



HM Government

Industrial Strategy

Creative Industries Sector Deal



**INDUSTRIAL
STRATEGY**

Foreword

In the Industrial Strategy White Paper, the government committed to making the most of the UK's strengths so that we can be at the forefront of emerging technologies and industries in the years ahead.

The creative industries - including film, TV, music, fashion and design, arts, architecture, publishing, advertising, video games and crafts - are an undoubted strength of our economy; indeed, they are at the heart of the nation's competitive advantage.

From Harry Potter to Grand Theft Auto, Saatchi & Saatchi to Savile Row, the creative industries account for £92bn of Gross Value Added (GVA), two million jobs and are growing twice as fast as the economy as a whole. Film and high-end TV alone attracted over £2bn of inward investment to the UK in 2017, creating employment, boosting tourism and bringing global talent to the UK. And with creative industries' export value nearly double their share of the economy,¹ they are a key component of what makes us a great, global trading nation, respected around the world and confident at home.

But there is enormous potential to go further. The immediate opportunity is in growing global demand for British creative content - not just culture and entertainment, but services like design and advertising that power wider industry. The sector has a critical role to play as the UK exits the European Union and we build a Global Britain.

It was to realise this potential that the creative industries were identified as a priority for an early sector deal. The independent Bazalgette review found that while creative businesses were already thriving, joint action by industry and government could unlock further growth, particularly outside their biggest existing concentration of strength in London and the South East. As recent research from NESTA has found,² the priority for the sector is scale: helping the SMEs and entrepreneurs that overwhelmingly make up the sector to grow, in order to raise productivity. We want to build on Britain's creative strengths right across the UK by helping businesses innovate, access investment and skills, protect their ideas, and export.

Led by the Creative Industries Council and with critical input from the Creative Industries Federation and other leading voices across the sector, this deal will invest more than £150m across the lifecycle of creative businesses including: the places of the future by funding leading creative clusters to compete globally; the technologies and content of the future via research into augmented reality and virtual reality; and the creative skills of the

future via a careers programme that will open up creative jobs to people of every background. A new industry-led Trade and Investment Board will ensure the sector can better take advantage of international opportunities, and a commercial investment programme to support business angels will help to ensure that creative businesses, among other industries, find it easier to access the finance they need to scale. New measures to strengthen copyright protection will tackle infringement and underline the government's commitment to ensure that creators realise increased value from the distribution of creative content online.

This Sector Deal is just the beginning: the first iteration of an agreement that will develop over time. If we can get the conditions right and the creative industries continue to outperform the rest of the UK economy, their exports will increase by 50 per cent by 2023, they will be worth £150bn and create 600,000 new jobs.

Together we can build on the UK's position as a global leader and strengthen its advantage as a creative nation by increasing the number of opportunities and jobs in the creative industries across the country, improving their productivity, and enabling us to greatly expand our trading ambitions abroad.



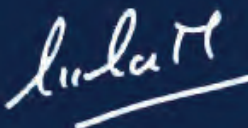
Rt Hon Greg Clark MP

Secretary of State for Business, Energy and Industrial Strategy



Rt Hon Matt Hancock MP

Secretary of State for Digital, Culture, Media and Sport



Nicola Mendelsohn CBE

VP EMEA Facebook, Co-Chair Creative Industries Council

Industrial Strategy at a glance

We will create an economy that boosts productivity and earning power throughout the UK

Industrial Strategy is built on 5 foundations



We will set Grand Challenges to put the United Kingdom at the forefront of the industries of the future:



AI & Data Economy

We will put the UK at the forefront of the artificial intelligence and data revolution



Clean Growth

We will maximise the advantages for UK industry from the global shift to clean growth



Future of Mobility

We will become a world leader in the way people, goods and services move



Ageing Society

We will harness the power of innovation to help meet the needs of an ageing society

Key policies include:

Ideas

- ▶ Raise total research and development (R&D) investment to 2.4 per cent of GDP by 2027
- ▶ Increase the rate of R&D tax credit to 12 per cent
- ▶ Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of innovation

People

- ▶ Establish a technical education system that rivals the best in the world to stand alongside our world-class higher education system
- ▶ Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills
- ▶ Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64m investment for digital and construction training

Infrastructure

- ▶ Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure
- ▶ Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant
- ▶ Boost our digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks

Business Environment

- ▶ Launch and roll out Sector Deals - partnerships between government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector
- ▶ Drive over £20bn of investment in innovative and high potential businesses, including through establishing a new £2.5bn Investment Fund, incubated in the British Business Bank
- ▶ Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses, including how to address what has been called the 'long tail' of lower productivity firms

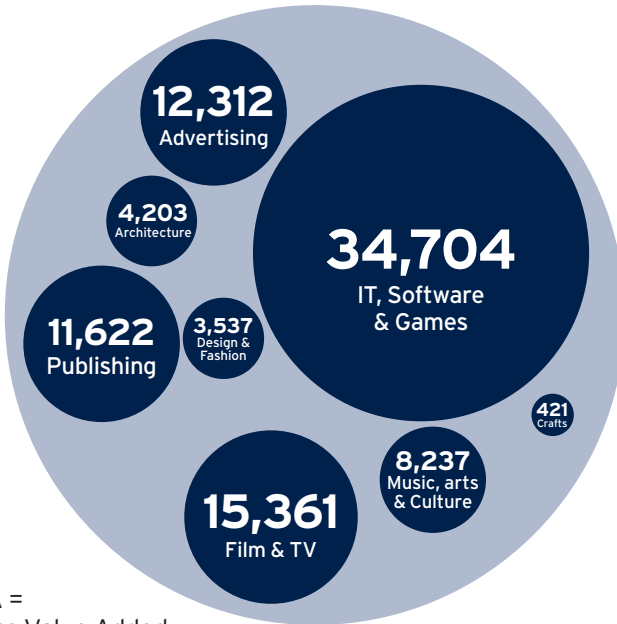
Places

- ▶ Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities
- ▶ Create a new Transforming Cities fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions
- ▶ Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1,000 budget for high-quality professional development for teachers working in areas that have fallen behind

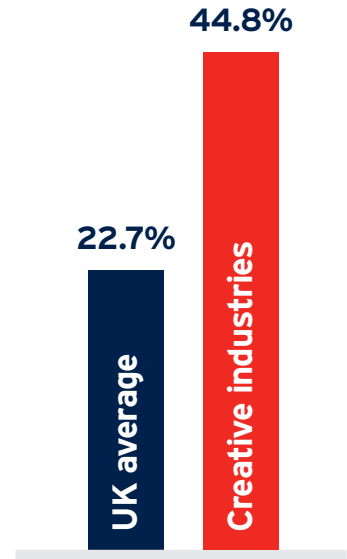
An independent Industrial Strategy Council will assess our progress and make recommendations to government.

Creative industries at a glance since 2010

UK Creative Industries Split 2016 (£m)



Change in GVA 2010 - 2016



*GVA = Gross Value Added

Value (GVA*)
The UK Creative Industries 2016

£91.8bn
a year

Jobs
The Creative Economy 2016

3.04m
jobs

Exports (Services)
UK Creative Industries Exports 2015

£21.2bn
annual service exports value

£10.5m
an hour

1 in 11
UK jobs

9.4%
of total UK services exports

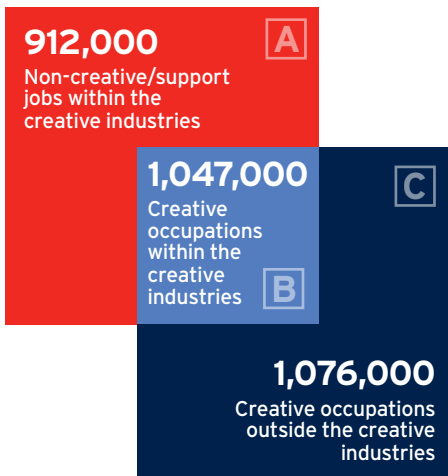
7.6%
increase in value since 2015

5%
year on year growth

+44.3%
growth in creative services exports since 2010

Employment

Employment in the UK creative economy 2016



Total **3.04m jobs** in the UK creative economy

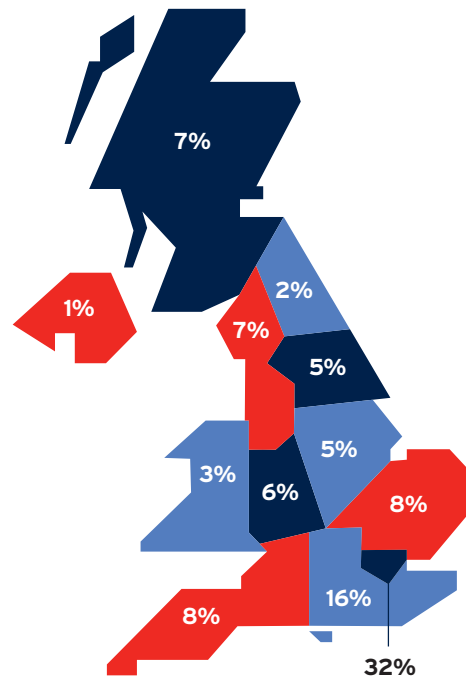
Creative economy = **A + B + C**

Creative industries = **A + B**

Regions

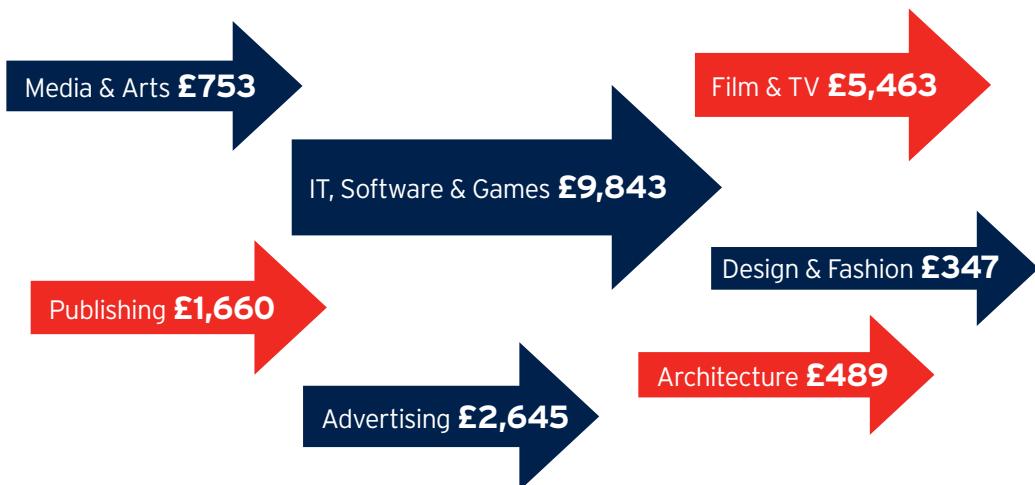
% of UK creative industries jobs by region 2016

Figures rounded to total 100%



Service Exports

Services exports from UK creative industries 2015 (£m)



Source: Creative Industries Council and DCMS Sector Estimates (2017)

Key Sector Deal policies at a glance

Places

- ▶ Support creative centre across the country, to enable clusters of world-class businesses to increase GVA and employment. We will commit **£20m over the next two years to roll out a Cultural Development Fund** so that local partnerships can bid for investments in culture and creative industries, with industry contributing funding, networks and leadership.

Ideas

- ▶ Open up Research and Development (R&D) funding to catalyse innovation. The Industrial Strategy Challenge Fund and industry will invest an **estimated £58m to harness the power of immersive technologies** and double the UK's share of the global creative immersive content market by 2025. We will also jointly invest **£64m in an Arts and Humanities Research Council programme to deliver eight partnerships between universities and creative businesses across the UK**, creating 900 business-led collaborations, 360 jobs and 65 new businesses, backed by a national Policy and Evidence Centre.

Business Environment

- ▶ Tackle copyright infringement, continue to address the transfer of value from creative industries and progress work on closing the value gap at the European and domestic levels. We will convene online intermediaries and rights holders to consider the need for and agree **new Codes of**

Practice in: social media, digital advertising and online marketplaces. We will also **extend investment for the successful 'Get it Right' copyright education campaign.**

- ▶ Reduce barriers to accessing finance for growth. **The British Business Bank will seek to improve access to finance for high-growth firms outside London - including creative businesses - via a commercial investment programme to support clusters of business angels.** We will help creative firms access finance by **investing up to £4m (subject to business case) in a programme of intensive business investment readiness support.**
- ▶ Build on strong export performance to drive a Global Britain. We will create an **industry and government Trade and Investment Board targeting a 50 per cent increase in creative industries exports by 2023.**

People

- ▶ To increase the supply and diversity of skills and talent in the creative industries, government will make up to £2m available (subject to business case) to support **an industry-led creative careers programme aiming to reach at least 2,000 schools and 600,000 pupils in two years** and industry development of apprenticeship standards. Industry will provide further leadership on diversity and scope **expanding the voluntary Skills Investment Fund supporting on-the-job training.**

Executive summary

The Creative Industries Sector Deal, an agreement between the government and industry concluded with the Creative Industries Council seeks to unlock growth for creative businesses. It contributes to the Industrial Strategy's vision of good jobs, greater earning power for all, and prosperous communities across the UK.

The creative industries are at the heart of the UK's competitive advantage, and - in the face of technological transformation at home and new possibilities globally - represent a major strategic opportunity. Already booming, the creative industries are fast growing, and high exporting - both to the EU but also internationally. The 'soft power' influence of the sector means it has a critical role to play as the UK exits the European Union and we create a Global Britain.

