



## Communications and Digital Committee

### Corrected oral evidence: A creative future

Tuesday 15 November 2022

2.30 pm

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Members present: Baroness Stowell of Beeston (The Chair); Baroness Bull; Baroness Featherstone; Lord Foster of Bath; Lord Griffiths of Burry Port; Lord Hall of Birkenhead; Baroness Harding of Winscombe; Lord Lipsey; Baroness Rebuck; Lord Vaizey of Didcot; Lord Young of Norwood Green.

Evidence Session No. 14

Heard in Public

Questions 119 - 130

### Witnesses

I: Dr Darren Henley OBE, Chief Executive Officer, Arts Council England; Professor Christopher Smith, Executive Chair, Arts and Humanities Research Council, UK Research and Innovation; Sir Peter Bazalgette, Industry Co-Chair, Creative Industries Council.

### USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on [www.parliamentlive.tv](http://www.parliamentlive.tv).

## Examination of witnesses

Dr Darren Henley OBE, Professor Christopher Smith and Sir Peter Bazalgette.

Q119 **The Chair:** This is the Communications and Digital Select Committee's inquiry into the future of creative industries. Before I introduce this session, I ask our three witnesses to state their names and the organisations that they are representing here today.

**Sir Peter Bazalgette:** My main occupation at the moment is to pour water for my colleagues at the table. Apart from that, I co-chair the Creative Industries Council and I currently chair the Council at the Royal College of Art, so I represent various aspects of the creative industries.

**Dr Darren Henley:** I am the chief executive of Arts Council England.

**Professor Christopher Smith:** I am the executive chair of the Arts and Humanities Research Council, which is part of UK Research and Innovation, with responsibility for creative industries. I am also the international champion for UKRI.

**The Chair:** Thank you to all three of you for being here. We are broadcasting live on the internet and a video recording and a transcript will be made, both of which will be published in due course.

Today's session is all about discussing with you some of the key issues that have emerged through this inquiry so far. We want to touch on things such as funding, how the creative clusters programme is going, skills and the impact of the Creative Industries Council. We are keen to hear about your role in these areas.

Before I get into the general issues that we want to pursue with you, could I start with you, Dr Henley, and deal with this up front? You have had quite a bit of media attention and interest over the past few days since your most recent funding settlement was announced last week. Do you want to give us a response to the various reactions to last week's announcement that you have had from different funding bodies?

**Dr Darren Henley:** Thank you very much; it is good to see you all. We made an announcement last week that we will invest £446 million a year in 990 national portfolio organisations across the country. The programme was very oversubscribed, with applications from 1,700 organisations across the country.

We believe very much that there is an opportunity for people to have really high-quality work where they live across the country. They should be able to participate in arts organisations, museums and libraries, and have the very best professional work coming to them on their doorsteps. We have a series of exciting investments, and 276 organisations have joined the portfolio. We did this based on our 10-year strategy, *Let's Create*, which we launched at the beginning of 2020 and is a vision for how the country will look in terms of arts and culture by 2030.

Obviously, as always with these announcements, there is change involved. We understand that change is very hard for the organisations

and individuals involved in it, but we are working closely with organisations that are no longer in the portfolio to make sure that we look after them as best we can.

We were asked by the Government to move some money out of London: £16 million in year 1 and £24 million by the end of year 3. I stress that that was not a cut; the money was redistributed to the rest of the country. There was an uplift of investment from the Government; that money was distributed to the rest of the country as well. It means that, from next year, we will still be investing £152 million in London, which is more than 33% of our total investment. London is still really important for us. It is important that we have a capital city that is vibrant, exciting, innovative and able to punch its weight on the international stage, but at the same time it is important that we take cultural activities to places that have not had them before.

Of the money that we have invested, £43.3 million<sup>1</sup> has gone into levelling up for culture places—about 100 places around the country where, in all honesty, we have underinvested in the past. Many taxpayers and National Lottery players live in those places, and we felt that it was time to work to redress the balance. We can only spend the money we have once so we have had to make some very tough decisions, but we believe that we have a portfolio that is balanced across the country and will bring exciting and innovative arts, museums and libraries to where people live.

**The Chair:** Is it your intention to meet some of the London-based institutions that have been quite critical of this settlement? They seem to be criticising the way in which they have been handled, or the way the announcement has been handled. In the light of their recent statements, are you planning to do anything with them?

**Dr Darren Henley:** All organisations knew that their funding was guaranteed only until the end of March next year. Every single one is exactly the same, and every single one of those 17,000<sup>2</sup> applicants is being treated the same.

Having said that, we will talk to all those organisations. Every one of them has had conversations already with our team. We will be meeting and talking to them. We have transition funding for some organisations so anybody who is exiting the portfolio—we have never done this before—will have five months of money left in their existing timeframe, which takes them through to the end of March 2023, and they can then apply for a further seven months of money. So they have visibility of funding at their current levels for the next 12 months. After that, we can talk to them about other programmes that they can apply for. We are having those conversations with all those organisations.

**The Chair:** So your main message to them is that you will keep talking to them and you hear what they are saying but the decision has been made and the funding has now been allocated.

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<sup>1</sup> Amended by witness: This figure should be £43.5 million.

<sup>2</sup> Amended by witness: This figure should be 1,700.

**Dr Darren Henley:** That is absolutely correct, yes.

Q120 **The Chair:** Let us move on to the more general aspects of funding. One of the biggest themes to come through in the evidence we have taken is the complexity and fragmentation of the way in which the schemes operate, as well as the almost overwhelming nature of how people feel when they try to find a way to access funding. I want to start with you, Dr Henley, before I invite the others to comment. How would you respond to the view that it is complex and fragmented, and what steps are being taken to simplify the funding system?

**Dr Darren Henley:** Essentially, we have two sets of money, as we have already discussed: the national portfolio is our core funding for organisations, which happens once every three years; and there is a series of funds that people can bid into. The big one of those is National Lottery-funded; our National Lottery project grant is a big part of that. For smaller grants, that funding programme has a 12-week turnaround; for larger grants, it is slightly longer than that. That is one set of programmes.

On behalf of the Government, we also administer various other programmes. Under the banner of the cultural investment fund, there are some programmes that are, broadly speaking, capital-based, such as the cultural development fund, which people can bid into. Those funds are very detailed in terms of the sorts of places and organisations that can bid for them.

We are always mindful that, if you are coming to it for the first time, we want to try to make it as simple as possible. It can be a little scary but, in our Manchester office, where we are based, we have a team of people who are there all day every day to answer people's questions. They are real, live human beings on telephones and emails. We work really hard to make that as accessible as possible—accessible in every way. We are mindful that some people in some organisations struggle to use some types of technology, so we spend a lot of time making access for people who have additional needs a part of that process.

**The Chair:** What is the best example you have as to how you are moving away from a fragmented approach to something that is a bit more strategic in the way that you allocate the funds? One of your colleagues, Tonya Nelson, who gave evidence to us at the beginning of the inquiry, said that there are a lot of projects “but the process of integrating all that learning into the way we work and creating continuous experimentation is so important. That is where we”—meaning Arts Council England—“have missed a trick”.

**Dr Darren Henley:** Tonya is right. We learn every time. Every time we do a funding programme, we put in place an after-action review and change our funding programmes. For example, with the NPO, we learned a lot during the development of the Culture Recovery Fund, which we administered on behalf of the Government. The key thing that we had to do differently there was the speed at which we had to work, because the whole sector was under threat at that time.

We want to make sure that we simplify things as much as possible. One of the challenges we sometimes have is that there is a need to collect a lot of data. That can be quite frustrating for applicants; we acknowledge that. There is a balancing act, in that we also need to collect their data so that we can make the arguments to the Government about the effectiveness of the money we have spent on their behalf, and so that we can start to understand who is benefiting from it. We try very hard on that basis.

