



Supporting growth in the arts economy



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Paper 1: The arts economy

Paper 2: Place, infrastructure and digital

Paper 3: Towards an arts and creative economy
development programme

Foreword: Supporting Growth in the Arts Economy



The Arts Council's 10-year strategic framework *Achieving great art for everyone* sets out our aim to deepen the links between the arts and the wider creative economy. It is commonly acknowledged that the arts are the bedrock of the creative economy, making a significant contribution to the nation's prosperity and its international reputation. Yet, as we look to make the arts more sustainable we are also interested in how the sector can operate more effectively in a commercial environment, by learning from creative businesses and making better use of finance.

The authors of these papers, Tom Fleming and Andrew Erskine, take up the discussion on *Supporting growth in the arts economy*, highlighting the multilayered relationship between the arts and creative economy. The Arts Council believes that in times of reduced public investment for the arts, it is even more important to help the arts to continue to grow and encourage the sector in finding new ways of developing, creating new work and reaching new audiences and markets.

This belief means it is essential for the Arts Council to develop our thinking around how we can build mutually beneficial links between the arts sector and the creative economy. Tom Fleming and Andrew Erskine provide some excellent ideas about how we can do this, suggesting the Arts Council acts as an enabler to support the arts sector to grow and benefit from practices within the creative economy.

These ideas will inform our thinking and will be at the forefront of our minds as we develop a national policy and strategy for nurturing sustainable links between the creative economy and the arts. We also want to develop partnerships in the creative industries, work with

government departments to reduce barriers for growth and identify key drivers of the creative economy. We will announce further plans to take our role forward this autumn.

The creative economy provides some great opportunities for the arts and we'll be looking at ways we can support the sector to take real creative advantage. This could include work to help arts organisations to use digital technology to reach more audiences, generate income from new and different sources and increase funding generated as part of our mixed economy system.

It is the role of the Arts Council to enable these opportunities and encourage growth, and we look forward to working with the arts and the wider creative industries to create a more sustainable, resilient and innovative future for the sector.

Alan Davey, Chief Executive, Arts Council England

It always surprises me when people consider culture and the creative industries to be separate entities. I was therefore incredibly keen that when I joined the DCMS last year I was given responsibility for both portfolios.

The crossover between the two is very easily apparent; whether it be the link between visual arts and fashion, or the increasingly sophisticated scriptwriting in modern video games. I firmly believe that the lines will continue to blur between what we consider the arts ecology and the creative economy. This is why I am delighted that Arts Council England commissioned this piece of work.

Tom Fleming and Andrew Erskine's report provides another important voice in this discussion, and I hope goes some way to informing the work of Arts Council England in continuing to strengthen the links between these sectors.

Our nation can boast some of the most innovative arts organisations in the world, which continually look beyond their own sector, and work with other industries and technologies to help develop both their art and their audiences. I am confident that, through Arts Council England, we will provide the right targeted support to maintain our enviable global reputation.

Ed Vaizey MP, Minister for Culture, Communications and Creative Industries, Department for Culture, Media and Sport

Supporting growth in the arts economy: Paper 1



The arts economy: Balancing sustainability,
innovation and growth

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Contents

1 Introduction	7
2 Received wisdom and the new knowledge universe	10
2.1 Positive externalities – headline assumptions	10
<i>From innovation to place-making and regeneration</i>	10
<i>Market development</i>	12
<i>Capital and physical intervention</i>	12
<i>Business support and service development</i>	13
<i>Individual and professional development</i>	13
<i>Widening access and diversity</i>	14
2.2 Delivering core activities for the creative economy	14
2.3 Artform neutrality and specificity	17
3 Achieving great art for everyone: Delivering five goals for a balanced arts economy	20
4 Growing the arts economy: Three cross-cutting themes	28
<i>Theme 1: Place and infrastructure – enabling conditions for innovation and growth</i>	28
<i>Theme 2: Positive shift: digitalisation and convergence</i>	30
<i>Theme 3: Investing in innovation and growth</i>	32
<i>In conclusion</i>	33

1 Introduction

¹ *Achieving great art for everyone*, Arts Council England, 2011

In setting out its 10-year strategic framework for the arts – *Achieving great art for everyone*¹ – Arts Council England has expressed commitment to maximising the value of the arts to all areas of society in ways that ‘make this nation rich in intellectual, spiritual and economic terms.’ The Arts Council recognises that, in a context of reduced public investment in the arts, and with the dizzying impact of digitalisation and ever-shifting relationships between audiences and producers and art and economy, business models for arts organisations need to change.

In turn this requires that the Arts Council, as the development body for the arts, has a responsibility to change the ways it engages, supports and invests. Put simply, old terms of engagement are not fit for purpose and the Arts Council needs to move quickly and confidently to ensure existing success is sustained and that the arts deliver greater outcomes for more people over the coming years.

To develop a sustainable and resilient arts sector that delivers multiple types of value to the nation, requires constant innovation, a willingness to adapt organisational and business models, and an openness to change – the relationship between producer and consumer, investor and investee, artform-specific and interdisciplinary, and the balance between intrinsic and instrumental. This applies as much to the Arts Council as to individual arts organisations and practitioners. Organisations that are able to exploit the productive tensions between any of the above will be the most successful.

One such productive tension can be seen in the relationship between a notional ‘arts ecology’ (driven by intrinsic arts and cultural activities; expressive of a social relationship between producers and audiences; strongly linked to public investment and not-for-profit activities), and a ‘creative economy’ (driven as much by commercial as artistic and cultural factors; expressive of an economic and social transaction

between producers and markets; operating in a mixed economy of different types of private investment, alongside public investment).

This paper begins to explore the relationship between the arts ecology and creative economy. It introduces the core elements of cross-over while highlighting the complexity in over-enforcing direct connections between different areas of the arts and creative industries. To do this, it begins (in Section 2) by describing some of the existing assumptions on the relationship between the arts ecology and creative economy. It asserts that the range of core development activities and outcomes delivered from arts organisations is critical to the growth and sustainability of the creative economy. It also reasserts that individual artists are themselves micro-creative businesses and the organisations they support and are supported by are providers of talent, ideas, content and markets for the wider creative economy.

Section 2 shows that, pressured by digitalisation, arts organisations and practitioners are realigning the way they work and the way they think about their work, to embed approaches and adopt business models that deliver a dual outcome of artistic and economic value. However, it also accepts that the artistic and social motivating factors cannot be usurped by commercial considerations if great art is to be produced. Indeed, for some individuals and organisations, intrinsic artistic expression must be cherished as the primary activity. Here, we argue, that by working more entrepreneurially, flexibly and openly across the overall ecology (thus relieving some of the 'creative economy imperative'), art will not only get better, but it will be enjoyed by more people, on their own terms, and in deeper and more interactive ways. Here the flows between the arts ecology and creative economy create a dynamic inter-relationship that thrives on innovation, collaboration and exchange: three factors critical to *Achieving great art for everyone*.

This raises the stakes for Arts Council England: it is not enough to focus on the arts ecology and enjoy its positive influence on the creative economy. To ensure sustainability, resilience and growth across the arts requires an approach that invests in the interface

between the arts ecology and creative economy: supporting arts organisations to develop new business models that encourage different value chains to flourish; enabling talent to progress and knowledge to flow between organisations and businesses; and brokering different types of partnership and co-investment.

Section 3 starts to consider what the Arts Council's role might look like in this context. It does this by introducing the relationship between the arts ecology and creative economy within the context of each of the five goals of *Achieving great art for everyone*. Through a series of diagrams, it highlights how the links between the arts ecology and creative economy are many and varied, but it also shows where development work is needed to make the most of these links. By doing this, it begins to set out the challenges for the Arts Council.

These challenges are briefly summarised in Section 4. Here we introduce three cross-cutting themes, which we consider as critical for the Arts Council if it is to play a progressive enabling role in supporting the arts ecology and creative economy as one overall system. Firstly, the Arts Council can drive innovation and change in how we manage, design and curate arts and creative infrastructure, becoming more open and recognising the role of distinctive places and contexts in arts development and creative business. Secondly, the Arts Council can work much more effectively in advancing digital literacy across the arts and in forging new business models through digital infrastructure. And thirdly, they can explore and then introduce much smarter approaches to investment, encouraging innovation, collaboration and exchange as the core business for a sustainable and growing arts ecology.

These three themes will be developed across the two following papers, collectively assisting the Arts Council to make the right judgements in its mission to deliver its arts strategy.

2 Received wisdom and the new knowledge universe

‘...[I] also want our cultural organisations to be seen as part of our creative industries. When we talk about the creative industries I don’t just want to talk about video games, or advertising, or fashion. I want to talk about museums and the performing arts. Arts organisations are a fundamental part of the creative industries, and of our future growth. Driving technological change, educating and training new creative talent or developing the content that we’re known for around the world.’ (Ed Vaizey, Minister for Culture, Communications and Creative Industries, Culture of Change speech, January 2011)

The arts ecology/creative economy relationship is based on a set of assumptions which can, with some analytic licence, be herded into two broad categories: ‘positive externalities’ and ‘delivering core activity’. Positive externalities include the range of direct and indirect impacts that arts and cultural organisations have on the creative and wider economy. Delivering core activity includes the range of ways that arts organisations and practitioners relate to the creative economy as a direct result of the operational and organisational processes involved in artistic creation:

2.1 Positive externalities – headline assumptions

Below we introduce some of the headline assumptions and received wisdom on how the arts connect with the wider creative economy through a set of positive outcomes. This is developed to link directly with the five goals of *Achieving great art for everyone* in Section 3.

From innovation to place-making and regeneration

The idea that arts organisations provide a wellspring of innovation for the creative industries and wider economy is now broadly accepted, although quantifying the extent to which the arts sector performs this

role and the mechanisms and means by which it does so, is more hotly disputed. The least disputed interaction between arts and innovation is the continual, often disruptive innovation that artists and organisations pursue while engaged in their core artistic activity. NESTA, which has been leading research into the dynamics of innovation in arts and cultural organisations, describes a four-dimensional framework consisting of audience reach, artform development, value creation, and business models.² This framework goes some way to describing how innovation can currently be perceived and measured within arts and cultural organisations.

² Bakshi Hasan and Throsby, David, *The Culture of Innovation: An economic analysis of innovation in arts and cultural organisations*, NESTA, 2010

More complex is the direct or indirect spill-over of the above innovation – from the arts to the creative and wider economy. A recent European Commission paper on culture and creativity suggests the concept of ‘culture-based creativity’ as a means for describing the myriad mechanisms through which individual or collective artistic pursuit leads:

‘... to the development of new products and services, (including public services), driving technological innovation, stimulating research, optimising human resources, branding and communicating values, inspiring people to learn and building communities.’³

³ KEA, *The Impact of Culture on Creativity*, European Commission 2009

The European Commission’s paper stresses the importance of seeing cultural creativity as working alongside scientific, economic, social and technological activities – as one of the vital levers in any effective ‘innovation eco-system’.

It is widely agreed that artistic excellence combined with innovation are integral to the journey that successful arts organisations and practitioners go on. ‘It has been argued that culture does not always need to innovate to be excellent, but if it is to be truly relevant to our society, it absolutely must’.⁴

⁴ McMaster, *Supporting excellence in the arts: from measurement to judgement*, DCMS 2008

Thus for funders and strategic bodies, the relationship between innovation and the arts raises a series of investment, strategic and organisational challenges:

- How to develop and nurture an ecosystem that encourages and rewards innovation and risk?
- How to quantify and measure the impact of investment on innovation within the arts and more widely?
- What mechanisms and infrastructure are needed to maximise the potential impact of arts on innovation?

Market development

The notion that arts organisations create high-quality in-demand products of ‘core expressive value’, which then permeate more widely through the creative industries, has been largely accepted.⁵ Though there is now increasing recognition that the ‘flows’ or value chains linking the various elements within the arts sector are more nuanced and complicated than a simple reading of this concept implies.⁶

Increasingly, the flow is travelling both ways – with creative companies using arts organisations to test, refine and remodel products and services. As creative ‘early adopters’ (trendsetters in purchasing new products), many arts organisations and artists provide and develop markets for new technology and new platforms. From David Bailey exploring the potential of the iPad, to the ENO testing live performance capture in 3D, it is clear that core creative activity utilises and adds value to products and services developed in other areas of the creative economy. In this area co-creation and collaboration are part of the way that new meaning and added value is given to arts/cultural products and services.

Capital and physical intervention

Art and culture have been at the heart of the regeneration agenda across the UK.⁷ From the groundbreaking Sage and Baltic in Gateshead through to projects only now coming on stream in Margate and Colchester, the last 15 years has seen the arts ecology playing a leading role in transforming the perception and reality of

⁵ For discussion on this, see *Staying Ahead: The economic performance of the UK's creative industries*, The Work Foundation, 2007

⁶ Reid, Benjamin, Albert, Alexandra and Hopkins, Laurence, *A Creative Block, The future of the UK creative industries*, The Work Foundation, 2010

⁷ *Culture at the Heart of Regeneration*, DCMS, 2004

place across the UK. This has been led in many places by capital investment and physical intervention. Most commonly, investment in arts and cultural infrastructure has run parallel or as a precursor to investment in and development of the wider creative economy. This is most obviously seen in the East of England, where the Arts Council/ East of England Development Agency strategy to develop hubs has explicitly linked investment in arts infrastructure to the development of a healthy creative economy.

Of equal importance has been the development and provision of space for the creative economy within the arts ecology – through the development of work space, meeting space, and incubation space (on – or off-site). Providing spaces where interactions take place is seen as one of the critical conditions for encouraging knowledge transfer and exchange across the creative economy often in conjunction with higher education.⁸

⁸ Geoffrey Crossick, a lecture to the Royal Society of Arts, 2006
http://www.london.ac.uk/fileadmin/documents/about/vicechancellor/Knowledge_transfer_without_widgets.pdf

Business support and service development

Arts and cultural organisations increasingly act as deliverers or brokers of business support to the wider creative industries. Drawing on networks, institutional knowledge and experience, this role sees institutions acting as direct supporters of the wider creative economy. The continued move towards a commissioning culture in the public sector has been reflected (and led to a degree) by arts organisations expanding their remit in the rethinking of public services in health, social welfare, community development and more.

Individual and professional development

Arts organisations directly contribute to the wider economy by informally and formally providing progression routes for talent and professional development. From advances in arts and creative learning across the education landscape to involvement in work-related learning and creative apprenticeships, the sector has made major advances in ensuring that education is delivered more creatively and that children and young people encounter opportunities to develop their talent. This extends beyond formal structures at all ages through the formative and shaping role that art plays in the

development of creative professionals through inspiration, challenge and engagement at differing career stages. In addition, mentoring and talent brokerage programmes extend the informal into the formal as can be seen in the Escalator programme run by the Arts Council in the East of England.

Widening access and diversity

Widening access into the creative industries for children and young people from different backgrounds (so the sector better reflects society as a whole and draws on this 'diversity advantage'), is an area where arts organisations have led the way. Organisations across the arts have developed innovative schemes that have opened new pathways to employment and learning in the wider creative economy. Often it has been through active audience development and community engagement that this broader connection with children and young people has been established.

2.2 Delivering core activities for the creative economy

'Delivering core activity' describes how arts organisations and practitioners directly relate to the creative economy through operational and organisational processes involved in delivery of artistic creation. Perhaps the most obvious enabler of the growing blending and convergence of the arts ecology and creative economy over the past decade has been digitalisation. Almost every element of the way that art is created and disseminated has been influenced by (and influences) the rapid development of new technology and new platforms. As Nicholas Serota, Director of Tate describes (when commenting on the launch of Google Art World), the effect is hard to overemphasise:

“Digital technologies are rapidly changing the world and have already challenged the role and function of museums. The online space has fundamentally changed the way we exchange ideas and talk about art. No longer is public discussion limited to the artist, the curator or the newspaper critic – there is now a vast array of voices engaged in the debate around art, and our audience has an

*active part in this discussion... At Tate, we are building digital into our thinking on all levels. Through forums, blogs, social networking, films, mobile technology and other platforms, people can look at art, hear artists talking about their work, and take part in discussions and share their own thoughts.*⁹

⁹ Nicholas Serota, 'Googling the future of art' *The Telegraph*, 1 February 2011: online at <http://www.telegraph.co.uk/culture/art/8296878/Nicholas-Serota-Googling-the-future-of-art.html>

Arts organisations of all sizes have – as a matter of survival – explored issues relating to how the growth of digital culture changes the meaning, delivery, impact and audience for their creative and artistic output. The result has been ever greater convergence and collaboration between sectors, a two-way flow of innovation between organisations and digital technology companies, and expansion onto multiple new platforms.

Linked to this, but by no means exclusively driven by it, has been the changing nature of the relationship between artist and audience, producer and consumer. New ways of understanding organisational and individual roles has been linked to greater understanding of the power and role of art to, 'help us make sense of our place in the world, ask questions we would not otherwise have asked, understand the answers in ways we couldn't otherwise have understood and appreciate things we have never before experienced'.¹⁰

¹⁰ McMaster, *ibid*

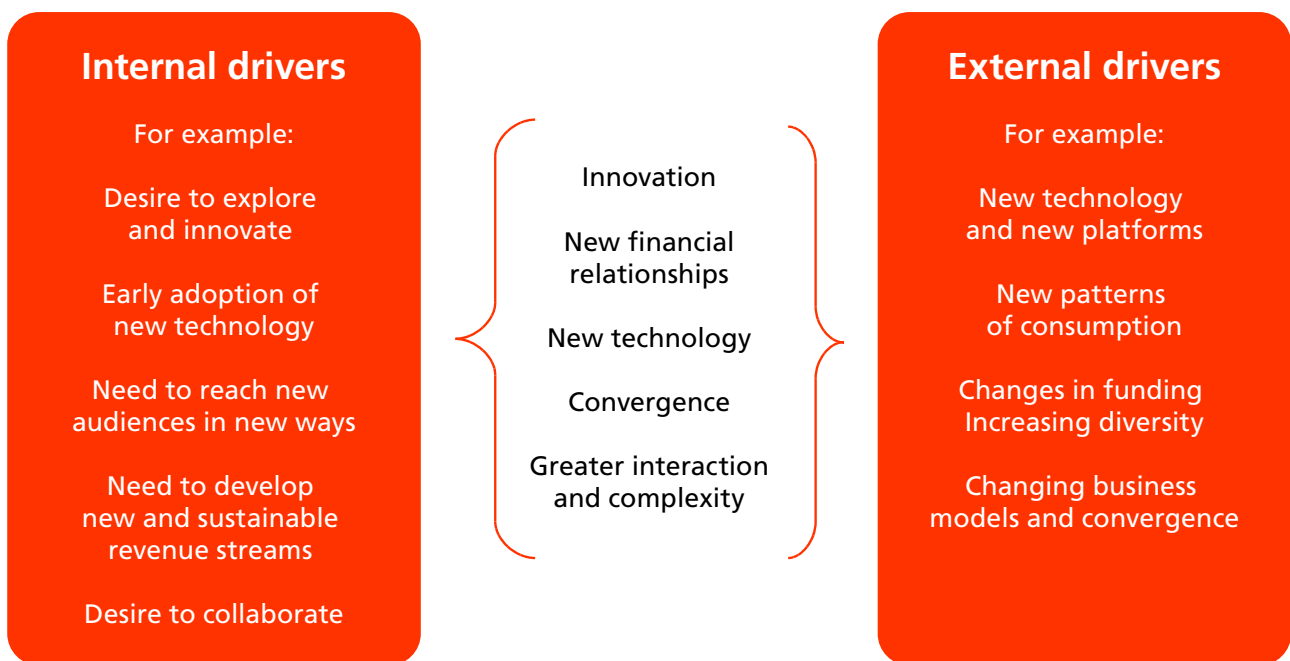
One way of conceptualising how delivering core activity in the arts ecology relates to growth and development in the wider creative economy, is to examine the internal and external drivers that shape the relationship:

- internal drivers (that is, within the arts) include the desire to explore and innovate, the early adoption of new technology, the need to reach audiences in new ways and the acceptance that new and sustainable revenue streams and business models need to be forged
- external drivers (that is, exogenous factors) include the development of new technology and platforms, shifting patterns of consumption and the rise of the experience economy, changing funding models and relationships

Both these sets of drivers have led to a relationship between the arts and creative economy which is ever deeper, more complex, more innovative and more disruptive, with multiple new types of financial relationship, greater convergence and for those organisations most hungry to adapt, survive and grow, rapid technological exploration.