The deal builds on many of the

recommendations of Sir Peter Bazalgette's independent review of creative industries, which explored the challenges facing a sector comprised of firms rich in intellectual property where more than nine in ten enterprises employ fewer than ten people. The Bazalgette Review forecast that a successful agreement could enable UK creative businesses to:

- ▶ **Increase exports:** delivering a 50 per cent increase in reported creative industries exports by 2023.



- ▶ **Sustain growth:** forecast GVA of £150bn by 2023.
- ▶ **Boost jobs:** continued strong growth implies 600,000 new creative jobs by 2023.
- ▶ **Narrow the gap in creative business activity** between the South East of England and the rest of the UK.
- ▶ **Be more representative of UK society:** opening careers to a wider range of people.

Focusing on four of the five foundations of the Industrial Strategy aimed at growing productivity in the UK economy - Places, Ideas, Business Environment and People - the measures outlined in this document total more than £150m in investment from government and businesses, and a range of new policies. The government and industry have worked closely on a first phase deal, and expect further agreements to be reached as the deal is implemented.

The deal recognises and respects the devolution settlements of Scotland, Wales and Northern Ireland. With many of the policies that can drive productivity being devolved, it is a deal that necessarily brings our work together with that of the devolved administrations as we work in partnership to get the best possible outcome for every part of the UK.

Places

The Industrial Strategy commits to helping prosperous communities thrive across the UK. Creative industries help to deliver this objective because they give places strong identities, as well

as driving employment and growth. While research has identified some 47 clusters of creative businesses around the country from **Dundee's games hub** to **Salford's MediaCityUK**, almost half of creative businesses are concentrated in the capital and the South East. The deal tackles this via new public investment and industry backing for leading creative industries clusters with the potential to compete globally helping more of the country project Global Britain to the world.

Ideas

The Industrial Strategy White Paper commits to establish the UK as the world's most innovative economy. The creative industries businesses already invest substantially in R&D; from epic, outdoor illuminations in **59 Production's Bloom** to the world leading fashion customization of **Unmade**. But there are also obstacles including the fragmentation of a heavily SME-based sector and the fact that creative research and its application can be seen as separate to 'hard' industrial research, even though it often involves many of the same technologies.

The deal helps drive innovation by joint public and industry investment in eight partnerships of business and universities, backed by a national research centre, and a commitment to investigate barriers to creative businesses taking up R&D funding. It also pledges joint investment in a strategic innovation challenge set to transform creative content immersive technologies like Virtual, Augmented and Mixed Reality.

Business Environment

Creative businesses are nimble, fast growing and globally exporting - but they also face barriers to achieving scale. There are recognised market failures in access to finance, especially outside London. Online piracy continues to be a serious inhibitor to growth in the creative industries. Technologies like stream ripping and illicit streaming devices enable illegitimate access to content without rewarding its creators. Many rights holders are also concerned about how their works are exploited online, especially where they are used without generating substantial returns for content creators. This sector deal sets out measures to make it easier for creative businesses to get the finance they need to grow. It describes how industry and government will create a new partnership to realise greater value and impact from public support for exports particularly important as we respond to the challenges

and opportunities associated with leaving the EU, and project our values and influence on the global stage. It also seeks to safeguard copyright and address the transfer of value from the creative industries.

People

The government set out its vision to create good jobs and greater earning power for all in the Industrial Strategy. The UK boasts world class skills and talent across the creative industries. This deal sets out how government and industry are taking steps to overcome existing barriers to entry, as well as addressing future skills needs: from improving understanding of the sector among students, parents and teachers via a substantial careers programme, to monitoring uptake of apprenticeships and ensuring that apprenticeship standards for roles identified as important to the Industrial Strategy are prioritised.



Creative Industries Sector Deal

Key commitments





Places

Developing more world-class creative industries clusters to narrow the gap between London, the South East and other regions.

Government action to support creative industries

▶ **Investing to develop world-class creative clusters:** we will provide **£20m over the next two years** to roll out a Cultural Development Fund. Local partnerships will

be able to bid for strategic investments in culture and creative industries - helping leading areas become world-class, unlocking growth, investment and jobs.

Sector action to support creative industries

▶ **Investing to develop world-class creative clusters:** to benefit from the Cultural Development Fund, local partnerships of businesses, museums and galleries, universities and local government will **match-fund investment** and bring to bear leadership and expertise. Industry

will develop a supporting **Creative Kickstart Programme** to provide firms in clusters with mentoring and advice on finance, exports and IP including a creative industries roadshow to introduce businesses and investors.

Ideas

Sustain growth: achieve forecast GVA of £150bn by 2023.

Government action to support creative industries

- ▶ **Capturing new audiences by strategic investment in immersive content:** we will enable creative businesses to harness the power of immersive technologies to create content, products and services with a **£33m** investment from the Industrial Strategy Challenge Fund into the Audiences of the Future Challenge.
- ▶ **Building new research and development partnerships between universities and businesses:** we will invest **£39m** from the Industrial Strategy Challenge Fund to the Arts and Humanities Research Council (AHRC) to bring together top universities and

businesses in a series of research and development partnerships. These will cultivate existing clusters within the creative industries. Alongside the R&D partnerships, investment will be made in a Policy and Evidence Centre for the Creative Industries.

- ▶ **Breaking down barriers to accessing R&D:** to explore long-standing barriers and understand the track record of creative industries in securing R&D investment, and improve take-up of investment and public support for creative industries R&D, we will establish a creative industries working group between government and industry.

Sector action to support creative industries

- ▶ **Capturing new audiences with funding for cutting-edge, immersive content:** Industry will provide match funding of at least **£25m**, and provide expertise to support and shape the challenge.
- ▶ **Building new research partnerships between businesses**

and universities: Working together with universities, industry will contribute upwards of **£25m** to the AHRC Creative Industries Clusters Programme ensuring that business needs are fully integrated into the research and development partnerships.

Business Environment

Sustain growth: forecast GVA of £150bn by 2023. Boost job creation: higher than average growth rate implies 600,000 new creative jobs by 2023.

Government action to support creative industries

- ▶ **Protecting the IP of creative businesses:** We will further safeguard copyright content by convening online intermediaries and rights holders to consider the need for and agree new Codes of Practice on social media and user upload platforms, digital advertising and online marketplaces (considering legislative backstops if sufficient voluntary progress is not made by the end of 2018). We will continue to address the transfer of value from the creative industries and progress work on closing the value gap at the European and domestic levels. **We will continue to support the successful 'Get it Right' campaign investing £2m** in order to educate consumers on the dangers of copyright infringement and direct them towards legitimate sources of creative content online.
- ▶ **Putting in place key rungs in the ladder of finance:** The British Business Bank will seek to unlock access to finance for high-growth firms outside London - including

creative businesses - via a commercial investment programme to support clusters of business angels. To ensure there is pipeline of investable businesses ready to access growth funding, **government will invest up to £4m, subject to business case, in a programme of intensive business investment readiness support to develop both pools of investable businesses and viable networks of investors.**

- ▶ **Increasing business influence on trade priorities to drive up exports:** To boost the sector's export performance **we will establish a new Creative Industries Trade and Investment Board, with at least £4m from existing Department for International Trade budgets to support exports in 2018/19,** subject to final business planning. It will develop a business-led three-year export strategy aiming to increase exports by 50 per cent by 2023.

Government action to support creative industries

- ▶ **Supporting entrepreneurialism, access to finance and IP creation in a trailblazing creative sector:** we will provide an **additional £1.5m for the highly successful**

UK Games Fund so that it can support more young businesses in 2018/9 and, as announced in the Budget, extend the programme to run in 2019/20.

Sector action to support creative industries

- ▶ **Protecting the IP of creative businesses:** Industry will help to train and educate SMEs and micro-businesses on how to police their content and products online and investigate partnerships between small and large players to assist in enforcement. It will play a critical role in identifying key leaders to take part in the joint work programme to better value IP.
- ▶ **Putting in place key rungs of a ladder of finance:** Industry will establish a Creative Champions initiative to offer tailored advice, mentoring and networking opportunities for creative entrepreneurs and businesses in order to help them become investment-ready, and to improve understanding between investors, financiers and creative businesses. UK Finance, the representative body for the banking and finance sector, will work with its member organisations to launch and coordinate a PR and outreach campaign. This will increase visibility

and market intelligence on the growth opportunity of creative businesses to intermediaries and stakeholders; provide expertise to creative companies and connect them to business mentors around the country.

- ▶ **Increasing business influence on trade priorities to drive up exports:** Businesses will match government investment in creative industries export programmes under the new Board's strategy. Industry will nominate a lead from each sub-sector to the new Board, and also provide secretariat support.
- ▶ **Supporting inward investment and trade:** Industry will bring together innovators from industry with creative visionaries to consider the challenges and opportunities posed by economic and societal trends and scientific discoveries at **Creotech**. The 2018 event is fully funded by industry with the support of Facebook, Imagination, Dentsu Aegis, King, Lewis Silkin and Kingston Smith.



People

Strengthen the talent pipeline to address current and future skills needs, as well as ensure that it is more representative of UK society.

Government action to support creative industries

▶ **Supporting a strong and sustainable talent pipeline:** we will make **up to £2m available (subject to business case) for a package of support to ensure there is a larger and more diverse intake of talent and a broader range of routes into the creative industries.** This includes support for an industry-led creative careers programme

and industry development of apprenticeship standards.

▶ **Helping deliver more apprenticeships:** The Institute for Apprenticeships (IFA) will prioritise apprenticeship standards development in the creative industries in areas where they are experiencing skills gaps and identified as Industrial Strategy priorities.

Sector action to support creative industries

- ▶ **Ensuring there is a larger and more diverse intake of talent and a broader range of routes into the creative industries:** The sector will work with government to develop a major sustainable industry-led **creative industries careers programme**, including delivering a major advertising campaign led by the Creative Industries Federation. In two years, the programme aims to reach a minimum of **2,000 schools and 600,000 pupils, recruit at least 50 new ambassadors from the creative industries with at least 100 employers from the sector participating in encounter events reaching 15,000 young people.**
- ▶ The sector will continue to show leadership in **implementing programmes seeking to provide a step change in the diversity of its workforce** like Project Diamond in TV, BFI's Diversity Standards, Penguin Random House's WriteNow programme, Women in Games, BAME in Games and PRS Foundation's Keychange initiative.
- ▶ **Helping deliver more apprenticeships:** The sector will seek to increase its number of apprenticeship starts. It will also explore **the scope for expanding the voluntary Skills Investment Fund (SIF) supporting on-the-job training in film and television.**

Existing support for the creative industries

This Sector Deal comes against the backdrop of strong support for the creative industries from government and its delivery partners.

Business environment

The UK's suite of creative tax reliefs are among the most competitive in the world, with government investing £415m in film last year alone through the film tax relief - a 23 per cent increase year on year. The tax reliefs have since 2007 attracted over £11bn of investment in British screen industries and, in total, our film, TV and video games sectors contributed £13.2bn in GVA and 158,000 jobs in 2016.

Almost £70m in grant in aid and National Lottery funding are invested annually through the **British Film Institute (BFI)** to support a range of activities across the UK.

To ensure that consumers have breadth of choice, we are - subject to business case - establishing a pilot Contestable Fund, that will commit up to £60m of licence fee money to help stimulate the provision and plurality of public service content in targeted areas.

We fund the specialist Police IP Crime Unit (PIPCU) which has investigated more than £100m worth of IP crime, diverted more than 11 million visits from copyright infringing sites, and delivered a 64 per cent decrease in advertising on copyright infringing websites.

As well as promoting exports through the GREAT campaign, the government supports British companies to attend overseas events through the Trade Access Programme and Music Export Growth Scheme, benefit from missions at key events including China Joy and South by Southwest®, and access high-level government to government networks. Government has negotiated co-production treaties in key international markets such as China and Brazil, which will help British business thrive.

Places

More than £200m of inward tourism spend is associated with High-End TV (and £23m in tax revenues).³ Including spillover effects, tourism as a result of British film is estimated to have brought 8,400 FTEs, £400m GVA and more than £90m tax revenue. The placement of the UK on screens around the globe led to an estimated additional £700m in turnover for UK companies in 2013.

In 2016/17, government invested more than £180m in grant in aid in the arts through Arts Council England (ACE) in London and more than £290m outside London - in addition to more than £50m of National Lottery funding

in London and more than £140m outside London. Around 65 per cent of British Film Institute (BFI) spending supports activities outside London.

Channel 4 has agreed to move staff and spending outside of the capital, stimulating new investment and TV production as the supply chain responds. According to government commissioned economic analysis,⁴ the agreed redistribution of spending from London could support over 2,600 jobs out of London, while 300 staff could support an overall redistributive impact of close to a further 1,400 jobs.

Ideas

In 2015/16, R&D tax credits provided almost £2.9bn of support.⁵ At Autumn Budget 2017 we increased the rate of the R&D Expenditure Credit from 11 to 12 per cent.

The BBC spent £161m supporting the screen sector and beyond over the last decade on R&D. Public R&D funders such as Innovate UK, ACE and AHRC have provided grant funding and support to leading firms like Industrial Light and Magic, Improbable, and Aardman Animations amongst others.

People

Between 2012 and 2017 the government invested over £580m in a diverse portfolio of music and arts education programmes.

