

The BBC in the West Midlands

Final Report

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Credits

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Executive Summary

BOP Consulting in partnership with City-REDI has conducted a comprehensive, independent study assessing the likely future economic contribution of the BBC to the West Midlands due to its increased creative and capital investment in the region.

This research used an Input-output model to find that, due to the BBC's investments, between 2021 and 2031 the West Midlands will see an additional £282 million in Gross Value Added (GVA) added to the local economy. This represents a rise of 44% on what the BBC's impact would otherwise have been. By 2031, the BBC's activity is estimated to support 1,880 full-time equivalent (FTE) jobs across the West Midlands, 910 of which are as a result of the new BBC investments - a 94% increase on the baseline.

Separately, the research built an econometric model to assess the likely relationship between strengthened BBC presence in the West Midlands and the growth of the Creative Industries in the region. This finds that the increased BBC investment will strengthen the creative cluster in the West Midlands, potentially leading to the creation of 224 additional firms in creative sectors, 7,603 FTE jobs by 2031 and 18% more Creative Industries jobs in 2031 than would otherwise be the case.¹

This growth is driven by the BBC's decision to invest more in the West Midlands creatively by bringing radio stations (e.g., Asian Network), TV programmes (e.g., *MasterChef*), and new commissions (e.g., *This Town*) to the region, as well as through capital investment, especially as the anchor tenant at the new Tea Factory development. These investments are part of the BBC's commitment to transform its impact across the Midlands, whilst the decision to move its regional HQ to Digbeth reflects the ambition to make it a creative quarter for the region, bringing together a wide range of creative and commercial investors.

However, for the region to win the prize of this strengthened creative sector, the BBC's investment must be backed up by further action from other partners in the region and renewed collaboration. The creation of over 200 new creative businesses requires an enhanced entrepreneurial zeal and confidence in the region – which will be supported by well-targeted public policy support.

Our discussions with stakeholders indicate that this support is needed to:

- **Attract more inward investment:** The West Midlands needs to attract more studio facilities and production spend. The Tea Factory and Digbeth Loc are improving provision of studio facilities in the West Midlands. But, there will need to be further capacity developed in order to attract production spend beyond that promised by the BBC.
- **Fill skills gaps:** The talent pipeline in the West Midlands needs to be strengthened through a cross-partnership approach to talent: making the most of investment from the BBC and other partners to unlock the strengths of this highly diverse and youthful region.
- **Accelerate the transformation of Digbeth:** Steps need to be taken to make Digbeth an engaging, safer, and well-connected place. Failure to do so will hamper the success of existing investment (e.g., The Tea Factory, Digbeth Loc) and discourage further investment.
- **Grow innovation:** The West Midlands needs to grow innovation and creative R&D by matching the ambition of other parts of the UK in terms of provision of Intellectual Property (IP) content funding and the quality of engagement by Higher Education (HE) with creative R&D.
- **Make the most of all the strengths of the region:** The West Midlands must continue to improve representation on screen and extend opportunity to other creative roles. Bringing together a young, ethnically diverse population with opportunities presented by the Creative Industries based in

results directly from the BBC's decision to bring Master Chef to the region) is not included in our uplift calculations. The BBC's role in anchoring that redevelopment is discussed later in chapter 3.

¹ These estimates exclude some significant projects enabled by the BBC that will generate significant value but cannot be fully captured by this methodology. For example, while we have been able to track the commissioning spend, the capital spend by organisations other than the BBC in Banana Warehouse in Digbeth Loc Studio (which

Digbeth as well as areas elsewhere in the region, like the games cluster in Leamington Spa.

The next phase of collaborative leadership for the creative content sector in the region requires an ambitiously resourced and coordinated approach to delivering this support.



1. Context for Research

Introduction

BOP in partnership with City-REDI has conducted a comprehensive, independent study assessing the likely future economic contribution of the BBC to the West Midlands due to renewed investment in the region. The report assesses the impact over the current decade.²

While the BBC's core mission is to *inform, educate and entertain*, it is directed in doing so by its Royal Charter, through five Public Purposes, which includes supporting the development of the Creative Industries across the UK. The value of the BBC to the UK economy has been assessed on a number of occasions; most recently the role of the BBC in growing creative clusters was assessed by PwC who found that “*the BBC acts as an anchor institution in local economies across the UK, contributing significantly to the development of creative clusters, and to the productivity and living standards in local communities*”.³

KPMG, in a previous study, calculated that approximately half of the BBC's direct GVA impact in financial year 2019/20 was generated outside of London, compared to a sector average of 20%.⁴ Through plans initially set out in ‘*The BBC Across the UK*’, the BBC committed to going further to grow the impact of its activity outside of London, including:⁵

1. Growing audience representation across the Nations, regions and communities that make up the UK.
2. Maximising the value delivered by the licence fee.
3. Deepening creative clusters, including in the West Midlands and in Digbeth, Birmingham, more specifically.

² From publication of *The BBC Across the UK* in 2021 to 2031

³ PwC, *The role of the BBC in Creative Clusters: Analysing the BBC's wider impact on the UK economy*, November 2022

The Brief

The central aim of this study was to measure the additional economic impact of increased BBC spending in the West Midlands realised through two channels:

- The BBC investments set out in *The BBC Across the UK*;
- Capital investment in The Tea Factory, the new home of the BBC in the Midlands.

In this research, we assess the additional impact of the BBC relative to the baseline scenario, where BBC spending in the West Midlands does not benefit from this increased spending and continues in line with historic trends.

Our methodology was composed of:

- **Review of relevant data and documentation:** A review of relevant BBC documentation, as well as any related local and regional secondary data sources and policy documents.
- **Modelling:** City-REDI developed and applied two kinds of economic modelling.
 - (i) An Input-output model that quantifies the additional economic impact of the BBC in the West Midlands using the SEIM-UK, a multi-regional Input-output model developed by City-REDI to evaluate changes in regional economies within the UK. The advantage of the SEIM-UK model is that it allows for a detailed understanding of the impacts of firms, industries, or policies on different geographies.
 - (ii) An econometric model that quantifies a further category of economic impact: the effect of increased BBC employment spending on creative clustering and thus, the presence of creative employment and firms in the West Midlands.⁶

The results of the modelling are set out in Chapter 2.

⁴ KPMG, *An Assessment of the Economic Impact of the BBC*, A Report for the BBC for Financial Year 2019/20, March 2021

⁵ *The BBC Across the UK (ATUK)*, March 2021

⁶ The model measures creative clustering within the DCMS definition of the Creative Industries.

- **Consultations:** A series of consultations with a range of local, regional, and national stakeholders and experts, including public sector and support agencies, businesses that form part of the creative cluster of the West Midlands, and those involved in or close to the physical transformation of Digbeth.

A discussion on the results of the consultation with stakeholders is set out in Chapter 3. This consultation assessed the potential for spillover benefits of BBC decisions: attracting inward investment, filling skills gaps, accelerating the transformation of Digbeth, growing innovation, and making the most of the diverse strengths of the region.

Chapter 4 provides a series of conclusions and recommendations on how to maximise the opportunities for investment in the creative sector.

The remainder of this chapter provides background to the BBC's investments in the West Midlands to date.

Background

Prior to 2021, the BBC's regional HQ at The Mailbox was the creative home of BBC Radio WM, Radio 4's *the Archers* and BBC Three. It also housed BBC corporate functions such as the BBC's Human Resources department. Through a range of announcements, the West Midlands is being repositioned as the BBC's home of youth content with substantial new investment in the region.

Creative investments in the West Midlands

The BBC published *The BBC Across the UK* in March 2021, which stated an ambition to “transform the BBC by making a decisive shift in its footprint” and make the BBC “a genuinely UK-wide organisation with a much stronger presence across the length and breadth of the country”.

The BBC made various commitments to creative investment in the West Midlands in the document, including:

- Building on the region's TV production strength with more primetime brands such as *MasterChef* joining *Great British Menu* in the Midlands, as well as new primetime drama commissions.

- Moving additional BBC network news teams into the BBC's West Midlands HQ – this includes the Data Analysis team as well as *Newsbeat*.
- Relocating the Asian Network to Birmingham in full by 2025, as well as key daytime output from BBC 1Xtra.
- Piloting an apprentice training Hub in partnership with Google and a range of creative SMEs in the region.
- Supporting trainee placements on regional productions, as well as a specific talent initiative to grow talent pathways for BBC Asian Network.

West Midlands Memorandum of Understanding

In March 2021 the BBC also announced a new, formal 5-year partnership agreement with Create Central and the West Midlands Combined Authority (WMCA). This Memorandum of Understanding (MoU) structured the BBC's work with Create Central, an industry body established to drive forward the growth of the region's creative content sector, and other regional partners.

The MoU helped the BBC deliver its commitments in the West Midlands. It quickly established creative partnerships with BBC Three and BBC England. Moreover, it brought the announcement of several high-profile productions coming to the West Midlands, including *MasterChef* on a 6-year deal and further BBC commitments to primetime drama and entertainment series (*Man Like Mobeen*, *Phoenix Rise*, *Silent Witness*, *This Town*).

The partnership with BBC Three in the MoU supported commissions for small independent production companies in the West Midlands, such as Full Fat TV (*Fresh Cops*), Acclaimed (*Mother Truckers*) and Common Story (*Filthy Business*).

The MoU also brought upskilling initiatives to the region: a Scripted Drama Bootcamp delivered in partnership between BBC Drama Village and Create Central; Write Across Birmingham and the Black Country – an eight-week professional development programme designed to support early career emerging writers and creatives; and the BBC Apprentice Hub – a year-long

training programme for a cohort of 10 apprentices, and the Digital Marketer Level 3 Apprenticeship.

Capital investment in Digbeth

It was announced in February 2022 that *MasterChef's* new home will be in the Banana Warehouse part of Digbeth Loc Studios – new, high-profile studios that are being developed by acclaimed British screenwriter, director and producer, Steven Knight. His ambition is to attract major blue-chip brands to the multimedia headquarters.

Digbeth Loc will see disused, old Victorian era buildings, such as the Banana Warehouse, converted into a modern, state-of-the-art studio complex, comprising three film studios, production offices and construction workshops; spanning 80,000 sq.ft of regenerated space in Digbeth, Birmingham.

This ambitious project follows the global success of *Peaky Blinders*, created by Knight and first broadcast on the BBC a decade ago, which sparked interest in Birmingham across the world.

