Transforming Scotland's Creative Economy

John Knell and Tom Fleming

May 2008

Contents

Foreword

The Creative Scotland Transition Project (CSTP) commissioned us to work with their internal teams, and key partners, to develop a shared understanding of the role and position of the creative economy in Scotland, and the key issues in ensuring its future growth.

Since the inception of the project there have been a number of complementary developments which have influenced the shape of this report:

In January 2008, Linda Fabiani, MSP, and Minister for Europe, External Affairs and Culture, invited Anne Bonnar, Transition Director of Creative Scotland, to chair a short life Working Group to consider the organisation and effect of public sector interventions in Scotland in support of creative enterprises.

The Working Group comprised representatives from the main public agencies concerned with creative enterprise namely Highlands and Islands Enterprise (HIE), Scottish Enterprise (SE), the Scottish Arts Council (SAC) and Scottish Screen (SS) and officials from Scottish Government.

The Working Group will soon report their deliberations to Minister Fabiani.

The analysis we present here has informed their work, but stands separate from it, and represents the views of the authors alone, and not the views of the CSTP or the Working Group. However, there are inevitably strong links and commonalities reflecting the dialogue that has taken place between the key partners during its production.

The formation of the Working Group has allowed us to focus our attention on the opportunities for Scotland's creative economy; what it can powerfully learn from international evidence; and what an ideal type creative economy policy portfolio designed for Scotland would look like.

The Working Group is developing detailed forward plans on how best to bench test the strength of existing public sector interventions in support of creative enterprises in Scotland, and to determine the right policy priorities for Scotland.

This report is designed to aid that ongoing work by establishing both a framework to understand the role of creative economy support, and the core components of a leading edge attempt to ensure its future growth in Scotland.

Reflecting that ambition the report has three key elements:

Chapter One establishes our analysis frame by outlining how best to understand the creative economy; the contours of Scotland's creative economy; and the appropriate aims of creative economy policy and support.

Chapter Two reviews the international evidence in order to establish some clear benchmarks for the development of creative economy policy in Scotland, and to detail the policy portfolio options for any leading edge creative economy strategy.

In the light of this evidence, **Chapter Three** outlines our recommendations in terms of the principles that should inform Scotland's creative economy policy, and our preliminary thoughts as to the some of the early interventions that the Working Group and its partners may choose to pursue in the future.

It would not have been possible to complete this work without the support of the CSTP team, and we would like to thank Anne Bonnar, Carol Warner, Ken Hay, Jim Tough, Ewan MacDonald, Mike Kidd, and Jenny Attala for all their support and input.

All errors and omissions remain our own.

Tom Fleming & John Knell

May 2008

Chapter One: Understanding and Supporting the Creative Economy

Introduction – 'From the margins to the mainstream'

Maximising the success of a developed economy now requires maximising the returns from the creative economy

In terms of international comparisons, the UK has the largest creative sector in Europe and by GDP probably the biggest in the world. In 2005, the Creative Industries accounted for £60 billion, or 7.3per cent of Gross Value Added (GVA). This is roughly comparable with financial services.

The last decade has seen the sector grow at 6% a rate which is twice as fast as the rest of the economy. This growth has been matched by job creation with total creative employment rising from 1.6 million in 1997 to 1.9 million in 2006. Of these jobs, 800,000 are within businesses outside of the Creative Industries. The sector's economic importance is underlined by its value as an exporter, being responsible for £14.6 Billion of exports or 4.5% of the UK's total exports[1].

Reflecting this impressive performance profile the Creative Economy has moved from the margins to the mainstream of economic and policy thinking. The most high profile manifestation of this shift is *Creative Britain*, the UK Government's cross departmental action plan for the Creative Economy, which was launched in January 2008.

This action plan, the culmination of the Creative Economy Programme, provides an overarching vision and strategy for growing the nation's creativity. It envisages a future in ten years time where:

> *"..where every young person believes they have a real choice to use their talents in a creative capacity, it is a vision of creativity as the engine of economic growth for towns, cities and regions, it is also a vision of dynamic, innovative, successful creative businesses providing prosperity and fulfilling job opportunities right across the country".*

However, despite this laudable ambition, it would be an exaggeration to say that '*Creative Britain'* absolutely 'nailed it' – in terms of recognising the challenges and specifying solutions. Critical response to the analysis and policy recommendations has been at best muted.

[1] Creative Britain: New Talents for the New Economy, published in 2008 by the Departments for Culture, Media and Sport (DCMS), Business, Enterprise and Regulatory Reform (BERR) and Innovation, Universities and Skills (DIUS).

Much of the ambition and clarity of purpose that drove the original analysis of the Creative Economy Programme did not make it through the editorial process that produced '*Creative Britain'*.

Whilst the final report is full of entirely sensible, if limited, recommendations on how to improve the creative economy, they feel tactical and disconnected, lacking any sense of incremental and strategic intent.

The report also suffers from ailments that appear to afflict most public policy work in this area – a lack of simplicity, clarity and focus.

As we will argue later, we do not believe there is a coherent, coordinated national policy for the creative economy anywhere in the world. Scotland needs to make a good fist of becoming the first such example.

1.1. From Creative Industries to the Creative Economy

Where should Scotland begin on that journey? The necessary first step is to develop a shared understanding of what is meant by the creative economy tag. Clarity is needed given the adoption of multiple definitions for the sector – for example terms such as the 'experience economy' and 'copyright industries' are gaining currency[2].

And language really does matter. We believe that support for the creative economy can be more sharply tailored by moving away from a creative industries formulation to the more finely layered creative economy notion.

Throughout our scoping work for the CSTP we have been working within the categorisation developed by NESTA in 2006 report 'Creating Growth'. Here, the creative economy is seen to encompass:

1. **Creative Services:**
   Creative service enterprises are those based around providing creative services for clients, earning revenues in exchange for developing their time and intellectual property (IP) to other businesses and organisations. Creative enterprises typically include advertising agencies, architects, designers, photographers and software consultants.

2. **Creative Content**:
   Creative content enterprises invest capital upfront in the development of content, often (but not exclusively) media and entertainment content, and earn revenues by exploiting the resulting IP through sales, advertising and licensing. This grouping includes broadcasters, book and newspaper

[2] See the Creative Transition Project website 'Scotland's Creative Economy' (www.transition.creativescotland.org.uk)

publishers, record companies, film studios and computer and video game publishers

3. **Creative Experiences**
Creative experience enterprises sell the right for consumers to experience or witness specific activities, performances or locations at the time and place of performance, rather than through recordings or broadcasts. Creative experience providers typically include theatre, opera and dance production companies, and live music organisers and promoters.

4. **Creative Originals**
These enterprises include producers and sellers of physical artefacts which are 'one-offs' or produced only in very limited production runs, and in which the value is derived from their perceived creative or cultural value, exclusively and authenticity. These include visual artists, crafts and designer-makers.

This creative economy categorisation brings with it a number of advantages:

Firstly, these groupings are not based on market output (such as film or music) but on common business models. Each of these models brings with it an accompanying set of very specific and distinct commercial pressures. These distinct dynamics need to be well understood if public investment and support are to be effectively tailored to maximise the potential of *all* of the components of Scotland's creative economy.

The aim of course must be to develop support initiatives that are based on an understanding of the different growth patterns and business models that underlie specific parts of the Creative Economy.

Secondly, a creative economy approach helps to break an unhelpful over preoccupation with individual sub-sectors, too often at the expense of a clear focus on the interventions that matter to the whole creative economy (for example, talent; technology; markets and clusters; content; and intellectual property rights (IPR))

Thirdly, a creative economy approach underlines the falseness of the boundaries that are all too often drawn between the traditional performing arts and the so-called creative industries. The rather more messy, but more exciting reality is that traditional performing arts and cultural organisations are increasing being drawn into the creative content dimensions of the creative economy – with playwrights, musicians, and a host of performers becoming more interested in how to develop intellectual property (IP) 'beyond the show', and to use the full range of social and broadcast media to reach the widest possible audience.

Growing the creative economy requires a tide that lifts all ships, increasing the rates of ideation, creativity, and commercial exploitation within and across each of the constituent elements outlined above. This of course turns creative economy policy and support into a multi-handed game, in which Creative Scotland, the Enterprise Agencies, Local Authorities, and other key partners will need to play a full part.

Their challenge is to first understand the unique vibrancy and potential of the sector, and its enormous potential contribution to the broader economy.

1.1.1 The X factor of the Creative Economy

For more than a decade the creative economy has been recognised as one of the fastest growing sectors of the UK Economy, not least in key city regions such as Edinburgh and Glasgow. Since the creative industries were first defined by the Department for Culture Media and Sport (DCMS) in 1998, they have been viewed as key not only to economic growth, but also as having a critical role to play across a wide range of other policy areas including regeneration, education and social welfare.

The influence they have had is well expressed in the first sentence of a recent Demos report:

> *"The Creative and cultural industries are perhaps the most visible and potent emblem of the way the post industrial age is transforming Britain's economy*"[3].

This visibility and potency is part of the x-factor which sets the creative economy apart. While it may be of equivalent economic size as financial services, it is the way it encompasses, in the words of the Work Foundation, "the creation of ideas, images, symbols, design and cultural expression' that make it a unique 'national asset'"[4]. How this asset can be best supported, protected, grown and made more successful for more people, has driven much recent policy work at a regional and UK-wide level.

1.1.2 Underpinned by Intellectual Property and Marked by Difference

As a sector, creative economy enterprises can be defined both technically, through their relationship to intellectual property; and systemically, through the set of shared sector characteristics. The 1998 DCMS definition of the sector highlights the importance of creation and creative activity:

---

[3] Demos, 'Inclusion, Innovation and Democracy: Growing Talent for the Creative and Cultural Industries', October 2006.
[4] The Work Foundation, 'Staying Ahead: the Economic Performance of the UK's Creative Industries', 2007.

"The Creative Industries are those industries that are based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through developing intellectual property"[5].

The sector can also be categorized by a set of shaping characteristics - relating to industrial structures, labour force dynamics, business models and a 'sectoral mindset'. They include the following key factors:

1. Size matters

While the sector is dominated by Small and Medium Sized Enterprises, which form the vast majority of businesses, much of the wealth and turnover of the sector is generated by a very few large businesses. The largest 200 creative firms account for 50% of total turnover. While this varies by sub-sector – with some sub-sectors such as music and publishing being dominated by large businesses, its impact is felt across the board

2. Fragile and freelance

Employment within the sector is characterised by the 2 Fs: it is fragile and freelance. The nature of the small businesses which characterise the sector, and the need for flexible employment arrangements, means that staff can be hired and let go on a project basis. Employment is also characterised by high numbers of self-employed or freelance workers, often through a combination of lifestyle choice and as a reflection of the employment market.

