THE **STATE** OF **CREATIVITY**

POLICY
RESEARCH
INDUSTRY

Creative Industries
Policy & Evidence Centre

Led by nesta

2023

Note from the Director

Dear Friends,

As we approach the five-year anniversary of the Creative PEC, it seems timely to pause and reflect on how far we have come and how we got here.

The Creative PEC was founded in 2018 to bridge the worlds of policy, research and industry in the UK's creative industries. Since then, we have published over 60 in-depth, high-quality research reports – over one a month – to build a bank of evidence to inform policy to support inclusive growth of the creative sector across a range of fields, from innovation and technology to education and diversity.

This has been very much a team effort. It has been possible thanks to the expertise and hard work of our consortium partners, the brilliant insights of our Industry Champions, the International Council's global reach, Nesta's support and, of course, generous funding from the Arts and Humanities Research Council (AHRC).

In 2022, we received the wonderful confirmation that the AHRC will be providing funding for a further five years in recognition of the value and quality of our work. We are also thrilled to announce that the new hosts of the Creative PEC will be Newcastle University and the Royal Society for Arts (RSA). This forward-looking, north–south, twin-hub partnership will bring huge benefits to the UK's creative industries.

In this report, we reflect on how far the creative industries have come over the last five years and look at the state of play in each of our 10 thematic priority areas, backed up by research and enriched by insights from industry. As well as looking back, we look forward by indicating future research priorities and exploring the policy landscape that may dominate in the coming years. We also ask a fundamental question: what is needed for the UK to remain a creative powerhouse?

Thank you for your interest in our work. We are profoundly grateful to have such close partners, colleagues and friends across the wide spectrum of the creative industries.

Warm regards,

Hasan Bakhshi
Director of the Creative PEC (Nesta)

OPEN

The Creative Industries Policy and Evidence Centre: Embedded knowledge exchange

The Creative PEC works in 10 key areas, which are:

→ Geography of the Creative Industries

→ The Value of Arts and Culture

→ International, Trade and Immigration

→ Skills, Jobs and Education

→ Intellectual Property and Regulation

→ R&D and Innovation

→ Diversity and Inclusion

→ Business Models and Access to Finance

→ Public Service Broadcasting

→ Climate

Creative Industries
Policy & Evidence Centre
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Creative PEC:
A unique model

The Creative PEC is unique in its embedded approach to knowledge exchange. We embed Creative PEC researchers and our Policy Unit personnel in the policy planning, design and delivery processes of our key stakeholders. This 'embeddedness' unlocks the opportunity to help more researchers and industry professionals to become more policy-literate, and to support policymakers to become more adept at using data and research evidence.
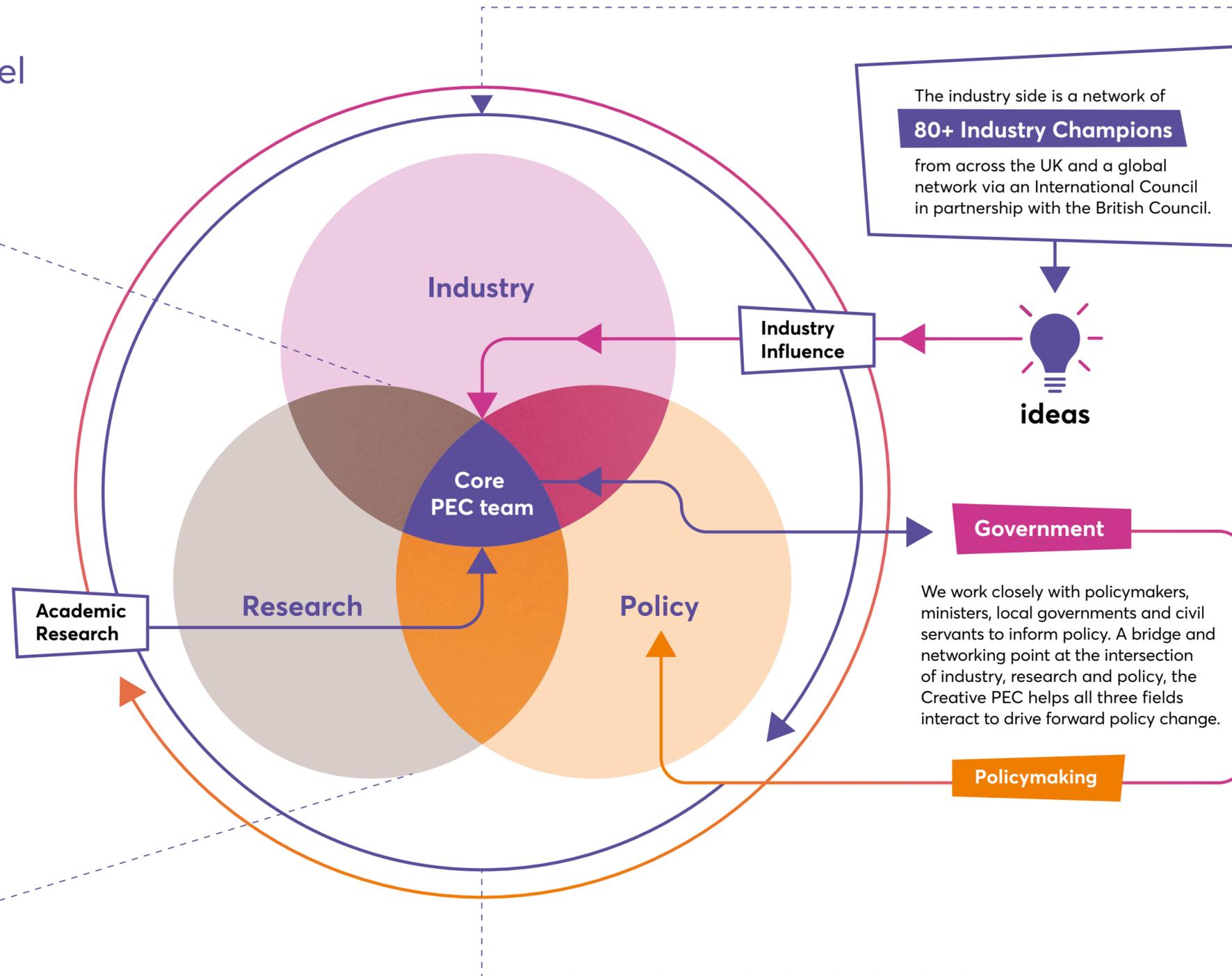
Industry

Research

Policy

Core PEC team

Academic Research

Industry Influence

ideas

The industry side is a network of
80+ Industry Champions
from across the UK and a global network via an International Council in partnership with the British Council.

Government

We work closely with policymakers, ministers, local governments and civil servants to inform policy. A bridge and networking point at the intersection of industry, research and policy, the Creative PEC helps all three fields interact to drive forward policy change.

Policymaking

The Creative Industries Policy and Evidence Centre: Embedded knowledge exchange

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→ Business Models and Access to Finance
→ Public Service Broadcasting
→ Climate

**Creative Industries
Policy & Evidence Centre**
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Creative industries: Timeline

1994

Australian Prime Minister Paul Keating's Creative Nation report is published

1997

Launch of the UK Department for Culture, Media and Sport (DCMS) under the premiership of Tony Blair

1998

The DCMS publishes the first mapping documents of the UK creative industries

Chris Smith, then UK Secretary of State for the DCMS, publishes his landmark book *Creative Britain*, which argues that creative talent must be at the heart of the political agenda

2004

The UNESCO Creative Cities Network is created to promote creative co-operation among cities around the world

2005

The Australian Research Council Centre of Excellence for Creative Industries and Innovation at Queensland University of Technology is launched

2006

Establishment of the Creative Rural Industries Consortium to promote culture and creative networking in rural areas

2007

Staying ahead: the economic performance of the UK's creative industries is published by the Work Foundation in collaboration with Nesta for DCMS

2008

Publication of the first UN Conference on Trade and Development report on the creative economy

2009

The Korea Creative Content Agency is established, with a remit to boost the growth of cultural industries and their exports

2010

Creative Scotland is created by the passing of the Public Services Reform (Scotland) Act 2010 and inherits the functions of Scottish Screen and the Scottish Arts Council

European Commission publishes Green Paper – Unlocking the potential of cultural and creative industries

Nesta's Creative clusters and innovation report maps the UK's creative clusters for the first time

2011

The Creative Industries Council (CIC) – a UK government and industry forum – is set up to advise on creative policy development and promote growth in the sector

2012

Creative England is launched as the first UK government-supported, but not government-funded, creative-industries-focused organisation

2013

Establishment of the World Cities Culture Forum, a network of global cities

Nesta publishes its Manifesto for the Creative Economy, a 10-point plan to bolster the creative sector

2014

Sir John Sorrell starts the Creative Industries Federation, a national organisation advocating for the UK's creative sector

2015

Launch of Creative Europe programme

The DCMS adopts Nesta's Dynamic Mapping of the creative industries

The Greater London Authority launches the Creative Enterprise Zones, a mayoral initiative to designate areas of London where artists and creative businesses can find permanent, affordable space to work

The World Conference on the Creative Economy is formed

Future Screens Northern Ireland (NI) is launched by Ulster University and Queen's University Belfast to better understand the role the creative industries can play in advancing the NI economy

2017

The UK's Industrial Strategy is published, bringing industry and government together to create and support jobs

Nesta's Creative Nation maps the UK's creative industries

2018

As part of the UK's Industrial Strategy, the government and the creative industries sector, through the CIC, agree a Sector Deal to unlock growth for creative businesses

The DCMS's Creative Industries Economic Estimates – part of the UK's Sectors Economic Estimates – are awarded the status of official statistic by the Office for Statistics Regulation

Launch of the Arts and Humanities Research Council (AHRC)-funded, Nesta-led Creative PEC to produce high-quality research, policy and evidence on how to grow the creative industries

2019

The creative industries are identified as a growth sector in which Scotland can build on existing advantages to increase productivity and growth in the 2019–2020 Economic Action Plan

Publication of Creative Radar, providing a comprehensive mapping of the UK's creative microclusters through surveys and web scraping

Publication of the Augar review (of post-18 education and funding)

The Cultural Cities Enquiry is published

Creative Wales is set up by the Welsh Government as an agency to support the creative industries in Wales

2020

UN International Year of Creative Economy for Sustainable Development

The Global Agenda for the Cultural and Creative Industries is published, compiled by the Creative PEC's International Council

2021

The Creative Industries Federation and Creative England are relaunched as Creative UK with a new brand identity and mission "to connect and empower the creative sector"

2022

EIT Culture & Creativity Knowledge and Innovation Community is launched to bring together partners from across Europe

The Creative PEC moves to Newcastle/RSA in forward-looking twin-hub model

2023

The publication of the UK government's Levelling Up white paper, with the aim of ending geographical inequality in the UK, highlights the place of the creative industries within the strategy

The CIC works closely with the UK government to formulate the Sector Vision for the creative industries

Table of contents

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*In order of appearance

Foreword →

Professor Christopher Smith, Executive Chair of the Arts and Humanities Research Council

We all know creativity matters and we all know it delivers growth, skills and social benefits.

We also know that the creative industries are not without challenges, including those concerning equality, diversity and inclusion, geographical spread and the quality of working conditions.

And we know that we need to invest in the creative industries and especially in supporting a connected and strategic research and development (R&D) infrastructure, with investment mechanisms matched to business requirements. We also need to support the growth of localised and integrated R&D ecosystems, building on the close relationship between universities and small- and medium-sized enterprises (SMEs). This builds on the industries' proven success in driving economic growth, skills acquisition and making a positive impact.

Createch, the special combination of creativity and technology in creative industry sectors, behaves like other tech sectors and drives R&D, and there is huge potential for the creative industries to contribute to a levelling-up agenda, to enhance foreign direct investment, to support skills acquisition from school to lifelong learning, to tackle mental and physical health issues and to make a net-zero agenda understandable and attainable.

But how do we know all this? The answer is simple – evidence, supporting policy that is monitored for impact and effectiveness. A major change in the landscape, which has underpinned so much of our knowledge, is the arrival of the Creative PEC, led by Hasan Bakhshi, with a terrific team, and proudly supported by the AHRC.

From its inception, the Creative PEC has embedded its team into the planning, design and delivery of evidence-driven policy through close collaboration with those who shape and direct the creative industries. Through this approach, the Creative PEC obtains its strength and its uniqueness, its researchers become more policy-literate and policymakers become more research- and evidence-led.

Over the past five years, the Creative PEC has produced detailed research, policy papers, briefings and other essential information that have enabled wiser and better decision-making by government, local authorities, sector bodies and their leaders. It has also made an invaluable contribution to innovation and growth. We are grateful to Nesta for hosting the Creative PEC and supporting its work.

The creative industries have had an interesting pandemic. Some sub-sectors were devastated and saved only by government intervention; others, especially digital, and virtual and augmented reality, proved their worth and accelerated. Now they all face the challenges of a hybrid world.

Public finances are constrained, but investment remains both necessary and fragmented. We know we can do better with the limited resources we have; we need to focus and unite our efforts.

In short, the work has just begun. The forthcoming Creative Industries Sector Vision, which the Creative PEC has supported and informed, will set out new targets and ambitions, demanding that greater attention be paid to skills and social impact.

I believe that the creative industries are on the cusp of moving from being an awkward additional guest to becoming a recognised and essential partner in meeting our local and global challenges. The creative industries are not an optional extra; they are driving change in our 21st-century society and economy.

To make the correct policy decisions, we will need robust evidence and trustworthy advice. This report abundantly and clearly shows how the Creative PEC has been at the heart of debates and decisions as an impartial, honest, reliable and challenging voice.

And because we need these precise values to help us navigate the coming years, the AHRC has committed to investing in a new home and a new phase of funding for the Creative PEC to work with the sector and other funders to support the Creative Industries Sector Vision and to strive to achieve the bright creative future the UK needs and deserves.

We are delighted that the next phase of the Creative PEC will see its capabilities flourish across twin hubs hosted by Newcastle University and the RSA, strengthening its reach across the UK and building new partnerships. This combination of strengths, with a tightly aligned strategic ambition, provides a unique opportunity for engagement, outreach and collaboration across regions, the devolved nations and internationally. ■

Creative Britain: Finding its Way?

Hasan Bakhshi *(Nesta)*

This year marks the 10th anniversary of the Manifesto for the Creative Economy, in which Ian Hargreaves, Juan Mateos-Garcia and I suggested that Creative Britain – an approach to supporting the creative industries pioneered by the UK in the late 1990s – had lost its way (Bakhshi et al., 2013). Coined as a term in an edited collection of speeches by Chris Smith, then Secretary of State for Culture, Media and Sport, Creative Britain was a public policy project with aspirations beyond the obvious core territory of arts and media, extending into advertising, design and the nascent digital economy.

