

# Investing in creative industries

a guide for local authorities



## Using the guide

Creative industries are increasingly cited as one of the sectors likely to be a future source of jobs, innovation and productivity. Yet for local areas, faced with multiple calls for investment and tighter resource constraints, it can be difficult to know whether creative industries should be a priority for local investment.

To take an informed decision about whether to invest, local authorities need to know the answers to a range of questions, including:

- what outcomes might investment in creative industries deliver?
- will the characteristics of their local economy make it more or less likely that investment will deliver these outcomes?
- who are the partners with whom local authorities could work?
- what are the factors that have helped investment in creative industries be more or less successful in other local areas?
- what are the types of investment that will deliver the desired results?
- what other resources will help local authorities decide whether and how to invest in creative industries?

These resources, *Investing in creative industries? - a guide for local authorities*, aim to help local authorities make these decisions about whether to invest in creative industries. This guide delivers commitment 20 in *Creative Britain: New Talents for the New Economy* (DCMS, 2008). This states that: “through the Local Government Association (LGA), and with the Regional Development Agencies (RDAs), we will develop a ‘menu for local infrastructure’.”

The information in this guide is available in this printed report, in a short summary document, and online at IDeA Knowledge [www.idea.gov.uk/creativeindustries](http://www.idea.gov.uk/creativeindustries)

## Who is the guide for?

The *Investing in creative industries?* guide has been designed based on consultations with local authorities, RDAs and creative businesses. It has a series of different sections to make it useful for multiple audiences, including:

- elected councillors;
- chief executives;
- corporate directors;
- heads of economic development;
- cultural officers;
- planners; and
- specialist partners that work with local authorities and may need to make a business case for investment.

Different sections will be useful for different audiences. For example, the first section sets out why creative industries are important for local economies and local policy, and may be particularly useful for councillors and chief executives. Throughout the guide there are links to other useful sites to enable specialists to identify additional material that may be useful when deciding whether to invest in creative industries.

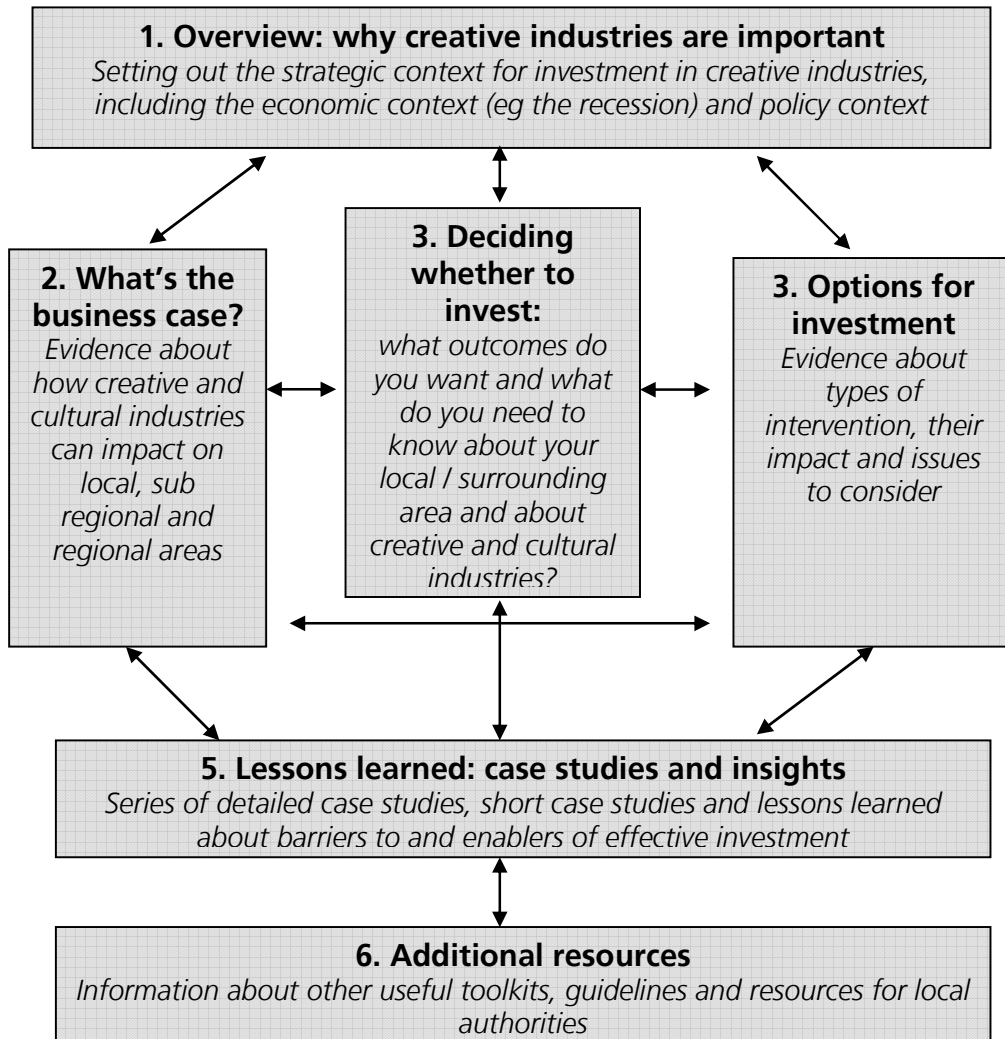
This guide has focused on the general principles which are relevant to making decisions about investment in creative industries regardless of where the local authority is located. We have also sought to refer to concepts that are generally applicable to both England and Wales but, whilst we find that the concepts are the same in both England and Wales, we recognize that the language and architecture is different. For ease of use when this document refers to particular concepts, it focuses on the English system, but more information is available online in relation to the Welsh system. We find the concepts are all the same but the language and architecture is different.

## How can the guide be used?

There are three components to the guide.

First, there is a summary pamphlet. This is designed to be read by those with little time and who wish to know why investment in creative industries is important and what the potential outcomes of investment might be.

Second, there is a printed version of the guide. This is structured as follows:



Third, there is an online version of the guide at IDEA Knowledge [www.idea.gov.uk/creativeindustries](http://www.idea.gov.uk/creativeindustries). This is structured in a similar way to the printed report but contains more detailed information, including:

- a list of potential partners for local authorities;
- detailed information on the most relevant public policies;
- a searchable database of short case studies of local authorities which have invested in creative industries.

In all its forms, the guide can be read all the way through or users can go to the most relevant section to them. For example, a user could start with the section on 'deciding whether to invest', which includes a checklist of information required to make a decision. Information in other sections about the importance of creative industries, the business case for investment, and the different options for investment can then be used as required to help complete that checklist.

For ease of use, each section is structured in a 'frequently asked questions' style and starts with a summary of its contents and how it links to the other sections of the report. To ensure that users benefit from valuable information contained in other resources, each section also contains links to resources and guidelines available elsewhere.

### **Acknowledgements**

The Work Foundation would like to thank all those who have contributed to these resources. In particular, we would like to thank Phillip Mind from the LGA, William Calladine and Alastair Findlay from DCMS, Martyn Allison and Paul Ireland from IDeA, Clare Hudson from Creative Leicestershire, Claire Halstead from West Sussex County Council, Jon Rust from Kirklees Council, Keren Jones from SEEDA and Tina Smith from the Arts Council. We would also like to thank all those creative businesses and local authority representatives who spoke to us, responded to our questionnaires or attended our events. All errors remain the responsibility of the authors.

## 1 Overview: why creative industries are important

### 1.1 This section

This section provides a strategic overview about what creative industries are and why they matter to local areas. Despite the recession, creative industries have potential to deliver significant benefits for places considering employment, innovation, place-making – but there are a number of issues that need to be considered before deciding to invest. This guide seeks to support local authorities to do this, to review whether creative industries are a priority for investment and to select the most appropriate type of intervention.

### 1.2 Why do local authorities and creative industries benefit from engaging with one another?

Local authorities can benefit from investment in creative industries because of their potential to impact on a wide range of policy priorities. Creative industries not only have the potential to generate jobs, innovation and productivity, but also to enhance the quality of life in an area and stimulate new ideas and thinking within communities. Yet these benefits are not guaranteed and will vary by sector and by the characteristics of local areas. It is vital that each local authority consider how important creative industries are to their local area and what form of investment would be most appropriate for their distinctive local circumstances. This guide seeks to support local authorities to do this, to review whether creative industries are a priority for investment and to select the most appropriate type of intervention.

Creative industries can also benefit significantly from support by their local authorities. These benefits can be gained through direct investment tailored to the needs of creative industries, for example through physical infrastructure, skills, networks and business support. But whilst other agencies can also become involved in some of these activities – although this should not prevent local authorities reviewing whether they could play a distinctive role - local authorities also have a unique impact on creative industries through their wider roles in planning and licensing, regulation, trading standards, and working with further education and procurement.

The particular impact that local authorities can have on creative industries makes it very important that local authorities consider how they engage with creative industries. Support can range from investment of funds to ensuring that the local authority's wider responsibilities are supportive of creative industry growth. Again, this guide aims to help local authorities consider the most appropriate role.

### 1.3 What are the creative industries?

The creative industries are defined by the DCMS as *"those industries which have their origin in individual creativity, skill and talent which have a potential for job and wealth creation through the generation and exploitation of intellectual property"*<sup>1</sup>. The standard definition of the creative industries used by the DCMS includes 13 industries: advertising, architecture, art and antiques, computer games, crafts, design, designer fashion, film and video, music, performing arts, publishing, software and TV and radio. This definition is not without controversy, however, as the box below highlights.

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<sup>1</sup> DCMS (2001) Creative Industries Mapping Document, see [http://www.culture.gov.uk/reference\\_library/publications/4632.aspx/](http://www.culture.gov.uk/reference_library/publications/4632.aspx/)



### Box A: Challenges of the 'creative industries' definition

There are three main challenges to the DCMS definition of creative industries.

- 1. Differentiating creative industries:** The complex nature of the creative industries and their close economic relationships with firms in the wider economy mean that it is difficult to distinguish the creative industries from other industries. Standard Industrial Classifications that do not fully capture modern industries makes this even more challenging. Work is ongoing to improve measurement<sup>2</sup>.
- 2. Conflating 'cultural' and 'creative' industries:** This is the source of considerable controversy, with some arguing that the 'creative industries' definition values culture primarily for its economic contribution rather than its much wider contribution to ideas<sup>3</sup>.
- 3. Small businesses:** High levels of micro businesses (businesses employing less than 10 people), businesses below the £64,000 VAT threshold and self employment in the creative industries means that official data all too often does not capture the creative industries accurately.

This guide recognises the challenges associated with using the term 'creative industries' but uses the DCMS term throughout for ease of reference and consistency, given that this guide forms part of the DCMS Creative Britain programme of work.

## 1.4 Why do creative industries matter to local economies?

### 1.4.1 Why have creative industries grown in recent years?

Creative and cultural industries have always been important to the UK as a source of ideas and inspiration, but in recent years they have become increasingly economically significant as well as having other benefits. This is because of the importance of knowledge and ideas to the success of creative and cultural industries. Over the past ten years, the UK has become a more knowledge intensive economy. Producing, using, sharing and analysing knowledge has become increasingly important to economic growth and wealth creation and, by 2007, nearly half of all employment in the UK was in knowledge intensive industries in 2007<sup>4</sup>. Between 1995 and 2005, 12 jobs were created in knowledge intensive industries for every one job created in other industries.

This shift to a more knowledge intensive economy has had an impact at both a national and a local level. Over the past ten years many local areas have benefited from the growth of the knowledge economy, with work by The Work Foundation finding that local areas with higher levels of employment in knowledge intensive organisations and with more highly skilled workers are more productive<sup>5</sup>.

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<sup>2</sup> Government projects are underway to improve and develop definitions and available data, see DCMS Creative Industries Statistical Bulletin January 2009 for details

<sup>3</sup> 'What's cultural about the creative industries? Susan Galloway and Stuart Dunlop, Regional Studies Association, Paper for Lisbon 2007

<sup>4</sup> The definition of 'knowledge intensive industries' used by The Work Foundation includes high and medium tech manufacturing, high tech services (communications, computer services and RandD), financial and business services, creative and cultural industries and education and health.

<sup>5</sup> Alexandra Jones et al (2006) *Ideapolis Knowledge City Regions*: The Work Foundation

### 1.4.2 Impact of creative industries on local economies

The creative and cultural industries, as an important part of the knowledge intensive economy, have made an important contribution to this growth in prosperity at both national and local level. Benefits of investment in creative industries can include:

- **Productivity:** Over the past decade the creative industries grew at an average of 4 per cent GVA per annum between 1997 and 2006, compared to 3 per cent across the whole economy.
- **Jobs:** Creative employment also grew at twice the national average, increasing on average by 2 per cent per annum between 1997 and 2007, compared to 1 per cent in the economy as a whole over this period<sup>6</sup>. In local areas, investment in creative industry interventions such as festivals can create employment and generate income for the visitor economy<sup>7</sup>.
- **Innovation:** Innovation can create new markets, productivity growth, spillovers and improved efficiency, and creative industries are identified as an important source of innovation. Creative firms tend to be early adopters of innovation as well as stimulators of innovation in firms that they work with as partners and / or suppliers.
- **Regeneration:** Creative industries have the potential to contribute to physical and social regeneration as well as community cohesion, although projects need to ensure they are embedded in the local community.
- **Place-making:** Creative industries can contribute to improved quality of life for residents and increased attractiveness of places for investment. Both cities (such as Manchester and Glasgow) and more rural areas (such as Cornwall) have benefited in this way.

Investment in creative industries can also generate ideas and a better quality of life that can be challenging to measure but highly beneficial for local areas and residents. The precise impact of creative industries varies at a local level based on the characteristics of the local economy. This means that any decisions about investment in creative industries need to consider what the desired outcomes of investment are and to review whether the characteristics of the local area make this outcome likely to be achievable.

### 1.4.3 Impact of the recession on creative industries

That the UK was in recession was officially confirmed in January 2009 with the publication of National Statistics showing that economic growth had been negative for the last two quarters<sup>8</sup>, with subsequent revisions suggesting the economy may have even started to contract in March 2008<sup>9</sup>. The economic climate continues to change rapidly, with new evidence about the impact of the recession emerging regularly and much of the data lagging behind events. Given the fluid nature of the economy, the following statistics should be treated with caution, but commentators have indicated that the likely impact of the recession on creative industries in the short to medium term will be:

- **Declining employment overall:** Based on a 2.6 per cent decline in recreational and cultural services in the last recession, it is likely that employment in creative industries will fall by a minimum of 3-3.5 per cent<sup>10</sup>. However, levels of employment are likely to vary by sector. Data to September 2008 (so very early in the recession) shows job losses in libraries, museums and related sectors, as well as advertising and electronic publishing, but job growth within the media and entertainment, market research, consultancy, architecture and engineering services. However, these classifications are not those used by the DCMS and the full impact of the recession had yet to be realised in September last year.

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<sup>6</sup> DCMS (2009) *Creative Industries Economic Estimates Statistical Bulletin*

<sup>7</sup> For example, evidence from the 'Summer Sundae' festival in Leicestershire suggests 14,613 festival-goers spent c.£580,000 excluding tickets and travel

<sup>8</sup> National Statistics January 2009

<sup>9</sup> National Statistics February 2009

<sup>10</sup> Based on Work Foundation analysis of KLEMS database 1990-1992, using recreational and cultural services as defined by Standard Industrial Classifications

- **Declining spending:** The importance of discretionary spending for creative industries is also likely to mean that creative industries are affected.
- **Contraction associated with shrinking of financial services:** The financial services-led nature of this recession may be cause for further concern about employment in creative industries. Research by the GLA suggests that, at least in London – which has the largest concentration of creative employment in the UK – creative industries are strongly linked to the performance of the financial and business sector<sup>11</sup>.

Nonetheless, in the medium to longer term commentators such as NESTA suggest that creative industries will be an important source of innovation and employment. More details are available in Section 2 and in the online web resources at [www.idea.gov.uk/creativeindustries](http://www.idea.gov.uk/creativeindustries)

### 1.5 Why do creative industries matter to local policy?

Creative industries are important to local policy because of a range of national, regional and local policies. Despite the growing acknowledgement of the creative economy as vital to national and local prosperity, policymakers have recognised that more needs to be done if the UK's creative economy is to thrive. This is particularly important during a recession, when creative industries are identified as one of the potential sources of future growth and innovation<sup>12</sup>.

At a national level, the importance of the creative industries to the UK's economic future was highlighted by the **Budget** identifying creative industries as an important sector during the recession and for the recovery<sup>13</sup>. At the heart of government strategies to invest in creative industries is the **DCMS Creative Economy programme**, a £70.5 million cross-departmental programme of investment in the cultural and creative industries that aims to support local, regional and international growth. It is striving to respond to **Creative Britain's** argument that, if the UK is to continue to have a thriving creative sector, it needs to invest in creative talent, career pathways, research and business support. Provision of business support at a national, regional and local level will also be affected by the **Business Support Simplification Programme** being pursued by the Department for Business, Innovation and Skills (formerly BERR), streamlining the portfolio of business support products. In Wales, creative industries support has been restructured to create the 'Hub', or the new **Wales Creative Industries Support Service**, to improve investment, take a more strategic approach to training and attract investment.

**Regional Development Agencies** have been a vital source of support for creative industries at a regional and local level. RDAs have Creative and Cultural Strategies which will now be fed into the developing Integrated Regional Strategies and are important partners for local authorities considering investing in creative industries. In addition, the South West RDA and North West RDA are piloting a network of Regional Beacons to make business support more effective for the creative industries. These frameworks will need to inform local authority strategies.

At a local level, assessment of creative industries will feed into the economic assessments being introduced by the **Local Democracy, Economic Development and Construction Bill**. Any strategy to invest in creative industries will also need to be in the context of **Local Area Agreements** and **Comprehensive Area Assessments**, as well as the **'well-being' power**. A more detailed overview of government policies is available in the online resources at [www.idea.gov.uk/creativeindustries](http://www.idea.gov.uk/creativeindustries)

This report aims to help local authorities consider how investment in creative industries might or might not help achieve local, sub regional and regional priorities.

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<sup>11</sup> GLA (2007) *'London's Creative Sector: 2007 update'*. London: GLA.

<sup>12</sup> C Leadbetter and J Meadway. 2008. *Attacking the Recession: How Innovation Can Fight the Downturn*. NESTA: London

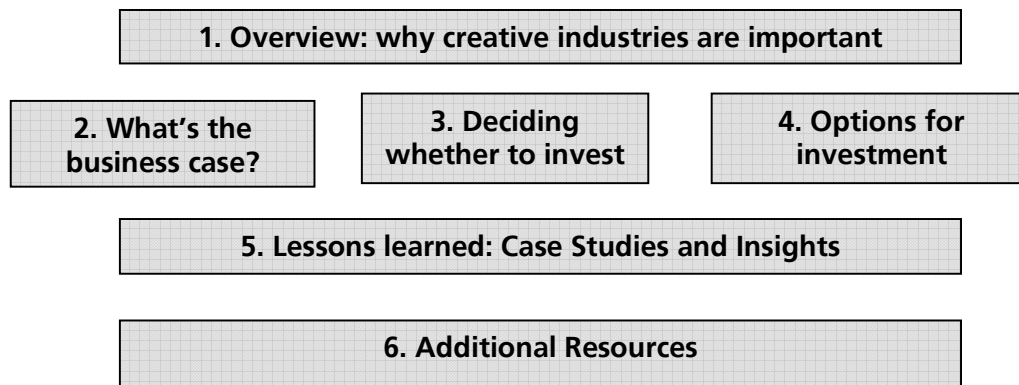
<sup>13</sup> HM Treasury *Building Britain's Future*: Budget 2009



## 1.6 Conclusions

Creative industries have the potential to impact upon local economies, both directly by generating productivity and employment and more indirectly by stimulating the visitor economy and generating ‘spillovers’ of ideas and knowledge. Creative industries can also have a beneficial impact upon skills, place-making and regeneration. However, before a local authority can decide to invest in creative industries during these funding-constrained times, it is important to understand the local economic context, how it links with the sub region and region, and what outcomes investment in creative industries is expected to achieve.

This guide aims to help local authorities to make decisions about whether to invest in creative industries. It is structured as illustrated in the diagram below and contains information on the business case, how to decide whether to invest, and options for investment. Online at [www.idea.gov.uk/creativeindustries](http://www.idea.gov.uk/creativeindustries) there is more information about partners, policies, case studies, and additional resources.



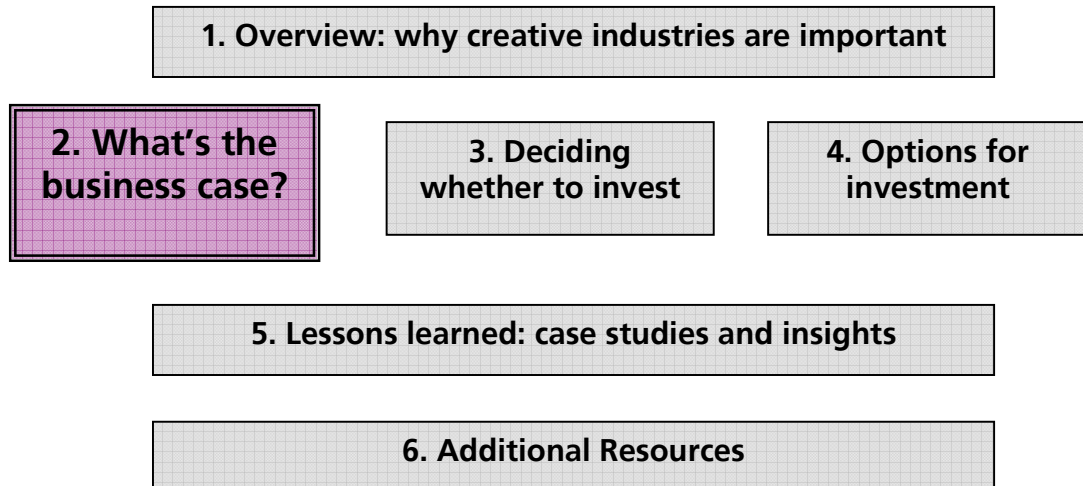
Creative industries are important to the UK, both now and in the future. The question that this guide hopes to help local authorities to answer is whether investment in creative industries is a priority for their area and, if so, how they can go invest most effectively.

## 2. What's the business case?

### 2.1 This section

This section reviews the evidence about the impact of creative industries on local, sub regional and regional areas. It sets out evidence about the potential impact of creative industries on the economy, regeneration and place-making, highlighting the importance of assessing whether each local authority's distinctive characteristics make it likely that it can achieve these impacts by investing in creative industries.

This section's role in the overall guide is shown in the diagram below.



The section provides more detailed evidence to support the overview about the importance of creative industries in section one. It can help answer the questions set out in section three on 'deciding whether to invest' about what outcomes local authorities wish to achieve as a result of investing in creative industries.

## 2.2 What impact can creative industries have on local areas?

### 2.2.1 What are the different potential impacts of creative industries?

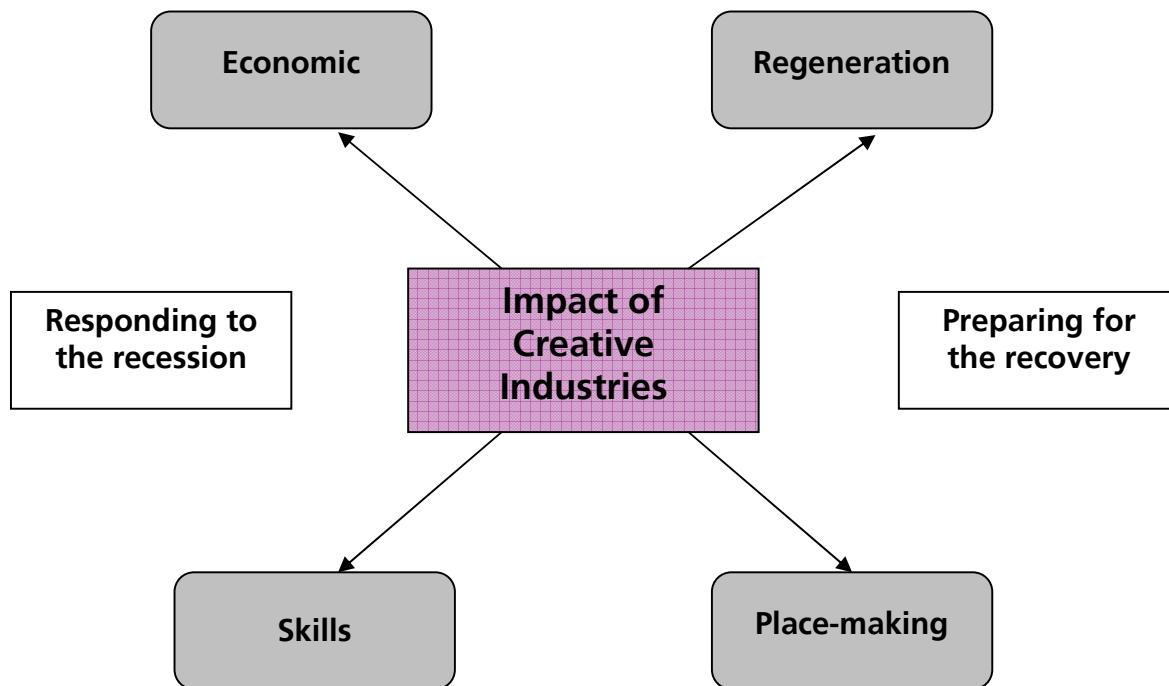
When local authorities are considering investing in creative industries, it is important to consider the evidence base about the different impacts that creative industries can have at a local, sub regional and regional level, and to review what outcomes are most likely in their local area. Potential impacts of the sector to the UK and to local areas include a contribution to:

- the economy directly, through employment creation and generated revenue;
- the economy indirectly, through opportunities to innovate;
- multiplier effects, which can benefit places, and include physical, social and cultural regeneration.