Furthermore, in July 2022, the BBC announced that the former Typhoo Tea Factory in Digbeth is to become the BBC's new Midlands headquarters from 2026. Prior to this development, the former Typhoo Tea Factory, a recognised part of Birmingham's industrial heritage, was a derelict site, having stood unused for more than four decades. The challenges long-term dereliction presents with regards to finding an occupier for such a building were noted by Gerard Ludlow, Director, Stoford, developers of The Tea Factory: "*Without the BBC's 25-year commitment to The Tea Factory, it would have been extremely difficult to save the building – particularly given the problems associated with long-term dereliction. The BBC is one of only a handful of organisations that could occupy The Tea Factory and offer such a high quality and quantity of employment opportunities*".⁷

The relocation of the BBC's regional headquarters from the Mailbox to The Tea Factory in Digbeth by 2027 will see a move of the BBC's Midlands journalism

teams, as well as teams from The Archers, BBC Three and BBC HR. These teams will be joined by new teams that have moved to the Midlands as part of *Across the UK*, including BBC Newsbeat, BBC Verify and Data Journalism, BBC Asian Network and 1XTRA.

It is hoped that the regeneration of The Tea Factory will:⁸

- have the buzz and activity of BBC news and entertainment programming visible to all and an internal street, forged from what was once a canal inlet to the heart of the complex, lit from a new saw-tooth roof structure.
- bring a 100-year-old industrial building, unused for the past four decades, back to life, whilst respecting the architectural history of the building.
- be Birmingham's first net-zero building, with an intelligent roof to harvest rainwater, generate solar power, and manage heat build-up.
- act as a hub of creativity, and "*will help turbo-charge the ambition of turning Digbeth into a world-class creative quarter*".⁹

The capital investment in The Tea Factory and Digbeth Loc makes the West Midlands better able to support the increased BBC editorial spend and attract spend by other commissioners to the region.

⁷ Quotation provided in consultation for this research.

⁸ <https://www.howells.uk/projects/tea-factory>

⁹ <https://www.bbc.co.uk/news/uk-england-birmingham-64979950>



2. Economic forecast of the BBC in the West Midlands

In this chapter we employ two techniques to measure the economic impact of BBC investments, Input-output modelling and a bespoke econometric model.

The Input-output model finds that because of the BBC's investments between 2021 and 2031 the West Midlands will see £282 million in Gross Value Added (GVA) brought to the local economy. This represents a rise of 44% on what the BBC's impact in the region would otherwise have been. By 2031, the BBC's activity is estimated to support 1,880 full-time equivalent (FTE) jobs across the West Midlands, 910 (48%) of which are as a result of the new BBC investments.

The econometric model finds that these investments will strengthen the creative cluster in the West Midlands, potentially leading to the creation of 224 more firms in creative sectors, which will create 7,603 FTE jobs by 2031.¹⁰

These results show that the BBC is a major economic contributor to the West Midlands. In particular, the bulk of the BBC's impact over the next decade is due to the deepening of creative clustering in the West Midlands enabled by the BBC as an anchor institution.

This is echoed by James Dair of Avison Young, the developers of Banana Warehouse at Digbeth Loc, who emphasised, in an interview for this project, the significance of the BBC and the long-term nature of its commitment: *“A long-term, commitment is critical to enabling long-term success because it enables wider benefits to be realised. There is a significance in it being the BBC coming to Digbeth, their objectives align with the wider creative quarter, and their involvement sets the tone for other developments to come forward, and will result in a ripple effect.”*

¹⁰ These estimates exclude some significant projects enabled by the BBC that will generate significant value but cannot be fully captured by this methodology. For example, while we have been able to track the commissioning spend, the capital spend by organisations other than the BBC in Banana Warehouse in Digbeth Loc Studio (which

2.1 Input-output model

Methodology

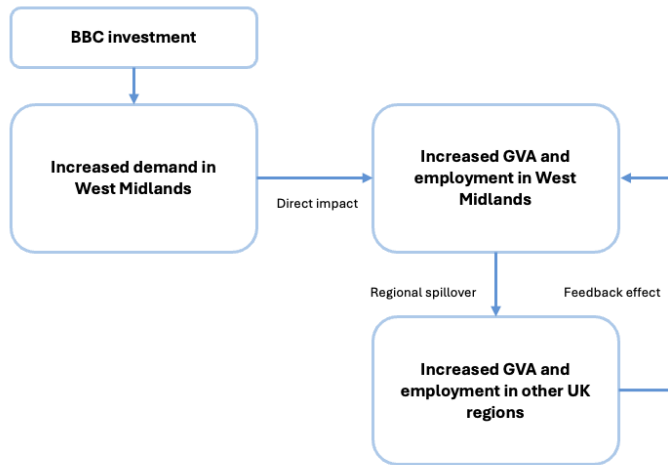
The BBC is a large organisation with a significant and growing presence in the West Midlands. This presence brings substantial impacts on the local economy in terms of output, employment and GVA. These impacts can be thought of in three steps:

- Direct impact: the impact of BBC's economic activity on the sectors that directly receive the spending.
- Indirect: the secondary effect that occur as the initial spending increases demand through the supply chain affecting suppliers and their suppliers.
- Induced: the effects resulting from increased household incomes and spending due to the direct and indirect effects stimulating the economy.

Input-output models are a commonly used method to capture the direct and indirect impact of industry spending. This report uses the SEIM-UK, a multi-regional Input-output model developed by City-REDI to evaluate changes in regional economies within the UK. The advantage of the SEIM-UK model is that it allows for a detailed understanding of the impacts of firms, industries, or policies on different geographies (Figure 1).

results directly from the BBC's decision to bring Master Chef to the region) is not included in our uplift calculations. The BBC's role in anchoring that redevelopment is discussed later in chapter 3.

Figure 1 Spillover and feedback effects in the SEIM-UK



Source: Adapted from Carrascal-Incera et al., 2022 p. 896¹¹

To assess the additional impact of BBC decisions to increase investment in the West Midlands, we have constructed a baseline scenario of spending, which is assumed to occur with or without the additional creative investments or The Tea Factory.¹² For example, the BBC retaining its presence in the Mailbox.

The BBC have provided data that helps to inform the SEIM-UK model (see appendix for methodological information). This data has been used to estimate the impact of the BBC’s operation and investment in the West Midlands on the regional and national economy.¹³

¹¹ Carrascal Incera, A., Kitsos, A. and Posada, D.G., 2022. Universities, students and regional economies: a symbiotic relationship?. *Regional Studies*, 56(6), pp.892-908.

¹² The baseline scenario has been constructed from data provided by the BBC. It is predominately based on current spending pattern within the region which have significantly varied year on year.

The economic impact of the BBC in the West Midlands

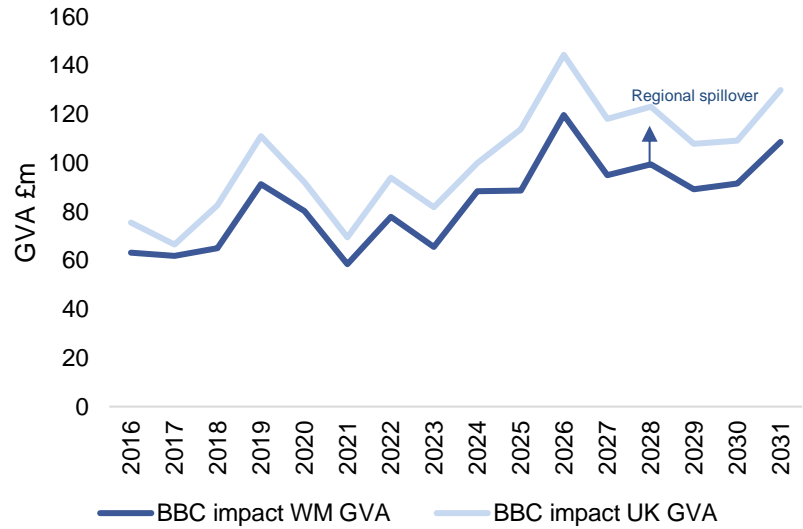
Figure 2 shows the total impact in terms of GVA of the BBC’s activity in the West Midlands, both for the UK as a whole and specifically for the West Midlands region; 80% of the impact remains in the West Midlands. Figure 3 extends this analysis to 2040.

Figure 4 shows the overall impact of the BBC’s operations in terms of Full Time Equivalent (FTE) jobs created. It predicts an increase in FTE jobs, from 1,170 in 2021 to 2,175 by 2031. 86% of this job creation happens in the West Midlands, where the number of FTE jobs is expected to grow from 1,012 in 2021 to 1,880 in 2031.

The gap between the impact in the West Midlands and that of the UK total represents regional spillovers, i.e. where economic activities in the West Midlands results in growth elsewhere in the country. This spillover to other regions depends on the strength of relevant supply chains in the region. As the in region supply chains develop, we expect more GVA and employment to be retained within the region.

