in line with the statutory duty, full EQIAs will be carried out by the appropriate departments. Details of Government Departments' equality schemes and any EQIAs relevant to the actions contained within the Rural White Paper Action Plan can be found on the relevant Departmental website. Any equality implications arising from a specific Departmental action will be the responsibility of that Department.

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Rural White Paper Action Plan

Budgetary Issues

Given the current financial climate it was always going to be extremely challenging to develop actions that make new or additional resources available to rural communities. The actions in this Rural White Paper Action Plan will have to be delivered from within the existing budgets available to Departments and indeed the extent to which some of the actions can be fully realised depends on the availability of finance. Nevertheless, the Executive has identified these priority actions and in developing this document is encouraging Departments to target resources at rural areas where disparities exist. The document also provides opportunities to use limited resources more effectively and promote joined up working between Departments to deliver better outcomes in rural areas.

Implementing the Action Plan

Successful implementation of any action plan or strategy is a critical issue and the work by stakeholders identified a number of needs in this regard. It identified the need for a cross governmental approach which is led from the top and the need for continuing engagement with stakeholders as delivery of the actions takes place.

To address these issues, the following mechanisms will be put in place for implementation and monitoring of the Action Plan:

IMPLEMENTATION

- Responsibility for implementing the action contained in the Rural White Paper Action Plan lies with the lead Department specified.
- Departments will implement the actions contained in the Rural White Paper Action Plan within the timeframe specified.
- The costs of implementing the actions contained in the Rural White Paper Action Plan will be met from within each Department's existing budget allocation.



Rural White Paper Action Plan

MONITORING

- The Inter-departmental Committee on Rural Policy will initially report to DARD quarterly on progress made by Departments in implementing the actions contained in the Rural White Paper Action Plan.
- DARD will publish on its website an Annual Progress Report on the implementation of the Rural White Paper Action Plan and will formally submit a copy to:
 - (a) the Executive;
 - (b) the Committee for Agriculture and Rural Development;
 - (c) the other 11 Assembly Statutory Committees; and
 - (d) those organisations which were represented on the Rural White Paper Stakeholder Advisory Group.
- The Inter-departmental Committee on Rural Policy (IDCRP) will meet annually to discuss the Annual Progress Report. Stakeholders will be invited to sit on the IDCRP for monitoring the RWPAP.
- A full review of the Rural White Paper Action Plan will be undertaken after a period of five years.

Conclusion

This document is unique in the fact that, for the first time, it sets out the actions that all Departments will take in support of our rural communities. What is less unique is that, in order to realise our vision, we must all - government (both national and local), the private sector, the voluntary and community sector, non governmental organisations, stakeholders and those who live in our communities - continue to work hard together to deliver the actions set out in it.

The Executive is committed to the development of our rural areas and supporting our rural communities. This document has been developed to show the contribution our rural communities make to the economic, social and environmental wellbeing of the region, to help maximise the use of our assets, both physical and human, in rural areas, to promote innovation, to show the benefits that can be achieved by moving beyond bureaucratic boundaries, and to show the real benefits that can be realised through promoting an integrated and shared society.

This Action Plan sets the strategic framework for achievement of our vision over the next ten years. The actions that follow are intended to help us all realise that vision.

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Rural White Paper Action Plan

Action Plan

The actions contained in the Action Plan have been developed in discussion with Departments drawing on the issues raised in the stakeholder work. They are grouped under the five themes identified earlier in the document:

- Urban / Rural Linkages
- Access to Services
- Rural Communities
- Rural Economies
- The Countryside

Timeframe

The timeframe for the completion of actions are captured in four broad categories, i.e. short, medium, long-term and ongoing. Short-term actions are actions that will be undertaken and completed within a three year period. Medium-term actions will be completed within three to five years. Long-term actions will be completed within a five to ten year period and are normally of a strategic nature. A number of areas as detailed in the Action Plan can also be categorised as ongoing and these are listed accordingly.

Lead Department

Whilst each action identifies a lead Department or supporting organisation (where appropriate this should not be considered a definitive list as many of the actions will require the involvement of other Departments to ensure full consideration of the issues and appropriate joined up working.

Glossary of Terms

A glossary of terms / abbreviations used in the Action Plan can be found on page 35.

