Shropshire Creative and Digital Sector

August 2018



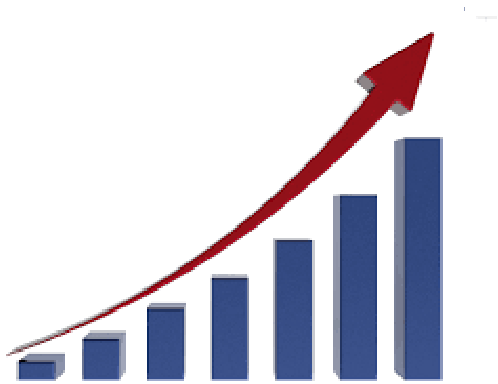



Shropshire Creative & Digital at a Glance

2,400 employees

Worth **£164.5million** (GVA)

840 enterprises (registered for VAT or PAYE)



Value of the sector **+500%** over last 25 years

97% of businesses fewer than 10 employees

Average size of businesses = **3 employees**

More than half of jobs in **computer programming**

Shropshire strongly represented in **cultural education** and **creative, arts and entertainment activities.**

Shropshire Context

Shropshire is one of the most rural and sparsely populated local authorities in the country, with less than one person per hectare compared with more than four persons per hectare in England. The size of the county (319,736 hectares) is approximately ten times that of all inner London Boroughs put together. The population stands at 317,500 people (2017), having grown by almost 13,000 since 2010.

Generally, Shropshire is an affluent location, with low levels of deprivation and minimal unemployment. Economic activity rates are high and the working age population tends to be well qualified.

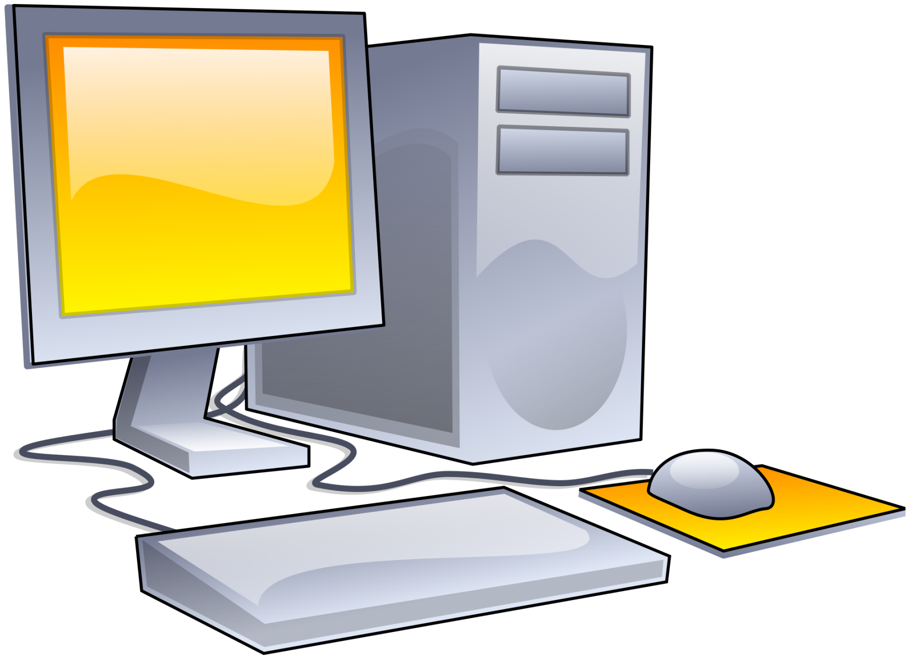
Shropshire offers a very high quality of life, with a rich natural, historic and cultural heritage. Levels of pollution are low, as are crime rates. It has excellent schools (89% rated outstanding or good by Ofsted as of August 2016), a strong FE offering and the scope of HE provision is also strengthening.

Like many rural areas, the population is ageing, with approaching one in four people aged 65 or over. Since 2011, the Shropshire population of traditional working age (16-64) has been in decline, and it now represents just 60% of the total population. By 2037, this percentage will have declined to 52%.

The large retired population, combined with high out-migration amongst the 16-19 age band, is exerting pressure on the labour market and is causing an upward shift in the age profile of the workforce. This is impacting on the skills pool within the County and succession planning is becoming an issue in some industry sectors.

Despite this, Shropshire's business base is relatively stable and experiences less churn than many other localities. This means that survival rates are good (with 68% of businesses surviving past three years compared with 60% nationally), and staff retention is likewise high. Shropshire's industrial make-up is strongly linked to its rurality, with agriculture, other land-based and ancillary sectors as well as tourism all strong contributors to the economy. Micro businesses dominate, with more than nine out of ten businesses employing less than 10 people.