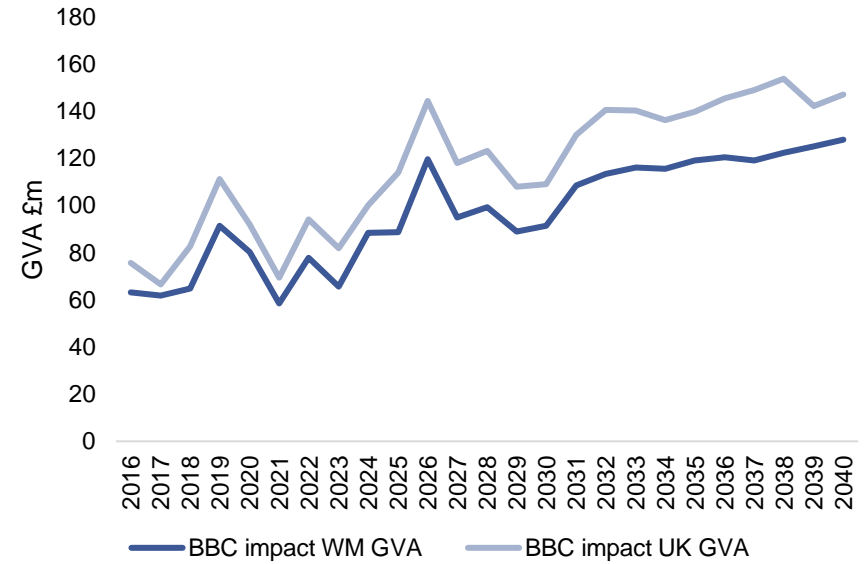
¹³ It is important to note that the SEIM-UK contains multipliers bespoke to the ITL-1 region level. Multipliers vary significantly across sectors and regions with high-technology sectors in the West Midlands experiencing lower multiplier effects than at the national level. For a fuller discussion see appendix #

Figure 2 Impact of BBC's activity in the West Midlands and UK economy in terms of GVA (2016-2031)



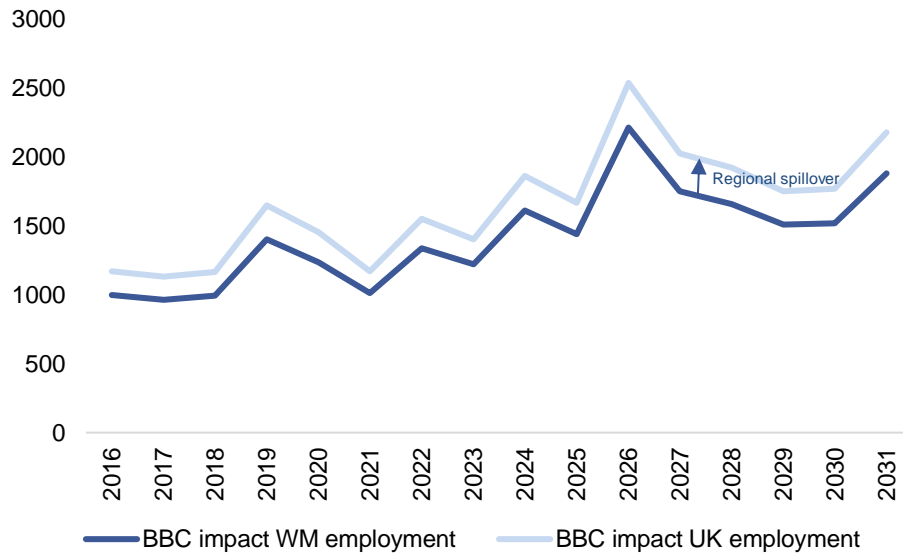
Source: SEIM-UK

Figure 3 Impact of the BBC's activity in the West Midlands and UK economy in terms of GVA (2016-2040)



Source: SEIM-UK

Figure 4 Impact of BBC's activity in the West Midlands and UK economy in terms of employment FTE (2016-2031)



Source: SEIM-UK

The economic impact of increased investment by the BBC

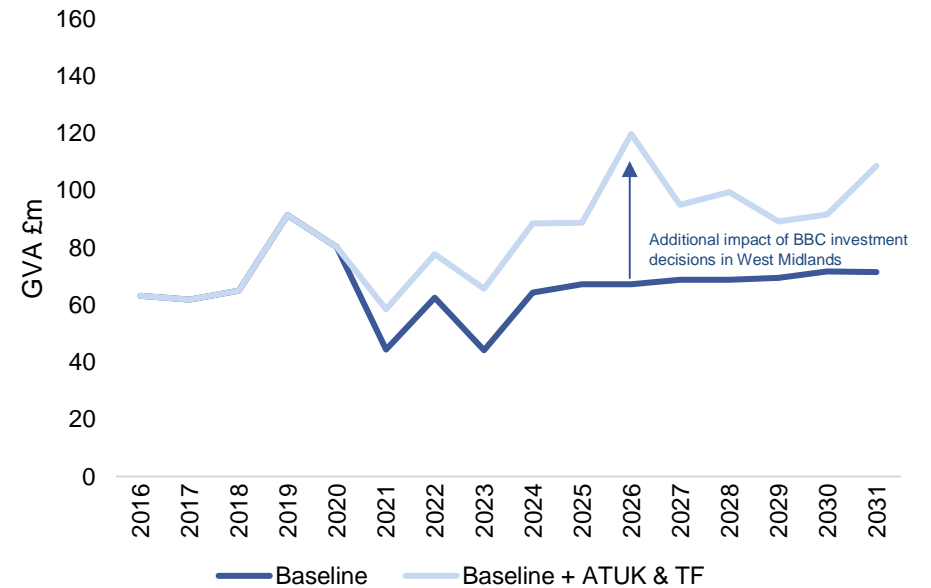
This section shows how the BBC's recent creative investment plans and the Tea Factory investment contribute to this overall picture. The jagged nature of the impact over time represents the staged nature of the investments the BBC is making. For example, peaks represent higher content investment years or the ramp-up of investment in the Tea Factory redevelopment, which peaks in 2026.

Figure 5 shows the difference between the GVA impact of the BBC's baseline activity in the West Midlands versus the impact of the BBC once its increased investment in the West Midlands is taken into account. It shows a sizeable uplift in GVA impact – as shown by the gap between the two lines on the chart. In 2021, the uplift measures over £14m but by 2026 the uplift is estimated to peak

at £52m during the main phase of Tea Factory capital spend. By 2031, the uplift is estimated to be at £37m.

The total size of the additional impact of BBC investments between 2021 and 2031 is £282m in GVA in the West Midlands. This represents a rise of 44% on what the BBC's impact would otherwise have been. Between 2021 and 2040 this rises to £634m.

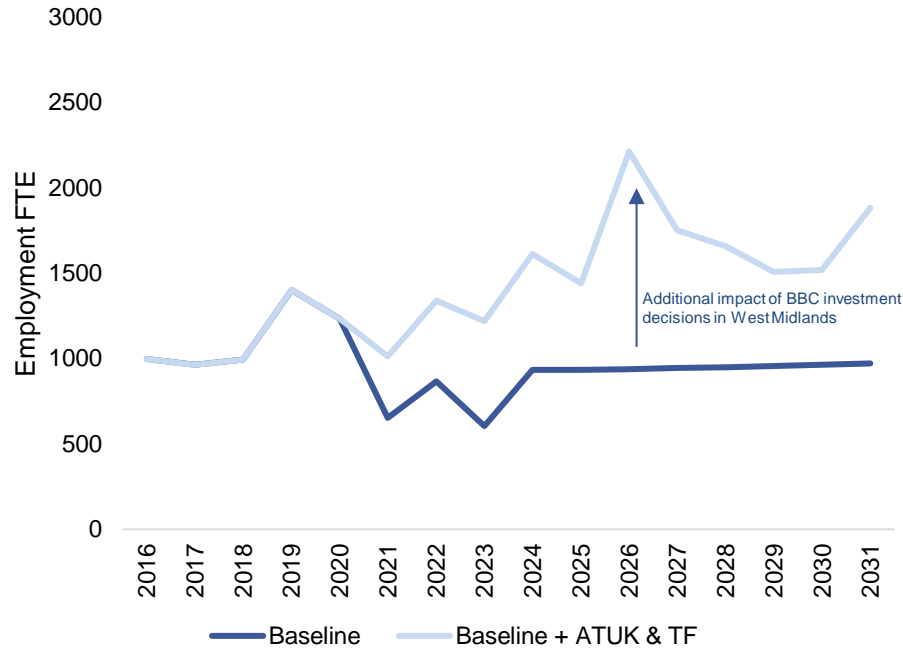
Figure 5 Impact of BBC's activity in the West Midlands on the West Midlands economy in terms of GVA (2016-2031)



Source: SEIM-UK

Figure 6 shows the impact of the BBC's activity versus the baseline in terms of additional Full-Time Employment (FTE) by 2031. It is estimated that the BBC's investments result in an increase of 910 FTE or 94% by 2031, compared to the baseline.

Figure 6 Impact of BBC's activity in the West Midlands on the West Midlands economy in terms of employment (2016-2031)

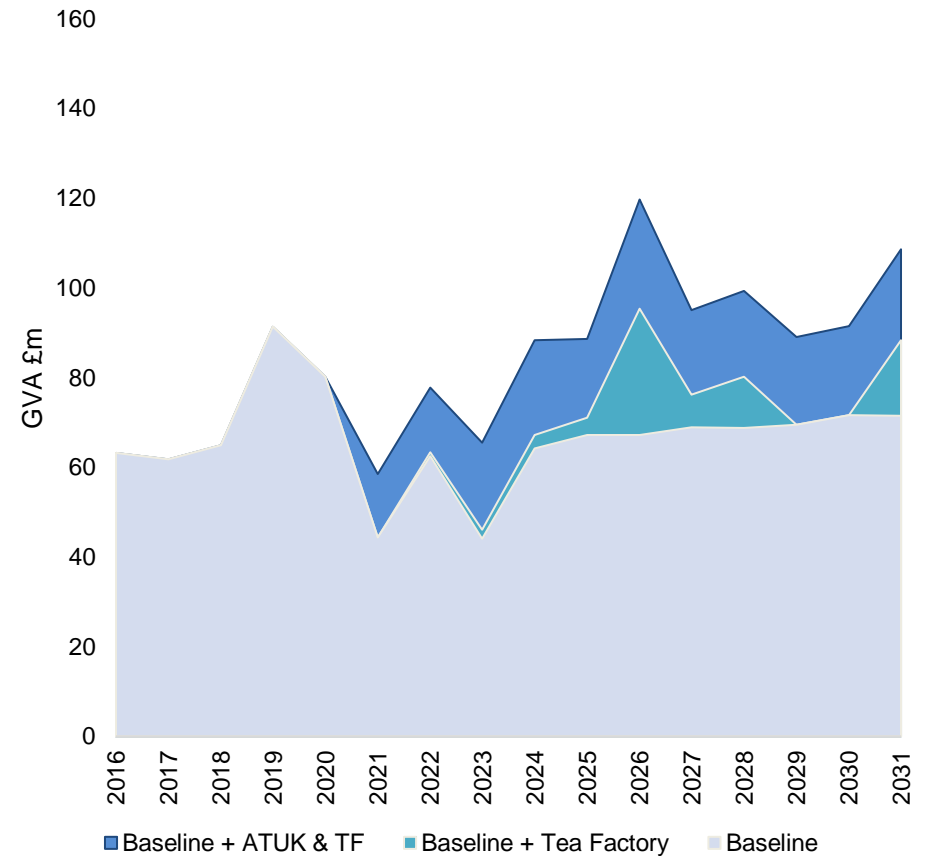


Source: SEIM-UK

Figure 7 shows the breakdown of impact resulting from the two BBC interventions: increased spend associated with Across the UK (ATUK) and the Tea Factory (TF) investment. The ATUK impact starts in 2021 and remains a significant additional impact on top of the baseline spend through to 2031. The Tea Factory impact peaks in 2026 and 2027 when the capital spend is at its highest.

