

## CAMEo response to the UK Government's

### Industrial Strategy Green Paper

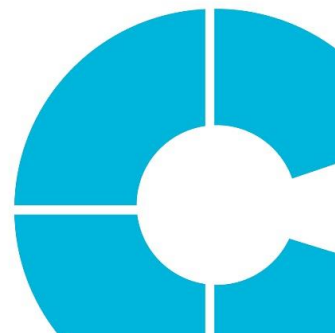
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#### Summary

The Green Paper's **focus on the creative industries** is welcome. The creative industries have the potential to deliver economic growth and desirable employment opportunity across the UK. To activate this potential, **sector-wide initiatives** are needed that **link local and regional expertise, knowledge and talent to national and international developments**. These initiatives should span a range of issues, from business support to employment, training, and linking research and innovation. The **sector deal for the creative industries** should formalise such initiatives for the UK creative industries as a whole but design their **delivery through regional hubs**. The sector deal needs to be tailored to the huge variety of economic production that is the source of the UK creative industries' potential to deliver growth and opportunity in a sustainable, inclusive way.

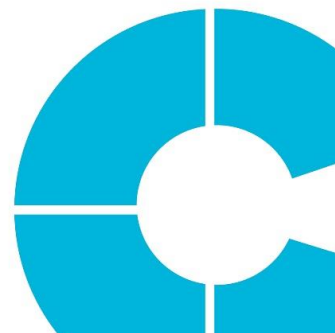
#### I – This Response

1. This response is submitted as part of the Department for Business, Energy and Industrial Strategy's consultation on the **Building our Industrial Strategy Green Paper**.
2. This response focuses on the role of the **creative industries in delivering the Government's Industrial Strategy**, especially in the context of the Green Paper's Pillars 1 – **Investing in science, research and innovation**, 4 – **Supporting businesses to start and grow**, 8 – **Cultivating world-leading sectors**, 9 – **Driving growth across the whole country** and 10 – **Creating the right institutions to bring together sectors and places**.
3. This response is made by the **CAMEo Research Institute for Cultural and Media Economies** at the University of Leicester. CAMEo works with academics, practitioners and policy-makers to provide better understanding of cultural work, the 'creative economy', arts, media and cultural policy, consumer culture dynamics, and the mediation and representation of cultural and economic life. CAMEo's particular focus is on how these economies can develop in ways that foreground participation, social justice and sustainability.
4. This response is based on CAMEo's own research, academic and industry research on the creative industries in the UK and internationally, and on our ongoing conversations with practitioners and policy makers.



## II – The Creative Industries as an Economic Sector

5. CAMEo highly welcomes the prominent positioning of the creative industries in the Government's Green Paper. The **creative industries play an important role in Britain's economy and society**, and have the potential to contribute towards economic growth and opportunity across the UK. Most recent figures show the creative industries' gross value added as £84.1bn, and with a much higher growth rate than the UK economy overall even during the financial crisis (DCMS, 2016a).
6. **Employment in the creative industries** has grown three times as fast since 2011 as in the UK economy generally and twice as many jobs were held by individuals with degree-level qualification in the creative industries compared to the UK economy overall (DCMS, 2016b). Even cautiously interpreted the latter fact indicates a significantly greater proportion of jobs with high-skill and high-wage jobs, both of which are often used as markers of good job quality (Findlay et al., 2013). Job growth and quality indicators suggest an expanding pool of **desirable employment opportunities** and therefore potential to extend workforce participation, including to previously under-represented demographics (cf. workforce diversity statistics in DCMS, 2016b).
7. **Successful delivery of the Industrial Strategy** will require attention to several characteristics specific to the creative industries as an economic sector. Our response focuses on how Government policy can productively work with the creative industries to spread growth and opportunity across the UK.
8. A key policy-relevant aspect is that **creative industries businesses vary greatly** with respect to business size (e.g. small recording studios vs. international broadcasters); training requirements (e.g. pre-career HE/art school-training vs. continuous updates for technological skills); requirements for equipment and thus financial capital (e.g. film production vs. web designer); dependence on specific venues and thus geographical mobility (e.g. opera vs. office-based games production); product markets (e.g. local crafts producers vs. global advertising agencies) and routes to market (e.g. high street vs. online); business models (e.g. publicly funded galleries vs. commercial cinema exhibition vs. crowd-funded book publishing). Because of this variety, aspects of economic, trade and cultural policy will be relevant differently to different creative industries. An Industrial Strategy that seeks to grow the creative industries as an economic sector needs to support business development across this variety of economic production.
9. Innovation and business development in the creative industries are polarised between **international corporations** on the one hand, and a dense web of **micro-businesses, SMEs, sole-traders and freelancers** on the other. Variations across different creative industries notwithstanding, large businesses play an important role in upscaling innovation and turning creative output into mass-market success and, ultimately, GVA. However, their business performance depends on the vitality and vibrancy of small-scale creative industries production. Effective delivery of the Industrial Strategy therefore needs to take into account and support both large organisations and small-scale production.

