

Subject:	The Creative Industries of Greater Brighton (Update)		
Date of Meeting:	28th January 2020		
Report of:	Chief Executive, Adur & Worthing Councils (and co-chair "Creative Coast")		
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LA(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report provides an update to the GBEB following the conversation at the 16 July 2019 meeting. It reports on further refining of areas for possible intervention and notes that some of the key data from the University of Sussex Creative Industries Policy and Evidence Centre (PEC) will not be available until March 2020 in final form.

2. RECOMMENDATIONS:

- 2.1 That the Board note the contents of this update report, progress made, uncertainty around national and regional economic policy and comment on the four areas identified by the Arts & Creative Industries (ACIC) Working Group for detailed development and progression.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Board Members will recall a previous paper and conversation at the meeting on the 16th July 2019. That paper (Appendix 1) (and the paper of Dr Josh Siepel from the University of Sussex – Appendix 2) are provided as Appendices for ease of reference. That conversation set out the importance of the Creative Industries sector (nationally, regionally and within the Greater Brighton region) began to map the scale and structural composition of the sector and identified nine possible areas for productive intervention. The aim of all interventions being to support the Creative Industries of our City Region to compete effectively, to scale-up their businesses, and realise long-term benefits of our communities. The report reminded Board members of the definitions of "Creative Industries" and "Cultural Industries" and some of the reasons why State intervention was required. It mapped recent national and local policy agendas and referenced the work of the Arts & Creative Industries Commission ("ACIC") and one of the particular strands of work "Creative Coast" that was seeking to take forward the challenge of "stepping up to lead as the regional capital of creative productivity and spill over innovation".
- 3.2 The Report of June 2019 also referenced two significant pieces of research commissioned on behalf of Greater Brighton. The first based on Office of

National Statistics (Appendix 2) provides a snapshot mapping and data set of the size (and to some extent structure) of the Cultural Industries of Greater Brighton. At the time Arun DC was not a member of the GBEB and therefore Arun's Creative Industry was not included. Members of the Board will recall a presentation from Dr Josh Siepel drawing out some of the significant themes from the data and what made the Creative Industries of Greater Brighton different to Creative Industry clusters elsewhere in the UK.

- 3.3 The second piece of research data “FUSE+” was the longer term piece of research generating data on the positions, dynamics and evolution of Creative Industries (and specifically Creative Clusters) across the UK. Whilst the University of Sussex PEC have been commissioned at the national level, Greater Brighton (along with Creative Industry bases in Scotland and the North East) have commissioned a deeper dive (or cluster level “portrait”) for the sector in Greater Brighton as well as a cluster directory and real time estimates or economic performance of the cluster. As anticipated this work is significant in size and is unlikely to be concluded until Spring 2020. As well as the hard data it is anticipated that a number of data visualisations will be available to help guide our future thinking.
- 3.4 At the July meeting the Greater Brighton Economic Board members considered policy, context and the data available and gave their views on how important they believed the sector to be and the kind of intervention that they believed were most valuable. Perhaps unsurprisingly different Board members (and different institutions) had different perspectives and the ACIC Creative Coast working group has continued to develop its thinking and relationships with key funders and commissioners over the past few months.
- 3.5 Since the July meeting a new UK Government has been elected and, at the time of writing, it's position on a variety of economic policies (including for the Creative Industries sector) is as yet unknown. Similarly the position of the new Government on Regional Economic Growth and funding and the vehicles and mechanisms which it might use is still uncertain. The Coast to Capital Local Economic Partnership (LEP) is still working to the previously set Treasury timescales for the creation of a Local Industry Strategy (LIS) and members of the ACIC Creative Coast working group (and other members of the GBEB Board) have been involved in conversations with officers of the LEP on the importance and potential for the sector across the Coast to Capital region. These conversations have been well facilitated by the LEP and, encouragingly there appears a growing recognition of the importance (in terms of value, sustainability, jobs potential etc.) has seen a raising of the profile of the sector in the LEP's outline thinking on what might be included in any future Local Industrial Strategy (or any successor mechanism for funding regional growth).
- 3.6 Similarly the Arts Council England (ACE) at a national level are producing their new 10 Year Strategy. This will, of course, be subject to any new DCMS policy following the election of a new Government. ACIC members have kept in contact with ACE at a national level to understand developing thinking and to continue to make the case for the importance of the sector (and our region) in future policy and funding decisions.

