



**CREATE  
TOGETHER**

A  
CREATIVE  
INDUSTRIES  
COUNCIL STRATEGY  
FOR  
CROSS  
INDUSTRY  
COLLABORATION

THE NEXT 5 YEARS

#CREATEUK  
#CREATETOGETHER



OUR MISSION

# USING **BRITISH** CREATIVITY TO INSPIRE THE UK AND THE WORLD

ADVERTISING  
ARCHITECTURE  
ARTS & CULTURE  
CRAFT  
DESIGN  
FASHION  
GAMES  
MUSIC  
PUBLISHING  
TECH  
TV & FILM

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# ACKNOWLEDGEMENTS

Thank you to the following people who contribute tirelessly to the work of the Creative Industries Council

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Nicola Mendelsohn CBE  
Industry Co-Chair, Creative Industries Council  
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## SECTION 1

This strategy is developed for and by industry, with support from government. It represents a shared vision and is action-oriented. We truly believe that our sector is as vital to the UK's economy as the more traditional powerhouse industries.

## FOREWORD

**It's an exciting** and pivotal time for the **UK creative industries**. Recent statistics show the sector **is growing** at **8.9%** a year, making it the **second fastest** expanding industrial sector. This value spreads beyond these industries into the wider economy.





## Create UK

Our original strategy document, launched 2014, was the first of its kind for the UK creative industries. Working with business leaders, government agencies and industry body representatives, we set out aspirations and plans which, in partnership with government, could accelerate growth in the creative sector.

**We have not disappointed, and the results speak for themselves.**

The UK creative industries have been featured in the GREAT campaign, both in advertising and UKTI trade missions and events. We now have recognition in all areas of government, including the Offices of the Prime Minister and the Chancellor of the Exchequer. Our ties with BIS, DCMS, UKTI and the IPO are established. We would welcome closer association with the Department for Education.

We have celebrated success both through our website portal [www.thecreativeindustries.co.uk](http://www.thecreativeindustries.co.uk), the launch of the creative industries online network Hiive, our parliamentary receptions and our partnership with the hClub 100 Creative Industries Awards.

The support of the Creative Industries Federation has amplified our message to the wider UK creative community including students and academia.

## Create Together

Together we have the potential to take this success to a new level.

Our 2016 strategy refresh is demanding but attainable, with a focus on driving economic value, through support for business growth, job growth, exports and inward investment. We seek to build on existing trade relationships and to unlock the potential of the sector in international markets with a primary focus on the USA and key territories in Europe, Asia and the Middle East. Our forthcoming Nesta/ Creative England report on the Geography of Creativity promises rich content about our regional opportunity. We are ambitious in our desire to increase diversity at all levels of practice.

It is a privilege to lead such a talented and committed cohort of industry leaders. Special thanks to Emma Quinn for kickstarting this project.

I look forward to continuing to work with you to take this action plan forward to put the UK creative industries at the heart of the UK economy.

**Nicola Mendelsohn CBE**  
Industry Co-Chair, Cw  
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For image information see back cover



## INTRODUCTION

# The UK creative industries are admired the world over. They shape its reputation abroad and power its economic growth at home

**Their success is no accident and their future can be no gamble.**

The Creative Industries Council (CIC) works to ensure the UK provides the conditions in which these industries can flourish. At a time of rapid change across industries, the CIC has refreshed its strategy to reflect the challenges and opportunities facing creative businesses. When the CIC published its first set of recommendations ('Create UK', 2014), the UK creative industries were estimated to contribute **£71.4bn** a year to the economy and to support **1.68m** UK jobs. In the most recent estimates, these figures were **£84.1bn a year** and **1.9m** jobs, with a further million creative jobs

in the wider economy. Much has been achieved in the intervening period by recognising common issues and opportunities to collaborate across creative disciplines. Yet much more remains to be done if the UK is to realise the full potential of its creative enterprises.

The UK must equip its creative economy for new challenges in a fast-moving, globalising world. It must encourage all sizes and types of creative business and all parts of the UK to participate in economic growth. And it must ensure that the UK draws from a rich and diverse creative talent pool.

For these reasons, the CIC has updated its recommendations, using the following principles:

## Guiding Principles

- 01** **Developed for and by industry**  
Industry takes a lead role in shaping, and delivering the strategy
- 02** **Offers a shared vision**  
The strategy is a roadmap for industry and government to help the creative industries continue to grow over the next five years
- 03** **Is action oriented**  
The strategy contains specific recommendations for industry and government, and government pledges to work with industry on the strategy's implementation

2020

2019

2018

2017

2016

## AT A GLANCE

**A five year growth strategy for the creative industries**

- Champion eight key drivers of creative industries growth
- Work with government to tackle the fiscal, legal, technical and staffing barriers holding back creative businesses
- Encourage all parts of the UK and its diverse population and all types of creative enterprises to participate in growth
- Foster an exporting culture among creative companies
- Promote the business value of collaboration and connectedness across creative sectors
- Improve the statistical and research base on the creative industries as the basis for policy and business planning

## AIMS

**The Creative Industries Council (CIC)** works with the UK government to put creative businesses at the **heart** of the UK's productivity and growth agenda to:

- 01** Ensure the UK provides the best possible business, regulatory, technical and fiscal infrastructure to enable UK creative businesses to flourish commercially and to increase overseas investment and trade in the UK creative industries
- 02** Promote and demonstrate the benefits of collaboration and connectedness across creative sectors as a source of innovation, value creation, and joined-up practice by industry and government
- 03** Support a UK intellectual property (IP) environment which encourages the development of, investment in, commercialisation and protection of IP assets for the future wealth of our creative industries
- 04** Engineer support for and achievement of a talented, skilled, and productive creative workforce appropriate to the UK's current and future needs
- 05** Show how UK creativity is fuelled by access to diverse and geographically dispersed talent
- 06** Encourage regional creative clusters and work with devolved authorities to ensure all parts of the UK participate in the success and economic rewards of the creative industries

## STRATEGIC GOALS

**In 2014** the CIC set the following goals:

- 01** Doubling the value of UK creative services exports from **£15.5bn** to **£31bn** by 2020
- 02** Growing the UK's share of global inward investment from **10%** to **15%** by 2020
- 03** Increasing creative businesses with at least £5m annual turnover as a percentage of all UK businesses with at least £5m of annual turnover
- 04** Ensuring a greater proportion of creative start-ups survive beyond their first year
- 05** Being recognised as a top five country worldwide for digital infrastructure

**In 2016** we've added another five:

- 06** Develop recognition and support for the UK creative industries at all departments and levels of UK government including UK commercial officers worldwide
- 07** Establish awareness and usage of [www.thecreativeindustries.co.uk](http://www.thecreativeindustries.co.uk) as the single best source of evidence-based content on the commercial performance of the UK's creative industries for key audiences
- 08** Engage with Local Enterprise Partnerships (LEPs) and other key regional bodies on the growth strategy for the creative industries
- 09** Improve and share information on UK creative businesses and provide regular updates on the progress of the strategy
- 10** Increase entrants in creative industries-related subjects studied in schools as a proportion of all entrants to all subjects in schools

## MEASURING SUCCESS

**To assess the progress of the CIC strategy, the following will be tracked:**

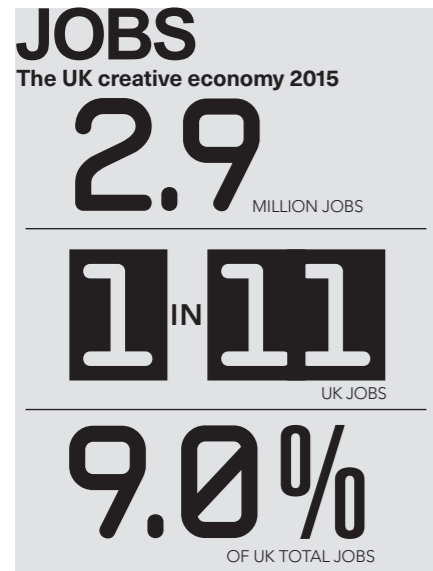
- 01** The percentage of the UK workforce that is employed in creative occupations in the wider creative economy  
*Baseline: DCMS Creative Industries Economic Estimates*
- 02** The share of UK employment and Gross Value Added (ie. the contribution to the economy of each individual producer, industry or sector in the UK, including both UK and export revenues) attributable to the creative industries  
*Baseline: DCMS Creative Industries Economic Estimates*
- 03** The number of UK creative industries enterprises as a percentage of the overall number of UK businesses  
*Baseline: ONS Business Demography and UK Business: Activity, Size and Location*
- 04** The increase in numbers of unique visitors to [www.thecreativeindustries.co.uk](http://www.thecreativeindustries.co.uk) with 50% coming from outside of the UK  
*Baseline: Google Analytics*
- 05** Progress on diversity measures and initiatives across creative industries  
*Baseline: Annual progress updates to the CIC by industry representatives*
- 06** An appropriate measure of productivity for the creative industries that demonstrates the level and growth of productivity in the creative industries, relative to others
- 07** The increase in the number of apprenticeships in the creative industries  
*Baseline: Skills Funding Agency Statistical release*