In the Manifesto, we suggested that the Creative Britain project had faltered, as policymakers had envisaged the creative industries as a fast-growing and coherent sector, but had failed to sufficiently grasp the implications for key policy areas like regulation, intellectual property, education and skills, public service broadcasting (PSB) and research and development (R&D) and innovation. Ten years have passed since the Manifesto's publication and it is five years since the inception of the Creative Industries Policy and Evidence Centre (Creative PEC), a research centre charged with providing a step change for industry, policymakers and the research community in the quantity and quality of evidence for the creative industries. It therefore seems timely to reflect on significant policy developments since the Manifesto and on whether policymakers have now adapted their frameworks to meet the distinctive needs of the sector: in short, whether Creative Britain has now found its way.

Getting the basics right: Definitions and statistics

The statistical case for the creative industries is considerably stronger today than it was 10 years ago. At that time, the then Department for Culture, Media and Sport (DCMS) had not published a methodology by which it designated some sub-sectors (e.g. design or advertising) as creative. This shortcoming undermined the clarity and utility of the government's statistics regarding the creative industries. Nesta addressed this in its Dynamic Mapping methodology, which was championed by the Manifesto and adopted by the DCMS in 2015 (Bakhshi, 2020). This research showed that a small number of industrial sub-sectors in the economy are differentiated from others by the exceptionally high percentage of their workforce employed in creative occupations (e.g. product designers and advertising account managers). So, a high level of creative intensity among the workforce became the defining feature of an otherwise varied group of industries.

"The creative industries accounted for 2.3 million jobs in 2021 and their gross value added (GVA) increased by 41.4% in real terms between 2011 and 2019, more than 2.5 times that achieved by the UK economy as a whole."

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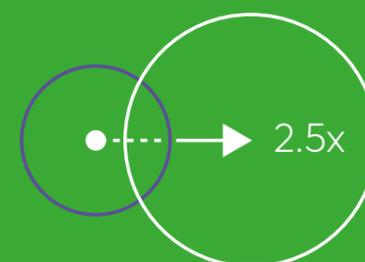
In 2018, the DCMS's Creative Industries Estimates – part of the DCMS Sectors Economic Estimates (UK DCMS, 2022a) – were awarded the status of official statistic from the Office for Statistics Regulation. They showed that the creative industries accounted for 2.3 million jobs in 2021 (UK DCMS, 2022c) and their gross value added (GVA) increased by 41.4% in real terms between 2011 and 2019, more than 2.5 times that achieved by the UK economy as a whole (UK DCMS, 2021). A 2022 report from the European Commission described Dynamic Mapping as having become "a world standard of classification of creative industries, and it has been adopted widely outside the UK. To our knowledge, there is no other classification of creative industries with a wider adoption" (Vilares et al., 2022, p. 86).

Notwithstanding these improvements in the statistics published by the DCMS, there are avoidable deficiencies in government publications. The DCMS statistics for creative industries are based on sub-sectors identified by the finely grained level of four-digit codes in the Standard Industrial Classification (SIC), which is used by the Office for National Statistics (ONS) to classify businesses by their activity type. However, the sectoral statistical releases published by the ONS and other government departments – the mainstay of government policy work more generally – typically use lower resolution two- or three-digit SIC codes that aggregate creative sub-sectors with non-creative industries.

This approach has the side effect of excluding estimates for the creative industries. As a result, even where data is available in principle, the contributions of this sector remain hidden in policy assessments or, worse still, are confused with the category of arts, entertainment and recreation, a sector which is separately identified in the SIC. For example, the 2022 consultation paper on higher education (HE) policy from the Department for Education (DfE) urged HE to meet the educational needs of the UK's future-facing industries (UK DfE, 2022). Yet sectoral statistics for graduate outcomes published by the DfE continue to report graduate earnings by sector at the three-digit SIC level only, thereby precluding estimates for the creative industries (UK Government, 2022b).

Furthermore, the SIC does not always accurately represent the spectrum of sub-sectors that make up the creative industries. Crafts and design are just two examples where large swathes of businesses are found in SIC codes outside of the creative industries in the wider economy.

Time to prioritise creative education

Over the last decade, the need to improve the nation's capabilities in science, technology, engineering and mathematics (STEM) has been a consistent theme in successive policy statements on education in England (UK DfE, 2021; UK Treasury, 2021). The creative industries have benefited from this focus, in particular through reforms to the computing curriculum in English schools. These reforms have elevated the importance of computer science and computer programming, following the recommendations made in Nesta's Next Gen skills review of the video games and visual effects industries (Nesta, 2013).

However, as governments have attempted to fashion stronger technical-education pathways to meet industry needs, consideration of the creative industries has continued to look like an afterthought. This explains why the sector has typically played only a reactive role in education and skills policy, at least in England. Creative industries advocates have found themselves confined to explaining to the government the distinctive ways in which work is organised in these industries and proposing remedial corrections. For example, they have had to make the case for portable apprenticeships, which, unlike traditional apprenticeships, allow an apprentice to undertake several shorter-term employment contracts to complete their training. A more proactive approach – warranted by the sector's outsized contributions to economic growth – would be to involve the creative industries at the outset in shaping policies to deliver post-16 and lifelong learning initiatives.

Meanwhile, it has become apparent over time that the importance of creative skills in the workforce will continue to grow. The rise in artificial intelligence (AI) and mobile robotics technologies has raised new fears about automation, which unlike previous waves, threatens high-cognition, skills-intensive jobs. A common research finding, however, is that creative jobs are more resistant to automation

(Bakhshi, Frey, et al., 2015) and employers will increasingly demand creative skills like originality, fluency of ideas and complex problem-solving. Demand for creative digital skills will see especially rapid growth (Bakhshi et al., 2019).

In spite of these insights, English governments have devalued creative skills in educational policy. In schools, art and design have been deprioritised in the national curriculum – most obviously by their omission from the English Baccalaureate – leaving their cause to be championed in after-school clubs and other extracurricular activities (such as the National Art&Design Saturday Club run by the Sorrell Foundation). In HE, the Augar review suggested that the value of qualifications should be narrowly calculated according to graduate salaries (UK DfE, 2019). Successive ministers used this to posit that creative arts and design courses offered low value for students – and therefore, by implication, for society. Such arguments expose the limitations of historical earnings data in an industrial setting in which new skills and technologies demand flexible thinking from those designing the education curriculum. They also fail to acknowledge that the popularity of jobs – the high supply of labour – in fields like the visual and performing arts keeps wages down (Vignoles, 2021).

Whereas creativity seems to have been all but expunged from the school curriculum in England, the new curriculum in Wales (launched in September 2022) includes Expressive Arts as one of its six pillars. This spans five disciplines: art, dance, drama, film and digital media and music. The Welsh Government explains that: "Although each discipline has its own discrete body of knowledge and body of skills, it is recognised that together they share the creative process" (Welsh Government, 2020).

In Scotland, the new Curriculum for Excellence was introduced in late 2004, shortly after the then First Minister Jack McConnell made a keynote speech in which he set out: "Our devolved government should have the courage and the faith to back human imagination, our innate creativity, as the most potent force for individual change and social vision" (Scottish Government, 2004). The Curriculum for Excellence focused on the development

of four core competencies, within which creativity could – and should – have been a significant factor. Over time, however, the growth of STEM and the failure to compete with policies focused on traditional measures of attainment have led to a dilution of many of the principles and opportunities for transversal concepts – such as creativity – to figure significantly in primary and secondary education. This means that while Scotland retains a strong creative tertiary education offer, the jump from primary and secondary school is a big one for young people to make.

In Northern Ireland, there has generally been an understanding of the value of creative education, partly thanks to the role Northern Ireland Screens has played in foregrounding debates about extending the range of the traditional curriculum. Its report A Wider Literacy (Northern Ireland Film and Television Commission, 2004) was followed by the introduction of the Moving Image Arts qualifications (GCSE and A level), which have been influential in illustrating the possibilities for work in the creative industries. More recently, the brokerage work of Future Screens NI (Moore, 2021) and the emergence of the City Deal Studio Ulster virtual production studio have brought creative education under greater scrutiny by policymakers. Crucially for the sector, the 10X Economy document – the government's economic strategy for the next 10 years – names the creative industries as a key developmental area while virtual production is specifically named as one of six strategy priorities (Northern Ireland Department for the Economy, 2021). However, these initiatives must be given perspective: arguably, they do not include interventions in those parts of the workforce most damaged by the conflict. Northern Ireland still has serious disparities in its educational provision with some of the worst educational success figures being associated with young Protestant males.

> "Creative jobs are more resistant to automation and employers will increasingly demand creative skills like originality, fluency of ideas and complex problem-solving."

Boosting creative R&D

By contrast, creative R&D has been an area of significant focus for governments in Creative Britain. The creative industries have benefited from commitments to increased public investment in R&D as a means of improving the UK's persistently poor productivity. The Creative PEC, funded in its first five years by the Arts and Humanities Research Council's £55 million Creative Industries Clusters Programme, was itself a beneficiary of this development (UKRI, 2023). The accompanying £39.3 million UK Research and Innovation (UKRI) Audience of the Future investment in immersive virtual, augmented and mixed reality technologies is now being succeeded by a £76 million public investment in the virtual-production capabilities of the UK screen and performance industries (UKRI, 2022).

Creative businesses have also invested significant amounts in R&D. The Business Enterprise Research and Development survey showed that, in 2018, even when excluding the R&D-intensive software and computer services sub-sector from the calculation, creative industries' share in R&D investment easily exceeded their share in GVA (Bakhshi, 2022). Unfortunately, the exclusion of much of the creative industries' R&D from the official definitions used in R&D tax incentives hampers the extent to which policy can stimulate further R&D in the sector (Bakhshi et al., 2021). Specifically, the tax reliefs to incentivise R&D aim to resolve scientific uncertainty, but in its Guidelines on the Meaning of Research and Development for Tax Purposes, the government says: "Science is the systematic study of the nature and behaviour of the physical and material universe. Work in the arts, humanities and social sciences, including economics, is not science for the purpose of these Guidelines" (UK Department for Business, Innovation & Skills, 2010). But R&D activities in the arts, humanities and social sciences account for a disproportionate amount of R&D in the creative industries (Siepel et al., 2022).

A muted approach to digital innovation

In the Manifesto, we described UK policymakers' hesitancy to adapt their policy frameworks to the internet in the early 2000s. This hesitancy continued into the 2010s and was put under the spotlight when the DCMS absorbed digital into its departmental responsibilities in 2017. It was an opportunity for policymakers to fully grapple with the implications of digital technology for creative industries policy. The global regulatory turn against dominant internet platforms at that time raised profound questions about market power in digital markets and online harms to the public, particularly young people. In relation to the former, the government set out its proposals for a new pro-competition regime for digital markets in a 2021 public consultation (UK Government, 2022a). The regime would be overseen by a new Digital Markets Unit inside the Competition and Markets Authority. Regarding online harms, specific controversies have included the regulation of loot boxes in video games by making them unavailable to children and providing transparent information to players (Goddard, 2022). The video games industry is working on a proposal to identify best practice and develop guidance, although a decision is yet to be made by ministers.

Notwithstanding the above developments, there has been little proactive policy strategy on digital technology and the creative industries. DCMS-sponsored programmes like 5G Create, which aimed to stimulate the development of 5G services, have been fragmented and small in scale. There has been little sign of joining up key planks of governmental digital policy in respect of creative and digital skills. Culture is Digital, a 2018 strategy document, aimed to "unleash the creative power of technology" (UK DCMS, 2018), but has been judged light on action by analysts (Wright & Gray, 2022). It has been left to the parliamentary select committee on Digital, Culture, Media and Sport, rather than the government, to raise concerns about market power in the music-streaming industry and the implications for artists' earnings (UK House of Commons Digital, Culture, Media and Sport Committee, 2021a). In an independent study, the Competition and Markets Authority concluded that consumers have benefited from digitisation opening the way to fierce competition between streaming services (UK Competition and Markets Authority, 2022). The report acknowledged the plight of most artists with regard to low earnings but suggested these "are not being driven by the level of concentration of the recording market" and that "neither record labels nor streaming services are likely to be making significant excess profits that could be shared with creators" (UK Competition and Markets Authority, 2022). Consequently, the issues concerning creators would not be addressed by measures intended to improve competition and reduce profits and would need to be tackled through other policy measures.

"There has been little sign of joining up key planks of governmental digital policy in respect of creative and digital skills."

Concerns about a lack of understanding of the symbiotic relationship between digital technologies and the creative industries may be amplified by the decision in 2023 to move digital back out of DCMS into the newly formed Department for Science, Innovation and Technology. At the time of writing it is still unclear what this will mean for creative industries policy.

The changing landscape of PSB

Streaming has also changed the way in which the public watches television. The percentage of young adults who watch broadcast TV fell from almost 80% to 50% between 2017 and 2022 (Davie, 2022). Roughly 60% of UK households now subscribe to at least one subscription video on demand (SVOD) service (UK House of Commons Digital, Culture, Media and Sport Committee, 2021b, p. 6). Strikingly, their use rose rapidly among the over 55s during the first national lockdown (UK DCMS, 2022d, p. 12). Such developments raise fundamental questions about the value proposition of PSB and its renewed policy settlement (Chivers & Allan, 2022). What new values or commitments might an extended UK public service media look to fulfil that have previously been unfeasible or undesirable in a PSB context? What role might other commercial (non-PSB) media organisations, such as SVOD and social media platforms, play in contributing to a revised public-value framework, and how will the UK's existing public service broadcasters need to change to best support the underlying goals of UK policy? Such questions have been debated in a steady stream of reports on the future of PSB from Ofcom and House of Commons and House of Lords select committees (Ofcom, 2020b; UK House of Commons Digital, Culture, Media and Sport Committee, 2021b; UK House of Lords Communications and Digital Committee, 2022).

At the heart of the UK's PSB system lies the BBC. The public purposes outlined in the BBC's renewed Charter in 2017 acknowledged, for the first time, that the BBC makes significant contributions to the creative economy and, in particular, to the production ecosystems in the nations and regions. Recognising that this has policy implications, Ofcom noted in its five-year review of PSB its own role "in supporting the creative economies across the UK", giving the example of the production quotas it sets on broadcasters like the BBC to ensure enough programmes are made outside the M25 (Ofcom, 2020a, p. 24).

The 2022 Broadcasting white paper built on this argument, suggesting that rebalancing production would have social as well as economic benefits in the form of locally relevant content to support social cohesion and encourage a sense of pride in a place (UK DCMS, 2022d). It also argued that the terms of trade provisions – widely regarded as a past policy success – should be restricted to smaller independent production companies. However, these and other important debates about PSB and the creative economy that the white paper should have stimulated were drowned out by its controversial (now abandoned) proposal to privatise Channel 4 and the announcement of the two-year BBC licence-fee freeze.

"Streaming has also changed the way in which the public watches television. The percentage of young adults who watch broadcast TV fell from almost 80% to 50% between 2017 and 2022."