Cumulatively, by 2031 ATUK will have generated an additional £209m GVA for the region. Over the same period the Tea Factory redevelopment will have added £73m GVA to the region.

Figure 7 Impact of BBC's activity in the West Midlands on the West Midlands economy in terms of GVA (2016-2031)



Source: SEIM-UK

2.2 Econometric model

To evaluate the impact the BBC's activity in the West Midlands will have on the development of creative clusters, we developed an econometric model to analyse growth in creative businesses and jobs across different regions at the Local Authority District (LAD) level. This builds on prior work for the BBC by PwC.¹⁴ As with prior research, BBC's employment spending is used as a proxy for the degree to which the BBC is present within a locality. Whilst the BBC also spends on capital and procurement (including commissioning spend) within regions, previous research found that employment spend had the closest association with creative clustering.

To this end, a range of modelling techniques were employed:

- The model adjusts for unique regional characteristics that are not directly observed in data and accounts for cyclical variations in economic activities.
- Other factors influencing the growth of the creative sector, e.g. level of education, are accounted for.
- Accounting for the role of existing regional creative sector conditions on the BBC's spending decision.

This model adopts the DCMS definition of the Creative Industries and captures the spillover effects within this definition of the creative sector. More details on the methodology are available in the Appendix.

As with the Input-output modelling, we have developed a baseline from which to measure the impact of increased BBC investment out to 2031 – with both these scenarios focusing on employment expenditure:

- **Baseline:** This assumes that the BBC employment expenditure in the West Midlands will grow at the average rate observed from the 2015/16 fiscal year to the 2019/20 fiscal year at 3% per year, adjusted for inflation.¹⁵
- **Increased BBC investment:** This assumes that the BBC's employment expenditure in the West Midlands will grow at the same 5-year average rate observed until 2019/20, with an additional amount occurring every year from 2019/20 onwards. This additional amount comes from the significant uplift in staffing costs as part of the BBC's creative investments in the West Midlands from 2021/22 to 2022/23. The average yearly amount of this uplift, measured in real terms, is assumed to continue.

Forecast growth of creative sector firms and employment

By 2031, the total number of creative firms is expected to reach 6,480, which is an increase of 224 over what the baseline scenario projects for 2031. With more firms in the economy there are a greater range of employment opportunities.

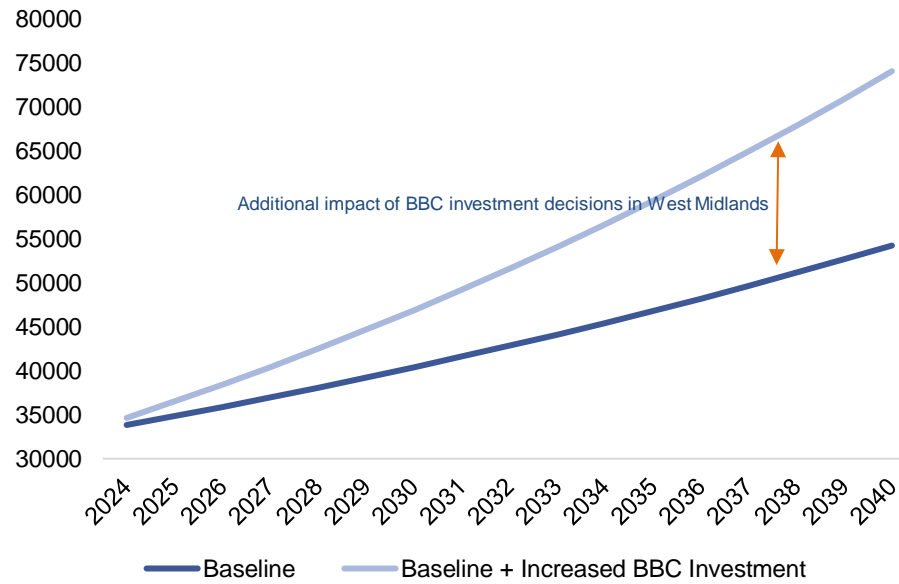
The additional expenditure from *increased investment by the BBC* has a substantial effect and is expected to lead to **7,603 additional creative sector employment opportunities in the West Midlands by 2031 compared to the baseline scenario**, Figure 8.¹⁶ By 2031 there are expected to be 18% more creative sector jobs in the West Midlands than in the baseline scenario. From 2032 to 2040, the uplift in the BBC's employment spending is expected to further create an additional 12,217 FTE job-years. This means that by 2040, creative sector employment opportunities will have almost doubled from the 2023 base.

¹⁴ PwC (2022) The Role of the BBC in Creative Clusters: Analysing the BBC's Wider Impact on the UK Economy.

¹⁵ This baseline scenario, therefore, assumes growth in relevant BBC expenditure, whereas the baseline scenario for the Input-output model assumes no change in BBC expenditure. This is operationally necessary – while the Input-output model generates results based on no change in BBC expenditure, the econometric model require some growth to be assumed under the baseline to generate results.

¹⁶ By 2028, it is projected that additional spending across the UK will create a cumulative total of 4425 new job opportunities in the creative sector within the West Midlands. This increase represents approximately 10% of the total employment growth in regions excluding London and the South East, calculated by PwC for the BBC in The Role of the BBC in Creative Clusters: Analysing the BBC's Wider Impact on the UK Economy. November 2022.

Figure 8 Impact of the BBC on West Midlands average creative sector employment



Source: CityREDI



3. Making the most of the BBC in the West Midlands

The prior chapter sets out the potential economic benefit of the BBC's increased investment in the region. We see this investment in both the regional and national context – with the West Midlands being crucial to improved economic performance across the UK. This has been emphasised by recent think-tank research:

“ The UK's most plausible route to raising national income and closing regional gaps is our big cities outside London succeeding...

... Britain's 'twin second cities', Birmingham and Greater Manchester, might have populations of 2.8 million people each, but their productivity lags behind the UK average. The country as a whole is poorer as a result," argues an influential report by the **Resolution Foundation and the Centre for Economic Performance, LSE**.¹⁷

However, the BBC is only one actor in the region. Whilst there are other creative organisations and investors active in the region and committed to its growth, substantive improvement in the economic performance of Birmingham and the West Midlands will be greatly assisted by a deepening of the creative content sector in the region. This requires a renewed collaborative leadership for the sector in the West Midlands.

We interviewed a range of stakeholders on two broad categories of enquiry:

1. The growth of a creative cluster in the West Midlands.
2. Digbeth's transformation.

¹⁷ Resolution Foundation & Centre for Economic Performance, LSE, *Ending Stagnation: A New Economic Strategy for Britain*, Resolution Foundation, December 2023

On both these issues, we explored:

- The role of the BBC in bringing these changes about.
- How partners in the region could work with the BBC to make the most of BBC investments in the region, maximising the additional impact of increased BBC spend in the region.

The West Midlands: An emerging creative cluster

The *West Midlands Plan for Growth* (July 2022) guides the work of the West Midlands Combined Authority (WMCA) and the next phase of economic development in the West Midlands, with funding through the UK Shared Prosperity Fund and the West Midlands benefitting from a 'trailblazer devolution deal'.¹⁸

The Creative Content Production and Gaming Cluster was selected as one of the eight clusters in the *Plan for Growth*, with Create Central assigned responsibility for cluster development. Clusters within the *Plan for Growth* receive cluster delivery support through the UK Shared Prosperity Fund and other national and regional funds.

Create Central are acting on this new responsibility from WMCA, informed by *Shape the Future: 2030 and Beyond*, which identifies 5 priority areas that will be the focus of Create Central activity, including an Intellectual Property (IP) Content Fund.

The *West Midlands Plan for Growth* might evolve, following the election of a new Mayor for the West Midlands and the 2024 general election. However, the BBC will remain central to realising the ambitions of the creative content production and gaming cluster. However, the success of these ambitions will also depend on:

- Attracting more inward investment

¹⁸ This deal "transfers more control and influence over the levers of economic growth and levelling up the Mayor and West Midlands Combined Authority": <https://www.gov.uk/government/publications/west-midlands-combined-authority-trailblazer-deeper-devolution-deal>

- Filling skills gaps
- Accelerating the transformation of Digbeth
- Growing innovation
- Making the most of all the strengths of the region

We explored these themes in interviews for this project – which we quote from over the remainder of this chapter. We also explored these themes in our literature review – and we reference findings from this review below.

3.1 Attracting more inward investment

The ambitions for the Creative Content Production and Gaming Cluster expressed in the *West Midlands Plan for Growth* depend upon attracting more inward investment.

This inward investment needs to reinforce the impact of increased spend by the BBC and others in the region. Public policy should seek to crowd-in this additional investment, both in the form of spend by other broadcasters and creative businesses and capital investment in facilities needed to strengthen creative content clusters.

This will build upon the progress in three areas that Neil Rami, Chief Executive at West Midlands Growth Company, emphasised in speaking to us:

- 1. Commissioning**, e.g.: *MasterChef* and *Silent Witness* are part of increased BBC commissioning in the region.
- 2. Real estate**. The Tea Factory is a major capital investment.
- 3. Talent development**. The BBC Academy is a major talent engine in the West Midlands.

Digbeth Loc is part of this improved real estate. This employment cluster at Digbeth Loc sustains a pool of local talent that will support other projects, such

as a comedy show by Joe Lycett, hosted at The Bond in Digbeth and broadcast by Channel 4, and ITV's drama *Stonehouse*, which was filmed locally.

These investments in the West Midlands have been assisted by MoU arrangements between these broadcasters (Channel 4, ITV) and Create Central – complementing the MoU in place with the BBC.

There is hope that these arrangements can encourage further inward investment into the region. For example, Hayley Pepler, Head of Culture, Creative Industries and Digital at WMCA, describes the BBC's relocation (to The Tea Factory) as “*a big push moment*” that can greatly influence the area's future. According to Pepler, “*creative people are innovators, storytellers and problem solvers and we now have a shared ambition to support them to thrive in this region – and the BBC move is a big part of that.*”

There is also unease that the pace of inward investment is lagging other regions. As Kully Khaila, Chair of Royal Television Society Midlands notes:

“ Digbeth Loc is the most significant step forward in terms of studio facilities in the West Midlands in decades. It has the potential to be a game-changer, but there remains a concern about studio capacity beyond that.