**The CIC will also work to increase and improve engagement with the creative industries by:**

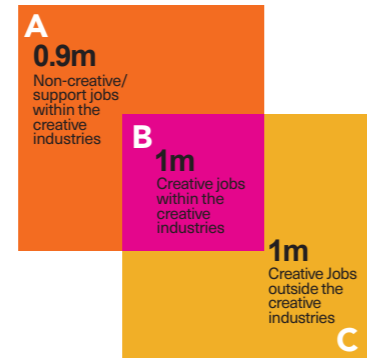
- 01** Increasing MP engagement with the Creative Industries Strategy  
*Baseline: [www.dodsinformation.com/AnnualMPPanel](http://www.dodsinformation.com/AnnualMPPanel)*
- 02** Increasing participation among UKTI commercial officers with provision of content and data  
*Baseline: Quarterly UK Creative Industries Tracker Survey Response*
- 03** Providing evidence of better joining up across government departments on creative industries issues
- 04** Securing the presence of a government minister at all key creative industry events
- 05** Raising the profile of cross industry collaboration and international success within the creative industries through initiatives such as the CIC Creative Industries Awards with hClub 100



# CURRENT MEASURES OF SUCCESS

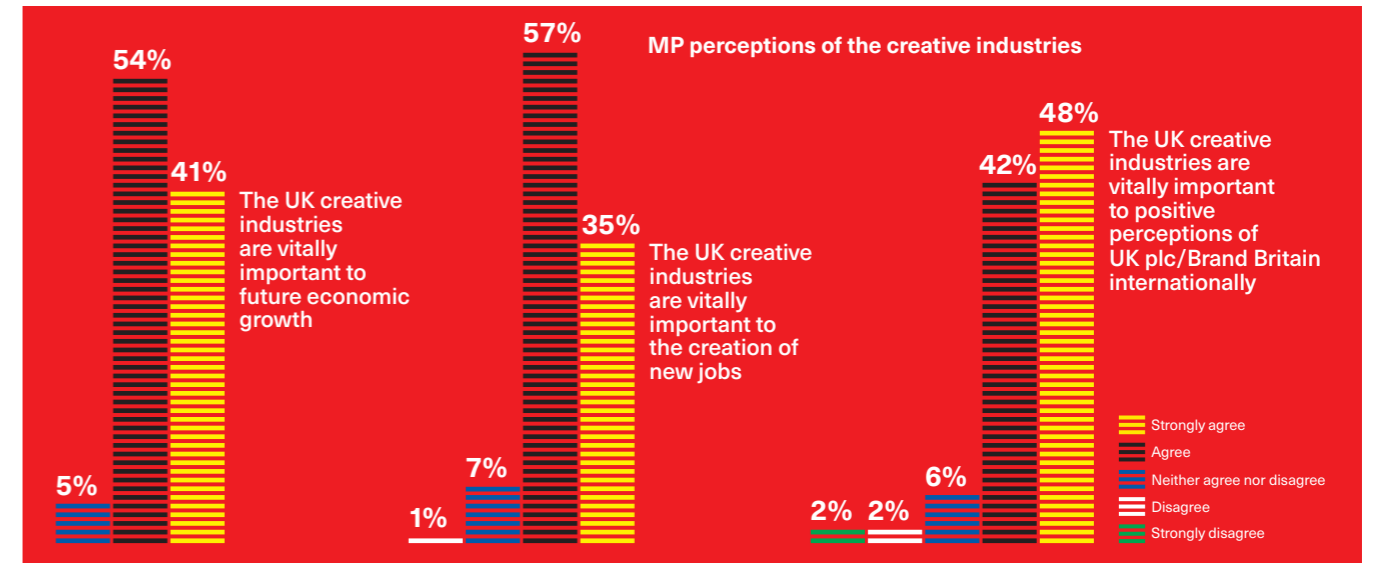


Employment in the UK creative economy

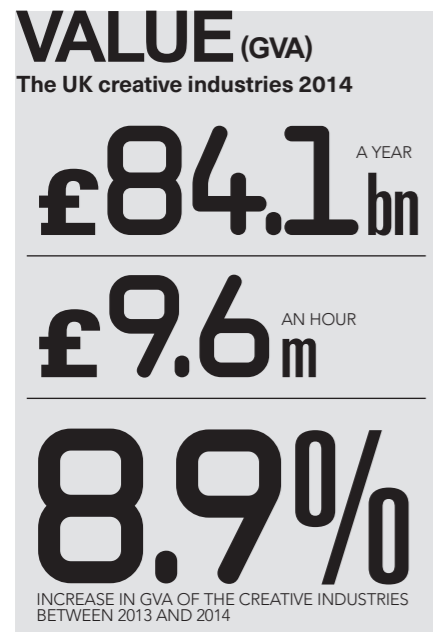


Total **2.9m** jobs in the creative economy

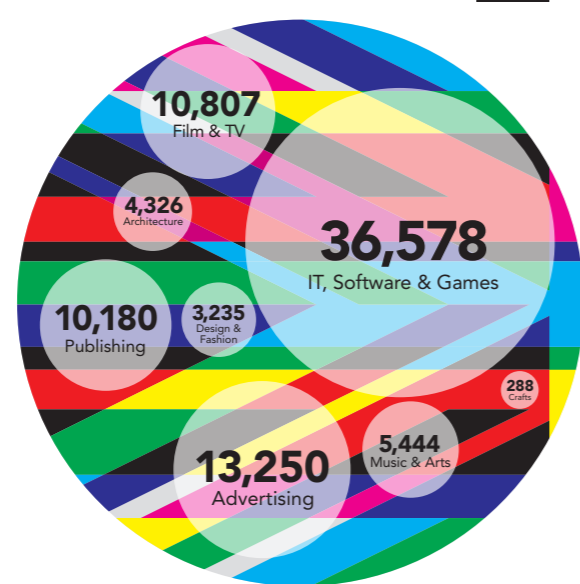
creative economy = **A+B+C**  
creative industries = **A+B**



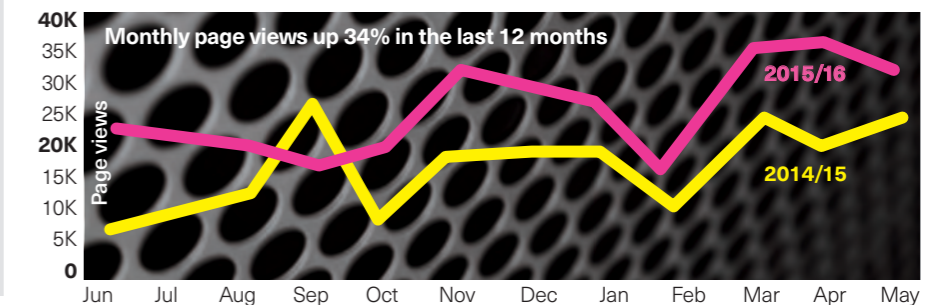
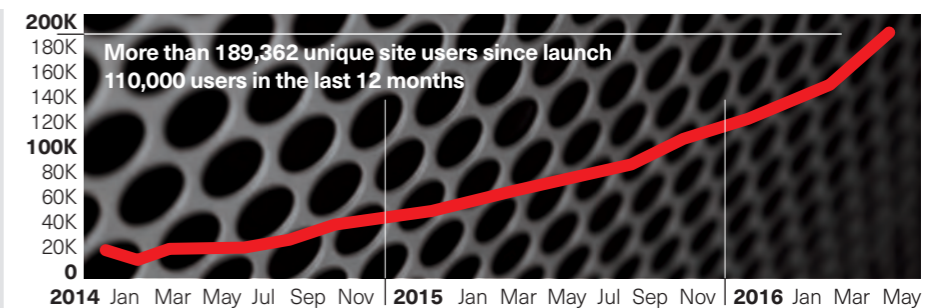
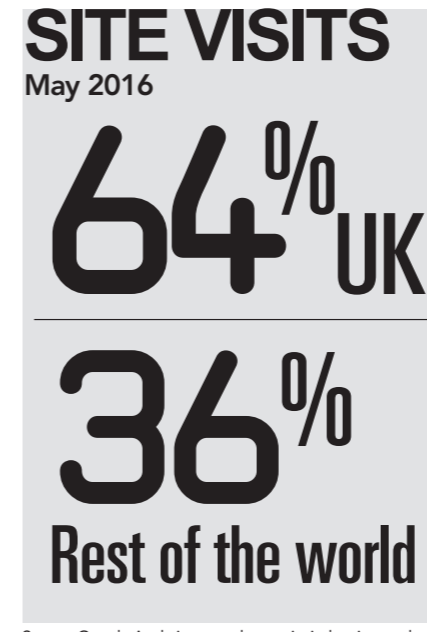
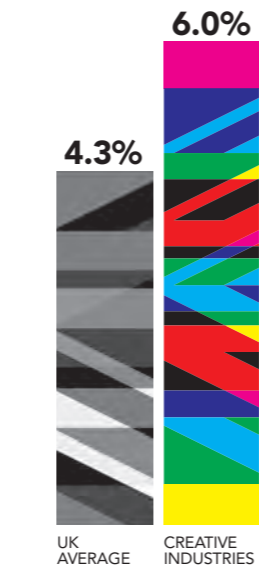
Source: [www.dodsinformation.com](http://www.dodsinformation.com) Annual MP Panel December 2015



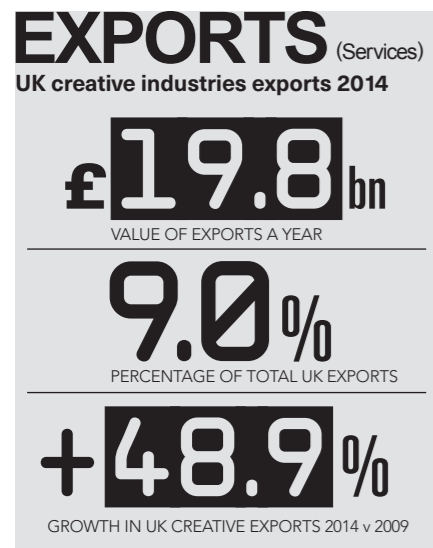
GVA of UK creative industries 2014 (£m) Total **£84.1** bn



