

Written evidence submitted by the Greater London Authority [SCE 085]

1. The Mayor of London has a key role to play in supporting and championing the creative industries in London. Through his statutory Cultural Strategy¹ the Mayor works in partnership with a range of external bodies to promote creative businesses to markets across the world and provide them with targeted support. The Mayor's investment in the creative industries encourages overseas clients and brings a wider global focus to London. The Mayor has also taken the lead on a number of crucial areas, such as apprenticeships, which are essential for growing the creative sector.
2. We are working to develop a Growth Strategy for the Creative Industries in London as a key part of the Mayor's revised Cultural Strategy. This would effectively join together all the elements that would make the creative industries thrive in the capital—from business support, to skills and education, from promotion to tourism.
3. The Mayor agrees with the Prime Minister that "now is the time" to invest in the creative industries² as a key growth area for rebalancing the economy. The Mayor also supports the view of the CBI that "If the UK is to achieve a balanced, high growth economy, it is vital that the key strengths of businesses in the creative sector are nurtured."³

How best to develop the legacy from the Olympics and Paralympics of the display of UK talent in the creative industries in both Opening and Closing ceremonies and more generally in the design of the Games

4. The Opening ceremonies would not have been the success they are without a healthy publicly subsidised sector in the capital. The Games showcased talent whose careers have been nurtured through public funding, not least Bradley Hemmings and Danny Boyle. Many of London's risky creative successes started as a result of public subsidy, not least through bodies such as The Arts Council. *War Horse* started out at the publicly-funded National Theatre, before going on to achieve huge success in the West End, Broadway and finally being adapted into a film by Steven Spielberg. Through targeted investment, the Mayor ensures that public funding supports private sector investment to sustain and grow the creative industries.
5. The Mayor is keen to raise the profile of the capital's world class talent. The Mayor will continue to emphasise London's pre-eminence as an international creative hub, whose skills, talent and infrastructure mean that London can deliver the most complicated capital projects on time and on budget, while at the same time delivering world class creativity and design. Following the delivery of the 2012 Games, the reputation of London's creativity has never been higher and we must make the most of this opportunity.
6. The skills of London's creative talent are in demand across the world, from Norman Foster designing Beijing's airport to Christopher Nolan directing the latest Batman trilogy for Warner Bros. And yet, our ability to deliver the 2012 Games—and deliver it so well—still seemed to surprise many of us as a nation. We are keen to capitalise on this new-found confidence e.g. by working strategically with public bodies such as UK Trade and Investment to champion and promote London's creativity, particularly to overseas investors.
7. Initial findings from the University of Liverpool suggest that the London 2012 Festival was the largest festival ever staged in the capital. The Festival brought together a range of partners, many for the first time. The programme included *Unlimited*, the largest ever programme of

¹ <http://legacy.london.gov.uk/mayor/culture/cultural-metropolis/docs/cultural-metropolis.pdf>

² www.bbc.co.uk/news/uk-politics-19051220

³ www.cbi.org.uk/business-issues/creative-industries/

commissions for disabled and deaf artists. The Games offer an opportunity to build on the raised profile of these artists, and to find ways of encouraging ongoing partnerships. For example, future bids for major sporting events should also consider how to integrate culture alongside them.