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Rural White Paper Action Plan

Urban/Rural Linkages

Strong economies recognise that rural and urban areas are dependent on each other. The ability to sustain and grow the economy within both rural and urban areas relies upon the ability to collaborate and develop a co-ordinated approach including the prioritisation of investment. Our geographical size provides for greater synergies between rural and urban areas and provides room to explore the positive benefits of urban-rural linkages. It is recognised that the most thriving rural areas are those that are connected with market towns which are in turn connected with city regions. This supports sustainability throughout the chain and clearly demonstrates the positive benefits of the inter linkages for both urban and rural areas.

One of the key themes considered in the development of the Rural White Paper was to identify urban-rural linkages. A key priority is to support appropriate infrastructure in terms of transport provision that facilitates the links between rural and urban areas allowing rural communities reliable and safe access to jobs, health provision and education and training. Commitments have been secured in the development of the Rural White Paper Action Plan on a range of actions aimed at improving rural transport and addressing needs.

The Regional Development Strategy (RDS 2035) provides a firm foundation to build on rural - urban linkages and demonstrates that increased linkages are beneficial to both and should not be seen as separate entities. One of its aims is to ensure that all places benefit from economic growth and it recognises the importance that key settlements have in serving rural communities. A number of specific objectives detailed in the RDS are aimed at supporting rural communities.



Rural White Paper Action Plan

Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
1	We will seek to support and sustain rural communities living in smaller settlements and the open countryside and help improve accessibility for rural communities by taking account of the Spatial Framework Guidance (SFG 13 & 14) contained in the Regional Development Strategy 2035 in future plans and programmes of all Departments.	DRD	All Departments	S
2	We will maintain the road infrastructure to keep it safe, effective and reliable within the limitations of available funding.	DRD		O
3	We will take action to better co-ordinate urban and rural regeneration needs.	DSD		S
4	We will maximise, and where possible integrate, funding opportunities available for regeneration of urban and rural communities.	DSD		S
5	We will undertake a review of the current classification of settlements to ensure that appropriate definitions of 'rural' are available to policy makers where circumstances require.	NISRA / DARD		M
6	We will work with Lantra, the Sector Skills Council to identify the skill needs within the land-based, food and rural sectors. We will roll out the 'Skills Strategy for Northern Ireland' and ensure that a flexible skills delivery infrastructure is in place to meet the skill needs of those in rural areas.	DEL		L
7	We are developing a new Community Safety Strategy which will ensure that the needs of rural communities are taken into account.	DOJ		S
8	At a local level, partnerships such as Policing and Community Safety Partnerships will ensure that the needs of rural communities are reflected in policing and community safety action plans.	DOJ		L

*** Timeframe**
S=Short (1-3 years)
M=Medium (3-5 years)
L=Long Term (5-10 years)
O=Ongoing



Rural White Paper Action Plan

Access to Services

For people living in rural areas the car remains the first and sometimes the only mode of transport. People in rural areas have further to travel to work and to access facilities and services. Rural dwellers without access to a car are therefore more reliant on public transport to enable them to access services that many of us take for granted such as accessing employment, education, health and recreation.

A key priority therefore is to promote fair and equitable access to key services for all rural dwellers, not only in terms of physical infrastructure, the road network and the provision of public transport but also in terms of connectivity. The use of technology enables a more innovative approach to delivering services and improved broadband provision in rural areas is seen as a lifeline to many rural dwellers providing them with the capability to access a wide range of services.

The Rural White Paper Action Plan details a number of commitments aimed at improving broadband quality and access in rural areas. Actions are included on health and educational issues aimed at improving the provision of key services to address the needs of rural communities. Actions have also been included that relate to public transport provision and the delivery of the new Regional Transportation Strategy which has a strategic objective of improving access in rural areas.

Good linkages between our cities, towns and rural areas for access to services and business opportunities are vital for the sustainability, health and wellbeing of the entire region.


Rural White Paper Action Plan

Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
9	We will contribute to the delivery of the new approach to regional transportation which has a strategic objective of improving access in rural areas. A Delivery Plan post 2015 will be developed to include programmes of measures designed to achieve this strategic objective. This may include road improvements, more innovative public transport services, more Park & Ride sites, better management of our transportation networks and improved road safety measures.	DRD		L
10	We will work with other stakeholders in developing a comprehensive information service for rural public transport services.	DRD		M
11	We will develop local public transport plans aimed at ensuring the effective use of rural public transport.	DRD		M
12	We will consider how best to join up transport services that operate in rural areas to ensure most effective use of rural transport resources.	DRD		M
13	We will examine options to provide financial assistance for householders in areas where no water main is near their homes to get a mains extension or have access to some other wholesome water supply.	DRD		M
14	We will continue to support innovative ways of improving broadband quality in rural areas through the operation of the Broadband Fund.	DETI		O
15	We will complete the rollout of the Next Generation Broadband Project, to extend access to high speed broadband services to 85% of rural and urban businesses.	DETI		S
16	We will continue to work with the telecoms industry, the telecoms regulator and other stakeholders to ensure that we continue to have competitive telecoms services and world class telecoms infrastructure.	DETI		O