80%

50%

Levelling up the UK's creative industries

Over the last decade, there has been a growing awareness of the enormous contributions creative industries can potentially make to local economies. A series of documents mapping creative clusters – agglomerations of creative businesses and workers that collaborate and compete with each other – were published by Nesta (Bakhshi, Davies, et al., 2015; Chapain et al., 2010; Mateos-Garcia & Bakhshi, 2016; Mateos-Garcia et al., 2018). More recently, the Creative PEC has mapped creative clusters at the hyper-local level (Siepel et al., 2020). Drawing on these mapping studies, Peter Bazalgette's 2017 independent review of the creative industries for the UK government made a strong case for public investment in creative clusters (Bazalgette, 2017).

Interest in clusters received an unexpected boost in the form of Brexit. The geography of the 2016 Brexit vote and the political importance of pro-Brexit, economically lagging constituencies, contributed to the government's renewed interest in the UK's uneven economic development – in particular, between London and the south of England and other parts of England, which is extreme by international standards (Carrascal-Incera et al., 2020). The Levelling Up white paper was published in 2022 with a bold ambition to "end the geographical inequality which is such a striking feature of the UK" (UK Department for Levelling Up, Housing and Communities, 2022, p. xii). Inspired by the transformative growth of Renaissance Florence, the white paper called for systemic changes, ranging from infrastructure overhaul and workforce reskilling to deeper trust and greater pride in place. Notwithstanding cuts in local authority spending and the standard level of confusion over the implementation (or

not) of UK government policy in areas of devolved powers, access to culture through redistributed spending outside London was seen as an important means to this end. The UK government made cultural investment one of the three investment themes for its flagship levelling-up funds (alongside transport investment and high street regeneration). Consistent with this, cultural investment was also prioritised in other place-based programmes such as the Towns Fund and the dedicated Cultural Development Fund. The Northern Culture All Party Parliamentary Group suggested: "Northern culture is the coal of the contemporary – a vast seam that runs across the region that underpins wellbeing, placemaking, production and economic growth" (Northern Culture All Party Parliamentary Group, 2022, p. 7).

Culture and heritage featured prominently in the white paper's Medici-effect argument that innovation results from the intersection of different industries and cultures. However, the white paper's vision for the wider creative industries – as drivers of innovation and productivity growth – was less clear. It described the need to "support high-growth businesses and reverse the historic decline in manufacturing in the UK" (UK Department for Levelling Up, Housing and Communities, 2022, p. xxi), but the examples it gave were wind turbines, electric vehicles, meditech and aeronautics rather than immersive creative technologies.

What might a levelling-up vision for the creative industries look like? This was the subject of a speech to the 2022 Bradford Literature Festival given by Andy

Haldane, former Chief Economist at the Bank of England and Chair of the government's Industrial Strategy Council (RSA, 2022). Under Haldane's leadership, the council operated as a think tank for economic regeneration strategies and a strong source of ideas for the government's levelling-up agenda, before being scrapped in 2021 by Kwasi Kwarteng, a brief holder of the post of Secretary of State for Business, Energy and Industrial Strategy. More recently, Haldane's
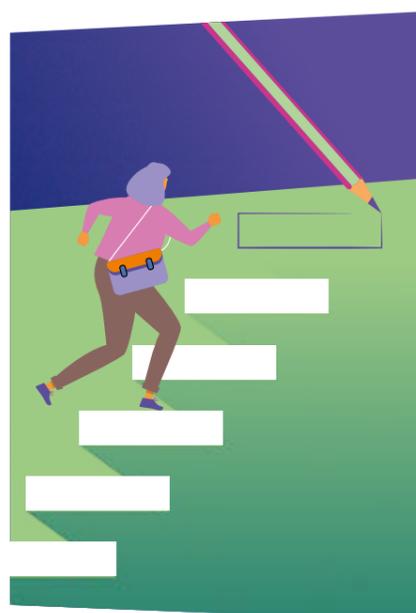
roles relevant to the future of the creative economy have included Chair of the government's Levelling Up Advisory Council and CEO of the Royal Society for Arts (RSA) (which in partnership with Newcastle University is hosting the Creative PEC after it leaves Nesta this year). In his speech, Haldane suggested that micro creative clusters in the north of England might "be grown and coalesced into a northern cultural and creative supercluster – one to rival London as a hub" or "a creative wing of the Northern Powerhouse" (RSA, 2022).

The Brexit effect

Of course, a renewed focus on the UK's regional inequalities was not the only consequence of Brexit for the UK's creative sector. The EU is easily the largest trade partner for the UK's creative industries, accounting for almost 40% of exports and more than 40% of imports (Di Novo et al., 2020, p. 12). In creative services, the UK is a net exporter to the EU. The UK's departure from the EU's Single Market for Services presents two big challenges: the need to access new markets and the widespread prevalence of barriers when accessing services specifically (sometimes called services trade restrictiveness) around the world (Fazio, 2021). Research undertaken for the Creative PEC tentatively suggests that between 2016 and 2019, the result of the Brexit referendum and the uncertainty it created for businesses that traded with the EU may have depressed creative services exports by 15%, although important gaps in the trade data for creative services preclude a more robust estimate (Du et al., 2023).

Post-Brexit migration rules marked the end of free movement of EU citizens and migrants coming to live or work in the UK. At the same time, they represented a softening of restrictions for non-EU immigrants coming to the UK. Before the post-Brexit immigration system was introduced, non-EU citizens could only obtain employer-sponsored work visas with a salary of at least £30,000 (with some exceptions, such as for nurses). Under the new system, the skills requirements were reduced to allow applicants in middle-skilled jobs (e.g. skilled trades and technicians) to qualify and the salary threshold was reduced to £25,600.

At the high-skilled level of many creative occupations, there are carve-outs, including for EU migrants. In particular, the system primarily uses measures of shortage to set salary thresholds for work visas. While most visa applicants face the salary threshold of £25,600 or the going rate for a given occupation (defined as the 25th percentile), workers in shortage

"Under the new post-Brexit immigration system, the skills requirements were reduced to allow applicants in middle-skilled jobs (e.g. skilled trades and technicians) to qualify and the salary threshold was reduced to £25,600."

£30,000

£25,600

> "The creative industries are famously reliant on self-employed workers, who fill roughly 30% of jobs in the sector, more than double the percentage they account for in the whole economy."

occupations with salaries starting from £20,480 can also receive visas. Since 2019, the list of creative occupations represented on the Migration Advisory Committee's (MAC) shortage occupation list has included artists, graphic designers, producers and directors.

This high representation of creative occupations is further evidence of the UK government's growing recognition of the needs of the creative industries and has undoubtedly benefited businesses in high-growth sub-sectors like animation and visual effects (UK Screen Alliance, 2020). That said, it is not always clear what immigration policymakers should do about shortage occupations. Encouraging immigration in response to shortages may conceivably discourage natural adjustment in the labour market to address skills shortages, such as higher wages (Sumption, 2022). The UK's approach requires the MAC to consider not only whether there is a shortage but also whether it would be best to address that shortage by facilitating immigration.

Rather than narrowly focusing on shortages, a better way to evaluate migration as a way to address them is to look more broadly at the potential benefits (and costs) of admitting foreign workers.

One area to investigate is freelance work, where the project-based nature of much creative production calls for more flexible working arrangements. The creative industries are famously reliant on self-employed workers, who fill roughly 30% of jobs in the sector, more than double the percentage they account for in the whole economy (UK DCMS, 2022b). However, under the UK's immigration rules, there is no self-employed visa route for overseas freelancers who wish to work in the UK without sponsorship from a UK employer. While visas are available to overseas nationals who want to be self-employed in the UK without holding a sponsored job – such as the High Potential Individual visa and the Global Talent visa – they have demanding eligibility requirements.

The urgent need to tackle inequality

The Covid-19 pandemic and the ensuing economic crisis have exposed the deep-seated vulnerabilities that have always underlain the Creative Britain project. Research led by the Creative PEC showed that the creative industries workforce is disproportionately male and middle-aged, while workers with limiting health problems or disabilities are underrepresented (Giles et al., 2020). While its ethnic mix is broadly representative of the UK workforce as a whole, this masks significant sub-sectoral variations. For instance, the concentration of creative industries in more ethnically diverse parts of the country means they might be expected to reflect this diversity. The creative industries are also riddled with class inequalities. Creative PEC research demonstrated that those from privileged backgrounds are more than twice as likely to land a job in a creative occupation and are more likely to enjoy autonomy, have agency over their work and progress into managerial roles (Carey et al., 2020).

The deep-seated nature of these inequalities is reflected in their overlapping and intersectional nature, with the combination of class and education having a compounding impact on the likelihood of landing a creative job. Those from a privileged background who are qualified to degree level or above are 5.5 times more likely to secure a creative role than those from a working-class background qualified to GCSE level. While it is commonplace to hear of the benefits of greater diversity for creativity, the likelihood of someone from a working-class background finding work in a creative occupation has remained at stubbornly low levels over the past decade. The entrenched nature of the problem suggests that policymakers need to make ambitious and systemic interventions if it is to be tackled (Carey et al., 2021).
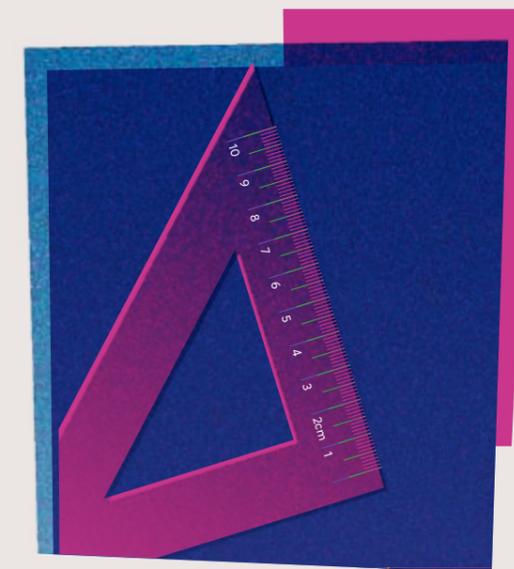
> "Those from a privileged background who are qualified to degree level or above are 5.5 times more likely to secure a creative role than those from a working-class background qualified to GCSE level."

Sustainability and net zero

The same can be said about the climate crisis and the creative industries. A major industrial sector in its own right, and embedded in the supply chains of others, the creative industries need to take urgent direct and indirect actions to reduce their carbon footprint.

A recent review from the Creative PEC noted the plethora of sub-sector-specific net-zero initiatives and a dearth of policy ideas and peer-reviewed academic research on the climate crisis and the creative industries (Julie's Bicycle & BOP Consulting, 2022). Recognising this gap in the evidence, the Creative PEC has prioritised research on the creative sector and sustainability. This includes the sector's potential for promoting positive change and how its activities influence consumer attitudes and behaviours in regard to the environment.

Industrial strategy and policy architecture

As Creative Britain evolved, the policy architecture matured. The Creative Industries Council (CIC) – a government–industry forum set up in 2010 to advise on policy development – argued successfully for the creative industries to be 1 of 10 sectors chosen for a Sector Deal (UK Government, 2018) under the 2017 Industrial Strategy (UK Government, 2017). The Sector Deal provided an overall framework for a number of policy initiatives and programmes, spanning creative skills and R&D and innovation through to access to finance, export promotion and (responding to the Bazalgette review) creative clusters. An early evaluation of the Sector Deal by the Industrial Strategy Council held it up as a role model for other industrially important sectors (Balawejder & Monahan, 2020).

The CIC has worked closely with the UK government to formulate the Creative Industries Sector Vision. This will renew the government's commitment to support

the economic growth of the sector, build a skilled and inclusive workforce and maximise its societal benefits.

There is sometimes confusion over whether and which UK policy initiatives are available to creative businesses in the devolved nations. This confusion – caused by actions on the part of authorities on both sides – is made manifest in many ways. For example, the devolved nations have not always been represented on the CIC – an oversight that has been addressed in a refreshed membership. In Scotland, the principal reference points of a well-being economy, a national performance framework and a creative industries policy statement (Scottish Government, 2019) that is cast in terms of a "triple bottom line" (cultural, social and economic) contrasts with the traditionally narrower economic focus of UK industrial strategy, although this will potentially shift with the Sector Vision.

Conclusion

These brief reflections on the past 10 years of creative industries policy in the UK point to a Creative Britain that is still finding its way. The creative industries may no longer be an unsung success story in industrial strategy, but their place in mainstream policies in areas like education, skills, immigration and climate is not yet fully secured. This presents a goal for the Creative PEC in its next phase of work, namely to ensure that policies across the board – not only those under the remit of the DCMS – are grounded in an assessment of Creative Britain's needs that is informed by research. ∎

Geography of the Creative Industries

Dr Josh Siepel *(University of Sussex)*
Prof. Bruce Tether *(University of Manchester)*
**Prof. Neil Lee** *(London School of Economics)*

Identifying where creative businesses are located, why they cluster together and the impact of these creative clusters on innovation.

The UK's creative microclusters

- Creative microclusters inside the UK's 47 largest creative clusters
- Creative microclusters outside the largest creative clusters

Companies, organisations and practitioners in the creative industries tend to be physically near each other, often in localised clusters (Bloom et al., 2020). But where do creative clusters tend to appear? What impact do they have on people, companies and places? And where can researchers – and crucially, policymakers – focus their efforts to help drive the levelling-up agenda?

"The Creative PEC's work on the impact of creative clusters has shown their wider contribution to local economies, including in seaside and country towns."
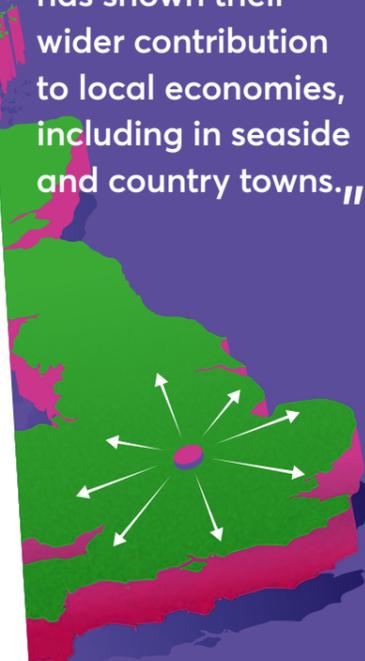
Before the Creative PEC, geography's impact on the creative industries was investigated primarily by mapping creative clusters across a broad geography (Mateos-Garcia & Bakhshi, 2016; Mateos-Garcia et al., 2018), capturing the economic impact of creative industries in local areas (Lee, 2014; Lee & Rodríguez-Pose, 2014) and producing detailed case studies of creative clusters (The FuseBox, n.d.).

Building on this, the Creative PEC has invested substantially in research into the geography of the creative industries. Its findings highlight three key areas: regional inequality and levelling up, measuring clusters, and how the sector contributes to local areas.

The creative industries in the UK have historically been concentrated in large urban areas. Of all creative businesses, 34% are located in London, 62% are located in London and the greater south-east (London, the south-east and the east of England), 13% in the north of England (the north-east, the north-west and Yorkshire and the Humber), 10% in the Midlands (East and West Midlands), 2% in Wales, 5% in Scotland and 1% in Northern Ireland (UK DCMS, 2022). London, in particular, is one of the most significant global creative hubs. Capturing these regional imbalances has been a major dimension

of the Creative PEC's work. For example, Tether (2019) documented the stark differences in creative industry activities between the UK's regions and highlighted how they are unequally distributed. These inequalities testify to the need to better understand the UK's creative clusters, how they differ and how policy can best support them.

