

Written evidence submitted by the Creative Industries Policy and Evidence Centre (PEC)

DCMS Select Committee enquiry into the impact of Covid-19 on DCMS Sectors

This paper provides a summary of some of the work by the Creative Industries Policy and Evidence Centre (PEC) with regards to the impact of Covid-19 on the creative industries sector in particular.

This paper covers the impact of Covid-19 on the creative industries in terms of:

1. UK-wide growth
2. Innovation
3. Diversity
4. Creative EdTech
5. Consumption habits (demand for content in lockdown).

In addition this paper provides:

6. An overview of industry data collection
7. References.

About the PEC

The PEC is part of the Creative Industries Clusters Programme led by the Arts and Humanities Research Council (AHRC) and funded through the Industrial Strategy Challenge Fund. We provide independent research and authoritative recommendations to aid the development of policies for the UK's creative industries, contributing to their continued success. We do this by asking some of the best researchers across the UK the most pressing questions about the sector.

The PEC is led by Nesta, the innovation foundation, and involves a UK-wide consortium of universities. They are: Birmingham, Cardiff, Edinburgh, Glasgow, Work Foundation at Lancaster University, London School of Economics, Manchester, Newcastle, Sussex, and Ulster.

1. UK-wide growth

1.1 The PEC has published a number of pieces looking at how to encourage UK-wide economic growth in the creative industries, particularly in the wake of the Covid-19 crisis.

1.2 These include a new [research paper](#) 'The changing spatial distribution of employment in creative industry clusters in England 1991-2018' (Sunley and Gardiner, 2020), commissioned alongside Creative England, and an accompanying [policy briefing](#) (Easton, 2020), which

highlight lessons from the 2008 recession around the importance of a UK-wide recovery plan for the creative industries.

1.3 The briefing uses the paper to show why, as attention turns to recovery from the crisis, it is essential that we build the creative industries 'back better'. It pulls out evidence from the original research, conducted by Professor Peter Sunley and Ben Gardiner, which shows that following the global financial crisis in 2008 we saw an accelerated trend towards greater concentration of creative businesses in London. We believe that this should warn us against repeating mistakes in the aftermath of the COVID-19 crisis and should encourage the government to step in to protect progress that has been made in investing in creative clusters outside of London.

1.4 Prior to the COVID-19 pandemic the UK Government had identified 'levelling up' the economy as a policy priority. This PEC research suggests - for the creative industries at least - that this priority should be even more important as the UK emerges from the crisis and that regardless of whether interventions are directed to rural areas or urban centres, the government must make sure that all interventions are accessible to the sector, including the Towns Fund and the Shared Prosperity Fund.

1.5 In terms of where specific opportunities for investment may be, the research suggests that smaller urban clusters, despite variation in growth patterns, may be ripe to scale and as such could be targeted by additional support, particularly those growing prior to this recession. The research also finds that in recent years the most rapid growth has been seen in the digital and design sub-sectors (and that the growth of these sub-sectors are more widely dispersed than others, which means that their growth overlaps in many LEPs). This suggests that there may be opportunities as the lines continue to blur between the creative and technology sectors.

1.6 This policy briefing also highlights a [discussion paper](#) (Lee, 2020) published by the PEC earlier this month, which looked at the 'relatedness' between the Creative Industries and the wider economy. The implications of this paper are that whilst local policymakers should carefully build on existing industrial strengths when developing creative clusters, local economies have successfully been able to grow their creative industries even where their existing main specialisms are not in obviously related areas. This too, should be taken into account when considering what investment in the creative sector will look like post-Covid.

1.7 Prior to the pandemic, the PEC hosted an [Industry Panel on local growth](#), consulting the PEC's Industry Champions (trusted industry experts) on their experiences of local policy interventions. The findings (Burger, 2020) included some implications for policymakers, such as better signposting of support that is currently available, reviewing procurement processes to remove impediments to smaller or local firms, and simplifying the applications process for access to finance. Whilst these suggestions were made prior to the pandemic, these interventions could help to protect progress made in creative clusters, particularly those outside London.