8. London is the growth engine for the UK's creative industries, and London's digital economy is the largest in Europe. Where digital crosses other creative sub sectors (from fashion to music, media and art) new market opportunities emerge. But we need to increase awareness of these opportunities and how businesses can exploit them.
9. The capital's creative industries festivals play an important role in promoting UK talent and attracting significant overseas investment. This year, the Mayor invested £2.3m in London's creative industries festivals (London Design Festival, London Fashion Week and the London Film Festival). The return on this investment is significant. London Fashion Week is worth almost £110m to the capital annually. Last year, London Fashion Week's International Guest Programme attracted 70 VIP buyers from 13 countries who placed orders for British designers worth almost £75m. The London Design Festival attracts around £6m in sales. This year, the Mayor invested £1.3m in Film London to deliver inward investment of £110m for London. He will continue to champion these activities in London as key annual showcases and inward investment opportunities for the creative industries.
10. The 2012 Games was the most digital event ever held. This was a great showcase for our small and medium-sized enterprises (SMEs), many of which have benefitted directly from the Games—50,000 SMEs have won contracts totalling £5bn. With iCITY as the preferred bidder for the long leasehold of the Press Centre and Broadcast Centre (which proposes to develop a digital hub with a design, research and technology centre that will generate more than 4,000 jobs and training opportunities)—the creative and tech legacy will be lasting. London is investing in the underpinning infrastructure to make this happens (such as through London's Super Connected Cities Plan).
11. There are a large number of creative practitioners and artists located around the Olympic Park (in Hackney Wick and East London) as well as a growing number of creative/digital business. There are potentially some global players in the area, both located in the Olympic Park and elsewhere, plus world class Higher Education Institutions—Birkbeck in Stratford, University College London (at Carpenters) plus Loughborough as part of the iCity development. We need to bring these players together (physically and virtually) to create a virtuous circle of support and growth in the area and beyond.
12. The Mayor is also working with his promotional agency London & Partners to develop a tourism strategy for culture and creative industries, which can support a growth strategy for the creative industries in the capital. London lags behind some other cities such as New York when it comes to promoting UK culture locally, nationally and internationally and we need to improve how we champion British creativity, entrepreneurialism and innovation as part of this wider promotion strategy.
13. During the Games, the Mayor launched the World Cities Culture Report 2012 which compared London's culture and creativity with eleven other world cities. The study was the largest exercise of its kind and was unprecedented in depth and scale. The report found that throughout the world, in major cities as diverse as New York, Shanghai, Istanbul and Mumbai, culture and creativity is as important to their success as finance and trade⁴.

⁴ www.worldcitiesculturereport.com/

14. The Mayor has established a new world cities culture forum with the ten cities aimed at capitalising on the significance of culture to cities across the world, socially and economically. He plans to bring the cities together each year for an annual summit aimed at better advocating for culture across the world, and will publish new data every three years. As a legacy of the 2012 Games, the World Cities Culture programme provides an important opportunity to produce more comprehensive global research about the economic impact of culture in cities; the impact on employment; and the shift from consumption to production i.e. how individuals and groups are increasingly creating culture for themselves.

Barriers to growth in the creative industries—such as difficulties in accessing private finance—and the ways in which Government policy should address them. Whether lack of co-ordination between government departments inhibits this sector

15. Government policy towards culture, business and education needs to be fully joined up to deliver the most effective growth strategies for the creative industries. For example, the visa system should act as a catalyst for growth and not a barrier.
16. In the same way, the Mayor has an important role to play to ensure that the capital's next generation has the skills creative employers need, that London businesses are getting the right support, and that British creativity is being promoted overseas.
17. The Mayor's Education Inquiry final report⁵ (October 2012) underlined the problem of youth unemployment and how crucial a good education and access to employer-led insights into careers pathways in the capital are for young Londoners, especially in a global city which attracts talent from around the world. The Inquiry has set out a number of recommendations (Numbers 6 and 7) which can help tackle some of the barriers to young Londoners taking up labour market opportunities in the growth in the creative industries.
18. The GLA will be taking forward the Education Inquiry's recommendations for establishing a 'Gold Club' of schools that are 'bucking the trend' of low aspiration and achievement and a London Schools Excellence Fund. This would work alongside the Gold Club to help schools make substantial progress on the most pressing priorities such as literacy, numeracy and raising standards in science, technology, engineering and maths.
19. So much can be done to bring together science, art and design in the classroom, and at the same time integrate the creative industries across the curriculum. In a pilot project for the BFI, the numbers of young people wanting to study languages at A-level rose by one fifth as a result of cinema being embedded within the students' MFL curriculum⁶. Young people could be playing maths and science games to help them make the connection between their learning and the wider world. They could be coding and learning to program. The next generation could be doing more than visiting websites and playing games—they could be learning to build them. Additionally, increased business engagement in schools (different sizes and types of businesses) will be critical to inspiring young people in the industries of the future.
20. But we also need to ensure that there are opportunities for young people when they leave school. Another barrier to growth is the outsourcing of manufacturing, particularly overseas. To give one example—a lack of skilled machinists in high end fashion means that British businesses are losing out to competition in mainland Europe. There is a need for apprenticeships and vocational training to be better aligned with demand.

