



Northern Ireland
Assembly

Research and Information Service Research Paper

September 2011

Dr Dan Hull

The Creative Industries: background, definitions and recent policy development

NIAR 412-11

This paper summarises the current state of the creative industries, sets out recent policy developments in this area, and provides an analysis of government strategies in relation to the creative industries in Northern Ireland, across the UK, and in Ireland. A summary of the key challenges identified in recent strategies is also provided.

Paper 93/11

5 September 2011

Research and Information Service briefings are compiled for the benefit of MLAs and their support staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public. We do, however, welcome written evidence that relate to our papers and these should be sent to the Research and Information Service, Northern Ireland Assembly, Room 139, Parliament Buildings, Belfast BT4 3XX or e-mailed to RLS@niassembly.gov.uk

Key Points

- The creative industries are usually defined as consisting of: advertising, architecture, publishing, radio and TV, design, film, music, software and computer services, computer games, designer fashion, crafts, performing arts, and the arts and antiques market.
- The creative industries rose rapidly from 1997 to 2007, growing by 5% over the ten years, compared to 3% for the economy as a whole. An additional 2.3 million creative jobs came into existence between 1997 and 2008, and the creative industries accounted for 5.6% of Gross Value Added in the UK.
- In Northern Ireland, there was a 24% growth in creative employment compared with an 11% increase in jobs as a whole. Growth was particularly marked here in video, film and photography, as well as software, computer games and electronic publishing, though fashion and design declined.
- However, the creative industries in Northern Ireland contributed just 2% to GVA, compared with 5.6% for the UK as a whole. In the Republic of Ireland, there were 95,649 creative jobs in 2006, contributing €5.7bn (or 3.5%) to GVA.
- In 2008, a Strategic Action Plan for Northern Ireland and a £5m Creative Industries Innovation Fund (CIIF) were launched. In July 2011, a new CIIF was announced, though with a reduced sum of £4m available for four years, and a new emphasis on digital industries. DCAL has yet to publish a more detailed and up-to-date strategy.
- At UK level, a number of key challenges for the creative industries have been identified, including access to finance, enhancing business skills, a high number of micro-SMEs, and the need for training and early career development.
- The Digital Economy Act 2010 sought to address some of the issues associated with online copyright infringement, and the recent Hargreaves Review has also recommended moves to protect intellectual property within the creative industries.
- The recession has posed a major challenge with a doubling of unemployment in the creative industries and uncertainty around the strength of re-growth.
- Wales and Scotland have both produced updated creative industries strategies recently, with a conspicuous focus on a strong support infrastructure.
- EU policy has sought to catch up and in 2010 published a Green Paper on the cultural and creative industries. A recent study makes a number of recommendations for the EU, including amendments to existing funding programmes so they are more focused on cultural and creative industries.
- Finally, a number of themes are highlighted as potentially useful lines of enquiry for the CAL Committee, including the effectiveness of public policy in the creative industries, gauging whether support arrangements in place in Northern Ireland are sufficient, examining cross-departmental collaboration, and identifying particular deficiencies such as financial and business support, training and skills development, leverage into international markets, and the protection of intellectual property.

Executive Summary

This paper summarises the current state of the creative industries, sets out recent policy developments in this area, and provides a brief analysis of government strategies in relation to the creative industries in Northern Ireland, across the UK, and in Ireland. A summary of the key challenges identified in recent strategies is also provided.

The creative industries are usually defined using 13 categories of business, originally outlined by DCMS in 2001 as consisting of advertising, architecture, publishing, radio and TV, design, film, music, software and computer services, computer games, designer fashion, crafts, performing arts, and the arts and antiques market. However, there remain difficulties in defining the creative industries in a way which is consistent across Europe, and therefore problems in establishing a reliable, commonly-understood and genuinely indicative statistical basis for assessing the creative industries. The creative industries rose rapidly as both an economic sector and a policy issue between 1997 and 2007. The industries grew by an average of 5% over the ten years, compared to around 3% for the economy as a whole. Software, computer games and electronic publishing showed the greatest growth, with employment growing by 5%. An additional 2.3 million creative jobs came into existence between 1997 and 2008, and the creative industries accounted for 5.6% of Gross Value Added in the UK.

In Northern Ireland, jobs growth was particularly marked, with a 24% growth in creative employment compared with an 11% increase for jobs as a whole. Growth occurred particularly in video, film and photography, as well as software, computer games and electronic publishing. However, jobs growth was not universal, with significant decreases in fashion and design jobs, partly as a result of the collapse of the textile industry. Although creative jobs overall had grown, the creative industries contributed just 2% to GVA in Northern Ireland, compared with 5.6% for the UK as a whole. In the Republic of Ireland, creative jobs numbered 95,649 in 2006, or 3% of employment, contributing €5.7bn (or 3.5%) to GVA.

Policy work relating to the creative industries has occurred in the UK since around 2000. Work has been conducted in Northern Ireland for a similar length of time, but intensified significantly from 2008 with the launch of a Strategic Action Plan, as well as the £5m Creative Industries Innovation Fund. This fund completed its first term in 2011 with £4.1m of funding awarded to sectoral bodies and individual companies: multimedia and music were the greatest recipients. In July 2011, a new Creative Industries Innovation Fund was announced for 2011–2015, though with a reduced sum of £4m available. This new fund will have an emphasis on digital industries in year one. The Strategic Action Plan is monitored by a Creative Industries Working Group, convened by DCAL with a range of representatives from other bodies, including Invest NI, the Department of Employment and Learning, and the three sector skills councils. DCAL

has yet to publish a more detailed and up-to-date strategy, though in June 2011 the Minister of Culture, Arts and Leisure stated that a new strategy exists and that a synopsis will be sent to MLAs soon.

At UK level, the National Endowment for Science, Technology and the Arts (NESTA) has conducted a number important studies, and identified key challenges for the sector such as market volatility and copyright infringement, particularly through illegal filesharing. Many of these challenges were taken up by DCMS through the *Creative Britain* strategy. This is in many ways an England-specific document, though some of the legislative commitments, including attempts to curb illegal filesharing, were carried through by the Digital Economy Act 2010 and will affect Northern Ireland. Similarly, the recent publication of the Hargreaves Review, which recommended UK support for moves by the European Commission to establish a framework for cross-border copyright licensing, will have implications for Northern Ireland if implemented.

The greatest challenge affecting both the UK and Northern Ireland specifically has been the recession, with an estimated doubling of unemployment within the creative industries from 43,445 in April 2008 to 83,660 in April 2009. The two sectors hit the hardest in terms of job losses were advertising, which sustained a 15% drop in employment between June 2008 and June 2010, and programming and broadcasting where there was a drop of 23% over the same period. Analysis of the situation by Experian in 2009 forecast that the creative industries would see a 10% drop in employment in the UK from its peak, and that 'it would take until 2020 to recover its 2008 employment level'. Figures for Northern Ireland which will illustrate the effects of the economic downturn for 2008–2010 are expected soon.

Wales (in 2010) and Scotland (in 2011) have produced updated creative industries strategies. Wales was an early developer of creative industries policy with a strategy produced in 2004. This placed an emphasis on intellectual property, with a £7m fund established to enable the makers of creative content to own a greater proportion of their work. Creative industries policy in Wales was reviewed in 2010 and a conspicuous focus emerged on the digital industries. This review has recommended a firm structure of support with the creation of a Digital Wales Board, a Creative Industries Hub and 14 sub-sectoral 'spokes' The review also proposed greater scrutiny of the £300m allocated to Welsh broadcast media direct from the UK government.

The Scottish strategy also presents a detailed model of support infrastructure, with clear roles outlined for central government, local government, sectoral bodies and others. Communication mechanisms between the various bodies is also well defined with the Scottish Creative Industries Partnership (SCIP) at the core; sub-sector reference groups are expected to return reports to a SCIP Coordination Group soon.

European Union policy-making has sought to catch up fast with what it terms the 'cultural and creative industries'. The Lisbon Treaty places some emphasis on research and innovation, and a Green Paper on the cultural and creative industries was released

in 2010. This paper presents a number of fairly broad proposals, but is likely to lead to more tangible policy developments in the near future. A more recent study, *The Entrepreneurial Dimension of the Cultural and Creative Industries*, makes a number of more specific recommendations, including amendments to the FP7 and FP8 funding programmes to be more focused on cultural and creative industries, and using European Social Funds to finance a series of creative apprenticeships.

The research and policy work discussed in this paper highlights a number of commonly-identified challenges, including securing greater access to finance, enhancing business and entrepreneurial skills, securing more straightforward routes to market, and extreme contrasts in scale with a dominance by a small number of large enterprises but a very large number of micro-SMEs. Other challenges include the need for greater training and early career development, defining the sector more consistently to enable better monitoring of policy effectiveness, and protecting creative income streams from copyright abuse.