To improve diversity and tackle skills shortages, the **BFI** has launched its £20m Lottery-funded Future Film Skills Programme and we provide over £2m a year to the National Film and Television School to increase the supply of film, TV and video games production graduates with cutting-edge skills.

The **BBC's** investment in developing the creative industries workforce includes 65,000 unique training sessions for staff in 2017, increasing its number of apprenticeships more than five-fold over the past five years and offering 400 by the end of 2018. BBC initiatives to support workforce diversity include their recent £1m scheme recruiting and training journalists with disabilities and the Make it Digital Traineeships.

Places

Provide a more consistent national spread of creative industries: narrowing the gap between the South East of England and the rest of the UK.

Our goal

The government is committed to helping prosperous communities thrive across the UK. While world-leading businesses are located across the country, some places are not realising their full potential, with greater regional disparities in productivity in the UK than other European countries.

The Industrial Strategy White Paper found that, alongside transport links, housing, skilled labour and rich innovation ecosystems, an attractive cultural environment was a key attribute for a local economy to succeed.

Cultural and creative investment can drive economic growth by making them attractive locations to live and work. Margate's Turner Contemporary gallery and Belfast's Titanic Studios - home to Game of Thrones - highlight the impact that creative anchor institutes can have on pride and economic performance in an area. During Liverpool's Capital of Culture year, the local economy generated almost £754m of additional income.⁶

The challenge

However, as the Bazalgette Review argues, the UK creative industries' success to date has been achieved

despite unequal distribution of opportunities, skills, finance and knowledge; almost half of creative industries jobs (47 per cent) remain concentrated in the capital and the South East.⁷ The problem is not that London is too big, but that other centres are too small. There is enormous potential to grow other leading hubs across the UK.

Research has identified some 47 clusters of creative businesses around the country, accounting for 82 per cent of the UK's creative industries employment and 75 per cent of creative businesses.⁸ Regions from the South West, to Yorkshire and the Humber, to the West Midlands have experienced the benefits of creative industries' growth, with the sector growing twice as fast as in the rest of the economy on average.⁹

Place matters particularly to creative businesses because the industry is characterised by a large proportion of SMEs and micro-businesses. By bringing creative firms together, business support, R&D, talent and infrastructure can be shared across the supply chain, with spillover benefits for the wider area.

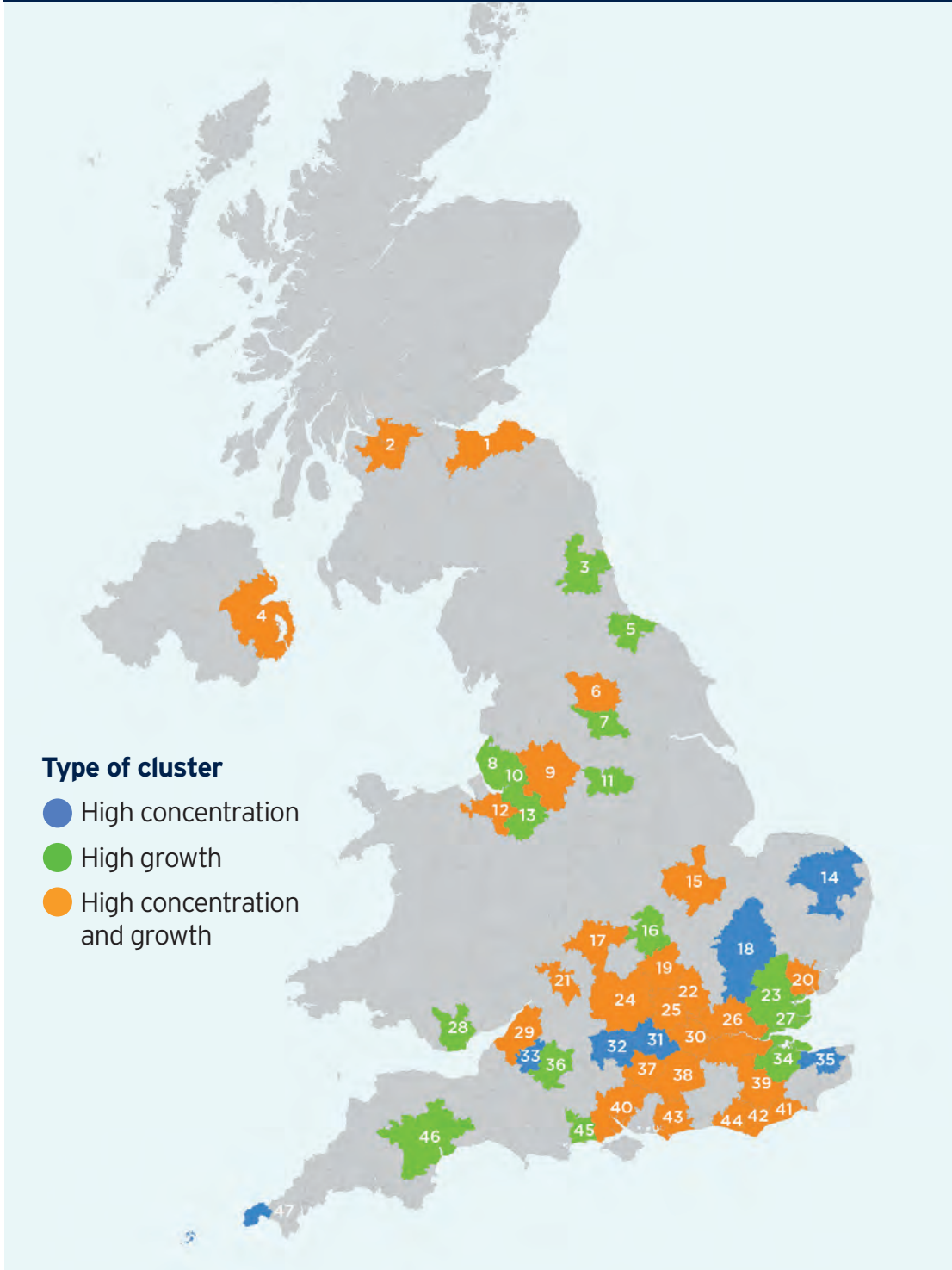


Industry, central and local government working together

Industry and government have worked together to deliver several prominent creative industries cluster projects:

- ▶ **Salford's MediaCityUK** grew up around the BBC's relocation of 2,500 jobs to the area in 2006 and has since become an international tech and creativity hub, with over 7,000 people employed on-site. As well as significant creative industries employers such as the BBC, ITV and Shine North, the development is now also home to more than 150 SMEs. KPMG has estimated that the BBC's activities contributed £277m to the economy of the North West in 2014/15.¹⁰
- ▶ In **Bristol**, a globally-significant, high-growth creative cluster has grown out of anchor institutions, including co-working spaces, serviced creative hubs and cultural organisations at the Harbourside Mile, The Arnolfini Contemporary Art Gallery, Watershed and Spike Island. Recently government and industry have jointly invested £61m investment in the Temple Quarter Enterprise Zone. The project, focussed on the growth of businesses in the creative, media and microelectronics sectors, is scheduled to deliver 17,000 new jobs and attract £1bn of private sector investment.¹¹
- ▶ **Screen Yorkshire** has championed the film, TV, games and digital industries in Yorkshire and Humber since it was established in 2002.

Creative clusters in the UK



Creative clusters in the UK

1 Edinburgh	25 High Wycombe
2 Glasgow	26 London
3 Newcastle	27 Southend
4 Belfast	28 Cardiff
5 Middlesbrough and Stockton	29 Bristol
6 Harrogate	30 Slough and Heathrow
7 Leeds	31 Reading
8 Liverpool	32 Newbury
9 Manchester	33 Bath
10 Warrington and Wigan	34 Medway
11 Sheffield	35 Canterbury
12 Chester	36 Trowbridge
13 Crewe	37 Basingstoke
14 Norwich	38 Guildford and Aldershot
15 Peterborough	39 Tunbridge Wells
16 Northampton	40 Southampton
17 Leamington Spa	41 Hastings
18 Cambridge	42 Eastbourne
19 Milton Keynes	43 Chichester and Bognor Regis
20 Colchester	44 Brighton
21 Cheltenham	45 Bournemouth
22 Luton	46 Exeter
23 Chelmsford	47 Penzance
24 Oxford	

Source: Nesta and ONS Business Structure Database (2016)



In 2012, building on its work as a screen agency, it set up the Yorkshire Content Fund, with backing from the European Regional Development Fund (ERDF), which has subsequently provided financial support to over 40 film and TV projects including National Treasure, Dad's Army, '71, and Peaky Blinders. The region has seen strong growth with employment in the film and television industries increasing 88 per cent between 2009-2015, and turnover increasing by 247 per cent over the same period.¹²

▶ In **Dundee**, an early nucleus of creative businesses that generate games IP, targeted funding and responsive higher education institutions have supported the area to develop as one of the UK's

most significant video games development clusters, with more than 40 established games firms and 350 employees. Run from the same city, the UK Games Fund helps SMEs across the UK creating new games IP. It now supports a community of around 100 UK video games developers.¹³

▶ HBO's decision to film Game of Thrones in **Belfast** in 2010 has delivered spillover effects for the local creative economy, supporting a cluster of businesses including post-production house Yellowmoon and Belfast facilities company, Acorn Film and Video, who produce the Behind the Scenes packages for the show's website.¹⁴

The contribution of the Industrial Strategy

By introducing Local Industrial Strategies and further strengthening local leadership through Local Enterprise Partnerships and Mayoral Combined Authorities we will provide incentives to make a wider range of places attractive environments for creative businesses.

We have committed to investing £21m in Tech City UK over four years to expand into Tech Nation supporting digital companies and start-ups all across the UK, which will include many creative businesses. Regional hubs will be located in Cambridge, Bristol and Bath, Manchester, Newcastle, Leeds, Sheffield, Reading, Birmingham, Edinburgh, Glasgow, Belfast and Cardiff.

We have set out plans to strengthen infrastructure including funding from the National Productivity Investment Fund to grow Local Full Fibre Networks and further investment into the 5G Testbeds and Trials programme. This will allow creative businesses with a digital footprint to thrive anywhere in the UK by closing down digital coldspots.

On top of these cross-cutting measures, a range of existing sector-specific commitments benefit the creative industries.

Channel 4 has agreed to relocate staff and spending outside London, supporting jobs and GVA growth in new locations, stimulating new investment and TV production as the supply chain responds.

Last year **almost £70m of public money was invested via government grant in aid and National Lottery funding through the BFI** to support a range of activities across the UK, including film production, skills development and cultural promotion. Of this, approximately 65 per cent was spent on supporting activities outside of London.

Scope to go further

But we wish to further harness the creative talents of communities and make sure that the prosperity of the creative industries is felt across the UK.

► We will commit **£20m to establish a Cultural Development Fund (CDF)** that will deploy investment to promote growth and prosperity for all. The fund will run over two years and will invest in areas of the country that can demonstrate high impact, robust plans for using investment in cultural and creative industries assets to further economic growth and support local communities. Bids will be expected to demonstrate how they are match funding the investment, including with significant private sector investment. The creative industries will need to ensure that they play a prominent role in making these bids as strong as possible. Bids will need to outline specific commitments - including match-funding - in areas such as capital investment, physical space, new cultural and creative programmes, events and activities to enable the development and scale up of local areas and businesses. This programme cannot work top-down.

Industry will play a vital role in supporting the CDF by developing a programme of activity to promote businesses in specific areas outside London. This includes industry delivery of a Creative Kickstart programme to provide mentoring and advice on sector-specific issues around finance, branding, advertising, marketing, communications, exports and IP. This will be allied to an annual Creative Industries Roadshow, which will bring creative businesses together across clusters to network and exchange best practice.

As well as investment, there is a need for advocacy and support to help local areas with strengths in creative business learn from each other on how to drive growth using leadership, planning, procurement and other tools.

Building on the consultative approach to the Sector Deal, government will convene a Creative Local Industry Partnership to enhance collaboration between creative industries consortia, including the Creative Industries Federation, Creative Industries Council, Local Enterprise Partnerships, Combined Authorities and partners in Devolved Nations. Together, these parties will inform the creative aspects of Local Industrial Strategies - such as interventions to grow local creative sector strengths or harnessing creative industries to address the Grand Challenges that places are developing with government. This includes the forerunner strategies in development with partners in Greater Manchester, West Midlands and the Oxford-Milton Keynes-Cambridge growth corridor.

We will help areas reflect the aspirations and great economic potential of their creative businesses. The network will be to share good practice and support local leadership across the UK.

Alongside all these measures, other steps in this Sector Deal will support leading clusters including:

- ▶ The Arts and Humanities Research Council's Creative Industries Clusters Programme - enabling UK universities and creative businesses to address regional sector challenges through tailored research.
- ▶ Business support - given their links with the creative business community, creative clusters can house business support programmes, facilitate conversations between investors and businesses, inform investment decisions, or sign-post tenants to other advice that is available.
- ▶ Creative careers - creative clusters bring together regional businesses, education providers and - critically - creative people. Within clusters lies a wealth of knowledge on career pathways, skills supply and employment demand; all are essential components to a successful careers programme.



Ideas

Sustain growth: achieve forecast GVA of £130bn by 2025 (3.9 per cent annual growth).