* Timeframe
S=Short (1-3 years)
M=Medium (3-5 years)
L=Long Term (5-10 years)
O=Ongoing



Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
17	We will continue our engagement with the Department for Culture Media and Sports and Broadband Deliver UK to ensure that our perspective is reflected in the Broadband UK Strategy, which aims to deliver, the best superfast broadband network in Europe by 2015; and an appropriate allocation of funding is received under the Strategy to extend the reach of superfast broadband into rural areas currently un-served or likely to be served by private sector investment alone.	DETI		O
18	We will examine options to maintain 100% access to at least a first generation broadband service across the region on expiry of the existing Remote Broadband Services Contract.	DETI		M
19	We will undertake full impact screening and consultation in respect of key priorities that may be carried forward under any Telecommunications Strategy covering the period 2011 to 2015.	DETI		M
20	We will work with other government Departments to explore better opportunities for <i>nidirect</i> to support rural dwellers.	DFP		S
21	We will reduce barriers to access online services.	DFP		S
22	We will work with DARD to roll out a programme of community based health checks and information targeting farm families across all HSC Trust areas.	DHSSPS	DARD	S
23	We will work in partnership with DARD to support rolling out the 'Maximising Access to and uptake of Grants Benefits and Services Project'.	DHSSPS	DARD	S
24	In seeking to improve services at local level, local commissioners will ensure that the planning, commissioning and delivery of health and social care services is informed by the view and opinions of people living in rural communities.	DHSSPS		L

* Timeframe
S=Short (1-3 years)
M=Medium (3-5 years)
L=Long Term (5-10 years)
O=Ongoing


Rural White Paper Action Plan

Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
25	We will, with the support of DARD, approve detailed action plans for the delivery of Sport Matters that will include provision for sport in rural areas and amongst rural dwellers.	DCAL		S
26	We will seek to ensure the sustainability of island life and the promotion of a vibrant island community by supporting the objectives contained in the Rathlin Island Action Plan.	DRD	Other named Departments	M
27	Working with the Arts Council of Northern Ireland (ACNI), we will ensure a geographic spread across its programmes.	DCAL, ACNI		S
28	We will ensure that all children, regardless of where they live have access to a broad and balanced curriculum.	DE		S
29	We will ensure that post primary school pupils in rural areas have access to a wide range of courses at 14 and 16 and to promote collaborative working amongst schools serving rural areas to achieve full delivery of the Entitlement Framework.	DE		S
30	We will continue, through the Extended schools Programme, to support breakfast clubs and after schools clubs in rural communities.	DE		O
31	We will encourage school owners and promoters, through the publication of a DE guidance document targeted at increasing community use of schools facilities, to seek opportunities to provide "out of hours" opportunities for the use of the wide range of facilities available in schools for the benefit of children and the wider community.	DE		M

* Timeframe
S=Short (1-3 years)
M=Medium (3-5 years)
L=Long Term (5-10 years)
O=Ongoing



Rural White Paper Action Plan

Rural Communities

The Executive recognises the importance of our rural communities and the positive contribution which they make to the region as a whole. We must also recognise that there are significant challenges facing rural communities in the future including changes in demographics, an increase in commuting between rural areas and urban areas and the demand for better access to key quality services including health care, affordable housing and education.

There is a need to seek to maximise employment opportunities for rural communities and the need to support an effective transport system in rural areas. The Executive is also committed to seeking to address poverty, disadvantage, social exclusion and inequality in rural areas and to aspire to a better quality of life for rural dwellers.

The Rural White Paper Action Plan aims to help address these challenges including measures to tackle poverty and social exclusion, the promotion of health and wellbeing, the implementation of an effective planning policy and the development of effective community development structures.