Other key employment sectors include health, education, retail and manufacturing and Shropshire is also over-represented in motor trades and construction. Shropshire is under-represented in private sector services such as professional, scientific and technical and finance and insurance.



Creatives and Digital– National Context[1]

The digital and creatives sector is extremely broad and encompasses a wide range of different activities from advertising and computer programming to broadcasting and publishing. Forecasts produced by Oxford Economics include the following sectors within their definition of creative and digital:

- Publishing activities
- Motion picture, video and television programme production, sound recording and music publishing activities
- Programming and broadcasting activities
- Computer programming, consultancy and related activities
- Information service activities
- Creative, arts and entertainment activities
- Public relations and communication activities
- Advertising agencies
- Media representation
- Photographic activities
- Translation and interpretation activities
- Cultural education

According to a report produced by Guidant Group the UK creative industries generates more than £90 billion for the national economy. The workforce is typically highly skilled and degree educated, relatively well paid and achieves high levels of productivity.

[1] Sources: The UK Digital and Creative Sector, Talent Insights Report, Q4 2017, Guidant Group; www.thecreativesindustries.co.uk

Since 2011, the creatives and digital sector has created almost half a million new jobs. The fastest growing segments are tech-related, and technology has also transformed some of the more traditional sub-sectors such as film production and publishing.

The sector is a key exporter, with export growth surpassing 25% in 2016 to reach around £27 billion. This represents 11% of total UK service exports. Exports are particularly strong in IT software and games and film and television.

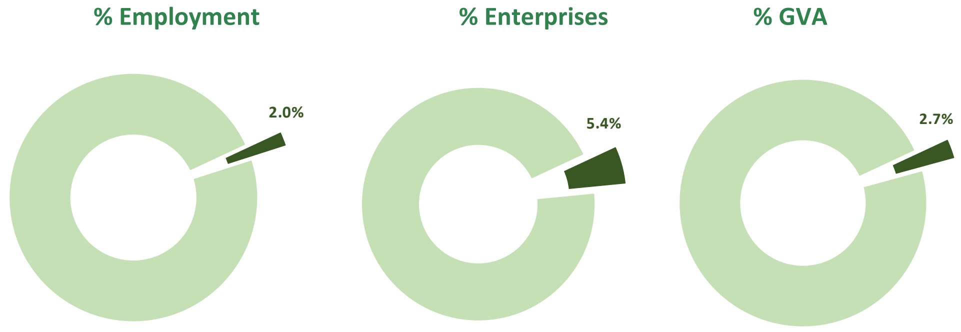
Almost half of all employment in the digital and creatives sector is in London and the South East. It is a sector which is characterised by a high proportion of micro businesses and self-employment, and in this regard is a natural fit within Shropshire's business base.

The industry is forecast to grow more than six times faster than the average for Europe and is one of the fastest growing areas of the national economy.

Shropshire's Creative and Digital Sector

2,400 people were employed in Shropshire's creative and digital sector in 2016. This is the equivalent of 2% of all jobs in the county. There are 840 enterprises (registered for VAT or PAYE) operating in the sector (5.4% of all enterprises) and together these contribute 2.7% to Shropshire GVA.

Creatives & Digital Contribution to the Shropshire Economy



Source: Business Register of Employment, 2016, ONS © Crown Copyright 2018, IDBR, Oxford Economics

Compared to Great Britain, the contribution made by creative and digital companies to the Shropshire economy is relatively small. Nationally, businesses in this sector accounts for 4.4% of employment, 10.5% of enterprises and makes a 5.9% contribution to GVA. In the West Midlands, creative and digital accounts for 2.6% of employment, 7.0% of enterprises and 2.8% of GVA. Within the context of the regional creative industry, Shropshire accounts for 3.7% of employment, 5.6% of business enterprises and 3.6% of GVA.

Employment

The number of jobs in Shropshire's creative and digital sector has fallen by almost 15%, or by 400 people since 2010.

This compares with a marginal decline of 1.2% regionally and a notable 27% growth nationally.