⁵ www.london.gov.uk/strategy-policy/mayors-education-inquiry

⁶ www.bfi.org.uk/about-bfi/policy-strategy/film-21st-century-literacy

21. The Government's new university technical colleges (UTCs) and free schools initiatives are also pioneering innovative teaching in relevant subject areas, particularly STEM, and engaging industry in high quality curricula. The Mayor wants to support this approach and has established his own academies programme, TFL sponsorship for Greenwich UTC, and a free schools unit to facilitate more free schools in London.
22. Embedding higher education more deeply into the 'innovation ecosystem' will be key to supporting business start-ups and business growth, where collaborative working across disciplines and sectors can lead to the cross fertilisation of ideas and innovation. This entrepreneurial culture and collaborative working needs to be championed, supported and clearly sign posted (given the complexity of London's institutional landscape), and the benefits to creative SMEs clearly articulated⁷.
23. Business support and incubator space provided through universities is likely to be all the more important in a sector where graduates are more likely to take the self employed route from a young age.
24. The incentives to facilitate closer collaboration between universities themselves also need to be in place, in what is a highly competitive higher education sector.
25. The Mayor has a target to generate 250,000 apprenticeships places over the next four years. This is a challenging target which builds on the success the GLA has achieved so far, and which will be of benefit to the creative industries alongside other sectors.
26. To achieve it will require close working with businesses, particularly promoting the offer to small and medium sized businesses and ensuring that they are aware of the support available. The Mayor is committed to helping with the coordination of sector and trade bodies to pull together and coordinate the demand for apprentices, ensuring small businesses have the right information and the right support from training providers.
27. The GLA will also focus on driving up the quality and range of apprenticeship options for employers, ensuring that any business in London can find an appropriate apprenticeship to meet the needs of their business. The Mayor will continue our high profile campaign working directly with some of London's biggest businesses to embrace the apprenticeships challenge - by securing and promoting high profile change within London's business community we will continue to shout the message that apprenticeships are good for business as well as Londoners.
28. The Mayor is committed to making sure that our apprentices are supported financially by implementing, as soon as possible, a travel concession on the London transport network as well as ensuring that the public sector steps up to the plate. We will lead by example by employing 1,000 apprentices per year either directly within the GLA Group or across our contractor workforce.
29. Finance and fiscal incentives can provide valuable and reliable income streams for creative activity. Supporting businesses is an essential part of sustaining city success and the creative industries need specialised business advice. However, generic support and advice services for businesses do not necessarily serve creative businesses well, leading to lack of confidence and low-take up. Creative businesses require specialised tailored support which can include marketing and export development and mentoring by successful creative entrepreneurs. Workplaces that bring together creative entrepreneurs are increasingly popular and provide positive spill-overs that inspire new collaborations, products and services.

⁷ The Mayor supports 'Creativeworks London' and 'London Fuse', AHRC and ERDF respectively funded knowledge exchange programmes www.creativeworkslondon.org.uk/

30. The perception that creative industries are inherently risky needs to be challenged as it leads to a reluctance among banks to lend to creative businesses. A recent report found that 49.7% of creative new firms in the creative industries were still trading after five years, compared with 46.9% in the economy overall⁸. The report found that the “survival rate” for creative businesses was the fourth best in the economy, higher than manufacturing and retail, and no different to real estate.
31. SMEs in London continue to raise with the Mayor their view that inadequate bank lending since the recession began has held back their ability to access finance to aid London’s economic growth—the Federation of Small Businesses (FSB) London’s most recent SME survey showed 49% of respondents think credit availability is poor⁹. London’s global position as a centre for venture capital means there is a great deal of investment being made, but this is not reaching all types of SME. We therefore support the government in its efforts to ensure that banks are lending to SMEs.

