Framework Strategy for the Staffordshire Moving Image Cluster

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Stoke-on-Trent

Stoke-on-Trent
& Staffordshire
Enterprise Partnership

Acknowledgements

I’d like to thank Marc Wootton for his valuable insight throughout this process.

I’d also like to thank all the moving image companies who contributed so willingly to the research in the lead up to this report. That research provided solid data on the challenges the sector faces and specific areas of need that are the backbone of this strategy.

Contents

1. Executive Summary

This framework document for the Staffordshire Moving Image Cluster has been commissioned by Stoke on Trent City Council and the Stoke on Trent and Staffordshire Local Enterprise Partnership in response to the developing needs of the Moving Image sector in the region.

The purpose of this document is to bring together the research conducted in collaboration with the sector over the last 18 months, to examine case study examples of best practice with existing clusters and to use this data to inform the structure and strategic direction of the moving image cluster

Definition

The Moving Image Cluster will be defined as encompassing the film, television, games and animation industries. As a professional cluster, membership is aimed at those companies and freelancers who can demonstrate that the majority of their income comes from working within these sectors.

The definitions however are broad enough to include a wide range of activity within the four main sectors and their supply chains. For example film will include feature film, documentary, commercial, advertising and corporate filmmakers, alongside scriptwriters, set designers and location services.

Need

Previous research and direct feedback from the sector has highlighted the need for a cluster initiative to be developed to drive the growth of the moving image sector in the region. Specifically this research has shown that:-

- At present the moving image community in the region is fragmented.
- The region lacks the necessary infrastructure to grow.
- There is a lack of co-operation, collaboration and project development.
- There is a disconnect with the region’s universities leading to a lack of cooperation and R&D activity and investment.
- Marketing and national/international profile is very limited.
- Because of this, inward investment is negligible.

Challenges

The main challenges that the cluster faces in addressing this need revolves around the currently fragmented nature of the sector, the uncertainty around the funding landscape post BREXIT and the visibility of the region nationally and internationally.

- Previous networks and initiatives have failed to tackle the specific needs of the sector and consequently, many companies are reluctant to invest time and energy in the cluster.

- Funding in the post BREXIT era will be a major challenge, given that the government is yet to spell out how it will replace the ERDF/ESIF programmes.

- Marketing the region and its companies.

Cluster Mission

To lead the development of the Moving Image economy in Staffordshire, increasing its economic value, innovation, national and international profile and creating sustainable employment and growth.

Strategic Pillars

- **Communication and Collaboration**
  Better communication among the companies in the region, with universities and with possible partners outside the region.

- **Skills and Training**
  Developing a skilled workforce, retaining talent and attracting new talent into the region. Developing work experience programmes with the universities and linking with existing partners' training and events such as Creative England and Factory. Encouraging and facilitating innovation in the sector.

- **Advocacy and Markets**
  Promoting the Staffordshire region and its skills base as an attractive destination for outside productions, inward investment and moving image start-ups. Promoting the cluster and individual companies nationally and internationally and developing new markets and accessing market intelligence in partnership with UKTI and other stakeholders.

- **Investment and funding**
  Develop investor linkages through matchmaking with angels, working with investor groups to develop knowledge of the sector. Help SME's develop greater knowledge around bid writing for specialised funds such as Creative England/BFI and for developing SEIS/EIS and alternative finance sources.

- **Growth and Infrastructure**
  Lobbying for and driving investment in physical infrastructure, start-ups mechanisms such as niche accelerators and fostering and supporting funded projects through partnerships with universities, larger companies and institutions. Developing sustainable R&D opportunities with the region's universities.

Strategic Priorities

Following consultation with the sector the following strategic priorities have been identified. The cluster must address the key challenges that the sector faces, promote the region and develop partnerships and funding sources.

Build Partnerships and Communication

- The cluster must facilitate communication between cluster members and also between the cluster and outside agencies and stakeholders.

Advocacy

- The cluster must actively promote the region and the sector nationally and internationally at festivals, markets, trade missions and contact with international clusters.

Deliver Events

- SME's and individual freelancers in the region see that the cluster can deliver on the areas of need noted above. The cluster must work with members and key stakeholders to deliver activities and events that will build trust and support from the sector.

Develop Funding

- With funding for the long-term development of the cluster being uncertain, it is vital that the cluster partners closely with all the key stakeholders to deliver its activities effectively and efficiently. A funding plan should also be developed to take the cluster forward as an incorporated organization.

Immediate Actions

There are a number of important actions that the cluster should focus on as a priority in the first six months.

Accurate and detailed data on the size, activity and capability of the cluster members is essential if the cluster is to develop useful communication between the members and the promotion of the companies and freelancers to the outside world.

Mapping the sector across Staffordshire should be one of the first activities that the cluster will undertake. From this information, a database of companies, facilities, skills and activities can be developed.

An initial period of research and face to face meetings will not only provide this required data but will also allow the cluster to register members, build a mailing list and promote the cluster activities to the wider sector across the county.

Operational Structure and Management

In line with the case studies and the noted best practice, the cluster should aim to be incorporated as a non-profit organization within this three-year planning cycle. After the twelve month pilot, a review and assessment of the operational structure, activities and outputs should be undertaken and any recommendations included in a revised strategic plan.

Chief Executive/Chair

A senior/CEO level representative from the sector will act as champion for the cluster. They will be responsible for lobbying for the cluster with regional and national governments, leading the promotion of the cluster and the region to national and international partners and markets and driving the development and success of the cluster.

During the pilot year, this post will be unpaid but once the cluster is incorporated, the CEO post should be salaried and full time.

Project Manager

The project manager will be the main administrative lead, handling the day to day operations of the cluster. This should be a paid part-time post during the pilot year and a full time salaried post once the cluster organization is incorporated.

Cluster Executive Group (CEG)

A strategic visioning group, consisting of the CEO/chair, along with senior level representatives from the Chamber of Commerce, the region’s two Universities and City/County Council.

Cluster Operations Group (COG)

A wider operational group that includes the CEG plus 4-5 sector representatives, across a broad range of disciplines and across the moving image ecosystem. This group will also extend an open invitation to various key stakeholders including UKTI and Creative England as and when required.

The cluster will support dialogue across the different disciplines of the moving image industry and related companies but also to sectors outside the sector in order to overcome the boundaries and barriers to growth and entrepreneurial activity. The Staffordshire Moving Image Cluster will provide a platform to foster information and communication exchange across sectors as well as within the cluster.

It's important to note here the difference between a **cluster** and a **cluster initiative**.[1]

While the former refers to the concept that describes the real economic phenomenon of concentrations of economic activities such as Silicon Valley or the Motion Picture concentrations around West London, the latter describes an initiative or political effort to create, maintain, or upgrade an economic stronghold or cluster.

Cluster initiatives can help a cluster to reach higher levels of performance, for example by strengthening linkages or facilitating collective action to improve the cluster-specific business environment.

And cluster initiatives are one of the main channels through which cluster policy can engage with a cluster. Importantly, there is also significant emerging evidence that cluster initiatives are much more likely to generate an economic impact if the underlying cluster is strong.

The increasing recognition of the role of cluster initiatives in improving the performance of a cluster and the importance of supporting industrial transformation by means of cross-sectoral linkages brings with it the new challenge of catalysing the role of cluster initiatives in identifying and implementing new opportunities in cross-sectoral value chains.

It should be noted then that the Staffordshire Moving Image Cluster is a cluster initiative - not just an organic clustering of geographically, sector-related SME's.

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[1] Developing Successful Creative & Cultural Clusters. European Creative Industries Alliance. Oct. 2012

Report Objectives

The objectives of the framework strategy are to set out a clear vision for the establishment, development and sustainability of the cluster. The key objectives of the plan are:-

- A review of the current scope and activities of moving image companies in the region.

- The analysis of case study examples of other creative clusters to establish best practice.

- The identification of gaps in the current support, networks, training and inward investment activities for the sector.

- The establishment of the cluster mission statement informed by stakeholder businesses.

- Outline the key strategic pillars upon which the cluster activity is based

- Outline the Cluster's operational and strategic priorities for the first three years.

- Put forward the legal and operational management structure for the Cluster.

- Outline a plan for attracting funding and building in sustainability.

- To aid in building connections to, and collaborations with key regional and national stakeholders.

- The identification and prioritization of Staffordshire's USP as a film destination.

Methodology

We will use a four stage strategic business planning methodology aligned to research from key reports, SME and stakeholders discussions and the findings of the cluster forum led by Grand Independent held on June 9th 2016.

Each of the four parts of the methodology provides the necessary information to proceed to the next stage. As such the strategic business plan is based upon sound methodology, planning principles and specific targeted data.

1. Research and Review.

Using qualitative and quantitative data gathered using existing sources such as SIC codes, along with ethnographic research conducted over a period of 18 months within the region, we will review and outline the current state of the sector, its challenges and its needs. This will include the external environment in terms of Staffordshire's position as a film destination and the key stakeholder links to the sector.

This section will also look at the existing networks, support systems and the main gaps in provision that have been identified by the research.

2. Visioning

With the review data we will then examine examples of best practice in creative clusters and why clusters can be important drivers of growth, innovation and regeneration.

This section will also outline the gaps in provision and areas for development that the cluster will address.

3. Strategy development

This section will set out the plan for the cluster based upon the findings from the review and the researched examples of best practice.

The plan will quantify the Clusters mission statement and recommend its operational and legal structure including management and governance.

4. Implementation

Identify programs and funding opportunities and define the plan for implementation over the first three years.
Outline the strategic marketing plan required to build the profile and reach of the cluster and the region.

Identify specific cluster focused KPI's to measure the success of the intervention

1. Introduction

The background and context of clusters

Clusters have been an important part of the UK economic landscape since the industrial revolution.

They are a key part of the story of economic growth in the UK and in uncertain times, are even more valuable as a force for growth, job creation and regeneration.

Alongside the well known work on clusters by Michael Porter[2], it is important as well to note the work of Richard Florida. He came at agglomeration from the perspective of the clustering of people or talent as opposed to firms and industries. He focused particularly on the clustering of groups of talented workers he dubbed the "creative class," spanning science and technology, arts, culture, media and entertainment, business, management and the professions. These workers were defined by the creative content of their work, which requires knowledge of field-specific information and pattern recognition as judgment and decision-making.

A distinctive feature of creative enterprises is that they thrive best in each other's company, in places that have both a strong local identity, and are also open to the world. In the creative economy, place matters. At every level, from the media centre in a small town to global centres like Hollywood, creative enterprises gather together in visible hot-spots which, when fully established, become self-sustaining clusters of creative activity.[3]

New value is created in this sector when technical innovation, artistic creativity and business entrepreneurship are deployed together to make and distribute a new cultural product. Content-creating enterprises must be quick to respond to changes in fashion and technology. Their assets are invisible and volatile: reputation, skills and brands. They operate in global niche markets. They evolve by getting better rather than by getting bigger. Key players are rewarded by lifestyle and reputation as much as by money. A good deal of their critical infrastructure is external to the firm. All this adds up to a business profile that is not widely recognised by banks, investors or government.