To address this need, Nesta's Creative Nation report identified 47 distinct creative clusters in the UK (Mateos-Garcia et al., 2018). Building on this, the Creative PEC's Creative Radar reports (Siepel et al., 2020, 2021) scraped information from company websites to identify and map over 700 microclusters – of 50 or more creative organisations in immediate proximity of each other – at the street, neighbourhood and town levels in the UK. The untapped growth potential of these microclusters, many of which sit outside established creative clusters, points to a potential pathway for generating growth in areas that historically have not been considered to be creative hotspots. That is why this research was used in the government's flagship "Levelling Up the United Kingdom" policy paper as evidence supporting interventions aimed at the creative industries (UK Department for Levelling Up, Housing and Communities, 2022).

The Creative PEC's work on the impact of creative clusters has also shown their wider

contribution to local economies, including in seaside and country towns (McFadzean et al., 2022) and rural areas (Velez et al., 2022). These clusters also demonstrate a multiplier effect, in that creative jobs appear to generate or support other jobs (Gutierrez-Posada et al., 2021).

However, while we seek to understand and build creative clusters, we should also recognise that they do not arise everywhere. Tether (2022) showed that while Manchester is a creative capital in the north of England, large areas of the city region – especially economically deprived areas – are deserts of creative activity. It is important to recognise that, due to agglomeration advantages, it is much easier to grow existing clusters than to spark new ones, which creates a major challenge to levelling up.

So, what next? If we are to realise the full potential of creative places in the UK, research needs to focus on better understanding what triggers and fuels creative clusters, particularly in less economically developed regions. There has been considerable investment in supporting creative clusters, but there is a need for stronger evidence on which interventions work and how they work. It is also crucial to learn more about who participates in these clusters in terms of social class and ethnicity, and to define and capture the wider contribution of creative clusters – not least in relation to the key challenge of improving the UK's productivity.

Industry insight →

Nia Thomas, Managing Director at Boom

Historically, the film and TV production sector has thrived in London and the south-east while presenting fewer opportunities elsewhere in the UK. Regulatory interventions over the past decade have helped to change this and we have welcomed quotas that require public service broadcasters to commission more content from suppliers outside the M25. The pandemic has also changed attitudes: we have recently seen people making the lifestyle choice of moving out of London to live in the regions, so talent appears to be flowing out of London and not just into it. And there is a more democratic approach to commissioning because producers can meet commissioners virtually and not just in person, which has resulted in a more level playing field. Despite this, there is more to be done.

In Wales, the presence of local broadcasters like S4C, BBC Wales and ITV Wales has been critical to the growth of the industry. The BBC identified Wales as a centre of excellence for drama and the Welsh Government has enabled growth by offering support in the form of grant aid for productions, facilities and studios. We now have a sustainable pipeline of projects here, which is helping us retain a growing talent pool in the area.

But it is more than just about the regions competing with the south-east – the geography of each nation and region can also be an issue. In Wales, opportunities have historically centred around Cardiff while those in the Welsh Valleys or other rural parts of the country are disadvantaged by a lack of awareness and poor access to sufficient opportunities in the creative industries. Affordability is

also a factor: it is expensive to travel to a city far from home to get work experience, so creative hubs should ideally be supported to grow more widely than in the capital alone.

We also need to work harder to make the industry more accessible for underrepresented groups. For instance, a brilliant entry-level trainee scheme is underway here in Cardiff that gives people from underrepresented backgrounds a way into our industry. But I know of one young trainee who lives outside Cardiff who faces a two-hour commute either side of her working day to get to her work placement. That takes real commitment. What can we do to offer further support to those in this position? It should not just be about funding the wages of apprentices. We need to look at the bigger picture and concentrate on all the barriers to entry.

There is still a way to go when it comes to levelling up the creative industries. More content needs to be commissioned from suppliers in the nations and regions to drive local economic growth. We know that the creative sector generates a multiplier effect and makes a substantial contribution to the economy. For every pound that S4C spends in the local economy, it generates more than two pounds in return. At Boom, we currently employ around 220 people in Wales (without counting freelancers) and we engage support services ranging from technical facilities to transport and catering. A more geographically equal industry will benefit not only the nations and regions, but the wider UK economy. ■

"It should not just be about funding the wages of apprentices. We need to look at the bigger picture and concentrate on all the barriers to entry."

"We have recently seen people making the lifestyle choice of moving out of London to live in the regions, so talent appears to be flowing out of London and not just into it."

The Value of Arts and Culture

Dr Jenny Kidd *(Cardiff University)*
Hasan Bakhshi *(Nesta)*

Measuring the economic and social value of the arts and cultural sector to local and national economies.

In 2018, when the Creative PEC commenced its work, the UK's fiscal environment was already tight and arts and cultural organisations were under pressure to articulate their value and to explore new financial models. Since then, we have weathered the Covid-19 crisis and are fending off another recession, putting even more pressure on the creative industries to prove their worth.

Within this context, the Creative PEC has demonstrated the diverse and multifaceted value of arts and culture through its research. Recognising this value is critical as experiences of arts and culture clearly connect with health and well-being, happiness, identity and sense of place. During the Creative PEC's first five years, we have focused on: (1) measuring and articulating the value of arts and culture using the economic techniques that treasuries use to appraise the benefits from public investment more generally and (2) understanding the impact of emerging technologies on how interactions with culture are experienced, felt and valued.

> "A cohort study in the first national lockdown documented the public's strong appetite for filmed theatre performances, concerts and dance shows and for viewing artworks online."

One aspect of the Creative PEC's work has been to extend the evidence on how much the public is willing to pay for the economic, social and cultural benefits they enjoy from local and regional museums, art galleries and theatres (Lawton et al., 2022). In doing so, Creative PEC researchers have helped make the case for and contributed to the development of the Department for Culture, Media and Sport's Culture and Heritage Capital Framework initiative (Sagger et al., 2021), which aims to put public investment in cultural and heritage assets on the same transparent and rigorous footing as investment in the natural environment. In work funded by Arts Council England, the Creative PEC has also produced a series of guidance documents to help arts and cultural organisations use these economic-value estimates to develop their business cases for investment (Arts Council England, 2022). These documents, along with other resources, have been made available to applicants for strategic place-based government funds, including the Towns Fund and Levelling Up Fund (Towns Fund, n.d.; UK Government, 2021).

To obtain a more holistic assessment of value, however, it is important to understand how these economic-value estimates correspond with the public's cultural valuation of arts and culture. The quantitative economic dimension alone risks giving a narrow – or worse, distorted – account. For example, the Creative PEC is partnering with the British Film Institute to research the value of cinema venues, where the relationship between cultural and economic value is a key focus.

> "To create an arts and culture sector that is more inclusive and that engages with a more diverse audience, we need vibrant cultural infrastructure that is resilient to the challenges we face – both economic and otherwise."

Creative PEC researchers have also examined the concept of value in relation to, for example, immersive technologies, hybrid (physical–digital) offerings, artificial intelligence and the crypto art market (Davies et al., 2020; Kidd & Nieto McAvoy, 2019; Kidd et al., 2022; Nieto McAvoy & Kidd, 2022). In exploring emerging practices, Creative PEC research and publications have helped cultural professionals and policymakers identify opportunities and risks in adoption, while promoting critical

discussions about inequalities, ethics and green futures in digital arts and culture. This work has contributed to a research briefing for the UK Parliamentary Office of Science and Technology on the impact of digital technology on arts and culture in the UK (UK Parliament, 2022).

During the Covid-19 crisis when traditional, in-person access to culture was restricted as a result of lockdowns, a key strand of the Creative PEC's work was to understand how the public digitally engaged with culture. A cohort study in the first national lockdown documented the public's strong appetite for filmed theatre performances, concerts and dance shows and for viewing artworks online (Bakhshi, 2020). While it is still too early to say whether this enthusiasm for digitally mediated arts and cultural experiences will persist in the long run, ignoring it will evidently lead to an underestimation of the value of these experiences. Creative PEC researchers have also begun to explore how willingness-to-pay techniques can be extended to the realm of digital culture.

The Creative PEC has responded more generally to the needs of the arts and culture sector in considering the impacts of the Covid-19 pandemic. It worked with the Centre for Cultural Value on the Impacts of Covid-19 on the cultural sector project (Centre for Cultural Value, n.d.) to document how creative practitioners and institutions responded to restrictions and extended periods of lockdown (Walmsley et al., 2022), with the aim of informing priorities for the post-pandemic recovery. This work included an innovative study of cultural institutions' use of social media during the early months of the pandemic (Kidd & Nieto McAvoy, 2022).

To create an arts and culture sector that is more inclusive and that engages with a more diverse audience, we need vibrant cultural infrastructure that is resilient to the challenges we face – both economic

and otherwise. Demonstrating value is key to this resilience. Over the next five years, research should focus on measuring the value of arts and culture. It should also build organisations' capacity to make use of these value estimates, ultimately enabling them to attract public investment and potential new sources of finance, including social-impact investment.

The post-Covid-19 recovery and the adoption of emerging technologies and hybrid approaches will continue to be research priorities, as will a shift to net zero. To complement this work, researchers should also explore current barriers to monetising digital content, and identify and advance ways in which public policy can support research and development in the arts and culture sector.

Industry insight →

Syima Aslam, CEO and Artistic Director of Bradford Literature Festival

The Bradford Literature Festival is nearly nine years old and was set up to aid the city's economic regeneration and raise literacy levels. We work extensively with communities through our education programme and have an ethical ticketing policy enabling many people – such as those on benefits, in social housing and refugees – to attend for free. The purpose is not only to create a destination festival that attracts visitors regionally, nationally and internationally but to create change in the city in terms of young people and community engagement. Audiences are not hard to reach; they are easy to ignore. It is about creating culture for everyone.

The creative industries contribute huge value to the economy. There are many parallels across this and other business sectors, but the two worlds are also quite siloed. At this year's festival we held a Creative Economy Conference – at which RSA Chief Executive Andy Haldane spoke – to bring people together for conversations about business, politics and creativity.

"Audiences are not hard to reach; they are easy to ignore. It is about creating culture for everyone."

While we have statistics on the economic and social contribution of the creative industries, curriculum cuts in creative subjects is where things fall apart. There is no long-term government thinking about what the creative industries are bringing or what creativity itself brings. The mindset here needs to change.

Some people in the festival sector expected a sharp bounce-back recovery after Covid-19, but it has not happened. We saw less nervousness this year than when we ran a tiny festival in 2021, but it is still there. We are a few months away from seeing the full effects of the cost-of-living crisis, so recovery will be slow. Results will vary for different parts of the sector depending on the services you provide, who you provide them to and the audience's social stratum and disposable income.

The most pressing issue for the creative industries – and this is true of all sectors – is recruitment. After Brexit and the pandemic, everybody is struggling to get people into jobs. We struggled with getting enough venue managers and stage managers for the festival this year, and that is a story I am hearing across all sectors: shortages everywhere. There needs to be a radical rethink about where we are going with labour, jobs and skills, and the associated policies. ■

"The most pressing issue for the creative industries – and this is true of all sectors – is recruitment."
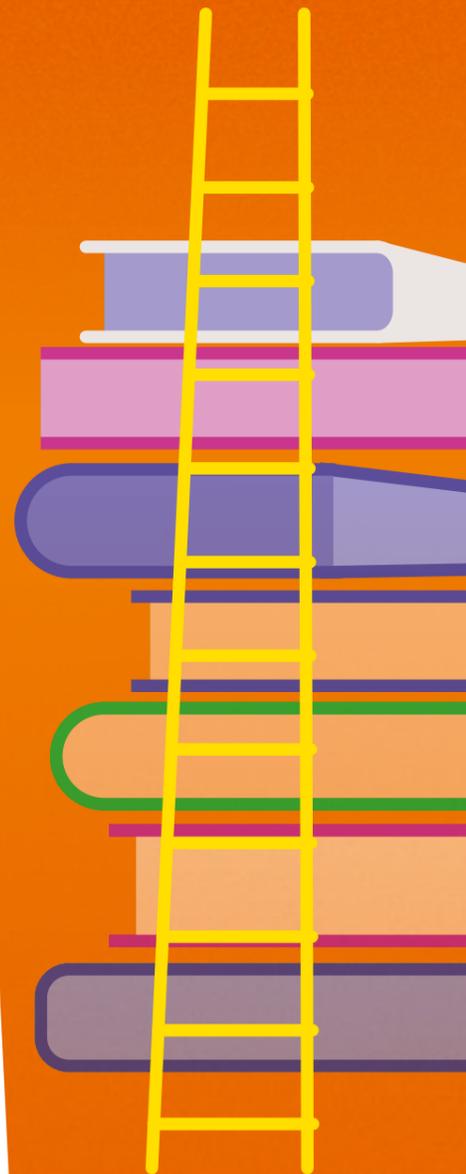
International, Trade and Immigration

Prof. Giorgio Fazio *(Newcastle University)*
Eliza Easton *(Nesta)*

How the UK's creative industries operate in international markets through the trade of creative goods and services, talent migration and foreign investment.

The creative industries are global. Countries around the world are increasingly prioritising them in an attempt to harness their economic, social and cultural value. Advanced economies like the UK and US have long competed with one another for international market share, but they now face new challengers, including from the Global South. We also need to co-operate internationally to address the challenges posed by both geopolitical shifts and cross-border trends like digitalisation. In short: for creative industries to flourish across the world, we will need to compete and work together at the same time.

When the Creative PEC was launched, we faced a lack of evidence on how trade and immigration policies were working in the creative sector and on the sector's impact on the UK's soft power and influence overseas. This was limiting policymakers' ability to support the sector and to achieve their own objectives, including growing the economy. Our early work sought to summarise the known facts and take stock of the existing literature and data.

With UK exporters impacted by the country leaving the EU, trade was a clear early priority for our research. In three papers, we unpacked the characteristics of creative industries' exporters and the role of innovation and design for exporting (Di Novo et al., 2020; Fazio, 2021; Tether & Yu, 2022). We found a desire to export more and to more destinations. The significance of this opportunity helped us to successfully make the case for the sector to be a priority in the UK's Export Strategy (Easton, 2021; UK Department for International Trade, 2021). This evidence also shaped the Creative Industries Trade and Investment Board International Strategy, published in December 2022 (Creative Industries Trade and Investment Board, 2022).

In addition, the Creative PEC has started to address the evidence gap concerning the nature of foreign direct investment (FDI) in the creative sector (Jones & Fazio, 2022). We found that despite Brexit and Covid-19, the UK has remained an attractive place in which to invest, especially in strong creative areas such as London and the south-east, and in some sub-sectors (e.g. IT, software and computing services, advertising and marketing, film, TV and animation).

Yet we know that there are many global competitors looking to challenge this position and more research is needed on the motives for FDI. We also found that, for those wanting to invest in the UK, the preferred mode of entry is through merger or acquisition. This has left us with questions about whether international investors are better equipped than their UK counterparts to raise the capital needed by British creative businesses that are aiming to expand. This topic will be explored in the context of the gaming sector in an upcoming piece of research commissioned in partnership with the British Film Institute.