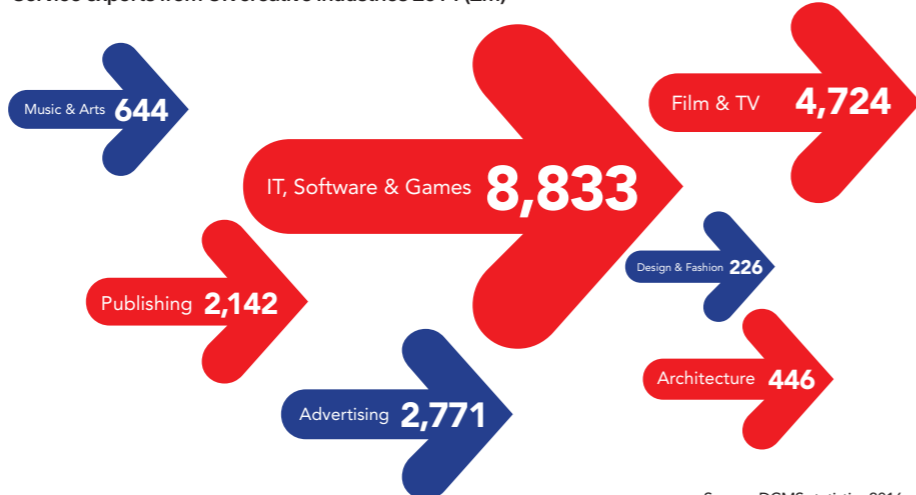
Annual Change in GVA 1997-2014



Source: Google Analytics [www.thecreativeindustries.co.uk](http://www.thecreativeindustries.co.uk)



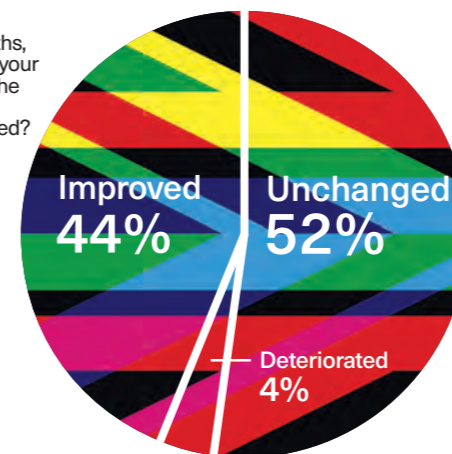
Service exports from UK creative industries 2014 (£m)



Source: DCMS statistics 2016

Current overseas sentiment towards creative industries

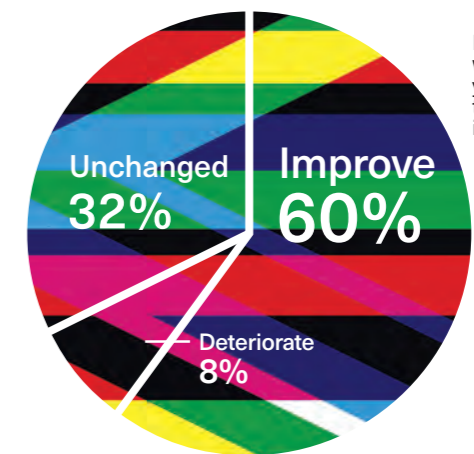
In the last 3 months, has sentiment in your market towards the UK creative industries changed?



Source: Creative Industries Tracker Survey March 2016

Future overseas sentiment towards creative industries

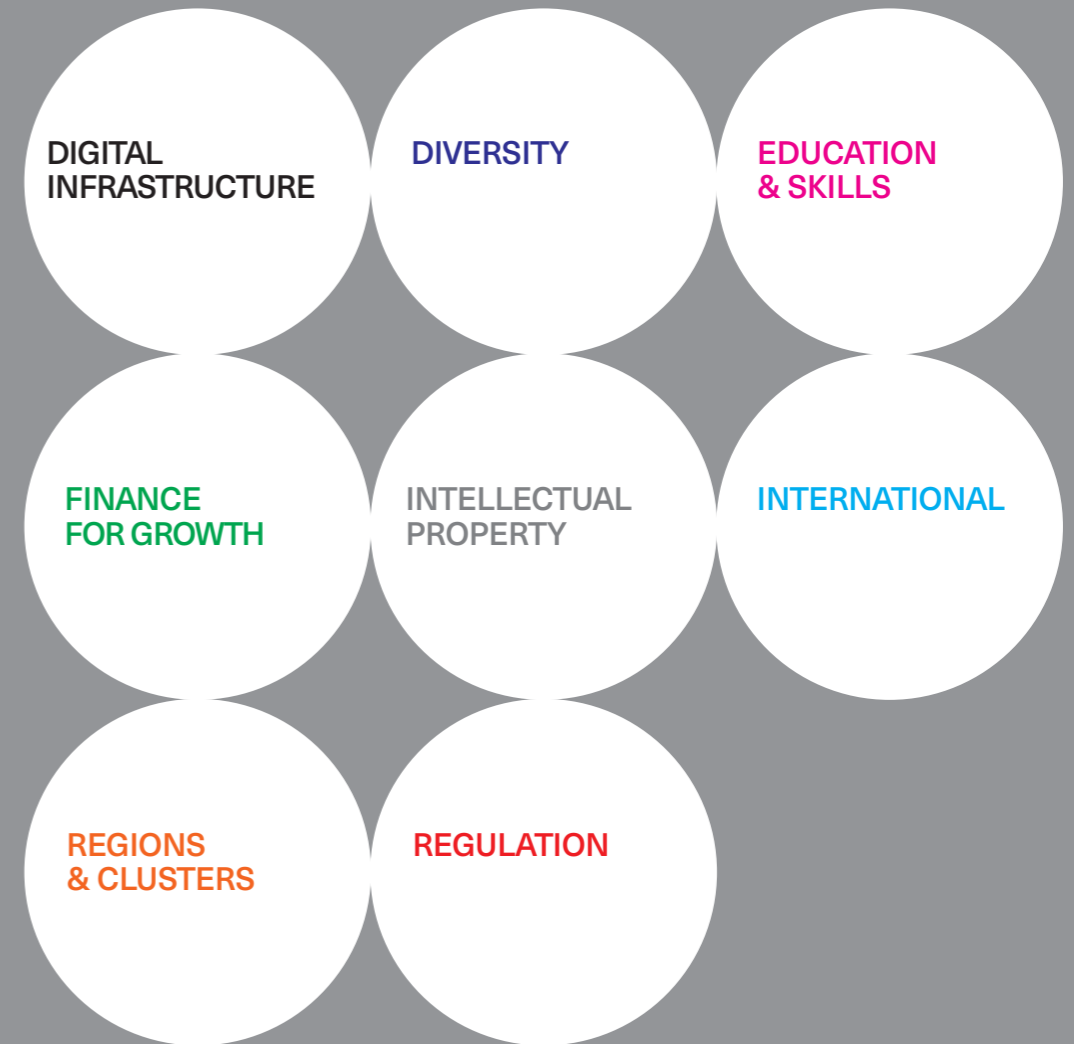
In the next 3 months, will sentiment in your market towards the UK creative industries change?



SECTION 2

8 DRIVERS FOR GROWTH

The CIC has refreshed its strategy to better reflect the challenges and opportunities facing UK creative industries





# DIGITAL INFRASTRUCTURE

## INTRODUCTION

**IN ORDER FOR THE UK TO REALISE ITS AMBITION TO HAVE AMONG THE BEST DIGITAL CONNECTIVITY IN THE WORLD, FAST, UBIQUITOUS AND RELIABLE CONNECTIVITY IS CRITICAL TO THE FUTURE OF ALL OF THE UK CREATIVE INDUSTRIES.**

Much of the innovation, regional and international growth, via exports, that the UK's creative enterprises are enjoying is fed and supported by digital networks. By 2020, major improvements to digital infrastructure must be in place. To ensure all creative organisations and talents, large and small, and across the UK, benefit from these upgrades we must act now to tackle remaining barriers to technology investment and use.



## 3 Big Wins

**01** Include requirements for digital connectivity in new workspace build rules and National Planning Guidance from central government.

**02** Local Enterprise Partnerships (LEPs) should support local broadband voucher schemes for small businesses, following success of national voucher schemes.

**03** Call on DCMS and Ofcom to prepare a transparent comparison table covering the digital infrastructure for businesses in different clusters thus informing local authorities and LEPs of their available choices in order to support a competitive business environment.

## CONTEXT

The government wants the UK to be among the world's best markets for digital connectivity. It is in the fusion between creative and digital enterprise that much of the innovation and international growth that the creative industries enjoy are taking place.

At 10% of the UK's GDP, the digital economy already accounts for a bigger percentage of the economy than in any other G-20 country. To achieve their full potential, creative businesses of all sizes and across the country must have the broadband, 3G, 4G, 5G and Wi-Fi network connectivity they need. However, the experience of broadband is patchy at best, and not just in relation

At **10%** of the UK's GDP the digital economy already accounts for a bigger percentage of the economy than in any other G-20 country

to download speeds. Problems faced by businesses are often with equipment on site or other parts of the chain such as servers for online services. Metrics such as upload speed and latency can be more important to companies than is often appreciated. At the moment, investment is still hindered by the inability of digital infrastructure providers to install facilities as a building is built, or delays in getting timely connectivity into newly commissioned sites, in the way that utilities such as water are legally empowered to do.

