THE DIGITAL & CREATIVE SECTOR IN GREATER MANCHESTER
OVERVIEW OF SKILLS ISSUES

new economy

1. INTRODUCTION

This overview summarises the findings of primary and secondary research in respect of the skills and training priorities for Greater Manchester's digital and creative sector.

The intention is for the information and data in each sector summary to be used by employers and skills and training providers to inform the development of new strategies and approaches to skills and training.

2. INSIGHTS AND RECOMMENDATIONS

• Greater Manchester's digital and creative industries are a medium-sized, growing sector, with growth leading to recruitment and staff skills shortage pressures;

• Training most in demand from the sector relates to proficiency in new IT software and hardware, design skills and media skills;

• Greater Manchester trains large numbers of people in digital and creative disciplines but much of this training is not at the level required by businesses and is out of date once a learner completes the course;

• Digital and creative businesses struggle to engage with training providers and only 20% employ an apprentice;

• A stronger relationship between Greater Manchester sector businesses and training providers will be based upon providers quickly responding to the emergence of new technologies/platforms and designing high-level, bespoke courses which are partly delivered on-site and which include both technical and general business management components.

3. PROFILE OF THE DIGITAL & CREATIVE SECTOR IN GREATER MANCHESTER

• There are 7,500-8,000 digital and creative businesses within Greater Manchester;

• These businesses employ over 45,000 people – but this number of people again are employed in digital roles outside the digital sector;

• They generate £2bn in economic output for the conurbation, making Greater Manchester home to the largest digital and creative cluster outside London;

• The sector has proved resilient, growing its employment base through the recession.

Key activities within the sector include computer programming and consultancy, telecommunications, advertising, and film, television and broadcasting. More niche sub-sectors (<1,000 employees in Greater Manchester) include design, photography and publishing.
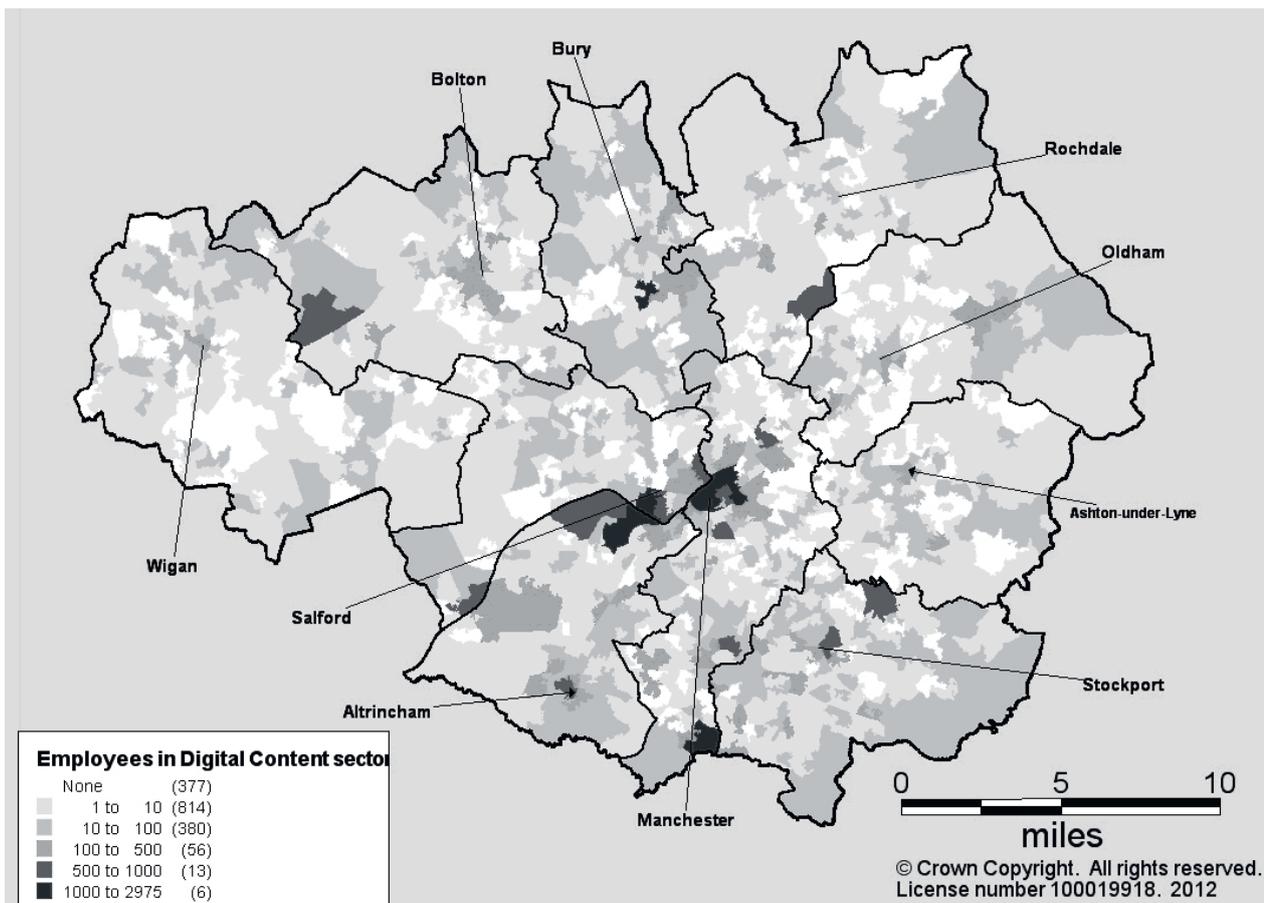
Businesses within the sector are generally small in terms of numbers of employees, young in terms of when they were established, and independently owned.

