

PARLIAMENTARY BRIEFING

The UK's Creative Industries and their Contribution to the UK Economy

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Backbench Business Debate, Thursday 7th July, House of Commons Chamber

The Motion: *'That this House has considered the need to support the UK's creative industries and their contribution to the UK economy'*

Background

On 26th April 2016 Chris White MP, Julie Elliott MP and Michelle Thomson MP brought an application to the Backbench Business Committee on the subject of the UK's creative industries, and their contribution to the economy. The drive for such a debate was sparked after MPs worked with MillionPlus in 2015 after the 'Creative Futures' report, which suggested ten steps to support the UK's creative economy¹. The application to the committee was extremely popular with MPs, with 46 members declaring an interest to contribute in the debate at the time of the application, and the Backbench Business Committee awarded a 3-hour debate in the Chamber for the 7th July.

The definition of the Creative Industries was established in the Government's 2001 Creative Industries Mapping Document as "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property"².

Key Facts:

- The creative sector is worth £84.1 billion to the UK economy, and is one of the fastest growing areas of the economy³
- 2.8 million jobs are linked to the creative industries in the UK
- 70% of those in creative occupations are university educated
- Numbers studying many creative subjects at school and university are falling, and the talent pool will inevitably decrease
- Government needs to ensure continuing success of this sector and invest in its future by supporting the universities that support the creative sector

¹ <http://www.millionplus.ac.uk/policy/reports/research-report-creative-futures-ten-steps-to-support-the-creative-economy>

² <https://www.gov.uk/government/publications/creative-industries-mapping-documents-2001>

³ <https://www.gov.uk/government/statistics/creative-industries-economic-estimates-january-2016>

The Success and Diversity of the Sector

The UK's creative economy is strong. In 2014 the creative industries and creative sector were worth £84.1 billion to the UK economy⁴. This equates to roughly 5.2% of the overall UK economy, and it is growing at a rate that is faster than almost any other major sector. In fact, since 2008 it has had a gross value add (GVA) rate of 25.8%, which is only bettered by the real estate sector (28.8%), and far outstrips the growth of the next best sector (finance and insurance: 13.1%).

With this growth has come jobs, and in 2014 2.8 million jobs were associated with the creative economy, which is 8.8% of all UK jobs, or 1 in every 12 workers. This is a growth of 55% since 1997, and once again this growth is considerably higher than the average of all other sectors.

From film to television to video games, or from music to dance and drama, the UK is at the forefront of producing products and services that boost the economy, the UK's export markets, and the cultural reputation of the UK both at home and abroad. The success of the creative sector is also not something that is confined to one geographical region, it is truly UK wide, and provides huge opportunities for jobs and investment in regions that other sectors do not reach.

The Talent Pool

The creative economy needs talent to thrive, and this talent needs nurturing. The support of the UK's universities is therefore vital in the development of students' expertise and ideas, and these universities are crucial in supplying the talent pipeline the UK needs to continue these successes into the future.

Across the entire UK economy, just under a third of jobs are filled by people with degree level qualifications. In the creative industries. However, over 60% of the jobs in and around the sector are skilled to degree level or above – and this number rises to over 70% when looking specifically at creative occupations. The creative sector is therefore very closely linked to the higher education sector, and this needs to be fully appreciated by policy makers.

The Role of Modern Universities in Supporting the Creative Industries

On average, 12% of higher education students each year study a creative subject at university – which means 40,000 first degree students graduating each year with qualifications relating to the creative industries. These students are not, however, evenly distributed around all UK institutions. Modern universities and specialist institutions have led the field in developing courses and responding to new and emerging creative markets. Modern universities educate almost three quarters of all undergraduate students and nearly half of all postgraduate students studying creative subjects, and some are truly world-leading in the courses they offer. Modern universities have also worked closely with industry partners to create courses that enhance graduate employability and support small creative businesses.

- 95% of students studying computer games do so at a modern university
- 98% of CG Visual and Audio Effect specialists study at a modern university
- 81% of designers study at a modern university

⁴ <https://www.gov.uk/government/news/creative-industries-worth-almost-10-million-an-hour-to-economy>

- 81% of students studying cinematics and photography do so at a modern university
- 78% of students studying publicity or publishing do so at a modern university
- 62% of architects study at a modern university

The Challenges

However strong the sector is, however, there are significant challenges that have risen over recent years that need to be addressed by policy makers, to ensure that we do not jeopardise the fantastic work that has got the UK into such a commanding position in this area.

One significant threat to the sector is the potential **sidelining of creative subjects in our schools**, and the knock on effects this has on our universities and the future jobs market. Increasingly over recent years the government has encouraged schools to focus pupils on core STEM subjects, and in 2014 the Education Secretary, Nicky Morgan MP, implied that studying creative subjects may limit career opportunities for young people⁵. Whilst the importance of STEM subjects is always stated, the narrative been built up that creative subjects are somehow less worthwhile than STEM disciplines, and this has been largely taken up across the political divide. If this is left unchecked it could seek to discourage potential students from this important, and economically valuable, career path.

Furthermore, with the Department for Education promoting certain 'facilitating subjects' at GCSE and A-Level (which focus on STEM and not creative courses), as well as the introduction in 2016/17 of new performance measures based on 8 'key subjects', there are real risks that more and more schools will **design their curriculums in a way that marginalises creative subjects in the future**⁶. This may well not be the intention of schools, but it is a natural reaction for many of them, as they are judged on these 'key' areas and cannot risk being left behind. This move could, however, severely curtail the ability and inclination of pupils looking to study creative subjects at university, or apply for a degree apprenticeship in a creative area.