Figure 1 below further introduces the internal and external drivers:

Figure 1: Some internal and external drivers for the arts ecology and creative economy



We also need to recognise here that the last decade has seen the rise of individual artists as micro-creative businesses in their own right, coupled with an ever-increasing role for the individual as a producer. The stellar success of super-brand visual artists can obscure the fact that a healthy and sizable cohort of artists has developed sustainable careers, which involve new forms of commission, new types of working, and new relationships with the public. In craft and design this is epitomised by the rise of the designer-maker and agencies to promote their work. The Arts Council, through its Invigorate programme, has acknowledged the significance of career artists to the arts ecology and creative economy. The initiative has sought to

adapt support to artists as they travel through a career that demands different types of support at different stages.

The rise of the producer has been met by the development of a galvanised culture of collaboration and partnership between arts organisations. Driven partly by technology, but primarily by the desire for innovation, cross-sector and interdisciplinary projects have grown and with that has grown the role of the individual producer, acting as broker, facilitator and deliverer of work.

2.3 Artform neutrality and specificity

While much of the discussion on the relationship between the arts ecology and the creative economy can be held in an artform-neutral way, there are significant differences between sectors, especially in terms of the degree to which the changing relationship can be characterised as disruptive or evolutionary. This has influenced the extent to which new technology and platforms have impacted on business models, with value creation and convergence playing out differently for different artforms.

While all artforms have been influenced to their core (internally and externally) by digitalisation, the structural and institutional effects have been different. In music, digitalisation has driven a process of rapid disruption, which has led to market turmoil and a collapse in the commercial status quo, with huge shifts in value generation causing organisational flux and a continual reassessment of effective business models. Publishing and literature are now going through a similar experience, albeit trying to learn the lessons from music (not least on issues of intellectual property [IP]).

Live performance – including dance and theatre – has and is continuing to face and in some instances embrace shift, with collaboration and co-creation of new forms of working ever more apparent. For example, the continued growth of live events and festivals can be understood as a response to digitalisation, with consumers in search of the 'real', the visceral and the physical in an increasingly virtual world.

Museums and galleries are also seeking ways to progressively balance the physical and the digital, with the digital providing an additional and more far-reaching footprint, which supplants the traditional function of the exhibition, while allowing for an entirely new way of generating value through rapidly evolving relationships between audience, objects and institutions.

In film and media, digitalisation has enabled institutions to work in new ways with a broader range of creatives. There are plenty of examples where a progressive and enthusiastic embrace with new technologies galvanises reach and refreshes organisational purpose.¹¹ Cross-artform venues (CAVs), such as Watershed in Bristol and FACT in Liverpool, have become drivers, enablers and facilitators for the growth in the creative and wider economy – locally and nationally. These organisations have developed structures, programmes and platforms for new innovators and creatives, who themselves are getting a boost from the lowered barriers to entry and from the ease of distribution that digitalisation has brought to film-making, mobile computer gaming, and a much wider area of artistic practice. Another CAV, Cornerhouse in Manchester, has been pioneering the development of open source approaches to all aspects of its activity, including curation. This is a direct example of an innovation flow between the creative economy and arts ecology.

¹¹ See *Crossing Boundaries*, Tom Fleming Creative Consultancy TFCC, UKFC, 2008, for detailed analysis of the changing relationship between Cross-artform venues and the creative economy. http://www.ukfilmcouncil.org.uk/media/pdf/q/6/Final_final_report_20_May_version.pdf

However, it is important here and across the arts and creative economy, not to overplay the significance of digitalisation. It should be seen as a disruptive force and enabler that has accelerated processes of artistic development, pierced many previously impermeable boundaries, and necessitated radical reform in business modelling, operational structure and the relationships between producer and consumer, artist and audience, art and economy. But it is just a technology. Of far greater significance has been the response to this (and other) technologies and the effectiveness of arts organisations in mainstreaming new technologies to redraw the boundaries of their practice, realign relationships with audiences, and redesign the business models. This is as much about leadership, vision,

confidence, and establishing a relationship with the audience (that is, the market), where to stand still is to fail.

3 Achieving great art for everyone: Delivering five goals for a balanced arts economy

Achieving great art for everyone, as the framework for Arts Council England's organisational development, calls for the Arts Council to establish a more effective role as a champion for the arts, extending and deepening collaboration and communicating the value and impact of the arts more clearly and articulately. It challenges the Arts Council to sharpen and strengthen its development role for the arts, embedding innovation into how it engages and facilitates. And it lays the ground for Arts Council England to deliver smarter investment in the arts, both directly and via collaboration with co-investors from across the public and private sectors.

With its five priority outcomes –

- excellence (outstanding art and outstanding art experiences)
- reach (more people attending and taking part in the arts)
- engagement (more people feeling that the arts are meaningful to them)
- diversity (the arts reflecting the diversity of contemporary England), and
- innovation (artists and organisations having the freedom, and being challenged, to innovate)

the Arts Council has set out a reasoned and cohesive agenda for future arts development.

Indeed, at this time of strategic flux and significant social, cultural and technological change, it is all the more important that the Arts Council combines clarity of vision, robust organisational structure and

a confident voice. The five goals of *Achieving great art for everyone* provide additional focus and urgency here, and their successful delivery (toward the above outcomes) will depend on the Arts Council accurately interpreting the shifting landscape in which it operates and then skilfully manoeuvring its development tools to ensure the arts continue to be, 'at the heart of civil society, valued by local communities across the country. [The arts] are the bedrock of the creative economy, contributing to the nation's prosperity and its international reputation'.¹²

¹² Alan Davey, Chief Executive of Arts Council England, in: Arts Council England *Achieving great art for everyone*, Arts Council England, 2010; online at http://www.artscouncil.org.uk/media/uploads/achieving_great_art_for_everyone.pdf

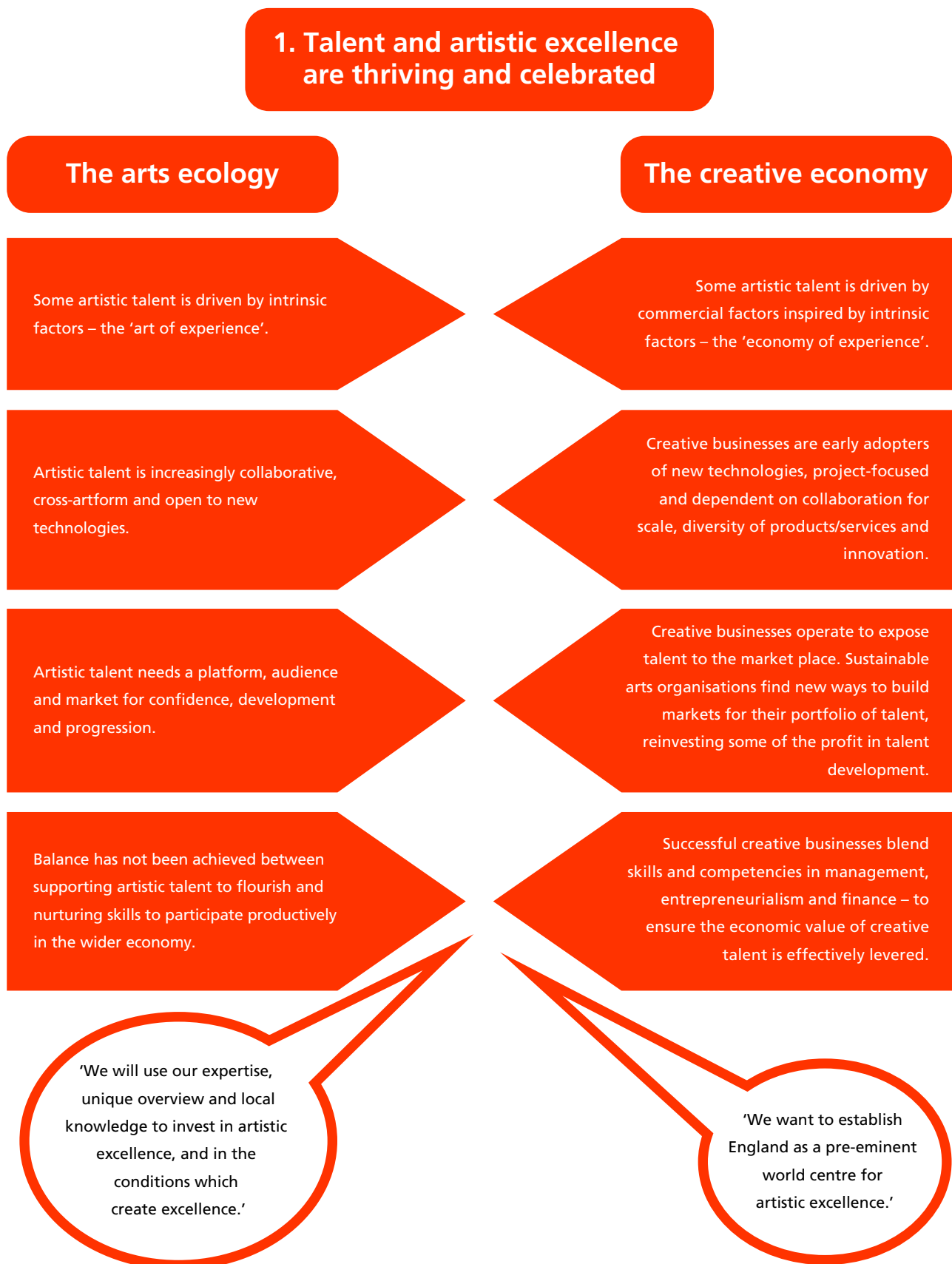
These are related matters: a strong, confident and innovative arts ecology provides the bedrock for (or is it lifeblood to?) a dynamic, growing and increasingly competitive creative economy, which in turn delivers value for the wider national interest. As introduced in Section 2 above, this is at least where most assumptions lie, although the complexity of these related matters is perhaps underplayed; it is not always easy to determine cause and effect; and a nagging issue persists where the economic contribution of the arts (such as to growing businesses in the creative industries) is at times only grudgingly accepted.

This means that for the Arts Council to deliver on *Achieving great art for everyone*, it needs to find a more effective (and acceptable) language for describing the different links between the arts and creative economy. It also needs to find ways to embrace the complexity of the art/economy relationships – which means developing sharper understanding of the system or ecology of arts development as the context from which commercial value sometimes (but not always) grows. To do this, as a starting point, it is helpful to grapple with each of the five goals for *Achieving great art for everyone* and identify how, in each case, the relationship between the arts and creative economy can be expressed.

These relationships will differ at times by factors such as artform, geography, and organisational/business model, but common threads can be identified. Identifying these threads helps to magnify and elucidate those influential factors that link sustainable 'great art'

development to a competitive creative economy as two interwoven sets of activity. On the following pages, in a series of diagrams, we set out how the relationship between each of the five goals of *Achieving great art for everyone* via a set of assumptions which link the arts to the creative economy and the creative economy to the arts:

Figure 2: *Achieving great art for everyone: The arts ecology and creative economy*



2. More people experience and are inspired by the arts

The arts ecology

All art is developed through a relationship with community and place. It grows through interaction with a notional 'audience' in context.

The strongest arts organisations 'innovate with their users' to develop new types of content and experience. They are also innovators for new business models, where activities are monetised via stronger and deeper relationships with their audiences.

Too few arts organisations use a rich mix of media and platforms to reach and nurture audiences; and if they do, often the 'product' does not meet expectations of the audience.

The creative economy

Innovative and entrepreneurial arts organisations and practitioners engage with more than one audience in more than one place and seek to balance reach with depth to ensure growth and sustainability.

The boundaries between production and consumption are blurred. Competitive creative businesses and sustainable arts organisations co-create new content, experiences and their 'meanings' with consumers and audiences to remain relevant and viable. Successful creative businesses and sustainable arts organisations are committed to exploiting the commercial value of their work and growing audience / market share.

Growth and sustainability for businesses and organisations depend on eclectic and skilful use of media to develop deep, interactive relationships where the frames of reference and expectations are co-created with the audience.

'We will support those artists and arts organisations presenting and promoting the arts in new and inspiring ways.'

More people value the arts as being important to the quality of their lives and are actively involved in shaping provision in their communities.'

3. The arts are sustainable, resilient and innovative

The arts ecology

Many arts organisations operate in a mixed economy, drawing on a range of revenue-generated income and other sources of investment. However, too few 'cross-over' to establish a coherent commercial offer; they struggle to articulate their value to investors; and the organisational narrative can be too dependent on a relatively narrow source of public investment.

Innovation is championed across the arts, but it is rarely at the heart of operational and strategic thinking. Artists and organisations have secured a level of sustainability through adherence to old business models, but this stifles growth overall, stymies talent development, and reduces potential for collaboration. These are matters of capacity, existing investment priorities, and cultural inertia.

We are at the at the very beginning of a new era in arts development, with dramatic shifts underway in how art is produced, distributed and consumed. While there are several trail-blazing organisations (and we all know who they are), issues of capacity, know-how, confidence and recalcitrance are combining to block progression and in turn stifle innovation and growth.

'We will invest in the sustainable growth of the arts ecology... we will encourage innovation through recognising the value of research and development in the production, presentation and distribution of art...'

The creative economy

Sustainable and resilient organisations have deep and collaborative relationships with funders and keenly maximise the yield of their IP and services. They embed an entrepreneurial culture across all activities, pursue new business models to drive innovation and, as a result, they innovate with their audiences. They develop brand narratives that transcend individual products and services.

Arts organisations and practitioners are working to 'create the space' for innovation through investment (time and resources) in emergent technologies, all kinds of collaboration, professional development, and an embrace with openness – in how art is developed, presented and made into something commercial. Innovation here should be understood holistically (and not limited to new technology) – it is about process and outlook, with capacity for openness, alertness to the opportunity of unexpected outcomes, and commitment to 'sweating' assets and ideas more entrepreneurially, all key.

Entry costs for developing new business models are reducing – for example, digitalisation brings capacity, connectivity and new ways of scaling IP. Arts organisations and practitioners are presenting their offer; selling content, services and experiences; and reaching collaborators and investors; in multi-platform and cross-channel ways. Mixed economy business models have never been so achievable or necessary.

'The arts are known for resilience...the arts are naturally collaborative and networked ...there are more partnerships between arts organisations, the wider public sector and the commercial sector...'

4. The arts leadership and workforce are diverse and highly skilled

The arts ecology

In recent years, leadership and continuous professional development have featured prominently as strategic agendas across the arts. However, beneficiaries are not drawn from the full and diverse base of the arts, peer learning is too often between 'known peers', and career progression across sectors is uncommon.

Creative skills drive sector development – to problem-solve, cross boundaries, and imagine new opportunities. However, opportunities to marry them with skills in business, management and technology are under-explored.

'We will encourage skills development, collaborative working and knowledge sharing, including enabling the arts to realise the potential of technological change...'

The creative economy

Collaborative learning is key to sustainability and competitiveness, with knowledge exchanged across organisations and businesses through a flexible labour market and inter-connected supply chains. In addition, some (but too few) businesses are exploring the 'diversity advantage' of their workforce. That said, collaborative learning is under-developed in the UK, with a huge opportunity to connect universities, businesses and arts organisations.

Creative businesses and sustainable/growing arts organisations marry different skill-sets and invest in their development. They buy in skills where they are absent and invest in the core skills that drive the business model. However, the lack of depth and breadth of available skills is a barrier to growth – especially outside the core cities.

'More arts leaders are regarded as world class, renowned for excellence and playing an active role at the heart of civil and national life.'

5. Every child and young person has the opportunity to experience the richness of the arts

The arts ecology

Enormous progress has been made in recent years to increase the reach and quality of arts and creative learning inside and outside the classroom. Cultural entitlement is also far more recognised and valued. Together, these two 'agendas' have enabled a whole market to develop for artists and arts organisations.

Many education institutions still struggle to find a balance between developing 'pure' art and creativity and readying their students for the arts and creative workforce (such as through management, business and technology skills). However, it is argued by some that the universities sector is becoming overly instructive in creative skills development, which means that it is developing hard skills appropriate for today while neglecting soft skills (that is, art and creativity) that enable the workforce to adapt in the future.

'We will champion high-quality opportunities for children and young people to enjoy the arts in and out of school.'

The creative economy

The creative workforce is in part the product of arts and creative learning. It was in or through school that many individuals were first inspired to practise in the arts. It is absolutely critical to the future health of the creative economy that more children and young people get regular exposure to art and culture and that they are supported to create and make art and culture in an active and exciting way.

It is only in recent years that a dedicated approach to industry-driven creative skills has been delivered in a coordinated and partnership-driven way (such as through Creative Apprenticeships). This means collaboration is still in its infancy and lessons are yet to be learned from the impact of knowledge exchange. Clearly, if creative businesses and arts organisations can collaborate with learning and skills providers – to increase and improve work-related learning, match skills development to need, and engage children and young people in user-driven innovation, then growth and sustainability are more likely.