For obvious reasons, following Covid, we are also increasingly required by the Cabinet Office to have a greater focus on countering fraud; we have spent a lot of time working on that. We now have a significant counter-fraud team to work on that. It is not an endemic problem in the applications that we receive but, again, it may sometimes feel to people that there is a layer of complexity there.

I want to assure applicants that, although it is sometimes complex, that is not because we are deliberately setting out to make it so; there are things we need to do as custodians of public money. As the accounting officer having to report to Parliament, I need to be able to look colleagues such as yourselves in the eye and say, "We are putting those processes in place". At the same time, where they are not necessary or where we can help people to understand how they can best navigate their way through them, we will always do that.

**The Chair:** Professor Smith, would you like to comment on these issues of complexity, fragmentation and so on?

**Professor Christopher Smith:** Thank you for the invitation; it is great to be here. We have to acknowledge the complexity and fragmentation of the sector we are trying to support. This is a very big set of sectors—13 subsectors—and, therefore, one of the ways of looking at a multitude of ways into funding would be to say that it is complex and fragmented. Another way would be to say that it is appropriately diverse and inclusive, and that, in order to support, as we do, research and innovation for small and medium enterprises, major companies and departments of a variety of different kinds—some highly technological and some more performance-based—you need a diversity of funding packages.

That is one way of justifying, as it were, the fact that there is a multitude of ways in. Obviously, we need to signpost the right ways to get to the funding that you want; there is no question that we should do more signposting. At the moment, UKRI is engaged in what we call the simpler and better funding programme, which is intended precisely to make it easier for people to see their ways into our funding.

With a sector that is worth £115 billion, we cannot fund everything—nor should we, as an R&I funder. Therefore, we should find out what works and do it again, do it well and do it strategically. That is my suggestion for how we should deal with the funding.

**The Chair:** Sir Peter, as somebody who has experience of the Arts Council and other bodies in this sector, what is your overall view of the

role of these different bodies in supporting strategic co-ordination? Some of the witnesses have been quite clear with us that, in a world that is converging, the successes and learnings from a project often get lost because everything is project-based in terms of funding. What is your big-picture view of this question?

**Sir Peter Bazalgette:** You are absolutely right to investigate and look at the fragmentation of the sector. It is fragmented in three key ways, which are worth understanding to tackle it. It is fragmented geographically; it is fragmented, as Christopher pointed out, in its subsectors; and it is fragmented in that a lot of it is made up of SMEs and freelancers. National government has found the third point rather difficult to engage with. We have had rhetoric out of the Government about believing in SMEs but they have found it very difficult to come up with policies that support SMEs at a national level.

I have a couple of points. The first relates to the institutions, which were in your question. About eight years ago, we set up the Creative Industries Federation, now called Creative UK, because we recognised that the creative industry needed its own sort of CBI—its own voice to government. Creative UK is now a very successful force. I know that it has given you evidence in some of your hearings. It is a good policy forum and a rather innovative model, because it is now not only a policy voice but a venture investor and lender to small companies. Its loan book is looking pretty good and will give a return. Creative UK is quite an interesting model and is innovative in that it is not represented elsewhere.

Secondly, there is the Creative Industries Council, which I currently co-chair, and on which various people here have sat previously. Essentially, it is a liaison body between the Government and the sector. I hope that we will talk about this later but we are about to publish a policy framework for the next seven or eight years, called the sector vision.

The reason I recommended investing in creative clusters in my 2017 independent review of the creative industries, which Greg Clark asked me to write to come up with ideas for growing the creative industries, was that I recognised that the answer to a sector made up of small and medium-sized enterprises was local knowledge, local expertise and local partnerships. In Britain, we are very good at national but we are not very good at local.

I am pleased to say that UKRI funded it; it is very well run under the stewardship of Christopher, on my left. People bid on merit for money. They were often local partnerships of businesses, local councils, LEPs and, chiefly, universities. We were able to spread it across different subsectors, so there is one for fashion in Leeds, one for video games in Dundee, one for screen industries in Bristol, one for AI and informatics in Edinburgh, and so on.

We will talk later about the efficacy of those; no doubt Christopher will give evidence there. It was about finding a national way to put money into something: small amounts of catalysts that we all hear have delivered a lot of co-investment. It was mindful of the nature of the

sector but it was a solution that would fit the sector, so I strongly urge you to look more into clusters and how they can be furthered.

By the way, NESTA said that we have 47 major clusters. DCMS's latest number is 55 major clusters and the Creative Industries Policy and Evidence Centre has come up with 709 micro-clusters. That just gives you a sense of what is bubbling under in the sector.

**Q121 Baroness Bull:** Thank you very much for your time today. We have heard a lot from witnesses about the strategic importance of the creative industries to the economy and society. Indeed, we were at a cluster yesterday when Andrew Chitty, one of your colleagues, talked about the contribution to innovation and therefore the economy, saying that, beyond the creative economy, there was a contribution to innovation more broadly.

We have also heard a lot about fragmentation; you have just articulated that very well. Some witnesses have argued that the fragmentation is a result of a lack of overall join-up and strategic vision from government. In particular, I am sure that you have heard Dr Martin Smith lament what he sees as the demise of the 2017 industrial strategy. Starting with you, Peter, do you think that government policy appropriately reflects the creative industries' strategic importance to both the economy and society? If not, what would you like to see them do about it?

**Sir Peter Bazalgette:** The sector is only about 25 years old; it was defined around 25 years ago, as you know. We have made great strides but, as a country, we under-inform ourselves about sunrise sectors, if I can call the creative industries that, and we over-inform about the traditional sectors. Data is one of the challenges that we will address in the sector vision but we have reams of data on declining sectors and not enough data on growing sectors.

Nevertheless, it should be said that, over that period of 25 years, having started a new definition of a sector, we have done quite well because we started to collect overall data and value in the early noughties. Some people here were instrumental in setting up the Creative Industries Council. We have done a lot of things to set up bodies and we have moved forward, so I would not be highly critical.

From 2011, when BEIS had 11 sectors for priority growth for the British economy and the creative industries was not one of them, we move through to 2017, and then to a document from BEIS last summer, *Build Back Better: Our Plan for Growth*, which said that the creative industries were one of six sectors for priority growth. You can see, over time, the creative industries getting into the consciousness.

Let us not forget some significant interventions, some of which started before the creative sector was even defined. Some of the significant interventions over the period we are talking about are tax credits for video games, film, TV and, more recently, theatre, as well as some of the publicly supported arts and museums. They have been enormously significant. They have allowed us to compete with other countries that have similar subsidies and they have driven, for instance, the sheer,

amazing, extraordinary boom in the screen industries and their output over the past three or four years.

The Culture Recovery Fund and the film and TV restart scheme that happened during Covid were also huge and significant interventions. Because of interventions such as those, by 2021, the creative sector had recovered 95% of its value in 2019. In other words, it bounced back very quickly after the low year of 2020.

DCMS has made a few interventions, such as the creative scale-up programme and its latest iteration, the create growth programme. We also should not forget the BBC and the Arts Council, which were interventions before the creative industries were invented. They are significant interventions in the creative sector in talent and everything else you care to think of.

However, we need to take the story forward. If you said it was work in progress, you would be right—not to put words in your mouth. If I may, I will quickly give a couple of headlines. I hope that the sector vision we are working on at the Creative Industries Council at the moment will come out by the new year; because of the vagaries of modern politics, we have not published it in quite such a timely fashion as we thought we might. If I told you exactly what was in it, I would probably be put in the Tower of London but, to give you a general sense of the direction, its working title is *A Plan for Inclusive Growth* because it is about economic growth but also inclusivity both geographically and in terms of who works in the creative industries. If it is the cultural heartbeat of the nation, we need to be better at having all communities and people from all backgrounds represented. That is the overall title.

