

# Moving to Manchester: the impact of the BBC's relocation from London to Salford Quays on the size and productivity of creative industries in Manchester and London.

Thomas Forth, *The Open Data Institute Leeds*, 16/02/2017

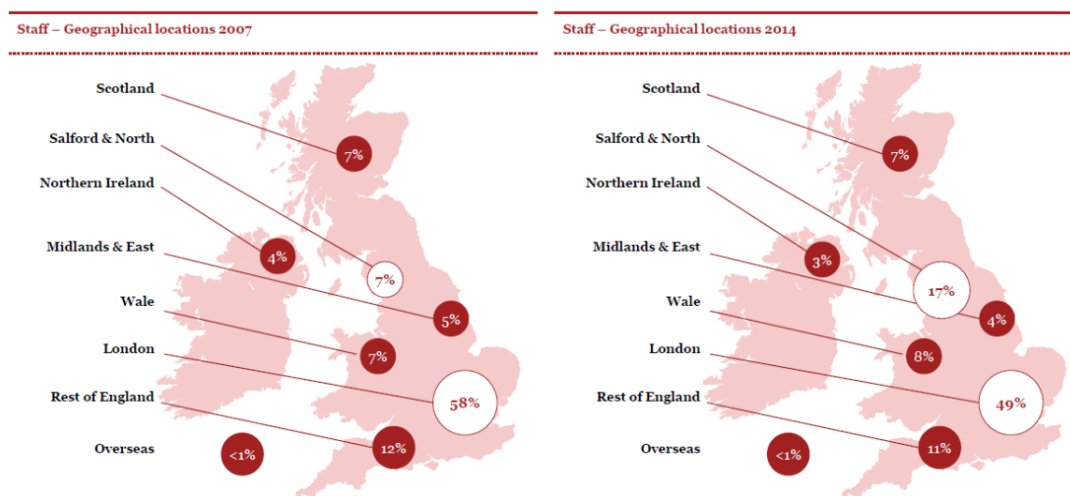
In 2011 the BBC started moving around 1500 (10%) of its jobs from London to Manchester. I use data on employment, business count, and turnover in the creative economies of the UK's core cities plus London in two three-year long periods before and after this date (2007-2010 and 2011-2014) to explore the impact on Manchester and London.

In the years following the arrival of the BBC the TV, radio, and film industry in Manchester significantly outperformed the same industry in all other studied cities. Productivity measured as turnover/employee doubled. In the same period the combined performance of Manchester's other creative industries was slightly worse than in other studied cities, though not significantly so. Evidence on whether the TV, radio, and film industry in London was negatively affected following the move is mixed and inconclusive.

My results suggest that the BBC's move to MediaCity in Salford Quays, Manchester significantly boosted productivity in Manchester's TV, radio, and film industries. This should inform debates on the role of the UK government in improving productivity in cities.

## Method

I use Nesta's "Creativity in the UK" dataset. This offers a unique opportunity to isolate the impact of the BBC's move. The dataset reports economic activity in subsections of the creative industries for every travel to work area in the UK in the three years before (2007-2010) and the three years after (2011-2014) the relocation of approximately 1500 BBC staff from London to Salford Quays in Greater Manchester.



Relocation of BBC staff in the period 2007 - 2014<sup>1</sup>

I look at growth rates in employment, business, and turnover in the TV, radio, and film industries in the UK's Core Cities<sup>2</sup>, in London, and in the UK. In this way I control for any general national trend — or trends in similar cities — when examining data for Manchester and London. By comparing growth in TV, radio, and film with the whole creative economy I isolate the growth in TV, radio, and film from that of the wider creative economy.

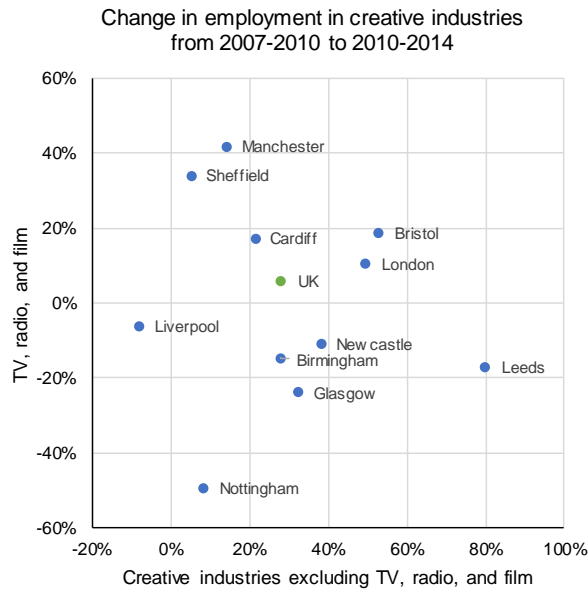
Given the available data I use turnover/employee as a proxy for productivity.