'More children and young people have access to excellent art and are shaping their future arts provision as creators and critical consumers.'

4 Growing the arts economy: Three cross-cutting themes

For Arts Council England to play a progressive enabling role in supporting the arts ecology and creative economy as one overall system, it needs to innovate with the sector, just as the sector needs to innovate with its users, audiences and consumers. This means it needs to embrace innovation with confidence, it needs to extend and deepen its collaborations across the arts and with industry, and it needs to move from artform driven to more holistic arts development agendas.

There are three cross-cutting themes/agendas here, each of which has been under-played by the Arts Council, but each of which demands attention if the arts ecology and creative economy are to prosper through mutual synergy. Each will be considered in more depth through the other strategic papers:

Theme 1: Place and infrastructure – enabling conditions for innovation and growth

Digitalisation does not bring ‘placelessness’. Nor does it reduce the significance of ‘bricks and mortar’ arts and creative infrastructure. It changes our relationships with place and infrastructure, disrupts old operational certainties, and in many ways deepens our need for the sense of nearness and intimacy offered by real-time ‘live’ experience. It also heightens our appreciation of the local and the civic: they are rendered more meaningful and valued as an adjunct to or retreat from instantly globalised digital space.

The best arts infrastructure is seamlessly digital and physical, operating as a broker of flows and experiences, a facilitator that allows audiences, practitioners and businesses to encounter excellent art, co-create the meaning of that art, and collaborate to create new art. Here, our best theatres, galleries, museums, cinemas and arts

centres are at once centres for aesthetic indulgence, hubs for creative business, intersections of knowledge exchange, and enablers of innovation. They are intimately tied to place – expressive of the cultural identities of their town or city and helping to re-imagine and reframe those identities as senses of the local shift over time. They have opened up and developed totally new relationships with their audiences (who are always changing), and shifted the dynamic to one of mutual trust and collaboration.

Yet they are too few, too fragile, and too often neglected. Ideally, every town or city of any scale would have arts organisations with infrastructure that genuinely brokers and enables the flows between the arts ecology and creative economy. However, reform of existing infrastructure has been slow, and where innovative leadership has existed, it has too often acted in spite of existing partnerships and investment regimes that are designed to deliver old business models or are too circumscribed by artform. This means that many of those organisations and venues lauded as pioneers – at once catalysts for the creative economy and intermediaries of integrity across the arts ecology – struggle to raise investment from the Arts Council and others because their core business cuts across the boundaries of existing historically configured priorities.

For a sustainable arts ecology to generate value across the creative economy, we need to see:

- A refreshed engagement with place, with investment supporting collaboration and exchange to flourish throughout our arts infrastructure, so that we nurture creative communities that bring together different disciplines, audiences, businesses and organisations in ways that make sense and seem natural and obvious in these specific milieu.
- An endorsement of our pioneering arts leaders and entrepreneurs by asking them to directly broker investment in their local arts ecology and creative economy, strengthening their commissioning role, and supporting them to develop new research and pilot different business models.

- Investment across networks of leading place-based arts organisations and infrastructure, challenging them to be more collaborative, to exchange knowledge/skills/resources, and to co-create new approaches to programming.

All of this and more is explored in Paper 2.

Theme 2: Positive shift: digitalisation and convergence

Digitalisation will become so prevalent over the next five years that as a standalone concept, it will cease to have much meaningful currency in the arts. It is, after all, just a means to describe a technology. However, its influence and that more broadly of convergence will continue to be a progressive disruptive force across the sector.

¹³ MTM London, *Digital Audiences – engagement with arts and culture*, Arts Council England - Digital Audiences – engagement with arts and culture – November 2010. http://www.artscouncil.org.uk/media/uploads/doc/Digital_audiences.pdf

As recent research by MTM shows,¹³ arts organisations and audiences are only at the start of a journey, with digital engagement very much still supplementing, rather than replacing, live engagement for most consumers. This research describes a pyramid of engagement for audiences, with the level of online sophistication rising from simply accessing information at the bottom to co-creation at the top. Just as the growth of the web has seen many false starts, with attempts to second-guess consumer preference and need often proving faulty, so we can expect the moving of audiences ‘up’ this pyramid to be far from straightforward. Experiment, risk and innovation will remain the means by which this relationship will be successfully explored.

¹⁴ Reid, Benjamin, Albert, Alexandra and Hopkins, Laurence A *Creative Block, The future of the UK creative industries*, The Work Foundation, 2010

Convergence – which ‘describes a continuously-developing process rather than any endpoint; a blurring of aesthetic and technological distinctions between media platforms’¹⁴ – plays a hugely influential role in the ongoing journey of arts audiences. Convergence allows ‘organisations to operate in spaces in the value chain from which they were previously excluded’¹⁵, which is something that the arts have always and will continue to excel at. One challenge is ensuring that individuals and organisations of all scales can build or partner in the business models that allow them to gain a return on this value, through licensing, scalability and mass-dissemination.

¹⁵ *ibid*

In this context, five of the critical influencing factors the Arts Council will need to consider are introduced below:

16 MTM – *Digital audiences – engagement with arts and culture*, Arts Council England, November 2010

- Social media and audiences: Reaching wider audiences will continue to mean using social media in a smart, sophisticated way. Keeping arts organisations and artists at the cutting-edge will become even more critical in times of limited funding.¹⁶
- Community digital projects: The last three years has seen an explosion of interest in local film societies and clubs (mirroring the growth in book clubs over the previous decade). How does the arts sector as a whole respond and build on the growth of social and community activism that has built up around social software? Organisations such as Cornerhouse are leading the way here – investing in digital cameras and portable editing equipment to enable its audience to document different elements of the organisation’s programme as well as the ‘off-schedule’ collaborations and social interactions that spin in and out of the organisation. This could in turn be a pioneer for the types of ‘citizen journalist’ being championed by Ofcom.
- The end of the artform? As convergence between sectors continues to erode the boundaries of traditional artforms, how does a strategic funding body organise and reflect these changes internally and externally? Is the obvious shift to audiences and need logical or desirable?
- Channels and aggregators: With digitalisation has come aggregation and disintermediation. Do we need a national approach or nudge to ensure that all arts organisations can benefit from a level playing field?
- The experience: Live art, street art and festivals have been a huge growth area for the arts ecology and creative economy over the past decade, often bringing arts activity to previous arts and cultural ‘cold spots’ (the informal term often given to geographical areas with relatively low levels of attendance and participation). With public spending cuts likely to see this type of activity shrinking, can digitalisation provide scalability and mobility, delivering the ‘live’ in alternative ways?

Each of these issues – and more – is explored in Paper 2.

Theme 3: Investing in innovation and growth

Future innovation and growth in the arts, as for the wider creative economy, will continue to be driven by proactive responses to changing consumer demand and new technology. Growth across the creative economy cannot be taken for granted though, due to increasing internationalisation coupled with foreign governments becoming more sophisticated and strategic in their approach to the sector (including the creative economy's relationship to the arts). The UK's current competitive advantages could be further undermined by further convergence and digitalisation – if the disruptive influences of this are not positively embraced.

In the arts there is a real danger that a 'two-tier' approach to innovation emerges, creating an ever greater divide between those organisations with the organisational capacity and knowledge to consistently innovate and those struggling to merely survive. An ecology which sees only (relatively) well funded, mainly London-based national organisations, able to fund large-scale experimental projects will not be healthy. The sector as a whole needs smaller-scale organisations to be able to feel as confident in handling risk and innovation, if the arts ecology is to continue developing its relationship with the creative economy.

Growing the arts economy will require increased investment from the private sector to make-up for the cuts in public sector investment and to invigorate new types of collaboration. 'Crowd-funding' and other investment drives that use social networking methodologies, could be one way that helps to link individual giving to risk and innovation. Equally, matched funding that taps into the insight, innovation and entrepreneurialism of business could take funding relationships between arts and business away from simple sponsorship to something more long-term, sustainable and meaningful. New funding mechanisms, such as loans or guarantees, may help encourage arts organisations and businesses to develop models of engagement that share risk and reward.

17 These relate in part to the revised growth factors for the creative economy which feature in The Work Foundation, *A Creative Block*, 2010

Overall, and put simply, if investment in the arts is to positively impact upon the growth and competitiveness of the creative economy, which in turn will re-invest in and exchange other types of value with the arts, then ‘innovation and growth’ are the investment imperatives for the Arts Council and its co-investors. Here the factors below need to be considered¹⁷ – each of which is integrated into the discussions staged in Paper 2 and, in particular, Paper 3:

- Focus on demand and consumption: How can we invest in new ways of reaching new audiences, which learn from and use the mechanisms used by other sections of the creative economy in delivering sophisticated goods and services?
- Infrastructure: With increasing pressure on public services to align in ‘one-stop shops’ to reduce costs and boost customer focus, how do we invest in culture in a way that encourages spill-over effects between the arts and the wider creative economy?
- Organisational and individual capacity: How do we invest in organisational and individual capacity to deliver the core mission of the arts in a radically altered environment?
- Network and clustering: How do we best invest in place-based creative hot spots and sector-based networks to ensure maximum return?
- Diversity: How do we continue to broaden the spectrum of diversity – a key driver of innovation – in an environment of reduced public investment?

In conclusion

The three cross-cutting themes introduced above have one thing in common: they all relate to maximising the capacity of the arts to reach and enthrall audiences, and the agility of the arts and collaborators in creative businesses to nurture markets, revenue and investment as a direct outcome of audience development. By focusing on all of the above, the Arts Council can support artists, arts organisations and creative businesses to engage bigger and more diverse audiences in deeper, more gratifying and productive ways. Concurrently, markets grow, the arts ecology is sustained and

replenished, and the creative economy enters a new period of competitiveness.

The following two papers will describe this landscape further and support the Arts Council to identify where it can confidently offer most leverage and traction and where confidence sometimes means knowing where to let go.

Supporting growth in the arts economy: Paper 2



Place, infrastructure and the digital:
an agenda combined

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Contents

1 The arts ecology and creative economy: Redrawing the conceptual and strategic boundaries	37
2 A travel story – returning to place	40
<i>A. Cultural planning</i>	41
<i>B. Creative clusters</i>	43
<i>A more critical focus on the role of place as the context for the development of art, culture and the creative economy</i>	46
<i>A closer appreciation of locally embedded arts and cultural infrastructure in driving innovation and growth across the creative economy</i>	47
<i>A sharp reappraisal of the relationship between digitalisation and the place in driving innovation and growth across the arts and wider creative economy.</i>	48
3 Digital ecologies – enablers for sustainability, innovation and growth	51
3.1 Digital technology: opening up experience	53
3.2 Digitising audience development and marketing	55
<i>Social networking and the democratisation of the arts</i>	57
<i>Impact on business models and revenue</i>	59
<i>Impacts on arts infrastructure</i>	60
<i>National scale programmes and platforms</i>	63
<i>Opening-up</i>	64
3.3 (Re)connecting to place	66
4 Afterword: A new convergence: infrastructure for an arts ecology and creative economy	69
Appendix 1 – Some digital challenges and opportunities for the arts	71
<i>Aggregation</i>	71
<i>New models of shared risk and reward</i>	71
<i>Skills and expertise</i>	72
<i>Engaging broadcasters and mainstream media</i>	72
<i>New subscription models</i>	73

1 The arts ecology and creative economy: Redrawing the conceptual and strategic boundaries

This short paper gazes across a landscape of shift for the arts. It is positioned as the conceptual 'middle piece' between the more practical and action-orientated Papers 1 and 3. For its first half, it tells a travel story that reaffirms the importance of the arts in interacting with and progressively transforming place. The arts are performed and developed in context and they play an important role in engaging people to explore and express their identity through a set of social, economic and cultural geographies. The arts are also expressive of the multiple, often contested senses of place which, and at their best, they stimulate, challenge and raise awareness of. But the arts are also about outcomes and they are often pitched as game-changers and catalysts for progressively transforming places – from their role in regeneration to their contribution to the creative economy.

Place has been a central and recurring theme in arts, cultural and creative economy strategy over the last decade and more. From local cultural strategies to ambitious plans for geographically specific creative clusters, there has been a distinct geography to the value expected of the arts and its role in the wider creative economy. However, rather than accept that this has merely added to the instrumental burden carried by the arts; we argue that not enough has been done to recognise the types of transformational impact the arts can have in fostering better and more competitive places.

The reasons for this is because too much arts and creative policy has failed to genuinely embrace the mix of factors that make every place

unique in the role it plays for arts practice and the development of the creative economy. Instead, place has become under-conceptualised and inappropriately presented, with many approaches increasingly 'placeless', despite their claims of distinctiveness. Alternatively, some have turned their back on place entirely – dazzled by the digital, which they equate with innovation, growth and global potential. Here, in the first part of the paper, we call for approaches to arts investment that nurture creative economy activity through a sharper approach to the social, cultural and economic geographies that shape the behaviour of audiences and markets. Here the digital need not be destructive of the local: it can be a progressively disruptive enabler of better relationships with a sense of place.

To do this, through the second half of the paper, we explore how digital technology is transforming the relationship between artist and audience, arts organisations and place, arts and the creative economy. For example, we explore the implications for arts and infrastructure that is built into the ground through bricks and mortar, yet increasingly required to display an architecture that transcends the local and embraces the digital to offer multiple senses of place, personality and position. Here digital technology and its cultural application is configured as the enabler and disruptor, opening up, connecting and destabilising arts organisations as they grapple with the vicissitudes of the shifting, multi-directional, constantly reorientating appetites of a public which never stand still.

Here we argue that Arts Council England, if it is to genuinely deliver on the five goals of *Achieving great art for everyone*, must support the arts to redesign the market for its content, experiences and outcomes. This means working with others to invest across the boundaries of artform and institution. It means developing capacity in digital infrastructure for the arts, plus ensuring the know-how exists and is available to make the most of it. And it means enabling arts organisations to thrive as part of the innovation ecology alongside other sectors and activities.

It is 'here', at the heart of the innovation ecology where the arts can combine their intrinsic role as creators of experience with a much revived and realigned instrumental role as contributors to a competitive and sustainable creative economy. Indeed, it is here, where the arts – as articulate users of digital technology – can reassert themselves at the heart of a coalition of communities where place still very much matters.

2 A travel story – returning to place

¹⁸ Which doesn't discount diversity or that audiences travel: the interaction with art is performed in a local context, which is itself diverse and its meanings contested; yet dominant discourses of place will inform the rules of that interaction (what is expected, how it is received and understood, etc.)

¹⁹ *'The process of negotiating brand meaning: a symbolic interactionist perspective'*, Mark Ligas, University of Connecticut; June Cotte, University of South Carolina; *Advances in Consumer Research* Volume 26, eds. Eric J. Arnould and Linda M. Scott, Provo, UT: Association for Consumer Research, Pages: 609-614

Since the DCMS requested that all local authorities develop cultural strategies in the late 1990s, very few parts of the UK have neglected to develop a place-based strategy for arts and cultural development. It is not an exaggeration to say that place or, to use a word with contemporary resonance, 'localism', has defined many of the strategic approaches to art, culture and the creative economy over recent years. Even the Creative Britain agenda of the last government sought to celebrate the unique cultural and economic geography of the UK – as a place – as giving us a comparative advantage in the global creative economy.

This place-driven approach is based on the assumption that it is via the unit of place – and places that best nurture their distinctive assets – that success can be delivered in developing a vibrant arts sector and competitive creative economy. Indeed, if the arts are based on the expression of those intrinsic geographies of feeling, then they are socially embedded, spatially (re)constructed and of course subject to renegotiation with audiences who are predominantly 'local'.¹⁸ Moreover, if the creative industries are about the development of 'meaning-laden goods and services'¹⁹, then they are dependent on the stimuli and inspiration of context (including those generated by the arts) for their inspiration and 'material'. Otherwise why associate Manchester with a certain musical sound, Delft with a type of pottery or Paris with a certain style? The conflation of material, social and cultural factors are acted out in place, renegotiated, expressed and traded upon.

By extension, if contexts for artistic and creative production (and consumption) vary, then so do the development and support needs. It is valid to assume that specific places (because they are unique) need different types of support and investment. Hence the need for

²⁰ Hot spots refer to those areas of relatively intense arts practice and proportionately high participation and audience rates (for example, many metropolitan areas and towns and cities with strong arts and cultural infrastructure and a history of high activity). Cold spots refer to areas unlike these – such as rural areas or areas of relative disadvantage – where participation is relatively low, infrastructure sparse and creative businesses distributed

‘bottom-up’ approaches to arts strategy and cultural planning; the reason for varied expressions of need with regard to arts provision; and the informal differentiation made within the Arts Council between ‘hot’ and ‘cold’ spots.²⁰ Hence also the reason why certain places focus on specific parts of the creative economy when they draw up their cluster strategies; or why cities’ and regions’ marketing clings to a perceived unique selling point (USP) when promoting the qualities of the local arts and cultural scene.

Broadly, local policy approaches here have explored what we call the ‘spatiality of instrumentalism’: where the place is understood for its role as a generator of intrinsic arts and cultural value, and arts and cultural value is levered to have a positive, often transformative impact on the local community, economy, or both. Thus local authorities, regional offices of the Arts Council, the now defunct regional development agencies and myriad other geographically tied bodies have sought to adapt local resources and conditions to be more conducive to arts and cultural activity and creative business development, which in turn have been ‘sweated as assets’ to deliver value back to these places – from job creation to increased confidence, inward investment to the multiple drivers of regeneration.

Two examples are explored a little below:

A. Cultural planning

²¹ Grogan, David and Colin Mercer, with David Engwicht, *The Cultural Planning Handbook. An Essential Australian Guide*, 1995

‘...Strategic and integrated planning by the application of cultural resources in the development of the city and society’²¹

Here the arts are understood in context as part of the everyday life of a specific place. They are shaped by and in turn shape the flows of identity expressive of being ‘here and now’. Their production and consumption is (re)negotiated through the performance of communities, and of nearness – in space, time or relationship – for example, ‘this type of art is typical and authentic here’; or ‘this is out of place here’. Correspondingly, cultural planning approaches seek to

²² *Living Places* is a programme based on the agreement between the Arts Council, the Commission for Architecture and the Built Environment (CABE), English Heritage, the Museums, Libraries and Archives Council (MLA) and Sport England; overseen by their sponsoring department the Department for Culture, Media and Sport (DCMS) and the Department for Communities and Local Government (DCLG). The programme is set to end in March 2011. See: www.living-places.org.uk

²³ In 2003, the Department for Communities and Local Government set out its agenda for housing and employment growth in England: ‘The (four) growth areas (Thames Gateway, London-Stansted-Cambridge-Peterborough, Milton Keynes South Midlands,

/continues over/

understand (and map) the role of arts in context and thus the role of culture as a holistic notion tied to place. The aim of such an approach is to develop strategy and intervention that is meaningful in context, building from the unique characteristics of place – from ‘hard infrastructure’ such as arts and cultural amenities, to ‘soft assets’ such as the demographic profile and specific intercultural mix.