It will have three main parts. One will be about economic growth; that will be largely based around clusters because they really are the way forward. You will hear more about clusters later. The second part is about a skilled, diverse workforce. If we have time, I would very much like to come back to future skills needs and how that will work with the Department for Education.

**Baroness Bull:** You are going to get a question on that.

**Sir Peter Bazalgette:** We will come back to that so I will not try to answer that question now. It is about diverse jobs growth.

The third part is about the positive impact. That is a bit of a catch-all because it goes from areas that you yourself are expert in, such as arts and health, to the environment and soft power.

Those will be the broad headings. We are trying to create a policy framework that can be used by any Government in the next 10 years.

**Baroness Bull:** You have painted, or rather delivered, quite a positive picture; the content was quite positive. I turn to you, Christopher. Yesterday, when we went to see the cluster, it was situated in an engineering building. Of course, that join-up across the creative industries is so important. Are you confident that there is the level of join-up in government to drive coherent policy, given that we know that



the impact of the creative industries is dependent on different departments really understanding their purpose and value?

**Professor Christopher Smith:** You put your finger on a challenge, which is to an extent presented by the complexity of the sectors and by the multiplicity of crossovers. It is not even just that crossover; you end up with an extraordinary network diagram of the intersections that the creative industries and the technologies that underpin them generate. From that point of view, it is challenging for there to be a place for it in government.

I will say two things on either side of that. On the one hand, to follow up on some of the things that Peter said, we have heard the current Prime Minister say that our creative industries are world-class. We have heard numerous interventions by government Ministers recognising the relevance and role of the creative industries and their value to our economy. I suspect that one of the challenges that remains is around this question: if there was a policy, who would own it? That is why the creative industries sector vision is so critical, because it lays that path. That vision then needs to be funded and there needs to be agreement on how to fund it so that it does not fall between stools, as it were.

The next stage is that, in addition to Peter's point about recognising the value of new industries—not looking back to traditional industries—one of the consequences of the multiplicity of interconnections that I started with is just how many parts of our world the creative industries intersect with. We spoke briefly about the connections with health. Think about the training opportunities, opportunities in care facilities and the capacity to generate technologies that will underpin innovation in health diagnosis and delivery. Think about the number of ways in which architecture intersects with our world.

That brings me to my point: the Government need to create a model for thinking about something this complex and to own the kinds of multiple interactions on economy, workforce and positive impact, as well as find a way of that being owned at a super-departmental level. At the moment, we all struggle with the fact that it is not quite all DCMS or BEIS and it therefore does not quite land in a spending review or a priority setting for UKRI. That is a challenge but, if we are to have 21st-century politics and a 21st-century economy, that is what we must have because that is the world we are moving into.

**Baroness Bull:** Before I come to Darren, is any country anywhere in the world getting anywhere close to that kind of complex, joined-up way of thinking?

**Professor Christopher Smith:** It would be difficult to put one's finger on anywhere that is quite there. We are global leaders in this—it is one of our real strengths—so I am not sure that we should ask, "Is anybody else doing it?" We should say, "We're going to do it because we are in the lead and we cannot squander that". Let us not wait until somebody overtakes us; let us stay in front.

**Baroness Bull:** Thank you. Darren, given that macro picture we have

just had, it feels as though you at the Arts Council level are forced to think in the relatively short term. I know that the funding packages are longer than they have been but they are still quite short term. Is there a frustration around driving strategic change within the model that you have?

**Dr Darren Henley:** You are absolutely right to say that the way the funding is delivered is short term but it does not prevent us repeating that over a period of time, so that is where we can do things positively.

What fascinates me, having come from the private sector and now working in the public sector, is that this works well where commercial money and public sector money can come together. Some of the things that we are able to do, such as making investments in some of the clusters we work with, help to de-risk things. The innovation you can achieve when you do not have to make a profit at the end of years 1, 2 or 3 can be really interesting. That is what the people involved say: it allows innovation and creativity to ramp up a level because there is a bit of de-risking.

On Christopher's point about the international focus, we do some amazing things and we are leading the world. For example, with one of the creative clusters and UKRI, we have been able to put in place a partnership taking a whole load of creative artists out to South by Southwest, an international tech festival in Texas where our artists are being seen and we are leading the way. As the Arts Council, we are probably one of the first state funders—however you look at us—across the world to do that. We are very keen on developing this.

We have also started to build developments and relationships internationally with specific countries. For example, we have a programme in Canada on immersive technology, where we are working with artists. There is an exchange whereby their great immersive technologists are coming over here and ours are going over there. Those are the sorts of things we are doing; it is not at huge scale yet but we are trying to pick things off and understand what we can learn from them because, if we get it right, it is scalable in the future.

**Baroness Rebuck:** Professor Smith, you mentioned BEIS and DCMS. I know that on your committee, Peter, the Department for Education is not represented. We are going to get down to skills in a minute but how important is it to embrace education, from primary schools through to universities, to actually get to the 21st-century policies and the interconnected vision of the future that we are trying to grapple with in this report?

**Professor Christopher Smith:** It is totally, completely and absolutely utterly vital. We absolutely have to think about the whole of our educational pipeline, from the very beginning of somebody's engagement with education right through their life. One of the things that I think is interesting is that creative industries will both benefit from the serious engagement in building creativity right through the pipeline of somebody's life and actually enhance learning at so many levels of

somebody's life if it is done well. We have seen that happening through the pandemic. It could not be more important.

**Baroness Rebuck:** We will dig into that in some other questions, but this is just setting the scene because they have not been mentioned. Peter, is that your view?

**Sir Peter Bazalgette:** Thank you for raising it and, yes, if we delve into it in greater detail in a minute, that would be great too. I will give two examples that you may wish to delve into further, one at secondary level and one at tertiary level. At secondary level, design and technology is a GCSE, and take-up of it has fallen by 71% in the last decade. Intelligent design is critical not just for the creative industries but for every single sector of our future economy. Are we spotting design talent and encouraging it from all backgrounds in the future and what does that statistic tell us? That is one thing.

At tertiary level, which we may go into under the skills theme, as a sector we have to define our skills needs to grow our sector and for what FE and HE need to deliver for what we need. Under Nadhim Zahawi—he was probably four or five Education Secretaries ago, but anyway it was only five months ago—the DfE set up the future skills unit and got the then Prime Minister to agree that skills was a cross-ministry issue. The future skills unit is critical at the Department for Education, and all sectors have to engage with it in defining what their needs will be and what the education system needs to deliver. If we get that right, we will do very well. I think we are in the foothills.

**The Chair:** Thank you. We will be coming back to skills, but we now move on to creative clusters.

Q122 **Lord Vaizey of Didcot:** I am afraid I have to leave, so I will ask my assistant, Lord Hall, to ask questions if that is all right. I just want to use this opportunity to make a couple of points and a thought that occurred to me as you were giving your evidence.

First, hearing you talk about South by Southwest was incredibly annoying, because when I was the Culture Minister I asked my department every year to send me to South by Southwest, and they always refused and said it was not relevant, so it is annoying that the landscape has now changed. It is now a central part of the work of the Arts Council. I was actually a joint Minister between the Department for Digital, Culture, Media and Sport and the Department for Business, Energy and Industrial Strategy, and that makes a difference. I always used to ask the Prime Minister to make every Minister a joint Minister, because working across Whitehall was impossible.

