Forging Innovative Policy to Match Action with Ambition

Policy insights for growing RD&I in and with Creative and Cultural Industries

A PDR Expertise Report
2021 - 2022

Piotr Swiatek, Oliver Sutcliffe, Katie Beverley,
Jo Ward and Andy Walters

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Executive Summary

The Clwstwr programme is a five-year project that aims to boost the volume and quality of research and development (R&D) activities undertaken by screen industry companies, both within South Wales and across the UK. It builds on Cardiff's thriving screen sector and, by placing innovation at the core of creative production, intends to move the sector from strength to leadership.

In nine rounds of funding, Clwstwr has supported 118 R&D projects, with a financial investment of £3.6m and around £0.75m worth of expert advice from user-centred innovation specialists, academic subject matter experts and sustainability, business and equality, diversity, and inclusivity advisors. This generated additional investment from beneficiaries of £2.1m. Those results contribute to the government's ambition of growing the R&D activity across all sectors of the economy.

This report focuses on policy-level insights into how best to support research, development and innovation (RD&I) in creative industries in Wales and across the UK, and to contribute to the target of 3% GDP spending on R&D in the long term. The research presented in this report aims to capture the support needs within creative industries and inform future decision making regarding the development of policy and support programmes. Research activities included:

- A review of the status quo of the creative industries in Wales and top-level view of the current stance taken by Welsh Government in supporting creative industries
- A review of relevant academic literature that examines associated topics and of international best practice in providing support for creative industries
- An exploratory workshop with Clwstwr producers to identify the challenges faced by creative organisations looking to access the support that is on offer to them
- A series of in-depth interviews with policy experts and key stakeholders looking to validate the industry support needs, establish the current thinking behind the development of latest support strategies and examine the thoughts on current trends in innovation support
- Insight synthesis and production of this report where we lay out research findings and policy recommendations.

The Welsh Government recognises the value of the creative industries for multiple development goals – an innovative economy, thriving culture in communities, fostering inclusivity and diversity. This means that there is a sizeable degree of governmental buy-in and investment in the creative industries in Wales. Some of the challenges and needs are already being addressed by the priorities set for Creatives Wales[1], a body tasked with taking care of the development of the creative industries. Nevertheless, our study highlights some specific areas where interventions might be needed to improve the functioning of the creative industries and cross-pollinate their potential to other sectors or use their innovative powers to solve social challenges in a mission-oriented approach to innovation.

Main challenges and support needs in terms of RD&I support for creative industry organisations (CIOs) identified through the study include:

Improved access to finance

CIOs are typically micro and small organisations, with no structured RD&I processes, limited time to prioritise innovative projects over day-to-day tasks and low risk propensity. It has been noted that levels of government investment are increasing, and access to support is improving; however, there still is scope to further simplify the funding landscape and make processes more accessible for micro-organisations and freelancers.

Recognition of sector-specific needs and different work patterns

The creative industries are varied, as is their understanding of RD&I. The creative industries are characterised by reliance on part-time, freelance, and casual work. These flexible working habits are not usually reflected in public funds designed to support the sector. Freelancers themselves face many barriers in accessing support; namely: the language used in application processes; specific financial or insurance requirements; and the way support is communicated or targeted.

Entrepreneurship capacity building

There is an abundance of creative skill in creative enterprises, but this is rarely matched with business administration capacity. Small and micro-organisations do not have the specialized business or R&D functions commonly found in larger organisations. They do not develop long-term strategic plans and their innovative work can be ad hoc. Therefore, more emphasis could be placed on the commercialisation of the development project outcomes, as grand visions do not always fit with market realities. Finance and entrepreneurship capacity building within CIOs would likely encourage them to engage in RD&I processes and cross-sectoral collaboration.

Other skills development

Alongside building business skills, support is needed to develop other capabilities. With fast-moving technological advances, there is a

1 Welsh Government (2020). Priorities for the Creative Industries Sector in Wales. [online] Available at: https://www.wales.com/sites/wales/files/2020-06/Priorities%20for%20the%20%20Creative%20Industries%20Sector%20in%20Wales%20%28English%29.pdf [Accessed 16 Nov. 2022].

continuous need to update technical skills. The green transformation of our economy requires everyone and every business to play a part, and knowledge about sustainable and circular practices contributing to net zero ambition will be vital in years to come. Other areas of expertise that might need support are linked to equality, diversity, and inclusivity.

Better understanding of Intellectual Property Rights protection

Creative expression is inherently linked to the production of intellectual property. Nevertheless, the subject of IPR is complex, and understanding and confidence around IP protection is still limited within the creative industries. CIOs are often unsure about the means, costs, and benefits of their IP protection. Considering IPR should be part of the advice provided to CIOs within RD&I support, especially when they are being encouraged to collaborate and establish stronger working relationships with other organisations.

Consequently, it is recommended to pursue policy actions in following areas:

Further research into the creative industry make-up and impact

The UK has a good insight into their creative industries with active industry representation bodies, prolific academia, and policymakers increasingly interested in the potential of the creative sectors. However, further research is needed, especially to better understand the creative industries composition and their relevance to the SIC and SOC codes; and to investigate the landscape and impact of freelancing and other flexible forms of employment in the creative industries, as well as their support needs. A deeper understanding of innovative processes within creative organisations and their influence on the collaborative innovation process would be needed to further inform innovation policymaking.

Foster intersectoral collaboration

Intersectoral collaboration leads to cross-pollination and brings about synergistic impacts. Creatives can find new uses for innovative technologies and translate them to be more understandable and desirable to use. Beyond technological and digital solutions, CIOs are often addressing societal or environmental challenges. Bringing 'unusual suspects' from various disciplines to work together on a specific innovation challenge can spark a completely new way of thinking that would not be possible in a sectoral bubble. It breaks down silo working and supports skill and knowledge sharing. This type of mission-oriented approach to innovation funding encourages intersectoral collaboration that contributes to wider development goals.

Mission-oriented innovation and international collaboration

A mission-oriented and challenge-based approach to innovation funding is a promising way of setting clear outcomes for multidisciplinary, cross-sectoral collaboration. There is an opportunity to take stock of the approach, evaluate spill overs and impact, and consider its greater adoption to address Wales-based challenges. The international collaboration aspect should not be overlooked. Following the exit from the European Union, many opportunities for funded cooperation with European partners have been removed. The UK's creative soft power is recognised internationally; however, without continuous exchanges with foreign partners, there is a threat that the work of the creative industries will be less visible and less in demand. In line with global ambitions, new mechanisms should be put in place to encourage collaborative innovation projects on an international scale.

Further support for development of regional strengths and scaling up of micro clusters

The creative industries tend to gravitate towards larger urban areas, but pockets of creative expertise are spread across the UK; with targeted support they can turn into regional strengths and motors of development and growth. The UKRI Strength in Places Fund takes this approach to build on existing local strengths in research and innovation to deliver benefits for the local economy. It will be crucial to ensure adequate support for creative industries taking part in transformational community projects through the Shared Prosperity Fund. A similar line of action could be considered to capitalise on existing local specialities, infrastructures, and skills in creative micro clusters developing their own local culture towards creative output and strengthening a reputation that will fuel creative growth. That in turn can help to build a local brand both domestically and abroad.

Continuous improvement of funding and support schemes

Despite there being a degree of progress overall on the user-friendliness of support schemes, there is a need to constantly refine programmes with the CIOs needs at the centre. Sector-specific support programmes should aim to accommodate their differences, looking at the support journey from the applicant/beneficiary perspective. Support should consider a wider range of outputs and results from R&D and keep the process as flexible as possible, facilitating organisations through the process rather than focussing on monitoring through progress reports. Innovation support programmes need to be innovated too, so there is an encouragement for experimental approaches that can be tried and tested on a small scale. Research and development funding has the greatest impact when it is provided in conjunction with other kinds of support. Creative organisations need expert pre-intervention consultancy and advice to help them better articulate their development needs and to demonstrate innovation paths of which they might not be aware. Such wrap-around support combined with finance increases the chances of success of an innovation project. However, it needs to be noted that funding and innovation advisors also need a better understanding of the creative industries to be able to point them in the right direction and convince them to take up a new project. That could also help to eliminate a vicious circle of funding that some micro and small organisations fall into, constantly chasing new external funding opportunities rather than developing a competitive and sustainable business model.

Better integration of academia and industry representation organisations in support landscape

Academic and industry representation organisations are key elements in the creative ecosystem. They could play a leading role in the promotion of RD&I and in the coordination of support to avoid duplication and ensure programmes are complementary. Representative bodies could help small and fragmented CIOs to have a stronger voice and work more closely, whereas there is a significant role to play for academia not only as a source of high-quality research outputs but also as an impartial broker of cooperation between CIOs and other industries. Higher education institutions might be a great means of providing support, as they have research interests that go beyond time and money, making them more committed to assisting an organisation throughout the innovation project. Additionally, through constant contact with the industry, they make sure their research and education efforts stay up to date. More also needs to be done to support creative education. There is a significant job growth and demand for creative skills, while creative faculties receive less funding and career advice is not geared to promote jobs in CIs.

Long-term planning for regional development and the support of CIOs

The interviews have identified a need for a long-term vision and planning for creative industries development. Planning in the longer term would potentially also allow for support programmes to build from one another and fully capitalise on the results of previous initiatives (as well as making sure there is no duplication of effort and support).

Introduction

The Clwstwr project took a unique and innovative approach to providing support for creative businesses. By bringing together Cardiff's three universities, a set of business partners and other strategic allies, Clwstwr was not only able to distribute investment to the beneficiary companies but could also provide expert 'wrap-around' support throughout the R&D process from forming the innovation project idea to delivery and commercialisation.

Through nine rounds of funding, providing funding to variously support seeds of ideas, address identified industry challenges and developing promising R&D outputs, Clwstwr invested £3.6m in 118 R&D projects, and provided around £0.75m worth of expert advice from user-centred innovation specialists, academic subject matter experts, and sustainability, business and equality, diversity and inclusivity advisors. This generated additional investment from beneficiaries of £2.1m.

Clwstwr was funded by the Creative Industries Clusters Programme, an innovation and growth investment delivered by the AHRC (Arts and Humanities Research Council) on behalf of UKRI (UK Research and Innovation). The Creative Industries Clusters Programme in turn, forms part of the Industrial Strategy Challenge Fund dubbed 'the greatest single increase in UK science and innovation funding for over 40 years. […] It represents a total of more than £5 billion additional spending on research and development in the UK'[2] and contributes to the government's ambition to increase the total investment in R&D in the UK from a baseline of 1.74% GDP in 2019 to 2.4% GDP by 2027 and 3% in the longer-term.

The Industrial Strategy, and consequently the Fund, took a mission-oriented approach to address grand challenges facing the future economy and society. The future of the creative industries, and particularly the use of immersive experiences and innovative technologies for their audiences, was identified as one of the grand challenges. The creative industries (CI) are not only the UK's global soft power but also one of the fastest-growing and most productive industry sectors. The latest available estimates show that in 2019, the creative industries accounted for just under 6% of the entire economy and grew at three times the rate of overall economic growth. The creative industries are worth almost as much to the UK economy as the construction sector and over seven times more than the automotive sector. The global pandemic put significant strain on creative businesses and their workforce, but at the same time proved the value of creative approaches to quickly respond to new challenges, to keep us connected, active and entertained.

2 Tackling challenges, building prosperity The Industrial Strategy Challenge Fund. (n.d.). [online] Available at: https://www.ukri.org/wp-content/uploads/2021/06/UKRI-140621-IndustrialStrategyChallengeFundBrochure.pdf [Accessed 16 Nov. 2022].