It is also important to consider the impact of creative industries in the context of the recession and the recovery.

This is illustrated in the diagram below:

**Figure 2.1**      **Impact of creative industries**



### 2.2.2 How strong is the evidence base?

As this section shows, there is clear evidence about the benefits of investing in the creative industries at a national level, despite some challenges associated with defining and measuring the sector. At a local level, however, it can be challenging to establish cause and effect in relation to specific interventions. In addition, the nature and extent of these impacts differ according to the local context. This means that some local authorities can benefit from job creation when they invest in creative industries, whereas others may benefit more in terms of place-making or cultural regeneration. The variability of outcomes is one of the reasons why many local authorities have conducted their own detailed evaluations of their creative economy and sought to conduct evaluations of any investments made.

Local authorities need to consider which outcomes they wish to achieve through investment in creative industries, and then, using section three as an aide, review whether the characteristics of the local area make this outcome likely to be achievable.

## 2.3 What is the direct economic impact of creative industries?

The creative and cultural industries are increasingly recognised as not only being a “defining feature of the British national identity”<sup>14</sup> and vital component of our quality of life, but also as vital to the health of the UK economy. It is a sector that has experienced rapid growth throughout the world in the last decade. For instance, world exports of visual arts more than doubled from \$10.3 billion in 1996 to \$22.1 billion in 2005 and exports of audiovisuals tripled over the same period.<sup>15</sup>

<sup>14</sup> DCMS (2008) *Creative Britain New Talents for a New Economy*, DCMS.

<sup>15</sup> UN Creative Economy Report 2008: 28

### 2.3.1 How have creative industries impacted upon the UK's economy?

The creative industries have had a significant impact upon the economy of the UK, on employment and on business creation. Evidence for economic impact is strongest at a national level, although it should be noted that all figures from the *Creative Industries Bulletin* are estimates as they draw on assumptions about the definitions of the creative industries.<sup>16</sup> Key issues to note include:

#### **The UK has the largest creative sector in the EU**

- The UK has the largest creative sector in the EU, and relative to GDP probably the largest in the world. The UK's creative and digital sectors compete globally, benefiting from the demand for creative content, particularly in English.<sup>17</sup>

#### **Creative industries contributed £57.3 billion to the UK economy in 2006**

- The creative and cultural industries sector in the UK accounted for 6.4 per cent of national Gross Value Added (GVA) in 2006, contributing £57.3 billion to the British economy, excluding craft and design, before the recession.<sup>18</sup>

#### **Creative industries grew faster than the UK economy as a whole between 1997 and 2006**

- The sector grew by an average of 4 per cent per annum between 1997 and 2006. This compares to an average of 3 per cent for the whole of the economy over this period.

#### **Creative industries account for nearly 1 in 20 UK exports**

- Exports of services by the creative industries were estimated to total £14.6 billion in 2005. This equated to 4.5 per cent of all goods and services exported.<sup>19</sup>

#### **Growth varies by sector**

- Software, computer games and electronic publishing has had the highest average growth (8 per cent pa) and 31 per cent of the total creative industries exports were contributed by the software, computer games and electronic publishing sector.<sup>20</sup>
- More details of how much each sector grew are available in *Creative Industries Economic Estimates Statistical Bulletin January 2009*

### 2.3.2 How have creative industries impacted upon employment in the UK?

Creative industries have been an important source of employment growth in the past ten years. Creative employment includes jobs in the 13 sectors identified as creative industries and in 'creative occupations' in other industries, for example a graphic designer working in a law firm. Growth of employment has varied by local area and by sector, but at a national level, it is important to note the following:

#### **Creative employment grew twice as fast as average between 1997 and 2007**

- Total creative employment increased from 1.6m in 1997 to 2m in 2007, an average growth rate of 2 per cent per annum, compared to 1 per cent for the whole of the economy over this period.
- The software, computer games and electronic publishing sector, and the design and designer fashion sector both showed growth in employment of 5 per cent per annum between 1997 and 2007, the highest across the creative industries.<sup>21</sup>

<sup>16</sup> *Creative Industries Economic Estimates Statistical Bulletin January 2009*

<sup>17</sup> *Staying Ahead: The Economic Performance of the Creative Industries*

<sup>18</sup> *DCMS (2008) Creative Britain New Talents for a New Economy, DCMS.*

<sup>19</sup> *Creative Industries Economic Estimates Statistical Bulletin January 2009*

<sup>20</sup> *Creative Industries Economic Estimates Statistical Bulletin January 2009*

### **Creative employment has grown in creative industries and in creative occupations in other industries**

- In the summer quarter of 2007, creative employment totalled just fewer than 2 million jobs comprising of over 1.1 million jobs in the creative industries and over 800,000 further creative jobs within businesses outside these industries.<sup>22</sup>

### **Creative industries contributed nearly 10 per cent of all UK earnings**

- Creative occupations generated over £40 billion in salaries and wages in 2006, while support staff in creative industries earned an extra £16.8 billion. Overall, the creative workforce earned 9.6 per cent of all UK earnings.<sup>23</sup>

### **Over 7 per cent of UK companies are in creative industries**

- In 2008, there were an estimated 157,400 businesses in the creative industries on the Inter-Departmental Business Register (IDBR). This represents 7.3 per cent of all companies on the IDBR, although the true proportion of enterprises that are in the creative industries is likely to be higher as certain sectors such as crafts contain predominantly small businesses.<sup>24</sup>
- Around two-thirds of the businesses in the creative industries are contained within two sectors; software, computer games and electronic publishing (75,000 companies) and music and the visual and performing arts (31,200 companies).<sup>25</sup>

### **2.3.3 How have creative industries impacted upon local economic growth and employment?**

The impact of creative industries on local economies has varied according to the characteristics of local areas. For example, local authorities with higher levels of employment in software, computer games and electronic publishing and designer fashion – which grew fastest in the last ten years – have seen more direct economic benefits from creative industries than other sectors. The difficulty of measuring firm creation where companies have a turnover less than £64,000 (see section 1) is an important constraint on measuring the impact of creative industries on local economies. This is one of the reasons that many local authorities have undertaken bespoke studies on their creative economy. Extracts from the available evidence include:

#### **Creative industries have been shown to contribute to employment and employment growth in a number of regions.**

For example:

- in 2005, 62,500 people were employed in creative industries throughout the East Midlands and there were 13,400 creative industries businesses in the region. Between 2001 and 2005, creative industries jobs in the East Midland increased by 8.1 per cent;<sup>26</sup>
- the Creative Industries in the South West have been acknowledged as a regional strength. According to Broadcast Magazine's Nations and Regions survey, eleven of the top 50 regional independent production companies are based in the South West;<sup>27</sup>
- the broader creative and cultural sector employs almost 60,000 people in the North East of England, with over 5,000 businesses in the sector, making up 12 per cent of the region's VAT registered businesses;<sup>28</sup>

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<sup>21</sup> *Creative Industries Economic Estimates Statistical Bulletin January 2009*

<sup>22</sup> *Creative Industries Economic Estimates Statistical Bulletin January 2009*

<sup>23</sup> NESTA (February 2008) Beyond the creative industries: making policy for the creative economy policy briefing 6

<sup>24</sup> *Creative Industries Economic Estimates Statistical Bulletin January 2009*

<sup>25</sup> *Creative Industries Economic Estimates Statistical Bulletin January 2009*

<sup>26</sup> BOP consulting (March 2008) East Midlands Urban and Regional Creative Industries Data Study Final Report: 2

<sup>27</sup> SWRDA (June 2007) Unlocking the creative business potential of the South West: 1

<sup>28</sup> <http://www.onenortheast.co.uk/commercialcreative.cfm>

- Yorkshire Forward reports that the creative and digital sector employs 123,025 people in the Yorkshire and Humber region. There are 13,83 creative and digital businesses in the region which contribute £5.21bn gross value added.<sup>29</sup>

### **Creative industries have been shown to contribute to employment and employment growth in a number of different local authorities.**

For example:

- in Sheffield, creative, cultural and digital industries grew by 45 per cent between 1998 and 2005;<sup>30</sup>
- 2.2 per cent of London's jobs were in the creative industries in 2007;<sup>31</sup>
- in 2003 the Creative / Digital / New Media sector generated £2.7bn economic output (GVA) in the Manchester City Region, accounting for nearly two thirds or 63 per cent of total output from the sector in the North West;<sup>32</sup>
- the creative and cultural industries contribute around £1.2 billion GVA per annum to Cumbria derived from the tourism economy. There are also over 500 Digital and Media companies within the county, which have experienced around 7 per cent growth per annum in the past 10 years;<sup>33</sup>
- in 2000 in Brighton and Hove around 1,500 creative businesses were identified, showing that almost 1 in 5 businesses in the city were creative businesses.<sup>34</sup>

### **Investment in creative industries does not always lead to increased employment in a local area**

- As illustrated by the national figures, employment in some sectors grew much more quickly than in others and therefore different local authorities experience different results from investing in creative industries. For example Software, Computer Games and Electronic Publishing has had the highest average growth (8 per cent pa)<sup>35</sup>.
- The West Midlands as a whole has just a 7.1 per cent share of the UK's cultural firms, sitting in sixth position among English regions.<sup>36</sup>

### **Creative industries are associated with the improved economic performance of cities**

- European research published by Compete demonstrates creative industries improve the economic performance of cities.<sup>37</sup>
- Richard Florida's work<sup>38</sup> on the 'creative class' suggests that cities with a strong creative industries sector as well as a more diverse, tolerant and 'cool' atmosphere will outperform other places (although aspects of this theory remains controversial<sup>39</sup>). Florida found that areas with high gay populations, high bohemian populations and areas with high foreign born populations were consistently in the regions ranked in the top 15 high-technology regions in his research in the US.<sup>40</sup>
- Although London and the South East continue to be major magnets for the creative industries, there is growing recognition in the English regions, Northern Ireland, Scotland and Wales of their important

<sup>29</sup> <http://www.digitalyorkshire.org.uk/>

<sup>30</sup> *Priorities for Sheffield City Region in the Knowledge Economy* (2007) The Work Foundation

<sup>31</sup> GLA (2007) 'London's Creative Sector: 2007 update'. London: GLA. P 3

<sup>32</sup> CIDS (2007) Creative / Digital / New Media, Development Services Demand Study, Executive Summary: 1

<sup>33</sup> Cumbria Economic Strategy 2008-2028 digital, cultural and creative industries:11

<sup>34</sup> (2000) Creative Industries in Brighton and Hove Report available at <http://www.brighton-hove.gov.uk/downloads/bhcc/economicdevelopment/creativeindustries.pdf>

<sup>35</sup> *Creative Industries Economic Estimates Statistical Bulletin January 2009*

<sup>36</sup> <http://www.alphagalileo.org/ViewItem.aspx?ItemId=1776andCultureCode=en>

<sup>37</sup> Jan van der Borg and Antonio Russo (2006) 'Creative industries and their impact on the economic development of cities', Euricur

<sup>38</sup> Florida, R. (2002) *The rise of the Creative Class*, New York: Basic Books.

<sup>39</sup> See M Nathan (2005) 'The wrong stuff: creative class theory, diversity and city performance' in Centre for Cities Discussion Paper 1

<sup>40</sup> Florida, R. (2002) *The rise of the Creative Class*, New York: Basic Books.



contribution, both through wealth generation and employment opportunities, to social inclusion and regeneration strategies.<sup>41</sup>

- A DTI study on cluster development highlighted the growing significance of creative clusters in many parts of the UK.<sup>42</sup>

### 2.3.4 Where are the creative industries?

The creative industries as a whole account for significant proportions of employment in all regions despite excluding micro businesses and the self-employed. However, regional geography varies according to sector.

#### Box 2.1: Regional geography of creative industries

- **London:** Overall 30 per cent of employment in the creative industries is concentrated in London. Although just 22 per cent of employment in software is concentrated in London, the size of the sectors means that it accounts for over 26 per cent of employment in London's creative industries. The majority of employment in radio and TV is located in London, although this will be affected by parts of the BBC moving to the North West.
- **South East:** The software sector is largely located in the South East and accounts for 56 per cent of employment in the creative industries in the region. Although far smaller, publishing also accounts for a significant proportion of employment in the South East.
- **North East:** Although a small proportion of employment in the creative industries is located in the North East according to the DCMS definition, there is a concentration of architecture in the North East. Software, as in other regions, accounts for a significant proportion of employment, as does publishing.
- **North West:** Outside London and the South East the largest proportion of employment in advertising is located in the North West. Other than software and advertising, there is significant employment in architecture, publishing, and music and the visual and performing arts in the North West.
- **Yorkshire and Humber:** Almost a third of employment in the creative industries in Yorkshire and Humber is concentrated in publishing (particularly in Harrogate).
- **East Midlands:** Software accounts for almost 45 per cent of employment in the creative industries in the East Midlands, with architecture and publishing also significant.
- **West Midlands:** The software sector employs over 30,000 in the West Midlands and accounts for almost half of all employment in the creative industries. Architecture and advertising are also significant employers.
- **South West:** Within the creative industries, architecture, music and the visual arts and publishing are significant employers.
- **Wales:** Whilst employment in the creative industries as a whole is low compared to other UK regions, Wales has a higher concentration of employment within music and the visual and performing arts.
- **Scotland:** Whilst the majority of employment in radio and TV is concentrated in London, there is a significant concentration of employment in the sector in Scotland. There is also a large number of jobs in architecture within Scotland compared to other regions outside London and the South East.

NB: This draws on data from the *Annual Business Inquiry* survey because of data availability. This means that estimate are different from those in the UK Creative Industries Bulletin.

<sup>41</sup> DCMS (2001) *Creative Industries Mapping Document*, London: DCMS.

<sup>42</sup> DTI (2001) *Business Clusters in the UK – A First Assessment*, London: DTI.

### 2.3.5 Local employment in the creative industries

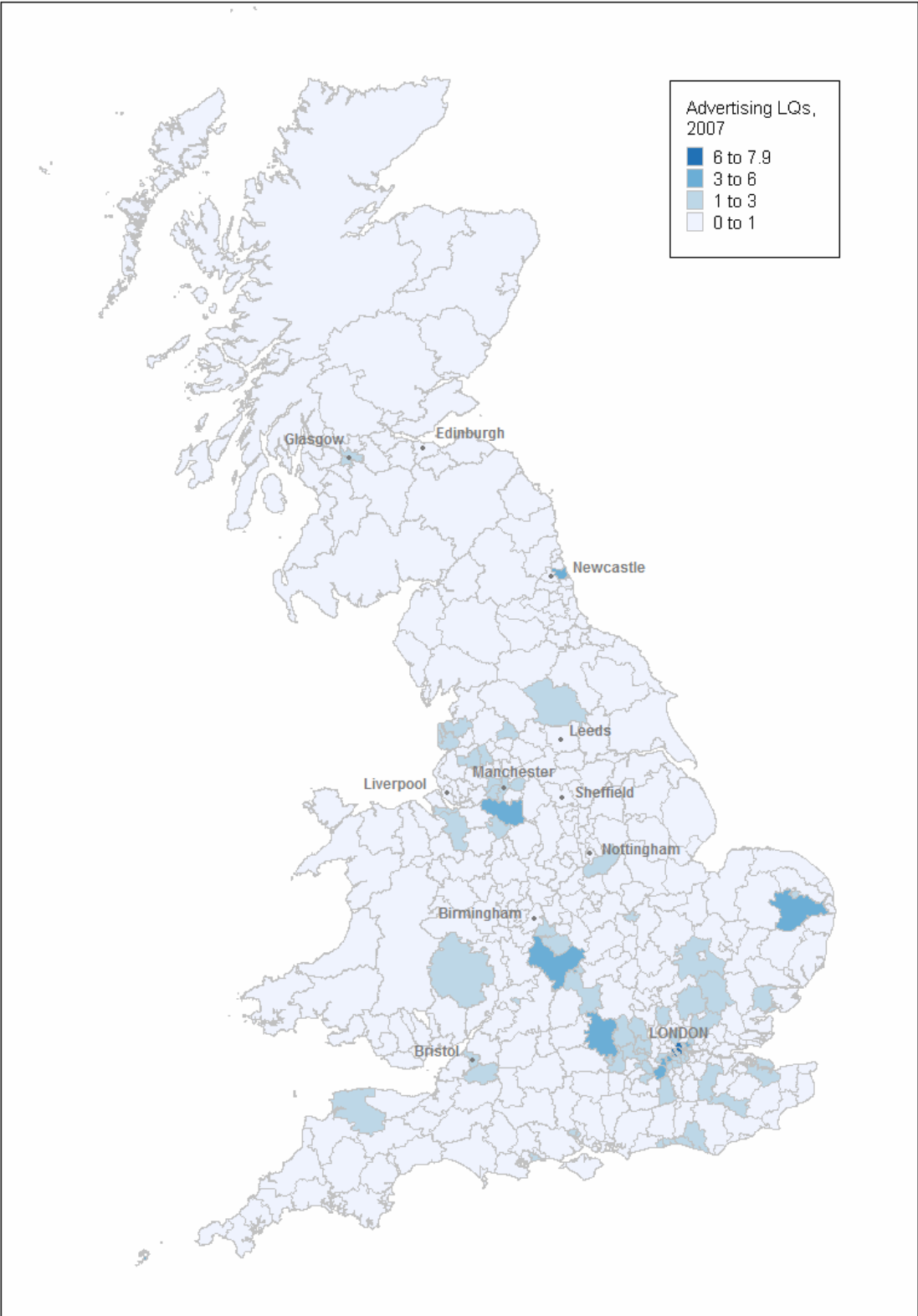
Employment in different sectors of the creative industries also varies at a local level: Research shows that many of the creative industries tend to cluster in close proximity to firms in similar sectors. This means that the geography of employment in different creative sectors varies considerably within and between regions. To understand where there are particular concentrations of employment at the local level, work is ongoing in a range of areas, for example Nesta is undertaking work on creative clusters <http://www.nesta.org.uk/creative-clusters-and-innovation/>.

For this guide, we have used location quotients. This is a technique to analyse the share of employment in a creative sector within local authorities compared to the share of employment across Great Britain. We examine concentrations of employment within each sector within the creative industries using location quotients. Location quotients can be interpreted as follows:

- if the location quotient is **equal to 1** then the local area has an average share of employment;
- if it is **less than 1** then the area is relatively unspecialised in that sector compared to Great Britain as a whole;
- if it is **greater than 1** then the area is relatively specialised in that sector.

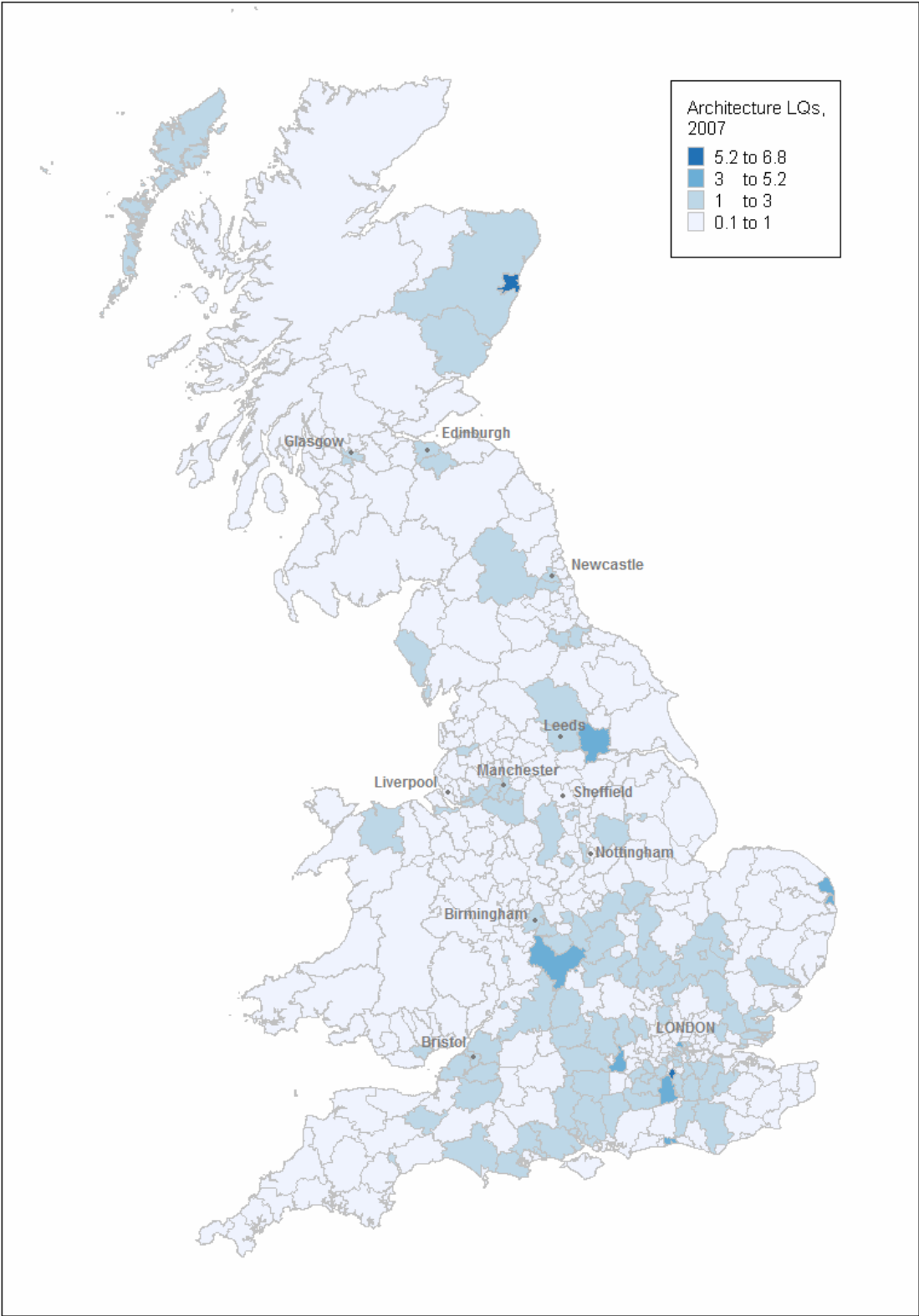
Location quotients do not show the highest levels of employment but instead how important that sector is to local employment – in other words, how specialised an area is in creative industries. The following maps illustrate local specialisations in nine sectors (some of the original 13 sectors combined) within the creative industries. The darker the blue, the higher the specialisation. These maps are one way to gain insights about where sector specialisation lies at a local and regional level but should not replace more detailed knowledge at a regional, sectoral and local level.