## AIMS

The CIC recognises that high quality, affordable digital connectivity is crucial to the potential of creative businesses to start up, develop and grow in the UK. It also plays a key role in the UK's ability to attract and retain foreign investment and trade into its creative sectors.

We believe that the best way to foster such connectivity is to open up the broadband business market to greater competition and investment to improve choice and standards, and to tackle connectivity black spots.

We welcome government moves to encourage alternative approaches to connectivity by providers, but want more action to encourage greater transparency and understanding of the connectivity needs of creative business users. By acting together across the creative industries, we aim to share learning about the current and future opportunities and obstacles faced by creative organisations in reaping the full commercial and creative rewards of digital technology.

In bridging industry and government, we will promote understanding of needs and problems on both sides in this fast-moving territory.

## PROGRESS

- By 2017, superfast coverage will have reached 95% of UK premises, and mobile operators are expected to have achieved 98% 4G coverage.
- Recent government initiatives such as the Broadband Delivery UK (BDUK) Voucher Scheme have helped with this, providing £3,000 to install costs for businesses.
- Major commercial providers such as BT and Virgin Media, as well as smaller players, have announced significant investment plans which together with existing superfast deployments, should mean that major improvements to the UK's digital infrastructure will be in place before 2020.
- There has also been much good mapping work by Nesta and others to identify priority areas for investing in the nation's digital infrastructure.

## RECOMMENDATIONS

The focus for the next two years is to ensure the creative industries benefit from new technology and digital infrastructure to establish and build world-beating companies that collaborate and trade in global markets.

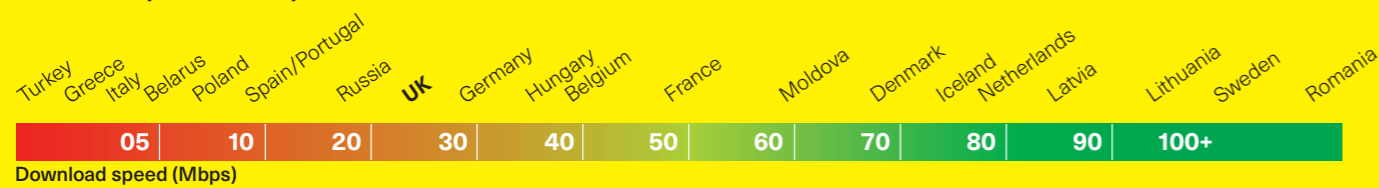
As such, our strategic emphasis should be on business needs of all sizes, from start-ups and micros through to those looking to establish international businesses with the opportunity to boost export earnings. Specifically, we recommend that:

- The government's proposed

**Opposite top:**  
Behind the scenes at the New Vic Theatre  
Photo © Andrew Billington  
New Vic Theatre



### Broadband speeds in Europe 2015



Download speed (Mbps)

Source: Ookla

broadband investment fund to support alternative network developers should give creative clusters a key role. This fund should be structured as a demonstrator so that all clusters can benefit from insights into how they can best support local creative businesses

- LEPs and local councils must treat connectivity provision as a key factor shaping where businesses choose to locate, and must ensure businesses benefit from the most attractive connectivity offers in business rate areas in order to support future growth. We encourage LEP and local authorities to investigate ideas such as a jargon-free grading system to permit businesses to compare different commercial broadband offers in an area more easily

- Ofcom, the telecoms regulator, should make available better data on business connectivity as the needs of creative tech businesses differ from those in other sectors. Such data should enable businesses to contrast easily the connectivity of different clusters. It would help local authorities and LEPs to attract more businesses by providing the best possible digital infrastructure

- National Planning Guidance from central government for digital connectivity should address barriers to the provision of connectivity. Digital connectivity should be treated not as a separate concern, but a central plank of overall infrastructure planning and delivery. As with other utilities, new workspace builds should embed it as a planning and building requirement. Even when infrastructure is in place, many creative businesses fail to maximise the full benefits and



efficiencies of digital technologies. To succeed in this area, the UK needs industry and government to work together to:

- Educate and improve understanding of business users' connectivity needs, as the ability to assess the options available will help drive efficiency. This means finding ways via education and marketing materials to explain to SMEs how connectivity can help their business models

- Off the back of the success of the BDUK vouchers scheme, which has not been renewed at the national level, LEPs should consider creating similar, local schemes, enabling small businesses to get connected

- Collaborate to gather data about business needs, creative industry clusters and broadband and Wi-Fi availability, as well as forecasting of future trends and future demand

- Present researched case studies to show the growth that is possible when the digital infrastructure needs of creative businesses are met.

Create Studios  
Digital Journeys  
@ The Steam Museum  
Image copyright  
Create Studios

### CASE STUDY

**The Brighton Digital Exchange (BDX)** shows how smaller players can work together in innovative ways to improve the local digital business infrastructure.

At the heart of BDX is a cooperatively-owned and run data centre, where member businesses can collocate equipment; and from which they can provide services to Brighton businesses

BDX went live in July 2015. Digital and service provider businesses are invited to join the cooperative that owns and manages the exchange. Member businesses can buy wholesale access to exchange facilities including rack space, peering LAN and fibre access to business units in New England House.



# DIVERSITY

## INTRODUCTION

**INTUITIVELY, WE KNOW THAT DIVERSITY MATTERS. THERE IS INCREASING EVIDENCE THAT IT ALSO MAKES SENSE IN PURELY BUSINESS TERMS.**

Businesses in the top quartile for gender or racial and ethnic diversity are more likely to generate superior financial returns, according to research by McKinsey and others.

More diverse companies are better able to win talent and improve customer orientation, employee satisfaction, and decision making. Given the ideas-based products and services they sell, creative businesses may stand to benefit from having culturally diverse workforces and leaders even more than other sectors.



## 3 Big Wins

**01 Aspirational diversity targets to be set by individual creative industries**

**02 Government and industry to research and promote the business benefits of diversity**

**03 All sectors to introduce comprehensive monitoring**

### CONTEXT

Diversity is a new strand in the CIC's growth strategy.

Research shows that the UK's creative workforce does not reflect the population as a whole. Certain groups remain under-represented, resulting in lost opportunities for business.

Freelance and informal hiring practices contribute to lack of transparency and diversity. Much creative work is project-based, with tight deadlines and unsocial hours, making it difficult to allow flexible working patterns that can support diversity. Starting salaries can be low, and particularly in London, young people from economically disadvantaged backgrounds can struggle to join and stay in creative occupations.

These concerns are reflected in government statistics. Official data estimates the percentage of women in the creative economy fell from 38.2 per cent to 37.2 per cent between 2011 and 2015, whereas the average for all UK industries remained almost stable at about 47 per cent. (Source: Creative Industries: Focus on Employment, DCMS, July 2016)

ABOUT **11.4%** OF CREATIVE INDUSTRIES JOBS were filled by **Black, Asian and Minority Ethnic (BAME) people**

About 11.4 per cent of creative industries jobs were filled by Black, Asian and Minority Ethnic (BAME) people. This figure is higher than the UK economy average (10.9 per cent), but below the BAME proportion of the population, particularly in areas such as London where the BAME proportion is higher. (Source: Creative Industries: Focus on Employment, DCMS, July 2016)

The 'more advantaged groups' (two-thirds of the UK workforce) occupy 91.9 per cent of creative industries jobs. Between 2011 and 2015, these groups experienced more than 20 per cent employment growth in the creative industries, compared to just 6 per cent growth for the 'less advantaged'. (Source: Creative Industries: Focus on Employment, DCMS, July 2016)

Work is also needed to monitor and improve the representation of employees with disabilities in the creative economy.

### RECOMMENDATIONS

There are bold and exciting initiatives in individual industries. But the CIC members acknowledge that more needs to be done.

The objective is to establish guiding principles and a diversity strategy to provide a framework for change. Shared goals and thinking will highlight a public commitment and create a platform for sharing best practice, research and intelligence. The challenge for the Diversity working group is to create a joined up approach, which also recognises the unique qualities of each industry.

### INDUSTRY SHOULD

- Commit to encouraging businesses and organisations to measure and monitor diversity data, whilst acknowledging each sector's distinct issues and barriers. Comprehensive and detailed workforce and output data will allow sectors to understand the gaps and take action. The TV industry has created DIAMOND, a standardised monitoring system across broadcasters providing comprehensive data on who makes TV and who is on TV. The sectors would report back on progress after two years

- Set aspirational targets on diversity. Each industry would create distinct goals for their businesses or organisations on workforce diversity for review in 2020. Setting aspirational targets sends out a message about the commitment to diversity and creates a visible framework from which trade bodies and organisations can take action. It is important to acknowledge that there isn't a one size fits all solution here. The games industry for example wants a focus on improving entry level diversity due to an acute shortage of skilled talent at mid and senior levels, whilst the IPA has specific goals to have women fill 40 per cent of senior levels of industry and 15 per cent from BAME. Sectors are asked to report back to the CIC two years after sign up to review progress

- Engage leaders across industry. This principle is vital to the success of diversity and inclusion and necessary for creating engagement and workforce buy-in. Each sector should identify a cohort of sector leaders who will report back to the CIC annually on progress

**Opposite:**  
Ameet Chana, Kiren Jogi, Ayesha Dharker, and Janice Connolly in Anita And Me at Birmingham Repertory Theatre, Photo © Ellie Kurttz Courtesy of Arts Council



# The 'more advantaged groups' (two-thirds of the UK workforce) occupy

# 91.9% OF CREATIVE INDUSTRIES JOBS

- Aspire to increase diversity on boards using existing advice and best practice as guidance. The EHRC published guidance on this in April 2016 and the USA has also developed tools to help companies, including creating a database of senior diverse executives who would be suitable for a board (<https://theboardlist.com/>)

- Commit to creating an online toolkit: a shared resource to help businesses and organisations diversify. This would include recommendations on how to increase workforce diversity, create an inclusive culture, HR templates, data collection forms and methods, legal information, and examples of best practice

- Improve the talent pipeline at all levels. Attracting, developing, mentoring, and retaining the next generations of global leaders at all levels of organisations is vital to promote diversity. Joint initiatives would be to work with the CIC Education and Skills group on a careers road show to raise awareness of the jobs available in the sector and to engage stakeholders such as the NOISE Festival which accesses 40 per cent of young people from the most deprived postcodes in England for opportunities and awards across all creative industries categories

- Raise awareness by joining forces to create a strong and clear message on the value of committing to diversity using social media channels.