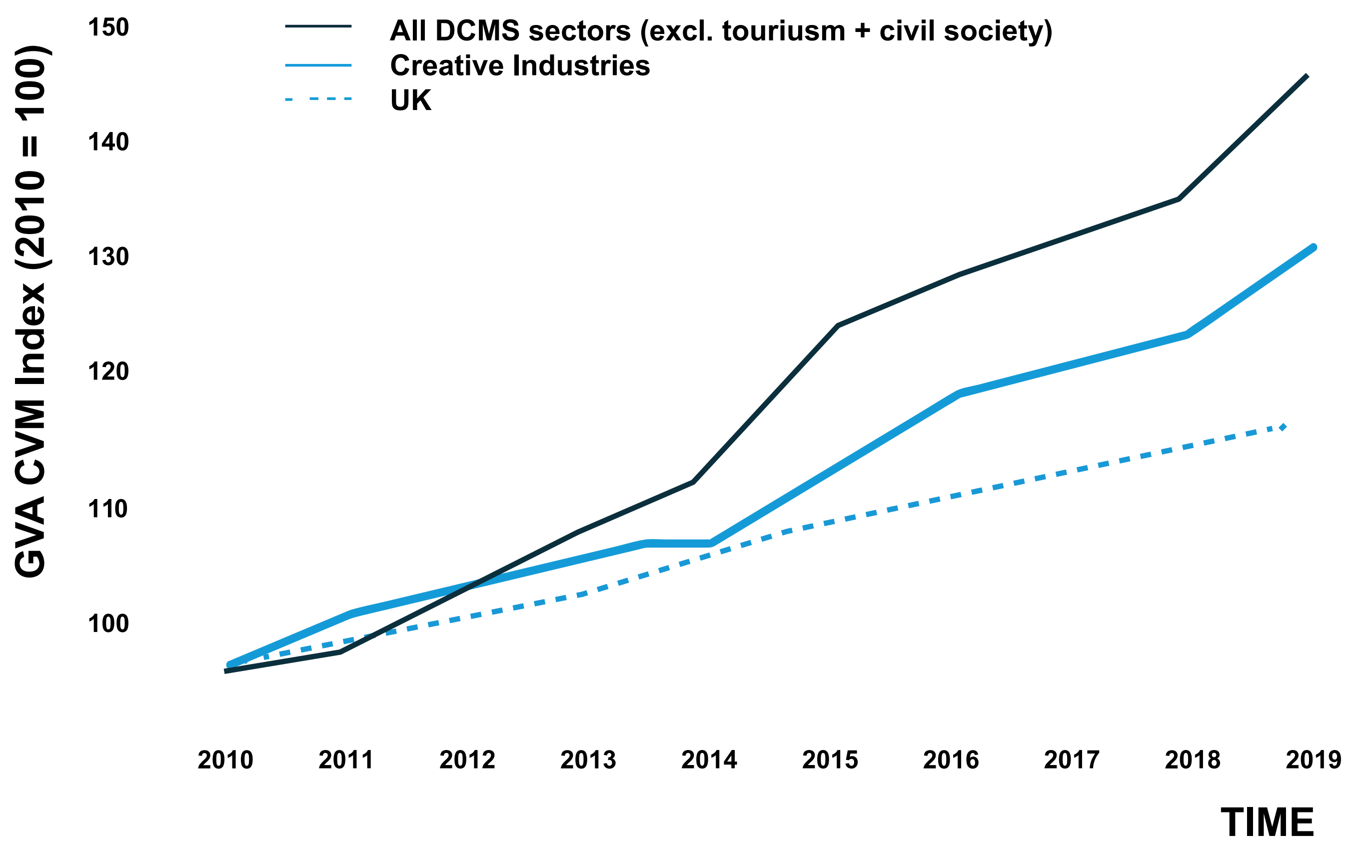


Figure 1: Index of real-terms GVA growth for Creative Industries, All DCMS Sectors (excl. Tourism and Civil Society) and for total UK: 2010 to 2019 (2010=100) (source: DCMS Economic Estimates 2019 (provisional): Gross Value Added - GOV.UK)

Definition of the Creative Industries, R&D and Innovation

For the purposes of this report, we have adopted the current DCMS (UK Government's Department for Digital, Culture, Media and Sport) definition for the creative industries[3]:

"Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property."

Following the DCMS guidelines, the creative industries are made up of nine sub-sectors: advertising and marketing; architecture; crafts; design and designer fashion; film, TV, video, radio, and photography; IT (Information Technology), software and computer services; publishing; museums, galleries, and libraries; and music, performing and visual arts.

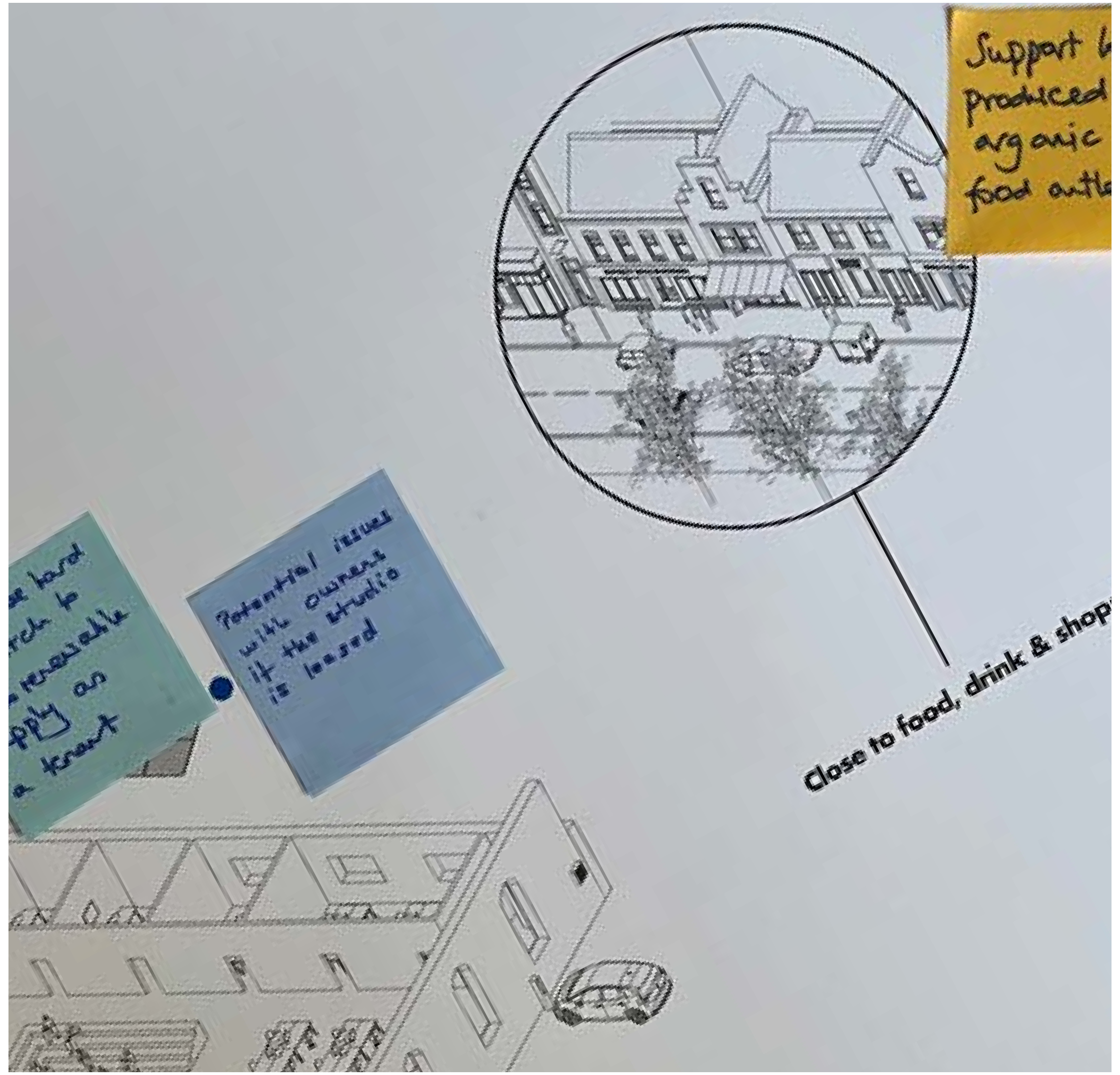
What is R&D?

R&D (Research & Development) is defined as creative work undertaken on a systematic basis to increase the stock of knowledge, including knowledge of humankind, culture and society and the use of this stock of knowledge to devise new applications and includes basic research, applied research and experimental development.[4]

What is innovation?

Innovation often draws on R&D, but R&D is not always part of the activity of innovation. An innovation is defined as the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations.[5]

3 Department for Digital, Culture, Media & Sport (2001). Creative Industries Mapping Documents 2001. [online] GOV.UK. Available at: https://www.gov.uk/government/publications/creative-industries-mapping-documents-2001.
4 Frascati Manual 2015: Guidelines for Collecting and Reporting Data on Research and Experimental Development | en | OECD. [online] Available at: https://www.oecd.org/innovation/frascati-manual-2015-9789264239012-en.htm.
5 Europa.eu. (2011). Home - Eurostat. [online] Available at: https://ec.europa.eu/eurostat/.



Study Questions and the Method

What are the challenges faced by creative industry organisations undertaking R&D in Wales and, consequently, what are the support needs?

We took a design approach to this research, progressing through iterative stages of divergent (free flowing) and convergent (analytical and deductive) thinking. The research started by examining the policy and support landscape in Wales to better understand gaps in support provision as well as challenges faced by organisations when accessing and receiving support. We used the findings from this research to inform our interviews with policy experts.

What are the strengths and weaknesses of current R&D support systems?

Having taken time to understand the challenges faced by organisations when receiving support, we then explored the expectations of those organisations when receiving support. The strengths and weaknesses, support provision needs and challenges were also the topic of a workshop with the Clwstwr delivery team. The workshop took a collaborative approach where participants collectively mapped creative industries support within Wales, exploring its potential strengths and weaknesses.

What are the trends and best practice in supporting R&D in creative industries?

We reviewed relevant literature, industry reports and policy case studies pertaining to the provision of support to the creative industries with the aim of comparing how the situation in Wales contrasts with that in the UK and internationally. The review also helped us to identify best practice and trends in creative industries policy mechanisms, and suggest solutions implemented around Europe that could resonate with the organisations within Wales.

What priorities do policy experts set for the future of creative industries support in Wales?

We undertook semi-structured interviews with policy experts from around Wales and the UK that explored the findings of the literature review. The aim was to validate our findings around the creative industries support needs and evaluate the policy recommendations.

What policy interventions should be undertaken to increase the impact of creative industries support provided in Wales?

By bringing together the insights from policy and creative industry experts, the needs of creative organisations, and the best practice from around Europe, we distilled recommendations to highlight areas of opportunity and further exploration for policymakers in Wales with the eventual aim of informing policy interventions that will best support creative industries growth through RD&I (Research and Development and Innovation). Analysis of the collected data was conducted using a range of methods notably affinity mapping, mind mapping and collaborative deliberation.

The Current Landscape of Creative Industries in Wales

The updated Clwtswr report on the size and composition of the creative industries in Wales[6] established that there were 8,600 enterprises in creative occupations in 2019. The overwhelming majority (99%) of them employ less than 50 people, which brings them under the classification of micro and small enterprises. Creative businesses tend to concentrate around larger urban areas and that is the case for Wales as well – 60% of all Welsh creative businesses are based in the Cardiff Capital Region. The highest growth was registered in the museums, galleries and libraries sector (5.4%) and the design sector (4.4%). As for 2019, 1 in 7 company jobs in Cardiff were in the creative sectors. Examining the composition of the creative industries demonstrates that IT, software and computer services are the sector with the highest numbers of enterprises and employees; However, the highest financial turnovers are within film, TV, video, radio and photo production.

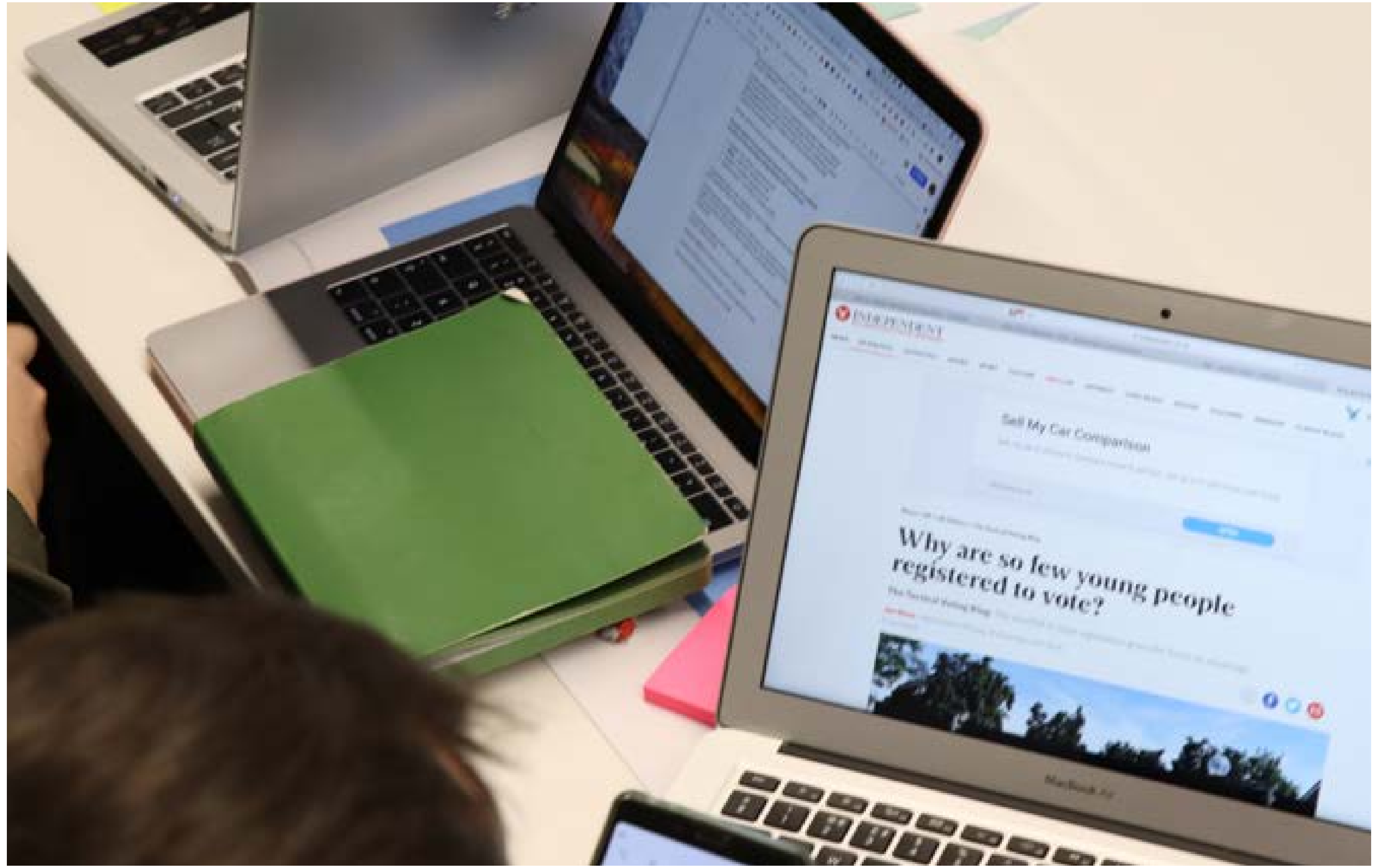
- 8,600 enterprises are active in Wales' creative industries.
- 500 new enterprises enter the creative industries in Wales every year, making it one of the fastest growing sectors in Wales.
- Wales' creative industries generate £3.97 billion turnover.
- 84,500 people are working in the creative industries in Wales (as employees and freelancers).
- 99% of enterprises in the Welsh creative industries are micro or small businesses. They will need specific forms of support if they are to thrive in a competitive global market.