<sup>1</sup> From *Driving efficiency at the BBC, 2014*

<sup>2</sup> The UK's core cities are Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle, Nottingham, and Sheffield

# Results

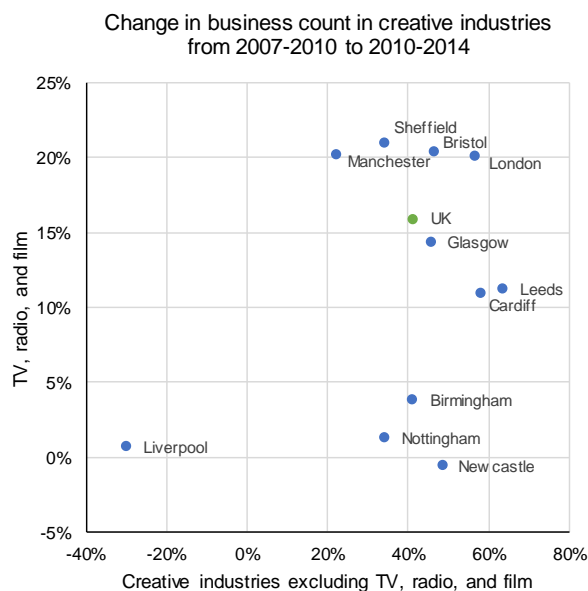
## Employment



In the studied period the number of people employed in TV, radio, and film rose by 6% in the UK, substantially lower than the 28% increase in employment across all other creative industries.

In Manchester employment growth in TV, radio, and film was the fastest of any studied city at 42%, substantially higher than the 11% increase in London and the 18% contraction in the other core cities. If the approximately 1500 additional employees at the BBC in Manchester are discounted then Manchester's employment growth is reduced to 24% and is still well above the national average.

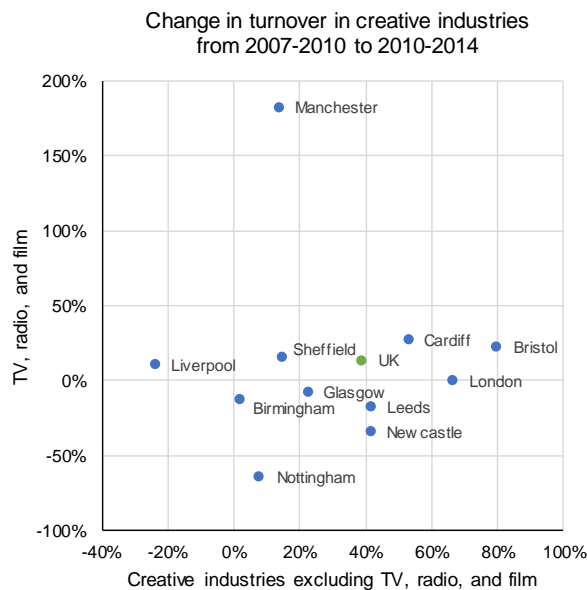
## Business count



In the studied period the number of businesses primarily working in TV, radio, and film rose by 16% in the UK, substantially lower than the 41% increase across all other creative industries.

In Manchester business count growth in TV, radio, and film of 20% was stronger than both the UK average of 16% and the increase of 11% in the other core cities. This contrasts with Manchester's performance across all other creative industries where its business growth (22%) was weaker than the national average (41%) and weaker than the rate in the other core cities combined (34%).