Although new creative content tends to be made by small enterprises, most of the distribution channels are controlled by large multinationals. Many of these are household names: Fox, Time Warner, Sony, the BBC. Because of the disparity in size and scale between creators and distributors, communication along the supply chain is often problematic.

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[2] The Competitive Advantage of Nations (1990)

[3] A Manifesto for the Creative Economy. NESTA. Hasan Bakhshi, Ian Hargreaves and Juan Mateos-Garcia. 2013

The principal strategy that the creative sector as a whole adopts to address these structural issues is to pool resources and band together: into networks, clusters, quarters and other kinds of partnership.

Silicon Valley in the United States is often cited as an example.
Across the world, economic development agencies have identified the Creative Industries as a growth sector, and most are supporting them through some form of cluster-based economic development strategy. But Porter's model is proving problematic.

The UK's Department of Trade and Industry notes that 'dividends from creative clusters can be enormous in terms of civic image, training and engagement in the economy as well as purely economic terms.' However the sector also faces special challenges: 'creative clusters are not the same as other clusters, and common strategies will not work'. In other words, the creative sector is booming, but not thanks to mainstream economic development strategies.[4]

For a region like Staffordshire, sustainable regeneration and growth will be built on high-performing firms in all sectors, whether these are co-located in a cluster or distributed more diffusely.

However, the drive to build a more knowledge based, technological and creative economic base in the region must look at the development of successful clusters for three principal reasons:

- Clusters are a major contributor to growth. The 31 most economically significant clusters in the UK's comprise only 8% of the total businesses, but generate 20% of UK output.

- Clusters are important sources of well-paid jobs. The UK's top 31 economically significant clusters together employ four million people – one in seven of the working population – and they offer average salaries that are typically higher than those in the surrounding region.

- Clusters bring business advantages that cannot easily be replicated. Economically significant clusters are ecosystems buzzing with soft knowledge across a myriad of networks and connections that not only promote a better understanding of what customers want, but also support emerging innovations. As a consequence they attract investment and talent. This virtuous circle is difficult to create by design – accordingly, such clusters can represent a defensible competitive advantage for the region.[5]

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[4] A Manifesto for the creative economy. NESTA. Hasan Bakhshi, Ian Hargreaves and Juan Mateos-Garcia. 2013

[5] The Geography of Creativity in the UK. NESTA. 2016

“A real vision for transformation.”

Charlina Vitcheva, the director of smart and sustainable growth at the European Commission’s Directorate-General commented recently that many regional development plans lacked a “real vision for transformation” and were simply old, tired innovation strategies that had been repackaged.

The Moving Image Cluster focuses on small and dynamic new companies with the potential for fast growth rather than being “preoccupied with the interests of large companies with a stronghold in the region.”[6]

Previous regional innovation strategies have often suffered from one or more of the following weaknesses:

- They lack an international and trans-regional perspective, i.e. the regional innovation and economic system is often considered in isolation.
- They are not in tune with the industrial and economic fabric of the region; there is too much public involvement in R&D which is not sufficiently business driven.
- A sound analysis of the region's assets is missing.
- There is a ‘picking winner's syndrome’.
- The best performing regions are copied without consideration of the local context.

As a result, regional innovation policies have often demonstrated a lack of efficiency in identifying priorities and forms of practical cooperation between regions. This issue is even more critical in the current economic crisis where public financial resources are scarce.

Stimulating smarter, more strategic and more focused public investment that leverages more private and public initiative and investment must be at the forefront of any jobs, growth and investment agenda. In order for policy in this area to achieve its impact, priorities need to be set according to the geographical and thematic context of the investment.

Therefore, cluster policies and smart specialisation strategies should be central to the implementation of regional and local economic growth strategy.

[6] The role of clusters in smart specialisation strategies. European Union Directorate General for Research and Innovation. 2013

This growth strategy demands comprehensive efforts to mobilise resources in order to accelerate innovation and industrial transformation. Clusters are a powerful tool for reaching out to groups of specialised SMEs and related innovation actors, and for increasing their competitiveness. [7]

The full potential of clusters is unlocked when policies and SME support measures are in place that can structure the co-creation process and thus direct public and private investment towards smart specialisation. This requires not only linking up the main players in the regional ecosystem and involving a wide range of stakeholders, but also overcoming sectoral, regional and departmental silos. Regions that succeed in achieving this and that are able to tackle the economic complexity of the process through clusters will usually be those that subsequently benefit from economic resilience and higher employment growth.[8]

It is important that the digital creative industries in the region are not seen, because of their relative small scale in terms of economic footprint, as of secondary importance to more traditional industries.

These 'emerging industries', such as the moving image sector and the wider digital creative industries, have in common that they grow out of existing industries and hence cut across different, traditionally defined sectors, thus building new industrial landscapes and value chains that encompass cross-sectoral competences and linkages.

As these emerging industries are characterised by high growth rates and market potential, they hold the key to future competitiveness and prosperity for the region.

An important characteristic of creative clusters as opposed to other sector clustering is the tendency of creative clusters to attract SME's, freelancers, arts organisations, festivals and related industries. Creative clusters then can have a much wider impact than the immediate sectors within which they work.

There is an emerging consensus that cluster excellence can support the development of so-called world-class clusters. The hypothesis is that enterprises benefit from favorable "eco-systems" that foster competition as well as collaboration – thus providing gateways to knowledge, finance and markets.

[7] The role of clusters in smart specialisation strategies. European Union Directorate General for Research and Innovation. 2013

[8] GB11 - Smart Guide to Cluster Policy (2016) European Commission

This concept can be built around three dimensions of a cluster. It has become common sense that these three dimensions are of high importance for cluster development and have to be addressed by (cluster) policy intervention. [9]

The dimension of framework conditions: In a competitive environment clusters need to develop within favorable framework conditions to support the activities of cluster companies. There are general framework conditions that are important for all clusters. Examples of such include specific infrastructures, labor force skills or institutions, but also regulatory issues such as work migration or taxation. Stability-oriented macroeconomic reforms and structural reforms are also important elements of favorable framework conditions.

The dimension of cluster actors: Within a cluster there have to be strong companies and strong interaction between the actors that constitute the cluster. This strength is a combination of critical mass of companies in a given geographical space, individual company characteristics and behavior and the dynamics of inter actions and cooperation between companies and other relevant stakeholders such as research institutions and universities.

The dimension of the cluster management organization: The quality of cluster management is critical to support strong dynamics among companies and other relevant stakeholders of the cluster.

These three dimensions of "world-class clusters" reflect a wider concept that aims at capturing the conditions that are conducive for the development of global competitive advantages.

In the context of the "world-class cluster" concept, cluster management excellence depends on:-

- The existence and implementation of a strategy for the further development of the cluster.
- The provision of professional services that address the needs of the cluster members through the cluster management.
- Sustainable financing of the cluster management organization and appropriate staffing of the organization.
- Additionality.

[9] Smart Guide to Cluster Policy. European Commission. 2016

Types of Clusters

Cluster programs that focus on regional economic development:
All programs that fit into this category aim at the promotion of regional growth through the development of business-driven clusters that are internationally competitive. Common to all these programs is a focus on specific regions that are geographically limited.

There are different ways of setting such a limit: programs may set their geographical limit in terms of administrative borders (e.g. in Germany the cluster programs of the federal states) or they define regions from an economic geography perspective, e.g. by referring to “functional regions”12 that do not have to be congruent with administrative regions and their borders. In this context the rationale of developing regional systems of innovation13 is explicitly stressed by some programs (the Swedish Vinnväxt, Innovation Clusters Piedmont (Italy) and Cluster Development Catalonia (Spain)[10]

Cluster programs that focus on the development of national industries
Characteristic of this type of cluster program is the objective of developing business-driven clusters that represent national industries that are internationally competitive. This type of program supports already developed regional systems of innovation in their efforts to utilize their potential for further national and international growth.

The national cluster champions are targeted by this kind of programs. Often rooted in a regional economic development rationale the programs go beyond the regional dimension as they try to overcome regional lock-in effects by promoting national and international collaboration with other clusters.

Cluster programs that focus on the commercial exploitation of the R&D potential of a country’s economy
The third type of cluster programs is characterized by a focus on the establishment of clusters or centers of excellence that are either driven mainly by research actors or are aimed at bridging gaps between the research and the business sectors. Although these type of program shares the objective of promoting economic growth with the other types of cluster programs, it is different as it puts more emphasis on the development of the research sector in terms of the commercialization of its R&D results.

[10] Cluster Management – A Practical Guide. GTZ. Dr. Rainer Engels. 2013

Network programs to support the competitiveness of national industries

This type of program is not a cluster program in the narrow sense as it promotes the establishment of industry-driven R&D networks that need not necessarily be rooted in regional environments, but can be organized nationwide. However, a network created through this kind of program may form the nucleus of a cluster.

The Clusters Are Individuals[11] EU report provides some useful guidelines on the development of a cluster strategy and its implementation.

With regard to the overall strategic set up a cluster should be based on eight key principles:

- The cluster initiative should be aligned with overall economic and innovation policy priorities.
- A cluster should have a long-term perspective of at least 5 years and be based on the long-term commitment of relevant political stakeholders.
- Clusters should be utilized to develop economic sectors that are relevant for the future development of the national economy. The support of emerging industries, but also the utilization of clusters to address specific challenges in matured industry sectors was mentioned as a rationale.
- The development of a cluster should follow a bottom-up approach to accommodate the development needs of industry.
- Knowledge-based growth and commercialization of R&D results has to be the primary focus of a cluster.
- Internationalization of clusters should be an integral part of the program strategy in order to support the global competitiveness of the national economy.
- Support should focus on cluster excellence and depend on the performance of the cluster.
- Ideally, there should be just one cluster program: Less is more – fewer programs would translate into less coordination and in turn into increased efficiency and effectiveness, which is of particular importance in times of tight public budgets.

[11] Clusters are Individuals. European Union 2012

The implementation of a cluster initiative should be built around five key principles.[12]

- Program officials indicated that a cluster initiative has to be smart and simple in order to avoid administrative burdens for cluster organizations that may have an impact on the performance of their daily operations.

- Its requirements and processes should not only be less bureaucratic, but also flexible enough to respond quickly to changing economic and technological environments in which clusters are operating.

- Cluster implementation should be supported by a knowledge-based support infrastructure including specialized partners such as universities and consultants in order to assist clusters with their specific needs.

- From the very beginning the cluster strategy should be based on clear targets that can be measured through a purposeful indicator system that provides information that is relevant to the implementation processes.

- The implementation of the cluster strategy should be accompanied by a formative evaluation which provides recommendations for program adaptation on a continuous basis.

Services for clusters members that are provided by the cluster management organization are an important instrument to develop a cluster. They provide a basis for intensifying and/or stabilizing interaction between cluster members, reduce the time and costs spent by cluster members through high-quality standard solutions and/or allow cluster members to focus on their core activities.

[12] Clusters are Individuals. The Danish Ministry of Science Innovation and Higher Education. 2012

Cluster Services

The table below gives a general overview of services that can be offered by a cluster management organization to support the development of a cluster.