My question for you to ponder, which you cannot answer because I am going to leave soon and it is rude of me to leave during the answer, is this. Can you lead the way? How does the AHRC work across the other research councils to join up? How does the Arts Council work with the BFI, which I am not sure we are hearing evidence from in this inquiry, to join up the dots? I know that we have the Creative Industries Council and Creative UK, but my thought was about how the grass roots could

lead the way for Whitehall.

**The Chair:** Are you inviting anyone to respond to that question?

**Lord Vaizey of Didcot:** No, I am leaving that with you, because I am, as you know, rudely leaving.

**The Chair:** Right, okay. I will ask you, panel, to provide an answer in writing if you want to follow up, unless anybody has a burning response to what Lord Vaizey just said, because I am happy to listen even if he is not.

**Sir Peter Bazalgette:** Only that I assume he is getting on an aeroplane to visit South by Southwest, and I wish him a very good trip.

**Dr Darren Henley:** The only thing I would say is that we are working together. We are in different parts of the landscape. We are now working together more and more as a funding council. Universities are crucial partners for us in the Arts Council now, in place-making particularly. We are very keen to reach out across sectors and not just see ourselves in the traditional arts and culture sector in terms of partnerships.

**Professor Christopher Smith:** The short, positive answer from my point of view is that AHRC is working with BFI on a number of possibilities. We also work across all the research councils and Innovate UK. I am not going to say that it is frictionless, but there are many examples. AHRC's three major investments at the moment in design for net zero, tackling health disparities and responsible AI are all collaborations with other research councils, and each of them has a design and creative industries element.

**Dr Darren Henley:** Across the National Lottery family, we work with BFI. We meet every month, so we try very hard to work together to make sure that National Lottery money is being directed jointly where it works well. To Lord Vaizey's point, hopefully we are on a journey. We are not perfect yet, but we are trying harder.

Q123 **Lord Hall of Birkenhead:** Can we go into the evidence? We have talked a lot about the creative clusters programme and so on. It was flagged up by Peter earlier, so can we dive into that and look at the impact of the creative clusters programme in fostering innovation of all sorts? How has it worked? Has there been an independent evaluation, and are there lessons that we should build on?

**Professor Christopher Smith:** Peter has already referred to some of the underpinning mechanisms: a competition that arrived at nine clusters that were geographically distributed and had a significant amount of autonomy in order to deliver both their own research and innovation by funding SMEs and generating, incubating and supporting them through their life story.

The creative industries cluster programme comes to a formal end of funding in March next year. We are looking in that particular programme at a £56 million investment over a five-year period. We can see the results of that already from an independent mid-term evaluation that

was done by BOT Consulting, and we are in the process of concluding the end evaluation. Obviously, we are not quite at the end, but that is being done. There is both a mid-term and a final evaluation. As for what kind of returns we are seeing, of the £50 million-odd investment, the co-investment is around £217 million. That is a 4:1 return.

**Sir Peter Bazalgette:** An astonishing number. It is an amazing achievement. I just want to underline that number.

**Professor Christopher Smith:** It is 600% higher than what we expected when we started. Over 50% of that comes from business. We have created or safeguarded through those clusters over 4,000 jobs, funded 700 industry-led R&D projects or businesses, supported 227 new spinouts and start-ups, supported 558 new products, services and experiences, and trained 3,500 industry professionals and academics. Of the 400 surveyed businesses that were involved, 69% intend to increase their R&D investment within the next three years, and, of those, two-thirds attribute that planned increase to the support of the creative industries cluster programme. We have helped to bring over 175 MVPs to market.

What is exciting about the clusters programme is that, although it is, as Peter said, a fundamental intersection between local authorities, universities and business, it is not located just in universities; it is often located outside the university. It is bringing the university out of the university and into the community and into business. That is a really important model for a long-term future.

The audience of the future challenge, which is a demonstrator model that ran alongside four major demonstrators in the industrial strategy challenge fund, was around £40 million, a one-to-one return on investment. Those are riskier businesses. Some of the businesses that we have supported are now getting contracts of up to £25 million in their own right. They are moving themselves into a commercial area that is very significant; 70% of the funded companies from audience of the future have new production processes, and there is growing private sector investment.

Already, with audience of the future having closed earlier this year and the creative industries clusters programme still with a few months to run, we are seeing a phenomenal return. The clusters themselves have attracted various ways of continuing—for instance, strength in places funding has gone to a cluster at Bristol and Bath. They are finding ways of being sustainable, which I am very proud about. It is very easy to fund and then see things fall over, but we have funded sustainable investments.

To your point about the commercial aspects—we can go further into any of the statistics, and I can provide them in writing if preferred—it is not simply a matter of us having returns in economic measures. Every one of those economic measures has a social impact, safeguarding people's jobs in distributed areas across the country and looking after them in ways that help with skills training. You have heard that StoryFutures is training people in local communities. Creative Informatics runs a coding club and

is getting people to learn how to code. InGAME is using gaming technology to bring people into education and rethink what they are doing. Future Fashion Factory, which is fashion investments, is making people realise just what they can do with an interest in fashion and how far it can take them in addressing social and economic needs such as net zero.

Every one of those is not only commercially viable but is having a very beneficial social impact. That seems to me exactly the sort of crossover I mentioned earlier. We are talking about businesses that have a real heart, something that I think is characteristic of seeing the clusters as a combination of university, local partnership and SMEs rather than just a self-standing SME on its own. The incubation activity of a cluster is absolutely critical.

Regarding the point the Chair made at the outset about how difficult it is to cross some of the barriers to access for funding, one of the great things clusters do is take their SMEs, sometimes micro-industries, into our funding. They get them across those barriers so that they become available for scale-up and for moving through the innovation journey. In all these ways, we have commercial sustainability, economic viability and social benefit, and that is at least my starter as an answer to your question.

**Sir Peter Bazalgette:** May I add two or three points about the clusters? One is because you were interested in the evidence base and Christopher addressed it. Andy Haldane, who I hope you think is no slouch as an economist—a former economist at the Bank of England and now at the RSA—was in charge of the committee assessing the efficacy of the investments in the industrial strategy challenge fund. He looked at the clusters half way through their life and did a report that was extremely favourable. His views on them are worth listening to.

Secondly, we have a Policy and Evidence Centre, which we set up from the beginning, based half in London and half in Manchester, and it has been gathering data not only about the clusters but about the creative industries in general. Its work will prove very valuable in the future, and it will be very important as we move towards getting better data. That was the evidence point.

The point about R&D is this. One of the branding issues we have is that we need to make it understood that the creative industries, particularly the bit of it that is so-called CreaTech, where creative design meets technology, is absolutely an innovative and R&D-intensive sector. Baroness Rebuck knows this well as my predecessor at the Royal College of Art, because it specialises in that. We need to get it better understood.

As you know, there was a national target to get Britain's R&D investment as a percentage of its GDP from 1.7% up to 2.4%. The ONS has now reworked how it works that out and thinks it might be 2.4% anyway. Just take it that Israel and South Korea are at 5% and see where we have to go. When I made that slightly aggressive intervention on the sum of money of £400 million, what I was getting at was that a £50 million catalyst of public money has delivered £417 million of co-

investment. That is how you get to 2.4%, 3% and 3.5%. It is incredibly important and has a significance beyond the sums of money themselves. That is the second point.

The third point is about whether the creative clusters and the knowledge gained from running them has a life going forward. Christopher said quite rightly that their funding runs out next year. The industrial strategy challenge fund that funded them no longer exists, as Martin Smith pointed out to you, and its funds, such as they were, have been collapsed down into the organs of UKRI, and in this case mostly into Innovate UK.

