

# Creative Industries Clusters Programme

## Programme Scope

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## 1. Summary of the Programme

The Creative Industries Clusters Programme (CICP) is an ambitious initiative to foster an R&D infrastructure for the creative industries. As part of the Government's Industrial Strategy, the Programme will bring together the UK's world-leading research base with the internationally renowned creative industries through a challenge-focused approach.

The five-year Programme, which will start in 2018, will act as a catalyst to grow the creative industries further through the development of exciting new products, services and experiences, generating a step-change in the creation of new jobs and the supply of highly skilled people to fill them. While providing the impetus for the creative industries to flourish across the UK, this investment will also expand international trade and secure the UK's reputation as having the world's leading creative industries.

The Programme will be led by the Arts and Humanities Research Council (AHRC). It is a multidisciplinary, collaborative Programme and will draw upon research from a range of disciplines, though with an emphasis on encouraging a strong contribution from the arts and humanities. It is a ground-breaking venture for the AHRC and we expect to fund exciting programmes of risk-taking and innovative early-stage R&D.

The Programme will be delivered via the creation of up to eight Creative R&D Partnerships linked to clusters of creative activity across the UK. Each Creative R&D Partnership will address a distinct and measurable challenge, or challenges, for which their creative cluster has particular expertise, experience and potential. These challenges will focus on the creation of products, services, and experiences and will have potential commercial impact. Each partnership will be a consortium of relevant stakeholders. Creative industries organisations will be fully involved at every level, from governance to research and development activity itself.

In parallel, a national Creative Industries Policy and Evidence Centre will be established. The Centre will increase detailed understanding of the creative industries, including how they are working together in clusters and across the wider economy, so that future policy and strategy can be informed by world-class insights to further accentuate success. The Centre will be independent in the evidence and analysis it provides and will work both for and with the industry, and with policymakers.

A total of £51m funding is available through the CICP for the Creative R&D partnerships and the Policy and Evidence Centre. In addition, the Creative R&D Partnerships and the Policy and Evidence Centre will be required to leverage a minimum combined additional £25m further funding from the higher education sector and creative industries.

## 2. Background

The UK has one of the largest, most successful and fastest growing creative industries sectors in the world. Based on a long tradition of cultural expression through music, literature and the performing and visual arts, it now includes the advertising, architecture, design, publishing and fashion industries, as well as the film, media and video gaming sectors.

One of the UK's most dynamic sectors, the creative industries are growing at almost twice the rate of the wider economy and they are estimated to be worth around £90 billion a year<sup>1</sup>. Almost 2.1 million people are employed directly in creative industries<sup>2</sup>, with a further million in the wider creative economy, translating as one in every 11 UK jobs. British musicians, artists, TV programmes, fashion brands, video games and films are household names in many nations around the world, proving that domestic success can be translated into global impact. The UK is also recognised as one of the best markets in the world for forecasting and generating emerging trends and is seen as a key global influencer in creativity and innovation.

But nothing stands still, particularly in this extremely dynamic area. As digital technology continues to open up new ways to imagine, create, distribute, consume and participate in creative work, the future success of this crucial sector must be underpinned more than ever by risk-taking, innovative R&D. Only by investing at an early stage in new products, services, creative content and experiences can we be sure to maintain the UK's status as a world leader, to exploit the opportunities provided by world-class intellectual property and to identify and develop our potential in emerging fields.

The 2016 Nesta and Creative England report 'The Geography of Creativity in the UK'<sup>3</sup> identified that creative businesses and workers often gather in geographic locations where they are able to collaborate and compete with each other. These clusters bring significant advantages, such as the ability to share information and ideas, access customers and

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<sup>1</sup> <https://www.gov.uk/government/news/creative-industries-worth-almost-10-million-an-hour-to-economy>

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/632185/DCMS\\_Sectors\\_Economic\\_Estimates\\_2017\\_Employment\\_and\\_Trade.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/632185/DCMS_Sectors_Economic_Estimates_2017_Employment_and_Trade.pdf)