## GOVERNMENT SHOULD

- Commit to working with industry to research, develop and promote the business benefits of diversity. This should include diversity of workforce, output and the population being served

- Consult with the sector to ensure that changes to the apprenticeship system will help to strengthen and increase diversity in the creative industries

- Work with industry to explore opportunities for funding to improve talent pipelines through careers road shows, fairs and relevant organisations

- Commit to gathering better sectoral data across the creative industries particularly music. The Creative Industries Economic Estimates Report 2016 published by DCMS (Jan 2016) says: "While a good part of the music industry is implicitly included in the codes making up the Creative Industries Economic Estimates, the industry and occupation codes do not allow the contribution of music to be satisfactorily identified as a separate category." UK Music is currently working with the ONS and DCMS on these areas.



## CASE STUDY

### Pact Indie diversity scheme trainees at the 2015 launch of the scheme in London hosted by Endemol Shine.

Trainees and participating indies – including All3Media, Hat Trick Productions, Warner TV, KEO Films and RDF Zodiac – met and mingled over drinks and nibbles.

This is the fourth year of the successful scheme, which is designed to encourage and support 12 trainees – who reflect the diversity of the UK population – by offering them a six-month contract at a UK indie, one-to-one sessions with an industry mentor, and bespoke industry training.



**Top**  
The indie diversity scheme trainee launch 2016, with Ed Vaizey MP, Minister of State for Culture and the Digital Economy

**Bottom**  
Funny Girls: This programme from Creative England and the BFI NET.WORK found female directors to produce short films, which premiered to a sold out crowd at London's LOCO Film Festival in the summer of 2016



## EDUCATION & SKILLS

### INTRODUCTION

**THE CIC IS COMMITTED TO BOOSTING CREATIVE INDUSTRIES' COMPETITIVENESS BY ACHIEVING A SKILLED, TALENTED AND PRODUCTIVE WORKFORCE.**

This requires an industry-led skills system that enables growth in companies of all sizes and supports individuals from all backgrounds at all levels of employment. It must be built on an education system which promotes creativity and encourages young people to see the creative industries as a career choice.



### 3 Big Wins

**01** Apprenticeship and statutory levy reforms consider creative industries structures and skills needs to drive increase of quality apprentices

**02** Employers collaborate to shape new technical education & joined-up careers information for jobs in the creative economy

**03** Reform tax rules to encourage freelancers to benefit from training

#### CONTEXT

The success of the UK creative industries reflects the quality of the people in them and the culture that has developed them. The UK has a reputation as a source of world-class education, talent and skills. But as our creative businesses have grown and evolved, so have their skills needs.

#### AIMS

In order to raise productivity and remain competitive, the UK creative industries need to up their game on skills. It is vital to have an education and careers system that inspires, equips and nurtures current and future generations to work in the creative industries and the broader creative economy.

Through encouraging employers to collaborate to meet the needs of mobile, project-based workers, the CIC aims to increase employer investment, enabling more and better ladders of opportunity, leading to a workforce of the right size and quality.

Providing opportunities for young people to study a **'fused'** combination of **creative, technical, scientific** and **entrepreneurial** subjects

#### PROGRESS

Much good work followed the publication of the CIC's 'Create UK' strategy in 2014. The online network Hiive (see Case Study overleaf) has quickly become a valuable resource for professionals and new entrants in the creative industries.

Roundtables to increase knowledge between industry and schools have been piloted. The profile of creative apprenticeships has been boosted by schemes such as the Creative Pioneers programme run by the IPA.

#### RECOMMENDATIONS<sup>1</sup>

Industry and government should celebrate and promote the strength, breadth and value of the creative industries for learners, parents and educators.

This means supporting the teaching of creative subjects in the school curriculum, and providing joined-up careers information across the cultural and creative industries working with the Careers & Enterprise Company and the National Careers Service. Local structures, like LEPs, City Deals and Local & Combined Authorities, should be collaborating with and through the CIC to mutually inform and connect nation-wide schemes with local/regional skills strategies and projects for maximum impact, better use of resources and simpler communication with companies and individuals. By working with employers, education and skills providers and government, the CIC believes there is an opportunity to build on existing initiatives and create new ones.

Our specific recommendations:

#### INSPIRING THE NEXT GENERATION

- Support for University Technical Colleges (UTCs)<sup>2</sup>, Studios and Free Schools with creative industries specialisation in partnership with local provision
- Work with Inspiring the Future<sup>3</sup>, to develop more roundtables of knowledge exchange between schools and employers
- Encourage schools to achieve Arts Mark, the kite mark recognising high-quality and relevant arts provision in schools
- Have a joined-up careers strategy for the creative industries, working with the Careers and Enterprise Company and the National Careers Service to ensure quality careers advice accessible to all
- Create on Hiive functions for teachers and career advisors to network, access relevant information and broker work experience opportunities. Hiive could facilitate a national pool of Creative Careers Champions to advise schools
- Employers should collaborate to shape the Creative, Design and Digital routes in the government's reforms of technical education for creative economy occupations
- Continue the dialogue with Ofsted to support schools and wider education providers in a broad and balanced curriculum, providing opportunities for young people to study a 'fused' combination of creative, technical, scientific and entrepreneurial subjects.

#### APPRENTICESHIPS

- Creative industries should commit to increase apprentices, expanding on work by the BBC, Creative Pioneers, Warner Bros, Next Gen Academy and others

<sup>1</sup> Education and skills policy is devolved. This chapter considers the needs of the UK-wide creative industries but specific recommendations refer to the education and skills policies in England. We will continue to consult across the UK Nations

<sup>2</sup> UTCs like Salford, Mulberry (East London), Global (West London), Elstree.

<sup>3</sup> [www.inspiringthefuture.org/](http://www.inspiringthefuture.org/)

**Opposite top:** Creative Pioneers 2016 graduation ceremony for class of 2015

**Opposite bottom:** Open Doors at Mother, Photo Max Green



From architecture to acting, the UK has a reputation as a source of

# world-class education, talent and skills

- The CIC/BIS Apprenticeship working group must ensure that the implementation of the apprenticeship levy considers the creative industries' structures and skills needs if they are to drive up the number of quality apprentices
- Apprenticeship levy should interact and align with creative sectors' voluntary levies
- Government should allow the 'pooling' and transfer of digital vouchers through the Digital Apprenticeship Service
- Vouchers should be used in industry recognised quality providers, such as Creative Skillset Ticked courses, Cultural & Creative Industries National College and Next Gen Academy
- Industry should be able to use apprenticeship levy money for developing new standards
- Delivering an apprenticeship should be flexible and adaptable to creative labour market trends with many SMEs, self-employed and mobile freelance workers.

## HIGHER AND FURTHER EDUCATION

- Support, promote and expand industry-led course accreditation, like the Creative Skillset Tick, that signpost to FE and HE courses that best meet employers' needs
- Government should recognise industry-led course accreditation in its assessment of HEIs under the new Teaching Excellence Framework
- Develop capacity and excellence of HEIs in key creative industries local clusters by nurturing industry/HE strategic partnerships for teaching, research and enterprise development.

## SUPPORTING WITH LADDERS OF OPPORTUNITY:

### A / NEW ENTRANTS

The CIC urges employers to:

- Advertise vacancies and development opportunities on legitimate sites such as Hiive to ensure these are filled on merit and appropriately remunerated
- Use established industry awards to introduce new talent and pre-employment programmes like the BFI Academy as progression routes and pathways into professional careers
- Sign up to good practice codes and apply these to their value chain, encouraging a culture of fair recruitment and employment.

### B / PROFESSIONALS

- Businesses should create content for Hiive, to help progression in the industry and increase mentoring and CPD opportunities through online training models (MOOCs) and peer-to-peer networks
- All training activities should offer fair access with opportunities for under-represented groups to apply, providing training bursaries and equal access schemes at national and local networks
- Government should amend or remove HMRC regulation that can use provision of training to assess employment status, as it is a disincentive to employers offering training to freelancers
- Support people with industry-specific management training, eg. Ashridge Executive creative industries MBA.

## CASE STUDY

Following a CIC recommendation, Creative Skillset established Hiive with funding from industry and the Commission for Employment and Skills. Hiive is a professional networking site for the creative industries.

It enables people to research vacancies or courses as well as opportunities to showcase individual portfolios or companies, and to form communities with other creative professionals.



In a related vein, the charity NOISE celebrates new creative talent by enabling users to show portfolios and providing a platform for careers events, festivals, and other opportunities.