The creative clusters are one of the jewels in the crown of UKRI. It is an astonishing achievement, in my opinion, and really effective. It has done far better than I ever imagined or hoped when I proposed it. Innovate UK has recently announced a ring-fenced £30 million for creative industries investment, which is very welcome and we are very pleased they have done it. What they do not have, nor does any other part of UKRI—perhaps I can say this, because I used to be on the board of UKRI but I no longer am—is a plan for extending the life and the efficacy of the creative clusters. It is a great opportunity for them, but they have not yet seized it. I hope very much that this committee will want to ask, “Why not so far, and when?” They have a great success on their hands. You visited one of them yesterday. You will draw your own conclusions from the work it is doing.

At the moment, the funding mechanisms having changed and the industrial strategy challenge fund having been dropped, the plan that Innovate UK has come up with for the £30 million—as I said, it is very welcome in itself that they should ring-fence money for creative industries—is not strategically as clever as the creative clusters. It is not geographically strategically clever as currently explained to me, nor is it strategically clever in terms of the subsectors, because those are the two things that feed into the metrics.

There are other parts of the creative industries that should have clusters going forward that have not yet had them and did not get them in the first round. Music is one, and advertising and marketing another, both of which are very high-tech, by the way. There is a job of work to be done and I am imploring UKRI to seize the opportunity of the brilliant work they have already done.

**Q124 Lord Hall of Birkenhead:** On the basis of what Peter just said, Christopher, can I come back to you with a follow-up question? Can the clusters programme continue? You made very strongly the point about the sustainability of the clusters that you have seen; you talked about that very powerfully. Can the existing clusters exist without continuing government funding, and/or, to Peter’s point, do they need to expand beyond the clusters programme we have at the moment?

**Professor Christopher Smith:** If I may take your second point first, yes, they must expand, because the point of the clusters, in a sense, is that we have a model that we can demonstrate works. I said in an earlier

answer to a question from the Chair that, because we cannot fund everything and we cannot fund right across, you have to find models that work and back those strongly.

We have a model that clearly works extraordinarily well. Every one of the nine clusters has succeeded in its own terms. That is not because they have not been risky and it is not because they are not doing tricky things. I know there is a sense that you have to have high levels of failure in order to prove yourself. I am not wholly convinced by that. These are people who have taken on quite significant challenges but, on the basis of good track records and good management, have made them work. Let us keep that model going.

Peter mentioned music and advertising. Publishing is another sector that we have not supported. We need to move the model forward into other areas and think about distributed hubs and clusters. At the moment, we have a very geographically tight version in a place, whether it be Leeds or Cardiff. There may be ways with screening technologies of distributing that in hubs and spokes across wider areas and bringing more in. The model needs to expand.

To your first point on whether it can continue, I want to distinguish, because I think it is important, the individual clusters and the notion of a programme. Most of the individual clusters have done incredibly well at looking after themselves and developing models to go forward, and have attracted funding from other parts of UKRI. We should be proud of that, but as a co-ordinated programme I have no route to continuing the funding and I have no route to expand the model further at this point.

**Lord Hall of Birkenhead:** Thank you very much.

**The Chair:** You have nowhere to make that appeal in order to continue the funding, or you have asked and the money has been rejected.

**Professor Christopher Smith:** Let me put it like this. Creative industries were part of the AHRC spending review submission, and we argued for the importance of creative industries within UKRI in the run-up to the spending review. In the spending review distribution of cash as it is today, I have no route to funding an extension of the clusters programme.

**The Chair:** In the funding that UKRI is likely to receive in the next funding round, there is no money coming in that UKRI is allocating to different projects that you as the AHRC person feel are the wrong priority. Sir Peter mentioned Innovate UK, for instance, which is also part of UKRI.

**Sir Peter Bazalgette:** I do not know how Christopher can answer that, so I will have a go at it. Christopher, if you want to answer too, that is fine. In my opinion, it is perfectly possible for Innovate UK to choose to support the creative clusters programme. It has even said that it will ring-fence £30 million for the creative industries, but that is not for the creative clusters, so it remains to be seen what it is for. It is not very clearly strategically directed, in my opinion. It is possible for Innovate UK to do it, but it is not so far apparently inclined to do so.



**Baroness Featherstone:** Did you ask why? Did they say why? Peter says it is the best thing since sliced bread, so what is their argument?

**Professor Christopher Smith:** I am not going to put words in the mouths of my colleagues in Innovate UK, because it would probably not be professional of me to do so. Let me take the UKRI view. Even though UKRI's budgets are rising, towards the last year of the spending review UKRI is overcommitted in the sorts of things that it wants to do; it has many priorities. I hope that one of the outcomes of this committee's deliberations might be a very strong insistence that in the next spending review, which is coming along, creative industries do not fall underneath the radar of priorities.

One of the things that I would like to draw to the committee's attention is that when the Government set their priorities—remember we are an arm's-length body and we have quite a bit of autonomy, but obviously we have to receive direction—the trinity of AI, quantum and life sciences is the recurrent statement for almost all priority setting, and we have seen that domestically and internationally. One issue is that it is not entirely clear to me that the outcomes of an AI, quantum and life science focus will reach as far and have the same impact if they are not intimately connected with the way creative industries can make those three sectors work, and that independent of the other technology families, which include virtual and augmented reality, we are not missing areas where we are already a world leader. We should be looking to our areas of strength rather than simply trying to be where everybody else is, which is more or less the case with AI, quantum and life sciences.

There are other industries as well, such as aeronautics and automobiles, that we heavily invest in, and that may be well and good, but I return to something that Sir Peter said at the outset: we are quite good at the industries that were leaders, but we need to be thinking about the industries that will be leaders and where we are already world leading. That is the best I can do.

**Baroness Bull:** Christopher, would you agree that one of the underrecognised values of the clusters is that they have acted as a lever for AHRC to influence the way universities work as opposed to dealing with individual researchers? Given that we know that getting research out into the sector is one of the barriers to innovation, have you done any research on the impact on universities?

**Professor Christopher Smith:** Let me give one index of where I think we can see the effectiveness of the rise of creative industries, which, after all, AHRC has been backing for many years. In REF 2021, the subject whose representation rose the most was design. There are more new departments represented in design than for any other subject area, and they are operating at 80% world or international class. Universities are shifting to recognise the value of design, moving it into the heart of their curricula and making it an interdisciplinary intersect with things like technology and so on, and you can see that in Creative Informatics at the research end.

Interestingly, the clusters have created 60 new courses or modules, and that is really important. We will perhaps come back to that on skills. The intersection of thought leadership and building team science for arts and humanities in an interdisciplinary way in these new subjects is transforming arts and humanities in entirely beneficial ways.

**Baroness Harding of Winscombe:** You make such a compelling case about investing in the clusters. This is probably a very naive question, but if the return is so well proven and so good, why would other organisations, local government or other funding bodies, public or private, not recreate the programme if Innovate UK will not?

**Professor Christopher Smith:** That is a question I would like to try to get at in a couple of ways. I am not sure whether you want to say something, Darren, because I know that you do your investments. One of the things that CoSTAR, our virtual production infrastructure, which I am sure you have heard about, is doing is taking one of the subsectors and moving it forward with a much higher level of expected business match—£20 million as a baseline and then moving on from that just in this one investment. There are examples where we are able to pick bits of it and move them forward.

Through place programmes in AHRC, we are helping local authorities to start to think about how they manage research and innovation themselves, and we will see some of that in the creative growth programme, although it requires a degree more maturity, some of it in local authorities. In everything where you are trying to catalyse quite complex partnerships, the role of a body like UKRI is really mobilising. We have the capacity to bring people to the table to offer a model, so that you are not starting from scratch.