Other places in the UK have rapidly developed studio facilities. For example, in February 2023, the production company Fulwell 73 unveiled its plans to build one of Europe's largest film studios in Sunderland. In recent years, studio operators, property developers and government have worked together in different parts of the UK to increase stage space suited to film and TV production. It is estimated that just under 2.7 million sq. ft. of additional soundstage space is likely to come online in the UK by 2025.¹⁹

¹⁹ Nordicity, Saffery Champness for BFI, National Lottery and ScreenSkills, *Forecast of labour market shortages and training investment needs in film and high-end TV production*, June 2022

The increased provision of studio facilities in different parts of the UK underlines the need for the West Midlands to:

- Identify the types of facilities it requires.
- Provide a clear market proposition that seeks to attract these facilities to the region.

Establishing these facilities will be crucial for futureproofing the industry in the West Midlands. Inward investment increased into Cardiff and Salford following major BBC commitments to these locations. The West Midlands must now seek to attract equivalent inward investment.

Inward investment into South Wales

The BBC's increased commitments in South Wales included significant investments, such as the establishment of a new headquarters for BBC Wales in Central Square, Cardiff, the development of Roath Lock Studios, and the arrival of major show production including *Doctor Who*. Following these BBC commitments to the area, more inward investment took place:

- Incubator spaces:** Barclays Bank and Legal & General opened a new 6,500 square foot startup incubator in Cardiff following the relocation of BBC Wales to the area in 2018. This continues the success of similar facilities nearby at Tramshed, which hosts digital producers.
- Growth of Bad Wolf:** Cardiff-based production company Bad Wolf, established in 2015 by former BBC executives, has secured a robust pipeline of high-end drama TV productions, including an adaptation of Phillip Pullman's *Dark Materials* trilogy.
- Impact of Doctor Who:** Between 2004 and 2021, the BBC show contributed approximately £134.6m in GVA to the Welsh economy, of which more than £113.1m was in the Creative Industries.²⁰

²⁰ Source: BBC, *Doctor Who: Economic Impact*, 2023: [doctor-who-economic-impact-report-fin.pdf \(bbc.co.uk\)](https://www.bbc.co.uk/mediacentre/2023/01/doctor-who-economic-impact-report-fin.pdf)

²¹ Nordicity, Saffery Champness for BFI, National Lottery and ScreenSkills, *Forecast of labour market shortages and training investment needs in film and high-end TV production*, June 2022

Doctor Who has been a key factor in attracting investment to high-end television and drama production in South Wales. These inward investments have included 4WOOD (set construction) and Real SFX (special effects).

3.2 Filling skills gaps

Skills gaps need to be filled for the West Midlands to deliver its creative clustering potential.

In this the West Midlands is not alone as there are skills challenges across the creative content sector in the UK. For example, it has been estimated that the UK could attract an additional £1.43bn to £2.02bn in annual film and high-end TV production spend by 2025, on top of the £5.64bn recorded in 2021. However, to service that level of production the sub-sector would require an additional 15,130 and 20,770 fulltime equivalents (FTEs) of crew personnel by 2025, over and above the existing crew workforce size which was estimated to be 52,300 FTEs in 2021.²¹

The West Midlands is well placed with flows of graduates that seek careers in the creative content sector. A recent study of the West Midlands creative sector reported:²²

- There are around 5,500 students enrolled in cultural-related further education courses in the WMCA area. Of these, there has been a high proportion of take-up from typically under-represented groups in the sector, with a high proportion of students being female and from ethnic minority backgrounds.
- There are a range of higher education institutions providing cultural-related courses, with around 8,200 students enrolled across the WMCA area. The

²² Hatch, We Made That, Tom Fleming Creative Consultancy, *West Midlands Cultural Sector Analysis*, (June 2021)

most popular courses are design studies, drama, and music, with Birmingham City University (BCU) being the largest provider of higher education cultural-related courses.

Most of these creative students at BCU study near to where The Tea Factory is under construction and provide a pipeline of talent to be drawn upon by the creative sector in Digbeth and elsewhere in the West Midlands.

However, this BBC investment is occurring at a time of massive challenges for Birmingham City Council.²³ *“There needs to be a nuanced, sophisticated, and long-term focus on building transformational skills, supporting under-represented people and growing real value in the West Midlands,”* according to Yen Yau, Chair of the Skills and Talent Industry Advisory Group at Create Central. *“The BBC investment should be part of this focus, with the BBC building partnerships across the region to unlock it.”*

The high take-up of creative courses in the West Midlands by typically under-represented groups means that there is potential to grow the careers of people within these groups, as Yen Yau hopes. This requires effective bridges between study and work readiness.

There are several initiatives in place that aim to provide that bridge, including Create Central being one of six UK BFI Skills Clusters. As part of this, Create Central’s Skills Accelerator programme has been developed to address ‘live’ skill gaps identified from industry feedback, supported by Create Central Members and industry partners like the BBC, Channel 4, ITV, YouTube, Kudos-Knight, Shine and others.

Shine, as the makers of *MasterChef*, will employ 130 people in the region at Banana Warehouse from autumn 2024. *“Shine,”* we were told by Emma Riley, Production Executive at Shine, *“will be active members of Digbeth’s creative community and look forward to this community growing and strengthening. This will require continued efforts with Create Central to fill skills gaps.”*

There is an expectation that these skills gaps will reduce as more production relocates to the West Midlands. There is a Catch-22, however. Basing more productions in the West Midlands will grow the skills base in the region – but a stronger skills base will help win these productions for the West Midlands.

Thoughtful commissioning can help reconcile this. *“It would be great if as part of the BBC increasing its investment in the West Midlands, the BBC thought about how they can support companies connecting with talent in a more coherent way,”* argued Beth Newell, Co-founder and Producer of Common Story, which is a company passionate about making content in the West Midlands. *“There needs,”* argued Newell, *“to be joined up thinking and investment to ensure that the talent base in this region grows and is sustainable. This is where the BBC can play a vital role, not just in targeted training but also in thoughtful commissioning.”*

This strategic approach to commissioning from other commissioners would further help to tackle skills gaps in the West Midlands. Our consultation suggested that these gaps are most prevalent in relation to mid-career roles. There is no shortage of creative graduates from FE and HE in the West Midlands. However, many of these graduates leave the sector or the region, with the creative content sector in the West Midlands finding it harder to fill mid-career roles that these graduates might have filled if they had stayed in the region to build their careers.

In this competitive environment, the West Midlands will benefit from a cross-partnership approach to talent: making the most of investment from the BBC and other partners to unlock the strengths of this highly diverse and youthful region.

regularly funded by Birmingham City Council for the current financial year and 100% cuts for the next financial year.

²³ On 5 September 2023 Birmingham City Council issued a Section 114 Notice, indicating that the Council’s forecast income is insufficient to meet its projected expenditure for the next year. As a result, new expenditure beyond the continuation of statutory services was prohibited and steps were taken to control Council expenditure. The [BBC reported in February 2024](#) that these steps include a 50% cut in grants to arts organisations that are

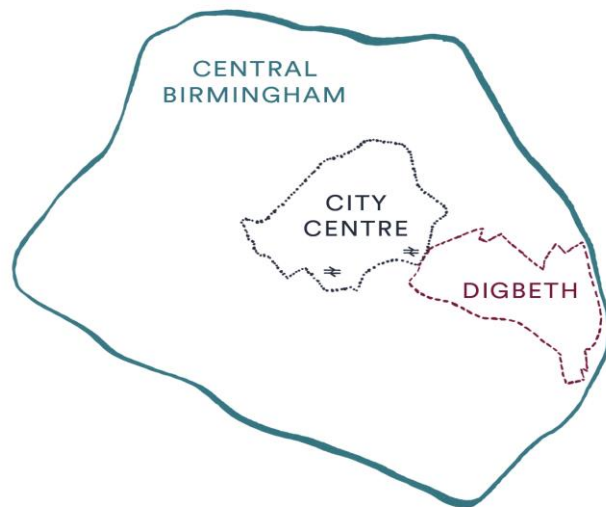


3.3 Accelerating the transformation of Digbeth

Public policy should encourage additional investment to crowd-in behind these BBC investments, accelerating the transformation of Digbeth.

The BBC is enabling significant capital investment in Digbeth, which is often described as Birmingham’s creative quarter, including The Tea Factory and at Digbeth Loc Studios. This is an area near Birmingham city centre (as shown in Figure 9), which has an established creative community, a range of heritage assets and significant space with unfulfilled development potential. However, more investment, including in the public realm, is needed for Digbeth to fulfil its potential.

Figure 9 Proximity of Digbeth to Birmingham City Centre²⁴



Source: BOP Consulting

²⁴ Figure 9 details the location of two central Birmingham train stations: Birmingham New Street and Birmingham Moor Street.

Figure 10 Key locations in Digbeth²⁵



Source: BOP Consulting

²⁵ 1. The Tea Factory: The BBC’s new Midlands headquarters, 2. Digbeth Loc Studios and Banana Warehouse: a state-of-the-art studio complex, comprising three film studios, production offices and construction workshops, 3.

Birmingham's creative quarter

Our Future City: Central Birmingham Framework 2040 ('Our Future City'), published by the City Council in 2023, describes Digbeth as having, “the greatest potential of any part of the UK to accelerate its growth as a unique global centre of company start-ups, creativity, crafts and arts, innovative hi-tech businesses, television and film industry, and social enterprises”.

This planning document recognises the central role of the BBC to this growth.

*“With the launch of the BBC’s new broadcast centre at The Tea Factory, MasterChef and the Digbeth Loc film studios at Warwick Bar, HS2 Curzon Street Station and Metro coming direct to the heart of Digbeth, and 10,000 new homes already planned – the next 20 years will be ... a new era for Digbeth and (surrounding) communities”.*²⁶

This potential builds on the established strengths of Birmingham's creative quarter. *Our Future City* reports that over 500 companies and organisations form the creative and artistic community of Digbeth. These include those based on Oval's Digbeth Estate, which includes the Custard Factory, Fazeley Studios, Rea Studios and The Bond and several other buildings across approximately 18.9 hectares. James Craig, Co-Founder of Oval Estates, indicated that the BBC's arrival in Digbeth will see them join and bolster Birmingham's pre-existing creative quarter: “they are joining something that exists already and making it better as a result”. This was identified by James as being “a consequence of the work done by many thousands there already, making the area a home for creative talent”.