National governments often leverage the soft power of the cultural and creative industries to pursue international diplomatic objectives, such as promoting greater integration via cultural trade and trade agreements or influencing foreign governments to resolve conflicts. Creative PEC research highlighted, on the one hand, how countries sharing a free trade agreement tend to trade more in cultural goods (all other things being equal) (Cevik et al., 2023). Sanctions, on the other hand, tend to reduce such trade. Given its role in enhancing cultural integration, it is imperative to promote cultural trade to strengthen the peacebuilding process as soon as sanctions can be lifted.

> **"We found that despite Brexit and Covid-19, the UK has remained an attractive place in which to invest, especially in strong creative areas such as London and the south-east, and in some sub-sectors."**

The UK's exit from the EU not only made research on trade and FDI a priority but gave fresh urgency to research on migration. Some of our earliest work looked at pre-Brexit reliance on EU migrants (Bakhshi & Spilsbury, 2019). This demonstrated that the creative industries are more reliant on highly skilled workers and freelancers, and face skills gaps in areas like design and software. Later research showed how international creative students contribute to UK higher-education institutions, the creative sub-sectors nationally and the local economy (Vermeulen et al., 2020). Finally, we commissioned research to assess the perceived impact of Brexit on the talent pool of creative small- and medium-sized enterprises, revealing a group of businesses that are feeling the impact of a smaller talent pool from which they can recruit. Precisely how these findings will affect government policy is still under discussion, but the evidence suggests that change is needed.

Alongside research on trade and immigration, we have considered broader questions of soft power and international co-operation. For example, we brought together an International Council to gain a broader perspective on the sector's global challenges by enabling members from around the world to share their views (see pp. 62–63). We also fed into the DCMS Committee's inquiry into Promoting Britain Abroad. In this submission, we highlighted the vital place of the UK's creative sector in the UK's international ambitions and the need for a more strategic approach to leveraging the sector's soft power (Easton, 2022).

The Creative PEC's work in this area is already helping to stimulate a much needed broader research agenda on internationalisation in the creative industries. But there is still much to be done. Further evidence on the firm-level characteristics of UK exporters and foreign-owned businesses is required to

inform policies that aim to make UK firms more competitive and to assess the benefits of FDI. We also need to know more about how digitalisation affects creative firms and those that export creative goods and services from the UK.

On an international level, we need to better understand if and how international agreements can be tweaked to specifically enhance creative trade. We also need to continue our work with the government to ensure they have the data they need to improve the migration system and make it work for a sector of such economic and social importance. Meanwhile, policy references to the UK's soft power continue to raise questions about how such intangible benefits can be evidenced. We therefore need data and evidence across the board to support an ambitious and challenging policy agenda, as global dynamics continue to shift and shape the experiences of UK creative businesses.

Industry insight →

Tom Adeyoola, Entrepreneur

I founded Metail in the depths of the 2008 credit crisis. My aim was to solve the online clothing problem using cutting-edge computer-vision technology. Between 2008 and 2019, we built a fantastic team, collaborating closely with the University of Cambridge on research and development (R&D) and raising over £25 million.

The internet allows you almost free access and distribution, and it gives you the ability to find the customers for your product or service, wherever they may be. We were struggling to grow Metail in the UK's declining fashion industry and the high-growth retail markets were elsewhere. So, we went against the perceived wisdom of growing your home market before going international and allowed ourselves to be pulled to where market demand was: Asia. Crucially, new technological developments, like cloud computing, allowed us to easily service clients wherever they were, be it India, Korea or Singapore.

Despite the UK's strength as a creative exporter, academic leader and soft-power heavyweight, the creative industries are massively undervalued by both the government and society. We should be doubling down on our investment in this industry and leaning into creative industries policy in the same way that

other countries have leaned into industrial policy. The US government, for example, has identified silicon-chip manufacture and export as an area of strategic and geopolitical importance and has acted accordingly. Why are we not doing the same for sub-sectors of the UK creative sector where we have a strategic edge, like generative artificial intelligence?

Of course, one problem currently facing UK policymakers is that you cannot look at the international trade and development picture without considering Brexit, which put a massive kink in our growth trajectory. One challenge is Brexit's negative impact on staffing and maintaining the talent we educate at our world-leading universities. At Metail, we had to think differently about how to attract and maintain talent, so we built the ability to manage remote workers effectively. Even before Covid-19, many startups had the processes and structures in place to handle remote working.

Startups are problem-solving machines. If restrictive immigration policies make it hard for them to hire workers in the country where they operate, they will find the easiest way of solving that talent problem. That is, they will hire that talent outside the country. It is a real shame, as this means losing the secondary benefits of having high-quality workers in the UK, paying UK taxes and benefiting UK society. We want the talent of the world to come to the UK but that will not happen unless our immigration laws make it possible. ■

Skills, Jobs and Education

Lesley Giles *(Work Advance)*
Heather Carey *(Work Advance)*

How our education and employment systems can be better designed to give people good-quality creative jobs and the skills they need to work in the creative industries.

The success of the creative industries can be attributed in large part to its workforce. It is the talents, capabilities and innovation of creative workers that have led the sector to make a significant contribution to the UK economy. It is vital, then, to understand the characteristics of this workforce and ensure its skillset evolves to meet the industry's rapidly changing needs.

Early Creative PEC research played a crucial role in evidencing the importance of highly skilled creative workers to a highly performing creative economy. Indeed, our research showed that 95% of the creative workforce is working in highly skilled professional or managerial roles (versus 46% across the UK workforce as a whole) and 73% of those employed in creative occupations have a degree or higher-level qualification (compared with 44% across the UK workforce) (Giles et al., 2020).

Further Creative PEC research moved beyond these initial headline findings to track and understand changes in creative employment and skills requirements over time. We are investigating how these needs can be met in order to optimise the creative workforce's future contribution. As labour markets are continually disrupted and workplaces are transformed, not only by long-term megatrends (e.g. technological change, the climate crisis and globalisation) but also by more regular short-term shocks like the Covid-19 pandemic, identifying and responding to industry needs is no small feat.

The Creative PEC's Skills, Jobs and Education research strand has sought to provide a blend of overarching strategic assessments across the creative economy, combined with a series of more focused deep dives, in order to identify where there are common issues to address and where there are more distinct research questions that require a targeted and closer examination. We have worked with creative stakeholders to identify and address the most pressing and deep-rooted employment and skills issues (Carey et al., 2019; Giles et al., 2020). Taken together, these studies have helped to develop a shared agenda to secure improvements in research, policy and practices. A range of immediate and long-term priorities are being addressed, including: understanding skills evolution and future skills; advancing good work and the quality of management practices; addressing inequality and maximising the value of diverse talent; tackling skills mismatches; valuing creative education; advancing professional development and lifelong learning; accessing international talent; and strengthening local talent pools across the UK.

Creative PEC analysis to date has shown how, as traditional career pathways are transformed – disrupting notions of jobs for life and creating more diverse portfolio careers – skills demands have also evolved, placing an increasing emphasis on creative skills (Easton & Djumalieva, 2018; Bakhshi et al., 2019). In turn, new and varied options for learning have opened up alongside transformations in working practices. National skills and employment systems across the UK have taken steps to improve the quality of further- and higher-education routes, develop technical-education pathways and strengthen options for lifelong, modular and work-based learning. In this context, the Creative PEC has conducted research to shape policy developments to benefit the creative industries.

Against the backdrop of reforms in higher education (HE), Bloom (2020) and Giles (2021), for example, have interrogated data to better understand the value of creative HE and ensure that future funding decisions preserve investment in creative areas of strategic economic performance, alongside science, technology, engineering and mathematics (STEM) skills. Indeed, this research has highlighted a strong match between creative graduates and creative jobs, and found that creative graduates are more highly motivated to work in creative roles (73% of creative graduates took on their job because it offered the type of work they wanted to do, compared with 66% of non-creative graduates). Overall, these findings have helped to demonstrate the vital contribution of creative HE. This was also recognised in the government's 2022 HE policy statement and reform consultation, which acknowledged the needs of the creative industries in its discussion of subjects deemed to be "strategically important" (UK Department for Education, 2022).

Furthermore, with a focus on the devolution of investments and skills programmes across different areas of the UK, studies such as those by Giles and Carey (2021) and Williams et al. (2022) provided a steer on how to improve creative education locally. Indeed, this research outlined critical success factors for local partners to enhance the delivery of local creative-skills strategies; strengthen partnerships; enrich national programmes with bespoke, customised and local creative initiatives; and draw insights from international good practice.

"Our research showed that 95% of the creative workforce is working in highly skilled professional or managerial roles (versus 46% across the UK workforce as a whole) and 73% of those employed in creative occupations have a degree or higher-level qualification (compared with 44% across the UK workforce)."

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46%

73%
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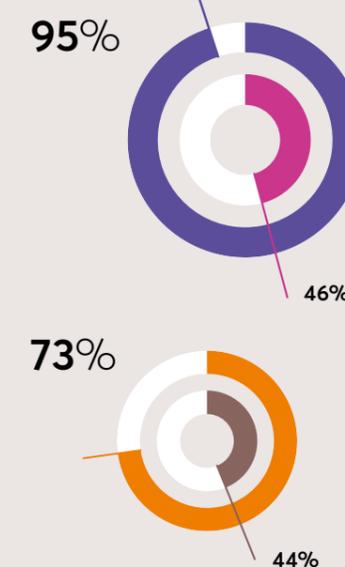
At the same time, with ongoing disruption to the UK economy and a need to kick-start economic recovery, there has been a growing policy interest in how to deliver more and better jobs. This is mainly a result of the rise in atypical working practices (including self-employment, part-time work, zero-hours contracts and gig-economy work), constraints on pay and insecure employment patterns. In such a context, it has been important for the Creative PEC's strategic assessments to look beyond levels of employment and training and consider the role of good work – where jobs are designed to make the best use of and develop a diverse pool of creative talent – in the years ahead. The Good Work Review of the Creative Industries (Creative Industries Policy and Evidence Centre, 2023), conducted with industry-wide stakeholders in each of the UK's four nations, identifies recommendations customised to industry needs in order to advance creative employment and skills opportunities in the future (Carey et al., 2023). Each national government has committed to deploying the review's recommendations to develop national plans that will build fairer and more inclusive creative workplaces. Considered together, the Creative PEC's research evidence will shape ongoing priorities in the years ahead. It can play a key role in improving the creative-talent pipeline and ensuring that talents can be used more effectively to drive future success in the creative economy.

Industry insight →

Tom Philipson, Founder of YourStudio and Vital Hardware

A creative career was not a thing when I was growing up. I had zero awareness of the industry. As a working-class kid brought up on a farm, it seemed lofty and out of reach. In my 20s, I did an internship in a design studio. It blew my mind that I could get paid to deliver ideas.

We desperately need to bridge the gap in working-class kids getting into the industry. One of the biggest blockers is technology. The creative sector has changed and digitalised so much and so fast that people have not realised that we are way behind. Kids are coming out of schools and universities entirely unprepared to work in the industry. It is no wonder when they are learning woodwork in their design and technology class at school, rather than also learning coding or other digital skills. We are still using old tools and old thinking in this modern world.

Of course, many schools cannot afford to pay for laptops to get kids started on their creative journey. And, at university, there is no bursary to pay for this technology. If you are doing a course in a creative subject and you turn up with a pencil and pad, you are at a clear disadvantage.

When I realised this, I started a charity called Vital Hardware to get laptops from the creative industries to underprivileged kids to help them succeed. During Covid-19, I was hearing about families homeschooling multiple kids from the parents' work iPhone as it was the only way for them to connect digitally from home. One girl I spoke to who was doing her coursework on her phone compared getting a laptop to gaining a superpower.

I see it as a collective responsibility to change this. The government needs to help by giving free technology to underprivileged kids. This is not just a way of helping children; it will also help the creative industries and our economy as a result. If we want to be a global creative powerhouse, we need diversity when it comes to ideas and backgrounds. It is a no-brainer. We know diversity ultimately increases a company's bottom line. We are struggling to find talent and we have a huge potential source of it to tap into. So, let's inspire diverse communities to work in creative jobs and break down the barriers that are preventing them from doing so. ∎

"One girl I spoke to who was doing her coursework on her phone compared getting a laptop to gaining a superpower."

"If you are doing a course in a creative subject and you turn up with a pencil and pad, you are at a clear disadvantage."
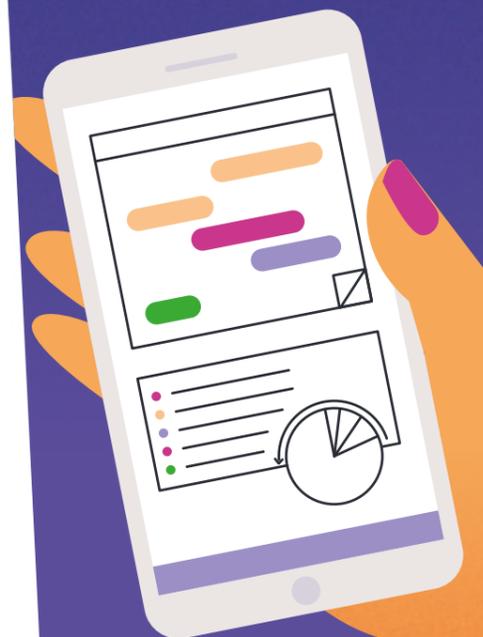
Intellectual Property and Regulation

Prof. Martin Kretschmer
(University of Glasgow)
Prof. Philip Schlesinger
(University of Glasgow)

Exploring the ways in which people's rights to benefit from their creative products and services are protected, and how the emergence of new technologies challenges regulators.

Intellectual property (IP) laws, which typically grant exclusive rights, incentivise individuals and organisations to create and invest in the production and distribution of content, such as words, music, visual and audiovisual materials, and designs. Buying and selling rights can therefore be understood as the currency of the creative industries. IP rights – such as copyright, design rights, trade marks and patents – are complex, and their effects are hard to predict and evaluate.

In contrast, regulations are not private rights but, rather, public constraints on market structure or on the kind of content that can be produced. These may be articulated as duties or obligations (such as the production of regional news) or opportunities (such as tax breaks).

Rights and regulations are both creatures of law. In trade terms, they are often seen as non-tariff barriers to cross-border trade. For example, social media content created in one country may have to be moderated to comply with the conditions of another jurisdiction. But rights and regulations can also be a source of competitive advantage if, for instance, they make a country a more attractive destination for investment in creative content or creative technology.

Our work for the Creative PEC has focused on the need to bring the law in line with the emergence of digital platforms. We have also responded to the UK's reorientation towards global markets following its departure from the EU. What is the scope for regulating differently?

Specifically, our research has had the outputs listed below.

→ We catalogued and synthesised all available empirical evidence relating to copyright law to create an innovative data tool. This allows industry and policymakers to interrogate evidence by sector, country, method and findings, and to uncover skews in the research undertaken (www.copyrightevidence.org).