Rural White Paper Action Plan

Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
32	We will explore the merits of establishing a series of key rural indicators to measure the effectiveness of rural development policy and to help inform future policy.	DARD		S
33	We will support the implementation of an enhanced rural proofing process across all Departments to ensure that all major policies and strategies are assessed to determine whether they have a differential impact on rural areas and, where appropriate, make adjustments to take account of particular rural circumstances.	DARD	ALL	S
34	We will promote and develop further 'Shared Future' housing in rural areas.	DSD		S
35	We will examine best practice solutions to rural housing issues elsewhere - North/South and East/West - and fund pilot projects based on these findings.	DSD		M
36	We will continue to improve housing conditions in rural areas (subject to funding).	DSD		O
37	We will progress the actions in the NIHE Rural Action Plan 2009/10 - 2012/13 and prepare a further plan from 2013/14 onwards.	DSD		S
38	We will better identify and tackle the causes of poverty and disadvantage in rural areas and to promote social inclusion.	DSD/DARD	OFMDFM	M
39	We will ensure that the new fuel poverty strategy takes account of the particular needs of rural households and houses.	DSD		M
40	We will promote action to address inequalities in accessing alternative cost effective fuel in rural areas.	DSD/DETI		M
41	We will develop integrated regional and local community development structures which have a strong rural component.	DSD		M

* Timeframe
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M=Medium (3-5 years)
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Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
42	We will implement changes to the planning system to provide for improved engagement with local communities in the planning and development of rural areas. These changes will include new requirements under the Planning Act (NI) 2011 for councils to prepare statements of community involvement and for the undertaking of pre-application community consultation in respect of major developments.	DOE		L
43	We will ensure planning policy and rural development policy is joined up and find ways to reduce the time taken to consider rural development programme planning applications.	DOE		M
44	In taking forward the development and implementation of the range of health improvement and promotion strategies appropriate protocols/and or structures will be developed to ensure the needs of rural communities are met.	DHSSPS		S
45	Health and Social Care Agencies will be expected to incorporate a community development approach to their programmes as appropriate in order to support capacity and resilience building in rural communities.	DHSSPS	DARD	S
46	We will work with DARD to explore the impact of rurality, isolation and deprivation on health inequalities.	DHSSPS	DARD	M
47	We will enable a broad and diverse range of the population to participate in culture, arts and leisure activities.	DCAL		L
48	We will encourage the participation of older people in Further Education courses and other community development interventions in order to enable them to contribute to the sustainability of rural communities.	DEL		L

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Rural White Paper Action Plan

Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
49	We will ensure, through an area based approach to planning that children and young people have access to high quality education delivered through a network of viable and sustainable schools.	DE		M
50	We will engage with key stakeholders in the development of education provision on an area basis.	DE		S
51	We will explore innovative and creative solutions to the delivery of education provision in rural areas through the area based planning approach.	DE		M
52	We will seek to secure local access to higher education through an equitable distribution of maximum student number places across all of the Further Education colleges.	DEL		L
53	We will engage in joint/comparative research, which in turn will inform our policy and programme approaches and future co-operation opportunities.	DARD & DECLG	Defra and other Devolved Administrations	M
54	We will work together to share learning on rural proofing and use this tool effectively for the benefit of our rural communities.	DARD & DECLG	Defra and other Devolved Administrations	M
55	We will share our learning from non-EU programmes such as CLAR, Anti Poverty and rural social scheme.	DARD & DECLG		S
56	We will share our experiences on the LEADER approach and facilitate the implementation of cross-border co-operation projects.	DARD & DECLG		S
57	We will co-operate through formal and informal fora to share learning in developing policy and programme responses to the challenges faced by our rural areas.	DARD & DECLG	Defra and other Devolved Administrations	M

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Rural White Paper Action Plan

Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
58	We will work closely together in the implementation of our respective Rural White Papers and in any reviews of them.	DARD & DECLG		M
59	We will work to further disseminate and develop the Líofo Initiative in rural areas by organising 3 localised Líofo launches outside of Belfast and Derry and facilitate rural learning where local classes might be unavailable by ensuring that online Irish language courses are signposted on the DCAL website.	DCAL		S
60	We will publish the Cohesion, Sharing and Integration Strategy to build a united community and improve community relations; including in our rural areas.	OFMDFM		S
61	We will implement a package of measures to tackle rural poverty and social and economic isolation over the next three years;	DARD	Other Departments	S
62	We will work with relevant rural communities to encourage them to engage in the strategic area planning process, where appropriate, under the Social Investment Fund to tackle issues associated with poverty and deprivation.	OFMDFM		S
63	We will promote and encourage applications from rural areas for the Contested Spaces Programme.	OFMDFM		S

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A banner image showing a rural landscape with rolling hills and fields under a bright sky. A dark green rectangular box is overlaid on the left side of the banner, containing the text 'Rural White Paper Action Plan' in white.