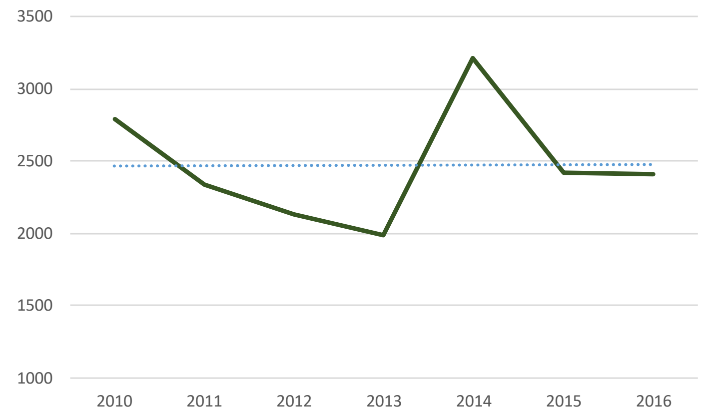
Employment in the Creative & Digital Sector 2010-2016

	Employment	% Annual Change	Index, 2010 = 100
2010	2,800	-	100.0
2011	2,300	-17.9	82.1
2012	2,100	-8.7	75.0
2013	2,000	-5.8%	71.4
2014	3,200	+60.0	114.3
2015	2,400	-25.0%	85.7
2016	2,400	-	85.7

Source: Business Register of Employment, 2016, ONS © Crown Copyright 2018

The following chart shows that while the overall trend in employment in the creatives sector is relatively flat, there have been wild fluctuations in employment levels since 2010.

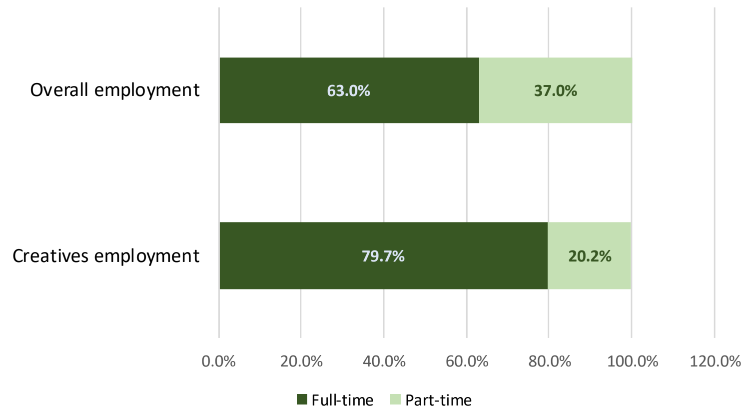
Employment Growth in The Creative & Digital Sector, 2010-2016



Source: Business Register of Employment, 2016, ONS © Crown Copyright 2018

Part-time employment in Shropshire is prevalent, accounting for more than a third of overall jobs. In the creative and digital sector, proportionally fewer jobs are part-time, at approximately one out of five.

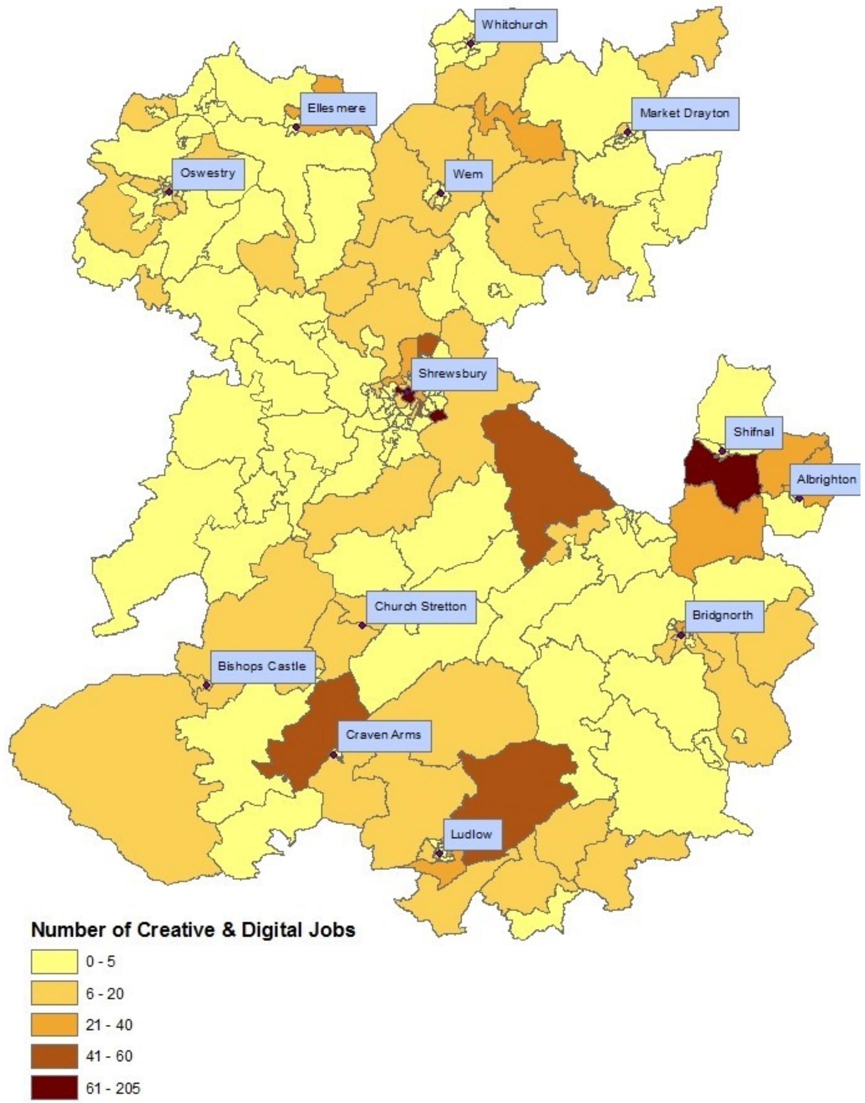
Breakdown between Full-Time and Part-Time Employment, 2016