Figure 2.1: Concentrations of employment in advertising (2007)



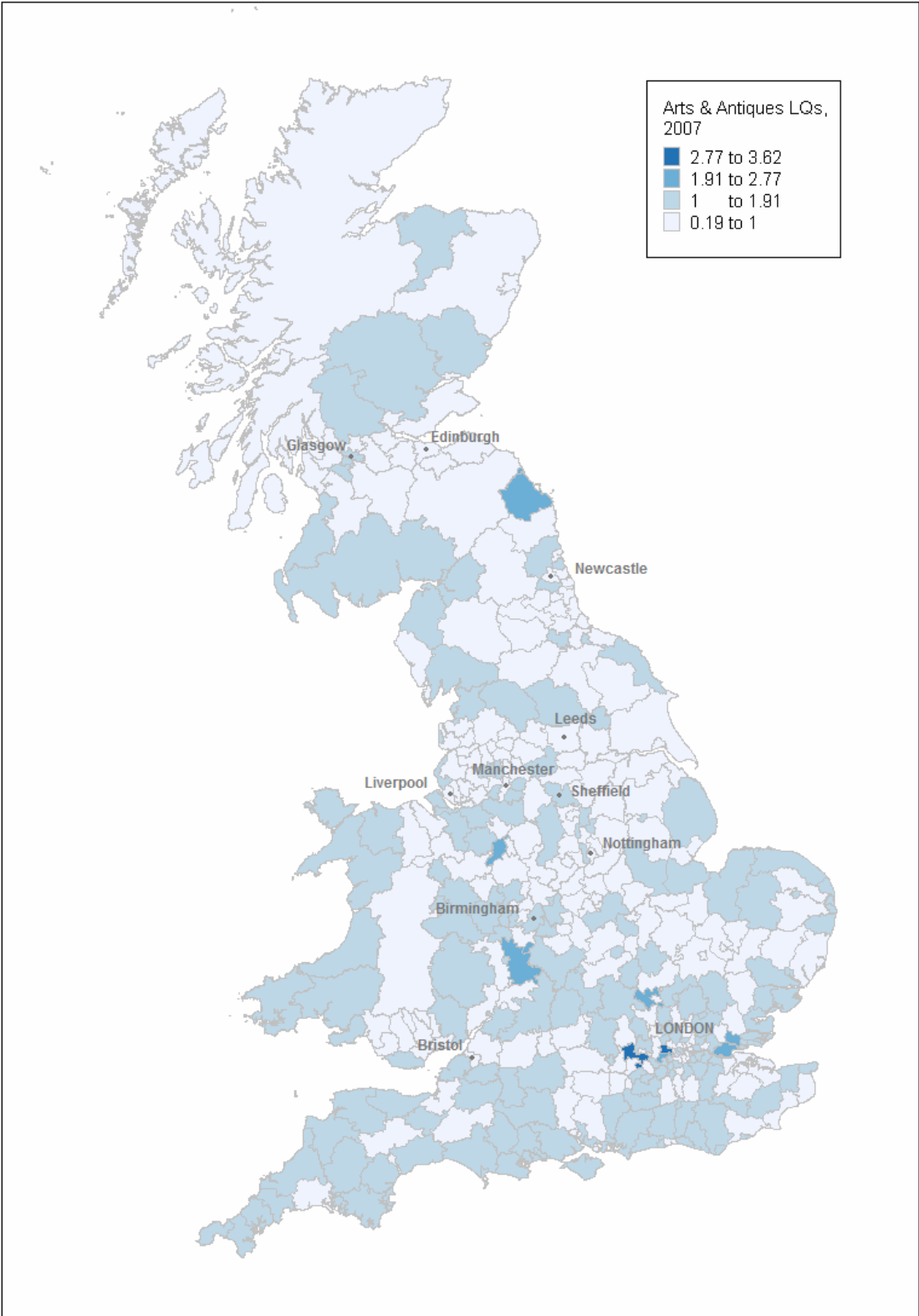
Source: Annual Business Inquiry, 2007

Figure 2.2: Concentrations of employment in architecture (2007)



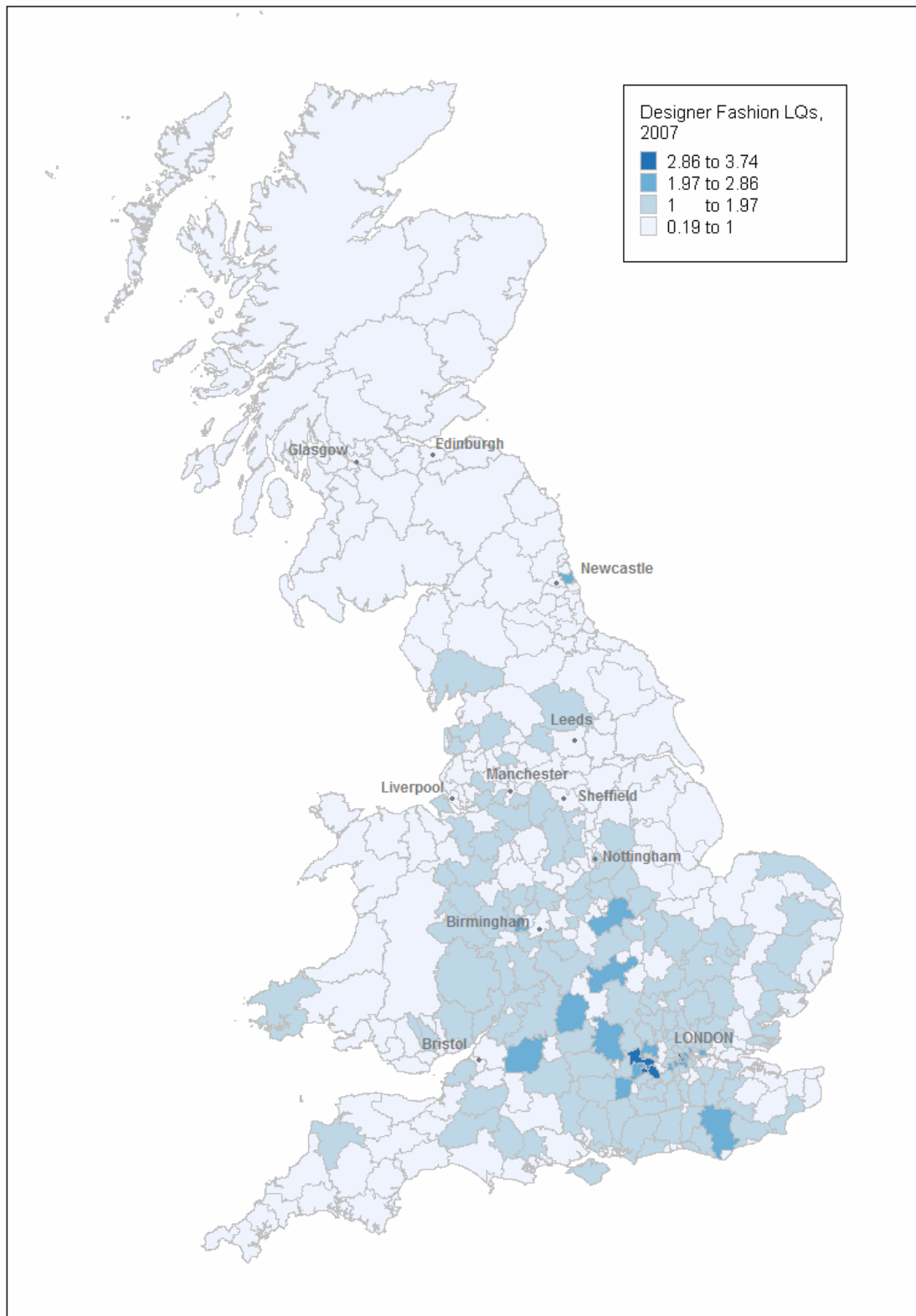
Source: Annual Business Inquiry, 2007

Figure 2.3: Concentrations of employment in arts and antiques (2007)



Source: Annual Business Inquiry, 2007

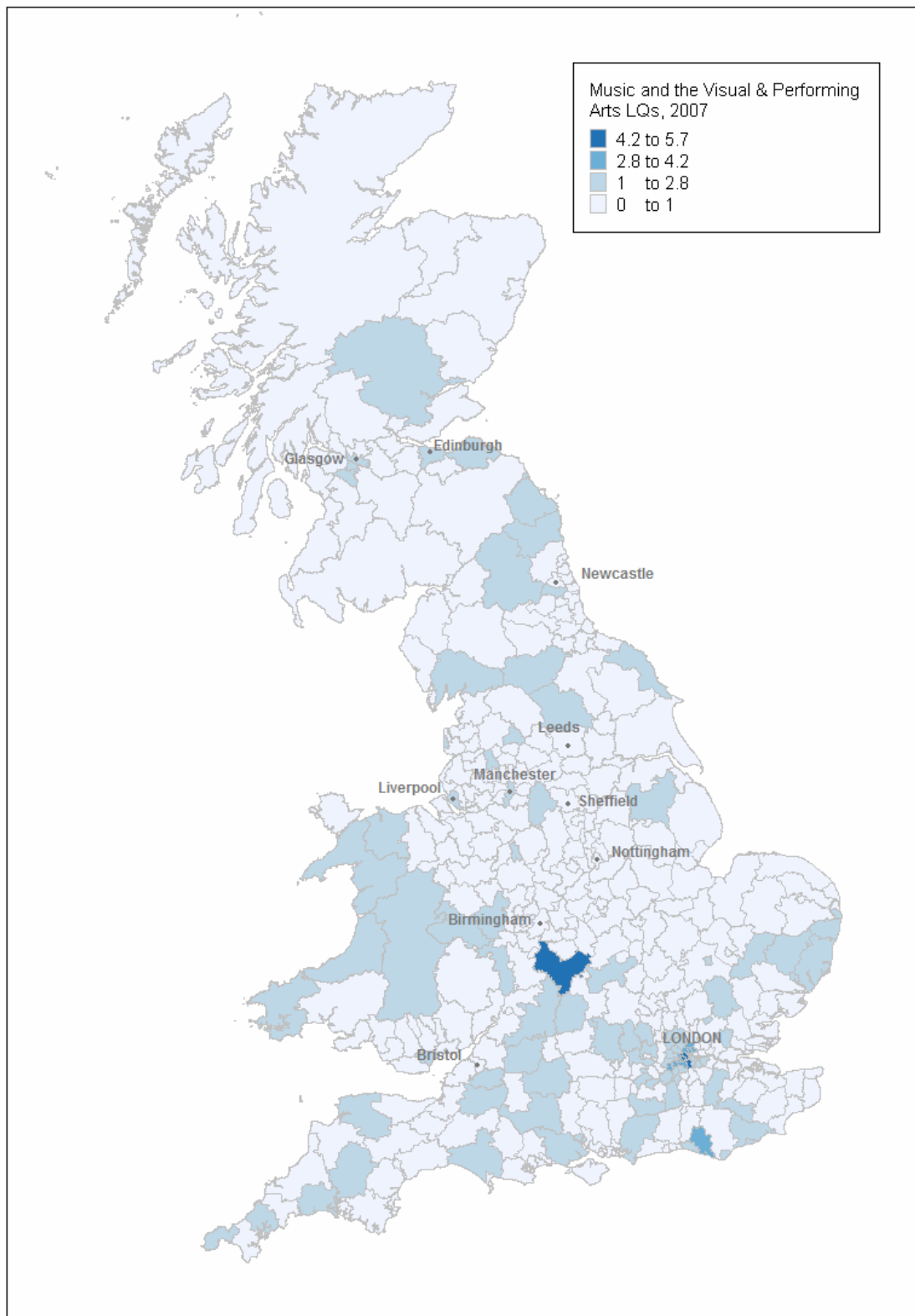
Figure 2.4: Concentrations of employment in designer fashion (2007)



Source: Annual Business Inquiry, 2007

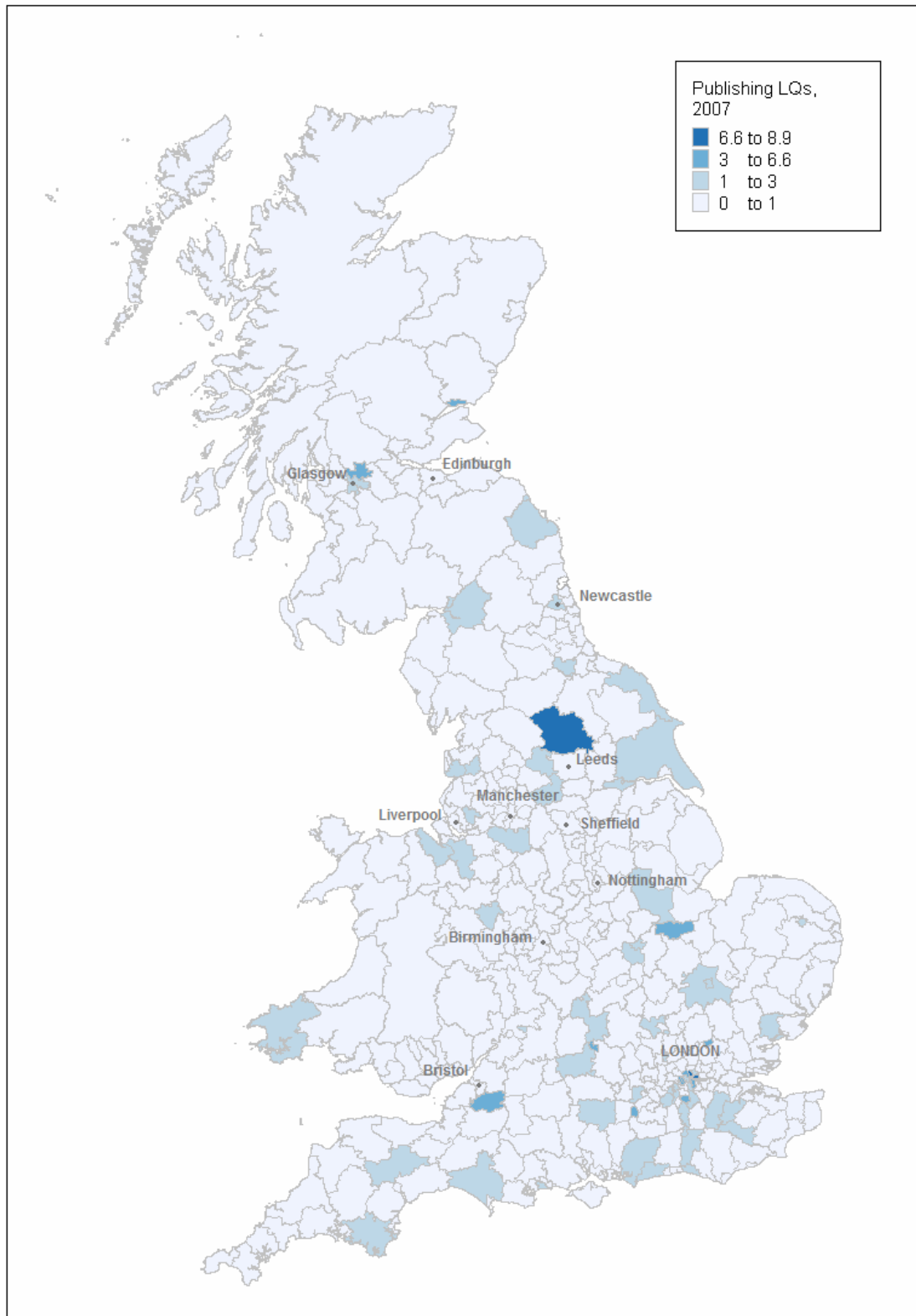


Figure 2.5: Concentrations of employment in music and the performing arts (2007)



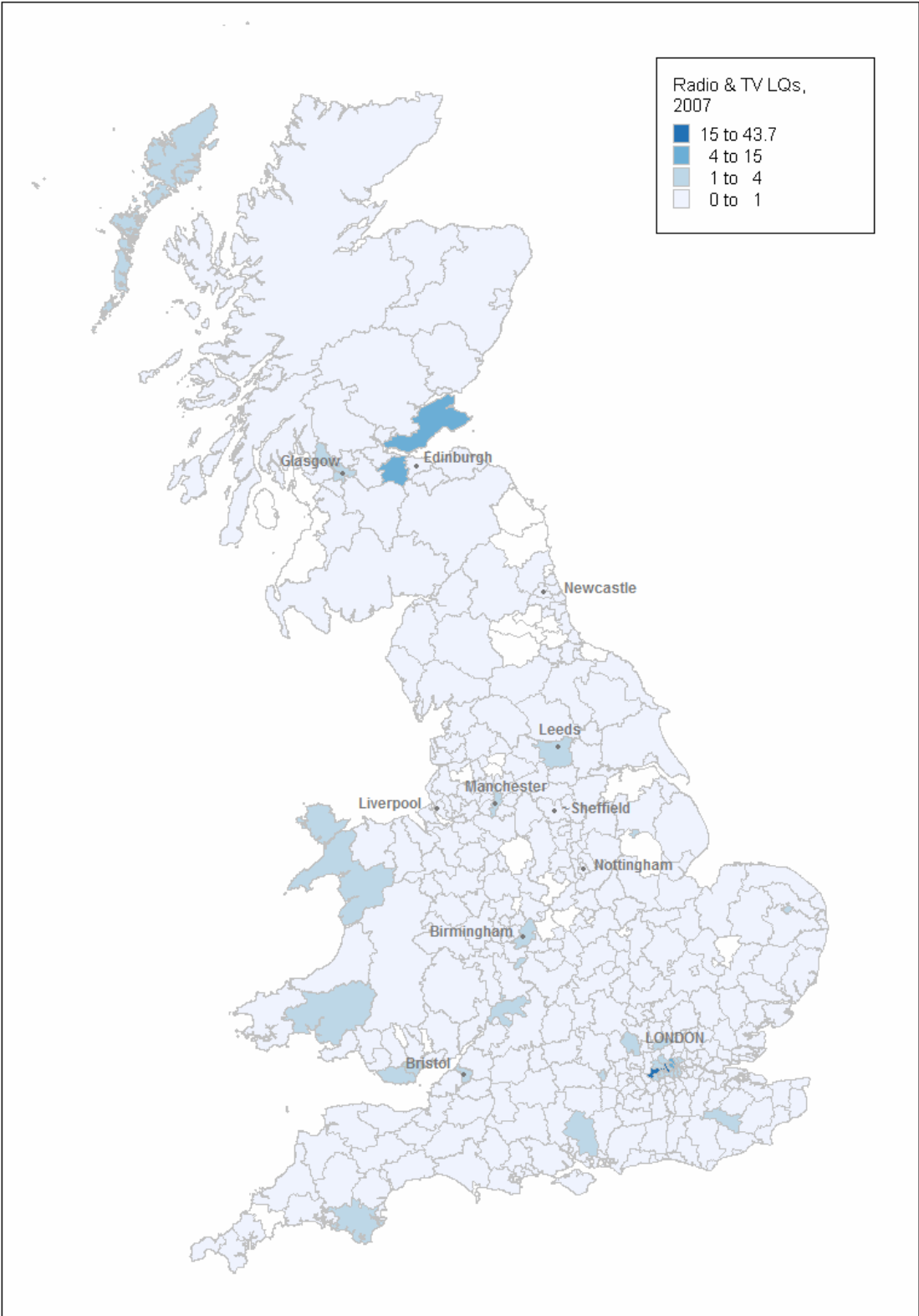
Source: Annual Business Inquiry, 2007

Figure 2.6: Concentrations of employment in publishing (2007)



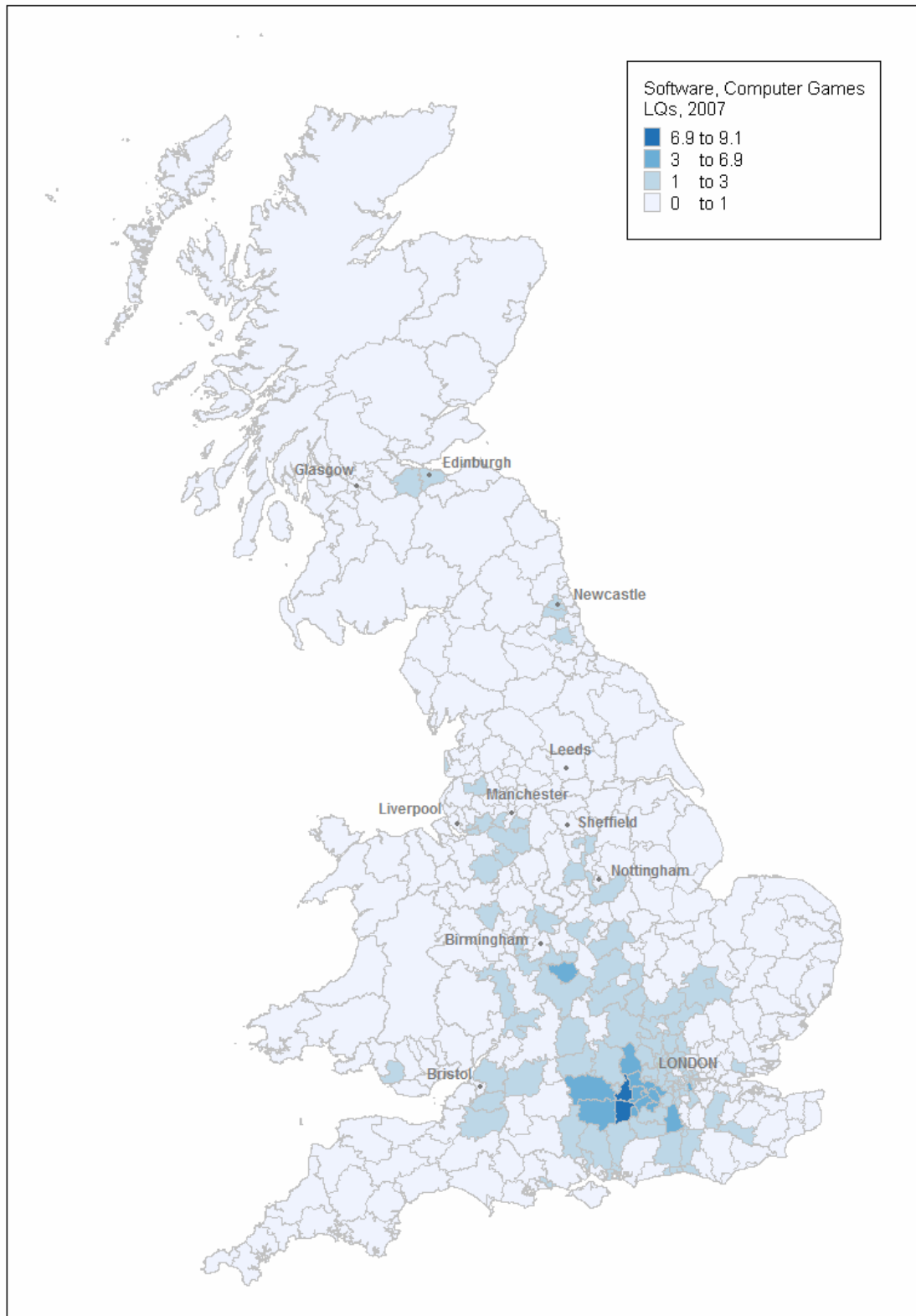
Source: Annual Business Inquiry, 2007

Figure 2.7: Concentrations of employment in radio and TV (2007)



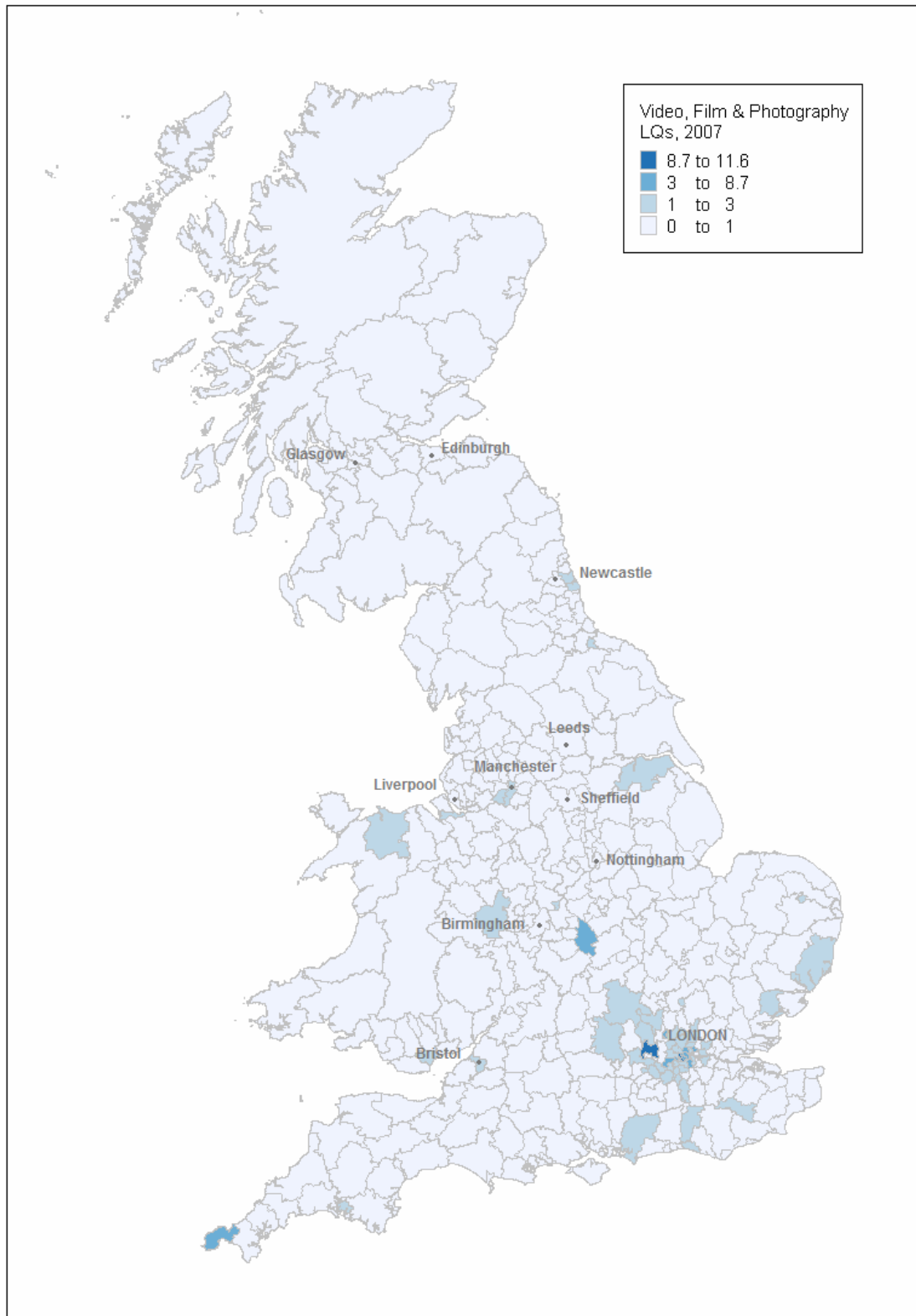
Source: Annual Business Inquiry, 2007

Figure 2.8: Concentrations of employment in software and computer games



Source: Annual Business Inquiry, 2007

Figure 2.9: Concentrations of employment in video, film and photography



Source: Annual Business Inquiry, 2007

The information in these maps is summarised in the table below.