<sup>3</sup> <http://www.nesta.org.uk/publications/geography-creativity-uk>

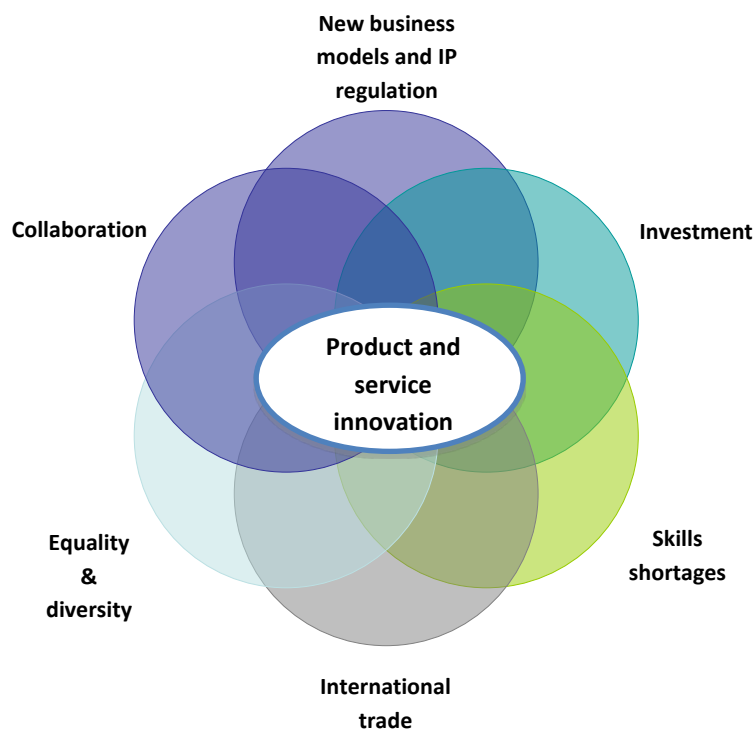
benefit from being part of a critical mass of local talent. In many of these clusters, higher education institutions (HEIs) and other research organisations already play an important role. Connecting researchers from a range of disciplines – including the arts and humanities, social sciences and STEM – with these clusters of industrial activity has shown enormous potential for positive impact.

### 3. Opportunities and threats facing the UK creative industries

The UK creative industries are world leaders: however, they are presented with a series of imminent opportunities and threats across the entire spectrum of their activities, often driven by new technology and data-enabled creative processes.

These include digital disruption, rapidly evolving business models, transformed user behaviour and expectations, and expanding distribution and global supply chains.

They are summarised in the diagram below and articulated in the questions that follow:



Continual product and service innovation is the primary challenge for the UK creative industries to maintain and develop their global status, to make new markets, attract new audiences and use their creative skills to stay ahead of new and well-funded entrants.

#### Product and service innovation

- What new creative processes, interdisciplinary knowledge and research collaborations are required to enable the UK's creative businesses to develop the new products, services, creative content and experiences that will enhance their competitive edge and drive future commercial value?
- How can we support SMEs to pursue longer-term strategic innovation rather than short-term revenues?
- Which specific sectors or future market opportunities are deserving of R&D investment and why?
- How do these reflect existing strengths and potential?

Innovations may include some or all of the elements below, or may identify new characteristics that can be considered as productive targets for innovation. Where new characteristics are identified, they must be fully evidenced and justified.

### **New business models and IP regulation**

Creative industry businesses rely not just on their ability to create new intellectual property but, critically, on their ability to extract value from it.

- How can creative businesses respond to a world of rapidly evolving business models?
- How do legal and regulatory frameworks need to change to enable innovation in the creative sector whilst retaining audience and consumer trust?
- How can such innovation be embedded in practical products and services?

### **Collaboration**

- How can HEIs, industry and policymakers come together to define and deliver cutting-edge research and development programmes that address the real challenges of their creative sectors?
- How can innovation be enhanced by improved collaboration between large and small companies, within creative clusters and across supply chains, to generate value and enable greater access to global markets?
- How can HEIs and research organisations use their convening power to align research and policy interventions within creative clusters to sustainably improve outcomes?
- How do HEIs need to evolve to effect productive collaboration with the creative industries?

### **Investment**

- Research and development funding is a vital initial investment in innovation, but how can this be shaped to maximise access to further and future sources of public and private finance?
- The creative industries have faced challenges in accessing traditional sources of finance. What needs to be done to align incubators, public and private investors, financial service providers and the research sector to provide innovative new products, services and experiences with the widest access to capital and investment to scale up and reach the market?
- How can specific product and service innovation opportunities provide evidence for, and drive the need for, change?

### **International trade**

The export of goods and services by the creative industries are worth £21.2 billion and £14.7 billion respectively, accounting for 7.2 per cent of the UK's total services and 5.2 per cent of the UK's total goods exports<sup>4</sup>. However, there is still a sense of fragility around access to overseas markets, brought into sharp focus by Brexit.