Peter mentioned that lots of clusters are developing, and I think you are absolutely right that they are becoming an important way of thinking. We, as well as Arts Council England, I am sure, are a very important part of the ecosystem in catalysing the right conversations with the right people with the kind of parameters that we know can predetermine success. Yes, it is happening, but we still have an important role to move it on.

**Dr Darren Henley:** Interdisciplinarity is key. The clusters have brought people from different backgrounds together. My fear would be that if they are not there any more those people will go back into their silos. That is one of the great strengths. We see that at universities. Manchester Metropolitan University is just launching an MA in creative leadership. That is fantastic, because it is bringing the Manchester School of Art and its business school together. That is an education example, but where it is across industry and arts organisations is where the exciting stuff happens. What worries me is that, even in the same locality, one street away or two streets away, unless we bring people together, they never seem to have that conversation.

**Sir Peter Bazalgette:** The answer is that the sector is already naturally divided into clusters. I mentioned the 55 clusters and the 709 micro-clusters. You are absolutely right. It will become more commonplace in

the future for universities, local authorities, LEPs and local business to form greater alliances, which, for want of a better word, will be clusters. We have set the pace and shown how it can be done, so I think that might happen.

To return to the basic point, by comparison with national investment in other sectors, a tiny investment can be a massive catalyst, and not just a catalyst in economic growth for the sector, but a catalyst in levelling-up growth. If you have a reasonable higher education institution, you can start to motor in the creative industries with relatively low capital investment in particular areas that may be regarded as deprived. It could be very dynamic.

**The Chair:** Thank you. We are going to move on to skills, but I am assuming that means you have got off your chest what you were going to get off your chest.

**Sir Peter Bazalgette:** Thank you, Chair, you have reminded me, and you probably did not want to.

**The Chair:** As long as it is about creative clusters.

**Sir Peter Bazalgette:** It is a one-liner. George Freeman, once again a Minister in BEIS after the shenanigans of the last few weeks, told me that clusters are core to his growth and innovation ideas. I have been told that the core of the Government's strategy for growth is clusters. There is the opportunity.

**The Chair:** Thank you. We are moving on.

Q125 **Lord Foster of Bath:** You have all talked about the importance of identifying and then meeting future skills needs, but we know we already have a problem with skills shortages impacting on the creative industries, so we will turn to that if we can. I want to ask a quick question of all three of you, and then I particularly want to look at one or two things to do with the Arts Council and where it can provide support.

In my starter for 10, I will start with you, Darren, because you have written so many books about the importance of art and culture, and you have done plans for government and goodness knows what else. Just look at that whole pipeline and start with the schools thing. How frustrated, disappointed, worried, or not at all, are you about the current failure to have an arts and creative subject in the baccalaureate and the impact, some would argue, that has had? Where are you on STEM versus STEAM?

**Dr Darren Henley:** In my job, I spend about half my time travelling around the country. I spend a lot of time standing on railway platforms and I observe that a lot of independent schools advertise on posters on railway platforms. It really interests me that what they advertise is not how their maths lessons are; they talk about their drama, their sport, their music and their art. That is really interesting. Parents who choose to educate their children privately are spending a massive amount of money. That is where the market is and the market is staying there. That should be available to every child, and it is really important. For

me, art and design, music, dance and drama should be there throughout every child's education from primary right through their secondary education.

One of the things we commissioned and reported on was the Durham Commission, which we worked on with Durham University. That looked at creativity, which is absolutely essential to education. For me, the three pillars of an education are numeracy, literacy and creativity, and if every child has that through their education, they will be well educated. Creativity is central to the subjects I mentioned—art and design, dance, drama and music—but there is also creativity across other subjects in how they are taught and for the value that they can bring. We want creative engineers. I was going to say that we want creative accountants, but possibly that is not the best example. We want creative lawyers. We want people working in business who can think creatively. That is absolutely central.

One of the good things in having Lord Parkinson back as our Minister is that he was instrumental in launching a cultural education plan, which I recommended about 10 years ago, so I am really excited that he is talking about that now and working on it with colleagues in the Department for Education.

**Lord Foster of Bath:** I will turn to the others for very quick answers, but largely so that it is on record, because I know what you actually think. You have not specifically made the link between what happens in schools with the change that you would like to see and meeting the skills gap for the creative industries.

**Dr Darren Henley:** It is really important that cultural education subjects are available to all young people—art and design, dance, drama and music. That is because we have a sector that goes all the way through. I know there are colleagues around the table who are working in the conservatoire sector and have relationships there, and that is important as well. For me, it goes right the way through to tertiary education.

I worry a lot about any suggestion that the humanities or performing arts subjects or creative subjects are of less value. We came to see how individuals who do different jobs are valued during the pandemic. Many people who work in health and logistics and things like that became very important, but so did our creative practitioners, whether they are individual artists or whether they work for bigger companies. We currently punch above our weight internationally in all these areas, whether it is film and television, publishing, theatre, music or drama, because we have that influx. We need to make sure that we value it.

It is valuable for the creative industries, but it is also what employers tell us they want from all young people coming into their organisations, and that is important too. That is what we see. To be able to teach creatively and to be able to teach creativity in the classroom is really important, and those are the skills that we will need in the 21st century for our workforce.

**Lord Foster of Bath:** You can read more in *The Arts Dividend Revisited*.

Baz, do you have a quick comment on school education, the arts and relevance to the creative industries?

**Sir Peter Bazalgette:** If I may draw attention to careers, careers advice and careers pathways, there was a statistic in a BFI report on skills for the screen industries, which was commissioned by DCMS and published about three months ago, that I found extremely damning of our sector. It was that 41% of 16 year-olds when asked a question about screen industry careers did not know that there was such a thing as a screen industry career.

You probably saw the statistic. Tony knows. We have an unprecedented expansion of the screen industry at the moment. We are short of everything. We are short of carpenters. We are short of make-up artists. We are short of directors. We are short of real-time game engineers. We are short of every conceivable skill you could need. We have an enormous job of work to do.

As a result of my original review in 2017, we put some money into careers development and careers advice, but we need to define the career pathways into the creative industries. We have not been good enough at that. We need to explain that not just to kids but to teachers and parents, who, if they are ambitious for their kids, might not think this was a career. We have a huge amount of work to do there. We will partly address that in the sector vision.

The other thing, which you may not want to come on to, is the future skills unit at the DfE, but that may be a different question.

**Lord Foster of Bath:** We will come on to that in a second. I want to stick to the schools thing now, and then I have a quick question about the Arts Council itself. Christopher, you first raised the issue of what happens in schools.

**Professor Christopher Smith:** Let me try to get at it this way, if I may. Reports recently have said that something like 87% of highly creative workers are at low or no risk of losing their job through automation. We are creating, when we create a creative workforce, a sustainable workforce that has a future. Giving that kind of hope to children right now is incredibly important. It is precisely through a holistic view that brings creativity across all subjects that you lift the skills level, and you make children able to be flexible and agile and work their way through a 21st-century labour market. That seems to me to be absolutely critical.

Q126 **Lord Foster of Bath:** Thank you. Darren, can we turn to the Arts Council? You have a number of programmes that you have funded over the years that will provide assistance to developing the necessary skilled workforce for the creative industries. Do you want quickly to tell us where future thinking is? You have schemes such as the digital culture network and the links with Google Arts & Culture and so on. Where are you planning to go? What is still needed?

**Dr Darren Henley:** There are two parts to that. One is the education of the next generation, which is absolutely important, because we are

educating the next generation of creative practitioners as well as the next generation of audiences. We need audiences for art; that is important too.