Hiive Open Doors – Freelancing in Media, Photo Max Green

Noise Festival Awards, House of Commons, Advertising category winners with Curator Andy Bird of Publicis by Marie Claire Ashcroft courtesy [NoiseFestival.com](http://NoiseFestival.com)



# FINANCE FOR GROWTH

## INTRODUCTION

**IT HAS NEVER BEEN EASIER TO START A CREATIVE BUSINESS IN THE UK THAN IT IS TODAY, BUT SCALING UP A CREATIVE ENTERPRISE, PARTICULARLY FOR THE GLOBAL MARKET, IS A QUITE DIFFERENT CHALLENGE**

To realise their full potential, the UK creative industries need an investment approach that enables both new and growing businesses in all parts of the UK to flourish. At its heart must be an expanded dialogue between industry, investors, professional services groups and government with a specific focus on making sure small creative businesses can access the information and support they need to grow from start-ups to sustainable businesses.



## 3 Big Wins

**01 Scale-Up: Focus efforts on building scale in the UK's creative businesses**

**02 Incentivise investment in IP to assist creative companies to build their asset base**

**03 Join up government and industry data on the financing of UK creative businesses to build an accurate picture of current funding needs**

## CONTEXT

In 2015, the CIC commissioned a business survey about the appetite of creative businesses for finance.

The results from 75,000 respondents demonstrated a worrying lack of ambition within the sector - most creative businesses stated that they did not require or anticipate needing external finance. Yet the survey also showed that businesses that are growing are doing three things, exporting, innovating and actively seeking external finance. So many creative businesses are not looking for the vital capital they need if they are to scale. We believe there is a significant opportunity to expand and help this group of businesses.

There is a need to build the confidence of our creative enterprises by helping them access and navigate different types of finance and recognise how they could help their business. There is also a need for the finance community to be more aware of opportunities to invest in creative organisations.

Successes include the establishment by Edge Investments, with support from the British Business Bank of a

# £40 Million

creative industries-specific investment fund

## AIMS

The landscape for private sector investment in creative industries reflects the UK's overall business and entrepreneurial environment. It requires deep-rooted change to close the gap between those looking to invest and those with a creative business or idea which could benefit from growth capital. Working with partners in finance and government, the CIC aims to help engender this long-term cultural shift.

Specifically, we aim to help bridge the worlds of finance, government and industry. We want to improve knowledge and skills on all sides, ensuring that more creative businesses are investment-ready and that the financing options available are appropriate to creative enterprises.

## PROGRESS

There have been significant successes since the 2014 launch of the Creative Industries strategy.

These include:

- Establishment by Edge Investments, with support from the British Business Bank, of a £40m Creative Industries-specific investment fund
- Creation of a new tax credit for orchestras and live-action children's TV and amendments to make existing Film and high-end TV tax credits more competitive
- A new prototype fund for videogames projects
- Resources such as the ICAEW's Creative Industries - Routes to Finance, to help creative businesses navigate finance options
- High profile events around the

country that have provided businesses with practical support and access to professionals and advisers.

## RECOMMENDATIONS

### Strengthen sign-posting and networks

Although resources, both generic and sector specific are increasingly available, it is desirable to improve their visibility by better sign-posting and connections to financial and creative networks. This is particularly the case outside London where private finance networks are less well developed and the creative industries often have a lower profile.

To ensure we maximise existing efforts, we recommend:

- Forging stronger links among creative trade bodies and increasing dialogue with finance support organisations such as the British Bankers Association (BBA), Institute of Chartered Accountants, England and Wales (ICAEW) and The British Business Bank (BBB)
- Working with intermediaries - accountancy bodies, lawyers, business growth coaches - to spread awareness of available infrastructure
- More active engagement by industry and finance partners with regional VCs, private investors and public agencies (e.g. Arts Council England, Creative England) to ensure creative businesses are seen as viable investment opportunities across the country
- Regular interaction with policy-makers to keep creative industries front of mind, including the British Business Bank.

**Opposite top right:** Queen of Code: Joining forces with Crowdfunder, Creative England put a call out to female games developers to make their first IP through a targeted campaign

**Opposite bottom:** Mihaibao - a web portal giving Chinese shoppers easy access to luxury western fashion brands



Tax credits have had a significant impact on

# supporting growth and maintaining the UK's global competitiveness

## Support tax and investment incentives

Tax credits have had a significant impact on supporting growth and maintaining the UK's global competitiveness. They have been applied to film, high-end TV, video games, animation, theatre and orchestra investments. Their use should be maintained, and potentially expanded.

More general relief programmes such as the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS) have resulted in increased investment in small creative enterprises and projects. It is also important such support continues. But there are concerns around the schemes' compatibility with creative business models. For example, EIS and SEIS are attributable to one copyright owner and therefore cannot be used for co-production purposes. In relation to financial incentives for creative investment, we recommend:

- Increasing timely and regular dialogue between HMRC, the industry and advisors to improve visibility of what is working, what is not, and where challenges remain
- Aggregating evidence on the impact of all creative tax reliefs. This should be done with a view to exploring better the case for extending the tax credit mechanism to creative sectors
- Exploring the Creative Europe proposal for a Creative Loan Guarantee Fund with the European Commission and UK banks to assess its viability for the UK
- Reviewing how EIS and SEIS schemes could incorporate a more flexible approach to copyright ownership,

enabling the schemes to be applied to co-productions

- Supporting the emergence of new finance models and instruments - such as crowd funding and peer-to-peer lending - that offer potential real advantages for many creative business models.

## Improve information and policy-making

Access to relevant financial data, information and evidence about the creative industries remains a challenge. Investors and financiers are becoming more informed about the transferability of creative business models, products and services into other parts of the economy.

Much more could be done in this area, and we recommend:

- Improved dialogue between industry and government on data pertaining to the creative industries sector and investment with a clear policy "ask" focusing on addressing barriers to investing in creative and IP-related businesses
- Segmentation of creative business data on a regional basis to enable better investor insight at the local level, and between large and small employers
- Exploring the use of new, less formally structured data sources that aim to track creative business activity and performance in real time
- Ongoing assessment of the effectiveness of current financing approaches to provide information to financiers and to devise new commercial funding schemes (e.g. creating vehicles to accommodate investment flows from pension schemes).

# MIHAIBAO 觅海宝

手提包 手拿包 肩包 背包 所有品牌 减价

## CASE STUDY

### Mihaibao

Jacqueline Lam developed Mihaibao - a web portal giving Chinese shoppers easy access to luxury western fashion brands. Jacqueline received seed funding as part of the Sheffield Dot.Forge incubator in a programme co-funded by Creative England, the Sheffield Local Enterprise Partnership and local business angels.

She benefited from UKTI support and follow up investment of **£50,000** from Creative England before securing over **£2m** in private sector investment to help scale up her company.

Jacqueline Lam  
Mihaibao fashion website portal



# INTELLECTUAL PROPERTY

## INTRODUCTION

**A STRONG, CLEAR AND ACTIVELY ENFORCED INTELLECTUAL PROPERTY (IP) FRAMEWORK IS ESSENTIAL TO THE FUTURE HEALTH OF THE CREATIVE INDUSTRIES.**

This framework should facilitate UK individuals and businesses of all sizes in creating value by protecting and licensing IP, whilst encouraging innovation to benefit artists, organisations, consumers, and the wider economy. Using evidence-based, market solutions where possible, the UK must work with international partners and technology companies to tackle areas of copyright rights uncertainty and clamp down on infringement.



## 3 Big Wins

**01** Commit long-term funding to Police Intellectual Property Crime Unit beyond 2017

**02** Ensure EU Digital Single Market (DSM) proposals protect UK creative industries, in particular on portability, territorial exclusivity and text and data mining

**03** Support clarification by the EU such that platforms which actively host and market content are liable for infringing content on their services and ensure that intermediaries/service providers take reasonable steps to reduce infringement including via effective “notice and stay down” systems

### CONTEXT

Intellectual Property (IP) - including copyright, designs, patents and trademarks - is a fundamental mechanism through which individuals and businesses generate value from their creativity. UK creative businesses have adapted successfully to create and develop global digital markets for content.

The forthcoming EU review of the Digital Single Market is potentially the most significant development affecting the UK's IP-rich creative industries.

### AIMS

The CIC aims to increase awareness and understanding of IP rights in the UK and abroad and to ensure the UK has an IP framework fit for international trade in the digital age.

# seven million

PEOPLE IN THE UK

admit to visiting sites offering illegal content

### PROGRESS

Government and industry have worked closely together on building awareness of IP rights. This has included the successful launch in 2015 of a major educational campaign, *'Get it Right from a Genuine Site'*, and the work of the Intellectual Property Office (IPO) to provide teaching resources for the Cracking Ideas Hub ([www.crackingideas.com](http://www.crackingideas.com))

Industry has taken robust action to deal with infringing websites through site blocking orders and delisting from search engines. Government committed to fund the Police Intellectual Property Crime Unit through 2017.

The Copyright Advisory Panel has provided an important forum for the IPO and businesses to discuss market developments and policy initiatives. In addition, the Copyright Hub has the potential to increase the efficiency of content licensing.