→ We commissioned 21 evidence summaries from leading experts about a variety of copyright issues and published them over a period of two years, culminating in a conference in October 2022 (CREATe, 2022).

→ We participated in the public debate about the changing labour conditions of primary creators, such as authors and performers, and found that authors' median income has declined sharply over the last 15 years, leading to less diversity in primary production in the UK (Thomas et al., 2022). Colleagues were part of a highly influential review of artists' earnings in the music industry for the Intellectual Property Office (Hesmondhalgh et al., 2021).

→ From a consumer perspective, the increase in streaming has mitigated piracy. Our secondary analysis of longitudinal data collected by the Intellectual Property Office shows that subscription services have changed the way the industry operates. It now focuses more on spending than unlawful behaviour. The data also showed that there remains a significant (older and poorer) part of the population that has not yet been reached by digital-content services, suggesting untapped potential for the creative industries (Leung et al., 2020).

→ Concerning the regulation of big tech and user-generated media, we assessed the expectation that platforms will need to anticipate harms rather than respond after the event. We found that codes of conduct and codes of practice, which negotiate state and private power in new ways, require particular attention. We analysed the possibility of reconciling conflicting regulatory demands relating to competition, content moderation and control of data (Kretschmer et al., 2021).

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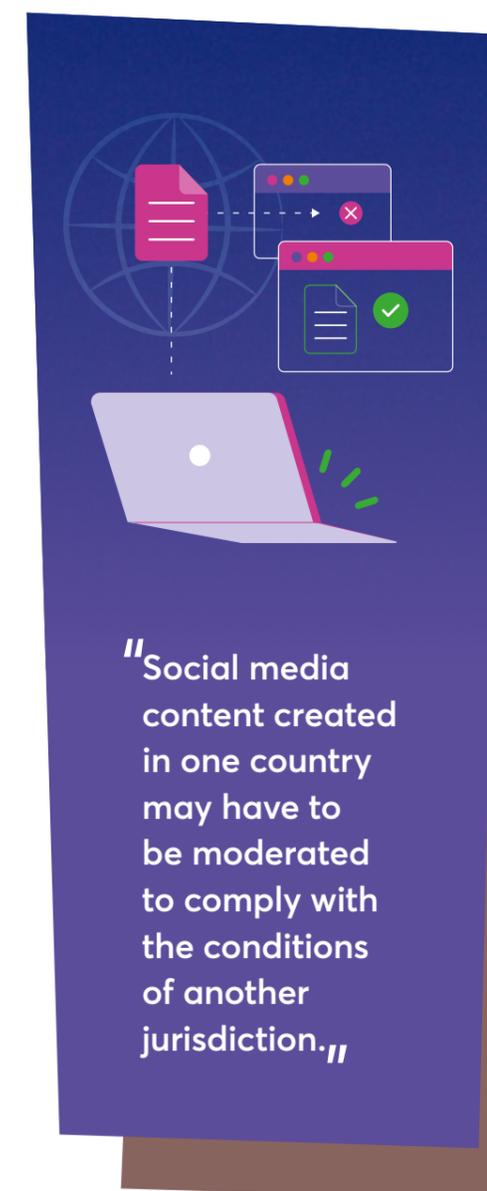
While the UK's departure from the EU single market leaves room for legal divergence on e-commerce, IP and tech regulation (e.g. with respect to artificial intelligence), adopting radically different national regulatory approaches in a connected digital environment is challenging. The UK's emerging approach to codes of practice (for platform firms) and inter-agency co-operation (between communications regulator Ofcom, the Digital Markets Unit within the Competition and Markets Authority, the Information Commissioner's Office and the Financial Conduct Authority) is in competition with other global models. Will platforms be willing and able to adjust terms of service for each

"Adopting radically different national regulatory approaches in a connected digital environment is challenging."

jurisdiction? How do national regulators audit and enforce new obligations on online platforms in practice? Are revenue flows from platforms to creators changing? Comparative international analyses of the effects of emerging regimes of tech regulation should be a research priority.

Industry insight →

Chris Michaels, Director at The Reel Store

The media industry is based on how you control IP and how you license and gain value from the IP you create. This is fundamental to the creative industries.

When it comes to culture, IP is complicated. On the one hand, commercial media markets want IP to be highly regulated, while on the other, museums and galleries take the opposite stance as they believe their job is to create and share knowledge. This creates a constant conflict between regulated and unregulated IP usage.

To take a very simple example, if you walk into the National Gallery and take a photo of one of the paintings, you can do anything you want with it because it is in an unregulated IP environment. However, the National Gallery controls the digital IP to photographic representations of their works, which it licenses and makes money from. Given the speed at which information moves on the internet, an image can be sent around the world in a very short period of time. As soon as someone puts a photo they have taken of Van Gogh's *Sunflowers* on Instagram, Meta has a nonexclusive licence to do whatever they want with the image in perpetuity. This makes the flow of rights incredibly complicated. Museums and cultural organisations are very small and their ability to act in these areas is extremely limited.

The UK's departure from the EU has made these problems even harder to solve. Attempting to answer the questions about how IP should be managed in different digital copyright cases, for example in the context of public domain works or so-called orphan works (where authors cannot be traced), creates tensions between evolving EU copyright directives and UK law.

Such IP conflicts permeate cultural institutions. Over the last eight years, both at the British Museum and the National Gallery, I have had dozens of conversations about the rights and wrongs of a regulated IP approach versus an unregulated knowledge-sharing approach. My view is that both are valuable. The National Gallery depends both on licensing income and on being able to freely share knowledge. There is an ongoing dialogue between the two that remains largely unresolved.

The speed at which technologies change means that regulators need to develop new regulatory policy flexibly and efficiently. This is particularly important because when big monolithic tech companies, such as Meta, announce new internal regulatory policies, they create their own moral and ethical frameworks. They have a big enough platform that their internal decisions about how to regulate IP on Facebook makes them both a regulator and, as a private company that is subject to state IP regulation, a participant. But they continue to act in their own interests, whereas regulators work on behalf of society. For good or bad, you cannot let corporations entirely self-regulate in this space. It is just not going to work. ■

"As soon as someone puts a photo they have taken of Van Gogh's *Sunflowers* on Instagram, Meta has a nonexclusive licence to do whatever they want with the image in perpetuity. This makes the flow of rights incredibly complicated."

R&D and Innovation

Prof. Bruce Tether *(University of Manchester)*
Dr Josh Siepel *(University of Sussex)*

How the government and funders should be investing in research and development (R&D), which is crucial for developing new technologies and encouraging innovation in the creative industries.

Innovation is more than a buzzword. It is about the development and introduction of new products, services, experiences, production processes and ways of working, including forging new collaborations. It is central to economic growth, productivity, wealth and welfare. As the creative industries are among the most dynamic in the UK economy, they are collectively highly innovative. This does not mean that each individual firm or organisation in the sector is highly innovative, but innovation occurs in the industry as a whole, even in areas that might typically be seen as slow to change, including museums and galleries. Indeed, Creative PEC research has highlighted how such institutions have been experimenting with digital technologies such as virtual reality to provide new immersive experiences for the public (Allen, 2020; Kidd et al., 2021).

A core activity for innovation in any industry, including the creative industries, is R&D. In fact, the Creative PEC's Creative Radar survey found that, despite being mostly small or micro, two-thirds of creative businesses were engaged in R&D (Siepel et al., 2020). These ranged from companies experimenting with virtual and augmented reality to those developing new technologies to advertise products in virtual environments or generating new uses for game engines. The survey also found that firms that formalised their R&D by allocating budgets to it were more likely to grow. However, while R&D is widespread in the creative sector, markets are likely to underfund it because of its distinctive characteristics (Bakhshi, 2022); namely, R&D spending is concentrated on worker and freelancer time rather than on technology or equipment (Siepel et al., 2022). The largely intangible nature of R&D investment can make it difficult for traditional funders like banks to support creative businesses, leading to a deeply inequitable situation in which innovative creative entrepreneurs are more likely to fund their companies using personal wealth (Di Novo et al., 2022).

Many countries address such R&D market failures through tax credits. But while the UK government provides tax credits for R&D, it applies a narrow definition of R&D geared towards resolving uncertainties related to science and technology. As Creative PEC research has found that the R&D of many creative firms does not qualify under these terms (Siepel et al., 2020, 2021; Tether, 2021), we have repeatedly called on the government to broaden its concept of R&D to promote innovation (Bakhshi, 2022; Bakhshi et al., 2021). The idea of redefining R&D was taken up in the 2019 Conservative Manifesto and has since been the subject of ongoing government enquiry, though our recommendations have not yet been taken up.

Of course, innovation is about more than R&D. Many creative firms engage in design, which is strongly associated with both innovation and exports (Tether, 2021; Tether & Yu, 2022). So while broadening the concept of R&D is important, we must not fixate on R&D at the expense of other key innovation activities, including responding to new opportunities, such as new technologies. Innovation in this area can be seen in the rise of creative technology (createch) (Mateos-Garcia 2021a, 2021b;

Siepel et al., 2022) and the increasing use of artificial intelligence in the creative sector (Davies et al., 2020). But it is not always straightforward for firms to make the most of these opportunities as doing so involves undertaking R&D, design and other activities. They do not need to go it alone, however: working with others and using external resources, such as those in creative clusters and universities, are key (Lyons & Davies, 2022).

Future research should seek to understand more fully the interplay between R&D, design and other forms of innovation in the creative industries. This would help improve our understanding not only of these activities but also of the ways in which they can be supported. More broadly, innovation is about responding to both new opportunities and new circumstances. Understanding how creative companies and workers can innovate to adapt to turbulence will help to build future resilience in the sector.

"The Creative PEC's Creative Radar survey found that, despite being mostly small or micro, two-thirds of creative businesses were engaged in R&D."

Industry insight →

Sarah Ellis, Director of Digital Development at the Royal Shakespeare Company

R&D is about a perpetual state of discovery for an organisation. At the Royal Shakespeare Company (RSC), we are looking at opportunities for new audience experiences as the world radically changes. We are at a very particular moment in history: the convergence of the generation who grew up with the internet and those for whom it emerged during their working life. This necessitates a shift in traditional practice.

"R&D needs to be at the heart of an organisation's values and structures in order to flourish."

I lead on the future-facing direction of the RSC, which covers innovation and digital technologies and aligns closely with our purpose as a charity. As a workforce, we are exploring how to extend the theatre-making toolkit, how to design new creative audience experiences and how this integrates with traditional craft.

R&D is embedded throughout the organisation. We approach it through our values: bravery, sustainability and accessibility. R&D needs to be at the heart of an organisation's values and structures in order to flourish. For us, R&D may mean a technological innovation such as using motion capture or connecting with a new generation of artists in new ways. It is a broad portfolio, which is embedded across all teams and in how we work.

We received an Audience of the Future grant from UK Research and Innovation (UKRI), which we shared among a consortium of arts organisations and tech and research partners. The grant offered 30 separate work programmes focused on R&D, which allowed us to take a varied approach. The impact was felt across the sector. Partly as a result of the work we undertook through Audience of the Future, the RSC is now recognised by UKRI as an independent research organisation, which will have a huge impact on the kind of work we are able to do over the next decade and beyond, as this status enables the RSC to apply for funding opportunities.

R&D tax relief has been critical in enabling us to innovate; it has enabled us to claim back some of the risk we have taken. This is where government intervention and targeted programmes can make such a difference.

The biggest issue in the creative industries is the lack of diversity, which homogenises innovation. It is deeply worrying. Too often, accessibility is seen as an add-on in the sector, rather than being looked at in a meaningful way. When it comes to innovation and co-design, the next generation of artists and makers are not sufficiently involved in decision-making. They are seen as beneficiaries of innovation, not integral to it. At the RSC, we are tackling this head on by setting up multidisciplinary programmes that will greatly increase the number of practitioners in the market.

When innovation is approached through the principle of inclusion, the commercial success is greater. Our Audience of the Future project worked in a completely different way to traditional theatre. It brought in 65,000 people, 76% of whom were new to the RSC and 40% of whom were Gen Y or Gen Z. It is important to not only own a product but to be part of making it. This really matters. ■

"When innovation is approached through the principle of inclusion, the commercial success is greater."

Diversity and Inclusion

Examining the structural inequalities in the creative industries and how we should be addressing them.

Heather Carey *(Work Advance)*
Prof. Dave O'Brien *(University of Sheffield)*

Creative industries, as conceptualised by policymakers during the 1990s, were intended to provide good, well-paid jobs alongside a range of broader social and economic benefits. However, high-profile campaigns against sexism, racism and other forms of discrimination within video games, theatre, film, music, visual arts and publishing, coupled with academic research, have established that these industries have serious institutional and workforce problems. In short, they are neither inclusive nor diverse.

> "The Creative PEC found that over half (52%) of the creative industries workforce are from privileged socioeconomic backgrounds and if the creative industries were as socioeconomically diverse as the rest of the economy, they would employ over 250,000 more working-class people."

Against the backdrop of these concerns, Creative PEC researchers have built on considerable academic research demonstrating that creative industries are biased towards specific demographic groups. In particular, the sector is characterised by horizontal and vertical segregation, meaning that the most senior and influential creative roles are dominated by white men from middle-class social backgrounds. Women, disabled people, those from working-class backgrounds, minority ethnic groups and other minority groups see their careers and creative projects restricted by a variety of discriminatory practices and labour market conditions.

From this starting point, Creative PEC research has aimed to make three contributions: first, to break new ground in its research on diversity and inclusion in the creative industries; second, to engage industry and policymakers in these new studies; and third, to produce practical guidance and propose system-wide policy solutions to make the creative industries more inclusive and, therefore, more diverse.

So far, Creative PEC research has mainly focused on class and socioeconomic inequality. This work has revealed an enduring absence in creative occupations and industries of people from a working-class background. For instance, the Creative PEC found that over half (52%) of the creative industries workforce are from privileged socioeconomic backgrounds and if the creative industries were as socioeconomically diverse as the rest of the economy, they would employ over 250,000 more working-class people (Carey et al., 2021b). As well as this research, which included comprehensive, sector-specific studies on publishing and – for the first time – the fashion and advertising industries, the Creative PEC published a further piece on class in the screen industries (Carey et al., 2021a).

> "These industries have serious institutional and workforce problems. In short, they are neither inclusive nor diverse."

The underrepresentation of people from working-class backgrounds and the overrepresentation of those from middle-class backgrounds is a complex problem. Creative PEC research has sought to strengthen evidence and coherently articulate the underlying causes of class imbalance in the creative sector, identifying 12 points of class-based disadvantage across the life course (Carey et al., 2021b). The Creative PEC's work has also shown further evidence of intensified inequalities at the intersections between class, ethnicity, gender, educational level, disability and economic geography. One Creative PEC report, for example, focused on the intersection of class and educational level among candidates for creative jobs (Carey et al., 2020). It found that candidates from a privileged background who were qualified to degree level or above were 5.5 times more likely to be successful compared to those from a working-class background who were educated to GCSE level.