2. Innovation

2.1 The PEC has also been researching the part that innovation can play in growing the sector, and in the context of Covid-19 how different forms of innovation may help to mitigate some of the economic impacts of the crisis on the Creative Industries.

2.2 One [recent report](#) (Davies, 2020) we have published discusses how the UK is strong in artificial intelligence (AI) research relevant to the creative industries, but practical applications are at early stages. It argues that the UK should more actively encourage collaboration between AI researchers and creative industries.

2.3 This report finds that whilst the UK is one of the world's leading research centres in AI, that many countries around the world are rapidly increasing their AI research capability. It also finds that the UK has a strong position in AI research in domains potentially relevant for the creative industries, such as AI work on image, text and sound data, with only the US and China having higher levels of publications in these areas.

2.4 The report highlights an opportunity for the government to invest in research on AI and the creative industries, as direct applications of AI in creative industries so far appear to be relatively low (at least from that data analysed), with the absolute level of projects in the tens of companies and projects.

2.5 The report recommends that if the UK wants to get the most out of its complementary strengths in AI and the creative industries, it should aim to support a higher level of commercial activity and academic research collaboration between AI researchers and the creative industries. This may be an important opportunity for the Government to pursue as we look to invest in innovation in the sector following lockdown.

2.6 A previous PEC policy briefing (Easton and Bakhshi, 2019) also highlighted how a redefinition of R&D could open up opportunities for the sector, something particularly important in light of the current economic climate.

2.7 Investment in innovation is often cited as a way to boost productivity, which is why parties of all colours have called on businesses to invest more in it, specifically in research and development (R&D). But this paper pointed out that policymakers may be missing a trick when it comes to the businesses that are the focus of initiatives to encourage this. This is because the UK currently use a definition of R&D that doesn't play to national strengths and leaves out the arts, humanities and social sciences. Consequently much of the research and development that happens in the creative industries - based on developing content and experiences rather than just building new widgets - is excluded. Because of this, creative businesses are also excluded from the tax incentives that the government provides to encourage businesses to do more R&D. Research for Nesta from Professor Stephen Roper and Areti Gkypali (Roper and Gkypali, 2018) from the Enterprise Research Centre has shown that creative industries businesses report that they do almost as much R&D as the manufacturing sector, when using a broader definition than used in tax incentives.

2.8 The Conservative Government put in their 2019 manifesto that they intended to review the definition of R&D used in government policy, but there have been no public announcements on this since then.

2.9 Ongoing PEC research looking at innovation in the light of Covid-19 will be published over the next few weeks, including evidence looking at the efficacy of existing innovation funds for the sector and evidence from industry on business model innovation (not just in terms of digitisation) during lockdown.

3. Diversity

3.1 PEC researcher, Dr Dave O'Brien, who is based at The University of Edinburgh, has [written for the PEC](#) (O'Brien, 2020) on the subject of longstanding issues of inequality in the cultural sector. He points out in this blog that inequalities are especially important in context of the crisis caused by COVID-19.

3.2 The blog also highlights a forthcoming research paper in which PEC researchers have looked at trends in the cultural and creative labour force since 2014. In particular, this paper focused on social class, using data from the Office for National Statistics' (ONS) Labour Force Survey. This paper will look at data on the class origins of workers across all cultural and creative occupations from 2014-2019 (2014 was the first year ONS collected this data, and 2019 is the most recent set of data available).

3.3 [Analysis of the 2014 data \(O'Brien et al 2016\)](#), published in the journal *Cultural Trends*, suggested the absence of those from working class origins in cultural occupations. The situation was especially grave in core 'cultural' occupations. Publishing, film and TV, music and performing arts, and museums and galleries all dominated by those from 'middle-class' social origins.

3.4 Recent trends are also worrying, and [suggest there has been little change](#) (Oakley et al 2017). Looking at the forthcoming research on 2014-2019, every year sees a consistent story. Those from professional and managerial origins dominate cultural occupations. There are consistently low levels of working-class origin individuals.

3.5 Dr O'Brien highlights that it's possible to go even further with this analysis. Using data from the ONS's Longitudinal Study, Orian Brook, Mark Taylor, and Dave O'Brien have demonstrated that this class problem has [existed at least since the early 1980s](#) (Brook et al 2020), if not before.