Finally, a number of themes are highlighted as potentially useful lines of enquiry for the Culture, Arts and Leisure Committee. These are as follows:

- Seek to examine the effectiveness of public policy in the creative industries, particularly from the point of view of those working, or seeking to work, in this area.
- Survey the nature of policy work on the creative industries within the wider context of UK, Ireland and the European Union.
- Gauge whether the overall support arrangements in place in Northern Ireland are sufficient and appropriate, and whether they are suited to the particular challenges faced by those working in, or working with, Northern Ireland.
- Seek to understand the likely challenges ahead and highlight any deficiencies in Executive support, particularly in terms of cross-departmental coordination.
- Examine the balance of support across the different creative industries and assess whether that balance is appropriate given the particular strengths in Northern Ireland.
- Identify any particular deficiencies in policy or support for the creative industries, particularly in areas such as financial and business support, training and skills development, leverage into international markets, the protection of intellectual property, and legislative developments.

Contents

1 Creative industries: definitions and overview	9
1.1 Definitions.....	9
1.2 UK overview	10
1.3 Northern Ireland overview.....	10
1.4 Republic of Ireland overview.....	12
2 Policy context: Northern Ireland.....	13
2.1 Early work on the creative industries	13
2.2 More recent creative industries development work: 2008–2011.....	14
2.3 A Creative Blueprint for Northern Ireland	15
2.4 Use of the Creative Industries Innovation Fund 2008–2011.....	18
2.5 Recent developments	18
3 Policy context: UK and Ireland.....	19
3.1 UK/England	19
(a) 2007: The <i>Staying Ahead</i> report.....	19
(b) 2008: The <i>Creative Britain</i> strategy	21
(c) 2010: A Creative Block? report, and the impact of the recession	22
(d) 2011: The Creative Industries Council.....	22
3.2 Scotland	23
3.3 Wales	24
3.4 Republic of Ireland.....	25
4 Policy context: European Union.....	26
4.1 Early developments	26
4.2 EU Green Paper: <i>Unlocking the Potential</i>	26
4.3 European Commission study: <i>The Entrepreneurial Dimension</i>	27
4.4 Northern Ireland Executive’s European priorities	29
5 Legislative Developments.....	30
5.1 Digital Economy Act 2010.....	30
5.2 Hargreaves Review of Intellectual Property	30
6 Challenges ahead for the creative industries	32
7 Potential scope for a committee inquiry	33
7.1 Previous inquiries	33
7.2 Potential issues	34
Annexe 1: Bodies and organisation affecting the creative industries in Northern Ireland	35
Annexe 2: Summary of commitments set out in the <i>Creative Britain</i> strategy	37

1 Creative industries: definitions and overview

1.1 Definitions

The creative industries are usually described within the UK and Ireland as consisting of the following 13 sectors: advertising, architecture, publishing, radio and TV, design, film, music, software and computer services, computer games, designer fashion, crafts, performing arts, and the arts and antiques market. These sectors were first formalised as creative industries by the Department for Culture, Media and Sport (DCMS) 'Creative Industries Taskforce', and published in the Creative Industries Mapping Documents in 1998 and 2001¹. In more recent literature, and particularly in Northern Ireland, these 13 categories are often combined and rationalised to the following ten sectors²:

- Advertising
- Architecture
- Art & Antiques
- Crafts
- Design and Designer Fashion
- Video, Film & Photography
- Music and the Visual & Performing Arts
- Publishing
- Software, Computer Games & Electronic Publishing
- Radio and Television Activities

However, there are a number of ongoing difficulties in defining the creative industries. A 2010 study of the creative industries in Dublin³ summarised two distinctly different approaches, one based on standard industrial classifications (SICs) and another based on an occupations-based methodology. The former works well for those industries which produce actual 'goods', while the latter takes into account a larger number of jobs carried out by those working in a creative capacity but in a non-creative industry. The relatively clear definition of standard industrial classifications makes the production of statistics more straightforward, but factors such as the emergence of newer industries in a climate of rapid technological change may jeopardise their usefulness in the long-term.

¹ Department for Culture, Media and Sport. 2001. *Creative Industries Mapping Document*: <http://nia1.me/d2>

² These categories are used in, for example: *Arts Council of Northern Ireland. 2010. Digest of Arts Statistics Northern Ireland.*

³ Curran, D & van Egeraat, C. 2010. *Defining and Valuing Dublin's Creative Industries*. Dublin Council: Think Dublin! Research Series: p14–16.

Reaching an agreed and satisfactory definition for both the creative industries and the various sub-sectors will continue to be important for the purposes of deriving reliable, comparable statistics in the future, so is likely to be the focus of further study.

1.2 UK overview

In February 2010, DCMS provided a set of statistics which illustrated the rapid rise of the creative industries over the previous decade⁴. The creative industries grew by an average of 5% per annum between 1997 and 2007. This compares to an average of 3% for the whole of the economy over this period. Software, computer games and electronic publishing has had the highest average growth (9% per annum). Total creative employment increased from 1.6m in 1997 to nearly 2m in 2008, an average growth rate of 2% per annum, compared to 1% for the whole of the economy over this period. The software, computer games and electronic publishing sector showed growth in employment of 5% per annum between 1997 and 2008, the highest across the creative industries.

A more recent set of economic estimates for the creative industries issued by DCMS in December 2010⁵ calculated that the creative industries, excluding crafts, accounted for 5.6% of Gross Value Added (GVA) across the UK in 2008. Software and electronic publishing accounts for the most GVA out of all the creative industries (2.5% in 2008). In the summer quarter of 2010, creative employment consisted of just under 2.3 million jobs. The software and electronic publishing sector had the highest number of employees out of all the creative industries, with over 600,000. The music and visual and performing arts sector had the highest numbers of self-employed people, with over 200,000. In 2010, there were an estimated 182,100 enterprises in the creative industries on the Inter-Departmental Business Register (IDBR), meaning they make up 8.7% of all enterprises. Nearly two-thirds of the businesses in the creative industries are contained within two sectors: software and electronic publishing (81,700 companies), and music and the visual and performing arts (30,800 companies). Exports of services from the creative industries totalled £17.3 billion in 2008, equating to 4.1% of all goods and services exported.

1.3 Northern Ireland overview

Between 2001 and 2007, the number of employee jobs in the creative industries increased by 24%, from 12,000 in 2001 to around 15,000 in 2007. Two sectors are of particular note in this overall increase: video, film and photography grew by 49%, and software, computer games and electronic publishing grew by 43%.

⁴ Department for Culture, Media and Sport. 2010. *Creative Industries Economic Estimates: February 2010*.

⁵ Department for Culture, Media and Sport. 2010. *Creative Industries Economic Estimates – Experimental Statistics: December 2010*.

However, growth was not evident throughout all sectors, with design and designer fashion decreasing in jobs by 36% between 2001 and 2007. The Arts Council has attributed this decline to the fact that designer fashion jobs in Northern Ireland were largely located within the textile industry, which ‘has seen a collapse in employment over the past decade’⁶. A full breakdown of the changes in employment in the creative industries is as follows:

	2001	2007	Change (%)
Advertising	671	686	2.2
Architecture	1215	1581	30.1
Art & Antiques	154	179	16.2
Design and Designer Fashion	55	35	-36.4
Video, Film and Photography	717	1,068	49.0
Music and the Visual & Performing Arts	885	1,165	31.6
Publishing	2,416	2,224	-7.9
Software, Computer Games & Electronic Publishing	4,577	6,561	43.3
Radio and Television Activities	1,328	1,450	9.2
TOTAL	12,017	14,950	24.4

Table 1: Employee jobs in the creative industries⁷

The 24% growth in the creative industries compares with an 11% growth in employee jobs in general in Northern Ireland between 2001 and 2007.

In addition to the 15,000 jobs in creative industries in 2007, a further 18,000 jobs existed in creative occupations outside the creative industries (such as a graphic designer working within an engineering company), bringing the overall total number of jobs in creative occupations to 33,000. This accounted for around 4.2% of the regional economy in 2007, compared with, for example, agriculture at 4.0%. The largest sector within this 33,000 jobs was the software, computer games and electronic publishing sector, with 26% of the total across all creative industries.

There is marked variation among the creative industries and occupations of employed versus self-employed status. For example, the music profession and the visual and performing arts are represented predominantly by self-employment, while art and

⁶ Arts Council of Northern Ireland. 2010. *Digest of Arts Statistics Northern Ireland 2010*: p91.

⁷ Figures from Department of Enterprise, Trade and Investment, *Census of Employment*, cited in Arts Council of Northern Ireland. 2010. *Digest of Arts Statistics Northern Ireland 2010*: p91; these figures do not include the self-employed, or those in creative occupations outside the creative industries.

antiques, advertising and software, computer games and electronic publishing are all predominantly employed. A full breakdown of this variation is as follows:

	Employee %	Self-employed %
Advertising	90	10
Architecture	74	26
Art & Antiques	100	0
Crafts	76	24
Design & Designer Fashion	86	14
Video, Film & Photography	76	24
Music and the Visual & Performing Arts	45	55
Publishing	84	16
Software, Computer Games & Electronic Publishing	89	11
Radio and Television Activities	71	29
TOTAL	79	21

Table 2: Type of employment in the creative industries and occupations⁸

In 2008, around 1,900 local 'units' (which includes both local enterprises, and local offices of a larger UK company) existed within the creative industries in Northern Ireland⁹.