To address some of these problems, Creative PEC researchers have partnered with policy and parliamentary organisations, including the Department for Culture, Media and Sport, the Social Mobility Commission and the All-Party Parliamentary Group for Creative Diversity. These partnerships have supported long-term plans to drive systemic change and have informed practical efforts by policymakers, industry trade bodies, skills bodies, educators and employers to address the inequalities that underpin the entrenched lack of diversity and inclusion in the creative sector.

Producing guidance for change in policy and practice has been a significant element of the Creative PEC's contribution to both the study of creative industries and the sector's response to diversity and inclusion. This focus on equality, diversity and inclusion will be a core element of the Creative PEC's second iteration. The creative industries themselves are likely to build on the Creative PEC's insight – grounded in ongoing and extensive research by scholars – that diversity and inclusion are not issues that can be settled by any single intervention or at any one time. Moreover, making the creative industries more diverse will require a rethink of

working practices and a refocusing on the quality, as well as the quantity, of jobs, as the Creative PEC has suggested in its Good Work Review (Carey et al., 2023). As research from the Creative PEC and elsewhere shows, making the creative industries more diverse is a complex, ongoing challenge that requires an equally dynamic research response.

Industry insight →

Tolu Stedford, Co-CEO of Story Compound

When I was 12 years old, I got into the Youth Theatre Company. It changed my life. As the only child in the group who was Black and from a lower socioeconomic group, I felt extremely lucky to be there. But later in my career as an actor, the lack of diversity in the industry eventually led me away from acting. I saw white actors with experience comparable to mine offered a plethora of opportunities, while I was typecast as a mum or someone from the hood. I started writing my own productions to add to the ecosystem and give opportunities for strong, diverse characters.

That is not to say no progress has been made. As a kid, I loved watching musicals, but there was not a single Black character for me to emulate. This started to change in my late teens, and seeing the likes of Whoopi Goldberg on screen transformed my perception of what was possible. We have come a long way on screen, but let's be clear: there is still so much that needs to be done. The power at the higher echelons of the industry is still very white or, if I am being generous, speckled. That doesn't mean that those at the top should leave the room, but they need to open the door and make space for others to join them. Even with the best will in the world, this is not easy because when you look at the employee pool, options are often limited. You cannot elevate people to key positions if they do not have the right experience. My work at Story Compound involves looking at the talent pipeline and putting some concerted effort into what I call the machine. The government needs to invest in companies that are building the machine that will generate diverse candidates for industry positions, including top roles.

Policymakers also need to tackle the barriers to joining the industry faced by those from lower socioeconomic backgrounds. The creative industries are elitist and privileged because you have to work for a very long time without any job security. There is an urgent need to change this: lower socioeconomic groups encompass all other marginalised groups, so overcoming these obstacles will be a game changer, enabling more great and diverse talent to come through that door.

We have a workforce that has everything required to succeed: the education, the talent, the potential, the drive and the heart. Now, we need to work out how to transition them into the industry. Doing so will lead to rich, diverse content that is representative of the world as it is. ■

"I saw white actors with experience comparable to mine offered a plethora of opportunities, while I was typecast as a mum or someone from the hood."

"The government needs to invest in companies that are building the machine that will generate diverse candidates for industry positions, including top roles."

Business Models and Access to Finance

Dr Josh Siepel *(University of Sussex)*
Prof. Bruce Tether *(University of Manchester)*

How creative businesses are changing the way they operate, reaching new markets and accessing different types of funding.

How do companies in the creative industries make money? It depends on their business model. Business models refer to the ways in which businesses organise themselves to provide value to customers and generate revenue. Creative businesses and workers generate income through a vast and often changing array of business models. Many of these models may be new, as companies respond to shifting markets or external factors. A company's business model also has implications for its ability to access funding. Changes to the model are thus of vital importance; for this reason the Creative PEC has aimed to better understand the drivers of change for creative business models and how creative companies access finance.

"The resilience demonstrated by businesses and the ways in which they changed their practices to survive have much to tell us about their ability to adapt."

In the first five years of the Creative PEC, we witnessed an event that would necessitate a dramatic shift in many companies' business models: the Covid-19 pandemic. Creative PEC research helped to document the ways in which companies (Burger, 2020; Leung & Davies, 2021) and individuals (Bakhshi, 2020; Bakhshi et al., 2022) responded to the upheaval associated with lockdowns. The resilience demonstrated by businesses and the ways in which they changed their practices to survive have much to tell us about their ability to adapt (Siepel et al., 2021).

Creative PEC-commissioned research has also explored the changing ways in which value is created and distributed in the creative industries – from freelancers' career paths and ways of working (Henry et al., 2021) to the ways local anchor organisations such as councils, universities and other large employers can drive local growth, as seen in places like Preston (Whyman et al., 2021).

Many creative businesses generate revenue from either creative services or content. As a result, they may not have the tangible assets that banks or other financial institutions usually expect when valuing a company or seeking collateral. Creative businesses may therefore struggle to access the capital they require in order to grow. Creative PEC research has sought to help clarify the problem. For instance, Di Novo et al. (2022) found that innovative creative business owners are more likely to resort to using personal capital to fund their businesses in the absence of funding from sources such as venture capital. Likewise, the Creative Radar 2020 report showed that companies in microclusters located outside larger clusters are more likely to want to grow but also more likely to perceive finance as a barrier to growth compared with companies in larger clusters (Siepel et al., 2020). The following year, Creative Radar 2021 found that many companies had identified investment needs but lacked the capital to make these key investments (Siepel et al., 2021).

Future research priorities will include understanding the complex and evolving ways in which companies generate value for customers and society at large, and how they benefit from creating that value. Another priority will be to investigate how creative businesses can access the capital they require to unlock their growth potential. There is tremendous heterogeneity across creative business models – from traditional architecture practices and crypto-reliant gaming companies to independent record labels and theatre companies – all of which are dealing with a rapidly changing technology, regulatory and market environment. This is both a challenge and an opportunity to shed light on an area that has been difficult to understand. As the Creative PEC looks to the future, partnering with sub-sectoral organisations and companies to understand the challenges they face will be increasingly important to help ensure the resilience of these sectors.

"Di Novo et al. (2022) found that innovative creative business owners are more likely to resort to using personal capital to fund their businesses in the absence of funding from sources such as venture capital."

Industry insight →

Maria Tanjala, Co-Founder of FilmChain

I have been an entrepreneur for eight years. When I graduated in 2010, there weren't many opportunities to start a career as a director. So I took on roles in production, working my way up before becoming a producer. Eventually, I co-founded FilmChain in 2018 to solve problems for companies in film and TV that were struggling to access royalties.

In the film and TV industry, many processes are manual and opaque. There is not a lot of accountability and reporting is very poor. A European Commission report from 2022 found that approximately 30% of revenues in the industry never reach the people who earned the money (European Commission, Directorate-General for Communications Networks, Content and Technology, 2022). It sometimes takes years for producers, investors, financiers, sales agents and talent directors to be paid. FilmChain collects revenues and makes almost real-time payments. It is essentially an automated royalties management system.

FilmChain has been at the forefront of using technology, including blockchain and financial technology, to reduce friction and accelerate payment flows. It has been a big part of the R&D work we have done with support from Innovate UK. Blockchain allows us to share all the financial data that runs through our systems so that stakeholders who are party to the financial plan can verify the transactions and the disbursement of revenues. While this builds trust and provides transparency, all payments are in fiat currency and the clients never use tokens or crypto.

The Covid-19 pandemic forced companies in the film and TV industry to innovate and change the way they operate. As people spent so much more of their time in front of screens, they became used to using new systems and tools like dashboards, platforms, insights and analytics. Some business owners have learned how to be a digital business, which has opened them up to sharing ideas and embracing tech initiatives. Companies had no choice but to adapt their business models.

However, the film and TV sector can still feel like an unregulated zone – a wild, wild west. People work ridiculous hours and employers sometimes exploit newcomers to the sector. During the pandemic, there was a lack of understanding from policymakers about how the creative industries work. For example, many people in the sector struggled to access the furlough schemes because they are hired both as self-employed and under PAYE multiple times a year. People became desperate because they did not qualify for support – they fell through the cracks. Industry reports have also shown that producing for film and TV is completely unsustainable. For example, 82% of BAFTA-nominated/winning producers earned less than £15,000 a year between 2015 and 2020 (UK Producers' Roundtable, 2020). It is important to convey the message that, if nothing changes, we will continue to lose talent – entrepreneurs, directors, producers and content makers – to industries that will respond to their needs. ■

> "Industry reports have also shown that producing for film and TV is completely unsustainable. For example, 82% of BAFTA-nominated/winning producers earned less than £15,000 a year between 2015 and 2020."

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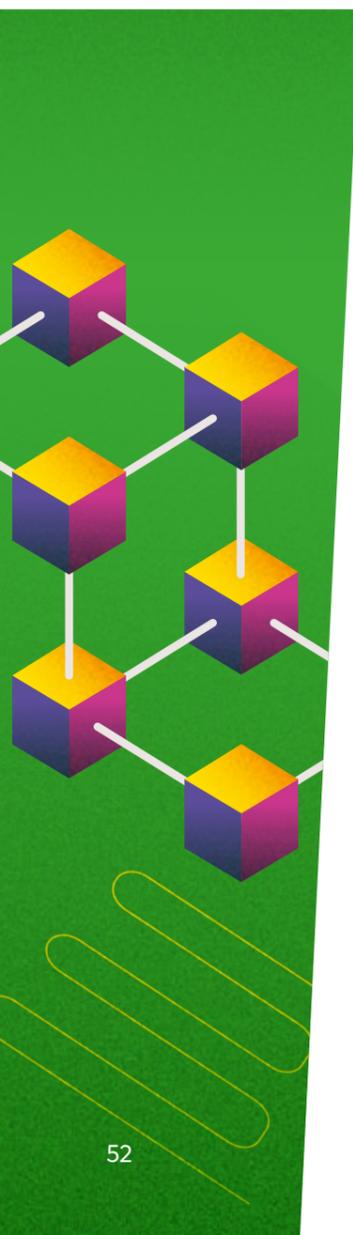
Public Service Broadcasting

Prof. Stuart Allan *(Cardiff University)*

Measuring the economic and cultural value of public service broadcasting (PSB).

Precisely what counts as PSB varies from one country's media system to the next. Most definitions, however, agree that it should revolve around a public service ethos, one that stands in contrast to the economic (profit-oriented) priorities of private or commercial broadcasting. PSB systems also typically strive to advance certain civic aims and normative values, thereby redressing perceived market shortcomings while, in principle, retaining independence from government.

Since its inception in the 1920s, the UK's evolving BBC model has been considerably influential, with some of its main tenets closely emulated in several countries. Opinion-polling evidence indicates that members of the British public see the BBC as a trusted source of impartial news, and recognise it plays a prominent – and popular – role in public life (Ofcom, 2022). Examples of the latter include the BBC's coverage of the Olympics and Glastonbury Festival, eyewitness reports on the war in Ukraine, providing educational content for schoolchildren during the Covid-19 pandemic, investing in research and development, and covering the aftermath of the death of Queen Elizabeth II.

Yet as new technologies and changing audience behaviours continue to transform the global media landscape, it is vital to explore the future role and purpose of PSB in the UK and to analyse how it can continue to create value for the British public (Allan & Chivers, 2022b).

In addition to academic presentations and peer-reviewed journal articles, Creative PEC research has contributed to a number of important policy debates. We have sought to understand PSB's value proposition, examining the current policies and objectives that shape how the UK's different public broadcasters – the BBC, Channel 4, Channel 5, ITV and S4C – benefit their viewers, listeners and online readers.

Over the past five years, members of this Creative PEC workstrand have gathered and submitted evidence to numerous inquiries, including: the BBC consultation on free TV licences for over-75s; the House of Commons consideration of the future of PSB; the investigation by the Department for Digital, Culture, Media and Sport (DCMS)

"It is vital to explore the future role and purpose of PSB in the UK and to analyse how it can continue to create value for the British public."

into decriminalising TV licence evasion; two Ofcom consultations (one on the BBC's planned reduction in the broadcast hours allocated to children's news programme *Newsround*, the other concerning CBBC's original productions quota); and the British Film Institute's work on the representation of children on screen.

Following the government's renewed BBC licence-fee settlement in 2022, which freezes the fee for another two years before annually rising with inflation until 2028, we presented both oral and written evidence to the House of Lords Communications Committee's inquiry on future BBC funding models (Allan & Chivers, 2022a; UK Parliament, 2022). We welcomed the government's decision to cancel its plans to privatise Channel 4 (Chivers & Allan, 2022c). Our research – submitted to the DCMS and House of Lords inquiries – showed how and why privatisation would risk the sustainability of Channel 4's unique public-service mission, reduce competition in programme commissioning and disrupt the UK's wider broadcasting ecology (Creative PEC, 2022; Chivers & Allan, 2022d). More

recently, we scrutinised the government's white paper proposals for broadcasting and shared our assessment via the Creative PEC website, among other channels (Chivers & Allan, 2022b).

Informing much of our engagement with government and policymakers is our public-value research. In a discussion paper for the Creative PEC, we developed a new typology that captured six forms of value created by PSB – social, cultural, economic, industrial, representational and civic – in order to evaluate the corresponding benefits, constraints, risks and opportunities they pose for a changing PSB ecology (Allan & Chivers, 2022b). While this analytical framework has been widely cited, we continue to test and refine its potential applicability, including through in-depth interviews with opinion leaders in broadcasting, industry experts and other stakeholders (Chivers & Allan, 2022a).

As industry and policymakers look ahead to the government's forthcoming Media Bill, as well as the BBC's mid-term review in 2023, we expect to submit new evidence

The six forms of value created by PSB
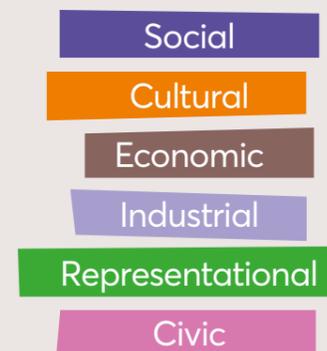
- Social
- Cultural
- Economic
- Industrial
- Representational
- Civic

"We developed a new typology that captured six forms of value created by PSB – social, cultural, economic, industrial, representational and civic – in order to evaluate the corresponding benefits, constraints, risks and opportunities they pose for a changing PSB ecology."

to these pressing debates. Key dimensions of our work here are the value proposition of PSB for people under 30 and its implications for creating innovative, engaging content that aligns with new market realities. With the influence of global platforms – Netflix, Amazon Prime, Disney+ and others – calling into question the future of PSB in a climate of considerable uncertainty and technological disruption, now is the moment to strengthen PSB's contribution to British public life and its remarkable role in revitalising the country's cultural and creative sectors.

Industry insight →

Patrick Younge, former Chief Creative Officer, BBC Production

My journalism career started in the late 1980s. One of my first jobs was at London Weekend Television. They were doing a programme 10 years after the 1981 Brixton riot and needed a Black person who could knock on doors and find stories. That is how I got into television. After seeing Trevor Phillips and Trevor McDonald on television, I wanted to be on screen, but after landing a regional reporting job at the BBC I was put into elocution lessons because my accent was not cut glass enough.