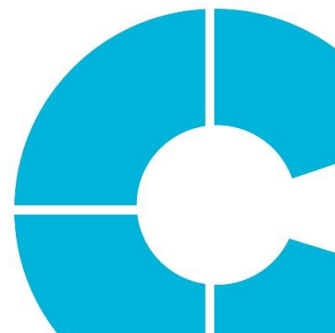


### III – Linking Creative Industries, Research and Innovation

10. The Green Paper's focus on better **supporting links between research, businesses and innovation** is highly welcome. The creative industries' development over the last two decades has been accompanied by a considerable body of high quality research, with the **UK as an international leader on creative industries research**. Consequently, UK universities now house world-leading expertise that can facilitate the creative industries' sustainable development.
11. To lever existing expertise the Industrial Strategy needs to effect **funding schemes that work for creative businesses**. Specifically, knowledge exchange and collaborative schemes need to work with (a) the varying sizes of creative businesses; (b) creative businesses' varying funding structures (e.g. low capitalisation, public/private funding mix); and (c) creative businesses specific development needs (creative businesses tend to require support for processes, market research and business development rather than development of new products or services). Key implications here are that funding schemes (a) should not require large amounts of match-funding from a single partner; (b) should allow for applications from pools of small companies/traders and with pooled match-funding where applicable; and (c) should explicitly fund projects with outcomes that are less tangible than a new product or service, e.g. process re-engineering, business capacity building, recruiting from a more diverse pool of talent.
12. To achieve sector-wide growth, **creative industries funding schemes** should be developed that are rooted regionally, so that projects can capitalise on regional strengths and collaborations, and address regional specificities or challenges. At the same time, these regionally rooted schemes need to be centrally coordinated in order to facilitate sector-wide learning, knowledge exchange and progress. Delivery of such schemes could utilise existing support infrastructures and/or align with networks of new regional research hubs (see Points 16 and 26 below).

### IV – Supporting Business Growth in the Creative Industries

13. The increased **support for small businesses** proposed in the Green Paper provides significant opportunity for the creative industries given their high share of micro-businesses and SMEs. This focus of the Industrial Strategy is also particularly welcome as creative industries practitioners continue to report a **lack of business skills as a key obstacle to growth and performance** (Armstrong & Page, 2015).
14. Because of the high prevalence of micro-businesses, SMEs, freelancers and sole traders, business skills in the creative industries have to either reside within the individual business owner, freelancer or sole trader, or be made available to them through sources that can be accessed easily, flexibly and at low costs. Business skills development or business services for the creative industries therefore have to be **highly targeted to the intended audiences, geographically as well as in terms of industry specifics**.
15. In its current version the Green Paper focuses specifically on growing and upscaling business. Innovation, prosperity and growth in the creative industries are predicated on **vibrant scenes of small enterprises and dynamic businesses** that

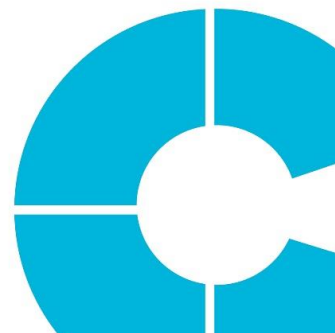


emerge, operate and reconfigure depending on developments in creative products and technology. Business support for the creative industries thus needs to take a **twin track approach** and **support business start-up and reconfiguration** as well as business growth and upscaling.

16. Across the UK **infrastructures of workspaces and business support** exist, partly aimed at linking creative businesses into regional development strategies. These infrastructures could be tasked with delivering business support that works with the specific needs of creative industries businesses. Regionally rooted but nationally coordinated initiatives could link business support, training programmes and research and knowledge exchange schemes.
17. Taking into account the dynamic development of creative industries businesses, business support for the creative industries should aim to develop **sustainable ecologies of creative businesses that attract and retain graduate talent collectively** rather than focus on the isolated growth of individual businesses.

## V – The Creative Industries Sector Deal

18. For a young sector such as the creative industries, the sector deals proposed in the Green Paper constitute a hugely valuable opportunity. Given the variance of business practice across and within the creative industries (see Points 7 & 8), a sector deal could **review the coverage, efficacy and efficiency of current practice and institutions** and catalyse industry development.
19. Given the centrality of skill and talent to the creative industries, securing the right workforce would need to be a key component of the sector deal. The sector deal should address **employment and training practices** across the creative industries in ways that (1) spread good practice and create supportive institutions and (2) widen workforce participation and access to talent base. Employment and training practices need to ensure access to and retention of a **high-skilled and diverse talent base** to increase the creative industries' sustainability and competitiveness.
20. **Work for low or no pay** is widespread in the creative industries, at career begin (e.g. internships) but also for established workers (e.g. working for exposure). Such practices limit the creative industries' **access to talent** in two ways. Firstly, they force workers to divert part of their economic activity into other areas to finance their living (e.g. teaching) and thus limit the time they can dedicate to creative production. Secondly, they exclude workers from economically disadvantaged backgrounds from careers in the creative industries and thus limit the sector's access to a large talent pool. Currently, better employment conditions rely on individual employers' ability and will to finance paid work despite the economic incentive to cut cost by using unpaid/lowly paid work. A sector deal could explore making minimum pay levels mandatory across the creative industries.
21. Opportunities for **apprenticeships, training and professional development** vary greatly within the creative industries, and skills development within the industry rests largely on large companies (e.g. BBC and Channel 4 for screen industries). Especially in view of the apprenticeship levy and the brain drain feared to result from Brexit (Windsor et al., 2016) a sector deal could work towards collective solutions that pool training capacities at inter-employer level, provide wider access to skill and talent development and therefore increase the sustainability of the creative industries' talent base. Such collective solutions could