Our goal

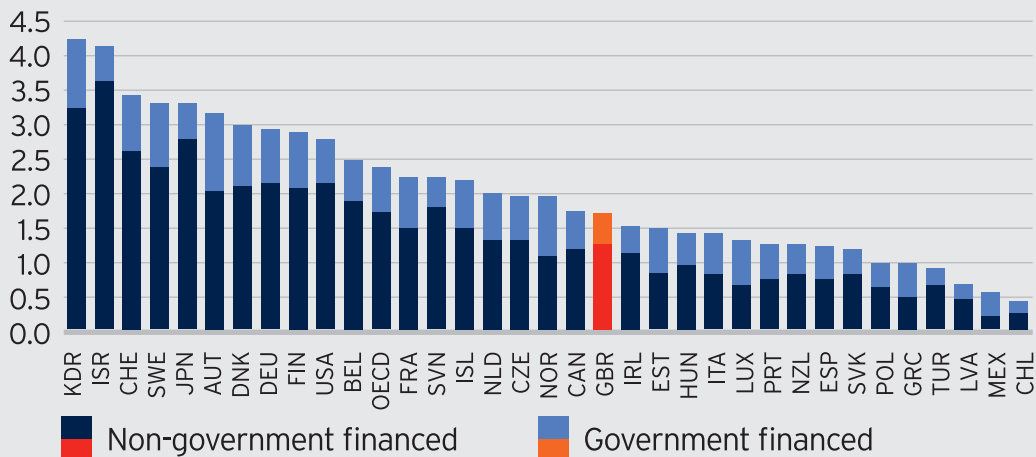
The Industrial Strategy White Paper set out how the government is investing to establish the UK as the world's most innovative economy.

The UK is a global leader in science and research - home to four of the top 10 universities in the world, and rated an innovation leader in the 2017 European Innovation Scoreboard.

But we invest less in R&D than most of our competitors: 1.7 per cent of GDP compared to 2.8 per cent in the United States and 2.9 per cent in Germany, and we need to do more to ensure our excellence in generating ideas translates into excellence in applying them.¹⁵

UK's spending on research and development compared to other countries

Gross domestic expenditure on R&D by source of financing as a proportion of GDP, 2015



Source: OECD (2017) OECD Economic Surveys: United Kingdom 2017

*2014 data for France, Ireland, Italy, Portugal and OECD aggregate. 2013 data for Belgium, Israel, Luxembourg and Sweden. Non-government financed includes finance from higher education, which may be partly government-financed; and from the rest of the world, which may include foreign and supranational government finance.

The challenge

The creative industries are an important part of the UK's research agenda. Analysis from the Enterprise Research Centre for Nesta suggests that the creative industries are as likely as manufacturing firms to conduct in-house and external R&D and be more likely than services firms to do so.¹⁶ Much innovation is taking place at the intersection of creativity and technology:

- ▶ **Landmrk** is a location-based experiences platform - 'the Pokémon GO of branded content' - that has created global campaigns for companies including Sony Music, Showtime Networks and CeX. The company recently partnered with Shakira to promote her album *El Dorado*, placing exclusive, digital content in 1,000 hotspots across 99 countries.
- ▶ **Covatic** was born when Oxford data science and machine learning academics joined forces with broadcast industry experts to better connect broadcasters with their audiences. Covatic's flagship product is *Serendipity*, a mobile app framework that determines individual content preferences to improve broadcasters' audience understanding.

- ▶ **Unmade** is a fashion technology business that gives brands, from e-commerce to manufacturing, the ability to mass customise products, enabling individual orders to be manufactured at the same cost and speed as mass-produced items.

However, while the creative industries are highly innovative, they are characterised by an abundance of SMEs spread across sectors. As a consequence, they can lack the capacity for strategic, cross-sectoral R&D, including linkages with our universities. Sir Charlie Mayfield's productivity review highlighted how creative businesses face challenges because their outputs are primarily intangible, and in many cases unique.¹⁷ Funding from UK research councils and Innovate UK has been trending upwards, though remains dominated by IT, software and computer services research.

Barriers include: fragmentation - micro-businesses are sometimes less well placed to bid for, and manage, large-scale funding awards that could build networks of expertise; the ideas-rich, IP-heavy nature of creative business assets which are not always recognised as collateral; and the fact that creative research and its application has tended to be seen as separate to hard industrial research, even though it often involves many of the same technologies.

R&D matters particularly at a time of changing technology. Virtual and augmented reality will transform not only how we experience entertainment but also our experience of the physical world - from shops to museums, cars to classrooms. Whilst hardware offers new ways to deliver experiences, demand is likely to depend on the production of popular high quality content. This is a major opportunity for the UK to establish itself as a global leader. We have world-class creative companies, researchers and technologists, and a strong base of production businesses, entertainment events and expertise in arts, design, and computer science. We must bring these together if we are to fulfil our potential as an immersive hub.

The contribution of the Industrial Strategy

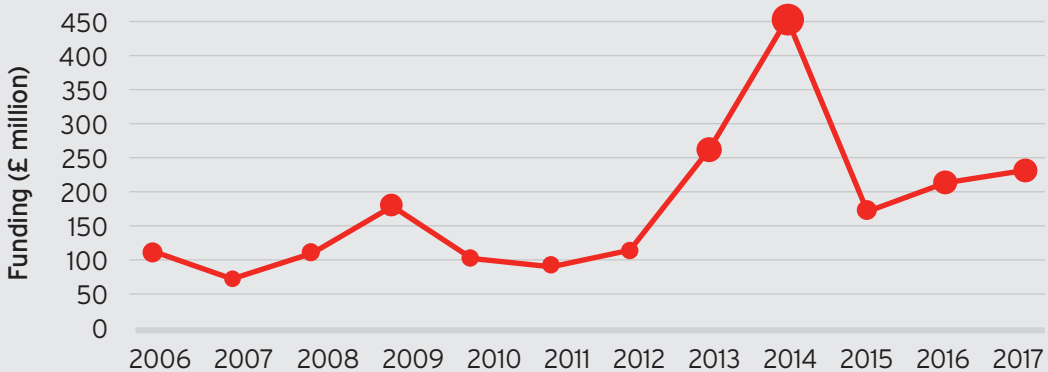
The Budget and Industrial Strategy set out a range of measures to raise investment in R&D and to improve the UK's ability to turn exciting ideas into commercial products and services.

We pledged a further increase in R&D investment of £2.3bn from the National Productivity Investment Fund in 2021/22, and committed to work with industry to boost spending on R&D to 2.4 per cent of GDP by 2027. We are also investing £725m in new Industrial Strategy Challenge Fund Programmes to drive innovation, and increasing the rate of the R&D expenditure credit to 12 per cent.

Total project funding to projects with creative organisations

Fraction of total RCUK and Innovate UK funding:

● 3% ● 7% ● 15%

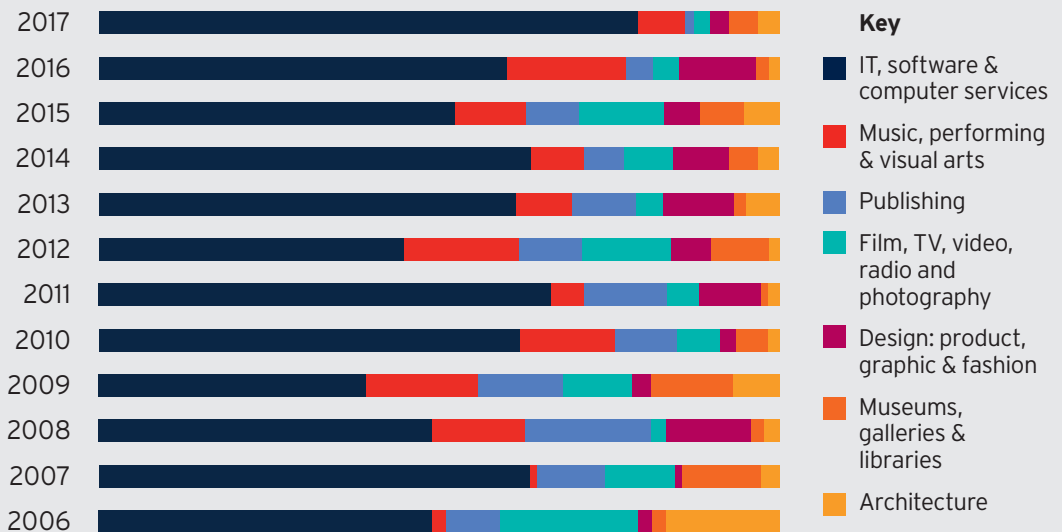


Source: Nesta and GlassAI (2017)

*Total project funding from Research Council (RCUK) and Innovate UK



Fraction of total creative project funding



Fraction of total creative project funding

These come on top of existing commitments to the creative industries, including support from public R&D funders such as Innovate UK, the Arts Council England and the AHRC.

Analysis from Innovate UK suggests that 2.4 per cent of 2016/17 funding from its Foundation competitions went to creative businesses. In that same year the creative industries were only eligible for three of the ten competitions, but under an envisaged new approach from 2018/19, all such competitions will be open. These opportunities will be equally scheduled across the year - giving creative businesses a near continuous opportunity to apply for funding.

In addition, £161m has been invested in R&D at the BBC over the past decade, every £1 of which is estimated to have returned £5-9 to the UK economy.¹⁸

Scope to go further

To help pioneer the next generation of products, services and experiences, the government will invest **£33m over three years via the Industrial Strategy Challenge Fund in an Audience of the Future Challenge.**

The Challenge - beginning in April 2018 - will comprise:

- ▶ A £12m R&D programme combined of three competitions (a collaborative competition aimed at making the production of high quality content cheaper, faster and more accessible by driving immersive innovation; a competition aimed at attracting additional private capital into this emerging sector; and an early stage design competition focused on understanding the future consumer, delivering vital insight into audience perceptions and behaviours).
- ▶ A £10m Industry Centre of Excellence (supported by £5m from the AHRC's clusters programme) to overcome silos in the key industries, ensuring the UK creative workforce is the most skilled in the world in the use of immersive technologies.

Matching this government investment, the creative industries will provide expertise and at least £25m in co-investment and in-kind support to the programme - with grant funding only available to bidders that also contribute.

We anticipate this investment could lead to a significant boost in generation of immersive content in the UK, cementing our place as a dominant market leader in the creative immersive sector. The challenge aims to ensure that 10 per cent of global creative immersive content is made in the UK by 2025 and that the UK will double its share of global investment in immersive technologies from a baseline of 5 per cent in 2016 to 10 per cent in 2025.¹⁹

Taking advantage of new technologies requires leadership. The Creative Industries Council has recognised the importance of convening industry to consider how to harness technology to grow the sector with its establishment of **Createch**. The annual event, which takes place during London Technology Week each June, seeks to identify opportunities for collaborative innovation within the creative economy. Its aim is to accelerate growth and exports by creating new revenue streams and business models. Createch 2018 will be fully managed, delivered and funded by industry, with support from Facebook, Imagination, Dentsu Aegis, King, Lewis Silkin and Kingston Smith.

New partnerships between universities and businesses to strengthen R&D in leading creative clusters, and transform understanding of the sector

To encourage creative industries innovation, the **AHRC will deliver a Creative Industries Cluster Programme (CICP)**, funded by £39m of government investment, complemented by a minimum contribution of £25m from industry. The programme includes funding for up to **eight Creative Research and Development Partnerships** to boost long-term strategic R&D activity between businesses and higher education institutions across the UK.



The programme received 45 proposals for R&D partnerships naming 700 partner organisations, including every UK region and every creative industries sub-sector.

Alongside the Creative R&D Partnerships, the Creative Industries Cluster Programme will also provide investment into a pioneering UK **Policy and Evidence Centre for the creative industries**. The Centre will provide the evidence crucial to devising policy solutions to the sector's biggest challenges.

Amongst other objectives the CICP programme will encourage the development, commercialisation and protection of the UK's creative assets, create new products, services and experiences as well as driving up employment and creating new categories of jobs. It is also envisaged that the programme will help to expand international trade for the creative industries across the whole of the UK.

Breaking down the barriers to accessing R&D investment

The success of the creative industries is critically dependent on their ongoing investment in R&D. To increase investment, government will convene a Creative Industries R&D Working Group from across the sector.

The group, made up of chief technology officers and sector leaders proposed by the Creative Industries Council, as well as officials from HMT, HMRC, BEIS, DCMS and Innovate UK, will focus on reviewing R&D funding for the creative industries, exploring barriers to access and opportunities to improve successful uptake of existing support such as the newly increased R&D tax relief, as well as delivering better data on the type and amount of R&D activity and its return on investment.

The findings of the working group will inform HMRC's ongoing activities to increase awareness of eligibility for R&D tax credits which will include, in 2018, a new campaign focussed on emerging technologies. The working group will be set up in 2018 and will conclude its findings by the winter.

In order to leverage the expertise in the sector, Sir Peter Bazalgette has joined the Board of UKRI to provide expert advice on how to increase investment in the creative industries.

Business Environment

Increase exports: delivering a 50 per cent increase in reported creative industries exports by 2023. Sustain growth: forecast GVA of £130bn by 2025 (3.9 per cent annual growth). Boost job creation: higher than average growth rate implies one million new creative jobs by 2030.

Our goal

A new business starts up in the UK every 75 seconds.²⁰ While the Organisation for Economic Co-operation and Development (OECD) already ranks us among the best places in the world to start and grow a business, the government's intention is to make Britain the best place to start and grow a business.

The Industrial Strategy White Paper identified a number of priorities if this ambition is to be realised, including better connecting our exceptional financial services industry with businesses seeking access to finance (particularly outside of London, where most investors are concentrated); maintaining a world-beating regulatory environment; placing a renewed focus on driving up exports as we leave the European Union; and diffusing business productivity more evenly across the UK businesses of all sizes.