I went back to production and rose through the ranks at the BBC, Channel 4 and the Travel Channel (US), before leading the BBC in-house production studio. More recently, I co-founded Cardiff Productions and became Chair of Council of Cardiff University and a non-executive director at ITV.

PSB is important for many reasons, most obviously as a source of trusted news and current affairs. But we need to think about PSB as an ecosystem. We have commercial PSB, the BBC (a licence-fee-funded PSB) and Channel 4 (an advertising-funded PSB). Our public service broadcasters work with different economic models, which gives the whole system some resilience.

There have been quite a few changes to PSB over the past 10 years. The biggest has been the growth of digital-delivery on-demand services, which was accelerated by Covid-19. Another significant change is the BBC's 30% real-term funding cut since 2012. A lot of people still get their news from local radio, particularly in a world where local newspapers have collapsed. The importance of BBC local services to local democracy cannot be underestimated.

An example of how government policy has impacted the way PSB operates is in the requirement to move broadcasting work from London to other regions. Originally, broadcasters had to carry out over 25% of their work outside London and this is now on its way to 50%. There has been an exodus of companies, especially smaller ones, moving out of London to qualify for funding. This has led to more regional jobs but less diversity. We moved our production company to Cardiff, but to attract ethnically diverse staff we often have to recruit candidates from London.

The creative sector has become precarious. I was on a six-month contract when I started but quickly moved onto an annual one. Now, we hire people for just days. This lack of security undermines efforts to get more ethnic diversity and more working-class people into the industry.

Over the next five years, the BBC will have a new Charter and licence-fee settlement. A two-tier licence fee is being increasingly touted, which I am very much opposed to because there will be tastemakers deciding what is good for the masses and what is premium, and you lose the coveted principle of universality. Will we end up with a properly funded BBC and a funding mechanism that remains universal and equal? That is the big policy challenge. ■

"A lot of people still get their news from local radio, particularly in a world where local newspapers have collapsed. The importance of BBC local services to local democracy cannot be underestimated."

Climate

Alison Tickell *(Julie's Bicycle)*
Eliza Easton *(Nesta)*

How the creative industries can contribute to solving the climate crisis.

In 2019, the UK Parliament passed a motion declaring an environmental and climate emergency. Two years later, the government published its Net Zero Strategy: Build Back Greener, which set out proposals for decarbonising all economic sectors by 2050 (UK Government, 2021). There is now a significant opportunity for the creative industries to drive decarbonisation across their own and other sectors. Discourse on the climate crisis has been led by economists, scientists and politicians, with representatives of culture – values, lifestyles, behaviours and tastes – largely absent. We need to shift this narrative so that people working in the creative industries – designers, curators, artists and inventors, who have immeasurable influence over our lives – are at the heart of solutions.

NET ZERO

In 2021, the creative industries employed 2.3 million people and the then Department for Digital, Culture, Media and Sport (DCMS) estimated they represented 5.6% of the gross value added (GVA) of the total UK economy (UK DCMS, 2022a, 2022b). That generates a sizeable environmental footprint, with many of its impacts embedded in complex supply chains across the globe. In 2022, the Creative PEC, creative non-profit Julie's Bicycle and BOP Consulting collaborated on the report Creative Industries and the Climate Emergency: The Path to Net Zero (Julie's Bicycle & BOP Consulting, 2022). It presented, for the first time, an overview of the environmental impacts of all the creative industries, from visual arts to video games, alongside a snapshot of industry initiatives, barriers to progress and what is needed to strengthen existing efforts to tackle the climate crisis.

As set out in that report, we need radical change to decarbonise our sector. The choices we make when we buy, use, sell, dispose of or finish any given project or thing are too often made without considering the environmental consequences – or, perhaps more commonly, we are not able to make better choices because they are just not there. The environmental impacts are abundantly clear. Yet, despite the gravity of the situation, there is reason for optimism. The overwhelming message from our research is that the climate and nature crisis is well understood by the creative sector, action is a priority and serious thought is being given to doing the right thing. From large institutions and companies through to trade associations, festivals and startups, creative organisations are determined to promote positive change. This is not about simply greenwashing and vague

industry statements but, rather, it is a firm commitment that can be seen in tangible targets and work programmes. Constraints abound, but the will is there.

Two of many examples demonstrate how the sector is taking large-scale action to address this critical issue. The Creative Green Tools, which Julie's Bicycle first developed 10 years ago, are used by more than 800 National Portfolio Organisations (arts organisations that receive Arts Council England funding for a set number of years) every year to help them report on their environmental impact to Arts Council England. The albert tool from the British Academy of Film and Television Arts (BAFTA) has been used by 1,300 TV and film production companies. Both initiatives calculate the environmental impact of a company's activities and promote action to reduce them.

However, if the sector is to make further progress, it needs government support. While the 26th United Nations Climate Change Conference (COP26) in Glasgow in 2021 helped galvanise industry action, engagement from the UK government since then has been disappointing. The international picture has been more promising. At 2022's COP27 in Sharm el-Sheikh, Egypt, art, design, culture and heritage proved to be powerful advocates for climate-crisis solutions and, for the first time, culture was included in the political implementation plan agreed at the conference – the final cover decision. It is a start: an acknowledgement that culture matters.

If governments are to support the creative industries in their decarbonisation efforts, we suggest that they will need to develop not only a cross-sectoral roadmap but sub-sector strategies that recognise the idiosyncrasies of different parts of the sector. That is why, while the Creative Industries and the Climate Emergency report looked across the entire creative sector, the Creative PEC has also commissioned research that aims to meet the specific needs of sub-sectors. In particular, we have commissioned two research packages looking at the unique and substantial challenges facing the fashion sector, as well as a series of case studies that will

become part of the Theatre Green Book initiative – a practical guide to making productions more sustainable (Theatre Green Book, n.d.).

Much remains to be done, and our research has made a number of practical recommendations for government and industry alike. For instance, the Design Council estimated that some 80% of a product's environmental impacts are locked in at the design stage (Tischner et al., 2000); therefore, we recommend that all higher education design courses should make sustainability a compulsory component. The definition of tax given by His Majesty's Revenue & Customs (HMRC) also requires changes. It currently excludes R&D in the arts, humanities and social sciences, and therefore inhibits creative companies from experimenting with carbon reduction or sustainable innovation more generally. Since the publication of Creative Industries and the Climate Emergency, the Creative Industries Council has been looking more closely at climate issues and this work is expected to continue following the publication of the government's Creative Industries Sector Vision.

5.6%

"In 2021, the creative industries employed 2.3 million people and the DCMS estimated they represented 5.6% of the GVA of the total UK economy."
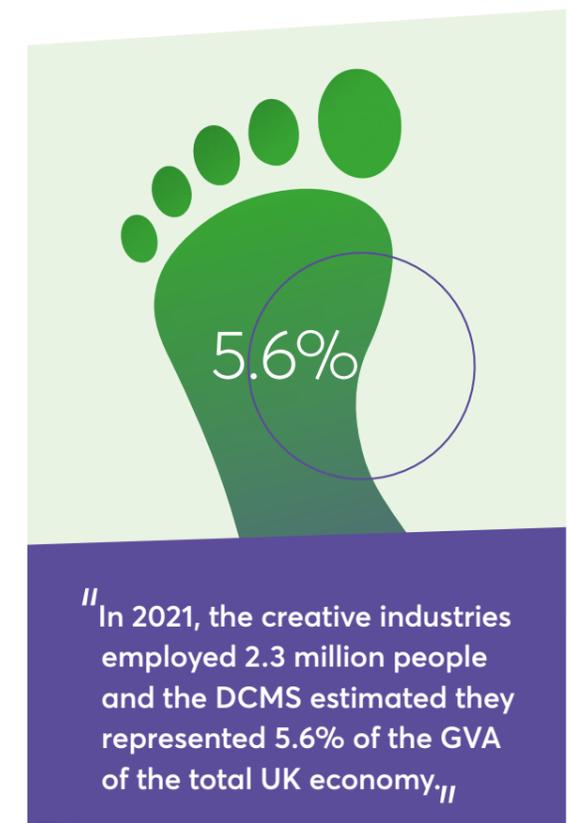
In terms of the research agenda, the Creative PEC will be looking to make climate a more significant priority in all future work, both through projects looking specifically at challenges and opportunities related to subjects like decarbonisation and by ensuring climate cuts across all our other themes. After all, it is nonsensical to treat subjects like business models, exports and innovation as being separate from the climate crisis. Embedding climate as a priority across all Creative PEC themes will also be critical as it is expected that Environmental Impact

Assessment will become a mandatory part of analysis of all programmes across government departments (UK Treasury, 2022).

The creative industries can have a disproportionate influence on society, over and above their direct impacts. They are therefore uniquely placed to promote positive change. The creative community is already rallying – with ingenuity, clarity and attention – around what matters. Now, the creative sector requires evidence and policy support to maximise its impact.

Industry insight →

Stephen Bennett, Co-Head of Policy Lab and Visual Artist

I am interested in the interplay of ideas, evidence, emotions and policy. I am a practising visual artist and Co-Head of Policy Lab, a team with a mission to radically improve policymaking through design, innovation and people-centred approaches.

The climate crisis is a critical policy issue. There is a huge amount of evidence about what is needed to address it, but on a global scale we are not seeing the systemic policy intervention that is required. What is missing? I take inspiration from the neurologist Donald B. Calne, who argues: "Reason leads to conclusions. Emotion leads to action" (Calne, 2010, p. 253).

This points me towards examining the role that the arts and sciences might play in decision-making when it comes to the climate crisis. In works like *Glass House*, I have experimented with different artistic techniques to make information beautiful, or illegible, or transparent, or more simple or more complex. In each case I am enquiring about what is left out when we focus on evidence only.

There are a number of ways in which art is particularly well placed to galvanise policy change together with scientific information. I have critically examined case studies from across the arts that have led to policy change (Bennett, 2021). The BBC's *Blue Planet II* included a powerful scene in which David Attenborough showed how plastic was being regurgitated and fed to albatross chicks. Legislation soon followed in Parliament to ban the supply of plastic straws, stirrers and cotton buds. There was overwhelming public support, with research by Waitrose & Partners showing that 88% of people changed the way they used plastic after watching the final episode of the series (Waitrose & Partners, n.d.).

Art can present alternatives for what good looks like. The climate crisis evokes negative emotions – guilt, shame and insecurity – and encourages us to focus on what we should not be doing. Art can open up a positive conversation about a vision for a better way of living and create the urge and agency to act. An interesting challenge for artists is to find ways to engage with and present policy evidence in a visual, interactive, unexpected way to help people imagine and co-create a possible future. Policy Lab is bringing this challenge to the heart of government through practical programmes such as MANIFEST, which is funded by the Arts and Humanities Research Council to consider the role that artists can play in the policy process.

There are also practical ways that art and the wider creative industries can lead on climate action, particularly through processes and materials. As a practising artist, I challenge myself to not use new materials when producing artwork. Placing these restrictions on ourselves is not only important from a sustainability point of view but invites us to think differently and often results in original work. The creative industries can lead on developing this mindset: challenging existing processes to do things in new, sustainable ways.

One of my key values is the importance of evidence in decision-making. But if you ignore other dimensions – emotions, values, preferences and stories – you are setting yourself up to fail. It is not as simple as saying "We have the evidence, so now we need something creative to make people take notice." It is more exploratory, additive and non-linear. It is about the way in which we can engage with evidence in a sensory and dialogical way. And it is an exciting challenge for artists and the creative industries to be involved in. ■

> "Art can open up a positive conversation about a vision for a better way of living and create the urge and agency to act."

> "As a practising artist, I challenge myself to not use new materials when producing artwork."

The Creative PEC's International Council

The Creative PEC's International Council is a network of leading policy and creative economy practitioners from across the world, convened by the British Council. The group plays a critical role in reviewing and providing an international perspective on the Creative PEC's activities and, since its foundation, has become a leading voice on global issues relating to the creative sector.

During the pandemic, a number of members of the International Council provided us with insights into their challenges, experiences and sources of inspiration. As part of a blog series, we heard about the impact of the pandemic on the creative industries from Edna dos Santos-Duisenberg in Brazil, George Gachara in Kenya and Laura Callanan in the United States (Creative PEC, 2021b).

Then, in 2021, the council worked with the British Council to investigate the relationship between the informal economy and the cultural economy in the Global South, with outputs including an online conference and a report (British Council, 2021).

The year 2021 was declared the International Year of Creative Economy for Sustainable Development at the United Nations General Assembly. This aimed to highlight the central role of creative industries in promoting innovation, inclusive economic growth and opportunity for all. The Creative PEC contributed to this goal by publishing

the Global Agenda for the Cultural and Creative Industries, compiled by the International Council and launched in December 2021 (Creative PEC, 2021a). It is available in 16 languages.

The Global Agenda is the Creative PEC's flagship international publication on the creative industries and a vital call to action for governments worldwide. It sets out 11 actions to support the UN's Sustainable Development Goals. Since its publication, the Creative PEC has received a letter from the UNESCO Director-General thanking the council for the agenda and its contribution to the International Year of Creative Economy for Sustainable Development.

In November 2022, a symposium in Istanbul convened by the British Council and the Creative PEC brought members of the International Council together once again to discuss progress and future plans. While in Turkey, the Creative PEC International Council also co-organised an international conference with British Council Turkey, the substance of which was based on the International Council's

11-point agenda. A total of 121 people participated in the forum in person, with 660 visitors joining virtually. Speakers included representatives from Wider Europe (Central Asia, South Caucasus, Turkey, Ukraine and Western Balkans) as well as Brazil, Canada, the Czech Republic, Egypt, Ethiopia, France, Kenya, Kyrgyzstan, India, Indonesia, Rwanda, Tanzania, Switzerland, South Africa, Uganda, the UK and the USA. The Creative PEC intends for its work on the international stage to increase in the years ahead.

Acknowledgements and Credits

By definition, a consortium is a group of people working together with a shared purpose. This is exactly what the Creative PEC is about: representatives from industry, research and policy joining forces to drive the inclusive growth of the UK's creative industries.

We thank all our consortium partners, researchers and Industry Champions for their hard work over the last five years. The Creative PEC has been lucky to benefit from their expertise, knowledge and insights, and its unique model of connecting research and industry to policymaking would not have been possible without them. The International Council also played a major role by giving our work global insight and reach. Special thanks to Nesta for hosting and nurturing the Creative PEC during its first five years.

Last but not least, we are immensely grateful to the Arts and Humanities Research Council – without its funding over the past five years, none of this would have been possible.

Opposite: Members of the Creative PEC's International Council convene in London in May 2019.

Left: Eliza Easton, Deputy Director of the Creative PEC, addresses the Creative Industries International Policy Forum, held in Istanbul in 2022. One day of the symposium was dedicated to discussing the Global Agenda for the Creative Industries report by the Creative PEC and British Council.

Photographer credit: Özkan Yenihayat

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