3. Driven by start ups

Growth in the Creative Industries is very much driven by new start up businesses. Between 1995 and 2000, start-up companies accounted for 48% of turnover growth, most of which occurred in the first year following start-up. One of the issues for the sector is

[5] DCMS Website, 2008.

that growth after the first year is often slow, which relates to issues around business planning, finance, management skills, extent to which businesses are lifestyle businesses and access to markets.

4. Globalisation

The impact of globalisation is being increasingly felt in the creative economy, with both more activity being outsourced abroad by UK companies and more competition from foreign suppliers, especially in India and China.

These shaping characteristics have deep-seated implications for strategy and policy relating to the sector.

1.1.3 A key driver of innovation

The recently published UK government strategy for innovation - *Innovation Nation*[6] - makes clear that the creative economy and innovation are linked in multiple ways. On one level this is as a function of their existence as creative businesses adding value for creative processes and thinking:

> *"The arts and Creative Industries make a very significant contribution to the UK's economy and cultural life and may also have a role in stimulating innovation elsewhere in the economy. For example, design is often fundamental to the creation of innovative products and services; firms with higher design intensity have a greater probability of carrying out product innovation; and design expenditure has a positive association with firm productivity growth".*

However, as the reports recognises, it is in the relatively new area of knowledge exchange and transfer where much of the potential impact of creative businesses on the UK's innovation system is being felt. Promoting strong cross-sector linkages and encouraging collaborative projects are becoming ever more critical, with projects such as the Design Counil's Designs of the Time Programme.

While being a creative business does not per se mean that you are an innovative business, 78% of creative businesses are classed as 'innovation active', while they are more likely than the average firm to use 'wider innovation' and innovative products account for a higher percentage of their turnover.

[6] Innovation Nation, DIUS 2008

NESTA's recent research[7] into the connection between innovation and creative industries concludes that connecting Creative Industries and innovation policy is vital to future innovation and growth:

"Policymakers should stress the wider benefits of creativity when promoting the contribution that design can make to business performance. Efforts to enable knowledge transfer should also support the exchange of new ideas between creative businesses and firms in other sectors of the economy. The findings suggest that policymakers need to reconsider the frameworks on which they base Creative Industries and innovation policy. Creative industry support measures may be more productively targeted at stimulating innovation links between creative businesses and firms outside the Creative Industries".

It needs little emphasis that these broader spill-over effects from the creative economy into other sectors provide an enormously powerful case for concerted efforts not just to grow the creative economy itself, but to seed its links and interdisciplinary connections with other parts of the economy.

1.2 Land of Opportunity: Scotland's Creative Economy

Scotland's creative economy is becoming increasingly important as a driver of growth, competitiveness, and job creation. It now constitutes 4% of the Scottish economy and it contributes over £4 billion in output (Grove Value Added (GVA)).

As the First Minister recently commented:

"*In new media sectors, such as multimedia and games - and in traditional forms, literature, film and theatre - Scottish talent is thriving. And of course we Scots are lucky enough to have the one of the best brands in the world - a global recognition and affection for our culture that money cannot buy"*[8]*.*

The Scottish Government, in its recent Economic Strategy, cited the creative industries as one of six key areas with high growth potential and the potential to boost productivity in the Scottish economy.

1.2.1 No longer the poor relation

This reflects an acceptance that Scotland's creative economy is no longer the poor relation to 'hard', 'traditional' industries, and is increasingly central to innovation and growth across all the sectors of Scotland's key economy. In a small country like Scotland, the Creative Industries make a special and multi-

[7] Nesta 2008, Creating Innovation Do the Creative Industries support innovation in the wider economy?
[8] Alec Salmond, '*Free to prosper: Creating the Celtic Lion Economy'* Speech given at Harvard University, March 31st 2008.

faceted contribution towards strengthening Scotland's global competitiveness, not least in terms of the symbolic value they provide as markers of distinctiveness and providers of confidence.

The economic and social responsibility for Scotland to fully exploit its creative potential should be understood as part of a wider narrative in which creativity is of increasing importance across Scotland's entire cultural and industrial landscape.

The Scottish Government has therefore pledged to create the right environment to stimulate creative economy competitiveness and growth. This is because since the mid-1990s the creative economy has been a major source of economic and job growth in Scotland, not least in specific places – such as the larger cities and rural Western Scotland:

- Scotland's Creative Industries generated £6.5 billion in 2004, an increase of 19 per cent on the creative industry figures from 2003. GVA increased by 25 per cent to £4 billion over the same period

- Overall, between 1998 and 2005, the number of people employed in the Creative Industries in Scotland has increased from 39,800 to 58,100 (45.9% growth) while the turnover ratio rose from £(m)2,604.8 to £(m)6,960.8 (167% growth)

- Between 1998 and 2005, the number of people employed in Broad Sector industry rose from 1,551,000 to 1,624,000 (4.7% growth) while the turnover ratio rose from £(m)133,853 to £(m)180,306 (34.7% growth)

- Digital media activities currently contribute five per cent of the total Gross Value Added and employ approximately 194,000 people[9]

- In 2005, 41,000 people were employed in the Creative Industries in Western Scotland, 4 per cent of all in employment

- Between 1995 and 2004, total employment in the Creative Industries grew by 9,000 (or 30 per cent) in Western Scotland, significantly faster than in Scotland and the UK as a whole[10]

- Computer media and software accounts for a majority of the growth – 8,000 jobs in the sector over the past ten years with Glasgow accounting for 2/3rd's of the regions jobs and 52 per cent of growth in the last decade[11].

[9] Scottish Enterprise Website
[10] SLIMS Report, 2006.
[11] SLIMS Report

This recent performance profile confirms the enormous potential of Scotland's creative economy. But what are its other defining characteristics?

1.2.2 A Small Business Sector

Scotland's business demography consists of numerous micro-businesses, sole-traders widely dispersed across the Scottish landscape that if gathered together are seen to make a substantial and tangible contribution to Scotland's economy. Over 90 per cent of creative workplaces employ no more than ten people (compared to 78 per cent for across all sectors[12]). Greater prevalence of small businesses in the Creative Industries might reflect high levels of self-employment in this sector with larger businesses tending to be concentrated in architecture; design; and computer media sectors.

1.2.3 A Dispersed Sector

Though concentrated in urban centres, Scotland's creative economy is widely dispersed – for example, activities are spread across the Highlands and Islands. 98 per cent of Scotland's land mass is rural[13], while the Central Belt and Tayside/Grampian regions dominate Scotland economically and demographically[14]. Regions such as the Highlands and Islands, Borders, and Dumfries and Galloway lack universities and have traditionally been more dependent on land-based and traditional manufacturing industries.

The significant impact of creativity in Scotland is evidenced by Tayside's relatively recent growth as a hub of artistic, digital and electronic creative success. The Creative Industries in Tayside employ over 3,300 people, an increase of 225 per cent since 2000[15] and have an annual combined turnover rate in excess of £185 million[16]. Scottish Enterprise Director for Tayside, Nick Day, advises that two-thirds of Creative Industries[17] in the area (approximately 350) predict growth of 20 per cent over the next three years with a further 2,000 jobs expected to be created by 2010[18].

---

[12] SLIMS Report
[13] The Scottish Government defines 'rural Scotland' as "settlements with a population of less than 3000".
[14] Scottish Executive, *"The Scottish Innovation System: Actors, Roles, and Actions"*, (Edinburgh, 2006)
[15] Interactive Tayside Website, http://www.interactivetayside.com;
[16] Ibid;
[17] For a list of all the Creative Industries in the area see: http://www.interactivetayside.com/directory_summary.cfm
[18] Nick Day, Scottish Enterprise Director for Tayside, acquired from Interactive Tayside Website.

1.3 Making it Count – the aims of Creative Economy policy

This encouraging performance has been achieved in the absence of a national strategy for the creative economy in Scotland.

The starting point of our analysis is that by building on recent success and learning from elsewhere – there is a fantastic opportunity to build a high quality, high profile, and high energy creative economy policy that works nationally and locally.

However this is going to require absolute clarity on what the key agencies are trying to achieve through better creative economy support in Scotland**.**

1.3.1 Building Capacity and Driving Growth

Our review leads us to the conclusion that creative economy policy should have **two operating ambitions:**

- **Building Capacity** – to build creative economy mass and capacity at a local level

- **Driving Growth** – to maximise the value added of the creative economy

Building Capacity

If all segments of Scotland's creative economy are to be grown successfully, creative economy policy will need to increase the size of the pipeline for creative ideation and commercialisation. One way to think of this is that policy is trying to create a fat pipeline of:

- New creative individuals and networks
- New ideas, content and intellectual property
- New products and services
- New business models
- New creative enterprises

All of these outcomes are amenable to measurement and will require Creative Scotland, the Enterprise Agencies, and other key partners, to set challenging ambitions for the increased scope and scale of creative economy activity in Scotland.

Policy interventions here need to be very much a 'national offer' aiming to build the capacity of Scotland's creative economy as a whole. One powerful route forward would be for Creative Scotland and the other agencies to agree with the Scottish Government some specific targets for the overall size and contribution of the creative economy to Scotland's broader economy by 2012, and provide a new investment case to deliver those targets.

Driving Growth

A creative economy policy for Scotland needs to be equally clear headed about how it is seeking to deliver greater growth across the creative economy, and the implications in terms of focus and investment.

At its most simplistic, policy should be seeking to develop more sustainable first rate enterprises across all segments of the creative economy, which are growing in both creative and economic terms.