In terms of the Gross Value Added (GVA) contribution made by the creative industries to the Northern Ireland economy, this was estimated to be around £582m in 2007, an increase of 14% since 2006¹⁰. When compared with the whole of the Northern Ireland economy, GVA in the creative industries amounted to around 2% of the total for 2007. More recent figures, which will show the impact of the recession on the creative industries, are expected to be published soon.

1.4 Republic of Ireland overview

Estimates have placed the total number employed in Ireland's creative industries at 60,855 in 2006, generating a total Gross Value Added (GVA) of nearly €5.5bn in 2006 – approximately 3% of total Irish employment and 3.5% of total Irish GVA¹¹ (Arts

⁸ Figures from the NI Labour Force Survey and NI Census of Employment; cited in Arts Council of Northern Ireland. 2010. *Digest of Arts Statistics Northern Ireland 2010*: p94; figures include both those working in the creative industries, and those working outside the creative industries in the creative occupations.

⁹ Office for National Statistics. 2008. *UK Business: Activity, Size and Location*.

¹⁰ However, the Arts Council presents a number of caveats in interpreting these figures, particularly in that the Northern Ireland Annual Business Inquiry only supplies figures for firms in the creative industries (and not in *all* creative occupations). Also, for industries below a specified employment size threshold, a sample is used; fluctuations can therefore be evident, particularly where, as in the creative industries, the prevalence of self-employment is high.

¹¹ Indecon International Economic Consultants. 2010. *Assessment of Economic Impact of the Arts in Ireland: Submitted to the Arts Council*.

Council, 2009). A wider interpretation of creative employment, including total creative jobs in all industries, produced a total of 95,649 jobs for 2006.

A report on the economic impact of the arts in Ireland produced a number of important indicators, although for the arts sector alone rather than the wider cultural or creative industries¹². This report estimated that in 2008 the total GVA of the arts sector to the national economy was approximately €782m, accounting for 0.5% of total national GVA. The largest sub-sector in terms of its contribution to arts is publishing and literature which accounted for €437m in 2006. Film and video contributed €71m in GVA, while libraries, archives, museums and other cultural activities contributed €75m. An attempt was also made to calculate the total economic impact of the arts sector using a multiplier figure. This produces a figure of 26,519 jobs supported by the wider arts sector, with a total GVA of €782m.

2 Policy context: Northern Ireland

2.1 Early work on the creative industries

In 2000, DCAL published a vision for the arts and culture in Northern Ireland called *Face to Face*. This identified the creative industries as an important sector requiring a policy framework of its own and appropriate development strategies.

Also in 2000, DCAL (in partnership with DE, DEL, DETI) published a consultation paper entitled *Unlocking Creativity – a strategy for development*. The paper set out an ambitious agenda for developing the creative and cultural resources of Northern Ireland. This was then used to create *Unlocking Creativity – making it happen* in 2001. The document considered the impact of creativity in its widest sense, and committed the various departments to a number of objectives, including the launch of a 'Creativity Seed Fund', a mapping of sources of financial investment, and a rolling programme of 'strategic analysis, prioritization, resourcing, implementation and evaluation'. Beside the creation of the seed fund, many of these objectives were not achieved at the time.

In October 2004, *Unlocking Creativity: a creative region* was launched by DCAL, DETI and other departments. The document outlined a three year action plan for Northern Ireland, including 51 action points to be taken forward by departments and others up to March 2007.

In 2007, Belfast City Council and DCAL jointly commissioned a study of the creative industries in Northern Ireland. This study produced a number of important conclusions, particularly regarding the challenges facing creative businesses at that time. These included recruiting employees with sufficient skills; concerns over the affordability of training and education; the need for appropriate management and business skills

¹² Indecon. 2008. *Assessment of the Economic Impact of the Arts in Ireland*. Submitted to the Arts Council by Indecon International Economic Consultants.

development; the need for improved marketing know-how; and the perceived lack of understanding between creative entrepreneurs and financial and support institutions.

2.2 More recent creative industries development work: 2008–2011

In recent years, the creative industries have been included in key Executive-wide documents. The Northern Ireland Programme for Government for 2008–2011 states as a key goal the intention of ‘growing the creative industries sector by up to 15% by 2011’¹³. The draft Northern Ireland Executive Economic Strategy sets out five key priorities for the Executive to pursue its ‘long-term vision’ towards 2020. The first of these is ‘stimulating innovation, research and development, and creativity’¹⁴ – all themes which are often linked strongly with the creative industries. Indeed, section four of the draft strategy provides more detail on this:

(The strategy will) cover the promotion of a wider innovation agenda incorporating creativity/design and capture the impact that the creative industries make towards stimulating innovation. The strategy will include initiatives aimed at increased collaboration between businesses, higher and further education institutions and the public sector. Ultimately, it will include actions which develop the commercialisation potential of Innovation and R&D as well as programmes designed to promote innovation and the uptake of Science, Technology, Engineering and Maths (STEM) subjects in schools.

In 2008, it was announced that a £5m Creative Industries Innovation Fund (CIIF) had been created¹⁵, with funding acquired from the £90m Northern Ireland Innovation Fund. The CIIF was intended to ‘support initiatives to increase the quality, visibility and value of the creative industries’. Initially, £660,000 of the fund was used for the development of a *Strategic Action Plan for the Creative Industries*, and in October 2008, the CIIF was launched with a fund of £4.34m¹⁶. It was designed to last for three years until 2011, and was administered by the Arts Council of Northern Ireland.

The *Strategic Action Plan for the Creative Industries* was launched to coincide with the Creative Industries Innovation Fund. It sets out a review of creative industries policy over the preceding decade, before presenting an interim strategic action plan for the creative industries. This plan is intended:

To contribute to the growth of Northern Ireland’s cultural capital by supporting creativity and creative talents and in particular their expression in business activities.

¹³ *Programme for Government 2008–2011*: p10.

¹⁴ Northern Ireland Executive. 2011. *Economic Strategy: Consultation on Priorities for Sustainable Growth and Prosperity*: p20.

¹⁴ Northern Ireland Executive. 2011. *Economic Strategy: Consultation on Priorities for Sustainable Growth and Prosperity*: p27.

¹⁵ http://www.northernireland.gov.uk/index/media-centre/news-departments/news-dcal/news-dcal-october-2008/news-dcal-171008-5million_fund_for.htm; the fund was initially called the Creative Industries Seed Fund.

¹⁶ Minister for Culture, Arts and Leisure. 22.4.10. Response to Assembly Question AQO 1134/10.

The Plan identifies a set of priorities under three broad themes: innovation in business; innovation through people; and innovation through sectoral infrastructure & knowledge. Specific action points under these three themes include the following:

- **Innovation in business:** development of new products and content; the creation of new businesses; development and growth of existing businesses; increased collaboration between creative businesses; increased linkage with national and international best practice.
- **Innovation through people:** implementing the creative skills agenda set out by sector skills councils; identification of skills that are generic across all sectors or may go beyond those identified by the sector skills councils; spotting and supporting exceptional talent; encouragement of entrepreneurial activity; pathways into the labour market and career progression; identifying and supporting creative talent with traditional industries; drawing talented people back to Northern Ireland and showcasing the creative industries of Northern Ireland abroad.
- **Innovation through sectoral infrastructure and knowledge:** monitoring the creative industries and comparing performance with developments elsewhere; monitoring potential developments in related policy areas, such as intellectual property, taxation, and broadcasting policies; developing communication 'channels' so that sectors can be adequately supported, and to enable the sharing of knowledge.

The strategy is monitored and developed by the Creative Industries Working Group, an 'advisory group convened by DCAL to advise it on the development of policies for the creative industries in Northern Ireland', consisting of representatives from DCAL, Invest NI, DEL, the three Sector Skills Councils covering most of the creative industries, Northern Ireland Screen, the University of Ulster, Belfast City Council, CraftNI, and the Northern Ireland Music Industry Commission.

DCAL has yet to produce a more detailed and up-dated version of the 2008 *Strategic Action Plan*, though in June 2011, the Minister for Culture, Arts and Leisure stated that a synopsis of a new strategy will be forwarded to MLAs soon.¹⁷

2.3 A *Creative Blueprint* for Northern Ireland

Further developments in support for the creative industries involve the creation in 2008 of a *Creative Blueprint* by the skills agency, Creative and Cultural Skills. This plan is designed to consider 'how individuals either employed in, or running businesses in the creative and cultural industries, can access the training they need, find the job they want and employ skilled people who will be an asset to their business'. Although the *Creative Blueprint* is a UK-wide initiative, a dedicated office for Northern Ireland and Scotland exists in Edinburgh. A Northern Ireland-specific document was created in 2008, setting out the policy context, some problems identified by a programme of research, and a

¹⁷ Minister of Culture, Arts and Leisure. Response to Assembly Question AQO 212/11-15.

number of measures to be addressed. Among the skills and training challenges specific to Northern Ireland, the document identifies that¹⁸:

- Most creative companies are small businesses, self-employed practitioners or freelancers;
- There are gaps in the skills of those currently employed;
- Employers find it difficult to recruit new staff with the right skills;
- Practitioners lack business skills;
- Volunteering is often the only way to ‘get a foot in the door’;
- There are many courses available but people are not clear about what course to take and what qualifications they need;
- Many businesses do not have a training budget;
- There is little opportunity for ongoing learning and development;
- More leaders are needed in the industries.