The sector's workforce is:

• Highly qualified - 63% of sector employees hold a higher education qualification, compared to 40% for the UK workforce as a whole;

• Professional - half of sector employees are in professional roles, compared to 19% of employees across the whole economy;

• Largely male – for example, 90% of workers in the information technology sub-sector are male;

• Increasingly freelance.

Greater Manchester's employment in digital industries (not creative industries employment) is concentrated in the city centre and at MediaCityUK, but also has some representation in south and east Manchester, Trafford and Stockport.

Figure 1: Spread of employment in digital content & ICT sector across Greater Manchester, 2011


Bury

Bolton

Rochdale

Oldham

Wigan

Ashton-under-Lyne

Salford

Stockport

Altrincham

Manchester

Employees in Digital Content sector

None	(377)
1 to 10	(814)
10 to 100	(380)
100 to 500	(56)
500 to 1000	(13)
1000 to 2975	(6)

0   5   10
miles

Source: *Business Register & Employment Survey, 2012*

4. DEMAND FOR SKILLS AND TRAINING FROM THE SECTOR

• In 2011, 5% of jobs within the digital sector were unfilled – the highest of any sector;

• Across the entire economy more than a fifth of skills shortage vacancies (21%) were lacking advanced IT or software skills, reflecting the importance of IT across all sectors;

• Training most in demand from the sector relates to proficiency in new IT software and hardware, design skills and media skills

• Some 60% of digital and creative businesses in Greater Manchester do not have a training plan or a training budget; and

• A total of 40% of Greater Manchester's digital and creative sector businesses had provided no training at all in the last 12 months – but the sector performs better than most in terms of training its staff

