

Title: Music Industry Cluster – UKSPF and Investment Fund
Report of: Phil Witcherly, Director Economic Growth
Portfolio: Culture, Creative, Tourism and Sport

A. Summary

This report outlines the case in support of the request for £170,000 (£120,000 UKSPF and £50,000 Investment Fund) to launch a call via the North East Combined Authority's Dynamic Purchasing System (DPS) to deliver a Music Industry Cluster programme of activities as well as the management of the North East contribution to the Northern Music Export Office (NMEO).

The programme of activity will be delivered on award of contract and up to 31st March 2026 when UKSPF ends.

Recommendations

The Chief Executive is recommended to:

- i) Approve £120,000 UKSPF and £50,000 Investment Fund to deliver a programme of activity supporting the growth of the North East's Music Industry Cluster. This includes the overall management of the North East's £50,000 contribution to the delivery of the Northern Music Export Office.
- ii) Authorise commencement of the procurement process and authority to award the contracts via the North East CA's DPS framework.

1. Background

The North East region is seeing positive economic growth across a number of key sectors including creative industries, the success of which is notably attributable to the rise in activity across sub sectors including screen industries, software development, writing and other creative content generation and music.

There is real potential to rapidly scale activity further taking advantage for example of the nationally-significant proposal for Crown Works Studios on the Wear – set to be one of the largest studio complexes in Europe. Such is the potential that Creative Industries is prioritised in the interim Local Growth Plan (LGP) as a key sector for growth and plans to secure national government support are in development.

The region is starting to benefit from closer collaboration with key national and international partners whose engagement in the region affords the opportunity to capitalise upon links to supply and value chains that were previously untapped or were less visible to the region.

Furthermore, following the recent announcement of the establishment of the Northern Music Export Office (NMEO), there is an opportunity to incorporate the activities associated with NMEO within the cluster support programme of activity.

It is intended that (alongside other initiatives and programmes of support), NMEO will create jobs, increase economic activity, and position the region as one of the leading hubs for live music, production, and talent development in the region.

The proposal is therefore to incorporate the management and delivery of the North East contribution of NMEO with the Music Industry Cluster activities thus providing an additional platform to grow a successful music cluster.

2. The Investment Proposal

A request is made for a total of £170,000 to deliver activity supporting the growth of the Music Industry Cluster across the North East.

Funding request specifically is £120,000 via UKSPF's Local Business Support theme allocation to launch a call focusing on the development of a Music Industry Cluster, complimenting the strengths in other areas of the Creative Industries that the CA continues to support for example, through the North East Screen Industries Partnership, Create Growth Programme and the Culture and Creative Investment Programme. An additional £50,000 via NECA's Investment Fund is requested to deliver the NMEO element of the activity as highlighted above.

The successful supplier will be required to undertake activities which are for the benefit of multiple organisations and individuals in the cluster (i.e. are not focused on delivering benefit to a single organisation) and will undertake an overarching role to facilitate interaction between members within the cluster.

The call will ask that the successful supplier will need to demonstrate that they can establish a music industry cluster which can further strengthen the North East of England's music ecosystem by supporting artists, venues, and industry professionals.

By facilitating this interaction, it is anticipated that a number of common benefits may be realised for organisations and individuals engaging with the cluster. The successful supplier will enable greater collaboration with existing and potential musicians to drive greatest economic impact from the sector within the region. Other benefits accruing from the activity will include:

- **Business support & skills development for music professionals** to address the skills gap in music business, production, and event management.
- **Music industry networking & cluster collaboration** to strengthen connections between musicians, venues, studios, supply chain, industry trade bodies, education, other creative industries and business support networks.
- **Live music & export development** to expand live music opportunities, supporting venues, festivals, and artists.
- **Sharing of common resources** so professionals can benefit from the sharing of joint infrastructure, regional concentration of skilled labour, and specialised service providers found in clusters.

The proposed activities will support the cluster to:

- **Build trust.** By acting as a trusted partner cluster organisations can facilitate the sharing of confidential information and benchmarking. This can enable the identification of collaborative opportunities and the diffusion of good industry practices.
- **Strengthen networking.** There are numerous benefits to local networking including the diffusion of knowledge and good practice as well as the identification of new opportunities.
- **Harness collective expertise.** The industry and regional expertise found in cluster organisations can be the source of informed advice and support for the industry. Based on their deep local and industry knowledge they can identify new opportunities for innovation and business development for local firms.
- **Offer strategic leadership.** Cluster organisations can provide industrial leadership within a region. Effective leadership may lead to greater investment, strengthened infrastructure of skills upgrading.
- **Increase the visibility of a region.** Strengthen the flows of inward investments into a region and support the internationalisation of the individuals.
- **Ensure that underrepresented groups benefit** from music industry opportunities.

Potential Impacts may include:

- Create direct jobs in music & live events.
- Create Indirect jobs in music & live events
- Support Enterprises or individuals in various streams of support
- Grow the regional music economy
- Attract additional live music attendees annually.
- Enhance inclusivity, ensuring participation from diverse groups.
- Increase national and international recognition for the North East music scene, positioning it as a key UK music hub.