Rural White Paper Action Plan

Rural Economies

Agricultural businesses are by far the largest category in rural areas with approximately 48,000 people engaged in agricultural activity. The agri-food sector is worth over £3.7bn per annum to our economy. Other important industry sectors for rural employment include manufacturing, health and social care, education and construction, (although the economic downturn has had a greater impact on this sector and in turn a greater impact in certain rural areas in terms of employment, particularly off-farm employment).

Although agriculture is located predominantly in rural areas it is nevertheless closely integrated with the wider regional economy via its linkages and inter-dependencies with the agri-food sector. The food processing and agri-food sector relies heavily on local farmers and suppliers of produce. Consequently, the economic welfare of the whole region, not just the rural areas, is significantly impacted by the changing fortunes of the agri-food sector, therefore it is vitally important for the future wealth and sustainability of not only our rural communities but the region as a whole.

There are also opportunities for the rural economy to grow and employment prospects to be enhanced through tourism and by ensuring a strategic fit with tourism priorities. By maximising opportunities for economic growth through the development of tourism in rural areas we can generate wealth and support dynamic and innovative rural economies that are sustainable.

Improvements in connectivity and the provision of accessible and affordable high speed broadband in rural areas will also benefit the entire economy enabling rural dwellers to access a wide range of services and help to target difficulties around social exclusion.

Rural communities and rural businesses can utilise opportunities coming from the 'green agenda' and take advantage of the benefits and opportunities offered by the renewable energy sector. DETI offer a wide range of services that support rural economies and provide access to business support tools that help rural businesses find new markets and opportunities. Government also provides support for the growth of sustainable and innovative rural businesses and there are opportunities for greater collaboration between DARD/DETI/Social Economy Network to promote the social economy in rural areas.



Rural White Paper Action Plan

Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
64	Working with Defra, the devolved administrations and stakeholders, we will seek to influence the CAP and CFP negotiations to:- <ul style="list-style-type: none"> • secure a fair and proportionate share of the budget; • ensure that the policies contain sufficient flexibility to allow us to tailor measures to meet our specific needs; and • simplify the CAP 	DARD	Defra and other Devolved Administrations	S
65	We will seek to maximise opportunities to access other EU funding streams and seek opportunities to work with rural partners/stakeholders to maximise the impact of funding available.	DARD		L
66	We will continue to support opportunities for revenue creation from visitors in rural areas, through leading the implementation of a 'Tourism Strategy for Northern Ireland 2020'.	DETI		O
67	Invest NI will continue to support investment in tourism accommodation and work closely with other investment stream funders to avoid duplication of public investment.	DETI		O
68	We will continue to work with others to encourage rural tourism businesses to become established and sustainable, by helping to improve their capacity and product.	DETI		O
69	We will continue to work with others to ensure a co-ordinated approach to rural tourism development.	DETI		O
70	We will continue to support the development of sustainable rural economies by providing a modern economic infrastructure and access to business support tools.	DETI		O

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Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
71	We will continue to work with DARD and DFP to explore where Government, as our largest procurer of goods and services, can use innovative procurement techniques such as pre-commercial procurements to support the growth of rural businesses particularly SME's.	DETI	DFP/DARD	O
72	We will work with industry to develop and implement a strategic action plan for the agri-food sector.	DARD/DETI	InvestNI	S
73	We will continue to promote and support innovation in rural businesses and rural communities, through a suite of innovation programmes, available through Invest NI, including the Innovation Voucher Initiative.	DETI		O
74	Through MATRIX we will continue to provide information and foresight to help rural businesses find new markets and opportunities.	DETI		O
75	We will continue to work with the Agri Food and Biosciences Institute and DARD to encourage knowledge and technology transfer to rural businesses and to leverage support under the EU Framework Programme.	DETI	DARD/AFBI	O
76	We will continue to work with DARD, rural communities and the social economy sector to promote social economy in rural areas.	DETI	DARD	O
77	We will continue to work in partnership to organise events to promote available support to rural Social Economy Enterprises (SEEs) and to raise awareness of the importance economic, environmental and social contribution which SEEs make to rural communities.	DETI		O
78	Invest NI will continue to offer its Social Entrepreneurship Programme with a focus on groups located in disadvantaged areas or which provide a service to a disadvantaged group including those in rural areas.	DETI		O