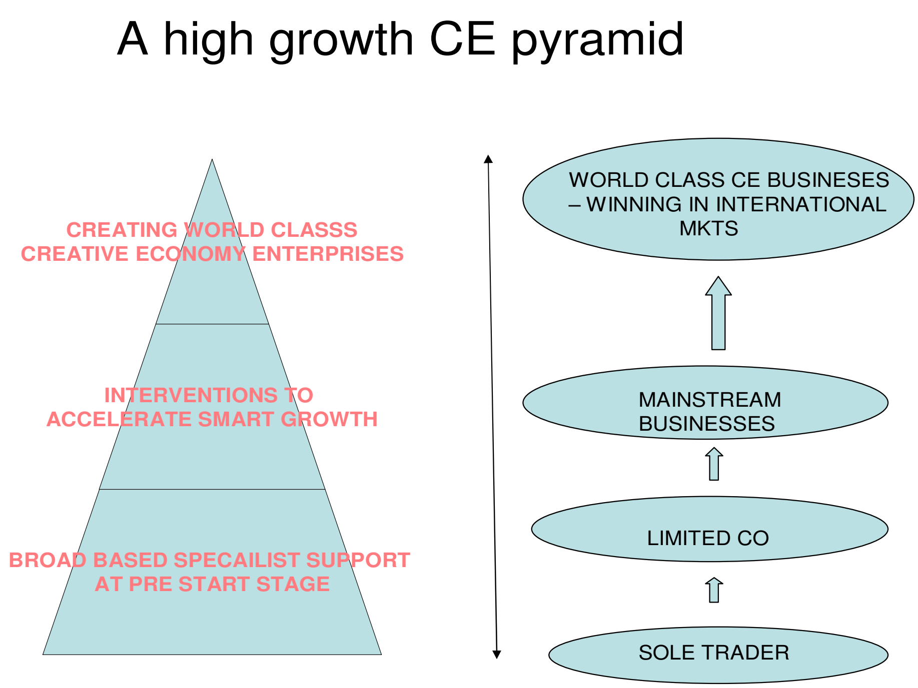
More broadly, policy should be seeking to encourage individuals and enterprises to develop scaleable world class ideas, propositions and business models which allow a significant repatriation of profits and future growth within Scotland. This is not necessarily a function of enterprise size, too often the narrow concern of enterprise policy, but rather the quality, reach and uniqueness of new business propositions.

One way to think of these challenges is captured in **Figure 1** below.

The aim of creative economy support and policy is to migrate ideas and enterprises from the base of the growth pyramid to its apex, by tailored interventions at each level of that growth journey – from broad based specialist support at the pre start up stage (for example the services currently offered by the Cultural Enterprise Offices) to specific interventions aimed at helping to foster world class creative economy enterprises or business models.

A creative economy policy that does not systematically address this ambition, and the specific types of intervention required, will not deliver high and sustainable creative economy growth. This in turn may require hard choices in terms of where to '*crowd-in'* investment in order to build the necessary critical mass vital to success.

Figure 1



For example some segments of the creative economy, such as ‘creative service providers’ (advertising and design) and ‘creative content producers’ (music, television, computer games), potentially offer greater returns in terms of a high growth strategy. This is because they produce IP that can be more easily reproduced and exploited. Scotland’s creative economy policy will need to weigh these and other issues.

How far does international experience provide a route map for how best to tackle these challenges?

Chapter Two - Creative Economy Policy: International Benchmarking

Introduction

The speed of growth within the creative economy globally has not been matched by a corresponding improvement in the scope and quality of official data across the global. Nonetheless, there is a growing body of evidence capturing both the importance of the creative economy globally and the most effective types and forms of policy support.

We have structured the evidence into three parts. The first two review the scope and scale of the creative economy globally, and then within Europe. The final section attempts to map and summarise the most effective forms of policy support, identifying the key benchmarking questions for Scotland's creative economy policy.

Let's begin with the global evidence:

2.1. Global Data and Intelligence

At a global level[19] the creative economy is growing fastest in major emerging economies where the growth in knowledge-intensive industries and disposable income establishes new demand for creative goods and services[20]. UNESCO show that trade in cultural goods[21] has increased over the last decade from $39.3 billion in 1994 to $59.2 billion in 2002. UNESCO also points to the added value of culture and creativity, speculating that the market value of industries that rely heavily on this to be at $1.3 trillion. At a policy level, there are very few countries in the world where the creative economy is not being pursued as an opportunity for economic growth, social cohesion, or advancing civil society.

The European Union leads the way in terms of creative exports, with 51.8% of world exports in 'cultural goods' (as defined by UNESCO). However, since 2003, Asia has established itself as the second largest exporter (20.6% share). In Hong Kong[22], the creative industries are estimated to account for 3.8 % of GDP; in Singapore[23], the 'copyright industries' account for 3.4% of total employment and have a value-added of over 55% (2000 figures); and in Taiwan[24], the creative industries provide 5.9% of GDP (in 2000).

---

[19] This section draws heavily on research by the Work Foundation, 2007.
[20] See Barroclough, D. and Kozul-Wright, Z. 92007): 'Creative Industries and Developing Countries: Voice, Choice and Economic Growth' for an overview of the current status and profile of the Creative Industries in developing countries.
[21] This is defined as heritage goods, books, newspapers and periodicals, other printed matter, recorded media, visual arts and audiovisual media (UNESCO Institute for Statistics, 2005).
[22] See: www.cpu.gov.hk/english/documents/new/press/baseline%20study(eng).pdf
[23] See: http://app.mti.gov.sg/data/pages/507/doc/erc_svs_cre_exec.pdf
[24] Challenge 2008: National Development Plan, 2002.

BRIC Economies
The international evidence does suggest that for countries like Scotland there is a substantial and growing international market for creative exports. Supply and demand in the BRIC[25] economies is growing and has the potential to grow substantially. This provides major market opportunities for countries with established creative export markets, as well as introducing a set of threats posed by cost and convenience factors in, say, India or China.

Each of the BRIC economies has shown major ambition to operate as major creative economy producers and markets. However, the sector remains proportionately very small, while manufacturing and agriculture are resolutely dominant[26]. Indeed, even in those relatively developed Asian regions, the Creative Industries does not account for a comparable share of the economy when compared to the European Union. For example, in Japan the sector sits at just 3.3% of GDP[27], and in South Korea[28] it accounts for just 0.2% of total exports (although it is growing at over 10% per year).

Much has been made of the potential limiting factors on growth imposed by weak intellectual property regimes in the BRIC economies and elsewhere. The argument runs that where there are very high levels of piracy and the absence of a committed intellectual property protection/negotiation system, markets remain under-developed and the will to innovate is eroded. For example, counterfeiting is estimated to account for 8% of China's GDP[29].

However, there is also room for some guarded optimism here. It is likely that as countries such as India and China become increasingly prosperous, compliance with global IP norms will increase. Moreover, a more prosperous 'developing world' provides more opportunities than threats for the Scottish Creative Economy.

2.2 European Data and Intelligence
Perhaps unsurprisingly given the long established and distinctive cultural and creative traditions across Europe, the European Union is a global powerhouse for the creative economy.

A recent significant study[30] showed that:

---

[25] Brazil, Russia, India and China
[26] Manufacturing and construction account for 52.2& of China's GDP (Economist Intelligence Unit 2007).
[27] See www1.worldbank.org/devoutreach/nov03/textonly.asp?id=221 'Urban Development Needs Creativity: How Creative Industries Can Affect Urban Areas'.
[28] South Korean Cultural and Tourism Policy Institute, Cultural Policy Department, 2002: 'The Cultural Industry Policies in Korea'
[29] Congressional-Executive Commission on China, 2005.
[30] KEA (2006)

- In 2003 the 'Cultural and Creative Sector' had a turnover of more than €654 billion; contributing to 2.6% of EU GDP. This compares with a % GDP of 0.5% for textiles and 1.9% for food, beverage and tobacco manufacturing.

- The overall growth of the sector's value-added was 19.7% in 1999-2003, which was 12.3% higher than the growth of the general economy.

- In 2004, 5.8 million people worked in the sector: 3.1% of total employment.

- The sector is well-educated, with 46.8% of workers educated to degree level, compared to 25.7% in total employment.

- There are also a range of non-quantifiable contributions. For example, there is interdependence between the Creative Industries and ICT, with each depending on the other for growth. In addition, the report states that "culture is a main driving force for tourism", working to attract an increasingly affluent and discerning tourism market.

Despite the value of this large-scale study little comparative research has been undertaken on, for example, the dynamics of creative sub-sectors across Europe, or the relative scale of the Creative Economy in key cities and city regions.

Of the evidence available, some of the best has been generated across the Nordic Region. For example, in Sweden a study into the 'Experience Economy' shows that the sector employs some 280,000 people and accounts for nearly 5% of GDP. It also shows that it is a predominantly 'small business sector', with 98.5% of companies employing less than 20 employees[31].

In Denmark, Copenhagen Business School undertakes annual mapping studies of the Danish Computer Games, Design, Fashion, Film, and Recorded Music industries. This provides valuable local evidence on the different growth models, markets and dependencies within the creative economy. It shows, for example, how in music major growth can only be realised by becoming less dependent on a comparatively small domestic market; how artistic recognition (such as in film) does not necessarily directly bring with it substantial economic success[32]; how in fashion, turnover has decreased while exports have increased, thus indicating growth potential in foreign markets; and how in Games the sector is dominated by 5 relatively large and approximately 20 smaller companies, with the relatively small workforce set to expand by up to 60% to develop content for the next generation of consoles[33].

[31] FUNK (2006): A Growth Model for the Experience Economy.
[32] Although the multiplier effects might achieve this.
[33] See Copenhagen Business School, 2005.

In Norway, mapping carried out on the request of the Norwegian Ministry of Trade and Industry (Haraldsen *et. al* 2004) shows that the 'cultural industries'[34] accounted for approximately 3.5 % of GDP and total employment in mainland Norway in 1996–2001. The study showed a pattern of relative sector concentration, with Oslo the only county in which the cultural industries are overrepresented compared to the country average. Oslo accounts for 37% of sector employment and 33% of all firms in the cultural industries.

In Finland, a 2007 study based on a similar methodology to the KEA Study showed that in 2005 the turnover of the cultural and creative sector amounted to almost €7 billion, representing a 16% growth from 2000; the value added of the sector was € 2.4 billion, growing 15% from year 2000[35]; the total value added generated by the sector represented 1.5% of the country's GDP in 2005; and the number of firms in the sector grew by 10% from 2000, compared to the 6% increase in the national economy overall.[36]

The Value-adding Role of the Creative Economy

In addition to these impressive aggregate performance figures for the creative economy, there is also a significant body of research that explores the value-adding role of the creative industries, as well as the wider role of creativity in a competitive knowledge economy:

For example, much emphasis has been placed on the value-adding role of design. A study by The Research Institute of the Finnish Economy analyses the use of design and the position of the design function in Finnish manufacturing firms. It also features the impact of design on companies' business performance. It shows that design use in manufacturing companies is still on a relatively low level, yet the impact of design on business through most 'effect channels' is statistically significantly higher in those companies in which design is an integrated part of the company's core functions and strategy, and in which design is used continuously.

A further Finnish Study[37] shows that the role of design-focused goods and services is significant for Finland's foreign trade. For example, design values are absolutely central to the core business model of Nokia, with a major impact on export sales.