The IT, software and computer services sector has more than 14,700 employees across Wales.

The film, TV, video, radio, and photography sector employs more than 9,000 people across Wales.

The music, performing and visual arts sector employs more than 7,500 people across Wales.

6 Fodor, M., Komorowski, M. and Lewis, J. (2021). Clwstwr Creative Industries Report No 1.2 Report Update: The Size and Composition of the Creative Industries in Wales in 2019 A baseline for measuring the impact of COVID-19 on the creative industries in Wales. [online] Available at: https://clwstwr.org.uk/sites/default/files/2022-02/Creative%20Industries%20Report%20No%201.2_Final_compressed.pdf [Accessed 30 Nov. 2022].



Welsh Policy for the Creative Industries

The Welsh Government recognises the importance of the creative industries and their contribution to the economy. The creative industries are one of the fastest growing sectors in Wales and provides specialised jobs, builds the national brand, and is a significant soft power. In the Welsh context of the Wellbeing of Future Generations Act, the creative industries could act as a perfect driver of a more inclusive, sustainable, and fair economy.

In early 2020, the Welsh Government established Creative Wales to better coordinate support for the creative industries and foster growth in the sector. The then-Deputy Minister for Culture, Sport and Tourism, Lord Dafydd Elis-Thomas, outlined the priorities for the creative industries and highlighted the successes of the screen industry. He called to use it as a springboard for the future development of the entire sector. Lord Elis-Thomas also pointed out how governmental support in the previous decade had helped to build digital-savvy and innovative businesses with global potential. Creative Wales was tasked with the ambition to make Wales the country of choice to set up and grow a creative business.

"The creative industries have been one of the fastest growing parts of the Welsh economy for a number of years. The sector does not just create jobs and wealth, it contributes to a strong national brand and helps to promote Wales and its culture and talent to the world."

"For years, the screen industry has been a particular success story. Film and TV companies spent around £55m in Wales in 2018, supporting local businesses, contributing to tourism, and raising the profile of Wales across the world."

"My vision for Creative Wales is for an organisation that will take the existing successes in the screen industry and build on these to drive growth across the whole creative sector; developing a skills base that is world class, expanding support beyond film and tv and positioning Wales as the place to locate a creative business."

Deputy Minister for Culture, Sport and Tourism, Lord Elis-Thomas[7]

7 Welsh Government (2020). Priorities for the Creative Industries Sector in Wales. [online] Available at: https://www.wales.com/sites/wales/files/2020-06/Priorities%20for%20the%20%20Creative%20Industries%20Sector%20in%20Wales%20%28English%29.pdf [Accessed 16 Nov. 2022].

Creative Wales and Support Instruments

The goal for setting up Creative Wales was to have a dedicated function within the Government for implementing policy objectives and support mechanisms for the creative industries in a flexible and targeted way. Creative Wales has a special remit for film, television, digital technologies, music, and publishing. Thus, it does not cover other sectors of creative industries like theatre, fine art, dance and poetry, which are the responsibility of other government bodies. Therefore, it is crucial for Creative Wales to work closely and openly with partners and stakeholders in the sector to ensure a coordinated approach.

Five interlinked priorities were formulated for Creative Wales to enable conditions for the creative industries to thrive:

- Drive growth of the creative industries sector in Wales with a more targeted regional and sub-sector focus
- Develop the right skills across the sector to support continued growth, recognising that this cannot be done in isolation and will require closer working with industry and trade union partners
- Raise standards and promote diversity and equality. This will include developing commitments from all partners with regards to inclusion, fair pay, and exemplary working practices
- Simplify funding support for the creative industries and ensure that we can respond to the fast pace of the sector. All funding will be delivered through an economic contract
- Take a lead role in the marketing and promotion of the creative industries in Wales to the world, via a new Creative Wales brand.

"Providing direct funding to a project is often not the right answer. I would like to see Creative Wales do more to provide information and guidance to companies in Wales to help them to find new markets at home and abroad. This will include a networking service and making connections between businesses, freelancers, and other stakeholders to bridge gaps and enable people to work together. This will also support creative spaces and enable the entrepreneurial working practices required in the freelance economy and empower the sector to respond quickly to new opportunities as they develop".

"We recognise that much of the creative industries sector is freelance/self-employed and the continuing growth of the sector will rely on a range of different funding models. I am keen that future funding will be flexible, and decisions will be agile, showing a greater appetite for risk and also enable the development and retention of intellectual property within the sector in Wales."

Deputy Minister for Culture, Sport and Tourism, Lord Elis-Thomas[8]

8 Welsh Government (2020). Priorities for the Creative Industries Sector in Wales. [online] Available at: https://www.wales.com/sites/wales/files/2020-06/Priorities%20for%20the%20%20Creative%20Industries%20Sector%20in%20Wales%20%28English%29.pdf [Accessed 16 Nov. 2022].

Support Mechanisms

Apart from the focus on screen, music, digital, and publishing sectors and their supply ecosystems, Creative Wales has innovation, skills, and diversity as their priority areas. Although the Creative Wales website lists numerous initiatives that it supports and offers links or contacts to specific support mechanisms, it does not yet provide an overview of all programmes available or ways to apply for support through the website. Streamlining the support offer and helping creative businesses to navigate the landscape consisting of multiple support institutions and programmes is an important task for Creative Wales and they are currently updating their offer.

Most support for Welsh entrepreneurship and innovation is delivered through Business Wales services. Apart from programmes for the entire population of businesses, it has provided some sector specific mechanisms in partnership with Creative Wales:

Creative Wales Development Fund

This funded projects within the TV and digital content sectors, providing grants up to £25k to develop new products and services, protect intellectual property and commercialise projects.

Creative Wales Music Capital Fund

It provided financial support of up to £10k for small and medium music businesses to improve and increase their businesses commercial outlook and sustainability.

This provided financial support of up to £10k for small and medium music businesses to improve and increase their commercial outlook and sustainability.

Wales Screen

This is Creative Wales' service supporting film and television productions to use locations, crew, and facilities throughout Wales. It assists both inward investment and indigenous productions on a practical basis, ensuring that their spend within the Welsh economy is maximised.

The Economic Resilience Fund

During the COVID-19 pandemic, Business Wales provided creative businesses with grants.

The RD&I support for the creative industries in Wales is represented in Creative Wales' activities by the Clwstwr programme, in which the Welsh Government is a partner. Clwstwr's legacy will continue through the Media Cymru programme, but there is also a potential to draw policy lessons for the future RD&I support for the entire sector.

"I also want Creative Wales to explore flexible funding that is tailored to the sector's needs and can respond to the various models of business in the sector. By this I do not simply mean realigning existing Welsh Government funding. Welsh Government will continue to support key investment projects, but we also need to explore other funding streams and offer brokering and signposting to other areas of support. Networking and helping to join the dots between businesses can be just as effective as direct funding to support further growth."

Deputy Minister for Culture, Sport and Tourism, Lord Elis-Thomas[9]

9 Welsh Government (2020). Priorities for the Creative Industries Sector in Wales. [online] Available at: https://www.wales.com/sites/wales/files/2020-06/Priorities%20for%20the%20%20Creative%20Industries%20Sector%20in%20Wales%20%28English%29.pdf [Accessed 16 Nov. 2022].

Emphasis on Skills Building

Priorities for creative skills set by Creative Wales include:

1. Building awareness of careers in the creative sectors
2. Developing diverse and inclusive recruitment pathways
3. Entry-level training including apprenticeships
4. Upskilling training
5. Supporting companies and talent.

Creative Wales delivers an array of programmes in partnership with industry organisations, education providers and trade unions that revolve around the development of skills, building creative capacity and aiding the democratisation of creative careers by helping young people to overcome barriers to entry and allowing freelancers opportunities to develop into full-time positions. Creative Wales also intends to develop a skills strategy for the creative industries in Wales that recognises the future needs of the fast-changing industry. They have been working on the strategy in partnership with the University of South Wales (USW). In 2021, USW conducted a pan-Wales survey of the screen sector and its workforce.[10] The insight from the study resulted in 12 recommendations for the skills strategy such as taking micro-clusters approach in providing skill support, developing long-term goals and an associated investment programme, funding skills building in rural and semi-urban areas through travel financing and fostering collaborations between education providers and production companies.

Examples of skills and capacity building programmes delivered and supported by Creative Wales include:

- The Creative Flexible Skills Programme - a £100k fund that helps employers to upskill their workforce
- National Film and Television School Cymru-Wales – a partnership of film and television organisations in Wales that has the aim of delivering affordable world class training in industry specific skills
- Culture Connect Wales – funded by Creative Wales and delivered in partnership with BBC Cymru Wales, Channel 4, ITV and S4C, the programme aims to increase opportunities for diverse communities in film and TV in Wales by working with and supporting creatives from the ethnically diverse communities
- Criw Apprenticeship Scheme – a programme delivered by Sgil Cymru open to those who are keen to work behind the scenes on exciting film and TV productions. Criw provides placements on a variety of productions over 12 months with a paid salary to support participants whilst they learn
- Step Across – a scheme led by Screen Alliance Wales, with the British Film Commission, Ffilm Cymru Wales, Sgil Cymru & Creative Wales, designed to aid freelancers with finding roles within theatre and events organisations. It connects individuals to companies which can utilise their skills and support any re-training needs
- Stepping Up 2021 – a programme for existing freelance crew to help them progress their careers, jointly funded by Creative Wales with ScreenSkills and delivered by Sgil Cymru.

10 McElroy, R & Davies, H 2022, Screen Survey Wales 2021. <https://research2.southwales.ac.uk/documents/4121/ScreenSurveyWales.pdf>

Literature Review

Variety of sectors

One of the key and recurring themes in the literature on the creative industries is the variety of the sectors that fall under the umbrella term. Initially conceptualized for the Department for Culture, Media and Sport (DCMS) as 13 areas of activity "with their origin in individual creativity, skill, and talent, which has a potential for wealth and job creation through the generation and exploitation of intellectual property" [11], the creative industries are now normally considered to be 9 sectors* with different subsectors and occupations included in them based on SIC and SOC codes (Standard Industrial Classifications and Standard Occupational Classifications).[12]

What constitutes the creative industries or the broader creative economy is still a matter of discussion in which a 'dynamic mapping' approach is particularly useful. Dynamic mapping allows the identification of the creative industries as those with a high ratio of creative to non-creative workforce.[13,14] At the European level, the creative industries are often referred to as Cultural and Creative Sectors or Industries and often also include all cultural activity, heritage services and some educational activities.[15] The DCMS publishes economic estimates for all sectors included the department remit† and highlights the overlapping data between the sectors.

This diversity from IT services to crafts, and from advertising to museum and library services has many implications for understanding RD&I activities within different sectors and the real and perceived support needs.

"The creative industries are very diverse in terms of their scale, economic performance, and growth rates, and even in relation to their motivations (economic, social, and cultural)."[16]

* Advertising and marketing; Architecture; Crafts; Design: product, graphic and fashion design; Film, TV, video, radio and photography; IT, software and computer services; Publishing; Museums, galleries and libraries; Music, performing and visual arts.
† Apart from Creative Industries it includes also Civil Society, Cultural Sector, Digital Sector, Gambling, Sport, Telecoms, and Tourism.
11 Department for Digital, Culture, Media & Sport (1998). Creative Industries Mapping Documents 1998. [online] GOV.UK. Available at: https://www.gov.uk/government/publications/creative-industries-mapping-documents-1998.
12 Statistical Release. (2014). [online] Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/271008/Creative_Industries_Economic_Estimates_-_January_2014.pdf [Accessed 16 Nov. 2022].
13 Newbigin, J. (2009). What is the creative economy? [online] British Council | Creative Economy. Available at: https://creativeeconomy.britishcouncil.org/guide/what-creative-economy/.
14 Bakhshi, H. (2020). Measuring the creative economy: a guide for policymakers. Discussion Paper 2020/01. Creative Industries Policy and Evidence Centre.
15 Market Analysis of the Cultural and Creative Sectors in Europe a Sector to Invest in. (n.d.). [online] Available at: https://keanet.eu/wp-content/uploads/ccs-market-analysis-europe-012021_EIF-KEA.pdf.
16 EKOS (2017). Creative Industries Innovation: Overview Report, Scottish Funding Council.