The challenge

The creative industries face many of the same challenges as businesses in other parts of the economy. However these challenges are magnified by two main factors.

The first is **size** - over a third (34 per cent) of those working in the creative industries are self-employed, versus 13 per cent of the UK workforce.²¹ 95 per cent of creative businesses employ fewer than ten people.²² This means creative businesses often lack 'absorptive capacity', defined by Frontier Economics as 'the ability of a firm to identify and acquire relevant external knowledge, assimilate it, transform existing knowledge and practices, and exploit these new capabilities for commercial ends'.²³

The second factor is a reliance on **intangible assets**. Creative industries firms need to be able to protect and value their intellectual property correctly in order to effectively trade and access finance.

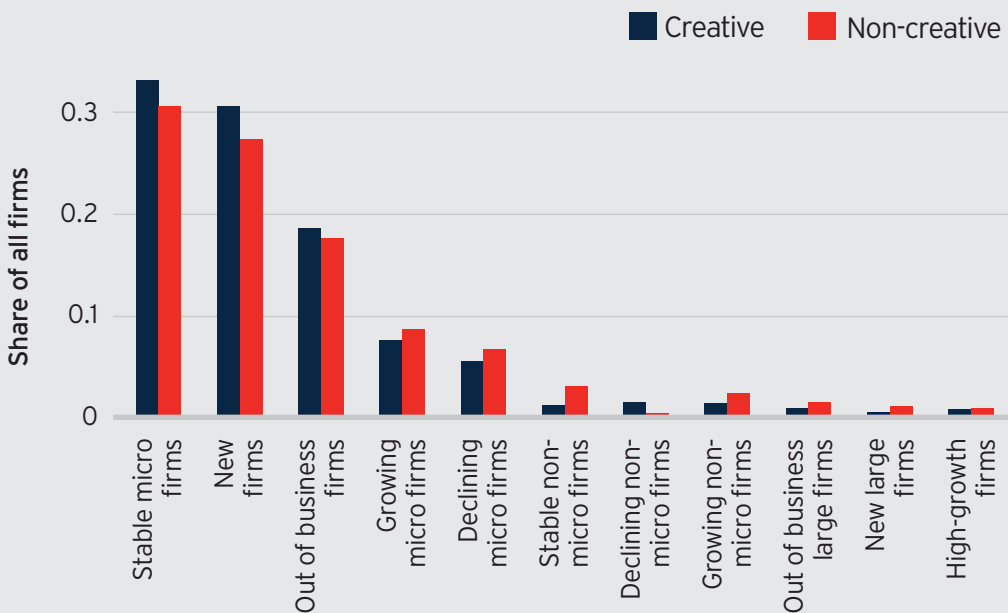
The UK is recognised internationally for its world leading IP enforcement framework. The Copyright, Designs and Patents Act 1988 provides significant criminal penalties for the worst online offenders, as well as giving rights holders the ability to pursue website blocking injunctions from the High Court.

Case Study: Creative England

Over the last five years, Creative England has invested more than £23m in loan and equity investments to SMEs. This step-up finance - from £10,000-£250,000 - is offered alongside business support. It has given creative, digital businesses based outside London the financial runway to develop new products or services, increase employment, turnover and scale up. To date, Creative

England - supported companies have created or safeguarded 1725 jobs and leveraged £49m private investment. As an example, Creative England invested £50,000 in 2013 in Avocarrot, a digital advertising platform. By June 2015 the company had raised a total of \$2m from venture capital and angel investors and doubled in size. In 2016 they were acquired by Glispa Global for \$20m.

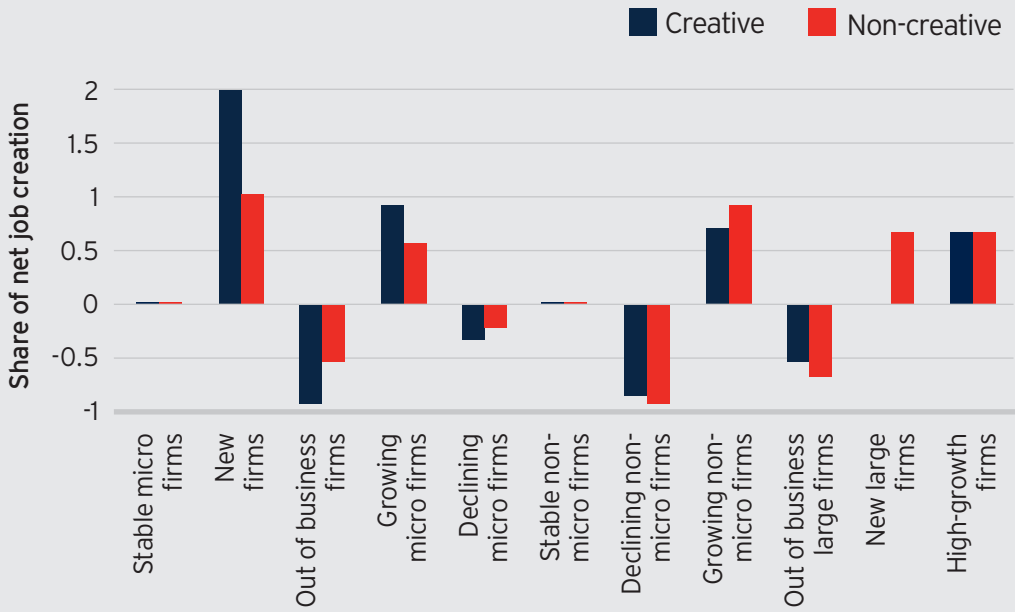
Firm category as share of all



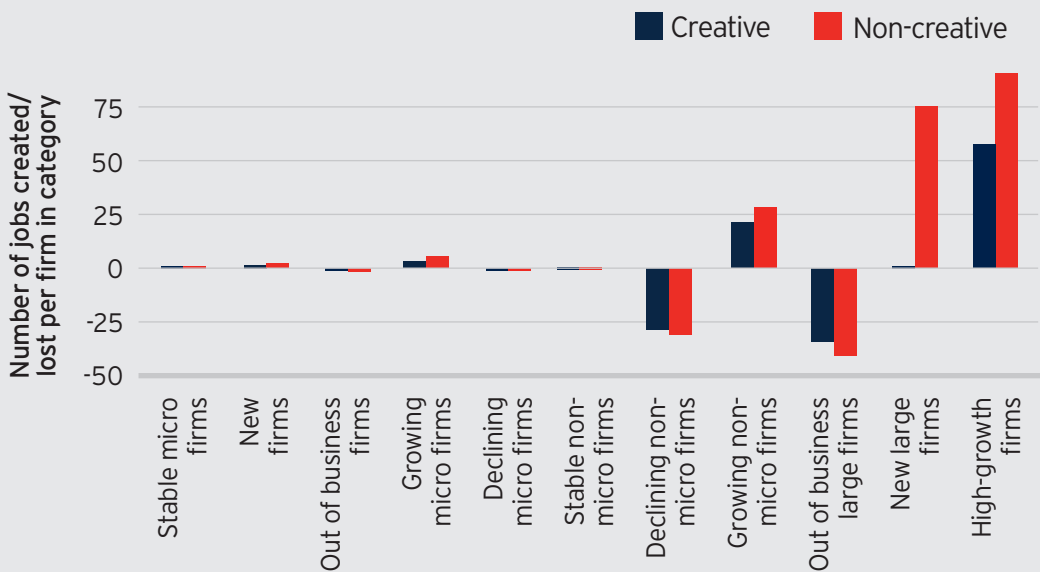
Source: ONS, Interdepartmental Business Register, Nesta analysis*

Figure depicts growth dynamics of different business types (between 2013-2016) across the creative industries, compared to wider economy. Figure illustrates high reliance on start-ups and micro-businesses to job creation in the creative industries.

Firm category as share of employment growth or decline



Jobs created/lost per firm category



Non-IP specific legislation is also often used, as in the case of illicit TV streaming devices, where successful action has most notably been taken under the Fraud Act 2006.

This framework reflects the scale of the underlying copyright enforcement challenge for content creators.

Research from the IPO shows that while an increasing majority of consumers choose to access content through legitimate sources, as many as 25 per cent still access infringing content illegally.²⁴ Professional infringers continue to find new ways and technologies to illegally exploit creative content, threatening livelihoods and businesses. PRS for Music report that stream ripping is one of the most prevalent and fastest growing forms of music piracy, accounting for just under 70 per cent of music copyright infringement.²⁵

Their small size and reliance on vulnerable, intangible assets makes it particularly difficult for creative businesses to attract investment. The Bazalgette Review identified three investment pinch points in the ladder of growing creative businesses: the need for loans and equity for early stage businesses; angel equity finance for high growth potential firms looking to scale up; as well as debt and equity growth finance for bigger, more established businesses.

These barriers were most apparent outside London: analysis of data from Beauhurst indicates that 60 per cent of equity investments in creative industry firms in 2016 went to London-based businesses, despite the capital only accounting for 37 per cent of the sector.²⁶

The Review also concluded that these barriers are exacerbated by weaknesses in uptake of business support for the sector. New research commissioned by the Creative Industries Council found that only 54 per cent of surveyed businesses had used business planning tools – an indicator of ‘investment readiness’ – compared to 72 per cent of SMEs in general.²⁷

Size in particular is also a challenge to creative industries businesses seeking to export. The creative industries currently account for 9.4 per cent of UK service exports, almost twice their share of the economy. However, there remains a great deal of untapped potential in the sector, with many businesses not yet exporting at all.

Case study: British Fashion Council Business Development and Support Programme

Through advocacy, domestic and international promotion, showcasing and a tiered training approach, the British Fashion Council incubates and accelerates potential talent to drive business growth.

The BFC's talent support pathway takes designers through an 11 Stage Programme across all areas of the fashion value chain from concept to

business modelling and from market offering to being investment ready.

Over the last three years, the BFC's programme has supported the development of designers such as Marques'Almeida and Sophia Webster; businesses supported have created over 200 jobs and exported over £10m worth of product.

Case study: Pact university module

A number of industry initiatives have been established in an attempt to equip creative graduates with the business as well as creative skills required to run a creative industries business. Screen trade body **Pact**, for example, has led an industry working group that has designed a module for media degree courses to help ensure that graduates entering the TV production industry are equipped with the right business

skills and knowledge. The module covers three business areas:

- ▶ IP and rights - understanding them and their value;
- ▶ Content and funding - understanding co-production structures and new commercial models around TV productions; and
- ▶ IP exploitation - understanding distribution, global trading and secondary exploitation.



The contribution of the Industrial Strategy

Intellectual Property

Government and industry have been proactive in working together to build on the successes of our IP framework, with the Intellectual Property Office (IPO)'s call for views laying the foundation for action.

In the most recent Autumn Budget, the Chancellor announced plans to consult on the tax treatment of intangible property (including IP) through the Intangible Fixed Asset Regime (IFA). This consultation considered the economic case for targeted changes to this regime.

These measures come on top of existing commitments on copyright protection, including extensive activity to tackle infringement. For example, we fund the specialist Police IP Crime Unit (PIPCU) which, since its inception, has investigated more than £100m worth of IP crime and diverted more than 11 million visits from copyright infringing sites. PIPCU's Operation Creative has also resulted in a 64 per cent decrease in advertising from the UK's top ad spending companies on copyright infringing websites.

Government understands that rights holders are concerned about the value they realise from the use of their works online, especially where works are used without generating substantial returns for creators. We are committed to addressing the transfer of value from the creative industries through use of their works online and closing the value gap. At the EU level, government is participating fully in the DSM copyright negotiations and championing targeted measures that address fairness in the online value chain, seeking to increase revenue flows to creators. We are seeking to clarify when online service

providers might be liable for content uploaded by their users without the permission of rights holders and ensuring that proposals support creators without creating unnecessary burdens for businesses. And as we leave the EU we will seek to ensure stability and certainty in the UK IP framework. Domestically, the government's **Digital Charter** will consider legal liability that online platforms have for the content shared on their sites, including how we could get more effective action through better use of the existing legal frameworks and definitions.