Categories of Service	Examples of Service
Acquisition of funding	Distribution of information on funding programs Advice on specialized production funding Advice on growth funding - VC/Angel etc Development of investor networks
Technology transfer/R&D	Organisation of cluster/university working groups Management of projects on behalf of members Accessing specialist legal advice
Internal networking among members	Regular meetings Themed events Workshops and talks Database of skills/facilities/resources Internal newsletters
Human resource development	Partnerships with universities for specialist skills training Delivery of targeted training for cluster members through other partners Recruitment of staff for cluster members Short courses for new entrants to the industry
Development of entrepreneurship	Consulting and coaching Assessment of innovation opportunities Sector research and visioning Developing links with external entrepreneurs and groups. Indentifying new international and global markets/customers/opportunities.
Marketing, external networking and promotion of cluster location.	Information material Website Press releases and publications Information sharing and marketing partnership with Film Office Partnering and information sharing with key national bodies such as Creative England
Internationalisation	Attendance at trade fairs, conferences and festivals Market visits in conjunction with UKTI Matchmaking with comparable or complimentary international cluster partners for projects.

2 Research and Review

Research conducted into the moving image sector in Staffordshire

Clusters are typically associated with dynamic urban centres – often built around one or two large employers with a strong innovation and technology focus. Creative clusters tend to be associated with metropolitan areas often with a young and dynamic workforce, a thriving cultural scene and a growing population.

The argument for the linking of cluster development and success to the cities agenda is that capital and other leading cities have strategic importance because they are in a better position to reap agglomeration economies, attract knowledge-intensive service activities, and exploit transport modal shifts and increased use of ICT (Ioannides et al, 2008; Leunig and Overman, 2008).

However, many capital and now Tier 2 cities are reaching a point where external diseconomies produced by congestion, land scarcity and sprawl, marginalised human capital, and infrastructure deterioration produce diminishing marginal returns which make them less competitive and not necessarily able to provide the best return on investment (Dijkstra, 2013; OECD, 2006).

In this instance the development of smaller cities, and indeed larger towns offer the possibility of strong secondary and tertiary growth poles that can act as engines for their regions and promote polycentric development. The importance of regional development, and in particular regions outside the South East, has been highlighted by successive governments and clusters provide the mechanisms whereby local growth can be targeted and accelerated.

It is important to realise however that clusters in towns and smaller cities cannot be developed using the same structures and benchmarks as those in Tier 1 or Tier 2 cities.

It is in these towns and smaller cities where cluster initiatives – organisations created to drive the growth of a regional sector with the aim of creating a recognized cluster – are most valuable.

Staffordshire has suffered a decline in population over the last 20 years with that trend only recently beginning to slowly reverse. Stoke on Trent has seen a well documented decline in both its population, its level of skilled employment and educational attainment. It has the highest proportion of unskilled and manual labour as a percentage of its workforce in the UK and a lack of start-up support in terms of the ecosystems of incubator space, targeted business support and accelerator schemes and access to scale up finance.

The region lacks a large metropolitan centre with Stoke on Trent – population 260,000 – being comprised of six towns, each with an identifiable town 'centre'. The city then provides an unusual and challenging location to establish a creative cluster

However, there has been a slow but steady increase in the levels of micro-producers working in the moving image sector and based in the city region.

The growth of production SME's and individual writer/director/producers in the county over the last few years – mainly founded by University graduates – has started to attract other businesses into the region. Location services, costume design and supply and business support services for the sector are all located in the region.

Sector specific SME's in the county now number more than 140, consisting of corporate, feature, documentary and animation production companies, along with a number of related suppliers such as locations services, talent agencies and costume designers.

The figures on the number of freelance and sole trader workers is less clear and needs further research to establish the true scale of the cluster. The scale of this cluster then compares very favourably with concepts of workable critical mass.[13]

This cluster will build on the recognised ideal scenario, outlined in the EU Cluster Excellence Framework, for cluster development with the region having strong sector specific university and /or research institute ties, a critical mass of core sector companies and a hinterland of related subcontractors and service providers. [14]

Research into the Sector

It was determined that the research design should be a combination of qualitative and quantitative research methods, resulting in a "methodological mix" that would strengthen the validity of the research and the resulting strength of the strategic plan going forward.[15]

Three distinct steps then were followed to enable the formulation of a strategic plan for the cluster development.

The first step then was to identify and map the number and spread of SME's within the region. This would allow for an understanding of the current impact of the sector in terms of its economic footprint – number of companies, level of employment, level of turnover etc.

An examination of the data sets held by local authority systems, specifically around SIC codes, allowed an initial observation of SME's that identified themselves as creative/digital, and more specifically, code 59 and it's sub-sets - Motion picture, video and television programme production, sound recording and music publishing.

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13 Ketels, C. (2012): The impact of clusters and networks of firms on EU competitiveness, Final Report: Firm networks to the European Commission; See also for example: Delgado/Porter/Stern (2012), DG Enterprise and Industry (2007), and the overview in Ketels (2012).

14 Cluster Management Excellence Volume 1: Network Services. Federal Ministry of Economics and Technology. Germany. 2009

15 Freitas, Cunha and Moscarola, 1996; Stumpf and Freitas, 1996

For the companies involved in the computer games sector there are two dedicated SIC codes which represent the core activity of the industry: 'Publishing of Computer Games' (58.21) and 'Ready-made interactive leisure and entertainment software development' (62.01/1). These are the two codes used by DCMS to generate an official estimate of the economic contribution of the games industry in the UK.

Analysis of this data showed an initial county wide spread of more than 200 listed companies. This data set however included companies that might be considered outside the parameters of the proposed cluster – music publishing for example, or multiple single purpose vehicles established for investor tax efficiency such as EIS and SEIS structures.

Once these were excluded, the remaining companies numbered approximately 160.

The second step was to conduct case study research into three existing creative clusters to establish any models or nodes of best practice, including semi structured interviews with cluster managers.

The third and final step was to use an ethnographic approach to understand the both the community of moving image companies and the individual SME's themselves.

To begin the process, two focus groups were conducted – firstly with sector SME's and secondly with local government and support organisations such as the Chamber of Commerce and Local Authority creative industry support projects.
These focus groups were designed to help the researcher understand the issues, opportunities, needs and barriers to growth that the individual SME's were facing, along with the current support structures and policies already in place.

Gibbs[16] outlined the key advantages of focus groups and of particular interest to this research was his points on synergy - the group process generates a wider range of information than would accrue from a comparable number of depth interviews – and saliency - in that groups help to elicit why a particular issue is salient. Groups also highlight differences between consumers, making it possible to understand a range of behavior.[17]

Extensive semi-structured interviews with individual SME's were conducted as a follow up to gather more data and individual experiences not shared during the focus groups.[18]

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[16] Gibbs, A. (1997) 'Focus Groups', Social Research Update, 19, Winter, Department of Sociology, University of Surrey. http://www.soc.surrey.ac.uk/sru/sru19.html

[17] Fern, E. (2001) Advanced Focus Group Research, Sage, ISBN 0761912495

[18] Eikhof DR & Haunschild A (2006) Lifestyle Meets Market: Bohemian Entrepreneurs in Creative Industries, Creativity and Innovation Management, 15 (3), pp. 234-241.

The interviews included open questions that allowed the adjustment of a particular question to the interviewee[19] and were conducted over an eight-month period to ensure enough time was spent with interviewees.

A total of 34 interviews and company visits were conducted. Furthermore, the interviews were based around the critical incident technique (CIT) concept, where respondents who experienced the incidents could share information in their own words.[20] This interview technique was used to encourage respondents to identify specifics in cluster the development process, rather than answering direct questions.

CIT emphasises the identification of the cause and actions taken during the incident.[21] The primary objectives of the interviews were to identify the key initiators in the process of cluster formation, the barriers to growth, experiences and perceived needs, along with a comparison of these experiences.

Results

Market Failure

There is a perception outside the region that very little media production or development happens in the county. However, Staffordshire companies are some of the most innovative in the UK and internationally. Reels in Motion, a company based in Stoke on Trent recently secured the world's first exclusive Xbox digital distribution of their feature film Pulp. Grand Independent runs The 72 Project, a feature film production project that has worked in the UK, Ireland and Australia.

- At present the sector community in the region is fragmented.
- There is a lack of co-operation and collaboration and project development.
- Marketing and national/international profile is very limited.
- Because of this, inward investment is negligible.

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[19] Marjolein C.J. Caniëls Katleen De Stobbeleir Inge De Clippeleer: Creativity and Innovation Management, Vol 23, Issue 2

[20] Alan J Coetzer and Janice L Redmond.(2011) Decision making regarding employee access to training and development in medium-sized enterprises: A proposed study employing the Critical Incident Technique. Small enterprise research: the journal of SEAANZ, 18(2), 119-129

[21] Chell, E: Essential Guide to Qualitative Methods in Organizational Research,Edited by: Catherine Cassell & Gillian Symon DOI: http://dx.doi.org/10.4135/9781446280119.n5

Research from 2009 into the regional film industry highlighted a key deficiency in Staffordshire:-

"*Many filmmakers feel disconnected from others in the region and there was a consensus that, while there are a number of creative network initiatives in the area, there was nothing aimed at, or suitable for filmmakers. This is something they feel needs to be addressed."*[22]

Previous attempts at bringing creative enterprises together have proved inconsistent and lacked sustainable structures. The feeling amongst the film community in Staffordshire was that this was due in large part to the lack of specificity and consequently the feeling that these services were not targeted and useful.

"The form, role and functioning of a specialist film network or cluster for the region is something that all interviewees felt was important and that was currently missing".[23]

Context of Staffordshire as a film destination

Staffordshire does not have a history of extensive production in the moving image industries. However, in the last 8 years, more feature films and TV programmes have shot in the region and this has led to more visibility and an increase in capacity.

This increase in capacity has seen feature productions moving into the county along with increased graduate retention due to the building of a critical mass of companies, skilled crew and a more outward looking local authority.

In 2008 *Soulboy* shot in the city of Stoke on Trent and kick-started the process of building the city and the region as a location for production. Following the success of the S*oulboy,* the Stoke Film Office was created and the local animation and film festival was successfully rebranded as the Stoke Your Fires festival.

Recent feature films such as *The Girl With All The Gifts* and *Marvellous* have brought high profile filmmakers and cast to the region and recent TV programmes such as *The Great Pottery Throwdown* have showcased Stoke on Trent as an attractive location.

The region is blessed with outstanding locations ranging from the natural beauty of the Staffordshire Moorlands to the urban streets of Stoke on Trent.

It's easily accessible position both in terms of excellent road and rail networks gives it easy proximity to Manchester and Birmingham. The main rail terminal at Stoke ion Trent also means that central London is reachable in 90 minutes.

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[22] Image Futures (2009) North Staffordshire Film Networks Research for North Staffordshire Partnership

[23] Image Futures (2009) North Staffordshire Film Networks Research for North Staffordshire Partnership

Cheap accommodation and a committed and knowledgeable city council have provided the basis for an expanding production location.

However, the region also lacks significantly in high end production facilities and infrastructure, meaning that equipment hire, studio space and post production facilities are all accessed outside the region.

