



Sector Summary – Digital and Creative

Profile

Digital and creative is vital for the City Region economy both as a discrete sector and as a skills set that is increasingly in demand by all businesses. Digital sector activities include computer programming and information services. Creative includes publishing, film and TV broadcasting, advertising, design and cultural education.

The sector is growing in the City Region, with net employment increasing over the period 2010 – 2016. Growth was generated in particular by computer programming, consultancy and related activity and information services. While constituting a relatively small part of the City Region economy (around 3 per cent), the sector offers considerable potential increase its share of output and employment, with forecasts suggesting the potential for jobs and GVA growth. Over the period 2015 – 25 additional employment is forecast in information and communication activities, arts entertainment and recreation and with the addition of strong growth in professional scientific and technical activities, suggesting that more than 4,000 new jobs may be created over the forecast period.

The sector will be boosted by national policy incentives including the UK Industrial Strategy, high performance cognitive computing cluster that forms a key element of the Science and Innovation framework for the City Region and major investment through the Digital Infrastructure Plan. The City Region has leading international facilities including the Hartree Centre and Sci-Tech Daresbury, top ranked University research at University of Liverpool and John Moores University and growing SME clusters specialising in games design and video, health informatics and computer aided design. These create a leading edge for the City Region, but also underline the importance of building an excellent skills system able to produce world class labour supply to meet current and future demand.

Skills Challenges

Digital and creative sector businesses are dynamic, requiring high quality and job ready skills and experience. With increasing demand for digital and creative skills across the economy, there is strong competition for workers, both in respect to specific technical competences and the ability of employees to apply their skills in commercial environments. Creating a labour supply

WORKFORCE

• **11,300** jobs in 2016.

- **1.8%** of City Region employment.
- Jobs grew by **1,255** between 2010 and 2016, with variation across sub sectors.
- The LCR survey shows the sector has a young age profile with **33%** aged between 25 and 49 years compared to an average of **21%** for the whole workforce.

BUSINESSES

• **2,450** business units

- **95.1%** have **0 – 9 employees**, **3.9%** have **10 – 49 employees** and less than **1%** have over **50 employees**.
- The LCR survey indicates **77%** operate from a single site, compared to an average of **73%**.
- **13%** of goods and services are primarily exported outside the UK.

OUTPUT

- Generated economic output (GVA) estimated at **£1 billion** in 2016.
- Contributes **3.2%** of total output for LCR.

EARNINGS

- Average annual gross pay (North West) for the information and communication sector in 2016 was **£31,230** – **14%** lower than the national average of **£35,758**.

BREXIT

- LCR survey says that just **39%** of businesses have noticed an impact from Brexit. **52%** expect an impact in the future.
- Majority (**69%**) do not expect Brexit to impact on recruitment.



that is enterprising and has strong technical skills is a primary challenge for the City Region. Focusing on this goal, there are two key areas of activity help meet growing demand and realise the economic potential of the digital and creative sector.

Replacement demand. The sector has an ageing workforce, with ONS data for the City Region indicating that 37 per cent of workers are aged 50+. The age profile heightens the importance of employers planning to meet replacement demand by securing a flow of appropriate skills and creating the organisational capacity for the training of new recruits. Just including manufacturing specific occupations, estimates suggest a need for around 29,500 replacement workers over a decade, excluding requirement for additional managerial, sales and administrative occupations within the Advanced Manufacturing sector – figure 1.

Meeting demand

Digital and creative has a number of distinct challenges associated with the fast moving, young and the small company size character of the sector. Figure 1 provides an indication of high replacement demand likely over a decade, in occupations important to digital and creative industries. With the LCR business survey showing higher than average recruitment activity due to growth, shortages are likely to occur where firms are competing within a limited pool of potential recruits. The problem will be amplified in jobs that required advanced technical and professional skills, where one third of LCR survey respondents in the sector identified a shortage. The low availability of recruits with advanced IT skills was expressed as a particular concern among SMEs during the LCR survey sector panels.

Future workforce

A key challenge for digital and creative is expanding the pipeline of appropriate skills and labour into the sector. While the industry remains popular with young people, employer preference for experience and work readiness can be perceived as limiting the scope for in-work skills development and progression. The LCR business survey shows that the digital and creative sector has a lower than average employment of apprenticeships, with 21 per cent of respondents indicating they have an apprenticeship compared to 26 per cent overall. Among those that have taken on apprenticeships, this has been in lower numbers than the survey average. This may be due to smaller average size of firms in the sector, but also reflects a concern by employers that the appropriate frameworks are not available. In LCR, 5 per cent of all apprenticeships are in information and communications technology, indicating scope for both increased demand by employers and more specific provision geared to the needs of a fast growing and dynamic sector.

Figure 1: Estimated Replacement Demand for next 10 years, LCR

| Digital and Creative Occupations | Replacement Demand |
|---|--------------------|
| Science, research, engineering and technology professionals | 8,518 |
| Business, media and public service professionals | 14,410 |
| Science, engineering and technology associate professionals | 3,742 |
| Culture, media and sports occupations | 4,930 |
| Skilled metal, electrical and electronic trades | 7,575 |
| Textiles, printing and other skilled trades | 5,262 |
| Total | 44,437 |

Source: UKCES Working Futures 2012 to 2022, ONS and CPC calculations

Figure 2: Occupational Profile - Digital and Creative, UK 2010