3.6 The blog highlights how the long-term trends suggest that cultural occupations have significant absences of those from working-class origins. The [dominance of the middle class has persisted](#) (Brook et al 2018), even as we have seen major changes to British economy and society, along with a boom in the numbers of cultural and creative jobs.

3.7 The class structure of cultural occupations intersects with other demographic characteristics. We know from existing research that, for example, people of colour are [underrepresented in cultural occupations](#) (Saha, 2017); women of colour [face the most severe pay gaps](#); and that

those living with disabilities [face extensive challenges in their creative careers](#) (see: the Doubling Disability initiative from the Creative Diversity Network).

3.8 The longer-term issues of class in cultural occupations raise a host of questions and points of reflection - two of which Dr O'Brien raises. First is the impact for individuals. Part of the class problem is driven by unequal access to [resources](#) (Friedman *et al* 2017), whether [social, economic, or cultural](#). There is a danger that in returning to 'business as usual', the unequal distribution of resources is not just continued, but, more likely, is made much worse. This unequal distribution of resources is in addition to more explicit forms of [class prejudice faced by some workers](#) (Friedman and O'Brien, 2017).

3.9 This risk links to questions about cultural infrastructure. The way individuals experience labour market inequalities can be eased or made more difficult by the infrastructure underpinning cultural occupations. To give one, again limited, example the various festivals taking place at Edinburgh will not happen this year. They are a crucial part of career development for many creatives, in terms of making connections, developing their creative practice, and in terms of future commissions.

3.10 Yet we also know that [access to this infrastructure is heavily unequal](#) (Brough, J. 2019), with demands for huge levels of investment and financial risks placed onto the individual. The need for economic capital sits alongside having the right social networks and the '[cultural capital](#)' that underpins success in cultural labour markets (Koppman, 2015).

3.11 A longer-term perspective on the class inequalities points to the need for serious thought as to how existing infrastructure promotes, or prevents, working class origin creative careers. Arts Council England has been clear about its commitment to making sure its 10-year strategy's focus on equality and diversity is continued even at this point of crisis for the sector. Its immediate funding response is also a good example of the need for infrastructure at a point when other elements of policy, such as Treasury's support for creatives, have not always been seen to be working.

3.12 As many parts of the infrastructure, particularly cultural organisations, struggle for survival it might seem an additional burden or unreasonable ask for a focus on inequality; but by thinking through new organisational models to cope with the crisis, questions of equality can be made central, rather than an afterthought.

3.13 Dr Dave O'Brien has also submitted [his own evidence to the committee on the subject of diversity in the creative industries](#). In addition, through O'Brien the PEC is a partner on the Creative Diversity APPG.

4. Creative EdTech

4.1 In a short publication authored with Ian Livingstone CBE, the PEC's Director Hasan Bakhshi has argued that the overnight migration of schooling to the home in lockdown has re-energised interest in the idea of an 'EdTech' revolution, and that there may be specific opportunities for what they he and Ian Livingstone term 'Creative EdTech' (Bakhshi and Livingstone, 2020).

4.2 The blog points out that in England, the Department for Education had already in April 2019 published an EdTech strategy, including committing to a series of challenges “to prove what is possible and to inform the future use of EdTech across our education system.” Since the crisis, it has supported the creation of remote education resources, published guidance for teachers and parents/carers, as well as signposted online resources more generally.

4.3 The challenges are significant as the need for immediate measures to sustain education in lockdown as well as medium-term measures to support seamless learning when schools reopen; access to content which is engaging and aligned with the curriculum; blended offline as well as online remote learning, not least for those young people who do not access to broadband, and the provision of supplementary support.

4.4 Research suggests that effective teaching presence in remote learning requires a well-structured sequence of intellectually engaging learning activities where students are provided with feedback but also where they take responsibility for their work.

4.5 In Nesta’s 2011 report, [Next Gen](#) (Livingstone and Hope, 2013) , it was argued that the curriculum in England’s schools needed to be overhauled so that the computing and artistic skills that are vital to high-tech creative industries are given the impetus they need. In 2012, Michael Gove accepted this recommendation to reform the ICT curriculum to include coding, and in 2014 the curriculum changed. But the emphasis recommended in this report on the importance of creativity and coding was ignored.

