

Britain's Creative Kickstarter: The BBC

To see what the creative economy of Britain could be like without the BBC, we have a test case already: the North of England. Compare the North West and North East over the past five years, in the context of the BBC moving substantial assets into one city (Manchester) but not another (Newcastle) and, as Alex Connock argues, we can see a stark result

There is a place a lot like Northern California – where rushing rivers tumble over boulders through rocky outcrops and pine forest. But it's twenty minutes from downtown Stockport. You could spend a sunny day driving about in the Goyt Valley, and confuse the geography with upland California – until you switch on your car radio. At that point, you would fall into a canyon of difference.

In Northern California, 'scan' across the entire FM waveband, and you may never find a station to stop on. It's 24-hour 'adult contemporary' formats, spiced up with religious radio – a small ditch of choice that stretches from Jon Bon Jovi to Kanye, via rehashed Old Testament admonitions.

But in the hills of Northern Britain, your radio choice is epic. Alongside many genres of music, you could hear Melvyn Bragg exploring *Abelard and Heloise*, or the theological differences between Sunni and Shia Islam, or the vacuum of space. You could hear the *Art of Self-Borrowing* as explored through J. S. Bach's *B Minor Mass*. You could listen to an Alan Ayckbourn play or hear Toulouse-Lautrec's *Moulin Rouge* characters brought to life. You could be transported, via broadcasting of unchallenged intellectual richness, to one of the finest libraries in the history of the world. And what makes the difference? The BBC.

For the last 60 years, the BBC has been to radio and television programme-making what Apple is to personal computing today. The world champion. The *sine qua non*. The BBC has quite possibly been the only UK industrial entity that has consistently been in the global premier league in its field for over half a century. Can you name another? British Rail? The Royal Bank of Scotland?

Industrially-speaking, the North is also a handy testbed for the wider impact of the BBC on our creative industry, far from where the policies are made in smoke-free rooms – be that Washington or London – and right where the programmes are made and actually enjoyed.

We can see how the BBC impacted on different parts of the North of England when it moved major assets there, and what that might say in microcosm about the corporation's role within the British creative economy as a whole. And since we started with California, we can comparatively think about how the 'cluster' effect of California's long-term embrace of digital creative companies brings extraordinary compound benefits way beyond the value or cost of any given single player.

We can also consider how *unthinkable* it would be to drop that most precious of industrial entities: a truly world class player. Try telling the burghers of San Francisco that Apple isn't worth having any more, and they'll chuck you off a cliff.

The BBC's North experiment

For a simple test of what the creative economy of Britain would be like without the BBC, the North is a case study. We can look at the differing evolutions of the creative economies of the North West and North East over the past five years, in the context of the BBC moving substantial assets into one place (Manchester) but not another (Newcastle). It's not a scientific test (of course) but it does offer a beguiling indication: where BBC North went made a far bigger, wider difference to the creative economy.

Raw metropolitan prejudice, much of which would resonated nicely within the snotty Parisian court *circa* 1750, was directed at the BBC's 2010-2013 implementation of a strategic move of certain departments such as Sport and Children's to Salford (which is in Manchester, unless you are into local council sophistry). A stream of prejudiced negativity, often from nameless BBC staffers, was directed against the very idea of moving programme production out of London to one of the other cities that paid for it.

The general theme was moral outrage: how *dare* they? Max Hastings wrote in the *Daily Mail* (Hastings 2015): 'Like it or not, London is Britain's cultural capital. The attempt to shift one of its greatest institutions to the North makes no more sense than greening Abu Dhabi.'

Clusters

On the Abu Dhabi point, Hastings disregarded that many of the biggest success stories of British broadcasting over the past 60 years had already originated in the North including the world's most successful long-running soap (*Coronation Street*), the two most cerebral long-running formats on British television (*University Challenge* and *Mastermind*), dramas from *Red Dwarf* to *Prime Suspect* and *Colditz* (surely World War Two buff Hastings' ideal show?) plus current affairs from *World in Action* onwards.

Manchester's opponents also arrogantly disregarded the principle that there could be any hypothecated political and democratic logic to locating the production dimension of a publicly-funded entity more fairly across its funding regions. And above all they disregarded the economic desirability of creating a 'northern powerhouse' cluster (to borrow a phrase from George Osborne) of the creative economy in Manchester. The conceit was that creative capital belonged in a single overcrowded political capital – and that conceit was wrong, because the BBC North project has worked.

The BBC with its reported £500 million investment (the exact level depends on whom you ask) kickstarted Media City to the place it is today – a remarkably wide campus of production which encompasses not only major departments but also (often unreported) major teams of BBC digital R&D workers. Media City has concurrently added ITV output spanning drama, entertainment and factual. It has added outposts of large indie groups and distributors (such as the Red Production company, or the one I run, Shine North, part of the global Endemol Shine Group, though I'm writing here as an individual). It now has some 3,000 TV workers. And it has digital and marketing start-ups, a university campus, a brand new college for 14 to 18-year-olds targeting digital employment, and much more.

As Media City came on stream, I sat as chairman of the Royal Television Society North West across a doubling in entries to our annual awards process from 2012-2014 – and by no means just from imported BBC entrants. We viewed entries as a wider production sector bellweather, and we saw cultural engagement rise in doubled attendance at events from quizzes to talks about the how-to of documentary making. In turn, that multiplied beyond, into a wider – if hard to attribute – renaissance in Manchester's creative economy, which saw a jump in the digital sector over exactly the same period. Manchester had 70 per cent growth in new digital companies incorporated between 2010 and 2013, against a nationwide clusters average of 53 per cent, as measured by the Tech Nation report (Morris and Penido 2014).