Source: Business Register of Employment, 2016, ONS © Crown Copyright 2018

The following map shows where in Shropshire employment in the creative and digital sector is located. It is clear that there are clusters of employment in Shrewsbury as well as in Shifnal, Craven Arms and Ludlow.

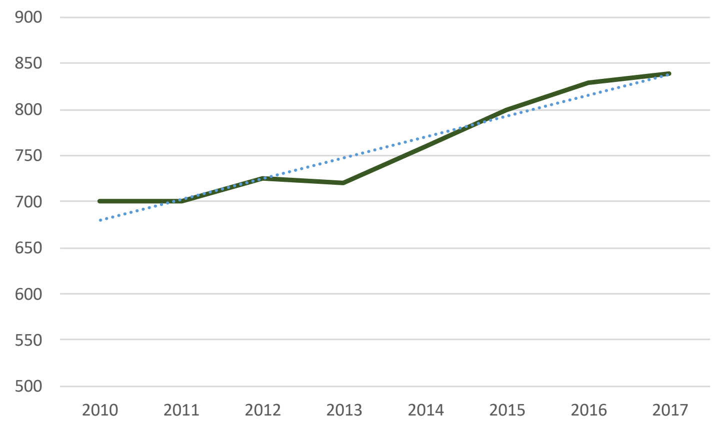
Employment Density in the Creative & Digital Sector, 2016



Business Counts

Official statistics suggest that there are 840 enterprises operating in Shropshire in the creative and digital sector. This compares with 700 businesses operating in 2010 – consequently, the number of operators has risen by 140 (+20%).

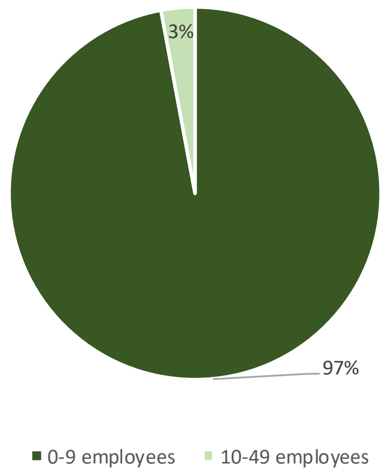
Growth in the Number of Creative & Digital Enterprises, 2010-2017



Source: IDBR 2017, ONS © Crown Copyright 2018

The number of enterprises in the sector has risen while employment in the sector has fallen, which means that the average size of businesses has reduced. The vast majority of enterprises have less than 10 employees and there are no businesses with a workforce of larger than 50. The average size of businesses in the sector is particularly small, at just 2.9 employees each. This compares with an average of around 7 employees for all Shropshire businesses.