Figure 2: Training activity within Greater Manchester's digital & creative industries, 2012
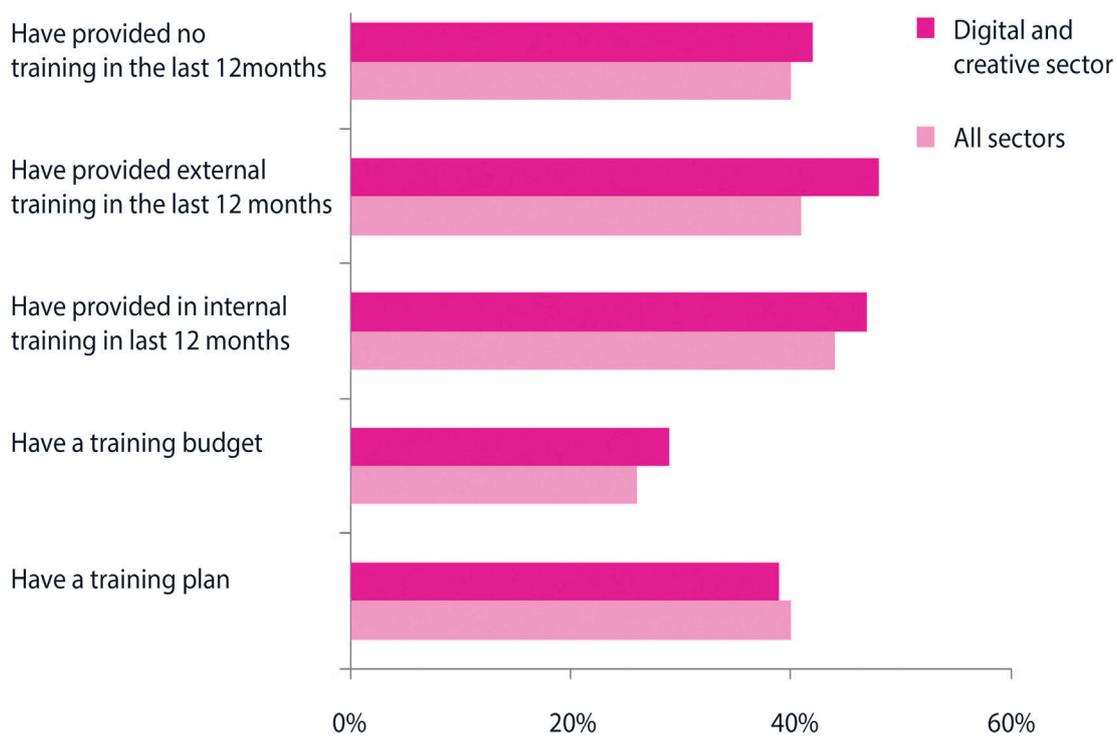
Source: Greater Manchester Business Survey, 2012

One reason for this apparent lack of demand for training from a significant minority of businesses in the sector may be the lack of mandatory skills that staff working in the sector must possess (i.e. there are no/ few qualifications or permits that staff must hold or keep up to date in order to remain in employment). The digital or creative industries are relatively un regulated, suggesting that the sector is unlikely to generate much 'off the shelf' demand from training providers.

Amongst existing staff key skills gaps identified include:

• understanding of different technology platforms;

• management, leadership, business and entrepreneurial skills;

• Intellectual Property (IP) and monetisation of multiplatform content;

• broadcast engineering; and

• sales and marketing.

5. SUPPLY OF SKILLS AND TRAINING TO THE SECTOR

• We estimate that 75,000 digital and creative sector related training courses, from entry level to Higher Education degrees, are undertaken by Greater Manchester residents each year (though it needs to be remembered that this figure comprises a substantial amount of non-levelled, 'other' courses, which could include significant amounts of 'leisure learning' in creative areas such as pottery, arts, and crafts);

• This number has fallen slightly in recent years;

• The sector's learner profile is dominated by male, younger learners;

• According to the Skills Funding Agency (SFA), approximately 47,000 people aged over 19 began a course in 2012/13 – a decrease of 3% from the 2008/9 academic year. Of that, just over a third started at level 3 and above, 19% at level 2 and 42% at 'other' levels;

• Training providers feel careers advice services need to stress the importance of progressing to higher level study when advising students who wish to work in the digital and creative sectors;

• There are apparently large numbers of younger learners (a little under 10,000), but only modest numbers of apprentices (970); it is not clear why learners are not converting.