### RECOMMENDATIONS

#### EU Digital Single Market Review

(Note: This report was written before the UK's EU referendum)

- The review should proceed on an agreed set of principles. These must be to ensure that EU consumers are served by the best possible content services; to allow markets to deliver solutions; and only to agree changes to copyright framework that are based on robust evidence
- Portability and cross border access are key elements of the Digital Single Market proposals. Many UK creative businesses already deliver innovative

portable solutions for consumers and can therefore support a portability regulation provided that it is not burdensome and includes safeguards to prevent portability from becoming cross border access

- The exclusion of audiovisual and copyright matters from the proposed geo-blocking regulation must be maintained
- The UK government should oppose any measures undermining the principle of territorial exclusivity, which could damage the ability of UK's film and television industries to finance future works, reduce consumer choice, and hamper SMEs from licensing copyright effectively
- Ensure any new proposed exceptions for teaching illustrations and text/data mining protect the interests of British creative companies, particularly our leading publishing businesses.

### Enforcement

- Continue to pursue enforcement to protect the UK market for creative content, including legal actions to block access to illegal websites and increased sentencing for online offences
- Commit to the long-term funding by government of the Police Intellectual Property Crime Unit beyond 2017
- Implement a duty of care for online intermediaries to take reasonable steps to avoid facilitating infringing online services
- Require service providers to implement “notice and stay down”, to prevent reposting of content that has already been the subject of infringement notices
- Take steps (and encourage other member states) to strengthen



There is a need to achieve clarification that platforms which host and market content are liable and **do not benefit** from “**safe harbours**”

enforcement of Article 5 of the E-Commerce Directive.

**Maintaining an IP framework fit for the digital age**

The CIC recommends that the following need to be achieved:

- Industry and government should continue work to improve legal access to content, in particular for small use consumers and businesses
- Clarification at EU level that platforms which actively host and market content are liable for content on their services and do not benefit from “safe harbours”
- Voluntary schemes, such as the Anti Copying in Design (ACID) Design Data Bank, should be encouraged to enable the informal registration of design rights and support micro businesses and SMEs to ensure their rights have some protection
- Continued funding of annual published research on online infringement, to better understand the motivations of those illegally accessing copyright material in order to develop evidence-based solutions
- A requirement on all internet intermediaries to play an active role in reducing online copyright infringement, through agreed voluntary measures or, if these cannot be agreed, consideration should be given to appropriate legislative/regulatory action
- Before the government introduces legislative proposals that substantively alter the IP framework, it should require the IPO to use comprehensive policy appraisal methods to ensure that
  - the intervention is proportionate and would not harm rights holders;

- market methods of licensing or non-legislative solutions have been taken into account;
- incremental policy changes are reviewed in the context of the cost and benefits to the creative sector and the need to support innovation in the wider economy.

**Europe and International**

The CIC recommends that the government should:

- Consult with stakeholders to provide greater transparency and advisory input into the positions the UK government adopts in European and international negotiations
- Ensure that EU trade negotiations include a requirement for countries to create and maintain strong IP protection and that any enforcement assistance given to other nations is reciprocated.

**CASE STUDY**

**Making changes to the UK’s IP framework**

**Creating a single European digital market**

The European Commission has identified the completion of the Digital Single Market (DSM) as one of its top 10 political priorities.

The DSM strategy is built on three pillars:

- 1** Better access for consumers and businesses to digital goods and services across Europe
- 2** Creating the right conditions and a level playing field for digital networks and innovative services to flourish
- 3** Maximising the growth potential of the digital economy

Its proponents claim the strategy could generate an extra **€415 billion** per year for the EU and create thousands of new jobs.



## INTERNATIONAL

### INTRODUCTION

**IN ANY DISCUSSION OF THE UK STANDING IN THE WORLD, THE CREATIVE INDUSTRIES WILL INEVITABLY FEATURE.**

British creativity directly generates significant amounts of exports and inward investment. It also shapes broader perceptions of the appeal of 'Brand Britain' that benefit diverse other sectors.

Yet the global market for creativity is an increasingly crowded place, and the UK cannot afford to stand still.



### 3 Big Wins

**01** UKTI to develop additional support for new exporters

**02** Improve visibility of regional creative clusters via road shows and articulating benefits of dual, 'London +non-London' resource to foreign investors and partners

**03** Create a single government role to co-ordinate and improve creative economy data across departments

#### CONTEXT

Official figures show that exports of creative industries services hit **£19.8bn** in 2014, an increase of **10.9%** from 2013. Exports of creative services accounted for **9%** of total exports of services from the UK in 2014. Inbound Foreign Direct Investment into the creative industries increased **20%** in 2014-15, significantly above the UK average.

In many creative disciplines, the UK is among the very best in the world, and consistently outperforms comparable rivals in terms of the quality of its output and its business success. To maintain and grow the international strength of the creative industries, the UK has a strategy that focuses on maximising growth potential through alliances and clusters, high value opportunities, and inward investment. But competition is intensifying as rivals invest in developing their own creative industries and we need to refresh our approach.

## Exports of creative industries services hit

**£19.8** BILLION IN 2014  
accounting for **9%** of total exports of UK services

#### AIMS

The CIC aims to promote the international growth of the UK's creative industries as measured by these industries' exports and share of Foreign Direct Investment. It aims to ensure that all sizes of creative business and all parts of the UK can participate in this international growth.

By bridging industry and government, and speaking for all the creative sectors, the CIC seeks to demonstrate how connectedness and collaboration help the UK creative industries realise their international growth potential.

#### PROGRESS

Using the three pillar strategy, the UK has focused on identifying and working in overseas markets with greatest potential to deliver exports and investment. In 2015 UK Trade & Investment helped 13,000 businesses to export and there has been specific support for smaller creative companies. A dedicated taskforce has worked to increase the ability of smaller companies in the creative supply chain to participate in major overseas projects.

#### RECOMMENDATIONS

It is time for a fresh approach that deepens co-ordination between industry and government, and focuses on realising the untapped potential of UK smaller and regional creative businesses on the global stage. In addition to the existing strategy pillars of alliance & clusters, high value opportunities and inward investment, we recommend adding measures on data, SMEs and communications to the UK growth strategy.

#### ALLIANCES & CLUSTERS

- The UK's approach to overseas markets should take the form either of an 'alliance', a forum for business and policy-makers to address obstacles to trade, or a 'cluster', a physical co-location of UK creative firms in an overseas territory
- Priority high-growth, alliance markets up to 2020 are China (including Hong Kong) and Brazil. Tier-two markets will be India, South Korea, Russia, UAE and Japan
- The Cluster approach should be taken forward by industry as in future UKTI will lay less emphasis on the government actively supporting outward investment by UK companies
- Cluster activity should target USA and EU hubs (such as New York, LA, Germany and France), as having the best potential for continued growth. UKTI will prioritise the USA, China, UAE, Hong Kong and India. Industry will need to work with other partners, such as embassies, to reach other markets
- Industry strongly supports UKTI's proposal to consider a pan-Europe campaign. The EU is often a first step for many small or new exporters to embracing wider export opportunities
- It is vital to sustain support for the Global Digital Media and Entertainment Alliance i.e. 'China Alliance'.

#### HIGH VALUE OPPORTUNITIES

- More needs to be done to source opportunities for creative businesses within infrastructure projects and to engage companies, particularly SMEs, across the supply chain.

**Opposite:**  
HRH The Duke of Cambridge and the China Alliance at the GREAT Festival of Creativity in Shanghai



# The priority markets for attracting investment should be: China, Germany, South Korea, France, USA, Japan, India, Canada and the Middle East

## INWARD INVESTMENT

- The UK creative clusters for focus should be: London; Bristol/Cardiff/South West; Yorkshire/Liverpool/Manchester/Newcastle
- Accelerating the programme of creative 'road shows' for international UKTI reps and potential inward investors. Where an international element is beneficial, these should align with the CIC and the Creative Industries Federation
- There should be clearer articulation of what cities other than London offer international investors and partners. One method would be to put forward a dual offer where appropriate (i.e. one office in London and one - often for R&D - outside London).

## IMPORTANCE OF DATA

- The DCMS, Office for National Statistics (ONS) and UKTI must publish export and inward investment data that is timely and represents all commercial activity from the creative sector. This means publishing an export number that encompasses both goods and services. It should also encompass inward investment statistics that fully report the international investment being paid into the UK's creative industries
- DCMS and UKTI to share export and inward investment data (as well as ONS, Nesta and others), subject to commercial confidentiality. Industry sub-sectors must input data and identify metrics to measure progress. One government project manager should oversee and improve creative data across government departments
- The Creative Industries Sector Advisory Group should create a way of

visually illustrating the broader contribution of UK creative industries to the UK's position in the world.

## SUPPORT FOR SMEs

- The wider sector eco-system needs to do more to get creative SMEs exporting. The CIC specifically recommends:
- UKTI should create a new work-stream focusing on support for new exporters and review existing products. It must also maintain existing programmes to support SMEs with grants to attend international trade markets, familiarisation trips and trade missions
  - The contact base and insights built up around key international events (such as GREAT Festivals) should be shared with a broader base of non-attending UK companies
  - Change rules to enable a business to apply for a £500 regional grant and a Trade Access Programme (TAP) grant
  - Ensure effective assistance for SMEs within the Northern Powerhouse initiatives (to develop the economic potential of regions around Leeds, Manchester, Sheffield, Liverpool, Hull, Teesside & Newcastle).

## MORE EFFECTIVE COMMUNICATIONS

- Better sharing of information - both from central government to trade reps and regional bodies, and from those groups to their constituencies
- Work with and leverage the GREAT Campaign to support the creative sector, including closer co-operation with [www.thecreativeindustries.co.uk](http://www.thecreativeindustries.co.uk) and the 'Exporting is GREAT' initiative.

International

## CASE STUDY

### The Global Digital Media and Entertainment Alliance (i.e. China Alliance) between the UK and China was formed in 2013.