This creative quarter has been deepened by BBC decisions to invest in the area through the *MasterChef* relocation to Digbeth Loc Studios and the regional HQ to The Tea Factory. While they are integral to the future of Birmingham's Creative Quarter, further investment continues to be needed to make this future as bright as possible.

Custard Factory: a creative hub and workspace, home to creative and digital businesses, independent shops, and F&B outlets, 4. Fazeley Studios: A creative workspace and events venue, 5. Rea Studios: Home to a dedicated film

The BBC's long-term commitment to Digbeth will instil confidence, and thereby encourage the public and private sector to make investments and commitments of equal term, catalysing such a ripple effect.

There is, however, a need for placemaking improvements in Digbeth. Emma Riley of Shine told us of her hope that Digbeth be, “as welcoming and well-connected to the city centre as possible”.

There are ambitions within *Our Future City* that speak to this desire for Digbeth to be more welcome and well-connected:

- Quality of streets, squares, canals and parks within the whole area need to be improved – safety and maintenance being key.
- Need for more facilities to make walking and cycling an easier option alongside further improvements to public transport, including introduction of cross-city buses.

Attracting more investment into Digbeth

The BBC's investments in Digbeth, through the development of The Tea Factory and Banana Warehouse, are seen as fundamental to encouraging further investment in the regeneration of Digbeth. The key contribution of the BBC was underlined by Gerard Ludlow, Stoford – the developer of The Tea Factory site:

“ Digbeth is a unique area of Birmingham and the building is an important part of its heritage. The BBC understands that and shares our vision for realising its regeneration.

These decisions and long-term investments are tangible demonstrations of the BBC's confidence in Digbeth, and what it is set to become, and has reaffirmed the confidence of other stakeholders, as well as paving the way for new stakeholders to make similar commitments to the area. The BBC's decision to

school for educational provider BIMM Group, 6. The Bond: A creative hub, with a focus on TV, film, media and tech, 7. HS2 Curzon Street: Birmingham's planned HS2 railway terminal.

²⁶ Birmingham City Council, *Our Future City: Central Birmingham Framework 2040*, (2023)

occupy The Tea Factory was noted as being highly significant by Jo Nugent, Director of Markets & Places – Midlands for Homes England: *“It reaffirmed Homes England’s and other development stakeholders’ confidence about the area. Our partnership with Digbeth Loc Ltd (Stanhope and Stephen Knight) was boosted when production company Endemol Shine decided to locate to Homes England land in Digbeth to film the BBC’s successful MasterChef series. Now investors and developers can see people are putting real stakes in the ground with the construction of MasterChef and The Tea Factory underway”*.

Jo Nugent stressed the role of the BBC as long-term partners in the transformation of Digbeth:

“ Regeneration is tricky, and its long term, so institutions like the BBC deciding to invest is a real catalyst. Homes England, Birmingham City Council and the West Midlands Combined Authority are committed to making regeneration happen, and we have stood united to give the BBC reassurance that their investment in The Tea Factory will not be an island of redevelopment.

The City Council want to see this redevelopment happen and leverage the role of *Peaky Blinders* in supporting this. Simon Delahunty Forrest, Acting Assistant Director, Planning and Development, Birmingham City Council: *“The property development community in the West Midlands understands the need to provide an exciting relocation proposition to creative workers moving to the region. Having more of these workers and businesses in the region will grow confidence and build on what Peaky Blinders has done for the region. There’s a great opportunity for us to work closely with the BBC to improve placemaking in the city and better project the city’s offer to the wider world”*.

Whilst there is a great deal of excitement and anticipation around the regeneration of Digbeth, and what the area has the potential to become, development in Digbeth needs to work with the grain of the neighbourhood’s established strengths – its creative community and industrial heritage – which

will require effective partnership between city planners and commercial investors.

The creative community in Digbeth is much more developed than the equivalent which existed in Salford when the BBC developed Media City. Moreover, the industrial heritage and character of Digbeth is a distinctive feature, which should be maintained. There is a desire that the over 500 companies and organisations that form the existing creative and artistic community of Digbeth are retained and grow within a Digbeth that benefits from its redevelopment.

This desire for the existing community to remain in Digbeth and benefit from the regeneration process was reflected by Cheryl Jones, Director of Grand Union, an arts organisation based in Digbeth: *“It’s great that so much is happening in Digbeth, and as a current community member based on Fazeley Street, I look forward to seeing much needed investment in the area, particularly the public realm which has been neglected for years. There is an important issue to consider though - we are already seeing arts and third sector organisations facing increasing rents and precarious tenancies. We hope that regeneration will not be at the expense of the rich and diverse ecology of social and creative communities that have been well embedded here for decades”*. New residential development and commercial investment in Digbeth should sit alongside a maintenance of affordable and flexible spaces that will enable its well-established and distinctive creative community to flourish.

3.4 Growing innovation

The West Midlands must grow innovation and creative R&D to become a stronger centre for creative content production.

The West Midlands, similar in scale to South Wales and Yorkshire, could emulate the more advanced creative content clusters in these regions. The West Midlands will be assisted by appropriate IP content funding and investments like AHRC Creative Clusters funding, which South Wales and Yorkshire have benefitted from.

The region, therefore, needs to apply an entrepreneurial mindset to two innovation challenges:

- The AHRC Creative Industries Clusters Programme and similar creative R&D programmes.²⁷
- Providing IP content funding at appropriate scale.

Unfortunately, the West Midlands has not yet benefitted from funding from the AHRC Creative Industries Clusters Programme. Nor was the region successful in bidding to host the National Lab for CoSTAR.²⁸

Other opportunities to secure creative R&D funding – including further funding from the AHRC Creative Industries Clusters Programme – are likely. It is important that the public sector, universities and creative businesses work effectively and collaboratively in the West Midlands to secure this funding for the region.

The region benefits from assets that will help to win creative R&D funding, including:

- Birmingham City University (BCU) operates STEAMhouse, an innovation centre promoting collaboration across the arts, science, technology, engineering, and maths (STEAM) sectors.
- The University of Warwick, in partnership with University College Birmingham, launched Creative Futures in 2022. This incubator, network, and skills accelerator is billed as *'the gateway between the University of Warwick and the region's creative cluster'*.

Through XR Stories and Clwstwr, Yorkshire and South Wales have had their creative content sectors grow through creative R&D developed on AHRC Creative Cluster programmes. These comparable geographies to the West Midlands have also benefitted from IP content funding, as we discuss in the blue box below.

Regional content funds

The West Midlands needs to match the level of support seen by other UK regions and nations to compete as a nationally significant creative hub.

Other parts of the UK have set up production funds at significant scale:

- (i) **Screen Scotland:** Provided £2.6m of funding to the Broadcast Content Fund and £1.6m to the Production Growth Fund in 2022/23. The Broadcast Content Fund promotes the sustainable growth of Scotland's broadcast production sector, encouraging the development of new projects, the scaling up of already successful activities and the production of commissioned programmes. The Production Growth Fund aims to help grow Scotland's screen production sector, creating

²⁷ The Arts and Humanities Research Council (AHRC) launched the Creative Industries Clusters Programme in 2018. The £120 million investment continues to drive innovation and growth across the UK's creative industries, to encourage a new type of applied research.

²⁸ The Convergent screen technologies and performance in realtime (CoSTAR) programme provides researchers, companies and institutions across the UK with the infrastructure they need to conduct world-class research and development (R&D) in screen and performance technology. Established with £75.6 million of funding and delivered by the Arts and Humanities Research Council, the CoSTAR national network comprises a National Lab, three Network Labs and a Foresight Lab.

employment opportunities for Scottish crews, encouraging the use of production facilities, providing significant opportunities for the professional development of producers based in Scotland, and delivering a direct and significant economic benefit to Scotland. The Funding helps in attracting large scale productions into the country, and maximising screen spend in Scotland.²⁹

- (ii) **Creative Wales:** Has invested £18.1m in production funding to support 37 projects since 2020.³⁰
- (iii) **Screen Yorkshire:** Has used the Yorkshire Content Fund to invest in more than 60 film and TV productions with up to £500,000 available for productions that it invests in.³¹

There is evidence that these funds are generating impact:

- (i) £208.7m has been generated for the Welsh economy through the investments in production funding made by Creative Wales since 2020.
- (ii) £225m in production spend has been brought to Yorkshire through productions supported by the Yorkshire Content Fund.

3.5 Making the most of all the strengths of the region

The West Midlands is a highly diverse and youthful region. Birmingham is the youngest and one of the most ethnically diverse cities in Europe.

These strengths mean:

- The vibrancy of the West Midlands must be communicated on TV and radio through improved representation of the West Midlands.
- The career opportunities of the Creative Industries must be spread across this diverse and youthful region.

Representing the West Midlands

Rhodri Talfan Davies, Director of Nations at the BBC, stressed the centrality of the Midlands to *The BBC Across the UK* and the role of representation of the Midlands within this:

“ The Midlands is a big part of the BBC’s Across the UK strategy to better represent and serve audiences by moving shows, talent, teams, and content to the region. We are excited to welcome MasterChef to Birmingham and want this to be followed by more food-related content made in the region. Steven Knight is integral to Digbeth Loc Studios, building on the success of *Peaky Blinders*, and we want more Midlands writers to tell the stories of the Midlands. We are supporting this future talent by headquartering the BBC Academy here and opening-up more opportunities in news, as well as drama, by basing BBC Newsbeat here too. We are investing in the West Midlands not only to bring careers here but to better represent the region on radio and TV. As we move to our new home in Tea Factory,

³¹ <https://www.screenyorkshire.co.uk/yorkshire-content-fund-faqs/>

²⁹ Creative Scotland, 2022/23 Accounts, page 14

³⁰ <https://www.gov.wales/creative-wales-support-gives-rise-over-200-million-welsh-economy>

we look forward to accelerating our work with partners in Digbeth and across the region to make this happen.