While there is a danger here of local determinism, reinforcing long-held and dominant discourses of place, proper cultural planning does offer an approach that engages with the complexity and diversity of place to support the development of arts and cultural infrastructure in ways that embrace the distinctiveness of context. In other words, with a commitment to methodological rigour, the best cultural planning results in arts and cultural strategy/intervention that fits the combination of tastes, cultural sensibilities and aspirations of local people. It avoids copycat interventions that might work elsewhere but not ‘here’; and it provides for a toolkit approach that can be reintroduced over time to account for a shift in the profile of the hard and soft infrastructure and assets of place.

A policy extension of cultural planning approaches, *The Living Places’ Cultural and Sport Planning Toolkit*,²² seeks to provide places with a practical manual for investing in new infrastructure. With a five-stage approach, it shows stakeholders such as local authorities and developers how to identify their current asset and infrastructure base, map this against present and projected need, and in turn introduce strategy and delivery plans that enable the effective integration of existing and new infrastructure. Developed as a means to effectively plan for cultural infrastructure in places experiencing (or set to experience) high levels of housing growth, *Living Places* was built on a dual assumption that culture (and the arts) matters to existing communities (that is, we need to make better use of what we have), and that incoming communities (such as in the ‘growth areas’²³) require new additional arts and cultural infrastructure (just as they need new health and education infrastructure).

/continued/
 and Ashford) were identified because of their potential to take on further growth more sustainably, with less environmental impact, and to exploit major transport and economic investment.’ Yvette Cooper, 16 June 2006. New developments were tasked with taking into account factors related to the ‘social fabric of communities’. Developments should ‘seek to reduce social inequalities; address accessibility (both in terms of location and physical access) for all members of the community to develop leisure and community facilities; take into account the needs of all the community, and deliver safe, healthy and attractive places to live and support the promotion of health and well being by making provision for physical activity’. DCLG, Planning Policy Statement 1, January 2005

By extension, culture (and the arts) is positioned as a central tool in a place-making agenda. Without appropriate arts and cultural investment in places (from a library to arts centre, public art to performance space in a new school), potential new communities would be less enticed by the prospect of a move; and if they did move, they would be less connected to existing communities. Moreover, by drawing attention to the links between the quality of a place and its arts and cultural provision, *Living Places* and other approaches to cultural planning frame the overall attractiveness of a place through an arts and cultural development agenda, with knock-on implications for job creation and inward investment (including for the creative economy). Put simply, better cultural planning brings jobs, confidence, investment and cohesion based on foundations expressive of the historically layered distinctiveness of a place. It squares the circle of achieving economic and demographic growth through an embrace with rather than at the expense of the distinctiveness of a place.

Arguably here the ‘growth agenda’ provided the rationale for a more muscular and accelerated approach to a long tradition of cultural planning. It stretched the logic of how culture gradually changes to deliver real improvements in the quality and well-being of community and place. With the downturn came the slowdown (and then the cuts), and perhaps now we will see a more considered and embedded approach to art and cultures’ role in ‘place-making’.

The Arts Council, tasked with a wider role in cultural development, now that it is absorbing some of the responsibilities of the Museums, Libraries and Archives Council (MLA), has an opportunity to retune approaches to cultural planning in a post-downturn context. It also has the opportunity to improve thinking and develop the evidence base on the relationship between cultural planning and the growth and development of the creative economy.

B. Creative clusters

Many places across the UK and internationally have developed dedicated creative industries or creative economy strategies, often

underpinned by mapping studies, frequently geared towards establishing a place as a cluster for creative businesses. Recently we counted over 80 places across the world with the pre-fix 'creative'. All of these approaches are based on the assumption that it is in specific places through a set of distinctive social and cultural factors, that ecologies of artistic practice develop and grow and that creative businesses foster their ideas, products/services and potential for scale.

However, the race for economic success and arts/culture-driven transformation (in recent history driven by coalitions of regional development agencies, regional offices of the Arts Council, regional screen agencies, and the local patriotism of fiercely ambitious local authorities), brought with it an inflation of the current 'value' of the sector, overly aspirational projections of what is possible, and thus less appreciation of the 'reality' of the local. Thus, paradoxically, through attempts to promote local economic development through the role of arts and its value to the creative economy, we saw relatively 'placeless' creative cluster strategies, creative incubators, and inward investment strategies that, with the value of post-downturn hindsight, scored high on ambition but low on deliverability.

What we saw then, over the last decade or more, was a proliferation of copycat engagements with the creative economy, the a lack of clarity about the distinctive assets of a place, and thus a failure to appreciate the role of specific cultures of production and consumption – those ecologies of art and experience that provide the lifeblood for creative expression and thus the source for what eventually become commodified as creative goods and services. Perversely then, place-driven creative economy strategy became, at its worst, a little 'placeless'.

Perhaps unsurprisingly, these ambitious approaches at a local level were framed by overly zealous creative economy policy at a national level. Here the UK – as a place – has been constructed as a global centre for the creative economy. This national embrace with the

apparent exceptionalism of the UK's creative economy has, over the last decade, been based on two broad assumptions.

- That the sector provides enormous economic capital: where it is recognised as creating many high-quality jobs, delivering a huge boost to global trade, contributing plenty of direct added value to other parts of the economy, and, by operating at the vanguard of regeneration, enhancing the credibility, confidence and competitiveness of the UK's cities and regions.
- That the sector provides enormous cultural capital: where its distinctive products and services deliver an uplift in the reputation of the UK – with a narrative based on our commitment to talent development, craft, and creative solutions where the novel, even quirky, hold huge (disproportionate for such a small country) influence on how the world produces and consumes culture. Here, with a language that lapses occasionally into authenticating claims for the innate creativity of the British, but more often points to social factors that enable creativity to flourish (a strong commitment to creative learning, excellence in our higher education institutions, a diverse and relatively harmonious population, a diligence with and appetite for crafts, progressive cultural infrastructure and a capacity to balance cultural excellence with creative entrepreneurialism), *Creative Island*²⁴ is presented as a global leader in ideas generation and an open platform for creative discovery, participation and business development.

²⁴ Sir John Sorrell, who chaired the Infrastructure Working Group of the UK Creative Economy Programme in 2007, published two books to showcase the UK's excellence and innovation in design: John Sorrell, *Creative Island: Inspired Design from Great Britain*, Laurence King Publishing, 2002 and John Sorrell, *Creative Island II*, Laurence King Publishing, 2009

Put simply, the creative industries and the wider creative economy have been positioned as integral to the performance and brand value of 'UK plc'. They are must-haves for growth and competitiveness and a core tool in delivering 'soft power' to the UK's interests overseas. The compelling strategic logic for championing the value of the sector is unlikely to diminish as we emerge from the downturn, although the language is less muscular and over-optimistic. Indeed, with other nations making great strides in the development and presentation of the sector, we will perhaps be less inclined toward the geographic and cultural essentialism that has so celebrated our claims to unique creative prowess.

25 Several of the new local enterprise partnerships have positioned the creative industries as a priority sector. ‘Local enterprise partnerships are locally-owned partnerships between local authorities and businesses. Local enterprise partnerships will play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. They are also a key vehicle in delivering Government objectives for economic growth and decentralisation, whilst also providing a means for local authorities to work together with business in order to quicken the economic recovery’ see DCLG <http://www.communities.gov.uk/localgovernment/local/localenterprisepartnerships/>

Indeed, it is important at this moment of economic and strategic shift that we also see a re-casting of three previously undersold elements that are so vital to the UK success story and which will surely play a critical role in any future sustainability and growth. Lost in the (increasingly placeless) rhetoric of growth and competitiveness was:

A more critical focus on the role of place as the context for the development of art, culture and the creative economy

In the rush to state the creative credentials of almost everywhere, the exceptionalism of the local and an appreciation that the local need not be tied to administrative boundaries, were lost. We argue here that without a return to examining and appreciating how ecologies of art and culture exist in local contexts, and how they provide the talent, ideas, and in some cases content and services for the creative economy, then we will continue to enforce the creative economy from above without due regard to the roots from which it grows. In practical terms, we would like to see here the conflation and integration of arts, cultural and creative economy strategies, with economic growth the outcome of a thriving art and cultural sector that feeds off and contributes to distinctively local (though globally connected) networks of activity.

We would also like to see, in some cases, a little less local patriotism and a more considered appreciation of the actual dynamics that drive growth and development across the creative economy. This includes a focus on how creative clusters often traverse local authority boundaries, functioning instead across city regions or even (as is the case in the North West) across clusters of city regions. The Core Cities Group and the opportunities presented by new local enterprise partnerships,²⁵ should provide a platform for an approach that marries the arts and cultural ecology to those of functioning rather than aspirational creative clusters.

A closer appreciation of locally embedded arts and cultural infrastructure in driving innovation and growth across the creative economy

We argue here that although the incredible capacity, reach and excellence of our arts and cultural infrastructure has been championed for its enormous impact on regeneration, education/skills, attracting inward investment and all round municipal confidence-building; its role in nurturing collaboration, inspiring innovation, and enabling creative practice to spin into business development, has been underplayed. We would like to see our arts and cultural infrastructure, which has to be deeply embedded in the local for it to be sustainable, recast as generators of creative economy activity.

²⁶ Knell, John and Taylor, Matthew, *Arts Funding, Austerity and the Big Society – Remaking the case for the arts*; RSA Essay 4, 2011. Online at <http://www.thersa.org/>

²⁷ Bill Sharpe uses this phrase to describe the role of Watershed in Bristol. He says the organisation acts as a ‘producer’, combining money and art in new ways and moving money to the margins to create enabling conditions transforming the lives of a wide variety of participants. See: Sharpe, Bill, *Economies of Life: Patterns of Health and Wealth*, International Futures Forum 2010.

While there are plenty of examples of progressive arts and cultural infrastructure that has played leading roles as intersections for the arts to flow into the creative economy, the value of this role is underappreciated and capacity and talent is underrealised. Moreover, many of our arts and cultural infrastructure falls short of even beginning to deliver on its potential, due to the combined impact of different value systems proffered by funders and the lack of capacity, skills or even appetite from within.

Our arts and cultural infrastructure – our galleries, museums, theatres, cinemas and the increasingly hybrid forms of the most innovative organisations – can and should play a leading role as connectors of local meaning to economic growth; as the open intermediaries for the types of interaction and collaboration that local creative economies develop from.

This is not to enforce a new level of instrumentalism, nor is it to fudge a ‘tweedledee tweedledum pairing of the intrinsic and the instrumental’.²⁶ It is to accept that in some cases the intrinsic role of arts organisations and infrastructure and the non-monetised ‘economy of experience’²⁷ that they inhabit, do provide the enabling conditions for creative business development. If we can accept this, then perhaps we can back our arts organisations and infrastructure

to play a more purposeful and progressive role for the creative economy. This is explored more in the Section 3 of this paper.

A sharp reappraisal of the relationship between digitalisation and the place in driving innovation and growth across the arts and wider creative economy.

Digitalisation equals globalisation; digitalisation equals community without geographical propinquity; digitalisation equals innovation and growth. These are some common assumptions that are gaining currency as the pervasiveness of digital technology arrives and everyone from arts practitioners to cultural policy-makers grapple with the rise of digital technology as it flashes across our lives. But, as we have said before, digital technology is just that – a technology. This means it depends upon human interpretation and application for its purpose, and humans are socially constituted physical beings who live and interact in social spaces, the most immediate of which is the place(s) in which we operate.

Thus digital technology helps us to create and occupy additional spaces, but they do not exist apart from the physical. Indeed, they are interlinked with the physical, occupied simultaneously and interdependent in how they are appreciated and understood. This means creative businesses draw on the trade-off between the digital and place-driven for their inspiration and content; artists (re)negotiate different physical, cultural and digital to spaces to constantly (re)orientate their practice; and arts organisations supply a complementary mix of spaces to enable experiences to be more vivid and interactions more creative and productive.

Our arts and institutions, with the support of the Arts Council, are playing an increasingly progressive role here: applying digital technology to deepen the relationship with audiences and practitioners, and disrupt traditional means of engagement to open up buildings and organisations in ever more elastic and democratic ways; which in turn (because new ways of seeing and doing, of creating and making are generated through the trade-off between

digital and physical) nurture creative economy development and growth.

The best practice here engages digital technology as a way to strengthen, deepen and widen ties to and open ownership for the identity, mission and role of the organisation. In other words, the best practice here uses the digital to develop new types of relationships with place. We are yet to see notions of excellence that cast digital technology in such a role.

Dame Liz Forgan, Chair of Arts Council England, defines excellence as: ‘... simply the bravest, most original, most innovative, most perfectly realised work of which people are capable – whether in the creation of art, its performance, its communication or its impact on audiences’.²⁸

²⁸ Sourced from Knell and Taylor 2011, *ibid*

This makes absolute sense, but the boundaries of excellence will need to be drawn and re-drawn as organisations and practitioners get to grips with digital technology as a means to improve ‘business as usual’ and fling their approach, grounded in real places, on totally new digitally enabled trajectories.

What once were producers of arts and cultural experience are today more and more the co-creators of such experiences, collaborating with their audiences and wider sets of stakeholders to develop new interactive and genuinely innovative content. In turn, our best arts and cultural infrastructure (the most open theatres, connected media centres and interdisciplinary art spaces) have become the ‘spikes’ and ‘intersections’ for creative exchange, operating at once as places (and digital spaces) of creative business transaction, inspirational cultural experience, education, and cross-sector innovation.

By brokering links between culture and economy, art and science, learning and escapism, our best arts and cultural infrastructures are some of our most important tools for a competitive creative economy. They have achieved this by developing a meaningful role in and helping to recreate notions of the local, of community and a sense

of the collective. Thus the digital, rather than requiring a rejection of a sense of place, embraces it and inspires the renegotiation of it. Here excellence can be delivered through the dual cylinders of intrinsic and instrumental, with one significant outcome being a stronger, more innovative and competitive creative economy. We explore this a little further below.

3 Digital ecologies – enablers for sustainability, innovation and growth

‘When the first Harry Potter book appeared in 1997, it was a just a year before the universal search engine Google was launched. And so Hermione Granger, that charming grind, still goes to Hogwarts Library and spends hours and hours working her way through the stacks, finding out what a basilisk is or how to make a love potion. The idea that a wizard in training might have, instead, a magic pad where she could inscribe a name and in half a second have an avalanche of news stories, scholarly articles, books and images (including images she shouldn’t be looking at) was a Quidditch broom too far.’ ‘How the Internet gets inside us’ (by Adam Gopnik, *The New Yorker*, February 14, 2011)

The ongoing technology revolution of the last decade has been compared in significance to the invention of the printing press in the impact it has had on communications. Unprecedented technology-enabled shifts in communication have disrupted and changed the economic, social, political and cultural landscape to a significant degree. The arts – through organisations and individual artists – have been key drivers of and participants in the journey that is transforming the way that experiences are produced, distributed and consumed.

As we will show, digitalisation has enabled new, easier, deeper and richer connections between arts organisations and the creative and wider economy by opening up new ways of working and reconceptualising of the role, position and power regimes of content and performance. New technology – especially the rise of content-hungry (and rich) mobile technology combined with the internet – has seen a much greater convergence of the arts and creative

industries with far greater flows of ideas and innovation between the two.

However, it is also easy to overstate the true impact of digital technology on the traditional arts, from the perspective of creators and audiences alike. For most arts organisations (and certainly most of those who are about to become Arts Council national portfolio organisations) digital has not yet *fundamentally* altered the way their core practice or business model. Virtually all will have an online presence for information and ticket purchasing and most will use social networking tools in marketing, but relatively few will be using digital technology to anything like its full potential.

Recent Arts Council research shows that only 6 per cent of adults surveyed had used the internet to 'create something artistic', with digital interaction, with the arts mainly being confined to finding out what's on, or buying a ticket. Equally, only 4 per cent of the arts sector has an online presence that is a destination in its own right beyond marketing the live offer.²⁹

²⁹ Arts Council
England, *Digital Snapshot
Survey*, 2009

Digital technology has also, thus far, been far from disruptive in introducing new types of revenue generation and business model – such as exploiting intellectual property or monetising content in new ways. However, we are only '15 years in', and there are real signs now that we are reaching a moment of digital imperative for the arts. Through the pull of increasingly digitally literate audiences keen to experience (and invest in) art and culture online and through mobile technology, and the development of significant mainstream online 'channels' for art and culture (such as NT Live); and the push of increasingly digitally literate, capable, ambitious and equipped artists and organisations; we are seeing vastly increased appetite to use digital as a tool for excellence in the arts.

From the perspective of arts policy and strategy, many of the questions and challenges presented by digital are exactly those that the sector faces more widely. For example:

- How to avoid a 'digital divide', between those organisations with the capacity and skills to deliver innovation and excellence, and those that struggle?
- How to ensure that the arts connect with new and more diverse audiences?
- How to develop a sector that is more sustainable and resilient, with a more robust and diverse business model with greater connections to the creative and wider economy?

It is important then that the digital imperative for the arts does not enable some organisations to swagger across the digital divide, leaving the rest of the arts to peer longingly yet impotently toward the other side.

3.1 Digital technology: opening up experience

As Charles Leadbeater put it in 2009, people want a mix of three things when it comes to modern media: they want to 'enjoy, talk and do'.³⁰ 'Enjoying' experiences covers the desire people have 'to listen to a great concert, follow an intriguing lecture, watch a great film, read a good book'. 'Talk experiences' are those experiences 'in which the content provides a focal point for socialising'. For Leadbeater, this is football, but increasingly for others it would be a book club or film club. 'Do' experiences are where people are 'allowed' to be creative, through active participation and making. Whereas old media in the 20th century, such as television, very much focused on trying to improve 'enjoy' media, digital media is altering the balance, with greater focus on 'talk' and 'do'. For many artists and arts organisations, the digital has led the journey from passive consumption to active participation; from enjoying to talking and doing.

Digitalisation has enabled profound shifts in artistic production and delivery with innovative individuals and organisations using new technology in ways which radically enhance experiences or challenge audiences. While the concept and practice of 'digital art' per se, meaning that branch of the visual arts which includes much of artists' film, video and media arts, has gone from strength to strength with

³⁰ Leadbeater, C, *The Digital Revolution: the Coming Crisis of the Creative Class*. 2009: online at <http://www.charlesleadbeater.net/cms/xstandard/Digital%20Britain%20Response.pdf>

ever more mainstream exhibiting and acceptance, the influence of digital technology on wider artistic practice has been in many ways more revolutionary. In particular, digital technology has facilitated and encouraged far greater cross-artform working, greater connections and blurring of boundaries between cultural producers and the creative economy, and a substantial increase in the flow of ideas and intellectual property among previously separate parts of the creative ecology.