2.4 Use of the Creative Industries Innovation Fund 2008–2011

The Creative Industries Innovation Fund 2008–2011 has now come to a close. In total, £4.1m was spent throughout the course of the programme by the Arts Council. The following table sets out the overall allocation of expenditure. It should be noted that this excludes DCAL expenditure in overseeing the scheme.

	£ Amount
Grants	3,676,999
Arts Council (administration and overheads)	290,551
Strategic Action Plan	23,735
Evaluation	53,135
Music industry (interim support arrangements for 2010/11)	50,000
TOTAL	4,094,420

Table 3: Total CIIF spending for 2008–2011

It can be seen from this that around £3.7m was allocated in grants. A breakdown of the allocation of these grants can be seen in the following table and chart:

¹⁸ Creative and Cultural Skills. 2008. *Creative Blueprint Summary Northern Ireland: the Sector Skills Agreement for the creative and cultural industries*: p5.

CIIF Sector	No. of Awards	% of Awards	£ Mean	£ Total amount allocated
Advertising	1	0.75%	10,000	10,000
Craft	26	19.40%	10,062	261,618
Design	14	10.45%	13,082	183,148
Fashion	4	2.99%	9,008	36,030
Film	7	5.22%	37,760	264,320
Multimedia	20	14.92%	29,904	598,088
Music	24	17.91%	22,590	542,150
Performing Arts	9	6.72%	19,141	172,267
Software	10	7.46%	14,422	144,220
TV & Radio	6	4.48%	39,140	234,838
Visual Arts	13	9.70%	19,875	258,377
TOTAL	134		20,187	2,705,056

Table 4: Total CIIF grants allocated by sector, 2008–2011

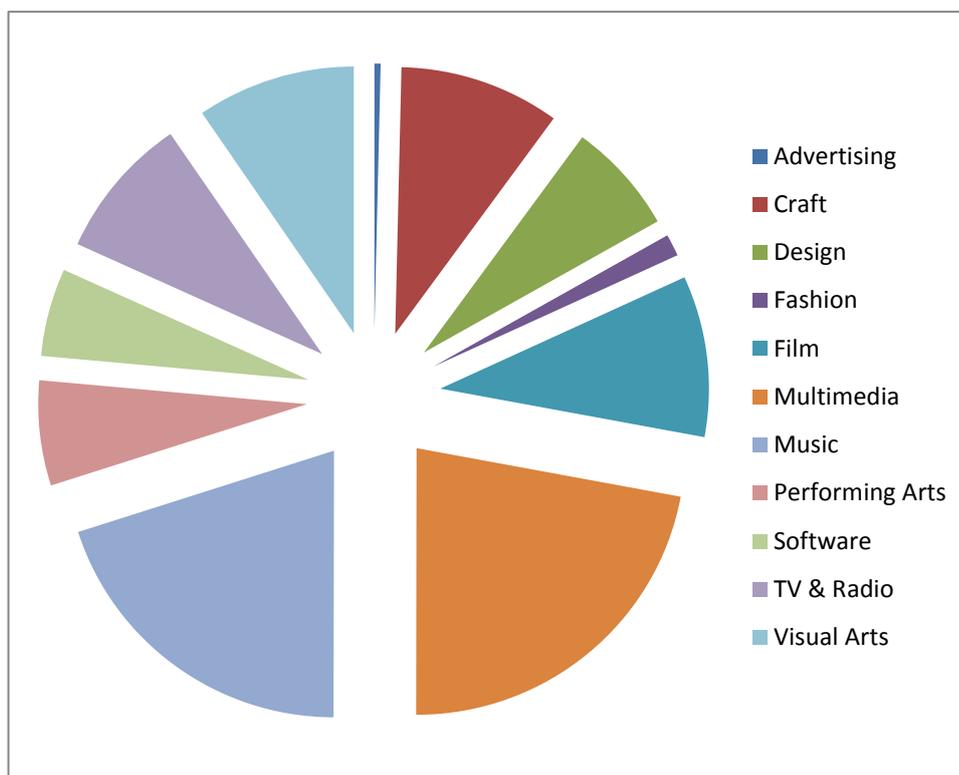


Figure 1: Allocation of CIIF funding by sector, 2008–2011

Funding was also allocated from the Creative Industries Innovation Fund to sectoral bodies. The balance of funding allocations per sector was as follows:

CIIF Sector	No. of Awards	% of Awards	£ Amount Allocated
Advertising	1	4.55%	85,050
Craft	5	22.72%	240,720
Design	1	4.55%	10,000
Multimedia	7	31.81%	366,556
Music	3	13.63%	160,194
Performing Arts	4	18.19%	79,423
Software	1	4.55%	30,000
TOTAL	22		971,943

Table 5: CIIF funding awards to sectoral bodies, 2008–2011

An evaluation of the Creative Industries Innovation Fund is ongoing, with findings expected in the near future.

2.5 Recent developments

A continuation of the Creative Industries Innovation Fund was announced on 19 July 2011, with a budget of £4m over the next four years. Although the fund will continue to be administered by the Arts Council, this will now be done in collaboration with NI Screen and Digital Circle. Indeed, the new fund differs somewhat in emphasis from the previous one, in that the primacy of the *digital* industries is indicated. Roisín McDonough, Chief Executive of the Arts Council, stated that, 'our new round of funding prioritises digital content projects but recognises that new business and global market opportunities can be found through collaboration between all types of creative businesses'. The Minister of Culture, Arts and Leisure has stated that Year 1 of the fund (2011/12) is 'for businesses leading digital content development projects', and that although Years 2–4 'will be open to all creative industries sub-sectors...digital content projects are likely to remain prioritised'¹⁹.

Since the previous fund of £5m ran for three years between 2008 and 2011, the new £4m fund could be viewed as a 40% reduction in funding.

¹⁹ Minister for Culture, Arts and Leisure. 26.7.11. Letter to the CAL Committee: COR/1088/2011.

3 Policy context: UK and Ireland

3.1 UK/England

Cultural policies at a UK-wide level are set by the Department for Culture, Media and Sport in Westminster. However, since policies relating to the creative industries are largely devolved, in reality DCMS work in this area relates to England only.

(a) 2007: The *Staying Ahead* report

In 2007, the National Endowment for Science, Technology and the Arts (NESTA) published an economic analysis of the creative industries in the UK²⁰. The report was commissioned by the Department for Culture, Media and Sport (DCMS), and the analysis was conducted by the Work Foundation. The report seeks to analyse the value of the creative industries, and also suggests a number of ways in which that value can be increased. In doing so, the report sets out in some detail the nature of the 'knowledge economy', the broader economic and social context which has led to a burgeoning of creative content, and defines the key drivers which could influence further success.

By 2004, the creative industries of the UK were at a stage where they accounted for 7.3% of gross value added (GVA) in 2004, making them comparable in size to the financial services industry. Indeed, until the recession began to have an effect in mid-2008, the creative industries were characterised by 'strong growth, intense innovation and creativity, and focus on the demands of consumers'. Although international comparisons can be problematic for reasons of definition and statistical categorisation, the UK had the largest creative sector in the EU, and relative to gross domestic product (GDP), probably the largest in the world (UNESCO).

The *Staying Ahead* report makes clear that there are some specific reasons why the creative industries were particularly strong in the UK at that time. Producers of creative content working in English as a native language is cited as a key advantage. Secondly, the strength, diversity and economic strength of London – a 'global creative powerhouse' – as a locus of creative producers is also described as contributing to rapid growth. A third advantage is cited as the 'propitious public infrastructure of support' and the 'rich institutional heritage', including the Arts Councils, BBC, art and design schools, museums etc. It is also clear that there was a rapid growth in the demand for creative products throughout the 1997–2007 decade, with a growth in disposable income. This increase in demand was particularly strong in the UK, so a thriving domestic market for products existed.

However, the *Staying Ahead* report also sets some of the key challenges for the creative industries. These can be summarised as follows:

²⁰ The Work Foundation & National Endowment for Science, Technology and the Arts. 2007. *Staying Ahead: The Economic Performance of the UK's Creative Industries*. NESTA: p30.

- **Market volatility:** demand for creative products can be more unpredictable than for functional products. Some creative industries (for example, advertising, software and architecture) are pro-cyclical, growing well in an upturn and swinging quickly downwards in a downturn. Others (music, film) can be much more unpredictable, doing well on the basis of a relatively small number of 'hits', and growing consumer demand in niche areas.
- **Management challenges inherent in the sector:** introducing business imperatives to a creative product or process can be challenging, particularly where those responsible for making the products are primarily motivated by a desire to fulfil their art, rather than reproducing or monetising it.
- **Copyright and ownership:** loss of ownership can severely damage economic returns. This can be either as a result of piracy (digital products) or illegal imitations (design) made elsewhere, or due to rights being sold along with the product (particularly the case with film, television and animation).
- **Rapid adaptation:** the market for creative goods can require fast adaptation as tastes and delivery requirements change. Digital and Internet products in particular have to adapt quickly to new platforms and devices, but the rewards for companies which are able to do so – and in so doing lead the market – can be considerable. Small companies and individuals may be more able to change rapidly than larger ones.