Other studies have pointed to the value-adding role of creativity and on the role of specific places in developing, attracting and retaining creative activity, not least from the 'creative class' that Richard Florida identifies as so important for the growth of the knowledge economy and civil society more generally. For example,

[34] Note the different title, which in turn is based upon a different definition.
[35] However, the GDP rose by 19% during the same period of time and thus the relative contribution of these industries to GDP slightly diminished.
[36] Due to differences in available statistical data, these figures are not comparable with the KEA Study, despite a shared methodology.
[37] Aku Alanen (2006), 'International Competitiveness of Finland by Design', Journal of Statistics Finland 6-7.

Copenhagen Business School has attempted to map the ‘creative class’ across Denmark in cooperation with eight countries through the ‘Technology, Talent and Tolerance in European Cities’ project.

Taken together, these studies underline the strong profile of creative economy growth across Europe, and the importance of the creative economy as a stimulator of innovation in the broader economy.

Perhaps unsurprisingly therefore, there is growing interest across Europe about how best to grow the creative economy through public intervention and support.

2.3. Mapping Creative Economy Policy Interventions

Collect the Best, Connect the Best: A Portfolio of Policy Opportunities for Scotland

Our review of international creative economy policy reveals that an established template for successful national creative economy policy *does not exist*. Indeed, no single country (other than city states such as Singapore) has undertaken a coherent national policy approach, with policies typically devolved, fragmented and driven by different agendas.

The starting point for engaging with the creative economy can vary from agendas in civic boosterism to improving education standards; from inward investment to a genuine embrace with the role of creativity in economic competitiveness, innovation and civil society.

Clarity is further undermined by the adoption of multiple definitions for the sector and thus its overall value range – for example, terms/concepts such as the ‘experience economy’ and ‘copyright industries’ are gaining currency.

In order to bring clarity to this picture, we have abstracted creative economy policies across the globe as operating across three themes (see **Figure 2** below):

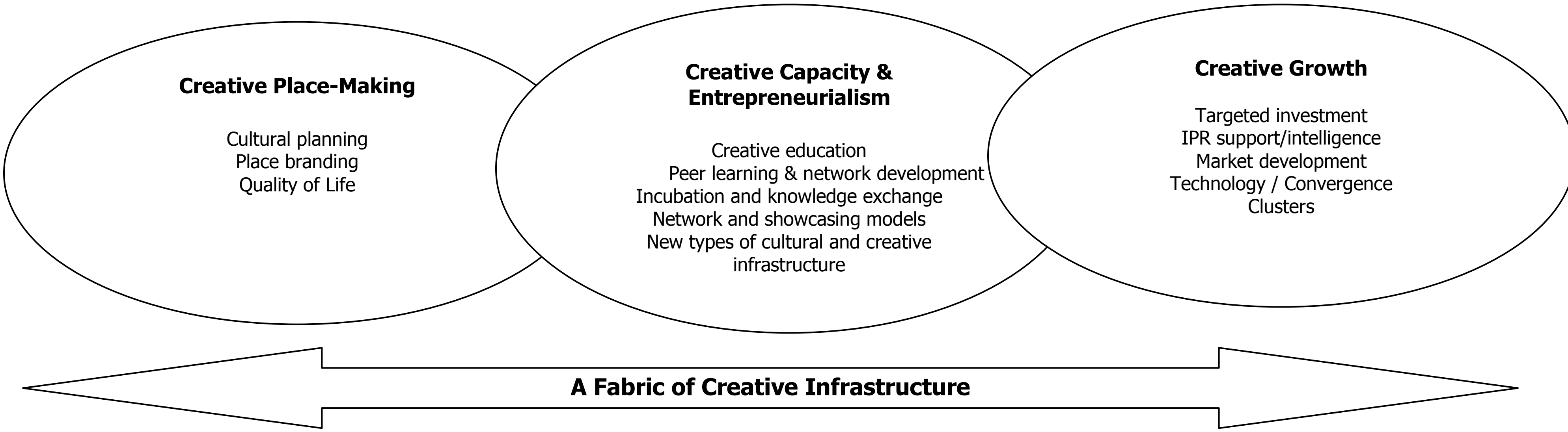
- **Creative place-making:** policies that seek to establish the infrastructural conditions for sector growth by positioning culture and creativity as mainstream tools of economic development. This includes approaches to cultural planning where it is by linking assets across a fabric of cultural infrastructure that creative businesses are given the confidence, stimulation and connectivity to grow and to add value across the economy.

- **Creative Capacity & Entrepreneurialism:** policies that seek to increase capacity & entrepreneurialism across the creative economy, using creativity as the catalyst. This includes approaches to promote creativity within learning and skills agendas as a basis for engendering an entrepreneurial culture in business. Policy agendas within this theme include multiple incubator models; dedicated Creative Industries learning and skills initiatives; and the growth of specialist intermediary bodies (such as development agencies) established to drive networks and provide bespoke advice and support for creative businesses that otherwise lack confidence and entrepreneurial knowledge to grow.

- **Creative Growth:** policies that seek to exploit the growth potential of creative businesses. This includes targeted funds, intellectual property policy, cluster and market development initiatives. This also includes approaches to maximise convergence – such as linking technology to content businesses as a basis for growth.

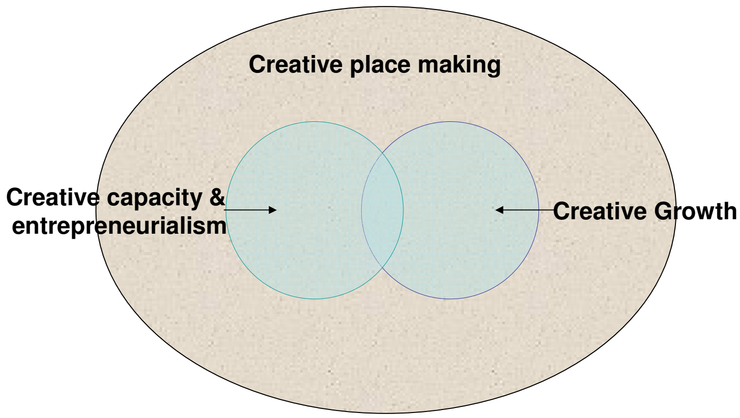
These themes intersect with the two key aims of creative economy policy - **building capacity and driving growth.** This is because a solid approach to creative place-making is required to build critical mass and capacity at a local level and to develop aspirational communities and hungry markets; and dedicated approaches to entrepreneurialism and growth are integral to any serious attempt to improve the bottom line and maximise the value-added of the creative economy.

Figure 2. A Creative Economy Policy Portfolio for Scotland



One way to think about this policy approach, is that creative place making is the overall frame for creative economy policy and support (see **Figure 3** below)

Figure 3: Framing Policy and Support



The aim of creative economy policy is be adept at creative place making, and then develop a range of policies that build capacity and entrepreneurialism, and drive creative growth.

Under each of these policy headings, we have collected good practice from a range of contexts in order to develop a **portfolio of creative economy policy opportunities for Scotland.**

2.4 International Benchmarking – Examples of Creative Economy Policy

This Section provides a set of creative economy policy matrices, illustrating the range of approaches currently at play across the world. Commentary is provided on the qualities of specific approaches and their relevance as benchmarks for Creative Scotland, the Enterprise Agencies and other key partners. This is by no means a comprehensive overview of international policies; rather, an introduction to a set of development considerations facing Scotland's creative economy based on a sample of leading edge examples.

2.4.1 Creative Place-Making

(i) Creativity campaigns

There are few regions and cities in the ‘developed world’ without a creativity campaign. In fact, there are now so many that it is difficult to gauge the extent to which they are relatively depthless media campaigns or if there is some substance behind the message. That said, there are few national campaigns other than those conducted on a sub-sectoral level (such as for design).

Creativity campaigns can be categorised as:

- **Civic boosterism:** celebratory promotions of the creative assets of a city/region. These are often mayoral-led and are more cosmetic branding exercises than based upon direct investment in creativity. Many of them are direct responses to Florida’s ‘Creative Class’ agenda. Notably, this is a major push in the search for ‘knowledge workers’ from Middle East countries contemplating a post-oil world.

- **Festivals/events programmes:** programming culture and creativity to showcase, develop networks and parade to a wider audience the creative characteristics of a place

- **Inward investment and market development programmes:** inward and outward missions showcasing creative talent/products/forms.

Figure 4 below gives some examples of these types of activities:

Figure 4: Creative Place-Making

Civic Boosterism

The **Creative City Network of Canada (www.creativecity.ca)** is an organisation of people employed by municipalities across Canada working on arts, culture and heritage policy, planning, development and support. It exists to develop knowledge exchange and partnership: thus moving beyond cosmetic 'creative city' branding.

Creative Santa Fe (www.creativesantafe.org) is a nonprofit organisation that works to increase awareness and involvement in the creative economy at city level, and to profile the city internationally. More than a simple promotional body, it also drives networks and shapes agendas in planning, learning and skills and economic development.

Festivals/Events Programmes

Multiple examples – from city film festivals to nationally-staged fashion weeks. All operate in a competitive market; guaranteeing quality; establishing a niche and driving new production are key challenges. Few operate on a national level – other than for small countries: e.g. www.hollandfestival.nl

Inward Investment/Place-Marketing

Visit Denmark (www.visitdenmark.com) is a mainstream state-funded tourism initiative but it is well-balanced in terms of its mix of historic and contemporary cultural features. For example, Danish Design is profiled heavily.

Design Forum Finland (www.designforum.fi) Supported by the Ministry of Trade and Industry but working at arms length, the goal is to promote Finnish crafts, the industrial arts and industrial design in Finland and abroad. Key are the exhibition facilities in the centre of Helsinki, a wide circulation of international exhibitions, and the staging of events/award

Few places connect these different approaches within an overarching creative campaign strategy. Moreover, they are rarely connected to wider tourism and place-branding strategies, resulting, for example, with the contemporary creative offer unconnected to a romantic and authenticated 'heritage offer'.

Benchmarking Considerations for Scotland

While once there was a chance that shallow, cosmetic creativity campaigns would be taken seriously, such is the plethora today of 'creative wherever' campaigns that a simple 'Creative Scotland' campaign – highlighting the country's creative people and assets - would not succeed. Efforts to position or re-position a country by showcasing its creative asset base are commonplace. From Capital of Culture initiatives to Creative Expos; cultural tourism programmes to targeted inward investment schemes; few places have neglected to develop an engagement with their creative dividend as a direct tool of economic competitiveness. However, few countries have achieved direct, tangible success. This is because:

- Showcasing initiatives are too often under-connected to the wider support and infrastructure landscape: they stand alone as one-off extravaganzas

- There is a mismatch between the content being showcased and the real potential capacity and expertise of the Creative Industries: the showcases are aspirational tools rather than direct reflections of the existing capacity of the sector to deliver

- Showcasing initiatives are too piecemeal and short-lived: governments and bodies do not stand by initial investments and commit over the longer term; and they do not embed approaches within a wider business and tourism offer

Where success has been achieved, a coherent, connected, long-term approach is undertaken that is driven by the sector and that embraces existing specialisms. For major cities, this ranges from Milan Furniture Fair to Paris Fashion Week; Venice Biennale to Sonar in Barcelona. Critical is embedding showcasing within the dynamics of the existing creative economy; fuelling it with a globally-facing agenda; and connecting production and consumption so that the initiatives offer a gateway to the wider creative and cultural dynamism of the city.