4.6 Ten years on, research has confirmed the growing importance of ‘creative digital’ skills for the whole workforce, not just for the creative industries. [Evidence from tens of millions of job adverts](#) (Djumalieva and Sleeman, 2018) suggests that the digital skills most likely to be needed in jobs predicted to grow in the UK are ones that are used in non-routine tasks, problem solving and the creation of digital outputs, like animation, multimedia production and design in engineering. This is partly because creative tasks such as these are more [difficult to fully automate](#) (Bakhshi *et al* 2015). The greater the prominence of creative digital skills in an occupation the [higher the probability it will grow](#) (Bakhshi *et al* 2015). Of course, many of these skills are particularly important to DCMS sectors, in particular the creative industries.

4.7 This research suggests that access to remote learning resources should also extend to those that nurture the creative digital skills of young people, and that this should be a priority alongside other learning initiatives for young people at home during the crisis.

4.8 SideQuest is a COVID-19 initiative where UK games studios have joined forces with a non-profit organisation, Into Games, to hold bi-weekly “game jams” for young people. A game jam is when a group of individuals come together to “improvise” a game in a short amount of time, based on a theme. The idea is to help young people build their skills quickly in the context of a relevant, motivating activity such as game design. The initiative makes a game making tool, called GameMaker Studio 2 (from Dundee-based company YoYo Games) available for free download until September.

4.9 Young people are provided with worksheets, video tutorials and games assets (from games studio Sumo Digital's 2019 game Spyder). They are invited to join an online community of learners where they can share ideas and ask questions of their peers. Masterclasses from industry professionals on different aspects of the game-making process are live streamed, introducing young people to the possibility of careers in the games industry too. The resources also include a prototyping pack which takes young people through creating a game idea without the need for a computer.

4.10 The opportunity for such initiatives is significant: busy secondary-schools usually have limited time to focus on cross-curricular learning, but over lockdown there has been more scope than ever for children to engage with authentic, open-ended learning activities like this. The BBC's Computer Literacy Project in the 1980s not only helped to create a world-leading videogame industry, but the technical skills learned by that generation went on to be [applied creatively in fields as diverse as banking and medical imagery](#) (Blyth, 2012).

4.11 With confirmation that most children will not return to school until September, there is a massive opportunity to steer a generation towards learning creative, digital skills which will help to equip them for the economies of their future and in particular will be key to the future health and equity of the creative industries.

5. Consumption habits (demand for content in lockdown)

5.1 The sudden outbreak of COVID-19 and the lockdown has changed the way in which we experience cultural content. Movement restrictions leading to more time in the home, the mental wellbeing consequences of social distancing and the huge economic uncertainties, have disrupted the way that the public have accessed digital content over the past few weeks during the lockdown, and will likely continue in the long-term.

5.2 Monitoring the nature and impacts of these disruptions has been critically important to understand the impact that the crisis is having on the Creative Industries, like film, TV, music, video games, publishing and theatre. In different ways these sectors generate billions of pounds of value added for the UK economy through physical engagement with consumers.

5.3 To understand more about this, the PEC in partnership with the IPO and Audiencenet, ran a six-week study from 9th April to 20th May 2020. A fuller analysis across the six weeks will be published in early July, but insights have already been published [week by week](#) (PEC, IPO and Audiencenet, 2020). You can learn more about the study in the [blog from week 1](#) (Bakhshi, 2020).

6. Industry data collection

6.1 At a time of huge uncertainty in all areas of the economy, including the creative industries, many have used research to try to better understand the ongoing impact of COVID-19 on our sector.

6.2 Public venues, freelance workers, and micro and small businesses are important features of the creative industries, and all are threatened by the pandemic. At the PEC we have been trying to help policymakers by signposting in one place the rapidly growing number of initiatives to collect survey data on the impacts. The list of surveys and data collection (both live and finished) sent to the PEC can be found at <https://pec.ac.uk/news/how-can-the-creative-industries-come-together-to-share-how-covid-19-is-impacting-the-sector>.

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