In our new portfolio, which we have just announced, we have 124 more organisations doing work with children and young people than we had previously; 735 of the 990 organisations that we are investing in have children and young people as part of their work. There are various programmes that we continue to invest in. Many people in this room might have seen the In Harmony programme. We have invested more money in the Royal Liverpool Philharmonic, which was doing that previously in Liverpool. That will be working across Cumbria as well. We are taking it to Barrow.

We also have, exactly as you say, the digital culture network, which is separate and is upskilling existing practitioners. We know that within the arts and culture world, particularly sometimes the publicly funded area, people do not have the skills. The network is a hub of nine individuals who work across the country and basically provide a free advisory service to help people. It is often, as Baz said, around SMEs. If you are a two or three-person arts organisation, you cannot have the skill yourself, so we can help them develop that. That is upskilling them and bringing them forward and enabling their business to work better in the 21st century.

We have an organisation called The Space in which we invest about £1.3 million a year, and whose work is around developing digital capabilities for arts organisations, museums and libraries. At the heart of that is developing skills that will increase public engagement in what we do. To go back to the nub of your question, a lot of it will be around what we do with children and young people. We have to think differently about how they consume technology and media. That is really important.

We can deliver things to people in a different way as well. It is important that we understand that and that we do not feel threatened. We continually need to refresh and challenge the skills of people teaching. There are some interesting schools doing that. The Global Academy UTC in Hillingdon is a great example. It is funded by my former employer and is an exciting school that is training young people to have amazing careers in the broadcast media world. Their outcomes for people leaving sixth form are fantastic; they are getting jobs and the school is training them really well. UTC is an interesting model for how we can actually equip young people in a way that perhaps more traditional schools cannot. We should look at the young people and say, "Some of these young people need a different route, and that's okay. Other young people may have a more traditional route, and that's okay too".

**Lord Foster of Bath:** Thank you very much. If there is anything further on the issue of skills from the Arts Council, please feel free to write. I will leave it there.

**Q127 Baroness Harding of Winscombe:** Before I ask my question, I want to define the skills landscape that I want you to focus on. You have talked

clearly and passionately about the importance of cultural education. You have also talked about creativity across all subjects and all walks of life. I would like to focus on the third piece, which are the skills gaps in the creative industries that may or may not be creative skills. Can the Creative Industries Council and the AHRC focus on what you think we need to do to address the skills gaps the creative industries are experiencing? We have heard very clearly in this inquiry so far that Nos. 1, 2, 3, 4 and 5 are digital skills. What are your organisations doing, and what can your organisations do, to address those skills gaps?

**Sir Peter Bazalgette:** In the sector vision, we will undertake to do a skills audit of our various subsectors over the next few months to get them to define for us what their needs are now and what their future needs will be. My belief is that we will be collecting information rather than researching it, because, as with the BFI report I mentioned earlier, most of the work has been done; it has just not been collated coherently.

What do we do with that information? We need to connect it with the future skills unit in the Department for Education, which has been set up for this specific purpose. I am mindful of the statistic from Dell that 81% of the jobs we will be doing in 2030 have not yet been defined. There is something marginally spurious about 81%, as we know.

Taking the point in its general sense of 50% or 60%, many of the jobs we will be doing in 10 years' time have not yet been defined. Not only must we define our skills needs now; we have to put in place an extraordinarily dynamic system of interchange of information between sectors and the education system that understands that it is not, "Here's one reform and now we've put that GCSE in place". It must be dynamic going forward. Everybody needs to get behind the idea that we need constant dialogue to move forward. We are living in the early years of an industrial revolution; things move very fast.

**Baroness Harding of Winscombe:** Super helpful.

**Professor Christopher Smith:** To the digital point, AHRC is undertaking a survey of digital humanities, looking at where the gaps and the strengths are. We are very strong in digital humanities, but it is located in particular areas; it is not spread. At a research level, how can we understand what digital humanities can do for us, and how they can be more broadly spread?

It is worth saying that what we now are able to do in digital humanities is utterly different from what we were able to do 10 or 15 years ago. Look at something like Towards a National Collection, one of our flagship projects, which is bringing together our national collections and finding ways in which you can co-ordinate them. Only 6% of our national collections are digitised at the moment. The possibilities are enormous and the data mining is remarkable. Where are the skills and how do we make sure that they are inculcated in universities? There is a survey that will do that.

As a quick example, we have three schemes. We had the NPIF, a national productivity investment fund for innovation placements. It

enabled doctoral graduates to work with partners in the creative industries; 100% of the people on that indicated that they had gained transferable skills useful in the job market. Unfortunately, there were not many of them, but it is an example of one of our schemes.

We have just launched an architecture design fellowship, which is deliberately crossed between architect practices and universities. Architecture suffers some high skill gap issues, which have been noticed by BEIS and DfE. One of my shining ambitions is for collaborative doctoral training centres between EPSRC and AHRC, specifically in creative industries, which would bring people together. We are working with EPSRC to bring that forward.

To carry on with the PhD side, moving away from digital for a moment, a number of other skills noted by employers are management skills, leadership skills and project management skills. Although they are not specific to creative industries, if we are producing people who are wonderfully cultured or wonderfully technological, but they cannot manage a project, it will fall over. How do we manage that? The scheme I would emphasise is around collaborative PhDs.

AHRC already invests in and will continue and increase investment in collaborative PhDs between universities and independent research organisations—BFI is one—moving out from them to industry partners. That is specifically to try to generate a workforce used to working in research and innovation simultaneously; to create the landscape of porosity and mobility that can take us forward. Again, I would love to have large amounts to invest in that, but there are very important ways in which we can focus our activity, and they are core to my vision for AHRC.

**Baroness Harding of Winscombe:** I think I have just heard that the Creative Industries Council will, in a sense, feed into the future skills unit what you see as the vision of the skills that the industries need. Your organisation will provide some of the cross-glue between the sector and the academic world. What do you want DfE and the future skills unit to do with all the input you are giving them? How do we, in five years' time, not have a skills shortage?

**Sir Peter Bazalgette:** For instance, they are launching T-levels, and T-levels will have creative industry courses. They are not launched yet, but they are in the pipeline. The DfE, as far as I can tell, understands the challenge. We must be sympathetic to the fact that it is normally on the receiving end of everybody telling them their subject is the most important thing in the world and everybody should do it from the age of two. We need to be sympathetic about the number of people who have petitioned the DfE.

We are not talking so much about the core curriculum; it is much more about the wider curriculum, and then about FE and HE tertiary education. I hope the reason that the DfE set up the future skills unit is indeed to fashion future FE and HE courses.



**Dr Darren Henley:** I want to make a plea for FE. In a lot of the skills we have, more investment in FE will speed them up and get something together. In pure built skills, to echo what Christopher said, there are business skills, and what I see in conservatoires right now is that, although they are teaching people to become professional artists of one form or another, part of that is often, "How do you run yourself as an SME?" That is a big change that was not there a decade ago. It is there now. That is a real positive and we should encourage it.

**Professor Christopher Smith:** Very briefly, the FE issue is another advantage of clusters. Clusters can pull in FE. In the next round of clusters, when eventually it happens, as a result of your advocacy, I will be looking hard to make sure that that is one of the criteria for success.

It is very easy for us to think that it is always a government responsibility. Universities need to demonstrate very clearly what I believe is the majority case, which is that creative industries degrees are highly worth while and highly skill driven. We have a very easy rhetoric, about dead-end degrees. We have all seen those headlines.

**Baroness Harding of Winscombe:** Yes.

**Professor Christopher Smith:** They are not true, but that does not absolve universities of the responsibility to show that they are not true, and not just saying they are not true but showing it by being very clear about the skills that are being delivered. That is why the 60 courses delivered by the clusters, which came out of the experience of working with SMEs and local authorities, and finding out what the other side of the fence said they needed, is an incredibly good example of why joined-up thinking will help universities make a stronger case for the value of what they are doing.