It is clear that festivals/events programmes convened at a national level are under-developed in Scotland. Scope exists to build on some of the regional initiatives and reconvene them as national initiatives. These should focus on areas of the creative economy for which there is a specialism and where an existing place-driven brand/reputation is under-developed. Also, scope exists to better connect the events/festivals offer of the country as a national programme

In addition, Scotland lacks high quality industry-focused national investment and market programmes – such as Design Shows and Fashion Shows – it operates here as part of the wider UK offer. Sector-specific Scottish initiatives could be considered as a means of providing integrity for Scottish creativity at a global scale.

(ii) Cultural Planning

Many places are seeing a return to 'cultural planning' – where culture and creativity are positioned as mainstream tools in place-making, cutting across agendas in planning, economic development and learning and skills. The starting point here is a direct engagement with the existing cultural assets of a place, followed by a set of interventions designed to connect, add value and, where gaps exist, invest in new cultural infrastructure.

This agenda is most marked at a city and city region level, with a deliberate synergy between cultural and economic strategy. The joining-up of cultural planning approaches is now a national priority in some Nordic countries and is a key aim of the Arts Council England Living Places programme (with a particular focus on positioning culture at the heart of growth agendas).

This is an emerging agenda in Scotland, with opportunities to connect local and regional approaches under-developed. Leadership and improved partnership could pave the way for a cultural planning approach at a national level. This needs to be planning-led: establishing dedicated approaches for investing in culture at the mainstream of investment in housing and other infrastructure. It also needs to be positioned as providing the *hygiene factors for creative economy growth*: building creative places, with a mix of infrastructure and connected production and consumption offer, is a prerequisite for creative businesses to flourish and grow.

Creative and cultural assets can also help provide the amenities that *attract* knowledge workers to a city/region/nation. The existence of cultural and creative amenities in a place, and a place's reputation for 'buzz', are one of the criteria which skilled labour may use when deciding where to live and work. Although the issue of knowledge worker mobility can be overplayed, it is important to remember the role of creative amenities in supporting talent *retention* as well as attraction, and in making a place more interesting and inclusive to live in, thus contributing to its social sustainability.

A relatively highly-developed economy, with tight labour markets, such as those found in some parts of Scotland, cannot just compete by offering employment opportunities, important though those are. It needs to provide a high quality of life, a sense of community and of urbanity.

2.4.2 Creative Capacity and Entrepreneurialism

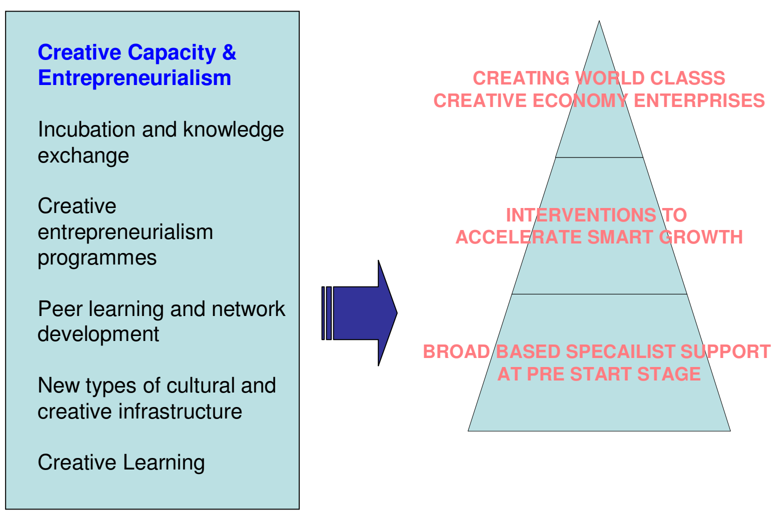
Within this sensitivity to the importance of place making as a frame for creative economy policy making, there are then distinct interventions tailored to increase the capacity and entrepreneurialism of the creative economy.

To return to the opening chapter, and our description of a creative economy growth pyramid, these policies are particularly important in building that fat pipeline of creative people and ideas that drive growth from the bottom of the pyramid up (see Figure 4 below).

Let's look at each of them in turn:

(i) Incubation and Knowledge Exchange
Incubation and knowledge exchange activities are central to fostering capacity in the creative economy. For example Universities across Europe are developing creative economy incubation initiatives (see **Figure 5** below). These range from simple new-build or refurbished low cost workspace for pre- or recent graduates; to wider approaches that connect young entrepreneurs to specialist support, business networks, and convergence opportunities with other sectors. They range in quality, with the most effective and value-adding those that connect to a wider fabric of infrastructure rather than isolating young businesses in institutional 'hatcheries'.

Figures 5: Creative Capacity and Entrepreneurialism



Scotland, like most of Europe, has a many creative incubation initiatives. They include approaches that genuinely connect young creative entrepreneurs to the dual benefits of a research and commerce environment, such as Whitespace at Abertay University. However, they also include incubation initiatives that under-deliver in terms of knowledge transfer/exchange, access to networks, and connectedness to a range of policy drivers such as specialist business support, investment and innovation. Too often, they provide little more than affordable workspace for graduates.

Critical to the sustainable growth of Scotland's creative economy will be the success of incubation initiatives as generators of entrepreneurialism, boundary-crossing activity, and the collision of creativity and innovation. This means extending far beyond the academy; sometimes being located off-campus; and always open, connected and porous – following agendas across the rest of the creative infrastructure landscape.

This may require a more coordinated approach, a level of benchmarking, and most definitely better connection to wider processes of business support.

Figure 6 Incubation and Knowledge Exchange

Coordinated nationally, regional centres play a big role in Finland. Since 1994 Finland's regional innovation policy has centered on the '**Centre's of Expertise'** Programme. 22 centres exist, driving a portfolio of projects where research, investment and business support are connected as one. The national innovation body, **Tekes**, works regionally to invest through incubation programmes, such as the Creative Economy incubator at Turku University. Here, a 'creative investment tube' has been developed, providing investment at different stages of business development as a creative business grows from the academy through incubation programmes and into a wider business environment where innovation and creativity are mainstream disciplines across a cluster of technology and content industries. The inter-connectedness of incubation, business support, investment and innovation policies is a key stand-out strength - **www.tekes.fi**

The Creativity and Innovation University

In February 2007 a planning group submitted its unanimous proposal to the Ministry of Education. The proposal describes how to create a new, research-oriented university from three existing, academically autonomous institutes of higher education. A foundation will oversee the operation and have a start-up capital of €700 million, with the Government providing €500 million and the business sector and other financiers €200 million. The annual state subsidy for teaching and research at the university will be doubled compared to the current basic appropriation to universities, €171 million per annum. The new university will start operating on 1 January 2009. Three of Finland's finest universities take part in the merger: Helsinki University of Technology, Helsinki School of Economics, University of Art & Design, Helsinki The aim is for, by 2020, this to become the leading creativity and knowledge university, sitting at the heart of the Finnish creative and knowledge economy - **www.innovaatioyliopisto.info**

(ii) Creative Entrepreneurialism Programmes / Peer learning & networks

These are increasingly common, especially in northern Europe. Most are driven institutionally, utilizing national monies, often EU structural funds. For example, in Finland the *Linko programme* focuses on the development of business expertise for creatives, alongside the *Growth Enterprise Project* (Jyväskylä University of Applied Sciences/School of Culture, School of Economics, and Finnish Ministry of Education – funded by ESF, Objective 2). This is situated alongside other policy tools, such as **www.luovapaja.fi** – an internet portal for culture and creative industries in Central Finland, working to drive peer learning and develop new markets.

At the heart of all of these interventions is the desire to give creative economy professionals increased access to key resources (peer networks, collaborators, mentors, knowledge and expertise) vital to help create ambition, networks and scale.

Building peer to peer support systems – recognising that the people who can most help a business are actually other businesses – is an approach that works particularly well in the creative economy where there is a limited history of interaction with generic business support agencies.

Denmark is leading the way in terms of an integrated approach – joining up approaches in order to encourage both the creative specialist and generalist (see **Figure 7** below). The Ministry of Science, Technology and Development has taken a national lead asserting in 2005 that 'Denmark must win on Creativity'. This has been backed up by a strong local/regional focus, where 60% of the 98 Danish Municipalities (2007) prioritize the 'experience economy' in their future growth Strategies.

Figure 7: Entrepreneurialism and peer learning

The Danish Government has stimulated the forming of centres on regional level **with IMusicon - Valley in Roskilde** as an early intervention.
- DanVifo – Danish Knowledge Centre for Experience Economy - **www.danvifo.dk**

- ApEx – Centre of Applied Experience Economy **www.Apex-center.dk**

- Excite – Centre for Experience Economy, Creative Industries & Technology - **www.excite.aau.dk**

- Centre of Experience Research, Roskilde University Centre **http://ruc.dk/cbit/forskning/forskningscentre/oplevelsesforskning**

- Imagine – Creative Industries Research **www.imagine.cbs.dk** (Copenhagen Business School).

- 180 Degree Academy - Seven top Danish enterprises, Lego, Danfos, Gumlink, Bang & Olufsen, Middelfart Sparekasse & Novo Nordisk have established the 180 degree academy, situated in central Copenhagen. "We educate concept makers, who have the ability to develop, design and execute radical business concepts", says former Microsoft leader, Anne Kirah, fronting the Academy - **www.180academy.com**

At a national policy level in Denmark the Ministry of Science is contracting a national centre for 'Content Intensive Technology' to provide advice to SMEs working in content and new media - **www.vtu.dk** The Ministry of Culture and the Ministry of Trade & Industry has launched a joint plan for the further development of experience economy in Denmark - **www.kum.dk**

Among the initiatives are 5 'experience zones' and a national 'Centre of Experience Economy', probably placed together with the cultural educational institutions in central Copenhagen - **www.oem.dk**

(iii) New Types of Cultural and Creative Infrastructure
New types of cultural and creative infrastructure are being developed (often emerging from 'the old') in many locations. New effective models are those that offer and curate those porous, connected and flexible spaces which are vital to a rich creative ecology and dynamic creative economy. They operate as critical brokers, commissioners and connectors, generously linking activity, both physically and digitally, in a way that gives them a role akin to that of a curator:

making experiences, using facilities, mixing collaborators and content in a way that virtually no other part of the cultural infrastructure can (see **Figure 8** below).