There is also a lack of positions being made available to crew and SME's in the region when these productions shoot here. Whether this is down to a perceived lack of experienced crew on behalf of the productions or an actual lack needs further investigating. This point was raised at the Cluster Forum by companies looking to contribute to productions coming into the region.

Whilst further work is needed here, better communication between the sector and the regional councils and film office would help in this regard.

Key stakeholders and linkages to the sector

The importance of buy-in from the key stakeholders and business organizations in the region cannot be overstated. For the cluster to be a success it has to work in partnership with these stakeholders and look to find collaborations and opportunities without replicating or duplicating what is already provided.

Role of Keele and Staffordshire universities in the cluster

Science and technology intensive sectors have traditionally been seen as the most likely beneficiaries of the knowledge generated at universities, and this has influenced both policy and research. One important implication of this is that, until very recently, barely any studies have looked at the impact of university research activities (regardless of discipline) on the Creative Economy. Indeed, the definition of the creative industries adopted by DCMS in 1998 emphasises the importance of 'individual creativity and talent' as a source of value for the creative industries, with no reference to the role of universities or other public institutions.

Universities have often been seen as sources of research and suppliers of talent. Knowledge transfer has been a key driver for HE policy over the last 15 years but it is all too often associated simply with technical or technology driven innovation.[24]

The role of knowledge transfer, research and innovation has passed the creative industries by. Universities situated in regional economies where the creative industries are active need to address new ways or working with these sectors.

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[24] The role of universities in enhancing creative clustering. CENTRIM, University of Brighton. 2011

The importance of work experience and teaching and learning has often been completely ignored in most discussions of university / industry collaborations but for the moving image sector and the creative industries as a whole, these elements play a central role.

There is also a disconnect between technology innovation in the sector and research at universities. The moving image sector is often driven by technology advances, not from universities, but from the major players in the sector itself. Games engine development, camera technology, visual effects and other cutting edge techniques have come from a number of leading players across the film, games and visual effects industries.

Universities are often left behind. There are some key exceptions though that can serve as exemplars for HE/industry collaboration. Some important instances where this has happened include the MP3 audio encoding format produced by the Fraunhofer Institute (which has revolutionised the music industry), or the techniques and programs developed with DARPA funding at the University of Utah, which now form the cornerstone of computer generated animation. These are however, notable exceptions.

Resource-constrained creative organisations will seek to build relationships with universities where the perceived benefits from such collaboration are highly visible. This means that universities need to offer knowledge, skills and services that are relevant and up-to-speed with the needs of the Creative Economy - this entails keeping pace with the rapid transformations taking place in these sectors. But this is easier (and more cheaply) said than done: the evidence does in fact suggest that the long-term orientation of universities creates barriers to industry research collaboration in other sectors. The 'basic research' orientation reported by many Arts and Humanities scholars (and highlighted above) may thus hinder collaboration with creative organisations.

NESTA research on high-tech creative industries such as video games or visual effects has shown that businesses opt for private training providers instead of universities as a source of CPD because the former are seen as more responsive to changing industry needs, and also able to incorporate new (often expensive) tools and practices in their courses.[25]

[25] A Manifesto for the creative economy. NESTA. Hasan Bakhshi, Ian Hargreaves and Juan Mateos-Garcia. 2013

The main challenge for universities, beyond becoming more flexible (for instance in terms of how quickly can curricula be redesigned) is to develop effective communication channels with creative organisations through which to acquire up-to-date intelligence about industry trends and needs, and respond to these in ways which exploit the distinctive advantages of universities and complement (rather than compete with) private providers.[26]

Knowledge Exchange

There is an increasing perception that the way in which the agenda for Knowledge Exchange (KE) between universities and industry has been configured, with its emphasis on the transfer of physically embodied technology (i.e. widgets)- to industry via conventional IP instruments such as licenses and patents does not reflect the reasons why most industries interact with academia.

This misalignment between policy assumptions and business needs is particularly visible in the case of less S&T intensive industries and non STEM disciplines such as many creative sectors, or the Arts and Humanities – as we have shown above, patents, contract research and access to facilities play a smaller role in university – industry engagement by contrast to 'softer' (but not necessarily less impactful) sorts of engagement.

The current funding regime for KE and internal incentives at university mean that academics in disciplines whose outputs are less amenable to commercialisation through patents or collaborative research contracts may be discouraged from building mutually beneficial relationships with industry because such relationships are not likely to be recognised or rewarded.

The Moving Image Cluster provides the ideal structure in which this dialogue and collaboration can develop and thrive. It is important then the both the county's universities engage with the cluster to support the development of the sector in the region.

Chamber of Commerce/ DIT

Some of the more prominent sector SME's are members of the Staffordshire Chambers of Commerce, including representation on the Chamber Board. Proposals have been discussed with chamber management and there is widespread support for the establishment of the cluster. It is important that the cluster works closely with the Chamber in both training and networking initiatives but also in aligning cluster members to the Chamber activities.

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[26] *The Role of Universities in Enhancing Creative Clustering*. (2011) University of Brighton

City/County Council

The city and county councils have a vital role to play in the success of the cluster initiative. In particular the creative industries support programme **Factory** should be a key partner in delivering the events of the cluster. The cluster can be seen to add value to Factory in that it can deliver targeted and niche events to compliment the more general support and help offered and Factory can promote the cluster events out to as many moving image SME's and individuals as possible through its extensive database.

Creative England

Along with Factory, Creative England provides a number of services that the cluster can draw upon and also seek to partner with. The crew and locations services are obvious areas in which Creative England can support the work of the cluster. This has to be seen as a strategic partnership and crucial to the success of the cluster over the long term.

3. Visioning

The importance of clusters and best practice

The interest in clusters and networks is based on the ever increasing amount of statistical evidence that indicates a positive relationship between the presence of clusters and the prosperity of regional economies.

Clusters are increasingly understood as catalysts for supporting industrial transformation processes and for developing new regional competitive advantages. As a result, firm growth and job creation lead to growth and prosperity.[27]

For this to be effective however, the cluster has to work in partnership with key regional stakeholders. Without this network of collaboration, the cluster initiative works in isolation from regional policy and planning agendas and risks duplicating already existing activity and not being effective or efficient.

It is important that the cluster manages this network of actants for the benefit of the cluster and its members. This relationship then offers the greatest opportunity of innovation and development with the moving image ecosystem that is created.

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27 How can cultural and creative industries contribute to economic transformation through smart specialisation? EU Workplan for Culture. 2012

Barriers to Cluster Growth and Success

The majority of firms face barriers to growth that centre around skills, finance, management, regulation and infrastructure. Firms in clusters are no different.

For the regional and UK economy to grow post BREXIT, urgent actions are needed to help clusters, to thrive. However, this action has to be based on a detailed understanding of those individual clusters and their distinctive strengths and weaknesses.

While the barriers to future growth noted above are common, the way in which these play out in terms of cluster growth and success is quite unique, requiring locally-based, rather than nationally determined 'one-size-fits-all' actions.

NESTA has identified five common barriers to growth in regional clusters.[28]

1. The brand identity of key clusters is weak, impacting investment, talent, and demand Few of the United Kingdom's economically significant clusters have the global (or indeed national) brand recognition of "Silicon Valley" within their own industry. People outside (and indeed sometimes inside) a cluster are often unaware that it exists, making it harder to attract inward investment, find new customers, or bring top talent to the region. Less well-known clusters struggle to be heard by local and national government.
To address this, two things need to change:

a. Brands and messaging should be developed for each cluster, at local and at national levels.

b. Clusters need to be better promoted, both domestically and globally.

2. Cluster networks are failing to connect people within and outside the cluster systematically Narrow networks constrain growth because they limit the exchange of ideas, innovation, and talent that help the cluster develop and maintain its competitive advantage.
To address this, two things need to change:

a. Cluster networks should be broadened to ensure that they reach the full range of stakeholders, cover the requisite geographic area, and include players in relevant adjacent industries.

b. Cluster networks should deepen the level of engagement of the stakeholders within them, facilitating more opportunities to exchange business ideas, shape innovations, and mentor young talent.

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[28] A Manifesto for the creative economy. NESTA. Hasan Bakhshi, Ian Hargreaves and Juan Mateos-Garcia. 2013

3. Clusters are not fulfilling their potential to foster innovation.
Clusters are home to many of the world's most innovative institutions, whether companies or universities. UK clusters have been less successful than some of their global peers in tapping into these sources of innovation to keep the cluster at the cutting edge. This has blunted the competitive advantage of businesses within the cluster, making it less attractive to investors and talent.

To address this, two things need to change:

a. Universities need to strengthen their contribution to their local businesses through commercializing their research more proactively, and need to be further incentivised to do so.

b. Additional actions should be taken at a cluster level to promote idea sharing, especially by increasing interaction between businesses and academia, and by providing specialist facilities to support the iterative refinement of innovations.

4. Education and skills systems are not producing the concentration of specialist skills that clusters need. Significant shortages across the UK economy of vocationally-trained individuals and those with suitable managerial skills, limit many firms' ability to grow and have a particular impact on many of the United Kingdom's economically significant clusters which seek to compete on a global stage.

Firms are unable to expand because they cannot recruit the staff they need to fulfil orders, or they lose competitiveness because they have to increase salaries to retain scarce skilled staff. For firms considering locating in the cluster, the availability of a skilled workforce is a significant, and potentially deal-breaking, factor.

Two things need to change:

a. Education and skills providers (particularly those connected to a cluster) should work directly with leading cluster employers to offer courses that equip the right number of people with skills that are in demand.

b. More people should be encouraged to take courses (both at the national level in areas such as STEM subjects and also locally in vocational skills such as machining) that equip them with the skills the cluster needs – and then further encouraged to choose a career in the cluster that uses those skills.

5. Every cluster has specific infrastructure challenges holding back growth.

Each of the five case study clusters we have examined in detail suffers from infrastructure issues, be they transport (road, rail, or air links), broadband, housing, or energy. Poor infrastructure damages a cluster's global competitiveness by increasing the costs of facilities, of getting goods to market, of labour (principally because of the high cost of housing), or of other key inputs such as energy. Moreover, inadequate transport links make it harder to build connections, both within the cluster, or with other centres of expertise.

To address this, two things need to change:

a. Clusters should identify their top infrastructure challenges and develop a detailed understanding of why these have not been implemented.

b. Clusters should identify solutions for how their top infrastructure challenges can be addressed and how local beneficiaries could help fund them (supplementing any available national or local government support)

Clearly, it will take the efforts of a number of stakeholders to make these changes happen. Some actions need to be the responsibility of the clusters themselves while others require the support of local and national government. Strong cluster leadership with the ability to lobby, promote and drive the cluster organization is crucial to addressing these points

It is vital then that the CEO or Chair of the Moving Image Cluster act as a champion for the sector both in the region, nationally and internationally. He or she must work to promote the region as a destination for inward investment, a place where customers can find expertise and high quality growth and an attractive location for external productions.

Best practice in creative clusters

It is important that the Staffordshire Moving Image Cluster strategy be based on not only sound data and evidenced need but on the experiences and workings of successful clusters both in the UK and internationally.

