

# Creative Industries



Leeds Fashion Cluster

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Creative industries are as 'those industries which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property'.<sup>29</sup>

The UK's creative industries are worth £101.5bn to the economy and grew nearly twice as fast as the wider economy in the period 2016-2017.<sup>30</sup> Film and high-end TV attracted £2bn of inward investment in 2017, creating employment and boosting tourism; the UK has the 4th largest advertising market and 5th largest video games market globally; British publishing, music, and fashion continue to flourish in highly competitive global markets.<sup>31</sup>

These creative industries are a motor of growth in local economies, unlocking opportunities, investment, jobs and higher productivity right across the country.

## Baseline

In order to prioritise objectives and shape plans to support growth, first conduct an objective assessment of local creative industries. This could include analysis of the size of the local creative industries relative to other industries; specialisms in particular creative industry sub-sectors, or industries that will be central to future growth; and the local capacity for innovation including investment into public research facilities and private centres, universities and spin-out companies, and spaces for innovation. NESTA has conducted [research](#) into regional creative employment and business agglomeration on a sub-sector basis.

Identifying local assets which can be leveraged will more effectively build on existing strengths and activity in the creative industries. Assets could include:

- Existing creative clusters: NESTA's '[Geography of Creativity](#)' report identifies 47 hotspots of creativity across the UK, and outlines their contribution to local and national growth.
- Anchor institutions or large companies supporting SME communities which provide the capacity, knowledge and expertise to demonstrate leadership, take on projects and secure a wide range of funding.
- Particular sub-sectors which have competitive advantage or form a key part of the value chain.
- Other major industries and employers that benefit from creative skills, content and services (e.g. designers in the automotive industry).
- A well-known local 'brand' or strong sense of place.

Specific opportunities could include:

- Strategic opportunities to play a leading role in the next generation of products or services.
- Competitive local advantage in a particular industry.
- Exploiting a recognised specialisation or centre of innovation.
- Increased export opportunities.
- Harnessing creative skills, technology and techniques in other sectors to transform products, processes and services.

29 DCMS, [Forward to Creative Industries Mapping Document](#), 2001

30 [DCMS Economic Estimates 2017: GVA](#)

31 DCMS, [Creative Industries Sector Deal](#), 2018



## The Creative Industries Sector Deal

Led by the Creative Industries Council and supported by the Creative Industries Federation and the sector, the [Creative Industries Sector Deal](#) includes a range of measures to increase the number of opportunities and jobs in the creative industries across the country, and improve productivity. Local areas should emulate the approach taken by the programmes, which include:

- [Creative Careers Programme](#): an industry-led Creative Careers Programme to ensure there is a larger and more diverse intake of talent and a broader range of routes into the creative industries. The programme is being delivered by partners including the [Creative Industries Federation](#) (CIF) and aims to reach 2,000 schools and 600,000 pupils in two years.
- [Cultural Development Fund](#): £20m to invest in local creative and cultural initiatives.
- [Creative Industries Clusters Programme](#): £39m Industrial Strategy Challenge Funding to support nine creative R&D partnerships.
- [Audiences of the Future Challenge](#): £33m Industrial Strategy Challenge Funding to invest in immersive technology products, services and experiences.



Photo by Jakob Owens on Unsplash



When developing a strategy for the creative industries within a local area, you should use the baseline review to identify region-specific barriers to growth and productivity, such as those set out in the [Creative Industries Sector Deal](#). The challenges facing the creative industries on a national level set out in this document can also be addressed on a local level, and they include:

- Reduced capacity for, and access to, R&D (relevant to the Ideas foundation of the Industrial Strategy). While the creative industries are highly innovative and an important part of the UK's research agenda, they can lack the capacity for strategic, cross-sectoral R&D, including linkages with universities.
- Existing and emerging skills shortages (relevant to the People foundation). Skills gaps exist in many parts of the sector, caused by multiple factors including social and informational barriers to entry, and the quality, availability and consistency of post-secondary education and training.
- Difficulties attracting investment and accessing finance (relevant to the Business Environment foundation). Creative businesses demonstrate a clear demand for investment, yet often lack access to, or knowledge of, financial and business expertise. Coupled with a lack of investor understanding of the characteristics of creative businesses, this makes creative firms in some sub-sectors much less likely to access the finance they need to grow.