Understanding of R&D, innovation (and business) in the creative industries

Creation of new content, forms, and experiences is inherent to the creative industries. However, whether they perceive the need to perform R&D and engage with innovation activities differs greatly between creative sectors. Some activities that might be perceived as development work by a creative might not fit into the frames and definitions of the innovation policy or support programme, and on the other hand some creatives might unknowingly undertake RD&I that could receive support. Sometimes the lack of effective use of innovation services is linked to low business acumen among certain creative sectors. The clash between free (artistic) expression and commercial outlook adds to different views and misconceptions.[17,18]

RD&I in the public policy and business support environment is understood by globally adopted definitions enshrined in the OECD's Frascati or Oslo Manuals which were developed predominantly with the manufacturing industry in mind. Tether[19] highlights that a lot of 'soft', 'artistic', 'non-technological' or 'hidden' innovations that happen in the creative industries might escape those classifications.

Nevertheless, even by the standards of the Frascati Manual, creative industries organisations have much higher levels of R&D activities than the overall UK business population. The 2020 R&D in Creative Industries Survey[20] revealed that 55% of all creative industries organisations conducted R&D in the year before the study, compared with just 16% of all UK businesses that had invested in internal R&D as shown in the UK Innovation Survey 2019. Similarly, the study classified 61% of creative organisations as 'innovative'* in comparison to around 38% of the broader UK business community.[21]

"The findings show that, perhaps contrary to expectations, many CIOs engage in research and development (R&D), including that which is oriented towards resolving scientific and technological uncertainty. [...] CIOs that engage in R&D, and especially applied research, are more likely to introduce product innovations."[19]

* Meaning they had introduced any new or improved products, services, forms of organisation, business structures or processes in the last three years.
17 Power, D. and Jansson, J. (2006). Creative Directions – a Nordic framework for supporting the creative industries. Nordic Innovation Centre: Oslo.
18 Markiewicz, J. (2015). The Challenge of Supporting Creative Industries – Scottish Example. CBU International Conference Proceedings 3. DOI:10.12955/cbup.v3.581
19 Tether, B. (2021) Creative Industries Policy & Evidence Centre. R&D, design and innovation: Examining the links in the creative…. [online] Available at: https://pec.ac.uk/discussion-papers/r-d-design-and-innovation-examining-the-links-in-the-creative-industries [Accessed 23 Nov. 2022].
20 Bird, G., Gorry, H., Roper, S. and Love, J. (n.d.). R&D in Creative Industries Survey -2020 Prepared for the Department for Digital, Culture, Media and Sport By OMB Research. [online] Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919052/4565_-_DCMS_RD_in_Creative_Industries_Survey_-_Report_-_D8_PDF.pdf.
21 BEIS (2020). UK Innovation Survey 2019: headline findings. [online] Available at: https://www.gov.uk/government/statistics/uk-innovation-survey-2019-headline-findings.

Given the diversity of sectors within the creative industries, it should come as no surprise that the differences in their R&D-intensity are significant. The highest percentage of R&D is declared among IT, software, and computer services firms (71%) while the lowest is seen among museums, galleries & libraries (27%).[22] That confirms the differences between creative sectors in their appetite and demand for R&D services and suggests that support mechanisms should be better tailored and promoted with specific sector needs in mind.

"Demand for innovation support is uneven, and the diversity of the sector mitigates against 'one size fits all' approaches, not least because the nature of the innovation process in many CI businesses does not fit with established thinking."[23]

Following the publication of the R&D in Creative Industries Survey, the experts from the Creative Industries Policy Evidence Centre (PEC) analysed the data to provide insights for managers and policymakers. They identified that Creative Industry Organisations (CIOs) engage with research and development on a higher level than could potentially be expected, and that those CIOs that do engage with R&D have a much greater potential to introduce product innovation.[24] However, the PEC report also raised doubts about the reported high proportion of those CIOs that engaged in "basic research" (40%) pointing out that the understanding might not align with the OECD's definition.

22 Bird, G., Gorry, H., Roper, S. and Love, J. (n.d.). R&D in Creative Industries Survey - 2020 Prepared for the Department for Digital, Culture, Media and Sport By OMB Research. [online] Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919052/4565_-_DCMS_RD_in_Creative_Industries_Survey_-_Report_-_D8_PDF.pdf.
23 EKOS (2017). Creative Industries Innovation: Overview Report, Scottish Funding Council.
24 Tether, B. (2021) Creative Industries Policy & Evidence Centre. R&D, design and innovation: Examining the links in the creative…. [online] Available at: https://pec.ac.uk/discussion-papers/r-d-design-and-innovation-examining-the-links-in-the-creative-industries [Accessed 23 Nov. 2022].

Investing in skills & capacity-building

The survey examined training activities undertaken in CIOs – 26% engage with forms of training related specifically to developing new products or services. However, the PEC analysis highlighted that it was not clear whether training caused the development of innovations or whether the innovations required training to be implemented.

Innovation requires various skills – creative, technical and entrepreneurial and, as observed previously, the existence of one set of skills can presuppose the others are present. The policymakers and funding experts involved in the Creative FLIP project[25] pointed out that training and capacity building are, after financing, the most effective way to support the industry and their importance will only grow in the future with rapid changes in technology. On the one hand, there is a need to improve entrepreneurial and commercial skills within creative education and among CIOs[26], and on the other to invest in creative skills across the whole economy to rise to the challenge of future-proofing the workforce.[27]

"Next to grants, investing in capacity building programmes is seen as the second most effective policy instrument to support access to (additional) finance and is expected to become even more relevant in the future. […]
On the other hand, a certain "capacity building fatigue" can be observed – everybody is doing capacity building nowadays "in an ocean wide, but an inch deep"."[25]

"To build the workforce of the future, and remain competitive internationally, the UK must invest in creativity for all; in creative education, creative skills and in future ways of working. Creative education must be guaranteed, for everyone."[27]

25 CCS ECOSYSTEMS Financing, Innovation, Entrepreneurship and wider Ecosystem support for Cultural and Creative Sectors FLIP Conference Conclusions Ping the Odds. (2020). [online] doi:10.2766/783764.
26 EKOS (2017). Creative Industries Innovation: Overview Report, Scottish Funding Council.
27 Creative UK. (2021). Publications. [online] Available at: https://www.wearecreative.uk/champion/publications/.

Understanding of Creative Industries by policymakers

The creative industries have garnered a lot of attention from policymakers in recent years as the extent of their economic contribution has become clear. However, much of the literature reports that the creative industries do not fit well with traditionally understood industrial policy or with cultural policy. Furthermore, because of their diversity, some sectors draw more interest than others; therefore, potential exists for an uneven distribution of policy support.[28] Beyond monetary value, the creative industries contribute to social, democratic and cultural progress, and the international standing of the country. Sir Peter Bazalgette in his keynote speech at the Beyond conference[29], drew attention to the fact that in the time of the 4th Industrial Revolution, our common thinking about the economy is still very much rooted in the first one, where manufacturing of goods dominated. The fact that the creative industries have been recognised by the Department for Business, Energy and Industrial Strategy (BEIS) and included in the government's 'Build Back Better' plan for growth is worth noting. However, according to Bazalgette, to realise the full potential of the creative industries, they must be taken much more seriously and there needs to be much better data and understanding to guide policy actions.

"Countries, including the UK, have wrestled with the tricky question of where to locate policy development for 'creativity' within their government structures – is it economic policy, industrial policy, cultural policy, education policy, or all four?"[30]

"There are several reasons to think that the activities that are included under the creative industries banner should not be judged in the same terms we use for industry in general. Certainly, the artefacts and ideas these 'industries' have contributed to our cultures, societies, and civilisations go far beyond what is measurable in monetary terms. Many argue that by coupling art and creativity to terms such as commerce or industry ultimately leads to the slow destruction of art and creativity."[31]

28 Markiewicz, J. (2015). The Challenge of Supporting Creative Industries – Scottish Example. CBU International Conference Proceedings 3. DOI:10.12955/cbup.v3.581
29 Cumming, C. (2021). Keynote Sir Peter Bazalgette opens BEYOND 2021. [online] Beyond Conference. Available at: https://beyondconference.org/news/2021/peter-bazalgette-keynote-beyond-2021/ [Accessed 25 Nov. 2022].
30 Newbigin, J. (2009). What is the creative economy? [online] British Council | Creative Economy. Available at: https://creativeeconomy.britishcouncil.org/guide/what-creative-economy/.
31 Power, Dominic & Jansson, Johan. (2006). Creative Directions – a Nordic framework for supporting the creative industries.

"Creative Industries needs to be taken more seriously than it is. Then it'll realise its full potential as a catalyst for our fast-growing knowledge economy. [...] our potential has, in principle, been identified by BEIS. But to develop the policies which will deliver on that, we're going to need much better data and understanding of what we can do."[32]

A European project 'Creative FLIP' (2020) on 'Financing, Innovation, Entrepreneurship and wider Ecosystem support for Cultural and Creative Sectors' also found that one of the stumbling blocks of a successful creative support ecosystem is a limited understanding of the real quantitative and qualitative impact and innovative potential of the creative industries and consequently inadequate policy mechanisms to support them. 'Creative FLIP' identified that changing priorities in public policy, siloed working in government, and the fact that Ministries of Culture, where a remit for creative industries usually lies, are not used to funding innovation as key barriers to the development of effective creative support. However, a new approach to mission-oriented innovations policies focussed on solving societal problems presents new opportunities for greater use of creative approaches to innovation.

"Until now, the narrative was simple as it was based on economic measurements like jobs and growth, and this was underlined by related EU-wide studies. [...]
New R&D and innovation policy instruments put more emphasis on finding solutions to major societal challenges (rather than (technological) RD&I per se). This shift provides opportunities for CCS actors to build a stronger narrative about their role in and for society."[33]

32 Cumming, C. (2021). Keynote Sir Peter Bazalgette opens BEYOND 2021. [online] Beyond Conference. Available at: https://beyondconference.org/news/2021/peter-bazalgette-keynote-beyond-2021/ [Accessed 25 Nov. 2022].
33 CCS ECOSYSTEMS Financing, Innovation, Entrepreneurship and wider Ecosystem support for Cultural and Creative Sectors FLIP Conference Conclusions Ping the Odds. (2020). [online] doi:10.2766/783764.

Barriers to innovating

The background research for the R&D in Creative Industries Survey[34] identified the specificities of creative activities as one of the challenges to undertaking R&D by CIOs – as previously discussed, there is a misalignment between traditional R&D methods and creative practices and different perceptions of R&D and innovation across the sector that do not fit with classical definitions. Another commonly quoted challenge is the size of creative organisations – the industry is predominantly comprised of freelancers, micro and small businesses, who have limited capacity for adopting a systemic approach and may have limited capabilities to embark on an innovation journey. Freelancing is often perceived as a precarious form of employment, not giving essential social security, as was clearly exposed during the pandemic. Support and financing are rarely accessible for freelancers, and support requirements (state aid specifically) can often be too stringent for micro and small organisations.[35] However, as observed in the Creative UK's 'Unleashing the Power and Potential of Creativity' report[36], the working practices in the creative industries – connected entrepreneurial individuals with various skills and specialities working on multiple projects, is an archetype of the future model of work. Therefore, more needs to be done to allow individuals to work securely to the best of their creative potential.

34 Bird, G., Gorry, H., Roper, S. and Love, J. (n.d.). R&D in Creative Industries Survey -2020 Prepared for the Department for Digital, Culture, Media and Sport By OMB Research. [online] Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919052/4565_-_DCMS_RD_in_Creative_Industries_Survey_-_Report_-_D8_PDF.pdf.
35 CCS ECOSYSTEMS Financing, Innovation, Entrepreneurship and wider Ecosystem support for Cultural and Creative Sectors FLIP Conference Conclusions Ping the Odds. (2020). [online] doi:10.2766/783764.
36 Creative UK. (2021). Publications. [online] Available at: https://www.wearecreative.uk/champion/publications/.

The CIOs taking part in the Creative Industries Survey confirmed the existence of these barriers to innovation. The primary reason for not engaging with R&D was that it was deemed not relevant to the organisation's operations or not needed at the time (64%).[*] The other reasons were as follows:

1. The organisation was too time pressed (15%)
2. The lack of financial resources, specialised staff or infrastructure to engage with R&D or difficulties obtaining funding (14%)[†]
3. The organisation was too small (9%).[‡]

Among the specific constraints on R&D and innovation activity, creative organisations most often declared:

1. The market being dominated by established businesses (25%)
2. The costs of development being too high (21%)
3. The lack of availability of finance (20%)[§]
4. Uncertain demand for new products, services or processes (20%).