A good starting point is to look at seven rules that NESTA has outlined for developing creative clusters.[29]

1. Be pragmatic: Policymakers would be well advised to avoid wishful attempts to build clusters from scratch – successful examples are few and far between, not least because new clusters in an industry need to overcome the critical mass and reputational advantages enjoyed by established ones. A more productive approach is to build on areas or niches of existing strength. Seeking to take a budding or 'latent' creative cluster to its next level is a better idea than trying to spawn one from scratch.

2. Be data–driven: Policymakers should use data to identify areas of existing local strength. This includes measuring the number, size and trajectory of local firms in different creative sectors and the types of graduates and research being produced by local universities.

Policymakers should however bear in mind the limitations of official data sources where micro–businesses and freelancers are often unrepresented, or which may fail to capture the activities of emerging sectors, and explore other potential sources of data like social networking sites or company websites.

3. Think systemically…: Creative clusters are in several ways 'miniature' versions of the creative innovation system portrayed in Chapter Five – incorporating a local labour market (skills) and research base, finance, competition, collaboration and (physical, digital and cultural) infrastructure (although the IP and competition regimes are designed and implemented at the national level). This means that discrete interventions will rarely be enough to support sustainable growth in a cluster – it is important to pay attention to the whole system.

4. …and listen: Policymakers should adopt a similarly data–driven approach to identifying barriers to cluster development and the potential remedies. Learning from experiences outside is important, but this requires rigorous evaluations of cluster policy and detailed consultation with local businesses.

When doing this, it is important to minimise the risk of capture by local vested interests by listening to all the voices in the cluster. Policymakers should recognise that innovative creative businesses with the greatest growth potential will often be those with the least time to meet them.

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[29] The Geography of Creativity in the UK. NESTA. 2016

5. Raise visibility and strengthen networks: An unconnected, 'un–self–aware' mass of creative businesses will not benefit from knowledge spill overs or from lower transaction costs. Policymakers can help remedy this situation by supporting local business networks, and bridging the gap between communities and groups with complementary resources and capabilities (for example, content and digital media businesses, or artists and technologists). This 'profile–raising' can also help highlight local job opportunities to creative graduates.

6. Invest in people as well as buildings: Policymakers have often conceived of interventions to support clusters in terms of new buildings – such as incubators, cultural quarters and iconic arts centres – rather than investments in creative and entrepreneurial skills. Yet, it is creative talent which, ultimately, drives innovation and growth in the creative economy. Policymakers weigh the opportunity costs of investments in 'bricks and mortar' against the benefits of other interventions (for example, training sessions or work placements and internships for creative graduates) which may have less visible outputs, but be more beneficial in the long run.

7. Leverage anchor institutions: Universities have a central role to play in creative cluster development strategy. When doing this, they need to think holistically about how their different functions (suppliers of talent, research, networks, support services, entrepreneurialism and facilities) can support local creative clusters.

A live example of where this is being done is the International VFX Hub at the National Centre for Computer Animation at the University of Bournemouth, which combines working with local schools, knowledge transfer through PhDs in industry, support for graduate entrepreneurship and access to facilities in an effort to boost post–production, animation and CGI in Bournemouth.

The Staffordshire Moving Image Cluster will be designed along these NESTA best practice lines.

Examples of Best Practice

The Creative Cluster in Apulia, Italy

The Apulia region of Southern Italy - like much of Staffordshire - is a social and geographical periphery, plagued with problems like unemployment, lack of quality employment opportunities, the loss of its younger generation out of the region, a negative public image, etc. To deal with these problems, the Apulia Development Authority has developed a model for the creative industries using art and culture as an engine for local economic growth.

The development approach works from two directions at once, from the bottom up and from the top down. This means providing support for independent initiatives from the field as well as implementing favourable government policy. This approach has turned Apulia into a leader in the field of creative industry. The region now offers quality employment that young and creative people find attractive, and has become a hub of creative industries like films and music videos in addition to drawing tourists to its unique locations.

The program's impressive achievements include convincing young, creative people to remain in Apulia, drawing national and international productions to the area, and generating additional jobs. According to a recent economic impact study, for every Euro invested by the cinema fund has brought in 5 Euros that have stayed in Apulia's local economy.

DISTRETTO PRODUTTIVO
PUGLIA CREATIVA

Puglia Creativa - The Apulia Creative Cluster

The "Creative Cluster" began in 2011 as the initiative of local entrepreneurs, and in 2012 the Apulia Development Authority recognized it as an official cluster and provided it with funding. If in the past the world has tended to divide regions according to fields of specialization, in recent years new approaches have led regions to diversify, developing multiple "complementary clusters" instead of one monolithic area of expertise.

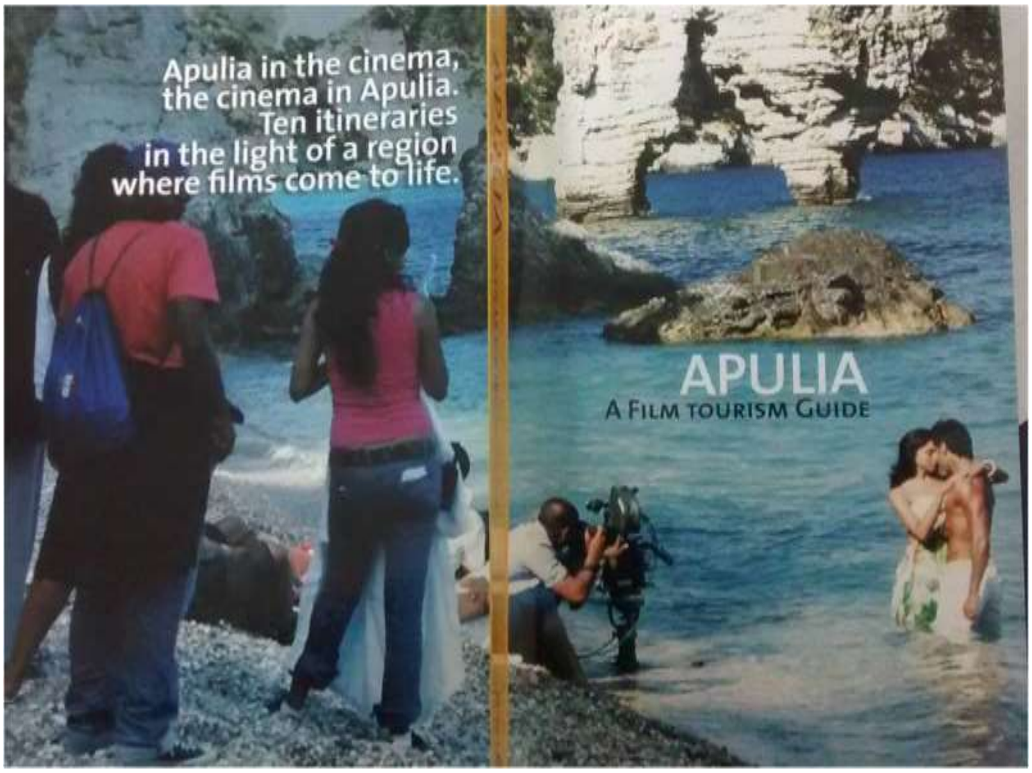
These clusters are made up of a group of services from different fields, working together in economic cooperation. The "creative cluster," for instance, refers to the region's culture, creativity and innovation, and to the various services that surround it.

The cluster was first formed by significant initiative from the field, and when the Apulia Development Authority formally declared its support of a "creative cluster," the region's residents used this support to further bolster their activity.

Their data shows that despite the fact that unemployment in Apulia doubled in the years 2011-12, the creative industry sector showed a rise in the number of available jobs. As a result, many companies now wish to join the cluster.

The cluster is working to create a high local production standard by investing in education and training, particularly for the younger generation. The Authority is also investing in research, in international cooperation, in shared marketing and publicity, and in finding sustainable solutions to minimize the wasteful use of local resources.

Cluster manager Vincenzo Bellini says, "Apulia's cultural assets have a great deal of potential. In the last few years we have developed cinemas, theatres, musical productions and more. Our challenge is integrating more areas like design, hi tech and even agriculture, which are perceived as having no connection to the world of culture, and joining them all together into one creative cluster. This will allow us to consolidate resources and financial connections in a way that promotes the development of each individual business, as well as contributing to development on a regional level."



This argument regarding the benefits of integrating a variety of fields with one another, exemplifies the basic principles underlying the cluster's work:-

Innovation and creativity – the industry is designed to encourage innovation and creativity in all its arenas and activities. The creative industry sees creativity as part of the Italian culture in its broader sense.

A critical mass of services – building a critical mass of productions and events with economic connections between them. This requires a critical mass of arenas, such as theatre, dance and cinema, and of the services surrounding these, such as props, sound, publicity etc. In order to keep the money from the production local, the region must be able to provide its entire chain of value on its own, which means involvement in the ideas, writing, design, publicity, printing, props, lighting, sound, etc.

The greater and more varied the supply of productions becomes, the more the services surrounding the industry can develop, as the economic relationships between them generate "local multipliers."

A broad perception of the term "culture" that goes beyond "classic culture" such as theatre, film and dance. Rather, it can include food culture, traditional culture, agricultural culture, hi-tech, academia, etc. Thus, for instance, the wine industry is a significant part of the culture in Italy.

The cluster as a means of integration. The cluster is the body that connects all the elements together, thus increasing demand and adding to the individual worth of each.

Cooperation between sectors – the cluster encourages inter-sector cooperation between private companies, social organizations and public authorities, using creativity to join them all together. One of its goals is to encourage private companies to provide the cultural industry with services, by (for example) helping it find creative environmental and technological solutions.

Public policy – the cluster is part of a public policy, with legislation defining what a cluster is, what its function is and who its representatives will be, so that its activities have the potential for even broader influence.

The cluster's development, with the support of the Apulia Development Authority, illustrates the economic, social and environmental promise of regional development through culture and innovation.

The Apulia Film Commission

The Apulia Film Commission was founded by the Apulia Development Authority in 2007, but at the time many people were already involved in the film industry, so it was based on extensive pre-existing activity in the field. The commission made it possible for all of those who worked in film to band together. The cinema fund it provides draws productions to come film in Apulia, using local assets and services and bringing money into the region, which develops the local economy. The commission has also developed a film-based tourism model.

The commission's methodology for drawing in productions and promoting the local economy:

Setting up the **cinema fund** allowed them to give grants to productions that come to Apulia to film. Many regions have film associations, but because their money is public, they cannot distribute it to productions. The existence of the cinema fund has helped to draw many productions.

Companies that receive the grant are required to direct at least 20% of the money towards procurement from local suppliers.

Building a catalogue of experts – the Film Commission has built a database with 800 experts and 100 companies that between them can offer the entire production package (sound, set decoration, marketing, casting etc.). This means that today, production companies can come to the region with just a small crew, and receive most of the services they need from local experts.

Complementary location scouting – the commission allows companies to come to the area for three days of scouting to get a feel for the various venues and possibilities the region has to offer.