Beyond these initiatives, Colette Foster, CEO of Full Fat TV, emphasises the strategic importance of the BBC providing further commissioning opportunities: “*The Tea Factory is an emblem. If it’s got the power to spend money in the Midlands, it will create jobs in the Midlands.*” By leading the development of a vibrant creative ecosystem, the BBC’s focused commissioning efforts are crucial for attracting talents and creating a community around Digbeth and the broader West Midlands.

With under 25s making up nearly 40% of Birmingham’s population and over half identifying as ethnic minorities, the region offers a unique demographic advantage. By showcasing this vibrant mix on the BBC and other major networks, the representation of a broader range of voices and experiences will make BBC content more engaging and dynamic – helping to attract wider audiences from the West Midlands and beyond and growing creative employment.

Spreading opportunity across the West Midlands

To maximise the impact of the BBC’s investment across the West Midlands, institutions must seize the opportunity to establish partnerships and find synergies – from educational programmes to a creative corridor of TV and games, both within and beyond the screen industry.

In education, a coordinated effort is necessary to extend opportunities and foster regional pride. Jonathan Skinner, Head of Economy and Local Industrial Strategy at WMCA, emphasises the significance of The Tea Factory for the future of Digbeth and its potential impact on nearby areas like Bilston and Willenhall. These communities, although less than 10 miles from Digbeth, have yet to fully experience the benefits of Creative Industries growth. “*Young people across the West Midlands should benefit from programmes in their schools and colleges that highlight the opportunities of these industries and the role that the BBC will play in this. We need a coordinated effort to extend opportunity and build pride across the region.*”

³² NESTA, Geographies of Creativity, 2016

It is argued that ‘innovation corridors’ help this extension of opportunity. Bernard Hay, Head of Policy at the Creative Industries Policy and Evidence Centre (PEC), argues, “*we see the West Midlands as having the potential to be such a corridor. There are also hotspots in Birmingham, Coventry, Gloucester and Cheltenham, extending to Northampton. These areas show potential for further growth through strategic collaboration.*”

A strengthened creative corridor, linking Games to TV and Film, can be envisaged. The West Midlands boasts a major hub for games production in Leamington Spa, which was placed at 17th in an influential ranking of creative clusters in the UK.³² This placed a town higher than any other creative cluster in the Midlands. This impressively high ranking for Leamington Spa was driven by its games sector. Home to over 3,000 skilled games professionals, the town excels in various disciplines, including design, software development, and new technologies like augmented and virtual reality. These skills increasingly overlap with TV and film production demands and would appeal to production companies contemplating investment in Digbeth and elsewhere in the West Midlands.

Deeper coordination and collaboration between TV/film (Digbeth) and games (Leamington Spa) should be supported by the West Midlands Combined Authority. The Combined Authority also serves geographies that have until now enjoyed less benefit from the Creative Industries than Digbeth and Leamington Spa. By strengthening collaboration between Digbeth and Leamington Spa and growth in these hotspots, creative success will disperse across the West Midlands and extend opportunities to creative careers in the region.

This coordinated approach is consistent with the collaborative leadership that Create Central has deployed and which Ed Shedd, Chair of Create Central, referenced in speaking to us:

“ Create Central's partnership with the BBC in the West Midlands has demonstrated the impact that collaborative leadership can have...

... by harnessing the BBC's existing presence and amplifying it through joint initiatives with Create Central, we're not just enhancing the region's creative landscape but also solidifying the BBC's role as a cornerstone media partner.

“Together, we're showcasing the West Midlands as a hub of excellence, attracting investment, and nurturing local talent. The tangible opportunities emerging from this collaboration, from Skills Accelerator programs to trainee initiatives and writing initiatives, are a testament to the power of strong partnerships. It shows the real benefit of the hard work and dedication of Create Central members, BBC, and the West Midlands Combined Authority, driving the region's creative content sector forward.”



4. Recommendations

Creative content must be a priority for public policy intervention and investment in the West Midlands. The BBC has been central to the increased success that the region has enjoyed over recent years: a new regional HQ in The Tea Factory; improving representation through productions like *This Town* and *Man Like Mobeen*; the launch of key daytime radio output from BBC 1Xtra, and a new home for *MasterChef* in a studio complex brought to the region by the creator of *Peaky Blinders*, a production that has enjoyed global acclaim, after first being broadcast on the BBC just over a decade ago.

These successes are first steps on fulfilling the potential of the West Midlands as a creative content centre. The BBC has been key to helping the region take these first steps.

The West Midlands now requires other partners to seize the new opportunities created by these first steps and provide the region with the investment and support to further grow. The West Midlands now benefits from a deeper devolution deal, which includes “*wide-ranging new powers and a budget windfall in excess of £1.5 billion to level up the region*”.³³ To continue to grow the Creative Industries these new powers and resources should be used to:

a) Attract more inward investment

The West Midlands needs to attract more studio facilities and production spending. The Tea Factory and Digbeth Loc are improving provision of studio facilities in the West Midlands. More investment in studios is needed to help increases in BBC production spending be matched by other commissioners.

b) Fill skills gaps

The talent pipeline in the West Midlands needs to be strengthened. This will benefit from a cross-partnership approach to talent: making the most of investment from the BBC and other partners to unlock the strengths of this highly diverse and youthful region.

c) Accelerate the transformation of Digbeth

Steps need to be taken to have Digbeth be an engaging, safer, and well-connected place. Failure to create such a Digbeth will hamper the success of existing investment (e.g., The Tea Factory, Digbeth Loc) and discourage further investment. This will be assisted by:

- Enhanced placemaking and improved safety being priorities for the Section 106 funding to accompany planning permissions for new homes in Digbeth.
- Development that works with the grain of the neighbourhood’s established creative/artistic strengths and industrial heritage.

d) Grow innovation

The West Midlands needs to grow innovation and creative R&D. This will be supported by matching other parts of the UK in terms of:

- provision of IP content funding.
- the quality of engagement by Higher Education (HE) with creative R&D.

e) Make the most of all the strengths of the region

The West Midlands must make the most of all its strengths. Bringing together a young, ethnically diverse population with opportunities presented by the Creative Industries based in Digbeth as well as areas elsewhere in the region, like the games cluster in Leamington Spa.

Create Central has followed a model of collaborative leadership to make the most of what the region has to offer. The next phase of collaborative leadership requires an ambitiously resourced and coordinated strategy for the development of the region’s creative content sector.

³³ <https://www.wmca.org.uk/what-we-do/trailblazing-devolution-for-the-west-midlands/>



5. Methodological Appendix

About us

BOP Consulting is a global research and consulting practice for culture and the creative economy. With a 25-year track record of working globally across the Culture and Creative Industries (CCI) sector, we work with our clients to plan, design and deliver sustainable cultural projects, demonstrate their impact, and identify opportunities for clients to evolve and grow.

City-Region Economic Development Institute (City-REDI) at the University of Birmingham is a research platform dedicated to understanding growth in city-regions, providing new opportunities for understanding, conceptualising, modelling and comparing economic activity and business trends at the city-region level.

5.1 Input-output methodology appendix

This report uses the SEIM-UK, an econometric multi-regional input-output (MRIO) model developed by City-REDI to evaluate changes in regional economies within the UK. The advantage of the SEIM-UK model is that it allows for a detailed understanding of the impacts of firms, industries, or policies on different geographies.

The SEIM-UK used in this analysis is a macroeconomic extension of the model described in Carrascal-Incera et al. (2022).³⁴ The 'macroeconomic IO' model overcomes some of the rigidities imposed in both traditional IO models and computable general equilibrium (CGE) models (Kratena, 2023).³⁵

We note that the BBC has employed Input-output modelling previously at a national level.³⁶ The SEIM-UK model enables a much finer assessment of impacts at the regional level. The regional differences in the SEIM-UK model drive different outcomes than observed at the UK level. For example, SEIM-UK

contains multipliers bespoke to the ITL-1 region level. These multipliers vary significantly across sectors and regions with high-technology sectors in the West Midlands experiencing lower multiplier effects than at the national level. This means that BBC spending when assessed in a specific locality, like the West Midlands has a lower impact than when assessing using average national multipliers. However, as those sectors develop in the West Midlands, we anticipate that the local multipliers will improve over time as intra- and extra-regional linkages form and strengthen.

Data and assumptions in the Input-output model

The analysis involved the use of four different datasets: TF Capital spend refers to BBC spending on The Tea Factory site. TF Operational refers to the Opex spend on The Tea Factory site designated as 'Digbeth run costs' and 'Mailbox run costs'. Commissioning refers to the BBC programs commissioned provided by the BBC. Procurement refers to spending in the supply chain the BBC has done for past financial years.

Figure 11 Input-output model assumptions

Number	Assumption
Assumption 1	All spending is assumed to occur in ITL region UKG West Midlands.
Assumption 2	All Capital spending designated as 'workplace [...]' is allocated to SEIM sector 16 (Construction)*
Assumption 3	All Capital spending designated 'technology [...]' is allocated to S23 (Professional, scientific and technical activities)
Assumption 4	After 2030 'to end of lease total' figures are split out to the model forecast horizon 2040.

³⁴ Carrascal Incera, A., Kitsos, A. and Posada, D.G., 2022. Universities, students and regional economies: a symbiotic relationship?. *Regional Studies*, 56(6), pp.892-908.

³⁵ Kratena, K., 2024. Effective demand, wages and prices, and the multiplier. *Economic Systems Research*, 36(2), pp.226-248.

³⁶ See KPMG, An Assessment of the Economic Impact of the BBC, A Report for the BBC for Financial Year 2019/20, March 2021

Assumption 5	All operational running costs spending is allocated to sector s22 (Real Estate Activities) in UKG.
Assumption 6	Commissioning spend is allocated to s28 (Art, entertainment and recreation)
Assumption 7	Commissioning spend will continue at the same rate into the future.
Assumption 8	We assume an average of 59% commissioning spending occurs in UKG based on average talent spend where reported
Assumption 9	A correspondence table linking total reported procurement spend to SEIM sector based on companies house SIC data.
Assumption 10	Any procurement spend in UKG to count as WM related spend.
Assumption 11	From 2023 onwards procurement spend will continue at average rate * OBR inflation forecast
Assumption 12	Procurement spending is considered the baseline. The Tea Factory and commissioning spend is considered to be additional investment.