Activity by activity, artform by artform, the influence of digital technology has played out differently, driven by a combination of audience expectation and the desire to innovate and experiment on the behalf of practitioners. For example, in the performing arts, digital technology has chiefly supplemented and enhanced physical production. Contemporary dance, more than theatre or opera, has tended to engage more with the possibilities of digital experimentation at the level of content creation, reflecting the youthful audience for the medium but also the way that dance naturally works in conjunction with other artforms.

A further example is the ways the development of mobile technology has led to the development of new hybrid artforms that deliver content and experiences in novel ways to audiences. Examples of this type of work includes the producers of *Hide&Seek*, [www.hideandseek.net] who have adapted a methodology from computer gaming and combined it with more traditional arts. Their projects include Tate Trumps – which is an app for smartphones. The language indicates how Tate sees this as an opportunity to make its collection more accessible and approachable to a younger audience:

*“In Battle mode, you need to ask yourself the question, “If this artwork came to life, how good would it be in a fight?”. In Mood mode, you’re looking for artworks you think are menacing, exhilarating or absurd. Or, if you wish you had a gallery of your own, try Collector mode, and find pictures which are famous, recently produced or practical to house.”*³¹

³¹ <http://www.tate.org.uk/modern/information/tatetrumps.shtm>

The New Walk Gallery in Leicester, has taken this further by creating an iPad app that was developed by young people in artist-led workshops. The app helps visitors interpret the gallery's Gerhard Richter Exhibition. Visitors themselves can add works to be shown on the iPad.

³² Bill Thompson,
British Council Digital
Lecture, 12 February,
Tokyo, Japan

These developments, in the analysis of technology commentator and expert Bill Thompson,³² show that organisations are moving from a position of 'assimilation' (where the digital is assimilated into existing modes of thinking) to 'adaptation' (where existing thinking is changed to accommodate the new possibilities and potential of the digital). In both cases, they require organisations to renegotiate the trajectory of their identity and practice, with excellence delivered where the digital strengthens the integrity of organisations and institutions as places for the production, consumption and (re)negotiation of artistic experience.

3.2 Digitising audience development and marketing

‘Arts audiences are changing radically (in fact audiences hardly categorise themselves as “arts” any more) and they have a huge and sophisticated appetite both for innovation, for quality and for participation...Some of the most striking experimental successes of recent months have involved audiences in a radically new way. They have challenged the audience to spend longer, dig deeper.’

(Sir Nicholas Kenyon, *The Independent*, 10 November 2010)

³³ MTM London,
*Digital Audiences –
Engagement with
Arts and Culture*,
Arts Council England,
November 2010

Thus digital technology continues to deliver change and has the potential to be far more transformative for artists and arts organisations as they seek to reach larger and more diverse audiences and engage them in new and deeper ways. As recent research by MTM shows,³³ arts organisations and audiences are only at the start of a journey, with digital engagement very much still supplementing, rather than replacing live experiences. This work describes a pyramid of engagement for audiences. At the bottom, audiences simply

access information via digital technology; at the top audiences and artists co-create new works and meaning.

The highest-profile, largest scale initiatives have included the National Theatre's NT Live, which delivers 'the best of British theatre broadcast live to cinemas around the world'. The success of NT Live, which began in 2009 with a broadcast of *Phèdre*, has vastly expanded the virtual and physical reach of the National Theatre, delivering valuable and meaningful theatrical experiences to an audience far larger than otherwise would be the case.³⁴ The development of the NT Live brand to include the work of other theatres is intriguing, as it potentially allows other theatre producers to benefit from the brand strength and recognition of the National Theatre while providing audiences with the reassurance that comes from such as trusted brand.

³⁴ Bakhshi, Mateos-Garcia, Throsby, *Beyond Live Digital Innovation in the Performing Arts*, NESTA, 2010

The Royal Opera House and English National Opera (ENO) are digital peers here with the National Theatre, with their ambitious exploration of 3D technology. The ENO has secured a deal which will see live 3D performance broadcast on Sky Arts 2 HD as well as the big screen. This tie-up demonstrates that mainstream broadcasters have recognised the appeal of live performance to audiences, which could have huge potential in terms of revenue and reach. It also demonstrates that broadcasters recognise that physical access to the place of live production and performance does not mean it cannot be digitally accessed by a wider audience – which can share some of the visceral ambiance of this cultural place from the comfort of an altogether different social context. In this sense, the economy of experience is opened to a wider demographic, which in turn delivers a monetised outcome as arts organisations recalibrate their business models toward their digitally enabled potential.

Below we explore how arts practitioners and organisations are opening up their operational and business models, with digital technology the critical enabler:

Social networking and the democratisation of the arts

The meteoric rise of online social networking has been embraced by the arts sector much as across wider society. At its simplest, social networking has been explored for the potential it offers for marketing and reach. At its most advanced, social networking has enabled audiences (a complex mix of producers and consumers) to connect and coalesce around shared ideas, to renegotiate positions and to coordinate taste communities around arts organisations and content. The 'wiki-isation' of audience behaviour – democratising critical review to a 'we think'³⁵ of unbounded participation – has genuinely shifted the relationship between producer and audience and opened up the possibility for any of us to claim a stake in the artistic process. Moreover, it has shifted the time-space geography of artistic practice, with multiple flows of review blogged and tweeted live to create a variety of opinions among participants. Some would say this cheapens rather than necessarily deepens engagement; others point to the ways it generates 'collaborative creativity'.³⁶

³⁵ Leadbeater, C *We Think – Mass Innovation, not Mass Production*, Profile Books, 2009

³⁶ Leadbeater *ibid*

Examples here include Mudlark and the Royal Shakespeare Company's 2010 collaboration for *Such Tweet Sorrow*, in which six actors 'played out' *Romeo and Juliet* over six weeks through 140 character tweets. Connecting audiences to work and performers through tweeting and blogging platforms and digital 'access' to rehearsals, notionally democratised the critical process and demonstrated how open-source methods, learnt from computer programming, genuinely open up artistic practice and performance.

Social networking is now also being used to engage audiences in artistic production through crowd and viral funding initiatives. By directly connecting audiences with artistic production, sites such as www.thebiggive.org, www.sponsume.com or www.wedidthis.org.uk hope to use the power of the internet to connect the individual directly to the many to fund projects directly. An interesting effect of these sites (or digital spaces) is that they use the increasing power of the internet to subvert traditional power structures through direct appeal.

This shifts the power relationship between different stakeholders. Historically, many creative acts tended to rely on another's permission (for example, funders, distributors of venues, and ultimately the consent of a pre-defined audience). Today (and increasingly tomorrow) it is possible to produce meaningful art without these strictures. As Adrian Hon, who has successfully funded his own book through crowd-funding, writes in *The Telegraph*:

“Almost every sphere of life and work – from education to science to media to retail – involves us asking for permission every time we want make or do anything, whether it’s to start a project, raise funding or get access to the market. The ‘permission system’ suffocates creativity, but it’s so pervasive that we can hardly imagine a different world. Yet it’s finally being dismantled, brick by brick, by the internet, and we’re all going to benefit.”³⁷

³⁷ Hon A, ‘The Digital and the Physical worlds are colliding’
The Telegraph,
14 February 2011

Thus the opening up of practice, the collaboration with audiences across different platforms and (in some cases) multiple channels, opens up new possibilities for artistic practice and, as a direct extension from artistic practice, new markets and ways of generating revenue. Here, as introduced below, arts practice is making money in the creative economy via digital technology.

Such technology is tightening rather than relaxing its relationship to place, for it is by being rooted in place and via increased access to that place (digitally and physically) that intimacy with the artist or organisation is generated. Another way of putting this is that we all know (or think we know) Glastonbury Festival as a place resonant with cultural meaning, even if we have never physically been there. The digital opens up access to this place and helps us to enjoy it in different ways to the physical participants, and even people who are at the festival physically are interpenetrating the physical experience with digitally enabled participation before, during and after the event. As a result, Glastonbury is a bigger place through digital technology and – as a consequence – it is a bigger deal culturally and financially.

Impact on business models and revenue

The impact of digitalisation on business and revenue models for the great majority of arts organisations in performing and visual arts has to date not been of a scale to be transformative.

Most visual and performing arts organisations still derive the vast percentage of their revenue from their 'physical product' – for example, a live performance or visit to an exhibition. The exception to date has primarily been digital producers and specialists developing work, often in collaboration with more traditional arts organisations. However, there are signs that this is beginning to change, with more and more organisations exploring ways to exploit IP more effectively alongside approaches to develop wider digital capacity and knowledge. The success of NT Live and other large-scale 'performance capture' and broadcast models have been sufficient to capture the attention of large broadcasters, which could lead to very valuable revenue streams being developed (which could potentially filter downstream as the organisations develop channels of their own).

The development of apps also opens up opportunities for new revenue models and are being explored. As Jason DaPonte, former managing editor of BBC Mobile, told the Tate Handheld Conference in 2010:

“You might not think about the games world and gaming as being that important to museums, but I challenge you to think about it very, very seriously. If you look at the app stores, typically the most popular apps – eight or nine of the top ten – are always games. So go where your audiences are, see what they are doing and see how you can get in there.”³⁸

³⁸ Scott Billings,
Museum Next, 2010

<http://www.museumnext.org/2010/blog/what-can-the-ipad-do-for-museums>

The relatively low costs of app production and the pre-existing marketplace make them especially attractive and potentially lucrative as an addition to earned income around a hit exhibition or show. Here investment and revenue can be shared between arts

organisations and creative businesses, with each leveraging value off the other to mutual financial benefit.

Impacts on arts infrastructure

We wrote in 2009 that:

‘We are witnessing a complete renovation of our cultural infrastructure. Those “bricks and mortar” culture houses, citadels of experience, towers of inspiration, that for so long have stood steadfast as symbols of cultural continuity and comfort, while the streets around them have whizzed and clattered to multiple disruptive transformations, are being turned inside out.’³⁹

³⁹ Fleming T, *Embracing the Desire Lines: Opening up Cultural Infrastructure*, for Cornerhouse, Manchester, 2009: online at <http://www.tfconsultancy.co.uk/projects.php?year=2009>

The newly opened home of the New World Symphony Orchestra, the New World Centre in Miami, is a stellar example of how ‘smart’ buildings offer artist and audience a range of new possibilities. Designed by Frank Gehry, it uses digital projection and capture to engage and challenge audiences inside and outside the building – with outdoor screens and speakers – alongside super-fast broadband to enable collaborations with distant mentors and musicians: ‘The fusion of film and live music is so mesmerisingly seamless that I felt I was witnessing not just a technological forward leap but the emergence of a new genre’. (Alex Ross, *New Yorker*)⁴⁰

⁴⁰ Alex Ross, ‘Schubert on the Beach’ *The New Yorker*, 14 February 2011

Alongside the potential for artistic innovation, digitalisation offers arts organisations new ways of connecting to audiences and recasting notions of place through increasing the openness and accessibility of their buildings.

The New World Centre shows how ‘bricks and mortar’ infrastructure, far from an irrelevance in a digital age, can use the technology to be even more meaningful – as a place around and through which arts practice and its interpretation whiz and fizz. Indeed:

‘Perhaps then we have reached a critical moment for arts and cultural policy and the way we manage cultural provision: such is the pace, din and divergence of demand, some of our bricks and

mortar-based cultural institutions need to relinquish the inert frontage of their physical presence and find ways to overcome their inertia to develop more flexible business models and operational systems based upon logics of provision that are not always building-based or steeped in yesterday's paradigm, but are more digital, collaborative, enabling and open. (Fleming 2009)⁴¹

⁴¹ Tom Fleming, *Embracing the Desire Lines: Opening up Cultural Infrastructure*, for Cornerhouse, Manchester, 2009: online at <http://www.tfconsultancy.co.uk/projects.php?year=2009>

And yet, we also said in 2009:

*“We face a situation where our arts and cultural venues are able to talk digital but have narrower band width than we have at home. How then are they supposed to develop effective partnerships with universities and corporations and upstream content generated by their digitally enabled audiences? We can all embrace the principle of interdisciplinary work, where the electronic arts and the plastic arts are positively transformed through their hybridity. How then can we explore this opportunity if the funders and so many cultural managers so relish falsehoods such as ‘authenticity’ and continue to recognise venues for their disciplined adherence to artform-specific work? Or to flip this dilemma around, how can we support cultural venues to retain a commitment to high quality work in “pre-digital” sectors such as the visual arts and cinema, while at the same time enabling them to go digital at every turn?”*⁴²

⁴² *ibid*

⁴³ Tom Fleming, Creative Consultancy, *Crossing Boundaries: The Role of Bricks and Mortar Infrastructure in a Digital Age.*, Report for UK Film Council, Arts Council England and the Arts and Humanities Research Council, 2007.

There are of course innovators, early adopters and market leaders here. NT Future, the National Theatre's bold development plan, which will see the building reconfigured in ways that open up previously hidden backstage areas, is an explicit attempt to reconfigure an existing piece of cultural infrastructure for a new age of co-creation and deeper engagement. Likewise, our cross-artform venues such as Watershed in Bristol and Cornerhouse in Manchester, find themselves crossing boundaries at every turn.⁴³

This is as much a strategy for survival as a strategy for innovation, operating on a 'change or die' principle, where digital technology is an enabler for enriching the collaborative and distinctly place-driven

ecology of production and consumption in which these organisations play a leadership, intermediary and aggregating role.

The changes to the support infrastructure for Film in the UK – with the abolition of the UK Film Council and emergence of Creative England – could facilitate even greater convergence between the arts and film at a strategic and funding level. This in turn should feed through to individual organisations via even greater support for merged and convergent activity.

Increasingly arts organisations recognise that the installation of digital capacity provides new opportunities for collaboration and co-production as well as for supplementing the existing artistic offer. For example, by introducing digital projection capability (partly a response to an extraordinary rise in the popularity of local film clubs – hosted everywhere from pubs, to restaurants and as pop-up, in disused garages, often by volunteer film fans) – organisations can use an underused space in a cost-effective way and bring a different audience to the building.

In this sense, digitalisation is an enabler for a ‘DIY culture’ that does not rely on traditional infrastructure, but actually revels in placing art and culture in unusual and site-specific settings. Traditional institutions, including the V&A, have adapted to the rise of such ‘guerrilla culture’ by opening themselves up to games and play-related activity that does not necessarily even relate to the existing purpose of the building. And Manchester’s Cornerhouse, Lancaster’s Folly and Liverpool’s FACT have joined forces and called on their public to ‘abandon normal devices’⁴⁴ and embrace new (often hybrid and convergent) technologies and spaces to test and cross the boundaries of production and consumption. In doing so, they enable the co-creation of something totally new.

⁴⁴ Abandon Normal Devices (AND) is a major regional festival of new cinema and digital culture: www.andfestival.org.uk

But of course digitalisation for the arts is still in its early stages. Many of the real gains for revenue models and lasting shifts in audience behaviour and engagement are yet to come for individual artists, small and large organisations. The success and rapid take-up of new

platforms and devices, such as smart phones and iPads, brings with it many more possibilities to deliver content on a seemingly weekly basis. While consumers' desire to experiment and try new experiences, is spreading far beyond the traditional 16–34-year-old demographic.

National scale programmes and platforms

The development of national level platforms, programmes channels and aggregators (a website or software that aggregates a specific type of information from multiple online sources) for art and culture could not only play a major role in helping to tackle the potential digital divide, but also provide the opportunity for new business models to emerge. The shift towards TV being delivered via the internet will only increase as more household devices (including TVs) come with inbuilt internet connectivity. One study suggests that 97 per cent of viewers in the UK expect to be getting all TV or video from the internet by 2015.⁴⁵

⁴⁵ Survey commissioned by Rovi, http://www.rovicorp.com/company/newscenter/pressreleases/1434_13997.htm

This means that the potential to develop 'channels' or 'portals' for culture online, which aggregate the digital output of more than one cultural organisation, could deliver real benefit in helping consumers locate cultural products in a crowded online environment. In Newcastle, the city's cultural venues group has developed an IPTV Culture Channel as a beta to test the potential of aggregated content. Knowledge gained from this could feed into the proposed launch of local television in 2012, which should provide an outlet for cultural content at local and regional level.

Equally, the desire and capacity now exists for greater collaboration at a national level between – for example – the Arts Council, NESTA, the Technology Strategy Board (TSB) the BBC and Channel 4, to use existing national infrastructure, knowledge and reach for the wider benefit widely of the cultural ecology.

The joint Arts Council/BBC Building digital capacity for the arts programme will, primarily through seminars and training, help to deepen and widen knowledge on how to exploit the potential of

digital, with BBC expertise accessible to arts organisations across the country. The developing relationship between the Arts Council and NESTA will see greater access for arts organisations to the world class knowledge that NESTA has in developing new business models based around collaboration and innovation through new technology. The Technology Strategy Board, through its family of knowledge transfer networks (including CIKTN – the network for creative industries) and the forthcoming roll-out of technology and innovation centres, will be important to ensuring that collaborative and open innovation remains at the heart of the exploitation of new platforms. This should also facilitate an increase in the potential for large-scale partnership between private sector technology providers and the arts.

Opening-up

‘We can be porous in all sorts of ways...in ticket prices, Sunday openings, Watch This Space ... it’s about adapting and adjusting.’

(Nick Starr, Executive Director, National Theatre, *Intelligent Life*, 2009)

Audience hunger to traverse the full extent of the institutional offer (from back stage to multiple web platforms), to cross traditional boundaries between producer and consumer, and to reconstruct the different senses of place offered by an artist or organisation, is determinedly on the increase. Just as audiences for sport have got used to ‘big screen replays’ at live matches (and miss them when they are not available), so audiences for the arts increasingly seek multi-layered and multi-platform experiences. As Arts and Business describes, this desire is the same for audiences across the spectrum:

‘Our research showed that over half of those interested in museums would be interested in those backstage, behind the scene experiences delivered via the web, and the same can be said for visual art and dance fans too. This confluence of broadcast and digital bodes well for the arts; where what was once defined as niche can now generate its own global audience of loyal fans connected by social tools.’⁴⁶

⁴⁶ Collaboration in a Digital Age, Arts and Business, 2010: www.artsandbusiness.org.uk
Hosted by Watershed, D-Shed is an online showcase of creative work, talks, commissions, innovation, artist journals, festival diaries and archive projects: www.Dshed.net

Indeed, the stunning success of *A History of the World in 100 Objects* – a ground-breaking collaboration between The BBC and The British Museum involving multiple platforms – showed that mainstream and large audiences understand and enjoy the wider dialogue and meaning of cultural objects that can be explored through rich media experiences.