All of these challenges are magnified by the proportion of SMEs and micro-businesses in the creative industries, with 95% of creative businesses employing fewer than ten people.<sup>32</sup> This reduces creative businesses' absorptive capacity, ability to access R&D and investment, and capacity to engage

with skills and training programmes. Conversely, by bringing creative firms together, business support, R&D, talent and infrastructure can be shared across the supply chain, with spillover benefits for the wider area.

## Agreeing objectives

Consider different ways in which the creative industries contribute to productivity and local economic growth when considering the objectives to be set in a LIS.

Most obviously, creative industries make a direct economic contribution to an area. Creative businesses specialise in the creation of new ideas, and this ability to serve large markets efficiently gives them the potential to be highly productive. Just as investments in creative hubs can pull up the local economies around them, so creative growth in one area appears to benefit its neighbours.

The creative industries are also enablers of other sectors of the economy. There is significant overlap between the creative and digital sectors, and the wider creative economy, which accounted for over 3m jobs in 2016.<sup>33</sup> For example, 3D modelling, pioneered in the video games sector, is now widely used within manufacturing industries.

Notwithstanding these opportunities, and although creative businesses are more productive than comparably sized businesses, they will not materially contribute to addressing the UK's productivity problems unless they scale-up significantly.<sup>34</sup> You should consider the capability of your local creative industries clusters to scale up significantly in the next decade.

It may be helpful to look at the relation between creative industries clustering and wider adoption of creative practices in other business to examine how creative businesses support the wider economy, and

32 Creative Industries Federation, [Growing the UK's Creative Industries What creative enterprises need to thrive and grow](#), 2018, p.5

33 Employment in the creative economy can be found in Tables 20-30 of the [DCMS Employment Estimates 2017](#).

34 NESTA, [Creative Nation \(2018\)](#), p.27

where there are opportunities for investment to make other sectors more productive.

The strategic policies set out in the Creative Industries Sector Deal provide a helpful framework to support you when designing objectives. Ideas could include plans to:

- Capture new audiences by strategic investment in immersive content; Build new research and development partnerships; Break down barriers to accessing R&D.
- Support greater diversity of talent and a broader range of routes into the creative industries; Help to deliver more apprenticeships.
- Unlock access to finance for high-growth firms; Boost the sector's export performance.
- Invest to develop more world-class creative clusters.

These objectives should be made Specific Measurable Achievable Realistic and Time-limited according to local conditions and ambitions.

## Designing interventions

There are a range of government initiatives which LEPs should seek to align with where appropriate. The box alongside details the Creative Industries Sector Deal. There is also the British Film Industry's [National Cluster Growth Fund](#) which provides £2m of National Lottery funding to help develop a number of screen clusters around the UK into hubs of international significance.

Case studies of successful creative industries projects delivered by industry, central and local government working together can be found in the [Bazalgette Review](#) and could inspire interventions designed in LISs.

Interventions to consider include:

- capital investment in physical spaces, e.g. affordable workspaces and makerspaces.
- funding R&D and the spinouts of new creative businesses from academic institutions.

- links between local creative businesses and schools to encourage aspirations for careers in the creative sector and develop skills among young people.
- scale-up funding to support SMEs to grow and take on new employees.

## Evaluation and monitoring

You should think about how the objectives of your interventions will be monitored. In addition to the core economic and sector-specific indicators measured in the baseline, you may wish to consider the following indicators:

- Use or adoption of new digital technologies by businesses.
- Number of research projects funded/started, or number of business spin-outs from R&D projects.
- Number of employees with requisite fusion of STEM and creative skills, or receiving relevant training.
- Number of creative opportunities delivered and taken up in schools.
- Number and turnover growth of local creative businesses.
- Number of investments in creative businesses, or number of businesses successfully leveraging appropriate finance.





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