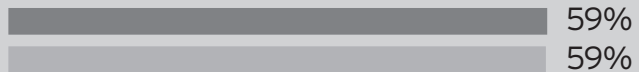
Activity

Activities conducted

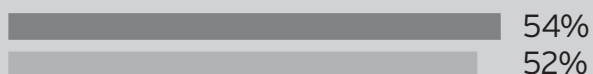
Key March 2017 March 2016



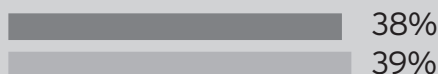
Consumed



**Streamed/
Accessed**



Downloaded

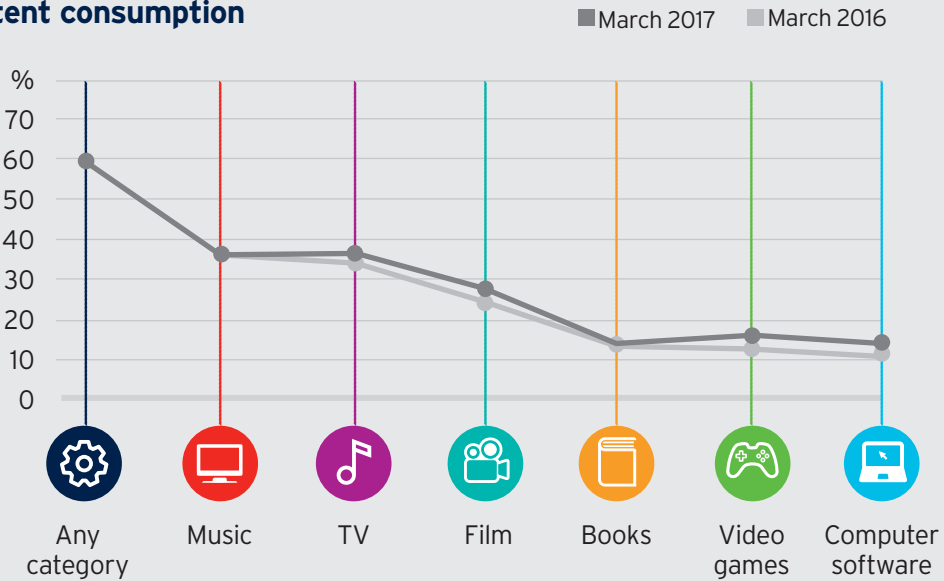


Shared

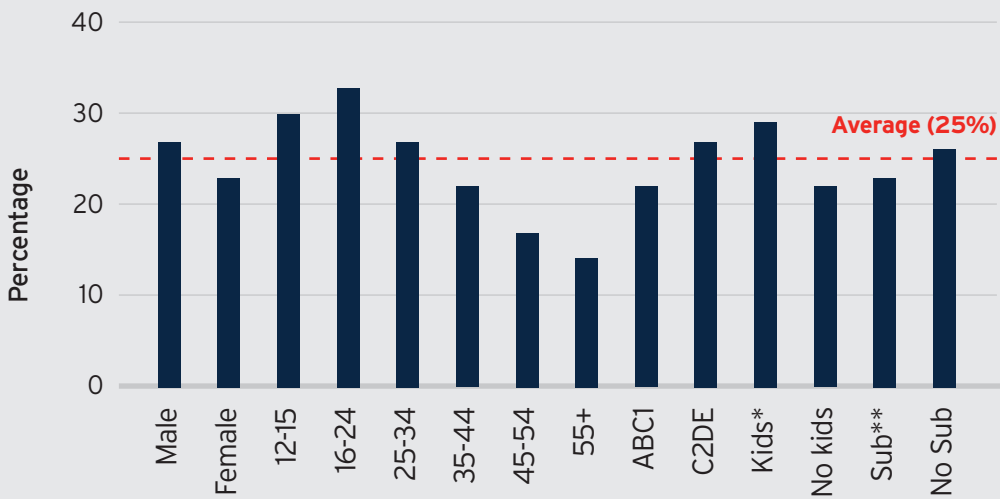


Activity

Content consumption



Any illegal infringers by demographic



* Kids in household ** Used a subscription service in the last 3 months

Source: Kantar Media 2017

Infringement

Overall level of infringement

Key March 2017 March 2016

Any illegal activity



100% illegal activity



Access to finance

As part of the **Patient Capital Review**, government announced a major programme of action to unlock over £20bn of patient capital investment across all sectors over 10 years by:

- ▶ establishing a £2.5bn Investment Fund incubated in the British Business Bank with the intention to float or sell once it has established a track record. By co-investing with the private sector, a total of £7.5bn of investment will be unlocked.
- ▶ doubling the annual allowance for people investing in knowledge-intensive companies through the Enterprise Investment Scheme (EIS) and the annual investment those companies can receive through EIS and the Venture Capital Trust scheme, and introducing a new test to reduce the scope for and redirect low-risk investment, together unlocking over £7bn of growth investment.

- ▶ backing new and emerging fund managers through the British Business Bank's established Enterprise Capital Fund programme, unlocking at least £1.5bn of new investment.
- ▶ backing overseas investment in UK venture capital through the Department for International Trade, expected to unlock £1bn of investment.

The Industrial Strategy builds further on this work by setting out the government's intention to scale up business support including £21m investment over the next four years to expand Tech City UK's reach so it will become Tech Nation - and support digital companies and start-ups to fulfil their potential and leverage their world leading IP.



Trade

As part of the Industrial Strategy, we have also committed to review our export strategy and establish a network of nine **UK Trade Commissioners**, each developing a regional trade plan covering export promotion, investment and trade policy. Alongside other initiatives to help businesses fulfil overseas contracts, UK Export Finance will introduce a new bank guarantee designed to increase liquidity in the supply chain.

This builds on government and industry support for British companies to attend overseas events through the Trade Access Programme and Export Growth Scheme, with particular benefits for the creative industries, for example:

- ▶ British Underground provides support costs for artists selected to perform at international showcases such as South By Southwest and WOMEX.
- ▶ British Fashion Council's London Show Rooms takes leading design talents to Paris Fashion Week each year to help develop their businesses internationally and raise their media presence.
- ▶ Funded by DIT and managed by the BPI, the Music Export Growth Scheme (MEGS) provides funding support for independent music companies, labels, distributors and management companies, to build on their UK success and break into overseas markets.

Not all IP regimes work in the same way, and concerns about international regimes can deter British businesses from exporting. To address this, the government will continue to make doing business abroad easier and safer for IP-rich creative businesses. Positive steps have already been taken and we welcome progress on IP in key markets such as China.

The IPO will also use the UK's status as one of the best IP systems in the world to make a positive difference to the global IP system. To make

this happen, the UK IPO will play a leading role to inform and influence the multilateral agenda and build strong bilateral relationships in priority countries and will continue to evaluate our international reach to ensure the UK is maximising trade and investment opportunities for our creative businesses. For example, the UK's network of IP attachés will work with other government representatives in country, and with industry and UK based experts to improve international IP frameworks, build UK IP capability and deliver IP specific projects.

Scope to go further

Building on our world leading IP strength

Consumers are increasingly turning online to consume creative content and both government and businesses have a responsibility to make sure that they are presented with legitimate and licensed content when they go online. In 2017 the government helped broker a landmark code of practice which sees search engines and the creative industries work together to stop consumers being led to copyright infringing websites. This code has already shown considerable success in significantly reducing the prominence of illegal sites returned in search results.

Building on the progress made with search engines, government will work with industry to organise new roundtables between rights holders and (1) the online advertising

industry; (2) social media and user upload platforms; and (3) online marketplaces to assess the evidence base and, where appropriate, agree further action to reduce online infringement and incentives towards infringement, with a senior government representative in the chair.

Each roundtable will:

- ▶ i. Scope and gather evidence to clarify the extent to which there are significant problems of online infringement which have not been adequately addressed to date by measures between rights holders and intermediaries taking account of any work going on in other forms (maximum duration 4 months). If no significant problems are identified then part (II) below will not proceed.



- ▶ **ii.** Develop codes of practice embodying further cooperative measures aimed at significantly reducing online infringement in the UK. Depending on the findings of part (I), these measures could include proactive steps to detect and remove illegal content, improving the effectiveness of notice and takedown arrangements, reducing incentives for illegal sites to engage in infringement online and reducing the burdens on rights holders in relation to protecting their content.

If part (II) fails to result in the agreement of an effective code by 31 December 2018, government will consider further legislative action to strengthen the UK copyright framework to ensure that the identified

problems are addressed. The creative industries will in turn commit to train and educate SMEs on how to police their content and products online and investigate partnerships to assist in enforcement between small and large players. Industry will partner with government to develop a package of resources and training for SMEs accessible via Companies House, HMRC, IPO and other agencies, building on the work already undertaken by the IPO and organisations such as the Alliance for Intellectual Property.

In addition to these steps, the IPO will work with industry to ensure that, where appropriate, the benefits of the existing search code of conduct are available across the creative industries, with the overall goal of presenting consumers with links to legitimate sites.

As part of the ongoing review of the legislative framework for enforcement due to complete in 2019, government will consider the evidence for and potential impact of administrative site blocking, as well as the mechanisms through which administrative site blocking could be introduced, and take appropriate action. Government will also broaden the scope of its review, as part of the Enforcement Strategy, to assess the ‘notice and staydown’ mechanism as it relates to IP infringing material. This is in addition to the UK’s close involvement in shaping the work being done in Europe as part of the Digital Single Market copyright package to see online platforms step up the fight against infringing content online and that reforms that benefit creators.

Finally, the IPO and DCMS will continue **to support the successful ‘Get it Right’ campaign with £2m over three years** in order to educate consumers on the dangers of copyright infringement and direct them towards legitimate sources of creative content online. This will be supported by in-kind support from the creative industries including content development and the provision of distribution channels.

Government is also committed, by Autumn 2018, to publish a programme of work to support the IP valuation market and will work with industry to support the identification and addressing of skills gaps around IP valuation among business advisers and intermediaries involved with the creative industries.

Access to finance and tailored advice for creative businesses

The creative industries are affected by a range of market failures as a result of both their size and reliance on intangible IP. As announced in the Autumn Budget, the British Business Bank will seek to unlock access to finance for high growth IP rich firms outside London via a new commercial investment programme. This regional angel co-investment fund, currently in development and set to be launched in the coming months, will complement the British Business Bank’s existing equity schemes. As with previous co-investment funds, the new regional angel programme will provide match funding to syndicates of angel investors. This creates an opportunity for the industry to provide support to investors on a deal-by-deal basis in order to help secure match funding.

The challenge for such cross-cutting support is to ensure it can be readily accessed by creative businesses. Government will bring together businesses, lenders, insurers, the British Business Bank and the IPO to overcome the barriers high growth, IP rich firms face in using their IP to access growth funding. In addition, the Minister for Digital and the Creative Industries, the Minister for Small Business and the Chief Executive of the British Business Bank will regularly meet to discuss progress on tackling these barriers and wider access to finance issues facing smaller businesses.

Case study: PRS Foundation

The PRS Foundation is an independent charity which receives a £3m annual donation from PRS for Music and, via its wide range of seed investment programmes, levers £11m from other public/private sources. Support from the Foundation includes the Momentum Music Fund which provides career-boosting grants to pre-commercial, independent artists at a crucial tipping point in their career.

The Fund's partners include PPL and Spotify. For every £1 granted by Momentum, artists have returned £7.46 to the UK music industry. The Foundation's International Showcase Fund, which supports UK artists' first steps into new priority markets overseas, generates a 10:1 ROI.

Providing access to finance alone will not solve the problem. Creative businesses also need to actively seek finance and be ready to use it. Some creative businesses will be able to access business support from Tech Nation, but, not all firms operate in the digital or tech space. To ensure there is a pipeline of investable businesses ready to access growth funding, government will invest up to £4m, subject to business case, in a programme of intensive business readiness support with cohorts of scalable, creative industries businesses in key creative clusters across the country to develop both pools of investable businesses and viable networks of investors. It will work jointly with industry to ensure they are correctly tailored to support the specific needs of the sector in the regions they are located.

As part of this, industry will establish a Creative Champions initiative to offer tailored advice, mentoring and networking opportunities for creative entrepreneurs and businesses in order to help them become investment-ready, and to improve understanding between investors, financiers and creative businesses. UK Finance, the representative body for the banking and finance sector, will work with its member organisations to launch and coordinate a PR and outreach campaign to support the sector. This will increase visibility and market intelligence on the growth opportunity of creative businesses to intermediaries and stakeholders; provide business and finance expertise to creative companies and connect them to business, finance and investment mentors around the country.

In addition to the above measures, to provide seed funding for talented graduates to start companies with high growth potential the government will increase its support to the UK Games Fund in 2018/19 by £0.5m and, as announced in the Budget, will provide an additional £1m to extend the programme until 2020. This will allow the UK Games Fund to support more young businesses and put a greater focus on the Tranzfuser talent programme.

To support this industry will voluntarily provide at least **200 days of additional time and expertise to the UK Games Fund**, with industry practitioners acting as mentors, assessors, speakers and in various enabling roles. The Fund's community of more than 100 companies will provide peer-to-peer support to early stage companies and around 20 large-scale publishers, distribution platforms and investors will engage with the community of funded companies.

Increase business influence on trade priorities to drive up exports

The UK creative industries have a strong track record of selling overseas, delivering over £20bn of service exports per annum. The sector currently engages with government via the Sector Advisory Group, whose 2014 strategy - taken forward by the Department for International Trade - includes commitments to increase creative industries services exports,

the number of creative companies supported by DIT and to increase the UK's share of the global market for inward Foreign Direct Investment.

There is therefore already a strong foundation for export and inward investment. But there remains significant potential for further growth, with opportunity to deepen and broaden links between business and government, focus more strategically on priority markets, join up export funding and have longer planning horizons for support.

To enable a more strategic and industry-led approach to trade and export support, industry and government will establish a new **creative industries Trade and Investment Board**, which will replace the current Sector Advisory Group. The Board will develop and oversee delivery of an export strategy which will aim to achieve a targeted increase of 50 per cent in reported creative industries exports by 2023 from its 2018 baseline, and a significant increase in the number of creative businesses exporting.

From summer 2018 the jointly-chaired government/industry board, with representation from across creative industries sub-sectors, will set and oversee delivery of a high-level rolling three-year export strategy that will ensure resources are targeted at those markets with greatest opportunity.



Case study: UK Games Fund

The UK Games Fund is a successful programme helping with access to finance, entrepreneurial skills and IP creation in a trailblazing sector. With a £4m, 4-year support package from government, the UK Games Fund, based in Dundee, was launched in 2015 to help SMEs from across the UK address early stage finance issues, boost new IP and nurture talent. To date it has helped more than 75 games firms and supported

more than 170 graduates on the journey to becoming entrepreneurs.