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Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
79	We will utilise the Connected programme to ensure closer working between the Higher and Further Education sectors and the Agri-Food and Biosciences Institute (AFBI) and the College of Agriculture, Food and Rural Enterprise (CAFRE) to meet the knowledge transfer needs of our agri-food and biotechnology industry.	DEL		L
80	We will engage with DARD, farm families and the agri-food sector to find opportunities to increase the procurement of fresh, local sustainable food into Health and Social Care facilities e.g. through the RAFAEL project.	DHSSPS		L
81	We will take a range of actions to better understand the cause of, and to reduce the number of, collisions on rural roads which will include carrying out research and investigations into road safety in rural areas, improving the quality of data and evidence used to understand and address road safety problems and undertaking new targeted public information campaigns.	DOE		S
82	We will work closely with DARD to ensure our statistics are disseminated in a format which supports effective rural policy making.	DFP/NISRA	DARD	S
83	We will work together in facilitating the implementation of cross-border co-operation projects, such as through INTERREG and PEACE Programmes, and in identifying shared priorities for the next round of EU programmes.	DARD & DECLG		S
84	We will advance the relocation of the Headquarters of the Department of Agriculture and Rural Development to a rural area by 2015.	DARD	DFP	M

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Rural White Paper Action Plan

The Countryside

The rural environment is clearly a huge resource and the quality of the environment has been described as one of the region's greatest assets, but this also brings challenges. Longer term challenges presented by climate change for example have potentially important implications for the environment, for agriculture in particular and for the wider rural economy. Agriculture is still an industry of significant importance to the region's rural economy but the farming industry can often feel burdened with bureaucracy and red tape. If this burden was reduced and the principles of Better Regulation promoted when transposing EU directives, this burden may be reduced.

There are also many opportunities for rural areas to conserve and protect the natural environment and support the development of sustainable rural economies. The increased use of renewable energy by rural communities for example will help meet our environmental targets. As fossil fuels become more expensive, opportunities will arise for more landowners to diversify into the production of energy crops as alternative fuel sources. An increase in rural tourism opportunities and increased sustainable recreational use of the countryside would also have great benefits for rural areas.



Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
85	We will seek to increase the contribution made by rural tourism by promoting the sustainable use of our natural and built heritage. We will also seek to increase the number of visits to historic monuments located in the countryside by improving access for visitors and undertaking more effective marketing.	DOE	DETI	M
86	As part of the overall approach, we will maximise opportunities for rural areas to play their part in climate change mitigation and adaptation. We will continue to support DARD in developing climate change policies for rural areas through the Cross Departmental Working Group on Climate Change. This will help ensure that rural areas contribute to the Northern Ireland Executive target to help deliver the on greenhouse gas emissions reductions and to the delivery of its adaptation programme target.	DOE		L
87	We will help Councils, rural communities and rural businesses to contribute to meeting waste management targets through the Department's Rethink Waste Fund. We will also continue to support the Waste and Resources Action Programme which aims to help businesses and individuals reap the benefits of reducing waste, develop sustainable products and use resources in a more efficient way.	DOE		L
88	We will continue to work with others to provide a robust and flexible energy infrastructure to enhance the role of renewable electricity generation and support a sustainable green economy. This will entail strengthening of the electricity grid where necessary to absorb higher levels of renewable generation.	DETI		O
89	We will continue to ensure a joined up approach to achieving the full potential offered by renewable energy solutions.	DETI		O

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Rural White Paper Action Plan

Action No.	Action	Lead Department(s)	Supporting Organisation(s)	*
90	We will work towards extending the natural gas network to main towns in the West and to East Down, to offer energy consumers additional fuel choice, along with the cost and efficiency benefits associated with natural gas.	DETI		S
91	We will help facilitate the increased deployment of renewable energy production in rural areas by providing a supportive planning policy framework and guidance on renewable technologies.	DOE		S
92	We will work with relevant rural communities to encourage them to engage in the strategic area planning process, where appropriate, under the Social Investment Fund to tackle issues associated with poverty and deprivation.	OFMDFM		S
93	We will promote and encourage applications from rural areas for the Contested Spaces Programme	OFMDFM		S
94	We will continue to ensure a joined up approach to achieving the full potential offered by renewable energy solutions.	DETI		O

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Rural White Paper Action Plan