However, offering such experiences is now no longer something that only very large institutions or organisations can afford to do. Thanks to social networking tools such as Twitter, any organisation or artist can provide new means of connection directly between artist and audience. Some organisations go further. For example, Watershed, through D-Shed,⁴⁷ leverages the curatorial integrity of its brand to hand over a digital platform on which the rich mix of creatives from across Bristol and the region can showcase their talents. This gives them a far higher profile than a user-generated Myspace or YouTube upload, it promotes Bristol as a distinctly creative place to the rest of the world, and it endows Watershed with an accessible flow of creative talent while improving the credentials of the organisation as open, generous and a real place for creativity and innovation.

⁴⁷ Hosted by Watershed, D-Shed is an online showcase of creative work, talks, commissions, innovation, artist journals, festival diaries and archive projects: www.Dshed.net

The desire for audiences to exploit the digitally-enabled democratisation of institutions is strong. While not all wish to be critics or providers of content, other tools such as user reviews and ratings (which have had a real impact in hospitality and travel) are popular with audiences. Cornerhouse in Manchester is leading the way here through its Open Source Programme – which is exploring the potential for ‘open curating’.⁴⁸ A must-have for excellence today and tomorrow has to be the co-creation of content, meaning and experiences with rather than for audiences and other types of ‘user’.

⁴⁸ This of course is not totally new: Tyneside Cinema commissioned and published its first open source films, the *Light Surgeon’s Chimera Project*, as far back as 2001, and had them broadcast on regional BBC in 2003

As evidenced by Watershed’s D-Shed, arts audiences seek trusted brands online for content as much as they do in the high street or any other walk of life. One of the challenges for the arts has been a lack of established platforms for their content online. However, several developments mean that this is now changing:

‘One historic achievement of the BBC has been to act as a “trusted guide” to the best of what is available by bringing it to their broadcast networks. Now in a very different world where we are not constrained by broadcast networks, the same function of a reliable guide will be all the more necessary for audiences, and arts organisations should be collaborating with the BBC and other technology providers (in its nascent Project Canvas) to create the richest possible offer for all.’ (Sir Nicholas Kenyon, Managing Director, Barbican Centre, *The Independent*, 22 September 2010)

Indeed, the rapid success and uptake of the NT Live brand for showcasing the best of British theatre, shows how in the digital sphere the benefits of collaboration and cooperation go beyond mere capacity-sharing and technological issues. The launch of YouView late this year and the promise of a platform that will enable internet TV to finally have a recognisable and branded platform, is a real opportunity for the arts to connect directly with consumers through television without the need to use broadcasters. The proposed launch of ‘Local TV in 2012’, based on cities rather than regions, could provide another platform which again builds the relationship arts organisations and place. The task then will be for smaller organisations to follow suit and leverage their brand in ways their loyal yet challenging audiences would expect.

3.3 (Re)connecting to place

Anthony Lilley in Ofcom’s 2007 discussion paper on public service content, writes that:

‘Whilst traditional media technologies primarily concentrate on the distribution of ideas, the interactive media technologies are concerned with handing active control and the ability to communicate to citizens.’ (Ofcom, Public Service Content discussion paper, 2007)

Increasingly we are seeing how the potential of mobile technology, using GPS to deliver ‘augmented reality’ experiences – such as real time guides to museums, galleries and places – is now firmly taking

root with audiences. There are now numerous examples of organisations successfully launching apps that deliver content to users based on their location – with the Museum of London Street Museum app being one of the best known. Creativetourist.com – Manchester’s ‘Guide for the Creative Tourist’ shows how this connects with city marketing and place-making agendas by using cultural content from multiple sources curate the visitor and tourist experience.

At one level, this is simply a case of organisations experimenting and delivering their content in fresh way. On another it represents a shift in the relationship between place, organisation and audience. This means that audiences are no longer the visitors to arts experiences: they are the active participants in a process of place-making that has arts at its core. Developing deeper relationships between organisation, audiences and place is something that many arts organisations have been doing for years of course, but facilitated by digital technology the potential to connect the arts ecology more deeply to place more seamlessly and in ways which genuinely take organisations out of their bricks and mortar constraints is now not only a possibility but a necessity.

However, many arts organisations are ill-equipped to marry the digital with their place-bound institutional memory. This is due to issues of know-how, appetite, insufficient resources or inappropriate resources, where funders continue to invest in yesterday’s business model for yesterday’s instrumental outcome.

To retain relevance to the public, arts organisations need to find new ways of engaging this ‘public’ as participants and collaborators. This means co-commissioning and co-curating, connecting the knowledge, content and tastes of different communities through the different spaces of the institution – the physical and the digital. To retain relevance to the public funders, arts organisations need to find ways of articulating and codifying the outcomes of their creative exchange with the public – whether this be their contribution to artistic excellence or role in catalysing and connecting with the

innovation ecosystem, or simply making people feel happy and better about themselves.

The difficulty though here is that funders (across the public and private sector; inclusive of the Arts Council) cannot keep pace, and in some cases do not want to keep pace – steadfast as they are with yesterday's anticipated metrics and outcomes. This means, for example, that an organisation which historically specialised in one artform and with an established audience demographic, finds it very difficult to attract investment that reaches across artforms to reach different audiences, and often with different outcomes. This, we argue, is of particular concern when we consider the role of arts organisations in combining their artistic and creative endeavour to have a wider impact that is better aligned to agendas in innovation, knowledge exchange and the wider creative economy.

Thus when Dick Penny, Managing Director of Bristol Watershed, sums up the approach to opening up the institution so it is predicated absolutely on dialogue, openness and a healthy embrace with place, the funding is not yet in place to enable this to fully happen:

‘We are most interested in collisions of experience and cultures, to create something new. A laboratory for experiment, risk and disruption. We are a router and amplifier of cultural ideas, creativity and technology.’ (Dick Penny, Managing Director, Watershed, 2007)

Here the potential to align agendas in artistic excellence, place, innovation and the growth and competitiveness of the creative economy must be explored, with opportunities to invest across this increasingly close family of agendas a new, but potentially thrilling opportunity for arts organisations and funders alike. With the Arts Council, NESTA, Creative England and the CIKTN (not to mention local authorities and Local Enterprise Partnerships) all tasked with supporting at least a part of this family, the obvious opportunity exists to co-invest, scale-up the opportunity and share the benefits.

4 Afterword: A new convergence: infrastructure for an arts ecology and creative economy

‘It takes time to figure out how to use new technologies: the internet and digitalisation are only 15 years old but already they are unleashing profound creative destruction across many businesses and sectors – much sooner, for example, than electricity or the internal combustion engine had their had its impact...’

(Will Hutton, *The Observer*, 13 February 2011)

Will Hutton, in the above-quoted article, warns: ‘Don’t be blinded by the web. The world is actually stagnating’. He argues that to avert an entrenchment of the crisis and to turn digital technologies into a more powerful economic driver, we need to ‘re-design the market’ to enable businesses to innovate and significant economic value to be realised. While this may be true for the manufacturing or pharmaceutical sectors, we argue that it applies equally to the arts. We face a situation where technological and social change require the renovation of our arts infrastructure: its physical and digital architecture; its management and organisational profile; and the ways it opens up to live, work and play with its collaborators, the public. This means it needs to be expressive of the multidimensionality of community and place; it needs to feel grounded in social context while able to resonate across the boundaries of place, culture and artform.

Currently, public and private sector resources for the arts are still too focused on old business models and yesterday’s markets. Meanwhile, with the recession compounding the misery, arts organisations struggle to develop new business models and new markets because

they lack the capital to unlock the potential currently stifled by the sunk costs of their old ways of working. This means they also struggle to play a meaningful role in place-making – whether this be supporting a social function, nurturing talent or enabling different parts of the institutional and cultural landscape to congregate and co-create (from universities to corporations, artists to scientists).

Thus ultimately, the potential for arts organisations to operate as enablers of rich creative experience and brokers of collaboration which in turn accelerate innovation and generate value to the creative economy, is utterly underfulfilled. They need partners such as the Arts Council to lead the way, identifying new approaches to investment and development in the arts so that the arts organisations themselves can go forward and redesign the market, rather than struggle with the day-to-day challenge of market failure. With a focus on strategy and investment, our next and final paper explores the options here.

Appendix 1 – Some digital challenges and opportunities for the arts

The proposed the Arts Council Digital R&D Fund for Arts and Culture, which will build on the recently launched joint the Arts Council/ NESTA R&D programme, is to be welcomed as an investment tool that should have the scale and ambition to enable the arts to 'redesign the market' to allow for innovation, sustainability, resilience and of course excellence. If it is to succeed there are five shifts in organisational and systemic behaviour it will need to support and accelerate:

Aggregation

Developing an approach to digital across the arts which encourages organisations to come together through the development of joint content aggregators (or the exploitation of existing aggregators through joint channels) has an essential role to play in shifting from the current position to one of greater reach and revenue generation. Those with most to gain would be the smaller organisations for which significant investment in technology will always be difficult to attract. How aggregation models featuring organisations of different scale would work is one of the key areas that will need to be explored; as will the benefits of using and exploring existing and emerging channels.

New models of shared risk and reward

Developing models of IP exploitation that will deliver significant revenue for the arts will require extensive collaboration between the arts and creative economy. Very few if any arts organisations have the experience in working with or commissioning digital or new media businesses at the right level of engagement to deliver the sort of platforms and models required. Culture Online – the pilot from the

DCMS, which funded collaborations between cultural organisations, developers and broadcasters (and much more) – showed that a shared approach to development, risk and reward between parties could pay dividends in delivering complex projects. Just as the makers of *Toy Story 3* were never going to die wondering about the potential of commercial exploitation to deliver revenue around their IP, so arts organisations will have to develop partnerships with businesses that know how to deliver successful returns on investment. This will require development cost and revenue share deals, perhaps in exchange for more traditional forms of sponsorship or engagement with the corporate sector.

Skills and expertise

Developing the skills and expertise needed to successfully develop arts organisations' digital capabilities is probably the largest factor preventing the emergence of an even greater 'digital divide' in the sector. There will need to be real bravery and joined-up working between organisations at a sectoral and regional level. Current salary levels within the sector mean that outside the large national organisations, few can pay the full-time or freelance rates of digital specialists. However, through pooling and sharing talent between organisations (working on joint platforms or projects) it could be possible to develop ways of engaging the kind of specialist knowledge needed to shift the industry. The Digital Innovation Fund provides the perfect opportunity to explore different models for this.

Engaging broadcasters and mainstream media

The new opportunity of YouView and the potential to develop ever greater relationships with public and private broadcasters, including BBC, ITV, Channel4 and BskyB, will be paramount if new revenue models of any scale are to be developed. Sky Arts has already led the way through its now numerous collaborations with organisations and individuals – including the ENO and Antony Gormley's *One and Other*. This demonstrates that there is a real appetite for quality 'live arts' programming.

The potential to develop new channels for the arts using IPTV that not only deliver new audiences but potentially new revenue sources needs to be explored in the UK and internationally. New media platforms being currently developed for devices which require interactive content also need to be explored. Again a challenge here will be to ensure that the best of regional and local content is made available and streamed alongside the more obvious content from the large national organisations.

New subscription models

Developing successful, revenue generating subscription models for the digital content of arts organisations has to be explored. Just as Spotify and Last.Fm are in different ways exploring subscription or ad-based models for streaming music, so a 'cultural' subscription model needs to be explored, providing access to multiple platforms across different devices.

Supporting growth in the arts economy: Paper 3



Towards an arts and creative economy
development programme

Dr Tom Fleming & Andrew Erskine
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Contents

1 Growing the arts for the creative economy	76
1.1 The bigger picture	78
<i>A shifting policy context</i>	79
2 Two become one – the arts and creative economy crossover	81
<i>Sector dynamics: structural and geographic differences between the arts and creative economy</i>	81
<i>‘Smart’ investment – capable of squaring the circle of excellence, innovation and reach – is required more than ever</i>	82
<i>Open, flexible and innovative infrastructure</i>	82
3 A development programme for the arts and creative economy – big ticket opportunities for the Arts Council	84
3.1 Growing the mixed economy	84
3.2 Linking best practice in the arts to best practice in the creative economy	85
3.3 Talent and skills: knowledge and confidence	86
3.4 Place-making and regional growth	86
3.5 Leveraging the wider portfolio	87
3.6 Partnership	87
3.7 Leadership and collaboration	88
3.8 Research – an information dashboard for the sector	89
4 Achieving great art for everyone and the creative economy	90
Appendix 1 – A shifting market for the creative economy	100
<i>A. Demand</i>	100
<i>B. Diversity</i>	100
<i>C. A level playing field</i>	101
<i>D. Skills</i>	102
<i>E. Networks</i>	102
<i>F. Public sector architecture</i>	103
<i>G. Intellectual property</i>	103

1 Growing the arts for the creative economy

‘It is clear that the future resilience of the UK arts sector is dependent on a sustainable mixed economy of increasingly varied income sources... A clear focus for us must be to deepen the links between the arts and the wider creative economy – we will work hard to ensure that that artists and arts organisations continue to feed the creative industries with talent, skills and ideas.’

(Arts Council England, Achieving great art for everyone, 2010)

This paper examines how the Arts Council England can best support the future resilience, sustainability, innovation and excellence of England’s arts sector through growing and sharpening the relationship between the arts and the wider creative economy. It builds on our previous two papers: the first of which introduced the key ways the arts supports the creative economy and where gaps and barriers hamper this relationship; and the second of which explored in detail how support for an integrated approach to growing the arts and creative economy needs to balance approaches that build digital capacity across the arts to deepen relationships to audiences that thrive in communities that are often defined by place.

Here we present a set of practical opportunities for the Arts Council as it seeks to better connect the relationship between the arts and creative economy, whether this be in terms of improving the business models across the arts, or by enhancing the value-adding role of the arts to the creative economy. Opportunities here include:

- Fitter for purpose investment tools that generate better returns and lever greater and more diverse types of value across the arts.
- A progressive role for the Arts Council’s new national portfolio organisations – as aggregators, brokers and enablers for excellence and innovation across the arts and creative economy.

- New and emergent partnership opportunities – with the Arts Council a leader among equals in England and an increasingly progressive and active partner overseas. This includes building open and progressive partnership with, for example, Creative England, NESTA, British Film Institute, British Council and UK Trade and Investment (UKTI).
- The development of a more coordinated and clearly articulated relationships between core bridging elements for the arts and creative economy – to include the higher education sector, the role of new local economic partnerships, and local authorities.
- An ambitious and focused research and knowledge programme that generates confidence and capacity in growing the arts and creative economy as interdependent elements in *Achieving great art for everyone*.

Indeed, the chief agenda for this paper uses is the core strategy of the Arts Council as described in the five goals of *Achieving great art for everyone*. It is through this lens that opportunities are introduced, challenges highlighted and recommendations made.

In our first paper, we argue that:

‘To develop a sustainable and resilient arts sector that delivers multiple types of value to the nation, requires constant innovation, a willingness to adapt organisational and business models, and an openness to change – the relationship between producer and consumer, investor and investee, artform-specific and interdisciplinary, and the balance between intrinsic and instrumental. This applies as much to the Arts Council as to individual arts organisations and practitioners. Organisations that are able to exploit the productive tensions between any of the above will be the most successful.’

In this, our final paper, we identify a set of opportunities for the Arts Council if it is to play a progressive, indeed innovative role, in supporting growth in the arts in ways that add significant value to the creative economy. This culminates in a set of tables, which

present the Arts Council with priorities and potential actions for a proposed arts and creative economy programme – led by the Arts Council in collaboration with the sector.

1.1 The bigger picture

‘Cultural organisations are at the heart of our ‘Big Society’, the arts encourage participation, raise aspirations and improve quality of life and opportunities for the young people and disadvantaged communities who need them the most. They are also the North West’s economic success story. They develop talent for the creative industries, which are fundamental to the future competitiveness of British business, and provide a massive boost to tourism and the visitor economy.’ (Cornerhouse Manchester – written evidence to the Culture, Media and Sport Select Committee, 2010)⁴⁹

⁴⁹ Cornerhouse. Written Evidence to the Culture, Media and Sport Select Committee, Houses of Parliament, 2010

As we shuffle listlessly from recession, it is clear that the overall picture for the UK’s creative economy has been radically changed by the last three years of financial turbulence. For the creative industries, which have been badly affected by the recession, the next few years are pivotal, with much of the success of the past decade at real risk:

‘The UK creative industries are now under threat from a combination of recession induced cuts, the global trends towards convergence and digitalisation, and concrete actions from other governments to maximise the recovery-boosting economic potential of their own creative industries.’⁵⁰

⁵⁰ The Work Foundation, *A Creative Block*, 2010

⁵¹ Experian, *The Impact of the Downturn on the Creative Industries*, South East England Development Agency, 2009

Indeed, some scenarios see job numbers in the creative industries only returning to their pre-recession numbers by 2020.⁵¹ For arts organisations for which public investment plays a considerable role, the impact of recession has to an extent been delayed, as it is only now that the impact of major cuts in spending at a national and regional level will really be felt.

Aside from this financial shock to the system, the abolition of regional development agencies and the radical shake-up of non-

departmental public bodies across the arts and cultural sector have removed much of the framework which, over the last decade, supported the flourishing of investment in new arts infrastructure and organisations, plus the role of the arts in driving growth across the creative economy. The widespread and often deep cuts to public investment also do little to build capacity and confidence in the arts, and their only 'positive' may be their role in disrupting old business models and accelerating reform in the ways arts organisations are funded and run.

However, just as this is a time of real uncertainty for many across the arts and creative economy, a new set of opportunities is emerging. For the creative industries, there is no sign that either consumers' desire for new technology or producers' capability of developing it shows any sign of waning. This means that the growth and new opportunities driven by super-fast broadband, smartphones and tablet computers will continue, with concomitant growth in the desire for content – even when consumer spending on other items in the high street is sluggish. Creative exports remain strong, aided by the relative weakness of the pound, while the international market for UK content is still growing. The sector's capacity to deliver growth and innovation to the wider economy therefore remains strong, but with very little room for complacency. Appendix 1 provides a summary of the growth opportunities and challenges for the creative industries – as outlined by The Work Foundation.

For the arts, with a flush of new high-profile visual arts venues opening this year (Turner Contemporary, First Site and The Hepworth Gallery), and with a set of new national portfolio organisations tasked with delivering the goals of *Achieving great art for everyone*, the role of the arts in society and for the economy is guaranteed a high profile for the foreseeable future.