It is not clear whether Scotland's current creative infrastructure – from the galleries and museums sector to cinemas and theatres – is fit for purpose in a digital age. There are some benchmarking questions here. For example:

- Do enough 'pieces of infrastructure' such as venues make those critical connections between sectors?

- Do they connect processes of consumption and production?

- Do they have a digital as well as a physical footprint?

- How are they connected to business networks, cultural regeneration initiatives, learning and skills sector, and industry outside the cultural sector?

- Does Scotland need to review its current infrastructure offer to ensure it has a mix of entrepreneurial, outwardly-facing initiatives that operate as brokers, connecters and generators for the creative economy?

The recent report, *'Crossing Boundaries: The Role of Cross-art-form and Media Venues in the age of 'clicks' not 'bricks''*[38], explores how fitter-for-purpose creative infrastructure needs to find positive answers to these questions.

Learning from other countries highlights a set of additional agenda considerations for Scotland. These include:

Convergent Infrastructure?

As outlined in the 2005 Cox Report, much of the growth associated with the creative industries occurs outside of the creative economy sector, where a creative business has advanced the competitiveness of a client business operating an another sector. Much creative industries innovation also comes through convergence – from the role of a museum providing resources and ideas to a creative practitioner, to cross-departmental partnership within a university. Each of these types of convergence is under-explored and thus under-exploited in Scotland compared to, for example, Finland.

This is because cultural infrastructure – from a museum to a university – has not been effectively tasked with the role of convergence catalyst, and when they have, the spaces of convergence provided have too often been inappropriate because they have not been effectively embedded within the creative networks, processes and senses of place.

[38] Commissioned by UK Film Council, Arts Council England, and the Arts and Humanities Research Council.

Figure 8: New Types of Creative Infrastructure?

There are multiple examples of new and upgraded cultural infrastructure – providing those 'spikes' in the global creative and knowledge economy. They range from really open and innovative cultural brands such as the Tate; to dedicated sector-focused infrastructure such as the Dansk Design Centre **(www.ddc.dk).** The best examples of genuinely interdisciplinary infrastructure that combine strong brokerage, commissioning and networking functions with a strong element of user-led activity, are in mixed media cultural centres such as the Cable Factory in Helsinki **(www.kaapelitehdas.fi)** and Montalvo Arts Centre in California **(www.montalvoarts.org).**

Watershed (www.watershed.co.uk) is a prime example of a highly connected, flexible, porous piece of cultural and creative infrastructure, of which there are too few examples. Watershed is more than just an arts cinema. It is at once a cultural centre, a business broker, a social networker, a research and innovation facility, a café/bar, and a cultural tourist attraction. This is because it has developed organically over the years to become totally embedded in place, operating as a shining light on Bristol's culturally rich harbourside, connected as part of the wider cultural offer of this distinct milieu (which includes Arnolfini gallery, Bristol Industrial Museum, @Bristol, Bristol Cathedral, the City Library, and a real mix of retail and other consumption spaces). Watershed, as part of this milieu, has become the cultural space of choice for many of Bristol's creative practitioners and businesses.

This is because they have been able to make it their own and imprint their distinctive senses of identity and place upon the flexible and accessible spaces such as the bar with wi-fi. In turn, it has become a key broker for innovation in creative businesses, building convergence through partnership projects with HP Labs, while at the same time providing new network opportunities for cultural organisations and social enterprises.

This works because Watershed *constitutes place*, offering connections in the immediate milieu, across the wider city, and into the city region, through a mixed profile of proactive initiatives (from training to screenings), underpinned by the distinctive ambiance of the building. This ambiance is hard to plan for and cannot be guaranteed, but a culture for openness and connectedness, an embrace with place, and a willingness to let the creatives lead**,** establishes Watershed and other facilities such as Broadway in Nottingham and Lighthouse in Glasgow, as pieces of cultural infrastructure that truly drive creativity and competitiveness.

Place, Production and Consumption

Too often, cultural infrastructure in Scotland has been conceptualised and positioned as focusing either on cultural production or cultural consumption. Rarely both. For example, museums and galleries are traditionally conceptualised as units of cultural consumption; whereas a creative Industries workspace facility provides spaces for production.

However, the most successful cultural infrastructure – whether this is measured in audience figures, visitor numbers or business growth – is that based on an understanding of the porousness of ‘institutional walls’ and the inseparability of processes of production and consumption. This can be recognised on a number of levels. For example, the DCMS Data Evidence Toolkit (DET) is based in an understanding that to measure creative economy activity requires an appreciation of the connected and overlapping domains of content origination, manufacture, distribution, and exchange.

Effective infrastructure – or the landscape of infrastructure – must support the connection of these domains, especially because it is often the same business or a network of businesses that occupies each of them.

A further and related example is the role of a museum or gallery. These are not just spaces for visitors to consume culture and creativity; they are *producers* of cultural resources that provide information, intelligence and inspiration for consumers who in turn are creative producers. It is therefore important that such infrastructure is effectively connected to the wider landscape of production and consumption-orientated infrastructure to accelerate and improve the transfer of their resources into the commercially-driven creative industries sector.

Place provides the means of connecting consumption and production processes through the formation of rich creative milieu. Through the co-location and connectedness of spaces of consumption and production – the galleries, bars, theatres, workspaces, support services, shops, arts centres, cinemas, universities – genuine creative city districts are established which have the ambiance and attitude required for genuine competitiveness.

Places such as Sodermalm in Stockholm, Prenzlauer Berg in Berlin and the Northern Quarter in Manchester are oft-given examples of production and consumption working side-by-side towards the effects of regeneration and sector growth. Individual pieces of infrastructure such as The Design Museum in London or the Lighthouse in Glasgow, effectively mix consumption and production through space and programming, and are outward-facing to connect with the infrastructure landscapes of the districts and cities in which they are based. Here, place, creativity and competitiveness, are perhaps most compellingly evoked.

(iv) Creative Learning
Creative learning refers to:

- Learning and skills policy dedicated to the long-term growth and competitiveness of the creative economy

- Plus a wider approach to embedding creativity as a process and practice or a core skill that advances attainment across the syllabus as well as increasing aspiration and engendering entrepreneurialism.

Successful creative economies depend on this dual take on creative learning, and they are populated by people who traverse with ease between the formal and informal, specialist and generalist, culture and economy. The more growth-orientated creative economies are those with the most fluid opportunities for informal learning in the creative industries, the most open and connected incubation initiatives, and the most progressive balance between specialist and interdisciplinary approaches.

Dedicated creative economy approaches include the development of sector skills bodies in a number of countries – industry-focused bodies aimed at supplying the sector with a high quality, appropriately skilled workforce. They also include the increasing provision of creative courses, from the 'traditional' arts offer to multiple media-related courses. Finally, they include approaches that position learning and skills institutions as critical drivers of creativity and innovation with a business focus – such as through research, knowledge transfer and exchange programmes, plus incubation initiatives.

This is a large and complex policy area. Critical issues that creative learning and skills policies are being established to engage with include:

- the over-provision of creative economy graduates in certain areas
- the difficult balance between technical skills and wider creative skills required by business
- ongoing low levels of entrepreneurialism in creative graduates and an over-dependence on just-in-time knowledge (rather than knowledge developed pre-graduation)
- the under-development of work-based learning processes, especially for pre-HEI level
- the challenge of developing genuinely inter-disciplinary approaches and connecting innovation and creativity

Benchmarking Considerations for Scotland
In Scotland, the two key areas of creative learning introduced here have not been sufficiently explored and joined together as a national as well as a sector priority. A coordinated, bottom-up policy approach to creative learning is required to engage with issues such as:

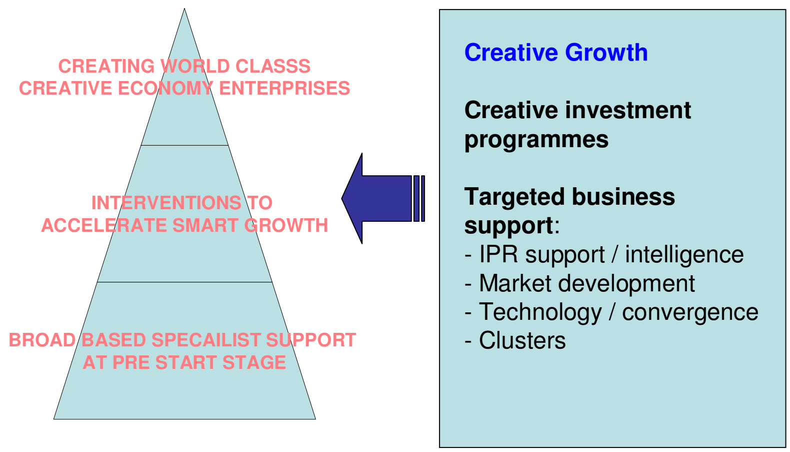
- Low levels of entrepreneurialism and business start-ups
- Over-provision of certain skills and under-provision in areas where Scotland has lacked competitiveness
- Inflexible labour supply – with interdisciplinarity rigid approaches to creative practice
- Insufficient opportunities for CPD and peer-learning
- Unequal access to more holistic approaches to creative learning
- Ongoing issues of graduate 'leakage' and challenges in retention and re-attraction
- Overly instructive approaches to business support – failing to provide beneficiaries with good access to new learning/skills and not sufficiently embedded in business networks
- Under-connectedness of HEIs to business and under-developed work-based learning environments

2.4.3 Creative Growth
Returning to our creative economy growth pyramid, these policy interventions are designed to nurture the growth of the creative economy (see Figure 8 below), particularly in terms of migrating creative economy enterprises and business models to the apex of the growth pyramid.

There are two broad categories of growth based interventions - creative investment programmes and a range of targeted business support policies.

(i) Creative Investment Programmes
Investment provision for the creative economy is too often fragmented, under-coordinated & in some instances inappropriate. Creative businesses find it difficult to identify appropriate investment opportunities. Indeed, in many contexts, it can be argued that genuine market failure exists for early stage equity investment in the creative economy, including the more growth-orientated sub-sectors such as games and software. In addition, in most parts of the world, Business angel investment in the creative economy is under-developed, with networks weak: knowledge of the sector poor: and thus risk management costly. Therefore, a range of investment policies have been developed. These include specialist investment and investor readiness schemes, targeted funds (from seed through to larger-scale equity; from film funds to design funds), and brokerage/network initiatives aimed to bring the creative industries closer to investors.