Assistance accommodating the crew – the commission helps productions find hotels, restaurants, and all the other necessities for accommodating the crew during the production. Thus, the productions enjoy the benefits of additional assistance and the commission can send them to local businesses and boost the local tourist industry.

Training and internships – part of the commission's policy is investing in the creation of additional local experts to meet the demands of the incoming production companies.

Shareplay, Denmark.

Shareplay is a cluster organisation based in western Denmark for the **D**igital **V**isual **I**ndustries (film, TV, animation, computer games and creative app development).

Their aim is to create the right conditions for growth and innovation within the DVI cluster and to bring the competences of our members into play in terms of creating innovation and development within industry in general and the public sector.

Shareplay is financed by funds from Central Denmark Region and North Denmark Region. It consists of a network, insight and business services (business development, capital sourcing, matchmaking). It is backed by a consortium consisting of Filmby Aarhus, Alexandra Instituttet, The Animation Workshop and Business Aalborg.

The Shareplay secretariat is housed in Filmby Aarhus and is supplemented by three agents located in Aarhus, Viborg and Aalborg, in close proximity to the digital visual enterprises. Since it was founded in 2010, Shareplay has built up a community for the digital visual cluster of over 1200 members, and held around 70 events throughout the two regions.

Shareplay is now moving on to the next phase of its development by building on its success so far, building bridges between digital visual enterprises and industry at large, plus the public sector.

The digital visual industries are growing rapidly in Denmark and globally. Whilst industry in general has suffered during the financial crisis, the digital visual industries created growth. Danish films, TV and gaming have achieved international calibre, impacting on turnover, employment and export.

Between 2009 and 2013, total employment rose by 39%, whilst turnover rose by 86%

Shareplay has a wide range of services that can serve as an exemplar for the moving image cluster. These include:-

Insight - reports and case studies into the sector published by Shareplay along with a database of reports from other providers.

Community - business matchmaking, training, pitch sessions, networking, Q+A sessions

Business Incubation - shareplay is a partner in several incubation and business development programs that target start-up SME's in the digital visual industries.

Growing Investors - Shareplay gathers potential and experienced angel investors to give advice on investing in the sector as well as matchmaking investors to SME's.

Private Equity - Shareplay has worked with Interactive Denmark to establish a specialized investment fund to invest in the sector and suitable SME's looking to expand, or start-ups with high potential.

Shareplay also runs specific meetings and networks for niche sectors within the cluster such as games, mobile technologies etc.

TWIST - Belgium

TWIST is the Cluster Film and Digital Media in Wallonia. It constitutes the main active network on the Belgian audio-visual digital technologies and multimedia sector.

TWIST (Walloon Technologies for Image, Sound and Text) is the Walloon cluster of audio-visual players. It brings together private companies, universities, research centres, training centres and public authorities in relation to the media and broadcasting. A "business cluster" or network of companies such as TWIST has mission is to accelerate the economic development of its members and generally structure the sector as a whole.

Born into a Public Private Partnership, TWIST is thus both funded by the private sector and the public sector. TWIST, like the other clusters and Walloon competitiveness clusters, remains a private network at its management.

Today, TWIST has 105 members, representing 4,500 jobs. They all have in common a recognized expertise in the audio-visual professions, either as a user of technologies (service providers), either as developers of innovative technologies, particularly in the areas of cinema , TV, entertainment, video games, Internet, mobile, augmented reality, transmedia, multi-screen, etc. to summarize, TWIST addresses three categories of customers: content producers (film, TV, animation, multi- screens), TV channels (development of innovative technologies and services) and the actors of the communication and event (Internet, web, mobile, multi-screen, augmented reality, etc.). The network is of course open to all skills and audio-visual sector players.

Current technological developments also enhance the interest of such a network, including the pooling of expertise enables the creation of bridges and synergies between the industries.

TWIST, a network oriented "business"

Finally, TWIST takes various actions to provide a competitive advantage for network members and their clients: networking, export missions, market intelligence on public tenders, business intelligence, European projects, etc.

TWIST was entrusted by the European Commission to create a European research agenda in the field of multi-screen technology (transmedia). Media convergence has become a particularly promising area of innovation and jobs, and on which Europe wants to be a thought leader. TWIST and its partners (France, Sweden, Estonia and Quebec) are therefore working to identify new technologies and the development of European consortia to respond to these innovative audio- visual projects.

TWIST is mainly active in three markets:

- Film & Animation
- Broadcast (technology development and service delivery)
- Transmedia & Multimedia (gaming communication, mobile applications, business intelligence, etc.).

TWIST has over 100 members including:

- 80% of SMEs (EVS IRIS DCinex, etc.);
- 5 TV channels (including RTBF, RTL Belgium, Be TV);
- 5 Universities & Research centres;
- 2 investment funds.

Figures of the Walloon area (Evolution)

- Sales for the sector deal: € 1 billion
- Number of sector jobs: 5,000 direct jobs and 2,000 indirect jobs

Net Infinity - The High Value Added Cluster, Birmingham

Net Infinity was a three year, £3.2m AWM/ERDF/ESF/Crafts Council funded cluster project hosted by Birmingham City University. It focused on high value added designer makers SME's in the West Midlands region, primarily situated around Birmingham

The vision for net infinity was to:-

Support the regional vision for the West Midlands, by capitalising on the genius of the regions designers and entrepreneurs. Our strategy is centred on providing support to the aspirational companies who are prepared to place design at the heart of their operations and become increasingly connected to other companies, specialist suppliers, support agencies and knowledge centres through collaborative working.

The High Value Added Consumer Products Cluster, represented businesses in the West Midlands working in carpets, ceramics, clothing, furniture, glass, jewellery and leather along with the designer-maker community is reinventing itself as a cluster branded as Net Infinity.

Net Infinity marketed itself as a skilful and sustainable community of visionary, creative companies in which design and innovation are seen as integral to business success.

The Net Infinity Cluster set out key strategic themes:-

1. Holistic Design

- Adoption of design
- Best practice
- Design projects
- New collaborations

2. Enterprise

- New business opportunities
- New and safeguarded sales
- New business formation
- Support for joint ventures and collaboration

3. Market Innovation

- Access to intelligence and research
- Exploitation of new markets
- Developing new routes to market

4. Skills and Training

- Leadership and business skills
- Management of design
- Specialist craft and technical
- Transfer to next generation

It supported companies within the cluster by:

- Promoting design as a key business driver and facilitating its adoption by companies to improve profitability and growth.

- Supporting co-operation and collaboration between aspirational companies and the region's designers.

- Facilitating access to market intelligence to inform the design & development of new products, markets and enterprises.

- Improving the craft, business, leadership and design skills within the cluster.

- Developing initiatives, through net infinity in association with its representative sectors that address design, enterprise, innovation and the current and future skills needs of the cluster.

The internal organization of the cluster worked through two bodies - a cluster executive group (CEG) and a cluster operations/opportunities group (COG).

The cluster had multiple funding partners alongside the main AWM, ERDF and ESF funding. By aligning its outputs to its stakeholder/funding partners it was able to help them hit their outputs alongside its own, giving it access to greater funding than would have been the case if it relied solely on national and European money.

Key Points from Case studies

There are a number of important points that have come out of the case study research of these clusters:-

- Leadership of the cluster must come from the sector itself and be driven by the identified needs of the cluster members.

- Operational and funding partnerships with city and regional governments and development agencies is vital.

- Developing skills and encouraging graduates and young start-ups to be based in the region is central to growing and sustaining a vibrant and successful cluster.

- The cluster must act an advocate for the region and the sector both with regional stakeholders, national government and international partners.

- The cluster should look to be incorporated as a non-profit as soon as is practicable.

- The cluster leadership must be active and visible in driving the strategic agenda with stakeholders and partners. Strong and passionate leadership is essential.

- Funding for an initial three year period is common among cluster initiatives and allows the organisation to incorporate, employ a CEO/Director and an administrative project manager.

Development areas and Identified needs

There is a preponderance to link creative clusters to the creative cities agenda. Whilst this is easily identifiable in areas such as London, Manchester, Brighton and others, it does not recognize the clustering activity that takes place across smaller cities and conurbations. Staffordshire is a prime example of this in the moving image sector with a strong focus around Stoke on Trent but notable pockets of activity across the rest of the county.

The Forum has shown that there is clear need for the Cluster to address a number of issues in the region around communication, access to finance, skills development, development of infrastructure and targeted sector specific business, technical and creative support. The Forum also showed that an active Moving Image Cluster will be crucial for regional competitiveness in a sector that has a strong pull to London and Manchester.

The creation of a Moving Image Cluster to support and promote Staffordshire SME's across the whole value chain of the sector was felt to be essential if the region is to prosper in the development of a high skill, high value digital media economy.

Key challenges

The forum highlighted the following main challenges that sector SME's face in the region.

Communication

- Customers, agencies and outside productions need to be made more aware of what's available in Staffordshire - particularly in terms of talent.

- Digital Film and Moving images providers need to be more aware of what each of them are doing. Greater collaboration and co-operation could lead to bigger and more profitable projects.

- Networking events are always focussed around the need to meet other film makers, but would be more beneficial to do networking events to meet potential customers, financiers etc.

- There is a misunderstanding of what Stoke Film Office can do and does do. A clearer communication with the sector is required.

- Sector lacks a strong voice with key regional stakeholders. Communication and dialogue is piecemeal and limited. The sector needs a champion.

Funding and Finance

- Help in raising finance, both for individual projects but also for growth and capital investment is needed. Current networks and initiatives offer limited help here.

- There is a desire for local companies to access to higher value tenders.

- Knowledge of bid writing for Creative England, BFI etc. is lacking and is holding back production in the region.

- Lack of access to, and understanding of, angel investment, private equity and tax incentives for investors.

- Government funding, both regional and national seems biased towards the cities agenda and the moving image sector feels that SME's in Staffordshire miss out here. There is a need for a specialised investment fund to drive creative digital entrepreneurship and innovation in Stoke on Trent and the wider county.

Skills

- Skills shortages with runners, trainees etc.

- Updating of skills and finding skilled workers within the region is an issue.

- Retaining skills in the region is very difficult meaning that recruitment for permanent and project based work is time consuming and frustrating.

- Lack of communication between the region's universities and the sector in terms of skills updating, graduate opportunities etc.

Infrastructure

- The region lacks the necessary physical and resource infrastructure to grow.

- There is a lack of studio space, screening rooms, post production facilities for hire and equipment rental house.

- There is a lack of affordable office space for companies wanting to grow and move out of the cheap incubator spaces.

- The cluster needs to have a 'home', a physical location where events can be held, companies can network etc. This gives the region and the cluster a stronger identity.

The cluster strategy then needs to address these issues directly and outline how each can be overcome and it is vital therefore that cluster management and policy development be aligned with the broader economic, infrastructural, capital and physical planning agendas of the key regional and local stakeholders.

As well as the needs of the sector SME's, there is also a need to build on and develop the work done to attract larger outside productions to the region.

The production values of Staffordshire's location has been the driver for these productions but to build on this, the region and the sector - led by the cluster - has to look at what deficiencies we have and how these can be addressed.