**Table 2.10: Local authorities with highest levels of specialisation, employment and growth in different creative industry sectors**

Sector	Highest levels of specialisation	Highest employment (absolute numbers)	Highest growth 1998–2005 (absolute numbers)
<b>Advertising</b> <i>(*total number of jobs in advertising declined at the national level between 1998 and 2005)</i>	Employment was between 6 and 8 times the national average in London: Camden, the City of Westminster and Hammersmith and Fulham. High concentrations of employment were also found in Stratford-upon-Avon and South Norfolk.	1. City of Westminster 2. Camden 3. Hammersmith and Fulham 4. Glasgow City 5. Manchester	1. Camden 2. Glasgow City 3. Brighton and Hove 4. Flintshire 5. Reading
<b>Architecture</b> <i>(*overall there has been job growth across Great Britain although many local areas have seen declines in employment, including Westminster, Reading and Derby)</i>	Employment was between 5 and 7 times the national average in Aberdeen in Scotland, Epsom and Mole Valley in London.	1. Aberdeen City 2. City of Westminster 3. Camden 4. Glasgow City 5. Birmingham	1. Aberdeen City 2. Liverpool 3. Leeds 4. Camden 5. Islington
<b>Arts and Antiques</b>	The highest concentrations of employment (2 to 4 times the national average) in the sector were found in London: Windsor, Ealing and Basildon.	1. City of Westminster 2. Birmingham 3. Glasgow City 4. Ealing 5. Leeds	1. Basildon 2. Ealing 3. Glasgow City 4. City of Westminster 5. Birmingham
<b>Designer Fashion</b>	The highest concentrations of employment in the sector were in Windsor, Runnymede and Hammersmith. Employment in the sector in these local authorities was 2 to 4 times the national average.	1. City of Westminster 2. Camden 3. Birmingham 4. Islington 5. City of London	1. Cardiff 2. Glasgow City 3. Brighton and Hove 4. North Tyneside 5. Hammersmith and Fulham
<b>Music and the Performing Arts</b>	There are particularly high concentrations in Kensington and Chelsea and Lambeth (proportion of employment in these local authorities is 4 to 6 times the national average). Stratford-upon-Avon in the West Midlands, and Lewes and Brighton on the south coast also have specialisms in the sector	1. City of Westminster 2. Camden 3. Kensington and Chelsea 4. Lambeth 5. Manchester	1. City of Westminster 2. Manchester 3. Glasgow City 4. Birmingham 5. Salford



## Section 2: what's the business case?

Sector	Highest levels of specialisation	Highest employment (absolute numbers)	Highest growth 1998–2005 (absolute numbers)
<b>Publishing</b>	At the local level, Tower Hamlets and Islington in London, Harrogate in Yorkshire and Oxford in the South East have specialisms in publishing. The proportion of employment in these local authorities is between 6 and 9 times the national average.	<ol style="list-style-type: none"> <li>1. Tower Hamlets</li> <li>2. City of Westminster</li> <li>3. Camden</li> <li>4. Islington</li> <li>5. Southwark</li> </ol>	<ol style="list-style-type: none"> <li>1. Islington</li> <li>2. Tower Hamlets</li> <li>3. Harrogate</li> <li>4. Hammersmith and Fulham</li> <li>5. Kirklees</li> </ol>
<b>Radio and TV</b>	Employment in radio and TV in Hammersmith and Fulham (White City) is 43 times the national average because of the location of the BBC headquarters there. Hounslow also has high levels of employment in radio and TV, at 20 times the national average.	<ol style="list-style-type: none"> <li>1. Hammersmith and Fulham</li> <li>2. City of Westminster</li> <li>3. Hounslow</li> <li>4. Camden</li> <li>5. Fife</li> </ol>	<ol style="list-style-type: none"> <li>1. Hammersmith and Fulham</li> <li>2. West Lothian</li> <li>3. Fife</li> <li>4. Hounslow</li> <li>5. Camden</li> </ol>
<b>Video, Film and Photography</b> <i>(*2003-2007 data because of classification changes)</i>	South Buckinghamshire, Hammersmith and Fulham, Westminster have the highest concentrations of employment in the video, film and photography sector.	<ol style="list-style-type: none"> <li>1. City of Westminster</li> <li>2. Camden</li> <li>3. Hammersmith and Fulham</li> <li>4. Kensington and Chelsea</li> <li>5. Islington</li> </ol>	<ol style="list-style-type: none"> <li>1. City of Westminster</li> <li>2. Lambeth</li> <li>3. Hammersmith and Fulham</li> <li>4. Kensington and Chelsea</li> <li>5. Islington</li> </ol>
<b>Software, computer games and electronic publication</b> <i>(*2003-2007 data because of classification changes)</i>	The highest concentrations of employment in software, computer games and electronic publication are in Wokingham (9 times the national average), Hart (8 times the national average) and Rushmoor.	<ol style="list-style-type: none"> <li>1. City of Westminster</li> <li>2. Wokingham</li> <li>3. Camden</li> <li>4. City of London</li> <li>5. Lambeth</li> </ol>	<ol style="list-style-type: none"> <li>1. City of Westminster</li> <li>2. Camden</li> <li>3. Telford and Wrekin</li> <li>4. Lambeth</li> <li>5. Hart</li> </ol>

### 2.3.5 How will the recession affect the impact of creative industries?

The impact of the recession is still playing out and any predictions about its impact upon creative industries need to be treated with caution as a result. However, evidence to date suggests that the recession is likely to create a fall in employment in creative industries in the short term. Nonetheless, creative industries will still be an important source of innovation in the short and medium term.

#### Revised predictions about growth and employment

- Prior to the recession, KPMG predicted that the creative industries could grow by 46 per cent in employment and 136 per cent in output in the two decades to 2015<sup>43</sup>.
- Now no one is suggesting that employment will grow in the sector in the short-term during the recession. The previous recession in 1990–1992 saw a fall of jobs in the recreational and cultural sector of 2.5 per cent. These falls were not as high as they were within the private knowledge economy sector or for the non knowledge economy sector. From this, given the gravity of the current recession we can expect employment in creative industries to fall by a minimum of 3–3.5 per cent<sup>44</sup>.

#### Declining spending

- Discretionary spending is important for creative industries and the reduced spending already being seen during the recession will impact upon the sector. Household spending between 1990 and 1992 saw increases within the insurance, education, clothing and communication sectors and declines within the financial services, transport, hospitality and other services, printed goods, cultural services, recorded media and total expenditure.

#### Levels of employment likely to vary by sector

- Data to September 2008 shows job losses in libraries, museums and related sectors, as well as advertising and electronic publishing. Conversely, job growth occurred within the media and entertainment, market research, consultancy, architecture and engineering services, although it is important to note that these classifications are not those used by the DCMS and the full impact of the recession had yet to be realised in September last year.

#### The decline in financial services is likely to impact upon creative industries, particularly in London

- GLA evidence about the links between financial services employment and creative industries suggests that the sector may be particularly badly hit by this financial-services led crisis, especially in cities that depend more on financial services (eg London).<sup>45</sup>

#### Medium to longer-term confidence in creative industries

- Despite pessimism in the short-term, some commentators such as NESTA have suggested that the creative industries (films, music, fashion, TV and video games production) will grow despite the recession, at an average rate of 4 per cent between 2009 and 2013 (more than double the rate of the rest of the economy). NESTA predicts that the sector will employ 1.3 million people and have as many as 180,000 creative businesses in the sector by 2013, compared to the current number of 148,000. Also by 2013, the sector is expected to contribute as much as £85 billion to UK value added, up from £57 billion<sup>46</sup>. These predictions are, of course, subject to change as the recession progresses however.

#### Creative industries play an important role in innovation

- Despite the recession, innovation is regarded as the most important driver in the recovery and creative industries are regarded as having an important role to play.<sup>47</sup>

<sup>43</sup> In J Holden (2007). Publicly-Funded Culture and the Creative Industries. Arts Council England

<sup>44</sup> Based on Work Foundation analysis of KLEMS database 1990–1992, using recreational and cultural services as defined by Standard Industrial Classifications

<sup>45</sup> GLA (2007) 'London's Creative Sector: 2007 update'. London: GLA.

<sup>46</sup> NESTA, 'UK Creative Industry to Drive Significant Growth in UK Economy 9th February 2009

<sup>47</sup> C Leadbeater and J Meadway. 2008. Attacking the Recession: How Innovation Can Fight the Downturn. NESTA: London

### 2.3.5 What recession challenges might creative industries help me to address?

Whilst it is predicted to be unlikely that employment in creative industries will grow substantially during the recession, investment in creative industries may help local authorities to address other recession-related challenges. For example:

#### **Empty retail premises and boarded up high streets**

- Some councils, for example Margate, are opening up their retail space to creative industries at low rents. This ensures that there is still a feeling that the high street is occupied and also provides opportunities for creative industries to locate somewhere and potentially benefit from networking with one another.
- An alternative to renting out premises is working with local artists groups to paint shop fronts, making them look more attractive whilst there are no tenants there.

#### **Stimulating innovation**

- Creative workers are an important source of innovation, both within creative industries and in other sectors. Supporting the creative industries can contribute to supporting local innovation and potentially connecting creative industries globally.
- NESTA argues for the importance of networks that are ideally outward facing, globally connected and entrepreneurial<sup>48</sup> in nature as a way of getting through this crisis.
- Innovation strategies should be developed by working in partnership with neighbouring local authorities (for example through Multi Area Agreements) and with the RDA to ensure there is no duplication of effort, investment is taking place at the right level and local authority funds are effectively invested.

#### **Supporting the creative economy at low cost**

- Most public services will have restricted funds in the coming months. For local authorities with few funds, it is important to use the toolkit set out in section four to review whether there is a business case for investment in the creative industries in the local area and, if so, what the local authority's role in this is. If creative industries are deemed to be a priority, potential lower cost options include:
  - supporting networks through providing free space, refreshments and a co-ordinating role;
  - converting existing space into creative workspace (eg empty shops, historic buildings unsuitable for other purposes);
  - providing e-bulletins to help coordinate the sector;
  - working closely with other partners to improve access to information for the sector.

#### **Supporting young people looking for work**

- Creative Britain is focused on investing in skills and talent, particularly of young people, and there are a number of programmes, from Creative Apprenticeships to regeneration programmes

#### **Taking advantage of increased UK tourism**

- Currently it is predicted there will be an increase in domestic tourism within the UK, whilst overseas visitors are taking advantage of the changes in the exchange rate. One way to attract tourists is to promote your place as a creative and cultural place, for example through a festival or event..
- Creative industries related investment, for example in events/festivals, may not generate jobs directly in creative industries but may encourage greater tourism (see section 2.4.2 below)<sup>49</sup>. However, if there is no history of doing this in the local authority, it is important to consider whether there will be demand for this event, how to avoid competing in an over-crowded market, how to avoid replicating what neighbours are doing and how to time and market the event effectively.

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<sup>48</sup> C Leadbetter and J Meadway. 2008. Attacking the Recession: How Innovation Can Fight the Downturn. NESTA: London

<sup>49</sup> See research by Christopher Maughan and section 2.4.2 below

### **Local jobs are being lost and I want alternative sources of employment**

- Creative industries are unlikely to offer alternative sources of employment in the short term because of the impact that the recession is having on discretionary spending. However, in the medium to longer term creative industries are likely to be an important sector for innovation and some job growth according to NESTA. This suggests that they should be one of the sectors that local authorities, working in partnership with neighbouring local authorities and the RDA where relevant, consider investing in – but should not be regarded as a source of hundreds of new jobs in the short or medium term.
- The size of the local authority will also affect how much creative industries generate employment and which type of employment. Urban areas more likely to attract a higher volume of creative industries such as media, film and TV, because they benefit from being near one another. This is less important for the video games industry, which requires broadband. As always, however, the impact of creative industries on employment at a local level will depend on distinctive local circumstances.

## **2.4 What is the indirect economic impact of creative industries?**

Creative industries have an economic impact that goes beyond the confines of the creative industries as defined by DCMS. Creative activities are deeply embedded in the UK economy, with many individuals working in creative jobs outside the creative industries. In addition, the creative industries are identified as early adopters of innovation that has potential to 'spillover' to other industries<sup>50</sup>.

### **2.4.1 How do creative industries impact upon 'spillovers'?**

Creative industries can have a spillover effect on other sectors.

#### **Creative industries generate employment outside the 13 sectors**

- There are more creative specialists working outside the creative industries than within them, suggesting that the creative industries are making a contribution to 'spillovers'. 54 per cent of creative specialists are employed in businesses outside the creative industries<sup>51</sup>.

#### **Firms with strong creative industry networks and suppliers tend to be more innovative**

- NESTA's research with Experian suggests that firms with stronger business-to-business links with the creative industries are more innovative. This work suggested that firms that spend twice the average amount on creative inputs are 25 per cent more likely to introduce product innovations.<sup>52</sup>
- The evidence also suggests that firms that co-operate with creative businesses in their supply chains offer a more diverse product range and higher quality goods and services.<sup>53</sup>

#### **Creative industries create the potential to strengthen international networks**

- Collaboration with international partners can help local authorities and regions to find common solutions and 'draw from a deeper external pool of ideas, absorbing them and turning them into new innovations at the local level'.
- Creative industries can create potential for international networks, for example video games, digital effects and specialist simulations are particularly well networked on a global level.

<sup>50</sup> The Work Foundation, *Staying ahead: the economic performance of the UK's creative industries*

<sup>51</sup> NESTA (February 2008) Beyond the creative industries: making policy for the creative economy policy briefing

<sup>52</sup> NESTA (February 2008) Beyond the creative industries: making policy for the creative economy policy briefing

<sup>53</sup> NESTA (February 2008) Beyond the creative industries: making policy for the creative economy policy briefing

## 2.4.2 How do creative industries impact upon the visitor economy?

One of the most significant impacts of investment in creative industries, particularly for some of the smaller cities and market towns (for example, Winchester) is the impact it can have upon the visitor economy. In other words, some local authorities will not experience increases in employment or productivity in creative industries, but instead experience increased tourism and visitor numbers.

### **Creative industries can enhance the visitor economy of a place**

- Festivals may attract repeat visits, open up opportunities for hosting further events and conferences and even encourage the relocation of skilled workers to an area.

### **Festivals can generate economic benefit for the local area**

- Festivals have major effects on the local economy directly and indirectly through spending by visitors on local goods and services. For example, Ontario's festivals and events provide significant economic benefits for the province through spending by the festivals themselves and by their visitors (97 culture, sports, recreation and community festivals and events funded by OTF, OAC and OCAF contribute nearly \$80m to GDP, over \$30m in taxes, 2600 jobs and over \$50m in wages and salaries).<sup>54</sup>
- The Summer Sundae Festival in Leicestershire in 2008 was estimated to have attracted 14,613 spending approximately £520,000 per head excluding festival tickets, travel and accommodation. 1190 hotel nights were estimated to have generated an additional £60,000. In addition, 5315 camping nights were generated. 56 per cent of the audience was from outside Leicestershire and, as a result of the festival, two thirds of attendees felt more positive about Leicestershire as a result of attending<sup>55</sup>.
- The Big Session Festival in Leicestershire attracted 6192 attendees and, excluding tickets, travel and accommodation approximately £285,000 was spent. This generated about 1100 hotel nights and 1780 camping nights. Three-quarters of the audience was from outside Leicestershire and 61 per cent agreed they felt more positive about Leicestershire as a result of attending the festival<sup>56</sup>.

### **Care needs to be taken to manage the impact of visitors on the local area**

- Problems of environmental degradation should be guarded against to avoid any negative impacts on beauty.<sup>57</sup>

## 2.5 What is the impact of creative industries on regeneration?

The creative and cultural industries are regarded as having strong multiplier effects, meaning that there is evidence to suggest that they contribute positively to local and regional regeneration beyond their direct economic impact.

Regeneration can be defined as including:

- economic and physical development;
- community cohesion and renewal;
- social and cultural benefits;
- all of the above<sup>58</sup>.

Evidence suggests that unlocking creative potential may well improve the prospects for successful urban regeneration. The evidence base does need to be improved, however, in order for local authorities to have a better understanding of the impact of creative industries on regeneration.

<sup>54</sup> [http://www.trilliumfoundation.org/User/Docs/OTF-English\\_downloads/files/research/festivals\\_ontario\\_overall\\_impact.pdf](http://www.trilliumfoundation.org/User/Docs/OTF-English_downloads/files/research/festivals_ontario_overall_impact.pdf)

<sup>55</sup> Analysis by Christopher Maughan, De Montfort University, presented at UK Festival Awards Conference, 30 October 2008

<sup>56</sup> Analysis by Christopher Maughan, De Montfort University, presented at UK Festival Awards Conference, 30 October 2008

<sup>57</sup> The 2nd DeHaan Tourism Management Conference, "Developing Cultural Tourism",

[http://www.nottingham.ac.uk/ttri/pdf/conference/raj\\_per\\_cent20razaq.pdf](http://www.nottingham.ac.uk/ttri/pdf/conference/raj_per_cent20razaq.pdf)

<sup>58</sup> <http://www.regional-studies-assoc.ac.uk/events/prague08/papers/Jarvis.pdf>

### 2.5.1 How do creative industries impact upon the economic and physical development of deprived areas?

Investment in creative industries can impact upon the economic and physical development of deprived areas in a number of ways.

#### **Flagship cultural developments can have a significant impact upon the quality of the public realm in communities if devised appropriately for the local area**

- The re-imaging of cities through culture-led regeneration can attract and retain skilled workers and firms (for example, Glasgow's Miles Better campaign).
- The most successful flagship projects are linked with other parallel programmes such as city marketing, economic development and other physical regeneration, as flagship projects in isolation may struggle to realise the desired outcomes.
- Efforts to nurture both creative and cultural production and demand for creative and cultural products are both crucial in order to sustain creative industries.

#### **Vibrant clusters of creative industry activity can help build competitive advantage for a place by developing strengths in high value economic activity**

- Having said this business clusters do not map onto regeneration areas<sup>59</sup>, which can make it difficult to identify how creative clusters have impacted upon regeneration.
- It is also crucial that indigenous strengths be built on rather than solely chasing opportunities for developing high value, knowledge based industries.

#### **The recession creates an opportunity to use unused retail space for creative industries (see section 2.3.5 above for more details)**

- The government recently announced new measures and a fund of £3 million to temporarily convert empty shops into social enterprises, local art displays or learning centres. The new provisions including special planning application waivers, standard interim-use leases, and temporarily leasing shops to councils will allow empty shops to get makeovers for use as cultural, community or learning services.<sup>60</sup>

### 2.5.2 How do creative industries impact upon community cohesion and renewal?

Creative industry-related interventions have been identified as substantively changing the self confidence of cities and their residents, for example the Angel of the North<sup>61</sup>, Glasgow's year as European City of Culture in 1990<sup>62</sup>.

#### **Participating in cultural events can help foster social cohesion, encourage skills development and build social capital**

- For example this can happen through large scale volunteer programmes as developed in Manchester as part of the 2002 Commonwealth Games.
- Initiatives like community arts programmes can engage communities and build social capital.

#### **Creative activity can improve quality of life for individuals**

- Creative activity has been shown to be important for individual health and psychological well-being.<sup>63</sup>

<sup>59</sup> Bagwell, S., (2008), 'Creative clusters and city growth', *Creative Industries Journal*.

<sup>60</sup> <http://www.communities.gov.uk/news/corporate/1201277>

<sup>61</sup> Bailey, C., Miles, S. and Stark, P. (2004) Culture-led Urban Regeneration and the Revitalisation of Identities in Newcastle, Gateshead and the North East of England, *International Journal of Cultural Policy*, Vol 10: 4.

<sup>62</sup> Garcia, B. (2004) Cultural Policy and Urban Regeneration in Western European Cities: lessons from experience, prospects for the future, *Local Economy*, Vol 19: 4.

<sup>63</sup> UN Creative Economy Report 2008



### 2.5.3 How do creative industries generate social and cultural benefits?

The sector has the potential to link economic development with cultural development.

#### **Cultural benefits can be generated through engagement in creative industries**

- By stimulating growth in the creative industries it is proposed that there are also cultural benefits linked to greater engagement and diversity<sup>64</sup>.

#### **The composition of the sector itself is less diverse than many assume**

- Although creative and cultural industries are associated with cultural diversity, some statistics show that the proportion of employees from minority ethnic backgrounds is lower than in the workforce as a whole.
- There are programmes underway to increase the diversity of the creative and cultural workforce but currently it is predominantly a skilled workforce.<sup>65</sup>

## 2.6 What is the impact of creative industries on skills?

Creative industries have an important impact upon the skills of local communities.

#### **Funding for creative and cultural courses has increased**

- Core funding for creative and cultural courses in England at further education level increased by 9 per cent between 2003/04 and 2004/05.

#### **Funds and qualifications vary according to region however**

- In 2004/05 Greater London, the South East and the North West received 46 per cent of the total funding.
- In England, once at Level 4, the number of vocationally related qualifications in creative subjects drops significantly.
- Of all students studying creative and cultural courses in England in further education, 39 per cent are doing so in Greater London and the South East.

#### **Cultural input into the education system can foster cultural awareness**

- The sector can impact positively on the education system by providing cultural inputs into the education system to facilitate students' education in the society and foster cultural awareness.<sup>66</sup>

#### **The recession may change skills needs in the sector**

- Skillset, the sector skills council for creative media, are currently undertaking research into the impacts that the recession may have in the sector as a means to enable employers to effectively respond to specific challenges that the downturn may bring.<sup>67</sup>

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<sup>64</sup> UN Creative Economy Report 2008

<sup>65</sup> <http://www.regional-studies-assoc.ac.uk/events/prague08/papers/Jarvis.pdf>

<sup>66</sup> UN Creative Economy Report 2008

<sup>67</sup> [http://www.skillset.org/research/recession\\_survey/](http://www.skillset.org/research/recession_survey/)

## 2.7 What is the impact of creative industries on place-making?

One of the key impacts of creative industries identified by local authorities was 'place-making' and the impact that the cultural and creative offer can have upon attractiveness to investment, the 'feel' of a place and the quality of life for residents. A vibrant creative industries sector has positive externalities and can contribute to quality of life and enhance place image and prestige.<sup>68</sup> A strategic inspiration of new attitudes to place can encourage the attraction and retention of skilled workers, graduates, tourists and business investors.

### 2.7.1 How do creative industries impact upon quality of life for residents?

Creative industries have an important impact upon quality of life for residents that should not be overlooked in discussions of place-making and the benefits of investment in creative industries. Quality of life for indigenous residents may also be improved with greater employment opportunities and access to a strong cultural infrastructure.

### 2.7.2 How do creative industries impact upon attractiveness to investment?

Creative industries can improve the attractiveness of local areas as investment locations – although it is important to note that creative industries are only one element of attractiveness to investment. This means that certain areas, such as larger cities, are likely to benefit more from investment benefits than smaller areas, which may be more likely to experience quality of life benefits for residents.