The facts appear to support this fear, with a 50% decline in students studying Design and Technology at GCSE, and a 23% drop in those studying drama as well, between 2003-13⁷. If the majority of schools have fewer students studying these subjects in the future it will not only mean the talent pool is under threat, which could serve to undermine a hugely valuable and important industry. It could also lead to a situation where only a select number of schools are able to offer a wide-ranging creative programme, which will further exacerbate the growing problem of a real lack of diversity within high profile creative professions, such as acting, dance or music.

Another significant challenge is **defining success within creative education**, and understanding the career path of graduates. The creative sector does not lend itself very easily to the standard graduate recruitment patterns of larger companies in many other sectors, with graduates working in a variety of different ways, and sometimes through portfolio work or as freelancers, and gaining invaluable experience along the way.

⁵ <https://www.gov.uk/government/speeches/nicky-morgan-speaks-at-launch-of-your-life-campaign>

⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/497937/Progress-8-school-performance-measure.pdf

⁷ http://www2.warwick.ac.uk/research/warwickcommission/futureculture/finalreport/enriching_britain_-_culture_creativity_and_growth.pdf

However, the current employability measures that are applied to graduates, particularly the Destination of Leavers from Higher Education (DLHE), is very much geared towards more linear 'traditional' career paths for graduates, not taking any account of the varied nature of jobs in the creative industries – and as a result it risks contributing to the perception that studying these subjects is an unwise choice for students.

Simply assessing success based on a graduate's salary at 6 months or 3 years after they finished their studies does not adequately appreciate the value of that study, or the success of the graduate in their chosen field. Nor does it sum of the quality of their teaching, which is why it is important for the government to look closely into this particular measure in its introduction of the Teaching Excellence Framework (TEF) alongside the new Higher Education Bill. If graduates are pressured to simply follow career paths that the statistics believe will mean higher salaries and linear career progressions, the **UK risks turning away thousands of potential students** who would otherwise have contributed hugely to the creative economy, as well as the UK's culture and society, and it also risks shrinking the capacity of schools and universities to teach future generations, which could jeopardise the strong position the UK has in this field in the years to come.

What can we do

The sector needs to know it is valued by the government, and it needs not just protection from current challenges, but also policies that will enable it to grow even bigger and better in the future. The government's Higher Education and Research Bill is one way of influencing this, but there are various measures MillionPlus believes the government should take action:

- **Support Talent in Schools and Colleges**

The government must promote creative subjects at GCSE, A Level and BTEC as a valid route to further study and employment. A balanced economy needs a rich variety of people working in it, and not recognising the value of all sectors risks undermining them, and skewing the economy rather than balancing it.

As such, the government needs to ensure that all school performance measures are robust enough to appreciate the value of a truly diverse curriculum, and to ensure that no pressure is applied to pupils to forego subjects that they are passionate about due to the desire to fit a certain pre-determined template of success.

- **Support a Strong Creative University Sector**

As has been outlined, universities play a truly critical role in the creative sector, and government needs to understand, appreciate and act on this fact. Universities that have successful creative programmes should be championed by the government, and it should investigate what more can be done to invest in the teaching of creative subjects at institutions all across the country.

As in schools, performance measures need to truly reflect the complexity and variety of the career paths open to young people after graduation. The government should therefore ensure that any data it uses to inform the excellence of teaching at institutions – as it is currently doing with its consultation on the Teaching Excellence Framework – takes into account the value of creativity, and appreciates that success cannot be limited to one model. We would therefore urge the government to establish a new Arts, Humanities and Creative Industries Research Council (as part of the HE and Research Bill) to oversee the broader sector, and to champion the needs of the many creative industries that depend on the continued talent pipeline and an investment in high quality creative education.

Research should also not be overlooked, and more investment in research degrees is important to boost innovation. At modern universities public investment in research has declined over recent years, and coupled with an emphasis on STEM research it has meant there is a risk creative subjects could be left behind, with this adversely impact upon innovation in our creative industries. The current Higher Education and Research Bill is changing the way research is administered throughout the UK, and measures must be included to protect research into the creative industries, and that no one area can dominate funding to the detriment of ma balanced economy.

- **Use and Promote the Creative Sector**

There is a powerful case for BIS and DCMS to work much closer together to ensure that the creative industries are featured in any future UK industrial strategy. Whereas predominantly BIS has targeted its investment into STEM related industries, there are significant number of creative businesses that would benefit enormously from this investment, and would provide valuable returns as a consequence. The creation of a Creative Capital Fund, for example, would provide a vehicle for investing in businesses to support growth in this sector, all across the UK.

It would also help boost the already successful creative exports industry if more creative companies and universities with a strong track record and experience in this sector were invited on overseas delegations. These are industries envied the world over, and the government should be making more of them and helping them reach newer and bigger markets.

It would also be a positive step if bodies like the Creative Industries Council were opened up to representatives of SMEs from the creative sector, as well as universities, so that knowledge and experience could be shared and a more joined up approach can be pursued.

Overall

The UK creative sector is a national success story, and benefits every region. This success should not be taken for granted, and government must ensure that the sector can grow in the future by maintaining both the talent pipeline and the ability for creative subjects to be taught to a high standard across the UK.

UK universities are crucial to the success of this sector and their work must be championed and built on. Modern universities in particular, who are often overlooked by government, should be recognised as leaders in these fields and given the tools they need to continue and improve upon the work they do.

Be it in the Higher Education and Research Bill or in any other legislation or policy announcement, the needs to the creative sector should never be overlooked. The immense value they bring to the UK – economically, culturally or reputationally - should be given the respect it deserves, and all those working in these industries should be congratulated for the contribution they make to the UK.

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