4. PROGRESS SINCE JULY 2019

4.1 By way of a brief update on activity over the last 6 months:-

- University of Sussex PEC have commenced and are progressing the FUSE+ work (including the cluster level portrait for Greater Brighton). If there are any emerging patterns (even at this early stage) it is hoped that these might be reported in to the Board meeting on 28th January 2020.
- Coast to Capital LEP have commissioned University of Sussex PEC to undertake further commissioned work in support of the Local Industrial Strategy preparation.
- As referenced above, conversations with key stakeholders and potential funders are on-going in a current climate of policy uncertainty.
- The ACIC Creative Coast working group met to hone down the long list of possible intervention areas into a firmer set of four themes (see following sections).

5. PRIORITISING THE INTERVENTION THEMES

5.1 Over the last 6 months a range of conversations across Greater Brighton, the region and national level have been on-going around the best possible ways of supporting Creative Industries across our local economy. Several of these are referenced earlier on in the paper. Under the auspices of the Creative Coast working group around 20 people representing academia, creative and digital sector, Chambers of Commerce and community and voluntary sector players met in early December to drill down further into the “long list” of themed areas.

5.2 It may be recalled from the Board paper on 16th July 2019 that at that stage the particular challenges being faced by the sector in growth and expansion were:-

- Insufficient affordable and flexible accommodation space.
- Institutions in places creating good collaborative links and turning them into productive commercial ventures.
- The role of academic institutions in supplying talent and fuelling innovation.
- Identifying and supporting “Creative Producers” (i.e. those who connect up SMEs, larger institutions, public sector investors etc. etc.).
- The problem of scaling-up.
- A stronger profile nationally and internationally which acknowledges the size and importance of the sector across Greater Brighton.
- Public Sector “economic development” approaches at times not being nimble enough or having knowledge and understanding required.

- Evidencing and telling the story of our successes.
- Ensuring talent pipelines and product is inclusive.

5.3 Following the lead set in the GBEB conversation in July the working group worked on turning the long list into four themes namely:-

- Brand & Narrative
- Places & Spaces
- Skills & Talent
- Investment

The Group recognised that intervention resources are finite, not all of the data that we might require is available yet and recognised that some of this agenda is already “up and running”. For other elements there is greater co-ordination required and/or real gaps to be addressed to enable the Creative Industries to continue to grow in Greater Brighton. The collective sense of the working group was that small steps need to start to be taken whilst some of the bigger plays are further developed, national policy becomes clearer and resources are identified.

6. FOUR THEMES TO PROGRESS ...

6.1 **Theme 1 : Brand & Narrative** – the data that we have (from the FUSE 2011 report) onwards and the examples of current successful cultural clusters (see Bristol, Bath, Cambridge, Manchester etc.) suggests these locations have created and carefully managed a narrative which describes who they are. This has been crafted to promote the Creative Industries sector to talented people, to businesses and investors. A strong brand “Creative Greater Brighton” (or whatever works best) would create a helpful place-specific narrative for Creative Industries which covers businesses, talent, skills and investors.

6.2 The ACIC working group identified that the most prominent and powerful Creative Industries subsectors that can currently be drawn on are cultural, creative and digital/tech (with the third sector and social enterprise potentially a key strength as well). The diverse nature of Greater Brighton’s Cultural and Creative Industries offer is a real strength, rather than a weakness. From established cultural institutions (Brighton Festival, Great Escape, Develop Conference etc.) to a range of smaller niche and bespoke creative activity in other parts of our City Region, there is plenty in the DNA to work with in terms of weaving narrative. A good narrative and brand should have the freedom to draw on all of this and to create an authentic story for the City Region. This would not be simply emulating what other Creative Clusters have done to promote their region through branding (e.g. Manchester, Glasgow, Bristol etc. have all done great stuff ... and we are none of them). The working group sense was that the story should be bold, brave and simple. Easy to understand, easy to “get” and provide advocates with a shared language to tell the story.

6.4 The common consensus (given the raw materials we have) is that we could and should be doing better with our profile in the Creative Industries on a national and

international stage. There is locally based enthusiasm and talent to develop this over the short term and it is felt by the working group to be something that can be developed without waiting for clarity on national or regional funding policies. There are large national and international industry events already taking place in Greater Brighton and we can better utilise their national and international profile.

6.5 Whilst a brand narrative is the first step, the working group also started to discuss how we could better connect and leverage the value of the tangible and intangible assets we have in the City Region, viewing the sector as an ecosystem which requires people, spaces, innovation and investment to grow.