Figure 9: Creative Growth



However, in most cases, policy is under-developed, with piecemeal and under-connected initiatives that are not sufficiently embedded within wider systems of business support. For example, targeted IPR support programmes in most cases are not strategically connected to investment programmes, despite the fact that it is the realisation of value through IPRs that gives creative businesses their scalabilty.

The best practice exists in North America, which we have summarised in Figure 9 below.

Benchmarking Considerations for Scotland
Key considerations in Scotland include:

- Is there a coordinated and navigable landscape of investment across the creative economy; and is it linked to the creative ecology? (i.e. are there growth and progression routes?)

- Is investment and investor readiness a priority across these areas? They need to underpin any new investment vehicles.

- Does the wider business support landscape have sufficient expertise and the quality of contact with the sector to ensure a high quality of deal flow?

- Do existing funds work effectively with private funds/investors to build a long-term engagement with the sector?

- Is there a (required) overlap between technology and content investment?

- Where are the agglomerations or thick networks that investors can engage with to ‘spread the risk’?

- How does investment in incubator and IPR support connect to investment programmes/vehicles?

- Do existing funds emphasise the ‘exceptionalism’ of the creative industries to the detriment of long-term investment in the sector?

Figure 10: Creative Investment Programmes

For illustrative purposes, examples here are drawn from North America. It should be noted that nowhere has as yet established a coordinated strategic investment programme for the creative economy that connects pre-start-up to high growth companies as a navigable landscape of investment opportunities. Too many funds are stand-alone, overly specific and lacking surrounding investment and investor readiness support. In addition, it is only in North America that private investment programmes have taken a lead and worked closely with the state to orchestrate investment programmes.

One of the most exciting and high-profile investors is **Founders Fund.** This was Launched by Peter Thiel in 2005, is based in the Presidio Complex (home of George Lucas’ Movie Empire) just outside of San Francisco. Thiel, one of the founders of PayPal also runs Clarium Capital Management LLC, one of the most successful and daring US Hedge Funds with $2.1 Billion in Assets.

What marks the **Founders Fund** out is that it is a venture capital fund run by entrepreneurs for entrepreneurs. Its initial fund of $50 million dollars was raised from like-minded investors, while its next fund of $120 million will include more mainstream funding from traditional investors such as universities, indicating how its business model is becoming more mainstream. Alongside Thiel, the fund is run by three other entrepreneurs Ken Howerry and Luke Nosek who were at PayPal and Sean Parker a veteran of three high-profile start-ups Napster, Plaxo and Facebook. Parker expresses the company philosophy that:

"Largely because we were all founders ourselves, we're inherently more interested in helping new entrepreneurs develop into successful leaders than we are in getting rich. As someone who has started and run a few companies myself, my primary interest is in helping creative people build companies and run those companies over the long-term. I also happen to believe that this is the best way to create value for my limited partners, and by extension, for myself."

One of the ways that the fund works differently is by helping to reduce the tension that often exists between vcs and entrepreneurs. It does this by allowing entrepreneurs to release some of their shares at early stages, thereby allowing then to reap some of the rewards of their business without the need for an early sale. This means that the entrepreneurs can spend time fine tuning their business model, ensuring that the true value in their idea is realised. Companies that the Fund have invested in include **Powerset** a natural-language search engine that harbours ambitions of challenging google.

Sequoia Capital: Based at Menlo Park, Sequoia Capital bills itself as the "Entrepreneurs behind the Entrepreneurs". Companies and people it has invested in now make up 10% of the NASDAQ's value. This list of companies it is associated with is legendary including Apple, Oracle and Yahoo! Its most recent high-profile investment success was in YouTube who like many of the companies it invest in spent time at their offices in their early days. Most of its investors are educational institutions or philanthropies.

(ii) Targeted Business Support

By far the most common policy approach to driving up growth rates across the creative economy is to focus on providing targeted business support. These are driven by:

- Demand factors – creative economy enterprises are understood as 'exceptional', with multiple support needs at variance to the rest of the economy; as a sector with growth potential; and as a significant value-adder across a range of agendas

- Supply factors – existing support provision – from networks to advice – is seen as under-developed for the creative industries, lacking the subtlety and intelligence to support sector growth.

Approaches include specialist industry networks, showcasing initiatives, and targeted advice services. The 'classic' delivery model is through intermediary support services – providing a portfolio of bespoke services. There is also an emerging consensus on what works best. For example it is becoming recognised that the following approaches are effective:

- Mainstreaming IPR advice into mainstream business support, alongside finance, management and other business practice
- Surrounding creative economy businesses with a portfolio of accelerator and stimulator services – from investment and IPR support
- Public support for the development of stronger international distribution entities and networks
- Supporting new market development (in terms of specialist advice on routes to market and relationships with international customers)
- Supporting creative clusters and networks – for example initiatives to build micro-clusters which bring together small enterprises to exchange knowledge and develop new products
- Projects which integrate outputs from Creative Economy enterprises into products and services from other sectors of the economy

There are also a cluster of high level issues, such as innovation (cross sector and business model), technology and convergence issues, and talent, which are becoming increasingly important areas for public policy intervention to help drive creative economy scale, access to markets, and the ability to cope with structural change.

However, whilst elements of this policy portfolio are common across EU member states, their execution are currently weak. Many approaches are locally-driven, often supported through the structural funds. This means that they are often output-driven and focused toward a wider set of agendas that includes regeneration and social inclusion. This can distract from a focused growth agenda.

A further issue is the under-connectedness of multiple business support programmes, with the support landscape cluttered and partnerships weak. In addition, too few support programmes connect to other policy areas such as business incubation, or providing deal flow for investment programmes.

Benchmarking Considerations for Scotland
In the light of these challenges and possible responses, a key consideration for public interventions in Scotland is the extent to which the creative economy business support offer in Scotland is currently being effectively coordinated and targeted:

- To what extent is the support landscape accessible and navigable?

- Are mainstream support offers working complementary to the targeted creative offer?

- Is there sufficient flexibility to cater for multiple (and transforming) support needs – e.g. flexibility to develop IPR support?

- Are local initiatives connected (and providing delivery platforms for) national initiatives (which are likely to be more specialised)?

- Are there gaps in the support landscape – e.g. showcasing, networks, market development, IPR advice, acceleration services?

- Does support service wider policies – e.g. cluster development; providing deal flow for investment programmes; and ensuring businesses are market ready for outward missions developed by other partners?

Success or failure of support interventions is largely determined by whether there is a coordinated support offer that performs across the creative economy. The role of intermediary organisation(s) is thus critical: coordinating the offer and providing leadership and brokerage.

All of which needs to be a central issue for the Creative Industries Working Group to consider as it takes forward its work.

2.5 Conclusions
This chapter has sought to provide a thematic summary of leading edge international practice in creative economy support, related to the ambitions of building creative economy capacity and driving creative economy growth in Scotland.

Taken together, the policies we have outlined represent a compelling and comprehensive creative economy policy portfolio for Scotland. As our analysis has made clear, if the key partners fashioning creative economy support in Scotland can address the benchmarking issues we have raised, the opportunity exits for Scotland to gain leap-frogging competitive advantages by developing a made in Scotland approach that draws on the international leading edge practice featured in this chapter.

To do effectively it needs to be clear about the first order principles and practical considerations that should underpin its creative economy interventions, and it is to those we now turn.

Chapter Three: Exemplary Creative Economy Policy: Made in Scotland

Introduction

This final chapter outlines our recommendations for an exemplary, made in Scotland, creative economy policy. We have kept this section tight and succinct, not least because these are indicative rather than prescriptive suggestions.

The chapter acts as a checklist of the key principles and practices that should inform Scotland's creative economy policy, and offers some preliminary thoughts on the early interventions that the Working Group and its partners may choose to pursue in the future.

3.1 The ten commandments of creative economy support

It is clear that the most effective approaches to creative economy policy and action internationally are those that attend to a set of ten first order principles**:**

1) **They are informed by high quality data and intelligence on the profile and dynamics of the creative economy:** they are aspirational without operating beyond the reality of the sector's potential to grow and add value.

2) **They attend to both demand and supply issues:** for a small country, with a limited internal market, this is critical. Without nurturing local and global demand for creative products and services, creative businesses will not grow to their potential.

3) **They establish cultural policy and economic policy as one:** vibrant, innovative, boundary-crossing cultural organisations and institutions are critical for establishing those 'sticky', attractive places for creative individuals and businesses and for providing the ideas and inspiration for a competitive creative economy

4) **They seek to mainstream creativity at every opportunity:** whether this be through new approaches to creative learning or through the brokerage of new relations between creative firms and the rest of the economy

5) **They are enabling rather than prescriptive:** policy is delivered through close partnership with the sector, ownership of that policy is a critical to success, and 'learning to let go' is as important as learning when to intervene

6) **They encourage a diversity of 'hygiene factors':** from high spec' facilities to spaces that allow for the messy and expressive, the mix of infrastructure is curated to encourage a range of different processes and activities – at a local level and across the creative economy, with the balance of physical and digital infrastructure key

7) **They foster a culture of informed risk:** in IPR support and sector investment, creativity is recognised as necessarily risky and collaboration is nurtured to establish new trajectories of trust (between businesses, and across sectors and disciplines)

8) **They focus on interdisciplinary approaches and collaboration:** recognising that new ideas are more likely to be forged from the 'spaces in between'

9) **They develop local specialism and global connectivity:** strengths are capitalised on as USPs and they gain their value through international markets, supply chains and labour market flows – e.g. globally-managed distribution is key to the success of an 'indigenous film industry'

10) **They are conceptualised as positioned within an overall fabric of creative infrastructure**: where there is an absolute relationship between, for example, creative industries export programmes and local licensing legislation; investment in a local mixed media venue and the attraction/retention of knowledge workers; and creative learning in schools and a generous approach to risk and IP in business.

In Scotland the opportunity exists to establish a coordinated fabric of creative infrastructure that is underpinned by these first order principles simply by focusing on good practice drawn from across the three themes of creative place-making, capacity and growth.