#### **Creative industries are regarded as important to location decisions**

- Opportunities for a good quality of life are seen as significant for the location decisions of firms and workers. Influentially Florida argued that in order to develop and compete in a knowledge driven economy it is essential to attract and retain creative, innovative and entrepreneurial individuals by offering a 'people climate'.<sup>69</sup>
- Cities with stronger creative and cultural offers are regarded as more attractive locations for investment for firms seeking to attract highly skilled staff.<sup>70</sup>

#### **Creative and cultural offers can help to retain graduates**

- A related issue for cities and their regions in the UK is the retention of graduates who have attended their universities. The creative industries tend to employ highly skilled workers so developing the sector can be seen as a way of expanding the number of skilled workers.

#### **Investment in creative industries matters more to some sectors than others**

- 'Agglomeration' – the benefits of access to a wide range of consumers, workers and ideas that are associated with locating in a larger urban area – matters more to some sectors than to others. For example, advertising firms have been shown to have a strong preference to cluster, as illustrated by the high rents paid by advertising firms in Manhattan to locate in the same few blocks<sup>71</sup>, whilst organisations with high levels of support functions may not need to locate in a large urban area in the same way.<sup>72</sup> This suggests that the benefits of investing in creative industries will vary according to the sectors that a local area is trying to attract.

<sup>68</sup> Scott, A. J. (2004) Cultural Products Industries and Urban Economic Development: prospects for growth and market contestation in global context, *Urban Affairs Review*, 39: 477

<sup>69</sup> Florida, R. (2002) *The rise of the Creative Class*, New York: Basic Books.

<sup>70</sup> Alexandra Jones et al (2006) *Ideopolis Knowledge City Regions*: The Work Foundation: London

<sup>71</sup> J.Vernon Henderson and Mohammad Arzaghi (October 2005) 'Networking off Madison Avenue', US Census Centre for Economic Studies:

<sup>72</sup> Paul Hildreth and Paula Lucci (2008) *City Links*: Centre for Cities

## 2.8 Conclusions

This section demonstrates that the evidence about the impact of creative and cultural industries is mixed, suggesting that they have an important impact on local areas but that cause and effect remains unknown. It is important to note that, judging on past initiatives, simply investing in creative and cultural industries does not automatically mean that a city will benefit in terms of its economy or regeneration. Whilst Manchester, Newcastle, Bristol, Leeds and Sheffield all invested in creative industries and have grown in the last ten years, so too did Hastings, Blackpool and Mansfield and they are amongst the cities that have struggled economically in the last ten years<sup>73</sup>. Nevertheless the right combination can result in extensive economic, social and cultural benefits for communities.

### The potential impacts of the creative and cultural sector

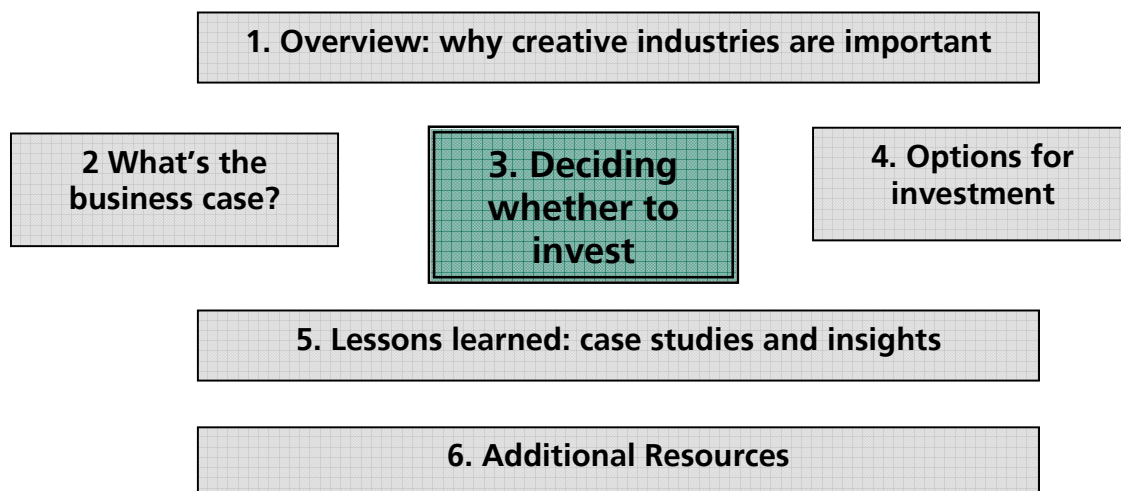
Broad theme	Nature of impact	Specifically	Issues to consider
<b>Economic</b>	Direct	Revenue Job creation Firm formation	<ul style="list-style-type: none"> <li>• Recession will impact upon jobs in the short-term</li> <li>• Benefits will vary by local area</li> <li>• Local authorities should review whether economic impact is best achieved through partnership working within a sub-region or region</li> </ul>
	Indirect	Innovation Visitor economy	<ul style="list-style-type: none"> <li>• Visitor economy should build on existing assets</li> </ul>
<b>Regeneration</b>	Economic and physical	Reimaging and attracting investment Improvements to the public realm	<ul style="list-style-type: none"> <li>• This should be in parallel with other programmes to improve the local area</li> </ul>
	Community cohesion	Increased self-confidence of residents Participation	<ul style="list-style-type: none"> <li>• Programmes should aim to be inclusive and community based</li> </ul>
<b>Skills</b>	Social	Skills development	<ul style="list-style-type: none"> <li>• Opportunity to engage with universities, FE colleges and schools</li> </ul>
<b>Placemaking</b>	Social	Expressing cultural diversity	<ul style="list-style-type: none"> <li>• Creative industries can engage excluded communities – but there might not be jobs for all</li> </ul>
	Place attractiveness	Attraction of jobs, firms and visitors Improved quality of life for residents	<ul style="list-style-type: none"> <li>• Can contribute to well-being in a local area</li> <li>• Attractiveness to investment will vary according to sector</li> </ul>

<sup>73</sup> Alexandra Jones et al (2008) *How do cities thrive in the changing economy?* The Work Foundation: London

### 3 Deciding whether to invest

#### 3.1 This section

This section reviews the issues that local authorities need to review when considering whether to invest in the creative industries and, if so, what measures might be most appropriate for their particular area. It sets out a checklist that local authorities should work through in order to decide a) whether to formulate a creative industries strategy and b) what that strategy should look like.



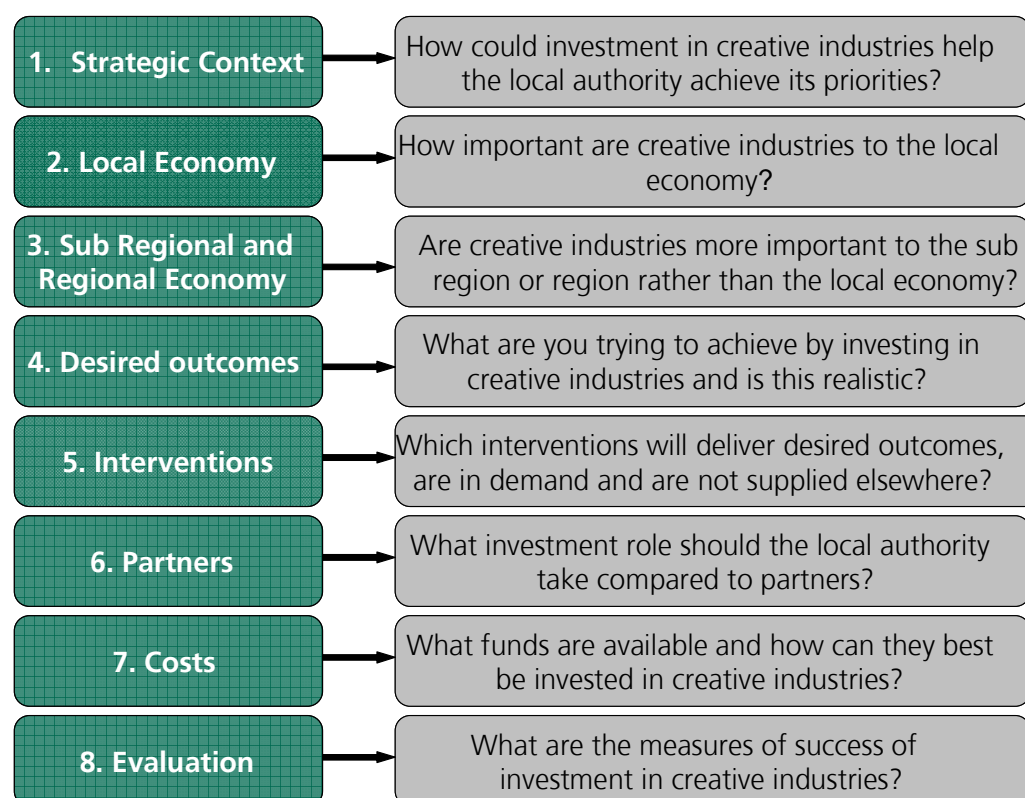
This section should be read in conjunction with section one, setting out the strategic context, section two, setting out the business case and section four about options for investment. Section five on lessons learned provides insights about the barriers to and enablers of successful interventions.

This guidance should be used in conjunction with the *Culture and Sport Toolkit* (see section 6) developed by the IDeA, which supports self-improvement by offering a new approach to self-assessment and improvement planning, focusing on: organisational capacity; performance management; and reviewing relationships with key partners.

#### 3.2 How do local authorities decide whether to invest?

Any business case for investment in creative industries needs to be developed on the basis that local authorities will be facing significant funding constraints in the coming months. It also needs to consider desired outcomes and the characteristics of the local area in a sub regional and regional context. This section sets out a checklist of questions, drawn from best practice, which local authorities should seek to answer when considering whether investment in creative industries should be a priority for their local area. This checklist is illustrated in the diagram below.

Figure 3.1 Checklist for investment in creative industries



### 3.3 Checklist

Theme	Checklist
<b>A. Strategic context:</b>  <b>How could investment in creative industries help your local authority achieve its priorities?</b>  <i>(See Section 1 of this guide)</i>	1. What are the local authority's main priorities in relation to: <ul style="list-style-type: none"> <li>• economic development</li> <li>• regeneration</li> <li>• skills</li> <li>• place-making?</li> </ul>
	2. What are the sub-regional priorities in relation to these four elements (economic development, regeneration, skills and/or place-making)?
	3. What are the regional priorities?
	4. What other challenges is the local authority facing (eg in context of recession/recovery)?

Theme	Checklist
<b>B. Local economy:</b>  <b>How important are creative industries to the local economy?</b>	5. What proportion of jobs in the local economy are in the creative industries/creative occupations? How much has this changed in recent years?
	6. In which sectors is the local authority's creative employment?
	7. Are there gaps in the evidence base? (eg is this only based on secondary data rather than a detailed study of the area?)
	8. How important are creative industries to the quality of life of your local economy?
	9. How important are creative industries to the tourism offer of your local economy?
<b>C. Sub regional and regional economy:</b>  <b>Are creative industries more important to the sub region or region rather than the local economy?</b>	10. What proportion of jobs in the sub-regional economy are in the creative industries?
	11. Which sectors are the sub regional creative industry jobs in? Are they similar or different to those in the local authority?
	12. What proportion of jobs in the regional economy are in the creative industries?
	13. Which sectors are the regional creative industry jobs in? Are they similar or different to those in the local authority?
<b>D. Desired outcomes</b>  <b>What are you trying to achieve by investing in creative industries and is this realistic?</b>  <i>(See section 2 of this guide)</i>	14. Are the sectors in which you have strengths likely to contribute most to: <ul style="list-style-type: none"> <li>• innovation and GVA?</li> <li>• jobs</li> <li>• place-making</li> <li>• regeneration</li> </ul>
	15. What outcomes is the local authority hoping to achieve by investing in creative industries?
	16. Is there evidence that these outcomes have been achieved elsewhere?
	17. What is the current 'creative infrastructure' supply in the local authority?

Theme	Checklist
<b>E. Interventions:</b>  <b>Which interventions will deliver desired outcomes, outcomes, are in demand and are not supplied elsewhere?</b>  <i>(see Section 4 of this guide)</i>	<ul style="list-style-type: none"> <li>• (Money) finance for businesses</li> <li>• (Things) physical infrastructure</li> <li>• (Human capital) skills</li> <li>• (Social capital) networks</li> <li>• (Know-how) IP</li> <li>• (Market capital) catalyst/marketing</li> </ul> <p>18. What is the current 'creative infrastructure' supply in the sub-region and region?</p> <p>19. Is the local authority urban or rural? Is the local authority near to or part of a wider sub region that includes an urban area?</p> <p>20. Is there demand for additional 'creative infrastructure' in the six categories in the local authority? What kind? In which sectors? Is this based on consultation with businesses?</p> <p>21. Is there demand for additional 'creative infrastructure' in the six categories in the sub region?</p> <p>22. Where are there resources for support for the creative industries sectors in which the authority has strengths?</p>
<p><i>NB: Many businesses report that local authorities invest in creative industries without consulting them, resulting in inappropriate and wasted investment.</i></p> <p><i>If there is little employment in creative industries in your area / high levels of supply of infrastructure, the priority may be to link aspiring creative workers to neighbouring areas/existing supply rather than prioritising (additional) investment in creative industries.</i></p>	
<b>F. Partners</b>  <b>What investment role should the local authority take compared to partners?</b>  <i>(See online resources)</i>	<p>23. Have you consulted with internal partners within the local authority, including those working in:</p> <ul style="list-style-type: none"> <li>• economic development</li> <li>• corporate</li> <li>• planning</li> <li>• tourism</li> <li>• cultural officer</li> <li>• any business support organisations.</li> </ul> <p>24. What creative industry activities are other partners undertaking in your area?</p> <p>25. Who would you need to work with in order to respond to demand in your area?</p>

Theme	Checklist
<b>F. Costs:</b>  <b>What funds are available and how can they best be invested in creative industries?</b>	26. What are the costs of the different options? Will there be sufficient return on investment from physical workspace or is investment in networks/ skills likely to achieve my desired outcomes?
	27. What sources of investment are available from partners? What will I need to fund? How sustainable is this funding?
	28. How can existing council assets and resources be used?
	29. How can capital costs be supported? How can management and operational costs be supported and sustained through revenue sources?
	30. What are the likely timescales for investment?
<b>G. Evaluation:</b>  <b>What are the measures of success of investment in creative industries?</b>	31. What should be evaluated? ( <i>Investment/impact upon creative industries in the local area</i> )
	32. At what level should evaluation take place? (Impact of investment on local area/sub region/region)?
	33. How is impact measured? ( <i>Criteria for assessing the merits of the investment? What does satisfactory look like?</i> )
	34. How can real impact be identified? To what extent is the outcome the result of the investment? What other factors contributed to the outcome? <sup>74</sup>

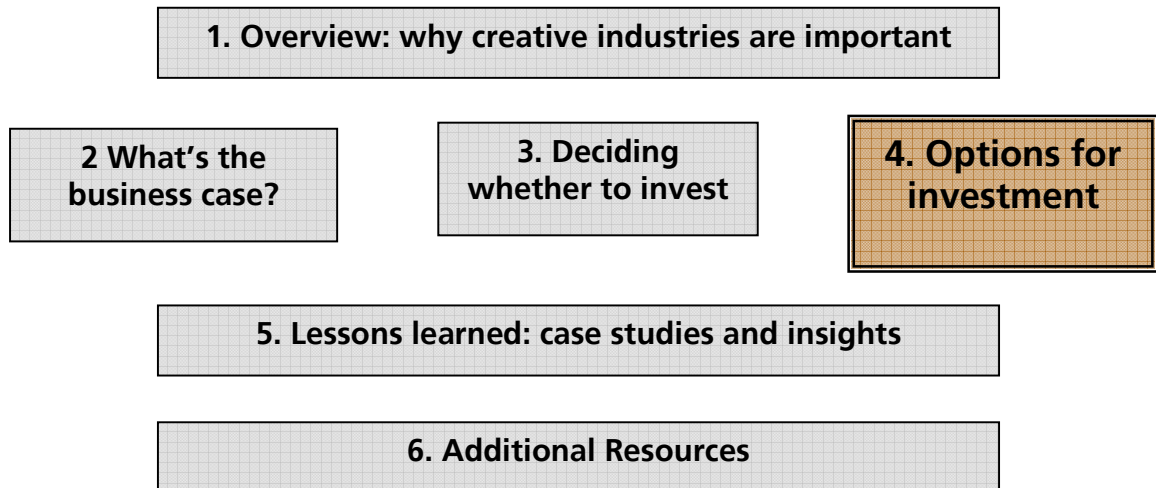
<sup>74</sup> These questions are adapted from 'Cluster Program Evaluation', Ch. 6 in *Clusters: Balancing Evolutionary and Constructive Forces*: Orjan Solvell: Ivory tower: Sweden, 2008



## 4 What are the options for investment?

### 4.1 This section

This section sets out the evidence about ‘what’ investment in the creative and cultural industries sector could look like, the different options for investment and their advantages and disadvantages. This section’s role in the overall guide is shown in the diagram below.



This section should be read in conjunction with section three, about deciding whether to invest, and section two, about the business case. Section five on lessons learned provides insights about the barriers to and enablers of successful interventions.

### 4.2 What are the different types of intervention?

The drivers of creative industries have been identified in *Staying Ahead* as:

Drivers of creative industries	
• Demand	• Networks
• Diversity	• Public sector support
• A level playing field	• Intellectual property
• Education and soft skills	• Business capacity <sup>75</sup>

Source: *Staying Ahead* (2007)

When considering how to support these drivers at a local level, councils need to consider the multiple roles they can play.

<sup>75</sup> The Work Foundation, *Staying ahead: the economic performance of the UK's creative industries*, 2007: 23

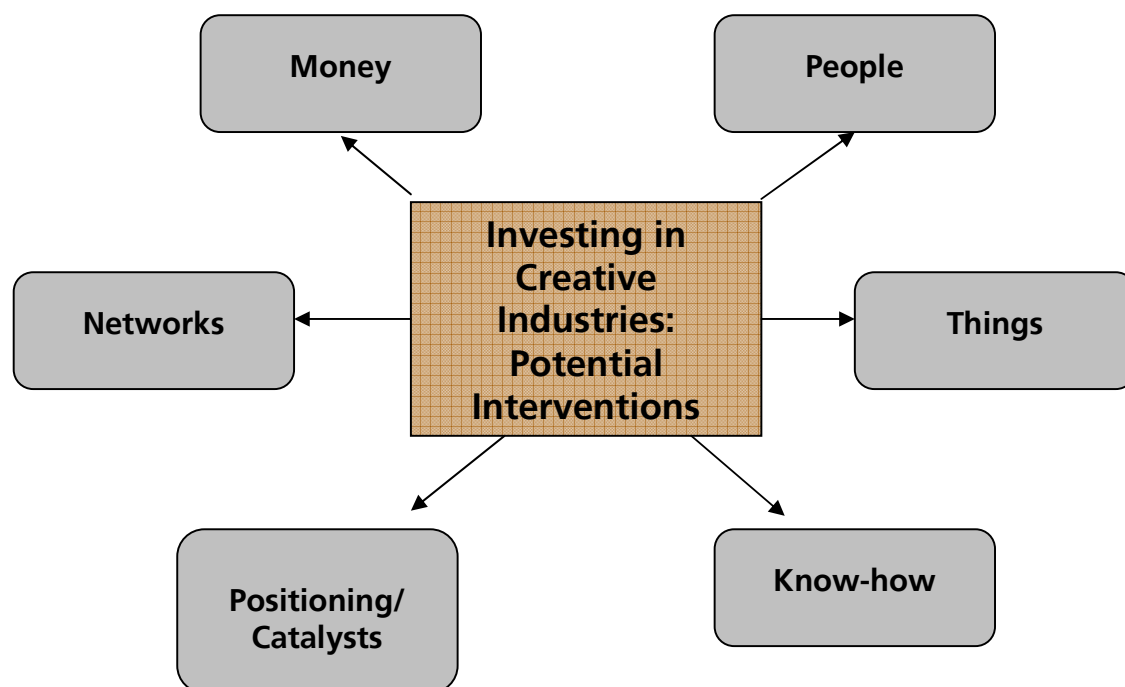
**First, local authorities have a significant impact upon creative industries through discharging their wider strategic responsibilities.** Council roles that have an important impact upon creative industries in the local area include their roles as:

- planning authority;
- licensing authority;
- regulator;
- monitoring trading standards;
- health and safety of events;
- strategic and funding roles in relation to schools and further education;
- convenor of partnerships, particularly with higher education and with sub regional local authorities;
- direct deliverers eg through libraries;
- commissioning work.

This suggests that local authorities need to harness all areas of the council to provide effective support to the creative industries. It also suggests that, even if there are funding constraints on direct interventions listed below, local authorities can still consider how discharging their wider responsibilities can best enable creative industries to thrive.

**Second, as well as the significant impact local authorities have on creative industries through their daily work, councils can invest in a more direct intervention that is tailored to the needs of creative industries.** These direct investment options can be clustered under six main headings adapted from work by Orjan Solvell<sup>76</sup> and are illustrated in the diagram below:

**Figure 4.1: Potential Interventions in creative industries**



<sup>76</sup> Orjan Solvell (2008) *Clusters: Balancing Evolutionary and Constructive Forces*: Ivory tower: Sweden, 2008

**1. Money (financial capital): eg funding, information about funding**

Access to finance can help creative businesses develop and / or grow. This is particularly relevant during the current credit crunch but even during the boom, lack of commercial skills within the creative sector was identified as a barrier to accessing equity and debt finance<sup>77</sup>.

**2. People (human capital): eg skills programmes, enterprise support**

Individuals with the appropriate skills and capacity for the organisation are essential for business development. There is a shortage of industry-specific skills in some creative industries, as well as knowledge about how to commercialise ideas and manage businesses.<sup>78</sup>

**3. Things (physical capital): eg creative workspace**

It is important to provide appropriate premises in which creative businesses can work and network. The presence of physical infrastructure, where this responds to genuine business demand, can also have a significant impact upon a local area.

**4. Know-how (intellectual capital): eg links with universities**

Having access to new ideas can form the basis of comparative advantage for creative industries, so working closely with universities and other important sources of knowledge is useful.

**5. Global positioning/catalysts (market capital): eg festivals, events**

Promoting a cluster of industries to help position them in the wider marketplace is important and helps generate intangible benefits for them (e.g. networks, contacts, profile) as well as having more tangible benefits for local areas (e.g. enhancing the visitor economy).

**6. Growth of networks (social capital): eg supporting networks**

"Collaborative networks have long been key to the production process in creative industries."<sup>79</sup> Supporting the co-ordination of these networks can enable these businesses to innovate more effectively and access new business opportunities.

**4.2.1 Key lessons about investing in creative industries**

Section five highlights some of the main lessons learned about investing in creative industries. Three points to highlight are:

**Interventions should be part of a holistic approach to creative industries**

- It is recommended that these interventions are not considered in isolation, but as aspects of a holistic approach aimed at developing creative industries. Most projects that local authorities have undertaken to invest in, for example, physical infrastructure, have been most successful when undertaken in conjunction with investment in networks or associated events. In addition, successful investment in creative industries requires local authorities to consider how their role as a planning authority, health and safety regulator etc. will impact upon creative businesses in their area.

**Working in partnership is vital**

- Working in partnership matters because of the large number of organisations that have a role in investing in creative industries. Councils need to consider how they can work in partnership within their own organisation, for example encouraging planners to work with those in economic development, as well as working in partnership with other organisations such as the Arts Council and Regional Development Agencies.

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<sup>77</sup> The Work Foundation, *Staying ahead: the economic performance of the UK's creative industries*

<sup>78</sup> The Work Foundation, *Staying ahead: the economic performance of the UK's creative industries*

<sup>79</sup> The Work Foundation, *Staying ahead: the economic performance of the UK's creative industries*: 144

### Play to local strengths

- When deciding which intervention to adopt, a local authority needs to ensure that it considers the desired outcome first, and then what is the best combination of interventions, considering both its own remit and that of partners.

Important sources of additional information include:

- Living Places [www.living-places.org.uk](http://www.living-places.org.uk)
- Creative Workspace [www.creativeworkspace.info](http://www.creativeworkspace.info)

The remainder of this section introduces and defines the different types of direct investment tailored to the needs of creative industries.

## 4.3 Money (financial capital)

### 4.3.1 What?

Access to finance can help creative businesses develop and/or grow. One of the key challenges facing many creative businesses is the need to develop a product before it can be market tested, meaning that many investors charge a higher cost of finance.