Staying Ahead also identifies eight key drivers of success in the creative economy, the monitoring and enhancement of which may lead to an increase in economic output. These are defined as follows:

- **Demand:** creating a greater domestic market for creative products is suggested as a significant driver in creating a larger and more innovative set of industries: 'Early exposure to culture, higher levels of education, developing the capacity of the UK's cities to offer the full spectrum of cultural and creative experiences and decentralising as far as possible the UK's national cultural institutions to promote access will all contribute to this end.'
- **Greater diversity:** it is argued that greater diversity within the industries will lead to greater productivity, and a key way of increasing this is to foster interdisciplinary links between, for example, the arts, sciences and wider society.
- **A level playing field:** some industries – particularly television and radio, publishing and design – are dominated by a relatively small number of large companies. This factor may be restricting the range of creative products on the market, and inhibit the growth of small and medium-sized enterprises.
- **Education and skills:** the report argues that certain key skills are lacking, and that knowledge of how to commercialise creative ideas also needs to be spread more widely. Knowledge of career paths in the creative industries also needs to be improved.

- **Networks:** the importance of improving business knowledge is reiterated, and it is suggested that brokering links between small creative businesses and larger – potentially non-creative – companies may be a solution.
- **Public support, grants and institutions:** though there is a long tradition of public support for the arts, grants for the creative industries need to be more strategically organised and targeted to maximise connectivity between the ‘creative core’, the creative industries and the wider economy.
- **Intellectual property:** the ability to copyright creative content is described as ‘critical to the success or failure of the nation’s creative industries’, and that better legislation and stronger enforcement for infringement will improve financial yields.
- **Building greater business capacity:** the creative industries have a large number of medium and small businesses, as well as individuals working alone. Small businesses are particularly common in the music, performing arts, architecture, film, photography and fashion sectors. In order to grow the capacity of certain sectors within the creative industries, *Staying Ahead* argues that there are specific managerial and business discipline shortcomings which need to be addressed, as well as structural problems such as access to equity and debt finance.

(b) 2008: The *Creative Britain* strategy

In 2008, the Department for Culture, Media and Sport launched the *Creative Britain* strategy, which sets out ‘a vision of dynamic, innovative, successful creative businesses providing prosperity and fulfilling job opportunities right across the country’²¹.

This strategy drew together a number of initiatives and policy areas across the Department for Media, Culture and Sport, the Department for Business, Innovation and Regulatory Reform, and the Department for Innovation, Universities and Skills, building on many of the conclusions produced by the *Staying Ahead* report the previous year. A total of 26 commitments were made in the strategy, structured around the themes of education, the job market, research and innovation, business development and accessing finance, protecting intellectual property, and maintaining the right support structures for the creative industries. A summary of these commitments is given in Annexe 2.

Some of the legislative elements mentioned in the *Creative Britain* strategy, and particularly measures to tackle the safeguarding of intellectual property and the curtailing of illegal downloading activity, were subsequently addressed in *Digital Britain*²², a policy document produced by DCMS with the intention of drawing together a range of initiatives designed to update the UK’s legislative and support structures in the light of rapid technological change.

²¹ Department for Culture, Media and Sport. 2008. *Creative Britain: New Talents for the New Economy*.

²² Department for Business, Innovation and Skills and the Department for Culture, Media and Sport. 2009. *Digital Britain: Final Report*.

(c) 2010: A Creative Block? report and the impact of the recession

Both the *Staying Ahead* report and the *Creative Britain* strategy became, in some ways, rapidly out-of-date as the recession took hold the following year. A follow-up assessment by The Work Foundation, *A Creative Block?*, was published in December 2010, providing some important corrective observations. In particular, *A Creative Block?* analysed the effects of the recession on the different sectors within the creative industries, and suggested some of the implications for UK-wide policy. The paper points out that the creative industries were particularly vulnerable to the effects of recession, partly because it has a large number of small businesses which are less likely to withstand financial shocks. Unemployment within the creative industries approximately doubled, from 43,445 in April 2008 to 83,660 in April 2009.

The two sectors hit the hardest in terms of job losses were advertising, which sustained a 15% drop in employment between June 2008 and June 2010, and programming and broadcasting where there was a drop of 23% over the same period. Taking the example of advertising, the *Creative Block?* report states that there had been some recovery as of July 2010, but that business confidence was taking some time to recover. A comparison of the performance of the creative industries in previous recessions indicates that ‘those at the high-tech services like software have been less affected than earlier recessions, and those in arts and entertainment have been more seriously affected’. An analysis of the situation by Experian in 2009 forecast that the creative industries would see a 10% drop in employment in the UK from its peak, and that ‘it would take until 2020 to recover its 2008 employment level’. Indeed the impact of public sector cuts, within both central and local government, across the UK is unlikely to be clear until the end of 2011.

A Creative Block? also warns of the vulnerability of the UK’s strength in the creative industries to both international markets and government complacency. The growing strength of such industries in, for example, south-east Asia is cited, particularly in the context of the much lower levels of financial turbulence there. Furthermore, the report warns that:

‘...we believe there is a danger that the creative industries is ‘always the bridesmaid’; that is, although it is often invoked, there is a lack of follow through in a consistent (way) across policy areas and the creative industries as a whole – from successive governments²³.

(d) 2011: The Creative Industries Council

Since the publication of this paper, and indeed the change of government in May 2010, the UK government has created the Creative Industries Council. This is a UK-wide body with membership formed from across the creative, publishing, broadcasting and new media industries. Among the companies and bodies represented are the BBC,

²³ Reid, B, Albert, A & Hopkins, L. 2010. *A Creative Block? The Future of the Creative Industries*. The Work Foundation: p43.

Google, Amazon, Arts Council England, ITV, and UK Music. Meetings of the council will be co-chaired by the Secretary of State for Culture, Media and Sport, and the Business Secretary. The purpose of the group is to 'provide a forum for action by the industry and will ensure that it has a strong voice in developing a partnership with the Government'.

3.2 Scotland

The Scottish Government is the latest jurisdiction to publish a strategy for the creative industries, in March 2011²⁴. This followed reviews of both the sector and its challenges²⁵, and of key statistics and literature²⁶, in 2009. This new strategy attempts to address the following issues:

- **Establishing and improving structures** so that the public sector is as supportive as possible of those working in the creative industries. The key, central body is the Scotland's Creative Industries Partnership (SCIP);
- **Ensuring that the right interface and monitoring groups** are in place, including the establishment of industry practitioner reference groups, each reporting back to a SCIP Coordination Group on what the specific challenges of each sub-sector are and proposed solutions to increase growth;
- A **set of recommendations** is set out, with recognition of the specific barriers which must be confronted in order for each to be implemented. The **key challenges** are identified as a lack of joined up approach; a lack of scale across much of the sector with small and micro enterprises predominating; intense competition in international markets; the difficulties of securing finance and investment; the need for constant 're-skilling' and 'up-skilling' of workforces particularly in the light of rapidly changing technology; the need for improved, reliable market intelligence; and the need also for consistent approaches to the measuring of economic value and impact.
- The **role of key organisations** and bodies is set out, including the Scottish Creative Industries Partnership (SCIP), the National Endowment for Science, Technology and the Arts (NESTA), Skills Development Scotland, the Scottish Funding Council, and Creative Scotland.
- Finally, '**next steps**' are defined, with each of the sub-sector reference groups expected to return reports to the SCIP Coordination Group soon. Specific commitments by a number of the bodies which are members of SCIP, including Creative Scotland, the Convention of Scottish Local Authorities, and Skills Development Scotland, are set out.

²⁴ Scottish Government. 2011. *Growth, Talent, Ambition: The Government's strategy for the creative industries*.

²⁵ Scottish Government. 2009. *Creative Industries: Key sector report*.

²⁶ Carr, J. 2009. *Creative Industries, Creative Workers and the Creative Economy: A review of selected recent literature*. Scottish Government Social Research.

3.3 Wales

In 2004, the Welsh Assembly Government published a creative industries strategy for Wales. This focused on the digital creative industries, and also placed a strong emphasis on the issue of intellectual property. From 2005 an intellectual property fund of £7m was opened, offering funding to enable the makers of creative content to retain some or all of the rights to this work. The fund sought to address the issue of creative companies making content but then selling most, or all, of the intellectual property rights in selling on the product. It did this by providing 'gap funding' for individual creative projects, such as a TV series or film, and in return for this investment the fund took a share of the intellectual property generated by the project, and aimed to recoup the value of the original investment²⁷.

In the wider context of the UK and Ireland, the Welsh strategy was a relatively early and innovative one, and a number of aspects of it were later adopted elsewhere.