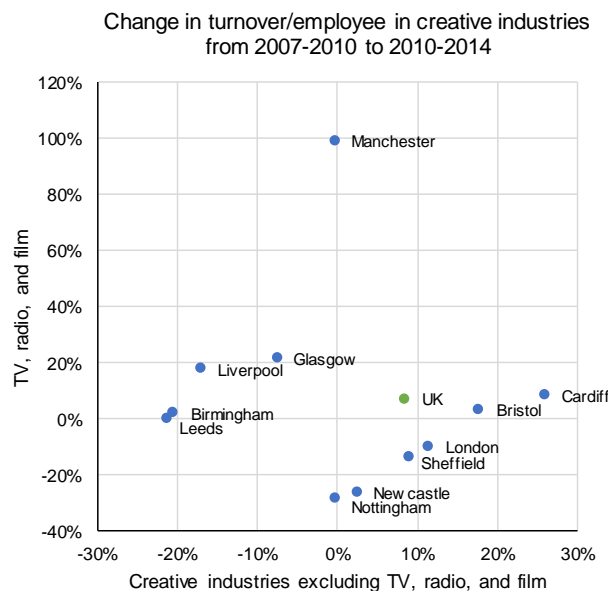
## Turnover



In the studied period the turnover of businesses primarily working in TV, radio, and film rose by 14% in the UK, substantially lower than the 38% increase across all other creative industries.

In Manchester, turnover growth in TV, radio, and film of 183% was significantly stronger than both the UK average of 14% and the contraction of 17% in the other core cities. This contrasts with Manchester's performance across all other creative industries where its turnover growth of 14% was weaker than the national average (38%) and weaker than the rate in the other core cities combined (25%).

## Productivity (turnover per employee)



I define a proxy for productivity as turnover/employee. In the studied period the turnover of businesses primarily working in TV, radio, and film rose by 7% in the UK compare to an 8% increase across all other creative industries.

In Manchester, productivity growth in the TV, radio, and film industry of 99% over the period was significantly stronger than both the UK average of 7% and the contraction of 1% in the other core cities.

Productivity in the TV, radio, and film industry in London fell in the same period despite London's productivity growing at a higher rate (11%) across all other creative industries than the UK average (8%), Manchester (0%), and the core cities excluding Manchester (-5%). I do not consider this fall to be statistically significant.

## Discussion

Following the BBC's move to Manchester in 2011 the city's TV, radio, and film industry substantially outperformed the same sector in the other cities, London, and the UK average. Turnover and productivity in the TV, radio, and film industry increased significantly. Manchester's other creative industries underperformed in the same period, though not significantly.

I suggest that the BBC's relocation to Manchester led to growth in the city's TV, radio, and film industry well beyond the direct impact. This success has so far been narrowly confined to the TV, radio, and film industry and has not spread to other creative sectors.

In the same period London, where the majority of posts were moved from, created jobs and businesses in the creative industries at a higher rate than the UK average. But the net rate of job creation in the TV, radio, and film industry in the period was lower than the average across other sectors. Although this suggests that the BBC's relocation away from London slowed growth in that city's TV, film, and radio industry I caution that the effect is small and not significant. Sheffield, Newcastle, and Nottingham all saw larger reductions in productivity despite no direct impact from the BBC move.

The significant increase in productivity in Manchester's TV, film, and radio industries is extremely interesting given the well-reported problems with persistent low productivity in English & Welsh cities outside of South-East England. These findings support arguments that the relocation of key national institutions would boost both public and private productivity in English & Welsh cities outside of London.

### **Further discussion — lost agglomeration benefits and the impacts on London**

This raises the intriguing possibility that with the BBC's decreased role in London some of the business activity that did not to move to Manchester shifted to the nearer TTWA of Slough and Heathrow business opportunities. Slough and Heathrow's

### **A note on methodology and statistical significance**

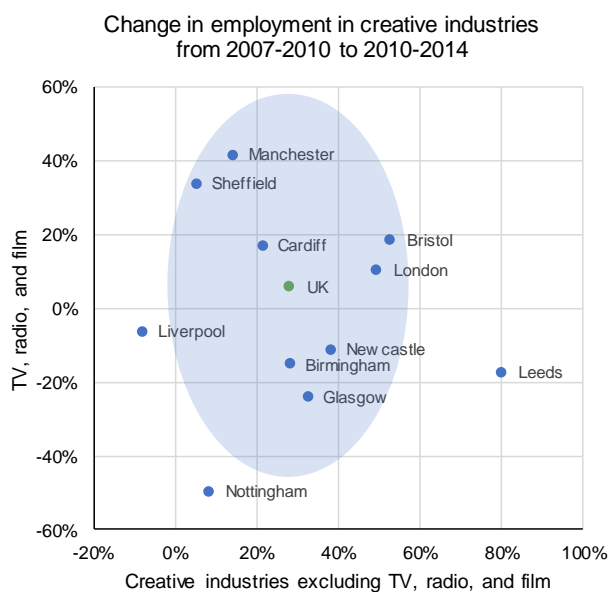
The approaches and the data source used in this analysis may fail to meet the usual standards of academic research. In the absence of better analysis I believe this work remain valuable.