The extended UK Games Fund programme is expected to deliver GVA of £22m, with other measurable benefits including the creation of at least 300 jobs, development of new IP, enhanced skills and job progression and an estimated £2.5m leverage of private finance.

In support of this strategy, government will consult and agree annual plans with sub-sector panels to identify sub-sector priorities and issues. These will set the building blocks of annual financial and activity planning. Industry will provide secretariat support for the running of the Board.

DIT envisages spending no less than £4m (from existing budgets) in 2018/19 to support export activity in the creative industries and will agree activity for subsequent years, based on available funding, with the Trade and Investment Board, as set out in the agreed plans. This figure is subject to DIT 2018/19 business planning. Industry commits to investment which in aggregate at least matches the total government contribution. This will be measured by establishing a transparent reporting mechanism with those organisations that represent the component parts of the creative sector on the Trade and Investment Board. The Board will also explore, support and advise on high-value opportunities for Inward Investment and Foreign Direct Investment.

The Board will work with government to establish robust export data for the whole of the creative sector, ensure most effective deployment of consultancy resource to support export activity, and develop policy objectives which will make for a more supportive trade and investment environment.

The Trade and Investment Board will build on the Sector Advisory Group's role of providing an effective forum for discussing trade policy with the sector as government begins formal negotiations with key partners. It will also monitor and advise government on the deployment of specialist advisory resources in overseas posts and around the UK, advise HM Trade Commissioners and work with The Board of Trade, as necessary.

The Board will, in developing its strategy, explicitly consider the needs of creative businesses in each of the nations. The UK government has worked successfully alongside the Scottish government, the Welsh government and Northern Ireland executive and their agencies in promoting trade and investment activity and we intend to continue this collaborative approach to support the global growth of the UK's creative industries sector.

Government recognises the value of the creative sector across the entire economy, and will look to work in partnership with industry to develop strategic partnerships reaching beyond the creative sector that can add value to the sector's export activity.

Case study: Film inward investment

Film inward investment in the UK has grown by 92 per cent over the last five years and high-end TV by 162 per cent. With substantial increases in studio capacity and investment in skills, it is feasible that in the period to 2025 our revenues could nearly double to approximately £4bn a year.

The success of the sector has also triggered nationwide UK commercial investment to increase production capacity in Northern Ireland, Scotland and Wales, as well as in Manchester, Bristol and Yorkshire, with further expansions planned at Elstree Studios and new-builds including Pacifica Ventures' £100m investment in Barking and Dagenham, which will be Central London's largest purpose-built studio space, and Liverpool's forthcoming Littlewoods Studios.

Pinewood Studios Group is investing in a major extension of its studio facility in Buckinghamshire, adding six new soundstages, to be ready in 2019. This is phase two of an expansion programme which saw five new stages opened in 2016, and which is currently operating at 100% capacity. All of this amounts to a £200m investment initiative. The group also has plans for a major expansion at its Shepperton Studios, where it has recently acquired a new plot of land adjacent to the existing site.

At Warner Bros. Studios Leavesden, construction will start in summer 2018 on two new sound stages

and supporting offices, as part of the studio's long-term masterplan. This latest wave of investment in the state-of-the-art facility will take the total spend on the acquisition and redevelopment of the site to £240m. With continual high demand for the Studios, a record five major films are already in production there this year. As well as growing the capacity of its production studios, Warner Bros. Studio Tour London - The Making of Harry Potter, has also begun construction on its latest tour expansion, due to open in summer 2019.

Forthcoming feature titles being produced in the UK include *Fantastic Beasts: The Crimes of Grindelwald*, *Bohemian Rhapsody*; *Outlaw King*; *Stan and Ollie*; *Tolkien* and *Official Secrets*; with the 25th episode of *Bond* set for a November 2019 release. Major TV titles include new seasons of *Peaky Blinders*; *Taboo*; *Victoria*; *The Crown* and Scotland-based *Outlander*. New titles include the TV adaptation of Philip Pullman's *His Dark Materials* based at Wales' newest production facility, *Wolf Studios*; and John le Carré's *The Little Drummer Girl*; from the producers of the enormously successful *The Night Manager*.

People

Strengthen the talent pipeline to address current and future skills needs, as well as ensure that it is more representative of UK society.

Our goal

People are at the heart of the government's Industrial Strategy, which aims to deliver good jobs and greater earning power for all. The UK already enjoys a high employment rate, and world-class higher education system. Building on these strengths, the government is committed to establishing a technical education system that rivals the best in the world. This is particularly important as the UK leaves the European Union.

As a sector proving resilient to the structural challenges in the workforce caused by automation, the creative industries are creating the jobs of the future - where emphasis on human creativity and ingenuity are core. Employment has increased in the sector by a quarter since 2011 and three times faster than the economy as a whole. Moreover, forecasts suggest that the digital and creative industries could need 1.2m new workers between 2012 and 2022.²⁸

Future creative roles are likely need a breadth of skills including advanced numeracy, coding, physical and digital design and drawing skills and creative storytelling and problem solving.

A combination of STEM and arts-based subjects will provide this balance of capabilities.

The challenge

A key part of enabling creative businesses to access the talent they need is creating pathways into creative occupations that are well signposted and easy to access. The Bazalgette Review highlighted the need to strengthen understanding amongst parents, teachers and pupils of the kinds of careers available in the creative industries. It also highlighted the need to overcome the barriers to apprenticeships in the sector, including high rates of freelancing, short-term contracts and project working.

The Bazalgette Review also emphasised the importance of both building the domestic talent pipeline and protecting access to world class talent, to tackle existing and emerging skills shortages. Several areas of the creative industries rely on skilled labour from overseas and, as shown below, a number of job roles feature on the Shortage Occupation List. A forthcoming report by the Creative Industries Council estimates that there are currently 77,000 positions that are vacant or where stronger skills are needed.



A critical opportunity lies in opening up careers in the sector, creating a larger workforce that is more reflective of the UK population: nine out of ten creative industries jobs are occupied by more advantaged socio-economic groups of the workforce and several sub-sectors are not representative of the BAME, disability or gender balance of the UK working population.³⁰ This is particularly important for the creative industries, whose businesses stand to benefit from reflecting the consumers they seek to reach, and whose products will often be influencing public understanding of under-represented groups.

Industry, central and local government working together

Industry is already showing leadership in improving access to talent, and working closely with

government on improving skills.

On diversity and inclusion, the Creative Industries Council's 2016 Create Together strategy called for: aspirational diversity targets to be set by individual creative industries; government and industry to research and promote the business benefits of diversity; and all sectors to introduce comprehensive monitoring. The Publishers Association has set a goal of increasing BAME employment to at least 15 per cent within five years, and the proportion of women in executive-level and senior leadership roles to at least 50 per cent within the same period. The BFI Diversity Standards require applicants to the BFI Film Fund and Lottery funding to demonstrate commitment to diversity in at least two out of four areas - including on-screen,

Creative industries roles: Tier 2 Shortage Occupation List²⁹

- ▶ Programmers and software development professionals in visual effects and 2D/3D computer animation for film, television or video games industries: software developer; shader writer; games designer
- ▶ Animators in visual effects and 2D/3D computer animation for film, television, or video games industries
- ▶ Classical ballet dancers who meet the standard required by internationally - recognised UK ballet companies
- ▶ Contemporary dancers who meet the standard required by internationally recognised UK contemporary dance companies
- ▶ Orchestral musicians who are leaders, principals, sub-principals or numbered string positions and who meet the standard required by internationally recognised UK orchestras.
- ▶ Arts officers, producers and directors in visual effects and 2D/3D computer animation for film, television or video games industries: 2D supervisor, 3D supervisor, computer graphics supervisor, producer, production manager, technical director, visual effects supervisor.
- ▶ Graphic designers in visual effects and 2D/3D computer animation for film, television or video games industries: compositing artist, matte painter, modeller, rigger, stereo artist, texture artist.

off-screen and training opportunities for under-represented groups. The Diversity Standards have also been adopted by BAFTA and Film4.

In addition to improving diversity, the BFI has launched a £20m Lottery - funded Future Film Skills Programme, a 10-point action plan, developed via analysis from the Work Foundation and to be delivered by Creative Skillset to **tackle skills shortages**. The programme will support a clearly signposted, industry-backed and adequately-funded professional skills framework, with clear progression pathways through the screen industries.

The contribution of the Industrial Strategy

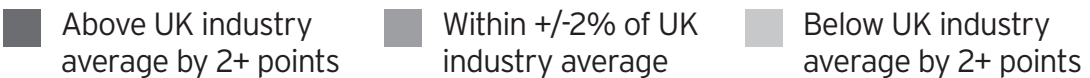
As set out in the Industrial Strategy White Paper we are investing an additional £406m in education and skills, including boosting spending on maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills.

The new **National Retraining Scheme** will support people to re-skill, beginning with a £64m investment for digital and construction training.

Creative industries employee characteristics

Expressed as percentage total of the sector

	Female	BAME	No degree	Less advantaged	Outside London
Advertising & marketing	45	12	37	10	51
Architecture	36	*7	28	*3	73
Crafts	-	*13	-	*14	-
Design (product, graphic & fashion)	43	9	49	9	75
Film, TV, video, radio & photo	37	11	44	14	62
IT, software & comp. services	22	18	36	3	73
Museums, galleries & libraries	66	*7	-	23	-
Music, performing & visual arts	47	7	37	11	66
Publishing	47	12	37	12	62
Total Creative Industries	37	13	38	8	68
Total UK Economy	47	12	66	33	83



Source: DCMS and Nesta (2017)

*Heatmap shows diversity expressed as percentages across the creative industries, based on 2016 employment data. Datasets shown as blank are unavailable, as they are subject to ONS data disclosure control to safeguard confidentiality. Starred datasets are an estimate from employment figures pre-dating 2016.

Case Study: Digital Schoolhouse

Ukie's Digital Schoolhouse powered by PlayStation programme is an example of an initiative being led and fully funded by a part of the creative sector. With a growing number of partners including SEGA and Warwickshire County Council, Digital Schoolhouse endeavours to increase the digital computing skills of school age children for the benefit of the creative industries and wider economy.

The programme develops creative digital and critical thinking skills, alongside core computer science and programming concepts amongst pupils. Digital Schoolhouse also works to provide an immersive and inspirational careers education experience for all students. Digital Schoolhouse is currently in 31 schools across the UK supporting over 15,000 students and 1,600 teachers from over 300 schools across the country.

To ensure that the UK's **technical education system** rivals the best systems in the world, we are investing £500m annually by the time T levels are fully rolled out to increase the number of hours training and high-quality work placements.

To ensure that our children have the digital and computing skills needed for the future we are investing £84m of new funding over the next five years to deliver a comprehensive programme - including a **new National Centre of Computing Education**. We are also investing £20m in a new Institute for Coding, which will be formed through a consortium of universities and employers to deliver higher level digital skills.

Over two million people have now received **free digital skills training** from businesses such as Barclays, Google, and Lloyds

Banking Group, under the Digital Skills Partnership launched by DCMS in 2017. Building on this success, the Digital Skills Partnership will be launching programmes to target the skills needs of local communities through better use of data.

On top of these measures, a range of existing commitments benefit the creative industries.

We are committed to ensuring that all children enjoy a broad and balanced curriculum, of which creative education is a key part. Between 2012 and 2018 the government has invested over £700m in a diverse portfolio of music and arts education programmes that are designed to improve access to the arts for all children, regardless of their background, and to develop talent across the country.

These include, among others, music education hubs, Dance and Drama Awards, the BFI Film Academy's Programme, and a number of music and cultural education programmes backed by Arts Council England including Saturday Art and Design Clubs.

We also work with organisations like Into Film which, funded by the National Lottery through the BFI, provides curriculum-linked resources, access to a catalogue of films, and guidance and support on running a film club to schools across the country. We want to ensure that cultural assets like film continue to be made available to schools and contribute to the cultural, academic and social development of young people. Additionally, we recently announced a new £7.7m **curriculum fund** to encourage the development of high-quality teaching resources by organisations, including leading cultural and scientific institutions.

Scope to go further

But there is scope to go further to support skills for the creative industries.

To help ensure a strong and sustainable talent pipeline **we will make up to £2m available (subject to business case) for a package of support** to ensure there is a larger and more diverse intake of talent and a broader range of routes into the creative industries.

To address shortages in critical skills for creative businesses and ensure broader outreach to a more diverse,

future workforce, the sector will, with DCMS support, develop and deliver a sustainable, industry-led creative careers programme that fits with broader strategic aims of the government's careers strategy. The programme will aim to improve awareness and understanding of the range of occupational roles on offer in the creative industries.

The programme will do so by: producing and distributing a comprehensive creative industries toolkit and supporting material for students, parents and schools; making this readily available and accessible on the web for all (including freelancers and entrepreneurs); facilitating events and visits including schools ambassadors; and delivering a major national promotional campaign led by the Creative Industries Federation. As part of our support package to help develop and sustain the talent pipeline government will provide start-up funding for this initiative which the value of the industry's contribution, including in-kind resources and expertise, will more than match.

This initiative will be delivered by the creative industries, working closely with the Careers and Enterprise Company and the Burberry Foundation, who have sponsored work with the Careers and Enterprise Company in Yorkshire and the Humber to prepare and inspire young people for careers in the creative industries. Over the next two years, this initiative will aim to reach a minimum



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of 2,000 schools and 600,000 pupils, recruit at least 50 new ambassadors from the creative industries and at least 100 employers from the sector will participate in encounter events reaching 15,000 young people.