### 4.3.2 Why?

**Business growth:** Access to finance is crucial for firms trying to commercialise their products and businesses. Access to finance is a particularly relevant issue during the current credit crunch. However, even during the boom, lack of commercial skills within the creative sector was identified as a barrier to accessing equity and debt finance.<sup>80</sup> This is linked to human capital (see 4.3). A report by BOP for DCMS noted that most of the businesses in the sector would benefit from relatively basic business support, particular around financial skills and management practices.

**Industry structure:** The ideas generation stage of the value chain is regarded as the most high valued added and is characterised by small and independent firms and by sole trader and freelance activity.<sup>81</sup> Funding opportunities can help improve prospects for small start-up firms and promote growth.

**Problems with access to venture capital:** Businesses in the cultural and creative sectors often encounter problems with access to venture capital due to the high risk nature of their work. Access to venture capital can provide a powerful catalyst for commercialising creative activity.<sup>82</sup>

### 4.3.3 How?

Local authorities can support creative businesses to access funding in a number of ways, including:

**Providing funding:** Providing grants to local businesses;

**Working with other organisations to provide local, sub regional or regional funding** RDAs and Arts Council England are particularly important sources of grants and funding for creative industries. Local authorities also provide funds through procurement exercises and direct delivery (eg funding libraries).

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<sup>80</sup> The Work Foundation, *Staying ahead: the economic performance of the UK's creative industries*

<sup>81</sup> Frontier Economics (2006), *Comparative analysis of the UK's creative industries* (Report to the Department of Culture Media and Sport – UK Government).

<sup>82</sup> Florida, R. (2002) *The rise of the Creative Class*, New York: Basic Books.

**Supporting small businesses to access funding:** DCMS provides an overview of potential sources of funding for creative businesses, *Money Map*, which is available here [http://www.culture.gov.uk/images/publications/moneymap\\_february2008.pdf](http://www.culture.gov.uk/images/publications/moneymap_february2008.pdf). Key points in this document include:

- Business Link is the starting point for finding out more about small business funding [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- Regional Venture Capital Funds provide amounts up to £500K for SMEs that show growth potential;
- The Arts Council England plays a vital role in supporting the creative industries;
- Grants for Research and Development was a BERR (now BIS) initiative to provide grants to help individuals and SMEs to research and develop technologically innovative products and processes.

*Money Map* also includes information on regional sources of funding.

### 4.3.4 Advice for local authorities

**Link with the Business Support Simplification Framework:** 3,000 schemes business support schemes are being reduced to 100 or less by 2010 and Business Link has become the primary access route for individuals and businesses seeking support. Local authorities will need to link any advice on funding to the BSSP.

**Linking with Partners:** It is important for local authorities to link with other partners when considering investing in creative industries more directly.

**Information Provision:** Researching the opportunities for businesses from the creative and cultural sector to access funds is helpful. The provision of clear, up to date information about the sources of accessible and suitable financial support can be crucial for the development and growth of firms in the sector.

## 4.4 People (human capital)

### 4.4.1 What?

*Staying Ahead* noted that there is a shortage of industry-specific skills and business skills in some creative industries. Investing in creative skills is identified as a priority for the future and devolution of funding to local authorities creates new opportunities for councils to influence this agenda.

### 4.4.2 Why?

**Business Success:** The presence of human capital is a crucial factor in creative industry success.. A skilled workforce can be a driver of competitive advantage, and research and learning can provide the basis for economic success. As creative products are highly specialised and differentiated, being able to attract and retain highly skilled individuals to firms and to localities is very important.

**Innovation Spillovers:** Having skilled individuals locating in the same area can allow spillovers of innovation.<sup>83</sup> It can also mean that communities of practice emerge that provide informal training which gives participants access to tacit knowledge.<sup>84</sup> Established innovation systems also benefit from attracting and retaining creative people who make the place more attractive for other creative people.<sup>85</sup>

<sup>83</sup> Storallick, K. and Florida, R. (2006) Creativity, Connections and Innovation: a study of linkages in the Montreal Region, Environment and Planning A, 38.

<sup>84</sup> Ekinsmyth, C. (2002) Project Organisation, Embeddedness and Risk in Magazine Publishing, Regional Studies, 36: 3

<sup>85</sup> Athey, G. Glossop, C., Harrison, B., Nathan, M. and Webber, C. (December, 2007) Innovation and the City: how innovation has developed in five city –regions (NESTA, London).

**National Priority:** Skills are identified as a priority across the UK. Creative Britain emphasises the importance of building the skills of individuals and young people and has committed to increase 'creative apprenticeships' to 5000 a year by 2013.

**Local Benefits:** At the local level it is possible to reduce barriers to growth by addressing skills shortages and providing access to support and guidance. This is part of a much broader process of increasing the role of creativity and culture within schools and has led to the development of 'creative partnerships'. The high incidence of educational and research institutions is an important competitive advantage the city offers.<sup>86</sup> When talent emerges from a local area, this can also help strengthen the scene from which it came and stimulate more activity.<sup>87</sup>

**Attractiveness of Place:** The creative class' are thought to locate in cities with certain amenities which fit with their values, aesthetics, lifestyles and consumption patterns.<sup>88</sup> For example, it has been suggested that Manchester's cultural offer was one of the factors that encouraged the Bank of New York to locate there.

**Lack of Commercial Awareness:** According to NESTA in nearly 90 per cent of creative businesses, fewer than half of all senior managers have received any training in business strategy.<sup>89</sup> *Staying Ahead* noted that there is a lack of knowledge about how to commercialise ideas and manage businesses in the creative industries sector.<sup>90</sup>

**Little training in firms:** As many creative industry firms are small and flexible there is little incentive to train employees as they will not necessarily remain with them for long.

**Desire for generic advice but tailored to sector:** Many small businesses are confused about where to access support and / or feel that generic support does not provide them with the information they require.

### 4.4.3 How?

Some of the potential skills interventions include:

#### Funding courses

Local authorities will have a vital role to play in this area: with the abolition of the local Learning and Skills Council, local authorities will have new responsibilities for the 14-19yrs agenda and up to £7bn to spend in sixth form colleges and further education colleges.

#### Industry specific

- Careers guidance – The Creative Choices<sup>9</sup> website provides comprehensive careers advice on the creative and cultural industries ([www.creative-choices.co.uk](http://www.creative-choices.co.uk)). Delivered by the sector skills councils Creative & Cultural Skills, Skillset and Skillfast-UK, it gives quality assured information and guidance for all ages, from school leavers to established practitioners and industry leaders. This signposting on careers, courses, training and professional development.
  - The Diploma in Creative and Media – local authorities should consider the Diploma in Creative and Media as a priority for their 14-19 funding to ensure a supply of talent for local creative employers and support sustainable growth of the local creative economy.
  - Understanding local creative industries – Creative & Cultural Skills are able to provide up to date local and regional labour market intelligence for the eight industries they cover. The data can show economic impact of the sector and its demographic impact.
  - The UK Design Skills Alliance aims to join up and support the skills development activities of schools, colleges and industry to secure the design sector's position as a world-leading centre for design skills and education. It aims to act as a catalyst for change, providing coherence and focus to a fragmented sector and will work closely with partners to help raise professional standards in design industry practice and education in the UK.

<sup>86</sup> Morgan, K. (1997) The learning region: institutions, innovation and regional renewal, *Regional Studies*, Vol 31: 5

<sup>87</sup> O'Connor, J. (1999) The Cultural Production Sector in Manchester, [www.mmu.ac.uk/hss/mipc/ciss/reports/summary.pdf](http://www.mmu.ac.uk/hss/mipc/ciss/reports/summary.pdf) (Accessed 1 July 2006)

<sup>88</sup> Florida, R. (2002) *The rise of the Creative Class*, New York: Basic Books.

<sup>89</sup> NESTA, *Entrepreneurship education for the creative industries*, Policy Briefing, May 2007

<sup>90</sup> The Work Foundation, *Staying ahead: the economic performance of the UK's creative industries*



### Generic business skills

- Basic business advice: To grow creative businesses the acquisition of basic business skills is necessary (Hartley). This is about access to basic advice as well as businesses being signposted to those providing specialist, sector-specific business support.
- Links to community programmes: Local authorities can also provide and encourage projects which enable creative talent to develop in social and community programmes with the chance to move on to commercial success where possible.

### Retaining talent

Skilled workers across all sectors can be attracted by a distinctive place with a vibrant cultural infrastructure and greater quality of life opportunities.

#### 4.4.4 Advice for local authorities

**Partners:** The Sector Skills Councils are important partners for local authorities considering whether and how to invest in creative skills. Any investment in skills needs to be considered in the context of Apprenticeships, the responsibility of local authorities for the 14-19 agenda, existing work by schools, FE colleges and universities and work by other partners in this area.

**Business Support Simplification:** Local authorities will need to work within the Business Support Simplification agenda. There are some concerns about this within the sector, with some businesses suggesting that they would like more tailored support.

**Wider issue:** These are not issues that can be resolved through investment in creative industries alone; attracting and retaining talent requires employment opportunities, quality of place, appropriate housing stock etc. There will also be other partners who will have an impact on attracting and retaining talent across a number of sectors. However, investment in creative industries and a vibrant cultural offer can be one of the important factors in encouraging skilled workers to live or work in an area.

## 4.5 Things (physical capital)

### 4.5.1 What?

Physical infrastructure is about providing appropriate premises in which creative businesses can work and network. There are a number of different types of physical infrastructure that can be regarded as benefiting creative industries. These include:

1. workspace provision;
2. cultural infrastructure;
3. cultural quarters.

Each will be discussed in more detail below as they require quite different approaches.

### 4.5.2 Workspace provision

#### What

There are many different types of workspace initiatives being undertaken in the UK. These have involvement from different sectors and partners.

#### Why

The built environment plays a key role in enabling the growth of creative industries by providing:

- suitable workspace and adaptable buildings;
- inspiring space; and
- contributing to distinctiveness and ambience.



## Section 4: what are the options for investment?

Good design can foster creativity. The attraction of anchor firms – firms that can attract other creative industries to work with or near them - to workspaces is another way of ensuring sustainability and leading to spillovers.

Evidence about the impact of creative workspaces is mixed and varied. There is some evidence that:

- artists value and benefit from sharing space with other artists through access to business opportunities, new ideas, information and social contact;
- 'artist centres' with rehearsal and studio space and associated facilities can attract and retain skilled creative industry employees;
- more and better artists are attracted to towns and cities that offer a portfolio of dedicated spaces for learning, networking, exhibition, and sharing tools and workspace;<sup>91</sup>
- studio based artists do better when it comes to accessing financial grants and awards, and are more likely than home based artists to earn over £20K each year.

For more information about evidence on the impact of creative workspaces, see

<http://www.creativeworkspace.info/toolkit/Knowledge/cwkn0011.html>

### How

Local authorities often provide:

- incubation units for new business start-ups;
- studio provision;
- digital and creative industries business parks;
- rural regeneration schemes promoting craft-based businesses as part of visitor attraction programmes.<sup>92</sup>

A range in size and nature of the space is essential including flexibility for grow-on space. This is a key advantage that managed workspace can offer to small, under capitalised firms

### Advice for local authorities

**Multiple other partners:** There are a number of other organisations working in this area. Incubator and managed workspace projects need to embed themselves within the network of local mainstream agencies at the start of the project – consulting with them, collaborating and getting a local understanding of how the various agencies work together. For all projects, it is vital that local authorities consider what workspace already exists, where there is demand and how they might work with other partners before investing in new workspace. As well as developing new workspace a key role for local authorities is in ensuring the protection of existing workspace (developing networks and financially supporting firms to access space).

**Responding to demand – not assuming demand:** Businesses have commented that too often, local authorities build infrastructure without consulting them about what they need. It is important to consider the sectors, sizes and ages of creative industry firms being targeted by workspace provision/demanding space. The 'creative workspace' toolkit from Inhabit suggests using a PESTLE analysis to help select the most suitable workspace to local context. The PESTLE toolkit stands for Political, Economic, Social, Technological, Legal and Environmental.

**Different locations have different advantages:** When deciding where to locate new premises, it is important to note that particular areas offer different advantages for creative firms. For example, inner city areas create a sense of boundedness and have adaptable building types and landmarks, which may be conducive to sectors with a preference for intensive networking such as the advertising industry.<sup>93</sup> Alternatively in high tech industries proximity to a science park might be advantageous.

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<sup>91</sup> Markusen, A. and Johnson, A. (2006) Artist's Centres: evolution and impact on careers, neighbourhoods and economies, Minnesota: University of Minnesota: 7

<sup>92</sup> <http://www.creativeworkspace.info/toolkit/home.html>

<sup>93</sup> Hutton, T. (2006) Spatiality, built form and creative industry development in the inner city, Environment and Planning A, 38

**Planning:** The use classification encompassing most creative industry activities in the current Town and Country Planning Act is arguably too broad as it includes all offices and studios, under the B1 use class. It has been suggested that this “fails to safeguard the physical and economic conditions necessary for SMEs working in the creative industries to flourish”.<sup>94</sup> This will be an issue for local authorities considering investment in physical infrastructure.

#### 4.5.3 Cultural infrastructure

##### What

Publicly funded cultural infrastructure includes museums, libraries, archives. It also includes institutions such as The Watershed in Bristol, designed to provide a platform for cultural exchange and promote engagement, enjoyment, diversity and participation in film, media arts and the creative economy (although The Watershed only receives 15 per cent of its revenue funding from public sector grants). A strong cultural infrastructure can stimulate both consumption and production often providing local creative entrepreneurs with opportunities to participate.

##### Why

Cultural infrastructure plays an important role in building thriving communities. It can contribute to:

- sustainable communities;
- regeneration;
- neighbourhood renewal;
- empowerment;
- information and democracy;
- diversity and equality.<sup>95</sup>

Cultural infrastructure does not necessarily contribute directly or significantly to creative industries in the form of jobs or GVA, but instead can contribute to regeneration, the ‘buzz’ of a place and create a forum for ideas exchange. A publicly funded infrastructure can allow experimentation and stimulation, which is a key part of the innovation process.<sup>96</sup> A combination of consumption and production is recommended to ensure dynamism.

##### How

Publicly funded infrastructure can include investment in the quality of the public realm, for example in shared spaces for interaction, as well as in the quality of museums, cinemas, theatres and shared cultural spaces.

Some suggestions for investment in cultural infrastructure were made in a 2004 report by DEMOS. These included:

- trying to raise public engagement with the arts by making them more responsive to the needs of the public, for example opening libraries at weekends and having crèches at museums;
- increased involvement of the community to demystify cultural organisations;
- stopping local authorities setting targets for cultural institutions and instead responding to visions set by the organisations to prevent mediocrity;
- building sustainable relationships rather than funding short-term projects.<sup>97</sup>

##### Advice for local authorities

**Sustainability:** Infrastructure must be supported by high audience levels to ensure long term sustainability. This can be done by boosting local audiences through education programmes and schemes aimed at increasing access and participation in the arts.

**Competition:** Competition for visitors is fierce, with 63 per cent of the UK’s museum visitors being accounted for by only six institutions, all London-based including the British Museum, the National History Museum and the Victoria and Albert Museum. This concentration rose to 82 per cent for overseas visitors.<sup>98</sup>

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<sup>94</sup>Fischer, S. (2007) Planning and Creativity: the case for reviewing use classes to enable creative industries to flourish, in, Chevin, D. (Ed), Planning for the Future, London: The Smith Institute : 83

<sup>95</sup> See [www.mla.gov.uk](http://www.mla.gov.uk)

<sup>96</sup> Holden, J. (2004) Capturing Cultural Value: how culture became the tool of government policy, London: DEMOS

<sup>97</sup> Holden, J (2004) Capturing Cultural Value, DEMOS

<sup>98</sup> Travers, T. (2006) Museums and Galleries in Britain: economic, social and creative impacts, LSE, London

**Link to education:** Physical infrastructure should be linked into education programmes to ensure links to regeneration, sustainability and impact on learning.

#### 4.5.4 Cultural quarters

##### What

“Cultural quarter” is the term used to describe an existing cluster of creative and cultural industries, or the desire to create a cluster of creative and cultural industries.

##### Why

Cultural quarters are a way of explicitly linking the growth of creative industries with urban regeneration objectives. It is suggested that creative workers will tend to congregate in mixed-use neighbourhoods with opportunities to work, live and socialise in one environment. The density of communication and interaction in this environment allows people to rapidly share ideas and learn.<sup>99</sup>

##### How

Policies might include deregulation where appropriate in terms of licensing in order to maintain the vibrancy of areas. Amenities such as bars, music venues and restaurants are often regarded as the meeting place for creative workers for exchange of ideas and establishment of networks.

During more challenging economic times, creating cultural quarters – or at least opening up vacant premises to be occupied by creative industries – can be a relatively low cost way of filling vacant space that also improves the public realm. Margate and Dursley have both enabled creative entrepreneurs to use ‘slack space’ for retail and studio space.

The most successful examples of cultural quarters usually had some longstanding cultural activity or venues, more recently augmented by cultural ‘pioneers’ attracted to the marginal and cheap working and living space. Particular attributes of successful creative quarters are:

- distinctiveness and authenticity;
- small scale/fine grain development;
- vibrant and distinctive neighbourhoods;
- appeal to younger people and the diversity of population and lifestyles<sup>100</sup>

#### 4.5.5 Advice for local authorities

**Empty property rates:** Since 1 April 2008 the government changed the empty property relief from business rates by charging full business rates to properties that have been empty for three months or more, rather than 50 per cent at present. They are also removing the exemption from industrial and warehouse property so that the full rate will be applied if they have been empty for six months or more. The government recently announced new measures and a fund of £3 million to temporarily convert empty shops into social enterprises, local art displays or learning centres. The new provisions include special planning application waivers, standard interim-use leases, and temporarily leasing shops to councils and will allow empty shops to get makeovers for use as cultural, community or learning services.<sup>101</sup>

**Success can displace creative workers:** There are problems with displacement from workspace because of increased property prices. Gentrification can alienate the population and disrupt the traditional diversity of cultural production eg the dynamics of London’s property market threaten existing clustering in fashion design in Shoreditch and Dalston.

**Noise:** Conflict can arise between users of mixed use space, eg because of disorder and noise caused by night time economy. However, creative places are rarely settled and are usually “in the midst of battles between ‘old’ and ‘new’ sources of wealth, income and identity”.<sup>102</sup>

<sup>99</sup> Banks, M., Lovatt, A., O’Connor, J. and Raffo, C. (2000) Risk and Trust in the Cultural Industries, *Geoforum* 31.

<sup>100</sup> ACRE (2007) *Accommodating Creative Knowledge: a literature review from a European perspective*, ACRE report 1, Amsterdam

<sup>101</sup> <http://www.communities.gov.uk/news/corporate/1201277>

<sup>102</sup> Leadbeater, C. and Oakley, K. (1999) *The Independents: Britain’s new cultural entrepreneur*, London: DEMOS.

#### 4.5.6 'Non creative' interventions

##### What

Despite transformations in the economy, production - including creative industry activity - is still strongly affected by the hard assets of place. Access to good quality public services, investment in infrastructure such as business parks, housing and transport linkages remain crucial in the location decisions of firms and workers.

##### Why

These interventions are broader than those just contributing to creative industry growth, but nonetheless are crucial to supporting a buoyant creative economy. Transport can be important because it creates a way of expanding access to markets by improving links within areas and externally.

##### How

Investment in infrastructure, for example:

- transport linkages to support commuting flows and access to skilled labour;
- the local housing market is important to enable creative workers to fulfil their residential preferences, with interventions including affordable housing, live work opportunities and mixed use developments;
- improving the quality of local schools, healthcare and hospitals.

##### Advice for local authorities

**Partnership:** These interventions are all likely to be achieved in partnership with others, including RDAs, social housing providers and the private sector.

**Research:** It is important to develop an understanding of the needs of the local creative and cultural industries. By understanding commuting patterns, the desired nature of housing provision and so on it enables more efficient lobbying for policies which represent the needs and preferences of the sector.

### 4.6 Know-how (intellectual capital)

#### 4.6.1 What?

It is important to create strong links between Higher Education Institutions (HEIs) and businesses. In 2004 the National Council for Graduate Entrepreneurship was formed to increase the number and sustainability of graduate start-ups.<sup>103</sup> A major role for higher education has also been advocated by the DCMS Creative Industries Entrepreneurship Task Group and local authorities have an important role to play as a convenor of partnerships with higher education.

#### 4.6.2 Why?

Having access to new ideas forms the basis of comparative advantage for creative industries, working closely with universities and other important sources of knowledge, which can be crucial for innovation and sustainability. Creating strong links between HEIs and businesses is an essential part of improving economic performance, and HEIs have an increasingly important role to play in increasing the competitiveness of regional economies.

Distinctiveness, associated with sustainability, may be generated from a local strength in a sector. For example, by embedding the development of the computer games industry cluster within the education institutions, Dundee has managed to forge a competitive niche within that sector. The University of Abertay was the first UK University to set up a BSc and MSc in Computer Games Technology and now, alongside London, has the largest number of games-development employees in the UK.

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<sup>103</sup> NESTA, Entrepreneurship education for the creative industries, Policy Briefing, May 2007

### 4.6.3 How?

Interventions could include

#### **Working in partnership with universities and further education colleges to provide new courses**

- For example, the University for the Creative Arts at Canterbury, Epsom, Farnham, Maidstone and Rochester was formed through the union of the Surrey Institute of Art and Design. It describes itself as one of the UK's leading providers of specialist art and design education, offering strengths in art, design, architecture, media and communication and has 6500 students on more than 80 different courses<sup>104</sup>.

#### **Convening partnerships between universities and the local area**

- There are opportunities to improve knowledge transfer between universities and businesses/individuals and develop industry recognised 'centres of excellence'
- For example, DigitalCity is an initiative in Teesside that "supports growing businesses and embodies a new kind of regeneration project - putting quality research alongside business to build a high-growth economic base." This involves partnership with the University of Teesside, the local authority and local businesses<sup>105</sup>.

#### **Working with universities to develop shared infrastructure**

- Working with universities (as planning authority and with responsibility for regeneration and economic development of the local area) to develop incubator space in proximity to a university or research institute

#### **Working with creative businesses, universities and FE colleges to develop curricula in partnership with industry**

- Currently only 30 per cent of curriculum developers report collaborations with creative industry partners<sup>106</sup>.

#### **Providing information**

- Raising awareness amongst students of available course options; students are often unaware of facilities in their own institutions and local areas<sup>107</sup>.

Again this is strongly linked to other types of intervention, including human capital, physical capital and investing in networks to stimulate ideas.

### 4.6.4 Advice for local authorities

**Role:** Local Authorities need to consider what role they can play in partnership with RDAs, universities, FE colleges and other partners in investing in 'know-how' in the sector. Know-how may be generated through investment in other types of intervention, eg networks/things.

**Networks:** forming partnerships and bringing organisations together can be a crucial way of stimulating knowledge exchange.

<sup>104</sup> <http://www.ucreative.ac.uk/index.cfm?articleid=8816>

<sup>105</sup> <http://www.tees.ac.uk/sections/about/digitalcity.cfm>

<sup>106</sup> NESTA, Entrepreneurship education for the creative industries, Policy Briefing, May 2007

<sup>107</sup> NESTA, Entrepreneurship education for the creative industries, Policy Briefing, May 2007

## 4.7 Global positioning/catalysts (market capital)

### 4.7.1 What?

This is about recognising the role that planned or unplanned interventions can have in catalysing the development of creative industries, in either economic or social terms, in a local area.

### 4.7.2 Why?

Events, festivals and flagship buildings do not always contribute directly to jobs and GVA in creative industries. Instead:

**Events and festivals can:**

- create a strong sense of a place as vibrant and dynamic, helping that place to attract and retain skilled labour;<sup>108</sup>
- create significant employment opportunities (although not necessarily in creative industries) and revenue from visitor spend as part of the reimagining process;
- develop local markets and offer a platform for local talent such as performers or artists;
- increase the number of visitors to an area;
- increase access to markets through increases in tourism and business travel.

**Improvements to the public realm can:**

- contribute to the identity and social cohesion of the area;
- act as symbols for rebirth, renewed confidence and dynamism.

**Branding campaigns can:**

- improve external perceptions with the creation of a strong destination brand to attract new people;
- improve internal perceptions to empower and build confidence amongst residents, as well as to retain population.

The importance of 'catalysts' was noted by a number of interviewees during the course of this project. 'Individual change agents' can push innovation forward.<sup>109</sup>

### 4.7.3 How?

These catalysts can include

**1. Events**

Examples of events include: garden festivals, Olympics, European capital of culture, music festivals, film festivals, arts festivals.