3.2 The Execution Challenge

However, delivering effective creative economy policy will also require the key partners in Scotland to tackle a number of practical execution challenges:

A) **There is a need to explore how the mix of infrastructure can be curated to perform effectively across this value range, with the role of Creative Scotland key.** This relates to how different parts of the country can be effectively connected to perform as a complementary creative offer. It also relates to how the creative economy is positioned within and dependent upon a wider cultural ecology populated by institutions and organisations that require public investment yet also need to operate more entrepreneurially

B) **There is a need to reconceptualise the role and purpose of different parts of the infrastructure landscape** – with immediate concerns being the extent to which institutions are fit for purpose in a digital age that requires greater flexibility, new elements of openness and user-driven programming, and the conflation of production and production

C) **There is a need to review the current business support offer for the creative economy** – with complementarity, navigability and efficiency key considerations. Opportunities for knowledge to flow in different ways – such as through network initiatives – might be considered here; as might the need for an umbrella body to coordinate delivery and ensure, for example, that the creative economy is effectively connected to the creative economy

D) **There is a need to focus on specialism –** building on existing concentrations of distinctive activities to drive forward a nation-defining offer to the global creative economy: likely to be a compound of experiences (cultural branding, the visitor economy), products (games, music, performance, literature), and convergence (food and design, content and technology).

E) **There is a need to take risks –** to stage some policies as experimentation; to deliver leadership/ownership to the sector; and to make a noise on global agendas.

3.3 Building Capacity and Going for Growth

If these principles and execution challenges can be met, there is a major opportunity for Scotland is to develop a coherent national policy for the creative economy that builds capacity and drives growth.

Our analysis suggests that there are three immediate strategic imperatives in delivering both of these ambitions:

Capacity:

- There is a need to connect more effectively the existing offer – so efficiencies can be shared, knowledge developed and capacity built

- There is a need to bridge gaps in provision so that existing offer operates more effectively and a new offer covers the key demand- and supply-side factors upon which growth is dependent

- There is a need to build growth-focused capacity into the cultural sector and cultural development capacity into the business support sector.

Growth:

- Growth depends as much on the above-mentioned set of infrastructural conditions – the experiential, the cultural, the place-based – as on clean, sharp accelerator models; especially when such models are disconnected from the context of their delivery.

- Growth needs to be measured qualitatively as well as quantitatively – creative economy growth measured in economic terms is not the only marker of growth; growth in the quality, depth and breadth of cultural content, experiences, and knowledge, are all critical over the long term

- Growth will sometimes require the need to scale-up and collaborate to agglomerate: this means a healthy relationship with the rest of the UK and especially the Greater South East, is absolutely central, regardless of the political devolution process.

3.4. Scotland's Creative Economy: A Framework for Success

If Creative Scotland, the Enterprise Agencies and other key partners work within the parameters outlined above in developing Scotland's creative economy policy and support they can be confident of shaping a fit for purpose approach.

We close by offering some preliminary thoughts on discrete policies the various agencies could usefully choose to pursue. Under the dual agendas of building capacity and driving growth we have identified a set of possible policy interventions and the critical deliverables for Creative Scotland, the Enterprise Agencies and other key partners. The individual recommendations matter less than the policy framework itself, which the Working Group needs to populate and amend as it takes forward its work.

The resulting framework for success offers a powerful, structured approach to Creative Economy Development in Scotland which would have a high chance of delivering upon Scotland's aspirations for the creative economy.

3.4.1 Building Capacity

(i) Connecting Policy, Coordinating Delivery, Sharing Efficiencies

- **Creative Scotland, the Enterprise Networks, and the Scottish Government to build a better evidence and intelligence base for creative economy policy making in Scotland, introduce bench-marking mechanisms and regularly make regular updates** – the current evidence base is not fit for purpose

- **Creative Scotland to develop proposals to develop and mainstream IPR advice** into mainstream business support, alongside finance, management and other business practice

- **Creative Scotland, the Enterprise Networks and Local Authorities to strengthen the links between the Cultural Enterprise Offices, the LA based Business Gateways, and the broader business support infrastructure.** There is a need for a navigable network of support provision

- **Creative Scotland to make recommendations on deepening the delivery capacity of the Cultural Enterprise Offices** in ways congruent with the other recommendations

- **Creative Scotland and the Enterprise Networks to agree a joint approach with which to approach DCMS, NESTA and other UK agencies in order to ensure that Scotland's creative economy benefits from UK wide investment and programmes in the creative economy.** An early ambition will be to persuade DCMS / NESTA to run one of the pilots for their £3m Creative Innovators Growth Programme in Scotland

(ii) Learning and Skills – Building on Excellence

- **Creative Scotland to make recommendations on developing campaigns and delivery programmes for work-related learning in the creative economy, focusing on 14-19 year-olds and younger**

- **Creative Scotland introduce options for creative leadership initiatives for key creative institutions and organisations –** ensuring they are fitter for purpose, more entrepreneurial and effectively driving growth

(iii) Incubation and Knowledge Exchange

- **Creative Scotland and the Enterprise Networks to pilot new initiatives that connect incubation activities more directly to the wider business support infrastructure –** there are not enough creative incubators across Scotland's creative economy and they are under-connected to the wider economy

- **Creative Scotland develop proposals for a research and collaboration programme between universities, creative infrastructure and industry –** driving forward agendas for boundary-crossing activity and co-creation

(iv) Clusters – Crowding-in Investment; connecting the aggregators

- **Creative Scotland to initiate a creative clusters project in Scotland** – reviewing current support for creative economy clusters and developing a new forward strategy with recommendations for new support interventions / investments as required

- **Creative Scotland and the Enterprise Networks to develop proposals for the development of creative economy micro-clusters** – bringing together small enterprises to exchange knowledge and develop new products

- **Creative Scotland form partnerships with other small nations – such as through the Nordic Council of Ministers** – to connect assets and encourage trade and knowledge as part of a macro-level global cluster for the creative economy

(v) Place – Cultural planning and creative place-making

- **Creative Scotland, working with other partners, to develop and drive forward a nation-defining offer to the global creative economy** - Likely to be a compound of experiences (cultural branding, the visitor economy), products (games, music, performance, literature) and convergence (food and design, content and technology) with a narrative linking local, national and global strengths and ambitions

- **Creative Scotland to build a Creative Economy Development Plan for the key city regions and appropriate sub-regions -** to be delivered in partnership with Local Authorities, Enterprise Agencies and other key partners – informed by a place making sensibility

(vi) Enterprise – Management and entrepreneurialism

- **Creative Scotland and the Enterprise Networks co-design a campaign programme of creative management and entrepreneurialism –** raising the profile of the these issues as core professional competencies, linking in to the existing support offer, and building-in new support to bridge gaps in provision

(vii) Connectivity – Building networks

- **Creative Scotland to develop and promote more commercially focused networking opportunities for creative economy businesses**

(viii) Catering for Diversity

- **Creative Scotland to develop new peer to peer support systems for the creative economy** – recognising that the people who can most help a business are actually other businesses – talking the same language as other creators

- **Creative Scotland to review existing models of talent identification and development across the creative economy** – and to develop a more supportive environment for talent across the distinctive parts of the creative economy

3.4.2 Generating Growth

(i) Targeting support, maximizing growth

- **Creative Scotland to make recommendations as to how best develop a wrap-around portfolio of accelerator and stimulator services for creative economy businesses –** from investment to IPR support

- **Creative Scotland and the Enterprise Networks to develop proposals for a new suite of business accelerator services for creative enterprises -**These will tailor for both identified high growth potential enterprises, but also for networks or groups of individuals working on high value business models / new forms of value exploitation

- **Highlands and Islands Enterprise to bring forward proposals for nationally scaleable interventions based on their proven models of creative economy support**

- **Creative Scotland to review the performance of Scotland's creative content businesses and identify the key enablers for growth -** in terms of IPR and route to market considerations

(ii) Markets – developing local and global markets

- **Creative Scotland and the Enterprise Networks to review current levels of public support for the development of international distribution entities and networks** and bring forward recommendations for improvement and future focus

- **The Enterprise Networks to lead a review of existing market development initiatives for the creative economy and the broader economy –** and to agree tailored interventions to drive greater growth by creative economy enterprises

(iii) Investment – connecting investment and introducing targeted funds

- **The Enterprise Networks to lead a review of current venture capital support** and make recommendations on how to better target existing funds and whether new public private equity funds should be created

- **Creative Scotland to review whether the key growth segments of the creative economy will require increased access to certain resources** - to create ambition, networks and scale

- **The Enterprise Networks and Creative Scotland to review the portfolio of targeted public investment activity into the creative economy** - and agree a strategy to maximise the impact of that investment in terms of driving future growth across the whole creative economy value chain

(iv) Innovation – connecting creativity to innovation more effectively

- **The Enterprise Networks and Creative Scotland explore the recommendations of the 'Crossing Boundaries' report to develop**

fitter-for-purpose creative infrastructure – offering trusted brokerage, driving collaboration, connecting communities, learning and business

(v) Exploiting new technology

- **Scottish Enterprise to lead on developing a digital enterprise strategy for Scotland –** exploring the opportunities and threats in terms of routes to market and business model disruption – and to connect these insights into support initiatives for the broader creative economy

- **Creative Scotland to lead a creative economy technology review –** identifying how to maximise the benefits of new technologies across the whole creative economy – and identifying new forms of possible support to increase business model and organisational innovation across the sector

(vi) Value-added – Maximising the role of creative firms in the wider economy

- **Creative Scotland and the Enterprise Networks to scope and fund innovative projects to integrate outputs from Creative Economy enterprises into products and services from other sectors of the economy** – to raise the overall rate of innovation in the Scottish economy

Chapter Four - Conclusions

*"Human creativity is the ultimate economic resource. The ability to come up with new ideas and better ways of doing things is ultimately what raises productivity and thus living standards" (*Richard Florida, 2002).

Creative economy policy matters. Politics, cultural and economic development, business growth, international reach, increased investment, and an enlightened population are merely some of the facets of Scotland that an intelligent and committed development of the creative economy can deliver.

However, in the absence of a coherent national policy for the creative economy the recent successes of Scotland's creative economy will not self-sustain indefinitely. Creative Scotland, the Enterprise Agencies, and the Scottish Government are in the front line for Scotland's creative and cultural development and for the associated spill-over impacts upon employment, the economy, and cultural development.

To restrict each actor to their private spheres of comfort would be folly, i.e. Government to politics; Creative Scotland to cultural development; Enterprise Agencies to business development.

Mutual benefits will be realised if the three interact with a common purpose and zeal. Cooperation will enable the creation of a vibrant creative economy ecology committed to exploitation and development of Scotland's creativity from grass-roots level to major enterprise on an international scale.

To that end this report has tried to bring clarity to the specification of the appropriate aims, principles, and policies that should inform a made in Scotland creative economy approach. We wish the partners well in building it.