The sector also commits to working with government to ensure high quality work placements are available for students in schools, further and higher education, to support the transition from training into employment in the sector.

The creative industries will also explore the development of an employer-led cross-industry quality assurance framework for Higher Education, Further Education and, where

appropriate, work-related courses. The industry's aims would be to help ensure that providers of relevant courses are more consistently teaching skills that creative industries employers need, and to enable students preparing for careers in the sector to make more informed choices. Any such initiative would build on the industry-led accreditation schemes which already exist in a number of creative sectors, would be developed independently of government, and would aim to support government-led efforts to drive up educational standards, including the Teaching Excellence Framework for higher education institutions. Industry will not seek to duplicate official accreditation, inspection or

quality assurance processes such as those already embedded in the apprenticeship programme.

Educational opportunities for diverse, young talent

To grow the UK's supply of creative talent, Working Title Films, will establish a new school for 16-19 year olds, the London Screen Academy, with places for 1,000 students from a wide range of backgrounds. Opening in September 2019, it will specialise in film, television, and video-making skills from scriptwriting to post-production. This will be a positive addition to the existing creative industries-led schools including the forthcoming Mulberry University Technical College (UTC) and the Livingstone Academies.

Alongside this industry and government will continue to work together to ensure that the number of new entrants to the creative industries increases year on year and that the diversity of the sector's workforce improves. The sector will expand pioneering programmes seeking to provide a step change in the diversity of its workforce like Project Diamond, the BFI's Diversity Standards initiative, Penguin Random House's WriteNow programme, Women in Games, BAME in Games and PRS Foundation's Keychange initiative.

Facilitating more apprenticeships in the creative industries

As well as these steps, the government will work with employers to **monitor the impact of the Apprenticeship Levy** and continue to analyse all apprenticeship starts (by place and subject area), assessing the impact against other types of employer investment.

From April 2018, **employers who pay the Apprenticeship Levy will be able to transfer funds** to other employers, including apprenticeship training agencies. Employers will be able to transfer up to 10 per cent of the annual value of funds entering their apprenticeship service account to pay for the training and assessment costs for apprenticeship standards.

Government and industry will work with the Institute for Apprenticeships (IFA) to **prioritise apprenticeship standards development in the creative industries in areas where they are experiencing skills gaps and are identified as Industrial Strategy priorities**. As part of our package of support to help strengthen and sustain the talent pipeline DCMS will provide funding to support employers to develop around 20 of these critical standards.

Additionally, considering views from the CIC, the government commits to ensuring that an employer representative from the creative industries sits on its **Apprenticeship Stakeholder Board**.

Case Study: North East Futures University Technical College

North East Futures UTC, a new school opening in Newcastle in September 2018, is an example of regional cooperation between the creative industries and academia. Specialising in teaching digital skills and the sciences, the school will provide entry for up to 600 students aged 14-19 years and offer both academic and technical qualifications. Partners include Ubisoft, Accenture, and the University of Sunderland, all of whom are involved in developing the

curriculum to ensure the school is addressing skills gaps in the industry. Each student will have an employer mentor and will work on projects developed by businesses so that they can apply their theoretical knowledge to the world of work and learn about the practical job roles in the creative industries. The school will also ensure that there are equal opportunities for girls to be inspired by roles in the digital and creative tech sectors.

Investment in skills development and digital skills

The creative industries are committed to improving careers and work opportunities in the sector, including increasing the number of apprenticeships offered and enhancing the impact of creative and design, and digital technical routes to employment. Industry will deliver increased investment in skills development and training by **exploring the scope for expanding the voluntary Skills Investment Fund (SIF) supporting on-the-job training in film and television.**

A creative industries representative has been invited to sit on the Digital Skills Partnership Schools Working

Group in recognition of the creative industry's contribution to increasing digital skills across the country.

Keeping the UK open to exceptional creative talent

Finally, in recognition of the critical importance of access to world-class talent to the sector, government has doubled the number of Tier 1 (Exceptional Talent) visas available for a number of key sectors, including the creative industries. The government will continue to work with industry and the designated competent bodies (including Arts Council England) to explore how to promote this visa route further and ensure that wider talent within the creative world is benefitting from it.

Implementation plan

Date	Milestone
Mar 2018	Creative Industries Sector Deal launched.
Apr 2018	Audiences of the Future Challenge launched.
Summer 2018	<p>CIC meeting to review delivery plans.</p> <p>AHRC Creative Industries Clusters Programme Research Partnerships announced. Location of the creative industries Policy & Evidence Centre announced.</p> <p>Createch event.</p> <p>Inaugural 'Creative Local Industries Partnership' forum.</p> <p>First meeting of the creative industries Trade and Investment Board.</p>
Autumn 2018	<p>British Business Bank Commercial Investment Programme launched.</p> <p>Creative Industries Careers Programme launched.</p>
Winter 2018	<p>Inaugural creative industries Roadshow.</p> <p>Creative Kickstart Programme Launched.</p> <p>R&D Working Group to report findings.</p>
Dec 2018	Review of the effectiveness of voluntary measures taken under IP proposals and the need for legislative action.
Mar 2019	Annual Review of the Sector Deal including considering further measures as appropriate.
Q1 2019	Careers campaign launched.

Governance

Oversight of the Sector Deal will be led by the Creative Industries Council with a sub-committee Implementation Board, which will review progress against objectives.

The Creative Industries Council is a joint forum between the creative industries and government. Set up to be a voice for creative industries, the council focus on barriers to growth facing the sector, such as access to finance, skills, export markets, regulation, intellectual property and infrastructure. Work is taken forward through a number of sub-groups and working-groups.

Council members are leading figures from across the creative and digital industries and is co-chaired by the Secretary of State for Culture, Media and Sport, the Secretary of State for Business Innovation and Skills and an industry representative, currently Nicola Mendelsohn, Vice-President for Europe, the Middle East and Africa at Facebook.

Bazalgette Review: update

Recommendations	Current position
Using the model of City Deals, government should launch a Key Creative Clusters competition, supported by a new five-year £500m Creative Clusters Fund, to accelerate regional growth and create models that can be passed on to other creative clusters and sectors.	Competition agreed as part of the creative industries Sector Deal for a £20m Cultural Development Fund, whose focus includes key creative clusters, on top of major AHRC and industry investment in creative clusters.
Industry should work with a small number of universities and existing creative clusters on a flexible, modular Creative Leaders scheme to cultivate a network of highly skilled cluster leaders around the UK.	Industry committed to Creative Kickstart programme and Creative Champions under sector deal.
Industry and government should develop a joint plan to increase take-up of existing R&D tax credits by eligible creative industries businesses.	Working group to examine take-up of R&D agreed
Government should lead a new review looking at whether the definition of the R&D tax credit captures legitimate R&D activity within the creative industries. This work should closely involve industry.	Working group to examine take-up of R&D agreed.

Recommendations	Current position
<p>Government and industry should work closely to significantly increase the percentage of Innovate UK's funding going to projects that involve the creative industries from the current low level of two per cent.</p>	<p>Working group to examine take-up of R&D agreed, and Sir Peter Bazalgette appointed to Board of UKRI.</p>
<p>Government should increase the support offered to businesses to protect and exploit intangible IP. As part of this, the Intellectual Property Office should digitise its IP Finance Toolkit and work with industry to publicise it further with businesses of all sizes and across the UK, agreeing an annual target for the number of UK firms using it.</p>	<p>A suite of measures agreed including digitising the IP Finance Toolkit, and work on IP valuation.</p>
<p>Government and industry should conduct a comprehensive joint work programme on IP valuation to: a) increase awareness of the availability of IP valuation resources, b) map the market and identify barriers to investment, and c) take bold action to address any market failures.</p>	<p>A suite of measures agreed including digitising the IP Finance Toolkit, and work on IP valuation.</p>
<p>Government and industry should develop a joint strategy to improve data transparency around creative content and thus unlock new revenues and business models. The music industry, tech industry and government should develop a proof of concept at pace. Given the ambitious, novel nature of this work, government should ensure innovation funding is available to support this and develop further stages for other digital content sectors such as film.</p>	<p>A suite of measures agreed including digitising the IP Finance Toolkit, and work on IP valuation. In addition, government is convening online intermediaries and rights holders to consider the need for and agree new Codes of Practice on social media and user upload platforms, digital advertising and online marketplaces (considering legislative backstops if sufficient voluntary progress is not made by the end of 2018).</p>
<p>Investment from the British Business Bank into the creative industries should be significantly increased and matched with private investment to deliver a 'ladder of growth' investment scheme that is regionally-focused and meets the scale-up needs of the creative industries.</p>	<p>Patient Capital Review announced substantial new funding targeted on high growth businesses including IP rich SMEs and a specific fund to grow angel investment outside London.</p>
<p>Leaders of Creative Clusters should improve signposting to business support and investment via 'speed dating' events to match investors and companies.</p>	<p>Industry committed to Creative Kickstarter programme and Creative Champions under sector deal.</p>
<p>Industry should develop a new careers 'attraction strategy' including a communications campaign, supporting online advice and information centre, and curriculum materials to broaden and deepen the talent pipeline that starts at school.</p>	<p>Joint government-industry action agreed as part of the sector deal.</p>

Recommendations	Current position
<p>Higher and Further Education providers should work with industry and the Saturday Club Trust to expand the network of Saturday Clubs - inspiring creativity in 13-16 year olds - from its current level of approximately 50 to 250 within five years.</p>	<p>Work is ongoing to consider options for encouraging further HE, FE and industry engagement in Saturday Clubs, with a particular focus on opening clubs in Opportunity Areas and other disadvantaged areas.</p>
<p>Government should approve a national 3-year pilot of modifications to the Apprenticeship Levy as proposed by the Creative Industries Council.</p>	<p>The government will work with employers to monitor the impact of the Apprenticeship Levy and continue to analyse all apprenticeship starts (by place and subject area), assessing the impact against other types of employer investment.</p>
<p>Within six months, the film industry should set out firm commitments for how it will support delivery of the BFI's Future Film Skills strategy.</p>	<p>BFI has published Skills Strategy pledging £20m investment in skills.</p>
<p>Government should invest £23.7m over five years to extend the highly successful and innovative UK Games Fund and Transfuser graduate development programme.</p>	<p>Funding extended to 2020 and increased by £1.5m.</p>
<p>Within six months, government should confirm it will make innovation investment available for cutting-edge, business-led research and innovation projects in immersive reality to ensure the UK takes a global leadership role in developing commercial, cultural and production applications for these technologies.</p>	<p>£58m joint government and industry investment in immersive technology confirmed as part of 'Audiences of the Future' Challenge.</p>
<p>We should create a new model for a Creative Industries Trade Board that gives industry greater control over how and in what markets public export budgets are spent. Industry should commit to at least match-fund government investment.</p>	<p>Creation of new Trade and Investment Board agreed as part of the Sector Deal.</p>
<p>Every creative industries sub-sector should commit to specific, ambitious support to drive up the number of exporting companies via measures such as business mentoring schemes, export masterclasses and networking events.</p>	<p>As part of the new Trade and Investment Board, industry to develop strategy with clear sub-sector export targets .</p>
<p>Government, academia and industry should establish a Global creative industries Observatory within the UK to cement our position as the leading international authority on creative industries strategy and policy for, and measurement of, this sector.</p>	<p>Evidence and Policy Centre to be established as part of AHRC clusters programme.</p>

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- P12 Crane Dance Bristol, by Laura Kriefman as part of the inaugural Space/WIRED Creative Fellowship, supported by the Watershed. Lighting designed by Howard Eaton and Emma Chapman of Studio Three Sixty. © Jon Rowley
- P18 Hey Clay - Event. Courtesy of Crafts Council. Photographer: Iona Wolff
- P23 Peaky Blinders. Caryn Mandabach Productions /Tiger Aspect for Screen Yorkshire/BBC 2
- P26 Tokyo42. Photo: SMAC Games Ltd (funded by the UK Games Fund)
- P29 Tracey Sweek, Stone Conservator, Department of Conservation and Scientific Research, The British Museum. Photographer: Kate Peters
- P33 Men's Fashion Catwalk: Source. ©Kensington Leverne/ British Fashion Council
- P34 Motion capture at Imaginarium Studios. ©Knowledge Transfer Network
- P40 Coldplay. Production Park photographer Sarah Womack
- P42 Jonathan Strange and Mr Norell filming at York Minster. Photo: Cuba Pictures for BBC One / Screen Yorkshire
- P45 Templar Children's team. Bonnier Publishing group
- P49 Roll7 - Laser League. Courtesy of UK Games Fund
- P52 NFTS DFX Student. Courtesy of NFTS
- P57 Tailor's dummy: Designer Fashion. © 2015 British Fashion Council
- P59 Victoria (series 1) filming at Church Fenton Yorkshire Studios. Mammoth Screen for ITV
- P60 We're going on a bear hunt. © Bear Hunt Films Limited MMXVI/A Lupus Films production in association with Bear Hunt Films and Walker Productions for Channel 4, Universal Pictures and Herrick Entertainment with the support of Creative Europe - MEDIA programme of the European Union.

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- P9 HRH the Queen at Fashion week AW18. Darren Gerrish, British Fashion Council
- P11 The British Museum's World Conservation and Exhibitions Centre was designed by Graham Stirk, Senior Partner, Rogers Stirk Harbour + Partners. Photographer: Joas Souza





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