

# Nesta...

# A MANIFESTO FOR THE CREATIVE ECONOMY

## Summary

The UK's creative economy is one of its great national strengths, historically deeply rooted and accounting for around one-tenth of the whole economy. It provides jobs for 2.5 million people, more than in financial services, advanced manufacturing or construction. This creative workforce has in recent years grown four times faster than the workforce as a whole.

Behind this success, however, lies much disruption and business uncertainty, associated with digital technologies. Previously profitable business models have been swept away, young companies from outside the UK have dominated new Internet markets, and some UK creative businesses have struggled to compete.

UK policymakers too have failed to keep pace with developments in North America and parts of Asia. But it is not too late to refresh tired policies. As the web's inventor, Sir Tim Berners-Lee puts it: *"the Web as I envisaged it, we have not seen it yet. The future is still so much bigger than the past"*. On many fronts, technology continues to evolve rapidly and radically, guaranteeing further disturbances to established players and opportunities for innovators. Big Data, the Internet of Things, Wearable Computers, Assisted Creativity and the Maker Movement provide examples of this continued dynamic.

This manifesto sets out ten areas in which policy refreshment is urgent. The top priorities are:

- To ensure that the next generation of the Internet is truly open. This calls for contestable creative economy markets, well supervised by competition authorities which have the information and authority to act speedily and effectively when there are concerns about market abuse.
  - All teenagers should have the opportunity to learn creative digital skills, such as designing apps and games, as part of a fusion in the curriculum covering technology and art, as well as maths, science and the humanities.
  - Policy tools designed to incentivise innovation, from tax relief to procurement rules, should be adapted to the needs of the creative economy.
  - The UK's publicly funded creative powerhouses, from the BBC to universities, arts organisations and museums, should make the most of the next generation of digital technologies.
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Our ten policy recommendations are, in full:

### PROPOSAL ONE

The Government should adopt our proposed new definitions of the creative industries and the wider creative economy. These are simple, robust and recognise the central role of digital technologies.

### PROPOSAL TWO

Policymakers should establish a 'creative innovation system' framework within which strategic priorities can be addressed in a coherent and effective manner.

### PROPOSAL THREE

The Government should make R&D tax relief more accessible to creative businesses. Technology Strategy Board programmes should be further broadened to address the needs of the creative economy. Public procurement rules should be changed to open up opportunities for smaller digital firms. Cross-disciplinary Research Council knowledge exchange initiatives should be rigorously evaluated and the lessons applied in a further round of investment. More international collaborations with leading research centres should be encouraged.

### PROPOSAL FOUR

Local policymakers should observe our seven-point guide for developing creative clusters.

### PROPOSAL FIVE

Government should ensure that its generic business finance schemes do not discriminate against creative businesses, and that regulations help the development of financial Internet platforms (such as crowdfunding sites). Absent hard evidence on their efficacy, government should resist introducing new sector-specific finance programmes. A higher priority is to coordinate the collection and publication of investor-friendly data through the Creative Industries Council, thus supporting the development of a thicker market for risk finance.

### PROPOSAL SIX

The Treasury and the DCMS should undertake a broad-based assessment of the value of public arts and cultural spending in the UK, drawing upon similar work on the natural environment and the Cultural Value Project of the Arts and Humanities Research Council. Funding decisions should be justified in the light of criteria that emerge from this work.

## PROPOSAL SEVEN

Funders should incentivise experimentation with digital technologies by arts and cultural organisations and allocate a sustained percentage of their resources to digital R&D, ensuring that the evidence arising from this work is openly shared. Under its new leadership, the BBC should publish in 2013 a strategy to reflect its Digital Public Purpose in the period to 2018, not least through the ambitious vehicle of its Digital Public Space initiative.

## PROPOSAL EIGHT

Ofcom should be given powers to gather information in all Internet markets in order to maximise the chances of sound and timely judgments about the emergence of potentially abusive market power and other market concerns (an 'early warning system'). Ofcom should contribute a regularly updated strategic overview of these issues, working closely with the Information Commissioner's Office, the Intellectual Property Office, the Competition and Markets Authority and other relevant agencies. Ofcom's remit should be broadened to advise the Government on the actions needed to ensure the UK enjoys a flourishing, open Internet, balancing the interests of consumers and citizens and committed to supporting innovation and growth. These changes should be a central feature in any Communications Bill planned for 2013/14.

## PROPOSAL NINE

UK copyright rules and exceptions should be re-balanced, along the lines proposed by the UK Government, and also at the European level as part of the drive for a European Digital Single Market. A new mechanism for enabling vastly increased and more efficient rights licensing transactions (through the proposed Copyright Hub) should be further developed during 2013, again with potential European replication.

## PROPOSAL TEN

Governments across the UK should make a Schools Digital Pledge, designed to ensure that the school curriculum, including its representation in the English Baccalaureate, brings together art, design, technology and computer science and that young people are able to enjoy greater opportunities to work creatively with technologies, both in and out of school. Steps should also be taken to address the disconnect between what UK creative businesses need from graduates and what universities are teaching them. Measures to improve the quality of graduate employment data made available to prospective applicants for creative courses (including industry-approved course kitemarks) should be extended.



## A MANIFESTO FOR THE CREATIVE ECONOMY

Behind the headline figures of fast growth in the UK's creative economy lies a picture of considerable disruption and business uncertainty, particularly associated with digital technologies. Hasan Bakhshi, Juan Mateos-Garcia and Nesta Fellow, Ian Hargreaves review what this means for policy. In *A Manifesto for the Creative Economy*, the authors set out ten recommendations in areas ranging from education and skills to R&D, regulation of Internet markets and arts funding which, if implemented, would leave the UK's creative businesses much better placed to compete in global markets in the coming years.



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## About Nesta

Nesta is the UK's innovation foundation. An independent charity, we help people and organisations bring great ideas to life. We do this by providing investments and grants and mobilising research, networks and skills.

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### Nesta

1 Plough Place  
London EC4A 1DE

research@nesta.org.uk  
www.twitter.com/nesta\_uk  
www.facebook.com/nesta.uk

**www.nesta.org.uk**

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