6.5 **Theme 2 : Places & Spaces** – It is frequently reported that one of the most significant barriers to scaling-up in the Creative Industries is an absence of affordable, flexible and appropriate accommodation in which to set up and do business. The heavy concentration of the sector in Central Brighton (and to a lesser extent, Hove and a slow spread along the coast and Crawley and Lewes) has tended to mean accommodation costs in Central Brighton are high, flexibility not always good and therefore (in this sector in particular) can create real risk barriers to growth and scaling.

6.6 **“Spaces”** – so what is needed?

- More high quality office space (particularly for the tech and software sector) that is reasonably priced. This is something that generally the market either can provide, or can provide with the state’s intervention and support.
- Attractive, flexible spaces with low overheads where small, ambitious start-up businesses and creative practitioners can cluster. These might well be available either in other parts of the Greater Brighton footprint at lower cost, although there is often competition with other commercial uses and/or residential.
- In an ideal world the CI sector looks for accommodation connected to universities, where there may already be a cluster of businesses in the same of adjacent sectors, good transport links (e.g. around railway stations) with the opportunity to rapidly and cost effectively scale-up (or down) to meet market and end user demand.

6.7 From the perspective of the CI sector (and therefore our most significant growth sector) this is an area of current relative market failure given the competing financial value drivers of the residential market and some other forms of commercial use. Suggestions to address this from our Sub Group included:-

- Repurposing old/under used buildings (potential opportunities with the current demise of some elements of the retail sector).
- Land around stations (or regenerating areas around stations with good connectivity into London or to central Brighton & Hove).
- Opportunities from new build at scale (e.g. Shoreham Harbour).

- Section 106/Community Infrastructure Levy contributions specifically to support the Creative Industries sector.
 - Local Authorities as Local Planning Authorities (and indeed land owners) have significant influence here. In various parts of our region, in central Brighton, Preston Barracks, Worthing and Lewes there are a number of opportunities that demonstrate what can happen if Local Authorities see the opportunity and get involved. And at times this costs Council tax payers money and it is unlikely that Council tax payers/Central Government grants will be the whole of the answer to this. Short term subsidies to encourage scale-up and/or the possibilities of “enterprise zone” type activities should all be kept open whilst the new UK Government determines its policy perspective.
- 6.8 “Places” Real potential exists to seed “areas of excellence” across the Greater Brighton footprint. Members of the Board may remember the Cultural Development Fund bid (which in particular looked at Crawley, Brighton and Worthing as particular areas to develop expertise or specialist clusters). Ultimately the clusters grow where there is access to talented people combined with excellent transport links and strong market demand. Access to investment also plays a significant part in the scaling of clusters. Well targeted and concerted interventions can encourage cluster development and make places considerably more attractive for investment. With the recent introduction of Arun DC we now have Bognor Regis and Littlehampton in the mix, creating in themselves new opportunities.
- 6.9 There is early interest from the LEP in this approach (driving clean growth by targeting particular sectoral specialisms in defined places) and from ACE in their strategy (funding eco-systems for the cultural economy in a sustainable way). As noted earlier neither of these funding institutions are yet “in funds” but we continue to develop conversations in parallel to assist in developing their thinking.
- 6.10 At present any consistent approach to Places & Spaces is complicated by the fact each Local Authority will have its own autonomous and independent system of land planning and regulation, asset use and economic development priorities. Frankly, that’s as it should be and, whilst this can be developed by individual Local Authorities working on their own basis (or occasionally in concert) it may well be in time that a State funded vehicle which addresses the constraints and gaps in the CI ecosystem is created. If this could acquire, hold, develop and lease land assets to the CI sector it could be a useful addition.
- 6.11 And (as with Theme 1 above) this is an area where there is already plenty of activity, good examples to point to (from Blast and Phoenix moving into Portslade) to major investment in property assets and technology at Brighton Dome, through to cultural developments in Crawley, Worthing and Lewes. At times, if this type of development is to be accelerated, the State will have to fund or underwrite risk. At other times this vehicle could be required to connect across different parts of the sector, and promote exemplar initiatives, or encourage relatively small changes to planning approaches and planning gain that can have significant economic benefits.