**2. Public realm**

Landmarks and historic buildings can be preserved and created with heritage policy and funding for public art. Public space can be protected to provide places to mix and meet and as a way of developing strong place identity. Public art has been a relatively longstanding component of regeneration strategies and can contribute to identity building, place-making and engaging communities.

**3. Branding**

Branding campaigns are commonly used to highlight the positive aspects of an area and enhance place image. This can be about selective use of identity. For example, the "Glasgow's Miles Better" 1983 slogan campaign was widely regarded as a successful attempt at promoting post-industrial Glasgow.

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<sup>108</sup> Florida, R. (2002) *The rise of the Creative Class*, New York: Basic Books.

<sup>109</sup> Athey, G. Glossop, C., Harrison, B., Nathan, M. and Webber, C. (December, 2007) *Innovation and the City: how innovation has developed in five city –regions* (NESTA, London).

#### 4. Flagship buildings

Flagship buildings can provide the keystone in a culture-led regeneration programme initiating the Guggenheim effect.

These catalysts can be initiated by individuals (for example, Michael Eavis' role in starting Glastonbury), by leaders in institutions or by events.

##### 4.7.4 Advice for local authorities

**Distinctiveness matters:** "Artistic rarity plus locational specificity will continue to be a potent cocktail." Festivals with significant authenticity and deep roots within a community are most likely to weather the storm according to BOP.<sup>110</sup>

**White elephant infrastructure:** There can be problems with costly, white elephant infrastructure. For example: one city opened a music centre at the cost around £15m including £11m in lottery funding. Overestimation of visitor numbers, expected to be 400,000 a year when it actually only attracted 80,000 visitors, led to the centre's closure one year later.

**Engage audiences:** It is important to develop local audiences, particularly younger generations through education programmes and schemes to improve accessibility. Audiences should continue to be engaged as artists, co-curators and promoters. The sector needs to more effectively harness feedback about the quality and depth of the experience. Online communities offer a means of keeping in touch with and tracking the impact on participants beyond the event".<sup>111</sup>

**Festivals can have direct impacts:** Smaller festivals can support under-resourced local communities or artists or offer significant educational benefits.<sup>112</sup>

**Commodifying culture:** There is a risk of turning culture into a commodity, only to be appreciated in terms of its 'experience value'.<sup>113</sup>

#### 4.8 Networks (social capital)

##### 4.8.1 What?

Developing networks is crucial to linking up interventions and sharing information and skills. Interventions can be aimed at: improving communications; setting up support forums for interaction; introducing sectoral clustering policies; and developing technology, such as high volume-high speed internet.

##### 4.8.2 Why?

Social capital can complement human capital and contribute to economic growth. It can be augmented by strong networks which help businesses access resources and markets. Collaborative networks have long been key to the production process in creative industries.<sup>114</sup> Creative industry networks help minimise risk and inspire trust.<sup>115</sup> They are also useful for accessing support and finance. Often creative industry work is structured around projects<sup>116</sup> and so social networks benefit creative workers who work part-time or via contracts.<sup>117</sup> Supporting the coordination of these networks can enable these businesses to innovate more effectively and access new business opportunities.

<sup>110</sup> 2008 Creative clusters report by BOP [http://www.creativeclusters.com/docs/CC.Report\\_2008.pdf](http://www.creativeclusters.com/docs/CC.Report_2008.pdf)

<sup>111</sup> 2008 Creative clusters report by BOP [http://www.creativeclusters.com/docs/CC.Report\\_2008.pdf](http://www.creativeclusters.com/docs/CC.Report_2008.pdf)

<sup>112</sup> 2008 Creative clusters report by BOP [http://www.creativeclusters.com/docs/CC.Report\\_2008.pdf](http://www.creativeclusters.com/docs/CC.Report_2008.pdf)

<sup>113</sup> Mommaas, H. (2004) Cultural Clusters and the Post-Industrial City: towards the remapping of urban cultural policy, Urban Studies, Vol 41: 3

<sup>114</sup> The Work Foundation, *Staying ahead: the economic performance of the UK's creative industries*:144

<sup>115</sup> Banks, M., Lovatt, A., O'Connor, J. and Raffo, C. (2000) Risk and Trust in the Cultural Industries, *Geoforum* 31

<sup>116</sup> Grabher, G. (2002) The Project Ecology of Advertising: tasks, talents and teams, *Regional Studies*, 36: 3.

<sup>117</sup> Rantisi, N. and Leslie, D. (2006) Placing the Creative Economy: scale, politics and the material, *Environment and Planning A*, 38.

Informal networks are important for this sector due to the symbolic nature of the products which depend on the knowledge of different sub cultures. This can be accessed via socialising through networks within the range of alternative cultural and social scenes provided in urban locations.<sup>118</sup> Networks can also encourage the development of links to new markets, potentially international markets. The establishment of linkages to global markets and external knowledge is considered one of the best ways of encouraging growth and avoiding inertia.<sup>119</sup>

### 4.8.3 How?

Interventions can include

1. **Networked clusters:** This strategy aims at developing links between firms located in proximity to one another for example: the situation of incubator space alongside science and technology parks. These are often developed by higher education institutions developing incubation facilities to support knowledge economy business spin-outs or providing creative enterprise managed workspace as part of a graduate to business transition programme.
2. **Networking events:** Local sector specific and broader events can foster opportunities to collaborate and offer a way of disseminating business support. The best networks are thought to be market-focused, driven by business needs and aiming to improve the effectiveness of existing relationships.<sup>120</sup>

### 4.8.4 Advice for local authorities

**Building on strengths:** Networks linked to cultural and creative industry workspace such as incubator spaces can offer an opportunity to work with existing strengths, rather than developing clusters from scratch.

**Sharing information:** Simple measures such as e-bulletins, directories of individuals working in a local area/sector and information about access to resources can make a significant difference to creative industries.

**Partners:** Universities, RDAs, and other agencies can play an important role in networks.

**Cross-sector:** Supply chains offer knowledge transfer opportunities across different sectors. With creative industries recognised as early adopters of innovation in *Staying Ahead*, linking with creative industries provides an opportunity to enhance innovation in a local area.

**Potential negative effects:** There are potential negative effects associated with social capital. Strong internal ties may limit exchange between networks (associated with nepotism, favouritism, patronage). Negative effects are particularly acute when the networks are so tight that they start to exclude people.<sup>121</sup>

**Bespoke:** Networks can encourage development of new links to new markets, or provide opportunities to visit trade shows/showcase events. They will need to vary according to the needs of the businesses; for some businesses, local networking events are less relevant and appropriate.

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<sup>118</sup> Reimer, S., Pinch, S. Sunley, P. (2008) Design Spaces: agglomeration and design in British design agencies, *Geografiska Annaler*, Series B, Human Geography, 90: 153

<sup>119</sup> Bathelt, H. (2004) Clusters and Knowledge: local buzz, global pipelines and the process of knowledge creation, *Progress in Human Geography*, Vol. 28, No. 1

<sup>120</sup> Athey, G. Glossop, C., Harrison, B., Nathan, M. and Webber, C. (December, 2007) *Innovation and the City: how innovation has developed in five city –regions* (NESTA, London).

<sup>121</sup> Sydow, J. and Staber, U. (2002) The Institutional Embeddedness of Project Networks: the case of content production in German television, *Regional Studies*, 36.



## 4.9 Summary

This section shows that there are numerous interventions that can be undertaken to support the creative industries, some creative industry specific and some more generic. Each has its own advantages and disadvantages for different outcomes, types of local authority and sector, as summarised below:

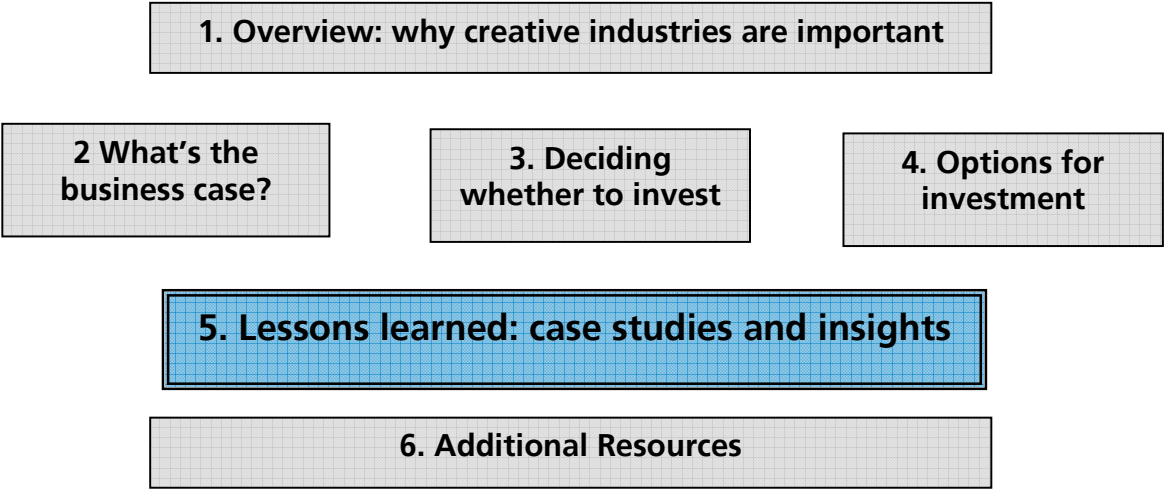
Type of intervention	Examples	Advantages	Disadvantages	Urban/rural	Sectors	Checklist
Money	<ul style="list-style-type: none"> <li>- Information about available investment</li> <li>- Funding businesses</li> </ul>	<ul style="list-style-type: none"> <li>- Important for all businesses, particularly in credit crunch, opportunity to bring together funding</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of available funds for local authorities, many other partners in the area</li> </ul>	<ul style="list-style-type: none"> <li>- Depends on availability of funds – rural areas may need to look at linking with urban</li> </ul>	<ul style="list-style-type: none"> <li>- All</li> </ul>	<ul style="list-style-type: none"> <li>- What exists already</li> <li>- What is there demand for from businesses</li> </ul>
Human Capital	<ul style="list-style-type: none"> <li>- Training programmes eg creative apprenticeships</li> <li>- University programmes</li> </ul>	<ul style="list-style-type: none"> <li>- Develop individuals</li> <li>- Impact on regeneration and deprivation</li> <li>- Improve potential for innovation</li> </ul>	<ul style="list-style-type: none"> <li>- Funds</li> </ul>	<ul style="list-style-type: none"> <li>- Type of provision may need to vary according to population</li> </ul>	<ul style="list-style-type: none"> <li>- Different sectors have different training requirements</li> <li>- Management and leadership important in all</li> </ul>	<ul style="list-style-type: none"> <li>- What is demand for skills?</li> <li>- What already exists?</li> </ul>
Physical	<ul style="list-style-type: none"> <li>- Workspace (existing / new)</li> <li>- Cultural quarter</li> <li>- Cultural infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- Can help to create clusters, encourage networks and sharing of information</li> <li>- Can provide alternative use for existing/empty spaces</li> </ul>	<ul style="list-style-type: none"> <li>- Other partners investing in this area</li> <li>- Not always demand for the workspaces that are built</li> </ul>	<ul style="list-style-type: none"> <li>- Urban – may be about low cost space</li> <li>- Rural – need to look at whether it is space/networks</li> </ul>	<ul style="list-style-type: none"> <li>- Arts and crafts may need messy space</li> <li>- Software – mainly office and broadband requirements</li> <li>- All – important to have networking space</li> </ul>	<ul style="list-style-type: none"> <li>- What is existing supply in your area and nearby?</li> <li>- What is business demand (type of space as well as amount)?</li> <li>- What is affordable and what can use existing space?</li> </ul>
Cultural infrastructure	<ul style="list-style-type: none"> <li>-Raising audience numbers</li> <li>-Subsidising artist centres</li> </ul>	<ul style="list-style-type: none"> <li>-Empowering communities</li> <li>-Contributing to cultural diversity</li> </ul>	<ul style="list-style-type: none"> <li>-Does not necessarily boost creative industry job creation</li> </ul>	<ul style="list-style-type: none"> <li>-Need to be supported by high visitor numbers</li> </ul>	<ul style="list-style-type: none"> <li>-more closely linked to subsidised arts and culture</li> </ul>	<ul style="list-style-type: none"> <li>-Is additional infrastructure sustainable?</li> </ul>

Type of intervention	Examples	Advantages	Disadvantages	Urban/rural	Sectors	Checklist
Know-how	<ul style="list-style-type: none"> <li>- Intellectual Property</li> <li>- Developing products</li> </ul>	<ul style="list-style-type: none"> <li>- Vital for innovation and competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>- Challenging for local authorities to develop</li> </ul>	<ul style="list-style-type: none"> <li>- Often build on links with universities, which is more challenging in non-university places</li> </ul>	<ul style="list-style-type: none"> <li>- Important to develop know-how within and across sectors</li> </ul>	<ul style="list-style-type: none"> <li>- How can my local authority link with universities/FE colleges/other providers?</li> </ul>
Catalyst/positioning	<ul style="list-style-type: none"> <li>- Events/festivals</li> <li>- Individuals leading the way</li> </ul>	<ul style="list-style-type: none"> <li>- Benefit 'place-image', visitor economy</li> <li>- Potential to have educational benefits</li> <li>- Can impact on deprived communities</li> </ul>	<ul style="list-style-type: none"> <li>- Do not necessarily generate jobs in creative industries</li> <li>- Can require long-term investment</li> </ul>	<ul style="list-style-type: none"> <li>- Need to ideally build on characteristics of area</li> </ul>	<ul style="list-style-type: none"> <li>- Different sectors may benefit from different types of events eg arts and crafts and music can benefit from festival, whereas video games might from a conference</li> </ul>	<ul style="list-style-type: none"> <li>- How can individuals who wish to set up events / festivals be supported?</li> <li>- What characteristics of the local place/creative economy can be built upon?</li> </ul>
Networks	<ul style="list-style-type: none"> <li>- Networking events</li> <li>- International networks</li> </ul>	<ul style="list-style-type: none"> <li>- Important for innovation, business opportunities and development of sector</li> <li>- Can be relatively low cost</li> </ul>	<ul style="list-style-type: none"> <li>- Not all networks are successful if too supply-led</li> <li>- Need to avoid exclusivity to prevent inertia</li> </ul>	<ul style="list-style-type: none"> <li>- Rural areas in particular can benefit from networks</li> <li>- Urban areas – opportunity to bring together different sectors and generate innovation</li> </ul>	<ul style="list-style-type: none"> <li>- All – may be some demand for sector-specific networks as well as cross-sector</li> </ul>	<ul style="list-style-type: none"> <li>- What already exists and how well does it work?</li> <li>- Is there demand for more networks?</li> <li>- How might those networks be coordinated to ensure they are demand as well as supply led?</li> </ul>

## 5 Lessons learned and case studies

### 5.1 This section

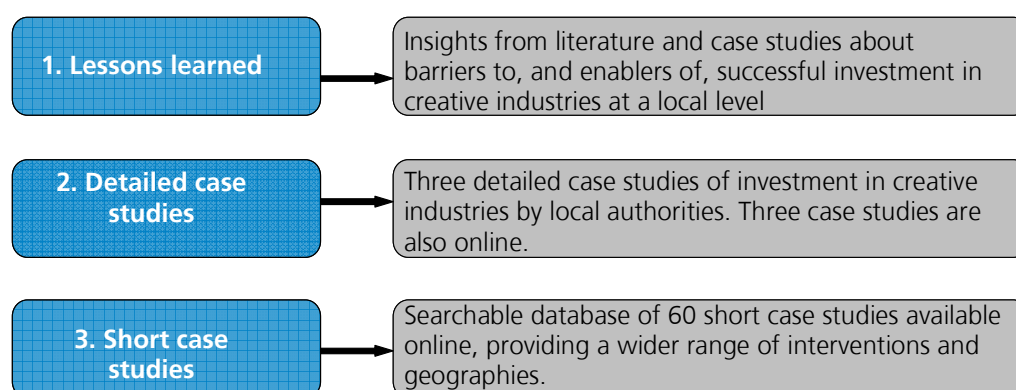
This section includes overall insights and lessons learned from the experience of a wide range of local authorities, as well as six more detailed case studies from different local authorities across England. This section’s role in the overall guide is shown in the diagram below.



This section can help local authorities ensure that, if they do decide to invest in creative industries, they have a robust implementation plan. It can help answer the questions set out in section three on ‘deciding whether to invest’ about what outcomes local authorities wish to achieve as a result of investing in creative industries.

## 5.2 Learning lessons

Learning from the experience of other local authorities can enable a local area to develop a stronger business case for investment and a better implementation plan. This section has three components, with the third available online at [www.idea.gov.uk/creativeindustries](http://www.idea.gov.uk/creativeindustries):



All of the case studies are intended to provide insights into what other local authorities have done rather than 'how to' guides. As set out in section four, each local authority needs to take into account its particular local circumstances, what is happening in its region and the needs of its local businesses.

## 5.3 Learning lessons

### 5.3.1 Local context matters when selecting interventions

The role of local authorities is to select the most appropriate interventions based on local context and local demand. Standard 'cookie-cutter' approaches (Oakley, 2004) which fail to respond to the specific characteristics of places and their people may at best fail to maximise the indigenous activity and at worst stifle it.

The choice of intervention should be made with reference to the following factors.

#### a) Size (population catchment)

Small towns or rural areas are unlikely to be able to support a large new physical infrastructure as this needs audience numbers and businesses to fill space. It may be that networking opportunities and improved technology may link more rural businesses to spaces in other areas for exhibition or interaction.

Large conurbations are more likely to suffer with issues of congestion and displacement. Here the introduction of low cost space in accessible locations is more likely to be in demand. For example, London/South East suffer more acutely with pressures of congestion and workspace and housing shortages.

#### b) Existing strengths

It is important to be realistic about a place's capacity and capabilities to attract creative and cultural industries. A local audit is thus required of a local area. When playing to existing strengths, or seeking to understand demand, it is important to recognise that particular industries have specific requirements. For example, in terms of workspace provision a publishing firm will require very different space from a visual artist. Strategies need to be realistic and obtainable and should steer clear of fads. 'One-size-fits-all' strategies are not useful.

#### c) History and culture

Identity of a place and cultural products are closely intertwined. Areas with a strong heritage and attractive built environment may be easily marketed to visitors and aid place-making. Certain places have an existing association with a creative industry product or are known for their strong cultural infrastructure/creative scene. This can be exploited to nurture confidence in the indigenous businesses and open up new markets through branding and

place-making. At the same time, places which are trying to invest in creative industries for which they have no reputation need to consider what they will need to do to overcome their existing reputation.

### d) Economic competitiveness

More deprived areas which have suffered most from structural changes in the economy and deindustrialisation may need more fundamental skills development programmes. The priorities here might be more closely linked to regeneration aims. More affluent areas with a high level of skilled individuals may need to provide opportunities to increase entrepreneurship.

#### 5.3.2 Partnership is vital

Partnership is important within local authorities and with other organisations. Within local authorities, strategies should be designed in such a way so as to limit the 'silo' effect that can occur within local authorities as well as between partners by encouraging more cross departmental and inter departmental interaction.

Cross sector and cross agency partnerships are also vital to effective investment in the creative and cultural industries. Partnerships between industry, university and the public sector can produce effective results, as can local government partnerships with existing organisations (for example, Cheshire City Council). In addition, networks can effectively be used to overcome distance as implemented in, for example, Creative York, the York city council initiative.

#### 5.3.3 Leadership and vision matter

Successful strategies benefit from leadership and city vision. They are often driven from the top and managed/owned at a local level. Linked to this high level championing of creative industries is making creative industry interventions part of a wider vision for the city and the sector. Many successful creative industries strategies work because they are not one intervention but instead part of a group of interventions targeted at the creative industries, with links to a wider economic development and regeneration strategy.

#### 5.3.4 Appropriate measures of success should be selected

Based on the evidence, it is important to ensure that interventions focus on realistic outcomes. Creative industry jobs and GVA are not necessarily the most appropriate outcomes to measure; for many local authorities, more realistic gains can be made in terms of increased visitor numbers, place-making or attractiveness to investment.

#### 5.3.5 Interventions need to respond to demand

Interventions do not need to be costly: for example, they could take the form of a simple website or facilitating informal networking of creative individuals/businesses within a local area. However they all need to respond to demand. Many businesses commented that supply-led workspaces can lead to failure and be wasteful and instead more consultation should take place at an earlier stage.

#### 5.3.6 Success factors vary from place to place

Insights to bear in mind include:

- **build on what's there:** Building on existing infrastructure can also be impactful as seen in the Derbyshire Arts Partnership;
- **technology:** Utilising new technology, particularly the strength of the web to reach a targeted audience, for example rural audiences, as in the case of Scotland, Highlands and Islands Enterprise initiative;
- **business support:** Providing a one-stop-shop for creative individuals/businesses such as the Birmingham BSCI project; and the Creative Leicestershire initiative can greatly assist their development and growth;
- **learn from elsewhere:** Adapting successful models used elsewhere had enabled the success of Glasgow Film City;

- **infrastructure:** Access to transport links are pivotal to the success of creative workspace venues as seen in the Sheffield City Council, 'Workstation initiative';
- **regeneration:** Regeneration of surrounding buildings and environment had facilitated the success of Leeds City Council Foundry Media Centre;
- **skills:** A strong, existing educational base had facilitated the successful take up of workspace at the Arts Institute at Bournemouth (AIB) campus. Sector skills support and training can prove extremely valuable in developing the sector as seen in the fashion, textile and apparel industries in the London Borough of Newham Cutting IT project;
- **linking to visitor economy:** Festivals often assist to stimulate the local tourism market and attract inward investment as seen in the case of Brighton for example;
- **partnership:** Involvement of many industry players can reap high reward. An example of this can be seen in the Gwynedd council's Celtic Media Festival which is supported by a host of stakeholders including broadcast, film, culture and economic development organisations throughout the Celtic regions.

### 5.4 Overview of case studies

For this report we have collated detailed information from six English local authorities or local authority partnerships, and nearly sixty shorter case studies. Three detailed case studies are contained in this report: Creative Leicestershire, Kirklees and Brighton. Three more detailed case studies are online: Bournemouth and Poole, Newcastle Gateshead and Knowsley. The shorter databases are also available online in a searchable database.

### 5.5 Brighton and Hove case study

#### Summary

The last 10 – 15 years in Brighton and Hove has seen a consistent growth in the profile and investment in the cultural sector plus a number of culturally led capital developments. Against this backdrop the recognition of the significance of the creative industries and the allocation of specific support to those industries has helped to develop the sector to being now one of the key employment sectors for the city accounting for 20% of businesses and over 10% of employment.

#### Key messages for other councils

- Build on and respond to existing strengths and fledgling clusters
- Work in partnership across sectors
- Focus on the contextual picture as well – the holistic offer of the city which makes it attractive to creative businesses and to the workforce they need to grow

#### Background to the council/local economy

Brighton and Hove is the creative powerhouse of the South East region, its strength lies in its combination of people and place: a city of contrasts. The city has unique architectural heritage and cutting edge contemporary culture: art and entertainment: countryside and cosmopolitan sea front and rich and poor neighbourhoods and communities. Brighton & Hove is recognised as a creative hub on the South coast hosting the biggest cluster of creative industries businesses and organisations in the south east outside London. In 2000, approximately 1,500 creative businesses were identified. This revealed that almost one in five businesses in the city were from the creative economy. Figures from 2007 suggested that total employment in the creative industries was estimated to be 15,800 (10.7% of the city's working population in 2007).

The city is cosmopolitan; it is socially, culturally and creatively diverse with a unique social history with long artistic traditions. There are two Universities with international reputations for excellence and demonstrable local commitment to the success of the city's economy and increasing opportunities for residents. There are over 50 Festivals each year ranging from critically renowned art-form festivals to neighbourhood festivals and community of interest festivals. This includes the Brighton Festival each year in May which is the largest arts festival in England and, with its umbrella 'festivals within festival', contributes more than £20m to the local economy.

It is also home to creative practitioners who forge new directions and has a reputation for networking, flexible working, innovation and collaboration. This attracts global giants in new technology and media: the city is the real world European home of Linden Lab the inventors of Second Life and Disney's 'The Penguin Club'. It is also home to

the annual Develop Conference the leading European games development expo. Brighton and Hove is ranked at number 5 in the national Sharpie Index on Creative Cities published in 2008 which measures the creativity of individuals and businesses and was recently named as one of five potential Supercities of the future in the HSBC commissioned Supercities report.

Brighton and Hove's Museum Service ranks in the top ten performing unitary authorities in the country, and it is a regional hub for museums. Its Library Services rank in the top five, with Children's Library Services ranking as the second best in the whole country. In terms of the new National Indicator NI11, Engagement in the Arts, Brighton and Hove is the top ranked authority in the country outside of the London Boroughs and the highest in the South East region. There are 8 million visitors a year and the tourism industry contributes over £400m to the local economy.