The lack of infrastructure - studio space, post production facilities, equipment hire etc. - is a long term issue but must start to be planned for now. The cluster has to be seen to drive not just the growth and commercial success of its members but of Staffordshire as a whole.

4. Framework Strategy

The structure, plans and priorities of the cluster

The development of the Staffordshire Moving Image Cluster Strategy has been built upon the recommendations from the 2013 NESTA report, *A Manifesto for the Creative Economy*, along with extensive research into the EU Cluster strategies and recommendations, the case study examples of best practice, and the needs and demands of the sector identified at the Cluster Forum on June 9th 2016.

The strategy below provides the framework for a sustainable and thriving business cluster over a three year period. However, the operational plan is detailed as a one year pilot. At the end of this period we will conduct a review and assessment of the cluster development and activities and refine the strategic plan based on the recommendations of that review.

Cluster mission statement

To lead the development of the Moving Image economy in Staffordshire, increasing its economic value, innovation, national and international profile and creating sustainable employment and growth.

Main Strategic Pillars

The cluster strategy is built around 5 main strategic pillars. These pillars inform both the operational management of the cluster organization and the member focused activities and events. Because of this, the operational management is always rooted in activity to address the needs of the cluster members.

1. Communication and Collaboration

Better communication among the companies in the region and with possible partners outside the region was a major point of discussion at the Cluster Forum on June9th 2016. Whilst networking and communication with other filmmakers will be useful there is a greater need for networking events with customers, financiers and companies outside the region and outside the sector.

The cluster then should develop a single point of contact for all information relating to location, staffing and activity along with a central database that details what Staffordshire companies offer in terms of skills and services. It is important that the cluster works closely with Creative England and the Stoke Film office to ensure that productions coming in to the region are able to access the talent and craft skills within the cluster.

The cluster needs to work closely with both universities to ensure that research and knowledge transfer opportunities are made available and that the cluster can partner with research institutions to push innovative products, services and market solutions.

2. Skills and Training

The updating of skills and finding skilled workers within the region is an issue. Retaining skills in the region is very difficult meaning that local companies looking to recruit for permanent and project based work is time consuming and frustrating. The cluster can help in not only co-ordinating and running skills based workshops but also helping companies to recruit through a skills database and a mechanism for linking the sector SME's to recent skilled graduates and entrants to the region.

A closer link for the sector with Universities, in particular around work experience, would benefit both the companies and the students and will enable better planning of opportunities throughout the year. The cluster should run a regular series of training sessions for runners on key aspects of the industry would ensure that both new entrants and the companies who provide the opportunities get the most out of the work. This would ensure that trainees are ready to work and contribute fully during their placements.

The cluster can also act as a promoter and coordinator for knowledge transfer partnerships for companies looking to improve processes, technical, technological and business skills. The county's universities then can play a big role in helping the cluster to develop through these targeted interventions.

There is an identified need to develop leadership and business skills for the sector. The cluster should work closely with the Chamber of Commerce along with Keele and Staffordshire Universities to address this need through existing training plans and possibly bespoke plans that the cluster can develop with these partners.

3. Advocacy and Markets

The cluster has a vitally important role to play in promoting the Staffordshire region and its skills base as an attractive destination for outside productions, inward investment and moving image start-ups. It should do this in partnership with Stoke Film Office, Creative England and other key stakeholders. Promoting the cluster and individual companies nationally and internationally is part this advocacy and markets strategy and should link in to the development of partnerships both with the sector and across other sectors.

Developing new markets and accessing market intelligence in partnership with UKTI etc. Organising trade missions, market and festival visits, helping companies attend trade shows by providing an umbrella presence.

Facilitating innovation in terms of products and markets and helping companies partner with other organisations.

Cluster partnerships with professional services companies, particularly marketing and PR specialists can help provide the necessary market exposure and penetration for companies looking to expand nationally and internationally.

There is also the possibility of creating graduate placements schemes in the cluster, in partnership with our universities. This could provide in-house and cost effective services such as marketing, PR and web design.

4. Investment and funding

Access to funding is one the key issues faced by the sector in Staffordshire. There is a need for greater knowledge around bid writing for specialised funds such as Creative England/BFI and for developing SEIS/EIS and alternative finance sources.

Alongside this training for cluster members there is also a need to develop investor linkages through matchmaking with angels, working with investor groups to develop knowledge of the sector etc.

The cluster should organise events to attract investors, angels, to the region and run workshops to help sector members prepare pitch documents, proposals and suitable business plans.

Establishing a specialised fund to invest in the sector, in SME’s looking to grow and start-ups with high growth potential. The cluster could also co-ordinate and handle the application of collaborative bids that bring a number of SME’s together to deliver larger, multi-partner projects.

There is an evidenced need build the moving image infrastructure in the region so the cluster should encourage and help co-ordinate capital investment in physical resources such as studio space, screening rooms, post-production facilities and equipment hire.

A key driver for the cluster should be the encouragement of innovation and new start-up companies. The cluster should look at the possibility of creating a seed fund for start-ups and also for larger projects. This could tie in to the proposed Accelerator programme as part of the whole digital creative Ecosystem.

5. Growth and Infrastructure

There is a clear need for the cluster to drive investment into the region’s moving image infrastructure - particularly around studio space, screening facilities and suitable scaling-up office space. Studio and sound stage spaces are almost non-existent in the region and this need to be addressed for the sector to grow and for the region to attract productions from outside.

The concentration on incubator space has led to gaps in provision where companies that have established and grown over a two to three year period and now need to expand out of the incubator spaces are finding that there is little in the way of affordable office space for their next stage of development.

Whilst incubator space is useful, the key stakeholders in the region have to move beyond narrow development ideas and see the growth of SME’s in the region as a whole - a continuum that has to be supported beyond the incubation stage.

The cluster must also lead the development of other start-ups mechanisms for companies in this emerging and potentially high growth sector.

Supporting promising start-ups through the use of a targeted and niche accelerator programme and fostering and supporting funded projects through partnerships with universities, larger companies and institutions.

Operational Strategy

The operational strategy for the first twelve months should develop along four lines:-

1. Building partnerships with key stakeholders

It is vital in the first twelve months that the cluster is active in promoting in goals and partnering with all the key regional and national stakeholders. The cluster can only be a success if it delivers its goals in partnership with our universities, the chamber of commerce, the Stoke and Staffordshire Local Enterprise Partnership and city and county councils.

It must also move beyond the region and engage with national bodies such as Creative England, Innovate UK, the BFI, Arts Council and NESTA.

Following the launch of the cluster in November 2016, a series of meetings should be organised with these key partners where the outline strategy and vision for the cluster can be presented.

2. Delivering activities and events

Deliver six events that target the main pillars of the cluster strategy in partnership with Factory and other providers such as the Chamber of Commerce. It is vital that the cluster members see that the cluster can deliver targeted events that address their needs and the gaps in provision highlighted at the cluster forum.

3. Marketing and PR

The cluster is active in promoting its activities outside the region by engaging with the moving image industries nationally and internationally. It should do this through attending trade shows, festivals and markets, industry conferences and networking events. This needs to be actioned in partnership with the Film Office and Creative England.

4. Developing a funding plan

At this stage in the process it is difficult to assess the funding landscape and to know where funding partners might be. Discussions and partnership building with the key stakeholders will be useful in determining future support and assessing what financial support is available from the region.

A three-year operational budget should be developed during this pilot stage to take the cluster forward and move the cluster towards becoming an incorporated and independent organization.

Years 2 & 3

The cluster should look to formally incorporate during this period. Following the review and assessment of the pilot year, the operational strategy will be reworked to take into account the funding landscape and the partnerships developed over the first 12 months. The timetable for incorporation will then be put in place.

It is hoped that the detail of national funding programmes, as replacements for the EU ERDF/ESIF funds, will be in place, with a timetable for funding calls that can be built into the operational action plan for this period.

However, there must be serious doubt as to whether the government will underwrite the loss of EU funding and where this funding will be targeted.

The cluster must be part of an active lobbying process to ensure that funding for digital emerging industries and support structures such as cluster initiatives, are able to develop and flourish.

Long Term Aims

Developing a Moving Image Ecosystem

The cluster must lead the drive to create a complete moving image ecosystem in the county, championing the region as a centre of excellence for education, innovation and entrepreneurship in the moving image industries.

This Ecosystem then can expand out from the cluster to become a mechanism for growing and sustaining a thriving wider creative digital economy in the region, built around education, innovation, sustainable production, investment, economic development and job creation.

This Ecosystem has three main components:

Staffordshire and Keele Universities attract talented young people into the region to study digital media, film, games design, animation and television. Over three years it develops their skills and commercial awareness and encourages them to collaborate. The universities link closely to the cluster to access work experience opportunities.

A Cluster Accelerator Programme then offers an opportunity to the best moving image start-ups to rapidly develop their companies and their projects – based along lean start-up principles.

Finally, the Moving Image Cluster provides the long term network and support structure to retain these entrepreneurs in the region and help them grow.

This activity builds the region's reputation and national and international profile, helping to attract more young people into the region to study film and media, making the Ecosystem sustainable and delivering a growing economic base.

There is also a need for encouraging inward investment for Staffordshire and this Ecosystem may provide an opportunity to also include a **Venture Capital Fund** focused towards these industries. An element of Social VC might also be appropriate, with a view to delivering triple bottom line returns.

This Ecosystem must work with all the key political, economic and public partners to nurture and retain start-up companies in the region, enabling them to grow and create economic value and jobs. The Moving Image Cluster provides the mechanism to achieve this.

It is important however to not assume that this ecosystem is seen as self-regulatory, organic and self-sustaining, as the terminology might suggest. The adoption of such ecological language could be a threat to developing effective policy and industrial strategy for the creative industries.

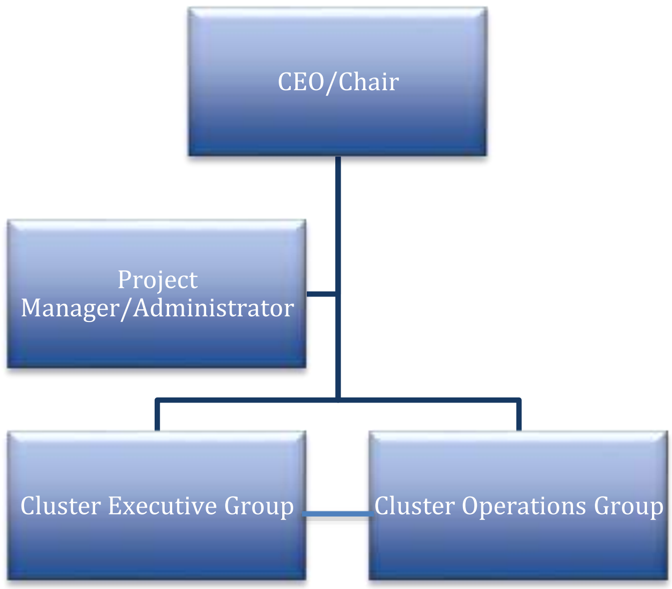
The moving image ecosystem then suggests not that the sector is robust and self - sustaining but that it has many interdependent elements that can all contribute and will all benefit from the success of the whole ecosystem.