- 6.12 **Theme 3 : Skills & Talent** – over (at least) the last decade, access to skills and talent has often been raised by employers as a key issue. In our City Region we have three Universities, a considerable number of FE colleges (at least one providing University creative industries degrees) and yet almost all participants in the conversations to date believe there is a problem in getting the right people, with the right skills to the right employers and projects at the right times. There is also a sense that it's not just about skills for jobs, but it's entrepreneurial skills as well.
- 6.13 From an employer perspective we hear a demand for “soft and hard” skills (with several employers very open in saying it is easier to offshore some of the tech and creative skills to places where people already have them and want to use them, than to easily access the right people in our regional economy).
- 6.14 The LEP have identified a “missing gap” (20-40 year old people with high skills level that are missing from our regional labour market). Their diagnostic is that a sizable number of people leave our schools and colleges with valuable skills and chose to work elsewhere in the UK (or the world) rather than staying and working here. This to some extent is less true in Brighton & Hove but in other parts of the City Region is identified by the LEP as real on-going productivity issue. It also potentially prevents significant employers relocating here. A further issue identified by a number of employers is that some of the creative talent that they are looking for does not come through formal academic pipelines. The “informal learning” opportunities, volunteering, work experience routes to acquiring skills are at least as important for some employers as academic qualifications.
- 6.15 Talent & skills of course are not just an issue for the CI sector. It's an issue for our City Region and our LEP region as a whole. The Creative Coast working group considered these issues and were clear that retraining and upskilling adults, identifying talent from different routes, a business start-up incubator for creative talent, networking for young people in creative business, volunteering and work experience were all critical. They also noticed some significant success stories e.g. BIMM and Audio Active. Getting creativity valued and encouraged at schools as a career, increasing the uptake of maths and coding in schools and FE, encouraging businesses to upskill their own workforce and the role of academic institutions in ensuring arts and creativity graduates are work ready, were all identified as significant.
- 6.16 It was recognised that one small work stream is not going to crack this complex and long standing nut. However, some resource to identify what's happening here in the Greater Brighton area that is potentially game changing and how it can be backed or scaled differently felt to the Working Group like a useful first move.
- 6.17 **Theme 4 : Investment** – The ACIC working group were clear that getting the right investment into the right propositions at the right stages in the company's growth cycle can significantly accelerate business scale-up. More conventional Venture Capital (VC) models can be very high risk, and transaction costs too high as well. As a result, opportunities for business scale-up in the CI sector are not being realised. Angel investors are often sources of private capital, but they tend to be of the small scale. At a national scale CreativeEngland attempt to invest in good propositions (and have around 100 plus companies that they back, but with relatively small capital pot of only £25 million) their approach seems to

work well, though it is acknowledged to be “small beer” relative to state investment and interventions seen in advanced economies across the world.

- 6.18 At a GBEB level our original Cultural Development Fund (CDF) bid proposed to create a “Greater Brighton Bank of Creativity”. We sought to raise a pot of around £3 million to invest by loan, debt, equity or liability underwriting into our creative firms. A similar model is used at the West of England Combined Authority (WECA) and more locally South East Creatives (operating out of the De Le Warr Pavilion) has a match funding pot (between £1,000-£20,000) for specific projects. That particular programme covers Kent, Essex and East Sussex only. ACIC colleagues are beginning a conversation with South East Creatives to see what opportunities for working at a larger scale might exist.
- 6.19 In terms of how to take things forward practically there are probably three routes (which are not mutually exclusive). The first is to extend the reach of equity investors and intermediary bodies into our City Region (by negotiation and seeing what we can do to meet their needs for good propositions). The second is to revisit the idea of creating a new “bank of creativity” for the Greater Brighton City Region. The third is to review the range and scale of competitions and prizes available to CI businesses, to identify where there might be gaps. These initiatives stimulate entrepreneurship and can act as a platform to attract investors to meet with innovators and business leaders.
- 6.20 In terms of the first, conversations are at early stages with a couple of interested intermediary investment bodies to see what it might take for them to take a greater interest in our regional economy.
- 6.21 The ACIC working group that looked at investment issues were interested in the idea of creating a sizable pot of capital that was able to take stakes in creative industry ventures, provide debt capital (or underwrite liabilities at key points in growth cycles). Deposits into the fund might come from a variety of sources and intention would be not just to grant aid, but to recycle funds and ideally back some key plays in the CI sector. Thinking is at an early stage, but it would of course need tight governance, but would provide the opportunity to “see what works” from an investor perspective and learn and advocate for investment in the sector. Similar vehicles in other parts of the UK invest in companies directly, but there would also be the potential to underwrite (or hold risk in other ways) on property acquisition costs etc., if scaling required for example more operational space (see the Places & Spaces section above). Such an approach could potentially ultimately become a matchmaker or a broker of potential funders with market investment ready opportunities. Given the importance of the sector this may well be one that a University or other institution might like to “adopt” and use as part of a graduate or post-graduate learning. Such a vehicle could ultimately potentially be a bidding vehicle for sizable pots of UK state, regional or international funds as well as seeking to attract inward private capital. There are inevitable problems with “state aid” rules if it’s done via Local Authority economic development channels, so the possibility of creating a new funding vehicle for the City Region has attracted some real interest. How that should operate, what it should do, its remit etc. would all need to be subject of careful thought and modelling, but this approach does work elsewhere in the UK and appears to effectively intervene to support growth.