The city is well known for its vibrant grassroots nightlife, a unique cabaret and theatre scene, a music scene which numbers 1,000 bands and club nights that cater for every taste. There are more than 50 venues - including theatres, performance spaces, pubs and clubs - mostly well within walking distance of each other. There are small scale contemporary art galleries, 1000 Open House artists and a growing public art portfolio finding a place throughout and across the City. There is also a diverse authentic and bohemian independent retail offer particularly in North Laine and The Lanes.

There is excellent cross sector partnership working supporting the development of culture and cultural representation on both the Local Strategic Partnership & the Economic Partnership underlining the importance the city places on culture. Successful models for stimulating the cultural sector have grown here, with the Brighton & Hove Arts Commission and Creative Brighton both providing independent and arms length sector led vision, advocacy and dialogue and creating a solid base for expanding infrastructure.

### Who was involved and what was invested?

Partners have included Arts Council England, Brighton and Hove Arts Commission, Brighton Media Centre, Brighton Music Network, Creative Brighton, University of Sussex, University of Brighton, Wired Sussex, Brighton and Hove Economic Partnership, South East of England Development Agency.

### Areas of action included

- **Historical investment:** The success of the creative industries sector currently is undoubtedly positively affected by the levels of investment in culture that the city has seen over the last 10 – 15 years. From the 1990s onwards, forward planning and investment in the seafront and cultural assets has revitalised the public face of the city and the infrastructure of its cultural offer. The creation of the city's Cultural Quarter comprising the Royal Pavilion and its estate with significant government and lottery funded refurbished Brighton Museum and Brighton Dome venues, the new Jubilee Library a contemporary building in a contemporary new civic square with a regular events programme and New Road, the linking road in the Cultural Quarter recently re-designed by the Danish architects Gehl and awarded a Civic Trust Award. Other significant investments included Single Regeneration Funding for Phoenix, an artist led project creating around 100 studios plus art gallery, Fabrica a city centre art gallery in a converted church, the Brighton Media Centre initially housing Lighthouse a digital media production, exhibition and training facility which has now relocated and a successful Percent for Art policy of 15 years standing.

What this context created, was a city where graduate retention grew even higher, creative companies both started in the city and located themselves here. The wider cultural offer being an essential part of the mix for the creative industries sector to thrive.

- **Building the information base and profile of creative industries in Brighton:** In 2000, shortly after Brighton and Hove made its successful bid for City Status, an audit of the creative industries in the city was commissioned for the first time. The process of bidding for city status, had led to an informal analysis of the city's strengths that clearly indicated that culture and creative industries were a clear focus. The audit then confirmed this, and created a baseline of statistics that was used to lobby for resources and support to the sector such as the establishment of a dedicated post within the authority. In addition, Creative Brighton was established, an independent partnership group for the creative industries sector. Most recently, we have commissioned the Creative Industries Workspace Study which gives both ambitious targets and potential routemaps.

- **Providing access to advice and support:** Creative businesses historically have found public, commercial and professional agencies in Brighton and Hove including the Council difficult to access for suitable support. The establishment of a Creative Industries post has helped this, creating a clear point of contact for creative businesses. Free business clinics have been now been designed to provide local enterprises with a face-to-face review with an experienced Business Link adviser. Creative Brighton have also endorsed a business guide.
- **Advocacy and mainstreaming:** There was clearly a role for the local authority in lobbying the Regional Development Agencies to provide support for the creative industries sector and to recognise the potential and importance of this sector through existing and bespoke schemes. We also worked hard to incorporate the needs of the creative industries sector in relevant policy and strategy documents. In addition, in terms of the governing and other key partnerships of the city such as the Local Strategic Partnership and the Economic Partnership, we have ensured representation from the creative and cultural industries.

### Outcomes and impact

Over the last five years, the creative industries sector has grown by nearly 5%, making it the fastest growing business subsector. The Creative Industries is an acknowledged key employment sector both in local and regional Economic Strategies. The Creative Industries Workspace Strategy findings have been incorporated to the Local Development Framework, a key planning document governing the next 20 years.

### Improvements?

Brighton and Hove as an authority needs to play a greater role in the promotion of business retention and inward investment for the creative industries. We also need to improve our current information and analysis; up to date knowledge of the sector and its needs is key.

### Next steps

For Brighton and Hove, the next steps are to deliver on the ambitions of the Creative Industries Workspace Study and increase the amount of workspace available for new and growing businesses, through planning gain, partnerships or the use of the council's own property portfolio. We also have ambitions to create a strand of Apprenticeships in the creative and cultural sector.

### Further information

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## 5.6 Creative Leicestershire

### Summary

Creative Leicestershire was set up in 2005 to support small arts, design and media businesses in Leicestershire and Rutland<sup>122</sup>. The programme focuses on the creative economy and aims:

- to increase investment, employment and improve access to employment within the creative industries sector in Leicester, Leicestershire and Rutland;
- to support creative businesses to work effectively across a range of economic and social agendas<sup>123</sup>.

The programme was set up by all 10 local authorities in the area and also receives projects funding from Arts Council England and the East Midlands Regional Development Agency.

### Key learning for other councils

Some of the key lessons include:

- developing shared services across local authority boundaries where there is not the capacity or critical mass to support the creative economy on a smaller scale;

<sup>122</sup> <http://www.creativeleicestershire.org.uk/index/aboutus.htm>

<sup>123</sup> <http://www.leicester.gov.uk/your-council--services/lc/arts-services/participatory-arts/creative-leicestershire>



- importance of effective networking with universities, funding bodies, creative entrepreneurs and local stakeholders;
- importance of building awareness of opportunities both within and outside the creative and cultural sector.

### **Background to the council/local economy**

In 2005, there were 5,500 creative industries businesses in the urban districts of the East Midlands, employing 33,900 people. Rutland and Leicestershire had high relative creative industries employment in 2005, with Leicestershire having one of the biggest creative industries sectors in the region.

Creative industries grew in Leicestershire between 2001 and 2005, although different types of urban area experienced different patterns of growth. Smaller urban areas saw an increase in both creative jobs and creative businesses, whilst the small increase in the number of creative industry companies in large urban districts was offset by a decline in the overall level of employment. In Leicestershire net growth in the creative and cultural industries was modest between 2001 and 2005<sup>124</sup>.

### **Who was involved and what was invested**

The Creative Leicestershire programme<sup>122</sup> was set up by all the 10 local authorities in the area and is a partnership of local authorities. External funding has been sourced from Arts Council England and East Midlands Development Agency.

It has seven strands of work:

1. communication to and from the creative sector
2. showcasing work via online directories
3. funding (development bursaries and graduate start up awards)
4. training and skills
5. networks
6. profile of the creative sector with other agencies and sectors
7. premises and workspace for the creative sector.

The total cost of the programme in 2008/09 was £196,000. This includes staff costs and a grants programme. The core local authority funders in Leicestershire, Leicester and Rutland have signed up to a partnership agreement to continue to fund the programme until March 2011. They have been able to successfully secure three-year funding (2008-11) from Arts Council England for £143,056 and Leicester Shire Economic Partnership/EMDA for £159,727.

### **The problems and how we tackled them**

Political differences – particularly between city and county authorities were a potential problem in setting up the partnership. Officers were keen to make the partnership happen and the programme has a full partnership meeting every six months for senior officers and council members from each authority to ensure that they remain informed, involved and aware of what the project is delivering for them.

Creative Leicestershire experienced a number of the challenges faced by other bodies working in the creative and cultural industries, for example the challenges associated with evaluating a sector that is hard to define in statistical terms. BOP is completing a research study reviewing how to best measure success, with Creative Leicestershire noting the importance of focusing on employment figures and number of businesses rather than on economic growth of the sector.

### **Outcomes and impact**

The outcomes and impacts of Creative Leicestershire's activities in 2008/9 are listed below.

- Built up an emailing list of 1639 businesses at March 2009
- Also sent the monthly ebuletin of information on jobs, funding, training and networking to 244 students and 117 lecturers/academic staff
- Had 873 attendances at networking events and seminars
- 84 per cent of people attending training events found them to be vital or very useful to them
- 74 people had one-to-one business support
- 23 businesses were given a total of £40,000 to develop and sustain their businesses

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<sup>124</sup> [http://www.culture-em.org.uk/documents/uploads/East per cent20Midlands per cent20Creative per cent20Industries per cent20Report.pdf](http://www.culture-em.org.uk/documents/uploads/East%20per%20Midlands%20per%20Creative%20per%20Industries%20per%20Report.pdf)

- 490 businesses are listed on promotional directories.

Creative Leicestershire has established three directories to support marketing of local creative businesses to their relevant target clients/customers:

- [www.madeinleicestershire.org.uk](http://www.madeinleicestershire.org.uk) for artists, designer makers and galleries;
- [www.artslinknetwork.org.uk](http://www.artslinknetwork.org.uk) is an online resource and printed directory of participatory artists/media companies, running workshops and projects in a whole variety of settings;
- [www.leicestershirecreatives.org.uk](http://www.leicestershirecreatives.org.uk) is an online directory of creative services for business.

Creative Leicestershire held a series of **training seminars and networking events** to support and develop creative businesses. They have also run a **Development Bursary Scheme** which in October 2008 awarded 23 businesses up to £2500 each.

Creative Leicestershire also provided one to one **business advice** via a new part-time post of Business Development Adviser. They also provided support for small and emerging arts organisations as part of the regional Progress project run by Cultivate East Midlands.

They strengthened their **Higher and Further Education** links through attendance at careers fairs at Loughborough and De Montfort Universities and by working with the regional Lifelong Learning Network which has a Creative Industries Action Based Task Group. They also ran workshops and seminars for students at FE and HE institutions on working in the creative sector. In 2009 they are awarding four creative graduate start up bursaries of £1000 each plus business advice to graduates from Loughborough and De Montfort Universities.

Creative Leicestershire have also been active on **advocacy** and are a partner in the development of EMCCEP (the East Midlands Creative and Cultural Economy Partnership). They have also taken part in Local Area Agreement (LAA) events for economic development in Leicestershire and Leicester.

#### What could we have done better?

Although we provide quite a tailored service for the sector, there is always more expertise and specialism required in the areas we work in to make the service complementary to the Business Link generic offer. We would ideally like to have a mentor/adviser for each sub-sector eg music; designer/makers; web design/development; performing arts; writing/publishing.

Engagement with the larger SMEs, mainly in the design sector, is still patchy. Although these are not our core clients they are vital for graduate retention and a healthy creative cluster. Initial consultation with these companies when setting up the programme would have been useful.

#### Next steps

As national, regional and local structures for economic development evolve we need to remain engaged with these eg new local economic development companies, LAA targets, RDA priorities etc. East Midlands Development Agency do not have creative industries as a priority sector and we will continue to feed in evidence of sector needs and contributions.

#### Further information

Contact Clare Hudson – Creative Industries Manager

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or visit: <http://www.creativeleicestershire.org.uk/index/aboutus.htm>

## 5.7 Kirklees case study

### Summary

In 2003 a quarter of employment in Kirklees (as opposed to an average 15% nationally) was in manufacturing, although much of this had low value-added outputs. The local creative economy was a strong, still-growing sector, regarded as an essential driver of competitive advantage, in itself, and in benefiting other industries. Developing the creative economy was thus seen as a key way of achieving economic, social, environmental and Council goals. *Creative Transactions* – the Council's Creative Economy Development Strategy - was approved in 2003 to further support the creative economy in Kirklees.

### Key messages for other councils

- Specific strategies helped attract external funds and investment
- Initial research and mapping helped identify target sectors
- Identifying key actors and agencies helped link up strategies and delivery

### Background to the council/local economy

Kirklees has a central location, equidistant from Leeds, Manchester and Sheffield. Most employment in the creative economy in the Yorkshire & Humber region is concentrated in Leeds, followed by Sheffield and then Bradford & Kirklees. The economy in Kirklees is traditionally focused on manufacturing, but the creative economy - through the 1994 *Made in Kirklees* Cultural Policy and the *Creative Town Initiative* 1995 – 2001 - was identified as a desirable and viable growth sector.

The creative economy in Kirklees is concentrated in five main sectors - crafts, design, media, music and visual & performing arts. Huddersfield is the hub of the creative economy in the district, but there are a significant number of creative businesses in the North Kirklees Batley/Dewsbury corridor and in Mirfield; while the southern and rural parts of Kirklees have a high number of artists and crafts designer-makers along with retailing. Many artists and small creative businesses will previously have been attracted by lower property prices - and lifestyle opportunities including quick access to countryside.

### Who was involved and what was invested?

Funding to develop the first phase of The Media Centre in Huddersfield (which opened in 1995) was obtained when another capital project in Kirklees failed to take advantage of Urban Programme funding. Having proved its worth, the second phase was developed via the European funded, and strongly focussed, 10 Million Euro Creative Town Initiative (CTI – see also Short case Studies in Appendix A) which ran from 1995 – 2001. The Media Centre provided 30% match funding (£.6M) for this capital expansion.

Projects and programmes of delivery since CTI have involved collaboration between: Arts Council England (Yorkshire); Loca, based in Batley, the Council's arts and regeneration agency whose work includes creative business support; Huddersfield- based Creative Industries Development Agency (CIDA) providing business support locally, in other authorities of the UK and other countries; the Council's Culture & Leisure, Economic Development, Tourism, Regeneration and Town Centre services; Yorkshire Forward – the Regional Development Agency; and locally-based arts & media organisations including Beaumont Street Studios, The Culture Company and Lawrence Batley Theatre.

### Areas of action included

- **Providing additional workspace for creative businesses:** Phase Three of The Media Centre opened May 2007 with investment from Europe, Yorkshire Forward and Kirklees Council. The Centre's 7,000 sq metres now provide 121 workspaces housing 75 creative businesses employing over 280 people; services 57 businesses with virtual offices; provides 21 live/work Creative Lofts, 'by-the-hour' workspace – all with 20MB Broadband - and exhibition, café, meeting, conference and networking space. Other creative business office and artists' workspace in Kirklees has been initiated and provided by others, including Kirklees Economic Development Services; University of Huddersfield; Kirklees Music School; Batley School of Art & Design's Northern Centre for Digital Imaging; Loca; Bates Mill; Radiant Works, and The Watershed in Slaithwaite.
- **Improving broadband connectivity:** lack of broadband in Kirklees' rural valleys was identified as a problem in 2003. Now Kirklees has almost total broadband coverage via 14 telephone exchanges.
- **Conducting regular research into the local creative economy:** The key data on the creative industries in all authorities in West Yorkshire was researched by Creative Yorkshire and Leeds University and informed Kirklees' *Creative Transactions*. Since then, research (following a methodology agreed with Government) to identify the Kirklees baseline, establish 'stretch targets'; and measure performance for a Government-funded Local Public Service Agreement project has been carried out by the Burns Owen Partnership, drawing on data from the Annual Business Inquiry and Experian. The resulting data covers 1999 to 2007 but there are gaps in knowledge regarding businesses below the VAT threshold and the self-employed.
- **Seminars, exhibitions and networking events:** Successful but time-limited networks and events were established via two European-funded business support projects - Creative Exchange II and III - delivered for the

Council by CIDA. The successful Huddersfield Open Studio Trail (HOST) was started with CIDA's support and now continues to grow independently. Loca runs 4 – 5 Creative Connections events per year for creative businesses in North Kirklees. The Council's Arts & Creative Economy Unit runs quarterly events for the organisations it regularly funds and the Media Centre hosts Breakfast Banter and Open Coffee events for its tenants and others, as well as regular Salon debates and seminars on wide-ranging topical issues. In order to invest the time in these events, businesses and sole traders need to be assured of high quality outcomes, so topicality, usefulness, learning and business opportunities are key.

- **Improving business support:** Four particular programmes have been run since 2001, involving European and partnership match funding. Loca, Beaumont Street Studios, CIDA and the Council's Culture & Leisure Services worked in partnership. Loca and CIDA in particular have developed sound but flexible models of business support for the particular needs of the creative sector. Given the changes nationally and regionally, sector-specific business support is provided in partnership with Business Link Yorkshire since April 2008 and in the context of Business Support Simplification.
- **Promoting Kirklees as a creative economy cluster:** A programme of High profile arts & media events and festivals has helped promote Kirklees while also providing opportunities for local participation and audiences. These include the Caribbean Carnival, HOST, Huddersfield Literature Festival, the world-renowned Huddersfield Contemporary Music Festival, outdoor spectacles during the Festival of Light and similar events now in Dewsbury, the People's Prom and People's Party, the Media Centre's 'Revolutionaries' seasons and the independent Noisebox festival. The net economic impact of a range of just 6 local festivals & events has been assessed as £1.9Million.

### Outcomes and impact

Headlines from and since the Creative Town Initiative include:

- The development of the Creative Industries Development Agency (CIDA) and many business support and skills programmes they have run for the Council and independently.
- Creation (by CIDA) of [www.creativeportal.org](http://www.creativeportal.org) as a 'one stop shop' of information and resources for creative businesses
- The University of Huddersfield has become a pro-active talent developer, via its Business Generator within the Media Centre and now the new Connect facility there; hosting the Digital Research Unit which has supported Blinkmedia and the I Love Technology Festival; supporting the Huddersfield Contemporary Music Festival and the Huddersfield Literature Festival
- Business support for creative businesses in North Kirklees and a pilot scheme in the rural Colne Valley - via a dedicated post at Loca.
- Four business support and growth programmes, from 2001 – 2007 having assisted 146 start-ups and 127 existing creative businesses and helped to create 187 jobs.
- The number of jobs (employment) in creative business has declined, but the number of micro and small creative businesses has increased by 213 between 2003 and 2006 (data excludes sole traders/self employed and businesses below VAT threshold)
- Kirklees' share of the region's creative employment has increased from 9.0 per cent in 2003 to 9.5 per cent in 2007 making Kirklees relatively stronger in this respect compared to other areas
- Phases Two and Three of the Media Centre in Huddersfield completed
- Creative & Media Diploma for 14 – 19 year olds at four schools from 2008 and a pilot Creative & Media Studio School from 2010
- Kirklees Council and Kirklees College exploring the feasibility of visual arts workspace for graduates in Dewsbury.

### Improvements?

- More regular research on the local creative economy especially to capture data on businesses below VAT and the self-employed
- Recognition of significance of creative economy within the Council's economic and regeneration strategies
- Better signposting to appropriate business support and increased access to finance
- Maintain and continue to raise the town's – and the District's - profile.

- More and better conference, hotel and restaurant facilities to enable major creative industries' events, exhibitions, workshops etc
- Better use of town centres' empty retail and open spaces to showcase, market and sell micro and small creative businesses' output
- More visible demonstrations of a 'creative town': public art, interactive creative work, events and forums such as the Creative Clusters Summer School.

**Next steps**

A partnership-based Project Board is developing a new Kirklees Arts and Creative Economy Development Strategy and has consulted with the key constituencies to establish the main themes. A draft of the Strategy will involve wider consultation with publication of the completed Strategy and Action Plan scheduled for autumn 2009.

**Further information:**

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## 6. Additional resources

### 6.1 General

- Online version of the **guide** contains additional information, including maps, list of partners, policies and a searchable database of case studies. [www.idea.gov.uk/creativeindustries](http://www.idea.gov.uk/creativeindustries)

**Additional information is available from the IDeA culture and sport section.** The IDeA and its partners have produced an integrated national offer of support to help councils improve. The support covers a range of tools, advice and support material. Much of this is available from individual non-departmental public bodies (NDPBs) as well as the IDeA.

Website: <http://www.idea.gov.uk/idk/core/page.do?pagelId=8722757>

### 6.2 'Money' resources

- **Money Map** setting out information on funders of creative businesses  
[http://www.culture.gov.uk/images/publications/moneymap\\_february2008.pdf](http://www.culture.gov.uk/images/publications/moneymap_february2008.pdf)
- The **Living Places** website has a very useful list of community funders [www.livingplaces.org.uk](http://www.livingplaces.org.uk)

### 6.3 'People' resources

- **Skillset** is the Sector Skills Council for Creative Media. They are reviewing and articulating demand from individuals on skills issues, forecasting future skills gaps and shortages and measuring the impact of the recession on the industry.  
Website: [www.skillset.org.uk](http://www.skillset.org.uk)
- **Creative and Cultural Skills** is the Sector Skills Council for advertising, crafts, cultural heritage, design, literature, music, performing, and visual arts. They have a Creative Blueprint focusing on turning talent into jobs and helping creative businesses grow and access finance.  
Website: [www.ccskills.org.uk](http://www.ccskills.org.uk)
- **Business Support:** See frequently asked questions on the Business Support Simplification Framework for local authorities  
Website: [www.berr.gov.uk/files/file46353.doc](http://www.berr.gov.uk/files/file46353.doc)

For information on how the Business Support Simplification Framework links with the Comprehensive Area Assessment, see here

Website: [www.berr.gov.uk/files/file50877.pdf](http://www.berr.gov.uk/files/file50877.pdf)

### 6.4 'Things' resources

#### **Workspace**

- The **Creative Workspace toolkit** from Inhabit (a partnership between the Arts Council and DCA consulting) is a very useful resource in this area.  
Website: [http://www.creativeworkspace.info/toolkit/Knowledge/Know\\_per\\_cent20How/cwkh0006.html](http://www.creativeworkspace.info/toolkit/Knowledge/Know_per_cent20How/cwkh0006.html)

#### **Cultural Infrastructure**

- **Museums, Libraries and Archives Council** works in partnership with other government agencies (Arts Council, English Heritage, Sport England) to support and help elected local authorities work strategically in their regions to deliver strategic sport and cultural strategies. They have recently restructured to create regional teams.  
Website: [www.mla.gov.uk](http://www.mla.gov.uk)

- **Local rates of participation:** To review local rates of participation in the arts, libraries and museums, please go to [www.culture.gov.uk/reference\\_library/research\\_and\\_statistics/5607.aspx](http://www.culture.gov.uk/reference_library/research_and_statistics/5607.aspx) and for the sport and active recreation data [www.sportengland.org/national\\_indicator\\_8\\_la\\_cc-2.xls](http://www.sportengland.org/national_indicator_8_la_cc-2.xls).
- **A Passion For Excellence** was published in 2008 and is about supporting local government and their partners to deliver better outcomes, setting out a framework for the culture and sport sectors. It aims to support local government as “leaders of place”, working with their local partners to improve the quality of life locally and improve the delivery of cultural and sport services to local people. An update of progress since its publication in March 2008 was recently published.  
Website:  
[http://www.mla.gov.uk/what/raising\\_standards/~media/Files/pdf/2009/Acc\\_PassionForExcellence.ashx](http://www.mla.gov.uk/what/raising_standards/~media/Files/pdf/2009/Acc_PassionForExcellence.ashx)

#### **Cultural quarters**

- A case study is available on the **Living Places** website <http://www.living-places.org.uk/culture-and-sport-planning-toolkit/case-studies/joint-facility-provision-case-studies/curve/>

#### **Non-creative interventions**

- See **IDeA Knowledge** for information on economic development [www.idea.gov.uk](http://www.idea.gov.uk)

### **6.5 ‘Know-how’ resources**

- **NESTA (National Endowment for Science, Technology and the Arts)** is a non-departmental public body (NDPB) investing in innovators and working to improve the climate for creativity in the UK. [www.nesta.org.uk](http://www.nesta.org.uk)

### **6.6 ‘Positioning/catalyst’ resources**

- The **British Arts Festivals Association (BAFA)** provides an extensive directory of arts festivals in the UK across a full range of art forms including music, dance, the visual arts, theatre, film, comedy and street arts. Website: <http://www.artsfestivals.co.uk/festivals/index.cfm>

### **6.7 ‘Networks’ resources**

There are a number of networks that operate at a regional and local level for different sectors. A detailed list can be found online at [www.idea.gov.uk/creativeindustries](http://www.idea.gov.uk/creativeindustries)

Examples include:

- **Crafts Council** The national development agency for contemporary crafts in the UK. Website: <http://www.craftscouncil.org.uk>
- **Design Council** The national strategic body for design. Website: <http://www.designcouncil.org.uk/>
- **National Music Council** Seeks to celebrate and promote the value and enjoyment of music. Website: <http://www.musiced.org.uk/nmc.html>
- **UK Film Council and Regional Screen Agencies** Responsible for funding national and regional film agencies, script development, film production, short films, film distribution and export, film education, festivals, skills development. Website: <http://www.ukfilmcouncil.org.uk>

More resources are available online at [www.idea.gov.uk/creativeindustries](http://www.idea.gov.uk/creativeindustries)





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L09-357  
ISBN 978-1-84049-689-5  
June 2009  
Designed by Liberata Design Studio