The report also said there were now 56,145 digital jobs in Greater Manchester, and that 61 per cent to 80 per cent of survey respondents identified access to talent and social networks as the key benefits of being in the region: 'Manchester's long-standing media industry has now gone digital. The average company turnover growth is one of the highest in the UK,' said the report. This was cluster economics at work. 'Some £3.5 billion has been invested to support Manchester's digital and technology infrastructure. For example, Salford's £950 million Media City UK, Europe's first purpose-built business hub for the creative and digital industries.'

What the BBC brought to Manchester was critical mass. It brought strategic scale to a strategic industry. It was a world champion, championing a world class production economy. It worked.

Compare that with the North East

The BBC didn't move any big departments to the Tyne, or digital units. They didn't open any staff canteens or national sports newsrooms or television breakfast shows in Newcastle. Granted, they have made drama and kids productions – estimated at a £6 million annual contribution to the region's economy by Northern Film and Media. Some of them are really good, such as *Wolfblood*. But even the most ardent BBC corporate PR person could not argue the nation's broadcaster invested in Newcastle on the same permanent scale as in Manchester. As a direct result, television output in the region, and the kicker effect that has on the rest of the creative sector, has in relative terms flatlined.

Andy Becket (2014) wrote an article in the *Guardian* titled 'The North East of England: Britain's Detroit?' positing wide decline and an unclear economic *raison d'être*. It was widely derided in the region as untrue and unfair, and certainly in the digital sector there are signs of real progress.

The Tech Nation report identified strength in IT-based software engineering and back-office IT support businesses (not least the FTSE 100-listed Sage and leading games developers including Ubisoft Reflections, Epic Games UK and CCP Games). Some 77 per cent of companies surveyed, in fact, reported belief they were part of a digital cluster. But a critical mass in the creative media industries of television, video content, radio at the same level as was seeded and hot-housed in the North West by the BBC's market intervention was missing. In the Tech Nation's skills mapping, there was no adjacency for North East skills bases with the kind of creative production skills the BBC is bringing to the North West. To Manchester's 70 per cent growth in new digital companies incorporated between 2010 and 2013, the North East had just 23 per cent – which was below the national average. This is not to knock the creativity or entrepreneurialism of the North East: it's to make the obvious point that the lack of an enormous additional BBC spend was a miss for its creative economy.

And why does that matter? Because what happened in the creative elements of the digital content economy in Newcastle – or rather what didn't happen in terms of cluster economics, creative sector jobs growth, 'northern powerhouse' – is a foretaste of what could happen to the British creative sector as a whole without the extraordinary kickstarting effect of the BBC at its heart. And we should watch out for that risk.

The creative industries are worth £76.9 billion per year to the UK economy, according to a department of culture, media and sport report published January 2015. Let's keep it that way. Reform the BBC – sure. But don't deny for a moment the BBC's pivotal role as the UK's region-boosting, world-beating creative kickstarter.

California

In 1913, a young man was sent from New York to Flagstaff, Arizona, to find a location to shoot an 'Indians' movie. Two weeks went by – then a telegram arrived from Flagstaff: 'No good for our purpose. Want authority to rent barn in

place called Hollywood.' That was from Cecil B. DeMille, and Sam Goldfish (who later changed his name to Sam Goldwyn) telegraphed back: 'Rent barn but on month to month basis. Don't make any long-term commitment.'¹

At that point, no feature film had ever been made in Hollywood. These were the first guys in town to do more than a short one-reeler. Their seed investment, and that of others, was one step in the Hollywood cluster being born. And once the cluster was in place, it became unstoppable – an industry worth \$679 billion to the US in 2014.²

In the 2014 paper, *Why Silicon Valley became Silicon Valley*, Rhett Morris and Mariano Penido concluded that the main reason why it happened was not because it had innate geographic advantages, or a better technological heritage. It was because the entrepreneurs behind key businesses such as Fairchild Semiconductor, who achieved some success in the 1960s and early 1970s, were prepared to pay their success forward by backing others, thereby creating a cluster effect. This did not happen in Dallas where Texas Instruments had better technology (Morris and Pernido 2014). Again – it's clusters of world-beating expertise based on seed investment.

The BBC as core of the UK creative cluster

As a nation, we have devoted seven decades of remarkably stable national investment into the BBC. It is repaying us. Not only with a cultural richness that keeps us entertained; not only with an employment cluster in Manchester that is helping to drive a dynamic rebirth of the city's economy as a digital production and tech hub: but also as an entire nation with a production industry that is British and world-class like very few others today.

If we tinker with the BBC we take a risk of undoing all that and becoming like other countries. Like Belgium or Norway. Perfectly decent countries, with perfectly decent television shows. But without the global impact of a BBC-powered creative economy. Do we remove that creative role from the UK creative equation where someone can take the decision to 'rent a barn' and create a new genre? Do we stifle the pay-it-forward economics of a tech expert who can help another to create the next smash hit tech product? Or do we build on what we already have, without going backwards?

Notes

¹ A barn in a place called Hollywood., by Jesse L. Lasky, *I Blow my Own Horn* (1957) quoted in *Penguin Book of Hollywood*, edited by Christopher Silvester (1998)

² See www.statista.com

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