For those reasons it is often argued that support mechanisms for the creative industries should be more tailored to their ways of working and organisational set up.

* R&D is not relevant to business activities (38%), No need for R&D – we're fine as we are (15%), No need for R&D – we're utilising existing R&D (6%), No need for R&D – due to previous R&D undertaken (5%)
† Lack of fund to finance R&D (8%), Lack of specialised staff or facilities (3%), Difficulties obtaining government grants (3%).
‡ The analysis of the Survey data by PEC[37] found that the smallest organisations (1-2) are much less likely to engage in R&D, but the propensity to innovate does not increase further in an organisations bigger than 6 people.
§ Only 8% of creative industry organisations declared having a specific R&D budget. The mean R&D budget for all surveyed organisations was £30,000.
37 Tether, B. (2021) Creative Industries Policy & Evidence Centre. R&D, design and innovation: Examining the links in the creative…. [online] Available at: https://pec.ac.uk/discussion-papers/r-d-design-and-innovation-examining-the-links-in-the-creative-industries [Accessed 23 Nov. 2022].

Cross-sectoral collaboration & spill overs

A further consequence of the fragmentation and silo working seen in the creative industries is that most of the R&D work is done internally. According to the R&D in Creative Industries Survey[38] 94% of R&D-engaged CIOs undertook their development activities internally, while only 21% declared working with external partners to acquire R&D. The limited collaborative work on innovative projects is further evidenced by the fact that only one in ten CIOs had funded or engaged in collaborative R&D activities with a university or other external organisation in the year before the survey. In turn, creative organisations readily invested in future innovation activity acquiring computer hardware or software (71%), licenses for technology, products or services (49%), any type of design (42%) or training (26%). The PEC analysis of the survey data[39] found that R&D accompanied by other types of innovation development activities, such as design or training tends to be more successful in introducing innovation that is also impactful.

"R&D is not the be all and end all of innovation (...); R&D typically needs to be complemented by other activities, such as design, training and efforts to market and promote innovations. These activities often remain in the shadows, however, while R&D is centre stage, especially among policymakers."[39]

38 Bird, G., Gorry, H., Roper, S. and Love, J. (n.d.). R&D in Creative Industries Survey -2020 Prepared for the Department for Digital, Culture, Media and Sport By OMB Research. [online] Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919052/4565_-_DCMS_RD_in_Creative_Industries_Survey_-_Report_-_D8_PDF.pdf.

39 Tether, B. (2021) Creative Industries Policy & Evidence Centre. R&D, design and innovation: Examining the links in the creative…. [online] Available at: https://pec.ac.uk/discussion-papers/r-d-design-and-innovation-examining-the-links-in-the-creative-industries [Accessed 23 Nov. 2022].

The literature argues for a significant role for academia in innovation activity.[40,41] It not only has a role in delivering state-of-the-art knowledge, but also the potential for brokering interdisciplinary collaboration and enabling improved flow of ideas and expertise. Closer collaboration between higher education institutions (HEIs) and CIOs would facilitate knowledge exchange and present improved learning and job opportunities for students. However, the small size of creative organisations is often a barrier to such collaboration, with CIOs reporting that they feel unequal in their engagements with HEIs.

"More active industry-university partnerships and industry internship programmes should be integrated into creative industries related research and educations. Active industry-university partnerships help facilitate contacts between students and the industry that can result in better job prospects as well as increasing the flow of new ideas between the educational and commercial sectors."[40]

40 Power, Dominic & Jansson, Johan. (2006). Creative Directions – a Nordic framework for supporting the creative industries.
41 EKOS (2017). Creative Industries Innovation: Overview Report, Scottish Funding Council.

There is also a prevailing view that creative sectors should be encouraged to work more with other industries to cross-pollinate their creativity and be a driving force of innovation across the economy. The creative industries already work on new generations of products and services, finding uses or humanising interfaces for new technologies in life sciences, fin-tech or energy projects; or help us to imagine alternative futures by addressing wicked global challenges.[42] Notably, the design sector is a major resource for innovation in private and public sectors. Research undertaken by the Design Council[43] found that 60% of firms in the UK use design in their operations and that design is one of top three drivers of innovation. Furthermore, businesses that invest in design are more likely to invest in other forms of R&D activities and create additional value. There is a recurrent call in across the literature for more networking and collaborations both within the creative industries and across industry sectors.

"Design and design skills are at the heart of the fourth industrial revolution. They give us the tools to respond to these unprecedented challenges, and instigate the growth, innovation and jobs that will drive the UK's global future."[43]

"A more comprehensive approach is necessary not only at the level of policymaking: also, within the cultural and creative sector, innovation opportunities are being missed due to a lack of cross-sectoral collaboration (different ecosystems e.g., between architects, multi-media and other sectors)."[43]

42 Creative UK. (2021). Publications. [online] Available at: https://www.wearecreative.uk/champion/publications/.
43 Design Council. (2018). Design Economy 2018. [online] Available at: https://www.designcouncil.org.uk/fileadmin/uploads/dc/Documents/Design_Economy_2018_exec_summary.pdf
44 CCS ECOSYSTEMS Financing, Innovation, Entrepreneurship and wider Ecosystem support for Cultural and Creative Sectors FLIP Conference Conclusions Ping the Odds. (2020). [online] doi:10.2766/783764.

What works?

Respondents to the R&D in Creative Industries Survey indicated that a better access to public support schemes (65%) and better networking opportunities (55%) would have encouraged them to do more R&D activities. The PEC report, finding that the organisations that match R&D with other innovation activities such as design, capacity building and new equipment are more likely to truly innovative and impactful solutions, suggest that public support should be provided in a form of 'packages of innovative services' rather than grants or tax credits alone.

"(...) it can be argued that innovation policy should incentivise these packages of activities which confront uncertainty, rather than single out one element. In other words, rather than grant tax relief for some R&D, consideration could be given to granting tax relief for a set of innovation activities that are oriented to developing genuinely novel innovations."[45]

Policymakers seem to be aware of the CIO support preferences and needs. The Creative FLIP[46] project undertook a survey among policymakers and identified that grants are still the most effective instruments to improve access to finance in the creative industries, followed by entrepreneurship capacity building. The project research and analysis resulted in a model of a 'healthy and integrated CCS financial ecosystem' that is composed of four equally important elements:

1. A sufficiently diverse availability of financial and non-financial instruments
2. Capacity building, both in the CCS and in the financial sector
3. Information & matching facilities to overcome the fragmentation of information and knowledge; to map what is out there and connect existing financial facilities to specific financing needs (financing mix)
4. Policy - at different levels of governance.

Power and Jansson[47] proposed a comprehensive five-pillar framework for developing creative industries in Nordic countries to help them become more competitive and profitable:

1. Creating a world class knowledge and innovation for the Nordic creative industries - make triple helix collaboration in creative industries a norm, as in other industries
2. Helping to hooking up creative industries firms with each other - create links and clusters between small and isolated creative

45 Tether, B. (2021) Creative Industries Policy & Evidence Centre. R&D, design and innovation: Examining the links in the creative…. [online] Available at: https://pec.ac.uk/discussion-papers/r-d-design-and-innovation-examining-the-links-in-the-creative-industries [Accessed 23 Nov. 2022].
46 CCS ECOSYSTEMS Financing, Innovation, Entrepreneurship and wider Ecosystem support for Cultural and Creative Sectors FLIP Conference Conclusions Ping the Odds. (2020). [online] doi:10.2766/783764.
47 Power, Dominic & Jansson, Johan. (2006). Creative Directions – a Nordic framework for supporting the creative industries.

organisations to improve their scope, scale, and flexibility

3. Helping to connect creative industries with other industries - broker cooperation between the creative industries and other industries, and within CIs, increase the communication and understanding

4. Helping Nordic creative industries reach the market - make sure that creativity is adequately profited on. Too often innovation and industrial policy focuses largely on product development stages. However, the commercialization, distribution and retailing of products are often where new opportunities can be made and where significant value-added can be created

5. Encouraging and investing in entrepreneurship – foster business acumen in creative industries and prepare them for market risks.

Over the course of the report, the authors assert the need for increased networking and clustering. They see the collaboration of creative industry organisations to be fundamental to the success of introducing innovations and excelling in fast paced and ever-changing environments. However, creative clusters which do not build on genuine local advantages and are developed solely on local policy ambitions or attempts to increase cultural consumption will fail to deliver on the goal to grow in a sustained way. Foord[48] found that many of the creative cluster initiatives became ‘dependent’ on public subsidy to be sustained when established on underdeveloped local markets or build around one over-prioritised element. Perhaps contrary to expectations some of the best-functioning creatives clusters exist without specific policy interventions (e.g. film/TV production in Los Angeles; fashion and furniture in Milan; fashion in New York).

“The making of a motion picture or a single issue of a magazine can involve the inputs of over a hundred different freelancers, collaborators and firms. Proximity and clustering lower transaction costs and make project working easier.”[49]

In conjunction with this line of thought, however, Power and Jansson[49] stress the importance of supporting organisations in the forging and maintenance of connections made across regions and borders rather than forcing organizations to forge connections locally.

48 Foord, J (2009) Strategies for creative industries: an international review, Creative Industries Journal, 1:2, 91-113, DOI: 10.1386/cij.1.2.91_1
49 Power, Dominic & Jansson, Johan. (2006). Creative Directions – a Nordic framework for supporting the creative industries.

Welsh Creative Industries Ecosystem Mapping

An ecosystem approach to developing innovation policies is based on an analysis of the interrelated elements that constitute the given innovation system to identify possible systemic failures, which may hamper its performance in a country or a region.[50] The system approach suggests that the previously dominating market failure rationale is not sufficient to justify government interventions as the efficiency of the innovation processes depends on the quality of interrelated elements of the entire system. Through previous research, PDR has identified six components of a Creative Ecosystem including:

- POLICY - government policies, strategies and initiatives where CI are included
- SUPPORT - government or non-governmental support schemes, such as mentoring, training, advisory services
- FUNDING - financing schemes available for companies, such as, vouchers, subsidies, grants and tax credits
- ACTORS - active players within the ecosystem with a remit for CIs, such as, associations, networks, clusters, cultural centres, maker labs, skills development agencies and intellectual property offices
- PROMOTION - awareness-raising schemes for CIs such as national campaigns, exhibitions, awards, trade missions, festivals
- EDUCATION & RESEARCH - creative education curricula, institutes and initiatives driving the discipline forward such as through postgraduate and doctoral research, academia-industry collaboration initiatives.

Based on this framework, Clwstwr delivery team members participated in a hands-on workshop to map the Welsh Creative Ecosystem. The goal of the workshop was not to develop an exhaustive list of elements and initiatives, but to use the framework to explore the strengths and weaknesses and identify gaps in support provision. The workshop was hosted online using digital collaboration tool Miro.[51]

50 Whicher, A. (2017). Design Ecosystems and Innovation Policy in Europe. Strategic Design Research Journal 10(2) pp.117-125
51 https://miro.com/. (n.d.). Miro | Free Online Collaborative Whiteboard Platform. [online] Available at: https://miro.com.

Key Challenges of the Welsh Creative Industries

Business scale and long-term planning

The workshop once again confirmed the nature of the creative industries as varied, flexible and dynamic. That makes the development of long-term strategies and the reinforcement of long-term impact a difficult task for them.

Entrepreneurial and organisational capacity

Moreover, creative organisations lack the organisational capacity and business acumen to navigate support initiatives effectively. Funding requirements are often worded using complex or technical language, and the business knowledge required to meet them is not present in most start-ups, making it difficult and time-consuming to navigate paperwork and related administration.

Limited collaboration within and outside creative industries

Communication within Welsh creative industries is generally perceived as good; however, creative organisations operate in what is commonly seen to be a closed system. This can lead to a number of issues, including a lack of marketing to potential customers outside the system, and a resulting lack of investment from the non-creative communities

Key Strengths of the Welsh Creative Industries

Strong creative culture

According to workshop participants, one of the key strengths of the Welsh creative industries is a keen sense of creative culture and identity within Wales. The understanding and appreciation of bilingual or multilingual working makes the sector unique.

Industry-scale conducive to networking and advocacy work

The scale of the region and the size of the creative industries means that networking and agile collaboration within it is relatively easy in comparison to other regions. It also means shorter advocacy loops, leading to a high level of interest, investment and support from the Welsh Government and public bodies.

Rich support landscape

The support landscape in Wales is quite rich with multiple initiatives, but this can make it difficult to comprehend and can cause duplication of effort.

Key Weaknesses of the Welsh Creative Industries

Silo working

Creative organisations in Wales, like in other regions, are small and fragmented. Though they are close, they are not always joined up, often working in silos in their specialist domains.

Lack of leadership

There is also a perceived lack of leadership within the sector. The workshop participants were unaware of any programmes aiming to build leadership skills.