7. TAKING THINGS FORWARD

- 7.1 As highlighted above we are currently in something of a policy lacuna whilst a new Government determines its positions and key national policy and funding institutions learn what is required of them. We also await with interest the University of Sussex PEC work on the deep dive into the Creative Industry Sector in Greater Brighton.
- 7.2 That being said there appears to be strong support for developing thinking and work on the four strands of activity set out above.
- 7.3 The GBEB probably has insufficient resources as currently constituted to take this forward. Our Local Authorities in the region have insufficient data, connectivity to Creative Industries (and at times the resources are fiercely contested). The West of England Combined Authority referenced earlier are doing some impressive work at a Combined Authority level, but using a bespoke investment vehicle to deliver their agenda.
- 7.4 The cultural, creative and learning institutions (including private companies) of our region have ideas, people, ambition and some resources, but no “mandate” or themes around which to convene and act. Lack of good and reliable data, lack of funds and at times the relatively slow pace at which the bureaucratic machines grind can create significant challenges for taking forward this agenda within conventional frames.
- 7.5 Where other places in the UK have made significant strides is where they have either established a new vehicle themselves (or one has been set up by some institutions or private individuals to progress work). Given the enthusiasm of those working on the ACIC working group it is possible that some individuals or institutions might establish a not for profit vehicle “Creative GB”, position it as an entity that is there to promote the City Region’s Creative Industries and seek support and resourcing for it to take forward one or more of the strategic themes set out above. This could be established quickly and potentially host secondees in from other organisations to work on some elements of the agenda. Realistically, Brand & Narrative might be the place to start, whilst working up “best approaches” to the other three areas. Whilst this is not necessarily a decision for the GBEB, Board views would be welcome.
- 7.6 The alternative is to think about this as a series of projects (within a related theme) and seek support from relevant partners and players for each of those projects. That is the process we have tended to use at GBEB level so far (and as such it’s probably a default option) but may not be the best or most agile option for accelerating growth in the Creative Industries sector.

8. CONCLUSION

- 8.1 As set out above the work on the CI sector is to some extent dependent upon National Government Policy upon which we may well be some months from real clarity. We also await with interest the University of Sussex PEC work providing more data on our Creative Industries.
- 8.2 That being said there is an appetite to progress work under some of the themes above and, if there are relevant individuals or organisations keen to be involved

then starting with Brand & Narrative, whilst developing thinking on the other three themes (in parallel with National policy and new data development) is probably the best way forward).

9. FINANCIAL & OTHER IMPLICATIONS

9.1 Financial Implications

There are no specific financial implications arising from this report. Options to explore funding opportunities to support the Creative Industries within the Greater Brighton area will continue to be reviewed as detailed in paragraphs 6.17 to 6.21 above.

*Finance Officer Consulted: Rob Allen, Principal Accountant
Date: 16/01/2020*

Legal Implications:

9.2 None.

*Lawyer Consulted: Joanne Dougnaglo, Senior Property Lawyer
Date: 15/01/2020*

Equalities Implications:

9.3 There are no equalities implications arising directly from this report.

Sustainability Implications:

9.4 There are no sustainability implications arising directly from this report.

SUPPORTING DOCUMENTATION

Appendices:

1. Report of the Greater Brighton Economic Board – 16th July 2019 “The Creative Industries of Greater Brighton”.
2. Dr Josh Siepel – “Creative Industries in Greater Brighton – A research note by the Creative Industries Policy & Evidence Centre” – 23rd July 2019

Background Documents

1. The Sir Peter Bazalgette [2017 Review of Creative Industries](#)
2. [The Cultural Cities Enquiry](#) (Enriching UK Cities through smart investment and culture) Dame Jayne-Anne Gadhia