Source: CityREDI

Figure 12 SEIM-UK sectors

Sector code	SIC Hierarchy	Sector description
1	A	Agriculture, forestry and fishing
2	B	Mining and quarrying
3	CA	Manufacture of food, beverages and tobacco

4	CB	Manufacture of textiles, wearing apparel and leather
5	CC	Manufacture of wood and paper products and printing
6	CD-CF	Manufacture of petroleum, chemicals and pharmaceuticals
7	CG	Manufacture of rubber, plastic and non-metallic minerals
8	CH	Manufacture of basic and fabricated metal products
9	CI	Manufacture of computer, electronic and optical products
10	CJ	Manufacture of electrical equipment
11	CK	Manufacture of machinery and equipment
12	CL	Manufacture of transport equipment
13	CM	Other manufacturing, repair and installation
14	D	Electricity, gas, steam and air-conditioning supply
15	E	Water supply; sewerage and waste management
16	F	Construction
17	G	Wholesale and retail trade; repair of motor vehicles
18	H	Transportation and storage
19	I	Accommodation and food service activities
20	J	Information and communication
21	K	Financial and insurance activities
22	L	Real estate activities
23	M	Professional, scientific and technical activities
24	N	Administrative and support service activities
25	O	Public administration and defence; compulsory social security
26	P	Education

27	Q	Human health and social work activities
28	R	Arts, entertainment and recreation
29	S	Other service activities
30	T	Activities of households

Source: CityREDI

5.2 Econometrics methodology appendix

The econometric analysis builds on prior work PwC conducted for the BBC in relation to the development of creative clusters.³⁷ The analysis uses similar data but relates this directly to the BBC's spending within the relevant West Midlands LADs.

Data and assumptions in the econometrics model

Data on firm counts are sourced from the Inter-Departmental Business Register (IDBR) through Nomis, with information at the LAD level available from 2012 to 2023. Creative sector employment data come from the Business Register and Employment Survey (BRES), accessible via Nomis, but only up to 2022. BRES provides survey data focusing on employers and employees based in firms.

In line with academic literature, we also account for unrelated diversity (UD) and related diversity (RD) at the LAD level. Unrelated diversity refers to the range of business activities at the SIC2 level within a region, in relation to the overall diversity of the local economic structure. Related diversity pertains to the distribution of business activities at the SIC4 level within each SIC2 industry, focusing on industries closely related to each other.

Furthermore, we consider the regional economic conditions, including regional GDP per capita growth, which may positively influence creative sector growth. We also incorporate data on the population with higher education qualifications,

defined as NVQ level 4 equivalent or higher, to control for the impact of talent availability on the growth of creative clusters.

Lastly, the BBC may prefer to invest in regions with a higher growth rate of creative clustering, potentially leading to simultaneity bias. This bias means that the estimated impact of BBC employment spending might reflect the existing growth trend rather than causing it. To address this, we include a lagged measure of creative clustering or creative employment. While this approach may not completely eliminate the bias, conducting a more comprehensive econometric analysis is outside the scope of this report.

BBC employment spending is adjusted to real terms using the GDP deflator based on the fiscal year. Additionally, we winsorize all variables to minimize the effects of outliers, ensuring a more robust and reliable analysis. Following econometric analysis convention, we use variables in natural logarithms which gives an elasticity interpretation.

The following equation is then estimated using 2014 to 2023 sample for creative sector clustering:

$$\begin{aligned} \ln(\text{Creative Employment}_{it}) &= \alpha_1 + \ln(\text{Creative Employment}_{it-1}) \\ &+ \beta_2 \ln(\text{BBC employment spending}) + \beta_3 \text{UD}_{it} + \beta_4 \text{RD}_{it} \\ &+ \beta_5 \text{qualification}_{it} + \beta_6 \Delta \text{GDPpp}_{it} + \omega_i + \gamma_t + \epsilon_{it} \end{aligned}$$

In the context of analysis, $\ln(\text{Creative Employment})$ represents the creative employment in natural logarithms, according to the definition Department for Digital, Culture, Media and Sport (DCMS). UD and RD denote unrelated diversity and related diversity, respectively. The term "Qualification" refers to the number of people with higher education qualifications. Finally, ΔGDPpp_{it} represents the growth in GDP per capita. ω_i represents the individual LAD invariable effect which has been controlled including LAD fixed effect. γ_t represents the year fixed effect to take cyclical effect into account, which is

³⁷ PwC (2022) The Role of the BBC in Creative Clusters: Analysing the BBC's Wider Impact on the UK Economy.

controlled by year dummies. ϵ_{it} is the individual idiosyncratic error term. Clustered standard errors are used in regression.

Similarly, using the data from 2014 to 2022 for creative employment:

$$\begin{aligned} \ln(\text{Creative Firms}_{it}) &= \alpha_1 + \ln(\text{Creative Firms}_{it-1}) \\ &+ \beta_2 \ln(\text{BBC employment spending}) + \beta_3 UD_{it} + \beta_4 RD_{it} \\ &+ \beta_5 \text{qualification}_{it} + \beta_6 \Delta GDP_{ppit} + \omega_i + \gamma_t + \epsilon_{it} \end{aligned}$$

Where $\ln(\text{Creative Firms})$ represents the number of creative firms in natural logarithms.

Definitions of creative sectors

Figure 13 DCMS definitions of the Creative Industries

SIC4	Sector
70.21	Public relations and communication activities
73.11	Advertising agencies
73.12	Media representation
71.11	Architectural activities
32.12	Manufacture of jewellery and related activities
74.10	Specialised design activities
59.11	Motion picture, video and television programme activities
59.12	Motion picture, video and television postproduction
59.13	Motion picture, video and television programme distribution
59.14	Motion picture projection activities
60.10	Radio broadcasting
60.20	Television programming and broadcasting activities
74.20	Photographic activities
58.21	Publishing of computer games
58.29	Other software publishing

62.01	Computer programming activities
62.02	Computer consultancy activities
58.11	Book publishing
58.12	Publishing of directories and mailing lists
58.13	Publishing of newspapers
58.14	Publishing of journals and periodicals
58.19	Other publishing activities
74.30	Translation and interpretation activities
91.01	Library and archive activities
91.02	Museum activities
59.20	Sound recording and music publishing activities
85.52	Cultural education
90.01	Performing arts
90.02	Support activities to performing arts
90.03	Artistic creation
90.04	Operations of arts facilities

Source: DCMS

Regression results

Column (1) reports the coefficient on the BBC's employment spending (expressed in natural logarithms) and its impact on creative employment. The coefficient is 0.00903, indicating that a 1% increase in the BBC's real employment spending results in a 0.00903% increase in the number of creative employment positions, on average. With an average BBC employment expenditure of £2.7 million and a mean creative employment size of 3,227, this equates to approximately 32 additional employees for every £26,908 spent by the BBC.

Column (2) details the coefficient on the BBC's employment spending (in natural logarithms) concerning creative firms and the effect on creative employment. The coefficient is 0.00165, suggesting that a 1% increase in the BBC's real

employment spending results in a 0.00165% increase in the number of creative sector firms, on average. With an average of 718 firms in the creative sectors, this translates to an addition of roughly 7 firms per £26,908 of BBC employment spending.

Although the coefficient in column (2) is not statistically significant, it should not be interpreted as evidence of no positive relationship. Rather, our results should be considered a lower-bound estimate for several reasons. First, the creative sectors are known to have a significant proportion of independent workers, either as freelancers or self-employed individuals. Hence, measuring the number of firms created may not fully capture the spillover effects of the BBC's spending on this group. Given the difficulties in accurately counting freelancers and self-employed individuals, we could not fully estimate this effect. As shown in column (1), the impact of the BBC's employment spending on creative employment is much more substantial, supporting this explanation. Secondly, the formation of creative firms may not be confined to specific geographical locations, and the BBC's spending may have a geographical spillover effect into other Local Authority Districts (LADs). Using Travel to Work Area (TTWA) level data instead of LAD level data yields statistically significant and positive effects, which supports this explanation.

Figure 14 Regression results

Variables	(1) Creative Employment	(2) Creative Firms
L. Creative Employment	0.251*** (0.0320)	
L. Creative Firms		0.538*** (0.0645)
Employment spend	0.00903*** (0.00303)	0.00165 (0.00107)
RD	0.0193*** (0.00692)	0.0230*** (0.00249)
UD	0.495*** (0.154)	-0.0111 (0.0543)
Qualification	0.00627 (0.00502)	0.00453** (0.00192)
GDP_pp	0.273*** (0.0771)	0.0388 (0.0256)
Constant	3.560*** (0.554)	2.587*** (0.516)
Observations	3,240	3,256
R-squared	0.224	0.771
Number of LADs	362	362
Year Fixed Effect	Yes	Yes
LAD Fixed Effect	Yes	Yes

Source: CityREDI

5.3 Overview of consultations

As part of this research, BOP Consulting undertook a series of consultations with a range of local, regional and national stakeholders and experts, including public sector and support agencies, businesses that form part of the creative cluster of the West Midlands, and those involved in or close to the physical transformation of Digbeth.

Interviews were used to collect evidence to support the plausibility of the spillover benefits of BBC decisions: creative clustering and accelerating Digbeth transformation, and to interrogate and understand the impact of BBC decisions, investment and support for skills development in the West Midlands.

The following individuals were consulted as part of this research:

- Beth Newell, Co-founder and Producer, Common Story
- Cheryl Jones, Director, Grand Union
- Colette Foster, CEO, Full Fat TV
- Emma Riley, Production Executive, Shine TV
- Gerard Ludlow, Director, Stoford
- Hayley Pepler, Head of Culture, Creative Industries and Digital, WMCA
- Hayley Valentine, Head of Midlands, BBC
- Rhodri Talfan Davies, Director of Nations, BBC
- James Craig, Co-founder, Oval Estates
- James Dair, Principal, Capital Markets Group Consulting & Advisory Development Investment, Avison Young
- Jo Nugent, Director of Markets Partners & Places - Midlands, Homes England
- Jonathan Skinner, Head of Economy, West Midlands Combined Authority
- Kully Khalia, Chair, Royal Television Society Midlands

- Louise Phipps, Senior Delivery Manager of Higher Level Skills, WMCA
- Neil Rami, Chief Executive, West Midlands Growth Company
- Simon Delahunty Forrest, Acting Assistant Director, Planning and Development, Birmingham City Council
- Suzie Norton, Co-founder, Create Central
- Yen Yau, Chair of Skills and Talent Industry Advisory Group, Create Central

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