Following on from this, a further review of the creative industries was published by the Welsh government in 2010, which sought to address some of the perceived gaps in the sectoral coverage of the earlier strategy. This review has a conspicuous focus on digital content, in part perhaps because it was conceived and launched at around the same time as the UK government's *Digital Britain* strategy (referred to above). The 2010 strategy made ten recommendations, the essence of which is as follows:

- A **new strategic support structure** was proposed, with a Digital Wales Board, chaired 'by a suitably experienced person from outside Government'. The Board would support the work of a Creative Industries Board and a Creative Industries Hub, which would oversee 14 sub-sectoral 'spokes' and a Creative Industries Fund.
- The **Creative Industries Fund** would be 'based on an orderly transition from the current Creative IP Fund', and would have a wider base. The Fund would be accessible to 'all digital media industries', including film, television, music and interactive media, and potentially other industries in the future once further studies have been carried out.
- The strategy emphasises the importance of maintaining an adequate understanding of the sector by **mapping 'the scale and needs of each sub-sector'** and establishing up-to-date metrics 'against which the progress of Wales' creative economy can be measured'.
- The review proposes **greater scrutiny of the £300m allocated to the Welsh broadcast media** directly from the UK government. It is suggested that S4C, the BBC and Channel 4 deliver an annual audit of their economic impact on Wales, and Channel 4 should step up its commissioning of content from Wales. With regard to S4C specifically, their remit should be examined, and more regular dialogue between the National Assembly and the Creative Industries Board. The strategy calls on the Welsh government to do everything it can to secure greater capital

²⁷ Welsh Industries Strategy. 2005. 'Creative industries fund': <http://nia1.me/co> Accessed 18.7.11.

investment in order to create ‘a powerful creative industries cluster in south-east Wales’.

- Specific comments are made about the **Welsh film industry**, and the possibility raised of an amalgamation of the Wales Screen Commission and the Film Agency for Wales.
- The **music industry** requires a form of seed funding to allow commercial music businesses to retain a greater share of their intellectual property. It is also suggested that popular music be supported through, for example, events and the greater provision of rehearsal venues.
- The strategy argues for **a role for radio** in the digital agenda.
- A close equivalence is drawn throughout the strategy between **digital industries and the creative industries as a whole**, and indeed the recommendations state that ‘building momentum in digital media is a top priority for the refreshed creative industries strategy and the Creative Industries Strategic Hub must make it a priority to understand how it can best make an impact’. The proposed Creative Industries Fund should be designed so that it ‘responds decisively’ to the needs of the digital media sector, and the Hub should establish a support structure which provides a ‘sound basis’ for digital industries. It is also suggested that the Hub undertakes a study of digital media procurement within the Welsh public sector.
- In terms of ‘other’ – or non-digital – industries, the strategy states that **Arts Council Wales should map what needs exist** and advise the Hub in due course.
- The strategy states that the Creative Industries Board should ‘take a very close interest’ in the issue of **skills and training**, and a careful assessment of courses and capacity should be made to examine what skills may not be addressed at present. University-level research and ‘knowledge transfer’ are also stated as important.

3.4 Republic of Ireland

Although the creative industries have not generally been classified in quite the same way in the Republic of Ireland, the economic potential of the ‘creative sector’ has been recognised by policy makers for some time. A key document is *Building Ireland’s Smart Economy* produced by the Irish government in 2008 as a framework for economic renewal. The framework was intended to run from 2009 to 2014, and is based on five ‘action areas’. One of these areas, ‘Creating the Innovation Island’, involves making use of the creative industries to create a ‘world class business sector’. This recognises the creative industries as ‘key and primary economic contributors’, and acknowledges that the challenges for those industries differ from those in traditional export sectors.

The strategy differs from strategies in the UK in taking a slightly wider definition of the creative industries, including the wider arts and cultural sectors – presumably including additional categories such as cultural heritage. The document links, for example, thriving creative industries with a high level of cultural tourism. In terms of actions to

follow from the strategy, the document identifies developing 'niche' cultural tourism markets, access to credit and business support services, intellectual property protection, and 'commercialisation' as important priorities. It also advocates a policy supporting research and development.

4 Policy context: European Union

4.1 Early developments

In 2006, the European Commission published the results of a study, *The Economy of Culture in Europe*. This was a first attempt to assess the direct and indirect socio-economic impact of the cultural sector of Europe, and particularly to suggest some potential direction in terms of EU policy-making. The document solidified the Commission's use of the term 'cultural and creative sector' as a coherent bloc, and began to grapple with some of the difficulties of defining statistical data for the sector.

The study included 'A strategy for a creative Europe', which outlined stark challenges for the European Union if it is to achieve a goal first set in 2000, to make the EU 'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion'²⁸.

The publication of the Lisbon Treaty the following year further consolidated the cultural and creative sector as a focus for policy, though the treaty places the sector firmly within the bounds of research and innovation leading to industrial output, rather than on the creation of cultural products for their own sake. The treaty identifies creativity and innovation as capable of providing industry with a competitive advantage. Article 173 states that the Union and Member States 'shall ensure the conditions necessary for the competitiveness of the Union's industry exist', and that action shall be aimed at 'fostering better exploitation of the industrial potential of policies of innovation, research and technological development'²⁹.

Furthermore, articles 179 to 190 contain a number of action points which specify the coordination of research into digital technology.

4.2 EU Green Paper: *Unlocking the potential of cultural and creative industries*

Published in 2010, this Green Paper was intended to stimulate debate and propose a number of ideas for the development and growth of what are termed the 'cultural and creative industries' (as opposed to simply the cultural and creative 'sector'). The paper discusses how these industries can contribute to local, regional and global development, and what kinds of investment would be needed to promote this further. The Green Paper sketches out a context for the cultural and creative industries,

²⁸ Directorate General for Education and Culture. 2006. *The Economy of Culture in Europe*: p1.

²⁹ European Union. March 2010. *Charter of Fundamental Rights (The Treaty of Lisbon)*. Consolidated Treaties.

describing Europe as being characterised by a digital economy of some significance and with the potential to create further economic growth and jobs. A number of general proposals are then made, including³⁰:

- The creation of new 'spaces' for experimentation, innovation and entrepreneurship in the cultural and creative sector, such as 'laboratories' where different disciplines can work together, and intermediaries and brokers between different sectors;
- Better matching of the skills needs of the cultural and creative industries, communication of these skills to banks and financial institutions, and improving partnerships between schools, universities and businesses;
- Enhancing access to funding by, for example, educating banks and investors about the potential of the cultural and creative industries, and gathering cross-sectoral expertise to evaluate companies and their products;
- A number of proposals aimed at enhancing the potential of the cultural and creative industries to contribute to local and regional development. This section also stresses the importance of building strategies on a 10–20 year term, and not considering investments in the cultural and creative industries as a luxury or isolated policy option;
- Establishing a better understanding of how to improve the mobility of both artists and creative works;
- Providing support to small and medium-sized enterprises in order to help them to promote themselves abroad, and increase the levels of cultural exchanges and international trade in creative goods.

4.3 European Commission study: *The Entrepreneurial Dimension of the Cultural and Creative Industries*

In January 2011, the European Commission published a piece of research which assessed the ability of the cultural and creative industries to 'bring essential change in non-technological innovation for products and processes, contributing to a more inventive Europe'³¹. The study attempted to provide 'an understanding of the key determinants for strengthening entrepreneurship for cultural and creative industries, and involved a questionnaire and an extensive series of interviews throughout Europe.

The research produced a number of conclusions, some of which suggest that the cultural and creative industries have particular needs which will need bespoke solutions in order to address; for example, 80% of enterprises in the cultural and creative industries are small enterprises, with workers more than twice as likely to be self-employed than the average for the whole economy. Almost 60% of businesses consist of just one to three employees. However, around 1% of creative enterprises are very large and are responsible for more than 40% of annual turnover. The study concludes

³⁰ A useful summary of the Green Paper is provided by Volante QNB on behalf of [www.creativebusiness.org](http://nia1.me/d6): <http://nia1.me/d6>

³¹ Utrecht School of the Arts, prepared for the Directorate General for Culture and Education of the European Commission. 2011. *The Entrepreneurial Dimension of the Cultural and Creative Industries*.

therefore that there is a 'missing middle', with medium-sized enterprises almost absent, and that 'there is substantial difficulty for small enterprises to grow from small initiatives into medium-sized firms'. It was also found that many enterprises struggle to gain access to finance, and that they generally conduct low levels of financial planning, but that financial institutions such as banks often fail to recognise intangible, creative ideas as money-making assets. Public subsidy, through European, state-level or local authority funding, often attempts to bridge such financial challenges, but the study concludes that such subsidy often reaches 'core' cultural sectors more readily than cross-disciplinary or more commercially-focused sectors.

A series of recommendations are made by the European Commission research, focusing specifically on EU policy. These recommendations include the following:

- Data and statistics on the cultural and creative industries should be made more consistent and comparable across the EU to help in monitoring the success or otherwise of policy work.
- The Europe 2020 measures focused on SMEs should take micro-SMEs into account.
- The regulatory framework for companies should be addressed to examine where specific relaxations for creative industries can be made. Tax exemptions and other stimulation policies are suggested.
- The EU should encourage framework programmes for Research and Technological Development such as FP7 and FP8, or the Competitiveness and Innovation Programme, should be more focused on the cultural and creative industries, and that EU funding in general should be made more understandable and accessible.
- The success of the EU MEDIA funding programme, aimed at the audiovisual industry, is highlighted, and it is recommended that this should be repeated for other sectors.
- A 'skills gap' in entrepreneurial ability was found by the study, and it is suggested that the EU Lifelong Learning Programme could be focused on spreading business knowledge.
- European Social Funds could be used to finance a series of creative apprenticeships 'in order to ease the transition from education to employment'.
- The EU could improve SMEs' knowledge of, and access to, copyright instruments and facilitate easier use of IP instruments also.