Breakdown of Creative & Digital Enterprises by Size, 2017



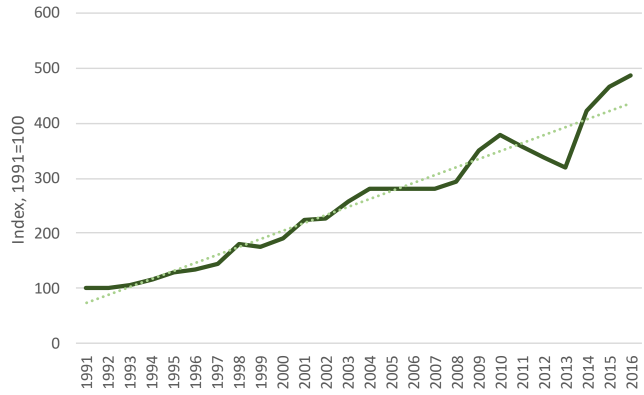
Source: IDBR 2017, ONS © Crown Copyright 2018

As well as enterprises which are captured by official statistics, there are also a number of smaller producers which operate below the VAT or PAYE thresholds. According to the business directory Mint there are 1,470 food and drink manufacturers in Shropshire (August 2018). Furthermore, some businesses classified in other sectors may also diversify into the creative arena.

Gross Value Added

The creative and digital sector made a GVA contribution of £164.5 million to the Shropshire economy in 2016. This is the equivalent of about 3% of the economy's total worth. The value of the sector has increased fivefold over the last quarter of a century.

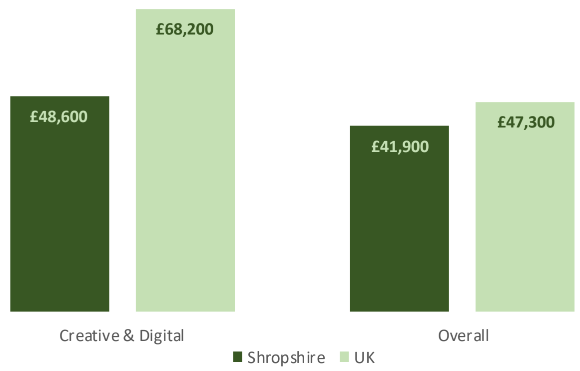
Growth in Creative & Digital GVA, 1991-2016



Source: Oxford Economics

GVA per Shropshire employee job is higher in the creative and digital sector than the average per job, at approximately £48,600 compared with £41,900. This is £6,700, or 13.7% more. However, compared with the national average, GVA per job is lower —28.7% lower for jobs in creative and digital (£19,600 less) and 11.4% lower for jobs on average.

GVA per Job, 2016



Source: Oxford Economics

Sub-Sectors

The following table shows the creative and digital sub-sectors in which employment in Shropshire is concentrated. More than half of all jobs are in computer programming, with significant numbers also employed in creative, arts and entertainment activities, cultural education and publishing.

Breakdown of Creative & Digital Employment by Sub-Sector, 2016

	Jobs	%
Computer Programming	1,300	52.0%
Creative, Arts & Entertainment	300	13.5%
Cultural Education	200	8.3%
Publishing	200	6.7%
Advertising Agencies	100	5.8%
Motion picture, video & television programming	100	3.7%
Information Service Activities	100	2.5%
Programming & broadcasting	100	2.1%
Public Relations and Communications	100	2.1
Other	*	*

Source: Business Register of Employment, 2016, ONS © Crown Copyright 2018

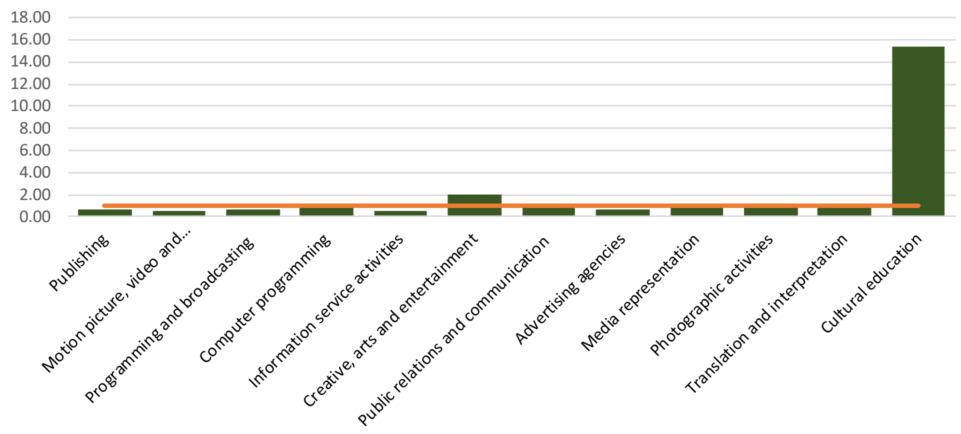
Note: All numbers rounded to the nearest 100, percentages based on unrounded figures

Less than 100 people are employed in the following creative and digital sub-sectors:

- Media representation
- Photographic activities
- Translation and interpretation activities

Compared with the national creative and digital sector, Shropshire is strongly over-represented in cultural education, and also has higher employment in creative, arts and entertainment activities.