Although vacancies and skills gaps in the sector are no higher than seen in many of the other priority sectors, national research has found that sales, marketing, IT programme management and technical development positions are particularly difficult areas to fill.

A total of 41% of the digital and creative sector companies we surveyed said that they felt engaged with training and learning providers, and within the large computer programming sub-sector the figure was lower at 35%. This compares to 79% across all nine sectors included in the survey (which is not in line with the 2012 Greater Manchester Business Survey findings as reported in figure 2).

Some 60% of Greater Manchester's training providers (covering all sectors) say they face constraints in meeting employer demand for training.

Businesses feel that it is hard for training providers to keep up with the rapid pace of change within the sector. In terms of making this responsiveness better, the companies suggested that training providers should:

• Develop more bespoke training options;

• Ensure their trainers are up to speed with the latest technology; and

• Identify what tasks new digital sector recruits get asked to do beyond their job description and train them in these skills.

Some 78% of the sector companies we surveyed said that they carried out in-house training (88% amongst computer programming companies), which is just below the all-sectors figure of 85% but well above the rate of internal training reported in figure 2. However, much of this training is procedural (inductions, health and safety) and/or carried out ad hoc or on the job:

"Any new equipment that arrives, the design manager will teach all other staff how to use it."

Only 54% of the companies we surveyed felt that the current supply and quantity of recruits met their business needs (same for computer programming companies). The satisfaction rate across all-sectors was considerably higher, at 77%. Some companies have found that although candidates may look good on paper, they struggle to understand and deliver the outputs required of them in the office.

In terms of recruitment channels used by the sector, secondary analysis shows a 20/40/40 split between recruitment from education (predominantly graduate level and higher); occupations other than IT; and other sources, such as from unemployment or a career break.

There is little evidence that Greater Manchester's digital and creative businesses face skills and recruitment challenges not seen in other parts of the UK.

In the 2013 Greater Manchester business survey, only 20% of businesses within the sector reported employing an apprentice but in our most recent survey 84% of sector firms said that apprenticeships were suitable to their industry (identical to the all-sectors rate).

"[Apprentices are] able to learn what we do in more details, rather than being sat in a classroom learning skills that are generic and fast becoming out of date"

Colleges and training providers also told us that IT apprenticeships are growing in popularity amongst both learners and employers.

6. OPPORTUNITIES AND CHALLENGES

• Some 40% of businesses in the sector say they are likely to recruit additional staff in next 12 months;

• The sector is forecast to add 6,500 high value jobs to Greater Manchester's economy;

• Just under 50% of these new jobs will require Level 4 skills;

• A key aspect of the digital and creative skills challenge is to convert large numbers of young people doing classroom based courses in the sector into apprentices;

• Engaging freelancers and SMEs in training will require new approaches.

Of the new jobs that the sector is forecast to create, it has been predicted that over half may be filled by people currently working in other professions - a reflection, perhaps, of the growing crossover between 'the sector' and the rest of the economy, as digital transformation continues to shake up and galvanise all economic activity. Linked to this, training providers highlight the need to offer courses that offer mature learners routes into sectors such as the digital and creative industries.

It should also be remembered that the key driver of more than 80% of recruitment activity in the sector will be the need to replace staff that retire or move into other sectors rather than overall sector job growth. Currently, the sector is relatively modest in employment terms, but is expected to grow at a healthy rate of 16% in the years to 2022.

Training providers occasionally report that the sector is tricky to engage with – partly becauseof its lack of historic collaboration, party because of the high numbers of SME and freelance organisations. Central to developing the relationship will be the ability of providers to respond quickly to the emergence of new technologies/platforms and design high-level, bespoke, cost-effective courses which are partly delivered on-site and which include both technical and general business management components. There remains major potential for this partnership, however: over half of businesses within the sector see their workforce's skills as the main driver of company growth.