Glossary of terms/Abbreviations

ACNI	Arts Council of Northern Ireland
AFBI	Agri-Food and Biosciences Institute
CAFRE	College of Agriculture, Food and Rural Enterprise
CAP	Common Agricultural Policy
DARD	Department of Agriculture and Rural Development
DCAL	Department of Culture, Arts and Leisure
DECLG	Department of the Environment, Community and Local Government
DE	Department of Education
Defra	Department for Environment, Food and Rural Affairs
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
DOE	Department of Environment
DOJ	Department of Justice
DRD	Department for Regional Development
DSD	Department for Social Development
EQIA	Equality Impact Assessment
LANTRA	Sector Skills Council for land based and environmental industries
Líofa	Irish for 'fluent' - Irish language project
MATRIX	An expert panel formed to advise Government on the Exploitation of R&D and science and technology
NIHE	Northern Ireland Housing Executive
<i>nidirect</i>	government services website - http://www.nidirect.gov.uk/
PPS	Planning Policy Statement
RAFAEL	Renaissance of Atlantic Food Authenticity and Economic Links
RDS	Regional Development Strategy
RTS	Regional Transportation Strategy
RWPAP	Rural White Paper Action Plan
SAG	Stakeholder Advisory Group
SEE	Social Economy Enterprise
SME	Small and Medium Enterprise

A banner image showing a rural landscape with rolling hills and fields under a cloudy sky. A dark green rectangular box is overlaid on the left side of the banner, containing the text 'Rural White Paper Action Plan' in white.

Rural White Paper Action Plan

Acknowledgements

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Various references throughout the documents are also drawn from 'Rural Northern Ireland: Context, Challenges and Opportunities', AFBI September 2010.

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AN ROINN

**Talmhaíochta agus
Forbartha Tuaithe**

MÁNNYSTRIE O

**Fairms an
Kintra Fordèrin**



**INVESTORS
IN PEOPLE**

Workers' Educational Association - Notes on Stakeholder Events on 23 February 2012 and 15 March 2012

Maximising the Potential of the Creative Industries

Stakeholder Forum

General feedback from both meetings: Assembly Buildings, Stormont, 23rd February & Strule Arts Centre, Omagh, 15th March 2012

Points will be listed:

Emphasis or not?...that is the question:

Both events emphasised the need for interdependency across the skills: Digital to performance, etc however, this could also prove to be biased depending on who answers the question, i.e. digital practitioners are likely to argue that this is the only way forward, etc. A non-biased answer should be recommended.

Hubs, hubs or other hubs:

There was great discussion about “hubs” or collectives, etc at both venues as well as other meetings regarding the sector. It could be helpful for the committee to define the term “hub” as this seems to mean different things to different people: anything from a base in which many can work collectively, a network /gathering or a digital online presence, etc. I suspect a range of levels of interaction is what is meant here: opportunities for serendipity and creative connections.

Beyond Belfast:

There is no denying the “spearheaded positioning” of the Creative Industries in Belfast and the potential is tremendous. Due to the likes of Belfast City Council having the only Creative Industry Development Officer in the province, this has helped to create a focus which will no doubt benefit the rest of the province but some wider thinking (beyond this remit) is needed to implement this to happen.

Currently, there is a lack of cohesion outside of Belfast. The Creative Industries (CI) need to “feed” into other regions in the province, while also allowing Belfast to continue moving forward. The province is too small for one agenda in Belfast, one in the east and another in the west.

Surely the tranquillity of rural areas should be as conducive for creative production as working in cities. We have best of both of worlds within a few miles: an asset that other countries work hard to incubate. It might be worth while looking at how other small countries use their size and diversity to this advantage: i.e. Qatar

Local level:

Having ran seven CI programmes in different venues across the province, I feel that there is a need for some kind of “hotspots” to attract creatives, possibly through projects or employment opportunities: focused on activity with outputs, which will go beyond “talk shops”. Talking is good but not enough to complete work.

One possibility might connect effectively within local art centres, theatres or council remits.

Currently, this isn't as effective as it could be. For example, not all arts centres are responding to the CI in the same way: some council areas include the CI's within the remit for Culture and Arts while others attach the CI's with their business development agenda, or even good relations. The result is that the true potential is not being addressed or properly reached, there are mixed messages with an unnecessary emphasis on the likes of reimagining (important as it is, it's not, strictly speaking, CI) or on "arts for arts sake" and that the professionals living in local or rural areas who want/ should get involved become very frustrated and don't connect.