Relative Importance of Creative & Digital Sub-Sectors[3]



Source: Business Register of Employment, 2016, ONS © Crown Copyright 2018

The sub-sector which has been the focus of greatest employment growth in recent years has been PR and communication, with employment in advertising agencies also expanding. In contrast, employment in motion picture, video and television activities has declined, as has the number of jobs in computer programming.

[3] Location Quotient calculated by dividing the relative importance of each sector in Shropshire by the national average

Top Companies

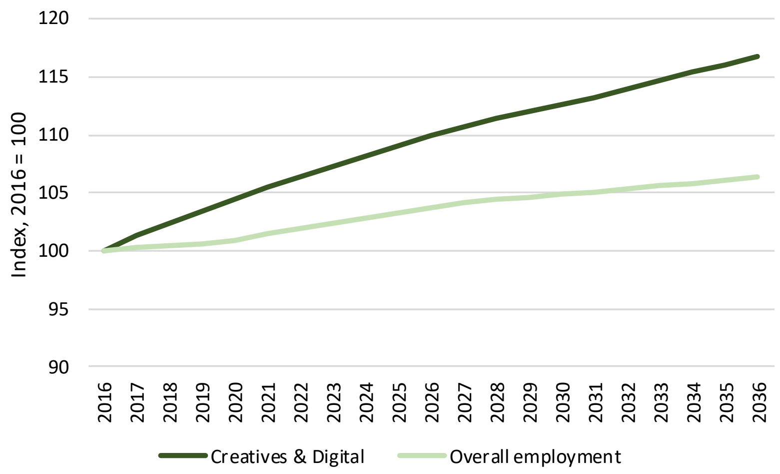
Due to the prevalence of small businesses in the creatives and digital sector, there are few sizeable employers. In the arts entertainment arena, there are some significant operators in the county town of Shrewsbury, including Theatre Severn, The Shrewsbury Museum and Art Gallery and the Old Market Hall. Radio Shropshire is likewise a significant employer in broadcasting, while Guestline is a sizeable IT and computer services business.

Growth Prospects

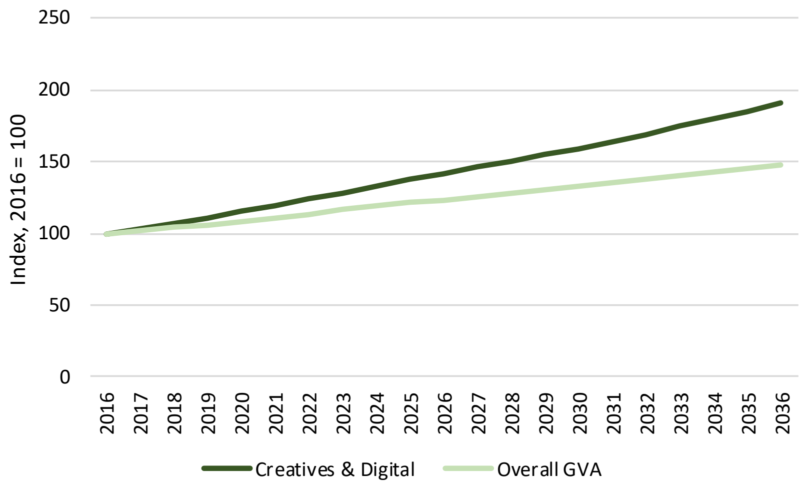
Employment in the creative and digital sector in Shropshire is forecast to expand more rapidly than overall employment in the county, at a rate of about 17% over the next two decades, compared with 6% growth across all sectors. This represents an annual gain of about 35 jobs. Jobs in the sector are likewise expected to rise in the West Midlands albeit at a slightly slower pace (+13%). Meanwhile, nationally jobs in the sector are forecast to grow by more than a fifth.

It is anticipated that jobs created will be at the higher value end of the scale. As a result, the increase in sector value is forecast to outstrip employment growth. The projected GVA worth of the sector in Shropshire is expected to reach £313 million by 2036. This represents growth of +90.5% (against +47.7% for the overall Shropshire economy). Both the regional and national food and drink sectors are forecast to grow quickly—by 87.5% and by just over 100% respectively.

Forecast Growth in Creatives and Digital Employment, 2016-2036



Forecast Growth in Creatives and Digital GVA, 2016-2036



Source: Oxford Economics