Unmapped needs and impact of freelancers

Furthermore, freelance work is also not fully mapped, and its impact is not well understood. Little is known about freelancers' impact and contribution towards the creative economy, or their specific needs leading to insufficient support offered to freelancers operating in the creative industries.

Lack of business acumen

Another key weakness mentioned in the workshop was the lack of business capacity, acumen, processes and jargon demonstrated by creative industry organisations, especially start-ups. This causes issues when it comes to applying for and receiving support from general business support sources or securing funding. Conversely, there is a similar lack of understanding amongst business support experts and investors about the creative industries.

Industry and Policy Experts Interviews

To get a deeper insight into the support needs of the creative industries and expert views on the future direction of policy interventions, we conducted eight semi-structured interviews. The experts were identified jointly with the Clwstwr Management Team. Approximately half of the experts lived and worked in Wales, with the others being from across the UK. The interviews took place online between February and April 2022. Analysis of the collected data was conducted using a range of methods, notably affinity mapping, mind mapping and collaborative deliberation.

Based on those expert opinions we distilled:

- Strengths and weaknesses of creative industry organisations and support provision.
- Creative industry development needs.
- Expert recommendations for future policy interventions.

Each expert brought a unique perspective to the insights, and they were chosen in part due to their diverse backgrounds which provided a comprehensive overview of the creative support landscape from policy to implementation.

Strengths and Weaknesses of CIOs and Support Provision

Strengths

Increasing interest and investment from government

The Welsh Government recognises the value of the creative industries for multiple development goals – innovative economy, thriving culture in communities, fostering inclusivity and diversity. This means that there is a large amount of governmental buy-in and investment in the creative industries in Wales. CIOs can expect to receive support in both start-up and growth and development from multiple levels of governance - local, regional, and national.

Creative culture in Wales is strong and growing

There is a strong creative and cultural mindset in Wales and a powerful sense of identity passed on to what it produces as a region. This message of creative identity is conveyed well in Wales' publicity and as a result the 'Welsh brand' for creative industry outputs is strong. Bilingualism and appreciation of language further influences creativity and provides Wales a competitive edge.

Advantages of a size

Wales has an advantage through its size; it is often referred to as a perfect testbed to try innovative solutions. Furthermore, people operating in similar spaces are well-connected with complimentary skill sets or with the ability to find them through others, naturally forming creative clusters.

Academic Input

One of the key benefits seen in Wales is the amount of academic input on offer for CIOs. Links between industry and academia have been strengthened as a result of the Clwstwr project. Higher education institutions have applied specialisms in creative domains and play a vital role in providing expertise and brokering collaboration for small CIOs looking for support.

Strong culture around technology and a will to adopt it

The UK has a strong brand for utilising technology in the creative sector and there is a large amount of investment and expertise in this area. There is a pool of skilled labour and adequate infrastructure, and the experts see a scope to increase collaboration between the innovative tech world and creative industries to build synergies between technological and creative prowess.

Well-established support structures and ways of disseminating support

The methods of delivering support, particularly funding, are well-established and trusted in the UK. This also applies to support provided in Wales. Most organisations are aware of the main support and funding providers which makes it easier to communicate what support is available to relevant organisations. We are aware of how creative industries can impact on other sectors The creative industries representation and support bodies are investing a lot of energy into promoting CIs spill overs and ways in which they can aid other sectors with their development and support their growth. It shows an understanding that the creative industries can have wide ranging impact on the economy and society and can be used to encourage cross-industry support and investment from a wider range of sectors.

Mission-oriented innovation funding

The UK Industrial Strategy is built around grand challenges rather than specific sectors. Consequently, innovation funding is aimed at addressing those mission-oriented goals. Working around topics such as clean growth or ageing society helps to break down silos and enhance communication between sectors.

Access to support keeps improving

There have been many steps towards making support accessible in recent years. Accessing support in the UK is easier than it ever has been for small and micro-organisations, as funding organisations innovate to keep the bureaucratic burden as light-touch as possible, and there is a range of different support options available for organisations of various size across sectors.

Weaknesses

Government definition of creative industries is too broad to provide tailored support

The current definition for CIs used by Government is particularly broad - this causes issues around the development of bespoke support programmes. With such varying needs, the support often becomes specific to a sector, such as media production or games, instead around potential collaboration or challenges faced by multiple sectors.

Silo working

Despite their closeness and strong networks, CIOs can work in niche, specialist fields and be protective of their intellectual property. This contributes to the perception of silo working in creative industries, something that was noted to be a problem for many CIOs during both expert interviews and paper analysis.

Understanding of the role freelancers play in the creative economy

It is widely known that freelancers make up a significant part of the creative economy, but there is a need to better understand them as a workforce, their needs and their contribution to the economy. Without first doing this it is difficult to devise any effective support for them (or even actively involve them in other support programmes).

Supply of expertise is limited – skill pool is small

The size of Wales has both benefits and drawbacks. One of the disadvantages is that there is a relatively limited skills pool to draw on, especially when it comes to very specialist areas. Hence, emphasis is given to skill and capacity building by current support offerings, but more could be done to build and retain skills locally.

There is a lot of funding on offer, but it is not often directed at CIOs

There is a lot of funding on offer - particularly for activities around RD&I. However, the funds that are not directed clearly at creative industries can be difficult for CIOs to find and access – in part because of the language used when communicating support and in part the lack of understanding of creative industries from the part of investors.

Support distribution could be more evenly spread

The creative industries tend to be concentrated around large cities and consequently that is where most of the support in the UK goes. However, it poses the risk that other areas are overlooked and do not benefit from creative and innovative potential of CIOs.

Disconnect in measures of success

There is a need to re-examine the measures of success when supporting creative organisations. Primarily, measures of success in support programmes are quantified by return on investment (ROI), IP (Intellectual Property) registered, and people employed. Whilst these seem like universal measures (and they often would be for organisations in other sectors), many creative organisations do not define their success this way, therefore reporting on the Impact of Innovation support is often difficult for them.

Not joined-up and not enough future-thinking support initiatives

It was raised during interviews that support programmes are often developed without considering the legacy of previous initiatives. More could be done to build support programmes from one another and develop clear long-term strategies around where we are aiming to take the creative industries. Long-term policy goals need to be set as a 'guide' for the region and these goals need to be clear and transparent to creative industry operators.

CIOs usually leave Wales to scale-up

When organisations develop specialised skills (especially if they occupy a desirable niche) and want to grow and scale up operations, they very often tend to leave Wales and take their organisations and expertise elsewhere, where they potentially see a bigger market or easier access to global growth. We need to examine what mechanisms can be employed that encourage organisations to remain and grow in Wales in the longer term.

Some Key Findings

Silo working amongst creative industry organisations

Silo working was repeatedly mentioned throughout our research as one of the main barriers to CIOs undertaking more, or more ambitions, innovation projects. Small organisations are usually busy with their day-to-day operations and often do not see a need to take up ‘risky’ innovation projects. If they have expertise in a specialised area, they might be protective over their know-how. Whatever the reason, there is a need to examine ways in which CIOs can establish stronger links with other organisations both inside and outside of the creative sector.

There needs to be greater understanding of how the creative industries can contribute to wider development and innovation goals and how their collaboration with other sectors can be better facilitated.

This applies particularly in the technology sector. Some of the best developments in VR, MR and AR (virtual, mixed and augmented reality) technologies have been made possible by creative organisations seeking to find applications in other industries, for instance in healthcare or exhibitions.

Mission-oriented innovation goals are proving to be an effective way of encouraging cross-industry collaboration that can help to break down the silos. Missions set ambitious but clear and measurable outcomes for well-defined challenges. Support programmes that focus on solving such challenges bring together organisations from a variety of sectors and disciplines at various stages of the innovation process and in different positions in the supply chain to collaborate towards one common aim. This allows them to network and build on their expertise in a way that would be difficult to achieve otherwise. As a result, the door is opened with regards to ways in which CIOs can contribute to the wider innovation effort. Cluster initiatives that bring together various partners from academic, public and private sectors are also useful for breaking down these siloed barriers. They help to establish networks beyond sectoral structures. In either case this can have a beneficial outcome towards RD&I which is a very collaborative process by nature.

Another step that can be taken to reduce silo working is to facilitate better communication in and out of the sector. Promotional and networking initiatives need to look beyond sectoral jargon, use communication channels that are commonly used by businesses, and feel like something other sectors can actively engage and interact with. CIOs should be made aware of 'non-creative' organisations as potential collaborators or commissioners, and support needs to be developed that encourages this thinking. CIOs in Cardiff have benefitted from resources and networking opportunities offered by Creative Cardiff network that acts as a central hub for creative organisations. The role of higher education institutions as neutral facilitators of networking and collaborations has been highlighted during the study, as the HEIs have a good understanding of a broader ecosystem, existing links and interest reaching beyond short-term gains. It is a mutually beneficial relationship, as the continuous work with industry serve universities in the aim of keeping up to date with fast moving advances.

There is no 'quick fix' for encouraging hugely different organisations to work together. Strong, lasting business relationships are usually built over of time. Therefore, thinking with a longer perspective and considering staged or follow-up support could help to establish and maintain of long-term cross-sector relationships.

Support landscape being difficult for small organisations and freelancers to navigate

Long, unclear, and slow processes, excessive paperwork and mismanaged expectations are often quoted to be the main pain points in accessing public support for innovation and business growth. Such experience can undermine the main goal of the support, be perceived as a waste of time, and ultimately discourage businesses from taking up innovative approaches. On the other hand, business support organisations need to ensure that public money is invested in the interests of the whole economy and society; and spent in an effective way. Too often, however, support programmes are being developed to satisfy complex and strenuous public procedures while losing sight of their final users – entrepreneurs. Numerous rules for granting support and complex procedures for obtaining it and reporting on it, make the support offer impenetrable and may discourage entrepreneurs from applying in the first place. This is especially problematic for freelancers, micro and small organisations who often find it difficult to navigate this landscape and make use of the support on offer. Freelancers make up a sizeable proportion of the creative sector and fill a variety of roles. They make up 'dark matter' whose impact is known to be large but is difficult to categorise, capture and evaluate. As a result, freelancers are believed to be systematically underprovided for in terms of support.

Freelancers are generally spoken about as if they are a collective; this is not the case, and support needs to be developed with the same level of flexibility in mind. Freelancers fulfil various roles, through different kinds of contracts, rarely working full time on one assignment. That is why they often fail to meet eligibility criteria. There is a need for a greater understanding of freelancer needs and impact on the creative economy to better help them use their potential.

However, from our interviews we uncovered several things that need to be considered when developing support for freelancers:

1. There is always ‘background noise’ about how hard the support systems are to navigate and work with. It is important to distinguish between more ‘legitimate’ observations and statements being made more from ‘a fear of missing out.’ There is often a trail of thought that leads people to think ‘if someone else is receiving support and I am not it is the system’s fault’ but this is not always the case.

2. Sometimes support programmes need to have filters and screens in place so that you end up supporting organisations that are most likely to produce impact.

3. Freelancing is often a choice to sustain practice. Many freelancers choose to grow to a point that fits their lifestyle and do not have the appetite for innovative undertakings. There is a theory amongst funders that this makes supporting freelancers financially difficult – ‘they would just end up replacing consistent income with funding’.

4. Without an agreed measure of the impact of freelancers on the creative economy it is difficult to make the argument for providing support with the aim of increasing that impact. Questions asked by experts included: How much growth, development and impact would you expect to see in this sector because of the support? How would you define that impact? How would you measure the impact?

There are clear opportunities for supporting increased networking opportunities and training for freelancers with the fields of RD&I. Freelancers and other sole entrepreneurs pay for their own time when it comes to taking part in such development activities. Support that would compensate for their time to minimally impact on their ability to generate income, could be more appealing for them.

Development Needs of Creative Industry Organisations

Improved access to finance

CIOs are typically micro and small organisations, with no structured RD&I processes, limited time to prioritise innovative projects over day-to-day tasks and small appetite for risk. Greater levels of funding would allow CIOs time to engage with the entire R&D process in a way that they would not usually have the capacity to do.

It has been noted that the levels of government investment are increasing, and access is improving; however, there still is scope to further simplify the funding landscape and make processes and procedures more accessible for micro-organisations and freelancers.

Entrepreneurship capacity building

Linked and complementary to the points above, is a need to invest in the business acumen of creative organisations. There is abundance of creative skill in CIOs that is often matched with little business administration capacity.

Small and micro-organisations do not have specialized business or R&D functions found in larger organisations. They do not develop long-term strategic plans and their innovative work is rather ad hoc. Therefore, more emphasis could be placed on the commercialisation of the development project outcomes, as grand visions do not always match the market realities.

Finance and entrepreneurship capacity building within CIOs would likely encourage them to engage more in RD&I processes and cross-sectoral collaboration.

Other skills development

Apart from building business skills, support is needed to develop other capabilities. With fast moving technological advances, there is a continuous need to update technical skills. The green transformation of our economy requires everyone and every business to play a part; knowledge about sustainable, circular practices contributing to net zero ambition will be vital in years to come. There is also a need for CIOs to address issues of equality, diversity, and inclusivity. Therefore, an RD&I intervention should engage CIOs staff as much as possible and be treated as an innovation capacity building and other skills learning experience. Even if the development process is not entirely successful, the skills and knowledge accrued in the project will be applied to future initiatives and have a long-term impact.