To do this, the cluster and the sector must find new ways of collaborating internally and externally, linking its development to regional and national economic policy and working hard to drive its infrastructural development agenda.

Legal Form and Operational Structure

In line with the case studies and the noted best practice, the cluster should aim to be incorporated as a non-profit organization with this three-year planning cycle. After the twelve month pilot, a review and assessment of the operational structure, activities and outputs should be undertaken.

The case studies have shown an ideal operational and management structure for the Moving Image Cluster



Chief Executive/Chair

A senior/CEO level representative from the sector will act as champion for the cluster. They will be responsible for lobbying for the cluster with regional and national governments, leading the promotion of the cluster and the region to national and international partners and markets and driving the development and success of the cluster.

During the pilot year, this post will be unpaid but once the cluster is incorporated, the CEO post should be salaried and full time.

Project Manager

The project manager will be the main administrative lead, handling the day to day operations of the cluster. This should be a paid part-time post during the pilot year and a full time salaried post once the cluster organization is incorporated.

Cluster Executive Group (CEG)

A strategic visioning group consisting of the CEO/chair, along with senior level representatives from the Chamber of Commerce, the region's two Universities and City/County Council.

Cluster Operations Group (COG)

A wider operational group that includes the CEG plus 4-5 sector representatives, across a broad range of disciplines and across the moving image ecosystem. This group will also extend an open invitation to various key stakeholders including UKTI and Creative England as and when required.

The cluster case studies have shown that smaller niche groups within the cluster can be a useful tool in matching events to a closely target audience. The cluster then might develop games design, feature film and corporate sub sectors to help efficiently target the use of resources, networking and training opportunities.

5. Implementation and Sustainability

Putting the strategy into practice

In implementing the strategy it is essential that the Moving Image Cluster is seen to be a cluster initiative by the sector itself. The implementation then of the strategy must be driven by the sector and not by any of the other regional agencies - universities, Chamber of Commerce, City Council etc. - although these are crucial partners in the delivery.

Implementing the strategy then must start by addressing the most pressing or important issues for the cluster members.

The first activities should be ones that quickly deliver concrete results and promote a shared sense of success among members. These first activities will be drawn from the cluster forum discussions to ensure that the initial activities align closely to the needs of the cluster members.

Some example events for the cluster might include:-

- Technology training/demonstration from camera/software manufacturers and suppliers.
- Specialist accountants/lawyers/brokers to talk about raising production or development finance through SEIS/EIS schemes.
- Business angels/venture capital to do workshop on preparing pitch/proposals for raising finance.
- ‘Pitch days’ for companies to link up with potential investors.
- Networking events for runners/trainees to connect with the sector.
- Talks from inspirational producers/directors/leading companies in the sector
- ‘Meet the buyer’ events for advertising and corporate clients.
- Meet the TV commissioners event - how to develop ideas and pitch to TV.
- Cluster promotion events - showcasing the work of the cluster members nationally and internationally at business events - IFB for example.
- International events such as specialist trade missions in partnership with UKTI
- Visits to events nationally such as at BAFTA, BFI, BVE etc.

Action Plans

The action plans below sets out the priorities for the next 12 months and operationalizes the goals set out in the strategy for both the activities and events organized by the cluster and its operational management.

Operations Plan

Strategic Pillar	Action	Date complete
Sustainability and Continuity	Executive group and operations group members finalized.	**Oct 2016**
Skills and Training	Meet with Staffordshire and Keele universities	**Oct 2016**
Communication and Collaboration	Cluster ready for launch.	**Nov 2016**
Advocacy and Markets	Launch of Cluster	**Festival of Business, Stoke. Nov 2016**
Communication and Collaboration	Announcement of events plan for 2017	**Festival of Business, Stoke. Nov 2016**
Communication and Collaboration	Database of sector complete	**Feb 2017**
Sustainability and Continuity	Development of 3 year budget	**April 2017**
Sustainability and Continuity	Review and assessment of pilot year	**October 2017**

Event Plan

Strategic Objective	**Event/Action**	**Date**
Launch of the Cluster	Key note presentation	Festival of Business, Stoke, Nov 2016
Communication and Collaboration	'Meet the cluster' networking event	Festival of Business, Stoke, Nov 2016
Skills and Training	Manufacturer presentation on new tech	Jan 2017
Investment, Growth and Infrastructure	Presentation on angel and private equity finance for growth. Creative England or specialist accountant.	Mar 2017
Advocacy and Markets	'Meet the buyer' event.	May 2017
Communication and Collaboration	Creative England speaker or panel followed by networking.	July 2017
Skills and Training	Bid writing workshop presented by Creative England	Sep 2017

Priority Activities

Within the operational action plan there are some priorities that should be addressed as early as possible after the launch of the cluster.

Formation of the Cluster Executive Group (CEG)

The CEG is central to driving the activity of the cluster and ensuring that the operational action plan is delivered in a timely and efficient manner.

The announcement of the CEO/Chair should be part of the launch event and this person will be responsible for driving the development of the cluster and engaging national and international partners.

Mapping the Sector

It is vital the cluster has comprehensive data on the scope, skills, facilities and activities of the SME's and freelance sole traders active across Staffordshire.

A programme of research to quantify the breadth of the moving image sector is vital if the cluster is to develop efficient and effective services for its members.

Creating a Membership Register

From this research and mapping activity, a register of members can be compiled that allows the cluster to communicate with the sector on its activities and operations.

Advocacy

An important role of the CEO in the first six months will be communicating the existence and mission of the cluster to regional, national and international partners and stakeholders.

Funding

Lack of financing for Creative Clusters

The true commercial potential of many creative clusters is limited by the lack of financing for innovation and growth for creative enterprises. Underfinancing is a severe issue for entrepreneurial activities, e.g. for companies from film, television or games industries as they are seen as high-risk areas by investors. Another obstacle is the mode of work. The project-orientation rather than institutionalised cooperation seems to irritate investors. Moreover, specific financing instruments tailored to the specific needs of creative enterprises are not widely available.[30]

The lack of financing takes several forms. First of all, small amounts of seed capital to kick-start new ideas, in the range £5-10,000. These small sums are needed in different forms by different organisations; grants, conditional loans, match to a bank (who is persuaded to support the business because seed money has been risked from other financial sources). Secondly, VC funding at the lower end, £50-250,000 which often has to come from specialised financiers and is very limited.

On the one hand, the banks have difficulties and lack the experience to understand and assess business ideas of creative enterprises and on the other hand some creative enterprises have problems in dealing with business plans and outlining business concepts to investors. As a consequence, the relationship between creative entrepreneurs and finance sources is not well structured.

The cluster then has an important role to play here, not just in helping prepare and guide SME's in the process of accessing finance, but in working with banks, investors and other specialized financiers to help them understand the sector and encourage them to support the growth of the cluster members through appropriate financial vehicles.

The context of BREXIT

The BREXIT vote has meant that the funding landscape for clusters has changed dramatically. The possibility of new projects being able to access funding streams such as ESIF and ERDF is now highly unlikely.

The Treasury has recently stated that all structural and investment fund (ESIF) projects with signed contracts in place before the Autumn Statement will be fully funded, even when these projects continue beyond the UK's departure from the European Union. These include projects funded under the European Regional Development Fund (ERDF), the European Territorial Cooperation (INTERREG), the European Social Fund (ESF), the European Maritime and Fisheries Fund (EMFF), and the European Agricultural Fund for Rural Development (EAFRD).

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[30] Developing Successful Creative & Cultural Clusters. European Creative Industries Alliance. Oct. 2012

Where UK organisations bid directly to the European Commission on a competitive basis for EU funding projects while we are still members of the EU, such as universities involved in Horizon 2020, the Treasury will underwrite the payments of awards made, even when specific projects go beyond the UK's departure from the EU.

It is worth remembering that we are still members of the EU until at least two years after Article 50 is invoked, which will take us to the end of 2018. Whilst we await further long-term clarification, for the business sector, there is a wide range of grant and business support programmes currently open and contracted, and nothing will change to these schemes in the short-term.

However, with the UK government yet to set out policies for supporting economic development activities, the Moving Image Cluster must look at how it can fund it's development and activities through other channels as well as the now increasingly unlikely European funding.

It is important therefore, that the cluster also looks beyond Europe to forge collaborations with partners globally.

Generating Income

The cluster needs to develop ancillary incomes streams if it is to be sustainable over the long term.

There is an opportunity to develop research and consultancy services, managed and/or delivered by the cluster, for other emerging cluster groups, government departments and the wider industry. The ability to draw on expertise from across the cluster and partners such as Keele and Staffordshire Universities means that the cluster can be in a strong position to offer a wide range of expert services.

6. Summary

The present and the future

The cluster strategy outlines several important operational and sector engagement elements but the presentation of the draft strategy at the cluster forum in September 2016 highlighted a number of key priorities.

Advocacy. The cluster needs to actively market its presence and engage regional, national and international stakeholders and partners within the first twelve months of its existence. It needs to do this both in terms of the cluster organization and the cluster members.

Communication. Dialogue between cluster members and the key regional stakeholders is currently negligible and has to be a priority if the cluster is to develop the necessary collaborations, partnerships and larger projects that the clusters members need.

Inward Investment and Activity. To some extent, the first two points will go a long way to ensuring the success of this priority. The region needs to be recognized as a centre for moving image production and innovation. The cluster needs to attract productions into the region, encourage larger companies to connect with regional SME's and develop technical and technological demonstrations and innovation with these larger companies.

Funding. Without attracting funding to grow and incorporate the cluster, the points above will not be delivered. In an uncertain financial landscape, the development of partnerships with regional and national governments, sector specific organisations such as Creative England and the BFI, along with NESTA and Innovate UK might prove to be crucial financially.

The cluster should also look at commercial partnerships and sponsorship, along with the development of ancillary revenue streams such as research, consultancy and wider events.

Further work

There is further work to be done in terms of developing the cluster's operational function that is outside the immediate scope of this report.

Capturing data. Whilst some work has been done here, it is important to look at capturing comprehensive and up to date data on the sector - particularly its economic impact and the extend of freelance and sole traders working in the moving image and related fields.

Financial Planning. It is essential that in the first twelve months of activity, the cluster should develop a financial plan that can take it forward over the first three years of operation and ensure look at options for its long term sustainability.

A Creative Future

A distinctive feature of creative enterprises is that they thrive best in each other's company, in places that have both a strong local identity, and are also open to the world. In the creative economy, place matters. At every level, from the media centre in a small town to global centres like Hollywood, creative enterprises gather together in visible hot-spots which, if harnessed and nurtured, can become a strong driver of economic value and innovation.

Establishing a successful and sustainable Staffordshire Moving Image Cluster will be a considerable challenge, but it has the potential to be a pivot point for the digital creative economy in the region.

It can provide a platform to foster information and communication exchange across sectors as well as within the cluster, and alongside the sector specific SME's that will directly benefit from this cluster; there will be a wider impact across the whole regional economy.

It can help attract and retain talent in the region, in partnership with our universities and business support networks. It can be a driver for innovation in its widest sense and it can deliver a global message that Staffordshire is a destination for production, investment and creative talent.

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