- How can regulators, the creative industries and the research base work together to ensure businesses continue to access the people, skills, supply and distribution chains they need to thrive and grow trade opportunities?
- How can specific products or services illustrate the potential for this?

### **Equality and diversity**

Neither the creative industries nor the research workforce accurately reflect the diversity of the wider UK population, with notable disparities in gender, race and socio-economic background. For the creative industries, perhaps more sharply than other sectors, a failure to address this issue is likely to hit their bottom line and lead to wasted business opportunities<sup>5</sup>.

- How can new innovation models and industry/research partnerships break down this pattern and deliver wider access and opportunity for the diverse creative talent of the UK?
- How should R&D investment be allocated to ensure the positive impact of diversity can be maximised?

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<sup>4</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/632185/DCMS\\_Sectors\\_Economic\\_Estimates\\_2017\\_Employment\\_and\\_Trade.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/632185/DCMS_Sectors_Economic_Estimates_2017_Employment_and_Trade.pdf)

<sup>5</sup>[https://www.creativeindustriesfederation.com/sites/default/files/2017-06/30183-CIF%20Access%20&%20Diversity%20Booklet\\_A4\\_Web%20\(1\)\(1\).pdf](https://www.creativeindustriesfederation.com/sites/default/files/2017-06/30183-CIF%20Access%20&%20Diversity%20Booklet_A4_Web%20(1)(1).pdf)

## Skills shortages

The creative industries sector has one of the best educated workforces in the UK, but a demand for new skills is being created by new technology-enabled modes of creativity, evolving markets for new kinds of products and changing ways of engaging audiences and consumers.

International competition will drive this demand further. In parallel, for UK HEIs there will be a global competitive advantage in the search for international students from being ahead of the game in developing new approaches to creative industries disciplines.

- How can partnerships between industry and HEIs lead the way in fusing the creative, digital, STEM and entrepreneurial skills of a new workforce equipped to span research and industry?
- How can this shape the design and delivery of new high-level courses that meet the needs of creative industries within specific sectors and places?
- How will specific R&D investments illustrate this potential and see it through to success?

The AHRC Creative Industries Clusters Programme will seek to address these opportunities and threats at an aggregate level and will be looking at how individual proposals for Creative R&D Partnerships and the Creative Industries Policy and Evidence Centre will contribute to these questions in how they design their collaborative programmes of activity.

The development of a robust creative R&D infrastructure is a central foundation of this future vision. Generating and executing the ideas, content, products and services that will drive economic growth and develop the multi-skilled workforce of the future will depend both on deepening existing partnerships between HEIs and industry, and on building new relationships and new approaches to power a fresh wave of R&D activity.

#### 4. AHRC ambitions and vision for the Programme

The creative industries are recognised as a strategic area of importance for the AHRC. Previous AHRC-led initiatives have demonstrated success in developing partnerships between HEIs and creative businesses, inspiring digital innovation, supporting skills development, developing new working models for intellectual property and effecting regional culture change.

The Industrial Strategy Challenge Fund, which is funding the CICP, is an opportunity for the AHRC to consolidate and build on this learning with a Programme that gives primacy to the challenges faced by the creative industries and will invest in new R&D activity in partnerships between HEIs, creative businesses and other key stakeholders.

The CICP will deliver new growth opportunities for the creative industries with the intention of establishing and developing industry-focused R&D Partnerships linked to existing creative clusters, anchored in a host HEIs.

The aim is to reinforce and accelerate successful approaches and to encourage new models of research that can drive forward activity with the potential for high impact. The Programme is not looking to establish new creative clusters from the ground up, but rather to maximise existing creative and cultural assets.

The AHRC believes the opportunities and threats identified in this document can be addressed by HEIs and industry working in partnership to develop a national creative R&D architecture that can bring arts and humanities, social science and STEM disciplines together to generate new research and innovation for, and with, the creative industries.

At the heart of this Programme is the desire to create an environment that enables micro-businesses, SMEs and large enterprises to partner with academic researchers to develop new products, services and experiences; allows companies to access specialist knowledge or expertise provided by HEIs; and gives HEIs the opportunity to collaborate with leading-edge commercial enterprises.

The Programme will address the challenges faced by creative businesses. It will establish strong and sustained connections between the UK research base and the creative industries and provide a pipeline of collaborative R&D investment and activity.