A shifting policy context

From a policy perspective, the Arts Council is well positioned to build strong and coherent partnership from its position of relative stability and via the clarity of *Achieving great art for everyone*. Creative

England, which is being established, as a successor to the regional screen agency network but with a wider remit to include the creative industries, will be an important partner here. It will provide a national remit which goes beyond film, and, by working with the Arts Council, it may be able to provide a coherent approach to supporting the wider digital sector, delivered through its three regional hubs. Opportunities exist here to explore the direct and indirect interdependencies between the arts and the digital content industries.

The Government's 2011 Budget and *The Plan for Growth* set out a raft of proposals and programmes which should benefit the creative economy and for which the Arts Council can play a productive role as a broker and support of the arts. In particular, the actions to support the growth of SMEs (small and medium-sized enterprises) and the introduction of new enterprise zones could have a significant impact regionally. Support for the 'digital and creative industries' (D&CIs) is also prioritised through a commitment to tackling some of the challenges facing the industry through investment in broadband and stated willingness to look at the findings of the Hargreaves Review of intellectual property. Skill issues are to be addressed through supporting 10,000 advanced and higher apprenticeships and the Henley Review of Cultural education will set out opportunities for the arts, with education a core market for organisations and practitioners.

Internationally, the Government will encourage the BBC to explore and build on how it might act as a source of finance and distribution expertise for UK D&CI businesses with global ambitions. In the past five years the corporation has invested over £1bn in the UK's creative sector and accounts for nearly 10 per cent of UK creative exports in the categories in which it operates and sells programmes. The Arts Council can work alongside the BBC and other internationally facing organisations here – notably the British Council (which has refreshed its approach to the creative industries) and UKTI (which is market-making for the creative industries, so why not the arts?).

2 Two become one – the arts and creative economy crossover

As our three papers show, the Arts Council is well positioned to establish a development programme for the arts and creative economy that connects assets, levers additional resources, and offers clarity and purpose to partnership working. However, for this programme to become relevant and operational, attention needs to be paid to the more challenging relationships between the arts and creative economy. Paper 1 presented these in detail; they are reintroduced in brief below:

Sector dynamics: structural and geographic differences between the arts and creative economy

High-growth areas of the creative economy have a very different profile and dynamic to much of the Arts Council's portfolio of arts organisations. There are similarities such as a concentration on project work, the importance of content, and commitment to innovation; but core missions are inevitably different. For example, arts organisations are often motivated by a set of socially-driven and intrinsic priorities (commitment to their core vision, audience relationships, artistic excellence etc.) and they operate on a different rhythm (of funding relationships, gradual rather than rapid shifts to business models, a need to keep audiences while nurturing new ones, etc).

There is also a geographic issue at play here, where 'hot spots' of arts infrastructure provide many of the enabling conditions to support the creative economy, while other 'cold spots' will struggle to do so. Thus overall, we need to be realistic with regard to where the real added value lies in the arts and the creative economy (whether this be in specific places or organisations); to acknowledge that in some cases,

attempts to substantially increase value will be disruptive to the point of being destructive; and to recognise that the degree of change required by arts organisations if they are to deliver more to the creative economy will need to be very carefully managed and nurtured, especially if any activities are to be developed nationally.

‘Smart’ investment – capable of squaring the circle of excellence, innovation and reach – is required more than ever

Almost every aspect of growing the relationship between the arts and the creative economy requires more and/or smarter investment – from increasing digital capacity to building greater support for skills and talent to developing new networks. While there will be potentially huge ROI (return on investment) in terms of revenue, jobs, support for regional economies – how do we find this investment and make the case for it now?

Clearly prioritisation will be required on programmes, organisations and initiatives that will deliver the highest ROI (once success factors have been identified). This means devising new investment tools – such as via the Digital R&D Fund for Arts and Culture; leveraging a richer mix of value from Grants for the arts; and supporting national portfolio organisations to play an effective brokerage and enabling role for their wider arts ecologies and creative economies. It also means nurturing a progressive role for philanthropy in the arts from private individuals and businesses, as well as identifying new and sophisticated sponsorship opportunities – albeit as part of the mixed economy and in ways that benefit the full arts economy rather than just the leading brands.

Open, flexible and innovative infrastructure

The pace of change in the creative economy, driven by ceaselessly changing technologies, continually shifting consumer expectations, restlessly adaptive business models, unflinching globalisation, and so on, is such that planning and developing a ‘creative economy role’ for arts infrastructure for even the next five years is fraught with the risk of obsolescence. There are though ways of mitigating this – and harnessing the dynamics of the creative economy to the benefit of

the arts. This requires new types of partnership and collaboration, a focus on leadership, and enshrining flexibility and risk-taking in thought and strategy. As we say in Paper 1:

‘Our arts and cultural infrastructure – our galleries, museums, theatres, cinemas and the increasingly hybrid forms of the most innovative organisations – can and should play a leading role as connectors of local meaning to economic growth; as the open intermediaries for the types of interaction and collaboration that local creative economies develop from.’

The best organisations are applying digital technology to deepen the relationship with audiences and practitioners, and disrupt traditional means of engagement to open up buildings and organisations in ever more elastic and democratic ways; which in turn nurture creative economy, development and growth. The best organisations are also spearheading innovation and excellence in their education programmes, in the ways they collaborate with their audiences, and in the way they are shaping a mixed economy business model based on shared agendas with public and private investors.

As we argue below, the Arts Council can and should lean more on its portfolio to drive growth across the arts and creative economy.

3 A development programme for the arts and creative economy – big ticket opportunities for the Arts Council

For the Arts Council to establish a development programme for the arts and creative economy, it needs to align specific actions to each of the five goals of *Achieving great art for everyone*, with a set of priorities for the first four years, which provide a basis for delivery of goals over the full 10-year period. Section 4 below uses a set of tables to introduce opportunities and actions for the Arts Council against each of the five goals. This provides the architecture and focus for a proposed arts and creative economy development programme for the Arts Council.

However, before presenting these tables, it is important to emphasise the major opportunities for the Arts Council, if it is to strengthen the relationship between the arts and the creative economy.

We think these can be located as follows:

3.1 Growing the mixed economy

It is important here that the Arts Council champions the mixed economy as a real strength and USP for the arts in England. Broadening the range of revenue sources for arts organisations is a must if the arts economy is to be sustainable and grow and if it is to play a more progressive role for the creative economy. This means coordinating blended investment across the arts, the brokerage/leverage of different types of co-investment, pursuing new business models, and growing and then embedding a culture of philanthropy.

This will, for example, support arts organisations to develop new platforms, advance digital marketing, explore crowd-sourcing activities (to reach younger audiences and raise investment), and open up global markets, to boost and diversify their revenue base.

But it is important here to avoid widening an opportunity divide for arts organisations, where the availability of resources and know-how varies by place, artform and organisational type. By extension, it is important that current agendas such as philanthropy are seen as part of the mixed economy but do not dominate agendas in delivering on Goal 3 of *Achieving great art for everyone*: the great strength of our arts sector is its increasing resourcefulness, entrepreneurialism and energy to collaborate across multiple different business models. Here philanthropy can and should play a stronger role, but it will only ever be part of the 'solution'.

3.2 Linking best practice in the arts to best practice in the creative economy

The UK creative economy is recognised internationally for its dynamism and innovation in digital sectors – including gaming, film and TV. As content producers, we have many natural and competitive advantages. Marrying this more closely to our world-leading arts organisations and practitioners brings obvious benefits of scale, audience reach, innovation, R&D and more. There are also opportunities here to make stronger and more productive links between our visual arts, craft and design sectors, with the Crafts Council well positioned to broker links and activities across creative value chains that transcend specific sectors. England has a great tradition of creating and making products and services, of crafting distinctive high-value goods, but the arts has been too disconnected from this.

In addition, the success of projects such as Plus Tate and NT Live shows that using the brand and knowledge of large arts organisations can really benefit smaller organisations, many of whom lack the capacity, space, knowledge and confidence to innovate and grow. The new programme, Building digital capacity for the arts –

partnering the Arts Council with the BBC Academy – should be seen as a demonstrator project for organisations to learn from each other, where leadership and capacity is shared among national portfolio organisations and shaped to deliver direct benefit to the overall creative economy.

3.3 Talent and skills: knowledge and confidence

Here the Arts Council can play an enabling role for talent to be nurtured, specific skills to be developed, and spikes of excellence to be established. Our education infrastructure is increasingly geared to nurturing creative entrepreneurs and pioneers across many different disciplines, continuous professional development is increasingly enshrined as a core business for excellence in the arts, and bespoke skills development for the creative economy is more relevant and achievable than ever.

Harnessing more of our creative talent – in and outside of the creative economy – is a must. The arts has a massive role to play in making this a reality – by sparking and mobilising talent, collaborating to deliver apprenticeships, and via increasingly cross-sector and cross-discipline programmes of activity.

Here we should also see knowledge and capacity in higher education institutions as an immediate asset base for the arts and creative economy, rather than as something to be ‘sweated’ via the supply of graduates. Connecting our arts organisations more strongly to higher education institution will provide major benefits in terms of innovation, excellence, R&D, skills and knowledge. Cuts make this difficult, but regional pilots (perhaps around the Technology Innovation Centres)⁵² would help to open up possibilities.⁵³

3.4 Place-making and regional growth

The arts have been a real ‘success’ story in many areas – kick-starting and accelerating regeneration, building confidence, and providing genuine added value for jobs and competitiveness. Now, as we move beyond the investment boom of the past decade, can we broker a ‘regen. 2.0’ with greater links between arts and creative economy

⁵² See: <http://www.innovateuk.org/deliveringinnovation/technology-and-innovation-centres.ashx>

⁵³ NESTA NT LIVE research, NESTA, 2010 http://www.nesta.org.uk/home1/assets/features/beyond_live

expressed through a focus on jobs, skills and environmental sustainability?

Here we need to recast approaches to arts-led regeneration, nurture strong creative ecosystems, and connect arts organisations as aggregators – to develop deeper relationships with place, balance the ‘hot’ and ‘cold spot’ dilemma, and ensure overly simplistic and evangelical approaches to creative clusters are tamed and realigned to ensure we enable sustainable, value-adding ecosystems of arts organisations and creative businesses.

3.5 Leveraging the wider portfolio

The Museums, Libraries and Archives Council has operated at the vanguard of creative economy development – evidenced, for example, by the Renaissance in the Regions Programme, the British Library Business and IP Centre, or the V&A’s commitment to contemporary fashion. There are many partnership and knowledge-sharing lessons that can be transferred across the arts, plus a whole suite of business models previously at a distant horizon to that visible to the Arts Council. This is a major opportunity for the Arts Council.

3.6 Partnership

Here we are keen to see the Arts Council working to a set of principles to ensure that it works on developing partnerships with the spectrum of organisations currently delivering and supporting the creative economy. It needs a confidence in its own mission and position to ensure it extracts maximum value for itself and the sector. There are two main partnership opportunities here:

- National and regional positioning – Clear understanding and commitment to national scale partnerships is vital alongside a strategy for ensuring that regional activity is based on core principles. The Arts Council needs to establish clarity of position here with regard to Creative England, the local enterprise partnerships, and the assortment of bodies and programmes currently taking shape.

- Inward investment and globalisation – the Arts Council needs to demarcate a space as an active broker, facilitator and partner for international arts and creative exchange as a basis for greater innovation and as a tool for inward investment (from the European Union and Brazil, Russia, India and China) and export (of content, ideas skills). It also needs to play a more active role in partnering arts organisations and local authorities in their work across Europe, with a particular focus on leveraging resources from the European Union to the benefit of the arts and creative economy in England.

3.7 Leadership and collaboration

Linked to the above approach to partnership, in a much changed and less populous strategic landscape, the Arts Council is well-positioned to drive agendas and offer real leadership as well as strategic and practical partnership. Central here is championing progressive approaches to linking the arts and creative economy. This will require that new organisations, such as the Creative Industries Council, are geared toward maximising the role of the arts for the wider and more growth-orientated creative economy.

It will also require refreshed and clear strategic relationships to be developed by the Arts Council – including a reinvigorated role with government, plus structured understanding and operational agreements with Creative England, British Film Institute, English Heritage, British Council, UKTI, NESTA, British Fashion Council, UK Design Council and other national and internationally-facing bodies (including the arts councils of Wales, Scotland and Northern Ireland).

In addition, it will require the Arts Council to deliver different types of knowledge leadership, with its research and knowledge function playing a more productive role in connecting the arts and creative economy. This means focusing hard on delivering information the sector needs to flourish. This also means focusing on the under-researched, hard-to-research and never-adequately – researched (see below).

3.8 Research – an information dashboard for the sector

The Arts Council needs to establish a position between supporting supply and nurturing demand. Here its research and knowledge function can play a more productive role in connecting the arts and creative economy. This means focusing hard on delivering information the sector needs to flourish. Areas include:

- A focus on audience and consumption – Going beyond audience profiling to action research on new types of consumption, patterns of consumption, barriers to consumption, the disruptive and productive role of digital technology and more.
- Innovation and productivity – To develop greater understanding on the contribution of the arts to wider innovation, how this can be increased and expressed. Equally, greater and improved research is required on issues to with productivity – including merging and sharing services.
- Creative places – To establish a much clearer appreciation of the role of our core cities and other leading creative places in driving innovation and delivering growth for the arts and creative economy.

4 Achieving great art for everyone and the creative economy

In setting out its 10-year strategic framework for the arts – *Achieving great art for everyone* – Arts Council England has committed itself to maximising the value of the arts to all areas of society in ways that, ‘make this nation rich in intellectual, spiritual and economic terms’. The Arts Council recognises that, in a context of reduced public investment in the arts, and with the impact of digitalisation and ever-shifting relationships between audiences and producers and art and economy, business models for arts organisations need to change.

In turn, as we have said before, this requires that the Arts Council, as the development body for the arts, has a responsibility to change the ways it engages, supports and invests. Put simply, old terms of engagement are not fit for purpose and the Arts Council needs to move quickly and confidently to ensure existing success is sustained and that the arts delivers greater outcomes for more people over the coming years.

Of course the Arts Council is already moving very quickly. With the recent unveiling of the national portfolio organisations and an extended portfolio, which includes museums and libraries, with the forthcoming Digital R&D Fund for Arts and Culture, a sharper approach to philanthropy and a future lottery programme, and with the relaunching of a refreshed Artsmark, the programme Building digital capacity for the arts (with the BBC) and many ideas for leveraging the potential of the ArtCo model (ArtCo is a wholly owned subsidiary company of Arts Council England), the Arts Council is making significant progress at a difficult time.

But perhaps the Arts Council can also move more confidently – not least in how it advocates and supports the links between the arts and the creative economy. With new national opportunities – such as the Creative Industries Council and a new Creative England, and with regional opportunities, where the Arts Council’s network of digital and creative relationship managers play a critical role, Arts Council England is well-placed to play a leadership role that delivers on *Achieving great art for everyone* as a driver for the whole creative economy.

To do this, we recommend the Arts Council establish an arts and creative economy development programme. This is not to recommend the establishment of new resource-intensive structures and teams. Rather, it is to align *Achieving great art for everyone* more clearly and productively with opportunities across the creative economy.

Put simply, the tables below outline the opportunities for the Arts Council in delivering its goals and priorities in ways that engage the wider creative economy. They are not presented as detailed recommendations, but they are intended as practical and achievable in the current climate and over the next four years at least.

More importantly, they are presented to help shape thinking and action, to give a framework for the Arts Council to work from. To this end, as the culmination of our consultation and engagement, the tables represent the practical outcome of our three papers and our wider role in supporting the Arts Council to play a more effective leadership role across the arts and for the creative economy.

Goal 1: Talent and artistic excellence are thriving and celebrated			
Area of priority	Creative economy opportunities and cross-overs	Resources and levers	What success will look like
First four year priorities 2011-2015			
<p>Using our investment to ensure excellent art happens</p>	<p>Beneficiaries of the Arts Council investment, notably the national portfolio organisations, are tasked with building direct links to the wider creative economy, where excellence is also understood as reaching new audiences and markets and providing commercial return.</p> <p>Support national portfolio organisations to develop products, services and experiences that enable creative ideas to grow into businesses. This means staging collaboration, working cross-artform and opening up relationships with different audiences via digital and other means.</p>	<p>Driven by national portfolio organisations Appropriate leading strategic national portfolio organisations are encouraged to collectively deliver creative economy strategies for their city regions.</p> <p>Encourage national portfolio organisations to collaborate with creative businesses at different scales – from an institutional to pan-institutional level.</p> <p>Regional delivery Grants for the arts – to push for excellence and innovation more widely.</p> <p>National strategy and programmes New capital investment – to improve existing infrastructure (for example, digital capacity, commercial offer, etc.); to introduce new facilities in emergent ‘hot spots’ and to bridge gaps in capacity across major ‘hot spots’.</p> <p>Digital R&D Fund for Arts and Culture – to maximise the potential of technology, build capacity and encourage collaboration and risk.</p> <p>Rolling out the Building digital capacity for the arts programme with the BBC (and potential additional partners).</p>	<p>England is regarded as a pre-eminent world centre for artistic excellence, where excellence underpins the distinctiveness, growth and sustainability of our creative economy.</p>
<p>Broker a coherent, nationwide approach to the development of artistic talent, particularly for emerging and mid-career artists</p>	<p>Set up a structured industry partnership/network that links artistic talent to creative businesses, notably in ‘scalable’ sub-sectors such as film, media and gaming.</p> <p>Develop a talent exchange platform for national portfolio organisations – to facilitate progression, collaboration and capacity development that matches approaches to shared programming, platforms etc.</p> <p>Champion creating and making as a core strength and discipline across the arts and creative economy</p>	<p>Driven by national portfolio organisations Encourage national portfolio organisations to pilot – possibly at city region level via a set of demonstrator core city cultural development partnerships.</p> <p>National strategy and policy Set up creative economy research toolkits – to enable national portfolio organisations to establish a coherent approach to measuring their contribution to the creative economy.</p>	<p>Talent is confident, connected, entrepreneurial, closer to market and open to new business models.</p>

Goal 1: Talent and artistic excellence are thriving and celebrated (continued)			
Area of priority	Creative economy opportunities and cross-overs	Resources and levers	What success will look like
First four year priorities 2011-2015			
Supporting an artistically-led approach to diversity in the arts	Support national portfolio organisations to link diversity advantage to creative economy strategies – where diversity of artform, production and consumption is a core input and outcome of a growing arts sector and creative economy.	Driven by national portfolio organisations Enshrined in national portfolio organisation agreements, through the diversity of Grants for the arts and a digital development programme via the Digital R&D Fund for Arts and Culture.	'Diversity becomes not an optional extra but part of the fabric of our discussions and decisions about how we encourage an energetic, relevant, fearless and challenging artistic culture in England and the wider world.' (Beyond Cultural Diversity, the Case for Creativity)
Responding to major opportunities such as the London 2012 Olympic and Paralympics	Identifying opportunities to promote the relationship between the arts and our successful creative economy at major trade fairs (inward and outward missions) and through branding initiatives.	Regional delivery Through Grants for the arts – encourage regional pilots to showcase the potential of creative economy/arts interaction. National strategy and policy Broker collaboration with UK Trade and Investment (UKTI), British Council, and Greater London Authority	The arts are seen as a national strength and as critical to our growing reputation as a leading global creative hub.