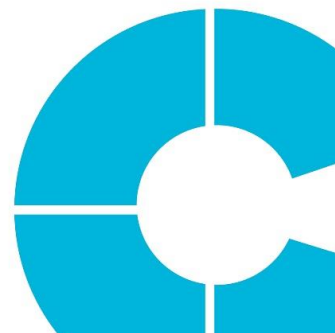


build on infrastructure already in place through, for instance, the sector skills councils Creative Skillset and Creative and Cultural Skills.

22. Career and **business support for freelancers, sole traders and micro-businesses** is key to the creative industries' continued success. Many creative industries workers have limited to no access to training, business and legal support, finance and tax advice, sick leave or parental leave (Eikhof, 2013). A sector deal could explore how the position of freelancers, sole traders and micro-businesses could be strengthened, e.g. through tax breaks or pooled access to business support, finance, training, pension subsidies. Existing co-working and creative workspace infrastructures might provide useful starting points for such initiatives.
23. In policy terms the creative industries have only been constituted as an economic sector in the early 2000s. Consequently, **collective representation of the creative industries**, whether through business, employer or employee organisations, is much less established. The map of stakeholders and key players that Government policy would need to engage in delivering the Industrial Strategy is still evolving and more dynamic than in other sectors. Industry-specific bodies such as the British Film Institute, Crafts Council or the Society of Authors are well established, but cross-industry representation is less so. Advocacy organisations such as the Creative Industries Council and Creative Industries Federation are developing creative industries-wide collaboration but representation across the breadth and depth of creative industries stakeholders remains a challenge.
24. Recent regional development initiatives have attempted to use creative industries businesses to support place across the UK, as also advocated by the Green Paper. Evidence about the efficacy of such initiatives is also mixed and many industry stakeholders are also concerned about problematic aspects of gentrification, e.g. its potential to disrupt local innovation ecosystems. However, there is an existing geographically rooted **infrastructure of workspaces and business support** centres that could help negotiate geographically centred elements of sector deals.

## VI – Robust evidence for Government Policy

25. In policy terms the creative industries are a relatively young economic sector, constituted in 2001 by the DCMS's Creative Industries Mapping Document (DCMS, 2001). A key policy implication of this relative newness is that **empirical evidence on the creative industries** is not as readily available as for other economic sectors. In particular the availability of longitudinal evidence and sound evaluations or policy and practice is limited. Existing quantitative models and categories only partly allow capturing the creative industries' contribution. Key industry statistics are based on the proportion of creative jobs in an industry (DCMS, 2016b) but as creative industries workers typically work across several occupations in parallel such approaches skew information about how creative an industry is. Similarly, the prevalence of non-standard employment and temporary unemployment limit the quality of workforce data generated via business reports on employees at a particular point in time (Creative Skillset, 2012). Insightful qualitative studies exist but tend to be too small in scale or scope to offer the comprehensive evidence base required for policy making.



26. An effective Industrial Strategy should thus urgently implement the creation of **new centres for evidence on creative industries** to provide a sound empirical base for policy and practice. Given the conceptual challenges posed by the creative industries' structures outlined in Section II, such centres would need to be based in experienced research institutions. Following the Green Paper's aim of spreading growth and building on existing research expertise across the UK, the most promising way forward would be to create a suite of **regional research hubs** with individual but nationally co-ordinated large scale programmes of work. These regional hubs would (a) provide the evidence and data that Government policy as well as sector policy and practice could be based upon and (b) anchor UK-wide economic growth in regional creative industries knowledge and partnerships. Most urgently these research hubs would generate evidence, ideally with a view to international comparability, on (a) employment, skills and training, career trajectories and workforce participation and (b) the regional, national and international context of creative producers, their interface with arts and culture infrastructures and business support mechanisms tailored to the creative industries.

The above response to the Building our Industrial Strategy Green paper is provided by the **CAMEo Research Institute at the University of Leicester**. For more information on the evidence presented in this response or on CAMEo projects and publications please contact

CAMEo Director Professor Mark Banks, [mark.banks@leicester.ac.uk](mailto:mark.banks@leicester.ac.uk)

CAMEo Deputy Director Dr Doris Ruth Eikhof, [d.r.eikhof@leicester.ac.uk](mailto:d.r.eikhof@leicester.ac.uk)

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