The extent to which taxation supports the growth of the creative economy, including whether it would be desirable to extend the tax reliefs targeted at certain sectors in the 2012 Budget

32. The Chancellor’s plans for corporate tax relief for animation, high-end TV and games could reverse a trend of UK productions being made overseas. Tax relief for video games alone could help increase that sector’s contribution to the UK economy by £280 million over the next five years.
33. The Mayor strongly supports the Government’s plans to extend tax reliefs to these sectors.
34. The film tax relief has shown how support for the creative industries can make a huge difference. London is now one of the busiest film production centres in the world, competing with New York and Los Angeles for the top spot. Over 75% of the UK’s industry is based in London and the surrounding film studios. London has an international reputation as a film friendly city with a strong film culture. The UK Film Council estimated that the introduction of film tax relief was responsible for the creation of 30,000 jobs—three quarters of which were in London—and was the major factor in a huge increase of inward investment¹⁰.
35. Our ambition is for London’s future television production to rival HBO (Home Box Office), our animation culture to rival Disney or Studio Ghibli, and our games production to continue to be world class. The success of London’s film industry over the past twenty years shows what sustained investment can achieve.
36. Without support, the animation, high-end TV and video games sectors would be at risk of underinvestment. The tax reliefs will create a more stable production base for animation, high-end TV and video games which will foster a stronger creative industries culture in London.
37. There is a huge potential for growth in these sectors in London, and the Mayor supports this measure as crucial to strengthening the capital’s infrastructure and production base.

Ways to establish a strong skills base to support the creative economy, including the role of further and higher education in this

⁸ *Risky Business* (Demos, 2011)

⁹ FSB London Small Business Index Q3 2012.

¹⁰ *The Economic Contribution of the UK Film Industry* (Oxford Economics, July 2007)

38. A growth strategy for the creative industries in London starts in primary schools. With this in mind, the Higher Education (HE) sector has a crucial role to play in ensuring that the training of primary and secondary teachers—particularly in science, technology and computer science—keeps up with the pace of innovation in the sector.
39. The Mayor’s Education Inquiry recommended bringing together schools, Further Education (FE) and HE institutions and employers to develop better links between the education and business sectors, ensuring that training given to young people helps meet London’s current and future skills needs. This should include developing new ways to increase the supply of high-quality work placements and improve access into apprenticeships¹¹.

The importance of “clusters” and “hubs” in facilitating innovation and growth in the creative sector. Whether there is too much focus on hubs at the expense of encouraging a greater geographical spread of companies through effective universal communication.

40. The clustering of facilities and talent in London is one of the reasons the capital is so attractive to overseas investors. The World Cities Culture Report 2012 cited the “critical mass” of culture in world cities as one of the reasons for their success¹². For a film studio or games developer, London offers a ‘one-stop-shop’ of pre- and post-production expertise. This brings millions to the capital, strengthens our culture, and helps sustain our talent pool, leading to a virtuous circle of more amenities, an even more vibrant cultural and technical environment, and a greater attraction for investors. Therefore we do think “clusters” and “hubs” remain important.
41. The success of ‘Tech City’ in Shoreditch exemplifies this, where the clustering of firms (large and small) has enabled labour market pooling, generating knowledge spillovers between different firms and across different sectors cross-fertilising ideas and generating new start-ups, the attraction of related services (such as accountants and legal specialising in digital), amenities and infrastructure (from the growth in incubator spaces to the bottom up provision of skills (such as Rich Mix’s ‘Dev Camp’ project to teach kids to code), to faster broadband (for example the ‘Shoreditch Network’ of providers). This in turn becomes self-perpetuating as the talent pool, cluster of firms and amenities attracts more firms and workers and investors.

The work of the Creative Industries Council and other public bodies responsible for supporting the sector.

42. We would welcome more clarity about the outcomes of the Creative Industries Council so far, and whether the Mayor has a role to play in supporting its work.
43. This year, the Mayor has invested £1.3m in Film London to deliver inward investment of £110m for London, generate 2,500 employment opportunities, sales of £3.3m, and £2.2m of investment into UK production. Film London plays a hugely important role to support the capital’s film industry and its businesses. With 75% of the UK industry based in London, Film London has been instrumental in facilitating the growth of inward investment and jobs in the capital.
44. The Mayor also works with a range of other public agencies—from BFI to UKTI to Skillset—whose role in helping shape a growth strategy for the creative industries will remain crucial.

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¹¹ www.london.gov.uk/strategy-policy/mayors-education-inquiry

¹² www.worldcitiesculturereport.com/