Investments will focus on early-stage, risk-taking research and development where funding is often difficult to obtain. However, the innovations produced by our investment must have the potential to contribute to commercial outcomes. The Programme is not looking to fund purely theoretical research, critical studies or historical analysis through the Creative R&D Partnerships, except where a strong case can be made that it is a



central component of such innovation. The timeline to exploitation need not be immediate, but the potential must be there.

The Policy and Evidence Centre will produce independent evidence and analysis for the industry and for policymakers. The Centre will produce high-quality understanding of the creative industries – including how they are working together in clusters and across the wider economy – so future policy and strategy can be informed by world-class insights that further accentuate success.

## 5. Programme objectives

The core objectives of the AHRC Creative Industries Clusters Programme are:

- Enhance creative clusters by boosting the contribution of HEI/creative industries collaborative R&D.
- Design and implement particular interventions and R&D programmes that address the challenges facing the creative industries and identified by the Partnership, with reference to issues identified in the 'Background' section above.
- Provide individuals and teams with the high skill levels needed to thrive in the creative industries and establish models for their continuing development and delivery.
- Provide impetus to local and regional economies, and step-up the growth and impact of the creative industries in those places.
- Support the creation of strong international links and partnerships for UK businesses.
- Support the sector, policymakers and researchers by improving the quality and accessibility of rich data sources and independent analysis to improve the understanding of the creative industries with a view to increasing the effectiveness of future public interventions in the field.

## 6. Scope of the Programme

A total of **£51 million** in funding is available through the CICP for the Creative R&D partnerships and the Policy and Evidence Centre. The Programme will comprise of:

- Up to eight **Creative Research and Development Partnerships (R&D Partnerships)** – each led by an HEI located anywhere in the UK. Creative R&D Partnerships will bring together HEIs, creative industries businesses and other key stakeholders.

Funding: **£45 million** is available to support up to eight partnerships. The AHRC will contribute £4-6 million (paid as 80% of the full economic costing, fEC) per partnership for 54 months (October 2018 to March 2023). Partnerships will be expected to leverage a minimum additional 50 per cent of the total AHRC contribution.

Example:

- On a £7.5 million bid, the AHRC contribution will be £6 million and the partnership is expected to leverage an additional £3 million (i.e. 50 per cent of the £6 million). Therefore the total value of the Partnership will be £10.5 million.

Partnerships will be required to bid for small amounts of capital funding to cover costs of equipment, infrastructure, facilities and the development of data assets. This funding will need to fall within the 5-10 per cent range of the total amount of funding requested from the AHRC.

- A Creative Industries **Policy and Evidence Centre (PEC)** – led by an HEI or a recognised Independent Research Organisation (IRO), this will offer independent analysis on the creative industries for businesses and policy makers, identify research gaps and co-ordinate data and analysis on the key challenges for the sector.

Funding: An AHRC contribution of **£6m** (paid at 80 per cent of full economic costing, fEC) for 57 months (July 2018 to March 2023). The Centre will be expected to leverage a minimum additional 33.3 per cent of the total AHRC contribution.

Example:

- On a £7.5 million bid, the AHRC contribution will be £6 million and the partnership is expected to leverage an additional £2 million (i.e. 33.3 per cent of the £6 million). Therefore the total value of the PEC will be £9.5 million.

Applications to the Policy and Evidence Centre will be required to bid for a limited amount of capital funding to cover costs of equipment, infrastructure, facilities and the development of data assets. This funding must fall within the 5-10 per cent range of the total amount of funding requested from the AHRC.

## **7. Partnership and collaboration**

Partnership and collaboration are at the heart of the CICIP. The Creative R&D Partnerships and the Policy and Evidence Centre will be consortia of relevant stakeholders. In the case of R&D Partnerships there is an expectation to draw extensively on expertise across HEIs, creative businesses of different sizes, regional and local bodies (such as Local Enterprise Partnerships) and other stakeholder organisations to address a distinct and measurable challenge, or challenges for their creative cluster.

The Creative Industries Policy and Evidence Centre is also expected to work with a range of stakeholder organisations including HEIs, creative businesses, trade associations and regional and local bodies. The Centre can be hosted by either an HEI or an IRO and a minimum of two HEIs should be included for each application. There is no maximum number of HEIs or IROs on each application for either the R&D Partnerships or the Policy and Evidence Centre. However, applicants will be expected to demonstrate the appropriateness of the partnerships to deliver the programme of activity or the specific challenge(s) in the case of the R&D Partnerships. An HEI can be involved in more than one application; however they can only lead on one.