The lack of formal statistical tests for significance will unsettle many readers. I think it is justified. Given the large uncertainty in the source dataset and the fact that we have only two time-points the most reasonable test for whether a point on any of the graphs is an outlier is simply whether it lies outside two standard deviations of the mean. The only time where either Manchester or London lie outside of two standard deviations of the mean are Manchester for productivity in the TV, film and radio industry and Manchester for turnover in the TV, film and radio industry. This is why I claim significance for only these two measures.

## Appendix 1 — error analysis

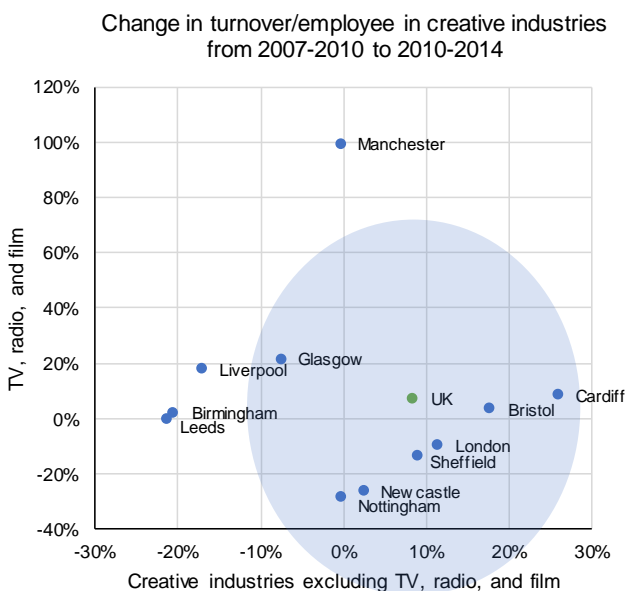
The blue circle in the graph below shows the approximate extent of the mean plus two standard deviations in the x-y scatterplot for employment in the creative industries.

Since neither Manchester or London lie outside of this circle I do not claim that their performance is significantly different from similar cities.



The blue circle in the graph below shows the approximate extent of the mean plus two standard deviations in the x-y scatterplot for turnover/employee in the creative industries.

Since Manchester lies outside of this circle I claim that the performance of its TV, film, and radio industry is significantly different from similar cities. Since London lies within the circle I do not claim that the slight reduction in turnover/employee in its TV, film, and radio industry is significant.

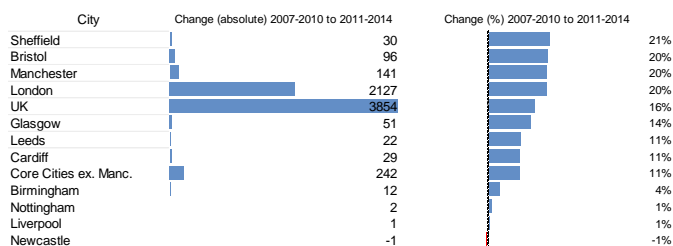


# Appendix 2 — data tables

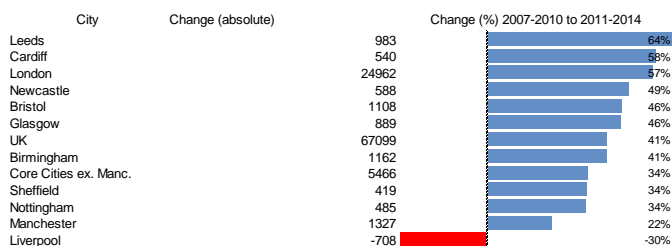
Also available as an Excel Spreadsheet.