Goal 2: More people experience and are inspired by the arts			
Area of priority	Creative economy opportunities and cross-overs	Arts Council resources and levers	What success will look like
First four year priorities 2011-2015			
Developing arts opportunities for people and places with the least engagement.	Position national portfolio organisations as bridging organisations to connect arts and creative economy agendas.	Driven by national portfolio organisations National portfolio organisations given instructions as part of their funding agreement. In addition, the Digital R&D Fund for Arts and Culture can be used to pilot digital development for arts development and creative business growth in 'cold spots'.	More people are engaging in the arts in places where participation is currently low.
Strengthening the distribution of excellent art through touring and digital platforms.	Progressive arts organisations develop new platforms and channels (often in collaboration). This will involve coordinated and shared programming and digital development programmes.	Driven by national portfolio organisations Digital R&D Fund for Arts and Culture and national portfolio organisations as leading brokers. National portfolio organisations should be tasked with developing digital strategies as part of their agreements. Grow the network of cross-artform venues to include different types of organisation/venue/digital platform.	Innovative and entrepreneurial arts organisations and practitioners engage with more than one audience in more than one place and seek to balance reach with depth to ensure growth and sustainability.
Encouraging funded organisations to be even more focused on attracting audiences.	Business development programme for national portfolio organisations – to support creative economy growth. Develop an action research programme that focuses on new business models based around more extensive and deeper relationships with audiences.	Driven by national portfolio organisations The national portfolio organisations are supported to develop creative economy strategies – as individual organisations and/or with partner organisations working in a city/region/sector. The Digital R&D Fund for Arts and Culture is used to develop new knowledge, skills and capacity – to link with NESTA, CIKTN and sector skills bodies. National strategy and programmes National research team in partnership with NESTA.	Larger and more diverse audiences are experiencing and benefiting from the work of the organisations and artists that we fund.

Goal 3: The arts are sustainable, resilient and innovative			
Area of priority	Creative economy opportunities and cross-overs	Arts Council resources and levers	What success will look like
First four year priorities 2011-2015			
<p>Strengthening business models in the arts and helping to diversify income streams, including by private giving</p>	<p>Developing a presumption towards growing the local creative economy as an objective of national portfolio organisations' agreements.</p> <p>Encourage national portfolio organisations/other cultural organisations to form local creative economy development groups to develop strategic approach to working creative industries in core cities and towns with potential</p> <p>Encourage Grants for the arts bids that look to build business capacity and investment readiness through training and mentoring.</p> <p>Locally and regionally encourage more business experts to volunteer and serve with arts organisations.</p> <p>Research activities to measure the economic impact of the arts, with a focus on impacts across the creative economy.</p> <p>Research programme to identify, map and demonstrate sustainable and growth-orientated business models across the arts and focusing on links to the creative economy.</p>	<p>Driven by national portfolio organisations National portfolio organisations funding agreements, Grants for the arts and Digital R&D Fund for Arts and Culture.</p> <p>Regional delivery Liaise with local enterprise partnerships and seek to build Regional Growth Fund bids where appropriate</p> <p>Encouraging philanthropy – for example, city-based crowd-sourcing and supporting local enterprise partnerships, but positioning this as part of a mixed economy solution.</p> <p>National programme and strategy Coordinate approach with Creative England. Potential to access Regional Growth Funds.</p> <p>Use Artco Trading Ltd to develop and deliver new funding models in partnership with other agencies.</p> <p>Provide advocacy and leadership that supports the mixed economy as a unique selling point for the arts and creative economy in England.</p>	<p>The arts are known for resilience – with organisations building sustainable business models that include a greater diversity of income streams, including a higher level of private giving.</p> <p>The arts and creative economy in England is recognised and championed for the way it draws on a mixed economy for sustainability and growth.</p>

Goal 3: The arts are sustainable, resilient and innovative (continued)			
Area of priority	Creative economy opportunities and cross-overs	Arts Council resources and levers	What success will look like
First four year priorities 2011-2015			
Encourage networking, collaboration and partnership.	Develop a programme to drive innovative partnership between cutting-edge creative industry businesses and arts organisations in core cities.	Driven by national portfolio organisations Local TV/IPTV becomes a way to broaden audience for culture and develop new revenue and marketing streams. Channel 4/ BBC support.	Success for arts organisations at the digital Baftas – new audiences reached and new revenue gained.
	Encourage large-scale platforms that benefit whole sectors (like NT Live) and make available on an open basis. Establish an arts and gaming working group to develop greater sharing of resources, talent and programmes.	National portfolio organisations are supported to develop projects here as part of their proposed creative economy strategies.	Brands leveraged in ways which benefit smaller players. Some revenue sharing and pooling downstream.
	Support local culture journalists bringing national portfolio organisations and young digital and creative talent together to develop new products and services	Regional delivery Use cross-artform venue network and/or other partnerships to pilot a partnership programme. Encourage a creative innovation centre for a core city.	New 'channels to culture' developed with audience acceptance.
	Local TV – Encourage national portfolio organisations to develop relationships with their local TV consortia for content development, marketing, audience development.	National strategy and programme Digital R&D Fund for Arts and Culture and Building digital capacity for the arts.	Greater collaboration between high-growth creative industries able to reach young audiences and cultural organisations.
	Action research programme and demonstrator projects with the national portfolio organisations – to explore collaboration across the arts and its value to the wider creative economy.	Work with the games sector through TIGA (the association representing Britain's gaming industry) Creative England and the British Film Institute.	Young talent connected to cultural organisations in dynamic ways.

Goal 3: The arts are sustainable, resilient and innovative (continued)			
Area of priority	Creative economy opportunities and cross-overs	Arts Council resources and levers	What success will look like
First four year priorities 2011-2015			
<p>Broker partnerships with other major public and private investors.</p>	<p>Creative businesses become third party investors in blended funding agreements.</p> <p>Encourage social investors to take culture and creativity seriously as area for investment.</p> <p>Explore regional venture capital funds for culture.</p>	<p>Regional delivery Pilot new business models via demonstrator projects.</p> <p>National strategy and programme Legal frameworks and access to advice on deal making and readiness.</p> <p>Link with Creative England and RSA Venture capital funds. Link to the Creative Industries KTN and a network of demonstrator projects to explore carbon neutral business models and new types of environmental leadership. Also link with the Carbon Trust and other lead bodies to explore and award innovation in 'environmental arts businesses'.</p>	<p>Shared risk and shared reward deals with creative businesses in commercialising and extending products</p> <p>Develop new models which can produce an ROI for investors.</p> <p>The arts are naturally collaborative and networked, sharing knowledge and ideas.</p> <p>There are more partnerships between arts organisations, the wider public sector and the commercial sector. With commitment and innovation, the arts have contributed to the reduction of carbon emissions.</p>

Goal 4: The arts leadership workforce are diverse and highly skilled			
Area of priority	Creative economy opportunities and cross-overs	Arts Council resources and levers	What success will look like
First four year priorities 2011-2015			
Building a network of arts leaders who value sharing their knowledge and skills, for the benefits of arts and civil society	Broaden the network to include creative industry leaders from private business and representative organisations.	<p>Driven by national portfolio organisations Develop cultural leadership exchange activities between national portfolio organisations and as part of wider collaboration with business and other public sector organisations (for example, higher education institutions).</p> <p>Regional delivery Connect with local enterprise partnerships.</p> <p>National strategy and programme Work with British Council to provide cultural leadership in international arts development – positioning the arts in England as providers of excellence in leadership.</p>	More arts leaders are regarded as world-class, renowned for excellence and playing an active role at the heart of civil and national life. Professional development is regarded as essential to the health of the arts.
Creating equal opportunities to enter the arts workforce.	At a regional level develop 'talent working groups' combining arts organisations, schools, further and higher education and creative businesses.	<p>Driven by national portfolio organisations Coordinated by the National Skills Academy</p>	The arts leadership and workforce will reflect the diversity of society.
Encourage skills development, collaborative working and knowledge sharing, including enabling the arts to realise the potential of technological change.	<p>Development a scheme for talent exchanges and talent-sharing with creative businesses in marketing, design, advertising, social media, digital etc.</p> <p>Develop a knowledge exchange programme with universities, businesses and arts organisations.</p> <p>Develop sector specific collaboration networks (on the Plus Tate model) to work on areas where deep skills are needed.</p> <p>International knowledge exchange programme with cultural organisations and creative businesses</p>	<p>Regional delivery Leveraging the cross-artform venue network as a demonstrator in skills exchange and knowledge development.</p> <p>National strategy and programmes Digital R&D Fund for Arts and Culture of technological change. Provides action research pilots for universities.</p> <p>Stronger sector-based networks delivering deep skills and knowledge.</p> <p>Delivered with the British Council (focusing on Brazil, Russia India and China and potential European programme leveraging EU funds.</p> <p>Joint funding and activity with Arts and Humanities Research Council</p>	<p>Arts organisations benefit from cutting-edge skills and thinking as well as the development of new relationships. Provides the arts with access to the latest thinking and research in key areas.</p> <p>Develop new global partnerships and knowledge.</p>

Goal 5: Every child and young person has the opportunity to experience the richness of the arts			
Area of priority	Creative economy opportunities and cross-overs	Arts Council resources and levers	What success will look like
First four year priorities 2011-2015			
<p>Improving the delivery of arts opportunities for children and young people.</p>	<p>The education sector is presented as a core 'market' for artists and organisations working in collaboration with creative businesses – with a dedicated arts and creative business activities brokered at a local level. This can be as part of a wider strategic approach to increasing the number of apprenticeships (and ensuring they are bespoke, enabling freelance business models) and work placements, and as part of the 'closing the gap' agenda. This needs to be brokered locally, with the national portfolio organisations playing a central role. However, national guidelines are needed.</p> <p>Support national portfolio organisations to deliver an arts and creative economy work-related learning programme with businesses – as part of their creative economy strategies. This will link participation to entrepreneurialism.</p> <p>Pilot higher education institution and national portfolio organisation arts and creative economy test beds – 'free floating' activities and business modules to drive the local creative economy.</p>	<p>Driven by national portfolio organisations to enshrine this as part of their collaborative creative economy strategies.</p> <p>Regional delivery Grants for the arts used to develop targeted arts and creative economy projects in schools and via wider activities for children and young people.</p> <p>National strategy and programmes Artsmark to measure role of creative businesses in addition to artists – notably those working in media. And/or link with the film education partnership, Design Council etc. to explore opportunities for additional 'Creative Media and Design Marks'.</p> <p>Technology Strategy Board, AHRC – levered by national portfolio organisations and possibly regional growth funds.</p> <p>With NESTA plus potential media partners.</p>	<p>More children and young people have access to excellent art and are shaping their future arts provision as creators and critical consumers.</p>
<p>Raising the standard of art being produced for, with and by children and young people</p>	<p>Arts and wider creative practice plays a formative role in delivering the new English Baccalaureate, with improved standards of arts activities a necessary condition.</p> <p>Arts Award focuses on additional vocational activities in the creative economy.</p> <p>National portfolio organisations supported to deliver new and targeted programmes that deliver skills for the creative economy.</p> <p>Research framework for measuring quality to include a focus on the role of and relationship to the wider creative economy.</p>	<p>Driven by national portfolio organisations National Skills Academy to operate hub and spokes activities with national portfolio organisations.</p> <p>National strategy and programmes As above plus partnership with Ofsted to agree focus and terms.</p> <p>Connect with the film education group to establish a shared approach to arts and media learning.</p>	<p>Children and young people develop into active, innovative creative producers – driving the future growth and competitiveness of the creative economy.</p>

Appendix 1 – A shifting market for the creative economy

⁵⁴ *A Creative Block? The Future of the UK Creative Industries, A Knowledge Economy and Creative Industries report*, The Work Foundation, December 2012. These are based on the eight featured in the original 2007 *Staying Ahead* report and two new ones added in 2010

⁵⁵ Based on figures from UK Film Council, Society of London Theatre and the Art Newspaper

The Work Foundation, in a recent intervention, re-describes a set of ten drivers for growth in the creative economy.⁵⁴ These provide a useful illustrative role for focusing on the relationship between the arts and creative economy. A selected set of strengths and weaknesses are introduced to describe the future ‘state of the sector’:

A. Demand

Strengths: Demand for cultural and creative ‘product’ remains very strong, whether it is for traditional artforms or new types of hi-tech content. The launch of the iPad and other tablet computers has provided another outlet for delivering and developing creative content to consumers. The West End in London enjoyed the seventh consecutive rise in attendances to theatre, opera and musicals. Film saw a modest decrease on the very strong figures from 2009. Three of the top ten museums and galleries in the world (judged by visitor numbers) are in London,⁵⁵ while the Van Gogh exhibition at the Royal Academy, London attracted over 400,000 visitors.

Weaknesses: Demand is still patchy across the country with many acknowledged ‘cold spots’ with low levels of arts participation and underdeveloped infrastructure. Demand is still largely driven at an individual level by socio-economic and cultural factors.

B. Diversity

Strengths: The UK’s arts and creative economy thrives partly because of our diverse population, continually bringing new experiences, innovation and exchange. The recently announced list of national portfolio organisations shows a commitment to increasing and improving the diversity of the sector. Over 200 ‘new’ organisations

have been given national portfolio organisation status, introducing much needed variety and freshness to the sector.

Weaknesses: The creative economy is not as diverse an employer as it could be, with a lack of formal or informal progression routes for those 'outside of the know'. Schemes by Skillset and creative and cultural skills and initiatives such as Creative Apprenticeships should help open the door for a wider cross-section of society.

As recently stated, sector needs to move to a position where:

‘Diversity becomes not an optional extra but part of the fabric of our discussions and decisions about how we encourage an energetic, relevant, fearless and challenging artistic culture in England and the wider world.’ ‘Beyond Cultural Diversity – the Case for Creativity’ (by Richard Appignanesi, *Third Text* – commissioned by the Arts Council, 2010)

C. A level playing field

Strengths: With three-quarters of households having access to the internet and the vast majority of those having broadband connections, there is an increasingly 'level playing field' for access to the internet and new technology. Equally, digital technology through the 'death of distance' is allowing arts organisations to reach new and wider audiences, regardless of geography. For creative small and medium-sized enterprises, technology has opened up areas where distribution and was previously controlled, allowing for greater opportunities and vastly lower costs to enter the market.

Weaknesses: There is a real danger that lack of capacity, skills and investment will see smaller arts organisations miss out on the benefits that digital brings across the spectrum – from delivering core missions to marketing, fundraising and more. The strength of creative clusters as the drivers of the growth in the UK economy shows place is still critical, with rural locations and smaller towns showing lower growth rates in the creative economy.

D. Skills

Strengths: The sector skills councils – Skillset and Creative and Cultural Skills – have developed a range of programmes alongside industry, higher and further education – including the highly regarded Skillset Media Academy programme. The Diploma in Creative and Media is one of the most popular diplomas in secondary schools. Creative apprenticeships have proved very popular, with Skillset taking on 177 apprenticeships in its last cohort. The quality of technical skills in the UK is widely admired internationally across the digital and creative industries. The Clore Leadership Cultural Leadership Programmes have done much to advocate for and improve leadership in the arts sector.

Weaknesses: Difficulties in finding people with the right skills is frequently cited as major barrier to growth across the creative industries, especially outside London and the ‘core cities’. There is still considerable debate on how to better attune higher and further education courses to the needs of industry, while the international ‘skills arms race’ means that this is an area where any complacency could damage UK global competitiveness.

E. Networks

Strengths: The Plus Tate network is widely seen by participants as connecting a network of leading visual arts organisations in a way which allows for meaningful knowledge-sharing and capacity-building. The network of combined artform venues (CAVs) will be rolling out a programme of digital activity across many of the core cities later this year. There are numerous local and national networks across the creative economy, from National initiatives such as the Creative Industry Knowledge Transfer Network (CIKTN) and technology strategy boards, to area specific networks such as 1700-member Bristol Media Network.

Weaknesses: Collaboration between arts organisations in areas beyond delivery of core mission is patchy. Efforts to grow the global market for UK arts and culture are fragmented between organisations with little network strength. Opportunities for networks to broker

and harness capacity, so as to fully exploit market opportunities and generate creativity, are under-explored in the creative industries outside the major clusters.

F. Public sector architecture

Strengths: The UK has long had an admired set of public sector organisations committed to encouraging strong spill-overs and connectivity between the 'core creative fields' (inclusive of the arts), the creative industries and the wider economy. NESTA has been at the forefront of investing and exploring the value-added role that innovation brings to the cultural, creative and wider economies. The BBC and Channel 4 have a long-term commitment to the cultural core and wider creative industries, as seen in the Media City development in Salford. New publicly funded arts infrastructure is increasingly sited between rather than within specific sectors.

Weaknesses: Recent cuts to non-departmental public bodies, including the abolition of the regional development agencies and UK Film Council, have left a space in the architecture of support for the creative sector which is only gradually and perhaps only partially filled. There is still a tendency towards silo and vertical thinking in many institutions rather than a cross-sector, interdisciplinary approach.

G. Intellectual property

Strengths: A core UK strength is, 'The presence of a clearly-defined and enforceable regime of intellectual property rights, which is kept under review in light of ongoing technological change.'⁵⁶ The establishment of the Intellectual Property Office and the leading role played by the British Library (through its business and IP centre) have been internationally recognised. Own-It, the intellectual property advice service led by the University of the Arts London, has been at the forefront of encouraging proactive approaches to exploiting IP. Increasingly arts organisations are more confident and knowledgeable about how to exploit their IP across multiple platforms.

⁵⁶ *Staying Ahead: the economic performance of the UK's creative industries*, The Work Foundation, 2007

⁵⁷ Ian Hargreaves,
*A review of intellectual
property and growth*, 2011

Weaknesses: The Hargreaves Review⁵⁷ should help address many of the current issues faced by IP content producers and distributors. Industry failure to develop market solutions to illegal downloading and enforcement challenges, have meant that a generation has now grown up with expectations and experiences of file-sharing and downloading which will be hard to change through legislation. Without access to shared platforms, the potential for small arts organisations to exploit their IP remains limited.

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