The contract specification will outline clear UK Shared Prosperity Fund/Investment Fund deliverables, and appropriate mechanisms will be in place to monitor and evaluate the success of the programme against agreed outcomes both regionally and nationally.

2.1 Outputs and Outcomes

A summary of outputs is listed below.

UKSPF Indicator	Indicator Type	North East CA Target
Number of enterprises receiving non-financial support (E24)	Output	5
Number of individuals assisted to become enterprise ready	Output	18
UK events focused on the music industry and supply chain development promoting the NE supply chain cluster (E24)	Outcome	2

2.2 Timetable for Implementation

Milestone	Forecast Date
Approval to proceed	May 2025
Launch via DPS	May 2025
Award contract for services	June 2025
Delivery commences	July 2025
Delivery completion	March 2026

2.3 Appraisal

A small-scale business case has been developed and appraised; this RAG rated the proposal green.

Overall RAG assessment		
Risk Rating	Strategic case	Green
	Commercial case	Green
	Economic case	Green
	Financial case	Green
	Management case	Green
	Overall rating	Green

2.4 Recommended Conditions of Funding

There are no conditions of Funding at this stage.

B. Potential Impact on North East Combined Authority Objectives

Substantial investment in cultural assets and creative businesses has helped transform perceptions of the North East region. The economic contribution by the creative industries grew in all regions from 2021 to 2022 with the largest growth seen in the North East (23.8%). The region has a catalytic growth opportunity, in a strong national sector that has the potential to grow further.

As reflected in the Interim Local Growth Plan, 61,000 people employed in the wider region's Creative Industries, 5% of the region's total jobs. Between 2011 and 2020, this figure grew by 68% (the largest UK rise). The regional GVA is an estimated £1.67bn.

The interim Local Growth Plan identifies Creative Industries and Content as one of the six priority sectors identified where the North East has unique economic assets and opportunities. The plan aims to 'Establish the North East as a centre for music, supporting new musicians, the music industry and the visitor economy' and states that 'creative industries could provide an annual UK GVA boost of around £10 billion by 2030'. This proposal aligns with those ambitions and will support the achievement of the them.

In addition to the LGP, growing our cultural and creative industries, the visitor economy and unlocking economic and social impact from our sporting assets is a Mayoral Manifesto commitment and a strategic objective within the Culture, Creative, Tourism and Sport portfolio. This proposal will proactively contribute to regional inclusive economic growth, capitalising on the values and opportunities that are unique and specific to this portfolio.

A key aspect of delivering a more inclusive economy is the support and development of clusters to support vital industries and sectors in the region. Industry clusters consist of companies, suppliers, service providers, educational, research and specialised training institutions that support one another. Strong industry clusters in a particular region fuel the regional economy, generate payrolls that can sustain households and create strong innovation. Industry clusters also help position specific regions for uniquely competitive jobs and private investment.

At a time when UK music exports are increasing in value but the UK's share of the global music consumption market is decreasing, new efforts are required to strengthen our international creative and cultural footprint.

The North of the country has new, unprecedented potential to address this national imperative directly and, in doing so, transform opportunities for its outstanding community of artists and industry professionals as well as regional audiences and local economies.

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Through the leadership of Northern Mayors and resource from their associated Combined Authorities, the Northern Music Export Office will build national and international routes to export for distinctive Northern talent, and build critical, borderless connections for industry businesses and professionals. It will cement positions for Northern artists within wider UK portfolios and raise the profile of the North as leader of creative capability and significant player in the national music landscape.

The vision for the export office is to position the North of England as a national leader and global hub for music exports, delivering economic growth and raising the profile of the region.

C. Key risks

Deliverability is the sole key risk currently. UKSPF must be fully spent by 31st March 2026. Delays in launching a call are reducing the timescales for delivery and the overall impact a programme could deliver.

Further risks will be addressed in submissions and evaluated when required.

D. Financial and other resources implications

FUNDING SOURCE	FINANCIAL VALUE
UKSPF	£120,000
Investment Fund	£50,000
TOTAL NORTH EAST CA FUNDING:	£170,000

E. Legal implications

Legal implications will be assessed through call submissions.

F. Equalities implications

The North East CA follows the [Public Sector Equality duty](#) and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

Equalities implications will be further assessed through call submissions.

G. Consultation and engagement

Consultation has been undertaken internally with relevant officers, this proposal was also presented to Finance and Investment Board as part of a paper agreeing the UKSPF 2025/26 programme.

There is also an expectation that the successful delivery partner will be able to mobilise quickly and undertake consultation and engagement with regional partners will be paramount.

H. Appendices

None

I. Background papers

No background papers

J. Contact officers

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K. Glossary

DPS – Dynamic Purchasing System

NECA – North East Combined Authority

NMEO – Northern Music Export Office

UKSPF – UK Shared Prosperity

L. Consultees

Cabinet Member:	Director/Head of Service:	Director of Finance and Investment:	Monitoring Officer:
Yes	Yes	Yes	Yes