The Department could help by defining the Creative Industries at local level and setting clear, expected results for councils to respond to. I.e.:

- Set out how councils can generate opportunities for networks,
- Incubate the CIs at community level as well as for professionals: possibly in the form of projects
- Offer showcase or entrepreneurial experiences with the help of the Department
- Acknowledge the CI work being developed within council regions
- Support their creative businesses to maximise their creative and economic potential.
- There is a level of education needed for the local consumer, to encourage them to buy and support local crafts, for example.

It would also be helpful if each council offered some way of showcasing their home grown talent or products. This could be as basic as an organised display cabinet in the local arts centre or a page on a website with an "artist of the month" for the month, for example. These actions might already be happening in one way or another but there's room for major improvement.

Successful impact effects local economy, employment and pride.

Showcasing opportunities

These aren't just needed at local level but also to widen horizons for a greater agenda on an international platform so that the existing talent can be utilised, up-skilled and potential unlocked. Some strategic thinking and optimistic vision is needed in this area. The current workforce needs further development but with the existing knowledge, by creating an attitude that is open for challenge and hungry for work, we should be able to show other more advanced potential partners that we are ready to widen skills and grow business acumen.

Branding

A question was brought to our table by a member of the DCAL committee about the branding of the Arts in Northern Ireland and how creatives can improve this.

Any support from DCAL to enhance the branding of our creative image would be welcome, however, it's also worth pointing out that any creative endeavour, whether funded by DCAL or not, contributes to the "creative image" produced in Northern Ireland.

Until the industry works more cohesively within Northern Ireland, in the current economic climate and in the relative early days of the creative industries, it is also worth noting that there is still work to be done to formulate the branding of the CIs in the north of the province and that, branding will need to develop at a similar pace.

Creative Communities:

It would be remiss of me to fail to mention the need for creativity and connectivity to be drawn from community level participation as well as those in the pinnacles of more skilled extremes. There is a need for opportunities which develop skills, connect people, inform and capture our identities which will change the narrative of our location.

What wasn't talked about in these meetings (but being discussed elsewhere):

- I was quite surprised that there wasn't more discussion about the power cable that runs along the north Antrim coast: the lack of conversation might be symbolic and emphasis the geographical pockets within the industry, yet those who are aware of this cable, seem very excited about the connections that are open between Northern Ireland and the United States.
- The need for the implementation of "Design" in the industry as well as in the social development infrastructure of our communities.
- The need for creative principles across other government agendas and how design and creative approaches can benefit issues in the likes of health or social development for example. However, the connection with Cultural Tourism has started to be untapped.

Personality traits:

Creatives get tired if they have to work on projects for too long. We think up new approaches, like to be stimulated and recognised for what we do. Problem-solving is our forte. We are resourceful, resilient and reactive. The freelance nature (i.e. short and multiple programmes, often of various levels of involvement or techniques) suit our instincts and also develop complex, multiple management skills which we don't always acknowledge: something else that the Department could harness.

Juggle jobs:

Creatives are busy people who juggle jobs. Also, the need for recognition and support for SME's and opportunities to allow growth of skills rather than expansion of massive work teams. Support for business acumen is needed. "Creativity Thirst" demonstrates that a different set of skills are required for running a business than creating a product. The programme also emphasises that business skills are as important as Essential Skills (literacy and numeracy) for creative businesses.

Risk:

It's one thing to make a product and another to step over the edge and make it fly.

I have found that there can be a reluctance to actually generate opportunities or take risks and the result is that creatives often expect showcase or sales ventures to be presented to them. However, those who embrace opportunities are very successful, so support can be about creating some challenges or avenues for ventures to occur.

Hothouse flowers:

Both sessions demonstrated the vastness of the sector and the different approaches needed. This reminded me of a hothouse with many plants and individual cycles. Careful, constant attention is given by the gardener as he ensures that the hothouse is an appropriate environment for development of all plants. This role could be considered by the department.

This isn't an easy task for the committee, however, the outputs are highly rewarding and are easily demonstrated.

- I'd like to thank the Department for including creatives in the consultation, feedback sessions and listening to our comments, feelings and considering the vast experience represented. As policy makers, I hope that this information will enable you to set frameworks for conversations which could find a new social direction and therefore, culture for the province.

Carole Kane, Development Officer

Workers' Educational Association

3, Fitzwilliam Street, Belfast BT9 6AW

Tel: 028 90329718 · Email: carole.kane@wea-ni.com · Web: www.wea-ni.com



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