It is designed to promote longterm relationships in the digital media and entertainment sectors, opening doors for UK and Chinese companies to work together.

A landmark film co-production agreement signed between the two countries in 2015 also made it easier for qualifying UK co-productions to gain access to Chinese funding and secure wider distribution to Chinese audiences.

During the Chinese state visit to the UK last year, technology and creative partnerships worth more than **£320million** between the UK and China were announced.

### China Alliance

Tim Davie CEO BBC Worldwide and the China Alliance meeting at the Technology Innovators Forum in China





## REGIONS & CLUSTERS

### INTRODUCTION

UK CREATIVITY HAS ALWAYS DRAWN FROM A RICH POOL OF CULTURES AND TALENT IN ALL PARTS OF THE UK.

With rising demand for creative services globally, it will be vital to strengthen creative economies in every region to enhance the UK's creativity, productivity and competitiveness.



### 3 Big Wins

**01** Local infrastructure plans to incentivise growth in the creative economy

**02** Local Enterprise Partnerships (LEPs) to work with local universities, other education providers and employers to ensure a sustainable skills pipeline for their region

**03** The distinctive contribution of the creative industries to the wider economy of each region should be recognised, with improved investment flows

#### CONTEXT

DCMS statistics show that since 2011 employment in the creative industries has grown very quickly in some parts of England including by **53%** in the East Midlands and by **27%** in Yorkshire and the Humber. However these figures conceal significant inequalities in access to finance, overseas markets, productivity and skills. Such disparities are well illustrated by the Core Cities Group, which estimates that the difference in GVA per capita between London and its ten member cities represents a loss to the economy of **£66bn**.

Devolution must be accompanied with continued investment. For many regions, the local business support services key to the building of creative clusters come from national and European public funding bodies, particularly the European structural and innovation funds. The continued levels and effectiveness of such support will be critical in addressing regional imbalances.

The creative industries have already proven to be

# powerful drivers in regenerating individual cities and neighbourhoods

#### AIMS

The CIC welcomes the government's commitment to enabling and promoting greater devolution. We anticipate this will make it easier to achieve a judicious balance between policy initiatives at national level that can benefit the growth of creative industries in the regions, and policy initiatives that can be originated and developed at cluster, city, local authority and regional level.

#### PROGRESS

The creative industries have already proven to be powerful drivers in regenerating individual cities and neighbourhoods, raising their profile, making them more distinctive and more attractive and stimulating places for people to work and live.

More can be done to work with local business communities to achieve these broader outcomes and in particular, recognise the importance of freelancers and the self-employed to the creative economy in many regions.

#### RECOMMENDATIONS

- Re-think government business and investment support programmes so that they are better fitted to support creative SMEs and micros. Initiatives should focus on growth through increasing productivity as much as job-generation; and assisting scale-up and second stage businesses as well as start-ups. This should aim to increase connections between private investors and business clusters
- Consider how existing EIS/SEIS schemes could be expanded specifically to encourage private investment activity outside of London and the South East regions

#### EDUCATION AND SKILLS

- Better co-ordination to identify and address regional skills needs between stakeholders. These stakeholders include local authorities, Local Enterprise Partnerships (LEPs), Higher Education Institutions (HEIs), Creative Skillset, Creative and Cultural Skills, and national funders such as the BFI, Arts Council England and Creative England. Collaboration should account for the variety of local creative economies and seek to foster regional collaboration
- Consider ways of developing one-on-one and group mentoring schemes as a way of improving business skills at local and regional level, and as a way of building more effective creative networks and clusters
- Commission work to better understand the contribution of HEIs to local creative economies, and how Research Council investment might be integrated with growth strategies and cluster development.

#### INFRASTRUCTURE

- Consider ways of incentivising local authorities to work with broadband providers to assist the development of creative clusters by provision of local hi-speed networks
- Re-think procurement powers to enable and incentivise local authorities to procure goods and services locally. This should build on the work of Design Council, Creative England and others in using creative industry skills to re-design and implement local services, including health and education. Such an approach would make it easier to optimise the contribution of the creative sector to the success of the Northern Powerhouse, the Midlands Engine, the Great Western Cities and

**Opposite: large circle**  
Image from 'Aareo' by Mad Fellows, a Leamington Spa-based games developer which is part of the so-called 'Silicon Spa' area of games companies

**Opposite: small circle**  
Production services set shots from 'Dancing on the Edge'. Creative England works with local authorities and LEPs from all over England to facilitate filming in the English regions



Since 2011  
creative industries employment growth in some parts of England has been  
**dramatic**



other initiatives to build regional capacity

- Look at ways of enabling and incentivising local authorities and combined authorities to protect and make available physical spaces for creative businesses. Typically, this infrastructure includes workspaces, exhibition spaces, rehearsal rooms, and other physical infrastructure. Local authorities are under pressure to maximise revenue from business rates, potentially to the great disadvantage of creative SMEs and micros.

#### RESEARCH AND EVIDENCE

- Using the creative cluster mapping published by Nesta and Creative England as a baseline, improve research and data gathering on the role of the creative industries in the supply chain of other sectors, particularly those that underpin regional economies
- Build on the work of the Design Council, Nesta and others to inform understanding of the competitive advantage creative industries can bring to the wider economy in their region
- Commission work to better understand the contribution of HEIs to local creative economies and analyse how Research Council investment might be integrated with growth strategies and cluster development.

#### CASE STUDY

##### Building a Production Powerhouse

VRTGO Labs ([www.vrtgolabs.com](http://www.vrtgolabs.com)), based in Gateshead, is Europe's first industry-led centre for Virtual Reality and Augmented Reality research, bringing together commercial companies, freelancers and academics from across the North-East to collaborate on the development and commercial application of these cutting-edge technologies.

The centre provides a mix of office and co-working space to encourage cross-sector working. Complementing the space is access to the latest VR development equipment, and a VR demo room for showcasing work to potential or existing clients - all underpinned by high speed open source broadband.

VRTGO Labs  
Image © Secret Sauce





## REGULATION

### INTRODUCTION

**A LIGHT-TOUCH, STABLE REGULATORY CLIMATE, WITH A STRONG EMPHASIS ON SELF-REGULATION, IS CRITICAL TO AN ENVIRONMENT IN WHICH THE UK CREATIVE INDUSTRIES THRIVE.**

It enables the UK to be seen internationally as a competitive and attractive place to do business and in which to invest.



### 3 Big Wins

**01 UK to showcase effective self-regulation and responsible business behaviour**

**02 Development of more strategic anticipatory approach to EU policies on creative industries**

**03 Government to tap industry best practice in procurement of creative services**

#### CONTEXT

The creative industries have benefited from a business-friendly government. Policy has helped foster a de-regulatory, competitive and global marketplace, support the digital economy, encourage British exports, and promote inward investment. However we must be vigilant about new regulatory interventions both in the UK and the EU. The Digital Single Market (DSM) offers many opportunities. There are however challenges around the development of the DSM - whether these are new advertising restrictions or unforeseen changes to intellectual property. Such changes have the potential to harm creative businesses and to deter global inward investment.

The creative industries value the government's strong preference for effective self-regulation over legal intervention whenever this is sufficient to secure consumer benefits. Strong self-regulation, business responsibility and innovative use of new technology can help deliver a more dynamic competitive marketplace and be a driver for investment. The UK's stable

# A continuing focus on de-regulation

is vital to ensuring that barriers to entry for new businesses are low and existing businesses can thrive

regulatory environment and attractive licensing regime have attracted many large creative companies to establish significant UK operations.

Growing creative businesses also require talent and we want to attract the brightest and best to work in the UK. Government should consider the impact of migration policy on the creative industries, such as proposed changes to the regulation of skilled workers. We must ensure that growth is not inhibited by skills gaps that can only be filled in the short term by international talent, in addition to our important role providing jobs, training and skills to those in the UK. The Audiovisual Media Services (AVMS) Directive's country of origin principle is key to the UK's status as a global television hub and has resulted in significant economic and cultural benefits. It has enabled multinational companies to establish substantial UK operations and delivered economies of scale for infrastructure. It has supported a vibrant services sector and created a talent pool that circulates among businesses.

A continuing focus on de-regulation is vital to ensuring that barriers to entry for new businesses are low and existing businesses can thrive. The UK has an important role to play in setting the EU's strategic agenda to the benefit of the creative industries. Regulatory scrutiny is vital through impact assessments and EU red tape should be reduced. Government procurement of creative services is fragmented and access to appropriate expertise reduced. Money is spent on lowest-priced options rather than those delivering maximum value.

Regulated suppliers are not always used, and there is a lack of knowledge about how to buy intellectual capital services supplied by the creative sectors.

#### RECOMMENDATIONS

To foster further success and make the case for a fit-for-purpose regulatory environment, the creative industries will continue to work closely with government. The CIC recommends the following:

- Showcasing examples of effective self-regulation and responsible business practice. Such examples demonstrate how to reduce the burden on government and deliver a better business environment (often involving the innovative use of new technology to tackle issues), which in turn benefits the public with better quality content and services
- Working with Ministers and civil servants on developing a strategic and anticipatory stakeholder approach to EU strategies affecting the creative industries and digital economy to ensure de-regulation where appropriate
- Highlighting instances where government intervention or proposed intervention helps or hinders business growth to ensure the UK remains the best destination for employment and investment in the creative industries
- Working with government to ensure smarter public procurement processes with less red tape and fewer bureaucratic burdens to ensure that best-value creative services are procured
- Providing examples of where government could act to support small and medium-sized businesses. For example, government could lower barriers to market entry or improve government advisory services to help start-up growth.

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