Develop organisations understanding around IPR (Intellectual Property Rights)

Creative expression is inherently linked to production of intellectual property. Nevertheless, the subject of IPR is complex and understanding and confidence around IP protection is still limited within the creative industries. CIOs are often unsure about the means, costs, and benefits of their IP protection.

R&D as a time-consuming, explorative process, often involving third party organisations, adds to that complexity. IPR considerations should be part of the advice provided to CIOs within RD&I support, especially when they are being encouraged to collaborate and establish stronger working relationships with other organisations where power and IPR awareness balance might be significant.

Intersectoral collaboration

It was mentioned in all the expert interviews that intersectoral collaboration leads to crosspollination and brings about synergistic impacts. Creatives can find new uses for innovative technologies, translate them to be more understandable and desirable to use. Beyond technological and digital solutions, CIOs in their work are often addressing societal or environmental challenges.
Bringing ‘unusual suspects’ from various disciplines to work together on a specific innovation challenge can spark a completely new way of thinking that would not be possible in a sectoral bubble. It breaks down silo working and supports skill and knowledge sharing. This type of mission-oriented approach to innovation funding encourages intersectoral collaboration that contributes to wider development goals. However, its success relies on well-defined innovation brief and effective organisational set-up, which works best when fostering a long-term relationship between involved parties.

Recognition of sector-specific needs and different work patterns

R&D undertaken by a theatre group may look very different to that undertaken by an IT company. As mentioned earlier in the report, the understanding of R&D, motivations for undertaking it and support needs vary significantly between creative sectors, making it difficult to provide support that is a good fit for every CIO. On top of mission-oriented innovation funding and universal RD&I schemes, sector-specific programmes should be considered, especially in those areas that lag behind with the growth investment.

At present, most of the support assumes that staff are working in a full-time capacity and claiming full-time salaries from their organisation. This is not the case, especially for small and micro-organisations. The creative industries are famous for their reliance on part-time, freelance, and casual work. This more flexible working is not usually reflected in the ways that CIOs are supported by public funds. Freelancers themselves face many barriers in accessing support, namely language used in the application process, specific financial or insurance requirements, or the way the support is communicated or targeted.

Expert Recommendations for Future Policy Interventions

Further research into the creative industry make-up

The UK has a good insight into their creative industries with active industry representation bodies, prolific academia, and policymakers increasingly interested in the potential of creative sectors. However, the expert interviews pointed out that a further research and informed discussion is needed especially in the areas of:

- Re-examination of the creative industries definitions and their relevance to the SIC and SOC codes in the light of the changing nature of the creative industries.
- More detailed mapping of the creative industries composition and needs.
- Particular attention should be given to understand the landscape and impact of freelancing and other flexible forms of employment in creative industries. Work in a freelance capacity can be a life choice because of its flexibility, but also creatives might be seeking entry into full time roles for a greater job security but have no choice.

Greater adoption of an ecosystem approach

The underlying justification for public intervention in the innovation processes comes from Innovation Systems theory according to which the efficiency of the innovation processes depends on the quality of interrelated elements of the entire system.[52] The Ecosystem approach looks more broadly and hinges on the rationale that any given system should not operate in isolation from the broader system in the country or region but should be holistically integrated like biological ecosystems. An ecosystem is only as strong as its weakest component and all the components are interdependent; for example, if the education component is weak and a country is not producing graduates then that has an impact all other aspects of the ecosystem. Similarly, if there are weak policy initiatives or weak government support infrastructure then that has consequences for the other components and stimulating effective supply and demand.

For the provision of support to be most effective and deliver most value, a comprehensive approach including a mix of various mechanisms is required based on the local context and needs of stakeholders. An ecosystem approach allows policymakers to examine the interplay between the elements of the system jointly with stakeholders and inform tangible policy action to strengthen the performance of the system.

52 Freeman, C. (1995). The 'National System of Innovation' in historical perspective. Cambridge Journal of Economics 19(1), pp.5-24. DOI: 10.1093/oxfordjournals.cje.a035309

Mission-oriented innovation and international collaboration

A mission-oriented and challenge-based approach to innovation funding offers a promising way of setting clear outcomes for multidisciplinary, cross-sectoral collaboration. The crux of the mission-oriented innovation is to address a stubborn problem or a big societal challenges and value beyond a purely economic one. It has been adopted in the UK Industrial Strategy and associated funding. There is now opportunity to take stock of the approach, evaluate spill over and impact, and consider its greater adoption to address Wales-based challenges.

The international collaboration aspect should not be overlooked. After the exit from the European Union, many funding routes for cooperation with European partners have been stopped. The UK's creative soft power is recognised internationally; however, without continuous exchanges with foreign partners, there is a threat that the work of the creative industries will be less visible and less in demand. In line with the global ambitions, new mechanisms should be put in place to encourage collaborative innovation projects on an international scale.

Further support for development of regional strengths and scaling up of micro clusters

Nesta's investigation into the creative clusters identified 47 creative clusters across the UK[53] and further 709 creative micro clusters in a continuation of the study from 2020[54]. Creative industries have a tendency to gravitate towards larger urban areas, but Nesta studies showed that pockets of creative expertise are spread across the UK and with adequate, targeted support they can turn into regional strengths and motors of development and growth.

The UKRI Strength in Places Fund takes this approach to build on existing local strengths in research and innovation to deliver benefits for their local economy. A similar line of action could be considered to capitalise on existing local specialities, infrastructures, and skills in creative micro clusters developing their own local culture towards creative output and strengthening a reputation that will fuel creative growth. That in turn can help to build a local brand both domestically and abroad.

Promoting the hiring and supporting of the local community should also be of primary concern when developing support as a means of further bolstering the local economy.

53 Mateos-Garcia, J. and Bakhshi, H. (2016). The Geography of Creativity in the UK Creative clusters, creative people and creative networks The Geography of Creativity in the UK Creative clusters, creative people and creative networks. [online] Available at: https://media.nesta.org.uk/documents/the_geography_of_creativity_in_the_uk.pdf.
54 Siepel, J., Camerani, R., Masucci, M., Velez Ospina, J., Casadei, P. and Bloom, M. (2020) Creative Radar: Mapping the UK's creative clusters and microclusters. Multiple: Creative Industries Policy and Evidence Centre and The University of Sussex. Available from: https://pec.ac.uk/assets/publications/PEC-Creative-Radar-report-November-2020.pdf

Continuous improvement of funding and support schemes

All interviewed experts agreed that grant funding is key to supporting both free expression and innovation projects in creative industries. Therefore, improving access to finance through increased government investment was a recurring theme during the expert interviews.

Despite progress in the overall user-friendliness of support schemes, there is a need to constantly refine programmes with CIOs needs at the centre. Funders need to undertake more impact evaluation - mapping and measuring the outcomes of support programmes. Figuring out what works and what does not is key to informing future design support programmes and enables an iterative process of building effective support needs. Sector-specific support programmes should aim to accommodate their differences, looking at support journey from the applicant/beneficiary perspective. They need to consider a wider range of outputs and results from the R&D and keep the process as flexible as possible, facilitating organisations through the process rather than just demanding progress reports, accepting that innovation projects generally have a low success rate.

Innovation support programmes need to be innovated too, ideally through experimental approaches that can be tried and tested on a small scale.

Experts also echoed the research finding, that funding is used to its best effect and is most impactful when it is provided in conjunction with other kinds of support. Creative organisations need an expert pre-intervention consultancy and advice to help them better articulate their development needs and show them innovation paths that they might not be aware of. Such wrap-around support, when combined with finance, increases the chances of success of an innovation project. However, funding and innovation advisors also need to develop a better understanding of CIs to be able to point them to the right direction and convince them to take up a new project. This may also help to eliminate a vicious circle of funding that some micro and small organisations tend to fall into, constantly chasing new external funding opportunities rather than developing a competitive and sustainable business model.

Role of academia and external innovation service providers

Academia has a significant role to play in strengthening the creative industries innovation ecosystem, not only as a source of high-quality research outputs but also as an impartial broker of cooperation between CIOs and other industries. Higher education institutions might be a great means of providing support, as they have research interests that go beyond time and money making them more committed to assisting an organisation on their innovation project throughout the whole process. On the other hand, through constant contact with the industry, they make sure their research and education efforts stay up to date.

However, the experts warned that collaborations between micro- and small organisations with bigger institutions often face an imbalance of power, and goals of the stronger partner might start to dominate. Academic institutions can often fall into this trap, if they begin to treat organisations predominantly as research subjects rather than equal partners in a project.

Long-term planning for regional development and the support of CIO's

Even though we live in a world of constant flux and uncertainty, a need for a long-term vision and planning for creative industries development has been raised in the interviews. There is no shortage of a 'blue sky thinking' within the creative industries, and there should not be either when it comes to policy and implementation instruments for them. Long-term future thinking is not only required in Wales by the Wellbeing of Future Generations Act, but also could help citizens to imagine better futures through creativity. Looking at planning for the longer term would potentially allow for support programmes to build from one another and fully capitalise on the results of previous initiatives (as well as make sure there is no duplication of efforts and support).

Creative Industry Support – International Good Practice

The UK is recognised as having strong creative industries. However, internationally there is also a vast array of good practice to be inspired by and draw lessons from. Simple ‘copy-paste’ approaches will most likely fail as each solution needs to be relevant to the local context and fit within a broader ecosystem. However, learning about what works in other countries and regions and adopting it to the local context could help to save time, avoid reinventing the wheel and bring about better, improved policy mechanisms. International policy peer-learning and knowledge exchange are aspects that should not be omitted in creative industries policymaking. Such initiatives help to build lasting relationships, not only between policymakers but across entire ecosystems, contributing to building an international brand and fulfilling global ambitions.

Through desktop research we have identified the following examples which can serve as an inspiration for how to address challenges ahead of our CIOs.

Challenge: low business acumen of start-ups

Creative Industries Incubator[55] administered by the Investment and Development Agency of Latvia Creative Industries Incubator (CII) is a comprehensive creative hub providing technical skills training, business incubation, and networking for entrepreneurs in the creative industries.

It is the only sector-specific incubator in a network of 15 business incubators managed by LIAA – the Investment and Development Agency of Latvia. CII supports the growth of business concepts in architecture, design, filmmaking, performing and visual arts, music, publishing, TV production, digital, advertising, and leisure, among others. CII operates in Riga, the capital of Latvia and was opened in January 2017.

The CII offer is split into pre-incubation (PINK) and incubation (INK) services dedicated to different stages of business life cycle:

- Pre-incubation (PINK), is for future entrepreneurs that have a business idea but have not yet started working on it (or are at the very early stage of the idea development). Beneficiaries are selected based on an application and a pitch to the incubator team. During the 6-month programme, the concept is taken through business modelling and value proposition canvases to produce a clear business offer. Beneficiaries receive ongoing mentoring and access to co-working space, office equipment and a community of creative entrepreneurs.
- Incubation (INK) is for enterprises that are less than 3 years old and can last for up to 4 years. During this time, entrepreneurs have access to capacity-building workshops and lectures, as well as mentoring and coaching. They can use the space, expert advice and address for business registration. Incubated firms can also receive financial support – 50% of up to €5k for equipment and production materials and up to €10k for expert services (design, prototyping, testing, etc.).

Since 2017, CII has received 183 applications for pre-incubation programme and 127 applications for incubation programme. The planned total funding for the Creative Industries Incubator for six years is €7,058,823

Good practice:

Straightforward application process complemented by live presentation of the business idea. Simple offer structure tailored to the needs of emerging creative business ideas.

55 Magnetic Latvia Biznesa inkubatori – Magnetic Latvia. [online] Available at: https://inkubatori.magneticlatvia.lv/en/ [Accessed 25 Nov. 2022].

Challenge: limited cross-sectoral collaboration

CICI – Call for Innovation with the Creative Industries[56] administered by Flanders DC and Flanders Innovation & Entrepreneurship

Call for Innovation with Creative Industries was a joint initiative run by Flanders DC (District of Creativity) and IWT (Agency for Innovation by Science and Technology – now Flanders Innovation & Entrepreneurship). It fostered innovative entrepreneurship by encouraging and supporting cross-fertilization between creatives, scientists, and entrepreneurs. The programme was open to teams including at least one creator and one company or non-profit organization.

A project of between €20k-50k could receive between 35% and 70% funding for acquisition of knowledge that can lead to innovative ideas & concepts, improvement of products & services or social added value. An additional percentage of the funding was given to small and medium enterprises, as well as for substantial strategic collaboration. Research institutions could get up to 100% of costs.

In total €1.31 million euro was attributed to the selected projects. Each project was guided by a process facilitator who managed the collaboration between two or more partners coming from completely different worlds.

Good practice:

The programme encouraged cross-sector collaboration and involved new actors in the innovation system. In addition, the increased intervention rate for smaller companies made it more appealing for them to become involved.