4.4 NI Executive's European priorities

The *Executive's European Priorities* document acknowledges the significance of the 2010 EU Green Paper. The Executive sets out a number of key aims to help position Northern Ireland advantageously with regard to these European policy developments. These key aims are as follows³²:

- Promote greater private sector R&D investment;
- Encourage entrepreneurship, creativity and innovation;
- Promote science, technology, engineering and mathematics (STEM) and educational and creative industries that encourage young people to study STEM subjects;
- Promote translational research, knowledge transfer/exchange and STEM between firms and between the research base and firms;
- Promote cross-sectoral collaborations between the creative and cultural industries and with other business and research sectors to stimulate innovation, job creation and expert-focused growth;
- Nurture the development and exploitation of new technologies, ideas and ways of working in our companies, universities, the research base and elsewhere in the public sector;
- Make fuller use of information and communication technologies;
- Promote deployment and use of modern accessible online services;
- Leverage our significant public investment in the health sector, including in skilled employees and clinical trials infrastructure, to realise economic outcomes.

The paper then presents a number of objectives to address these aims, among which are the following intentions:

Stimulate growth of the creative industries by nurturing creative talent and creative enterprises and by encouraging innovative cross-sectoral collaborations.

Harness the potential of the creative and cultural industries to support export-focused economic growth, job-creation and positive spill-over impacts into areas such as health, education and social cohesion.

³² Northern Ireland Executive. 2011. *European Priorities 2011–2012*. pp8–10.

5 Legislative developments

5.1 Digital Economy Act

In 2010, the Digital Economy Act was introduced by the UK government and voted through in the last days before the general election. The Act sought to bring various aspects of the digital economy up-to-date in the light of technological change. With particular relevance to the creative industries, the act sought to address an evolution of consumer and 'user' behaviour, where the illegal exchange of digital versions of creative works via the Internet had grown rapidly in recent years. The Act sets out various methods which could be used to curb illegal filesharing, and charges Ofcom with the responsibility of conducting consultations with a view to establishing a code of conduct for both digital rights holders and Internet Service Providers. The first of various reports by Ofcom emerged in August 2011, and recommended that while the blocking of some illegal filesharing websites would be difficult to enforce, the sending of warning letters to persistent downloaders could be made to work effectively.

A follow-up report published by Ofcom in August 2011 focuses on the system outlined in the Digital Economy Act of Internet Service Providers notifying persistent illegal downloaders that they have been detected and may have their service connection restricted. The Ofcom report identified a risk of the system being overwhelmed by vexatious appeals to such notifications, but DCMS has stated that a £20 fee will be introduced for subscribers wishing to appeal after receiving a notification letter, which will be refunded if the appeal is successful. However, Ofcom has also recommended that the site blocking provisions set out in the Digital Economy Act – allowing sites used for illegal downloads to be blocked by Internet Service Providers – are not practical and should not go ahead.

5.2 Hargreaves Review of Intellectual Property

A review of intellectual property rights and copyright law was commissioned by the Prime Minister in November 2010, and conducted by Professor Ian Hargreaves³³. The review sought to identify legislation that has been out-dated by technological change. A report was published in May 2011 which concluded that the UK's intellectual property (IP) framework, especially with regard to copyright, is 'falling behind what is needed'. The review is also critical of the rigidity of current copyright legislation, concluding that 'the UK cannot afford to let a legal framework designed around artists impede vigorous participation in these emerging business sectors'. However, it also concludes that a careful balance must be struck, and that the 'hugely important' creative industries should not be put at risk. The review makes a series of recommendations, including the following:

³³ Hargreaves, I. 2011. *Digital Opportunity: A Review of Digital Opportunity and Growth*.

- **Evidence:** Government should ensure that development of the IP system is driven as far as possible by objective evidence, particularly regarding assessing future claims to extend rights or in determining desirable limits to rights.
- **International priorities:** The UK should pursue its international interests in IP, particularly regarding economies such as China and India. It should also attach the highest immediate priority to achieving a unified EU patent court and EU patent system, which promises significant economic benefits to UK business.
- **Copyright licensing:**
 - The UK should establish a cross-sectoral Digital Copyright Exchange in order to boost UK firms' access to transparent, contestable and global digital markets. Government should appoint a senior figure to oversee its design and implementation by the end of 2012. Governance should reflect the interests of participants, working to an agreed code of practice.
 - The UK should support moves by the European Commission to establish a framework for cross-border copyright licensing. Collecting societies should be required by law to adopt codes of practice to ensure they operate in a way that is consistent with the further development of efficient, open markets.
- **Orphan works:** The Government should legislate to enable licensing of orphan works. This should establish extended collective licensing for mass licensing of orphan works, and a clearance procedure for use of individual works.
- **Limits to copyright:** Government should firmly resist over regulation of activities which do not prejudice the central objective of copyright, namely the provision of incentives to creators. Government should deliver copyright exceptions at national level to realise all the opportunities within the EU framework, including format shifting, parody, non-commercial research, and library archiving.

On 3 August 2011, the UK government published its response to the Hargreaves Review³⁴. Among the recommendations to be carried forward by the government will be the abolition of rules outlawing the transfer of content from CDs or DVDs on to MP3 files and computers, though this change would not make it legal to make copies and then share them online. Further proposals to be implemented include relaxations on manipulating works for the purpose of parody, though not to the extent adopted in the USA where a substantial portion of works can be copied under the concept of 'fair use'.

The Hargreaves Review also recommended the setting up of a Digital Copyright Exchange, where licences in copyright content can be readily bought and sold, and the government has indicated that it intends to take up this idea. It was recommended that procedures be put in place to allow the reuse of 'orphaned works', as dealing with this problem could potentially free-up the use of many older works of art, film and music to be adapted and reused by others.

³⁴ Department for Culture, Media Sport: 3.8.11. 'Reform to intellectual property laws aim to boost growth: Government responds to the Hargreaves Review': http://www.culture.gov.uk/news/news_stories/8367.aspx

Alongside the response to the Hargreaves Review, DCMS has also pledged to set out a new intellectual property crime strategy, and the next steps for implementing the mass notification system outlined in the Digital Economy Act, which involves letters being sent to internet account holders telling them their internet connection has been identified as linked to unlawfully shared copyright material.

6 Challenges ahead for the creative industries

The *Strategic Action Plan for Creative Industries in Northern Ireland* identified in 2008 a number of key challenges for creative businesses here, particularly in the area of business support:

...the services provided to businesses are very constrained by the lack of resources of the delivery organisations. Unlike larger and more metropolitan regions, Northern Ireland does not have an agency providing a wide range of business development support specifically to creative businesses and it does not have an active business angel and venture capital market focused on the creative sectors. Invest NI provides a range of business, strategy, capability and financial supports to its client businesses, but many creative businesses find it difficult to meet Invest NI client criteria because of the particularly fragmented nature of the sector³⁵.

In terms of skills gaps, the Creative Blueprint for Northern Ireland identified five ‘key challenges’³⁶:

- Technical and specialist skills gaps
- Higher skills needed in business and enterprise
- Confusion about what training is available and what qualifications are needed
- Workforce Diversity – there should be opportunities for everyone
- Employers and practitioners need to commit to training and development

In addition, studies of the creative industries in England, Scotland and Wales, as well as more widely in the European Union, identified a range of other problems in those areas. Together, some of the key challenges for the creative industries can be summarised as follows:

- **Access to finance:** particularly by educating financial institutions about the nature of creative products and convincing them of the productivity of the creative industries;
- **Business and entrepreneurial skills:** enabling creative individuals and micro-SMEs to successfully monetize their ideas, market their products, grow their businesses and build business relationships is a challenge, and many have seen a

³⁵ Department of Culture, Arts and Leisure. 2008. *Strategic Action Plan: Creative Business in Northern Ireland*: p27.

³⁶ Creative and Cultural Skills. 2008. *Creative Blueprint Summary Northern Ireland: the Sector Skills Agreement for the creative and cultural industries*: p6.

need to build such skills within the creative industries either through courses, or through linking creative enterprises with 'business angels' from more conventional industries.

- **Extreme diversity of scale problematic:** bridging the gap between a small number of very large enterprises and a large number of micro-SMEs by helping small businesses to develop into medium-sized enterprises.
- **Training and early career development:** in a context of rising tuition fees, a deflated job market, and areas of government policy focused on STEM subjects alone, some have argued for boosting the role of the relevant sector skills councils and growing the number of apprenticeship, or 'on the job' learning, programmes.
- **Routes to market:** securing a 'route to market' for creative ideas, partly by linking creative professionals with other industries to ensure that products are manufactured and marketed successfully, but also securing visibility within international markets.
- **Protecting creative income streams from copyright abuse:** the recent Hargreaves Review has highlighted the difficulties of balancing a need to protect copyright, particularly in the context of illegal filesharing, but enabling the sharing, reuse and development of ideas. Promoting knowledge of intellectual property protection (such as patents) and improving the joined-up nature of these instruments across Europe, has been cited by some as key to protecting creative income streams. Implementing the measures outlined in the Digital Economy Act 2010 are likely to be challenging.
- **Definitions problematic:** achieving a set of reliable and comparable classifications across the UK, and potentially the EU, is problematic, but some have argued essential if policy work is to be monitored effectively.