Applicants will be required to leverage funding from across the partner organisations, including HEIs, creative businesses and local or regional economic partners; this can be either cash or in-kind contributions. There is an expectation that potential beneficiaries will make a financial contribution, whether cash or in-kind.

## 8. Milestones and key dates

Please find below key dates for the **Creative R&D Partnerships**:

| <b>Activity</b>                                 | <b>Date</b>                                     |
|---|---|
| Engagement events                               | 2 <sup>nd</sup> – 20 <sup>th</sup> October 2017 |
| Deadline for statement of intent submissions    | 27 <sup>th</sup> October 2017                   |
| Deadline for applications – Stage 1*            | 7 <sup>th</sup> December 2017                   |
| Outcomes of Stage 1 assessment panel            | Early February 2018                             |
| Deadline for applications – Stage 2*            | 5 <sup>th</sup> April 2018                      |
| Interview panel for shortlisted applications    | 5 <sup>th</sup> – 6 <sup>th</sup> June 2018     |
| Announcement of successful proposals            | Early July 2018                                 |
| Latest start date for Creative R&D Partnerships | October 2018                                    |

\*See Section 10. 'Programme commissioning' for more details.

Please find below key dates for the **Policy and Evidence Centre**:

| <b>Activity</b>                                  | <b>Date</b>                    |
|--|--------------------------------|
| Deadline for statement of intent submissions     | 24 <sup>th</sup> November 2017 |
| Deadline for applications                        | 18 <sup>th</sup> January 2018  |
| Interview panel for shortlisted applications     | 2 <sup>nd</sup> March 2018     |
| Announcement of successful proposal              | Early April 2018               |
| Latest start date for Policy and Evidence Centre | July 2018                      |

## 9. Engagement events

The AHRC will be hosting a series of engagement events in October 2017 to bring together senior HEI teams, key creative industries and creative economy researchers, LEPS, local government, creative sector and industry representatives to think about how challenges might be framed and offer opportunities for networking and bid development.

The events will be an opportunity to ensure potential applicants have understood the sector-based/place-based focus of the challenges to be put forward. Each event will be focused on the region they are hosted within. Attendees are strongly advised to attend the event in the region where their cluster of activity is located.

### Engagement events schedule

| Region                               | Location   | Date                                |
|--------------------------------------|------------|-------------------------------------|
| London and South East                | London     | Monday, 2 <sup>nd</sup> October     |
| Wales and South West                 | Bristol    | Wednesday, 4 <sup>th</sup> October  |
| Midlands                             | Birmingham | Thursday, 5 <sup>th</sup> October   |
| North East, Yorkshire and Humberside | Newcastle  | Monday, 9 <sup>th</sup> October     |
| North West, Yorkshire and Humberside | Manchester | Friday, 13 <sup>th</sup> October    |
| London and South East                | London     | Monday, 16 <sup>th</sup> October    |
| Scotland                             | Edinburgh  | Wednesday, 18 <sup>th</sup> October |
| Northern Ireland                     | Belfast    | Friday, 20 <sup>th</sup> October    |

To find out more about the events, who should attend and to register interest, please visit: <https://ceprogramme.com/#clusters>

## 10. Programme commissioning

Applicants are required to submit a statement of intent. Applications to the Creative R&D Partnerships and the Policy and Evidence Centre will **not** be accepted without a statement of intent submission. The purpose of the statement of intent is to shape and manage AHRC planning and development for the Programme, as well as an opportunity to identify bids that fall outside of the scope and require further development. The purpose is not to assess the applications.

The Creative R&D Partnerships application is a two-stage process. Stage 1 will be peer reviewed by an assessment panel and up to 14 applications will be invited to re-submit following individual feedback and guidance from the panel.

Revised applications to Stage 2 will be peer reviewed by an assessment panel and shortlisted applications will be invited to interview. The interview panel will make funding recommendations to the AHRC.

The Policy and Evidence Centre is a single-stage process. Applications will be peer reviewed by an assessment panel and shortlisted applications will be invited to interview. The interview panel will make funding recommendations to the AHRC.

Assessment panels will comprise of senior HEI representatives, AHRC Peer Reviewers and Strategic Reviewers, and industry representatives.

## 11. Contact information

Please contact the AHRC for any queries relating to the Programme. FAQs will be published to accompany the call specification for the Creative R&D Partnerships and the Policy and Evidence Centre to address any common questions and issues. You are encouraged to [check the website](#) for updates.

### **AHRC contacts:**

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