All data is processed from the "Creativity Data" set at <http://www.nesta.org.uk/publications/geography-creativity-uk>

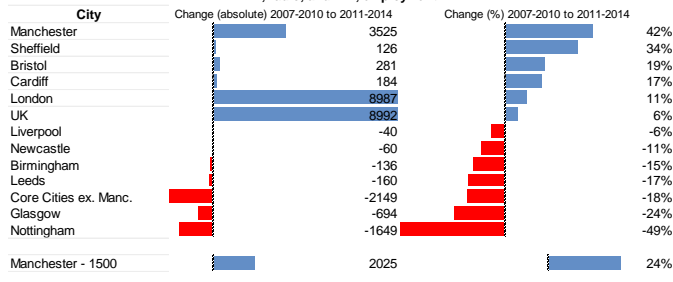
**TV, radio, and film, business count**



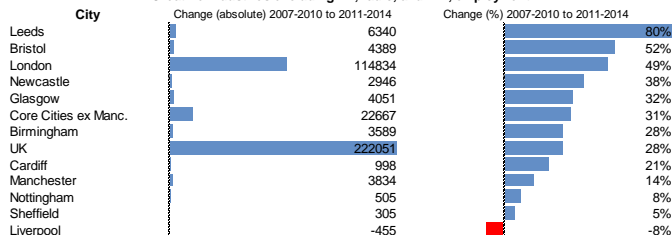
**Creative industries excluding TV, radio, and film, business count**



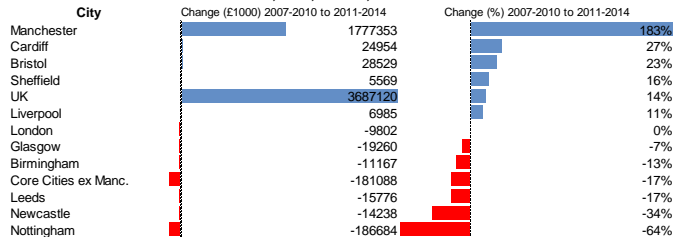
**TV, radio, and film, employment**



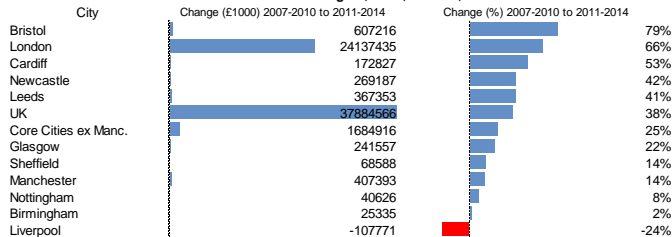
**Creative industries excluding TV, radio, and film, employment**



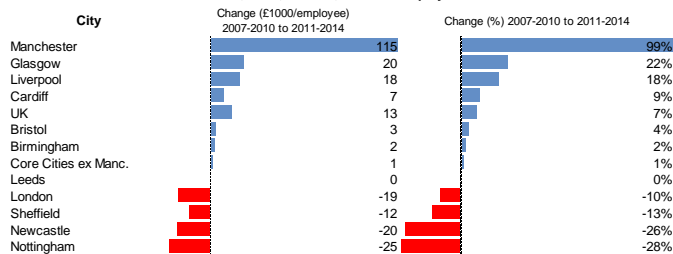
**TV, radio, and film, turnover**



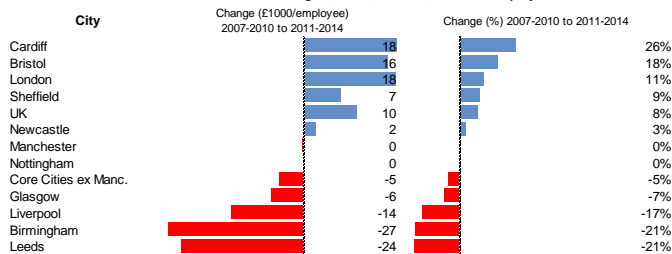
**Creative industries excluding TV, radio, and film, turnover**



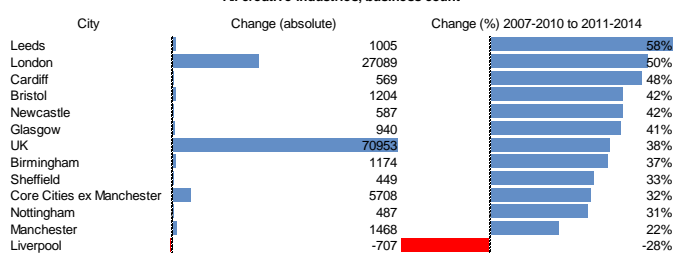
**TV, radio, and film, turnover/employee**



**Creative industries excluding TV, radio, and film, turnover/employee**



**All creative industries, business count**



**All creative industries, employment**