**Baroness Harding of Winscombe:** Brilliant, thank you.

**The Chair:** Thank you. That is a very important point.

**Lord Young of Norwood Green:** There are some dead-end courses; media studies is a good example. We need to get rid of them and put in some real creatives ones. We have not mentioned the "A" word. We talked about further education, but we have not mentioned apprenticeships. They are a key part of dealing with some of the vocational routes. Would you subscribe to that? Do you agree?

**Sir Peter Bazalgette:** We all nodded, yes. We all agree.

Q128 **Lord Young of Norwood Green:** How successful has the Creative Industries Council been in representing the needs of creative business to government and ensuring that they are addressed?

**Sir Peter Bazalgette:** I am a bit of a new boy there. I have been chair of the council for some nine or 10 months, so I cannot answer necessarily for what it has done in the past. As you know, we have representation from all the subsectors, as well as representation from several very large players and industry bodies, such as independent producers and BPI. It is representative. We have been working with a

number of working groups that have been feeding policy ideas into the sector vision. We will reorganise ourselves, after publishing the sector vision, with working groups that are about implementation of the different elements. That is how we are going to organise ourselves next year.

I would say that we get 100 out of 100 for representing the interests of the sector to DCMS, which is completely on board. We get 50 to 60 out of 100, representing the interests of the sector to BEIS, which is a partner in it. As Lord Vaizey said, he used to be a Minister in both departments, and Ministers do not always turn up to the meetings. They have been slightly less engaged of late, because they have probably had other things on their plate. We need to be fully engaged with BEIS, because it needs to be a partnership between the two. It is important that we try to revivify that.

Generally, somebody put it to me this way the other day. As we all know, Ministers like shiny things. They like opening shiny things. They like shiny policies that can go on the front page of newspapers. There is an absence of ribbon-cutting opportunities in the creative industries, which you tend to get from very large companies and very large sectors—the automotive, et cetera. We are fragmented; we are smaller. We are lots of different things happening. Although the Treasury gave enormous help to the creative industries during Covid, in policy and strategy terms we have some way to go with the Treasury in getting them to think of us as often as they think of life sciences, although we are much larger, for instance, as a comparison.

Lastly, the process of doing the sector vision, which has a lot of policy ideas in it, has meant that the DCMS is liaising with multiple ministries as we put the document together. Government being government, they cannot put stuff in it that another ministry objects to. The process of doing the sector vision has been very healthy, because they have been liaising with the Department for Education, with BEIS on apprenticeships, the DWP, et cetera, across government. The process of making the sector vision has made us better joined up than we were.

**Lord Young of Norwood Green:** That is good news. Dr Henley, what is your perspective? Do you agree?

**Dr Darren Henley:** We do, absolutely. From the Arts Council point of view, over the last few years we have provided 50% of the funding to the Creative Industries Council to make it happen. We think it is very important that public sector money is going in there alongside all the commercial partners and the education partners.

**Lord Young of Norwood Green:** You think you are getting bang for your buck.

**Dr Darren Henley:** Yes, we are.

**Sir Peter Bazalgette:** That is a relief.

**Dr Darren Henley:** We are, definitely. What is interesting is that it is a different voice and a different set of voices coming together. We talked

about clusters. It is a different sort of cluster in some ways. If we did not have the Creative Industries Council, we would not have commercial players, educationalists and publicly funded organisations sitting together saying, "We are all part of the creative industries". We were talking about workforce skills. We may have somebody making costumes one day for a very small, publicly funded theatre. The next day, they are on a multi-million pound film doing the same job. That is how our freelancers work across our industries. That is one of the things we have there.

The CIC has been able to sit back and remind government that we are part of a big set of industries that UK plc benefits hugely from. It is public funding, alongside private investment. We talked about the Arts Council and the BBC as great examples of organisations that put a lot of money into that, as do our commercial players in television and media. It is the only place where you find them all together and they can all talk as equals. The CIC has worked very creatively because of that. The messages that have gone to government have been far higher quality than they would have been if any of those organisations had sat in their individual silos.

**Professor Christopher Smith:** I represent UKRI on the Creative Industries Council. In my experience, it has the singular and important virtue of doing strategic linking, with less friction than is perhaps possible in government, and then catalysing that strategic thinking. The drafts of the sector vision that I have seen are admirable at laying out a future landscape. It is an extraordinarily important body.

Q129 **Lord Griffiths of Burry Port:** It is fascinating to listen to you all and, despite what must be sometimes world weariness, to sense your enthusiasm for the tasks that fall to you.

**Sir Peter Bazalgette:** Thank you.

**Lord Griffiths of Burry Port:** The subjects in my questions have been met. There are two, quite functional and specific. Do you need further engagement on the Creative Industries Council from the Department for Education? That is set alongside a remark from Vice-Chancellor Professor Steven Spier, who was here recently and said that to take them on would make the Creative Industries Council too "crowded".

**Sir Peter Bazalgette:** Kingston, I think he is. He said that he did not think it was a good idea to put Education on the council.

**Lord Griffiths of Burry Port:** He said that it would make it too crowded, but you have talked about working with multiple Ministers. It does not seem as if you need to have one on the council itself. You can write to him.

**Sir Peter Bazalgette:** No. The core point in your really good question is, "Will there be a strong working relationship with the Department for Education?" It does not matter so much whether they are on the council or not, but whether there will be a strong working relationship. I hope to achieve that.

**Q130 Lord Griffiths of Burry Port:** That is all I needed to hear on that question. The other one, which is equally short because we are up against it and I am known for prolix questions, is: how often does the council meet? Its latest minutes on GOV.UK are from 24 February 2021. There is a nice concrete question for you.

**Sir Peter Bazalgette:** It has met since then. There are two points. We are repopulating the council, because some people have come to the end of their term and because we have a new start with the sector vision and implementing it. As your Lordships know, public appointments are incredibly smooth and take no time at all, so the answer to your question, Lord Griffiths, is that some of the new appointments to the committee may have taken a little while to get the assent that was required from the various organs of state that seem to have a say in these matters.

**Lord Griffiths of Burry Port:** You have a very nice way of teaching your grandfather to suck eggs.

**Sir Peter Bazalgette:** We will be up and running with new membership that has pretty well been agreed. We will meet in the near future with some renewed members and some new members. You will enjoy our minutes.

**Lord Griffiths of Burry Port:** For a body like us and people in Parliament generally, scrutiny of your activities, other than calling you to a meeting like this, is a very important part of the discipline under which you work.

**Sir Peter Bazalgette:** Your point is taken.

**The Chair:** Thank you very much. Thank you, all three, for your evidence this afternoon. It has been very helpful and enlightening in a good way. I am grateful to you for your candour. I was particularly struck by your point, Sir Peter, about perhaps the lack of commitment from BEIS to the Creative Industries Council, which is surprising bearing in mind what you said earlier about George Freeman.

**Sir Peter Bazalgette:** To be fair, George Freeman visited. It was no judgment on him. It is just that there have been so many different Ministers.

**The Chair:** When we have our session with the Ministers, whether George Freeman or anybody else, we will raise that with BEIS.

Thank you, too, for your trailer for the sector vision, which we look forward to seeing. I would not want to delay it, but I hope our inquiry and our report could influence your sector vision.

**Sir Peter Bazalgette:** Thank you.

**The Chair:** We can talk more about that outside. Thank you. We are very grateful to all three of you and for your time this afternoon.

**Sir Peter Bazalgette:** We thank you for holding your inquiry; it is timely and very important.

**The Chair:** Very good.