7 Potential scope for a committee inquiry

7.1 Previous inquiries

There have been few inquiries conducted by parliamentary committees in the UK, Ireland or the European Parliament which have focused specifically on the issue of the creative industries. Two exceptions are a House of Commons inquiry into the New Media and Creative Industries in 2007, and a suspended inquiry into the Protection of Intellectual Property Rights in 2011.

The House of Commons Culture, Media and Sport Select Committee inquiry into the New Media and the Creative Industries in 2007 examined the impact on creative industries of developments in digital technology, and particularly the effects on the various creative industries of unauthorised reproduction and dissemination of creative content. The inquiry examined what steps could be taken, using new technology, statutory protection or other means to protect creators.

In 2011, the Culture, Media and Sport Select Committee began an inquiry into the Protection of Intellectual Property Rights examining, among other issues, the practicality of the various measures outlined in the Digital Economy Act, and whether the new framework has 'captured the right balance between supporting creative work online and the rights of subscribers and ISPs'. However, the inquiry was suspended in April 2011 due to ongoing court action concerning the provisions of the Digital Economy Act.

7.2 Potential issues

In the light of the strategy and policy work highlighted in this paper, along with the nature and scope of previous reviews and inquiries in this area, it could be suggested that the following issues may be worthy of exploration:

- Seek to examine the effectiveness of public policy in the creative industries, particularly from the point of view of those working, or seeking to work, in this area.
- Survey the nature of policy work on the creative industries within the wider context of UK, Ireland and the European Union.
- Gauge whether the overall support arrangements in place in Northern Ireland are sufficient and appropriate, and whether they are suited to the particular challenges faced by those working in, or working with, Northern Ireland.
- Seek to understand the likely challenges ahead and highlight any deficiencies in Executive support, particularly in terms of cross-departmental coordination.
- Examine the balance of support across the different creative industries and assess whether that balance is appropriate given the particular strengths in Northern Ireland.
- Identify any particular deficiencies in policy or support for the creative industries, particularly in areas such as financial and business support, training and skills development, leverage into international markets, the protection of intellectual property, and legislative developments.

Annexe 1: Bodies and organisations affecting the creative industries in Northern Ireland

Although this is not a comprehensive list, the following bodies have had, or are likely to have, an influence on the operation of the creative industries in Northern Ireland.

- **Arts Council Northern Ireland:** this is the 'lead development agency for the arts in Northern Ireland', and is the arms-length body responsible for administering the Creative Industries Innovation Fund, over-seen by DCAL.
- **Craft NI:** the 'sector-lead body for the promotion and development of the design-led contemporary craft industry in Northern Ireland'.
- **Creative Choices:** managed by Creative & Cultural Skills, Creative Choices provides information, advice and guidance to help individuals boost their career development in the cultural and creative industries.
- **Creative and Cultural Skills:** the sector skills agency for creative and cultural skills is the Sector Skills Council for craft, cultural heritage, design, literature, music, performing, and visual arts. Creative and Cultural Skills has produced a 'creative blueprint' for Northern Ireland.
- **Creative Industries Working Group (NI):** an advisory group convened by DCAL to advise it on the development of policies for the creative industries in Northern Ireland. Members include DCAL, Invest NI, DEL, the three Sector Skills Councils covering the creative industries, Northern Ireland Screen, the University of Ulster, Belfast City Council, CraftNI, and the Northern Ireland Music Industry Commission.
- **Creative Industries Council (UK):** created recently by the UK government, this is a UK-wide body with membership formed from across the creative, publishing, broadcasting and new media industries. Among the companies and bodies represented are the BBC, Google, Amazon, Arts Council England, ITV, and UK Music. Meetings of the council are co-chaired by the Secretary of State for Culture, Media and Sport, and the Business Secretary. The purpose of the group is to 'provide a forum for action by the industry and will ensure that it has a strong voice in developing a partnership with the Government'.
- **Digital Circle:** 'the representative organisation for digital content businesses in Northern Ireland', aiming to 'promote the digital content sector both within and outside of the Province'. The body covers web content, mobile content, film, television, digital animation, post-production, e-learning, games, serious gaming, and music.
- **Europe INNOVA:** supported by the Directorate-General for Enterprise and Industry of the European Commission, this body conducts research and provides information with the aim of becoming 'the laboratory for the development, testing and promotion of new tools and instruments in support of innovation, with a view to helping innovative enterprises to innovate faster and better'.

- **Invest NI:** part of the Department of Enterprise, Trade and Investment, Invest NI is the regional business development agency for Northern Ireland, 'responsible for the establishment and expansion of small businesses'. Invest NI is responsible for the Northern Ireland Innovation Fund which provides the funding for Creative Industries Innovation Fund. It sits on the Creative Industries Working Group.
- **National Endowment for Science, Technology and the Arts (NESTA):** an independent body funded by endowment with a mission 'to make the UK more innovative'. NESTA invests in early-stage companies, informs policy, delivers practical programmes, and conducts and publishes research.
- **Northern Ireland Design Alliance:** recently established, the purpose of the alliance is to 'build a design community, encourage professional development and create a voice for the design industry within education and government'.
- **Northern Ireland Music Industry Commission:** this was set up in 2001 to provide support for the music industry in Northern Ireland, but folded in 2009.
- **Northern Ireland Screen:** formerly the Northern Ireland Film and Television Company, NI Screen is the body which supports the film, television and digital industries in Northern Ireland. Its mission is to 'accelerate the development of a dynamic and sustainable film and television industry in Northern Ireland'
- **PLACE:** an architecture centre with a mission to 'positively influence the creating and sustaining of excellent places and buildings, making Northern Ireland an environment of exceptional quality for all'. PLACE was established in 2004 by the Royal Society of Ulster Architects and Belfast City Council, with support from the Arts Council.
- **Technology Strategy Board:** a UK arms-length body over-seen by Department for Business, Innovation and Skills (BIS). Its mission is to 'stimulate technology-enabled innovation in the areas which offer the greatest scope for boosting UK growth and productivity'.

Annexe 2: Summary of commitments set out in the Creative Britain strategy, by the Department for Culture, Media and Sport

Giving all children a creative education

1. We will establish the 'Find Your Talent' programme – piloting five hours of culture a week for children and young people

Turning talent into jobs

2. We will create a talent pathways scheme to support and inspire young people from all backgrounds to pursue careers in the creative sectors
3. The DCMS will work with its NDPBs, and through them its sectors, to agree actions to promote a more diverse workforce
4. We will conduct research to ensure that academia is equipping students with the skills they need to make the most effective contribution they can to the creative economy
5. We will encourage employers and skills providers to set up ground-breaking new innovative places of learning
6. We will explore the impact of a brand new 'Academic Hub' supporting collaboration between schools, further and higher education to provide end-to-end development of creative skills for people aged from 14 through to 25
7. Apprenticeships will be established across the creative industries for up to 5,000 people a year by 2013

Supporting research and innovation

8. The Technology Strategy Board will provide £10 million to inspire new collaborative research and development ideas for the creative industries
9. NESTA will launch a £3 million Creative Innovators Growth Programme
10. The Technology Strategy Board will launch a Knowledge Transfer Network for the creative industries
11. The Department for Innovation, Universities & Skills will commission research to better quantify the economic benefits of the creative industries, with special attention to the value added by innovation in those industries

Helping creative businesses grow and access finance

12. Arts Council England will help deliver the objectives of the Creative Economy Programme

13. The Regional Development Agencies will establish a network of regional beacons for the creative industries in the South West, South East, North West, North East and West Midlands
14. We will encourage bids for Enterprise Capital Funds from the creative industries and expect to see increased investment flows as a result

Fostering and protecting intellectual property

15. We will consult on legislation that would require internet service providers and rights holders to co-operate in taking action on illegal file sharing – with a view to implementing legislation by April 2009
16. UK-IPO will put into action a plan on IP enforcement
17. We will promote better understanding of the value and importance of intellectual property

Supporting creative clusters

18. The Regional Development Agencies will pilot regional creative economy strategic frameworks in two regions, the North West and South West
19. The Government will review what the barriers to investment in next generation broadband may be
20. Through the Local Government Association, and with the RDAs, we will develop a 'menu for local infrastructure'
21. The UK Film Council, in association with Arts Council England and the Arts and Humanities Research Council, will help develop 'mixed media centres'
22. In line with the recommendations of the Live Music Forum, we will encourage the protection of live music venues, building on the example set by the work of the Mayor of London

Promoting Britain as the world's creative hub

23. UK Trade and Investment will lead a five-year strategy to enhance the international competitive position of the UK's creative industries
24. We will initiate the launch of the World Creative Business Conference.
25. We will work with the Mayor of London and other partners to champion London's many creative festivals – and forge better, mutually beneficial links with important festivals around the country

Keeping the Strategy up-to-date

26. We will put in place the right structures to ensure that the Creative Economy Programme keeps pace with developments on the ground