56 cici.flandersdc.be. (n.d.). Veilig jeugdwielrennen in Vlaanderen. [online] Available at: https://cici.flandersdc.be/?slide=0 [Accessed 25 Nov. 2022].

Challenge: skills development & capacity building

Knowledge and innovation agenda for the creative industries (resiliance) Administered by CLINKNL[57]

CLINKNL is a consortium of the Dutch creative industries aiming to enhance the creative professional's knowledge base. They have developed a 'Knowledge and Innovation Agenda' that sets out what knowledge is important to grow the sector and that will support future resilience and relevancy.

The agenda has set out 3 'roadmaps for future development' that function across multiple disciplines.

Design for change

Strategies to get people moving by motivating them, influencing them and stimulating behaviour

The Humane Touch

Strategies for binding and connecting, building trust and empowering with regards to the increasing complexity of products and services

Value Creation

Strategies for realising solutions and new propositions; knowledge about innovative power and designing skills

There is a strong emphasis on how the development of these areas through increased skill sets can impact interdisciplinary working and 'mission-based innovation goals' -

The economic opportunities of the societal challenges are central to the renewed top sector approach, also known as the 'Mission-driven Innovation Policy'. Missions have been formulated on four themes that the top sectors will tackle together:

- Energy transition and sustainability
- Agriculture, water and food
- Health and care
- Safety

Good practice:

Use of a 'mission based' approach when providing support and an emphasis on cross discipline support which focuses on knowledge growth over product development. CLICKNL has also developed a range of missions to reflect a variety of issues and seeks to build economic opportunities from societal challenges.

57 CLICKNL. (n.d.). CLICKNL: Knowledge and Innovation agenda Resiliance: for the creative industries. [online] Available at: https://www.clicknl.nl/en/knowledge-and-innovation-agenda/ [Accessed 25 Nov. 2022].

Challenge: easier access to financing and support

Flanders Audiovisual Fund (VAF)[58]

The VAF supports the entire cultural and economic value chain, from idea to experience. The funds provided by VAF is broken into 3 categories

- VAF/ Film Fund
- VAF/ Media Fund
- VAF/ Game fund

Groups able to apply for funding are broken into several categories - Makers, Producers, Students, Festivals, Public Organisations and Exhibitors. VAF aims to support a wide range of organisations from public to private to events and those learning. It also engages with international initiatives, aiming to establish the Flemish creative industries internationally, and provides training and coaching for the sector. Notably, they provide training for those with an ongoing project but also for those without, they host international workshops and knowledge exchange as well as facilitate internships within the creative industries.

This well-rounded support, coupled with finance, helps to keep the service accessible from a variety of angles and provides broad exposure for the projects. As a policy influencing actor, the VAF conducts research into rapidly changing sector developments and informs ministers and public servants on the latest trends and insights.

Good practice:

The VAF support across the whole delivery chain of its chosen areas from conception to delivery, they focus not just on developing skills of the sector but also on the building of international networks amongst those they fund which provides better exposure for those delivering projects.

58 www.vaf.be. (n.d.). Flanders Audiovisual Fund (VAF) | Vlaams Audiovisueel Fonds. [online] Available at: https://www.vaf.be/en [Accessed 25 Nov. 2022].

Challenge: supporting a wholistic creative ecosystem

Creative Ireland - Creative Ireland Programme[59]

Creative Ireland aims to create a place where support can be provided to Irish creative and cultural industries across the whole sector with a wide span of methods.

The Programme is built around key themes:

- Creative Youth,
- Creative Communities,
- Creative Places,
- Creative Nation.

The project has a focus on exploiting the cultural benefits of the creative industries as opposed to the economic ones. This approach brings organisations that, from a financial perspective, may seem less 'viable' (those from the arts for example) and allows them to contribute in a way which is more aligned to structure and values of the organisation.

> "Through our focus and co-ordination, we will forge an eco-system of creativity."[59]

Creative Ireland emphasizes a very strong focus on intersectoral collaboration as well as a collaboration between 'people, organisations and government' and using that co-operation to deliver the most effective support in areas that people care about most. Examples of missions include 'Health and wellbeing, Creative Youth, Creative climate action, Creativity in Older age'. By creating more mission-based goals and addressing issues in this way creative outputs are created with an application for the 'good of the community' in mind.

Good practice:

Creative Ireland approaches supporting creative industries in a very wholistic way and works from KPI's that allow for the support of 'less economically focused organisations in the arts. It also focuses heavily on supporting collaboration across sectors to achieve mission-based goals that seek to address societal issues.

59 Creative Ireland Programme. (n.d.). Creative Ireland. [online] Available at: https://www.creativeireland.gov.ie/en/about/.

Conclusions

The interest in the work of the creative industries and the appetite for their success is growing across various levels of governments. This is partly thanks to creative industries representation and support bodies who are investing a lot of energy into promoting the value of CIs, their spillover potential and ways in which they can aid other sectors with their development; thus, supporting growth across the entire economy while contributing to solving social challenges. Wales's HEIs produce knowledge and expertise not only for the creative businesses but also develop insight into the creative sectors themselves. Therefore, knowledge of the sector is good, and further investment needs to be made to continue the leading role of UK academia in the field of creative industry research and its application.

The Welsh Government recognises the importance of the creative industries and its contribution to the economy as one of the fastest growing sectors that provides specialised jobs and builds the national brand. In the context of the Wellbeing of Future Generations Act, the creative industries could act as a perfect driver of a more inclusive, sustainable, and fairer economy.

There is potential to activate local CIOs in transformational projects funded through the Shared Prosperity programme, especially when it comes to crosspollinating their creativity to other sectors, helping to build a sense of community, local pride and belonging, and empowering local action. However, there is still a notion among industry experts that the creative industries are treated as 'soft-industries', 'nice-to-haves' rather than 'must-haves', and consequently the policy action does not match the ambitions set for them. The Creative Industries Clusters Programme, for instance, accounts for 4% of the Industrial Strategy Challenge Fund. It calls for a proportion of investment at least of a size of its contribution to the economy (6%). There is significant growth in jobs and demand for creative skills; yet creative faculties receive less funding than other disciplines and career advice is rarely geared to promote jobs in CIs. Therefore, more commitment and further serious investment is needed to create a better environment for CIOs to thrive, crosspollinate other industries and benefit society.

Our study ascertained that the current policy priorities for creative industries in Wales are well-diagnosed and defined, and largely match the directions set by industry and policy experts. Nevertheless, there are a number of areas where policy interventions could be strengthened:

Better-tailored (not over-tailored) access to finance

CIs are still underinvested and there is limited access to finance to mitigate bankruptcies and unemployment. Both public and private investment should be increased and further simplified and adapted to sector specific needs. Financing is most effective when provided with wrap-around packages of support that include advice, mentoring, networking and/or infrastructural support.

Cross-sectoral collaboration

Sector-specific and cross-sectoral innovation funding should not be mutually exclusive. Apart from investment in the development needs of creative sectors, mission-oriented challenge-based innovation funding ought to be explored to foster breaking down silos and creative spillovers within Wales and beyond.

Net zero and digital transitions as transformation opportunities

Green and digital changes in the economy could serve as basis for challenge-based funding. CIs have a track record of innovation in technology and could help us achieve environmental goals in a way that involves and appeals to citizens.

Role in local community building

Further to the previous point, creativity could serve as an enabler of more attractive and connected communities. The Shared Prosperity Fund could offer an opportunity to use CIs potential in that regard.

Academia and industry representation organisations are key and strong elements of creative ecosystem

They could play a leading role in promotion of Research, Development, and Innovation (as a lot of CIOs still do not see the need to engage in RD&I activities); and in coordination of support to avoid duplication and ensure programmes are complementary. Research into impact and needs of CIs, with a focus on exploring the role of freelancers, must continue to ensure world-leading role of the British CIs.

Creative education, skills and capacity building already features heavily in the CIs policy.

However, lack of skill especially in areas of sustainability, technology, digital, entrepreneurship and management are recurring themes in literature and expert opinion, therefore the need to invest in them cannot be over-stressed.

International collaboration

In order “to build digital-savvy and innovative businesses with global potential (…) and to make Wales the country of choice to set up and grow a creative business” more needs to be done in supporting international collaboration, knowledge exchange and building networks with partners abroad. Welsh CIOs need to be assisted to have presence at international forums and industry events.

Acknowledgements

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Interviewees:

Sara Pepper OBE
Director of Creative Economy – Cardiff University

Pauline Burt
Chief Executive – Ffilm Cymru Wales

John Newbigin
Ambassador for the Creative Industries – Mayor of London

Lisa Matthews
Portfolio Manager – Arts Council of Wales

Eliza Easton
Head of Policy Unit – Creative Industries Policy and Evidence Centre and Nesta

Rob Ashelford
Head of Nesta Cymru

Amanda Stevens
Head of Research and Impact – Creative UK

Clive Gillman
Director of Creative Industries – Creative Scotland

Clwstwr Delivery Team:

Alma Abby
Finance and Office Manager

Steve Davies
Funding and Support Officer

Becca Palmer
Engagement and Communications Officer

Laolu Alatise
Equality, Diversity and Inclusion Officer

Gavin Johnson
Producer

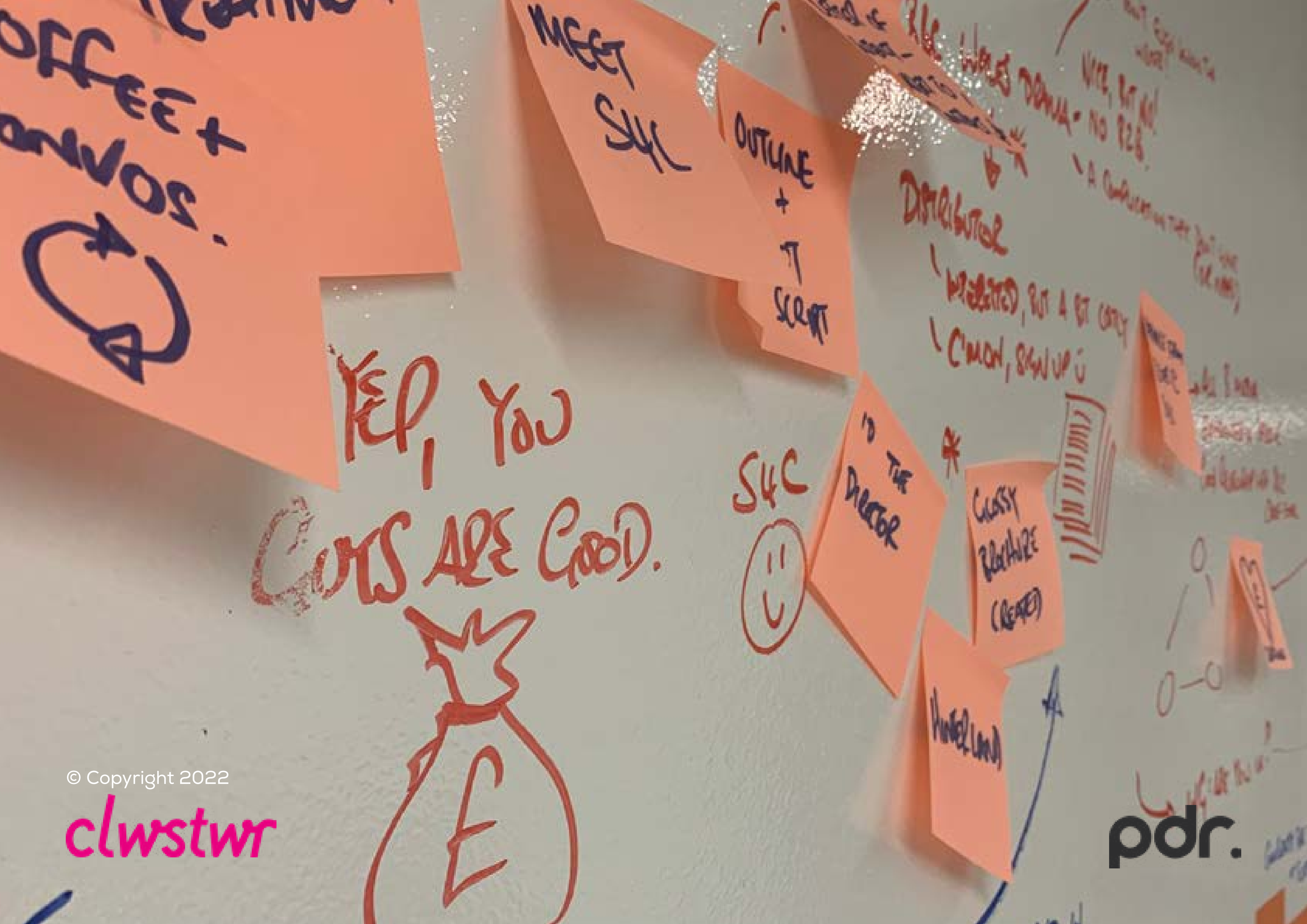
Greg Mothersdale
Producer

Sally Griffith
Producer

Adam Partridge
Producer

Lee Walters
Programme Manager

Vicki Sutton
Project Manager – Creative Cardiff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